



LAND ACQUISITION AND LIVELIHOOD RESTORATION MANAGEMENT PLAN

I. INTRODUCTION

This plan is being developed in connection with a procedure for granting financial assistance to Bulgartransgaz EAD by U.S. International Development Finance Corporation (DFC) and Citibank in connection with the implementation of the Chiren UGS Capacity Expansion Project.

In order to evaluate the Chiren UGS Capacity Expansion project, a report should be prepared by an independent consultancy organization summarizing the project's compliance with the international standards of financing institutions, in particular the International Finance Corporation - Performance Standards on Environmental and Social Sustainability. This Land Management and Restoration Plan has been prepared in this regard. The preparation of the plan has started in the design phase when the impact area was defined. Upon completion of the activities under the plan related to easement establishment and land acquisition for the construction of the above ground facilities/sites, project construction activities may commence. Restoration of the lands would occur upon completion of the construction and installation works (CIW) under the Project.

II. ROLES AND RESPONSIBILITIES WHEN IMPLEMENTATING THE PLAN, REPORTING AND MONITORING

2.1 Roles and responsibilities:

The preparation, implementation, monitoring and evaluation of the Land Acquisition and Livelihood Restoration Management Plan require adequate organisational and institutional support. This section describes the tasks of different units in activities related to the acquisition of real rights for the project.

Bulgartransgaz EAD has overall responsibility for the preparation, implementation, execution of the Land Acquisition and Livelihood Restoration Management Plan, as well as its financing, reporting and evaluation. Bulgartransgaz EAD shall:

(a) prepare implementation requirements (including all necessary activities such as data collection, population census, social and economic survey of the population affected by the plan and assessment of land/properties to be acquired, public consultations, disclosure of implementation requirements and information, brochures, etc.);

(b) apply implementation requirements, including decision making related to land acquisition and compensation of affected persons;

(c) ensure sufficient budget for compensation, support and resettlement activities (if any);

(d) ensure compliance of land acquisition and easement compensation activities with the plan and implementation requirements as well as with IFC's PS5,

(e) ensure payment, appropriate compensation and (f) carry out monitoring and reporting, incorporation of implementation requirements (including internal monitoring and provision of data to external monitoring bodies for preparation of the compliance report).

Different organisational units of Bulgartransgaz play roles and have responsibilities within the in the above process. The figures below shows these interdependencies and tasks distribution for the LARMP

management within the company's structure and relations with independent evaluator and public administrations.

Permanent working group, appointed with an order of Bulgartransgaz EAD Executive Director include different specialists from the company. the commission includes an accountant, a lawyer, a construction engineer, persons responsible for the compensation process. In the group there are persons with the legal capacity of appraisers of properties and belongings. The working is responsible for reviewing an assessment to determine benefits and issuing an opinion as to whether the assessments have been prepared as a rule without prejudice to one party or the other.



Figure 1: Organizational chart for the process of acquisition of property rights for site plots

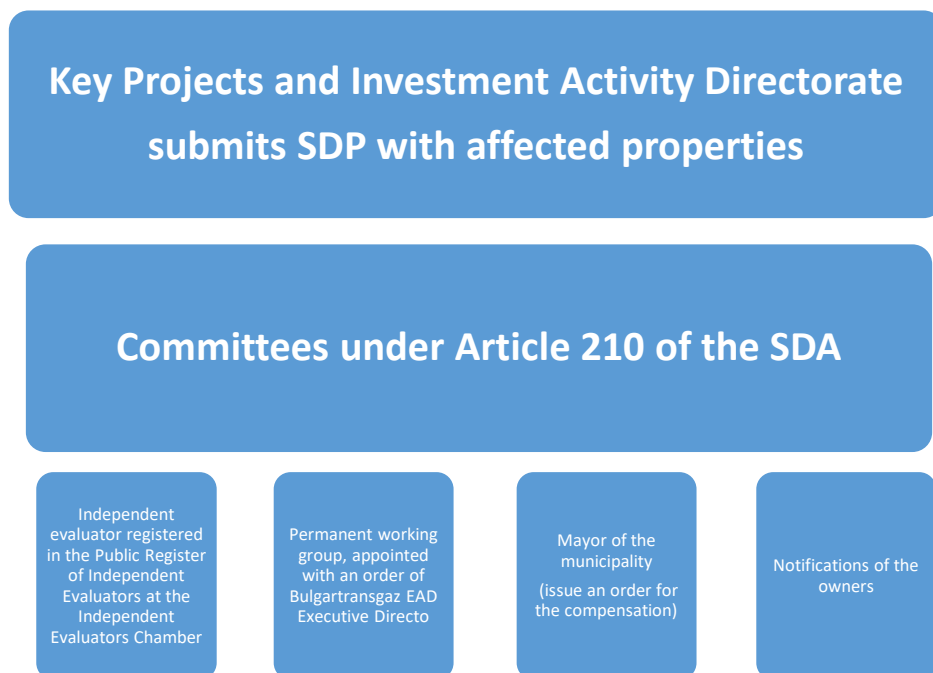


Figure 2: Organizational chart for the process of establishing an easement

The Bulgarian Spatial Development Act (SDA) (Art. 210 thereof) also defines local **committees** of each municipality, on whose territory part of the investment proposal is located, also play an essential role in the implementation of the plan. These committees are an external body that acts independently of BTG. The committees are responsible for identifying the owners of all affected properties, determining fair compensation for each property and its owners, and informing the public of the compensation determined. All persons who are in any way dissatisfied with the compensation determined for them have the right to file a complaint with the judicial authorities in the country and in addition they can make use of the Project’s grievance mechanism developed in line with IFC Performance standards. Upon receipt of an objection, the committees under Article 210 of the SDA have the obligation to inform the Contracting Authority i.e. Bulgartransgaz EAD and to submit the objection in due manner to the Administrative Court at the location of the property, providing all necessary documents for a fair assessment of the objection.

III. LEGAL REQUIREMENTS AND INTERNATIONAL STANDARDS APPLYING TO LAND ACQUISITION AND MANAGEMENT

Bulgaria is a member of the EU since 2007 and the Project shall also cover the provisions of the European legislation provided that Bulgaria is a member of the European Union. Bulgarian legislation is fully aligned with the European legislation in terms of protection of private property, protection against discrimination, rights of the individual citizen of the country and commercial entities.

In addition, IFC international standards are also relevant to this project, namely:

- Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts;
- Performance Standard 2: Labour and Working Conditions

- Performance Standard 3: Resource Efficiency and Pollution Prevention
- Performance Standard 4: Community Health, Safety, and Security
- Performance Standard 5: Land Acquisition and Involuntary Resettlement
- Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
- Performance Standard 7: We have scoped out PS7 applicability as Roma are not directly or especially impacted by the Project, although Roma people live in the Project AoI. PS7 may be triggered depending on the impact on Roma communities, lives, languages, habits, and cultures. Having excluded PS7 applicability, we agree they are a marginalized group with restricted ability to profit of Project's opportunities, therefore special attention shall be paid when engaging with them.
- Performance Standard 8: Cultural Heritage

This plan aims to ensure the Project's compliance with Performance Standard 5: Land Acquisition and Involuntary Resettlement. Performance Standard 5 recognizes that project-related land acquisition and restrictions on land use can have adverse impacts on communities and persons that use this land. Involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or other means of livelihood) as a result of project-related land acquisition and/or restrictions on land use. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in physical or economic displacement. This occurs in cases of:

- (i) lawful expropriation or temporary or permanent restrictions on land use and
- (ii) negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail.

Unless properly managed, involuntary resettlement may result in long-term hardship and impoverishment for the Affected Communities and persons, as well as environmental damage and adverse socio-economic impacts in areas to which they have been displaced. For these reasons, involuntary resettlement should be avoided. However, where involuntary resettlement is unavoidable, it should be minimized and appropriate measures to mitigate adverse impacts on displaced persons and host communities should be carefully planned and implemented. The government often plays a central role in the land acquisition and resettlement process, including the determination of compensation, and is therefore an important third party in many situations. Experience demonstrates that the direct involvement of the client in resettlement activities can result in more cost-effective, efficient, and timely implementation of those activities, as well as in the introduction of innovative approaches to improving the livelihoods of those affected by resettlement. To help avoid expropriation and eliminate the need to use governmental authority to enforce relocation, clients are encouraged to use negotiated settlements meeting the requirements of this Performance Standard, even if they have the legal means to acquire land without the seller's consent. In addition Bulgartransgaz successfully acquired the land necessary for the construction of two of the stages (Gaspipeline Butan-Chiren) and Expansion of Chiren UGS capacity - above-ground part. In the proses Bulgartransgaz bought most of the necessary land by conducting negotiations with the owners. Only two decisions for expropriation were issued. The whole process was made in full compliance with this document and national law. Complianceanalysis with IFC PS 5 is included below in Chapter V.

An assessment of the fulfilment of the criteria set out in Performance Standard 5: Land Acquisition and Involuntary Resettlement with the Chiren UGS Capacity Expansion Project is provided below.

IV. LEGAL REQUIREMENTS UNDER NATIONAL LEGISLATION

The infrastructure projects that are implemented on the territory of the Republic of Bulgaria must fully comply with the national legislation, respectively the European legislation. In the implementation of energy projects, such as the Expansion of Chiren UGS capacity, the following legal acts are applied, but not only:

- Spatial Development Act;
- Energy Act;
- Environmental Protection Act;
- Biological Diversity Act;
- Water Act;
- Protected Areas Act;
- Cultural Heritage Act;
- Agricultural Land Protection Act;
- Forest Act;
- Agricultural Land Management and Use Act;
- Municipal Property Act;
- State Property Act;
- others

4.1. Acquisition of lands and guaranteeing a fair compensation to the owners of land properties, public consultation and participation

The underlining principle followed by the Project company during implementation of all its' projects is that for the establishment of easement rights for the pipeline network facilities/acquisition of real rights for the technological sites, the owners/ land users of affected properties receive fair compensations for the damages and lost profits. After the completion of the construction, the terrains on which the pipeline network facilities are built are restored to their original form, which is certified with informed consent by each owner/user of the affected terrain. In addition, due to the nature of the facilities and pipelines built by BTG, the company is obliged to always keep safe distance from any settlement or building structure and the company abides strictly to that rule. For these reasons no physical displacement has occurred and it not expected to occur, nor loss of assets and the economic displacement risk is mitigated by the fair compensations and land restoration after completion of the project.

4.1.1. Public consultation and participation

The procedure for the establishment of real rights starts with the preparation and approval of a Detailed Spatial Plan for the area, then the public consultation and participation process develops. First is the notification of the affected population at several stages of the development and approval of the project, including the stage of environmental impact assessment for the investment proposal. Further on the procedure foresees dozens of possibilities for the affected population to express their recommendations, requests or objections to each stage of the project.

The following pages provide a detailed summary of the public notification, consultation and participation activities carried out to date.

➤ **Expansion of Chiren UGS capacity - above-ground part**

- An Investment Proposal Notice for the project was submitted to the Ministry of Environment and Water (MoEW) on 5 February 2021. The notice was published on the website of Bulgartransgaz EAD <https://bulgartransgaz.bg/news/proektirane-i-izgrazhdane-na-novi-nadzemni-saorazheniya-pgh-chiren-640.html> and the MoEW website - <https://www.moew.government.bg/bg/proektirane-i-izgrajdane-na-novi-nadzemni-suorujeniya-kompresorna-stanciya-s-vsichkite-prilejasti-tehnicheski-suorujeniya-za-obezpechavane-nadejdna-i-neprekusnata-rabota-v-rejimi-nagnetyavane-i-dobiv-na-gaz-kakto-i-nova--10391/>, in order to inform the affected population. A notice was published in a local newspaper Severozapad Dnes (“Northwest Today”).
- MoEW response including the establishment of the applicable procedure under the Environmental Protection Act (EPA) is published on the Ministry's website: <https://www.moew.government.bg/bg/otgovor-na-uedomlenie-za-ip-proektirane-i-izgrajdane-na-novi-nadzemni-suorujeniya-kompresorna-stanciya-s-vsichkite-prilejasti-tehnicheski-suorujeniya-za-obezpechavane-nadejdna-i-neprekusnata-rabota-v-rejimi-nagnetyavane-10515/>. In the course of preparing the terms of reference (ToR) for the scope and content of the EIA report in the period from 16 September 2021 to 11 October 2022, in compliance with the EPA, consultations were held with the MoEW, Regional Inspectorate for Environment and Water (RIEW) Vratsa, Basin Directorate Danube Region (BDDR), Executive Environmental Agency (ExEA), Ministry of Health, Ministry of Energy, Municipality of Vratsa and Town Council of Chiren village.
- Environmental Impact Assessment Report (EIA Report) was submitted to MoEW on 21 January 2021 requesting the issuance of an Environmental Impact Assessment (EIA) Decision and the issuance of a Complex Permit (CP), according to an opinion received from the Competent Environmental Authority. In the course of the EIA procedure, consultations on the scope and content of the EIA were held with MoEW, RIEW Vratsa, BDDR, ExEA, Ministry of Energy, Municipality of Vratsa, Town Council of Chiren village, Ministry of Health, Town Council of Chiren village, Ministry of Health. A positive assessment of the EIA Report quality was received on 13 July 2022.
- The EIA Report has been published on the MoEW website for public consultation on the investment proposal at: <https://www.moew.government.bg/bg/doklad-za-ovos-za-investicionno-predlojenie-proektirane-i-izgrajdane-na-novi-nadzemni-suorujeniya-kompresorna-stanciya-s-vsichkite-prilejasti-tehnicheski-suorujeniya-za-obezpechavane-nadejdna-i-neprekusnata-rabota-v-reji-13271/>. It has been also published on Bulgartransgaz EAD website at: <https://www.bulgartransgaz.bg/news/doklad-za-otsenka-na-vazdeystviето-varhu-okolnata-sreda-za-investitsionno-predlozhenie-proektirane-i-izgrazhdane-na-novi-nadzemni-saorazheniya-kompresorna-stantsiya-s-vsichkite-y-prilezhashti-tehnicheski-saorazheniya-za-obezpechavane-nadezhdna-i-neprekasn-717.html> and the Municipality Vratsa website at: <https://www.vratza.bg/bg/1657886273.html>. A notice was also published in the national daily newspaper 24 Chasa (“24 Hours”) about the forthcoming public consultation on the EIA Report. Notices have been posted in the Chiren village town hall and Vratsa Municipality.
- A public discussion on the EIA Report was held on the territory of Vratsa Municipality on 19 August 2022, and no questions or objections were raised to the report during the discussion, as evidenced by the Minutes. A public discussion of the EIA report was also held on 19 August 2022 on the territory of Chiren village and no questions or objections were raised to the report during the discussion, as evidenced by the Minutes .
- Order of the Minister of Environment and Water dated 6 October 2022, schedules a meeting of the High Expert Environmental Council (HEEC) to the MoEW for 14 October 2022 for EIA Report review.

- EIA Decision No. 2-2/2022 of the Minister of Environment and Water was issued on 4 November 2022, including a Complex Permit No. 611-H0/2022 and updated Safety Report. It has been published on the MoEW website at: <https://www.moew.government.bg/bg/reshenie-po-ocenka-na-vuzdejstviето-vurhu-okolnata-sreda-ovos-2-2-2022-g-za-investicionno-predlojenie-za-proektirane-i-izgrajdane-na-novi-nadzemni-suorujeniya-kompresorna-stanciya-s-vsichkite-prilejasti-tehnicheski-suoru-13897/>. A notice of the decision has been published in the national daily newspaper 24 Chasa on 8 November 2022. The decision was published in order to further inform the public about the investment proposal. Within the 14-day statutory period for objections and proposal on the decision, none were submitted and the decision has entered into force as of 23 November 2023, according to a MoEW letter Ref. No. OBOC-17/29.11.2022.
- Decision No. K33-20 of 5 December 2022 of the Agricultural Land Commission of the Ministry of Agriculture approved the design sites and routes. The decision has been published on the Ministry's website <https://www.mzh.government.bg/bg/uslugi/komisiya-za-zemedelskite-zemi/resheniya-komisiyata-zemedelskite-zemi/> No objections have been submitted within the 14-day statutory period and the decision has entered into force .
- The ToR for the development of a Detailed Spatial Plan - Parcelling Plan and Detailed Spatial Plan - Construction Plan and Order No. ПД-02-15-118/16.12.2021 of the Deputy Minister of Regional Development and Public Works authorizing the development of the Detailed Spatial Plan - Construction Plan (DSP-CP) and Detailed Spatial Plan - Parcelling Plan (DSP-PP) for site: Expansion of Chiren UGS capacity - above-ground part on the territory of the lands of Chiren village, Vratsa Municipality, Vratsa Region have been published on the website of the Ministry of Regional Development and Public Works in the public register under Article 3, para. 4 of the Spatial Development Act (SDA) of the issued acts for the development of spatial plans and their amendments, serial number 15 - <https://www.mrrb.bg/bg/publicen-registur-po-chl-3-al-4-ot-zut-na-izdadenite-aktove-za-izrabotvane-na-ustrojstveni-planove-i-na-tehnite-izmeneniya-prez-2021-g/> and have been published on the official website of Vratsa Municipality in accordance with Article 124b, para.2 and para. 3 of SDA. A notice has been also placed on the information board of Vratsa Municipality and the Town Hall of Chiren village and with letter Ref. No. 2600-3167/1/02.12.2022. the Municipality of Vratsa informed that no objections have been submitted.
- The elaborated draft DSP has been promulgated in State Gazette issue 12 of 11 February 2022 <https://dv.parliament.bg/DVWeb/showMaterialDV.jsp?idMat=168777>, and no objections or proposals on the draft have been submitted within the statutory period of one month - Protocol of findings and an official note from Vratsa Municipality.
- The elaborated draft of a Detailed Spatial Plan - Parcelling Plan (DSP-PP) and a Detailed Spatial Plan – Construction Plan (DSP-CP) for site: “Expansion of Chiren UGS capacity - above-ground part” was approved by the National Expert Board on Spatial Development and Regional Policy at the Ministry of Regional Development and Public Works at a meeting held on 22 December 2022 in accordance with Order of 2 December 2022 of the Minister of Regional Development and Public Works, which was attended by representatives of the competent state control bodies, affected operating companies and the Municipality of Vratsa.
- Order No. ПД-02-15-144/22.12.2022 of the Minister of Regional Development and Public Works was issued for the approval of the DSP for the site, which is published on the website of the Ministry in the public register under Article 3, para 4 of the SDA of the issued acts for approval of spatial plans serial number 18 - <https://www.mrrb.bg/bg/publicen-registur-po-chl-3-al-4-ot-zut-na-izdadenite-aktove-za-odobryavane-na-ustrojstveni-planove-i-na-tehnite-izmeneniya-prez-2022-g/>. It was promulgated in the State Gazette No. 104 of 30 December 2022 <https://dv.parliament.bg/DVWeb/showMaterialDV.jsp?idMat=182400>. We have been informed by letter of the Ministry of Regional Development and Public Works No. AY-14-2 dated 17 January 2023 that no objections have been submitted to the notice and the order entered into force on 14

January 2023.

- An investment design has been prepared - detailed design phase, coordinated with all concerned operating companies and administrations.

As indicated above, at the stage of conducting the environmental procedure and at the stage of approval of the draft Detailed Spatial Plan, a series of announcements of the Investment Proposal were made to the affected population.

➤ **Gas pipeline connecting Chiren UGS to the existing gas transmission network of Bulgartransgaz EAD in the area of Butan village**

In the period 2010 - 2015 Bulgartransgaz EAD had awarded activities on studies and investment design and search for archaeological sites at the site “High-Pressure Gas Transmission Pipelines with AGRS from Chiren UGS to the towns of Kozloduy and Oryahovo in view of expanding the existing gas transmission network, owned by Bulgartransgaz EAD and supplying natural gas to customers in the region of the towns of Kozloduy and Oryahovo. A transmission gas pipeline has thus been designed DN350 (14” -Ø355.6) starting from the town of Chiren to the town of Kozloduy with a length of approximately 46 km. Procedures under the Environmental Protection Act (EPA) and the Biological Diversity Act (BDA) have been carried out in the above-mentioned period, a Detailed Spatial Plan - Parcelling Plan (DSP-PP) - Final Design Phase has been developed and approved by Order No. ПД-02-15-51/01.04.2015 of the Minister of Regional Development and Public Works, which has entered into force. A Decision No. BP-29-ПР/2011 assessing the need of carrying out an Environmental Impact Assessment has been issued for the site. The information and public consultation activities envisaged are carried out in the framework of these procedures

Circumstances requiring a temporary suspension of the project have been identified following the entry into force of the DSP-PP Order for the site in 2015. Opinion No. OBOC-EO-313/19.08.2022 of the Director of RIEW Vratsa states that Decision No. BP-29-IIP/2011 assessing the need of EIA for the site has lost its legal effect.

The amendment of the DSP-PP approved under Order No. ПД-02-15-51/01.04.2015 of the Minister of Regional Development and Public Works for the site High-Pressure Gas Transmission Pipelines with AGRS from Chiren UGS to the towns of Kozloduy and Oryahovo aims at DSP-PP being updated for using it for the site: **Gas pipeline connecting Chiren UGS to the existing gas transmission network of Bulgartransgaz EAD in the area of Butan village**. The new design route of the gas pipeline to Chiren UGS follows the route according to the approved DSP-PP from the hot tapping to the existing gas transmission pipeline DN1200 at Butan village within the established easement at the connection point until reaching the area of Chiren UGS, and the easement being increases on both sides compared to the approved DSP (15 m wide strips on both sides of the axis of the new gas pipeline).

- Order No. ПД-02-15-8/17.01.2023 of the Deputy Minister of Regional Development and Public Works authorizes the development of a draft amending the DSP-PP for the site: High-Pressure Gas Transmission Pipelines with AGRS from UGS Chiren to the town of Kozloduy and Oryahovo and a power supply plan of LVA Manastirishte for using it for site: Gas pipeline connecting Chiren UGS to the existing gas transmission network of Bulgartransgaz EAD in the area of Butan village. Order No. ПД-02-15-12/01.02.2023 instructs to correct an obvious factual error in the spelling of the of the site’s name. The orders and the assignment for the development of the draft amendment to DSP-PP are published on the MRDPW website in the public register under Article 3 para.4 of the SDA of the acts issued for the development of spatial plans and their amendments, serial numbers 3 and 4

<https://www.mrrb.bg/bg/publicchen-registur-po-chl-3-al-4-ot-zut-na-izdadenite-aktove-za-izrabotvane-na-ustrojstveni-planove-i-na-tehnite-izmeneniya-prez-2023-g/>.

- The assignment for the development of the DSP and the Orders have been published on the official websites of all municipalities through the territory of which the gas pipeline passes, in accordance with Article 3 of the SDA:
 - ✓ Kozloduy Municipality
 - ✓ Mizia Municipality – <https://www.obshtinamizia.com/2023/02/09/%d0%be-%d0%b1-%d1%8f-%d0%b2-%d0%bb-%d0%b5-%d0%bd-%d0%b8-%d0%b5-2/>
 - ✓ Hayredin Municipality – <https://www.hayredin.com/news/16758348083100/proekt-za-izmenenie-na-pup-pp-za-obekt-prenosimi-gazoprovodi-s-visoko-nalyagane-s-agrs-ot-pgh-chiren-do-gr-kozloduy-i-gr-oryahov>
 - ✓ Borovan Municipality – <https://borovan.bg/news/16757757227389/popravka-na-ochevidna-fakticheska-greshka-v-zapoved-na-zamestnik-ministar-na-mrrb-polya-zaneva-dimitrova>
 - ✓ Krivodol Municipality – <https://www.krivodol.com/bg/obyavlenie-po-chl124b-al2-ot-zut/>
 - ✓ Vratsa Municipality – <https://www.vratsa.bg/files/559b722330b98b85bed7b7558d100b85.pdf>
- On the basis of the announcements made, the municipalities informed us by letters and Protocols of findings that no objections had been received to the orders authorising the development of DSP.
- The developed draft amendment of the DSP-PP was announced in the State Gazette in order to inform the affected population and the public with publications, as follows:
 - Kozloduy Municipality – issue 18 of 24 February 2023 [https://dv.parliament.bg/DVWeb/showMaterialDV.jsp?idMat=187027](https://dv.parliament.bg/DVWeb/showMaterialDV.jsp?idMat=187027;);
 - Mizia Municipality - issue 23 of 14 March 2023 <https://dv.parliament.bg/DVWeb/showMaterialDV.jsp?idMat=188020>
 - Hayredin Municipality – issue 23 of 14 March 2023 [https://dv.parliament.bg/DVWeb/showMaterialDV.jsp?idMat=187966](https://dv.parliament.bg/DVWeb/showMaterialDV.jsp?idMat=187966;);
 - Borovan Municipality – issue 22 of 10 March 2023 <https://dv.parliament.bg/DVWeb/showMaterialDV.jsp?idMat=187592> ;
 - Vratsa Municipality – issue 19 of 28 February 2023 <https://dv.parliament.bg/DVWeb/showMaterialDV.jsp?idMat=187392> ;
 - Krivodol Municipality – issue 18 of 24 February 2023 <https://dv.parliament.bg/DVWeb/showMaterialDV.jsp?idMat=187184>.
- After the deadline for submitting objections and proposal on the draft, the municipalities inform us whether any objections have been received. Letters and protocols have been received from all municipalities along the pipeline route - Vratsa, Krivodol, Kozloduy, Hayredin and Borovan - stating that no objections to the plan have been received.
- The draft amendment of the DSP is in the process of coordination; pending is only the completion of the procedure for approval of the sites by the Agricultural Land Commission to the Ministry of Agriculture for which an application was submitted on 27 April 2023. In the period 15 May - 19 May 2023 the draft amendment of the DSP is to be submitted to the MRDPW for review by the National Expert Board on Spatial Development and Regional Policy (NEXSDRP) at the MRDPW and its approval.

- An Investment Proposal Notice for the gas pipeline was submitted to the MoEW on 12 August 2022. The notice has been published on MoEW website at: <https://www.moew.government.bg/bg/gazoprovod-svurzvast-pgh-chiren-sus-sustestvuvastata-gazoprenosna-mreja-na-bulgartransgaz-ead-v-rajona-na-s-butan/>. At the same time the notice was published on Bulgartransgaz EAD website – <https://bulgartransgaz.bg/news/o-b-ya-v-a-do-zainterestovanite-litsa-i-obshtestvenost-720.html>. A notice was published in a local newspaper Severozapad Dnes (“Northwest Today”) issue dated 12 August 2022.
- By letter Ref. No. OBOC – 43/04.01.2023 г. (our Ref БТГ 04-09-137 (1) of 9 January 2023) MoEW establishes the applicable procedure under the Environmental Protection Act (EPA), and the response has been published on the Ministry's website: <https://www.moew.government.bg/bg/otgovor-na-uvedomlenie-za-investicionno-predlojenie-gazoprovod-svurzvast-pgh-chiren-sus-sustestvuvastata-gazoprenosna-mreja-na-bulgartransgaz-ead-v-rajona-na-s-butan-s-vuzlojitel-bulgartransgaz-ead/>
- After establishing the applicable procedure under the EPA by the MoEW, Bulgartransgaz EAD submitted a request for assessing the need for EIA and information under Annex 2 of the EPA for assessing the need for EIA (letter No. OBOC-43/26.01.2023). The information has been published on the MoEW website for public access at: <https://www.moew.government.bg/bg/gazoprovod-svurzvast-pgh-chiren-sus-sustestvuvastata-gazoprenosna-mreja-na-bulgartransgaz-ead-v-rajona-na-s-butan-14332/>. Information has also been sent to all affected municipalities and town halls for posting of notices. Chapter IV of Decision No. 2-IIP/2023 of the MoEW, which determines that no EIA shall be carried out for the Investment Proposal, indicates that the MoEW has received letters from the affected municipalities and town halls stating that the investment proposal has been communicated to the affected population for a period of at least 14 days and that no objections or proposals have been received regarding it.

All affected municipalities have published the Information on assessing the need to carry out an EIA on their websites as follows:

- Kozloduy Municipality – <https://kozloduy.bg/wps/portal/municipality-kozloduy/municipality/marketing/investment.opportunities>
- Mizia Municipality - <https://www.obshtinamizia.com/2023/02/08/%d1%81%d1%8a%d0%be%d0%b1%d1%89%d0%b5%d0%bd%d0%b8%d0%b5-%d0%b3%d0%b0%d0%b7%d0%be%d0%bf%d1%80%d0%be%d0%b2%d0%be%d0%b4-%d0%b1%d1%83%d0%bb%d0%b3%d0%b0%d1%80%d1%82%d1%80%d0%b0%d0%bd%d1%81%d0%b3%d0%b0/>
- Hayredin Municipality - <https://www.hayredin.com/news/16758430073038/iskane-ot-pretseyavane-izvarshvaneto-na-ovos-za-investitsionno-predlozhenie-gazoprovod-svarzvasht-pgh-chiren-sas-sashtestvuvash>
- Borovan Municipality - <https://www.borovan.bg/news/16757762616551/saobshtenie-do-zhitelite-na-obshtina-borovan-kmetstvo-malorad>
- Krivodol Municipality - <https://www.krivodol.com/bg/ovos-bulgartransgaz-ead/>
- Vratsa Municipality - <https://www.vratza.bg/bg/1675684572.html>
- Decision No. 2-IIP/2023 was issued on 26 April 2023 by the Minister of Environment and Water for assessing the need of EIA for the investment proposal with the opinion not to carry out EIA. The decision was published on MoEW website - <https://www.moew.government.bg/bg/reshenie-2-pr-2023-g-za-investicionno-predlojenie-gazoprovod-svurzvast-pgh-chiren-sus-sustestvuvastata-gazoprenosna-mreja-na-bulgartransgaz-ead-v-rajona-na-s-butan/>
- Decision No. 80/02.05.2023 of the Minister of Environment and Water granted preliminary implementation of Decision No. 2-IIP/2023 of the Minister of the Environment and Water for

assessing the need for EIA. The decision was published on MoEW website - <https://www.moew.government.bg/bg/reshenie-80-02-05-2023-g-na-ministura-na-okolnata-sreda-i-vodite-za-dopuskane-na-predvaritelno-izpulnenie-na-reshenie-2-pr-2023-g-na-ministura-na-okolnata-sreda-i-vodite-za-precenyavane-na-neobhodimostta-ot-izvurshvane-n-14852/>

As indicated above, at the stage of conducting the environmental procedure and at the stage of approval of the draft Detailed Spatial Plan, a series of announcements of the Investment Proposal were made to the affected population.

➤ **Design, construction and commissioning of new exploitation and observation wells**

- An Investment Proposal Notice for the wells was submitted to the MoEW on 10 May 2023. The notice has been published on MoEW website at: <https://www.moew.government.bg/bg/proektirane-izgrajdane-i-vuvejdane-v-eksploataciya-na-podzemni-suorujeniya-deset-novi-eksploacionni-i-tri-novi-nablyudatelni-sondaji-novi-shlejfi-i-dovejdsti-putista-svurzani-s-razshirenje-na-podzemnoto-gazohraniliste-14924/> At the same time the notice was published on the website of Bulgartransgaz EAD - <https://bulgartransgaz.bg/news/o-b-ya-v-a-do-zainteresovanite-lica-i-obshtestvenost-770.html> - A notice was published in the newspaper “24 Chasa” (“24 Hours”) dated 10 May 2023.

By letter Ref. No. OBOC-33/05.06.2023 (our Ref BTГ 04-09-80(4)/05.06.2023) MoEW establishes the applicable procedure under the Environmental Protection Act (EPA), and the response has been published on the Ministry's website: <https://www.moew.government.bg/bg/otgovor-na-uedomlenie-za-investicionno-predlojenie-proektirane-izgrajdane-i-vuvejdane-v-eksploataciya-na-podzemni-suorujeniya-deset-novi-eksploacionni-i-tri-nablyudatelni-sondaji-novi-shlejfi-i-dovejdsti-putista-svur-15030/>

4.1.2. Acquisition of land and establishment of easement rights – local legal framework

The legal framework that regulates the real rights acquisition procedure in Bulgaria is the following:

➤ **Procedure for the establishment of an easement/ compensation to land owners**

The easement establishment procedure for energy sites is laid down in article 64 of the Energy Act (EA). In accordance with article 64(4) of the EA, easements are established when a detailed spatial plan has entered into force and when the easement title holder pays or wires a one-off payment for damages in accordance with paragraph 6 to the owner and the holders of other real rights over the impacted property. In accordance with article 64(6) of the EA, the determination of the amount and the payment of compensations for the energy sites easements shall be made in accordance with articles 210 and 211 of the Spatial Development Act. The procedure for the determination of the compensation for the easement is carried out in the following sequence:

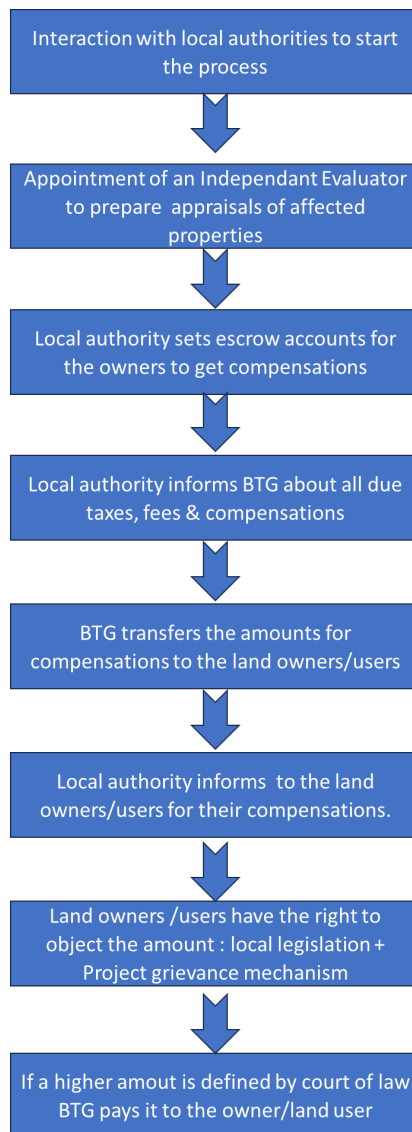


Figure 3: Easement establishment procedure

➤ **Involvement of Independent property evaluator**

- In the cases where there is no permanently appointed commission in the respective municipalities under article 210 of the SDA, the company shall send an application to the municipality for the appointment of one, and registers of the affected properties shall also be attached to the application;
- The Commission under article 210 of the SDA shall select an **independent property evaluator**, entered in the Public Register of Independent Evaluators at the Independent Evaluators Chamber in Bulgaria, who shall prepare the appraisals for the affected properties (municipal, private and state-owned);
- "Property evaluator" is a person who:
 - a) has the necessary education and professional qualification for real estate appraisal;

b) depending on the purpose of the property, has the legal capacity of an independent appraiser within the meaning of the Independent Evaluators Act to carry out the relevant appraisal;

c) has at least three years of professional experience in property valuation;

d) is not an employee of the investor, is not interested in the expropriation and is not a relative by direct line without restrictions, by collateral line - up to the fourth degree inclusive and by affinity - up to the second degree of the parties to the expropriation.

The independent property evaluators in Bulgaria are associated in the Chamber Independent Appraisers of Bulgaria, which is part of the European Group of Valuers' Association (TEGOVA) and follows the organisations' European Valuation standards' and guidelines. It has adopted national standards for appraisal and evaluation of properties, which are based on contemporary market values of property as well as differentiated crops types etc. Civil society organisations and professional farmers' associations had the opportunity to debate and influence the development of the criteria and lands/ crops loss evaluation standards.

- The evaluator shall prepare appraisals of the due compensations and the commission to the municipality shall approve them with a decision according to a protocol. The mayor of the municipality shall issue an order, specifying a bank account (opened for the benefit of the beneficiaries to whom the compensations shall be wired), local tax, overheads, a fee for communicating the appraisals to the owners such as postage, etc., the costs of preparing the appraisals by an independent evaluator, and also bank accounts onto which the transfers shall be made;

- Payment of all due amounts by Bulgartransgaz EAD to the indicated bank accounts;

- The municipal administration shall notify the owners of the payment of compensations - through announcements at prominent places in the municipality, in a local newspaper and a standard letter to the addresses of the owners. Any owner, after learning about the amount of the compensation, can raise an objection within a 14-day term as of them being informed. In the event that the Administrative Court awards a larger amount of compensation, Bulgartransgaz EAD pays the additional compensation to the owner.

➤ **Procedure for the acquisition of real rights for the technological sites**

Concerning sites, a procedure for the acquisition of ownership or the transfer of the building right is envisaged according to article 62 of the Energy Act (EA). Following the approval of a detailed spatial plan Bulgartransgaz EAD shall take actions to directly negotiate with the owners of these properties. When the properties are municipal property, on the basis of article 62(2) of the EA, the competent municipal authorities shall establish, for the benefit of the person who will build and operate the energy site, a building right against remuneration over the land in accordance with the Law on Municipal Property without a tender or competition. Article 62(1) of the EA provides that when the construction or expansion of site energy facilities, as well as above-ground and underground hydro-technical facilities for the production of electric energy or parts of them and production-related facilities and sites for the disposal of production waste shall be carried out on property - state-owned property, the competent state authorities shall establish in favour of the person who will build and operate the energy facility, a building right (against payment) on the land

in accordance with the State Property Act without an auction or competition. According to article 62(4) of the EA, when it is necessary that the construction or expansion of site energy facilities and above-ground and underground hydro-technical facilities for the production of electrical energy or parts of them must be carried out on property - private property, the person who shall build and operate the energy facility must acquire the right of ownership or the right to build on the land required for the construction of the site in advance and against payment.

Key Projects and Investment Activity Directorate shall submit to the Legal Directorate the privately owned properties over which, according to the approved and effective SDP, Bulgartransgaz EAD must acquire real rights on the basis article 62(4) of the EA.

Upon assignment by the company in accordance with the Public Procurement Act, an independent evaluator registered in the Public Register of Independent Evaluators at the Independent Evaluators Chamber in Bulgaria prepares an appraisal to determine the market value of a property or part of a property to which Bulgartransgaz EAD must acquire rights of ownership or building right.

The assessment is prepared by a person meeting the conditions under §1a, item 3 of the Additional provisions of SPA in accordance with the requirements of the EA, SPA, the Bulgarian Valuation Standards (BVSs), approved by the General Assembly of the Independent Evaluators Chamber in Bulgaria on the basis of his powers under article 27(1)(5) of the Independent Valuers Act. The assessment shall be approved by a permanent working group, appointed with an order of Bulgartransgaz EAD Executive Director, which includes specialists of the company, entered in the Public Register of Independent Evaluators at the Independent Evaluators Chamber in Bulgaria.

A legal advisor from the Legal Directorate makes a reference in public registers, as well as requests information from the relevant state and local authorities to establish the owners of the properties and their contact details.

Depending on the available contact information, conversations shall be held with the owners of properties, and if they wish - personal meetings shall be organised, where the project shall be presented in essence and the possibilities for Bulgartransgaz EAD to acquire an ownership or building right on the affected part of their property shall be discussed. The respective contract shall be signed upon their agreement.

In the absence of an agreement or data for personal contact with the persons, Bulgartransgaz EAD shall prepare and send written proposals, in the form of notarial invitations, for the acquisition by the company of the necessary real rights. The notary shall make inquiries about the permanent and current address of the addressees and, in compliance with the requirements of the Notaries Act and the Civil Procedure Code, delivers the notarial invitations.

The respective contract shall be signed upon their agreement.

According to article 63(1) and (2) of the EA, in case of refusal or impossibility to perform the actions under article 62(4) (prior acquisition against payment of the right of ownership or the right to build on the necessary land), the property shall be expropriated in favour of the state. A refusal shall be considered the explicit refusal, as well as non-acceptance of the offer or failure to reach agreement within the period under

article 62(6) of the EA. Expropriation shall be made according to the conditions and the procedure of the State Property Act (SPA).

Article 32(1) of the SPA provides that properties and parts of properties - owned by individuals or legal entities, may be compulsorily expropriated to satisfy state needs that cannot be satisfied in any other way, **after prior and equivalent compensation**. The existence of a state need that cannot be met in any other way is established by a detailed spatial plan that has entered into force, providing for the construction of sites to satisfy state needs, or with an approved detailed spatial plan that provides for the construction of a national site for which there is an effective order to allow preliminary execution, or in another way provided by law.

The equivalent monetary compensation is determined in accordance with the purpose of the properties before the entry into force of the detailed spatial plan, respectively before the approval of a detailed spatial plan that provides for the construction of a national site and for which there is an effective order to allow preliminary implementation based on the market prices of properties with similar characteristics located near the one subject to expropriation.

In the event that market prices of properties with similar characteristics cannot be determined due to the absence of less than two transactions in the relevant registry office, the equivalent monetary compensation shall be determined according to:

1. the regulations for the implementation of the State Property Act - regarding properties in urbanised territories and spatial zones;
2. the ordinance under article 36(2) of the Ownership and Use of Agricultural Lands Act - concerning agricultural lands;
3. the ordinance under article 86(2) of the Forestry Act - concerning the forest territories.

The judge responsible for the registry shall be obliged to issue a certificate and provide a copy of all registered transactions with properties located near the property subject to expropriation: purchase and sale, exchange, establishment of real rights or transfer of ownership against an obligation to build, sale by auction by state and private bailiffs, state institutions and municipalities, as well as other transactions against payment at least one of the parties is a trader. The certificate of presence or absence of transactions under the first sentence shall be first issued within one month of the application. No state fee shall be due for the issued certificate.

Pursuant to § 1a of the additional provisions of the State Property Act (SPA), within the meaning of this act:

1. "Equivalent monetary compensation" is the price of the expropriated properties or parts of properties, set in accordance with the procedure of this act.
2. "Market prices" are the average prices of all real estate transactions for purchase and sale, exchange, establishment of real rights or transfer of ownership against construction obligation, mortgage - securing purchase and sale of property, sales by auction by state and private bailiffs, state institutions and municipalities, as well as other reimbursable transactions, except for those with subject ideal parts of properties in which at least one of the parties is a trader, concluded within 12 months before the date of

assigning the valuation and entered in the registry office by the location of the property. If more than 20 transactions have been entered in the registry office at the location of the property within 12 months prior to the date of assigning the valuation, the last 20 transactions entered shall be taken into account in setting the market price. Averaging shall be made on the basis of no less than two relevant transactions.

3. "Properties located near expropriations" are properties that are located:

- a) in the same area in large cities with regional division;
- b) in the same neighbourhood in other cities or towns or settlements;
- c) in the same land in agricultural territories and forest territories.

According to Art. 34a of the SPA, the expropriation of properties and parts of properties - private property, intended for construction of national sites, is carried out by a decision of the Council of Ministers on the proposal of the Minister of Regional Development and Public Works and the Minister of Finance. The decision of the Council of Ministers should be preceded by a proposal from the investor to the relevant authority, in the particular case from Bulgartransgaz EAD to the Minister of Energy, enclosing the following documents:

1. a copy of an effective or approved detailed spatial development plan that envisages construction of a national site and for which there is an effective order authorising preliminary implementation;
2. characteristics, type, location, size of the properties, information about the owners and ownership documents;
3. valuation of the properties, carried out by an independent property evaluator, made no earlier than three months as of the date of submission of the request for expropriation;
4. financial justification of the proposal for expropriation.

After submission of the request for expropriation, the Ministry of Energy, based on a proposal from Bulgartransgaz EAD, the Ministry of Regional Development and Public Works and the Ministry of Finance have 14 days to state their opinions on its legality. If the request is lawful, it shall be submitted to the Council of Ministers (CoM) in order to make the decision under Art. 34a, para. 1 SPA. The decision of the Council of Ministers is communicated to the interested parties in accordance with Art. 61 of the Administrative Procedure Code and pursuant to the requirements of Art. 34b, para. 2 and para. 3 SPA, by the site investor. The decision of the Council of Ministers is subject to appeal within 14 days after its notification.

In the course of the procedure for the acquisition of real rights for the technological sites, Bulgartransgaz EAD pays the costs of notary fees and the provision of documents required to perform the formalities related to the sale/purchase before a Notary Public.

V. ANALYSIS OF THE PERFORMANCE STANDARD 5 COMPLIANCE REQUIREMENTS

IFC Performance Standard (PS) 5 is the core standard related to land acquisition and resettlement. It refers to the management of physical displacement (i.e. relocation or loss of shelter) and economic displacement (i.e. loss of

assets or access to assets that leads to loss of income sources or means of livelihood) as the result of project-related land acquisition.

The objectives of IFC PS 5 include:

- To avoid, and when avoidance is not possible, minimize displacement by exploring alternative project designs;
- To avoid forced eviction;
- To anticipate and avoid, or where avoidance is not possible, minimize adverse social and economic impacts from land acquisition or restrictions on land use by (i) providing compensation for loss of assets at replacement cost, and (ii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected;
- To improve, or restore, the livelihoods and standards of living of displaced persons;
- To improve living conditions among physically displaced persons through the provision of adequate housing with security of tenure at resettlement sites.

Performance Standard 5 requires:

- That the project proponent identifies those persons who will be displaced and establish a cutoff date to establish eligibility for compensation;
- The project proponent to offer land-based compensation, where feasible, where livelihoods of displaced persons are land-based, or where land is collectively owned;
- Negotiated settlements to be encouraging to avoid forcible removal of people;
- Private sector companies to “bridge the gap” between domestic legal requirements and the requirements of the Performance Standard where necessary; and
- Preparation of Resettlement Action Plan (RAP) or a Livelihood Restoration Plan (LRP), which demonstrates how displacement will be managed in accordance with the Performance Standard 5. The RAP is needed in case physical displacement is entailed, while the LRP is sufficient in case only economic displacement happens.

Performance Standard 5 further requires that standards for compensation be transparent and consistent within a project, and established with the participation of those impacted. Project proponents must, according to the Performance Standard, offer displaced persons’ compensation for loss of assets at full replacement cost, and other assistance to help them improve or at least restore their standards of living or livelihoods.

In the case of physically displaced persons, the Performance Standard requires that project proponents offer the choice of replacement property of equal or higher value, equivalent or better characteristics, and advantages of location and security of tenure, or cash compensation at full replacement value where appropriate.

If land acquisition for the project causes loss of income or livelihood, regardless of whether or not the affected people are physically displaced, project proponents are required to:

- Promptly compensate economically displaced persons for loss of assets or access to assets at full replacement cost;

- In cases where land acquisition affects commercial structures, compensate the affected business owner for the cost of re-establishing commercial activities elsewhere; for lost net income during the period of transition; and for the cost of the transfer and reinstallation of the plant, machinery or other equipment;
- Provide replacement property (e.g. agricultural or commercial sites) of equal or greater value, or cash compensation at full replacement cost where appropriate, to persons with legal rights or claims to land which are recognized or recognizable under the national laws;
- Compensate economically displaced persons who are without legally recognizable claims to land for lost assets (such as crops, irrigation infrastructure and other improvements made to the land) other than land, at full replacement cost);
- Provide additional targeted assistance (e.g. credit facilities, training, or job opportunities), and opportunities to improve or at least restore their income-earning capacity, production levels, and standards of living to economically displaced persons whose livelihoods or income levels are adversely affected;
- Provide transitional support to economically displaced persons, as necessary, based on a reasonable estimate of the time required to restore their income-earning capacity, production levels, and standards of living.

5.1. Gap analysis and mitigation measures to align the Project to PS 5

It must be noted that due to the historical events in the country during the communist regime resulting, among others, in involuntary expropriation on a large scale of agricultural land in the country as well as property in general, the Bulgarian population is very sensitive to expropriation. After restoration of democracy in the country, property expropriated during communism, was reinstated to its' original owners or their heirs. The Constitution explicitly prohibits expropriation unless it is accompanied by a fair compensation. The laws of the country were construed in a way to protect the ownership right in the first place, so a number of different level guarantees were foreseen to involve the state in the expropriation process as a guarantee to private ownership, i.e.

- Expropriation is admissible only in the cases defined by law;
- no expropriation is admissible without a declared state/public need by the Council of Ministers;
- different ministries are involved in the process to determine the legality of the expropriation;
- the compensations are determined by an independent evaluator, who works on the basis of a preset evaluation methodology by the National Chamber of Evaluators;
- the affected owners may appeal against the defined compensation.

With regard to the Chiren gas storage facility expansion project it must be noted that expropriation was used only as a “last resort” opportunity, i.e. if the land owners could not be found despite all efforts by the company and the local authority. In addition BTG has aimed to limit the economic displacement of affected persons as much as possible. For this reason it has aimed at locating the project on municipal or state owned properties as a priority and has implemented the mitigation measures described in the table below. Then the actual situation occurred so far during land acquisition and easement rights granting process is described in Chapter VI and the Annexes to

this Plan. It is important to note that the affected properties are all part of large agricultural plots for industrial production of agricultural goods and no livelihoods depend on the particular land plot affected by the easement rights of the construction slip. In addition, the effects of the project construction are with limited duration of about 1 year of actual construction activities in total.

Key differences between Lenders’ policy requirements related to involuntary resettlement and Bulgarian legislation are outlined in Table 1 below:

Bulgarian’s Land Acquisition Practice	Lenders Involuntary Resettlement Policy	Mitigation measures
<p>Compensation of privately-owned land (without taking into account the losses) is based on the market cost.</p>	<p>Compensation of privately-owned land is based on full replacement cost. “Orphan land” has to be taken into consideration. “Orphan Land”: Where a plot that is wider than the Pipeline Construction Corridor is acquired, the temporary occupation by the project of the part of this plot located in the Construction Corridor may leave sections of land on either side that will not be required for the Project and would normally not be compensated. Agricultural activities on these sections of land could normally be continued. There will be cases, however, where the remaining part will be too small to make cultivation economically worthwhile, or may be difficult to access.</p>	<p>As the Project is implemented entirely on agricultural/undeveloped land, the acquisition of the property will be carried out at a price no lower than the market price. After acquiring the property for the needs of the project and at the start of the construction works, additional compensation will be made for the sown agricultural production. There is no issue expected to occur with “orphan land”, as all affected properties are part of large industrial agricultural plots and no access or cultivation impairments would take place. Furthermore the easement restrictions include just permanent vegetation with deep roots system and the agricultural crops on the easement strip do not include such vegetation, but mainly wheat and corn production. BTG will monitor the process via the consultation and public information process during construction and if such an issue arises, it will be addressed in the project</p>

		management plans of the project.
Objective does not explicitly include restoration of livelihood and standards of living. No requirement for provision of relocation assistance and for exploring opportunities for the Project Affected Persons to benefit from the project.	Objective focuses on restoring livelihood and standards of living for Project Affected Persons, regardless of tenure or legal status. Physically displaced persons (regardless of their legal status on the land) are provided with: <ul style="list-style-type: none"> • relocation assistance, secured tenure to relocation land, better housing at resettlement sites with comparable access to employment and production opportunities, and civic infrastructure and community services as required; • transitional support and development assistance, such as land development, credit facilities, training, or employment opportunities; and • opportunities to derive appropriate development benefits from the project. 	The Project has been designed to avoid any physical displacement, thus this requirement is not applicable to the Chiren Project.
No provision required for assisting economically displaced persons other than compensation for affected assets and lost income from affected business (including future losses)	Economically displaced persons are provided with: <ul style="list-style-type: none"> • assistance (i.e. credit facilities, training, and employment opportunities). • opportunities to derive appropriate development benefits from the project. • compensation for (i) the costs of re-establishing commercial activities elsewhere; (ii) the net income lost during the transition period; and (iii) the costs of transferring 	As far as economically displaced persons exist they have been offered compensation (in line with national legislation). BTG also pays in addition to the compensation defined the subsidy amount which the land user would lose due the inability to plant crops on a certain area. To address the gap identified on this issue BTG has developed a ESMMP framework, including also the SEP and Grievance mechanism

	and reinstalling plant, machinery, or other equipment.	in addition to the present LALRMP that shall identify a strategy to provide training assistance and economic opportunities. This is particularly valid for the group of unemployed people under 29 years of age identified as disadvantaged in the SIA on the local labour market, who will be a very suitable labour force source for the current project. Bulgartransgaz has a cooperative approach to community investment over and above its impact mitigation obligations and will seek to make a positive and sustainable community development contribution.
Limited requirements to identify and assist vulnerable groups. Social allowances are envisaged for the households below the poverty line, large families having 4 or more children below 18 years, households with disabled members	Requires the identification of vulnerable groups and development of targeted measures so that adverse impacts do not fall disproportionately on them and they are not disadvantaged in sharing the benefits and opportunities resulting from development.	BTG addresses the GAP through the SEP development and implementation, where stakeholder engagement and approach towards vulnerable people identification is defined and implemented. In any case the determination of easement and property acquisition compensation will be subject to the requirements of establishing a fair price to the particular land owner/user depending on his/her status and agreement.

The national complaints and grievances mechanism, which is largely aimed at protecting the rights of affected persons/owners, can be seen as an additional measure to ensure compliance with PS5. At each step of the detailed spatial plans and the procedures for the establishment of real rights, the affected population may file complaints, objections or proposals on the procedure. This is regulated by law and the affected population has the opportunity to make use of it.

Nevertheless, Bulgartransgaz EAD has developed a Grievance Mechanism in line with IFC PS1 and PS5, attached to the Stakeholder Engagement Plan for the implementation of the Chiren UGS Expansion Project and published on the Bulgartransgaz EAD website.

VI. PROPERTIES AFFECTED BY PROJECT CONSTRUCTION

So far, detailed spatial plans have been drawn up for site Expansion of Chiren UGS capacity - above-ground part and Gas pipeline connecting Chiren UGS to the existing gas transmission network of Bulgartransgaz in the area of Butan village, determining the properties falling within the boundaries of the easement area of the facilities and the areas permanently designated for location of technological sites. For site Expansion of Chiren UGS capacity - wells, the exact locations of the wells and the routes of the gatherings to them are yet to be determined, and this Plan shall be updated when such information is available.

Information about the affected properties from the detailed spatial plans includes: number of the property, method of permanent use, type of real right, affected area, name of the owner, type of property. This information is provided in appendices to this plan separately for each project component. It also summarises the inventory of affected assets. It must be noted that there are no residential, business buildings of permanent or temporary nature and no agricultural buildings (i.e. barns, sheds, stables, etc.) affected by the project (including all its components) as the Bulgarian legislation is very strict on distance requirements and Bulgartransgaz explicitly avoids them when designing the projects. However some municipal roads, irrigation trenches will be crossed by the gas pipeline component. In case such assets are damaged for a short term due to construction works Bulgartransgaz is committed to restore them to their normal state immediately when the construction activities are over. This is also included as obligation in the contracts of the building companies selected for the different project components.

Regarding project **Expansion of Chiren UGS capacity - above-ground part**, the sites affect properties listed in Appendix 1.1, and the last column of the table describes how the real rights for the sites have been acquired. The affected properties for establishment of the new easement are identified in Appendix 1.2. Summary tables for this project component including information derived from these annexes on: type of impact caused by the project (purchase or easement), total number of stakeholders involved, type of ownership, level of vulnerability¹ of the stakeholders are presented bellow:

Type of ownership	Number of properties	Affected area /decare/	Level of vulnerability
Municipal	3	65,022	N/A
Private	2	9,000	Some
Public organizations	1	8,222	Low
Total:	6	82,244	

Table 2: Affected properties for purchase

Type of ownership	Number of properties	Affected area /decare/	Level of vulnerability
Municipal	16	18,522	N/A

¹ The level of vulnerability is estimated based on the scale included in the SEP as “low”, “some”, “high”. For the owners which are the local authority (municipality) or the state the vulnerability is not applicable.

Private	23	16,184	Some
Public organizations	2	1,079	Low
Total:	41	35,785	

Table 3: Affected properties for easement

Regarding project **Expansion of Chiren UGS capacity - above-ground part**, the easement for the pipeline energy facilities, part of the Chiren UGS Capacity Expansion Project, was established by letter No. 2600-506/21.02.2023 of Vratsa Municipality determining the due compensations for the establishment of an easement with indicated bank accounts by virtue of article 210(5) of the SDA. The compensation money has been wired to the bank account of Vratsa municipality to be paid to the owners of the properties. Regarding the land necessary for the construction of the above-ground facilities (properties for which a permanent change of use is foreseen), the funds are paid into the bank account of the owner of the property at the time of purchase and sale, and in the case of expropriation, when no agreement has been reached with the owner or the owner cannot be found, the funds are paid into the bank account of the District Administration of Vratsa, opened in favour of the beneficiaries.

Regarding project **Expansion of Chiren UGS capacity - gas pipeline connecting Chiren UGS to the existing gas transmission network of Bulgartransgaz EAD**, the sites affect properties listed in Appendix 2.1, and the last column of the table describes how the real rights for the sites have been acquired. The affected properties for establishment of the new easement are identified in Appendix 2.2.

Summary tables including information derived from these annexes on: type of impact caused by the project (purchase or easement), total number of stakeholders involved, type of ownership, level of vulnerability² of the stakeholders are presented below:

Type of ownership	Number of properties	Affected area /decare/	Level of vulnerability
Private	1	2,146	Some
Total:	1	2,146	

Table 4: Affected properties for purchase

Type of ownership	Number of properties	Affected area /decare/	Level of vulnerability
Municipal	222	166,668	N/A
Government	48	57,935	N/A
Private	536	882,715	Some
Public organizations	93	138,204	Low
Total:	899	1245,511	

Table 5: Affected properties for easement

² The level of vulnerability is estimated based on the scale included in the SEP as “low”, “some”, “high”. For the owners which are the local authority (municipality) or the state the vulnerability is not applicable.

Regarding project **Expansion of Chiren UGS capacity - gas pipeline connecting Chiren UGS to the existing gas transmission network of Bulgartransgaz EAD**, the committee under Article 210 of the SDA of the municipalities of Vratsa, Krivodol, Borovan, Hayredin, Miziya and Kozloduy began work on determining the amount of compensation due for the easement right of the gas pipeline. An independent appraiser shall prepare the valuations and the committees shall accept the compensation, after which Bulgartransgaz EAD will pay the same into bank accounts opened in favour of the beneficiaries. Regarding the land required for the construction of PF Butan, the purchase of the land is pending and the agreed amount will be paid into the bank account of the property owner. Bulgartransgaz EAD already owns the land required for the construction of PF Chiren 3.

Regarding **Expansion of Chiren UGS capacity - wells**, as of the date of preparation of this plan, the locations (with exact geographical coordinates) of the new exploitation and observation wells and the routes of the gatherings for the exploitation wells have not yet been determined in detail.

The current Plan is to be updated as the project advances.

VII. COMPENSATIONS FOR THE OWNERS/LESSEES/USERS OF LAND PROPERTIES FOR DAMAGES INCURRED TO THEM (DESTRUCTION OF AGRICULTURAL PRODUCTION, ETC.)

7.1. Compensations

Bulgartransgaz EAD carries out the activities on compensation of the owners, lessees and users of land properties in accordance with the legislation in force and the internal rules of the company *-VIII-105-BTT-IIP Rules for organizing the activities to compensate owners/lessees/users of land properties for damages (destruction of agricultural production, etc.) incurred during the construction and reconstruction of facilities and sites of the gas transmission system of the company*. Compensations shall be paid by the company following the signing of contracts with the persons entitled to receive compensation for destroyed crops or lost profits, under the terms and conditions hereof. As already mentioned in the gap analysis above BTG has adopted mitigation measures to adhere to PS5. The Project is implemented entirely on agricultural/undeveloped land, the acquisition of the property will be carried out at a price no lower than the market price. After acquiring the property for the needs of the project and at the start of the construction works, additional compensation will be made for the sown agricultural production. The impact on the land users/tenants is not expected to last long and no other compensation of assets or replacement costs is deemed necessary than compensation for the lost agricultural production.

The SIA and the SEP of the project identify vulnerable groups of stakeholders within the project area, but the identification of particular vulnerable stakeholders is a delicate process which involves the good will of the relevant person to share personal details which would help define his/her vulnerable status. In many cases the stakeholders in question are heirs to the affected property who do not live in the local community anymore and cannot be found by BTG. The Company however has made its' best efforts to minimize the

private persons properties which will be acquired for the aboveground facilities where vulnerability status cannot be defined. It has searched to reach contractual agreement with the owners, taking into account their demands and interests, has provided for independent evaluator to determine the compensation where such agreement was not reached or the owner was not found and has transferred the defined compensation, if in case of appeal higher compensation is defined by the court, BTG will pay the additional amount. BTG has also identified and adheres to mitigation measures as described in section 5.1.

There is no issue expected to occur with “orphan land”, as all affected properties are part of large industrial agricultural plots and no access or cultivation impairments would take place. Furthermore the easement restrictions include just permanent vegetation with deep roots system and the agricultural crops on the easement strip do not include such vegetation, but mainly wheat and corn production. The Project company also pays on top of the compensation defined to registered farmers, entitled to subsidies, the subsidy amount which the land owner/ user would lose due the inability to plant crops on a certain area (easement strip). Thus, although “orphan land” is a possible phenomenon in this type of projects, it is minimized to the extent possible for the Chiren gas storage facility extension project. In the unlikely case that “orphan lands” or any other issue arises during Project implementation BTG is committed to evaluate any request for additional compensation/ re-evaluate the compensation offered to ensure compensation is in line with IFC PS5.

When making compensations, BTG adheres to the rule for determining fair compensation for the owner/lessees/user of the property, as well as BTG shall observe that the removal of the humus layer before the construction works and restoration of the fertile humus layer after the completion of the construction works in order to preserve the fertile qualities of the agricultural land is secured.

7.2 Restoration of lands affected by the construction and installation works

For the restoration of the lands with established easement rights over them after the construction and installation works, a project for recultivation shall be developed as part of the investment design for each construction site. Technical restoration of the affected lands shall be carried out, which includes arranging the materials in depth according to the order of their deposition in the natural soils, levelling the terrain, anti-erosion strengthening of the route, covering with a humus horizon, etc.

The rules for restoring the affected lands and soils on the territory of the Republic of Bulgaria are mainly regulated in the following laws and regulations:

1. Environmental Protection Act
2. Agricultural Land Protection Act
3. Implementing rules of the Agricultural Land Protection Act
4. Ordinance No.26 on the recultivation of damaged lands, improvement of low-productive lands, removal and recovery of the humus layer.

According to the requirements of Ordinance 26 for the recultivation of affected lands, the improvement of poorly productive lands, removal and utilisation of the humus layer, the humus layer is removed from the entire site (ground, route) on-site, with the exception of areas intended for landscaping.

The humus layer is not removed from the lands intended for afforestation, as well as when its thickness is up to 10 cm and/or the humus content is below 1.0 %.

The humus layer is used for the recultivation of affected terrains, and in the absence of such - for the improvement of poorly productive lands.

The humus layer removed during the laying of underground pipelines is used for the recultivation of excavations after their backfilling.

The minimum thickness of the spread humus layer on recultivation affected terrains intended for agricultural use is not less than 30 - 35 cm after its subsidence.

When the humus layer cannot be utilized immediately after its removal, it is stored in humus landfills. The humus layer is stored for up to 15 years, and the height of the humus deposits is up to 10 m. The storage of the humus layer at a landfill for a period of more than 3 years is necessarily accompanied by weeding, using crops with a deep root system.

The removal, transportation, storage and spreading of the humus layer from agricultural land, expropriated for state or municipal needs, shall be carried out by the investor of the site at his expense.

Humus materials shall be selectively collected and stockpiled near the site trench. The subhumus horizons (next to the soil-forming rock) shall be also selectively removed /figure 1/. It is important to keep in mind that for soils where the humus horizon is below 10 cm, its selective removal and deposition shall not be applied.

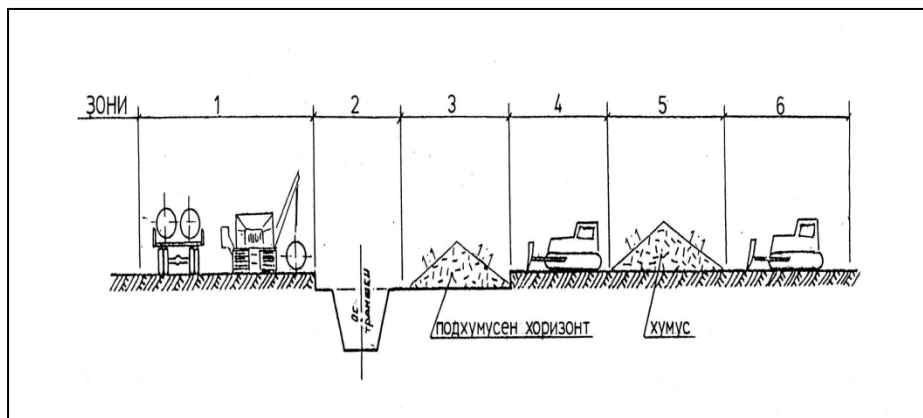


Figure 1. Scheme of gathering the surface /humus/ and subhumus horizons

In the absence of a large enough strip for storing the humus materials, they shall be deposited in places specially selected for this purpose.

VII. DISPLACEMENT AND IMPACT ON LIVELIHOOD OF THE LOCAL POPULATION

The Chiren UGS Expansion Project provides for the facilities to be constructed on agricultural lands on which no residential buildings, farm or other structures have been constructed. There are no other projects besides Chiren UGS Expansion envisaged with detailed spatial plans for the lands provided for the realization of the project. The project is planned to be implemented away from the settlements and homes of the citizens in order to facilitate the procedure for acquisition/establishment of easement on the affected properties. Some of the land envisaged for the project is even deserted and not cultivated. The rest of the properties are cultivated (sown with agricultural production) by large lessees of agricultural properties

cultivating the land of several villages. To our best knowledge there are no land owners/ lessees or users, which only livelihood depends on some of the properties affected by the project.

BTG has tried its' best efforts to overcome the difficulties which objectively occur in identification of vulnerable stakeholders by minimizing the properties permanently acquired for the project by private natural persons. For both Project components – aboveground facilities and connecting gas pipeline to the village Butan altogether only 5 properties were acquired by private owners – natural persons. Whenever possible BTG has used direct contact and negotiations with the owners and has come to an agreement with them about the purchase price. In the other cases, where no other option was available, the owners have received a fair compensation as described in the document above. It shall be clearly stated here that the actual payment of the compensations is foreseen in Bulgarian legislation as a precondition for obtaining the construction permit. Thus, the reached agreement with the owner or defined compensation by an independent evaluator is not enough to start construction. BTG has to provide proof of actual payment of these compensations to obtain the construction permit. The construction permit for the aboveground facilities part of the Project was issued on June 30th, 2023 by the MRDPW.

From the properties affected by the servitude rights of the project both for aboveground facilities and the pipeline BTG has also aimed its' best efforts at using properties owned by the state/municipalities/commercial companies.

Based on the above it can be stated for the Project to date that no displacement nor impact on livelihood occur.

VIII. Organisation of monitoring and reporting

The main objective of monitoring is to identify potential problems and obstacles as early as possible, and to monitor progress in implementing the Plan so that if any deviations from the agreements in the implementing requirements under the Plan occur such to be corrected. The following two mechanisms shall be used:

- (i) internal monitoring and
- (ii) external monitoring.

- **Internal monitoring** - All activities in the plan are time limited. Bulgartransgaz EAD will carry out a routine internal monitoring of the activities under the plan, and the results shall be reported to the financing institution on a regular basis determined by the financing institution. Necessary information shall be gathered, assessing progress and results of compliance with implementation requirements and adjusting the work programme where necessary. Integrated internal monitoring shall be that related to process and immediate results, such as the following: (a) disclosure, information campaign and consultation with affected population and stakeholders; (b) compensation payments for lands and structures affected; (c) status of property rights acquisition; (d) provision of contracts for the use of lands affected during construction.

- **External monitoring** - progress on the plan shall be reported to the financing institution regularly per reporting period as required (normally, on yearly basis).