

Chelopech gold mine and copper mine project, Bulgaria



CEE Bankwatch Network's mission is to prevent the environmentally and socially harmful impacts of international development finance, and to promote alternative solutions and public participation

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Summary

After visiting Chelopech TMF in October 2008, members of the Petition Committee of the European Parliament report an 'immediate threat to public health, water, soil and agricultural production, and the climate conditions in the region' posed by the Mining project. Their report recommends further investigations by EC and Bulgarian Government and calls for implementation of EU environmental law and basic rights and principles.

Meanwhile, Chelopech Mining did not follow best practice regarding public information and consultation in its Environmental Impact Assessment (approved in 2008) and the application procedure for a complex Integrated Pollution Prevention and Control. The EBRD's decision to extend financing for the project remains highly problematic.

Background

In 2004, the European Bank for Reconstruction and Development approved a USD 10 million loan for Phase 1 of the Chelopech Mining project. At this stage the EBRD anticipated further developments with the project to spill over into Phase 2, which includes the expansion of metals production through the introduction of cyanide leaching technology.

The separation of the project into two phases was artificial and allowed the EBRD to finance part of the activities in Phase 1 as a category B project. For example, the environmental impact assessment (EIA) for the expansion project of Chelopech Mining includes improvement and extension of the Tailings Management Facility (TMF), which falls into Phase 1 according to the EBRD separation. As a result the implementation of Phase 1 activities – such as those involving the TMF – was delayed until the expansion project forming Phase 2 was given the green light by the Bulgarian government after two years of negotiations.

In July 2008, and following this approval of the EIA for the Chelopech Mining cyanide project, the EBRD approved an increase of USD 15 million to the original loan for Phase 1.

Improvement of environmental performance

The environmental improvements achieved with the first loan for Phase 1 have been assessed by the EBRD as "significant"¹. However, data from the monitoring of the waste waters shows that since the start of the operation, and during the years 2005, 2006, 2007 and 2008, certain elements of the Water Discharge Permit exceeded the

¹ The project summary document for the Chelopech Mining project states that: "DPM has made significant progress in addressing this liability and further progress is planned in the next few years to bring mine waste management at Chelopech up to an international standard of good practice."

monthly limit values². Although the pollution is assessed as moderate and the effects on the environment have been limited, this is a systematic non-compliance with the permit, contrary to good industry practice and incompatible with the principles contained within the EBRD's Environmental Policy.

A petition against the lack of public consultations on the introduction of cyanide leaching technology during the EIA procedure of the Chelopech Mining project was submitted to the Petitions Committee of the European Parliament on 17 September 2008. A subsequent visit to the Chelopech TMF by members of the Petition Committee of the European Parliament in October 2008 included the final reported conclusions:

"Members were shocked at the extension of the waste deposit and its immediate threat to public health, water, soil and agricultural production, and the climate conditions in the region, eg. high precipitation and regular floods could make the situation even more dramatic."

The MEPs' report, approved on 12 February 2009, presented the following recommendations:

- *"Urges the Commission to take into account and assess the issues raised in this report and fully investigate all the issues raised in the petitions, particularly as regards the possible infringement of EU environmental law and basic rights and principles contained in the EU Treaty."*
- *Calls on the Bulgarian Government to ensure strict compliance with the acquis communautaire on environmental matters.*
- *Calls on the Bulgarian Government to evaluate and analyse the pollution problems and the impact on the health of citizens in the concerned regions."*³

Informing the public

According to the EBRD's Environment and Sustainability Department, which has been an observer in the Phase 2 project proposal, *"the Chelopech expansion has been designed according to the recent EU Mining Waste Directive, which the Company will implement in full should the necessary approvals be granted."*⁴

On the question of public participation, the EU Mining Waste Directive states:

"the public concerned" means the public affected or likely to be affected by, or having an interest in, the environmental decision-making [...] To that end, the public concerned shall be informed about any such proposal and relevant information shall be made available, including, inter alia, information about the right to participate in the decision-making process and about the competent authority to which comments and questions may be submitted. [...] The public concerned shall be entitled to express comments and opinions to the competent authority before a decision is taken."

In 2005 Chelopech Mining submitted an EIA for its expansion project and in March 2009 it applied for a complex Integrated Pollution Prevention and Control (IPCC) permit. Neither procedure has followed best practice when it comes to public information and consultation.

² Protocols from the Regional Inspectorate for Environment and Waters

³ Working Document on the fact finding visit to Bulgaria from 27 to 30 October 2008. Committee on Petitions. European Parliament. 12.02.2009.

⁴ Clark A., Director, Environment and Sustainability Department, EBRD, Letter to Fidanka Bacheva, For the Earth/CEE Bankwatch Network, 8 May 2006, ref: 60508

EIA stage

The EIA procedure for the Chelopech Phase 2 project underwent a very limited public consultation, taking in only two villages from the immediate surroundings with total population of around 3000 people. Communities living downstream from Chelopech on the River Maritsa, and amounting to more than a million people, were not informed and consulted, although their health and environment are at risk in the event of a cyanide accident at Chelopech.

IPPC stage

In spite of the declared interest of environmental NGOs and local communities downstream throughout the last three years, the recently conducted public consultations procedure for the IPPC permit for the cyanide installation has displayed the same deficiencies as the EIA procedure. The “Cyanide Free Bulgaria” coalition of environmental NGOs and interested organisations in Plovdiv were not notified about the start of the procedure by the state authorities, nor by the company.

The documentation of 300 pages and three folders with annexes were available only in one copy at the Environmental Executive Agency in Sofia and one copy in Chelopech. In order to ensure an adequate process and statements, interested NGOs requested both a hard and a digital copy of the documentation; access was granted by the Chelopech Mining company but only ten days before the deadline, and by the state authorities only four days before the deadline. The equal right to access to information, as stipulated in the Bulgarian Environmental Act, of those organisations from the region of Plovdiv and Pazadjik, who last summer collected last summer nearly 15 000 signatures against the introduction of cyanide technology, was violated.⁵

Lack of Emergency Action Plan

As in the EIA, the IPPC documentation did not include an Emergency Action Plan and a Transport Plan for the cyanides, thus preventing the responsible authorities and other interested parties the opportunity to improve those plans prior to permit issuing. Out of the legal EIA procedure, those documents will be commented and approved only by the responsible institutions, but not the public.

The conclusions and recommendations of both UNEP's report “Cyanide Spill at Baia Mare, Romania” and the Report of the International Task Force for Assessing the Baia Mare Accident underline the importance of public awareness and efficient communication between the authorities and the public. Both point to poor regulatory oversight and the inadequacies in the permitting procedures as the main contributing reasons to this infamous accident.

Cyanide technology

The IPPC documentation about the cyanide installation has failed to ease concerns that the cyanide leaching technology proposed by Dundee Precious Metals is not appropriate for the high arsenic content of the Chelopech concentrate, nor for the existing hydro-geologic conditions. The IPPC documentation cites an example from the “experimental-industrial” installation of Phelps Dodge Company in Arizona, USA, which has a capacity of 16 000 tonnes per year, a significantly smaller capacity than the planned 3 million tonnes per year for the Chelopech mine.

⁵ A petition supporting the legislative proposal for a cyanide ban to be submitted by the Bulgarian political party “The Greens” at the Petitions Committee of the Bulgarian Parliament.

Moreover, the average precipitation in Arizona is 323 millimetres, while in the Chelopech region it is 617 millimetres, according to data from the National Institute for Hydrology and Meteorology.

Recommendations

In view of the above, the EBRD is requested to:

- carry out an evaluation of the Chelopech Mining project
- investigate the decision making process and cancel the additional financing of USD 15 million for Phase 1 of the project
- update the PSD of the Chelopech Mining
- present supervision, monitoring and evaluation documentation to the interested public, demonstrating the positive results that have accrued from the first loan for Phase 1
- not finance Phase 2 before all activities under the loan agreement are completed, eg. the tailings dam wall rehabilitation and the landscape recultivation
- not review Phase 2 of the project before communities downstream are informed and consulted in a new EIA procedure, fulfilling all the requirements of the relevant EU legislation
- ensure independent monitoring of the project.

For more information

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