



European Bank
for Reconstruction and Development

Mr Zvezdan Kalmar,
CEKOR
Korzo 15/13,
24000 Subotica
Serbia

17 April 2012

Dear Mr Kalmar,

Having reviewed the issues you raised in your letter of 30 March, I would like to provide a fuller response to your questions.

On the question of the scope of project that EBRD is financing and whether it impacts on the village of Vreoci or whether the equipment can be used in fields other than Field C, the use of the loan is specified in the agreement between EBRD and EPS and this cannot be altered without the Bank's consent. Despite the fact that it is outside of the scope of our project, EBRD has made significant efforts to encourage cooperation between community representatives in Vreoci and EPS/RB Kolubara. This has included a visit by three EBRD staff members and two consultants in August 2011 to meet with local community members and to review the issues that they raised in relation to the relocation of the cemetery and other community concerns.

For Barosevac, EBRD is satisfied that the resettlement carried out there to date is in line with the Bank's Policy and Performance Requirements. RB Kolubara, Representatives of the Community of Barosevac, and the Municipality of Lazarevac have signed a framework agreement that addresses resettlement, relocation of the cemetery and investments by RB Kolubara in local amenities and infrastructure. We have raised the issue of potential landslides with RB Kolubara and been informed that Barosevac is not at risk and slope stability within the mines is regularly inspected.

EPS have also informed us that the Stakeholder Engagement Team is established and that local people are regularly notified of the complaints procedure. People who are directly affected by resettlement or expropriation are informed via a number of means, including public meetings, in writing and most importantly in person at their homes. The Stakeholder Engagement Team is contactable by e-mail at sep@rbkolubara.rs or by telephone at +381 11 8123 130. A grievance form is also provided in the Stakeholder Engagement Plan that is available in English and Serbian on the websites of EPS, RB Kolubara and EBRD. EPS's staff have also been notified of the grievance mechanism for employees.

PRM
22.04.2012



Finally on the question of carbon emissions, we have estimated the Kolubara Environmental Improvement project will lead to a net reduction of around 200,000 tonnes of CO2 per year once it is fully operational. This estimate has been prepared by EBRD's engineer in line with the Bank's GHG assessment procedures¹. This assessment has focused on the CO2 savings arising from improved boiler efficiency at the TENT A and B power plants. Carbon dioxide emissions from other sources are anticipated to remain roughly at current levels as coal production is not planned to change substantially in the next few years.

Yours sincerely,

Kevin Bortz
Director, Natural Resources

¹ <http://www.ebrd.com/downloads/about/sustainability/ghgguide.pdf>