

**The request for the suspension of the credit arrangement with energy company IC MB  
"Kolubara" for ENVIRONMENTAL IMPROVEMENT PROJECT IN KOLUBARA MINING BASIN**

**Local Community of Vreoci  
Belgrade city municipality of Lazarevac  
Republic of Serbia**

Date: 13.03.2012.

**To:**

EBRD Directors  
EBRD Environmental and social department  
EBRD Office for communication with civil society  
EBRD Chief Compliance office  
EBRD natural resources department: Mr Kevin Bortz

We address you for the constant and increasing violations of human and property rights by the Public Company Mining Basin "Kolubara" – Lazarevac that has applied and signed the credit arrangement regarding the Environmental improvement project in Kolubara mining basin (Project ID 41 923 EPS Kolubara Environmental Improvement).

With regret we want to state that the attitude of the mentioned company since our first addressing to you on 05.07.2011 has not changed in no way for the better. Planning documents – Program basis for the relocation of settlements in Vreoci from 12.11.2007 (Board of directors decision PE "EEPS number 1-925/3 from 12.11.2007 to which the Government of RS approved 05 No. 310-5277/2007-3 22.11.2007) and General Regulation Plan for the settlement Vreoci (from 17.12.2008 number 145/2008-XI – "Official Gazette of the City of Belgrade" 54/08) are still not respected. On the field there is a gross violation of the dynamics of the process:

**1. Delay of the relocation:**

Considering that the dynamics of moving of the households is behind the schedule, as determined in the "General Regulation Plan for the settlement Vreoci", there is a situation where the speed of the execution of technical works related to the relocation of the transport and energy infrastructure necessary to expand the open pit mines has surpassed the planned eviction of households, so during the installation of power transmission lines of 110 and 35 thousand volts (110 and 35 KV) diagonally through the center of the village over the households, foreseen for final eviction in 2011 , households are still inhabited.

Regarding this issue Local community Vreoci has during the public insight in the Spatial plan of city municipality of Lazarevac with the Report of the Strategic environmental assessment,<sup>1</sup> , submitted an complaint. After the public meeting held on 31.01.2012 , the Planning Commission of the City

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<sup>1</sup> Prepared from the side of Secretariat for urban planning and construction of the City Administration of Belgrade

Administration of Belgrade, which was formed in accordance with the Law on planning and construction ("Official Gazette of RS", no. 72/09, 81/09, 64/10 and 24/11) in a closed session 02.02.2012 (174th Session), discussed the submission of complaints by the stakeholders– including one from Vreoci representatives , and have accepted complaint of Vreoci community about the terms for the transmission lines.

The textual part of underlying plan is to be complemented in the chapter: Rules of regulation and network construction and infrastructure objects, electric power infrastructure in a way that will be added in the following sentence; "For the power lines voltage of 35kV or more it is necessary to develop special urban documentation in accordance with law".

The final version of the underlying Spatial plan with the Report about the public insight will be submitted to the City Council of Belgrade in order to accept it, after which it will be directed to the Belgrade City Council for consideration and adoption, from which it clear that the construction of these power lines is done without proper planning documentation and outside the law.

## **2. Negligence of the company about the environmental, infrastructure and utility conditions of life in the village during the process of moving to the end of the Project:**

Most pressing issues regarding condition of environment in Vreoci community are as follows: Noise, dust, vibration, fumes, the unresolved problem of waste water from industrial plants from Kolubara–processing plant , electromagnetic radiation from the power lines above heads of inhabitants, destroying of the road in the possession of the local government by transport trucks and machinery of IC MB "Kolubara" ( Kolubara uses public roads as internally industrial infrastructure but without providing resources for their maintenance).

Waste water – still the unresolved problem of waste water from the plant "Kolubara processing" that flows out from the factory untreated, uncooled, un–pipied, while the filter sedimentation tank of waste water is in the center of the village– contrary to all technical regulations and applicable laws– from which further through systems of open channels the wastewater is released into the river Kolubara (we have video footage).

Heavy machinery of Public company Mining Basin "Kolubara" passes by our houses as this is already an open pit mine, and not an inhabited town. On this issue we addressed the Director of PC MB "Kolubara" on 04.01.2011, and an immediate cause for this was the passage of trucks heavier than 5 tons on the streets of Vreoci although forbidden by traffic regulations notified by the traffic signs. Problems that occur on the field are:

- Falling of dangerous materials from trucks and trailers, damages on the communal roads, danger for the children and pedestrian for the reason of massive scale of industrial traffic few meters from houses, school and other
- Also the passage of such machinery is contrary to republican law on environmental protection, due to toxic materials transported without specially precautionary measures, in trucks without a tarpaulin.

### **3. Discrimination of vulnerable inhabitants of Vreoci in becoming employed by “ Kolubara” mining company , contrary to the undertaken commitments:**

Regarding this issue we addressed the Director of IC MB "Kolubara" in writing on date 05.01.2011, and to this day we have not received an answer, although **the obligations of employment of vulnerable citizens** from the territory of LC Vreoci, confirmed in a document of IC MB "Kolubara": Relocation of the settlements in Vreoci 26.11.2011 under Item 3 – Employment of unemployed persons from Vreoci.

### **4. Withholding of financial support to the local community and civic associations of Vreoci:**

The decision to take over the costs of the local community of Vreoci, starting from 01.01.2011, which is in accordance with the planning regulations issued by the Monitoring Committee for the relocation of settlements in Vreoci on a session on 17.11.2010 under the 3rd agenda item – conclusion No. 7, and PC MB "Kolubara" confirmed on 26.11.2010 in the case: Moving settlements of Vreoci are generally not respected.

This issue has become especially relevant after the statement of Mrs. Vukice Popadić – Assistant Director of IC MB "Kolubara" for environmental protection, stated at a consultative meeting: Climate change, energy and the environment (CCEE) organized by: CEKOR & Rockefeller Brothers Fund held on 21.02.2012, "that PC MB "Kolubara" is a socially responsible company because last ( during 2011) year “Kolubara” has approved donations in the amount of 1,300,000 €"; after such presentation of the “Kolubara” manager for environment, President of the Council of LC Vreoci Mr. Zeljko Stojkovic stated "that PC MB "Kolubara" is not a socially responsible company because as a beneficiary of the expropriation, violates the rights of the population covered by the plans for social displacement, contrary to the positive examples of business practices, norms of EBRD and obligations undertaken in the Stakeholder engagement Plan (PC MB "Kolubara" – PE EPIS, February 2011) "; **after such discussion we got impression that the reason for failure to comply with obligation to support financially work of local community in Vreoci is not lack of money, but the intention to shutdown the local community which is struggling for protection of rights of Vreoci community.**

### **5. Failure to comply with the Law on Expropriation:**

Implementation of the principles of contractual relocation – by paying up to 30% of agreed sums to people that should be relocated without clear guarantee that remaining sum will be paid off in some reasonable time “Kolubara” is braking its legal obligations from Serbian Law on expropriation

### **6. Devaluation of property:**

By payment of amounts significantly smaller than the market value of land contrary to the Law on planning and construction, PC MB "Kolubara" acquires unlawful material gain at the expense of the citizens of Vreoci (filed a criminal complaint to the Higher Public Prosecutor's Office in Belgrade on 30.11.2011, the case No. KTR – 4468 / 11). Also, extensive material has been submitted to the Special Prosecutor Mr. Mirko Radosavljevic in a special department for organized crime, the High

Court in Belgrade about organized crime in PC MB "Kolubara" regarding the illegality of the expropriation procedures in Vreoci.

**7. Failure to comply with the Law on cemeteries and burial grounds (Art. 18–20):**

Forcing people to agree to exhume their deceased before they make the expropriation of property, so before they are able to know where their new residence will be, as the location for a collective move of Vreoci is not yet established. Around 120 court cases have been raised in the Administrative Court relating to the attempt to cancel decisions for illegal and forced excavation and transfer of remains from Vreoci cemetery to cemetery Lazarevac 2 – Šopić).

**8. Failure to meet the most important social aspect in the process of moving – the obligation of the collective relocation to preserve the entity of the local community and the continuity of existence:**

The situation on the field is such that in practice the obligation of determining the location and construction of new settlements with the objects of public infrastructure is not respected. Together with lack of space and solution for social infrastructure there is no possibility that the citizen can obtain adequate land for the construction of a new household on the site for the collective relocation, which is contrary to the Relocation plan because in this case it's about an individual displacement and not a collective relocation.

**As for concerns about the credibility of the Council of LC Vreoci** in the documents of EBRD we inform you that the Council of LC Vreoci as the basic unit of local government was legally elected in the electoral assembly of 2008. The population that we represent (about 3000 people) is still not displaced, and they live on their addresses in a populated area of Vreoci. In October 2011, the population census was taken in the Republic of Serbia on which forthcoming statistics will show that the population still resides in Vreoci at their addresses in their homes, led by their legitimate political representatives – the Council of LC Vreoci. Since this year are the regular elections in Serbia, these same citizens will get the invitations for the elections to their proper addresses, while the elections will be organized at three polling stations in the territory of Vreoci.

The viewing angle of EBRD is not clear to us on this issue, especially as the representatives of EBRD (Michael, Martina and Jan) on 24.08.2011 were at the meeting in LC Vreoci with the representatives of the local community, especially given that the LC Vreoci completely legally, in their correspondence with the government agencies, uses a seal, otherwise it would have been accused and convicted of misrepresentation, which would constitute a criminal offense. Therefore we expect from EBRD and its employees to fully respect citizens and their elected representatives in Vreoci and other local communities affected by this project and to change attitude from now on in communicate with Our and other local communities.

From all of the foregoing it is evident that the energy company PC MB "Kolubara" contrary to law and positive examples of business practices as well as the norms of the EBRD, and pursuant to commitments in the Action Plan for Environmental Protection and Social Affairs of 25.02.2011 (ARUP) and Stakeholder Engagement Plan from 01.02.2011 (EPIS), realizes their interests in violation of the

law and European conventions guaranteed human, property and social rights of local people and communities covered by the displacement of the mine expansion needs.

**The request:**

From EBRD this time we explicitly demand that the loan arrangement with the company PC MB "Kolubara" is suspended, given that it turned out to be socially irresponsible and crimino genic, both in terms of corruption and in terms of violations of laws and social rights of citizens of Vreoci included in the displacement given that in the credit agreement you have not conditioned power company IC MB "Kolubara" in terms of fulfilling unexecuted obligations to the community and the population.

Sincerely

**President of the Council**  
**Željko Stojković, s.r.**

COUNCIL OF THE LOCAL COMMUNITY OF VREOCI  
Street Diše Đurđević no. 91  
11550 Vreoci, Serbia  
e-mail:mzvreoci@neobee.net  
www.mzvreoci.org.rs  
TEL/FAX: +381 11 8144 000