Community Sustainable Development Programme
Executive Summary

Roșia Montană is both a comuna or commune and a small village lying at the end of a narrow road, nestled in the Apuseni Mountains of Transylvania in Romania. It is the oldest documented settlement of Romania, a consequence of the gold that lies in the earth below.

Every governing authority, from the Dacians, the Romans, Hungarians to the present day government of Romania has sought to exploit this mineral wealth. This has driven the culture, the social character, the economy and even the environment of Roșia Montană.

Currently the main source of income in Roșia Montană is mining, accounting for over 90% of income in Roșia Montană. Mining activities contributes significant funds to local governments via taxes, and to the communities in the region via procurement of supplies and services. Steep terrain, poor quality soils and a sub-alpine climate means agricultural can only provide a marginal subsistence style livelihood for the poorer people in Roșia Montană.

However, the present state-owned and last operating gold mine in Roșia Montană is not economically viable, despite buoyant gold prices. Consequently the village is declining with its economy at risk of collapse which would cause the out-migration of those capable of leaving in search of employment and improved quality of life. The significantly polluted environment would remain with insufficient funds available to return it a useable or semi-natural state.

By the end of 2006, this last mine will close as the EU does not allow state support for metalliferous mining activities. Romania hopes to join the EU in January 2007. When this happens, 2000 continuous years of a proud mining tradition could come to an end.

Should mining activities end including Rosiamin and RMGC unemployment could exceed 90%. The village and comuna of Roșia Montană face extreme decline. Due to the geographical position of Roșia Montană, the existing environmental legacies, a population dominated by elderly women, and a dominant skills base centred around mining, there is scant reason to believe a non-mining investor will come to Roșia Montană. Especially since there are more suitable places in the region for an entrepreneur to invest.

Sadly it would be expected that people of working age and young, capable and educated people will continue to leave, exacerbating existing trends. As will the men of working age, since they will search for work to support themselves and their families. This out-migration of skills, youth and capacity create a vicious circle, making it less attractive to either remain or invest in Roșia Montană but providing increasing incentive to leave.

Poverty currently affects over 50% of the people in the comuna. In the region school attendance declines, homes are being sold, health risks and impacts are high, and some 50% of the population already receive pensions or social aid.

The historical dependence of Roșia Montană on mining and former Communist development policies has not prepared the comuna for the modern, global and competitive market economy.

The (re-)development of Roșia Montană therefore requires a massive injection of funds to bring the condition of the village to a state attractive to investors. Roads and transport logistics and infrastructure very much need upgrading. Reliable, potable water supply, waste water collection and treatment need developing. Electricity supply must be reliable and constant, the gas network needs to be brought in. Solid waste must be collected, and the infrastructure to deal with it including recycling must be developed.
Education and health facilities need upgrading to offer the same quality of service as found in cities and larger towns. The condition of homes and houses must be attractive so people can live comfortably and affordably, such as proper heating, connections to water supply and sewage systems.

The existing pollution impacts and legacies require mitigation and remediating.

A vibrant economy is necessary to underwrite the funding required for this development. But without Roşia Montană a high level of development, a vibrant economy is unlikely.

Considering Romania has nearly 300 mining towns in similar or even worse condition, there’s scant reason to be optimistic that such funding will come from the State budget. The EU has countless similar devastated or socially, environmentally and economically depressed areas scattered across its 25 Member States.

Both the Romanian state and the EU would prefer the private sector to participate in the development of areas lagging behind the wealthy and better off regions.

This is where the remaining gold still in the earth and mines of Roşia Montană offer the most realistic solution for the rejuvenation and re-development of the entire comuna.

What amounts to Europe’s largest gold mine lies in Roşia Montană. It is a world class deposit in the advanced stages of design. The Environmental Impact Assessment describes the proposed mine’s processes and plans and the influence it has on the Community, the environment and the economy. The Environmental Impact Assessment also discusses how any negative impacts will be mitigated and how positive benefits will be maximised.

To realize this investment the many issues which act as a disincentive to investment must be resolved. Roads and logistical infrastructure must improve. Utility and waste infrastructure and management, housing and accommodation need developing. And people, lots of people, will be needed build and operate the mine. The improved infrastructure will last beyond the life of the mine contributing significantly to Community development.

Paradoxically, unlike many other mining investments in the world, the Roşia Montană Mine Project offers feasible solutions to the current environmental problems. To get access to the ore the sources of the current environmental problems need to be removed. A wealth of technical management solutions would be implemented to prevent a return of these environmental problems.

Far more importantly for the future, the after-the-mine-future, of Roşia Montană there is offered twenty years of an economic driver to set up, stimulate, support, and promote non-mining investments that will continue indefinitely. The quality of life offered by the housing, education and health facilities, and the well developed infrastructure combined with a highly skilled and young workforce provide incentives for non-mining investors to set up in Roşia Montană.

The Community Sustainable Development Programme contains a range of initiatives and measures promoting development of Roşia Montană. Some are directly related to the mine, such as employment, local procurement, and management of accommodation. Other initiatives under the Community Sustainable Development Programme provide incentives and support for people to imagine, create, and realise their ideas, by taking advantage of the following:

- Small business incubator providing information and business support;
- Availability of financial, legal, administration & organisational advice;
- Micro-finance facility;
- Skills enhancement fund;
- Training facilities and educational support initiatives;
- Investigation into what local natural and human capital exist in the region and the design of incentives to develop them.

More direct development initiatives include a proactive program to develop and promote the cultural, archaeological and patrimony of Roşia Montană. Activities include:

- The set up and organisation of a Cultural Centre and Mining Museum;
- Ongoing research and investigation into the history and archaeology of Roşia Montană;
- Active promotion of the village and region internationally as a tourist destination;
- Development of supportive infrastructure such as a bed and breakfast and shop;
- Dedicated website;
- Support and promotion of local handicrafts and skills, including articles to be exhibited and sold;
- And many other initiatives.

Management of these development initiatives needs to be independent of RMGC, which is ultimately a mining company. A very important aspect of the programme is the creation of an not-for-profit Foundation charged with the development of Roşia Montană and regions influenced or impacted by the Roşia Montană Mine Project.

The Mission of the Foundation is:

- To ensure and to maximise continual social and cultural, environmental and economic development of the Roşia Montană Community.

The overall Objectives of the Foundation are:

- To ensure that project activities result in sustainable socio-economic development in the Roşia Montană Community and continue indefinitely following cessation and closure of mining activities;
- To promote the sustainable development of the Roşia Montană Community independent of the Roşia Montană Project;
- To ensure that RMGC meets its social and community sustainable development commitments under both Romanian and European Union legislation, and the Equator Principles of the IFC;
- To ensure that RMGC conducts its business in cooperation and harmony with the Community;
- To be a Community voice to provide effective representation in all aspects of interaction with mining companies.

RMGC will be the founder of the Foundation, providing seed capital in the form of a grant. Management and responsibility for the Foundation require a Board of Directors drawn from stakeholders within the Community. The Board of Directors will choose the Managing Director. Statutes reflecting the Mission will guide the Board of Directors. Transparent decision making processes and independent third part auditing, monitoring and reporting of the Foundation will ensure it remains open, accessible and focussed on its Mission and Objectives.
Colophon

The Community Sustainable Development Programme is a modified compilation and adaptation of several pre-existing documents, as well as integrating new approaches to improving the existing socio-economic situation in Rošia Montană.

The principle documents which influenced the CSDP are listed below.

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<td>Resettlement and Relocation Action Plan (RRAP)</td>
<td>Stantec 361 Southgate Drive Guelph Ontario Canada</td>
<td>February 2005</td>
<td>Concerns the acquisition of lands and properties necessary for the project; and the mitigation of associated direct socio-economic impacts.</td>
</tr>
<tr>
<td>Social Impact Management Plan (SIMP)</td>
<td>And: Frédéric Giovannetti 6 Rue François Mauriac F- 84000 Avignon France</td>
<td>February 2005</td>
<td>Concerns the mitigation of all other (so-called indirect) socio-economic impacts not associated with land acquisition (the RRAP)</td>
</tr>
<tr>
<td>Social and Economic Management Plan (SEMP)</td>
<td>Aneta Nascu and Dinu Cornel RMGC Community Relations Department Rošia Montană Romania</td>
<td>December 2004</td>
<td>Concerns the promotion of longer term local economic and social development</td>
</tr>
<tr>
<td>Community Development Action Plan (CDAP)</td>
<td>Aneta Nascu and Dinu Cornel RMGC Community Relations Department Rošia Montană Romania</td>
<td>December 2004</td>
<td>Designed to improve the quality of life for “Community” stakeholders, in an integrated multi-sectoral manner including public, private and civic parties.</td>
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Other sources of influence included numerous socio-economic baselines conducted as part of the Environmental and Social Impact Assessment. These included:

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</tr>
</thead>
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<tr>
<td>Demographic and socio-economic assessment</td>
<td>Strajan Planning Office (SPO)</td>
<td>2000</td>
<td>Demographic and socio-economic conditions</td>
</tr>
<tr>
<td>Rošia Montană Gold Mining Project. Gold and Cold: Traits of the Communities in the Impacted Area – Results of the Socio-Economic Survey</td>
<td>RMGC and Planning Alliance</td>
<td>2002</td>
<td></td>
</tr>
<tr>
<td>Qualitative survey</td>
<td>Research Institute on Quality of Life</td>
<td>2002</td>
<td>Public opinion, perceptions &amp; expectations</td>
</tr>
<tr>
<td>Perceptions and culture of the stakeholders from Rošia Montana and Abrud</td>
<td>TNS/CSOP</td>
<td>2004</td>
<td></td>
</tr>
<tr>
<td>Review and update of baseline and current socio-economic indicators for Rošia Montană</td>
<td>Aneta Nascu and Dinu Cornel RMGC Community Relations Department Rošia Montană Romania</td>
<td>December, 2005 &amp; January 2006</td>
<td>Updating specific socio-economic baseline conditions and generating new information.</td>
</tr>
</tbody>
</table>

Additionally, the CSDP draws heavily upon various generic development scenarios including Romanian development plans, European Union strategies and policies, World Bank Group and International Finance Corporation initiatives and guidelines, various
industry, NGO and civic organizations initiatives. These are described in brief in Section 2 – Policy Framework of the CSDP.

The ideas, methodologies, thoughts, policies and so on were considered first from the context of Roșia Montană village, then from a Romanian regional and National perspective and finally the European Union.

The following social and socio-economic experts from the Babes-Bolyai University, Cluj Napoca, Romania comprehensively assisted in embedding the local and regional context of Roșia Montană into the CSDP: Gabriela Bodea, Adina Rebeleanu, Mihaela Salanta, and Flavius Rovinaru.

Feedback and input from several NGOs and Civil-Based-Organisations were received and incorporated.

Discussion and consultation with a broad range of people from the village of Roșia Montană assisted greatly in the design of the CSDP.
How to use this document

The Community Sustainable Development Programme document can be broken down into two principle parts:

1. Sections 1 to 7 which provide the reader with what is essentially background material;
2. Sections 8 and 9 which are in fact the sustainable development programme itself and the vehicle with which to implement it.

In brief these sections are described below:

Section 1 Introduces Roșia Montană, the Community Sustainable Development Programme and the principle philosophy behind it;
Section 2 Outlines the (numerous) policy frameworks which influenced the Community Sustainable Development Programme and/or which the Community Sustainable Development Programme is based upon and complies to;
Section 3 Describes briefly the Roșia Montană Project;
Section 4 Defines what are direct impacts, which are dealt with under another programme, and indirect impacts dealt with by the Community Sustainable Development Programme;
Section 5 Defines the principle socio-economic characteristics and trends of the Community for who the Community Sustainable Development Programme is designed to assist, finishing with a SWOT analysis;
Section 6 Outlines the Romanian, EU and supra-national government efforts to assist the same Community as the Community Sustainable Development Programme assists, thereby seeking synergies;
Section 7 Discusses the current investment climate in Roșia Montană, its principle strong and weak points, finishing with list of Opportunities and Challenges;
Section 8 Describes in detail the Community Sustainable Development Programme, which is itself built upon and must address the main conclusions of Sections 5, 6 and 7;
Section 9 Describes the Roșia Montană development Foundation, which is the implementation vehicle for the Community Sustainable Development Programme, including its mission, objectives, activities and tools.
Annexes Contains detailed information supporting points raised in various Sections and text.

The reader is encouraged to read carefully Section 5 in order to grasp the essential characteristics of the Community, since the programme itself as described in Section 8 is specifically designed to address and/or build upon these characteristics.
## Terms used in this document

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<tr>
<td>Centre Region</td>
<td>One of seven development regions in Romania. Based in Alba Iulia it covers Roşia Montană, Brasov, Covasna, Harghita, Mures and Sibiu counties.</td>
<td></td>
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<tr>
<td>Comuna</td>
<td>Romanian term for commune</td>
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<tr>
<td>Community</td>
<td>The geographic area encompassing the Comuna of Roşia Montană and the Orasule of Abrud and Campeni, and the Alba Iulia resettlement community.</td>
<td></td>
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<tr>
<td>Community Based Organisation</td>
<td>Organisations based in and working in one or more local communities. Generally non for profit, private organisations run by and for the community. Often an NGO</td>
<td>CBO</td>
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<tr>
<td>Community Sustainable Development Programme</td>
<td>A program of incentives and measures with the objective to: To maximise the Community benefit from the RMP. To ensure a viable investment climate remains following cessation and closure of the RMP. To develop the social, environmental and economic aspects of Roşia Montană and the Community such that there are continuous net welfare gains independent of RMGC and which continue beyond the life of the RMP.</td>
<td>CSDP</td>
</tr>
<tr>
<td>Disadvantages Zone</td>
<td>According to Ordinance No. 24/30.09.1998 a depressed area is defined as a region with a strictly delimited territory that meets at least one of the following conditions: It is a monoindustrial area; An area where 25% of the total workforce has been made redundant; Unemployment exceeds by 30% the national average; And/or is an isolated under-developed area.</td>
<td></td>
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<tr>
<td>Environmental impact assessment</td>
<td>The process of assessing in accordance with government legislation and Terms of Reference, the possible environmental and social impacts and their mitigation strategies and plans of an investment.</td>
<td>EIA</td>
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<tr>
<td>Environmental and social impact assessment</td>
<td></td>
<td>ESIA</td>
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<tr>
<td>Gabriel Roşia Montană</td>
<td>Parent company and 100% owner of Roşia Montană Gold Corporation</td>
<td>GRM</td>
</tr>
<tr>
<td>Non Governmental Organisation</td>
<td>An organisation not part of government and not founded by a State. Generally concerns advocacy groups in the field of social, cultural, legal and environmental fields.</td>
<td>NGO</td>
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<tr>
<td>Orasul</td>
<td>Romanian term for town</td>
<td></td>
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<tr>
<td>Poverty and Extreme Poverty</td>
<td>The poverty rate indicates the poor as a proportion of the total population. The Romanian National Strategy for Poverty Prevention and Alleviation (1999) uses two poverty measures: Extreme Poverty: defined as 40% of average household consumption expenditure per equivalent adult in 1995; Poverty: defined as 60% of average household consumption expenditure per equivalent adult in 1995. This measure of consumption is considered ‘Subsistence Minimum’, a very conservative measure of consumption of basic necessities only. These are considered very conservative given current [2001] Romanian conditions (Zamfir 2001).</td>
<td></td>
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<tr>
<td>Regional Development Agency</td>
<td>A governmental agency in the form of an NGO operating as a planning and coordination entity for government and EU development funds. Based in Alba Iulia in the office of the Centre Region.</td>
<td>ADR</td>
</tr>
<tr>
<td>Roşia Montană Development Foundation</td>
<td>An non profit legal entity 100% independent of RMGC that will implement the CSDP, and whose Mission is: To ensure and to maximise continual social and cultural, environmental and economic development of the Roşia Montană Community</td>
<td>The Foundation</td>
</tr>
<tr>
<td>Roşia Montană Gold Corporation</td>
<td>The mining company proposing the mine development in Roşia Montană</td>
<td>RMGC</td>
</tr>
<tr>
<td>Roşia Montană Project</td>
<td>The proposed mining development, including all its exploration, pre-feasibility, feasibility, pre-construction, construction, operations, closure, reclamation and rehabilitation phases.</td>
<td>RMP</td>
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<td>Small and Medium Sized Enterprise</td>
<td>An enterprise with fewer than 250 persons and an annual turnover not exceeding 50 mil EURO and/or an annual balance sheet not exceeding 43 mil EURO</td>
<td>SME</td>
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<tr>
<td>Stakeholder</td>
<td>An individual or organization with a legitimate interest in the socio-economic development of the Community. Stakeholders comprise various representatives of the civil, private and public sector.</td>
<td></td>
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<tr>
<td>Sustainable Development</td>
<td>Sustainable development, in which the needs of future generations are not compromised by activities today; the wise use of resources within a framework in which social, environmental, and economic aspects are integrated.</td>
<td>SD</td>
</tr>
<tr>
<td>Vulnerable people</td>
<td>A person or group of people from Roşia Montană village and/or the RMP impacted area who have reduced or restricted capacity to directly partake in the Roşia Montană Project for reasons of unavoidable circumstances or situations that place them at a disadvantage, or suffer considerable deprivation through poverty or poor quality of life. These persons may include but are not restricted to: persons affected by one or more of the following: isolation, age, mental and physical disability, low or no income, illness, or lack of or poor family bonds</td>
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1 Roșia Montană

1.1 Introduction

The village and community of Roșia Montană lies in a region known as the Golden Quadrilateral in the Apuseni and Metaliferi Mountains of Transylvania. This region has been one of Europe’s most important gold producing regions with production in Roșia Montană occurring over some 2000 years. Figure 1.1 shows Roșia Montană in relation to Romania and Europe.

Roșia Montană’s cultural, social and economic fabric has been inextricably moulded by gold mining. The character of Roșia Montană is a proud expression of the challenges and rewards of 2000 years of more or less continuous underground gold mining activities.

People migrated into the area to take part in those challenges. They brought with them a wide variety of cultural, religious, and social expressions. There are ten churches representing six different religious denominations. The cemeteries are a direct link back through time for the people of Roșia Montană to their roots, to the history of how Roșia Montană was created.

The people of Roșia Montană are used to the unique character of mining. Each day the miners went underground, the community above waited their return. Sons grew up and became miners. New technologies, new government priorities and policies all impacted. Every government up to the present day has sought to exploit the mineral wealth in the area, and this active policy has driven the evolution of Roșia Montană.

Recently however economics combined with the challenges of Romania’s transition from centrally planned economy to the free market economy has significantly reduced the ability of the present operator of the last operating mine – Rosiamin – to maintain the viability of the community of Roșia Montană and surrounds. And this despite sustained demand and a buoyant gold price.

A mono-industrial development philosophy that didn’t take into account either environmental nor social welfare combined with policies supporting centrally-planned economic priorities have led to the current socio-economic and environmental condition of Roșia Montană.

The environmental evolution of Roșia Montană

As with the social and cultural aspects Roșia Montană’s environment has also been profoundly influenced by gold mining. The town’s name ‘Red Mountain’ is based on the Rosia Stream tainted red from acid rock drainage\(^1\). As well the surrounding hills are pockmarked by old workings and their waste dumps, and man-made lakes used for mining purposes. Presently the government-owned mine continues to operate at well below best practices, causing further environmental impacts.

Records from the middle ages mention the village’s name Roșia Montană with several variations following the same theme: Valea Roșie, Verespatak, Roșia de Munte\(^2\). Verespatak means “Red River” in Hungarian. All these names reflect the influence of mining on the local environment.

---

\(^1\) Acid Rock Drainage (ARD) results from the interaction of air and water on metal-sulphides in the rock. Chemical reactions take place releasing acid that in turn liberates heavy metals, which can significantly reduce the viability of surface (and ground) water to support aquatic life and be useable for humans or stock. See Annex 2

Figure 1.1 Location of Roşia Montană

figure 1.1: Roşia Montană in relation to Romania and Europe

A4
Social and environmental development and management

When discussing mining and mining impacts there is much talk about the impacts of ‘irresponsible’ mining. One of the more significant attributes of which includes the social impact which follows from depleting the inherent wealth of an area then allowing the community built up around the mine/operation to decline (abandonment scenario). Preventing this scenario forms a very significant part of mine development and post-closure planning. Obtaining permits and more importantly gaining the social licence to operate often hinge on how the mining company addresses the issues of the sustainability of the community.

Roşia Montană however is already a mining town very much in decline. On the vast majority of indicators: social, economic, environmental, Roşia Montană is declining. The worst case scenario – that of abandonment and eventual desertion of this mining town – is already underway.

2000 years of mining are coming to an end. Before 2007 the last operating gold mine, Rosiamin is planned for closure. The European Union does not allow for subsidized mining in its Member States. Rosiamin is heavily subsidized and since the Accession is planned for the 1st of January, 2007, the mine must close on or before 31 December, 2006.

Often a mine is developed or planned to be developed in an area of natural or near natural environmental conditions. The mine then significantly impacts the environment for the period of operation. Environmental mitigation actions and management plans of the operation then are designed to return the environment to pre-mining conditions as much as is feasible in cooperation with relevant stakeholders.

In this respect Roşia Montană’s environmental conditions are topsy-turvy in comparison to ‘normal’. The local environment is very much negatively impacted which creates significant ongoing negative environmental impacts and associated social problems.

There is then no intention to return either the social nor the environmental condition of Roşia Montană back to pre-Roşia Montană Mining Corporation and pre-Roşia Montană Project condition. Instead the Roşia Montană Project offers the possibility of cleaning up pressing environmental problems, and reinvigorating the community of Roşia Montană.

The Roşia Montană Project (RMP) can evolve into a model project, a flagship town and community where visitors could see how mining activities can not only be developed in a sustainable way, but also significantly improve social conditions.

As with previous mining activities in the area, there are two important aspects concerning Roşia Montană Gold Corporation’s (RMGC) proposed development. One: RMGC & the RMP will irrevocably alter the social & cultural fabric of Roşia Montană (the Community – see Section 5.1 for a definition of Community), and therefore RMGC has a responsibility to mitigate the impacts of the RMP to the benefit of the Community. Two: the Community itself needs development – primarily economic but also social and environmental – to prevent further deterioration of the social & economic fabric of the Community, and the environment. The RMP will contribute to this development.

Consequently the RMP itself is a cause of socio-economic impacts, as well as an opportunity to address detrimental effects of existing socio-economic impacts.

The most appropriate manner by which RMGC can address these two aspects is under the auspices of a comprehensive Community Sustainable Development Programme (CSDP).
The CSDP addresses a wider area than that targeted in the Resettlement and Relocation Action Plan (the RRAP). The CSDP area includes the Roșia Montană comuna, and the two orasuls of Abrud and Campeni, in their entirety. The total population of the CSDP area is about 18,000.

Programme versus process
Sustainable development is not a programme, it is a process. Programmes end. They are a collection of projects, the successful completion of which results in the overarching programme being a success. The Community Sustainable Development Programme therefore should be seen as a process. Unlike the RMP and many of the Management Plans which underlie the RMP, the CSDP will not end following cessation of operations and closure.

We: RMGC, the local authorities, civil organisations, NGOs, local business, national government – ALL stakeholders – have 20 years of an economic driver to use as a catalyst to ensure that Roșia Montană remains indefinitely a viable, comfortable, enjoyable and beautiful community in which to live and work.

---

3 The RRAP is available in RMGC’s website: www.rmgc.ro. The RRAP is discussed briefly in Section 4 of the CSDP.
2 Policy Framework

A variety of policy frameworks encompass the socio-economic aspects of the RMP. Discussed in this section are the principle policy frameworks relevant to the CSDP. More detail is presented in Annex 3, where appropriate.

These include:

- Sustainable Development
- Roşia Montană Gold Corporation’s policies
- Romanian Government policies
- European Union policies and strategies
- World Bank / International Financing Corporation
- United Nations’ policies
- International Standards Organisation
- International Council on Mining and Metals.

Compliance with these policy frameworks will lead to the mitigation of socio-economic and environmental impacts caused by the RMP.

2.1 Sustainable Development

Sustainable development emerged as a concept in the 1990s. It refers to the wise use of resources within a framework in which social, environmental, and economic aspects are integrated. These three aspects are collectively known as the Three Pillars of Sustainable Development.

The goal of sustainable development is to maintain and improve the quality of life today while safeguarding the quality of life of generations to come. It involves a number of aspects of change concerning the Three Pillars such as:

- **social**, e.g. housing quality, infrastructure, education;
- **economic**, e.g. jobs, income;
- **environmental**, e.g. water quality, landscape and nature conservation.

Such a framework relies on **good governance**. Governance is the right to participate in and make decisions regarding in this case the Community’s affairs in a democratic manner. Characteristics of good governance include: political accountability, freedom of association and participation, a sound judicial system, bureaucratic accountability, freedom of information and expression as well as capacity building. All these aspects are essential to sustainable development.

In populated areas sustainable development becomes very much interlinked into or with **Community Development**. Community development is a process in which the efforts of the people themselves are integrated with those of government authorities and the private sector to improve the economic, social and cultural conditions of the community. It involves two processes: the participation of the people themselves in efforts to improve their living conditions with as much reliance as possible on their own initiatives; and the provision of technical and other services in ways which encourage initiative, self-help and mutual help and make these more effective.

In a Community such as Roşia Montană, Community Development and Sustainable Development are further linked very directly to natural resource management. This relationship can be seen as **Community-based Natural Resource Management**. This is an approach to the use of renewable natural resources that relies on the empowerment of community groups to use those resources using strategies arrived at through the democratic
process. The development and use of the resources is sustainable in economic and ecological terms and the distribution of benefits occurs in a manner that is socially equitable.

**Community Sustainable Development Programmes** then combine the aspects of governance, sustainable development, natural resource management and community action into one program. Essentially CSDP are the application of the community development philosophy, approach, principles, methods, skills and strategies to engage communities in finding solutions to needs and problems. A range of consensual and advocacy strategies are used within a people-driven process. The active involvement of the people in addressing needs, the building of various structures which grow out of local initiatives and which embrace a transformative agenda for action is a core prerequisite for CSDP to succeed. Activities and actions created and implemented within a CSDP must also be done in an ecologically and environmentally sustainable manner.

### 2.2 Roșia Montană Gold Corporation

With respect to its approach to business, RMGC’s slogan is: “Do it Right”. In relation to Roșia Montană itself, and in particular the existing poor economic and environmental condition, RMGC’s approach is:

```
“Something has to be done
Something responsible
RMGC has a solution”
```

These two slogan’s underpin RMGC’s responsibility not only to the Community but also to Romania and the European Union’s commitments regarding economic development under sustainable development principles.

A number of policies support this commitment. These are listed below:

- Sustainable Development policy;
- Environmental Policy;
- Community Relations Policy;
- Hiring Policy;
- Procurement Policy;
- Accommodation Policy.

These policies are not only applicable to RMGC but also to all its sub-contractors and suppliers. An advanced draft of both RMGC’s Sustainable Development and Environmental Policies are on the following pages.
2.3 Roșia Montană environmental policy - draft

Roșia Montană recognizes that the long term sustainability of its business is dependent upon good stewardship in the protection of the environment, human society and a prosperous economy. We will:

- Integrate environmental aspects and considerations into all activities of the organization;
- Establish and maintain a management system to identify, monitor, control and improve environmental performances of our activities;
- Finance periodically independent audits to assess environmental performance against our objectives and targets;
- Produce an annual environmental performance report to be included with the Company’s annual financial report and be publicly available;
- Comply with legal submitting reporting requirements throughout the year;
- Comply with all relevant Romanian and E.U. laws, regulations and other obligations to which company subscribes;
- Use best available techniques in all our operations and activities in order to increase protection of the environment throughout all phases of the mine life;
- Ensure that sufficient financial resources are available to meet all environmental obligations and commitments, including reclamation;
- Ensure that all our employees understand Company’s policy and are able to fulfil their relevant responsibilities in an environmentally sound manner;
- Ensure that Contractors are aware of Company’s environmental requirements and will require Contractors to comply with these;
- Implement an effective and transparent communication strategy to enhance dialogue with interested and affected parties on the environmental aspects of our activities and we will be responsive to their concerns;
- Encourage public debate to promote environmental awareness, protection and change unsustainable consumer and behavioral patterns;
- Work with national and international Institutions and Organizations through public debate to develop effective, cost-efficient and equitable measures to protect the environment.
2.4 Roșia Montană sustainable development policy - draft

As a responsible Company, Roșia Montană’s aim is to ensure our business remains viable and contributes lasting benefits to our shareholders and to Romania through the consideration of social, environmental, ethical and economic aspects of our business.

Our aim is „maximise benefits to the community” and „zero discharge” to environmental media from all our operations and activities. We will:

- Integrate Sustainable Development principles into corporate decision-making processes and plans;
- Promote efficient use of energy in all our mining activities;
- Seek continual improvement of safe and healthy working conditions taking all protective measures necessary to protect the human and natural environments;
- Ensure identification of risks associated with our activities and adopt the most appropriate measures to mitigate such risks;
- Respect human rights, cultures, customs and values of people affected by our activities;
- Acknowledge and respect the intrinsic value of Roșia Montană’s history and patrimony;
- Be a constructive partner to advance the social, economic and institutional development of the Community of Roșia Montană, nearby towns and regions where our operations may have an impact;
- Promote local traditional industries, crafts and skills;
- Implement an effective and transparent communication strategy to enhance dialogue with interested and affected parties regarding Community development issues and will be responsive to concerns;
- Seek to minimize, from the design phase, the impact that mining activities invariably have on the environment and biodiversity;
- Strive for waste minimization, fostering reuse and recycling and only as a last option use treatment and disposal;
- Seek continual improvement of environmental performances based on best available practices and social acceptability;
- Facilitate and encourage the promotion of safe use of products throughout the life of a mine;
- Promote the use of renewable energy sources wherever possible and feasible;
- Utilize the ecosystem approach in our biodiversity and nature management plans and our reclamation plans, based on indigenous conditions;
- Implement and maintain ethical business practices into all our activities and dealings with the Community and other stakeholders;
- Ensure that sufficient financial resources exist to respect and to meet all social and environmental commitments;
- Promote the development of a sustainable economy independent of mining operations in cooperation with local stakeholders.
2.5 Romania

There are no specific Romanian government policies or laws that direct or oblige an investor to consider the sustainable development aspects of their investment. For the RMP it is only in the Terms of Reference that any consideration for the sustainable development of Roşia Montană exists. However, Law no.350/2001 for Urban and Territorial Planning establishes the goals, competences and measures concerning urban and spatial planning with the aim to ensure the fair and sustainable development of human settlements and the national territory, the environment protection and increasing the quality of human life. This law is applicable to governmental authorities, which should take into account the principle of Sustainable Development during urban planning activities.

Under the Aarhus Convention which Romania has ratified, the right for public participation is backed by law.

2.5.1 Public Participation in an ESIA

A key provision of the ESIA process in Romania is to enable stakeholders to participate in environmental decision-making associated with projects subject to a review process. Ministerial Order No. 125/1996 sets out specific requirements for public consultation during an ESIA study, according to the Environmental Protection Law No. 137/1995.

2.5.2 EIA Terms of Reference

In the Environmental Impact Assessment Terms of Reference (ToR) issued by the Romanian Ministry of Environment and Waters Management concerning the Roşia Montană Project there is no specific requirement to present a plan for the socio-economic or sustainable development of Roşia Montană. ‘Sustainable development’ is mentioned in the ToR only in relation to a request from the Hungary authorities for it to be included.

There are however several aspects in the ToR which are indirectly related to the CSDP. As well, the issues raised by the Hungarian authorities are directly related to the CSDP.

Annex A3.3 contains list of the issues in the ToR related to the CSDP and how these issues are dealt with by it. A summary of the most relevant parts are presented in the table below:

<table>
<thead>
<tr>
<th>Aspect in ToR</th>
<th>Relation of CSDP to ToR</th>
</tr>
</thead>
<tbody>
<tr>
<td>How will the post-closure re-use of the land issue be solved and what is the method to incorporate the requirements of the local community in this respect?</td>
<td>Community development is a multi-stakeholder process. Post-closure re-use of the land including the TMF will be determined in conjunction with local stakeholders. Innovative approaches will be encouraged. Each approach will be assessed for its compliance to the principles of sustainable development. The more Community stakeholders participate by providing suggestions, ideas, concepts, etc, the more post-closure re-use will incorporate local community requirements. Under the CSDP this participation will be strongly encouraged.</td>
</tr>
<tr>
<td>Present the method of respecting the principles of environmental management implementation.4</td>
<td>The CSDP has as its core values the Three Pillars of Sustainable Development which include integration of environmental aspects in social and economic development.</td>
</tr>
<tr>
<td>What will be the consequences, and under what circumstances may tourism activities continue, given that the works required to build the project will affect the area with landscape modifications, access to archaeological sites, tourism locations and so on?</td>
<td>In Section 5.5 of the CSDP is a brief discussion on the economic contribution of tourism to Roşia Montană. Currently such a contribution is extremely limited. As such tourism will likely expand and be enhanced by the RMP and activities to stimulate it as under the CSDP.</td>
</tr>
</tbody>
</table>

4 Footnote to the ToR: "this question unclear; requires clarification from the authors of the guidelines."
### 2.6 European Union policies

Policies guiding the RMP from a European Union perspective include the broad development strategies; as well as policies specifically geared towards mining activities. The mining specific and industrial activity specific Directives, policies and strategies are addressed in the relevant sections of the EIA and supporting technical and management plans. In terms of the CSDP, the more relevant policies and strategies concern sustainable development and regional cohesion.

---

5 Best Available Techniques (and practices – BAT)
6 Hungarian name for Carnic
2.6.1 Development Strategies- Growth, Sustainable Development, Cohesion

Of the European Union’s Key Issues\(^7\) (Jan 2006), three are pertinent for the Roșia Montană Project as an industrial activity: Growth and Jobs, Sustainable Development, and Enlargement. The strategies the European Union has developed to address these two Key Issues are:

### Table 2.2 EU strategies relevant for CSDP

<table>
<thead>
<tr>
<th>EU Strategy</th>
<th>Main focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Lisbon Strategy</td>
<td>Global competitiveness, economic growth, secure jobs</td>
</tr>
<tr>
<td>The Göteborg Strategy</td>
<td>Sustainable development as a core value; integration of environment aspects into economic (&amp; social) development</td>
</tr>
<tr>
<td>Cohesion Strategy</td>
<td>Regional competitiveness, secure employment, balance between rural &amp; urban areas</td>
</tr>
</tbody>
</table>

Within these broad Strategies are a number of policy areas that influence the CSDP and the RMP. They include:

- Funding and co-financing vehicles for community development projects, to be developed with other Parties, and include Phare, ISPA, Life, 7\(th\) Framework Programme;
- Climate change initiatives including energy efficiency, renewable energy initiatives and targets, fuel alternatives, etc, all of which can play a role in a large energy consuming industrial activity such as RMP;
- The Thematic Strategy on the Sustainable Use of Natural Resources currently under development; and
- Environmental technologies – which the Commission promotes to underpin attaining its three broad development Strategies (see table above).

Rural areas and areas of noted socio-economic disadvantages require particular effort to secure economic development in order to satisfy the Strategies. Foreign Direct Investment, and investment within and from without a country tend to favour areas already with established well functioning infrastructure, a skilled work force and perceived lower risks. This tends to exasperate economic disparities between regions. Countering these difficulties forms part of the objectives of the Cohesion Strategy.

With respect to the above policies and strategies the CSDP (and the RMP itself) complies very much with the spirit of the Lisbon, Göteborg and Cohesion Strategies. A brief discussion regarding these strategies are included in Annex A3.4.

2.7 World Bank Group and International Financing Corporation

The World Bank Group (WBG) has produced a wealth of initiatives, guidelines and supporting documents to aid organisations and governments in maximising the contribution of the Extractive Industries to (community/national) development. Those most relevant to the RMP include:

- World Bank environment, health and safety guidelines: mining and milling – open pit;
- World Bank Extractive Industries Community Development Facility;
- Mine Closure plan requirement.

The Oil, Gas, Mining and Chemicals department within the WBG is responsible for mining. The relevant key issues of the WBG with respect to the RMP are:

- Mine Closure;
- Mining and Community;
- Mining and Environment;

\(^7\) See top of that page at: http://europa.eu.int/comm/index_en.htm
- Mining and Local Economic Development;
- Mining and Poverty Reduction.

Of these perhaps the most relevant for the CSDP is Local Economic Development. The other key issues also influenced the design of RMGC’s management plans including the CSDP, such as the Poverty Reduction strategy. More detail concerning the WBG and its Key Issues is presented in Annex A3.5. A discussion on the Local Economic Development initiative of the WBG is presented below.

2.7.1 Local economic development

Local economic development programs as described by the WBG are perhaps the most applicable and relevant of the WBG’s approach to mining and the extractive industries for the RMP and the CSDP. As such it will be discussed in detail here. Much of the material is taken directly from the WBG’s website.

Mines are often key economic engines for communities. With an appropriate local economic development (LED) program the community, mining company and other local stakeholders (local government, education institutions, other businesses, civil society) can work together to ensure that the local population, including the poorest segments, can benefit from the presence of new investments and share in the growth potential of the local economy.

LED can be instrumental in combating poverty. To target the poorer segments of society eligibility criteria need to be established such as unemployment levels, levels of poverty, social and environmental problems, population size, etc. Specific measures are needed to assist the unemployed, underemployed and otherwise disadvantaged to have access to jobs and/or improved qualities of life.

A successful LED program would improve community employment, supply and export infrastructure, reduce dependence on the mine for local economic wellbeing as well as bring substantial benefits in terms of reputation and good corporate citizenship.

The process involves a multi-faceted partnership of the private, public and supporting services sectors, with strong support from local government being critical. Individual "champions" are a prerequisite for success and the need to build appropriate local capacity within the public, private and not-for-profit sectors is an important starting point in an LED program. There are significant benefits to be achieved from national and supra-national government involvement.

Broader LED programs (not necessarily related to a mining community) may contain a number of activities which normally include:
- "Traditional" investment promotion and retention activities;
- SME support including specific business development issues and financial and non-financial assistance instruments);
- Infrastructure investment and planning, including investment in both hard and soft infrastructure (cluster programs) for business and the community;
- Micro-enterprise initiatives;
- Environmental improvements to existing facilities (in mainly urban areas), including town centre enhancements, brown field reclamation, industrial estate and business parks upgrading and site reclamation;

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- Training and education, including access to work;
- Environment Issues, contaminated site remediation and sustainable development;
- Regeneration strategies and action plans particularly relevant for mine closure;
- Crime and personal safety;
- Inclusion strategies (specifically social and anti-poverty strategies).

LED programs aimed at regenerating and enhancing mining and industrial regions concentrate upon:
- Development of SME suppliers;
- Manufacturers to the mining industry and other non-mining SMEs in the surrounding community;
- Mining-related environmental remediation;
- Mining related health programs;
- Small-scale mining programs;
- Development of human resources including creating employment opportunities for low-skilled mineworkers in preparation/following mine closure;
- Adapting infrastructure/services provided at the mine site or in the community to facilitate future social/business development;
- The promotion of new/alternate economic activities.

In areas of limited existing development, where micro-enterprises and subsistence agriculture predominate the scope of a LED program would differ vastly from one close to an existing urban or peri-urban business district where infrastructure, SMEs and existing institutions may be more developed. A good example of this contrast is between Roşia Montană and Baia Mare.

The CSDP is very closely correlated with the objectives and methodologies promoted by the WBG in their LED approach.

The IFC, the private sector arm of the World Bank Group promotes sustainable development as a key component of its mission to reduce poverty through private sector investment in developing countries. The IFC believes that ensuring sustainability while promoting adherence to high standards in governance and social and environmental issues is essential to building better business for companies and financial institutions and to increasing IFC’s own impact.

To ensure the sustainability of their investment activities they have developed a comprehensive social and environmental risk management framework that includes their Safeguard policies and environmental guidelines.

The social and environmental management plans developed by RMGC use both the WBG and IFC guidelines as a basis. The plans also comply with the Equator Principles adopted by leading commercial lending institutions (see below). However, fundamentally the RMP complies with the more stringent and specific requirements of Romanian and EU legislation.
2.8 Equator Principles

In October 2002 the IFC convened a meeting of banks in London to discuss environmental and social issues in project finance. As a result the banks present decided to develop a banking industry framework for addressing environmental and social risks in project financing. The Equator Principles⁹ are the result.

The Equator Principles are directly linked to various WBG/IFC Guidelines and Safeguard Policies. Therefore in complying with the Equator Principles an investor complies with the relevant WBG/IFC Guidelines and Safeguard Polices.

RMGC and the RMP comply with the Equator Principles. Both Romanian and European Union legislation are in general more stringent and specific than the Equator Principles and are more important for the RMP in terms of its technical and social impacts and their mitigation.

Under the Equator Principles there is a requirement to ‘address’ sustainable development and socio-economic impacts. As discussed in the previous section there are various initiatives under the WBG to promote sustainable development and these are embraced in the CSDP.

2.9 United Nations

There are three principal United Nation’s related initiatives or Conventions relevant to the RMP. In summary these are:

Table 2.3 UN Conventions and Initiatives relevant for RMP

<table>
<thead>
<tr>
<th>UN initiative / Convention</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Århus Convention¹⁰</td>
<td>On access to information, public participation in decision-making and access to justice in environmental matters.</td>
</tr>
<tr>
<td>Apell for Mining¹¹</td>
<td>Apell is a people-oriented communication and coordination process that promotes the involvement of external stakeholders in emergency response planning</td>
</tr>
<tr>
<td>Espoo Convention¹²</td>
<td>Stipulates the obligations of Parties to assess the environmental impact of certain activities at an early stage of planning and obliges of States to notify and consult each other on major projects under consideration that may have a significant adverse environmental impact across boundaries</td>
</tr>
</tbody>
</table>

More information is presented in Annex A3.6

The Århus and the Espoo Conventions are governmental level, which Romania has ratified. The Apell for Mining emergency preparedness process is a company level initiative, which RMGC follows. Romania has also adopted the Seveso II Directive in relation to the prevention and management of major accidents and this takes precedence over the Apell for Mining. The EIA documents consider all these Statutes, Directives, Conventions and Initiatives. The Århus Convention is the most relevant for the CSDP.

⁹ http://www.equator-principles.com/principles.shtml
¹⁰ http://www.unece.org/env/pp/welcome.html
¹² http://www.unece.org/env/eia/eia.htm
2.10 International Organisation for Standardisation

The International Organisation for Standardisation (ISO) is an NGO network of national standards organisations representing some 156 countries with headquarters in Geneva\(^{13}\). ISO standards are voluntary, developed in response to market demand, and are based on consensus among the interested parties, ensuring widespread applicability and acceptability of the standards.

The ISO 14000 and ISO 9000 series concerning Environmental Management Systems (EMS) and Business to Business dealings respectively are ISO's most widely known standards. ISO 14000 standards relate to EMS and provides models and tools for realizing environmental policy and achieving objectives and targets.

The objective of ISO 14000 is to implement a process to ensure a product will have the least harmful impact on the environment, at any stage in its life cycle, either by pollution, or by depleting natural resources. It requires a commitment to continuous improvement of performance, and an ISO 14000 EMS must be certified then registered by an auditing body.

RMGC will develop and implement an EMS and will use the ISO 14000 series as a base. Certification and registration under ISO are being considered.

2.11 International Council on Mining and Metals

The ICMM is a mining sector association dealing with environmental and sustainable development issues concerning mining. A number of the world’s largest mining companies form its membership. Their website is: [http://www.icmm.com/index.php](http://www.icmm.com/index.php).

A key function of the ICMM concerns improving the mining industry's sustainable development performance. In this regard the ICMM promotes an integrated approach ranging from Sustainable Development principles, reporting, verification systems and the dissemination of good practice examples.

In creating the CSDP the ICMM's approach and recommendations were considered. The International Council of Mining and Metals (ICMM) published in November 2005 a Community Development Toolkit (CDT), jointly developed by the ICMM, the World Bank and Energy Sector Management Assistance Program. It was developed to support government, industry, and community efforts to realize more sustainable community development around mining and mineral processing operations\(^{14}\).

The CDT follows closely the premise and objectives of the WBG's own mining and community development strategies. The two are complimentary. The CDT is summarised in the table below:

<table>
<thead>
<tr>
<th>Category of Community Development Tool</th>
<th>ICMM Community Development Tool – summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessment</td>
<td></td>
</tr>
<tr>
<td>1 Stakeholder Identification</td>
<td></td>
</tr>
<tr>
<td>2 Social Baseline Study</td>
<td></td>
</tr>
<tr>
<td>3 Social Impact and Opportunities Assessment</td>
<td></td>
</tr>
<tr>
<td>4 Competencies Assessment</td>
<td></td>
</tr>
<tr>
<td>Planning</td>
<td></td>
</tr>
<tr>
<td>5 Strategic Planning Framework</td>
<td></td>
</tr>
<tr>
<td>6 Community Mapping</td>
<td></td>
</tr>
<tr>
<td>7 Institutional Analysis</td>
<td></td>
</tr>
<tr>
<td>8 Problem Census</td>
<td></td>
</tr>
<tr>
<td>9 Opportunity Ranking</td>
<td></td>
</tr>
</tbody>
</table>


As with the WBG initiatives, the CSDP strongly conforms to ICMM’s CDT. Already many of the activities within the CDT have been undertaken, such as aspects of the Assessment, Planning, Relationships and Program Management components. RMGC will endeavour to continue use such tools to strengthen the CSDP and promote community development.

Annex A3.7 contain the ICMM’s Sustainable Development Principles.

### 2.12 Impacts mitigated via company policies

The policies above provide a framework for actions and measures to be taken. This allows stakeholders the opportunity to understand the objectives of RMGC relative to impacts and how RMGC expects to address them.

Several initiatives, programs and plans are either in development or currently (partly) implemented supporting community development. These include:

- The Roşia Montană Good Neighbour Programme and Centrul Pentru Comunitate (Local’s Center);
- The Community Sustainable Development Programme (this document);
- The Resettlement and Relocation Action Plan (RRAP).

Through these and the successful implementation and execution of the technical policies and programs described elsewhere in the EIA, the Community of Roşia Montană should have the negative social, environmental and economic impacts largely mitigated, and have an appropriate framework supporting Community development. The policies, strategies, initiatives and toolkits described in the other parts of this Section all exert an influence on the CSDP and in complying with their objectives and goals as far as possible and relevant provide a solid framework to promote the sustainable development of Roşia Montană.

The EIA provides great detail about the technical aspects of how the RMP is addressing the protection of the environment. The CSDP does not specifically cover how the environmental aspects of the mining operations including closure and rehabilitation will be dealt with. However, the CSDP addresses use of the environment, such as for the TMF once it is closed and rehabilitated, biodiversity via eco-tourism as well that any economic activities stimulated under the CSDP must embrace the principles of sustainable development.

The Roşia Montană Centrul Pentru Comunitate is an initiative to promote and (re-)build neighbour support networks. Whilst clearly related to both the RRAP and the CSDP it is also very independent of them. It is described in more detail in Section 8.11 – Good Neighbour Programme.
3 Project & Project Background

The gold and silver mining project being developed by RMGC is the first major mining development since Romania began the transition from a central planned economy to that of a free-market economy in 1989. RMGC is a Joint Venture between Gabriel Resources Limited (Canada) with 80% and the Romanian state owned company Minvest S.A. with 19.3%, while minority shareholders hold 0.7%. Details of the proposed mine are provided in the main Environmental Impact Assessment (EIA) documents.

The RMP is located around the historic village of Roșia Montană. Roșia Montană is located in the Centre Administration Region (described in detail in Section 5.1.3). Figure 1.1 shows the locality of Roșia Montană relative to Romania and Europe. The nearest major urban centres are:

Table 3.1 Nearest major urban centres to Roșia Montană

<table>
<thead>
<tr>
<th>Name</th>
<th>Distance &amp; drive time to Roșia Montană</th>
<th>Transport link</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alba Iulia</td>
<td>75 km, some 80 minutes drive</td>
<td>Rail head</td>
</tr>
<tr>
<td>Deva</td>
<td>105 km, some 90 minutes drive</td>
<td>Rail head</td>
</tr>
<tr>
<td>Cluj Napoca</td>
<td>115 km, some 120 minutes drive</td>
<td>Rail head, international airport</td>
</tr>
</tbody>
</table>

The RMP includes the mining and processing of a gold-silver ore, at the nominal production rate of 13 million tons per year (MT/a). Based on current estimates and valuation, project life will be approximately 17 years, with potential to extend this life should additional existing resources become economically viable.

RMGC’s Project requires the acquisition of about 1,600 hectares of land, and the physical displacement of about 960 households, most of whom currently reside in the localities of Roșia Montană (circa 640 households), Corna (ca. 140 households), and Gura Corneii (ca. 90 households). Figure 3.1 shows these localities.

The total workforce for construction phase (2 years) of the Project is expected to average 1,200 persons peaking at 2200 with approximately 560 persons required for the operations phase (17 years). Closure will take some 2 or 3 years, and post closure management will take as long as necessary to ensure the site has no ongoing negative impacts, nor leave a detrimental legacy which the Community or State must mitigate.

3.1 Baseline

For the EIA numerous and comprehensive baselines studies were conducted covering:

- The aquatic environment
- Weather and meteorological parameters
- Hydrogeology
- Air quality
- Noise and vibration
- Soils
- Ecology & biodiversity
- Cultural archaeological heritage.

Additionally there have been numerous surveys and assessments of the social and economic aspects of affected Communities and surrounding regional centres. Survey work covered the following areas: Roșia Montană and Tarina in the Roșia Montană valley; Corna and Bunta in the Corna valley; as well as Gura Corneii, the village at the “mouth” of the
Corna valley, and Salistea; Gura Rosiei, Daroaia (Roma community at Gura Rosiei), Abrud, Câmpeni and Alba Iulia.

These socio-economic assessments included questionnaires and personal interviews with households, civic and business persons. There were also interviews with Community leaders, such as elected community leaders, and professionals such as clergy, union leaders, teachers, health authorities and local government representatives. Focal group discussions were held and involved different groups including the young, men, women, and elderly people. There was also a survey of businesses and commercial enterprises.

This information forms the basis of the Resettlement and Relocation Action Plan, in which comprehensive details of the socio-economic assessments can be found. This information also provides the basis of the Community Sustainable Development Programme.
Figure 3.1  Principal localities of the Roşia Montană Community

Figure 3.1: Principal localities of the Community

localities of Roşia Montană, Abrud, Campeni, plus localities of the Project impacted area

A4
4 Project Impacts

Project impacts across the area have been broken down into two main fields:

- Direct Impacts,
- Indirect Impacts.

4.1 Direct Impacts

Direct impacts are those which result in physical, economic and/or social displacement as a result of the activities of RMGC under the RMP. Specifically they relate to the resettlement or relocation of people and how this impacts upon people. The following table summarises these impacts:

<table>
<thead>
<tr>
<th>Number of Affected People</th>
<th>2,096 individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface of Impacted Land</td>
<td>1,644 Hectares of land in total, including:</td>
</tr>
<tr>
<td></td>
<td>Project footprint: 1,566 hectares;</td>
</tr>
<tr>
<td></td>
<td>Various Project features outside of the main footprint (access roads and others): 78 hectares</td>
</tr>
<tr>
<td>Number of Impacted Properties</td>
<td>960 residential properties</td>
</tr>
<tr>
<td></td>
<td>1,418 non residential properties (most of them agricultural)</td>
</tr>
<tr>
<td>Number of Impacted Residential Structures</td>
<td>960 residential homesteads, usually including at least one residential building, a yard and non residential annexes</td>
</tr>
<tr>
<td>Impacted Public Facilities</td>
<td>Town hall of Roşia Montană</td>
</tr>
<tr>
<td></td>
<td>3 schools</td>
</tr>
<tr>
<td></td>
<td>1 health centre</td>
</tr>
<tr>
<td></td>
<td>Public water, sanitation and power distribution networks</td>
</tr>
<tr>
<td>Impacted Churches and cemeteries</td>
<td>5 churches and prayer houses</td>
</tr>
<tr>
<td></td>
<td>7 cemeteries</td>
</tr>
<tr>
<td>Impacted Businesses</td>
<td>34 small and medium businesses</td>
</tr>
</tbody>
</table>

Since 42% of affected properties has already been purchased by RMGC the social fabric of the affected area has been irrevocably altered. RMGC retains the responsibility to ensure this alteration results in as little hardship as possible for affected people, and in fact results in overall net welfare gain for people and the community.

Direct social and economic impacts caused by resettlement and relocation are dealt with in the Resettlement and Relocation Action Plan (RRAP). Figure 4.1 shows the area dealt with by the RRAP. Several of the initiatives in the RRAP will and do already form part of the CSDP. The RRAP has a very specific function and ultimately a clear timeline though there is provision for long term monitoring of resettlers and relocatees. Once the resettlement and relocation program is complete the function of the RRAP is also complete. At this point all relevant initiatives in the RRAP fall wholly under the CSDP.

The table below summarises the RRAP’s socio-economic initiatives. Under the RRAP they are only available to resettlers and relocatees. For more specific details the reader is referred to the RRAP itself.
### Table 4.2 Social impact mitigation measures under the RRAP

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Objective</th>
<th>Fund &amp;/or measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small business fund</td>
<td>To establish new businesses</td>
<td>USD 1 million</td>
</tr>
<tr>
<td></td>
<td>To assist existing businesses to re-establish, improve, expand or adjust</td>
<td></td>
</tr>
<tr>
<td></td>
<td>their activities</td>
<td></td>
</tr>
<tr>
<td>Skills enhancement fund</td>
<td>To provide affected household members with general education and training</td>
<td>USD 1000 per household</td>
</tr>
<tr>
<td></td>
<td>support to improve their socio-economic opportunities.</td>
<td></td>
</tr>
<tr>
<td>Commercial compensation package</td>
<td>To compensate businesses in the area required for the development of the</td>
<td>Choice from the following:</td>
</tr>
<tr>
<td></td>
<td>Project, in order to reduce impact of the Project on these businesses.</td>
<td>USS3000 lump sum</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sum of one (1) year’s turnover as reported to</td>
</tr>
<tr>
<td></td>
<td></td>
<td>the fiscal authorities for the 2001 reporting period PLUS twenty (20) percent</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Five (5) times gross profits as reported to the</td>
</tr>
<tr>
<td></td>
<td></td>
<td>fiscal authorities for the 2001 reporting period PLUS twenty (20) percent</td>
</tr>
<tr>
<td>Vulnerable peoples assistance</td>
<td>To assist vulnerable Project-Affected people in response to the potential disruption caused by the Project. Potentially vulnerable people include the poor elderly, poor single female-headed households, poor property owners, poor tenants, and poor handicapped or chronically ill people</td>
<td>Initiatives include: Procurement &amp; hiring policy, Training &amp; education, Livelihood enhancement, Health, Infrastructure, New social housing</td>
</tr>
</tbody>
</table>

The only initiative that will not be replicated or continued in the CSDP is the Commercial Compensation Package. All the others will have a similar initiative in the CSDP available for all people in the Community. Assistance to vulnerable people is the central function of the Roșia Montană Centru Pentru Comunitatie already in operation.

### 4.2 Indirect Impacts

Indirect impacts are all others not specifically related to the RRAP. The tables in Annex 1 lists these impacts, what their affects could be, as well as mitigation measures and those responsible for mitigating them. The tables are broken down into three groups:

- Annex 1.1 Summary of socio-economic related impacts;
- Annex 1.2 Potential socio-economic impacts during construction, operation & closure;
- Annex 1.3 Mitigation and monitoring measures, & responsibilities.

The CSDP addresses a wider area than the RRAP and includes the Roșia Montană comuna, and the two orasuls of Abrud and Campeni, in their entirety. The total population of the CSDP area is about 18,000 individuals.

Specific mitigation of environmental problems such as the pollution to Roșia Stream, ARD, rehabilitation of old (and new) waste dumps, tailings facilities, etc, are directly dealt with through various Management Plans. These form a significant part of the mitigation plans in the Environmental Impact Assessment and won’t be discussed further here.

Environmental issues that are covered by the CSDP regard integrating environmental consideration into both the social and economic aspects of the community development.

The CSDP looks not only at impacts, their effects and their mitigation during the life of the mine, which many of the other Management Plans are restricted to. In particular the CSDP looks beyond the life of the mine. The development of a viable socially, environmentally and economically sustainable community competitive not only with other regions of high investment in Romania, but also competitive within the European Union.
To do this the CSDP will extract and elaborate on relevant initiatives of other Management Plans, as well as develop and implement new initiatives specifically tailored towards the sustainable development of the community over time.

The figure below schematically illustrates the difference between Direct and Indirect Impacts and their relation to different documents.

**Figure 4.1  Relation of Direct and Indirect impacts to Management plans**

<table>
<thead>
<tr>
<th>Direct impacts</th>
<th>Physical, social, &amp; economic displacement</th>
<th>Resettlement and Relocation Action Plan (RRAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect impacts</td>
<td>Social, environmental &amp; economic impacts</td>
<td>Community Sustainable Development Programme</td>
</tr>
</tbody>
</table>
Figure 4.2  Project Direct impacted area
5 Community Definition

Information contained within this section was drawn from a variety of surveys as described in Section 3.1: Baseline\(^{15}\), specific socio-economic surveys conducted at various intervals\(^{16}\), as well as enquiries and review of governmental organisations during late 2005 and early 2006. The main socio-economic characteristics of the Community area can be summarised as follows:

**Social**
- The population is declining, with the dominant age group being elderly women often widows
- Married men involved in mining is the largest male group
- The population decline is due to: low birth rate, massive mining redundancies causing out-migration, out-migration (of young) seeking better opportunities;
- Employment is overwhelmingly related to the mining sector;
- In Roșia Montană unemployment relative to population is decreasing due to the presence of RMGC;
- School attendances are declining regionally, reflecting population dynamics;
- Health risks in Roșia Montană are significantly higher than in the region with some exceptions.

**Economic**
- Infrastructure including buildings, transport and utilities\(^{17}\) networks are in very poor condition. IT and telecommunications are not well established, though improving;
- The mining sector is essential to the economy of Roșia Montană and Abrud, though less so for Campeni;
- RMGC has a distinct and significant impact on the economy of the region with local procurement reaching 124.4 billion Lei in 2004;
- Land-use is ill suited for crops and orchards due to terrain (too steep) and altitude (too high);
- Forests are often harvested when immature to meet heating (99% of households) and cooking (60%) needs causing resource damage and environmental impacts;
- Tourism in Roșia Montană is negligible and lacks any investment & regionally tourism activity is low;
- Apart from RMGC investment inflows are low;
- Investment disincentives are high, except for mining;
- Better investment opportunities are provided in other areas, including Campeni.

**Environmental**
- Environmentally the area is of low conservation value – water resources (streams, etc) are polluted, habitats are fragmented, landscape scarred, and on-going anthropogenic impacts occur;


\(^{16}\) Early baseline demographic and socio-economic conditions were compiled using information from a number of different sources. The sources of information include: a) two national censuses (1992 and 2002) conducted by the National Statistics Institute, b) field work conducted by Strajan Planning Office (SPO) in 2000, c) a socio-economic survey conducted by RMGC and Planning Alliance in 2002, and d) qualitative surveys conducted by Research Institute on Quality of Life in 2002. The information provided by the census data was complimented with information collected through household questionnaires, focus group discussions, and interviews with key people in the affected communities.

\(^{17}\) water supply, waste water treatment, electricity & gas connections, waste collection, management & disposal
Activities by Rosiamin and past mining activities have created conditions for the formation of Acid Rock Drainage, significant visual impacts and landscape scarring, and safety issues.

5.1 General Overview

There are two principle terms used throughout this document: Community and Stakeholder. Community refers to the geographic and geopolitical area of the CSDP. Stakeholder(s) are the parties who are relevant for the CSDP to be successful. There are very close relations between the Community and Stakeholders in the CSDP and the RRAP.

The definitions of Community and Stakeholder are further elaborated below.

5.2 Community

With respect to Community Sustainable Development Programme “Community” is defined as a geographical area comprised of the following:

Table 5.1 Definition of CSDP Community

<table>
<thead>
<tr>
<th>1st Project Impacted Area</th>
<th>2nd Piatra Alba Resettlement Area</th>
<th>3rd Other areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>As defined in the Resettlement and Relocation Action, the Project-Impacted Area encompasses the area which is subject to a change in use or accessibility as a result of the construction or operation of the Project and which has to be acquired by RMGC</td>
<td>As described in the Resettlement and Relocation Action Plan, RMGC is proceeding with the construction of a resettlement community at Piatra Alba</td>
<td>Remaining areas of both jurisdictions because of their strong socio-economic and geographical ties to both the Project-Impacted Area and Piatra Alba Resettlement Communities</td>
</tr>
<tr>
<td>Comuna of Rosia Montana and Orasul of Abrud, Orasul of Campeni, Alba Iulia Resettlement Community</td>
<td>Because of its strong socio-economic and geographic ties to the Project-Impacted Area and Piatra Alba Resettlement Community.</td>
<td>As described in the Resettlement and Relocation Action, RMGC is proceeding with the construction of a resettlement community at Alba Iulia. This community will serve as a “satellite” to the areas described above.</td>
</tr>
</tbody>
</table>

The definition of Community will be confirmed and/or redefined through discussions with Community stakeholders during the evolution and development of the Community Sustainable Development Programme. Figure 5.1 shows the Community.
Figure 5.1: Regional map showing Community as defined in Chap 5 of the CSDP

A4
5.3 Stakeholder

For the purposes of the Community Sustainable Development Programme, a stakeholder is an individual or organization with a legitimate interest in the socio-economic development of the Community. Stakeholders will comprise various representatives of the civil, private and public sector, as follows:

- Project-Affected People that remain in the Community – As defined in the Resettlement and Relocation Action, a Project-Affected Person is someone that is compensated for lost assets and/or usage rights and/or income generation capacities (e.g., land, structures, crops, businesses) because these assets/rights/capacities are located in the Project-Impacted Area. Those Project-Affected Persons that remain in the Community will comprise all Resettlers, as well as those Relocatees that remain in the *Comuna* of Rosia Montana, the *Orasul* of Abrud, and *Orasul* of Cimpeni;
- All other households and residents of the Community – people living in areas affected by physical proximity to the Project, but not necessarily affected by physical dislocation;
- Vulnerable people and households of the Community;  
- Minvest workers that remain resident in the Community;
- Non-Governmental Organizations and Community Based Groups with a legitimate interest in the Community;
- Rosia Montana Gold Corporation;
- Other private sector interests with a legitimate interest in the Community
- Local, Regional and County Governments – governing bodies of villages and towns in the “Community”, regional governing bodies, and the county government.

This list of stakeholders will remain open and flexible.

5.4 Institutional Setting

Romania has been subdivided into seven development regions, each including several “judetul” or counties. Alba county is part of the “Centre” Region, which also includes Brasov, Covasna, Harghita, Mures and Sibiu counties.

Roșia Montană is located in the Centre Region.

Figure 5.2 shows the Central Region in relation to both Roșia Montană and Romania.

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18 A definition for vulnerable persons was determined using the experiences gained under the RRAP as well as in consultation with the Mayor’s office. This definition used for the purposes of the Good Neighbour Programme and Centru pentru Comunitate is:

“A person or group of people who have reduced or restricted capacity to directly partake in the Roșia Montană Project for reasons of unavoidable circumstances or situations that place them at a disadvantage, or suffer considerable deprivation through poverty or poor quality of life. These persons may include but are not restricted to: persons affected by one or more of the following: isolation, age, mental and physical disability, low or no income, illness, and/or lack of or poor family bonds.”
Figure 5.2: The Central Region in relation to both Roșia Montană and Romania

Plus main urban centres

A4
5.5 Characteristics of the population

5.5.1 History

The history of Roșia Montană is closely related to gold, with documented history of mining of almost 2000 years dating back to the Roman Age. The Roman conquest of Dacia marked a new period with the creation of galleries, documented in Roșia Montană, then called Alburnus Maior. The progression of mining technology from that age to the present represents a valuable chronology of industrial mining heritage, in particular the role that it has played in the formation of Roșia Montană’s cultural heritage.

Mining developed during the Hungarian and Austro-Hungarian occupations, with settlers brought in from abroad. After World War I, mining activity developed again, with concessionary companies including foreign ones that mined the deeper deposits and individuals who dug the shallower ones.

After the 1948 nationalization, private exploitation of the ore was forbidden. The current exploitation of Cetate open pit started in the 1960s and underground mining stopped shortly afterwards.

In an attempt to preserve modern day mining heritage the state owned mine in cooperation with local residents of Roșia Montană established a mining museum in the 1980’s. The museum possesses several full-scale California stamp mills, a stamper’s cabin, a number of Roman votive altars, and a publicly accessible Roman gallery. The museum was established to attract local and foreign tourists interested in learning how gold was extracted in the past in Roșia Montană. Attendance at the museum however is not optimal.

5.5.2 Ethnic characteristics and religion

The diverse ethnic groups who have in-migrated to partake in the resource exploitation of Roșia Montană have had good relations and no ethnic separation has occurred. According to the Alba County statistical department about 90% of the population regard themselves as ethnic Romanian, 1.5% as Hungarians and 7.5% Rroma.

Most Rroma reside in a locality called Daroaia next to Gura Roșiei in the Abrud valley. In comparison with the national level and county average, the community average of Rroma people are higher; see table below:

<table>
<thead>
<tr>
<th>Ethnic distribution of population in Romania and Alba county</th>
<th>Roșia Montană, 2005</th>
<th>The difference from 100% regards other ethnic groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Romanian (%)</td>
<td>Hungarian (%)</td>
<td>Rroma (%)</td>
</tr>
<tr>
<td>Romania'</td>
<td>89.5</td>
<td>6.6</td>
</tr>
<tr>
<td>Alba county'</td>
<td>90.4</td>
<td>5.4</td>
</tr>
<tr>
<td>Roșia Montană'</td>
<td>90.1</td>
<td>1.4</td>
</tr>
</tbody>
</table>


While there is a majority of Romanian Orthodox Christians as in the rest of Romania, several other Christian denominations are also present: Greek Catholics, Roman Catholics, Protestants, Unitarian Christians, Baptists, and Pentecostals.
5.5.3 **Key social indicators**

In Alba County the unemployment rate is higher than the national average especially for women and 15-24 year olds. Also the infant mortality rate though decreased in recent years is still higher in comparison with EU countries. Both the infant and maternal mortality are still increasing in comparison with the national average (Romanian National Human Development Report, 2004). Key social indicators are summarized in the table below:

**Table 5.3 Key social indicators of Romania and Alba County**

| Key social Indicators 2002 | Infant mortality rate per 1000 live births | Maternal mortality per 100000 live births | Unemployment rate (%) | Women % of unemployed | Youth % of unemployed
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Romania</td>
<td>17.3</td>
<td>22.3</td>
<td>8.4</td>
<td>44.6</td>
<td>21.9</td>
</tr>
<tr>
<td>Center Region</td>
<td>15.6</td>
<td>7.9</td>
<td>9.0</td>
<td>48.8</td>
<td>18.3</td>
</tr>
<tr>
<td>Alba County</td>
<td>20.3</td>
<td>29.0</td>
<td>10.8</td>
<td>57.9</td>
<td>10.5</td>
</tr>
</tbody>
</table>

Table 5.3 cont:  

<table>
<thead>
<tr>
<th></th>
<th>对照</th>
<th>对照</th>
<th>对照</th>
<th>对照</th>
<th>对照</th>
</tr>
</thead>
<tbody>
<tr>
<td>Romania*</td>
<td>121.3</td>
<td>150.5</td>
<td>174.3</td>
<td>270.6</td>
<td>3719.0</td>
</tr>
<tr>
<td>Center Region*</td>
<td>113.5</td>
<td>161.6</td>
<td>307.2</td>
<td>3929.5</td>
<td>281.0</td>
</tr>
<tr>
<td>Alba County*</td>
<td>73.3</td>
<td>108.2</td>
<td>281.0</td>
<td>3677.5</td>
<td>275</td>
</tr>
</tbody>
</table>

Reference: Romanian National Human Development Report, 2004

<table>
<thead>
<tr>
<th></th>
<th>对照</th>
<th>对照</th>
<th>对照</th>
<th>对照</th>
<th>对照</th>
<th>对照</th>
<th>对照</th>
<th>对照</th>
<th>对照</th>
</tr>
</thead>
<tbody>
<tr>
<td>Romania*</td>
<td>22.3</td>
<td>18.3</td>
<td>10.8</td>
<td>57.9</td>
<td>10.5</td>
<td>对照</td>
<td>对照</td>
<td>对照</td>
<td>对照</td>
</tr>
<tr>
<td>Center Region*</td>
<td>15.6</td>
<td>7.9</td>
<td>9.0</td>
<td>48.8</td>
<td>18.3</td>
<td>对照</td>
<td>对照</td>
<td>对照</td>
<td>对照</td>
</tr>
<tr>
<td>Alba County*</td>
<td>20.3</td>
<td>29.0</td>
<td>10.8</td>
<td>57.9</td>
<td>10.5</td>
<td>对照</td>
<td>对照</td>
<td>对照</td>
<td>对照</td>
</tr>
</tbody>
</table>

5.5.4 **Culture and communication**

Key human development profile indicators for the Central Region and Alba County level are lower than the national level. There are no libraries, no cinemas, nor a theatre or concert house therefore these indicators are not valid for Roşia Montană. There is a museum dedicated to Roşia Montană mining history and practices.

**Table 5.4 Cultural indicators for Romania and Roşia Montană**

<table>
<thead>
<tr>
<th>Subscriptions Per 1000 inhabitants</th>
<th>No. registered at libraries</th>
<th>No. of books lent by libraries</th>
<th>Museum visitors</th>
<th>Cinema spectators</th>
<th>Theatre and concerts spectators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Radio Television Telephone20</td>
<td>Per 1000 inhabitants</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Romania*</td>
<td>121.3</td>
<td>150.5</td>
<td>174.3</td>
<td>270.6</td>
<td>3719.0</td>
</tr>
<tr>
<td>Center Region*</td>
<td>113.5</td>
<td>161.6</td>
<td>307.2</td>
<td>3929.5</td>
<td>281.0</td>
</tr>
<tr>
<td>Alba county*</td>
<td>73.3</td>
<td>108.221</td>
<td>281.0</td>
<td>3677.5</td>
<td>27523</td>
</tr>
<tr>
<td>Roşia Montană</td>
<td>No library</td>
<td>-</td>
<td>27523</td>
<td>No cinema</td>
<td>No theatre</td>
</tr>
</tbody>
</table>


The most important source of news is TV, followed by radio and newspaper.

Other cultural institutions in Roşia Montană include a Cultural Centre, set up under the Good Neighbour Programme (Section 8.11) and an RMGC employers social club.

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19 Registered unemployed = receiving financial aid
20 Subscriptions for telephone-fixed network
21 Minimum value from Center Region
22 Minimum value from Center Region
23 The curator of the museum estimates that approximately 55 independent visitors visit the museum per month between May and September.
5.5.5 Civil society

Several small associations are active in Abrud or in Roşia Montană in the fields of social assistance, sport sponsoring, and environment. Most actions are rather small-scale and these organizations are perceived as highly dependent on their leader or founder. In addition to these, parents’ associations and religious congregations are active throughout the CSDP area.

Two organisations are currently active in Roşia Montană in reaction to RMGC’s project:

- Alburnus Maior was set up in Roşia Montană village in 2000 in reaction to the information delivered by RMGC, which was perceived as unfair by some citizens. Its intention was to protect inhabitants’ rights especially relating to real estate. Alburnus Maior is clearly and consistently opposed to the RMP.

The activities of Alburnus Maior has resulted in several delays to the RMP. This has had a negative impact in terms of the business plans of RMGC. These delays have also resulted in a slow-down of accruement of socio-economic benefits to the Community.

- The Pro Roşia Montană association appeared later as a reaction to Alburnus Maior, and supports RMGC’s Project. The members of this association are generally young people, some of them employed by Minvest or RMGC.

The Employers’ Association of Abrud and Roşia Montană is a businesspersons’ association. It aims at protecting and advocating for the business community from Abrud and Roşia Montană, in the perspective of the future opportunities in the area.

5.5.6 Sport

Football is the only sport practised in Rosia Montana. The football team was established in 1946 with players drawn from RosiaMin employees. In 1995, due to the reorganization of RosiaMin and the loss of financial support, the football team disbanded. In 2002 Rosia Montana Town Hall (Mayor’s office), Rosia Montana Gold Corporation and RosiaMin re-commenced financial support and the team started playing again. It is now officially registered under the name pf "Asociatia Sportiva Minerul". In 2002, the team was promoted to Division D where it remains.

RMGC sponsored the construction of an artificial turf surfaced football playfield in Rosia Montana, Carpenis village.

5.5.7 Demographic profile

The population is ageing and decreasing in the Community with an average annual decrease of 0.8% per annum (Alba Iulia Statistical Department). This trend is observable in Roşia Montană, Abrud and Campeni, indicative of a regional trend. See graph below:
This negative demographic trend at the Community level can be explained by several factors:

- General Nation-wide rural depopulation trend since 1990;
- Restructuring of the mining sector including mass redundancies of workers in the Community and the region;
- Depressed socio-economic conditions following the end of communism.
Figure 5.4  Roşia Montană, Abrud and Campeni population structure

(Elderly) Women predominate in the Community, averaging 58% in Rosia Montana, 44% in Abrud and 72% in Campeni of the total adult population.

See demography graphs: Roşia Montană, Abrud and Campeni population structure (left).

Young active people are leaving the Community in search of improved employment opportunities and better living conditions, such as in: Alba Iulia, Arad, Oradea, Timisoara, Cluj Napoca, Deva.

Limited opportunities in agriculture also impact, causing people (again mostly young) to migrate to urban areas.

References: Alba County Statistical Department, 2005
In Roşiţa Montană the largest population groups are elderly widows, and married men (2002 RMGC survey).

The gender distribution of household-heads is 25% female & 75% male. Female household heads are predominantly widows, while married male household heads are about 80% (2002 RMGC socio-economic survey).

### 5.5.8 Education

**Figure 5.6 Roşiţa Montană and Abrud education trends**

In keeping with regional trends concerning population decline, out-migration of young people and an increasing proportion of elderly people, there is a distinct decline in the Community in school numbers (see graphs for Abrud and Roşiţa Montană Education).

Equipment in the schools is dated, in poor condition and local authorities have limited budget to improve conditions. The number of education professionals in the Community is also in decline (Alba Iulia Statistical Department).

The results of a RMGC survey in 2002 of adults showed that most residents have at least a high school education and some 20% of young adults have a university educational. Nearly 50% of people over 60 have no education.
5.6 Local economic conditions and the labour market

Roșia Montană has pre-modern industrial activities in a rural setting, and as a result, livelihoods are derived from jobs in the mining sector or pensions, and from some small scale agricultural activities. Occupations in the mining sector are essential in global terms. Subsistence-oriented agricultural activities are critical as a “safety net” to the poorest in the community, predominantly female pensioners. They do not frequently take part in cash transactions and consequently are not engaged in the cash economy.

5.6.1 Economically active and inactive population

Concerning contribution to the economy, a population can be broken down into two groups, as defined in the table below.

<table>
<thead>
<tr>
<th>Table 5.5 Definition of economically Active and Inactive population</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population type</strong></td>
</tr>
<tr>
<td>Active Population^24</td>
</tr>
<tr>
<td>Inactive Population^25</td>
</tr>
</tbody>
</table>

The percentages of the active and inactive populations in the Community are given in the table below:

<table>
<thead>
<tr>
<th>Table 5.6 Percentage of Community Active &amp; Inactive population</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Roșia Montană</strong></td>
</tr>
<tr>
<td>Active</td>
</tr>
<tr>
<td>Inactive</td>
</tr>
</tbody>
</table>

The inactive population suffer considerable disadvantages including the absence of social and medical insurance, labour rights and contract protection, and the absence of a guarantee of decent working conditions^26. Investments in personal welfare such as education improvements are also more difficult.

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^24 Definition: Economically active population comprises all persons of either sex who furnish the supply of labour for the production of economic goods and services as defined by the United Nations System of National Accounts during a specified time-reference period.

Source Publication: International Labour Organization (ILO) Resolutions Concerning Economically Active Population, Employment, Unemployment and Underemployment Adopted by the 13th International Conference of Labour Statisticians, October 1982, para. 5.

^25 Definition: The economically inactive population comprises all persons who were neither "employed" nor "unemployed" during the short reference period used to measure "current activity". This population is split into four groups:
- Attendant at educational institutions;
- Retired;
- Engaged in family duties;
- Other economically inactive.


The percentage of the population as active or inactive is important as it provides information on possible impacts related to tax revenue available to authorities, as well as capacities to undertake official economic activities.

A high retired population reduces the availability of labour to do economic activities and who must be supported by the active population. A high percentage of able bodied people involved in unregistered economic activity contains the possibility that they may be able to be brought into the official economy and thereby more directly contribute to community development.

5.6.2 Roșia Montană employment

Mining is the predominant source of employment in Roșia Montană and Abrud.

Despite the decline in Roșia Montană’s population, the percentage of the population employed has increased (decreasing unemployment), see the graph left. This is specifically related to the activities and presence of RMGC.

RMGC employs in the project development phase an average of 450 people per year including casual, temporary, part and full time employees. The two state owned mining companies Rosiamin in Roșia Montană and Cuprumin are the main sources of income for those localities, with 1002 and 1286 employees respectively in 2004.

---

27 March 2006, 300 miners signed up for retrenchment, possibly forcing CupruMin to close. CupruMin now has 920 employees. Romania Libera, 13 Mar 06.
Employment sectors in Campeni is more diverse with processing the most significant employer, see graph: Campeni – Employment Structure, left.

Mining is not a significant source of employment in Campeni.

This more diverse source of employment and lack of dependence on a single industrial sector (mono-industry) is a significant factor in why Campeni is a economic (and social) growth town.

The majority of people working for RMGC come from Roşia Montană, see the graph: Community’s employees with RMGC, left.

5.6.3 Poverty in Roşia Montană


Poverty is higher in rural areas than urban. Poverty affects 58.4% of families with three or more children (30.6% in extreme poverty), as well as the rural population (48.6% in poverty; 22.6% in extreme poverty) and the unemployed (40% poverty; 21.2% extreme poverty).

Evaluations suggests that the majority of the Rroma population live in extreme poverty (CASPIS 2002: 85-95).
Text Box 5.1 2002 Socio Economic Survey

2002 RMGC Roşia Montană socio-economic survey

Almost half of the people [in Roşia Montană comuna] live from pensions with a high percentage being widows. Most pensions range from USD 50 to 100 per month. Miners widows pensions were as/can be as low as USD 25 per month (Statistics Department of the County Alba, 2002).

According to data from the Rosia Montana and Abrud town halls [Mayor’s office] some 155 persons from both localities received social aids, namely the minimum guaranteed income under Law 416/2001.

Furthermore in 2002 the average yearly monetary income in Rosia Montana was 653 USD per capita, or less than USD 2 per day. The national average in 2002, according to the Romanian National Institute of Statistics was 6 940 USD per capita, over ten times that of Roşia Montană.


5.7 Economic activities

5.7.1 Industry

Figure 5.11 Contribution of RMGC to Roşia Montană income

Mining is the predominant industry in Roşia Montană and Abrud. In Roşia Montană village some 92% of income is directly related to mining.

Campeni has several small manufacturing companies in textiles, furniture, & timber, revealing a more diversified industrial base.

Both Abrud and Campeni have increased public services (transport, commerce, juridical assistance, post, telephones) due to increased demand created by RMGC in the area.

RMGC provides significant income to the Rosia Montana Town Hall (Mayor’s office), as foreign investment to the Community, demonstrated in the graph Dynamic of Roşia Montană Town Hall Income (See the graph: Dynamic of Roşia Montană town hall, left).
Activities of RMGC to date has stimulated the development of local businesses in Rosia Montana, Abrud, & Campeni, with local expenditure totaling: Lei 101.3 bil. in 2003 and Lei 124.4 bil. in 2004, see charts and table below.

**Figure 5.12  RMGC contribution to local procurement**

![Figure 5.12](image)

**Table 5.7  Value of RMGC local procurement**

<table>
<thead>
<tr>
<th>Suppliers</th>
<th>Supplies to Roșia Montană Gold Corporation in percentages</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction companies</td>
<td></td>
<td>17.1</td>
<td>11.5</td>
</tr>
<tr>
<td>Office supplies</td>
<td></td>
<td>7.7</td>
<td>7.8</td>
</tr>
<tr>
<td>Building materials</td>
<td></td>
<td>13.6</td>
<td>16.3</td>
</tr>
<tr>
<td>Local services</td>
<td></td>
<td>40.3</td>
<td>21.7</td>
</tr>
<tr>
<td>Local Council tax revenues</td>
<td></td>
<td>12.4</td>
<td>25.9</td>
</tr>
<tr>
<td>Catering</td>
<td></td>
<td>3.5</td>
<td>3.4</td>
</tr>
<tr>
<td>Fuel suppliers</td>
<td></td>
<td>1.3</td>
<td>1.1</td>
</tr>
<tr>
<td>Cars and office maintenance</td>
<td></td>
<td>1.5</td>
<td>5.6</td>
</tr>
<tr>
<td>Total value, in Lei</td>
<td></td>
<td>101.3 billion</td>
<td>124.4 billion</td>
</tr>
</tbody>
</table>

Benefits of this include: increased employment; increase household income; improved supply of goods and food in the markets; increase in hospitality industries; and increased public services and spending. These activities increase revenue available to local government budgets and stimulate economic development in the region.

**Text Box 5.2  Case Study of local business initiatives**

**Case Study: Example of local companies developed in response to the Roșia Montană Project**

- GenFor – a drilling company established in Roșia Montană in 2002 and employs locally up to 140 people. During 2003 and 2004 RMGC paid 98.7 billion lei to GenFor. Since then GenFor has exported its services to Ukraine, Malaysia, Bulgaria, Serbia and Russia (Siberia) and its trained staff now work in Mongolia, Ghana, Mali, Malaysia, Ukraine, Serbia and Russia. This company received best Micro-Enterprise award and gold medal in Hunedoara county.

- SC “Bradet” srl. an equipment renting company- established in Roșia Montană to support the project’s exploration programme. Bradet employs locally up to 60 people. This company received the best Micro-Enterprise award in Alba county and was number 12 overall in Romania.

- Gold Assay Laboratories was established at the bottom of Roșia Montană valley to analyze the project’s exploration samples. It employs locally 25 full time staff, uses state of the art technology and receives business from other parts of Romania, Ukraine, Bulgaria, Serbia and Russia. Turnover in 2003 was: US$700,000.
5.7.2. Agriculture

Crop production in Roșia Montană is mainly subsistence with little produce sold. Main crops are fruit trees (85% of all households), animal forage (49%), and nut trees. The agricultural area is dominated by forests, (sub-alpine) pastures and hayfields, as shown in the graphs left.

Land suitable for small scale agriculture (potatoes and vegetables) is limited, some 7% in Roșia Montană, 6% in Abrud and 7% in Campeni.

Access for farm machinery is severely limited due to the terrain and most work is done by hand with transport by horse drawn cart. No synthetic fertilizers or sprays are used, largely due to the impracticality of their application.

The proportion of the total agricultural surface is lower in Alba county and also in the Center Region than the national level. However the proportion of forest to the total surface, pastures and hay fields are better represented in the county and Center Region in comparison with the national level (see graphs left).

The proportion of the private sector share in agricultural production is high (96.3% in Romania, 98.7% in Alba county, in 2002) and increased in recent years (National Human Development Report, 2004)
Repeated harvesting of immature forest for use in household heating and cooking (see Section 5.2.2 Infrastructure – Energy) damages the resource and causes environmental problems. Small agricultural fields are used mainly for grazing and hay production. Much of the area is unsuitable for agricultural production but is suited for animal husbandry and forestry/wood.

5.7.2 Tourism

The tourist season in Roşia Montană runs from May through to September. Apart from a number of small convenience shops (9) and bars (5) there is no tourist-related infrastructure available in Roşia Montană, such as cafes, restaurants, supermarkets, hotels, pensions, hire car facilities, petrol stations, entertainment providers, as well as activities and services. There is a mining museum and an initiative concerning walking tours.

Figure 5.14 shows the road leading to Roşia Montană and the only sign advertising the mining museum and Roman galleries.

**Figure 5.14 Promotional sign of Roşia Montană’s Roman galleries**

The mining museum is situated in Roşia Montană represents the only establishment from which tourist traffic can be estimated. According to the curator some 55 tourists per month over the summer\(^{28}\) visit the museum. There is no entrance fee, though tourists are encouraged to leave a donation. The estimate of numbers does not include school and educational groups. An independent website - [http://www.geocities.com/liciniu/rosia_montana/engleza.htm](http://www.geocities.com/liciniu/rosia_montana/engleza.htm) - describes the museum.

The tourist-related initiative concerning walking tours in and around Roşia Montană is called The Golden Way ([http://www.drumulauroului.ro/docs/g_ways.htm](http://www.drumulauroului.ro/docs/g_ways.htm)). There are no figures available as to how often it is frequented or even if the initiative is still active. The tours and the concept however are commendable and are entirely compatible with the RMP and development of the Community, though access to the lower reaches of Coma Valley once mining operations begin would not be possible.

Two other events dominate activities in Roşia Montană: namely Fânfest, a three day music event held in 2004 and 2005 and planned to be yearly; and Miner’s Day, a long standing event honouring the mining traditions of the Community. Both are held in August.

The table below summarises these events:

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\(^{28}\) Estimate following personal discussion in December, 2005
Table 5.8 Summary of Fânfest and Miner’s Day in Roșia Montană

<table>
<thead>
<tr>
<th>Event</th>
<th>Organisers</th>
<th>Estimates of event participants by:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Organisers</td>
</tr>
<tr>
<td>Fânfest 2004</td>
<td>PATRIR Cluj Napoca, Albumus Maior Association Rosia Montana</td>
<td>3000</td>
</tr>
<tr>
<td>Fânfest 2005</td>
<td>Albumus Maior Association Rosia Montana; Transilvania Verde, Floarea de colt, MindBomb, StrawberryNet, Cluj Napoca; Rebel Music, București</td>
<td>8000</td>
</tr>
<tr>
<td>Miner’s Day 2004</td>
<td>Filiala ROSIAMIN, Sindicatul Liber al Minerilor (Miner’s Union), Rosia Montana Primaria (town hall), Rosia Montana</td>
<td>2500 - 3000</td>
</tr>
<tr>
<td>Miner’s Day 2005</td>
<td></td>
<td>3000</td>
</tr>
</tbody>
</table>

Regarding Fânfest estimates of participant numbers range from hundreds by RMGC, through 5000 by the Roșia Montană police to 8000 by the organizers. Photos available on the Fânfest website (www.fanfest.ro/en/galerie_foto/shtml) and the low economic impact felt by businesses in Roșia Montană (see Section 7) suggest hundreds instead of thousands.

The photos in figure 5.15 and available on the Fânfest at www.fanfest.ro/en/galerie_foto/shtml do not support the claim of large numbers of participants.

Figure 5.15 Fânfest – photos of event

Fânfest: music event attracting 100s of people

Crowd + stalls during concert   Camping area


The number of overnight stays for the all of Alba County reaches just over 5000 in August, presented in figure 5.16 and suggests tourism, which comprise a part of overnight stays, is not high:

The low variance throughout the year, with a minimum in January of little over 3000 overnight stays to August with 5000 suggests that overnight stays are strongly correlated to business.
In February 2006 an informal survey was conducted of businesses that could be expected to benefit from tourism in Roșia Montană. These included hotels and pensions, which exist only in Campeni and Abrud, convenience stores, museums and the police.

**Figure 5.16** Overnight stays in Alba County 2005

After the evaluation of the tourism potential of Roșia Montană area including Abrud and Câmpeni the following was concluded:

- The majority of visitors to the Community are business related (65%), see figure 5.16;
- Existing tourist attractions like the A. Iancu Museum of Câmpeni, Memorial House A. Iancu, Alburnus Maior Museum in Roșia Montană, are not visited in large numbers;
- The number of tourism facilities, such as hotels and pensions is very low;
- The number of tourists during a year is about 200 persons excluding main events;
- Tourism contributed between 0% to a maximum of 15% of total business revenue;
- The month with the largest number of visitors in Roșia Montană is August validating the idea that the Fânfest and Miner’s Day are the largest attractions;
- In June, July and September the number of visitors is higher than the rest of the year though much more lower than in August, see figure 5.16.

**Figure 5.16** Structure of visitors and tourists in Roșia Montană, 2005

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Section 5: Community definition
For the convenience stores the highest incomes are recorded in the summer months, though for some it is in the winter because of winter holidays. From the total number of customers tourist account for about 25-30%. The maximum tourist contribution to income is about 10 -15%. The low contribution of tourism to total revenue indicates low volumes of tourism even accounting for the two events held in August (Fânfest and Miner's Day).

The tourism data from Alba County showing that overnight stays do not vary much throughout the year correlates well with data from Roșia Montană which showed business to be the dominant visitor group (65%). Also, data from Roșia Montană clearly showed a marked difference between August and other months concerning the contribution of tourism to relevant business revenue. If tourism played a significant role in Alba County overnight stays it would be expected that June through September with an emphasis on August, would be significantly higher than other months. The lack of this variation suggests tourism county-wide is not significant.

5.8 Living conditions in the area

5.8.1 Home ownership

Figure 5.17 Home ownership trends in the Community

Between 1997 and 2004, the number of owned dwellings in Rosia Montana decreased by 0.83% overall. Home ownership rose between 1997 to 1999 following RMGC commencing exploratory activities. A significant drop in ownership occurred between 2003 and 2004 as a consequence of RMGC’s property acquisition program (See RRAP). However, in Abrud the decrease in ownership was even more severe at some 5.58% . RMGC has no property acquisition program in Abrud. The decline is due out-migration following economic depression and large-scale mining redundancies particularly affecting Abrud.

In Campeni the number of dwellings has steadily increased over the same period. This is most likely because Campeni has a more stable labor market in processing, transportation, education, and public services and which supports a more stable population.
5.8.2  Dwellings – living conditions

Figure 5.18  Living conditions in Dwellings in the Community

Current living conditions in the Community are far from EU standards. Basic services such as potable water supply, waste water collection & treatment, reliable energy supply, waste collection and treatment are all poorly developed, if at all. Especially in Roșia Montană & Abrud, though less in Campeni.

Very few households have an inside bathroom and toilet. Electricity is present almost 100% but inhabitants can not afford to use it for heating. Even in Abrud and Campeni vast majority of the population use wood for heating, even in the block apartments.

In Campeni living conditions are higher than in the rest of Community.

5.9  Infrastructure

One of the main weaknesses of the Community area, also for Alba County and Romania as a whole, is an infrastructural system largely inadequate to cope with growth requirements and to act as a catalyst for investment in the Romanian economy.

5.9.1  Water

The water supply network provides an insufficient amount of water for households and potable water needs, especially during dry summers when demand increases and recharge decreases. Water supply exists in most of the communes in the area but only the central houses are connected to the network. The network from Rosia Montana was built by Centrala Minereurilor Deva in 1950, and is now very old and inefficient. Abrud town suffers from a lack of potable water. Households not connected to a centralized water supply and distribution system obtain water from local springs and wells.
The majority of the households in Rosia Montana, Abrud and rural Campeni use pit latrines. Those with indoor plumbing and flush toilets discharge the wastewater to a septic tank or holding tank. It is not known how many if any of the septic tanks first discharge to a leach field for proper effluent disposal or if they discharge directly to the Valea Rosiei or a tributary of the river.

5.9.2 Solid waste collection
There is no formal kitchen or household waste collection system. In Rosia Montana there are a few bins located outside of the Mayor’s Hall and some of the apartment blocks. The Mayor’s Hall has contracted private companies to collect these but they work only infrequently. The bins are neither of adequate size, nor collected frequently enough to prevent overflowing. Solid waste is also deposited in Orasul Abrud and the Valea Rosiei.

5.9.3 Energy
The main localities in the comuna are connected to the national grid. However there are a large number of houses in the hills surrounding Roșia Montană village itself which are not connected to the electricity grid. There is no gas distribution network in Rosia Montana area or its neighbourhood. A gas distribution network is present only in Zlatna. Wood is used for heating and cooking on an individual household or dwelling basis.

According to baseline surveys conducted on behalf of RMGC in 2002 99% of households use wood for heating and 60% for cooking. This suggests the opportunity exists regarding biomass as a sustainable source of energy.

5.9.4 Roads and transport
Roads: The density of roads varies according to topography and resulting land capability and settlement patterns. The condition of local, or access roads within the Community varies considerably, from dirt tracks unsuited to motor vehicles, to gravel surfaces that are accessible only to 4-wheel drive motor vehicles. Access to the Community are via small National (DN) roads from centres such as Cluj Napoca, Deva and Alba Iulia. These roads are narrow, generally in poor condition and windy.

Rail: There is no railway network in the area. The closest connections to the national rail network are at Alba Iulia to Zlatna.

Transport. There is no direct public transport to Roșia Montană. Public transport links – mostly buses of poor quality and condition – connect the most important towns and communes. However, frequency is low.

From Rosia Montana village to the main (DN) road (about 6.4 Km), to Campeni (16 Km) or to Abrud (12 Km) there is no public transport.

5.9.5 Telecommunications and internet
Many households in Roșia Montană have a fixed telephone connection. However, other localities in the comuna are not connected to the national telephone network. In part due to the presence of RMGC mobile phone companies: Orange, Connex-Vodaphone, Zapp now include the Community in their operational area (2002, RMGC, RRAP).

Internet is not well established (2002, RMGC’s, Socio-economic survey report), however through the Good Neighbour Programme begun by RMGC in January 2006 (see Section 8.11: Existing [Community Development] Initiatives) an internet café has been established allowing free access to internet for the Community.

29 Planning Alliance 2002 – see colophon
5.10 Health status

5.10.1 Health condition of Rošia Montană

According to a socio economic survey in 2002, 62% of households interviewed in Rošia Montană had one or more members who sought medical attention for serious illnesses in the past year. Causes of health problems could include occupational hazards (particularly mining), as well as a fatty diet, stress and alcoholism. Also, existing mining and ore processing facilities are in poor condition and pose safety hazards to workers and risks to the environment.

A health baseline study conducted in Dec 2005 and Jan 2006 (Environmental Health Centre, Cluj Napoca, Romania) concluded that the health status of the population living in Rosia Montana is worse compared to that of people living other areas both in the vicinity and regionally. For some diseases risks are higher for people in Bucium and Certege.

Figure 5.19 Ischaemic heart diseases in Romania and Rošia Montană

The graph illustrates the difference between incidences of ischaemic heart disease in Rošia Montană against other areas.

5.10.2 Health disease risks in Rošia Montană

The table below summarises the principle findings regarding health disease risks along with estimated costs of a medical check up. (Acute disease is of short duration, rapidly progressive, and in need of urgent care. Acute is the measure of time scale of a disease and is in contrast to chronic which indicates indefinite duration or virtually no change. The time scale depends on the particular disease).

Table 5.9 Health disease risks in Rošia Montană

<table>
<thead>
<tr>
<th>Disease group</th>
<th>Acute condition</th>
<th>Chronic condition</th>
<th>Estimated costs of diagnosis per person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endocrine</td>
<td></td>
<td></td>
<td>Malignant neoplasms Thyroid and other endocrine glands: 865,6 ron</td>
</tr>
<tr>
<td>Respiratory diseases</td>
<td>Significantly higher risk in Rosia Montana compared to other localities, with</td>
<td>The probability is higher within the population from Rosia Montana, with the exceptions</td>
<td>Lung diseases due to external agents: 280.3 ron; Asthma: 317.6 ron</td>
</tr>
<tr>
<td></td>
<td>two exceptions: 1) Bucium and Certege have higher risks, and 2) in some localities with small number of inhabitants.</td>
<td>Certege and Bucium</td>
<td>Bronchiectasis: 347.6 ron Malignant neoplasms Respiratory and intrathoracic organs: 531.6; Malignant neoplasms Lip, oral cavity and pharynx: 904.6</td>
</tr>
<tr>
<td>Cardiovascular</td>
<td>No data</td>
<td>Chronic cardiovascular diseases are significantly higher in Rosia Montana than in the research area, while in Certege (for all categories) and in Bucium (one category) it is the opposite</td>
<td></td>
</tr>
<tr>
<td>diseases</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Disease group | Acute condition | Chronic condition | Estimated costs of diagnosis per person
--- | --- | --- | ---
Digestive diseases | The risk is significantly higher in Rosia Montana compared to all the investigated localities | For chronic digestive diseases there is not specific trend in terms of spatial distribution | Toxic liver disease: 433,4 ron; Fibrosis and cirrhosis of liver: 593,4 ron; Malignant neoplasms Digestive organs: 641,6 ron

Blood diseases | No data | Chronic blood and blood forming organs diseases recorded either high or low risks in Rosia Montana without a specific spatial distribution trend | Iron-deficiency anemia: 262,1 ron; Malignant neoplasms, stated or presumed to be primary, of lymphoid, haematopoietic and related tissue: 2287,1 ron

Skin diseases | Risks of developing acute skin diseases is higher within the population from Rosia Montana | Chronic skin diseases indicate significantly higher risks in Rosia Montana compared to Abrud | Dermatitis and eczema: 137,5 ron; Urticaria and erythema: 286,9 ron; Malignant neoplasms Skin: 309,6 ron

Diabetes | No data | Diabetes has been found to be significantly more common in Rosia Montana than in Abrud and Campeni. While for the other chronic endocrine diseases there is no specific trend in terms of spatial distribution (situation similar to chronic digestive diseases) | 

Musculoskeletal diseases | No data | Chronic musculoskeletal and connected tissues diseases showed higher risks in Rosia Montana versus the investigated localities, while in Certege and Bucium the risks are higher than in Rosia Montana | Arthrosis - 252 ron

Nervous system diseases | No data | The risks of developing chronic nervous system diseases may be either higher or lower in Rosia Montana compared to the rest of investigated locations | Polyneuropathies and other disorders of the peripheral nervous system: 393,9 ron

Ocular | Risks of developing acute ocular diseases is higher for Rosia Montana, with one exception recorded for the people living in Certege | No data | Disorders of optic nerve and visual pathways: 395 ron

Genitourinary diseases | Risks of developing genitourinary system diseases is higher for the inhabitants from Rosia Montana, the exception being for Bucium | Chronic genitourinary system diseases pointed out significantly higher risks for the population living in Rosia Montana compared to the population groups from the investigated area | Urolithiasis: 410,4 Malignant neoplasms Urinary tract: 583,1 ron

Ref: EHC health assessment, 2006

Added to the costs of diagnosis will be medication costs and any treatment. Incomes in the Community are very low whilst the relative cost of living is high, so that low income groups may not have available financial resources to support the cost of proper medical care. The situation is more severe for those people who do not have health insurance, such as the inactive population (see Table 5.5 for definition). Mining redundancies has reduced or even removed the social safety net of many people, compounding health insurance issues. Health predictions associated to improved environmental conditions (source: EHC, HRA), both, as a result of resettlement process and mitigation strategies in the historical area showed a decrease for the most of the investigated diseases. This aspect in addition to the high prevalence of the investigated diseases as a baseline and the related costs as mentioned above, will result in the improvement of the health status in the area.
5.11 Environment

The Community suffers from considerable pollution with large scars from the long history of mining that has occurred in the area. There is also considerable chronic pollution of local rivers, such as the Rosie and Abrudel streams that flow into the main Aries River.

Overall the area is of low conservation value, with watercourses degraded by centuries of mining activity, heavily fragmented natural vegetation cover, preponderance of semi-natural and cultured vegetation types, and on-going anthropogenic impact throughout the project area. Soils within historic mining areas are not capable of supporting productive use and are not considered an important soil resource.

The deterioration of the area falls into two broad categories, namely deterioration through landscape structural changes and deterioration through changes at the ecosystem level. These changes are attributed to: historic mining activities and related pollution including acid rock drainage; transformation of natural systems to meadows; human settlements and planted forests; development of semi-natural systems such as man-made lakes; and, the exploitation of renewable resources.

The landscape is typical of the mountainous landscape of the Metaliferi Mountains. Long, high ridges separate deep, steep-sided valleys with peaks rising above the ridges at the head of the valleys. Ridge tops tend to be well rounded with occasional craggy outcrops; slopes are usually steep but evenly graded. Valleys are steep-sided (20° to 35°), V-shaped with narrow valley floors within which flow mountain streams.

Hydrologically, the area is dominated by valleys with rapid surface water runoff. Some shallow groundwater is present which contributes to spring flow and surface water baseflow. Drinking water sources are either from springs or from shallow hand-dug wells. Deeper drilled wells yielding quantities of water sufficient for domestic or industrial use do not exist in the Project area. As a result aquifer capacity is minimal.

Water quality in the area has been negatively and significantly impacted by historic mining operations. Impacts result from waste rock accumulations, runoff from the mining areas and adit discharges.

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30 The reader is referred to EIA Environmental and Social Management Plan H: Biodiversity Management Plan where a full discussion of biodiversity baseline, issues and management strategies can be found.
31 The reader is referred to EIA Chapter 4.7: Landscape for a comprehensive discussion regarding the landscape on the area.
32 The reader is referred to EIA Chapter 4.1: Water; EIA Baseline report 3: Water (prepared by MWH Inc., Mining Group, 1801 California Street, Suite 2900, Denver, USA, 2005); and Environmental and Social Management Plan C: Water Management and Erosion Control, for a full discussion regarding water resources and their.
5.12 Local Population’s Perceptions and Expectations

To assess the local perception and expectations, focus group discussions were held in November 2002 by an independent organization (ICCV) in Roşia Montană, Gura Rosie, Abrud, and Campeni. In 2004, another assessment was conducted concerning the perceptions and culture of the stakeholders from Rosia Montana and Abrud, by TNS/CSOP.

Considering the results of both studies it is possible to divide people into two groups:
1. People in favour of the Roşia Montană mining project
2. People against the Roşia Montană mining project.

The breakdown to the characteristics of these two groups and their main reasons are shown in the table below:

Table 5.10 Roşia Montană peoples’ perceptions of RMP

<table>
<thead>
<tr>
<th>Group of</th>
<th>Positive perception</th>
<th>Negative perception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youths, Business persons, Qualified people, Roma people</td>
<td>Good opportunities: New jobs; Better wages; Improvement of living standards; Local and regional development; General economic growth Growth of local incomes and raised spending resulting from new better-paid jobs.</td>
<td>Elderly people, Unqualified people, Women</td>
</tr>
</tbody>
</table>

SWOT analysis

A SWOT analysis with Community development as the Objective but not taking into account the RMP based on the above data is presented below:

Table 5.11 SWOT analysis of Roşia Montană socio-economic development

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Well established tradition in mining spanning 2000 years; Qualified &amp; skilled labour force concerning mining activities; The expectations of young people regarding: jobs in the area and better paid wages; The expectations of the active population for economic development opportunities; Active NGO’s means availability of civic bodies to be involved in CSDP; Activities (stimulated by &amp; incl RMP) done in compliance with international and national environmental standards; Unexploited ore bodies in the area; Other non-metalliferous natural resources that may be developed &amp;/or exploited; CSDP’s transparency.</td>
<td>Ageing population, predominantly females (over 60 years old); Young population out-migration to urban areas; Structural unemployment problems and limited lifelong learning; More than 50% of the people lives on pensions and social aids, compounding poverty and economic restrictions; Poor health condition in the Community and poor medical assistance; Decline in the educational system, schools without proper heating, sanitation, with old equipment; Lack of playgrounds &amp; children-related infrastructure Poor cultural and information systems; Poorly developed social services; Insufficient commercial infrastructure, dependence on mining industry, small-scale subsistence agriculture; Inadequate infrastructure and utilities.</td>
</tr>
</tbody>
</table>
### Opportunities

- To increase employment and incomes in the Community;
- To increase the visibility of the Community for investments leading to increased small business opportunities;
- To assist development of small-scale agriculture and husbandry farms following organic practices;
- Job training and adult education;
- To develop tourism and commerce;
- To increase the fiscal resources available to local Governments via taxes;
- To offer affordable credit opportunity for local people;
- To improve educational, health services and medical access;
- To develop community social services focusing on vulnerable people: widows disabled people, elderly, single parent families, families with more children, etc;
- Playing grounds for children and parks;
- Improvements in infrastructure;
- Cleaner environment.

### Threats

- Exposure to new cultures (other Romanians & expatriates);
- Resistance to change;
- Insufficient intellectual, administrative and financial capacities to drive and partake in economic development;
- Risks related with potential non equitable distribution of project benefits throughout community;
- Risk that taxes and revenues to local authorities are not primarily use for local development;
- Social risks related with eventual mine closure;
- Economic risks related with eventual mine closure.
6 Government development for Roşia Montană

There are two principle government investment and development mechanisms covering the region:

- Local and regional government
- Regional development agency.

Briefly these are discussed below.

6.1 Local and regional government

The main responsibilities of the Local Council level of Government (comuna in rural areas and orasul in urban ones) include utilities and transport infrastructure development and maintenance, as well as land use issues. The regional government institutions include the County Prefecture, which is responsible for regional development and roads of county interest.

6.2 Regional development agency

Each of the seven administrative regions of Romania has a Regional Development Agency (ADR), which operates as a planning and coordinating entity. Based in Alba Iulia, the Centre Region ADR operates officially as an NGO and implements European Union (PHARE) funds and other monies, mostly in the area of grants and loans to SMEs. The agency has drafted a 2002-2004 Regional Development Planning Strategy for the Centre region, which provides a detailed economic baseline on the region economics, and proposes six broad priorities for the short-term, as follows:

- Infrastructure development and modernization;
- Productive sector development, improvement of business competitiveness and private sector promotion;
- Employment improvement, human resources and social services development;
- Protection and improvement of environment quality;
- Development of rural areas;
- Support for research, technological innovation and IT, creation of informational society.

Figure 6.1 shows the Centre Region.

6.3 Disadvantaged Zone

According to the categorisation recommended by some specialist sources, Roşia Montană can be categorised as a remote rural area, with a small density of population, an unfavourable demographic structure, inhabited by people with low income that generally comes from agriculture. Being situated far from the big cities, its specific natural environment is certainly very scenic but equally unfavourable for economic development.

The Romanian state has declared the mining area of Apuseni, Alba county a depressed area. According to the emergency Ordinance No. 24/30.09.1998 regarding the regime of depressed area, such a zone is defined as a geographic region with a strictly delimited territory that meets at least one of the conditions listed in the first column of the table below:

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36 Vincze Mária, Regional and rural development. Ideas and practices., Presa Universitară Clujeană, Cluj-Napoca, 2000, p.11; according to the source, there are other two types of such categories: a) economically integrated rural areas, which are situated close to big towns and have great „chances” to become „extensions” of those towns; b) intermediate rural areas, which have good chances to survive on the basis of agriculture and the food processing industry (idem quoted op., p.10).

Figure 6.1 Centre Region of Romania

Fig 6.1: Central Region

Showing Alba Iulia, RM, main urban areas, main devastated areas (Zlatna, Baia de Aries, etc)

A5 or A4
depressed area, such a zone is defined as a geographic region with a strictly delimited territory that meets at least one of the conditions listed in the first column of the table below:

**Table 6.1 Criteria of an Economically Disadvantaged Zone**

<table>
<thead>
<tr>
<th>Conditions stipulated in the Emergency Ordinance 24/30.09.1998</th>
<th>Existing conditions in the Roşia Montană zone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has monoindustrial productive structures that mobilise over 50% of the working population</td>
<td>Is a monoindustrial area dependent on the mining activity</td>
</tr>
<tr>
<td>Is a mining area where 25% of the employees have become redundant through collective dismissals</td>
<td>Is a mining area where the former employees of the mines have been made redundant</td>
</tr>
<tr>
<td>Has experienced collective dismissals as a result of the liquidation, restructuring and privatisation of several companies, which affected more than 25% of the employees living in the area</td>
<td>Significant redundancies made mainly at Minvest Deva, and Cupramin</td>
</tr>
<tr>
<td>Unemployment rate exceeds by 30% the average rate at the national level national</td>
<td>Is an area with a high unemployment rate(^{38}) that exceeds the average rate at the national level(^{39}); it will be accelerated by the closing of RoşiaMin by 2007 (Minvest subsidiary)</td>
</tr>
<tr>
<td>Is an isolated area with under-developed means of communication and poorly developed infrastructure</td>
<td>Is a geographically isolated area that communicates with relative difficulty with the towns in the region; infrastructure is extremely poorly developed</td>
</tr>
</tbody>
</table>

In the “Centre” planning Region of Romania there are five disadvantaged areas. The disadvantaged zone of the mining area of Apuseni in Alba County includes a part of the CSDP area: Abrud and Rosia Montana, together with other orasul and comuna such as Zlatna and Aiud. The Câmpeni orasul is not categorized as disadvantaged.

Investors in disadvantaged areas benefit from certain tax facilities, such as the partial exemption of custom duties on imported raw materials and lower tax on corporate profit.

### 6.4 Reconstruction program in depressed mining areas

A specific initiative has been set up to support efforts in depressed mining areas. Funding for this has come from the World Bank and the European Union. ANDIPRZM (the National Agency for Development and Implementation of Reconstruction Programs in Mining Areas) has been created to coordinate these efforts. Financing was provided in two rounds of credits for two programs to assist Romania’s efforts to restructure its mining sector:

- The Mines Closure and Social Mitigation Project (1999 – US.$ 44.5 million)
- The economic, social and environmental rehabilitation of impacted mining areas (Jan.2005 – US.$ 120 million).

Some of the World Bank / EU funds are administered by NGOs, for instance the following:

- Community Economic Development, a Romanian micro-finance NGO headquartered in Bucharest with a branch in Alba county created to administer World Bank funds for restructuring mining areas;
- PAEM, another Alba Iulia based NGO, that receives funding from the European Union, among others, and does development work, including advice to other NGOs and entrepreneurs.

\(^{38}\) In Alba County, there are 1,500 people employed in the mining industry (including salt exploitation) in 2006; less than 500 of them work for Roşiamin Ltd. Since 1997, approx. 5,000 employees in the mining sector have been made redundant.

\(^{39}\) In Romania, the unemployment rate grew slightly between 1997 and 2003: 6.0% - 1997; 6.3% - 1998; 6.8% - 1999; 7.1% -2000; 6.6% - 2001; 8.4% -2002; 7.0% - 2003 (according to The Statistic Annual Report of Romania 2004). According to the data of the European Commission (in the report of 17.11.2005, at.hotnews.ro, accessed on 21.01.2006), in 2004 the unemployment rate was 7.1%, and 6.5% in 2005.
Part of the program includes measures for granting financial incentives to local entrepreneurs in specific localities to hire and train unemployed people coming from the mines and related activities. This is known as the Employment and Training Incentives Scheme (ETIS).

The World Bank sponsored Romanian government strategy\(^{40}\) contains short, medium and long term actions and based on the following factors:

- The necessity to restructure the production, economic and financial capacities of the government mining companies;
- Elimination of financial loss and phasing out of subsidies;
- Potential for rapid creation of new jobs;
- Possibilities to attract funds to finance actions;
- Existing local capacity for efficient implementation of actions and measure;
- Speed of implementation of actions and measures.

The principal foci of the World Bank project are:

6.4.1 *Decrease Government direct involvement and search for private sector investments*:

- Restructuring of production capacities and improvement of technological performances, cessation of activity and closure of non-viable mines;
- Gradual phasing out of subsidies for the metal and lignite mining sector with their full exclusion by 2007;
- Provision of subsidies for the hard coal mining sector, observing the Council of Europe Directive no. 1407/07.23.2002;
- Phasing out the subsidies for social protection of personnel employed in the mining industry by 2007. From February 1st, 2006, US.$ 60 million will be available for socio-economic programs;
- Privatization of viable mines and of those with potential to become viable in order to ensure the investment needed for their development and modernization;
- Development of the state-private partnership;
- Promotion of a market and efficiency oriented management.

6.4.2 *Mitigation of social problems caused by closure of non-viable mines and revitalization of the economy in the affected mining regions through*:

- Promotion of individual and collective dialogue for informing employees about the present and future state of the mine;
- Consultation with the affected staff on the most adequate social protection forms to be adopted;
- Promotion of training in order to increase the chances of redundant employees on the labor market;
- Implementation of community works programs, aimed at bridging employment for redundant people;
- Social protection for people laid off with minimal chance of finding new jobs;
- Reuse of sites and assets made available, following mine closure.

\(^{40}\) World Bank (2004). Project appraisal document on a proposed loan in the amount of US$120 million equivalent to Romania for a mine closure, environmental and socio-economic regeneration project. Mining Policy and Reform Division, Oil, Gas, Mining and Chemicals Department, South Central Europe Country Unit, Europe and Central Asia Regional Office.
7 Investment in Roşia Montană

Since Minvest and the nearby Roşia Poieni Copper mines began operation in the 1960s\textsuperscript{41} and 1985 respectively, no significant investment has come to Roşia Montană, other than RMGC's. The information derived from the detailed assessments as described in Section 5 were assessed as to understanding why investments do not come to Roşia Montană, and therefore how to stimulate investment. The overall conclusion is that several aspects of Roşia Montană’s circumstances suggest attracting non-mine related investments will be difficult.

These include:

- **Demographics.** Notably the average age of the population and that total the population is decreasing. Health of the population is poorer than the Romanian average. The, majority of working men are engaged in mining-related activities either directly (at the mine) or indirectly (servicing the mine and its staff).
- **Financial.** A significant proportion of the population are at poverty levels. Many people depend on subsistence agriculture to supplement their livelihoods.
- **Skills.** The area is dominated by mining-specific skills, with approximately 90% employed in the mining sector. There is likely a capacity gap to develop and manage businesses effectively, especially to take advantage of Accession to the EU or other market opportunities.
- **Isolation.** The area is relatively remote, and distant from anticipated markets. Additionally, Roşia Montană is at the end of a cul de sac and thus there is no through traffic or incidental visitations. Topography and geomorphology, notably steep sided hills and valleys and a lack of flat space hinder developments.
- **Transport infrastructure.** The condition of roads are generally poor exacerbating the isolated nature of the area. Rail heads are about 80 minutes drive, to Alba Iulia, and 90 minutes to Deva. Roads to these rail heads are in poor condition. The nearest airport is at Cluj Napoca some two hours drive from Roşia Montană.
- **Other infrastructure.** Water supply, waste water treatment, waste management including municipal and hazardous, and electricity supply are all below optimal standards, in comparison to other regions in Romania and in particular to EU levels.
- **Environment.** There are significant environmental issues. Including; pollution to water: Roşia Stream has a pH of 2.5 and significant heavy metal pollution as a consequence of past and current mining operations; lakes in the area, all man-made for (earlier) mining purposes have heavy metal pollution including mercury; water wells and bores also have heavy metal pollution including cadmium and selenium, summarised in Annex 4\textsuperscript{42}. There are numerous old tailings dumps, waste heaps and other mine-related equipment and waste that need clearing up, remediating and rehabilitating to return the area to any form of natural or non-mining useable condition.
- **Clean up and mitigation costs.** The cost of remediating the current environmental problems has not been fully assessed. However comparing with similar clean up efforts in other areas of Europe estimate costs are in excess of 100 million EUROS. Development of appropriate quality water supply, waste water treatment, waste management, energy and transport infrastructure have also not been formally determined. They are likely to exceed many tens of millions if not hundreds of millions of EUROS.
- **Other centres.** Other centres such as Timisoara, Arad Oradea, Satu Mare, Deva, Cluj Napoca, Baia Mare, Constanta and many others are closer to international markets and more developed in terms of infrastructure, diversity of labour and professional

\textsuperscript{41} When the Cetate Open Pit began. Underground operations ceased shortly afterwards.

\textsuperscript{42} Full details of concentration and by how much they exceed Romanian and European Union norms and standards are present in the EIA documents.
skills, and are likely to be perceived as having lower investment risk. These will, and do, attract investments at the expense of regions such as Roşia Montană. As does Campeni, a town in the region experiencing positive growth.

- **Liability.** Considering the anticipated Accession to the EU and thus the applicability of EU standards concerning environmental liability, potential investors may be intimidated by the potential liability of considerable clean up costs should they purchase polluted lands.

- **Perception.** Mono-industrial areas such as Roşia Montană are not generally well regarded in terms of investment targets. The specific skills set, the condition of the towns and surroundings including social and environmental, and generally poor economic circumstances create a negative impression. There is a trend of people leaving such areas, not in-migrating.

Figure 7.1 shows Roşia Montană in relation to main proposed transport network developments, such as the US financed highway past Cluj Napoca and the EU-financed highway through Deva. Also, the figure shows other towns and cities near main transport networks and/or international borders where investments are more likely to occur, should they wish to exploit international markets.

The above forms part of the reasons why the area has been designated a Disadvantaged Area. However, tax breaks and other modest incentives do not offer enough incentive to overcome the disadvantages. Figure 7.2 below schematically illustrates the relative investment potential between Roşia Montană and the nearby towns of Campeni, Abrud and Gura Rosiei.
Figure 7.2  Summary of investment potential: Roșia Montană vs Abrud & Campeni

Investment potential: Rosia Montana relative to Abrud & Campeni

Rosia Montana

Low investment potential
- 800 – 1000 m asl – climatic impact high, esp winter
- Narrow valley with steep slopes – limited space for development
- Cul de sac – no through road
- Old widows largest population group
- Mono-industrial (mining) – low skills diversity
- Limited agriculture potential – pasture & meadow, limited forest
- Significant poverty

Figure 7.3 is a map of Roșia Montană relative to Gura Rosiei showing the topographic differences and characteristics of the two villages.

Additionally there are many such areas in Romania and throughout other countries with economies in transition in Central and Eastern Europe. Even Western Europe has a considerable number of past-polluted sites that need remediating and rehabilitating. It is unlikely the Romanian government has the budget to address these issues within the short to medium term. The European Union will also have a priority list of sites for remediation.
Figure 7.1  Roșia Montană relative to principal transport networks

Figure 7.1: Roșia Montană relative to main transport networks

Show the ‘Bechtel’ and EU proposed Ten-T highways

http://www.autostradatransilvania.ro/www/

Airport (Cluj)

Rail: Cluj, Deva, Alba Iulia
A review of project financing pipelines of the EU for Romania showed Roşia Montană is not on any such list. Whilst the socio-economic and environmental impacts of Roşia Montană are severe in local terms, regionally they are one of many. Romania has some 386 old and/or abandoned mine sites and mining towns and villages each with pressing social, environmental and economic difficulties.

For closing these mines the Romanian government has allocated 2,212 million US.\$ - some 5.7 million US per mine site/town, out of which 1,200 USD million are required for 2004 – 2006. The estimate for social programs of redundant miners concerning closure of Minvest Deva (responsible for the state owned Rosiamin mine in Roşia Montană) is in the order of US.\$ 20.5 million, and US.\$ 2.0 million for Cuprumin Abrud\(^{43}\). This money must cover safe closure of the mines, removal and disposal of all equipment, buildings and related infrastructure; remediation of any pollutions to soil and water; reclamation and rehabilitation of the pits, waste dumps, tailings management facilities; redundancy payments to workers and any post-redundancy social support.

The scale of the costs of safe closure of mines is illustrated by the cost estimates to implement a water management system at Rosia Poieni. The World Bank has allocated funds worth USD 5.8 million to build support dams for CurpuMin’s Rosia Poieni mine by the end of 2008. However, a feasibility study by IPROMIN Bucharest in 2005 showed that the project requires funds worth at least USD 32 million\(^{44}\). This leaves a shortfall of some USD 26.2 million that must come from Romanian government budgets before 2008 to take advantage of the World Bank grant.

Romania must also bring up to EU standards all the major state institutions from transport, through education, health, finance, administration, to utility provisions from the same budget that they must use to remediate Roşia Montană. It is unlikely the Romanian State would prioritise remediation of Roşia Montană, with a population of 3800 ahead of upgrading the Common Services of its 22 million citizens.

All of the above provides significant disincentive to the type and scale of investment necessary to be able to address such issues and still provide a return on investment. Aspects of one or more of the pressing socio-economic and environmental issues may be addressed by an investment. But addressing all of them sufficiently to provide an overall positive investment climate is unlikely.

### 7.1 Investment in tourism

A recent article in Business Review\(^{45}\) discussed a report by the World Travel and Tourism Council on tourism and Romania. The report put Romania 162\(^{nd}\) from 174 countries in terms of the contribution of tourism to GDP\(^{46}\), and mentioned that the average tourist stayed only 2.5 days in Romania and didn’t otherwise stay overnight or spend money on hotels. The report goes on to say that tourism accounted for 1.9% of GDP, half the EU average of 3.9%, and Romania ranked 138\(^{th}\) out of the 174 countries concerning investments in tourism far behind Bulgaria, Hungary, even Bosnia and Herzegovina.

Essentially tourism demand, especially in a remote isolated village like Roşia Montană is negligible. This is supported by statistics and research as described in Section 5.2.2 under Tourism.

\(^{43}\) Government strategy for mines closure 2004-2010

\(^{44}\) Romania Libera – Transilvania Banat, 24 March, 2006: The head of the Mures Water Directorate foresees a possible environmental disaster in Rosia Poieni.

\(^{45}\) Romanian tourism industry to bring $7 billion to economy. Page 6, Vol 12, No. 11, March 27 – April 1, 2006; www.businessromania.com

\(^{46}\) Gross Domestic Product
Promotion of tourism is confounded by the lack of infrastructure, accessibility, facilities and the poor state of attractions. Whilst tourism generates income, the cost of developing the necessary infrastructure is often extremely high and therefore requires consistent high (tourist) demand. Furthermore the annual upkeep and maintenance costs can exceed revenue by a considerable margin, especially for delicate and ancient historical sites.

For example, Pompeii received some 2.2 million tourists in 2002 resulting in 17.5 million € in ticket sales. (Guzzo, 2003\(^{47}\)). Renovation cost of existing accessible areas is estimated at 250 million € for 10 years worth of work, or 25 million € per year. However, the annual budget regarding renovations is about 2.5 million €.

As such there is a funding shortfall of some 5 million € per year only regarding upkeep and maintenance of the tourist attractions at Pompeii.

Despite the income generated in Pompeii, insufficient funding is available to maintain the site to accommodate the number of visitors which generate such income. Additionally, the intensity of visits have caused extensive damage resulting in a 50% decrease in the area open to the public, comparing the 1950’s to 1997\(^{48}\).

For 8000 people to safely attend an event in Roşia Montană would require extensive transport, logistics, safety, hygiene and accommodation infrastructure.

Assuming occupancy of three people per vehicle, some 2600 cars would be required to transport that number of people. The road leading into Roşia Montană is not wide enough for two cars to pass without caution effectively preventing parking along much of the road. There are two areas suitable to park vehicles in the centre of the village, with a combined total of 1080 meters\(^2\). The average car requires some 12m\(^2\) when stationary (Sport England\(^{49}\)), but some 27m\(^2\) space for manoeuvring (Nozzi, 2005\(^{50}\)). Which means parking space in the centre of Roşia Montană amounts to between forty to eighty cars at a maximum.

Should buses be used at an occupancy of 40 people per bus, it would take a fleet of 200 buses to move such numbers.

In a submittal to the National Audiovisual Council\(^{51}\) of Romania a number of NGOs and not for profit organisations claimed 15000 tourists visit each summer (May to September) the Roman galleries, traditional homes and churches and the natural heritage of the comuna of Roşia Montană\(^{52}\). If correct the annual number of visits including the Fânfest and Miner’s Day would exceed 26 000 in a five month period between May and September with a peak of 14 000 in August alone.

There are no pensions, hostels, hotels or official campgrounds in Roşia Montană, non in Gura Rosiei at the foot of the Roşia Montană valley, and only limited facilities in Abrud and Campeni. In Roşia Montană village there are only a single set of toilets, one each for men and women. There are no cafes, restaurants, or supermarkets, nor any place to purchase petrol or supplies for cars. Local shops reported only limited impact from tourism on total revenue (see Section 5.2.2 Tourism).

The impact of such large numbers of visitors to Roşia Montană would be very significant, vastly overwhelming the existing infrastructure and facilities and driving tourist

\(^{48}\) http://www.free-essays.us/dbase/b5/aym67.shtml
\(^{49}\) http://www.sportengland.org/carparking.pdf
\(^{50}\) In http://www.walkablestreets.com/downpark.htm
\(^{52}\) http://www.cri.ro/files/ProtestCNA6martie06.pdf - in Romanian, under point two on page 3.
related commerce. However, the lack of response to this demand by either public authorities responsible for public welfare, or the market suggests that there is insufficient demand to drive the necessary investments. This questions the numbers involved as well as illustrates the scale of development necessary for Roșia Montană to be seen as a tourist destination.

The cost of developing and upgrading tourist attractions, facilities and infrastructure in Roșia Montană and their subsequent maintenance and upkeep would unlikely be compensated by any income derived from tourism, as the situation in Pompeii illustrates.

RMGC for example has estimated costs for the research, restoration, maintenance and management of Roșia Montană’s cultural heritage between 2007 and 2022 of some 25 702 000 USD, or approximately 20 million EURO. This is split into two components.
1. 17.373 million USD for restoration and development of infrastructure;
2. 8.329 million USD for operations of tourist infrastructure including management of cultural history items.

The first is capital costs to create the necessary safe and accessible infrastructure including a Cultural Centre and Mining Museum and a facsimile of the Roman galleries. The second includes all administration, upkeep and maintenance costs as well as any further archaeological investigations.

Full details regarding Roșia Montană cultural heritage and patrimony are in EIA Management Plan N: Cultural Heritage Management Plan.

Such investments are unlikely to otherwise be levied should the RMP not be permitted.

The estimated cost of 25 million USD does not include the 8 million USD spent on archaeological investigations from 2000 to 2005.

The operational costs – 8.329 million – from 2007 until 2012 amount to some 500 000 USD per year, or some 41 000 USD per month (406 932 € and 33 359 € respectively).

Given the capital development costs, the necessary publicity and upkeep costs it is extremely unlikely there will be sufficient tourist visits to build and subsequently economically sustain a tourism industry in Roșia Montană at a standard required to be a significant attraction and income earner without significant contributions from sponsors.

RMGC is committed by the EIA Terms of Reference to cover the capital and development costs (2007 – 2012) and maintain the cultural heritage programme during the life of the mine (2007 – 2022). During mine closure the scale of activities will need to be reduced to a economically sustainable level supported by the number of tourist visits, in conjunction with any other possible financial support that can be obtained.

**Investments in agriculture**

Agriculture is practiced in Roșia Montană largely as subsistence non-income support for people on a low income. See EIA Chapter 4.8 for a further discussion on Roșia Montană income. Compounding the opportunities for investments in agriculture are:

- The poor quality of the soils – see EIA Baseline report 6: Soil Baseline,
- The steep nature of the topography – see Figure 7.3
- The altitude and climatic conditions of the area.

Soils are defined as TEO units (ecologically homogenous territories), which represent basic areas (of soil-land), characterized by uniform soil-land and climatic-atmospheric conditions available to cultivate plants (EIA Baseline Report 6: Soils). Values for TEO range from Class I for best conditions to Class X for the worst conditions.
In Roșia Montană arable land amounts to some 7% of the land and traditional land uses are hay production, grazing, apple and plum tree orchards. No wheat crops are grown. TEO values for the defined traditional land uses are:

- V grazing lands;
- VI hay lands;
- IX apple and potato harvest;
- X plum harvest.

These moderate to poor values are a consequence of the following restrictive factors:

- average annual temperature – +6°C: -5.5°C in winter and 16.5°C in summer;
- average annual precipitation – 1200mm rain and 35-40 cm snow cover;
- texture in horizon Ap (0-20 cm);
- degree of existing pollution;
- land slope;
- floodability;
- total porosity;
- soil reaction in Ap (0-20 cm);
- useful edaphic volume;
- humus reserve over 0-50 cm depth.

Topography effectively restricts the use and of modern farm machinery. The amount of land available for large scale economically viable agricultural practices are small. These and other characteristics deter investments necessary to create an economically viable agriculture sector in Roșia Montană. It is therefore very unlikely agriculture represents a potential significant income generator for the majority of the population in Roșia Montană.

Table 7.1 presents a list of Opportunities / Challenges including the RMP derived from the information in Sections 5 and 6.
Figure 7.3 Main topographic characteristics of Roşia Montană

Figure 7.3: Main topographic characteristics of Roşia Montană and Gura Rosiei

A4
Table 7.1 Opportunities & challenges for economic development in Roşia Montană

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stimulation of diversification of the Community’s mono-industrial economy using RMP as catalyst</td>
<td>The RMGC and RMP to become a driving force for sustainable development in the Community</td>
</tr>
<tr>
<td>Full rational exploitation of the remain gold resource using state-of-the-art technology and best practices in full compliance with relevant Romanian and EU legislation</td>
<td>Economic relaunch of the Community and related regions</td>
</tr>
<tr>
<td>Part of the objectives of public investments can be met through private investments to both public and private good, such as: improving infrastructure and services – water supply, waste water collection &amp; treatment, waste management, energy &amp; transport, etc</td>
<td>Ensure the benefits of the RMP are distributed throughout the whole Community, including non-active persons such as elderly &amp; vulnerable people, older workers unable to maintain employment after Minvest closes down, etc</td>
</tr>
<tr>
<td>Rejuvenation of the employment market; increase direct and indirect employment and related tax revenue</td>
<td>Promote the use of (the) increased taxes and revenues for local development especially for common-good projects</td>
</tr>
<tr>
<td>Increase in living standard and cash incomes</td>
<td>Ensure existing businesses located in the project-impacted area can re-establish competitively</td>
</tr>
<tr>
<td>Assistance for development of small-scale agriculture and husbandry</td>
<td>Mitigate problems to do with new cultures (others Romanians and expatriates) entering the Community; reduction of stress and conflict due to change, and uncertainties</td>
</tr>
<tr>
<td>Investment in and development of tourism</td>
<td>Mitigation and reduction of social and economical risks related with eventual mine disclosure</td>
</tr>
<tr>
<td>Micro-finance facility for locally initiated start-up companies.</td>
<td>To attract active NGO’s into playing a proactive role in Community development as a compliance monitoring watch-dog, independent Community voice, etc</td>
</tr>
<tr>
<td>(Re-)training facilities and opportunities</td>
<td></td>
</tr>
<tr>
<td>In resettlement areas, improved and modern housing complying with the Romanian minimal standard for living</td>
<td></td>
</tr>
<tr>
<td>New Cultural Centre incl: museum, library with more books, information centre, exhibition &amp; outlet for local handicrafts &amp; artisans, etc</td>
<td></td>
</tr>
<tr>
<td>New city hall, police station, post office; modern commercial center</td>
<td></td>
</tr>
<tr>
<td>Activities stimulated by &amp; incl RMP done in compliance with international and national environmental standards throughout Community</td>
<td></td>
</tr>
<tr>
<td>Active NGO’s means availability of civic bodies to be involved in CSDP, regardless of whether pro or anti RMP</td>
<td></td>
</tr>
<tr>
<td>Contribution to raising the visibility of the Community to other investors</td>
<td></td>
</tr>
</tbody>
</table>
**Text box 7.1  Key Issues: Socio economic circumstances of the Community**

- The majority of socio-economic indicators concerning Roşia Montană are in decline
- Employment in Roşia Montană and (tax) revenue to local authorities are increasing, due the presence of RMGC
- Roşia Montană is a disadvantaged zone
- Significant disincentives exist to attract large scale investment to Roşia Montană
- Campeni is a growth town and any local/regionally based investments will most likely occur there
- Tourism currently offers very limited small-scale possibilities with restricted flow-through benefits to the whole Community
- World Bank and EU funding is designed to close unprofitable mines, reduce government direct involvement in mining activities, with limited duration of social support; and seek private investors for potentially profitable operations
- Romanian government development priorities do not include Roşia Montană
- Government, EU and supra-national bodies would prefer private sector investment to address development in Roşia Montană based on the presence of an economically viable mineral resource in Roşia Montană.
- The majority of people are prepared to accept RMGC’s project social & environmental impacts as long they are dealt with according to Romanian and international standards
8 The Community Sustainable Development Programme

8.1 Introduction

Community sustainable development is the process wherein all stakeholders within and relevant to a community cooperate to identify common goals concerning the quality of life, then design, implement and execute measures to achieve them. Common goals themselves are very broad and cover common problems as well as how to continually improvement situations that are considered good or acceptable. Communities are dynamic and a ‘good’ situation today may not remain so over time and problems rarely solve themselves.

Stakeholders include the public sector such as local governments and authorities, the private sector namely businesses and commercial interests and the civic sector, residents, NGOs, and CBOs\(^{53}\), amongst others. For any community development process to really succeed it needs the full cooperation and integrated efforts of all stakeholders to identify the common goals, then design, implement and execute the measures necessary to achieve them.

The Community Sustainable Development Program will facilitate a partnership among – but not limited to – the Community’s Stakeholders to define the Company’s overarching development vision and implement development initiatives targeted at improving the quality of life of the Community.

8.2 Three components – social, environmental, economic

Sustainable development, in which the needs of future generations are not compromised by activities today, concerns the interaction of social, environmental and economic aspects. One aspect cannot be sacrificed at the expense of the others if the development is to be considered ‘sustainable’. Essentially there needs to be net welfare gains in all three aspects for development to be sustainable.

Roşia Montană has considerable social, environmental and economic problems. The area, already designated a Disadvantaged zone requires substantial coordinated effort by all Stakeholders to address these problems. Section 5 (Community Definition) of this document discusses the social, environmental, economic and investment aspects.

Initiatives undertaken in Roşia Montană and the Community must integrate all three aspects of sustainable development. If not, they should not be considered under the CSDP. There is no point in implementing an economic measure if later the Community must (again) pay for the social and/or environmental legacy it created, such as for remediation costs or rehabilitation activities as well as indirect costs associated with health impacts such as loss of productivity time through illness, premature death and so on.

Therefore the design and implementation of whatever measures developed under the CSDP must be assessed as to its impacts and effects socially, economically and environmentally.

\(^{53}\) Community Based Organisations – civil organisations.
8.3 Independent from RMGC

The challenge for the Community of Roşia Montană and RMGC together is how to address the three pillars of sustainable development in an effective and proactive manner.

Gabriel Roşia Montană (GRM) has obligations to all of its stakeholders: its investors, the State of Romania, and the Community. It has a commercial obligation to its investors to provide a return on their investment. RMGC also has a statutory obligation to both the Romanian State and the Community to leave no detrimental legacy and to ensure social and economic welfare are maximised.

Whilst RMGC will initiate, contribute to and play a very significant role in the CSDP eventually the CSDP must become independent of RMGC at some point. The mechanism planned under the CSDP to ensure this autonomy from RMGC is the Roşia Montană Development Foundation (the Foundation). The Foundation is fully elaborated and discussed in Section 9 Roşia Montană Development Foundation.

8.4 Community Sustainable Development Programme focus

There are two foci for RMGC’s Community Sustainable Development Programme:

- Community sustainable development directly related to the RMP;
- Community sustainable development stimulated by the RMP.

The first includes education, training, capacity building to maximise locally sourced employment with RMGC. As well this direct development includes ensuring as much as possible an equitable distribution of benefits of the RMP throughout the Community for example to also vulnerable and disadvantaged people.

The second refers to the RMP as a catalyst for other investments and developments to take place in the Community. Procurement within the Community will stimulate micro-business as will demand by RMGC employees for services. The RMP itself as a major investment could be used to attract other non-mining related investors to take advantage of the skilled workforce, favourable social attitude, and improved logistics and infrastructure. For this latter to happen cooperative efforts with local authorities in association with local business groups are essential.

8.5 Roşia Montană Community Vision

A powerful incentive to focus and drive development of the Community is create or generate a vision. Where does the Community want to go and what will it look like as a Community in ten or twenty or thirty or how ever many years.

The activities and tools described in this section will enable individuals within the Community to take part in its socio-economic development. However, a long term vision for a community allows effort to be focused towards what will define and distinguish that community from other ones.

A community’s vision should be holistic – an broad platform that defines the community. Essentially the elements that lead to a high quality of life for the inhabitants. For Roşia Montană such a platform could include:

- Secure, long lasting employment based on sustainable economic activities;
- Areas of excellence unique to or developed in Roşia Montană that distinguishes Roşia Montană from other areas not only in Romania, but also regionally and internationally;
- High quality education system and facilities from primary to specialised tertiary;
- High quality health system that’s affordable and accessible;
- Comfortable, affordable housing and accommodation;
- A beautiful, healthy and vibrant natural environment in harmony with the economic activities and urban areas.

Many of these aspects of the platform will be developed as the RMP evolves and matures. Some however will need extra effort to develop. The CSDP will contribute to the development of these other aspects, such as alternative sustainable economic activities, and areas of excellence. Additional commitments from RMGC will also aid some aspects, such as supporting or stimulating advanced or tertiary educational facilities to promote Roșia Montană’s areas of excellence.

With respect to Roșia Montană there are at least four areas of expertise which could be used to build a vision for what will sustain Roșia Montană not only following mine closure but also over generations. These areas of excellence will distinguish Roșia Montană not only regionally, but also internationally. They are, and this may not be an exhaustive list:

- **Mining expertise** – state of the art and best technologies, techniques and practices;
- **Community & sustainable development** – sustainable community development integrating all three pillars of sustainable development;
- **Construction and building expertise** – innovative technologies & practices incorporating latest modern techniques, technologies & practices, including sustainable development principles;
- **Archaeology and patrimony** – investigation, preservation, management including public display.

The figure 8.1 below graphically illustrates these areas of excellence.

**Figure 8.1  Roșia Montană Community development vision**

An essential component in maintaining and developing these areas of excellence is the development of specialised advanced educational facilities.

A vision such as this needs to be developed with all Stakeholders but will take considerable time to initiate. The RMP is an essential component of it as the critical catalyst driving development in the Community. The rest of this Section does not specifically address...
the development and implementation of this vision. Instead the Section outlines more pragmatic approaches leading to development of the Community pretty much regardless of the or any overarching vision.

8.6 Objectives

8.6.1 Overall Objectives
The overall objectives of the CSDP are:
- To maximise the Community benefit from the RMP
- To ensure a viable investment climate remains following cessation and closure of the RMP.
- To develop the social, environmental and economic aspects of Roşia Montană and the Community such that there are continuous net welfare gains independent of RMGC and which continue beyond the life of the RMP.

8.6.2 Specific Objectives
To achieve the above Overall Objectives, specific activities need be undertaken. The specific objectives of these activities are to:
- build capacity in the Community to participate in sustainable socio-economic development;
- stimulate and maximise local employment in RMP;
- stimulate and promote sustainable socio-economic development;
- stimulate diversification of the industrial base of the Community away from dependence on mining and act as a catalyst by attracting other significant (industrial) investments;
- strengthen local authorities’ capacity to manage changes due to the RMP, including economic and social;
- work with local authorities in handing over responsibility of relevant aspects created under the CSDP;
- mitigate social and economic impacts in particular for vulnerable and disadvantaged groups;
- promote and develop health awareness in the Community.

8.7 Approach/Methodology

8.7.1 Tri-sector relationship
Concerning a complex issue such as the ‘sustainable development’ of an entire community, collaboration between the three principal sectors – government, civil society and private (economic) sectors – is essential. This is based on the overlapping interests of each sector: the economic sector requires people to perform tasks, who need income to receive goods and services (from the economic sector) both of which require the government to perform a variety of common interest services and who thus need income from both the economic and civil sector to perform those services.

Figure 8.2 schematically illustrates the tri-sector relationship.

This approach pools the resources and capacities from a coalition of stakeholders from all three sectors to prepare and implement development initiatives. It is a participatory and process-orientated approach. Such an approach can yield tremendous value-added benefits in relation to socio-economic sustainable development outcomes.

54 The environmental impacts of the project are mostly mitigated in the design of the mine, its processing plant, and in the closure and post-closure and rehabilitation plans, as well as specific Management Plans. Use of the environmental aspects of the Community, whether related to the mine or not fall under Community Sustainable Development. There are some environmental issues that may be mitigated by the CSDP, but these are not impacts caused by the RMP.
Benefits include:
- Access to a wide range of competencies and resources otherwise (semi-) restricted to each sector;
- Pooling of ideas and information from baselines, identification of challenges, mitigation or enhancement measure, implementation and execution strategies, follow-up, and reporting;
- Development of relevant and realistic initiatives agreed and understood by all sectors;
- Improved integration and increased familiarity between sectors;
- Increased accountability and transparency of activities;
- Cross-fertilisation of knowledge leading to capacity building in each sector
- Reduction in unrealistic expectations of either public or private sector to effect a unilateral solution to development issues.

Initiating and maintaining effective collaboration and cooperation structures forms a very important part of the CSDP. The most visible expression of this is the Rosia Montana Development Foundation, described in detail in Section 9.

There are two perspectives concerning approaching the Community and development. One is a top down approach in which Stakeholders specifically try to develop and implement activities promoting socio-economic development. The other is a bottom up approach in which the human and natural capital of the Community is assessed and measures to sustainably develop these opportunities are implemented. These two approaches are explained in detail below.

8.8 Top down – Development driven activities

Activities to achieve the specific objectives include, though are not restricted to:
- Capacity building concerning business entrepreneurialism;
- Employment in the Rosia Montana Project;
- Stimulating socio-economic development;
- Diversification of the industrial and economic base;
- Management of Roșia Montană’s cultural heritage;
Strengthening of local authorities;
- Mitigation of social and economic impacts;
- Management of Community sustainable development initiatives;
- Health awareness and education.

These are discussed below.

8.8.1 Capacity Building

In comparison with baseline conditions the RMP will create considerable demand for a wide range of services, products and activities both directly and indirectly connected to the mine and mining activities. Additionally Romania is expecting to join the European Union in 2007 and the Accession means a high degree of business and economic accountability. Capacity building activities therefore contribute to the ability of the Community to participate in sustainable socio-economic development not only at a local and Romanian, but also at an EU level.

This capacity building forms one of the more important activities to be undertaken by the Foundation.

8.8.2 Employment in the Rosia Montana Project

The RMP is the single largest proposed investment in the region and certainly the Community since Romania abandoned centrally-planned economic development in favour of market-based economic development. With an average of 1200 positions required for the construction phase, planned to begin in 2007 and the final number of positions at approximately 560 during operations beginning 2009, the RMP represents an outstanding employment opportunity for the Community.

However to fully exploit this opportunity the specific skills required for the positions, which will range from office cleaners though to engineers, foremen, site and operations managers, to the General Manager, must be available from within the Community.

Aside of direct employment at the mine, there are a considerable number of other jobs required: such as electricians, plumbers, carpenters, masonry and brick-layers, and related construction work. Piatra Alba and the Roşia Montană protected zone need building and maintaining. Service companies will themselves require accommodation, supplies and support as part of a ‘multiplier’ effect.

Therefore, RMGC in conjunction with the Foundation and in close cooperation with both the public and civic sector needs to ensure as much as possible that these positions can be filled from the Community and/or from within the region.

Steps to accomplish this include:

- RMGC providing an approximate list of required skills and services broken down into percentages of the anticipated positions and when they will be needed;
- RMGC providing a list of skills and services required in supporting industries, such as construction, transport, accommodation, catering, etc and approximate numbers;
- Undertaking an audit of available capacity to fulfil these position prioritised on those in the Project Impacted Area and Rosiamin/Cuprumin first, grading outwards through the Community and the region;
- Conducting a gap analysis between required direct and indirect skills and services and available capacity;
- Where demand by RMGC can be met from existing skills and services, employ such peoples directly;
Conduct a survey of the Community and region to determine the degree of interest in training and/or re-training to generate the desired skills and capacity in sufficient numbers;

Engage in a contractual manner those committing to undertake education and training. Attendees to receive an income during studies no less than the minimum wage subject to and successful completion of curriculum, and a commitment from RMGC for employment during and after successful completion of studies.

It cannot be over emphasised that to fully exploit the employment opportunities presented by RMGC and the RMP, local authorities, local businesses and the local Community and RMGC must work together.

Activities related to this began in mid-late 2005 under the auspices of the Roşia Montană Good Neighbour Program (Section 8.11).

8.8.3 Stimulating socio-economic development

Stimulating sustainable socio-economic development is perhaps the single most important aspect of the CSDP. There is a close relationship between this and skills-specific/educational activities in the previous activity.

Methods to aid in stimulating (new) businesses in the Community include:

- Creation of a business incubator;
- Availability of affordable (micro-)finance;
- Availability of financial, legal, administration & organisational advice;
- A definitive policy on local procurement of goods, services and products.

Additionally a number of RMGC policies including housing, hiring and procurement will also promote and stimulate local business since these are to be prioritized at the local level.

To better facilitate this the Rosia Montana Development Foundation (the Foundation) will be created. This Foundation is discussed in Section 9 (Rosia Montana Development Foundation), which also elaborates in greater detail how to stimulate businesses and diversification of industrial and economic base away from mining.

RMGC has a procurement policy committing it to sourcing as much as from the suppliers and subcontractors available in the Community. As with direct employment, the establishment of specific procurement targets will enable The Company to work towards and quantifiably demonstrate its successful implementation of this critical community development measure.

8.8.4 Diversification of the industrial and economic base

This is a crucial issue and is in fact a large part of why Roşia Montană is in economic and social decline. A region dependent on a single, large industrial activity has its fortunes rise and fall based around the success or failure of that industry.

The long term sustainable development of the Community – that which continues beyond the life of the mine – depends upon building a base of non-mine related industries and economic activities. However the problems outlined in Section 7: Investments in Roşia Montană stand in the way.

RMGC’s technical operational processes and its closure, post-closure and rehabilitation plans will deal with the broad environmental issues: the quality of Roşia
Stream; prevention of ARD generation at source; containment and mitigation of residual ARD generation; safe closure and rehabilitation of the tailings facility and so on.

Many social issues such as the age of the population, skills base, educational level, availability of skilled labour, availability of affordable development finances, etc, will in part be mitigated by the presence of the RMP. Other issues such as transport and supply logistics will improve, as will the investment climate, and so on.

What remains then is a framework and process to exploit the improved environmental and logistical infrastructure and the skills and labour base that will be created during the life of the mine. Essentially this is the overarching purpose of the Community Sustainable Development Programme.

It is not possible at this stage to predict what kinds of industries may be attracted to Roșia Montana and/or the Community. Part of the process of the CSDP is to determine those of which are particularly suited to the mix of natural resources, human and financial capital which characterise the Community, which in part forms the Community’s Vision. What the CSDP can do is set in motion the process leading to attracting other investors.

Any initiative to attract alternative industries can only succeed if done in collaboration and cooperation between the three principle sectors: public, private and civil.

Possibilities abound and include:

- Tourism based around the mine and its products and the Roman galleries;
- Advanced educational facilities specialising in specific expertise areas, such as: mining technologies & practices; community & sustainable development; construction & building; and archaeology and patrimony;
- Science-based activity centred around the proposed long-term programme of mine rehabilitation and environmental remediation;
- Handicrafts and traditional cottage industries supplying tourists and local demand;
- Textiles, as in Abrud and Campeni;
- Fine (handmade) furniture manufacture utilising traditional carpentry skills and locally sourced wood;
- Outdoor activities such as hill walking, farm-stay, walking tours through traditional villages;
- Possibly sponsoring a premium sporting event such as a National mountain bike race until other sponsors ensure its long term viability;
- Land-based livelihoods – creation of an extension services program to strengthen organic-based animal husbandry, vegetable, fruit and hay growing; sustainable fuel, wood and other land-based livelihood strategies;
- Enterprise-based livelihoods – development of an Enabling Business Environment through appropriate policies and investments. For example through mayor’s study tour, Small Business Fund, tax incentives, procurement / outsourcing;
- And many others including variations to the above.

The RMP as a major investment can and should act as a catalyst for attracting other significant investments. A specific task of the Foundation (Section 9) will be to conduct local and regional market studies to assess the potential for meeting needs from businesses set up in Roșia Montană. International markets will also be assessed from the same perspective. However, Roșia Montană’s isolation creates a significant cost and logistic penalty over other cities and regions in Romania regarding access to international markets.
Aside of the market assessment, the Foundation will also specifically review expressions of interest lodged at the Chamber of Commerce’s of nearby cities and Bucharest to try to identify investments that could set up in Roşia Montană and supply local and/or regional, or international markets. Local and regional markets offer more potential in many ways due to the Community’s isolation with respect to international markets. A barrier many other towns and cities in Romania do not have, as described in Section 7 – Investments in Roşia Montană.

8.8.5 Strengthening of local authorities’ capacities

The RMP is a major industrial activity and will impact on the Community. Some of these impacts are indirect and normally fall under the responsibility of local authorities to manage.

Such impacts will be either:

- **Economic** – such as tax inflows, inflation impacts, expenditure on infrastructure & services, etc;
- **Social** – traffic management & violations, law enforcement, emergency services, education & health services, etc.

Mitigating these impacts need to be a cooperative effort between local authorities and RMGC. Several issues are dealt with in RMP Management Plans, such as assistance under the Vulnerable and Disadvantaged Peoples Assistance Strategy. Impacts from increased traffic will be addressed in the Transportation Policy in which RMGC provides behavioural and driver training and guidelines, and traffic calming measures to control vehicle speeds and flow.

Drivers will be given the necessary training to control vehicles speeds and high traffic while operating; they will adjust speed to the road conditions at all time complying with traffic law; the keeping of safe distance while operating in a row; they will not pass each other unless carefully considering the conditions, conservation of fuel use and minimise transport impacts on pedestrians and other traffic, and so on.

RMGC can aid local authorities to create an Enabling Business Environment by providing advice and expertise including from specialist consultants regarding appropriate tax and fiscal incentives. Visits (co-)financed by RMGC by government officials to communities with similar development issues but further along the development cycle would be illustrative here.

However, local authorities retain the task of enforcing law, such as traffic law. Therefore RMGC needs to work with local authorities to implement effective measures regarding adherence to law including traffic management, prevention of conflict, theft mitigation, and so on.

Given the number of development projects required in the Community from roads, through water supply/waste water treatment facilities, waste management, etc, working with local authorities on co-development and possible co-financing of such projects will be explored. Some of these projects will be included in the RMP such as during the building of Piatra Alba. However, RMGC can and should also support other community development initiatives in other areas of the Community.

In areas such as health and education RMGC has a strong interest in contributing to improving these services. For example RMGC requires a medical centre of a certain standard to meet the requirements of its own Health and Safety Management Plans and Emergency Response Plans. This medical centre is best combined with an existing hospital or medical centre and be open to the public.
Education is a strong priority for RMGC in order to maximise the availability of suitably qualified persons from within the Community to work on the RMP. A variety of educational incentives are being pursued from improved basic schooling (eg: provision of computers to schools) through vocational training initiatives to scholarships and specific training courses, currently (January 2006) being developed under the Good Neighbour Program (see Section 8.11). As well there is the ambition to develop the education facilities to support the global vision of Centres of Excellence described in Section 8.5.

Social issues such as health and education must therefore be coordinated in conjunction with local authorities and civic groups to maximise benefits. Upgrading of the standard and quality of life in the Community will drive the demand for improvements in other key infrastructure areas.

Infrastructure development nominally falls under the jurisdiction of the authorities (see Section 6), such as:
- Water supply;
- Waste water treatment;
- Electricity and gas supply;
- Waste collection, management & sorting, and final disposal;
- Transport infrastructure.

All of these key infrastructural areas are in very poor condition in the Community (see Section 5.2.4 Infrastructure). It is possible that in the future private investors may take over the role from the government in sectors such as water supply, waste water treatment, waste management and energy supply, possibly under contract to or tender from the government. This trend is evident in the EU, certainly in the liberalisation of the energy market for example. However, the private sector is unlikely to invest in the Community or Alba County for a considerable period of time mostly because of the poor economics involved.

This places a heavy burden on local and County authorities to finance the development of infrastructure. Without such development investments and economic progress are likely to be slower than what could otherwise occur, since investors would preferentially set up in regions of well developed infrastructure.

One of the most significant benefits RMGC will provide to local authorities thereby contributing to the sustainable development of the Community is co-developing with the authorities the infrastructure listed above. For the RMP to operate as efficiently as possible it requires highly developed infrastructure. This level of infrastructure development is embedded in a variety of management plans. For example waste management systems are covered by Management Plan B Waste of the EIA.

Abrud town does not have reliable water supply. As the nearest significant urban area to Roşia Montană it is vital for the operation of the RMP as well as Community development initiatives and policies of RMGC to help solve this problem.

A well functioning and efficient transport system is a prerequisite for advanced economic development. Currently roads in and around the Roşia Montană are in poor condition. RMGC will need to upgrade these to carry out its business effectively. This will significantly improve access to Roşia Montană, thereby promoting other business opportunities.

The road link to Deva is the most direct access to a major city which has a rail link, as well will have an Trans-T Network highway of the EU. The benefits of upgrading this link

55 See: http://themes.eea.eu.int/Sectors_and_activities/transport
to major transport networks could be significant. It would enhance ingress and egress to the Community both in terms of time and comfort promoting trade and investment and tourism. This initiative – the upgrading of the road to Deva – should be vigorously pursued and RMGC could play a pivotal role in a consortium with local and regional authorities to achieve this.

As such the improvement of this infrastructure directly benefits the socio-economic development of the Community. It also contributes to environmental development because of the development and implementation of best practices in environmental management systems.

Upon closure of the mine, this improved infrastructure will remain for use by the Community.

8.8.6 Mitigation of social and economic impacts

This is an extension of the discussion above, specifically regarding what RMGC is going to do to reduce and mitigate social and economic impacts. It is recognised that not all social groups will likely be able to participate in the RMP and therefore there is the risk of unequal distribution of welfare. These people include the aged, those with particular disadvantages and single parents for example.

Should the overall income in the Community rise because of the economic activity caused by RMP thereby exerting inflationary pressure on commodities and services, disadvantaged social groups may suffer. RMGC implemented in November 2005 a Good Neighbour Program specifically to identify disadvantaged and vulnerable people, determine their particular circumstances and implement a range of measures to assist them. More details of the Good Neighbour Program are presented more in Section 8.11 Existing Initiatives.

The objective of this initiative is to assist vulnerable people in response to the potential disruption caused by the Project. A definition of vulnerable persons is in Section 8.11.

RMGC intends to work closely with government departments to identify vulnerable individuals who will be affected by the Project and develop appropriate measure to mitigate the potential disruption caused by it. These measures will include special consideration for employment by RMGC, social housing, provision of services such as transport for shopping, medical attention, pharmaceutical needs, certain events; minor maintenance around the house; removal of snow in winter; chopping of wood; and special consideration with respect to the location and timing of resettlement housing. Many of these initiatives may remain under the Good Neighbour Program as part of RMGC’s corporate social responsibility program during the life of the mine, then taken over by the Foundation (Section 9) following closure.

These mitigation measures will dovetail with the Romanian Government’s own programs to protect vulnerable people. As the RMP progresses and as the social fabric changes and the informal support networks change this assistance will also evolve.

Regarding inflationary pressure, for example, RMGC will investigate the idea of an inflation-indexed coefficient to be applied to vulnerable and disadvantaged people on pensions or state-welfare to complement their basic income. One idea is to provide a weekly

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56 The environmental impacts of the project are mostly mitigated in the design of the mine, its processing plant, and in the closure and post-closure and rehabilitation plans, as well as specific Management Plans. Use of the environmental aspects of the Community, whether related to the mine or not fall under Community Sustainable Development. There are some environmental issues that may be mitigated by the CSDP, but these are not impacts caused by the RMP.
food hamper determined in conjunction with the person in particular. Or subsidising utility or other regular living costs. In this manner their quality of life will not decrease due to inflation.

These forms of social assistance can only be implemented in close cooperation with local authorities.

### 8.8.7 Management of Community Development initiatives

The objectives of this initiative are to:

- Develop the Resettlement Sites at Alba Iulia and Piatra Alba, including upgrading of some *comuna* infrastructure systems as needed;
- Provide a smooth transition for the handover of responsibility for the operation and maintenance of all completed architectural and engineering works in the resettlement sites to appropriate Community stakeholders (i.e., from public, private or civil sectors).

Specifically, The Company is developing new buildings and infrastructure and upgrading the existing infrastructure to support the Resettlement Sites at Piatra Alba and Alba Iulia. These architectural and infrastructural works include:

- Architectural works: residential buildings, appropriate institutional buildings (e.g., town hall, police station, post office, cultural house, fire station, schools, and sports arena), commercial building, churches, markets and associated landscaping;
- Infrastructural works: roads, stormwater management, water supply and distribution, electricity supply and distribution, sewage disposal and sanitation, and solid waste collection and disposal.

Maximizing the use of local businesses and resources (e.g., labour and supplies) in developing / upgrading the above buildings and infrastructure will generate significant local economic activity. Once constructed, responsibility for the ongoing management of these works should be passed to appropriate Community stakeholders. RMGC will work with these stakeholders to ensure that they are prepared and have the necessary financial and technical capacity and physical capital to take over the works. Potential activities may include:

- Capacity training (technical and financial) of authorities to take over operations and maintenance of architectural and engineering works;
- Strategies to maximize benefits to local people in operation and maintenance (e.g., by hiring locals);
- Where financial resources are tight, community involvement in operations and maintenance.

### 8.8.8 Health awareness and education

The general health condition in the Community is poor. In 2004 some 62% of households surveyed\(^{57}\) in Roșia Montană had one or more members who sought medical attention for serious illnesses. When comparing this to the information presented in the table Section 5.2.1 under *Health disease risks* the impacts of poor health on the Community in terms of economic cost and social burden are very high.

Causes include occupational hazards (particularly mining), as well as a fatty diet, stress and alcoholism.

Following detailed health awareness surveys in late 2005 there were identified five principle health issues related to behaviour and ambient conditions notably air quality:

- Smoking, both active and passive;

\(^{57}\) During baseline condition investigation
- Occupation air quality;
- Allergies;
- Indoor (domestic) air quality;
- Outdoor air quality.

Smoking remains by far the most significant health impact and effect. The last three may interchange depending on circumstances. Additionally water quality from wells and bores may present a problem regarding concentrations of heavy metals based on where the bores are relative to present and past mining operations (EIA Baseline Report 9: Health).

Reduction of these pressures on health require information, awareness and a concerted effort to reduce the incidences of smoking as well as the risk posed by the other categories. Again it is an initiative that should be implemented in conjunction with local governmental and health authorities.

It is also planned to run health awareness programs concerning issues such as tobacco use, alcoholism, reproductive health and sexual health for the Community. In part these will be offered but are likely to continue on an on-demand basis. These programs would be run in schools, social and health centres. Support needs also to be levied towards family support groups’ and organizations’ activities in the Community, such as those focusing on women’s and children’s welfare and reproductive health.

The provision of health services in the impacted area are limited. For an operation the scale of the RMP, comprehensive and modern health and medical services are required. Not only for emergency response plans but also for the daily wellbeing of people.

To comply with several policies RMGC needs to ensure that modern medical services are available. This includes a General Practitioner and medical first aid centre in Roşia Montană itself as well as a hospital to deal with a certain degree of emergency and surgical possibilities. Serious medical emergencies need a reliable medi-vac system. The SMURD system supplies this service though a heliport compliant with requirements needs to be built.

The SMURD emergency medical aid service is a mobile intensive care unit and assists in all types of emergencies in which human life is in immediate danger. These include domestic, industrial, accidents and catastrophes, as well as severe illnesses and sickness such as heart attacks. The service is provided free and includes both ground-based and airborne intervention units.

Permanent staff are available at various Emergency Departments of hospitals SMURD is linked with enabling swift attention to all types of emergency medical situations. Patients are transferred to other departments depending on the type of emergency and condition of the patient.

SMURD transfers patients not only to hospitals in Romania but also abroad, depending on circumstances.

There are expected to be significant numbers of mostly male job seekers entering the area. Community health awareness training will assist in mitigating health issues concerned with this from the Community side. In the Corporate Healthcare Policy and the Occupational Health and Safety Policy there will be health awareness training which will assist in mitigating some of the potential negative impacts. Training sessions on community health topics involve: individual hygiene, reproductive health, active promotion of modern contraceptive methods, free of charge supply of contraceptive, amongst other issues.
8.9 Management of Roșia Montană’s Cultural Heritage

The historic centre of Roșia Montană remains an integral part of the cultural and social character of the Community. However despite being designated a Protected Zone many of its historic buildings are presently in a state of considerable disrepair and continue to degrade through an ongoing and long term economic depression in the local economy. Local authorities with limited budgets and means concentrate on other pressing social and economic development needs. Emigration from the town has further exacerbated this situation.

To reverse this trend and to preserve these cultural assets there needs to be a sustainable economy in Roșia Montană. The Roșia Montană Project (RMP) offers the Community a catalyst to stimulate investment and (local) development which can address the preservation and management issues concerning the historic centre of Roșia Montană (herein known as Old Roșia Montană, or ORM). Figure 8.1 shows several examples of historic monuments in Roșia Montană.
Figure 8.3  Historical national monuments of Roşia Montană
The flagship development vehicle proposed by RMGC in the CSDP is a Foundation (See Section 9). Within the Foundation will be a specific department to manage the historic cultural aspects. To successfully achieve this task the Patrimony Department will be required to have comprehensive knowledge of the various facets of cultural heritage present in Roşia Montană. Members of the Foundation will include local stakeholders, politicians, and cultural heritage experts able to make appropriate decisions about the management of Roşia Montană’s cultural heritage resources.

Activities the Foundation could undertake which could promote cultural tourism and the protection of cultural resources include:
- Establishing, staffing, and operating a museum/cultural heritage centre to store artifacts from the RMGC sponsored archaeological programme and the RosiaMin museum, training of local guides and setting up a small shop in association with a museum;
- Maintain and repair historical buildings;
- Promotion of the industrial mining heritage of Roşia Montană;
- Promotion of the village as a national and international tourist destination.

Further dissemination of the information collected during the archaeological, ethnological, historical building investigations including web pages, academic papers, or books similar to the Ethnological Study funded by RMGC, popular leaflets and other publications.

Other Community development activities by the Foundation which will also contribute to preserving the cultural heritage of Roşia Montană include:
- Using the Skills Enhancement Programme to train locals in local crafts and encouraging existing artisans and tradespersons;
- Training local people in traditional building skills: carpentry/joinery, lime plasterwork, metal working, etc;
- Teaching regional traditional arts to improve local incomes and increase the tourism potential of Roşia Montană.

Ideally the Patrimony Department of the Foundation would have representation by community leaders, archaeologists, museum curators, local authorities, educational professionals, and interested local persons. The final decision in this regard, however, is the responsibility of the executive director. It will be up to the Foundation to determine which measures are the most advantageous to protecting the cultural heritage of Roşia Montană and which initiatives are financially sustainable.

Collaborations or partnerships with similar institutions such as existing Foundations and other professionals, in addition to government and educational institutions should be pursued.

RMGC will donate the houses it purchases in ORM to the Foundation. This transfers ownership and management of a significant component of the Community’s cultural heritage to the Community. The Foundation will act as RMGC’s accommodation office during the life of the mine, creating a revenue stream. As many houses as possible in ORM will be renovated and maintained with a view to renting them back to RMGC as either office or accommodation space. Following cessation of operations and closure the Foundation will retain exclusive rights to develop ORM on behalf of the Community.

A useful model and source of experience for this function of the Foundation is the Mihai Eminescu Trust, founded in 1987. The Mihai Eminescu Trust is dedicated to the conservation and regeneration of villages and communes in Transylvania and the Maramures. Its aims include the conservation of built and natural heritage, and the promotion of education and culture in Romania.
The Trust’s pioneering ‘Whole Village Project’ aims to preserve the villages’ fabric, remedy their loss of income and revive their sense of community. In selected neighbourhoods the Trust helps the inhabitants to develop new sources of revenue and to restore their houses through use of traditional materials.

The Trust is also involved in a number of other initiatives including: the preservation of churches, restoration of historic buildings, promotion of local crafts enterprises, and facilitating and funding ecotourism. Individuals and foundations that share a concern for the preservation of a unique heritage and give new life to the Transylvanian villages support the Trust.

8.10 Bottom up – Community human & natural capital

Another approach to sustainable development concerns directly assessing what the Community itself wants as well as the human, natural and financial capital available and thereby determining why demand is not met by existing supply. Reasons for this may include access to finance, knowledge shortfall, information scarcity, availability of (specific) technology, overwhelming regulatory requirements and so on.

Ideally a viable and vibrant community has a diverse range of industries supporting it. Promoting expansion of the economic base of the Community is essential for sustained economic development independent of the RMP. Again the tri-sector approach is a key here.

To aid in determining what kind of activities could be initiated RMGC through the Foundation will conduct a number of assessments. These are:

- Demand – what the Community wants;
- Supply – what skills the Community has;
- Barriers – gap analysis between demand and supply;
- Opportunities – activities/products/services in demand but unable to be met by current supply.

This assessment will help refine activities and initiatives RMGC implements in conjunction with local stakeholders. In practice they will constitute SWOT\textsuperscript{58} analysis of the Community’s development potential. They are explained in more detail below:

8.10.1 Demand Assessment Community wants and needs

Surveys of the Community to investigate what it wants and/or needs regarding both economic and social development. Cluster these wants and needs:

- Education and capacity building broken down into subject;
- Administrative including management, financial, administrative skills;
- Technical broken down into skills;
- IT and communications;
- Financial including access to financing, investors and advice.

What would people like to see in the Community, how would they like it to develop, into what kind of Community? What sort of services, activities and product would they like to have available.

\textsuperscript{58} Strenghts, Weaknesses, Opportunities & Threats – a powerful tool for presenting analysis information.
Supply Assessment existing Community human capital

Review and assess what existing capacities and capabilities are currently available throughout the Community. Cluster them into various groups, maintaining clusters from ‘demand’ above if possible:

- Education broken down into subject;
- Administrative including management, financial, administrative skills;
- Technical broken down into skills;
- IT and communications;
- Financial including access to financing, investors and advice.

How are these capacities and capabilities currently employed? Are they employed to their optimum? What more efficient and optimal activities could existing capacities be used in thereby promoting more rapid development and allowing other non-utilised capacities to be engaged?

8.10.2 Barriers Gap analysis between needs & capacities

Perform a gap analysis between what the Community wants in terms of economic and social development, and what the existing capacities and capabilities are. These include:

- intellectual – skill are not present;
- informative – knowledge is lacking;
- administrative – management capacity lacking;
- technical – knowledge &/or physical technology lacking;
- economic – access to affordable financing lacking;
- bureaucratic – restrictive regulatory regime.

Assessment of and understanding why a demand has not been met using existing capacity is pivotal to developing methods to overcome barriers and hindrances.

8.10.3 Opportunities Assessment of development possibilities

The most realistic and quickest development possibilities to realise are those specifically desired by the Community and for which there exists capacity. Following the gap analysis it may be possible for RMGC and the Foundation to fastrack these developments.

Precise knowledge of the main hindrances and barriers as identified during the gap analysis is essential here.

A priority list of initiatives would then be developed. This would include ‘quick-start’ activities that can be implemented swiftly. The ‘simple’ initiatives would grade down the list towards more complex initiatives requiring more thorough investment in terms of human, natural and financial capital.

Each initiative would have to be assessed in terms of its social, environmental and economic sustainability.
8.10.4 Natural capital available: water, air, land

Independent of the human and financial capital assessments above, a thorough review of the existing natural capital will need to be carried out. This will review the development opportunities of each of the natural media: water, land and air. Figure 8.4 shows Roşia Montană’s main land use features, as well as the topographic land separating haylands from pasture lands.

- The review will assess the carrying capacity of the natural systems in relation to proposed activities. As well, it considers what development possibilities exist for using the natural capital, albeit in an ecologically sustainable way. For example: Agriculture and soils, including specific crop types and animal husbandry such as organic hay and cattle farming;
- Forestry in terms of possible biomass energy source as much as for more conventional firewood supplies, or even fine furniture manufacture.
Figure 8.4: Map showing land use features of Roșia Montană

Include the ‘theoretic’ topographic line separating pastureland from hay-lands, as well as managed forests, lakes, biodiversity areas, cliffs, etc.

Concentrate on Roșia Montană, less so on Abrud, etc, to allow more detail.

A4
Opportunities to use the air range from paragliding and hot-air ballooning, to the less desirable receptor of waste from other activities. These include the burning of wood for heating and cooking.

8.10.5 Possible uses for available natural capital

Following the assessment of the natural capital, concepts of possible sustainable uses of it follow. The list below is purely speculative as qualified experts are needed to properly assess potential:

**Land**
- Forestry – fine furniture, (modern) biomass energy source;
- (Organic) crops – for example: export hay for mushroom production in WE;
- (Organic) animal husbandry, meat processing & animal products (tanneries);
- Abseiling, rock climbing;
- Hill walking, camping, skiing.

**Water**
- Water sources – picnic sites, fish farming, rafting;
- Micro-hydro energy production.

**Air**
- Ballooning, paragliding, parachuting, kite flying;
- Mini wind-mills & photo-voltaics for energy.

**Strategies for the sustainable development of resources**

Once the natural capital has been assessed and potential activities identified the next step is to develop strategies to implement the activities. To aid and facilitate this, the Roșia Montană Development Foundation is to be created, discussed further in Section 9.

8.11 Existing Initiatives – The Good Neighbour Programme

The Good Neighbour Programme is part of the corporate social responsibility initiative of RMGC and began in November, 2005. Several of the initiatives under the Good Neighbour Programme will be transferred to the Foundation, such as the training aspects once the Foundation and the CSDP itself are implemented. Other initiatives are expected to remain independent and part of the Good Neighbour Programme, such as the Centru pentru Comunitate since they provide very specific assistance to certain groups within the Community. Until the Foundation and CSDP are launched the Good Neighbour Programme assumes some of their roles to the benefit of the Community and RMGC.

There are five components to the Good Neighbour Programme at this stage (January, 2006), though this may likely change as the Community’s circumstances evolve along with the RMP. The figure below illustrates the structure of the Good Neighbour Programme:
The rationale behind the Good Neighbour Programme stems from the fact that whilst there will be a net welfare gain to the Community from the presence of the RMP, some Stakeholders will find the inevitable changes difficult and may indeed suffer from the presence of the RMP. The vulnerable people of the Community – essentially they who are not likely to be able to either adapt or take advantage of the changes caused by a significant investment, such as the RMP – require appropriate consideration to ensure that their lives are not negatively impacted.

The Centru pentru Comunitate, and indeed the Good Neighbour Programme aims to identify vulnerable people and see what can be done to assist them. As well it promotes more direct contact and communication between RMGC and the Community.

The objectives of RMGC’s Good Neighbour Programme are:
- To contribute to RMGC’s general objectives of developing a model mining project;
- To get to know and understand the needs of the RMP’s most important Stakeholder – the Community;
- To identify and help those in need as a good neighbour would;
- To contribute to improving the quality of life within the project impacted area;
- To help gain the “social license” of the Community by improving the relationship between RMGC and the Community;
- To assist in the public consultation process.

A definition for vulnerable persons was determined using the experiences gained under the RRAP as well as in consultation with the Mayor’s office. This definition used for the purposes of the Good Neighbour Programme and Centru pentru Comunitate is:

“A person or group of people from Roşia Montană village and/or the RMP impacted area who have reduced or restricted capacity to directly partake in the Roşia Montană Project for reasons of unavoidable circumstances or situations that place them at a disadvantage, or suffer considerable deprivation through poverty or poor quality of life. These persons may include but are not restricted to: persons affected by one or more of the following: isolation, age, mental and physical disability, low or no income, illness, or lack of or poor family bonds.”

Potentially vulnerable people include the poor elderly, poor single female-headed households, poor property owners, poor tenants, and poor handicapped or chronically ill people.
RMGC’s databases regarding the Community was reviewed to identify vulnerable people, as were official lists from the Mayor’s office. These people were visited and the list continues to be refined following interaction and feedback from people in the Community.

The table below provides a brief summary of objectives and actions as at the beginning of February, 2006:

**Table 8.1  Summary of Good Neighbour Programme initiatives**

<table>
<thead>
<tr>
<th>GNP Initiative</th>
<th>Summary &amp; description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centru pentru Comunitate (Centre for the Community)</td>
<td>Assistance provided to 50 vulnerable people; such as: snow shoveling, wood fire cutting, maintenance of households, &amp; transportation. 30 very poor receive on a regular basis a food basket with basic items. 9 mobile phones provided to old, ill and isolated people to promote rapid response in case of emergency (Dec, 2005). More are to be distributed</td>
</tr>
<tr>
<td>Centrul de Informare prin Internet (Internet Information Centre)</td>
<td>6 computers available free of use to the Community. Instruction on use and on other IT issues provided free by Administrator</td>
</tr>
<tr>
<td>Training Programmes Provided free to Community Stakeholders</td>
<td>Several initiatives: Carpenter workshop – the refurbishment and equipping of a facility with a Master carpenter who will train apprentices working on the construction of Piatra Alba and maintenance of houses in the Protected Zone; Human resources training including job application and preparation assistance such as writing job applications, CVs, job interview preparation, etc; IT training curricula for a program to cover between 150 – 200 learning hours, depending on demand; Other courses as demand dictates.</td>
</tr>
<tr>
<td>Cultural Centre</td>
<td>To organize events during evenings &amp; afternoons for different target groups: information about the village – history, culture, geology, biodiversity - for kids; choir for elderly; elderly women’s evenings; for youth and so on. First event was held in early February, 2006</td>
</tr>
<tr>
<td>Gym &amp; training centre</td>
<td>Currently under construction (February, 2006). Nominal fee for use or free, to be decided.</td>
</tr>
</tbody>
</table>
9 Rosia Montana Development Foundation

The Foundation is the premier flagship that will manage the majority of initiatives concerned with the CSDP. It will be created by RMGC but ultimately will be 100% independent of RMGC. This section discusses the strategy and viability of developing the not – for – profit Roşia Montană Development Foundation to ensure RMGC’s mining activities result in responsible economic sustainable development in Roşia Montană and the surrounding area – the Community.

It should be clear to Stakeholders that the Foundation is a vehicle created by RMGC as a consequence of the RMP. The whole concept of the Foundation was/is an initiative of RMGC to benefit the Community and to ensure its sustainable development.

9.1 Mission

• To ensure and to maximise continual social and cultural, environmental and economic development of the Roşia Montană Community.

9.2 Objectives

The overall objectives of the Foundation are:

- To ensure that mining activities result in sustainable socio-economic development in the Roşia Montană Community and continue indefinitely following cessation and closure of mining activities;
- To promote the sustainable development of the Roşia Montană Community independent of the Roşia Montană Project;
- To ensure that RMGC meets its social and community sustainable development commitments under both Romanian and European Union legislation, and the Equator Principles of the IFC as described in Section 2 of the CSDP;
- To ensure that RMGC conducts its business in cooperation and harmony with the Community;
- To be a Community voice to provide effective representation in all aspects of interaction with mining companies.

If successful the Foundation could be a development model that is replicable in other areas where large industrial investments are planned or already in existence either in Romania or other economies in transition, or simply remote and impoverished areas. The Foundation could be an example of how to develop sustainably communities in conjunction with (heavy) industry, the public and civic sectors.

9.3 Keys to Success

The following table summarises the principle keys to success of the Foundation, as well as possible risks:

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59 The Community is defined comprehensively in Section 5 of this document
Table 9.1 Roşia Montană Development Foundation: keys to success & risks

<table>
<thead>
<tr>
<th>Success Keys</th>
<th>Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>To develop financial and operational independence from RMGC as soon as is feasible.</td>
<td>Fails to develop independence from mining activities. Perception by the Community that the Foundation is an entity entirely related to RMGC and follows RMGC management instructions.</td>
</tr>
<tr>
<td>Ongoing financial viability of all services and activities.</td>
<td>Independent (especially from RMGC) financial viability not achieved.</td>
</tr>
<tr>
<td>Management and organisation of Foundation must be by representatives of Community Stakeholders.</td>
<td>Community stakeholders are not proactively involved or fail to act as due representatives.</td>
</tr>
<tr>
<td>The Foundation, its services and activities including the application processes are conducted efficiently.</td>
<td>The Foundation is over-burdened by bureaucracy and administrative processes.</td>
</tr>
<tr>
<td>All activities are done in an environmentally, socially and economically responsible manner. Environmental aspects to be fully integrated into economic and social dimensions.</td>
<td>[New] Independent economic entities do not implement activities with due consideration for their social and environmental impacts.</td>
</tr>
<tr>
<td>Thorough and comprehensive communication of the Foundation, its mission, objectives, services and accessibility throughout the Community to promote the Foundation.</td>
<td>The Foundation does not have a significant positive presence in the Community and remains underutilised or its Mission is not well understood.</td>
</tr>
<tr>
<td>Active and proactive participation by stakeholders. Vision and commitment to development of their Community by Stakeholders is an essential prerequisite for successful sustainable development of the Community.</td>
<td>If stakeholders do not actively engage the Foundation and make use of services offered the Foundation and the CSDP will fail.</td>
</tr>
<tr>
<td>Maximum participation from all members of the Community including all minorities and age groups regardless of gender and social status.</td>
<td>Fails to maintain Community support by only appealing to sub-sets of the Community.</td>
</tr>
<tr>
<td>Ensure maximum involvement of all members of the Community in all aspects Foundation activities.</td>
<td>Foundation fails to target its services specifically related to the Community.</td>
</tr>
<tr>
<td>Maximum participation of all members of the Community in a non-discriminatory manner.</td>
<td>Perception by the Community that the Foundation is only for select groups of the Community.</td>
</tr>
<tr>
<td>Operating principles to ensure vulnerable groups: single mothers, poor, disabled, elderly, Rroma people, etc, have full access to services and activities.</td>
<td></td>
</tr>
</tbody>
</table>

The keys to success and associated risks described in the table are not exhaustive.

9.4 Foundation Membership

RMGC will be the founder along with an Honorary Founder, who is still to be identified. RMGC will appoint an advisory board, the Board of Directors. The strategic direction of the Foundation will be formulated by the Board of Directors. The initial mandate of the Board of Directors will be to nominate a Managing Director who will set up an appropriate management structure.

The Board of Directors will be made up of Stakeholders from the Community such as community and civic leaders, educational professionals, Church leaders, parents, experts such as archaeologists, etc. Once the Board of Directors is set up and the management structures of the Foundation are in place, RMGC will have a place on the Board. RMGC retains a place on the Board so long as RMGC is a Stakeholder, as defined in this document. RMGC will not have majority voting rights and thereby not control the strategic direction of the Board.

Three Committees will be created:
Table 9.2  Roşia Montană Development Foundation: board level committees

<table>
<thead>
<tr>
<th>Committee</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance committee</td>
<td>Ensures the Foundation is operating within the constitutive act established by the Founding Members. Foundation observes good public order and ethics to do with all aspects of the Foundation.</td>
</tr>
<tr>
<td>Audit committee</td>
<td>Will preserve the financial integrity of the Foundation by appointing an appropriately qualified auditor to perform yearly financial audits of the Foundation.</td>
</tr>
<tr>
<td>Compensation committee</td>
<td>Will be responsible for recommending to the Board issues concerning human resources, and compensation policies and guidelines.</td>
</tr>
</tbody>
</table>

9.5 Foundation Location and Facilities

The Foundation must be highly visible, accessible and completely integrated into the social and cultural fabric of Roşia Montană and the Community. The Foundation will be based in Piatra Alba, the new town being developed by RMGC.

In summary:
- The Foundation facilities will be located in Piatra Alba in a highly visible area fully accessible to the handicapped and elderly.
- After the Foundation’s inception, other branches of the foundation may be set-up outside of Piatra Alba should activities require representative branches.

9.6 Services

For the Foundation to adhere to its Mission, a number of services and activities have been or will be developed and implemented. Above all the services and activities offered by the Foundation should or will evolve. Ideally they should be demand driven.

To facilitate this demand the Foundation will begin by offering a range of services. An important activity with respect to the Mission and Objectives of the Foundation is awareness building throughout the Community as to how the Foundation can benefit the people, what its services mean and how to access them.

The Foundation will establish commercial companies whose profits may only be reinvested for the purposes of the Foundation. These commercial companies may operate such services as:
- Accommodation office for RMGC;
- A ski slope in the area;
- Cafeteria;
- Bed & Breakfast, Pension.

Or other commercial activities to create sustainable revenue for the Foundation to continue its Community orientated business and social activities.

Business orientated activities include:
- Business incubator;
- Business advisory centre;
- Micro-finance facility.

Social orientated activities include:
- Education and training centre and Skills enhancement fund
- Management of RMP accommodation services
- Tourist information bureau and cultural centre.

These are discussed briefly below:
9.6.1 Business orientated objectives

The business orientated objectives are to:

- Seek and evaluate viable business opportunities with growth potential and champion drivers.
- Assess business proposals and plans.
- Conduct due diligence exercises.
- Assist in business formation, systems and implementation.
- Adopt an intensive, 'hand-holding' approach and interaction which effectively nurtures entrepreneurs through the transfer of business and managerial skills.
- Provide business development management support, with non-executive representation at Board level if required. Monitoring each investment on an on-going basis and work closely with the entrepreneur/s and the management team to ensure that sound business principles are followed.
- Add value at strategic and operational levels.
- Provide access to RMGC’s:
  - Administrative resources e.g. legal, tax, finance, secretarial and human resources,
  - Extensive network of commercial and financial contacts, both local and abroad.
- Seek appropriate business partners where necessary for its portfolio companies.
- Examine realisation and exit possibilities from ventures as soon as they are self sufficient and profitable.

9.6.2 Business incubator & Small Business Development Programme

The objective of the Rosia Montana Small Business Development Programme is to assist individuals or businesses to:

- Establish new businesses either related to or independent of RMP in the Community;
- Assist existing businesses to re-establish, improve, expand or adjust their activities either in relation to or independent of opportunities generated by RMP in the Community.
- The Small Business Development Programme will provide:
  - Financial support to those who come up with viable ideas;
  - Business support services for new and existing businesses, comprising business support services such as mentoring, training in marketing, accounting, management, budgeting, sales, reporting, etc.

All financial support activities will comply with Romanian legislation governing non banking credit facilities.

9.6.3 Business Advisory Center

- Identify and provide market information related to the Community’ economic opportunities;
- Provide professional assistance (ie: legal, accounting, tax,) and counselling to small entrepreneurs in the Community. The business assistance will cover essential business aspects such as, start-up requirements, registration of businesses, financial and fiscal requirements, estimations of market’s demands and business opportunities;
- Provide basic business services for a fee; eg: fax, bookkeeping, photocopying etc;
- Provide assistance in developing business plans for the purposes of getting credit or gaining access to European or other funding;
- Training, information and educational seminars with the purpose of stimulating and identifying and managing businesses in the Community.
9.6.4 Micro Finance Facility
- A micro-finance facility will be designed and implemented in order to stimulate small-scaled economic activities in the Community;
- Financial support will be as seed money to enable Community people to start small scaled businesses;
- Financial support will be available to all members of the Community following compliance with application procedures;
- The cost and conditions for the financial support will be affordable, to stimulate the viability of financially sound businesses;
- Interest rates would be at commercial but affordable rates;
- Financial support will only be granted for activities capable of generating profits;
- Before the granting of any credit the business must be based on operating principles.

9.6.5 Education and Training Center and Skills Enhancement Programme
The objective of the Roşia Montană Skills Enhancement Programme is to provide members of the Community with general education and training support to improve their socio-economic opportunities through application procedures and competitiveness in the labour market.

The Skills Enhancement Programme is targeted at private individuals in the Community who wish to improve their educational and work-skills levels.

9.6.6 RMGC/RMP accommodation office
- Housing for the anticipated influx of workers will be sourced from within the Community and surrounds as far as is feasible;
- RMGC will out-source its employee housing requirements to the foundation;
- Capacity and facilities available in the area will be identified
- Gap analysis will be conducted regarding standard of facilities
- Renovation will occur to ensure appropriate accommodation standards are met
- All leasing contracts will be managed through the Foundation.

9.6.7 Visiting Roşia Montană – Tourist information centre, Cultural Centre and Mining Museum
Roşia Montană has several features and attractions of interest to tourists. Only the mining legacy, stretching from Roman techniques to ultra-modern methods can be described as truly unique. The rest Roşia Montană shares with most of the rest of the Apuseni Mountains. As such the success of Roşia Montană’s tourist potential will lie in effective and careful marketing of an array of attractions designed to attract and keep tourists in the area.

These include the following:
- Development of a Cultural Centre and Museum both indoor and outdoor;
- Marketing the entire area from Zlatna, Baia de Aries and Roşia Montană as a mining area with multiple sites of interest, based around the ultra-modern mine and the Roman galleries of Roşia Montană;
- Traditional handicrafts and cottage industries;
- Fine (handmade) wooden artifacts and furniture manufactured using traditional carpentry skills and locally sourced wood;
- Outdoor activities such as hill walking, farm-stay, walking tours through traditional villages (the Golden Way);
- (Possibly) sponsoring a premium sporting event such as a National mountain bike race;
Activities such as mountain biking, paragliding, abseiling, rock climbing if possible to develop in the area;
And many others including variations to the above.

As a centre point for tourists a Cultural Centre will be developed. The final location – whether in the new Roşia Montană village of Piatra Alba or in the old historic centre – will be decided during the Public Consultation and Disclosure Process due to begin in mid 2006.

The Roşia Montană Cultural Centre will house a mining museum, described in more detail below, as well as a broad swath of information concerning attractions, activities and services to be found in the Community and the region. It will also exhibit examples of local handicrafts, art and crafts produced locally which may also be on sale on behalf of the craftsperson.

Mining throughout centuries: from Roman period to nowadays

The mining history itself remains Roşia Montană’s truly unique attraction. The history of Roşia Montană was shaped by its ore reserves which attracted various foreign interests dating back as far as the Romans. This mining heritage has defined Roşia Montană and has resulted in it evolving differently from neighbouring non-mining communities in Transylvania.

In Roşia Montană sites of archaeological importance such as galleries, mine shafts and mining facilities (ancient or feudal), sacred places, ancient cemeteries, and traces of habitation reflect the extensive mining history of the region. The first evidence of the archaeological interest in this region dates back to mid-18th century, when a chance discovery of a funerary Roman altar and stele – usually a carved or inscribed stone slab or pillar used for commemorative purposes – was made around Tâul Gâuri (Gâuri Pond). At the end of the 18th century wax-coated tablets dating from the 2nd century A.D. preserving Roman legal texts written in cursive Latin were found in several different galleries in Roşia Montană.

The discovery of the wax tablets was likely the pivotal moment in creating considerable interest in the history of Roşia Montană, among both scholars and the general public.
Figure 9.1 Selected archaeological feature of Roşia Montană
Despite this only since 2000 has an extensive and multidisciplinary research programme been undertaken investigating the cultural heritage of the Roşia Montană area. One of the goals of such an approach is the tourist development of the area, focusing on the particular features outlined by the scientific studies.

Possible future tourist attractions related to mining include:

A museum in the Cultural Centre dedicated to the mining history with three sections:

- **Geology** – general information and geological samples about the Roşia Montană ore body and its surroundings;
- **Archaeology and history** – general information about the area; displaying artifacts uncovered during the rescue archaeology program like: Roman pottery, votive altars, metal objects from ancient cemeteries, habitation areas and sacred places
- **Ethnography and industrial heritage** – elements of various cultures making up Roşia Montană; display of historic pictures and archive material about mining techniques; open air exhibition including stamp mills and other mining related structures, as well as the Cătălina Monuleştii gallery and replicas of the most significant ancient mining structures identified during the extensive research undertaken since 2000.

Historic and cultural attractions, such as:

- **Historic Centre Roşia Montană (Protected Area):** historic monuments from the 19 – 20th centuries (35) and three churches
- **Cultural landscape:** Tâul Mare, Tâul Brazi, Tâul Anghel
- **Natural monuments** – Piatra Corbului Protected Area
- **Archaeological areas preserved in situ:**
  - The Roman Funerary Monument from Tâu Găuri
  - The Carpeni Hill area
  - The Pâru Carpeni gallery with the water wheels system
- **The modern mine of Roşia Montană developed by Gabriel and RMGC**

Section 8.9 discusses in further detail management aspects of Roşia Montană’s cultural heritage. Activities the Foundation could undertake which could promote cultural tourism and the protection of cultural resources include:

- Establishing, staffing, and operating a museum/cultural heritage centre to store artifacts from the RMGC sponsored archaeological programme and the RosiaMin museum, training of local guides and setting up a small shop in association with a museum;
- Restoration of historical buildings;
- Promotion of the industrial mining heritage of Roşia Montană;
- Promotion of the village as a national and international tourist destination.
- Further dissemination of the information collected during the archaeological, ethnological, historical building investigations including web pages, academic papers, or books similar to the Ethnological Study funded by RMGC, popular leaflets and other publications.

Other Community development activities by the Foundation which will also contribute to preserving the cultural heritage of Roşia Montană include:

- Using the Skills Enhancement Programme to train locals in local crafts and encouraging existing artisans and tradespersons;
- Training local people in traditional building skills: carpentry/joinery, lime plasterwork, metal working, etc;
- Teaching regional traditional arts to improve local incomes and increase the tourism potential of Roşia Montană.

9.7 Link between Foundation activities & RRAP activities

Under the RRAP several initiatives were set up to support people and businesses directly affected by the RMP; these initiatives being:
- A Small business fund;
- A Skills enhancement fund;
- A Commercial compensation package;
- A Vulnerable peoples package.

They were described briefly in Section 4.1 Direct Impacts and in much more detail in the RRAP itself.

The RRAP however has a definitive lifespan, except for some long term monitoring of resettlers and relocatees. As such the CSDP has parallel initiatives available for people who are not directly affected by the RMP. Eventually when the RRAP is discontinued, effectively the parallel initiatives merge. The main body of the RRAP’s activities must end in order to gain land access to get construction permits.

9.8 Communication and Marketing

A communication and marketing strategy will be developed to ensure the Foundation’s mission, objectives and activities are effectively disseminated throughout the Community, the region, Nationally and internationally. Tools to achieve this include:
- A website and homepage;
- Direct mailing to households and businesses in the Community;
- Targeted mailing to organisations both governmental and NGO, and businesses considered relevant to the initiative and the RMP in Romania and internationally;
- Advertising campaign in (local/regional/national) newspapers and relevant publications;
- Posters in prominent areas, such as: local authorities’ offices, main shopping locales, business and civic association offices, etc;
- Presentations at conferences and seminars.

9.9 Financing

Seed funding for the Foundation will be provided by RMGC via 100% grant. The initial commitment from RMGC will be further supplemented by an annual contribution from RMGC based on established criteria ie: percentage of profits, or a royalty, etc. Once the RMP and mining operations cease the Foundation must be financially independent and viable.

Other funding and financial sources to be investigated and/or developed include:
- Romanian govt funding for (regional) development activities;
- EU & bilateral funding for (regional) development activities;
- Donations from appropriate sources;
- Income from fee-based services – business services, etc;
- Income from accommodation service to RMGC during the RMP;
- Income from (regional) tourism-based services – accommodation service, tours, publications, etc;
Other services.

This list is not exhaustive and researching funding to ensure the long term viability of the Foundation will form an important activity.

9.10 Evaluation, monitoring and reporting

There are two components regarding monitoring:

- Monitoring of indicators of the activities under the Foundation;
- Monitoring of the Foundation.

The results of this performance monitoring will be included in a report.

9.10.1 Monitoring of indicators of the activities under the Foundation

By monitoring key Community development and socio-economic indicators changes to the socio-economic circumstances the Community, and of the activities as under the CSDP can be noted. Additionally, socio-economic indicators not specifically related to the CSDP provide information concerning changes to the state of the Community.

This provides crucial information especially regarding tailoring of the efforts of the Foundation. As well it enables people within the Community to better understand the Foundation and why it chooses certain activities over others.

Monitoring will also derive some indicators from other sources, such certain RMGC indicators and those of local and regional authorities. These include:

- RMGC records: hiring, Corporate Social Responsibility, on the job training, amounts paid in taxes and royalties, etc;
- Authorities: statistical departments, health and education development, environmental management systems and transport infrastructure development, etc.

Table 9.3 summarises the principle impact monitoring aspects.

9.10.2 Monitoring of the Foundation

The board level committees, described in section 9.4 and table 9.2 and elaborated in table 9.4, will ensure good corporate governance and financial transparency.

Table 9.4 Foundation monitoring Committees

<table>
<thead>
<tr>
<th>Committee</th>
<th>Responsibility</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance committee</td>
<td>Ensures operating within the constitutive act, observes good public order and</td>
<td>Compares the operations and activities of the Foundation against statutory &amp; legislative requirements</td>
</tr>
<tr>
<td></td>
<td>ethics and complies with all relevant laws</td>
<td></td>
</tr>
<tr>
<td>Audit committee</td>
<td>Ensures financial integrity by appointing a qualified auditor to perform yearly</td>
<td>Controls the Foundation's financial transactions to ensure consistency with goal &amp; objectives based on financial transparency</td>
</tr>
<tr>
<td></td>
<td>financial audits of the Foundation</td>
<td></td>
</tr>
<tr>
<td>Compensation</td>
<td>Responsible issues concerning human resources, and compensation policies</td>
<td>Ensure fair and reasonable work conditions and salaries paid to staff for functions and duties undertaken</td>
</tr>
<tr>
<td>committee</td>
<td>and guidelines</td>
<td></td>
</tr>
</tbody>
</table>

Transparency of financial transactions and of decisions made by the management team and Board of Directors is essential to ensure the Foundation works optimally towards its stated goals and objectives.
Reporting

Annually a report will be produced documenting the activities and functions of the Foundation. This Report will provide information on:

- Operational highlights;
- Financial Statements and Notes to the Financial Statements, ie: Balance Sheet, Statement of Profit & Loss, Statement of CashFlows;
- Year in review;
- Activities – by department within the Foundation;
- Results achieved against objectives set – by department within the Foundation;
- Projections;
- Report by the Committees;
- List of Board Members;
- Description of Management team and staff, by function;
- Amongst other possible criteria.

The Financial Statements will be subject to an independent external audit annually. The auditors report will be made publicly available. The appointment of the external auditor will be done annually by the Foundation Board of Directors and will address their report to the Board of Directors.

The Foundation’s Annual Report will be submitted to the Board of Directors for review and approval. Additionally, the Annual Report will address all statutory rights and shall be publicly available.
## Table 9.3 Summary of social impact monitoring actions

<table>
<thead>
<tr>
<th>No.</th>
<th>Impact</th>
<th>Monitoring aspect</th>
<th>Summary of indicators</th>
<th>Responsibilities</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>In-flux of predominantly male job-seekers and workers from outside the area</td>
<td>Employment dynamic Community composition</td>
<td>Hiring Policy: Employment – local vs non-local Compliance with code of conduct.</td>
<td>RMGC &amp; EPC contractors</td>
<td>Quarterly</td>
</tr>
<tr>
<td>2</td>
<td>Risks of disruption and (cultural) conflict with locals including health risks</td>
<td>Community relations &amp; health</td>
<td>Health awareness training for workers (part of inception training) &amp; the Community</td>
<td>RMGC &amp; EPC contractors</td>
<td>Quarterly</td>
</tr>
<tr>
<td>3</td>
<td>Social impacts of new workers related to interactions with local population - Increased cultural and social diversity and revitalisation</td>
<td>Cultural diversity</td>
<td>New initiatives – sports, social, cultural: Numbers of new initiatives, sectors, purpose, Number &amp; changes in numbers of members</td>
<td>Foundation.</td>
<td>Yearly</td>
</tr>
<tr>
<td>4</td>
<td>Closure of Minvest/Rosiamin</td>
<td>Hiring Policy CSDP – re-training</td>
<td>No.s ex-Rosiamin employed in RMP No’s re-trained &amp; engaged in other activities</td>
<td>RGMC Foundation</td>
<td>Quarterly Yearly</td>
</tr>
<tr>
<td>5</td>
<td>Rejuvenated and improved employment market and possibilities</td>
<td>Economic development</td>
<td>New business development Employment – non-RMP Flow-on effects throughout Community</td>
<td>Local authorities; Foundation; RMGC</td>
<td>Quarterly &amp; Yearly</td>
</tr>
<tr>
<td>6</td>
<td>Increased income levels</td>
<td>Wealth &amp; economy in Community</td>
<td>Per capita income &amp; wages</td>
<td>Local authorities +/- Foundation</td>
<td>Yearly</td>
</tr>
<tr>
<td>7</td>
<td>Demand for local services &amp; property</td>
<td>Property market changes No. business permits, new start-ups Changes to turnover/profit of new/existing businesses Money earned &amp; spent in Community</td>
<td></td>
<td>Local authorities +/- Foundation</td>
<td>Yearly</td>
</tr>
<tr>
<td>8</td>
<td>Inflation &amp; cost of living impacts</td>
<td>Price of goods &amp; services</td>
<td>Price &amp; cost of living in Community Monitoring impacts on vulnerable persons, Compensatory measures – frequency, type</td>
<td>RMGC &amp; local authorities +/- Foundation</td>
<td>Quarterly, yearly</td>
</tr>
<tr>
<td>9</td>
<td>Loss of trained staff from other businesses to fill positions in RMP</td>
<td>Business impacts</td>
<td>New hires in Community Employment increase, capacity drain (to RMP) Training programs to increase remaining capacity</td>
<td>RMGC, Foundation, local authorities</td>
<td>Quarterly, yearly</td>
</tr>
<tr>
<td>10</td>
<td>Adult education, vocational training, on the job training</td>
<td>Post-secondary education Skills enhancement; training. RMP - training programs</td>
<td>Post-secondary education facilities &amp; curriculum Applicants, training courses &amp; subjects; Post training employment</td>
<td>Local authorities; Foundation; RMGC</td>
<td>Yearly</td>
</tr>
<tr>
<td>11</td>
<td>Construction period – short, intense activity</td>
<td>Short term buoyant economy</td>
<td>Awareness of short term nature of buoyant economy RMP - local procurement as a % of total</td>
<td>RMGC &amp; Foundation</td>
<td>Quarterly, yearly</td>
</tr>
<tr>
<td>12</td>
<td>Primary &amp; secondary education</td>
<td>School facilities &amp; equipment</td>
<td>Demand for school placement Improvements school facilities</td>
<td>Local authorities</td>
<td>Yearly</td>
</tr>
<tr>
<td>13</td>
<td>Local health service provision</td>
<td>Health services</td>
<td>Access of population to health services; Number of visits; Mortality rate, including infant</td>
<td>Local authorities RMGC</td>
<td>Yearly</td>
</tr>
<tr>
<td>14</td>
<td>Transport &amp; utilities infrastructure</td>
<td>Community infrastructure</td>
<td>Improvements to road &amp; transport networks; Improvements to Community environmental management systems</td>
<td>Local authorities RMGC</td>
<td>Yearly</td>
</tr>
<tr>
<td>No.</td>
<td>Impact</td>
<td>Monitoring aspect</td>
<td>Summary of indicators</td>
<td>Responsibilities</td>
<td>Frequency</td>
</tr>
<tr>
<td>-----</td>
<td>------------------------------------------------------------------------</td>
<td>--------------------------------------------------</td>
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<tr>
<td>15</td>
<td>Safety and hazard management</td>
<td>Community safety</td>
<td>Traffic management programs including compliance; Mine safety management including compliance; Traffic safety training for schools – number &amp; frequency Traffic safety statistics per capita</td>
<td>Local authorities, RMGC</td>
<td>Quarterly, yearly</td>
</tr>
<tr>
<td>16</td>
<td>Interruption including access, either temporary or permanent due RMP to land or businesses</td>
<td>Land access Business impacts</td>
<td>Occurrence, frequency &amp; duration of interruption of access No. affected businesses, compensation paid</td>
<td>RMGC</td>
<td>Quarterly</td>
</tr>
<tr>
<td>17</td>
<td>Promotion of Community based on improved infrastructure &amp; attractions</td>
<td>Visits &amp; tourism Investment including foreign</td>
<td>Number of tourists, duration of stay, amounts spent; people employed in tourism sector Investments – total, changes to, sectors receiving investments.</td>
<td>Foundation &amp; local authorities</td>
<td>Yearly</td>
</tr>
<tr>
<td>18</td>
<td>Increase in fiscal resources paid to local and national authorities</td>
<td>Taxes &amp; royalties, direct &amp; indirect</td>
<td>Amounts paid Earmarked for what public services</td>
<td>RMGC Local authorities</td>
<td>Quarterly</td>
</tr>
<tr>
<td>19</td>
<td>Difficulty of vulnerable &amp; disadvantaged people to benefit from RMP</td>
<td>Distribution of benefits of RMP throughout Community</td>
<td>Disadvantaged persons assistance; Employment training; skills enhancement; in-kind social programmes</td>
<td>RMGC, Foundation, local authorities</td>
<td>Yearly</td>
</tr>
<tr>
<td>20</td>
<td>Social &amp; economic risks of eventual mine closure</td>
<td>Economic planning and preparation</td>
<td>Sustainable non-mining economic development Investments in non-mining related sectors Contribution of non-mining related industry to local revenue &amp; employment</td>
<td>Foundation, local authorities</td>
<td>Yearly</td>
</tr>
</tbody>
</table>
### Annex 1.1 Summary of Socio-Economic-Related Impacts

<table>
<thead>
<tr>
<th>Topic</th>
<th>Impact description</th>
<th>Impact effect</th>
<th>Mitigation measures if applicable</th>
<th>Applicable management plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Acquisition of land for purposes of mining operations</td>
<td>Physical and economic displacement of people: the acquisition of about 1,600 hectares of land, and displacement of about 577 houses and 136 apartments in Roșia Montana, 150 houses in Corna, and 111 houses in Gura Cornei. A total of 974 households.</td>
<td>Land and immovable assets acquired from owners by RMGC on the basis of “willing seller – willing buyer” transactions. Displaced households are eligible to one of the following two options: Resettlement, including allocation of a residential plot and reconstruction of residential houses in resettlement sites developed by RMGC in Piatra Alba, Roșia Montana comuna - or in Alba Iulia, and other assistance as detailed in the RRAP, Relocation, whereby the displaced household purchases their new residence themselves, using the compensation of the affected assets at full replacement value. Relocation also includes other assistance as detailed in the RRAP. Different livelihood restoration measures are put in place as detailed in the RRAP and the CSDP. Displaced people have access to a specific grievance management mechanism. Vulnerable people are addressed through a specific assistance package. Resettlement and relocation measures are implemented by RMGC. The budget of resettlement and relocation is about USD 80 M.</td>
<td>Resettlement and Relocation Action Plan Community Sustainable Development Plan Cultural patrimony protection plan</td>
</tr>
<tr>
<td>2</td>
<td>Loss of public infrastructure in Roșia Montana</td>
<td>Current public infrastructure and facilities in Rosia Montana are destroyed in order that mining operations may commence.</td>
<td>The construction of the resettlement site in Piatra Alba will include the replacement of all public infrastructure, including the Town Hall, police station, post office, cultural house, new piata (town centre), healthcare centre and pharmacy. A school will also be constructed at Piatra Alba Piped water, waterborne sewerage, electricity and telephone connections will be provided to all resettlement houses. Most churches and cemeteries remain unaffected as a result of the protection measures that will be implemented in the designated historical patrimony protection area. Those congregational structures that may be affected will be either reconstructed or compensated, at the congregation’s choice. Cemeteries and graves will be relocated in accordance to Romanian legislation</td>
<td></td>
</tr>
<tr>
<td>Topic</td>
<td>#</td>
<td>Impact description</td>
<td>Impact effect</td>
<td>Mitigation measures if applicable</td>
</tr>
<tr>
<td>-------</td>
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<td>----------------------------------</td>
</tr>
<tr>
<td>Workforce</td>
<td>3</td>
<td>Impact on local infrastructure, housing, basic commodities and services</td>
<td>Potentially detrimental to locals via reduction in access to and quality of local services. Competition for services.</td>
<td>Hiring Policy giving priority to locals for recruitment by RMGC, EPC contractors and sub-contractors. Including emphasis in equal opportunity employment to increase numbers in workforce</td>
</tr>
<tr>
<td>Workforce</td>
<td>3</td>
<td>Social impacts related to interactions with local population</td>
<td>Improvements in local services, etc, through increased demand for access to and quality of such services by workers; through increase in wealth leading to more investments.</td>
<td></td>
</tr>
<tr>
<td>Workforce</td>
<td>3</td>
<td>In-flux of predominantly male job-seekers and workers</td>
<td>Improved cultural diversity and social revitalisation: new energies, new initiatives -- sports, commercial, social. Improved and increased social diversity by integration of ‘foreign’ workers with local population, directly (e.g. via marriages) or indirectly through demand by the workers +/- their partners for services in the local/regional communities. Risks of disruption and (cultural) conflict with locals. Potentially living alone, risks that diseases, including sexually transmitted diseases, including HIV/AIDS, may spread.</td>
<td>No mitigation measures necessary. Hiring Policy prioritising locals &amp; equal opportunity employment to increase numbers of women in the workforce. Emphasis on married men or men with long term partners. Workers’ Code of Conduct; Community Health Policy to improve awareness of health issues.</td>
</tr>
<tr>
<td>Workforce</td>
<td>4</td>
<td>Reduction in local/regional workforce as a result of Minvest closing down its operation</td>
<td>Risks of increased unemployment and social/economic vulnerability. Release of skilled, mining related workers available for employment. Magnitude depends on how many can be directly employed by RMGC or sub-contractors.</td>
<td>Hiring Policy prioritizing ex-Minvest/Rosiamin workers for re-employment by RMGC, EPC contractors and sub-contractors.</td>
</tr>
<tr>
<td>Social fabric &amp; quality of life</td>
<td>5</td>
<td>Rejuvenated and improved employment market and possibilities</td>
<td>Improved cash incomes and increased standard of living. Increased opportunities for individual and family development, including comfort (better insulation, etc), education, recreation, &amp; future investments.</td>
<td>No mitigation measures required. Development, implementation and execution of programmes to maximise these benefits contained within various management plans.</td>
</tr>
<tr>
<td>Social fabric &amp; quality of life</td>
<td>6</td>
<td>Adult education, vocational training, on the job training</td>
<td>Increased opportunities to exploit employment openings, develop own enterprises, fill service-demand gaps.</td>
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</tr>
<tr>
<td>Social fabric &amp; quality of life</td>
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<td>Improved health services and facilities</td>
<td>Better health possibilities particularly for elderly &amp; disadvantaged groups.</td>
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<td>Topic</td>
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<td>Impact description</td>
<td>Impact effect</td>
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<td></td>
<td>8</td>
<td>Renovation or construction of new infrastructure and services, including waste, electricity, water, sewage &amp; roads</td>
<td>Improved basic &amp; common infrastructure, &amp; associated health improvements. Improved incentive to access region or stay in region due increase in comfort factor. Beneficial to tourist possibilities</td>
<td>Hiring Policy giving priority to locals for recruitment by RMGC, EPC contractors and sub-contractors,. Emphasis in equal opportunity employment to increase numbers of women in workforce</td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>Exposure to new cultures (other Romanians &amp; expatriates)</td>
<td>Cultural reinvigoration and revitilasation, introduction of new cultural dynamics. Stress &amp; conflict due to change, uncertainty &amp; negotiations. Resentment, distrust, fear of new &amp; unknown cultures, persons</td>
<td>Vulnerable People Policy, included in the RRAP People have an option to resettle (rather than relocate) on a community resettlement site where all community facilities are going to reconstructed</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>Resettlement (of a part) of the community</td>
<td>Disruption to the local social fabric and solidarity networks. Mainly detrimental to the most vulnerable individuals such as the elderly and disabled Loss of family homes, area and memories. Loss of established support networks and neighbourhoods Improved living conditions through new buildings, better infrastructure, improved access to (better) community services</td>
<td>Plot and house allocation on the resettlement sites will attempt to maintain neighbourhood and solidarity networks</td>
</tr>
<tr>
<td></td>
<td>11</td>
<td>Demand for local services, infrastructure including homes, land, other local resources &amp; properties.</td>
<td>Increased wealth to local property owners / operators. Opportunities to liquidate assets or convert tangible assets to intangible assets. Possibility to invest in opportunities otherwise denied locals.</td>
<td>No mitigation measures required</td>
</tr>
<tr>
<td></td>
<td>12</td>
<td>The Project construction and operation temporarily or permanently interrupts or limits access to residences and businesses</td>
<td>If residence, resident must move either temporarily or permanently (resettlement). If business, potential of significant loss of business. Business must relocate or close. Possibility to re-open if access is temporarily restricted.</td>
<td>Identification of all access roads used by the community prior to construction / operation Implementation of permanent or temporary alternative access solutions, including financial</td>
</tr>
<tr>
<td></td>
<td>13</td>
<td>The Project construction and operation restricts either temporarily or permanently access to fields, pasture, forest and other natural resources</td>
<td>Possible significant impact on subsistence agricultural livelihood of people. Interruption to seasonal agricultural practices and animal husbandry.</td>
<td>Identification of all access roads used by the community prior to construction / operation and implementation of permanent or temporary alternative access solutions Compensation paid for damages resulting from temporary restriction of use. Compensation rates as per the RRAP</td>
</tr>
<tr>
<td>Topic</td>
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<td>Impact description</td>
<td>Impact effect</td>
<td>Mitigation measures if applicable</td>
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</tr>
<tr>
<td></td>
<td>14</td>
<td>Improved transport infrastructure to locality and region via upgrading road link &amp; logistical support</td>
<td>Easier ingress &amp; egress of region by people including tourists. Promotion of region for (tourist/alternative) development, leading to sustained social-economic development</td>
<td>No mitigation measures necessary</td>
</tr>
<tr>
<td></td>
<td>15</td>
<td>Increase in fiscal resources available to local Governments via taxes</td>
<td>Increased budget of local governments, improved ability to develop local civic services: education, health, transport, etc.</td>
<td>Capacity building to enhance local governments’ capacity to adequately plan and disburse increased resources</td>
</tr>
<tr>
<td></td>
<td>16</td>
<td>Increase in fiscal resources available to central Government via taxes &amp; royalties</td>
<td>Contribution to national development by increased income available.</td>
<td>No mitigation necessary</td>
</tr>
<tr>
<td></td>
<td>17</td>
<td>Risk that taxes and revenues are not primarily used for local development</td>
<td>Contribution to central government unlikely to be earmarked for local development. Chance that priorities of local government do not reflect specific population-related needs and wants</td>
<td>Work in cooperation with local authorities on projects of benefit to local communities &amp; region. RMGC to co-finance aspects of project development / implementation.</td>
</tr>
<tr>
<td></td>
<td>18</td>
<td>Risks related with potential non equitable distribution of Project benefits throughout community</td>
<td>Elderly, older workers being unable to maintain employment after Minvest closes down, disadvantaged people lacking capacity (intellectual, educational, physical) to exploit new opportunities</td>
<td>Identification of specific individuals at risk. With local authorities identify employment opportunities, what (re-)training is required, assist in retraining, etc</td>
</tr>
<tr>
<td></td>
<td>19</td>
<td>Increased direct &amp; indirect employment</td>
<td>Flow on effects of presence of major economic investment throughout community, to national level. 1:4 direct/indirect employment:job creation.</td>
<td>No mitigation necessary</td>
</tr>
<tr>
<td></td>
<td>20</td>
<td>Increased income</td>
<td>In comparison to a ‘no-mine’ scenario, incomes will rise in region</td>
<td></td>
</tr>
<tr>
<td></td>
<td>21</td>
<td>Loss of trained staff from other organizations &amp; businesses to RMGC</td>
<td>Capacity drain to fill higher-paying/better benefits position with RMGC. Reduced capacity available to other businesses</td>
<td>Demand for employment will drive higher salaries &amp; better conditions increasing overall capacity in region by encouraging suitably qualified workers to the region. Skills enhancement, adult education &amp; vocational training to be conducted by RMGC supported initiatives leading to increased capacity level</td>
</tr>
<tr>
<td></td>
<td>22</td>
<td>Increased income for those engaged in small business</td>
<td>Requirements of supply of a diverse range of services, materials &amp; products for the RMP drive demand for sourcing services, etc, locally, leading to increase income to local businesses. Also provides incentive to develop local businesses to supply RMP &amp; related/spin off demand.</td>
<td>No mitigation necessary</td>
</tr>
</tbody>
</table>

Economy

Annex 1: Summary of socio-economic related impactsPage 120 of 170
<table>
<thead>
<tr>
<th>Topic</th>
<th>#</th>
<th>Impact description</th>
<th>Impact effect</th>
<th>Mitigation measures if applicable</th>
<th>Applicable management plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disruption to businesses</td>
<td>23</td>
<td>located in the Project-Impacted Area</td>
<td>Temporary to permanent loss of business revenue. Loss of income and occupation to business people.</td>
<td>(Business) resettlement / re-establishment assistance to affected businesses. Compensation for loss of business. Skills enhancement, adult education &amp; vocational training available for affected business aiding in re-establishing businesses.</td>
<td>RRAP Community Sustainable Development Plan</td>
</tr>
<tr>
<td>Increased visibility of</td>
<td>24</td>
<td>Community and region for other investments (i.e. regional development)</td>
<td>Increase in confidence for Foreign Direct Investment locally in Rosia Montana, nationally based on confirmation major business investment is possible, to regional including neighbouring countries.</td>
<td>No mitigation necessary</td>
<td>RRAP Community Sustainable Development Plan</td>
</tr>
<tr>
<td>Trained labour force</td>
<td>25</td>
<td>Skilled, multi-disciplinary labour force following capacity building and experience required to work in the mine and ancillary industries</td>
<td></td>
<td></td>
<td>RRAP Community Sustainable Development Plan</td>
</tr>
<tr>
<td>Inflation &amp; rise in cost</td>
<td>28</td>
<td>of living</td>
<td>Caused by overall increase in economic activity &amp; wealth of region. Potentially detrimental to the poorest in the community</td>
<td>Workers’ Accommodation Policy aimed to reduce impacts by employing locals increasing rate of employment; accommodation to be spread throughout community; specific actions to assist poorest &amp; most vulnerable in the community to offset affects of inflation.</td>
<td>RRAP Community Sustainable Development Plan Workers’ Accommodation Policy</td>
</tr>
<tr>
<td>Construction period – a</td>
<td>29</td>
<td>short period of relatively more intense activity</td>
<td>Increase in local economic activity following commencement of construction, the most active phase, including employment</td>
<td>Local Procurement Policy intending at enhancing capacities of local small businesses The CSDP includes small business development measures to enhance the business environment in a long term perspective, and alleviate the potential impacts of the depression resulting from the end of the construction phase</td>
<td>RRAP Community Sustainable Development Plan Workers’ Accommodation Policy</td>
</tr>
<tr>
<td>Economic risks related</td>
<td>30</td>
<td>with eventual mine closure</td>
<td>Inappropriate or insufficient planning &amp; preparation for alternative sustainable economic activities during mine life leads to significant economic impacts following mine closure.</td>
<td>Development of a range of measures &amp; initiatives over the lifespan of RMP such that net welfare continues to increase following closure of mine operations.</td>
<td>RRAP Community Sustainable Development Plan Workers’ Accommodation Policy</td>
</tr>
<tr>
<td>Increased traffic,</td>
<td>31</td>
<td>particularly at construction phase</td>
<td>Significant volumes of traffic, particularly large machinery increases risks to people. Risk most acute for non displaced people, pedestrians, cyclists, young and the very old.</td>
<td>Workers Code of Conduct, speed limits, physical measures, and safety awareness in local schools</td>
<td>RRAP Community Sustainable Development Plan Workers’ Accommodation Policy</td>
</tr>
<tr>
<td>Mine construction and</td>
<td>32</td>
<td>operation</td>
<td>Significant industrial operations, such as a mine, creates new safety hazards for communities particularly to non-displaced people.</td>
<td>Fencing of all work sites. Security services to avoid third-party intrusion. Safety awareness</td>
<td>RRAP Community Sustainable Development Plan Workers’ Accommodation Policy</td>
</tr>
<tr>
<td>Topic</td>
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<td>-----------------------------</td>
</tr>
<tr>
<td>Community amenity</td>
<td>33</td>
<td>Noise from increased traffic especially during construction</td>
<td>Increased levels of noise will be experienced as a result of traffic to and from the site, in addition to noise from the site itself</td>
<td>Efficient silencing of vehicle engines and operation of plant within the approved design parameters; adherence to agreed routes and timing of deliveries</td>
<td>Noise and vibration management plan</td>
</tr>
<tr>
<td>Community amenity</td>
<td>34</td>
<td>Dust from site operations especially during construction</td>
<td>Dust raised by site operations, may be blown towards adjacent settlements and settle, giving rise to a dust nuisance issue</td>
<td>Application of dust avoidance measures, principally by regular watering of unsurfaced roads during dry weather and by avoidance of dust raising activities in adverse weather conditions, where possible</td>
<td>Air quality management plan</td>
</tr>
</tbody>
</table>
### Annex 1.2 Potential Socio-Economic Impacts - Construction, Operation & Closure

<table>
<thead>
<tr>
<th>Topic</th>
<th>#</th>
<th>Impact description</th>
<th>Impact effect</th>
<th>Type</th>
<th>Magnitude</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land, Infrastructure &amp; Demography</td>
<td>1</td>
<td>Acquisition of land for purposes of mining operations</td>
<td>Physical and economic displacement of people: the acquisition of about 1,600 hectares of land, and displacement of about 960 households, most in the localities of Roşia Montană (circa 640 households), Coma (ca. 140 households), and Gura Corneii (ca. 90 households).</td>
<td>Negative</td>
<td>High</td>
<td>Long term</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Loss of public infrastructure in Roşia Montană</td>
<td>Current public infrastructure and facilities in Rosia Montana are destroyed in order that mining operations may commence.</td>
<td>Negative</td>
<td>High</td>
<td>Long term</td>
</tr>
<tr>
<td>Social Fabric &amp; Quality of Life</td>
<td>3</td>
<td>Influx of predominantly male job-seekers and workers, and workers</td>
<td>Impact on local infrastructure, housing, basic commodities and services</td>
<td>Potentially detrimental to locals via reduction in access to and quality of local services, competition for services.</td>
<td>Negative</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Social impacts related to interactions with local population</td>
<td>Improvements in local services, etc, through increased demand for access to and quality of such services by workers; through increase in wealth leading to more investments</td>
<td>Positive</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Reduction in local/regional workforce as a result of Minvest closing down its operation</td>
<td>Impacted workforce, release of skilled, mining related workers available for employment. Magnitude depends on how many can be directly employed by RMGC or sub-contractors</td>
<td>Risks of increased unemployment and social/economic vulnerability</td>
<td>Negative</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>Rejuvenated and improved employment market and possibilities</td>
<td>Improved cash incomes and increased standard of living. Increased opportunities for individual and family development, including comfort (better insulation, etc), education, recreation, &amp; future investments</td>
<td>Risks of disruption and (cultural) conflict with locals</td>
<td>Negative</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>Adult education, vocational training, on the job training</td>
<td>Increased opportunities to exploit employment openings, develop own enterprises, fill service-demand gaps</td>
<td>Risks of disruption and (cultural) conflict with locals</td>
<td>Negative</td>
<td>Medium</td>
</tr>
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<td></td>
<td>7</td>
<td>Improved health services and facilities</td>
<td>Better health possibilities particularly for elderly &amp; disadvantaged groups</td>
<td>Risks of disruption and (cultural) conflict with locals</td>
<td>Negative</td>
<td>Medium</td>
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<td></td>
<td>8</td>
<td>Renovation or construction of new infrastructure and services, including waste, electricity, water, sewage &amp; roads</td>
<td>Improved basic &amp; common infrastructure, &amp; associated health improvements. Improved incentive to access region or stay in region due increase in comfort factor. Beneficial to tourist possibilities</td>
<td>Risks of disruption and (cultural) conflict with locals</td>
<td>Negative</td>
<td>Medium</td>
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<td>9</td>
<td>Exposure to new cultures (other Romanians &amp; expatriates)</td>
<td>Cultural reinvigoration and revitalisation, introduction of new cultural dynamics. Stress &amp; conflict due to change, uncertainty &amp; negotiations. Resentment, distrust, fear of new &amp; unknown cultures, persons</td>
<td>Positive</td>
<td>Medium</td>
<td>Medium-long term</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Resettlement (of a part) of the community</td>
<td>Disruption to the local social fabric and solidarity networks. Mainly detrimental to the most vulnerable individuals such as the elderly and disabled Improved living conditions through new buildings, better infrastructure, improved access to (better) community services</td>
<td>Negative</td>
<td>High</td>
<td>Long term</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Demand for local services, infrastructure including homes, land, other local resources &amp; properties.</td>
<td>Increased wealth to local property owners / operators. Opportunities to liquidate assets or convert tangible assets to intangible assets. Possibility to invest in opportunities otherwise denied locals. Loss of family homes, area and memories. Loss of established support networks and neighbourhoods</td>
<td>Positive</td>
<td>Medium</td>
<td>Potentially long term</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>The Project construction and operation temporarily or permanently interrupts or limits access to residences and businesses</td>
<td>If residence, resident must move either temporarily or permanently (resettlement). If business, potential of significant loss of business. Business must relocate or close. Possibility to re-open if access is temporarily restricted.</td>
<td>Negative</td>
<td>High</td>
<td>Up to long term</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>The Project construction and operation restricts either temporarily or permanently access to fields, pasture, forest and other natural resources</td>
<td>Possible significant impact on subsistence agricultural livelihood of people. Interruption to seasonal agricultural practices and animal husbandry.</td>
<td>Negative</td>
<td>High</td>
<td>Long-term</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Improved transport infrastructure to locality and region via upgrading road link &amp; logistical support</td>
<td>Easier ingress &amp; egress of region by people including tourists. Promotion of region for (tourist/alternative) development, leading to sustained social-economic development</td>
<td>Positive</td>
<td>High</td>
<td>Long term</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Increase in fiscal resources available to local Governments via taxes</td>
<td>Increased budget of local governments, improved ability to develop local civic services: education, health, transport, etc.</td>
<td>Positive</td>
<td>High</td>
<td>Long-term</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Increase in fiscal resources available to central Government via taxes &amp; royalties</td>
<td>Contribution to national development by increased income available.</td>
<td>Positive</td>
<td>Medium</td>
<td>Long-term</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Risk that taxes and revenues are not primarily used for local development</td>
<td>Contribution to central government unlikely to be earmarked for local development. Chance that priorities of local government do not reflect specific population-related needs and wants</td>
<td>Negative</td>
<td>Medium</td>
<td>Medium-long term</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Risks related with potential non equitable distribution of Project benefits throughout community</td>
<td>Elderly, older workers being unable to maintain employment after Minvest closes down, disadvantaged people lacking capacity (intellectual, educational, physical) to exploit new opportunities</td>
<td>Negative</td>
<td>Medium overall, but High for individuals</td>
<td>Long term</td>
<td></td>
</tr>
<tr>
<td>Topic</td>
<td>#</td>
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</tr>
<tr>
<td>19</td>
<td>Increased direct &amp; indirect employment</td>
<td>Flow on effects of presence of major economic investment throughout community, to national level. 1:10 direct/indirect employment:job creation.</td>
<td>Positive</td>
<td>High</td>
<td>Long term</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Increased income</td>
<td>In comparison to a ‘no-mine’ scenario, incomes will rise</td>
<td>Positive</td>
<td>High</td>
<td>Long term</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Loss of trained staff from other organizations &amp; businesses to RMGC</td>
<td>Capacity drain to fill higher-paying/better benefits position with RMGC. Reduced capacity available to other businesses</td>
<td>Negative</td>
<td>Medium</td>
<td>Short-medium term</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Increased income for those engaged in small business</td>
<td>Requirements of supply of a diverse range of services, materials &amp; products for the RMP drive demand for sourcing services, etc, locally, leading to increase income to local businesses. Also provides incentive to develop local businesses to supply RMP &amp; related/spin off demand.</td>
<td>Positive</td>
<td>Medium to high</td>
<td>Long term</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Disruption to businesses located in the Project-Impacted Area</td>
<td>Temporary to permanent loss of business revenue. Loss of income and occupation to business people.</td>
<td>Negative</td>
<td>Low to High</td>
<td>Short to long term</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Increased visibility of Community and region for other investments (i.e. regional development)</td>
<td>Increase in confidence for Foreign Direct Investment, locally to Rosia Montana, nationally based on confirmation major business investment is possible, to regional including neighbouring countries.</td>
<td>Positive</td>
<td>Up to high</td>
<td>Long term</td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Trained labour force</td>
<td>Skilled, multi-disciplinary labour force following capacity building and experience required to work in the mine and ancillary industries</td>
<td>Positive</td>
<td>High</td>
<td>Long term</td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Increased credit opportunity for people through collateral due to clearer property titles</td>
<td>Modern sophisticated survey and cadastre techniques resolve property ownership issues, allowing owners to use properties as collateral.</td>
<td>Positive</td>
<td>Low</td>
<td>Long term</td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Inflation</td>
<td>Caused by overall increase in economic activity &amp; wealth of region. Potentially detrimental to the poorest in the community</td>
<td>Negative</td>
<td>Medium</td>
<td>Short-term</td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Construction period – a short period of relatively more intense activity</td>
<td>Increase in local economic activity following commencement of construction, the most active phase, including employment.</td>
<td>Positive</td>
<td>High</td>
<td>Short-term</td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>Increased traffic, particularly at construction phase</td>
<td>Significant volumes of traffic, particularly large machinery increases risks to people. Risk most acute for non displaced people, pedestrians, cyclists, young and the very old.</td>
<td>Negative</td>
<td>High</td>
<td>Short-term</td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>Mine construction and operation</td>
<td>Significant industrial operations, such as a mine, creates new safety hazards for communities particularly to non-displaced people.</td>
<td>Negative</td>
<td>High</td>
<td>Long-term</td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>Noise from increased traffic especially during construction</td>
<td>Increased levels of noise will be experienced as a result of traffic to and from the site, in addition to noise from the site itself</td>
<td>Negative</td>
<td>Moderate</td>
<td>Periodic</td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>Dust from site operations especially during construction</td>
<td>Dust raised by site operations, may be blown towards adjacent settlements and settle, giving rise to a dust nuisance issue</td>
<td>Negative</td>
<td>Moderate</td>
<td>Periodic</td>
<td></td>
</tr>
<tr>
<td>Topic</td>
<td>#</td>
<td>Impact description</td>
<td>Impact effect</td>
<td>Type</td>
<td>Magnitude</td>
<td>Duration</td>
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</tr>
<tr>
<td>Closure</td>
<td>33</td>
<td>Inappropriate or insufficient planning &amp; preparation for alternative sustainable economic activities during mine life leads to significant economic impacts following mine closure.</td>
<td>Negative</td>
<td>High</td>
<td>Long term</td>
<td></td>
</tr>
<tr>
<td></td>
<td>34</td>
<td>Social-economic risks related with eventual mine closure</td>
<td>Out migration of skilled workers, young educated people leave, demography (again) reflects aged population</td>
<td>Negative</td>
<td>High</td>
<td>Long term</td>
</tr>
<tr>
<td></td>
<td>35</td>
<td>Decrease in population to below demographically &amp; economically sustainable levels; Roşia Montană declines as a village</td>
<td>Negative</td>
<td>High</td>
<td>Long term</td>
<td></td>
</tr>
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<td></td>
<td>36</td>
<td>Roşia Montană’s socio-economic indicators demonstrate positive growth</td>
<td>Roşia Montană remains a viable, attractive living centre with a sustainable economy, positive economic growth &amp; dynamic population</td>
<td>Positive</td>
<td>High</td>
<td>Long term</td>
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## Annex 1.3 Mitigation and monitoring measures, & responsibilities

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<tr>
<th>Impact description</th>
<th>Impact effect</th>
<th>Mitigation measures</th>
<th>Monitoring measures and indicators</th>
<th>Responsibilities</th>
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<tbody>
<tr>
<td>Acquisition of land for purposes of mining operations</td>
<td>Physical and economic displacement of people: the acquisition of about 1,600 hectares of land, and displacement of about 960 households, most in the localities of Roșia Montană (circa 640 households), Comăna (ca. 140 households), and Gura Corneii (ca. 90 households).</td>
<td>Land and immovable assets acquired from owners by RMGC on the basis of “willing seller – willing buyer” transactions. Displaced households are eligible to one of the following two options: Resettlement, including allocation of a residential plot and reconstruction of residential houses in resettlement sites developed by RMGC in Piatra Alba, Roșia Montană comuna - or in Alba Iulia, and other assistance as detailed in the RRAP, Relocation, whereby the displaced household purchases their new residence themselves, using the compensation of the affected assets at full replacement value. Relocation also includes other assistance as detailed in the RRAP, Different livelihood restoration measures are put in place as detailed in the RRAP and the CSDP. Displaced people have access to a specific grievance management mechanism. Vulnerable people are addressed through a specific assistance package. Resettlement and relocation measures are implemented by RMGC. The budget of resettlement and relocation is about USD 80 M.</td>
<td>Internal monitoring of: Negotiation process and conclusion of agreements; Social and economic monitoring: follow-up of the economic and social status of relocatees and resettlers, access to employment, cost of housing in the area, re-establishment of agriculture, actions targeting vulnerable people; Technical supervision of infrastructure and housing construction, commissioning; Implementation organization: adequacy of staff and means vis-à-vis the tasks; Grievances and grievance management system; Assistance in livelihood restoration: business re-establishment and assistance, skills enhancement and small loans component; Hiring of Project-Affected People at RMGC. External evaluation as per the RRAP</td>
<td>RMGC</td>
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<tr>
<td>Loss of public infrastructure in Rosia Montana</td>
<td>Current public infrastructure and facilities in Rosia Montana are removed from public use in order that mining operations may commence.</td>
<td>Affected public infrastructure will be reconstructed at the Rosia Montana resettlement site in Piatra Alba. Private congregational structures will be reconstructed or compensated. A school will be constructed at Piatra Alba The construction of the resettlement site in Piatra Alba will include the replacement of all public infrastructure, including the Town Hall, police station, post office, cultural house, new piata (town centre), healthcare centre and pharmacy Piped water, waterborne sewerage, electricity and telephone connections will be provided to all resettlement houses. Most churches and cemeteries remain unaffected as a result of the protection measures that will be implemented in the designated historical patrimony protection area. Those congregational structures that may be affected will be either reconstructed or compensated, at the congregation’s choice. Cemeteries and graves will be relocated in accordance to Romanian legislation.</td>
<td>Technical supervision of construction of public facilities Actual transfer of new public facilities Actual use of new public facilities after they have been transferred</td>
<td>RMGC in liaison with central, regional and local government institutions, and religious congregations</td>
</tr>
<tr>
<td>In-flux of predominantly male job-seekers and workers from outside the area</td>
<td>Potentially detrimental to locals via reduction in access to and quality of local services. Competition for services.</td>
<td>Hiring Policy intended to limit job-seekers influx by giving priority to locals for recruitment by RMGC, EPC contractors and sub-contractors, and national, regional and local publication of this policy.</td>
<td>Quarterly statistics presenting for RMGC and each EPC contractor (including sub-contractors with more than 10 workforce) the numbers of locals / nationals / expatriates in management / skilled / semi-skilled and unskilled positions; these statistics shall be publicly released as part of the Project overall environmental and social monitoring reports</td>
<td>EPC contractors to apply employment procedures compliant with RMGC’s hiring policy and RMGC to monitor</td>
</tr>
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<tr>
<td>In-flux of predominantly male job-seekers and workers from outside the area</td>
<td>Improvements in local services, etc, through increased demand for access to and quality of such services by workers; through increase in wealth leading to more investments</td>
<td>No mitigation necessary</td>
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<tr>
<td>Social impacts related to interactions with local population</td>
<td>Increased cultural and social diversity and revitalisation: new energies, new initiatives – sports, commercial, social. Integration of ‘foreign’ workers with local population through direct (e.g. via marriages) or indirect means such as demand by the workers +/- their partners for services in the local/regional communities</td>
<td>No mitigation necessary</td>
<td></td>
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<tr>
<td>Impacts to local communities</td>
<td>Risks of disruption and (cultural) conflict with locals</td>
<td>Hiring Policy giving priority to locals for recruitment by RMGC, EPC contractors and sub-contractors. Emphasis on equal opportunity</td>
<td>Workers’ compliance with code of conduct (number of reported non compliances and number of sanctions taken for non complying) Evaluation of the effectiveness of the code</td>
<td>EPC Contractors to prepare and implement code of conduct, RMGC to</td>
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<tr>
<td>Social impacts related to interactions with local</td>
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<td>population</td>
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<td>employment to increase numbers of women in the workforce. Emphasis on married men or</td>
<td>of conduct in avoiding difficulties between workers and the local communities</td>
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<td></td>
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<td>men or men with long term partners. Workers’ Code of Conduct; Community Health</td>
<td>Number of health campaigns, methods used, attendance, both within the workforce and the community</td>
<td>monitor compliance</td>
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<td>Policy: Health including STD awareness training Free condom distribution Health</td>
<td>Health awareness training courses for workers (part of inception training)</td>
<td>RMGC liaise with local, regional and national public health authorities &amp; NGOs.</td>
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<td>awareness campaign in community Workers clinic</td>
<td>Number of course participants</td>
<td>Contractors to prepare and implement health plans</td>
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<td>Availability of condoms</td>
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<td>Health awareness training in community (part of school curriculum, part of general health</td>
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<td></td>
<td></td>
<td></td>
<td>campaign)</td>
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<tr>
<td>Closure of Minvest/Rosiamin mines in 2007 under current</td>
<td>Reduction in local/regional workforce, increase in unemployment (to 66%), out-</td>
<td>Hiring Policy prioritizing ex-Minvest/Rosiamin workers for re-employment by RMGC,</td>
<td>Quarterly statistics presenting for RMGC and each EPC contractor (including sub-contractors with</td>
<td>EPC contractors comply with RMGC employment procedures. RMGC to review and accept</td>
</tr>
<tr>
<td>government plans</td>
<td>migration of able-bodied &amp; (most) skilled workers seeking other employment.</td>
<td>EPC contractors and sub-contractors Re-training as part of community development</td>
<td>more than 10 workforce) the numbers of ex-Rosiamin workers in management / skilled / semi-skilled</td>
<td>employment procedures prior to finalizing contracts. RMGC to monitor compliance</td>
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<td>programme under CSDP</td>
<td>and unskilled positions</td>
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<td></td>
<td>Number of ex-Rosiamin employees attending &amp; finishing re-training programmes. Number in employment.</td>
<td></td>
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<tr>
<td>Rejuvenated and improved employment market and</td>
<td>Improved cash incomes and increased standard of living. Increased opportunities for</td>
<td>No mitigation necessary</td>
<td></td>
<td>Stakeholders directly or indirectly affected or involved in RMP.</td>
</tr>
<tr>
<td>possibilities</td>
<td>individual and family development, including comfort (better insulation, etc),</td>
<td></td>
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<tr>
<td></td>
<td>education, recreation, &amp; future investments</td>
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<tr>
<td>Adult education, vocational training, on the job</td>
<td>Increased opportunities to exploit employment openings, develop own enterprises,</td>
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<td>training</td>
<td>fill service-demand gaps</td>
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<tr>
<td>Improved health services and facilities</td>
<td>Better health possibilities particularly for elderly &amp; disadvantaged groups</td>
<td>No mitigation necessary</td>
<td></td>
<td>RMGC + local utility &amp; infrastructure organisations</td>
</tr>
<tr>
<td>Renovation or construction of new infrastructure and services, including waste, electricity, water, sewage &amp; roads</td>
<td>Improved basic &amp; common infrastructure, &amp; associated health improvements. Improved incentive to access region or stay in region due increase in comfort factor. Beneficial to tourist possibilities</td>
<td>No mitigation necessary</td>
<td></td>
<td>RMGC + local utility &amp; infrastructure organisations</td>
</tr>
<tr>
<td>Cultural reinvigoration and revitalisation, introduction of new cultural dynamics.</td>
<td>Better health possibilities particularly for elderly &amp; disadvantaged groups</td>
<td>No mitigation necessary</td>
<td></td>
<td>RMGC + local utility &amp; infrastructure organisations</td>
</tr>
<tr>
<td>Exposure to new cultures (other Romanians &amp; expatriates)</td>
<td>Stress &amp; conflict due to change, uncertainty &amp; negotiations. Resentment, distrust, fear of new &amp; unknown cultures, persons</td>
<td>Hiring Policy giving priority to locals for recruitment by RMGC, EPC contractors and sub-contractors, Emphasis in equal opportunity employment to increase numbers of women in workforce Number of workers to be accommodated in Old Rosia Montana (Protected Zone). Remainder throughout communities. Dispersion in communities to aid in integration and provide more normal social environment for workers.</td>
<td>Number of workers accommodated in Old Rosia Montana. Number of workers accommodated in communities. Number of complaints – recorded, filed and acted upon. Conflict resolution report &amp; follow-up. Punitive action against perpetrators in accordance to Workers Accommodation Policy &amp; Hiring Policy.</td>
<td>Stakeholders directly or indirectly affected or involved in RMP. RMGC &amp; Accommodation Management Organisation under Rosia Montana Foundation.</td>
</tr>
<tr>
<td>Resettlement (of a part) of the community</td>
<td>Disruption to the local social fabric and solidarity networks. Mainly detrimental to the most vulnerable individuals such as the elderly and disabled</td>
<td>Vulnerable People Policy, included in the RRAP People have an option to resettle (rather than relocate) on a community resettlement site where all community facilities are going to reconstructed Plot and house allocation on the resettlement sites will attempt to maintain neighbourhood and solidarity networks</td>
<td>As per the RRAP</td>
<td>RMGC in liaison with local government authorities who have a legal responsibility to take care of vulnerable people</td>
</tr>
<tr>
<td>Improved living conditions through new buildings, better infrastructure, improved access to (better) community services</td>
<td>No mitigation necessary</td>
<td></td>
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<thead>
<tr>
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<tbody>
<tr>
<td>Increase in demand for local services, infrastructure including homes, land, other local resources &amp; properties</td>
<td>Increased wealth to local property owners / operators. Opportunities to liquidate assets or convert tangible assets to intangible assets. Possibility to invest in opportunities otherwise denied locals.</td>
<td>No mitigation necessary</td>
<td></td>
<td>Stakeholders directly or indirectly affected or involved in RMP.</td>
</tr>
</tbody>
</table>
| The Project construction and operation temporarily or permanently interrupts or limits access to residences and businesses | If residence, resident must move either temporarily or permanently (relocation).  
If business, potential of significant loss of business. Business must relocate or close. Possibility to re-open if access is temporarily restricted. | Identification of all access roads used by the community prior to construction / operation and implementation of permanent or temporary alternative access solutions | For each contractor, quarterly numbers of situations where they were unable to maintain access, with indication of the duration of the interruption  
Cash compensation paid for damages resulting from interruption of access; or other measures noted and documented. | Contractors to monitor & implement corrective measures.  
RMGC to monitor compliance |
| The Project construction and operation restricts either temporarily or permanently access to fields, pasture, forest and other natural resources | Possible significant impact on subsistence agricultural livelihood of people. Interruption to seasonal agricultural practices and animal husbandry. | Compensation paid for damages resulting from temporary restriction of use. Compensation rates as per the RRAP |                                                                                   |                                                                                  |
| Improved transport infrastructure to locality and region via upgrading road link & logistical support | Easier ingress & egress of region by people including tourists. Promotion of region for (tourist/alternative) development, leading to sustained social-economic development | No mitigation necessary                                                             |                                                                                   |                                                                                  |
| Increase in fiscal resources available to local Governments via taxes             | Increased budget of local governments, improved ability to develop local civic services: education, health, transport, etc. | Capacity building to enhance local governments’ capacity to adequately plan and disburse increased resources  
Liaison with local governments on identification of appropriate development needs. With local government co-develop & co-finance projects of benefit to local communities | Amounts paid annually in local taxes  
Project priority list for development projects  
Number of projects being or have been developed | Local governments  
Central government to provide capacity building to local governments with assistance from ANDIPRZM and its external donors |
<table>
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<tbody>
<tr>
<td>Increase in fiscal resources available to central Government via taxes &amp; royalties</td>
<td>Contribution to national development by increased income available.</td>
<td>No mitigation necessary</td>
<td></td>
<td>Central government</td>
</tr>
<tr>
<td>Risk that taxes and revenues are not primarily used for local development</td>
<td>Contribution to central government unlikely to be earmarked for local development. Chance that priorities of local government do not reflect specific population-related needs and wants</td>
<td>Work in cooperation with local authorities on projects of benefit to local communities &amp; region. RMGC to co-finance aspects of project development / implementation.</td>
<td>Number of projects developed &amp; co-financed. Amounts per project.</td>
<td>Local government agencies &amp; RMGC</td>
</tr>
<tr>
<td>Risks related with potential non equitable distribution of Project benefits throughout community</td>
<td>Elderly, older workers being unable to maintain employment after Minvest closes down, disadvantaged people lacking capacity (intellectual, educational, physical) to exploit new opportunities</td>
<td>Identification of specific individuals at risk. With local authorities identify employment opportunities, what (re-)training is required, assist in retraining, etc</td>
<td>As per re-employment measures &amp; indicators concerning ex-Rosiamin employees. Numbers of identified persons attending &amp; completing re-training. Numbers of identified persons gaining employment.</td>
<td>Local government agencies &amp; RMGC, relevant NGOs if possible.</td>
</tr>
<tr>
<td>Increased direct &amp; indirect employment</td>
<td>Flow on effects of presence of major economic investment throughout community, to national level. 1:4 direct/indirect employment/job creation.</td>
<td>No mitigation necessary</td>
<td></td>
<td>Stakeholders directly or indirectly affected or involved in RMP</td>
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<tr>
<td>Increased income</td>
<td>In comparison to a ‘no-mine’ scenario, incomes will rise</td>
<td>No mitigation necessary</td>
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<tr>
<td>Loss of trained staff from other organizations &amp; businesses to RMGC</td>
<td>Capacity drain to fill higher-paying/better benefits position with RMGC. Reduced capacity available to other businesses</td>
<td>Identification of work-capacity needs of RMGC per project development phase broken down into specific skills categories with approximate % workforce. Gap analysis of existing capacity in surrounding regions relative to RMGC demands. Based on gap analysis, skills enhancement, adult education &amp; vocational training to be conducted by RMGC supported initiatives leading to increased capacity level to supply RMGC needs whilst maintaining capacity for regional business needs. Demand for employment will drive higher salaries &amp; better conditions increasing overall capacity in region by encouraging suitably qualified workers to the region.</td>
<td>Assessment of RMGC capacity need. Assessment of regional technical capacity to meet RMGC needs. Gap analysis of regional capacity relative to RMGC needs. Training programs developed &amp; implemented, number of attendees, number of graduates, number in position. Ongoing assessment of capacity in businesses in surrounding regions to ensure sufficient is available.</td>
<td>RMGC based on its Hiring Policy. EPC contractors to comply with Hiring Policy. RMGC to monitor regional capacity levels to ensure local business do not suffer capacity loss to their detriment.</td>
</tr>
<tr>
<td>Increased income for those engaged in small business</td>
<td>Requirements of supply of a diverse range of services, materials &amp; products for the RMP drive demand for sourcing services, etc, locally, leading to increase income to local businesses. Also provides incentive to develop local businesses to supply RMP &amp; related/spin off demand.</td>
<td>Stimulation of business through Small Business Fund, Micro-financing, Skills-enhancement fund + other initiatives coordinated by independent Rosia Montana Development Foundation.</td>
<td>Number of requests for assistance: financial technical administration &amp; organization, etc. Number of new start businesses. Increase turnover/profit of new/existing businesses</td>
<td>RMGC, local governments, pro-business NGOs &amp; development organisations</td>
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<tr>
<td>Disruption to businesses located in the Project-Impacted Area</td>
<td>Temporary to permanent loss of business revenue. Loss of income and occupation to business people.</td>
<td>(Business) resettlement / re-establishment assistance to affected businesses. Compensation for loss of business. Skills enhancement, adult education &amp; vocational training available for affected business aiding in re-establishing businesses. Stimulation of business through Small Business Fund, Micro-financing, Skills-enhancement fund + other initiatives coordinated by independent Rosia Montana Development Foundation.</td>
<td>As above. Number of disrupted businesses, loss of turnover / profit. Number of disrupted businesses set up elsewhere, or remain in locality. Compensation requests per business. Amounts dispersed, to who, based on transparent resolution agreement.</td>
<td>Stakeholders directly or indirectly affected or involved in RMP</td>
</tr>
<tr>
<td>Increased visibility of Community and region for other investments (i.e. regional development)</td>
<td>Increase in confidence for Foreign Direct Investment, locally to Rosia Montana, nationally based on confirmation major business investment is possible, to regional including neighbouring countries.</td>
<td>No mitigation necessary</td>
<td>Stakeholders directly or indirectly affected or involved in RMP</td>
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</tr>
<tr>
<td>Trained labour force</td>
<td>Skilled, multi-disciplinary labour force following capacity building and experience required to work in the mine and ancillary industries</td>
<td>No mitigation necessary</td>
<td>Stakeholders directly or indirectly affected or involved in RMP</td>
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<tr>
<td>Inflation and rising cost of access to services, infrastructure, etc. Caused by</td>
<td>Price &amp; cost of living rise in community.</td>
<td>Workers’ Accommodation Policy aimed to reduce impacts by accommodation in Old Rosia Montana &amp; specifically identified accommodation sites throughout region. Lowers impact on local housing market at the same time providing for direct income into community. Identification of most vulnerable (using baseline). Specific measures targeting them to reduce impacts. Categories of assistance include but not restricted to: Transport – shopping, visitations, medical assistance; Domestic service – removal of snow, garbage, chopping &amp; piling of wood, etc Other – organization of social events, etc. Financial: In conjunction / cooperation with local authorities ( +/- NGOs) determine an inflation-indexed coefficient to be applied to vulnerable and disadvantaged people on pensions or state-welfare to complement their basic income. Then design an appropriate measure tailored individually. For example: a weekly food hamper determined in conjunction with the person in particular. Or subsidising utility or other regular living costs. Thereby mitigating the impacts of inflation and ensuring their quality of life will not decrease due to inflation.</td>
<td>Monitoring of local inflation on a six-monthly basis, including housing (rental and real estate, including land), and staples Six-monthly public release of the results within the Project environmental and social reports Vulnerable People Policy, included in the RRAP. Number of vulnerable people, their particular circumstances noted. Assistance programme developed &amp; followed. Number of visits in accordance to assistance programme. Inflation index developed &amp; applied. Method or measure to complement basic income or pension determined; record of regularity of dispersion of measure per vulnerable person.</td>
<td><strong>Main EPC contractor to implement</strong> RMGC to monitor compliance RMGC in liaison with local government authorities who have a legal responsibility to take care of vulnerable people, +/- NGOs.</td>
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<tr>
<td>increase in economic activity &amp; wealth of region. Potentially detrimental to the</td>
<td>Detrimental to disadvantaged persons, in particular elderly &amp; very poor.</td>
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<td>poorest in the community. Less impacting on those involved in the increased</td>
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<td>economic activity, since income also rises.</td>
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<tr>
<td>Construction period – a short period of relatively more intense activity</td>
<td>Increase in local economic activity following commencement of construction, the</td>
<td>Local Procurement Policy aiming at enhancing capacities of local small businesses, including management of the transition period from construction to local procurement against total contract amount, monitored on a quarterly basis for each contractor and compared with target contractually determined for each</td>
<td></td>
<td>Contractors to implement in partnership with RMGC</td>
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<tr>
<td>Contraction of local economic activity at the end of construction, including retrenchments</td>
<td>Operation The CSDP includes small business development measures to enhance the business environment in a long term perspective, and alleviate the potential impacts of the depression resulting from the end of the construction phase</td>
<td>contractor</td>
<td>Local procurement against total contract amount, monitored on a quarterly basis for each Operation &amp; Maintenance (O&amp;M) contractor and compared with target contractually determined for each O &amp; M contractor</td>
<td>RMGC to monitor compliance</td>
</tr>
<tr>
<td>Increased traffic, particularly at construction phase</td>
<td>Significant volumes of traffic, particularly large machinery increases risks to people. Risk most acute for non displaced people, pedestrians, cyclists, young and the very old.</td>
<td>Workers Code of Conduct, speed limits, physical measures, and safety awareness in local schools</td>
<td>Traffic calming and dampening devices emplaced. Radar measurements of speed and/or black boxes in vehicles Number of safety awareness sessions and attendance Number of incidents and accidents, and related corrective actions taken</td>
<td>EPC contractors to identify hazards and mitigate them RMGC and contractors with local teachers and education inspectorate to administer the safety awareness campaigns, and to refresh awareness on a periodic basis</td>
</tr>
<tr>
<td>Mine construction and operation</td>
<td>Significant industrial operations, such as a mine, creates new safety hazards for communities particularly to non-displaced people.</td>
<td>Fencing of all work sites. Security services to avoid third-party intrusion. Safety awareness</td>
<td>Number of reported third party intrusions into work sites Number of incidents and accidents, and related corrective actions taken Number of safety awareness sessions and attendance</td>
<td>Contractors to fence all work sites RMGC to monitor compliance RMGC and contractors with local teachers and education inspectorate</td>
</tr>
<tr>
<td>Impact description</td>
<td>Impact effect</td>
<td>Mitigation measures</td>
<td>Monitoring measures and indicators</td>
<td>Responsibilities</td>
</tr>
<tr>
<td>--------------------</td>
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</tr>
<tr>
<td><strong>Social and economic risks related with eventual mine closure</strong></td>
<td>Inappropriate or insufficient planning &amp; preparation for alternative sustainable economic activities during mine life leads to significant economic impacts following mine closure.</td>
<td>Development of a range of measures &amp; initiatives over the lifespan of RMP such that net welfare continues to increase following closure of mine operations. Stimulation of business through Small Business Fund, Micro-financing, Skills-enhancement fund + other initiatives coordinated by independent Rosia Montana Development Foundation.</td>
<td>Number of requests for assistance: financial technical administration &amp; organization, etc. Number of new start businesses. Increase turnover/profit of new/existing businesses Training programs developed &amp; implemented, number of attendees, number of graduates, number in position.</td>
<td>RMGC and Rosia Montana Development Foundation Stakeholders directly or indirectly affected or involved in RMP</td>
</tr>
<tr>
<td></td>
<td>Out migration of skilled workers, young educated people leave, demography (again) reflects aged population</td>
<td>Creation &amp; promotion of Roșia Montană &amp; Community as a centre of excellence concerning (for example): mining technologies, Community &amp; Sustainable Development expertise, construction &amp; building, archaeology &amp; patrimony. Establishment of economically sustainable industries, such as based around: mining, community development, archaeology, construction, tourism, etc.</td>
<td>Number of educational facilities, number of attendees, trends over time (increasing/decreasing); number of companies (offering services reflecting areas of excellence); number of employees (trends), turnover ($ &amp; employees) Number of businesses, number of employees, turnover, profit, contribution to local authority’s budgets</td>
<td>Roșia Montană development foundation, local stakeholders, local authorities</td>
</tr>
<tr>
<td></td>
<td>Decrease in population to below demographically &amp; economically sustainable levels; Roșia Montană declines as a village</td>
<td>Development of Roșia Montană as an attractive village of a high standard &amp; quality of living based on the principles of SD, well maintained, comfortable &amp; accessible, with employment &amp; economic possibilities</td>
<td>Number of inhabitants, demand from people to move to Roșia Montană, number of people leaving, attendance at educational facilities, contribution to local authorities, demographic structure, number of births, deaths, change in population numbers (rise, falls)</td>
<td>Roșia Montană’s socio-economic indicators demonstrate positive growth</td>
</tr>
<tr>
<td></td>
<td>Roșia Montană remains a viable, attractive living centre with a sustainable economy, positive economic growth &amp; dynamic population</td>
<td>No mitigation necessary</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Annex 1.3: Mitigation and monitoring measures & responsibilities  Page 138 of 170
FACT SHEET:

ACID ROCK DRAINAGE, WATER MANAGEMENT, AND WATER TREATMENT

WHAT IS ACID ROCK DRAINAGE?

Acid Rock Drainage or “ARD” is a natural process that occurs when metallic ores containing sulphides are exposed to air and water. This natural process can be accelerated by mining or construction activity, as large areas of rock are exposed to the air. Some natural mineral reactions can slow down ARD, so it is important to understand the balance between acid generating and acid neutralising minerals.

ADDRESSING A LEGACY OF NEGLECT

The Roşia Montană area has been mined for gold and other valuable minerals for over 2000 years. Areas with sulphide minerals are the most prone to ARD, and past mining operations in the region made little or no effort to control ARD generation. As a result, the water quality is poor in Roşia Stream and other parts of the Abrud River drainage, posing significant risk to public health.

MODERN MINING AND ARD

Even if ARD is generated, it can be controlled. Extensive ARD evaluation at the proposed site shows that high- and low-grade ores will have ARD potential, but these will be processed. Some waste rock may produce ARD, but on average, it has a low potential. The tailings from the processed ore that will be deposited in the Tailings Management Facility (TMF) have some ARD generation potential, but they are stored in a fully contained facility that will minimise this possibility. Rock excavated for construction was found to neutralise ARD, and will not be a problem.

WATER MANAGEMENT STRATEGY

In order to minimise the generation of ARD, the proposed mine plan will divert surface water around areas disturbed by mining activities. All surface water and all water contacting ARD-generating materials will be contained, collected, and treated to remove acidity. Because the collection and treatment system will also encompass historical mining areas, the new mine will have an added positive impact: water quality in the Roşia and Corna Streams as well as the Abrud and Arieş Rivers will be improved.

ARD AND CLOSURE

While the life of a mine can stretch 15 years or more, modern projects plan for mine closure before construction begins. When the proposed mine is closed, sources will be managed to reduce or eliminate ARD generation. Protective measures will include installation of topsoil and vegetative cover systems to limit infiltration of water and air, and construction of both active and passive water treatment systems.

Further Information

For more information about the Roşia Montană Project, please contact:
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S.C. Roşia Montană Gold Corporation S.A.
T: (+4) 0258.806.750 F: (+4) 0258.806.749 E: info@rmgc.ro Str. Piață nr. 321 517615, Jud. Alba Roşia Montană, ROMÂNIA
www.rmgc.ro; email: info@rmgc.ro
Annex 3  Policy Framework – additional information

The policies and principles described in brief here are those that have a specific impact on the CSDP. They may not have been specifically designed to support CSDP, but their existence exerts an influence that has a socio-economic expression. The order of discussion in this annex follows that of the section itself (Section 2 Policy Framework); namely:

1. Sustainable Development
2. Roşia Montană Gold Corporation’s policies
3. Romanian Government policies
4. European Union policies and strategies
5. World Bank / International Financing Corporation
6. United Nations’ policies
7. International Standards Organisation

A3.1 Sustainable Development

This is explained in detail in Section 2 and is not further discussed here.

A3.2 RMGC policies

Roşia Montană Gold Corporation policies additional to the Sustainable Development and Environmental Policies as described in Section 2, that either directly or indirectly support the CSDP include:

- Hiring policy;
- Procurement policy;
- Accommodation policy.

These policies are RMGC internal policies which impact upon Community development. The principles of the Community and sustainable development has influenced the design of these policies such as to maximise benefit to the local communities and surrounding regions. More information concerning these policies can be obtained directly from RMGC at info@rmgc.ro.

A3.2.1 Hiring policy

The objective of the hiring policy is to help maximize the participation of people in the Community in the RMP through direct wage employment. The selection of employees by RMGC for future positions (by function, not solely by work title) will be based on qualifications to best meet business requirements.

RMGC has a hiring policy that, for people with similar qualifications, will give preference in order of priority to:

- Persons resident in the Project-Affected Area;
- RosiaMin and RMGC employees resident in the Comuna of Rosia Montana or the Orasul of Abrud;
- RosiaMin and RMGC employees resident elsewhere in Alba County;
- Other persons resident in Alba County;
- Other persons resident in Hunedoara County;
- Persons non-resident in Alba or Hunedoara Counties.

All recruitment remains subject to the Company’s operational requirements and people having the requisite skills to perform the work. Various skills enhancement and training packages under the CSDP and RMGC’s Good Neighbour Policy (see Section 8.11)
A3.2.2 Procurement policy

Under the procurement policy RMGC will prioritise sourcing of materials from within the Community and surrounding regions. Provision of materials and supply by the Community and surrounding regions will depend on price and quality, though RMGC will work with local supplies to assist them in meeting RMP needs. By doing so, RMGC will provide a significant number of direct and indirect employment opportunities and economic flow through the Community.

Both the hiring and procurement policies have similar components such as:

- Prioritization of Community residents for direct and indirect employment;
- Special consideration for vulnerable groups;
- Qualifications and pre-employment education and training;
- Notification of employment opportunities and application procedures;
- Notification of procurement opportunities and bidding procedures;
- Development of transparent, fair and equitable hiring and procurement procedures;
- Monitoring and evaluation.

A3.2.3 Accommodation policy

The accommodation policy is under development (April 2006). Essentially there are two areas of responsibility:

1. Resettlement and relocation of Project Affected People, as under the RRAP
2. Appropriate accommodation of new people to the Community

Under the resettlement site development & management handover initiative the key objectives are:

- Develop the Resettlement Sites at Alba Iulia and Piatra Alba, including upgrading of some comuna/orasul infrastructure systems as needed.
- Provide a smooth transition for the handover of responsibility for the operation and maintenance of all completed architectural and engineering works in the resettlement sites to appropriate Community stakeholders (i.e., from public, private or civil sectors).

Specifically, RMGC is developing new buildings and infrastructure and upgrading the existing infrastructure to support the Resettlement Sites at Piatra Alba and Alba Iulia. These architectural and infrastructural works include:

- Architectural works: residential buildings, appropriate institutional buildings (e.g., town hall, police station, post office, cultural house, fire station, schools, and sports arena), commercial building, churches, markets and associated landscaping
- Infrastructural works: roads, stormwater management, water supply and distribution, electricity supply and distribution, sewage disposal and sanitation, and solid waste collection and disposal.

The second area involves assisting both new people to the Community find appropriate accommodation needs at the same time mitigation of any potential negative social & economic impacts of this influx on the Community. This has links to the Hiring Policy and other internal RMGC policies such as Health and Transport.

By disseminating people throughout the Community and by not concentrating them in a managed facility economic gain to the Community is enhanced and social impacts reduced. However this approach requires careful preparation and planning to ensure sufficient accommodation space is available and that the Community is prepared.
Maximizing the use of local businesses and resources (e.g., labour and supplies) in developing / upgrading the above buildings and infrastructure will generate significant local economic activity, and will endeavor to do so as is technically and economically feasible. Once constructed, responsibility for the ongoing management of common interest infrastructure should be passed to appropriate Community stakeholders in order to avoid fostering any long-term dependencies on RMGC. RMGC will work with these stakeholders to ensure that they are prepared and have the necessary financial and technical capacity and physical capital to take over the works. Potential activities may include:

- Capacity training (technical and financial) of authorities to take over operations and maintenance of architectural and engineering works;
- Strategies to maximize benefits to local people in operation and maintenance (e.g., by hiring locals);
- Where financial resources are tight, community involvement in operations and maintenance.

### A3.3 Romanian government policies

There are no specific Romanian government policies or laws that direct or oblige an investor to consider the sustainable development aspects of their investment. For the RMP it is only in the Terms of Reference that any consideration for the sustainable development of Roşia Montană exists.

However, in the Terms of Reference (ToR) issued by the Romanian Ministry of Environment and Waters Management concerning the Roşia Montană Project there is no specific requirement to present a plan for the socio-economic or sustainable development of Roşia Montană. The term ‘sustainable development’ is mentioned in the ToR only in the part which the Hungary authorities requested to be included.

There are aspects in the ToR that are indirectly related to the CSDP. Below are listed those aspects from both the Romanian and Hungarian authorities’ contributions to the ToR that are either directly or indirectly related to the CSDP:

#### Romanian Ministry of Environment and Waters Management

<table>
<thead>
<tr>
<th>Aspect in ToR</th>
<th>Relation of CSDP to aspect in ToR</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 How will the post-closure re-use of the land issue be solved and what is the method to incorporate the requirements of the local community in this respect?</td>
<td>Community development is a multi-stakeholder process. Post-closure re-use of the land including the TMF will be determined in conjunction with local stakeholders. Innovative approaches will be encouraged. Each approach will be assessed for its compliance with the principles of sustainable development. The more Community stakeholders participate by suggestions, ideas, concepts, etc, the more post-closure re-use will incorporate local community requirements. Under the CSDP this participation will be strongly encouraged.</td>
</tr>
<tr>
<td>6 Present the method of respecting the principles of environmental management implementation. 60</td>
<td>The CSDP has as its core values the Three Pillars of Sustainable Development which include integration of environmental aspects in social and economic development.</td>
</tr>
<tr>
<td>7 Who will be responsible for the monitoring, site rehabilitation and implementation of the required measures for site restoration, if required, after closure?</td>
<td>Whilst not finalized there exists the possibility that the Foundation will be responsible for post-closure management financially supported, if necessary, from the RMP.</td>
</tr>
</tbody>
</table>

60 Footnote to the ToR: “this question unclear; requires clarification from the authors of the guidelines.”
## Directorate of Developing and Implementing Environmental Economical Policies

### Romanian Ministry of Transport, Construction and Tourism

<table>
<thead>
<tr>
<th>Aspect in ToR</th>
<th>Relation of CSDP to aspect in ToR</th>
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<tbody>
<tr>
<td><strong>1</strong> What will be the consequences, and under what circumstances may tourism activities continue, given that the works required to build the project will affect the area with landscape modifications, access to archaeological sites, tourism locations and so on?</td>
<td>In Section 5.5 of the CSDP is a brief discussion on the economic contribution of tourism to Roşia Montană. Currently such a contribution is extremely limited. As such tourism will likely expand and be enhanced by the RMP and activities to stimulate it as under the CSDP.</td>
</tr>
<tr>
<td><strong>2</strong> What happens with the TMF after the closure of the mining exploitation?</td>
<td>The TMF will be closed and rehabilitated in accordance with relevant EU and Romanian legislation. The relevant design and management plans of the EIA discuss the technical aspects in detail. As such there will be no detrimental environmental legacy. However, the TMF also presents a unique opportunity for the Community to define how this space, some 300 Ha of perhaps the largest piece of flat land in the area could be developed. Towards the end of the life of the project requests will be sent throughout the Community from schools to adults to attract their ideas. A consensual approach will result in the most desired final topography/use of the land.</td>
</tr>
</tbody>
</table>

### Hungarian contribution to the ToR

“In addition to the above criteria (concerning transboundary impacts), we propose to include the following criteria in the requirements on content:

<table>
<thead>
<tr>
<th>Aspect in ToR</th>
<th>Relation of CSDP to aspect in ToR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessment of the effects of the gold mine and related activities on the historical, cultural and architectural values of Verespatak and buildings classified as ancient monuments</td>
<td>Not directly a CSDP issue. See following point for relation of historical, cultural and architectural values to the CSDP.</td>
</tr>
<tr>
<td>Description of the future of the archaeological values (mines from the Roman Age, mining equipment, objects, churches, cemeteries, buildings classified as ancient monuments) located in Verespatak and its environs</td>
<td>The cultural aspects form a significant component of initiatives in the CSDP to promote and develop tourism. This will be done in conjunction with relevant Stakeholders to ensure that values are maintained and managed according to Community wishes.</td>
</tr>
<tr>
<td>Description of the theoretical value of the mines from the Roman Age located in the mountains of Verespatak and its environs, and of the archaeological values located in such mines; assessment of the natural values and biodiversity of the region</td>
<td>These issues are covered in numerous baseline documents and Management Plans of the EIA.</td>
</tr>
<tr>
<td>Assessment of the social and economic effects of the investment, including assessment of the effect of the investment on the subsistence of the local population with special regard to the period following the 17-year lifetime of the mine</td>
<td>The CSDP is specifically geared to providing a framework for all Stakeholders in the Community to work together to ensure the ongoing socio-economic and environmental viability of Roşia Montană. Tourism in particular combining several attractions: the new mine, the Roman mines, as well as other highlights such as the surrounding landscape and objects in Carnic is a specific development aspect under the CSDP. The potential income relies on numerous assumptions key amongst which are numbers of tourists. Current tourist levels are approximately 275 (visitors to present museum) per year. Income scenarios also depend on facilities available, of which currently non are available in Roşia Montană. Stimulating development of tourist infrastructure is an aspect of the CSDP. Assumptions on income potential can be made but will remain largely theoretical at this stage.</td>
</tr>
<tr>
<td>Analysis of the relationship of the investment with the sustainable development of the region; assessment of the potential income from tourism in Verespatak and its environs in case of non-investment provided by the Roman mines and objects in Kırmyık Mountain if they were explored and made publicly visitable</td>
<td>In section 7 of the CSDP investments in Roşia Montană are discussed. Without a significant economic catalyst it is unlikely a non-mining related...</td>
</tr>
</tbody>
</table>

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61 Pages 13 and 14 of the Government Guidelines for the EIA for the Proposed Roşia Montană Project (EIA Terms of Reference)
62 Hungarian name for Roşia Montană
63 Hungarian name for Carnic
A3.4 European Union policies and strategies

To address the European Commission’s Key Issues\(^{64}\) are numerous strategies and policies contained within the various Directorate Generals of the European Commission of which there are 29\(^{65}\). The relevant Key Issues (December, 2005) for RMGC are: Growth and Jobs, and Sustainable Development.

When considering Growth and Jobs and Sustainable Development, the guiding policies and strategies are:

- The Lisbon Strategy;
- The Göteborg Strategy;
- The Cohesion Strategy.

There are strong links and interactions between these three strategic areas. For example sustainable development is built upon the integration of environmental, social and economic issues. The social and economic aspects thus link to the Lisbon Strategy concerning competitiveness, economic growth, job creation and employment security. Which is also what the Cohesion Strategy addresses, only in a different geographic context.

The three Strategies are summarised below.

**The Lisbon Strategy**

The premise behind the Lisbon Strategy is that: “The challenges facing Europe’s society, economy and environment are surmountable. If managed well they can be turned into new opportunities for Europe to grow and create more jobs.”\(^{66}\)

The goal of the Lisbon Strategy is to maintain Europe’s economic and social model in the face of increasingly global markets, technological change, environmental pressures, and an ageing population. The Strategy must adhere to sustainable development principles ensuring that present needs can be met without compromising the ability of future generations to meet their own needs.

The Communication regarding Common Actions for Growth and Employment (COM(2005) 330 final) explains that there will be elements of conflict, “uncertainty and pessimism” regarding how to achieve its goals. It explains that social and economic progress brings sometimes significant changes, and both risks and benefits. Thus the Strategy needs

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\(^{64}\) The Key Issues do change and the reader is referred to the Commission’s homepage at to see what the current ones are: [http://europa.eu.int/comm/index_en.htm](http://europa.eu.int/comm/index_en.htm) - top of the page

\(^{65}\) [http://europa.eu.int/comm/index_en.htm](http://europa.eu.int/comm/index_en.htm) - under Economy and Society

to be able to deal with legitimate worries of citizens, and that the benefits of the new strategy needs to be properly explained.

**Göteborg Strategy**

In June 2001, the European Council at Göteborg discussed a strategy for Sustainable Development proposed by the European Commission\(^{67}\). The transition towards more Sustainable Development is a long term strategic goal for the European Union. The process requires structural change to the economy and society, as well as how policies are developed and implemented. To succeed all sectors and groups, Community institutions, the Member States, the private and the non-governmental sectors and local authorities, need to be active and involved.

Sustainable Development encompasses:
- Balanced and equitable economic development
- High levels of employment, social cohesion and inclusiveness
- A high level of environmental protection and responsible use of natural resources
- Coherent policy making in an open, transparent and accountable political system
- Effective international co-operation to promote sustainable development globally

Currently policies do not completely support a sustainable development perspective. Long term issues such as raw materials supply and sustained economic growth are not often well considered, nor are links well defined between policy areas such as energy and environment. Thus sustainable development is closely linked to governance, better regulation, risk and impact assessment, improved policy making, and taking account of environmental considerations when implementing structural policy decisions involving investment.

Sustaining economic development requires protecting the environment against the potentially damaging effects of growth and preventing the excessive depletion of finite resources. Particular issues include climate change, preserving the natural environment and biodiversity, reducing emissions and lessening demand for natural resources through better materials efficiency and waste management.

**Cohesion Strategy - Regional Policy – Inforeg**

European regional policy aims to reduce the differences in development level between the regions. The expanded European Union with 25 Member States has some 450 million citizens in 254 regions. Despite being in of the world’s most prosperous economic zones, great social and economic disparities exist between the regions, and have increased since the EU enlargement in 2004. Romania for example has a GDP some 30% of the EU 25 average, as the graph below shows\(^{68}\):
Inforeg can be seen as a sort of vast financing house. Over a third of the EU’s budget is for regional development and economic and social cohesion via European funds, Structural funds and Cohesion funds. Some EUR 257 billion is earmarked for 2004-2006, of which EUR 22 billion is for preaccession aid (q.v.: Romania).

In this way the EU aims to strengthen its economic and social cohesion and thus create a more robust economic zone to withstand the challenges of globalisation and sustainable development.

A3.5 World Bank / International Financing Corporation

A discussion on how the WBG contributes to minerals sector development in developing member countries is available in WTP 405 (Onorato, W.T., et al 199869). The WBG has produced a number of initiatives, guidelines and supporting documents to aid organisations and governments in maximising the contribution of the EI to (community/national) development. Those most relevant to the RMP include:

- World Bank environment, health and safety guidelines: mining and milling – open pit;
- World Bank Extractive Industries Community Development Facility;
- Mine Closure plan requirement.

World Bank environment, health and safety guidelines: mining and milling – open pit

The World Bank environment, health and safety guidelines: mining and milling – open pit are guidelines promoting ... which have been largely superseded by the Equator Principles and in relation to the RMP by the more stringent requirements of Romanian and European Union legislation. For example, the WB guidelines demand a maximum emission of 1.0 mg/l total cyanide. Whereas Romanian legislation demands a maximum emission limit of 0.1 mg/l total cyanide. The WBG EHS guidelines do continue to exert a significant influence on the RMP.

World Bank Extractive Industries Community Development Facility

Extractive Industry (EI) projects can be a major source of revenue for countries and a major source of FDI. However, sometimes local communities do not benefit from these investments. To promote greater benefit from EI projects the World Bank has created a Community Development Facility70. The multi-donor Facility that will leverage donor funds to support activities that enhance the positive sustainable impact of EI projects on

communities. The initial period of operation of the Facility is from 2005 to 2009 and will start activities in Africa with a view to being implemented in other regions of the world over time.

The facility aims to address the key issues (identified by the WBG71) as to why communities may not gain the benefits expected from an EI investment, such as:

- poor governance and regulatory frameworks;
- poor community capacity;
- underdeveloped community development expertise in local companies;
- inadequate resources and implementation capacity at local and regional government level.

The overall beneficiary is the local community, with activities executed with various stakeholders, such as:

- local communities and civil society;
- government authorities;
- private sector.

Activities funded are those that:

- have measurable outcomes and impacts (SMART72)
- have demonstrable added-value
- are replicable
- attract co-financing (other donors, investors, government, other stakeholders)
- are linked to a (related) EI project or government program.

Implementation and funding is via public-private partnership from the international donor community, civil society and industry.

Within the WBG the department responsible for mining is the Oil, Gas, Mining and Chemicals (OGMC) department73. The WBG promotes sound policies and good investments in the OGMC sectors. The private sector and competitive markets are recognised as the most effective mechanism to achieve development but require good governance in order to succeed. Policies concerning environmental and social goals are an important part of this governance.

The relevant key issues of the WBG with respect to the RMP are:

- Mine Closure;
- Mining and Community;
- Mining and Environment;
- Mining and Local Economic Development;
- Mining and Poverty Reduction.

Mine Closure

The IFC (International Financing Corporation) requires all mining projects that it supports to have a mine closure plan74. This is in recognition that mine closure may seriously impact on the social, economic and environmental welfare of a community.

Mining and Community

The challenge of all stakeholders involved in a mining investment - companies, NGOs, CBOs, governments and communities – is how to maximise the benefits in a

71 World Bank Group
72 Sustainable, Measurable, Achievable, Replicable, Transparent

Annexes
sustainable way and mitigate the negative impacts both during and after the life of the mine. This requires stakeholders to work together to ensure the community is advantaged by the mine. These advantages include: direct and indirect employment, skills transfer, enhancing the capacity of health and education services, improved infrastructure, and small and medium business opportunities.

Closure of a mine can cause significant adverse effects. Mitigating these effects are an important objective of the efforts stakeholders. The mine closure plan is an important component in mitigating potential adverse effects of mine closure.

The WBG Mining Department has been working to gain a better understanding of these issues, develop mechanisms for resolution and propagate good practice. The RMP has a mine closure plan and the CSDP is specifically created to aid the Community overcome the socio-economic impacts of mine closure.

**Mining and the environment**

A major aim of the WBG and the IFC with respect to the EI is to prevent and mitigate mining related environmental problems. The WBG/IFC have numerous guidelines and publications to this effect. With respect to protecting the environment the main issues are whether safeguards are adequate, respected, and implemented, and can they be monitored. As well whether the guidelines/definitions provided by the regulatory authorities are appropriate for: closure, reclamation, and clean-up; rehabilitation; the use of land after mine closure; and safety issues, amongst others.

**World Bank - Mining and local economic development**

This issue was discussed in detail in Section 2.5 and is not be discussed further here.

**Mining and poverty reduction**

The World Bank’s mission concerns poverty reduction. With respect to mining much of the WBG poverty reduction efforts are focussed at a governmental level and specifically geared towards low income countries. However, the principles behind the WBG’s approach and much of the considerations therein are applicable at a company level. They have been considered and kept in mind in the development of many of RMGC’s management plans including the CSDP.

There are both opportunities and risks in the context of mining and governments need to design appropriate interventions and frameworks that maximize the positive impact from mining for poverty reduction, especially considering:
- Potential positive impacts affecting the poor or other vulnerable groups;
- Potential negative impacts affecting the poor or other vulnerable groups;
- What countries can do to maximize the benefits of mining for poverty reduction.

How the WBG looks at mining and poverty reduction is described in brief below and follow the three points above:

**Potential Positive impacts Affecting the Poor or Other Vulnerable Groups:**

Mining can contribute to poverty reduction in a variety of ways, mostly through generating income and as a catalyst for supporting downstream business development.

**Fiscal impact and foreign exchange income**: foreign exchange and fiscal receipts for governments. If managed well, foreign exchange and taxes from mining contribute to overall economic growth and support national budgets, including assisting poverty reduction programs.

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Income generation: mining provides employment and skills transfer and can be an important source of social services to (remote) communities. SMEs often form to provide supplies and related services to mining companies, miners and their families, thus generating substantial further incomes (multiplier effect).

Local economic development: Large mining operations can be found to invest substantially in local economic development, through providing training, public services such as education and health, and public goods, such as clean water, transport, energy, and infrastructure.

Source of energy: Concerning in particular coal supplies. This is not particularly relevant to RMGC nor perhaps even Romania.

Potential Negative Impacts Affecting the Poor or Other Vulnerable Groups:

Mining including its cessation and closure of (uneconomic) mining can also cause poverty or adversely affect the living conditions of the poor and other vulnerable groups.

Environment: Environmental damage can be caused by mining. Including: water pollution, water quantity, tailing management, noise, dust, and land disturbance. Often these disproportionately adversely affect poor and vulnerable groups with little mobility or means of alleviating negative impacts.

Health and human development: The lack of information and education about health issues to do with mining populations, often largely male can contribute to a high prevalence of communicable diseases among miners, their families and the community. Also, work-related injuries and health risks — lung cancer, for example — reduce miners’ life expectancy and may put (poor) families in difficult situations.

Governance, macroeconomic management, and corruption: Not all countries with substantial natural resources provide an attractive framework for foreign direct investment, reducing the opportunities for mining related development (income). Some mining companies particularly state owned may not be well managed financially and operationally, nor effectively and efficiently. Poor governance and corruption is often exacerbated by mineral resource wealth and the negative consequences of macroeconomic mismanagement may be harsher in the context of mining than in a non mining supported economy. Mining can inflate wages and keep the exchange rate strong, which can prevent other sectors such as agriculture from being internationally competitive thereby reducing the opportunity for export-driven growth. Such macroeconomic mismanagement is particularly damaging considering that mineral resources are non-renewable.

Economic development: The higher incomes of mine workers can lead to local inflation, negatively impacting the poor. Additionally, the poor and non mining population may have only limited access to services provided by the mine and may not benefit from the wealth generated by the mine.

Barriers to economic restructuring and mine closure: Large losses by state-owned mining industries can be a significant barrier to economic restructuring and recovery, especially in Eastern Europe and the former Soviet Union. Closure of non-economic mines has added to poverty, especially in mono-industry communities and mineral-dependent regions. In addition to the loss of jobs essential public goods and services originally provided by the mining company — transport and water, for example — often cease particularly impacting the poor and vulnerable groups.

What Countries Can Do to Maximize the Benefits of Mining for Poverty Reduction:

At a country level the WBG has identified six steps to obtain the greatest benefits from mining for poverty reduction. These can be modified to use at a company level, which is the case for RMGC and the RMP:

Collect data on the mining industry and its fiscal, economic, social, and environmental impacts. Data can include size, location, production, revenues, investments, employment, exports, imports, sources of local supplies, and financial performance. Monitor
the social and environmental impacts in communities and regions affected by mining and in particular by mine closure.

Establish a sound mineral regulation and licensing system for commercial-scale mining. Including ease of entry and responsible exit, sound fiscal policy and avoidance of subsidized state-owned mining enterprises.

Ensure sound macro-economic policies so that mineral-rich countries benefit from the developmental impact that mining can have, rather than seeing non-mining sectors obstructed and opportunities wasted.

Attract private-sector investment through appropriate laws and regulations. Questions of ownership, land and water use, socio-environmental standards, and responsibilities need to be reliably clarified and appropriately implemented and monitored.

Plan for mine closure, from the first investment by a mining company, by supporting the build-up of local administrative and management capacity and by designing and implementing appropriate regulation and oversight for mine closure.

Mitigate health, environmental, and socio-cultural risks for the population through information and education. As well as through agreements with the mining company to provide acceptable work conditions supported by appropriate and accessible community, health, and education facilities. The key to mitigating these risks is setting and monitoring appropriate standards. The company should not take over government roles, such as health and education. Instead public-private partnerships should be fostered that makes use of the company’s ability to invest while not taking over government’s role.

A3.6 United Nation’s policies

The most relevant UN initiatives and Conventions to and for the RMP are:

<table>
<thead>
<tr>
<th>UN initiative / Convention</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Århus Convention&lt;sup&gt;76&lt;/sup&gt;</td>
<td>On access to information, public participation in decision-making and access to justice in environmental matters.</td>
</tr>
<tr>
<td>Apell for Mining&lt;sup&gt;77&lt;/sup&gt;</td>
<td>Apell is a people-oriented communication and coordination process that promotes the involvement of external stakeholders in emergency response planning</td>
</tr>
<tr>
<td>Espoo Convention&lt;sup&gt;78&lt;/sup&gt;</td>
<td>Stipulates the obligations of Parties to assess the environmental impact of certain activities at an early stage of planning and obliges States to notify and consult each other on major projects under consideration that may have a significant adverse environmental impact across boundaries</td>
</tr>
</tbody>
</table>

They are described in more detail below:

**Århus Convention**

On access to information, public participation in decision-making and access to justice in environmental matters.

The Århus Convention establishes a number of rights of the public with regard to the environment. Public authorities are to contribute to allowing these rights to become effective. The Convention provides for:

- the right of everyone access to environmental information that is held by public authorities. This includes information on the state of the environment, policies or measures taken, as well as the state of human health and safety where this can be affected by the state of the environment. In addition, public authorities are obliged, under the Convention, to actively disseminate environmental information in their possession;

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<sup>76</sup> http://www.unece.org/env/pp/welcome.html
<sup>78</sup> http://www.unece.org/env/eia/eia.htm
the right for public participation in environmental decision-making. Arrangements are to be made by public authorities to enable citizens and environmental organisations to comment on, for example, proposals for projects affecting the environment, or plans and programmes relating to the environment. Comments are to be taken into due account in decision-making and information to be provided on the final decisions and the reasons for it; the right to access to justice to challenge in a court of law public decisions that have been made without respecting the two aforementioned rights or environmental law in general.


**Apell for Mining**
Awareness and Preparedness for emergencies at Local Level

Apell\(^{79}\) is a people-oriented communication and coordination process that promotes the involvement of external stakeholders - host communities in particular - in emergency response planning. Apell covers several industrial sectors. A mining handbook was published in 2001.

Apell is a modular, flexible methodological tool for preventing accidents and, failing this, to minimise their impacts. This is achieved by assisting decision-makers and technical personnel to increase community awareness and to prepare co-ordinated response plans involving industry, government, and the local community, in the event that unexpected events should endanger life, property or the environment.

In the relevant sections of the EIA, notably the Emergency Preparedness and Spill Contingency Plan, the Apell for mining handbook was used.

**Espoo Convention**
Convention on Environmental Impact Assessment in a Transboundary Context\(^{80}\)

The Espoo (EIA) Convention stipulates the obligations of Parties to assess the environmental impact of certain activities at an early stage of planning. It also lays down the general obligation of States to notify and consult each other on all major projects under consideration that are likely to have a significant adverse environmental impact across boundaries.

Essentially the Espoo Convention requires environmental impact assessments extend across the borders between Parties (to the Convention) to improve and enhance international cooperation concerning transboundary aspects. This allows the development of policies and measures for preventing, mitigating and monitoring significant adverse environmental impacts especially those in a transboundary context.

Romania, Bulgaria, and the European Union have all ratified the Convention, obliging them to comply with the Convention. As a large project with transboundary impact potential Romania is obliged to inform its neighbours of the RMP. An important component of the EIA deals with transboundary impacts, their mitigation and in cooperating with countries who have expressed either interest or concern over these issues, notable Hungary.

**A3.7 ICMM’s Sustainable Development Principles.**

- Implement and maintain ethical business practices and sound systems of corporate governance.
- Integrate sustainable development considerations within the corporate decision-making process.
- Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities.
- Implement risk management strategies based on valid data and sound science.
- Seek continual improvement of our health and safety performance.

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\(^{80}\) [http://www.unece.org/env/eia/eia.htm](http://www.unece.org/env/eia/eia.htm)
Seek continual improvement of our environmental performance.
Contribute to conservation of biodiversity and integrated approaches to land use planning.
Facilitate and encourage responsible product design, use, re-use, recycling and disposal of our products.
Contribute to the social, economic and institutional development of the communities in which we operate.
Implement effective and transparent engagement, communication and independently verified reporting arrangements with our stakeholders.
Annex 4 Key indicators of surface water pollution

Annex 4 Key Indicators of Surface Water Pollution

Average values for the monitoring period Nov 2000 - Nov 2005

Key

<table>
<thead>
<tr>
<th>Sample Point (50)</th>
<th>Units</th>
<th>Example</th>
<th>STAS1342/91</th>
<th>MO1146IV</th>
<th>TN001</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC</td>
<td>75/cm</td>
<td></td>
<td>343</td>
<td>1000</td>
<td></td>
</tr>
<tr>
<td>pH</td>
<td></td>
<td>6.7</td>
<td>6.5</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td>As+Cu+Ni % of standard TN001</td>
<td>76%</td>
<td></td>
<td></td>
<td></td>
<td>900</td>
</tr>
<tr>
<td>SO4 mg/L</td>
<td></td>
<td>254</td>
<td>200</td>
<td>300</td>
<td>600</td>
</tr>
</tbody>
</table>

Exceedences of Standards

TN001 Red Industrial waste water discharge to natural receptors
MD01446IV Blue Category IV Surface Water
STAS 1342/91 Green Drinking Water Standard

* Sum of standards for ToGal concentration of these parameters (1900bp)

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