



Midia Gas Development Project

Livelihood Restoration Framework (LRF)

Black Sea Oil & Gas SRL

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1. INTRODUCTION

1.1. Project Overview

The Midia Gas Development (MGD) Project will produce and process gas from the Ana and Doina discoveries located in the offshore XV Midia Block.

The MGD Project consists of drilling four offshore wells at the Ana field, where a small, normally unmanned platform will be installed to house the wellheads and production control facilities. A further well will be drilled at the nearby Doina field as a subsea development, with gas being routed to the Ana field platform via a subsea 18 km-long pipeline. The gas from both fields will then be brought to shore through a 121 km-long pipeline which will have a landfall at Vadu, Corbu Commune, Constanța County. From the landfall site, gas will be routed through a buried onshore pipeline (approximately 4.3 km long) to a new gas treatment plant (GTP) in the Vadu area where it will be treated prior to delivery into the national natural gas transmission system.

1.2. LRF Objectives

The objectives of the Projects' livelihood restoration framework (LRF) are to identify all the situations of economic displacement related to the MGD Project, identify the project affected persons/groups (PAP) and define the compensation measures required.

The LRF presents the commitments and actions required in order to address sufficiently the economic displacement impacts on these PAPs in line with national requirements, EBRD PR5 and IFC PS5.

The necessity of the LRF was triggered by the presence of fishing activities and a fish restaurant on the Vadu beach, approximately 400 m from the MGD Project pipeline route, whose economic activity might be impacted by the project if the beach crossing by horizontal directional drilling (HDD) operations will occur during the tourist season (June 1st – September 15th).

The LRF was developed as a precautionary measure and it is foreseen that the need for a detailed Livelihood Restoration Plan will not be needed since all the activities planned to take place in the proximity of the restaurant located on Vadu beach are planned to take place outside the touristic season. Still, the LRP will only be needed if the Project schedule and the mitigation measures will fail to address the potential impacts including impact on fishing activities in offshore and onshore during fishing season as well as the impact on the local fish restaurant and the potential tourism activities in summer season.

2. KEY BASELINE INFORMATION

2.1. Land Acquisition

All land needed for the construction of the pipeline and associated facilities has been acquired by BSOG on willing selling basis between 2012 and 2016, as detailed in Chapter 9.5 of the AESIA. This means that there will be no additional land required for the construction works and thus no

further impact on any agricultural activities in the area is expected. The acquired land for this project was only partially used for agricultural purposes. As indicated in section 9.5.3. of the AESIA, only 4 land plots out of 14 in total, have been used as farming land plots prior to land acquisition. The private land plots acquired by the company have a total area of approximately 94 ha. Size and ownership status of the project affected land plots are summarised below:

No.	Plot	Surface (rounded) m2	Legal destination
1	Land plot 1	20.000	pasture
2	Land plot 2	50.000	non-productive
3	Land plot 3	50.000	non-productive
4	Land plot 4	250.000	non-productive
5	Land plot 5	50.000	non-productive
6	Land plot 6	50.000	non-productive
7	Land plot 7	250.000	non-productive
8	Land plot 8	50.000	non-productive
9	Land plot 9	50.000	non-productive
10	Land plot 10	20.500	pasture
11	Land plot 11	45.500	farming
12	Land plot 12	21.000	farming
13	Land plot 13	20.000	farming
14	Land plot 14	10.000	farming

Except for Land plots 11 to 14, which were farmed by a third-party farming enterprise, none of the lands were used prior to the project or by the time of land acquisition.

In 2017, in addition to the acquisition of the above-mentioned private lands, the company was granted the superficies right by a private landowner over a surface of 1.000 m² of land having the legal destination of pasture (located between the company's lands and the beach) needed for the pipeline.

Of all land plots affected by the project, only those secured for the GTP site were actually in use (farmed) prior to their acquisition.

The acquisition of the private lands was a transparent process conducted directly by the company between 2012 and 2016. A number of 11 land plots for the onshore pipeline were acquired between 2012 and 2014 and 3 more land plots for the GTP were acquired in 2016. All were acquired through willing buyer – willing seller agreements.

Prior to engaging in discussions on acquiring land rights, the company made a full disclosure of its identity and intention to develop the MGD Project to the local authorities and to each and all landowners and community members of Corbu Commune.

Since all the land necessary for the MGD Project has been already secured there are no land users that will be further impacted by the Project. The land plot where the GTP will be built is currently cultivated by its former owner. BSOG has an agreement with the original owner that he can cultivate at no cost the BSOG-owned land until the construction will start.

Out of 94 hectares of land acquired for the project only 5.5 hectares will be used. The rest will continue to be used by the community members, except for the areas that will be fenced (mainly the GTP area). The main reason for acquisition of a larger area is because the landowners didn't want to divide the parcels and they wanted to sell the whole plot to the project to generate more cash.

Upon construction finalization, only the GTP site will be fenced. All other project-affected land plots will be restored to their initial conditions. As no physical barriers preventing access will be put in place, the previous land use of these land plots will not be constrained.

Social Impact Assessment process proved that the Project will not cause any negative economic displacement by the acquisition of these land plots for the project.

2.2. Exercising the right of way over public lands

The public lands to be undercrossed by the onshore segment of the pipeline are: (i) the beach which is public property of the state and (ii) local access roads, swamps and easement right pasture plot which is public property of Corbu Commune.

The total area of the afore-mentioned types of public lands to be crossed by the onshore segment of the pipeline is of 0.6 ha.

Pursuant to the applicable legal provisions, the beneficiaries of the right of way exercise such rights via the delivery of a Notice to the Ministry of Finance for the public property of the State and to Corbu Commune for the public property of the administrative-territorial unit.

The public land plots to be crossed by the onshore segment of the pipeline are:

No.	Plot	Owner	Affected area	Legal destination
1	NN 525	The State	1.458 sqm	beach

No.	Plot	Owner	Affected area	Legal destination
2	De 541/31B	Corbu Commune	66 sqm	road
3	De 541/31A	Corbu Commune	88 sqm	road
4	De539/78	Corbu Commune	469 sqm	road
5	De539/79	Corbu Commune	617 sqm	road
6	De539/80	Corbu Commune	169 sqm	road
7	HB 525	Corbu Commune	1.040 sqm	swamp
8	De522/9	Corbu Commune	841 sqm	road
9	HB 520/1/1	Corbu Commune	1.128 sqm	swamp
10	P248/29	Corbu Commune	510 sqm	pasture
11	De265	Corbu Commune	120 sqm	road

The impact assessment process proved that there were no informal or formal land users on these public lands. In addition, these public lands will be reinstated and will be used for agricultural or touristic purposes with the land use restrictions (limited to preventing construction and deep-root vegetation planting) on the pipeline Right of Way to protect the community health and safety as well as the integrity of the pipeline during operation phase. Therefore, no significant economic displacement will be generated due to the land acquisition of these state lands.

2.3. Economic Displacement

2.3.1. Fishing

The impact assessment concluded that the drilling activities will have a limited impact on the fishing performed nearshore and offshore. While there is no concrete evidence that fishing in the Black Sea is a vital economic activity for any residents in the affected communities as most of the commercial fishing being performed in the Corbu Lake which is situated more than 15 km away from the MGD Project location, impacts on local nearshore fishermen should not be underestimated. Therefore, the project will ensure that the fishermen who will be affected by the project (including those catching fish for household consumption) will be compensated – if the impact can be proven through concrete evidences which will be verified by an independent expert.

2.3.2 Restaurant on Vadu beach

The “Cherhana Bosoanca” restaurant (Fig. 2-1) is located at approximately 400 meters from the MGD pipeline route, on the Vadu beach. The restaurant is open during tourist season and offers tourists a variety of local fish acquired from local fishing businesses and other local foods.



Figure 2-0-1 Vadu restaurant (2017)

Due to its vicinity to the pipeline route (Fig. 2-2), the restaurants’ economic activity might be impacted if the construction works associated with the shore crossing section of GTP Project pipeline take place during the tourist season (June 1st – September 15th). These construction works may potentially be associated with a decrease in the number of tourists due to the noise and traffic related to project activities. There will be no limitations regarding public access to the beach, as the HDD does not require any fencing or enclosing of the beach area above the drilling route.

According to the existing project execution schedule the beach crossing will take place between February and April 2020, thus any potential impacts on the restaurant are not expected to occur. However, in the case the construction schedule is changed and construction activities in the vicinity of the restaurant take place in the tourist season, a Livelihood Restoration Plan (LRP) addressing any loss that might be generated by the project will be defined 3 months in advance prior to start of construction. Part of the mitigation measures, BSOG will consider the possibility to subcontract the restaurant in order to provide food for the workforce.



Figure 2-0-2 Location of restaurant relative to MGD project

The tourists are benefiting from the local restaurant at the Vadu Beach. A comprehensive socio-economic survey will need to be carried out in order to evaluate the exact impact on the Vadu restaurant both to the owners and to the workers before a Livelihood Restoration Plan can be developed and implemented.

2.3.3. Tourism

Based on information provided by Corbu Municipality, there are approximately 2,000 tourists during summer weekends in Corbu village and approximately 1,000 tourists in Vadu village. Corbu Beach and Vadu Beach are two of the last wild beaches on the Romanian seaside area.

Vadu beach is located in the Danube Delta Biosphere Reserve (DDBR). Touristic activities and camping are legally restricted in this area and a permit is required for entering the beach. According to the owner of an authorized touristic accommodation unit in Corbu village, inspections by DDBR for enforcing above-indicated restriction are very rare. The last such inspection occurred in May 2018. In the last years, the number of tourists using the beach increased significantly during summer season. While camping is restricted on the beach, different types of

accommodation units for the tourists were developed in both Corbu and in Vadu settlements. According to the registry developed by the Ministry of Tourism, there are 14 registered tourist accommodation units in Corbu, but consultations with the local authorities and field visits have confirmed that the real number is much higher. Although there are no licensed tourist facilities in Vadu, an online search has identified at least 6 housing facilities (Figure 2-3) advertised for touristic accommodation and field visits have confirmed that the actual number of locals are offering accommodations for tourists is even higher. The prices for the rooms in Vadu during the tourist season vary between 100 RON to 300 RON per night (approx. 20 EUR to 60 EUR).



Figure 2-3 Tourist accommodations in Vadu registered online

These touristic units provide various facilities including pools, playground areas, AC, Wi-Fi or breakfast. The earnings resulted from a touristic unit providing this type of facilities may be up to 10,000 – 15,000 EUR/season. However, the earnings of the above-indicated facilities are typically in the range of 4,000 to 5,000 EUR each season. These amounts were estimated by the owner of an authorized touristic accommodation unit in Corbu.

SIA concluded that the residents of Vadu whom are currently performing economic activities related to tourism (offering accommodation facilities for tourists, restaurants, etc.) may potentially experience a reduction of number of clients (tourists) in case the beach crossing activities will take place during summer, touristic season. According to the existing project schedule the beach crossing will be executed in between February and April 2020, i.e. outside the touristic season. Any potential impacts may occur in case the beach crossing execution schedule would be changed and would overlap with the touristic season (June 1st – Sept 15th). In case of any livelihood losses occur due to project activities, the project will investigate the claims and address/compensate any income losses that are proven by an independent expert.

3. LEGAL AND REGULATORY FRAMEWORK

3.1. Romanian legal requirements

There are no specific legal requirements for providing compensations to the situation described above. Still, based on Romanian Civil Code in case the owner of the restaurant considers that the economic activity performed is disturbed by the project; he/she has the right to initiate a court process against BSOG in order to obtain compensations for damages.

3.2. International best practice requirements

EBRD requirements pertaining to land acquisition and displacement, relevant for this Project can be summarized as follows:

- to avoid or, when unavoidable, minimize, involuntary resettlement by exploring alternative project designs; measures to mitigate adverse impacts on displaced persons and host communities⁶ should be carefully planned and implemented;
- to mitigate adverse social and economic impacts from land acquisition or restrictions on affected persons' use of and access to land by: (i) Providing compensation for loss of assets at replacement cost, prior to taking possession of acquired assets; and (ii) Ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected;
- to restore or, where possible, improve the livelihoods and standards of living of displaced persons, including those who have no legally recognizable rights or claims to the land (present in the project affected area at the time of the cut-off date), to pre-project levels and support them during the transition period;
- to make special provisions for assisting disadvantaged or vulnerable individuals or groups (present in the project affected area at the time of the cut-off date) that may be more adversely affected by displacement than others and who may be limited in their ability to claim or take advantage of livelihood assistance and related development benefits;
- to establish a grievance mechanism to receive and address in a timely fashion specific concerns about compensation and relocation that are raised by displaced persons, including a recourse mechanism designed to resolve disputes in an impartial manner.

The above list is only a summary of the main EBRD PR 5¹: Land Acquisition, Involuntary resettlement & Economic Displacement (2014) requirements and the full text of the policy is at <http://www.ebrd.com/news/publications/policies/environmental-and-social-policy-esp.html>.

¹ While EBRD PR5 requirements are referred to herein, this LRF is also aligned with similar IFC PS5 requirements as well.

4. PRINCIPLES APPLICABLE AND ENTITLEMENTS

4.1. General and specific livelihood restoration principles

The key principles that underpin the LRF are the following:

- ***In the situation in which the construction schedule is changed and the economic activity of the restaurant, guest house owners, fishermen and other small business is disturbed, BSOG will initiate the development of a livelihood restoration plan (LRP)***
- compensation of affected persons/entities shall be carried out in accordance with the applicable Romanian legal framework, EBRD`s Environmental and Social Policy Performance Requirement 5 and IFC Performance Standard 5;
- entitlements for all categories of Project Affected Persons (PAPs)/Entities will be established;
- livelihood impacts will be evaluated by independent qualified experts;
- all owners, occupants/tenants and users of affected structures and land at the time of the cut-off date, whether with or without fully recognized ownership rights, are eligible for compensation and assistance;
- all activities will be documented;
- PAPs will be consulted to facilitate their early and informed participation in decision-making processes related to compensation activities;
- a grievance mechanism will be established by BSOG;
- BSOG will establish appropriate procedures and mechanisms to monitor and evaluate their responsibilities in the implementation of the LRF.

4.2. Options for entitlements

In the situation in which the construction schedule is changed and economic displacement situations might be generated for local fishermen and/or local businesses such as tourist accommodation facilities in Vadu and the beach restaurant located close by the BSOG beach crossing zone , BSOG will engage one external expert to assess the potential economic displacement situation and to confirm and/or further develop the the following potential options for entitlements:

Impacted persons	Potential entitlements
Local fishermen	Monetary compensations for loss catch of fish for the period of construction. <i>Please note that the nearshore construction activities, up to 1.3 km on the sea will be done via HDD</i>

	<p><i>procedure, thus with no impact on nearshore fishing activities. Still, due to unforeseen situations, the above-mentioned entitlement has been formulated.</i></p>
<p>Local touristic accommodation facilities in Vadu</p>	<p>Option 1. Consider the possibility to subcontract these accommodation facilities for the workers engaged in the construction phase</p> <p>Option 2. Monetary compensations granted for each owner based on an official valuation report of damages due to reduced number of tourists.</p>
<p>Local restaurant situated nearby the beach crossing section of BSOG project</p>	<p>Option 1. monetary compensation granted for the owner of the restaurant “Cherhana Bosanca” based on an official valuation report of damages. In order to do this, BSOG will hire an independent expert in order to evaluate the economic impacts of the project activities on the restaurant and determine the proper compensation to be made available for the PAP.</p> <p>Option 2. consider the possibility to subcontract the restaurant in order to provide food for the workforce for compensating for any losses encountered due to reduced number of tourists.</p>

These options are to be confirmed only based on the outcomes of the socio-economic investigation prepared prior to construction. This assessment will reveal the losses that might occur due to BSOG MGD’s project construction activities and their magnitude.

5. STEPS FOR DEVELOPMENT OF LIVELIHOOD RESTORATION PLAN (LRP)

The LRP will be elaborated while taking into consideration the following steps:

- **Step 1.** Census and economic survey: for collecting information about the social, economic and other conditions of the PAP. It is usually performed by applying a questionnaire.
- **Step 2.** Establishing an institutional framework: a simple and straightforward stakeholder mapping should be performed. All stakeholders should be analyzed considering their interest and influence in the MGD project. The PAP is in the center of stakeholder mapping and all consultations, as the subject of interventions.
- **Step 3.** Developing a plan of interventions: define the affected persons and determine the entitlements for all economic displacement situations.
- **Step 4.** Implementation: the implementation of the LRP will need to take into consideration the needs of the PAP and assure that the PAP is involved and properly informed about the process.
- **Step 5.** Monitoring and evaluation: defines the schedule for monitoring activities such as site visits, meetings with the PAP and project implementation unit, responsibilities for monitoring and evaluation and the output and outcome indicators for the intervention.

6. ROLES AND RESPONSIBILITIES

The main responsibility for the implementation of this Livelihood Restoration Framework lies with the BSOG Communication & CSR Manager, as detailed bellow. The Communication & CSR Manager is supported by the BSOG Deputy HSE Manager also acting as local community liaison. Some of these roles and responsibilities might change over time to reflect the changing needs of the livelihood restoration process.

The main responsibilities regarding LRF implementation are the following:

- Overall responsibility for LRF implementation;
- Monitoring of project implementation and deciding on when LRP development is triggered;
- Hire an independent expert in order to evaluate the proper compensation for the PAPs;
- Ensuring the development, implementation and monitoring of a Livelihood Restoration Plan, if a LRP becomes necessary;
- Coordination with implementing organizations, other stakeholders and PAPs.

7. Disclosure

The following LRF will be publicly disclosed together with ESIA package prepared by BSOG for the MGD project. The disclosure period will be of 60 days. During this period, a dedicated meeting is foreseen by BSOG with the owner of the restaurant situated on the Vadu Beach to discuss the main impacts associated with this project and the envisaged mitigation measures. The Stakeholder Engagement Plan includes further details regarding this meeting and the way this should be documented.

8. Grievance mechanism

The current grievance mechanism is in line with the mechanism described in the Stakeholder Engagement Plan prepared for MGD Project. The detailed grievance mechanism for external stakeholders is included BSOG internal procedure BSOG-GV-PRO-001-D02.

Stakeholders have the right to be informed about the project development and implementation and they also have the right to raise concerns and suggestions during the decision-making process. Effective and timely response to grievances is essential for maintaining good community relations, and this includes potential issues related to the project and its associated impacts.

Any request, objection, complaints or proposal filed by any stakeholder related with the project will be classed as a grievance. The stakeholders have the possibility to file anonymous grievances, which will be taken into account and resolved following the same basic steps as with non-anonymous grievances, with the mention that in this case the stakeholder will not receive a formal answer to its complaint. The anonymous grievances have to be recorded in the grievance register as any other regular grievance.

A stakeholder may raise a grievance related to any BSOG operation during the development and commissioning of the MGD project. Also, a stakeholder may also raise a grievance related to projects developed by other parties in proximity of the BSOG operational areas or other facilities that are considered as associated with BSOG operational areas. All these grievances will be recorded within BSOG grievance register and re-directed towards the other project developers. BSOG will provide written answer to the known persons whom filed in such grievances informing that their grievance was redirected towards another project developer (offering also the contact details of the person/institution where the grievance was redirected).

The objectives of the BSOG grievance mechanism are to ensure that all grievances are promptly and effectively addressed, in a fair and transparent manner, throughout the Project lifetime. All complaints will be investigated to establish their validity and to ensure that all accepted grievances are dealt with in a correct and prompt manner; where relevant, corrective actions will be implemented to prevent any recurrence of problems.

The grievance mechanism will be available at the level of BSOG and will include but not be limited to: a template (record form) for logging complaints and suggestions; a direct phone line made available for anybody interested in communicating about the project; an appropriate access via emails and direct meetings with responsible project persons before, during and after construction works; and an online complaint form.

The following elements are included in the external grievance mechanism for the project:

- A simplified grievance template that will be available at Corbu Municipality. The template will be available in the mayor's office and anybody interested in any aspect of the project can lodge it whenever necessary. BSOG will collect lodged grievances once per week.

Appendix A includes an English language version of this template; the Romanian language template is the official version.

- A direct phone number and email address from BSOG community engagement manager will be provided to all interested parties for enabling them to contact BSOG's representatives whenever necessary (please also see Appendix B Contact List – Grievance Mechanism).
- Direct meetings with representatives of local communities where they can raise their complaints and/or suggestions, verbal complains.
- Online complaint form that can be easily filled in by any interested party posted on BSOG's website shall be functional by 1st April 2019.
- Public statements: where statements made in the public domain (e.g. in the press, on television, on social media etc.) are considered to be grievances these shall be recorded and documented by the BSOG Communication and CSR manager for further processing per this procedure.

A complaint is considered to be valid if it is submitted using one of the above-mentioned channels. All valid complaints received during the project ESIA disclosure and implementation process will be processed and registered by Communication and CSR manager in a dedicated grievance log. BSOG will keep these grievance registries in order to track all grievances and to be able to present these registries upon any request from EBRD or other relevant entity. The period of time for registry keeping and the methods for archiving documents should be established by internal procedures.

The central log will include the following information:

- Date lodged by complainant or date received by Communication and CSR Manager;
- Contact details of complainant;
- General information
- Actions to be undertaken;
- Due date;
- Decision;
- Feedback from the complainant;
- Results; and
- Closing date of the issue.
- Close out form signed of by the complainant will be obtained and registered into the system.

The BSOG Grievance Committee is responsible to review all aspects of each grievance and reach a decision on the next step. Where the committee does not reach a decision, the BSOG CEO shall be responsible to determine the next steps which amongst others may involve additional experts/personnel being added to the BSOG Grievance Committee for a further review or may involve the BSOG CEO determining the decision to be implemented. BSOG will make all reasonable efforts to address the complaint upon acknowledgement of the grievance, progress

chasing with the responsible person/department if actions are overdue and escalating any major problems to senior management.

If the complainant is not satisfied with the solutions proposed / implemented by BSOG to address the grievance, he/she may seek other legal remedies in accordance with the legal framework of Romania.

Any complaint may be delivered to the company at:

Black Sea Oil & Gas main office
Calea Floreasca nr. 175, etaj 10
Sector 1, 014459
București, România
Telefon: +40 21 231 32 56

9. Monitoring

The monitoring of the LRP will fall in the responsibility of the BSOG Communication and CSR Manager. As indicated above, the main aspect to be monitored at current project stage is the project implementation schedule. In case the beach crossing activities will take place during touristic season, the Communication and CSR Manager should notify BSOG management and the project lenders about this situation with 3 months in advance. The project will need to engage Livelihood/resettlement expert in case of economic displacement in order to identify and address the economic impacts in line with PR 5 as well as to monitor the effectiveness of the compensation/mitigation measures.

10. Contact details

Any question or grievance related to LRF should be addressed to:

Ana-Maria Pericleanu

Communications & CSR Manager

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