MEASURE 2.2. RENOVATION AND DEVELOPMENT OF VILLAGES; PROTECTION AND CONSERVATION OF THE RURAL HERITAGE AND CULTURAL TRADITIONS

Rationale

Contribution of the measure to the general objective of the Programme

The aim will be to strengthen rural communities as a unique social and cultural asset and harness their local knowledge to the task of implementation of social, cultural and environmental projects that meet both local and national needs. The provision of grant aid and technical support to municipal authorities and other local public organizations for the preparation and implementation of plans to improve the basic infrastructure, restore buildings of architectural and historic merit, particularly those that can also provide cultural facilities for local residents and visitors, will improve the rural environment, the quality of rural village life and lay down the foundation for the development of new enterprises and services in the rural areas of the country.

Linkage with other measures

This measure will work in parallel with other measures under the SAPARD programme:

- development and diversification of economic activities, provision for multiple activities and alternative income;
- development and improvement of the rural infrastructure;
- investments in agricultural holdings;
- technical assistance

and other projects and bilateral programmes:
- district and municipality development programs and plans;
- Regional initiatives / Bulgarian Social Investment Fund
- Joint Phare and “Beautiful Bulgaria” projects.

Objectives

The Measure general objectives are as follows:

- To improve the provision of basic infrastructure within settlements;
- To improve the cultural and leisure facilities available for local residents and visitors;
- To preserve and improve the local cultural and architectural heritage;
- To provide an opportunity for municipalities to work alongside local people in the preparation and implementation of development plans for their local area;
- To improve the ability of local people/organizations to manage local development by actively participating in the preparation and the implementation of the municipality development plan;
- To improve the visual appearance, environment and hygiene of villages;
- To strengthen the cooperation between private enterprises and municipal authorities on the promotion of economic development in the local area.
Description

Provision of grant aid towards the cost of:

- improving/providing water supply and minor street improvements;
- improving/providing sewage disposal systems (including ones designed for biological cleaning);
- renovating historic buildings – public municipality ownership;
- building or renovation of culture/information centres and parks - public municipality ownership;
- construction or improvement of sites for stocking agricultural and household waste, including animal corpse stocking sites.

Eligibility Criteria

All project applications for support aid must:

- be proposed by a municipality;
- be included in the municipality development plan;
- be realized on the territory of the rural areas of the country;
- have positive opinion of the District Committee on Regional Development regarding the socio-economic necessity of the proposed project;

Conditions for Aid

1. Projects with negative environmental impact shall not be supported under the measure;
2. Investments under SAPARD cannot be financed by other EC Programs or instruments;
3. The beneficiary under the measure shall assist the EC representatives, MAF and SAPARD Agency officials, authorized to control or audit project implementation;
4. Payments done by the SAPARD Agency shall be reimbursed in case the acquired/improved assets have not been utilized according to the contract with SAPARD Agency, or have been sold or leased within 5-year period after SAPARD Agency final payment;
5. The beneficiary can be supported up to 5 times for the Program implementation period, up to the maximum total eligible cost per project. New projects can apply after the completion and approval of the previous project investments.
6. Projects under the measure shall not generate substantial net revenues.\(^{10}\)

\(^{10}\) According to letter No 14984/25.6..2001 of the Commission, substantial net revenue would be deemed to be present when the net present value of the future flow of revenue, less operating costs, resulted in a figure higher than at least 25% of the total cost of the investment concerned. Operating costs are the costs incurred for the operation of the investment including costs of maintenance, but excluding depreciation or capital costs.
Eligible expenditure

Eligible investments are specified above and in the Ordinance for measure implementation. Expenditures shall be considered eligible for support, if they meet the requirements laid down in Art. 4, Section B from the Multiannual Financing Agreement between the Commission of the European Communities on behalf of the European Community and the Republic of Bulgaria, signed on December 18th 2000 (published in SG 17/23.02.2001).

Only expenditure paid by the Agency from the date of the Commission Decision conferring financial management on that Agency or the date(s) specified therein, shall be eligible for Community support.

For a project to be eligible for Community support, all services, works, machinery and supplies shall originate in the Community or in the countries mentioned in article 14 (2.7) Section A of MAFA; if so requested the final beneficiary shall be able to establish the inputs into works or service contracts, using any admissible means of evidence.

Eligible beneficiaries

Municipalities from the rural areas of the country.

Supporting Documentation

All projects will present the following documents:

- Application form;
- “Idea project” or “work project” as described by the Spatial Development Act;
- Municipal Council decision for applying with the project under SAPARD;
- Copy of the adopted Municipality development plan;
- Document(s) certifying the availability of needed financial sources;
- Ownership documents for the land subjected to public project, as well as its legal status (i.e. not an agricultural land);
- Decision of the Committee on Agricultural Lands (as laid down in the Protection of Agricultural Land Act) proving that changes in the use of particular agricultural land slots have been approved;
- Opinion from the District Committee on Regional Development regarding the socio-economic necessity of the project;
- Copy of the positive decision on the Environmental Impact Assessment of the project, issued by the Ministry of Environment and Waters, respectively the Regional inspectorate on environment and waters, in accordance with the requirements of the Environmental Protection Act;
Procurement tendering

The beneficiaries under the measure will perform tendering procedure(s) for the preparation of the project documentation and/or construction works. The rules for the procurement by public bodies are applicable according to Art. 14, Point 2.6, Section A from the Multiannual Financing Agreement.

Ranking system

The criteria used to assess and score projects will be:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geographic location of the settlement/municipality – Less developed rural area(^{11}).</td>
<td>50</td>
</tr>
<tr>
<td>Geographic location of the settlement – area with tourism development potential(^{12}).</td>
<td>10</td>
</tr>
<tr>
<td>Availability of a valid work-project.</td>
<td>10</td>
</tr>
<tr>
<td>Involvement of the local people in the decision–making for the project (approved by local NGOs).</td>
<td>10</td>
</tr>
<tr>
<td>Availability of private projects completed under SAPARD and located in the same municipality.</td>
<td>10</td>
</tr>
<tr>
<td>Availability of other projects under other development programs.</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Ranking system will be applied from the beginning of the implementation of the measure in accordance with the annual available budget for all eligible applications.

National legislation

Major relevant Bulgarian acts and regulations are summarized in Appendix 1. Any changes in the relevant Bulgarian legal system will be submitted to the Commission without delay.

Publicity requirements forecast

Publicity campaigns will be financed under the “Technical assistance” measure of the NARDP.

The prospective beneficiaries will be informed of the measure and related conditions of eligibility via:

- Official Gazette;
- public announcements (including National television);
- distribution of information brochures;
- local seminars and dedicated meetings.

\(^{11}\) The list of less developed rural areas is presented in Appendix 1A in NARDP.

\(^{12}\) The list of areas with tourism development potential is presented in Appendix 1D in NARDP.
**Financial provisions**

The projects are of an infrastructure type that does not generate substantial net revenues and therefore up to 100% of the total eligible project cost can be financed under the measure.

Infrastructure outlets to private *individuals and households will not* be supported.

Public contribution is up to 100% (EC: 75% and national: 25%) of total eligible project cost and will be provided to the municipal government.

The maximum total cost of a project is EUR 1,000,000.

The minimum total cost of a project is EUR 30,000.

Architects’, engineers’ and consultants’ fees, feasibility studies, acquisition of patents and licenses, for preparing (including EIAs) or implementing (including construction supervision) a project, directly related to the measure, shall be reimbursed in a total amount up to 12% of total project eligibility costs.

**Geographic scope**

All rural areas\(^\text{13}\) of the country. Priority is given to the “less developed rural areas” and the areas with tourism development potential.

**Implementing authority**

The measure will be implemented by the SAPARD Agency and the projects will be implemented by the beneficiaries.

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\(^{13}\) The list of rural areas is presented in Appendix 1C in NARDP.
### Quantification and impact

**Monitoring Indicators**

<table>
<thead>
<tr>
<th>Number of applicant municipalities</th>
<th>Min 25</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Projects accomplished by category:</strong></td>
<td></td>
</tr>
<tr>
<td>- number of parks – improved</td>
<td>5</td>
</tr>
<tr>
<td>- agricultural and household waste stocking sites – improved</td>
<td>10</td>
</tr>
<tr>
<td>- agricultural and household waste stocking sites- new</td>
<td>5</td>
</tr>
<tr>
<td>- village water supply network – improved</td>
<td>130 km</td>
</tr>
<tr>
<td>- village water supply network - new</td>
<td>20 km</td>
</tr>
<tr>
<td>- village street infrastructure</td>
<td>120 km</td>
</tr>
<tr>
<td>- village sewage disposal system - improved</td>
<td>35 km</td>
</tr>
<tr>
<td>- village sewage disposal system - new</td>
<td>5 km</td>
</tr>
<tr>
<td>- renovated historic buildings</td>
<td>50</td>
</tr>
<tr>
<td>- constructed/renovated multipurpose culture centres</td>
<td>40</td>
</tr>
<tr>
<td>- number of improved settlements</td>
<td>Min 35</td>
</tr>
<tr>
<td><strong>Number of population benefiting from the investment</strong></td>
<td>Min 30,000</td>
</tr>
<tr>
<td><strong>Job places created in the project implementation</strong></td>
<td>man months: 5,700</td>
</tr>
</tbody>
</table>

**Evaluation Indicators**

- Number of municipality business plans produced **N** /to be monitored/
- Decrease in out-migration **%** /to be monitored/
- Increase in population number **%** /to be monitored/
- Number of businesses affected **N** /to be monitored/
- Increase in the prices of the local real estates **%** /to be monitored/
- Increase in municipality tax returns **%** /to be monitored/
- Favourable environmental impact:
  - liquid sewage disposal **m³/year**
  - solid sewage disposal **tons/year**
- Percent of rural population affected **%** /to be monitored/
- Percent of population affected **%** /to be monitored/
NATIONAL LEGISLATION

The Regional Development Act /SG 26/23.03.1999/– envisages the provision of targeted subsidies from the state or the municipal budgets for projects included in the plans for the regional development; provision of municipal and state owned estates needed for the accomplishment of projects included in the plans for regional development; identifies the regions subject to a targeted state intervention;

Ordinance No 105/08.06.1999 on the Criteria for the Identification of Areas Subject to Reinforced Target Impact and Their Territorial Scope – sets the criteria for the identification of the Less Developed Rural Areas;

The Municipal Ownership Act /SG 44/21.05.1996, as last amended SG 96/5.11.1999, in force since 3.08.1999/– regulates the management and control over municipally owned properties.

The State Ownership Act /SG 44 as of 21.05.1996/ and the Municipality Ownership Act /SG 44 as of 21.05.1996/ provide the possibilities for expropriation of private lands for the purpose of accomplishing public projects. They fix the procedure for forced alienation of private estates in favour of the state (the municipality) for state (municipality) purposes. The state (the municipality) can start the procedure when its needs can not be satisfied in another manner. The owner of the estate is offered another estate or financial compensation. In case an agreement has been reached, a sale contract or a contract for estate substitution is being signed by the owner. In case no agreement is possible, the issue is being brought to the district court. The decision of the court is final and can not be appealed. It serves as a contract between the involved parties. The alienated estate becomes public property (state or municipality). In case the estate has been forcibly alienated by a district court, and no utilization or construction works of the object have been started for the legal three year period, the owner of the estate or the local district governor may appeal in front of the district court for the cancellation of the alienation.

The Municipal Budgets Act /SG 33/24.03.1998, as last amended 3.08.1999/– regulates the creation, adoption and execution, the finalization and the auditing of municipal budgets, as well as the budget relationships between the municipality and the State budget, and regulates the regime of the municipal non-budgeted financial sources.

The Public Procurement Act /SG 56/22.06.1999/– aims at increasing the efficiency of the utilization of the budget and public financial sources by establishing transparency and effective control on the expenditures, by providing conditions for the development of competitiveness and economic development stimulation.

The Culture Monuments and Museums Act /1969, last amendment SG 50/1.06.1999/;

The Local Fees and Taxes Act /SG 117/10.12.1997, as last amended SG 103/30.11.1999, in force since 1.01.2000/– relieves the owners of buildings declared as cultural monuments from paying taxes for the property, unless the building is used commercially.

The Water Act /SG 67/27/07.1999/– defines the sites of exclusive public state ownership, regulates the management and utilization of the water sites.
The Local Self Government and Local Administration Act /SG 77/17.09.1991, as last amended SG 69/3.08.1999/.

The Environmental Protection Act (SG № 86 of 18.10.1991, last amendment SG №26 of 20.03.2001)


The Agricultural Land Protection Act (SG № 35 of 24.04.1996, amendments SG №14 of 18.02.2000,SG №26 of 29.03.2000 and last amendment SG №28 of 23.03.2001 r., in force since 23.03.2001.) provides for protection from pollution, farmland rehabilitation and improvement of soil fertility, laying down the certain conditions for a change in use.


Act for Limiting the Negative Waste Disposal Impact on Environment (SG № 86 of 30.09.1997, amendments SG №56 of 22.06.1999, SG №27 of 31.03.2000 and last amendment SG №28 of 4.04.2000.) provides for ecological management of waste and requirements to products, which produce dangerous or very widespread waste in process of their production or after their final use.

Ordinance № 5 of 14.05.1998 on Promulgation of Immovable Culture Monuments of Ministry of Culture.

Ordinance № 6 on Delegation of Use of Culture Monuments of Ministry of Culture (SG №30 of 13.04.1979r.).

The Spatial Development Act (SG №1 of 02.01.2001)

Ordinance № 4 of 21.05.2001 on Scope and Contents of Investment Projects of Ministry of Regional Development and Public Works (SG № 51 of 05.06.2001).

Ordinance № 5 of 21.05.2001 on Rules and Normative Standards for The Spatial Development Act Implementation of Ministry of Regional Development and Public Works (SG № 51 of 05.06.2001).