

REGIONAL INVESTMENT CENTRE – VARNA



BELOSLAV MUNICIPALITY INVESTMENT PROSPECTS

*Project BG 2004/016-711.11.04 Coordinator
„Regional Agency for Entrepreneurship and Innovations - Varna”*

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Varna, 2007

GENERAL INFORMATION

STATISTICAL DATA AND CONTACT INFORMATION

Territory – 60,1 sq.m.

Number of settlements – 4.

Number of habitants – 11,560 habitants /according to information from the National Statistic Institute– 2007/.

Administrative centre - Beloslav.

Address: Beloslav, "Tsar Simeon Veliki" Str. № 23.

Postal code: 9178.

Municipality major – Emil Dichev /1999-2007/.

Municipality mayor office - tel. 05112/25 54, fax: 05112/ 22 14.

Administration office - 05112/ 25 80.

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IMPORTANT DISTANCES FROM THE ADMINISTRATIVE CENTRE

Beloslav- Varna – 20 km/international airport – 22 km, sea port - 20 km/.

Beloslav- Sofia /capital,international airport/- 433 km.

Beloslav- Ruse /the biggest Bulgarian river port, ground connection with Roumania via Danube bridge c - 183 km.

Beloslav- Durankulak /BCP with Roumania/ - 118 km.

Beloslav- Silistra / BCP with Roumania / - 182 km.

Beloslav- Burgas / the biggest sea port/ - 144 km.

Beloslav– Malko Tarnovo /BCP with Turkey through Burgas / - 211 km.

Beloslav- Capitan Andreevo /BCP with Greece and Turkey/ - 332 km.

GENERAL OVERVIEW

Beloslav Municipality is located in the south-eastern part of the North-East Planning Region of Bulgaria, and is one of the constituting municipalities of Varna district. The urban structure is characterized by a small number of towns and villages and the absence of a large administrative and economic centre. It is located in close proximity to the town of Varna, a key point in the trans-European networks and systems, which is favourable for the development of the domestic and international transport and other communications of the municipality. Beloslav Municipality comprises 4 settlements – town of Beloslav, Ezerovo village, Strashimirovo village and Razdelna village. Beloslav Municipality includes in its surroundings the Lake Beloslav and a part of the Lake Varna, the canal between them, as well as the adjoining on the both sides valley. On the North it borders the Municipality of Aksakovo /Varna district/, on the East with the municipality of Varna, on the South – Municipality Avren /Varna district/, on the West – Devnya municipality, /Varna district/. The municipal centre Beloslav is situated on both banks of the deep floating canal Varna – Devnya. The city occupies territory of 1 98.4 ha. Almost the same in size – 1 91.4 ha is the territory occupied by the industrial zone.

INFRASTRUCTURE

The whole territory of municipality of Beloslav is situated on the two banks on Lake Beloslav and a part of Lake Varna. The municipality has considerably well developed transport infrastructure, which favours the economic and social development of the municipality. Municipality of Beloslav tangents on main road E-70 /A-2 Varna - Sofia, which is of crucial importance for increasing the opportunities for economic development via attracting new business and stimulating the economic activity of the entrepreneurs. Through the territory of the municipality third class asphalted roads are passing: Varna-Ezerovo-Beloslav-Devnya and Varna-Konstantinovo-Beloslav-Razdelna. On these roads bus lines are functioning, which secure the connection of all settlements with Varna.

On the territory of the municipality five railway stations are located– in all settlements and a transport terminal "Ferry complex. In Beloslav, village of Ezerovo and village of Razdelna there are railway stations and a central railroad Varna – Sofia. The infrastructure created in the railway stations gives opportunities for passenger and freight transport.

The water resources of the municipality are formed by the Beloslav Lake with area of 3,9 sq. km and volume around 9 mln. cub. m water, and the rivers Provadiiska and Devnya, which flow into the lake. The territory of the municipality includes a small part of Lake Varna, and the two lakes are connected via a ship canal. Four soundings are exploited with total water delivery rate 161 l/sec.

The water transport infrastructure includes the Port of “Varna” Thermal Power Station (with a capacity of one berth), the Ferry Terminal of “Varna-Ilichevsk” Ferry Line (with a capacity of two berths), and “Beloslav” Ferry Link for transportation of motor-vehicles across the navigation canal between Lake Beloslav and Lake Varna, which serves as a link between the two parts of the town of Beloslav. “Beloslav” Ferry and the “Bella” Auxiliary Vessel are property of Beloslav Municipality.

Via the ports an opportunity is given for transportation of goods to the countries from the Black sea region, which improves in a considerable degree the transport accessibility of the municipality and its attractiveness for the business.

The access to air transport is connected with the nearness of the municipality with Varna airport where passenger and cargo freights are being executed. The concentration of transport arteries and the transport accessibility creates prerequisites for active economic development and increases the attractiveness of the municipality for the foreign business.

The water supply infrastructure is well developed, as all settlements on the territory of the municipality are centrally water supplied and there are no villages with regime water supply. On the territory of the municipality WWTP Beloslav is functioning, in which treatment of the domestic waste water in the settlements with built sewage and drainage system is performed. The large industrial enterprises have built local Waste water treatment plants for purifying the waste water from the production.

All settlements on the territory of Beloslav municipality are covered by the system for organized waste collection and transportation. Two depots for solid waste have been constructed. For bailment of production waste specialized depots are functioning - ash pond of “Varna” Thermal Power Station EAD, depot of “Belopal” Ltd and the collective site on the territory of Ceramic factory.

Beloslav Municipality is covered by the regional telephone network provided by the main Automatic Telephone Exchange of Varna, with all towns and villages within the Municipality being included in the automatic telephone dialling system. Internet access is provided via lines hired from the Bulgarian Telecommunications Company as well by a network set up and maintained by cable operators. The close proximity to the optical fibre cable network opens up new opportunities for the further development of the communication network.

All towns and villages on the territory of Beloslav Municipality are power supplied. The use of renewable energy sources and the improvement of energy utilization efficiency will have a positive effect for the reduction of air pollution, which is a major environmental issue in the Municipality. There are conditions for the construction of small wind power plants and gasification of public, industrial and residential buildings.

ECONOMIC CHARACTERISTICS

The development of the municipal economy is strongly dependent on its position near the district, administrative and economic centre of Varna. It is characteristic for the municipality that in spite of the small area, on its territory large industrial capacities are distributed. The municipality of Beloslav can successfully attract industrial business. The development of the district economy is favourably influenced by the access to communications, educational institutions and scientific centres, qualified human resources and excellent transport availability.

By GDP per capita in 2001 Beloslav Municipality is on the 16th place among 262 Bulgarian municipalities. The municipal economy is with industrial-agricultural structure, as the local industry is dominated by the heavy industry, and it has a structure defining importance for the economy of the municipality of Beloslav.

The energetics is presented by “Varna” Thermal Power Station EAD, which deploys six units with total installed power 1260 MW and is connected with the energy system of the country. “Energoremont” Ltd, Ezerovo is specialized in the maintenance of energetic systems, in which 263 people are employed.

The extractive industry has a limited importance to the local economy. The prospects for development of the branch are related to the opportunities for production of construction materials in the region of Beloslav and Razdelna.

"Maritime Technical Group Varna" AD conducts ship repair activity /with 675 employees/.

The municipality is characterized by the production of corn and technical cultures and wine growing. The construction of a hydromeliorative network is connected with attraction of investments and has to consider the peculiarities of the small farms. Stock-breeding is dominated by poultry farming and pig-breeding. Animals are bred in non-market oriented family farms. The prerequisites for development of agriculture of Beloslav municipality are connected with the market orientation of the small farms via their cooperation and improvement of the technical support.

The services are presented by trade companies: "Transexport" Ltd – specialized in the trade with metal waste and scrap; "Denislav" Ltd – company specialized in the production of bread and pastry. The perspectives for the development of the sector are connected with the inflow of technological business and investments in contemporary technologies in existing enterprises. The nearness to the transport and communication knot Varna ensures access to cheap water transport and allows market opportunities to be created for export of production and development.

Tourism does not have significant presence in the economy of the municipality.

Currently "Transstroy Varna" AD possesses all the necessary resources for carrying out of the complete range of construction activities. The company has implemented a quality management system according to the requirements of ISO 9001:2000.

"Transins Industry" AD has been in the metal scrap trade for over 10 years. "Varna" Thermal Power Station EAD deals in generation of electric and thermal power, construction and repair activity in the field of heat and power engineering. With the construction of its own fuel store at Beloslav Port, "Gastrade" AD is expected to open over 50 new jobs. Over 25 million Euro shall be invested in the construction project, according to "Gastrade" AD CEO. This will be the biggest fuel storage in South East Europe. Upon the completion of this project, the Bulgarian fuels market will be able to import fuels from the Middle East, North Africa, Russia and other ex-USSR countries, which produce gas and have an outlet on the Black Sea. This is an indication of the favourable business conditions in the municipality, which attract new investments.

The former site of "Belopal" Glassware Plant is owned by "Consult" OOD who are planning to invest in the construction of an industrial, commercial and logistics zone in Beloslav. Based on the carried out survey of the existing buildings on the site, an evaluation has been made of their operation capacity. The zone concept envisages a new layout with the development of various light industry production plants and other economic activities which do not interfere with the requirements of Regulation № 7 of the Bulgarian Ministry of Health for a buffer area between the sites within the zone and the residential estates to the north.

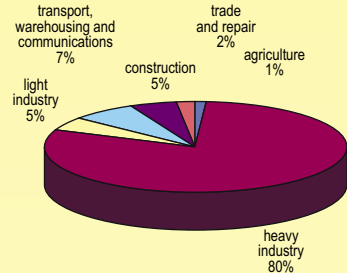
The gasification of the town of Beloslav by the "Black Sea Technological Company" is still under way. The overall length of the supply lines which are currently being constructed is ca. 4,200 m.

The efforts of the municipal administration are concentrated in the creation of business infrastructure and carrying out investment marketing for attraction of business in the municipality and creation of new and more attractive working places.

Considering the deteriorated environmental conditions on the territory of Beloslav Municipality, the municipality should encourage the development of high-tech and environmental-friendly businesses.

The administration of Beloslav Municipality has elaborated a Clients' Chart which lays out the guidelines for improvement of the administrative services rendered to the citizens based on the "single-counter" principle. The Clients' Chart is an attempt to modernise the administration under the motto: "The citizens have the right to do anything which is not prohibited by the law, while the administration officers should do only what is expressly envisaged by the law". A system has already been developed for preventing the corruption in administration. The "single-counter" principle will help to reduce the administrative personnel costs and the long-term servicing

Shares of branches in the municipal economy at the end of 2004



expenses, and will also free resources for the financing of other activities.

The certification of the municipality's quality management system in 2006 introduced the basic rules applied by the other European municipal administrations. This project's realisation has resulted in the adoption of a set of procedures, rules, responsibilities, transparency in the work of the administration to the benefit of the residents of the municipality.

The level of unemployment in Beloslav is the lowest compared to the other small municipalities in Varna district, according to the data from the Regional Employment Office - Varna for February 2007.

CHARACTERISTICS OF THE SETTLEMENTS IN BELOSLAV MUNICIPALITY

Beloslav

Contact -05112/2580

Population 8481 habitants

Structure defining sectors – Glass industry, Trade and services, Agriculture, Construction. **Communications and infrastructure - Transport:** The connection between the two banks of Beloslav is being maintained by MF "Beloslav" and MV "Bella". Bus transport is being conducted by private companies daily to Varna on the lines Varna–Beloslav–Razdelna and Varna – Ezerovo – Strashimirovo – Beloslav, and a 100% of the population of the municipality have access to this service. **The railroad**

transport is presented by the line Karnobat – Sindel, which is a deviation from the line Sofia - Varna. The infrastructure for **water transport:** Ferry boat complex Beloslav for transport of cars through the canal between Lake Beloslav and Lake Varna. **Water Supply infrastructure** – The total length of the water supply infrastructure in the municipality is 51,2 km. Municipality of Beloslav is being served by a regional telephone network with main ATE Varna, as all settlements are included in the system for automatic telephone dialling. On the territory of the municipality MWWTP Beloslav is functioning. The large industrial enterprises have built local waste water treatment plants for treatment of production waste waters. **Investment Opportunity** – creation of new enterprises, stimulating the development of the private sector.



Ezerovo village

Contact -05114/2121

Population - 1765 habitants

Structure defining sectors - Processing industry, Production of thermal and electric energy, Construction, Agriculture. **Communications and infrastructure** - The infrastructure for water transport includes Port of "Varna" Thermal Power Station EAD (with capacity one berth). On the territory of the village one railway station is situated. The developed infrastructure in the railway stations gives opportunities for passengers and freight transport. The water supply network is fully developed.

Investment opportunity – development of heavy and light industry, stimulating the development of the private sector, favourable environment for the development of agriculture.



Strashimirovo village

Contact - 05114/ 23 31

Population - 821 habitants

Structure defining sectors – Agriculture

Communications and infrastructure – One railway station is situated on the territory of the village. A water supply network is fully developed in the settlement. Strashimirovo village is supplied with water from the water pipe Devnya – Varna. The construction of a sewage and drainage system is assessed as urgent.

Investment opportunities – fostering the development of the private sector.



Razdelna village

Contact - 051127/ 345; **Population** - 493 habitants

Structure defining sector - The productive industry has a limited importance to the local economy. Clay is being extracted from the field near the village of Razdelna, which supplies raw material for the production of bricks by the Ceramic factory, Razdelna, which produces bricks for the building and construction sector. Agriculture – Arable land in the village of Razdelna – 204.0 ha.

Communications and infrastructure - Transport Ferry complex “Varna -Ilichovsk” is the biggest transport company on the territory of the municipality. The company conducts container and passenger transport on the Black sea to Ilichovsk, Ukraine. A water supply network is fully developed in the settlement. Two railway stations are situated on the village territory. The infrastructure for water transport includes: Port of the ferry complex “Varna – Ilichovsk. Village of Razdelna is supplied with water from drilling wells by pump station Povelianovo 1. The water from all water sources responds to the drinking water standards. The need for construction of a sewage and drainage system in the village of Razdelna is assessed as urgent.

Investment opportunity – suitable opportunities for the development of eco- and rural tourism.



STRATEGIC TARGET OF BELOSLAV MUNICIPALITY

Beloslav Municipality should develop and become an attractive place to live and work in, a place which offers its residents a sustainable living environment, attractive with its competitive and diversified local economy, supported by a responsible and competent local authority and administration.

The municipal for the development of the Municipality of Beloslav defines the goals and the priorities for the development of the municipality. The plan recognises the goals of the Structural funds and the Cohesion fund, as basic instruments for financing the activities of the regional policy. The plan has a long term character and includes the period 2007-2013, during which it is expected that:

- The country will build administrative capacity for the successful integration in the structures of EU and applying the structural instruments at national, regional and local level;
- To apply efficiently the policy for economic, social and territorial cohesion as a country – member of EU.

It is particularly important to create prerequisites for the development of business, responsible for the environmental protection. The efforts have to be concentrated in support to the business and the development of public-private partnerships. The support for the development of the local economy and mostly to the sectors with high growth potential is expected to generate additional working places. Particularly important is the development

of a business infrastructure, supporting the local business, attracting investments and development of partnerships for acquiring of the financial instruments of the EU, allocated for the business.

The investments in the local infrastructure are a basic factor for achieving competitiveness of the municipal economy, securing quality of life, for increasing the mobility of population and invasion of the communication technologies. The development of the infrastructure is an important condition for stimulating the economic and business activity, the increase in foreign investments and the improvement of the living conditions of the local community.

STRATEGIC PROJECTS AND FOREIGN INVESTMENT OPPORTUNITIES

In the end of 2006 municipality of Beloslav has won 3 important projects from the Enterprise for Management of Environmental Protection Activities (EMEPA) of the Ministry of Environment and Water of Bulgaria. During the implementation of the first of these projects the reconstruction was finalised, widening and modernisation of a Water waste treatment plant for sewage water in Beloslav, for which 235 000 BGN have been granted. The whole reconstruction has a total value of 5,5 mln. and has started in 2003.

Beloslav Municipality has allocated half of 512,000 BGN needed for the completion of the first stage of the construction of the sewage collector of the village of Strashimirovo, that costs totally 912,000 BGN.

A second project has also been prepared for the construction of the sewer system of the village of Strashimirovo.

Beloslav Municipality has also won a project per the SAPARD Programme, titled "Construction of a Water-Supply Network in the town of Beloslav" – main branch I along "Kraybrezhna" Street and "Gebedzhe" Street, and main branch II along "Treti Mart" Street, and rehabilitation of the street network in Beloslav, namely "Treti Mart" Street, "Gebedzhe" Street, and "Lyulyak" Street. The financing from SAPARD is 1 196 496 BGN.

Additional funds have also been acquired per projects, approved and funded by the Company for Management of Environmental Protection Activities, amounting to a total of 934,773 BGN.

Three exceptionally important projects have been won by the municipality of Beloslav during 2006. With the first one, funded by Phare, which is already finalised, rehabilitation has been conducted of a road in the industrial zone of the village of Ezerovo on the Pilot Integrated Programme for the development of the North-East Planning Region for the amount of 302,880 Euros.

The second project at the amount of 124,095 Euros has already started. Its purpose is to restore the damages from the floods during 2005.

The contract for the third project has been signed by the mayor Emil Dichev in the end of November. Its purpose is to create a procedure on a local level for improving the energy characteristics of the municipal buildings, as the dividends from the economies realised is effectively distributed between the participants in the process (municipalities and private sector). The project is with total budget 26,004 Euros.

MUNICIPAL CREDIT RATING

In February 2007 the Bulgarian Credit Rating Agency (BCRA) assigned a BBB long-term credit rating and "a-2" short-term credit rating to Beloslav Municipality. BCRA is a private joint-stock company established in 2002 whose basic scope of activity includes the elaboration of analysis for the creditability and rendering of credit rating to Bulgarian companies and institutions. The rating represent an objective assessment of the solvency and creditworthiness of the municipality and its ability to settle its liabilities promptly and duly. The municipal credit rating is based on an assessment of a geographical, demographic and economic profile, including an assessment of the administrative and managerial structure, as well as an evaluation of the financial indices. According to BCRA, the overall trend in Beloslav Municipality's financial indices during the 2003-2005 period is positive – there is a cumulative growth of the municipality's revenues and of its capital investments. Beloslav Municipality economic profile is dominated by the industrial sector. Over the last years there has been a positive trend in the overall amount of the industrial production and the investments in the Beloslav Municipality. The processing industry has registered the most remarkable growth rate, almost 200%, for the period between 2002-2005.

There is an established "working" organisational structure which accounts for the implementation of good operational practices. The good co-ordination between the municipal administration and municipal council is

favourable factor in terms of rating assessment. BCRA have also concluded that Beloslav Municipality maintains a very good level of management which is another financial stability factor.

Beloslav Municipality has no unsettled debts. According to BCRA's financial forecast, there is a very high probability that Beloslav Municipality will realize a free cash flow which will suffice to fulfill its current liabilities. On these grounds, BCRA expects that Beloslav Municipality will have a good creditworthiness both in the short and the long term.

The municipality's strong points are: efficient and good management, increased investment interest, increased collectability of local taxes and charges. The amount of realised investments and expenses into public works and environmental projects per capita is over six times higher than the average for Bulgaria. During the last 4 years there has been a twofold increase in the gross budget generated by the processing industry on the territory of the municipality, as well as a sustainable growth of the profit in this field. The increased investment interest means opening of new production facilities, new jobs, a higher living standard, higher incomes and increase in the services rendered by the municipality.

HUMAN RESOURCES

According to the developed Municipal plan for development 2007-2013, the demographic situation in the municipality is characterised by a favourable age structure and a positive mechanical growth, and the educational level of the population is near the country's average.

The educational level of the population is distinguished as high. The people with higher education are 470 or 4.22%, as only in this group significant differences are observed in comparison to the average values for the country (13.25%). The group of population with high-school education 3,781 (33.97%) is absolutely enough, to ensure with human resources on executive level the municipal economy. The educational structure favours the coming of investments, because it has the potential to respond to the demand of the investors. The nearness to Varna is also used as a part of the highly qualified specialists from the district town work in the municipality.

On the territory of the municipality of Beloslav 11 educational institutions are functioning, from which 1 is a high-school, 2 primary schools, 2 elementary schools, 3 United children care centers and 3 full time kindergarten. The professional education is presented by the Professional high-school "St. Dimitar Solunski" Beloslav, where for the school year 2007-2008 classes will be opened on the specialty: Ship repair, profession: Ship mechanic – day and night form of education for the needs of MTG "Dolphin", The Shiprepair Yard TEREM - KRZ Flotski Arsenal Varna EOOD, "Bullyard shipping industry" Ltd.- Varna.

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