

**STRATEGY FOR COMMUNITY-LED LOCAL DEVELOPMENT of  
"NOVI PAZAR - KASPICHAN" Local Action Group**

**1. DESCRIPTION OF THE LOCAL ACTION GROUP:** /not more than 3 pages/

The non-profit Association "Novi Pazar - Kaspichan" Local Action Group was established in 2010 in line with the "Leader" Approach principles. It is registered under the Law on Non-Profit Legal Entities by Decision № 38 of 11.08.2010, company case No. 38/2010 of Shumen District Court. The Local Action Group /LAG/ is registered as public benefit organization with the Central Register of the Ministry of Justice under No. 20100913005 and the Group holds Certificate No. 005 issued on 13.09.2010.

In accordance with the Statute, the General Meeting (GM) is the supreme collective body of the Association. It consists of 48 members and includes representatives of over 50% of the settlements on the LAG's territory: the public sector is represented by the two municipalities of Novi Pazar and Kaspichan, the business sector – by 23 representatives and the non-profit sector - by 23 representatives, all of them with permanent address and registered office on the territory of the LAG. None of the represented sectors in the General Meeting exceeds 49 per cent of the voting members, according to Art. 28, para. 1 of the Non-Profit Legal Entities Act. The GM elects and releases the members of the Board of Directors /BD/ and the Control Board (CB).

The Board of Directors consists of 5 parties, all of them, members of the Association. The Board of Directors is elected for a four-year mandate by the General Meeting. Two of the Board members are representatives of the municipal authorities of Novi Pazar and Kaspichan, two - representatives of the business sector (one for each municipality) and one is a representative of the non-profit sector (from Novi Pazar Municipality). The Control Board of the "Novi Pazar - Kaspichan" Non-profit Association Local Action Group consists of 3 people, members of the Association. It is elected by the General Meeting for a term of 4 /four/ years.

"Novi Pazar - Kaspichan" LAG has implemented a project for the preparation of a Local Development Strategy under Measure 431-2 "Acquisition of Skills and Achievement of Social Activity" from the RDP 2007 - 2013. in the period 2009 - 2011, as well as a project for implementation of the Local Development Strategy under the Rural Development Program /RDP/ 2007-2013 under Measure 41 "Implementation of Local Development Strategies" in the period 2012 - 2015 under which 21 projects of beneficiaries were successfully implemented. A project implementation under sub-measure 19.1. is a major step towards capacity building, training and strengthening of the partnership established, for the purposes of preparation and implementation of a Community local development strategy.

The geographical area of «Novi Pazar - Kaspichan» Local Action Group covers the entire territory of the two municipalities - Novi Pazar and Kaspichan. Administratively both municipalities are part of the Shumen District. The territory covered by the «Novi Pazar - Kaspichan» Local Action Group is 592,048 sq.km (including Novi Pazar - 317,646 sq.km and Kaspichan Municipality - 274,402 sq.km), which represents 17.5% of Shumen District and 0.53% of the country. The region is distinguished by its extremely important strategic position in Northeastern Bulgaria. The municipalities of Novi Pazar and Kaspichan are located in the eastern part of the Shumen District / Northeast region /. "Novi Pazar-Kaspichan" LAG borders with the municipalities Nikola Kozlevo, Shumen, Kaolinovo, Hitrino, Vetrino, Valchi Dol and Provadia.

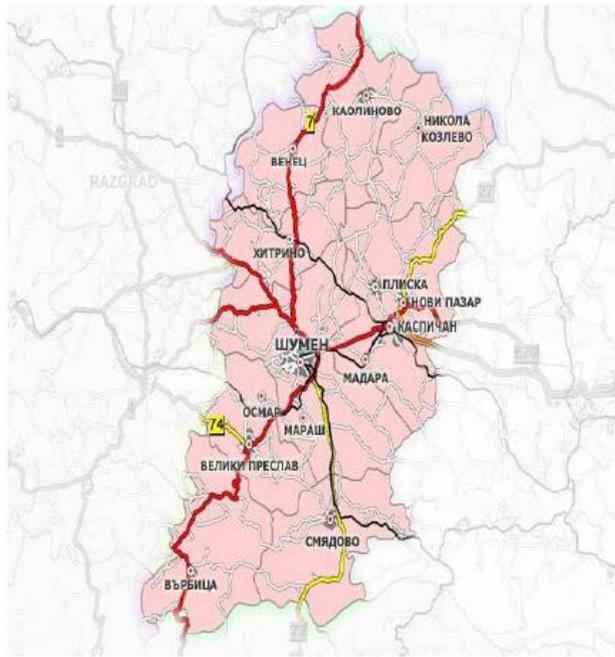
The territory of the Novi Pazar - Kaspichan LAG has a favorable geographic location and is an important transport node between Northeastern and Western Bulgaria as well as between North and South Bulgaria. The

route of the Hemus Highway, connecting the town of Varna with Sofia and the railway, pass through both towns. Kaspichan Railway Station is located on the first Bulgarian railway line Ruse - Varna and it is an important communicative and transport node within Northeastern Bulgaria. 25 settlements are included in the urban structure of Novi Pazar - Kaspichan LAG territory: the two administrative municipal centers - Novi Pazar and Kaspichan, the town of Pliska and 22 villages. The Novi Pazar - Kaspichan LAG covers all 25 settlements in both municipalities:

***1.1. Data of Municipalities and settlements, falling within the LAG's territory:***

<p><i>- a list of municipalities, covered by the LAG;</i></p>	<p><i>1. Novi pazar Municipality - 16 571 inhabitants</i>  <i>2. Kaspichan Municipality - 7 708 inhabitants</i></p>
<p><i>- a list of settlements, covered by the LAG;</i></p>	<p><b><i>Novi Pazar Municipality</i></b>  <i>the town of Novi Pazar</i>  <i>Bedzhene village</i>  <i>Voyvoda village</i>  <i>Enevo village</i>  <i>Zhilino village</i>  <i>Zaychino oreshe village</i>  <i>Izbul village</i>  <i>Mirovtsi village</i>  <i>Pamukchii village</i>  <i>Pisarevo village</i>  <i>Praventsi village</i>  <i>Preselka village</i>  <i>Sechishte village</i>  <i>Stan village</i>  <i>Stoyan Mihaylovski village</i>  <i>Tranitsa village</i>  <b><i>Kaspichan Municipality</i></b>  <i>the town of Kaspichan</i>  <i>the town of Pliska</i>  <i>Varbyane village</i>  <i>Zlatna niva village</i>  <i>Kaspichan village</i>  <i>Kosovo village</i>  <i>Kyulevcha village</i>  <i>Markovo village</i>  <i>Mogila village</i></p>
<p><i>- number of inhabitants of the territories, covered by LAG</i></p>	<p><b><i>24 2789 inhabitants</i></b></p>

## 1.2. Map of the territory:



## 2. DESCRIPTION OF THE COMMUNITY PARTICIPATION IN THE STRATEGY DEVELOPMENT PROCESS:

(not more than 2 pages)

### 2.1. Description of the process - meetings, seminars, conferences, trainings and public debates:

The local community was involved in the process of developing the CLD Strategy and actively participated in the implementation of the project under sub-measure 19.1 "Support for Preparatory Activities" of Measure 19 "Local Communities Development" under the RDP 2014-2020, in line with Contract RD 50-201 / 07.12.2015 concluded between the Ministry of Agriculture and Food /MAF/, State Agricultural Fund - Payment Agency /SFA-RA/ and "Novi Pazar – Kaspichan" LAG.

In accordance with the approved activities under this project, the following was fulfilled:

#### 1. Over 5 meetings, seminars, conferences were held - Annex: attendance lists.

1. One-day information meeting, held on 09.02.2016. in the Pamukchii village with 8 participants: 1 - from the public sector, 2 - from the business sector and 5 representatives of the non-profit sector;
2. One-day information meeting, held on 09.02.2016. in the town of Pliska with 9 participants: 1 representative of the public sector, 6 - from the business sector and 2 - from the non-profit sector;
3. One-day information conference on 17.02.2016. in the the town of Novi Pazar with 70 participants: 13 - from the public sector, 18 - from the business sector and 39 - from the non-profit sector;
4. One-day information meeting / seminar on 10.03.2016, hold in the town of Kaspichan with 22 participants: 7 representatives of the public sector, 5 - from the business sector and 10 - from the non-profit sector;
5. One-day information meeting / seminar on 11.03.2016, hold in the town of Novi Pazar with 21 participants: 3 - from the public sector, 3 - from the business sector and 15 - from the non-profit sector;
6. One-day information consultation meeting for the local community, held on 23.03.2016. in the town of Novi Pazar with 30 participants: 2 - from the public sector, 2 - from the business sector and 26 - from

the non-profit sector;

7. One-day information consultation meeting for the local community on 06.04.2016, held in the town of Kaspichan with 20 participants: 3 - from the public sector, 3 - from the business sector and 14 - from the non-profit sector;
8. One-day work meeting for consulting the preparation of the strategy, held on 07.04.2016 in the town of Kaspichan with 16 participants: 2 - from the public sector, 4 - from the business sector and 10 - from the non-profit sector;
9. One-day information meeting for consulting the local community, held on on 13.04.2016 in the town of Novi Pazar with 23 participants: 8 - from the public sector, 6 - from the business sector and 9 - from the non-profit sector;
10. One-day work meeting for consulting the preparation of the strategy, held on 14.04.2016 in the town of Novi Pazar with 11 participants: 2 - from the public sector, 3 - from the business sector and 6 - from the non-profit sector;

**2. 5 one-day training sessions for the LAG team and local leaders took place, related to the development of the Strategy for the CLD. Annex: attendance lists.**

1. One-day training for the LAG team on 23.02.2016 in the town of Novi Pazar with 11 participants: 1 - from the public sector, 3 - from the business sector and 7 - from the non-profit sector;
2. One-day training for the LAG team on 24.02.2016 in the town of Kaspichan with 10 participants: 2 - from the public sector, 4 - from the business sector and 4 - from the non-profit sector;
3. One-day training for local leaders on 25.02.2016. in the the town of Novi Pazar with 22 participants: 3 - from the public sector, 11 - from the business sector and 8 - from the non-profit sector;
4. One-day training for local leaders on 26.02.2016. in the town of Kaspichan with 20 participants: 5 - from the public sector, 4 - from the business sector and 11 - from the non-profit sector;
5. One-day training for the LAG team on 30.03.2016. in the town of Novi Pazar with 10 participants: 1 - from the public sector, 6 - from the business sector and 3 - from the non-profit sector;

**3. There were 3 public discussions on the CLD Strategy. Annex: attendance lists.**

1. Public discussion on 25.03.2016 in the town of Novi Pazar with 29 participants: 4 - from the public sector, 12 - from the business sector and 13 - from the non-profit sector;
2. Public discussion on 22.04.2016 in the town of Kaspichan with 12 participants: 4 - from the public sector, 3 - from the economic sector and 5- from the non-profit sector;
3. Public discussion on 23.04.2016 in the town of Novi Pazar with 12 participants: 0 - from the public sector, 7 - from the business sector and 5-from the non-profit sector;

**A total of 356 people, representing 92.9% of all Interested Parties, participated in the development process of the CLD Strategy.**

**2.2. Groups of Interested Parties, involved in strategy development:**

A research and an analysis within the the framework of the project under sub-measure 19.1 "Support for preparatory actions" was carried out of the specific A total of 14 Interested Parties groups were identified on the territory. Out of these, a total of **13 groups** were involved in the whole process of development of the Strategy of the CDL, representing 92.9% of the identified Interested Parties groups:

**I. 2 groups of Interested Parties - representatives of the public sector:**

- Municipal administrations and Municipal councils - Municipalities of Novi Pazar and Kaspichan
- educational institutions

**II. 5 groups of Interested Parties - representatives of the industrial sector:**

- Farmers - Plant Growth
- industry - micro-enterprises
- industry - small enterprises from the processing of agricultural products and food processing industry
- enterprises in the tourism sector
- enterprises from the trade, services, construction and transport sectors

**III. 6 groups of Interested Parties- representatives of the non-profit sector:**

- Educational centers
- Associations and foundations, focused on development of the territory, ecology and tourism
- Educational associations - school boards of trustees
- Associations in the field of youth activities and sport
- Representatives of minority communities and vulnerable groups (legal and natural persons)
- Natural persons with interests in the development of the territory

### 3. DESCRIPTION OF THE REGIONAL SITUATION AT THE MOMENT OF APPLICATION:

*(not more than 10 pages)*

#### 3.1. Analysis of needs and potential for development of the territory:

##### 1. Profile of the territory of «Novi Pazar - Kaspichan» LAG

###### Location, territorial and land resources

The "Novi Pazar-Kaspichan" LAG has a favorable geographic location and it is an important transport node between Northeastern and Western Bulgaria, as well as between North and South Bulgaria. This interesting geographic location, as well as the historical sites, Pliska and Madara, are all prerequisites for investor interest and tourism development. The total area of 592,048 sq.km. is composed of different territories: agricultural - 71%, forest - 19%, urbanized - 5%, as well as water areas, mining and transport and infrastructure areas.

###### 2. Natural - resource potential

The natural and climatic resources – terrestrial relief, climate, waters, soils are all suitable for agricultural development (fruit trees, vineyards, grain, vegetables, technical crops, etc.) and for the development of the technical infrastructure and the settlements. The long non-frost period and the period of active vegetation classify the climate as very favorable for cultivation of outdoor crops. The main minerals are clays (kaolin clay), quartz sands, sandstone, limestone and marble, as the most used are quartz sand, processed in quality glass, and kaolin, which reaches the Bulgarian and world markets as beautiful porcelain. All these features, combined with the proximity to the well-developed Varna Black Sea tourist zone and the well-developed transport network, make it possible to conduct competitive economic activities in the field of **production and marketing of agricultural and food products**, the production of **glass and porcelain** and the development of **tourism**. They may also serve as a ground for growing investor interest.

###### Natural landmarks and biodiversity

The territory of the "Novi Pazar - Kaspichan" LAG is characterized with unique natural resources, preserved nature and rich biodiversity including 3 protected areas included in NATURA 2000 and two protected areas, a prerequisite for the development of various forms of tourism, sustainable forestry, environmentally sound farming and livestock farming.

There are no profound environmental problems, pollution and environmental damages, endangering human health, which is a prerequisite for a high quality of life of its residents and visitors of the Municipality.

###### 3. Cultural and historical heritage

The territory of the Novi Pazar - Kaspichan LAG is rich in historical significance and many historical monuments of national and world significance are located on its territory. The most significant monument is **the first Bulgarian capital - Pliska, which is located in the National Historical and Archaeological Reserve Pliska**.

National Historical and Archaeological Reserve "Pliska" is undoubtedly a resource of utmost importance for the development of the territory as a whole and for the development of the tourism in particular. This requires efforts at national, regional and local level, as well as cooperation between authorities and local communities. The role of the Local Action Group is also of great importance because it may serve as uniting facility, through its work, efforts and interests, to effectively maintain and exploit the potential of such a historical site for the development of tourist infrastructure, tourist accommodation sites and logistics facilities.

**There are many archaeological and architectural monuments on the territory of the "Novi Pazar - Kaspichan" Local Action Group, being represent great potential for the development of integrated tourism, including cultural, historical, cognitive, rural, sports and other forms.**

#### **4. Settlement system and urbanization**

The territory of the Local Action Group covers two municipalities - the Novi Pazar Municipality and the Kaspichan Municipality, 25 settlements, of which 3 towns and 22 villages. The two municipalities have a different urbanization level- while Novi Pazar Municipality has a predominantly urban (71%) population; Kaspichan Municipality is a balanced one- approximately equal urban and rural population. All settlements have a compact structure, but the development of the settlement network has led to a concentration of the main administrative, industrial and cultural activities in the towns and a few nearby villages. The remaining settlements are relatively isolated, with predominantly elderly people, engaged in private farming, being perfect for organic farming and organic production. All settlements have relatively well-built infrastructure in terms of electricity, water supply, communications and transport access.

#### **5. Development of human resources and social sphere**

**The demographic structure** of the population is characterized by decline in numbers, aging, low birth rates, reduced number of marriages, negative natural growth, increased migratory processes and declining number of people at working age. This is due both to the negative values of natural growth and migration, the most often scenario for people in active, working age to migrate to other regions or countries in a better economic situation. The aging population on the territory of the Novi Pazar - Kaspichan LAG shows the need for extended and new services for the population - social, health and others. At the same time, it leads to a reduction in the workforce available, which to be overcome by efforts targeted in intensifying the production, new equipment and technologies that require less man labor and, moreover, to offer better and more attractive working conditions.

**The educational structure** of the population of the "Novi Pazar - Kaspichan" LAG is characterized by a significant share of people with low level of education (primary school or lower), mainly consisting of Roma minority group, which is a serious negative indicator and the territory disadvantage and, therefore, it is necessary to focus efforts and means to overcome it. In order to target this weakness, measures are needed to raise the level of education and to integrate vulnerable and minority groups.

The population of the "Novi Pazar - Kaspichan" LAG presented in different **ethnic groups** is, as follows:: a major share is occupied by the Bulgarians (64.3%), second is the self-identified Turkish ethnic group (about 22%) and the third ethnic group in numbers is the Roma ethnic group (11.5%).

#### **Employment and unemployment**

**The labor market** includes two main components: employment and unemployment, important indicators of economic development, as the human factor is a link between the other factors of production and their full use depends on it.

**The economic activity factor**, calculated as ratio of the economically active population compared to the population aged 15-64, is 47% for the LAG territory. The economically active people on the territory of the Novi Pazar - Kaspichan LAG are distributed, as follows: 74% - employed and 26% - unemployed, as most numerous group of unemployed, apart from the 15-19 age group, who are still in school age – out of the people in active age - is the group of young people aged 20 to 24 - 40%.

In 2015, **the unemployment rate** is 19.1% for Novi Pazar Municipality and 23.7% for Kaspichan Municipality, noticing a slight decrease compared to 2014. The unemployed people of low level of education - primary and lower - are the largest group of unemployed people on the territory of the "Novi Pazar - Kaspichan" LAG. The share of unemployed young people aged 19 to 29 is also high - 14% in 2015, and a positive trend of decrease in registered unemployed persons is noticed as well.

The group of low-educated unemployed persons is one of the vulnerable groups of the population of the "Novi

Pazar - Kaspichan" LAG, for whom integration into the labor market and the active life of the local community must be provided through the means of appropriate measures.

The demographic crisis, lack of jobs and discrepancy between the professional qualification and the labor market needs are some of the reasons for the low coefficients of economic activity and employment in the municipality, resulting from the Economy restructuring. There is a shortage of skilled labor force on sub-sectoral level - in some professional fields and qualifications. There is a rapidly growing need for skilled labor linked to the introduction and use of new manufacturing technologies, informational and communication technologies. At the same time, young qualified employees prefer to leave their native places and work in large cities or abroad.

### **Education**

Over the past 10 years, a pronounced downward trend is noticed in all school classes, teachers and pupils as a result of the negative demographic processes taking place on the territory, as well as a high share of students, dropping out of school. Measures are required to aim keeping students in school, vocational and secondary education, as well as at improvement the correlation between professional qualifications and business needs and motivating young people to work on the territory of the LAG.

Over the past period a number of repairs, modernization and renovation of kindergartens and schools have been undertaken. Some improvement of the conditions and the material basis of the educational establishment were fulfilled, funded by investments of the Municipal administrations, with the support of the European Union, which is a major factor for improving the students qualification on the LAG's territory.

### **Healthcare**

The healthcare on the territory of the Novi Pazar - Kaspichan LAG is mainly carried out by a multiprofile active treatment hospital, a medical center and a subsidiary for emergency medical care in the town of Novi Pazar, serving both municipalities. There are problems related to access to medical care in small settlements, especially in difficult to reach areas and mixed population areas. The problems are due both to the organization of medical care and to the decreasing number of medical specialists in recent years. Those facts concern the primary medical care on the territory of the Novi Pazar - Kaspichan LAG and they are disturbing: decreasing number of general practitioners; populated areas with elder population with no medical service available, a large number of patients per one medical practice establishment.

### **Social services**

The social services on the territory are well developed and significant investments have been made in this area over the last few years. The main challenges are related to the development of social infrastructure, the establishment of public-private partnerships, and support for the provision of services by the non-governmental sector.

### **Culture and cultural activities**

The education-folk community centers are the main cultural media and keepers of the culture on the territory of the Novi Pazar - Kaspichan LAG, as their role through the years was preserve and develop the cultural traditions from generation to generation for more than 120 years - a total of 24 folk community centers are based on the territory of the LAG, as well as an art gallery and two museums. The main needs of local communities, related to cultural life, are connected with the outdated facilities of the community centers - investments are needed for repairs, renovation of equipment and furniture, etc.

## **Sport**

10 sports clubs with a total number of 515 competitors are based on the territory of Novi Pazar Municipality. Among the sports clubs with the highest popularity are the Football Club "Botev" with 134 athletes, Handball Club "Vasil Levski" with 127 athletes, Sports Club for Eastern Martial Arts "Oyama" with 60 contestants and the Sports Club for Eastern Martial Arts "Kiokushin" with 110 competitors.

Some sport clubs operate with the financial support of the municipality: The Space modelling Club – of great traditions in Kaspichan Municipality, has been operating since the 70s of the last century. Kaspichan space modelling club, “Raketomodelist”, Kaspichan is a leading team in the country and Europe, winner of numerous national, European and world awards. The Football club "Lokomotiv-2008" has 30 players of different age groups. “Lokomotiv” Handball Club has been active since 1994 in four age groups with a total of 60 athletes. Table Tennis Club "Reflex", has been developing its activity from 2010 with ten contestants.

## **6. Economic development**

The majority of enterprises on the territory of the Novi Pazar - Kaspichan LAG are micro-enterprises - 94-95% and only 5-6% of the reported enterprises are small, as there are no medium and large enterprises. The analysis of the dynamics of the net sales revenue of the reported enterprises on the territory of the Novi Pazar - Kaspichan LAG shows the leading position of the manufacturing industry, confirmed over the whole period and signaling growth of the indicator, the sector of trade and services is second and the agricultural sector is third. Leading position in manufacture for 2014 takes the processing industry, followed by agriculture.

## **Agriculture**

The agricultural sector on the territory of the Novi Pazar - Kaspichan LAG is of great importance for the local economy. The favorable natural conditions are a prerequisite for the development of a diversified and efficient agrarian sector. The yield level is high, stable and of high quality. However, plant production is assessed as mono-profile, and livestock farming - as poor and naturalized.

**Crop production:** The main crops grown on the territory are cereals - wheat, barley and corn, and oilseeds - sunflower and rapeseed. In recent years, the wine sector has begun to recover as well. In fruit growing sphere, there is a steady growth in cultivated areas.

The plant growing industry faces the following main problems and prospects of development:

- Lack of young labor force in rural areas can create difficulties. For this purpose, investments in new technologies and equipment are needed, providing better working conditions and requiring less human labor.
- Inefficient use of irrigation in agriculture/ demolished hydro - meliorative facilities.
- Excellent for development are sub-sectors of plant growing, such as vegetable and fruit production, including greenhouse production.
- There is potential for development of ecologically-clean and organic farming, due to the fact that there are no large industrial enterprises in the region.
- Through intensive plant growing, viticulture and fruit growing, in line with European requirements, the Municipality can become one of the main food suppliers for our Black Sea resorts.

**The livestock sector** is represented by large and small cattle, pigs and poultry growing. Small farms dominate, with few animals, being the major representatives of the sector. Overall, there has been a steady decrease in the number of animals grown. The development of livestock breeding in the last 6 years shows the following trends: increase in the number of cattle and goats grown; a steady increase in the number of bee families; unstable development of sheep breeding and a reduction in the number of pigs and rabbits raised, and a sharp

decline in birds farms.

The main problems and prospects for the animal breeding developments, are as follows:

- The small number of animals in the farms does not allow the introduction of modern food and breeding technologies, mechanization and process automation technologies.
- Low purchase prices of livestock production and high prices of most of the concentrated fodder for animals.
- Lack of market for placing the production and a weak marketing policy to conquer the market.
- A prospective sub-sector of livestock farming is beekeeping, which, with investments in processing, packaging and improving marketing, can become a leading one on the territory.

## **Industry**

### **• Novi Pazar Municipality**

**Silicate Industry:** The production of ceramic and glass products is the most developed industrial sector in Novi Pazar. The region has rich traditions in this area and has a large number of qualified staff. There are also many small companies that specialize in the production of high-quality artistic glassware

**Wood processing industry:** Novi Pazar Municipality has very well developed and efficiently functioning enterprises in this branch, engaged in the production of various wooden products. Particle boards, wooden furniture, prefabricated wooden buildings (houses) and vans can be distinguished as main production articles.

**Production of Ship Parts and Mechanisms:** Another well-established branch in the region of Novi Pazar Municipality is the production of ship parts and mechanisms used in the construction and repair of ships. Mayak-KM JSC. /AD/ Shipbuilding Plant in Novi Pazar provides with shipbuilding complexes and manufactures the small ship mechanization for loading and unloading purposes.

**Food and Beverage Industry:** The most well-developed one food industry in the area is the canning industry. Some of the finest delicate products for international markets are produced in this area.

### **• Kaspichan Municipality**

The main industrial enterprises in Kaspichan Municipality are: "Roca Bulgaria" Jsc. /AD/ - production of sanitary faience; "Zinc Coatings" Jsc. /AD/ - hot dip galvanizing plant, "Keramat" Jsc. /AD/ - production of bricks; "Ring" Ltd. /OOD/ - production of concrete and concrete products. In the food industry, jobs are provided by "Aisis" Ltd /OOD/- canning industry, "Kris-Oil 97" Ltd. /OOD/- production of refined oil; "Bakhus 4" Ltd. /OOD/ - wine production; Iv-Mes Sole Limited Liability Company /EOOD/ - production of meat products.

The LAGht industry is involved in the production of: wood packaging - "Yanan - Yankul" Sole Limited Liability Company /EOOD/; Manufacturing of packing and corrugated board – "Velpa" Ltd. /OOD/; Production of aluminum and plastic caps - "Herti" Jsc. /AD/; "Lekov & sons" Sole Limited Liability Company /EOOD/. - production of aluminum and PVC joinery profiles; "Stanev" Sole Limited Liability Company /EOOD/ - production of wooden framework.

## **Tourism**

On the territory of the Novi Pazar - Kaspichan LAG, the existing conditions - natural, historical, cultural and informational – are in line with the definition of the tourism as the priority sector in local economic development. The resources on the territory are characterized as a combination of cultural and historical heritage, unique natural landmarks, attractive landscapes and nature, as well as a favorable climate, waters and geographical location.

There are favorable prerequisites for the development of an **alternative tourism** - cultural, historical, cognitive, eco, rural and others. Unique cultural and historical heritage - the first Bulgarian capital Pliska - National

Historical and Archaeological Reserve "Pliska", Madara Horseman Monuments and other historical sites, rich natural resources and comparatively favorable geographical position - proximity to the Black Sea resorts Varna, Albena, Golden Sands, St. Constantine and Helena favor the development of various forms of tourism and represent a serious potential for development.

Despite the excellent potential for tourism development, however, the hotel and restaurant subsector on the territory of the Novi Pazar - Kaspichan LAG shows very poor results. In 2014, businesses in this area account for less than 1% of revenue and production and provide employment for about 2% of employees.

#### **Problems and obstacles for the development of tourism on the territory of the Novi Pazar - Kaspichan LAG:**

- Undeveloped and poorly exploited rich tourist potential.
- The state of the tourist infrastructure is unsatisfactory. The main problems existing are related to the state of the roads, leading to tourist sites, insufficient indicative and information signs.
- Limited marketing, advertising and information activity.

#### **Demands related to the utilization of the excellent potential for development of tourism on the territory of the Novi Pazar - Kaspichan LAG:**

- Adaptation of key historical, cultural and natural attractions on the territory of the "Novi Pazar - Kaspichan" LAG for tourist visits.
- Ensure a **complete "experience" for tourists**, including history, opportunities for active recreation and sports, integration of local products into the tourist product and quality services, thus ensuring a longer stay of tourists on the territory - including accommodation .
- The development of tourist activity in the region should be accompanied by the improvement of the tourist infrastructure and the creation of products and events meeting the requirements of the international market
- Creating an integrated tourist product and marketing the destination in order to attract tourists.

### **7. TECHNICAL INFRASTRUCTURE - connectness and accessibility on the territory of Novi Pazar Municipality and Kaspichan Municipality**

#### **Transport and communication system**

The location of the territory of the Novi Pazar - Kaspichan LAG near the main road connections to Varna, Silistra, Shumen, Dobrich and Ruse allows good coverage in terms of freight and human loads. The road network is well built. The territory is also served by **the railway line** Varna – Ruse.

#### **Water Supply and Sewerage**

The existing water supply network needs reconstruction and replacement of large number of pipes. The internal water supply network is also morally and physically obsolete and is implemented with asbestos-cement pipes. A serious problem for the water supply is the very high water loss and the need for urgent reconstruction and replacement with polyester pipes, as well as the inclusion of new water sources in order to improve the quality of the drinking water supplied to the population

Most of the settlements in the LAG are not provided with sewerage. A sewerage network was built in the town of Novi Pazar and in the town of Kaspichan. No reprocessing of the waste water is provided.

#### **Telecommunications**

The information and communication technologies (ICT) offer new opportunities for companies and regions and

serve as an important factor for regional competitiveness, influencing the speed of changes in the regions and the territorial distribution of economic activity. Access to the Internet is provided in the urban centers on the territory of the Novi Pazar - Kaspichan LAG. Problems exist mainly in villages where the level of equipment of companies and households with computers is too low and public network access is needed. **The construction of public information systems and the guaranteed provision of Internet services for the entire public sector, including facilitated access for people with disabilities, is a mandatory step towards a well-informed society.**

### ***3.2. Identified groups of Interested Parties on the LAG territory:***

Within the framework of the project under sub-measure 19.1 "Support for preparatory activities", a study was carried out and an analysis of the specific Interested Parties and their demands towards to the development and implementation of the Strategy for CLD was elaborated. The identification of the Interested parties consists of the following:

- identifying the parties that will be affected directly or indirectly, positively or negatively by a policy;
- the degree of impact of each of these individuals, groups, organizations on the process of policy development, implementation and evaluation;
- taking into account their interests and influencing policy (Interest Analysis / PRES Analysis).

The Interested Parties involved in the development and implementation of the Strategy for CLD have been identified on the underlying principle and the understanding that the LAG:

1. Compulsorily structured by three sectors - **public** / representatives of local and regional authorities, including municipal administrations and elected offices, municipal council; the representatives of the deconcentrated structures of the state power, having a direct relation / influence / impact on the local development /, **business** / business representatives, including sole traders, farmers, cooperatives; representatives of commercial companies providing communal services in the municipality; representatives of commercial companies with predominantly state participation and **non-profit** representatives of the civil society structures, including NGOs, cultural organizations, community centers, sports clubs, tourist companies, boards of trustees, etc.).
2. The potential beneficiaries - groups or individuals, mainly potential beneficiaries of the measures of the Strategy for CLD have direct impact on the preparation and implementation of the Strategy.
3. "Interested parties" means a group of people of common interest and opportunities involved in implementing a strategy for the Community-led Local Development /CLD/, including as potential beneficiaries of financial assistance and users of results of its implementation.

As a result of the survey, **14 groups** of stakeholders were identified on the territory of the Novi Pazar - Kaspichan LAG.

**The identified groups of Interested Parties with a strong policy attitude and a high level of power / authority to be involved in the decision-making process on the development and implementation of the Local Government-led Local Development Strategy of the Novi Pazar - Kaspichan LAG are:**

1. Local government
2. Farmers: plant production
3. Farmers: stock-breeding
4. Industry - micro-enterprises
5. Industry - small enterprises from the processing of agricultural products and food processing industry
6. Enterprises in the tourism sector
7. Enterprises from the trade, services, construction and transport sectors

#### 8. Community center

**The following groups** of Interested Parties, besides the above- mentioned, the following should be included in the consultation process for the development of the Community-led Local Development Strategy /CLDS/ of the Novi Pazar - Kaspichan LAG:

1. Educational institutions
2. Associations and foundations in the sphere of development of the territory, ecology and tourism
3. Educational Associations
4. Associations in the field of youth activities and sport
5. Representatives of minority communities and vulnerable groups (legal and natural persons)
6. Natural persons with interests of development of the territory

### ***3.3. Analysis of strengths and weaknesses, opportunities and threats:***

For the purpose of developing the Strategy of CLD of the Novi Pazar - Kaspichan LAG, a study and analysis of the developmental potential and SWOT analysis of the territory were carried out with the following results:

#### **STRENGTHS:**

- Rich cultural and historical heritage - archaeological and architectural monuments, a great potential for the development of cultural tourism - the first Bulgarian capital Pliska - National Historical and Archaeological Reserve "Pliska", the Madara Horseman - National Historical and Archaeological Reserve "Madara";
- Unique natural resources, preserved nature and rich biodiversity, prerequisites for the development of diverse forms of tourism, sustainable forestry, environmentally sound farming and livestock breeding.
- Climate and natural resources are suitable for the development of eco tourism;
- Fertile land and suitable natural and climatic conditions for the development of agriculture and especially the production of fruit and vegetables;
- Traditions and experience in agriculture;
- Favorable geographical location - 70 km to the big sea and port center of Varna and 120 km, average, to both of the two ports of Danube - Ruse and Silistra
- Good transport facilities - Kaspichan Railway Station, Hemus Highway.
- Developed technical, transport and social infrastructure and a relatively well developed settlement system.
- There are no clear environmental problems, pollution and environmental damage endangering human health
- Established traditions and experience in the silicate industry
- Availability of buildings and land, that could be an investment interest.

#### **WEAK SIDES**

- Undeveloped and poorly exploited rich tourist potential.
- Fragmentation of land ownership and lack of large and competitive farms;
- Low added value and inefficient marketing of agricultural production;
- Poor condition and depreciated network of irrigation channels and facilities.
- Low Competitiveness of the Production;
- Demographic problems: decline in population, aging, low birth rates, negative natural growth and increased migration processes. More aging of the population in the villages on the territory.
- Low level of education and qualification; inconsistency between the demanded and sought work force qualifications.

- Unfavorable educational structure - a high share of low-educated population, especially in the villages, and migration of young qualified people from home to big cities or abroad.
- Shortage of labor in agriculture;
- Insufficient awareness and entrepreneurial skills;
- Problems with access to medical care in small settlements - decreasing number of general practitioners; presence of a population without medical care.
- Poor condition of elements of the technical infrastructure, depreciated water supply network, lack of sewerage outside the municipal centers;

### **OPPORTUNITIES**

- Possibility of financing through Rural Development Program /RDP/ and other instruments of development of tourism on the basis of rich cultural and historical heritage and natural landmarks in suitable forms and development of tourist packages, combining different tourist products for creation of a comprehensive tourist product;
- Land consolidation and increased resource efficiency;
- Expansion of agricultural activities and full use of good natural-geographic conditions for the development of intensive and high added-value agriculture and processing of agricultural products;
- Development of irrigated agriculture through restoration of the network of irrigation channels and facilities.
- Potential for diversification of agriculture into vegetable growing, fruit growing and viticulture.
- Conditions for the development of networks of related industries in the field of agriculture, food and processing industry.
- Energy efficiency to promote a green and energy-efficient economy;
- Effective marketing for access to new markets.
- Relatively isolated small settlements suitable for organic farming and organic production and in the field of some forms of tourism.

### **THREATS**

- Deterioration of the demographic situation, deepening of demographic problems and aging of the population.
- Increase in unemployment of people of primary and lower education.
- Lack of qualified labor force in line with the labor market may lead to a deterioration in the quality of services provided and a decline in the indicators of the main sectors of the municipality;
- Deterioration of the quality of the technical infrastructure and lack of funds for its maintenance.
- Pollution of the environment from anthropogenic or other factors.
- "Migration" of productions to lower cost areas

### **3.4. Needs of the vulnerable and minority groups, if any:**

The main vulnerable groups on the territory of the Novi Pazar - Kaspichan LAG, identified in the analyses and surveys are two: ethnic minorities and elderly people of retirement age, especially living on their own.

- **Ethnic minorities:** Compact groups of vulnerable ethnic minorities – Roma people and Turks live on the territory of the two municipalities of Novi Pazar and Kaspichan, with a population of the Turkish ethnic group of about 22% and Roma people of 11.5%. The vast majority of the Roma community is of low level of

education and poor health status, they live in a state of social isolation and do not participate in the cultural and social life of the community. Unemployed persons of low level of education - mainly from the Roma community are the largest group of unemployed people in the territory of the "Novi Pazar - Kaspichan" LAG - over half of the registered unemployed in 2015. This group of low-skilled unemployed persons is one of the vulnerable groups of the population of the "Novi Pazar - Kaspichan" LAG, for whom integration into the labor market and in the active life of the local community must be provided with appropriate measures. During the information events in the process of development of the Strategy, participants from these groups were also included and the possibilities for their inclusion were discussed. The main needs of these vulnerable groups could be met through the objectives and measures, envisaged in the Strategy of CLD and the promotion of quality and sustainable employment and through the evaluation criteria of the projects providing such.

- Another vulnerable group is **the population of retirement age**, especially living in small settlements, isolated and on their own. Their main needs are adequate health and social care. Their specific needs can be satisfied by introducing new and additional services - health, social and other - for the aging population of the territory. The strategy provides measures to promote such services on the ground.

#### **4. OBJECTIVES OF THE STRATEGY:**

*(not more than 10 pages)*

##### **4.1. Objectives of the strategy and priorities for development of the territory:**

###### **STRATEGIC OBJECTIVE:**

Ensuring good living and employment conditions on the LAG's territory, based on effective and integrated development of tourism, agrarian sector, non-agricultural business and accompanying public infrastructure and services

**PRIORITY 1:** Development of a tourist product, specific for the territory, through the development and popularization of the local historical heritage ("Lesson on Bulgarian History" - preposition)

**PRIORITY 2:** Development of agricultural and non-agricultural business with high added value

##### **4.2. Specific objectives:**

**PRIORITY 1:** Development of a tourist product, specific for the territory, through the development and popularization of the local historical heritage ("Lesson on Bulgarian History" - preposition)

- Specific objective 1.1. Diversification of the options for tourists' accommodation and services
- Specific objective 1.2. Ensure an aesthetic and dynamic stay of any perspective tourist by constructing an accompanying controversial, social, cultural and technical infrastructure
- Specific objective 1.3. Integration of local products and food into the specific tourist product

**PRIORITY 2:** Development of agricultural and non-agricultural business with high added value

- Specific objective 2.1. Modernization of the agricultural farms and creation of new vegetable and perennial crops
- Specific objective 2.2. Creating opportunities to add value to agricultural production
- Specific objective 2.3. Creating new jobs and reducing poverty by investments in support of the non-agricultural business

***4.3. Link between the Strategy of CLD and the characteristics of the specific territory, developed on the basis of the local needs and potential, in line with policies at national, regional and local level, including policies on desegregation and deinstitutionalization:***

The most important needs of the local community and the groups of Interested Parties, related to the development of the territory of the Novi Pazar - Kaspichan LAG, taken from the analyzes and surveys on the territory, are, as follows: renovation of the villages, improvement of the living conditions, diversification of the local economy, preservation and promotion of local historical and natural resources and local identity, development of rural and other forms of alternative tourism. The characteristics of the territory of the "Novi Pazar - Kaspichan" LAG are a prerequisite for the development needs and the growth opportunities, on the basis of which the objectives and priorities of the Strategy of CLD are outlined.

**PRIORITY 1** of the Strategy "Developing a Tourism-Specific Product through the Development and Promotion of the Local Historical Heritage" (the "Lesson on Bulgarian History" preposition) is entirely aimed at satisfying the identified needs of the population, covering renovation of villages and improving the conditions for life. Taking into account the main characteristics of the technical infrastructure of the territory, the activities and interventions that the local community envisages under Measure 7.2 "Investments in the creation, improvement or expansion of all types of small scale infrastructure" are subject to the need of the settlements to provide aesthetic and dynamic living environment by building an accompanying sports, social, cultural and technical infrastructure, as well as by improving and diversifying basic services for the villages population. Ensuring a normal living environment and adequate basic services for the population, the local community will help to keep the population in the villages and stop the intensified migration processes. The strategy will support infrastructure investments to promote growth, employment and economic revitalization of the territory, consistent with the priorities of national sectoral strategies and the needs identified in municipal development strategies.

Tourism is among the priorities of the Strategy of CLD. It is relied on for a tangible contribution for achieving a balanced and sustainable development of the territory. The development of tourism in settlements with unique tourist potential should be linked to national and European cultural and tourist routes and those tourist areas, already developed, in order to gain the chance for adequate exposition and promotion of those settlements values. The existing conditions - natural, historical, cultural and information on the territory of the Novi Pazar - Kaspichan LAG are in line with the definition of tourism as a priority sector in the local economic development. The development of alternative forms of tourism can become an essential and integrative factor for the overall development of the territory. The unique cultural and historical heritage - the first Bulgarian capital Pliska, National Historical and Archaeological Reserve Pliska, the Madara Horseman Monument and other historical sites, rich natural resources and comparatively favorable geographical position - proximity to the Black Sea resorts Varna, Albena, Golden Sands, St. Constantine and Helena, all favor the development of various forms of tourism and represent a serious potential for development. However, the hotel and restaurant subsector on the territory of the Novi Pazar - Kaspichan LAG shows rather weak economic results - less than 1% of revenues and production and employment for about 2% of the employed population. Therefore, through Measure 7.5 "Investments for public use in infrastructure for recreation, tourist infrastructure", the local community focuses its efforts on using this potential for integrated tourism development. Investments to improve recreational infrastructure and tourism infrastructure will help solve the main identified problems and constraints in the sector:

- The undeveloped and poorly exploited rich tourist potential.
- Unsatisfactory state of the tourism infrastructure.

In connection with the utilization of the excellent potential for tourism development, the "Novi Pazar - Kaspichan" LAG has developed and will implement its own Measure 20 "Creation of a local tourist product, related to the local heritage, products and food", which is directly focusing at the satisfaction of the identified needs on the territory of:

- Providing a complete "experience" for tourists, including history, opportunities for active recreation and sports, integration of local products into the tourist product and services of high quality
- Ensure longer stay of the tourists on the territory - including overnight.
- Creating an integrated tourist product and marketing the destination to attract tourists.
- Highly coordinated marketing, advertising and information activity

In order to achieve this, LAG will focus primarily on the main bearers and guardians of the culture and history of the territory - the National Community Centers and their activity. They are 24 in number, preserving and developing the cultural traditions from generation to generation for more than 120 years. They are important institutions as providers of educational and cultural services to local communities. The Community centers can become a catalyst for valorisation of cultural heritage / folklore, crafts, local products, etc. and its use in the creation of integrated tourist products, based on this heritage. The resources of the Strategy are not sufficient to solve its problems, mainly related to the obsolete and depreciated buildings, but however it can be used for renewal of the equipment, as well as to enrich their cultural events, support their current activities and organize various events, related to marketing and the promotion of local products and cultural heritage.

**On the basis of these growth-inducing factors, the following is also defined**

#### **GROWTH, BASED ON HUMAN CAPITAL**

The development of the population on the territory of the «Novi Pazar - Kaspichan» Local Action Group in a demographic aspect is influenced by the economic and social situation. The demographic structure of the population is subject to the general trends in the country over the last few years - population decline, aging, low birth rates, reduced marriages, negative natural growth and increased migration processes. The share of people with low education as a whole accounts for more than half of the population in the LAG, which is a serious negative indicator and a weak side of the territory under consideration. This negative educational structure - especially in the villages of the territory is a serious problem and it is necessary to focus efforts and means to overcome it.

#### **Employment and unemployment**

Considered in aggregation, the unemployed people of a low level of education – primary and lower are the largest group of unemployed people on the territory of the "Novi Pazar - Kaspichan" LAG.

The group of unemployed people of low education level is one of the vulnerable groups of the population of the "Novi Pazar - Kaspichan" LAG, for whom integration into the labor market and in the active life of the local community must be provided with appropriate measures.

**Specific Objective 2.3** is planned in the Strategy of CLD. **Creating new jobs and reducing poverty by investing in non-agricultural business** to contribute to integration and employment.

#### **Healthcare**

On the territory of the "Novi Pazar - Kaspichan" LAG there are health services for the population provided, but there are issues with the access to medical care in small settlements, especially in difficult to reach areas and mixed population areas. The main factors behind are the organization of medical care and the decreasing number of medical specialists in recent years. Primary health care problems for local communities are a

declining number of GPs; areas, mainly populated with elder people with no medical services available; a large number of patients per medical practice. Given the importance of the health care factor for the development of the territory, it is necessary to plan actions and measures aimed at overcoming the existing deficiencies in this sphere

Through **Specific Objective 2.3. Creating new jobs and reducing poverty through investments in support of non-agricultural business** by the Bulgarian Academy of Sciences will provide an opportunity to support the work of medical staff and practices.

### **Education**

A pronounced trend of reducing numbers of classes, teachers and pupils, as well as increase in dropouts from the education system is observed throughout the last 10 years. It is necessary to take measures to keep students in school, vocational and secondary education, as well as to improve the correlation between professional qualifications, business needs and motivating young people to work on the territory of the LAG.

The planned objectives and measures of the **Priority 1 of the Strategy of CLD** shall contribute to the motivation of the young people to work at the area and to develop the territory, because better and more attractive jobs and better living conditions shall be created.

### **Sport**

The conditions and possibilities for organized or independent sports and practice by all of the population should be improved. To this end, the efforts of local communities and local authorities are aimed at addressing the following priority tasks:

- modernization and maintenance of sports facilities, equipments, playgrounds and recreation areas;
- effective management and modernization of the available sports facilities and construction of new sports facilities and equipments.

Through the planned **Specific Objective 1.2. Ensuring the aesthetic and dynamic stay of the tourist through the construction of the accompanying sports, social, cultural and technical infrastructure** and the measures for it will provide support to the cultural institutions and the sports infrastructure of the territory.

### **GROWTH BASED ON INNOVATION AND ENTREPRENEURSHIP**

The specific natural assets and the favorable geographic location of the territory of the Novi Pazar - Kaspichan LAG also determine the structure of its economy. Leading industries are the silicate industry, agriculture and related processing agro-food industries, trade and services. On the other hand, tourism, construction, wood-processing and machine-building are less well represented.

The majority of the enterprises on the territory of the Novi Pazar - Kaspichan LAG are micro-enterprises, only 5-6% are small and there are none medium or large enterprises on the territory. Micro and small businesses face a number of obstacles to become sustainable companies, which has a negative impact on their growth potential and, in many cases has an impact on the possibility of their survival.

The comparison of enterprises and employment in rural areas, to the total values for the country show that the economy of the territory is poorly diversified.

## Agriculture

**Natural - resource potential:** The terrain is suitable for agricultural development (fruit trees, vineyards, vegetables, cereals, technical crops, etc.). These features, combined with the proximity to the well-developed Varna Black Sea tourist zone and the well-developed transport network, make it possible to conduct competitive economic activities in the field of marketing of agricultural products.

The agricultural sector on the territory of the Novi Pazar - Kaspichan LAG is important, second in the structure of the local economy. Favorable natural conditions are a prerequisite for the development of a diversified and efficient agrarian sector.

The main crops grown on the territory are cereals and oilseeds and recovery of the wine sector and the constant growth of sown deciduous trees in recent years. The main factors for the development of plant growing are:

- Existence of prospects for the development of plant sub-sectors such as the production of vegetables and fruits, including greenhouse production.
- There is a potential for development of ecological and organic farming due to the fact that there are no large industrial enterprises in the region.
- Through intensive plant growing, viticulture and fruit-growing, the territory of the Novi Pazar - Kaspichan LAG can become one of the main food suppliers for the resort area of the Northern Black Sea coast.

**The livestock sector** is represented by large and small cattle, pigs and poultry breeding. The main constraints and, respectively, impact factors for the development of livestock breeding are:

- The small number of animals on farms does not allow the introduction of modern feeding and breeding technologies leading to poor mechanization and automation of the processes.
- Lack of market for production and poor marketing policy.
- A prospective sub-sector of animal husbandry is beekeeping, which with investments in processing, packaging and improving marketing, can become a landmark.

The LAG will provide support for the development of the agrarian sector, the processing of agricultural production and the non-agricultural business, through the means of **PRIORITY 2**: "Development of agricultural and non-agricultural business with high added value", based on the main assets and potential for development of these sectors.

Through Measure 4.1.1 "Support for investment in agricultural farms", the LAG will enable farmers to modernize their farms, acquire new machinery and equipment for processing and harvesting, and direct their efforts to harnessing the available climatic and soil potential for creating new vegetable and perennial crops. The development of the food industry on the territory of the Novi Pazar - Kaspichan LAG depends to a great extent on the introduction of innovations in the sector. The creation of opportunities for adding value to agricultural production is also one of the important priorities that the LAG places in the financing of project proposals under Measure 4.2.1 "Investment in processing/marketing of agricultural products". The implementation of the measure will respond to the need to improve the efficiency of farms and increase their competitiveness. The marketing activities under the measure will also be used to integrate the produced agricultural produce into the hotels and restaurants of Varna Black Sea tourist area, using the well-developed transport infrastructure and the connections with this area.

The interventions under Measure 6.4.1 "Investments in support of non-agricultural activities" aim at

strengthening the territorial competitiveness of the territory by improving the conditions for business. The funds allocated by the Strategy of CLD to the measure will contribute to the diversification of the activities of the micro-enterprises and to the reduction of the poverty and the overcoming of the high unemployment typical for the territory. The development of non-agricultural activities supports the restructuring and viability of farms by providing opportunities for additional income beyond agriculture.

Thus, the evolving development needs and growth opportunities on the territory of the Novi Pazar - Kaspichan LAG provide the basis for defining the objectives and priorities of the Community Local Development Strategy. When defining the budget, the priority needs, potential effectiveness and complementarity of measures and lessons, learned from the previous programming period were taken into consideration, as well as the specificities of the territory, as well as the objectives of the Europe 2020 Strategy and the Common Agricultural Policy, the national priorities for their implementation as set out in the Agreement for partnership and other strategic documents.

The formulated strategic objectives, priorities and specific objectives are in line with the planning and strategic documents and policies at national, regional and local level:

- The Strategy of Community Local Development will contribute to the following priorities of the national development policy, as defined in the **Partnership Agreement**: 3. Achieving sustainable integrated regional development and local capacity utilization; 4. Development of the agricultural sector to ensure food security and the production of products with high added value in the sustainable management of natural resources; 5. Supporting innovation and investment activities to enhance the competitiveness of the economy.
- The Strategy of CLD of "Novi Pazar - Kaspichan" LAG is in compliance and will contribute to the achievement of the objectives of the Regional Strategy for Development of Shumen District 2014-2020, in particular:
  - **Strategic goal 1. Sustainable increase of the economic viability of Shumen district through activation of the local potential and improvement of the ecological conditions**, Priority 1.2. Activation of the specific potential of the regional economy: Specific Objective 1. Inclusion of the rich natural and cultural wealth of the region as a "complementary side" to the traditional maritime tourism in the NE area, Specific Objective. 2. Increasing the efficiency of the agricultural production by updating the working conditions and diversification of the rural economy; Priority 1.3. Improvement of the environmental conditions through resource-friendly use of resources and environmental protection: Specific Objective 1. Effective use of territorial resources
  - Strategic goal 2. Limiting social exclusion and improving the conditions for human capital development; Priority 2.2. Improving the quality and access to educational, health, cultural and other social services: Specific Objective. 2. Improving health infrastructure and social services; Specific Objective 3. Support for cultural and creative activities, access to cultural heritage; Specific Objective 4. Stimulate variety of sports among young people
  - Strategic goal 3. Balanced and sustainable territorial development; Priority 3.2. Improving the quality of life in rural areas: Specific Objective 1. Strengthening the role of small towns - centers in rural areas; Specific Objective 2. Improve the standard of living in the villages. Priority 3.3 Territorial cooperation: Specific Objective 1. Inter-municipal cooperation and partnership for the realization of projects of common interest.
- The Strategy of CLD of Novi Pazar - Kaspichan LAG is compatible and will contribute to the achievement of the goals of the Municipal Development Plan of the Novi Pazar Municipality 2014-2020 and of the Municipal Development Plan of the Kaspichan Municipality.

The policies of desegregation and deinstitutionalization are reflected and their implementation will be

contributed by the Strategy of CLD of the Novi Pazar - Kaspichan LAG, through the foreseen equitable access to support of the investments on the territory through the envisaged measures for creation of sustainable employment and improvement of the public infrastructure.

#### ***4.4. Description of the innovative features of the strategy:***

##### **(a) opportunity to create a new, for the territory, product or service:**

In the preparation of the Strategy of CLD of the "Novi Pazar-Kaspichan" LAG, the following opportunities for the creation of new products for the territory were identified and exploited:

- Creation of a new tourist product for the territory, bringing together local products, products, food and the cultural and natural material and immaterial heritage of the territory. The purpose of creating this product is to create the opportunity to attract tourists and stay as long as possible on the territory. This shall be achieved by investing to create additional attractions for tourists, attracting them to participate in cultural local events, and by investing in creating an active environment for rest, relaxation and entertainment.

##### **(b) the inclusion of activities / measures that provide possibilities for a new form of use of natural resources for the territory**

The LAG will promote projects and activities aimed at improving product design and introducing of production processes that use materials more economically, as well as the introduction of green technologies in agriculture and processing plants. The project evaluation criteria set an advantage for projects that provide for investment costs to improve the energy efficiency of an enterprise.

##### **c) a new method and/or way of solving the local problems and weaknesses of the territory:**

In view of the use of the local natural and cultural heritage for tourist purposes, the Novi Pazar - Kaspichan LAG has developed its own measure, aiming to preserve, protect and develop the natural and cultural heritage of the territory. In view of the experience from the implementation of the Local Development Strategy 2007-2013. the LAG intends to extend the involvement of the community and the Interested Parties, through the means of new methods and approaches, in solving the problems of the territory by:

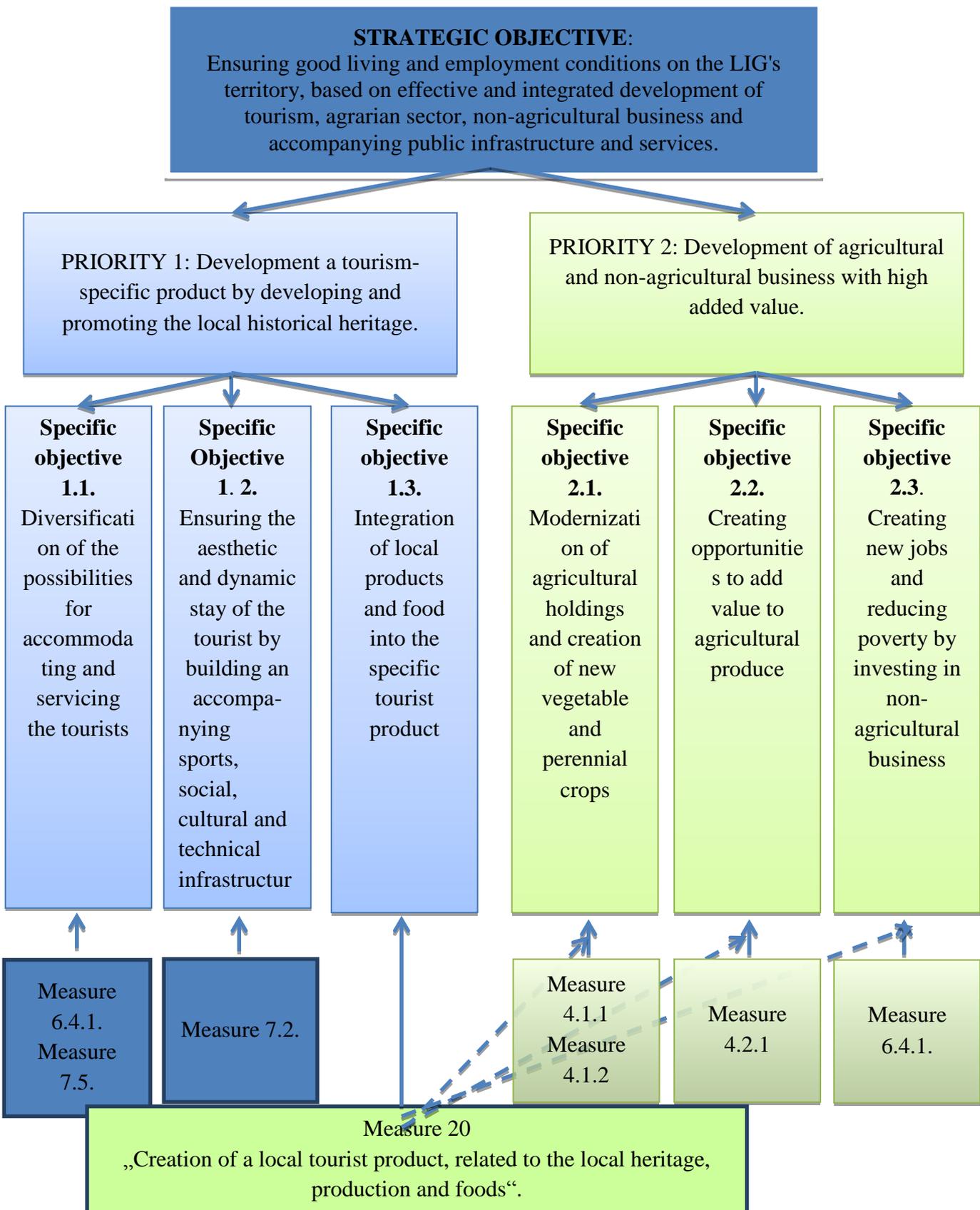
- an interactive information platform for public-private partners and LAG's participants, incl. with opportunities for online training, exchanges, work in a local network, including the participation of people with disabilities;
- conducting information activities and meetings with each potential Interested party;
- conducting days of multiethnic and multicultural interaction.

The Strategy of CLD of LAG will connect the Interested Parties with a similar subject of activities or problems, bringing together them and encouraging discussions among them. This sharing of experience and the exchange of knowledge will lead to the emergence of new ideas among the participants.

##### **(d) setting criteria for evaluating projects in regard to innovation**

In the project evaluation criteria under measures 4.1.1, 4.1.2, 4.2.1 and 6.4.1 of the Rural Development Program /RDP/ an objective criterion for innovation of the project proposal for introducing new practice and/or service and/or product in the enterprise, where more than 30% of the eligible investment costs of the project are related to the introduction of innovations on the farm or in the enterprise.

**4.5. Purposes hierarchy - including goal for end products or results:**



Achieving the strategic goal is planned by following two main priorities, each with three specific objectives. The specific objectives will be achieved through the implementation of different measures:

**Priority 1: To develop a tourism-specific product by developing and promoting the local historical heritage**

Specific objective 1.1: Diversification of tourists' accommodation and services

- Measure 6.4.1 "Investments in support of non-agricultural activities"
- Measure 7.5. Investments for public use in recreational infrastructure, tourist infrastructure

Specific objective 1. 2. Providing the aesthetic and dynamic residence of the tourist by building a concomitant controversial, social, cultural and technical infrastructure

- Measure 7.2. Investments in creating, improving or expanding all types of small-scale infrastructure

Specific objective 1.3. Integration of local products and food into the specific tourist product

- Measure 20. Creating a local tourist product related to the local heritage, products and food "

**Priority 2: Development of agricultural and non-agricultural business with high added value**

Specific objective 2.1. Modernization of agricultural holdings and creation of new vegetable and perennial crops

- Measure 4.1.1 "Investments in agricultural holdings"
- Measure 4.1.2. "Investments in agricultural holdings by thematic sub-program for development of small farms"
- Measure 20. Creating a local tourist product related to the local heritage, products and food "

Specific objective 2.2. Creating opportunities to add value to agricultural produce

- Measure 4.2.1 "Investment in processing / marketing of agricultural products"
- Measure 20. Creating a local tourist product related to the local heritage, products and food "

Specific objective 2.3. Creating new jobs and reducing poverty by investing in non-agricultural business

- Measure 6.4.1 "Investments in support of non-agricultural activities"
- Measure 20. Creating a local tourist product related to the local heritage, products and food "

In order to fulfill the priorities and objectives thus formulated, the own Measure 20 "Creation of a local tourist product related to the local heritage, products and food" turns into horizontal, contributing to the achievement of the two priorities.

The specific objectives set and the priorities chosen for development are interdependent and their achievement will have an integrated effect on the development of the territory and the achievement of the strategic goal.

On the one hand, **it is necessary to diversify the conditions for servicing the tourists by investing in accommodation, servicing, catering, etc. for the creation of a tourism-specific tourist product.** At the same time, in order **to ensure a lasting "experience"** of visitors to the territory, it is necessary to invest in concomitant controversial, social, cultural and technical infrastructure, so that their residence is in an aesthetic environment and allows for interesting and dynamic spending and for a long stay. On the other hand, specific local products and products produced on the territory can be successfully integrated into the specific tourist product, thus providing added value for the tourist product and, at the same time, a market for local producers.

The other priority of development of the territory of the Novi Pazar - Kaspichan LAG is aimed at **adding value to the agricultural and non-agricultural business** through investments for modernization of the agrarian sector and intensive and sustainable production of fruits and vegetables, **providing opportunities for development of the processing and marketing of agricultural products.** The promotion and integration of local products as elements of the specific tourist products is important both for the development of tourism and for the agri-sector.

Last but not least, one of the main objectives of this strategy, as well as at national and European level, is the creation of new jobs and poverty reduction, which is planned to be achieved both by supporting investments for the development of non-agricultural businesses, so and for all other specific purposes.

## 5. DESCRIPTION OF THE MEASURES:

(not more than 4 pages per measure)

Measures and activities for each of the funds separately:

<p><b>Rural Development Program (EAFRD)</b></p>	
<p><b>Measure 4.1.1 - Support for investments in agricultural farms</b></p>	<p><b>Objectives:</b> To improve the efficiency of agricultural holdings in competing industries through:</p> <ol style="list-style-type: none"> <li>1. Restructuring and development of the available material capacities in the farms;</li> <li>2. promoting the introduction of new technologies in the production and modernization of physical capital;</li> <li>3. preservation of the environmental components;</li> <li>4. complying with the European Union (EU) standards and improving the conditions on farms;</li> <li>5. promoting cooperation between farmers.</li> </ol> <p><b>Scope of the measure:</b></p> <ol style="list-style-type: none"> <li>1. Geographical scope of the measure - the territory of the Novi Pazar - Kaspichan LAG</li> <li>2. Scope of the investments under the measure - tangible and intangible assets that:               <ol style="list-style-type: none"> <li>a) comply with Community standards relating to the investment concerned</li> <li>b) Improve the overall activity of the farm</li> <li>c) Meet the scope of the RDP measure</li> </ol> </li> </ol> <p><b>Scope of activities:</b> Only activities on the territory of the LAG are eligible, leading to improvement of the overall activity of the agriculture by:</p> <ol style="list-style-type: none"> <li>1. introduction of new products, processes and technologies and renovation of the available production tangible and/or intangible assets; or</li> <li>2. Encouraging cooperation with producers and processors of agricultural products; or</li> <li>4. Increasing energy efficiency in agricultural holdings; and/or</li> <li>5. Improvement of working conditions, improvement of hygienic, veterinary, phytosanitary, ecological and other conditions of production; or</li> <li>6. Improving the quality of agricultural products; or</li> <li>7. Ensuring the possibilities for production of organic agricultural products</li> </ol> <p><b>Eligible applicants</b> - farmers who meet the following criteria:</p> <ol style="list-style-type: none"> <li>1. to be registered as farmers under Art. 7, Para.1 of the Agricultural Producers Support Act;</li> <li>2. the minimum standard production capacity of their agricultural holding is not less than the the Bulgarian lev equivalence of 8000 Euro;</li> <li>3. if they are legal entities, they must:</li> </ol>

- a) have received, for the preceding or the current financial year, income from agricultural activities or participation in and support under the single area payment scheme, including revenue from public financial assistance directly linked to the performance of those activities or income from the processing of agricultural produce or services, directly related to agricultural activities or public financial assistance received;
- b) registered under the Commercial Act, the Law on Cooperatives, the Law on Religious Denominations or established under the Law of the Agricultural Academy.
- c) recognized producer groups and recognized producer organizations of agricultural products or those approved for financial assistance under Measure 9 "Establishment of producer groups and organizations" under the RDP 2014-2020

Only candidates with legal entity and permanent address for individuals on the territory of the LAG are eligible

**Eli costs** – in accordance with Art. 32 of Ordinance No. 9 of 21<sup>st</sup> March 2015 for application of sub-measure 4.1 "Investments in agricultural farms" of measure 4 "Investments in tangible assets" of the RDP 2014-2020.

1. construction or renovation of buildings and other immovable property used for agricultural production, including those used for preservation of environmental components;
2. purchase, including financial leasing, and/or the installation of new machinery, installation and equipment, necessary to improve the agricultural production process, including the protection of environmental components, the receipt of heat and/ or electricity required for the agricultural activities of the economy and improving energy efficiency, storage and preparation for the sale of agricultural produce.;
3. planting and/or replanting of permanent crops, including perennial vines of dessert varieties, honey-producing tree species, other rapidly growing shrubs and tree species used to produce bioenergy;
4. expenses for achieving compliance with newly introduced EU standards in accordance with Annex 8 of Ordinance No. 9 of 21.03.2015, including through financial leasing;
5. purchase of: equipment, attachments for beekeeping and equipment necessary for the production of honey and other bee products, as well as for the breeding of mother bees, including through financial leasing;
6. costs of achieving compliance with existing EU standards;
7. purchase of land, necessary for the execution of the project in connection with the construction and /or modernization of buildings, premises and other tangible assets intended for agricultural production activities and /or for the creation and /or replanting of permanent crops;
8. purchase of buildings, premises and other property necessary for the implementation of the project, intended for the agricultural production activities of the territory;
9. purchase, including by financial leasing of specialized agricultural transport vehicles, such as: trucks, milk collection tanks, refrigerated vehicles for the transport of produce, vehicles for transporting live animals and poultry;
10. costs of achieving compliance with internationally recognized standards, relating to the introduction of quality management systems in agricultural holdings, introduction of good

production practices, preparation for certification;  
11. purchase of software, including through financial leasing;  
12. for know-how, acquisition of patent rights and licenses, registration of trademarks and processes necessary for the preparation and implementation of the project;  
13. costs related to the project, incl. feasibility studies, fees, architect, engineer and consultant fees, consultancy for environmental and economic sustainability of projects, technical feasibility studies of the project carried out both in the process of preparation of the project before the submission of the application for support and during its execution, which may not exceed 12 % of the total eligible costs of a project included in items 1 to 12.  
eligible costs for consultancy services related to the preparation and management of the project shall not exceed:

1. one per cent of eligible costs - for projects with investments only for agricultural equipment and/or expenses under items 10 - 12;
2. five per cent of the eligible costs under items 1 to 12 for projects with included investments for permanent crops and/or construction and/or equipment and/or machinery, but no more than the Bulgarian equivalence of 35 000 EUR;

Costs for the purchase of land, buildings and other immovable property can not exceed 10 per cent of the total eligible expenses under Items 1-6 and Items 9-12.

Expenses under item 13 are eligible if they were carried not earlier than 1<sup>st</sup> January 2014, regardless of whether all related payments have been made.

The activities and costs of the project, except for the costs under item 13 are eligible if they were made after the submission of the application for support.

#### **Financial parameters**

Minimum total eligible costs for a project - 29 337 BGN

Maximum amount of total eligible costs per project - 391 166 BGN

Maximum grant amount per project - 75 000 BGN

#### **Intensity of financial assistance**

The financial aid is 50 per cent of the total amount of eligible costs for financial support.

**The size of the financial aid** increases with 10 % for:

1. projects submitted by young farmers;
2. integrated projects, including those relating to mergers of producer organizations;
3. collective investment projects, submitted by legal entities of between 6 and 10 farmers.
4. for investments, entirely related to the commitments under measure 11 "Organic farming" implemented by the applicant under the RDP 2014-2020 or similar commitments under Measure 214 "Agri-environment payments", "Organic farming" from RDP 2007 - 2013; for applicants who have applied for support under measure 11 "Organic farming" from the RDP 2014-2020 at the date of application and at the time of submitting the application for payment have been approved and fulfill a commitment under measure 11 "Organic farming" from the RDP 2014 – 2020
5. for collective investment projects submitted by legal entities involving more than 10 farmers and/or groups/producer organizations.

**Maximum combined support - 60% of the total amount of eligible costs.**

	<b>Project selection criteria</b>	<b>Points</b>
<b>Measure 4.2.</b> ‘investment in reprocessing / marketing of agricultural products‘	1.Candidate is a young farmer who is a natural person or a sole trader aged 18 or under 40 on the date of application	<b>20</b>
	2.The project activities are in the field of fruit and /or vegetable production and /or permanent crops and /or livestock breeding - over 30% of the investments are in the mentioned sectors - 10 p. - over 50% of the investments are in the mentioned sectors - 15 p. - over 75% - of the investments in the mentioned sectors - 20 p.	<b>20</b>
	3. The project creates new jobs with permanent employment - up to 2 jobs - 10 points - over 2 jobs - 20 points	<b>20</b>
	4. Innovation - introduction of new practice, and /or service and/or product in the enterprise - more than 30% of the eligible investment costs of the project are related to innovations on the holding	<b>10</b>
	5.Minimum 10% of the eligible investment costs are to improve the energy efficiency of the enterprise	<b>10</b>
	6. The applicant has not received support from the European Community for such an investment	<b>10</b>
	7. The project includes activities with a positive contribution to the environment - over 30% - of the investments are directed to activities that protect the environment - 3 points. - more than 50% of the investments are directed to environmental activities - 5 points.	<b>5</b>
	8. The project provides for the use of local suppliers of goods and/or services	<b>5</b>
	<b>TOTAL</b>	<b>100</b>
<p><b>Objectives:</b> To modernize the technological base and to introduce innovations in the area-specific food business enterprises through:</p> <ol style="list-style-type: none"> <li>1. better use of production factors;</li> <li>2. introduction of new products, processes and technologies, including short supply chains;</li> <li>3. improving the quality and safety of food and its traceability;</li> <li>4. achieving compliance with European Union (EU) standards;</li> <li>5. improving the protection of the environment.</li> </ol> <p><b>Scope of the measure:</b></p> <ol style="list-style-type: none"> <li>1. Geographical scope of the measure - the territory of the Novi Pazar - Kaspichan LAG</li> <li>2. Scope of the investments under the measure - tangible and intangible assets that: <ol style="list-style-type: none"> <li>(a) comply with Community standards relating to the investment concerned</li> <li>(b) Improve the overall business of the enterprise</li> </ol> </li> </ol>		

c) Meet the scope of the RDP measure

**Scope of activities:** Only activities within the LAG territory are eligible for:

1. implementing new and/or upgrading existing capacities and improving their use, and / or
2. the introduction of new products, processes and technologies, and / or
3. a reduction in the cost of production, and / or
4. achieving compliance with newly introduced EU standards, and / or
5. improving cooperation with raw material producers and / or
6. environmental protection, including reduction of emissions and waste, and / or
7. improving energy efficiency in enterprises and / or
8. improving the safety and hygiene of production and labor conditions; and / or
9. improving the quality and safety of food and its traceability; and / or
10. Improvement of the possibilities for organic food production through processing of primary agricultural biological products

**Eligible applicants**

1. farmers;
2. recognized producer groups or organizations or those approved for financial assistance under Measure 9 "Establishment of producer groups and organizations" under the RDP 2014-2020;
3. sole traders and legal entities, other than the candidates under items 1 and 2;

Candidates under items 1, 2 and 3 must be registered under the Commercial Law or the Cooperatives Act.

Only candidates with legal entities and permanent address for individuals on the territory of the LAG are eligible.

**Eligible costs** – in accordance with Art. 30 of Ordinance No. 20 / 27.10.2015 for application of sub-measure 4.2. "Investment in processing / marketing of agricultural products":

1. construction, acquisition and upgrading of buildings and other property assets, related to production and / or marketing, including those used to preserve environmental components;
2. purchase, including through financial leasing, and / or the installation of new machinery, installation and equipment necessary to improve the production process of processing and marketing, for:

(a) reprocessing, packaging, including refrigeration, freezing, drying, storage, etc. of raw materials or output;

(b) production of new products, introduction of new technologies and processes;

(c) protection of environmental components;

(d) production of energy from renewable energy sources for the undertaking's own needs, including through the processing of plant and animal primary and secondary biomass;

(e) improving energy efficiency;improving and monitoring the quality and safety of raw materials and food;

3. Purchase of land necessary for the execution of the project in connection with the construction and / or modernization of buildings, premises and other real tangible assets intended for productive activities;

4. Purchase of buildings, premises and other real estates necessary for the implementation of the project, intended for production activities on the territory of the LAG;

5. Purchase, including by financial leasing, of specialized means of transport, including refrigeration, for the transport of the raw materials or finished products used and produced by the enterprise;
6. building / upgrading, including equipment owned by the applicant, located on the premises of the undertaking and directly related to the production process, including through financial leasing;
7. tangible investments to achieve compliance with newly adopted Union standards in accordance with Annex 8 of Ordinance No 20 / 27.10.2015 for application of sub-measure 4.2. "Investment in processing / marketing of agricultural products": including through financial leasing;
8. costs of compliance with internationally recognized management systems standards, costs of introducing good manufacturing practices, quality management systems, and certification preparation in enterprises only when these costs are part of a joint project of the applicant;
9. purchase of software, including through financial leasing;
10. for know-how, acquisition of patent rights and licenses, registration of trademarks and processes necessary for the preparation and implementation of the project;
11. costs related to the project, incl. feasibility studies, fees, fees for architects, engineers and consultants, consultations on the economic sustainability of projects carried out both in the process of project preparation before the submission of the application and during its implementation, which can not exceed 12 per cent of the total eligible costs of a project *included in items 1 to 10.*

The eligible expenses under item 11 can not exceed the following values:

1. for consultancy services related to the preparation and management of the project as part of the expenses under Item 11 can not exceed 5 per cent of the eligible costs under Items 1 to 10, but no more than the Bulgarian equivalence of 35,000 BGN;
2. the costs of preparing a technical and detailed design in the case of construction and assembly activities as part of the expenses of item 11 can not exceed 2.25 per cent of the eligible costs under items 1 to 10;
3. expenses for preparation of a technological project, when it is not included in the expenses under item 2, as part of the expenses under item 11 can not exceed 2.25 per cent of the eligible expenses under Items 1 to 10;
4. the costs of construction supervision as part of the expenses under Item 11 can not exceed one per cent of the eligible costs under Items 1 to 10;
5. the costs of pre-design studies, legal services and fees for architects and engineers other than those referred to in items 1, 2, 3 and 4 as part of the expenses under item 11 can not exceed 1.5 per cent of the eligible costs under items 1 to 10.

The costs of purchasing land, buildings and other real estates under items 3 and 4 can not exceed 10 per cent of the total eligible expenses under Items 1 and 2 and Items 5 to 10. Expenses under item 11 is eligible, if incurred, not earlier than 1<sup>st</sup> January 2014, regardless of whether all related payments have been made.

Project activities and costs, with the exception of the costs under item 11, are eligible, if they were made after the application for support, regardless of whether all related payments were made.

Costs for purchase of land, buildings and other real estate - real estate property, are eligible for financing up to the amount of their tax assessment, valid on the date of submission of the application for support. If at the acquisition date the tax assessment is of a lower value, eligible costs are to this amount.

The purchase of assets through finance leases is admissible, if the beneficiary becomes the owner of the asset no later than the date of the application for interim or final payment for the same asset.

**Financial parameters**

Minimum total eligible costs for a project - **29 337 BGN**

Maximum amount of total eligible costs per project - **391 166 BGN**

**The intensity of the financial assistance** for approved projects is 50% of the total amount of eligible costs for projects submitted by micro-, small or medium-sized enterprises, and for projects submitted by large enterprises the financial assistance is in the amount of 40 per cent of the total amount of eligible costs for financial support.

**The amount of the financial assistance** shall be increased by 10% of the total amount of eligible financial assistance expenses for projects with activities supported by the European Innovation Partnership.

<b>Measure 7.2.</b> "Investments in creating, improving or expanding all types of small-scale infrastructure"	<b><i>Project selection criteria</i></b>	
		<b>Points</b>
	1. Projects in the field of household and/or technical services and/or social services	<b>15</b>
	2. Projects for production activities	<b>15</b>
	3. Projects for the development of integrated rural tourism	<b>5</b>
	4. Projects submitted by young entrepreneurs up to 40 years old	<b>10</b>
	5. The applicant was not supported by the European Community for such an investment	<b>15</b>
	6. The project creates new jobs with permanent employment - up to 3 jobs - 5 points - over 3 jobs - 10 points	<b>10</b>
	7. Innovation - introduction of new practice and/or service and/or product in the enterprise - over 30% of the eligible investment costs of the project are related to innovations in the enterprise.	<b>10</b>
	8. The project includes activities with a positive contribution to the environment - over 30% - of the investments are directed to activities that protect the environment - 3 points. - more than 50% of the investments are directed to environmental activities - 5 points.	<b>5</b>
	9. The project offers unique productions or services that are new to the site	<b>10</b>
10. The project envisages the use of local suppliers of goods and/or services	<b>5</b>	
<b>TOTAL</b>		<b>100</b>
<b>Objective:</b> Improvement of basic services for the population and infrastructure in villages.		
<b>Scope of the measure:</b>		
1. Geographical scope of the measure - the whole territory of the Novi Pazar - Kaspichan LAG;		
2. Investment scope under the measure - the measure provides support for investments, aimed at improving basic services for the population and infrastructure throughout the territory of the Novi Pazar - Kaspichan LAG. Support is for the creation of basic services related to one settlement or group of settlements and the related provision /rehabilitation of local small-scale infrastructure.		
<b>Scope of activities:</b> Only activities within the LAG territory are eligible for:		
1. Construction, reconstruction and /or rehabilitation of new and existing municipal roads, streets, sidewalks, and facilities and accessories thereto;		
2. Construction and /or renovation of areas for wide public use, intended for sustainable fulfillment of public needs		
3. Construction, reconstruction, repair, equipment and/or furnishing of social infrastructure to provide services that are not part of the process of deinstitutionalization of children or adults, including means of transport;		

4. Reconstruction and/or renovation of municipal buildings, where public services are provided, to improve their energy efficiency;
5. Construction, reconstruction, repair, equipment and/or furnishing of sports infrastructure;
6. Construction, reconstruction, repair, restoration, purchase of equipment and/or furnishing of objects related to cultural life, incl. mobile ones, incl. and activities on vertical planning and improvement of adjacent spaces;
7. Reconstruction, repair, equipment and/or furnishing of municipal educational infrastructure of local importance.

**Eligible applicants**

1. The municipalities on the territory of the LAG for all eligible activities
2. Non-profit legal entities on the LAG's territory for activities, related to social and sports infrastructure and cultural life
3. Community centers from the LAG's territory

**Eligible costs**

1. for construction, reconstruction, rehabilitation, construction, renovation, repair and/or restoration of buildings and/or premises and/or other immovable property according to the eligible activities;
2. purchase of equipment and furnishing up to their market value, including through financial leasing, under the activities eligible for funding;
3. acquisition of computer software, patent and copyright, licenses, trademark registration, up to their market value;
4. Costs, related to the project, incl. fees for architects, engineers and consultants fees, consultancy for economic and environmental sustainability of the project carried out both during the project preparation phase before the application for support and during its implementation, which may not exceed 12 per cent of the total eligible costs of a project included in items 1, 2 and 3.

Advance payments of up to 50% of the public aid, related to the approved eligible costs are eligible. For projects where the beneficiaries are contracting authorities under the PPA, the advance payment is eligible, as follows:

- up to 12% of the value of the approved public aid under the project for general expenses and in the presence of documents from the procedure for the selection of the contractor(s) under the PPL;
- a difference of up to 50% of the value of the approved public aid for the project after all procedures have been carried out and a contract for the selection of contractor(s) under the PPA has been concluded.

VAT costs are eligible in cases where they are not eligible for reimbursement in accordance with national VAT law.

**Financial parameters**

Minimum amount of eligible costs per project - 9 779 BGN

Maximum amount of eligible costs per project - 391 166 BGN

**Intensity of financial assistance**

The financial aid is 100 per cent of the total amount of eligible costs for projects that do not generate net revenue after the investment. In cases where the amount of eligible investment costs is up to € 50,000 for a single object with an established revenue generation potential, 100% funding is foreseen.

**The amount of financial support** for projects that will generate net revenue after the

	investment will be determined on the basis of a cost-benefit analysis.
Operational Environment Program /European Regional Development Fund/	<b>Not applicable</b>
"Operational Program" Science and Education for Smart Growth” /European Social Fund /	<b>Not applicable</b>
Operational Program "Development of Human Resources"/European Social Fund /	<b>Not applicable</b>
Operational Program "Innovation and Competitiveness"	<b>Not applicable</b>
Maritime and Fisheries Program /European Maritime and Fisheries Fund/	<b>Not applicable</b>

## 6. FINANCIAL PLAN:

### 6.1. Indicative allocation of funds under programs /funds and measures:

(no more than 2 pages)

Measure Code	Measure name	Total strategy period	
		BGN	%
	<b>Measures financed by the Rural Development Program 2014 – 2020 /European Agricultural Fund for Rural Development /</b>		
<b>4</b>	<b>INVESTMENTS IN MATERIAL ASSETS</b>	<b>755 830</b>	<b>26</b>
4.1.1	Investments in agricultural farms	293 375	10
4.1.2	Investments in agricultural farms as per thematic sub-program for development of small farms	146 687	5
4.2.1	Investment in processing/marketing of agricultural products	315 768	11
<b>6</b>	<b>DEVELOPMENT OF FARMS AND ENTERPRISES</b>	<b>1 200 000</b>	<b>41</b>
6.4.1	Investment support for non-agricultural activities	1 200 000	41

7	<b>MAIN SERVICES AND RENOVATION THE VILLAGES IN RURAL REGIONS</b>	<b>834 541</b>	<b>28</b>
7.2	Investments in creating, improving or expanding all types of small-scale infrastructure	586 750	20
7.5	Investments for public use in recreational infrastructure, tourist infrastructure	247 791	8
	<b>Measures that are not part of the RDP 2014 - 2020 but are included in Regulation (EC) No 1305/2013 (financed by the European Agricultural Fund for Rural Development)</b>		
	<b>Not applicable</b>		
	<b>Measures outside the scope of the measures of Regulation (EC) No 1305/2013 but consistent with the objectives of the Regulation (financed by the European Agricultural Fund for Rural Development)</b>	<b>143 374</b>	<b>5</b>
20	Creation of a local tourist product, related to the local heritage, products and food	143 374	5
	<b>Measures financed by Operational Environment Program /European Regional Development Fund/</b>		
	<b>Not applicable</b>		
	<b>Measures financed by "Operational Program" Science and Education for Smart Growth" /European Social Fund /</b>		
	<b>Not applicable</b>		
	<b>Measures financed by Operational Program "Development of Human Resources"/European Social Fund /</b>		
	<b>Not applicable</b>		
	<b>Measures financed by Operational Program "Innovation and Competitiveness"/European Regional Development Fund/</b>		
	<b>Not applicable</b>		
	<b>Measures financed by Maritime and Fisheries Program /European Maritime and Fisheries Fund/</b>		
	<b>Not applicable</b>		
	<b>TOTAL PROJECTS TO THE CLD STRATEGY:</b>	<b>2 933 745</b>	<b>100 %</b>
	Current spendings and promotion of a community-led local development strategy (25 percent of the total public expenditure of the European Agricultural Fund for Rural Development, including the cost of sub-measure 19.2 and sub-measure 19.4)	<b>977 915</b>	

## **6.2. Financial justification of the budget and allocation of funds by programs and measures:**

(no more than 2 pages)

The objectives of the Strategy for CLD shall be achieved through the implementation of 7 measures from the RDP 2014-2020, / 19.4 Current expenses and promotion of the Strategy of CLD / and one own measure. Taking the analysis of the needs and the potential of the territory as a ground point to:

**PRIORITY 1:** A total of 977 915 BGN or 33% of the funds under Measure 19.2 "Implementation of the Strategies for the CLD are allocated for creating of a tourism-specific product by developing and promoting local heritage, aiming to strengthen the territorial competitiveness of the territory, through public investment, improving the quality of life and business conditions and promoting tourism development. The specific objectives of this priority will be achieved through the implementation of the relevant measures and the following budget:

Measure 7.5 "Investments for public use in recreational infrastructure, tourist infrastructure", with a budget of 247 791 BGN /8% / will aim to achieve Specific Objective 1.1. "Diversification of tourists' accommodation and services".

Measure 7.2 "Investments in the creation, improvement or expansion of all types of small-scale infrastructure", with **586 750 BGN** / 20% /allocated, will support the development of the social and technical infrastructure and the achievement of Specific objective 1.2. "Ensuring aesthetic and dynamic tourist accomodation by building an accompanying controversial, social, cultural and technical infrastructure".

The Specific objective 1.3. "Integration of local products and foods into the specific tourist product" is chosen to create a new tourist product and the associated need for investment in the valorisation of local products, products and rural heritage and the amount of **143,374 BGN** / 5% / is allocated under Measure 20 "Creation of a local tourist product related to the local heritage, products and foodstuffs".

Taking into account the need to restructure and modernize agriculture and to add value to agricultural products, as well as the identified needs of non-agricultural businesses and the need to create new jobs, to **PRIORITY 2:** "Developing high value added agricultural and non-agricultural businesses "most of the funds under the Strategy are allocated for that purpose- **1 955 830 BGN** or 67% of the resources under the Strategy.For the implementation of **PRIORITY 2**, the LAG shall seek to achieve the following specific objectives, implementing appropriate measures and allocating the necessary resources.To Specific Objective 2.1. Modernization of agricultural farms and creation of new vegetable and perennial crops is aimed at Measure 4.1.1 "Investments in agricultural holdings" with a budget of **293 375 BGN** (10%), which envisages support for the investments in physical capital for improving the productivity of labor and quality of the production. This measure aims at supporting investments in at least 5 agricultural holdings and allocates 10% of the budget to the Strategy.

To this end, Measure 4.1.2 "Investments in agricultural holdings under Thematic sub-program for development of small farms", with a budget of **146 687 BGN** / 5% / will be directed to support their restructuring, sustainable economic development and viability.

The implementation of Measure 4.2.1 "Investment in processing / marketing of agricultural products" aims at strengthening the horizontal and vertical integration of the food chain and encouraging the building of competitive advantages based on quality and added value of products and innovations in the processing sector, achievement of Specific Objective 2.2. "Creating opportunities for adding value to agricultural products" For the measure **315 768 BGN** or 11% of the funds under the Strategy have been allocated.

Towards achieving Specific Objective 2.3. "Creating new jobs and reducing poverty by investing in non-agricultural business" the largest means resource of **1 200 000 BGN** or 41% of the funds is provided to support the non-agricultural business and the diversification of the local economy.

1,955,830 BGN (66.66%) of the funds have been allocated for the private sector. The budget for the private sector and agriculture within the LAG is justified by the increased interest of businesses and farmers in applying for a project in the LAG, the high preparedness of the two sectors, and the fact that small farmers and micro-enterprises face exceptional difficulties in applying for national programs.

For the public and non-governmental sector, the Strategy provides 1 121 289 BGN or 33,34% of the funds. The funding provided in the public sector has the task to ensure the further development of the local capacity to implement local policies and to achieve community-wide results. The resources under the three public measures will help diversify the supply of social services, improve and build up the necessary infrastructure for their development in order to improve the quality of life of the local population, vulnerable groups and minorities. Public organizations will have the opportunity to get involved in completing the tourist infrastructure, diversifying the tourist supply and products, promoting and advertising on the territory. There are also activities to preserve and develop the local cultural heritage, lifestyle, food, products, customs and rituals, traditions, etc.) in order to valorise them, integrate them into the development of tourism and create a local tourist product.

**7. ACTION PLAN SHOWING HOW THE GOALS TO BE TRANSFERRED IN ACTIONS:** (not more than 4 pages)

The current strategy for CLD of the "Novi Pazar-Kaspichan" LAG is developed for the period until 31.12.2020. The implementation of the measures is expected to start in early 2017. LAG, based on its experience so far, will announce a long-term call for all measures, included in the Strategy as of RDP by the beginning of 2017, in order to enable beneficiaries to have time to prepare and implement their projects, which will include construction and assembly works, as the implementation deadline for these projects is two years. The Novi Pazar - Kaspichan LAG provides for each of the measures, set out in the Strategy, to announce invitations in 2017 and 2018. It is also envisaged a reserve admission of project proposals in February 2019, at the latest, with a view to the contracting of the projects, according to the stipulated term for contracting - at the latest by 30.06.2020. Announcement of application periods will be accompanied by information campaigns /information meetings, information days, etc. / in order to acquaint the beneficiaries with the terms and procedure for applying. During the adopted LAGs, they will consult and assist in the development of project proposals. The LAG will assist the beneficiaries in the implementation of the projects, both when submitting payment requests. There will be annual training for the development and implementation of projects under the different measures. Different information materials (brochures, leaflets, newsletters, etc.) will be distributed, containing information and guidelines for the beneficiaries.

**STRATEGIC OBJECTIVE: Ensuring good living and employment conditions on the LAG territory based on effective and integrated development of tourism, agrarian sector, non-agricultural business and related public infrastructure and services**

**PRIORITY 1 Creating of a tourism-specific product by developing and promoting the local historical heritage**

<i>Specific objectives</i>	<i>Measures to achieve goals</i>	<i>Term of realization</i>	<i>Product indicator (implemented activities) and result</i>	<i>Impact indicator</i>	<i>Means BGN Source</i>	<i>Responsible institutions</i>
<b>Specific objective 1.1.</b> Diversification of tourists' accommodation and services	<b>Measure 6.4.1</b> "Investments in support of non-agricultural activities"	1 <sup>st</sup> receipt period in 2017	Number of projects and beneficiaries, funding under the measure; Total investment /co-financing/; Number of new tourist activities supported; Contents of investments in tourism; Number of innovations - a new service for the territory	Total number of created jobs	<b>600 000 RDP</b>	"Novi Pazar - Kaspichan" LAG
		2 <sup>nd</sup> receipt period in 2018			<b>600 000 RDP</b>	
		Second (reserve) reception in February 2019			Remainin from both receiving RDP	

	<p><b>“Measure 7.5 / RDP /</b> "Investments for public use in infrastructure for recreation, tourist infrastructure"</p>	1 <sup>st</sup> receipt of papers in 2017	<p>Number of projects and beneficiaries, funded under the measure; Supported marketing, advertising programs and projects for product development and destination marketing; Total investment amount; Number of visitors to supported attractions; Number of developed tourist attractions /sites; Number of tourist, visitor or craft centers, supported by the measure</p>	<p>Population, benefiting by tourism investments Satisfaction of visitors to attractions and information service</p>	<b>140 000 RDP</b>	<p><b>"Novi Pazar -Kaspichan" LAG</b></p>	
		2 <sup>nd</sup> receipt of papers in 2018			<b>107 791 RDP</b>		
		Second (reserve) receipt in February 2019			<b>Remaining from both receipts of papers RDP</b>		
<p><b>Specific objective 1.2.</b> Ensuring an aesthetic and dynamic stay of the tourist by constructing an accompanying controversial, social, cultural and technical infrastructure</p>	<p><b>Measure 7.2 / RDP /</b> "Investments in creation, improvement or expansion of all types of small scale infrastructure"</p>	1 <sup>st</sup> receipt in 2017	<p>Number of projects and beneficiaries, funded under the measure; Improved cultural centers Number of projects, related to information and telecommunication services; Number of projects for building/improving buildings related to provision of services; Playgrounds built or repaired; Social services establishments with an improved base; Improved youth and sports centers; Total amount of investments</p>	<p>Population favored by small-scale investments; Jobs created</p>	<b>300 000 RDP</b>	<p><b>"Novi Pazar -Kaspichan" LAG</b></p>	
					2 <sup>nd</sup> receipt in 2018		<b>286 750 RDP</b>
					Reserve receipt in February 2019		<b>Remaining from both receiving RDP</b>

<b>Specific objective 1.3.</b> Integration of local products and food into the specific tourist product	<b>Measure 20</b> Creation of a local tourist product, related to the local heritage, products and food "	1 <sup>st</sup> receipt in 2017	Number of projects and beneficiaries, funded under the measure; Total investment size; Organized and conducted festivals and events, related to the local cultural heritage; Events, relating to the promotion of local products and articles; Cultural heritage researches; Created or renovated historical or ethnographic collections; Marketing and advertising campaigns and events, related to the valorisation of local cultural heritage; Recovered and improved objects of cultural and historical heritage	Satisfaction of visitors from the events	<b>71 687 RDP</b>	<i>"Novi Pazar -Kaspichan" LAG</i>
		2 <sup>nd</sup> receipt of papers in 2018			<b>71 687 RDP</b>	
		Reserve receipt in February 2019			<b>Remaining from both receipts RDP</b>	

***PRIORITY 2 Developing high value added agricultural and non-agricultural businesses***

Specific objectives	Measures to achieve goals	Term of realization	Product index (implemented activities) and result	Impact index	Means BGN Source	Responsible institutions
<b>Specific objective 2.1.</b> Modernization of agricultural farms and creation of new vegetable and perennial crops	” <b>Measure 4.1.1 /RDP/</b> "Support for investments in agricultural farms"	1 <sup>st</sup> receipt in 2017	Number of projects and beneficiaries, funded under the measure; Total volume of investments (with co-financing); Number of supported farms in the livestock sector; Share of young farmers, funded under the measure; Number of farms, that introduced a new product or technology; New plantations created; Number of projects with added value to agricultural products	Jobs created	<b>150 000 RDP</b>	<i>"Novi Pazar -Kaspichan" LAG</i>
		2 <sup>nd</sup> receipt of papers in 2018			<b>143 375 RDP</b>	

		Reserve reception in February 2019			<b>Remaining from both receiving RDP</b>	
	<b>Measure 4.1.2.</b> "Investments in agricultural farms under thematic sub-program for development of small farms"	1 <sup>st</sup> receipt in 2017	Number of projects funded under the measure; Number of beneficiaries assisted under the measure; Total volume of investments (with co-financing); Number of supported farms in the livestock sector; Share of young farmers, funded under the measure; Number of farms, that introduced a new product or technology; Created new plantations; Number of projects with added value to agricultural products	Created jobs	<b>70 000 RDP</b>	<i>"Novi Pazar -Kaspichan"</i> <b>LAG</b>
2 <sup>nd</sup> receipt in 2018		<b>76 687 RDP</b>				
Reserve receipt in February 2019		<b>Remaining from both receiving RDP</b>				
<b>Specific objective 2.2.</b> Creating opportunities to add value to agricultural production	<b>Measure 4.2.1 / RDP /</b> "Investment in processing / marketing of agricultural products"	1 <sup>st</sup> receipt in 2017	Number of projects, funded under the measure; Number of beneficiaries, assisted under the measure; Total investments / co-financing /; Number of enterprises, that have introduced a new product or technology; Modernized enterprises; Number of enterprises producing organic products	Created jobs	<b>150 000 RDP</b>	<i>"Novi Pazar -Kaspichan"</i> <b>LAG</b>
		2 <sup>nd</sup> receipt in 2018			<b>165 768 RDP</b>	
		Reserve receipt in February 2019			<b>Remaining from both receipts RDP</b>	
<b>Specific objective 2.3.</b> Creating new jobs and reducing	Measure 6.4.1 "Investments in support of non-agricultural	1 <sup>st</sup> receipt in 2017	Number of projects and beneficiaries, funded under the measure; Total investment /co-financing/; Number of new tourist activities supported; Volume of investments in tourism;	<b>Created jobs</b>	<b>600 000 RDP</b>	<i>"Novi Pazar -Kaspichan"</i> <b>LAG</b>
		2 <sup>nd</sup> receipt in 2018			<b>600 000 RDP</b>	

poverty by investing in support of non-agricultural business	activities"	Reserve receipt in February 2019	Number of innovations - a new service for the territory		<b>Remaining from both receipts RDP</b>	
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**8. DESCRIPTION OF THE STRATEGY MANAGEMENT AND MONITORING STRATEGY, WHICH INDICATES THE CAPACITY OF THE LOCAL ACTION GROUP TO FULFILL THE STRATEGY, AND DESCRIPTION OF THE SPECIFIC ARRANGEMENTS FOR THE EVALUATION:**

*(not more than 12 pages)*

**8.1. Organizational structure of the LAG:**

*-organizational structure/ pattern.*

*General Meeting*

*Board of Directors*

*Control Board*

*Chairman of the Board of directors*

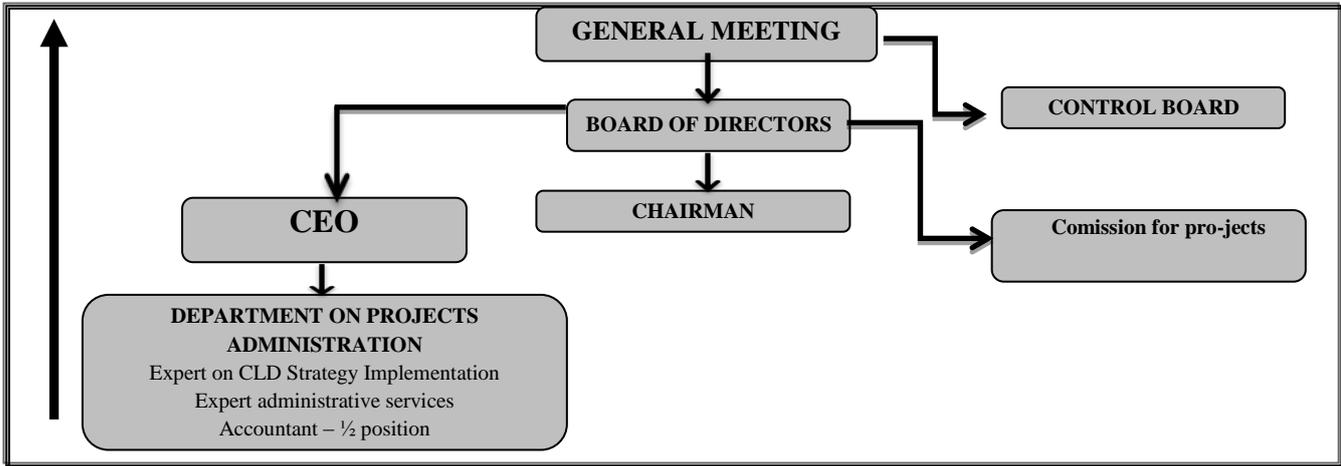
*CEO*

*Project Selection Committee*

*Project Management Unit*

*Expert on CLD Strategy Implementation*

*Expert administrative activities accountant – ½ position*



**8.2. LAG’s Management:**

**-Management and control bodies;**

The "Novi Pazar - Kaspichan" Local Action Group was established in 2010 and it is registered by court decision of the Shumen District Court. In accordance with the Organization Statute, the General Meeting (GM) is the supreme collective body of the Association. It consists of 48 members of the Association and includes representatives of more than 50% of the settlements on the LAG’s territory:

Public sector - the two municipalities of Novi Pazar and Kaspichan,  
Economic sector - 23 representatives

Non-profit sector - 23 representatives, respectively with a permanent address and registered office on the territory of the LAG. None of the represented sectors in the General Meeting shall not exceed 49 per cent of the voting members, in accordance with Art. 28, Para. 1 of the Non-Profit Legal Entities Act. In addition to its main powers under the Law on Non-Profit Legal Entities, the General Meeting elects and releases members of the Board of Directors and the Control Board by explicit voting, it also excludes members and accepts members in cases of refusal of the Board of

Directors. With regard to the CLD Strategy, the GM accepts and approves both the strategy itself and its budget, as well as the annual reports and their announcement.

**The Board of Directors (BD)** consists of 5 people, members of the Association. The BD is elected by the General Meeting with a mandate of 4 years. Two members of the Board of directors are representatives of the municipal authorities of Novi Pazar and Kaspichan (40%), two are representatives of the business sector (one for each municipality) and one is a representative of the non-profit sector (Novi Pazar Municipality). The MB elects and dismisses the Executive Director and determines the volume of his representative power. The Chairperson of the Board of the Directors represents the Association until the appointment of the Executive Director or in the event that he is unable to perform his/her duties. With regard to the CLD Strategy, the B offers to the GM the budget and implementation plan; elects and releases Project Evaluation and Selection Committees; takes final decisions to fund Leader projects and others.

**The Control Board** of the Non-profit association /NPA/ "Novi Pazar - Kaspichan" LAG consists of 3 people, members of the General Meeting. It is elected by the General Meeting for a term of four years, without limitation in the number of mandates. The Chairman of the Control Board is elected by the General Meeting. The Chairperson represents the Control Board and participates in the meetings of the Board of Directors with a consultative vote. The main duties and rights of the Control Board are to control the implementation of the decisions of the governing bodies of the association; controls the implementation of the budget and the spending of the funds of the association; conducts comprehensive, thematic, periodic and extraordinary inspections and audits in the system of the Novi Pazar-Kaspichan LAG, as well as deal with complaints and signals on the legality and feasibility of financial, accounting, business, commercial, contractual and other activities.

**The Project Selection Committee (PSC)** is a temporary body of the LAG and its members number and composition are determined by the Board of Directors. It is appointed by the Chairman of the Board of Directors, in connection with announced calls for applications by the LAG and for the selection and approval of the applications for the support. The LAG staff members, the LAG Collective High Authority and external appraisal experts may be appointed as Project Selection Committee as a primary requirement for these people is to be different from those, who have performed the administrative compliance and eLAGibility check and different from the members of the collective management body (MB). Not less than 1/3 of the PSC members shall be members of the Collective High Authority (GC) of the LAG. The share of the public sector representatives in the commission may not exceed 50 per cent of the voting members. The PSC may also include non-voting observers as defined by the Managing Authority of the Program from which funding is provided under the relevant project selection procedure.

	<p>When participating in the project selection committee, the PSC members sign a declaration of no conflict of interest within the meaning of Para. 1, item 1 of the additional provision of the Law on Prevention of Conflict of Interests. In case, when a member of the Commission finds that there is a conflict of interest, the later shall submit a letter to the LAG for self-dismissal, and his place in the commission shall be taken by a new member.</p> <p><b>The main requirement</b> for the composition of all the bodies /GC, BD, CC and PSC/ of the Novi Pazar - Kaspichan LAG is to have a share of representatives of the public sector, representatives of the business sector and representatives of the non-profit sector, not exceeding 49 per cent of those entitled to vote under Art. 28, para. 1 of the Non-Profit Legal Entities Act.</p>
<p>- Description of the positions and requirements for the CEO and the personnel</p>	<p><b>The CEO of “Novi Pazar – Kaspichan ”</b> LAG is elected by the Board of Directors and the volume of representative power of the CEO is also determined by the Board. The CEO represents the LAG in the country and abroad, in front of any governmental bodies, institutions, establishments and others. The person on that position is responsible for the program and financial activity of the Association, which includes concluding contracts, making suggestions in front of the Board of Directors for any new Employees appointment, the budget and the program, including the CLD Strategy, as well as for any reports, statements and payment orders, related to its application. In accordance with Ordinance No 22/14 December 2015 for the application of sub-measure 19.2 “Application of the operations within the framework of the Strategies for Community-led Local Development” as per measure 19 “Community-led Local Development” of the Program for Development of rural regions for the period 2014 – 2020. When electing CEO the following requirements shall be observed: higher education graduated, not lower than Bachelor degree, professional experience of not less than 5 years, at least two years experience on management position; experience in realization of a project, program or strategy to the value of over 100 thousand BGN, funded by EU or other international donors.</p> <p>The CEO shall report her / his activity in front of the Board of Directors and the General meeting. In accordance with the approved and signed position descriptions /Annex: CEO position description/, the CEO shall implement coordinating and management functions throughout the complete process of CLD Strategy fulfilment.</p> <p>Aiming at more effective and qualitative management and fulfillment of the current Strategy for local development and considering the experience, we gained in 2007 – 2013 program period, “Novi Pazar- Kaspichan” LAG foreseen continuous employment relationship for the period ending on 20<sup>th</sup> September 2023 for the following positions:</p> <ol style="list-style-type: none"> <li>1. Expert – Implementation of CLD Strategy;</li> <li>2. Expert – Administrative activities;</li> <li>3. Accountant – ½ position</li> </ol> <p>The Employees in the Department for Projects Administration of “Novi Pazar - Kaspichan” LAG, together with the CEO shall be 4 people, working on 3.5 positions.</p>

➤ **Expert “CLD Strategy Implementation”** **Експерт „Прилагане на Стратегия за ВОМР”** shall fulfill main role and shall actively participate in the implementation of the Procedure for Projects Election for the CLD Strategy of LAG and, in particular, shall participate in processes, such as: keeping the local community informed, assist the participants within the process of submitting applications for funding, making payment enquiries, inspection of the administrative compliance and admissibility of the applications, monitoring, assessment and supervision of the projects and the CLD Strategy itself, holding trainings for local leaders etc. /Annex – position description of the Expert for CLD Strategy Implementation/.

➤ **Expert “Administrative activities”** is a new position, based on the necessity to cover larger part of the administrative work of the Department for Project Administration, related to coordination and announcement of the calls for applications, accepting and registration of the application with the electronic register within LAG base date. The Expert “Administrative activities” shall fulfill assisting and coordination functions related to the organization, implementation and reporting of all activities of LAG as per sub-measure 19.4 “Current expenses and promotion of CLD Strategy” of measure 19 “Community-led Local Development”, including for te announcement and holding “Novi Pazar - Kaspichan” LAG public procurements, in accordance with the Law on Public Procurements, in connection with the LAG financial means management /Annex: position description of Expert “Administrative Activities”/.

➤ **The accountant** shall be directly responsible for the complete book keeping and accountancy of the LAG, and shall also fulfill financial consultations and financial monitoring in connection with the activities under submeasure 19.4 “Current expenses and promotion of CLD Strategy”. The accountant shall participate directly in the work of the CLD Implementation Team, related to the technical valuation and classification of the applications, by calculating the financial parameters and the economic indexes of the business plans, provided in the Criteria for Assessment of Application. /Annex: position description for the Accountant/.

Preliminary agreements shall be signed with all Employees, elected by the Board of Directors, in connection with the subsequent employment contracts. /Annex: preliminary agreements for subsequent employment contracts/.

All employees are suitable for the positions, with the required experience in implementation of a Strategy for local development and are in full compliance with the requirements of Art. 13, Para 3, Para 4 and Para 5 of Ordinance 22 / 14.12.2015 for the application of submeasure 19.2 “Application of operations within the framework of strategies for Community-led Local Development”. / Annex: documents, proving the implementation of the requirements of Art. 13, Para 3 for the LAG CEO, the expert for the Strategy Implementation and the Employees under Art. 13, Para 5, as well as documents related to any extra experience/.

In view of the fulfillment of the requirements of Art. 13, Para 1 of Ordinance No

22/14.12.2015 for the application of submeasure 19.2 “Applications of operation within the frame of Strategies for Community-led Local development” lease contracts were signed with Novi Pazar Municipality for lease of four premises to serve as a self-contained office of the LAG. /Annex: Lease contracts/.

The required office equipment, furniture and devices are provided for all Employees /Annexes: documents, certifying the availability of the office equipment and devices/.

Detailed description of the organization structure and the obligations for control and management of “Novi Pazar - Kaspichan” LAG may be found in the Organization Statutes /Annex: Statutes of Novi Pazar – Kaspichan LAG and decision of the Board of Directors for representative capacity of the CEO/.

### **8.3. Capacity of the Local ACTION Group to implement the CLD Strategy:**

"Novi Pazar - Kaspichan" LAG has enough experience in implementing activities for development and vitalizing its territory. Since its foundation in 2010, a working structure of management was introduced. It has implemented a project for the preparation of the Local Development Strategy under Measure 431-2 "Acquisition of Skills and Achievement of Public Activity" from the RDP 2007-2013 in the period 2009 - 2011, as well as a project for realization of a Strategy for Local Development under the RDP 2007-2013 under Measure 41 "Implementation of Local Development Strategies" in the period 2012 - 2015. Implementation of the project under the sub-measure 19.1. is a major step towards capacity building, training and strengthening of the partnership to develop and implement a Community local development strategy.

The positions in the Management Bodies of the LAG are taken by members of good knowledge of EU funding processes that have been actively involved in the processes of technical evaluation and ranking of project offers and monitoring the Local Development Strategy 2007 - 2013. The LAG Administrative Team, successfully implemented the Local Development Strategy during the previous programming period consists of the same members, who shall also work for the implementation of the present CLD Strategy. The capacity of the team was built by adopting and processing 38 project offers under the Local Development Strategy 2007 -2013 and supporting the implementation of 21 projects on the territory. The interest of the local community in the new LAG's Strategy is extremely large, due to the fact that the community was witness of the implementation of the old Local Development Strategy in 2011-2015 and they were affected by the exceptional opportunities offered by the Philosophy of the "Leader". The local community already has enough capacity, financial security and strong willingness to implement specific project ideas tailored to the needs of each of the beneficiaries. Well-developed relations are established in between the local participants, based on the principles of transparency, mutual respect and respect for the interests of each sector.

#### **Financial**

#### **capacity**

"Novi Pazar - Kaspichan" LAG has built strong links and trust between the partners in the organization as a result of the successful implementation of the Local Development Strategy for the 2007 – 2013 programming period, which allows for an acute need of financial resources for management of the new CLD Strategy to rely on the partners building the organization.

During the implementation period of the new CLD Strategy, reliance will be placed on own and foreign funds,

temporarily granted in respect of the financing of the activities of the LAG under sub-measure 19.4 "Current expenses and promotion of the CLD Strategy". Four contracts were concluded with four individuals and the Kaspichan Municipal Council has adopted a decision to finance the LAG's activities until an advance payment is made. The provided amount is 30 000.00 BGN /Application: contracts for temporarily granted funds and a decision of the Kaspichan Municipal Council/.

For the provision of a separate office "Novi Pazar - Kaspichan" LAG there are contracts for renting four premises with Novi Pazar Municipality. For each employee is also provided the necessary office equipment, furnishing and work equipment, owned by the LAG.

#### **8.4. Description of the monitoring and evaluation system:**

Monitoring is defined as an activity of systematical and continuous collection, analyses and use of information for management control, identifying and undertaking corrective actions of the implementation of the LAG's Strategy. The assessment is defined as regular verification of compliance, effectiveness, efficiency, impact, economic and financial viability and sustainability of the LAG's Strategy in the context of the planned objectives.

The objectives of the process of monitoring and evaluation are:

- Collect and systematize information to facilitate the subsequent management, development and prioritization of Strategy activities.
- Identify probable weaknesses or risks in the implementation of individual projects;
- Support for the introduction of corrective measures to address weaknesses in the implementation of individual projects and the prevention of irregularities, in particular as regards financial management;
- The LAG should gain experience in the implementation of the strategy, be aware of the adaptation of the approach to existing or future programs.

The procedures for conducting regular monitoring, the related compliance checks and reporting on the implementation of the CLD Strategy and the individual projects have been developed by the expert team and are in compliance with the regulatory framework.

The LAG will apply these requirements and procedures depending on how the monitoring is carried out (internal and external):

1. Internal monitoring (at the level of the CLD Strategy and individual projects implemented by the LAG management team) aimed at:

- Overall monitoring of the implementation of the local development strategy and each individual project;
- Development and implementation of procedures for detecting and reporting irregularities;
- Reporting all monitoring indicators, required by the RDP Managing Authority and set out in the Strategy;
- Providing any required information to the MA related to the implementation of the Strategy and the individual projects;
- Preparation of annual reports to the Managing Authority of the RDP, as well as a final report after the final conclusion of the CLD Strategy, which is a summary of the completed individual projects.

2. External monitoring (at the level of the CLD Strategy and the individual projects carried out by the Managing Authority of the RDP) targeting:

- Promoting the strategy;
- Financial and physical progress;
- Effectiveness of the LAG team and the processes related to its functioning;
- Effectiveness of LAG partners.

In order to improve the effectiveness of the implementation of the Strategy, the LAG will conduct overall monitoring of the implementation of the Strategy and individual projects throughout the implementation period. The scope of monitoring the implementation of the group's activities and individual projects will focus on the following:

- Progress of the CLD Strategy towards the implementation of its specific objectives;
- Compliance with the general and specific objectives of the RDP;
- The eligibility of costs incurred and their direct link to the achievement of the objectives of the Strategy;
- Having a sufficiently detailed financial audit trail;
- The existence and proper keeping under the Accountancy Act of separate analytical accounts for the activities for which a grant from the European Funds has been received for a period of 5 years from the date of the official recognition of the LAG and the payment of the aid;
- Appropriate use of the resources acquired in implementing the CLD Strategy and individual projects;
- The acquired tangible assets on the basis of the grant can not be handed over and gave over for a consideration or free of charge - by renting, leasing, a joint venture agreement, etc .;
- Preservation of all original documents related to the implementation of the CLD Strategy and the individual projects;
- Placing prominent places - information boards indicating the co-financing of the EAFRD.
- The LAG will fully assist the Managing Authority of the RDP and the Monitoring Committee in carrying out the assessments of the implementation of the CLD Strategy.

The monitoring and evaluation will follow the progress in the implementation of the Strategy, based on the main indicators, the financial indicators /number and value of the applications submitted, the number and value of the applications accepted, the number and value of the contracts concluded, the number and value of the requests for payment submitted, value of approved payment requests, number and value of successfully completed projects / as well as performance indicators of construction works. The team will maintain the established electronic information system, aiming to provide reliable information on the budget parameters and the results of the implementation of the Strategy for the MB and the partners involved in the management of the construction works, so that they can make the right management decisions.

## **9. MONITORING AND EVALUATION INDICATORS**

***9.1. Indicators for full implementation of the CLD strategy, including number of jobs created:  
(not more than 1 page)***

Type	Indicator	Unit	Objective 2023	Data source
Result	Number of projects, funded under the Strategy	Number	55	Monitoring LAG database
	Number of applications for support received	Number	70	Monitoring LAG database
	Number of approved applications	Number	65	Monitoring LAG database
	Value of approved applications	BGN	4 200 000	Monitoring LAG database
	Number of signed contracts	Number	55	Monitoring LAG database
	Value of signed contracts	BGN	4 040 679	Monitoring LAG database
	Value of paid projects	BGN	2 933 745	Monitoring LAG database
	Number of beneficiaries supported under the Strategy	Number	45	Monitoring LAG database
	Number of implemented innovations in the business sector	Number	5	Monitoring LAG database
	Total number of activities, related to helping vulnerable groups and marginalized communities	Number	3	Monitoring LAG database
	Number of enterprises in the agrarian sector, with modernization and / or innovation introduced	Number	5	Monitoring LAG database
	Number of consultations organized or implemented by the LAG	Number	100	LAG Reports
	Number of activities to promote the Strategy	Number	20	LAG Reports
	Share of population on the territory, benefiting from projects under the Strategy	%	60 %	Monitoring LAG database National Statistical Institute
Impact	Created jobs	Number	35	Monitoring LAG database

**9.2. Indicators by measures: (nom more than 1 page of indicators by measure)**

**INDICATORS BY MEASURE 4.1.1**

Type	Indicator	Unit	Objective 2023	Data source
Initial	Number of projects funded under the measure	Number	6	Monitoring LAG database and reports
	Number of beneficiaries, assisted under the measure	Number	5	Monitoring LAG database and reports
	Total volume of investments /with co-funding/	BGN	586 750	Monitoring LAG database and reports
	Number of supported farms in the livestock sector	Number	1	Monitoring LAG database and reports
Result	Share of young farmers, funded under the measure	%	20	Monitoring LAG database and reports
	Number of farms, that have introduced a new product or technology	Number	1	Monitoring LAG database and reports
	Created new plantations	Acres	10	Monitoring LAG database and reports
	Number of value added projects to agricultural products	Number	1	Monitoring LAG database and reports
Impact	Created jobs	Number	4	Monitoring LAG database and reports Labor Office

#### INDICATORS BY MEASURE 4.1.2

Type	Indicators	Unit	Objective 2023	Data source
Initial	Number of projects, funded under the measure	Number	8	Monitoring LAG database and reports
	Number of beneficiaries, assisted under the measure	Number	7	Monitoring LAG database and reports
	Total volume of investments /with co-financing/	BGN	244 478	Monitoring LAG database and reports

	Number of supported holdings in the livestock sector	Number	2	Monitoring LAG database and reports
Result	Share of young farmers, funded under the measure	%	20	Monitoring LAG database and reports
	Number of farms, that have introduced a new product or technology	Number	1	Monitoring LAG database and reports
	Created new plantations	Acres	5	Monitoring LAG database and reports
	Number of value added projects to agricultural products	Number	1	Monitoring LAG database and reports
Impact	Created jobs	Number	7	Monitoring LAG database and reports Labor Office

#### INDICATORS BY MEASURE 4.2.1

Type	Indicator	Unit	Objective 2023	Data source
Initial	Number of projects, funded under the measure	Number	3	Monitoring LAG database and reports
	Number of beneficiaries, assisted under the measure	Number	2	Monitoring LAG database and reports
	Total investment/co-financing/	BGN	631 536	Database and reports LAGs and beneficiaries
Result	Number of enterprises that have introduced a new product or technology	Number	1	Monitoring LAG database and reports
	Modernized enterprises	Number	2	Monitoring LAG database and reports
	Number of enterprises producing organic products	Number	1	Monitoring LAG database and reports
Impact	Created jobs	Number	6	Monitoring National Statistical Institute

#### INDICATORS BY MEASURE 6.4.1

Type	Indicator	Unit	Objective 2023	Data source
Initial	Number of projects, funded under the	Number	15	Monitoring

	measure			LAG database and reports
	Number of beneficiaries, assisted under the measure	Number	12	Monitoring LAG database and reports
	Total amount of investments /co-financing /	BGN	1 600 000	Monitoring LAG database and reports
	Number of assisted new tourism activities	Number	4	Database and reports LAGs and beneficiaries
	Volume of investments in tourism	BGN	400 000	Database and reports LAGs and beneficiaries
	Number of beneficiaries, supported for new, non-tourist services	Number	2	Database and reports LAGs and beneficiaries
	Volume of investments in new, non-tourism services	BGN	100 000	Database and reports LAGs and beneficiaries
Result	Number of supported new farm activities	Number	3	Monitoring LAG database and reports
	Number of implemented innovations - a new service for the territory	Number	2	Monitoring LAG database and reports
	Assisted micro-enterprises in the field of technical services	Number	2	Monitoring LAG database and reports
Impact	Total number of jobs created	Number	15	Monitoring LAG database and reports

#### INDICATORS BY MEASURE 7.2

Type	Indicator	Unit	Objective 2023	Data source
Initial	Number of projects funded under the measure	Number	10	Monitoring LAG database and reports
	Number of beneficiaries, assisted under the measure	Number	6	Monitoring LAG database and reports
	Total amount of investment	BGN	586 750	Monitoring LAG database and reports
	Number of projects, related to the informational and telecommunicational services	Number	1	Database and reports LAGs and beneficiaries
	Number of projects for construction / renovation of buildings, related to social providing services	Number	1	Database and reports LAGs and beneficiaries
Result	Newly-constructed or refurbished children playgrounds	Number	5	Database and reports LAGs and beneficiaries
	Establishment for social services with	Number	2	Database and reports

	refurbished premises			LAGs and beneficiaries
	Refurbished youth and sport centers	Number	2	Database and reports LAGs and beneficiaries
	Refurbished culture centers	Number	2	Database and reports LAGs and beneficiaries
Impact	Jobs created	Number	3	Database and reports LAGs and beneficiaries
	Population, benefiting from the low scale investments	Number	15 000	Database and reports LAGs and beneficiaries National Statistical Institute

#### INDICATORS BY MEASURE 7.5

Type	Indicator	Unit	Цел 2023 Objective 2023	Източник на данни Data source
Initial	Number of projects funded under the measure	Number	3	Monitoring LAG database and reports
	Number of beneficiaries assisted under the measure	Number	3	Monitoring LAG database and reports
	Total amount of investments	BGN	247 791	Monitoring LAG database and reports
Result	Number of visitors to supported attractions	Number	5 000	Research Beneficiaries reports
	Number of developed tourist attractions/sites	Number	1	Monitoring LAG database and reports and beneficiaries
	Number of tourist, visitor or craft centers supported by the measure	Number	1	Monitoring LAG database and reports and beneficiaries
	Supported marketing and advertising programs and product development and destination marketing projects	Number	1	Monitoring LAG database and reports and beneficiaries
Impact	Satisfaction of visitors to attractions and information services	%	70	Research Beneficiaries reports
	Population favored by tourism investments	Number	7 000	Database and reports LAGs and beneficiaries

				National Statistical Institute
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**INDICATORS BY MEASURE 20**

<b>Type</b>	<b>Indicator</b>	<b>Unit</b>	<b>Objective 2023</b>	<b>Източник на данни Data source</b>
Initial	Number of projects funded under the measure	Number	10	Monitoring LAG database and reports
	Number of beneficiaries assisted under the measure	Number	10	Monitoring LAG database and reports
	Total amount of investments	BGN	143 374	Monitoring LAG database and reports
Result	Organized and held festivals and events related to the local cultural heritage	Number	4	Monitoring LAG database and reports
	Restored and improved sites of cultural and historical heritage	Number	2	Monitoring LAG database and reports
	Cultural heritage research	Number	1	Monitoring LAG database and reports
	Created or renovated historical or ethnographic collections	Number	1	Monitoring LAG database and reports
	Marketing and advertising campaigns and events related to the valorisation of local cultural heritage and	Number	1	Monitoring LAG database and reports
	Events related to the promotion of local products and goods	Number	1	Monitoring LAG database and reports
Impact	Satisfaction of visitors from the events	%	70	Research

**10. COMPLIANCE WITH EU HORIZONTAL POLICIES: (no more than 2 pages)**

**10.1. Gender equality and non-discrimination:**

- implementing the principle of gender equality;	The compliance with the applicable European and Bulgarian legislations in this area shall be observed. A fundamental principle of the CLD's Strategy for Promoting Gender Equality is creation of equal treatment, equal access to the resources of society and equal participation in women's and men's decision-making, with a view to their successful personal and professional realization and stimulation of their equivalence in all LAGs' activities. In implementing the measures under Measure 19.4 "Current Costs and Promotion of the CLD's Strategy", the LAG will respect the principle around and just over 50% of the direct participants in the trainings, in the information meetings, in the public debates being women.
- contributing to the affirmation of the principle of equal opportunities;	The strategy will contribute to the affirmation of the principle of equal opportunities by providing equal opportunities for people with disabilities to improve their quality of life and to create conditions for their full inclusion in public life, depending on their abilities, desires and choices.
- creating conditions for the prevention of discrimination	All activities in the implementation of the Strategy shall be neutral with regard to the affiliation of the beneficiaries to any group of any group; It will not place restrictions based on gender, race, nationality, ethnicity, citizenship, origin, religion or belief, education, opinion, political affiliation, personal or social status, disability, age, sexual orientation, marital status, property status, etc.

### **10.2. Sustainable development (environmental protection):**

Sustainable development is defined as satisfaction of the generation needs today, without imposing a risk on the capabilities of all future generations to meet their needs- in other words, better quality of life for all, now and in the future. Sustainable development is finding a balance between the environment protection, the economical and social progress. The sustainable development of LAG's territory is considered as a mandatory requirement for the Strategy Implementation.

All investments in the economics, the public sphere and the infrastructure, to be implemented by LAG, shall be focused on environment and human health protection, taking into account the following factors:

Necessity of sustainable and reasonable usage of the natural resources; providing economical and social well-being or providing "social environment". Need of focus on the ecologically-friendly technologies to be introduced in the agriculture and the reprocessing establishments. In view of the sustainable development of the territory, priority is given in the Criterion for Assessment of the LAG Strategy to projects related to the introduction of eco-friendly technologies and energy efficiency, as well as activities to a positive affect to the environment. LAG, through its Department for Projects Administration shall give directions and advises to the beneficiaries regarding the methods and manners for inclusion of sustainable development in their project offers, spending part of the means, provided as per measure 19.4 "Current costs and promotion of of the Strategy", for specialized trainings of the beneficiaries on European and Bulgarian legislation on Sustainable Development.

### **10.3. Promoting employment and competitiveness:**

More and better jobs is one of the main expected outcomes of the implementation of the Strategy. This result will be achieved through a targeted implementation of the CLD strategy measure related to: "Investments in support of non-agricultural activities". Measures 7 of the RDP will stimulate the creation of new jobs in the construction, reconstruction, renovation and/or equipping of infrastructure for basic services for the population; in the construction, reconstruction, renovation and/or equipping of public buildings and the urban infrastructure, as well as in the construction, reconstruction, renovation and/or equipment of the tourist infrastructure. In the LAG Strategy Criteria, priority is given to job creation projects, which is a key factor in maintaining employment and generating new employment. The creation of new jobs will also be supported by primarily, stimulating tourism. The potential for job creation in the tourism sector is seasonal in nature, but it is large for a wide range of qualifications and skills, so this potential will also be prioritized in the Project Proposal Evaluation Criteria. As a leading competitive factor on which investments are focused, innovation and investment activity are driven by farms and processing plants. The activities of the Strategy are aimed at stimulating research and innovation in enterprises and improving their production capacity and hence also help to increase their competitiveness.

#### **10.4. Compliance with the Structural Funds programs:**

The CLD's Strategy of the Novi Pazar - Kaspichan LAG includes measures from the EAFRD and funding from the RDP 2014-2020. The objectives of the Strategy coincide and are fully covered by part of the objectives and priorities set in the Program. The LAG's Strategy will work and contribute for achieving of:

Objective 1 of the RDP: "Enhancing the Competitiveness and Balanced Development of Agriculture and Manufacturing" by applying the territory of Measure 6.4 /RDP/; Measure 4.1.1 / RDP /, Measure 4.1.2 / RDP / and Measure 4.2.1.

Objective 3 of the RDP: "Social and economic development of rural areas providing new jobs, reducing poverty, social inclusion and better quality of life", through the implementation of all measures included in the CLD Strategy selected by the RDP 2014 - 2020: Measure 7.2 "Investments in the creation, improvement or expansion of all types of small scale infrastructure", Measure 7.5 "Investments in public infrastructure in recreational infrastructure, tourist infrastructure" and the chosen own Measure 20.

The Strategy of the Novi Pazar - Kaspichan LAG will also contribute to the achievement of the three horizontal priorities of the RDP 2014 - 2020, namely: Promoting innovation in production, market organization and management; Prevention and adaptation to climate change; Preservation and restoration of the environment.