

Training for youths for monitoring and advocacy through utilization of spatial data – part 1

April 28–30 2014, Sofia

Practical exercise 5: Construction of the vacation village Black sea Gardens, Karadere, Group 2

Karadere is the endmost southern site of Varna seacoast. It is situated between town of Biala and Goritsa village, near the northern slopes of Stara planina Mountain and the protected area of Irakly. The place is wild and without infrastructure and that is why it is visited by and is popular for numerous tourists.

The site is within the boundaries of two protected areas in Nature 2000 – Protected area "Kamchia mountain", for preservation of the birds, and Protected area "Shkorpilovtsi beach", protecting habitats. This is the longest shore of Black sea coast with well-preserved dunes. This place is substantial for the existence of invertebrates and is valued because of the various plants with conservation status.

The subject of protection in these Nature 2000 areas are 15 types of nature habitats, 6 of which are with priority status in accordance to Biodiversity Act; 5 amphibian and reptile species; 3 fish species and 7 invertebrate species. 189 bird species are protected, of which 47 are included in the Bulgarian Red book, 81 are of European conservation importance, 9 are critically endangered, 72 are endangered in Europe. The area is on the way of migration route Via Pontica and it has a international significance.

The project outlines are not clear. In 2007, at the end of the Triple Coalition mandate, a presentation of the project was made by world renowned architect Norman Foster, who participated in its planning together with the studio of the former prime-minister G. Stanishev's brother (Foster + Partners with Bulgarian partner – design studio BBT Projects). Information circulated at that time stated that the so called eco project stipulates step-by-step construction of 5 holiday villages with 5000 vilas and apartments, sport and commercial areas with 15 000 beds capacity. The concept project of Foster & Stanishev stipulated that the buildings will cover area of 200 hectares and will spread on the total of 1.2 million square meters. It was planned the construction over almost 50% of the area (Trud newspaper, 2010, <http://www.trud.bg/Article.asp?ArticleId=357341>).

In 2004 architect Georgiy Stanishev announced that his studio doesn't work on the project for the area of Karadere at that moment and that the relations with the investors has been ended with a protocol in 2008 (Nova TV, 2014).

Public presentation of the project from 17 april 2014 in Byala: the final parameters of the project depend on the environmental impact assessment and will be changed if necessary. (Statement of Paul Riley from "Madara Europe" AD, cited by media: <http://bnt.bg/bnt2-regionalni/bnt2-varna/predstaviha-proekta-za-kompleks-v-karadere>.) It was announced that the project stipulates the building of a hotel and two luxurious villages – with villas and a holiday one (it is not known whether as a first stage of the project or this is the whole project). 247 hectares will be build up and 107 million BGN will be invested (Dnevnik newspaper, 2014: http://www.dnevnik.bg/zelen/2014/03/25/2268192_izpulnenieto_na_proekta_za_karadere_zapochva_prez/?ref=rss).

The project received investment class A by the Council of Ministers on 19.03.2014 according to the proposal of Minister of Economy and Energy, by including Memorandum of cooperation. This has given it alleviation for procedures in the shortest terms.

Nine months earlier the same ministry, which now proposed the certifying of the investor's proposal, has peremptory announced that the project does not meet basic requirements in the Investment Promotion Act and many of the

identified omissions could not have been removed. This is clearly shown in the letter used by the Ministry to refuse the approval of the procedure for investment class A for the project during June 2013, [cited](#) by bTV. The letter shows the scandalous defects of the project, which made its certification completely illegal. Some of them are: lack of transparency about the ownership and measurements of the parcels, provided for the construction; lack of information about the resources and infrastructure; inability to provide the necessary investment and lack of environmental impact assessment.

The MEE explanation

As an answer to the request of BlueLink.net to minister Dragomir Stoynev about the way the notes of the MEE have been dealt with during the second introduction of the project and how they were included in the Memorandum for cooperation by the Council of Ministers, MEE explained that the re-introduced project has been significantly decreased in scale in comparison to the original one. The rest of the "notes" have not been commented.

Explanation to the notes from the letter of MEE in June 2013

Among the other arguments of the rejecting of the proposal of the Bulgarian investment agency for receiving of investment class A in June 2013 is the indistinct location of the project. The exact content of the project is not clear, the document of the Ministry states "what object and which villa villages and hotels will be constructed in the applied for certification project *Black Sea Gardens Eco Resort*". The chief architect of Byala municipality also confirmed to bTV that he cannot point its boundaries, because he is still not familiar with the project.

"It is obvious that objects from another villages will be constructed over the part of the properties, mentioned in Phase 1 (project *Black Sea Gardens Eco Resort* – editor's note) while other part of the objects will be built on properties, which are not included in the list with description," stressed the ministry in June last year. "Without a strict assignment of the location of the investment a procedure of coordination of a project on Decision of MC for conclusion of the Memorandum of understanding with the investor could not be started," says also the document, presented by bTV.

Unsuitable spatial planning

Another flaw in the project, found by the MEE in the summer of 2013, is the lack of information for the provision of resources for the future complex – water, electricity, sanitation etc., which according to the conclusion of the MEE from June 2013 "questions the possibility for realization of the investment.". The experience with "the certified in 2006 by the Bulgarian Investment Agency project for Golf club Ibar in Dolna Banya, whose designer is the present Minister of investment designing architect Ivan Danov," is pointed out as a precedent in the document of denial of the MEE to give the Madara Europe a certificate for priority investment project, informed bTV. The construction of the golf club began in 2005, and in 2010 an order was given by the NCCD for compulsory destruction of the illegal buildings and removal of the illegal golf course. It seems that the newly found Ministry of investment designing under the leadership of architect Ivan Danov does not find problems with the project of Madara Europe for Karadere and it is on its way to repeat the precedent, which he was created as a executioner of the project, but now as a representative of the government, commented bTV.

According to bTV the argument of the MEE for the problems in "Golf club Ibar" is eloquent: "The project, which is held up for years because of the lack of complete spatial planning of the investment, conflicts between the investor and the municipality over the possibilities for the realization of the project in accordance with the Law of Town Planning, lack of estimations for the resources with water, electricity, transportation et cetera." All in all as a result of this there are many prosecutor's controls of the project and many inquiries by the European Commission to Bulgaria. The rights of many private individuals, that have acquired properties sold a crop standing in the newly built golf course have been violated and these individuals unduly expect that the central government can solve their problems, based on the fact that the project has a certificate on Investment Promotion Act and Bulgarian Investment Agency.

Impossibility for investment

In June 2013 "Madara Europe" have not submit the documents, proving the possibilities for funding the investment.

The investor (according to the investigation made by Bivol, 2014: <https://bivol.bg/karadere2.html?pop=1&tmpl=component&print=1>) "Madara Europe" has assets of 50 000 leva and is owned by the offshore company "Rainbow Malta (Holdings) Limited." The actual ownership however is deeply hidden even after the applying of the new law against offshore companies, made by the infamous deputy Delian Peevski.

According to the answer of "Madara Europe" to "Capital" newspaper from May 2013 the company is founded by two English investment funds (Rainbow Malta and Madara Bulgarian Properties Fund), which includes as investors "English financial institutions, pension funds and rich private investors."

"Rainbow Group Services Limited" (registered in the Britain Virgin Islands with a director from Gurnsey Island) owns 809 stocks 1 pound each from the assets of "Rainbow Malta (Holdings) Limited"; while the registered in Jersey Island "Madara Bulgarian Properties Fund" owns just one 1-pound stock – this is obvious in the document, deposited in the Commercial Registry on 7 July 2013.

Islands of Jersey, Gurnsey and Man are one of the favourite destinations for evasion of the real properties on assets.

A several laws have been violated

Environmental Protection Act

Byala municipality's master plan has been changed without ecological assessment

Resolution № 26 – 311/10.02.2005 of the Byala Municipal Council which approves the change in the master plan of the municipality is issued **in violation of the ecological legislation, without a procedure of ecological assessment**. RIEW-Bourgas has notified the region prosecutor's office in Varna.

http://forthenature.org/upload/documents/no-date/RIOSV_Kara_dere_26_09_2007.pdf

Despite the obvious violation of the law the above-mentioned resolution on which base the area of the investment is defined as "a region for villa and resort tourism *Byala-North*", while the properties included in the project are treated as "regulated" is cited in the investment proposal of "Madara Europe".

The project was not handed in the Ministry of Environment and Waters by far and there is no prepared or applied Environmental impact assessment. There is no applied compatibility assessment in accordance to the object and goals of the conservation of the affected Nature 2000 areas.

The contracting entity **has not informed in the first stages** of his investment intention the respective institutions, in this case RIEW -Bourgas, as was the requirement of the article 95, paragraph 1 of the Investment Promotion Act. Instead of this it has applied directly for certification of priority investment project according to the Investment Incentive Law.

The lack of such letter is confirmed in the letter from the Minister of environment and waters, № 48-00-858/12/09/2013.

http://www.bluelink.net/files/attachments/2013sep_mosv.pdf

Biodiversity act

There is no compatibility assessment with the subject and the goals for the protection of the affected protected areas.

Meanwhile according to the script of the governmental meeting from 19 March 2014 in Vidin "the project will be executed in three years period from September 2014 till September 2017," e.g. it is going to start very soon.

Investment Promotion Act

Requirements of article 22a, paragraph 3 from the Investment Promotion Act and requirements of article 4, paragraph 2, (g), and article 10 from the Rules for application of the Act has not been fulfilled. The exact size of the investment and the acceptable parameters of the project can become transparent only after the entry into force of the relevant act from the Law on environmental protection and the Biodiversity Act, with which restrictions or prohibitions for the execution of the project can be introduced. For this lapses the trustee is notified with a letter №12-00-474/10.09.2013 by the minister of economy and energetics.

<https://www.bivol.bg/karadere5.html>

There have not been changes in this circumstance prior to the signing of the decision for approval of the Memorandum on 19 March 2014.

Article 3, p. 13 from the Law of investment and finance relations with the companies, registered in jurisdictions with preferential tax regime, forbids such type of companies to apply in accordance with the Investment act for a statute of "priority investment project", unless the actual owners of the company have not been previously inserted in the Commercial Registry. "Madara Europe" is inserted in the registry on 24 March 2014, and the giving of the statute from the Council of Ministers was on 19 March 2014, e.g. five days earlier. Partners in "Madara Europe" are two foreign legal persons – "Rainbow Group Services Limited" and "Rainbow Malta (Holdings) Limited". "Madara Europe" states as its actual owners to the Commercial Registry 8 individuals, but from the Certification of the current state of "Rainbow Group Services Limited" is clear that along with these 8 persons the majority owner of over 60% of the stocks is another foreign juridical entity, probably an offshore company as well – "Isle of Man Assurance" Ltd.

Exercise:

To form an advocacy campaign: to identify the stakeholders – channels of communication – messages – activities. To Preparing press-releases for the chosen activity.