



**Regional
Development Strategy
of Montana District
2005 - 2015**

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Introduction

Regional strategy for development of Montana is made under the Regional Development Act. The strategy defines the long-term objectives and development priorities of the region and is prepared in accordance with the National Development Strategy and Regional Development Plan of the North-West region. Regional strategy is closely linked to the Municipal Development Plans and a major landmark, a source of ideas and strategy document for the development of specific measures.

Regional strategy is developed based on the principles of a unified approach to planning and programming, concentration of resources to achieve the objectives of regional development, partnership, openness and transparency at all levels of planning and programming, complementing funding from national public sources and co-financing with other sources, interagency coordination in the process of planning and implementation, coordination with other policies and instruments at regional, national and international level.

Regional Strategy is a document that is being developed and will be implemented in practice in partnership with all stakeholders at the regional level. These are local, national representative organizations of employers and workers, civil associations and NGOs working in the field of regional development, regional branches of the central government. Social partners will participate in the monitoring, evaluation and control over the implementation of the strategy. This will ensure a high public support and transparency in the implementation of the document. The horizon of the development strategy covers the period 2005 - 2015.

According to the Regional Development Act and the methodological guidelines for the development of regional strategies, the strategy contains only basic objectives, priorities and measures to achieve the objectives without concrete projects with investment character /included in local development plans/. Substance of the development strategy of Montana includes analytical and strategic part.

Strategy has the character of an open document that can be developed, improved and updated in accordance with the dynamically changing conditions. This requires constant activity of all stakeholders and participants in the district unit and suggests the creation of a better organization and coordination.

Regional Strategy was founded by a team of the district administration, using the information provided by municipalities, state institutions at the local level, Montana Bureau of Statistics, companies, a non-governmental organization "Agency for Regional Development and Business Center 2000".

1. Geography



Montana District occupies the central part of North Bulgaria with a total area of 3635 square kilometers, which is 3.2 percent of the territory of Bulgaria. Northern boundary of the area is the Danube, which is the state border with Romania. Southwest area bordered by Serbia to the south is bounded by the northern slopes of Stara Planina. Contiguous area in a westerly direction is Vidin, in the east - Vratsa District and the south – Sofia.

An important advantage of areas related to its location, is the fact that it passes through two European transport corridors network TINA - Corridor № 4 (road E 79) Vidin-Montana-Vratsa-Sofia-Kulata (FP I-1) and corridor № 7(Danube). Here you can get the shortest road link from Vidin to Sofia - secondary road II - 81 through Petrohan Saddle which serves the port of Lom, as it provides a link to the Greek port of Thessaloniki. These factors can have a stimulating effect on the overall development of industry, agriculture, trade and tourism in the area.

The area is divided into eleven administrative municipalities: Berkovitsa, Boychinovtsi, Brusartsi, Varshets, Valchedram, Georgi Damyanovo, Lom, Medkovets, Montana, Chiprovtsi and Yakimovo. The districts Montana, Vidin and Vratsa are the North-West Planning Region.

Natural resources

The landscape of Montana District is very varied. Northern area is located in the Danube Plain, and in a southerly direction landscape gradually turns into mountain, covering parts of Fore-Balkan. Southern area include the most massive part of Western Stara Planina, with highest peak called "Kom" - 2016 m. Here is and the Petrohanska Saddle, and it is the shortest path from northwest to southwest Bulgaria. The slopes of the Stara Planina are covered with deciduous and coniferous forests.

The climate in the region is moderate continental with cold winters and warm summers. The average annual temperature is 11.1 degrees.

The main rivers are Ogosta, Tsibritsa and Lom. They have small amounts of water and have little practical importance for irrigation. In the territory of Montana there are two dams - "Ogosta" and "Srechenska Bara" and also about 50 micro dams of local importance.

Ogosta Dam is located along the Ogosta River as part of the irrigation system, it is the biggest in Bulgaria with earth-fill wall and one of the biggest on the Balkan Peninsula, with 500 million cubic meters water. Srechenska Bara Dam with a useful volume of 15.5 million cubic meters was built as a source of water supply for the cities Montana, Vratsa, Berkovitsa, Mezdra and other settlements in both areas.

Mineral springs are among the most precious natural resources of the area. With national importance are thermal springs in the municipality of Varshets - the Town of Varshets and the village of Spanchevtsi used to treat cardiovascular diseases, diseases of the central and peripheral nervous system, endocrine-metabolic, the locomotors etc. Springs with mineral water, which may have economic significance, are located in the village of Barzia and also in the villages of Borovtsi and Zamfirovo, Municipality of Berkovitsa.

Soils have a clear zonation in north-south direction. Danube Plain is characterized by fertile black soil, in the Fore-Balkan are distributed gray forest soils and in the Balkan area - brown forest and mountain-meadow soils. The characteristics of the majority of soils are very favorable for the development of key sectors of agriculture and livestock. In Berkovitsa Municipality has specific favorable conditions for growing strawberries and raspberries.

Minerals in the area are of local importance, mainly construction materials - lime, industrial minerals, granite, diabase. In Chiprovtsi Municipality has fluorite deposit.

Examined is a deposit of lignite coal at Lom Coal Basin between the rivers Tsibritsa and Lom, an area about 300 square km, but is with low calorific value and is not exploited. There are ores of Iron, silver and lead in Municipality Chiprovtsi /Stara Planina/, where the yield is terminated. Copper, silver and gold - the villages of Govejda, Diva Slatina, Dalgi Del and Kopilovtsi.

With greater economic importance are deposits of clay and marl. There are a deposits of refractory clays near villages of Klisuritsa and Dolna Riksa. In the region acting careers for open pit mining of construction materials - limestone, sand, clay, gravel.

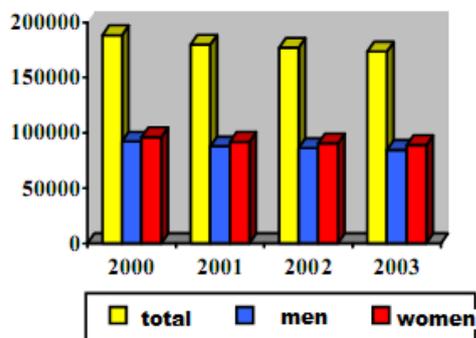
Overall quality and quantity of utility deposits prevent the development of extractive industries with significant economic importance.

Forest wealth include arrays of beech, oak, white pine, black pine and spruce. Spread are many herbs, some of which are St. John's wort, marjoram, lemon balm, yarrow, lime, black elderberry, black and red haw, red peony, etc. In the forests of Stara Planina Mountain you can meet typical for this geographical zone animal varieties. Common are deer, red deer, fallow deer, wild boar, hare, rabbits, pheasant. In terms of wildlife Danube region is famous for its rich diversity of species of birds. There have been over 100 bird species, most of which are permanent, while others are passing.

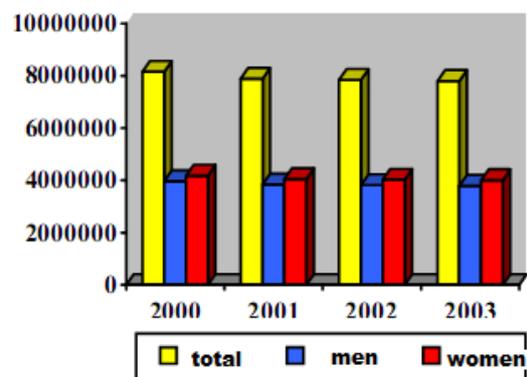
2. Demographic Characteristics

On 31.12.2003 Montana's population is 173 596 people /170 217 - 31.12.2004/ or 2.23% of the total for the country (7 801 273), with an average density of 47.7 persons per sq.km. at 70.3 average. Compare to previous year the decline was 1.9% overall, the men are 1795 less, and women 1572. These are relatively high values compared to the average for the country - overall decrease of 0.6%.

Population of Montana District by gender



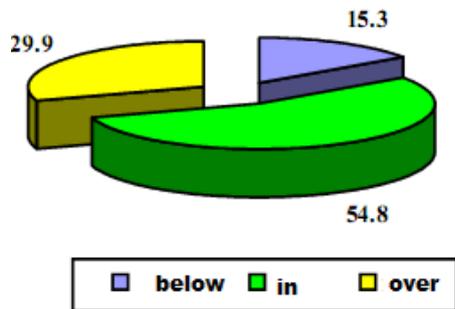
Population of Bulgaria by gender



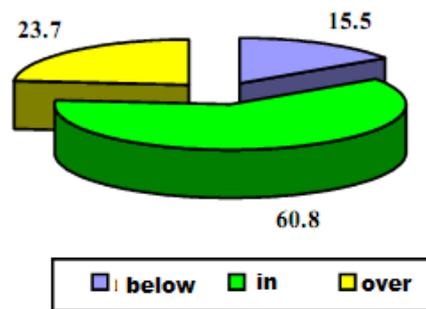
Analysis of age structure shows a deepening of the process of aging. Indicative of this is the coefficient of age dependency, reflecting the ratio between the number of people in "dependent" ages (under 15 and 65 and over) per 100 persons and the population in the "independent" ages (15 to 64 years). And if this value for our country is 45.5%, in the district Montana is 58.1%. Aging leads to changes in its basic structure - distribution below and over working age. In 2003, 54.7% of the population of district Montana is in working age, with 60.8% for the country. The increase in this category, is mainly due to legislative changes made in determining the age limit. The population below working age in the district for 2001 is 15.8% compared to the value of 16.3% for the country. In 2002 these values are 15.6% for the district /15.9% for the country/, in 2003 - 15.3% for the district and 15.5 for the country. it is retaining the level of the previous 2008. Population over working age in 2003 is 29.9% in Montana District. There is a decrease compared to the previous year caused by the natural

movement by the high mortality in these ages and the legislative passing of the lower ages to the previous age group.

Population of Montna District by age group in 2003



Population of Bulgaria by age group in 2003

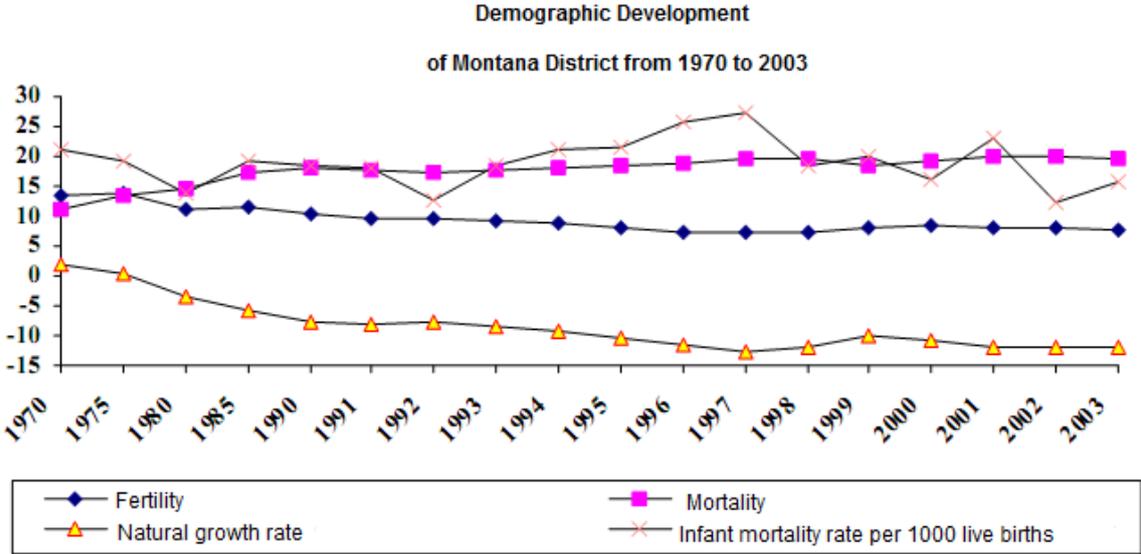


Next table illustrates the distribution of population by municipalities - in total and by age characteristics. According to the data the population is unevenly distributed in the municipalities of the area and it is highly concentrated in the district center /34.6%/ while around 3% living in each of the municipalities Georgi Damyanovo, Chiprovtsi, Yakimovo and Medkovets.

Population over working age only the municipality of Montana is below the national average values while in all other municipalities, it is well above this indicator. In the municipalities like Boychinovtsi, Brusartsi, Medkovets, Chiprovtsi and Yakimovo this category is over 40% of the population. In the municipality of Georgi Damyanovo this indicator is over 50%.

Municipalities	total	share %	below working age		in working age		over working age	
			I total	share %	total i	share %	I total	share %
Montana District	173 596	100	26 604	15,3	95 012	54,8	51 980	29,9
Berkovitsa	21709	12,5	3509	16,2	11891	54,8	6309	29,1
Boychinovtsi	11574	6,67	1673	14,5	5216	45,1	4685	40,5
Brusartsi	6402	3,7	877	13,7	2844	44,4	2681	41,9
Valchedram	12296	7,1	1954	15,9	5546	45,1	4796	39,0
Varshets	9445	5,4	1643	17,4	4802	50,8	3000	31,8
G.Damyanovo	3594	2,07	384	10,7	1366	38,0	1844	51,3
Lom	33485	19,3	5505	16,4	19263	57,5	8717	26,0
Medkovets	5237	3,0	661	12,6	2160	41,2	2416	46,1
Montana	59979	34,6	9308	15,5	37649	62,8	13022	21,7
Chiprovtsi	4523	2,6	398	8,8	2076	45,9	2049	45,3
Yakimovo	5352	3,1	692	12,9	2199	41,1	2461	46,0

District Montana is characterized with some of the highest values of negative population growth. This is due to the low birth rate, but especially to the high values of mortality. In 2003 the birth rate for the region is 7,7 per mil to 8.6 per mil for the country, the mortality rate is 19,8 per mil in the area and 14.3 per mil for the country.



In 2003 live new born children are 1343 of whom 896 in the cities and 447 in the villages. Compared to the previous year there are 108 children less. There is a trend of increasing the illegitimate births as a number and as a relative share, respectively 838 illegitimate births to 505 children born during marriage in 2003.

The infant mortality rate is an indicator that is very sensitive to changes in the dynamics of the calculated magnitudes. In 2000 its value for Montana District is 16.0 per mil /13.3 per mil for the country; in 2001 reached 23.3 per mil in the district /14.4 per mil for the country/; in 2002 its value fell to 12.4 per mil for the area and 13.3 per mil for the country, and in 2003 the value is 15.6 per mil and 12.3 per mil for the country. Infant mortality is characterized by large differences in the attribute of "residence" - 12.2 per mil in the urban areas and 21.9 per mil in the villages of the district in 2003.

In 2003 in Montana District died 3566 people, i.e. mortality rate is 19.8 per mil, while for the country this figure is 14.3 per mil. These differences are largely due to the high relative share of aging population in the region.

Changes in fertility and mortality rates determine changes of natural growth rate. In 2003 its value is minus 5.7 per mil average for the country and minus 12.1 per mil for the area of the district. Population decline is also caused by the negative mechanical growth. In 2003 in the region have settled 3 964 people and 5 205 people emigrated, so the mechanical growth is minus 1 241.

Population structure by education, according to the data from the last two censuses is shown in the attached table:

Education	Census - 1992 /share/	Census - 2001 /share/
<i>University</i>	7.04%	9.43%
<i>High school</i>	29.38%	36.63%
<i>Basic and primary</i>	54.55%	45.81%
<i>Non-graduated primary and never visited school</i>	1.92%	7.54%

There is a tendency for increasing the shares of people with university degree and high-school diploma, but it also shows a significant growth of people with primary education and non-graduated primary school - from 1.92% in 1992 to 7.54% in 2001. The highest share of illiterate there is in Municipality of Varshets /10.38%/, Municipality of Valchedram /9.06%/, Municipality of Brusartsi /9.02%/, Municipality of Berkovitsa /8.78%/, Municipality of Medkovets /8.39%/, Municipality of Yakimovo /8.15%/. There is an increase in the number of people with secondary education and reduce in the number of people with primary and basic education.

According to data from the 2001 census, the population distribution of Montana District by ethnicity has two main groups: Bulgarian - 86.4% and Romani (Gypsy) - 12,5%. Other ethnic groups make up 1.1%. According to the data by the previous census in 1992 Romani ethnic group is 9.16% of the total population, i.e. is reported the growth of the Roma group in declining population. In the municipalities of Yakimovo, Boychinovtsi and Brusartsi the share of Romani ethnic group is over 15%, in Municipality of Lom - 18.74% and in Municipality of Valchedram - 20.16%.

Main religion is Orthodox Christianity - 92.3% of the population.

Analysis of the current demographic condition shows a critical reduction of the population in all cities of the region and depopulation of the smaller and remote villages. This problem should be the focus of attention of the authorities at all levels and it must received a stable support and decision by creating economic incentives for development, which could help to overcome the demographic crisis.

General evaluation of the demographic situation:

- Negative natural growth and mechanical growth as a result of declining fertility and migration. More and more young people leave Montana District
- Deterioration of the age structure due to low birth rate, high infant mortality and migration. High infant mortality in rural areas.
- Continuous decrease of the total population with higher values than the national average values and an increase of the Romani population in the district

- Extremely alarming age structure and a small number of the population in each of the municipalities Georgi Damyanovo, Boychinovtsi, Brusartsi, Medkovets, Chiprovtsi and Yakimovo.

Compared to the demographic status of the other areas of the country, Montana District is in one of the most unfavorable positions. This means that the district is not an attractive place to live and if there are no changes in the socio-economic situation of the region over the next few years can be expected a deterioration of trends that would become a serious barrier for economic development in the region.

3. Economic Development

3.1. Place in the national economy

Over the last decade the economy of the region was strongly affected by the restructuring process. Since 1999 some positive trends are emerging in its development, but the area remains one of the least developed in the country and North-West Planning Region as a whole.

According to NSI data after 1999 there is a trend of increase in GDP at current prices and per capita. The contribution of the region to formation of national GDP for the period after 1999 is relatively constant - about 1.6% with 2.23% share of the country's population in 2003. For the district GDP per capita is BGN 2 917 and BGN 4109 average for the country or 71% from the average GDP per capita. The share of GDP per capita for Montana District is 80.18% from the average for the North-West Planning Region. According to the GDP indicator per capita for the period 2000 - 2003 the district is located in the bottom of rating in the country while only Kardzhali District and Pazardzhik District have lower values.

Montana District is second in the North-West planning Region by number of enterprises operating in the non-financial sector. The number of registered enterprises working on the territory of Montana District is 36% of all the enterprises in the North-West Region holding 8.75% of tangible fixed assets /11.1% for 2002/. The share of net income from sales of businesses in the area towards the North-West Planning region is 24.8% for 2003 /23.84% for 2002 /, which ranks the second place for the district by this indicator.

The gross value added for 2002 amounted to BGN 460 million and by this indicator Montana District is second in the North-West region after Vratsa District.

57.2% from the indicator GVA came from companies operating in the services followed by the sector "Agriculture and Forestry" - 27.6%. "Industry" sector, due to the large amount of intermediate consumption provides only 15.2% of value added in the area. For comparison - average values are: services - 58.8%, industry - 29.08% and agriculture - 12.12%.

3.2. Sectoral structure of the economy

The economy of the area is characterized by sectoral diversity. Reserved are some key industries, others have been converted; the ratio between sectors has changed.

In the period after 1999, the economic structure of the district is dominated by **the industry with 46.5%** of sales revenue, **49.5%** of total employment **and 66.3%** of FTA. **Services** have the highest share of the income from sales - **50.3%** **and 45.8%** respectively of the employed and **26.9%** of FTA. Agricultural sector is **3.2%** of sales, **4.7%** of employed and **6.8%** of the fixed tangible assets.

The table illustrates the sales revenue of non-financial sector by economic activities in Montana District for the period 2001 - 2003 at current prices.

ECONOMIC ACTIVITIES	in BGN thousand			
	2001	2002	2003	share for 2003
TOTAL	414356	485239	529036	100,0 %
Agriculture, hunting, forestry and fishing	22380	23829	17188	3,2 %
Mining and quarrying	2889	4569	6152	1,2 %
Manufacturing	154284	174447	205152	38,8 %
Production and distribution of electricity, fuel and water	6742	7336	9171	1,7 %
Construction	23188	20935	25416	4,8 %
Trade and repair of motor vehicles and household goods	157440	203240	206453	39,0 %
Hotels and restaurants	7949	9442	10277	1,9 %
Transport, storage and communications	21922	20814	22559	4,3 %
Real estate services	9944	9372	10684	2,0 %
Education	223	278	889	0,2 %
Healthcare and social services	4858	8772	12785	2,4 %
Other activities serving the society	2537	2205	2310	0,4 %
Agriculture	22380	23829	17188	3,2 %
Industry	187103	207287	245891	46,5 %
Services	204873	254123	265957	50,3 %

Of the realized net revenues in 2003 from sales of goods and services amounted to BGN 529 036 thousand the contribution of the public sector is BGN 25 million, and of the private sector - BGN 504 million. The private sector has a dominant importance in securing employment with a share of 74.08%.

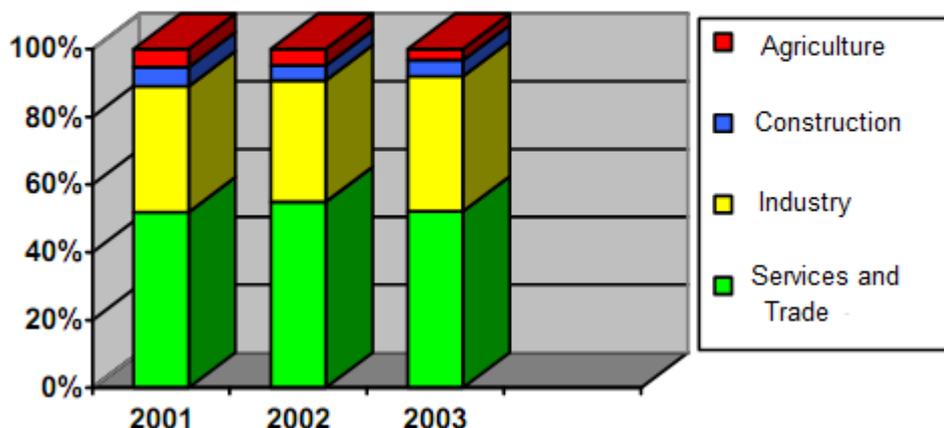
Industrial sector is leading in the regional economy. In its structure the dominant element is the processing industry. In 2003 in the industry operates 12.9% of the companies in the area. Most of them are micro and small enterprises up to 50 employees, but the largest number of existing medium and large enterprises operating in this sector. Production sector dominates in the regional economy. Manufacturing provides 28.17% of employment and 33.04% of net sales revenues. Leading by net sales revenue are and the subsectors "Metallurgy and manufacture of metal products and machinery" - 17.04%, "Production of food, beverages and tobacco" - 8.9% of sales revenue and "Manufacture of textiles and clothing" - 5.3%.

Services are the second sector which employs 23.45% of all employees. In its structure a sector "Trade, repairs and maintenance" has the largest share of the revenues from sales - 39.02% for 2003. The largest number of active business units working in this sector on the territory of Montana District is 2072 which is 50.54% of the total. This is the sector with the largest number micro enterprises with up to 10 employees - 96.6%. The Sector contributes 40.96% of net sales and 13.74% of employment. The sector is very dynamic and the companies operating in it constitute the backbone of the small family business. These firms show the highest flexibility in terms of market conditions, but they are also the least financially stable. The second most important sub-sector is "Transport, storage and communications." Its share in net sales revenue is 3.8%. After the restructuring of the transport sector, 4.68% of the business units operate in it and 6.59% of the employed. There are private companies that provide services for public transport of passengers, cargoes and taxi services.

Port of Lom has a vital importance for the sector and the regional economy. The port can be called "a gate of Bulgaria to Central and Western Europe." National importance of the port is determined by the strategic location of the town of Lom, which is the most effective link between two European transport corridors - Corridor № 7 - Danube River and a corridor № 4, connecting the river with Thessaloniki. The cargoes from the port reach to Duisburg and Regensburg /west/, Germany, and to the Black Sea and the Mediterranean basins /east and south/. Existing infrastructure provides a direct land connection Lom - Thessaloniki. Port of Lom realizes about 40% of the Bulgarian cargo on Danube River. In 2004 its share was 24% of the handled cargoes in the ports /for information Port of Ruse's share is 34%/.

The agricultural sector, a traditional sector for the area, has undergone a severe crisis from which comes hard and slow. Evidence of that is the data for share of the sales, which is 3.24 percent, the share of employees - 3.91% and the number of business entities - 3.6%. Sector is the basis for development of the manufacturing, but its successful functioning requires investment in new equipment, production techniques, improvement in plant varieties, animal breeds. In 2003 there was a reduction of sales revenue in the agricultural sector, while industry and services registered growth. The main reason for that is the lack of investment, fragmented ownership, and outdated equipment.

Net Sales Revenue 2001 - 2003 by sectors



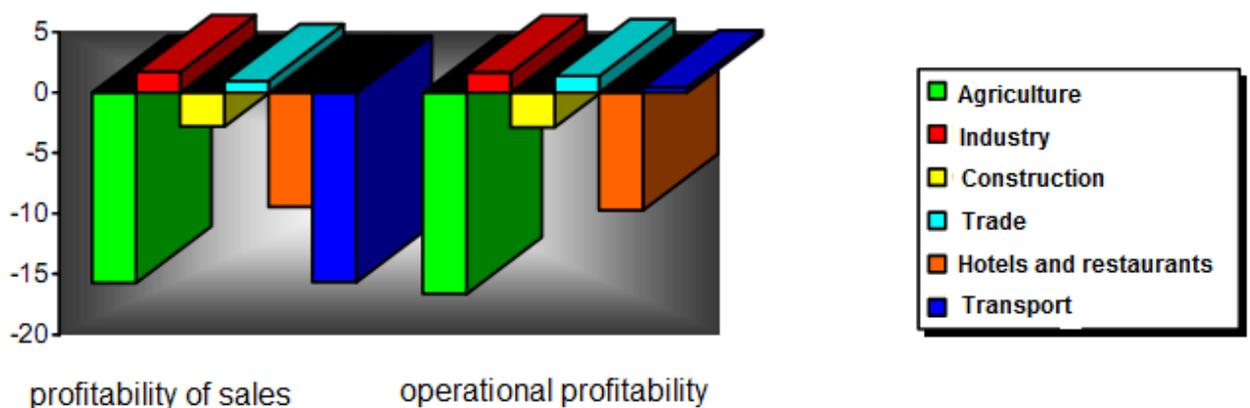
Economic sectors	Number of enterprises		NSR /BGN thousand/		FTA /BGN thousand/	
	2002 г.	2003 г.	2002 г.	2003 г.	2002 г.	2003 г.
TOTAL	3760	4099	485 239	529 036	192609	197872
Agriculture, forestry, hunting and fishing	141	147	23 829	17 188	6998	13 382
Industry	483	537	186 352	220 475	113692	121 638
Construction	117	134	20 935	25 416	6892	9 586

Trade and maintenance	1974	2072	203 240	206 453	22803	21 077
Hotels and restaurants	441	449	9442	10 277	8331	9 339
Transport, storage and communications	169	192	20814	22 559	21348	9 267

Based on 2003 data by key economic indicators of the nonfinancial sector can be concluded that in the area has an imbalance in relation to the position of enterprises in the relevant sectors of the market and the net sales revenue. It can be seen an obvious superiority of the sectors "Industry" and "Trade, repair and maintenance" compared to the others. Industry in Montana District is at the forefront in regard to NSR.

Data on the number of enterprises outline the guidelines to another important relationship that is indirectly linked to the above conclusion about net sales revenue. Companies in the sector "Trade, repair and maintenance" are 2072 to only 537 in the sector "Industry", while net profits of the industry for 2003 with a sum of BGN 220 475 000 dominate against those of the trade with a sum of BGN 206 453 000. The significant number of enterprises perform commercial activities in the region is not suggesting that proportion of net indicators, which only confirms established negative trend in recent years the companies in the district not to operate at full capacity, which is largely due to the market crisis. This trend is also reflected in the profitability indicators of sales and operational profitability, which are presented in the next chart:

Profitability of sales and operational profitability by sectors - Montana District - 2003



Profitability indicators of sales define a leading position of the industry. At the same time they paint a disturbing picture of an industry that has been central to the district - the agriculture. There is a negative trend / -15.72% / profitability of sales and minus 16.64% operational profitability. There is a need for radical change in the investment policy for agriculture in order to restore and develop its position in the regional economy.

The sector of hotel and restaurant services also pass through a period of negative profitability and a decline as a consequence of subsets of reasons, but mostly as a result of underdeveloped tourist services, obsolete bed capacity, a lack of marketing and last but not least from a difficult access due to poor quality of the road network.

3.3. Territorial distribution of economic activity

In Montana District is observed strongly expressed inequality in the territorial distribution of enterprises, which have a direct influence on the overall development of individual municipalities. Enterprises are mainly concentrated in the municipal centers.

Montana Municipality strongly dominates among other municipalities and determines the regional economy. On its territory are 51.9% of the total number of business units which also include the largest enterprises. The economic structure of the municipality includes the industry as the leading sector, and manufacturing, which is represented by all sectors. "Monbat" AD, one of the largest manufacturers of batteries in the country, is located on the territory of Montana Municipality. The most significant representatives in sector "Manufacturing of metal products, machinery and motor vehicles" are "Berg Montana Fitingi" OOD, which manufactures plumbing parts from white iron /ISO 9001/, "Balkan" AD - metal products, machinery and apparatus /ISO 9001/ and "Mir" OOD - a manufacturer of rollers, belt conveyor and other stuff. "Cross" OOD is a manufacturer of bicycles, whose production is sought in the country and abroad.

In the sector "Production of food and beverages" are presented "Voinov & sie" SD and "SyS-7" EOOD - processing of milk under the brand name "Laktis"; "Mesotsentrala" OOD and "Lorelay" OOD are manufacturers of durable and non-durable sausages.

In the sector "Manufacture of clothing and textile" the company "May" AD is the biggest manufacturer of clothing and toll manufacturing; "Trimona" AD - Montana is a manufacturer of shoes. "Ava sport & sie" manufactures seats for paragliders, hang gliders and parachutes.

Sector "Manufacturing of products from other non-metallic mineral raw materials" is presented by the major manufacturers - "Podova keramica" AD - glazed floor tiles by Italian license; "Monolith" AD - processing of aggregates; "Montpigment" EOOD - a manufacturer of inorganic pigments under license for coloring ceramic materials, mortars, stoneware plates.

On the second place is **the municipality of Lom**, whose economy is most affected by the restructuring. A sugar factory, a meat producing enterprise and a cannery were liquidated, severely restricting the activities of "Danube" Factory - a manufacturer of forklifts and electric trucks and more. The enterprises mentioned before provide employment to a large section of the population, including the Romani population, which is a large proportion of the total population in the city. In the municipal center is concentrated the whole industry and in the villages is developing agricultural activities.

Port of Lom has a structural significance for the local economy and the region. It is associated with the port services and the development of associated economic activities. Upcoming reconstruction and rehabilitation of the port is associated with an improvement of road and rail infrastructure, which will facilitate and contribute to enhancing the investment attractiveness of the city and the district.

Sector "Manufacturing of fabricated metal products, machinery and motor vehicles" the largest producers are "DI - VEN" - freight elevators and "1 May" OOD - engineering. Clothing industry is represented by "Almina" AD - one of the largest producers of clothing and toll manufacturing. "Production of foods and beverages" sector is well developed. The main enterprises in it are ET "Miti" - meat processing and sausage production with a quality certificate; "Mila" OOD - milk and dairy products, "Lomsko Pivo" - brewing and "Bacchus" OOD - production of wine and more; two mills.

Agriculture is represented by small farms and agricultural cooperatives operating in the villages.

Municipality of Berkovitsa is ranked on the third place by importance in the regional economy. The profile of the municipality is determined mainly by industry, concentrated in the municipal center and in perspective - increasingly by tourism and agriculture. The main companies are "ZAI" AD and "Primex Engineering" EOOD - manufacture of abrasive tools, "Marble Berkston" AD - production of slabs of stone raw material from Vratsa and Sandanski; "Komplast" AD - aluminum construction and windows, "CASTEL" AD - production and assembly of plastic and aluminum. Clothing industry is represented by "Bertex" OOD - clothing, toll manufacturing. A sector "Production of food and beverages" the manufacturers are "Agrofoka" OOD - production of frozen fruits and vegetables exclusively for export; "Montkom" - meat processing. "Compass" OOD produces meat and vegetable cans for the domestic and foreign market. Logging and wood processing is one of the components of local economy - three companies produce furniture and other wood products.

Municipality of Varshets, a national spa resort in the past, now it has some difficulties adapting to the changing economic conditions. Key sectors are services and agriculture. Material base of holiday homes is gradually updating - the spa complex "Tintiava" /property of "Prevention, Rehabilitation and Recreation" EAD / in Varshetz, the sanatorium in the village of Spanchevtzi, etc. The municipality's policy is to develop as a resort without polluting industries. The enterprises "Elsner Product Varshets" EOOD - frozen fruits and vegetables, and "Electrostart" AD - a manufacturer of devices for fluorescent, ballast, sodium lamps and other electronics components are some of the companies in the industry. The municipality has several tailoring and woodworking enterprises, too.

Chiprovtsi City is a municipal center of mountain and rural areas. Mining, an important sector of the local economy today is liquidated. Local authorities are actively seeking ways to change the current economic state of the area. Characteristic sector of the area is the carpet weaving. There are two companies - ET "CHUSHKARCHETO" and TPK "Kipra" - looking for ways to retain market through diversity and modernization of carpet industry. The municipality is developing its potential for rural and eco tourism, but there are no serious investment, although so far there are various family hotels for rural tourism.

The centers of municipalities of **Boychinovtsi, Valchedram and Brusartsi** are many small towns. They are located in rural areas with small industrial enterprises located basically in the municipal centers. In the municipality of Boychinovtsi there are enterprises producing foods - vegetable oil and mayonnaise, meat processing, factories for production and processing of mushrooms. In the municipality of Brusartsi there are several small companies for iron casting, processing plastic, producing blankets and yarns, there are also and two woodworking enterprises. In the municipality of Valchedram there are no industrial enterprises.

Municipalities of Medkovets and Yakimovo cover agricultural areas located in the Danube Plain. The main economic activities are in sectors agriculture and services. Municipalities have a potential for development of agriculture. On their territory are located some agricultural cooperations with arable land between 2,000 and 3,000 acres. There are tendencies of reducing the area of uncultivated land. The first small family farms are created for about 20 cows. Fishing is in a process of development in the local dams. Industrial enterprises are represented by small companies processing agricultural products - dairy, plastics and cardboard packaging.

Georgi Damyanovo is the center of rural municipality, located in the mountainous area. Industry is represented by enterprises for timber and wood processing and agriculture - mainly by fruit growing and livestock /cattle, sheep and goats/. In the municipality operate two small hydropower plants. The municipality of Georgi Damyanovo has potential for rural and eco-tourism, but investments in the sector are insufficient.

The presented data in the table below show the spatial distribution of firms by municipalities for the period 2001 - 2003 of which clearly shows the concentration of businesses in Montana district, followed by a significant retardation of the municipalities of Lom, Berkovitsa, Varshets and Boychinovtsi. There is a tendency for a steady increase in the number of enterprises in the municipality of Montana and in a lesser extent in the municipalities of Lom, Berkovitsa and Varshets. Other municipalities have permanent or declining number of firms as Yakimovo, Valchedram and G. Damyanovo.

Number of enterprises from the non-financial sector by municipalities	2001	2002	2003
Montana District	3713	3760	4099
Berkovitsa	544	534	564
Boychinovtsi	119	122	130
Brusartsi	57	68	64
Valchedram	88	91	80
Varshets	190	187	203
Georgi Damyanovo	37	41	33
Lom	646	680	720
Medkovets	51	50	51
Montana	1853	1868	2127
Chiprovtsi	75	65	78
Yakimovo	53	54	49

The table below shows the spatial distribution of firms by type for 2003. In all municipalities have a large number of micro and small enterprises with staff between 10 and 50 people. All types of companies are presented only in Montana Municipality, Lom Municipality and Berkovitsa Municipality which outlines their place as centers for economic development.

	Total	up to 10 people	small 10 - 50	medium-sized 51 - 100	101 - 250 people	large over 250
Montana District	4099	3771	254	36	24	14
Berkovitsa	564	517	38	4	4	1
Boychinovtsi	130	119	8	3		
Brusartsi	64	62	2			
Valchedram	80	75	5			
Varshets	203	189	10	2	2	
G.Damyanovo	33	28	4	1		
Lom	720	675	35	3	3	4
Medkovets	51	47	4			
Montana	2127	1939	142	22	15	9
Chiprovtsi	78	74	4			
Yakimovo	49	46	2	1		

3.4. Investment activity

Lower investment costs in the country over the last decade reflect on the investment activity in the area and that affects the update rate of production. For 2002 and 2003 the total cost of acquisition of fixed tangible assets /FTA/ in Montana are respectively BGN 71 117 000 and BGN 37 111 000. 66.3% of them are in the industrial sector, 26.9% - in services and 6.8% - in agriculture.

The majority of the cost of fixed assets is spent for machinery, equipment and vehicles - 61.7%, and for buildings, facilities and constructions - 30.8%.

In the Municipality of Montana are made the biggest expenses for assets - 67.99%, in the municipality of Lom - 11.03%, in the municipality of Berkovitsa - 8.78%. In the other eight municipalities the total value of FTA costs is 12.2% of all costs incurred in the district.

The conclusion is that the growth is unstable, highly concentrated in the municipality of Montana and the business has some difficulties to allocate resources for the acquisition of fixed assets.

Data on the cost of acquisition of fixed tangible assets by economical sectors and by types for 2002 and 2003 are presented in the two tables below.

COST OF ACQUISITION OF TANGIBLE FIXED ASSETS AND ACQUIRED FTA BY SECTORS				
<i>/BGN thousand/</i>				
SECTORS	2002		2003	
	cost of acquisition of FTA	acquired FTA	cost of acquisition of FTA	acquired FTA
TOTAL	71 117	67 644	37 111	34 920
Agriculture, hunting and forestry	1158	1119	2653	2488
Mining and quarrying	2306	2300	102	101
Manufacturing	38157	35883	17601	16182
Electricity, heat, fuel and water	989	1069	2578	2466
Construction	2227	2292	2135	3678
Repair and maintenance of motor vehicles, household goods	8883	8358	4578	3787
Hotels and restaurants	370	324	924	435
Transport, storage and communications	12508	12301	1727	1872
Financial services	52	52	23	30
Real estate and business services	829	863	898	908
Public administration and defense, social security	290	259	243	212
Education	206	217	175	175
Healthcare, veterinary services	1430	1229	1094	1109
Other activities serving the society	1712	1378	2380	1477

COST OF ACQUISITION OF FTA AND ACQUIRED FTA BY TYPES				
<i>/BGN thousand/</i>				
	2002		2003	
	cost of acquisition of FTA	acquired FTA	cost of acquisition of FTA	acquired FTA
TOTAL	71 117	67 644	37 111	34 920
Buildings, installations and structures	16 218	14 993	11 300	11 177
Machinery, equipment and vehicles	50 042	49 602	22 704	21 002

Foreign direct investments are also of great importance for the development of the economy. North-West Planning Region is with the lowest level of foreign investments in the country /2.58% for 2003/, and less than 15% of them are in Montana District. The largest foreign investments in industry are in the sector of "Metallurgy and production of metal

products" in Montana municipality and in the sector "Production of food and beverages" in the municipalities of Berkovitsa and Varshets. Over the past four years investments of about BGN 4 million have made in agriculture for perennial crops in the municipalities of Lom, Berkovitsa and Montana.

The project "Rehabilitation, reconstruction and modernization of the Port of Lom" is in the list for immediate start of the Stability Pact. Port of Lom has the status of a national subject matter with Council of Ministers Decision № 687 of August 25, 2004. Project's value is EUR 29.7 million of which EUR 4.5 million - grant from the HiPERB /Greek plan for development of the Balkans/.

3.5. Structure of business units

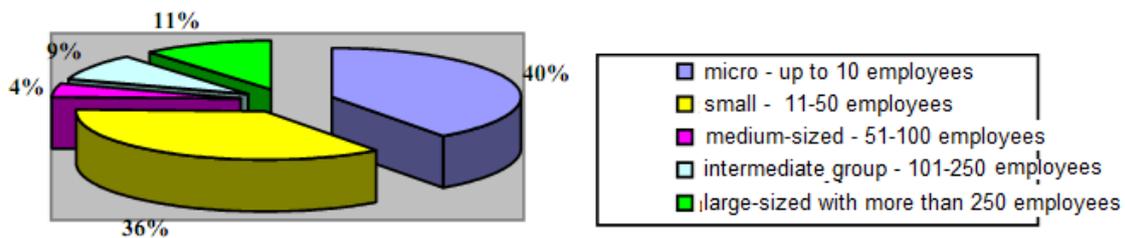
Enterprises in Montana District in their majority are micro enterprises with less than 10 employees - 92% of them in the area in 2003. Firms with employees between 10 and 50 people are 6.2%. The other types of companies are very few, and the large companies with over 250 employees are 0.3% of the total.

In the country the company's structure according to their size is almost identical to that indicator in the district. The share of small businesses is the highest - 92.3 percent. Firms with people between 11 and 50 are 5.7%, the largest companies with more than 250 employees - only 0.3%.

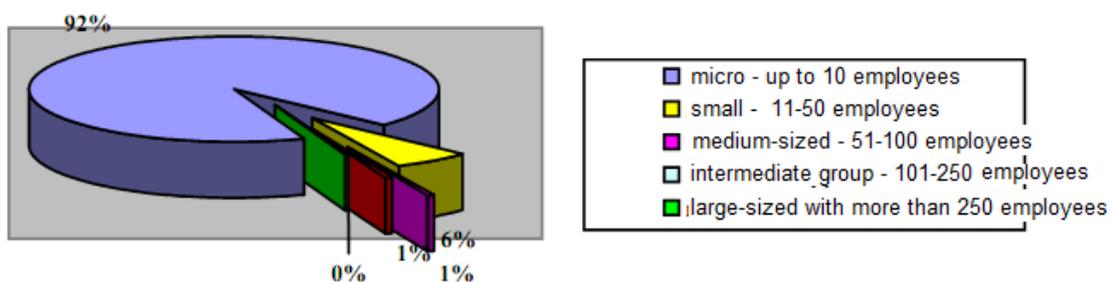
In the private sector are concentrated 99% of enterprises and its structure according to firm size is almost the same for both sectors - public and private. The structure of the public sector is fundamentally different. The share of small businesses with up to 10 employees is 41.9%, those with employees from 11 to 50 - 37.2% and the share of large companies with over 250 people is 11.6%.

Charts below illustrate the proportion of company's type by a size of enterprises in the private and public sector for 2003.

Structure of enterprises in public sector by groups according to the number of employees in 2003 - Montana District



Structure of enterprises in private sector by groups according to the number of employees in 2003 - Montana District



The number of micro enterprises with up to 50 employees is changing most rapidly during the period 2001-2003 - increased by 12.4%. However, the number of large companies with more than 250 employees reduces with 17.6% - in 2003 the largest companies are 14 in number.

The sectoral distribution of SMEs shows that the largest number of micro enterprises are located in the economical sectors "Trade, repair and maintenance" - 48.84%, and "Hotels and restaurants" - 10.9%. In manufacturing are 9.6% of micro firms and in agriculture - 2.97%.

In 2003 small and medium enterprises provide more than half of the job seats in the area in the non-financial sector. Compared to data from 2000, there is an increase in the number of employees in micro companies up to 10 employees and small businesses from 11 to 50 employees, but there is a decrease in the number of employees in medium-sized enterprises from 51 to 100 employees.

Despite the small number of companies with more than 250 employees, they have the greatest importance for the regional economy. Their contribution to the production is the highest - 25.4%, and small businesses with employees from 10 to 50 people and micro companies are the second and third by contribution of production with shares of 21.7% and 20.8%.

Production structure in Monatana District in 2003 /% share/

Sectors	total	micro /up to 10/	small /11 - 50/	medium /51 - 100/	101 - 250 employees	large /over 250/
Total	100.0	20.8	21.7	13.7	18.4	25.4
Agriculture, hunting, forestry and fishing	100.0	25.4	34.4	11.8	28.4	0
Mining and quarrying	100.0	2.5	25.3	23.5	48.7	0
Manufacturing	100.0	9.3	17.5	13.8	24.2	35.2
Production and distribution of electricity, gas and water	100.0	0.5	22.2	0	0	77.3
Construction	100.0	24.4	39.3	17.8	18.5	0
Trade, repair of motor vehicles and household goods	100.0	56.9	35.5	7.6	0	0
Hotels and restaurants	100.0	62.5	27.5	10	0	0

In the production structure by sectors the contribution of the most significant industrial sector - "Manufacturing" is defined by large companies with more than 100 people - a total of 59.4%. In 'Agriculture' the largest production is in companies with employees from 10 to 50 people and companies with 100-250 employees. Their combined share is 62.8%. Micro firms have the most part of production in the sector 'Service'. The largest companies with over 250 employees are located in sector "Manufacturing" - 8 number of them.

Net sales revenues in SMEs with up to 100 employees have a share of 73.16% in 2003, companies with more than 100 employees - 26.84%. In 2003 there was a slight decline in the share of micro and small-sized enterprises - 72.9%, and medium-sized and large enterprises - 28.09%.

Data indicate that small and small and medium-sized enterprises show the most flexibility and they adapt quickly to the changing market conditions. Their contribution to the economy is very important. Support for their development will contribute the overall development of the municipalities, as in the poor rural areas are mainly distributed micro enterprises with up to 10 employees.

A survey among business representatives

A survey conducted by the NGO "Agency for Regional Development and Business 2000" among 40 representatives of small and medium enterprises on the territory of Montana District provides the following important guidelines for the analysis of the business climate in the area:

Almost all of the companies participating in the survey, carried out their activities in Montana City. Only two of them are exceptions whose business takes place in the town of Lom . This suggests an irregular distribution of business structures, regardless of the normal trend by that the largest city in the area is focusing the majority of the companies. The reasons for that are many factors of which the demographic factor plays a leading role, as a

result of continuous and permanent depopulation of smaller settlements mostly of young and qualified staff with a development perspective.

The survey clearly shows that there are two main ways of starting a business in Montana District - the current owner to create a company or to privatize one. Privatization of company in mass privatization and the purchase of business from another entrepreneur are more like exceptions for the district area; the latter thing is regarded by most representatives of companies for extremely unfavorable alternative due to the huge debts accumulated by enterprises.

The answer of the question "What is the structure of ownership in your company?" that is indicated by most representatives is "100% sole property". Another common response is "50% shares held by family members" and "50% shares owned by other persons." These data give a reason to believe that the small family business established itself as one of the main forms of entrepreneurship development.

The question "How do you evaluate the financial results for 2002?" 60% of companies responded that they finished the year with small profit. "No loss no gain" and "a small loss" is the result of 15% of the entrepreneurs /by 7.5%/. Only one company answered that it ended the year with a big profit.

From 40 surveyed SMEs nearly 20% offer their products in the regional market, 30% of the companies sell their products on the domestic market and 20% of them work also for export.

Orientation primarily to business, food, beverages and tobacco, along with the production of machinery and equipment showed the majority of respondents to the question "What is the main activity of the enterprise now?". Most of the firms-sole traders turn to development of chain stores or fast food because of the relatively quick return on investments. Lack of funds makes the average trader in to be oriented towards narrower, mostly family circles, thus eliminating another significant problem facing many households - unemployment and lack of professional development. Major changes are expected in the market situation due to coming entry of large companies of the caliber of "Billa" and "Kaufland". There is a real possibility of monopoly on the market due to the practical inability of small firms to sustain the competition. Business related to the processing of wood is another area characterized this activity of the companies. It is determined by the proximity of vast forests mainly in the municipalities of Berkovitsa and Chiprovtsi and can also refer to the category of small and medium enterprises. Obstacles that arise in obtaining credit from local financial institutions are given explicitly by respondents as a reason № 1 about the opportunity of companies to export products and services. It's difficult to be found a reliable foreign partner and that appears to be an additional problem. Additional obstacle that hinders the exit of the foreign market is the lack of a management team with the necessary experience and knowledge to perform the operations in a foreign market. Many companies gave a negative answer to the question "Does your management team with experience in conducting business in a foreign market?" In the past, a lot of companies found in external realization of its production, there were good international contacts but then they were lost due to problems and not quite adequate management.

General conclusions about the state of the economy

- Industry is the leading sector in the economy of the district
- Main economic indicators rise but they remain below the national average values
- Forming of general economic fundamentals / net sales revenue, employment, investments/ mostly with participation of the large companies determining the appearance of the regional economy
- Level of investments, including foreign, is one of the lowest in the country
- Concentration of the main economic activities in the district town and to a lesser extent in the municipal centers Lom, Berkovitsa and Varshets
- Contrast of the economic development of Montana Municipality and other municipalities in the area
- Instability of SMEs and lack of investments in their development
- lack of serious investments, which would lead to necessary growth in the regional economy to be reached the national average indicators
- slow entry of new and high-tech technologies
- need for rehabilitation of production areas and their infrastructure for creating adequate conditions for modern productions

3.6. Industry

Industry is a major economic sector in Montana. In the enterprises of this sector work 11 303 people who produce 60.1% of the gross production in the region. The companies at the end of 2003 with industry as a main activity are 526 industrial firms, or 16.22% of total. The contribution of the sector is 41.67% of net sales revenue.

As a result of the ongoing restructuring of the economy in the last decade were closed large enterprises providing employment to thousands of people in the engineering industries, production of iron and uranium ores, processing industry and canning industry. Some traditional industries is continuing its development such as manufacturing of machinery and equipment, metal products, processing stone materials, production of food and clothing, which determine the economic face of the region.

New economic conditions leading to an altered ratio in the various sectors and requires the establishment of different type of companies - mostly small and medium-sized.

Industrial sector is characterized by a high degree of concentration in the district town of Montana and weaker in the towns of Lom, Berkovitsa and Varshets.

A sector "Metal casting and metal products, manufacture of machinery and equipment, vehicles" is traditionally strong and continues to be a leader in the industry structure. The growth trend in the industry has stabilized over the last three years and has been ranked first by production revenues. In the sector have small and large companies with more than 100 employees. Traditional producer with successful development after the privatization is "Berg Montana Fitingi" OOD - a manufacturer of plumbing parts from white cast iron with standard ISO 9001. Other major companies are "Balkan" AD, Montana - production of metal

products, machinery /ISO 9001/ and "Mir" AD, Montana - manufacturer of rollers, belt conveyors, hoists. Established since 1990 the company "Cross" OOD, Montana - manufacturer of bicycles has become one of the most successful companies whose production has a market in the country and in Western Europe.

The largest company producing traditional lead-acid starter batteries is "Monbat" AD, Montana /ISO 9001/. Its production has a very wide range and is distributed in the country and over 15 countries in the world.

Sector "Production of food and beverages" is on second place in the region. After economic restructuring the existing enterprises were transformed and created new enterprises in the category of small and medium-sized. More significant producers are "Voinov & sie" SD, Montana; "SyS-7" EOOD and "Mila" OOD. Lom - milk and milk products; "Mesotsentrala" OOD, Montana and ET "Miti", Lom - manufacturers of durable and non-durable sausages. "Lorelay" OOD, Montana and "Montkom" OOD, Montana sell their products in the regional market. The number of companies in the canning industry is highly reduced. Successful company is newly created "Compass" OOD, Montana, which produces meat and canned vegetables for the domestic and foreign market. "Agrofoka" OOD, Berkovitsa City and "Elsner Product Varshets" EOOD are refrigerators for freezing fruits and vegetables entirely for export. Some of the companies are certified with quality standard.

Enterprises for production of alcoholic beverages "Bacchus" OOD, Lom; "Vinprom" Montana and "Lomsko pivo" AD, Lom City continue their traditional production activities.

In the sector "Manufacture of clothing and textile"/on fourth place by produced production/ the largest producers are the companies "May" AD, Montana and "Almina" AD, Lom - manufacturers of clothing and toll manufacturing. Many small companies in the district town also work as toll manufacturers. Small manufacturers are TPK "Kipra" and ET "CHUSHKARCHETO" Chiprovtsi producing handmade carpets from natural materials with distinctive decorative patterns /carpets of Chiprovtsi/. "Trimona" AD, Montana is the only shoe manufacturer. SD "Ava sport i sie" Montana is a manufacturer of seats for paragliders, hang gliders and parachutes.

"Production of products from other non-metallic mineral raw materials" takes the fifth place in output and notes almost double output growth compared to 2002. Largest manufacturers are "Monolit" AD, Montana and "Mramor Berkston" AD, Berkovitsa - tiles of stone; "Floor ceramics" AD, Montana - glazed floor tiles with equipment and license of "SACMI-IMOLA", Italy; "Montpigment" EOOD, Montana - inorganic pigments under license Cast for coloring ceramic tables, enamels, porcelain, glazes, lime and cement mortars, mosaic tiles; "Electrostart" AD, Varshets - ballast devices for fluorescent, sodium, mercury vapor, metal halide lamps, transformers for low-power components for electrical engineering; "ZAI" AD and "Primex engineering", Berkovitsa - manufacture of abrasive tools.

Share of industrial output is continuously increasing in the private sector. In 2003 it accounted for 99.4% of industrial production in the area.

In 2003 industrial output at current prices is estimated at about BGN 201 million. In all industries there is an increase compared to previous year as it's higher in the sectors "Manufacture of wood and products of wood" and "Manufacture of other non-metallic mineral raw materials."

Industrial output in Montana District, 2001 - 2003, BGN thousand

	2001	2002	2003
Total	145 317	166 285	201 504
Manufacture of machinery and equipment, vehicles средства	37 968	51 595	58 520
Manufacture of food products, beverages and tobacco	36 183	36 097	42 781
Basic metals and fabricated metal products, except machinery	22 564	27 643	29 715
Manufacture of textiles and clothing, production of leather and leather products изделия от тях	22 854	23 974	27 051
Manufacture of products from other non-metallic raw materials	12 059	8 981	17 961
Manufacture of wood and wood products, except furniture	1 921	1 254	3 309
Manufacture of paper and paperboard; Publishing	853	776	940
Manufacture of chemicals, chemical products and fibers	1780	1 825	2 480

3.7. Innovation and modernization

In Montana District there are no university or research centers for research and scientific activities in support of business. In the past, some large companies had their own research and design units developing inventions and innovations to improve production technologies.

The continuous process of economic restructuring have inhibitory role in the modernization and introduction of new technologies, as companies work a long time in terms of survival and they don't have got enough free resources. Some start-ups are equipped with second-hand equipment. Links between enterprises and research institutes are interrupted. Generally there are insufficient innovative activity and innovative culture of the entrepreneurs.

In agriculture, the picture isn't so different. Research Institutes of the Agricultural Academy don't have branches in Montana. The closest research units are Institute of corn in Knezha, Vratsa District, Institute of Animal Science in Kostinbrod, Sofia District, Regional Centre for Scientific-Applied Service, Vratsa, Institute of Vine and Wine and the Institute of Forage Crops, Pleven.

After the period of economic stabilization the main goal is the implementation of systems for quality management and new technology in the enterprises. This is crucial for a vibrant, competitive and efficient regional economy. Current practice shows that companies face no real support from the local and central authorities.

3.8. Market Structure - market, trade, services

In Montana district there are no markets of regional importance. Undeveloped market infrastructure hinders all producers and mainly the producers of agricultural production.

In municipal centers operate municipal markets for fruits and vegetables. On the territory of the district town acting the company "Municipal Market" OOD for fruit and vegetables, there is a market for animals and another for used cars. Municipality of Montana has an investment plan and land for the construction of a regional market for fruits and vegetables and the authorities is seeking funding. In the municipality of Medkovets, which is the center of agricultural region under construction is an indoor market and a local market for agricultural products.

In the district is functioning following bank entities and insurance companies, providing services for business units with branches in the municipal centers:

Banks:

United Bulgarian Bank
Central Cooperative Bank
Commercial Bank "Biohim"
DSK Bank
Economic and Investment Bank
BTF "DZI Rosexim"
CB "Allianz Bulgaria"
CB "Hebros bank"
"Raiffeisen Bank" /Bulgaria/ EAD
First Investment Bank
"International Asset Bank"
"SCG Express Bank"
"Bulbank"

Insurance companies:

'State Insurance Institute "
"Orel"
"Vitosha"
"Euro Ins"
"Bul Ins"
"Municipal Insurance Company"

Nationally recognized professional organizations of employers operating in the territory of Montana District are Bulgarian Chamber of Commerce and Industry, Regional Organization of the Bulgarian Union of Private Entrepreneurs "Vazrazhdane", Regional Crafts Chamber, Regional Organization of the National Union of carriers and the National Transport Chamber. The NGO supporting enterprises that actively works is "Agency for Regional Development and Business Center 2000". All these organizations are concentrated in the district town.

3.9.Agriculture and Irrigation

Agriculture, well developed in the period to 1989, now is in restructuring. Production, reaching critically low levels in the recent years has a trend of recovery as arable land and a number of animals. In order to assist the reconstruction and development of agriculture has developed a program for the development of agriculture in northwestern Bulgaria 2003 - 2006 by the Ministry of Agriculture, which finances individual projects.

Soil variability determines the agricultural specialization of the field, the proportion of arable land is 57.9% of the total area, which is higher than the national average values - 44.8%.

Ecological status of the soil is relatively good. The area along Prevalska River is contaminated with heavy metals - 11,430 acres in the region of Chiprovtsi City, villages Martinovo and Beli Mel, in the areas of the municipality of G.Damyano - regions of the villages Gavril Genova and Georgi Damyanovo and river Ogosta, especially in the village of Gorno Tserovene, the municipality of Montana. On these areas the lead content exceeds 3-4 times the limit concentrations and the content of cadmium - 2 times. On these areas should be applied a special regime for agriculture.

In the regional office "Agriculture and Forests" in 2004 were recorded 1430 farmers; from them 165 are legal entities and 14 cooperatives. There is a significant increase in the number of registered producers who in 2003 were 927, of which 507 were in sub-sector crop breeding and 420 in animal breeding. Cooperatives treated areas between 3000 and 13 500 acres.

Crop breeding

Geographical position, nature and climate conditions and the terrain promote the development of crop breeding, viticulture, fruit and vegetables breeding by the following regional distribution:

- grain and fodder cultures - along the Danube in the Danube Plain on the territory of the municipalities of Lom, Valchedram, Yakimovo, Boychinovtsi and Brusartsi. There are favorable conditions for cultivation of the major cereals: wheat, barley, maize
- Sunflower - the whole area
- Vegetables - in the Danube area
- Viticulture - suitable conditions for the production of grapes has the area along Danube River and separate micro areas in the municipalities of Georgi Damyanovo, Berkovitsa, Montana and others.
- Fruit-growing - municipalities of Georgi Damyanovo, Berkovitsa and Varshets have proven very good biogenic resources for basic and traditional cultures - apples, peaches, plums, pears, cherries, strawberries and raspberries

The district of Montana has agricultural land with total area of 3 236 355.2 acres. Of these acres, 2 265 640.9 acres are agricultural fund and 723 519.7 acres are forests. State Land Fund manages 64 295 acres of which are actually processed 10 000 acres. Uncultivated lands more than two years occupy area of 514 480 acres or 22.7% of the agricultural land.

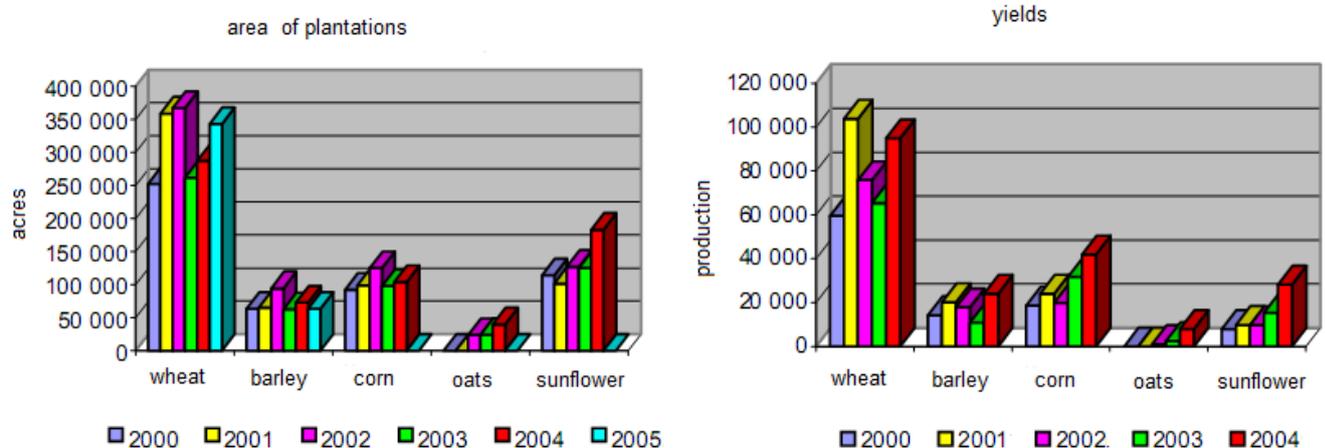
In the region are processed about 35% of available arable land. Of about 627 121 acres of arable land in 2003, 397 785 acres /63.4%/ of that land is cultivated by cooperatives, associations and tenant farmers, and 229 336 /36.6%/ of the land is cultivated by private owners. In 2004, land areas of 517 223 acres /72%/ are handled by cooperatives, associations and tenants, and 193 916 acres /28%/ by private owners.

Cereals are important for the development of crop breeding in the region. In the autumn of 2004 in the area were planted 324 940 acres of wheat, 63 395 acres of barley, 2 305 acres of triticale. In the municipality of Brusartsi were planted 800 acres of winter oilseed rape. There was an increase in wheat crops compared to the previous two years.

In the autumn of 2003 were planted 287 072 acres of wheat and 94 974 acres of grain with an average yield of 332 kg/acres; barley - 72 674 acres were produced 24 012 tons with an average yield of 330 kg/acres.

In 2004 were planted 183 087 acres of sunflower and were produced 28 134 tons of it with an average yield of grain 154kg/acres. Corn occupied 103 862 acres of the arable land in 2004 and the production was 41 954 tons with an average yield of grain 410kg/acres.

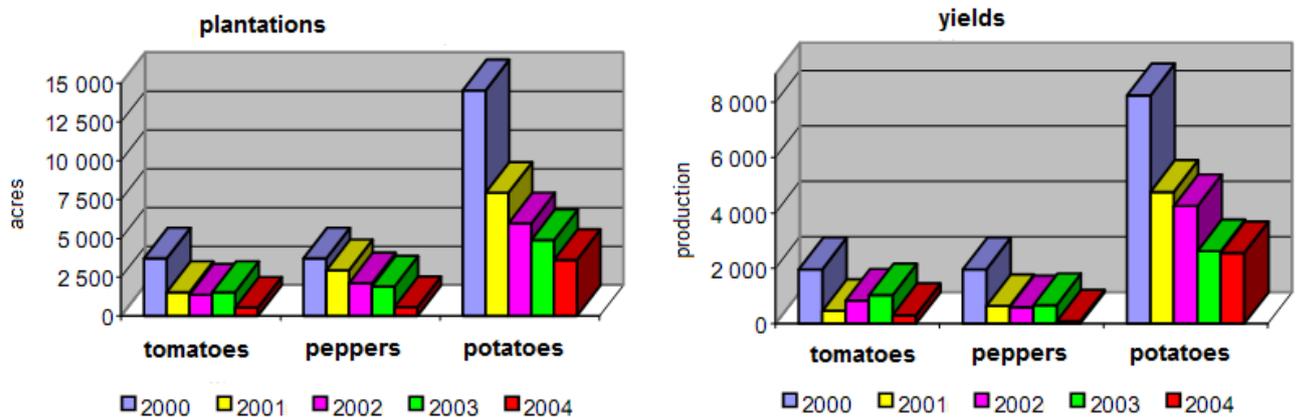
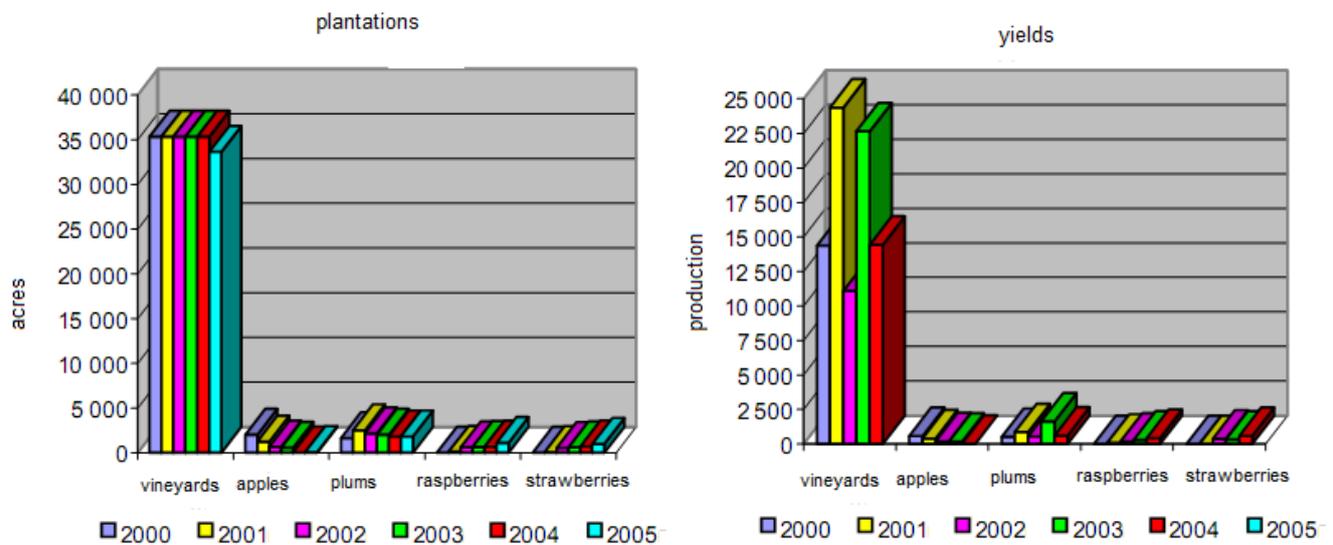
Charts below illustrate the proportion of sown area of cereals and yield of them.



Fruit-growing - a total area of 37 591 acres. Vines of wine grape varieties are located in the municipality of Berkovitsa /6150 acres/, Boychinovtsi Municipality /3870 acres/, Municipality of Varshets /5200 acres/ and in municipality of Lom with an area of 1725 acres - "Merlot". In 2000 - 2002 in Lom Municipality the vineyards increased by 2 500 acres. There was a trend of increasing the areas of strawberries and raspberries mainly in hilly areas - municipalities of Berkovitsa, Varshets and Georgi Damyanovo. In the municipality of Berkovitsa 975 acres of strawberries are grown and in the municipality of Varshets - 74 acres. Fruit-growing areas are mainly grown by private farmers. There are areas occupied by fruit trees with expired service life that are unfit for cultivation and require significant resources for their reconstruction or grubbing. In the spring and autumn of 2004 in the following municipalities have set up new plantations with raspberries. By 2004 their area is 1083 acres which is twice more than the previous year. An Association of raspberry producers was formed in 2003

which operated a project of the United Nations for a purchase of machinery and generated an increase of areas with raspberries.

The attached diagrams below show the ratio between the areas of trees and the yields for the period 2000-2004. It is seen that the areas occupied by vineyards many times surpass the plantations with other orchard trees. The orchard trees have the largest share of plum trees - 1824 acres. In the municipality of Berkovitsa are located 898 acres of plum trees, 540 acres of plum trees in Montana Municipality and 180 acres of plum trees in the municipality of Varshets.



Vegetable production - it loses its position compared to the other branches of the crop breeding. Since 2000, the area planted with vegetables declined steadily as the reasons for that are complex.

Main tendencies crop breeding in the region are:

- priority subsectors are grain production and perennials
- increasing areas of cereal and fodder crops
- use of drought-resistant sorts and hybrids
- increase in the areas occupied by forage crops
- recovery for the traditions of fruit production in hilly areas
- recovery and increase the areas planted with vines, strawberries and raspberries

Demand for niche markets can be in the direction of biological and organic production. Beginning of organic farming is placed in the production of strawberries in the municipalities of Berkovitsa and Varshets.

Animal breeding

Montana District is one of the largest producers of animal products in the country for the domestic market. And now, after a prolonged and deep crisis of transition to a market economy at the highest level of structure's destruction, the region is well positioned in the market. Meats and dairy products are among the most popular in terms of quality and price.

Despite the efforts the sector to be restored, the employment's levels of the population are extremely low, also low are the incomes. In the region the investments of resources in livestock production are limited by many reasons. It often exceeds the capabilities of farmers; receiving and servicing of loans is difficult.

The process of restructuring of animal breeding in conditions of economic crisis, suggesting a partial or full refund of already achieved level depending on market conditions. High production costs and low prices of production reduce the total number of animals. In Montana District most affected by the crisis were swine breeding - a decrease in the proportion of 20.52% and cattle breeding - a decrease in the proportion of 20.28% for the period 1990-2000. Absolute number of animals from these two subsectors repeatedly reduces for the region. There is an enormous decrease of the total number and the proportion of animals of all species involved. Slightly more favorable in structural terms is the number of animals for milk.

Cattle breeding have been developed mainly in lowland areas. Animal breeds are black spotted and Ayrshire cattle and are grown in small farms. The number of controlled cows is about 500, that is only 6% of the total number. In 2003 the number of grown cattle is 12 820 including 8813 cows with an average productivity of 3115 liters of milk.

Sheep and goat breeding are developed mainly in mountainous areas, especially goat breeding. The main breed of sheep is "Pleven Blackhead" in the lowland areas and "tsigayska" - in the mountainous areas. In 2003 the number of animals is 60 030 of which 52 280 are ewes.

Swine breeding is developed in private farms throughout the area where the number of swine was 14 175 in 2003, the number of sows was highly reduced. In the area there are facilities for the development of that subsector.

Poultry farming - Montana District traditionally ranks first in the North-West Planning Region in poultry meat production. Over the past two years the number of farmed birds was

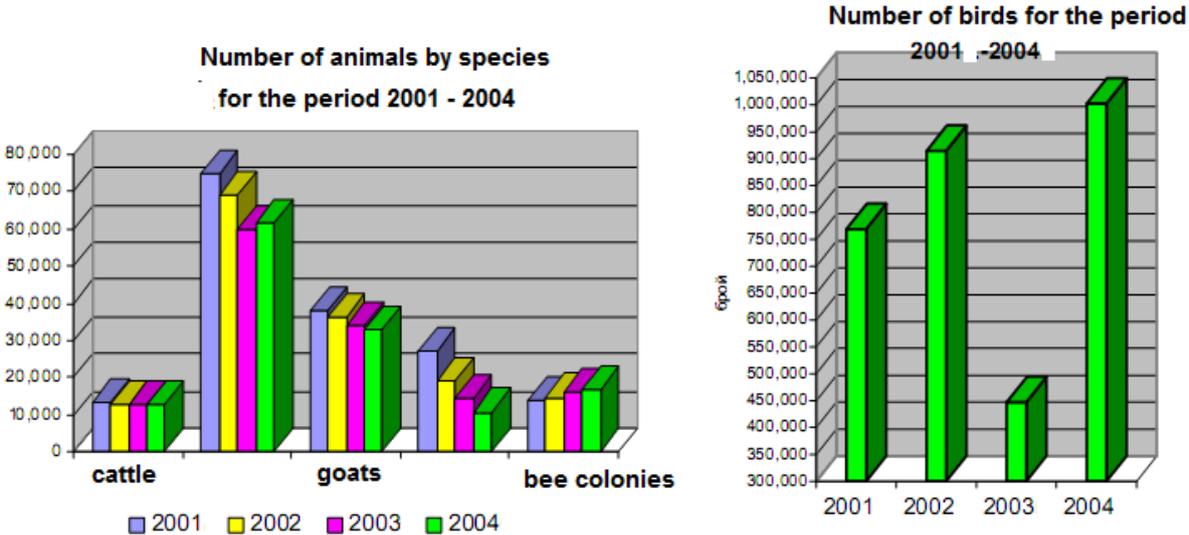
doubled - from 447 300 in 2003 it increased to 1.003 million in 2004. The number of laying hens was increasing with slower pace - 277 000 in 2004 to 270 000 in 2003.

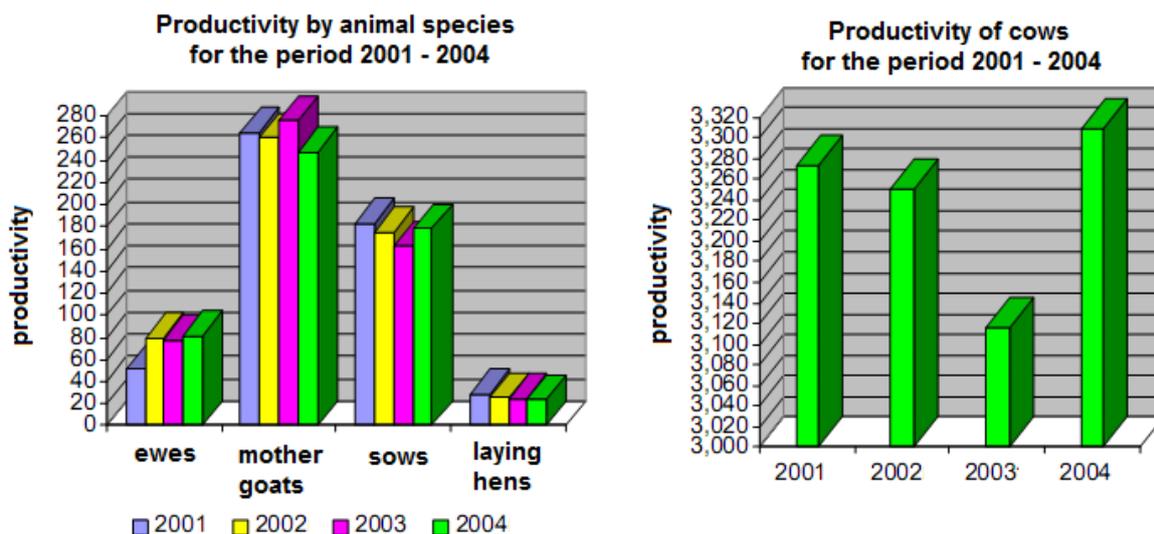
Production of poultry meat and eggs at farms is high-technologically, almost completely automated, quickly adapted to market requirements and is easily recoverable.

Fish farming - there are 87 numbers of reservoirs with a total area of 31 940 acres. It has performed a restocking of the Danube River, Ogosta River, Ogosta Dam, dams under concession - 10 numbers. Restocking is predominantly with fish required warm temperatures. In 2003 the following amount of fish was obtained: by inland water basins - 1 480 113 kilograms, by the Danube River - 16 628 kg.

In the last years other sectors of the animal breeding also have been evolved - silkworm breeding and breeding of rabbits. Beekeeping is actively developing, a number of bee colonies has increased from 14 011 numbers in 2001 to 16 931 numbers in 2004.

The attached charts below illustrate the changes in the number and productivity of animal breeding subsectors for the period 2001 - 2004. The data show an increase in the number of animals, poultry breeding and beekeeping, while the number of sheeps and especially swine reduces annually. In cattle breeding was observed stability in the number and an increase in the productivity of the animals.





Scientific support of manufacturers is performed by the local Advisory Service of Agriculture. In the region, there is no scientific agricultural institute. There is a unit in Lom included in the North Regional Agro Tech Park, Regional center for applied scientific services with headquarters in Vratsa City. On the district's territory works an analytical laboratory for soil, plants and water service to producers, offering them free services.

Hydro melioration

In the irrigated area are constructed 7 irrigation systems, including 15 pumping stations and 5 state-owned dams. They cover a total area of about 227 500 acres by the end of 2002. In short terms will be done the completion of facilities of water supply system "Ogosta", the irrigation arrays "Blagovo" and "Parta." Irrigation facilities were built more than 30 years ago and are managed by the "Irrigation Systems" EAD under the authority of the Ministry of Agriculture and Forestry.

Irrigation pumping stations supply water by adjusting channels and main channels to 197 240 acres of irrigable lands covered by irrigation systems- IS "Ogosta", IS "Lom-west", IS "Smirnensky", IS "Klisuritsa" and IS "Lehchevo".

Irrigation systems were constructed under economic conditions that now don't exist. Effective in other conditions and size of irrigated areas, they have turned into a highly energy-intensive and inefficient in declared areas for irrigation. In 2001, contracts for irrigation were signed with the first tenant farmers. Partial repairs are made and supplied water for all irrigation systems, i.e. they are stored and their condition is satisfactory.

The biggest problems facing the development of irrigated agriculture are the lack of water users' associations and a land market. The lack of major tenant farmers in the area, insufficient areas under permanent crops, symbolic vegetable growing and low purchasing power severely restrict the activities related to irrigation.

Drainage systems are supported also by "Irrigation Systems" EAD. In the region has 2 drainage systems with a total area of 26 884 acres - "Tsibarska nizina", "Orsoyska nizina" and

"Medkovets." These systems are also involved and 17 270 km. dikes on Danube River that protect against flooding the lowlands near the villages of Orsoya and Dolni Tsibar with two drainage pumping stations. Reconstruction and construction of new facilities are under construction about protecting against the harmful effects of the Danube River and the inland rivers in Montana District.

Funding and agriculture

Pre-accession program SAPARD is an essential tool helping farmers and entrepreneurship in agriculture. In the district of Montana were made about 2% of the total approved projects under SAPARD program, that are about five times less than the areas with the most approved projects.

Projects financed under SAPARD program for the period 2003 - 2005

Measure	Number of projects	Approved Amount /BGN/	Disbursed Amount /BGN/
<i>01-farm investments</i>	12	8 466 344.69	794 044.48
<i>02-improving processing and marketing of agricultural and fishery products</i>	12	32 237 875.78	4 724 268.47
<i>03-Development and diversification of economic activities, providing of possibilities for multiple activities and alternative income</i>	4	1 290 856.00	428 280.49
Total	28	41 995 058.47	5 946 594.44

State Fund "Agriculture" implements the state policy to support farmers through lending programs and subsidies. In 2003 a total of 16 projects were realized under the investment programs of the State Fund "Agriculture" of which 3 projects are under the program Capital Subsidies of Northwestern Bulgaria.

For the period 2003 - 2005 were realized the following projects:

- ❖ Program "Crop breeding" - for 2003 - 2 projects worth at the amount BGN 632 332, for 2004 - 1 project at the amount BGN 130 837
- ❖ Program "Animal breeding" - for 2003 - 11 projects at the amount BGN 240 974, for 2004 - 1 project at the amount BGN 12 700, for 2005 - 2 projects at the amount BGN 22 547, only 6 projects were financed by the program of Northwestern Bulgaria with total amount BGN 99 569.

- ❖ Program "Agricultural Machinery" for 2003 - 3 projects - financed worth BGN 101 000, in 2004 were financed 6 projects at the amount BGN 259 775 and for 2005 - 3 projects at the amount BGN 397 350

A total value of investments made by the State Fund "Agriculture" by years:

- ✚ In 2003 - BGN 974 306
- ✚ In 2004 - BGN 502 881.66
- ✚ In 2005 - BGN 462 127.06

From the analysis of data and processes in agriculture can make the following conclusions:

- ☑ Environmental conditions are favorable for the development of agriculture sector that is defining the profile of the agriculture in Montana District
- ☑ Cereals and perennial plants are the leading subsector in crop breeding
- ☑ Fragmented land ownership has hindered the development of effective and high-tech agriculture
- ☑ Farmers are experiencing deficiency of investment funds
- ☑ Difficult funding and low prices of production, limiting influence on the development of animal breeding and agriculture
- ☑ Investments are needed towards improving the breed of the animals and the varieties in crop breeding
- ☑ Investments are needed in new technology and introduction of modern efficient technologies

3.10. Forestry

The total area of the Forest Fund in Montana District to 31.12.2004 was amounted to 88 850 ha of which 83 188 ha are covered by forests. Total stock of forests is 11 661 637 m³ and is dominated by beech, oak, black pine and spruce. The average age of the forests is 49 years with a predominance of deciduous - 63 785 ha /86%/. The average increase per 1 ha is 2.68 m³.

Over the past five years are afforested total 373.5 ha of forest plantations for the period 2000-2004.

Protective and recreational forests are 27 376 ha /31%/ for the period 2000-2004, and the conservation areas are 4330 ha /16%/.

This current situation is characterized by fragmentation of forest ownership as a result of the restitution process. The market for goods and services related to forests is limited to the granting of rights to use products and wood in particular. A forest estate market is missing. Restitution of property is not subject to full restoration of the rights for using herbs, mushrooms, berries and hunting. The problem is the non-use of forest legislation by new owners and a low level of experience and knowledge in forest management. Expectations regarding the potential benefits of forests are unrealistic, which can reflect in over-exploitation of private forests. There is no established system for supporting and training of non-state owners.

The forests by types of property are:

1. state forests - 61 874 ha - 69.6%
2. forests of private individuals - 22 950 ha - 25.8%
3. forests of municipalities - 2 251 ha - 2.5%
4. forests of private entities - 872 ha - 1.0%
5. forests of religious organizations - 537 ha - 0.6%
6. forests of MOEW - 180 ha - 0.2%
7. forests on agricultural land - 285 ha - 0.3%

Use of wood

The total stock of wood in the forests in the district is 11,390,620 cubic meters. Average annual use on Forest management plan is 157 129 cubic meters. It's harvested about 90,000 cubic meters annually. Average annual afforestation is 3524 acres and annually 900 acres of new forests are created only in the state forests.

It's necessary adaptation of afforestation to expected climatic changes and increasing the capacity of forests to absorb and reduce greenhouse gases and emissions released into the atmosphere.

Guidelines for development related to priority recovery of the forest areas damaged or destroyed by fire, drying, grazing and illegal logging, and compliance for afforestation to demand for timber in long term perspective.

Forest protection

There is a trend of climate change in the direction of drought with expected deterioration of health condition of plants in the low areas. A serious problem is the insufficient knowledge and skills of staff working in the field of forest protection, despite the existence of a professional school in Berkovitsa Town. Problems for the protection of forests 'state properties are unresolved. In regard to the sanitary condition of the forests of Montana District is good. During the period 2000 - 2004 is given the priority of felling. Particular attention is paid to the removal of the effects from forest fires which only 2004 were seven in number, as affected forests were 576 acres.

A study and establishing the degree of infestation by insect-pests are carried out annually. If there is necessary an airline biological control is applied. Actions to protect forests are associated with the development and implementation of a system for risk assessment and economic damage from insects, disease and fire.

Forest protection

The most important actions for the protection of forests are in the direction of protection from fires, illegal logging and hunting. At the State forestry units annually perform firefighting activities as equipping the fire depots, distribution of information materials, maintaining in every town of groups of firefighting.

Non-timber forest resources

In the lands and forests of Montana District thanks to the exceptional natural diversity as topography, water resources, soils, flora and fauna are relatively rich. In the last few years there have been some disturbances in the balance of the various ecological systems. That circumstance has led to a decrease of certain birds and mammals.

Hunting trend is the organized hunting tourism and better nutrition of the animals for hunting. The increased number of predators in recent years is a problem. The number of hunters in Montana District is 3210 and 1670 are fishermen.

Stocking of reservoirs is one of the ways for increasing the amount of fish in the district area. Another element of the forest resources is medicinal plants, mushrooms, berries, which are well represented in the region. The most widely used medicinal plants and herbs are yellow cilantro, red cilantro, oregano, common nettle, lemon balm, yarrow, lime, black elderberry, black and red hawthorn, red peony, woundwort, primrose. Plants that can be a source of berries in the area of the district are black and cranberry, rosehip, blackberry, raspberry, wild strawberry, crab, wild pear, hazel and walnut.

The challenge of the ecotourism has seen as economic potential, but his uncontrolled development could endanger the biodiversity.

3.11.Tourism

Montana District is outside the traditional tourist areas, but close to areas of tourist attractions that can complement its own offering and create opportunities for the development of regional tourism products, particularly in conjunction with Vidin, Vratsa and Sofia. There is a tendency these opportunities to be considered in cross-border aspect.

The district is distant from the Black Sea Tourist Area, but the regional tourist product that Northwestern Bulgaria as a whole could offer can be used as a complementary destination.

In Montana are the following natural-geographical conditions representing the potential for tourism development:

- ✚ Presence of mineral springs - 7 springs in the municipalities of Varshets and Berkovitsa
- ✚ Stara Planina - natural conditions for ski tourism, eco and rural tourism, hunting tourism. Kom Peak /2016 m/ and the surroundings of Berkovica Town create conditions for skiing. There is a functioning ski slope with a length of 1400 m and denivelation of 170 m. The peak is a starting point for many routes, including international route E-3 /from the Atlantic Ocean to the Mediterranean/; were established eco-trails in municipality of G.Damyano - Kopilovska ecotrail, Deyanitsa eco-trail - in the municipality of Chiprovtsi, eco-trail to "Haidushki waterfalls", biking-eco trails to the Barzia village and "Berkovica - Kom Peak - Belogradchik", municipality of Berkovitsa.
- ✚ In the area there are monuments of cultural and historical heritage - four monasteries, ruins of ancient castles, a clock tower in Berkovitsa and others. Attractive to visit, with the potential to become and tourist sites, are the monasteries - Klisurski monastery "St. St. Cyril and Methodius" municipality of Berkovitsa,

Chiprovski monastery "St. Yoan Rilski", Lopushanski monastery "St.Yoan Predtecha" /St.John the Baptist/ in the village of Georgi Damyanovo, Dobridolski monastery "St.Troitsa" /Holy Trinity/ close to the village of Dobri Dol, municipality of Lom.

- + Danube River, Ogosta Dam near Montana City and smaller ponds /rivers and dams of local importance/ create opportunities for water, fishing and other kinds of tourism
- + The nearest functioning international airport to Montana with regular flights is Sofia Airport /about 100 km away/. The district is in close proximity to a large potential market, including and short trips, such as Sofia.
- + The area has a border position with Romania and Serbia and cross-transportation location - the crossing of European transport corridors № 4 /Vidin - Sofia - Kulata/ and № 7 /Danube River/. This creates a potential for tourism development and also cross-borders potential.

As municipalities with favorable conditions are evaluated Berkovitsa and Varshets and municipalities with undeveloped potential are Chiprovtsi and Georgi Damyanovo. There are unutilized opportunities of developing the river tourism on the Danube River in the municipalities of Lom and Valchedram.

Tourism can have a supplementary value in the structure of the regional economy. Related services and other industries can lead to diversification of economic activities and overcoming backwardness in mountainous and rural areas. This can lead to reduction of migration, and thereafter - the negative impact of demographic crisis. Negative meaning for tourism development except the lack of investment for renovation of facilities, also has the poor condition of roads for access to tourist sites.

Despite the economic difficulties over the past few years have seen a revival in the industry. The created new tourist sites, offering small capacity are houses for rural tourism in the mountain municipalities Berkovitsa and Chiprovtsi, places around the mineral springs in the municipality of Varshets. In the municipality of Berkovitsa is going to happen implementation of a major project for ski-tourism with the construction of new hotels, lifts, ski tunnel for year-round use and others.

The statistics in the tables have reflected the current situation of the sector. There is an increase in the number of accommodation facilities and the number of overnights, but there is a reducing of the number of beds and overnights. Corresponding figures for the country have shown a negligible contribution of the district. In rest homes, the number of beds has decreased significantly since 2000, but there is an increase in tourists' number.

accommodation facilities

		accommodation facilities	beds	beds - days	fulfilled overnights		tourists	
					total	including by foreigners	total	including by foreigners
2000	Montana	8	1 011	274 446	30 009	1137	9 948	729
2001	Montana	9	704	223 330	35 656	1 400	8 682	529
2002	Montana	11	843	221 150	32 750	1 408	11 879	1 060
2003	Montana	12	522	182 333	25 011	2 791	15 761	2 315
	Bulgaria	1059	158 865	38 667 492	12 521 479	9 142 170	2 972 644	1 397 985

Holiday homes

	holiday homes	maximum revealed beds		tourists	realized days
		total	including year-round		
2000	7	664	559	3 514	22 348
2001	7	600	544	4 128	32 753
2002	7	472	416	4 847	23 108
2003	6	413	351	5 453	26 172

General conclusions:

- ✚ Tourist-geographic location of Montana district can be evaluated as relatively favorable
- ✚ In the area there is a potential for development of mountain, spa tourism and traditional forms of tourism - eco, rural tourism and more.
- ✚ Tourism development can have a positive impact on the revitalization of the rural economy
- ✚ Tourism development is crucial condition of technical and especially road infrastructure

4.Social sphere

4.1. Social characteristics and standard of living

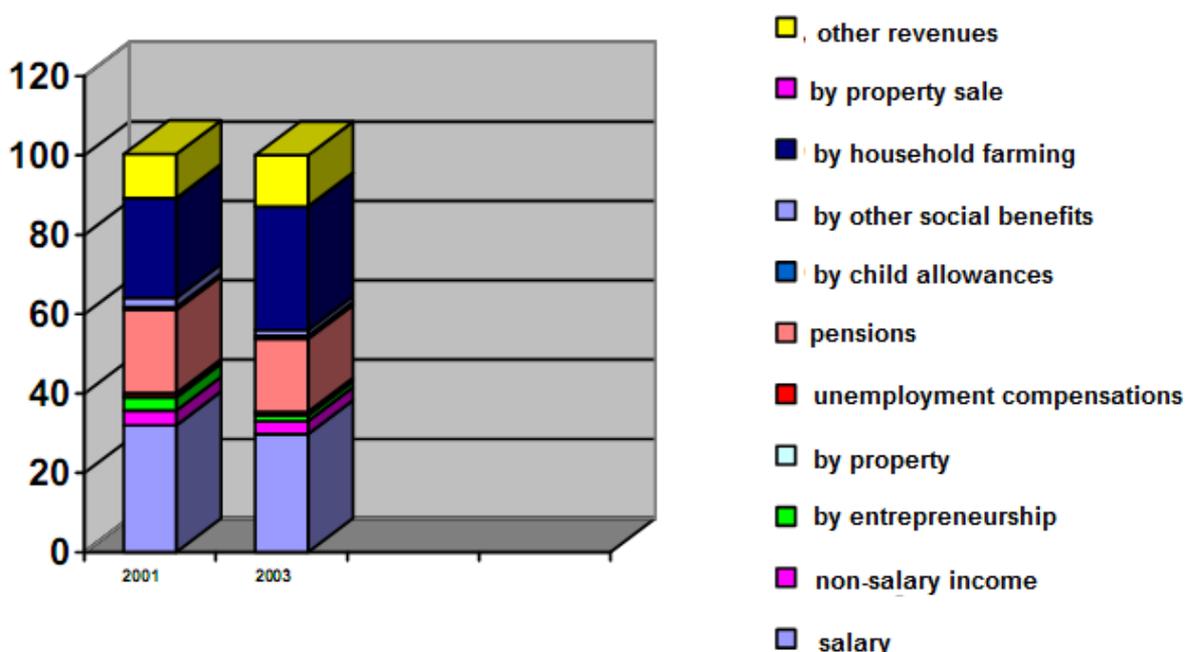
The social cost of restructuring of the economy proved high for many households not only because of high unemployment, but also because of the changes in the structure and level of income. Traditionally, the main source of income is the salary. In 2003, the average annual rate of salary is BGN 2716, which is nearly BGN 564 lower than average /BGN 3280/. The highest remuneration is received in the sectors "Electricity, gas and water" - BGN 4985, "Government" - BGN 4547 and "Finance, credit and insurance" - BGN 5435. Significant differences were observed in the amount of salary by sectors such as in the public sector it's almost BGN 1000 higher than in the private sector. In 2003, employees under labor contract in the public sector received an average annual BGN 3299 in the district to BGN 4118 for the country, while the employees in private sector - respectively BGN 2211 average annual for the district to BGN 2790 for the country.

The table below illustrates the levels of the average wage in the country and region for three years. It is obvious that the level of wages in Montana District is significantly below the average values.

Average annual salary by years and sectors for the period 2001 - 2003 /BGN/

	2001			2002			2003		
	Total	Public sector	Private sector	Total	Public sector	Private sector	Total	Public sector	Private sector
Bulgaria	2880	3491	2452	3091	3871	2613	3280	4118	2790
Montana District	2337	2883	1872	2555	3242	2001	2716	3299	2211

The chart below illustrates the changes in total household income for 2001 and 2003, shown as a percentage by data of NSI for the North-West Planning Region. It is notable that the income of salaries was decreasing at the expense of increasing incomes of family farms that were the highest in the country.



Living standard of the population is primarily determined by its income, quality and accessibility of public services, job opportunities. In Montana District incomes are below the national average values. As can be seen by the enclosed chart above, significant share of them has salary. The following income amounts are those by household farming that is an indicator of the existence of economy of survival. The unemployment rate is above the national average rate. Public services are comparable to those for the country, as it applies to cities and large villages, too. The social services for small and remote places are less accessible and poorer quality.

The general conclusion is that the standard of living in the area is lower than the national average with the exception of the district town.

4.2. Employment, economic activity and unemployment

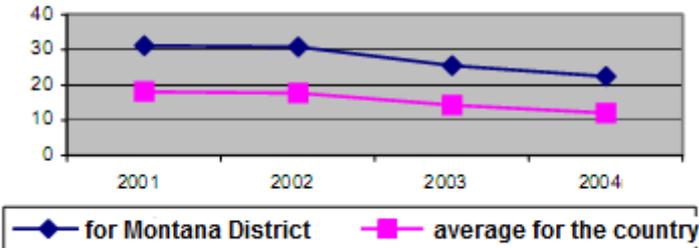
During the period 2001 - 2004 in the district has been observed a trend of reduction of employment in the main sectors of the economy, as only sector "Services" had an increase by 2.3%. The number of employees under labor contract in 2004 was 32 661 people, down by 5.8% compared to 2003. Structure of employees by economic sector shows the highest proportion of employees in sector "Services" - 59.8%, in the industrial sector - 37.5% of employees, in sector "Agriculture and forestry" are employed only 2.7%. Compared to the previous year, despite the overall reduction of employees, there is an increase in the industrial sector "Manufacturing, not classified elsewhere" - 32%. This also applies to the industry sector "Real estate and business services" - 33.7%. In the other sectors was recorded a decline in the number of employees that is the largest in the sector "Agriculture and Forestry" - 33.4%. In the district dominates employees, working in the private sector /industry and agriculture/, and in the public sector dominate the employees in sector "Services".

The job places offered in the job centers in 2004 are 12 283 of which 36.8% are requested by employers on the primary labor market, and 63.2% are by employment programs. The relatively high value of the remaining vacancies is determined by the gap between demand and supply of labor, unacceptable working conditions, staff shortages, low geographical mobility of unemployed and others.

The employment rate in the district /ratio between the number of employees and the population on 15 years and over/ is 38.4%, to values of 35.3% for the North-west Planning Region and 42.2% for the country. The **economic activity rate** /a ratio of the economically active population and population on 15 years and over/ for 2003 was 44.9%, primarily in the area of planning /42.2%/, but lower than the country /49.2%/.

The unemployment rate for the period 2001 - 2004 shows a steady downward trend - from 26.95% in 2001 to 22.89% in 2004. However, it significantly exceeds the national average, which was 12.67% in 2004. The high level of unemployment is typical for the entire North-west Planning Region. Registered unemployed in 2004 were 18 290 people of 32 661 economically active persons.

Unemployment ratio /%/ for the period 2001 - 2004



Most disturbing fact is the situation about the unemployed people without specialty, low education, those with reduced working capacity and young people up to 29 years. Unemployed without specialty are 58.9%. This group continues to have the largest share in the occupational structure of the unemployed people. These are people with low skills and educational level, with little mobility. They account 64.4% of the unemployed people registered over 12 months in the labor offices. The strongest presence of those people is in the Bureau of Labor Lom - 66.3%. Registered unemployed with working specialty are 26.5%, and 14.6% are the specialists.

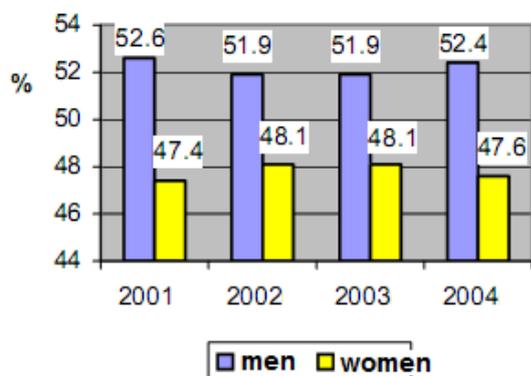
In 2004 the trend of unemployed people with primary or lower education dominates. Low level of education and training of those unemployed determines their weak competitiveness in the labor market and the inability to respond on the requirements of employers. This leads to the long duration in the labor market and they form mainly a group of long-term unemployed /61.4%/. Of all registered unemployed people those with primary or lower education are 54.6%, with secondary education - 41.5% and with higher education - 3.9%. Unemployed people with higher education are characterized by the following: the proportion of women is very high - 64.4%. This shows that women more difficult find job corresponding to the specialty and qualification; the youth up to 29 years are 22.5% and the share of unemployed graduates over 50 years points an increase /33.2%/ - with 2% more than the previous year.

The number of registered unemployed women is less than the number of men - their share is 48.2% at 51.8% for men. Group of unemployed aged over 50 years is with the largest share - 13.7% and 14.3%. Unemployed young people under 29 years are defined as a disadvantaged group in the labor market. In the district they are 26.5% to average value for the country of 26.4 percent.

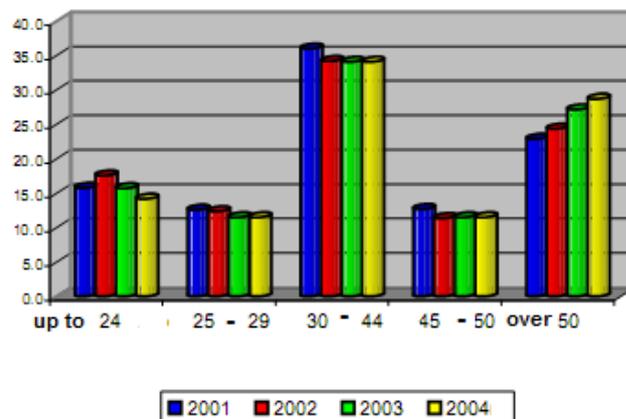
The high level of long-term unemployment remains stable for the period 2001-2004. For 2004, the share of long-term unemployed in the district is 64.2% to 61.6% for North-west Planning Region. Various factors influence the length of time that the unemployed are unable to find realization in the labor market - education, occupation, age, gender, labor demand and more. Long-term unemployed are mostly low-skilled and with low level of education.

Spatial distribution of unemployed persons placed in the most disadvantaged situation the municipalities Valchedram - 43.73%, Yakimovo - 41.75%, Medkovets - 36.95%, Brusartsi - 31.07%. The lowest unemployment rate is in the municipality of Montana - 14.47%.

Structure of the unemployed by gender



Structure of the unemployed by age



General conclusions

- The unemployment rate is decreasing, but remaining at levels significantly above those of the country; differences between municipalities are over three times, the highest unemployment rate is in the municipalities of Valchedram, Yakimovo and Medkovets - over 35%
- Very high relative share of unemployed people with low education and no qualifications
- A large proportion of offered jobs are occupied by national employment programs /i.e. subsidized by the state/
- Educational and professional qualification level of the workforce doesn't meet the requirements of employers

4.3. Health and social services

Healthcare

The health system of the district is territorially well positioned, satisfactorily developed and meets the needs of the population of primary, specialized outpatient and inpatient care in the required level.

In the district, there are three hospitals for active treatment in Montana, Lom and Berkovica. Primary care is carried out by 124 general practitioners, 120 dentists and 7 group practices. The specialized hospital care operate with two diagnostic consultative centers, one specialized center, five medical centers, nine group practices and 103 specialists for specialized medical care.

Number of doctors/dentists and hospital beds:

number of hospital beds per 1000 population - 5.09%

number of doctors per 10 000 population - 26.22%

Number of specialized medical personnel:

doctors per 10 000 population - 17.4%

dentists - 4.18%

number of places in nurseries and kindergartens - 631

The ratio of registered illness in the population is slightly above the national average with tends to be equalized.

The highest rates are diseases of the organs of the circulatory system, respiratory system, injuries and poisoning, complications of pregnancy and childbirth, diseases of the digestive system.

In the region have a large number of health-insured persons that limits their access to the health system and creates a negative attitude towards it and to health reform. In the villages with the highest concentration of Roma ethnic group the medical care is difficult because of the shortage of specialized transportation. Insufficient developed disease prevention leads to increased treatment costs and affects the overall health status of the population.

Coordination and exchange of information between different institutions and sectors in the health care system is very important for its effective work and at the present stage is unsatisfactory. Unfavorable combination of negative factors of macro environment with its complex effect form a very difficult external environment for the conditions of service of medical and health facilities. This requires enhanced support of society and institutions for the preservation and development of the health system in the area. The actions for a change of the current situation aim to build on the current health care system and support the building of new structures in order to complete scope and satisfaction of medical services.

To reach the advanced level in the health service is an important the development policy to focus on the following areas:

- building structures of treating chronically ill - hospices, hospitals and others
- establishing a system for the disposal of hospital waste
- building a system for mental healthcare - day care centers for the mentally ill in the community; protected homes; social clubs for mental ill patients
- mobile centers for specialized medical care for rural school healthcare
- construction of municipal health services
- dispensaries - building of new structures /dispensaries/ is connected to material, financial and human resources that couldn't be provided

Main conclusions about Health Care in Montana District:

- limited access to health services due to a lack of health insurance and transportation access

- a lack of unified information system for health services; coordination between the units is weak
- status of school healthcare is unsatisfactory
- state of maternal and child healthcare is unsatisfactory
- no health facility for care of chronically ill people

Social Services

In the district there are 16 homes for social services with a total 1289 seats: 4 nursing home, 2 homes for elderly people with dementia, 2 homes for adults with physical disabilities, 1 home for adults with mental disorders, 1 home for children with mental retardation, 1 day center for adults with mental disabilities, 2 homes for temporary housing, 1 home for medical care for children, 6 homes for raising children deprived of parental care.

All municipalities provide social services in the form of home social patronage for 1153 persons. There are no public canteens.

Buildings and furnishing of homes are in bad condition, there is a need of major repairs to meet current standards for the provision of social services.

4.4. Education

On the territory of Montana District to 2005 were operating 91 schools. The number of schools for the period 2000 - 2005 was reduced from 96 to 90 schools. The number of students and classes for the period 2000 - 2005 also had a permanent tendency of decrease - students in 2004 were 21 554 students to 23 380 students in 2000. Classes were decreased till 34 numbers for the same period.

Annual reduction in the number of children and students in small towns requires transformation and closure of childcare facilities and schools. Education offered there is in mixed classes that put these students at a disadvantage positions compared to their peers from larger settlements. This also leads to depopulation because young families are forced to look for a school for their children.

Closure and transformation of schools is not possible to be carried out in strict criterion, as there are many factors to be taken into account - density, social status and ethnicity of the population, needs of the labor market and more. In the municipalities G. Damyanovo and Brusartsi didn't resolve the issue of the optimization of the school network. Primary school in the village of Smirnensky, municipality of Brusartsi functions with four mixed classes and 37 students. For the five-year period 2000 - 2005 in the villages of Montana District were closed eight elementary schools, six kindergartens and three others have been converted from full-day to half-day.

There is a trend of annual growth in the number of early school dropouts from 468 students in 2000/2001 to 774 students in 2003/2004. The number of dropouts as a percentage of

total number of students in the municipalities is as follows: - G. Damyanovo - 11.22%; Valchedram - 7.83%; Medkovets - 6.83%; Boychinovtsi - 4.63%; Varshets - 4.03%; Yakimovo - 3.36%; Brusartsi - 3.31%; Lom - 2.89%; Chiprovtsi - 1.59%; Montana - 1.2%. For the district for 2004 the percentage of early school dropouts is 3.14%.

Teaching staff in schools at the end of 2004 is 2121 numbers from them 55 are unlicensed teachers. A positive trend is reducing the number of incapable teachers and the retired teachers in the area, which are mostly teachers in schools with a small number of classes and mixed classes.

The number of teaching staff attending courses to improve their skills is significantly increased.

According to the demographic characteristics of the territory of Montana Region there are schools in which teach only children of Bulgarian origin, mixed schools and schools with Roma population. Mixed schools dominated in the area. The first category schools /pure Bulgarian/ rarely can be seen. Schools with only Roma children are 6. The other schools are mixed in different percentage. For Roma schools since 2000 have been realized short-term projects proposed by NGOs and won by the Regional Inspectorate on Education - Montana or directors of the schools.

More than four years the foundation "Sham" in conjunction with the Regional Education Inspectorate help with the desegregation of Roma children from the neighborhood Kosharik. Children are transported by bus to the city schools where they were integrated into the process of training. Statistics at the time showed that in schools had a total of 6290 students of Roma origin, that is 27.46% of the total number of students /27.33% in the previous year/.

The strategy for intercultural education in the region is based on the strategy for educational integration of children and students from ethnic minorities, a strategy for the development of secondary education in the Republic of Bulgaria, Code of Conduct for working with children, Framework Convention for the Protection of National Minorities.

Problems and difficulties in the education system in Montana District are a reflection of the problems of education in the country and particularly those in the municipalities; in general they are as follows:

- ❖ Saving the outlined tendency to reduce the number of students in the area
- ❖ Trend towards increasing of dropout students
- ❖ Outdated facilities and lack of adequate financial resources for its implementation in modern form
- ❖ Need to be enriched the learning environment through its provision of information - communication technologies and diverse information sources
- ❖ Mismatch between the needs of the teaching staff in the district and available labor force
- ❖ Lack of community involvement in solving problems in education

Vocational training

The most important goal of the professional education is its ensuring of compliance with the market demand. A school has eliminated from the vocational education system in the district.

Network for Vocational education and training in Montana District covers 12 vocational high schools /VHS/, 3 secondary schools /SS/, 1 high school and 2 special schools distributed by municipalities as follows:

Municipality	Vocational high schools	Secondary schools	Special schools
Montana	School of Architecture, Construction and Geodesy	IX school "Ivan Peychev"	
	School of Electrical Engineering "Hristo Botev"		
	Finance and Economics School		
	School of Light Industry		
	Vocational Technical School		
Lom	School of Agriculture - Kovachitsa	School "D.Marinov"	School "Dr. P.Beron"
	School of Nutrition and Agriculture		
	School of production technologies		
Berkovitsa	Vocational School of Forestry		School "Hristo Botev"
Varshets	Health school of economics	School "Ivan Vazov"	
Boychinovtsi	Vocational School of Transport "Vl.Minchev"		
G.Damyanovo	Professional High School of Agriculture "M.Markov"		
Valchedram		School "D.Marinov"	

Typical for vocational education and training is that they are concentrated in the cities. Schools in which students are trained in the same professions and specialties are in relatively remote locations and there is a lack of competition to candidates for training.

In the academic year 2004 - 2005 in the vocational education were training in 19 professional fields from the List of professions for vocational education and training, approved by Order of the Minister of Education and Science:

- Design
- finance, banking and insurance
- accounting and taxes
- business management and administration
- secretarial and office support activities
- computers
- metal-processing and engineering
- electrical and energy engineering
- electronics and automation
- chemical products and technologies
- motor vehicles, ships and aircraft
- food and drinks
- production of wood products
- forestry
- agriculture, floriculture and landscaping
- construction and geodesy
- hotels, restaurants and catering

Specific problems for the district about the working conditions can be grouped in two directions. First directory is the lack of funds for replacement of old facilities and equipment and providing of decent living conditions for training activities. The second group of problems is related to difficulties in conducting of educational and practical training, due to changing economic conditions, related to the restructuring of the economy. Vocational schools don't have got sufficient own facilities. Training is conducted in a lack of secured financing. Practical training is hampered by inadequate equipment in workplaces. There are many reasons for missing materials for production activities.

After privatization the students' work in production conditions have faces significant difficulties. There is a contractual relationship with small private companies, but their capacity is not ensured optimal engagement of all students. The lack of jobs in companies and materials in school workshops led to limit the number of subjects in school practice. In many schools, the internship takes place in the school.

There are a limited number of companies that have suitable working conditions for academic and practical training are willing to help schools, while others are not willing to commit to the training of students. The listed factors affect the quality of education.

Positive tendencies in the vocational education are:

- Keeping of interest of students and parents to vocational education and training
- Schools are moving to new disciplines and professions imposed by new economic conditions
- Improving cooperation with companies for practical training
- Reinforcing the trend of cooperation between vocational schools

- Increasing the number of training courses for adults

In future the efforts of the regional policy in vocational education will be aimed primarily at improving cooperation with business to improve the quality of training, flexibility of the study plans in order to meet the utmost demand of the profession and improve the material technical conditions for work.

4.5.Culture and Cultural Heritage

On the territory of Montana are archaeological and historical monuments testifying to the ancient history of this region.

The ancient city Montana originated as a military camp on the ruins of an ancient Thracian fortress, after the imposition of Roman rule in the first half of the 1st century AD. The later historic boom drove the expansion of Montana City as the largest religious and cultural center of northwestern Bulgaria, stretching from the Danube to the Balkan. In its vicinity there was a system of 25 forts which was serving to protect the local mining and gold mining in the upper reaches of the Ogosta River. The foundations of two Roman villas were revealed near Montana. In the city was founded a museum exhibition outdoors - Lapidarium, showing the stone ruins of buildings and temples found in the area. Roman marble statues of ancient Montana are set out in the National Archaeological Museum.

In Montana City act Theatre "Dragomir Asenov", folklore dance groups, dance sport clubs, children's art school, two art galleries. In the city takes place the National Festival of Brass Orchestra "Diko Iliev" in every two years.

The present Lom originated as a Roman fortress on the Danube River that eventually have became the village called Almus. The Lom River gave the present name of the Roman settlement. For spiritual and historical heritage of the town of Lom evidence the tombstones, statues, etc found over the years. Great finds of Roman coins show the intense economic life during the Roman Empire. In the courtyard of the Historic museum in Lom are showed two Roman sarcophagi. In the area "Kaletu" / in the village of Staliyska Mahala/ there was a Roman settlement. In the village of Dolni Tsibar has been preserved a stone bridge connecting the village and the harbor on the Danube River.

In its modern history the town of Lom is shown as a commercial and cultural center, bearing the imprint of European Danubian culture. Beautiful preserved buildings from the early 20th century are in Setsesion style, forming a distinctive ensemble along the main street of the city, giving it a unique personality. The city is remarkable with the first theatrical performance in Bulgaria and the house-museum of Renaissance culture figure Krustjo Pishurka. Nowadays the cultural traditions are alive through performances of the famous Lomska operetta and one of the two theaters in the district, the international seminar in Art and the exhibitions in the new gallery. Church "Uspenie Bogorodichno" in the city is a cultural place as well as the ensemble of buildings in the central part. Near the village of Dobri Dol is located the Monastery "St.Troitsa"/Holy Trinity/, along which grow majestic ancient oaks - protected natural sites.

The town of Berkovitsa is remarkable with the fortress "Kaletto" located on three levels on the hill "Kaletto", which marks the history of Berkovica during the Antiquity and the Middle Ages. The churches "Rozhdestvo Bogorodichno" and "St. Nikolay Chudotvorets" /St. Nicholas the Miracle Worker/ are monuments of national importance. The Clock Tower of the twelfth century is also a cultural monument of national importance, and the house-museum "Ivan Vazov" from the early 19th century with beautiful carved ceilings. In 1879 - 1880 in the house lived and worked the national poet Ivan Vazov. In the city take place two festivals: the International Festival "Patent Leather Shoes" - for children's songs and the national rock festival "Berkfest." In the city have held annually the Days of the writer Yordan Radichkov, and in the village of Burzia - an international summer seminar in wood carving. The Klisurski monastery "St. St. Cyril and Methodius" attracts visitors from all over the country, and wood-carved iconostasis of the church is a cultural monument of national importance.

Varshetz has arisen around thermal springs and its history is associated with balneotherapy. The oldest written record of its existence dates from the 6th century of Byzantine chronicles under the name "Medeka" / by Medicus - medical/.

City Chiprovtsi is known by its monastery "St. Yoan Rilski" whose church is a monument of culture of national significance. This area is famous for its works of carpet and goldsmith schools, school of 1624, high school Seminarium /more than three centuries ago/, the remains of a Catholic Church, pre-renaissance art and architecture of Chiprovtsi, uprisings against Ottoman rule.

In the region of Georgi Damianovo Municipality are found remains of eight Thracian and ancient fortress as mines in the lands of some villages. Near the village of Georgi Damyanovo is located the famous Lopushanski Monastery "St. Yoan Predtecha" /St. John the Baptist/ - a cultural monument of national importance. In front of the temple grows a giant sequoia that is protected natural site.

Professional cultural institutions operating in Montana are:

- theaters - 2 in Montana and Lom
- cinemas - 6
- museums - 8 /in Montana - 2; Lom - 1; Berkovica - 2; Varshetz - 1; Chiprovtsi - 1; Georgi Damyanovo - 1
- libraries - 233

In the region, there are also 97 chitalishta /community centers/ - a specific form of Bulgarian cultural life and development centers of various forms of creative self-activity - music, singing, dance ensembles and other activities.

The statistical data indicates a trend towards reducing the total number of cultural institutions. In the most serious crisis is the theater - a significant reduction in the number of realized performances and visits. Big cinemas in Montana, Lom and Berkovitsa are liquidated, new smaller cinemas are opened. There is a registered increase of visits and the number of museum objects in the museums of the district.

In the register of cultural monuments in Montana District includes 282 sites of which 29 are of national importance. Despite the need for an update of this register and the removal of a number of objects of it, the presence of monuments of national importance suggests an

opportunity for future development of a "Culture Park". Development of such a project /"Culture Park"/ will allow the inclusion of cultural heritage as an object of cultural tourism, to be coupled with the creation of various forms of recreation - "The Paths of Health" in the upper reaches of the Ogosta River, fishing and water sports near Ogosta Dam, rural tourism, etc., with recreational facilities /the type of the existing complex Augusta in Montana City/. In recent years the development of such "Cultural Park" is a relatively new trend in the European Community countries, especially in regions experiencing economic difficulties - a part of a state policy to form a culture of recreation.

In the previous period cultural and other spheres of social and economic life experienced a difficult period of survival and stabilization. Objects of culture and education spheres are in poor physical condition due to the lack of funds from the state budget that was the main source of funding before the transition period. In the future financing of cultural activities will be done through the development of sponsorship by businesses through participation in various funding programs for projects and other forms.

5. Technical Infrastructure

Water supply

Settlements in Montana District are supplied with drinking water from 224 water sources, divided into 22 groups by water supply systems, three types of nets with a total length of 1730 km. External water supply network has a length of 550 km /31.8% of the total length/, and internal - length of 1180 km /68.2% of the total length/. For the most part /1516 km/ the water supply systems are maintained and operated by "Water Supply and Sewerage" OOD - Montana and are included in its capital.

The rest of the water supply systems are owned by the municipalities. The Company covers the water supply of 100 from 130 settlements in the district. On the territory of Berkovitsa Municipality operates a municipal water company and the water supplies are maintained by municipalities in two places in the area - village of Gorna Verenitsa /Montana Municipality/ and village of Goren Tsibar /Lom Municipality/ by municipalities.

Water sources are situated irregularly. There are large water supply groups and they satisfy a larger number of villages with drinking water. Built 22 water supply groups supplying 83% of the settlements. The municipalities of Montana, Varshets, Georgi Damyanovo and Chiprovtsi have surface water sources.

"Water Supply and Sewerage" Montana operates and maintains Srechenska Bara Dam from which are supplied 22 villages in Montana District, including the cities of Montana, Varshets, Berkovitsa and Vratsa and other places in Vratsa District.

"Water Supply and Sewerage" Montana has 57 major pumping stations and other 18 pumping stations. Izvora Pumping station in Montana City is used to supply water to the industrial area of the city with conditional clean water.

Quality of drinking water

Drinking water quality is an object of control under the Regulatory requirements for the quality of water intended for drinking purposes. Continuous and periodic monitoring is conducted, including all parameters. The overall quality of the water complies with the requirements. Chemical indicators are with stable indications.

The exception is the water supply system "Srechnska bara". Water from the water supply system has variations in the turbidity index and periodic deviation is reported and in the indicator manganese. For this reason, water is purified in wastewater treatment plant for drinking water "Slatina". The station was built in 3 phases. The first phase was put into exploitation in 1964, and the third phase was completed with the construction of the dam in 1987. Overall performance of the station reaches 1780 liters per second.

Sewerage systems

Sewerage systems in urban areas provide disposal and treatment of urban waste water, rainy water and industrial /after pre-treatment/ water and their discharge into the corresponding water body. They are important for maintaining a supportive and healthy environment, protection of water resources from pollution and maintaining the ecological balance. Degree of sewerage network in the settlements and sewage treatment plants for waste water has significantly lagged behind the development of water supply systems. In the area of "Water supply and Sewerage" OOD Montana the sewerage system is in only three places - in Montana, Lom and Varshets. Sewerage network in Montana City is mixed with the exception of residential areas of "Mladost" and "Kosharnik" where the network is divided.

Exploitation of the first sewerage system in the town of Lom started in 1985 and covers only the central part of the city. As type the system is mixed. Sewerage network is 18 km long. The city doesn't have a sewage treatment plant and the wastewater is discharged directly into the Danube.

In 1967 the sewerage system was put into exploitation Varshets Town. It has a length of 16 km and it's of mixed type.

Transport network

Transport infrastructure is critical to regional economic development. It's one of the main factors for the competitiveness of each district. Montana District has very good connections by rail, road and river transport with border crossings points and inside of the country in all directions.

Road network

Montana District has a relatively well developed road network. Its density is 0.292 km/sq.km to country average of 0.336 km/sq.km and 0.319 for the North-west Planning Region. Montana District has a relatively short length of the national road network and its territory doesn't have highways. National roads are with a total length of 298 kilometers - First class - 51.9 km, Second class - 161.6 km, Third class - 384.5 kilometers. Municipal roads are with a length of 1026.5 km of which 568.6 km are local roads.

With great importance for the economic development of district is the international road E - 79 /euro-corridor № 4/ Vidin - Montana - Vratsa - Sofia, crossing the area and connecting Western and Central Europe with Greece. With great importance is also the second class road II - 81 Lom Montana - Berkovitsa - Sofia through Petrohan Pass that connects the harbor of Lom with the international road E - 79. In the longer term is reasonable to build a tunnel under the Petrohan Pass with a length of about 9 km, which will provide the shortest link to the south part of the country.

The general condition of the road network is inadequate and it doesn't meet the modern requirements. Only 14.1% of the total length of the national road network is in good condition and ensure fast, safe and comfortable transportation, in average condition is 51%, and in a bad state - 34.9 percent of the roads. From the roads in poor condition are at the major share of Class III roads - 139.8 km, II class - 64.1 km and I class - only 4.5 km. The main reason for this situation is due to the significant reduction of funds for maintenance and repair. Moreover, a number of other factors accelerated degradation processes of roads from the main road network - increasing the axle weight of modern trucks, increased traffic of cars and more.

Technical and operational condition of the road network of the different classes of the national road network is currently reflected in the following table:

Road condition	Class of road						total km	%
	I class km	%	II class km	%	III class km	%		
good	15,1	9 %	15,0	3 %	54,7	3 %	84,8	14,1
average	32,2	5 %	82,5	14 %	190,0	31 %	304,8	51,0
bad	4,5	1 %	64,1	11 %	139,8	23 %	208,4	34,9
total	51,9		161,6		384,5		598,0	100

Road facilities on the territory of Montana District are 1090 in total of which 83 are bridges. 18 numbers of bridges are in poor technical and operational condition. For 15 of them should be done rehabilitation. Also should be built new bridges at the places of them that are in poor condition or where the supporting structure doesn't correspond to the class road.

Railway network

The district has very good train links with the capital Sofia, the Black Sea port of Varna and in all areas of the national railway network.

Economic axis of the district is the railway line Sofia - Mezdra - Vratsa - Vidin with a deviation from the town of Boychinovtsi to Montana City and the town of Berkovitsa, and from Brusartsi to Lom.

The length of the railway network in the district is about 130 km. Its density is 0.0366 km/sq.km, with an average value for the country 0.039 km/sq.km and 0.0382 for the North-west Planning Region. Railway lines in the area are with normal track and they are

electrified. Their condition is relatively good, in bad condition are only the section Montana - Berkovitsa where there a speed limit of movement.

For passenger services operate 12 stations.

The development of the railway network includes its modernization, giving the importance that will have this type of transport after the construction of Danube Bridge II.

Waterway transport

Waterway transport in Montana District is represented by the harbor of Lom and some local marinas. "Port Complex Lom" EAD includes the ports Lom and Oriahovo /Vratsa District/ and realized about 40% of the Bulgarian cargo on the Danube River. Harbor of Lom is a part of Pan-European Transport Corridor № 7 - The Danube River and it's the second largest port on the Danube in Bulgaria.

Cargo from the port reaches to Diyzburg and Regensburg /Germany/ - west and to the Black Sea and the Mediterranean basins - east.

The port has 13 berths for loading and unloading activities and one for passengers with a total quay length 1300 m. it has a well developed road and rail links. Open storage area is 60.2 acres and closed - 9.5 acres. Existing infrastructure provides a direct land connection Lom - Thessaloniki. There is a project for the rehabilitation, reconstruction and modernization of the port of Lom, which is on the list of fast start of the Stability Pact. The project was granted the status of an object of national importance by Decision of Council of Ministers in 2004.

Air transport

On the territory of Montana District, there is no civil airport. The nearest civilian airport is in Sofia City. In the village of Gabrovnitsa, Montana Municipality there is former military airport, which is closed and haven't functioning since 2001. In 1986 was performed major repair and extension of the runway, which allows servicing of all types of transport aircraft aviation. The airport has a system for search and rescue aircraft in distress with the ability to carry out refueling of aircraft with all kind of fuels.

In the region, there are tracks of local importance, used over the needs of the agricultural aviation. They can be used by light airplanes by day under normal weather conditions.

Communication system

On the territory of Montana District has a well-developed telecommunication infrastructure and reaching every village automatic telephone network. Under construction are regional optical rings with digital transmission and communication systems. There are optical cable lines Kozloduy - Lom - Valchedram - Brusartsi - Vidin and digital telephone exchanges in the cities of Montana, Lom and Berkovitsa by "BTC" EAD. It's constructed a network of optical connectivity "Mobiltel" EAD /Pali lula - Boychinovtsi - Montana - Vratsa/. There is pending construction of the fiber optic cable highway Sofia-Montana - Vidin by "Netplus" OOD.

The degree of coverage for the district is high. There is a network of the mobile operators MOBIKOM, MTEL and GLOBUL.

All municipalities have access to the internet. Future development of the communication system is related to the intentions of the owners of the networks.

Energy network

Electricity system

Electricity supply in the district is carried out by the national electricity system through 7 transformer substations of 110/20 kW, located in the municipalities of Montana /2/, Lom /1/, Berkovitsa /1/, Brusartsi /1/, Valchedram /1/, Martinovo /in the municipality of Chiprovtsi - 1/ and one 220/110/20 kW in Boychinovtsi where is the center of main cargo for the district. Energy consumers are powered by installed transformer capacity 331 MW, owned by operating company and by other owners - 200 MW.

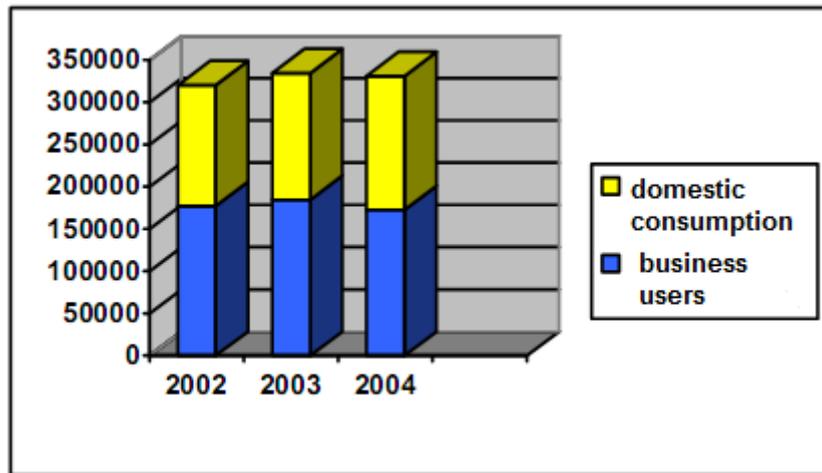
The Electricity system with power 110/220 and 400 kW is managed by NEC - EAD. Electrical power lines at 200 KW, leaving the Kozloduy NPP to el. substation "Sofia-west" pass through the territory of the district.

Hydroelectric power plants /HPP/ "Barzia", "Klisura" and "Petrohan" with power 110 KW are included in substation Berkovitsa.

Electrical network in the district is well developed and dimensioned to accommodate large loads. Technical condition of the equipment is good and it's managed by the "Electricity Pleven - Montana Branch" EAD. Former state-owned enterprise was privatized in 2004 and is owned by the Czech company CEZ. The network now includes several small hydropower plants in Montana Municipality and the municipality of Georgi Damyanovo.

Electricity consumption in Montana District kWh

In 2002	domestic consumption	177 171 936
	business users	142 998 474
	total	320 170 410
In 2003	domestic consumption	184 452 534
	business users	149 892 948
	total	334 345 482
In 2004	domestic consumption	172 580 903
	business users	158 349 588
	total	330 930 491



Gas Supply

In Montana District only the district town is supplied with gas. There are two pipelines - "Overgaz" and "Bulgargaz". The network on the territory of Montana City is managed by "Montanagas" AD. Public buildings are gasified - schools, kindergartens and hospitals; the gasification is expanding.

In the industrial area of Montana City has access to both the pipelines and the main part of the production enterprises are gasified. There is a tendency for expansion of the network and an increase of subscribers. In the future, gas supply network should be extended to reach more settlements in the district.

6.Territorial structure

Urbanization and Urban Network

Settlements in the district are 130; there are 8 cities - Montana, Lom, Berkovitsa, Chiprovtsi Varshets, Valchedram, Boychinovtsi and Brusartsi. Eight of all municipal centers are cities and three are villages - Yakimovo, Medkovets and Georgi Damyanovo.

The population density in the area is below the national average, according to the data in the following table. There is a strongly expressed inequality in the distribution of population in different settlements - towns of Lom and Montana have a population density above the national average, and three entirely rural municipalities are with the lowest population density in the area - between 11.2 and 27.4 people/sq.km. Chiprovtsi Municipality is the most sparsely populated municipality that has municipal city center.

The following table shows comparative data on settlements and population density in Montana District, in the North-West Planning Region as a whole and for the country.

Planning region, district and municipalities	Area - sq.km	Population density - people / sq.km	Settlements - number	Cities - number	Villages - number
Bulgaria	111001.9	70.3	5333	246	5087
North-west Region	10606.0	48.3	395	23	372
Montana	3635.6	47.7	130	8	122
Berkovitsa	465.0	46.7	20	1	19
Boychinovtsi	308.3	37.5	13	1	12
Brusartsj	194.4	32.9	10	1	9
Valchedram	431.5	28.5	11	1	10
Varshets	240.1	39.3	10	1	9
Georgi Damyanovo	320.6	11.2	13	-	13
Lom	323.9	103.4	10	1	9
Medkomvets	191.1	27.4	5	-	5
Montana	652.7	91.9	24	1	23
Chiprovtsi	286.9	15.8	10	1	9
Yakimovo	221.0	24.2	4	-	4

In order to reduce unwanted migration will require policies at national and regional level for rural areas and small towns in them, which are directed towards the diversification of agricultural employment and the creation of new urban-rural relations. Encouraging the smaller towns would be appropriate in providing services for agriculture and disclosure of small and medium enterprises linked to agricultural production. Such an approach is consistent with European policy of territorial cohesion.

Characteristic of Montana District is the lack of large urban center as a core and an incentive for development and growth. The district town of Montana is in the category medium-sized cities with a population of about 49,000 citizens, the town of Lom is in the category of small towns with a population of 30,000 inhabitants, and while the remaining six are towns are many small towns with a population of 10,000 inhabitants. This indicates a very low degree of urbanization. In 2003 in the cities of Montana District lives 61.4% of the total population in the country as this percentage is 69.7%. These data support the conclusion that in the district the nature of its production and lifestyle as well as its overall appearance can be defined as agricultural. Besides the villages, the many small towns located in the plane and declared as cities in the second half of the last century, have markedly agricultural character and lifestyle. It can be found as benchmarks for future development of the lives and the link city - village.

The center of the district - Montana City where the objects of service are focused of a higher degree is in a convenient location to other settlements and centers of municipalities. This applies more to the municipalities in the southern part of the district, while municipalities in the north are relatively far from the regional center. This situation is at logical to assess the need to strengthen and stimulate the development of Montana as a strong center, supporting the settlement network. Favorable influence on the development of Montana

has had its announcement of a regional center in the middle of the last century. Currently, the majority of people with high educational level in the region are concentrated in the district center and the population of the city is with high living and employment potential and high educational level. Although it isn't of the category of big cities, Montana is an important economic, administrative and cultural center for the region. In addition to the regional center, regional policy should be aimed at strengthening the position of the towns of Lom, Berkovitsa and Varshets as reference points for the development of the system of settlements.

Settlement network of the area can be characterized as relatively well balanced and evenly developed. Settlements are evenly distributed in the region and the distances between them aren't large. The support centers - small towns are located in good proximity to the villages. It suggests opportunities in the future of improving the urban-rural links. Depending on the nature of the terrain the settlements are from plain and mountainous kinds, dominated by plains. Mountain villages have access through the municipal road network, i.e. there are no inaccessible and isolated mountain villages because of lack of roads. However, the small mountain villages are inaccessible and are in factually insulation development of economic activities due to the poor condition of the road network.

In the current trend of steadily decreasing of population and the present economic condition of the district, the state of the physical environment in urban areas, including and the cities, is a serious problem for municipalities. Technical infrastructure networks don't adequately meet the needs.

Physical environment and buildings in large parts of the settlements are being amortized, there are unused buildings. Better is the condition in urban centers due to some municipal and private initiatives. Local authorities' efforts should be aimed at maintaining good existing public infrastructure - buildings and public spaces, green areas and other elements of the public urban environment. Care of the cultural heritage and cultural monuments are insufficient. Their forthcoming new socialization can play a crucial role in their transformation from object of passive protection only into a tool for development. Within the competence of local authorities are the seeking solutions through change of ownership or other forms of management for abandoned public buildings and territories.

Industrial areas in the cities of Montana, Lom and Berkovitsa cover large areas, but some of them are occupied by old, abandoned or ruined buildings which are difficult to upgrade and use. Local authorities should focus their actions to use different options, including public-private partnerships for the development of these areas, such as the use of parts for other neglected urban needs such as landscaping and public services.

Residential areas in the cities are insufficiently developed; panel buildings don't cover the modern requirements for residential occupancy. The condition of many of the public buildings for culture, education, health care, especially in small towns and villages, construction in progress and unused building potential are a problem for the municipalities. In settlements, especially in Montana, Lom, Berkovitsa, Varshets and Boychinovtsi has peripheral neighborhoods inhabited by Roma populations, having problems in two areas - urban status and condition of the physical infrastructure - water supply, sewerage, street network, and other elements of the public service. Future problems will be exacerbated, taking into account the rapid growth of the population in these areas.

Peripheral features, isolation and depopulation are major problems for small villages from all municipalities, especially in mountain ones. Through the instruments of regional policy will seek ways for demographic and economic revitalization of these areas.

Plans of settlements and city centers are outdated after the restitution process. Their partial reversal of a piece is vicious practice that creates serious problems of management of urban processes. Creation of a new cadastre and new plans for regulation and development is an important task for the municipal authorities.

Ensuring the sustainability of the settlement network and the development of quality urban environment guaranteeing a decent standard of living should be a priority for regional development policy.

The table illustrates the balance in Montana District by types of territories.

Type of territory	Real Estate - number	Area /acres/	Area %
Other / unspecified	4	34.200	0.00
For the needs of agriculture	352446	2265640.900	70.01
For forestry purposes	48805	723519.700	22.36
Settlements	784	138707.800	4.29
Water streams and water areas	3541	90854.200	2.81
Mining	65	1662.200	0.05
For transport purposes	2057	15936.200	0.49
Total	407702	3236355.200	100.00

Conclusions:

- + In the district a big city is missing for organization development
- + the district and its settlement system is characterized by agricultural outlook
- + Settlements are unevenly distributed in the district
- + Development of the settlement system is uneven, small villages are depopulated and declining economy
- + Urban infrastructure and physical environment of the settlements, including Roma neighborhoods, are in need of reconstruction and modernization
- + Industrial areas in the cities are old and need updating and reorganization
- + the cities of Montana, Lom, Berkovitsa and Varshets are the main support centers for development

7.Environment

7.1. Air, water, soil

Air

The main sources of air pollution are concentrated in the district city Montana. In other settlements industrial sources are with negligible impact on air quality.

Level of controlled air pollutants in Montana City is reported in a post located in the city center in the building of RIOSV - Montana. It's under control the concentrations of the following pollutants: dust, fine dust particles, lead aerosols, sulfur dioxide, nitrogen dioxide and hydrogen sulfide.

Because of the widespread use of solid fuel for heating in households and other established causes / construction and repair activities, greater traffic of vehicles, temperature inversions, dry and windy weather/ have been established some separate exceeded levels of the limit values for indicators fine dust particles and dust. Concentrations of sulfur and nitrogen dioxide have seasonality, setting of solid fuels used for households. Concentrations of lead aerosols are not a problem for air quality. By decision of the Council of Ministers at the end of 2003 was discontinued the use and production of leaded petrol and it isn't expected a pollution of lead aerosols to be a problem for air quality in the future. In recent years some exceeded values of limit-levels of hydrogen sulfide in the atmospheric air have been reported.

On the territory of Montana District, a mobile control station to RIOSV - Pleven conduct periodic quality control measurements of the atmospheric quality by 16 indicators. First 6 of them are related to weather, but the other 10 are: powder, carbon monoxide, ozone, sulfur dioxide, nitrogen monoxide, nitrogen dioxide, nitrogen oxides, methane hydrocarbons, ammonia. In peslednite years have not found pi higher than normal values for average daily concentrations. In the past few years, higher than normal levels of average daily concentrations haven't been found.

Major sources of pollution are the following entities: "Berg Montana Fitingi" AD, "Podova keramika" OOD, "Monbat" AD in Montana City. Special potential source of fugitive emissions is "Port Complex Lom" EAD. In the other municipalities the sources are of local importance without much impact on air quality in the district.

In the recent years, it's been reported a reduction of emissions of harmful substances into the air from industrial sources. This is mainly due to the gasification technology, heat and combustion equipment and the modernization of treatment facilities for waste gases.

Serious problem of air quality are forest fires and burning of dry grass. Despite numerous checks, prescriptions and prohibitions of the different institutions this vicious practice continues.

On the territory of Montana District isn't registered cross-boundary pollution from other districts and countries. The nearest larger sources are located in Vratsa and Vidin /about 40 and 80 km from Montana/.

In the medium and long term it is expected continuation of gasification of industrial sector in Montana City that will lead to a significant reduction of dust, soot and sulfur dioxide in the air. The emissions of pollutants from domestic heating represent about 30% of the amount of dust and summarized about 10% of the total amount of sulfur dioxide.

Water

Surface waters of the territory of Montana District cover the shores of the rivers of Ogosta, Tsibritsa, Lom and the rivers west of it.

The results of analyzes of inland rivers in the region are:

- Vohnishka, Archar, Lom, Tsibritsa and Ogosta show stabilization of recently improved condition with minor exceptions / rivers of Ogosta and Botunya/ meet the design categories. An exception is Ogosta River in the points after Montana City and Botunya River before its merger into Ogosta River during the low water.

Deviations from the standards described above are the result of the following factors:

- untreated discharge of urban collectors of Montana, Berkovitsa and Varshets
- periodic pollutions of Ogosta River of untreated waste waters from industrial enterprises in Montana with local treatment facilities, discharging through the three urban collectors

In the Danube River are flowing directly /without purification/ waste water of the city's sewage of Lom with discharges from 600 to 800 liter per second. There is a local treatment facility of "Lomsko Pivo"AD.

Sewage systems of towns without sewage treatment plants /Montana, Lom, Berkovitsa/ still remain one of the biggest polluters of the Danube River - directly /Lom/ and by inland rivers /Montana, Berkovitsa/.

Water pollution with heavy metals

Ogosta Dam, built as a dam for irrigation and as part of an irrigation system "Ogosta" and the shores /of Ogosta River/ have been contaminated with heavy metals - arsenic and lead as a result of the activities of the mining company in the town of Chiprovtsi and the village of Martinovo. Recommendations are made by the RIOKOZ Montana to study the quality of the dam water of varying depth with feasibility assessment for irrigation from surface water level /under conditions that they meet the requirements/. To prevent contamination of irrigated agricultural land is needed to build a treatment plant for heavy metals.

Of great importance is the attitude of local authorities to this problem - to find funding for research and prevention and the creation of environmental and health culture of the population.

Soil

Soil condition is characterized by the presence of damaged and degraded lands. Damaged lands are with temporarily or permanently deprived soil fertility. Those in the district are 179 acres, as the trend is stagnation in their increase in the district.

Degraded lands are eroded, acidic, salty, polluted with heavy metals, pesticides. Wind and water erosion are the main degradation processes. In the district about 30% of agricultural land is threatened by water erosion, as most of it is located on the shores of the Danube River. From water and wind erosion is threatened about 36% of agricultural land.

Relatively higher share have the acidic soils - 30.5%. Very acid soils are located in front of the Balkan region - around Berkovitsa, Varshets, Chiprovtsi. Many soils are natural acidity, but the majority is under the influence of chemical agriculture.

Pollution of soils with heavy metals

The shores of Ogosta River, including Ogosta Dam, built as a dam for irrigation, are contaminated with heavy metals from the terminated activity of the mining company in Chiprovtsi. Untreated waters were flowing directly into Ogosta River.

Unfortunately this fact isn't taken into account with the necessary seriousness of local authorities and the affected local population, for years growing vegetables and animals of the polluted area by uncontrolled production on the market. In the period 2001 - 2002 have been made studies of soil and water by RIOS and HEI /RIOKOZ/ Montana. The conclusions were that the levels of lead, arsenic and cadmium exceed 2 to 300 times the limit values in water and in different types of agricultural and animal production. Recommended was to make a study of the soils and the production of them, a map with the boundaries of the areas with a degree of contamination. This is necessary in order to determine the regime of land use and development of technological schemes to be reduced the arsenic contamination.

In January 2002, for the problem are informed three ministries by the governor - the Ministry of Environment and Water, the Ministry of Agriculture and the Ministry of Health. They have made recommendations, but the actions taken of the control units have no real effect. Lack of interest of the population about the dangers and lack of control over the production allow distribution of agricultural products from contaminated areas.

7.2. Organization of waste collection and landfills

System for collection and transportation of waste covers 64.34% of the total population in Montana District. In the municipalities of Montana /84%/, Lom /75%/, Varshets /77%/ and Berkovitsa /74%/ the indicators are highest, while municipalities of Georgi Damyanovo, Medkovets and Yakimovo are not covered by the system.

On the territory of the district has nine urban landfills included in the National Register of landfills for municipal solid waste. There are problems in their operation associated with uncertain beginning and end of the operational period, the types of occupied territories, and the characteristics of household waste.

According to the Program for the introduction of the organized collection and transportation of waste from settlements and cleaning unregulated landfills by the end of 2007 it provided a closure of 152 landfills with a total area of 445.5 acres. All municipalities have evaluated

the unregulated landfills in their territory, accompanied by concrete measures, means and time for their gradual closure.

There is a desire to expand and optimize the system for collection and disposal of municipal waste. Some of the municipalities as the municipality of Montana use interest-free loan from the MOEW. With that loan are purchased containers and specialized equipment.

Under construction, reconstruction and modernization is a household waste landfill in Montana City, funded under ISPA Program, the deadline for completion is August 2005. The facility is located in an area of 186 acres with a useful volume of 3.711 million m³. The landfill will serve all communities of Montana District with Krivodol Municipality, Vratsa District.

district, municipality	population	Population covered by the system of waste collection	Total quantity of waste, generated within the settlement	Available equipment
Montana District				
Boychinovtsi	11 312	11 312	10 425	-
G.Damyanovo	3 316	3316	2015	4
Montana	65 515	60519		10
Valchedram	13 746		4300	
Varshets	9 660	5800	3175	
Chiprovtsi	5 011	5011	7842	
Yakimovo	5 117	2052	2010	1
Brusartsi	6 156	1560	193	1
Lom	32 662	22798	11646	9
Medkovets	5 103		1060	
Berkovitsa	23 185	19268	5819	

Organization of waste collection in Montana District and landfills

district, municipality	population	Available containers for collection of waste /including for public buildings and companies/					
		110 l	120 l	240 l	1100 l	4 m ³	other
Montana District							
Boychinovtsi	11 312	3539	-	-	561	-	-
G.Damyanovo	3 316						sacks 42063
Montana	65 515				813	96	
Valchedram	13 746	60					
Varshets	9 660	1450					
Chiprovtsi	5 011	593				91	
Yakimovo	5 117					26	
Brusartsi	6 156		150			5	
Lom	32 662	1550			370	53	
Medkovets	5 103					5	
Berkovitsa	23 185	2880			33	196	100

Organization of waste collection in Montana District and landfills

district, municipality	population	Proposal for optimizing the number of municipal waste in the municipality, covering the entire population of organized waste collection /including public buildings, and companies/ - refers to the necessary additional containers, including and replacement of old containers				
		110 l	120 l	240 l	1100 l	4 m ³
Montana District		110 l	120 l	240 l	1100 l	4 m ³
Boychinovtsi	11 312	-	-	-	-	-
G.Damyano	3 316				80	
Montana	65 515				481	
Valchedram	13 746					
Varshets	9 660	2000				50
Chiprovtsi	5 011	510				65
Yakimovo	5 117		380			190
Brusartsi	6 156		300			30
Lom	32 662	64			30	41
Medkovets	5 103		186			24
Berkovitsa	23 185	1000			334	

Industrial and dangerous wastes

Management of industrial and dangerous waste is regulated by the Law of waste management and the regulations to it.

Overall the territory of Montana District has a lack of facilities, meeting the requirements of environmental legislation for waste recovery and/or removal on a regional basis. In accordance with the principle "the polluter pays" companies generating waste provide conditions for safe storage of their territory.

By quantity the highest number of waste come of metallurgy - "Berg Montana Fittings" AD, "Lit" OOD and others; metal particles, pieces of ferrous and non-ferrous metals - "Balkan"

AD, "Mir" AD and others; waste from tailoring industry - "May" AD, waste of wood processing industry - SD" Syrakov i sie", ET "Arsov 90 - Iv.Arsov".

Ferrous and non-ferrous metals, plastics and paper are submitted for recycling. In processing enterprises, industrial waste is treated by incineration in steam plants and the resulting heat is used in the production process.

Dangerous waste:

- sludges containing metal hydroxides, zinc ions, trivalent and hexavalent chromium, waste from phosphate - "Emko" OOD - Chiprovtsi; "Arcus" AD - Lom; "Balkan" AD and others
- zinc waste - "Berg Montana Fitingi" AD
- sediments from non-ferrous metals /lead/ - "Monbat" AD
- hazardous hospital waste - from health facilities
- waste of ammonia-refrigeration installations, by enterprises of the food industry and waste of motor oil - "Agrofoka" OOD, Berkovitsa; "Elsner Produkt - Varshets" OOD; "Lomsko Pivo" AD

It's not covered all objects generating dangerous waste - garages, car washes, gas stations and more.

Dangerous waste from the Montana hospital has burned in special furnaces. There will be a construction of a new facility or reconstruction of the incineration of waste burning in a line with regulatory requirements. Waste of the hospitals in Berkovitsa and Lom are transmitted in the incinerator for disposal of hospital waste in "Alexandrovska University Hospital", Sofia City.

Dangerous waste containing lead from "Monbat" AD, Montana is collecting in a specialized site for temporary storage. They are processed in the Plant for recycling of old batteries. Waste of the Plant for recycling of old batteries is transmitted to the processing of "KCM" AD, Plovdiv City.

Processed oils are transferred to specialized companies. Problem is the waste of cleanser-degreasers, because of the lack of a landfill for dangerous waste and processing companies for this type of waste in the region.

On the territory of Montana District for the most part obsolete pesticides are taken into "B-B" cubes and secured. The total quantity of obsolete pesticides, non-retracted in "BB cube" in the entire district is 124.5 m³. In perspective for preservation of the remaining pesticide will be used containers type "B-B" cubes.

It's not resolved the problem with the collection of spent fluorescent and other lamps containing mercury that require determination by the mayor of sites with appropriate containers that meet the requirements of the Regulation on the placing on the market of fluorescent and other lamps, containing mercury. It is forbidden the burning of tires. It will be open an area in Vidin City for collection of discarded tires. There aren't locations for waste collection and dismantling of end-of-life vehicles. According to the Ordinance on the conditions and procedures for reduction of pollution from motor vehicles, the mayors determine locations for the temporary storage and also their number or assign duties to

natural or legal persons registered as dealers and authorized under Article 37 of the Law on Waste Management.

Soon an Ordinance will be approved, regulating the management of packaging waste as ordinary waste. RIOSV - Montana is in the process of issuing a permit for the collection and recycling of packaging waste - plastic, paper and cardboard to company in the municipality of Belogradchik. According to the Law on waste management, producers and importers of packaged goods are responsible for the separate collection of waste, resulting from the use of these products and to achieve recovery targets for the percentage by weight of packaging waste.

Persons, whose activities form production, dangerous and construction waste, develop programs for the waste, depending on the expected development of manufacturing and other activities. Copy of the program is presented in the municipalities in whose territory the companies operating for their inclusion in the municipal programs for waste management.

Lack of specialized hazardous waste landfills and other facilities for their processing doesn't allow the possibility of a final solution of the problem of dangerous waste. Their storage is lasting several years and it leads to the accumulation and depletion of the areas.

Wastewater treatment plants

Sewerage systems in urban areas provide disposal and treatment of urban waste water, reiny and industrial /after pre-treatment/ water and discharge in the respective water body. They are important for maintaining a supportive and healthy living environment, protection of water resources' pollution and maintaining the ecological balance.

By degree of sewerage network in the settlements and wastewater treatment plants has a significant retardation. Sewage system was built in only three places - Montana, Lom and Varshets. Some larger towns in the area are also with sewage system, but their networks don't cover the technical requirements and standards.

Wastewater is discharged directly into rivers Ogosta and Danube. Enterprises according to the type of production have a local wastewater treatment plants for chemical or mechanical treatment and other facilities with the same orientation.

Wastewater treatment plants for the settlements with more than 10 000 population equivalents are going to be built under the National Program in the cities of Montana, Lom and Berkovitsa. The only treatment plant in Montana District is in the town of Varshets, but to cover current technical standards it needs a reconstruction.

It's expected to be built a wastewater treatment plant in the district town of Montana under ISPA Programme of the EU.

7.3. Protected Areas and Biodiversity

Reserves

For reserves are declared samples of natural ecosystems, including characteristic and/or remarkable wild plant and animal species and their habitats. Their management is extremely strict, prohibiting any activities contrary to the Protected Areas Act and the defined mode in the order of declaration.

Gornata Korja Reserve - situated on the northern slopes of the Western Stara Planina at the foot of Kom Peak on 1500 m above sea level and a total area of 161 ha. It's declared by Order № 508 / 08.03.1968 of the Ministry of Forests and forest industry. In the 80s were identified habitats of capercaillie /hunting type/. The reserve is a habitat of single specimens of deer and protected species of the flora - gentian, tommasinianus crocus, downy mullein, shiny thimble, some herbs under restricted use, etc. By Order № 887/12.10.1986 around the reserve is separated a buffer zone with an area of 108 ha in order to reduce and limit the anthropogenic impact on forest ecosystem and the preservation of its natural character. The reserve is a public state property.

Ibisha Maintained Reserve - state property, located in the eastern part of the Danube Island Tsibar with an area of 34.3 ha. It was declared by Order № 794/1984 in order to preserve "characteristic of the Danube islands communities - floodplain forests and swamps, as well as safe havens for rare and endangered plant and animal species. It's defined a buffer zone west of the reserve /200 meters/. Before its declaring of reserve, it's inhabited by several species of herons, spoonbill, small and large Cormorant, Bittern, Spanish Sparrow and more, which defines the international conservation status of the protected area as KORINE subsite. It's included in the list of Important Bird Areas in Bulgaria. In the last years of the last century has seen a decreasing trend of the number of nesting endangered species and increase the number of cormorants. The probable reason for this is the mass drying and falling of willows and poplars. In order to recover the colony of herons, preserving the character of nature and maintaining the habitats of other protected birds by Order № RD - 394/15.10.1999 of the MOEW the "Ibisha" is categorized as "maintained reserve" with the possibility of making a plan for management of the protected area.

Nature Parks

Under the law on protected areas for nature parks are declared areas, including diverse ecosystems with a variety of plant and animal species and their habitats, with typical and remarkable landscapes and natural monuments.

Vrachanski Balkan Nature Park - declared by Order № RD-02-14-393/1998 and covers three areas - Montana, Vratsa and Sofia. Its total area of the territory of Montana District is amounted to 4097.7 ha and covers areas in the villages of Gorna and Dolna Byala rechka and Gorno and Dolno Ozirovo on the territory of Varshets Municipality.

Protected areas

They are announced to preserve features of the landscape preservation, maintenance or restoration of habitats allowing the development of tourism, spiritual enrichment and educational activities, research and environmental monitoring. Management of protected areas prohibits contrary activities of the requirements for protection of concrete objects.

Protected area "Kopren - Ravno buche - Deyanitsa - Kalimanitsa" - declared by Order № 3751/30.11.1973 with a total area of 536.4 hectares of forests, comprising four picturesque

locations in the Kopilovski share of the Western Stara Planina. Diverse landscape including ancient deciduous and coniferous forests, colorful meadows, dotted with many rare and protected species of flora, cliffs and crystal clear springs and rivers makes spectacular sight and attracts hundreds of tourists all year round. With the permission of the MOEW, the Bulgarian Association for Rural and Ecological Tourism has made two eco trails. Within the protected area are two of the most beautiful waterfalls in northwestern Bulgaria - "Durshin" and "Vodniyat skok", declared as natural landmarks.

Usketo Protected area - announced by Order № 862/23.10.1992 with an area of 1.9 ha. It's located in Dalgidelska area of Western Stara Planina, 1550 meters above sea level and a natural age-old spruce forest in the existing coniferous forests. Biodiversity has not been studied.

Uruchnik Protected area - announced with Order № 862/23.10.1992 with an area of 51.0 hectares. It covers venerable forests more than 150 old-year natural spruce and spruce-beech in the upper mountain area in the Western Stara Planina, located 1,600 meters above sea level in the village of Barzia. The protected area is managed by UOGS "Petrohan." The biodiversity has not been studied.

Shumaka Protected area - announced with Order № RD-889/22.11.2001 by MOEW to preserve the habitat and populations of rare and protected plant species "field kitten". It covers 0.5 hectares of agricultural land in the village of Slivovik, municipality of Medkovets, Montana District.

Ribarnitsi Orsoya Protected area - declared with Order № 898/22.11.2001 of the MOEW with an area of 150.3 ha total forests and land resources in the village of Orsoya /Lom Municipality/ in order to maintain and protect the populations and habitats of protected, rare and vulnerable species of flora and fauna. It's included in the Important Bird Areas in Bulgaria. According to posts here are identified over 160 species of birds, 33 of which are included in the Red Book of Bulgaria, and 90 are of European conservation concern. The place has an international protection status - corine site. Here it has the most numerous populations of Little Bittern, Ferruginous Duck also breed and Pygmy Cormorant. The protected plant species are the "shtitolistnata kakichka" and the water lily. Biodiversity of the area hasn't been specifically studied. There is need of management plan for the protected area.

Kaleto Protected area - recategorized in protected area with Order № RD-1081/21.08.2003 by MOEW with an area of 23.6 ha, the town of Berkovitsa. It was declared to protect the vulnerable and rare plant species, preserving features of the landscape and possibility for the development of tourism.

Kitkata Protected area - a protected area with Order № RD-1079/21.08.2003 by MOEW with area of 1.8 ha, the village of Virove /Montana Municipality/with a purpose to protect vulnerable old forest of summer oak.

Natural landmarks

For Natural landmarks are declared typical or remarkable natural monuments - rock formations, sand dunes and more, which are of exceptional value because of their inherent rarity, aesthetic type or which are relevant to the science.

Marble Cave - it's a cave, located in area in Berkovitsa Town in the area "Alchov bair." It's declared as landmark with Order № 995/1971 with a total area of 16.3 hectares. In its territory have a park for which has a landscape project. The cave is known for its marble formations, underground galleries and cave species, but hasn't been studied. It's preserved in order to prevent destruction and pillaging.

Mishin Kamak - a cave located in the village of Gorna Luka in Chiprovtsi part of Stara Planina in the park with the same name. It's declared as a landmark by Order № 2634/1962 with a total area of 0.5 ha. The cave is known for its many white crystal formations and underground pools, but hasn't been studied. It's preserved in order to prevent destruction and pillaging.

Haidushki waterfalls - waterfalls with water falling from above 5.6 meters, declared as a natural landmark with Order № 3796/1965 by the Committee of Forests and Forest Industry. It's located in Bekovitsa share of the Western Stara Planina, in the town of Berkovitsa and is formed by the confluence of the rivers Tsenkova Bara and Slivashka.

Durshin and Vodniyat Skok - declared as landmarks with Order № 282/1979 by the Committee for Environmental Protection. It's located within the protected area "Kopren - Ravno buche - Deyanitsa - Kalimanitsa" in the Kopilovski share of the Western Stara Planina. These two waterfalls are one of the most beautiful in the region. Water falls of more than 15 and 10 meters, they are magnificent views of the picturesque background of the protected area.

On the territory of Montana District are declared as protected objects about 130 number of trees under the Biodiversity Act. The most common tree species are oak - 60 pieces /aged 150-350 years /, winter oak - 50 pieces /120-500 years old/, summer oak - 10 pieces /150-350 years old/, black poplar - 6 pieces /100-400 years old/, redwood - 2 pieces /100 years old/, field elm, western sycamore and mulberry - 1 piece.

The tendency is to increase protected areas by including new areas. It's pending the designation of new protected areas as "Ravnensko gradishte", "Waterfall of Chiprovtsi" and "Sto ovtsi" in the municipalities of Chiprovtsi and Montana.

8. Analysis of strengths, weaknesses, opportunities and threats - SWOT - analysis

Strengths	Opportunities
<ul style="list-style-type: none"> • Favorable geographic location - transport corridors № 4 and № 7 /Danube River/ • Port of Lom and its role in stimulating economic activities in the region • Developed technical infrastructure 	<ul style="list-style-type: none"> • Use of EU funding for regional economic development • Rehabilitation and modernization of technical infrastructure and improving of links with the European networks

<p>networks</p> <ul style="list-style-type: none"> • Favorable soil and climatic conditions for agriculture development • Potential for tourism development /mountain, spa, rural, eco, etc. / • Existing enterprises • Presence of non-employed, including well qualified people • Relatively high share of the population with secondary and higher education • Relatively clean environment 	<ul style="list-style-type: none"> • Imposition of Lom Port as an important point of the transport corridor № 7 and improving its relationship with eurocorridor № 4 and Cross Border Cooperation • Establishing distribution centers for agricultural production • Development of business information centers and business infrastructure to support small and medium businesses • Development of competitive SMEs • Recovery of Varshets and Berkovitsa as resorts of national importance and realization of tourism potential of the area • Development of clean and organic agriculture
<p>Weaknesses</p>	<p>Threats</p>
<ul style="list-style-type: none"> • Poor condition of the physical infrastructure - roads, sewerage network, irrigation systems • Decline of the port of Lom as an incentive for the development of transport and economy • Technological backwardness and low competitiveness of the economy • Fragmented and inefficient agriculture • Shortage of investments in the development of industry and agriculture • Concentration of economic activity in the district town and in other cities • Depopulation and aging, deterioration in the ratio between employed and unemployed population, a high proportion of Roma population as a source of antisocial, uneducated and unemployed • High unemployment above the national average • Decline in workforce qualification and 	<ul style="list-style-type: none"> • Failure to finance regional projects in infrastructure • Lack of interest in investment • Continuing technological backwardness of industry and agriculture • Delay in the reconstruction of the port of Lom • Deepening of negative demographic trends and depopulation; reduce the number of working-age population • Increase the number of illiterate; slow socialization of Roma population • Insufficient capacity for absorption of the resources from EU funds • Lack of initiative and entrepreneurial culture • Retention of high levels of unemployment • Decline of the towns of Lom, Berkovitsa and Varshets as centers, organizing development

<p>non-compliance with market demand</p> <ul style="list-style-type: none"> • Lack of developed cities as centers of overall socio-economic development and the availability of highly underdeveloped areas • Low income and living standard 	
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9.Strategic part

VISION

Stabilisation and accelerating the development of Montana District in the period 2005 - 2015 by its transformation in a region with a competitive economy and employment, improved quality of life with existing Cross Border Cooperation with other regions, attractive place to live in a clean environment

STRATEGIC OBJECTIVES

The main development objective of Montana District for the period 2005 - 2015 is overcoming the retardation by accelerating socio-economic development of the area to reach the level of the most developed areas in Bulgaria, complying with the environmental protection

Sustainable economic development of the district must cover its entire territory, with particular attention to the special impact areas, identified in the Regional Development Plan. The main objective is consistent with the primary objective of EU policy on economic and social cohesion, aimed at reducing disparities in the level of development of the regions and the backwardness of the least developed frontier, rural and mountainous areas.

The main objective can be achieved by implementing the following specific objectives:

1. Stabilisation and accelerating the development of the region through investments in the economy, business-related infrastructure and human potential
2. Reducing disparities in socio-economic development of the municipalities through investment and maximum use of existing potential for improving the conditions and quality of life
3. Territorial cooperation through the development of cross-border partnership for accelerated and sustainable economic development

The first objective will be achieved through the implementation of measures related to creating conditions for economic development and enhancing the competitiveness of the economy. Regional development actions will be aimed to support technological

development, to create an economy based on innovation and science, building business structure and implementation of IT in support of business; completing and updating the technical infrastructure that will affect business recruitment initiatives to improve the educational level of the workforce and to comply with the needs of the regional labor market, which will lead to increased employment.

The second objective will be achieved by activities aimed at disadvantaged target regions, tailored to their specific characteristics. Besides support for the development of the internal potential of the municipalities, the activities will help to improve the standard of the population in these areas. This means implementation of activities for improving the access to safe drinking water, environmental conditions, improving quality and access to health services, retaining local identity, natural and cultural heritage.

The third objective will be achieved through the development of existing contacts and establish new networks for inter-regional Cross Border Cooperation with neighboring regions in Romania, Serbia and Montenegro. Overall accelerating of the development of border areas can be achieved by building and improving the technical infrastructure, facilitated the transport links, improving trade relations, exchange of experience, the introduction of new technologies in SMEs.

Development priorities:

1.Competitiveness of the field for accelerated development

2.Development of modernization of infrastructure, creating conditions for development and attraction of investments

3.Increasing the attractiveness of the district and improving the quality of life

4.Improving the urban environment and the development of small towns and rural areas

5.Teritorial and Cross Border Cooperation for economic development

Priorities, specific objectives and measures for regional development

Priority 1 - Improving the competitiveness of the region for accelerated development

Specific Objective 1 - Development of entrepreneurship, technological innovation and introduction of innovations

Measures:

-  Development of Regional Innovation Strategy
-  Creation of business incubators and industrial parks
-  Promoting of the public-private partnership
-  Improving links of local enterprises with university, research and technology centers
-  Promoting innovation and new technologies in SMEs

Specific objective 2 - Building business networks, regional and transport clusters

Measures:

- + Business networking
- + Creating programs and development of clusters and support of their implement - agriculture, manufacturing, tourism, mechanical engineering
- + Supporting of the establishment of cross-border business networks with Romania and Serbia

Specific Objective 3 - Improving access to information and communication technologies in public services and services for SMEs

Measures:

- + Development of public information systems and public access to information, on-line business and public services
- + Development of skills among the population to use information and communications technologies
- + Helping businesses and SMEs to adopt and effectively use information technology

Priority 2 - Development and modernization of infrastructure, creating conditions for development and attraction of investments

Specific objective 1 - Rehabilitation and modernization of basic technical and transport infrastructure, modernization of communication networks and facilities

Measures:

- + Reconstruction and rehabilitation of roads and facilities of the national road network - I, II and III class
- + Gradual achievement of main dimensions of road I-1 / E-79 /
- + Rehabilitation and development of municipal and local roads and facilities
- + Improving of transport access to areas with tourism potential
construction a tunnel through the Petrokhan Pass on the road Lom - Montana - Sofia
- + Reconstruction and modernization of the railway line Sofia - Boychinovtsi - Vidin - Lom
- + Reconstruction and modernization of the port of Lom
- + Building and development of modern communication systems and telecommunications

Specific Objective 2 - Development and improvement of infrastructure connected with ecology

Measures:

- + Introduction of modern systems of waste collection, systems and equipment for their processing - use of the regional landfill by all municipalities, introduction of separate collection and recycling centers; contemporary treatment systems for hospital waste,

facilities for waste recycling /extraction of biogas /, and other activities related to waste

- + Construction of wastewater treatment plants in the towns of Lom, Berkovitsa and Varshets
- + Construction of sewage systems in settlements with more than 2,000 population equivalent
- + Provision of drinking water in sufficient quantity and quality for all settlements - building and renovation of water supply systems
- + Construction of new and modernization of existing treatment plants for drinking water
- + Introducing of modern systems for sparing use of water
- + Implementation of integrated monitoring and management of environmental parameters for prevention of the pollution
- + Utilization of old pollution and rehabilitation of affected sites and areas
- + Biodiversity conservation and environmental protection
- + Stabilization of landslides and river banks, correction of rivers
- + Introduction of new technologies, limiting pollution
- + Prevention of risks - natural and industrial, development of plans for risk management

Specific objective 3 - Development of energy infrastructure, improve energy efficiency and use of renewable energy sources

Measures:

- + Expansion of the gas-transmission and gas-distribution network in the region
- + Development and rehabilitation of electrical-transmission and electrical-distribution systems
- + Use of renewable energy sources - biomass, solar energy and etc.
- + Raising awareness and management capacity in terms of energy efficiency in the public sector
- + Implementing programs to improve energy efficiency

Specific objective 4 - Building local business and market infrastructure

Measures:

- + Creating of business centers, business parks, exhibition halls
- + Consulting support for the development of entrepreneurship and SMEs
- + Creating markets for producers

Priority 3 - Improving the attractiveness of the area and enhance the quality of life

Specific objective 1 - Investments in quality of the education, meeting the European standards and in line with market demand

Measures:

- + Renovation, repair and modernization of technical equipment in the facilities of education, improving their energy efficiency

- ✚ Optimization of the network of schools and kindergartens
Implementation of an education system, tailored to the needs of the labor market
- ✚ Improving the links between vocational training and manufacturing enterprises
- ✚ Improving the qualifications of teaching staff
- ✚ Implementation of activities to prevent early school leaving, including Roma children
- ✚ Implementation of programs for vocational education and lifelong learning
- ✚ Flexible systems of vocational education and training, depending upon the demand in the regional market

Specific Objective 2 - Improve the quality and expand the scope of health services

Measures:

- ✚ Renovation, repair and modernization of technical equipment in health care facilities, improving energy efficiency in them
- ✚ Investments to develop and improve the quality of health services
- ✚ Providing quality and affordable health services for the population on territory of the district
- ✚ Introduction of new types of health services
- ✚ Implementation of the education systems of prevention and healthy lifestyles

Specific Objective 3 - Improving the quality and the introduction of new social services

Measures:

- ✚ Activities to improve the facilities and equipment of buildings for social services
- ✚ Creation of residential facilities to accommodate individuals and families at risk
- ✚ Design of new forms of social services, covering all affected groups / children, the elderly, the disabled, the homeless, etc./

Specific Objective 4 - Prevention of unemployment and integration of the unemployed people into the labor market

Measures:

- ✚ Professional counseling and retraining of unemployed, including risk groups and those with disabilities - long-term unemployed, the elderly, the Roma ethnic group
- ✚ Support new entrepreneurs and self-employed through vocational training
- ✚ Support for the creation of youth employment
- ✚ Support activities for employment of people with disabilities
- ✚ Creation of a regional information system for vocational guidance and information

Specific objective 5 - Socio-economic integration of Roma communities and improve their quality of life

Measures:

- ✚ Activities to support active citizenship of local Roma communities and NGOs for socializing Roma groups - educational activities for children and adults to enhance their social, health and consumer culture, to respect the social norms
- ✚ Stimulating specific for the community work activities, supporting self-employment and entrepreneurship
- ✚ Support the activities of local authorities and NGOs for Roma inclusion into the labor market

Specific Objective 6 - Development of culture, recreation and sport, youth activities

Measures:

- ✚ Activities, supporting local professional cultural institutions to involve younger generations to national and local cultural identity
- ✚ Conservation and transformation of the 'chitalishtata'/a kind of cultural centers/ in contemporary spiritual information centers to spread information, knowledge and culture
- ✚ Support for libraries to evolve into modern data centers with public access
- ✚ Supporting local groups - professional and amateur, protecting traditional dance, music and folklore
- ✚ Preserving and developing forms of distribution of national cultural traditions - festivals, fairs, workshops in visual arts and more
- ✚ Improving conditions for sport and recreation - upgrading the existing and construction of new playgrounds, swimming pools and other objects
- ✚ Support for activities related to children and youth, center for different activities, sports and more

Priority 4 - Improving the urban environment and the development of small towns and rural areas

Specific objective 1 - development and improvement of the urban environment

Measures:

- ✚ Updating of cadastre and spatial plans of the settlements
- ✚ Development of detailed plans of the areas for the development of mountain tourism and other types of tourism
- ✚ Development of a regional development scheme under the Law on Spatial Planning
- ✚ Construction and rehabilitation of other technical infrastructure in Roma neighborhoods
- ✚ Rehabilitation and upgrading of industrial zones
- ✚ Renovation of public areas, recreational areas and sports, creating bike lanes
- ✚ Preservation and expansion of green areas
- ✚ Aesthetic and restoration of architectural and archaeological heritage in the urban environment
- ✚ Improving urban transport systems - maintenance of streets, public transport / update auto park, eco-clean buses, etc./

Specific Objective 2 - Development of small towns and socio-economic integration of remote settlements

Measures:

- ✚ Encouragement of entrepreneurship and workforce mobility by improving transport links, communications, public services
- ✚ Implementing programs to attract investments in small towns
- ✚ Creation of local employment to reduce the demographic imbalance and migration of young people
- ✚ Improving and creating new urban-rural relations, access to new package services for rural areas

Specific Objective 3 - Improving the competitiveness of agriculture and forestry**Measures:**

- ✚ Supporting the semi-market economies in an effort to restructure
- ✚ Supporting the establishment of producer associations
- ✚ Establishment of agro-business centers for the exchange of information, new technologies and innovations
- ✚ Improving the skills of persons employed in agriculture and forestry
- ✚ Help to improve the quality of agricultural production; management activities for agricultural land
- ✚ Supporting farmers in mountain areas
- ✚ Help with NATURA 2000
- ✚ Implementation of the Leader approach for local development
- ✚ Support for non-productive investments in agriculture and forestry
- ✚ Assistance in agro-environmental schemes and schemes for animal welfare
- ✚ Support the production of biological and ecological production, management activities on forest lands
- ✚ Support forest-environment activities
- ✚ Afforestation of erosive agricultural lands
- ✚ Support the implementation of forest management plans - restoring forestry potential, afforestation, forest infrastructure in the prevention of erosion

Specific objective 4 - Diversification of the rural economy and improve the quality of life in rural areas**Measures:**

- ✚ Support of non-agricultural activities - tourism, crafts and more
- ✚ Creating micro-enterprises to increase the employment
- ✚ Protection, improvement and management of natural wealth as a basis for sustainable economic development
- ✚ Improvement of basic services for the population and the rural economy
- ✚ Renovation and development of villages and conservation of rural heritage
- ✚ Professional training of the economic subjects in the villages
- ✚ Improving the skills of local authorities for strategic planning and their implementation of local development

Specific Objective 5 - Development of tourism and the preservation of natural and cultural heritage

Measures:

- + Protection, conservation, exhibition of natural and cultural heritage in support of tourism development
- + Support for the development of new forms of sustainable tourism, based on the preservation and exhibition of natural and cultural heritage - rural, eco-tourism, cultural and more
- + Improve and increase the accommodation / small hotels, chalets, cottages and more/
Improve access to tourist sites and tourism infrastructure
- + Development of mauntain tourism and balneo-medical tourism - municipalities of Berkovitsa Varshets
- + Activities to ensure the quality of tourist services
- + Improving the qualifications of personnel, employed in tourism and in municipalities with tourism potential
- + Development of activities, advertising and marketing of local tourism product; strategies and development plans
- + Establishment of information service centers for tourism support, regional partnerships for tourism development

Priority 5 - Territorial and cross-border cooperation for economic development

Specific Objective 1 - Improving economic relations with the border regions of Romania, Serbia and Montenegro for integrated territorial development

Measures:

- + Facilitation and development of cross-border relations - creation of information, communication and business networks, business services for entrepreneurs and SMEs, joint projects in the field of tourism
- + Improving transport access in border areas and the development of infrastructure networks, water supply, waste management and energy systems
- + Construction of the ferry at the town of Lom and the accompanying infrastructure
- + Development cooperation for joint use of social infrastructure - health, culture, education
- + Create a new cross-border checkpoint with Serbia and Montenegro in the municipality of Chiprovtsi and improving road connections
- + Support the development of tourism and trade with neighboring regions
- + Joint activities for the conservation and management of the environment
- + Cooperation for development of cross-border labor markets, local employment initiatives, equal opportunities, social integration
- + Cross-border market infrastructure to support economic development - fairs, markets and more
- + Networking technology transfer and innovation
- + Creating networks for collaborative management of water and wetlands on the Danube River

- ✚ Creating systems to manage the risks from industrial pollution, natural risks, protection from erosion by general protection plans, building of infrastructure, general monitoring and control

Specific Objective 2 - Development of job opportunities in transregional/transnational networks

Measures:

- ✚ Establishment of cooperation networks and exchange of experience between regional and local authorities
- ✚ Supporting the establishment of networks of economic, social and cultural exchange between regions
- ✚ Development and participation in projects under INTERREG

Priority 6 - Strengthening the management capacity of local authorities

Specific objective 1 - Enhancing the capacity and improving the coordination of management of the Structural Funds at regional and local level

Measures:

- ✚ Improving coordination and cooperation for the implementation of regional policy
- ✚ Technical assistance for project preparation
- ✚ Improving skills in project management
- ✚ Information providing of management process
- ✚ Systems for monitoring and financial control

Specific Objective 2 - Improving the administrative services at regional and local level

Measures:

- ✚ Introduction of information systems services - from local governments and other institutions, providing public services
- ✚ Services from one information desk
- ✚ Introduction of e-government

Specific Objective 3 - Development of regional and local development partnerships

Measures:

- ✚ Strengthening of regional and local partners to develop, finance and manage joint projects
- ✚ Development of public-private partnerships - involving representatives of civil society and business at the process of implementation and monitoring of the planning documents at regional and local level

Policies for targeted development

Regions for targeted impact are territorial basis for the implementation of the state policy for regional development through the implementation of measures to improve the socio-economic development and reducing internal regional disparities. Priorities, determined by

the regional strategy and specific objectives apply throughout the district, but with a different scope and severity.

Essential for the development of all municipalities, identified as areas for targeted impact is the resolving problems, related to technical infrastructure, demographic decline and economic development.

For the municipalities falling into the category of area of industrial decline, the policy will be aimed at introducing new technologies in production; improving the level of education and professional skills and qualifications of the labor force to meet the increased requirements of employers; enhancing the competitiveness of small and medium enterprises; introduction of systems for quality management; supporting the creation of clusters; solving environmental problems.

Particular emphasis should be placed on overcoming the demographic decline and depopulation in less developed rural and mountainous areas, reducing illiteracy and increasing the skills of the working population.

For the category of less developed rural areas, regional development actions will be aimed at creating a profitable agriculture and forestry; support for the creation of SMEs; development of clusters; development of alternative forms of tourism and creation of supporting industries and services; improvement of technical and social infrastructure.

In underdeveloped mountainous areas, the basic guidelines are: creating conditions for sustainable development of traditional and alternative forms of tourism; improving the technical infrastructure; development of specific sectors of agriculture; support the development of small and medium-sized enterprises.

10. Implementation, monitoring and updating the regional strategy

Implementation of the District development strategy /DDS/ is a continuous process of monitoring, analysis and update. For the implementation of the regional strategy are needed organization and coordination of the activities of all stakeholders under the law on regional development by creating a mechanism by which the district governor can fulfill his function in the realization of DDS.

District Governor, under its jurisdiction, implements the state policy in the district. His powers under the law on regional development are to organize the development, coordination and implementation of the regional strategy, to bring it about coordination in the Regional Development Council, and then - in the District Development Council for final acceptance. District Governor assists and he is responsible for implementation, monitoring and evaluation of the regional development plan of North-west Planning Region. District Governor coordinates the preparation of projects in line with the Regional strategy and Regional development plan.

Performing the DDS should ensure publicity, transparency and partnership and the governor can create Partnership Council. He may also enter into agreements with other areas for the implementation of joint activities with over-regional importance.

The District Development Council has important functions in the adoption and implementation of the DDS. It involves in setting of goals and priorities for development in accordance with the provisions of the National Strategy for Regional Development. Regional Development Act defines the powers of the District Development Council as the competent authority:

- discuss and approve the district development strategy
- evaluate the initiatives of municipalities and other entities in connection with the provisions of the DDS, proposals including measures in the National Operational Programme for Regional Development
- discuss and coordinate the actions to ensure publicity and transparency of the planning and programming of regional development in the district
- make proposals for the conclusion of agreements on cooperation with neighboring areas for joint activities on Regional Development

Another important feature of the Regional Development Council, according to a regulation under Article 19 of the Regional Development Act is to monitor the implementation of the district development strategy, based on the implementation of the measures in the program documents, developed in accordance with the regional strategy development - i.e. municipal and regional development plan.

District Governor, the Regional Development Council and the district administration are the main participants in the development and implementation of regional policy in the district. They should initiate the formation of partnerships to support the implementation of planning documents.

Local authorities involve in the implementation of the district development strategy through the adoption of municipal development plans, which include projects for achieving development goals and are the basis for the subsequent reporting of the results of the district strategy. The municipal authorities have the task to mobilize the resources of its territory - both financial and human, including private equity and NGOs. Ensuring partnerships, providing information on the district strategy and publicity of the actions of local authorities are the most important aspects of their performance in the implementation of the policy for local development.

The social partners, the private sector and NGOs are also involved in the implementation of regional development policy within the district strategy by participating in the preparation and acceptance, as well as in the organizational units for its implementation.

Monitoring and evaluation

The monitoring and evaluation of the implementation of the District development strategy serve as control of the effectiveness of the objectives, priorities and measures in DDS. Monitoring of DDS is an important task of the District Development Council and the district governor. For its implementation it's very important the district council to decide establishing a working group to monitor the strategy, lays down the rules of its organization and functioning. The group should include representatives of the District Development Council and experts from the district administration. Activities of the Working Group on Monitoring should include periodic review of progress with the preparation of reports,

discussion of the results and the achievement of objectives and priorities; to consider the results of the midterm evaluation. The group will prepare an annual report on the implementation of the district strategy, proposes measures to change if it's necessary. The District Development Council discusses and adopts the annual report for information and implementation.

The components of monitoring include: identifying indicators to measure performance and set up a mechanism to measure /collecting information/, evaluation of results and take corrective measures, if it's necessary.

Midterm evaluation

It's performed in the middle of the action of the strategy duration, should be assessed the initial results of its implementation. The midterm evaluation should review and make analysis of the degree of achievement on the strategic objectives and priorities into account the deflections, providing appropriate corrective actions.

Subsequent evaluation

This evaluation includes an evaluation of the effectiveness and efficiency of the resources used in implementation the strategy and evaluation of the overall impact on the socio-economic situation in the district; analysis of implementing factors in the strategy and evaluation of the achievement objectives and sustainabilityof the results.

Updating the district strategy will be carried out under the conditions specified in the Regional development act and the ordinance under Article 19 of it. The updating process is organized by the district governor, regulating the unit that carries it out. Changes may cover the activities and measures for the implementation of the strategy and the speed to be achieved the objectives, but can not affect the goals and priorities that aren't subject to revision during the term of the Strategy.

Regional development strategy is updated in order of its development and adoption.

The main indicators that will measure the achievement of the objectives of the regional strategy are:

Under Priority 1 - Improving the competitiveness of the region for accelerated development:

- Number of existing regional clusters and networks
- Number of companies involved in them
- Established business incubators to support SMEs
- Number of business projects that have been supported
- Number of companies implemented innovations
- Number of existing information centers for business and public services
- Growth rate of gross domestic product /GDP/ and gross value added /GVA/
- Dynamics of consumption /net sales revenues/
- Investments /cost of acquisition of fixed assets, investments, foreign direct investments in non-financial enterprises/

Under Priority 2 - Development and modernization of infrastructure, creating conditions for development and investment attraction

- Length of newly constructed or improved road network
- Improving the gasification of the region
- Improving drinking water supply system /quality/
- Improving sewage system in settlements
- Number of newly built or upgraded treatment plants for waste water and drinking water
- Facilities for waste collection and recycling
- Rehabilitation of areas damaged by erosion, pollution or landslide activity
- Increasing the cost of protecting and restoring the environment
- Number of projects, improving energy efficiency in public buildings
- Number of projects for renewable energy sources

Priority 3 - Increasing the attractiveness of the district and improve the quality of life

- Changes in the basic demographic indicators /population, population density, birth rate, mortality rate, population below, within and above working age/
- Values and changes in the income and expenditure of population /average salary, average total income, average total cost/
- Changes in employment and unemployment
- Changes in the educational level of the population
- Changes in labor force qualification
- Roma population, received training and permanent employment
- Change in the number of Roma children, going to school
- Number of projects for socialization of the Roma ethnic group
- Population gained access to health services /%/
- New health services at regional and local level - number
- Number of projects to improve the status and development of health and education services
- Number of improved cultural institutes, newly restored cultural and sports events
- Number of supported projects for youth activities

Under Priority 4 - Improving the urban environment and the development of small towns and rural areas

- Number of implemented measures for spatial development of settlements
- Number of renovation projects of industrial zones
- Number of projects with inter-municipal importance defined in the municipal development plans
- Created new centers serving the surrounding rural area
- Support for semi-subsistence farms for converting them into market-oriented
- Increase yields of major crops
- Increased production of major animal products
- Increase in irrigated area
- Number of SMEs related to agricultural production and services for the sector
- Number of persons trained in agro entrepreneurship, business skills

- ☑ Number of projects financed by funds and programs for the development of the agricultural and forestry sector
- ☑ New enterprises for processing of agricultural products - number
- ☑ Created new local tourism products
- ☑ Number of natural, cultural and historic sites that have been supported
- ☑ Assisted private owners in the reconstruction of their houses for the reception of tourists
- ☑ Improved road infrastructure for access to tourist sites

Under Priority 5 - Territorial and cross-border cooperation for economic development

- ☑ Created cooperation networks of cross-border business between SMEs
- ☑ Number of projects to improve transport access in border areas
- ☑ Created a new border crossing checkpoint
- ☑ Number of supported projects to aid economic development
- ☑ Number of projects for development of tourism and trade
- ☑ Establishing a system for cooperation in management of natural and industrial risks

Priority 6 - Strengthening the management capacity of local authorities

- ☑ Number of trained regional, regional and local partners to develop, finance and manage joint projects
- ☑ % of municipal administrations, providing administrative services to the principle of "one information desk"
- ☑ Number of projects for networking and exchange of experience between regional and local authorities
- ☑ Number of projects received technical assistance for preparation
- ☑ Number of employees of the district and municipal administrations trained to develop and manage projects
- ☑ Number of developed collaborative projects between administrations, the private sector and NGOs
- ☑ Number of new municipal information systems for administrative services
- ☑ Number of local and regional partners involved in the established networks and exchange of experience

For complement of the proposed indicators can be used the indicator system, established under the National Strategy for Regional Development.

Information sources:

- ⌚ national and regional statistics
- ⌚ regional structures of state institutions
- ⌚ enterprises, providing public services /water supply, electricity distribution, telecommunications, etc./
- ⌚ analysis, reports and studies of NGOs

- ⌚ departmental information systems
- ⌚ reports and studies of international organizations

Information sources should be official and reliable.

Sources of funding for the implementation of the District Development Strategy:

- ⌚ State budget
- ⌚ municipal budgets
- ⌚ EU funds and programs
- ⌚ international programs
- ⌚ bank loans
- ⌚ own funds of business units, NGOs and other organizations
- ⌚ state enterprises / PUDOS, Public projects EAD and others/
- ⌚ extrabudgetary funds / World Economic Forum, etc./

In regions for targeted impact, the regional planning can be supported in accordance with the State Aid Act and by awarding financial assistance for the implementation of the measures contained in the National Operational Programme for Regional Development; covering part of the cost for acquisition of tangible and intangible fixed assets in the regions for targeted impact; tax relief provided by the law; provision of real estate - private state or municipal property, and unfinished construction objects, under the laws of the state and municipal property.

Regional strategy, as the documents relating to its elaboration, approval, acceptance, implementation, monitoring and evaluation are public information. Bodies, carrying out activities within their available legal powers are required to inform in a timely and appropriate manner the public for the nature and essence of these actions, the need and potential benefits of their commitment, the consequences of them and the results.

Abbreviations:

- NWPR - North-west Planning Region
- RDS - Regional Development Strategy
- DDS - District Development Strategy
- MOEW - Ministry of Environment and Water
- MRD - Ministry of Regional Development
- GDP - Gross domestic product
- FTA - Tangible fixed assets
- NRN - National Road Network
- RIKOKOZ - Regional Inspectorate for Protection and Control of Public Health

Used information

In the development strategy were used the Methodological guidelines for District development strategies approved by the Ministry of Regional Development, the National Development Strategy.

Used information, provided by the local structures of government institutions and operating companies as follows:

Regional Statistical Office

Regional Directorate "Agriculture and Forestry"

Regional Employment Service

Regional Health Center

Regional Directorate of Social Assistance

Regional Inspectorate of Education

Regional Inspectorate of Environment and Water

Regional department of forests

Water Supply and Sewerage OOD, Montana

Irrigation Systems OOD, Montana

Electricity Distribution Pleven - Montana Branch

Executive Agency - Regional Road Administration, Montana