

Super Borovets

Great Expectations for Super Borovets 14 Dec 2007 - Desislava Leshtarska

Is the construction of the most significant tourist project in Bulgaria a threat to the environment?

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Super Borovets has been a name on many lips, both of its praise-singers and its critics, for a long time.

It was no wonder that there was a strong turnout, with accompanying media coverage, when on October 10 steel gouged into earth at the October 10 ground-breaking ceremony that marked the start of the construction of a lift to connect the town of Samokov with the Markudjik ski runs.

The project will see the construction of 19 new ski runs that will add 42km to the current length of winter resort Borovets's existing ski runs (84km altogether) and 10 new ski lifts, two of them gondolas. Together, the lifts will have the capacity to convey 37 000 tourists.

"We have been waiting for four long years to see the start of the implementation of the project," Simeon Peshov of Glavbulgarstroy (GBS), project contractor and one of its shareholders, told journalists at the groundbreaking. Super Borovets' gross actual area will be 600 000 sq m, and the resort will target primarily year-round Bulgarian holiday-makers. The project will create 2000 permanent jobs.

Backers of the Borovets expansion project say that the hotels, apartment buildings, and villas will be low-rise, and the whole complex will have a low density of construction, 20 per cent. The new hotels to be added will have a built-up area of 100 000 sq m. And the total area of the planned vacation homes is about 400 000 sq m, or no more than 4000 units. Plans include the building of two golf courses.

ConstructionThe first of the project's two development phases - infrastructure - should be completed within two years at a cost of about 650 million euro. The Ministry of Regional Development and Public Works will invest 30 million leva in water infrastructure alone.

This phase includes the development of ski facilities, ski runs, and buildings at lower altitudes. The lowest zone provides for the construction of a holiday village comprising one- and two-storey luxurious alpine villas and several high-class four- and five-star hotels. It is also the location of the first ski-lift and a parking area for more than 1100 cars.

Investors in the project emphasise that they will handle the infrastructure first to avoid problems with sewerage, traffic, and insufficient ski lift capacity. "Every investor would like to start with the construction of hotels and apartments, sell them and gain quick profits. But we bet on the region's long-term development," said Georgi Krumov of Equest Investment Fund, the major shareholder.

The second phase of the project, including construction of the higher-altitude hotels, should be finished by 2012. The Super Borovets terrain is arranged into four main regions---Borovets (Pashovitsa area, 1100m); Banderata (1460m); Gvardeiska Poliana (1620m); and Byala Poliana (1310m). There will be four zones of luxury development, and buildings will be four storeys at the highest.

FinancingConstruction is financed by Equest Investment Fund -- the major shareholder in Rila Samokov 2004 joint stock company -- and the state fund of the sultan of Oman. The latter may seem surprising, but as the sultan's representative told reporters, "We consider Super Borovets a priority project. We are interested in investing in Bulgaria, in its real estate, infrastructure, and electricity. We need to strengthen our relationship, to develop it and, maybe after a few years, Oman's tourists will start visiting Borovets Ski Resort."

A large part of the investment resources also will be borrowed. The investors do not plan to sell the land, but rather will offer construction rights to outside investors who would like to join the project. Borovets Invest, a joint venture between investment fund Equest and Oman investors, owns 67 per cent of Rila Samokov 2004. Samokov municipality controls a 25 per cent share. Super Borovets' main building contractor is Glavbolgarstroy (GBS), which owns an eight per cent stake in the project.

GBS did own 20 per cent of the shares and used to be the exclusive building contractor until Equest acquired the major stake in the company and decided that GBS would no longer be the exclusive contractor. GBS sold 12 per cent of its stake to Equest in exchange for the right to be included among the contractors. The thing is, when you are the exclusive contractor you decide what prices to announce, but when you have an ordinary building contract agreement, your prices should be comparable to the average market prices. [Is this previous sentence a quote and what purpose does it serve here…how does it fit with this paragraph?] ((I don't know either. CLS)) The developers will hold an international competition to pick a project manager.

Transportation A project on this scale naturally raised questions about traffic infrastructure and accessibility to the resort. At the moment, there is only one direct transport link from Sofia to Borovets, a two-way road in poor condition that passes through the town of Samokov.

Regional Development and Public Works Minister Assen Gegaousov surprised guests at the groundbreaking by announcing construction of a new Rila Highway to improve the situation. The highway will be 80km long and will join the Samokov with the village of Vakarel outside Sofia. The Rila Highway will connect three main transportation arteries: Trakia, Hemus, and Struma highways.

The Ministry of Regional Development and Public Works has drafted a project for the construction of Rila Highway construction and will hold a tender to choose a developer. Construction is expected to take three years.

Environment Ecological organisations' worry that Super Borovets will have a negative impact on Rila National Park, in the way that the Bansko ski zone hit the environment hard. Rila Mountain is the habitat of a third of Bulgaria's flora, along with 2934 invertebrates and 172 vertebrates. It forms 3.61 per cent of Bulgaria's water resources, 9.40 per cent of the Struma and Mesta river water resources, 5.62 per cent of Maritsa River waters, and 8.27 per cent of Iskar River waters. Half of Sofia residents drink and use water that comes from Rila Mountain.

The current project provides for an incursion into three sites meant to be protected by the Natura 2000 Network, a vast network of more than 26 000 protected areas covering all EU member states. The project will probably cause erosion and habitat damage in Rila National Park and Rila Buffer Zone, environmentalists say. In October, the National Biodiversity Council approved all proposed areas for Natura 2000, with the exception of the Rila Buffer Zone, against the advice of the Bulgarian Academy of Sciences (BAS).

Samokov mayor Angel Nikolov assured journalists at the groundbreaking that Super Borovets would not intrude into the protected areas or the Buffer Zone at this stage. He said that over-construction would be avoided by scrupulous monitoring, but added that it was impossible for a project of such scale to leave the ecosystem unaffected. The region has some of the richest biodiversity in Europe, but increasing bed capacity at Borovets to more than 8000 will damage habitats.

It was a similar story in Bansko few years ago. According to ecological organisations, authorities lack either the ability or the will to control Bansko ski zone investors, who are neglecting regulations and destroying the natural landscape. Ecological non-governmental organisations (NGOs) claim that resorts are a preferred method of money laundering and gaining quick profits at the expense of the natural environment. Equest's Krumov told reporters, "If there was any danger posed to protected areas, we wouldn't participate in the project and permissions wouldn't be issued. We would like to invite experts from the local ecological organisations to advise us in the course of construction."

Several large-scale tourist projects on Rila Mountain, except for Super Borovets, are on their way and are raising serious concerns among environmentalists. Panichishte-Ezerata-Kabul provides for the construction of tourist facilities, ski lifts, and pistes that will extend from Panichishte winter resort, in the Sapareva Banya municipality, up to Rila's Seven Lakes. Investors from Rila Samokov joint stock venture started widening the road to Panichishte without conducting an Environmental Impact Assessment, causing uncontrolled erosion. The other projects will affect the areas of Iskrovete, Kartala, and Semkovo. None has obtained the permits required.

Samokov mayor Nikolov said of Super Borovets, "This project became possible because of the wonderful Bulgarian nature. We'll do everything to protect it." It is in the interest of investors that the place to be attractive and profitable, something that is possible with low-rise construction.

"Unfortunately, we weren't allowed to enter the mountain upper parts. I say "unfortunately" because we would have bet on the region's sustainable development, we would have developed and maintained parks and areas for preserving the nature and taking care of the forests and green areas"

A difficult start The Super Borovets plan dates from the Simeon Saxe-Coburg Cabinet, which was in office from 2001 to 2005, and was drafted in co-operation with Samokov municipality. Rila Samokov 2004 joint stock venture was created to implement Super Borovets. A major shareholder in the company was the murdered banker Emil Kyulev.

His death was followed by disputes between Kyulev's widow and Samokov municipality, which have been the subject of extensive media coverage. There was talk that the shareholders would go to court to resolve the disputes, but an outcome was never reached.

Building company Glavbulgarstroy (GBS), owned by one of the Rila Samokov founders, announced it would acquire Emil Kyulev's Kontract 99 company's stake in the Super Borovets project. Kontract 99, founded by Kyulev, owned 55 per cent of the shares, and GBS had 20 per cent. The other 20 per cent are owned by the municipality.

A month after GBS became owner of a 75 per cent stake in Rila Samokov, in March 2007, Equest Investment Fund announced plans to acquire a major share in the joint stock company Rila Samokov 2004.

Equest representatives set up Borovets Invest joint venture to take over the ownership of the major stake in Rila Samokov. In July 2007, Oman investors joined the project by becoming shareholders in Borovets Invest, along with Equest.

These transferences took four years before the first excavator entered the two million sq m area determined for the construction of Super Borovets.