



# **REGIONAL PROFILES:** INDICATORS OF DEVELOPMENT

Sofia 2014

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## Regional Profiles: Indicators of Development

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# Preface

This year's research Regional Profiles: Indicators of Development follows the successful tradition of the previous two editions by providing an in-depth analysis of the socioeconomic environment in Bulgaria's districts. This edition includes four thematic analyses covering various aspects of the regional development, along with an updated profile of each of the twenty-eight districts. In addition to the customary typology of the districts, the analysis researches the process of the labour market recovering following the crisis, the dependencies between the fiscal policy and the regional development, and investment activities throughout the regions.

The approach, followed during the drafting of the updated profiles of the socioeconomic state of the individual districts, highlights the authors' aim of this edition simultaneously to keep the continuity and to deepen the analysis.

The discussions within the project's Advisory Council and the 2012 roundtable discussions involving experts provided us with sufficient confidence that the methodological grounds of the research are quite sustainable, so as to be used herein as well. This constitutes the main reason for this year's set of researched indicators to be almost analogical to the one from the year 2013, with one exception – the addition of an index that evaluates the transparency of local authorities. This indicator is based on a thorough yearly analysis of the "Access to Information Program" Foundation (AIP) for 2014. For the purposes of the analysis, the evaluations of transparency in each district were calculated as a weighted average of the Access to Information Program's rating on the municipalities within its range. Like other similar indicators, weighing was performed relative to the population of individual municipalities.

Our striving to enlarge the scope of the districts' socioeconomic profiles imposed the use of indicators that formally are not any part of the set of indicators included in the calculation of complex indicators by categories, which pertain to each district. A supplementary indicator for the analysis of the population's age structure is the frequently used coefficient of demographic replacement that shows the rate of reproduction of labour resources. Similarly, the birth rate supplements the demographic background of the districts, though being excluded from the complex indicator for the Demographics Category. It also provides valuable information on the outlook of the age structure in a longer period of time.

Driven by the same desire to fully encompass the districts' profiles, the analysis of a number of indicators is based not only on regional data, but also on data pertaining to individual municipalities – when statistics have been available and when they provide valuable additional information. For instance, the EU funds utilisation was analysed on both district and municipal level, and the best- and the worst-performing municipalities, in terms of utilising funds, were pointed out. In addition, we analysed various breakdowns and sections of a certain number of indicators used, where the available statistics enable such an approach. An example of such an approach is the analysis of businesses' investments in fixed tangible assets, which normally involves a review of the economic sectors as well.

During the preparation and the drafting of the analysis, we have striven to completely take into consideration the recommendations on its style and contents. The last recommendations were gathered by the Institute for Market Economics (IME) in the course of six regional roundtable discussions, conducted in July 2014, and also at yearly meetings of the Advisory Council under this project, and during roundtable discussions with experts at regional development from academic institutions, the public administration, NGOs, and other associations that have become customary. The districts' profiles are based on updated data as at June 30, 2014, and we tried to distinguish lasting positive and negative trends in various fields of the local socioeconomic development, along with the yearly dynamics of the individual indicators.

The profiles of all districts, thematic analyses and used data could be found on the specialised site of the project: [www.regionalprofiles.bg](http://www.regionalprofiles.bg)

# Acknowledgements

*The IME's team hereby thanks most sincerely the America for Bulgaria Foundation that supported and financed the long-term efforts of the IME in the field of regional development. The Foundation's team not only funded this edition, but supported the idea of such a research from the beginning, and actively participated in the work process. This edition would not come into being without the Foundation's support.*

*We would like to specially thank our partners from Regiostat, who assisted us all the time, and who considerably contributed for this edition. The work on the methodology, the statistical processing, and clustering the districts would have been hard to do without their help. The Pragmatica Agency did an excellent job in terms of the opinion poll and the timely presenting the data thereof.*

*We are deeply indebted to the members of the Advisory Council, who worked on this project and whose remarks and critics were of great benefit and improved this edition; to the team of the Bulgarian Institute of Legal Initiatives for the advice on all indicators and matters of justice, and also to the "Access to Information Program" Foundation, whose active transparency rating was used in the last edition.*

*We are also grateful to the Bulgarian Chamber of Commerce and Industry (BCCI) for the entire support pertaining to this project. The BCCI's regional representatives met our teams in most districts, and during last year, they supported and organised the regional roundtable discussions which were very informative and useful. We also thank all other people that we met during our tours of the districts, who helped us to apprehend the raw data about the districts' development.*

*We are also hugely indebted to associate professor doctor Yordan Kalchev for the superior scientific editing of this publication. Despite the tight deadlines, associate professor Kalchev managed to rectify certain discrepancies, and a much better text was completed as a result of his comments. Any possible mistakes in this publication are entirely ours.*

*The gathering of the necessary information for this publication was not only a real adventure, but also required huge efforts on behalf of our team. We are grateful to the National Statistical Institute for the collaboration that eventually provided a result despite certain difficulties, and we got everything necessary. We are also grateful to almost 250 municipalities that responded to the questionnaire on the level of local taxes and charges, the degree of providing electronic and one-stop shop services.*

*Finally, we thank all the people that worked on the paper edition of the regional profiles, and also on the project's specialised website – our partners from MTR Design did an excellent work on the web site, and the Neda Art team surprised pleasantly with their original ideas on the cover and the layout of the print edition, as well as their perfect completion.*

IME



# Abstract

The analysis of the current available data discloses slow but visible positive trends of economic recovery in most districts of Bulgaria. The enhancement is mostly tangible on the labour market due to the later publishing of certain macroeconomic indicators on regional level. The opinion polls, especially performed among businesses and citizens of the 28 districts for the purposes of the research, verified these trends. Nonetheless, employment in some of the poorest districts of Bulgaria remains embarrassingly low in 2013, and it continues to inhibit incomes and the standard of living. The underemployment–stagnating incomes–diminishing population spiral is the cause for the continuing socioeconomic divergence between the capital of Sofia and the rest of the country.

The investment activity in most districts remains well below the level before the crisis, and this is especially valid for Sofia City (the capital). In 2010 and 2011, Sofia City (the capital) reported a net outflow of foreign capital, which combined with the continuous inflow of significant investments to a certain number of the other main economic centres of Bulgaria (such as Burgas) was also the reason for diminishing the differences between the capital city and the other districts in relation to foreign direct investments.

These realities also affect the other aspects of regional development such as the citizens' evaluation of the quality of the social environment, the investment activity of businesses and attitudes towards migration. Nevertheless, there have been examples for the past two years of quickly recovering districts that had managed to attract significant investment interest, and thus to offer their citizens better living conditions. Such a district is Burgas where the cumulative foreign direct investments in non-financial businesses has increased almost three times from 2008 to 2012, reaching the figure of 5 billion BGN – it ranked third in Bulgaria following Sofia City and Sofia District. Employment of people aged fifteen or more has reached its levels before the crisis in the district and it has already been higher than Varna District. Burgas also ranks second with regard to European funds drawn by municipalities as beneficiaries under the operational programmes in terms of the number of people. As a result of these and other positive trends, the average population of the district increased in 2013, which has only been characteristic of Sofia City (the capital) for the past two years. A gradual improvement concerning employment was noticed in Plovdiv back in 2012, and such a trend has also been noticed in Varna District since 2013, among other districts. Conversely, traditionally strong economic centres such as Stara Zagora and Ruse have not been able to recover the creation of jobs.

The political instability of the central government and the relative inactivity of local authorities with regard to the local business conditions continued to obstruct the economic recovery that has begun. According to an opinion poll, conducted among 1,680 businesses throughout Bulgaria for the purposes of this research, the average evaluation of businesses, pertaining to the efficiency of the district and municipal bodies, have decreased compared to the previous year, and perceptions of corruption have increased. In addition, the enhancement of electronic and one-shop stop services remains slow and inconsistent. It has been concluded for another year that new incentives for local authorities must be created in order to significantly improve the business environment. The reimbursement of direct taxes back to municipalities could constitute such an incentive. Thus, municipalities could have a direct financial interest to work

more actively on attracting investments and on creating new jobs on their territory.

Infrastructural development continued to be extremely unequal throughout Bulgaria, and the key projects again were focused in South Bulgaria in 2012 and 2013. The uncertainties relating to funding and the deadlines for the construction of facilities of strategic nature, which have the potential to improve the competitiveness of part of districts such as the Hemus and Struma highways, remain. Given the commissioning of the Trakia highway, the data of the Road Infrastructure Agency – that the relative share of roads in good condition dropped from 40.3% in 2012 to 39.6% in 2013 – are disturbing.

Rather negative trends in the field of education and healthcare have been going on for the past few years. These are largely due to the lack of clear reforms on behalf of the central government. The scope of both systems was smaller in 2013 compared to 2012 – for instance, health-insured persons decreased from 87.3% to 86.1%, and the enrolment rate of the population (grades 5th through 8th) decreased from 81.0% to 79.7%. Despite the conditions of slightly increasing employment and economic activity, such tendencies continue to confirm the necessity of reconsidering the implemented policies in these fields.

Contrary to the trends above, an improvement in bigger part of the indicators in the Environment and Social Environment categories has been monitored. Owing to the successful implementation of a number of projects on environmental protection, the citizens' evaluation about the quality thereof has increased, and the share of the population having access to sewage and the share of people connected to waste water treatment plants has quickly increased. The main apprehensions regarding further enhancement are rather related to the instability of the central government and the frozen payments from the European Commission under the Environment Operational Programme. Improvements are also available with regard to the social environment and living conditions. A slight decrease of the crime rate was monitored in 2013. The registered attendances at cinemas and theatres have reached a record number for the past several years – a trend that is valid even for the smaller districts like Targovishte.

The third edition of 'Regional Profiles: Indicators of Development' includes four thematic analyses. The first one examines which districts that are mostly attractive for foreign and local investments before the crisis, and also after the beginning thereof. Other than the established trends in the investment process, the main reasons for the attractiveness of certain districts as investment destinations have been specified in the analysis. The interrelations between the investment activity and a number of macroeconomic and social indicators have been researched. It is notable that the stock and flow of attracted local and foreign investments are highly related to the local well-being, measured via GDP per capita. This relation is not surprising – the more investments a territory attracts, the more prosperous its economy is and incomes increase. On the other hand, the high degree of development of a district also attracts investments mainly due to the high potential of the local market.

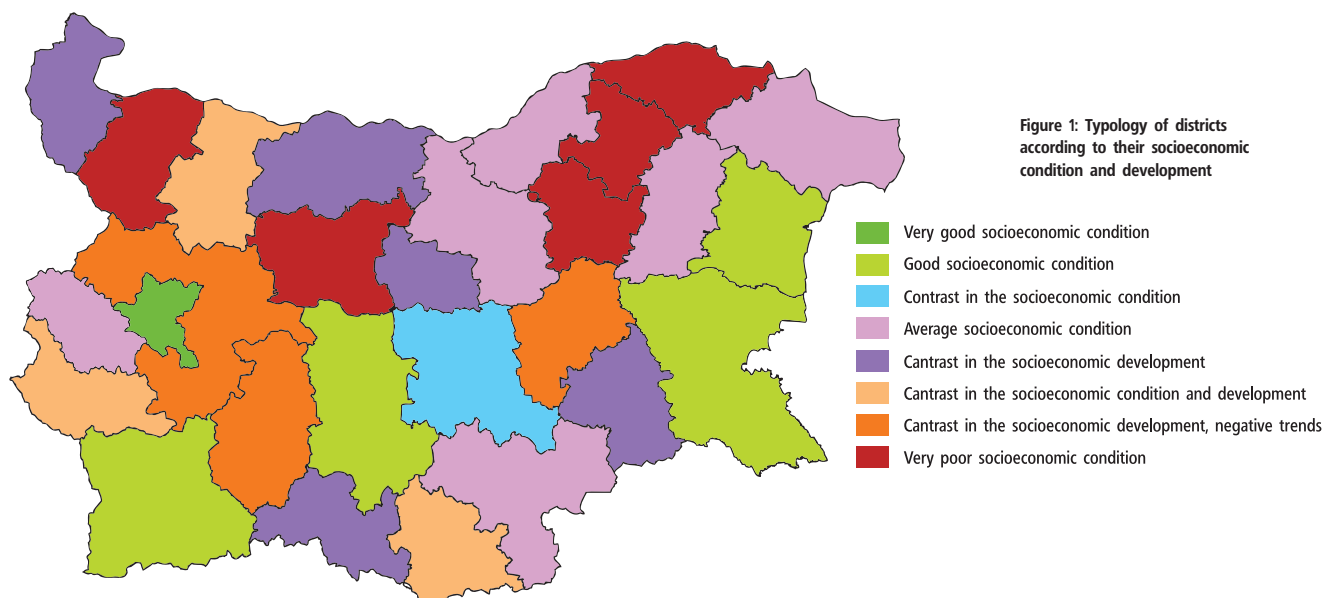
In parallel with this, the investment indicators on individual districts show high or moderate correlation with a number of indicators on the availability and the quality of the human capital. In other words, the availability of a sufficient workforce and also the quality of this workforce constitute simultaneously a factor and a consequence arising out of attracting investments. This is equally valid for both local and foreign investments. In view of this, the focus on training and education of the workforce should dominate when drafting national and local strategies for attracting investments.

In this year's edition, an analysis on fiscal policy and regional development has also been included. It is based on last year's analytical piece – Tax Policy on Local Level – and it critically reviews the policy of subsidised regional development. This policy seriously depends on European funds, as well as on the centralised administrative allocation of public funds to regions, which is at the expense of decentralisation and financial independence. The analysis demonstrates the relation between the financial stability of municipalities and attracted foreign investments, thus supporting the argument that financially independent and not fully dependent (from the state or the European funds) municipalities are more active, and attractive to foreign investors respectively. Along with the financial and economic reasoning for higher financial independence of municipalities, the analysis also specifies particular steps for implementing the idea, which include ceding a part of the corporate tax of municipalities starting from next year, and also certain rules for spending these resources.



The third thematic analysis is dedicated to the labour market and the rate of recovery thereof from the crisis in various parts of Bulgaria. The labour market situation has generally improved in most districts, notwithstanding the political instability since the spring of 2013. Simultaneously, the trend of quickly recovering South and stagnating North, monitored in the last year's edition, is still valid. This is clear from both the monitoring of the workforce and businesses' expectancies for the number of employed people for the period June 2014 – May 2015.

The last thematic analysis is based on the current clustering (grouping) of districts by similarities and differences. Eight types of regional profiles were identified this year, but there are variances in their composition despite the fact that the number of clusters is similar to the last year's one. The scope of profiles featuring a poor socioeconomic state or negative development trends remains larger than the ones with good states. The cluster of districts in a poor socioeconomic state demonstrates a trend of enlarging its composition. Only two districts were considered in a poor state in 2012 – Razgrad and Silistra, and in 2014 five districts: Lovech, Montana, Razgrad, Silistra and Targovishte. Sofia (capital) remains the sole district in a very good socioeconomic state, and Varna, Burgas, Plovdiv and Blagoevgrad continue to be the best developed districts after Sofia (capital).



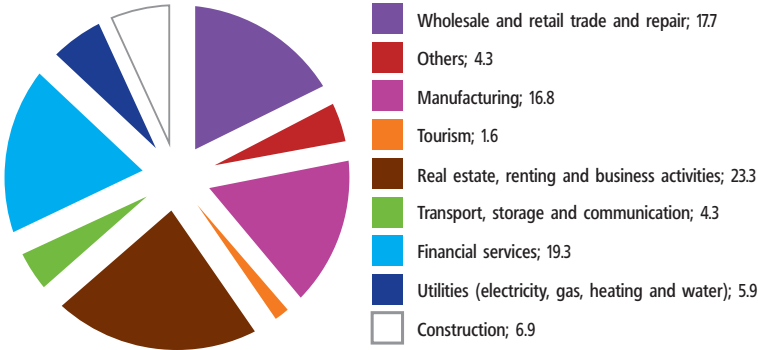
# Which districts attract the most significant investments and why?

## Preface

Before the world economic crisis, Bulgaria managed to become one of the top destinations for foreign direct investments (FDI) not only on regional scale but on a global one, too. A few countries could boast about an inflow of foreign direct investments at the rate of 30% of GDP only per one year. That is exactly what happened in 2007 when Bulgaria ranked among the top countries with regard to attracted investments. The boom in the construction and real estate businesses, followed by a credit expansion and a quick increase in the domestic demand, was the main incentive for foreign investments in 2008. The opportunities in the construction business and the related sector of real estates attracted about 30% of the total foreign direct investments.

Nonetheless, foreign direct investments from 2000 to 2008 were not allocated to these two sectors only. The boom of financial services, particularly loans to businesses and individuals during the years of growth of manufacturing and consumption, also attracted a serious share of almost 20% of all foreign direct investments during the 2000–2008 period. Manufacturing got a similar share (17%) in the total amount of foreign direct investments during that period of rapid economic growth. The sectors related to the construction and the consumption boom such as the manufacturing of vehicles and furniture were among those that benefited the most. Investments were also made in the trade and repair services sectors – about 18% of the total amount of investments for the 2000–2008 period.

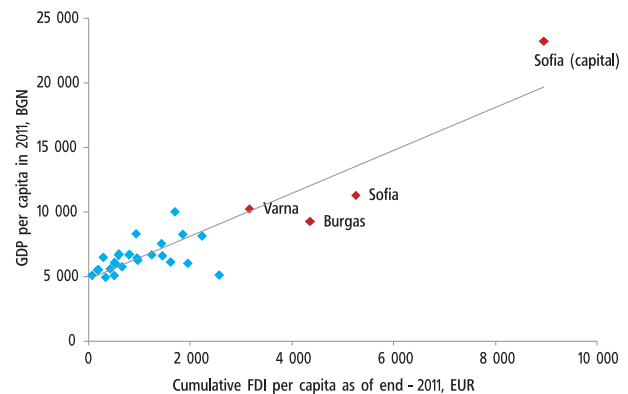
Figure 1:  
Share of total FDI for the  
2000-2008 period, %  
Source: NSI



The serious differences in the capacity of individual districts of Bulgaria to attract foreign direct investments deepened the gap between the more developed and richer ones, on the one hand, and the poor and lagging ones, on the other. The strong positive relation between the main indicator of well-being – GDP per capita – and the cumulative foreign direct investments (per capita) is clearly visible from the data pertaining to the two indicators as at 2011. The correlation coefficient between the two indicators is 0.9 (the maximum allowable rate being 1), which shows a high degree of approximation to complete linear dependence between these two indicators that are important for the economic development. This means that the districts with the most considerable inflow of foreign investments are the ones that have the highest well-being and incomes, measured by GDP per capita.

This strong correlation between foreign direct investments and well-being on regional level is not surprising in view of the opportunities for economic development, employment and incomes that foreign investments imply. Simultaneously, the higher degree of development of districts constitutes a factor in attracting foreign investments due to the better purchasing power of the local population, the higher number of functional companies that could be rendered business services to, the advantages (logistical and infrastructural) of constructed business centres, the opportunities for synergy with existing business activities, the higher quality of human capital, the wider choice of (qualified) workforce, etc. This means that the relation between foreign investments and GDP is a two-way one. Foreign direct investments are an indisputable factor in economic growth, especially for less developed economies like the Bulgarian one, wherein domestic savings are relatively low, but, simultaneously, there is a trend foreign direct investments to be allocated to bigger business centres because of the positive features arising out of the constructed infrastructure, the bigger supply of workforce and the bigger market for business activities and consumer goods and services, which these territories offer.

Figure 2: Relation between FDI and GDP per capita at the district level  
Source: NSI, IME calculations



## The most attractive destinations for foreign investments in Bulgaria

Till 2008, the most attractive districts for foreign investments were the ones where the construction boom was most intensive: Sofia (capital), the neighbouring Sofia and Bourgas districts and the districts of Burgas and Varna. Thus, foreign investments were simultaneously a factor and a consequence of the fast growth of construction and real estates during the years before the crisis. After 2008, even if these five districts remain among the most preferred destinations for foreign investments, industrial centres such as Gabrovo, Stara Zagora and Plovdiv have also climbed among the most attractive districts. The rapid export growth during the period of recovery from the crisis has probably contributed to this, having in mind that a significant part of Bulgaria's export consists of industrial products.

The allocation of (cumulative) foreign direct investments in Bulgaria shows that the capital city is an indisputable leader both during the period of fast growth and the ensuing crisis and recovery. Sofia (capital) kept its leading position as at the end of 2012, though it reported disinvestments, i.e. net outflow of foreign investments, compared to 2008. As at the end of 2008, Sofia (capital) has attracted foreign direct investments amounting to approximately 11.7 billion EUR, or 9,383 EUR per capita. For comparison, the second most attractive district with regard to foreign investments as at the end of 2008 – Varna – has had three times less attracted investments per capita: 3,396 euros. The huge discrepancy between the capital city and the other districts also boosts the average of attracted foreign investments in Bulgaria, related to the population, to 2,444 euros per capita as at the end of 2008. Thus, three districts only could boast about investments exceeding the country's average: the capital city, Varna and Sofia District.

The gap between the districts in respect of foreign direct investments attracted by them is illustrated by the difference between the leader, Sofia (capital), and the worst-performing district as at 2008 – Kystendil. This gap is 70 times to the benefit of the capital city, as Kystendil has barely managed to attract foreign direct investments of 135 euros per capita (cumulative) as at 2008.

During the period of the crisis and the difficult recovery from it, the discrepancies between Sofia (capital) and the other leading destinations in terms of foreign investments has decreased, but the contrasts between the districts that are most attractive and least attractive for foreign investors remain. The decreasing difference between the capital, which has also remained an undisputed leader as at 2012, and the other most attractive regions with regard to foreign direct investments – Burgas and Sofia District – is due to the net outflow of foreign investments from Sofia City, and also due to the sharp increase of investment to the other two districts. When compared to 2008, Burgas has managed to triple the cumulative attracted investments as at the end of 2012: from 667 million euros to just over 2 billion euros, owing mostly to the investments in Lukoil Neftochim. Sofia District, on its part, has managed to report a double increase in foreign direct investments during the same period of time – from 663 million euros as at the end of 2008 to 1.323 billion euros as at the end of 2012, which is probably due to the proximity to the capital city, the bigger opportunities for acquiring appropriate plots and the relatively lower prices thereof in comparison with Sofia City.

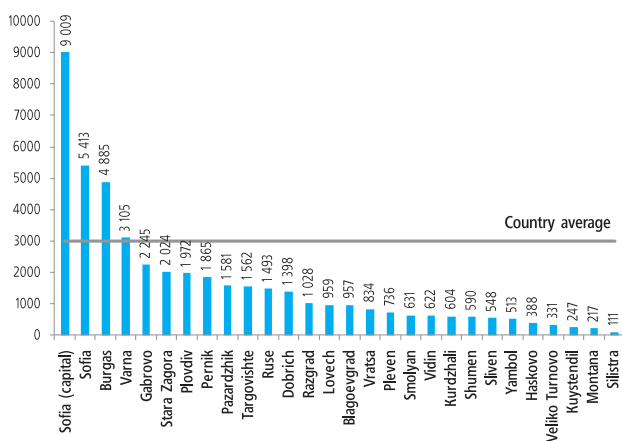
Varna District, which had ranked second after the capital city in terms of attractiveness for foreign investments till the beginning of the crisis, has also reported disinvestments, i.e. net outflow of foreign capital, from 2009 to 2012. Therefore, Varna District has ranked fourth as at the end of 2012 in terms of attractiveness for foreign investments (as per the cumulative investments per capita), being outranked by the districts of Sofia and Burgas.

### The most attractive destinations for investments in fixed tangible assets

A strong positive correlation is being observed between the cumulative foreign direct investments and the long-term average of investments in fixed tangible assets (FTAs). This correlation is based on the fact that a significant part of foreign direct investments has been directed to the non-financial sector, namely to acquiring FTAs. Nonetheless, it should be considered that costs for the acquisition of fixed tangible assets include also capital investments by public institutions (Parliament, the Council of Ministers, the judiciary, bodies of local self-government and autonomous public institutions), as well as investments in FTAs made by companies with domestic capital.

It is notable that districts with the highest average rate of cost for the acquisition of fixed tangible assets from 2000 to 2012 have been those that feature the highest cumulative inflow of foreign direct investments, though with certain rank changes. Moreover, the discrepancies between the districts are not so striking in relation to investments in FTAs, although they remain significant. During the period of 2000-2012, the capital city was the leader again with an yearly average of 5,667 BGN per capita in FTAs investments. Kardzhali District ranked last

**Figure 3:**  
Cumulative FDI as of end-2012,  
EUR per capita  
Source: NSI, IME calculations



with an average of 510 BGN per capita, i.e. the gap between the first and the last district has been about ten times.

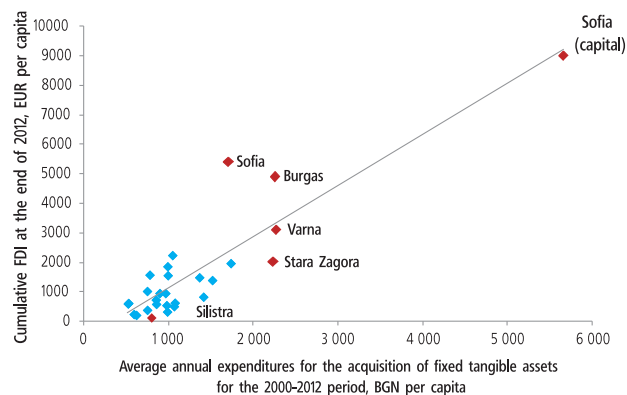
The districts of Burgas, Plovdiv, Sofia, Stara Zagora and Varna followed the capital city in terms of average costs for FTAs during the period 2000–2012.

**Figure 4:**  
Relation between FDI and expenditures for the acquisition of fixed tangible assets  
Source: NSI, IME calculations

## Investments and graduates

The relative share of graduates in the population of working age can be interpreted as an indicator of the quality of human capital since it presumes higher labour productivity. One of the factors pertaining to attracting investments is the available human capital in each district of Bulgaria. Of course, just like investments are being attracted by quality human capital, human capital is also being attracted by job opportunities that investments offer. It should be noted that not all investments (foreign and domestic) need graduates, which is why there is an increasing number of enterprises (especially in manufacturing) that face difficulties in finding personnel with appropriate secondary vocational education.

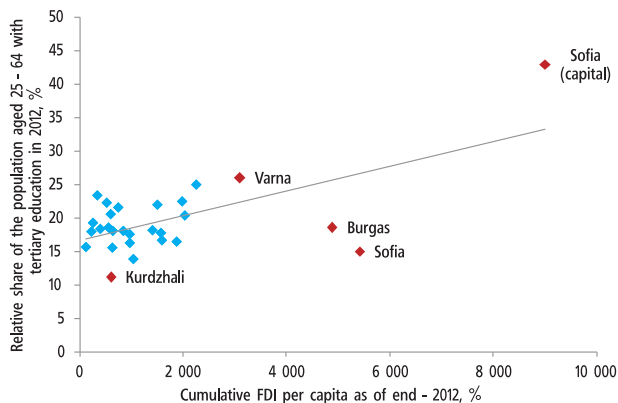
Nonetheless, the positive relation between the share of graduates and investments is clearly visible. This correlation is strong with regard to both basic indicators of investments – foreign direct investments per capita (cumulative) and annual costs for acquiring fixed tangible assets.



### 1. Correlation between foreign direct investments and graduates

The correlation between the cumulative amount of foreign direct investments and the share of graduates in the local population is positive and moderately strong. It has been stronger throughout the years before the crisis (RI = 0.724 in 2008) probably due to the low unemployment rate and the number of attracted investments; however, it has remained moderately high (RI = 0.400 in 2012) after that. Sofia City has been very different from the rest of districts in terms of both the share of graduates (43-46%, 18-26% being for Bulgaria from 2006 to 2013) before and after the crisis and the stock and flow of cumulative foreign direct investments (about and more than 9,000 euros per capita in cumulative terms for the period 2008-2012; Bulgaria's average for the same period of time has been 2,500–3,000 euros per capita).

**Figure 5:**  
Relation between FDI and the share of the population aged 25-64 with tertiary education  
Source: NSI, IME calculations



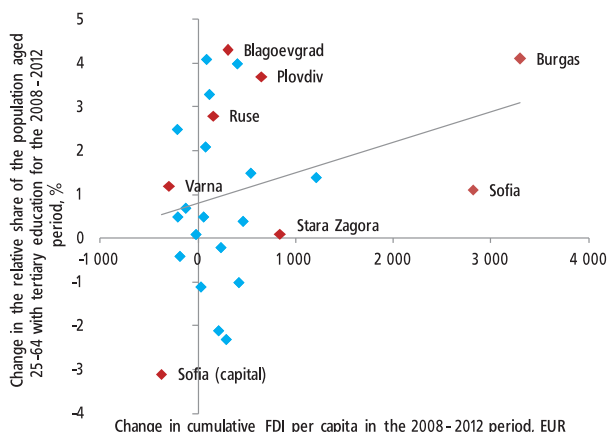
It should be noted that not only is there a static positive correlation between the share of graduates and foreign investments, but there is also a dynamic one, i.e. the share of graduates drop when investments decrease, and vice versa. Of course, the same two-way relation could be presumed at this point as well – when investments increase in a district, qualified persons from other districts, who look for more career opportunities and higher incomes, are also being attracted. Conversely, if the share of graduates in the local population increases, this may make more investors choose the relevant district in expectation of finding the necessary workforce easily.

Since the beginning of the crisis, Sofia (capital) has reported the most significant drop in terms of both the relative share of graduates and attracted direct investments. The main cause for that is the concentration of a bigger part of industries that were mostly affected by the crisis (construction and operations with real estates), exactly in Sofia. Considering that a bigger part of dismissed workers after the beginning of the crisis were the low-skilled and the poorly educated, it could be presumed that one part of them had headed for the capital city in search of jobs, which statistically had decreased the share of graduates among the people of Sofia. Nonetheless, although foreign direct investments in Sofia decreased by 32 million BGN from 2009 to 2012, this decrease was only 0.3%.

Burgas District constitutes the absolute opposite of the capital city. It reported a relatively good increase in terms of both indicators: growth of the relative share of graduates – by 4.1%, and growth of foreign direct investments – by more than 3,000 euros per capita for the period 2009-2012. Considering this growth of foreign direct investments, in 2012 Burgas became the third district (following Sofia and Sofia City) in terms of the biggest rate of attracted foreign direct investments per capita; thus it outranked the districts of Gabrovo, Pernik and Varna. In addition, Burgas and Sofia City were the only regions wherein both foreign direct investments and costs for the acquisition of fixed tangible assets per capita were higher in 2012 than the average for the country. The relatively quick pace of recovery of the economy of Burgas District and the increasing investments stirred the labour market and the employment rate in 2012, and it already exceeded the average for Bulgaria in 2013.

Sofia District, as a district that is adjacent to the capital city, also reported a serious increase of foreign direct investments for the period 2008–2012, which was accompanied by an increase in the share of graduates that was close to Bulgaria’s average growth rate. The districts of Blagoevgrad and Plovdiv reported increases among the top ones concerning the relative share of graduates – by about 4 percentage points, and an increase in investments comparable to the country’s average rate, or about 50% increase of foreign direct investments per capita.

**Figure 6:**  
Relation between the change in the relative share of the population aged 25-64 with tertiary education and the change in cumulative FDI to non-financial enterprises per capita in the 2008-2012 period at the district level  
Source: NSI, IME calculations



## 2. Correlation between investments in fixed tangible assets and graduates

The positive correlation between investments in fixed tangible assets and the share of graduates is also clearly demonstrated. This correlation demonstrates that not only does the foreign capital look for qualified workforce, but the local one as well, and also that labour resources move to districts where there are functioning enterprises and investments, whether foreign or local. The positive interdependence of both indicators – costs for acquiring FTAs per capita and share of graduates in the local population – was valid both before the crisis (2008) and also after that (2012), even it was stronger in 2012. The latter could be explained with the labour market crisis in Bulgaria from 2009–2012, and the termination of about 460,000 jobs, which caused a steady growth rate of unemployment and shrinking employment. It could respectively be presumed that investors have become choosier with regard to the quality of demanded and employed workforce in view of the increased supply thereof.

## Investments and net migration

Investments create jobs and attract workforce. Simultaneously, the availability of bigger workforce, and especially one that has the education and qualification necessary for investors, constitutes a factor which is usually considered positive when deciding about an investment. The more labour intensive the branch of activity is, the heavier is the weight of this factor when making an investment decision. Due to these reasons, the correlation between investments, both foreign and domestic, and the migration of people within Bulgaria could be followed up.

### 1. Foreign investments and migration of the population

Data on accrued foreign direct investments in non-financial enterprises, and the net migration rate for 2008, show a positive correlation between the two indicators. It is understandable that the capital city has attracted the most investments and a huge number of people. This is the only district wherein there has been a positive net migration for the past two decades. In 2008, the coefficient was 5.7‰, and foreign direct investments reached 9,400 euros per capita, which is four times higher than Bulgaria's level. The employment rate of the population aged 15+ (annual average) exceeded 60%, and it was 10 percentage points higher than the average rate for Bulgaria.

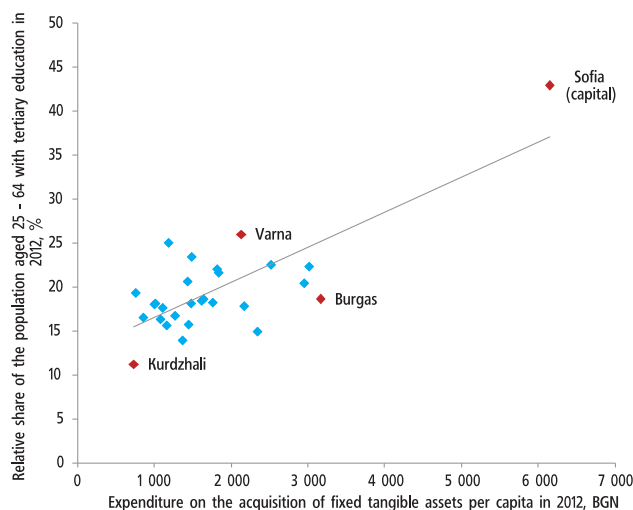
Generally, the larger districts have managed to attract more investments and people. In 2008, Varna was the district that had attracted the biggest number of people, and it ranked second in terms of accrued foreign investments per capita. Burgas, Veliko Tarnovo and Plovdiv add to the districts with a positive net migration rate. Smolyan District had the lowest net migration rate – 8.7‰, and foreign direct investments were 656 euros per capita, being 2,500 euros on average for Bulgaria. The districts of Montana and Kyustendil had the lowest levels of foreign direct investments, and there was also a negative net migration rate.

Since the start of the world financial and economic crisis, investments and employment have started to constrict across the board. The difference between strict-level net migration rates has increased, and net migration has dropped below minus 13‰ in Razgrad and Smolyan.

In 2012, the economy started to grow and the difference began to narrow, but the correlation between foreign investments and net migration rates increased. Smolyan remained the worst performing district with regard to the net migration rate though the rate improved to minus 7‰. Bigger districts started to attract an increasing number of people. 2013 data on the net migration rate show even bigger domestic migration from small to big districts. Emigration from Smolyan doubled, and Varna and Burgas have started to attract more people again and have reached a net migration rate of 4‰, while this rate was negative during the worst crisis.

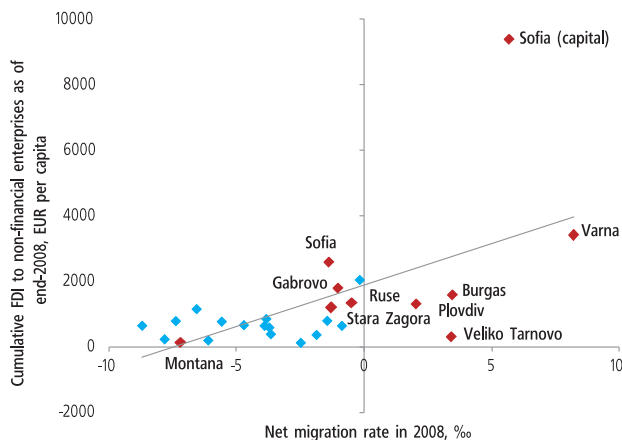
**Figure 7:**  
Relation between the relative share of the population aged 25-64 with tertiary education and expenditure on the acquisition of fixed tangible assets

Source: NSI, IME calculations



**Figure 8:**  
Relation between the net migration rate and cumulative FDI to non-financial enterprises as of end-2008 at the district level

Source: NSI, IME calculations





## 2. Investments in fixed tangible assets and migration of the population

The correlation between investments in fixed tangible assets and the domestic migration of the population is also strong and positive, i.e. districts, which have a net inflow of people migrating from other districts, also attract more investments in fixed tangible assets – both domestic and foreign. The causality is two-way for these two indicators as well.

This correlation is even stronger than the one between foreign direct investments and the net migration rate, which can be explained with the fact that investments in fixed tangible assets encompass both domestic and foreign entities, i.e. they are the more comprehensive indicator in terms of the investing entity's property. It is not surprising that in districts where more investments are made, there is a net inflow of people from other districts.

## Investments and age dependence of the population

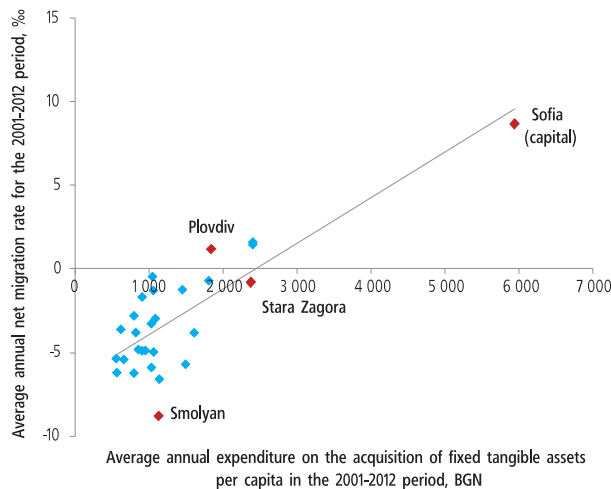
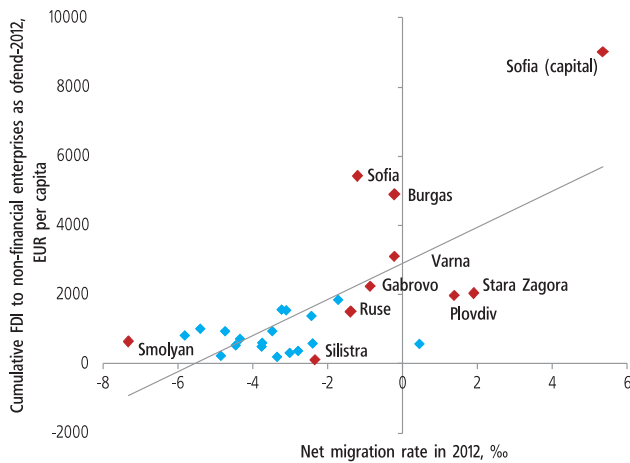
Developing a business needs human capital. Investors consider the available workforce and, on their part, attract people who search for jobs. A correlation between the investments inflow on the one hand and the share of people of working age in a district on the other could be researched on this account. The data on foreign (FDIs) and domestic investments (FTA expenditure) and the age dependency ratio on regional level, which shows the proportion of the population aged 65+ to the population of working age (aged 15 to 64), could be used for this purpose.

### 1. Foreign investments and age dependency

The data on foreign direct investments and the age dependency demonstrate a clear negative correlation between them. Districts featuring lower age dependency, i.e. the ones where the share of the working-age population is relatively high, attract more foreign investments as well. The inverse relationship is also true – districts where there are more investments, and more jobs respectively, also attract more people of working age that look for jobs.

Sofia (capital) once again stands out against the rest of the country, featuring the lowest age dependency ratio (22.7%; 28.5% being the ratio for Bulgaria in 2012) and the highest cumulative stock of foreign investments (more than 9,000 euros per capita; 3,000 euros per capita being the average for the country in 2012). The districts of Burgas and Varna feature a relatively high stock of foreign direct investments and a low age dependency ratio. The districts of Sofia, Stara Zagora and Plovdiv have similar levels of foreign investments, but can be

**Figure 9:**  
Relation between the net migration rate and cumulative FDI to non-financial enterprises as of end-2012 at the district level  
Source: NSI, IME calculations



**Figure 10:**  
Relation between expenditure on the acquisition of fixed tangible assets and the net migration rate  
Source: NSI, IME calculations



considered 'more ageing' districts. Vidin also stands out from the most of districts, featuring the most rapidly ageing population (age dependency ratio of 65+/15-64 was 42.8% in 2012) and one of the lowest rates of foreign investments.

## 2. Investments in fixed tangible assets and age dependency

The correlation between the age dependency ratio – as a proportion of the population aged 65+ to the population aged 15 to 64 – and the expenditure on the acquisition of fixed tangible assets per capita is analogous to the one between the age dependency ratio and foreign direct investments. The annual average data for the period 2001-2012 demonstrate a clear negative correlation, which means that a higher share of the population of working age attracts more investments, and investments in fixed tangible assets attract more workforce (correlations involving the net migration rate have been studied above).

## Conclusion

The allocation of foreign investments and the expenditure on fixed tangible assets on the territory of Bulgaria demonstrate huge discrepancies between the districts. Nonetheless, the gaps between the most attractive districts in terms of investments and the least attractive ones, respectively, clearly narrowed after the beginning of the economic crisis (2009).

The stock and flow of attracted domestic and foreign investments are highly related to the local well-being, measured via the GDP per capita indicator. This correlation is not surprising and it features a two-way dependence. On the one hand, the more a territory attracts investments, the more its economy thrives, and incomes increase. On the other hand, the high degree of development of a district, considerable business activities and high incomes also attract investments due to the bigger potential of the local market and the broad opportunities for synergy and cooperation with other types of businesses.

It is not surprising that the capital city preserved its top rank with regard to attracted domestic and foreign investments both during the period of high economic growth till 2008 and thereafter. Nonetheless, in 2009–2012 Sofia (capital) reported a net outflow of foreign capital, which is one of the reasons for the diminishing discrepancies between it and the worst-performing districts with regard to foreign direct investments. Analogously, the significant decrease of expenditure on fixed tangible assets in Sofia since 2009 has also contributed to diminishing the discrepancies with the worst-performing districts in respect of this indicator.

It is notable that the indicators of investments on regional level demonstrate strong or moderate correlation with a number of indicators concerning the availability and the quality of human capital. In particular, from the data of the National Statistical Institute, clear two-way relations become visible between:

- Investments and the share of graduates in the local population – investors are being attracted by workforce with higher productivity, and the workforce follows better job opportunities, higher incomes and desired careers.
- Investments and the net migration rate – investments and job opportunities attract more workforce, which is one of the factors determining the domestic migration of the population. At the same time, the availability of sufficient workforce, i.e. the lack of sustainable trends of emigration or the availability of net inflow of migrants coming from other districts, is also a factor regarded by investors, and it usually has its weight when making an investment decision.

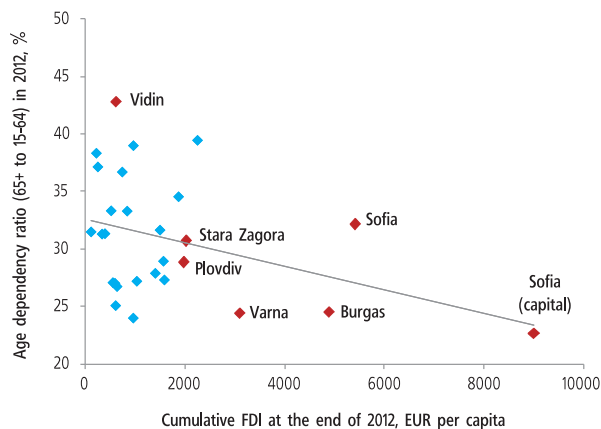


Figure 11:  
Relation between the age dependency ratio (65+ to 15-64) and cumulative FDI to non-financial enterprises as of end-2012 at the district level  
Source: NSI, IME calculations

- Investments and the age dependency ratio – investments search for, and in turn attract people of working age. A clear positive correlation between the relatively more favourable age dependency ratios and investment indicators has been identified.

If we have to summarise, the availability of sufficient workforce and also the quality thereof are simultaneously a factor and a consequence of attracting investments. This conclusion is equally valid for both local and foreign investments. That is why educating and training the workforce should be a priority when drafting national and local strategies for attracting investments. In parallel to this, the policy of overcoming the severe demographic crisis in certain parts of Bulgaria should obligatorily focus on enhancing the investment environment, because it is investments that create jobs and incomes, thus preserving and attracting young people in these districts.

# Fiscal policy and regional development

## Recommendations for income tax decentralization

In recent years, we have repeatedly emphasised on the state of local finances in Bulgaria, and also on the ongoing local tax policy. We publicised the thematic analysis Local Tax Policy in the previous edition of Regional Profiles: Indicators of Development, which discloses some of the main challenges before local finances:

- High dependability of local budgets on government transfers. Central budget transfers continue to exceed own-source revenues. Delegation of certain tax powers from the government to local authorities has been quite insufficient in recent years, and did not change the general framework.
- Highly restricted rate of tax revenues to municipalities. Own-source revenues are mostly non-tax revenues, i.e. ones that are in exchange of specific administrative services, and that do not give freedom in conducting tax policy. This reduces the opportunities for public investments, and also for covering contingencies.
- The lack of connection between tax revenues and the economic development of a territory. Municipalities' tax revenues, which generally constitute one fifth of municipal budgets, are generated mainly from property taxes, i.e. they do not have a direct bearing on incomes and profits in the municipality. Only resort municipalities represent an exception to this rule, and have a higher degree of financial independence.
- An increased dependence of municipalities on EU funds. Capital expenditure of local budgets is largely financed by EU funds. Thus, public investments detach even more from the local economy and become an administrative process.
- Lack of flexibility that causes a shortage of funds even at the slightest shock. During the crisis years, deficits loomed over local budgets and debts quickly piled up (more than 900 million BGN as at the end of 2013). In recent years, there have also been a number of examples of municipalities with frozen accounts, or municipalities that have shut down for several days or weeks due to their inability to meet their operating expenses.

All of the above outlines a bleak background that explains many of the regional development's shortcomings, starting from the deepening discrepancies in a socioeconomic respect between the centre and the periphery, which have been again brought to the fore in this edition of Regional Profiles: Indicators of Development. Despite the fact that these problems are well-known, the events from the past year have urged us to consider two visions for regional development: the vision of administrative development or the vision of development that rests on financial independence. We will not only be critically analysing the first approach, but will also be presenting real steps for changes in the tax structure that will enable the second one.

## Regional development – investments and EU funds

The relation between fiscal policy and regional development does not simply end with the availability of public resources and their expending thereof. The structure of local finances and also the incentives for local authorities, which arise from this structure, are key to the development. The current reality is that local authorities have no incentives (at least from a financial point of view) to attract investments in the relevant municipalities and not to hinder economic activity and entrepreneurship. In the current situation, a new investor in any municipality would not bring in new funds; even, on the contrary, it could cause public expenses on the corresponding infrastructure. The national budget automatically reaps any benefit, in terms of the budget, from any new investment or new job.

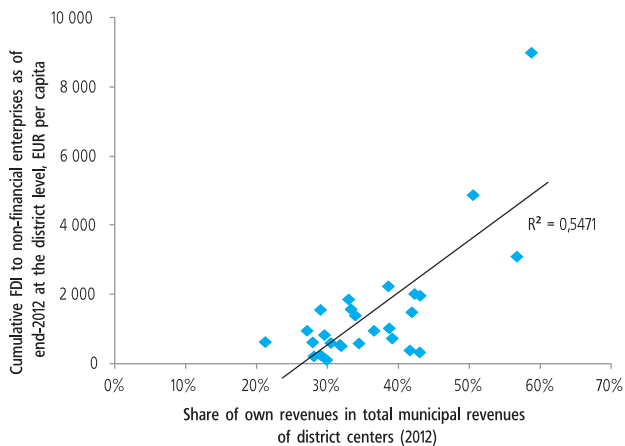
This practically means that the lack of financial independence entails poor interest in attracting investments and in removing hindrances before local entrepreneurs. We could try to verify this assertion by comparing the NSI's data on foreign direct investments (cumulative) per district, and also the data on the acquisition of fixed tangible assets, to the data of the Ministry of Finance on the share of own-source revenues in total revenues in the budget of municipalities and district centres. Despite the insufficient accuracy of such a comparison, it is the best possible because there are no data on foreign direct investments on local level. While taking into consideration that district centres strongly affect the economies of the respective districts, we could largely rely on the results. And the results are exactly the expected ones: the correlation between the financial independence of municipalities and district centres and foreign direct investments, or the expenditure on the acquisition of fixed tangible assets in the district, is obvious. Sofia District, where there is no district centre, has been excluded in this instance; a high inflow of investments has been observed due to the proximity to the capital city.

**Figure 1:**  
FDI and financial independence of district centers

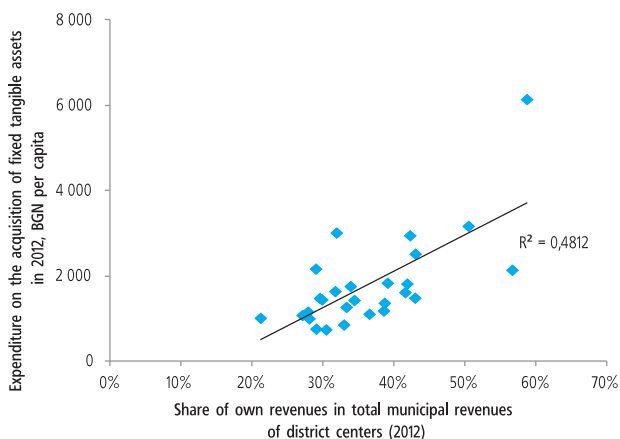
Source: NSI, MoF, IME

**Figure 2:**  
Expenditure on the acquisition of fixed tangible assets and financial independence of district centers

Source: NSI, MoF, IME



Though we cannot assert that the financial independence has brought investors (or vice versa), we cannot neglect the presence of a correlation between the two, and also that the municipalities featuring higher financial independence are in principle more active in their attempts to position themselves as an investment destination. Moreover, there is no similar positive correlation between financial independence and the utilization of EU funds. The lack of correlation is clear if the data of the Ministry of Finance on the share of own revenues in proportion to total revenues in the budget of district centres, and the data on EU funds utilised by the relevant district centres are used. Actually, if there is a hint of any correlation, it is rather negative. In other words, the utilisation of EU funds is largely related to the administrative capacity of municipalities, and has no direct relation to their financial independence.



The data presented above demonstrate that there is correlation between the financial independence and investments (foreign or domestic); while there is not any between the financial independence and the utilisation of EU funds. The financial independence per se is not a panacea (there are lots of other factors); it directly affects the incentives and the activities of municipalities for attracting investments and for removing obstacles before local entrepreneurs. Observations from recent years have also implied that while all municipalities work in reality for utilising EU funds (with varying degrees of success), a very limited number of them could be commended for real activities for attracting foreign

investors. The lack of a strong correlation between investments made and the inflow of new funds in municipal budgets compels local administrations to focus on EU funds and the so called utilisation, which does not always mean achieving real results.

## Administrative development of districts

The problems of local budgets in recent years have led to the emergence of a new administrative mechanism for public investments in districts, which, however, has relied again on centralised funds management. The so called 'Growth and Sustainable Development of Districts' Public Investment Programme, the aim of which is predominantly to fund local projects, i.e. to provide funds for investing on local level, was initiated in 2013. The real implementation of this 'programme' only consolidated the negative attitudes toward the idea regions to develop via a new form of public transfers and subsidies.

Though 'investment programme' or 'regional fund' have been frequently used, it is important to note that neither was any fund created, nor any programme has been made available. The planned 500 million BGN for regional development were simply provided for in the budget (in the so called 'reserve for contingencies and urgent expenses'). This actually is an item that is being blindly voted by Parliament, but subsequently is being expended via resolutions of the government. In other words, this is an item that allows the government to spend certain funds at its discretion, without any explicit sanction of Parliament.

The government has quickly allocated the 500 million BGN in question as early as the beginning of the year, and a detailed review of funded projects clearly demonstrates that money has been largely allocated on political basis. Comparing the projects, applied for and won ones, and the political affiliation of mayors unambiguously supports such an assertion. The exceptionally short deadlines in which projects were verified, and the subsequent information that a number of municipalities had not been ready to start implementing their projects, are added to this. All of this once again confirms that such a practice of administrative and political allocation of funds is inherently wicked.

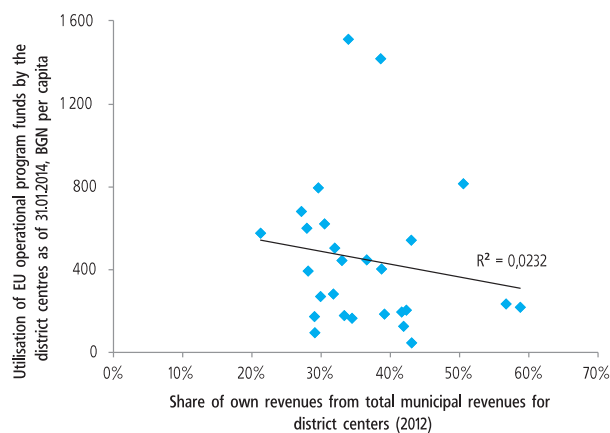
In this instance, even if we avoid some faults of the investment programme in question (the lack of any fund and regulations regarding work, for example), the very idea municipalities to develop via a new centralised means will only deepen the structural problems before local finances. Generally, such a practice would worsen the problems specified at the beginning of this text – bigger dependability of local finances on the state, and also an additional disruption of an even loose connection between municipal budgets and the local economy.

## Local democracy and legitimacy

The economic and financial issues before municipalities could also be regarded in a wider context that is related to the political life in Bulgaria. Domestic democracy has a number of flaws that are especially distinguishable on local level. In purely political terms, a strong domination of mayors over city councils is being observed, although the latter is a local government body. The strong position of mayors as executive bodies in city councils precisely demonstrates the structurally embedded model of administrative funding and development of municipalities.

We could talk about power parity between city councils and mayors in a streamlined version where local governments impose taxes on the local population and they do not depend on any outside subsidies and grants. The alternative that increases the dependence of municipal budgets on the efficiency of local administration under the governance of mayors (utilisation of subsidies and grants) more than the dependence of local budgets on city councils (own revenues) implies the strong position of mayors by definition and neglects the local governments' roles.

**Figure 3:**  
Utilization of EU funds and financial independence of district centers  
Source: MoF, IME



The fact that local governments perform administrative functions only – utilising and expending funds, separating them from local economies and the lack of opportunities for implementing policies – negates the essence of the political process, and constitute the main prerequisites for the malfunctioning democracy on local level. The underlying principle of modern democracy that sets the relation between representation and taxation (reallocation of public funds) has been seriously disrupted on local level. And the point of this principle is people, as being taxed, to get a representation in the government; there is such a representation in Bulgaria, in the instance of local government, but this representation does not have so serious influence on local finances. Municipalities in reality can largely function without any need of city councils (i.e. without complying with the principle of representation), because adopting their budgets is largely an administrative process (though formally voted by local governments), not a political one.

In addition to the governing role of mayors in respect of city councils, the phenomenon of ‘mayor and entrepreneur’ has been increasingly developing in Bulgaria. The leading role of mayors is distinguishable in both the political life of municipalities and local economies. The administrative development of districts largely favours this phenomenon, which shows once again that this matter is not a financial one – whether there is money for districts – but a structural one – how are local budgets structured and what incentives they offer to the administration. It is structural matters that are the main cause to look for an alternative to high political dependence of municipalities and swapping the political process for an administrative one.

### Possible tax changes regarding municipalities

A real change in respect of financial independence of municipalities is possible only via restructuring the taxation system in Bulgaria. Imposing new taxes (on turnovers or on investments made) would constitute an economically untenable and highly myopic decision. The state already taxes profits, incomes, properties, transactions and consumption, i.e. any new tax would mean double taxation of any existing item. The only possible solution would be restructuring the existing tax system.

Decentralisation of indirect taxation, i.e. of consumption, also looks inapplicable in the current environment. VAT taxation does not imply the possibility of varying rates in individual districts because that would cause a real chaos along the chain and a huge administrative burden for both the tax authorities and companies. The high fragmentation of municipalities in Bulgaria means that it would be too easy to search for some kind of a ‘tax arbitrage’ by artificially directing consumption to municipalities imposing lower tax rates.

Even if a technical solution is to be searched for, i.e. all to be equally charged but a certain part of VAT revenues to be allocated back to municipalities, again it is highly disputable if the contribution of each municipality in the total VAT revenues could be assessed (there are also the so called ‘large taxpayers’). As at the moment, this option seems almost inapplicable, and it does not provide for alternatives for upgrading, i.e. the limit is administrative allocation of revenues without any real tax powers and varying rates in the future.

So, we come to the most likely scenario, namely decentralisation of direct taxes, in other words, taxation on profits and incomes. Taxing profits is an enticing option because it automatically binds local revenues with economic activities, entrepreneurship, investments and profits, but faces some insurmountable administrative and logical obstacles. Big companies again constitute a problem because they operate in many districts or even throughout Bulgaria, but pay corporate income tax in the municipality where they have their registered office. It seems almost impossible to estimate what proportion of the profit was generated in individual municipalities, and how to allocate tax revenues respectively. An incentive for tax arbitrage and artificial registration of companies – despite performing business activities elsewhere – in low-tax municipalities could arise again in the long run if municipalities are allowed tax powers and abilities to impose varying corporate income taxes. In other words, such a decision would not be quite appropriate in terms of regional development and the competition between local authorities.

The most reasonable and applicable scenario would be a change in respect of the income tax. Such an option would mostly fill in the notion of the relation between representation and taxation – local authorities would get a portion from taxing local citizens’ incomes. The specified change automatically makes local budgets dependent on employment rates and salaries (including the share of the informal economy in the so called employment relations)



in districts, which sets the proper incentives – attracting foreign investors and removing hindrances to businesses would entail a direct financial result for municipalities. Such a change sets the prerequisites for tax competition between municipalities, and not via the tax arbitrage specified above, but rather via real competition that presupposes the so called ‘foot voting’ and changing domiciles due to tax considerations.

## Municipalities and income taxes

A possible change in respect of income taxes, in purely theoretical terms, would provide solutions to the specified structural problems that local finances face. Firstly, even a slight change could seriously affect local budgets: the allocation of 20% of income taxes would in reality mean funds amounting to more than 500 million BGN, i.e. more than the regional programme specified above. Next, such a change would respond to fundamental economic and political questions: it would create incentives for municipalities to work on creating more jobs and on stimulating businesses to pay higher salaries, and it would recover the relation between representation and taxation. Such a change would provide prerequisites for tax competition without any artificial tax arbitrage. Finally, the changes are politically and administratively achievable. What options are possible and what could be undertaken as soon as possible?

In the short run, such a change in taxes could affect the allocation of funds towards municipalities – the tax rate is to remain the same in the entire country while portions of it are to be allocated automatically to the respective municipalities. Equal sharing of income tax revenues between the state and municipalities could be considered in the long run; even, it could be entirely transferred to local authorities. And since the last two options require normative and administrative amendments (which makes them longer term in their nature), the first one – with reallocation of revenues – could be implemented as early as next year.

No administrative amendments in tax authorities, which could continue to work in the same way, are necessary in order to provide for such a reallocation. The main point here is not the mere collection of revenues, but the subsequent reallocation of a portion of these revenues to municipalities. For the subsequent reallocation of these revenues, it is necessary to estimate the number of persons residing in a municipality and, also, to relate income taxes paid by every individual to the relevant municipality. These are the only administrative prerequisites.

In respect of the distribution of the population per municipality there is an easy solution, namely to be performed as per permanent addresses, i.e. as per identity cards. This is the most appropriate theoretical solution – one pays their taxes where, at least officially, they live. This is the most appropriate solution from a practical point of view because the correlation between taxation and representation will be recovered to the fullest – one pays their taxes where they vote for a mayor and councillors. The main point here is not the location of generating revenues (keeping in mind the daily occupational migration, for example), but rather the taxpayers’ locations of residence and voting.

By reason of the unsettled matters pertaining to the address registration of the population and by reason of the fact that many people live and work in the economic centres, though they still officially are domiciled in any of the smaller settlements, it could be stated that such a division by ID cards would affect unjust taxation in relation to towns and cities that would lose revenues (like the capital city). This approach makes a similar division imperfect, but it still remains the best one possible. Moreover, it allows taxpayers to decide where a portion of their income tax is to be allocated. As at the moment, one of the reasons for the chaos with regard to address registrations is the lack of real incentives that would urge people to register in municipalities where they really live and intend to stay. Such a tax amendment would provide an incentive and everyone could decide where their tax should go and which municipality to support – whether to keep their registered address in the hometown (village), or to renew their ID card and to support the municipality of their new home.

Practically, the implementation of the ‘money follows the ID card’ principle could help to solve the problem with registered addresses in Bulgaria. This principle is the most appropriate one also due to the fact that a very limited number of employees submit tax returns, where various options could possibly be implemented for the allocation of taxes paid to municipalities. Income taxation mostly concerns employees, i.e. people whose taxes are being submitted by employers. This is why an internal administrative decision, like the one regarding the ‘money follows the ID card’ principle, should be sought; such a decision should be implemented immediately without any activities on behalf of the taxpayer. A prerequisite for the

implementation of this principle is certain administrative changes to be made because the tax administration cannot currently allocate income tax revenues to the respective municipalities. Finding a connection between the tax administration's records (paid income taxes against every National ID No.) and the ones of the ESGRAON System (permanent address against every National ID No.) would be achievable within short terms.

From a financial point of view, the first step could be the reallocation of two percentage points or 20% of the income tax towards municipalities, which would provide funds bigger than the so called 'regional programme' and more than 10% of local budgets. It could be possible to enforce a term regarding the first two or three years following the change, stipulating that the revenues from the allocated income taxes to be solely used for investments and reimbursing old debts, in other words, to undergo a period of enhancing local finances. Such a measure, made under the specified restricting terms, would minimise risks, and it could pave the way for further decentralisation that would include either sharing income taxation or the entire transferring thereof to municipalities.

## Conclusion

Challenges before local finances in Bulgaria do not arise more due to the lack of resources than the intense dependency of local budgets on state finances and EU funds. The structure of local budgets do not contain incentives for attracting foreign investments or for removing hindrances before local entrepreneurs; it entirely focuses on the utilization of EU funds in their capacity as the sole alternative for the inflow of funds in municipalities and for funding public projects. Moreover, the creation of a centralised programme for investments in districts makes regional development dependent on political rivalries, and only aggravates the structural problems before local finances.

The lack of financial independence of municipalities causes democratic problems by discontinuing the connection between taxation and representation on local level, it neglects the financial role of the local parliament, and implies a purely administrative budget process locally. A change both in economic and financial incentives and also in the relation between the representation on a local level and local budgets is possible only by means of restructuring direct taxes, and in particular the income tax.

We specified a short-term option for the reallocation of two percentage points or one fifth of income tax revenues for municipalities without any change in the national tax rate, by complying to the 'money follows the ID card' principle. The reallocation should be automatic and as per the permanent address of the taxpayer. The adoption of a transitive period of time is also possible, where the reallocated funds should be expended only on local investments or on repaying old debt – a period of enhancing local finances. In the medium and long term, either sharing the income tax revenues between the state and municipalities, or the complete reallocation thereof to local authorities, could be considered.



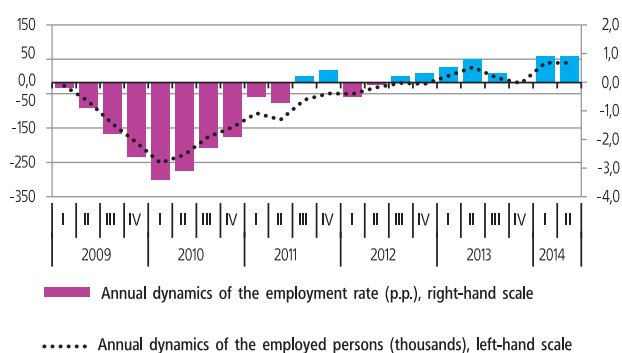
# Labour Markets – The Way to Recovery

The world economic crisis brought to the Bulgarian economy ten consecutive quarters of a decrease regarding the annual employment rate from the first quarter of 2009 to the second quarter of 2011 – from 55.1% to 49.3%. A period followed during which the labour market continued to lose jobs, but due to the diminishing population, and the workforce respectively, employment remained relatively steady. It was only in the first half of 2013 that symptoms of a real recovery pertaining to a certain number of jobs, lost during the crisis, appeared. The situation considerably enhanced several quarters later as the number of employed increased by more than 39,000 people during the first quarter of 2014. This growth rate pertaining to opening jobs, compared to the previous year, has also remained during the period April–June 2014.

Despite the data that show a better situation in Bulgaria, there are still a number of districts where the labour market's recovery has not started yet, or has just begun. Such are the districts of Lovech, Ruse, Targovishte and Silistra in North Bulgaria, and also Blagoevgrad and Kyustendil in the southern part of the country. In addition, there are districts where the labour market has remained steady during the crisis (like Stara Zagora) but wherein negative trends were available during last quarters.

The main part of the growth of employed persons on a national level during the last year and a half is due to the rapid recovery of the most districts in the South Central Region of Bulgaria, and also due to the positive trends concerning the employment rate in some of the leading economic centres such as Burgas, Sofia (capital) and Varna. The situation concerning the labour market in Northeast Bulgaria and North Central Bulgaria has continued to be critical, with individual exclusions (such as Gabrovo and Veliko Tarnovo) as the employment rate (annual average) has remained below 40% between 2012 and 2013 in a number of districts in these regions.

**Figure 1:**  
Annual change in the number of employed persons and the employment rate by quarters (2009-2014)  
Source: NSI, IME calculations



## Methodology of the research

Quarterly data of the National Statistical Institute on the number of employed persons in individual statistical regions and districts have been used for demonstrating the process of the labour market's recovery in individual districts of Bulgaria. The employment rate and the unemployment rate of the population aged 15+ have been considered in the analysis of the data. The researched period encompasses fifteen quarters: from the first quarter of 2010 to the second quarter of 2014.

The districts have been analysed depending on the statistical region they belong to. The tables that precede every statistical region are intended to demonstrate the annual trends of increase or decrease in the number of employed persons in the districts' economies. For this purpose, every second successive quarter of an increase in the number of employed persons on an annual basis has been marked in blue colour, and every second successive quarter of an annual decrease – in red.

**Table 1:**  
**Example for presentation of the results**  
**Source: NSI, IME calculations**

NORTHWEST REGION	2011				2012				2013				2014	
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II
Vratsa														

■ A second successive quarter of decrease in the number of people employed on annual basis  
 ■ A second successive quarter of increase in the number of people employed on annual basis

In the example of Vratsa, the red colour for the second quarter of 2011 means that it has been the second consecutive quarter of a decreasing number of employed persons on an annual basis. An increase of employed persons on an annual basis was noted in the fourth quarter of 2011 (relative to the same period of 2010), which is why the square is white, i.e. it demonstrates an interruption of the trend. The second successive quarter featuring a growth (and the only instance when the district has registered two consecutive quarters of increasing the number of employed persons on an annual basis) has been the period January–March 2012. It is clear that a long period of a continuous decrease has ensued, which has been interrupted twice – during the third quarter of 2013 and the second one of 2014. However, the district has not managed to register any longer trend of increasing the number of employed persons (i.e. two successive quarters at least), which is to be marked in blue.

The goal of this approach is to clearly demonstrate the periods of permanent loss of jobs on an annual basis (marked in red) and the ones regarding any sustainable growth (marked in blue). Usage of annual comparisons allows seasonal trends to be isolated, which are particularly notable in some districts in Southeast Bulgaria and Northeast Bulgaria, and also to negate the statistical effect on employment due to the decreasing workforce in individual districts. Usage of statistical data regarding fluctuations in the number of employed person instead of the employment rate is aimed at distinguishing sustainable trends in creating jobs, which implies an increase in the number of employed persons despite the availability of local negative demographic processes. Districts where the number of employed persons has grown during several successive quarters, given the diminishing population, could be defined as districts where the recovery of the labour market has been relatively steady.

### Recovery of the labour market in individual statistical regions and districts

**Table 2:**  
**Northeast Region**  
**Source: NSI, IME calculations**

NORTHEAST REGION	2011				2012				2013				2014	
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II
Total														
Varna														
Dobrich														
Targovishte														
Shumen														

■ A second successive quarter of decrease in the number of people employed on annual basis  
 ■ A second successive quarter of increase in the number of people employed on annual basis

The recovery of the labour market in the Northeast Region has started relatively lately – during the first quarter of 2013. On this account, the annual average unemployment rates in the four districts (Dobrich, Shumen, Targovishte and Varna) has remained higher than Bulgaria’s average, excluding the district of Varna where there was a drop in the level thereof in 2013 – Varna has been the fastest recovering district in the region for the past several quarters.

The number of employed persons has been the highest in Varna District – it reached 192,400 persons in the second quarter of 2014, which was almost 20,000 people more than the lowest level reported during the crisis: 172,600 people in the second quarter of 2012. If this positive trend and the recovery rate continue, the number of employed persons in Varna District will exceed 200,000 people in the first half of 2015, which has never occurred since the third quarter of 2010. A certain increase in the number of employed people could also be expected in the neighbouring districts of Dobrich and Shumen, given such a development, due to the traditionally intensive daily occupational migration from these districts to Varna.

Shumen also remained the district featuring the highest annual average unemployment rate in 2013 – 26.6%, Bulgaria’s average being 12.9%. The labour market was extremely volatile, alternating quarters featuring a robust growth or drop in the number of employed persons with quarters featuring stagnation, without any clear seasonal dependencies. The overall trend has also been one of an increase in the number of employed persons, but the sudden drops in the fourth quarter of 2012 and in the third quarter of 2013 hindered a more sustainable growth of the annual average employment rate for the past two years.

By excluding temporary turmoil on the labour market in the end of 2012 and the beginning of 2013, the employment rate has sustained its growing trend for a third successive year in the district of Dobrich. In 2013, the annual average employment rate reached 47.3% for Dobrich District, which was the sixth highest in Bulgaria, the average rate being 46.9%. Therefore, the employment rate has already been higher than the one regarding 2009 (45.7%) and has

almost reached the top 49% reported in 2008.

Although the labour market has been stable from 2009 to 2011 in Targovishte District, the closure of some big enterprises therein in 2012 and 2013 has initiated a period of a shrinking employment rate. The employment rate of the population aged 15+ dropped below 40% in 2013, for the first time since 2004, which was accompanied by an increase in the unemployment rate up to 15.7%. The only districts where the employment rate was lower in 2013 were Lovech and Silistra. Simultaneously, in the first half of 2014, the number of employed persons was about 2,000 people higher compared to the same period of 2013, which could be an indication of a gradual stabilisation of the local labour market.

Some strategic risks before the further recovery of the regional labour market are available, the main one being the geopolitical crisis in Ukraine whereto a significant portion of a number of local enterprises' production has been exported to. The crisis in Ukraine could negatively affect the inflow of tourists from the Black Sea countries, depending on its scope and duration, which could impact the economies and the labour markets of the districts of Dobrich and Varna.

Despite that the number of employed persons increased on an annual basis in the first two quarters of 2014, this improvement has almost entirely been due to the sharp boost in the number of employed persons in Veliko Tarnovo District, and also due to the slight increase in Razgrad. The labour market has been volatile since the beginning of 2014 in the other three districts, and the negative trends that had already been noted have continued in Ruse and Silistra, and the drop in Gabrovo has occurred following a long period of enhancement.

Evidence of the crisis's intensity on the labour market in Ruse District presents the fact that 106,200 people were employed in the second quarter of 2010, this figure being 94,900 people in Veliko Tarnovo. For the same period of 2014, 86,100 people have been employed and 100,600 people in the district of Veliko Tarnovo. Although the employment rate in Ruse has continued to be the second biggest in the region, following the one in Gabrovo, and the unemployment rate has been about Bulgaria's average rates, the labour market data does not imply any near reversal of the negative trends and any recovery of the levels before the crisis.

The districts of Ruse and Silistra have reported a decrease in the number of employed persons on an annual basis, and that decrease has been quite strong in order to cause a decrease in the employment rate in recent years. The lowest annual average employment rate of the population aged 15+ was registered in 2013 in Silistra District – 37.1%, 46.9% being for Bulgaria.

The labour market in Razgrad District remained relatively steady during the crisis period, which was why the annual average employment rate of the population aged 15+ was about the levels of 2008 and 2009. Simultaneously, it has traditionally remained one of the lowest ones in the country – only 39.9% in 2013, accompanied by a 20-percent unemployment rate since 2010.

The annual average employment rate of the population aged 15+ increased in 2013 in Gabrovo District for a second consecutive year, and reached 48.1%, which is the fourth highest rate in Bulgaria. This favourable trend has been accompanied by an ongoing decrease in the unemployment rate – to 8.8%, the lowest levels being registered only in Sofia (capital). These data are very positive given the unfavourable age structure of the district's population, which implies a decreasing employment rate of the population aged 15+ in view of the increasing proportion of retired people to the entire population. This trend has been reversing since the beginning of 2014, and the number of employed persons decreased in the second quarter of 2014 on an annual basis. If this decrease continues during next quarters, the employment rate of the population aged 15+ (annual average) will very likely decrease in 2014.

It has been for third successive year that the number of employed persons in Veliko Tarnovo District has exceeded 100,000 persons, which happened in the third quarter of 2012 and 2013, and as early as the second one in 2014. Given the increasing employment rate, the monitored growth of the unemployment rate in 2012 and 2013 could be regarded as a positive sign of an increased economic activity of the local population resulting from the returning of discouraged people to the labour market. The fluctuation in the number of employed persons in the first and the second quarter of 2014 in the districts of Ruse and

**Table 3:**  
North Central Region  
Source: NSI, IME calculations

NORTH CENTRAL REGION	2011				2012				2013				2014	
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II
Total														
Veliko Tarnovo														
Gabrovo														
Razgrad														
Ruse														
Silistra														

■ A second successive quarter of decrease in the number of people employed on annual basis  
■ A second successive quarter of increase in the number of people employed on annual basis

Veliko Tarnovo implied a decrease in the employment rate in the first district and an increase in the second one. If the current trends continue, the employment rate of the population aged 15+ (annual average) for 2014 might equal the one pertaining to Ruse District, or might be higher than it, which has not happened since 2003.

There are also enterprises in the North Central Region of Bulgaria which businesses could be negatively affected by a possible deepening of the crisis in Ukraine. The eventual acceleration of some essential infrastructural projects, such as the Hemus Super, might positively affect the local labour market in next several years.

Since 2012, the employment rate of the population aged 15+ (annual average) has remained below 40% in the districts of Lovech, Montana, Vidin and Vratsa. Following a short period of enhancement, the labour market in the Northwest Region started to lose jobs in the summer of 2013, and the decrease also continued in 2014 in some districts.

The crisis has indisputably been the worst in Lovech District, where 40,300 people were employed in the second quarter of 2014 – about 30% less than the relevant period of 2010. If the minimal increase of the number of employed people on an annual basis in the third and fourth quarter of 2013 is excluded, a negative trend will be clearly demonstrated. Given the continuing decrease in the employment rate, the low level of the unemployment rate (only 10.7% in 2013 compared to 12.9% for Bulgaria) could be interpreted as a sign of a high share of discouraged persons.

Vidin District has traditionally featured a low employment rate and a high unemployment one. Nonetheless, the district recorded a significant increase in the number of employed persons on an annual basis during the three quarters of 2013, resulting in an annual average employment rate of the population aged 15+ of 39.6%, and the unemployment rate, though higher than Bulgaria's average, stopped increasing. This improvement in the annual average rate is due to two factors: a relatively steady annual average number of employed persons in 2012 and 2013, and a quickly decreasing population of the district. For instance, employed persons in the region were 33,200 people in 2010, and the population aged 15+

was 93,000 people; in 2013, employed persons were 33,600 people, and the population was 83,900 people regarding the same age category.

For the period 2012-2013, a similar trend (a relatively constant number of jobs and an increasing annual average employment rate) has been noted in the district with the highest number of citizens in the Northwest Region – Pleven. Simultaneously, the annual average employment rate for the district, though the biggest one in the Northwest Region, has remained far below the level prior to the crisis due to the loss of a number of jobs in 2010 and 2011.

**Table 4:**  
Northwest Region  
Source: NSI, IME calculations

NORTHWEST REGION	2011				2012				2013				2014	
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II
Total	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Vidin	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Vratsa	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Lovech	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Montana	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Pleven	■	■	■	■	■	■	■	■	■	■	■	■	■	■

■ A second successive quarter of decrease in the number of people employed on annual basis  
 ■ A second successive quarter of increase in the number of people employed on annual basis

**Table 5:**  
Southeast Region  
Source: NSI, IME calculations

SOUTHEAST REGION	2011				2012				2013				2014	
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II
Total	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Burgas	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Sliven	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Stara Zagora	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Yambol	■	■	■	■	■	■	■	■	■	■	■	■	■	■

■ A second successive quarter of decrease in the number of people employed on annual basis  
 ■ A second successive quarter of increase in the number of people employed on annual basis

The labour market in the districts of Montana and Vratsa has also continued to stagnate – in the last eight quarters, neither district managed to increase the number of employed persons on an annual basis in two consecutive quarters. In the second quarter of 2014, the number of employed persons in Montana District was 9.4% lower than the relevant period of 2010, and the one in Vratsa – 13.3% lower.

The labour market of the Southeast Region of Bulgaria remained steady from 2011 to 2012. The situation changed in 2013 and the first half of 2014 when the number of employed persons plunged in the districts of Stara Zagora and Yambol, which also affected the data for the entire region.

A steady trend of job cuts was observed only in Sliven District from 2011 to 2012, which reported eight successive quarters of a diminishing number of employed people. As a result of that, the annual average employment rate of the population aged 15+ fell to 41.8% in 2012, which was the lowest value since 2005. The drop in the annual average employment rate also continued in 2013 when it reached 41.3%, but the reversal of the trend during the second half of the year and the better beginning of 2014 have shown an expected growth from the lowest levels. Sliven also was the only district in the region wherein the annual average unemployment rate decreased in 2013, though it remained the highest one among the other districts in Southeast Bulgaria – 15.9%.

Although the number of employed persons decreased by 11.7% during the period fourth quarter of 2010 – fourth quarter of 2012 in Stara Zagora District, the annual average employment rate remained at the same levels like the ones for 2008 and 2009. This is largely due to the drastic revision of the NSI data pertaining to the employment rate in the district in 2011, as a consequence of the rectification of the gaps between the current population statistics and the results of the census in 2011. In terms of Stara Zagora, the annual average employment rate has been increased from 45.1% to 48.5%, or by 3.4%, constituting the biggest revision for Bulgaria. This means that the employment rate has probably been underestimated as well before the crisis. The number of employed persons started to decrease in 2013, following the completion of the construction works along the Trakia Highway and also as a result of job cuts in a number of public and private enterprises. The annual average employment rate for the district dropped to 44.8% as a result of several successive quarters featuring a diminishing number of employed persons, which has been the lowest level for the past ten years. Job cuts also continued in 2014 though at a slower pace.

The labour market of Yambol District was among the best performing in 2011 and 2012 – it recorded only one quarter featuring a decrease in employed persons on an annual basis during this difficult period for Bulgaria’s economy. As a result of that, the district managed to recover, as at the end of 2012, a part of the lost employment rate for the period 2009–2010. Similarly to the trends noted in Stara Zagora District in 2013 and the first two quarters of 2014, the number of employed persons started to plunge resulting in a decrease of the annual average employment rate in 2013 to 46.6% compared to 48.4% in 2012. Yambol District also ranks among the ones where the employment rates have probably been underestimated before the crisis (the annual average employment rate was increased from 44.5% to 47.0% during the review of 2011), which is why the current negative trends make it several years away from reaching the real employment rates before the crisis. The unemployment rate in Yambol was the highest in Southeast Bulgaria in 2013 – 16.1% compared to 15.9% for Sliven District.

Burgas District stands out as one of the fastest recovering districts in Bulgaria in respect of the labour market. The annual average employment rate of the population aged 15+ gradually increased from 2011 to 2013, and the enhancement was noticeable not only during summer months that are traditionally very strong, but also during the rest of the relevant years. As a result of this positive trend, Burgas was the only district in 2013 in Southeast Bulgaria where the employment rate (47.8%) was higher than Bulgaria’s average (46.9%), and the unemployment rate was lower – 12.7% compared to 12.9%. The two successive quarters of a rising number of employed persons on an annual basis, since the beginning of 2014, have shown that the annual average rate has equalled the one for 2009, and that it has also reached the employment rates before the crisis. Burgas has gradually become a recognized leader in respect of employment in the region because 175,900 people worked in the second quarter of 2014 (or 43.0% of all employed persons in Southeast Bulgaria); this figure was 163,400 people for the relevant period of 2010 (or 38.5% of all employed persons in the region).

The South Central Region has been the indisputable leader in terms of the recovery of the labour market since the second quarter of 2012. The region has reported nine successive quarters of an increasing number of employed persons on an annual basis, the enhancement being visible during the bigger part of the period in all districts within it – Haskovo, Kardzhali, Pazardzhik, Plovdiv and Smolyan.

288,900 people were employed in Plovdiv District during the second quarter of 2014, which equalled the rate of the relevant period of 2010. Simultaneously, the annual average employment rate increased from 46.5% to 48.1% from 2010 to 2013 due to the diminishing population. The positive beginning of 2014 and the record increase of the number of employed persons by 11,400 people on an annual basis in this period imply that the 50.5% peak featured in 2008 would soon be repeated. Unemployment in Plovdiv District has continued to grow since the beginning of the crisis (up to 13.4% in 2013), but this could be rather referred to the increasing economic activity and the district’s citizens’ desire to be employed.

An intensive recovering has started in Pazardzhik District since the beginning of 2013, following a continuous decrease in the employment rate. The number of employed persons

**Table 6:**  
South Central Region  
Source: NSI, IME calculations

SOUTH CENTRAL REGION	2011				2012				2013				2014	
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II
Total														
Kardzhali														
Pazardzhik														
Plovdiv														
Smolyan														
Haskovo														

■ A second successive quarter of decrease in the number of people employed on annual basis  
■ A second successive quarter of increase in the number of people employed on annual basis



has increased by 16,100 people (or 17.2%) from Q2 2012 to Q2 2014, which has constituted the fastest recovery rate in the entire country (the average being 2.3%). Pazardzhik District is one the three districts (along with Blagoevgrad and Smolyan) where the pre-crisis employment rates have most probably been overestimated by the national statistical institute due to the lower estimate pertaining to the local population in the current population statistics compared to the subsequent review based on the 2011 census. Nevertheless and despite the recovery that has begun, the short-term employment rate for the district would most probably remain below Bulgaria's average rates.

The data on the state of the labour market in Kardzhali District have continued to be occasionally regarded unrepresentative by the NSI, mostly due to the lack of certainty in respect of the demographic statistics pertaining to the district's population size. According to the NSI's data, the number of employed persons in Kardzhali District has increased on an annual basis, without any exception, since the beginning of 2011; it has recorded fourteen successive quarters of growth. According to the NSI's data, the unemployment rate in the district has been the lowest in Bulgaria (only 7.0% in 2013), and the employment rate reached 47.1% in 2013, the average being 46.9%. The annual average employment rate for the district has been higher than Bulgaria's average for the first time since 2004.

The analysis of the number of employed persons per quarter, in Haskovo District, from Q1 2010 to Q2 2014, has shown a clear and steady trend of recovering of the labour market. The number of employed people has decreased on an annual basis during 2011 and Q1 2012, but the drop has been lower during every consecutive quarter. Two quarters of stagnation ensued in the summer of 2012, whereupon a gradual and steady recovery has started which peak was observed in Q1 and Q2 of 2014. As a result of that, the average annual employment rate reached 44.9% in 2013, the lowest one being 42.2% in 2011, and the unemployment rate dropped to 14.3%, the top one being 15.9% in 2011. The number of employed people in the district amounted to 100,000 persons in Q2 2014 – for the first time since Q3 2010. Despite the recovering local labour market, the probability that Haskovo District should reach the annual average 2008 and 2009 employment rates in 2014 or 2015 remains low.

Smolyan District has been the only district in the South Central Region where there has been a drop in the number of employed persons for the past several quarters. Nonetheless, the aggravation has been insignificant given the fast increase of the annual average employment rate from 2011 to 2013 – from 40.6% to 46.8%. The unemployment rate in the district has also decreased but it has ranked number one in the region and number four in Bulgaria, 20.3% in 2013 – higher levels have been registered only in Shumen (26.0%), Silistra (21.3%) and Razgrad (20.7%). Notwithstanding the availability of some positive trends, the labour market in Smolyan has performed far worse than its best employment rate prior to the crisis – 54.2% in 2008.

**Table 7:**  
Southwest Region  
Source: NSI, IIME calculations

SOUTHWEST REGION	2011				2012				2013				2014	
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II
Total														
Blagoevgrad														
Kyustendil														
Pernik														
Sofia														
Sofia (capital)														

■ A second successive quarter of decrease in the number of people employed on annual basis  
 ■ A second successive quarter of increase in the number of people employed on annual basis

The labour market in Southwest Bulgaria has continued to fluctuate. Although the number of employed persons has increased on an annual basis from Q1 2013 to Q2 2014, the most part of this enhancement has been due to job openings in Sofia (capital). The other districts have continued to face difficulties, and long-term negative trends have been obvious in districts that are more distant from the capital city.

For the past decade, Blagoevgrad traditionally has been one of the districts, which has had the highest annual average employment rate in Bulgaria – even higher than the one for Sofia (capital) in various periods of time. In 2008, the district's employment rate reached 57.2%, the country's average being 50.8%, and the unemployment rate (1.8%) was three times less than the average rate of 5.6%. A trend of diminishing number of jobs has settled for the following period of recession and recovery – a decrease of 15,300 people, or 10.1% less, was observed in Q2 2014 compared to the relevant period of 2010. Unemployment has increased as a result of that, reaching 13.5% in 2013 – probably the worst year for the local labour market. It has been for the time, for the past two decades, that the unemployment rate in the district has been higher than Bulgaria's average. Despite these lasting negative trends, Blagoevgrad has remained the district featuring the highest employment rate in the country, following Sofia. Simultaneously, the lack of indications of a started recovery of the labour market and the

increasing rates of employment in other districts such as Burgas, Gabrovo and Plovdiv show that this leading position could soon be outranked in the following couple of years.

The number of employed persons in Kyustendil District increased in only three out of the last fourteen quarters, and 8,100 less people (or 14.1%) worked in Q2 2014 compared to the relevant period of 2010. The unemployment rate in the district has been almost 15% since 2011, and the employment rate of the population aged 15+ has continued to decrease, reaching 42.4% in 2013 – the lowest level since 2004.

Similar, though not so distinguishable, negative trends were observed in Pernik District. In 2013, the unemployment rate remained slightly higher than Bulgaria's average (13.0%), and the employment rate represented a 9-year low of 45.5%, which was also below Bulgaria's average rate of 46.9%. Simultaneously, the proximity to the capital city and the traditionally high number of daily occupational migrants, who leave Pernik District to get to their workplaces, imply a more intense dependence between the enhancement of the situation on the labour market in the capital and the one pertaining to Pernik. Therefore, Pernik has been the only district in the region where the fluctuation of the number of employed persons in the researched period of time has developed similarly to the capital's fluctuation. In reality, the only district in the region where the fluctuation of the number of employed persons in the researched period of time shows a positive relation, though poor, to persons employed in the capital city is Pernik District; the other districts show moderate, negative correlation. This means that when the number of employed persons in Sofia (capital) has increased, the one for the other districts (exclusive of Pernik) has dropped in most cases. Pernik has been the only district in the region for Q2 2014, other than Sofia (capital), where the number of employed persons has been reported to have grown on an annual basis.

The number of employed persons has gradually decreased on an annual basis almost for the entire period Q1 2010–Q2 2014. Nonetheless, the employment rate in the district has remained relatively steady despite the decreasing population – the annual average employment rate of the population aged 15+ for the period 2011–2013 has been about 46.0%. The annual average unemployment rate of the district reached 10.0% in 2013, but remained lower than Bulgaria's average rate of 12.9%.

The recovering of the labour market in Sofia (capital) gathered pace in 2013. Following seven successive quarters of an increasing number of employed persons on an annual basis, 650,100 people worked in Q2 2014, in comparison with 622,200 people in the relevant period of 2010, or 4.5% more. The annual average employment rate in the district managed to exceed the 2012 six-year low of 55.7% as a result of this positive trend as early as 2013, and it reached 56.1%. The strong beginning of 2014 and the highest recorded increase in the number of employed persons since the beginning of the crisis (19,800 more compared to the relevant period of 2013) imply a further boost to the employment rate and reaching the 2010 level of 57.4% as early as the end of 2014. It should be noted that the number of persons employed in the capital city should considerably increase in order to reach the 2008 and 2009 pre-crisis rates of more than 60%. The reason thereof is that the population of the capital has continued to grow even during the crisis, which means that a higher number of jobs would be necessary to attain the same employment rate.

## Business expectations for 2014 and 2015

For the purposes of the third annual research *Regional Profiles: Indicators of Development*, the IME conducted a survey among 1,680 companies throughout Bulgaria in May 2014. The research aimed at evaluating companies' attitudes to opening or cutting jobs during the period June 2014–May 2015, along with a number of questions disclosing business evaluations of the quality of local administrative services and the local business environment.

The results demonstrated on Figure 3 represent the average grade of the interviewed business representatives about their intentions of opening or cutting jobs. A result above 3 demonstrates expectations for opening jobs, and a result below 3 – for cutting jobs.

Since businesses have expected an increase in the number of employed persons in only ten districts out of twenty-eight for the same period of 2013, the expectations for 2014 are for a positive development of the labour market in all of them. The forecasts of the interviewed business representatives of individual districts have been provisionally classified into two groups due to this reason and depending on the forecasts: districts expecting a slight improvement and districts expecting more significant improvement.

It is notable that, unlike the 2013 survey where the predominating part of businesses in North Bulgaria forecast job cuts, companies even in the northern part of the country rather expect to preserve, or minimally to increase, the number of employed persons in 2014.

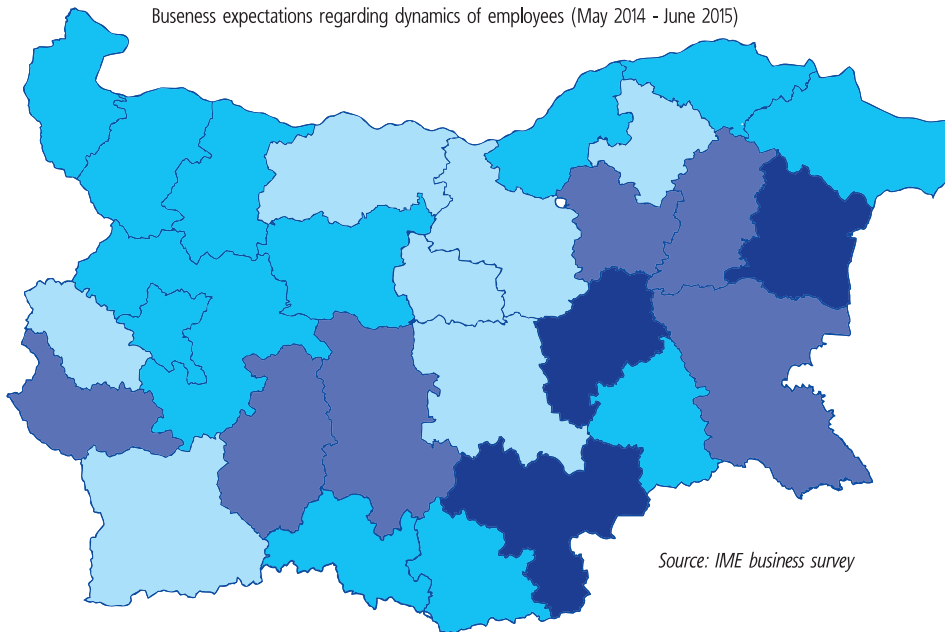
The highest growth rate of the number of employed persons is expected in the districts of Haskovo, Sliven and Varna, and the data on the change in the number of employed persons confirmed these expectations in Q2 2014. In eight out of nine districts where businesses expect more significant enhancement of employment, the number of employed persons has increased for Q2, wherein two of the months of the forecast period have been included (June and July 2014). Regarding the group of districts where businesses expect more insignificant improvement of employment, the figures are varying, and twelve districts have reported a decreased number of employed persons for the same period of time, and seven of them – growth.

## Conclusion

The data on the number of employed persons for the first half of 2014 and the increasingly favourable attitude of businesses to open jobs have supported the forecasts that this year would probably be the best one for the labour market since the beginning of the economic recovery. Although the bigger improvement is expected to happen in the southern part of Bulgaria, enhancement of the economic activity has already been observed also in some northern districts such as Gabrovo, Dobrich and Varna. Opportunities that the employment rate in some districts should reach and even exceed the pre-crisis levels thereof in 2014 and 2015 have increased despite the political crisis in Bulgaria. The labour market's recovery, at least at this stage, seems to have been achieved not by means of policies implemented nationally and locally, but despite them.



Business expectations regarding dynamics of employees (May 2014 - June 2015)



Source: IME business survey

Minimal increase		More substantial increase	
Veliko Tarnovo	3,00	Ruse	3,11
Stara Zagora	3,02	Vidin	3,12
Razgrad	3,02	Sofia (c.)	3,12
Pleven	3,06	Sofia	3,13
Pernik	3,07	Dobrich	3,14
Gabrovo	3,07	Smolyan	3,15
Blagoevgrad	3,10	Montana	3,16
		Yambol	3,16
		Vratsa	3,17
		Silistra	3,17
		Kurdzhali	3,17
		Lovech	3,20
		Shumen	3,22
		Kyustendil	3,22
		Pazardzhik	3,25
		Burgas	3,26
		Targovishte	3,28
		Plovdiv	3,30
		Varna	3,31
		Haskovo	3,31
		Sliven	3,32

Rating above 3.00 indicates expectations of increasing the number of employees

Figure 2:  
Expectations of businesses for the dynamics of employees in the period June 2014 - May 2015  
Source: IME survey among businesses (May 2014)

# Types of regional profiles 2014: clustering according to the socioeconomic state and development of districts

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## Preface

The aim of clustering districts is to distinguish and analyse specific types of regional profiles. The districts, included into the composition of a cluster, are sufficiently similar to each other and differing from the rest.

All indicators featuring the socioeconomic state and development of districts have been used for classifying the types of regional profiles (clusters). The cluster-forming method is neural networks.

The types of regional profiles could possibly be used for: identifying complex positive or negative phenomena, disclosing and analysing the causes that have given rise to these phenomena, formulating general or sectoral policies concerning a type of regional profile, etc.

## Results

Eight types of regional profiles have been identified based on the statistics used and the surveys conducted in 2014. There are variances in their composition despite the fact that the number of clusters is similar to the last year's one. An exception constitutes the cluster consisting of only Sofia (capital), which has preserved its state for the three years of the monitored period of time.

The following groups of varying socioeconomic state and development have been outlined as a result of the complex processing of all indicators specified in the methodology of the research:

### Very good socioeconomic condition: Sofia (capital)

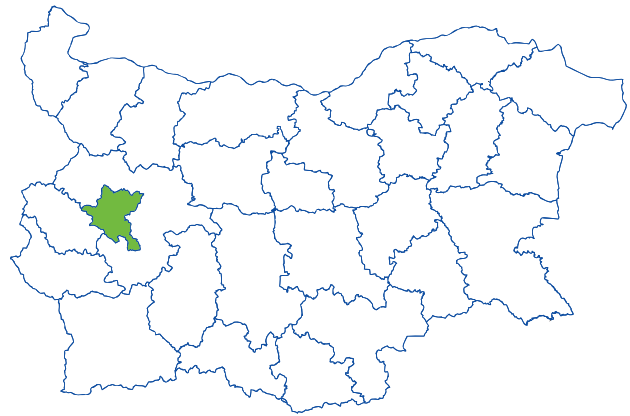
Sofia (capital) has formed an individual cluster for a successive year. This cluster differs very much from the rest since this district is the most developed in a socioeconomic respect.

The economy of Sofia (capital) is the most developed compared to all other districts in Bulgaria. It has had the highest GDP per capita for a consecutive year in a row. The difference between it and the next ranking district was very high in 2011 – the next district (Sofia District) had half GDP per capita compared to Sofia.

In respect of the labour market, Sofia (capital) has had the best employment rate, one of the lowest unemployment rates and the highest incomes per household member.

The district also stands out from the other ones with regard to the ongoing demographic processes. The rate of natural increase is negative, like the entire country, but has the lowest value (minus 1.5‰ in 2013). On the other hand, Sofia (capital) is one of the small number of districts featuring a constant trend of immigration, and the highest positive net migration rate respectively – 7.1‰ in 2013.

However, the worst trends in the fields of social development, environmental protection and the worst environment for developing businesses characterise Sofia (capital). The latter is mainly due to the annual license tax for retailers (up to 100 sq. m. of retail space). It was the biggest one in 2013 – 20 BGN/m<sup>2</sup> – and exceeded twice the average tax in Bulgaria.

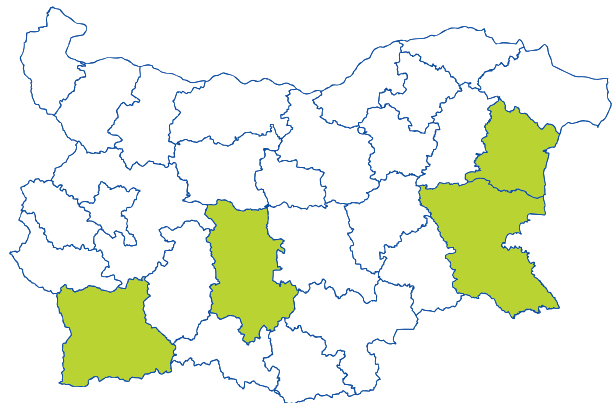


### Good socioeconomic condition: Blagoevgrad, Burgas, Plovdiv and Varna

These four districts have formed the cluster's core for the three years of the research. Ruse District was also included in this cluster but it was removed from its list in 2014.

The demographic state of the cluster is better than the one of the other districts, excluding Sofia (capital). The demographic trends in the districts of Plovdiv and Varna are among the best in Bulgaria. Blagoevgrad, Burgas and Varna also possess the best age structure of the population following Sofia (capital). The age dependency ratios (65+ to 15–64) for these districts are 24.7%, 25.2% and 25.5% respectively, the average for the country being 29.3%.

The cluster features a highly developed economy (it ranks right after Sofia (capital)). The districts of Blagoevgrad, Burgas and Plovdiv possess a better employment level than Bulgaria's average, and the employment rate for the top performing district of Blagoevgrad was 4.5% higher in 2013 (46.9% average for the country).



### Contrasts in the socioeconomic condition: Stara Zagora

This cluster contains one district only – Stara Zagora.

The worst state of the environment among all districts of Bulgaria characterises this district. Carbon dioxide emissions in Stara Zagora District are 3.3 times higher than the second ranking district in terms of this indicator (Varna) and 12 times higher than Bulgaria's average.

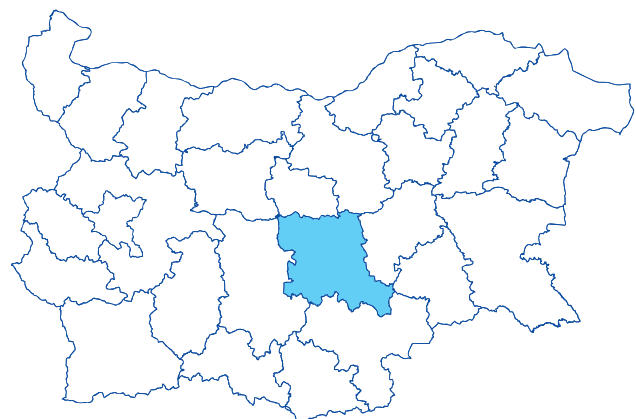
Contrasts are notable in the other fields. It ranks right after Varna with regard to the economic state but it features negative trends of development. This district has a relatively good state of healthcare, infrastructure, taxes and administration.

Average socioeconomic condition: Dobrich, Haskovo, Pernik, Shumen and Veliko Tarnovo

The socioeconomic state of the districts in the cluster ranks them near but below Bulgaria's average rates.

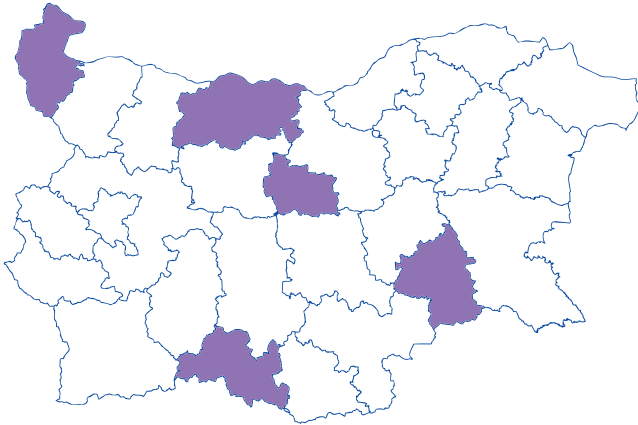
The economies of the cluster's districts develop below the average level for the country. The same is also valid for the demographic state thereof.

Positive trends in the environment category have been observed in all districts of the cluster. The same is also valid for the development of the business environment in respect of local taxes, administrative services (excluding Shumen District) and the infrastructure (excluding Veliko Tarnovo District). The state of healthcare is not good, and trends are negative.



## Contrasts in the socioeconomic development: Gabrovo, Pleven, Smolyan, Vidin and Yambol

The districts in the cluster feature contrasts in their development. On some aspects of the socioeconomic development, the cluster ranks among the top ones in Bulgaria, and on other – among the worst-performing ones.



All five districts feature good trends in respect of the economy (particularly Yambol). Education develops relatively well, but the demographic development regarding the cluster's districts is among the most deteriorated ones in Bulgaria.

Yambol District features the best fluctuation of the economy relative to all other districts in the country. Trends are also positive regarding the districts of Gabrovo and Pleven. Yambol featured the highest growth rate with regard to incomes per household member in nominal terms, in 2013 – 20%, Bulgaria's average being 11%.

The deterioration of the age structure in the districts of Smolyan and Vidin has been the worst one in comparison with the other districts. The increase of the age dependency ratio (the ratio of the number of people aged 65+ to people aged 0–14) by 1.5 and 2 percentage points respectively in

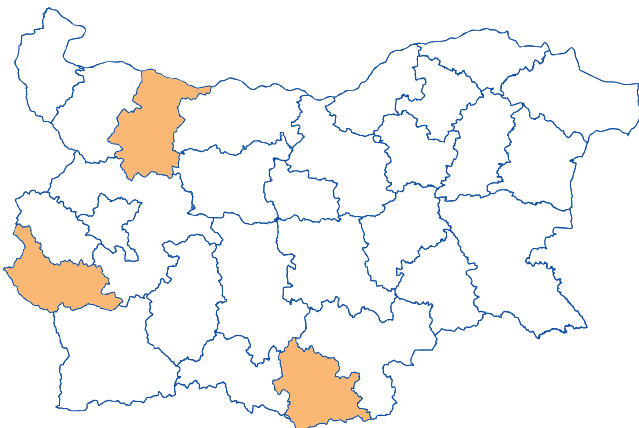
2013, the average being 0.8% for Bulgaria, implies this deterioration. Gabrovo District features a much deteriorated demographic situation and development.

## Contrasts in the socioeconomic condition and development: Kardzhali, Kyustendil and Vratsa

Contrasts in respect of both the socioeconomic development and the trends of development characterise the three districts within this cluster.

On the one hand, the districts in the cluster possess the best trends in education and also relatively attractive business environment (taxes and administration), and, on the other hand, they feature the worst-performing economies and the most negative economic development.

The three districts of the cluster feature trends in respect of education among the top five of all districts in the country. The average grade at state matriculation exams was the highest in 2014 in Kardzhali District – 4.71, 4.32 being Bulgaria's average.



The districts of Kyustendil and Kardzhali rank among the top ones in infrastructural development. Both districts are among the top three in respect of the rate of increase of the relative share of households with internet access. This increase has been 20.7% only for one year – from 31.7% in 2012 to 52.4% in 2013. This district also ranked number one with regard to the relative share people aged 16 to 74, who have used the internet for the past 12 months – from 38.8% to 50.9% per year.

The districts of Kardzhali and Kyustendil had the smallest investments, measured by the expenditure on acquisition of fixed tangible assets per 1,000 people in 2012 – about 3.5 times less than Bulgaria's average and more than eight times less than the best-performing district – Sofia (capital).

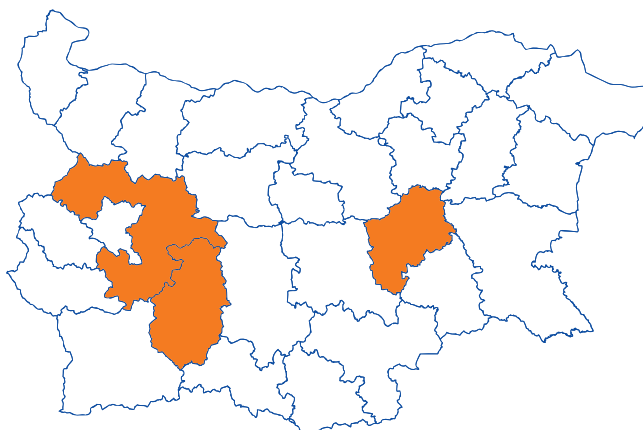
## Contrasts in the socioeconomic development, negative trends: Pazardzhik, Sliven and Sofia

The cluster features negative trends in fields such as infrastructure (the worst development in the country) and the Taxes and Administration category. Not only is the infrastructure in a poor state but it has also developed negatively. The state of education and the social environment have not been good either.

On the other hand, Sofia District is in a good economic state. The environmental state is very good in the districts of Sliven and Sofia.

The deterioration of the road quality in Sofia District has featured the second biggest rate in the whole country, and the share of roads in good condition decreased to 29% in 2013, from 36% in 2012. Two of the cluster districts have ranked last and next to the last in respect of the fluctuation of the relative share of households with internet access, by decreasing from 49% in 2012 to 44% in 2013 for Sofia District and from 40% to 36% for Pazardzhik – the average rates for Bulgaria have been 51% and 54% respectively for the same period of time.

It should be noted that Sofia District has ranked second in terms of GDP per capita following Sofia (capital), but this indicator was half the one regarding Sofia (capital) in 2011. This district featured one of the lowest unemployment rates in 2013.

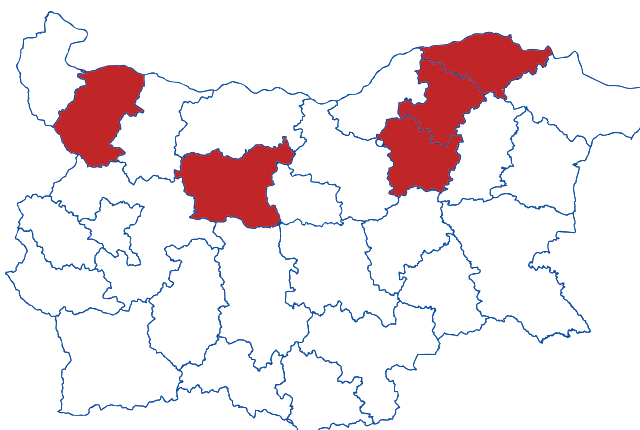


## Very poor socioeconomic condition: Lovech, Montana, Razgrad, Silistra and Targovishte

This cluster comprises the districts of Lovech, Montana, Razgrad, Silistra and Targovishte. It was only the district of Smolyan that had worse demographic development than Silistra District in 2013. Montana District ranked next to the last one in terms of the natural increase in 2013. Razgrad was among the five most depopulating districts in the same year.

The state of the economies within the cluster also features one of the most aggravated indicators – Montana and Silistra possess the least developed economies. Shumen has outranked the districts of Razgrad and Silistra in terms of the unemployment rate. Silistra features the lowest employment rate (it was 37.1% in 2013). The districts of Lovech, Montana and Targovishte feature a very low employment rate.

The state of education, the infrastructure and healthcare is also very poor in these districts. The districts of Lovech, Montana and Targovishte possess the most negative state of the infrastructure, only Sliven features a more unfavourable educational environment than Targovishte, and Shumen possesses worse healthcare than Razgrad, Silistra and Targovishte.



## Summary

As a result of the clustering regarding the socioeconomic state and the development of districts, the following could be summarised:

1. Sofia (capital) stands out from the other districts in Bulgaria. It has formed an individual cluster for the entire period of the research, and the differences between it and the other districts have not diminished.
2. The cluster consisting of districts in a poor socioeconomic condition has started to grow: only two districts, Razgrad and Silistra, were included therein in 2012, next year – three, and in 2014 – five districts.
3. The number of districts featuring a poor socioeconomic condition or negative development trends remains larger than the one of districts showing good trends.
4. Blagoevgrad, Burgas, Plovdiv and Varna have continued to be the best developed districts following Sofia (capital).

# Blagoevgrad

Population (2013)	319 135
Area (sq. km.)	6 449.5
Number of settlements	281
Share of urban population (%)	59.5

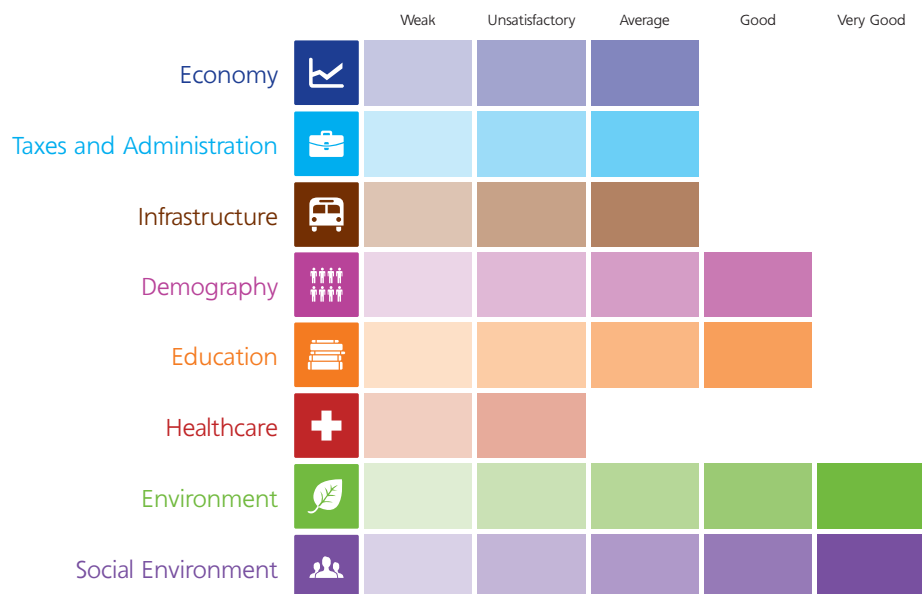


## Overview

Blagoevgrad district is the third largest in terms of its territory and the sixth largest in terms of its population. Its demographic condition is good, it has an attractive social environment and well preserved local environment. The education system is well developed, and in the last few years, local universities have managed to attract an increasing number of students.

The effects of the economic crisis still suppress the full potential of the local economy, which has led to the deterioration of some labor market indicators in 2013. The investment activity of local enterprises is still subdued, and foreign direct investment is not enough to guarantee higher incomes and standard of living.

The leading challenges in front of Blagoevgrad are the faster infrastructure development and the reversal of negative processes in the healthcare system.



## Economy

Blagoevgrad District ranked 11th in respect of GDP per capita – 6,682 BGN per capita in 2011. The investment activities have remained too low since 2009. The businesses' investments in fixed tangible assets amounted to 1,105 BGN per capita in 2012, being 2,129 BGN in 2008.

Although foreign direct investments in non-financial enterprises have gradually increased, the cumulative rate thereof (about 307 million EUR as at the end of 2012) is still insufficient to generate higher incomes. After 2005, the annual average income per household member in Blagoevgrad has been traditionally lower than its counterpart – it was 4,132 BGN in 2013, the average rate being 4,814 BGN concerning Bulgaria.

The annual average unemployment rate of the population aged 15+ reached 13.5% in 2013, Bulgaria's average being 12.9%. It has been for the first time for a decade now that the annual average unemployment rate for Blagoevgrad has been higher than the one in respect of the country. Nonetheless, Blagoevgrad has remained the only district, together with Sofia (capital), since 2010, where the annual average employment rate of the population aged 15+ has been higher than 50%.

As at 31 January 2014, the municipalities of Blagoevgrad District have managed to draw down 127.4 million BGN as beneficiaries under the EU operational programmes. In relation to the rate of utilisation of EU funds per capita, the highest rate has been in the municipalities of Bansko (1,950 BGN per capita) and Gotse Delchev (724 BGN per capita) – the district's average has been 399 BGN per capita and the country's one has been 380 BGN per capita. Less than 100 BGN per capita of the average annual population have been utilised in the municipalities of Satovcha and Hadzhidimovo.

## Taxes and administration

For a second year in a row, Blagoevgrad's local administration has received a lower grade compared to Bulgaria's average in respect of its interaction with local businesses. Businesses graded the criteria Fast Servicing and Appropriate Qualification and Skills of Staff the lowest (2.7/5.0 given the country's average is 3.0/5.0, and 2.9/5.0, given the country's average is 3.2/5.0, respectively). About 37% of companies claim to have used e-services from June 2013 to May 2014. The quality of these services has been consistent with the country's average grade of 3.4 (out of 5.0).

The weighted average 2014 Active Transparency Rating of local government bodies by the 'Access to Information Program' Foundation for the district is 37.1/82.4, the country's average being 44.1/82.4. The municipalities of Bansko and Garmen have received the top grade (63.1 and 51.0 respectively), and the municipalities of Kresna and Belitsa – the lowest (11.8 and 10.2 respectively).

The rates of local taxes and charges in individual municipalities have almost remained the same in 2013 and 2014.

## Infrastructure

The relative share of households with access to the internet in Blagoevgrad District has continued to quickly increase – from 20.8% in 2009 to 60.5% in 2013 – which is the third highest rate in Bulgaria after Sofia (capital) and Plovdiv. The relative share of persons who have used the internet for the past twelve months is about 56%.

By reason of its geographical features, and mostly due to the predominating alpine topography, Blagoevgrad District features the lowest road network density in Bulgaria – just 10.3 km of roads per 100 sq. km of territory. The railway network density has also remained low – 2.5 km per 100 sq. km. In 2013, half of the roads within the district were in good condition, though this share decreased five percentage points compared to 2012.

The completion of the Struma Highway has turned out to be a key project regarding the future infrastructural development of the district. However, the section between Blagoevgrad and Sandanski includes two tunnels that have not been funded yet.

## Demographics

With an annual average population of 319,000 people, Blagoevgrad District ranked sixth in Bulgaria in 2013. The district's age structure is more favourable than the average rate for the country. Blagoevgrad possesses the fifth highest coefficient of demographic replacement after Pazardzhik, Razgrad, Sliven and Targovishte – 69.5% in 2013, Bulgaria's average being 61.5%. This means that there are 69.5 persons aged 15–19 per 100 persons aged 60–64. Blagoevgrad and Sofia were the only districts in 2013 where there were four persons of working age per



individual aged 65+. This is due to the availability of two universities that attract and retain the young longer in the district.

Notwithstanding these good data, some clearly demonstrated negative demographic trends have also available here. The rate of natural increase was minus 2.7‰ in 2013, which has been the most unfavourable value for more than a decade. The net migration rate has also been negative meaning that more people have left the district than have settled.

## Education

Blagoevgrad is one of the districts with the best developed system of educational institutions in Bulgaria featuring good availability of facilities, good enrolment rates, enhancing results at state matriculation exams when finishing secondary education and increasing popularity of local universities.

The district's educational system features a traditionally low relative share of repeaters (just 0.5% in the 2013/2014 school year, 1.0% being the average for the country) and a high net enrolment rate of the population (grades 5th through 8th) (83.5% for the 2013/2014 school year, 79.7% being the country's average). The relative share of dropouts from primary education for the 2012/2013 school year was 1.5% compared to 2.3% for the country. Only Smolyan and Sofia featured lower rates – 0.5% and 0.9% respectively. Pupils' average grades have been higher than Bulgaria's average for the past three years concerning the state matriculation exams.

Although the relative share of the population aged 25-64 with tertiary education has remained lower than the country's average rate, it has continued to grow reaching 18.0% in 2013, being 12.9% in 2007. This is, first of all, due to the continuous influx of students to local universities. 14,800 students studied in the 2013/2014 academic year compared to 13,300 students in 2012/2013 academic year.

## Healthcare

Although the number of beds in multi-profile hospitals for active medical treatment increased to 923 in 2013 compared to 890 beds in 2012, it has remained limited given the numerous population of the district. 84.9% of the district's citizens were health insured persons in 2013, the average for Bulgaria being 86.1%. The trend of quick decreasing of the number of specialists in Internal Medicine has continued. Their number dropped to 36 in 2013, from 72 in 2006. The number of general practitioners and cardiologists has also been lower than Bulgaria's average.

The data from the survey, conducted for the purposes of this research among citizens of the district, confirm this conclusion. From June 2013 to May 2014, 35% of treated people have had to travel out of the district to receive the services they had needed. Almost 90% of the surveyed people stated the lack of specialists in the district as the reason thereof or distrust of a specialist.

## Environment

More than 60% of the district's citizens are 'satisfied' or 'very satisfied' with the environmental quality – only the citizens of Smolyan District have evaluated this element of their life higher. Emissions of pollutants into the air have been relatively small due to the favourable geographical location of the district – about 20.8 tonnes of carbon dioxide per sq. km in 2012, the country's average being 346.3 tonnes per sq. km of territory. Given the high share of the population with access to public sewerage systems (77.4% in 2012), the low relative share of connectivity of the sewerage network to waste water treatment plants draws attention – only 26.3% of the population has been connected to such plants, Bulgaria's average being 56.1%.

## Social environment

Blagoevgrad is one of the districts featuring the best indicators for the state of the social environment in Bulgaria. Local citizens are mostly satisfied with their health, education and housing. The predominant part of the district's population (more than 70%) does not wish to change their permanent addresses.

The district features a relatively low crime rate and also good indicators on social inclusion and living conditions. The relative share of the population living below the district's poverty line was the lowest in the country – just 12.4% in 2011, the average being 21.2%. The share of the population living in material deprivation has also decreased for the period 2009–2011, as well as the relative share of the population living in households with

low work intensity. Simultaneously, deterioration of these indicators could be expected in the following years in view of the negative trends on the labour market in 2012 and 2013.

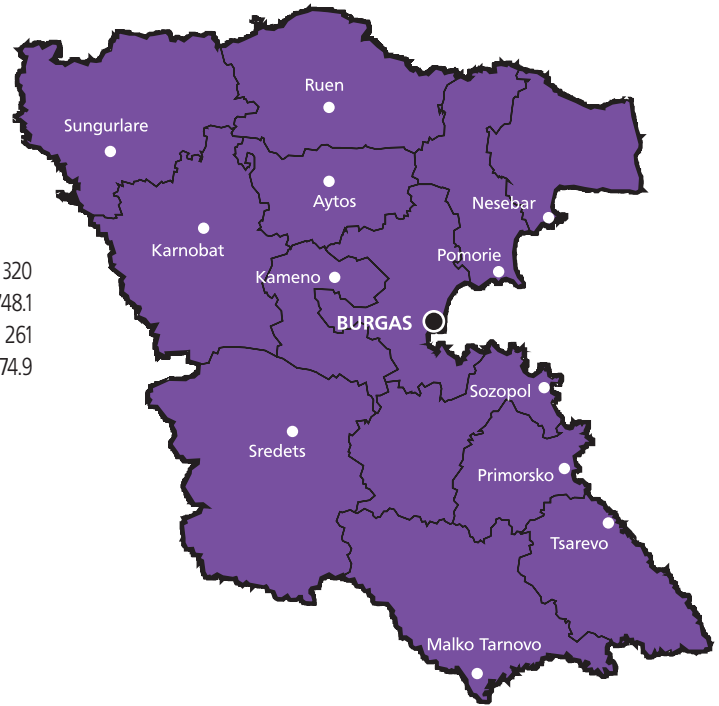
It has been for a fifth consecutive year that the increase in the number of visits to cinemas in the district continued in 2013. 103,000 visits were recorded in 2013, 99,000 were recorded in 2012 and 72,000 in 2009. Local theatres managed to attract 42,000 people in 2013, this figure was 34,000 people in 2012..

## Key indicators for the district of Blagoevgrad

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN. current prices)	6 032	5 982	6682	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	55.4	53.6	52.9	53.1	51.4
Annual average unemployment rate of the population aged 15+ (%)	3.4	5.8	8.4	10.4	13.5
Relative share of people living below the district's poverty line (%)	10.2	14.4	12.4	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	21.6	22.1	23.5	24.0	24.7
Rate of natural increase (‰)	-0.4	-1.8	-2.1	-2.6	-2.7
Net migration rate (‰)	-2.3	-4.4	-3.2	-4.8	-3.7
Relative share of the population aged 25-64 with tertiary education (%)	15.3	15.9	16.6	17.7	18.0
Percent of failed students at state matriculation exams (%)	5.0	4.4	3.5	5.4	3.8
Average grade at state matriculation exams	4.3	4.2	4.5	4.2	4.3
Share of roads in good condition (%)	n.a.	39.0	56.6	55.0	51.9
Relative share of households with Internet access (%)	20.8	24.3	42.3	54.9	60.5
Share of the population with access to public sewerage systems. connected to WWTP (%)	25.6	25.8	26.3	26.3	n.a.
Health insured persons as share of the population (%)	89.0	86.4	86.6	86.1	84.9
Cases of hospitalization per 1.000 people	133.4	126.6	127.1	159.7	168.6
Average annual income per household member. BGN	3 107	3 077	3 225	3 823	4 132

# Burgas

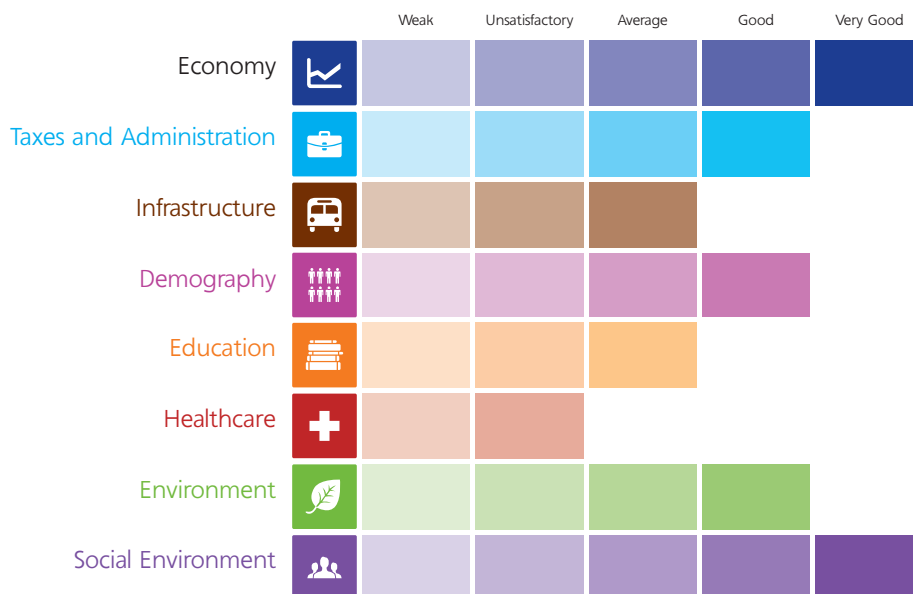
Population (2013) 414 320  
 Area (sq. km.) 7 748.1  
 Number of settlements 261  
 Share of urban population (%) 74.9



## Overview

Burgas District is one of the districts that has been recovering with the fastest rates from the economic crisis. Investment activities have gradually increased, and the employment rate neared the 2008 and 2009 levels in 2013. The district is among the leaders in respect of the utilization of EU funds and the businesses' perception of the quality of e-services. Contrary to these positive trends, the tax environment has remained unfavourable, and the municipalities' 2014 Active Transparency Rating has remained low.

The demographic state is good given the one in most of the other districts, and the social environment has continued to enhance. The state of a predominant part of roads has remained poor as at 2012, and the access and the use of the internet lag behind most districts. In terms of education, the district has improved its indicators in comparison to the previous edition, and has reached the average grade owing to the positive development of most indicators on school education and the increase in the number of graduates and students in the district. The only field, wherein the district has featured rates lower than Bulgaria's average, is healthcare, and the main reasons are the insufficient number of physicians and the relatively low share of health insured persons.



## Economy

The employment rate of the population aged 15+ increased in 2013, reaching 47.8%, 46.9% being the country's average. This has constituted the third highest value of the indicator since the year 2000, excluding the pre-crisis 2008 and 2009 when the employment rate reached 49.1% and 48.3% respectively. The unemployment rate reached 12.7% in 2013 but remains slightly below Bulgaria's average.

Burgas and Sofia (capital) were the only districts wherein both foreign direct investments and costs for the acquisition of fixed tangible assets per capita were higher in 2012 than the average for the country. Cumulative foreign direct investments in non-financial companies have reached 5 billion euros at the end of 2012, being 1.6 billion euros in 2008. Notwithstanding the relatively high investment activity and the recovering labour market, incomes in the district (4,234 BGN per capita) have lagged behind from the country's average (4,814 BGN per capita). Incomes have grown at an annual average of 7.25% for the period 2004–2013, 8.50% being the national level. This demonstrates that the district's economy has failed to generate sufficient year-round and well-paid jobs, or it has featured a high share of illegal labour relations, and illegal incomes respectively, which are prevalent in tourism. The data on the employment rate, which demonstrate that fluctuations in seasonal trends have diminished for the period 2012–2013 as more jobs had been available during winter months, support the second explanation.

As at 31 January 2014, the municipalities of Burgas District have managed to draw down 346.1 million BGN as beneficiaries under the EU operational programmes. This constitutes the second highest rate of utilisation, following Gabrovo District, in relation to the local population. The best-performing municipalities have been Primorsko, Sozopol and Nesebar, and the worst-performing ones – Sungurlare, Aytos and Tsarevo.

## Taxes and administration

E-services were perceived to be the best ones in Bulgaria in May 2014; businesses have evaluated them at 3.9/5.0, the country's average being 3.4. More than 53% of business representatives have used e-services for the past year given Bulgaria's average of 38.6%. The municipality of Sozopol has stated that it had been best prepared to provide one-stop shop services and the most modern generation of e-services in 2014. Simultaneously, there are still a number of municipalities in the district that provide very limited scope of e-services. Businesses' perceptions are of a relatively low level of corruption and limited availability of illegal payments.

The municipalities in Burgas District have attained one of the lowest 2014 Active Transparency Rating of the "Access to Information Program" Foundation – 37.1/82.4, Bulgaria's average being 44.1/82.4. The municipalities of Burgas, Sozopol and Sredets have received the top assessments, and Ruen, Malko Tarnovo and Nesebar – the lowest ones. It has been the second year in a row that the performance of judicial authorities has been assessed lower than Bulgaria's average. The tax environment is relatively unfavourable and almost all taxes and charges, included in the survey, have been higher than the country's average ones excluding the non-residential property tax of legal entities.

## Infrastructure

The density of the road and railway network has lagged behind Bulgaria's average rates, and the quality of the roads in the district has remained low. 27.1% of roads were in good condition in 2013, 39.6% being Bulgaria's average.

The relative share of households with internet access dropped considerably in 2013 compared to the previous year – from 53.5% to 44.8%. The relative share of people (aged 15 to 74) that have used the internet in the past 12 months has featured the same trend.

Although the rates of some basic indicators are low, local citizens assess the quality of the infrastructure as among the best ones in the country – 3.4/5.0 in comparison to 2.6/5.0. The same applies to local businesses, the majority of which consider the infrastructure as a factor that rather favours their activities: the companies' average assessment was 3.6/5.0 in 2013 relative to 3.0/5.0 for Bulgaria.

## Demographics

The varying age dependency ratios demonstrate that the age structure of the population has been significantly more favourable than the country's average, and has been almost equal to Varna's age dependency ratio. The coefficient of demographic replacement, which provisionally shows the labour resources' abilities to reproduce by means of the ratio of the population aged 15–19 to the population aged 60–64, was 65.8% in 2013, the average for the entire population being 61.5%.

The district has been one of the districts that have mostly benefited from the internal migration process – more people have migrated into it than have left it for eight years out of the last ten years. The rate of natural increase is negative but still is better than Bulgaria's average. Due to these long-term trends, the district's population has decreased by 1.5% for the past ten years, the country's average being 7.1%. This constitutes the third best index following Sofia (capital) and Varna District where growth of the population has been registered. Local citizens intending to settle on a permanent basis in any other district were 19.8% in May 2014, the country's average being 32.8%.

## Education

School education in Burgas District has managed to encompass and retain a big portion of the population subject to educating. The net enrolment rate of the population (grades 5th through 8th) regarding the 2013/2014 school year has been more than double than Bulgaria's average, and the relative share of repeaters has been almost twice as small (0.5% for the district to 1.0% nationally in 2013). The district has also achieved a better result in respect of the share of dropouts from school – 1.7% in 2012/2013 to 2.3% for the country. Simultaneously, the grades at state matriculation exams have been comparable or lower than Bulgaria's average since 2009, and the share of failures has been invariably higher than the national average. The share of failed pupils has continually been more than 6% for the period 2012–2014, and the country's average results has varied from 4.8% to 5.5%.

Following three consecutive years of a decreasing number of students in the district (from 13,300 in 2009 to 9,800 in 2012), their number increased again in 2013 reaching 11,400 students. The increasing trend of the relative share of graduates has continued – 20.2% of the district's citizens had higher education in 2013, the country's average being 25.6%.

## Healthcare

The only field, wherein the district has featured rates lower than Bulgaria's average, is healthcare. 83.2% of the district's citizens were health insured persons in 2013, the average for Bulgaria being 86.1%. Burgas District features worse availability of medical specialists than the rest of the country; this is equally valid for general practitioners as well as for cardiologists and internists. In relation to the population size within the district, the number of beds in multi-profile hospitals for active medical treatment have also been lower than Bulgaria's average. There have been 3.0 beds per 1,000 persons given the national average has been 4.6 beds.

Simultaneously, the sick rate of the local population has been among the lowest in the country if one is to conclude from the number of ill people that have visited multi-profile hospitals for active medical treatment – only 166.1 persons per 1,000 people visited these hospitals in 2013 compared to 219.1 persons for the country. Five districts only have registered lower sick rates. The infant mortality rate has been also low – 6.3‰ in 2013 compared to 7.3‰ for Bulgaria.

## Environment

The environment of Burgas District is also in good condition mostly due to the low level of air pollution. Despite the trend of increasing emissions of carbon dioxide into the air, their volume totalled 86.9 tonnes per sq. km in 2012, which was far below Bulgaria's average of 346.3 tonnes per sq. km.

Owing to the high rate of urbanisation of the district, 75.5% of the population lived in settlements connected to a public sewerage system in 2012, the country's average being 74.3%. More than 60% of it has been connected to waste water treatment plants compared to 56.1% for Bulgaria. The assessments of the environment have been slightly lower for 2013 and 2014 than the national figures; the last survey showed an assessment of 3.2/5.0, Bulgaria's average being 3.3/5.0.

## Social environment

The indicators on social inclusion and living conditions demonstrate that the district has achieved better results than the national figures. The relative share of the population living below the district's poverty line was 17.6% in 2011 compared to the national level of 21.2%, and the share of the population living in material deprivation was 43.8%, the country's average being 44.1%. Due to the relatively high employment rate in the district of Burgas, the share of the population living in households with low work intensity has been just 8.8%, the country's average being 11.2%.

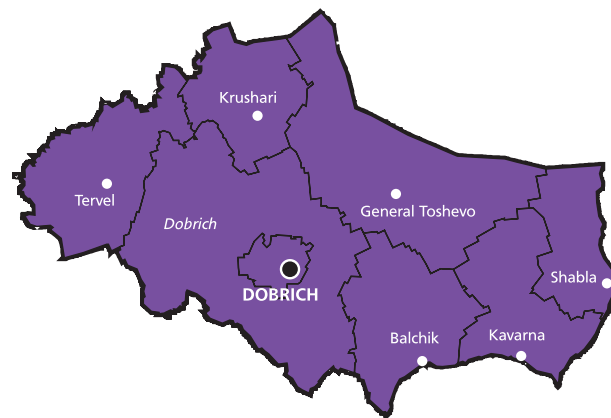
Local theatres and cinemas registered a record number of visits in 2013, 132,000 and 350,000 respectively. Burgas has been of the few districts, along with Plovdiv, Ruse, Sofia and Varna, where there had been one visit to a local theatre or cinema per person.

The main challenges before the social environment are related to the high crime rate in the district. The highest number of crimes against the person and property per capita were registered in Burgas District in 2013, following the one for the capital city.

## Key indicators for the district of Bourgas

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	8 064	8 082	9 277	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	48.3	44.8	45.4	46.8	47.8
Annual average unemployment rate of the population aged 15+ (%)	3.9	9.6	12.6	11.5	12.7
Relative share of people living below the district's poverty line (%)	21.3	19.8	17.6	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	22.3	22.6	23.9	24.5	25.5
Rate of natural increase (‰)	-0.6	-2.5	-3.0	-3.3	-3.0
Net migration rate (‰)	4.1	0.0	0.7	-0.2	3.7
Relative share of the population aged 25-64 with tertiary education (%)	14.4	15.6	17.3	18.6	20.2
Percent of failed students at state matriculation exams (%)	5.4	5.8	3.9	6.6	6.1
Average grade at state matriculation exams	4.3	4.2	4.4	4.1	4.3
Share of roads in good condition (%)	n.a.	21.8	22.1	29.0	27.1
Relative share of households with Internet access (%)	31.5	40.6	47.3	53.5	44.8
Share of the population with access to public sewerage systems, connected to WWTP (%)	58.4	58.7	60.6	60.7	n.a.
Health insured persons as share of the population (%)	88.0	85.6	85.6	84.6	83.2
Cases of hospitalization per 1,000 people	133.4	126.6	127.1	159.7	168.6
Average annual income per household member, BGN	3 722	3 279	3 374	3 702	4 234

# Dobrich



Population (2013)	185 562
Area (sq. km.)	4 719.7
Number of settlements	215
Share of urban population (%)	69.1

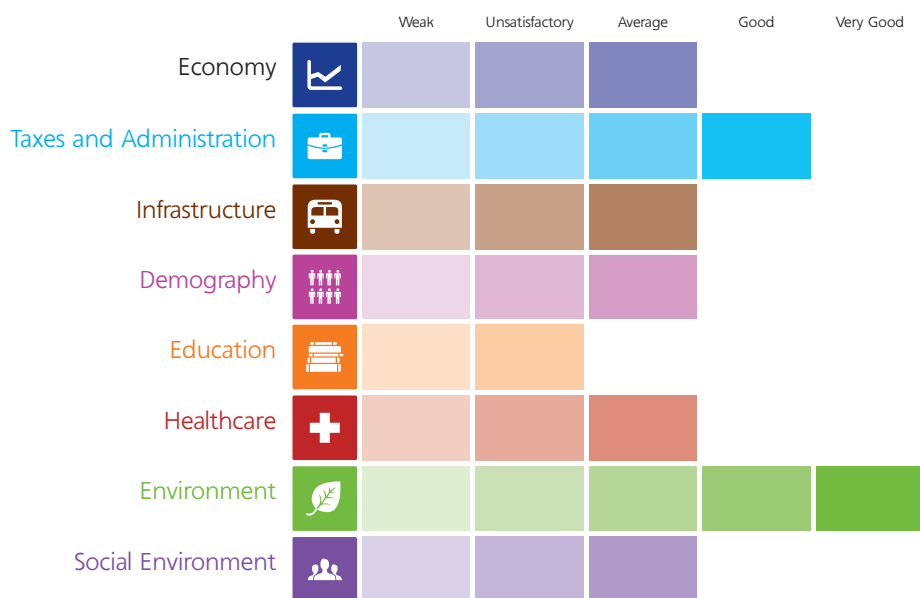
## Overview

Dobrich District features a rather different structure of the economy compared to most districts in the country; the agricultural sector has a high share. Expenditure on acquisition of fixed tangible assets are the highest in agriculture. The employment rate was slightly higher than the country's average in 2013.

Higher decrease of the population in comparison with the national trends characterise the district. There are still serious challenges in the Education and Healthcare categories. The share of repeaters and dropouts from school is high, but it should be noted that pupils have demonstrated relatively good grades at state matriculation exams. The shortage of key specialists constitutes an essential problem in healthcare.

The level of local taxes and charges, included in the survey, is generally lower than Bulgaria's average. Relatively frequent use of provided e-services has been noted.

A big part of the road network consists of second-class roads of relatively good quality in comparison with the general state of the roads in Bulgaria.





## Economy

GDP per capita amounted to 6,730 BGN in 2011. If Sofia (capital) were excluded, that would mean that Dobrich would have had higher GDP per capita than the country's average – 6,924 BGN. The economy's structure has differed from the one of the country – the share of agriculture in the gross value added was 18.9% in 2011, the country's average being 5.4%; the industry accounted for 26.5%, the country's average being 30.5%, and services totalled 54.6%, the country's average being 64.1%. The employment rate was 47.3% in 2013, which was slightly higher than the average employment rate of the population aged 15+. Notwithstanding the relatively high share of agriculture, only 11.8% of employed people have been in this sector. The reason thereof is that the main branch of agriculture in the district is the production of cereal crops and industrial crops that require no significant workforce given the modern mechanisation.

The cumulative foreign direct investments in non-financial enterprises have reached 1,398.4 euro per capita as at the end of 2012, the country's average being 3,005 euro per capita. Expenditure on acquisition of fixed tangible assets were 1,756 BGN in 2012 (the country's average being 2,614 BGN), which constitutes a plunge relative to the period of rapid growth till the crisis when expenditure on acquisition of fixed tangible assets reached 4,592 BGN in Dobrich District in 2009 (Bulgaria's average being 2,805 BGN). The main part of expenditure on acquisition of fixed tangible assets was in agriculture, forestry and fishing in 2012 – 44% or approximately 145 million BGN.

In Dobrich District, the total of sums paid under contracts with municipalities as beneficiaries, under operational programmes, has been commensurate with the country's average as at 31 January 2014 – 365.2 BGN per capita compared to the national level of 379.8 BGN. The district's centre has drawn the most of the funds – 1,514.3 BGN per capita, and the municipalities of Krushari and Dobrichka – the least (71.2 BGN and 54.2 BGN respectively).

## Taxes and administration

Businesses assessed the performance of local administration higher than the country's average in May 2014 – 3.3 points in comparison with the national average of 3.1 points.

The level of local taxes and charges, included in the survey, was generally lower than Bulgaria's average in 2014. The vehicle tax (commercial and passenger vehicles, 74 kW to 110 kW) – 1.5 BGN/kW, the country's average being 1.35 BGN/kW – and the local tax on the sale of immovable property – 2.9%, the country's average being 2.4% – constitute an exception.

Businesses have assessed the quality of e-services rendered by the administration 3.6 points, Bulgaria's average being 3.4 points. About 47% of businesses have stated that they had used these services for the past year, which has been higher than the country's average of 38.6%.

"Access to Information Program" Foundation assessed the 2014 Active Transparency Rating of local government bodies with 49.2 points, which was higher than the country's average of 44.1 points but far behind the maximum of 82.4 points. The municipality of Dobrich received the top grade (64 points), and the municipality of Shabla – the lowest (28.1 points).

## Infrastructure

The railway network density was 1.3 km per 100 sq. km of territory, the country's average being 3.7 km per 100 sq. km of territory, in 2012. The road network density of 17.5 km per 100 sq. km of territory was close to Bulgaria's average of 17.7 km per 100 sq. km of territory. A considerable part of the road network, about 30%, consists of second-class roads, which is specific for the district – about 20% of the national road network consists of such roads. The state of roads is better than the country's average. In 2013, the Road Infrastructure Agency assessed 45.8% of roads as possessing good quality, Bulgaria's average being 39.6%.

The relative share of households with internet access was 54.1% in 2013 or slightly higher than the country's average of 53.7%. Nevertheless, the relative share of people (aged 16 to 74) that have used the internet in the past 12 months was lower than the country's average – 50.6% and 56.2% respectively.

## Demographics

The Dobrich District's population has decreased faster than Bulgaria's average. It has dropped 1.2% on average for the past ten years or totally by 12% while the national rate of decrease has respectively been 0.7% per year and 7.4% totally. These differences were mainly due to the lower rates of natural increase (minus 6.7% in 2013

compared to minus 5.2% for the country) and net migration (minus 2.8%).

Despite the faster decrease in the population, the district's age structure features slightly better parameters than those of Bulgaria. The age dependency ratio (65+ to 0–14) was 136.7% in 2013 (142.3% average for the country), and the ratio 65+ to 15–64 was 29.1% (29.3 average for the country). The coefficient of demographic replacement, represented as the population aged 15–19 in proportion to the population aged 60–64, was 59.7% in 2013. This provisionally means that 60 youngsters per 100 retiring people aged 60–64, who will leave the workforce, will join it in the next several years.

## Education

This district has demonstrated the poorest results in comparison with the rest of Bulgaria in respect of the relative share of repeaters for the past three years. Their share was 2.2% in 2013, the country's average being 1%. Simultaneously, the relative share of dropouts from primary and secondary education was 3.6% in 2012, which ranks the district among the last ones along with the districts of Sliven (4.4%) and Targovishte (4.5%).

The grades from the state matriculation exams have represented Dobrich District relatively well. The share of failed students at state matriculation exams was 2.9% in 2014 in the district – far below Bulgaria's average of 4.8%. Blagoevgrad and Sofia were the only districts that have demonstrated better results – 2.7% and 1.9% respectively. Pupils' average grade was 4.3 in the 2013/2014 school year – just as much as the country's average.

## Healthcare

Dobrich District possesses a relatively sufficient number of general practitioners. 1,354 people per general practitioner were treated in 2013 – less than the country's average of 1,589 people per general practitioner. The number of professionals specialised in Internal Medicine and Cardiology has remained a problem – 8,836 and 9,278 people respectively were treated by the relevant specialists in 2013, the country's average rates being 5,775 and 5,945 respectively.

The number of beds in multi-profile hospitals for active medical treatment is significantly less than Bulgaria's average – 2.9 per thousand people, the country's average being 4.6. Simultaneously, the share of people accepted for treatment at multi-profile hospitals for active medical treatment was also low in 2012 – 134.1 per thousand people, the country's average being 219.9 per thousand people, thus rendering Dobrich the second district with the lowest share of people accepted for treatment following the district of Pernik (103.4 people per thousand). The relatively low percentage of health insured persons, compared to the country's average (84% for the district relative to 86.1% for the country), and the shortage of specialists largely explain the specified data.

The data from the survey confirmed these conclusions. 72% of Bulgaria's population has stated that it had been treated in the past year, this share has been 68.8% for Dobrich District. 40.4% of treated people have had to travel outside the district to get treated, and the main reason for that has been the lack of specialists in Dobrich District (58.2%).

## Environment

The particularly low carbon dioxide emissions into the atmosphere are the main reason for the district's high grade in this category. These emissions were 4.3 tonnes per sq. km in 2012, the country's average being 346.3 tonnes per sq. km. Kardzhali was the only district that has performed better – this indicator was 3.4 tonnes per sq. km.

The share of the population with access to sewage that has been connected to waste water treatment plants was 70.7% in 2012 – rather higher than Bulgaria's average (56.1%). All residents in settlements with public sewerage systems have been connected to waste water treatment plants, i.e. all wastewater from public sewerage systems is flowed into waste water treatment plants. The district has lagged behind the country's average (74.3%). Dobrich District has increased both indicators in recent years.

## Social environment

Data show that 32.6% of the Dobrich District's population lived in material deprivation in 2011. This constitutes a relatively low share in view of the country's average of 44.1%; only the districts of Sofia, Blagoevgrad and Montana have performed better (32.4%, 28.5% and 23.3% respectively). The share of persons living in households with

low work intensity was low in 2011 – 6.4% (the country's average being 11.2%); this could be due to the relatively high employment rate in the district.

The citizens of Dobrich District relatively rarely visit the theatre or cinema – 0.3 visits per capita of the annual average population, the country's average being 1.0.

A survey conducted among the district's citizens in May 2014 has made it clear that 34.8% of the population would move to reside in any other district, and 51% would definitely not do that. These results demonstrate that Dobrich's citizens are more inclined to leave the district in comparison with the other districts.

## Key indicators for the district of Dobrich

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	5 377	6 445	6730	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	45.7	43.9	43.7	46.4	47.3
Annual average unemployment rate of the population aged 15+ (%)	12.9	16.4	17.3	15.4	15.8
Relative share of people living below the district's poverty line (%)	21.4	19.6	23.4	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	24.0	24.7	27.1	27.9	29.1
Rate of natural increase (‰)	-4.6	-5.9	-5.7	-6.8	-6.7
Net migration rate (‰)	-4.4	-5.6	-3.7	-2.5	-2.8
Relative share of the population aged 25-64 with tertiary education (%)	16.7	17.9	18.4	18.3	18.4
Percent of failed students at state matriculation exams (%)	6.4	3.9	2.6	3.2	2.9
Average grade at state matriculation exams	4.2	4.3	4.4	4.2	4.3
Share of roads in good condition (%)	n.a.	47.89	45.15	46.00	45.8
Relative share of households with Internet access (%)	20.0	24.1	36.2	49.7	54.1
Share of the population with access to public sewerage systems, connected to WWTP (%)	67.4	67.7	69.4	70.7	n.a.
Health insured persons as share of the population (%)	87.6	83.9	86.6	85.4	84.0
Cases of hospitalization per 1,000 people	138.0	127.4	131.5	136.5	134.1
Average annual income per household member, BGN	2 974	3 013	2 994	3 856	4 166

# Gabrovo

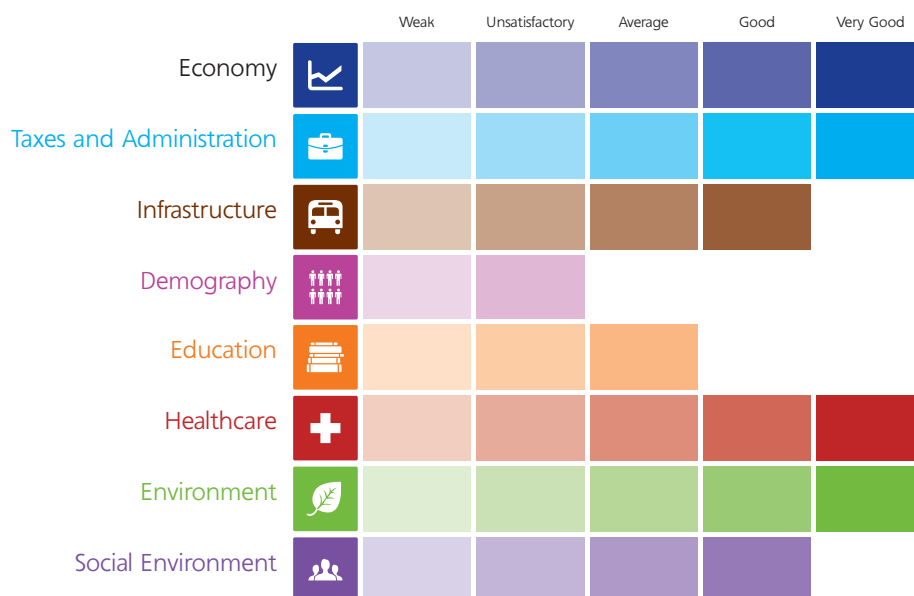


Population (2013)	119 121
Area (sq. km.)	2 023.0
Number of settlements	356
Share of urban population (%)	82.0

## Overview

Gabrovo District definitely features an industrial profile; its economic indicators are better than the average national ones. The unemployment rate has been traditionally low in the district, and the employment rate has increased since 2013. Foreign investments have flowed into the economy, and the rate of utilisation of EU funds has been very good, especially in the municipality of Gabrovo. Local taxes and charges are among the lowest ones in Bulgaria.

The highly deteriorated demographic indicators represent the big challenge before Gabrovo District. Very high levels of the age dependency ratio characterise this district – the population aged 65+ is more than twice as big as the population aged 0–14. The birth-rate has remained very low. The reputed technical schools and the Technical University of Gabrovo correspond to the district’s industrial profile but hardly attract the young to live in the district. The relative share of the population with tertiary education, aged 25–64, is high.



## Economy

The gross domestic product per capita of Gabrovo District was 8,191 BGN in 2011, which ranked it the eighth richest district in the country. Gabrovo is a district featuring an industrial profile; recovery and an increase of the employment rate have been observed for the past two years – the employment rate of the population aged 15+ reached a bit more than 48% in 2013. Simultaneously, the unemployment rate dropped to 8.8% in 2013 and Gabrovo has been of the small number of districts in the country featuring an unemployment rate of less than 10%.

Gabrovo is among the districts with the biggest cumulative amount of attracted foreign direct investments, in relation to the population. No notable fluctuation has been observed in investment activities for the past year (2012); expenditure on the acquisition of fixed tangible assets has even slightly decreased. In relation to the population, the district features the best utilisation of EU funds. The total of sums paid under contracts with municipalities as beneficiaries, under operational programmes, have been 112 million BGN as at January 2014, of which 90 million BGN were paid the municipality of Gabrovo.

## Taxes and administration

Local taxes and charges in the municipalities of Gabrovo District have been among the lowest in Bulgaria and remained unchanged in 2014. The waste fees in the four municipalities of the district are among the lowest in the country. In particular, the municipality of Gabrovo is among the regional centres featuring the lowest taxes and fees.

The businesses' assessments of the performance of local administration are normal and are about the average rates for the country. Corruption perceptions have aggravated in the past year and are relatively more negative with regard to the judicial system and the police. Informal payments are relatively rare. The rendering of administrative services is relatively good in municipalities, even though there has been no reported enhancement in recent years. About 40% of businesses have stated that they had used e-services in the past year, and these services had been diverse: from downloading templates and forms to complete electronic communication with municipalities.

Gabrovo District has performed relatively well in 2014 Active Transparency Rating of local government bodies by the 'Access to Information Program' Foundation. The municipality of Gabrovo received the highest transparency rating within the district, and the municipality of Sevlievo – the lowest.

## Infrastructure

Gabrovo is the district featuring the highest road network density in Bulgaria. Two road sections, Sofia–Varna and Ruse–Stara Zagora, which go through the district face serious challenges. On the one hand, the advancement of the Hemus Highway faces a number of difficulties, and, on the other hand, the completion of the project for a tunnel under the Shipka peak has remained obscure. Gabrovo is one of the small number of regional centres with no bypass. The quality of roads has enhanced in recent years, and the share of ones in a good state reached 36.4% in 2013.

The railway transport services only a portion of all settlements and the lack of major railway junctions poses a hindrance before the advancement of many fields of industry and trade. More than half of the surveyed businesses rather consider the infrastructure as a problem. Citizens also have serious remarks on the infrastructure.

## Demographics

Gabrovo is one of the smallest districts in Bulgaria in terms of the number of the population – it continued to decline in 2013 and is about 119,000 people now. The relative share of the population living in towns and cities is more than 80%, outnumbered only by the capital city and Varna District. The significant decrease in the number of citizens of Gabrovo District is mainly due to the negative rate of natural increase that reached minus 11‰ in 2012 and 2013. The district's birth-rate is one of the lowest in Bulgaria. The net migration rate of the population plunged during the crisis years (2009–2010) but normalised thereafter (minus 3.6‰ in 2013). People have mainly settled in the capital city and Veliko Tarnovo and also emigrated.

The age dependency and the demographic replacement ratios have deteriorated too much. The population aged 65+ is almost 2.3 times bigger than the population aged 0–14. The demographic replacement rate is about 46%, which provisionally means that there are 46 people aged 15–19, who move into the workforce, per hundred people aged 60–64, who abandon it.

## Education

A relatively well-developed network of schools that offer opportunities for getting primary and secondary education is available in Gabrovo District. The role and significance of vocational secondary schools have intensified in recent years like the trend of merging high schools and classes for the sake of preserving the scope of professions and specialities that meet the needs of local businesses.

The net enrolment rate was 78.3% in 2013, which was lower than Bulgaria's average. The relative share of repeaters in 2013 and the share of dropouts from primary and secondary education in 2012 were slightly lower than the country's average. Grades at state matriculation exams showed a slight enhancement in 2014 – 4.37 on average for the district. The percentage of failures increased in 2014 – 4.3%.

There is a technical university with good traditions in the regional centre of Gabrovo – approximately 6,000 students were taught in 2013. It supplements the district's industrial profile and constitutes one of the factors for the relatively high share of the population with tertiary education. The relative share of the population aged 25–64 with tertiary education was 25% in 2013, which was very well relative to the country – only the district of Veliko Tarnovo and the capital have demonstrated better levels.

## Healthcare

Seven hospitals have functioned in Gabrovo District as at the end of 2012. The one in Dryanovo was declared insolvent in mid-2012, and it terminated its activities. The number of patients accepted in the multi-profile hospitals were 262 per thousand people in 2013, which was above the country's average; this could be related to the ageing of the local population and the increased sick rate.

In 2013, health insured persons were almost 93% in the district, which was one of the highest levels for the country – it has been only the district of Kardzhali where this number was higher, but there are questions about the relevance of the data. The number of physicians in the district, weighed against the population, is higher than the average for the country, though cardiologists are relatively small in number and there is no medical staff in some villages.

The survey conducted in May 2014 showed that 33% have had to travel outside the district to get medical services, the main reason being the lack of specialists. Every one out of five citizens, who had used medical services in the past 12 months, has stated that they had had to make informal payments for healthcare.

## Environment

Notwithstanding the industrial profile of the district, carbon dioxide emissions into the atmosphere have remained low relative to Bulgaria. A big part of abodes, companies and institutions do not have central heating. Local steam boilers and multi-fuel stoves are predominantly used, which pollutes the air in winter. Collected household waste decreased in 2013 to 363 kg per capita. The dispersion of small settlements and the small number of citizens make organised waste collection and disposal extremely difficult at these places.

The share of the population having access to a public sewerage system is 85%, which is very high compared to Bulgaria's average. 67% of the population with access to sewage has been connected to waste water treatment plants since 2010. This represented one of the highest levels for the country in 2012 following only the districts of Dobrich, Pernik, Varna and the capital. One of the reasons thereof is the big share of urban population, and the other – the good utilisation of EU funds planned for this purpose. A waste water treatment plant in the town of Sevlievo was opened in 2010, and the implementation of the water cycle project for Gabrovo and also the waste water treatment plant projects of the municipalities of Tryavna and Dryanovo continued in 2014.

## Social environment

In 2011, 44% of the district's population lived in material deprivations, i.e. it faced difficulties in meeting its basic needs. The relative share of the poor was 18%. This was the share of people that lived below the district's poverty line. The inequality in the distribution of incomes in Gabrovo is relatively small – the ratio of the incomes of the poorest to the incomes of the 20% of the richest households was four times in 2010, and it was almost eight times in some other districts.

The number of crimes has fallen for the past year in Gabrovo District, and the registered crimes against the person and property per thousand people were less than 10 in 2013. The Gabrovo District's citizens are rather

satisfied with housing, education, healthcare and the social life while the infrastructure and the standard of living have provoked dissatisfaction. More than 50% of the Gabrovo District's citizens were firm in their negative response to the question if they would move to live in any other district in a survey conducted in May 2014. 20% are ready to leave the district.

## Key indicators for the district of Gabrovo

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	7 322	7 401	8191	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	47.6	44.7	44.1	45.2	48.1
Annual average unemployment rate of the population aged 15+ (%)	4.4	7.5	9.9	9.6	8.8
Relative share of people living below the district's poverty line (%)	15.9	17.1	17.6	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	33.2	34.3	38.1	39.5	41.1
Rate of natural increase (‰)	-7.9	-9.3	-9.7	-11.2	-10.7
Net migration rate (‰)	-6.8	-8.3	-2.2	-0.9	-3.6
Relative share of the population aged 25-64 with tertiary education (%)	27.8	24.2	25.0	25.1	24.9
Percent of failed students at state matriculation exams (%)	4.8	5.3	4.2	4.7	4.3
Average grade at state matriculation exams	4.2	4.3	4.5	4.2	4.4
Share of roads in good condition (%)	n.a.	24.6	31.4	32.0	36.4
Relative share of households with Internet access (%)	22.9	33.5	39.8	34.8	48.2
Share of the population with access to public sewerage systems, connected to WWTP (%)	46.4	65.0	66.6	66.7	n.a.
Health insured persons as share of the population (%)	92.7	91.1	94.2	93.5	92.7
Cases of hospitalization per 1,000 people	217.7	195.4	201.2	239.3	261.5
Average annual income per household member, BGN	3 587	3 113	3 351	4 408	4 858



# Haskovo

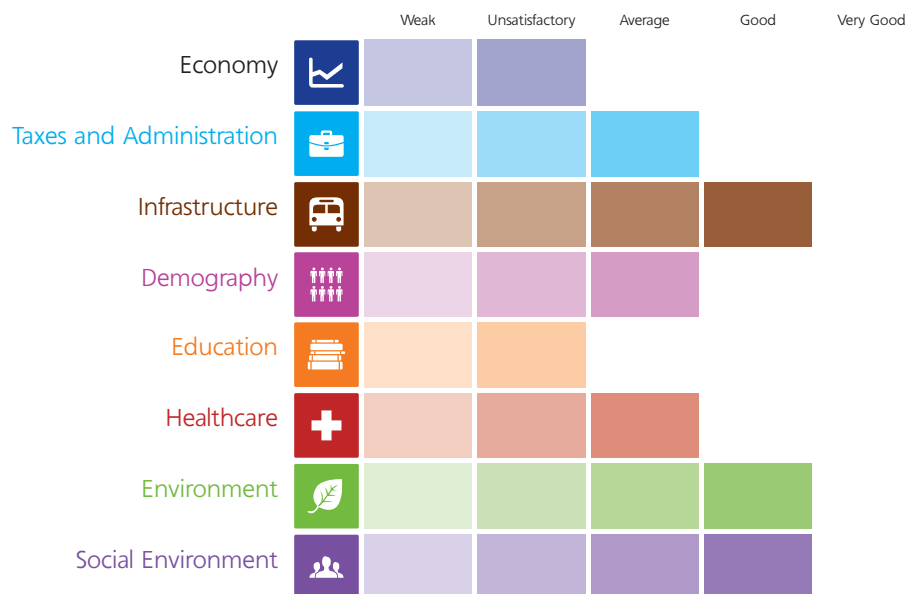


Population (2013)	240 494
Area (sq. km.)	5 533.3
Number of settlements	261
Share of urban population (%)	72.5

## Overview

Haskovo District faces serious challenges before its economic development. The crisis's impact on the labour market has been too negative for the period 2009–2011 and has brought about a significant decrease in the employment rate and an increase in the unemployment rate. The demographic and economic processes have been largely interrelated: high age dependency ratios, poor economic activity, cutting of jobs and a high share of people living in material deprivation. Nonetheless, the local economy has demonstrated an upswing for the past two years – investments in fixed tangible assets and the employment rate have increased.

The good geographical location and investments in some key infrastructural sites, and also the relatively diverse sectoral structure of the economy, determine the opportunities for faster recovery and growth, especially given the better performance of local institutions. Attracting foreign investments and better utilisation of EU funds by local municipalities have remained the biggest challenge.



## Economy

The gross domestic product per capita was 5,643 BGN in Haskovo District, in 2011, which ranked it the seventh poorest district in the country. The crisis struck the district the worst in 2009 and 2010 when the economy shrank in nominal terms. The recovery process started in 2011 and Haskovo District outranked the neighbouring district of Kardzhali in terms of GDP per capita.

Improvement in the labour market has also been noted since 2011 – the employment rate of the population aged 15+ increased in 2013 to almost 45%, which was higher than half of the districts in Bulgaria. The unemployment rate has dropped, reaching 14.3% in 2013, which has also been a good signal in comparison with the increase of the unemployment rate in most districts for the period 2011–2013.

Expenditure on acquisition of fixed tangible assets increased in 2012, though the district remained after the first ten districts in terms of investments per capital. Foreign direct investments continued to be extremely low, and utilisation of EU funds has remained a serious challenge in most municipalities. The municipalities of Madzharovo and Svilengrad have featured the best results in terms of utilising EU funds (weighed against the population), and the municipalities of Simeonovgrad and Topolovgrad – the worst.

## Taxes and administration

Local taxes and charges are higher in Haskovo District than the country's average, and this is valid for taxes on real estates and vehicles, and also for the taxation of sale of property and charges for household waste. Local taxes and charges imposed in Haskovo City are among the highest compared to other regional centres in the country. Businesses' corruption perceptions exceeded the country's average in 2014, though businesses have slightly increased their perceptions compared to 2013, including informal payments.

For a successive year, Haskovo's local administration has received a lower grade compared to Bulgaria's average in respect of its interaction with local businesses. The assessment of the quality of e-services slightly increased in 2014 – more than 40% of surveyed companies stated that they had used such services the previous year. The level of rendering e-services is mostly unilateral and bilateral interaction (second and third degree out of four possible) while the one-stop shop functionality is mostly at the 'operational' stage (third out of four possible) according to evaluations of municipalities themselves.

Haskovo District has lagged in terms of the 2014 Active Transparency Rating of local government bodies by the 'Access to Information Program' Foundation. The municipality of Momchilgrad has best performed in this regard, and the lowest assessments has received the municipality of Krumovgrad.

## Infrastructure

The district's road network density is slightly better than the average level for Bulgaria. The proximity of the Trakia Highway is a plus, but the construction of the Maritsa Highway is of significant importance for the settlements in the district. The construction of the latter has faced difficulties and has lagged behind the preliminary schedules. The quality of the road network has aggravated in recent years and now one third of all roads in Haskovo District are in good condition. Several border checkpoints are located on the territory of the district – on the borders with Greece and Turkey. The traffic from and to Turkey is intensive and plays an important role for the development of the region.

The relative share of households with internet access has continued to grow and 54% of all households had access in 2013. Use of the internet has considerably increased and more than half of the population stated that it had used the internet in the past 12 months.

## Demographics

Haskovo ranks 11th in Bulgaria in terms of the population size. Slightly more than 240,000 people have lived in the district as at the end of 2013, 72% in towns and cities. A steady trend of decrease in the population size has been observed throughout the years, which had been determined by the high negative natural increase within minus 6-7‰ per year, and also by the negative net migration rate that has increased for the years in economic crisis (2009–2010). People that had left the district have moved mainly to Plovdiv, Sofia and Stara Zagora. Emigration has increased in recent years.

The birth-rate has decreased in recent years but has traditionally remained below the country's average. The age structure of the Haskovo District's population has continued to deteriorate. The demographic replacement

rate dropped to 60% in 2013, which provisionally means that there were 60 people aged 15–19, who would join the workforce, per hundred people aged 60–64, who would abandon it.

## Education

The number of schools has preserved at a relatively steady level for the past four or five years, and changes have happened mainly in respect of schools of general education. Vocational secondary schools are mainly concentrated in Haskovo City and the town of Dimitrovgrad. It has been specified in the district's strategic documents that high schools for foreign language training, the natural sciences and mathematics and the humanities offer good training.

The proportion of dropouts has slightly decreased for the past two years (2.4% in 2012). It has been specified in the regional strategy that dropouts are concentrated in Roma ghettos in cities. The grades from state matriculation exams were lower in 2014, 4.13 on average for the district, and 7% failed, which remained a high percentage in comparison with the national data.

No university is located in the district, but there are branches of the University of National and World Economy and the Trakia University. The share of the population of working age with tertiary education increased in 2013 and has already been a bit higher than 20%, though this share has continued to lag behind in comparison with the top performing districts in Bulgaria. This poses difficulties for local businesses to find qualified staff.

## Healthcare

There are eleven hospitals on the territory of the district that largely meet the demand of healthcare therein. Specialised healthcare is concentrated in Haskovo City thus compelling patients from neighbouring districts to travel to the regional centre with regard to specialised treatment and consultations.

The number of treated people accepted at multi-profile hospitals has considerably increased in recent years but has remained lower than the country's average – 198 people per thousand were accepted for treatment in 2013. The number of general practitioners and also key health professionals such as internists and cardiologists, weighed against the population, has been relatively smaller than the country's average; the shortage of senior medical staff has also been pointed out in the regional strategy. The number of health insured persons has slightly dropped in the district for the past two years – they were 86% in 2013.

The survey in May 2014 has confirmed the problems that healthcare faces. Almost every one out of three people stated that they had had to travel outside the district to get medical services, the main reason being the lack of specialists. Every one out of four citizens, who had used medical services in the past 12 months, has stated that they had had to make informal payments for healthcare.

## Environment

Carbon dioxide emissions have decreased in recent years, but Haskovo District has continued to be in the group of districts with relatively higher emissions in the country. The quality of the ambient air is impacted by the proximity of northeastern parts of the district to the Maritsa East complex and also by the availability of local sources of pollution concentrated in the city of Haskovo and the town of Dimitrovgrad. Collected household waste per capita has decreased in recent years and its volume has been below the national average level.

More than 70% of the population lives in settlements with public sewerage systems, which is close to the average values for the country. In 2011, almost half of the population had access to sewage connected to waste water treatment plants. The waste water treatment plant of the town of Dimitrovgrad was commissioned in the end of 2010, and the new water treatment plant of Haskovo City was commissioned in mid-2011 – it considerably diminished the pollution of the Maritsa River.

## Social environment

Almost every second person lived in material deprivation in 2011 in the district, i.e. they have faced difficulties in meeting their basic needs. Every fifth person living in the district was in risk of poverty or fell below the district's poverty line. The income inequality in the district has decreased – the ratio of incomes of the richest to incomes of the poorest 20% of households has fallen from six-seven times in 2007 and 2008 to less than five times in 2010 and 2011.

The number of registered crimes against the person and property, which had peaked in 2010, have decreased for the past two years. People's satisfaction of life is mainly determined by housing, education, healthcare and the social life. On the other side, dissatisfaction is caused mainly by low incomes and the restrictions on consumption respectively. In May 2014, 25% of the surveyed people confirmed their readiness in response to the question if they would move to live permanently in any other district while half of them did not wish to move elsewhere.

## Key indicators for the district of Haskovo

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	5 136	5 002	5 643	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	48.7	45.8	42.2	42.4	44.9
Annual average unemployment rate of the population aged 15+ (%)	8.5	13.2	15.9	14.9	14.3
Relative share of people living below the district's poverty line (%)	20.3	17.2	19.00	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	28.6	28.9	30.9	31.4	32.1
Rate of natural increase (‰)	-5.4	-6.4	-6.6	-6.7	-6.8
Net migration rate (‰)	-4.7	-6.6	-4.0	-2.8	-3.1
Relative share of the population aged 25-64 with tertiary education (%)	18.6	19.4	17.1	18.5	20.3
Percent of failed students at state matriculation exams (%)	5.7	7.1	7.2	8.4	7.5
Average grade at state matriculation exams	4.3	4.2	4.3	4.1	4.1
Share of roads in good condition (%)	n.a.	51.5	42.0	44.0	33.60
Relative share of households with Internet access (%)	24.4	26.4	41.3	47.5	54.2
Share of the population with access to public sewerage systems, connected to WWTP (%)	0	0	46.7	46.70	n.a.
Health insured persons as share of the population (%)	88.8	86.3	88.3	87.5	86.2
Cases of hospitalization per 1,000 people	141.1	140.0	147.4	180.4	197.9
Average annual income per household member, BGN	3 400	3 634	3 708	3 855	4 130

# Kardzhali

Population (2013)	150 973
Area (sq. km.)	3 209.1
Number of settlements	472
Share of urban population (%)	41.8

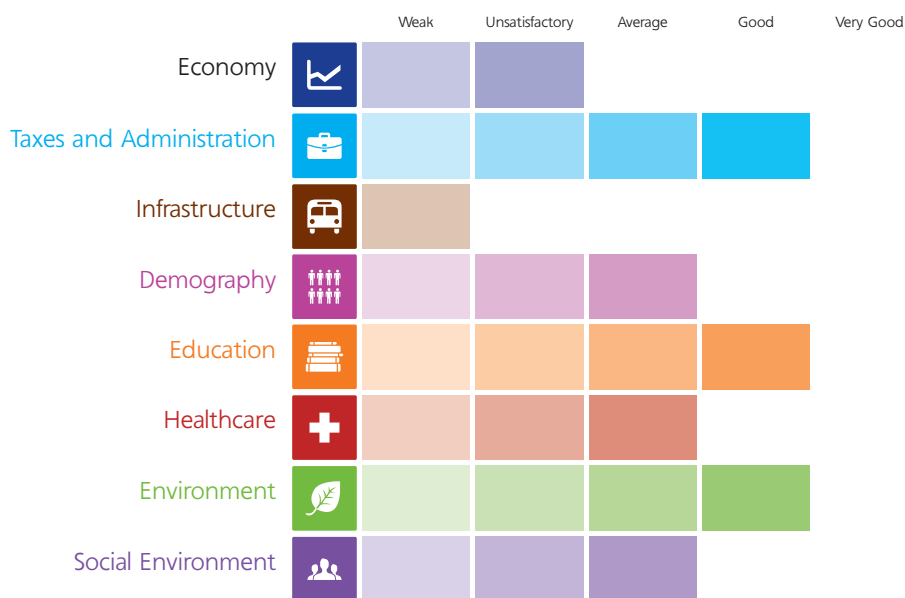


## Overview

Kardzhali District is relatively poorly developed, though it has started growing in recent years. The employment rate was among the lowest in country in the difficult years of the crisis (2010), but the number of employed persons has started to grow in recent years.

The steady negative net migration rate poses the main challenge that the district's demographics face. The district features a predominant rural population, which largely determines economic realities, namely poor economic activity and low employment rate, which, in turn, are the main prerequisite for poverty.

Education undergoes positive processes. The school education shows good results – low share of dropouts and high results at state matriculation exams. The relative share of graduates aged 25-64 has also increased, though it has remained lower than the country's average.



## Economy

The gross domestic product per capita of Kardzhali District was 5,129 BGN in 2011, which ranked it the second poorest district following Vidin. The economy has slowly recovered for the period 2009–2011, but the data on the employment rate have demonstrated a positive reversal since 2011. The employment rate was one of the lowest in the country at the peak of the crisis (2010) but it has grown more than 10 percentage points for the period 2011–2013, and the employment rate has already exceeded 47% of the population aged 15+. Foreign direct investments have increased for the period 2010–2012 but their total have ranked the district the ninth in terms of the least attracted investments.

In 2012, Kardzhali District continued to feature the least number of enterprises weighed against the population. Expenditure on acquisition of fixed tangible assets has also been the lowest (per capita), which also implies low economic activity. The municipalities within Kardzhali District have managed to utilise EU funds relatively well – they have drawn down almost 65 million BGN as beneficiaries under operational programmes as at 31 January 2014. A large portion of the utilised funds are concentrated in the regional centre of Kardzhali (42 million BGN), and the municipalities of Momchilgrad and Ardino have also performed well (15 million and 4 million BGN respectively).

## Taxes and administration

Local taxes are about the same or below their national counterparts in the municipalities of Kardzhali District. Charges for household waste are relatively high and they exceed 10‰ for non-residential properties of legal entities in all municipalities therein. The regional centre of Kardzhali features relatively low local taxes in comparison with the other regional centres.

The businesses' assessments of the performance of local administrations are rather positive. Corruption perceptions are relatively low in the district compared to the country's average, and there have been less number of instances of the so called informal payments or bribes. The level of rendering e-services is mostly at the 'unilateral interaction' (second degree out of four possible) level while the one-stop shop functionality has still been at the 'developing' stage (second out of four possible) according to evaluations of municipalities themselves. 22% of businesses have used e-services for the past 12 months till May 2014 – almost twice as low as the country's average. The administrative services are at a higher level only in the regional centre of Kardzhali.

Kardzhali District has lagged in terms of the 2014 Active Transparency Rating of local government bodies by the 'Access to Information Program' Foundation. In the district, the municipalities of Dimitrovgrad, Haskovo and Lyubimets have performed best in respect of this transparency rating, and the municipalities of Stambolovo, Mineralni Bani and Madzharovo – the worst.

## Infrastructure

The road network density in Kardzhali District is above the country's average, but no highway goes through the district. The quality of roads is not only poor but has continued to deteriorate – only 25% of all roads were in good condition in 2013. The railway network density is one of the lowest in Bulgaria; there are territories that are too distant from the railway lines and only road transport is being provided for them. The Makaz checkpoint has already generated serious traffic, which constitutes an advantage for the district.

Access and use of the internet have followed the general trend and have enhanced in recent years, though there was a worsening in 2013. Nonetheless, the district has continued to lag behind the general national levels and less than 50% of the population has accessed and has used the internet.

## Demographics

Kardzhali ranks 17th in Bulgaria in terms of the number of the population. Slightly more than 150,000 people have lived in the district as at the end of 2013, 42% in towns and cities. The districts of Kardzhali, Razgrad and Silistra are the only districts in Bulgaria with a predominating rural population. The negative net migration rate, especially during the crisis years (2009–2010), has been the main cause for the decrease in the population while the rate of natural increase, though also negative, has been more favourable than the ones in most districts. Shrinkage of the net migration rate (due to the economic development in the district) has been observed for the past three years (2011–2013), and the negative natural increase has remained at very low levels comparable to the ones in the capital. Within Bulgaria, people have left the district heading mainly towards Haskovo, Plovdiv and Sofia (capital).

The district's age structure has deteriorated but remains relatively favourable given the country. The demographic replacement rate is about 66%, which means that there are 66 people aged 15–19, who are to join the workforce, per hundred people aged 60–64, who are to leave it. The age dependency ratio demonstrates that the population aged 65+ is 1.2 times more than the population aged 0–14.

## Education

The trend to close schools in Kardzhali District has continued in recent years, though it ranked third in 2013 in terms of number of schools related to the population – only the districts of Razgrad and Smolyan has had more schools relative to the population. Kardzhali ranks second with regard to the number of teachers in primary and secondary schools per thousand pupils. Smolyan ranks number one again in respect of this indicator.

The relative share of dropouts from school was less than 2% from all pupils in 2012, which provides the district a favourable position given the country's data. The percentage of repeaters was also extremely low. The grades from state matriculation exams were very high in 2014, 4.7 on average for the district – the best one achieved in the country, better even than the capital city. The percentage of failures, i.e. pupils who had got a grade below Satisfactory 3, was also low (3% in 2014).

There is no university in the district but there are branches of the University of Mining and Geology and the University of Plovdiv. Both of them attract students from the neighbouring districts thus providing benefits to the regional centre. The share of graduates in proportion of the workforce increased in 2013 (15.9%), but the level thereof was too low compared to the country.

## Healthcare

The number of treated people accepted at multi-profile hospitals increased in 2013 in Kardzhali District, but the relatively low levels were still preserved – 176 people per thousand. The number of physicians in the district, weighed against the population, are not many in respect of the country, and the shortage of health professionals is also being noted here.

The official data show that health insured persons in Kardzhali District have been more than the population thereof for the past five years. These statistics should be considered because there is no such deviation of data anywhere else in Bulgaria. The survey confirmed the problems with healthcare. The survey conducted in May 2014 showed that more than 40% have had to travel outside the district to get medical services, the main reason being the lack of specialists. Informal healthcare payments have become more frequent relative to the 2013 survey – every one out of four people, having used medical services in the past 12 months, said to have made such payments.

## Environment

Kardzhali District features particularly low emissions of pollutants (carbon dioxide) into the atmosphere – they were the lowest in the country in 2013. Collected household waste per capita was also the lowest for the country in 2012 – less than 200 kg per capita. The organised collection and transportation of waste remains a challenge in villages.

The population having access to public sewerage systems and connected to waste water treatment plants is less than 5%, which is only characteristic of the districts of Silistra, Vidin and Yambol. Less than 50% is the share of the population in settlements with a public sewerage system – quite low given the country's average – which could be explained with the predominant rural population. Projects in this regard have been implemented in recent years and several new waste water treatment plants are being constructed – the one in Momchilgrad has already been commissioned, and the one in Kardzhali is to be commissioned till year end.

## Social environment

Every second person lived in material deprivation in 2011 in the district. The levels of relative poverty have risen in recent years – in 2011, 21% of the population was below the district's poverty line. The inequality in the distribution of incomes, measured via the ratio of the incomes of the poorest to the incomes of the 20% of the richest households, was about four times, which was among the lowest levels in Bulgaria.

Kardzhali is among the safest districts in the country – three crimes per thousand people were registered in 2012, the country's average being more than 10 registered crimes per thousand people. The population of



Kardzhali District is rather satisfied with healthcare, housing, education and the social life. Mainly low incomes and the infrastructure cause dissatisfaction.

Almost 30% of the citizens were firm in their responses in May 2014 when they were asked whether they would move to reside in any other district. Nonetheless, slightly more than 44% of the citizens categorically stated that they did not wish to move to any other district.

## Key indicators for the district of Kardzhali

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	5 076	5 030	5129	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	41.4	36.4	41.5	44.2	47.1
Annual average unemployment rate of the population aged 15+ (%)	2.7	4.9	5.1	9.0	7.0
Relative share of people living below the district's poverty line (%)	12.4	16.6	21.3	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	22.5	23.1	24.9	25.1	25.6
Rate of natural increase (‰)	-0.2	-0.7	-2.6	-2.1	-1.8
Net migration rate (‰)	-8.1	-6.8	-3.5	-2.4	-3.0
Relative share of the population aged 25-64 with tertiary education (%)	11.3	10.3	8.9	11.2	15.6
Percent of failed students at state matriculation exams (%)	5.6	6.2	3.0	4.2	3.0
Average grade at state matriculation exams	4.3	4.3	4.5	4.5	4.7
Share of roads in good condition (%)	n.a.	23.8	24.6	27.0	25.5
Relative share of households with Internet access (%)	9.1	11.5	29.7	54.0	45.8
Share of the population with access to public sewerage systems, connected to WWTP (%)	0.4	3.7	4.0	4	n.a.
Health insured persons as share of the population (%)	107.2	101.7	101.6	100.6	100.4
Cases of hospitalization per 1,000 people	160.1	139.5	144.4	166.4	175.9
Average annual income per household member, BGN	2 988	2 734	3 002	3 483	3 333

# Kyustendil

**Population (2013)**  
**Area (sq. km.)**  
**Number of settlements**  
**Share of urban population (%)**

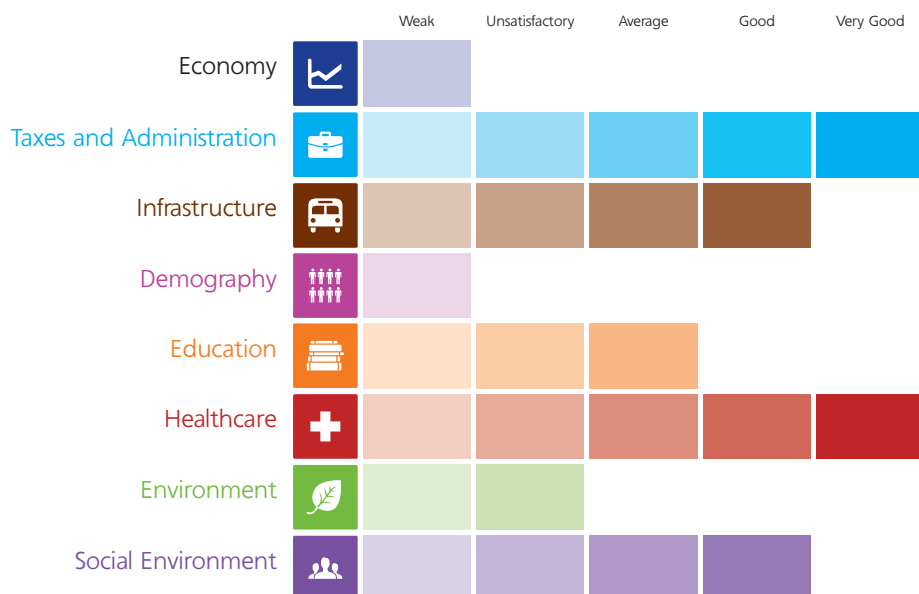
131 557  
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## Overview

The socioeconomic development of Kyustendil District is closely related to the negative demographic processes that this district has undergone. The investment activities of local enterprises remain low, and attracted foreign investments rank the district among the worst-performing in Bulgaria. As a result of that, the employment rate is low, and some indicators on social inclusion and living conditions are worse than the country's average values. The environmental quality is also unsatisfactory, and the educational system has received an average assessment.

Healthcare has been evaluated as very good mostly due to the good material state of the local healthcare system, even though a shortage of physicians in some key specialities has been observed. Positive trends have been observed in the infrastructural development and the local businesses' perceptions of the performance of the administration.



## Economy

The labour market in Kyustendil District has remained in crisis. In 2013, the annual average unemployment rate reached 14.9%, being 8.3% in 2008, and the employment rate of the population aged 15+ fell to 42.2%, from 49.5% in 2008.

In 2012, expenditure on acquisition of fixed tangible assets, in proportion to the population, was the second lowest in Bulgaria – 754 BGN per capita, the country's average being 2,614 BGN. Kardzhali was the only district that has registered smaller investments. The same is also valid for cumulative foreign direct investments which have totalled 246.9 euro per capita as at the end of 2012. Montana and Silistra have featured lower levels (216.7 and 110.7 euro per capita respectively).

Kyustendil is one of the districts featuring traditionally low income levels – a factor determined not only by the lack of investments and the low employment rate but also by the unfavourable demographic background of the district. In 2013, the annual average income per household member amounted to 3,593 BGN, the country's average being 4,841 BGN. About 45% of total incomes of the district's citizens has consisted of pensions for the past three years, the country's average being 25%; this has reasoned to a certain degree both the low incomes in the district and the slow growth rate thereof.

The district is the second worst-performing one with regard to the utilisation of funds under EU operational programmes. The municipalities therein have drawn slightly more than 23 million BGN as at 31 January 2014, which constituted 176.3 BGN per capita in 2013. The municipalities of Kyustendil and Plovdiv have been the only two regional centres where the utilised funds, related to the 2013 annual average population, have amounted to less than 100 BGN per capita.

## Taxes and administration

The improvement of the assessment of Kyustendil District is due to the significant enhancement of the local businesses' assessments of the performance of local government authorities and the visible drop in corruption perceptions. Simultaneously, the share of people being dubious in their corruption perceptions is almost 50%, which implies certain instability of the achieved results. The improved assessment of the performance of local institutions could also be regarded as a consequence of the information campaign against the corruption at local level conducted at the end of 2013.

The rate of four out of five monitored local taxes and charges have remained below the country's average – a factor that has provided most municipalities with a favourable competitive position in respect of one of the most important factors of the business environment. The household waste charge for non-residential properties of legal entities constitutes an exception from the general rule. 30.0% of enterprises have used e-services for the past year, the country's average being 38.6%, and the quality thereof has been assessed as average – 3.2/5.0, Bulgaria's average being 3.4/5.0.

## Infrastructure

The infrastructural profile of Kyustendil has gradually enhanced owing to the intense rehabilitation of a considerable part of the national road network within the district. The density of the road and railway network is higher than the country's average; 46% of the roads in the district are in good condition, and more than 50% of railway lines have been electrified. Although the predominant part of citizens have rather remained dissatisfied with the quality of the infrastructure in the district, their assessments of its quality have increased from 2.5/5.0 in 2013 to 2.7/5.0 in 2014, which corresponds to the country's average.

In 2013, the relative share of households with internet access and of people having accessed the internet sharply increased. With rates of 52.4% and 50.9% registered last year, Kyustendil District has increasingly continued to near the country's average levels of 53.7% and 56.2% respectively, in terms of these indicators.

## Demographics

Kyustendil is one the districts featuring one the most unfavourable age structure of the population and one of the three districts (together with Gabrovo and Vidin), wherein people aged 65+ are twice as many as the people aged 0–15.

From 2011 to 2013, Kyustendil District has registered three successive years featuring a negative rate of natural

increase of more than 10%, which implies deepening of the demographic crisis. In 2013, the district reported the second most unfavourable net migration rate following Smolyan District, which has attested the strong emigration attitude of the population.

Kyustendil is also one of the districts featuring the lowest coefficient of demographic replacement – 48.1% in 2013; the districts of Smolyan and Gabrovo have reported even worse rates (47.5% and 45.5% respectively). This means that there are 48 persons aged 15–19 per hundred persons aged 60–64 that are to abandon the workforce.

## Education

There have been neither universities nor colleges in Kyustendil District since 2004, the explanation being the entire socioeconomic development for the past decade and also the district's proximity to two of the best university centres in Bulgaria – Sofia and Blagoevgrad. About 22.5% of the district's citizens aged 25-64 were graduates in 2013.

During the 2013/2014 school year, the net enrolment rate of the population (grades 5th through 8th) has decreased for a third successive year reaching 78.6%, Bulgaria's average being 79.7%. Simultaneously, the relative share of repeaters and dropouts from primary and secondary education have demonstrated positive trends. Repeaters were 0.5% in 2013/2014 school year, the country's average being 1.0%, and dropouts were 1.8% in 2012/2013 school year, Bulgaria's average being 2.3%. The district's results from state matriculation exams suggest that the drop in the relative share of repeaters and dropouts has been rather a consequence of the enhancement of the educational institutions' performance than an effect of attempts of schools to artificially keep the number of their pupils high. The average grades of pupils, who had finished secondary schools, has been fluctuating about the country's average since 2010, and failed pupils were 4.0% in the district in 2013, Bulgaria's average being 4.8%.

## Healthcare

Kyustendil has managed to get a very good grade in the field of healthcare for a third successive year. The share of health insured persons was 90.5% from the entire population in 2013, the country's average being 86.1%. The district's multi-profile hospitals for active medical treatment possess a large number of beds – 4.9 beds per thousand people compared to 4.6 for the country.

The infant mortality rate has been traditionally low but this index reached 7.6‰ in 2013 thus exceeding the country's average of 7.3‰. There is a sufficient number of general practitioners in the district, but a shortage of professionals specialised in Internal Medicine and cardiologists has been noted. Nevertheless, about 33% of the district's citizens have had to travel to other districts to get the medical services they had needed.

## Environment

Even though the district's citizens had given a lower assessment of the environmental quality (3.5/5.0) in 2014 than in 2013 (3.8/5.0), it has remained positive and higher than the country's average. The share of the population living in settlements with access to a public sewerage system (73.8% in 2012) is close to the national one. Moreover, the share of the population connected to waste water treatment plants (60.7% in 2012) has been higher than Bulgaria's average of 56.1%.

The data on carbon dioxide emissions into the atmosphere, originating from Kyustendil District, have been confidential since 2009 when they were 739.8 tonnes per sq. km, the country's average being 324.2 tonnes in the same year. Only Sofia (capital), Stara Zagora and Varna have featured higher values of these emissions since 2009.

## Social environment

Kyustendil was one of the districts with the highest useful floor living area per capita in towns and cities and villages in 2012 – 36.5 sq. m per capita. Only the districts of Lovech, Pernik, Sofia (capital) and Vidin have registered higher values of this indicator. These data, though considered a positive factor for living conditions, reflect the depopulation of the district. This process, along with the age structure of the district's population, also affect the indicators of social inclusion and living conditions. The relative share of the population living

below the district's poverty line was 19.3% in 2011 – below the country's average of 21.2%. Simultaneously, 16.2% of the population live in households with low work intensity, Bulgaria's average being 11.2%, and almost 53% of the district's population lives in material deprivation, the country's average being 44.1%.

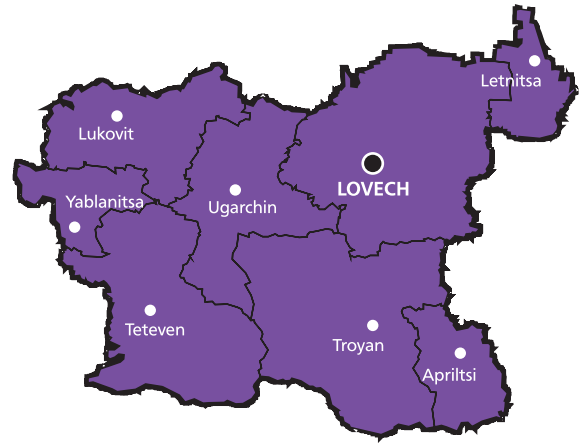
Theatres have attracted an increased interest since 2009 – the registered visits reached 18,300 in 2013 in comparison with 7,500 at the beginning of the period. The decreasing popularity of local cinemas has been contrary to this trend – the number of registered visits in 2013 (8,900) was twice as little as the one for the year 2011.

## Key indicators for the district of Kyustendil

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	5 316	5 651	5579	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	45.7	45.0	43.7	43.2	42.4
Annual average unemployment rate of the population aged 15+ (%)	8.6	9.0	14.9	14.2	14.9
Relative share of people living below the district's poverty line (%)	13.1	16.3	19.3	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	31.7	32.4	36.1	37.2	38.6
Rate of natural increase (‰)	-9.1	-9.9	-10.8	-11.5	-11.4
Net migration rate (‰)	-4.3	-7.6	-3.2	-4.9	-7.6
Relative share of the population aged 25-64 with tertiary education (%)	17.7	17.2	20.7	19.4	22.5
Percent of failed students at state matriculation exams (%)	7.5	6.6	5.2	8.0	4.0
Average grade at state matriculation exams	4.1	4.2	4.4	4.2	4.3
Share of roads in good condition (%)	n.a.	49.1	49.8	50.0	46.4
Relative share of households with Internet access (%)	22.9	21.4	35.2	31.7	52.4
Share of the population with access to public sewerage systems, connected to WWTP (%)	56.1	59.1	60.3	60.6	n.a.
Health insured persons as share of the population (%)	88.8	88.2	91.8	91.3	90.5
Cases of hospitalization per 1,000 people	176.9	159.1	160.3	231.0	238.4
Average annual income per household member, BGN	3 537	3 355	3 534	3 508	3 593

# Lovech

<b>Population (2013)</b>	136 649
<b>Area (sq. km.)</b>	4 128.8
<b>Number of settlements</b>	149
<b>Share of urban population (%)</b>	62.5



## Overview

The economic state of Lovech District has continued to get a generally unsatisfactory assessment owing to limited investments, low incomes and the decreasing employment rate. The ongoing drop in the employment rate has negatively affected incomes and the living conditions of the local population respectively. The negative demographic background is both a consequence of the district's economic problems and a prerequisite for the sustainability thereof in the long run.

The local administration has got slightly lower assessments than the country's average, and the tax environment is rather unfavourable and does not stimulate entrepreneurship and investments. Although a relatively high share of the roads in the district are of good quality, the infrastructural development has lagged behind in other fields.

The district has traditionally achieved results in the field of school education consistent with the country's average. The assessment of the state of healthcare in the district has dropped relative to the previous edition due to the deterioration of some indicators such as the infant mortality rate and the population sick rate.



## Economy

In 2013, the situation on the labour market continued to aggravate. The employment rate of the population aged 15+ has continued to diminish for fifth successive year to 37.8%; only the district of Silistra has registered a lower level (37.1%).

The district has featured the slowest growth rate of the annual average income per household member for the period 2004–2013. Incomes within the district have increased by less than 3% on an annual basis, Bulgaria's average being 8.5%. As a result of that, their level was barely 3,134 BGN per capita in 2013, and the national average was 4,814 BGN. Only the districts of Sliven and Targovishte have featured lower levels of the annual average incomes.

Although the investment activities of businesses have risen from 2010 to 2012, investments in fixed tangible assets have remained far below pre-crisis levels. Foreign direct investments in the non-financial sector have continued to increase from 2008 to 2011 when they totalled 133 m euro as at the end of the year.

The municipalities within the district have utilised almost 92 m BGN as beneficiaries under the EU operational programmes as at 31 January 2014. This constitutes a double rate of utilisation compared to the country's average. Yablanitsa and Troyan were the best-performing municipalities, and the worst-performing ones – Apriltsi and Ugarchin.

## Taxes and administration

In 2014, the local businesses' assessment of the performance of local administration (2.9/5.0) was lower than Bulgaria's average of 3.1/5.0. The same applies to both the performance of the judicial system in the district and the quality of the rendered e-services. In 2014, Troyan was the only municipality that declared simultaneously higher degree of the provided e-services and better readiness render one-stop shop services.

2014 Active Transparency Rating of local government bodies by the 'Access to Information Program' Foundation is above the national average. The assessment of the district, weighed against the population, was 48.1/82.4 in 2014, the country's average being 44.1/82.4. The municipalities of Lovech and Letnitsa have received the highest transparency rating, and Apriltsi and Lukovit – the lowest.

The tax environment is rather unfavourable and does not contribute to increasing the economic activity in the district. Taxes on non-residential properties of legal entities, the annual licence tax for retailers and also the household waste charge on non-residential properties of legal entities are higher than the national average.

## Infrastructure

The district's road network density is better than the national average, and the share of roads in good condition is relatively high. In 2013, 44.8% of the roads in the district were in good condition, Bulgaria's average being 39.6% regarding the entire republican road network. Seven kilometres of the Hemus Highway go through the territory of Lovech District. The construction of the road section from Yablanitsa to the Pleven–Lovech junction was expected to start in 2014 but is still in the design stage. The railway network density is lower than the national average – there are 2.6 km of railway lines per hundred sq. km of territory, Bulgaria's average being 3.7.

There is only one district in the country where the relative share of households with internet access has been lower than that of Lovech – Sliven District, and only two where the share of people (aged 15 to 74) who had used the internet in 2013 has been lower – Sliven and Pazardzhik. 34.6% of all households in the district had internet access in 2013, Bulgaria's average being 53.7%. The relative share of people (aged 16 to 74) that have used the internet in the past 12 months was 41.7%, the country's average being 56.2%.

## Demographics

The population of Lovech District has rapidly diminished, the age structure has aggravated, and the rate of natural increase has remained negative since 2001. Every year, more people have left the district than have come to live therein, though people's intentions to leave it have been lower than the country's average rate.

Lovech is one of the three districts (together with Gabrovo and Vidin) where the age dependency ratio of the population aged 65+ to the one aged 15–64 is more than 40%. The coefficient of demographic replacement,



which demonstrates the workforce's abilities to reproduce, regarding the district, has also been worse than the national average of 61.5% – it fell to 57.4% in 2013. This means that there were almost twice as little persons aged 15–19 per hundred persons aged 60–64.

The district is relatively poorly urbanised – in 2013, 62.5% of the population lived in towns and cities, the country's average being 73.0%.

## Education

In terms of education, the district has generally achieved an average grade that, on the one hand, is due to the good indicators of the quality of school education and, on the other hand, due to the lack of traditions in the field of tertiary education. Pupils, who had finished secondary schools, have achieved good results at state matriculation exams. The share of pupils who had failed at this exam has been lower than the country's average for the past three years, and the average grade has been higher. In 2014, the average grade for the district was Good (4.35) compared to Good (4.32) for Bulgaria. The share of dropouts from primary and secondary education – 3.5% in the 2012/2013 school year compared to the national average of 2.3% – and the availability of teachers relative to the number of pupils have been the only two indicators in the field of school education, where the district has performed worse.

424 students have attended classes during the 2013/2014 academic year in the district. Although this has been the greatest number of students registered for the past ten years, the proportion of the number of students to the local population (3.1 students per thousand people) has been the fourth lowest among all districts with universities, following Haskovo, Pernik and Razgrad. The relative share of the population aged 25-64 with tertiary education was 15.8% in 2013; only the districts of Kardzhali, Razgrad and Silistra had lower shares.

## Healthcare

Lovech District has traditionally achieved good results in the field of healthcare, but the aggravation of some indicators in 2013 showed that more efforts are necessary to ensure the sustainability of the healthcare system. The infant mortality rate reached 16.5‰ in 2013, the national average rate being 7.3‰, or twice as big as the average rate.

The number of general practitioners and internists has been about the national average in relation to the local population, although the internists decreased significantly in 2013. A positive development with regard to cardiologists has been noted in the period 2001–2013. The ratio of the number of cardiologists to the local population has more than doubled – from 15,400 people per specialist at the beginning of the period to 7,200 people per specialist at the end thereof. Nevertheless, Lovech District has not reached the national average level of 5,900 people per cardiologist yet.

From June 2013 to May 2014, 45.0% of treated people, living in the district, have had to travel out of it to get the services they had needed, the country's average has been 33.5%. The surveyed people have stated the lack of specialists (50.4% compared to the national average of 55.6%), the trust in a specialist located outside the district (28.9% compared to the national average of 23.3%) and the low quality of medical services rendered in the district (19.8% compared to 13.5% for the country) as main reasons to search for medical services elsewhere.

## Environment

Although the connectivity of the local population to public sewerage systems and waste water treatment plants has gradually increased in recent years, the district has continued to lag behind both indicators. 63.8% of Lovech's population lived in settlements with public sewerage systems in 2012, the country's average being 74.3%. About 41.1% of the population with access to sewage have been connected to waste water treatment plants, the national average being 56.1%.

Lovech District has ranked third in terms of household waste collected per capita of serviced population following the districts of Burgas and Pernik. 466 kg per capita of the serviced population were collected in 2012, the average level was 347 kg per capita. The annual concentration of carbon dioxide in the atmosphere amounted to 115.5 tonnes per sq. km, Bulgaria's average being 346 tonnes per sq. km. Local citizen have assessed the environmental quality in the district higher, like previous years – 3.4/5.0, the country's average being 3.3/5.0.

## Social environment

Local citizens have given assessments near to the national average ones regarding various life aspects of the district. For comparison, the environment was assessed higher than the national average, and the infrastructure received a lower grade.

The relative share of the population living below the district's poverty line was among the lowest in the country in 2011 – just 15.7%, the average being 21.2%. Simultaneously, the relative poverty line in Lovech District has been among the lowest in Bulgaria and has remained almost constant from 2007 to 2011. The slow income growth in the district and the low employment rate have been the reasons thereof. This is also clear from the high share of the population living in households with low work intensity (14.4% compared to the national average of 11.2%) and the one regarding the population living in material deprivation (62.5% compared to the national average of 44.1%).

There is no cinema in Lovech District, but the interest towards local theatres has gradually increased, which have registered a third successive year of increment of visits.

## Key indicators for the district of Lovech

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	5 784	5 623	6484	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	47.8	43.8	40.7	38.3	37.8
Annual average unemployment rate of the population aged 15+ (%)	3.0	8.0	12.2	13.4	10.7
Relative share of people living below the district's poverty line (%)	23.9	18.0	15.7	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	33.3	34.1	37.8	39.0	40.5
Rate of natural increase (‰)	-7.9	-9.4	-9.7	-10.2	-10.2
Net migration rate (‰)	-7.4	-12.2	-4.1	-3.5	-5.3
Relative share of the population aged 25-64 with tertiary education (%)	19.6	21.6	21.6	16.4	15.8
Percent of failed students at state matriculation exams (%)	4.9	5.3	2.9	3.6	3.0
Average grade at state matriculation exams	4.3	4.3	4.5	4.3	4.4
Share of roads in good condition (%)	n.a.	36.1	40.1	43.0	44.8
Relative share of households with Internet access (%)	21.8	25.2	30.3	33.7	34.6
Share of the population with access to public sewerage systems, connected to WWTP (%)	14.5	40.2	40.9	41.1	n.a.
Health insured persons as share of the population (%)	87.7	86.2	89.5	88.9	88.5
Cases of hospitalization per 1,000 people	209.7	199.3	204.9	210.2	220.1
Average annual income per household member, BGN	3 124	3 037	2 825	2 963	3 134

# Montana

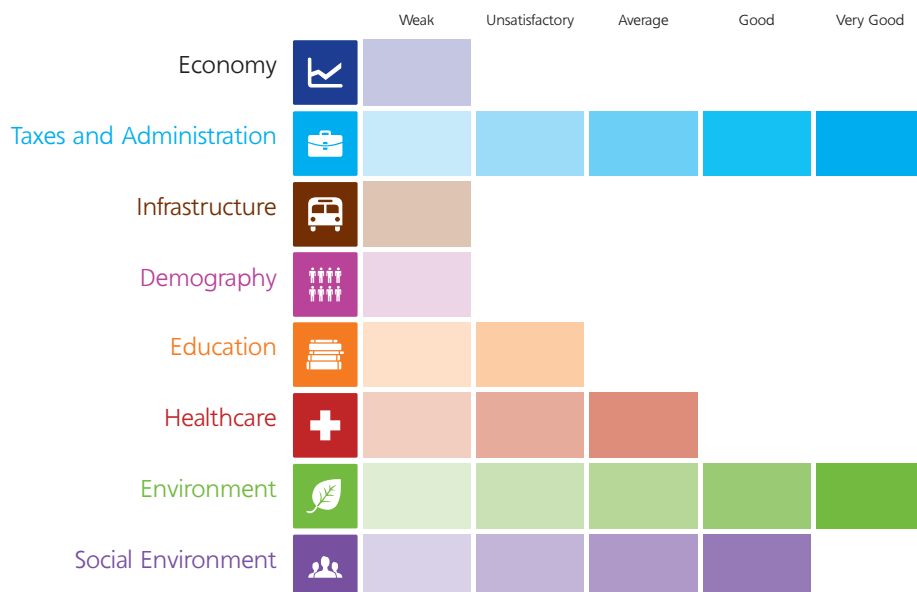
Population (2013)	142 629
Area (sq. km.)	3 635.6
Number of settlements	131
Share of urban population (%)	64.3



## Overview

Montana is one of the most economically backward districts in the country. The local labour market also remained in crisis in 2013, which had slowed down the income growth and the enhancement of the citizens' living conditions. The infrastructure is in a poor state, and the internet access is very limited. Although the local administration has predominantly received positive assessment for its performance from both citizens and businesses, and the tax environment has been favourable, these factors have turned out to be insufficient for bettering investment activities of enterprises and for attracting foreign capitals. The age structure of the local population has continued to deteriorate, and urbanisation is relatively low.

Education in Montana District has been evaluated as unsatisfactory by reason of the low achievement of local pupils, and healthcare has been assessed as average, the main problem being the lack of a sufficient number of specialists. The quality of the social environment and the environment has been evaluated positively.



## Economy

Montana was one of the districts with the lowest GDP per capita in 2011 – 5,559 BGN, Bulgaria's average being 10,248 BGN per capita. The labour market crisis continued to deepen in 2013. The annual average unemployment rate has increased for fifth successive year reaching 16.7% (compared to the national average of 12.9%), and the annual average employment rate of the population aged 15+ has dropped to 39.0%, the country's average being 46.9%. As a result of that, the income growth has been severely depressed. Incomes have increased 4.65% from 2004 to 2013, Bulgaria's average being 8.50%. In 2013, the annual average income per household member amounted to 3,276 BGN, the country's average being 4,814 BGN.

Businesses' investment activity has been poor. In 2012, the expenditure thereof on acquisition of fixed tangible assets totalled 997 BGN per capita of the annual average population – only the districts of Kardzhali, Kyustendil and Pernik have featured lower values. The district has attracted foreign direct investments for almost 7 m euro from 2011 to 2012. Nevertheless, foreign investors' interest has remained poor so far. The total volume of cumulative foreign investments has been 31.3 m euro as at 2012, which has equalled to 216.7 euro per capita – the lowest value among all districts.

The low investment activity has been accompanied by difficulties with regard to the utilisation of funds under EU operational programmes. As at 31 January 2014, the municipalities in Montana District have utilised a total of 47.2 m BGN thus rendering 330.7 BGN per capita of the 2013 annual average population, compared to the country's average of 379.8 BGN. The municipalities of Georgi Damyanovo and Varshets have demonstrated the best degree of utilisation, and the municipalities of Yakimovo and Boychinovtsi – the worst.

## Taxes and administration

The district's high assessment in this category is due to the positive evaluations that businesses have given in respect of certain activities of local institutions. Local administrations have received a better assessment than the country's average – 3.23 compared to 3.10. Informal payments and bribes are considered relatively rarer relative to most districts. All major local taxes and charges are equal to or lower than Bulgaria's average – a factor that has favoured local businesses.

Simultaneously, the district has lagged behind in respect of the transparency of local government bodies according to the "Access to Information Program" Foundation. The average result, weighed against the population, formed a grade of 39.6/82.4 for Montana District in 2014, the country's average being 44.1/82.4. The municipalities of Boychinovtsi, Brusartsi and Montana have received the top grades, and Chiprovtsi and Georgi Damyanovo – the lowest.

## Infrastructure

The infrastructural development of Montana District has vastly lagged. The average density of the road and the railway networks is less than Bulgaria's average. The quality of roads improved in 2013 as a result of active rehabilitation of almost 60 km of the road network in the district but nonetheless, 29.1% were in a good state compared to the national average of 39.6%. The construction of the Vidin–Botevgrad highway that has not started yet constitutes a priority project for the district. The commissioning thereof is particularly important in order local businesses to make full use of the potential of key infrastructural sites like the port of Lom and the Danube Bridge 2 near Vidin–Kalafat. In view of the lagging development of the infrastructure, it is not surprising that citizens assessed the quality of local infrastructure relatively low in May 2014 – 2.3/5.0, the country's average being 2.6/5.0. Local businesses had similar attitude – their assessment was 2.7/5.0, the country's average being 3.0/5.0.

Montana is one of the districts, wherein the internet has spread the most slowly. Only 36.4% of all households in the district had internet access in 2013, Bulgaria's average being 53.7%. Less than half of the district's citizens aged 15 to 74 used the internet during the same year.

## Demographics

Although the age structure of the local population has been more unfavourable than Bulgaria's average and has continued to aggravate, the demographic replacement rate, i.e. the ratio of the number of people aged 15–19 to the one of people aged 60–64 (59.1% in 2013), has remained close to the country's average of 61.5%. Montana is one the districts where the difference between the demographic replacement rate in towns and cities (65.5%) and the one in villages (48.4%) is the highest – 17.2 percentage points to 3.1 for the country.

The population's migration processes' intensity has gradually decreased since 2011, which corresponds to the trends that have been monitored throughout the country. Nevertheless, the net migration rate of Montana District's population remained negative in 2013 – minus 2.7‰. The aggravated age structure of the population has affected the rate of natural increase which has been negative since 2001. Its value was twice as low as the country's average in 2013 – minus 11.7‰ compared to minus 5.2% for Bulgaria; only Varna District has featured more unfavourable values (minus 14.3‰). The district remains a relatively poorly urbanised district where 64% of the population lived in towns and cities.

## Education

Both the relative share of dropouts from primary and secondary schools and the share of repeaters have been higher for the past few years compared to the country's average relative shares. The results which pupils from the district had achieved at state matriculation exams have traditionally been worse than Bulgaria's ones. This trend also continued in 2014 when 6.9% of pupils, who had finished secondary schools, failed at this exam, the country's average being 4.8%. The average grade from this exam has also remained lower – Good (4.19), the average one being Good (4.32).

Montana is one of the five districts with neither universities nor branches thereof. This represents one of the factors for the relatively low share of graduates among the population aged 25–64. It reached 18.4% in 2013 compared to the national average of 25.5%.

## Healthcare

A certain shortage of health professionals is available in the district and the insufficiency of cardiologists is the most serious – there are 11,000 people per cardiologist in comparison with 6,000 people per cardiologist for the country. An unfavourable ratio has also been observed in respect of the number of specialists in Internal Medicine.

The capacity of multi-profile hospitals for active medical treatment is sufficiently high in the district, but the sick rate of the population is also higher than the country's average. The number of treated people were 260.4 per thousand people in 2013 compared to the country's average of 219.9. From June 2013 to May 2014, 31.8% of the surveyed citizens have travelled out of the district in order to get medical services. This share is lower than the average one and combined with the high use of multi-profile hospitals within the district demonstrates that the population mainly relies on local health institutions. In 2013, health insured persons were 86.1% of the district's population, which corresponds to Bulgaria's average.

## Environment

Montana is the district with the lowest concentration of carbon dioxide emissions in the atmosphere following Dobrich, Kardzhali and Smolyan. In 2012, they amounted to 5.8 tonnes per sq. km of territory compared to the country's average of 346.3 tonnes per sq. km. Collected household waste per capita was also lower than the country's average in 2012 – 290.3 kg per capita in comparison with the national average of 347.0 kg.

Waste water management has remained a serious problem. 58.5% of the population lived in settlements with public sewerage systems in 2012. The share of the population having access to sewage, connected to waste water treatment plants, was even lower – 34% compared to the national average of 56.1%. Citizens have given a positive assessment of the environmental quality in the district – 3.05/5.00.

## Social environment

The district features a relatively low crime rate – the number of registered crimes against the person and property, weighed against the population, has been lower than the country's average rate for the period 2000–2013.

As a result of the problems in the labour market and low incomes, the indicators on social inclusion and living conditions in the district have been more unfavourable than the ones in the predominant part of Bulgaria. In 2011, 18.9% of the population lived in households with low work intensity in comparison with the country's average of 11.2%. The relative share of the population living below the district's poverty line reached 24.9%, the average for the country being 21.2%.

Local citizens have given the highest grades to housing (4.0/5.0 compared to the country's average of 3.9/5.0)

and the local educational system (3.9/5.0 in comparison with the national average of 3.8/5.0). The infrastructure and the living standard have been assessed the lowest (2.3/5.0 compared to the country's average of 3.1/5.0 and 2.8/5.0 compared to the country's average of 3.0/5.0 respectively).

There is no cinema in Montana District but there has been growth in the registered visits to local theatres – from 7,200 in 2012 to 9,600 in 2013.

## Key indicators for the district of Montana

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	5 006	4 849	5559	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	42.9	40.6	39.1	39.2	39
Annual average unemployment rate of the population aged 15+ (%)	10.1	12.2	14.1	14.9	16.7
Relative share of people living below the district's poverty line (%)	23.4	17.7	24.9	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	35.3	35.5	37.7	38.4	39.6
Rate of natural increase (‰)	-10.5	-12.3	-12.3	-12.8	-11.7
Net migration rate (‰)	-4.8	-6.2	-3.2	-3.4	-2.7
Relative share of the population aged 25-64 with tertiary education (%)	15.7	15.4	15.8	18.1	18.4
Percent of failed students at state matriculation exams (%)	5.6	6.8	3.2	9.4	6.9
Average grade at state matriculation exams	4.1	4.1	4.4	4.1	4.2
Share of roads in good condition (%)	n.a.	24.8	25.8	22.0	29.1
Relative share of households with Internet access (%)	19.1	22.7	29.0	37.5	36.4
Share of the population with access to public sewerage systems, connected to WWTP (%)	4.2	33.3	33.9	34	n.a.
Health insured persons as share of the population (%)	88.9	85.4	87.9	87.1	86.1
Cases of hospitalization per 1,000 people	226.5	230.4	245.1	255.3	260.4
Average annual income per household member, BGN	2 838	3 037	2 961	2 994	3 276

# Pazardzhik

Population (2013)	270 504
Area (sq. km.)	4 456.9
Number of settlements	117
Share of urban population (%)	62.4



## Overview

The economy of Pazardzhik District features a predominant industrial and agrarian profile. Although cumulative foreign direct investments in enterprises have been twice as low as the national average per capita as at the end of 2012, Pazardzhik District has been one of the small number of districts wherein the inflow of foreign investments has also preserved its level during the crisis years. The employment rate has outranked the country's average before the crisis, but a serious drop has followed since 2009, which only started to be offset in 2013.

Businesses' representatives in Pazardzhik District have given higher grade than the national average in respect of the performance of local administration, although the degree of use of e-services, rendered by local administration, has continued to be low.

The annual average population of Pazardzhik District has decreased faster for the past 10 years relative to the general trend in the country, but the age structure of the population has been more favourable in the district.





## Economy

The economy of Pazardzhik District has a clear industrial and agrarian profile. In 2011, industry accounted for 48.4% of the gross value added (the country's average being 30.5%), the services sector – 42.6% (64.1% for the country) and agriculture – 9% (5.4% for the country). GDP was 6,661 BGN per capita in 2011, much lower than the country's average of 10,248 BGN. In 2009, GDP per capita dropped to 5,390 BGN (almost 1% less than 2008) but has recovered in the following two years and has reached a higher level than prior to the crisis. Foreign direct investments in non-financial enterprises have totalled 1,580 euro per capita as at the end of 2012 but have been approximately twice as small as the country's average (3,005 euro per capita). Nonetheless, it should be noted that even during crisis years, the inflow of foreign direct investments have continued to grow at high rates in the district, unlike most districts in Bulgaria; the biggest investments have been in manufacturing, more particularly in paper products, confectionery, optics and medicines.

The unemployment rate has been about 5% prior to the crisis and it was even lower than the national average in 2007 and 2008. The crisis also affected the labour market in the district rather negatively in 2012. The unemployment rate of the population aged 15+ reached 18.3% compared to the country's average of 12.3%. The labour market started to recover in 2013, and the unemployment rate decreased to 13%. The employment rate featured the same trend in the district. The employment rate has outranked the country's average before the crisis, but a serious drop has followed since 2009, which started to be offset in 2013.

The total of sums paid under contracts with municipalities of Pazardzhik District as beneficiaries, under operational programmes, has been 356.8 BGN per capita as at 31 January 2014, which has been slightly lower than the country's average (379.8 BGN).. The municipalities of Panagyurishte and Peshtera have drawn the most funds (1,160.9 and 1,403.9 BGN respectively), and the least – the municipality of Septemvri (80.4 BGN per capita).

## Taxes and administration

Businesses' representatives in Pazardzhik District have given a higher grade than the national average in respect of the performance of local administration in the IME's survey from May 2014. Businesses have given a better-than-average assessment of the incorruptibility of employees in the district, speed of service, appropriate qualifications and responsiveness of employees. Corruption perceptions are also more favourable than the national ones; the judicial system have relatively received the most negative evaluation, which businesses throughout the country consider the most corruptible. Business representatives have stated that companies from the industry they belong to had made informal payments for amendments in local regulations for the benefit of certain business interests and for favourable decisions of judicial authorities.

The rates of local taxes and charges, included in the survey, are about the average levels for the country, excluding the household waste charge for non-residential properties of legal entities. In 2014, it was 11.7‰ on average in Pazardzhik District and therefore more than 60% higher than the country's average of 7.2‰.

Businesses have assessed the quality of rendered e-services 3.1 points compared to the country's average of 3.4. Only 28.3% of the surveyed people have responded that they had used e-services provided by the local administration for the past year. This share has been 38.6%, which demonstrates much lower use of the e-government in Pazardzhik District. Obviously, the district's administration does not provide sufficient information on how to use technologies, in order to facilitate the interaction with it because the 2014 Active Transparency Rating of local government bodies by the "Access to Information Program" Foundation (AIP) was 38.8 points – much lower than the country's average of 44.1 points and much less than the maximum of 82.4 points.

## Infrastructure

Pazardzhik was one of the six districts featuring more than 50% of good quality roads in 2013. With 52.6%, Pazardzhik has performed much better than the national average of 39.6%. In 2013, there was a serious increase in the number of good quality roads – from 44% in 2012 – as a result of the rehabilitation of a number of second-class roads in the district.

The share of people who have access to and use the internet has remained at much lower levels than the national average. The relative share of households in Pazardzhik District with internet access was 36.1% in 2013 (Bulgaria's average being 53.7%), and the relative share of people (aged 16 to 74) that have used the internet in the past 12 months was 36.7% (56.2% for the country).

## Demographics

The population of Pazardzhik District has decreased faster for the past 10 years relative to the general trend in the country. Although the rate of natural increase had lower absolute value (minus 4.2‰) than the country's average in 2013 (minus 5.2‰), the net migration rate also remained high in 2013 – minus 4.7‰.

The district's age structure is more favourable than the average rate for the country. The age dependency ratio (65+ to 0–14) was 126.4% (average of 142.3% for the country) in 2013, and the ratio 65+ to 15–64 was 28.2% (average of 29.3% for the country). In 2013, Pazardzhik was the top third district in respect of the coefficient of demographic replacement represented as the ratio of the population aged 15–19 to the population aged 60–64 – 70.6% in 2013 compared to 61.5% for Bulgaria. This means that 71 youngsters per hundred retired persons will join the labour market when the latter abandon it.

## Education

The indicators in the education category for the district do not demonstrate good results. The low general assessment in this category was reasoned by the high share of dropouts from primary and secondary education (3.4% in 2012 compared to the national average of 2.3%) and repeaters (1.3% in 2012 in comparison with 1% for the country) and also by the low relative share of graduates in the district – in 2013, 16.6% of the population aged 25–64 had tertiary education compared to the country's average of 25.6%.

Pupils in Pazardzhik achieved grades from the state matriculation exams that were about the average ones in 2014, and the number of failures, although being higher than the country's average (4.8%), have improved in recent years – from 6.9% in 2013 to 5.8% in 2014.

## Healthcare

The number of physicians in Pazardzhik District is similar to the one in Bulgaria; however, there is an insufficient number of doctors with certain specialities. The number of health insured persons was less than its national counterpart in 2013 – 82.6% in comparison to 86.1%. Beds in multi-profile hospitals for active medical treatment are sufficient in the district (5.9 per thousand people) in relation to the country (4.6 per thousand), but the number of people accepted for treatment are higher – 279.3 per thousand in comparison to 219.9 per thousand for the country.

The survey conducted in May 2014 showed that 41.3% of the population had travelled out of Pazardzhik District in the past 12 months to get medical services. The lack of specialist has been stated as the main reason thereof (58.1%). During the same period of time, 25.8% have stated that they had had to make informal payments for healthcare. This is a slightly higher share than the national average of 24.7%.

## Environment

The district's citizens have given 3.3 points in respect of the environmental quality (from 1 to 5), which has been as much as the average assessment in Bulgaria. Carbon dioxide concentration in the atmosphere has been much too lower in Pazardzhik District than the country's average rates. In 2012, carbon dioxide was 48.7 tonnes per sq. km in the district in comparison with the country's average of 346.3 tonnes.

The share of the population living in settlements with access to a public sewerage system has already neared the country's average values. Simultaneously, the share of the population having access to sewage, connected to waste water treatment plants, remained low in 2012 – 27.2% in comparison with the country's average of 56.1%.

## Social environment

The reason for the relatively low grade of Pazardzhik District in this category is the low standard of living in the district. People living in households with low work intensity were 23.1% in 2011 and their number was twice as big as the country's average. More than half of the population lives in material deprivation – 52.9% in comparison to 44.1% throughout the rest of the country. This indicator has grown seriously since the beginning of the crisis when the share of people living in material deprivation has reached 60%, but the decrease has been considerable thereafter.

The population of Pazardzhik District visited cinemas and theatres ten times less compared to the country in 2013, although the regional centre has a theatre staging more than 200 plays annually.

The survey conducted among the district's citizens in May 2014 has made it clear that 35% of the population would move to reside in any other district.

## Key indicators for the district of Pazardzhik

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	5 390	6 219	6661	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	49.9	46.3	43.6	41.8	44.4
Annual average unemployment rate of the population aged 15+ (%)	9.4	15.5	18.1	18.3	13
Relative share of people living below the district's poverty line (%)	23	23.7	29.4	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	23.8	24.4	26.7	27.3	28.2
Rate of natural increase (‰)	-2.5	-3.4	-4.6	-4.5	-4.2
Net migration rate (‰)	-4.1	-6.0	-2.5	-3.2	-4.7
Relative share of the population aged 25-64 with tertiary education (%)	15.2	15.2	16.9	16.8	16.6
Percent of failed students at state matriculation exams (%)	6.4	6.5	4.6	6.8	5.8
Average grade at state matriculation exams	4.2	4.2	4.3	4.1	4.2
Share of roads in good condition (%)	n.a.	43.4	43.0	44.0	52.60
Relative share of households with Internet access (%)	23.8	25.9	38.7	40.4	36.1
Share of the population with access to public sewerage systems, connected to WWTP (%)	25.9	26.0	26.1	27.20	n.a.
Health insured persons as share of the population (%)	84.3	81.4	84.4	83.4	82.6
Cases of hospitalization per 1,000 people	138.6	129.4	135.4	265.0	279.3
Average annual income per household member, BGN	3 690	2 989	2 972	3 460	3 755

# Pernik



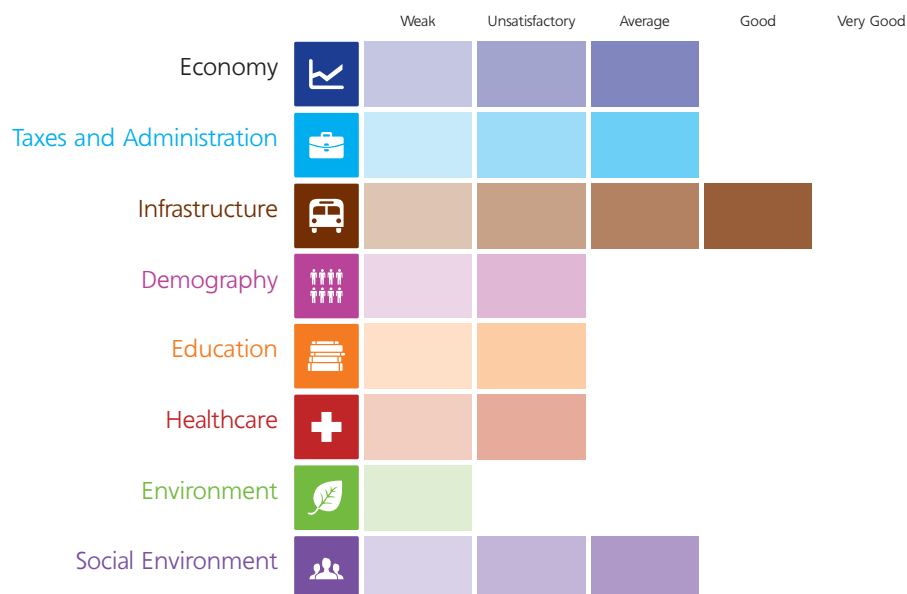
Population (2013)	129 468
Area (sq. km.)	2 394.2
Number of settlements	172
Share of urban population (%)	78.9

## Overview

The socioeconomic development of Pernik District has been largely affected by the proximity to Sofia (capital). The latter has a positive influence on investment activities in the district, the workforce employment rate and the level of the population's incomes.

Simultaneously, Pernik District has received a good grade only in the field of infrastructure, which is due to the Lyulin Highway, opened in 2011, and the relatively high share of roads in a good state and the high road network density respectively. The demographic state of the district has continually deteriorated – it has the most unfavourable indicators in some respects in Bulgaria. The district's grades on local education and healthcare have also remained unsatisfactory.

Pernik District has received its lowest assessment in the Environment category owing to both the relatively high level of air pollution and the low assessment of the local population in terms of its environment. The district has got average grades in the Social Environment and Taxes and Administration categories.



## Economy

Since 2006, the annual average income per household member in Pernik District has been higher than its national counterpart – it was 5,764 BGN in 2013, the average rate being 4,814 BGN concerning Bulgaria. A steady increase in the difference between the rate thereof and the country's average has been noted for this period of time – from 2.78% in 2006 it reached 19.73% in 2013. The main reason for high incomes, given the district's nearly poor macroeconomic indicators, is the high number of daily migrant workers from the district to the capital.

The situation of the labour market in Pernik aggravated in 2013 following a period of stabilisation in 2011 and 2012. The annual average unemployment rate increased more than five percentage points to 13.0%, and the employment rate decreased by 1.3 percentage points to 45.5%.

In 2012, expenditure on acquisition of fixed tangible assets remained three times less the ones in 2008. During the hardest years of the economic crisis, there was no serious outflow of foreign investments. There has not been any trend of a sustainable increase of investors' interest either.

As at 31 January 2014, the municipalities of Pernik District have managed to draw down 50.5 m BGN as beneficiaries under the EU operational programmes. 390 BGN per capita have been utilised since Bulgaria entered the EU compared to the national average of 378 BGN per capita. The reference by municipalities shows that more than 95% of funds have been utilised by the municipalities of Pernik and Radomir while the municipality of Kovachevtsi has not received any payments under European Structural Funds and the Cohesion Fund.

## Taxes and administration

In 2014, the local businesses' assessment of the performance of local administration was among the lowest – 2.9/5.0 in comparison with the national average of 3.1/5.0. Sofia District, Blagoevgrad District and Sofia (capital) have had lower assessments. Businesses' main remarks are in respect of the clarity of administrative requirements and the rapidity of providing services.

The municipalities of Pernik District received the second lowest transparency rating by the "Access to Information Program" Foundation following the one for the municipalities in Kyustendil District. The municipality of Zemen has received the lowest grade (15.7 points out of 82.4) within the district and the municipality of Breznik – the highest (52.4/82.4). Corruption perceptions have remained relatively high, but the district has improved its results relative to previous years.

The bigger part of the district's favourable results have been due to the relatively low levels of local taxes and charges. The sharp decrease in the household waste charge for non-residential properties of legal entities in the municipality of Breznik draws attention. It has been decreased twice from 2012 to 2014, reaching 5.0‰ from 12.0‰ in 2012.

## Infrastructure

Pernik District features a road network density that is 34% higher than its national average counterpart and railway network density that is 24% higher than the country's average. In 2012, the road network density was 23.7 km per hundred km of territory – only the district of Gabrovo featured a higher density (24.9 km per hundred sq. km). The road network density in the district increased by 0.9 km per sq. km in 2011 when the Lyulin Highway was officially commissioned.

According to the Road Infrastructure Agency's data, about 48.9% of the district's roads were in a good condition compared to the country's average of 39.6%. Nevertheless, citizens and businesses have given lower grades than their national counterparts with regard to the infrastructural development of the district.

The internet access has continued to be relatively limited. In 2013, 48.4% of households had such access in comparison with the country's average of 53.7%. In Southwest Bulgaria, this share has been lower only in Sofia District – 44.1%. Exactly 50% of the citizens of Pernik District, aged 16–74, have used the internet in the past 12 months, the country's average being 56.2%.

## Demographics

Some key demographics in Pernik District have rapidly aggravated in recent years. The trend has reversed following positive net migration rates from 2005 to 2007 – 2013 was the fourth successive year featuring negative values. The rate of natural increase of Pernik District's population has also remained negative – its value has been twice as high as its national counterpart since 2008.

Pernik is very near to be among the few districts where the ratio of the population aged 65+ to the one aged 0-14 is more than two to one. In 2013, the coefficient of demographic replacement, which demonstrates the ratio of the number of the population aged 15–19 to the one aged 60–64, dropped to 48.4% representing the fourth poorest value in Bulgaria.

The relative share of the population living in towns and cities has been the only demographic indicator from those studied on which the district has performed well compared to the country's average – 78.9% in 2013 compared to Bulgaria's average of 73.0%.

## Education

A number of negative trends have been observed in the field of school education. The net enrolment rate of the population (grades 5th through 8th) has decreased since the 2007/2008 school year, reaching 77.0% in the 2013/2014 school year compared to the country's average of 82.4%. The relative share of dropouts from primary and secondary education (2.16% in the 2012/2013 school year) is also lower than its national counterpart – 2.34%. Pupils' average grades have been lower than Bulgaria's average since 2009 concerning the state matriculation exams. Excluding the year 2012, the percentage of failures has also been higher than the average.

Pernik was one of the districts featuring the lowest share of the population aged 25–64 with tertiary education in 2013 – 16.9%. A low share of graduates is also observed in Sofia District (14.4%) – the other district bordering the capital. The European Polytechnical University, opened in 2010, has gradually increased the number of its students but still remains one of the smallest universities in Bulgaria.

## Healthcare

The overall level of healthcare remains unsatisfactory in the district of Pernik. The number of beds at multi-profile hospitals for active medical treatment is limited. 2.3 beds per thousand people are available at multi-profile hospitals for active medical treatment in comparison to the country's average of 4.6. There is a shortage of cardiologists in Pernik District. The doctors specialised in this field were two in 2013 meaning that 64,700 people have been treated by one doctor compared to Bulgaria's average of 5,900 people per doctor. This observation was confirmed by the fact that from June 2013 to May 2014, 40.1% of treated people, living in the district, have had to travel out of it to get the services they had needed, the country's average has been 35.4%.

Simultaneously, the local population's access to general practitioners and to specialists in Internal Medicine is good. The most favourable ratio of 4,300 local people to one specialist compared to the national average of 5,800 people per specialist is observed here. Health insured persons were 87.5% of the district's entire population in 2013 in comparison with the national average of 86.1%.

## Environment

The assessment of the district's citizens of environmental quality has increased for a second successive year. It was 2.9/5.0 in May 2014 compared to 2.3/5.0 in 2012. Nevertheless, it remained the lowest in Bulgaria compared to the national average of 3.3/5.0 in 2014.

The concentration of carbon dioxide emissions into the atmosphere is the sixth highest in the country following the ones in the districts of Kyustendil, Ruse, Sofia (capital), Stara Zagora and Varna. The terminated funding under the Environment Operational Programme could stop key projects that had been initiated such as the regional landfill site for household waste in Pernik Municipality.

The district features high rate of access of the population to public sewerage systems and waste water treatment plants by reason of its high degree of urbanisation. 79.1% of the population lived in settlements with public sewerage systems in 2012, the country's average being 74.3%. About 74.1% of the population having access to public sewerage systems has been also connected to waste water treatment plants, the country's average being 56.1%.

## Social environment

The local people's assessment of their overall satisfaction from life increased from 3.1/5.0 in 2013 to 3.3/5.0 in 2014, which is about the national average of 3.4/5.0. An improvement has also been noted in the assessment of the performance of individual institutions, although the overall confidence of citizens in some of them (such as the local administrations and the local bodies of the judicial system) has remained relatively low. Most of the indicators on social inclusion and living conditions in the district has demonstrated that the district has achieved levels about their national counterpart. The relative share of the population living below the district's poverty line dropped to 17.0% in 2011, being 19.0% in 2010.

There was no working cinema in 2013. The interest in local theatre stages has gradually subsided – 8,900 visits were registered in 2013 compared to 11,700 in 2011.

## Key indicators for the district of Pernik

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	5 316	5 633	6078	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	46.7	45.6	46.5	46.8	45.5
Annual average unemployment rate of the population aged 15+ (%)	5.3	6.9	8	9.9	13
Relative share of people living below the district's poverty line (%)	17.2	19	17	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	32.3	32.8	33.8	34.6	35.5
Rate of natural increase (‰)	-8.8	-9.6	-11.3	-11.7	-11.1
Net migration rate (‰)	0.0	-1.9	-1.6	-1.7	-0.8
Relative share of the population aged 25-64 with tertiary education (%)	16.8	16.3	16.7	16.6	16.9
Percent of failed students at state matriculation exams (%)	5.8	5.7	4.0	4.5	5.6
Average grade at state matriculation exams	4.2	4.2	4.4	4.1	4.3
Share of roads in good condition (%)	n.a.	48.7	41.7	52.0	48.90
Relative share of households with Internet access (%)	22.5	15.4	35.0	42.3	48.4
Share of the population with access to public sewerage systems, connected to WWTP (%)	71.6	71.5	74.0	74.10	n.a.
Health insured persons as share of the population (%)	90.4	88.6	88.8	88.3	87.5
Cases of hospitalization per 1,000 people	107.8	100.8	100.6	103.6	103.4
Average annual income per household member, BGN	4 119	4 194	4 473	5 021	5 764



# Pleven

**Population (2013)**  
**Area (sq. km.)**  
**Number of settlements**  
**Share of urban population (%)**

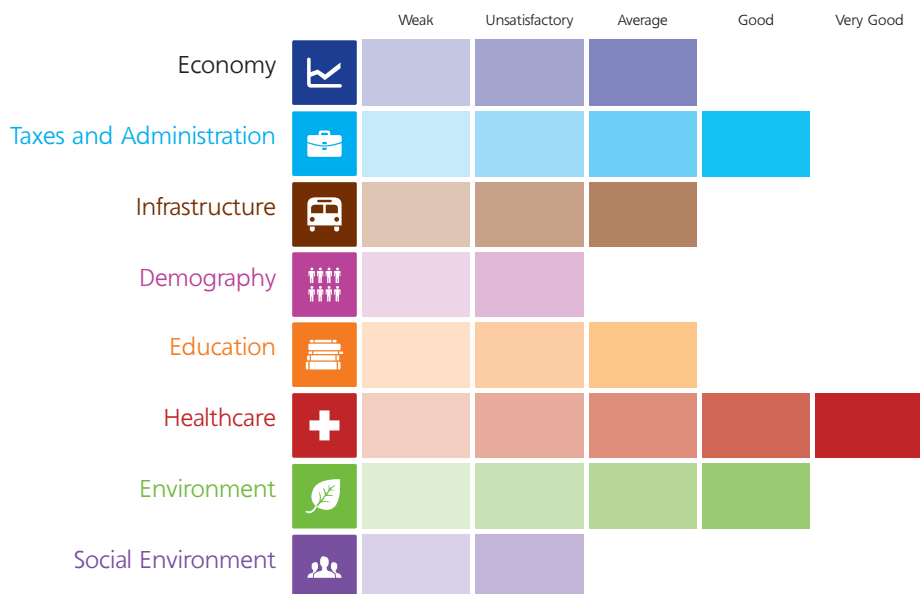
261 166  
 4 653.3  
 123  
 66.7



## Overview

The labour market in the district has gradually recovered in 2012 and 2013, but the employment rate has remained low despite the increasing investment activities. The educational system possesses sufficient facilities and staff, but the quality of the educational product, if judged by the results at the state matriculation exams, has relatively been among the worst in Bulgaria.

The environment in the district is in a relatively good state and healthcare has received a very good general assessment. The infrastructure has gradually enhanced mostly owing to the increasing share of good quality roads and the enlarging access and usability of the internet among households. The social environment has been assessed as unsatisfactory notwithstanding some positive processes from last year. The district's age structure is worse than most other districts. The local administration has received better-than-average assessment by businesses regarding its performance; corruption perception, even though having aggravated for the past two years, have remained more favourable than its national counterpart.



## Economy

The labour market in the district has stabilised since 2011 – in 2013 the employment rate of the population aged 15+ has increased for third consecutive year reaching 42.9%. The unemployment rate has risen again for the past year – from 10.3% in 2012 to 12.1% in 2013 – but has remained below the national average (12.9%).

Pleven has been one of the districts with the highest growth rate from 2004 to 2013. The annual growth rate has been 10.3% compared to the country's average of 8.5%. In 2012, expenditure on acquisition of fixed tangible assets exceeded the pre-crisis one, although it had remained below the national average in proportion to the population. The same is also valid in respect of foreign direct investments that have started to grow again, following an outflow in 2009–2010, and that have totalled 195 m euro as at the end of 2012.

The utilization of EU funds under operational programmes has faced certain difficulties. As at 31 January 2014, the municipalities in the district have drawn down 85.6 m BGN or 327.9 BGN per capita of the annual average population in 2013 compared to the national average of 379.8 BGN. The municipalities of Nikipol and Knezha have best utilised such funds, and the municipalities of Gulyantsi and Levski – the worst.

## Taxes and administration

The revenues from local taxes and charges in the district's municipalities have decreased for the past year. Nevertheless, the non-residential property tax of legal entities has remained the highest in Bulgaria, and the tax on the sale of property has been higher than its national counterpart. Simultaneously, the levels of other taxes such as the vehicle tax (commercial and passenger vehicles) and the annual licence tax for retailers have been below the country's average.

In May 2014, local businesses assessed the performance of local administrations higher than in the country – 3.2/5.0 compared to the national average of 3.1/5.0. Even though the businesses' assessment has improved in accordance with the last survey, it has been lower in respect of the performance of the local judicial system. The corruption perceptions have been about the national average. The businesses' assessment of the quality of e-services was slightly higher than the national average – the municipalities of Pleven, Nikopol, Knezha and Pordim reported third degree (out of four degrees) of development of these services in 2014, which implies the possibility of bidirectional interaction. 2014 Active Transparency Rating of local government bodies by the 'Access to Information Program' Foundation was 44.8/82.4, which is close to the national average of 44.1/82.4.

## Infrastructure

The sharp enhancement of the assessment of the infrastructure in Pleven District has been mainly due to the fast distribution of the internet and the increase in the share of good quality roads in the district. Although the share of households with internet access also remained lower than its national counterpart in 2013 (53.7%), this share has increased considerably by more than ten percentage points, reaching 47.6%. This is equally valid for people (aged 16 to 74) that have used the internet in the past 12 months, which share reached 48.8% in 2013 compared to 37.2% one year earlier.

The road network density is close to the country's average. Despite the fact that more than 60% of the roads in the district are third-class, 2013 has been the third consecutive year of an increase in the share of good quality roads. This increase has been due to the rehabilitation of second- and third-class roads. The railway network density in the district totals 4.4 km per hundred sq. km, which is higher than the country's average of 3.7 km per hundred sq. km.

## Demographics

The age structure of the Pleven District's population has continued to deteriorate rapidly. The values of different age dependency ratios have been more unfavourable both in respect of the national counterparts and in respect of the ones of certain neighbouring districts such as Veliko Tarnovo and Vratsa.

The coefficient of demographic replacement has also continued to aggravate. In 2013, similar values of this indicator have been observed in towns and cities and villages implying that their potential with regard to the reproduction of labour resources has equalled. The coefficient of demographic replacement, represented as the population aged 15–19 in proportion to the population aged 60–64, was 57% compared to the country's average of 61.5%.

Both the natural rate of increase and the net migration rate have remained negative for the past decade, and the values thereof have been traditionally more unfavourable compared to Bulgaria. The degree of urbanisation has been slightly less than the country's average – in 2013, 66.7% of the district's population lived in towns and cities. In May 2014, 30.8% of the population intended to migrate in comparison with Bulgaria's average of 32.8%.

## Education

Pleven District's educational system features, on the one hand, availability of a sufficient number of schools and teachers and a good scope of the population subject to educating and, on the other hand, lower quality of the resulting secondary education if one is to judge from the results of the state matriculation exams. Pleven is one of the small number of districts where the net enrolment rate of the population (grades 5th through 8th) increased in 2013 reaching 83.5% compared to the country's average of 79.7%. Simultaneously, the relative share of dropouts from school remained relative high in 2012 – 2.9% in comparison with the national average of 2.3%. Pupils, who had finished secondary schools, have shown poorer results at state matriculation exams than their counterparts in other districts. The average grade thereof was Good (4.10) in 2014 compared to the national average of Good (4.32), and failed pupils were 7.9% compared to 4.8% nationwide.

The trends regarding tertiary education have been better. The number of students has increased for the past decade reaching 2,357 students during the 2013/2014 academic year. The relative share of the population with tertiary education, aged 25-64, has also increased for fourth successive year reaching 22.9% in 2013 thus the districts has ranked ninth in terms of the proportion of graduates to the population.

## Healthcare

Healthcare in Pleven District is among the best in Bulgaria. Owing to the well developed network of health institutions, 26.2% of treated people, living in the district, have had to travel out of it from June 2013 to May 2014 to get the services they had needed, the country's average has been 33.5%. Only the districts of Plovdiv, Sofia (capital), Stara Zagora and Varna have featured lower share.

The share of health insured persons was 88.2% from the entire population in 2013, the country's average being 86.1%. In relation to the population size within Pleven District, the number of beds at multi-profile hospitals for active medical treatment has been the highest in Bulgaria. 6.3 beds per thousand people are available at multi-profile hospitals for active medical treatment in comparison to the country's average of 4.6. The infant mortality rate was 6.5‰ in 2013 compared to 7.3‰ for Bulgaria. There is a sufficient number of general practitioners and cardiologists in the district. Only a certain shortage of internists has been noted.

## Environment

The air in the district is relatively clean – in 2012, the annual concentration of carbon dioxide emission totalled 50.6 tonnes per sq. km compared to a nationwide average of 346.3 tonnes per sq. km. The municipality of Nikopol has featured more serious levels of air pollution, which are the result of manufacturing activities on the territory of Romania.

The proportion of the population having access to sewage, connected to waste water treatment plants has remained relatively low despite some enhancements in recent years – 41.0% in 2012 compared to a nationwide average of 56.1%. In 2014, the local citizens' assessment of the environmental quality (3.1/5.0) was lower than Bulgaria's average (3.3/5.0).

## Social environment

The indicators on living conditions and social inclusion have been controversial. On the one hand, the relative share of the poor (17.5% in 2011) is lower than the nationwide average, and, on the other hand, the share of the population living in material deprivation is higher than the nationwide average. This is also valid for the population living in households with low work intensity. The specific structure of household incomes in the district, and mostly the high proportion of sales incomes that form about 8% of the gross income of households compared to a nationwide average of 1.1%, could constitute a possible explanation.

The crime rate is relatively high – in proportion to the population size, only the districts of Burgas, Sofia (capital), Varna and Vratsa have registered higher number of crimes against the person and property in 2013. Namely

security at and out of home is the life aspect for which the local people's assessment has mostly differed from the nationwide average grade.

The interest in local cinemas and theatres has gradually risen – registered visits reached 55,900 and 36,700 respectively in 2013, which has been the best results for the past five years.

## Key indicators for the district of Pleven

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	5 142	5 051	5808	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	43.2	39.7	40.7	41.2	42.9
Annual average unemployment rate of the population aged 15+ (%)	8.1	12.8	12	10.3	12.1
Relative share of people living below the district's poverty line (%)	21.8	19.5	17.50	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	31.4	31.9	35.5	36.7	38.2
Rate of natural increase (‰)	-7.5	-9.0	-9.6	-10.1	-9.1
Net migration rate (‰)	-5.2	-5.3	-2.5	-4.4	-4.7
Relative share of the population aged 25-64 with tertiary education (%)	15.5	17.5	18.5	21.7	22.9
Percent of failed students at state matriculation exams (%)	4.9	5.9	4.7	8.0	7.9
Average grade at state matriculation exams	4.2	4.2	4.3	4.1	4.1
Share of roads in good condition (%)	n.a.	28.5	29.2	31.0	38.8
Relative share of households with Internet access (%)	28.4	27.2	35.8	37.3	47.6
Share of the population with access to public sewerage systems, connected to WWTP (%)	39.4	39.6	41.0	41.00	n.a.
Health insured persons as share of the population (%)	87.7	84.9	89.4	88.8	88.2
Cases of hospitalization per 1,000 people	204.7	196.7	207.1	277.8	308.7
Average annual income per household member, BGN	4 275	4 206	3 902	5 091	5 431

# Plovdiv

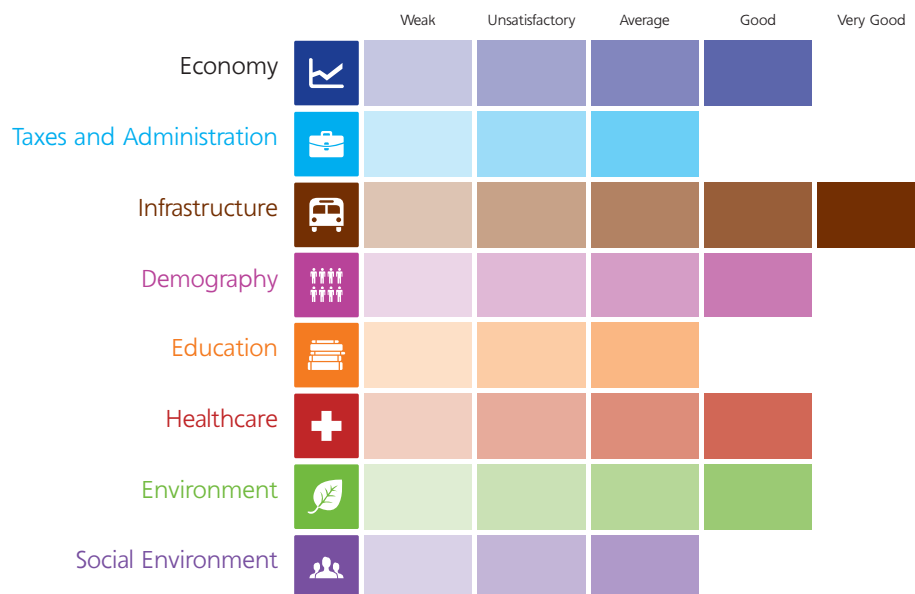
Population (2013)	678 528
Area (sq. km.)	5 972.9
Number of settlements	224
Share of urban population (%)	74.7



## Overview

Plovdiv District is among the fastest growing in Bulgaria. The crisis's impacts have not been too strong, and trends of sustainable recovery have already been observed. The district features considerable concentration of enterprises and foreign investments that have continuously increased in recent years and that pose an important factor of employment. Unemployment remains a challenge. The utilisation of EU funds has still lagged behind, especially in respect of the regional centre, which restricts the district's potential.

Plovdiv is the second largest university centre in the country. The relative share of graduates to the workforce is high, though it has lagged considerably behind the capital. The investment activities in the district and the high employment rate have continued to attract people from other districts – the net migration rate has increased in Plovdiv for the past two years. Nevertheless, the district's population has continued to decrease at a slow rate.



## Economy

The gross domestic product per capita of Plovdiv District was 8,318 BGN in 2011, which ranked it the seventh richest district in the country. One of the best growth rates has been observed in the district in recent years – growth of the local economy has been registered even in the crisis years (2009–2010). The employment rate in Plovdiv has recovered for the past two years (2012–2013) and has reached 48% of the population aged 15+. The unemployment rate also continued to grow in 2013 and has exceeded 13% in the same age group.

The district features considerable concentration of enterprises and also a high rate of foreign investments that have steadily increased in recent years, excluding the crisis 2009. The several industrial zones around Plovdiv City are a positive factor in this regard. Expenditure on acquisition of fixed tangible assets has also grown in 2011–2012, which implies the post-crisis recovery of the local economy. The municipalities of Plovdiv District have caught up with the utilisation of EU funds for the past two years (2012–2013), even though they have not averaged the nationwide values. Weighed against the population, the municipalities of Hisaria, Krichim, Sopot and Rakovski have fared well while the municipality of Plovdiv has been the worst-performing regional centre (relative to the population) in respect of utilising EU funds.

## Taxes and administration

Municipalities levying relatively low local taxes and charges predominate in Plovdiv District, though taxes are higher in the regional centre of Plovdiv. Kaloyanovo, Maritsa and Hisaria are examples of municipalities with low taxes and charges – Hisaria features the lowest immovable property tax in Bulgaria (0.6 per mil in 2014) and one of the lowest taxes on household waste – 1.2 per mil. The municipality of Krichim features high taxes and charges.

Businesses' assessment of the performance of local administration has deteriorated according to the last survey from May 2014; corruption perceptions have also deteriorated compared to 2013. The assessment of the quality of e-services rendered by local administration has also worsened but remains about the country's average. Half of the survey companies have used e-services for the past year – most of them have filled in and sent back templates and forms by electronic means, in addition to using information and downloading documents. The municipalities that actively attract foreign investments are the ones that try to keep taxes and charges low and also to enhance administrative services.

Plovdiv District has lagged in terms of the 2014 Active Transparency Rating of local government bodies by the 'Access to Information Program' Foundation. In the district, the municipalities of Asenovgrad, Krichim, Maritsa and Plovdiv have performed best while the municipalities of Hisaria, Kaloyanovo, Sadovo and Stamboliyski have received the poorest assessments.

## Infrastructure

The transport infrastructure of Plovdiv District is a factor in development, which is due to both the good geographical location and funds invested throughout the year. The road network density is not very high, but the Trakia Highway, completed in mid-2013, has increased the region's potential. Almost 44% of the roads in the district are in good condition thus constituting a relatively high proportion compared to Bulgaria. Nevertheless, the proportion of roads in good condition decreased last year, which has demonstrated the necessity of new investments for rehabilitation of some sections of the highway and the rest of republican roads.

The railway infrastructure is also well developed – the railway network density is among the highest in the country. Connections between settlements benefit from the railway infrastructure which does not sufficiently serve the economy, for instance with regard to linking industrial zones. The district features the second highest share of households with internet access following the capital – 60.7% in 2013 and about the nationwide average of people that have used the internet in the past 12 months (56.6%).

## Demographics

Plovdiv is the second biggest district in Bulgaria with almost 680,000 people – 75% of them live in towns and cities. In recent years, the population of Plovdiv has continually decreased, and the district has not managed to reverse the trend despite the positive net migration to it for the period 2012-2013. This population decrease has been determined by the steady negative natural increase throughout the years while the net migration

has generally remained positive excluding the crisis years of 2009–2010. The inflow of people in Plovdiv has predominantly been from the neighbouring districts of Haskovo, Pazardzhik, Smolyan and Stara Zagora, and the reasons thereof have been both better education and better job opportunities. The birth-rate has remained rather high in comparison with Bulgaria.

The age dependency ratio in Plovdiv District have been about the national average levels, and the population aged 65+ was 1.4 times more than the population aged 0–14 in 2013. The demographic replacement rate has followed the nationwide trend and has seriously deteriorated– it reached 64% in 2013, which indicatively means that there were 64 people aged 15–19, who had moved into the workforce, per hundred people aged 60–64, who had abandoned it.

## Education

The school network in Plovdiv District is relatively optimised, and this is also observed in other districts with big centres. The quantitative indicators of school education disclose some negative trends – a relatively low enrolment rate (grades 5th through 8th) and also a high share of dropouts and repeaters. The results from the state matriculation exams were about the national average in 2014 (4.34), and about 5% of pupils failed at it, i.e. they have got a mark of less than Satisfactory (3).

Plovdiv District is the second biggest university centre in Bulgaria. In 2013, the number of students increased by approximately five thousand and has exceeded 44,000. The diversity of institutions of higher education and the ensuing employment opportunities are positive factors that attract young and qualified people in the district. The relative share of the population with tertiary education, aged 25–64, is relatively high (more than 23%), but there is no visible increasing trend.

## Healthcare

Increases in the number of hospitals and the number of beds at multi-profile hospitals have been noted in recent years in Plovdiv District. In 2013, the district ranked first in respect of the number of beds at multi-profile hospitals for active medical treatment, following Pleven, and was a leader in terms of the number of people accepted for treatment at multi-profile hospitals (weighed against the population). One of the reasons for the latter is the demand for hospital care in Plovdiv by people living in neighbouring districts. The distribution of hospitals is uneven in the district – medical institutions are concentrated in Plovdiv City, and some of the smaller municipalities just have no hospital.

The number of health insured persons has slightly dropped in the district for the past two years –they were 86.5% in 2013. Slightly less than 20% of the people surveyed in May 2014 reported that they had had to travel to another district to get healthcare. Every one out of five citizens, who had used medical services in the past 12 months, has stated that they had had to make informal payments for healthcare.

## Environment

Carbon dioxide emissions into the atmosphere increased in 2011 and 2012, but Plovdiv is still not among big polluting districts such as Sofia (capital), Stara Zagora and Varna. Collected household waste per capita also increased in 2012 and reached almost 400 kg per capita of the served population. Most districts perform separate waste collection and have concluded contracts with waste recovery organisations.

Almost 80% of the population lives in settlements with public sewerage systems, and 54% has access to sewage and is connected with waste water treatment plants. These indicators have not clearly changed in any positive direction in recent years. Two urban waste water treatment plants function in the district, in Plovdiv City and the town of Hisaria. A water treatment plant was also opened in Hisaria in 2010.

## Social environment

43% of the population of Plovdiv District lived in material deprivation in 2011. Every one out of five people lived under the district's poverty line. Nonetheless, it should be taken into consideration that the district's poverty line is relatively higher compared to Bulgaria. The income inequality in the district has slightly decreased – the ratio of incomes of the richest to incomes of the poorest 20% of households was less than five times in 2011.



The number of crimes has fallen in recent years in Plovdiv District, and the registered crimes against the person and property per thousand people were slightly more than eight in 2013. Life satisfaction in Plovdiv is mainly due to education, healthcare, housing and the social environment. Employment is also a life aspect in the district, with regard to which most of the surveyed people have stated that they had been pleased with. This could be explained with the relatively high employment rate in the district. Almost 60% of the people, surveyed in May 2014, have responded categorically negatively to the question if they would move to live in any other district. This demonstrates that the local population has positive attitude towards the district's development.

## Key indicators for the district of Plovdiv

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	7 291	7 530	8318	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	48.3	46.5	46.4	47.3	48.1
Annual average unemployment rate of the population aged 15+ (%)	5.1	8.5	8.8	11.2	13.4
Relative share of people living below the district's poverty line (%)	14.5	20.5	20.70	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	25.5	26.0	28.3	28.8	29.4
Rate of natural increase (‰)	-2.4	-3.6	-3.8	-4.5	-4.0
Net migration rate (‰)	-0.9	-4.1	0.2	1.4	3.1
Relative share of the population aged 25-64 with tertiary education (%)	20.6	22.5	23.6	22.6	23.4
Percent of failed students at state matriculation exams (%)	4.5	3.9	3.2	5.0	4.6
Average grade at state matriculation exams	4.3	4.3	4.5	4.3	4.3
Share of roads in good condition (%)	n.a.	49.8	47.5	48.0	43.7
Relative share of households with Internet access (%)	30.1	35.3	47.5	55.1	60.7
Share of the population with access to public sewerage systems, connected to WWTP (%)	50.6	50.8	54.1	54.30	n.a.
Health insured persons as share of the population (%)	89.6	87.2	88.4	87.7	86.5
Cases of hospitalization per 1,000 people	229.6	227.7	228.0	327.8	353.0
Average annual income per household member, BGN	3 561	3 745	3 657	3 988	4 514

# Razgrad

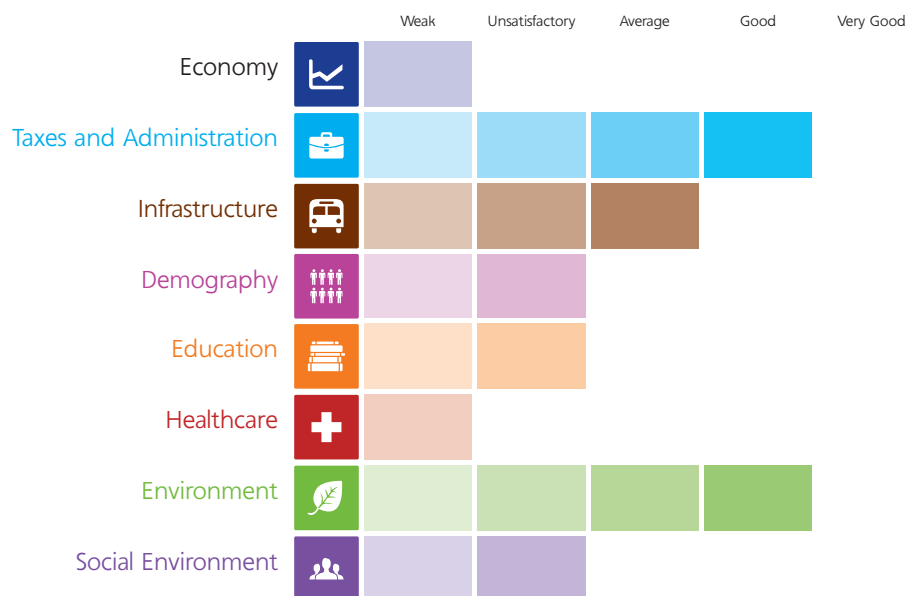
Population (2013)	121 380
Area (sq. km.)	2 639.7
Number of settlements	119
Share of urban population (%)	47.2



## Overview

Razgrad District has been seriously impacted by the world financial and economic crisis but started to recover in 2010 even faster than the country's average rates. The economy's structure has continued to differ from the national – agriculture plays a significant role in the local economy compared to most districts in Bulgaria. Razgrad is one of the districts with the most disbursed EU funds to municipalities as beneficiaries under operational programmes, but the high unemployment rate and the low employment rate have remained a challenge.

The district stands out with the following fact: 100% of first-class roads are in good condition, although the quality of second- and third-class roads has not been classified as good. In the field of education, low results of pupils at state matriculation exams and the relatively low share of people with tertiary education could be noted. The sharp shortage of staff poses a serious problem for the district.



## Economy

The GDP per capita in Razgrad District was 6,307 BGN in 2011. Following the initial economic downturn, the district started to get out of the crisis's negative consequences and the GDP started to increase again in 2009. Expenditure on acquisition of fixed tangible assets has also grown reaching 1,363 BGN per capita in 2012 compared to the nationwide average of 2,614 per capita. Following the increase in foreign direct investments till 2010, a slight outflow of investments was observed in 2011. Investment activities were again higher in 2012 and cumulative foreign direct investments in non-financial enterprises reached 2,017.9 euro in Razgrad District as at the end of the year (the nationwide average being 3,005 euro per capita). The structure of the economy is considerably different compared to the rest of the country. Services amounted to slightly less than half of the gross value added in the district in 2011 (48.8%), industry – about one third (32.8%), and agriculture amounted to 18.9%.

The unemployment rate has continued to be a challenge in the district. In 2013, only the districts of Shumen and Silistra featured higher unemployment rate. The annual average unemployment rate of the population aged 15+ was 20.7%, Bulgaria's average being 12.9%. The employment rate has also shown the problems that the labour market of the district had faced – it was 39.9% in 2013 (the country's average being 46.9%). It is embarrassing that the employment rate has continued to decrease for the past year while the national average of the employment rate has slowly increased.

2013 was a particularly good year in respect of funds disbursed to the municipalities of Razgrad District under operational programmes. As at 31 January 2014, the district's municipalities have received 558.1 BGN per capita, which has been much higher than the country's average of 379.8 BGN per capita. This has ranked Razgrad District sixth in terms of disbursed funds to municipalities as beneficiaries under operational programmes as at the beginning of 2014. The municipalities of Loznitsa and Kubrat have best utilised these funds – 1,758.5 BGN per capita or a total of 16 m BGN and 1,094.5 BGN per capita or a total of 20 m BGN respectively.

## Taxes and administration

The assessment of Razgrad District is good in the Taxes and Administration category. The businesses' assessment of the performance of local administration was average in 2014 – 3.3 points (from 1 to 5), which was slightly higher than the national average of 3.1. Businesses have assessed responsiveness, fast servicing and staff qualification higher than the other districts. This is also valid for the clear requirements when working with the administration. The levels of corruption and the quality of rendered e-services have also been assessed better than the country's average. Every one out of three companies (33.4%) considers that investments will increase in the following 12 months (June 2014–May 2015), and 41.7% are of the opinion that their company revenues will rise. Expectancies of businesses on the number of employed persons are less optimistic. While a nationwide average of 30% of the surveyed people forecast an increase in the number of employed people for the next 12 months, this percentage is far less for Razgrad District – 8.4%. The rates of local taxes and charges are about the national average.

2014 Active Transparency Rating of local government bodies by the 'Access to Information Program' Foundation is 47.3 points for Razgrad District, out of 82.4 points. Nonetheless, this result is above the country's average of 44.1 points.

## Infrastructure

The road network density in Razgrad District is slightly better than the country's average, though the proportion of roads in good condition is lower – 34.5% compared to 39.6%. The lower quality of roads is due to the poor state of second-class roads and especially the third-class ones while first-class road (a total of 56.2 km) are in a good state. It should be noted that this is the only district in Bulgaria featuring 100% of first-class roads in good condition.

The relative share of households with internet access is 51.2%, and the relative share of people (aged 16 to 74) that have used the internet in the past 12 months has been 51.5%. The average values for Bulgaria are higher – 53.7% and 56.2% respectively.

## Demographics

The state of the demographic situation in Razgrad District is generally assessed as unsatisfactory. The reasons for the negative state are the low share of urban population (47.2% compared to the country's average of 73%) and the lower density of the population respectively (917.2 people per sq. km in settlements in comparison with 1,578.2 people per sq. km for Bulgaria), and also the quick decrease of the population. The district's population has dropped by more than 25% for the period 2000–2013 or more than 40,000 people. The rate of natural increase is minus 7‰ compared to the national average of minus 5.2‰, and the net migration rate is minus 5.9‰. Nonetheless, the rate of population decrease has slowed for the past three years.

Razgrad District has continued to perform below the average level for Bulgaria in respect of the age dependency ratio, though rates have worsened in recent years together with the ageing of the population throughout the country. The coefficient of demographic replacement, represented as the population aged 15-19 in proportion to the population aged 60-64, has shown a considerably better result compared to the national average – 69.8% and 55.6% respectively. That means that 70 youngsters per hundred retired people will be joining the labour market in next several years. In terms of this indicator, Razgrad ranks the fourth best district in Bulgaria following Pazardzhik, Sliven and Targovishte.

## Education

The assessment of Razgrad District in the Education category is unsatisfactory. Although the net enrolment rate of the population (grades 5th through 8th) is 86% and is above the country's average of 79.7%, the relative share of dropouts from primary and secondary education is 3.3% compared to the nationwide average of 2.3%. Pupils' grades also bring about the low ranking of the district compared to the country's average. In 2014, the number of poorest grades from the state matriculation exams was the highest exactly in Razgrad – 10.8% of grades were below Satisfactory (3) while the share thereof in the other districts was 4.8%. Pupils' average grade from the state matriculation exams is 4.3 for Bulgaria and 3.9 for Razgrad. 25.6% of the entire population of Bulgaria, aged 25–64, have tertiary education while this share regarding Razgrad is 13.7%. This ensures the last rank of the district in respect of this indicator. No improvement of these indicators has been noted throughout the years. The district's performance in terms of the number of teachers at primary and secondary schools (77 per thousand pupils compared to the nationwide average of 72 per thousand) and the number of population per school (1,927 pupils in comparison with the national average of 2,848 pupils) are positive.

## Healthcare

The sharp shortage of medical staff determine the low grade of Razgrad District in the Healthcare category. While there are 1,589 people per general practitioner in Bulgaria, there are 2,528 people per general practitioner in respect of Razgrad. This is the worst shortage of general practitioners in Bulgaria. The staff shortage problem confirms this situation in respect of specialists. One Internal Medicine specialist treats 7,586 people (the country's average being 5,775 people), and a cardiologist treats 20,230 people (5,945 people on average for Bulgaria).

The survey showed that 36.5% of the surveyed people from Razgrad District have had to travel out of the district to get healthcare. Citizens have states the lack of specialists in the district as the main reason thereof (60.2%)

## Environment

The state of the environment could be regarded as good in comparison with the nationwide situation. Carbon dioxide emissions into the atmosphere were 39 tonnes per sq. km, the country's average being 346.2 tonnes per sq. km in 2012. The unregulated landfills for household waste in villages have also been specified as pollutants of the air in Razgrad District in the Development of the North Central Region plan.

The share of the population with access to sewage, connected to waste water treatment plants, has continued to be low – 41.9%, just like the share of the population in settlements with public sewerage system – 41.9%. For comparison, the nationwide average values of these two indicators are 56.1% and 74.3%. In addition, Razgrad is the district with the lowest access of the population to public sewerage system. The entire population of Razgrad District had access to water supplies in 2010.

The share of the population served by organised waste collection systems has increased from 62.7% to 100% from 2005 to 2009.

## Social environment

In 2011, 23.3% of Razgrad District's population lived in households with low work intensity (this share was higher only in the districts of Pazardzhik and Vidin) while in 2008, the share thereof was 3.4%. For comparison, the national average was 11.2% in 2011, which once again showed the intensity of the crisis in Razgrad. More than half of the population lives in material deprivation (50.9%) in comparison to 44.1% throughout the rest of the country. The conducted survey showed that people living in Razgrad District are more susceptible to relocate permanently to any other district – 35.2% have responded with YES and RATHER YES compared to 32.8% for the entire country.

In 2014, citizens assessed the performance of public institutions with 2.4 points or exactly as the nationwide average. It has been observed that this assessment has dropped for the past three years. The life satisfaction grade was exactly the same as Bulgaria's average of 3.4.

## Key indicators for the district of Razgrad

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	4 960	5 549	6307	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	39.7	36.8	40.8	40.6	39.9
Annual average unemployment rate of the population aged 15+ (%)	18.1	22.6	20.3	21.4	20.7
Relative share of people living below the district's poverty line (%)	19.8	22.8	19.20	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	23.3	24.2	26.4	27.2	28.4
Rate of natural increase (‰)	-4.4	-6.0	-6.4	-6.2	-7.0
Net migration rate (‰)	-8.7	-13.2	-7.9	-5.4	-5.9
Relative share of the population aged 25-64 with tertiary education (%)	15.2	12.1	12.9	14.0	13.7
Percent of failed students at state matriculation exams (%)	11.1	11.1	7.6	12.1	10.8
Average grade at state matriculation exams	4.0	3.9	4.1	3.8	3.9
Share of roads in good condition (%)	n.a.	34.9	34.6	32.0	34.50
Relative share of households with Internet access (%)	24.7	27.9	42.2	58.1	51.2
Share of the population with access to public sewerage systems, connected to WWTP (%)	40.8	40.8	41.9	41.90	n.a.
Health insured persons as share of the population (%)	92.3	87.6	91.1	90.0	89.3
Cases of hospitalization per 1,000 people	217.7	196.0	202.4	210.5	232.0
Average annual income per household member, BGN	2 985	2 621	2 753	3 131	3 264

# Ruse

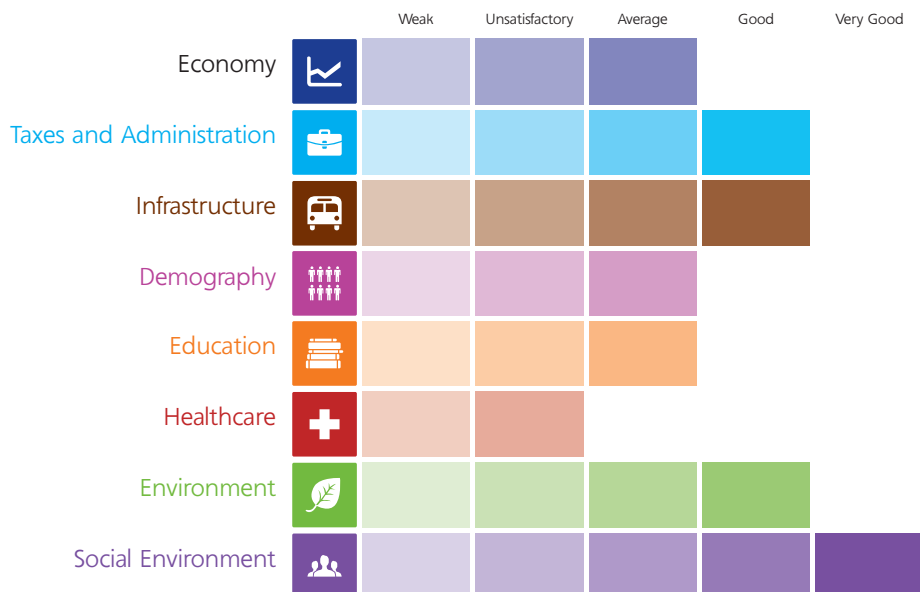
Population (2013)	230 682
Area (sq. km.)	2 803.4
Number of settlements	88
Share of urban population (%)	77.2



## Overview

Following the serious drop in the first years of the crisis, the economy of Ruse District has started slowly to recover. It ranks last in terms of utilising EU funds. The unemployment rate in the district has fluctuated in correspondence with the national trends since the beginning of the crisis. In 2013, incomes would have been higher than the nationwide average if Sofia City were excluded.

Healthcare has continued to be a challenge – the main problems have been related to the shortage of medical staff. Even though the development of the school education has sent contradictory signals, the University of Ruse has brought about the top ranking of the district in terms of provision of tertiary education. The social environment has been assessed as very good mostly due to the better-than-average assessment of poverty and social inclusion and also due to the varied cultural life.



## Economy

Ruse District's economy has started slowly to recover following the drop at the beginning of the crisis. In 2011, the GDP per capita was 7,602 BGN or 15% higher than 2010. If Sofia City were excluded from the calculation due to the huge gaps between the capital and the rest of Bulgaria, Ruse District would have had higher GDP per capita (6,924 BGN) than the average, notwithstanding the higher drop in the GDP since the beginning of the crisis in comparison with the general decrease in Bulgaria. The services sector has formed the main part of the gross value added. Cumulative foreign direct investments in non-financial enterprises have been twice as little as the country's average reaching 1,492.8 euro per capita as at the end of 2012. Nevertheless, investments in Ruse District have grown 120% following Bulgaria's accession into the EU, which has been more than double the national average growth.

The employment rate of Ruse District has continued to decrease for third successive year reaching 44.2% of the population aged 15+ in 2013.

As at 31 January 2014, the district has had the least disbursed amounts per capita under contracts with municipalities as beneficiaries under operational programmes – 152.1 BGN per capita compared to the national average of 379.8 BGN per capita. Ruse is far behind the leader (Gabrovo District) that is located in the same planning region and where the value of disbursed sums is 940 BGN per capita. In Ruse District, the most funds have been disbursed in the municipalities of Byala (552.4 BGN per capita) and Dve Mogili (312 BGN per capita), and the least – in the municipalities of Slivo Pole (97 BGN per capita) and Vetovo (21.6 BGN per capita).

## Taxes and administration

Ruse District received a good assessment in the Taxes and Administration category mainly due to the low levels of local taxes and charges included in the survey. Taxes on real estates, vehicles and sale of property, and also the household waste charge were lower in 2014 than their national counterparts. Of all taxes and charges included in the survey, only the annual licence tax for retailers is higher than the country's average.

From June 2013 to May 2014, 56.7% of all businesses in Ruse District have used e-services provided by the local administration. Most of them have downloaded templates and forms from the administrations' websites, in addition to using information. 2014 Active Transparency Rating of local government bodies by the "Access to Information Program" Foundation (AIP) ranked Ruse District at the level of the national average assessments, which is about half of the top grade. The transparency rating of local government bodies are the highest in the municipalities of Ruse and Dve Mogili, and the lowest – in the municipalities of Vetovo and Byala.

## Infrastructure

The road network density exceeds the national average, and roads are evenly distributed throughout the whole territory of the district. The share of roads in good condition is small – 29%, and the one of roads in a poor state is 44%. The railway network density in the district is also better than the country's average. Ruse–Gorna Oryahovitsa and Ruse–Varna are the railways lines with the most economic significance.

Ruse City is the biggest river port in Bulgaria, which implies its importance as a transport centre. More than 60% of all freight along the river ports in Bulgaria have been processed in the port of Ruse. The Danube Bridge (Ruse–Giurgiu) is located near the regional centre.

The share of households with internet access reached 57.6% in 2013, which was above the nationwide average of 53.7%. The use of the internet has also been above Bulgaria's average – 58.8% of the population aged 16–74 have used the net for the past year.

## Demographics

More than 230,000 people live in Ruse District, 77.2% of whom in towns and cities. Ruse District is also the most urbanised district following Gabrovo, Pernik, Sofia (capital) and Varna. The negative demographic trends that Bulgaria has featured are also characteristic of Ruse District. The population has diminished every successive year. The rate of natural increase reached minus 8‰ in 2013, which was much higher than its national counterpart (minus 5.2‰). The population has dropped in most municipalities of the district. The population in villages



has decreased three times faster than the one in towns and cities. Even though slightly above the zero mark (0,2‰), Ruse was one of the small number of districts with positive values of the net migration rate in 2013, i.e. the number of people who have settled in the district exceed the one of people who had moved out.

The population's age structure has continued to be aggravated. In 2013, the age dependency ratio (65+ to 0-14) reached 175.8% (average of 142.3% for Bulgaria). The age dependency ratio (65+ to 15-64) has also demonstrated negative trends and it grew to 32.5% in 2013 in Ruse District compared to the nationwide average of 29.3%. The coefficient of demographic replacement, represented as the population aged 15-19 in proportion to the population aged 60-64, has also been more unfavourable than Bulgaria's average – 46.9% compared to 59.3% in 2013. This means that 47 youngsters per hundred retiring people aged 60-64, who will leave the workforce, will join it in the next several years.

## Education

The performance of Ruse District has been contradictory in the field of education. There are less schools in the district compared to the population and the national average, but the net enrolment rate (grades 5th through 8th) for the 2013/2014 school year has been slightly higher than the national average. The grades of pupils who had sat the state matriculation exams have also sent contradictory signals. The share of failures at the state matriculation exams was 5.6% in 2014, which was higher than the national average (4.8%) while the average grade at the state matriculation exams (4.2) was similar to Bulgaria's (4.3). More than ten schools have been closed for the past ten years in small municipalities mainly due to the decreasing number of pupils – about 20%. The teaching staff has also decreased as a consequence of this phenomenon, but the proportion of teachers to pupils have been about the national average.

The Angel Kanchev University of Ruse is located in Ruse City; in 2012, it was accredited for a new six-year period with the top grade (Very Good). Possessing educational capacity of 15,000 students, the University of Ruse ranks among the top ten universities in Bulgaria. The number of students has gradually increased for the past ten years reaching 10,000 in 2013. The relative share of the population with tertiary education, aged 25-64, is 23.6%, and the country's average is 25.6%.

## Healthcare

Ruse District faces serious problems with funding hospitals, the shortage of medical staff and facilities for the medical institutions. In 2013, one general practitioner treated slightly more than 2,000 people compared with 1,589 people for Bulgaria. The situation with specialists is similar – the proportion thereof towards the local population is more unfavourable in comparison with the national average. There were 3.6 beds per thousand people at multi-profile hospitals for active medical treatment in 2013, or exactly one bed less compared with the country's average.

Data from the survey show that 26.8% of people living in Ruse District have had to make informal payments for healthcare (24.7% for Bulgaria). About 30% have travelled out of the district to be treated for the past 12 months, and most of them have done it (52.2%) due to the lack of specialists in the district. Both results have been below but close to the nationwide average. In 2013, 185.5 per thousand people were accepted for treatment at multi-profile hospitals for active medical treatment compared to the nationwide average of 219.9 people

## Environment

The environmental quality in Ruse District has been assessed as 'average', 3.3 points, just like the result for Bulgaria. 67.5% of the population lived in settlements with public sewerage systems in 2012, which was considerably lower than the country's average of 74.3%. The lack of sewerage systems in the predominant part of the district and the insufficient number of waste water treatment plants pose a serious risk of polluting river water. Simultaneously, the share of the population in Ruse District with access to sewage, connected to waste water treatment plants, is 63.9%, which is higher than the nationwide average of 56.1%.

Last data show that carbon dioxide emissions into the atmosphere have been below the country's average. The quality of the ambient air has deteriorated mainly due to traffic, the big proportion of heating by means of multi-fuel stoves and manufacturing sites with depreciated treatment plants.

## Social environment

Life satisfaction of the population of Ruse District is slightly higher than the national average. This also explains the survey results which demonstrate that more than half of the surveyed people (52%) would not move to reside in any other district. The poverty and social inclusion indicators for the district are also favourable. People living in households with low work intensity are 8% compared to the nationwide average of 11%. The share of the population living in material deprivation is 35.2% thus ranking Ruse among five districts that feature the lowest number of people suffering from material deprivation. The share of the poor living below the district's poverty line is also lower than the national average – 17% compared to 21.25%.

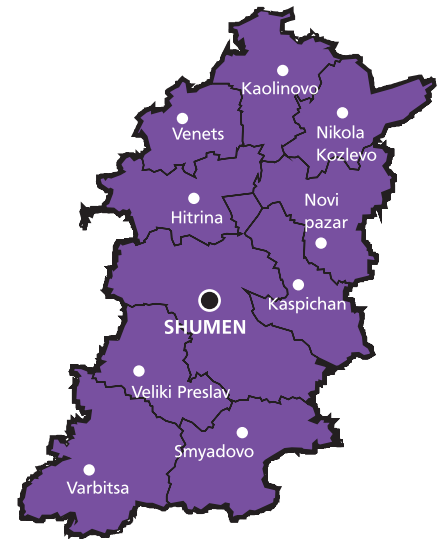
Ruse District, in particular the regional centre, features intensive cultural life. Three theatres, four museums, two cinemas and two libraries possessing more than 200,000 library items operate in the district. Ruse District ranked among the top districts, together with Sofia and Varna, in 2013, in terms of the number of visits to the theatre or cinema compared with the annual average population.

## Key indicators for the district of Ruse

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	6 987	6 646	7 602	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	50.5	47.9	45.1	44.5	44.2
Annual average unemployment rate of the population aged 15+ (%)	5.4	6.8	11.6	12.9	12.5
Relative share of people living below the district's poverty line (%)	17.0	18.5	17.00	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	26.6	27.4	30.7	31.7	32.5
Rate of natural increase (‰)	-6.0	-6.5	-8.1	-8.1	-8.0
Net migration rate (‰)	-2.4	-3.5	0.8	-1.4	0.2
Relative share of the population aged 25-64 with tertiary education (%)	19.3	20.4	22.0	22.1	23.6
Percent of failed students at state matriculation exams (%)	4.5	3.6	3.7	6.0	5.6
Average grade at state matriculation exams	4.2	4.3	4.4	4.1	4.2
Share of roads in good condition (%)	n.a.	30.6	23.9	26.0	29.00
Relative share of households with Internet access (%)	25.2	34.8	43.2	51.4	57.6
Share of the population with access to public sewerage systems, connected to WWTP (%)	0.0	0.0	63.7	63.90	n.a.
Health insured persons as share of the population (%)	88.4	86.0	89.4	88.2	86.6
Cases of hospitalization per 1,000 people	148.6	139.2	152.4	164.0	185.5
Average annual income per household member, BGN	3 418	3 655	4 071	4 416	4 504

# Shumen

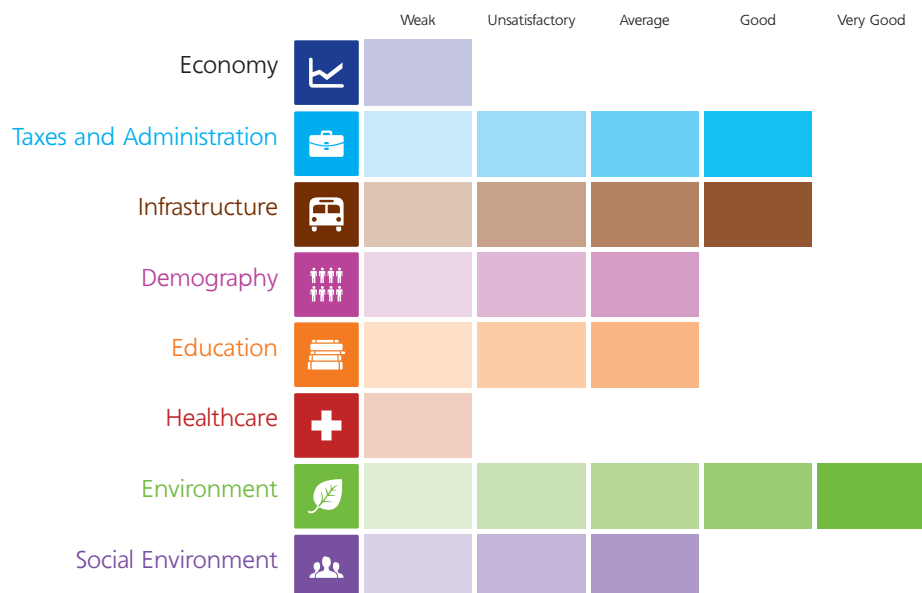
Population (2013)	178 437
Area (sq. km.)	3 389.7
Number of settlements	152
Share of urban population (%)	62.6



## Overview

The gross production per capita is lower in Shumen District than the national average even if we are to disregard Sofia City. The structure of the economy differs from the rest of the country. Agriculture has still had a considerable role at the expense of services. Foreign direct investments in non-financial enterprises withdrew in 2009 and 2010, with the onset of the crisis. They have started to recover in the successive years but have not reached the pre-crisis levels yet. The unemployment rate is the highest in Bulgaria, and the annual average unemployment rate of the population aged 15+ in Shumen District was twice as big as the nationwide average in 2013. Nonetheless, the age structure is more favourable than the general state of the country in this respect.

In 2013, the district registered the biggest increase in the number of roads of good quality, though the average rates for the country have not been achieved yet.



## Economy

The GDP per capita was 6,141 BGN in 2011 in comparison with the country's average of 10,248 BGN. Even if Sofia City were excluded, the GDP per capita would have been 6,924 BGN, which means that Shumen District is again below the average level.

The employment rate was 44% in 2013, and the unemployment rate was the highest in Bulgaria – the annual average unemployment rate of the population aged 15+ was 26% in Shumen District compared to the country's average of 12.9%. Although the unemployment rate has decreased in recent years, following its peak of 28.8% in 2010, this recovery has been too slow to reach the pre-crisis levels of 15-17% (unemployment in Shumen has traditionally been higher than its national counterpart).

The structure of the economy differs from the country one. Agriculture has a big share – 13.8% of the gross value added was created by this sector in 2011 compared to the nationwide average of 5.4%. The services sector accounts for 54.1% of the GDP in comparison with 64.1% for the country. The agricultural sector of the district is specialised in the production of cereal crops and industrial crops that require no significant workforce as a result of mechanisation.

Foreign direct investments in non-financial enterprises withdrew in 2009 and 2010, with the onset of the crisis. The inflow of foreign direct investments has resumed for the next two years but in much less degree – cumulative investments have reached 589.7 euro per capita as at the end of 2012. This has been considerably less than the country's average of 3,005 euro per capita for the same year. Expenditure on acquisition of fixed tangible assets has also remained smaller than the one before the crisis in terms of volume but it has gradually increased following the year 2010. This expenditure amounted to 1,429 BGN per capita in 2012.

The total of sums paid under contracts with municipalities as beneficiaries, under operational programmes, has been 314.3 BGN per capita as at 31 January 2014 in comparison with the country's average of 379.8 BGN per capita. The municipality of Novi Pazar has performed best with 1,150.2 BGN per capita, and the municipalities of Varbitsa, Kaolinovo and Hitrino – the worst (104.8, 102.2 and 107.9 BGN per capita respectively).

## Taxes and administration

The rates of local taxes and charges in Shumen District are about the country's average values. The businesses' assessments of the performance of local administration have also been about the country's average – 3.0 points. The speed of providing services and incorruptibility of staff have been relatively assessed the lowest.

The quality of e-services rendered by the administration was better assessed by businesses compared to the country's average in May 2014 – 3.1 compared to 3. About 35% of companies stated that they had used e-services rendered by the local administration, which was lower than the country's average of 38.6%. Considerable part of the surveyed businesses in Shumen District (38.1%) stated that they had downloaded templates and forms related to services provided by the local administration, in addition to using electronic information. 2014 Active Transparency Rating of local government bodies by the 'Access to Information Program' Foundation ranked the district among the worst-performing ones in Bulgaria. The district got 35.7 points in 2014 – rather below the nationwide average of 44.1 points and far below the maximum of 82.4 points.

## Infrastructure

The density of the road and railway network is slightly above the country's average. The share of roads in good condition was 36.3% in 2013 compared to the country's average of 39.6%. Shumen is the district with the highest increase of the number of roads in good condition – from 19% in 2012 to 36.3% in 2013 or up by 17.3%. The rehabilitation of 40.5 km of road I-7 Shumen–Veliki Preslav–Varbitsa under the Transit Roads V project, lot 5, which is expected to be completed this year, and the ongoing construction works along the Hemus Highway constitute the reasons thereof. According to a social survey, 31.7% of businesses' representatives state that the district's infrastructure has negatively affected their business. This value is still lower than the country's average (33.7%).

The relative share of households with internet access was 49.8% in 2013. Though this share has remained below Bulgaria's average (53.7%), there has been a trend of increasing the internet access in recent years – it was 25.2% in 2010, i.e. there has been a growth rate of almost 100% for three years only. The relative share of people (aged 16 to 74) that have used the internet in the past 12 months was 56.7% – almost equal to the national average.

## Demographics

The population of the district has decreased by more than 20,000 people for the past ten years, or about 1.2% per year. This rate has been higher than the national one (0.7%), although the natural increase and the net migration rates of the district have demonstrated relatively more favourable levels. The rate of natural increase was minus 4.6‰ in 2013, the national average being minus 5.2‰. The net migration rate reached 0.4% in 2013. Shumen District featured relatively low share of the urban population in 2013 – 62.6% (73% for the country), and the population density relative to the territory of settlements was 918.6 people per sq. km (the country's average being 1,578.2 people per sq. km)

The age structure is more favourable than the general state of the country in this respect. The age dependency ratio (65+ to 0–14) was 130.9% (average of 142.3% for the country) in 2013, and the ratio 65+ to 15–64 was 28.1% (average of 29.3% for the country). The coefficient of demographic replacement, which demonstrates the labour resources' abilities to reproduce by means of the ratio of the population aged 15-19 to the population aged 60-64, was 67.7% in 2013, the average for the entire population being 61.5%. That means that 68 youngsters per hundred retired people will be joining the labour market next several years.

## Education

Shumen District achieved better relative results than the country's average in terms of the number of teachers in primary and secondary schools and also in terms of the number of schools in proportion to the local population. The net enrolment rate of the population (grades 5th through 8th) is 82.4%, which is also above the average for the country (79.7%), although this share has decreased for the past three years. The relative share of dropouts from primary and secondary education (2.7% compared to 2.3% for the country) and the relative share of repeaters (1.2% compared to 1% for the country) could be specified as problems. The grades of the state matriculation exams, at the end of the secondary education, have also shown problems in the educational system in the district. In 2014, 8.9% of pupils have failed at the state matriculation exams (the country's average being 4.8%), and the average grade from state matriculation exams was Good (4.1) compared to national average of Good (4.3).

## Healthcare

The small number of beds at multi-profile hospitals for active medical treatment (2.8 beds per thousand people of the population compared to 4.6 beds per thousand people for the country) and also the shortage of certain specialists were the main reason for the poor ranking of Shumen District compared to the other districts in the Healthcare category in 2013. One specialist in Internal Medicine, for instance, treats 11,152 people in Shumen District while in the country, such a specialist treats 5,775 people. The infant mortality rate was also high in 2013 – 12.9% (compared to 7.3% for the country), which was the highest rate following the one in Lovech District (16.5‰).

The conducted survey shows that 27.1% of citizens have looked for medical assistance in another district, and the main reason thereof has been the lack of specialists in the district (60.3%).

## Environment

The state of the environment in Shumen District has been assessed as 'very good' mainly due to the low emissions of pollutants into the atmosphere. Carbon dioxide emissions into the atmosphere are 26.1 tonnes per sq. km, the country's average being 346.2 tonnes per sq. km or more than 13 times lower. The survey shows that citizen have assessed the environment with 3.3 points from the maximum of 5 points, which is equal to the country's average.

The district lags behind the development of its water supply and sewerage infrastructure. The share of the population with access to sewage, connected to waste water treatment plants, has continued to be relatively low – 44.8% compared to the country's average of 56.1%, just like the share of the population in settlements with public sewerage systems – 59.5% compared to the country's average of 74.3% in 2012. The second stage of the integrated water cycle project for Shumen City has been planned for completion in 2015, which will positively affect the development of the water supply and sewerage network in the district.

## Social environment

Citizens' assessments of the performance of public institutions and life satisfaction are equal to their national counterparts – 2.4 and 3.4 points respectively.

There is no cinema in the district, and visits to the theatre were less than 30,000 in 2013, which means 0.2 visits per capita of the average annual population or five times less than the average national visits to the theatre or cinema.

The relative share of the population living below the district's poverty line was 23.5% in 2011 - more than the country's average of 21.2%. The share of the population living in households with low work is 14.1% – also higher than the country's average (11.2%). The share of the population living in material deprivation was 49.3% in 2011, the country's average being 44.1%, and it has continually increased for the period 2008–2011.

The survey shows that in May 2014 40.3% of the population tended to move to reside in any other district while Bulgaria's average was 32.8%.

## Key indicators for the district of Shumen

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	5 335	5 434	6 141	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	41.6	40.2	43.5	44.0	44.0
Annual average unemployment rate of the population aged 15+ (%)	23.1	28.8	26.8	26.6	26.0
Relative share of people living below the district's poverty line (%)	26.3	21.0	23.50	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	23.4	23.9	26.4	27.1	28.1
Rate of natural increase (‰)	-3.0	-4.6	-4.8	-5.7	-4.6
Net migration rate (‰)	-4.1	-5.2	-1.0	0.4	0.4
Relative share of the population aged 25-64 with tertiary education (%)	18.7	18.8	20.4	20.7	21.3
Percent of failed students at state matriculation exams (%)	9.5	9.7	7.6	8.9	8.9
Average grade at state matriculation exams	4.7	4.0	4.3	4.0	4.1
Share of roads in good condition (%)	n.a.	30.1	18.9	19.0	36.30
Relative share of households with Internet access (%)	34.7	25.2	33.7	44.7	49.8
Share of the population with access to public sewerage systems, connected to WWTP (%)	44.6	44.8	44.8	44.80	n.a.
Health insured persons as share of the population (%)	88.1	84.7	89.6	88.4	87.5
Cases of hospitalization per 1,000 people	126.1	116.7	124.2	132.8	147.7
Average annual income per household member, BGN	2 932	3 208	3 427	3 944	4 333

# Silistra

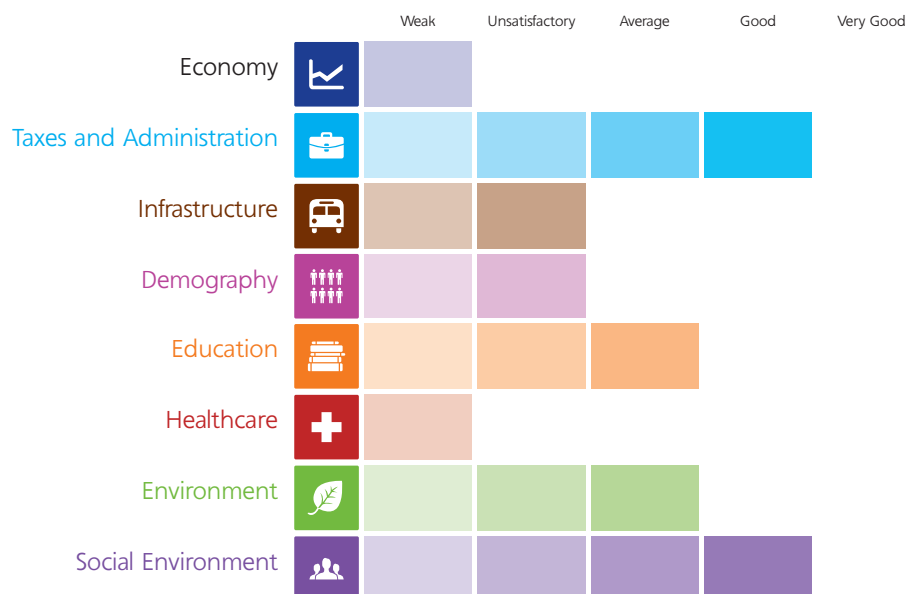


Population (2013)	116 626
Area (sq. km.)	2 846.3
Number of settlements	118
Share of urban population (%)	44.9

## Overview

Silistra is one of the least developed districts in Bulgaria. The structure of the economy differs significantly from the national average, and the sectors of industry and agriculture continue to develop intensively. The district's economy has not managed to attract foreign investments and therefore, Silistra ranks last among all districts in the country in terms of this indicator related to the local population. The insufficient inflow of foreign capitals and the poor economic activity also reason the low employment rate of the workforce compared to the other districts in the country.

Poor urbanisation is the main cause for the extremely small share of people with access to sewage connected to waste water treatment plants. Carbon dioxide emissions are considerably lower than the country's average. Healthcare suffers from a sharp shortage of specialists. The share of accepted people at hospitals is lower than the national average, which could be explained with the mass treatment out of the district.





## Economy

Silistra is one of the least developed districts in Bulgaria in economic terms. The gross domestic product per capita was 5,145 BGN in 2011, and only the districts of Kardzhali and Vidin have had lower GDP. This indicator is almost twice as little as the country's average. This big difference is due to the structure of the economy and the lack of foreign investments. The services sector creates only half of the gross value added (52.8%), and industry – one fifth, or 19.8%. Agriculture is very significant since it creates 27.4% of the gross value added in the district's economy. Silistra District ranks last in Bulgaria in terms of foreign direct investments in non-financial enterprises – 110.7 euro per capita (cumulative as at the end of 2012). Compared to the national average of 3,005 euro per capita, Silistra managed to attract 27 times less investments.

The data on employment and unemployment rates also demonstrate the poor economic development of the district. The employment rate of the population aged 15+ was 37.1% in 2013, which constituted the lowest percentage in Bulgaria – the average for the country was 46.9%. The unemployment rate was 21.3% in 2013 (the national average being 12.9%) – this rate was lower only in Shumen. The unemployment rate had reached 7.6% before the beginning of the crisis but has started to increase following the economic downturn, and a recovery of the labour market has not been visible yet.

Notwithstanding the increasing utilisation of EU funds, the total under contracts with municipalities as beneficiaries under operational programmes has been 266.1 BGN per capita as at 31 January 2014, which has been less than the country's average of 379.8 BGN per capita. The municipality of Glavinitsa has drawn the most funds (916.2 BGN per capita), and the municipalities of Dulovo and Alfatar – the least (19.4 and 2 BGN per capita respectively).

## Taxes and administration

The assessment of Silistra District is good in the Taxes and Administration category. The rates of local taxes and charges, included in the survey, are comparable with the national average. The annual license tax for retailers (up to 100 sq. m. of retail space) constitutes an exception – it is 7.7 BGN per sq. m. while the nationwide average is 10.2 BGN per sq. m.

31.7% of businesses in Silistra District have used e-services, provided by local administration, for the past year. The bigger part of users (47.4%) have sent letters, have completed templates and forms by electronic means in addition to using the information and downloading templates and forms. 68.4% of businesses' representatives have assessed the quality of services rendered as 'average' and none of them has given neither 'very poor' nor 'very high'.

None of the surveyed people considered that the number of employed people, investments or revenues would significantly better next year. The predominant part of responses were that they would remain the same.

The Active Transparency Rating of local government bodies by the 'Access to Information Program' Foundation is 33.9 points for Silistra District in 2014 – much too low compared to the national average of 44.1 points, and also in comparison with the maximum of 82.4 points. The municipality of Alfatar has performed best (63.1 points) while the municipalities of Kaynardzha and Sitovo – the worst (28.3 and 22.7 points respectively).

## Infrastructure

The road network density of Silistra District (17.8 km per hundred km of territory) is comparable to the national one (17.7 km per hundred km of territory). 44.8% of roads are in good condition, which is higher than the country's average of 39.6%. More than 97% of first-class roads and 73% of second-class roads are in good condition while more than half (52.5%) of third-class roads are in a poor state.

The unsatisfactory evaluation of Silistra District in the Infrastructure category is first and foremost due to the small share of the population accessing and using the internet. The relative share of households with internet access is 37.6% (Bulgaria's average being 53.7%), and the relative share of people (aged 16 to 74) that have used the internet for the past 12 months is 48.7% (56.2% for the country).

## Demographics

The demographic state of Silistra District has continued to be a hindrance in terms of development. The district has undergone a process of decreasing and ageing of the population. In 2013, the rate of natural increase was minus 6.8‰ and the net migration rate was minus 3.2‰. For comparison, the national rate of natural increase

was 5.2%. The age dependency ratios have also clearly demonstrated the ageing. The age dependency ratio (65+ to 0–14) was 158.1% (average of 142.3% for the country), and the ratio 65+ to 15–64 was 32.6% (average of 29.3% for the country).

The coefficient of demographic replacement, represented as the population aged 15-19 in proportion to the population aged 60-64, was 57.1% in 2013. That means that 57 youngsters per hundred retired people will be joining the labour market next several years. This coefficient has generally decreased by 62.1 percentage points in Bulgaria for the period 2001–2013 and reached 61.5% in 2013. Silistra District has featured almost the same rate of decrease – from 109.5% in 2001 to 57.1% in 2013.

Low share of urban population is characteristic of the district – 44.9% of the population lived in towns and cities in 2013 compared to the country's average of 73%. Only the district of Kardzhali has featured a lower urban population (41.8%). Silistra is one of the districts featuring the lowest population density compared to settlements' territories – 849.8 people per sq. km in comparison with the nationwide average of 1,578.2 people per sq. km.

## Education

There were 49 schools in Silistra District in 2013, which means 2,380 people per school or less than the country's average of 2,848 people per school). The net enrolment rate was 80.1% compared to the national average of 79.1%. The share of repeaters was half the one in Bulgaria (0.5%).

A decrease in the share of unsatisfactory grades at state matriculation exams has been observed for the past three years in the district. In 2012, 5.1% of grades were failures, in 2013 – 4% and in 2014 - 3.5% (the country's average being 4.8%). The average grade from the state matriculation exams is 4.2 and 4.3 for Bulgaria. The relative share of the population with tertiary education, aged 25-64, remained small in 2013 – 15.1%, and the country's average was 25.6%.

## Healthcare

The shortage of key specialists constitutes one of the main reasons for the poor assessment of the district in respect of healthcare. In 2013, one internist treated 10,602 people compared to the national average of 5,775 people per internist. This problem has been worsening for the past three years since one internist treated 7,438 people in 2011. The situation with cardiologists has been even worse. 23,325 people have been treated by one cardiologist compared to 5,945 people per cardiologist for Bulgaria. The results from the survey show that 37.8% of citizens that have used medical services for the past year had looked for them in another district and 57.8% of them have stated the lack of specialists in Silistra District as the reason thereof.

The number of beds in multi-profile hospitals for active medical treatment is rather smaller than Bulgaria's average – 3.9 beds per thousand people, the country's average being 4.6 beds per thousand people. The share of accepted people at hospitals is lower than the national average – 202.4, the country's average being 219.9 per thousand people, which could be explained with the mass treatment out of the district.

## Environment

The pollution of the ambient air in Silistra District is mainly due to local heating, the road transport and the construction business. There are no large industrial polluting plants, which also determines the low level of air pollution. Carbon dioxide emissions into the atmosphere are 17.5 tonnes per sq. km, the country's average being 346.2 tonnes per sq. km.

All of the municipalities in Silistra District have implemented waste disposal management systems. Nevertheless, there is still wrongful dumping of waste, and illegal landfills have continued to appear.

The share of the population having access to sewage, connected to waste water treatment plants, remained low in 2012 – 0.6% compared to the national average of 56.1%; only the district of Vidin featured zero share. The share of the population residing in settlements with public sewerage systems is lower than the country's average – 51.7% compared to the nationwide average of 74.3%, which could be due to the relatively high share of the rural population.

## Social environment

The district's citizens have given 3.4 points to the social environment (from 1 to 5) or exactly like the average assessment for Bulgaria. The data from the survey show that, regardless of the economic hardship, 21.8% would move to live in any other district, the national average being 23.2%. 55.8% of the population think quite the opposite – they would not move to live in any other district; the country's average is 53.1%.

The share of the population living in material deprivation was 36.9% in 2011, which was considerably less than the national average (44.1%). The share of the population living in material deprivation has increased from 40.6% in 2007 to more than 60% in 2008 and 2009 but decreased to less than 40% in 2010. The relative share of the population living below the district's poverty line was relatively small in 2011 – 19.5%, the average being 21.2%.

The number of visits to the theatre and cinema was not big in 2013 – 0.3 visits per person, the country's average being 1.0.

## Key indicators for the district of Silistra

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	4 505	4 485	5145	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	43.6	39.3	39.3	39.4	37.1
Annual average unemployment rate of the population aged 15+ (%)	7.6	11.4	12.5	16.0	21.3
Relative share of people living below the district's poverty line (%)	20.7	30.2	19.5	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	26.5	27.6	30.6	31.5	32.6
Rate of natural increase (‰)	-5.3	-6.8	-7.7	-8.1	-6.8
Net migration rate (‰)	-6.1	-7.7	-2.0	-2.4	-3.2
Relative share of the population aged 25-64 with tertiary education (%)	14.2	13.1	15.4	15.8	15.1
Percent of failed students at state matriculation exams (%)	6.5	6.7	4.5	5.1	3.5
Average grade at state matriculation exams	4.1	4.1	4.3	4.1	4.2
Share of roads in good condition (%)	n.a.	24.8	40.0	39.0	44.8
Relative share of households with Internet access (%)	20.7	20.8	40.0	56.5	37.6
Share of the population with access to public sewerage systems, connected to WWTP (%)	0.0	0.0	0.6	0.6	n.a.
Health insured persons as share of the population (%)	84.9	82.7	86.8	85.6	84.9
Cases of hospitalization per 1,000 people	169.6	145.9	165.0	181.5	202.4
Average annual income per household member, BGN	2 494	2 629	2 589	3 337	3 249

# Sliven

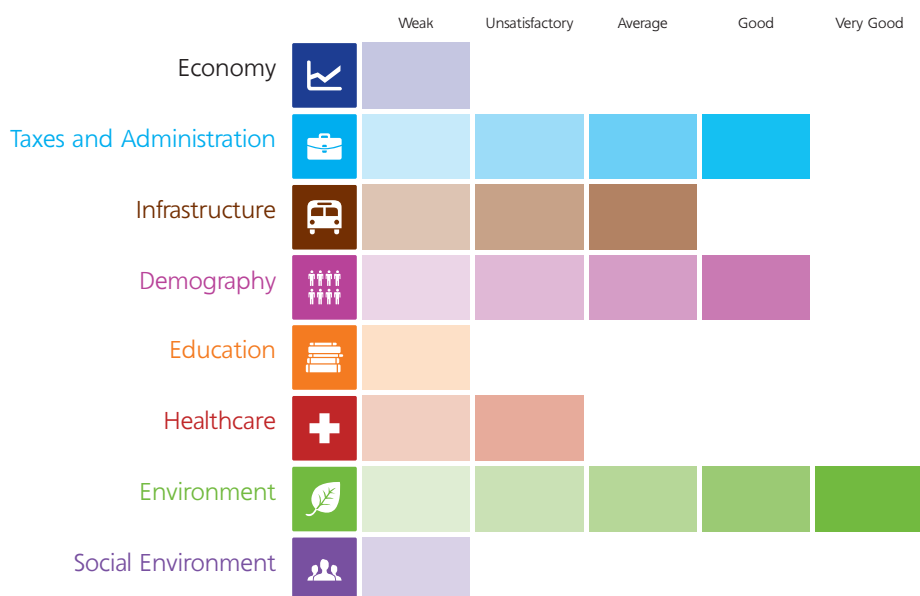
Population (2013)	194 635
Area (sq. km.)	3 544.1
Number of settlements	120
Share of urban population (%)	66.1



## Overview

The economic indicators disclose serious challenges before the district's development: traditionally slow economic growth and chronically high unemployment rate, low incomes and the continuing inability of the local labour market to recover from the crisis. GDP per capita is the third lowest in Bulgaria, and incomes per household member are the smallest in the country. The high share of roads in good condition and the good demographic background constitute favourable factors in development. The district features one of the highest rates of natural increase and it possesses the best age dependency ratio (the proportion of the population aged 65+ to the population aged 0–14).

The district has demonstrated no good results in the Education and Healthcare categories. The small number of teachers corresponds to the deteriorated teaching quality, and the lack of sufficient number of healthcare specialists entails searches of medical services in other districts.



## Economy

GDP per capita was the third lowest in Bulgaria in 2011 (following the ones in the districts of Vidin and Silistra) and it was twice as small as the national average – 5,167 BGN compared to 10,248 BGN. The labour market has also reflected the economic problems of the district – the unemployment rate has remained very high even during the years of the economic boom, and the employment rate also continued to decrease in 2013. The unemployment rate of the population aged 15+ was 15.9% in 2013 and despite having dropped from 19.4% in 2012, it has still been rather higher than the national average of 12.9%. In view of the low economic activity and the labour market problems, incomes were the lowest in Sliven District in 2013 – 3,014 BGN average annual income per household member compared to Bulgaria's average of 4,814 BGN.

Expenditure on acquisition of fixed tangible assets was 1,636 BGN in 2012 in comparison with the nationwide average of 2,614 BGN per capita. A serious drop in foreign direct investments in non-financial enterprises was noted in 2012, but this has been due to amendments in the legal status of some of the biggest investors in the district, and not due to an outflow of these investments – statistics do not classify these investments as foreign any more. The district features concentration of economic activities in the regional centre. 11.7% of the gross value added was created in agriculture in 2011 (the nationwide rate being 5.4%), and industry accounted for a share of 32.4% (the nationwide rate being 30.5%).

Municipalities in the region have lagged behind with the utilisation of EU funds. The total of sums paid under contracts with municipalities as beneficiaries, under operational programmes, has been 217.7 BGN per capita as at 31 January 2014 in Sliven District. Sliven has been the best-performing municipality with 282.8 BGN per capita, but even this is too low compared to the national average of 379.8 BGN per capita. The municipality of Tvarditsa has utilised the least funds – 15.2 BGN per capita.

## Taxes and administration

The average rates of local taxes and charges in the municipalities of Sliven District, included in the survey, seriously differ from their national counterparts. For instance, the tax on sale of property is among the highest in Bulgaria while the tax on household waste is one of the lowest in 2014. There are also differences with the rates of local charges effective last year. The total value of the household waste charge was halved, and the annual license tax for retailers was increased by 67%.

Together with the intensive changes of local taxes and charges, businesses' assessments of the performance of the local administration have seriously decreased for the past three years, though such a tendency has been observed throughout the country but on a smaller scale. The speed of local administration's serving also received the relatively lowest evaluation this year. The corruption perception has remained worse than its national counterpart similarly to 2013. Businesses in the district have made informal payments mostly with regard to public procurement.

Although the assessment of the quality of services, rendered in the district, has worsened for the past year, 45% of the surveyed people have responded that they had used e-services provided by the local administration. This share is distinctly higher than the country's average of 38.6%. Sliven is one of the three districts, together with Veliko Tarnovo and the capital, where the highest proportion of businesses (more than one third) have relatively stated that they had used the most modern generation of e-services rendered by local authorities.

2014 Active Transparency Rating of local government bodies by the "Access to Information Program" Foundation (AIP) ranked Sliven District above the average level of Bulgaria (44.1 points) with its 52.4 points. The municipality of Sliven was ranked first in terms of transparency with 59.4 points, and the municipality of Tvarditsa – the last with 21.1 points.

## Infrastructure

The density of the road and railway network, weighed against the territory, is comparable to the country's average. Sliven District possessed the biggest share of roads in good condition in 2013 – 79.3% compared to its national counterpart of 39.6%. Although the quality of roads has deteriorated for the past three years, Sliven has preserved its first rank owing to the Trakia Highway and the ongoing road maintenance in the district.

The relative share of the population accessing and using the internet remained smaller than its national counterpart in 2013. Notwithstanding the increase in recent years, the relative share of households with internet access is 41.1% (Bulgaria's average being 53.7%), and the relative share of people (aged 16 to 74) that have used the internet in the past 12 months is 46.7% (56.2% for the country).

## Demographics

The population of Sliven District has decreased by 19,700 people for the past ten years in correspondence with the population decrease in Bulgaria as a whole. Sliven District, together with Kardzhali and the capital, is one of the three districts with the relatively most favourable rate of natural increase despite its negative rate of natural increase similar to the entire country. The rate of natural increase was 2.2‰ in 2013 compared to the country's average of 5.2‰. Simultaneously, the net migration rate was rather smaller than its national counterpart in 2013 (minus 5.1‰) thus demonstrating intensive processes of people leaving the district.

Together with the relatively high birth-rate and the smaller negative rate of natural increase, Sliven District had the smallest age dependency ratio (65+ to 0-14) in 2013 – 101.2% compared to the nationwide average of 142.3%. The coefficient of demographic replacement, represented as the population aged 15-19 in proportion to the population aged 60-64, had relatively better values than the other districts. It was favourable in Sliven in 2013 – 77.5%, the country's average being 61.5%. That means that 78 youngsters per hundred retired people will be joining the labour market next several years.

## Education

Sliven District has continuously had a serious problem with the shortage of teachers in primary and secondary schools, and the absolute number thereof has decreased by some 30% for the past ten years, which has been even faster than the decrease in the number of pupils for the same period of time (24%). In 2013, the district ranked last again with 65 teachers per thousand pupils. This inevitably impacts the quality of education, and Sliven District ranked among the last ones in the Education category. The net enrolment rate of the population (grades 5th through 8th) has been traditionally the lowest and it was 74.4% in 2013 compared to its national counterpart of 79.7%. Simultaneously, it possesses the highest share of repeaters following Dobrich District – 1.8% of pupils repeated the class in 2013. The data on dropouts from primary and secondary education are even more negative. The district featured the highest number of dropouts in 2012 (4.4%), which was almost twice as much as the national share (2.3%). The high shares of repeaters and dropouts have been accompanied by a relatively high percentage of failed pupils at state matriculation exams. In 2014, 9% of pupils who had sat the state matriculation exams failed while the nationwide rate was 4.8%.

## Healthcare

A total of nine hospitals work in Sliven District and six of them are located in the municipality of Sliven. The number of general practitioners per thousand people is higher in the district than its national counterpart, and the trend has been positive for the past two years. Beds per thousand people at multi-profile hospitals for active medical treatment have been more than the country's average, and the sick rate, measured via the number of people accepted for treatment at multi-profile hospitals for active medical treatment, relative to the local population, is identical with the national one. The shortage of key specialists has remained a problem for the district. The survey showed that 33% had travelled out of the district to get medical services from June 2013 to May 2014, the main reason being the lack of specialists.

Sliven has continued to be one of the districts with the highest infant mortality rate, which could be explained with the high birth-rate in ethnic groups. Nonetheless, this rate has decreased since 2009, and the districts of Lovech (16.5‰) and Shumen (12.9‰) outranked Sliven (12.8‰) in 2013.

## Environment

The air in Sliven District is relatively clean. The sources of pollution are largely small in capacity, and industrial sources have limited effect. Carbon dioxide emissions into the atmosphere are more than four times as little as the country's average but still are higher than the emissions in the districts of Dobrich, Kardzhali, Montana and Smolyan.

The share of the population with access to sewage, connected to waste water treatment plants, is about the national average. Collected household wastes per capita are below the country's average.

## Social environment

More than half of the population lived in material deprivation in 2011, and one third could be considered poor relative to the district's poverty line. One out of five lives in a household with low work intensity and the national rate is one out of ten. The district's economic problems also impact indicators on living conditions and social inclusion. This is the reason more than 40% of people surveyed in May 2014 to state that they would move to reside in any other district, which is featured by the unfavourable net migration rate for the district.

A very small number of visits to the theatre or cinema were registered 2013 in Sliven District. In terms of their number, they are twice as small as the national average – 0.5 compared to 1.0

## Key indicators for the district of Sliven

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	4 603	4 601	5167	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	45.4	43.0	43.7	41.8	41.3
Annual average unemployment rate of the population aged 15+ (%)	15.0	16.7	16.6	19.4	15.9
Relative share of people living below the district's poverty line (%)	26.0	23.6	32	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	24.0	24.4	26.4	27.1	28.1
Rate of natural increase (‰)	-0.6	-2.6	-2.0	-2.3	-2.2
Net migration rate (‰)	-7.6	-11.8	-2.8	-4.5	-5.1
Relative share of the population aged 25-64 with tertiary education (%)	17.2	18.4	18.7	18.7	20.5
Percent of failed students at state matriculation exams (%)	7.3	5.4	4.4	6.5	9.0
Average grade at state matriculation exams	4.3	4.3	4.5	4.2	4.2
Share of roads in good condition (%)	n.a.	82.5	82.0	82.0	79.3
Relative share of households with Internet access (%)	16.3	27.5	36.5	37.0	41.1
Share of the population with access to public sewerage systems, connected to WWTP (%)	57.3	57.3	57.7	57.6	n.a.
Health insured persons as share of the population (%)	87.0	84.7	86.1	85.0	84.4
Cases of hospitalization per 1,000 people	148.3	140.1	148.2	218.4	220.6
Average annual income per household member, BGN	3 432	3 907	3 605	3 226	3 014



# Smolyan

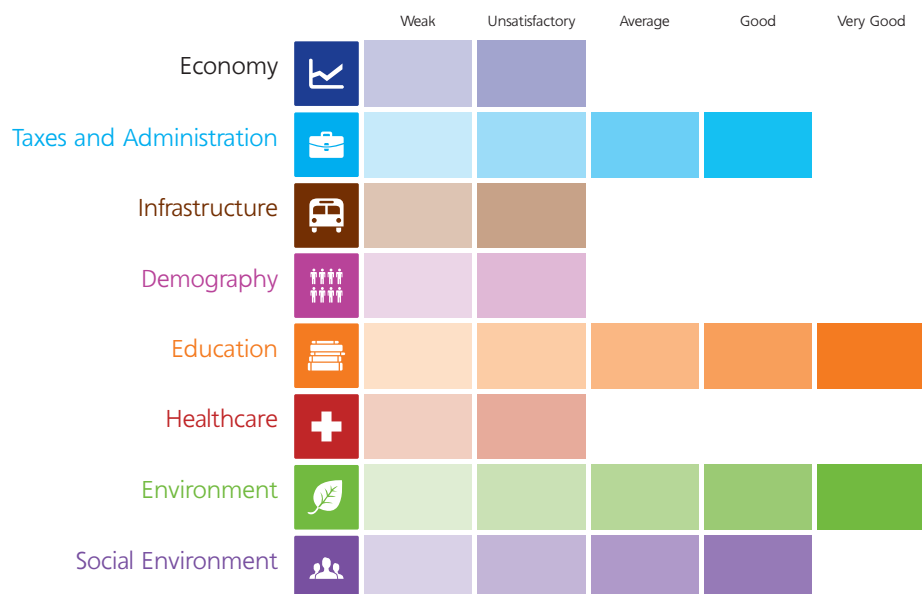
Population (2013)	117 485
Area (sq. km.)	3 192.8
Number of settlements	242
Share of urban population (%)	55.1



## Overview

The development of Smolyan District has been affected by the economic crisis from 2009 to 2011, but there has been an upturn in the labour market and the employment rate has increased. This district features very high levels of economic activity but also high unemployment. The lack of investments and the poor infrastructure pose the main problems for the economic development of Smolyan.

An unfavourable demographic situation is available in the district due to the negative rate of natural increase which is higher than the national average and the high number of people leaving the district. The good school education and also the increase in the relative share of graduates among the working population constitute a positive factor in the development. Smolyan District is the safest in Bulgaria and citizens demonstrate relatively high life satisfaction. Incomes are below their national counterpart, which is the reason why people abandon the district and look for better job opportunities.



## Economy

The gross domestic product per capita in Smolyan District was 6,659 BGN in 2011, which ranked it the thirteenth in the country. The local economy has recovered for the period 2010-2011, though with moderate rates. The labour market in the district has started to stabilise since 2012 and in 2013, the employment rate of the population aged 15+ reached almost 47%. Nevertheless, the employment rate has remained much lower than the pre-crisis levels (2008) when it was among the highest in Bulgaria.

The district has traditionally featured high levels of unemployment rate and it remained more than 20% in 2013; only the districts of Shumen and Silistra had higher rates of unemployment. The economic activity of the population aged 15+ is among the highest in the country together with the capital and the districts of Blagoevgrad and Shumen.

No serious inflow of foreign investments has been observed in Smolyan District. Expenditure of acquisition of fixed tangible assets, weighed against the population, have also shown a shortage of investments, which represents another challenge for the long-term development of the district. Utilisation of EU funds has lagged behind in comparison with the country's average; the municipalities of Borino, Madan, Rudozem and Smolyan are good examples in this respect. The municipality of Devin has drawn very little funds.

## Taxes and administration

Local taxes in the district are relatively low compared to the country and this is largely valid for the regional town of Smolyan. Only the municipalities of Devin, Madan, Nedelino and Zlatograd feature higher household waste charge. Businesses' assessment of the performance of local administration deteriorated in 2014 – lower assessment of the interaction with local administration and an increased corruption perception compared to the previous year.

Nonetheless, businesses' assessment of the quality of e-services improved in 2014. Almost half of the surveyed representatives of businesses have stated that they had used e-services for the past year. According to data of the very administrations of municipalities, the e-government is most frequently at the stage of one-way or two-way interaction (second or third degree out of four), and one-stop shop services are predominantly at the 'developing' stage (second out of four).

Smolyan District has lagged in terms of the 2014 Active Transparency Rating of local government bodies by the 'Access to Information Program' Foundation. The municipality of Devin has best performed in this regard, and the lowest assessments have received the municipalities of Rudozem and Nedelino.

## Infrastructure

Challenges before the transport infrastructure of Smolyan District are dominated by the predominant mountainous topography of its territory. No highways and first-class roads go through the district and there is no rail transport either. Nonetheless, the road network density was close to the national average and the state of roads improved in 2013 – about 45% of them were in a good state.

The survey among companies has shown for a successive year that the infrastructure had been considered as a main hindrance before their development. Questionnaires among citizens have also shown that the infrastructure had been an aspect of the district's life that an increasing number of the surveyed people had been very dissatisfied with or rather dissatisfied with. The lack of high-class roads practically limits development opportunities by diminishing the district's attractiveness for foreign investors and impeding the development of tourism.

## Demographics

Smolyan was the third smallest district in Bulgaria with a population of approximately 118,000 people in 2013. Slightly more than 55% of the population lives in towns, which constitutes a rather small share compared with the country. The number of citizens of Smolyan District has considerably shrunk throughout the years. The reasons thereof have been the steady negative trends related to both the natural increase and the net migration rate of the population. The rate of natural increase has deteriorated in recent years, and the net migration reached a record high level not only for the district but for the country as well in 2013 – minus 14.7‰.

The population's age structure has continued to aggravate, and the number of birth-rates has been among the lowest in the country (6.5‰ in 2013).. The demographic replacement rates have dropped to about 48%, the

second lowest level in Bulgaria, and that means that there have been 48 people aged 15–19, who would move into the workforce, per hundred people aged 60–64, who would abandon it. The age dependency ratios have also been worsened – the population aged 65+ is 1.7 times more than the population aged 0-14.

## Education

Smolyan District ranks first in terms of the number of teachers relative to the number of pupils. This practically means that there are 11 pupils per teacher. Even though the net enrolment rate of the population (grades 5th through 8th) has remained among the highest in Bulgaria (82.3% in 2013), it has dropped since 2007. Both the share of repeaters and the one of dropouts have been among the smallest in the country – the first one has already neared the zero mark, and the second one has ranked the district as the only one featuring a long-term rate of less than 1%. The average grade from the state matriculation exams was Good (4.42) in 2014. 3.4% of pupils have failed, which is a relatively good performance in comparison with the country.

Exactly 20% of the population aged 25–64 are graduates, which is a slightly small percent compared to Bulgaria, though it has enhanced in recent years. There is no university but there are branches of the University of Plovdiv and the Free University of Varna. The number of students has risen in recent years and it reached more than 2,400 students in 2013.

## Healthcare

The number of hospitals has decreased – the hospital in the town of Devin, dissolved in 2011, caused serious publicity and social tension. It restarted to work at the beginning of 2014. The number of hospital beds per thousand people has dropped for the period 2009–2012 and currently is considerably below the national average. In 2013, the number of people accepted for treatment at multi-profile hospitals was relatively small compared to the national average – 197 per thousand people.

More than 90% are health insured persons. Only the districts of Gabrovo, Kardzhali and Kyustendil feature higher number of health insured persons. The number of doctors, in proportion to the population, is relatively good in terms of general practitioners, but there are problems in respect of medical specialists. The infant mortality rate has increased for the past year but has remained below its national counterpart (6.5‰ for Smolyan compared to 7.3‰ for Bulgaria in 2013).

The survey conducted in May 2014 showed that more than 40% have had to travel out of the district to get medical services for the past 12 months, the main reason being the lack of specialists. Every one out of four citizens, who had used medical services in the past 12 months, has stated that they had had to make informal payments for healthcare.

## Environment

Carbon dioxide emissions into the atmosphere of Smolyan District have remained at a very low level – only the districts of Dobrich, Kardzhali and Montana have demonstrated similar rates. There practically are no big enterprises on the territory of the district that pollute the air. Collected household wastes per capita were slightly below the country's average in 2012 – 332 kg per capita.

About 70% of the population lived in settlements with public sewerage systems in 2012 and this share has risen 7.3 percentage points since 2009. In 2012, 39.1% of the population had access to sewage, connected to waste water treatment plants, which is still a small share in comparison with its national counterpart. In 2010, the municipality of Smolyan commissioned a new water treatment plant financed by EU funds.

## Social environment

In 2011, 44% of the population in the district lived in material deprivation and faced hardships in meeting basic needs. Every one out of four is in risk of poverty, i.e. they live below the district's poverty line. The income inequality in the district has slightly increased – the ratio of incomes of the richest to incomes of the poorest 20% of households reached six times in 2011.

Smolyan District is the safest in Bulgaria – three crimes against the person and property per thousand people were registered in 2013. Only the district of Kardzhali features such a crime rate. In the survey from May 2014, Smolyan District's population assessed its satisfaction of living conditions higher than the national average. In addition to safety, it is also due to housing, healthcare, education, the social environment and the environment.

Dissatisfaction is predominantly caused by the state of the infrastructure and low incomes. 25% have confirmed their readiness in response to the question if they would move to live permanently in any other district and more than half of them do not wish to move elsewhere.

## Key indicators for the district of Smolyan

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	6 235	6 563	6659	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	49.2	43.7	40.6	44.0	46.8
Annual average unemployment rate of the population aged 15+ (%)	14.9	19.2	25.0	21.9	20.3
Relative share of people living below the district's poverty line (%)	12.8	21.3	25.5	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	23.2	24.3	25.8	26.8	28.3
Rate of natural increase (‰)	-3.7	-4.3	-6.4	-6.7	-6.6
Net migration rate (‰)	-10.2	-13.5	-5.4	-7.3	-14.7
Relative share of the population aged 25-64 with tertiary education (%)	18.0	17.2	16.6	18.2	20.0
Percent of failed students at state matriculation exams (%)	4.7	6.0	5.4	5.6	3.4
Average grade at state matriculation exams	4.2	4.2	4.4	4.2	4.4
Share of roads in good condition (%)	n.a.	43.8	42.7	41.0	45.3
Relative share of households with Internet access (%)	23.7	32.3	31.3	45.3	45.2
Share of the population with access to public sewerage systems, connected to WWTP (%)	13.4	39.0	39.0	39.1	n.a.
Health insured persons as share of the population (%)	93.0	91.4	91.2	90.4	90.0
Cases of hospitalization per 1,000 people	205.7	193.0	183.2	180.1	196.6
Average annual income per household member, BGN	3 776	3 890	4 180	4 242	4 590

# Sofia (capital)

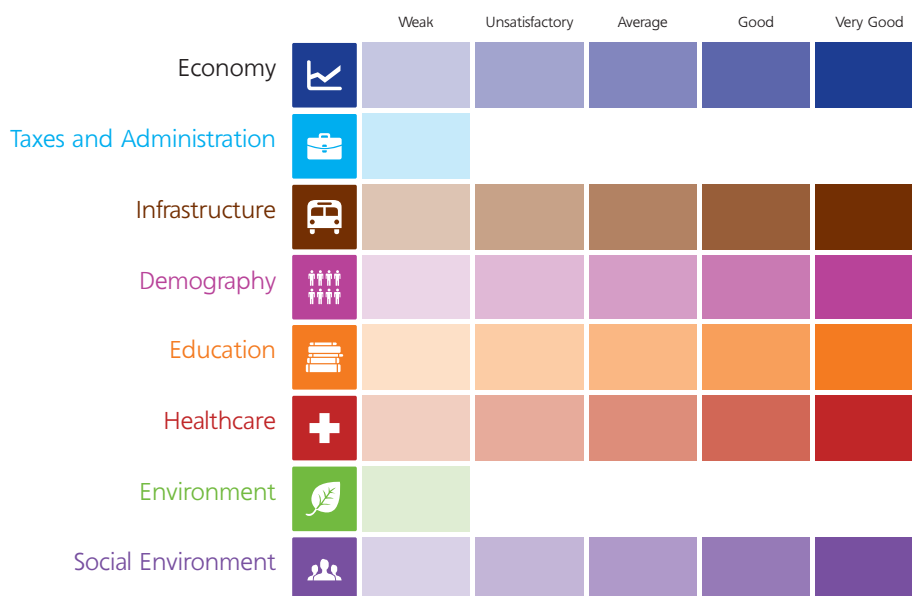
Population (2013)	1 305 975
Area (sq. km.)	1 348.9
Number of settlements	38
Share of urban population (%)	95.4



## Overview

Sofia (capital) is the natural administrative, economic and cultural centre of Bulgaria. Therefore, this district is a leader among all of its counterparts in respect of its social and economic development. It features a well-functioning labour market and faster growth of incomes and standard of living compared to the other districts. The infrastructural profile of the district has continued to enhance. The district has received one of the best assessments in the Education and Healthcare categories owing to the concentration of key educational and healthcare institutions on its territory.

The demographic condition of the capital is favourable. This is due to the higher birth-rate and the positive migration growth. Simultaneously, the trend of aggravating age structure and ageing population, generally characteristic of the entire country, is also available here. Some of the indicators in the Environment and Taxes and Administration categories have continued to deteriorate.



## Economy

Sofia is the most advanced in respect of the economy district in Bulgaria. GDP per capita reached 23,200 BGN in 2011, which is twice as much as the national average of 10,200 BGN. The average annual income per capita totalled 7,441 BGN in 2013 – 34.8% higher than the second ranking district of Pernik. The difference from the national average values has increased from 13.3% to 54.6% for the period 2006–2013. The employment rate of the population aged 15+ retained at a relatively high level in 2013 (56.1%) but was still too low compared to the pre-crisis levels (61.5% in 2007).

Sofia does not differ from the general domestic trend of diminishing investment activities. In 2012, investments in fixed tangible assets were about 40% less than 2008 level. Foreign direct investments have dropped by approximately 845 m euro for the period 2008–2012. A substantial part of these investments have moved to other districts for the same period of time such as Burgas (+1.3 b euro for the period), Plovdiv (+411 m euro), Pazardzhik (+320 m euro) and Sofia District (+660 m euro).

Sofia (capital) is one of the districts featuring the lowest degree of utilisation of EU funds. As at 31 January 2014, the district has drawn down more than 285 m BGN or only 218.8 BGN per capita of the annual average population in 2013 compared to the national average of 379.8 BGN. The poorer performance in this respect could be attested to the aim of some EU operational programmes to allocate funds to more backward districts.

## Taxes and administration

Sofia (capital) received lower assessment of the performance of local administration than its national counterpart (2.8/5.0 compared to the national average of 3.1/5.0). Taxes and charges, used to compare the local tax burden on businesses in various districts, are higher than the country's average and simultaneously, no attempts to decrease them have been observed for the past three years. Local businesses corruption perceptions are the highest in Bulgaria – in May 2014, corruption perception aggravated to 2.6/5.0 compared to its national counterpart of 3.1/5.0. A similar negative trend was observed in 2014 in respect of perceptions about how common informal payments and bribes had been – the capital also received the most negative assessment compared to the entire country.

The high 2014 Active Transparency Rating of local government bodies by the 'Access to Information Program' Foundation (60.0/82.4 compared to the national average of 44.1) and also businesses' assessments of the quality of rendered e-services (3.5/5.0 compared to the national average of 3.4/5.0) could be specified as a positive factor of the business environment.

## Infrastructure

Sofia (capital) is the natural centre with regard to the road and railway networks of Bulgaria. The ongoing construction of the Struma and Hemus Highways will increase the connectivity of the capital with the rest of the country even more. Works under the project on construction of a third line of the capital underground railway have already been under way. The railway network density in relation to the territory reach 13.8 km of railway lines per hundred sq. km of territory, Bulgaria's average being 3.7 km per hundred sq. km of territory.

The share of households with internet access was 70.9% in 2013, the nationwide average being 53.7%. 77.5% of the citizens, aged 16–74, used the internet in 2013, the country's average being 56.2%. Even though the surveyed people have given an average assessment of the quality of the infrastructure (3.0/5.0), the infrastructure is significantly better than country's average assessment (2.6/5.0).

## Demographics

Sofia (capital) features more favourable demographics than most of the other districts. In 2013, the birth-rate (10.0‰) was one of the highest together with the districts of Burgas, Shumen and Sliven. The age dependency ratios (65+ to 0-14 and 65+ to 15-64) were 123.0% and 23.1% respectively in 2013, and the national ratios being 142.3% and 29.1%. Blagoevgrad and Sofia (capital) are the only districts where there are four persons of working age per individual aged 65+.

Sofia (capital) has featured a constant positive net migration rate for the past two decades – more people have come to live in it than people who have abandoned it. At the same time, 2013 was the third successive year of a negative natural increase of the population – a long-term trend that had been interrupted in 2009 and 2010.

Nonetheless, the rate of natural increase in the capital (minus 1.5‰ in 2013) has remained much lower than its national counterpart (minus 5.2‰ in 2013). The coefficient of demographic replacement has been close to the national average of 61.3%. This means that there are 61 persons aged 15–19, who will join the workforce, per hundred persons aged 60–64 that are to abandon it.

## Education

Sofia (capital) is the leading university centre in Bulgaria. The number of students has increased since 2007 reaching 115,000 in 2013. As a proportion to the annual average population, this is 88 students per thousand people. Only the district of Veliko Tarnovo features a more favourable proportion – 107 students per thousand people. In 2013, almost 46% of the population aged 25–64 were graduates compared to 25.6% for the country.

In the field of school education, the capital again distinguishes as one of the leaders on a national scale. The relative share of repeaters was 0.6% for the 2013/2014 school year in comparison with 1.0% for the country. Dropouts from primary and secondary education were 0.9% during the 2012/2013 school year compared to its national counterpart of 2.3%; only Smolyan District has featured a better result – 0.5%. Pupils, who had finished secondary schools, have traditionally shown better results at state matriculation exams than their counterparts in the rest of the country. In 2014, their average grade was Good (4.60) compared to Good (4.32) for the country. Only the district of Kardzhali, where the average grade had been Good (4.71), has achieved better results. Failures at the exams were 1.9% in 2014 in comparison with 4.8% for Bulgaria.

## Healthcare

A significant part of hospitals of national importance are located on the territory of Sofia (capital). The quality of healthcare is high, and access to healthcare is facilitated. 19 multi-profile hospitals for active medical treatment operate in the capital, and their capacity amounts to 5,628 hospital beds. Despite the ongoing increase in the capital's population, the ratio between the number of hospital beds at multi-profile hospitals for active medical treatment and the number of the local population has continually improved – from 3.4 beds per thousand people in 2006 to 4.3 beds per thousand people in 2013.

From June 2013 to May 2014, 13.4% of local people have had to travel out of Sofia (capital) to get the medical services they had needed, the country's average has been 33.5%. Local people have access to a sufficient number of general practitioners and specialists. It is indicative that almost 30% of all cardiologists in Bulgaria work in the capital.

## Environment

Since 2009, the data on the annual volume of carbon dioxide emissions into the atmosphere of Sofia (capital) have been confidential. In 2009, their volume was 1,239 tonnes per sq. km of territory compared to the national average of 324.2 tonnes per sq. km. Only the districts of Stara Zagora and Varna have featured higher levels of pollution. The natural dissipation of pollutants is obstructed by the geographical location of the capital and by the closed nature of the Sofia Valley.

Local citizens assess the environmental quality as average. The 2014 assessment was 3.1/5.0 compared to the national average of 3.2/5.0. High connectivity of the population to public sewage (95.4%), where waste water flows into waste water treatment plants, constitutes an indisputable advantage of the capital.

## Social environment

Sofia features intensive and diverse cultural life. There is an increasing trend for visits to the theatre and cinema. Compared to 2009, registered visits to local theatres were up by 14.1% to 837,000 in 2013, and the ones to local cinemas – up by 19.3% to 2.6 m. The lifestyle satisfaction of the population (3.6/5.0) is the highest among all districts and higher than the national average (3.4/5.0).

In 2011, only 6.8% of the population lived in households with low work intensity in comparison with the country's average of 11.2%. The relative share of the population living below the district's poverty line and the share of the population living in material deprivation are 18.4% and 32.4% respectively compared to the country's average of 44.1% and 21.2%.

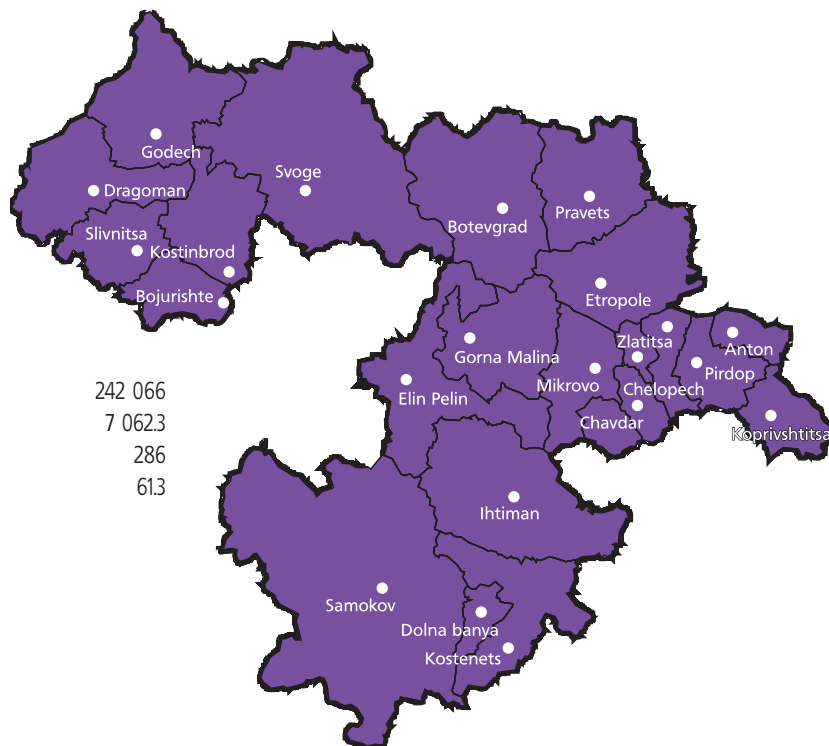


The high crime rate poses a more serious problem – the most unfavourable proportion of the number of the population to registered crimes against the person and property has been observed, with intermittent interruptions, in the capital for the period 2000–2013. 15.7 crimes per thousand people were registered in 2013 in comparison with the national average of 10.5%.

## Key indicators for the district of Sofia (capital)

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	21 386	22 573	23 256	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	60.7	57.4	56.2	55.7	56.1
Annual average unemployment rate of the population aged 15+ (%)	3.9	6.6	6.1	7.3	8.2
Relative share of people living below the district's poverty line (%)	15.9	18.8	18.40	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	20.6	20.8	22.2	22.7	23.1
Rate of natural increase (‰)	0.2	0.0	-1.1	-1.4	-1.5
Net migration rate (‰)	2.0	7.6	4.8	5.4	7.1
Relative share of the population aged 25-64 with tertiary education (%)	45.6	44.8	42.7	42.9	45.8
Percent of failed students at state matriculation exams (%)	2.7	1.7	1.6	3.7	1.9
Average grade at state matriculation exams	4.6	4.5	4.6	4.3	4.6
Share of roads in good condition (%)	-	-	-	-	-
Relative share of households with Internet access (%)	53.0	57.1	67.0	66.2	70.9
Share of the population with access to public sewerage systems, connected to WWTP (%)	93.5	93.5	95.5	95.40	n.a.
Health insured persons as share of the population (%)	93.4	90.9	87.5	86.8	85.2
Cases of hospitalization per 1,000 people	129.4	131.0	139.9	238.1	223.6
Average annual income per household member, BGN	4 951	4 795	5 438	6 403	7 441

# Sofia



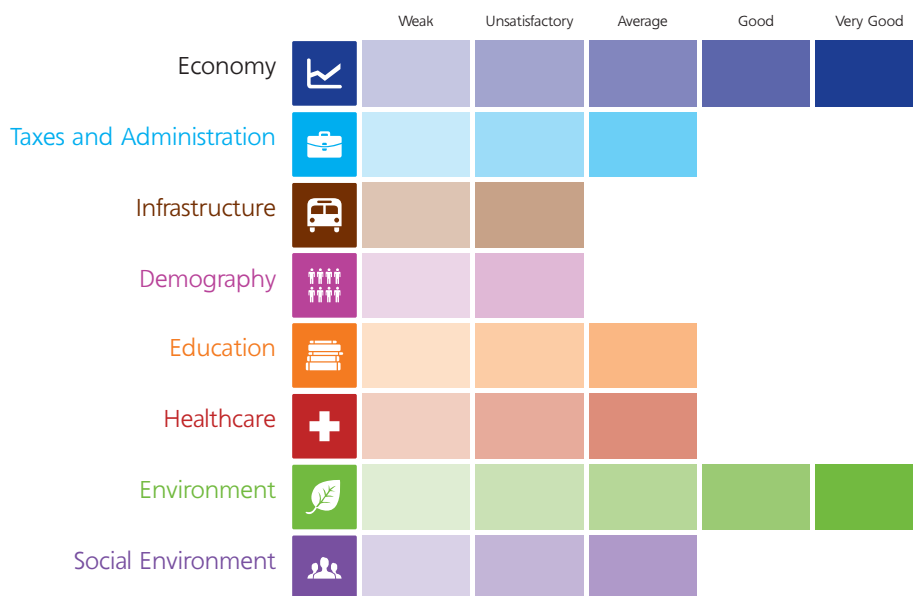
Population (2013)	242 066
Area (sq. km.)	7 062.3
Number of settlements	286
Share of urban population (%)	61.3

## Overview

Sofia (district) has gradually turned into one of the fastest developing districts in economic terms in Bulgaria. The proximity to the capital and the resulting investment interest constitute the main factor that favours these processes. The good rate of utilising EU funds has also brought about the district's development in recent years.

The district has achieved average results in the fields of healthcare, taxation and the social environment. Some negative trends have been observed in the field of education, mostly in respect of school education. The infrastructure is well-designed, but the state of roads has continued to deteriorate. As a result of the ongoing demographic processes, unfavourable age structure of the population has been created, which entails problems in the general development of the district.

The environment of the district is in good condition. Only the low rate of connectivity of the sewerage network with waste water treatment plants could loom as a problem.



## Economy

It was for the first time in 2011 that Sofia (district) ranked second in terms of GDP per capita following the capital. With an annual value of 11,338 BGN, it outranked Varna (10,270 BGN per capita) and Stara Zagora (10,067 BGN per capita). Investment activities of local businesses have remained depressed since 2008, but there is a reverse trend of increasing investors' interest. As at the end of 2010, foreign direct investments had totalled more than one billion BGN for the first time and consequently have reached 1.32 b as at the end of 2012. Although there are four districts that had managed to attract more net investments – Burgas, Plovdiv, Sofia (capital) and Varna – the proportion of investments to the population size ranks Sofia (district) second in Bulgaria following Sofia.

Manufacturing is well developed in the district – 29.3% of the workforce are employed therein compared to the national average of 21.9%. Sofia has been one of the districts with the lowest annual average unemployment rate in the country from 2008 to 2012 and the level thereof has dropped to 6.4% for the past year compared to the country's average of 12.3%. In 2013, the unemployment rate increased to 10.0% compared to the national average of 12.9%. Simultaneously, the employment rate has remained stable – 46.0% in comparison with 46.9% for the country.

The municipalities of the district have managed to achieve a double rate of utilisation of EU funds (768 BGN per capita as at 31 January 2014) compared to this indicator's national counterpart (379.8 BGN). The municipality featuring the highest rate of utilising funds, relative to the local population, is also located here – the municipality of Pirdop that has managed to utilise more than 35 m BGN under the EU operational programmes as at 31 January 2014 or 4,373 BGN per capita.

## Taxes and administration

Although the district has preserved its average grade in this category, it has worsened its performance in terms of a number of indicators. It has been for second successive year that judicial authorities in Sofia District have received the poorest assessment of their activities – 1.9/5.0 compared to the country's average of 2.9/5.0. The municipalities in the district have attained one of the lowest 2014 Active Transparency Rating of the "Access to Information Program" Foundation – 28.7/82.4, Bulgaria's average being 44.1. Only the districts of Kyustendil and Pernik have received lower assessments. The municipalities of Chelopech and Pirdop have received top assessments, and Zlatitsa and Ihtiman – the poorest.

Taxation in the district is generally lower than the country's average, excluding the household waste charge for non-residential properties of legal entities. E-services and the municipalities' readiness to provide one-stop shop services have developed similarly to the country.

## Infrastructure

Sofia District is one of the districts featuring the highest road and railway network density in the country, notwithstanding its big territory. As at 2012, the district has possessed 21.2 km of roads and 4.2 km of railway lines per hundred sq. km of territory compared to the country's average rates of 17.7 km per hundred sq. km and 3.7 km per hundred sq. km. Simultaneously, the quality of predominant part of the roads in the district is unsatisfactory – only 28.6% are in good condition in comparison with 39.6% for the country.

Access to the internet has also remained limited for the local population. In 2013, 44.1% of households had such access in comparison with the country's average of 53.7%. Only the districts of Lovech, Montana, Pazardzhik, Silistra, Sliven and Targovishte feature lower levels. The relative share of people who had used the internet in 2013 was also small – 45.8% compared to Bulgaria's 56.2%.

## Demographics

The district is not highly urbanised. In 2013, 61.3% of the population lived in towns and cities in 2013, the country's average being 73.0%. The age dependency ratios are more unfavourable than the country's average. The age dependency ratio (65+ to 0-14) reached 159.0% in 2013 (142.3% average for the country), and the ratio 65+ to 15-64 was 33.2% (29.3 average for the country). Simultaneously, the rates of demographic replacement (the ratio between people aged 15–19, who will join the workforce, to people aged 60–64, who will abandon it) amounted to 62.8% in 2013, which was a more unfavourable rate than the country's average of 61.5%.

The rate of natural increase is negative and has fluctuated between minus 7 and minus 9‰ for the period 2001– 2013. Sofia is one the few districts where the net migration rate has been positive throughout the bigger part of last decade. This means that more people have come to the district than have abandoned it during the

predominant part of the period. About 63% of the district's population do not wish to change their permanent addresses.

## Education

The relatively lower assessment of the district with regard to this category is mainly due to the poor results in the field of school education. Although the pupils that had finished secondary schools in the district have achieved better results at state matriculation exams for the period 2008–2013 than their counterparts in the country, the results sharply decreased in 2014 – 5.0% have failed compared to 4.8% for the country, and the average grade fell to Good (4.25) being 4.32 in the country. The net enrolment rate of the population (grades 5th through 8th) has continued to drop since 2007, reaching the country's average of 79.7% in 2013. The relative share of repeaters was 1.5% for the 2013/2014 school year in comparison with 1.0% for the country.

The number of students at universities and colleges, relative to the local population, dropped in 2013. This has happened for the first time since 2001 accompanied also by shrinking the share of graduates among the population aged 25–64 to 14.4% compared to the national average of 25.6%.

## Healthcare

A certain shortage of internists is noted in the district, but considering the proximity to the capital and the availability of other health professionals this factor has a relatively limited unfavourable effect on the overall background of healthcare. Multi-profile hospitals for active medical treatment had 1,117 beds in 2013 and this number has been 1,219 three years earlier. Notwithstanding this drop, the proportion of the population size and the number of beds at multi-profile hospitals for active medical treatment has remained more favourable than the country's average. The infant mortality rate has been lower in the district than its national counterpart since 2009 – it was 6.5‰ in 2013 in comparison with 7.3‰ for the country.

The territorial fragmentation of the healthcare network has remained a problem due to the large territory of the district. From June 2013 to May 2014, 37.4% of treated people have had to travel out of the district to the medical services they had needed, the country's average being 33.4%.

## Environment

The good assessment of the environmental quality in the district is mostly due to the low concentration of carbon dioxide emissions in the atmosphere. In 2012, these emissions amounted to 20.5 tonnes per sq. km compared to the country's average of 346.3 tonnes per sq. km. The share of the population living in settlements with access to public sewerage systems was 75.5% in 2012 and was higher than its national counterpart (74.3%). Collected household waste totalled 206.8 kg per capita in 2013, which was the second lowest rate following Kardzhali district.

The low connectivity of the population to waste water treatment plants has remained a problem – such plants served 29.1% of the population with access to sewage in 2012, the country's average being 56.1%. In May 2014, citizens' perceptions of the environmental quality in the district were average (3.1/5.0), which is slightly lower than the country's average of 3.3/5.0.

## Social environment

The indicators on social inclusion and living conditions are close to or better than their national counterparts. In 2011, 11.8% of the population lived in households with low work intensity, and 47.2% of the district's population lived in material deprivation. The relative share of the population living below the district's poverty line was lower than the national one – 16.4% compared to 21.2%.

Citizens have not been very pleased with living conditions in the district – the complex indicator of life satisfaction was 3.25 in 2014 in comparison with nationwide average of 3.39. The biggest lagging in comparison with the country's values has been observed in the assessment of the quality of the infrastructure (2.3/5.0 compared to 2.6/5.0) and education (3.7/5.0 compared to 3.9/5.0). Citizen's perceptions of their safety at home and out of it and also of crime are close to the national average.

Due to the fact that a bigger part of cultural life is concentrated in the capital, cultural activities have remained limited within Sofia District. Nonetheless, there is a growing interest towards local cinemas that managed to register 14,900 visits in 2013 compared to barely 4,800 in 2011 and 8,500 in 2012.

## Key indicators for the district of Sofia

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	9 574	8 420	11 338	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	49.5	47.1	46.3	46.0	46.0
Annual average unemployment rate of the population aged 15+ (%)	3.6	7.8	9.7	6.4	10.0
Relative share of people living below the district's poverty line (%)	19.1	21.4	16.40	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	30.3	30.8	31.4	32.1	33.2
Rate of natural increase (‰)	-7.1	-8.0	-8.3	-8.5	-8.2
Net migration rate (‰)	2.3	-2.1	0.1	-1.2	-1.6
Relative share of the population aged 25-64 with tertiary education (%)	12.3	13.1	15.3	15.0	14.4
Percent of failed students at state matriculation exams (%)	2.1	1.9	1.5	2.1	5.0
Average grade at state matriculation exams	4.4	4.7	4.8	4.5	4.3
Share of roads in good condition (%)	n.a.	30.7	36.2	36.0	28.60
Relative share of households with Internet access (%)	24.8	33.4	48.7	49.2	44.1
Share of the population with access to public sewerage systems, connected to WWTP (%)	28.7	28.8	28.2	29.10	n.a.
Health insured persons as share of the population (%)	88.2	85.4	86.0	85.4	84.8
Cases of hospitalization per 1,000 people	242.7	230.2	241.4	246.0	252.2
Average annual income per household member, BGN	3 251	3 201	3 156	3 523	3 563

# Stara Zagora

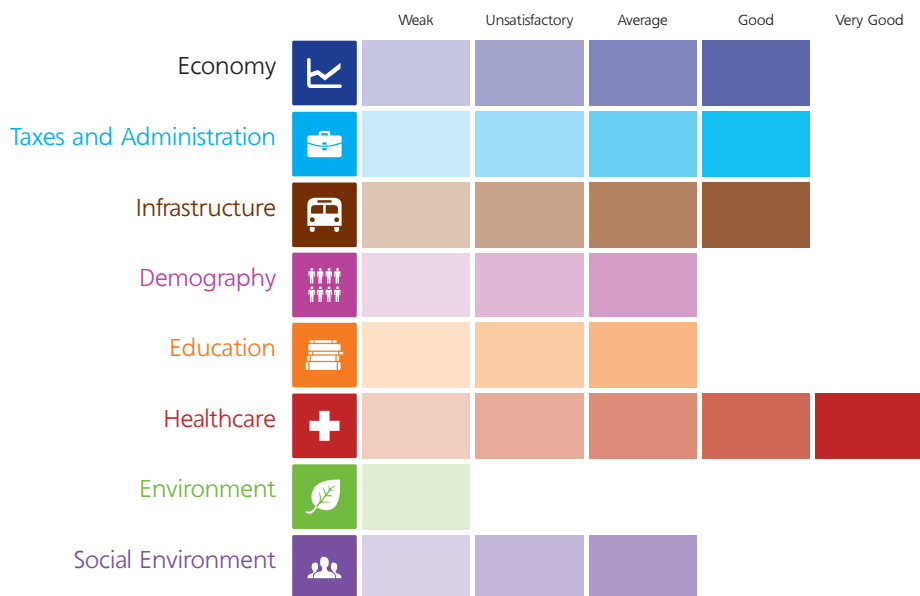
Population (2013)	328 968
Area (sq. km.)	5 151.1
Number of settlements	207
Share of urban population (%)	71.8



## Overview

Stara Zagora District lost two positions in 2011 and has now ranked fourth in terms of gross domestic product per capita. The district's economy features an industrial profile and has invariably grown in recent years. The labour market has continued to look relatively in good condition, but there has been a drop in the employment rate and an increase in the employment one. Expenditure on acquisition of fixed tangible assets and foreign direct investments have remained at high levels. Utilising EU funds on behalf of municipalities has faced challenges.

Regarding the demographic development of the district, the negative natural increase of the population has preserved while the net migration rate has had a positive value again following 2012. The share of graduates in proportion to the workforce has dropped for the past two years. The road infrastructure, and particularly the completion of the Trakia Highway in 2013, has been among the positive factors influencing the district's development as specified by local businesses.



## Economy

GDP per capita of the district was 10,067 BGN in 2011, which ranked it the fourth richest district in Bulgaria. Industry has traditionally dominated the structure of the local economy. Although the district's economy has invariably grown in recent years, Stara Zagora lost its second place in terms of GDP per capita and has now ranked fourth following the capital, Sofia District and Varna. The employment rate shrank in 2013 by dropping four percentage points to 44.8% for the population aged 15+. The unemployment rate, which has traditionally been among the smallest in the country, has also grown considerably and has reached 10.6% (in 2013).

Expenditure on acquisition of fixed tangible assets and total foreign direct investments have increased and have remained among the highest in Bulgaria for 2012. Utilising EU funds by local authorities has been a challenge – disbursed sums under contracts with municipalities under operational programmes have considerably lagged behind compared to the other districts. The municipalities of Chirpan, Gurkovo, Kazanlak and Stara Zagora have performed best with regard to utilising EU funds, and the municipalities that had drawn the least funds have been Pavel Bania, Galabovo and Maglizh.

## Taxes and administration

The municipalities in Stara Zagora District feature relatively low taxes on non-residential properties of companies and on sale of property. In 2014, the tax on sale of property was increased in the regional centre of Stara Zagora from 1.6% to 2.5%. Household waste charges for legal entities are among the lowest in Bulgaria, in Kazanlak (2‰) and Stara Zagora (3.5‰), though there has been slight increase for the past year in the regional centre.

Businesses increased their assessments of the performance of local administration in 2014. Corruption perceptions have diminished. The assessment of the quality of rendered e-services has worsened. About 43% of the businesses surveyed in May 2014 stated that they had used such services the previous year and mostly these services had included use of information, downloading templates and sending forms by electronic means.

The municipalities in Stara Zagora District have demonstrated contrasting data in the 2014 Active Transparency Rating of local government bodies by the 'Access to Information Program' Foundation. In the district, the municipalities of Kazanlak, Radnevo and Stara Zagora have performed best in respect of this rating while the municipalities of Nikolaevo and Chirpan have received quite low assessments.

## Infrastructure

The road infrastructure is well developed in Stara Zagora District. An important factor in respect of the district's development is the completion of the Trakia Highway in 2013 that connects Sofia City with Burgas City and the South Black Sea. The share of good quality roads has decreased for the past year, though the state of highways and first-class roads in the district have remained very good. The Maritsa highway, which connects the Trakia Highway with the Kapitan Andreevo BC, is being constructed and it will positively affect the region.

The railway network of the district is also a factor of development and the density thereof is among the top ones in Bulgaria. The surveys conducted in the district demonstrated that businesses assess the infrastructure as a positive factor in the business development; this has not almost been mentioned anywhere in the country – businesses are more satisfied with the infrastructure only in Burgas District.

## Demographics

The population of Stara Zagora District totalled 329,000 in 2013, which rank it fifth in the country. More than 70% of all people live in towns and cities. The decrease in the population size for the past years has been reasoned by the steady negative rate of natural increase (less than minus 5‰ for the past four years) and also by the negative net migration rate of the district for the period 2007–2011. The net migration rate has been positive for the past two years meaning that the district has become attractive again for migrants from other parts of Bulgaria, predominantly from the neighbouring districts.

The age dependency ratios have followed the national negative trends. The population aged 65+ is 1.4 times bigger than the population aged 0–14. The demographic replacement rate has dropped below 60%, which provisionally means that there are 60 people aged 15–19, who move into the workforce, per hundred people aged 60–64, who abandon it. The birth-rate has decreased in recent years (9.5‰ in 2013) but has still remained higher than the country's average values.



## Education

The processes of optimising the school network have continued in Stara Zagora District, though the number of specialised schools and vocational secondary schools been preserved. Although the number of teachers in primary and secondary schools slightly increased in 2013 – for the first time in ten years – the availability of teachers in the district (relative to local pupils) has remained one the lowest in the country. The net enrolment rate (grades 5th through 8th) is relatively high (82). The relative share of repeaters is also high, but the share of dropouts has decreased for the past ten years. The average grade at state matriculation exams was 4.26 in 2014, and the percentage of failed pupils has been preserved at about 4%.

In 2013, more than five thousand students studied in Stara Zagora, and the Trakia University constitutes a factor for attracting young people in the regional centre. The proportion of graduates to the workforce has slightly decreased for the last two years and has remained low, especially in comparison with the other developed centres in Bulgaria – every one out of five people aged 25–64 was a graduate in 2013.

## Healthcare

There are 17 hospitals on the territory of the district. Several specialised hospitals and also outpatient healthcare are concentrated in the regional centre. The number of both hospital beds and people accepted for treatment at multi-profile hospitals grew last year (2013). The district features relatively sufficient number of general practitioners but lags behind in respect of some key health professionals.

The share of health insured persons has decreased for the past two years but has remained above the national average (88% in 2013). The survey conducted in May 2014 showed that every one out of five people has had to travel outside the district to get healthcare, which is relatively small percent and confirms citizens' trust in local hospitals. The reason stated by the surveyed people has been the lack of specialists or the lack of trust in a specialist with regard to any other speciality. Every one out of five citizens, who had used medical services in the past 12 months, has stated that they had had to make informal payments for healthcare.

## Environment

Carbon dioxide emissions into the atmosphere slightly diminished in 2012 but have remained many times higher than the other districts in Bulgaria. Big enterprises that pollute are the ones in the energy sector and heavy industry. The regional strategy (2014-2020) stipulates that despite invested funds and the considerable decrease compared to 2007, sustainable diminishing of pollution of the air in the area of the town of Galabovo has not been achieved yet.

Pollution with particulate matter has also remained a problem, which has been due to heating with multi-fuel stoves and the intensive traffic in the district. Collected household waste slightly decreased in 2013 to 341 kg per capita. The construction of a regional waste management system started in 2014 in Stara Zagora, which is financed with EU funds.

More than 70% of the population lives in settlements with public sewerage systems, and 61% of it has access to sewage connected with waste water treatment plants. A waste water treatment plant was commissioned in 2011 in Stara Zagora City, financed with EU funds, which seriously enhanced the district's indicators.

## Social environment

Notwithstanding the traditionally high incomes in Stara Zagora, 58% of the district's citizens lived in material deprivation in 2011. The relative share of the poor has slightly decreased and less than one fourth of the population has now lived below the district's poverty line. The income inequality in the district has remained high –the ratio of incomes of the richest to incomes of the poorest 20% of households reached more than eight times in 2011.

The number of crimes has fallen, and the registered crimes against the person and property per thousand people were slightly less than 10 per in 2013. Surveys among the citizens of Stara Zagora District, conducted in May 2014, have shown higher life satisfaction compared to previous years. Citizens have stated relatively higher satisfaction in respect of housing, education, healthcare and the social life. Work is also a factor causing satisfaction, which is not common for Bulgaria. Every sixth surveyed individual has stated that they would move to permanently live in any other district, which is very low in comparison with the other districts.

## Key indicators for the district of Stara Zagora

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	9 207	9 654	10 067	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	48.6	47.5	48.5	48.5	44.8
Annual average unemployment rate of the population aged 15+ (%)	3.9	6.7	6.3	7.1	10.6
Relative share of people living below the district's poverty line (%)	24.2	26.9	24.00	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	27.0	27.4	30.0	30.7	31.6
Rate of natural increase (‰)	-4.5	-5.2	-5.5	-5.8	-5.8
Net migration rate (‰)	-2.8	-4.9	-1.6	1.9	0.5
Relative share of the population aged 25-64 with tertiary education (%)	19.3	19.3	21.5	20.5	19.5
Percent of failed students at state matriculation exams (%)	3.6	2.9	3.2	3.9	3.8
Average grade at state matriculation exams	4.4	4.4	4.6	4.3	4.3
Share of roads in good condition (%)	n.a.	60.4	59.3	59.0	53.40
Relative share of households with Internet access (%)	26.6	31.7	40.4	53.4	52.3
Share of the population with access to public sewerage systems, connected to WWTP (%)	18.8	18.7	60.9	61.00	n.a.
Health insured persons as share of the population (%)	88.8	87.6	90.6	89.7	88.4
Cases of hospitalization per 1,000 people	162.6	153.9	156.0	170.4	205.5
Average annual income per household member, BGN	3 713	3 886	4 184	4 382	5 037

# Targovishte

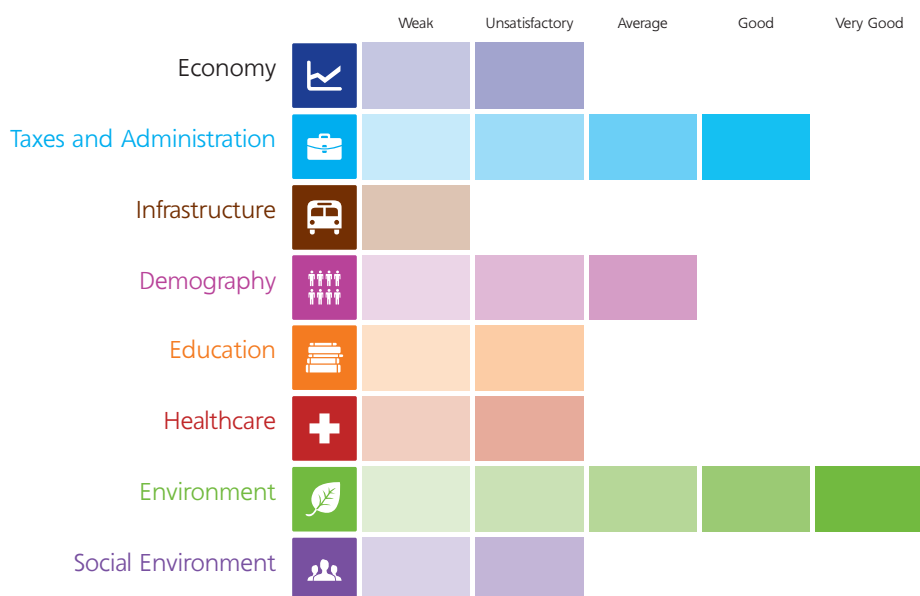


Population (2013)	118 253
Area (sq. km.)	2 558.5
Number of settlements	199
Share of urban population (%)	54.2

## Overview

Following the downturn in the beginning of the economic crisis, the economy of Targovishte District has gradually recovered in next years and even at a faster rate than the rest of the country. A slight outflow of foreign investments in non-financial enterprises was reported in 2012, which has been accompanied by a drop in the employment rate for the period 2012–2013. Targovishte District was one of the six districts featuring more than 50% of good quality roads in 2013, which is an important prerequisite for its development. The businesses' assessments of the performance of local administration are a bit higher than the country's average. A relatively big proportion of businesses has used e-services provided by the local administration.

Targovishte District's population has decreased faster than the county's average for the past ten years, but the age structure of the population has still remained more favourable than the one in most districts. The sharp shortage of health professionals constitutes the main reason for the poor assessment of Targovishte District.



## Economy

GDP per capita in Targovishte District was 6,179 BGN in 2011, which was rather lower than its national counterpart (10,248 BGN). Nonetheless, following the downturn in the beginning of the economic crisis when GDP per capita decreased to 5,056 BGN, the economy has gradually recovered in following years and even at a faster rate than the country's average. A slight outflow of foreign investments in non-financial enterprises was observed in 2012, which has been accompanied by a drop in the employment rate. The employment rate of the population aged 15+ decreased again in 2013 and reached 38.2%, which constituted the third lowest value of the employment rate following the ones of the districts of Lovech and Silistra. Targovishte District together with Sliven District features the lowest average annual income per household member. In 2013, it was 3,025 BGN compared to the country's average of 4,814 BGN. The income growth rate in Targovishte has lagged behind by approximately 34% compared to its national counterpart for the past ten years.

The structure of the economy is considerably different compared to the rest of the country. In 2011, agriculture accounted for 15.3% of the gross value added in the district (compared with 5.4% for the country), industry accounted for 37% (compared to the national average of 30.5%), and services – 47.6% (compared to the country's average of 64.1%).

The municipalities of Targovishte District have drawn EU funds under operational programmes totalling 399.7 BGN per capita as at 31 January 2014, which has been above the country's average. The municipality of Popovo has performed the best (1,125.9 BGN per capita), and the municipality of Antonovo has performed the worst (138.4 BGN per capita).

## Taxes and administration

The businesses' assessments of the performance of local administration are a bit higher than the country's average – 3.2 points compared to the country's average of 3.1/5. The speed of providing services has been assessed relatively the lowest, and the application of clear requirements and incorruptibility of officers – the highest. According to businesses, corruption in Targovishte District (3.2 points) is slightly lower than the country's average (3.1 points). The labour inspectorate and the police have been perceived as the least corrupt among local institutions, and the local administration has received the poorest result.

The survey showed that 46.7% of business representatives have used e-services provided by the local administration for the past year till May 2014. This share is bigger than the national average (38.6%) and it ranks Targovishte fifth after the districts of Burgas, Ruse, Sofia and Sofia City.

2014 Active Transparency Rating of local government bodies by the 'Access to Information Program' Foundation ranked Targovishte District above the average level for Bulgaria with 44.4 points, the average being 44.1 points, though this result is far behind the maximum of 82.4 points. The municipalities of Popovo and Targovishte are the most transparent (51.4 and 51.1 points respectively), and the transparency of the municipality of Opaka has the worst assessment of transparency – 17.1 points.

## Infrastructure

Targovishte was one of the six districts featuring more than 50% of good quality roads in 2013. Nevertheless, the share of roads in good condition has decreased from 58% in 2012 to 52% in 2013.

Targovishte District has been ranked relatively low in this category due to the low railway network density and due to the limited dissemination and use of the internet. In 2013, 53.7% of all households in Bulgaria had access to the internet, and the relative share thereof was 29.4% in Targovishte District. The difference in the share of people using the internet has been similar. In 2013, 56.2% of the population in Bulgaria aged 16–74 stated that they had used the internet the previous year, and this proportion for Targovishte was 36.6%.

## Demographics

Targovishte District's population has decreased faster than the county's average – it has dropped more than 20,000 people for the last ten years or more than 15%. The high intensity of emigration constitutes the main reason for this difference. The net migration is negative and amounts to minus 3.2‰. The rate of natural increase was minus 5.8‰ in Targovishte and was also lower than the country's average (minus 5.2‰) in 2013.

The relatively high share of agriculture in the district's economy also implies the higher share of the population living in smaller settlements. In 2013, the relative share of urban population was 54.2% compared to the country's average of 73%; this ranks Targovishte fourth in terms of the smallest share of urban population following the districts of Kardzhali, Razgrad and Silistra.

In 2013, Targovishte was second (after Sliven) in respect of the coefficient of demographic replacement represented as the ratio of the population aged 15–19 to the population aged 60–64 – 71% compared to 61.5% for Bulgaria. That means that 71 youngsters per hundred retired people will be joining the labour market next several years.

## Education

Although the net enrolment rate of the population (grades 5th through 8th) has traditionally been higher than the national average (it reached 82.2% in 2013 compared to 79.9% for the country), the relative share of dropouts from primary and secondary education has remained almost twice as high. In 2012, 4.5% of pupils in Targovishte District dropped out of school compared to the country's average of 2.3%. A negative trend has been observed in respect of repeaters. While it was 0.6% in the district compared to 0.9% for Bulgaria in 2011, in 2012, it equalled the national average of 0.9% and grew to 1.4% in 2013 compared to 1.0% for the country.

The indicators on education quality have also ranked Targovishte District relatively unfavourably. The share of failed students at state matriculation exams was 6.9% in 2014 in the district compared to Bulgaria's average of 4.8%. The average grade at state matriculation exams was Good (4.00) in 2014 compared to Good (4.3) for the country.

The relative share of the population with tertiary education, aged 25–64, remained small in 2013 – 16.7%, and the country's average was 25.6%; however, this indicator has risen throughout the years.

## Healthcare

The main reason for the poor assessment of Targovishte District in the Healthcare category is the chronic deficiency of medical staff. While a general practitioner provisionally took care of 1,589 people in 2013, 2,150 people per doctor were treated in Targovishte District.

The shortage of specialists is clearly demonstrated by the number of internists and cardiologists. In 2013, there were 9,096 people per doctor specialised in Internal Medicine, the country's average being 5,775 people per doctor. 23,651 people have been treated by one cardiologist compared to 5,945 people per cardiologist for Bulgaria. People accepted for treatment at multi-profile hospitals for active medical treatment were 257.3 per thousand in 2013, which was 17% higher than the nationwide average. The survey shows that the population generally relies on local hospitals and specialists. From June 2013 to May 2014, 26.9% of treated people have had to travel out of the district to receive the services they had needed, which has been lower than the national average of 33.5%. 73% of them have stated that the reason for travelling in respect of treatment had been the lack of specialists. This reason has accounted for the biggest share in Targovishte District.

## Environment

The state of the ambient air is relatively good in the district. Carbon dioxide emissions in Targovishte District have been almost four times less than the country's average and they reached 88.7 tonnes per sq. km in 2012.

The share of the population with access to sewage, connected to waste water treatment plants, and also the share of the population in settlements with public sewerage systems were still relatively low in 2012 – 44.1% (compared to the country's average of 56.1%) and 55.7% (compared to the country's average of 74.3%) respectively, which could be reasoned with the relatively low urbanisation rate of the district. Nevertheless, both indicators have demonstrated growth throughout the years.

Two regional landfills for household waste have been constructed and are operational in Targovishte District. The regional strategy has reported a continuing problem with managing construction waste and the treatment of biodegradable waste. In 2012, collected household waste was 256.9 kg per capita in the district while this figure was 347 kg in the country.

## Social environment

The survey demonstrates that citizen's satisfaction of their life in the district is equal to the average assessment for the country – 3.4 points (from 1 to 5). Nevertheless, 39.5% of the surveyed people stated that they had tended to leave the district permanently compared to the country's average of 32.8%, which could be attributed to low incomes and the low employment rate. National statistics about the share of the population living in material deprivation demonstrate that Targovishte District was the fourth poorest district (following Veliko Tarnovo, Yambol and Lovech) featuring 60.1% of the population living in material deprivation in 2011. Simultaneously, the share of the population living in households with low work has been twice as big as the country's average. In 2011, 22% of people lived in such households compared to the national average of 11.2%.

There are two theatres, four museums and one cinema in the district. In 2013, citizens of Targovishte District visited the theatre and cinema twice as less as the country's average.

## Key indicators for the district of Targovishte

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	5 056	5 513	6 179	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	45.6	44.0	45.7	42.5	38.2
Annual average unemployment rate of the population aged 15+ (%)	9.9	11.7	12.4	15.6	15.7
Relative share of people living below the district's poverty line (%)	19.2	17.3	21.20	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	25.7	26.1	28.3	29.0	29.9
Rate of natural increase (‰)	-4.3	-4.9	-5.7	-6.0	-5.8
Net migration rate (‰)	-7.7	-9.5	-3.7	-3.1	-3.2
Relative share of the population aged 25-64 with tertiary education (%)	16.0	13.1	15.2	17.9	16.7
Percent of failed students at state matriculation exams (%)	13.2	11.2	8.7	7.6	6.9
Average grade at state matriculation exams	4.0	3.9	4.0	4.0	4.0
Share of roads in good condition (%)	n.a.	55.0	54.2	58.0	52.00
Relative share of households with Internet access (%)	21.0	20.2	24.3	38.3	29.4
Share of the population with access to public sewerage systems, connected to WWTP (%)	0	12.0	44.1	44.1	n.a.
Health insured persons as share of the population (%)	87.2	83.8	87.9	86.9	85.8
Cases of hospitalization per 1,000 people	242.1	218.9	234.6	241.7	257.3
Average annual income per household member, BGN	2 373	2 354	2 695	2 924	3 025

# Varna

Population (2013)	473 745
Area (sq. km.)	3 819.5
Number of settlements	159
Share of urban population (%)	83.8



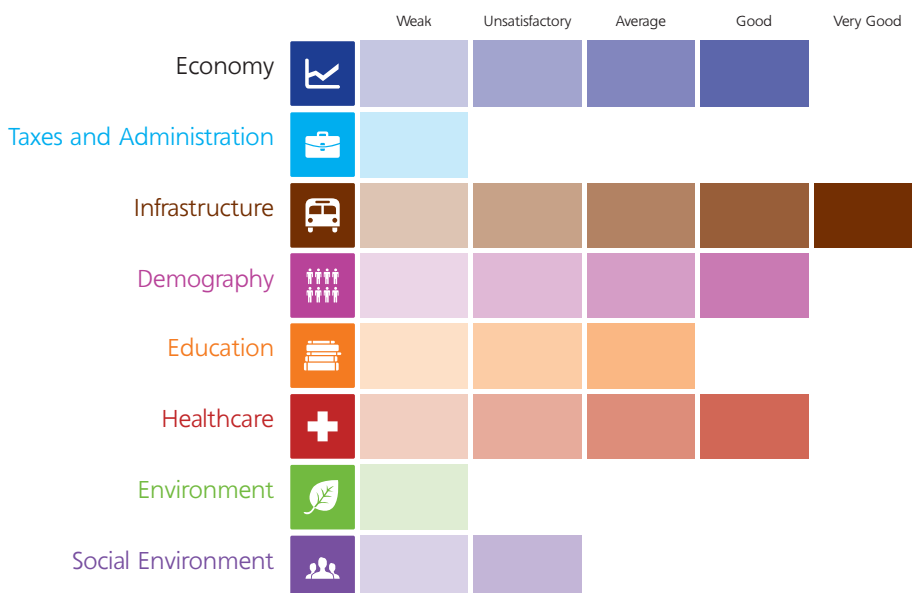
## Overview

In the district of Varna, the gross production per capita was the third highest in Bulgaria in 2011. The services sector has the most significant share in the local economy, and agriculture barely accounts for 3.1% of the gross value added. The labour market registered a reversal of the negative trends from 2009 to 2012 for the first time in the past year – the unemployment rate and the employment rate almost reached the national average level in 2013.

The demographic situation in the district is better than Bulgaria's one, which has been subject to the higher rates of natural increase and net migration, and also subject to the more slowly ageing of the population compared to the rest of the country.

The share of graduates is higher than the national level, and the district's conditions have managed to keep most of medical staff given the severe deficiency of specialists in most districts.

Varna ranks second in terms of emitting pollutants into the air, the big sources of emissions being several big enterprises in the Varna–Devnya agglomeration.





## Economy

Varna District featured the third biggest GDP per capita in 2011, amounting to 10,270 BGN and following Sofia (capital) with 23,256 BGN and Sofia District with 11,338 BGN. The structure of the district's economy has been similar to Bulgaria's one – agriculture accounted for 3.1% of the gross value added in 2011 (5.4% for the country), industry accounted for 31.2% (30.5% for the country), and services accounted for 65.7% (64.1 for the country). The unemployment and the employment rates of the population aged 15+ (annual average) have not differed too much from the national average levels. In 2013, these rates were 13.7% and 47% respectively, the country's average rate being 12.9% and 46.9%. Following an unemployment rate of 16.4% in 2012 (13.2% for Bulgaria) and an employment rate of 44.2% (46.6% for Bulgaria), the labour market has reversed the negative trends since 2009 and started to recover in 2013.

Foreign direct investments have continued to be above the national average level, reaching a total of 3,105.1 euros per capita in non-financial enterprises as at the end of 2012.

The total of sums paid under contracts with municipalities as beneficiaries, under operational programmes, has been 357 BGN per capita as at 31 January 2014 in Varna District, or slightly below the national average of 379.8 BGN per capita. The municipalities of Byala and Beloslav have topped the rank in terms of drawing EU funds (2,181.8 BGN and 2,061.2 BGN per capita respectively), and the municipalities that have drawn the least funds have been Vetrino (83.3 BGN per capita) and Dalgopol (78.5 BGN per capita).

## Taxes and administration

The businesses' assessment about the efficiency and interaction of local government bodies was 3 points (from 1 to 5), which is slightly lower than the national average of 3.1. Businesses mainly criticise the servicing speed and the staff responsiveness. The corruption perception of businesses is more negative in the district than the country's average. Business representatives have shared that illegal payments for amendments in local regulations or ordinances in favour of certain business interests have been mostly made.

The rates of local taxes and charges included in the survey are higher than Bulgaria's average rates, which could be due to the relatively higher economic activity in the district. The domestic waste charge for non-residential properties of legal entities, which traditionally has been lower than the national average rates, constitute an exception.

Varna District has received 46.8 points, out of 82.4 points, in the 2014 Active Transparency Rating of local government bodies by the 'Access to Information Program' Foundation, which is above Bulgaria's average level of 44.1 points. The municipality of Varna tops the rank with 50.3 points, and the municipalities of Dalgopol and Valchidol have performed the worst receiving 22.2 and 22.1 points respectively.

## Infrastructure

The infrastructure of Varna District has been highly assessed. The port of Varna is the biggest in Bulgaria and it is of key significance for the development of the economies of both the district and the country. Varna international airport is the second biggest after Sofia Airport.

The density of the road and railway network is higher than the national rate – 18.6 and 5.1 km per 100 sq. km of territory respectively, the average Bulgaria's rates being 17.7 and 3.7 km per 100 sq. km of territory. 42.6% of the roads in the district were classified in 2013 as possessing good quality, the country's average being 39.6%. For the past four years, the share of roads in good condition has increased considerably – the share of such roads was 23.1% in 2010.

The relative share of households with internet access was 57.1% in 2013 (Bulgaria's average being 53.7%), and the relative share of people (aged 16 to 74) that have used the internet in the past 12 months has been 55.9% (56.2% for the country).

## Demographics

Despite that downward trend of the population in Bulgaria, the number thereof in Varna District has increased 3% for the last ten years. In comparison, the annual average population of the country has dropped 7% for the same period of time. The rate of natural increase was 2.4‰ in 2013 (minus 5.2‰ for the country) and it has deteriorated for the past four years. Unlike most districts, the negative natural increase in Varna was offset by the positive net migration rate in 2013, which increased to 3.8‰.

The relative share of urban population was 83.8% in 2013, or more than 10 percentage points, compared to the one for the country. This has also predetermined the relatively higher population density in the district in relation to the area of settlements.

In relation to the age dependency ratio, Varna District has also demonstrated more favourable results in comparison with the population ageing in a number of other districts. The age dependency ratio (65+ to 0–14) has been 116.8% (142.3% average for the country), and the ratio 65+ to 15–64 was 25.2% (29.3 average for the country). The coefficient of demographic replacement, represented as the population aged 15–19 in proportion to the population aged 60–64, was also better in Varna in 2013 – 65.5% given the country's average of 61.5%. That means that 65 youngsters per 100 retired people will be joining the labour market in Varna in next several years.

## Education

The net enrolment rate of the population (grades 5th through 8th) was 76.9% in 2013, and was lower than the country's average of 79.7%. Furthermore, its rate has decreased in recent years. The rates regarding repeaters and dropouts from primary and secondary education have also fluctuated negatively. The relative share of repeaters was 1.2% in 2013, increasing from 1% in 2012. In comparison, their share was 1% in the country in 2013. The relative share of dropouts in Varna District increased from 2.3% in 2011 to 2.6% in 2012, and also exceeded Bulgaria's average. Five universities and specialised institutions of higher education with more than 30,000 students support tertiary education in the district. The number of students at colleges and universities per thousand people was 70 in 2013, 40 being the average for Bulgaria. The relative share of graduates aged 25–64 was also higher than the country's average in 2013 – 31.4%, Bulgaria's average being 25.6%.

## Healthcare

Varna is one of the districts that has not been affected by a severe deficiency of health professionals specialised in Internal Medicine and Cardiology, and the conditions provided by the district have managed to retain a number of medical staff in comparison with many other districts in Bulgaria. In 2013, 177.7 per thousand people were accepted for treatment in multi-profile hospitals for active medical treatment, which was significantly less than the country's average of 219.9, and the infant mortality rate was one of the lowest in country – 4.2‰ given the average rate of 7.3‰).

The share of health insured persons has constantly decreased since 2009 when they were 90.6% and dropped to 83.2% in 2013. This share has been below the country's average rate.

The survey conducted in May 2014 showed that 25.9% have travelled outside Varna in the past 12 months to get medical services. This is considerably lower than Bulgaria's average where 33.5% of all citizens have travelled out of the district they live in due to medical reasons.

## Environment

The main sources of pollutants into the air are several big enterprises in the Varna–Devnya agglomeration. Carbon dioxide emissions in Varna District were almost four times higher than the country's average in 2012, or 1,284 tonnes per sq. km, which ranks the district second (after Stara Zagora) in respect of quantities of harmful emissions.

The share of the population living in settlements with a public sewerage system is 86.1%, and 100% of wastewater is flowed into waste water treatment plants, i.e. the share of the population having access to sewage and connected to waste water treatment plants has also been 86.1%. Varna ranks second (after the capital city) among all districts in Bulgaria, in terms of these two indicators.

In view of the high emissions of pollutants, it is not surprising that the district's citizens have evaluated the environmental quality lower than the country's average (3.1 points to 3.3 points on average).

## Social environment

The social environment in Varna District has been classified “unsatisfactory” mainly due to the relatively higher number of crimes against the person and property and the more limited useful floor living area in settlements. Both indicators have been dependent on the nature of big cities, Varna being one of them. The bigger share of the population living in material deprivation is another factor that has predetermined the relatively bad ranking

of the district in this category. It was 47.9% in 2012 (the country's average being 44.1%), which constitutes a considerable increase compared to the pre-crisis values (about 35%).

Varna also provides rich and diverse cultural environment. Two theatres, eight museums and three cinemas are available in the district. With regard to the number of visits to the theatre or cinema per capita, Varna has above the average index – these visits were 1.4 per capita of the annual average population in 2013 relative to 1.0 for the country. Attitudes toward migrating to another district generally are less acknowledged by the population compared to the migrating behaviour of the population of the other districts.

## Key indicators for the district of Varna

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	9 613	9 595	10270	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	52.9	49.6	46.5	44.2	47.0
Annual average unemployment rate of the population aged 15+ (%)	4.3	8.2	10.3	16.4	13.7
Relative share of people living below the district's poverty line (%)	21.6	24.4	22.7	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	21.9	22.4	23.7	24.4	25.2
Rate of natural increase (‰)	0.5	-1.1	-1.5	-2.1	-2.4
Net migration rate (‰)	4.2	0.3	0.5	-0.2	3.8
Relative share of the population aged 25-64 with tertiary education (%)	25.5	25.6	25.4	26.0	31.4
Percent of failed students at state matriculation exams (%)	3.5	4.0	3.5	5.1	5.1
Average grade at state matriculation exams	4.4	4.4	4.5	4.2	4.3
Share of roads in good condition (%)	n.a.	23.1	36.7	39.0	42.6
Relative share of households with Internet access (%)	28.4	28.1	40.1	51.3	57.1
Share of the population with access to public sewerage systems, connected to WWTP (%)	84.4	84.8	85.1	86.1	n.a.
Health insured persons as share of the population (%)	90.6	87.9	85.2	84.4	83.2
Cases of hospitalization per 1,000 people	170.2	163.3	155.2	170.2	177.7
Average annual income per household member, BGN	4 020	3 735	3 739	4 306	4 912

# Veliko Tarnovo

Population (2013)	252 353
Area (sq. km.)	4 661.6
Number of settlements	337
Share of urban population (%)	69.9

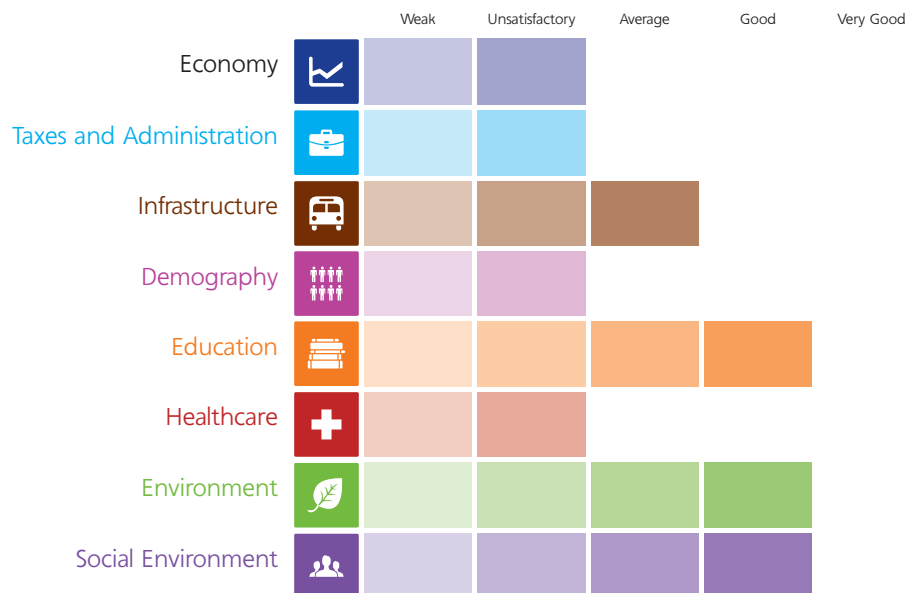


## Overview

The gross domestic product per capita in the district of Veliko Tarnovo is slightly higher than the country's average, and the employment rate remains low. Even though the relatively small amount of attracted foreign investments constitute the main constriction before the economy growth, the two-digit growth rate thereof, for the past two years, could mark a positive reversal. Local taxes and charges are relatively high.

The demographic development of Veliko Tarnovo, which population has decreased, feature the trends of a diminishing population as well.

Education, the environment and the social environment remain traditionally the best-performing indicators for Veliko Tarnovo District. For a successive year, Veliko Tarnovo District has ranked No. 1 in Bulgaria with regard to the proportion of students at colleges and universities to the local population. Notwithstanding the hardships, citizens have stated that they have rather been satisfied with the most aspects of life in the district.



## Economy

Veliko Tarnovo District has continued to lag behind relative to the leading districts in Bulgaria, in respect of GDP per capita. Its rate was 6,539 BGN per capita in 2011, the average for the country being 10,248 BGN (6,924 BGN excluding Sofia City). The employment rate of the population aged 15+ retained its level from 2012 and it was 42.9% in 2013, being under Bulgaria's average of 46.9%. Nonetheless, these values demonstrate slow recovery following a drop in the employment rate, which was one of the lowest in the country, to 38.9% in 2010. Simultaneously, the unemployment rate continued to increase in 2013 as well, and it was 16.2% among the population aged 15+. This demonstrates the gradual transition of the population capable of working from the group of 'economically inactive people' to the group of 'active people', which also implies a decrease in the number of discouraged people on the labour market. Cumulative foreign direct investments in non-financial enterprises reached 330.7 euros per capita in 2012 (a total of 84 million euros as at 31 December 2012). Investments started to grow in 2011 and 2012, following the drop at the beginning of the crisis, and have exceeded 15%, while the average growth rate for the country was 0.4% in 2011 and 2% in 2012.

The services sector has continually been registered as a leading one in the district's economy. It has accounted for 75% of the total amount of the gross value added produced in the district in recent years. Tourism is a main industry that has developed relatively steadily. The city of Veliko Tarnovo is the main tourist destination in the district, but the municipalities of Elena and Svisthov also attract a big part of the tourist flow.

Veliko Tarnovo District's municipalities have drawn down 466.9 BGN per capita as beneficiaries under EU operational programmes, the country's average being 379.8 BGN per capita as at 31 January 2014. The municipalities of Lyaskovets and Pavlikeni have featured the highest amounts of paid sums under contracts (771.5 BGN and 553.2 BGN per capita respectively), and the municipalities of Polski Trambesh and Suhindol have reported the least amounts of drawn down sums (41.2 BGN and 39.6 BGN per capita respectively).

## Taxes and administration

The total of local taxes and charges, included in the survey and imposed by the municipalities in Veliko Tarnovo District, is higher than Bulgaria's average.

The businesses' assessments about the efficiency and the interaction of local government bodies and the efficiency of judicial authorities have been below the country's average. The data from the survey demonstrate a relatively better knowledge and use of local government e-services.

2014 Active Transparency Rating of local government bodies by the "Access to Information Program" Foundation (AIP) rank Veliko Tarnovo District below the average level and far away from the maximal transparency. The municipalities of Gorna Oryahovitsa and Strazhitsa have performed best, while the municipalities of Lyaskovets and Polski Trambesh have shown relatively poor results.

## Infrastructure

Veliko Tarnovo is one of the districts featuring the highest road and railway network density. The road network is 20.1 km per 100 sq. km of territory, the country's average being 17.7 km per 100 sq. km of territory, and the railway network is 5.1 km per 100 sq. km of territory, the country's average being 3.7 km per 100 sq. km of territory. Nevertheless, 25.7% of roads are good while the share of roads in good condition is generally about 40% for the country. The survey has shown that every second citizen residing in Veliko Tarnovo District had been dissatisfied with the infrastructure (transport, roads and telecommunication) while every third citizen had been dissatisfied at national level.

46.6% of households in the district of Veliko Tarnovo had access to the internet in 2013, and the relative share of people (aged 16 to 74) that have used Internet for the past year was 54.5%. The average values for Bulgaria were 53.7% and 56.2% respectively, i.e. the district has lagged behind in terms of both indicators. Nonetheless, the trends are positive and new technologies penetrate both the entire country and Veliko Tarnovo District.

## Demographics

Veliko Tarnovo District is the ninth district in Bulgaria, in terms of the number of the population, with 252,000 people. In line with the demographic crisis in Bulgaria, the population of Veliko Tarnovo District has continued to diminish – the number of people living in the district has decreased by 26,000 for the past five years. This has been due to both the negative natural increase since 2006 (minus 6.9‰ in 2009) and the negative net migration rate (minus 2.7‰ in 2013). Nevertheless, the natural increase rate improved by 1‰ in 2013, and the

net emigration has diminished, which is a good sign of the demographic situation in the district.

Ageing of the population poses another problem in the demographic development of Veliko Tarnovo District. The age dependency ratio (65+ to 0-14) was 175.7% in 2013 (142.3% average for the country), and the ratio 65+ to 15-64 was 32.4% (29.3 average for the country). The coefficient of demographic replacement (the relation between the population aged 15–19 and the one aged 60–64) has been 55.1%, which means that 55 new people per 100 retired persons will be joining the workforce over the next few years. For comparison, the average rate for the country is 61.5%.

## Education

Featuring three universities and more than 27,000 students, Veliko Tarnovo District has ranked first in the country for a consecutive year in a row, in terms of the number of students at colleges and universities per thousand people – 107, the average being 40 for Bulgaria and 88 for Sofia (capital) that ranked second in 2013. The relative share of graduates aged 25-64 was slightly higher than the country's average – 26.6%, Bulgaria's average being 25.6%, which proves that a big part of graduates have left the district following the completion of their studies. Nonetheless, a positive trend has featured for last two years and the population with tertiary education has increased by five percentage points.

The enrolment rate of the population (grades 5th through 8th) is 80.6%, which is higher than Bulgaria's average of 79.7%. The relative share of repeaters within the district has been 0.7%, 1% being the average for the country.

Despite these good figures for this district, the share of dropouts from primary and secondary education has been high (3.1% to 2.3% for the country in 2012), and the 5.5% has been the proportion of failed students at state matriculation exams, the national average being 4.8%.

## Healthcare

Healthcare in Veliko Tarnovo District could be regarded as unsatisfactory based on the surveyed indicators. The number of health insured persons has continued to drop, reaching 82.2% in 2013, which was the lowest rate in the country (86%). Beds in multi-profile hospitals for active medical treatment, and also the number of general practitioners, continued to decrease in 2013. Simultaneously, 146.9 per thousand people were accepted for treatment, the national average being 219.9 per thousand people, which could be due to both the relatively low percentage of health insured persons and the high share of people from the district, who prefer to use healthcare elsewhere.

43.4% have travelled out of the district to utilise healthcare, which is 10 percentage points more than Bulgaria's average. More than 50% of citizens who had travelled and had participated in the survey have stated the deficiency of specialists as a main cause for that, which is confirmed by the national statistics. The local strategy has considered the increase of vacant medical practices in smaller municipalities, and the emergency assistance is insufficient and cannot cover all scattered settlements.

## Environment

Citizens of Veliko Tarnovo District consider the environmental quality as slightly better than the country's average. Carbon dioxide emissions have considerably diminished in recent years: from 186.6 tonnes per sq. km in 2010 to 119.2 tonnes per sq. km in 2012, or a decrease of 36%. Attention has been paid to the disclosed excess of the daily average and annual average rates of particulate matter in the regional strategy of Veliko Tarnovo District, and transport and solid fuel heating have been specified as the reason thereof.

The municipality of Svisthov generates the biggest quantities of waste, followed by the municipality of Veliko Tarnovo. The quantities of gathered household waste have significantly decreased in recent years – they were 370.8 kg per capita per annum in 2012, Bulgaria's average being 347 kg per capita per annum.

## Social environment

Almost 62% of the population of Veliko Tarnovo District lived in material deprivation in 2011, which was considerably higher than the country's average rate of 44.1%. So Veliko Tarnovo, along with the districts of Lovech and Yambol, was among the districts wherein the biggest part of the population has lived in deprivation. Nonetheless, the share of the poor (in relation to the district's poverty line) was below the country's average – 19.7% compared to 21.2%. Persons living in households with low work intensity were 12.6%, which was higher

than the country's average; this could be explained with the relatively low rate of employment in the district relative to the average one for Bulgaria.

The perception of the people of Veliko Tarnovo District shows that they are rather satisfied with the following aspects of their lives: education, health, housing and the social environment. The last three surveys (2012, 2013 and 2014) have demonstrated a slow but steady improvement in their general satisfaction. This also explains to some extent the reason the share of surveyed people, who intend to permanently move to another district, to have remained below the country's average.

## Key indicators for the district of Veliko Tarnovo

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	5 716	6 135	6539	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	42.6	38.9	42.6	42.9	42.9
Annual average unemployment rate of the population aged 15+ (%)	9.0	13.1	11.7	13.8	16.2
Relative share of people living below the district's poverty line (%)	24.2	26.9	19.7	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	27.2	27.8	30.4	31.3	32.4
Rate of natural increase (‰)	-6.5	-7.9	-7.9	-7.9	-6.9
Net migration rate (‰)	-1.2	-6.8	-2.0	-3.0	-2.7
Relative share of the population aged 25-64 with tertiary education (%)	24.2	23.0	21.5	23.5	26.6
Percent of failed students at state matriculation exams (%)	3.6	5.7	5.6	6.2	5.5
Average grade at state matriculation exams	4.3	4.2	4.4	4.2	4.2
Share of roads in good condition (%)	n.a.	55.7	30.2	23.6	25.7
Relative share of households with Internet access (%)	23.1	29.6	45.0	41.0	46.6
Share of the population with access to public sewerage systems, connected to WWTP (%)	40.9	41.2	43.9	44.2	n.a.
Health insured persons as share of the population (%)	83.7	80.9	84.2	83.3	82.2
Cases of hospitalization per 1,000 people	153.9	136.6	138.9	142.2	146.9
Average annual income per household member, BGN	3 409	3 502	3 648	4 043	4 385



# Vidin District

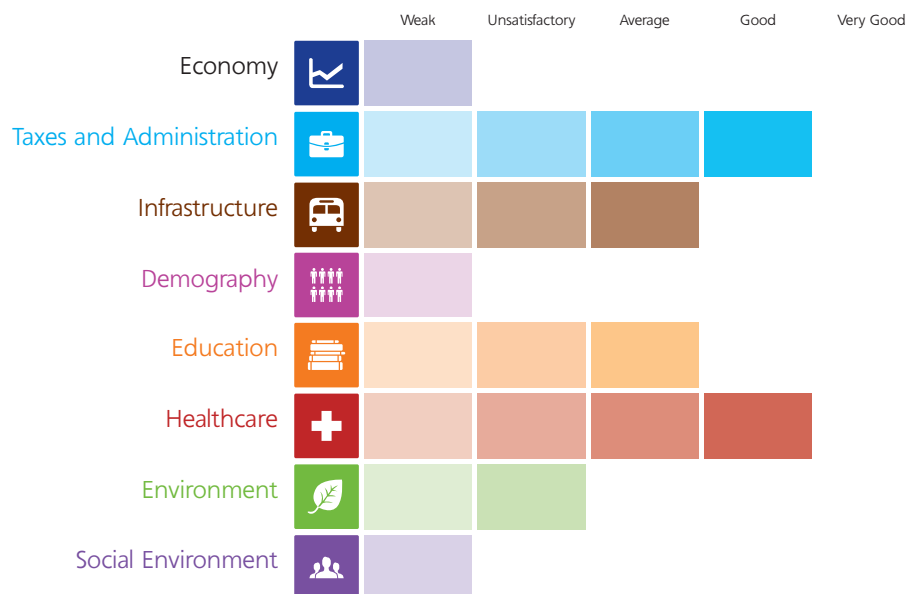
Population (2013)	96 506
Area (sq. km.)	3 032.9
Number of settlements	143
Share of urban population (%)	64.1



## Overview

Vidin is the poorest developed district in Bulgaria, in terms of the economy. Despite some positive trends in 2012 and 2013, the state of the district's labour market has remained critical, and households' incomes – low. A part of the socioeconomic problems the district faces are due to its continuously deteriorating demographic profile – in 2012, Vidin became the first district in Bulgaria featuring a population below 100,000 people. The social environment has been perceived as pitiful mostly by reason of the poor living conditions of the population. The environmental quality is unsatisfactory, and there are almost no facilities for the preservation thereof.

The infrastructure has gradually enhanced, and education features the national average levels. The district has reached good results only in the Healthcare and Taxes and Administration categories.



## Economy

Vidin had the lowest GDP per capita in 2011 – 4,990 BGN, the country's average being 10,246 BGN. The situation on the labour market has gradually improved for the past two years, and the annual average unemployment rate of the population aged 15+ dropped to 17.7% in 2013, being 19.8% in 2011, and the annual average employment rate increased to 39.6%, being 35.8% in 2011. Nevertheless, the values of both indicators have remained much more unfavourable in comparison with the country's averages which are 12.9% for the unemployment rate and 46.9% for the employment rate. As a result of that, the lowest annual average incomes have been observed in Vidin – 3,641 BGN per household member, Bulgaria's average being 4,814 BGN. Pensions formed a big share of incomes in 2013 – 32.0% compared to the country's average of 25.1% – owing to the unfavourable age structure of the local population. The district's average annual growth rate of household incomes for the period 2004–2013 has increased 3.7%, and the country's average has been 8.5%.

Vidin constitutes one of the eight districts in the country wherein the expenditure on acquisition of fixed tangible assets was higher in 2012 than the ones relating to the two pre-crisis years of 2007 and 2008. Attracted foreign direct investments have considerably enhanced as well. The cumulative amount thereof has reached 61.2 million BGN at the end of 2012, 33.1 million being at the end of 2011. Notwithstanding these positive trends, the district has lagged far behind the country's average rates in respect of both investments in fixed tangible assets and also foreign direct investment.

The local municipalities have managed to draw down funds from EU operational programmes relatively well. A total of 42,900,000 BGN has been drawn down as at 31 January 2014, or 444.9 BGN per capita of the annual average population for 2013, the country's average being 379.8 BGN. The municipalities of Vidin and Belogradchik have managed to attain the highest rate of utilisation, and the municipalities of Gramada and Makresh – the lowest.

## Taxes and administration

Some key local taxes such as the non-residential property tax of legal entities and the annual licence tax for retailers have been below the country's average. At the same time, it is hard to explain the fact that the basic charge for household waste of properties of legal entities, though having decreased in 2013 and 2014, has remained higher than the country's average. The efficiency of the local administration has received assessments that have been about the country's average ones.

In a survey conducted in May 2014, local businesses provided the relatively lowest assessment of the efficiency of the judicial system (2.8/5.0) and the municipality (2.9/5.0), both values were lower than the country's average ones, 2.9/5.0 and 3.1/5.0 respectively. The local police have received the highest assessment – 3.2/5.0, the average being 3.1/5.0 for the country. The corruption perception among businesses could be expected to increase in the future in view of the low active transparency rating that local authorities have received by the "Access to Information Program" Foundation (33.7/82.4) and the allegations of abuse with regard to public procurement procedures that have involved the mayor of Vidin, raised in the summer of 2014.

## Infrastructure

The district features a better road network density than the country average, but despite some improvements in 2013, the quality of roads has remained low. 32.3% of roads are in good condition, and the country average is 39.6%. Notwithstanding the commissioning of the Danube Bridge II at Vidin–Kalafat, full benefit from this infrastructural facility will depend upon the enhancement of the related infrastructure and the rehabilitation of the Vidin–Sofia–Kulata railway line in the medium term.

The bettering of the assessment in the Infrastructure category, from poor in 2013 to medium in 2014, has been mainly due to the sharp enhancement of the indicators for access and use of the internet. 44.0% of households in the district had internet access in 2013, this figure was 33.7% in 2012. 53.3% of the population aged 15–74 used the internet in 2013, or ten percentage points more than the previous year.

## Demographics

In 2012, Vidin became the first district in Bulgaria featuring a population below 100,000 people. This decreasing trend also continued in 2013 and it was accompanied by deterioration of a number of key demographics. Vidin is one of the districts, along with Gabrovo and Kyustendil, wherein people aged 65+ are twice as many as the people aged 0–14. In 2013, the age dependency ratios were 223.7% (65+/0–14) and 44.8% (65+/15–64) respectively, the country's average being 142.3% and 29.3%. The district also featured one of the most unfavourable rates of demographic replacement (the ratio of the population aged 15–19 to the population aged 60–64) –

48.8% in 2013, Bulgaria's average being 61.5%.

The highest negative rate of natural increase has traditionally characterised the district of Vidin among all districts in the country. Its value was minus 14.3‰ in 2013, the country's average was minus 5.2‰. Every year, more people leave the district than come to live therein, though people's intentions to leave it are consistent with the country's average rate. Vidin remains a relatively poorly urbanised district where 64.1% of the population lived in towns and cities in 2013, the country's average being 73.0%.

## Education

The district's school education features a high relative share of dropouts from primary and secondary education. This share has been higher than the country's average for the period 2000–2012 reaching 3.4% in 2012, Bulgaria's average being 2.3%. The relative share of repeaters was slightly lower than the average in 2012 and 2013 – 0.9% and 1% respectively. Since 2008 pupils, who had finished secondary schools, have failed to achieve higher results than the country's average at state matriculation exams, though their results have approximated the ones of their peers living in most of the other districts. The average grade for Vidin District was 4.24 in 2014, the country's average being 4.32.

Vidin is one of the five districts in Bulgaria with no institutions of higher education, which explains to some extent the fact that the district ranks second to the last in terms of the relative share of the population with tertiary education. Graduates living in the district were 14.6% in 2013, the country's average being 25.6%.

## Healthcare

In 2013, 88.4% were health insured persons in the district, which is a slightly better value than Bulgaria's average of 86.1%. General practitioners are available in the district more often than not, but a certain shortage of cardiologists and internists has been observed. Despite the unfavourable age structure of the local population, the number of patients accepted at multi-profile hospitals for active medical treatment was lower than the average rate regarding the country in 2013 (161 people per thousand people, the country's average being 219.9 per thousand people). The survey conducted in May 2014 showed that 31% have had to travel outside the district in the past 12 months to get medical services (compared to 33.5% for Bulgaria). Certain unfavourable trends have also been observed. Vidin has been one of the districts with the highest infant mortality rates for the past two years – about 11‰ compared to the country's average of 7-8‰.

## Environment

The share of the population living in settlements with access to a public sewerage system was relatively small in 2012 due to the comparatively poor urbanisation of the district – 56.2% compared to 74.3% for Bulgaria. Four districts feature lower access to sewage: Razgrad, Silistra, Targovishte and Vratsa. There has been no waste water treatment plant constructed as at 2012. One is being built in the municipality of Vidin; its completion is planned for 2015.

Since 2010, the NSI has considered the data on carbon dioxide emissions throughout the district confidential. Vidin ranked sixth in terms of concentration of this type of harmful emissions in the last year for which data have been available. Citizens' perception of the environmental quality in the district was average (3.1/5.0), which is slightly lower than the country's average of 3.3/5.0.

## Social environment

Vidin District had the worst result in respect of almost all key indicators on social inclusion and living conditions in 2011. The relative share of the population living below the district's poverty line reached 34.1%, the average for the country being 21.2%. The share of the population living in households with low work intensity and the one for the population living in material deprivation was 31.1% and 56.4% respectively, the average for Bulgaria being 11.2% and 44.1%. The crime rate was about the country's average level – 10.5 crimes against the person and property per thousand people of the annual average population were registered in 2013.

Although the cultural life in the district is not so active, an increasing interest toward local theatres has been observed in recent years. 32,400 visits were registered in 2013, 21,200 being in 2009. Local citizens are relatively mostly dissatisfied with the quality of the infrastructure and their standard of living. Housing and the local educational system have received the highest grades.

## Key indicators for the district of Vidin

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	4 879	4 681	4990	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	36.4	35.0	35.8	37.0	39.6
Annual average unemployment rate of the population aged 15+ (%)	13.0	13.1	19.8	17.4	17.7
Relative share of people living below the district's poverty line (%)	29.3	36.2	34.1	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	37.6	37.8	41.7	42.8	44.8
Rate of natural increase (‰)	-13.8	-14.8	-15.2	-16.0	-14.3
Net migration rate (‰)	-6.9	-6.2	-1.9	-3.8	-7.1
Relative share of the population aged 25-64 with tertiary education (%)	16.4	18.9	18.1	15.7	14.6
Percent of failed students at state matriculation exams (%)	6.2	3.6	1.9	8.3	3.7
Average grade at state matriculation exams	4.2	4.3	4.5	4.1	4.2
Share of roads in good condition (%)	n.a.	43.4	30.0	29.4	32.3
Relative share of households with Internet access (%)	25.3	27.7	46.6	33.7	44.0
Share of the population with access to public sewerage systems, connected to WWTP (%)	0.0	0.0	0.0	0.0	n.a.
Health insured persons as share of the population (%)	89.5	86.7	89.8	89.1	88.4
Cases of hospitalization per 1,000 people	160.4	142.7	150.2	148.4	161.6
Average annual income per household member, BGN	3 385	2 794	3 052	3 615	3 614

# Vratsa

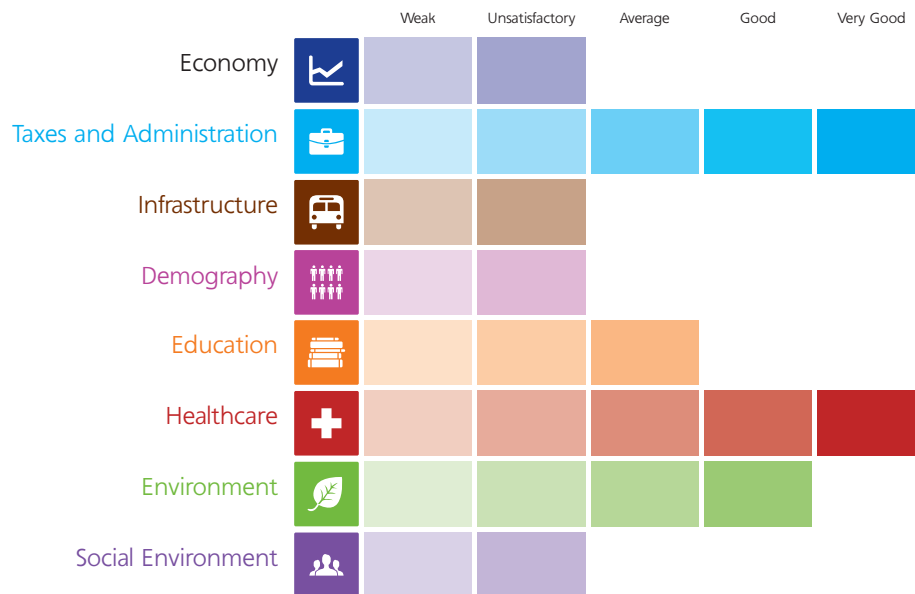
Population (2013)	179 985
Area (sq. km.)	3 619,8
Number of settlements	128
Share of urban population (%)	59,0



## Overview

The state of Vratsa District's economy deteriorated in 2013 as a result of the deepening problems on the labour market. The chronically low employment rate has led to the gradual lagging behind average annual household incomes for the past decade. The demographic state of the district is better than that of most districts in Northwestern Bulgaria, but some indicators have demonstrated negative trends. Economic hardships have affected the quality of the social environment and the living conditions in the district. Despite some enhancements that have been recently made, the district's infrastructure also remains in an unsatisfactory state.

Local institutions have received more favourable assessments from businesses and citizens in comparison with the country's average; corruption perceptions are also lower. Healthcare is also very well developed, the educational system has received an average grade, and the indicators of school education have improved.



## Economy

The labour market crisis deepened in the district in 2013. The annual average unemployment rate has increased more than five percentage points and has reached 14.9%. It has been for the first time since 2009 that the unemployment rate has become higher than the country's average (12.9%). The average annual employment rate has remained extremely low – 39.4% of the population aged 15+, which places Vratsa among the seven districts featuring an employment rate of less than 40%. Incomes in the district have registered an annual average growth rate of 6.31% for the period 2004–2013, the country's average being 8.50%. As a result of that, they have gradually lagged behind the average rates for the country. In 2004, the annual average income per household member was 26.5% in Vratsa, which was higher than the country's average, while it lagged behind by 14.7% in 2013 amounting to 4,108 BGN per capita, Bulgaria's average being 4,814 BGN.

The increasing investments of enterprises in fixed tangible assets, in agriculture, did not manage to reverse the trend of a dropping investment activity in 2011 and 2012. The cumulative foreign direct investments have been 152.7 million BGN as at the end of 2012, which has been the lowest value thereof since 2009. Investments of enterprises in fixed tangible assets and cumulative foreign direct investments, when related to the population, have been lower than the country's average for the entire period 2005–2012.

Good utilisation of EU funds has offset the lower amount of private investments in recent years. As at 31 January 2014, the municipalities of Vratsa District have managed to draw down 123.6 million BGN as beneficiaries under the EU operational programmes. In relation to the local population, this represents twice as good a result than the country's average: the municipalities of Byala Slatina and Mezdra have had the best utilisation of funds, and Borovan and Mizia – the worst.

## Taxes and administration

The survey conducted in May 2014 among business showed that businesses' perceptions of their interaction with local government bodies, the efficiency of the judicial system and the quality of e-services have been more positive than the country's average. In addition, corruption perceptions have remained lower than the average, and the Active Transparency Rating of local government bodies by the 'Access to Information Program' Foundation was higher in 2013. The 2014 Active Transparency Rating for the municipalities within Vratsa District is 45.2/82.4, the country's average being 44.1/82.4.

No changes have been observed regarding the key local taxes and charges from 2013 to 2014: all of them have been lower or near the country's average. The municipalities of Hayredin and Borovan have enhanced their one-stop shop service and also the provided e-services.

## Infrastructure

Although some indicators related to the infrastructural development have improved, the general assessment has remained unsatisfactory. The district's road network density is comparable to the average for Bulgaria. Simultaneously, Vratsa was the district wherein the smallest share of roads within the national road network were in a good state in 2013 – 17.9%. The average rate for Bulgaria for such roads was 39.6%, and the second district featuring the worst quality of roads, following Vratsa, was Kardzhali where the share of roads in a good state was 25.5%.

Notwithstanding the commissioning of the Vratsa bypass in 2014, the average assessment of the infrastructure made by local citizens has remained low – 1.9/5.0, the country's average being 2.6/5.0. The same is applicable to businesses' assessments – an average of 2.5/5.0 for the district and 3.0/5.0 for Bulgaria. The planned high-speed railway Vidin–Mezdra–Kulata could become a priority project in the field of the railway transport. Although the relative share of people (aged 16 to 74) that have used the internet was about the country's average in 2013, the one for households with internet access was lower: 48.2% compared to Bulgaria's average of 53.7%.

## Demographics

Vratsa is one of the worst urbanised districts in Bulgaria, where 59% of the population lived in towns and cities in 2013, the country's average being 73.0%. The population density is also twice as small as Bulgaria's average – 857.8 people per sq. km of urbanised territory. Despite that the age structure of the local population is generally more unfavourable than the country's average, Vratsa is the district in Northwestern Bulgaria featuring the best indicators in this respect.

The mechanical movement of the population has slowed down from 2011 to 2013 in line with the national

trends. Nonetheless, the negative difference between the inflow and the outflow of migrants has increased for the past two years. The net migration rate deteriorated in 2013 to minus 7.4‰, the country's average being minus 0.2‰. The unfavourable age structure of the local population has negatively impacted its natural increase which has been twice as small as the country's average since 2004. 39.8% of local citizens stated in May 2014 that they would migrate to another district; the country's average was 32.8%.

## Education

Vratsa District possesses long traditions in the field of school education, which helps it to achieve better results than the country's average in this respect. The net enrolment rate of the population (grades 5th through 8th) has been 84.6% during the 2013/2014 school year, which has been the highest share following Razgrad District and considerably higher than Bulgaria's average of 79.7%. The average mark that pupils, who had finished secondary schools, had achieved has been slightly lower than the national one, but the difference has been minimal for the period 2012–2014. Simultaneously, the share of failures has been lower than national levels for the past two years. The relative share of repeaters and the share of dropouts from primary and secondary education are slightly higher than Bulgaria's.

661 students studied in Vratsa in 2013, which has been the highest number for the past decade and more than three times than the 2008 level. 20% of the district's citizens aged 25–64 were graduates in 2013, the country's average being 25.6%.

## Healthcare

The sick rate of the local population has been about the national average rate if one is to conclude from the number of ill people that have visited multi-profile hospitals for active medical treatment. The capacities of the multi-profile hospitals have also been similar to the national average rate – there have been 4.6 beds per thousand people in the district. 87.4% of the district's citizens were health insured persons in 2013, the average for Bulgaria being 86.1%. The infant mortality rate for the district has been relatively low from 2007 to 2013; it was 5.8‰ in 2013 compared to the national average of 7.3‰. The districts of Varna, Pernik, Sofia City and Targovishte have demonstrated better rates (4.2‰, 5.3‰, 4.7‰ and 2.7‰ respectively).

The number of general practitioners and internists is higher than the national average; 1,579 people were served in 2013 by a general practitioner, and 5,000 – by an internist. There is a shortage of cardiologists; there are 14 of them or 12,845 people per cardiologist. This unfavourable proportion could be considered one of the reasons 41.8% of the treated people to have gone to any other district for treatment from June 2013 to May 2014, the national average being 33.5%.

## Environment

The good assessment of the environmental quality in Vratsa District is first and foremost due to the low concentration of carbon dioxide emissions in the atmosphere. The level thereof was 105.2 tonnes per sq. km in 2012, the country's average being 346.3 tonnes per sq. km. The volume of collected household waste per capita was also lower – 217.1 kg per capita in 2012, Bulgaria's average being 347.0 kg.

The low level of urbanisation also implies poor connectivity of the local population with public sewerage systems. 55.5% of the population had access in 2012, the national average being 74.3%. Waste water management also poses a problem since 32.4% of the population having access to a public sewerage system has been connected to waste water treatment plant, the country's average being 56.1%. The implementation of a number of projects in this regard has continued, among which has been the integrated water cycle project of the city of Vratsa. Local people's perception of the environmental quality in the district was average (3.1/5.0), which is slightly lower than the country's average of 3.3/5.0.

## Social environment

The social environment has deteriorated despite that the indicators of living conditions and social inclusion have remained about the national average levels. The relative share of the population living below the district's poverty line and the share of the population living in material deprivation were even lower in 2011 than Bulgaria's average – 20.5% compared to 21.2% and 39.1% to 44.1% respectively. Due to the relatively low employment rate, the share of the population living in households with low work intensity has reached 13.6%, the country's average being 11.2%.



In 2014, the population of the district assessed the efficiency of the local governments and also life in the district slightly lower than the national average. The registered crime rate against the person and property has remained slightly higher than the country's average.

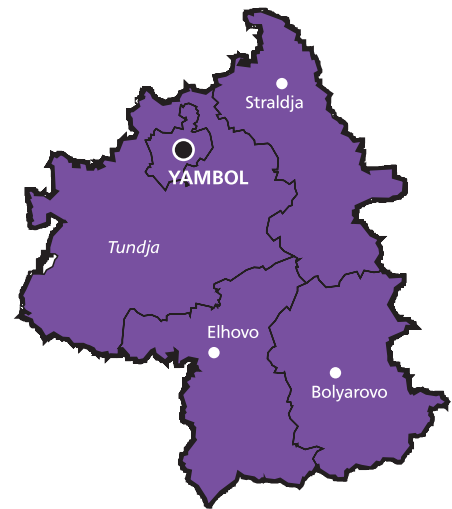
The number of visits to local theatres has almost tripled for the period 2009–2013 – from 14,200 to 42,800 per annum. The reverse trend has been observed in respect of local cinemas since 2010 – 485 visits were registered in 2013, which is five times less than the ones registered in 2010.

## Key indicators for the district of Vrasta

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	6 979	7 731	8361	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	42.1	39.9	41.0	39.9	39.4
Annual average unemployment rate of the population aged 15+ (%)	7.9	8.6	9.3	9.4	14.9
Relative share of people living below the district's poverty line (%)	23.8	16.9	20.5	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	29.6	29.9	32.5	33.3	34.6
Rate of natural increase (‰)	-9.4	-10.4	-9.9	-11.1	-10.1
Net migration rate (‰)	-5.2	-6.5	-3.2	-5.8	-7.4
Relative share of the population aged 25-64 with tertiary education (%)	19.0	20.0	18.0	18.2	20.4
Percent of failed students at state matriculation exams (%)	4.4	4.2	3.7	6.3	4.1
Average grade at state matriculation exams	4.2	4.2	4.3	4.1	4.3
Share of roads in good condition (%)	n.a.	28.6	29.3	26.7	17.9
Relative share of households with Internet access (%)	26.4	27.0	34.5	45.8	48.2
Share of the population with access to public sewerage systems, connected to WWTP (%)	30.9	31.0	32.4	32.4	n.a.
Health insured persons as share of the population (%)	89.1	86.0	88.6	88.0	87.4
Cases of hospitalization per 1,000 people	189.7	170.1	165.6	206.3	227.3
Average annual income per household member, BGN	3 447	3 798	3 395	3 723	4 108

# Yambol

Population (2013)	127 913
Area (sq. km.)	3 355.5
Number of settlements	109
Share of urban population (%)	70.1



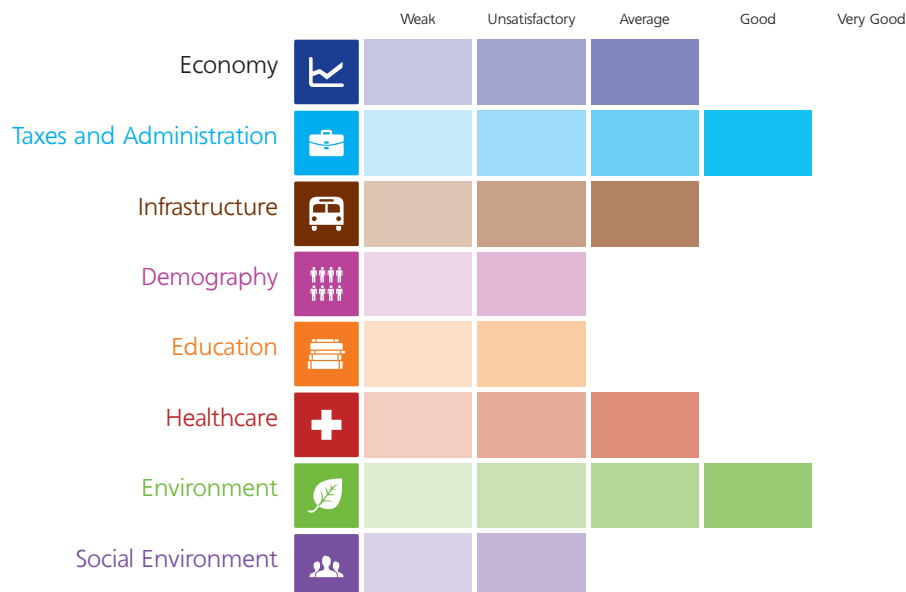
## Overview

Yambol District's economy possesses a specific structure and the share of agriculture in the gross value added is three times as high as the country's average. Unemployment has risen among the population for the past two years, and the employment rate decreased in 2013. The municipalities of the district have performed well as beneficiaries under operational programmes and disbursed EU funds related to them, relative to the population, were about 25% higher than Bulgaria's average at the beginning of the year. The businesses' assessments of the performance of local administration have continued to be better than the country's average, and businesses' corruption perceptions has evaluated the administration in the district as one of the relatively most incorruptible ones in the country.

More than half of roads in the district were of good quality in 2013, and almost 90% of first-class roads and the entire section of the highway, going through the district (35 km), have been classified as good.

The enrolment rate of the population (grades 5th through 8th) has traditionally been above the country's average level in Yambol District. The number of teachers has continued to drop and in 2013, Yambol was one of the districts featuring the least number of teachers in primary and secondary school relative to the population, which impacted the quality of education.

The share of health insured persons in Yambol District has been higher than the country's average for the past ten years. Beds at multi-profile hospitals for active medical treatment, relative to the population, have been relatively small in number, but the share of people accepted for treatment at multi-profile hospitals for active medical treatment has also been one of the smallest in Bulgaria.



## Economy

Yambol District's economy possesses a specific structure and the share of agriculture in the gross value added is three times as high as the country's average. Industry created more than a third of the gross value added, and services accounted for a bit more than half of the gross value added (64% for the country) in 2011. GDP per capita amounts to slightly more than 6,000 BGN per capita, which is less than its national counterpart (10,248 BGN per capita) even if data about the capital are excluded (6,924 BGN per capita). The unemployment rate of the population aged 15+ was 16.1% in 2013 and has continued to grow for the past two years and to feature lower than the pre-crisis level of 6.4%. Expenditure on acquisition of fixed tangible assets has started to grow since 2010 and amounted to 3,011 BGN per capita in 2012 thus exceeding the country average. Simultaneously, foreign direct investments in the district have remained at a particularly low level and despite having risen during the crisis, their cumulative rate per capita has still been almost six times smaller the country's average as at the end of 2012.

The total of disbursed EU funds under contracts with municipalities as beneficiaries, under operational programmes, has totalled 471.7 BGN per capita as at 31 January 2014 and it has been 25% higher than Bulgaria's average (379.8 BGN per capita). Most funds have been paid in the municipalities of Tundzha (815.3 BGN per capita) and Yambol (505.1 BGN per capita), and the least – in the municipality of Elhovo (57 BGN per capita).

## Taxes and administration

The businesses' assessment of the performance of local administration continued to be higher than the country's average in 2014, although this assessment has been lower for the past year. The performance of the judicial system has received an assessment lower than the national average. More than a third of business representatives responded that they had used e-services rendered by the local administration for the past year, and half of them had sent letters to the administration and completed templates and forms by electronic means in addition to using information and downloading templates and forms. Simultaneously, all respondents have replied that the quality of rendered e-services in the district had been at an average level or rather at a high level.

2014 Active Transparency Rating of local government bodies by the 'Access to Information Program' Foundation was 39.7 points for Yambol District – lower compared to the national average of 44.1 points, and also too less than the maximum of 82.4 points. The municipality of Tundzha featured the highest administration transparency (55.5 points), and the municipality of Bolyarovo – the lowest (36.6 points).

It has been for third successive year that businesses had considered the district's administration relatively more incorruptible compared with the nationwide assessments. Illegal payments in exchange for amendments in local regulations or ordinances in favour of certain business interests have been most frequently made.

The local labour market and the infrastructure have received relatively the highest number of negative assessments among factors affecting businesses in the district.

## Infrastructure

The district's road network density is about the country's average, but the connectivity of the territory with the road infrastructure is not even.

More than half of the roads in the district are of good quality, and almost 90% of first-class roads and the entire section of the highway, going through the district (35 km), were classified as good in 2013.

The relative share of households with internet access has continued to be considerably lower than the country's average, but the share of people having had used the internet for the past 12 months has slightly exceeded the national average. Both indicators had worse values in 2013.

## Demographics

The population of Yambol district has decreased by approximately 23,000 people for the past ten years. The decrease has been twice as fast as the country's value throughout the years, which had been due to both the negative natural increase and the negative net migration rate. The rate of natural increase was minus 6.5‰ in 2013 and although it remained higher than its national counterpart (minus 5.2‰), it has demonstrated a slight increase for the past year. The net migration rate was minus 5‰ in 2013. Notwithstanding that this growth has

been much more unfavourable compared to most other districts, a trend of enhancement has been observed in comparison with the beginning of the crisis when it had been within 10 to 12%.

The age dependency ratios did not demonstrate good results in 2013 either. The age dependency ratio (65+ to 0–14) was 152.9% (average of 142.3% for the country), and the ratio 65+ to 15–64 was 34.7% (average of 29.3% for the country). The coefficient of demographic replacement, represented as the population aged 15-19 in proportion to the population aged 60-64, was 55.6% in 2013 (the country's average being 61.5%). That means that 56 youngsters per hundred people who will be expected to abandon the labour market will be joining it next several years.

## Education

The enrolment rate of the population (grades 5th through 8th) has traditionally been above the country's average level in Yambol District and it reached 83% in 2013 compared to the country's average of 79.7%. The relative share of repeaters and dropouts from primary and secondary education is slightly higher but near the nationwide values.

The number of teachers has also continued to drop and in 2013, Yambol was one of the districts featuring the least number of teachers in primary and secondary school relative to the population. This impacts the quality of education if this is to be judged by the big share of pupils who have failed at the state matriculation exams. In 2014, the number of unsatisfactory grades continued to increase in the district and their share was double than the country's average. It is an embarrassing fact that the share of failures has continually increased in recent years – from 1.7% in 2008 to 10% in 2014. The average grade from the state matriculation exams has also remained lower than the national average.

The relative share of the population aged 25–64 with tertiary education has continually increased for the past ten years and it reached almost 25% in 2013.

## Healthcare

Although the share of health insured persons in Yambol District has been higher than the country's average for the past ten years, it has continued to drop for second successive year reaching 88.8% in 2013. Beds at multi-profile hospitals for active medical treatment, relative to the population, have been relatively small in number, but the share of people accepted for treatment at multi-profile hospitals for active medical treatment has also been one of the smallest in Bulgaria. Even though the number of general practitioners, internists and cardiologists, relative to the population, has been more unfavourable than the country's average, the district is not among the most problematic ones in this respect.

The survey conducted in May 2014 showed that 35% of the district's citizens have travelled to any other district for the past 12 months to get healthcare. Two thirds of the surveyed people have stated the lack of particular specialists had constituted the main reason for searching healthcare out of Yambol District. 17.6% of people have had to make informal payments for healthcare for the past 12 months, which has been much lower than the country's average (25%).

## Environment

Yambol is one of the districts featuring the lowest carbon dioxide emissions into the atmosphere – almost 30 times less than Bulgaria's average in 2012. Collected household wastes per capita are relatively small in terms of quantity. A total of four landfills, serving more than 70% of the population, operate in the district. According to the regional strategy, the waste collection system works well in towns and cities in the district but is not sufficiently effective in rural areas, which has caused the creation of illegal landfills and pollution.

The share of the population living in settlements with access to a public sewerage system was more than 70% in 2012 and was close to the national one. The extremely small share of the population having access to sewage, connected to waste water treatment plants, 3.6%, has still been a problem, considering that more than half of the population in Bulgaria has access to sewerage connected to waste water treatment plants. Yambol District's administration has stated that there is no waste water treatment plant on its territory, which complies with modern technological and environmental requirements. Such a plant is scheduled to be erected within the city water cycle project, worth 89 m BGN, worked out by the municipality.

## Social environment

Yambol is the district featuring the biggest share of the population living material deprivation – it reached 62.8% in 2011 compared to the national average of 44.1%. About half of the population had been in this group before the crisis, but the negative economic situation and unemployment in the district increased the share of the population living in material deprivation by almost 20 percentage points in 2009.

Life satisfaction in the district is slightly below the country's average. Citizens' assessments have been the poorest with regard to the standard of living and the infrastructure and the highest with regard to housing and education in the district. The survey demonstrated that more than 38% of the district's citizens, asked in May 2014, have tended to move to live permanently in any other district while less than half of them did not have such intentions.

## Key indicators for the district of Yambol

Indicators / year	2009	2010	2011	2012	2013
GDP per capita (BGN, current prices)	5 150	5 539	6 041	n.a.	n.a.
Annual average employment rate of the population aged 15+ (%)	46.4	43.0	47.0	48.4	46.2
Annual average unemployment rate of the population aged 15+ (%)	8.8	14.8	13.6	14.9	16.1
Relative share of people living below the district's poverty line (%)	21.1	24.4	16.90	n.a.	n.a.
Age dependency ratio, 65+ to 15-64 (%)	30.2	30.6	32.9	33.4	34.7
Rate of natural increase (‰)	-6.2	-7.4	-7.0	-7.8	-6.5
Net migration rate (‰)	-10.0	-11.8	-4.4	-3.8	-5.0
Relative share of the population aged 25-64 with tertiary education (%)	18.3	19.2	18.0	22.4	24.2
Percent of failed students at state matriculation exams (%)	4.4	8.4	5.1	10.6	10.0
Average grade at state matriculation exams	4.0	4.3	4.5	4.1	4.1
Share of roads in good condition (%)	n.a.	48.0	54.6	54.0	50.30
Relative share of households with Internet access (%)	27.9	27.9	40.7	46.0	44.8
Share of the population with access to public sewerage systems, connected to WWTP (%)	3.4	3.4	3.5	3.60	n.a.
Health insured persons as share of the population (%)	90.1	88.1	90.5	89.8	88.8
Cases of hospitalization per 1,000 people	158.3	154.7	144.5	160.3	167.7
Average annual income per household member, BGN	4 036	3 722	3 602	3 814	4 572

# Methodology

## Subject Matter, Spatial and Time Scope of the Study

The relative analysis of districts in Bulgaria constitutes the subject matter of the publication 'Regional Profiles: Indicators of Development'. The analysis encompasses the entire territory of Bulgaria and is based on information about the last fourteen years about which there are data for the indicators within the scope of this study. Official statistics and data from surveys conducted till 30 June 2014 have been used for the purposes of providing information for the analysis and for creating regional profiles. All updated data that had been published following this data have not been included in the analysis.

## Provision of information

Two main sources – the official statistics and information gathered via specially conducted surveys – have provided the information necessary for drafting and regular updating the publication 'Regional Profiles: Indicators of Development'.

The main source of official statistics is the national statistical system, in particular the National Statistical Institute (NSI). Another part of the necessary information was collected from the information systems of the National Social Security Institute (NSSI), the National Health Insurance Fund (NHIF), the National Center of Public Health and Analyses (NCPHA), the Ministry of Education and Science (MES), the National Revenue Agency (NRA), etc.

Additional surveys at municipal level have been conducted for the purposes of gathering additional statistics for the creation of regional profiles. The goal is to obtain information that is impossible to get from available official and other sources due to different reasons: has not been gathered, is not relevant, is limited by confidentiality provisions pertaining to statistics, etc.

The design of the study encompasses three types of respondents: businesses, households and local administration; a special set of instruments for collecting information has been developed for each group of respondents.

- Structured questionnaire for businesses. It is intended for local companies and provides information on the difficulties that businesses face when interacting with local administration, corruption perceptions and the assessment of the business environment.
- Structured questionnaire for households. It provides information on trust in public institutions and corruption perceptions in key institutions at local level and also on citizen's satisfaction in respect of various life aspects.
- Survey form for municipal administration. It provides information on local taxes and charges and also on the assessment with regard to the degree of providing e-services and to the degree of completeness of one-stop shop services.

Stochastic samples of businesses and the population have been designed for the purposes of the study. The monitoring of municipalities has been comprehensive and encompasses all of them (264). The survey form intended for local administrations has been sent to municipalities in the form of an application for access to information under the Access to Public Information Act.

## Methodological approach









The basic principles on which the methodology has been founded are the following:

1. Regional profiles are compiled severally and independently in two aspects of the analysis – in static and dynamic conditions and then these results are summarised in general.
2. The method of demonstrating the results is not by ranking the districts but rather by creating and analysing typical, characteristic groups of districts.
3. Use of a combination of one-dimensional complex indicator and multidimensional methods of regional comparisons, which largely allows to avoid the flaws of one-dimensional and complex indicator and also to utilise the advantages of multidimensional methods.
4. Use of most modern methods of regional comparisons, neural networks, for creating and visualising typical groups of districts (clusters).

5. Applying a reliability analysis when organising the system of indicators.
6. Applying an analysis and assessment of the relative importance of indicators (groups of indicators) in terms of forming the results and the regional profiles.
7. The set of indicators and applying them in a system is based on four main groups of arguments: good practices, reasoning, provision of information and analysis of empirical data.
8. Use of official and statutory terms, classifications, nomenclature, etc.
9. Use of relative shares, rates and other when presenting and using indicators instead of their absolute values for the sake of providing comparability between districts.
10. Valuation of indicators in order to eliminate negative effects of scale, indicator scales, etc.

## Grouping of districts

Depending on the static analysis of indicators per category, the performance of districts has been assessed via a five-point scale: from 'poor' (the minimum degree) to 'very good' (the top degree). The analysis is based on the last year with available data (2013). Data from 2012 or 2011 have been used when there have been no data for the year 2013.

		Weak	Unsatisfactory	Average	Good	Very Good
Economy						
Taxes and Administration						
Infrastructure						
Demography						
Education						
Healthcare						
Environment						
Social Environment						

## Types of regional profiles: clustering

The methodological approaches to regional comparisons could be summarised in the following three types via the use of:

1. One-dimensional indicator
2. Complex indicator
3. Multidimensional methods (in particular neural networks)

A combination of the three approaches has been adopted in this methodology; it allows, on the one hand, to largely overcome the flaws of one-dimensional and complex indicator, and, on the other hand, to utilise the advantages of multidimensional methods.

All indicators have been evaluated when calculating the so called regional index.

Regarding each group of indicators for the assessment of regional profiles, the so called complex indicator are calculated; they have the following characteristics:

1. Provision of comparability between districts in static and dynamic terms.
2. Its values are concentrated around the country's average. Districts featuring positive values of the complex indicator are above the country's average, and the ones with negative values – below it.



3. The differences (ratios) between districts with regard to individual indicators have been preserved in respect of the variance correction procedure.

At the final stage of applying the combined approach, the summarising result for all groups of indicators and all districts is presented via forming and visualising clusters by means of using neural networks in static and dynamic terms.

The analysis of the dynamic development of the socioeconomic processes encompasses the period 2010–2013. Data for different periods have been used by reason of lack or delayed publication of statistics for part of the indicators.

The dynamic development has been measured via growth rates calculated for the last year of the period in comparison with the previous one. Average growth rate for a three-year period has been used for some indicators which development features higher fluctuations and yearly changes of direction. The methodology stipulates to form and distinguish typical groups (clusters) of districts, via neural networks, which possess specific characteristics both in static and dynamic terms.

On the other hand, it has been planned that neural networks' abilities should be used for multidimensional analysis of the regional development by featuring the direction, speed and sustainability of development.

## System of indicators

The selection of indicators and their inclusion in a system is based on both their relevance per individual category (like economy, education, etc.) and their interconnectivity and fluctuation. The availability, accessibility and regularity of publicising data on the social and economic development of districts constitute a key argument for the selection of indicators. A system consisting of eight groups of indicators, featuring the socioeconomic state and development of districts, has been consequently formed.

Every group contains a set of indicators that provide a real idea about the state and fluctuation in the development of the relevant territory. The total number of used indicators in the methodology of the study is 59.

A new indicator has been added in this edition – Active Transparency Rating of Local Government Bodies (Taxes and Administration category) based on annual surveys of the 'Access to Information Program' Foundation. In order to adapt the results of the study of the 'Access to Information Program', for the purposes of the analysis, the assessments of individual municipalities, which are included in a district, have received different weight in the average assessment of the district depending on their share of the district's entire population.

A summary table is presented in the following pages; it includes all indicators, integrated in a system of eight categories, the algorithm for their calculation and the units of indicator.

## Economy

One of the leading groups of indicators describing the development level of a district is the economic indicators. Economic indicators imply both macroeconomic indicators such as gross domestic product, employment and unemployment rates and also indicators describing local businesses – demographics of local companies and investments.

Indicator	Description	Period	Unit	Source
Gross domestic product (GDP) per capita	This indicator measures the standard of living in the district and the degree of development of the local economy. The higher GDP per capita the district has, the more indicative this is of a strong local economy and a higher standard of living for local residents.	2000-2011	BGN per capita	NSI
Unemployment rate of the population 15+ (annual average)	Low levels of unemployment in a district are the sign of a vibrant and job-creating local economic environment.	2001-2013	%	NSI
Employment rate of the population 15+ (annual average)	The employment rate is a leading indicator of the labour market showing what proportion of the working age population is actually employed.	2001-2013	%	NSI
Average annual income per household member	The indicator shows the general welfare and living standards of the local population. For the purposes of this study, we used the total income, including cash income (salary and wages, pensions, social benefits, transfers from other households, proceeds from sales, etc.) and valued in-kind income.	2001-2013	total income/person of the household/ BGN	NSI
Number of non-financial companies per 1,000 people	The indicator shows the viability of the local economy in terms of availability of a sufficient number of small and medium-sized enterprises. The presumption is that a high number of enterprises is mainly caused by a high proportion of small and medium enterprises (SMEs). The large number of SMEs generally ensures greater diversification and hence resistance to shocks to the local economy.	2000-2011	number of businesses/1,000 people of population	NSI
Expenditure on the acquisition of fixed tangible assets per capita	The level of expenditure on the acquisition of fixed tangible assets (FTA) per capita in the district indicates the level of investment that in turn is indicative of how local companies see the prospects of their business endeavours.	2000-2012	BGN per capita	NSI
Foreign direct investment to non-financial enterprises, per capita (cumulative)	Both the expenditures for TFA and the indicator of foreign direct investment (FDI) in nonfinancial enterprises shows the flow of investment to the district and its attractiveness to investors - in this case, foreign investors.	2000-2012	EUR/person	NSI
Utilisation of EU operational program funds per capita	The high rate of utilisation of EU funds under Bulgaria's operational programs creates preconditions for the improvement of regional competitiveness. It is an indicator of the good performance of local administrations, as well as their ability and willingness to improve living and business conditions with the help of EU funds.	към 31.01.2014	EUR per capita	MF

## Taxes and administration

Indicators that largely form the features of the local environment for doing business. Indicators are based both on objective data (levels of local taxes and charges) and conducted surveys among companies.

Indicator	Description	Period	Unit	Source
Assessment of the performance of local administration	The indicator shows the extent of businesses experiencing difficulty working with the local administration. It evaluates various aspects of the work of local administration, such as clarity of requirements and speed of service. A rating of 1 shows very low assessment; a rating of 5 shows excellent assessment.	May, 2014	Rating 1 to 5	Survey among business representatives
Bribery/unofficial payments	The indicator shows the evaluation of local businesses on how often companies have to make informal payments to institutions such as municipal administration, the tax administration, and the courts. A rating of 1 means that unofficial payments are very common; a rating of 5 means that unofficial payments are very rare.	May, 2014	Rating 1 to 5	Survey among business representatives
Judicial system assessment	The prompt and efficient functioning of the judiciary and business confidence in its competence and impartiality are essential for ensuring a favourable business environment. This indicator presents the evaluation of local businesses for these characteristics of the local courts. A rating of 1 shows very low assessment; a rating of 5 shows excellent assessment.	May, 2014	Rating 1 to 5	Survey among business representatives
Quality of local government e-services	This indicator presents the degree and scope of provision of electronic services by the local administration and the stage of preparedness to provide "one stop shop" service, and businesses' evaluation of the quality of services provided. A rating of 1 shows very low assessment; a rating of 5 shows excellent assessment.	May, 2014	Rating 1 to 5	Survey among business representatives
Corruption perception by businesses	This indicator shows the corruption perceptions of local businesses and their confidence in the various local institutions (municipality, district authorities, courts) and the local offices of central government. A rating of 1 means that there is a very high level of corruption perception; a rating of 5 means that there is a very low level of corruption perception.	May, 2014	Rating 1 to 5	Survey among business representatives
Immovable property tax for legal entities	Property taxes are the biggest source of own revenue for municipalities. Regarding the business environment and the burden on businesses, the property taxation of companies plays a major role.	2012-2014	per mil (‰)	Application for access to information under the Access to Public Information Act
Vehicle tax (commercial and passenger vehicles, 74 kW to 110 kW)	Taxation on vehicles is another major source of revenue for municipalities. This type of tax is a burden mainly on small companies, because the power of vehicles has been chosen so as to be most relevant for such companies.	2012-2014	BGN/kW	Application for access to information under the Access to Public Information Act
Annual license tax for retailers (up to 100 sq.m. of retail space - for most favourable location of the site)	License tax is a different type of taxation from those mentioned above, and is a burden on particular businesses. License tax for retail trade is selected as the most common and recognizable.	2012-2014	BGN/m <sup>2</sup>	Application for access to information under the Access to Public Information Act
Annual waste collection charge for properties of legal entities	The charge on waste collection is one of the largest sources of own revenue for municipalities, comparable with the revenue from taxes on real estate. The charge on waste is often a heavy burden on businesses, and the differences between various populated areas / municipalities are great.	2012-2014	per mil (‰)	Application for access to information under the Access to Public Information Act
Local tax on the sale of immovable property	The size of the local tax on sale of property concerns both external investors and entrepreneurs, entering the local market, as well as established local entrepreneurs, trying to expand their operations.	2012-2014	per mil (‰)	Application for access to information under the Access to Public Information Act
Active Transparency Rating of local government bodies	The active transparency rating of local government bodies is based on the results of an annual study by the "Access to Information Program" Foundation. The study evaluates municipal web pages and electronic submission of requests to various administrative structures. The average score for each district is formed on the basis of the ratings of the municipalities it consists of.	2014	0-82,4 points	"Access to Information Program" Foundation

## Infrastructure

Infrastructure is key for the development of any region and is related to both economic and social life aspects of the population. The development of infrastructure largely determines the competitive advantages of individual districts.

Indicator	Description	Period	Unit	Source
Road network density	The road density indicator measures the total length of highways and roads (first, second and third class) relative to the area of the respective district. The republican road network is essential for the transport of passengers and goods in the country. The indicator does not cover streets in urban areas.	2000-2012	length of the road network km/100 sq. km. of area	NSI
Railway network density	This indicator represents all railway lines between stations or places indicated as independent points of departure and arrival of trains carrying passengers and cargo. It excludes the urban railway lines. The greater the density of the rail network in the region, the easier the transportation of passengers and cargo is.	2000-2012	length of railways in km/100 sq. km of area	NSI
Relative share of households with Internet access	Household access to the Internet is indicative of the penetration of new information and communication technologies in the country's districts.	2006-2013	%	NSI
Relative share of people (aged 16 to 74) that have used Internet in the past 12 months	Along with Internet access, the data on the number of people who actually used the Internet during the previous year shows the penetration and utilization of new technologies in the country's regions. The object of the study were those aged between 16 and 74 years.	2006-2013	%	NSI
Share of roads in good condition	In addition to road network density, the quality of roads also has significant importance for the infrastructural profile of the districts. This indicator shows the share of roads, the condition of which has been assessed as good by the Road Infrastructure Agency (RIA).	2010-2013	%	RIA

## Demographics

The indicators of the Demographics group feature the number, content and basic structures of the population and its fluctuation. A source of the data on all indicators in the demographics group is the population statistics of the National Statistical Institute (NSI).

Indicator	Description	Period	Unit	Source
Age dependency ratio (65+ to 0-14)	The indicator shows the relationship between the traditionally inactive labour market groups (less than 15 years and over 65 years). A larger proportion of people aged below 15 years outlines a trend for the future reduction of the average age of the population in the district.	2001-2013	%	NSI
Age dependency ratio (65+ to 15-64)	The age dependency ratio shows the ratio of those aged over 65 years who are mostly inactive, and those of working age. The higher age dependency ratio indicates a deterioration of the age structure of the population affecting the labour market, economic growth, etc.	2001-2013	%	NSI
Share of urban population	The share of urban population provides information about the degree of urbanisation of the district and the concentration of population in major cities.	2001-2013	%	NSI
Population density relative to the area of the settlements and other urban areas	This density indicator gives information about the number of people per unit area. Density is influenced by changes in the urban areas and the process of urbanisation of the population due to its rate of natural increase and net migration flows.	2001-2013	number of persons/1 sq. km	NSI
Rate of natural increase	The rate of natural increase is the difference between the number of registered live births and the number of deaths during the year. The rate of natural increase shows the increase or decrease of the population of the region per 1000 people; a positive rate is considered a favourable demographic indicator.	2001-2013	per mil (‰)	NSI
Net migration rate	The net migration rate shows an increase or decrease of the population per 1000 people due to migration. The ratios are calculated based on data of the number of persons who have changed their usual residence over the period. Net migration is the difference between immigrants and emigrants to/from a given territorial unit.	2001-2013	per mil (‰)	NSI

## Education

The indicators in the Education category feature the structural provision, intensity, level and quality of the educational process in individual districts of Bulgaria. Sources of data on individual indicators are specified in the description thereof. Data for the period between the 2000/2001 school year to the 2012/2013 school year are used in this analysis unless another period has been expressly specified.

Indicator	Description	Period	Unit	Source
Number of students at colleges and universities per thousand people	The indicator includes students in universities, colleges and specialised higher education schools, but does not include students in vocational training after high school. The presence of a large number of students in any district increases its attractiveness and has a positive impact on the local economy.	2000-2013	number of university students/1,000 people	NSI
Number of teachers at primary and secondary schools per student	The number of teachers to the number of students in a given district is a standard indicator for measuring the quality and accessibility of education.	2000-2013	number of teachers/number of students	NSI
Number of people per school	The indicator provides information on the availability of educational facilities in a given district.	2000-2013	population/number of schools	NSI
Net enrolment rate of the population (grades 5th through 8th)	The net enrolment rate of the population is calculated as a percentage of number of students in the respective stage of education in age groups relative to the number of population in the same age groups, calculated as of December 31 of the respective year. The number of students in primary and secondary education is established by October 1 of the respective year. The selection of grades 5 through 8 is based on the fact that this is the lowest educational stage, that registers a relatively lower coverage of the education system.	2007-2013	%	NSI
Share of dropouts from primary and secondary education	The share of dropouts from primary and secondary education shows the number of students who prematurely left school that year. The low percentage of dropouts from primary and secondary education is a sign of a well-developed educational system and a better socio-economic environment.	2000-2012	%	NSI
Relative share of the population aged 25-64 with tertiary education	The high share of population with tertiary education in a district creates conditions for increasing its competitiveness, productivity and economic growth.	2004-2013	%	NSI
Relative share of repeaters	The proportion of repeaters shows the number of students who were enrolled in the same grade for a second year in a row. This indicator shows the quality of educational institutions, at least in terms of their ability to create optimal learning conditions.	2011-2013	%	NSI
Average grades at state matriculation exams	A high grade score from the matriculation exams in Bulgarian language and literature is a sign of high quality of secondary education. Despite the varying levels of difficulty of matriculation exams over the years, their results are comparable across districts.	2008-2014	Rating 2 to 6	Ministry of Education, Youth and Science
Percent of failed students at state matriculation exams	A high percentage of students who passed the matriculation exams in Bulgarian language and literature is a sign of high quality of secondary education. Despite the varying levels of difficulty of matriculation exams over the years, their results are comparable across districts.	2008-2014	%	Ministry of Education, Youth and Science

## Healthcare

The indicators pertaining to the Healthcare group feature access to and quality of healthcare provided by individual districts and also the health state of the population. The institutional and staff provision of the health system and also its usability are important factors that play a significant role in the development of the demographic processes and the assessment of the social environment in any district.

Indicator	Description	Period	Unit	Source
Population per general practitioner	GPs are usually the first point of contact in the healthcare system. The indicator on the number of people serviced by one general practitioner shows both the availability of medical staff relative to the population and the workload of doctors.	2001-2013	population/general practitioner	NSI
Number of people per specialist in Internal Medicine	The proportion of physicians specialised in "Internal Medicine" relative to the population shows scope and level of specialisation of health services provided in the district, given the high rate of incidence of diseases that are related to this speciality.	2001-2013	population/number of specialists	NSI
Number of people per specialist in Cardiology	The proportion of physicians specialised in "Cardiology" relative to the population shows scope and level of specialisation of health services provided in the district, given the high rate of incidence of diseases that are related to this speciality.	2001-2013	population/number of specialists	NSI
Cases of hospitalization in Multi-profile Hospitals for Active Treatment	This indicator provides information about the morbidity of the population and the workload of Multi-Profile Hospitals for Active Treatment (MPHAT). For the purposes of the study, this indicator is used to measure the level of morbidity in the respective district - the higher its value is, the higher morbidity is.	2001-2013	cases of hospitalization/1,000 people	NSI
Health insured persons as share of the population	The share of persons with health insurance shows the accessibility of health services in the district; it can be used to assess the health status of the population.	2001-2013	%	NRA (request for access to information under the Access to Public Information Act)
Number of beds in Multi-profile Hospitals for Active Treatment	The indicator shows the number of beds in Multi-Profile Hospitals for Active Treatment per 1000 persons of the population. The number of beds serves as an indicator for the material base of health care in the region.	2001-2013	Number of hospital beds per 1,000 persons of the population	NSI
Infant mortality rate	The infant mortality rate shows the number of deceased infants of age up to 1 year per 1,000 live births during the respective year. A high rate indicates both shortcomings in health care and low health culture of the local population.	2004-2013	per mil (‰)	NSI



## Environment

The indicators in the environment are included in the study as part of a broader group of indicators describing the degree of development of districts in terms of the living conditions therein such as healthcare, education and the social environment.

Indicator	Description	Period	Unit	Source
Emissions of carbon dioxide per sq. km. of the territory	The emissions of harmful substances into the atmosphere per square kilometre show how the atmosphere in the area is polluted by human activity. For the purposes of analysis, only carbon dioxide emissions were taken into account, as being in the largest volume, and at the same time - most indicative of harmful emissions. Districts with high air pollution are less attractive in terms of living conditions.	Latest available data for 2010-2012 for the respective district	tonnes of carbon dioxide/1 sq. km. of area	NSI
Household waste collected per capita of serviced population	The amount of collected household waste is a standard measurement for the cleanliness of the environment. Since very little household waste in Bulgaria is being recycled, composted or otherwise utilised, for the purpose of the study we have accepted that the higher this indicator is, the greater danger it presents to the environment in that district.	2001-2012	kg/person/year	NSI
Share of the population living in settlements with public sewerage systems, connected to waste water treatment plants	The availability of waste water treatment plants (WWTP) suggests lower environmental pollution from sewage, and higher utilisation of the water resources. The larger the share of public sewerage systems, connected to WWTPs is, the cleaner the environment should be.	2009-2012	%	NSI
Share of population living in settlements with public sewerage systems	The indicator shows the percentage of residents in a district who live in areas with public sewerage systems. The coverage of public sewerage has impact on both the social and the environmental characteristics of the regions.	2006-2012	%	NSI
Citizens' perception of environmental quality	This indicator gives information about the general assessment of the people living in the district of the quality of local environment. The subjective perception of the people in the district helps supplement the official statistics on various aspects of environmental quality.	May, 2014	Rating 1 to 5	Survey among citizens

## Social environment

The indicators in the Social Environment group feature the quality of life in districts. This group is the closest to people's lives and combines both objective indicators and subjective assessments of people regarding the quality of their lives. The data used have been obtained as a result of a survey conducted among citizens in May 2014.

Indicator	Description	Period	Unit	Source
Crimes against the person and property	The indicator shows registered crimes against the person and property relative to 1,000 people. Officially recorded crime does not always represent the actual level of crimes committed in the district, but provides a good basis for evaluation and comparison between districts.	2000-2013	number of criminal offences/1,000 people	NSI, MOI
Useful floor living area in urban and rural dwellings	The useful floor area per capita is an indicator directly linked to people's lifestyles: as such, it has mostly social aspects, but it is shaped by economic realities. The indicator is the sum of residential and auxiliary areas, as well as kitchen areas in square metres, relative to the population of the district.	2001-2012	sq.m/person	NSI
Relative share of population living in households with low work intensity	These are people aged 0-59 and living in households where adults worked less than 20 per cent of their work potential during the preceding year.	2007-2011	%	NSI
Relative share of population living in material deprivation	This is a subjective indicator based on surveys of households on specific indicators of material deprivation. There are nine indicators, according to the European standard questionnaire, related to difficulties in meeting the costs of housing, ownership of a car or a washing machine, meat consumption, restrictions on heating, etc. A person is defined as living in material deprivation if experiencing deprivation on four of these nine indicators.	2007-2011	%	NSI
Relative share of people living below the district's poverty line	These are people with an equivalent disposable income below the so-called "poverty line", that is set at 60% of the national (in this case regional) median equivalent disposable income. All three indicators of poverty are classic indicators used by Bulgarian and European statistics.	2007-2011	%	NSI
Assessment of the performance of local institutions	The views of local residents about the quality of work of local institutions (district administration, municipal administration, law enforcement, courts, etc.) have a direct impact on their satisfaction with life and desire to continue living in the district. A rating of 1 shows very low assessment; a rating of 5 shows excellent assessment.	May, 2014	Rating 1 to 5	Survey among citizens
Life satisfaction	The indicator is based on citizens' evaluation of different aspects of social life such as the standard of living, opportunities for career development, education, healthy life in a cleaner environment, etc. A rating of 1 shows very low assessment; a rating of 5 shows excellent assessment.	May, 2014	Rating 1 to 5	Survey among citizens
Number of visits to theatres and cinemas per capita of the average annual population	This indicator shows the average annual number of registered attendances in theatres and cinemas on the territory of the districts. These data provide a good notion of one of the most important aspects of social life - culture.	2009-2013	no.of attendances/ person	NSI

# Appendix

District/Indicator	Gross domestic product (GDP) per capita, BGN (2011)	Unemployment rate of the population 15+ (annual average), % (2013)	Employment rate of the population 15+ (annual average), % (2013)	Annual average income per household member, BGN (2013)	Number of non-financial companies per 1,000 people (2012)	Expenditure on the acquisition of fixed tangible assets, BGN thousand (2012)	Foreign direct investment to non-financial companies, cumulative, thousand EUR (2012)	Utilisation of EU funds by municipalities, thousand BGN (as of 31.01.2014)
Blagoevgrad	6 682	13.5	51.4	4 132	53	354 424	306 899	127 418 333
Burgas	9 277	12.7	47.8	4 234	65	1 312 398	2 023 505	346 115 346
Varna	10 270	13.7	47.0	4 912	66	1 012 292	1 471 179	169 134 603
Veliko Tarnovo	6 539	16.2	42.9	4 385	40	377 732	84 292	117 827 088
Vidin	4 990	17.7	39.6	3 614	32	113 896	61 232	42 930 996
Vratsa	8 361	14.9	39.4	4 108	32	269 970	152 754	123 642 004
Gabrovo	8 191	8.8	48.1	4 858	48	142 520	270 817	111 950 014
Dobrich	6 730	15.8	47.3	4 166	48	328 709	261 811	67 762 188
Kardzhali	5 129	7.0	47.1	3 333	29	111 975	91 542	64 527 407
Kyustendil	5 579	14.9	42.4	3 593	39	100 924	33 060	23 193 515
Lovech	6 484	10.7	37.8	3 134	39	149 160	132 962	91 713 479
Montana	5 559	16.7	39.0	3 276	31	144 377	31 380	47 167 441
Pazardzhik	6 661	13.0	44.4	3 755	39	345 055	431 090	96 515 258
Pernik	6 078	13.0	45.5	5 764	38	111 836	244 496	50 507 770
Pleven	5 808	12.1	42.9	5 431	35	485 622	194 965	85 627 618
Plovdiv	8 318	13.4	48.1	4 514	51	1 709 472	1 340 733	207 141 027
Razgrad	6 307	20.7	39.9	3 264	33	167 460	126 315	67 737 647
Ruse	7 602	12.5	44.2	4 504	47	421 876	347 322	35 079 592
Silistra	5 145	21.3	37.1	3 249	33	169 853	13 045	31 033 671
Sliven	5 167	15.9	41.3	3 014	35	320 801	107 482	42 364 238
Smolyan	6 659	20.3	46.8	4 590	44	120 781	75 502	41 988 123
Sofia (capital)	23 256	8.2	56.1	7 441	79	7 980 131	11 703 507	285 686 160
Sofia	11 338	10.0	46.0	3 563	37	571 527	1 323 132	185 954 786
Stara Zagora	10 067	10.6	44.8	5 037	44	973 730	668 907	69 802 796
Targovishte	6 179	15.7	38.2	3 025	31	258 311	186 337	47 269 580
Haskovo	5 643	14.3	44.9	4 130	46	391 339	94 309	62 458 334
Shumen	6 141	26.0	44.0	4 333	37	256 016	105 669	56 084 145
Yambol	6 041	16.1	46.2	4 572	43	389 305	66 344	60 337 333



# Taxes and Administration

District/Indicator	Assessment of the performance of local administration, rating 1 through 5* (2014)	Quality of local government e-services, rating 1 through 5** (2014)	Corruption perception by businesses, rating 1 through 5** (2014)	Bribery/unofficial payments, rating 1 through 5** (2014)	Active Transparency Rating of local government bodies, 0 through 82,4 points (2014)
Blagoevgrad	2.9	3.4	2.9	3.9	37.1
Burgas	3.3	3.9	3.5	4.4	37.1
Varna	3.0	3.4	2.9	3.9	46.8
Veliko Tarnovo	3.2	3.4	2.9	3.9	40.6
Vidin	3.1	3.1	3.1	4.4	33.7
Vratsa	3.2	3.5	3.3	4.4	45.2
Gabrovo	3.1	3.3	3.0	4.4	44.7
Dobrich	3.3	3.6	3.4	4.2	49.2
Kardzhali	3.2	3.3	3.4	4.4	30.2
Kyustendil	3.1	3.2	3.3	4.5	26.8
Lovech	2.9	3.3	3.1	4.3	48.1
Montana	3.2	3.4	3.3	4.5	39.6
Pazardzhik	3.2	3.1	3.4	4.4	38.8
Pernik	2.9	3.3	3.0	4.3	28.2
Pleven	3.2	3.5	3.2	4.1	44.8
Plovdiv	2.9	3.4	3.1	4.1	41.8
Razgrad	3.3	3.8	3.3	4.2	47.3
Ruse	3.1	3.3	3.0	4.2	44.4
Silistra	3.1	3.2	3.2	4.3	33.9
Sliven	3.1	3.2	2.9	4.2	52.4
Smolyan	3.2	3.6	3.0	4.3	33.1
Sofia (capital)	2.9	3.6	2.6	3.7	60.0
Sofia	2.9	3.5	2.9	4.0	28.7
Stara Zagora	3.2	3.2	3.1	4.2	43.4
Targovishte	3.2	3.3	3.2	4.3	44.4
Haskovo	3.0	3.4	3.2	4.2	41.2
Shumen	3.0	3.5	3.3	4.0	35.7
Yambol	3.2	3.4	3.5	4.3	39.7

\* Grades are according to the scale: 1 (very low) - 5 (excellent)

\*\* Grades are according to the scale: 1 (very frequent illicit payments) - 5 (very rare illicit payments) and 1 (very high level of corruption) - 5 (very low level of corruption)



# Infrastructure

District/Indicator	Road network density, km/100 km <sup>2</sup> (2012)	Railway network density, km/100 km <sup>2</sup> (2012)	Relative share of households with Internet access, % (2013)	Relative share of people (aged 16 to 74) that have used Internet in the past 12 months, % (2013)	Share of roads in good condition, % (2013)
Blagoevgrad	10.3	2.5	60.5	55.5	51.9
Burgas	15.1	2.3	44.8	49.5	27.1
Varna	18.6	5.1	57.1	55.9	42.6
Veliko Tarnovo	20.1	5.1	46.6	54.5	25.7
Vidin	20.1	3.3	44.0	53.3	32.3
Vratsa	17.6	3.1	48.2	54.4	17.9
Gabrovo	24.9	3.7	48.2	53.0	36.4
Dobrich	17.5	1.3	54.1	50.6	45.8
Kardzhali	19.7	2.1	45.8	42.1	25.5
Kyustendil	18.9	4.0	52.4	50.9	46.4
Lovech	18.1	2.6	34.6	41.7	44.8
Montana	16.6	3.2	36.4	48.9	29.1
Pazardzhik	16.6	4.2	36.1	36.7	52.6
Pernik	23.7	4.8	48.4	50.0	48.9
Pleven	17.0	4.4	47.6	48.8	38.8
Plovdiv	17.1	5.4	60.7	56.6	43.7
Razgrad	19.2	3.5	51.2	51.5	34.5
Ruse	18.3	5.5	57.6	58.8	29.0
Silistra	17.8	2.5	37.6	48.7	44.8
Sliven	16.5	3.6	41.1	46.7	79.3
Smolyan	16.9	0.0	45.2	52.6	45.3
Sofia (capital)	0.0	13.8	70.9	77.5	0.0
Sofia	21.2	4.2	44.1	45.8	28.6
Stara Zagora	17.2	5.1	52.3	51.7	53.4
Targovishte	20.6	2.7	29.4	36.6	52.0
Haskovo	19.5	3.6	54.2	54.1	33.6
Shumen	17.9	4.6	49.8	56.7	36.3
Yambol	18.3	2.9	44.8	57.5	50.3



# Demography

District/Indicator	Annual average number of population (2013)	Age dependency ratio (65+ to 0-14), % (2013)	Age dependency ratio (65+ to 15-64), % (2013)	Share of urban population, % (2013)	Population density relative to the area of the settlements and other urban areas, people/km <sup>2</sup> (2013)	Rate of natural increase, ‰ (2013)	Net migration rate, ‰ (2013)
Blagoevgrad	319 135	119.4	24.7	59.5	2 393	-2.7	-3.7
Burgas	414 320	114.2	25.5	74.9	2 266	-3.0	3.7
Varna	473 745	116.8	25.2	83.8	1 829	-2.4	3.8
Veliko Tarnovo	252 353	175.7	32.4	69.9	1 139	-6.9	-2.7
Vidin	96 506	223.7	44.8	64.1	983	-14.3	-7.1
Vratsa	179 985	166.4	34.6	59.0	858	-10.1	-7.4
Gabrovo	119 121	226.8	41.1	82.0	1 367	-10.7	-3.6
Dobrich	185 562	136.7	29.1	69.1	720	-6.7	-2.8
Kardzhali	150 973	123.0	25.6	41.8	1 867	-1.8	-3.0
Kyustendil	131 557	207.5	38.6	69.3	1 248	-11.4	-7.6
Lovech	136 649	187.3	40.5	62.5	932	-10.2	-5.3
Montana	142 629	185.7	39.6	64.3	1 004	-11.7	-2.7
Pazardzhik	270 504	126.4	28.2	62.4	2 227	-4.2	-4.7
Pernik	129 468	196.3	35.5	78.9	996	-11.1	-0.8
Pleven	261 166	180.1	38.2	66.7	1 190	-9.1	-4.7
Plovdiv	678 528	141.0	29.4	74.7	2 548	-4.0	3.1
Razgrad	121 380	137.4	28.4	47.2	917	-7.0	-5.9
Ruse	230 682	175.8	32.5	77.2	1 774	-8.0	0.2
Silistra	116 626	158.1	32.6	44.9	850	-6.8	-3.2
Sliven	194 635	101.2	28.1	66.1	2 778	-2.2	-5.1
Smolyan	117 485	168.0	28.3	55.1	2 014	-6.6	-14.7
Sofia (capital)	1 305 975	123.0	23.1	95.4	4 878	-1.5	7.1
Sofia	242 066	159.0	33.2	61.3	777	-8.2	-1.6
Stara Zagora	328 968	144.4	31.6	71.8	1 556	-5.8	0.5
Targovishte	118 253	134.6	29.9	54.2	1 142	-5.8	-3.2
Haskovo	240 494	153.8	32.1	72.5	1 115	-6.8	-3.1
Shumen	178 437	130.9	28.1	62.6	919	-4.6	0.4
Yambol	127 913	152.9	34.7	70.1	1 171	-6.5	-5.0





# Education

District/Indicator	Number of students in colleges and universities (2013)	Number of primary and secondary school teachers (2013)	Number of primary and secondary school students (2013)	Number of primary and secondary schools (2013)	Relative share of the population aged 25-64 with tertiary education, % (2013)	Net enrolment rate of the population (grades 5th through 8th), % (2013)	Relative share of repeaters, % (2013)	Share of dropouts from primary and secondary education, % (2012)	Percent of failed students at state matriculation exams, % (2014)	Average grade from the state matriculation exams (2014)
Blagoevgrad	14 833	2 562	35 125	129	18.0	83.5	0.5	1.5	2.7	4.4
Burgas	11 447	3 075	46 019	142	20.2	80.1	0.5	1.7	6.1	4.3
Varna	33 192	3 354	49 834	128	31.4	76.9	1.2	2.6	5.1	4.3
Veliko Tarnovo	27 090	1 722	24 646	94	26.6	80.6	0.7	3.1	5.5	4.2
Vidin	0	711	9 542	38	14.6	79.2	0.8	3.4	3.7	4.2
Vratsa	661	1 426	19 549	74	20.4	84.6	1.1	2.8	4.1	4.3
Gabrovo	6 038	780	10 792	40	24.9	78.3	0.8	2.1	4.3	4.4
Dobrich	2 186	1 469	19 175	83	18.4	79.2	2.2	3.6	2.9	4.3
Kardzhali	1 014	1 283	16 102	78	15.6	80.2	0.4	1.8	3.0	4.7
Kyustendil	0	924	12 285	46	22.5	78.6	0.5	1.8	4.0	4.3
Lovech	424	1 071	15 256	61	15.8	80.7	0.9	3.5	3.0	4.4
Montana	0	1 144	15 541	67	18.4	81.7	1.4	2.9	6.9	4.2
Pazardzhik	0	2 196	29 429	120	16.6	78.1	1.3	3.4	5.8	4.2
Pernik	364	838	11 788	43	16.9	77.0	0.7	2.2	5.6	4.3
Pleven	2 357	2 053	28 347	116	22.9	83.5	0.9	2.9	7.9	4.1
Plovdiv	44 237	4 928	68 866	201	23.4	79.5	1.8	2.9	4.6	4.3
Razgrad	305	1 073	13 958	63	13.7	86.0	0.9	3.3	10.8	3.9
Ruse	9 819	1 646	22 278	72	23.6	80.2	0.7	2.5	5.6	4.2
Silistra	449	858	11 978	49	15.1	80.1	0.5	2.3	3.5	4.2
Sliven	1 070	1 495	22 913	74	20.5	74.4	1.8	4.4	9.0	4.2
Smolyan	2 413	957	10 805	66	20.0	82.3	0.0	0.5	3.4	4.4
Sofia (city)	115 131	8 752	120 836	279	45.8	76.0	0.6	0.9	1.9	4.6
Sofia	5 688	1 835	25 283	103	14.4	79.7	1.5	2.2	5.0	4.3
Stara Zagora	5 163	2 485	36 199	127	19.5	82.0	1.6	2.2	3.8	4.3
Targovishte	0	959	12 746	56	16.7	82.2	1.4	4.5	6.9	4.0
Haskovo	215	1 751	25 139	85	20.3	81.6	1.1	2.4	7.5	4.1
Shumen	7 408	1 534	19 701	71	21.3	82.4	1.2	2.7	8.9	4.1
Yambol	827	947	14 335	46	24.2	83.0	1.3	2.6	10.0	4.1

District/Indicator	Number of beds in MPHAT per 1,000 people (2013)	Number of people per general practitioner (2013)	Number of people per specialist in Internal Medicine (2013)	Number of people per specialist in Cardiology (2013)	Infant mortality rate, ‰ (2013)	Number of people hospitalized in MPHAT per 1000 people (2013)	Health insured persons as share of population, % (2013)
Blagoevgrad	2.9	1 654	8 865	12 274	7.6	169	84.9
Burgas	3.0	1 909	6 577	9 635	6.3	166	83.2
Varna	3.5	1 553	6 580	4 512	4.2	178	83.2
Veliko Tarnovo	3.1	1 728	7 210	8 412	7.6	147	82.2
Vidin	3.8	1 322	6 032	8 773	10.7	162	88.4
Vratsa	4.6	1 579	5 000	12 856	5.8	227	87.4
Gabrovo	4.8	1 547	4 412	7 941	9.4	261	92.7
Dobrich	2.9	1 354	8 836	9 278	9.3	134	84.0
Kardzhali	4.0	2 396	8 387	16 775	7.7	176	100.4
Kyustendil	4.9	1 462	6 924	8 222	7.6	238	90.5
Lovech	4.1	1 469	5 694	7 192	16.5	220	88.5
Montana	5.0	1 426	7 924	10 971	8.4	260	86.1
Pazardzhik	5.9	1 582	5 104	10 019	11.1	279	82.6
Pernik	2.3	1 560	4 316	64 734	5.3	103	87.5
Pleven	6.3	1 250	7 462	4 281	6.5	309	88.2
Plovdiv	6.0	1 567	6 058	5 654	8.3	353	86.5
Razgrad	4.3	2 428	7 586	20 230	8.0	232	89.3
Ruse	3.6	2 006	9 612	6 990	7.0	185	86.6
Silistra	3.9	1 977	10 602	23 325	5.9	202	84.9
Sliven	4.2	1 216	8 847	8 110	12.8	221	84.4
Smolyan	3.9	1 588	14 686	9 037	6.5	197	90.0
Sofia (city)	4.3	1 527	5 779	3 808	4.7	224	85.2
Sofia	4.6	1 767	6 207	5 763	6.5	252	84.8
Stara Zagora	4.7	1 406	6 450	7 310	9.6	205	88.4
Targovishte	4.9	2 150	9 096	23 651	2.7	257	85.8
Haskovo	3.2	1 603	6 871	10 021	7.2	198	86.2
Shumen	2.8	1 767	11 152	5 756	12.9	148	87.5
Yambol	3.1	1 640	6 732	7 106	9.4	168	88.8



# Environment

District/Indicator	"Emissions of carbon dioxide, tonnes per sq. km. of the territory (2012)"	Household waste collected per capita of serviced population, kg/person/year (2012)	Share of population living in settlements with public sewerage systems, % (2012)	Share of the population with access to sewerage connected to waste water treatment plants, % (2012)	Quality of environment according to the population, rating 1 through 5 (2014)
Blagoevgrad	20.8	283	77.35	26.3	3.5
Burgas	86.9	484	75.54	60.7	3.2
Varna	1 284.1	309	86.09	86.1	3.1
Veliko Tarnovo	119.2	371	66.41	44.2	3.4
Vidin	231.7	314	56.22	0.0	3.1
Vratsa	105.2	217	55.46	32.4	3.1
Gabrovo	35.3	363	85.10	66.7	3.4
Dobrich	4.3	407	70.74	70.7	3.2
Kardzhali	3.5	197	43.94	4.0	3.3
Kyustendil	739.8	440	73.81	60.6	3.5
Lovech	115.5	466	63.83	41.1	3.4
Montana	5.8	290	58.48	34.0	3.1
Pazardzhik	48.7	387	69.83	27.2	3.3
Pernik	257.0	1 446	79.07	74.1	2.9
Pleven	50.6	408	56.47	41.0	3.1
Plovdiv	151.0	396	79.48	54.3	3.1
Razgrad	39.0	382	41.86	41.9	3.4
Ruse	304.4	366	67.49	63.9	3.3
Silistra	17.5	321	51.73	0.6	3.3
Sliven	78.5	303	65.23	57.6	3.3
Smolyan	5.3	332	69.05	39.1	3.6
Sofia (city)	1 239.0	439	95.40	95.4	3.1
Sofia	20.5	207	75.53	29.1	3.1
Stara Zagora	4 252.6	341	71.21	61.0	3.2
Targovishte	88.7	257	55.67	44.1	3.3
Haskovo	150.3	320	71.34	46.7	3.3
Shumen	26.1	259	59.53	44.8	3.3
Yambol	12.9	263	70.12	3.6	3.3

\* The latest available data are from 2010.



# Social Environment

District/Indicator	Number of registered crimes against the person and property (2013)	Useful floor living area in urban and rural dwellings, sq.m / perso (2012)	Relative share of population living in households with low work intensity, % (2011)	Relative share of population living in material deprivation, % (2011)	Relative share of people living below the district's poverty line, % (2011)	Life satisfaction, rating from 1 through 5 (2014)	Visits to the theatre, thousand (2013)	Visits to the cinema, thousand (2013)
Blagoevgrad	2 465	26.8	2.8	28.5	12.4	3.5	41.9	103.0
Burgas	6 044	35.1	8.8	43.8	17.6	3.5	131.5	350.0
Varna	6 526	28.9	10.0	47.9	22.7	3.4	103.4	548.0
Veliko Tarnovo	1 897	32.2	12.6	61.9	19.7	3.4	31.0	100.0
Vidin	969	40.7	31.1	56.4	34.1	3.3	32.5	0.0
Vratsa	2 223	32.3	13.6	39.1	20.5	3.3	41.8	0.5
Gabrovo	1 145	35.3	11.3	44.4	17.6	3.4	38.3	18.3
Dobrich	1 768	31.0	6.4	32.6	23.4	3.4	45.4	5.3
Kardzhali	489	32.4	4.4	49.2	21.3	3.3	24.0	0.0
Kyustendil	1 440	36.5	16.2	52.9	19.3	3.5	18.3	8.9
Lovech	810	36.8	14.4	62.5	15.7	3.4	25.5	0.0
Montana	1 250	34.7	18.9	23.3	24.9	3.3	9.6	0.0
Pazardzhik	1 897	27.1	23.1	52.9	29.4	3.4	33.3	0.0
Pernik	1 398	37.0	11.1	48.4	17.0	3.3	8.9	0.0
Pleven	3 068	30.4	13.2	45.9	17.5	3.4	36.7	55.9
Plovdiv	5 612	27.8	8.1	43.3	20.7	3.4	169.5	521.6
Razgrad	748	27.2	23.3	50.9	19.2	3.4	31.3	0.0
Ruse	2 408	27.5	8.0	35.2	17.0	3.5	118.7	175.3
Silistra	547	27.3	4.4	36.9	19.5	3.4	22.4	0.0
Sliven	1 806	26.7	18.8	53.9	32.0	3.3	69.5	29.5
Smolyan	351	33.3	17.2	44.4	25.5	3.5	0.0	0.0
Sofia (city)	20 483	25.9	6.8	32.4	18.4	3.5	837.1	2 611.3
Sofia	2 561	37.6	11.8	47.2	16.4	3.3	0.0	15.0
Stara Zagora	3 151	29.2	17.1	57.9	24.0	3.5	114.9	194.2
Targovishte	765	29.8	22.0	60.1	21.2	3.4	56.7	4.3
Haskovo	1 787	30.1	14.4	47.3	19.0	3.4	57.3	12.8
Shumen	1 275	26.7	14.1	49.3	23.5	3.4	29.6	0.0
Yambol	1 081	29.6	10.5	62.8	16.9	3.3	48.9	7.6



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