

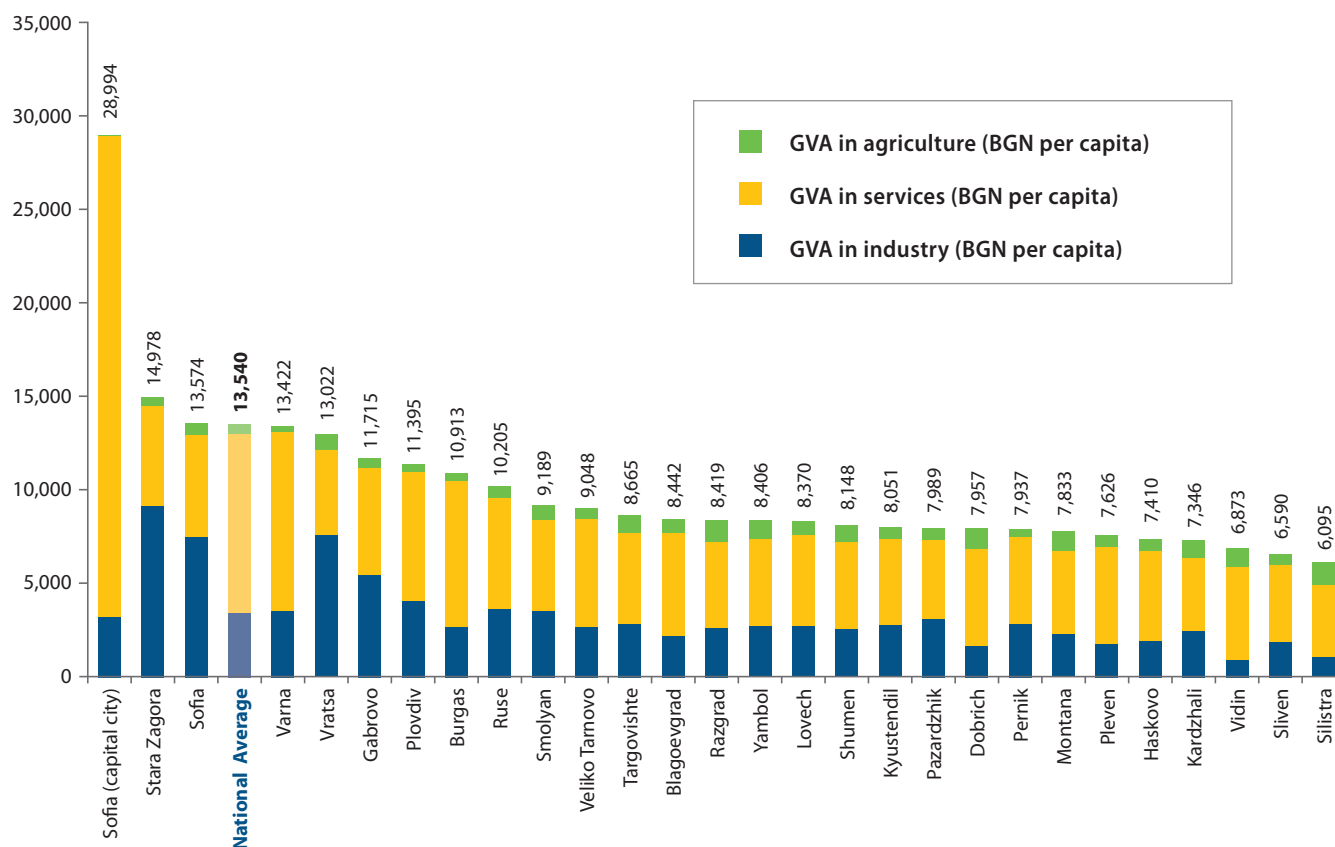
Regional profiles 2020: Indicators on the Eve of the Pandemic

ECONOMIC DEVELOPMENT

The economic development in each of Bulgaria's districts during 2020 was shaped by the impact of the pandemic. The country entered the year of COVID-19 with very good economic indicators. A stable growth of 3-4% between 2015 and 2019 had brought about record employment rates, as well as stable salary increases in practically all of the country's districts. Gross added value in the country's largest districts – Sofia (capital city), Plovdiv and Varna – rose by nearly 10% (2018 data). On the eve of the pandemic the processes of transformation of the country's economy were stimulated by the transformations in industry, which moved in a direction towards higher added value, and by the growth of the digital sphere in the largest economic centers.

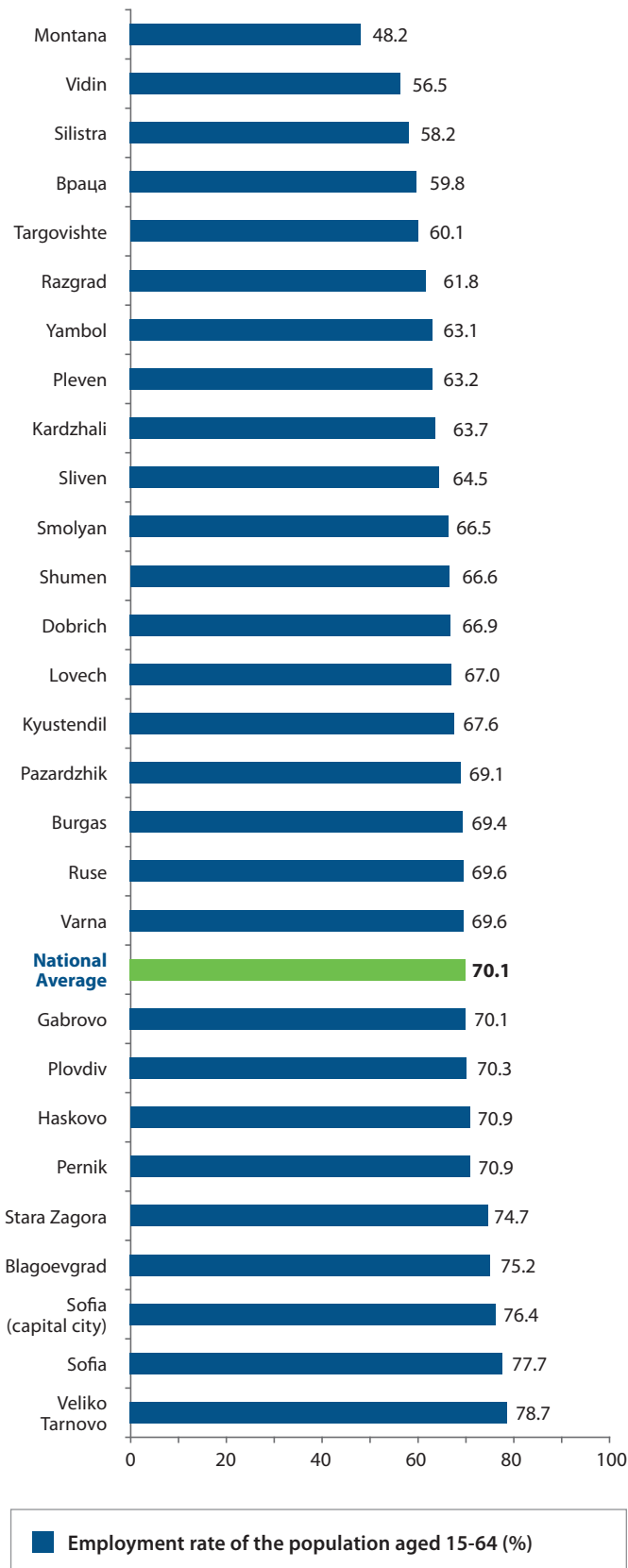
Gross value added (GVA) per capita varied between nearly 29,000 BGN in Sofia (capital city) and under 7,000 BGN in Silistra, Sliven and Vidin (Figure 1). The difference between Sofia (capital city) and the lowest ranking districts was four-fold, while across the country (minus the capital city) it could be more than two-fold. There were differences in the districts' economic profiles. Sofia (capital city) was dominated by the service economy which generated 89% of the added value. The tourist focus of Varna and Burgas also entailed serious dominance of the services in these leading seaside districts, which accounted for a whole 71% of the value added there. In terms of industry's contributing share to the value added, the strongest industrial regions in Bulgaria were Stara Zagora, Vratsa, Sofia and Gabrovo.

Figure 1. Gross value added per capita by district in 2018



Source: NSI, calculations by IME.

Figure 2. Employment rate of the population in 2019 by district (%)



Source: NSI.

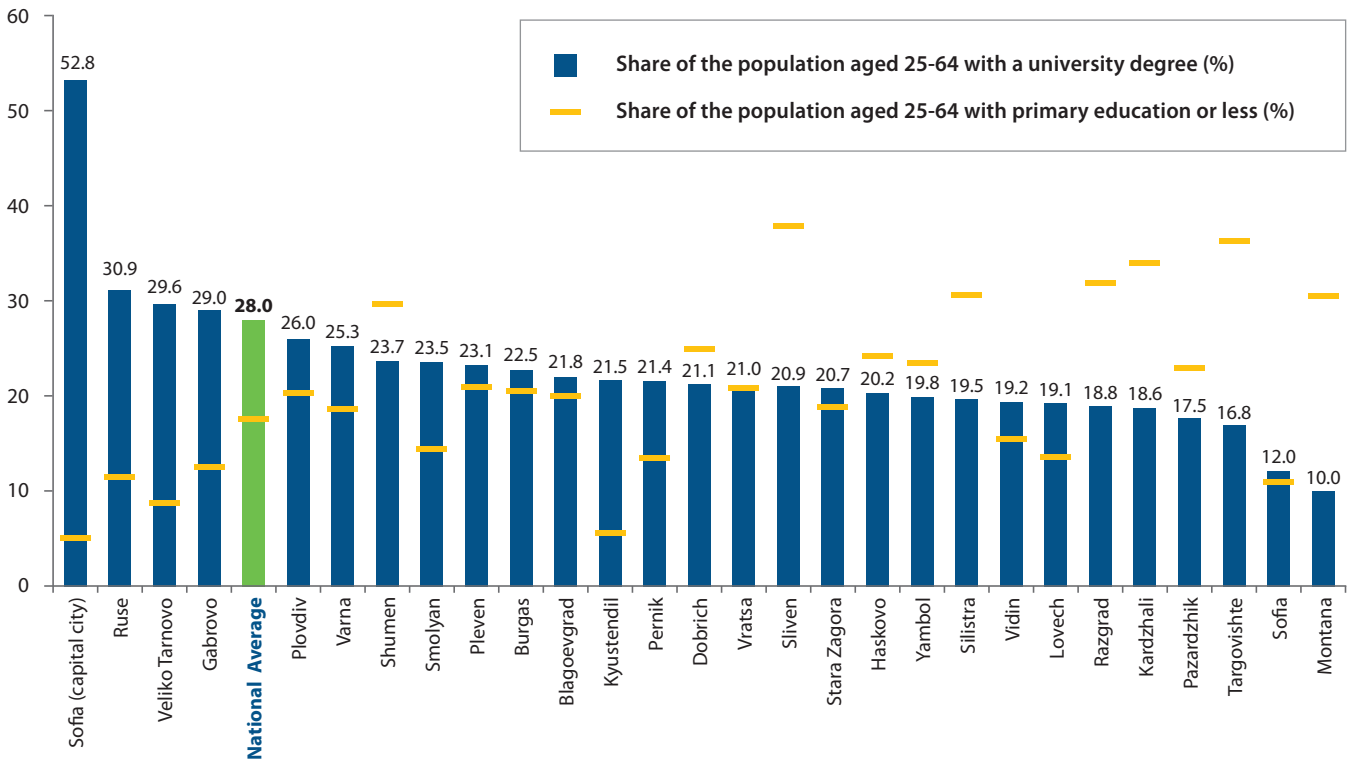
In Stara Zagora and Vratsa this was due to the presence of the largest energy companies, in Sofia – that of industrial enterprises in its wider periphery, and in Gabrovo – its traditional industrial profile.

The annual employment rate of the population aged 15-64 averaged over 70% in 2019 (Figure 2). In Sofia (capital city) the employment rate rose slightly to reach 76.4%. The effect of the upsurge in and around the capital is visible in the data for the district of Sofia which registered record growth in employment over the previous three years to reach 77.7% in 2019. The other district with very strong dynamics is Veliko Tarnovo, which reported the highest employment rate in the whole country for 2019 – 78.7%. At the opposite end are some of the poorer northern districts. The lowest employment rate in 2019 was registered in Montana – 48.2%, with the district even marking a drop between 2017 and 2019. The employment rate remained low in Vidin (56.5%), Silistra (58.2%) and Vratsa (59.8%).

The unemployment rate of the population aged 15+ during 2019 was below 5%. Among the various districts, however, unemployment varied from 2-3% in Sofia (capital city), Plovdiv and Varna to around 20% in Vidin and Montana. In all of the country's districts, however, unemployment rose in 2020 due to the pandemic and the enforced restrictions. Recovery of the economic activity and the jobs lost in the pandemic is one of the major challenges facing the regions in the current year. The workforce profile will be the key factor both in the economic recovery and the processes of transformation of the national economy. The districts with the better qualified workforce will be better placed for a return to the pre-pandemic trajectory of growth and for moving towards a higher value-added economy (Figure 3).

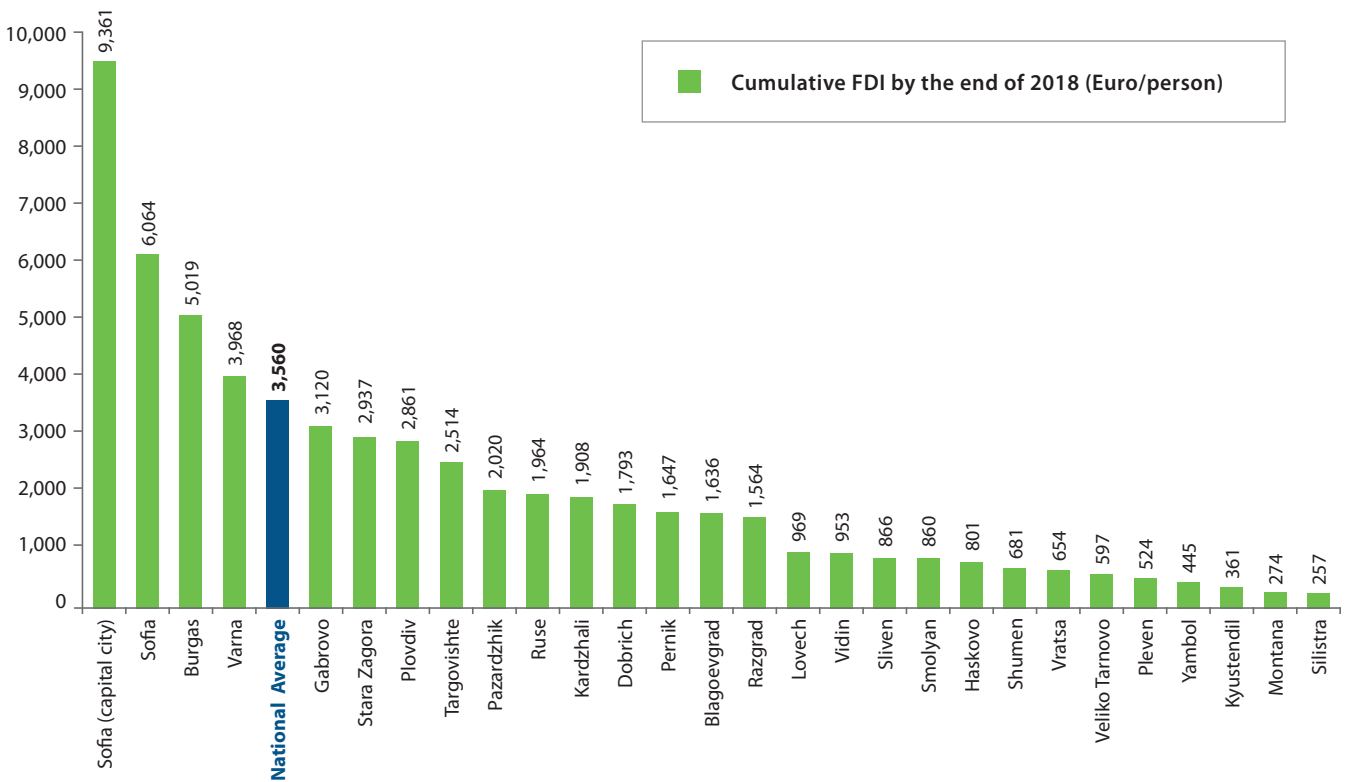
Investment activity remains concentrated in the leading economic centers. Thus, over 70% of cumulative FDI and over 60% of FTA acquisition expenditure by non-financial enterprises have been recorded in Sofia (capital city), Plovdiv, Varna, and Burgas. Though to a lesser extent, the districts of Sofia, Gabrovo and Stara Zagora were also well placed in terms of FDI. In spite of the large differences, the so-called secondary centers have also shown a strong dynamic trend over the past few years. Industrial investment in districts such as Shumen and Targovishte in the north-east and Kardzhali and Haskovo in the south, as well as the arrival of IT companies in the Ruse and Veliko Tarnovo districts have raised the level of economic activity outside the large centers (Figure 4).

Figure 3. Educational structure of the workforce by district in 2019



Source: NSI, calculations by IME.

Figure 4. Foreign direct investment in the non-financial sector by region in 2018



Source: NSI, calculations by IME.

SOCIAL DEVELOPMENT

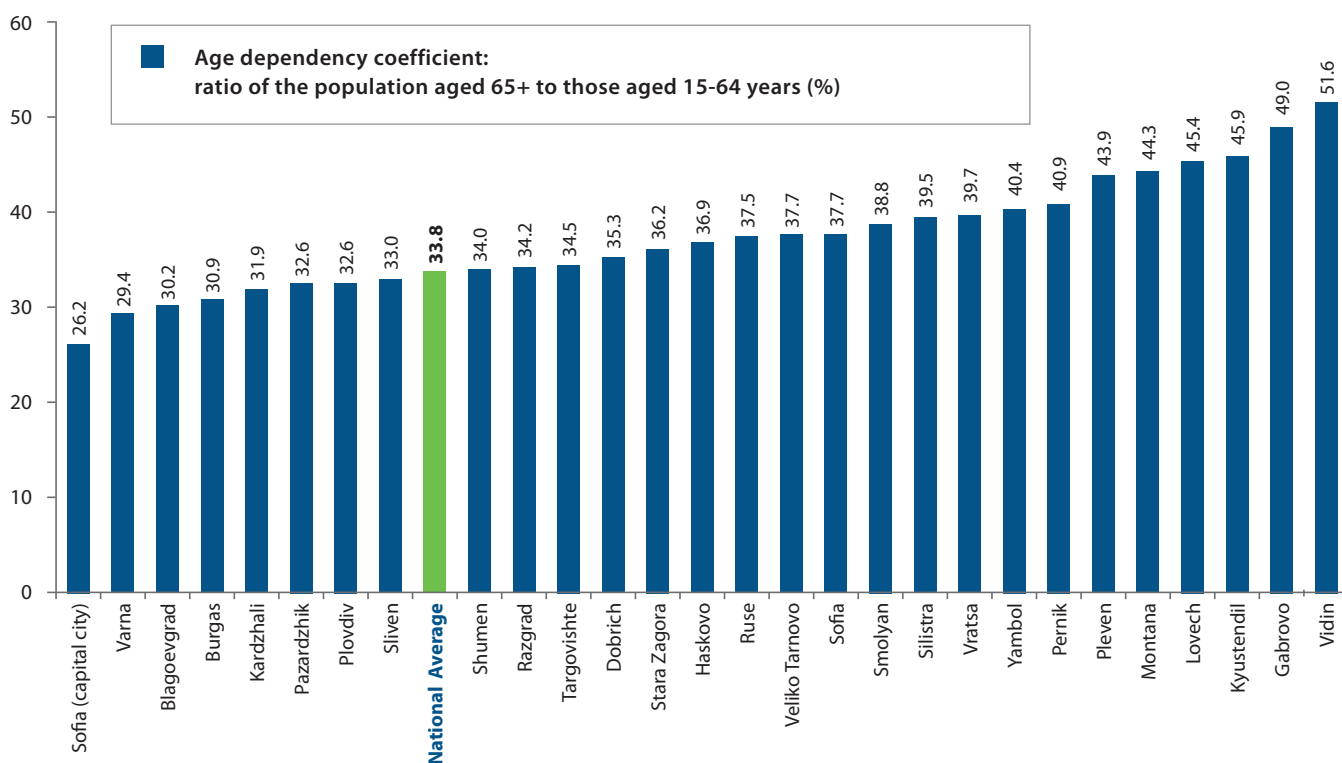
Demographic processes in Bulgaria continue to function as a factor limiting development. Population numbers are still on the decline, with the elderly (aged 65+) already reaching over 1/3 of the working-age population (aged 15-64). In Sofia (capital city) people aged 65+ are 26.2% of the total working-age population, while in Vidin and Gabrovo the elderly constitute 51.6% and 49.0% respectively of those aged between 15 and 64. Almost every region has registered negative demographic indicators, with only two exceptions. One is that of Sofia (capital city) where population is still growing thanks to the immigration of active young people. The other is Kardzhali district which has managed to increase its population over the past few years, not only in the district center but also in almost all the municipalities across its territory (Figure 5).

In the field of education, interesting trends are still noticeable. Despite the impact of the pandemic and the temporary transition to online learning in schools, the same general tendencies and regional differences apply. The districts of Sofia (capital city)

and Smolyan still register the best performance of school graduates at the matriculation exam in Bulgarian language and literature, with average grades in 2020 of 4.63 and 4.53 respectively. Ranked below them are Varna, Plovdiv, Gabrovo and Veliko Tarnovo. The bottom of the scale, with average grades below 4.00, is occupied by Shumen, Kardzhali, Silistra, and Targovishte. In 12 districts over 10% of those who sat the matriculation exam scored grades below 3.00 (Figure 6).

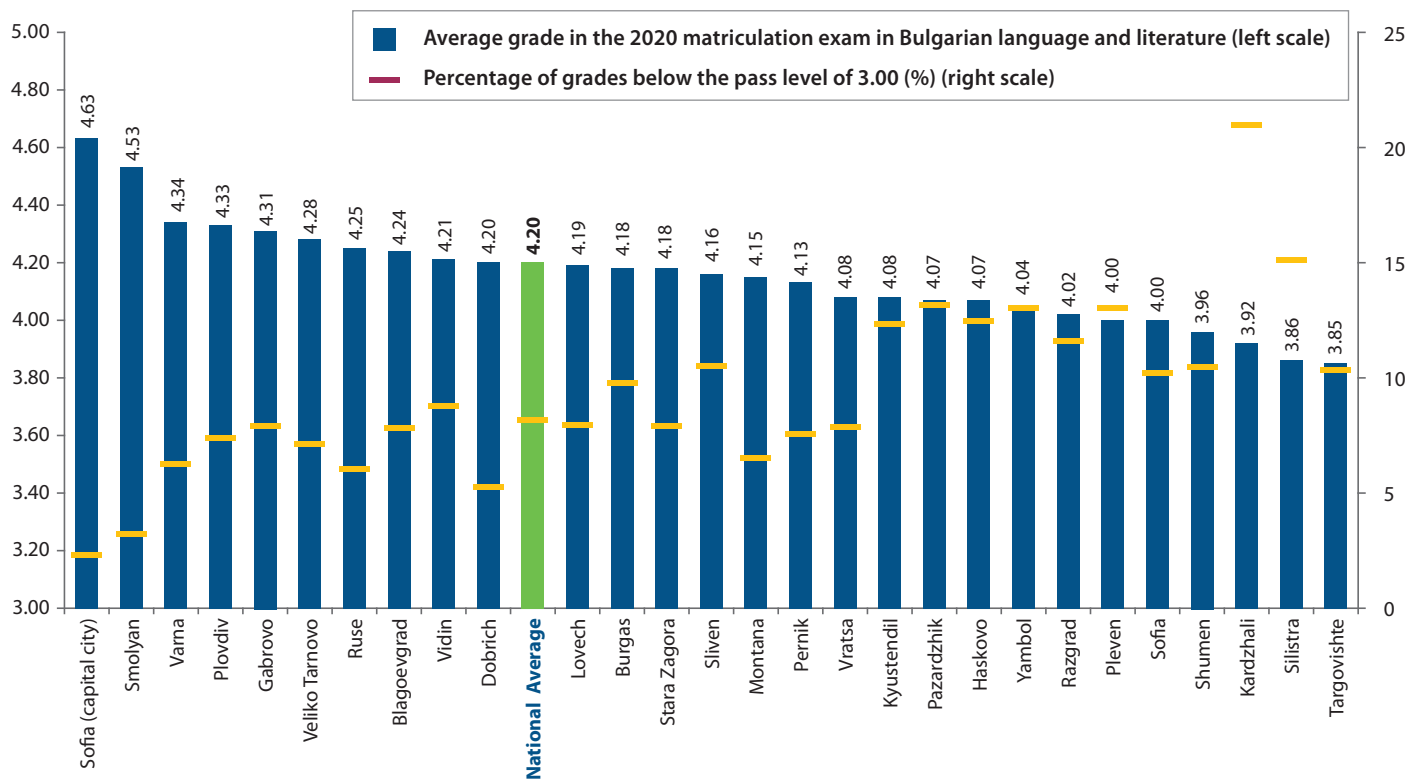
The 2020 pandemic gave special prominence to the area of healthcare. Data such as the number of hospital beds and access to physicians became the crucial indicators for the quality of life in the different regions. Regional differences in the area of healthcare are especially visible when seen through the perspective of access to specialist physicians (Figure 7). While in some regions – Pleven, Sofia (capital city), Plovdiv and Varna – under 400 persons were served by one specialist doctor, in others – Kardzhali, Yambol and Dobrich – one specialist physician served some 700 persons (2018 statistics). The number of hospital

Figure 5. Age dependency ratio by district in 2019



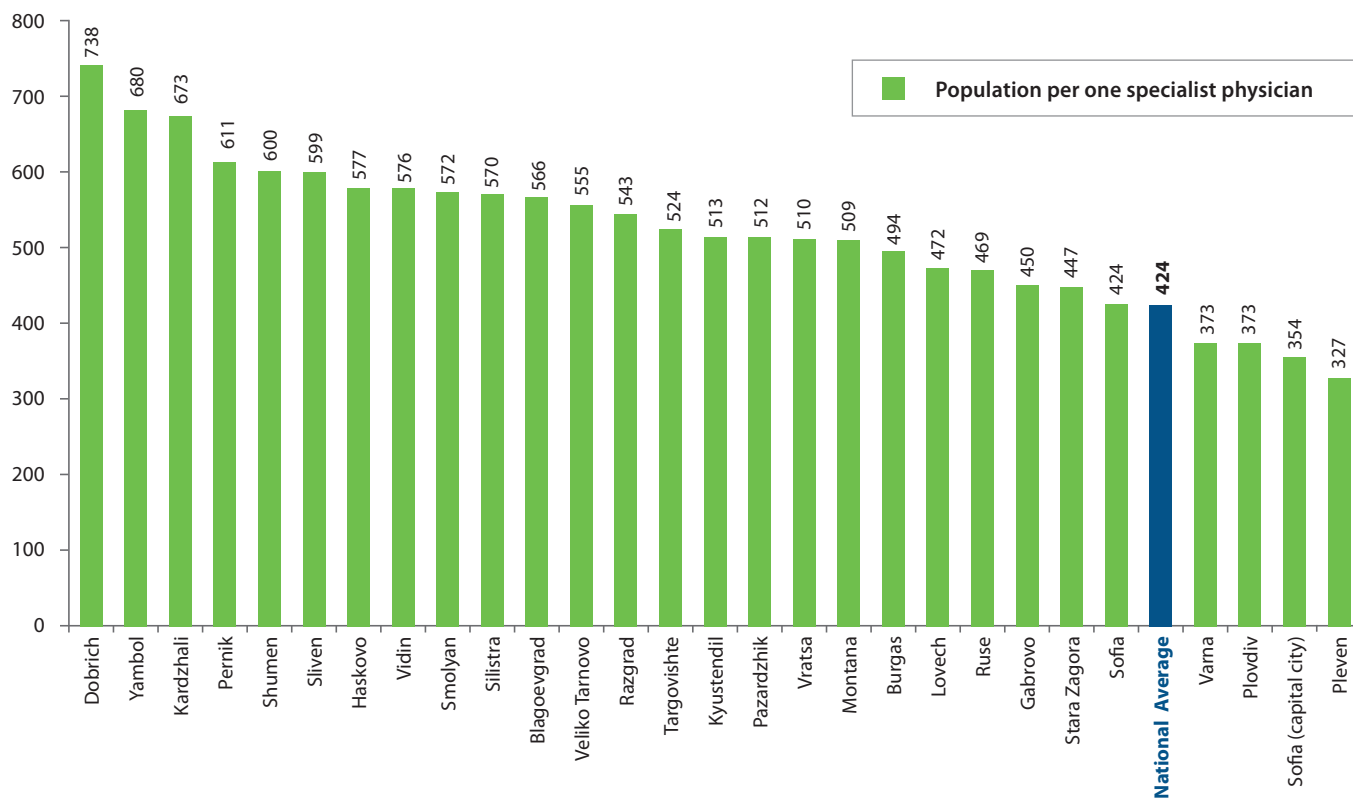
Source: NSI, calculations by IME.

Figure 6. Average grade in the 2020 matriculation exam in Bulgarian language and literature



Source: MES, calculations by IME.

Figure 7. Access to specialist physicians in 2018 by district



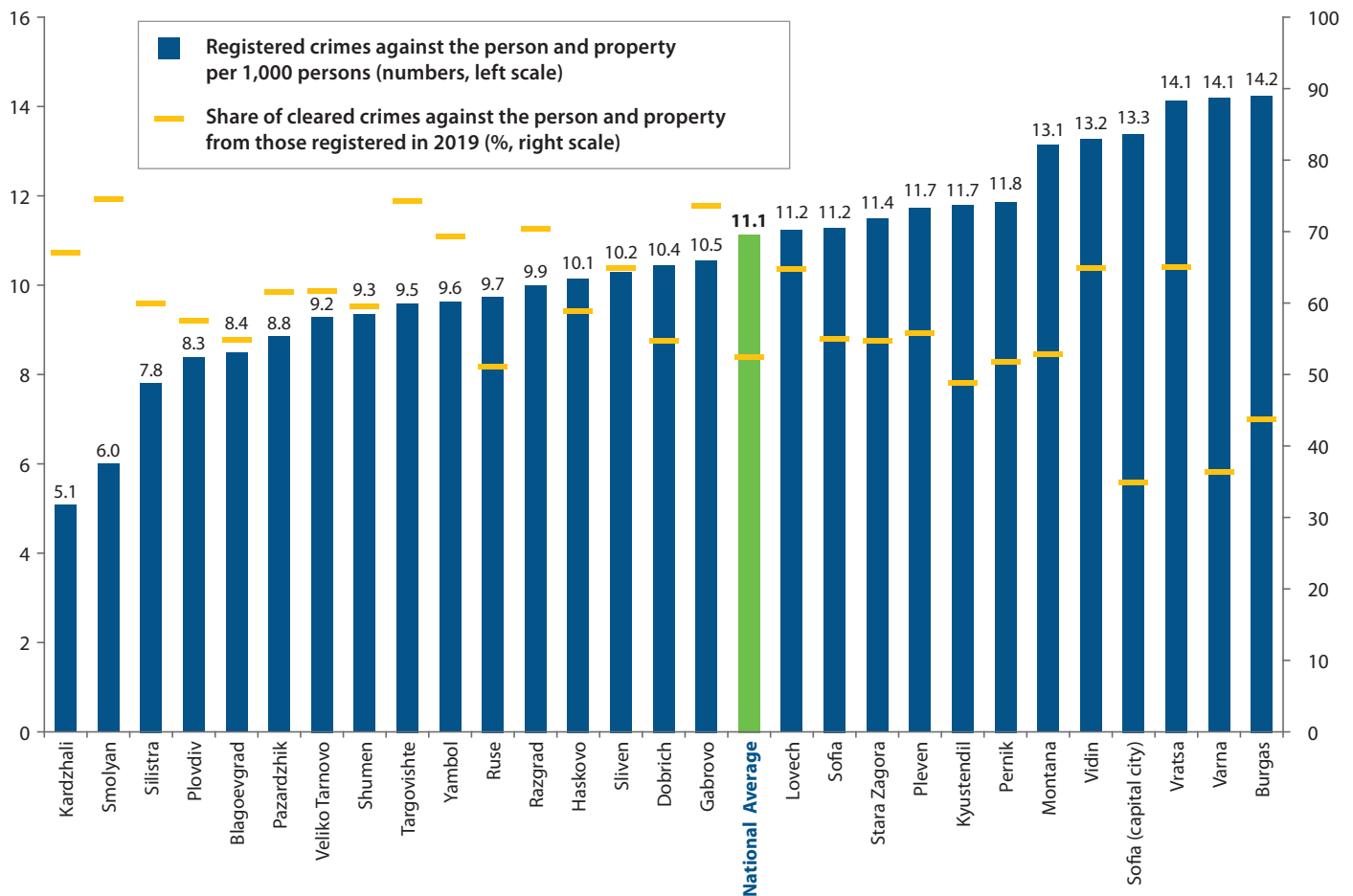
Source: NSI, calculations by IME.

beds also varies from over 9 beds per 1,000 persons in Pleven to some 3 beds per 1,000 people in Dobrich, Shumen and Veliko Tarnovo.

Over the past few years, the country has witnessed a drop in the number of registered crimes against the person and property. In 2019, Kardzhali and Smolyan were the safest districts with some 5-6 crimes against the person and property per 1,000 persons. In Smolyan, too, the detection rate was the highest in the country – over 74% of the crimes registered during that same year were cleared. Sofia (capital city), Varna and Burgas are districts notable for the high rate of crimes against the person and property – some 13-14 per 1,000 persons, and for the lowest detection rate: under 50% of the crimes registered throughout the year. It is worth pointing out that some of the country’s districts, such as those in the Northwest, traditionally report higher crime rates (Figure 8).

In 2020, the pandemic impacted both the economic and the social indicators of Bulgaria’s districts. The decline in economic activity will be reflected in the district-level statistical macro-data for production volume, added value, investment and employment. Regarding social development, changes will inevitably occur in the indicators for healthcare because of its position at the forefront against the corona virus pandemic, as well as in those for demography, mostly because of the higher mortality rates but also due to the return of Bulgarians from abroad and the rise in current address registration in smaller settlements. Changes are also likely to occur in education and culture due to the completely different conditions in which they were functioning in 2020. The next edition of Regional Profiles: Indicators of Development will face the challenge of recording all nuances in the social and economic development of the regions during the pandemic.

Figure 8. Registered crimes against the person and property and detection rate in 2019



Source: SJC, calculations by IME.