# REGIONAL PROFILES:
## INDICATORS OF DEVELOPMENT

Sofia 2013

# Regional Profiles:

## Indicators of Development

Institute for Market Economics
Sofia 2013

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Regional Profiles: Indicators of Development

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# Content

AMERICA FOR BULGARIA
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Фондация Америка за България

The America for Bulgaria Foundation is proud to sponsor the publication of 'Regional Profiles: Indicators of Development', now in its second edition. The positive feedback we received on the first edition, published in 2012, adds to our confidence that this comprehensive and up-to-date picture of regional development in Bulgaria will provoke wide interest among citizens, businesses and media outlets. We also hope it will assist government agencies in their strategic planning.

'Profiles' highlights the economic and social achievements of each of Bulgaria's 28 districts as well as pinpoints the challenges. It demonstrates the strong impact that public policies – good or bad – have on local economies, the business environment, labor markets and standards of living.

The second edition is published at an important moment. The Bulgarian government currently is in the process of developing the documents that will lay the basis for Bulgaria's utilization of more than 6 billion euros between 2014 and 2020 under the EU Cohesion Policy. We hope that the wealth of data and analyses presented in this volume will be a useful reference to Bulgarian authorities as they develop policies aimed at the sustainable development of the economy.

The America for Bulgaria Foundation is pleased to work with the Institute for Market Economics on the 'Profiles'. We hope that this annual publication will advance and strengthen a vibrant market economy in Bulgaria as a centerpiece in the missions of both institutions.

**Patrick H. Bracken**

President of America for Bulgaria Foundation

# Acknowledgments

*We of the Institute for Market Economics' team would like to extend our sincerest gratitude to the America for Bulgaria Foundation for the assistance and financial support provided to the Institute's long-term effort within the sphere of regional development. The Foundation's team did not just provide the funding for this publication, but from the very onset it embraced the idea of this type of study, and actively participated in the working process. Without their support, this publication would not have happened.*

*Special gratitude is due to our partners from Regiostat who worked side by side with us throughout this project and made substantial contribution to this publication. Our work on methodology, statistical analysis, and clustering of districts would have been very difficult without their help. The Pragmatica Agency did a great job conducting the sociological survey and presenting the results in a timely manner.*

*We are grateful as well to the members of the project's Advisory Board, whose comments and critique have been of great benefit and improved this publication: Prof. Vesselina Troeva, Ph.D. Arch. (National Centre for Regional Development PLC), Dr Docho Mihaylov (Agency for Socio-Economic Analysis Foundation), Dr Evgeni Evgeniev (World Bank), Lachezar Bogdanov (Industry Watch Group Ltd.), Nadezhda Yarlovska, Dipl. Eng. (National Centre for Regional Development EAD), Ass. Prof. Dr Neno Dimov (Kliment Ohridski Sofia University), Olga Chugunska (Bulgarian Chamber of Commerce and Industry), Tsvetan Simeonov (Bulgarian Chamber of Commerce and Industry), and also to Lenko Lenkov (America for Bulgaria Foundation) and Mariya Zlatareva (UNDP Bulgaria) who participated in the Advisory Board as observers. We would also like to thank the team of the Bulgarian Institute for Legal Initiatives Foundation for the advice on all indicators and issues in the field of justice.*

*We feel obliged to the Bulgarian Chamber of Commerce and Industry (BCCI) for the overall support for the project. Regional BCCI representatives met our teams in most districts across the country, and the discussions we had were very informative and useful. We are grateful to all those we met with during our travels around districts and who helped us make sense of the raw data on regional development.*

*We are extremely grateful to Ass. Prof. Dr Yordan Kalchev, Ph.D. for the great scientific editorial work resulting in this publication. Despite pressing deadlines, Ass. Prof. Dr Kalchev managed to eliminate some inaccuracies in the publication, and his comments resulted in a much improved text. Any inaccuracies or errors in this publication are entirely our responsibility.*

*Gathering the necessary information for this study was not just an adventure but required a lot of hard work by our team. We are grateful to the National Statistical Institute for the collaboration that, in spite of some difficulties, finally paid off and we obtained all data we needed. We appreciate the assistance of nearly 230 municipal administrations that responded to the questionnaire on the level of local taxes and fees, the stage of development of electronic services and the one-stop-shop principle. We believe that in the future editions, we will have reasons to thank also all the remaining municipalities which were not as helpful and actually violated the Access to Public Information Act.*

*Finally, we would like to thank all the professionals who worked on the print edition of Regional Profiles and on the dedicated website of the project: our partners from MTR Design did excellent work on the website, and the Neda Art team provided yet another pleasant surprise with the original ideas for the cover and the layout of the print edition, as well as with its excellent performance.*

*Institute for Market Economics*

# Foreword

This year's edition of „Regional Profiles: Indicators of Development of Development" aims to provide objective, timely and comprehensive information on the development of Bulgarian regions. The publication aims to paint as complete a picture as possible, covering both the economic and social aspects of life in the regions.

Last year's edition attracted great amount of interest and was very positively appreciated, which convinced us of the need for such a study focused exclusively on the regions. We also received many constructive critical remarks; these further motivated our team and were, for the most part, reflected in the present publication.

Regions are subjected to overview at the level of administrative districts (oblasti); this division was determined by the available data. Going down to the municipal level and preparing 264 profiles would not only be an enormous task but also quite impossible since much of the data is either not available or does not make much sense at the municipal level.

The profiles of Bulgaria's 28 districts cover eight categories, each of which is related to the quality of life and the level of development of those regions: Economy, Taxes and Administration, Infrastructure, Demographics, Education, Healthcare, Environment, and Social Environment. You will find all about these categories, indicators and sources of information in the description of the methodology applied during this survey, and at the end of the booklet you will find some of the main primary data.

It is our belief that this publication will contribute to a deeper understanding of the regional development, and will justify interest in the topic. The analysis of available statistical data, the results of field studies undertaken and the interviews held by the team of the Institute for Market Economics (IME) in each administrative district revealed a very colourful picture of regional development, and we tried to reflect it in the Profiles as much as possible.

The main highlights of this publication have been included in the Executive Summary; it also outlines the types of regional profiles according to their socio-economic situation and development. The publication is accompanied by thematic analyses on the types of regional profiles according to their socio-economic situation and development, development factors at the district level, regional labour markets, and local tax policies.

The Regional Profiles are intended for everyone interested in regional development, and we hope that this publication will provoke fresh debates at the local level and will become the foundation for informed policies, as well as an incentive for competition between local authorities. A competitive environment provides people with a choice and drives development; this fully applies to the development of regions across the country.

This survey is a part of the IME's long-term effort, so in the coming years, new editions of the Regional Profiles will follow. Interactive information that is even more complete and up-to-date than the data contained in the print edition is available on the specialised website of the project at

**www.regionalprofiles.bg.**

# Executive Summary

The second edition of "Regional Profiles: Indicators of Development" contains the updated socio-economic profiles of the 28 Bulgarian districts plus four thematic analyses: a typology of districts using neural networks, panel analysis of regional development factors, and economic analyses on local tax policy and regional labour markets.

The updated profiles of Bulgarian districts are based on an improved system of socio-economic indicators at district level. No significant changes were introduced while improving the methodology, i.e. the eight categories of economic and social indicators, as well as the analytical approaches, were generally preserved in order to ensure comparability with previous publications. Nevertheless, drawing on our experience with the first edition of Regional Profiles, several indicators were excluded from the database analysed by the project team; these indicators either had questionable quality at district level or provided limited information for the analytical objectives of the survey. At the same time, on the recommendation of the project's Advisory Board and of experts on regional development, the database was enriched by adding several new indicators in the field of infrastructure, healthcare, the environment, business environment, and social environment, in order to achieve greater comprehensiveness, precision, and objectivity of the analysis. For instance, the infrastructure category now includes a new indicator on the quality of the road surface, while the social environment data now provides a composite indicator of culture at the district level.

As in the previous edition, the socio-economic profiles of the districts are based on the latest data available as at 30 June, 2013. The Regional Profiles seek to outline the most significant changes over the past one year (i.e. since the previous survey), and to analyse the long-term processes in each district according to separate categories.

The profiles of districts as presented here lead to the conclusion that recovery from the economic crisis (2009) is still continuing at varying rates in different districts. Expenditures for fixed tangible assets in 2011, although on the increase in most districts, almost without exception failed to reach their pre-crisis rate (2008). The situation with foreign direct investments is even bleaker, as these have been either completely absent or negligibly low in most districts since the onset of the crisis. Since the beginning of the economic downturn, some districts have even reported a net outflow of foreign capital, i.e. the flows leaving the country are larger than incoming flows.

These negative developments have unavoidably affected the labour market. Despite some signs of revival in 2011 and 2012, regional labour markets have not yet overcome the blow dealt by the crisis. The employment rate in 2012 continued to be lower than its pre-crisis levels while unemployment continued to grow, with labour markets in North Bulgaria generally characterized by a more painful recovery.

In spite of the difficult recovery from the crisis, the majority of local administrations and authorities failed to make the necessary effort to improve the business environment. This is the logical conclusion from the deteriorating ratings given by businesses on the operation of local administrations and the increased corruption perceptions in surveys conducted in May 2013, as well as from the relatively conservative approach towards local taxes and charges. The extent of penetration of electronic services provided at the local level and their usability also continue to be a challenge for local authorities. Only in the districts of Veliko Tarnovo, Vratsa, Lovech, and Sofia (capital city), the use of such services has reached or exceeded 50% of respondents, while in some districts it remains at levels below 10%. At the same time, as a country average, municipalities provide a second generation (out of four) electronic services, which corresponds to the one-way interaction between businesses and citizens, on the one hand, and the administration, on the other. There are only very few districts declaring readiness to provide fourth-generation e-services that allow the execution and validation of transactions between the administration and its clients.

Nevertheless the accelerated absorption of EU funds by municipalities under European Union (EU) operational programmes in 2012 managed to make up, to a certain extent, for the diminishing inflow of foreign investments and the weaknesses in the administrations' work. As to EU funds, the absorption rates are also widely varied between districts. Where municipal administrations are more active, the indicators on road infrastructure and water and sewerage networks have improved significantly. For example the progress made on projects for the construction of water treatment plants funded under the Environment Operational Programme, is clearly visible in the indicator „Share of the population living in settlements with public sewerage systems, connected to waste water treatment plants" which is part of the „Environment" category in our survey. According to this indicator, the districts of Ruse, Stara Zagora, Targovishte, and Haskovo made the most considerable progress in 2012, with the completed construction of treatment plants. With regard to road infrastructure, the latest data on the length of the public road network included in the survey is from the end of 2011. It clearly indicates the completion of the Lyulin Highway, which automatically increases the road network density of Pernik District. In view of the progress and completion of the Trakia Highway during the period 2012-2013, the increased density of the road network in the districts through which the newly built sections of the highway pass will be seen in subsequent editions of Regional Profiles.

The negative demographic trends as a result of the low birth rate and negative population growth continued during the past year. Since 2010, not a single district has reported a positive rate of population growth; in most districts the negative growth deteriorated steadily over the period 2010-2012. At the same time, internal migration data indicates that the majority of regions continue to be net donors of labour force, which, combined with the sustainable negative natural growth rate of the population, results in the rapid depopulation and deterioration of the age structure in most Bulgarian districts. The only districts with positive net migration inflow, i.e. those in which the net inflow of migrants from other districts exceeded outflows in 2012 are Sofia (capital city), Plovdiv, Stara Zagora, and Shumen.

Population ageing and the existing incentives for "draining" the state-run health system have understandably affected the usability of health care, which continued to rise in 2012, too, judging by the increasing relative number of hospitalisations in multiprofile hospitals. Nevertheless, more than one fifth of respondents said that they had had to make unofficial payments for healthcare, while nearly one quarter had travelled outside their district to receive medical treatment. The most common reason for such travel is the lack of specialist doctors in the district. Only residents of the districts of Sofia (capital city), Plovdiv, and Pleven travelled considerably less to receive healthcare services.

No significant changes have been observed in the studied indicators on education during the past year. It is, however, worth noting the higher scores from mandatory matriculation exams in the majority of districts at the end of school year 2012/2013. Both a decrease in the share of students who failed the exam and a slight increase in average scores were observed in the majority of districts.

As to the "Social Environment" category, most districts now report lower ratings in two of the three observed indicators for poverty and social inclusion. The share of the poor below the district-specific poverty line has increased in 18 out of the 28 districts according to the latest NSI survey in 2011 (the data in it refers to the year 2010). The relative share of the population living in households with low work intensity, i.e. where the unemployed and the number of people working part-time prevail, increased in 22 of the districts in 2010. These figures are not surprising and can be explained by the sharp deterioration of the labour market in 2010.

Largely anticipated were also the results on the level of satisfaction with various aspects of life in the districts. For example, respondents across the country have declared the lowest satisfaction with their standard of living and income, which is no surprise, given the effects of the crisis on personal incomes and the fact that Bulgaria remains the poorest country in the EU. Infrastructure and security also received relatively low scores. In spite of the widespread weaknesses in the education and healthcare systems, citizens as a whole are rather satisfied with their education and health status. Housing conditions and social life also receive relatively positive evaluations by respondents.

In addition to the detailed socio-economic profiles of each of the 28 districts in Bulgaria, this year's study also contains four thematic analyses. The first analysis provides updated information on the clustering of districts according to their socio-economic situation and development. Although the results for 2013 are methodologically not directly comparable with those for 2012, Sofia (capital city) again differs significantly from all other districts in the country, which determines its separation in a single cluster this year, too. Meanwhile the districts of Razgrad and Silistra have re-confirmed their worst socio-economic situation; however, in 2013 they were also joined by the Sliven District which in 2012 was in the „poor socio-economic condition" cluster. The most developed districts (apart from the capital city of Sofia) remain Varna, Bourgas, Plovdiv and Blagoevgrad; in 2013, they were joined by the Ruse District. In 2012, the latter was part of the "promising development trends" cluster; the positive trends have obviously yielded results. The Gabrovo District continues to report negative development trends; in 2013, the same refers to Smolyan District.

As a whole, the range of profiles characterized by poor socio-economic conditions or negative development trends is much wider than the range of those with good conditions or trends. In practice, no more than three or four districts in Bulgaria can be said to be in a relatively good condition with less pronounced negative development trends.

The second analysis in this year's edition seeks to answer the question "What makes some districts richer and more prosperous while others are poorer and lagging behind?" For this purpose, an econometric model was constructed, based on the standard linear production function. The gross domestic product per capita was selected as an aggregate indicator of the degree of development and welfare of Bulgarian districts. On the side of independent variables several indicators were tested for statistical significance that can be used to approximate the main groups of production factors.

As a whole, the results of the econometric model confirmed the importance of human, physical, and entrepreneurial capital for the economic development of any territory. The share of highly educated population, the level of investment, entrepreneurship and infrastructural connectivity of the territory stand out as important preconditions for prosperity: their variation explains close to three-fourths of the variations in welfare measured by means of the per capita GDP.

In view of the importance of employment for the social status and standard of living, the publication also contains a detailed economic analysis of the trends in local labour markets.

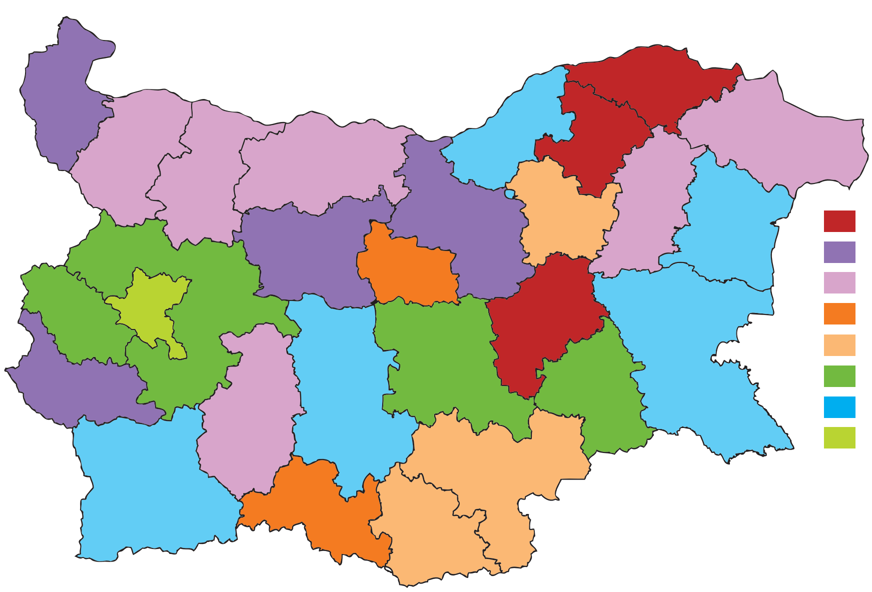



**Figure 1:**
**Typology of districts according to their socio-economic situation and development**

The analysis of regional data shows that the economic crisis has exerted a much stronger negative effect on the labour market in the northern part of the country. In late 2012, five of the country's districts with employment rates below 40% were in North Bulgaria: Vidin, Vratsa, Lovech, Montana, and Silistra. Some of the poorest regions are here, too: Targovishte, Lovech, and Montana are the only three districts where the average annual income per household member is below three thousand BGN. Among the key reasons for the stronger negative shock from the crisis are the unfavourable demographic situation, lower degree of urbanisation in many of the districts, the relatively low inflow of foreign investment and the inadequate level of development of the economy and infrastructure, which in turn has a negative impact on workforce mobility. On the background of the traditionally low wages in many of the districts in the northern part of the country, an additional negative effect on employment in many districts was caused by the administratively imposed increase of minimum social insurance thresholds by individual economic activities during the years of crisis in the labour market.

The analysis also shows that the labour market in South Bulgaria is more sustainable and better balanced. This can be attributed to a number of factors, among them the higher workforce mobility, better age structure of the population and the fact that the economic leaders are located in this part in the country: Sofia (capital city), Plovdiv, Stara Zagora, and Bourgas. The business community's expectations are also for a faster recovery of employment in the southern part of the country.

This year's edition also contains analysis of local budgets and tax policies at the local level, based on the latest data as of mid-2013. The analysis shows that municipal budgets have managed to deal with the impact of the crisis and to consolidate relatively faster than the central government, which can be explained by both the lack of buffers (i.e. reserves) to which municipalities could resort in case of need, and the municipalities' limited own revenues. The lack of buffers and the limited capacity to finance the gaps opened in the municipal budgets have resulted in spending policies which promptly take into account any problems on the revenue side. In 2012, municipalities even reported a small surplus, although their own revenues continue to be below 2008 levels.

At the same time, analysis of the dynamics in local taxation reveals that municipalities have been conducting a more active tax policy; this, however, has failed to result in changes in the structure of revenues and greater independence. Municipal own revenues do not have much in common with the economic developments in the respective area: real estate is being taxed while profits and incomes barely affect local budgets. In practice, the arrival of a major investor does not automatically generate benefits for the local budget, which reduces the incentive for local authorities to work for a better business environment. It is the lack of incentives for development that is the leading argument for more powers and responsibilities at local level.

Overall, this year's edition of „Regional Profiles: Indicators of Development" is based on a series of discussions with experts in regional development and the experience gained in preparing the 2012 edition, which gives us confidence that the resulting product will be a more in-depth and well-grounded analysis of regional development. This publication is also making a first attempt to complement the descriptive analysis with analysis of the potential links between different indicators, i.e. seek an explanation for the phenomena and trends observed. We hope that the fruit of our labour will be again of interest and benefit both to central and local authorities, and to professionals in regional development, the business community, the media, and civil society.

# Types of regional profiles 2013: clustering according to the socio-economic condition and development of districts

Alexander Tsvetkov, Ph.D., Regiostat

## Introduction

The aim of clustering the districts is to identify, and analyse specific groups of districts whose regional profiles are similar.

This process is carried out simultaneously for all indicators characterizing the socio-economic situation and the development of districts by using neural networks.

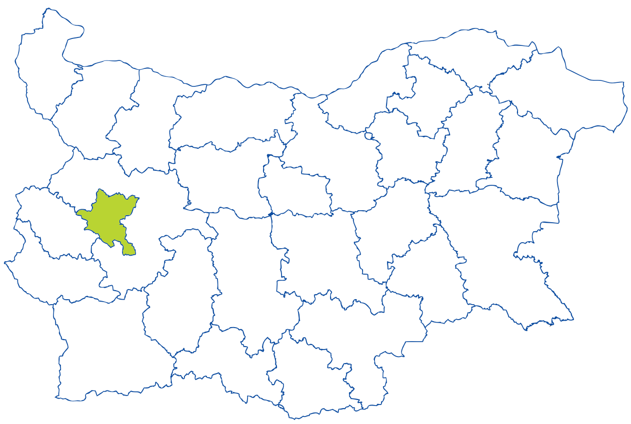
The types of regional profiles identified can be used for a variety of purposes: to identify complex positive or negative developments, to reveal and analyse the reasons due to which the different types of regional profiles have emerged, to formulate general or sectoral policies for a given type of regional profile identical for all districts in the cluster, etc.

## Results

Eight types of regional profiles have been identified. For some of these, the characteristics of the districts falling within each type are substantially similar. For others, such similarity is not as clearly outlined, and in this sense they do not form natural clusters, but they are characterized in the analysis for the purpose of completeness.

## Very Good Socio-Economic Condition: Sofia (capital city)

The district in which the capital city and its adjacent residential areas are situated has been separated into its own cluster and occupies, as would be expected, the top position in socio-economic terms. Sofia (capital) only cedes its "primacy" in certain social areas, e.g. in healthcare.



Sofia District (capital city) reported the largest per-capita GDP in 2010. According to this indicator, the runner-up (Stara Zagora District) reported a value that is 2.3 times lower. Sofia District also features the highest employment rate and highest income per household member.

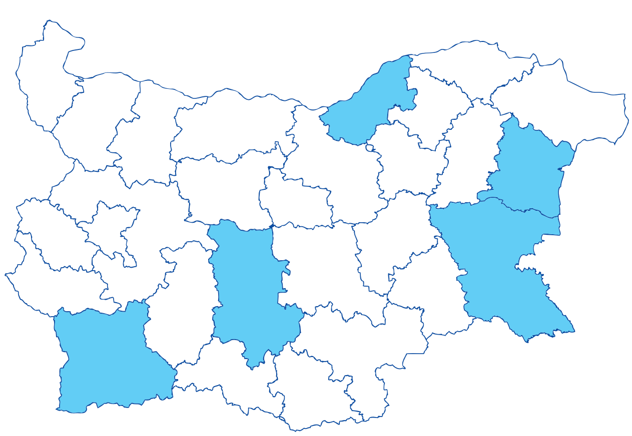
Against the background of such positive economic performance there is the strongly contrasting assessment that Sofia (capital city) is one of two districts with the worst business environment; this is mainly due to the high local tax rates. The tax rate for the annual retail license tax per 100 square metres of net shopping area is the highest in Sofia (capital city): BGN 20 in 2013, i.e. double the average rate for the country. The waste collection charge is also among the highest in the country. This district also receives one of the worst scores awarded by the business community on the level of unofficial payments made.

The capital city is no exception to the negative trends for the entire country in the demographic and economic spheres; here, however, they are relatively less pronounced than in other areas. Sofia (capital city) is the most attractive to migrants, and has reported the highest positive net migration rate of 5.4‰. This district is the only one among all districts in the country with a positive growth of population density.

Developments in the healthcare field in this district are the most negative when compared to other districts. Sofia (capital city) has the largest decline in the number of health-insured residents per 100 people of the population and ranks second in the increase of cases of hospitalisation in multi-profile hospitals for active treatment per 1,000 people of the population.

## Good Socio-Economic Condition: Blagoevgrad, Bourgas, Varna, Plovdiv, and Ruse

The five districts in the cluster enjoy a favourable demographic situation in comparison to other districts in the country. Only Sofia (capital city) has a relative advantage over them in this respect. In two of the districts in the cluster (Varna and Bourgas) the general negative demographic trends valid for the whole country are less pronounced. Sofia (capital city), Blagoevgrad, Varna, and Bourgas have the most favourable age structure of the population measured by the age dependency ratios 65+ to 15-64 year-olds, 22.7%, 24.0%, 24.4%, and 24.5% respectively, against the country average of 28.5%.



The economic situation of the cluster ranks it among the top performing districts. It ranks second only after the Sofia (capital city) cluster. From among the districts in this cluster, Bourgas occupies the position immediately below Sofia (capital city). The districts of Blagoevgrad, Plovdiv, and Bourgas benefit from a better employment rate than the country average, with the employment rate in the district of Blagoevgrad being 6.5 percentage points higher than the national average of 46.6%.

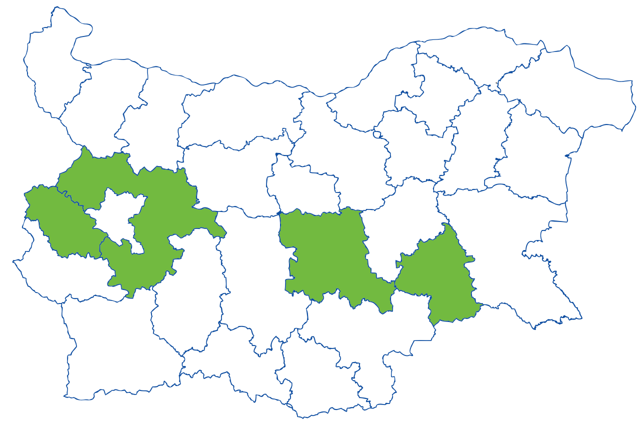
The dynamics of economic development for the cluster, however, is not so pronounced. All five districts feature negative development trends, with the district of Varna suffering from the most negative economic developments over the period as compared to all other districts in the country.

All districts from the cluster, with the exception of Bourgas, report a better condition of the infrastructure compared to the national average.

## Good Development Trends:
## Sofia, Pernik, Stara Zagora, and Yambol

The districts in this cluster are characterized by contrasts in their socio-economic situation.

The infrastructure in all four districts is in better condition than the country average. The density of the road network in Pernik and Sofia is 23.7 and 21.2 km/sq. km respectively, against a national average of 17.6 km/sq. km.



The degree of development of the economy and the educational environment of Sofia District is higher than the national average. The unemployment rate in the district is 6.4% (the lowest value for all districts), against a country average of 12.3%. The relative share of "fail" scores from the matriculation exam in Bulgarian language and literature for the district is 2.20%, with only Sofia (capital city) reporting an insignificantly lower share (2.19%).

Yambol District features the best dynamics of the economy compared to all districts in the country, while Sofia District has the most thriving business environment. Yambol ranks second in terms of increased employment rates and the most intense increase in the number of enterprises per 1,000 of the population: 2.1% against a national average decrease of 1.1%.

Trends in healthcare are positive. Infant mortality in the districts of Stara Zagora, Sofia, and Yambol is decreasing at a rate that is two to three times higher than the rate of decrease for the entire country over the period of concern.

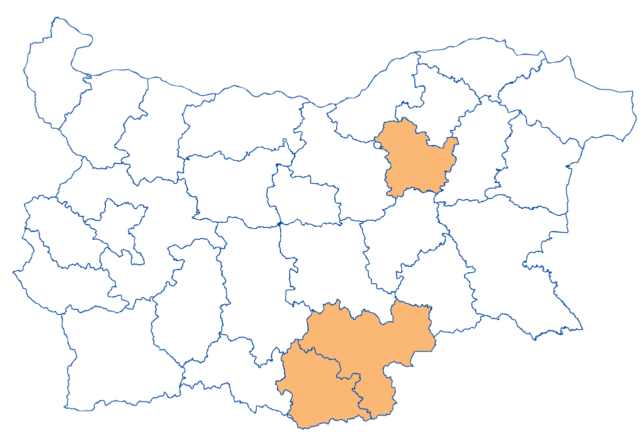
In spite of the positive trends of development, the condition of certain environmental components in some of the districts in the cluster is not good. The districts of Stara Zagora and Pernik are the two districts with the most strongly deteriorating environment in the country. The emissions of carbon dioxide into the atmosphere in Stara Zagora District are 2.8 times higher than the district ranking second according to this indicator (Varna), and 12 times higher than the country average.

## Contrasts in the Socio-Economic Development:
## Targovishte, Kardzhali, and Haskovo

Disparities in development are characteristic of this cluster. With regard to certain aspects of the socio-economic development, this cluster is among the leaders in the country, while for others it is at the very bottom of the ranking.

This cluster shows the best development of the educational system (Kardzhali District ranks first in the country and the remaining two districts are immediately below it). The average matriculation grades in Bulgarian language and literature in the district are the highest (4.60), the country average being 4.26.

Kardzhali District is the national leader in infrastructure development. The relative share of households with Internet access in the district has increased a stunning 24 percentage points (from 29.7% to 54%).

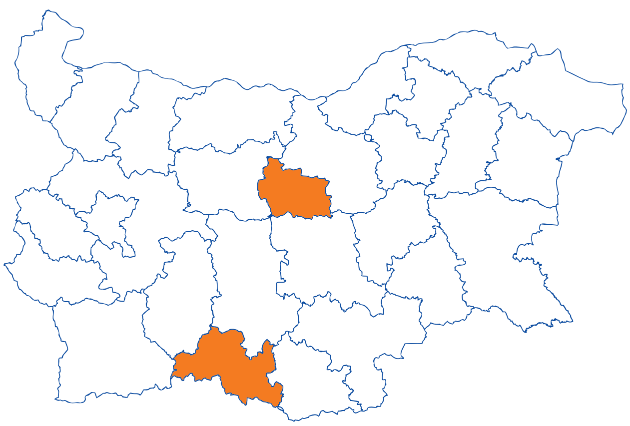


On the other hand, trends in healthcare are negative. The number of population per one specialist in cardiology in the districts of Kardzhali and Targovishte has increased by 19.4% and 15.6%, respectively, compared with an average decrease of 3.3% for the country. The number of population per one physician specialised in Internal Medicine in Targovishte has increased by 22.4%, against a national average decrease of 1%. Targovishte reported the worst state of healthcare: in this district, one general practitioner is in charge of an average of 2,057 local residents, compared with the country average of 1,491 people.

Developments in the business environment are also slipping in a negative direction. The Haskovo District suffers from a severely deteriorated business environment, and has reported one of the strongest negative trends in corruption perceptions according to the business community in the district: an 18% deterioration in the score given.

## Contrasts in the Socio-Economic Condition, Negative Trends: Gabrovo and Smolyan

The socio-economic development of the cluster is negative. The only exception is the development of healthcare. The number of population served by one general practitioner in the Gabrovo District has decreased over three times compared to the country average: respectively by 13.3%, as compared to 4.7%. The infant mortality rate in the Smolyan District has halved. By comparison, the national average decrease was 9.1%.



All remaining areas of development in districts from the cluster have registered negative trends.

Smolyan District reported the worst trends in the development of business environment and a strongly deteriorated economic and demographic condition. The assessment of the quality of the electronic services provided by the district/municipal administration in the district has halved: from 4.8 to 2.5 on a 1 to 5 scale.

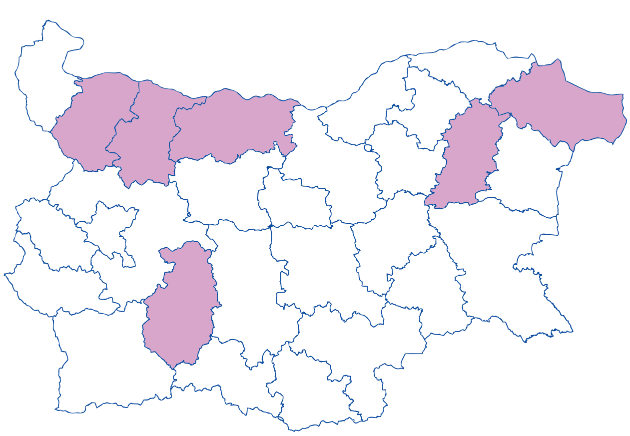
The deterioration of the age structure of the population in the two districts is the most strongly pronounced as compared to all remaining Bulgarian districts. It is manifested by an increase in the age dependency ratios (65+ to 0-14 years of age) by three and two percentage points respectively, against unchanged country-average levels.

The Gabrovo District reported a severely deteriorated demographic situation and development. The district also shows signs of negative trends in the natural environment, social environment, and business environment.

The socio-economic condition of the cluster is characterised by contrasts. On the one hand, the districts benefit from a good condition of the education system (Smolyan being the national leader*)*, the environment, and healthcare (Gabrovo ranks first in the country). On the other hand, their demographic situation is worse than the national average (particularly Gabrovo District), with the age dependency ratio (65+ to 0-14) for the district being 1.6 times higher than that for the entire country.

## Average Socio-Economic Condition, Average Rate of Development: Montana, Vratsa, Pleven, Pazardzhik, Shumen, and Dobrich

The socio-economic condition of districts in this cluster gives them a position that is close to, but still below the country average.



The economic condition of the cluster is below the national average, with Montana District reporting a GDP per capita that is only half that for the country.

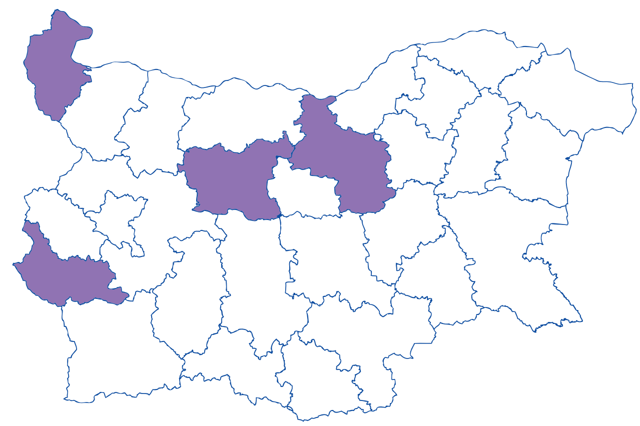
The same applies to education, the environment, infrastructure, and healthcare: the districts in this cluster are close to, but still below the national average. The relative share of the population aged 25-64 years with higher education in districts from this cluster is between 16.8% and 21.7%, while the national rate is 24%. The highest share of population living in settlements with public sewerage systems (70.5%) from among districts in the cluster is that of Pazardzhik District; however, this value is still lower than the country average of 74%. The relative share of households with Internet access in all six districts (from 37.3% to 49.7%) in the cluster is below the national average (50.9%).

The dynamics of socio-economic processes in the cluster is also near the average levels. The share of population living in material deprivation in three of the districts has increased slightly by between 0.3 and 2 percentage points, while for the remaining three districts it has decreased by 0.8 to 7.7 percentage points.

## Poor Socio-Economic Condition: Vidin, Lovech, Veliko Tarnovo, and Kyustendil

This cluster is characterised by the poor socio-economic condition of its constituent districts.

Virtually all districts in the cluster are in an economic and demographic condition that is worse than the country average, with Vidin District reporting the poorest economic and demographic condition from among all Bulgarian districts. The district has the third lowest GDP per capita, equal to half of that for the country, and only 20% of the GDP reported by the leading district, Sofia (capital city). This district also has the lowest employment rate compared to all other districts in the country, with an employment rate of 37%. The age structure of the population in the district is also among the most deteriorated: only Gabrovo District has reported worse results.



The average income per household member in Lovech District is 30% lower than the country average.

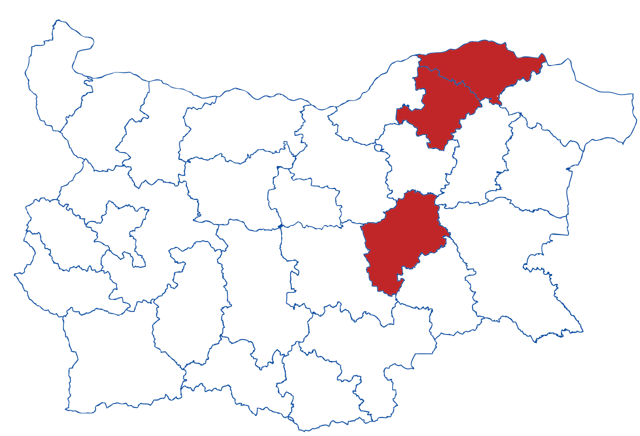
Infrastructure in this cluster is in poor condition. Kyustendil, Lovech, and Vidin are the three districts in the country with the lowest relative share of households with Internet access: about one-third of households, against a 50.9% national average.

All districts in the cluster have reported worse-than-average trends in the development of education and demographics. Lovech, Vidin, and Kyustendil reported a decrease in the share of the population with higher education aged 25 to 64 when compared to national trends. Lovech District reported the largest reduction according to this indicator as compared to all other districts: 5.2 percentage points.

## Very Poor Socio-Economic Condition and Negative Development Trends: Razgrad, Silistra, and Sliven

This cluster is made up of the districts of Razgrad, Silistra, and Sliven. Razgrad District has very pronounced negative demographic trends. Only the districts of Smolyan and Gabrovo have reported worse demographic developments than Silistra District. Razgrad District has the second lowest natural population growth rate and is among the districts with the fastest deteriorating age structure of the population. Silistra District is among the four districts suffering from the fastest depopulation.

The economic situation of these three districts is also characterized by some of the most deteriorating indicators: only two other districts have less developed economies. The Sliven and Silistra districts reported the lowest GDP per capita: only half the national average.



The situation in the field of education is not very different. Sliven District not only has the worst educational environment, but also the most negative trends. On almost all indicators, Sliven District ranks either last or very close to the last position. The group net enrolment rate of the population (grades 5th through 8th) in the district is the lowest in the country. The same applies to the number of teachers per 1,000 students in primary and secondary education. In the districts of Razgrad, Silistra, and Sliven there are respectively two, three, and four university students per 1,000 of the population, while the country average is 38 per 1,000.

## Summary

As a result of clustering using neural networks (Kohonen maps) certain specific types of regional profiles have been identified. The most significant profiles are, as follows:

- The "Very Good Socio-Economic Condition" profile, that only includes Sofia (capital city);
- The „Good Socio-Economic Condition" profile consisting of the districts of Blagoevgrad, Bourgas, Varna, Plovdiv, and Ruse;
- The „Good Development Trends" profile, characterising the districts of Sofia, Pernik, Stara Zagora, and Yambol;
- The „Poor Socio-Economic Condition" profile, covering the districts of Vidin, Lovech, Veliko Tarnovo, and Kyustendil;
- The "Very Poor Socio-Economic Condition and Negative Development Trends" profile (the districts of Razgrad, Silistra, and Sliven.)

As in 2012, the following conclusions are still valid:

1. The analysis of the types of regional profiles and in particular their distribution throughout the country's territory shows that generally, they are not territorially clustered (with some exceptions). The districts of Razgrad and Silistra are adjacent and both located in the peripheral areas of Bulgaria.
2. The range of profiles characterized by poor socio-economic conditions or negative development trends is much wider than the range of those in good condition or featuring positive development trends. In practice, no more than three or four districts in Bulgaria can be said to be in relatively good condition with less pronounced negative development trends.

Although the results of clusterisation in 2013 are methodologically not directly comparable with those from 2012, some trends in the formation of the types of regional profiles can be commented on:

1. Sofia District (capital city) significantly differs from all other districts in the country. This year, again, it forms a separate cluster.
2. The districts of Razgrad and Silistra have confirmed their worst socio-economic situation; in 2013 they were also joined by the Sliven District which in 2012 was in the „Poor socio-economic condition" cluster.
3. The best developing districts, after Sofia (capital city), continue to be Varna, Bourgas, Plovdiv, and Blagoevgrad. In 2013, these were joined by the district of Ruse. In 2012, the latter was part of the "Promising development trends" cluster, and the trends have obviously yielded results.
4. Gabrovo District continues to report negative development trends. In 2013, the same applies to Smolyan District.

# What factors make some districts rich and well-developing while others are poor and underdeveloped?

## 1. Introduction

One of the objectives that we set ourselves in the analysis of the socio-economic condition and development of Bulgarian districts was to look for an explanation of what makes some districts richer and more prosperous while others get poorer and underdeveloped. Having collected voluminous statistical data at the district level covering the period from 2000 to 2012, we decided that in the second edition of „Regional Profiles: Indicators of Development" we can attempt to complement the descriptive analysis with an analysis of the correlations between different indicators.

For this purpose, we constructed an econometric model based on the traditional linear production function: $Q = aX_1 + bX_2 + cX_3 + dX_4 + \ldots + zX_n$, where a, b, c, d, and z are coefficients to be determined empirically by the specific model, Q is the aggregate production, and $X_1$ $X_2$, $X_3$, $X_4$ and $X_n$ are the factors of production. Usually the factors of production include, as a must, indicators of labour (human capital) and physical capital, which can be supplemented by optional factors such as entrepreneurship, land, natural resources, and technology.

The choice of specific indicators to represent statistical approximations for input factors of production (labour, capital, land, resources, etc.) is made individually by each researcher according to the available data, their quality, and theoretical considerations about the weight of one factor or another. For example, when analysing a territory that is resource-poor, this factor could be excluded. On the contrary, when examining an area part or all of which is rich in any particular natural resource (e.g., fossil fuels), this factor should be included in the model.

## 2. Panel model for the socio-economic development of Bulgarian districts

### 2.1 Model

Given the available data, spatial and temporal scope of the study, the selected technique is panel analysis with a random-effects assessment. The period covered by the model is 2004-2010 because it is for this period that we have a complete time series available on both the dependent variable side and the independent variable side. All data included is annual.

### 2.2 Dependent variable and time period

The gross domestic product per capita has been selected as an aggregate indicator of the degree of development and welfare of districts in Bulgaria. It is the most appropriate measure of aggregate production, the datasets for which are available at the district level. It should be borne in mind that this indicator also has some drawbacks affecting the possibilities of use and further analysis. Firstly, there is a relatively large lag for published GDP data at the district level. At the time of preparing the model (August 2013) the latest data on GDP at national level referred to 2012 (albeit as preliminary estimates) while at the district level the data referred to 2010.

This two-year lag in the publication of district-level data determines the time period for which the model has been constructed, namely the period ending 2010. Therefore, when interpreting the results of the model, it should be considered that any conclusions refer only to this period of time and do not cover the last two years.

Another major shortcoming of district GDP data is that unlike GDP statistics at national level, the district series are calculated and published only in current prices, with no other available options. This feature is due to the absence of district price indices/deflators that could be used to deflate current-price data into constant prices referring to a selected base period. This drawback does not allow for the calculation of the real economic growth rate of separate districts.

## 2.3 Independent variables

On the side of independent variables, several indicators were tested for statistical significance with a view to using these indicators for the approximation of the main groups of factors of production:

### 2.3.1 Human capital

a) ***education*** - the assumption here is that a more highly educated workforce is more productive (ceteris paribus).

The following variables were tested for statistical significance: share of the population with tertiary education; population density; share of dropouts from primary and secondary education; number of teachers at primary and secondary education per 1,000 students.

b) ***healthcare*** - the assumption is that better healthcare and the availability of health professionals and hospitals have a positive effect on the working capacity of the population.

In this category, the following variables were tested for potential explanatory power: number of people per general practitioner; percentage of health insured persons; infant mortality rate.

c) ***demographics*** - in terms of demographic variables, we have built on the assumption that the large number of population and in particular the population in working age, is a factor in attracting investment and the development of local economy.

The following demographic variables were tested: rate of natural increase; net migration rate; age dependency ratio (65 to 15-64 yrs.).

### 2.3.2 Physical capital

Physical capital is generally understood in two ways. On the one hand, in the narrower sense of this term, "physical capital" means investment is the purchase of land, buildings, machinery, technology, etc. In a broader sense physical capital also includes factors that are external to the specific economic unit, such as infrastructure and networks - roads, airports, seaports, energy, water and sewage networks, the Internet, etc. It is reasonable to expect that investors would prefer to invest in areas that are characterized by better infrastructure availability (ceteris paribus). Based on these two aspects of physical capital, two groups of variables were tested in the model to describe the state of the physical capital: those related to investments and those related to infrastructure.

a) investments: expenditures for acquisition of fixed tangible assets (FTAs) per 1,000 population, foreign direct investment in non-financial enterprises (per 1,000 population)

b) infrastructure: road network density (in km per sq. km.); railway network density.

### 2.3.3 Entrepreneurship

The presence of entrepreneurial initiative undoubtedly contributes to investment and the development of districts. If we look at the entrepreneur as an inventor or entrepreneurship generally as a state of being "on the alert" for profitable opportunities, then it inevitably is a fundamental factor for growth, preceding labour and capital[1].

As a quantitative proxy of the concept of entrepreneurship, we used the number of non-financial enterprises per 1,000 of the population.

It is important to note that all listed indicators tested as potential explanatory variables in the model of production described above are part of the database of indicators of the socio-economic development of districts collected for the purposes of the entire study "Regional Profiles: Indicators of Development". We believe that the database of 58 different indicators in eight categories collected for the purpose of the study is comprehensive enough and actually includes most of the important data on the socio-economic development of Bulgarian districts. Each of the indicators included in the study was selected after a careful review of the available statistics at the district level, and a series of consultations with professionals in regional development within the project's Advisory Board and Expert Roundtable.

However, several indicators collected for the purposes of the study, which could, a priori, have been included in the model as potential independent variables, were finally dropped due to the short statistical series or doubts about the quality of statistical information at district level. For example, data on EU funds absorbed by municipalities under operational programmes has been published since 2011, that is, although these funds are extremely important for the development of infrastructure in districts, the short time series does not allow for their use as explanatory variables.

1 A prominent researcher of entrepreneurship and its role in economic growth is the American economist and New York University professor, Israel Kirzner. In 2006, Israel Kirzner received the Global Award for Entrepreneurship Research for his contribution to the development of economic theory.

## 3. Results

The model shows several important and statistically stable results which are in line with international research on the key factors affecting economic development. Based on the indicators examined, in the case of Bulgarian districts the statistically significant variables at a significance level of 5% include indicators of human capital (labour), physical capital (investment and infrastructure), and entrepreneurship. That is, the model confirms the validity of the production function used, namely that the development of any area is affected by the quality of human capital and physical capital available, and the activity of entrepreneurs as leading figures and drivers of progress.

In the constructed model of the development of districts, the dependent variable is the gross domestic product per capita (at current prices). It is important to mention that "income per household member" was also tested as a dependent variable, but the results were not statistically significant and sustainable. A possible explanation could be the fact that the total household income also includes income from pensions and social benefits, i.e. government transfers which do not depend on the performance of the local economy, but only on the government's political decisions.

Finally, the dependent variables for which statistical significance was proven at a significance level of 5% are as follows:

1. Relative share of the population aged 25-64 with tertiary education (percentage).

2. Expenditures for acquisition of fixed tangible assets (FTAs) per 1,000 population (in BGN).

3. Railway network density (km per sq. km. of the area).

4. Number of non-financial companies per 1,000 population.

The first indicator (the share of university graduates among the population aged 25-64 years) is beyond doubt a measure of the quality of human capital. Expectations are that a higher number of people with higher (tertiary) education will be directly proportional to the development of the districts. The main argument in support of this link is that a highly educated workforce as a whole is characterised by a relatively higher productivity. The model results for Bulgarian districts confirm these expectations. In case of an increase by one percentage point of the share of university graduates, the GDP per capita increases by about BGN 21.

It is worth noting that the positive relationship between the proportion of people with tertiary education and economic prosperity does not necessarily mean that, in order to develop, the districts need as many university graduates as possible. On the contrary, in many districts (especially those where industry is more important for the local economy) business representatives have complained of a shortage of well-trained professionals with specialised secondary education. The result of the model rather shows that, ceteris paribus, the greater percentage of people with tertiary education implies better quality and hence a higher productivity of human capital. It is a different matter altogether that, although unemployment among university graduates has traditionally been lowest[2], some of the employed individuals do not work in their specialty and/or occupy positions for which a lower level of education would be sufficient.

The expenditures for acquisition of fixed tangible assets per 1,000 people are a measure of the intensity of investments in the districts, i.e. the physical capital invested in local production. Not surprisingly, in districts with relatively larger investments, higher levels of development and income are also reported. The specific results of our model show that for an increase of BGN 1 in acquisition costs for fixed tangible assets (1,000 population) per year, the GDP per capita increases by BGN 28 for the same period.

Interestingly, out of the two measures of the degree of development of local infrastructure - the density of the road network and the density of the railway network - only the railway network density, which is more than four times lower than that of the national road network, proved to be statistically significant for the development of Bulgarian districts. One possible explanation for this somewhat surprising result lies in the characteristics of the indicators used, and in particular in the definition and scope of the "Road network density" indicator. This indicator includes national roads from the first, second and third class, and highways. There are no such roads in Sofia (capital city), that is, although the capital is the most prosperous of all districts in the country, it ranks at the bottom of the list on this indicator. Indeed, all roads of the national road network, including highways, reach the border of Sofia (capital city), but, in theory, do not cross it. Thus, even though the two highways whose construction was finalised in recent years ("Trakia", "Lyulin") and the "Hemus" highway, which is still under construction, start from Sofia or end in Sofia, from the administrative-territorial perspective they are not part of the capital city's road network.

2 See NSI, Labour Market, Labour Force Survey (www.nsi.bg). For example the last annual data shows that the unemployment rate among university graduates was 5.8% for 2012 compared to 51.7% for those with primary and lower education.

What the econometric model showed is that a railway network density that is one linear kilometre per square kilometre higher causes an increase in GDP per capita of about BGN 270. The direct proportional relationship between the density of the railway network and economic prosperity comes as no surprise. The better connected a district is with the surrounding districts, the more attractive it becomes for investment, while job opportunities, including outside the district's territory, also increase.

Not least, the model confirms the key role of entrepreneurship for the local economy. The more companies are set up in any district, the more its chances for higher incomes and prosperity increase. The number of non-financial enterprises per 1,000 of the population has been used as an approximate indicator of entrepreneurship. The numbers (rounded to integer values) by district for 2011 ranged from 29 to 78 companies per 1,000 people. The results show that an increase in the number of non-financial companies by only one company per 1,000 people causes the per-capita GDP to increase by BGN 1,640. However, when interpreting this result we should take into account the scale of the explanatory variable, namely the number of non-financial enterprises per 1,000 of the population. With this variable, changes occur smoothly and at relatively small increments over the years. For example, the national average number of non-financial enterprises per 1,000 of the population increased from 27 to 50 for the period 2000-2011, while for individual districts the increase ranged from 9 to 46 for the same period.

As a whole, the results of the econometric model confirmed the importance of human, physical, and entrepreneurial capital for the economic development of any territory. The share of highly educated population, the level of investment, entrepreneurship and infrastructural connectivity of the territory stand out as important preconditions for prosperity: their variation explains close to three-fourths of the variations in welfare measured by means of the per capita GDP. Given that the presence of these factors provides a competitive advantage for districts and enhances their faster development, local policies should be geared, as a matter of priority, to a longer and better education of the workforce, retention of the highly educated population, simplified procedures and activities to attract investment, better infrastructure connectivity, and promoting entrepreneurship. This simple recipe for development and progress can be easily applied to all Bulgarian districts. The only condition is the will of the central and local governments.

# The Labour Market during the Years of Crisis and Stagnation

The economic crisis negatively affected the labour market; the intensity and nature of this influence were different in different districts around the country. The specific characteristics of the labour market in Bulgaria, the duration of the crisis and the subsequent stagnation can best be analysed by the "employment rate" and "number of persons employed" indicators.

In order to trace the impact of the crisis on the labour market at the district level and the process of its gradual recovery, we have used data from the NSI quarterly sample survey "Labour Force Survey" for the years 2008-2013.

**Figure 1:**
**Districts with the highest and the lowest average annual rate of employment in 2008 and 2012**

**Source: NSI**

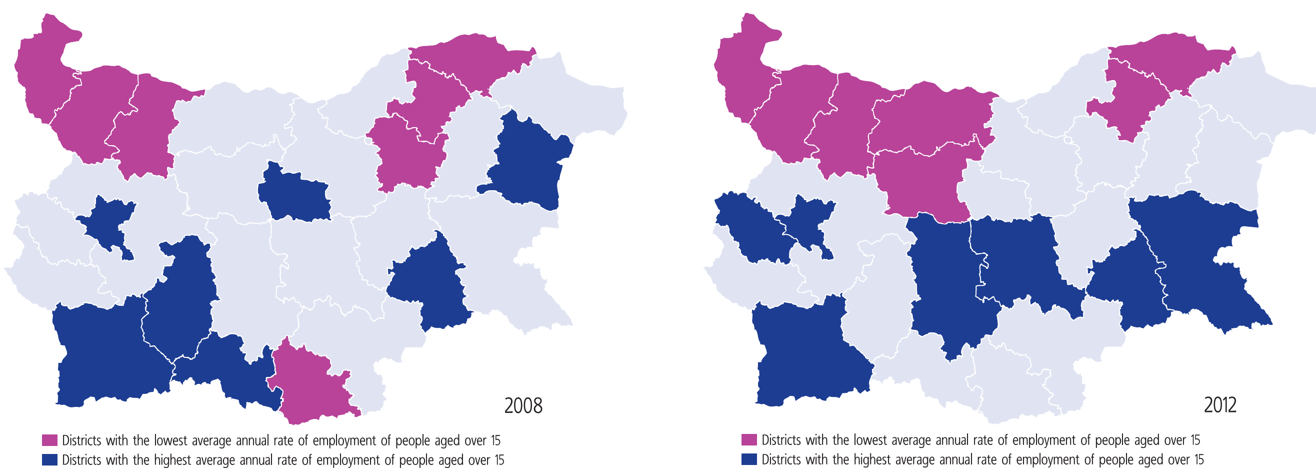
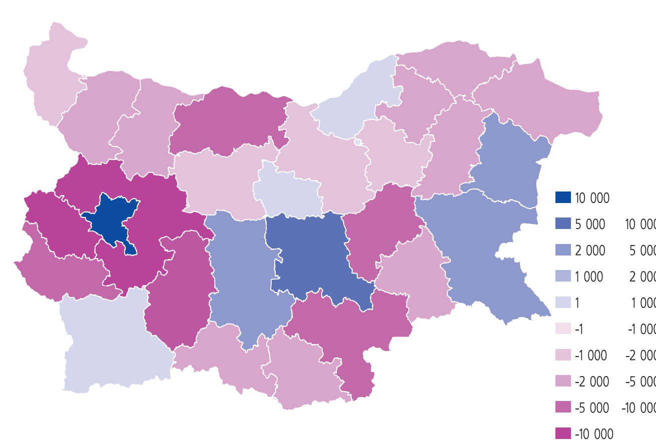



Fig. 1 shows the seven districts with the highest average employment rate (in blue) and the seven districts with the lowest average employment rate (in red) in the respective years. In the pre-crisis year of 2008, two of the districts with the highest employment in Bulgaria (Varna and Gabrovo) were located in the northern part of the country. These were also two of the three districts in Northern Bulgaria with a positive migration balance as a result of daily labour migration (DLM)[3] according to data from the NSI 2011 Census (Fig. 2).

**Figure 2:**
**Migration balance of internal labor migration by districts**

**Source: NSI,**
**Final data from the 2011 Census**

This means that more working people travel to these districts on a daily basis to go to work than from these districts to other districts. In both of these districts, the period 2008-2012 registered a decline in the average employment rate by more than 10 percentage points. This, along with the serious decline in employment in the third district with a positive migration balance of daily migrants in Northern Bulgaria (Ruse) contributes to the more serious decline in employment in other districts of the northern part of the country.




3 Covers economically active employed persons for whom the settlement of their habitual residence is different from the place in which they practice their profession, and depending on their working hours, they commute between these locations.

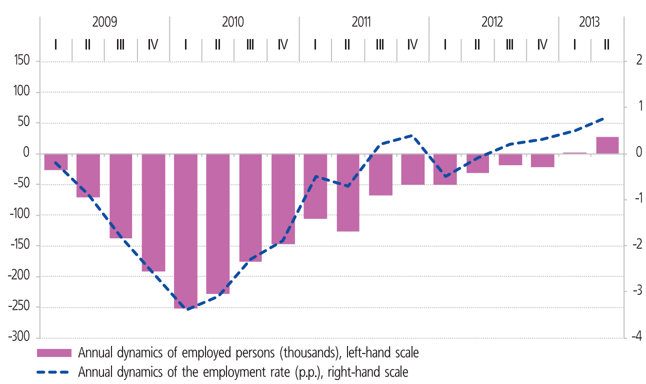
In 2012, all seven districts with the lowest employment rate were located in the North and North Central regions of the country. These are Vidin, Montana, Vratsa, Lovech, Pleven, Silistra, and Razgrad. It can therefore be concluded that after the onset of the crisis, the economic activity in the country developed better in Southern Bulgaria, and fairly evenly covered the entire territory. In practice, each of the three Sub-Balkan regions has clear leaders in terms of employment. Moreover, in South Bulgaria are also the districts with positive migration balance from DLM - Sofia (capital city), Stara Zagora, Blagoevgrad, Plovdiv, and Bourgas.

## On the Path to Recovery

The decline in both the number of persons employed in the economy on an annualised basis, and the employment rate of the population over 15 years started slowing in the second quarter of 2010 (Fig. 3). Although the number of persons in employment continued to decline over the following two years (as a result both of the labour market crisis and the shrinking labour force due to negative demographic processes in the country), in the third quarter of 2011 for the first time a growth in employment was registered on year-over-year basis: 0.2 percentage points. Real growth in the number of employed persons at the national level was only seen at the beginning of 2013.

**Figure 3:**
**Annual change in the number of employed persons and the employment rate by quarters (2009-2012)**

**Source: NSI**




Despite the gradual stabilization, it is still much too early to announce a sustainable trend of recovery for the country's labour market. The only three districts which in 2012 reached their 2008 employment levels are Kardzhali[4], Razgrad, and Stara Zagora. Employment levels close to the pre-crisis figures were also reported in Targovishte District. Analysis of the data covering the first two quarters of 2013 shows that, besides these, the only district in which the average employment rate in 2013 can be expected to reach pre-crisis levels is the district of Bourgas. At the same time, the number of persons in employment in Razgrad, Stara Zagora, and Targovishte marked a decline year-over-year in two consecutive quarters during the first half of 2013, which is a prerequisite for a possible decline on an annualised basis.

## Methodology of the Survey

In most districts of the country, recovery in the labour market began in 2011. In order to trace the recovery process in the individual regions and districts in the country, we have used data on the number of persons employed and the employment rate of the population over the age of 15 between the first quarter of 2010 and the second quarter of 2013.

The tables that precede the analysis of each of the statistical regions are intended to illustrate the existence of trends of increase or decrease in the number of persons employed in the local economy on a year-over-year basis. For this purpose, each second consecutive quarter of increase in the number of persons employed year-over-year has been highlighted in green, and each second consecutive quarter of decline in the number of persons employed year-over-year has been colour-coded in red. In the attached example of Vratsa District, the red colour in the second quarter of 2011 means that this is the second consecutive quarter in the surveyed period (first quarter of 2010 - second quarter of 2013), in which there was a decrease in the number of persons employed in the district on an annualised basis. The reduction in this case is compared with the second quarter of 2010.

**Table 1:**
**Example for presentation of the results**

| NORTHWEST REGION | 2011 | | | | 2012 | | | | 2013 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | I | II | III | IV | I | II | III | IV | I | II |
| Vratsa | | | | | | | | | | |

A second successive quarter of decrease in employment on annual basis
A second successive quarter of increase in employment on annual basis

4 The NSI data on the state of the labour market in Kardzhali in the period between the two censuses in 2001 and 2011 is often defined as "unrepresentative" by statistics specialists. Sufficient example is the unemployment rate in the district: from 2.7 to 5.1% in 2009-2011. A possible reason for this might be the intense migration processes and the resulting distortion of the assessment of the demographics of the district. *The demographic projections for the population in different districts play a role in determining the economic activity rates, since the number of the population plays a role in determining the weights of the sample on the basis of which it is calculated.*

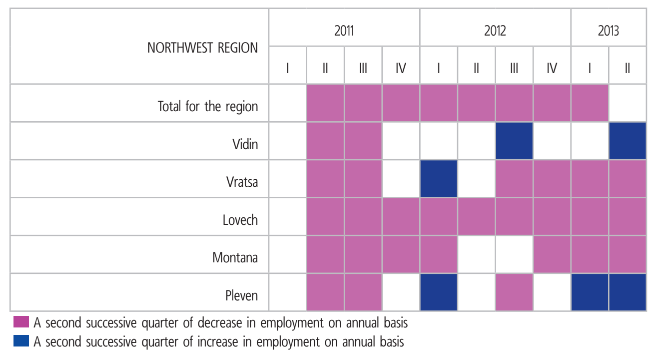
The red colour in the third quarter of 2011 shows that a fresh decrease was registered (this time compared to the third quarter of 2010) and the white colour for the fourth quarter of 2011 shows an increase in the number of persons employed over the same quarter of 2010. The green colour for the first quarter of 2012 shows that this is the second consecutive quarter of increase in employment on an annualised basis.

The aim of this approach is to clearly distinguish between the periods of permanent loss of jobs on an annualised basis (illustrated in red) and the periods of sustained growth (in green). The use of year-over-year comparisons allows for the isolation of seasonal trends (mostly in districts in North-eastern Bulgaria and Bourgas District) and the highlighting of positive trends in the labour market when such a trend is present and it is significant against the previous year.

## The Recovery in the Labour Market in Different Statistical Regions

The labour market in North-western Bulgaria was most severely affected by the economic crisis. Between the second quarter of 2011 and the first quarter of 2013, the region recorded a steady decline in the number of persons employed on an annualised basis. The first signs of stabilization in the labour market were observed in the districts of Vidin and Pleven in 2012. In early 2013, employment in these districts reached levels reported in the same period of 2010.

Compared to the second quarter of 2010 over the same period of 2013, the number of persons employed in the region was 41.6 thousand people lower, with over half of the jobs lost being in the districts of Lovech and Montana. On the other hand, these are two of the districts in the country where the employment rate has continued to decline. Particularly grave was the situation in Lovech; there, the number of persons employed failed to register growth in any of the ten quarters in the surveyed period.




**Source: NSI, IME calculations**

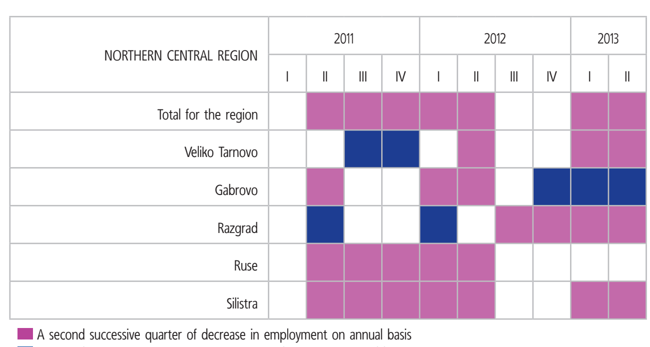
There was a serious decline in employment in Pleven District in the period 2008-2010, but at the end of 2012 and in early 2013 a trend of improvement was registered. The labour market in Vratsa District remains depressed. Between 2010 and 2012, no positive signs were reported in labour market developments in the district, although unemployment remains lower than the national average. The lack of new job opportunities in the last three years made Vratsa one of the five districts in the country with an average employment rate of less than 40% in 2012. Three of the other areas in the region also fall into this group: Vidin, Montana, and Lovech.

Similarly to North-Western Bulgaria, the North Central region is characterized by a relatively low workforce mobility, which is conditioned by the lack of a clear leader in economic development among individual districts.

Despite the extremely high levels of unemployment and traditionally low employment characteristic of Razgrad District, in 2011 it reported one of the largest increases in the number of employed persons in the country. Even after the subsequent decline in 2012, the average annual employment rate of the population over 15 years of age in the district remained at a level of 40.8%, against 40.6% in the pre-crisis year of 2008.

Another district reporting a faster recovery at this time is Veliko Tarnovo, where the employment rate of the population over 15 years increased both in 2011, and in 2012, reaching 42.9%. From the second quarter of 2011 onwards, the number of employed persons in Veliko Tarnovo District is larger than that in the Ruse District.

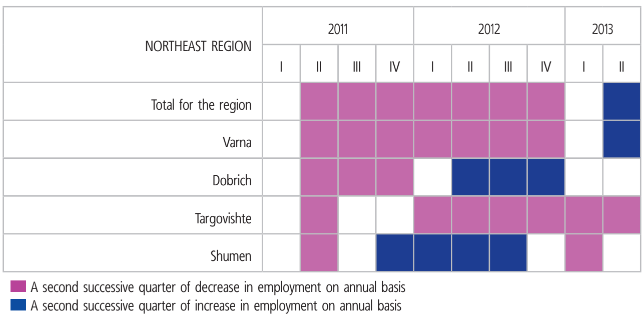
Ruse District is one of the few that reported growth in employment in 2009, but the subsequent economic downturn resulted in the loss of over 16,000 jobs in the period between the first quarter of 2010 and the same period of 2013.




**Source: NSI, IME calculations**

The recovery of the labour market in the Gabrovo District started no earlier than in 2012. Before the crisis, the district used to enjoy one of the highest employment rates in the country for people over 15 years, and at the same time an extremely low average unemployment rate (1.2% in 2007, and 2.0% in 2008). Over the following years, unemployment remained lower than the national average, but the decline in average employment in 2012 compared to 2008 was significant (-6.9 percentage points). In the entire Northern Bulgaria, only the districts of Lovech and Varna registered a larger decline (respectively -9.8, and -10.6 percentage points).

Employment in Silistra District bottomed in 2011, but with the exception of the third quarter of 2012, the number of persons employed in the local economy has continued to decline on an annual basis throughout the period.




**Source: NSI, IME calculations**

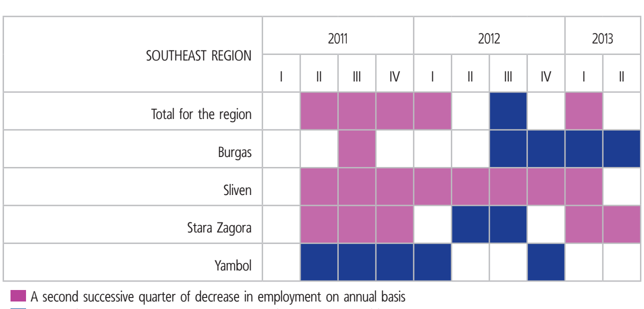
Over the past few years, NorthEastern Bulgaria was the region with the highest average annual unemployment rate in the country.

Targovishte is the only district in the country where the average employment rate of the population over 15 years in 2009-2011 was higher than in the pre-crisis 2008. Meanwhile, in 2012, a decline of employment was registered in the district, and the trend accelerated in the first quarter of 2013. The seven consecutive quarters of decline in the number of persons employed on an annual basis between the last quarter of 2011 and the second quarter of 2013 are due to the strong performance of the district in the worst years of the crisis. This is why the employment rate in the district continues to be close to the pre-crisis levels irrespective of the decline.

In spite of the positive labour market data in Varna District in early 2013, the district still remains among those most heavily affected by the crisis. Compared to 2008, the average employment rate in the district was 10.6 percentage points lower in 2012, which is the largest decline in the country. Unemployment in the districts of Varna and Targovishte peaked in 2012; the levels for the two districts were 16.4% and 15.6%, respectively.

During the period covered, a stable increase in the number of employed persons was only observed in the Shumen District, and 2012 was the third consecutive year of rising employment rates in the district. In Dobrich District, stronger seasonal trends were observed in the labour market; these, however, were not accompanied by significant job growth in non-seasonal sectors. Due to the declining local population, employment rates registered some progress compared to the 2011 bottom of 42.2%.

The business community's expectations are for a faster recovery in the number of employed persons in the districts of Targovishte and Dobrich. The acceleration of economic activity in Varna in 2013 may also have a positive impact on other districts in the region, but at this stage the business community's expectations are for a continuing decrease in the number of persons employed over the next twelve months (from June 2013 to May 2014).




**Source: NSI, IME calculations**

The only district in the South East region where the labour market continued to be strongly suppressed was Sliven. From 2008 to 2012, the average annual employment rate of the population over 15 years in the district declined by more than 6 percentage points. From early 2011 onwards, the district has reported a steady decrease in the number of persons employed year-over-year, in each quarter. The only exception was the second quarter of 2013; for that period, a slight increase of about three hundred persons employed was reported over the same period of 2012.

Since the second quarter of 2011, the number of persons employed in Bourgas has reported a steady annual growth. Employment remains 2.3 percentage points lower than in 2008, but the steady upward trend in the number of persons employed is a prerequisite for the rapid decrease in this difference. Since 2011, there has been an increase in the seasonal fluctuations of the number of workers in the district during the summer months, which is accompanied by a trend towards more sustainable employment in other periods of the year, too.

Stara Zagora is one of the few districts in the country which registered higher levels of employment in 2011 and in 2012 compared to 2008. Unemployment in the district remained low even in the period 2010-2012, fluctuating between 6 and 7%. In the last quarter of 2013, a serious decline was registered in the number of persons employed on a year-over-year basis, by approximately 7%, which continued over the next two quarters as well. Part of this decline is due to massive lay-offs in some of the leading companies in the district, as well as the gradual completion of construction works on the Trakia Highway in 2013.

The recovery in the labour market in Yambol District began in the first quarter of 2011. During the second quarter of 2013, the district reported only two quarters of decline in the number of persons employed on a year-over-year basis: the third quarter of 2012, and the first quarter of 2013.

The South West region of the country is home to two of the country's districts with traditionally high levels of employment over the last decade: Sofia (capital city), and Blagoevgrad. This is also the region with the highest number of daily trips between districts.

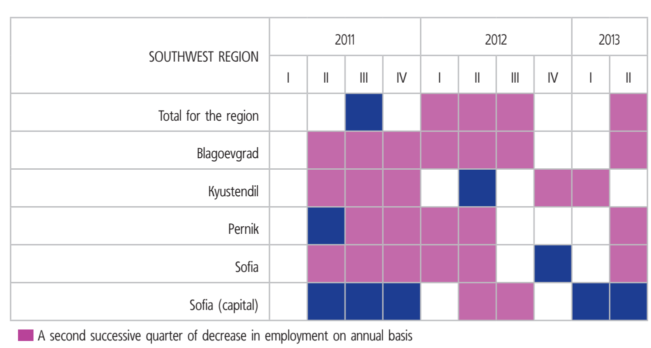
Although during the period between the first quarter of 2011 and the second quarter of 2013, Blagoevgrad district registered only a single increase in the number of persons employed on an year-over-year basis (in the last quarter of 2012), employment in the district remains high: 53.1% in 2012, against an average of 46.6% for the country. At the same time, the business community's expectations are for an increase in the number of persons employed in the period June 2013 - May 2014.

In 2011, the capital city recorded four consecutive quarters of increase in the number of persons employed on a year-over-year basis, but they were followed by a decline in the following year. As a result of the slowdown, a drop of 0.5 percentage points was registered in 2012 for the annual average employment rate of the population over 15 years, on a year-over-year basis. The reason is that from the first quarter of 2012 onwards, the number of persons employed has varied from 625 to 631 thousand people, which is not enough to guarantee an increase of the employment rate in view of the population growth of the capital city.

The strong connection between the labour market in Sofia (capital city) and employment indicators in Sofia and Pernik districts, and the lack of a clear trend towards recovery in the labour market in the capital city have a negative impact on these two districts. According to NSI data, about 32 thousand people out of 147 thousand employed in Pernik and Sofia districts work in "another district". Given that the migration balance in terms of commuting workers for the capital city is 42.5 thousand, and when considering the low positive values for Blagoevgrad (344 people), the assumption that the vast majority of commuters work in the capital city seems justified.

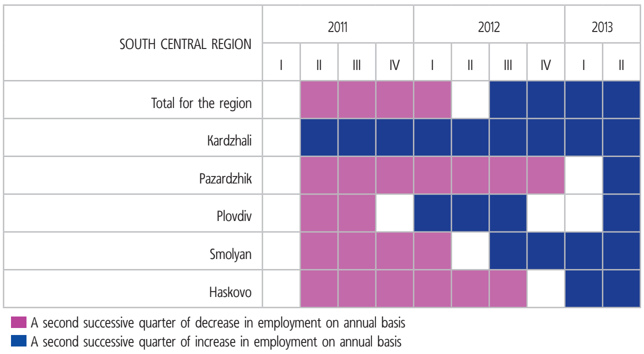
The recovery of employment in Sofia District is yet to happen. In 2009, a rise was registered in the average employment rate to 49.5%. It was followed by three years of steady decline, to a level of 46% in 2012. In Pernik District, the recovery of the annual average employment rate began in 2011. In 2012, a renewed increase by 0.3 percentage points was reported, mainly due to the high number of employed persons during the first half of the year. The first data on the number of employed people in 2013 was rather negative.

The crisis has had the most negative effect on the labour market in Kyustendil District. The decrease in the annual average employment for the period 2008-2012 is 6.2 percentage points.




**Source: NSI, IME calculations**

Two of the three districts with an annual average decline in employment of over 10 percentage points compared to the period 2008-2012: Pazardzhik and Smolyan, can be found in the In South Central region of the country.




**Source: NSI, IME calculations**

According to NSI data, the number of persons employed in the Kardzhali District has reported ten consecutive year-over-year increases in the period. This may be the result of either the sharp drop in the number of employed in the period 2008-2010 or the statistical effects resulting from under-representative data (by NSI's own assessment) on the labour market and demographics in the district between the two censuses.

The increase in employment in Plovdiv District started in 2012, when, after an annual increase of 0.9 percentage point, the indicator reached 47.3%. Despite the late recovery and the fact that employment is still far from its 2008 levels (50.8%), from mid-2011 onwards, the district reported only one quarter of decline in the number of employed on a year-over-year basis. The business community's expectations in Plovdiv District are for more active job creation in the second half of 2013 and the first half of 2014.

Following the year 2009 which was relatively good for the local labour market, employment in Haskovo District started on a downward trend, reaching a level of 42.2% in 2011 against 49.1% in 2008. At the end of the period, three consecutive increases were recorded in the number of persons employed on an annualised basis.

The first signs of improvement in the employment rate of the population over age 15 were observed in Smolyan, where in 2012 the employment rate increased by 3.4 percentage points. The number of people employed in the first and in the second quarter of 2013 decreased slightly, but still remains higher than the figures recorded in the corresponding period of any year since 2010. The recovery of the labour market started latest in Pazardzhik District, where an increase in the number of persons employed on an annualised basis was observed only in the first and second quarter of 2013. From 2008 to 2012, the average annual employment rate dropped by 10 percentage points, which is the third most negative result after those for the districts of Varna and Smolyan.

## Business Expectations for 2013 and 2014

For the purposes of this paper, IME conducted a survey among 1,680 companies across the country in May 2013. One of the questions in it was designed to examine the business community's expectations about the dynamics in the number of employed in the period June 2013 - May 2014. The results are shown in Figure 4 by visualizing the average score given by interviewed business representatives about their intentions to hire or lay off personnel. A result above 3 shows expectations for hiring more people, a result below 3 means intended layoffs.

The business community's expectations about the dynamics in the number of persons employed in the period June 2013 - May 2014 show that the rate of recovery of the labour market in Northern Bulgaria will continue to lag behind that of the rest of the country. No increase in the number of employed is expected in any of the districts falling within the North West and the North Central regions.

Optimistic assessments for the development of the labour market are given by businesses in Bourgas and in Targovishte, followed by Pazardzhik, Plovdiv, Blagoevgrad, and Yambol. No changes are expected in the number of employed in Stara Zagora, Pernik and Kyustendil, while in Sofia (capital city) a slight decrease is expected.

None of the districts with positive net migration of workers in North Bulgaria (Bourgas, Varna and Ruse) are expecting an increase in the number of employed persons over the next 12 months. At the same time, the positive data on the increasing number of employed on an annualised basis in the first half of 2013 can be interpreted as a sign of gradual stabilisation in the labour market despite the pessimistic expectations in the business community.

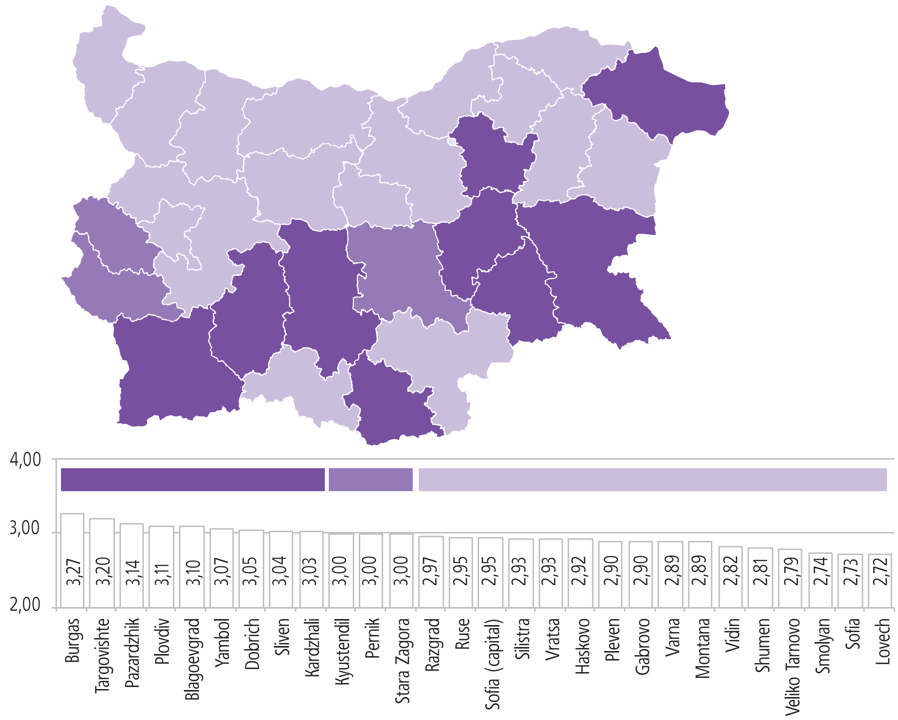



**Figure 4:**
**Expectations of the business for the dynamics of employees in the period June 2013 – May 2014**

**Source: IME (survey among businesses conducted in May 2013)**

## Conclusions

The economic crisis exerted a much stronger negative effect on the labour market in the northern part of the country. In late 2012, five of the country's districts with employment rates below 40% were in North Bulgaria: Vidin, Vratsa, Lovech, Montana, and Silistra. Some of the poorest regions are here, too: Targovishte, Lovech, and Montana are the only three districts where the average annual income per household member is below three thousand BGN per annum. The main reasons include the low workforce mobility, the unfavourable demographic situation, the low level of urbanisation in many of the districts, the relatively weak inflow of foreign investment, and poor infrastructure development. On the background of the traditionally low wages in many of the districts in the northern part of the country, an additional negative effect on employment in many districts was caused by the administratively imposed increase of minimum social insurance thresholds by individual economic activities during the years of crisis in the labour market.

The labour market in Southern Bulgaria is more stable and better balanced. This is due to several factors, including the higher workforce mobility, the more favourable age structure of the population and the fact that Southern Bulgaria is home to four of the country's districts with the best developed economies: Sofia (capital city), Plovdiv, Stara Zagora, and Bourgas. The business community's expectations are also for a faster recovery of employment in the southern part of the country, while in Northern Bulgaria the districts expecting an increase in the number of persons employed are only two: Dobrich and Targovishte.

# Tax Policies at the Local Level

In 2007, amendments were adopted to the Constitution of the Republic of Bulgaria which introduced Article 141 empowering municipal councils to determine rates of local taxes under conditions, by a procedure and within the frames established by the law. Through these amendments, municipalities in practice received taxation powers for the first time. At the end of 2007, the relevant changes were also made in the Local Taxes and Charges Act, providing such powers to municipal administrations.

The following years were extremely turbulent for municipal budgets and the country's fiscal policy in general. The serious revenue growth in 2007 and in 2008 was followed by a decline after the onset of the crisis in 2009. It was the crisis that put to the test the new powers of municipalities and revealed the lack of adequate tools for the implementation of an appropriate fiscal policy at the local level. Municipal budgets inevitably shrank during the hard years, and remain heavily dependent on government transfers. At the same time, within their limited powers, municipalities have begun conducting their own fiscal policy and are competing regarding the level of local taxes.

## State of Municipal Budgets

The developments of municipal budgets have created an interesting picture in recent years, which is dominated by the impact of the crisis after 2008. In the pre-crisis years, there was a persistent and synchronous increase in municipal revenue and expenditure; the relatively good condition of the municipal budgets was fuelled both by the increase in own revenues and the sustainable growth of transfers from the central budget. In 2008, driven by record-high revenues in the state and municipal budgets, municipal expenditures increased significantly, and in practice municipalities reported a deficit even before the onset of the crisis.

In 2009-2010, revenues in municipal budgets shrank, leading to deficits and debts at the municipal level. The consolidation of municipal budgets occurred relatively rapidly, spending also shrank significantly in 2009-2010. This scenario is very different from developments in the state budget where fiscal consolidation takes longer and occurs mainly on the revenue side - expenditures at the consolidated level increased nominally in any one year. With municipal budgets, there are objective factors that make consolidation more painful, that is, relatively fast, and to hit the expenditure side even in nominal terms.

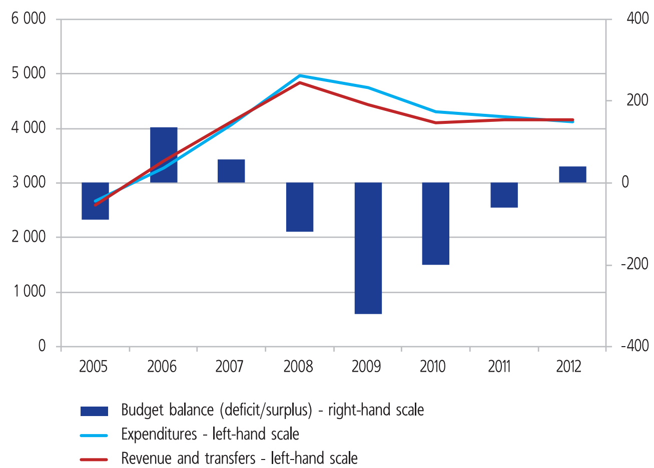
One reason is the lack of buffers at the municipal level. The gap that appeared in the central budget for instance was mostly covered by the fiscal reserve, which serves precisely as such a buffer. The resources accumulated in the fiscal reserve in good years (especially 2007-2008) helped to finance the expenditures even during the crisis, without necessarily generating new debt. Municipalities, in practice, have no "buffer" to rely on: at the end of each year, municipal budgets close their accounts with certain budget allowances (for 2012 amounting to BGN 430 million), but most of this money (about BGN 300 million) constitutes unspent target funds and can be spent only as intended.

Another reason is the lack of adequate own revenues which does not provide many opportunities for a fiscal policy at the local level. Municipal budgets are so arranged as powers of local authorities and fiscal rules that, in the medium term, it is normal for income and expenses to move together. The lack of "buffers" and the limited capacity to finance the gaps opened in the municipal budgets have resulted in spending policies which promptly take into account any problems on the revenue side. Figures also reveal that in 2012, municipalities already reported a small surplus, although their own revenues continue to be below 2008 levels.

The consolidation on the expenditure side is mostly in terms of capital expenses, with expenses for salaries increasing each year. In practice, the shrinking municipal budgets almost entirely affected municipalities' investments, and this could not help but reflect on the potential for growth. At the same time, the role of EU funds allocated for capital expenditure has increased; these are already double the capital expenditure from municipal budgets. In other words, in recent years the investment activity of municipalities has been largely dominated by the absorption of EU funds, which is both good news and bad news. It is good news because EU funds play an increasingly significant role, are aimed at achieving concrete results, and have softened the blows dealt by the crisis. It is bad news, because municipalities are becoming extremely dependent on EU money at the expense of their own resources. Leaving aside the municipal charges that are "earmarked" funds (municipal waste charges, kindergarten fees, etc.), the local budgets are dependent firstly on the fiscal policy of the central government, secondly, on funds from European institutions and only then on the tax policy at the local level.

**Graph 1:**
**Municipal budgets (excluding European funds), mln BGN**

**Source:**
**Ministry of Finance, IME**




It should be noted that funds under EU programmes are accounted for in municipal extrabudgetary accounts and funds, i.e. they are not part of the figure above (Figure 1), which is based on municipal budgets. In 2012, with funds accounted for under various operational programmes, municipalities have made total expenditures of approximately BGN 860 million, most of which for capital expenditures. If these extrabudgetary funds were added to the accounts, that is, we take into consideration the so-called "local budgets" (municipal budgets, municipal extrabudgetary accounts and funds), the local expenditure in 2012 almost reached the levels of 2008-2009. In practice, EU funds are already ahead of municipal tax revenues. This resource is mainly invested, which makes it an even more important for local development.

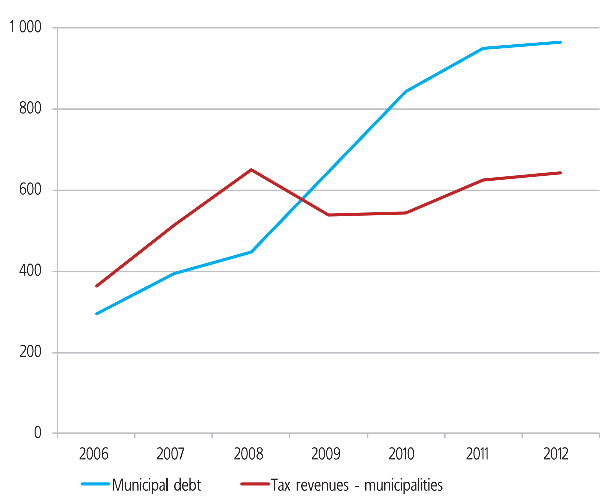
## Deficit and Municipal Debt

During the "hard years", municipalities also started accumulating larger deficits; in 2009 and 2010 deficit exceeded 15% of municipalities' own revenues: a total of over BGN 500 million in deficit for the two years for all municipalities. In recent years, the deficit at the municipal level gradually declined and in 2012 a small surplus was reported. If the recovery in own revenues continues, supported by better absorption of EU funds, we can expect a reversal of the trend of indebtedness, and a breath of fresh air for local finances in the coming years.

Municipalities' smaller revenues and budget deficits in recent years understandably led to an increase in municipal debts and problems in some municipalities; there were extreme cases of freezing of accounts and temporary closure of municipal services. In early 2009, municipal debt was less than BGN 500 million, most of it being domestic debt. At the end of 2012, the amount of debts already doubled, reaching nearly BGN 1 billion, with external debt slightly larger than the domestic one. Also in 2008, the annual tax revenues of municipalities solidly exceeded the municipal debt, but then the picture changed considerably: within just one year, municipal debt got seriously ahead of municipal tax revenues.

**Graph 2:**
**Municipal debt (mln BGN)**

**Source:**
**Ministry of Finance, IME**




It is important to note that almost half of municipal debt is that of the Sofia (Stolichna) Municipality. Its debt is entirely external, undertaken through municipal loan agreements, and represents almost the entire external municipal debt in the country. Practically all other municipalities only have domestic debt.

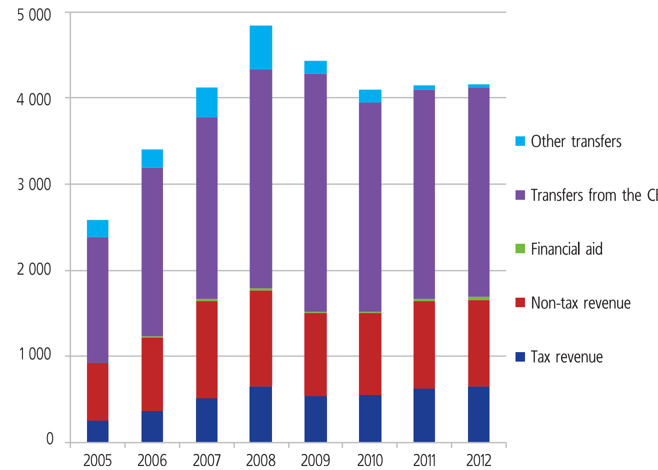
Currently, the amount of municipal debt is about 60% of the municipalities' so-called "own revenues" which may seem stable, but there are two factors that should not be overlooked. One is that tax revenues no longer cover municipal debt, and ultimately these are the actual own revenues of municipalities, because municipal charges are expected to be used only for their intended purpose. The other factor is that the distribution of municipal debt is not even. Although the cumulative municipal debt is an important and interesting indicator, the actual indebtedness and debt payments are divided among 264 municipalities. There are quite a few municipalities with no accumulated debt at all and this issue is simply not on their agenda: as of end-2011 for instance, 75 municipalities in the country had no municipal debt. Other municipalities have accumulated debt that even exceeds their own revenues (from taxes and fees) for the year, f.e. the Municipality of Kyustendil.

## Revenues in Municipal Budgets (excluding EU funds)

The new powers did indeed provide municipal authorities with the powers to set the rates of local taxes, but within a certain range, which in the early years was very restrictive and did not allow any major differences in taxation. At the beginning, municipalities were given an opportunity to increase certain tax rates, with the minimum levels being actually the 2007 baselines. In other words, the lack of confidence in tax policies at local level was more focused on the possibility of taxes being cut to an excessively low level rather than on the risk of overtaxation.

**Graph 3:**
**Revenues and transfers in the municipal budgets (excluding European funds), mln BGN**

**Source:**
**Ministry of Finance, IME**




The legal thresholds of taxation adopted by local authorities have widened somewhat in the following years, allowing also for a reduction in tax rates. This helped establish a more proactive tax policy and even created incentives for tax competition between municipalities, but the effect on the level and breakdown of revenues was not great. Naturally, the crisis has also had an impact on local revenues and it's possible that some of the potential positive effects of tax policy at local level have remained hidden. As a whole, however, the general picture over the past years did not change dramatically: municipalities continue to rely heavily on government transfers, then on non-tax revenues (charges and income from real property), with tax revenues coming last on the list.

Basically, municipalities' own revenues (tax, non-tax and state aid) continue to be less than the transfers from the central budget, and it means that their fiscal autonomy is still only a wish. This trend is preserved despite the transfer of the patent tax to municipalities (2008) and the introduction of the new tourist tax (2011), as these were only small steps with negligible impact on municipal revenues.

The graph also shows the decline in revenue in the municipal budgets after 2008; the recovery is still very fragile. The slight uplift in 2011-2012 was achieved precisely due to own revenues while the size of transfers remained unchanged. In this case, the condition of public finances and the high dependence of municipal budgets on central transfers predetermine the freeze of municipal revenues. Only the increased EU funds gave a breath of air to the local authorities (not shown on the graph). In practice, if municipalities had been financially independent to a large extent and had been spending mostly their own revenue, their current condition would have probably been better.

## Own Municipal Revenues

Own municipal revenues are dominated by several budget items. In terms of taxes, these are the real estate tax, the vehicle tax, and the tax on acquisition of property. Non-tax revenues are dominated by the waste collection charge. Interestingly, despite of the social tension related to the municipal waste collection charge, in recent years revenue from the so-called "garbage charge" remained relatively stable. At the same time, the revenues from property taxes have increased. Compared to the record-high 2008, only the revenues from the tax on acquisition of property are still depressed, which is to be expected given the slump in the real estate market.

**Table 1:**
**Main sources of municipalities' own revenue, mln BGN**

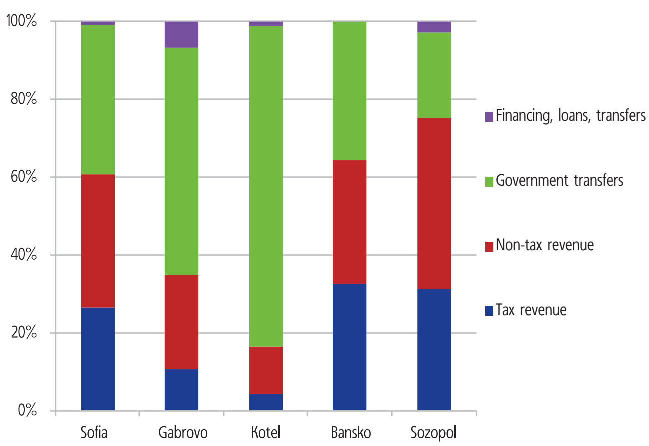
| | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| Municipal own revenues, including: | 1 781 | 1 517 | 1 517 | 1 663 | 1 688 |
| real estate taxes | 137 | 172 | 192 | 227 | 240 |
| vehicle taxes | 125 | 154 | 162 | 169 | 181 |
| tax on property acquisition | 363 | 191 | 170 | 189 | 189 |
| waste collection charge | 396 | 437 | 468 | 498 | 463 |

**Source:**
**Ministry of Finance, IME**

The overview of municipal budgets shows serious differences among municipalities with respect to fiscal independence or their dependence on state transfers. In Stolichna Municipality, for instance, own revenues exceed transfers, reaching 60% of the budget. Varna is also close to 60%, while in Plovdiv and Bourgas the rate is about 50%, i.e. half the proceeds are from own revenues and the other half is from transfers.

Graph 4:
**Budgets of selected municipalities (revenue, transfers, loans), mln BGN (2012)**

Source:
**Municipal budgets, IME**




In Gabrovo Municipality, own revenues are about 35% of the total revenues while tax revenues account for only 10% of the municipal budget. In smaller settlements like Kotel, own revenues account for just 15% of the budget, while tax revenues have negligible contribution. The picture in most municipalities in Bulgaria resembles the one in Gabrovo and Kotel. Municipal own revenues in the 28 largest cities account for 30-40% of the budget, while for municipalities in smaller towns they are in the 15-20% range. Resort municipalities along the Black Sea coast and in the mountains are an interesting case in point: the proportion of own revenues is significant and sometimes exceeds the figures for the capital city. In Bansko Municipality for instance, own municipal revenues are more than 60% of the budget, and in the municipality of Sozopol they reach 75% of the budget. This is largely determined by the profile of municipal revenues, primarily tied to the value of the real property (property tax and waste collection charge) and the transactions concluded (real estate sales tax). In places with active construction developments and high demand, respectively high value of real estate properties, municipal own revenues are larger and ensure greater fiscal independence.

In general, some degree of financial independence has been achieved by those municipalities, within the boundaries of which fall of the largest cities and resorts where the value of real estate is highest. Even there, tax revenues account for no more than 20-30% of municipal budgets, which is illustrative of the serious challenges the financial autonomy of Bulgarian local government faces.

In the great majority of municipalities, i.e. outside the largest cities and resorts, the situation is obvious: about one out of each 10 BGN in the budget comes from local taxes. Even where own revenues account for a larger portion of the budget, if these are mostly generated from charges and fees, we can hardly speak of financial independence. Local policies and the competition between municipalities can be achieved in the fullest extent if local authorities rely on their own tax policy, respectively on the revenue from taxes.

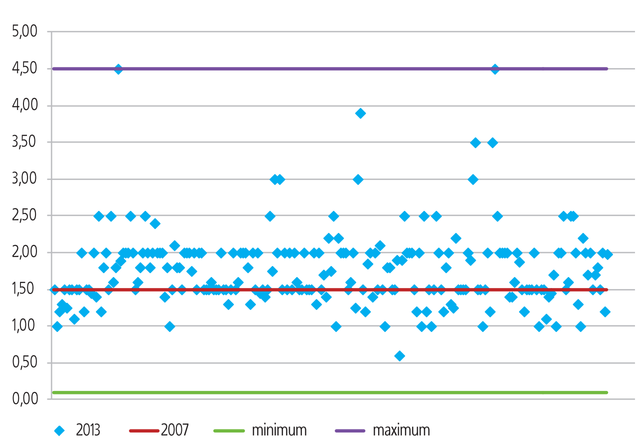
## Local Taxes and Charges

The new powers of municipalities obviously did not automatically result in financial independence, but nevertheless municipalities already carry out their own tax policies. Let us look at the developments concerning the main sources of revenue in municipal budgets: property tax on company-owned real estate; tax on the acquisition of real estate properties; tax on vehicles and waste collection charge for non-residential company properties.

## Property Tax on Company-Owned Real Estate

Graph 5:
**Immovable property tax for legal entities (‰)**

Source: IME 2013
*** Data covers 227 municipalities**




The tax on real estate owned by companies attracts the greatest amount of interest from the point of view of local taxation. Municipalities' policy-making in this regard has been relatively active since 2007, which means that tax competition is in place at local level. The chart below shows the tax rates in 227 municipalities across the country - both for the current year 2013 and the baseline 2007. The year 2007 was taken as a baseline as it was the last year in which the tax rate was the same for all municipalities under the Local Taxes and Charges Act.

It is worth noting that, given the limits set by law (from 0.1 to 4.5 per mils, as of 2013), the tax rate is usually within the range of 1 to 2 per mils. There are isolated examples of higher rates, the highest rate being in the municipalities of Avren and Zlatitsa (4.5 per mils, which is the maximum allowed by law). The only rate below one per mil continues to be in Hissarya - 0.6, which a record-low level for the country.

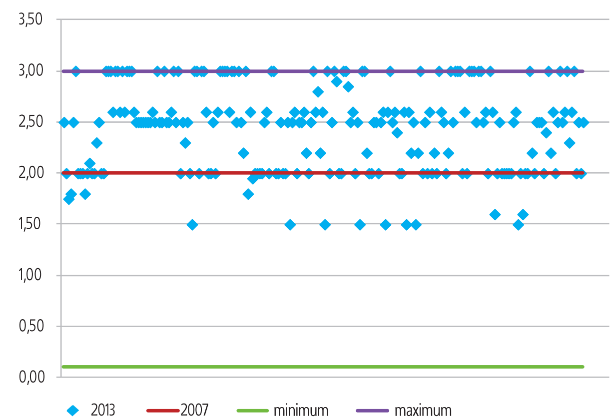
Interestingly, local tax policy is relatively sustainable, with no significant changes during the years. For example, last year saw only 1/20th of municipalities making changes in real property taxation, which could be due to the ongoing financial problems for both businesses and municipalities.

In the case of real estate, the "tax base" is very important, i.e. the value of the property the tax rate is charged on. Years ago, the local tax on real estate was determined on the basis of the "tax assessment" for natural persons (residential property) and the book value for companies (non-residential property). The difference is that in the first case the rate is fixed by the tax authorities – „depending on the type of property, its location, area, structure and physical amortisation", while in the other, the property's book value (or historical price) is being taken. The difference between the two tax bases can be quite significant both for old buildings whose book value is often lower than the possible tax evaluation, and for newly built property, where the tax assessment could be much lower than the book value.

**Graph 6:**
**Tax on property acquisition against payment (‰)**

**Source: IME 2013**
*** Data covers 225 municipalities**

New provisions which came into force in early 2011 state that for real estate owned by companies, the higher value will be taken into account when choosing whether to use the carrying value or the tax assessment. This change caused much debate because it is entirely in favour of the taxation authority: it does not define which evaluation is right (correct) but simply which one is higher. To some extent, this was taken into account by municipalities; over the past two years there were almost no cases of increasing property tax rates for businesses because the higher base was offset by the unchanged rate. Revenues from local property tax increased in recent years.




## Property Transfer Tax

Taxing the acquisition of property was, until recently, the largest source of tax revenues to municipalities. In this case, we are taking the tax rate on the transfer of immovable property for consideration, which by law is in the range of 0.1 to 3 per mils (as of 2013). Below are the rates for the „base" year 2007 and the current year 2013.

It should be noted that the majority of municipalities have put the tax rate up compared to the 2007 baseline, and many municipalities have set the maximum rate of three per mils. One reason for this may be sought in the huge drop in revenue from this type of tax after the crisis (in 2009 revenues nearly halved compared to the previous year), which was caused by the bursting of the property bubble and the much smaller number and size of transactions. Examples of reduction in the tax rate are very few.

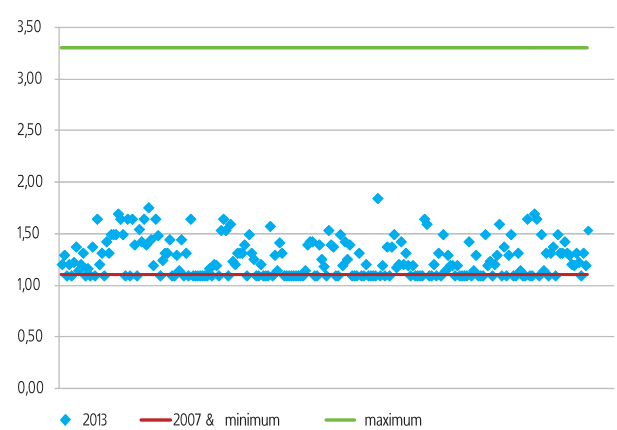
## Tax on Vehicles

Tax on vehicles is another key source of revenue for municipalities. In this case, we will focus on cars with a capacity between 74 kW and 110 kW. The law is quite strict on this count: BGN 1.10 to 3.30 per 1 kW. Actually the lower limit is equal to the base level from 2007, i.e. no option was provided to cut this type of tax. Below are the rates for the „base" year 2007 and the current year 2013.

**Graph 7:**
**Vehicle tax (commercial and passenger vehicles, 74 kW to 110 kW)**

**Source: IME 2013**
*** Data covers 226 municipalities**

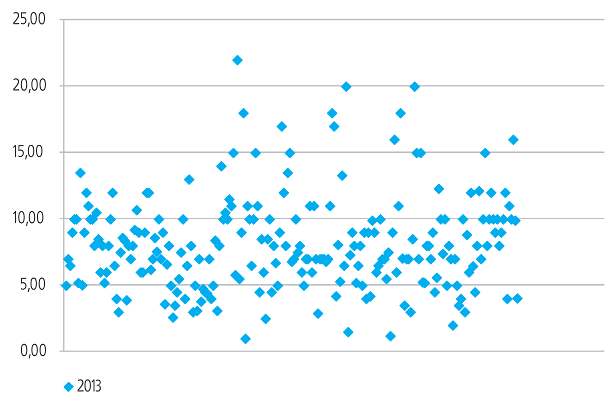
Most rates do not exceed BGN 1.50 per 1 kW, with many municipalities keeping down to the minimum. These figures and the experience with property taxation shows that the lack of opportunities to reduce the tax to the "base" 2007 levels certainly stops some municipalities from reducing that rate. The question remains why the legislature keeps the minimum at the base levels when experience with other types of tax has identified no problems.



## Waste Collection Charge for Non-Residential Property Owned by Companies

**Graph 8:**
**Annual waste collection charge for properties of legal entities (‰)**

**Source: IME 2013**
*** Data covers 225 municipalities**




The municipal waste collection charge is a key revenue source for municipalities forming a significant part of so-called "non-tax revenue". In this case, we are looking into the waste collection charge for non-residential property owned by companies as it is most relevant to the economic processes in municipalities.

In this type of charge, there are no minimum and maximum rates set – a fact that predetermines large discrepancies. The so-called "garbage charge" is the highest in the municipality of Kocherinovo (22 per mils), followed by Godech and Stamboliyski (20 per mils). Among municipalities in the district centres, the garbage charge is the highest in Pazardzhik (13.5 per mils) while the lowest rate is in Sliven (1.2 per mils), followed by Gabrovo (3.1 per mils) and Varna – (3.9 per mils).

The garbage charge, similarly to property tax, is determined in proportion to the property evaluation when the quantity of household waste cannot be determined. Here, municipalities are free to determine the base themselves: either book value or tax evaluation. In some municipalities, the property tax model was adopted. For instance in Razgrad the garbage charge is levied either on tax value or on the book value, whichever is higher. The figures show that changes in the tax base had an impact on the rate for this charge in many municipalities: district centres saw a decrease in the garbage charge rate over the past couple of years. In Razgrad, the parts-per-thousand rate was changed from 11.5 to 6.5 because of the changed base.

## Conclusions and Recommendations

Changes in recent years have shown that municipalities are already implementing a more active taxation policy, but this has led neither to changes in the structure of revenues, nor to a greater degree of autonomy. Municipal own revenues do not have much in common with the economic developments in the respective area: real property is being taxed while profits and incomes barely affect local budgets. In practice, the arrival of a major investor does not automatically generate benefits for the local budget; instead it even takes away incentives of local authorities to work for a better business environment. It is precisely the lack of incentives for development that is the leading argument for more powers and responsibilities at local level.

Strategic documents and programmes over the years have contained many plans for decentralisation and specific measures which, for the most part, have been implemented without yielding real results: new local taxes (license and tourism tax), more power to determine tax rates (wider discretion in setting local taxes), expanded tax base (changes related to the choice of the higher value between the tax value and book value). The above shows that most measures have already been implemented but no major impact in terms of real financial autonomy is evident. It takes us to the concept of restructuring the taxation system as key aspect of achieving financial independence.

"Restructuring" should be understood as transferring over to municipalities some of the existing taxes (or portions of these taxes) currently collected by the central government. This may include direct taxes – personal income and corporate tax, or for instance a portion of VAT. The topic has been discussed actively in recent years, and the changes proposed have been extremely diverse. The most feasible option at the moment seems to be the transfer of a portion of the personal income tax to local taxes. Putting this idea to practice in the short term is highly unlikely because there will be both political and administrative obstacles and issues hindering this process.

Municipalities will find it difficult to win greater fiscal decentralisation if they fail to improve their budget effectiveness and transparency and the way municipal companies and property are currently funded and managed. If good results are shown, any demands for more powers and resources will be more successful and convincing.

This means changes in at least two aspects:

- Transition to an effective programme-based budgeting at local level: it results in greater effectiveness and transparency.
- Improved transparency of municipal budgets and the budgeting process, to increase cost-effectiveness. Without achieving minimum standards for budget transparency, it would be difficult to persuade citizens and politicians that greater fiscal autonomy is indeed justified.

Such steps could open the way towards fiscal decentralisation and greater financial autonomy, with some possible changes in this direction being:

- Parliament would no longer set limits to local taxes; the decision and the responsibility would entirely fall with local government.
- At least one direct tax would become local – for instance, personal income tax. Direct taxes are not at all the central government's main source of revenue, so transferring them to the government that stands closest to the citizens would not be an illogical step.
- Municipalities would receive a "share" of economic growth – i.e. a proportion of the revenue from as many types of taxes as possible, particularly those associated with local economic activities (f.e. a percentage of the revenue from profit tax, VAT, excise duties).
- Municipal revenue collection and spending powers would be balanced so they are no longer dependent on the state budget, creating a fiscal asymmetry.
- Open and transparent management of municipal property.
- The powers of municipalities in the area of economic and social policy would increase.

The financial autonomy of municipalities is an important factor for local development and allows for competition between local authorities in respect of taxes. The presence of tax competition protects citizens from overtaxation while at the same time it compels even those who levy high taxes to spend the money collected in a more efficient manner.

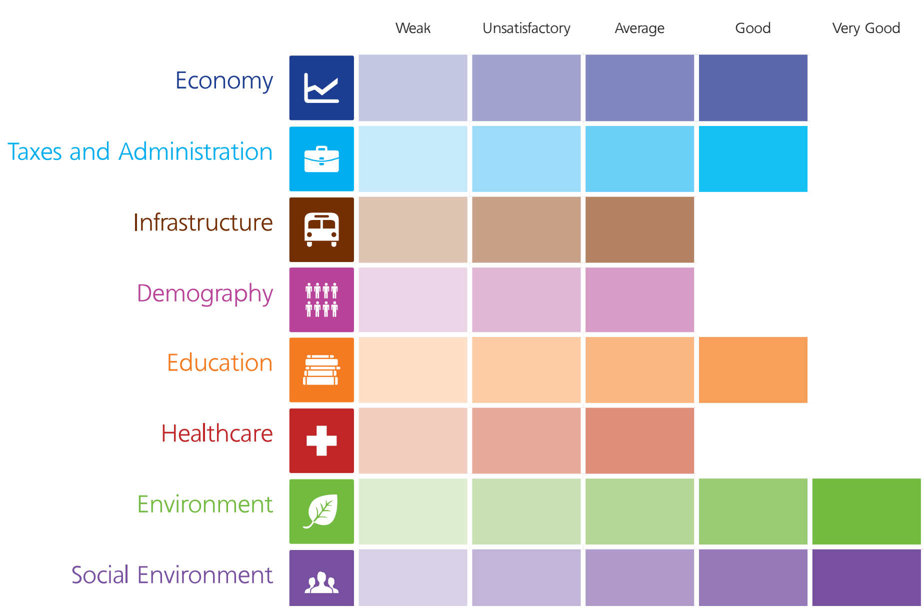
# Blagoevgrad


| | |
|---|---|
| **Population (2012)** | 320 836 |
| **Area (sq. km)** | 6 449,5 |
| **Number of settlements** | 281 |
| **Share of urban population (%)** | 59,3 |

## Overview

Blagoevgrad District is located in South-Western Bulgaria and is the third largest district according to area and the sixth most populous district in the country. Compared to other districts, it is performing well in the "Economy" and "Taxes and Administration" categories. The traditionally high economic activity of the population however is not accompanied by an increase in investment, which is why the local population's incomes are lower than the national average.

The development of transport infrastructure in the district has emerged as one of the country's priorities for the next programme period of the European Union (2014-2020), but the actual results in this direction can be expected in 2015-2016, at the earliest. In the categories „Environment" and „Social Environment", the district of Blagoevgrad scored among the highest in the country. The age structure of the population in the district is among the most favourable, too. Blagoevgrad is one of the leading districts in education.



## Economy

Blagoevgrad is one of the districts where employment started to increase in 2012, reaching 53.1% of the population over 15 yrs. of age, compared to 52.9% in 2011. However, the number of jobs remained unchanged - about 146 thousand people are in employment. This means that, at least at this stage, the increase in the employment rate is not the result of new job creation but rather the statistical effect of the shrinking population and the fact that the number of people in employment remained unchanged since 2011. Employment in Blagoevgrad is traditionally higher than the national average, with only the district of Sofia (capital city) reporting higher indicators. In 2012, the annual average unemployment rate increased to 10.4%, against 8.4% for 2011. Nevertheless the figures are more favourable than in most other districts.

Until 2011, investment activity in the district remained feeble. Both the expenditures for acquisition of fixed tangible assets and foreign investment in the non-financial sector were significantly lower than the national average. The relatively low rate of investment can be considered both as an influencing factor and as a consequence of the low capital intensity in the majority of businesses in the district. About 10% of all farms in the country are located in this district, but as a whole investment in these farms continue to be weak, and their large number is due to their fragmentation.

More than half of the territory of Blagoevgrad District falls under the protection of the Biodiversity Act, which limits the extent and nature of economic activity in the district. In 2012, the average annual income per household member in the district (BGN 3,823) was 12% lower than the national average. The gross domestic product per capita also remains low, which could be explained by the low investment activity and the above mentioned peculiar characteristics of nonfinancial companies.

At the end of 2012, the distribution of contracts awarded under EU operational programmes by municipalities shows that the largest number of contracts were concluded in the municipalities of Blagoevgrad, Petrich, Gotse Delchev, and Sandanski. Over 50% of the value of contracts awarded by the end of 2012 under operational programmes is under the Operational Programme „Environment".

## Taxes and Administration

Compared to 2012, in 2013 the local and municipal administrations were given lower scores for their performance; the biggest problems reported by businesses are related to the speed of administrative services. In 2013, 45% of business respondents said they had used electronic services, which is significantly higher than the national average. Of the 14 municipalities in the district, four reported they were fully prepared to provide one-stop-shop services. In terms of e-services and one-stop-shop services, there has been a significant delay, according to their own assessment, in the municipalities of Satovcha, Hadjidimovo, Kresna, and Gotse Delchev.

Local taxes and charges remain generally unchanged from their 2012 levels. The district reports some of the lowest tax rates on real estate (non-residential property owned by legal entities). At the same time, the annual license tax for retail trade and the size of the waste collection charge for companies continue to be higher than the national average.

In 2013, the waste charge for real estate owned by companies was reduced in the municipalities of Kresna, Sandanski, and Strumyani. The municipality of Sandanski also reduced the annual license tax for retail trade and the tax rate for real estate owned by legal entities (companies). An increase was observed only in the tax rate for property transfer tax - in the Kresna municipality it was raised from 2 to 3%, which is the highest rate in the entire district.

## Infrastructure

In 2011 and 2012, there was rapid improvement in the quality of roads in the district. While in 2010 only 39% of the roads were in good condition, in 2012, their share reached 55%. According to figures supplied by the "Road Infrastructure" Agency, for the period 2010-2012 the quality of the road surface in Blagoevgrad was improving at a faster rate than any other district in the country. However, due to the predominantly alpine terrain and the size of the district, the density of the road network remains the lowest, and about 60% of the roads are Class Three roads. There is no highway crossing the district. The construction of the Struma Highway continues to face difficulties. The opening of the new 14 km section from the highway Lot 1 (Dolna Dikanya - Dupnitsa) in the summer of 2013, and the green light for the start of construction works on Lot 2 (Dupnitsa - Blagoevgrad) were positive highlights in the development of the district's transport infrastructure.

The specifics of the terrain are the reason also for the extremely low density of railway lines. There are only 162 km of railway lines within the district, and over 60% of the lines are electrified.

For the first time in 2012 the relative share of households with Internet access in Blagoevgrad District was higher than the average for Bulgaria (54.9%) compared to 50.9% for the country. District residents gave high marks to its infrastructure development.

## Demographics

Blagoevgrad District is sixth in the country according to the number of population. At the end of 2012, a little over 320 thousand people were living in the district, with 59.3 per cent in urban areas. In spite of the low degree of urbanisation in the district, the population density as compared to the territory of populated areas is similar to that in larger districts, for instance Plovdiv.

Negative demographic trends taking place in the country are also manifested here. In 2009-2012, there was an increased trend of negative natural population growth and negative migration, the former deteriorating from minus 0.4‰ to minus 2.6‰, and the latter from minus 2.3‰ to minus 4.8‰ for the period under review.

The age structure of the population also continues to deteriorate, but the ratio of the population aged 15 to 64 to that aged over 65 was the second most favourable in the country. For every person aged over 65 there are still more than four people of working age, which is probably attributable to the presence of two major universities in the district. In addition to the Blagoevgrad District, such ratios were also observed in the districts of Bourgas, Varna, and Sofia (capital city).

## Education

Blagoevgrad is one of the leading districts in education. According to NSI data, in 2012 about 18% of the population aged 25 to 64 years had higher (tertiary) education, and this proportion has been increasing steadily since 2007. There are more than 13 thousand university students currently doing their studies; the number of students is larger only in the districts of Sofia, Plovdiv, Varna, and Veliko Tarnovo. In the districts of Plovdiv and Varna, a declining tendency in the number of students has been reported since 2009.

Since the school year 2010/2011, high school graduates from the district have consistently achieved scores at the Bulgarian language and literature matriculation exam that are higher than the national average. In the school year 2012/2013, only 3.8% of students failed the exam. Fewer graduates failed the exam only in Vratsa, Gabrovo, Lovech, Sofia, and Sofia (capital city). Other indicators showing the good condition of the education system are the low proportion of repeaters (only 0.5% against an average of 0.9% for the country), as well as high net enrolment rate of students in grade 5th through 8th (83.8% against an average of 81.0% for the country). Higher enrolment rates were observed only in the districts of Vratsa, Smolyan, and Razgrad. The educational system in Blagoevgrad District obviously succeeds in keeping students in school; it recorded an exceptionally low number of dropouts (only 1.6% in the academic year 2012/2013).

In 2012, three schools were closed in the district, bringing the number of schools to 133. In line with the situation in most of the country, the number of students and teachers continues to be on the decline. However, primary and secondary education are well provided for in terms of teaching staff. The district has a more favourable student-to-teacher ratio than the national average. The population of the districts of Blagoevgrad and Smolyan gave the highest score to the educational institutions in their respective districts.

## Healthcare

Again in line with national trends, the number of cases of hospitalisation in multiprofile hospitals for active treatment has been gradually increasing. A leading factor in this process is the ageing of the population. The cases of hospitalisation in multi-profile hospitals for active medical treatment in 2012 were 159 per one thousand people; the number is significantly lower than the national average - 209 patients per one thousand people. These seemingly favourable statistical figures are due not so much to the good health of the citizens in the district as to the specific characteristics of the local health system, including the limited number of hospital beds, the shortage of specialised doctors and proximity to the capital city.

District residents appear to be rather satisfied with their health status, but do not give high scores to the performance of hospitals in the district. In 2012, there were only 890 hospital beds in the Blagoevgrad District, which according to the actual number of population in the district is highly inadequate. There are 2.8 hospital beds available per thousand population, against an average of 4.4 for the country.

23% of those who used health service in the 12 months ending May 2013 had to travel outside the district to receive the healthcare services they needed. Around 87% of them stated as reason the shortage of specialists in the district and their preferences for a particular specialist who worked outside the district. This can largely be explained with the proximity of Blagoevgrad to the capital city, where the majority of hospitals of national importance are concentrated.

Blagoevgrad District reported the lowest infant mortality rate in 2012 - only 2.3 per 1,000 children, followed by Smolyan - 2.6 per 1,000, with the national average percentage being 7.8 per 1,000 children.

## Environment

There are extensive forest areas and abundant water resources in the district. Blagoevgrad District is home to the Pirin National Park and parts of the Rila National Park. Close to 70% of local residents positively appreciate the quality of the environment in the district. With a score of 3.8/5.0, the district ranks third after Smolyan and Lovech on this indicator. Emissions of harmful substances into the atmosphere have remained relatively low; compared to the territory, less pollution is observed only in Dobrich, Kardzhali, Montana, Smolyan and Yambol districts.

Although 77% of the population of Blagoevgrad District have access to public sewerage, only 26.3% of the population is serviced by water treatment plants. In accordance with the National Waste Management Programme (2009-2013) in the last few years in the Southwest Planning Region six regional landfills have been built and put into operation. Three of these are on territory of Blagoevgrad District: in the municipalities of Petrich, Sandanski, and Gotse Delchev.

## Social Environment

The number of recorded crimes against property and against the person in the district decreased in both 2011 and 2012. This could also be the result of the low level of confidence of local people in the police and the judiciary, which stops them from reporting crimes.

The traditionally high employment rate for the district has a positive impact on various indicators of poverty as a percentage of the population that is severely materially deprived (31.9%) and those living in households with very low work intensity (3.1%). In both cases, the results for Blagoevgrad District, respectively 43.6% and 10.1%, are significantly better than the national average. About 14% of the population of the district have incomes lower than the relative poverty line, against an average of 22.3% for the country.

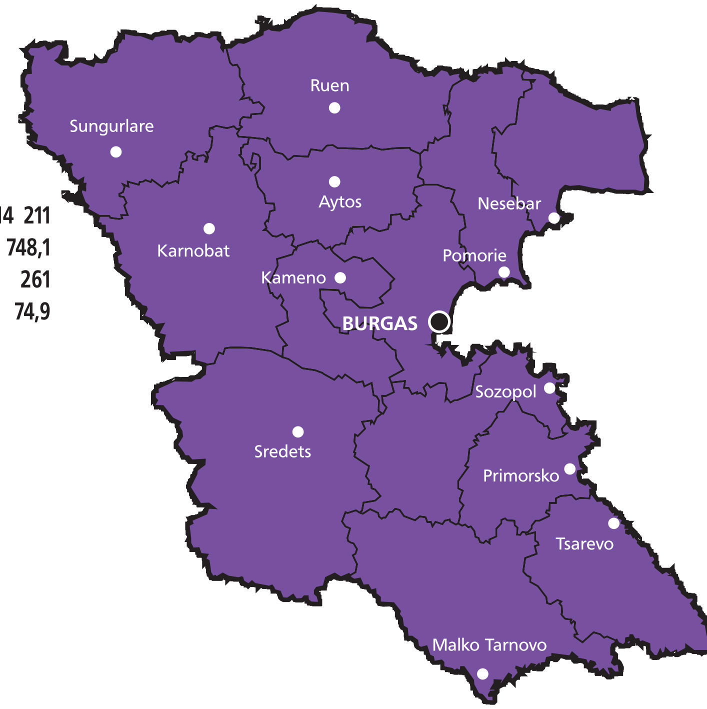
Residents seem to be satisfied with the quality of the environment, housing conditions, and the education opportunities offered in the district. While incomes in the district remain relatively low, only residents in the districts of Varna, Plovdiv, Gabrovo, and Sofia (capital city) self-assess their standard of living to be higher than that in Blagoevgrad.

Nearly 62% of residents of the district do not wish to leave it. According to this indicator, higher scores were only achieved in the districts of Pazardzhik, Plovdiv, and Varna.

# Key indicators for the district of Blagoevgrad

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 6 219 | 6 032 | 5 982 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 57,2 | 55,4 | 53,6 | 52,9 | 53,1 |
| Annual average unemployment rate of the population aged 15+ (%) | 1,8 | 3,4 | 5,8 | 8,4 | 10,4 |
| Relative share of people living below the district's poverty line (%) | 11,2 | 10,2 | 14,4 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 21,1 | 21,6 | 22,1 | 23,5 | 24,0 |
| Rate of natural increase (‰) | -0,7 | -0,4 | -1,8 | -2,1 | -2,6 |
| Net migration rate (‰) | -0,9 | -2,3 | -4,4 | -3,2 | -4,8 |
| Relative share of the population aged 25-64 with tertiary education (%) | 13,4 | 15,3 | 15,9 | 16,6 | 17,7 |
| Percent of failed students at state matriculation exams (%) | 5,4 | 5,0 | 4,4 | 3,5 | 5,4 |
| Average grade at state matriculation exams | 4,3 | 4,3 | 4,2 | 4,5 | 4,2 |
| Share of roads in good condition (%) | n.a. | n.a. | 39,0 | 56,6 | 55,0 |
| Relative share of households with Internet access (%) | 16,6 | 20,8 | 24,3 | 42,3 | 54,9 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 3,8 | 25,6 | 25,8 | 26,3 | n.a. |
| Health insured persons as share of the population (%) | 87,7 | 89,0 | 86,4 | 86,6 | 86,1 |
| Infant mortality rate (‰) | 8,7 | 4,8 | 6,8 | 9,8 | 2,3 |
| Number of registered crimes per 1,000 persons of the population | 12,3 | 14,5 | 15,4 | 12,8 | 12,9 |

# Bourgas



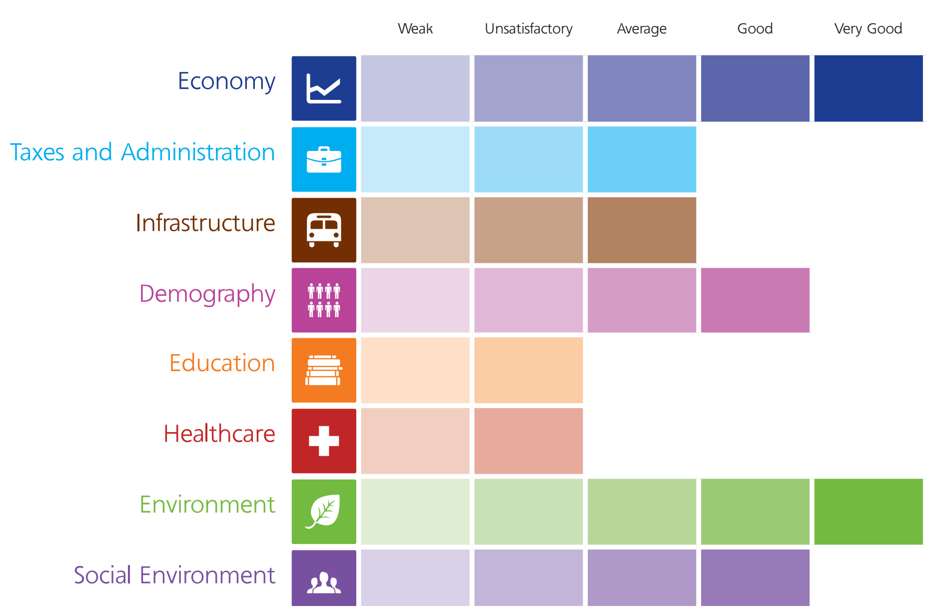

| | |
|---|---|
| **Population (2012)** | **414 211** |
| **Area (sq. km)** | **7 748,1** |
| **Number of settlements** | **261** |
| **Share of urban population (%)** | **74,9** |

## Overview

Although thriving in the pre-crisis years, the district of Bourgas has certainly experienced economic difficulties in the last four years. Investment expenditures are generally declining, and foreign investments are mainly in unproductive sectors which fail to create permanent jobs. Unemployment remains relatively high, which visibly reflects on the increase of the number of people living in privation.

The business climate is in need of improvement both in terms of local taxes and charges, and in terms of the administration's performance - an indicator that the district did better on during the previous year. The performance of the judiciary is also not highly rated.

These problems, and the unsatisfactory score given to education and health in the district, are already making an impact: for the first time in years, population growth in the district is negative. Although when compared with the rest of the country, life in Bourgas District is relatively satisfying, this would hardly be enough to get the district of Bourgas back to growth.



## Economy

Bourgas retains fifth place in terms of economic development measured by GDP per capita (ahead of Bourgas are the capital city, Stara Zagora, Varna, and Sofia District). However, the district was visibly lagging behind the top performers during the crisis. Per-capita GDP fell to 86.4% of the national average in 2010, against nearly 90% a year earlier. The recession and the subsequent stagnation also affected the income per household member: while in 2009 it was slightly higher than the national average, in 2012 it was only 85.6% of the average income.

The unemployment rate in the district has traditionally been a dynamic indicator marked by sharp declines and peaks depending on the overall economic cycle. Since 2010, unemployment has been increasing rapidly and now exceeds the national average. Only in 2012, there was some improvement in the labour market indicators and employment rose by one percentage point. However, new jobs appear to be relatively low-paid because the difference in the income level of Bourgas district's residents and the national average continues to increase.

The economic structure in the district generally mirrors the structure of the national economy: services account for 63.8%, industry accounts for 31.4%, and agriculture takes up 4.8% (according to the latest data from 2010). The profile of services, however, is characterized by a greater weight of "tourism" and "trade". 39% of the tourist accommodation in the country is concentrated in the district, and the newly built shopping centres in Bourgas are oriented mainly to serve summer tourists. Although generating a substantial portion of the district's revenues, this pattern creates instability in the labour market and high seasonal unemployment. As a whole, the district economy is unable to generate a sufficient number of all-year-round and well-paid jobs. The employment rate is close to the national average but lags far behind the districts of Sofia (city), Blagoevgrad, Stara Zagora, and even Yambol.

Another weakness in the district is its unbalanced development. Coastal municipalities provide considerably better standard of living than inland municipalities. Especially visible is the contrast between the municipalities of Malko Tarnovo, Sredets, Sungurlare and Rouen, on the one hand, and Bourgas, Nessebar and Sozopol, on the other.

Bourgas District ranks third after Sofia (capital city) and Sofia District in terms of foreign direct investment per capita, accumulated over the period 2000-2011. Data on the structure of foreign direct investment show that over a quarter of this investment is directed to the sectors of construction, trade and real estate transactions, and the majority is in the mining industry, sewage and waste management. In other words, there is no foreign direct investment in assets that create sustainable jobs and can be the basis for industries with higher added value. Perhaps even more disturbing is that the expenditures for acquisition of fixed tangible assets per 1,000 population plummeted by more than 30% in 2009 and over the following two years were at levels close to those of 2005.

Another alarming indicator for the economic condition of the district is the number of new enterprises - in 2012, they were only half the number reported one year earlier.

Municipal administrations in Bourgas District are making significant efforts to attract funds under EU operational programmes. The funds disbursed under operational programmes per capita by the end of 2012 were BGN 374.9, which is the largest amount after the districts of Gabrovo, Lovech, and Vratsa.

The results of business surveys give cause for some optimism on the district's economic outlook. One third of respondents expect an increase in sales over the next 12 months (from June 2013 to May 2014). The same number expected that they would rather increase their investment activity during the year, and one quarter would rather increase the number of employees.

## Taxes and Administration

Bourgas District received low scores in the "Taxes and Administration" category. The main problem, it appears, are the rates of local taxes and charges which remain at relatively high levels. In most municipalities, the tax rate of the annual license tax for retail trade and the waste collection charge for non-residential property owned by companies are significantly higher than the national average. The business surveys conducted in May 2013 indicate deterioration in the score given by businesses to the administration's performance, although it still remains among the best in the country. Corruption perception by both businesses and citizens surveyed is improving, which suggests that corruption pressure is on the decline.

The judiciary received scores that are significantly worse than previous results. A major weakness, according to the survey, is the slow speed at which court cases are moved. Doubts remain regarding the probity of local law enforcement authorities.

Four of the municipalities in the district stated that they were providing one-stop shop services: Aytos, Nessebar, Sozopol, and Sungurlare. Only Tsarevo Municipality is lagging behind in the development of electronic services in the district as a condition for two-way interaction with businesses and citizens.

## Infrastructure

The overall score given to infrastructure in the Bourgas District is close to the national average. However, over the past two years, considerable efforts were made to improve the condition of transport links in the district. In 2013, the Trakia Highway was finally completed and put into operation. At the end of 2012, the rehabilitation of the Bourgas - Malko Tarnovo road was finalised; this road connects the district with Turkey. The summer of 2013 saw also the completion of the new grain cargo terminal at the port of Bourgas. The new facility which was built on the site of the former port facility serving "Kremikovtsi" allows for the entry of deep draught ships of the "Panamax" type and will increase the importance of the port for grain exports from the region.

The main infrastructure weakness in the district is the poor quality of the road network: only 29% of it was classified as "good" as of the end of 2012. There are two main routes that need expansion and rehabilitation. As to the first one connecting Bourgas with the neighbouring Black Sea district of Varna previous plans to build a high-speed road to currently seem too remote. This route serves the majority of the tourist flow along the Black Sea coast, and with the completion of the Trakia Highway, it took some of the traffic between Sofia and Varna. The second important route that needs urgent rehabilitation is the one connecting the town of Tsarevo with the town of Malko Tarnovo. It would also give some impetus to the development of the municipality of Malko Tarnovo which is rich in natural and historical landmarks but still one of the poorest and least populated municipalities in the district.

The share of households with Internet access is 53.5%, i.e. it is relatively high and above the national average. The district enjoys the third highest percentage of people aged 16 to 74 who use the Internet (56.7%).

## Demographics

The district's demographics compare relatively well to the rest of the country. Bourgas enjoys a relatively slow decrease in the number of the population: 2.3% for the period 2001-2012, compared to 8.2% for Bulgaria. The negative rate of natural increase is the sixth lowest in the country (-3.3‰ in 2012). The net migration rate (the difference between the number of people who moved into the district and those who left it) however turned negative in 2012, for the first time in six years. The preferred destinations for people leaving the district are either foreign countries or the capital city. Bourgas District receives inbound migration mostly from the neighbouring Sliven and Yambol districts and the capital city.

The age dependency ratio of the population aged 65+ compared to that under the age of 14 sharply deteriorated over the past two years, but the Bourgas district still retains its second position in the ranking on this indicator, after the district of Sliven.

Bourgas District is among the most highly urbanised areas in the country. The proportion of urban population is 74.9%, and has been increasing very rapidly in the last three years. It could be explained by the economic crisis and the declining employment prospects for the rural population.

## Education

The quality of education in the district has deteriorated in recent years and placed Bourgas very close to the bottom of the ranking on this indicator. The number of teachers per 1,000 students has decreased down to 68 in 2012, compared to 74 one year earlier. Over the past five years, the number of the population per one school has permanently increased. The number of dropouts from secondary education over the last two years also shows deterioration; during the same period, the share of "fail" grades at the state matriculation exam in Bulgarian language and literature has sharply increased. The only indicator on which the district is making some progress, is the proportion of the population aged 25 to 64 with tertiary education.

## Healthcare

On "Healthcare", Bourgas District received an overall unsatisfactory score. The number of population per one general practitioner is increasing. The number of health-insured residents is going down, which is a national trend. The number of cases of hospitalisation at multiprofile hospitals for active treatment per 1,000 population has spiked.

Some of the problems inherent to the district are slightly improving. Probably due to the newly opened private hospitals, the indicators on the number of hospital beds per 1,000 population, and the number of medical specialists in internal medicine and cardiology, weighted against the population, are on the increase.

Nearly 40% of the district's residents who used healthcare services in the last 12 months sought treatment outside the district. The main reason for this is the lack of specialists (over 54% of respondents), and the low quality of medical services (23.3% of respondents). Corruption practices in the healthcare system are another serious problem: over 40% of those who used healthcare services said they had made unofficial payments to receive treatment. According to 39% of respondents, healthcare in Bourgas is given a "poor" score.

## Environment

In the "Environment" category, Bourgas District received very good results. This is appreciated by the district's residents; they gave the third-highest rating on quality of the environment, after Smolyan and Lovech districts. The proportion of the population living in settlements with public sewerage systems increased nearly five percentage points, reaching 75.5%, which is a relatively high percentage for the country. Although far below the national average, carbon dioxide emissions increased in 2011.

## Social Environment

Bourgas is among the districts providing relatively good living conditions, compared to the country average. The overall satisfaction reported by citizens is about the national average. There has been a slight drop in the crimes reported per 1,000 population, although the district keeps its top position on this indicator. Housing conditions in the district are improving. The main problem continues to be the number of people living in material deprivation; it soared over the last year for which data are available (2010) reaching 40.1%, although it is still relatively low compared to the national average. Only about 6% of the people in the district were living in households with low work intensity.

Nearly one quarter of the district's residents are satisfied with their standard of living; over 50% are of the opposite opinion. The number of visits to the cinema and the theatre, relative to the population of the district, is among the highest in the country and continued to grow in 2012, indicating a relatively good level of cultural life in the district.

Less than 10% of citizens surveyed said they were willing to permanently move to another district. This rate is among the lowest in the country, and is attributable to the relatively high levels of life satisfaction.

# Key indicators for the district of Bourgas

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 8 609 | 8 064 | 8 082 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 49,1 | 48,3 | 44,8 | 45,4 | 46,8 |
| Annual average unemployment rate of the population aged 15+ (%) | 3,4 | 3,9 | 9,6 | 12,6 | 11,5 |
| Relative share of people living below the district's poverty line (%) | 23,0 | 21,3 | 19,8 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 22,2 | 22,3 | 22,6 | 23,9 | 24,5 |
| Rate of natural increase (‰) | -1,7 | -0,6 | -2,5 | -3,0 | -3,3 |
| Net migration rate (‰) | 3,5 | 4,1 | -0,0 | 0,7 | -0,2 |
| Relative share of the population aged 25-64 with tertiary education (%) | 14,5 | 14,4 | 15,6 | 17,3 | 18,6 |
| Percent of failed students at state matriculation exams (%) | 3,8 | 5,4 | 5,8 | 3,9 | 6,6 |
| Average grade at state matriculation exams | 4,3 | 4,3 | 4,2 | 4,4 | 4,1 |
| Share of roads in good condition (%) | n.a. | n.a. | 21,8 | 22,1 | 29,0 |
| Relative share of households with Internet access (%) | 22,9 | 31,5 | 40,6 | 47,3 | 53,5 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 57,1 | 58,4 | 58,7 | 60,6 | n.a. |
| Health insured persons as share of the population (%) | 84,8 | 88,0 | 85,6 | 85,6 | 84,6 |
| Infant mortality rate (‰) | 10,4 | 10,6 | 12,4 | 9,3 | 8,9 |
| Number of registered crimes per 1,000 persons of the population | 21,4 | 22,4 | 23,1 | 20,6 | 20,0 |

# Varna

| | |
|---|---|
| **Population (2012)** | 473 790 |
| **Area (sq. km)** | 3 819,5 |
| **Number of settlements** | 159 |
| **Share of urban population (%)** | 83,7 |

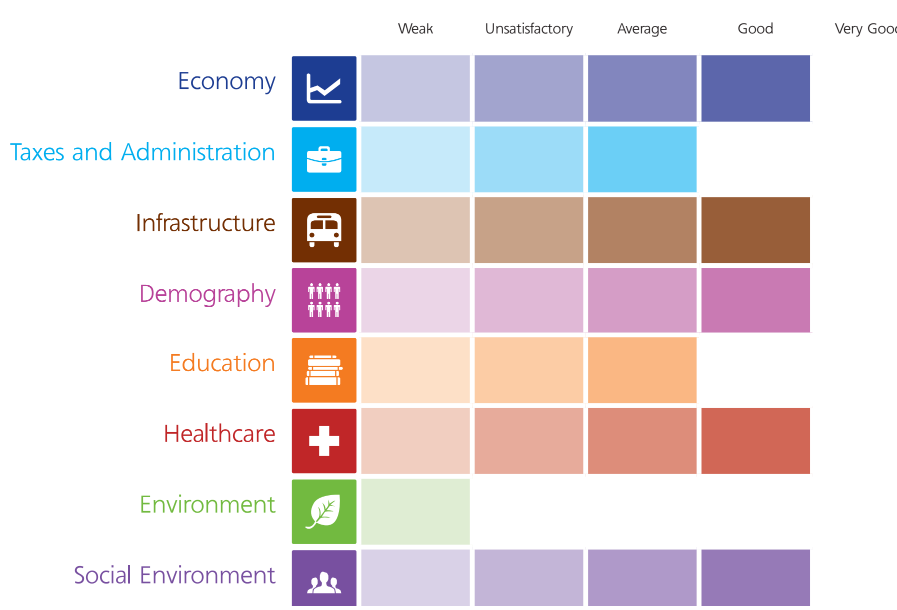

## Overview

Varna District has significantly slowed down its development over the last three years and from being the second richest district in terms of GDP per capita, it has now slipped to the third position after Sofia (capital city) and Stara Zagora. The local economy is highly dependent on the services sector, which combined with poor business environment predetermined the sharp deterioration of the labour market.

Varna is one of four districts in the country to report a net outflow of foreign investment in 2011. The parallel decrease of expenditures for acquisition of fixed tangible assets also suggests deterioration in the general economic situation in the district.

Although less affected by the demographic changes in the country, Varna risks a worsening demographic situation if the economic stagnation were to continue. Some deterioration was also observed on a number of indicators reflecting the quality of the education system.

Varna District still enjoys a relatively good quality of healthcare. The district receives a relatively good score on infrastructure, too, but given its needs and capacities as one of the major transport and logistics centres in the country, there is still much to be desired.



# Economy

Varna was outranked from its second place in the list of the richest districts by Stara Zagora, in terms of GDP per capita; it was also one of the few districts in the country to report a decline on this indicator in 2010 (according to the latest NSI data). Recession in the district seems to have continued in the following years, too, as unemployment rose sharply in 2012 to 16.4%, exceeding the national average by four points. Employment declined by more than two percentage points in 2012 compared to 2011. This is hardly surprising in view of the shrinking number of companies in the district during the same period. Both in 2010 and in 2011, the expenditures for acquisition of fixed tangible assets also decreased down to levels reported in 2005-2006. In 2011, the size of foreign investment cumulatively also shrank; similar developments were reported by only four other districts in the country. All of the above is indicative of a major breakdown in the confidence and opportunities for doing business in the district. Against this background, the sharp growth in income per household member is rather surprising: an increase by nearly 15% was reported in 2012 compared to 2011. A possible explanation for this contradiction in the economic data for the district is the potential expansion of the informal economy, which is also suggested by the poor ranking of the district in the "Taxes and Administration" category.

The district's economy is highly specialised in the services sector which accounts for approximately 69%. Industry generates 28.7% of GDP, while agriculture accounts for only 2.6%.

Furthermore, the economic development of the district is highly polarized in terms of its territorial distribution: over 75% of businesses and fixed tangible assets are concentrated on the territory of Varna Municipality.

Varna District's performance in attracting EU funds under various programmes and projects is mediocre at best. The funds disbursed under operational programmes and projects to municipalities in the district (calculated per capita) are BGN 182 at the end of 2012, which is above the country average, but only half of what the neighbouring district of Bourgas achieved.

# Taxes and Administration

Varna District receives relatively low scores in the "Taxes and Administration" category, according to which it ranks among the worst performing districts in the country. The work of the judiciary emerges as a serious problem, as it was given a score of 2.6/5.0 against an average of 2.9/5.0 for the country. The business community is dissatisfied with almost all major aspects of the work of the judiciary: its speed, impartiality, competence, and the integrity of judges. Over the last year, the business community's perceptions of corruption in the district have increased.

Among other weaknesses in the district are the relatively high rates of local taxes: real estate tax, vehicle tax, license tax for retail trade and property transfer tax are higher than the national average. A single but not insignificant plus in the district's tax policy is the size of the garbage charge, which is one of the lowest in the country.

The local administration's performance was given a relatively high score. More than half of respondents were satisfied with the qualifications and skills of its staff, and with its responsiveness; a situation not commonly observed in the country. In respect of electronic services and the development of the one-stop-shop service, the best results were achieved in the district centre of Varna and the Provadiya Municipality. Between May 2012 and May 2013, 40% of the business respondents used electronic services, but the scope of the latter was limited mainly to obtaining information and downloading forms. The score given to their quality is in line with the national average: 3.5/5.0.

# Infrastructure

The condition of infrastructure in the district of Varna was assessed as good. The district is an important transportation and logistics hub with an international airport and a seaport, and a relatively high density of the road and railway networks. Over the past two years, the share of roads in good condition increased from 23.1 to 39%.

Among the infrastructure projects of importance for the district are the rehabilitation of "Hemus" Highway between Varna and Shumen and the completion of the highway itself. The prospects for its completion are too remote; at present, completion is not planned before 2018. Another road of great importance is the one linking Varna with the Bourgas District, and its continuation to the Romanian border. It should be extended, and a motorway should be built to ease traffic between the resorts along the Black Sea coast.

Among the positive developments in the district is the rapid growth in the number of households with Internet access, and the number of people who use the Internet.

# Demographics

Varna District enjoys the best demographic situation after Sofia (capital city). Varna is one of only two districts in the country (the other one being the capital city) where the population increased in the period 2001-2012, by 2.4%. This is mainly due to the positive net migration rate, i.e. people who moved into the district from other parts of the country in 2007-2009. The trend broke for the first time in 2012, when the migration rate turned negative (-0.2 ‰), probably due to the economic situation. The rate of natural increase, similarly to the rest of the country, is negative, but with significantly smaller negative values than the average for Bulgaria.

Mostly people from the districts of Dobrich, Shumen, and less from Sofia (capital city) move to Varna District; migration in the opposite direction is also present. Increased emigration was reported in 2009 and 2010, but it subsequently decelerated.

Varna is the second most urbanised district in the country after Sofia (capital city), with a proportion of 83.7% of the urban population.

The age structure of the population is also considerably better than most of the country. The age dependency ratio of the population aged 65 and over to the population aged less than 14 years was 115.1%, compared to a national average of 140%.

There is a risk, however, that the positive demographic indicators could begin to deteriorate if the economic problems of the district continue to worsen.

# Education

The general level of the education system in Varna was assessed as "average". There are several main weaknesses. The first is the ratio between the number of schools and the number of population which has steadily declined over the last decade and is one of the lowest in the country. The net enrolment rate of the population in grades 5th through 8th has also sharply declined, reaching 78.9% in 2012, at 87.2% in 2007. This is the largest decline in the country, comparable only to that in Pernik. The third problem that only emerged in the last three years is the receding number of students in colleges and universities per capita. This may be a sign of decline in the quality of higher education and the orientation of young people to other schools in the country or abroad. And last but not least, the number of teachers per 1,000 students in 2012 fell by 8% and is now one of the lowest in the country.

In other respects, however, the district reported certain improvement. The share of dropouts from primary and secondary education was reduced to 2.3% in 2012 from 2.7% in 2011. Also lower is the proportion of students who received "fail" scores (below 3.00 in the 6-grade system) at the state matriculation exam in Bulgarian language and literature, while the average grade from the exam registered an increase. Varna District kept its second place, only outdone by Sofia, with the largest share of the population with tertiary education: 26% in 2012.

# Healthcare

Healthcare in Varna District was assessed as good. The district is close to the national average in terms of population per one general practitioner and number of people per specialist in Internal Medicine. The availability of cardiologists per population is quite remarkable: the third best value after the districts of Sofia and Pleven. Of note is the significant reduction in infant mortality over the past two years.

Varna District lags far behind in the number of hospital beds per 1,000 population.

As in other districts in the country, the proportion of people with health insurance decreased, and in 2012 was three percentage points below the national average of 87.3%.

The share of people who replied that they had to make unofficial payments for health services in the past 12 months is relatively low: 17.5%. The same applies to the proportion of people who had to travel outside the district in search of medical care. This implies a relatively positive attitude towards the quality of the available health service.

# Environment

Varna District benefits from a favourable natural environment and climatic conditions. The only exception is the city of Varna and the town of Devnya where the sources of air pollution and water pollution of the Beloslavsko and Varnensko lakes are concentrated. The emissions of carbon dioxide into the atmosphere of Varna District are among the highest in the country, and only Stara Zagora reported a greater concentration of harmful emissions. Within Varna District, there are increased levels of fine particle pollution in Devnya.

The household waste collected per capita has decreased over the years and continues to be around the national average. According to the Varna Regional Inspectorate of Environment and Water, most municipal landfills do not meet modern requirements.

The share of the population with access to public sewerage connected to waste water treatment plants is the second highest after Sofia (capital city): 85.1%, which is explained by the concentration of the district's population in cities. Challenges, however, still exist, for instance the operation of the Zlatni Pyasatsi waste water treatment plant which is overburdened during peak hours in the summer.

## Social Environment

The social environment in the district is rated as good. Many of the indicators now show worse scores: the share of people living in households with low work intensity, the share of people living in material deprivation; the relative share of the poor against the official poverty line in the district. Still, the overall satisfaction with the quality of life in Varna District is one of the highest in the country. Nearly one-third of the local people are satisfied with their standard of living. Even greater is the percentage of those who are satisfied with their jobs. The district's residents give high marks for their satisfaction with housing conditions, the quality of healthcare and education, and social life. Local people have also reported the highest number of visits to the cinema and theatre after Sofia (capital city).

The main challenges in the social environment are the general dissatisfaction with the infrastructure in the district, and the high crime rate. The number of reported crimes against the person or against property is the third highest in the country after Bourgas and Sofia (capital city). However, over a third of local people feel safe both at home and outside it, against 26% who are of the opposite opinion. About 37% were neither satisfied nor dissatisfied with the level of personal security in the district. Understandably, confidence in the police is relatively low.

Less than 10% of citizens surveyed said they were willing to permanently move to another district. This rate is among the lowest in the country, and is attributable to the relatively high levels of life satisfaction.

# Key indicators for the district of Varna

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 10 227 | 9 613 | 9 595 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 54,8 | 52,9 | 49,6 | 46,5 | 44,2 |
| Annual average unemployment rate of the population aged 15+ (%) | 4,3 | 4,3 | 8,2 | 10,3 | 16,4 |
| Relative share of people living below the district's poverty line (%) | 23,4 | 21,6 | 24,4 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 21,7 | 21,9 | 22,4 | 23,7 | 24,4 |
| Rate of natural increase (‰) | -0,3 | 0,5 | -1,1 | -1,5 | -2,1 |
| Net migration rate (‰) | 8,2 | 4,2 | 0,3 | 0,5 | -0,2 |
| Relative share of the population aged 25-64 with tertiary education (%) | 24,8 | 25,5 | 25,6 | 25,4 | 26,0 |
| Percent of failed students at state matriculation exams (%) | 2,2 | 3,5 | 4,0 | 3,5 | 5,1 |
| Average grade at state matriculation exams | 4,5 | 4,4 | 4,4 | 4,5 | 4,2 |
| Share of roads in good condition (%) | n.a. | n.a. | 23,1 | 36,7 | 39,0 |
| Relative share of households with Internet access (%) | 24,3 | 28,4 | 28,1 | 40,1 | 51,3 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 84,1 | 84,4 | 84,8 | 85,1 | n.a. |
| Health insured persons as share of the population (%) | 89,8 | 90,6 | 87,9 | 85,2 | 84,4 |
| Infant mortality rate (‰) | 7,5 | 6,3 | 10,1 | 8,1 | 7,0 |
| Number of registered crimes per 1,000 persons of the population | 17,3 | 17,4 | 18,7 | 17,6 | 18,4 |

# Veliko Tarnovo

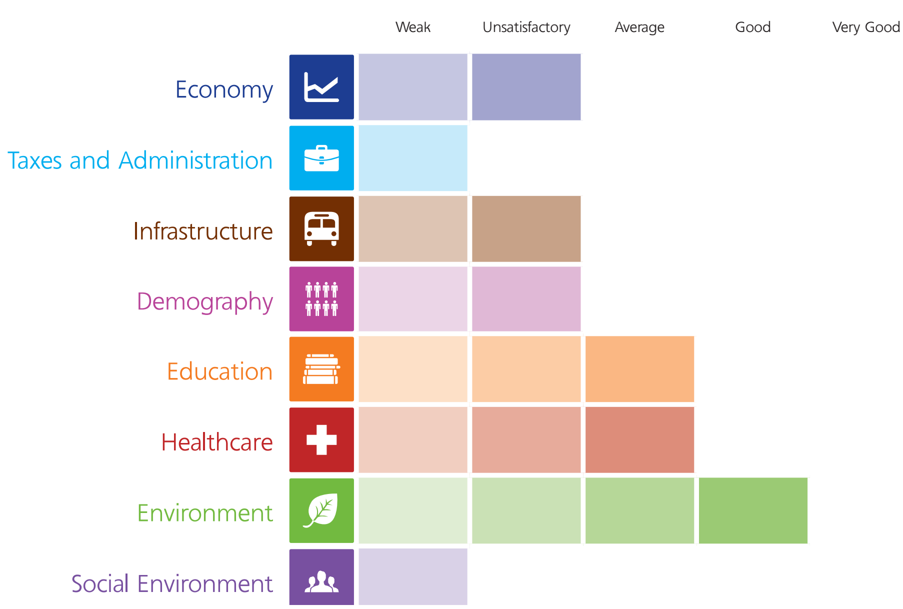
| | |
|---|---|
| **Population (2012)** | 254 891 |
| **Area (sq. km)** | 4 661,6 |
| **Number of settlements** | 337 |
| **Share of urban population (%)** | 69,7 |


## Overview

Veliko Tarnovo District is facing serious economic challenges as it traditionally suffers from the absence of foreign direct investment. Weaknesses in the business environment also contribute to the lack of investment. The employment rate has recovered slightly in recent years, but remains at relatively low levels. Poverty data are extremely negative, and the inequality within the district is great.

Higher education in Veliko Tarnovo District is widely available, and the number of students has increased over the years. In practice, this is the district with the highest concentration of university students relative to the population. Traditions in higher education are a key factor in attracting young people to the district. Almost a quarter of the population aged 25-64 has tertiary education.

The residents of Veliko Tarnovo District are rather satisfied with the quality of life in the district, and fewer than 10% of respondents said that they were willing to permanently relocate to another district. The dominant reason for dissatisfaction with life in the district is the low standard of living. Demographic processes also contribute to the economic problems, with the age dependency ratios being badly deteriorated, and the birth rate being relatively low.



# Economy

Veliko Tarnovo District lags behind the leading districts according to the gross domestic product per capita, although in the years of the crisis no nominal shrinking of the economy was reported. Employment in the district has traditionally been relatively low, and in 2010 it fell below 40% of the population aged 15 and over, which is one of the lowest in the country. Afterwards some recovery in job numbers was reported and the situation improved slightly. Unemployment remains at relatively high levels, reaching almost 14% in 2012.

The rate of investment also benefited from some revival in recent years; in 2011, the expenditures for acquisition of fixed tangible assets recovered, although these have not yet reached 2007-2008 levels. Foreign direct investments also recovered slightly in 2011, but remain at very low levels compared to the country average: population-weighted, they occupy the bottommost position. The concentration of productive investment in the region is mostly in the towns of Gabrovo and Sevlievo which border on the district of Veliko Turnovo. However, the absorption of EU funds by local municipalities is moving relatively well.

The economic profile of Veliko Tarnovo is dominated by services; these contribute more than 60% of the gross value added for the district. Tourism is particularly important and is concentrated in the city of Veliko Tarnovo and the surrounding area. The municipalities of Elena and Svishtov are important tourist destinations, too. Industry dominates in the municipality of Lyaskovets where some large enterprises provide higher employment. Industry in the district is mainly represented by the food & beverage industry.

# Taxes and Administration

Local taxes in the municipalities of Veliko Tarnovo district are among the highest in the country. This applies to the taxation of real estate, property transfer tax, and vehicle tax. Local taxes in the municipality of Veliko Tarnovo are also among the highest when compared with other district centres around the country. Against the backdrop of the higher local taxation, the business community's assessments of the work of institutions and the level of corruption are negative. Perceptions of corruption in the judiciary are very high, while in terms of the work of municipal administrations, businesses are rather dissatisfied with the clarity of requirements, speed of service, and the probity of local officials.

Administrative services in the municipalities continue to be a challenge, but some municipalities seem to be performing better than others. For example, in the municipalities of Lyaskovets, Pavlikeni, and Svishtov, electronic services are at the "two-way interaction" stage (level three out of four possible), and one-stop-shop services were rated as "excellent". The rate of use of electronic services by businesses is high, with half of the respondents saying they had used e-services in the past year, but most involved looking up information and downloading forms.

# Infrastructure

The road network density in Veliko Tarnovo district is one of the highest in the country. The quality of roads severely deteriorated in 2012, with only one quarter of the roads being in good condition. There are no highways or high-speed roads on the territory of the district, but the route of the future Hemus Highway (Sofia - Varna) passes through it. The completion of the road along the banks of the Danube from Vidin to Silistra is another project of national significance. Mountainous municipalities in the district are experiencing serious problems with the maintenance of the very long municipal road network. Especially challenging is the removal of snow from road surfaces during the winter season in the municipalities of Elena, Zlataritsa, and partly in Veliko Tarnovo. The density of railways is also among the highest in the country, with two-thirds of the lines electrified.

Citizens' and businesses' assessment of the state of local infrastructure is not very positive; according to company representatives this is one of the factors that tend to have a negative impact on the businesses environment in the district, while for citizens it is a factor for higher levels of dissatisfaction.

# Demographics

Veliko Tarnovo is the ninth largest district in the country with a population of 255 thousand people in 2012. The decline in the number of population in recent years was quite serious; this was due to the sustained negative rate of natural increase (an average of about 8‰ per year) and some negative trends in net migration in recent years. Outbound migration is mostly towards the capital city; after the crisis emigration abroad also became very active.

The age dependency ratio has severely deteriorated. The population aged 65 years and older was 1.7 times more than the population up to 14 years and almost one third of the population aged 15 to 64 years. About

2,300 children are born per year, with the birth rate lagging behind the national average. Statistical figures suggest that the demographic challenges in the district are mainly in terms of the low birth rate and the rate of natural increase, while in terms of net migration, significant improvement (or even a positive trend) can be expected in case of sustained economic recovery.

## Education

The general trend of declining numbers of students, teachers and schools is observed in Veliko Tarnovo District, too. Due to the shortage of students, several schools were closed in 2012, for instance in the municipalities of Pavlikeni and Svishtov. The district is one of the most heavily affected by the optimisation of the school network in the country. The average scores from the matriculation exam in Bulgarian language and literature in 2013 are similar to the national average (4.27 out of 6.00 for the district), but almost 7% of students failed the exam, which is high relative to other districts. Also significant is the proportion of dropouts from primary and secondary education.

Higher education plays an important role in the district, with the number of students increasing over the years and reaching almost 28 thousand in 2012. In practice, this is the district with the highest concentration of university students relative to the population, leaving even the capital city behind. There are two university centres: the Veliko Tarnovo University "St. St. Cyril and Methodius" and the National Military University "Vasil Levski" in Veliko Tarnovo, and the Academy of Economics "D. A. Tsanov" in the town of Svishtov. Traditions in higher education are a key factor in attracting young people and the good educational structure of the population: almost a quarter of the population aged 25 to 64 years have tertiary education.

## Healthcare

There are 12 hospitals in the district, but staffing is stable only in the larger municipalities. The District Development Strategy for the period 2014 - 2020 states that in smaller, especially mountainous municipalities, there has been an increase in vacant medical practices. Emergency care is also inadequate and fails to provide appropriate services in terms of speed of response, in scattered settlements remotely situated from the municipal centre, especially in winter conditions. Hospital beds in multiprofile hospitals for active treatment are also few in number compared to the population.

People with health insurance in the district were about 83% in 2012, which is the lowest level in the country - most districts reached 87-88% share of the population. The cases of hospitalisation in 2012 were about 142 per thousand people, which is among the lowest in the country. The infant mortality rate is also below the national average. These figures are more indicative of issues related to the organisation of health care than with actual morbidity.

The results of surveys among citizens also reveal issues with the quality of the health system, though not as pronounced as in other districts. Almost one in four stated that he/she had to travel outside the district to use health services, with the leading reason given by respondents being the lack of specialist doctors. Unofficial payments are not as prevalent; one in eight who used health care services in the last 12 months stated that he/she had to make such payments.

## Environment

The emissions of carbon dioxide into the atmosphere decreased in recent years, but the district continues to be in the group of districts with relatively high emissions weighted against the territory. The District Development Strategy 2014-2020 also notes a problem of fine particle pollution from transport and solid fuel heating. The household waste collected per capita is about the average for the country, and significantly reduced in 2011.

Nearly two-thirds of the population live in areas with public sewerage systems, which is a little below the national average. In 2011, about 44% of the population had access to public sewerage connected with a wastewater treatment plant. In recent years, several projects have been launched for new treatment plants, for instance the waste water treatment plant in Pavlikeni, which at the end of 2012 received EU funding.

## Social Environment

Veliko Tarnovo District has an extremely high percentage of people described as living in material deprivation, that is, who are struggling to meet their basic needs. In 2010, people living in material deprivation were already three quarters of the population; a phenomenon which is not observed in other districts, with only Lovech coming close to these values. The proportion of poor people is also high, with a quarter of the local population falling below the poverty line. Inequality is also substantial, as the ratio between the incomes of the richest and the poorest 20% of households is almost nine times, making it the highest in the country.

Still, the residents of Veliko Tarnovo District are rather satisfied with the quality of life in the district, and fewer than 10% of respondents said that they would permanently relocate to another district. Leading factors for life satisfaction are the quality of housing, social life, education, and health. Environment and security also have rather a positive impact on life satisfaction in the district.

The number of recorded crimes against the person and against property remains relatively low, although there has been some increase since the onset of the economic crisis. The leading factors of dissatisfaction are the low standard of living, i.e. income, and the condition of the infrastructure. These are the major challenges facing the district: better performance of local institutions, creating a more attractive business environment, attracting more investment and achieving higher employment and incomes.

# Key indicators for the district of Veliko Tarnovo

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 5 682 | 5 716 | 6 135 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 44,6 | 42,6 | 38,9 | 42,6 | 42,9 |
| Annual average unemployment rate of the population aged 15+ (%) | 7,8 | 9,0 | 13,1 | 11,7 | 13,8 |
| Relative share of people living below the district's poverty line (%) | 28,1 | 24,2 | 26,9 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 26,9 | 27,2 | 27,8 | 30,4 | 31,3 |
| Rate of natural increase (‰) | -7,9 | -6,5 | -7,9 | -7,9 | -7,9 |
| Net migration rate (‰) | 3,4 | -1,2 | -6,8 | -2,0 | -3,0 |
| Relative share of the population aged 25-64 with tertiary education (%) | 24,6 | 24,2 | 23,0 | 21,5 | 23,5 |
| Percent of failed students at state matriculation exams (%) | 3,5 | 3,6 | 5,7 | 5,6 | 6,2 |
| Average grade at state matriculation exams | 4,5 | 4,3 | 4,2 | 4,4 | 4,2 |
| Share of roads in good condition (%) | n.a. | n.a. | 55,7 | 30,2 | 23,6 |
| Relative share of households with Internet access (%) | 27,9 | 23,1 | 29,6 | 45,0 | 41,0 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 40,6 | 40,9 | 41,2 | 43,9 | n.a. |
| Health insured persons as share of the population (%) | 81,1 | 83,7 | 80,9 | 84,2 | 83,3 |
| Infant mortality rate (‰) | 10,7 | 9,6 | 7,6 | 7,9 | 6,5 |
| Number of registered crimes per 1,000 persons of the population | 9,4 | 11,1 | 13,6 | 14,2 | 13,2 |

# Vidin District

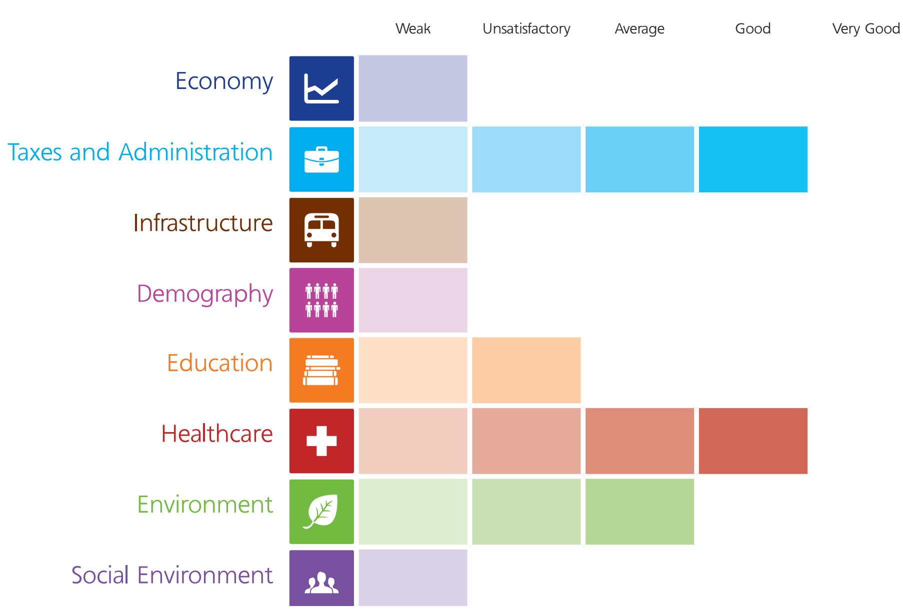

| | |
|---|---|
| **Population (2012)** | 98 509 |
| **Area (sq. km)** | 3 032,9 |
| **Number of settlements** | 143 |
| **Share of urban population (%)** | 63,9 |

## Overview

The demographic crisis experienced by Vidin District in recent years has had a serious negative impact on various aspects of local social and economic development. The increasing mean age and continuing processes of outbound migration create additional preconditions for the deterioration of the age structure of the population. Employment and income in the district are low while unemployment is high.

The district shows good results only in the field of healthcare. The business environment is somewhat favoured by low taxes in most municipalities, but in contrast there is lack of appropriately educated workforce and depressed local consumption. Environmental quality was assessed as " average" because of the underdeveloped infrastructure in the district which favours nature conservation.

Infrastructure developments in the district are also lagging. The impact of the commissioning of the Danube Bridge at Vidin - Calafat in the summer of 2013 is yet to be assessed.



# Economy

In terms of economic development, the district is among the most underdeveloped in the country. GDP per capita is twice lower than the national average; in 2010 worse performance was reported only by the districts of Silistra and Sliven. In 2012, unemployment in the district decreased by three percentage points, but is still high: 17.4% against a 12.3% national average. In some of the smaller municipalities in the district unemployment reaches 40-50%. Employment also increased but remains the lowest in the country: only 37%. The low economic activity of the population is largely the result of the extremely unfavourable demographic situation in the district and the low qualification of a dominant part of the local workforce.

In 2010 and 2011, the investment activity in the district showed some improvement, but this was not sufficient to generate higher levels of employment and higher incomes. Measuring the cumulative foreign investment per capita at the end of 2011, worse results were reported only in the districts of Veliko Tarnovo, Kyustendil, Montana, and Silistra. Until the end of 2012, municipalities in the districts failed to become more active in EU operational programmes, and the funds disbursed were a little over BGN 9 million, which is the lowest absolute value for any district in the country.

The share of industry in the structure of gross value added for the Vidin District is significantly lower than the national average; this indicates a low level of industrial development. The commissioning of the second bridge over the Danube connecting the cities of Vidin and Calafat is expected to have a positive impact on the economic activity in the district.

# Taxes and Administration

The tax environment in the district is relatively favourable. Most local taxes and charges are lower than those in other districts, and the rate of the annual license tax for retail trade is the lowest in the country. The only exception here is the municipality of Ruzhentsi, where the rate is disproportionately large: 2.5 times higher than that for the district centre (the city of Vidin).

The outdated methods of administrative services provided to citizens and businesses continue to be a problem. Out of the eleven municipalities in the district, only Vidin and Kula declared a higher level of preparedness to provide one-stop-shop services. The penetration of electronic services is also lagging behind; in the period May 2012 - May 2013 these were used by only 16% of the surveyed businesspeople, against a national average that is double that figure.

The only factor that gets Vidin District closer to the country's average indicators on the various components of the business environment is the quality of work of the district and municipal administrations. The judiciary also enjoys a good reputation. The business community's expectations regarding the dynamics of the number of employees, investment and turnover in the next 12 months (June 2013 – May 2014) are rather on a pessimistic note.

# Infrastructure

The density of the road network in the district is higher than the national average. However, the condition of the road surface has deteriorated in recent years; according to the Road Infrastructure Agency, in 2012 only 29% of the road surface was in good condition, against over 40% in 2010. About a quarter of roads are in need of rehabilitation.

The Danube Bridge at Vidin - Calafat was put into operation in the summer of 2013. There remain concerns about the quality of the infrastructure leading to and from it, especially in terms of the capacity of the Class One road to the capital city to deal with the increased international traffic.

Vidin has a well-built railway infrastructure, but it is in need of modernization. The renovation of the Vidin - Sofia - Kulata railway line is planned for the next EU programme period (2014-2020).

In 2012, only one-third of the households in Vidin had Internet access, which is attributable to the relatively low level of urbanisation, and the age structure of the population. In the same year, less than half of people aged 16 to 74 used the Internet.

# Demographics

In 2012, too, Vidin District kept its bottommost position in demographic terms. Between 2001 and 2012, the population shrank by almost a third, making Vidin the only district with a population of less than 100,000 people. About 64% of the population lives in urban areas.

The age structure of the population is extremely unfavourable. Vidin is one of three districts in which for each person aged under 15 there more than two persons aged over 65 years. The other two districts in a similar situation are Gabrovo and Kyustendil.

The district is characterised by pronounced negative trends in natural population increase and net migration rates. As a result of the low birth rate and high mortality during the last decade, the rate of natural increase is negative, and in most years it was three times higher than the national average (which ranged between -3.5 and -5.5‰).

The net migration rate is also negative (-3.8‰ in 2012). One-third of the residents of the districts said they were willing to leave it, given an opportunity, which is a clear sign of further depopulation. In combination with the high negative rate of natural increase of the population, these attitudes portend an even more serious demographic deterioration for the district.

# Education

Vidin District registered values close to the national average for the majority of indicators in the field of elementary and secondary education covered by the survey. At the same time, the lack of higher education establishments and the low proportion of university graduates in the district lowered the final score for the category to “unsatisfactory”. In 2012, people with tertiary education among the population aged 25 to 64 years old were 15.7%, against a national average of 24%.

The net enrolment rate of the population in grades 5th through 8th is slightly lower than the national average. In 2012, eight out of ten children who should be attending school in these grades actually attended school. The share of repeaters is also lower than the national average: 0.8% in 2012 against 1% in 2011 and 0.9% national average in both years. However, about 3% of students drop out of the education system each year, which is one of the highest values in the country. In the school year 2012/2013, students completing their secondary education in Vidin achieved an average score of 4.23 (the highest being 6.00) at the state exams in Bulgarian Language and Literature. 4.8% of the students failed the exam, which is close to the average level for the country.

# Healthcare

Developments in the healthcare system in Vidin largely follow the demographic trends in the district. The reduced number of residents led to the closure of one of the hospitals, and also to the gradual reduction in the number of beds, which have nearly halved since 2001. There is a shortage of cardiologists and hospital beds in the district, but overall the availability of hospitals and specialists for the local population is close to the national average.

About 89% of the population in the district have valid health insurance, which is largely due to the high proportion of elderly people in the area. In proportion to the number of population, the number of patients seeking treatment in the two multiprofile hospitals for active treatment has decreased in recent years and is at much lower levels than the national average. The hospitals are located in the towns of Vidin and Belogradchik, and the total number of beds in 2012 was 360. One in five residents of the district had to travel outside its borders to obtain health care services they needed, which is a lower percentage than what most other districts have reported. The main explanation given was the lack of specialists.

# Environment

The quality of the environment in Vidin District was rated as “average.” The majority of the negative indicators stem from the underdeveloped infrastructure which contributes to preserving the natural environment. Only about 56% of the population is connected to public sewerage facilities; this is mostly due to the low level of urbanisation in the district. The scope of the sewerage network is largely limited to the towns of Vidin and Belogradchik. Lower levels of sewerage availability are reported only in Vratsa, Razgrad, and Silistra. In 2012, Vidin District still had no functioning waste water treatment plant. In August 2013, a contract was awarded for the design and construction of such a plant in the town of Vidin, but the facility will be operational no earlier than the end of 2014.

The air quality control system in Vidin is only one and it is located in the district centre. Over the past few years, high levels of fine particle pollution have been reported in the heating season. In view of the characteristics of the local industry and declining number of the population, the emissions of harmful substances into the atmosphere can be assessed as high, despite the fact that their concentration is below the national average. Household waste in not recycled, but the construction of a regional landfill is has been launched.

Residents of the Vidin District rated the quality of the environment below the national average.

# Social Environment

The low standard of living and poor economic activity of the local population have an extremely negative impact on the social environment in the district. Nearly a quarter of local residents live in households with low work intensity, and one in two residents lives in material deprivation. The share of the population below the poverty line for the district is 36.2%, against an average of 22.3% for the country.

Citizens gave "average" scores to many aspects of life in the district. Infrastructure received the lowest rating: 2.1/5.0 against 2.8/5.0 average for the country. The past few years have seen an increase in the number of registered visits to the theatre, reaching almost 28 thousand in 2012, at 21 thousand in 2009. There are no cinemas in the district.

In line with trends in the rest of the country, the number of recorded crimes against the person and against property per 1,000 population has decreased since 2010; these levels are traditionally lower in Vidin than in most other districts. Residents of Vidin District gave the lowest scores to the work of the municipal and district administrations, while schools and the judiciary received the highest marks.

# Key indicators for the district of Vidin

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 5 079 | 4 879 | 4 681 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 39,1 | 36,4 | 35,0 | 35,8 | 37,0 |
| Annual average unemployment rate of the population aged 15+ (%) | 12,9 | 13,0 | 13,1 | 19,8 | 17,4 |
| Relative share of people living below the district's poverty line (%) | 29,0 | 29,3 | 36,2 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 37,2 | 37,6 | 37,8 | 41,7 | 42,8 |
| Rate of natural increase (‰) | -14,7 | -13,8 | -14,8 | -15,2 | -16,0 |
| Net migration rate (‰) | -6,1 | -6,9 | -6,2 | -1,9 | -3,8 |
| Relative share of the population aged 25-64 with tertiary education (%) | 16,7 | 16,4 | 18,9 | 18,1 | 15,7 |
| Percent of failed students at state matriculation exams (%) | 4,2 | 6,2 | 3,6 | 1,9 | 8,3 |
| Average grade at state matriculation exams | 4,3 | 4,2 | 4,3 | 4,5 | 4,1 |
| Share of roads in good condition (%) | n.a. | n.a. | 43,4 | 30,0 | 29,4 |
| Relative share of households with Internet access (%) | 10,9 | 25,3 | 27,7 | 46,6 | 33,7 |
| 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 (%) | 87,9 | 89,5 | 86,7 | 89,8 | 89,1 |
| Infant mortality rate (‰) | 9,8 | 11,7 | 8,4 | 8,0 | 11,2 |
| Number of registered crimes per 1,000 persons of the population | 13,7 | 14,0 | 17,5 | 15,1 | 13,9 |

# Vratsa

| | |
|---|---|
| **Population (2012)** | 183 110 |
| **Area (sq. km)** | 3 619,8 |
| **Number of settlements** | 128 |
| **Share of urban population (%)** | 59,0 |


## Overview

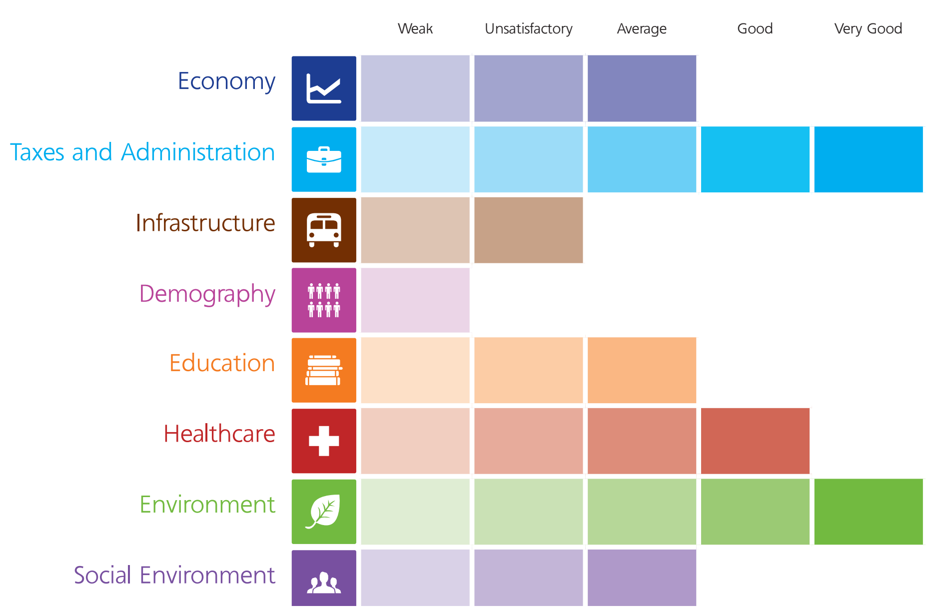
Vratsa District demonstrates a relatively stable performance with respect to the majority of surveyed indicators. The widely accepted measure of wellbeing - GDP per capita, increases gradually, and according to the latest data from 2010 Vratsa ranks sixth immediately after Bourgas.

Despite the low participation of the working age population in the labour market, the latter is characterised by relative stability in recent years, and unemployment has remained below the national average.

Vratsa District provides relatively good conditions for doing business, but the poor state of the infrastructure and the highly negative demographic profile of the district discourage investment.

The district is close to the national average in terms of education and health. Environmental indicators will be greatly improved with the completion of several projects in the water and sewerage infrastructure and the construction of waste water treatment plants.

There is a very pressing need for rapid improvement of the road and railway infrastructure in the district.



## Economy

Vratsa has been one of the country's steadily developing districts over the last six years. GDP per capita has gradually increased (with the exception of the crisis year of 2009), and on this indicator the district ranks sixth in the country immediately below Bourgas. Indicative of the sustainable development is the level of unemployment. No hikes have been observed in recent years and, despite a slight increase since 2010, the unemployment rate remained at levels below the national average: 9.4% in 2012 against 12.3% for Bulgaria. However, the employment rate of people aged 15 or older remains low at 39.9%, more than six percentage points below the national average. There are also major differences on this indicator among municipalities in the district.

The income per household member registered a modest improvement in 2012 to BGN 3,723. Levels remain lower than those recorded in 2007 (BGN 3,741) and 2010 (BGN 3,798).

Despite the positive economic indicators, the district still fails in using its development potential to the fullest. The number of non-financial companies per 1,000 population is one of the lowest in the country: 31 against an average of 50 for Bulgaria, and the expenditures for acquisition of fixed tangible assets in 2011 decreased compared to the previous year. Businesses in the district are not optimistic: most of the companies surveyed expect a contraction in their revenues and investment activity over the next 12 months (June 2013 – May 2014). Foreign investment grew imperceptibly in 2011 and remains at a level significantly lower than the national average.

The feeble investment activity was partly offset by the positive performance of the municipal administrations under operational programmes of the European Union. Disbursed funds under operational programmes reached BGN 384 per capita at the end of 2012, the result being more than double the national average and third-best of all districts. Vratsa District is a good example of cooperation between businesses and NGOs.

Extending the life of units 5 and 6 of the "Kozloduy" NPP and the possible deployment of a new unit at the site of the plant is cited by local business as projects of high importance for the district economy. Efforts are being made to develop tourism, including cross-border projects with Serbia and Romania.

## Taxes and Administration

Vratsa District is again one of the most highly rated districts in this category among all other districts in the country. This consistency is a good sign of local authorities' efforts to encourage entrepreneurship and investment.

Businesses work generally well with the local administration. Highly rated are the level of electronic services, the speed of work, the training and responsiveness of the administration's staff. Kozloduy Municipality develops a system for integrated administrative services. A geographic information system (GIS) is also operational there. Electronic systems for document exchange and tracking deadlines for the services provided are available in the municipalities of Vratsa, Byala Slatina, Oryahovo, Krivodol, Kozloduy, and Mezdra. Electronic systems for corruption alerts from the official websites are available in the municipalities of Byala Slatina, Vratsa, Krivodol, Mezdra, and Roman.

Perceptions of corruption among local businesses in relation to local authorities and some local units of central administration are low, but this result should be treated with caution. Over two-thirds of respondents declined to answer the question of how they evaluate the level of corruption in the district. The size of all major local taxes and charges for businesses in the Vratsa District is at levels close to or below the national average, which is an additional advantage for entrepreneurs.

## Infrastructure

In terms of the quality of infrastructure, Vratsa District received an unsatisfactory score. This is the main obstacle to business development, highlighted by nearly two-thirds of the companies surveyed.

Two trans-European transport corridors cross the district: 4 and 7 (Danube), which provides opportunities for the development of road, railway, and river transport. The long-awaited opening of Danube Bridge 2 in 2013, although a positive development for the district's infrastructure and connectivity, is far from enough. The quality of the road network remains despicable. The share of road surface on the territory of Vratsa District described as "good" fell in 2012 to 26.7%, which is the fifth lowest score in the country after the districts of Shumen, Montana, Ruse, and Veliko Tarnovo. For this reason, the strategic location of the district between the capital city of Sofia, Central Bulgaria and Danube Bridge 2 cannot be put to full use.

The density of the road (17.6 km/100 sq. km.) and railway (3.1 km/100 sq. km.) network is close to that for the whole country and has not changed over the last few years.

A bypass road for the town of Vratsa is currently under construction; its length is approximately 9 km. Thanks to this section, which is expected to be completed in the spring of 2014, intense transit traffic will be diverted from the town.

The railway network is fully electrified. The line Vidin - Mezdra - Sofia - Kulata, at least on paper, is a priority for modernisation, and trains are expected to reach the speed of 160-200 km/h. The modernisation, however, was not implemented in the programme period 2007-2013, and there is no certainty it will be completed in the next phase (2014-2020). For the moment, funding has been provided only for the engineering design of the first stage Vidin - Medkovets. There is no clarity as to the other two (Medkovets - Mezdra and Mezdra - Botevgrad).

Vratsa District is the centre of the Western region of the national gas transmission network. The district centre is largely gasified, which applies to both household and industrial users. The gas network is currently being expanded in the direction of the towns of Kozloduy and Oryahovo.

In 2012, nearly 46% of households had Internet access; this share rose by over 10 percentage points in one year, but is still below the national average (51%).

# Demographics

Vratsa District is depopulating at a rapid pace, and between 2001 and 2012 it lost over a quarter of its population. The rate of natural increase is negative (-11.1‰) and is one of the highest in the country in absolute terms. Worse indicators were reported only by Vidin, Montana, Pernik, Kyustendil, and Gabrovo. The district suffers from increased outbound migration of the population. The net migration rate (calculated as the difference between the number of people who moved in and the number of those who left the district per 1,000 population) is also among the worst indicators for the country: -5.8‰ at -0.7‰ average for Bulgaria. Residents of the Vratsa District mostly move to the districts of Sofia (capital city), Pleven, and Montana.

The rapid decrease in population has resulted in a deteriorated age structure. The age dependency ratio of the population over age 65 to the population aged 14 years or younger reached 161.6%, and the ratio of those over 65 to the working age population equals 33.3%, against average values for the country of 140.9% and 28.5%, respectively.

Vratsa District is among the less urbanised districts in the country, with a share of the urban population of 59%, and one of the most sparsely populated: 872.7 people per square kilometre of residential area, or nearly half the average for Bulgaria.

# Education

The score given to education in Vratsa District is "average" and remains unchanged from last year. In the period 2005-2012, 50 schools were closed down or transformed; at the end of 2012, the total number of schools is 74. However, schools are not in short supply if their number is compared to the district's population and the national average. The number of teachers in primary and secondary education per 1,000 students is also around the national average.

There has been a dramatic improvement in reducing the number of "fail" scores from the state matriculation exam in Bulgarian language and literature in 2013 compared to the previous year (3.6% now compared to 6.3%). At the same time, the performance of students from the district at state exams as a whole is constant: the average score is around 4.2 and has remained largely unchanged in the six years since matriculation exams were first introduced.

Vratsa District has the highest enrolment rate for students in grade 5th through 8th in the entire country: 85.7%. A persistent problem, however, is the high percentage of children dropping out of primary and secondary education. In 2012 it reached 4.5%, which is the second worst result after Targovishte District.

# Healthcare

Healthcare in Vratsa District is rated as relatively good. 88% of the population have valid health insurance, which is a rate similar to the national average. One general practitioner in Vratsa District services 1,635 people on average, which is the highest value for the North-West region and above the national average (1,491 people).

The situation with specialised outpatient care, however, is very different. While there are 5,086 residents to each specialist in Internal Medicine, (against 5,263 persons average in Bulgaria), one cardiologist serves almost 11,444 people (compared with an average of 6,391 for the country). Only in the period 2011-2012 the latter indicator deteriorated dramatically, the difference being about 3,000 people.

As at December 31, 2011, according to NSI data, 11 hospitals with 1,082 hospital beds were operating in the district of Vratsa: seven multiprofile hospitals for active treatment providing 829 beds, and four specialised hospitals providing 253 beds. Against 2005, this means an increase by two multiprofile hospitals and two specialised hospitals. The number of beds (4.2) and the number of people that have received treatment at multiprofile hospitals for active treatment (206) per 1,000 population are also close to the national average.

In 2012, the infant mortality rate increased slightly to 7.2‰, but remained lower than the country average of 7.8‰.

# Environment

The score given to environmental quality is unsatisfactory. Due to the shrinking industrial production, the volume of major industrial environmental polluters has also declined. Soil and water pollution as a result of the fast-developing agriculture constitutes a challenge.

Only 55.4% of the population lives in settlements with public sewerage systems. The share of the population with access to sewerage connected to waste water treatment plants has remained constant over the last eleven years, and in 2011 almost imperceptibly rose to 32.4%, compared to the national average of 55.7%. In addition, over 20% of the sewerage system is obsolete and in need of renovation or complete replacement.

Despite some delays, construction works on the water cycle of Vratsa and Byala Slatina municipalities, the completion of the sewerage system and waste water treatment plant in Mezdra, the renovation of water mains in the villages of Borovan and the expansion of the sewerage system in the town of Kozloduy are all underway. Kozloduy Municipality is implementing an Integrated Water Sector Investment Project in the town of Kozloduy, which is expected to be completed in late 2015.

# Social Environment

The main aspects of life in the district which have been assessed positively by surveyed residents of the Vratsa District, are housing, social life (socialising with friends and relatives, visiting restaurants, the cinema, the theatre, etc.), education, and the environment. Dissatisfaction is mostly caused by the poor quality of infrastructure, the living standard, and security.

A fact worth mentioning is that Vratsa District reported the third highest number of registered crimes against the person and against property in the country: 18.6 per 1,000 population.

Despite the general dissatisfaction with the standard of living in the district, it should be noted that in most categories related to poverty, Vratsa has marked a significant improvement. The share of persons living in households with low work activity fell from 17.6 to 10.3% over the period 2007-2010. The percentage of the population living in material deprivation decreased from 44 to 37%, while the share of the poor, i.e. those below the official poverty line for the district dropped from 27.8 to 16.9% during the same period. On all these indicators, Vratsa District performs around or slightly below the national average.

# Key indicators for the district of Vrasta

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 7 351 | 6 979 | 7 731 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 43,5 | 42,1 | 39,9 | 41,0 | 39,9 |
| Annual average unemployment rate of the population aged 15+ (%) | 9,0 | 7,9 | 8,6 | 9,3 | 9,4 |
| Relative share of people living below the district's poverty line (%) | 23,4 | 23,8 | 16,9 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 29,4 | 29,6 | 29,9 | 32,5 | 33,3 |
| Rate of natural increase (‰) | -9,5 | -9,4 | -10,4 | -9,9 | -11,1 |
| Net migration rate (‰) | -5,6 | -5,2 | -6,5 | -3,2 | -5,8 |
| Relative share of the population aged 25-64 with tertiary education (%) | 17,7 | 19,0 | 20,0 | 18,0 | 18,2 |
| Percent of failed students at state matriculation exams (%) | 4,6 | 4,4 | 4,2 | 3,7 | 6,3 |
| Average grade at state matriculation exams | 4,3 | 4,2 | 4,2 | 4,3 | 4,1 |
| Share of roads in good condition (%) | n.a. | n.a. | 28,6 | 29,3 | 26,7 |
| Relative share of households with Internet access (%) | 15,1 | 26,4 | 27,0 | 34,5 | 45,8 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 30,6 | 30,9 | 31,0 | 32,4 | n.a. |
| Health insured persons as share of the population (%) | 87,1 | 89,1 | 86,0 | 88,6 | 88,0 |
| Infant mortality rate (‰) | 6,3 | 8,4 | 6,8 | 6,9 | 7,2 |
| Number of registered crimes per 1,000 persons of the population | 17,8 | 17,7 | 20,8 | 19,6 | 18,6 |

# Gabrovo

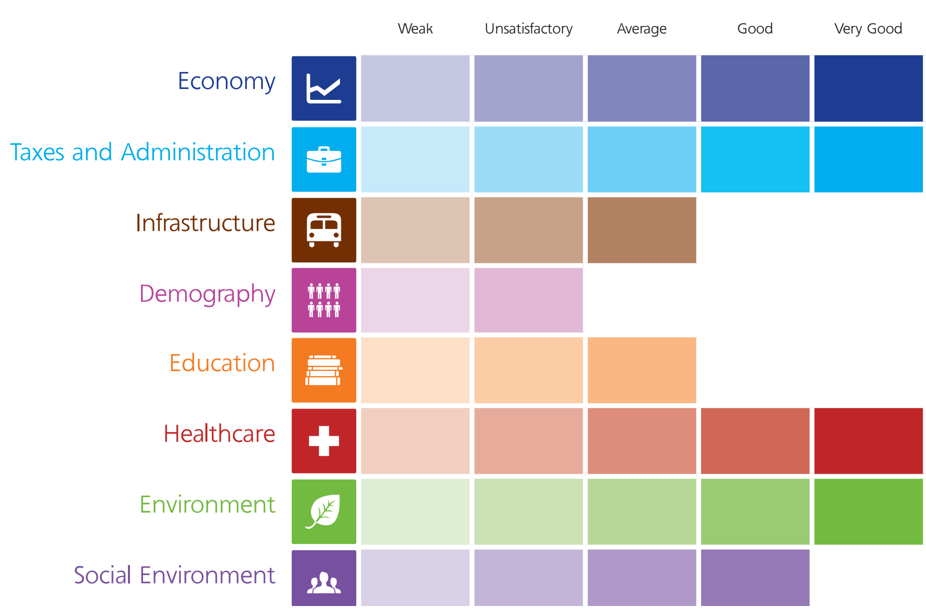
| | |
|---|---|
| **Population (2012)** | 120 658 |
| **Area (sq. km)** | 2 023,0 |
| **Number of settlements** | 356 |
| **Share of urban population (%)** | 82,0 |


## Overview

Gabrovo District is relatively well developed economically, with a concentration of foreign investment and a very good rate of absorption of EU funds. Unemployment in the district is traditionally low. Almost half of those employed work in manufacturing, which is not typical for the country. Local taxes and charges in the municipalities of Gabrovo District are among the lowest in Bulgaria.

The big challenge facing the district is the severely deteriorated demographic picture, which is characterized by very high levels of age dependency: the population aged 65 years and over is more than double the number of population under 14 years of age. Education is a positive factor for the development of the district. The reputable professional schools and the Technical University in Gabrovo have kept the outflow of young people to a minimum, but the low birth rate continues to deteriorate the demographic situation.

Residents of Gabrovo District are among the most satisfied in the country according to the indicators for social life, education, housing, and the quality of the environment. Work and living standards also contribute to life satisfaction, which is not typical for the country. This is the only district where incomes lead to satisfaction, which is evidence of a close correlation between expectations and reality.



## Economy

The gross domestic product per capita in Gabrovo District is relatively high for the country. According to this indicator, in 2010 the district ranked eighth in the country, immediately after Plovdiv District and one position above Ruse District. Gabrovo is one of few districts in the country where manufacturing has a major weight in the local economy, respectively in the labour market. Interestingly, the district has traditionally reported very low levels of unemployment compared to the country average: in good years (2007-2008) the unemployment rate fell below 2%, and in 2012 it hovered around 10%.

Gabrovo is one of the districts with the highest concentration of foreign direct investment (population-weighted) and the highest absorption of EU funds by municipalities, again relative to the population. At the end of 2012, the disbursements under contracts with municipalities as beneficiaries under EU operational programmes were nearly BGN 60 million.

The concentration of economic activity in the district is mostly in the district centre of Gabrovo and in the town of Sevlievo; most large enterprises are located there, too. In the last ten years, foreign investments in Sevlievo, especially in the production of sanitary ware and bathrooms and kitchen equipment, have had a major socio-economic impact by attracting workers from neighbouring municipalities and providing wages significantly higher than the national average. The industrial profile of the district and the inflow of foreign capital are changing the image of Gabrovo and provide good prospects for development.

## Taxes and Administration

Local taxes and charges in the municipalities of Gabrovo District are among the lowest in the country; this applies to real estate tax, property transfer tax, vehicle tax, and the waste collection charge for companies. Among the 28 district centres, the town of Gabrovo is also in one of the leading positions in terms of low taxes and charges.

The local institutions' performance is rather positively appreciated, but around the national average. Also positive is the rating on the level of corruption, with more negative perceptions observed only in respect of the judiciary. Unofficial payments appear not to be widespread.

The level of development of administrative services in municipalities is relatively good. According to feedback from municipalities themselves, the provision of electronic services is most frequently at the "two-way interaction" level (the third level of four possible) while one-stop-shop services are mostly at the "operating" stage (third out of four possible). Almost half of the companies reported they had used electronic services in the past year; the services used vary from downloading forms to complete communication with the municipality via electronic means.

## Infrastructure

Gabrovo is the district with the highest density of the road network in the country. Two main routes cross the Gabrovo District: Sofia - Varna and Ruse - Stara Zagora. Both major routes are faced by challenges: the completion of the Hemus Highway and the implementation of the Shipka Tunnel project. The quality of the road surface in the district is not impressive: only a third of the surface is in good condition; and road marking is often absent. Railway transport serves only part of the residential areas; not a single station is an important railway junction and this is an obstacle to the development of many branches of industry and trade.

The share of households with Internet access is relatively low (about one-third) but last year the rate of Internet use for persons aged 16 to 74 reached the national average, with practically half of the population using the Internet.

The business survey shows that infrastructure has been identified as a problem by local companies. Citizens, too, have remarks towards the state of infrastructure, notably towards transport and communications, and this is one of the leading reasons for dissatisfaction among the local population.

## Demographics

Gabrovo is one of the smallest districts with a population of around 120 thousand people in 2012; demographic developments are perhaps the greatest challenge facing the district. The age dependency ratios are the most negative in the country and are even ahead of those for Vidin District. The population aged 65 and over is 2.2 times more than the population aged less than 14, and almost 40% of the population aged 15 to 64 years. The ratio between the number of elderly citizens and children is extremely worrying and has deteriorated in recent years. Every year, about 1,000 children are born in Gabrovo District, with the birth rate being very low (it is lower only in the districts of Vidin and Smolyan). This is attributable to the age structure of the population and the insufficient number of young people.

The rate of natural increase is also extremely negative and persistent (at an average of 10‰ per year), which only confirms the deteriorated demographics. The net migration rate was only a problem in the crisis years (2009/2010), while in the year 2012 it was close to zero: outbound migration is mainly to the capital Sofia and the town of Veliko Tarnovo, while emigration to foreign countries is insignificant.

Over 80% of the population in Gabrovo District live in urban areas; a rate this high is only observed in the city of Varna and in the capital city Sofia. The vast majority of children are born in bigger towns, which means that this specific feature of the district will strengthen further. The sound economic development of Gabrovo District will likely keep the net migration rate close to zero (and perhaps even positive), but the biggest problems are in terms of birth rate and net population growth.

# Education

For the past 10 years, the number of school students has decreased by more than a third. This leads to a reduction in the number of schools and the number of teachers by almost a half. The net enrolment rate is below 80%, which is low compared to the country. The share of dropouts from primary and secondary education, and the proportion of repeaters are close to the national average.

The grades from the matriculation exam in Bulgarian language and literature in 2013 again show values close to the national average: 4.27 for the district. The percentage of "fail" scores, i.e. those who scored less than the "pass" grade (3), is one of the lowest in the country: 3.7%. It is only lower in the district of Lovech, in the district of Sofia and in the capital city of Sofia.

The town of Gabrovo has a Technical University with great traditions; in 2012, its students were nearly 6 thousand. The University matches the industrial profile of the district very well and is one of the factors for the influx of young people and the balance between inbound and outbound migration to and from the district. Closer links between the university and local businesses still remain a challenge, but some effort has been made in this direction in recent years.

The share of the population aged 25 to 64 years with tertiary education is over 25% (2012), which stands very well against the country average: only the capital city has reported distinctly better levels. The high proportion of university graduates and the numerous vocational schools complement the image of Gabrovo as an industrial city with potential for investment and traditionally low unemployment.

# Healthcare

There are eight hospitals in the district, and this number has remained unchanged over the past decade. The number of hospital beds is relatively high: nearly five beds per thousand population. In 2012, hospitalisations in general hospitals were nearly 240 per thousand population, which is above the national average and may be attributed to the relatively negative age structure of the population and the higher share of elderly citizens.

The district's residents with valid health insurance are over 94%, which is one of the highest rates in the country: the rate is higher only in Kardzhali District, but the data there is questionable. The number of doctors in the district relative to the population is higher than the country average. This applies to both general practitioners and cardiologists.

One in five respondents stated that he/she had had to travel outside the district to use health services, with the leading reason given by respondents being the lack of specialist doctors. However, this percentage is low against the country average; levels are twice as high in some of the other districts. One in five citizens who had used health services in the last 12 months, said he/she had been forced to make unofficial payments.

# Environment

The emissions of carbon dioxide into the atmosphere of Gabrovo District remain at low levels. There is no central heating in much of the residential housing in the city of Gabrovo, or in companies, institutions etc. Mainly local boilers and solid fuel stoves are used. During the winter season, this contributes to air pollution by harmful substances and gases.

The household waste collected per capita increased in recent years and is relatively high for the country. Scattered small settlements, inadequate roads leading to them, and the very small number of people living there make organised waste collection and transportation extremely difficult in these areas.

With the latest developments over the last two years, now two-thirds of the population has access to sewerage systems connected with waste water treatment plants. This is one of the highest rates in the country, second only to the districts of Varna and Sofia (capital city). One reason for this is the large proportion of the urban population, the other reason being the good absorption of EU funds for the purpose. In 2010, the municipal treatment plant was opened in Sevlievo, and in 2013 the project on the water cycle of Gabrovo and the projects for water treatment plants for municipal wastewater in Tryavna and Dryanovo kept advancing.

The survey among citizens shows they are relatively satisfied with the environment (nature, water, air) in the district, and their perception of the quality of environment is better than that of other aspects of their lives such as infrastructure, security, employment, and standard of living.

# Social Environment

In 2010, one in two residents qualified as living in material deprivation, that is, struggling to meet their basic needs, with this percentage remaining stable over the past three years. The proportion of the poor was 17%, or almost one in five was below the poverty line. The inequality in income distribution in Gabrovo is relatively low: the ratio between the incomes of the poorest and the richest 20% of households in 2010 was 4.6 times, while in some other areas it is almost double that value. The low inequality in this case is attributable to positive factors such as investment and low unemployment, rather than to general poverty, that is, to a very low threshold of the poverty line.

Residents of Gabrovo District are among the most satisfied in the country, and are leaders in "satisfaction with social life" - a category that is generally positively appreciated nationwide. Life satisfaction in the district also stems from the quality of education, housing, and the environment. Work and living standards also contribute to life satisfaction, which is not typical for the country. Gabrovo is the only district where the standard of living (or income) rather leads to satisfaction, which can be explained not so much with high incomes, as other districts have reported higher incomes (especially the capital city) but with the highest degree of overlap between expectations and reality. Only infrastructure leads to dissatisfaction among citizens.

When asked whether they would permanently relocate to another district, Gabrovo residents failed to provide a definite answer: one in eight was definitely affirmative, and one in four said categorically that he/she has no desire to move to another district. The available data suggests that the problems in the district are rooted in demographics and the long-term prospects for the economy. The greatest challenge is the shrinking number of young people, which means a focus on education, particularly on higher education and vocational training, infrastructure development and investment in the economy.

# Key indicators for the district of Gabrovo

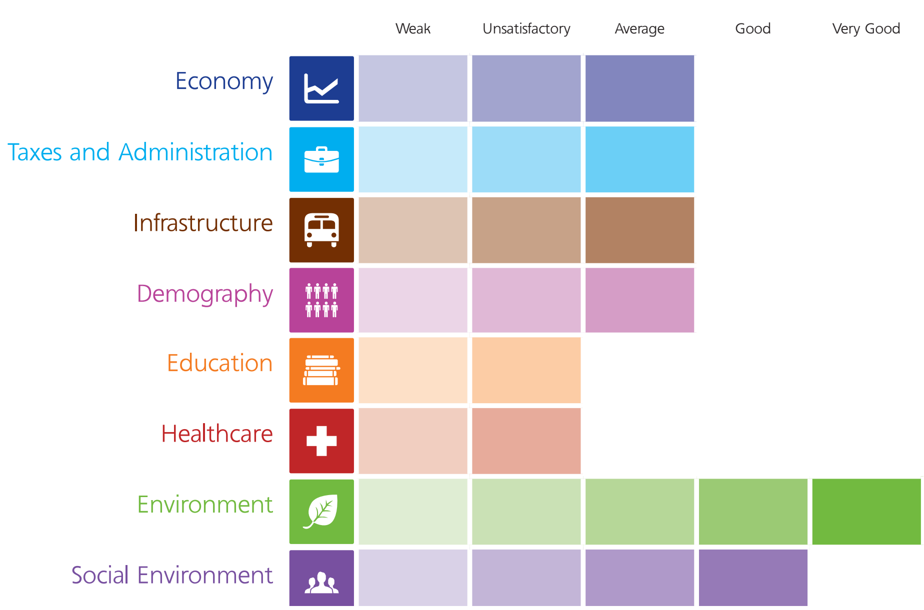
| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 7 335 | 7 322 | 7 401 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 52,1 | 47,6 | 44,7 | 44,1 | 45,2 |
| Annual average unemployment rate of the population aged 15+ (%) | 2,0 | 4,4 | 7,5 | 9,9 | 9,6 |
| Relative share of people living below the district's poverty line (%) | 16,2 | 15,9 | 17,1 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 32,3 | 33,2 | 34,3 | 38,1 | 39,5 |
| Rate of natural increase (‰) | -8,9 | -7,9 | -9,3 | -9,7 | -11,2 |
| Net migration rate (‰) | -1,0 | -6,8 | -8,3 | -2,2 | -0,9 |
| Relative share of the population aged 25-64 with tertiary education (%) | 24,7 | 27,8 | 24,2 | 25,0 | 25,1 |
| Percent of failed students at state matriculation exams (%) | 3,4 | 4,8 | 5,3 | 4,2 | 4,7 |
| Average grade at state matriculation exams | 4,4 | 4,2 | 4,3 | 4,5 | 4,2 |
| Share of roads in good condition (%) | n.a. | n.a. | 24,6 | 31,4 | 32,0 |
| Relative share of households with Internet access (%) | 10,9 | 22,9 | 33,5 | 39,8 | 34,8 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 46,5 | 46,4 | 65,0 | 66,6 | n.a. |
| Health insured persons as share of the population (%) | 91,4 | 92,7 | 91,1 | 94,2 | 93,5 |
| Infant mortality rate (‰) | 5,6 | 8,6 | 6,8 | 8,1 | 8,0 |
| Number of registered crimes per 1,000 persons of the population | 15,3 | 16,4 | 16,5 | 15,7 | 14,1 |

# Dobrich

| | |
|---|---|
| **Population (2012)** | 187 223 |
| **Area (sq. km)** | 4 719,7 |
| **Number of settlements** | 215 |
| **Share of urban population (%)** | 69,0 |


## Overview

The general condition of Dobrich District cannot be described as good. GDP per capita is only 69% of the national average of BGN 9,359. Unemployment remains relatively high despite the marked revitalisation of the labour market in 2012. Household incomes are rising, but the companies show no optimism for the future.
The district has one of the most developed agricultural sectors in the country, generating nearly a quarter of all company revenues in the district. Mostly grain is grown, which also brings some negatives. Grain production does not create many jobs, and to some extent is the cause of nitrate pollution.
The population in the district has been decreasing at a faster rate than the national average, but still maintains a relatively positive age structure.
Education and health are inadequate. The rate of enrolment in schools has declined, while the number of dropouts is still high. In terms of medical services, there is a pressing need for specialists. Nearly 40% of those in need of treatment in the past 12 months have sought such treatment outside the district.
The district has potential for development, but there is a need for bolder reforms in the business environment.



# Economy

Dobrich is ahead of 17 other districts on GDP per capita; it achieved BGN 6,445 for 2010, or 69% of the national average. Dobrich is among the districts which experienced relatively rapid growth of the economy in 2010 compared to 2009. The number of companies has increased compared to the pre-crisis year of 2008. Despite the contraction in investment activity and the withdrawal of part of the foreign investment in the district, the labour market began to recover in 2012. The employment rate of persons aged 15 and over reached 46.4% and is close to the average for Bulgaria. The unemployment rate decreased to 15.4% in 2012, at 17.3% one year earlier. The economic improvement in the district is evident from the growth of income per capita, which reached BGN 3,856 for 2012, or 89% of the national average, against BGN 2,994 and 79% of the national average a year earlier. The economic structure of the district is different from that of the country as a whole because of the significant share of the agriculture: 15.5%. The services sector produced less than two-thirds of the value added in the district, with the remainder being accounted for by industry. Despite the large share of the agricultural sector, it generates only 2.8% of the jobs in the district. The reason for this is the dominant share of grain production, which is characterised by a high degree of mechanisation, and the need for labour is very small. The second position is occupied by subsectors such as tobacco, vegetable-growing and livestock rearing that require more manual labour.

Municipal administrations in Dobrich District cope reasonably well with the absorption of EU funds. The disbursed funds are nearly BGN 197 per capita, which is BGN 28 above the national average.

Judging by the plans of surveyed companies for the next 12 months (from June 2013 to May 2014), the economy of the district is facing stagnation, and may even report a decrease. Nearly one-third of businesses expect for revenue from their activities to decrease, and only 15% expect improvement. 22% said they expected to make more investments, while 28% intend to cut their investment activity. There are very meagre expectations for job creation, while 15% of respondents are likely to lay off workers.

# Taxes and Administration

Dobrich received medium scores in the "Taxes and Administration" category. The district fails in implementing active tax policies to facilitate entrepreneurship. While the tax rates on real estate owned by companies, the license tax for retail and the garbage charge for companies are below the national average, others, such as vehicle tax and property transfer tax, are higher.

The administration's performance was rated as "average". Business surveys show relatively expedient work of the bureaucratic apparatus. On all other criteria, such as the qualifications and responsiveness of staff, clear requirements and incorruptibility of the local administration, the results are average. From the municipalities that provided information, only Dobrich (the city) stated it is completely prepared to provide citizens and businesses with one-stop-shop services. This is also the municipality providing the most modern and most diverse electronic services. About 25% of surveyed business representatives responded they had used electronic services in the period May 2013 – May 2014. The rating given to their quality is among the highest in the country - 4.0/5.0, at a national average of 3.5/5.0.

Some aspects of the operation of the judiciary are also problematic. As in most districts in the country, justice is not praised for its speed. One in five respondents who was a party to a lawsuit in the last 36 months had serious doubts about the probity of the judiciary.

# Infrastructure

In spite of its location on the border with Romania, Dobrich District is still cut off from the main transport links in the country. The only first-class road in the district is the one along the Black Sea coast, which is far from the district centre, and connects the city of Varna with the city of Constanta. However, the quality of the remaining road network is relatively good: 46% of the road surface is in good condition compared to an average of 40.3% for the country. The overall density of the road network is low, and the density of railways is among the lowest in the country, at 1.3 km per 100 sq. km.

Losses in the transport of water are still a very serious problem for the district. As part of the implementation of an integrated water project for Balchik, a new waste water treatment plant was constructed, 39 km of primary and secondary water mains were completely renovated, as well as 28 km of sewerage network; 24 km of open and 15 km of covered water mains were rehabilitated. The successful completion of the integrated project to improve the water sector in the municipality of Dobrich is expected to reduce losses in the water transport network to nearly one-half of their present value: down to 36%.

Efforts are being made to close the gap in the district on the share of households with Internet access. In 2012, these reached 49.7%, almost touching the average for the country.

# Demographics

The population of Dobrich District was 186,357 people in 2012. The demographic crisis has affected the district more than the country as a whole. Over the period 2001-2012, the population in the district decreased by over 13%, while the national percentage is 8.2%. The natural rate of increase is below the national average, reaching -6.8‰ in 2012, at -4.5‰ in 2001. Negative values are also reported for another important indicator, the net migration rate, which shows the difference between the number of people who moved into and those who moved out of the district. The number of people who moved out of Dobrich District in 2012 was 2,463. Most of them moved to the city of Varna, Sofia (capital city), or emigrated abroad.

The district is one of the most sparsely populated in the country, and the degree of urbanisation is below average.

Despite the negative trends, the age dependency ratio of the population is relatively favourable in comparison with others in the country.

# Education

According to the quality of education, Dobrich District is ranked among the worst performers in the country. There are several major problems. Over the last six years, there has been a continuous decline in the enrolment rate in grades 5th through 8th: while it was one of the highest in 2007, it equalled the national average by 2012. The relative share of repeaters has also increased. Although the proportion of dropouts from primary and secondary education has progressively declined over the past 12 years, it still remains well above the national average. Another troubling indicator is the significant increase in the percentage of "fail" scores (below 3.00) at the state matriculation exam in Bulgarian language and literature this year. Since the introduction of the matriculation exams, students have maintained a nearly constant average grade of 4.3, which is equal to the national average.

At the same time, Dobrich District has a relatively good performance in terms of both the number of population per school, and in terms of the number of teachers in primary and secondary schools per 1,000 students. These indications point to a relatively high quality of education in the district.

The proportion of the population with tertiary education is rather low (18.3%). However, the tourism college stands out with its level of activity, and is partnering with both Bulgarian and foreign employers. This allows for trainee programmes, with quite a few of the graduates starting employment in their specialty outside Bulgaria.

# Healthcare

The quality of health services in Dobrich District is rated as unsatisfactory. While indicators on general practitioners in the district are in line with the national average, the situation with specialist doctors is not the same. There is a very serious shortage of cardiologists and specialists in Internal Medicine. Also unsatisfactory is the number of hospital beds per 1,000 population.

The district has one of the worst rates of infant mortality in the country: 11.2 per 1,000, at the national average of 7.8. The number of persons with valid health insurance is relatively low.

Due to the problems in healthcare, 41% of the people who used health care services in the past 12 months (ending May 2013) had to seek treatment outside the district. Over half of this "healthcare tourism" was due to the lack of specialists in the district. 23% of health service users in the past 12 months said they had had to make unofficial payments for the treatment received.

# Environment

The condition of the environment in Dobrich District is rated as very good. The share of the population with access to public sewerage connected to waste water treatment plants is relatively high when compared with the national average. The carbon dioxide emissions into the atmosphere are extremely low. As a whole, air pollution by harmful substances is almost non-existent.

Nitrate pollution caused by intensive land use constitutes a problem to some extent. High nitrate contamination of groundwater was registered in Shabla, Kavarna, and Krushari. The main reason for this are the nitrogen fertilizers extensively used in the agricultural sector.

# Social Environment

The general life satisfaction in Dobrich District is about average for the country. People are satisfied mainly with housing conditions, education, and health. The quality of the environment also receives a relatively good score. Probably due to the agricultural profile of the district, the number of people living in material deprivation is relatively low, and so is the proportion of the poor against the official poverty line in the district. On the other hand, this can be seen as a sign of the district's economic weakness.

Crime in Dobrich District declined in recent years, judging from the recorded crimes against the person and against property. By 2012 it was below the national average. However, confidence in the police force is rather low.

There is definitely a deficit of cultural events. The average annual number of visits to the theatre and cinema of the district's population is four times lower than the national average.

Quite indicative of the quality of life in the district is that 39% of its surveyed residents said they were prepared to move elsewhere if they had the opportunity.

# Key indicators for the district of Dobrich

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 5 803 | 5 377 | 6 445 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 49,0 | 45,7 | 43,9 | 43,7 | 46,4 |
| Annual average unemployment rate of the population aged 15+ (%) | 9,7 | 12,9 | 16,4 | 17,3 | 15,4 |
| Relative share of people living below the district's poverty line (%) | 16,3 | 21,4 | 19,6 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 23,6 | 24,0 | 24,7 | 27,1 | 27,9 |
| Rate of natural increase (‰) | -4,3 | -4,6 | -5,9 | -5,7 | -6,8 |
| Net migration rate (‰) | -3,9 | -4,4 | -5,6 | -3,7 | -2,5 |
| Relative share of the population aged 25-64 with tertiary education (%) | 16,8 | 16,7 | 17,9 | 18,4 | 18,3 |
| Percent of failed students at state matriculation exams (%) | 4,2 | 6,4 | 3,9 | 2,6 | 3,2 |
| Average grade at state matriculation exams | 4,3 | 4,2 | 4,3 | 4,4 | 4,2 |
| Share of roads in good condition (%) | n.a. | n.a. | 47,89 | 45,15 | 46,00 |
| Relative share of households with Internet access (%) | 25,1 | 20,0 | 24,1 | 36,2 | 49,7 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 67,1 | 67,4 | 67,7 | 69,4 | n.a. |
| Health insured persons as share of the population (%) | 83,7 | 87,6 | 83,9 | 86,6 | 85,4 |
| Infant mortality rate (‰) | 9,2 | 12,8 | 14,2 | 8,7 | 11,2 |
| Number of registered crimes per 1,000 persons of the population | 13,2 | 15,1 | 14,5 | 13,0 | 12,6 |

# Kardzhali

| | |
|---|---|
| **Population (2012)** | 151 664 |
| **Area (sq. km)** | 3 209,1 |
| **Number of settlements** | 472 |
| **Share of urban population (%)** | 41,6 |

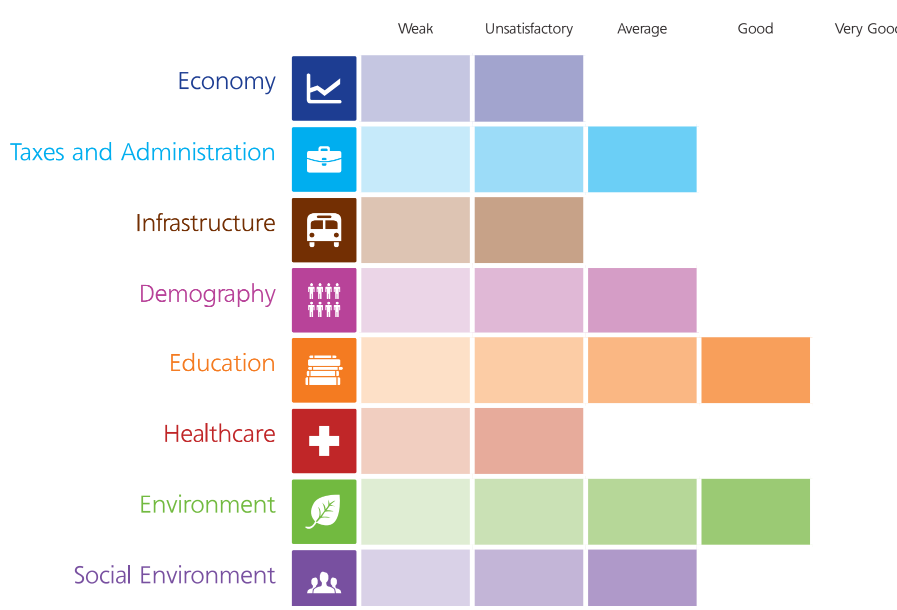

## Overview

Kardzhali District is relatively underdeveloped, although in recent years it did mark some progress. The poorest district in the country until recently, Kardzhali is already ahead of some others, including the neighbouring district of Haskovo, in terms of GDP per capita. Employment is traditionally one of the lowest in the country, but the last couple of years have seen growth in the number of employed people, quite uncharacteristic for the rest of the country.

The demographic developments in the district are more favourable on the background of prevailing processes in the country, the challenges being mainly related to the net migration rate of the population. The predominantly rural population is characteristic of the district and determines the economic realities, namely low economic activity and low employment, which in turn are a major factor for poverty in the district.

Some interesting contrasts have been observed in education. On the one hand, the district enjoys a very strong secondary education system, that is, a low rate of dropouts and high matriculation scores, but on the other hand, the percentage of university graduates among the adult population is record-low for the country and causes a significant shortage of qualified staff.

Economic challenges do not prevent Kardzhali residents from being relatively satisfied with the living conditions in the district. The low crime rate and good environment are key factors explaining this result.



# Economy

The gross domestic product per capita in Kardzhali District is relatively low compared to the national average. However, the district has achieved definite improvement: until recently the poorest region in the country, in the last five years it managed to overtake five or six districts, including Vidin, Montana, Silistra, Sliven, and Haskovo. At the peak of the crisis (2010), employment was one of the lowest in the country, but with steady growth in the last couple of years, the employment rate is already approaching 45% of the population aged 15 and older. The official unemployment figures show low levels that are hard to explain, but the statistics institute itself has questioned the accuracy of the data. The discrepancy is partly explained by the very low levels of economic activity; this means that many people who do not actually work are not counted as officially unemployed.

In recent years, a significant growth in the number of enterprises has been reported, but Kardzhali District continues to be characterized by a small number of companies relative to the size of its population, along with the districts of Targovishte and Montana. There is a certain degree of connectedness between the economic realities in the district and political processes in the country: for example, public works projects and policies targeting tobacco growers.

Leading positions in the economy of Kardzhali are occupied by the tobacco growing and manufacturing industry, in particular the food processing industry and the textile and clothing industry. Labour market data suggest that the industry provides relatively more jobs compared to the national average, while trade fails to reach the levels of employment observed in other districts.

At the end of 2012, EU funds under the operational programmes disbursed to municipal administrations in the district ran at BGN 19.3 million against BGN 13 million a year earlier, with the absorption rate per capita lagging behind the average pace for the country. Foreign direct investment is relatively low and when weighted against the population, is similar to that in Shumen and Yambol.

# Taxes and Administration

Local taxes and charges in municipalities in the district are around the national average: only garbage collection charges are distinctly higher than in most other districts. In the town of Kardzhali, local taxes are relatively low compared to other district centres.

The local business community's corruption perceptions are at relatively low levels compared to those in the country; more negative assessments are given to the judiciary. Unofficial payments seem to be rare. The scores given by businesses to the performance of local authorities show that dissatisfaction is mainly caused by the speed of service.

The administrative services provided by municipalities continue to be a challenge. According to feedback from municipalities themselves, the level of provision of electronic services is most frequently at the "one-way interaction" level (the second level of four possible) while one-stop-shop services are mostly at the "developing" stage (second out of four possible). In the last year, only 20% of companies used online services; in addition to downloading forms, they also sent the completed forms back electronically.

# Infrastructure

The density of the road network in the district is at levels above the national average, but these are mostly Class Two and Class Three roads. The quality of the road surface is poor; in 2012, only 27% of the surface was reported to be in good condition. Railway transport is underrepresented, with the density of railroads being one of the lowest in the country. There are areas that are very remotely situated from railroads and are served only by road transport.

Internet access and Internet use in Kardzhali improved in recent years, with almost half the population having access and using the Internet. The business survey shows that infrastructure has been identified as a problem by local companies. Citizens also reported dissatisfaction with the state of the infrastructure; it is one of the most negative factors for the overall satisfaction of respondents, along with income levels.

# Demographics

For the past ten years the population of Kardzhali District decreased by nearly 7%, this being a relatively slow rate of shrinking against the national average. The main reason is the low negative rate of natural increase (values close to zero before 2011), which is not typical of the country. In 2012, Kardzhali District came even on this indicator with the districts of Varna and Sofia (capital city). The net migration rate is traditionally strongly negative; in some years (2009 and 2010) the population declined by more than 1,000 people due to the relocation of residents to other district or abroad. Within the country, Kardzhali residents mostly move to Sofia, Plovdiv, and Haskovo. In 2011 and in 2012, this trend decreased; emigration abroad also dropped significantly.

About 1,500 children are born every year, the majority of them in rural areas. The birth rate is equal to the national average. Kardzhali is the district with the highest proportion of rural population: just under 60%. Only Razgrad and Silistra districts resemble Kardzhali in terms of the predominantly rural population. The age dependency ratio is better than the country average, with the population aged over 65 being 1.2 times more than the population aged 14 years or younger. The population aged over 65 is about a quarter of the population aged 15 to 64 years. However, the demographic situation has been following the general developments in the country and is deteriorating. For comparison, in 2006 the ratio between elderly people (over 65 years) and children (14 yrs. or younger) was one to one.

# Education

Over the past 10 years, Kardzhali District followed the general trend in the country of a decreasing number of students which entails the lay-offs of teachers. In the last two or three years almost no schools were closed down; in 2012, the number of schools was 81. Kardzhali is one of the districts with the largest number of teachers per 1,000 students; only Smolyan tops this result by about one teacher for every 10 students. Kardzhali and Smolyan are also the districts with the least population per one school.

School dropouts are less than 2% of all students in 2012. This is quite an achievement compared to other districts in the country. The percentage of repeaters is also low. The scores from the matriculation exam in Bulgarian language and literature in 2013 were quite high: an average score of "Very Good" (4.6) for the district, which is the best result in the country and even ahead of the capital Sofia. The percentage of fail scores, i.e. less than "Pass" (3) is close to the country average.

There is no university in the district, but there are branches of the Mining and Geology University and the University of Plovdiv. Both schools attract students from neighbouring districts and have a positive influence on the district centre. However Kardzhali District has the lowest percentage of university graduates: only 11% of the population aged 25-64 has tertiary education, the national average being twice as high. This explains to some extent the economic problems in the district and the lack of qualified staff.

# Healthcare

The number of patients who received treatment in multiprofile hospitals in Kardzhali District remains at relatively low levels - 166 per 1,000 population in 2012. Doctors in the district weighted against the population are very few in number compared to the country average, and this unfavourable ratio applies both to general practitioners (whose concentration is lowest in the Kardzhali District) and to other key specialists such as cardiologists, for instance.

An interesting process is observed with health-insured people in the district. According to official statistics, the health insured persons in Kardzhali in 2012 were more than the population of the district. This strange growth in the number of health-insured residents has been observed since 2009, when another 30 thousand health insured persons "appeared". The question still remains as to what caused this huge increase in the number of health-insured residents and why their number exceeds the entire population of the district: such distortion in the data has not been observed anywhere else in the country.

Unofficial payments for health are not a common practice: only one in ten people who had used medical services in the last 12 months responded he/she had made such payments. One in four respondents stated that he/she had had to travel outside the district to receive health services, with the main reason given by respondents being the lack of good specialist doctors. The latter is a clear indication that the problems with the delivery of health services in the area are serious.

# Environment

The district is characterized by low emissions of harmful substances (carbon dioxide) into the atmosphere; lower emissions were only reported in the districts of Smolyan, Montana, and Yambol. The municipal waste collected per population served fell sharply in 2010; in 2011, the figures were already the lowest in the country. The collection and transportation of waste does not operate efficiently in the rural parts of the district.

The share of the population with access to public sewerage connected to waste water treatment plants is below 5%; similar rates are observed only in the districts of Vidin, Silistra, and Yambol. This could be attributable to the overwhelmingly rural population. Efforts were made on this issue over the last two years, and by the end of 2012, three new treatment plants were under construction.

The survey among citizens showed a very high level of satisfaction with the environment (nature, water, air) in contrast to other aspects of their lives, including income level, employment, and infrastructure.

# Social Environment

Data on the population living in material deprivation is extremely variable in Kardzhali District, which casts some doubt on its accuracy. After almost 70% of local residents fell in the group of those living in material deprivation in 2009, the following year this number decreased by almost one-half, down to 40% of the population, without visible improvement over that period in terms of employment or income levels in the district. Interestingly, Kardzhali District is characterized by low levels of relative poverty, which reveals a more equal income distribution. The ratio between the incomes of the poorest and the richest 20% of households is about four times, which is very good against the country average. In practice, the population in the district is poor, but relatively equal in its poverty; that is, the problem lies not so much in income distribution as in the fact that incomes are generally low.

Kardzhali is one of the safest districts in the country; in 2012, there were only six reported crimes per 1,000 population. The statistics on this count is only better in Smolyan District. Citizens are also satisfied with the level of security; with very few exceptions, this is not typical of the country.

The population of Kardzhali District appears to be satisfied with living conditions, despite the economic problems. Citizens said that their satisfaction is mostly based on the quality of housing, education, health, social life, and the environment. Dissatisfaction is mostly due to the lack of job opportunities, low incomes, and consumption constraints.

When asked whether they would permanently relocate to another district, one in five people replied in the affirmative. However, nearly half stated categorically that they did not wish to move to another district. The survey results show that the district's problems are rooted in the economy, with employment and income being the biggest challenge.

# Key indicators for the district of Kardzhali

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 5 389 | 5 076 | 5 030 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 42,3 | 41,4 | 36,4 | 41,5 | 44,2 |
| Annual average unemployment rate of the population aged 15+ (%) | 1,5 | 2,7 | 4,9 | 5,1 | 9,0 |
| Relative share of people living below the district's poverty line (%) | 12,1 | 12,4 | 16,6 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 22,4 | 22,5 | 23,1 | 24,9 | 25,1 |
| Rate of natural increase (‰) | -0,5 | -0,2 | -0,7 | -2,6 | -2,1 |
| Net migration rate (‰) | -3,7 | -8,1 | -6,8 | -3,5 | -2,4 |
| Relative share of the population aged 25-64 with tertiary education (%) | 13,3 | 11,3 | 10,3 | 8,9 | 11,2 |
| Percent of failed students at state matriculation exams (%) | 3,1 | 5,6 | 6,2 | 3,0 | 4,2 |
| Average grade at state matriculation exams | 4,3 | 4,3 | 4,3 | 4,5 | 4,5 |
| Share of roads in good condition (%) | n.a. | n.a. | 23,8 | 24,6 | 27,0 |
| Relative share of households with Internet access (%) | 8,0 | 9,1 | 11,5 | 29,7 | 54,0 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 0,0 | 0,4 | 3,7 | 4,0 | n.a. |
| Health insured persons as share of the population (%) | 86,1 | 107,2 | 101,7 | 101,6 | 100,6 |
| Infant mortality rate (‰) | 10,8 | 8,7 | 8,7 | 11,8 | 7,7 |
| Number of registered crimes per 1,000 persons of the population | 6,0 | 6,7 | 7,3 | 6,9 | 6,0 |

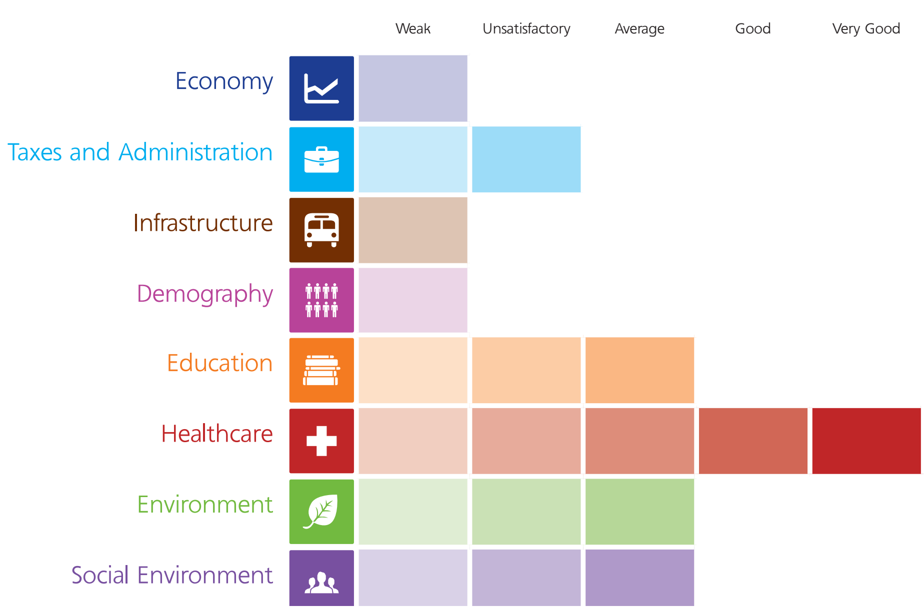
# Kyustendil

| | |
|---|---|
| **Population (2012)** | 133 891 |
| **Area (sq. km)** | 3 051,5 |
| **Number of settlements** | 183 |
| **Share of urban population (%)** | 69,0 |


## Overview

Kyustendil District is characterized by weak economic and infrastructure development. Employment, incomes and investment activity are among the lowest in the country. The deepening demographic issues and the shortcomings in the work of local administration create additional obstacles to improving the business environment and overcoming the consequences of the economic crisis.

The environmental quality in the district has been rated as "average", the major negative factor being the high concentration of harmful emissions into the atmosphere. Most social indicators have shown improvement over the last year, with the exception of recorded crime. Despite the relatively good material situation of the health care system in the district, citizens gave poor scores to its quality and accessibility. Kyustendil is one of the few districts in the country with no universities or branches of universities.



# Economy

Although in 2012 there were certain signs of improvement, the economy of Kyustendil remains in a difficult situation. In 2012, about 50 thousand people were employed in the district, compared with more than 65 thousand in 2008. The labour market in the district has the worst indicators in the South West region of the country. After reaching 49.5% in the pre-crisis years, the employment rate of the population aged over 15 decreased to a level of 43.2% in 2012. In 2012, unemployment in the district slowly decreased but continued to be quite high: over 14%. The business survey conducted in May 2013 showed that the outlook for the local labour market remains negative. The majority of entrepreneurs have no intention of increasing the number of employees over the next 12 months.

The main reason for the poor state of the labour market is the extremely low investment activity in the region. Kyustendil District ranks last in the country in the ratio of companies' expenditures for fixed tangible assets and the number of the local population. Relative to the number of population, only the districts of Silistra and Montana have attracted less foreign investment by the end of 2011. The gross domestic product per capita is four times lower than GDP in the capital city and is commensurate with the levels in the neighbouring district of Pernik. The average annual income per household member (BGN 3,508) still remains depressed and has not reached its 2009 levels.

The rate of absorption of EU funds is also extremely low. Most of the contracted funds are under the Operational Programme "Environment", with the most active municipalities being Kyustendil, Dupnitsa, and Bobov Dol.

# Taxes and Administration

Local businesses' rating on the performance of district and municipal administrations is among the lowest in the country (2.9/5.0). Besides Kyustendil, the only district in the country with a similar result is Kardzhali. In terms of corruption perceptions, the lowest level of confidence is in the judiciary, the municipal administrations, and the district administration.

Surveyed business representatives described administrative services as "slow", and the requirements set by local authorities as "vague". The majority of municipalities reported an advanced stage of preparedness to provide one-stop-shop services. The development of e-services is lagging behind in most municipalities; only the Bobov Dol municipality provides two-way communication with companies.

The tax environment in the district is relatively favourable, and in most cases local taxes and charges are at levels close to the national average or a little below. The tax rate for the annual retail license tax is unreasonably high given the economic realities in the district; in the municipalities of Rila and Dupnitsa it is at levels more typical of district centres. The rate of waste collection charges for non-residential property owned by companies is highest in t-he municipalities of Kocherinovo, Rila, and Bobov Dol.

# Infrastructure

In the 2007-2012 period, about 20% of the roads in Kyustendil District that are part of the national road network were completely renovated or rehabilitated. According to the Road Infrastructure Agency, about half of the roads in the district were in good condition in 2012. The road network density is higher than the national average, but three-quarters of the roads are Class Three roads. In the summer of 2013, 14 km from Lot 1 of the Struma Highway were put in operation (the Dolna Dikanya - Dupnitsa section). However, prior to the completion of construction works on Lot 2 (Dupnitsa - Blagoevgrad), the effect of the newly built road is expected to be limited.

The density of the railway network is higher than the national average, and more than half of the lines are electrified. The majority of citizens are mostly dissatisfied with the quality of local infrastructure. The average score for Kyustendil is 2.5/5.0 at 2.8/5.0 average for the country.

According to NSI, local households' access to the Internet is the lowest in Bulgaria: only 31.7% in 2012, at an average of 50.9% in the country. Consequently, less than four in ten people aged 16 to 74 reported Internet use in the 12 months prior to the survey.

# Demographics

In 2012, the average annual population of Kyustendil District was about 134 thousand people, 69% of them living in urban areas. Kyustendil, Gabrovo, and Vidin are the only districts in the country in which to each person under the age of 15 years there are two or more persons over the age of 65. The ratio between the population of working age and elderly people is also unfavourable; to each person over 65 years there are less than three people of working age.

Kyustendil is one of the districts with the worst rate of natural increase, in the period 2001-2011. The lowest negative value for the period is 8.7‰ (in 2008), with an average of 4-5‰ in the country. Population growth in the period between the last two official censuses (2001 and 2011) shows a very pronounced negative trend in some of the municipalities. Over that period, in the municipalities of Nevestino and Treklyano the population decreased by 36.8% and 44.9%, compared to an average of 15.9% for the district. During the period, the most slowly declining population is that of Dupnitsa: by 12.6%.

## Education

In 2012, three schools were closed in the district. These were the first schools to be closed since 2008, bringing the total number to 46. Unlike the majority of citizens in other districts, local residents gave a low score to the performance of the educational institutions; the rating on this indicator is worse only in Razgrad.

The net enrolment rate of students in grades 5th through 8th is below the national average. Lower values for this rate are only observed in four districts: Sliven, Ruse, Pernik, and Vidin. However, the proportion of repeaters is not high (0.6% in the 2012/2013 school year), and the proportion of dropouts from primary and secondary education continues to decrease, reaching 1.7%. Compared with the rapid depopulation of the district, especially in some municipalities, the low proportion of dropouts from education may be due to the desire to keep the maximum number of students in school in order to avoid the closure of classes and entire schools. The percentage of students who failed to pass their matriculation exam in Bulgarian language and literature is usually higher than the national average, but the number of those who got a "pass" score is in line with those in most districts.

Kyustendil is one of the few districts in the country with no universities or branches of universities. However, the proportion of persons aged 25 to 64 who have completed tertiary education is gradually increasing, reaching 19.4% in 2012.

## Environment

Citizens of the district gave high marks to the environment (3.8/5.0); scores on this indicator are only higher in Smolyan and Lovech. Part of Kyustendil District is occupied by the National Park Rila and about one-third of the district's area falls under the protection of Natura 2000. At the end of 2011, nearly three-quarters of the population of the district had access to public sewerage, the majority being connected to waste water treatment plants. On both indicators, the district is performing better than the national average.

However, there are a number of factors in the district of Kyustendil which lower the score for the quality of the natural environment. The emissions of carbon dioxide into the atmosphere remain at high levels; relative to the surface area, higher concentrations are only observed in the districts of Varna, Sofia (capital city), and Stara Zagora.

Illegal landfill sites continue to be a problem for the environment in the district. At the same time, the project for a regional site for processing of municipal waste in Kocherinovo has not yet started; it is part of the National Waste Management Programme (2009-2013). Besides municipalities in the Kyustendil district, the landfill should, according to plans, also serve some municipalities in Blagoevgrad District.

## Healthcare

The positive appreciation of the state of the healthcare system in Kyustendil District is mostly due to the quality of its facilities and staff. The district has enough specialists in both disciplines used for the purposes of this survey: ("Internal Medicine" and "Cardiology") compared to the total number of population in the district. The ratio of the number of GPs and the population is also more favourable than average. In addition, over 90% of the district's residents have valid health insurance, which may be attributed to the high average age of the population. There is a larger share of residents with health insurance only in Gabrovo District.

Following the closure of the hospital in Bobov Dol municipality in 2010, five hospitals continue to operate in Kyustendil District. There are 4.8 beds in multiprofile hospitals for active treatment per thousand inhabitants in the district, which is above average for the country.

At the same time, morbidity in the Kyustendil District, measured by the ratio between the patients who received hospital treatment and the average annual population, is above average, although the rating given by citizens to local health facilities is relatively low. In five of the municipalities in the district there are no facilities for inpatient or outpatient care. These are the municipalities of Boboshevo, Kocherinovo, Nevestino, Rila, and Treklyano.

## Social Environment

Although the surveyed inhabitants of Kyustendil District are satisfied with most aspects of their social environment, over 16% of them stated they were prepared to leave the district, at an average of 12.5% for the country. The main reason for this is the low standard of living in the district. According to the latest NSI data, about 17% of the population in the district live in households with low work intensity and nearly half of the people fall into the group of those living in material deprivation. The share of the poor is 16.5%, compared with average levels of slightly above 22% for the country.

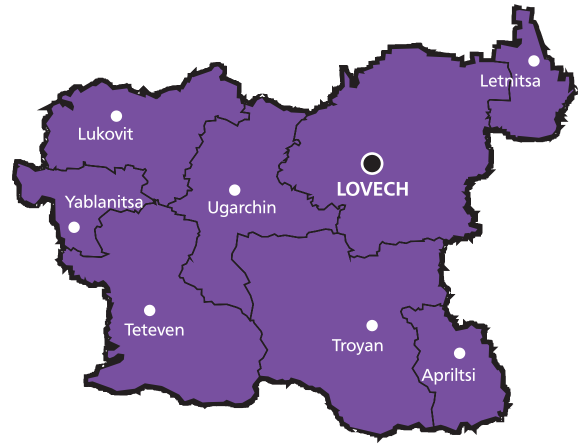
During almost the entire period of 2000-2010 the crime rate in the district is lower than the national average. In recent years, its level has increased, and in 2012 only five districts reported less favourable results.

Since 2009, there has been increased interest in the theatre, and visits to the theatre more than doubled. At the beginning of 2012, a municipal cinema was opened in Kyustendil.

# Key indicators for the district of Kyustendil

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 5 478 | 5 316 | 5 651 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 49,5 | 45,7 | 45,0 | 43,7 | 43,2 |
| Annual average unemployment rate of the population aged 15+ (%) | 8,3 | 8,6 | 9,0 | 14,9 | 14,2 |
| Relative share of people living below the district's poverty line (%) | 19,9 | 13,1 | 16,3 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 31,4 | 31,7 | 32,4 | 36,1 | 37,2 |
| Rate of natural increase (‰) | -8,7 | -9,1 | -9,9 | -10,8 | -11,5 |
| Net migration rate (‰) | -2,5 | -4,3 | -7,6 | -3,2 | -4,9 |
| Relative share of the population aged 25-64 with tertiary education (%) | 16,1 | 17,7 | 17,2 | 20,7 | 19,4 |
| Percent of failed students at state matriculation exams (%) | 5,9 | 7,5 | 6,6 | 5,2 | 8,0 |
| Average grade at state matriculation exams | 4,2 | 4,1 | 4,2 | 4,4 | 4,2 |
| Share of roads in good condition (%) | n.a. | n.a. | 49,1 | 49,8 | 50,0 |
| Relative share of households with Internet access (%) | 24,0 | 22,9 | 21,4 | 35,2 | 31,7 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 55,6 | 56,1 | 59,1 | 60,3 | n.a. |
| Health insured persons as share of the population (%) | 88,6 | 88,8 | 88,2 | 91,8 | 91,3 |
| Infant mortality rate (‰) | 6,6 | 5,7 | 6,4 | 4,6 | 7,9 |
| Number of registered crimes per 1,000 persons of the population | 13,4 | 13,9 | 15,8 | 16,0 | 15,8 |

# Lovech

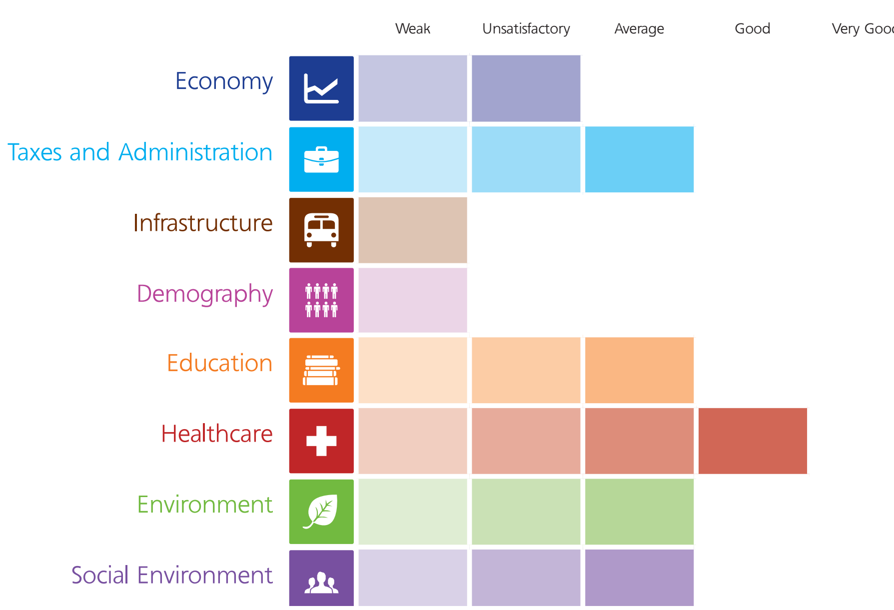



| | |
|---|---|
| **Population (2012)** | 138 658 |
| **Area (sq. km)** | 4 128,8 |
| **Number of settlements** | 149 |
| **Share of urban population (%)** | 62,4 |

## Overview

Lovech is one of the poorest districts in the country. While it gradually recovered in 2010 and 2011, the rate of investment in the district is inadequate and the labour market continued to be severely depressed in 2012, too. The local administration is doing well with the absorption of EU funds, but suspicion of unofficial payments and bribery are among the highest in the country. Delayed infrastructure developments and the increasingly negative demographic trends emerge as serious problems.

The education and health systems in the district are in relatively good condition in terms of both facilities and staffing, and in terms of the quality they offer. The natural and social environments also receive average scores. At the same time, the residents of Lovech District give the highest score to the quality of the natural environment in the district.



## Economy

In the pre-crisis period, the labour market in Lovech District was one of the most intensively developing in the country. Between 2005 and 2009, the unemployment rate for people over age 15 dropped from 18.9 to 3.0% while employment increased from 39.4 to 47.8%. In the ensuing period of the crisis, the progress achieved was largely obliterated, and by 2012 employment fell to its 2004 levels: 38.3%, while the unemployment rate reached 13.4%. As a result, between 2009 and 2011 there was a decline in the average income per household member by nearly 13% compared to pre-crisis year of 2008 while the increase for the country was 8%. Other districts with a similar decline in income levels are Yambol and Gabrovo, but in these, the levels remain significantly higher. In 2012, Lovech, Targovishte, and Montana are the only three districts in the country where the average annual income per household member remains below BGN 3,000, compared with national average levels of BGN 4,327.
Although since 2010 there has been some increase in the investment activity in the district, it still remains limited. When compared to the population, the companies' expenditures for acquisition of fixed tangible assets are similar to those in the neighbouring Pleven District. In terms of foreign direct investment, Lovech District is performing well. Although the nominal amount of the accumulated foreign capital is greater in Pleven District, since 2007, it rose faster precisely in Lovech District. In 2011, the district became a leader in the North West region by the ratio between the value of attracted foreign capital and the number of local population. The value of the sums paid under contracts with municipalities as beneficiaries under EU operational programmes reached BGN 56.3 million at the end of 2012. Compared to the number of population, this makes BGN 405 per person, which is the second best result in the country after Gabrovo (BGN 487).

## Taxes and Administration

Lovech is one of the last districts in the group with an "average" score of the tax burden and the quality of administrative services. Local business representatives interviewed in May 2013 rated the performance of the district and municipal administration rather positively: 3.4/5.0, against an average of 3.3/5.0 for the country. Corruption perceptions are distinctly higher for local law enforcement authorities and the judiciary. The latter has lower confidence levels only in six other districts: Veliko Tarnovo, Vidin, Kardzhali, Kyustendil, Sofia (capital city), and Haskovo. Only businesses in Kyustendil District deemed illegal payments and bribery in their own district to be more widespread than in Lovech District. This is mostly observed when obtaining registrations and permits from local authorities and in the change of local regulations to serve narrow business interests.

53% of respondents said they had used electronic services in the period May 2012 – May 2013, and their quality was rated as good. However, the scope and diversity of the electronic services in the district are limited. Lovech is one of the districts in which municipalities declare the lowest stage of readiness to provide one-stop-shop services.

Most local taxes and fees are at levels similar to the national average. The municipal waste collection charge for businesses remains quite high. In 2013, the charge was reduced only in the municipality of Troyan, but the rate there (15%) remains quite high compared to most other municipalities.

## Infrastructure

The road network density is higher than the national average, and the quality of the road surface is relatively good. In the period from 2010 to 2012, the proportion of roads in good condition increased from 36 to 43%. A problem in the district remains the high proportion of second-and third-class roads. Seven km of the Hemus highway pass through the territory of Lovech District. In 2014, the construction of the section of the highway from Yablanitsa to the Pleven - Lovech junction is expected to begin; its completion in the next two to three years is expected to improve the connectivity of the district with the capital city. At the same time, the earliest time-frame for the full completion of the Hemus highway is 2017.

Lovech is one of the districts with the lowest density of railway lines in the country. The lines are minor and the connection between them and the main rail routes in the country is through the Levski Station on the territory of Pleven District.

In 2012, one-third of the households in the district had access to the Internet; a lower share was only reported in Kyustendil. The share of persons aged 16 to 74 who use the Internet is increasing slowly, reaching 40% in 2012, against an average of 55% for the country.

# Demographics

Lovech is one of the districts with the least favourable demographics in the country. Only the demographics in Kyustendil, Montana, and Vidin were evaluated as more unfavourable. In 2012, about 139 thousand people lived in the district, of which 62.4% in urban areas.

Throughout the period since 2001, the natural population growth rate has been negative: between minus 7.9 and minus 9.7‰ per annum. The value reported in 2012 was even worse: -10.2‰. In 2011, Lovech became the seventh district in the country with a population density compared to the urban area of less than 1,000 people per square kilometre. The net migration rate is also negative, which means that more people are leaving the district than moving into it. According to the survey carried out in May among local residents, 20% of them would leave the district if they had an opportunity, against an average of 12.5% for the country. Also noteworthy is the low percentage of people who firmly reject the possibility of moving out of the district: 35%, at an average of 54.8%.

As a result of these trends, the age structure of the population of the area is deteriorating. In 2012, Lovech District registered the sixth worst ratio between the population aged 65 years and younger than 14 years (182.4%) and the third most negative ratio between the population of working age (15-64) and those aged over 65 years (39.0%). The averages for the country in these two indicators are respectively 140.9% and 28.5%.

# Education

In 2012 and in 2013, the Lovech District gradually improved its results in education, though in comparison to previous periods, divergent trends were observed in various indicators within this category.

Major progress was achieved in the field of secondary education. In the school year of 2012/2013, for the second consecutive year, graduates in the district achieved results above the national average in the matriculation exam in Bulgarian language and literature. Moreover, with an average score of "Good" (4.46), the district ranks third after Sofia (capital city) and Kardzhali. Lovech District ranked third with the lowest share of "fail" scores at the exam: 2.9% at 2.2% in Sofia and Sofia (capital city). In the field of primary and secondary education, the higher-than-average proportion of school dropouts and the proportion of repeaters continue to be a problem. Lovech, Yambol, and Targovishte are the only districts in the country in which no schools have been closed down since 2009. The continued decline in the number of students in the district, however, could lead to such cases in the coming years.

The main challenges facing the education system in the district are mostly in the field of higher education. In 2012, the share of population with tertiary education aged 25 to 64 fell sharply to 16.4%, which seems difficult to explain on the background of stable levels of 19-21% in the period between 2004 and 2011.

# Healthcare

The main reason for the better ratings of Lovech District in healthcare is the good balance achieved in recent years between the trend of declining population, the optimization of hospital beds, and the proper staffing in the health system.

The ratio between the number of general practitioners and the number of the local population is more favourable than the national average. Relative to the local population, the availability of doctors specialised in Internal Medicine is the highest in the country.

There are seven hospitals in the district, of which four are general (multiprofile) hospitals. The hospital beds available have gradually decreased, but only in tune to the number of the local population, thereby providing a close-to-average ratio of 4.1 beds per 1,000 population compared to 4.4 for the country.

In 2012, about 89% of the district's residents had valid health insurance. In 2012, the infant mortality rate was a little over 10‰, the average levels for the country being 7.8‰.

# Environment

District residents have rated highly the quality of the natural environment: 3.9/5.0 against an average of 3.2/5.0 for the country. This is the highest score in the country. About 63% of the population in the district lives in residential areas with access to public sewerage, and 40.9% of these are connected to waste water treatment plants.

In 2011, Lovech District registered the second highest volume (after Pernik District) of collected municipal waste per capita of population served: 781 kg/person/year. In the same year, a landfill for municipal solid waste was commissioned; it serves the municipalities of Lovech, Letnitsa, and Ugarchin.

The level of carbon dioxide emissions into the atmosphere remains well below the national average. However, compared to the size of the territory, seventeen districts have reported lower levels of pollution than that in Lovech District. The reason for the increase in the average national emissions was the emissions measured in industrial centres such as Stara Zagora, Varna, and Sofia (capital city).

# Social Environment

The characteristics of the social environment in Lovech District assign it a national average score similar to that of the neighbouring districts of Pleven and Vratsa. However, the standard of living in the latter is better due to the higher economic activity of the population. This, along with the larger population, helped in boosting the development of certain aspects of the social environment, such as cultural life. At the same time, crime in the Lovech District is low and continued to decline in 2011 and 2012, with a sharp drop in recorded crimes against property and against the person.

Although in all three districts, 10-12% of the population live in households with low work intensity, nearly three-quarters of people in Lovech (72.2%) live in material deprivation against levels far lower in other areas from the North West region: 37.0% for Vratsa and 43.5% for Pleven. The main reason is the low income and low employment in the district.

Since 2010, there has been an increasing interest in local theatres, while the number of registered visits remains low: 20,537 in 2012. There are no cinemas in the district.

# Key indicators for the district of Lovech

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 6 203 | 5 784 | 5 623 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 48,1 | 47,8 | 43,8 | 40,7 | 38,3 |
| Annual average unemployment rate of the population aged 15+ (%) | 3,9 | 3,0 | 8,0 | 12,2 | 13,4 |
| Relative share of people living below the district's poverty line (%) | 24,7 | 23,9 | 18,0 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 32,7 | 33,3 | 34,1 | 37,8 | 39,0 |
| Rate of natural increase (‰) | -8,3 | -7,9 | -9,4 | -9,7 | -10,2 |
| Net migration rate (‰) | -4,7 | -7,4 | -12,2 | -4,1 | -3,5 |
| Relative share of the population aged 25-64 with tertiary education (%) | 18,7 | 19,6 | 21,6 | 21,6 | 16,4 |
| Percent of failed students at state matriculation exams (%) | 2,3 | 4,9 | 5,3 | 2,9 | 3,6 |
| Average grade at state matriculation exams | 4,4 | 4,3 | 4,3 | 4,5 | 4,3 |
| Share of roads in good condition (%) | n.a. | n.a. | 36,1 | 40,1 | 43,0 |
| Relative share of households with Internet access (%) | 22,1 | 21,8 | 25,2 | 30,3 | 33,7 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 14,4 | 14,5 | 40,2 | 40,9 | n.a. |
| Health insured persons as share of the population (%) | 86,0 | 87,7 | 86,2 | 89,5 | 88,9 |
| Infant mortality rate (‰) | 7,2 | 12,7 | 7,1 | 10,7 | 10,9 |
| Number of registered crimes per 1,000 persons of the population | 12,7 | 12,7 | 14,5 | 13,2 | 10,9 |

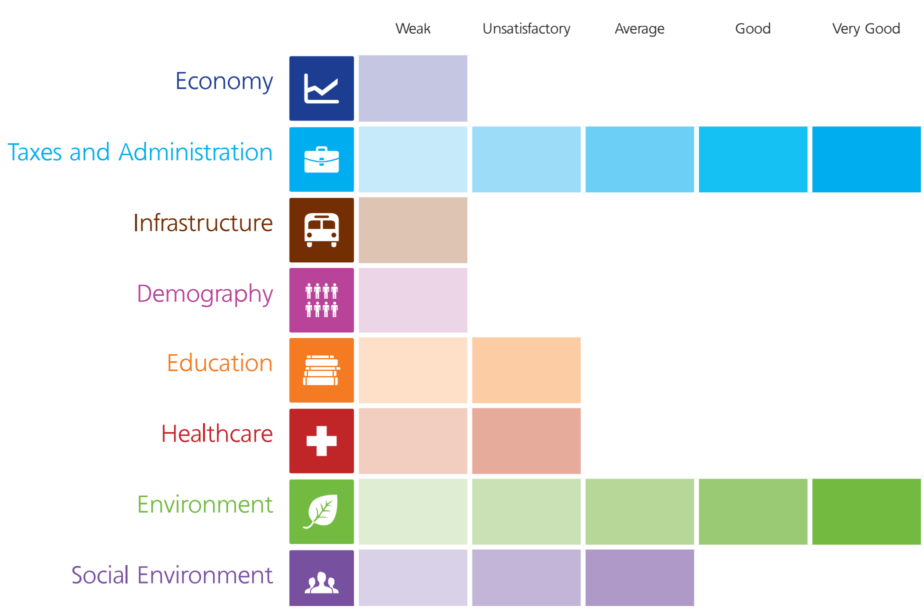
# Montana


| | |
|---|---|
| **Population (2012)** | 144 814 |
| **Area (sq. km)** | 3 635,6 |
| **Number of settlements** | 131 |
| **Share of urban population (%)** | 64,2 |

## Overview

Montana District is part of the North West planning region, which is the least developed region in the European Union. In 2012, a little more than 144 thousand people were living in the district. Despite its favourable geographic location, proximity to the capital city and positive rating in the "Taxes and Administration" and "Environment" categories, Montana District not only failed to move up from its bottom positions in most categories, but actually worsened its performance in some of them.

Economic activity remains weak, which determines the low standard of living in the district. Investment is limited and the implementation of infrastructure projects key to the development of the district and the region as a whole continues to be delayed. The quality of healthcare and education in the district is rated as unsatisfactory, and the negative demographic processes are among the most intense in the country.



# Economy

Montana District reported the fourth lowest GDP per capita in 2010: BGN 4,849. Unemployment has continued to grow since 2009, and in 2012 reached almost 15%. The low employment rate of the population over the age of 15 has persisted: 39.2%, compared to the national average of 46.6%.

In sectoral perspective, over the period of 2007-2011, the number of companies in agriculture and trade has increased. In the years after 2007, there has been an increase in the value of agricultural products produced in the district, and a decline in industrial production. This trend can be explained by the increased investment in agriculture, the observed increase in agricultural prices over the period, and the consolidation of agricultural land plots and increase in cultivated areas.

In 2011, companies' expenditures for acquisition of fixed tangible assets increased by over 68% (the fourth highest rate in the country) to BGN 165 million, reaching 2008 levels. The increase was primarily due to the increased investment in agriculture. For the period of 2007-2011, there was a worrying process of stagnation and decline (in some years) of the fixed tangible assets in industry. Montana District continues to be unattractive to foreign investors. The accumulated foreign direct investments by the end of 2011 were only 25 million euro; lower concentrations of foreign capital were only observed in Silistra district.

# Taxes and Administration

The district received one of the highest marks in the country in this category, which is primarily the result of the lower rates of local taxes and charges. Retailers renting an area of less than 100 square meters pay the second lowest license tax in the country: BGN 4.8/sq. m., the average tax in the country being over BGN 10. The waste collection charge for legal entities (6.5‰) is also below the average for Bulgaria (7.5‰). There is an extremely low perception of corruption in the district; only institutions in Smolyan District enjoy greater confidence among local businesses.

Electronic services in the district are gradually gaining popularity and expanding; there is also a gradual increase in the preparedness of some municipalities to provide businesses and citizens with one-stop-shop services. This is a positive signal, especially given the difficult socio-economic situation and the need for targeted policies to increase the economic activity in the region. In 2013, the rating given to the performance of the district and municipal administration (3.4/5.0) is slightly higher than the national average: 3.3/5.0.

The challenge for local authorities continues to be the retention of highly qualified personnel, particularly in positions related to the development and implementation of projects under EU programmes. Low wages are the main reason for this rapid turnover.

# Infrastructure

Montana is one of the districts with the lowest values of indicators in the "Infrastructure" category. Although the density of the road network (16.6 km/100 sq. km) is slightly lower than the national average, the quality of roads is extremely low. The relative share of first class roads (8.6%) is the lowest of all districts in the North West region (11.4%) and almost half the national average (15.2%). Only 22% of the road surface is of good quality, at nearly 40% nationwide. In 2012, Montana was one of the twelve districts in which the quality of roads has continued to deteriorate.

An important project in the context of the recently commissioned second bridge over the Danube and the expected growth of transit traffic is the construction of the Vidin - Botevgrad express road. The road will cross the territory of Montana District, but the project continues to be delayed. Major renovation is being carried out on the Lom-Montana-Sofia road at the Petrohan Pass, which should be completed in 2013. The 35-year concession contract for the port of Lom signed in 2013 foresees investments of BGN 22.4 million, of which BGN 6.8 million must be invested in the first four years.

In 2012, 37.5% of households in the district had access to the Internet, which is significantly below the national average (50.9%). The only district in the North West region with a higher rate (45.8%) is Vratsa.

# Demographics

The average annual population of Montana in 2012 was just over 144 thousand people, with a continuing downward trend. Two-thirds of the population lives in urban areas. In the period of 2007-2011, the population was declining at the fastest rate in the municipalities of Georgi Damyanovo (-16%) and Brusartsi (-14%), and the slowest rate was reported in the municipalities of Montana (-6.8%) and Chiprovtsi (-8.4%). In 2012, the natural growth rate dropped to -12.8‰, with only Vidin District reporting a higher negative growth. The value is more than double the national average (-5.5%).

Although since 2001, more people have been leaving the district than moving into it, only 9% of local respondents in 2013 said they were inclined to move elsewhere if the opportunity presented itself. The share of "undecided" respondents continues to be high: 8.3%, against an average of 4.5% for the country.

Montana District reported the fifth most unfavourable ratio between the population over 65 years to the population under 14 (183.6%, at the national average of 140.9%). The population aged 65 and over was 38.4% of that 15 to 64 yrs. of age, making Montana the fourth district with the worst value for this indicator, at a national average of 28.5%.

## Education

The quality of education in the district is inadequate. The net enrolment rate of the population in grades 5th through 8th is the same as the national average (81%), but the proportion of dropouts from primary and secondary education (3.0%) is higher than the national average (2.4%). In 2012, the only district with a higher proportion of repeaters was Dobrich.

Traditionally, students' scores at the state matriculation exams in this district are lower than elsewhere. The only year in which the percentage of "fail" scores (below 3.00) in Montana was lower than the national average was the 2010/2011 school year. In 2012, 6.4% of those completing their secondary education failed the exam in Bulgarian language and literature, which continued the negative trend. Since 2008, the average grade from matriculation exams in the district has invariably been lower than in the rest of the country. In the school year 2012/2013 the average score was "Good" (4.17), compared with (4.26) at the national level.

In 2012, 18.1% of the local population aged 25 to 64 years had tertiary education, which is significantly lower than the national average (24%). There are no higher education establishments in the district.

## Healthcare

Staffing of the health system continues to be a problem. The ratio between the average number of population and the number of general practitioners in the district shows values close to the national average. At the same time, there is a significant disproportion in the population's access to specialised medical care. One specialist in Internal Medicine serves nearly 8 thousand people, at an average of 5.3 thousand for the country, while one cardiologist serves 10.3 thousand people at an average of 6.4 thousand people for the country.

There are three multiprofile hospitals for active medical treatment and two specialised hospitals in Montana. Since 2003 there have been no significant changes in the structure of hospitals in the district. The number of beds in hospitals per thousand population (5.0) is higher than the country average (4.4). Morbidity (as measured by the number of patients who stayed at multiprofile hospitals for active treatment) is one of the highest in the country: in 2012, it was 250 per 1,000 people. In 2012, the share of residents with valid health insurance was 87.1% of the total population, which is consistent with the national average.

## Environment

The high rating given to the quality of the environment of Montana District is due largely to its underdeveloped industry. Annual carbon dioxide emissions totalled 5.4 tonnes/sq. km. Only the district of Smolyan reported lower levels, while the average amount for the country is more than 400 tonnes/sq. km. In recent years, the concentration of particulate matter in ambient air has decreased; the likely reason for this is the developing local gasification.

Although the entire population is covered by the organised waste collection system, illegal landfills remain a serious problem. In 2011, 252 kg of municipal waste were collected per person of the population served, which is significantly below the national average (379.8 kg). The district has one operating regional landfill for non-hazardous waste located in the town of Montana. Sewerage systems were built in only three places: the towns of Montana, Lom, and Varshets. About 58% of the population in the district has access to public sewerage systems. At the same time, only a third of it is connected to waste water treatment plants, compared to an average of 55.7% for the country.

Locals residents rate the quality of the environment as relatively good (3.3/5.0), at an average of 3.2/5.0 for the country.

# Social Environment

The low standard of living and depopulation lead to a risk of social exclusion of a large portion of the population. In 2010, 22.2% of residents in the district belonged to households with low work intensity, which is more than double compared to the average for Bulgaria. Against the backdrop of the overall negative socio-economic situation in 2010, however, only 28.5% of the population were reported as living in material deprivation, at 43% national average. In the same year, the share of the poor relative to the poverty line in Montana District (17.7%) was lower than the national average (22.3%) and has registered a downward trend since 2007, when it reached 28.9%. The reason for this can be sought in the fact that the poverty line is the lowest among the districts in the North West region. Compared with BGN 3,405 per person national average, this indicator for Montana District is BGN 2,400.

There are no cinemas in Montana District, and interest in the theatre is small and has been gradually decreasing since 2010. In 2012, only seven thousand visits were registered.

The number of recorded crimes against property and against the person in Montana District is traditionally close to national average, albeit slightly lower. The only institutions in the district receiving higher-than-average ratings of their work performance by local residents are the police and the labour bureaux.

# Key indicators for the district of Montana

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 5 407 | 5 006 | 4 849 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 43,6 | 42,9 | 40,6 | 39,1 | 39,2 |
| Annual average unemployment rate of the population aged 15+ (%) | 8,5 | 10,1 | 12,2 | 14,1 | 14,9 |
| Relative share of people living below the district's poverty line (%) | 25,5 | 23,4 | 17,7 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 35,2 | 35,3 | 35,5 | 37,7 | 38,4 |
| Rate of natural increase (‰) | -11,0 | -10,5 | -12,3 | -12,3 | -12,8 |
| Net migration rate (‰) | -7,2 | -4,8 | -6,2 | -3,2 | -3,4 |
| Relative share of the population aged 25-64 with tertiary education (%) | 16 | 15,7 | 15,4 | 15,8 | 18,1 |
| Percent of failed students at state matriculation exams (%) | 6,2 | 5,6 | 6,8 | 3,2 | 9,4 |
| Average grade at state matriculation exams | 4,2 | 4,1 | 4,1 | 4,4 | 4,1 |
| Share of roads in good condition (%) | n.a. | n.a. | 24,8 | 25,8 | 22,0 |
| Relative share of households with Internet access (%) | 17,5 | 19,1 | 22,7 | 29,0 | 37,5 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 4,1 | 4,2 | 33,3 | 33,9 | n.a. |
| Health insured persons as share of the population (%) | 87,9 | 88,9 | 85,4 | 87,9 | 87,1 |
| Infant mortality rate (‰) | 12,4 | 9,4 | 8,6 | 7,9 | 14,4 |
| Number of registered crimes per 1,000 persons of the population | 13,6 | 15,0 | 16,4 | 14,3 | 14,1 |

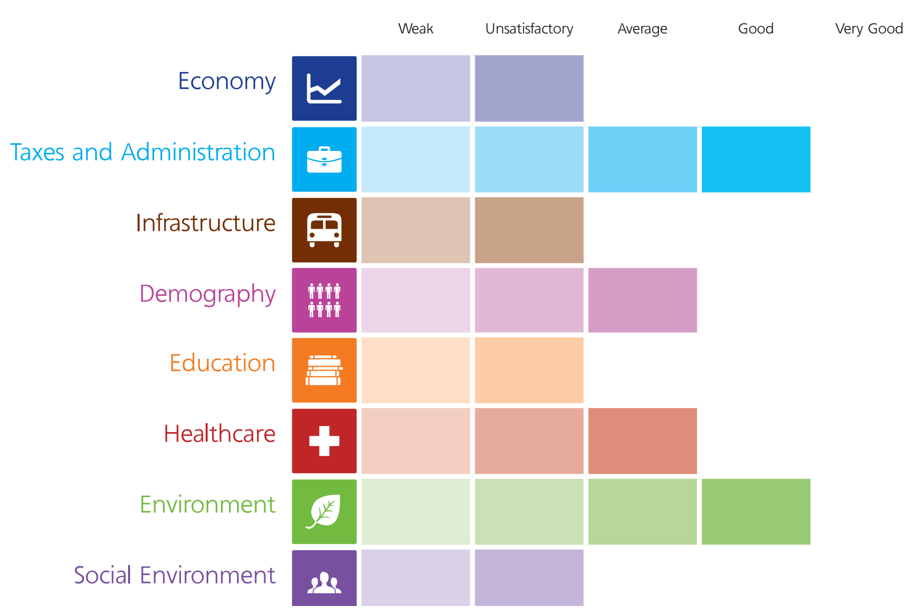
# Pazardzhik

| | |
|---|---|
| **Population (2012)** | 272 742 |
| **Area (sq. km)** | 4 456,9 |
| **Number of settlements** | 117 |
| **Share of urban population (%)** | 62,3 |


## Overview

The strong economic performance in the district between 2005 and 2008 was followed by a period of some of the most severe shocks in the labour market in the country. As a result, employment significantly declined, and unemployment rose in three consecutive years. Considerable growth in foreign investment was reported in recent years; this development, however, at least at this stage, has had no apparent effect on the labour market in the district.

Although the majority of local taxes and charges are close to the average for the country, the garbage charge for businesses is significantly higher than that in most other districts. The insufficient development of infrastructure has been conducive to the preservation of the district's environment. Despite the negative demographic trends and the low level of urbanisation, the demographic structure of the region is relatively favourable. The health system is characterised by appropriate staffing and facilities. The district achieved unsatisfactory ratings in the following categories: "Infrastructure", "Education", and "Social Protection".



# Economy

In 2012, the labour market in Pazardzhik District continued to be in deep crisis. The average unemployment rate of the population over 15 years has been increasing since 2009, reaching 18.3% in 2012. For the same period, the decline in employment was nearly 10 percentage points, i.e. double the national average in the years of crisis. This is why from the sixth position in the rating of highest employment in 2008, Pazardzhik District slipped to the 21st position in 2012. Except in Pazardzhik District, a similar decline was observed in the districts of Smolyan, Varna, and Lovech. The average annual income of the population in the district is low, and its level is similar to those in the districts of Kardzhali and Kyustendil. The rate of absorption of funds under Operational Programmes of the European Union by municipalities in the district remains low; relative to the number of the local population, less money was absorbed in about 10 other districts.

In the 2008-2011 period, favourable trends were reported in foreign investment in non-financial enterprises; its size has increased cumulatively nearly four times. As a result, GDP per capita in the district increased sharply in 2010. A significant part of these investments were in existing companies in capital-intensive industries, which is one reason why so far this has not had any visible effect on the labour market. Still, local businesses are optimistic about next year. 26.7% of respondents expect an increase in the number of employees; only 11.7% expect a decline. About 45% expect higher investments, and 38% expect higher revenues.

# Taxes and Administration

The local tax policy in recent years has not been conducive to an improved business environment; in 2013, there was an increase of some of the rates for taxes and charges in the municipalities of Pazardzhik, Panagyurishte, and Peshtera. In spite of this development, the tax burden on businesses remains at levels close to the national average. An exception is the charge for waste collection for non-residential real estate owned by legal entities. Within the district, the "garbage charge" for businesses is highest in the municipalities of Belovo (17.00‰), Pazardzhik (13.50‰), and Panagyurishte (15.00‰).

Electronic services are best developed in the municipality where the district centre is located: the town of Pazardzhik. A relatively wide range of services is reported by the municipalities of Belovo, Velingrad, and Panagyurishte. One-stop-shop services are in the most advanced stage in the municipalities of Belovo and Pazardzhik. About 40% of surveyed business representatives responded they had used electronic services in the period between May 2012 and May 2013, and the majority had two-way electronic communication with the local administration. The rating given to the quality of e-services is high: 3.7/5.0, against an average of 3.5/5.0 for the country.

The judiciary in Pazardzhik District is trusted by the majority of local businesses. Unofficial payments are rare; for the second consecutive year, the local administration received relatively high marks for its activities.

# Infrastructure

Citizens surveyed in May 2013 assess the quality of local infrastructure as low (2.5/5.0), compared to an average of 2.8/5.0 for the country. Only nine districts in the country received a lower score.

Despite the highway which passes through the district, the density of the remaining road network in Pazardzhik is one of the lowest in the country. The quality of the road surface in the district has not changed in the past few years. In 2012, 44% of roads were in good condition, which is above the national average. The railway network has a good density, but its scope includes the Pazardzhik - Velingrad narrow gauge railway the use of which has been severely restricted.

In 2012, about 40% of households in the district had Internet access, which is well below the national average (50.9%). In the last year, the increase was by less than two percentage points, at nearly six for the country.

# Demographics

Pazardzhik is the district that reports demographic figures closest to the national average. In 2012, about 272 thousand people lived in the district, giving it the seventh position in the country according to the number of population. About 62% of the population live in urban areas. Despite the relatively low level of urbanisation, the population density compared to the territory of settlements in the district is high: 2,245 people per square kilometre, making it similar to the density of Bourgas District.

The district is characterized by age dependency ratios that are more favourable than the national average. The ratio of the population aged over 65 years to the population aged 14 years or younger is better than the national average (124.8%, against an average of 140.9%). To every person of working age, there are nearly four senior citizens. A more favourable result was achieved only in nine other Bulgarian districts. Traditionally, the rate of natural increase of the population, although negative, is lower than the national average. Typically the difference is about one percentage point, which means that the population of Pazardzhik is decreasing more slowly than that in most other districts. However, each year more people have been leaving the district than moving into it. 21% of district residents surveyed in May 2013 said they were willing to leave it if the opportunity presented itself, against an average of 12.5% for the country.

# Education

The quality of school education in Pazardzhik is inferior to that in most districts in the country. The share of repeaters increased in 2012, reaching 1.3%, while the share of dropouts from primary and secondary education increased to 3.4%, the fourth highest proportion in the country last year. Nearly 7% of high school graduates failed the matriculation exam in Bulgarian language and literature in the 2012/2013 school year. The average score of those who successfully passed the state exam (4.13, the maximum score being 6.00) is the lowest in the country. The figures on the net enrolment rate of the population in grades 5th through 8th (82.5%) are favourable, compared with an average of 81% for the country.

The share of the population aged 25 to 64 years with tertiary education in the district is low (16.8%), which is the seventh worst result in the country. The district has no tradition in higher education, which is, to an extent, understandable given the proximity to a major university centre such as the city of Plovdiv, and, to a lesser degree, the capital city.

# Healthcare

The share of people with valid health insurance in Pazardzhik District is only 83.4%, which is the lowest share in the country after Veliko Tarnovo. At the same time in 2012 Pazardzhik and Pleven were the districts with the most favourable ratio between the number of the local population and the number of hospital beds in general hospitals. The staffing of the health system is relatively good as compared to the population; a shortage is observed only in Cardiology specialists. To some extent, this disadvantage is offset by the proximity of the district to the city of Plovdiv and the high concentration of hospitals of regional significance there.

In the May 2012 - May 2013 period, one in three respondents in the district who used medical services said he/she had had to leave the district's boundaries in order to receive such services, the national average being 23%. Citizens also gave lower-than-average rating to the operation of hospitals and to their own health. The high infant mortality rate remains a serious problem for the district: it fell below 10‰ per annum in only three years after 2004.

# Environment

The residents of Pazardzhik District gave the second lowest score in the country to the quality of the environment: 2.6/5.0, compared with an average of 3.2/5.0 for the country. From the remaining districts, lower ratings were only given in Pernik (2.4/5.0).

The share of population living in settlements with access to public sewerage systems is about 70%, and is similar to the national average. However, at the end of 2011 only 26% of sewerage systems were connected to waste water treatment plants. The municipal waste collected per person of the population served has shown a consistent downward trend since 2009, but remains significantly above the national average.

The emissions of harmful substances into the atmosphere are highest in the municipalities of Pazardzhik, Panagyurishte, and Peshtera. Generally their level is lower than the national average, although in 2011 the amount of carbon dioxide in the atmosphere doubled.

# Social Environment

The main reason for the unsatisfactory quality of the social environment in Pazardzhik District is the low standard of living of the local population. About 14% of people in the district live in households with low work intensity, while more than half live in material deprivation. The proportion of the poor below the poverty line in the district is 23.7%, which is slightly higher than the country's average. At the same time, the poverty line is the fourth lowest in the country.

Local people gave lower-than-average ratings to almost all aspects of social life in the district. From among institutions, the highest rating was given to the education system and the police, and the lowest was given to the healthcare system and the labour bureaux. Pazardzhik is one of the districts with the lowest number of recorded crimes against the person and against property: less than one in 1,000 of the average annual population.

The low standard of living also determines the low level of interest in the local theatre scene. In 2012, around 23 thousand visits to the theatre were reported in the district. There are no cinemas in Pazardzhik.

# Key indicators for the district of Pazardzhik

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 6 042 | 5 390 | 6 219 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 51,8 | 49,9 | 46,3 | 43,6 | 41,8 |
| Annual average unemployment rate of the population aged 15+ (%) | 5,3 | 9,4 | 15,5 | 18,1 | 18,3 |
| Relative share of people living below the district's poverty line (%) | 26,9 | 23 | 23,7 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 23,6 | 23,8 | 24,4 | 26,7 | 27,3 |
| Rate of natural increase (‰) | -3,4 | -2,5 | -3,4 | -4,6 | -4,5 |
| Net migration rate (‰) | -1,9 | -4,1 | -6,0 | -2,5 | -3,2 |
| Relative share of the population aged 25-64 with tertiary education (%) | 15,4 | 15,2 | 15,2 | 16,9 | 16,8 |
| Percent of failed students at state matriculation exams (%) | 4,2 | 6,4 | 6,5 | 4,6 | 6,8 |
| Average grade at state matriculation exams | 4,4 | 4,2 | 4,2 | 4,3 | 4,1 |
| Share of roads in good condition (%) | n.a. | n.a. | 43,4 | 43,0 | 44,0 |
| Relative share of households with Internet access (%) | 23,0 | 23,8 | 25,9 | 38,7 | 40,4 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 25,8 | 25,9 | 26,0 | 26,1 | n.a. |
| Health insured persons as share of the population (%) | 83,4 | 84,3 | 81,4 | 84,4 | 83,4 |
| Infant mortality rate (‰) | 9,0 | 7,7 | 9,3 | 14,6 | 11,3 |
| Number of registered crimes per 1,000 persons of the population | 11,1 | 10,8 | 12,1 | 10,9 | 9,7 |

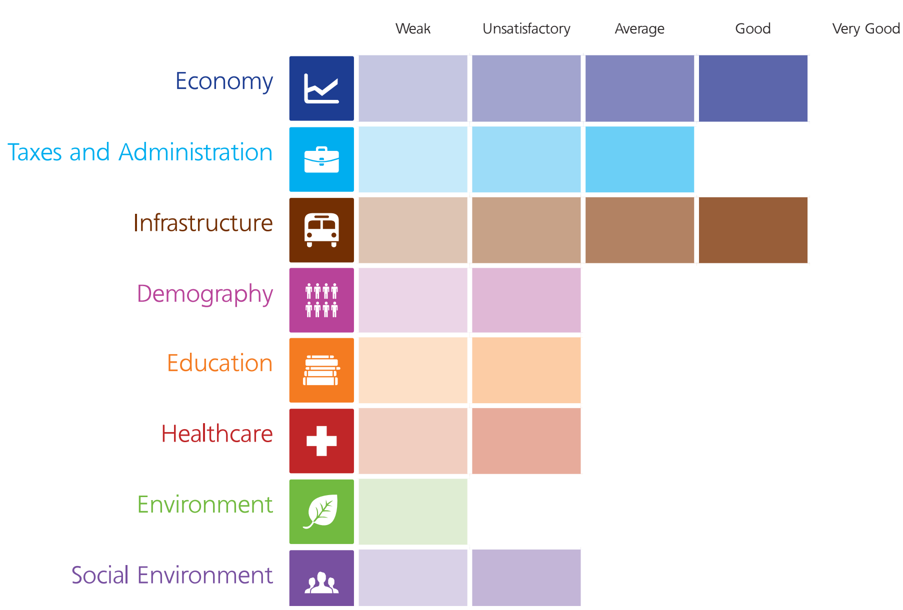
# Pernik


| | |
|---|---|
| **Population (2012)** | 131 109 |
| **Area (sq. km)** | 2 394,2 |
| **Number of settlements** | 172 |
| **Share of urban population (%)** | 79,0 |

## Overview

The proximity of Pernik District to the capital city has a major influence on the level and nature of economic activity in the district. The economic development of Pernik was rated as good when compared to the rest of the country; economic activity is concentrated mostly in the municipalities of Pernik and Radomir.

Infrastructure in the district is gradually improving, but the unfavourable demographic situation and the unsatisfactory quality of the educational system reduces the potential for faster development. The tax environment is relatively favourable; the majority of local taxes and charges is lower than the national average. The social environment is among the worst in the country; citizens have low confidence in the majority of local institutions. Improving the quality of the natural environment has emerged as one of the major challenges facing the district in the next programming period (2014-2020).



# Economy

The economic situation in the district is characterised by a high share of industrial production and a lack of tradition in agriculture. The majority of the production is concentrated in sectors with low-skilled labour and low value added.

Consequently, GDP per capita in Pernik remains the lowest of all districts within the South West planning region. After 2008, investments in fixed tangible assets have shrunk more than four times, with the decrease being particularly strong in mining and manufacturing. Since 2009, there has been a significant increase in production especially in the textile sector and in electrical equipment.

As of the end of 2012, the municipalities of Pernik District concluded 99 contracts for EU funding, worth a total of about BGN 86 million, of which the funds actually disbursed are a little over BGN 40 million. This places the district near the top of the list of beneficiaries of EU funds. The most active municipalities in the district are Pernik and Radomir. The vast majority of attracted foreign investments are also concentrated in these. Pernik is one of the districts in which the outflow of foreign investment since 2008 has been very slight, and in 2011 such investment registered an increase. The district ranked seventh in the country according to the volume of attracted foreign capital during the year.

Despite the blow dealt on the local labour market at the beginning of the crisis, employment in the district stabilised in 2011 and 2012 at levels close to the national average. Meanwhile unemployment has continued to rise since 2008, but remains relatively low (9.9% in 2012). Since 2006, the average annual income per household member has remained above the average for the country, reaching BGN 5,021 in 2012.

# Taxes and Administration

Unlike citizens, business representatives gave high ratings to the work of the judiciary. Perceptions of corruption, however, continue to be high. The business community is of the opinion that the administration is doing relatively well; the rating given to its performance is close to the national average.

From the municipalities in the district that provided information for the purposes of this survey, only Breznik is in a high degree of preparedness to provide one-stop-shop services. The same municipality also has the best developed electronic services. With regard to these two indicators, the Pernik Municipality's lack of progress is noteworthy. The absence of any tradition in the field of electronic services has been confirmed by business surveys. Only 10% of respondents in the district said they had used electronic services in the 12 months prior to the survey.

The tax environment in the district is relatively favourable. The majority of local taxes and charges are lower than the national average. In 2013, the municipality of Breznik reduced the tax rate on real estate owned by companies. There again, significant cuts were made in the rate of waste collection charge for non-residential property owned by companies (from 12 to 7.5‰).

# Infrastructure

The density of both the road and the railway network in the district is higher than the national average. According to information from the Road Infrastructure Agency covering 2012, about half of the roads within the national road network are in good condition. The condition of the third-class road network remains poor and impedes transport connections between smaller towns and the district centre. Businesses and citizens gave conflicting assessments of the quality of infrastructure in the district; the former rated it positively, while the latter gave it a negative rating.

The commissioning of the 19-kilometre Lyulin Highway in 2011 and the continuing construction of the Struma Highway have opened up favourable prospects for the development of transport infrastructure in the South West region of the country, which may have a positive impact on the economic activity in the Pernik District.

Internet access remains limited; only 42.3% of households have it, at an average of 50.9% for the country.

# Demographics

Pernik District is highly urbanised. In 2012, about 79% of the total of 131 thousand inhabitants of the district lived in urban areas; higher concentrations were reported in the districts of Sofia (capital city), Varna, and Gabrovo. Pernik is the only district in the country in which the ratio between the population aged 65 years or older and the population under the age of 15 stopped increasing in 2007. Its levels, however, are still high: for each person under the age of 15 years there are nearly two persons over the age of 65. The deterioration of the ratio of people of working age to those in retirement is also continuing.

Since 2001, natural population growth has been negative and nearly two times higher than the national average. The highest negative level was recorded in 2012: -11.7‰. Since 2005, migration in and out of the district has been moderate, and in the years before the crisis net migration was even a positive value. This trend was reversed in 2010, when more people began to leave the district, but at a relatively low rate. In support of the statistical data on population movement, nearly 80% of respondents reported a strong inclination to continue living in the district.

## Education

Despite the relatively good facilities and staffing of the education system in Pernik District, the quality of the education product remains unsatisfactory. An extremely worrying trend is observed in the net enrolment rate of the population in grades 5th through 8th. It has been decreasing each year since the 2007/2008 school year when it was 86.0%. The recorded levels of 77.8% for the 2012/2013 school year are below the national average; lower enrolment rates were only observed in the district of Sliven. Some positive features of school education in the district include the low rates of repeaters and the relatively small number of dropouts from the education system.

During the school year 2012/2013, the proportion of "fail" scores at the state exam in Bulgarian language and literature (5.3%) was slightly higher than the national average (4.9%). The average score of students who passed the exam was 4.16 (6.00 being the maximum), compared with 4.26 for the country.

In 2010, the European Polytechnical University opened in Pernik; however, it has not yet managed to establish itself as a popular educational institution. The proximity to established universities in Sofia (capital city) and Blagoevgrad where nearly half of the students across the country receive their education further impedes efforts to attract university students. In 2012, the relative share of people with tertiary education among the population aged 25 to 64 years old was 16.6%, against a national average of 24%.

## Healthcare

The poor condition of the health care system can, to an extent, be explained by the district's close proximity to the capital city where the majority of the hospitals of national importance are located.

There are a sufficient number of general practitioners in the district; the same applies to the number of specialists in Internal Medicine. At the same time, there is a serious shortage of cardiologists; the ratio of one specialist per 32 thousand people is the worst in the country. The national average ratio is one cardiologist to about six thousand people.

There is only one multi-profile hospital for active treatment in Pernik District; it is located in the district centre (the city of Pernik). The hospital has 294 beds, which means that for every thousand people of the average annual population there are an average of 2.2 beds (the national average being 4.4 beds). According to this indicator, Pernik ranks last in the country.

In 2012, about 88% of district residents had valid health insurance. The infant mortality rate has been decreasing gradually since 2007; from 2010 onwards it has been reporting figures below the national average.

## Environment

The positive aspects of the environment include the high share of population connected to public sewerage systems and waste water treatment plants. To a large extent, this is due to the significant urbanization of the district and applies both to Pernik and other districts with high concentration of urban population in the cities and larger towns, f.e. the districts of Sofia (capital city), Gabrovo, and Varna. In the next programme period (2014-2020) the construction of waste water treatment plants is planned for the municipalities of Zemen, Tran, and Breznik.

Pernik District ranks sixth in the country according to the concentration of carbon dioxide in the atmosphere relative to its area, the annual value being 297 tonnes per sq. km. The municipal waste collected per person of the population served shows figures that are among the highest in the country. In the district development strategy of Pernik for 2014-2020, ambient air quality is listed as a major challenge to improving the quality of the environment. The district ranks on top of the list according to the annual average concentration of sulphur dioxide, and second according to the concentration of nitrogen dioxide and nitrogen oxides. The high levels of pollution with particulate matter also constitute a problem. The district has no infrastructure for recycling or alternative technologies for waste treatment, which is why 98% of waste is disposed of in landfills. In mid-2013, the construction of a new municipal waste landfill started in the municipality of Pernik. The project is worth over BGN 21 million.

Residents of the district gave the lowest rating on the quality of the environment: 2.4/5.0 against average levels of 3.2/5.0 for the country.

## Social Environment

The share of people living in households with low work intensity (12.1%) and of those living in material deprivation (57.9%) remains high. The share of the poor, i.e. those below the poverty line in the district of Pernik is 19%, which is lower than the national average (22%).

In 2012, for the first time since 2006, the number of recorded crimes against the person and against property exceeded the national average. In line with the statistical data are citizens' perceptions of security in the district: it received the lowest rating in the country (1.8/5.0). Residents of Pernik also gave the worst score to the work of the local police: 1.7/5.0, at an average of 2.5/5.0 for the country. According to citizens, corruption in the police is highest in the districts of Pernik, Sofia (capital city), Kyustendil, and Vratsa. The performance of the judiciary was rated 1.8/5.0, the only lower score was given to the courts in Montana District.

Citizens have given very low ratings to the standard of living and quality of infrastructure in the district. Cultural life in Pernik District is also in a slump. There are no cinemas in the district, and interest in the theatre, although keeping its level of 10-11 thousand visits per year, is still limited when compared to both the number of local residents and the national average rate.

# Key indicators for the district of Pernik

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 10 144 | 5 316 | 5 633 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 48,1 | 46,7 | 45,6 | 46,5 | 46,8 |
| Annual average unemployment rate of the population aged 15+ (%) | 5,1 | 5,3 | 6,9 | 8 | 9,9 |
| Relative share of people living below the district's poverty line (%) | 17 | 17,2 | 19 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 31,9 | 32,3 | 32,8 | 33,8 | 34,6 |
| Rate of natural increase (‰) | -9,4 | -8,8 | -9,6 | -11,3 | -11,7 |
| Net migration rate (‰) | -0,2 | -0,0 | -1,9 | -1,6 | -1,7 |
| Relative share of the population aged 25-64 with tertiary education (%) | 17,0 | 16,8 | 16,3 | 16,7 | 16,6 |
| Percent of failed students at state matriculation exams (%) | 3,9 | 5,8 | 5,7 | 4,0 | 4,5 |
| Average grade at state matriculation exams | 4,4 | 4,2 | 4,2 | 4,4 | 4,1 |
| Share of roads in good condition (%) | n.a. | n.a. | 48,7 | 41,7 | 52,0 |
| Relative share of households with Internet access (%) | 13,4 | 22,5 | 15,4 | 35,0 | 42,3 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 71,3 | 71,6 | 71,5 | 74,0 | n.a. |
| Health insured persons as share of the population (%) | 89,8 | 90,4 | 88,6 | 88,8 | 88,3 |
| Infant mortality rate (‰) | 10,0 | 9,3 | 7,3 | 7,0 | 6,3 |
| Number of registered crimes per 1,000 persons of the population | 13,4 | 15,7 | 14,8 | 14,3 | 14,9 |

# Pleven

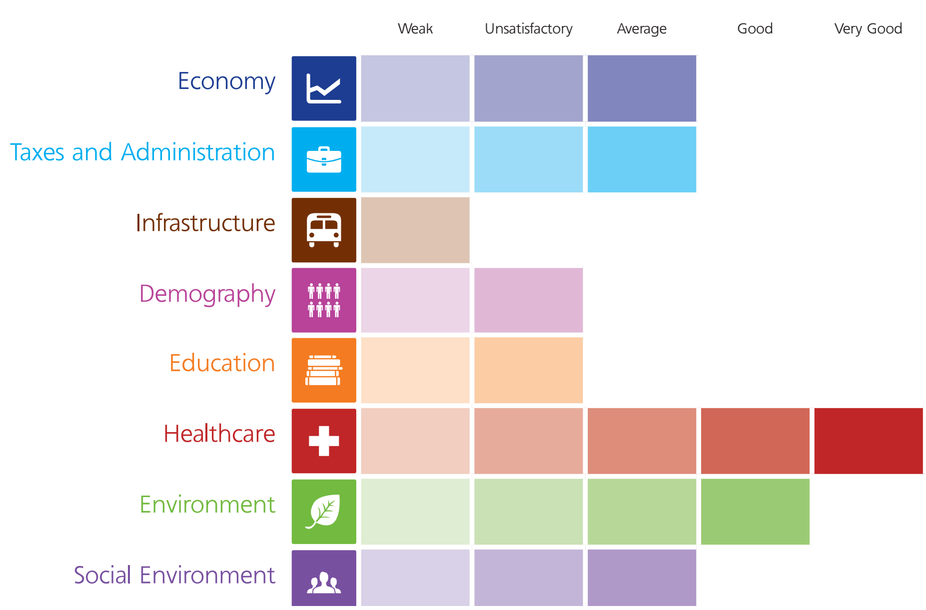
| | |
|---|---|
| **Population (2012)** | 264 942 |
| **Area (sq. km)** | 4 653,3 |
| **Number of settlements** | 123 |
| **Share of urban population (%)** | 66,6 |


## Overview

Although it is one of the leading districts in North Bulgaria, Pleven continues to lag behind in many aspects of its socio-economic development. The labour market is gradually recovering, but the traditionally low rate of investment and the sluggish absorption of EU funds prevent it from reaching its pre-crisis levels. Pleven is also lagging behind in infrastructure development.

The education system in the district is well developed, but the quality of the education output has been deteriorating in recent years. The district has good traditions in healthcare which it managed to maintain and even develop in certain aspects.

The demographic developments in the district are negative, but the age structure of the population in the Pleven District is more favourable than in most other districts in the North West region.



# Economy

Pleven is the district with the highest contribution of agricultural production and the highest share of gross value added created in the service sector in the North West region of the country. In 2012, the economy of the district remained deeply affected by the crisis because of the significant share of the manufacturing industry in local economy that was heavily affected by the economic downturn. In the period 2008-2010, the gross domestic product per capita shrank by more than 5%: from BGN 5,322 to BGN 5,051. Although registering a slight reduction from their 2008 levels, companies' investment in fixed tangible assets in the period of 2009-2011 has remained stable, albeit below the national average.

Unemployment in the district was above the national average in 2010 and 2011, but in 2012 it decreased to just over 10%; meaning that Pleven is still among the eight districts with the lowest unemployment. The employment rate of the population is also increasing and has recovered 1.5 percentage points from the 6.2 percentage points lost during the crisis. At the same time, compared to the national average of 46.6%, it still remains rather low: only 41.2% in 2012. Pleven is one of the districts with the highest annual average income per household member.

The relatively low level of absorption of funds under the European Union's Operational Programmes by local municipalities continues to be a problem in the district. In terms of foreign direct investment, the period of 2009-2010 saw a net outflow of capital. In 2011, for the first time since the onset of the crisis, there was some recovery in foreign capital inflows. However, their overall stock at the end of 2011, relative to the population, remains low compared to most other districts. Lower concentrations of foreign capital were only reported in about ten other districts.

# Taxes and Administration

Corruption in the district is perceived to be higher than six other districts: Dobrich, Kyustendil, Lovech, Plovdiv, Sofia (capital city), and Haskovo. The rating given to the performance of the judiciary is also among the lowest in the country. The most modern electronic services are provided in the Nikopol Municipality. Together with the municipality of Iskar, it demonstrated the highest state of preparedness to provide one-stop-shop services to citizens and businesses. Electronic services remain less common, with only 16% of surveyed business representatives responding they had used such services in the 12 months preceding the survey (May 2012 – May 2013).

The tax burden on businesses is relatively high, and some noteworthy changes have been observed in recent years. In 2013, the Pleven municipality more than doubled its tax rate on real estate owned by companies: from 1.9‰ to 3.9‰ per year; this rate is higher only in the municipality of Zlatitsa (Sofia District). At the same time, the municipality reduced the waste collection charge for non-residential property owned by companies: from 5.0 in 2012 to 2.9‰ in 2013, which is one of the lowest levels for a district centre in the country. The increase in the tax burden in Nikopol Municipality is also worth noting. The tax rate on commercial and passenger vehicles was increased from BGN 1.10 per kW in 2012 to BGN 1.40 per kW in 2013, and the rate of the property transfer tax was increased respectively from 2.50 to 3.00‰. Also increased was the tax on real estate owned by companies: to 3‰, the rate now being significantly higher than the national average.

# Infrastructure

Pleven is one of the districts with the slowest-developing infrastructure. The district is characterised by a density of the road network that is close to the national average and a well-developed railway network. In spite of some improvement in recent years, the quality of the road surface remains among the worst in the country. 31% of the roads within the national road network are in good condition. There are no highways crossing the district, and the proportion of first-class roads in the total length of the road network is about 12%. Over 60% of the roads are third-class.

In 2012, again, the relative share of households with Internet access remained very low (37.3%), at an average of 50.9% for the country. One third of the citizens of the district use the Internet on a regular basis. There are four small river ports and a border crossing in the district, but their activity is relatively low. In the coming years, the city of Pleven is planning to invest in the purchase of new buses to renew its public transport fleet.

# Demographics

In 2012, two-thirds of the population of Pleven District were living in urban areas. The rate of natural increase of the population was negative in 2012, reaching -10.1‰. Since 2001, the population of the district has decreased by over 62 thousand people.

The age dependency ratio of the population aged 65 and over to that aged up to 14 years, and the ratio of the elderly population to that in working age is worse than the national average. Since 2011, for every person aged over 65 there are less than three people of working age. However, from the districts in the North West region of the country, only Vratsa District reported more favourable ratios.

High levels of outbound migration have traditionally been observed in Pleven District, which means that significantly more people are leaving the district than moving into it. According to data obtained from the survey conducted for the purposes of this analysis, approximately 15.5% of residents would leave the district if given an opportunity, at an average of 12.5% for the country. In the North West region of the country, migration tendencies are lower only in the district of Montana, while the levels reported for Vidin and Vratsa are double the Pleven figures.

# Education

The education system in Pleven District is well developed, but the poor performance of secondary school students at state exams in the last two years has lowered the final rating of the district in this category to "unsatisfactory."

In 2012, nearly 1,700 university students were studying in Pleven. Pleven is one of the districts where the number of students has been increasing almost every year since 2002. In 2012, the proportion of the population aged 25 to 64 with tertiary education was 21.7%, at an average of 24% for the country. The net enrolment rate of the population in grades 5th through 8th has increased to 82.7%, compared with a national average of 81%, during the 2012/2013 school year. The number of early school dropouts has also gradually decreased: from more than 5% in 2006 down to the national average of 2.3% in 2012.

In recent years there has been a significant deterioration in the performance of students graduating high school in the district. The average score from state exams in Bulgarian language and literature has slipped from 4.33 (6.00 being the highest possible score) in the 2011/2012 school year to 4.13 in 2012/2013. Over the same period, the proportion of "fail" scores at the exam have increased from 4.3 to 8.7% of students who sat for the exam; only Razgrad District reported a worse value (12.1%).

# Healthcare

The health care system of Pleven District is characterised by a significant number of beds and staffing more favourable than the national average in terms of general practitioners and cardiologists. Since 2009, the number of doctors specialised in Internal Medicine has also been on the increase. Compared to the number of population, Pleven District provides the highest number of beds in multiprofile hospitals for active treatment in the country. There are six beds available for every thousand people, the average levels for the country being 4.4. Compared to 2002, the number of beds in hospitals has not just failed to decline but has actually increased. Over the same period, the same trend was reported in six other districts in addition to Pleven.

Only 8.6% of surveyed citizens reported they had had to travel outside the district to obtain health services in the 12 months prior to the survey. The national average level is 23%. The population of the district describes its own health as good, and confidence in the health system is higher than the national average. In 2012, about 89% of district residents had valid health insurance. There is a Medical University in the district centre.

Traditionally, the infant mortality rate in the district is higher than the national average, although in recent years there has been a decline. The number of patients admitted to hospitals for active treatment is among the highest in the country; higher levels were observed only in the district of Plovdiv. This can be explained by the presence in the district of a large number of hospitals and specialists and the relatively high level of confidence in the local health system, which results in greater intensity of use of local health services.

# Environment

In 2012, 56.4% of the district's population lived in settlements with public sewerage systems (at an average of 74% in the country), and 40% of them were connected to waste water treatment plants. The rating given by local residents to the quality of the environment is close to the national average (3.2/5.0). The uninterrupted water supply for the population continues to be a problem: nearly half of the district's residents live in areas where water supply is rationed.

In terms of the concentration of carbon dioxide in the atmosphere, Pleven is one of the districts with relatively clean air. A lower concentration of pollutants relative to the territory was observed in eleven districts. The analysis of the economic and social development accompanying the draft District Development Strategy until 2020 stated that only the air pollution in Nikopol Municipality has values above the maximum limit. The pollution is mostly caused by the operation of Romanian factories on the other side of the Danube.

Although still above the national average, the amount of municipal waste collected per capita has significantly declined over the last three years. A project is currently being developed to build a Regional Waste Management Centre in the municipality of Pleven.

# Social Environment

The citizens of Pleven District gave average ratings to the performance of institutions in the district. Education and healthcare received high scores, while the judiciary and the district administration were given low ratings. The local population is mostly dissatisfied with the quality of infrastructure and the income levels in the district. The share of people living in households with low work intensity (12.4%) and of those living in material deprivation (43.5%) is close to the national average. The share of the poor population relative to the poverty line in the district of Pleven is 19.5%, which is lower than the national average (22%). In 2012, the number of recorded crimes against property and against the person per capita has decreased but remains higher than the national average.

Between 2009 and 2012, cultural life in the district became more active, at least in terms of recorded visits to the cinema and theatre: respectively 49 and 33 thousand visits per year. The opening of a cinema in the city of Pleven in 2010 certainly contributed to this change.

# Key indicators for the district of Pleven

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 5 322 | 5 142 | 5 051 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 45,9 | 43,2 | 39,7 | 40,7 | 41,2 |
| Annual average unemployment rate of the population aged 15+ (%) | 4,7 | 8,1 | 12,8 | 12 | 10,3 |
| Relative share of people living below the district's poverty line (%) | 21,9 | 21,8 | 19,5 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 30,8 | 31,4 | 31,9 | 35,5 | 36,7 |
| Rate of natural increase (‰) | -8,5 | -7,5 | -9,0 | -9,6 | -10,1 |
| Net migration rate (‰) | -3,9 | -5,2 | -5,3 | -2,5 | -4,4 |
| Relative share of the population aged 25-64 with tertiary education (%) | 17,6 | 15,5 | 17,5 | 18,5 | 21,7 |
| Percent of failed students at state matriculation exams (%) | 3,8 | 4,9 | 5,9 | 4,7 | 8,0 |
| Average grade at state matriculation exams | 4,3 | 4,2 | 4,2 | 4,3 | 4,1 |
| Share of roads in good condition (%) | n.a. | n.a. | 28,5 | 29,2 | 31,0 |
| Relative share of households with Internet access (%) | 18,9 | 28,4 | 27,2 | 35,8 | 37,3 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 39,1 | 39,4 | 39,6 | 41,0 | n.a. |
| Health insured persons as share of the population (%) | 84,5 | 87,7 | 84,9 | 89,4 | 88,8 |
| Infant mortality rate (‰) | 9,9 | 11,7 | 13,0 | 9,2 | 9,6 |
| Number of registered crimes per 1,000 persons of the population | 13,3 | 15,3 | 15,9 | 16,5 | 15,9 |

# Plovdiv

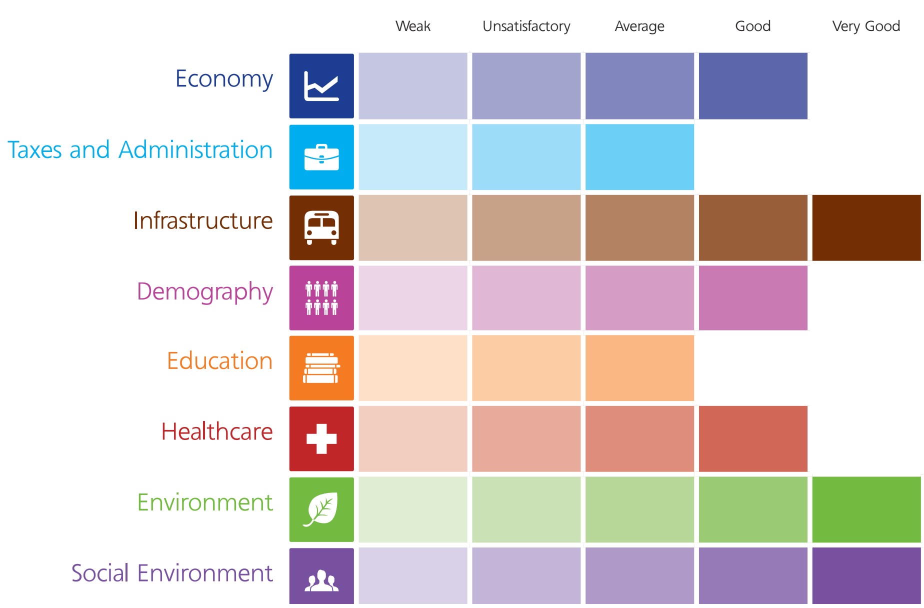

| | |
|---|---|
| **Population (2012)** | 679 851 |
| **Area (sq. km)** | 5 972,9 |
| **Number of settlements** | 224 |
| **Share of urban population (%)** | 74,6 |

## Overview

The economy of Plovdiv District is relatively well developed and the negative impact of the crisis was not as deep as in other regions of the country. Foreign investment is an important factor in providing employment; there are several industrial parks operating in the district. There are some active municipalities in the district that maintain low local tax rates and continue to upgrade the administrative services provided.

The city of Plovdiv is the second largest university centre in the country, which raises the proportion of people with higher education in the labour force of the district. The diversity of higher education institutions and the economic development of the district are positive factors that outline good prospects of attracting and retaining young people.

Citizens' responses on life satisfaction showed none of the weaknesses observed in other districts; this explains why the district achieved the highest levels of satisfaction in the country. This is reflected in the extremely low percentage (less than 5%) of people who are willing to move to another district.



# Economy

The gross domestic product per capita in the district of Plovdiv in 2010 ranked it seventh in the country; Plovdiv has reported one of the best growth rates over the past ten years. In the years of the crisis (2009-2010) the district's economy continued growing; the product increased in nominal terms by 10%, on the background of the decline in most districts. Only in the capital city of Sofia growth was distinctly higher in the difficult years of the crisis.

Employment in Plovdiv is relatively high; the employment rate of the population aged 15 and over in 2012 was just over 47%. Unemployment increased significantly in recent years but remains at relatively low levels compared to the national average (about 11% in 2012). The blow from the crisis was not as deep as in other districts, but the recovery of jobs is very slow. However, 2012 data shows some positive movement reflected in the fact that more and more people are seeking jobs, and employment has increased slightly.

The district is characterised by a significant concentration of companies (although on this indicator it is lagging behind the districts of Bourgas, Varna, and Sofia) and also by a high rate of foreign investment which continued to grow in recent years. The population-weighted expenditures for acquisition of fixed tangible assets are also among the highest, which explains the better economic development of the district.

Municipalities around the district centre of Plovdiv have been actively working to attract foreign investment. Several industrial areas are a positive factor in this respect. The Maritza Industrial and Commercial Zone and the Rakovski Industrial Zone deserve a mention. Leading sectors in the district are the food & beverage industry, nonferrous metals, textiles and clothing industry, and the chemical industry. The number of people employed in trade is also relatively higher, which is indicative of higher consumption and a higher standard of living.

# Taxes and Administration

Tax rates in the district of Plovdiv are generally low, but in the district centre (the city of Plovdiv) taxes are quite high; for instance, the vehicle tax rate was increased during the past year. The municipalities of Kaloyanovo, Maritsa and Hisarya are among the examples of municipalities maintaining low taxes and charges; Hisarya has the lowest tax on real estate owned by companies (0.6‰). The waste collection charge in Hisarya is also extremely low: 1.5‰.

Administrative services are fairly well developed, although there are still some challenges to be overcome. According to feedback from municipalities themselves, the level of provision of electronic services is most frequently at the "two-way communication" level (the third level of four possible) while one-stop-shop services are mostly at the "operating" stage (third out of four possible). This applies to the situation in Kaloyanovo, Plovdiv, and Rakovski. It is typical of municipalities that are active in attracting foreign investments that they are also the ones that try to keep tax rates as low as possible while improving the administrative services provided. These observations are confirmed by the ratings given by businesses to institutions and the level of corruption in the district. Companies gave one of the highest marks in the country to the way municipal administrations operate in the district, and also fairly low scores on the levels of corruption. Problems are only observed in the field of public procurement; there are indications of unofficial payments, too. Nearly one-third of businesses used electronic services in the past year, including the completion and submission of forms via electronic means. Challenges remain both in terms of improving the administrative services in the more advanced municipalities and ensuring the penetration of best practices in other municipalities which are still lagging behind and are insufficiently active in this respect.

# Infrastructure

The road network in the district of Plovdiv is relatively well-developed and is a positive development factor both because of the advantageous geographic location and the investments made. The road network density is about the national average, but the level of transport access is good. The recently completed Trakia Highway further increased the district's development potential. Half of the road surface is in good condition, which is a relatively high proportion when compared with the country average. However, some sections of the highway and certain Class One roads are in need of additional investment.

Railway infrastructure is also well-developed. The density of railway lines is among the highest in the country. At present, the railway infrastructure provides a proper level of transport connection between settlements, including the cities of Sofia and Bourgas, but additional investment is needed to facilitate economic activities, for example in terms of connectivity to the industrial zones and the Plovdiv Airport. The airport is another factor in the development of the district and in attracting foreign investors.

The survey among businesses and citizens also showed satisfaction with the condition of infrastructure. Businesses have clearly indicated the infrastructure as a strategic driver of growth, while citizens' assessment is relatively more moderate.

# Demographics

Plovdiv is the second largest district in the country with a population of nearly 670 thousand people. For the past ten years, the population decreased by 5%, which is not such an adverse development when compared with the country average; the trend, however is negative, unlike for example the one in Varna and the capital city of Sofia. The reason is the sustained negative population growth (4.5‰ in 2012). The net migration rate remained positive with the exception of the crisis period of 2009-2010. Outbound migration from Plovdiv is mainly towards Sofia and foreign countries, while inbound migrants are mostly from Pazardzhik, Stara Zagora, and Haskovo.

In recent years, nearly three-quarters of the district's population lives in urban areas. The age dependency ratios are close to the national average; the population aged over 65 years is 1.4 times more than the population aged under 14, while the population of working age (15-64) is about 3.5 times the population aged over 65 years. The demographic challenges are mostly in terms of the birth rate and in terms of the migration of young people to the city of Sofia and abroad.

# Education

Plovdiv District, similar to other districts with major cities in the country such as Varna and Sofia, has a relatively optimised number of schools and teachers compared to the number of population. It was in these districts that the largest number of schools were closed down or transformed in recent years. Unlike the districts of Sofia and Varna, the optimised school network in Plovdiv has produced some negative results. The net enrolment rate (grades 5th through 8th) is slightly below the national average and the percentage of repeaters and the proportion of dropouts have traditionally been relatively high. The scores from matriculation exams also lag behind the best examples in the country; the average score from the exam in Bulgarian language and literature in 2013 was 4.34, while nearly 5% of students failed the exam, that is, they obtained a score below average (3).

Plovdiv District is the second largest university centre in the country. In 2012, the number of students was nearly 40 thousand, with a certain downward trend since 2009. The constant influx of students from across the country and the fact that many of them move permanently into the district results in the relatively higher proportion of the population aged 25 to 64 years with tertiary education (about 23%). The difference with the capital city of Sofia is still almost double. Varna District is also ahead of Plovdiv on this indicator. The diversity of higher education institutions and the economic development of the district are positive factors that outline good prospects of attracting and retaining young people in the district.

# Healthcare

There are over 30 health care establishments in the district of Plovdiv, and their number even increased in 2012. In early 2012, for example, a new modern multi-profile hospital for active treatment was opened. An increase was registered in the number of hospital beds, too; the district is one of the leaders according to the number of hospital beds per capita, and is ahead of other districts with major cities. The availability of doctors relative to the number of population is also good; the district reported the best ratio of cardiologists per population served from among all other districts in the country.

People with health insurance in the district were about 87% in 2012, which is a serious decline compared to 2009, when the district was among the leaders in the share of residents with valid health insurance. The number of hospitalisations in multiprofile hospitals in 2012 was nearly 330 per 1,000 population - the highest rate in the country. This does not automatically indicate higher morbidity of the local population as people from neighbouring districts also receive treatment in Plovdiv while its own residents rarely leave the district to seek health services elsewhere. Eight per cent of citizens surveyed said that they had had to travel to another district to receive health care services, which is a similar proportion to that in the capital.

## Environment

The emissions of carbon dioxide in the atmosphere are higher when compared with many other Bulgarian districts, but still Plovdiv is not among the major pollutants such as the districts of Varna, Stara Zagora, and Sofia (capital city). The municipal waste collected per capita is around the national average, but has increased in the last ten years, while the rest of the country has been reporting a decrease.

Although organised collection covers 100% of the population of the district, a persistent problem is the insufficient provision of smaller settlements with the required number of disposal containers. In most municipalities, separate waste collection has been organised and contracts have been signed with organisations working in waste recovery.

Nearly 80% of the population lives in settlements with public sewerage systems. Over 50% of the population has access to sewerage systems connected to waste water treatment plants; no significant improvement has been observed in recent years. Two urban waste water treatment plants are operating in the cities of Plovdiv and Hisarya, and in 2010, a new treatment plant was commissioned in the town of Sopot.

## Social Environment

In 2010, 40% of Plovdiv District residents were living in material deprivation, that is, were struggling to meet their basic needs. One in five was below the poverty line and this rate is similar to the national average. It should however be noted that the poverty line in the district is relatively high.

Although slightly lagging behind in economic development compared to competing district centres (Bourgas, Varna, Sofia), Plovdiv is one of the safest districts. The indicators on crimes against the person and against property are equal to less developed and "quieter" districts in the country. The survey among citizens also confirms this finding; the combined satisfaction with the quality of life and security is the highest in the country. Citizens' ratings on life satisfaction showed none of the weaknesses observed in other districts; this explains why the district achieved the highest levels of satisfaction in the country. This is reconfirmed by the exceptionally low percentage of people who responded they were willing to relocate to another district: less than 5% (the lowest in the country) have explicitly expressed such a desire.

# Key indicators for the district of Plovdiv

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 6 817 | 7 291 | 7 530 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 50,5 | 48,3 | 46,5 | 46,4 | 47,3 |
| Annual average unemployment rate of the population aged 15+ (%) | 3,9 | 5,1 | 8,5 | 8,8 | 11,2 |
| Relative share of people living below the district's poverty line (%) | 19,7 | 14,5 | 20,5 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 25,2 | 25,5 | 26,0 | 28,3 | 28,8 |
| Rate of natural increase (‰) | -3,5 | -2,4 | -3,6 | -3,8 | -4,5 |
| Net migration rate (‰) | 2,0 | -0,9 | -4,1 | 0,2 | 1,4 |
| Relative share of the population aged 25-64 with tertiary education (%) | 18,9 | 20,6 | 22,5 | 23,6 | 22,6 |
| Percent of failed students at state matriculation exams (%) | 3,5 | 4,5 | 3,9 | 3,2 | 5,0 |
| Average grade at state matriculation exams | 4,5 | 4,3 | 4,3 | 4,5 | 4,3 |
| Share of roads in good condition (%) | n.a. | n.a. | 49,8 | 47,5 | 48,0 |
| Relative share of households with Internet access (%) | 24,4 | 30,1 | 35,3 | 47,5 | 55,1 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 50,2 | 50,6 | 50,8 | 54,1 | n.a. |
| Health insured persons as share of the population (%) | 88,0 | 89,6 | 87,2 | 88,4 | 87,7 |
| Infant mortality rate (‰) | 9,4 | 10,3 | 7,8 | 9,2 | 8,1 |
| Number of registered crimes per 1,000 persons of the population | 10,8 | 12,4 | 13,9 | 11,9 | 10,9 |

# Razgrad

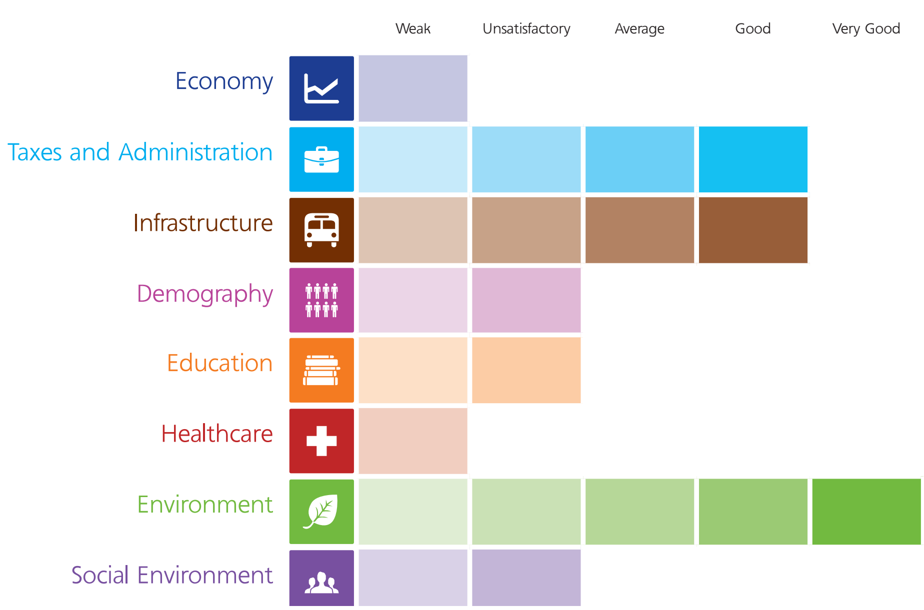

| | |
|---|---|
| **Population (2012)** | 122 886 |
| **Area (sq. km)** | 2 639,7 |
| **Number of settlements** | 119 |
| **Share of urban population (%)** | 47,3 |

## Overview

Razgrad District is near the bottom of the ranking on most of the indicators examined. Despite the presence of several well-functioning industrial enterprises, the district economy is weak and does not create enough jobs. Accordingly, household incomes are relatively low; the level of satisfaction with the standard of living has been declining. This explains the rapid depopulation of the district. Its population has decreased by a fifth over the last 12 years.

The public services provided have also kept Razgrad District from retaining its population. The district occupies the penultimate position in both education and healthcare. Local students received the lowest results from the state exams in Bulgarian language and literature in the country. In the health care system, there is a definite shortage of both general practitioners and specialised doctors, which forced many people to seek medical services outside the district.

The road infrastructure only started to improve in the past year with the rehabilitation and expansion of the road Ruse - Razgrad - Shumen - Varna. There is much to be desired in terms of environmental sustainability, and especially with regard to the extension of the sewerage network and treatment plants.



# Economy

Razgrad District occupies the 18th position in economic development among the 28 districts of the country, as measured by GDP per capita. Compared to the crisis year of 2009, the economy of Razgrad has picked up and climbed seven positions, leaving behind the neighbouring districts of Shumen and Targovishte. The economic environment is characterised by relatively low economic activity. The number of non-financial companies per capita is only 65% of the national average. Investment activity is still low, although it grew rapidly in 2011 compared to 2010. However, there has been withdrawal of foreign investment over the same period.

The economic situation in the district predetermines the permanently high unemployment: persistently higher than 20% in the last three years. The employment rate of the population aged 15 and over was one of the lowest in the country (40.6%) for 2012 and explains the relatively low level of income in the district. The income per household member reached BGN 3,131 in 2012, or 72% of the national average.

The structure of the local economy is significantly different from that of the country as a whole, and is indicative of its overall underdeveloped state. The services sector creates only about half of the gross added value, while industry and agriculture share one fourth each. In the services sector, more than half of the enterprises work in the field of trade, repair and maintenance of motor vehicles. Highly developed are the pharmaceuticals industry, veterinary medicine, and the food industry. As a result of the development of football in the district, the construction industry also experienced some growth, but the effect of this is not permanent.

Local administration is doing relatively well with the absorption of funds under EU operational programmes. As of the end of 2012, the funds disbursed were BGN 244 per capita, which is a good result for the country.

# Taxes and Administration

The business environment in Razgrad is relatively good. The rate of local taxes is about average for the country. Local authorities were rated relatively highly. The qualification of local administration officials, their responsiveness, and even the speed of work (which is a rarity in the country) won the approval of business representatives. The low perception of corruption in the district is also a definite plus.

Most companies in Razgrad District seem to have expectations for stabilization of the business environment, and even for some positive developments over the next 12 months. Nearly 25% of respondents expect to increase their revenues and investment activity, compared to 12% who expect a decrease.

# Infrastructure

The district has a relatively well-developed infrastructure. The road network density is slightly above the national average; one-third of it is rated as being in good condition. Significant improvement of the road infrastructure is expected by the end of 2013 with the completion of the rehabilitation and extension of the Ruse - Razgrad - Shumen road, which will have three lanes.

The indicators on households' access to the Internet have rapidly improved; in just one year (2012) the district climbed to the second position in the country (from tenth position in 2011). The share of people aged 16 to 74 years who use the Internet has also increased.

# Demographics

The population of Razgrad District has been decreasing at a rapid pace. The number of residents in the district has decreased by nearly 20% between 2001 and 2012. Razgrad is one of the most sparsely populated districts in the country with a very low proportion of urban population: only 47.3% compared to a 73% national average. The rate of natural increase is negative, with indicators close to the national average. A more serious problem is the net migration rate (number of people leaving the district against people moving into it), which has one of the worst readings in the country (-5.4‰ in 2012). The population of the district emigrates mainly abroad.

Despite the deteriorating demographic situation in the district, the age dependency ratio of the population aged 65 years and older to the population under 14 years remains favourable. The district still has a higher score than the national average in terms of the ratio of people aged 65 and over to the working age population.

# Education

The quality of education ranked the district of Razgrad 27th among the 28 districts. This is mainly due to the poor results from the state matriculation exam in Bulgarian language and literature. One in eight students failed the matriculation exam in 2012, and again in 2013. The district reported the lowest average results from matriculation exams in all six years since the exam was introduced. Although the district has the second highest rate of enrolment in grades 5th through 8th, a relatively good school network density and high number of teachers per 1,000 students, the results are still not good. Obviously the education system in the district is suffering from a lack of efficiency.

The number of population with higher education among people of working age in Razgrad District is extremely low: only one in seven has attained that education degree. By comparison, the average for the country is one in four people.

# Healthcare

Razgrad District was ranked in the second lowest position according to the quality of healthcare services out of all 28 districts of the country. There is a noticeable shortage of both general practitioners and specialist doctors. One general practitioner is in charge of 2,000, at a national average of 1,500. One specialist in internal medicine serves over 6,800 people, compared to 5,300 for the country. There is one cardiologist to 20,500 of the population, which is three times the national average.

The hospital infrastructure is relatively well-developed, with 4.4 beds per 1,000 of the population, an indicator equal to the average for Bulgaria. The high infant mortality rate continues as a major problem: it is 13.1 per 1,000, the third highest after the districts of Sliven and Montana.

Nearly half of the local residents who used health care services in the last 12 months, sought medical care outside the district, a survey conducted by the Institute for Market Economics shows. Over 60% of respondents indicated that the main reason for this was the lack of specialists.

# Environment

The quality of the environment in Razgrad District receives a very good rating. A major problem appears to be the lack of well-developed sewerage network. Only 42% of the population lives in settlements with public sewerage systems, which is the lowest share in the country. The situation with the share of sewerage systems connected to waste water treatment plants is more favourable. Razgrad District is ahead of the districts of Vidin, Silistra, and Yambol. The reason however is not so much in the presence of treatment facilities in Razgrad District but rather the lack of such facilities in the abovementioned districts. The condition of the environment in the district will be somewhat improved with the Razgrad water cycle project launched in 2013. The problem with the lack of sewerage networks in smaller settlements still remains.

Carbon dioxide emissions into the atmosphere are significantly lower than the national average. Overall, the air quality is rather good, as seen also from local residents' assessment. They gave a rather positive rating to the condition of the environment. Greater levels of pollution are reported in the winter months due to the widespread use of solid fuel for domestic heating.

## Social Environment

The general life satisfaction in Razgrad District is a little below the average for the country. The most serious problem for the district's residents is the low standard of living. Over half of the people surveyed are not satisfied with their financial situation. The relative share of the poor against the official poverty line in the district is quite high: 23%. One in five people in the district lives in a household with low work intensity. Nearly 46% of the population live in material deprivation.

The local administration's performance also adds to citizens' dissatisfaction. Half of the respondents assessed the performance of local administrations as poor or average. Disapproval of the way the judiciary operates is also prevailing. Over two thirds of respondents were not satisfied with the quality of the health care system in the district.

The local labour bureau also received unsatisfactory scores. There is serious criticism on the quality of infrastructure in the district. These conditions determine the relatively large proportion of people who would willingly move elsewhere if given the opportunity: almost 39% gave an affirmative answer.

# Key indicators for the district of Razgrad

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 5 443 | 4 960 | 5 549 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 40,6 | 39,7 | 36,8 | 40,8 | 40,6 |
| Annual average unemployment rate of the population aged 15+ (%) | 14,9 | 18,1 | 22,6 | 20,3 | 21,4 |
| Relative share of people living below the district's poverty line (%) | 17,3 | 19,8 | 22,8 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 22,7 | 23,3 | 24,2 | 26,4 | 27,2 |
| Rate of natural increase (‰) | -4,3 | -4,4 | -6,0 | -6,4 | -6,2 |
| Net migration rate (‰) | -7,4 | -8,7 | -13,2 | -7,9 | -5,4 |
| Relative share of the population aged 25-64 with tertiary education (%) | 14,2 | 15,2 | 12,1 | 12,9 | 14,0 |
| Percent of failed students at state matriculation exams (%) | 8,6 | 11,1 | 11,1 | 7,6 | 12,1 |
| Average grade at state matriculation exams | 4,1 | 4,0 | 3,9 | 4,1 | 3,8 |
| Share of roads in good condition (%) | n.a. | n.a. | 34,9 | 34,6 | 32,0 |
| Relative share of households with Internet access (%) | 11,6 | 24,7 | 27,9 | 42,2 | 58,1 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 40,7 | 40,8 | 40,8 | 41,9 | n.a. |
| Health insured persons as share of the population (%) | 85,1 | 92,3 | 87,6 | 91,1 | 90,0 |
| Infant mortality rate (‰) | 6,2 | 10,6 | 14,1 | 9,5 | 13,1 |
| Number of registered crimes per 1,000 persons of the population | 11,2 | 11,5 | 11,6 | 10,3 | 9,2 |

# Ruse

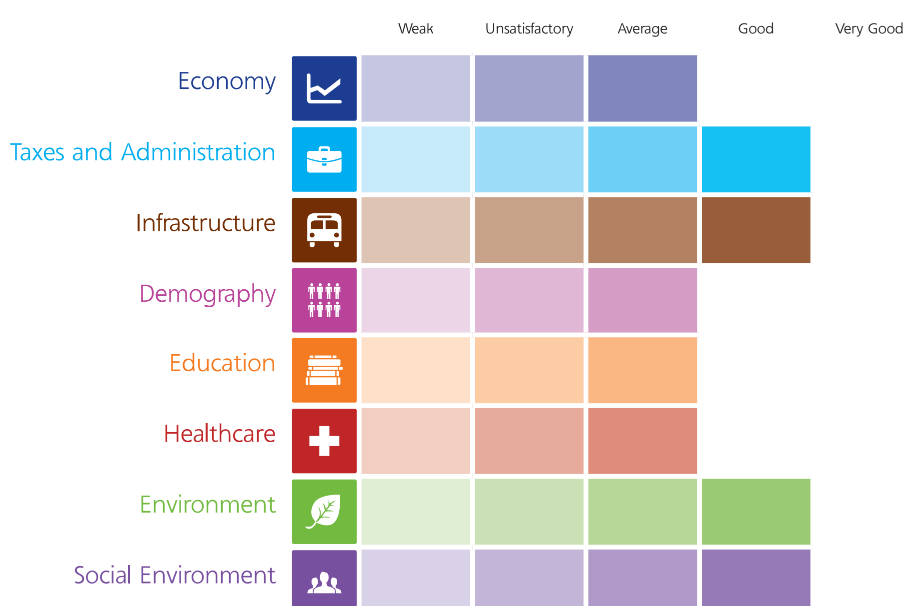
| | |
|---|---|
| **Population (2012)** | 232 662 |
| **Area (sq. km)** | 2 803,4 |
| **Number of settlements** | 88 |
| **Share of urban population (%)** | 77,0 |


## Overview

The economy of Ruse District continues to face serious difficulties and is still far from the pace of expansion and economic activity recorded before the crisis. Despite certain stability in recent years, investments remain limited, and an outflow of capital was registered in 2011. The absorption of EU funds is not active enough.

The relatively good condition of the infrastructure in the district and the favourable tax environment at this stage are insufficient to counterbalance the negative demographic and economic trends. The deterioration of the population’s age structure and shrinking number of people living in the district are mostly caused by the negative rate of natural increase in recent years.

Ruse District received average grades in the “Education” and “Health” categories, and good scores in terms of social conditions and natural environment. Local residents gave ratings to the quality of life and the performance of local institutions that are close to the national average.



# Economy

The state of economic development of Ruse is assessed as average, mainly due to the low investment activity in the district and the severe impact of the crisis on the local labour market. Since 2009, unemployment in the district has been steadily increasing every year, and in 2012 reached an annual average of 12.9%. Employment in the district is also declining; in the pre-crisis years it used to be one percentage point higher than the national average, while in 2012 it is already one percentage point lower.

After a dramatic decline in local investment in fixed tangible assets in 2009 and 2010, a slight recovery was reported in 2011. The opposite trend was observed in foreign investment, however: a slow but steady growth until 2010 was followed by a decline in 2011. Municipalities in Ruse District failed to make sufficient use of EU funding opportunities. Considering the amount of EU funds to the population by the end of 2012, only the districts of Sliven, Sofia (capital city) and Stara Zagora achieved less satisfactory results.

During the period 2008 - 2010, GDP per capita in Ruse District shrank by about 10%, thus in 2010, better results were achieved by the districts of Vratsa, Gabrovo, Plovdiv, and Smolyan, all of which had been lagging behind in the pre-crisis years. The average income per household member in the district in 2012 was above the national average (BGN 4,461), and was significantly higher than levels in other major districts in North Bulgaria: Varna, Vratsa, and Veliko Tarnovo. Similar income levels in this part of the country were registered in Gabrovo, while higher incomes were reported only in Pleven District.

# Taxes and Administration

The main reason for the high score of Ruse District in the "Taxes and Administration" category is the favourable tax environment in the district. Out of the local taxes and charges included in defining the tax environment, only the amount of the annual license tax for retail trade is higher than the national average. Only in five other district centres the municipal waste collection charge for non-residential real estate owned by companies is lower than that of Ruse Municipality. These are the municipalities of Varna, Gabrovo, Sliven, Smolyan, Stara Zagora, and Yambol. According to information provided by the municipalities, in 2013 there were no changes in the rate of local taxes and charges covered by the survey.

The majority of surveyed business representatives indicated domestic consumption and the quality of infrastructure in the district as the main factors that have a positive impact on their business. The ratings given to the performance of the local administration are controversial, while perceptions of corruption are rather high. The lowest confidence was reported in the local structures of the judiciary, the labour inspectorate, and the district administration. Electronic services remain far from being a common practice; in the 12 months preceding the survey in May 2013, only 15% of respondents had used such services. At the same time, the rating given to their quality is higher than the national average. There is not a single municipality in the district to declare it is fully prepared to provide one-stop-shop services to citizens and businesses.

# Infrastructure

The infrastructure development of the district is rated as good. The road network density is relatively high (18.3 km/100 sq. km), compared to an average of 17.6 km/100 sq. km for the country. The poor quality of the road surface in the district continues to be a problem. According to the data of the Road Infrastructure Agency, about one-fourth of the roads in the district were in good condition in 2012.

Ruse benefits from a well-developed railway network, including the Ruse-Varna railway line, which is the only connection between the Danube and the Black Sea coast. The density of railway lines is higher only in Sofia (capital city). The Port of Ruse is the biggest Bulgarian river port. The Danube Bridge (Ruse - Giurgiu) is in close proximity to the city of Ruse.

In 2012, the proportion of households in the district with access to the Internet reached 50.9%, thus exceeding the national average. The same trend was reported in the share of persons aged 16 to 74 who used the Internet in the last 12 months: 56.7%, compared to an average of 55.1% for the country.

# Demographics

In 2012, the population of Ruse District was 233 thousand people. The district is characterized by a relatively high degree of urbanisation; in 2012 about 77% of the population lived in cities, compared with an average of 72.9% for Bulgaria. Higher shares of urban population were observed only in the districts of Varna, Gabrovo, Pernik, and Sofia (capital city). The age structure of the population is deteriorating; in 2012 a less favourable ratio between the population younger than 14 years and over 65 years of age was only reported in seven other districts in the country.

The negative demographic trends in the district are the result mainly of the negative natural rate of increase in recent years. Since 2001, it has oscillated between -6 and -8‰ annually. The net migration rate, on the other hand, was more balanced; in 2006 and 2011 it even registered positive values, which means that more people moved into the district than out of it. Emigration flows increased again in 2012, with the ratio of net emigration reaching -1.4‰ against an average of -0.7‰ for the country. According to the results of the survey carried out for the purposes of this paper, about one-fifth of the district's residents would leave it if given the opportunity. 39.9% of respondents categorically stated they wanted to stay in Ruse, compared to the average level of 54.4% for all districts.

# Education

The indicators showing the extent of involvement of children in the education system are near the national average. About 80% of children eligible for enrolment in grades 5th through 8th were attending school in the 2012/2013 school year. In the same year, the share of repeaters was 0.9%, and the percentage of dropouts was 2.8%. In the 2012/2013 school year, the average score from matriculation exams in Bulgarian language and literature in the district was "Good" (4.29) compared to 4.26 for the country. The proportion of "fail" scores at the exam decreased from 6.0 to 4.6%.

Over the period of 2002-2012, the number of university students in the district increased by over 40% and reached 10,300 in 2012. Compared to the population, the number of students over the period increased from 27 per 1,000 in 2002/2003 to 44 per thousand in the 2012/2013 academic year. In 2012, about 22.1% of the population aged 25 to 64 years had tertiary education. This is one of the highest shares in the country, after Sofia (capital), Varna, Gabrovo, Veliko Tarnovo, Plovdiv, and Yambol.

# Healthcare

The staffing of the local health care system is not adequate compared to the national average ratio of general practitioners and doctors specialised in "Internal Medicine" and "Cardiology" to the population served. The gradual closure of hospitals and reduced number of hospital beds in multiprofile hospitals for active treatment resulted in severely reduced health care facilities.

Over a quarter of the people surveyed in the district said that they had had to travel outside its borders to obtain the health care services they needed. The main reasons given included the absence of specialists (34.8%) and the poor quality of service provided in the district (27%).

In 2012, 88.2% of local residents had valid health insurance, against an average of 87.3% for the country. Traditionally, the infant mortality rate in the district has been low, but during the last three years (2010-2012) it exceeded the national average.

# Environment

In 2011, about two-thirds of the population lived in residential areas with access to public sewerage. Citizens evaluate the quality of the environment as rather positive (3.3/5.0), at an average score of 3.2/5.0 for the country. Problems persist with the full commissioning of the waste water treatment plant in the city of Ruse completed in 2011. In contrast to trends in the rest of the country, the amount of municipal waste collected per population served in Ruse District has been permanently on the increase since 2007. Projects are under way for the closure of municipal landfills in Ruse and Borovo, as well as a project for the reconstruction of the sewerage network and construction of a waste water treatment plant in the municipality of Byala.

Relative to the area, the emissions of carbon dioxide in the atmosphere remain at levels below the national average, but at the same time the district ranks fifth in terms of concentration of harmful emissions. The reason is that the high levels of pollution in the districts of Stara Zagora, Sofia (capital city), and Varna exceed the national average levels far above the levels recorded in most districts. Levels recorded in Ruse District are similar to those in Pernik, for example. During the winter months, a major pollutant is residential heating with solid fuel in the district. Other factors that have a negative impact on the environment include the busy traffic across the Danube bridge, the two industrial areas around the city of Ruse, and the industrial complex in the Romanian city of Giurgiu.

# Social Environment

The district shows strong performance on the indicators of poverty and social inclusion. Only about 5.2% of people in the district were living in households with low work intensity. The proportion of people living in material deprivation is 35.4% compared to an average of 43.6% of the country, and the proportion of poor people in the district is 18.5%, at an average of 22.3% for the country.

Ruse is one of the districts with the most active cultural life. In 2012, statistics recorded over 100 thousand visits to local theatres. Higher rates of interest were registered only in theatres in Sofia (capital), Bourgas, Plovdiv, and Stara Zagora. In the same year, visits to cinemas reached 175 thousand; in addition to the four districts listed above, a better result on this indicator was only reported in Varna. In relation to the number of local people these figures place Ruse District third in the country according to the indicator 'Visits to theatres and cinemas per person of the average annual population"; Ruse is only outranked by the districts of Varna and Sofia (capital).

Ruse residents give ratings to the quality of life and the performance of local institutions that are close to the national average.

# Key indicators for the district of Ruse

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 7 384 | 6 987 | 6 646 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 47,8 | 50,5 | 47,9 | 45,1 | 44,5 |
| Annual average unemployment rate of the population aged 15+ (%) | 8,3 | 5,4 | 6,8 | 11,6 | 12,9 |
| Relative share of people living below the district's poverty line (%) | 23,5 | 17,0 | 18,5 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 26,2 | 26,6 | 27,4 | 30,7 | 31,7 |
| Rate of natural increase (‰) | -6,6 | -6,0 | -6,5 | -8,1 | -8,1 |
| Net migration rate (‰) | -0,5 | -2,4 | -3,5 | 0,8 | -1,4 |
| Relative share of the population aged 25-64 with tertiary education (%) | 19,3 | 19,3 | 20,4 | 22,0 | 22,1 |
| Percent of failed students at state matriculation exams (%) | 4,7 | 4,5 | 3,6 | 3,7 | 6,0 |
| Average grade at state matriculation exams | 4,3 | 4,2 | 4,3 | 4,4 | 4,1 |
| Share of roads in good condition (%) | n.a. | n.a. | 30,6 | 23,9 | 26,0 |
| Relative share of households with Internet access (%) | 24,0 | 25,2 | 34,8 | 43,2 | 51,4 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 0,0 | 0,0 | 0,0 | 63,7 | n.a. |
| Health insured persons as share of the population (%) | 86,3 | 88,4 | 86,0 | 89,4 | 88,2 |
| Infant mortality rate (‰) | 6,4 | 5,7 | 10,1 | 9,7 | 7,9 |
| Number of registered crimes per 1,000 persons of the population | 10,5 | 12,7 | 12,9 | 11,9 | 12,3 |

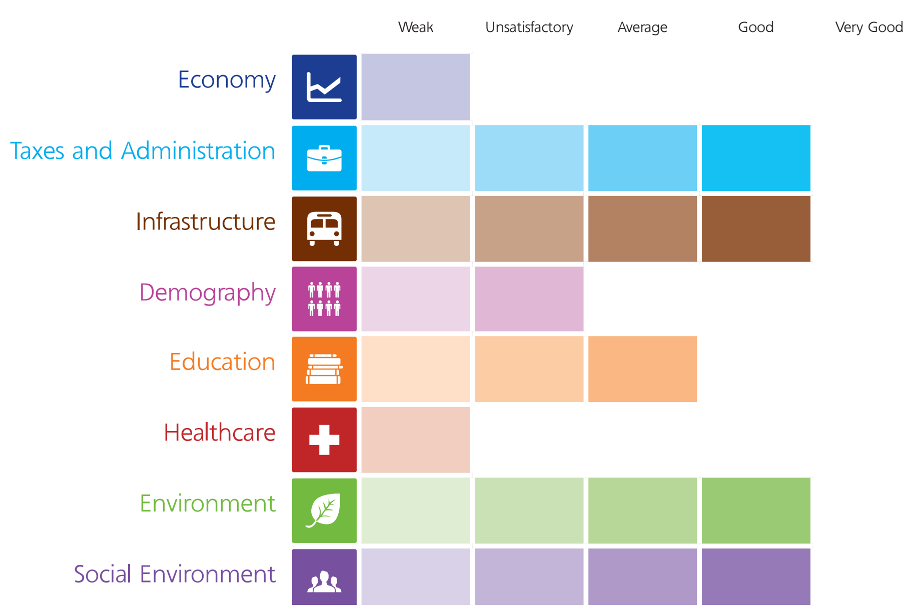
# Silistra

| | |
|---|---|
| **Population (2012)** | 117 814 |
| **Area (sq. km)** | 2 846,3 |
| **Number of settlements** | 118 |
| **Share of urban population (%)** | 45,1 |


## Overview

Silistra District is one of the least developed in the country, and on most studied criteria is ranked near the bottom of the list.

The most serious problem seems to be the local economy the structure of which is characterized by a large proportion (one quarter) of agriculture, and underdeveloped industry and services. Economic activity in the district is low, judging by the number of companies weighted to the population, and investment activity is meagre. Silistra has attracted the least foreign direct investments from among all districts in the country. This is probably attributable to the poor state of infrastructure and the inadequate business environment. According to its standard of living, the district ranks last in the country, with a GDP per capita of BGN 4,485/person in 2010. The labour market is characterized by very low employment rates and relatively high unemployment. Significant investment is needed in local infrastructure: roads, sewerage systems, waste water treatment plants. The district is suffering from a serious demographic problem, as the population shrinks significantly faster than the national average.



# Economy

Silistra is the poorest district in the country with a GDP per capita of BGN 4,485, or only 48% of the national average. Economic activity is low; the number of companies per 1,000 of the population is 32, which is far from the national average (50). In the period of 2007-2011, the number of companies increased by 310, but these were mainly micro-enterprises and for the most part had no employees.

The investment activity is relatively low in terms of the expenditures for acquisition of fixed tangible assets. The lack of foreign investment in the district also emerges as a serious problem. Silistra District is characterized by the lowest foreign direct investment per capita in the country, and these have been on the decline since 2011, i.e. there is a net outflow of foreign investment.

Silistra District has a specific structure of the economy. It is characterised by the high share of agriculture in gross value added: 24.6% (the highest share of the primary sector in the country in 2011), which is higher than that of industry (19.1%).

The lack of investment and the structure of the local economy largely explain the poor state of the labour market. In 2012, the average unemployment rate was 16% (12.3% for the country), and reported the third largest annual increase. Employment is the fourth lowest in Bulgaria: 39.4%. Under these conditions, the average income per household member (BGN 3,337) was also significantly lower than the national average (BGN 4,327) for 2012.

The meagre economic activity is to some extent offset by the relatively strong activity of local institutions to attract EU funds under Operational Programmes. As of the end of 2012, an average of BGN 163.2 per capita was disbursed; this value is close, but still lower than the national average (BGN 171.4/person).

The district has the highest number of farms (13,500) in the North Central region, and agriculture accounts for about 18% of employment. There are 14.4 ha of arable land per person of the population, which is more than double the national average value for this indicator.

# Taxes and Administration

Businesses in Silistra District enjoy relatively low local taxes and charges. All basic rates are slightly below the national average.

The local authorities' work received ratings from the business community that are close to the national average. On the topic of corruption, there was a very large number of respondents who chose to refrain from giving a definite answer: nearly two-thirds of respondents declined to answer the questions about the level of corruption in local authorities (district and municipal administrations, the police, courts).

The main problems facing businesses in the district are the stagnant local market, the quality of infrastructure and the quality of the workforce.

In terms of future plans, businesses in the district are rather conservative: nearly half of respondents believe that the amount of investment and number of employees will not change over the next 12 months.

# Infrastructure

The territory of Silistra District is crossed by Trans-European Transport Corridor No 7 (the Danube River). There are two ports in the towns of Silistra and Tutrakan. The Silistra - Calarasi ferry service has not been operational since 2010. There are no highways and express roads in the district.

In 2011, the density of the road network (17.8 km/100 sq. km.) did not change and remains close to the national average, which is 17.6 km/100 sq. km. The road surface is of quality close to the national average: 39% of it was rated in good condition. Some improvement of the road network occurred at the end of 2012 with the completion of the new road connecting the border municipalities Kaynardzha and Lipnitsa, which is 17 km long. It should connect the district with neighbouring Romania through the Kaynardzha - Carvan border check point, the opening of which has been delayed and it is not yet clear when crossing the border will be possible.

The quality of infrastructure is emphasized by business representatives as one of the major drawbacks to the development of the district. The construction of the third bridge over the Danube River at Silistra - Calarasi would give some impetus to the district, but so far no concrete decisions have been made on this.

The access to the Danube is not used actively enough. In 2013, the concession procedure for the port of Tutrakan was suspended due to the lack of investor interest. There is a need to connect the town of Silistra with

Varna by express road, which could boost the development of the Silistra port. Another serious problem facing the development of the district is the absence of gasification.

Over 56% of households in the districts have access to the Internet, and in 2012 their number increased by 16 percentage points; in this way, the value exceeded the national average.

## Demographics

The population of Silistra District is decreasing almost twice as fast as the national average. The share of the urban population is 45%, making it the least urbanised district in Bulgaria.

The Silistra District is sparsely populated, with the number of persons per square kilometre being half the national average. The deterioration of the ratio of people of working age to those in retirement is also continuing, which indicates an ageing population.

The rate of natural increase for 2012 was -8.1‰ compared to -5.5‰ average for the country. Another major problem is the negative net migration rate (the difference between the number of people who moved into and those who moved out of the district). The population of Silistra District mostly leaves for the districts of Varna and Sofia (capital) or foreign countries.

## Education

The quality of education in Silistra District yielded an average score. A noteworthy development is the declining share of "fail" scores at the state exam in Bulgarian language and literature. In the first four years of the state matriculation exam, the share of students scoring below the "pass" mark (3) was higher than the national average. Over the past two years there has been improvement and the proportion of "fail" marks is now below the average rate for Bulgaria. The average score from state exams remained at a relatively constant level.

Some improvement is observed in terms of the net enrolment rate in grades 5th through 8th that for the second consecutive year is over 81% and marks an improvement of 4.4 percentage points compared to 2007. In most districts, this indicator is deteriorating.

## Healthcare

In the "Healthcare" category, Silistra District is ranked in one of the last places in the country; only the districts of Razgrad and Targovishte have lower rankings. The three districts have identical problems. In Silistra District, there is a noticeable shortage of both general practitioners and specialist doctors. One general practitioner is in charge of 1,841 patients, at a national average of 1,491. One cardiologist covers 19,636 people, which is more than three times the average for Bulgaria, while one specialist in Internal Medicine is in charge of 9,063 people, compared to 5,263 average for the country. The number of hospital beds per 1,000 population is also relatively small.

On the background of these characteristics of healthcare, 11.5% of respondents rated the healthcare system in the district as "very good" or "excellent". According to one in four respondents, corruption in the district is high. Nearly 30% of those who used health care services in the past 12 months were forced to travel outside the district. The main explanation given is the lack of specialists.

## Environment

The quality of the environment in Silistra District received an overall good rating. Yet, the district is characterized by an underdeveloped sewerage system, and the lack of waste water treatment plants. Below 52% of the district's population lives in settlements with public sewerage systems, and only 0.6% of them are connected to the waste water treatment plants. Such plants are available only in the towns of Dulovo and Sitovo, and in the village of Glavinitsa. There is no clarity on the developments with the treatment plant in the village of Srebarna which was constructed a long time ago but serious violations were later established. At the end of 2012, the construction of a waste water treatment plant started in the town of Silistra. The project envisages the construction of more than 15 km of new sewerage pipes, as well as the reconstruction and replacement of another 16 km of existing pipes. The treatment plant and its adjoining infrastructure are expected to be completed within 27 months.

The ambient air quality is relatively good; the main problems are caused by the solid particles from residential heating in the winter months. There are no large industrial polluters in the district.

## Social Environment

The rating given to the social environment in Silistra is good. The population is rather satisfied with various aspects of life such as health, education, social life, housing, and security. The district enjoys a low crime rate compared to most other parts of the country. Recorded crimes reached 9.2 per 1,000 in 2012, and their number has been decreasing compared to previous years.

The population of Silistra sees its low standard of living as a major problem. The share of the poor against the official poverty line in the district is relatively high: 30.2%. One in three residents of the district lives in material deprivation, but on this indicator Silistra District actually looks better when compared with the country as a whole. The district has the lowest proportion of people living in households with low work intensity: 2.1% compared with an average of 10.1% for Bulgaria.

# Key indicators for the district of Silistra

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 4 990 | 4 505 | 4 485 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 44,3 | 43,6 | 39,3 | 39,3 | 39,4 |
| Annual average unemployment rate of the population aged 15+ (%) | 11,6 | 7,6 | 11,4 | 12,5 | 16,0 |
| Relative share of people living below the district's poverty line (%) | 22,8 | 20,7 | 30,2 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 25,7 | 26,5 | 27,6 | 30,6 | 31,5 |
| Rate of natural increase (‰) | -5,9 | -5,3 | -6,8 | -7,7 | -8,1 |
| Net migration rate (‰) | -7,8 | -6,1 | -7,7 | -2,0 | -2,4 |
| Relative share of the population aged 25-64 with tertiary education (%) | 15,1 | 14,2 | 13,1 | 15,4 | 15,8 |
| Percent of failed students at state matriculation exams (%) | 4,6 | 6,5 | 6,7 | 4,5 | 5,1 |
| Average grade at state matriculation exams | 4,3 | 4,1 | 4,1 | 4,3 | 4,1 |
| Share of roads in good condition (%) | n.a. | n.a. | 24,8 | 40,0 | 39,0 |
| Relative share of households with Internet access (%) | 20,0 | 20,7 | 20,8 | 40,0 | 56,5 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 0,0 | 0,0 | 0,0 | 0,6 | n.a. |
| Health insured persons as share of the population (%) | 81,2 | 84,9 | 82,7 | 86,8 | 85,6 |
| Infant mortality rate (‰) | 9,2 | 11,2 | 3,5 | 10,5 | 7,8 |
| Number of registered crimes per 1,000 persons of the population | 8,7 | 9,8 | 10,0 | 9,3 | 8,7 |

# Sliven

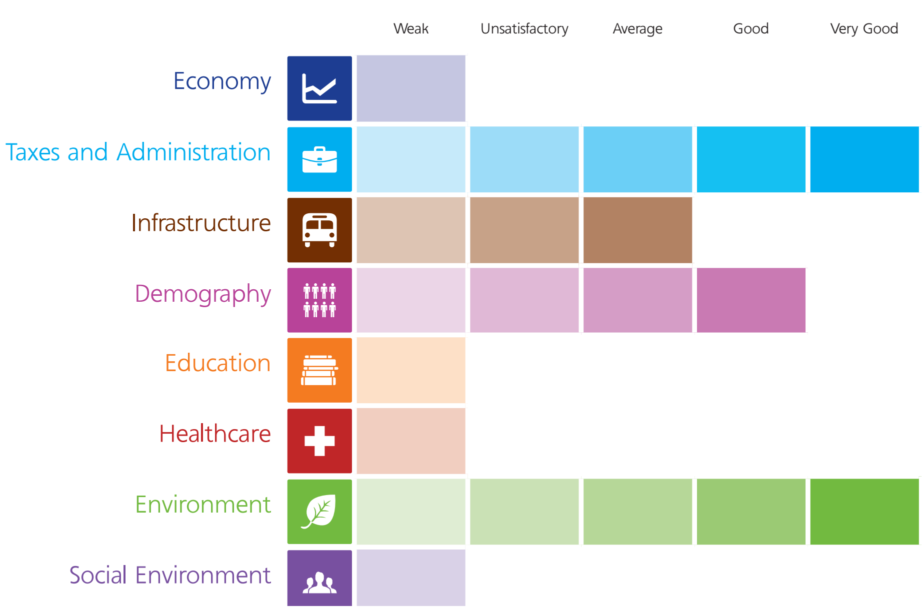
| | |
|---|---|
| **Population (2012)** | 196 049 |
| **Area (sq. km)** | 3 544,1 |
| **Number of settlements** | 120 |
| **Share of urban population (%)** | 66,1 |


## Overview

Sliven District is lagging behind in gross domestic product per capita relative to other districts in the country. The employment rate of the population aged 15 and over has decreased significantly since the onset of the crisis. Unemployment has deteriorated and in 2012 reached 20%. However, investments in the district are relatively good, as both expenses for acquisition of fixed tangible assets and the inflow of foreign direct investment recovered in 2011.

Sliven is the district with the highest birth rate in recent years. The age dependency ratio is favourable when compared with the national average. It is the only district where children under 14 are still more numerous than the elderly (over 65 yrs.), even if only by a little. The high negative migration rate is a major challenge facing the district and its growth potential. People leave the district mainly to Bourgas, Sofia (capital) and Stara Zagora; emigration abroad increased in the years of crisis and stagnation and peaked in 2010.

The relative share of the poor declined in the last year, but inequalities remain very high. The ratio between the incomes of the richest and the poorest 20% of households was reported at 8.5 times in 2010. This is also one of the factors that explain why local citizens' life satisfaction is one of the lowest in the country.



# Economy

Sliven District is significantly lagging behind in gross domestic product per capita relative to other districts in the country; for 2010, only the district of Silistra reported lower levels. The employment rate of the population aged 15 and over decreased after the onset of the crisis and in 2012 still remained rather low (about 42%). Unemployment deteriorated and in 2012 reached 20%, which is one of the highest rates in the country.

The rate of investment in the district is relatively good, as the expenses for acquisition of fixed tangible assets and the inflow of foreign direct investment recovered in 2011. However, administrative setbacks in recent years have affected negatively some potential investments and the absorption of EU funds. As of the end of 2012, EU funds disbursed to municipalities under operational programmes are the lowest in the country.

Typical of the district is the high concentration of economic activities in the town of Sliven, with its development crucial for the whole district. A large proportion of workers in the district are employed in the industrial sector, the leading industries being textile, food and beverage, and machine-building. Foreign investments are mainly in the textile industry and wine-making.

# Taxes and Administration

Local taxes and charges in the municipalities of Sliven District are relatively low for the country. In separate municipalities low rates were observed on the property tax for real estate owned by companies, the property transfer tax, and the tax on vehicles. In the district centre, local taxes rates were reduced in the last year (2013); the waste collection charge is among of the lowest in the country.

On the background of the relatively low tax rates, the ratings given by business to the way local institutions operate are rather positive. The perceptions of corruption run relatively high, but business respondents did not indicate a high incidence of unofficial payments.

Administrative services in the municipalities have been improving. According to municipalities' self-assessment of electronic services, they now provide a level of "two-way interaction" while the one-stop-shop service is mostly at the "operational" level. Electronic services are rather positively appreciated, but at the same time under one-third of companies have actually used such services in the past year, mostly to access information or download forms. The low level of use and the type of services used suggest a need for further improvement of administrative services in the district.

# Infrastructure

The density of the road network in the district is relatively low, but the quality of the road surface is very good: 80% of the road surface is in good condition, which is the highest percentage in the country. The completion of the Trakia Highway in 2013 was crucial for settlements in the district. An increase in economic activity is expected in the area around the highway and the roads connecting the highway and towns in the district. At the same time it should be noted that part of the internal traffic in the cities of Sliven and Nova Zagora will be reoriented towards the highway junctions. The railway network is concentrated in the southern and central part of the district, where the Sofia-Karlovo-Bourgas and Sofia-Plovdiv-Bourgas lines pass.

Sliven District has persistently reported significant water losses in the water supply network. Over the years, there have been sporadic tensions between different communities over water prices, the large losses and non-payment of water bills in certain neighbourhoods being the source of this tension.

The business survey shows that the infrastructure is perceived neutrally by businesses and is rarely cited as a major obstacle to development. Citizens, however, are not entirely satisfied with the infrastructure, notably with the transport and communications, and this is one of the reasons for dissatisfaction.

# Demographics

Sliven is a district of average size and has a population of 196 thousand people (2012). The decrease in population in recent years was mostly driven by the high negative migration rate. People leave the district mainly to the districts of Bourgas, Sofia (capital city) and Stara Zagora; emigration abroad has been increasing in the years of crisis and stagnation and peaked in 2010. Natural population growth is negative, as in any other district in the country, but the rates are relative low and close to those in the districts of Varna, Blagoevgrad, Kardzhali, and Sofia (capital city). Sliven is the district with the highest birth rate in recent years (12‰ in 2012).

Sliven is the only district in the country where the children under 14 years of age outnumber the elderly over 65. However, negative demographic processes occur in this district, too, and in 2012 the ratio between the two groups is almost one to one. In the country, the picture is quite different, and this ratio reaches 1.4:1 in many places in favour of the elderly population over 65 years. In 2012, the population of working age (15-64) was nearly four times the population aged 65+, which is typical for the country.

The demographic challenges facing the district are related to the ageing population and the outbound migration from the district, that is, the stable negative net migration rate. The more favourable demographic picture is due to the high birth rate, which also dropped slightly in recent years.

# Education

For the past ten years, the number of school students in the Sliven District has decreased by more than 7 thousand, which logically leads to fewer schools and significantly reduced teaching staff. Nevertheless, due to the age structure of the population and the larger number of the children and young people, these processes develop more slowly in comparison to the rest of the country. Sliven is the district with the lowest number of teachers per 1,000 students, which inevitably leads to problems with the quality of school education.

The net enrolment rate in grades 5th through 8th is about 74%, which is the lowest in the country. The share of dropouts from primary and secondary education and the share of repeaters are also high. Although in recent years there has been a decrease in the number of children dropping out of school, the problem of invisible absenteeism and children who attend school irregularly still persists. The average score from the matriculation exam in Bulgarian language and literature in 2013 was 4.15, while 7% of students failed the exam. These figures clearly indicate that school education in Sliven District is facing serious challenges in terms of both coverage and quality.

There is no university in the district, but there is a college and a branch of the Technical University (Sofia). Years ago, the College of Medicine with the Trakiiski University was closed down, but in 2013 a decision was made to re-open it, this time as a subsidiary of the Varna Medical University. The percentage of people with tertiary education in the districts is relatively low - approximately 19% of the population aged 25 to 64 years.

# Healthcare

There are nine hospitals on the territory of Sliven District. Patients who received treatment in multiprofile hospitals increased in 2012, but their number remains close to the national average. The number of doctors in the district is relatively small, with most medical centres and specialist practices located in the town of Sliven. This leads to a concentration of specialised medical care in the district centre, thus forcing patients from other municipalities to travel to the town of Sliven for specialised tests and consultations.

Persons with valid health insurance in the district in 2012 were 85% of the population, which is close to the national average. The infant mortality rate is the highest in the country; this is attributable to the high birth rate among at-risk ethnic groups.

Unofficial payments for health are not a common practice. One in eight citizens, who had used health services in the last 12 months, said he/she had been forced to make unofficial payments. Just over a quarter of surveyed citizens said they had been forced to travel outside the district to receive healthcare services, the leading cause being the lack of specialists.

# Environment

Harmful emissions (carbon dioxide) into the atmosphere of Sliven District are relatively low, although still far from the best performers on this indicator (the districts of Montana and Smolyan). The District Development Strategy for 2014-2020 states that only the southern parts of the district are subjected to some background pollution from the "Maritsa Iztok" complex, but within acceptable limits. The local sources of air pollution are for the most part smaller pollutants with immediate impact and originate from industry, road transport, and domestic heating.

The collected household waste per capita has reduced over the past years and is already among the lowest for the country. On the territory of Sliven District there are a number of illegal dumpsites of mixed municipal and construction waste concentrated in the municipalities of Nova Zagora and Sliven.

Nearly two-thirds of the population of Sliven District live in settlements with public sewerage systems, and 60% of the population has access to sewerage connected to waste water treatment plants. There are two urban waste water treatment plants operating in the district. The waste water treatment plant for the town of Sliven is located in the valley of the Tundzha River, while another treatment plant in the valley of the Maritsa River services the town of Nova Zagora.

# Social Environment

In 2010, nearly 44% of the population in Sliven District was living in material deprivation and struggling to meet their basic needs. The proportion of the poor in this period was 24%, or one in four was below the poverty line. Both indicators have improved over the last year and are now close to the national average. Inequalities remain very high, and the ratio between the incomes of the richest and the poorest 20% of households was reported at 8.5 times in 2010.

Citizens' life satisfaction is one of the lowest in the country. Local residents' dissatisfaction is fuelled by both traditional factors such as the standard of living (income) and employment, and the condition of the infrastructure, environment, and security. In recent years, the statistics reported an increase in crimes against the person and against property, which may explain the low satisfaction with security. The aspects of life with which respondents are more satisfied are health, education, and housing; in terms of the former two components, however, there are still some major challenges to be overcome.

Despite the economic problems and low life satisfaction, only 1/10 of local citizens replied in the affirmative to the question whether they would want to move to another district. The majority of citizens gave no definite reply on whether they wish to relocate to another district. The data on the migration rate indicates otherwise: the outward migration of the population is one of the biggest challenges facing the district.

# Key indicators for the district of Sliven

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 4 761 | 4 603 | 4 601 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 47,9 | 45,4 | 43,0 | 43,7 | 41,8 |
| Annual average unemployment rate of the population aged 15+ (%) | 12,5 | 15,0 | 16,7 | 16,6 | 19,4 |
| Relative share of people living below the district's poverty line (%) | 24,4 | 26,0 | 23,6 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 23,7 | 24,0 | 24,4 | 26,4 | 27,1 |
| Rate of natural increase (‰) | -0,9 | -0,6 | -2,6 | -2,0 | -2,3 |
| Net migration rate (‰) | -5,0 | -7,6 | -11,8 | -2,8 | -4,5 |
| Relative share of the population aged 25-64 with tertiary education (%) | 19,1 | 17,2 | 18,4 | 18,7 | 18,7 |
| Percent of failed students at state matriculation exams (%) | 4,3 | 7,3 | 5,4 | 4,4 | 6,5 |
| Average grade at state matriculation exams | 4,5 | 4,3 | 4,3 | 4,5 | 4,2 |
| Share of roads in good condition (%) | n.a. | n.a. | 82,5 | 82,0 | 82,0 |
| Relative share of households with Internet access (%) | 16,0 | 16,3 | 27,5 | 36,5 | 37,0 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 57,1 | 57,3 | 57,3 | 57,7 | n.a. |
| Health insured persons as share of the population (%) | 81,1 | 87,0 | 84,7 | 86,1 | 85,0 |
| Infant mortality rate (‰) | 11,7 | 21,6 | 20,5 | 17,0 | 16,6 |
| Number of registered crimes per 1,000 persons of the population | 12,0 | 12,4 | 14,4 | 14,2 | 14,4 |

# Smolyan

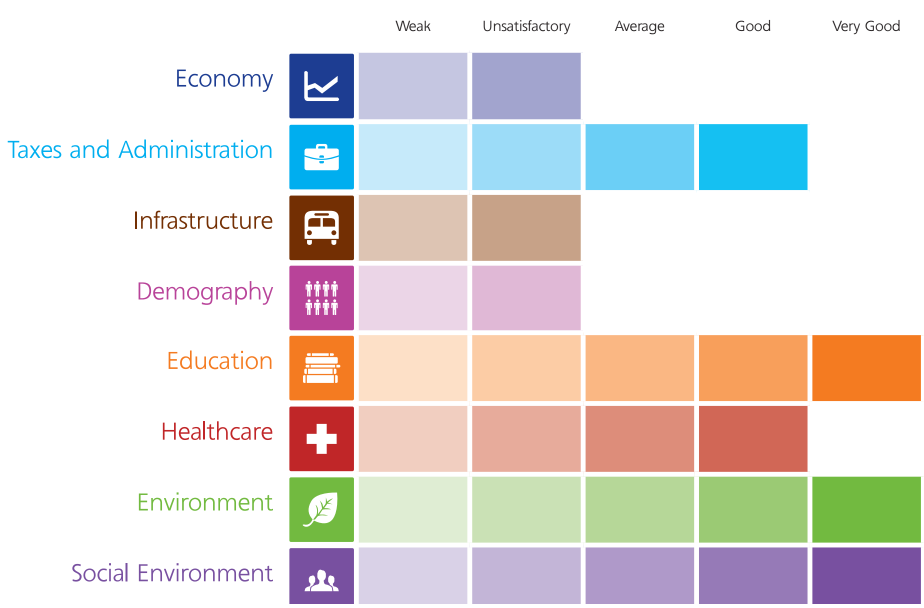
| | |
|---|---|
| **Population (2012)** | 119 617 |
| **Area (sq. km)** | 3 192,8 |
| **Number of settlements** | 242 |
| **Share of urban population (%)** | 55,0 |


## Overview

Smolyan District has a relatively well-developed economy, but in recent years there has been a substantial decline in employment while unemployment is traditionally high. The lack of foreign investment and poor infrastructure are a barrier to development, including the development of tourism. Local taxes are relatively low, but administrative services continue to be a challenge.

The district is experiencing severe demographic pressure due to low fertility rates and high levels of outbound migration from the district. The high-quality school education is a positive development factor, but the small number of university graduates in the workforce is limiting the potential of the area. The absorption of EU funds moves at a relatively good rate, but a lot of investment is still required in the road network and water management.

Smolyan is the safest district in the country and its citizens show high satisfaction with life, fed by the clean environment. The shortage of employment opportunities and low incomes lead to dissatisfaction and are, in the long run, a factor for outbound migration from the district in search of better opportunities.



# Economy

Smolyan District is tenth in the country in terms of GDP per capita; its growth rate has been sustainable over the years. Employment in the district is less than the national average level; in 2012 the employment rate increased and reached 44% of the population aged 15+. However, employment remains well below its pre-crisis levels, suggesting problems in the recovery of the labour market and the creation of new jobs in the last couple of years.

The district has been traditionally characterized by high levels of unemployment, as even in some of the best years (2008) unemployment has remained above 10%, and by 2012 remained above 20%, which is the highest in the country after Shumen District (over 25%). The explanation for the contrast between the acceptable levels of employment and very high unemployment may be sought in the high economic activity in Smolyan District, that is, local people are actively seeking employment and the so-called "discouraged" people are few.

There has not been a serious influx of foreign investment in Smolyan District. In the past two or three years, there was even an outflow of investments. The expenditures for acquisition of fixed tangible assets, weighted by population, also showed a shortage of investment, which is a challenge both in terms of the long-term growth of the district and on the background of the current problems of high unemployment and lack of job openings.

The district has an industrial profile, as almost a third of employees work in light manufacturing industries. The share of people employed in trade is 10%, which is the lowest in the country. Employment in tourism is higher than the national average; tourism has traditionally been an important factor in the development of the district.

# Taxes and Administration

Local taxes and charges in the district are relatively low compared to the national average, and this applies to the town of Smolyan, too; for instance, in most municipalities vehicle tax is close to the minimum allowed by law. Only in terms of the waste collection charge there are examples of distinctly higher rates in the municipalities of Nedelino, Devin, and Zlatograd. Chepelare Municipality stands out as more active in terms of its taxation policy; the tax on real estate owned by companies has increased over the last year and is now the highest in the district.

Local businesses' perceptions of corruption in the district reveal the lowest levels of corruption in the country. Unofficial payments made by companies are also rare Even if there is some tension in the field of procurement. The ratings given to the way institutions operate are positive and indicate that institutions are working properly. Despite the positive ratings, the improvement of administrative services still remains a challenge. E-government is mainly at the stage of one-way communication (second stage out of four possible) and one-stop shop services are mostly at the "developing" stage (the second of four possible). One-fifth of business respondents said they had used electronic services in the past year, which mostly constituted looking up information or downloading forms.

In spite of the positive ratings on corruption and the efficiency of local institutions, municipalities in Smolyan District need to focus more effort on developing e-services and the operation of one-stop shops, which are particularly important in terms of attracting foreign investors and promoting entrepreneurship.

# Infrastructure

The development of the road and railway infrastructure in the Smolyan District is relatively low because of the prevailingly mountainous terrain. No highways or Class One roads cross its territory; there is no railway transport whatsoever. However, the density of the road network is close to the average for the country, with about 40% of the road surface reported to be in good condition. The current maintenance of the road surface in good condition is a challenge, but the lack of high-speed roads is a long-term issue for the development of the district.

The accessibility and use of Internet has been improving in recent years and now almost half of the population has access to and reported using the Internet in the last 12 months.

The business survey suggests that infrastructure is seen as a major obstacle to the development of the district. Citizens also rank infrastructure among the factors that lead to dissatisfaction with the quality of life. Undoubtedly, the lack of first-class roads not only leads to dissatisfaction among businesses and citizens, but also limits the development opportunities; that is why the district becomes less attractive to foreign investors, and the development of tourism is impeded.

# Demographics

Smolyan District is relatively small, with a population of nearly 120 thousand people in 2012. 55% of the population live in urban areas, which is quite a low percentage compared to the national average. Residents of Smolyan District have significantly decreased in number over the years. This is due to the persistent negative trends related to both the natural rate of increase and the net migration rate. Natural growth has deteriorated in recent years and is now showing more negative rates than those typical for the country, while the migration processes are very negative and the most pronounced in the country.

The problems are rooted in the very low birth rate (the lowest in the country) and in the sustainable outbound migration from the district, usually in the direction of Sofia or Plovdiv. Emigration abroad has declined in recent years.

The age dependency ratios have also deteriorated. The population aged over 65 is 60% more than the population aged 14 years or younger. The population of working age (15-64 yrs.) is about four times the population aged over 65 years, which is slightly more favourable than the national average. Interestingly, the deterioration of the age dependency ratios is primarily with respect to the coefficient that takes into account the population aged 14 years or younger. This again shows that the demographic challenges facing the district are mainly in terms of the low birth rate.

# Education

Over the past ten years, the reduced number of school students in Smolyan District is one of the most serious problems; the number of school students has actually halved, which is a consequence of the lasting negative demographic trends. In recent years, one or two schools are closed every year; as of the year 2012, only 66 schools are still open in the district. However, the district continues to provide the best ratio of schools to the number of population, and the most favourable ratio of teachers to 1,000 students: one teacher to 11 school students.

The enrolment rate of the population is among the highest in the country, while the percentage of repeaters is the lowest, almost zero. Also lowest is the proportion of dropouts. This is the only district in the country with a value of this indicator of less than 1%, and has kept it stable over the years. The average grade from the matriculation exam in Bulgarian language and literature in 2012 was relatively good (4.37). Less than 4% of the students did not pass the exam. This is a relatively good performance against the country average. It should be also noted that these indicators have improved in recent years.

Nearly 18% of the population aged 25 to 64 years has higher education, which is a relatively low percentage compared to the national average. No university is seated in the district. However, Smolyan is home to a Technical College and a branch of the University of Plovdiv, as well as a branch of the Varna Free University. The number of students has been increasing in recent years, reaching nearly 2,400 in 2012.

The general picture is that school education is among the best in the country due to the relatively numerous teachers, high enrolment rate and low dropout rate, and the good results from the matriculation exams in recent years. Problems are rather to be found in higher education as the number of people with tertiary education in the labour force is too low.

# Healthcare

There are five hospitals in the district; in the last year or two, three healthcare establishments were closed down. The closure of the hospital in the town of Devin in 2011 caused serious repercussions and social unrest. The number of hospital beds per 1,000 population also decreased and is now well below the national average. The number of patients who received hospital treatment in the district is relatively small when compared to the national average: 180 per 1,000 people in 2012, with the tendency being for their number to decrease. This process is not typical of the country; in all other district the number of hospital patients has increased in recent years.

The percentage of persons with valid health insurance remained above 90%. Proportions are higher only in the districts of Gabrovo, Kyustendil, and Kardzhali. The availability of doctors to the number of population is relatively good with regard to general practitioners, but there is a problem in terms of specialists in Internal Medicine and cardiologists. The infant mortality rate decreased significantly in the last year and is now among the lowest in the country (2.6‰ in 2012).

Nearly 30% of respondents indicated that they had had to travel outside the district to receive health services; the main reasons given by respondents include the lack of specialists and the low quality of the service provided. One in five citizens, who had used health services in the last 12 months, said he/she had been forced to make unofficial payments.

The overall picture shows that the health status of the population in Smolyan District is relatively good, which is evidenced by the small number of hospitalisations and the low infant mortality rate. At the same time, the data reveals flaws in the organisation of the health system: the number of persons with health insurance is relatively high, but hospitals and specialists are relatively few in number.

## Environment

Emissions of carbon dioxide in the Smolyan District remain at the lowest level in the country, and similar values were only observed in the district of Montana. This is mainly due to the mountainous terrain, which covers about 70% of the district. Along with that, the structure-defining sectors of the economy are light industry, represented by textile enterprises, apparel companies, meat and milk processing plants, and plants for the production of bread and bakery products, which all have low emissions.

The amount of municipal waste collected is similar in volume to the average for the country; some increase was registered in the last year. Nearly 70% of the population live in settlements with public sewerage systems. In 2011, about 40% of the population had access to public sewerage connected with a wastewater treatment plant. This share is still low compared to the national averages. However, during the last two or three years there has been progress in this regard. In 2011, Smolyan Municipality opened a new municipal waste water treatment plant financed with EU funds.

The survey among citizens, not surprisingly, shows the biggest satisfaction precisely with the environment; with this result being the highest in the country. Despite the natural resources and the low level of pollution, investment in the environment and in the management of water and waste are all areas that will require further effort in the coming years.

## Social Environment

In 2010, almost one in three residents qualified as living in material deprivation, that is, was struggling to meet their basic needs. Only one year earlier, half the population was classified in this category, which puts some questions about the reliability of the indicator for the assessment of poverty at the district level. One in five was relatively poor, i.e. fell below the poverty line, which is close to the national average. Inequality data show acceptable levels when compared to the national average, as the ratio between the incomes of the richest and the poorest 20% of households fell from 7.4 to 4.4 between 2007 and 2010, i.e. the stratification in society has decreased, but the leading cause of this are rather the declining employment and general poverty in the years of crisis.

Smolyan is the safest district in the country; in 2012, less than five crimes against the person and against property were reported per 1,000 population. Similar levels were observed only in the district of Kardzhali. Citizens in the district also indicated they were satisfied with the level of security.

In addition to security, life satisfaction is mostly boosted by the environment and housing conditions. Social life, health and education also contribute positively to life satisfaction. The sum of these factors leads to high life satisfaction in Smolyan District. Only employment, the standard of living (income), and infrastructure lead to dissatisfaction and represent the most serious challenges facing the district.

When asked if they would permanently move to another district, one in five citizens answered emphatically in the affirmative, and over half said they had no desire to move. However, data on the net migration rate of the population shows that large parts of the population (mainly young people) tend to leave the district in search of better opportunities for education and employment; this pursuit is obviously stronger than their satisfaction with the clean environment and security in the district.

# Key indicators for the district of Smolyan

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 6 988 | 6 235 | 6 563 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 54,2 | 49,2 | 43,7 | 40,6 | 44,0 |
| Annual average unemployment rate of the population aged 15+ (%) | 10,9 | 14,9 | 19,2 | 25,0 | 21,9 |
| Relative share of people living below the district's poverty line (%) | 20,5 | 12,8 | 21,3 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 22,6 | 23,2 | 24,3 | 25,8 | 26,8 |
| Rate of natural increase (‰) | -4,4 | -3,7 | -4,3 | -6,4 | -6,7 |
| Net migration rate (‰) | -8,7 | -10,2 | -13,5 | -5,4 | -7,3 |
| Relative share of the population aged 25-64 with tertiary education (%) | 18,1 | 18,0 | 17,2 | 16,6 | 18,2 |
| Percent of failed students at state matriculation exams (%) | 3,7 | 4,7 | 6,0 | 5,4 | 5,6 |
| Average grade at state matriculation exams | 4,3 | 4,2 | 4,2 | 4,4 | 4,2 |
| Share of roads in good condition (%) | n.a. | n.a. | 43,8 | 42,7 | 41,0 |
| Relative share of households with Internet access (%) | 11,9 | 23,7 | 32,3 | 31,3 | 45,3 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 13,3 | 13,4 | 39,0 | 39,0 | n.a. |
| Health insured persons as share of the population (%) | 91,7 | 93,0 | 91,4 | 91,2 | 90,4 |
| Infant mortality rate (‰) | 4,0 | 6,6 | 10,7 | 8,9 | 2,6 |
| Number of registered crimes per 1,000 persons of the population | 5,8 | 5,9 | 6,1 | 4,8 | 4,7 |

# Sofia (capital)

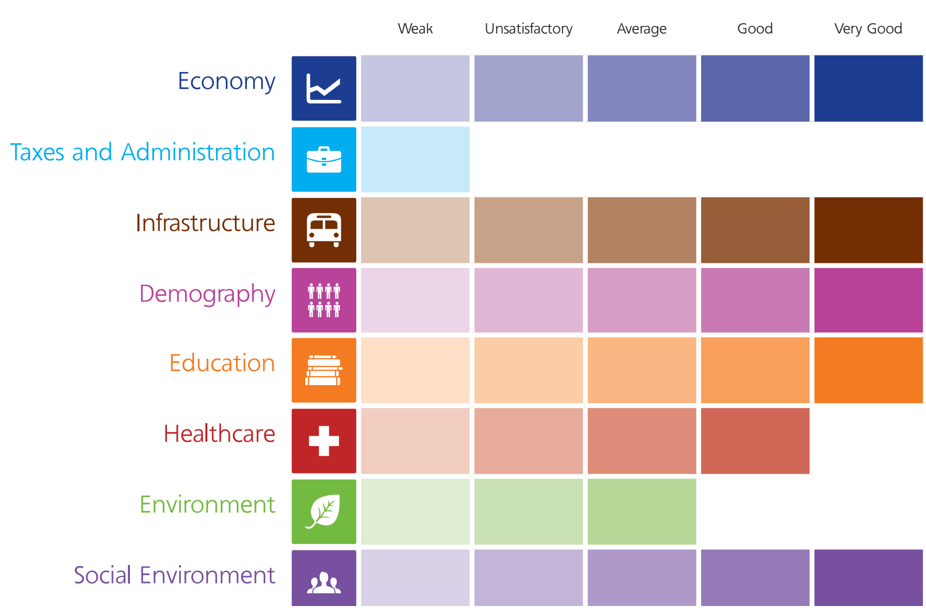
| | |
|---|---|
| **Population (2012)** | 1 299 149 |
| **Area (sq. km)** | 1 348,9 |
| **Number of settlements** | 38 |
| **Share of urban population (%)** | 95,4 |


## Overview

At the end of 2012, 1.3 million people lived in Sofia (the capital city), or nearly 18% of the population of the entire country. Since 2001, the population of the district has been increasing each year by an average of 10-11 thousand a year.

In economic terms, Sofia (capital city) is the best developed Bulgarian district. Employment and incomes are high, while unemployment is low. The majority of educational and health institutions of national importance are concentrated in the district; a large part of the administrative apparatus of the country is also located here. The capital is the absolute leader in terms of most of the indicators of infrastructure development.

The social environment is favourable, and the cultural life is intense. The main problems of the capital city are associated with the high levels of local taxes and charges, an administration that is insufficiently effective, and the polluted environment. In spite of the downward trend since 2009, crime remains high compared to the national average.



# Economy

In economic terms, Sofia (capital city) is the best-developed Bulgarian district. GDP per capita in the capital never stopped growing even in the period after 2008, and continues to be more than double the size of the national average. The average level of income in the district (BGN 6,403 per household member in 2012) is significantly higher than in other districts, and the difference continues to increase.

Although the labour market in the capital continues to be the most developed in the country, its pace of recovery in 2011 and in 2012 is lagging behind. Employment of the population remains significantly higher than in most districts; in 2012, 55.7% of those over age 15 were in employment. In comparison with the rate of 61.5% achieved in 2008, the share of people in employment remains low. In 2012, the average unemployment rate in the capital rose to 7.3% and was no longer the most favourable in the country. The districts of Sofia and Stara Zagora were performing better on this indicator.

Since the crisis, there has been a decrease in investment activity in the capital; the expenditures for acquisition of fixed tangible assets shrank from BGN 13.4 billion in 2008 to BGN 8.4 billion in 2011. Since 2009, there has also been a decline, albeit slower, in foreign investment.

The majority of businesses in the capital expect a further decrease in revenues over the next 12 months (May 2013 – May 2014).

# Taxes and Administration

Recovery to the pre-crisis levels of economic activity in the capital is hampered by the unfavourable tax environment and inefficient local administration.

The judiciary in the capital has exceptionally low confidence by businesses in terms of their perceptions of corruption; lower confidence levels were only reported in the districts of Sofia and Kyustendil. Similar ratings are given by companies also to the police and the local administration in the capital city: only businesses in Veliko Tarnovo have lower confidence in local law enforcement authorities and the probity of local administration employees. There are only two districts in which the overall perception of corruption is higher: Veliko Tarnovo and Kyustendil. Similar levels were observed in Haskovo, Stara Zagora, Sliven, and Pernik.

Tax rates in the district are higher than the national average; the excess is most significant in the rate of the license tax for retail trade (BGN 20/sq.m. for prime locations) and the municipal waste collection charge for non-residential real estate owned by companies (10‰).

Sofia (capital city) is one of the districts where the electronic services provided by the administration are most actively used by businesses. In the 12 months prior to the survey, just over half of the respondents had used such services. The ratings given to their quality are rather favourable. Stolichna Municipality continues to have difficulties with the full integration of the "one-stop-shop" service.

# Infrastructure

The capital is the absolute leader in terms of most of the analysed indicators of infrastructure development. Most of the main roads in the capital city and sections of the ring road have been renovated in past several years.

Because of the administrative-territorial division of the country, the territory of Sofia (capital city) does not include roads which are part of the national road network. From a formal point of view, all highways in the country continue only to the border of the district. The completion of the Lyulin Highway in 2011 helped improve the connection with the town of Pernik while the commissioning of the Trakia Highway contributed to the faster and safer transport connection between the capital city and Bourgas. The construction of the Struma Highway, which also starts from the capital city, is one of the priorities in the infrastructure policy covering the next programme period (2014-2020).

The density of the railway network in the district is four times higher than the national average. In 2012, the second section of the Sofia subway was commissioned. The largest international airport in the country is also in the district. In 2012, three quarters of the capital's residents used the Internet on a regular basis, and nearly two-thirds of households have access to the network from home. Residents of the capital city give a good rating to the infrastructural development of the district: 3.2/5.0 at an average of 2.8/5.0 for the country.

# Demographics

At the end of 2012, 1.3 million people lived in Sofia (the capital city), or nearly 18% of the population of the entire country. The share of urban population is 95.4%. The population of the capital city continues to grow with each passing year, and its density is the highest in the country: about 4.9 thousand people per square kilometre.

During the period of most intensive economic development, there was a gradual increase in the rate of natural increase of the population: from -4.2 ‰ in 2002 it reached 0.2‰ in 2009. Subsequently, this favourable trend was reversed, and in 2011 and again in 2012 negative values were reported. In any year in the period 2001-2012, the number of people moving into the district was larger than the number of people leaving it.

Compared to the rest of the country, the characteristics of the age structure of the population remain positive. The capital city, Blagoevgrad, Bourgas and Varna are the only districts in which for each person aged over 65 there are more than four people of working age, the most favourable ratio being in Sofia (capital city).

One in ten Sofia residents would move to another district, if the opportunity presented itself, against an average of one in eight in the country.

# Education

In 2012, there were 281 schools in the capital city, providing education to about 120 thousand school students. The share of repeaters is 0.5%, that is, out of two hundred children in the district, only one would repeat the school year in the same grade. The educational system in the capital also records some of the lowest levels of early school dropouts: 0.8% of children do not complete their education. At the same time, in the past five years there has been a faster-than-average rate of reduction in the enrolment rate of the population in grades 5th through 8th. The trend is worrying, since in the 2012/2013 school year, 78.4% of potential students were enrolled in these grades. Lower levels were observed only in the districts of Sliven and Pernik.

Sofia (capital city) and Sofia (district) are the districts with the lowest proportion of students who failed the state exams in Bulgarian language and literature: 2.2%, at an average of 4.9% for the country. Exam scores have also been traditionally good; in the 2012/2013 school year, only the Kardzhali district reported a higher average score. The grades are respectively "Good" (4.55) in Sofia (capital city) and "Good" (4.60) in Kardzhali.

The relative share of the population aged 25 to 64 with tertiary education in the capital city was 43%, at an average of 24% for the country. In 2012, nearly 40% of all school students in the country were studying in the capital city. However, due to the constant migration of young university graduates abroad, the share of people with higher education has declined since 2008, when it was 46%.

# Healthcare

The healthcare system in the capital city is well developed, and a large number of healthcare facilities of national importance are located here. The total number of hospitals is 60, and 19 of them are multiprofile hospitals for active treatment. Per thousand inhabitants in the capital city, there are 4.1 beds in multiprofile hospitals for active treatment, at a national average of 4.4.

7.5% of local residents said they had been forced to leave the district in the 12 months preceding May 2013 to receive the health services they needed. The average level for the country is 23%; after Sofia (capital city) the best performers on this indicator are the districts of Plovdiv (8%) and Pleven (8.6%). The best ratio in the country between the number of the local population and the number of cardiologists was reported in Sofia. However, residents of the capital city give an average rating to both the activity of hospitals and their own health status. One in four users of health services had to make unofficial payments in the 12 months prior to the survey (May 2013).

Traditionally, the infant mortality rate in the capital is low. For the period of 2004 - 2012, better results in certain years were achieved only in the districts of Ruse (2004 and 2006), Smolyan (2008 and 2012), Blagoevgrad (2009 and 2012), Silistra (2010), and Kyustendil (2005).

# Environment

Although there are still some quarters of the capital city that have partial or no sewerage systems, over 95% of the population lives in residential areas connected to public sewerage systems. Almost the entire sewerage system is connected to waste water treatment plants.

Relative to its territory, the emissions of carbon dioxide into the atmosphere in Sofia (capital city) remain at high levels; higher pollution was only observed in the districts of Stara Zagora and Varna. The natural dispersion of pollutants is further hampered by the bowl-like terrain of the Sofia Valley, which increases their concentration.

However, district residents give high ratings to the quality of the environment: 3.6/5.0 at an average of 3.2/5.0 for the country. A higher score is given in only five districts: Smolyan, Razgrad, Lovech, Kyustendil, and Blagoevgrad.

About half the area of the Vitosha Natural Park lies on the territory of Sofia (capital city).

# Social Environment

Sofia (capital city) is among the districts with the most favourable social environment in the country: 4.3% of the capital's residents live in households with low work intensity. However, 29% of the population lives in material deprivation, and nearly 19% fall below the poverty line for the district. Yet, on both counts the capital city is performing far better than the national average.

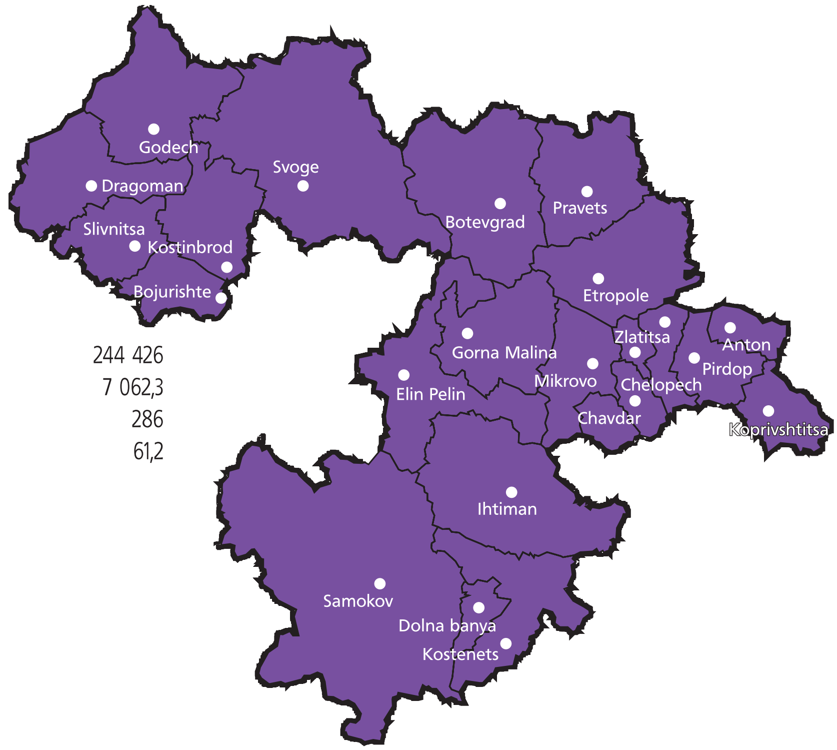
People in the district are relatively satisfied with various aspects of their lives, and the highest scores compared to the national average are given to infrastructure and social life, while the lowest go to the environment and sense of security. Institutions' performance is rated as rather poor, the lowest score being given to the judicial system and law enforcement authorities. The high crime rate continues to be a problem; in relation to the number of local population, only Bourgas District recorded more crimes against property and against the person.

Sofia (capital city), Ruse, and Varna are only three districts in the country in which there is more than one visit to the theatre or cinema per one resident annually. The capital reports an average of 2.4 visits per person per year, whereas in Ruse and Varna the values are 1.2 and 1.3 visits per year, respectively.

# Key indicators for the district of Sofia (capital)

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 20 904 | 21 386 | 22 573 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 61,5 | 60,7 | 57,4 | 56,2 | 55,7 |
| Annual average unemployment rate of the population aged 15+ (%) | 2,5 | 3,9 | 6,6 | 6,1 | 7,3 |
| Relative share of people living below the district's poverty line (%) | 18,6 | 15,9 | 18,8 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 20,4 | 20,6 | 20,8 | 22,2 | 22,7 |
| Rate of natural increase (‰) | -0,6 | 0,2 | 0,0 | -1,1 | -1,4 |
| Net migration rate (‰) | 5,7 | 2,0 | 7,6 | 4,8 | 5,4 |
| Relative share of the population aged 25-64 with tertiary education (%) | 46,0 | 45,6 | 44,8 | 42,7 | 42,9 |
| Percent of failed students at state matriculation exams (%) | 2,4 | 2,7 | 1,7 | 1,6 | 3,7 |
| Average grade at state matriculation exams | 4,7 | 4,6 | 4,5 | 4,6 | 4,3 |
| Share of roads in good condition (%) | n.a. | n.a. | n.a. | n.a. | n.a. |
| Relative share of households with Internet access (%) | 47,3 | 53,0 | 57,1 | 67,0 | 66,2 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 93,5 | 93,5 | 93,5 | 95,5 | n.a. |
| Health insured persons as share of the population (%) | 88,6 | 93,4 | 90,9 | 87,5 | 86,8 |
| Infant mortality rate (‰) | 4,8 | 5,6 | 4,2 | 4,2 | 4,4 |
| Number of registered crimes per 1,000 persons of the population | 23,6 | 27,2 | 25,0 | 20,3 | 18,7 |

# Sofia




| | |
|---|---|
| **Population (2012)** | 244 426 |
| **Area (sq. km)** | 7 062,3 |
| **Number of settlements** | 286 |
| **Share of urban population (%)** | 61,2 |

## Overview

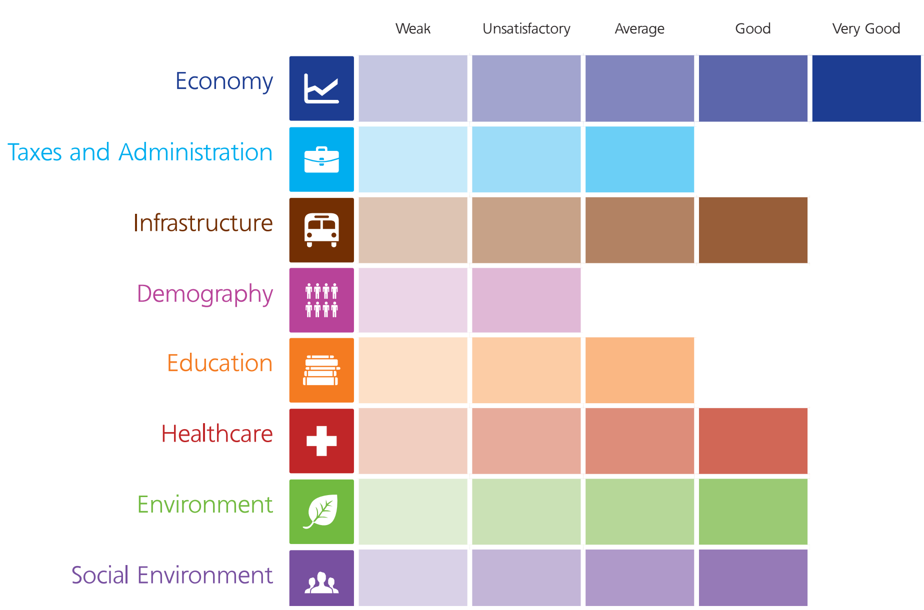
Sofia District includes 22 municipalities and has about 244 thousand residents. It is the only district the district centre (i.e. the capital) of which is situated outside its territory.

The economic performance of the district rates it among the best in the country. The district is also characterized by good scores on health, the natural environment and social environment. In the period after 2009, the district has continued to attract foreign investment, which has helped mitigate the negative effects of the crisis on the labour market.

Education in the district is rated as average, as a number of positive trends have been reported in recent years.

The business environment is relatively favourable, mostly due to the good infrastructure conductive to business activities, and the proximity to the capital.

Although the demographics of the district are less favourable than those in most districts, the dynamics of demographic trends in recent years has been rather positive.



# Economy

The economic profile of the district is characterized by a highly developed manufacturing industry, the share of which is 71-78% of industrial output produced in the period 2007-2011. Much of the structurally important companies in industry are concentrated in the municipalities immediately bordering the capital. Between 2009 and 2011, the value of the output produced by the district has been constantly increasing, along with net sales revenue of enterprises, which testifies to the high profitability of non-financial companies in the district.

In 2012, Sofia was the district with the lowest average unemployment rate in the country: 6.4%. At the same time, there are significant differences between municipalities; in Ihtiman and in Dolna Banya unemployment rates are four to five times higher. Since 2009, employment has hovered around the national average rates, but still fails to reach its pre-crisis levels. The district is characterized by high workforce mobility, as most people travel and work in the capital city.

When compared to the significant decrease in investment activity in much of the country, Sofia District has performed relatively well. In spite of that, in 2011, business investments in fixed tangible assets were about one third less than at the peak in 2007. On the other hand, the inflow of foreign capital into the district is continuing. Related to the local population, foreign investments to the region are almost double the national average, with a higher concentration only observed in the capital city.

The majority of contracts under the operational programmes for utilisation of EU funds are under the Transport and Environment operational programmes. The amount of funds disbursed to municipalities in the district as beneficiaries under Operational Programmes as at the beginning of 2013 was in the excess of BGN 85 million. More funds, in nominal terms, have only been absorbed by municipalities in the districts of Varna, Bourgas and Plovdiv.

Despite the relatively stable performance of the local economy over the past few years, the business community remains sceptical about the prospects for development in the short term, with nearly a quarter of respondents planning significant reduction in investment in the next 12 months, while 27% are foreseeing layoffs. These plans are not surprising given that 43% of respondents said they were expecting lower revenues in the next 12 months.

# Taxes and Administration

Businesses gave a more positive rating to the performance of the local administration compared with the country average. Perceptions of corruption in local administrative structures did not differ significantly from the weighted average of results for the country; the highest confidence level reported is in the police force, while the lowest is in the district administration. One quarter of surveyed business representatives said they had used electronic services in the 12 months prior to the survey; the quality of services was rated positively.

The tax environment in the district is relatively favourable, although the rates for some local taxes and charges are higher than the country average. In general, the burden on businesses is slightly lower than that in the capital city, but the difference is not great enough to be regarded as the reason for relocation of investment. The garbage charge rate for businesses is extremely high in the municipalities of Godech, Gorna Malina, and Dragoman. In 2013, the rate in Pravets municipality was decreased almost three times. The license tax rate for retail trade is highest in the municipalities of Botevgrad, Samokov, and Gorna Malina.

# Infrastructure

The immediate proximity of the Sofia district to the capital city plays a defining role in its infrastructure development. The density of both the road and the railway network in the district is significantly higher than the national average. Compared to the district's area, higher concentration of the national road network is observed only in the districts of Pernik and Gabrovo. At the same time, the share of highways and first class roads in Sofia District, as part of the total length of roads within the national road network, is much higher than in the other two districts: 32% vs. 19% in Pernik District and 17% in Gabrovo District. The quality of the road surface continues to be a major problem. According to the Road Infrastructure Agency, in 2011 and in 2012, 26% of the roads in the district were in good condition.

In 2011 and in 2012, about half of the households in the district had access to the Internet. Over 85% of the railway lines in the district are electrified. Both citizens and businesses gave an average rating to the quality of infrastructure, which is close to the national results.

# Demographics

In 2012, about 244 thousand people lived in the district, of which 61.2% in urban areas. Overall, the age structure of the population in the district is more negative than the country average, even though the deterioration of the age dependency ratios is developing at a slower pace. Between 2006 and 2012, the age dependency ratio of the population aged over 65 to that under 15 years increased by three percentage points, up to 155.1%. In comparison, over the same period the average national increase was more than 12 percentage points, although still being lower at the end of the period (140.9%). Worse than the national average is also the ratio between the number of persons of working age and that of the elderly: to every three people aged 15 to 64 years, there is one over the age of 65.

Although the age structure has been changing slowly, the number of the population continued on its downward trend. The reason is the negative rate of natural increase in the last ten years, which was at all times higher than the national average. The data on the net migration rate are more favourable, and five of the last ten years have seen positive net migration of people into the district. In some of the municipalities in the district (f.e. Bozhurishte and Kostinbrod), the population has been increasing.

The size of the territory of Sofia District and its proximity to the capital city determine the low density of population in relation to the area of local settlements. The value for this indicator is lower only in Dobrich District.

# Education

As in other districts in the South West region of the country (including the capital city), the net enrolment rate of the population in grades 5th through 8th has dropped by about five percentage points since 2007, reaching the national average of 80.6% for the 2012/2013 school year. The share of repeaters is high (1.3%), and the percentage of dropouts from primary and secondary education is close to the national average, a little over 2%. The facilities and staffing of the education system are better than the country average.

Traditionally, students from Sofia (district) perform well at the state matriculation exams in Bulgarian language and literature. Between the school years 2009/2010 and 2011/2012, they consistently achieved the highest mean scores in the country. In the 2012/2013 school year, the average score was "Good" (4.44), which is lower than what the districts of Kardzhali, Lovech and Sofia (capital city) reported. The rate of "fail" scores at the exam remains extremely low (2.2%), as similar levels were recorded only in the capital city.

Although in recent years there has been an increase in the share of population with higher education in the district, it still remains well below the country average (15% compared to 24%). At the same time, attracting more students into local universities is undoubtedly a positive development for the district. Only in recent years their number has more than doubled: from three to six thousand.

# Healthcare

The district benefits from a well-developed hospital system that provides, according to the national standards, a sufficient number of general practitioners and doctors specialised in internal medicine and cardiology. There are 16 hospitals in the district, of which eight are general (multiprofile) hospitals.

The number of hospitalised patients is higher compared to the national average. However, citizens rated their health status as good (3.9/5.0), at an average of 3.7/5.0 for the country.

The Sofia District Development Strategy (2014-2020) listed the following as problems impeding the proper functioning of the health system: the significant size of the district's territory, the remoteness of some settlements, the outdated equipment in some of the hospitals, and the limited number of emergency units. The low health literacy of certain groups of the population also remains a problem.

About 30% of people surveyed said that in the 12 months prior to the survey they or a member of their household had had to make unofficial payments to obtain health services. The average value of this indicator for the country is significantly lower (21.5%).

# Environment

Nearly half of the area of the district is occupied by forests. Parts of the Rila National Park Tsentralen Balkan National Park, Vitosha Nature Park and Vrachanski Balkan Nature Park are on the territory of the district. Citizens give an average rating to the quality of the environment (3.1/5.0), at 3.2/5.0 for the country. All municipalities in the district have territories that are part of Natura 2000 sites.

Three quarters of the population of the district lives in settlements with access to public sewerage systems. The extremely low proportion of people with access to sewerage connected to waste water treatment plants continues to be a problem. In 2012, it was 28.2%, which is two times lower than the national average. Over the past ten years, this share has remained unchanged, and settlements served by waste water treatment plants are only eight.

Due to the large area of the district, the concentration of pollutants in the atmosphere is extremely low. Statistics on this indicator are among the most favourable in the country, but the degree of pollution in some settlements significantly exceeds permissible limits. The volume of waste collected per person of the population served is also among the highest in the country.

# Social Environment

The social environment in the district is rated as good. Since 2010 there has been a sustained reduction in the number of recorded crimes against property and against the person, but the rate is still above the national average. Local citizens rated peace and security in the district at levels close to the national average, and gave high marks to the quality of the environment.

The judiciary and local hospitals are more highly appreciated by residents. About 10% of the respondents said they would move to another district, at an average of 12.5% for the country. Due to the fact that much of the cultural life in the district is concentrated in the capital city, cultural activity in the Sofia District remains limited in some aspects. However, since 2010, there has been an increase in the number of visits to the cinema; in 2012, nine thousand visits were reported.

In line with the national average, about 10.5% of people live in households with low work intensity, while 45.5% live in material deprivation. The share of the poor population is about 21.4%.

# Key indicators for the district of Sofia

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 7 045 | 9 574 | 8 420 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 47,6 | 49,5 | 47,1 | 46,3 | 46,0 |
| Annual average unemployment rate of the population aged 15+ (%) | 2,6 | 3,6 | 7,8 | 9,7 | 6,4 |
| Relative share of people living below the district's poverty line (%) | 17,6 | 19,1 | 21,4 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 30,2 | 30,3 | 30,8 | 31,4 | 32,1 |
| Rate of natural increase (‰) | -7,6 | -7,1 | -8,0 | -8,3 | -8,5 |
| Net migration rate (‰) | -1,4 | 2,3 | -2,1 | 0,1 | -1,2 |
| Relative share of the population aged 25-64 with tertiary education (%) | 13,9 | 12,3 | 13,1 | 15,3 | 15,0 |
| Percent of failed students at state matriculation exams (%) | 2,9 | 2,1 | 1,9 | 1,5 | 2,1 |
| Average grade at state matriculation exams | 4,4 | 4,4 | 4,7 | 4,8 | 4,5 |
| Share of roads in good condition (%) | n.a. | n.a. | 30,7 | 36,2 | 36,0 |
| Relative share of households with Internet access (%) | 27,7 | 24,8 | 33,4 | 48,7 | 49,2 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 28,5 | 28,7 | 28,8 | 28,2 | n.a. |
| Health insured persons as share of the population (%) | 87,3 | 88,2 | 85,4 | 86,0 | 85,4 |
| Infant mortality rate (‰) | 10,9 | 8,6 | 7,9 | 7,6 | 4,8 |
| Number of registered crimes per 1,000 persons of the population | 12,6 | 13,7 | 20,9 | 18,3 | 15,2 |

# Stara Zagora

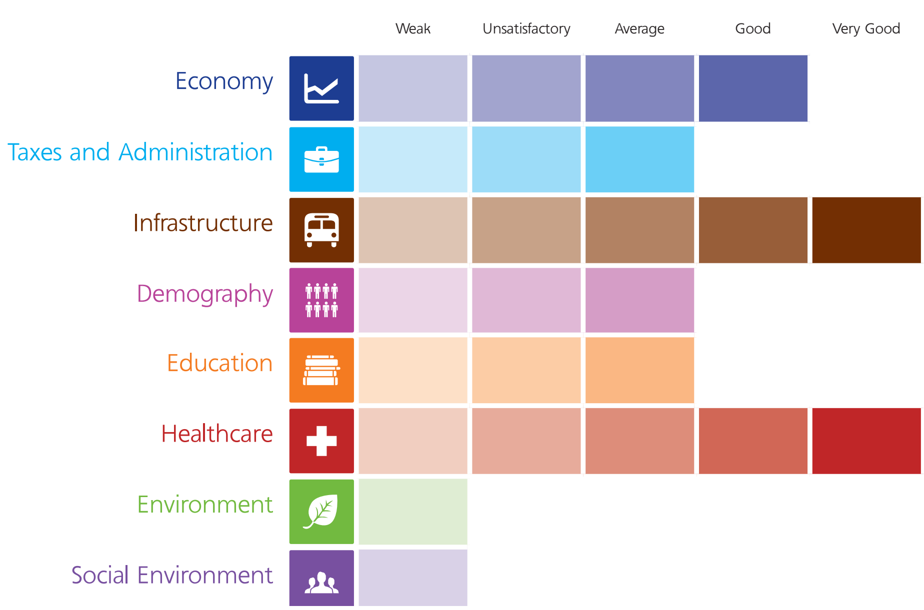

| | |
|---|---|
| **Population (2012)** | 330 499 |
| **Area (sq. km)** | 5 151,1 |
| **Number of settlements** | 207 |
| **Share of urban population (%)** | 71,7 |

## Overview

Stara Zagora ranks second in the country according to the size of gross domestic product per capita, after the capital city. The district has a traditionally strong performance in industrial production, and it continued to grow even during the crisis. The impact of the crisis on the labour market was also not as strong, therefore employment remains relatively high. There have been some worrying trends in the field of investments in recent years: the expenditures for acquisition of fixed assets decreased significantly, and foreign direct investment shrank almost to a zero.

The road infrastructure in Stara Zagora District improved significantly in recent years. The main development in this field was the completion in 2013 of the Trakia Highway that connects the capital city Sofia with Bourgas and the southern Black Sea coast. Although the density of the road network is not among the highest in the country, the substantial share of highways and Class One roads provides a competitive advantage to the district.

Life satisfaction in the district is not very high; in addition to the standard of living and employment that are a typical source of dissatisfaction in the country, air pollution also leads to dissatisfaction with the quality of the environment. Despite the relatively high levels of employment and higher income, the figures on poverty are unfavourable: over 60% live in material deprivation, and inequality levels are among the highest in the country.



# Economy

Stara Zagora ranks second in the country according to the size of gross domestic product per capita, after the capital city (according to the latest available data, 2010). The economy of the district kept growing even during the crisis, and is already ahead of Varna District. The employment rate of the population aged 15 and over in 2012 was 48.5%. According to this indicator, Stara Zagora has reached pre-crisis levels and is well ahead of most other districts. Unemployment in 2012 was about 7%, a level that is among the lowest in the country.

The data on investments draw a contradictory picture. Weighted by population, the expenditures for acquisition of fixed tangible assets and the cumulative foreign direct investments remain among the highest in the country for 2011, and are lagging behind only the districts of Bourgas, Varna, Plovdiv, and the capital city of Sofia. In recent years there has been a serious decline in the expenditures for acquisition of fixed assets, and a very slight inflow of new foreign investment since the onset of the crisis, which is not typical for other relatively highly developed districts. The rate of absorption of EU funds remains a challenge, and the amounts paid under contracts with municipalities as beneficiaries are smaller than in other districts.

Unlike most districts with an absolutely dominant economic centre, Stara Zagora has two balancing secondary centres: the Radnevo – Galabovo energy complex, and Kazanlak. The sectoral structure of the district economy has been traditionally dominated by industry, with nearly 60% of the gross value added in the sector, while the national economy is dominated by services. The structure of the district's economy is formed by the manufacturing industry, mining industry, energy, trade, and construction.

# Taxes and Administration

Local taxes and charges in municipalities in the Stara Zagora District are relatively low. This applies to both the tax on real estate owned by companies and the tax rate on property transfer, and to the municipal waste collection charge for companies. In the district centre of Stara Zagora, for instance, the tax on property transfer is 1.6%, which is the lowest among all other district centres. The municipal waste collection charges for companies in Kazanlak (2‰) and Stara Zagora (3‰) are also low for the country.

The rating given by companies to the work of institutions and the level of corruption is relatively unfavourable. In terms of local administration, respondents appear to have remarks to the clarity of requirements, the speed of service, and the local officials' integrity. Unofficial payments are primarily in procurement and in obtaining various permits from local authorities.

The administrative services provided by the municipalities in the district of Stara Zagora have improved in recent years. The provision of electronic services in major municipalities has reached the "two-way interaction" stage (third out of four possible), and the operation of one-stop services is at an "excellent" stage. This is the case in the municipalities of Galabovo and Kazanlak. Over 40% of respondents said they had used e-services in the past year, and that included receiving information, downloading forms and sending them back electronically to the municipal authorities. Some of the smaller municipalities are still at a very basic stage in the development of administrative services.

# Infrastructure

The road infrastructure in Stara Zagora District improved significantly in recent years. The main development in this field was the completion in 2013 of the Trakia Highway that connects the capital city Sofia with Bourgas and the southern Black Sea coast. Although the density of the road network is not among the highest in the country, the relatively large share of highways and Class One roads provides a competitive advantage to the district. The condition of the highway and first class roads in the district is very good; still problematic is the maintenance of the second and third class roads. The road network provides accessibility from the district centre to almost all municipal centres within 45 minutes. This does not apply to the municipalities of Radnevo, Galabovo, and Bratya Daskalovi.

Under construction is the Maritsa Highway linking Trakia Highway with the Kapitan Andreevo Border Check Point. Its construction will also help develop the district as it not only facilitates access to south-eastern Bulgaria, but improves connection to the traffic of people and goods to and from Turkey and the Middle East. The railway network in the district is also a factor in its development; the density of railways is among the highest in the country. The field studies conducted show that companies are more satisfied with the quality of infrastructure than citizens; the latter appear to be rather dissatisfied.

## Demographics

Stara Zagora is the fifth largest district in the country with a population of 330 thousand people in 2012, over 70% of them living in urban areas. The decline in population in recent years is due to the sustained negative natural growth rate (an average of -5‰ per year) and some negative trends in migration flows in 2007-2011. In the years of the economic crisis (especially 2010) there was a growth of outbound migration towards the capital city and abroad, but by 2012 these trends have already subsided and the net migration rate is again a positive value.

The age dependency ratios have been following the negative trends typical of the whole country. The population aged 65 and over is 1.4 times more than the population aged less than 14, and almost one-third of the population aged 15 to 64 years. About 3,300 children are born per year, which makes the birth rate slightly higher (9.8‰ in 2012) than the national average. The figures suggest that the demographic challenges facing the district are mostly related to ageing of the population and the persistent negative natural increase, while the net migration rate could keep its positive levels depending on the development of the district economy.

## Education

In the last decade, Stara Zagora District saw a continued trend of reducing the number of students, teachers, and schools. A steep decline in the number of teachers and schools was registered last year. The number of teachers per 1,000 students is relatively low for the country, which is typical for districts with a similar profile, i.e. having a dominant district centre.

The net enrolment rate (grades 5th through 8th) increased in recent years and is among the highest in the country. The share of dropouts and the one of repeaters remain relatively high. The average score from the matriculation exam in Bulgarian language and literature in the district in 2013 was similar to the national average: 4.27. The percentage of "fail" scores has been rising in recent years, but remains relatively low: about 4% of the students who sat for the exam did not pass it.

The Trakiyski University is located in the district centre (Stara Zagora); the university is well known for its strong agricultural department. The University is a factor in attracting young people to the district centre and is currently providing education to about five thousand students. One in five residents aged 25 to 64 years has tertiary education, which is low compared to other thriving economic centres in the country. The shortage of well-trained personnel in the district is felt by business; it is a challenge that both higher education establishments and vocational schools need to deal with.

## Healthcare

There are 16 hospitals in the district; specialised medical care is concentrated in the district centre of Stara Zagora. The District Development Strategy for the period of 2014 - 2020 states that one of the problems facing the health care system in the district is the distance between peripheral municipalities and settlements and the establishments providing medical care. On the other hand, the district reports good levels of availability of key health professionals; the ratio of general practitioners to the population served is among the best in the country.

Almost 90% of local residents had valid health insurance in 2012, which is a high proportion compared with the national average. The number of patients who received hospital treatment in 2012 was relatively small: about 170 to every thousand residents. The infant mortality rate decreased significantly in recent years. These figures suggest that, although it suffers from the flaws in the health system typical of the whole country, the district sits relatively well in terms of the organisation of healthcare and in terms of the morbidity of local population.

The results of the surveys among citizens still reveal certain issues in the organisation of health care. Almost one in four stated that he/she had to travel outside the district to use health services, with the leading reason given by respondents being the lack of specialist doctors. Nearly one in three citizens who had used health services in the last 12 months, said he/she had been forced to make unofficial payments.

## Environment

Stara Zagora District continues to be the most significant source of air pollution in Bulgaria. The emissions of carbon dioxide into the atmosphere have increased significantly over the years and are many times more than other districts in the country. They are caused by large installations in the energy sector and the heavy industry. The district has a modern and reliable environmental monitoring system: automatic measuring stations, satellite monitoring and an early warning system for the Maritsa Iztok energy complex. The military shooting grounds in the village of Zmeevo is also under constant monitoring, but current measurements show no harmful emissions from it.

The fine particle pollution caused by heating with solid fuels and the heavy traffic in the district continue to be a problem. The household waste collected has been traditionally low, although it registered a slight increase in the period 2007-2011. The construction of a modern waste disposal site is still behind schedule. There are illegal dumpsites in the villages and in the Roma neighbourhoods throughout the district.

Over two-thirds of the population of Stara Zagora District live in settlements with public sewerage systems, and 60% of the population has access to sewerage connected to waste water treatment plants. In 2011, a waste water treatment plant was commissioned in the city of Stara Zagora; the project was financed from EU funds and resulted in a significant improvement in the district's performance on this indicator.

## Social Environment

Stara Zagora District has an extremely high percentage of people living in material deprivation, that is, who are struggling to meet their basic needs. In 2010, people living in material deprivation were 60% of the population; higher values were reported only in the districts of Veliko Tarnovo and Lovech. The relative share of the poor also increased in recent years; in 2010, over a quarter of the population was living below the poverty line. The relatively high poverty line in the district should be taken into consideration; it is the result of the higher incomes in Stara Zagora District compared to the national average. Inequality in the district is also high; the ratio between the incomes of the richest and the poorest 20% of households was more than seven times in 2010.

The surveys among citizens of Stara Zagora district show that the level of life satisfaction is not high. Citizens are mostly satisfied with their health, education, and social life. The sources of dissatisfaction are usual for the country: standard of living (income), employment, infrastructure, and the environment (the latter is a positive factor in almost all other districts). The "personal security" category also fails to contribute greatly to life satisfaction; statistical figures show an increase in the crime rate against the person and against property in the district in recent years. However, one in six respondents said that he/she would permanently relocate to another district, suggesting that the good economic opportunities in the district are stronger than citizens' subjective feelings of dissatisfaction with certain aspects of their lives.

# Key indicators for the district of Stara Zagora

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 8 841 | 9 207 | 9 654 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 48,3 | 48,6 | 47,5 | 48,5 | 48,5 |
| Annual average unemployment rate of the population aged 15+ (%) | 4,4 | 3,9 | 6,7 | 6,3 | 7,1 |
| Relative share of people living below the district's poverty line (%) | 19,7 | 24,2 | 26,9 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 26,8 | 27,0 | 27,4 | 30,0 | 30,7 |
| Rate of natural increase (‰) | -4,8 | -4,5 | -5,2 | -5,5 | -5,8 |
| Net migration rate (‰) | -1,3 | -2,8 | -4,9 | -1,6 | 1,9 |
| Relative share of the population aged 25-64 with tertiary education (%) | 20,4 | 19,3 | 19,3 | 21,5 | 20,5 |
| Percent of failed students at state matriculation exams (%) | 1,7 | 3,6 | 2,9 | 3,2 | 3,9 |
| Average grade at state matriculation exams | 4,5 | 4,4 | 4,4 | 4,6 | 4,3 |
| Share of roads in good condition (%) | n.a. | n.a. | 60,4 | 59,3 | 59,0 |
| Relative share of households with Internet access (%) | 20,1 | 26,6 | 31,7 | 40,4 | 53,4 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 18,8 | 18,8 | 18,7 | 60,9 | n.a. |
| Health insured persons as share of the population (%) | 87,7 | 88,8 | 87,6 | 90,6 | 89,7 |
| Infant mortality rate (‰) | 8,7 | 11,9 | 15,4 | 8,5 | 7,7 |
| Number of registered crimes per 1,000 persons of the population | 11,5 | 12,5 | 16,6 | 17,5 | 15,2 |

# Targovishte


| | |
|---|---|
| **Population (2012)** | 119 317 |
| **Area (sq. km)** | 2 558,5 |
| **Number of settlements** | 199 |
| **Share of urban population (%)** | 54,2 |

## Overview

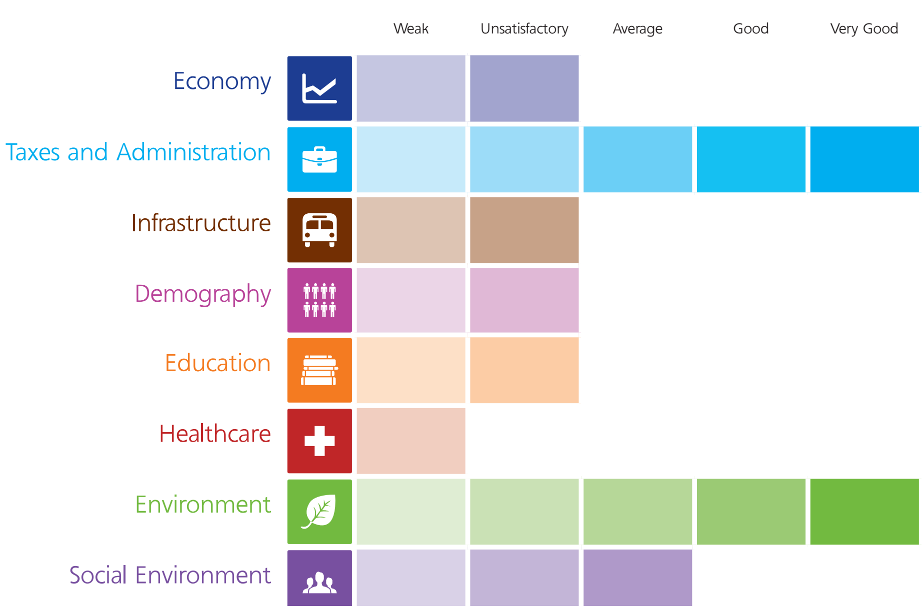
Targovishte is one of the relatively poor districts, with a GDP per capita equal to 59% of the national average. The income per household member reached two-thirds of the average for Bulgaria.

Although the district of Targovishte enjoys a favourable business environment, its economy is dependent on a small number of industrial enterprises. Jobs and investment activities in the district are directly dependent on a handful of major companies. Economic activity is weak, which reflects negatively on employment, and respectively on unemployment.

This situation can be explained by the small area of the district and the fact that its population is less than 120,000 people, the low level of education and worsening demographic structure. The poor quality of road infrastructure is another obstacle to economic development.

Especially problematic is the quality of health care, which is one of the lowest in the country.

The district also suffers from other drawbacks related to the infrastructure and the quality of the environment, particularly water, sewerage, and the absence of waste water treatment plants.



# Economy

Targovishte is one of the relatively poor districts in Bulgaria, with a GDP per capita equal to 59% of the national average for 2010. Overall, entrepreneurial activity is low; the number of non-financial companies per 1,000 population was 31, at 50 average for the country. There are several major industrial enterprises in the district and these account for most of the foreign investments attracted and the expenditures for acquisition of fixed tangible assets. Trakya Glass Bulgaria, the largest employer in the district, continues to expand its activities. By the end of 2013, the construction of a second production line at the flat glass factory and a second furnace for the production of hollow glass should be completed this is expected to open 300 new jobs in the district.

In 2012, unemployment in Targovishte District increased to 15.6%, or more than three percentage points above the national average. Employment of the population aged 15 and over was low (42.5%) at an average of 46.6% for the country.

The absence of any significant economic activity is the reason for the low income levels in the district. The income per household member increased to BGN 2,924 in 2012, which is 67.6% of the national average.

As elsewhere in north-eastern Bulgaria, the agricultural sector plays a major role in the structure of the local economy. Agriculture accounts for nearly 13% of the total production in the district. The main resources are concentrated in grain production and industrial crops, while the share of permanent crops and livestock is too small. The district has not yet used its potential in developing a well-diversified agricultural sector with high value added and job-generating capacity.

Local administration is doing well with the absorption of funds under EU operational programmes. The funds disbursed under operational programmes reached BGN 315 per capita at the end of 2012, which is a high achievement compared to the national average.

# Taxes and Administration

Targovishte District has been providing excellent business conditions for years now, according to various rankings prepared by the Institute for Market Economics. In this edition, the district ranks second on this indicator after Yambol District. The main advantage provided by Targovishte District is the relatively low tax burden at the local level. All taxes and charges that are important for companies, such as the waste collection charge, real estate tax for companies, license tax for retail trade and property transfer tax are lower than the national average.

For the second year in a row, businesses have reported extremely low perceptions of corruption in the administration and the private sector. The rating given by companies to the performance of local authorities has dropped in value. On most indicators, such as speed of service, qualifications of staff and responsiveness, average scores prevail. On the background of the country average, however, the results are rather good.

Unlike most other districts in the country, local companies in Targovishte are rather optimistic. One-third of the companies surveyed expect revenue growth in the next 12 months (May 2013 – May 2014). The same share of companies are planning to increase their investment activity during the year, and 28% are likely to hire new workers.

# Infrastructure

The quality of infrastructure in Targovishte District is assessed as unsatisfactory. Despite the relatively good road network density, two-thirds of it is third-class roads, over 20% constitutes second-class roads, and 15% are first-class roads. The E-772 international route connecting the capital city of Sofia and Varna passes through the district. Although the quality of the road surface is well above the national average - 58% of the roads in the district are classified as having a good surface (at 40.3% average in Bulgaria), access from various parts of the district to the district centre of Targovishte and the regional centre of Varna is difficult. About 80% of the population of the district needs to travel between 90 minutes and two hours to get to Varna, and about 55% of the settlements in the district are more than a 30-minute drive away from the district centre. The density of the railway network is relatively low, but lines are double and electrified for the entire length of railway crossing the district.

The territory of Targovishte district has the potential for the development of civil aviation, although in 1999 the civil airport was closed. Water supply in the district is problematic and there are still settlements with water rationing. Water losses in the water supply network are significant and major investment is required to improve the situation.

Local households' access to the Internet is one of the lowest in the country: 38.3% at 51% average. Accordingly, the share of people using the Internet is lower, too. Low penetration of the Internet in households in the district can be attributed to the low level of urbanisation.

## Demographics

Targovishte is the least populated district with 118,769 residents at the end of 2012. The number of residents has been shrinking at a markedly faster pace than the country's population as a whole. Over the past 12 years, it declined by nearly 14%, compared with an average of 8.2% for Bulgaria. The rate of natural increase is negative (-6‰ for 2012, and still on the decrease). The net migration rate (the difference between inbound and outbound migration) in the district is also negative, but the intense emigration of 2007-2010 has somewhat decreased in recent years, as a result of which the net migration rate slowed down to -3.1‰ in 2012 at - 9.5‰ two years earlier.

The age dependency ratio of the population over 65 to the population 14 yrs. of age or younger and to the working age population is at or below the national average, but is constantly growing.

Targovishte is one of the least urbanised districts in the country; its urban population is 54% of the total population. The population density is also significantly below the national average.

## Education

Despite the closure of more than one-third of the schools over the last 12 years, the number of schools in Targovishte remains one of the highest in the country, relative to the population. The net enrolment rate of students in grades 5th through 8th is among the highest in the country. On the other hand, there has been an increase in the share of dropouts from primary and secondary education; it reached 4.7%, the highest rate in the country. The average score from the state matriculation exams in Bulgarian language and literature between 2008 and 2013 remained in a narrow range between 3.9 (6.0 being the highest score) and 4.1. Significant improvement was observed in the share of "fail" scores at the state exam; these declined rapidly in recent years from 13.2% in 2009 to 4.5% in 2013.

Targovishte District is lagging in terms of university graduates per capita; at present, 18% of the working age population has tertiary education, at 24% average for the country.

## Healthcare

The state of healthcare in Targovishte is in poor condition. Although there is still enough hospital infrastructure in terms of the number of beds in multi-profile hospitals per 1,000 people, health facilities suffer from a severe lack of general and specialized staff. The number of general practitioners relative to the population is the third lowest in the country. The situation is similar in terms of the number of cardiologists; one specialist is in charge of nearly 9,178 people, compared with an average of 5,263 for the country. The situation with specialists in internal medicine is even worse; one doctor serves nearly 20,000 people, compared to about 6,400 average for the country. Nevertheless, relatively few people travelled outside the district to receive treatment: 15% of those who sought medical care in the past 12 months (May 2012 – May 2013).

Another worrying indicator is the infant mortality rate: 9 per 1,000 children in 2012 compared to 5.6 per 1,000 children a year earlier.

## Environment

The environmental indicators are also not very favourable. Although the share of the population with access to sewerage connected to waste water treatment plants is rapidly rising, it is still lower than the national average. Also very low is the proportion of the population living in settlements with public sewerage: 55.6%, at an average of 74% for the country.

The quality of ambient air is relatively good. Carbon dioxide emissions are among the lowest in the country. Fine particle pollution is reported, mainly in the cold season, due to residential heating.

One of the major problems for the district in terms of the environment and the water and sewerage infrastructure is the lack of public sewerage in many residential areas and the widespread water rationing regimes. Groundwater is subjected to partial nitrate pollution due to nitrogen fertilization used in agriculture.

## Social Environment

The general satisfaction with life in Targovishte District is slightly above average, according to the results of surveys among the population. People are largely satisfied with their social life, the quality of their own health, education, housing and security in the district. The number of recorded crimes against the person and against property per 1,000 people is one of the lowest in the country.

The relatively high percentage of the population living in material deprivation emerges as a problem; it is directly related to the high proportion of people in households with low work intensity (one in five). Nearly two-thirds of surveyed citizens are dissatisfied with their standard of living, compared to 19% who are satisfied. The greatest dissatisfaction among the population is caused by the quality of infrastructure: 89% of respondents describe it as "poor".

# Key indicators for the district of Targovishte

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 5 415 | 5 056 | 5 513 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 43,1 | 45,6 | 44,0 | 45,7 | 42,5 |
| Annual average unemployment rate of the population aged 15+ (%) | 10,8 | 9,9 | 11,7 | 12,4 | 15,6 |
| Relative share of people living below the district's poverty line (%) | 21,6 | 19,2 | 17,3 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 25,4 | 25,7 | 26,1 | 28,3 | 29,0 |
| Rate of natural increase (‰) | -5,1 | -4,3 | -4,9 | -5,7 | -6,0 |
| Net migration rate (‰) | -6,6 | -7,7 | -9,5 | -3,7 | -3,1 |
| Relative share of the population aged 25-64 with tertiary education (%) | 13,9 | 16,0 | 13,1 | 15,2 | 17,9 |
| Percent of failed students at state matriculation exams (%) | 8,2 | 13,2 | 11,2 | 8,7 | 7,6 |
| Average grade at state matriculation exams | 4,1 | 4,0 | 3,9 | 4,0 | 4,0 |
| Share of roads in good condition (%) | n.a. | n.a. | 55,0 | 54,2 | 58,0 |
| Relative share of households with Internet access (%) | 22,2 | 21,0 | 20,2 | 24,3 | 38,3 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 0 | 0 | 12,0 | 44,1 | n.a. |
| Health insured persons as share of the population (%) | 84,3 | 87,2 | 83,8 | 87,9 | 86,9 |
| Infant mortality rate (‰) | 16,1 | 11,0 | 14,0 | 5,6 | 9,1 |
| Number of registered crimes per 1,000 persons of the population | 12,3 | 12,7 | 13,3 | 10,3 | 9,6 |

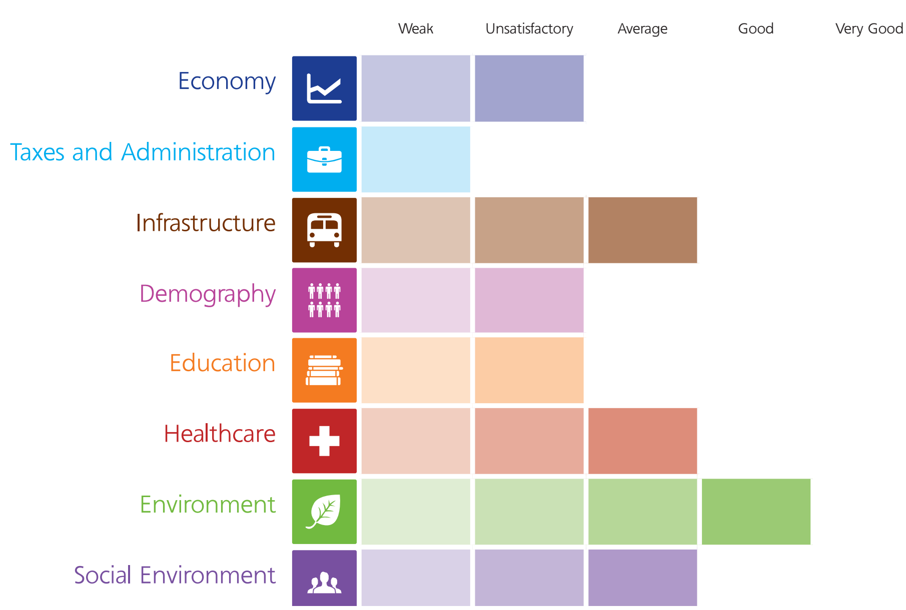
# Haskovo

| | |
|---|---|
| **Population (2012)** | 242 805 |
| **Area (sq. km)** | 5 533,3 |
| **Number of settlements** | 261 |
| **Share of urban population (%)** | 72,4 |


## Overview

Haskovo District is relatively underdeveloped in terms of its economy. The negative impact of the crisis was felt particularly strongly in 2009-2010 and resulted in a serious decline in employment and increase in unemployment. The demographic and economic developments in the district are largely interconnected: high levels of age dependency, low economic activity, falling employment and poverty problems. The rather unfavourable business environment and problems in education further complicate the economic development. The good geographical location and relatively diverse sectoral structure of the economy, including the increasing number of small businesses, speak of certain potential. The big challenge remains attracting foreign investment and better absorption of EU funds.

When asked whether they would permanently relocate to another district, one in four people replied in the affirmative. The survey results show that the problems of the district are rooted in its economy, since its development is crucial for employment and incomes, and therefore for local people's level of satisfaction with the quality of the social environment.



# Economy

The gross domestic product per capita in Haskovo District is traditionally low compared to the country average, the difference with the capital city of Sofia being almost quadruple. One of the most serious slumps in the difficult years of the crisis (2009-2010) was observed here. In 2010, for the first time in the last decade, the economy of Kardzhali outperformed that of Haskovo in terms of GDP per capita.

The problems are quite obvious in the labour market, too; since 2008 there has been a serious decline in employment, while unemployment increased. In 2012, however, some improvement was reported: the unemployment rate fell below 15%, and the number of employees increased slightly. The positive dynamics in Haskovo District in 2012 is not typical for most districts of the country, suggesting a certain economic improvement in the district.

The figures on investment and the rate of absorption of EU funds in the last year reveal problems, but also some positive trends. In 2009 and 2010, investments in the district were among the lowest in the country. This applies to both the expenditures for acquisition of fixed tangible assets, and foreign investment. A slight increase was registered in 2011, but the local economy is definitely in need of more investments, with a focus on attracting foreign investors. The absorption of EU funds by the municipalities in the district is not active enough, either, but still showed some increase in 2012.

Machine building for the food industry is a major part of the local economy; this is an area with long traditions in the district. Other strong sectors are textiles, the chemical industry and the manufacture of food, beverages and tobacco products. The slump in the construction industry in recent years poses a serious problem to the local economy as it drags behind other related sectors. There is also a pronounced shortage of appropriately trained staff and this creates problems for existing companies.

The prevalence of companies financed with Bulgarian investment gives the district a slightly different profile; it is not so much dependent on foreign investment as on the potential of local small and medium-sized enterprises. This gives some prospects for sustainable development and dynamics of the local market in the long term, but so far has not generated sufficiently high employment, which is the main socio-economic factor.

# Taxes and Administration

Local taxes in the municipalities of Haskovo District are relatively high, particularly in terms of real estate tax and waste collection charges. Local taxes in the district centre of Haskovo are among the highest compared to other district centres in the country. Compared to the relatively high levels of taxes and charges, the level of corruption in the district has been rated as extremely high. The focus in the assessment of corruption falls on the operation of the municipal authorities; "change of local regulations and ordinances in favour of certain business interests" was most frequently mentioned.

The administrative services of municipalities continue to be a challenge, although there has been some development in terms of the one-stop-shop concept. According to feedback from municipalities themselves, the level of provision of electronic services is mostly one-way and two-way interaction (the second and third level of four possible) while one-stop-shop services are mostly at the "operating" stage (third out of four possible).

The ratings given to electronic services are comparable to the average results for the country; one-third of respondents said they had used e-services in the last year. This does not simply involve the use of information or downloading of forms and applications, but complete communication with the administration via electronic means. Some municipalities face serious difficulties in terms of developing e-services, and are still at the stage of only publishing information on their websites.

# Infrastructure

The density of the road network in the district is a little higher than the national average. The proximity to the completed Trakia Highway is a plus, and the construction of the Maritsa Highway is crucial for settlements in the district. The construction of the Maritsa Highway has encountered difficulties and is already behind schedule. The quality of the road surface has deteriorated in the last two years but remains relatively good, compared with the country average. Nearly half of the road surface in Haskovo District is in good condition, while in some districts only a quarter of the road surface is good. The density of railways is about average, although railway transport is in decline in the district centre (Haskovo).

There are two border crossing points in the district: on the border with Greece and on the Turkish border. Traffic to and from Turkey plays a major role in the development of the district. The business survey shows that infrastructure has been identified as a problem by local companies. Citizens are also dissatisfied with the condition of the infrastructure, notably with transport and communications. This is one of the reasons for dissatisfaction of local residents. The rate of access and use of the Internet has increased in recent years; in 2012, half of the population had access to and used the Internet.

## Demographics

According to the number of population, Haskovo District ranks eleventh in the country. As of the end of 2012, close to 243 thousand people lived in the district, of which 72% in urban areas. Over the years, there has been a steady downward trend in the number of population, caused by the high negative rate of natural increase, traditionally within 6-7 ppt per year, and the negative net migration rate that increased in the worst years of the economic crisis (2009 - 2010). The people leaving the district mostly move to Plovdiv, Sofia, and Stara Zagora. The emigration abroad peaked in 2010.

Every year, about 2,300 children are born in the district of Haskovo, the majority of them being in urban areas. The birth rate remains relatively low (9‰ in 2012). The age dependency ratios are close to the national average; the population aged over 65 years is 1.5 times more than the population aged under 14, while the population of working age (15-64) is about three times the population aged over 65 years. A significantly worse age dependency is established by considering the ratio between the population aged 65+ years to the population younger than 14 years, which shows that the demographic challenges facing the district are mainly in terms of the fertility rate.

## Education

In the last ten or so years, Haskovo District followed the general trend for the country of shrinking numbers of school students and teachers. During the last four or five years, however, very few schools were closed down. The percentage of school dropouts over the years has been rather high: more than 3%. A tendency of improvement was registered in the past year; this indicator declined to 2.5%, this way approaching the national average.

The scores from the matriculation exam in Bulgarian language and literature in 2013 were lower than the national average (4.04 on average for the district), with over 7% failed students (that is, students who received a score below 3), that was relatively high when compared to the country average. Compared to 2012, however, student performance was slightly better, and in line with the trend for the country.

There is no independent university in the district. Higher education institutions are represented only by a branch of the Trakiyski University (Medical College) which has been admitting students since 2011, and the Regional Centre for Distance Education of the University of National and World Economy. The share of the working age population with higher education in 2012 was 18.5%, that is, below the national average. This makes it difficult for businesses to hire qualified staff.

## Healthcare

The district has 11 hospitals; relative to the population, this is normal for the country. The number of patients who sought hospital treatment in the district is relatively small when compared to the national average: 180 per 1,000 people in 2012, with an upward trend. Doctors in the district, weighted to the population, are relatively less than the country average. This applies to both general practitioners and cardiologists. 88% of the local population have valid health insurance.

The District Development Strategy for the period 2014-2020 listed the following as problems in the healthcare system: the remoteness of the place of supply of medical care; the limited access to health services for people living in smaller settlements that are remote from urban centres; the under-equipped health facilities and the need to increase the qualifications of medical personnel.

Problems related to the organisation and financing of healthcare are also seen in the citizens' surveys. Almost half of the respondents stated that he/she had to travel outside the district to use health services; the leading reason given by respondents was the lack of specialist doctors. One in four citizens, who had used health services in the last 12 months, said he/she had been forced to make unofficial payments.

# Environment

The emissions of carbon dioxide into the atmosphere decreased in recent years, but the district continues to be in the group of districts with relatively high emissions compared to the territory. The ambient air quality is influenced by the proximity of the north-eastern parts of the district to the Maritsa Iztok energy complex and the availability of local sources of pollution, concentrated in the towns of Haskovo and Dimitrovgrad. The municipal waste collected per capita has decreased in recent years; the volume now is below the national average. The District Development Strategy for the period 2014-2020 also listed as a problem the refusal of some municipalities to transport household waste to the designated regional landfills because of the higher costs of transport and the fact that such costs are not covered by the waste collection charge.

Nearly 70% of the population live in areas with public sewerage systems, that is close to the national average. In 2011, half of the population had access to public sewerage connected with a wastewater treatment plant. The new waste water treatment plant of Haskovo was commissioned in 2011; it significantly reduces the pollution of the Maritsa River.

The survey among citizens of the district shows they are relatively satisfied with the environment (nature, water, air) in the district, and their perception of the quality of environment is better than that of other aspects of their lives such as infrastructure, security, employment, and standard of living.

# Social Environment

In 2010, one in two residents qualified as living in material deprivation, that is, struggling to meet their basic needs. The proportion of the poor was 17%, or one in five was below the poverty line. This percentage has dropped dramatically when compared to the period of 2008-2009. One possible explanation is the general decline into poverty; the poverty line also moved down, thus reducing the proportion of people falling below it. This was confirmed by the figures on income inequality in Haskovo District, which show some improvement. The ratio between the incomes of the richest and the poorest 20% of households fell from 7.1 to 4.4 in 2007-2010 and is proof that the stratification of society is not so great, but the leading reason for this were the shrinking employment and the general poverty in the years of crisis.

The past two years have seen a decline in crimes against the person and against property, which had reached a peak in 2010. Despite the relatively low levels of crime, citizens do not report high satisfaction with security at home and outside the home, which can be attributed to the general lack of confidence in law enforcement authorities and the low number (respectively low proportion) of recorded crimes against their real number.

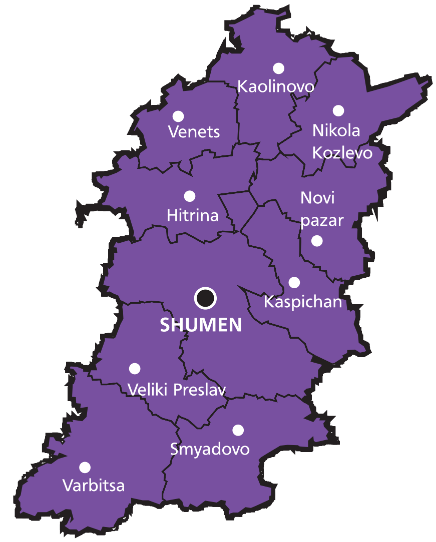
Citizens' life satisfaction is determined mainly by education, health, social life, and housing conditions. The quality of the natural environment also contributes to life satisfaction. At the other extreme, dissatisfaction with life is mostly due to the low income levels and resulting consumption constraints, as well as due to the condition of the infrastructure.

When asked whether they would permanently relocate to another district, one in four people replied in the affirmative. However, one in three categorically stated they had no desire to move to another district. From the data available and the results of the survey, it is evident that the district's problems stem from the economy. The major challenges include employment and income levels, as they are crucial for the satisfaction of local people and the development of the social environment.

# Key indicators for the district of Haskovo

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 5 640 | 5 136 | 5 002 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 49,1 | 48,7 | 45,8 | 42,2 | 42,4 |
| Annual average unemployment rate of the population aged 15+ (%) | 6,4 | 8,5 | 13,2 | 15,9 | 14,9 |
| Relative share of people living below the district's poverty line (%) | 25,6 | 20,3 | 17,2 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 28,6 | 28,6 | 28,9 | 30,9 | 31,4 |
| Rate of natural increase (‰) | -6,8 | -5,4 | -6,4 | -6,6 | -6,7 |
| Net migration rate (‰) | -3,7 | -4,7 | -6,6 | -4,0 | -2,8 |
| Relative share of the population aged 25-64 with tertiary education (%) | 18,0 | 18,6 | 19,4 | 17,1 | 18,5 |
| Percent of failed students at state matriculation exams (%) | 6,2 | 5,7 | 7,1 | 7,2 | 8,4 |
| Average grade at state matriculation exams | 4,3 | 4,3 | 4,2 | 4,3 | 4,1 |
| Share of roads in good condition (%) | n.a. | n.a. | 51,5 | 42,0 | 44,0 |
| Relative share of households with Internet access (%) | 27,1 | 24,4 | 26,4 | 41,3 | 47,5 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 0 | 0 | 0 | 46,7 | n.a. |
| Health insured persons as share of the population (%) | 84,0 | 88,8 | 86,3 | 88,3 | 87,5 |
| Infant mortality rate (‰) | 9,6 | 10,1 | 10,5 | 9,9 | 8,7 |
| Number of registered crimes per 1,000 persons of the population | 9,9 | 12,3 | 13,3 | 11,8 | 10,4 |

# Shumen



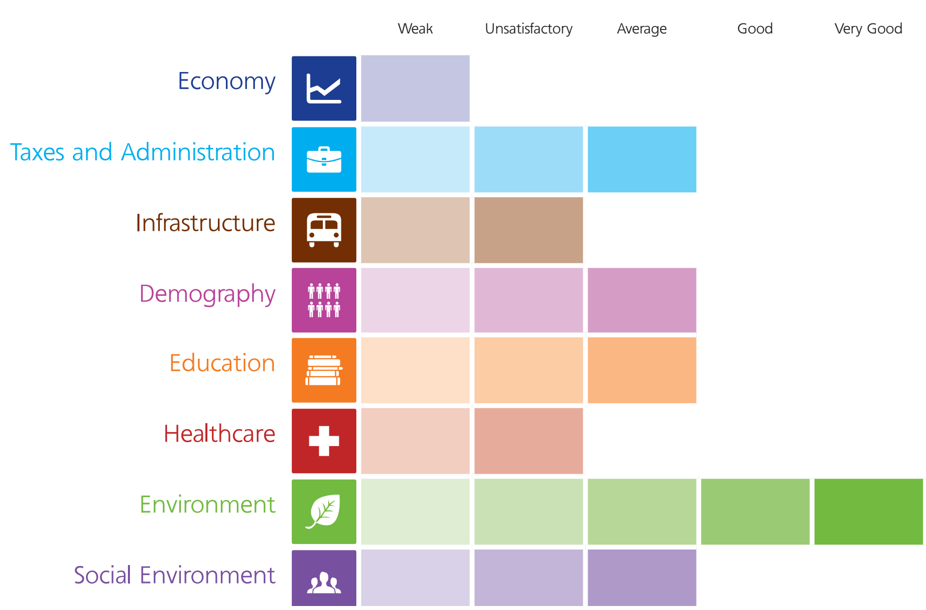

| | |
|---|---|
| **Population (2012)** | 179 201 |
| **Area (sq. km)** | 3 389,7 |
| **Number of settlements** | 152 |
| **Share of urban population (%)** | 62,7 |

## Overview

Shumen District is characterized by an underdeveloped economy, and low economic and investment activity. As a result, mainly the labour market and the standard of living have been adversely affected. Unemployment is the highest in the country: one in four residents of the district aged 15 years or older was unemployed in 2012. Local authorities have a lot to do to improve the business environment; the main focus should be on the quality of the administration's work.

Infrastructure in the district needs significant investment for maintenance and rehabilitation. Despite its key location, much of the road network in Shumen District is of poor quality. Significant investments are needed also to build an adequate sewerage system and waste water treatment plants to service the population.

Healthcare and education are also not in good condition. Although the demographic structure of the population is relatively favourable, there is a risk of its deterioration due to many problematic areas that reduce the quality of life.



# Economy

Shumen District is characterised by an underdeveloped economy. On the GDP per capita indicator, Shumen ranks 22nd out of 28 districts. The economic activity is low. The number of non-financial companies per capita decreased in the last three years and is significantly below the national average. The expenditures for acquisition of fixed tangible assets per 1,000 population, while increasing in 2011, remain almost half the national average. The foreign investments attracted are also relatively low. All of this is reflected in the labour market. The unemployment rate is the highest in the country: 26.6% for 2012, and almost unchanged in the last three years. The employment rate of the population aged 15 and over remains low (44%). Against this background, the income per household member is relatively high: BGN 3,944 for 2012, or 91% of the national average.

The structure of the local economy cannot be compared with that of the country as a whole. An important role is played by the agricultural sector, contributing a nearly 13% share in the gross value added. Industry accounts for about 30%, and the services sector takes up the remaining 57%.

The district's economic development is highly polarised: 80% of the production of non-financial companies in the entire district originates from the Shumen municipality.

A noteworthy development is that in the period of 2007-2010 the share of revenues from small and micro-enterprises in the non-financial sector has been on the increase, while that of large companies shrank.

The district's potential in the field of tourism remains significant, albeit untapped. The district of Shumen is home to important cultural and historical attractions such as the old capitals of Pliska and Preslav, the Madara historical and archaeological reserve, and the Shumen Fortress. The lack of investment and a working strategy to promote these sightseeing locations of national importance is hindering the development of tourism.

Businesses are rather pessimistic in terms of their development plans for the next year (June 2013 – May 2014). The majority of companies surveyed said they expected revenues, investment expenditures and jobs to remain unchanged. Disturbingly, a significantly higher percentage of companies expect an actual decrease in all three indicators, compared with those expecting growth.

# Taxes and Administration

There is general dissatisfaction with the local administration in terms of its speed. Suspicions of corruption also appear to be present, especially at the municipal level. There is also serious criticism on the judiciary system's failure to keep deadlines.

In 2013, almost no change was observed in the rates of local taxes and charges monitored for the purposes of this study. The question remains whether the economic realities in the district do not require a more active approach to setting taxation rates; in many cases, lowering the rates could be considered in order to stimulate businesses. The rate of the tax on real estate owned by companies, the tax on commercial and passenger vehicles, and the property transfer tax are all at levels around the national average. The waste collection charge, however, one of the biggest obstacles to doing business, especially in districts with characteristics similar to those of Shumen, is also higher than the average for Bulgaria. A positive aspect favouring the business environment is the license tax for retail trade which is one of the lowest nationwide.

# Infrastructure

The district has a well-developed road and railway infrastructure, with the density of the road network and railways above the national average. The district has an important strategic location; the main East - West and North - South routes linking Sofia and Varna (including the Hemus Highway) and Northern Bulgaria with Southern Bulgaria pass through it. However, neither local businesses nor citizens in the district appreciate the quality of infrastructure very highly. The road network is in very poor condition, which severely hinders communication. Only 19% of the road surface is in good condition, compared to 40% for the country. According to the class of roads, the shares of those in good condition are 18% for highways, 15.5% for first-class roads, 14% for second-class and 23% for third-class roads.

Considerable investments and effort are needed for the rehabilitation and maintenance of the existing road network in good condition.

There are plans to develop the railway infrastructure in the direction of Han Krum - Veliki Preslav - Zimnitsa and Kaspichan - Novi Pazar - Valchi Dol, but no funding has been provided for it.

Internet access in the district is underdeveloped. Accordingly, the proportion of people using the Internet is also low, below 50%.

## Demographics

The population of Shumen District is decreasing at a faster pace than the country's population. The rate of natural increase has been close to the national average over the last five years. A more serious problem in 2009-2010 was the highest negative net migration rate (the number of those who left the district compared to the number of people who moved into it), which reaches 4-5 ‰. The net outbound migration is attributable to the economic crisis and people's search for opportunities for education and work outside the district. People in the district mostly move to Varna, Sofia (capital city), or abroad. However, in 2012 the negative trend was reversed and net migration became a positive value, although not by much.

The demographic structure of the district, although it has deteriorated in recent years, remains relatively favourable. To every ten people aged up to 14 years there is an average of 12 persons over the age of 65 years. As to the ratio of the population over 65 to the working age population (15-64), it was about one to four in 2012.

About 63% of the population live in urban areas, indicating a low degree of urbanisation of the district. Shumen remained one of the most sparsely populated areas in the country in 2010, with just under 930 people per every square kilometre of urban area.

## Education

The education system in Shumen District generally receives an average rating. In terms of the number of schools and teachers per capita, the situation is relatively favourable, considering the national average. The rate of enrolment in grades 5th through 8th is one of the highest among the 28 districts. A negative development that is worth mentioning is that in 2012 the number of dropouts from primary and secondary education increased, reaching 3.2%, that is, 0.8 percentage points above the national average. Against this background, the relatively low share of repeaters is hardly reassuring.

Also high is the share of "fail" scores at the matriculation exam in Bulgarian language and literature (8.1%) which is nearly double the average results for the country. The average grade from the state matriculation exam is "Good" (4.00, the maximum being 6.00) and it also lags behind the national average.

One in five local residents (about 20%) aged 25 to 64 years has higher education. To compare, on average one in four Bulgarians in this age group has a university degree. The district still benefits from the presence of a higher education establishment in its territory.

## Healthcare

Healthcare in Shumen District has been generally rated as unsatisfactory. Compared with the national average, the number of beds in multi-profile hospitals per 1,000 population is inadequate. At the end of 2012, the specialised pulmology hospital in the city of Shumen was closed down. The District Oncology Dispensary, also located in Shumen, is in dire financial straits. The district is still experiencing a shortage of general practitioners (one per 1,378 population), but the situation is different with specialists. Particularly acute is the problem with specialists in internal medicine: each of these is in charge of 12,800 people, compared with an average of 5,263 for the country. Cardiologists, too, come in short supply: there is one specialist to around 10,541 people, compared with a 6,391 average for Bulgaria.

Despite the difficult economic situation, the share of population with valid health insurance remains relatively high. The infant mortality rate is still much too high: 10.1 per 1,000 in 2012.

The percentage of unofficial payments for health services made by those who used medical care in the last 12 months (May 2012 – May 2013) is relatively low. Almost one in four people who sought treatment in the last year had had to travel outside the district to receive the health services needed.

## Environment

The major problems facing the environment in Shumen District include the underdeveloped sewerage system and the absence of waste water treatment plants.

The main air pollutants are road transport and solid fuel used for domestic heating in winter months. Carbon dioxide emissions are among the lowest in the country. With regard to industrial pollution, some progress has been made: on the one hand, due to the gasification of industrial enterprises, and, on the other, due to the decommissioning of facilities.

# Social Environment

The general life satisfaction in Shumen District is slightly above the national average. This conclusion is based on the results of a survey among citizens conducted for the purposes of this paper. The main advantages of the district, according to its residents, are the better housing conditions, social life, and, to some extent, security. The number of recorded crimes against the person and against property has been slowly but steadily declining over the past 12 years, reaching 10.7 per 1,000 population in 2012, compared with a 14.8 national average.

The standard of living continues as the most serious problem for the district's population. Over half of the people surveyed appear to be dissatisfied, in varying degrees, with their standard of living, compared to 24% who are satisfied. This is related to the economic situation in the district. The share of people living in households with low work intensity (13.8%) is relatively high compared to 10.1% for the country. People living in material deprivation are 48.3% of the population of the district.

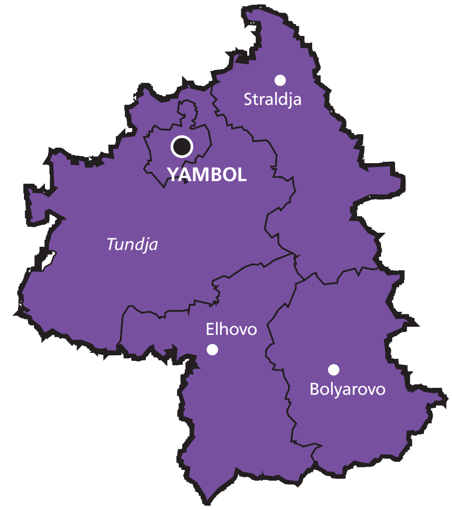
Another aspect of life in the district that generates dissatisfaction in the local population is the performance of local authorities. Nearly half of the respondents said they were not satisfied with the way they interact with municipal and district administrations, while 41% were not satisfied with the work of the local police. The healthcare system received an especially high rate of disapproval: nearly 70% of respondents consider its performance to be either "poor" or "average". The quality of infrastructure is a serious flaw, according to Shumen District residents.

# Key indicators for the district of Shumen

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 5 934 | 5 335 | 5 434 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 46,8 | 41,6 | 40,2 | 43,5 | 44,0 |
| Annual average unemployment rate of the population aged 15+ (%) | 16,7 | 23,1 | 28,8 | 26,8 | 26,6 |
| Relative share of people living below the district's poverty line (%) | 24,4 | 26,3 | 21,0 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 22,9 | 23,4 | 23,9 | 26,4 | 27,1 |
| Rate of natural increase (‰) | -4,1 | -3,0 | -4,6 | -4,8 | -5,7 |
| Net migration rate (‰) | -1,5 | -4,1 | -5,2 | -1,0 | 0,4 |
| Relative share of the population aged 25-64 with tertiary education (%) | 18,2 | 18,7 | 18,8 | 20,4 | 20,7 |
| Percent of failed students at state matriculation exams (%) | 5,5 | 9,5 | 9,7 | 7,6 | 8,9 |
| Average grade at state matriculation exams | 4,2 | 4,7 | 4,0 | 4,3 | 4,0 |
| Share of roads in good condition (%) | n.a. | n.a. | 30,1 | 18,9 | 19,0 |
| Relative share of households with Internet access (%) | 27,4 | 34,7 | 25,2 | 33,7 | 44,7 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 44,3 | 44,6 | 44,8 | 44,8 | n.a. |
| Health insured persons as share of the population (%) | 83,2 | 88,1 | 84,7 | 89,6 | 88,4 |
| Infant mortality rate (‰) | 15,2 | 11,5 | 16,2 | 12,0 | 10,1 |
| Number of registered crimes per 1,000 persons of the population | 11,2 | 11,5 | 11,4 | 11,8 | 10,7 |

# Yambol

| | |
|---|---|
| **Population (2012)** | 129 308 |
| **Area (sq. km)** | 3 355,5 |
| **Number of settlements** | 109 |
| **Share of urban population (%)** | 70,0 |

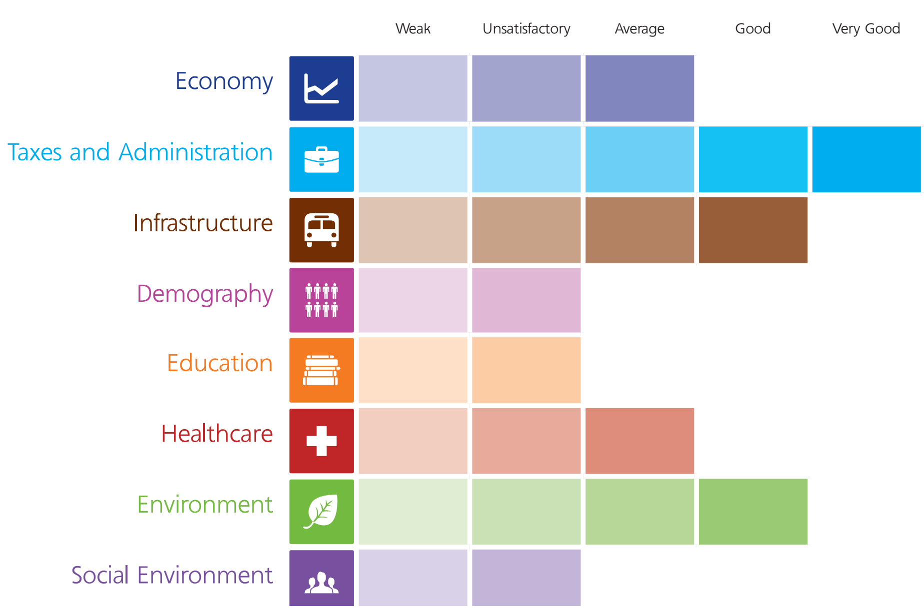



## Overview

Yambol District ranks among the poorest districts in the country, although some progress has been made in recent years. The impact of the crisis was visibly reflected in the decline of employment in 2009-2010. This was followed by a period of sustained recovery, and in 2012, the employment rate of the population aged 15 and over exceeded 48%, which means a very good performance against the national average. Unemployment hovers around 15%, which is proof that the challenges in the labour market still remain.

The district is characterised by unfavourable age dependency ratios despite the high birth rate. High negative rates of both natural increase and net migration have been observed. The outbound migration of local people is mostly to the cities of Bourgas and Sofia. In the year 2010 alone, over 1,000 people migrated from Yambol District to live in these two cities. In 2011, outbound movement to other districts generally subsided, as did migration abroad.

In 2010, nearly 60% of Yambol District's residents qualified as living in material deprivation, that is, were struggling to meet their basic needs. On this background, local people's life satisfaction is due mainly to the quality of housing, education, health, and social life. When asked whether they would permanently relocate to another district, one in seven respondents replied in the affirmative.



# Economy

Yambol District is among the poorest districts in0 the country, although some progress has been made in recent years. In 2005-2007, the district ranked last in the country in terms of GDP per capita, but then managed to achieve accelerated growth, and its output continued to grow nominally even in the years of crisis. In 2010, Yambol District was already ahead of ten other districts in terms of the gross product per capita.

As a result of the crisis, employment decreased in both 2009 and in 2010. This was followed by a period of sustained recovery, and in 2012, the employment rate of the population aged 15 and over exceeded 48%, which means a very good performance against the national average and outpacing districts such as Bourgas and Plovdiv. Unemployment hovered around 15%, which is proof that the challenges in the labour market still remain.

Typical of the district is the high concentration of economic activities in the town of Yambol, with its development being crucial for the whole district. A large proportion of workers in the district are employed in the industrial sector. The leading economic sectors are textiles, food processing, and machine building. Foreign investments are comparatively insignificant, although an increase has been observed in recent years. The biggest investment originates from Japan and is in the field of automotive electrical equipment. Some larger foreign investments in the districts of Yambol and Sliven support employment and incomes in the region. The absorption of EU funds by municipalities has reached relatively good levels, which also supports the development of the district.

# Taxes and Administration

Local taxes and charges in the municipalities of Yambol District are close to the country average. In the last year (2013), there was an increase in the tax burden at the local level, including in the district centre. Almost all tax rates were increased in the municipality of Yambol last year, a development that was rarely seen in the country. Until recently, the municipality was an example of a district centre with relatively low local taxes, but raising the rates of taxes on property owned by companies, on property transfer and on vehicles, has changed the picture. Garbage collection charges for legal entities (companies) also increased, but still remain among the lowest in the country.

On the background of the increased tax rates, the ratings given by business to the way local institutions operate are rather positive. Perceptions of corruption in the district are low, although the survey results suggest a certain level of unofficial payments in public procurement and in obtaining permits from local authorities.

Administrative services in the municipalities have been improving. According to the municipalities' self-assessment of electronic services, they now provide a level of "two-way interaction" while the one-stop-shop concept is mostly at the "operational" stage. The rate of use of electronic services is very low; less than 10% of companies have used such services in the past year. The low use of electronic services is revealing some serious challenges that need to be dealt in terms of administrative services in the district, which are yet becoming up to date.

# Infrastructure

The density of the road network in the district is about average for the country, but unevenly distributed, namely with high concentration in the northern part of the district and impeded accessibility to border areas. The completion of the Trakia Highway in 2013 was crucial for settlements in the district and specifically for the town of Yambol; however, more investments are required in the road network to the south. The density of railway lines is below the national average; the major railway lines that serve the territory of Yambol District are sections of the Sofia - Plovdiv - Bourgas line.

Yambol District is characterised by significant loss of water in the water supply network. Over the years, there have been sporadic tensions between different communities over water, the large losses and non-payment of water in certain neighbourhoods being the source of this tension.

The results of the business survey suggest that infrastructure is seen as one of the factors that fail to contribute sufficiently to the district's development. Citizens also have serious remarks to the infrastructure, and this is one of the leading causes of dissatisfaction among the population.

# Demographics

Yambol District is relatively small, with a population of nearly 130 thousand people in 2012. The district is characterised by high negative rates of both natural increase and net migration. The outbound migration of local people is mostly to the cities of Bourgas and Sofia. In the year 2010 alone, over 1,000 people migrated from Yambol District to live in these two cities. In 2011, outbound movement to other districts generally subsided, as did migration abroad.

Traditionally, about 70% of the population lives in urban areas. The age dependency ratios in 2012 were less favourable than the national average; the population aged over 65 years is 1.5 times more than the population aged under 14, and precisely one-third of the working-age population (15-64). The demographic challenges facing the district are related to the ageing population and the outbound migration from the district, that is, the stable negative net migration rate. The relatively high birth rate and the decline in migration abroad are positive developments.

# Education

Over the past 10 years or so, Yambol District has followed the general nation-wide trend of shrinking number of students and teachers, and closing down of schools. However, during the last four or five years, the optimization of the school network somehow bypassed the district, and there are no closed schools. Yambol District is characterized by the relatively small number of teachers. There are 67 teachers per 1,000 school students, lower values are only observed in Sliven District.

The net enrolment rate in grades 5th through 8th is among the highest in the country (84%), while the proportion of dropouts from primary and secondary education has decreased. The share of repeaters has registered a slight increase. The average score from the matriculation exam in Bulgarian language and literature in 2013 was 4.16, and 8.5% failed the exam; the percentage of "fail" scores was only higher in Razgrad District.

There is no university in the district, but there is a department of the Trakia University in Stara Zagora. The number of university students studying in Yambol has increased in recent years. The percentage of people with higher education in Yambol has risen in the past few years, reaching 22% of the population aged 25 to 64 years, which is a relatively good result compared to the national average.

# Healthcare

There are four hospitals in Yambol District; the number of hospital beds per 1,000 of the population is relatively small. Medical establishments are concentrated mainly in the towns of Yambol and Elhovo. The access to medical care for people from outlying villages is difficult. The number of patients treated at multi-profile hospitals remains low for the country: 160 per 1,000 inhabitants in 2012.

The percentage of local residents with valid health insurance in recent years remained unchanged; in 2012, they were about 90% of the population, which means very good coverage compared to the national average. The infant mortality rate remains high, which is due to the significantly higher proportion of births in high-risk ethnic groups.

Unofficial payments for health are not a common practice: one in seven people who had used medical services in the last 12 months responded he/she had made such payments. One in three respondents stated that he/she had to travel outside the district to use health services, with the leading reason given by respondents being the lack of specialist doctors. The latter clearly indicates that problems with the quality of health services in the district should not be overlooked.

# Environment

Harmful emissions (carbon dioxide) into the atmosphere in Yambol District are among the lowest in the country; only the districts of Montana and Smolyan reported lower levels. Air pollution is highest in the municipality of Straldzha. Collected household waste per capita has reduced over the past years and is among the lowest for the country.

Nearly 70% of the population live in areas with public sewerage systems, that is close to the national average. The share of the population with access to public sewerage connected to waste water treatment plants is below 5%, which is observed only in the districts of Vidin, Kardzhali, and Silistra. In 2012, an EU-funded project was approved for the construction of a waste water treatment plant for the town of Yambol.

## Social Environment

In 2010, nearly 60% of the population of the district were in the category of people living in material deprivation, that is, struggling to meet their basic needs; this is one of the highest rates in the country. The proportion of the poor in this period was nearly 25%, or one in four was below the poverty line. Inequalities in the district declined after the crisis and are now relatively low compared to the national average. The ratio between the incomes of the richest and the poorest 20% of households was reported at 5.5 times in 2010.

Local people's life satisfaction is due mainly to housing conditions, education, health, and social life. The clean air is not sufficient to provoke high satisfaction with the environment; the absence of waste water treatment plants is probably heavily reflected on the results. Factors that lead to dissatisfaction include the standard of living (incomes), employment, and infrastructure. Despite the decline in crimes against the person and against property in recent years, citizens do not indicate high satisfaction with personal security in the district.

When asked whether they would permanently relocate to another district, one in seven respondents replied in the affirmative. The majority of citizens gave no definite reply on whether they wish to relocate to another district. Based on the figures on poverty and dissatisfaction with the living standard, these results are somewhat puzzling and may find their explanation in the negative effects of the economic crisis and fewer job opportunities in large cities and abroad. The figures on the net migration rate of the population show just that: strong attitudes towards emigration in search of better opportunities.

# Key indicators for the district of Yambol

| Indicators / year | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GDP per capita (BGN, current prices) | 4 959 | 5 150 | 5 539 | n.a. | n.a. |
| Annual average employment rate of the population aged 15+ (%) | 50,8 | 46,4 | 43,0 | 47,0 | 48,4 |
| Annual average unemployment rate of the population aged 15+ (%) | 6,4 | 8,8 | 14,8 | 13,6 | 14,9 |
| Relative share of  people living below the district's poverty line (%) | 22,2 | 21,1 | 24,4 | n.a. | n.a. |
| Age dependency ratio, 65+ to 15-64 (%) | 30,1 | 30,2 | 30,6 | 32,9 | 33,4 |
| Rate of natural increase (‰) | -6,6 | -6,2 | -7,4 | -7,0 | -7,8 |
| Net migration rate (‰) | -6,2 | -10,0 | -11,8 | -4,4 | -3,8 |
| Relative share of the population aged 25-64 with tertiary education (%) | 15,6 | 18,3 | 19,2 | 18,0 | 22,4 |
| Percent of  failed students at state matriculation  exams (%) | 1,7 | 4,4 | 8,4 | 5,1 | 10,6 |
| Average grade at state matriculation exams | 4,6 | 4,0 | 4,3 | 4,5 | 4,1 |
| Share of roads in good condition (%) | n.a. | n.a. | 48,0 | 54,6 | 54,0 |
| Relative share of households with Internet access (%) | 24,0 | 27,9 | 27,9 | 40,7 | 46,0 |
| Share of the population with access to public sewerage systems, connected to WWTP (%) | 1,3 | 3,4 | 3,4 | 3,5 | n.a. |
| Health insured persons as share of the population (%) | 88,1 | 90,1 | 88,1 | 90,5 | 89,8 |
| Infant mortality rate (‰) | 12,6 | 9,2 | 19,4 | 10,0 | 11,9 |
| Number of registered crimes per 1,000 persons of the population | 13,4 | 14,0 | 18,6 | 14,5 | 12,5 |

# Methodology

## Subject matter, spatial and temporal scope of the survey

The subject of the publication “Regional Profiles: Indicators of Development” is the comparative analysis of districts in Bulgaria. The analysis covers the entire country and is based on information about the last thirteen years for which data are available on indicators within the scope of the study. The information used in the analysis of districts and the compilation of regional profiles, included official statistical data and the data from specialized research published by the cut-off date of June 30, 2013. Any updates published after that date are not included in the analysis.

## Sources of information

The information required for the development and regular updating of the publication “Regional Profiles: Indicators of Development” is provided from two main sources: official statistics and information produced by a special survey conducted for the purpose.

A major source of official statistics is the National Statistical System, and in particular the National Statistical Institute (NSI). Another part of the necessary information is provided by information systems of the National Social Security Institute (NSSI), the National Health Insurance Fund (NHIF), the National Centre for Public Health and Analyses (NCPHA), the Ministry of Education, Youth and Science (MEYS), the National Revenue Agency (NRA) and others.

To secure additional statistical information needed for the regional profiles, an independent survey was conducted at municipal level. The aim is to generate information that cannot be provided by existing public or other sources for a variety of reasons - it is not produced, it is not up-to-date, it is confidential, etc.

The design of the study covers three types of respondents: businesses, households and municipal administration; specialised information gathering tools were developed for each group of respondents:

- A structured questionnaire for businesses. Intended for local businesses and to provide information about the difficulties in dealing with local administrations, corruption perceptions, and an evaluation of the business environment.

- A structured questionnaire for households. Provides information on the level of confidence in institutions and perceptions of corruption in key local institutions, and citizens' satisfaction with various aspects of life.

- A questionnaire for municipal administrations. Provides information about local taxes and charges, and assessments of the degree of e-service provision and the stage of readiness for "one-stop shop" services.

Stochastic samples were designed for businesses and individuals for the purpose of the study. The survey of municipalities is comprehensive and covers all 264 municipalities. The questionnaires addressed to the municipal administrations were sent to municipalities in the form of a request for access to information under the Access to Public Information Act.

## Methodological Approach

The fundamental principles on which the method is based are as follows:

1. Regional profiles are compiled separately and independently in two aspects of analysis: in statics and dynamics, then these results are summarized in a single snapshot.

2. The manner of presentation of the results is not through ranking (ranging) of the districts but by forming and analysing typical characteristic groups of districts.

3. Use of a combination of one-dimensional complex measurements and multivariate methods for regional comparisons. This allows to overcome, to a large degree, the disadvantages of the one-dimensional and complex measurements, and to take advantage of the multivariate methods.

4. Use of one of the most up-to-date methods for regional comparisons, neural networks, to form and visualise the typical groups of regions (clusters).

5. Application of reliability analysis in the formation of the system of indicators.

6. Implementation of analysis and assessment of the relative importance of indicators (groups of indicators) in forming the results and regional profiles.

7. The selection of indicators and their entry into the system is based on four main groups of arguments: best practices, semantic reasoning, availability of information and analysis of empirical data.

8. Use of formal and legally established terms, classifications, nomenclatures etc.

9. Use of relative proportions, ratios etc. in presenting and applying the indicators, rather than their absolute values, in order to ensure comparability between regions.

10. Normalisation of indicators in order to eliminate the negative effects of scale, scales of measurement, etc.

## Grouping of areas

According to the static analysis of indicators in each category, the performance of districts is rated using the five-point scale from "poor" (lowest level) to "very good" (highest level). The analysis is based on the latest year for which data is available (2012). For some of the indicators for which no data was available for 2012, data for 2011 or 2010 was used.

The methodological approaches used for regional comparisons can be summarised in three main types using:

1. One-dimensional measurements

2. Comprehensive measurements

3. Multivariate techniques (in particular neural networks)

This methodology has adopted the approach of a combination of the three, allowing on the one hand, to largely overcome the shortcomings of one-dimensional and comprehensive measurements, and on the other - to take advantage of the multivariate techniques.

All indicators are normalised by calculating a so-called regional index.

For each group of the system of indicators to evaluate the regional profiles, a so-called complex indicator is calculated, with the following characteristics:

1. Ensure comparability of districts in statics and dynamics.

2. Its values are "centred" around the country average. The districts with positive values of the complex indicator are above the national average, and those with a negative complex indicator are below it.

3. In the variance adjustment procedure, the distances (ratios) between the districts on separate indicators are preserved, ensuring undistorted grades when calculating the complex dimension.

At the final stage of applying the combined approach, the summary result for all indicator groups and all districts is represented by forming and visualising clusters using neural networks in statics and dynamics.

The analysis of the dynamics of socio-economic processes covers the period of 2010-2012. For some of the indicators, data for different periods (e.g. 2008-2010 or 2009-2011) has been used due to the absence or delayed publication of statistical information.

The dynamics is measured by growth rates calculated for the last year of the period compared with the preceding year. For some indicators whose development is characterized by strong fluctuations and annual change of direction, a mean growth rate over three years has been used.

The methodology envisages that, through neural networks, typical groups (clusters) of districts would be formed and outlined, having specific characteristics both in statics and in dynamics, such as:

- Districts with good economic, but deteriorated demographic or environmental conditions

- Districts with good condition on some indicators, but whose development has slowed down

- Districts in poor condition, but with a tendency of dynamic improvements, etc

On the other hand, the capabilities of neural networks are also to be used for multivariate analysis of regional development, characterized by the direction, speed and sustainability of development.

## System of indicators

The selection of indicators and linking them into a system is based on both their relevance to each separate category (such as economy, education, etc.) and their interconnections and dynamics. A key argument for the selection of indicators is the availability, accessibility and frequency of publication of data on the social and economic development of the districts.

As a result of the on-going process of improving the system of indicators used for the purposes of the study, in the present edition several changes have been introduced compared to the study "Regional Profiles: Indicators of Development 2012". In particular, the following have been excluded from the scope of the survey: profitability of sales ("Economy" category); design capacity - water volume (daily average) of existing wastewater treatment plants ("Environment" category); losses in the transport of water in public water supply and irrigation systems ("Infrastructure" category); number of hospitals per 100 thousand population ("Health" category); tuberculosis prevalence ("Healthcare" category); cases of hospitalization in healthcare establishments ("Healthcare" category) and charge for the use of market stalls for retail trade in industrial goods ("Business Environment" category). In their place, "Regional Profiles: Indicators of Development 2013" uses the following parameters: share of the population with access to public sewerage systems connected to waste water treatment plants ("Environment" category); share of the road surface in good condition ("Infrastructure" category); cases of hospitalization in multi-profile hospitals for active treatment per 1,000 population ("Healthcare" category); number of hospital beds in multi-profile hospitals for active medical treatment per 1,000 population ("Healthcare" category); infant mortality rate ("Healthcare" category); number of visits to the theatre or the cinema per person of the average annual population ("Social Environment" category); citizens' perception of environment quality ("Environment" category) and tax rate on the acquisition of property for consideration (property transfer tax) ("Taxes and Administration" category).

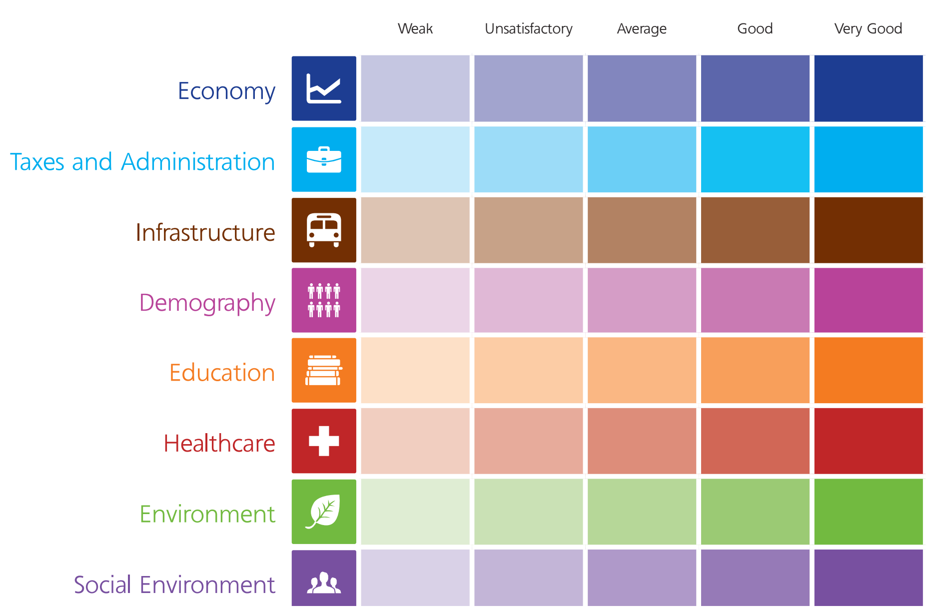
Some of the indicators for the purposes of this study were revised in order to gain a better understanding of the condition and trends in the various spheres of the socio-economic development of the districts. Some of the changes were applied in response to the suggestions made by experts in the field of economic analysis, statistics and regional development during the public hearings, roundtables and meetings of the Advisory Board held in the interval between the two publications. Another major change was the renaming of the category "Business Environment" to "Taxes and Administration" in order to refine and achieve a better correspondence between the title of the category and the indicators included in it.

The result is a system formed of eight groups of indicators characterizing the socio-economic situation and development of the districts.

Graphic image 2 - use the same element as last year, but replace „Business Environment" with „Taxes and Administration".

Each group is composed of a set of indicators that give a real idea of the state and dynamics of development of the area. The total number of indicators used in the methodology of the study was 58.

The following pages present a summary table that includes all indicators integrated in the system of eight categories, the algorithms for their calculation, and measurement units.



# Economy

Economic indicators are one of the leading groups of indicators that describe the level of development of a given district. "Economic indicators" are understood as macroeconomic indicators such as gross domestic product, employment and unemployment rate, and indicators describing local business - demography of local businesses 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. | 2000-2010 | 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. | 2001-2012 | % | 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. | 2001-2012 | % | 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. | 2001-2012 | total income/ person of the household | 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 |
| Expenditures for acquisition of fixed tangible assets per capita | The level of expenditure for 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. | 2000-2011 | BGN per capita | NSI |
| Foreign direct investment in 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. | 2000-2011 | 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. | as of 01.01.2013 | BGN per capita | MF |

# Taxes and Administration

The category "Taxes and Administration" includes indicators forming largely the characteristics of the local environment for doing business. The indicators are based on both objective data (levels of local taxes and charges) and an independent survey of companies.

| Indicator | Description | Period | Unit | Source |
|---|---|---|---|---|
| Assessment of the performance of local adminstration | 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, 2013 | 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, 2013 | 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, 2013 | 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, 2013 | 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, 2013 | 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. | 2008-2013 | 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. | 2008-2013 | 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. | 2008-2013 | BGN/m2 | 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. | 2000-2013 | 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 enterpreneurs, trying to expand their operations. | 2012-2013 | per mil (‰) | Application for access to information under the Access to Public Information Act |

# Infrastructure

Infrastructure is key to the development of each region and is relevant to both the economic and the social aspects of local population's life. Infrastructure development largely determines the competitive advantages of each region.

| 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. | 2000-2011 | 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. | 2000-2011 | 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. | 2006-2012 | % | 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. | 2006-2012 | % | 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). | 2010-2012 | % | RIA |

# Demographics

The indicators in the "Demographics" group characterise the number, composition and key structure of the population and its dynamics. The source of data for all indicators in the "Demographics" group is the current demographic 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. | 2001-2012 | % | 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. | 2001-2012 | % | 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. | 2001-2012 | % | 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. | 2001-2012 | 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. | 2001-2012 | 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. | 2001-2012 | per mil (‰) | NSI |

# Education

The indicators in the "Education" group characterise the structural availability, intensity, level and quality of education in different districts of the country. The sources of data for the indicators are given in the description of the indicators. In the current analysis, data from the 2000/2001 school year to the 2012/2013 school year have been used, except if specifically indicated otherwise.

| 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. | 2000-2012 | number of university students/1,000 people | NSI |
| Number of teachers at primary and secondary schools per 1,000 students | 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. | 2000-2012 | number of teachers/1,000 students | NSI |
| Number of people per school | The indicator provides information on the availability of educational facilities in a given district. | 2001-2012 | 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. | 2007-2012 | % | 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. | 2000-2011 | % | 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. | 2004-2012 | % | 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. | 2011-2012 | % | 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. | 2008-2013 | 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. | 2008-2013 | % | Ministry of Education, Youth and Science |

# Healthcare

Indicators in "Healthcare" characterise the accessibility and quality of healthcare services provided in separate districts, and the health status of the population. The facilities and staff required for the proper functioning of the health system and its workload are important factors that play a significant role in the development of demographic processes and the social environment in each 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. | 2001-2012 | 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. | 2001-2012 | 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. | 2001-2012 | 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. | 2001-2012 | 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. | 2001-2012 | % | NRA (request for access to information under the Access to Public Information Act) |
| Number of beds in Multi-profile Hospitals for Active Treatment | The indictor 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. | 2001-2012 | 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. | 2004-2012 | per mil (‰) | NSI |

# Environment

Environmental indicators have been included in the study as part of a broader set of indicators that describe the state of development of the districts in terms of living conditions such as healthcare, education, and 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 or 2011 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. | 2001-2011 | 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 poblic sewerage systems, connected to WWTPs is, the cleaner the environment should be. | 2009-2011 | % | 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. | 2006-2011 | % | 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, 2013 | Rating 1 to 5 | Survey among citizens |

# Social Environment

Indicators in the "Social Environment" category reflect the quality of life in the district. This group of indicators is closest to people's daily lives and combines both objective indicators and the subjective assessment of people's quality of life. Subjective data were obtained as a result of the survey of citizens conducted in May 2013.

| 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. | 2000-2012 | 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. | 2001-2011 | 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. | 2007-2010 | % | 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. | 2007-2010 | % | 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. | 2007-2010 | % | 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, 2013 | 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, 2013 | 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. | 2009-2012 | no.of attendances/ person | NSI |

# Appendix

# Economy

| District/Indicator | Gross domestic product (GDP) per capita, BGN (2010) | Unemployment rate of the population 15+ (annual average), % (2012) | Employment rate of the population 15+ (annual average), % (2012) | Annual average income per household member, BGN (2012) | Number of non-financial companies per 1,000 people (2011) | Expenditures for acquisition of fixed tangible assets, BGN thousand (2011) | Foreign direct investments in non-financial companies, cummulative, thousand EUR (2011) | Utilisation of EU funds by municipalities, thousand BGN (as of 01.01.2013) |
|---|---|---|---|---|---|---|---|---|
| Blagoevgrad | 5 982 | 10,4 | 53,1 | 3 823 | 50 | 396 641 | 257 517 | 64 786 |
| Burgas | 8 082 | 11,5 | 46,8 | 3 702 | 62 | 988 203 | 1 811 907 | 155 290 |
| Varna | 9 595 | 16,4 | 44,2 | 4 306 | 65 | 1 091 098 | 1 500 600 | 86 184 |
| Veliko Tarnovo | 6 135 | 13,8 | 42,9 | 4 043 | 39 | 390 400 | 73 034 | 45 250 |
| Vidin | 4 681 | 17,4 | 37,0 | 3 615 | 32 | 87 704 | 33 058 | 9 289 |
| Vratsa | 7 731 | 9,4 | 39,9 | 3 723 | 31 | 288 984 | 172 668 | 70 323 |
| Gabrovo | 7 401 | 9,6 | 45,2 | 4 408 | 48 | 164 290 | 271 648 | 58 785 |
| Dobrich | 6 445 | 15,4 | 46,4 | 3 856 | 48 | 373 192 | 233 539 | 36 806 |
| Kardzhali | 5 030 | 9,0 | 44,2 | 3 483 | 29 | 93 491 | 76 301 | 19 267 |
| Kyustendil | 5 651 | 14,2 | 43,2 | 3 508 | 39 | 80 510 | 25 892 | 12 703 |
| Lovech | 5 623 | 13,4 | 38,3 | 2 963 | 39 | 153 826 | 133 061 | 56 264 |
| Montana | 4 849 | 14,9 | 39,2 | 2 994 | 31 | 165 937 | 25 384 | 22 729 |
| Pazardzhik | 6 219 | 18,3 | 41,8 | 3 460 | 38 | 339 604 | 397 259 | 36 482 |
| Pernik | 5 633 | 9,9 | 46,8 | 5 021 | 37 | 93 861 | 258 331 | 41 846 |
| Pleven | 5 051 | 10,3 | 41,2 | 5 091 | 35 | 289 685 | 174 928 | 33 289 |
| Plovdiv | 7 530 | 11,2 | 47,3 | 3 988 | 50 | 1 462 458 | 1 259 572 | 85 614 |
| Razgrad | 5 549 | 21,4 | 40,6 | 3 131 | 33 | 126 923 | 119 731 | 29 966 |
| Ruse | 6 646 | 12,9 | 44,5 | 4 416 | 47 | 386 368 | 335 086 | 19 264 |
| Silistra | 4 485 | 16,0 | 39,4 | 3 337 | 32 | 149 794 | 7 676 | 19 225 |
| Sliven | 4 601 | 19,4 | 41,8 | 3 226 | 35 | 293 978 | 504 971 | 9 336 |
| Smolyan | 6 563 | 21,9 | 44,0 | 4 242 | 43 | 130 912 | 72 585 | 30 648 |
| Sofia (city) | 22 573 | 7,3 | 55,7 | 6 403 | 78 | 8 482 783 | 11 586 557 | 75 532 |
| Sofia | 8 420 | 6,4 | 46,0 | 3 523 | 37 | 486 043 | 1 295 597 | 85 588 |
| Stara Zagora | 9 654 | 7,1 | 48,5 | 4 382 | 43 | 643 480 | 562 143 | 23 076 |
| Targovishte | 5 513 | 15,6 | 42,5 | 2 924 | 31 | 156 440 | 193 504 | 37 573 |
| Haskovo | 5 002 | 14,9 | 42,4 | 3 855 | 46 | 192 331 | 103 050 | 26 468 |
| Shumen | 5 434 | 26,6 | 44,0 | 3 944 | 36 | 192 565 | 91 092 | 31 247 |
| Yambol | 5 539 | 14,9 | 48,4 | 3 814 | 43 | 212 424 | 68 228 | 29 472 |

# Taxes and Administration

| District/Indicator | Assessment of the performance of local adminstration, rating 1 through 5* (2013) | Quality of local government e-services, rating 1 through 5* (2013) | Corruption perception by businesses, rating 1 through 5** (2013) | Bribery/unofficial payments, rating 1 through 5** (2013) |
|---|---|---|---|---|
| Blagoevgrad | 3,1 | 3,5 | 3,6 | 4,0 |
| Burgas | 3,7 | 3,4 | 3,8 | 4,3 |
| Varna | 3,7 | 3,5 | 3,5 | 3,9 |
| Veliko Tarnovo | 3,0 | 4,0 | 2,4 | 4,3 |
| Vidin | 3,1 | 3,4 | 3,0 | 4,5 |
| Vratsa | 3,5 | 4,0 | 3,9 | 4,8 |
| Gabrovo | 3,2 | 3,6 | 3,3 | 4,3 |
| Dobrich | 3,3 | 4,1 | 3,4 | 3,8 |
| Kardzhali | 2,9 | 3,8 | 3,2 | 4,3 |
| Kyustendil | 2,9 | 3,6 | 2,5 | 2,5 |
| Lovech | 3,4 | 3,7 | 3,4 | 3,1 |
| Montana | 3,4 | 2,7 | 4,2 | 4,6 |
| Pazardzhik | 3,6 | 3,7 | 3,4 | 4,6 |
| Pernik | 3,1 | 3,8 | 2,9 | 4,0 |
| Pleven | 3,2 | 3,9 | 3,6 | 3,8 |
| Plovdiv | 3,7 | 3,9 | 3,5 | 3,4 |
| Razgrad | 3,4 | 3,6 | 3,8 | 4,2 |
| Ruse | 3,3 | 3,6 | 3,4 | 4,1 |
| Silistra | 3,2 | 2,5 | 3,5 | 4,3 |
| Sliven | 3,3 | 3,5 | 2,9 | 4,3 |
| Smolyan | 3,6 | 3,8 | 4,3 | 4,2 |
| Sofia (city) | 3,0 | 3,3 | 2,9 | 3,8 |
| Sofia | 3,4 | 3,4 | 3,1 | 4,8 |
| Stara Zagora | 3,0 | 3,3 | 2,9 | 4,0 |
| Targovishte | 3,4 | 3,2 | 4,1 | 4,6 |
| Haskovo | 3,1 | 3,8 | 2,9 | 3,7 |
| Shumen | 3,4 | 4,2 | 3,1 | 4,2 |
| Yambol | 3,6 | 4,5 | 3,5 | 4,5 |

* 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 km2 (2011) | Railway network density, km/100 km2 (2011) | Relative share of households with Internet access, % (2012) | Relative share of people (aged 16 to 74) that have used Internet in the past 12 months, % (2012) | Share of roads in good condition, % (2012) |
|---|---|---|---|---|---|
| Blagoevgrad | 10,3 | 2,5 | 54,9 | 56,7 | 55,0 |
| Burgas | 15,1 | 2,3 | 53,5 | 54,6 | 29,0 |
| Varna | 18,6 | 5,1 | 51,3 | 47,2 | 39,0 |
| Veliko Tarnovo | 20,1 | 5,1 | 41,0 | 43,5 | 23,6 |
| Vidin | 20,1 | 3,3 | 33,7 | 49,1 | 29,4 |
| Vratsa | 17,6 | 3,1 | 45,8 | 51,2 | 26,7 |
| Gabrovo | 24,9 | 3,7 | 34,8 | 52,9 | 32,0 |
| Dobrich | 17,5 | 1,3 | 49,7 | 43,9 | 46,0 |
| Kardzhali | 19,3 | 2,1 | 54,0 | 38,8 | 27,0 |
| Kyustendil | 18,9 | 4,0 | 31,7 | 39,7 | 50,0 |
| Lovech | 18,1 | 2,6 | 33,7 | 42,9 | 43,0 |
| Montana | 16,6 | 3,2 | 37,5 | 44,8 | 22,0 |
| Pazardzhik | 16,6 | 4,2 | 40,4 | 51,3 | 44,0 |
| Pernik | 23,7 | 4,8 | 42,3 | 37,3 | 52,0 |
| Pleven | 17,0 | 4,4 | 37,3 | 57,8 | 31,0 |
| Plovdiv | 17,1 | 5,4 | 55,1 | 56,1 | 48,0 |
| Razgrad | 19,2 | 3,5 | 58,1 | 56,7 | 32,0 |
| Ruse | 18,3 | 5,5 | 51,4 | 57,7 | 26,0 |
| Silistra | 17,8 | 2,5 | 56,5 | 46,6 | 39,0 |
| Sliven | 15,3 | 3,6 | 37,0 | 46,9 | 82,0 |
| Smolyan | 16,9 | 0,0 | 45,3 | 74,2 | 41,0 |
| Sofia (city) | 0,0 | 13,8 | 66,2 | 52,1 | n.a. |
| Sofia | 21,2 | 4,2 | 49,2 | 56,7 | 36,0 |
| Stara Zagora | 16,9 | 5,1 | 53,4 | 41,7 | 59,0 |
| Targovishte | 20,4 | 2,7 | 38,3 | 50,7 | 58,0 |
| Haskovo | 19,5 | 3,6 | 47,5 | 46,1 | 44,0 |
| Shumen | 17,9 | 4,6 | 44,7 | 57,9 | 19,0 |
| Yambol | 17,8 | 2,9 | 46,0 | 35,2 | 54,0 |

# Demography

| District/Indicator | Annual average number of population (2012) | Age dependency ratio (65+ to 0-14), % (2012) | Age dependency ratio (65+ to 15-64), % (2012) | Share of urban population, % (2012) | Population density relative to the area of the settlements and other urban areas, people/km2 (2012) | Rate of natural increase, ‰ (2012) | Net migration rate, ‰ (2012) |
|---|---|---|---|---|---|---|---|
| Blagoevgrad | 320 836 | 117,1 | 24,0 | 59,3 | 2 406 | -2,6 | -4,8 |
| Burgas | 414 211 | 111,8 | 24,5 | 74,9 | 2 265 | -3,3 | -0,2 |
| Varna | 473 790 | 115,1 | 24,4 | 83,7 | 1 829 | -2,1 | -0,2 |
| Veliko Tarnovo | 254 891 | 173,8 | 31,3 | 69,7 | 1 150 | -7,9 | -3,0 |
| Vidin | 98 509 | 217,8 | 42,8 | 63,9 | 1 004 | -16,0 | -3,8 |
| Vratsa | 183 110 | 161,6 | 33,3 | 59,0 | 873 | -11,1 | -5,8 |
| Gabrovo | 120 658 | 222,6 | 39,5 | 82,0 | 1 385 | -11,2 | -0,9 |
| Dobrich | 187 223 | 133,7 | 27,9 | 69,0 | 726 | -6,8 | -2,5 |
| Kardzhali | 151 664 | 122,2 | 25,1 | 41,6 | 1 876 | -2,1 | -2,4 |
| Kyustendil | 133 891 | 204,2 | 37,2 | 69,0 | 1 270 | -11,5 | -4,9 |
| Lovech | 138 658 | 182,4 | 39,0 | 62,4 | 946 | -10,2 | -3,5 |
| Montana | 144 814 | 183,6 | 38,4 | 64,2 | 1 020 | -12,8 | -3,4 |
| Pazardzhik | 272 742 | 124,8 | 27,3 | 62,3 | 2 245 | -4,5 | -3,2 |
| Pernik | 131 109 | 194,0 | 34,6 | 79,0 | 1 008 | -11,7 | -1,7 |
| Pleven | 264 942 | 176,7 | 36,7 | 66,6 | 1 207 | -10,1 | -4,4 |
| Plovdiv | 679 851 | 141,0 | 28,8 | 74,6 | 2 553 | -4,5 | 1,4 |
| Razgrad | 122 886 | 133,3 | 27,2 | 47,3 | 929 | -6,2 | -5,4 |
| Ruse | 232 662 | 174,4 | 31,7 | 77,0 | 1 789 | -8,1 | -1,4 |
| Silistra | 117 814 | 155,8 | 31,5 | 45,1 | 858 | -8,1 | -2,4 |
| Sliven | 196 049 | 99,8 | 27,1 | 66,1 | 2 798 | -2,3 | -4,5 |
| Smolyan | 119 617 | 160,9 | 26,8 | 55,0 | 2 051 | -6,7 | -7,3 |
| Sofia (city) | 1 299 149 | 123,9 | 22,7 | 95,4 | 4 852 | -1,4 | 5,4 |
| Sofia | 244 426 | 155,1 | 32,1 | 61,2 | 784 | -8,5 | -1,2 |
| Stara Zagora | 330 499 | 143,8 | 30,7 | 71,7 | 1 563 | -5,8 | 1,9 |
| Targovishte | 119 317 | 132,8 | 29,0 | 54,2 | 1 153 | -6,0 | -3,1 |
| Haskovo | 242 805 | 153,9 | 31,4 | 72,4 | 1 126 | -6,7 | -2,8 |
| Shumen | 179 201 | 128,6 | 27,1 | 62,7 | 923 | -5,7 | 0,4 |
| Yambol | 129 308 | 151,1 | 33,4 | 70,0 | 1 183 | -7,8 | -3,8 |

# Education

| District/Indicator | Number of students in colleges and universities (2012) | Number of primary and secondary school teachers (2012) | Number of primary and secondary school students (2012) | Number of primary and secondary schools (2012) | Relative share of the population aged 25-64 with tertiary education, % (2012) | Net enrolment rate of the population (grades 5th through 8th), % (2012) | Relative share of repeaters, % (2012) | Share of dropouts from primary and secondary education, % (2011) | Percent of failed students at state matriculation exams, % (2013) | Average grade from the state matriculation exams (2013) |
|---|---|---|---|---|---|---|---|---|---|---|
| Blagoevgrad | 13 266 | 2 601 | 34 831 | 133 | 17,7 | 83,8 | 0,5 | 1,6 | 3,8 | 4,3 |
| Burgas | 9 794 | 3 039 | 44 880 | 141 | 18,6 | 81,4 | 0,8 | 1,9 | 7,0 | 4,2 |
| Varna | 32 853 | 3 336 | 49 197 | 128 | 26,0 | 78,9 | 1,0 | 2,3 | 4,7 | 4,4 |
| Veliko Tarnovo | 27 856 | 1 754 | 24 551 | 95 | 23,5 | 81,4 | 0,9 | 3,5 | 6,6 | 4,3 |
| Vidin | 0 | 736 | 9 597 | 38 | 15,7 | 80,0 | 0,8 | 3,2 | 4,8 | 4,2 |
| Vratsa | 605 | 1 468 | 19 917 | 75 | 18,2 | 85,7 | 0,8 | 4,5 | 3,6 | 4,2 |
| Gabrovo | 5 891 | 809 | 10 730 | 40 | 25,1 | 78,5 | 0,8 | 2,5 | 3,7 | 4,3 |
| Dobrich | 1 884 | 1 473 | 19 461 | 83 | 18,3 | 81,8 | 2,3 | 3,3 | 4,1 | 4,3 |
| Kardzhali | 1 003 | 1 331 | 16 485 | 81 | 11,2 | 82,0 | 0,3 | 1,9 | 4,7 | 4,6 |
| Kyustendil | 0 | 927 | 12 333 | 46 | 19,4 | 80,4 | 0,6 | 1,7 | 5,2 | 4,3 |
| Lovech | 177 | 1 075 | 15 023 | 61 | 16,4 | 81,3 | 1,1 | 2,9 | 2,5 | 4,5 |
| Montana | 0 | 1 169 | 15 535 | 69 | 18,1 | 81,1 | 1,6 | 3,0 | 6,4 | 4,2 |
| Pazardzhik | 0 | 2 209 | 29 467 | 120 | 16,8 | 82,5 | 1,3 | 3,4 | 6,9 | 4,1 |
| Pernik | 310 | 860 | 11 775 | 44 | 16,6 | 77,8 | 0,7 | 1,8 | 5,3 | 4,2 |
| Pleven | 1 678 | 2 114 | 28 488 | 116 | 21,7 | 82,7 | 1,0 | 2,3 | 8,7 | 4,1 |
| Plovdiv | 39 260 | 4 848 | 68 618 | 202 | 22,6 | 80,7 | 1,5 | 3,2 | 4,9 | 4,3 |
| Razgrad | 301 | 1 065 | 14 118 | 62 | 14,0 | 85,3 | 1,0 | 3,3 | 12,1 | 3,9 |
| Ruse | 10 297 | 1 622 | 22 385 | 75 | 22,1 | 80,1 | 0,9 | 2,8 | 4,6 | 4,3 |
| Silistra | 421 | 887 | 12 116 | 49 | 15,8 | 81,5 | 0,5 | 2,9 | 4,0 | 4,1 |
| Sliven | 760 | 1 481 | 22 706 | 74 | 18,7 | 73,6 | 1,4 | 4,0 | 7,0 | 4,2 |
| Smolyan | 2 370 | 979 | 10 920 | 66 | 18,2 | 84,1 | 0,1 | 0,4 | 3,9 | 4,4 |
| Sofia (city) | 111 180 | 8 823 | 119 143 | 281 | 42,9 | 78,4 | 0,5 | 0,8 | 2,2 | 4,6 |
| Sofia | 6 092 | 1 819 | 25 304 | 103 | 15,0 | 80,6 | 1,3 | 2,3 | 2,2 | 4,4 |
| Stara Zagora | 4 883 | 2 473 | 36 023 | 128 | 20,5 | 83,1 | 1,2 | 2,5 | 4,0 | 4,3 |
| Targovishte | 0 | 989 | 12 885 | 56 | 17,9 | 84,3 | 0,9 | 4,7 | 4,5 | 4,1 |
| Haskovo | 146 | 1 774 | 25 410 | 86 | 18,5 | 82,9 | 1,0 | 2,5 | 7,3 | 4,1 |
| Shumen | 7 563 | 1 532 | 19 860 | 71 | 20,7 | 84,4 | 0,6 | 3,2 | 8,1 | 4,0 |
| Yambol | 733 | 950 | 14 264 | 46 | 22,4 | 83,9 | 1,3 | 2,4 | 8,5 | 4,2 |

# Healthcare

| District/Indicator | Number of hospitals (2012) | Number of beds in MPHAT per 1,000 people (2012) | Number of people per general practitioner (2012) | Number of people per specialist in Internal Medicine (2012) | Number of people per specialist in Cardiology (2012) | Infant mortality rate, ‰ (2012) | Number of people hospitalized in MPHAT per 1000 people (2012) | Health insured persons as share of population, % (2012) |
|---|---|---|---|---|---|---|---|---|
| Blagoevgrad | 12 | 2,8 | 1 604 | 6 975 | 11 883 | 2,3 | 198 | 86,1 |
| Burgas | 20 | 3,0 | 1 857 | 6 575 | 10 103 | 8,9 | 201 | 84,6 |
| Varna | 16 | 3,4 | 1 523 | 5 264 | 4 987 | 7,0 | 240 | 84,4 |
| Veliko Tarnovo | 12 | 3,2 | 1 424 | 6 889 | 9 804 | 6,5 | 204 | 83,3 |
| Vidin | 2 | 3,7 | 1 313 | 5 473 | 8 955 | 11,2 | 151 | 89,1 |
| Vratsa | 13 | 4,2 | 1 635 | 5 086 | 11 444 | 7,2 | 293 | 88,0 |
| Gabrovo | 8 | 4,8 | 1 312 | 5 027 | 6 703 | 8,0 | 267 | 93,5 |
| Dobrich | 7 | 3,2 | 1 309 | 10 401 | 9 854 | 11,2 | 148 | 85,4 |
| Kardzhali | 6 | 3,9 | 2 298 | 10 111 | 15 166 | 7,7 | 178 | 100,6 |
| Kyustendil | 5 | 4,8 | 1 424 | 5 821 | 8 368 | 7,9 | 285 | 91,3 |
| Lovech | 7 | 4,1 | 1 475 | 3 555 | 10 666 | 10,9 | 241 | 88,9 |
| Montana | 5 | 5,0 | 1 420 | 8 045 | 10 344 | 14,4 | 310 | 87,1 |
| Pazardzhik | 13 | 5,8 | 1 459 | 4 399 | 11 858 | 11,3 | 321 | 83,4 |
| Pernik | 3 | 2,2 | 1 525 | 4 097 | 32 777 | 6,3 | 140 | 88,3 |
| Pleven | 11 | 6,0 | 1 256 | 6 624 | 4 568 | 9,6 | 293 | 88,8 |
| Plovdiv | 32 | 5,7 | 1 333 | 5 396 | 5 665 | 8,1 | 411 | 87,7 |
| Razgrad | 3 | 4,4 | 2 083 | 6 827 | 20 481 | 13,1 | 205 | 90,0 |
| Ruse | 9 | 3,0 | 1 638 | 6 463 | 10 576 | 7,9 | 240 | 88,2 |
| Silistra | 3 | 3,8 | 1 841 | 9 063 | 19 636 | 7,8 | 167 | 85,6 |
| Sliven | 9 | 4,3 | 1 556 | 7 842 | 7 842 | 16,6 | 249 | 85,0 |
| Smolyan | 5 | 3,8 | 1 477 | 8 544 | 8 544 | 2,6 | 232 | 90,4 |
| Sofia (city) | 60 | 4,1 | 1 493 | 5 774 | 4 151 | 4,4 | 349 | 86,8 |
| Sofia | 16 | 4,7 | 1 438 | 5 962 | 6 790 | 4,8 | 297 | 85,4 |
| Stara Zagora | 16 | 4,1 | 1 291 | 4 790 | 7 032 | 7,7 | 253 | 89,7 |
| Targovishte | 5 | 4,8 | 2 057 | 9 178 | 19 886 | 9,1 | 270 | 86,9 |
| Haskovo | 11 | 3,1 | 1 508 | 7 358 | 10 117 | 8,7 | 190 | 87,5 |
| Shumen | 5 | 2,6 | 1 378 | 12 800 | 10 541 | 10,1 | 167 | 88,4 |
| Yambol | 4 | 3,1 | 1 319 | 7 184 | 6 806 | 11,9 | 191 | 89,8 |

# Environment

| District/Indicator | Emissions of carbon dioxide, tonnes per sq. km. of the territory (2011) | Household waste collected per capita of serviced population, kg/person/year (2011) | Share of population living in settlements with public sewerage systems, % (2011) | Share of the population with access to sewerage connected to waste water treatment plants, % (2011) | Quality of environment according to the population, rating 1 through 5 (2013) |
|---|---|---|---|---|---|
| Blagoevgrad | 21,6 | 314 | 77,70 | 26,3 | 3,8 |
| Burgas | 75,3 | 511 | 75,50 | 60,6 | 3,0 |
| Varna | 1 742,6 | 359 | 85,08 | 85,1 | 3,4 |
| Veliko Tarnovo | 157,2 | 398 | 66,23 | 43,9 | 3,4 |
| Vidin | 231,7* | 337 | 55,90 | 0,0 | 3,0 |
| Vratsa | 110,4* | 200 | 55,43 | 32,4 | 3,2 |
| Gabrovo | 41,1 | 539 | 84,97 | 66,6 | 3,5 |
| Dobrich | 20,2 | 421 | 69,43 | 69,4 | 3,3 |
| Kardzhali | 10,9 | 194 | 43,86 | 4,0 | 3,4 |
| Kyustendil | 739,8* | 461 | 75,23 | 60,3 | 3,8 |
| Lovech | 125,2 | 781 | 63,57 | 40,9 | 3,9 |
| Montana | 5,4 | 252 | 58,19 | 33,9 | 3,2 |
| Pazardzhik | 71,6 | 520 | 70,49 | 26,1 | 2,6 |
| Pernik | 297,8 | 1 404 | 78,94 | 74,0 | 2,4 |
| Pleven | 62,3 | 418 | 56,43 | 41,0 | 3,2 |
| Plovdiv | 141,6 | 357 | 78,20 | 54,1 | 3,2 |
| Razgrad | 41,2 | 309 | 41,89 | 41,9 | 3,6 |
| Ruse | 304,4* | 431 | 67,28 | 63,7 | 3,3 |
| Silistra | 23,9 | 322 | 51,79 | 0,6 | 3,6 |
| Sliven | 78,5* | 285 | 65,32 | 57,7 | 2,6 |
| Smolyan | 4,8 | 370 | 69,00 | 39,0 | 4,0 |
| Sofia (city) | 1238,9* | 238 | 95,60 | 95,5 | 3,6 |
| Sofia | 21,1 | 543 | 74,90 | 28,2 | 3,1 |
| Stara Zagora | 4 873,2 | 349 | 70,10 | 60,9 | 2,8 |
| Targovishte | 69,4* | 269 | 55,63 | 44,1 | 3,4 |
| Haskovo | 196,3 | 352 | 71,26 | 46,7 | 3,1 |
| Shumen | 29,5 | 268 | 58,69 | 44,8 | 3,1 |
| Yambol | 10,5 | 283 | 70,00 | 3,5 | 3,2 |

* The latest available data are from 2010.

# Social Environment

| District/Indicator | Number of registered crimes against the person and property (2012) | Useful floor living area in urban and rural dwellings, sq.m / perso (2011) | Relative share of population living in households with low work intensity, % (2010) | Relative share of population living in material deprivation, % (2010) | Relative share of people living below the district's poverty line, % (2010) | Life satisfaction, rating from 1 through 5 (2013) | Visits to the theatres, thousand (2012) | Visits to the cinemas, thousand (2012) |
|---|---|---|---|---|---|---|---|---|
| Blagoevgrad | 4 154 | 26,6 | 3,1 | 31,9 | 14,4 | 3,5 | 33,5 | 98,8 |
| Burgas | 8 283 | 34,7 | 6,0 | 41,0 | 19,8 | 3,2 | 116,6 | 228,5 |
| Varna | 8 727 | 28,7 | 8,7 | 46,4 | 24,4 | 3,4 | 84,6 | 525,1 |
| Veliko Tarnovo | 3 373 | 31,8 | 19,4 | 76,3 | 26,9 | 3,3 | 26,1 | 86,8 |
| Vidin | 1 373 | 39,9 | 23,7 | 52,1 | 36,2 | 3,2 | 27,6 | 0,0 |
| Vratsa | 3 406 | 31,7 | 10,3 | 37,0 | 16,9 | 3,2 | 37,4 | 1,5 |
| Gabrovo | 1 707 | 34,7 | 9,6 | 51,2 | 17,1 | 3,3 | 35,4 | 8,3 |
| Dobrich | 2 362 | 30,7 | 7,6 | 34,4 | 19,6 | 3,2 | 38,4 | 4,6 |
| Kardzhali | 906 | 32,2 | 3,8 | 38,6 | 16,6 | 2,9 | 28,9 | 0,0 |
| Kyustendil | 2 121 | 35,8 | 17,0 | 46,4 | 16,3 | 3,4 | 15,3 | 11,5 |
| Lovech | 1 506 | 36,2 | 10,6 | 72,2 | 18,0 | 3,2 | 20,5 | 0,0 |
| Montana | 2 039 | 34,1 | 22,2 | 28,5 | 17,7 | 3,4 | 7,2 | 0,0 |
| Pazardzhik | 2 652 | 26,8 | 14,4 | 54,8 | 23,7 | 3,3 | 23,4 | 0,0 |
| Pernik | 1 951 | 36,5 | 12,9 | 57,9 | 19,0 | 3,1 | 11,0 | 0,0 |
| Pleven | 4 200 | 30,0 | 12,4 | 43,5 | 19,5 | 3,3 | 33,3 | 48,9 |
| Plovdiv | 7 404 | 27,7 | 10,2 | 41,0 | 20,5 | 3,5 | 129,0 | 477,6 |
| Razgrad | 1 136 | 26,9 | 21,4 | 45,8 | 22,8 | 3,1 | 24,1 | 0,0 |
| Ruse | 2 851 | 27,2 | 5,2 | 35,4 | 18,5 | 3,1 | 103,4 | 175,3 |
| Silistra | 1 021 | 27,0 | 2,1 | 36,4 | 30,2 | 3,3 | 17,1 | 0,0 |
| Sliven | 2 815 | 26,4 | 14,0 | 43,8 | 23,6 | 2,9 | 60,7 | 4,0 |
| Smolyan | 566 | 32,6 | 11,2 | 33,4 | 21,3 | 3,3 | 0,0 | 0,0 |
| Sofia (city) | 24 269 | 26,0 | 4,3 | 29,1 | 18,8 | 3,3 | 780,0 | 2 355,2 |
| Sofia | 3 727 | 37,2 | 10,3 | 45,5 | 21,4 | 3,3 | 0,0 | 8,5 |
| Stara Zagora | 5 012 | 29,1 | 13,4 | 60,3 | 26,9 | 3,1 | 105,4 | 194,3 |
| Targovishte | 1 144 | 29,5 | 21,6 | 57,4 | 17,3 | 3,3 | 44,5 | 2,9 |
| Haskovo | 2 514 | 29,8 | 18,9 | 50,9 | 17,2 | 3,2 | 51,1 | 16,7 |
| Shumen | 1 916 | 26,5 | 13,8 | 48,3 | 21,0 | 3,3 | 31,5 | 0,0 |
| Yambol | 1 620 | 29,2 | 7,4 | 58,8 | 24,4 | 3,1 | 35,9 | 7,9 |

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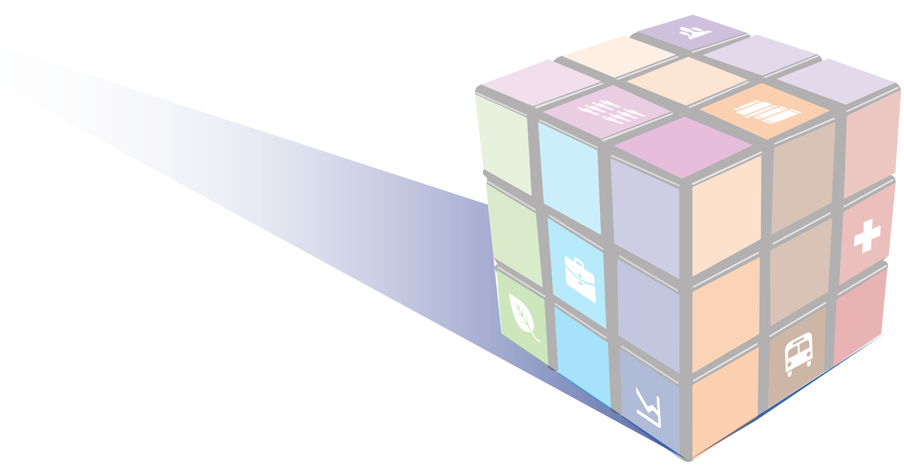

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