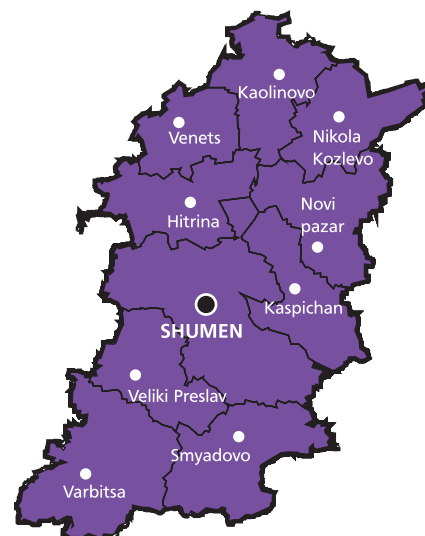


# Shumen

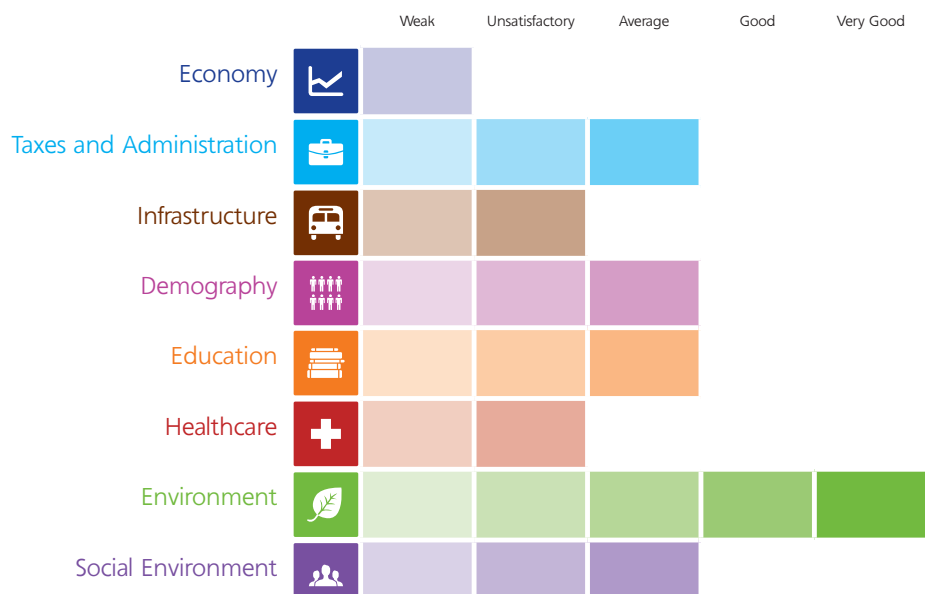
Population (2012)	179 201
Area (sq. km)	3 389,7
Number of settlements	152
Share of urban population (%)	62,7



## 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 pulmonology 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