



Analysis of the Process of Regionalisation and Regional Socio-Economic Development in the Republic of Bulgaria

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Abstract: *Users of European statistical data have expressed their objective need for harmonization of the statistical methods and approaches in order to enable the provision of comparable analytical data for the entire European Union (EU). With the accession of Bulgaria as an EU member country, the systematization of the country's regions is implemented on the basis of the adopted thresholds for territorial classification of the European Union, by introducing a three-level regionalization (zoning), in agreement with the criteria of the territorial units NUTS level 1, NUTS level 2 and NUTS level 3. From this perspective, the paper focuses exclusively on key economic indicators at NUTS level 2 on the territory of the Republic of Bulgaria, more particularly on the gross domestic product per capita, employment and unemployment rates, level of socioeconomic activities by country's regions, and reveals, in conclusion, the pronounced imbalances in the development of individual regions.*

1. INTRODUCTION

Regional statistics are the cornerstone of the European Union's statistical system and provide the sound basis for comparability of the key indices and indicators among the member countries of the Community. Users of European statistical data have expressed their objective need for harmonization of the statistical methods and approaches in order to enable the provision of comparable analytical data for the entire European Union (EU). In an effort to facilitate the acquisition, analysis and publication of harmonised regional statistics, the EU has introduced a common classification of territorial units for statistical purposes (NUTS). The legal framework governing the classification of the territorial units was established by Regulation (EC) № 1059/2003 of the European Parliament and the Council of the EU as of May 2003 and ensures the stability of the regional statistics over time.

With the accession of Bulgaria to the EU, the systematization of the country's regions is implemented on the basis of the adopted European classification of territorial units through the introduction of a three-level regionalization (zoning) in agreement with the applied criteria of the territorial units NUTS level 1, NUTS level 2 and NUTS level 3. The main document governing the process of regionalisation in the Republic of Bulgaria was the Regulation (EC) № 176/2008 of the European Parliament. At the national level, the territorial boundaries of the country's regions are regulated under the Regional Development and Public Works Act of the Republic of Bulgaria.

Determining the regional boundaries of the Community member countries, particularly in Bulgaria, is of utmost importance not only for the comparability of data from the statistical database analyses but also for their proper European funding. The level of the socio-economic development and the standard of living in the regions of the individual countries defines their access to the financial resources of the European cohesion² funds.

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² The Cohesion Fund, established in 1994, provides funding for projects mainly in the field of the environment, as well as in areas related to sustainable development and energy, which imply benefits not only for the envi-

The Cohesion Policy of the European Union identifies three levels of access, i.e. classifies three types of regions, which for the 2014-2020 programming period are as follows:

- regions with gross domestic product (GDP) per capita and purchasing power standard (PPS) below 75 % of the EU average;
- regions with GDP per capita and purchasing power standard between 75 and 90 % of the EU average;
- regions with GDP per capita and purchasing power standard above 90 % of the EU average.

The highest level of access to the European Cohesion Funds is granted to the first level NUTS regions.

2. REGIONALIZATION IN THE REPUBLIC OF BULGARIA CONSISTENT WITH THE EUROPEAN UNION CLASSIFICATION OF TERRITORIAL UNITS FOR STATISTICAL PURPOSES

According to the adopted EU nomenclature of territorial units for statistical purposes (NUTS), the territory of Bulgaria is divided into three levels, namely: NUTS level 1 with two zones (regions), NUTS level 2, covering six planning regions and NUTS level 3 with twenty-eight districts (see Table 1 and Figures 1 and 2).

Table 1. Subdivisions of NUTS levels 1,2 and 3 on the territory of the Republic of Bulgaria

Level	Subdivisions	Number
NUTS 1	Zones (regions)	2
NUTS 2	Planning regions	6
NUTS 3	Districts	28

Source: Regulation (EC № 176/2008 of the European Parliament and the Council of the EU (2008)

The two zones established at NUTS level 1, as well as the six planning regions at NUTS level 2, do not constitute administrative territorial units and serve mainly for the purposes of statistical analysis. Their establishment is intended primarily for statistical reporting data of the territorial units in accordance with the requirements of the European Commission and the Statistical Office of the European Union - Eurostat. The regions of the third hierarchical NUTS level 3 correspond to the 28th districts on the territory of Bulgaria. The territorial scope of the zones (regions), forming NUTS level 1 for the Republic of Bulgaria is presented in Figure 1.

In agreement with Regulation (EC) 176/2008 of the European Parliament and Order № RD 07-24/17.01.2013 of the National Statistical Institute (NSI) of the Republic of Bulgaria, as well as demographic and economic factors, the territorial scope of the six planning regions in the Republic of Bulgaria at NUTS level 2 covers:

- (1) *the Northwestern region* – with the districts of Vidin, Vratsa, Lovech, Montana and Pleven;
- (2) *the North Central region* – with the districts of Veliko Tarnovo, Gabrovo, Razgrad, Ruse and Silistra;
- (3) *the Northeastern region* – with the districts of Varna, Dobrich, Targovishte and Shumen;
- (4) *the Southeastern region* – with the districts of Burgas, Sliven, Stara Zagora and Yambol;

ronment but also for the development of trans-European networks related to transport infrastructure, technical assistance, etc. in the member countries whose gross national income per capita is less than 90 % of the EU average. For the 2014—2020 programming period, the Cohesion Fund provided funding for 15 member countries: Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.

- (5) *the South-western region* – with the districts of Blagoevgrad, Kyustendil, Pernik, Sofia district and Sofia city;
- (6) *the South-central region* - with the districts of Kardzhali, Pazardzhik, Plovdiv, Smolyan and Haskovo.

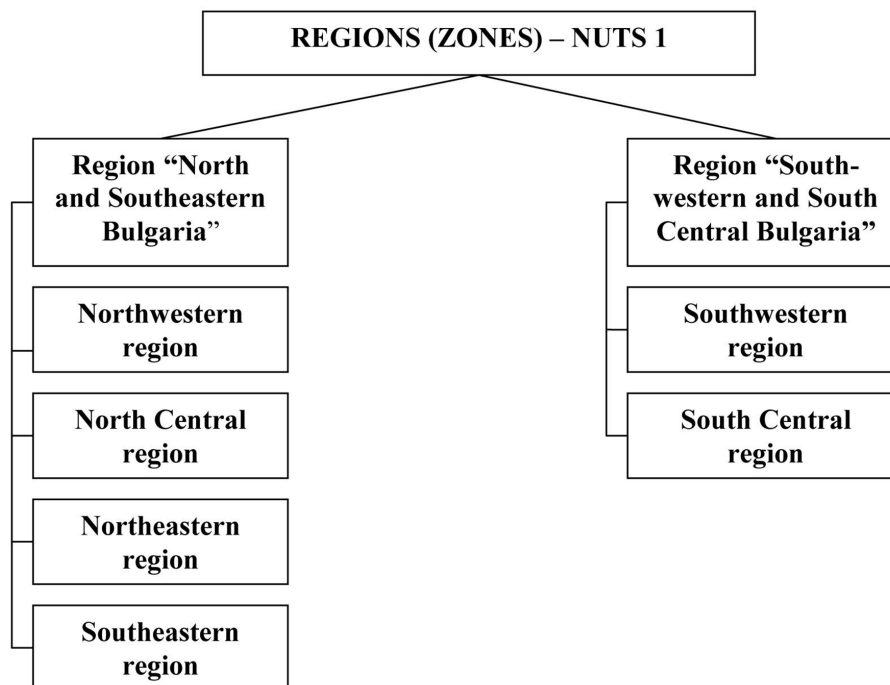


Figure 1. Territorial scope of the regional structure at NUTS level 1 and 2 in the Republic of Bulgaria

Source: Order № RD 07-24/17.01.2013 NSI. Republic of Bulgaria. SG No.13, (2013a)

The regions comprising NUTS level 2, constitute administrative territorial units covering the territory of the individual districts in the Republic of Bulgaria as specified by NUTS level 3. The regional structure at NUTS levels 2 and 3 is illustrated in Figure 2.

The administrative-territorial units at these levels are the result of the division of the country’s territory into regions, allowing for decentralized governance through local self-government bodies of authority. Accordingly, the regions at the respective levels are also viewed as a territorial basis for the implementation of the country’s policy for regional (local) development. In determining the scope of the regions, regulatory factors and some additional considerations are also taken into account, which are to ensure the planning and implementation of strategically oriented regional development programmes, relative to the specific advantages and the likely potential of the territorial units.

As regards the implementation of strategically oriented regional development programmes, in the country’s process of regionalization, fully considered were not only the normative threshold values of population density but also some further criteria and characteristics such as (Dokova, 2015, p. 71):

- the geographical characteristics of the districts, so as to bring together and consolidate the districts with similar geographical features and potential into a given territorial unit (planning region);
- the firmly established traditional economic, cultural and educational links between the individual (mostly neighbouring) districts;

- the integrating functions and possible effects of the European transport corridors, passing through the territory of Bulgaria as a factor of economic and social development;
- the role of large urban centres, as well as small and medium-sized cities, in the pursuit of strategies for integrated regional and local development;
- the territorial organisation of health and education-related services as a factor for improved quality of the regional environment and their increased competitiveness;
- the specific nature of the environment, as well as the conditions critical for the adoption of a more integrated approach to environmental protection to help create the essential pre-requisites for more sustainable development.

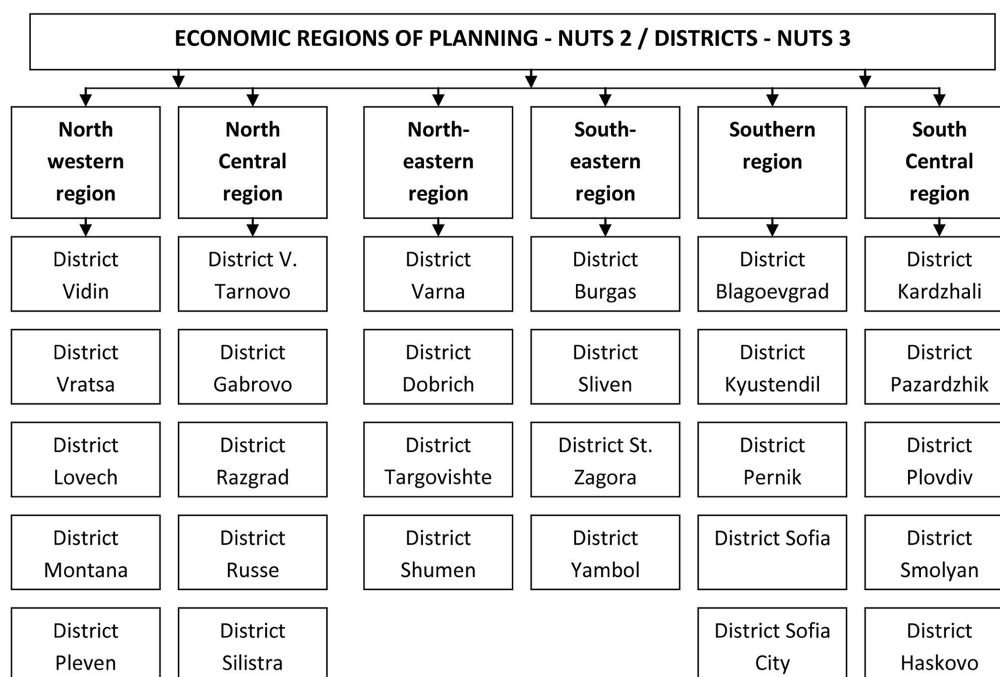


Figure 2. Territorial scope of the planning regions at the NUTS level 2 and the districts at the NUTS level 3 in the Republic of Bulgaria

Source: Order № RD 07-24/17.01.2013 NSI. Republic of Bulgaria. SG, No. 13, (2013b)

The analysis of the regional development process should address the distinctive advantages of bigger cities having the potential to implement activities requiring better educated and highly skilled workers and restricting the activities for low-skilled employees. Small settlements, including the Bulgarian villages, have the opportunity to form the so-called local initiative groups (LIG), through which to initiate their own projects, contributing to the improvement of their socio-economic, cultural and educational development, diversification of economic activities designed to stimulate employment and subsequent income growth of the local population.

Exemplar programmes as to the undertaking of regional initiatives for the benefit of the local communities funded by the European Structural Funds are, for instance: 1) The programme «Regional development, 2007-2013»; 2) The Programme «Regions in Growth, 2014-2020» 3) The procedure «Development of tourist attractions» with immovable cultural heritage assets, state property; 4) The procedure «Culture and sports in school» through the priority axis «Regional educational infrastructure», et al.

3. REGIONAL DIFFERENCES IN THE SOCIO-ECONOMIC DEVELOPMENT OF THE REGIONS IN THE REPUBLIC OF BULGARIA

According to Dokova, (2015), “The statistical data shows that Bulgaria has embarked on the process of transition to a market economy with relatively insignificant regional disparities compared to the other EU member countries and potential candidate countries. Regardless of the different dynamics of the regional development during that period, the higher economic growth of the Southwestern region (including the capital Sofia) is clearly differentiated, and observed readily is the fact that the differences between the other regions are substantially smaller. No other country has demonstrated such convergence at NUTS level 2, which would be a definite advantage of the country’s regional development at a higher level of development” (p. 71).

Nevertheless, despite the foregoing, there exist pronounced imbalances in some regions at NUTS level 2, on the territory of Bulgaria, in terms of their socio-economic development, related to the growth of productivity, the structure of the economy, the effectiveness of the social and economic activities at the local scale, etc. This is also reflected in the extremely low degree of development of the Northern part of the country as against the southern part of Bulgaria. The established imbalance in the development of Northern and Southern Bulgaria is mainly due to the negative demographic trends that affected the labour market in an adverse way, the feeble business activity, underdeveloped transport infrastructure, unfavourable structure of regional economies in the North of the country, as well as the lack of interaction between neighbouring (close) regions, as opposed to the initiatives for inter-municipal and inter-regional cooperation in the Southern part of Bulgaria.

Bulgaria’s intraregional differences depend largely on the presence of bigger urban centres where production, services, education, science and cultural life are brought together. The country’s major cities (approximately five in number) have been developing as dynamic centres with a profound impact on the emergence of agglomeration territories³. Such are the territories around the cities of Sofia, Plovdiv, Varna, Burgas and Russe.

Compared to the average level of economic development of EU member countries (28), gross domestic product (GDP) per capita, as well as the income of the population of Bulgaria are significantly lower than those of the developed European countries. According to data from the National Statistical Institute of the Republic of Bulgaria, for the 2015-2019 period, Bulgaria consistently occupies the last position in terms of that indicator. For the 2015-2019 period, GDP per capita of the country is respectively: 47% of the EU average level (28) for 2015; 48% of the average level in the EU (28) for 2016; 50% of the EU average (28) for 2017, 51% of the average level in the EU (28) in 2018 and 53% of the 2019 average (see Figure 3).

The gross domestic product per capita of the country one year after its accession to the EU – as of 2008 is 43% of the EU average (28), which is indicative of an extremely slow growth rate in the surveyed indicator over a period of 12 years.

Of the Bulgarian regions at NUTS level 2, according to Eurostat data, with the highest GDP per capita (in PPS)⁴ as of 2019 is the South-West Region, but even for this region the GDP per

³ Agglomerations in urban planning are settlement formations that arise as a result of connecting large cities and smaller settlements located around them in a common urbanized territory.

⁴ The Purchasing Power Standards (PPS) or Purchasing Power Parity (PPS) indicator is a de facto artificial currency that eliminates differences in price levels between countries. Thus, an equal quantity of goods and services is bought with one unit of PPS in all member countries of the Community.

person is below 75 % of the EU average (28). Located in the Southwestern region is the capital of Bulgaria, with a great concentration of significant amount of social, economic, cultural and educational activities, providing better opportunities for business, employment and living opportunities for approximately 1.5 million people of the population of the country. The latter is also confirmed by the NSI data for 2020, reporting an average unemployment rate 3,6% for the Southwestern region, and as for the capital – Sofia city that coefficient being 0,8%, which is the lowest for the country. The North-West Planning Region is reported to have the lowest employment rate and an unemployment rate of 13,2%.

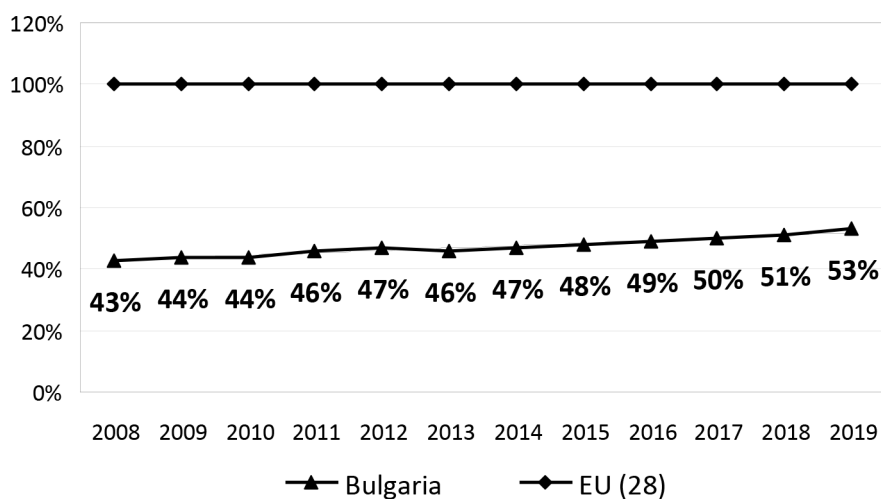


Figure 3. GDP per capita of the Republic of Bulgaria in purchasing power standards relative to the EU average (28)

Source: National Statistical Institute. Republic of Bulgaria, (2021)

The needs of the regions in Bulgaria are related to the implementation of such activities that will result in increased direct investment and improved regional competitiveness, as each of the regions in the country is defined as lagging behind compared to the regions of the leading member countries of the Community. Improving the competitiveness, socio-economic level, as well as the quality of life of the population and bringing it closer to the standard of developed European regions requires regional policies to be oriented towards economic sectors and industries with high added value, to activities related to research development, technological transfer, product development, organisational, technological innovation, etc.

4. CONCLUSION

In conclusion, the characteristic features established in the social and economic development of the regions of Bulgaria presuppose the following set of inferences:

1. The statistical data analysis of the indicators for the gross domestic product and gross value added at regional level, distinguishes the Southwestern Planning Region, within which is located the capital of Bulgaria, and whose GDP average per capita for 2019 is 68 % above the national average, as the region with the best socio-economic indicators. At the opposite extreme, the poorest region that might be set apart both on the territory of Bulgaria and on the territory of the EU is the Northwestern region, with an average GDP per capita of BGN 10 477, which is 39 % lower than the average value of the indicator for Bulgaria and is only 26% of the average value of the indicator for the regions in the European Community.

2. Observed is a heterogeneous dynamics of employment in the different districts and regions on the territory of the country. The unemployment rate in the least socially developed Northwestern Planning District by 2020 was 13,2% with the average rate for the country being – 5,2. Against the background of weak economic employment in the Northwestern Region, it is the Southwestern region again, that is perceived as the region with the highest level of employment, and with an average unemployment rate of 1,6 points lower than the national average and 9,6 points lower than the most underdeveloped region on the territory of Bulgaria.

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