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REGIONAL ECONOMIC AND SOCIAL INEQUALITIES IN BULGARIA

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Abstract

Following the legislative changes in Bulgaria undertaken after its accession to the European Union, its territory was divided into six statistical regions. The main priority of the regional development strategies is the elimination of regional disparities in the country. However, more than ten years after the territorial changes, the disparities between the regions have not only not disappeared, but are deepening. In recent years, a highly developed region (Southwest) and a region with very deteriorating indicators (Northwest) stand out. This report is an attempt to highlight regional economic and social inequalities, using both well-established economic indicators and those that reflect the social well-being of the population.

Keywords

Inequalities - Poverty - Regional disparities

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Introduction

The main reason for economic and social inequality is the process of concentrating economic activity in places that have competitive advantages. Among these advantages in the *new economic geography* are primary factors (richness of natural resources, favorable geographical location) and secondary factors (agglomeration effect, quality of human capital, better investment and institutional environment), related to the activities of the state and society.

Economic and social cohesion through regional policy, enshrined in the 1992 Maastricht Treaty, is one of the foundations of the European Union. Regional policy reduces structural inequalities between regions and Member States of the Community through various programs funded by the European Regional Development Fund, the European Social Fund and the Cohesion Fund. All regions face the need to restructure, modernize and promote the continued implementation of knowledge-based innovations to meet the challenge of globalization. That is why reducing economic, social and territorial imbalances in the next ten years is one of the main goals set out in the fundamental strategic document for the implementation of regional policy in the EU for the period up to 2030.

In order to keep up with the requirements of the EU's territorial policy, the regions in Bulgaria should be considered not only as a statistical source of information, but also as the main conduit for the implementation of European policies. In an attempt to do so, at the end of the past European programming period, schemes for Spatial Development of Level 2 regions for the period 2021-2027 were developed in accordance with the National Spatial Development Concept for the period 2013-2025 based on the prepared Socio-economic analysis of the regions in the Republic of Bulgaria (2019). The main goal is to assess the development trends and to formulate conclusions, recommendations and measures for overcoming the discrepancies and to formulate conclusions, recommendations and measures for measures for overcoming the discrepancies. problems.

The national policy for long-term regional development of Bulgaria aims to ensure balanced socio-economic development of the regions and is one of the priority tasks of the state. The modern economic national space is characterized by significant imbalances in the internal territorial context. The economic integration of the regions and their balanced economically homogeneous development is impossible without regular differentiation on such key parameters as GDP per capita, economic activity, unemployment, dynamics of average gross wages, levels of foreign direct investment and others. Despite the implementation of a number of regional policies, the asymmetry in regional development is increasing.

Today, the great economic and social inequality between the statistical regions and districts in Bulgaria is becoming an independent factor holding back the development of production. In addition, in the long run, economic growth rates have also been negatively affected. On the one hand, inequality is a catalyst for economic development. On the other hand, the excessive depth of economic inequality acts as a barrier to interregional investment flows. In this case, the capital "stagnates" in the developed administrative-territorial units, their economic separation from the depressed territories increases. Practice shows that with the increase of inequality between rich and poor regions, the opportunities for inter-district capital flows decrease. Accordingly, the market mechanism for ensuring uniform development on the territory of the country is violated and the state intervention is updated.

Given the fact that economic inequality in regions is inevitable, we can assume and look for some maximum (optimal) level of this inequality, the excess of which will negatively affect economic growth¹. The National Statistical Institute² has identified several topics related to inequalities. The topic of socio-economic development is linked to the social and economic dimensions of sustainable development, as well as the link between sustainable development and the Lisbon Strategy, which aims to achieve sustainable economic growth and ensure more, better and more competitive work places. The topic of social inclusion is important at European level, as the measurement of poverty and social exclusion are closely linked to the standard of living and well-being of the population. This is also codified in the *National Strategy for Poverty Reduction and Promotion of Social Inclusion*³, which states: "Poverty and social exclusion are complex phenomena with many manifestations. They affect not only people's income and financial situation, but also their ability to actively participate in society."

In order to bring out the inequalities in the country, by regions and where possible – by districts, those factors and indicators that form the image of the national economy are considered. For the analysis of economic development in national aspect the indicators are summarized in the following groups at national and regional level: GDP; rate of change of GDP, labor force and coefficient of economic activity of the population; unemployment rate; average salary; foreign investment. To measure the social inequality of the population for the country as a whole and by regions, the following indicators are presented: poverty line and share of the population living with material deprivation. The HDI (Human Development Index), used by UNDP as a key measure of quality of life and human wellbeing, is presented as a separate indicator.

Results of the study

An important clarification is that the adopted indicators for analyzing inequalities can be reduced or enriched in order to more adequately compare the data and depend on the context of the study, personal preferences of the authors and the availability of current statistics.

An important macroeconomic indicator is *gross domestic product*, the absolute values of which are presented (*see Table 1*) for a period of three years. The choice of this economic category is due to the fact that the gross product has a clear regional reference (by statistical regions and districts) as a result of the economic activity of economic entities in different territories.

	2017		2018		2019	
Statistical regions and districts	GDP	GDP per capita	GDP	GDP per capita	GDP	GDP per capita
Total	102 345	14 464	109 743	15 622	119 772	17 170
Northwest	6 904	9 051	7 678	10 249	7 703	10 477
Vidin	650	7 392	681	7 929	7 32	8 734

¹ Eric Marlier and A. B. Atkinson, "Indicators of poverty and social exclusion in a global context", Journal of Policy Analysis and Management, Vol: 29 num 2 (2010): 285-304. https://doi.org/10.1002/pam.20492

² https://www.nsi.bg/en

³ National Strategy For Reducing Poverty And Promoting Social Inclusion 2020, Republic of Bulgaria.

Vratsa	1 978	11 831	2 465	15 025	2 138	13 278
Lovech	1 165	9 093	1 216	9 657	1 272	10 284
Montana	1 171	8 776	1 183	9 037	1 222	9 522
Pleven	1 941	7 883	2 132	8 799	2 339	9 813
North Central	7 897	9 869	8 416	10 659	8 913	11 445
Veliko Tarnovo	2 234	9 283	2 478	10 439	2 592	11 071
Gabrovo	1 387	12 460	1 478	13 516	1 553	14 444
Razgrad	1 030	8 987	1 097	9 713	1 162	10 416
Ruse	2 495	11 218	2 590	11 775	2 772	12 771
Silistra	751	6 754	773	7 032	835	7 687
Northeast	10 797	11 529	11 653	12 511	12 337	13 309
Varna	6 633	14 042	7 304	15 486	7 689	16 340
Dobrich	1 598	9 014	1 606	9 180	1 730	10 009
Targovishte	1 021	9 029	1 119	9 986	1 165	10 470
Shumen	1 545	8 892	1 623	9 401	1 754	10 177
Southeast	13 202	12 660	13 251	12 792	13 336	12 971
Burgas	5 156	12 511	5 174	12 591	5 507	13 437
Sliven	1337	7 072	1 425	7 604	1 506	8 130
Stara Zagora	5 617	17 541	5 490	17 281	5 125	16 276
Yambol	1 091	8 992	1 161	9 698	1 198	10 142
Southwest	49 214	23 304	53 205	25 272	60 534	28 850
Blagoevgrad	2 736	8 851	2 986	9 741	3 139	10 329
Kyustendil	1 016	8 306	1 115	9 289	1 117	9 468
Pernik	965	7 837	1 114	9 157	1 123	9 356
Sofia	3 686	15 829	3 607	15 661	3 873	16 998
Sofia (capital)	40 812	30 812	44 383	33 452	51 282	38 603
South central	14 331	10 080	15 542	10 992	16 949	12 034
Kardzhali	1 135	7515	1 288	8 476	1 494	9 606
Pazardzhik	2 127	8 199	2 366	9 217	2 532	9 965
Plovdiv	8 151	12 153	8 796	13 147	9 653	14 460
Smolyan	1 084	10 008	1 128	10 602	1 220	11 681
Haskovo	1 834	7 894	1 964	8 548	2 049	9 036

Source: NSI

Table 1

GDP by statistical regions and districts

The observed for the country increase in the value of the indicator both in absolute terms and in terms of the value of GDP per capita is 17.03% and 18.71% respectively for the period between 2017 and 2019 (see Table 2). The interregional differences of the regions on both indicators fluctuate within large limits – the share of the GDP of the Northwest region is 6.43%, while that of the Southwest region is 50.5% (over eight times).

There is a difference, although less in times, between the Southwest and the other regions of level 2. There is a huge difference in the GDP indicator in the constituent districts in the regions. In most cases, one or two districts of a region are ahead of the other constituent districts, with the most striking difference being in the Southwest region, where Sofia district (capital) generates 84.7% of the region's GDP.

Regions/Districts	Change of GDP	Change of GDP per capita
Total	17,03%	18,71%
Northwest	11,57%	15,76%
Vidin	12,62%	18,15%
Vratsa	8,09%	12,23%
Lovech	9,18%	13,10%
Montana	4,36%	8,50%
Pleven	20,50%	24,48%
North Central	12,87%	15,97%
Veliko Tarnovo	16,03%	19,26%
Gabrovo	11,97%	15,92%
Razgrad	12,82%	15,90%
Ruse	11,10%	13,84%
Silistra	11,19%	13,81%
Northeast	14,26%	15,44%
Varna	15,92%	16,37%
Dobrich	8,26%	11,04%
Targovishte	14,10%	15,96%
Shumen	13,53%	14,45%
Southeast	1,01%	2,46%
Burgas	6,81%	7,40%
Sliven	12,64%	14,96%
Stara Zagora	-8,76%	-7,21%
Yambol	9,81%	12,79%
Southwest	23,00%	23,80%
Blagoevgrad	14,73%	16,70%
Kyustendil	9,94%	13,99%
Pernik	16,37%	19,38%
Sofia	5,07%	7,39%
Sofia (capital)	25,65%	25,29%
South central	18,27%	19,38%
Kardzhali	31,63%	27,82%
Pazardzhik	19,04%	21,54%
Plovdiv	18,43%	18,98%
Smolyan	12,55%	16,72%
Haskovo	11,72%	14,47%
Source: NSI		

Table 2 Rate of change of GDP and GDP per capita by regions and districts for the period 2019-2017 (in%)

In choosing to identify the territorial unit in terms of which the uneven distribution of gross product will be assessed, in our opinion, preference should be given not only to individual regions but also to administrative-territorial units (districts and municipalities). The following arguments can be made in favor of this choice. First, the districts and the municipalities are the main administrative-territorial units, and their analysis makes it possible to move from analytical conclusions to practical recommendations for management. The second positive aspect of the use of administrative-territorial units is the stability of the received estimates for the economic inequality of the territories compared to the policy of consolidation of the regions. In this way, the expanded format of territorial inequality is more correct and useful for further applied use of the obtained results.

The main factor increasing the risk of falling into the group of the poor for the majority of the population is their economic activity and their participation in the labor market. Traditionally, the relative share of the poor is the highest among the unemployed, so the relationship between activity, unemployment and poverty is expressed and confirmed by a comprehensive examination of the three indicators. An important clarification needs to be made about the rising economic activity rate and declining unemployment (positive phenomena) – the continuing decline in the working age population and the aging of the workforce are and will continue to have an adverse effect on the labor market. They determine the ever-decreasing supply of labor and the contraction of employment. In this regard, declining unemployment is more the effect of shrinking markets than targeted government policies. Confirmation of this is a review of the labor force and its absolute dimension up to 3,290.3 thousand people in 2020 (while in 2007 it was 3,492.8 thousand people). The regional cut of the labor force and the economic activity of the population in 2020 shows serious inequalities (see Table 3).

Total 3 290,3 55,5 Northwest 301,6 48,3 Vidin 34,0 47,2 Viratsa 63,7 46,8 Lovech 50,4 47,7 Montana 53,0 48,6 Pleven 100,6 49,9 North Central 363,9 54,4 Veliko Tarnovo 119,4 59,4 Gabrovo 47,4 50,5 Razgrad 49,8 52,3 Ruse 102,9 55,1 Silistra 44,4 48,1 Northeast 436,3 55,5 Varna 224,9 56,6 Dobrich 78,3 53,4 Targovishte 46,6 49,5 Shurmen 86,4 58,3 Southeast 464,0 54,1 Burgas 183,5 53,9 Stara Zagora 149,4 56,3 Yambol 50,8 51,1 Southwest 1079,2 60,4 <th>Regions / Districts</th> <th>Labor force</th> <th>Coefficients of economic activity (%)</th>	Regions / Districts	Labor force	Coefficients of economic activity (%)
Northwest 301,6 48,3 Vidin 34,0 47,2 Vratsa 63,7 46,8 Lovech 50,4 47,7 Montana 53,0 48,6 Pleven 100,6 49,9 North Central 363,9 54,4 Veliko Tarnovo 119,4 59,4 Gabrovo 47,4 50,5 Razgrad 49,8 52,3 Ruse 102,9 55,1 Silistra 44,4 48,1 Northeast 436,3 55,5 Varna 224,9 56,6 Dobrich 78,3 53,4 Targovishte 46,6 49,5 Shumen 86,4 58,3 Southeast 464,0 54,1 Burgas 183,5 53,3 Silven 80,3 53,9 Stara Zagora 149,4 56,3 Yambol 50,8 51,1 Southeest 1079,2 60,4	Total	3 290,3	55,5
Vidin 34,0 47,2 Vratsa 63,7 46,8 Lovech 50,4 47,7 Montana 53,0 48,6 Pleven 100,6 49,9 North Central 363,9 54,4 Veliko Tarnovo 119,4 59,4 Gabrovo 47,4 50,5 Razgrad 49,8 52,3 Ruse 102,9 55,1 Silistra 44,4 48,1 Northeast 436,3 55,5 Varna 224,9 56,6 Dobrich 78,3 53,4 Targovishte 46,6 49,5 Shumen 86,4 58,3 Southeast 464,0 54,1 Burgas 183,5 53,3 Silven 80,3 53,9 Stara Zagora 149,4 56,3 Yambol 50,8 51,1 Southwest 1079,2 60,4 Blagoevgrad 155,4 60,3	Northwest	301,6	48,3
Vratsa 63,7 46,8 Lovech 50,4 47,7 Montana 53,0 48,6 Pleven 100,6 49,9 North Central 363,9 54,4 Veliko Tarnovo 119,4 59,4 Gabrovo 47,4 50,5 Razgrad 49,8 52,3 Ruse 102,9 55,1 Silistra 44,4 48,1 Northeast 436,3 55,5 Varna 224,9 56,6 Dobrich 78,3 53,4 Targovishte 46,6 49,5 Shumen 86,4 58,3 Southeast 464,0 54,1 Burgas 183,5 53,3 Sliven 80,3 53,9 Stara Zagora 149,4 56,3 Yambol 50,8 51,1 Southeest 1079,2 60,4 Blagoevgrad 155,4 60,3 Kyustendil 49,9 48,9	Vidin	34,0	47,2
Lovech 50,4 47,7 Montana 53,0 48,6 Pleven 100,6 49,9 North Central 363,9 54,4 Veliko Tarnovo 119,4 59,4 Gabrovo 47,4 50,5 Razgrad 49,8 52,3 Ruse 102,9 55,1 Silistra 44,4 48,1 Northeast 436,3 55,5 Varna 224,9 56,6 Dobrich 78,3 53,4 Targovishte 46,6 49,5 Shumen 86,4 58,3 Southeast 464,0 54,1 Burgas 183,5 53,3 Sliven 80,3 53,9 Stara Zagora 149,4 56,3 Yambol 50,8 51,1 Southwest 1079,2 60,4 Blagoevgrad 155,4 60,3 Kyustendil 49,9 48,9 Pernik 58,9 55,5	Vratsa	63,7	46,8
Montana 53,0 48,6 Pleven 100,6 49,9 North Central 363,9 54,4 Veliko Tarnovo 119,4 59,4 Gabrovo 47,4 50,5 Razgrad 49,8 52,3 Ruse 102,9 55,1 Silistra 44,4 48,1 Northeast 436,3 55,5 Varna 224,9 56,6 Dobrich 78,3 53,4 Targovishte 46,6 49,5 Shumen 86,4 58,3 Southeast 464,0 54,1 Burgas 183,5 53,3 Silven 80,3 53,9 Stara Zagora 149,4 56,3 Yambol 50,8 51,1 Southwest 1079,2 60,4 Blagoevgrad 155,4 60,3 Kyustendil 49,9 48,9 Pernik 58,9 55,9 Sofia 118,8 58,7	Lovech	50,4	47,7
Pleven 100,6 49,9 North Central 363,9 54,4 Veliko Tarnovo 119,4 59,4 Gabrovo 47,4 50,5 Razgrad 49,8 52,3 Ruse 102,9 55,1 Silistra 44,4 48,1 Northeast 436,3 55,5 Varna 224,9 56,6 Dobrich 78,3 53,4 Targovishte 46,6 49,5 Shumen 86,4 58,3 Southeast 464,0 54,1 Burgas 183,5 53,3 Silven 80,3 53,9 Stara Zagora 149,4 56,3 Yambol 50,8 51,1 Southwest 1079,2 60,4 Blagoeygrad 155,4 60,3 Yyambol 58,9 55,9 Sofia 118,8 58,7 Sofia 118,8 58,7 Sofia 118,8 58,7 <td>Montana</td> <td>53,0</td> <td>48,6</td>	Montana	53,0	48,6
North Central 363,9 54,4 Veliko Tarnovo 119,4 59,4 Gabrovo 47,4 50,5 Razgrad 49,8 52,3 Ruse 102,9 55,1 Silistra 44,4 48,1 Northeast 436,3 55,5 Varna 224,9 56,6 Dobrich 78,3 53,4 Targovishte 46,6 49,5 Shumen 86,4 58,3 Southeast 464,0 54,1 Burgas 183,5 53,3 Sliven 80,3 53,9 Stara Zagora 149,4 56,3 Yambol 50,8 51,1 Southwest 1079,2 60,4 Blagoevgrad 155,4 60,3 Kyustendil 49,9 48,9 Pernik 58,9 55,9 Sofia 118,8 58,7 Sofia 118,8 58,7 Sofia 645,4 53,8 </td <td>Pleven</td> <td>100,6</td> <td>49,9</td>	Pleven	100,6	49,9
Veliko Tarnovo 119,4 59,4 Gabrovo 47,4 50,5 Razgrad 49,8 52,3 Ruse 102,9 55,1 Silistra 44,4 48,1 Northeast 436,3 55,5 Varna 224,9 56,6 Dobrich 78,3 53,4 Targovishte 46,6 49,5 Shumen 86,4 58,3 Southeast 464,0 54,1 Burgas 183,5 53,3 Sliven 80,3 53,9 Stara Zagora 149,4 56,3 Yambol 50,8 51,1 Southwest 1079,2 60,4 Blagoevgrad 155,4 60,3 Kyustendil 49,9 48,9 Pernik 58,9 55,9 Sofia 118,8 58,7 Sofia (capital) 696,3 62,2 Southwest 107,7 55,5 Sona 50,1 55	North Central	363,9	54,4
Gabrovo 47,4 50,5 Razgrad 49,8 52,3 Ruse 102,9 55,1 Silistra 44,4 48,1 Northeast 436,3 55,5 Varna 224,9 56,6 Dobrich 78,3 53,4 Targovishte 46,6 49,5 Shumen 86,4 58,3 Southeast 464,0 54,1 Burgas 183,5 53,3 Silven 80,3 53,9 Stara Zagora 149,4 56,3 Yambol 50,8 51,1 Southwest 1079,2 60,4 Blagoevgrad 155,4 60,3 Kyustendil 49,9 48,9 Pernik 58,9 55,9 Sofia 118,8 58,7 Sofia 118,8 58,7 Sofia (capital) 696,3 62,2 South central 645,4 53,8 Kardzhali 65,9 48	Veliko Tarnovo	119,4	59,4
Razgrad 49,8 52,3 Ruse 102,9 55,1 Silistra 44,4 48,1 Northeast 436,3 55,5 Varna 224,9 56,6 Dobrich 78,3 53,4 Targovishte 46,6 49,5 Shumen 86,4 58,3 Southeast 464,0 54,1 Burgas 183,5 53,3 Silven 80,3 53,9 Stara Zagora 149,4 56,3 Yambol 50,8 51,1 Southwest 1079,2 60,4 Blagoevgrad 155,4 60,3 Kyustendil 49,9 48,9 Pernik 58,9 55,9 Sofia 1118,8 58,7 Sofia (capital) 696,3 62,2 South central 645,4 53,8 Kardzhali 65,9 48,4 Pazardzhik 117,7 55,1 Plovdiv 314,7	Gabrovo	47,4	50,5
Ruse 102,9 55,1 Silistra 44,4 48,1 Northeast 436,3 55,5 Varna 224,9 56,6 Dobrich 78,3 53,4 Targovishte 46,6 49,5 Shumen 86,4 58,3 Southeast 464,0 54,1 Burgas 183,5 53,3 Sliven 80,3 53,9 Stara Zagora 149,4 56,3 Yambol 50,8 51,1 Southwest 1079,2 60,4 Blagoevgrad 155,4 60,3 Kyustendil 49,9 48,9 Pernik 58,9 55,9 Sofia 118,8 58,7 Sofia (capital) 696,3 62,2 South central 645,4 53,8 Kardzhali 65,9 48,4 Pazardzhik 117,7 55,1 Plovdiv 314,7 55,5 Smolyan 50,1	Razgrad	49,8	52,3
Silistra 44,4 48,1 Northeast 436,3 55,5 Varna 224,9 56,6 Dobrich 78,3 53,4 Targovishte 46,6 49,5 Shumen 86,4 58,3 Southeast 464,0 54,1 Burgas 183,5 53,3 Sliven 80,3 53,9 Stara Zagora 149,4 56,3 Yambol 50,8 51,1 Southwest 1079,2 60,4 Blagoevgrad 155,4 60,3 Kyustendil 49,9 48,9 Pernik 58,9 55,9 Sofia (capital) 696,3 62,2 South central 645,4 53,8 Kardzhali 65,9 48,4 Pazardzhik 117,7 55,5 Sonlyan 50,1 55,2	Ruse	102,9	55,1
Northeast 436,3 55,5 Varna 224,9 56,6 Dobrich 78,3 53,4 Targovishte 46,6 49,5 Shumen 86,4 58,3 Southeast 464,0 54,1 Burgas 183,5 53,3 Sliven 80,3 53,9 Stara Zagora 149,4 56,3 Yambol 50,8 51,1 Southwest 1079,2 60,4 Blagoevgrad 155,4 60,3 Kyustendil 49,9 48,9 Pernik 58,9 55,9 Sofia 118,8 58,7 Sofia 118,8 58,7 Sofia (capital) 696,3 62,2 South central 645,4 53,8 Kardzhali 65,9 48,4 Pazardzhik 117,7 55,1 Plovdiv 314,7 55,5 Smolyan 50,1 55,2	Silistra	44,4	48,1
Varna 224,9 56,6 Dobrich 78,3 53,4 Targovishte 46,6 49,5 Shumen 86,4 58,3 Southeast 464,0 54,1 Burgas 183,5 53,3 Sliven 80,3 53,9 Stara Zagora 149,4 56,3 Yambol 50,8 51,1 Southwest 1079,2 60,4 Blagoevgrad 155,4 60,3 Kyustendil 49,9 48,9 Pernik 58,9 55,9 Sofia 118,8 58,7 Sofia (capital) 696,3 62,2 South central 645,4 53,8 Kardzhali 65,9 48,4 Pazardzhik 117,7 55,1 Plovdiv 314,7 55,5 Smolyan 50,1 55,2	Northeast	436,3	55,5
Dobrich 78,3 53,4 Targovishte 46,6 49,5 Shumen 86,4 58,3 Southeast 464,0 54,1 Burgas 183,5 53,3 Sliven 80,3 53,9 Stara Zagora 149,4 56,3 Yambol 50,8 51,1 Southwest 1079,2 60,4 Blagoevgrad 155,4 60,3 Kyustendil 49,9 48,9 Pernik 58,9 55,9 Sofia 118,8 58,7 Sofia (capital) 696,3 62,2 South central 645,4 53,8 Kardzhali 65,9 48,4 Pazardzhik 117,7 55,1 Plovdiv 314,7 55,5 Smolyan 50,1 55,2 Haskovo 96,9 50,5	Varna	224,9	56,6
Targovishte 46,6 49,5 Shumen 86,4 58,3 Southeast 464,0 54,1 Burgas 183,5 53,3 Sliven 80,3 53,9 Stara Zagora 149,4 56,3 Yambol 50,8 51,1 Southwest 1079,2 60,4 Blagoevgrad 155,4 60,3 Kyustendil 49,9 48,9 Pernik 58,9 55,9 Sofia 118,8 58,7 Sofia (capital) 696,3 62,2 South central 645,4 53,8 Kardzhali 65,9 48,4 Pazardzhik 117,7 55,1 Plovdiv 314,7 55,5 Smolyan 50,1 55,2 Haskovo 96,9 50,5	Dobrich	78,3	53,4
Shumen 86,4 58,3 Southeast 464,0 54,1 Burgas 183,5 53,3 Sliven 80,3 53,9 Stara Zagora 149,4 56,3 Yambol 50,8 51,1 Southwest 1079,2 60,4 Blagoevgrad 155,4 60,3 Kyustendil 49,9 48,9 Pernik 58,9 55,9 Sofia 118,8 58,7 Sofia 696,3 62,2 South central 645,4 53,8 Kardzhali 65,9 48,4 Pazardzhik 117,7 55,1 Plovdiv 314,7 55,5 Smolyan 50,1 55,2	Targovishte	46,6	49,5
Southeast 464,0 54,1 Burgas 183,5 53,3 Sliven 80,3 53,9 Stara Zagora 149,4 56,3 Yambol 50,8 51,1 Southwest 1079,2 60,4 Blagoevgrad 155,4 60,3 Kyustendil 49,9 48,9 Pernik 58,9 55,9 Sofia 118,8 58,7 Sofia (capital) 696,3 62,2 South central 645,4 53,8 Kardzhali 65,9 48,4 Pazardzhik 117,7 55,1 Plovdiv 314,7 55,5 Smolyan 50,1 55,2	Shumen	86,4	58,3
Burgas 183,5 53,3 Sliven 80,3 53,9 Stara Zagora 149,4 56,3 Yambol 50,8 51,1 Southwest 1079,2 60,4 Blagoevgrad 155,4 60,3 Kyustendil 49,9 48,9 Pernik 58,9 55,9 Sofia 118,8 58,7 Sofia (capital) 696,3 62,2 South central 645,4 53,8 Kardzhali 65,9 48,4 Pazardzhik 117,7 55,1 Plovdiv 314,7 55,5 Smolyan 50,1 55,2	Southeast	464,0	54,1
Sliven 80,3 53,9 Stara Zagora 149,4 56,3 Yambol 50,8 51,1 Southwest 1079,2 60,4 Blagoevgrad 155,4 60,3 Kyustendil 49,9 48,9 Pernik 58,9 55,9 Sofia 118,8 58,7 Sofia (capital) 696,3 62,2 South central 645,4 53,8 Kardzhali 65,9 48,4 Pazardzhik 117,7 55,1 Plovdiv 314,7 55,5 Smolyan 50,1 55,2	Burgas	183,5	53,3
Stara Zagora 149,4 56,3 Yambol 50,8 51,1 Southwest 1 079,2 60,4 Blagoevgrad 155,4 60,3 Kyustendil 49,9 48,9 Pernik 58,9 55,9 Sofia 118,8 58,7 Sofia (capital) 696,3 62,2 South central 645,4 53,8 Kardzhali 65,9 48,4 Pazardzhik 117,7 55,1 Plovdiv 314,7 55,5 Smolyan 50,1 55,2	Sliven	80,3	53,9
Yambol 50,8 51,1 Southwest 1 079,2 60,4 Blagoevgrad 155,4 60,3 Kyustendil 49,9 48,9 Pernik 58,9 55,9 Sofia 118,8 58,7 Sofia (capital) 696,3 62,2 South central 645,4 53,8 Kardzhali 65,9 48,4 Pazardzhik 117,7 55,1 Plovdiv 314,7 55,5 Smolyan 50,1 55,2	Stara Zagora	149,4	56,3
Southwest 1 079,2 60,4 Blagoevgrad 155,4 60,3 Kyustendil 49,9 48,9 Pernik 58,9 55,9 Sofia 118,8 58,7 Sofia (capital) 696,3 62,2 South central 645,4 53,8 Kardzhali 65,9 48,4 Pazardzhik 117,7 55,1 Plovdiv 314,7 55,5 Smolyan 50,1 55,2	Yambol	50,8	51,1
Blagoevgrad 155,4 60,3 Kyustendil 49,9 48,9 Pernik 58,9 55,9 Sofia 118,8 58,7 Sofia (capital) 696,3 62,2 South central 645,4 53,8 Kardzhali 65,9 48,4 Pazardzhik 117,7 55,1 Plovdiv 314,7 55,5 Smolyan 50,1 55,2	Southwest	1 079,2	60,4
Kyustendil 49,9 48,9 Pernik 58,9 55,9 Sofia 118,8 58,7 Sofia (capital) 696,3 62,2 South central 645,4 53,8 Kardzhali 65,9 48,4 Pazardzhik 117,7 55,1 Plovdiv 314,7 55,5 Smolyan 50,1 55,2	Blagoevgrad	155,4	60,3
Pernik 58,9 55,9 Sofia 118,8 58,7 Sofia (capital) 696,3 62,2 South central 645,4 53,8 Kardzhali 65,9 48,4 Pazardzhik 117,7 55,1 Plovdiv 314,7 55,5 Smolyan 50,1 55,2	Kyustendil	49,9	48,9
Sofia 118,8 58,7 Sofia (capital) 696,3 62,2 South central 645,4 53,8 Kardzhali 65,9 48,4 Pazardzhik 117,7 55,1 Plovdiv 314,7 55,5 Smolyan 50,1 55,2 Haskovo 96.9 50,5	Pernik	58,9	55,9
Sofia (capital) 696,3 62,2 South central 645,4 53,8 Kardzhali 65,9 48,4 Pazardzhik 117,7 55,1 Plovdiv 314,7 55,5 Smolyan 50,1 55,2 Haskovo 96.9 50.5	Sofia	118,8	58,7
South central 645,4 53,8 Kardzhali 65,9 48,4 Pazardzhik 117,7 55,1 Plovdiv 314,7 55,5 Smolyan 50,1 55,2 Haskovo 96.9 50.5	Sofia (capital)	696,3	62,2
Kardzhali 65,9 48,4 Pazardzhik 117,7 55,1 Plovdiv 314,7 55,5 Smolyan 50,1 55,2 Haskovo 96.9 50,5	South central	645,4	53,8
Pazardzhik 117,7 55,1 Plovdiv 314,7 55,5 Smolyan 50,1 55,2 Haskovo 96.9 50,5	Kardzhali	65,9	48,4
Plovdiv 314,7 55,5 Smolyan 50,1 55,2 Haskovo 96.9 50.5	Pazardzhik	117,7	55,1
Smolyan 50,1 55,2 Haskovo 96.9 50.5	Plovdiv	314,7	55,5
Haskovo 96.9 50.5	Smolyan	50,1	55,2
	Haskovo	96,9	50,5

Source: NSI

Table 3. Labor force and coefficients of economic activity of the population aged 15-64 in 2020

It is noteworthy that 19 districts fall into the group with below average values for the country, incl. and four of the six statistical regions. The continuing contraction in employment will affect all regions, and the observed inequalities in wages will further stimulate internal and external migration of the working population. The latter will lead to deepening structural disparities in regional labor markets, which are characterized by relatively lower wage levels and lag behind in socio-economic development compared to the leading districts – Sofia (capital), Plovdiv, Varna and Burgas in Bulgaria.

According to NSI data for the period 2013-2019, the number of unemployed in the country decreased by 293.5 thousand people and their number reached 142.8 thousand in 2019, which is the lowest value achieved since 2003 (according to the *Updated Employment Strategy 2013-2020*). The unemployment rate also decreased significantly from 12.9% in 2013 to 4.2% in 2019, and since 2015 the value of the indicator for Bulgaria is lower than the EU average. In 2020, the long-term trend of reducing unemployment is interrupted. The number of unemployed increases on an annual basis by 18.1% and in 2020 is 168.6 thousand people. The unemployment rate is increasing by 0.9% compared to 2019. This could be seen as a consequence of the anti-epidemic measures introduced in the fight against COVID-19 and as a reflection of the decline in some economic indicators in production. The data (*see Table 4*) show the unequal dimension of unemployment by region and by gender.

	Unemployed people			Unemployment rates (%)		
	total	man	women	total	man	women
Total	168,6	96,3	72,3	5,1	5,4	4,8
Northwest	39,1	24,0	15,1	13,0	14,3	11,3
North Central	20,9	12,1	8,7	5,7	6,2	5,2
Northeast	26,7	14,6	12,2	6,1	6,0	6,3
Southeast	21,3	12,4	8,9	4,6	4,9	4,2
Southwest	38,5	21,5	17,1	3,6	3,8	3,3
South Central	22,1	11,7	10,4	3,4	3,4	3,5

Source: NSI

Table 4

Unemployed people and unemployment rates of the population aged 15 and over in 2020

The statistics in the inter-regional levels in the total unemployment rate outline a fault line between the northern and southern regions in Bulgaria, as well as that the southern regions have unemployment levels lower than the national average. The North-West region has the highest unemployment rate (more than four times the difference, and for men – almost five times compared to the Southwest and South Central regions). Due to uncertainty in the data at the district level, such statistics have not been applied.

Interesting to follow is the dynamics of the average gross salary, which in the last three years increased by 20.65% at the national level, respectively from 949.8 in 2018 to 1,145.8 Bulgarian Levs in 2020 (485,70 & 585 euro). Traditionally and regularly, given that much of the economic and human capital is concentrated in the capital, with the highest average annual salary is the district of Sofia (capital) – BGN 1,903 in 2020. The lowest average salary is reported in the Blagoevgrad district (BGN 923), "ahead" of even the areas with the worst deteriorating demographic and economic indicators. The position of Blagoevgrad at the last place is indicative that regional differences are palpable, and the fact that the capital city is located in the Southwest region, in fact, hides huge disparities at the inter-regional level. For

the period under review, the largest increase in wages was reported in Kardzhali district – 28.79%, and the least – in the Stara Zagora district – 11.21%. Detailed data are available in *Table 5*.

Regions / Districts	2018	2019	2020	Change (%)
Northwest	901,8	990	1096	21,53%
Vidin	747,6	835	938	25,47%
Vratsa	1076,8	1178	1315	22,12%
Lovech	876,6	960	1082	23,43%
Montana	845	930	1057	25,09%
Pleven	876,2	958	1026	17,10%
North Central	925,2	1026	1118	20,84%
Veliko Tarnovo	892,4	990	1068	19,68%
Gabrovo	989,6	1098	1182	19,44%
Razgrad	986,6	1067	1193	20,92%
Ruse	938,4	1034	1145	22,02%
Silistra	793,8	936	980	23,46%
Northeast	994,8	1113	1194	20,02%
Varna	1074	1192	1265	17,78%
Dobrich	858,8	987	1073	24,94%
Targovishte	876	990	1096	25,11%
Shumen	910,2	1013	1119	22,94%
Southeast	995,4	1068	1150	15,53%
Burgas	946,6	1032	1131	19,48%
Sliven	850,4	944	1039	22,18%
Stara Zagora	1109,6	1175	1234	11,21%
Yambol	967,6	997	1077	11,31%
Southwest	1417,6	1595	1735	22,39%
Blagoevgrad	744,8	821	923	23,93%
Kyustendil	781,4	879	979	25,29%
Pernik	867,6	983	997	14,91%
Sofia	1156,6	1232	1313	13,52%
Sofia (capital)	1559,4	1758	1903	22,03%
South central	933,6	1037	1137	21,79%
Kardzhali	851	947	1096	28,79%
Pazardzhik	876,4	979	1099	25,40%
Plovdiv	997	1111	1203	20,66%
Smolyan	845,8	907	982	16,10%
Haskovo	830,8	910	1018	22,53%

Source: NSI

Table 5

Average gross monthly earnings by statistical regions and districts

An important economic indicator for Bulgaria are the levels of foreign direct investment in the country. The data in *Table 6* reveals significant differences in the ability of the regions to attract foreign investment, which further widens the gap between more developed (richer) and more backward (poorer) areas.

Regions / Districts	2019	Share of investments in the
		country
Total for the country	25 341 512,8	
Northwest	623 845,0	2,46%
Vidin	86 281,1	0,44%
Vratsa	80 028,6	0,32%
Lovech	147 116,9	0,58%
Montana	35 355,7	0,14%
Pleven	275 062,7	1,09%
North Central	1 120 593,1	4,42%
Veliko Tarnovo	127 449,7	0,5%
Gabrovo	340 908,7	1,35%
Razgrad		
Ruse	426 453,9	1,68%
Silistra		
Northeast	2 459 891,1	9,71%
Varna	1 748 716,0	6,9%
Dobrich	291 939,3	1,15%
Targovishte	304 916,8	1,2%
Shumen	114 319,0	0,45%
Southeast	3 308 980,7	13,06%
Burgas	2 137 119,4	8,43%
Sliven	158 700,0	0,63%
Stara Zagora	971 972,4	3,84%
Yambol	41 188,9	0,16%
Southwest	14 978 348,2	59,11%
Blagoevgrad	526 749,4	2,08%
Kyustendil	43 398,1	0,17%
Pernik	186 984,2	0,74%
Sofia	1 527 868,6	6,03%
Sofia (capital)	12 693 347,9	50,09%
South central	2 849 854,7	11,25%
Kardzhali	321 008,2	1,27%
Pazardzhik	476 318,1	1,88%
Plovdiv	1 778 214,4	7,02%
Smolyan	91 260,0	0,36%
Haskovo	183 054,0	0,72%

Source: NSI

Table 6

Foreign direct investment in enterprises in the non-financial sector

This strong link between foreign investment and the well-being of the district and regional level is due to the opportunities for economic development, employment and income that foreign investment brings with it. The relationship between foreign investment and GDP is two-way. On the one hand, the higher level of development of the individual territories is a factor in attracting foreign investment due to the higher purchasing power of the local population, most operating companies, which can provide business services, logistics and infrastructure benefits, high quality of human capital and greater choice of skilled labor, etc., on the other hand, they themselves are a prerequisite for development. Considering the foreign investments in 2019, their concentration in South Central and Southwestern Bulgaria is impressive, where over 70% of them are directed. Of course, the undisputed leader at the district level is Sofia (capital), to which 50.09% of the investment flow to Bulgaria is directed.

On the other hand, the other 4 districts in the Southwest region account for only 9%, which again confirms the extremely important presence of the capital city near the other districts. The share of the Northwest region is negligibly small – only 2.46%, which could be an explanation for the weak share of the country's GDP – 6.43%.

Social indicators generally aim to show the general well-being of people as a product of their material and spiritual satisfaction. The statement that Bulgaria is the poorest country, if not in Europe, then certainly in the European Union, is widely accepted. In order to determine whether this is a reality, the main indicators on which this statement is based should be determined, given that monetary poverty is only one aspect of poverty, and other aspects of it may be general consumption, access to health care, educational and social services, the quality of the living environment, as well as the subjective feeling of well-being and health, etc. Each of these aspects is the subject of a study of the geography of the tertiary sector, which is the subject of further research by the current team.

In his publications, Sen⁴ defines poverty as a condition that leads to a lack of freedom of choice resulting from a person's ability to function effectively in society. This multidimensional interpretation goes far beyond the notion of poverty as being linked only to a lack of financial resources. That is why the main social, but also economic indicator for revealing the territorial differentiation is *the poverty line* - a monetary indicator which is applied in determining income and living standards. Its size is determined annually and its manifestation by district is an important aspect in the study of poverty.

The poverty line is the level of income needed to purchase basic goods and services (food, clothing, housing, water, electricity, education, health). The poverty rate is a relative concept and depends on the general level of well-being in a particular country. It is imperative to distinguish between absolute and relative poverty. People living in absolute poverty can meet only the minimum needs for biological survival.

Those living in relative poverty have an income equal to 50-60% of the national average income. National authorities set the poverty line in order to identify the poorest sections of the population, to define social protection tasks.

When calculating the poverty line for each region and each district, the same method was applied as for the poverty line at the national level – 60% of the average total disposable net income of households in the district. *Table 7* shows the relative share of the poor by regions and districts in relation to the poverty line, as well as the percentage of the population living in material deprivation.

⁴ Amartya Sen, Development as freedom (Oxford: Oxford University Press, 2001).

	Relative share of the poor in relation to the poverty line for the district	Percentage of the population living with material deprivation
Total for the country	23,8	19,4
Statistical region		
Northwest	24,0	22,0
North Central	21,3	21,9
Northeast	19,6	19,6
Southeast	27,0	24,8
South central	21,7	23,8
Southwest	23,1	11,7
Areas		
Vidin	19,6	19,5
Blagoevgrad	29	21,9
Burgas	24	20,8
Varna	25	25,5
Veliko Tarnovo	23	27
Vratsa	24,5	25,7
Gabrovo	12,3	12,7
Dobrich	20	19,7
Kardzhali	21,1	20,5
Kyustendil	24,8	9,3
Lovech	20,1	17,5
Montana	29,4	13,5
Pazardzhik	21,7	23,3
Pernik	16,9	16,7
Pleven	20,6	24,7
Plovdiv	25,3	24,4
Razgrad	12,6	30,9
Ruse	20,8	23,2
Silistra	29,1	11,5
Sliven	31,3	34,1
Smolyan	26,2	18,5
Sofia	20,6	12,7
Sofia (capital)	22,5	9,6
Stara Zagora	26,9	22
Targovishte	18,9	14,5
Haskovo	17,1	27,4
Shumen	16,4	19,4
Yambol	22,2	28

Source: NSI

Table 7

Population poverty indicators by regions and districts for 2019

In 2019, the lowest poverty line (per month) is observed in the districts of Montana and Pazardzhik – BGN 268 and 292, respectively, and the highest – in the district of Sofia (capital) – BGN 589, followed by the districts of Pernik (BGN 475) and Stara Zagora (BGN 459). The selected two indicators do not exhaust the indicators for determining poverty, as they can be enriched by inequality in income distribution, relative share of the poor in economic activity, relative share of the poor in education, working poor and others. From *Table* 7 it is clear that nearly 20% of the population is forced to live in material deprivation, Smolyan, Razgrad and Yambol are most deteriorated and the percentage of the population living below the poverty line, even larger – 23.8%.

The Human Development Index (HDI) has been at the heart of the UNDP annual report for the past 30 years, and although it is not the only measure, it is considered the most important. In the Human Development Index, the individual components (life expectancy, literacy, access to education and income) are combined into a single synthetic (artificial) index, which can be used to compare the level of human well-being between countries, as well as to monitor the progress of an individual country over time. One of the main disadvantages of the Human Development Index is that used for a country as a whole, it could potentially hide many differences in its individual taxonomic levels. As countries almost always differ in education, health status and standard of living, national averages such as the HDI inevitably ignore existing differences. That is why the United Nations includes "reducing inequalities between and within countries" as a goal №10 of the Sustainable Development Goals, which shape the global development agenda for the coming decades. Regional policy and regional development in the EU are based on the implementation of established regulations and directives. They aim to achieve integrated, sustainable and balanced regional development, increase the quality and access to services and achieve regional competitiveness. This is realized by using a normatively defined classification of territorial statistical units - NUTS. For a long time, the calculation of the human development index at lower taxonomic levels than the national one was impossible due to the lack of rich and publicly available information. Since 2016, The Global Data Lab has provided access to statistics that show the ratio of indicators not only at the national but also at the regional level.

According to the Human Development Index, Bulgaria is on the 56th place in the world ranking, as the value for 2019 is 0.816 (according to the annual report from 2020), and between 1990 and 2019 its value increased by 27, 5% (from 0.694). At the regional level, however, there are large disparities between the six statistical regions, with the Southwest traditionally having the best indicators and the Northwest having the worst indicators. Such are the trends in the composite indices of the HDI – health, education and income, with the exception of the education index, according to which the Southeast is at the bottom of the ranking (see Table 8).

Statistical regions	HDI	Health Index	Education Index	Income Index
Total for the country	0,816	0,846	0,780	0,824
North Central	0,787	0,836	0,770	0,757
Northeast	0,791	0,844	0,750	0,780
Northwest	0,759	0,824	0,715	0,742
Southeast	0,773	0,836	0,711	0,776
Southwest	0,879	0,859	0,867	0,911
South central	0,788	0,852	0,752	0,765

Source: GlobalDataLab

Table 8

Human Development Index and its indices by regions

Conclusion

In order to consider the economic and social inequalities and contrasts on the territory of Bulgaria, the selected statistics generally illustrate the widening gap between the regions and districts with the best and worst indicators. On the other hand, although different groups of indicators are differentiated, their mixing is permissible and their perception should be a

common tool for determining the level of development of the regions. Economic or social indicators alone cannot be considered without a "spillover" from one to the other. For example, the relationship between labor market inclusion, local unemployment and the level of higher education is direct – the highest unemployment is in the districts of Vidin, Montana, Silistra, Targovishte with over 10% unemployment among people aged 15 to 65 at average values for the country by 4.3%. These are also the areas in which there is no higher education institution. In the context of standard and quality of life, this leads to the interpretation that inadequate education can in itself be seen as a form of poverty in many societies⁵. Such correlations only confirm the statement that the general well-being of the population at both national, regional and regional levels is a complex category that embodies the development of each area of activity. The current implementation of the regional policy in Bulgaria, aimed at overcoming the regional economic and social inequalities and accelerating the economic development of the lagging regions in order to increase the income of the population, failed to be fully realized. Widely used institutional mechanisms to stimulate investment through tax relief, construction of economic zones and infrastructure proved to be an insufficient argument for attracting the necessary volume of national and international business assets. In the new programming period and through the National Recovery and Resilience Plan, new opportunities are opening up to reduce regional disparities.

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⁵ Maiyo Julius and Jyoti Bowane "Education and poverty, relationship and concerns. A case for Kenya", Problems of Education in the 21st Century (2011): 72-85.