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Local Communities-Diachrony and Synchrony

General Socio-Economic Features of the Regions And Regional Policy In Bulgaria

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Abstract: The policy of the Republic of Bulgaria is aimed at preserving territorial integrity based on national interests, national culture, the protection of constitutional rights and freedoms of citizens, and equal rights and opportunities for personal development regardless of ethnic or religious affiliation. The local self-government system in Bulgaria does not fully comply with all the parameters of the European Charter of Local Self-Government. The need for further development at the regional level is primarily due to the fact that the consolidated budget limits the rights of municipalities, and the level of financial self-sufficiency of communities is low by EU standards (in most communities, more than half of the budget consists of subsidies), along with an insufficiently clear distinction between delegated and own competences of local authorities. Several key issues are linked to decentralization and the development of Bulgarian communities. A sharp decline in population in peripheral areas of basic administrative-territorial units of local self-government, high levels of unemployment, low educational attainment, closure of old industries, and the predominance of extractive industries, metallurgy, and the chemical industry are causing drastic negative trends in people's living conditions. Overall, the problems of local self-government development in Bulgaria – especially at the community level – are largely similar to those faced by Ukraine. However, our country not only fails to consider Bulgaria's experience, but continues to make new and recurring mistakes.

Keywords: Bulgaria, Administrative-Territorial System, NUTS, regions, regional policy, socio-economic features.

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1. Introduction

The policy of the Republic of Bulgaria is aimed at preserving territorial integrity based on national interests, national culture, the protection of constitutional rights and freedoms of citizens, and equal rights and opportunities for personal development regardless of ethnic or religious affiliation. The state is a unifying institution, without the functioning of which various ethnic communities cannot develop separately from one another, and the protection of national and international security becomes a key factor in shaping state policy – guaranteed by the Constitution and the fundamental laws of Bulgaria.

Today, the dimension of national security encompasses all challenges, threats, and risks that are addressed at the state level. These are inextricably linked to the process of planning the country's security and defense policy and the allocation of resources to effectively ensure that policy. These dimensions are the subject of the national security strategy and, although national in scope, inevitably take into account the influence of regional and global factors.

2. Summary of the Main Material

After the collapse of the socialist bloc, Bulgaria – like most Eastern European countries – entered a prolonged socio-economic crisis. The first modest positive trends appeared only in 2002, manifested in a minimal (less than 1%) increase in industrial production.

The practical aspects of the current socio-economic development of regions and regional policy are defined by the National Strategy for Regional Development of the Republic of Bulgaria (2012–2022), regional development plans for NUTS 2 regions (2014–2020), and provincial development strategies (2014–2020).

According to the national classification, rural municipalities (LAU 1) are those with a population of up to 30,000 people. These include 232 out of 265 municipalities. In relative terms, they account for 82% of the country's territory and 35% of Bulgaria's population.

According to the 2011 census, Bulgaria continues to experience negative natural and mechanical population growth. This is due to intensive population ageing and migration, primarily to highly developed Western European countries. In the long term, if current demographic trends persist, the situation will increasingly be shaped by the reproductive behavior of major ethno-national minorities. These trends include an increase in the share of Roma, stagnation in the share of Turks, and a decline in the share of ethnic Bulgarians.

In the short term, such demographic trends are expected to have a negative impact on economic activity, potentially leading to economic catastrophe. Even now, Bulgaria's tourism sector suffers from a shortage of qualified personnel trained in the country who have emigrated in search of better living conditions. The severity of the demographic situation has led to the creation of a special position in the Council of Ministers: Deputy Prime Minister for Economic and Demographic Policy.

The catastrophic nature of the geodemographic processes in Bulgaria can be illustrated using the example of Veliko Tarnovo Province. During the last intercensal period (2001–2011), population stabilization was observed only in Veliko Tarnovo municipality (-1.9%), which is better than the national average of -7.1%. In all other municipalities, the situation was significantly worse. For example, in the municipalities of Svishtov, Gorna Oryahovitsa, Lyaskovets, and Elena, population decline ranged from -10.3% to -16.8%, while in Zlataritsa, Polski Trambesh, Strazhitsa, Pavlikeni, and Suhindol it ranged from -19.3% to -29.9%. Veliko Tarnovo Province as a whole has had negative population growth since 1985.

The province also displays significant differences in age structure. In Veliko Tarnovo, Svishtov, and Gorna Oryahovitsa municipalities, children under 15 years old make up around 10% of the population, whereas in Polski Trambesh nearly 50% of the population is over 50 years old. Moreover, when correlated with the size of ethnic communities, ethnic Bulgarians predominate in the 50+ age group, while the share of Turks and Roma decreases with age.

Employment is a crucial precondition for stabilizing demographic trends. If the situation improves through the creation of new jobs with wages high enough to prevent emigration to Western Europe, it could lead to changes in demographic behavior and a transition to population growth. Currently, however, the situation remains highly unfavorable. Based on the unemployment rate (the ratio of unemployed people to the economically active population), the province's municipalities fall into three groups:

- up to 15% – central parts of the province;
- 15.1–25% – northern peripheral areas;
- more than 25% – border territories of the province.

In Bulgaria, the centers of positive demographic processes are the largest cities, which act as economic growth hubs. However, these trends are mainly the result of positive net migration.

In 2017, Bulgaria's population declined by 45,800 due to the excess of deaths over births. The natural population growth rate was -6.5‰. The country shows stark differences in this indicator between rural areas (-13.5‰) and urban areas (-4.0‰).

All administrative provinces show negative natural growth, ranging from -1.3‰ in Sofia (capital) and -2.8‰ in Sliven to -16.2‰ in Vidin. In Gabrovo, Kyustendil, and Montana, the rate is also very low: -14.4‰, -13.5‰, and -13.5‰, respectively.

Emigration plays a defining role in Bulgaria's population decline. Between 1989 and 2010, more than 53.3% of the total population decrease was due to migration. However, the negative impact of emigration is intensified by changes in the age structure of the population that remains in the country. The reasons are typical for most Eastern European and post-Soviet states - poor economic performance and minimal social (including pension) support. These factors have destroyed the population's socio-psychological and value framework for life.

On average, there are fewer than 1.5 children per woman in Bulgaria. However, this indicator varies significantly across major ethno-national groups. While Turkish and Roma women have an average of more than 2.0 children, ethnic Bulgarian women average 1.2–1.3 children. These trends have contributed to an increase in the share of Turks and Roma in the population under the age of 20, raising concerns about the erosion of the country's ethnic and religious composition.

Approximately half of all emigrants are people aged 20–39, and just over 15% are younger individuals. In contrast, people aged 60 and older account for less than 10% of emigrants. This is supported by population migration data for 2018. In general, in eight provinces, negative natural population growth reflects a death rate exceeding the birth rate by more than 10‰.

The most popular destinations for Bulgarian emigrants are Germany (24.4%), the United Kingdom (17.8%), and Italy (7.5%).

If current geodemographic trends persist, Bulgaria faces a demographic catastrophe. According to the forecast by researcher Hristo Karakashev made in 1997, Bulgaria's population was expected to decline from 8.4 million in 1995 to about 7 million by 2020. He outlined four scenarios for population dynamics, estimating that the country's population would range between 6.9 and 7.3 million.

A more detailed and longer-term demographic forecast was presented by the National Statistical Institute (NSI). It spans 55 years (2015–2070) and includes three scenarios:

1. A realistic scenario;
2. A scenario with relatively accelerated reproductive processes;
3. A scenario with relatively decelerated reproductive processes.

All three predict a steady population decline:

- by 2030: 6.6 million;

- by 2050: 5.8 million;
- by 2070: 5.1 million.

The margin of error is about 2%, or roughly 100,000 people. Eurostat's projection to 2080 paints a similar picture:

- 2030: 6.4 million;
- 2050: 5.6 million;
- 2070: 4.9 million.

While the total population of the EU is expected to grow slightly during this period, Bulgaria may lose over 30% of its population. Other countries expected to lose 20–40% of their populations include Latvia, Lithuania, Poland, Romania, Croatia, Greece, and Portugal.

Despite this, Bulgaria still retains remnants of its demographic, economic, and labor-resource potential, which could enable the country to reverse negative socio-economic and geodemographic trends without waiting for a demographic collapse.

In Bulgaria, as in most developed countries of Western Europe and North America, the education network plays an important role. This includes spatial organization, institutional structure, teacher quality at all education levels, and the average number of students per school. It is worth noting that in these countries, there is a direct correlation between the quality of an educational institution and local real estate prices.

To understand the spatial distribution of the education network, it is necessary to compare it with the relative population share of each municipality in the province. For example:

- In Veliko Tarnovo Municipality, schools account for 32% of institutions, and the municipality has 34% of the province's population;
- In Gorna Oryahovitsa – 18% (with 18% of the population);
- In Svishtov – 11% (compared to 17% of the population).

The lowest indicator is found in Suhindol Municipality, with just 1% of educational institutions, matching its share of the population.

In terms of industrial development, two established industrial regions can be identified in Bulgaria:

- Sofia region;

- Stara Zagora region.

Other industrial zones are still forming, including:

- Vratsa (energy);
- Gabrovo (mechanical engineering);
- Sevlievo and Varna (chemical industry and energy).

The textile industry is developed in the foothill regions. It is concentrated across all NUTS 2 regions of Southern Bulgaria and in the North-Central region. This territorial localization is due to the historical and geographical factors that shaped the development of Bulgaria's productive forces. Key centers include Sliven, where the first factory in the country was established, and Gabrovo, known as the "Bulgarian Manchester." A third major textile center is Blagoevgrad, whose industry is oriented toward consumers in neighboring Greece (Dimitrov, 2007).

One of the most rapidly developing sectors of the Bulgarian economy is the production of computer and communication equipment, as well as electronic and optical products. These industries rely on highly qualified personnel and are located near universities and research institutions.

Mechanical engineering is concentrated in regions with high levels of investment, particularly the North-Central and Northwestern regions. In addition to Sofia, important centers include Gabrovo, Lovech, Pleven, Plovdiv, Haskovo, and Stara Zagora. Transport engineering is developed in the Black Sea region (e.g., Varna, Ruse) and Danube region (Ruse).

The Southwestern statistical region, which includes the capital Sofia, leads in the growth of the services sector. The city's specialization in services is explained by the presence of the headquarters of major companies operating in transport, tourism, and trade, as well as most of the country's universities and government institutions. Following Sofia are the Black Sea cities of Varna and Burgas, whose advantages lie in favorable geographical locations and strong maritime tourism potential.

In Northern Bulgaria, a major transport hub is the city of Ruse, due to the presence of a port-industrial complex and a bridge crossing the Danube. The tertiary sector is also well developed in the Veliko Tarnovo Province, supported by the second largest railway junction in Gorna Oryahovitsa, cultural-historical tourism in the old capital Veliko Tarnovo, and a prestigious university that trains qualified specialists for this sector.

Key industrial sectors in Bulgaria include:

- Ferrous and non-ferrous metallurgy,

- Mechanical engineering,
- Chemical and petrochemical industries,
- Textile,
- Leather and footwear,
- Food industry.

During the period of industrialization and structural transformation of industry, major changes occurred in the territorial structure of Bulgarian industry. New industrial regions and centers emerged outside the primary industrial zone around the capital. Four new mining-industrial complexes were created:

- The East Maritsa coal-energy complex;
- The Rhodopes ore-metallurgical complex, specializing in lead and zinc production (with centers in Plovdiv and Kardzhali);
- The Srednogorie ore-metallurgical complex, centered in Pirdop, specialized in copper smelting;
- The Kremikovtsi ore-metallurgical complex, specialized in the production of ferrous metals.

At the same time, there was a significant increase in output and a complication in the industrial structure of older centers such as Sofia, Pernik, Plovdiv, Gabrovo, and Ruse.

Metallurgy in Bulgaria is represented by enterprises in both ferrous and non-ferrous sectors. Ferrous metallurgy is developed in the Sofia – Pernik industrial hub in the west of the country. The Kremikovtsi Metallurgical Plant, located in the Sofia Basin, uses iron ore from the Kremikovtsi and Krutovo deposits.

Non-ferrous metallurgy is also based on domestic raw materials. Large metallurgical plants in Kardzhali and Plovdiv process polymetallic ores from the Rhodope deposit, while in the Sofia region, copper ore from the southwest is used. There are also copper rolling facilities in Sofia and aluminum processing plants in Shumen.

Mechanical engineering is a leading sector of Bulgaria's modern industry. Bulgarian electric vehicles and material handling machinery are especially popular today. The country is home to some of Europe's largest factories for producing electric vehicles (in Sofia and Lom), forklifts (in Plovdiv), and electric hoists (in Gabrovo). Bulgarian

manufacturers also produce computing and electronic equipment, instrumentation and communication technologies, light material handling equipment, and agricultural machinery. Currently, cash registers, electronic scales, and televisions are produced in Bulgaria.

Major mechanical engineering centers include Sofia, Pernik, and Radomir. Enterprises in Sofia specialize in machine tools, electronics, electric vehicles, and forklifts. In Pernik, the “Struma” engineering plant is significant, focusing on equipment for the mining and metal industries. Other important factories include the “Madara” truck plant in Shumen, the tractor plant in Karlovo, and the Sliven plants, which supply components to Volga Automotive Plant (Tolyatti) and textile machinery factories in Klimovsk and Cheboksary (Russia).

The chemical industry plays an important role in Bulgaria’s economy, specializing in mineral fertilizers, soda, pharmaceuticals, dyes, synthetic fibers, car tires, plastics, and petrochemical products.

The most important branch of this sector is oil refining, represented by a large refinery near Burgas – the largest plant by gross output in Bulgaria. It uses imported crude oil to produce synthetic alcohol, synthetic rubber and fibers, phenol, polyethylene, and plastics.

Near Varna, one of the largest soda and chemical fertilizer plants in Europe was built. This soda giant (with a capacity of 1.2 million tons per year) uses local raw materials – limestone and sodium salt – and exports most of its production. For fertilizer production, imported raw materials are mainly used, while the finished products are used domestically (Census, 2007).

The light industry is well developed in Bulgaria, particularly textile production. The country produces cotton fabrics (using imported cotton) and woolen fabrics (using local raw materials). Major textile centers include Gabrovo, Sliven, Sofia, and Varna. The leather and footwear industry produces globally competitive products.

Bulgaria has a well-developed food industry, with a significant share of tobacco and canned goods. A substantial portion of its output is exported. The food sector includes canning, milling, dairy and meat, sugar, fish, bakery, tobacco, wine, and brewing industries. The country exports over 80% of its wine, making it a key food export.

The services sector in Bulgaria is growing rapidly. It accounts for two-thirds of GDP (in line with EU averages) and employs around 60% of the active population. Key areas include financial services, retail trade, insurance and lending, healthcare, and tourism.

Transport and tourism services have a profound impact on the national economy. However, transport infrastructure in Bulgaria remains underdeveloped compared to

other EU countries. Main highways run from the capital toward the northeast and northwest. Alongside Sofia, the Black Sea resorts of Varna and Burgas are major nodes in the transport network.

Tourism is one of Bulgaria's priority sectors. Its unique natural and cultural-historical resources enable the development of various forms of tourism and recreational activities, positively influencing the territorial organization and service sector performance. Tourism is Bulgaria's leading export industry, employing about 500,000 people.

Despite the fact that about two-thirds of GDP comes from services, highly productive agriculture remains a fundamental branch of the economy, supporting the stability of the country's ethnic structure. However, the greatest challenge is posed by new sectors associated with the tertiary and quaternary economies – especially information and communication technologies.

One of the most important aspects of any administrative reform is the distribution of functions between state authorities and local self-government bodies. The regional level (statistical zones and statistical regions) is not administrative, meaning it has no governing institutions. It was created in accordance with European Union requirements to support regional planning in the context of regional development programs. In practice, this territorial division allows Bulgaria, like other new EU member states, to receive EU financial assistance to address regional development issues.

Provinces (oblasti) are headed by regional governors (oblasten upravitel) appointed by the Council of Ministers. Regional governors coordinate and manage the interaction of various central government agencies at the local level. The state authority functions at the regional level can be grouped into four categories:

- Regional development planning;
- Management of state property;
- Provision of state services;
- Administrative oversight of decisions made by local self-government bodies.

At this level, the state performs 69 oversight functions and 42 service delivery functions.

The municipality (obshtina) is the basic administrative-territorial unit where local self-government is implemented. A municipality is a legal entity entitled to own property and maintain an independent budget. The municipal council, elected by the local population for a four-year term, is the main body of local self-government.

Municipal leadership is responsible for addressing local issues and carrying out state-delegated functions. The competencies of local self-government bodies in Bulgaria cover the following areas:

- Municipal property and enterprises;
- Local finance, taxes, and fees;
- Urban planning and municipal infrastructure;
- Education – preschool, primary, and secondary levels;
- Primary healthcare and cultural services;
- Social assistance;
- Environmental protection;
- Development of sports and tourism.

Bulgaria has a relatively stable system of interbudgetary transfers, with a high level of revenue decentralization by European standards. On average, 60% of municipal budgets consist of own-source revenues, and 40% come from state subsidies. Unlike in Ukraine, this ratio and the mechanisms for its implementation are legally established in Bulgaria.

There is also a well-developed financial control system, based on Bulgarian laws such as:

- the Law on Financial Management and Control in the Public Sector;
- the Law on State Financial Inspection;
- the Law on Internal Audit in the Public Sector, among others.

3. Conclusions

The autochthonous Bulgarian ethnogeographic (Todorov, 2017) systems are undergoing a phase of transformation. The country's accession to the European Union served as an initial catalyst, and the adoption of the euro is intensifying population outmigration. Under these conditions, the share of Turks and Roma in the population structure is expected to increase significantly, which may have a negative impact on the autochthonous systems in Bulgaria.

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