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## SOCIO-ECONOMIC DEVELOPMENT OF THE STARA ZAGORA REGION – STATUS AND TRENDS

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### ABSTRACT

Until 2008 in Bulgaria is a period of rapid economic growth in all local government units at district level. Since the crisis in 2009 and stagnation in 2010 to 2011, these processes occur with different intensities in different regions. The polarization between the core and the periphery (the capital and the rest of the country) is getting worse. Recovery from 2010 also comes with different rates. The aim of the research is to analyze the state of socio-economic development of the region of Stara Zagora some basic indicators (GDP, investment, employment, household income, etc.) and categories (economy, infrastructure, demography, education, health, environment, social environment) and identify trends in this development.

### Key

**words:** regional development, local government, local administration, implementation of local policies, basic indicators and categories of socio-economic development

### INTRODUCTION

Socio-economic development is increasingly viewed as a stimulating or inhibitory factor in national development. Until 2008 Bulgaria experienced a period of fast economic growth in all administrative-territorial units at the regional level. Since the crisis of 2009 and the stagnation in 2010 – 2011, however, these processes are running with varying intensity in the different regions. The polarisation between the core and the periphery (the capital and the rest of the country) is increasing. The recovery from 2010 also runs with varying rates. The goal of this scientific study is to analyse the condition of socio-economic development in the Stara Zagora region, based on some primary parameters (GDP, investments, employment, household income, etc.) and categories (economics, infrastructure, demographics, education, healthcare, environment, social environment) and to delineate the trends of development.

One of the traditional parameters of quality of life and welfare – GDP per capita – illustrates clearly the existent major differences in the development in the development of the different regions in Bulgaria. GDP per capita in the poorest region – Silistra is about 1/5 of its value in Sofia (capital city) in 2009. The second “richest” region in terms of the average welfare of its citizens, Varna, is more than two times lower than the value in the capital. Stara Zagora has values a little above the average for the country and takes fourth place after Sofia (capital), and the regions of Varna and Sofia<sup>1</sup>. The region is one of the few, in which GDP per capita continues to grow throughout the crisis year of 2009.

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<sup>1</sup> Nikolova, D. In which regions does the economy work best?, *An overview of business policy*, ISSN 1313 – 0544, issue 603 from 09 November 2012; <http://ime.bg/bg/articles/v-koi-oblasti-ikonomikata-raboti-nai-dobre/#ixzz2NVifHeic>



Source: National Statistical Institute

**Figure 1.** GDP per capita in the region, 2009

## RESULTS AND DISCUSSION

The Stara Zagora region is located in the eastern part of southern Bulgaria and belongs to the Southeastern planning region (level NUTS 2). It is divided into 11 municipalities – Stara Zagora, Kazanlak, Radnevo, Maglizh, Bratya Daskalovi, Gurkovo, Galabovo, Nikolaevo, Opan, Pavel Banya, and Chirpan, which encompass a total of 206 populated areas. Nine of them are municipalities in rural regions. Two of the larger municipalities – Stara Zagora and Kazanlak, are urban. The population (2011) is 332 340 people and the employment rate (2011) is 45.1 %. GDP per capita (2009) is BGN 9 207.<sup>2</sup>

In the chart of regions, in term of socio-economic development for the period 2007 – 2010, Stara Zagora marks an improvement.<sup>3</sup> The grades of the economy and the business environment are at high levels compared to the other regions, and healthcare is evaluated as the second best in the country. The disadvantages include the natural and social environment.

The Stara Zagora region is distinguished with the fourth highest production per capita, which is

<sup>2</sup> IME, Regional profiles, Parameters of development, [http://www.regionalprofiles.bg/var/docs/Profiles-2012/Stara\\_Zagora\\_2012.pdf](http://www.regionalprofiles.bg/var/docs/Profiles-2012/Stara_Zagora_2012.pdf), p. 137

<sup>3</sup> Ministry of Regional Development, *Primary results from the analysis of the socio-economic development of the regions in Bulgaria*, 4 July 2012, [www.mrrb.government.bg](http://www.mrrb.government.bg)

mostly due to large companies in the field of power production, such as the “Maritsa-Iztok 2” thermal power plant and “Mini Maritsa-Iztok.” However, the emissions of harmful substances have the highest volume compared to other regions, which is due to the major power production facilities, as well as the strongly developed heavy industry.

Local taxes, as well as unregulated payments in the region, have some of the lowest levels for the country, and dissatisfaction is highest with the social environment and the infrastructure. Every tenth inhabitant lives in a household with low economic efficiency.<sup>4</sup>

### Economic development

The region exhibits traditionally high production, which, during the period 2000 – 2009 grew at a lower rate than the country average, falling behind the regions of Varna, Smolyan, Plovdiv, Sofia, and Sofia (capital). The intensive production is mostly due to companies in the field of power production and the energy business, as well as heavy industry.

Income per capita in a household gives the region the sixth place after Smolyan, Sliven, Pernik, Plevен and Sofia (capital) in 2010, while in 2011 the region reached third place after Sofia

<sup>4</sup> IME, Regional profiles, Parameters of development, <http://www.regionalprofiles.bg/bg/>, p. 138

(capital) and Pernik. Stara Zagora is a leader in the rise of income per capita in a household during the period 2001 – 2011, which means that it is quickly catching up with the other regions in this respect.

The rates of employment in the region are also at high levels, assuming a place after Russe, Varna, Blagoevgrad and Sofia (capital). In the period 2000 – 2009 the level has increased, although at a lower rate than the other regions. As a result of the economic crisis, the number of employed persons decreased in 2010 – 2011.

The region is not distinguished by a high number of enterprises, considering the population numbers, and their increase throughout the years has been beneath the country average. This is due to the several large companies in the region, which provide employment to a large number of workers. The number and size of the enterprises have a positive influence on the amount of foreign investments in them, which are at a relatively high level. The absorption of European funds per capita as part of municipal administration projects is the second best in the country after Sofia (capital).

### **Business conditions**

The evaluation of the business environment in the region is one of the highest in the country after regions like Russe, Vratsa, and Targovishte. The region is distinguished by its low local taxes, which are among the 10 lowest in the country. The waste disposal fee is the third lowest after the regions of Vidin, Dobrich and Gabrovo. The marketplace usage fee is also below the average for the country, yet falls behind the other regions.

The level of corruption in the region is the average for the country. According to the business, the level of corruption is highest in the police and the judiciary. In spite of this, the judiciary's work is evaluated as one of the best in the country after the regions of Targovishte and Burgas. According to the business, unregulated payments are more of an exception than a rule.

The administration's work is evaluated as the second worst in the country after Sofia. The main problems in Stara Zagora are the slow service, the administration's unresponsiveness and the ambiguous requirements.

### **Infrastructure**

The thickness of the road network in the region is relatively low, even though there has been a slight improvement in the period 2002 – 2010. The road network has expanded up to 2007, after which it maintained constant level up to 2010, and its condition is not sufficiently good.

In 2012, the opening of another segment of the "Trakia" highway between Stara Zagora and Nova Zagora had a positive effect on the region. The "Maritsa" highway is also under construction, which would connect the "Trakia" highway to the Kapitan Andreevo border checkpoint. Its construction would support the region's development, as it would facilitate access to Southeastern Bulgaria, as well as the passage of people and goods from and to Turkey and the Middle East.

The railroad network is one of the best developed in the country after the regions of Plovdiv, Russe and Sofia (capital). In the period 2004 – 2009 it was expanded, but after 2010 its condition remained at the same level.

A little more than 30% of the households had access to the Internet in 2010, which puts Stara Zagora a little above the average, due to the high concentration of households with Internet access in Sofia (capital). The access rate is relatively high, yet there has been no significant increase over the years. The share of persons between 16 and 74 years of age who had used the Internet during the last 12 months is below the average or the country. Over the years it has had a lower growth than household access to the Internet, yet it is still above it.

Losses in water distribution throughout the region in 2010 were the highest after the regions of Veliko Tarnovo, Sliven, Yambol and Pazardzhik. Over the period 2006 – 2010 they have slowly decreased, with the most significant decrease being precisely in 2010.

### **Demographic profile**

The population density in the region is a little above the average for the country. Traditionally, it is not very high, and during the period of 2000 – 2011 the population decreased by a little more than 10%. The natural and mechanical population growth is both negative, yet lower than the average for the country. In 2011, the majority of those who left the Stara Zagora

region headed towards the regions of Sliven, Plovdiv and Sofia (capital). The high mobility of the population is typical for the region, yet a balance is maintained – the annual number of people leaving the region is close to the number of newcomers.

People over the age of 65 years represented 30% of the people aged 15 to 64 in 2011, which is a little more than the average for the country. The ratio has slowly increased over the years, yet a lower rate than the other regions. In 2011, over 70% of the population lived in the cities, which is a little below the average for the country.

### **Education condition**

The number of elementary and high schools, compared to the population, is above the average for the country. Between 2003 and 2008 the reduction in the number of schools was slower, compared to the rates of decrease in the number of students. During the same period, 26 schools were closed down. At the same time, the number of teachers per student is among the lowest for the country, after the regions of Varna, Sofia, Haskovo, Burgas, Yambol and Sliven. This ratio has been relatively stable throughout the years, except for the period 2004 – 2007 when it was increased due to the major drop in the number of students. The latter have continued to decrease in numbers after 2007, yet this was accompanied by laying off teachers.

The number of students that left school is relatively low, and in 2010 Stara Zagora was behind regions such as Sofia, Kardzhali and Sofia (capital). A considerable improvement was observed in them after 2006, decreasing by 50% during the next four years. On the other hand, the share of repeating students is the fourth highest in the country after the regions of Sofia, Plovdiv and Dobrich.

The average grades from the matriculation state exam in Bulgarian language and literature in 2010 were among the highest after the regions of Varna, Sofia (capital) and Sofia. The region also has the lowest number of students who failed the exam – a mere 2.9% of all examined students in 2010. There has been deterioration in this respect in 2011 – 2012 as well.

The number of student per capital in the region is relatively low, yet the regional centre city is the

home of the Trakia University, which has the largest Faculties of Agriculture and Veterinary Medicine in the country. During the period 2000 – 2011, the number of students in the region increased by more than 60%. The Faculty of Business, established in 2009, has leading positions among economic faculties in the country, in terms of number of students competing for one spot.

### **Healthcare condition**

The number of healthcare institutions, compared to the population numbers, is above the average for the country, as only the regions of Gabrovo, Sofia, Smolyan and Vratsa have more hospitals. The number of hospitals in the region has increased gradually in the period 2000 – 2005, after which there is a sharp increase in 2006 – 2007 and a gradual decrease in 2011. Considering the population, there is a relatively high number of general practitioners in 2010, whereas cardiologists and internists are a little below the average levels for the country.

The number of patients that passed through the healthcare institutions in 2010 was one of the highest for the country, after the regions of Plovdiv, Veliko Tarnovo, Yambol, Varna, Sofia (capital) and Pleven. More than half of the population in the region believes that the corruption in the hospitals is at a very high level, yet only 35% of the people admit that they had made unregulated payments. Despite all that, more than half of the population is satisfied with the healthcare services in the region, yet more than 66% have sought hospital care in other regions.

Persons with health insurance in the region account for 88% of the population, which is a little above the average for the country. Their relative share is stable, and in 2011 it exceeded 90%, which is one of the highest levels for the country.<sup>5</sup>

### **MAIN RESULTS**

In terms of socio-economic development, the Stara Zagora region is distinguished as one of

<sup>5</sup> IME, Regional profiles, Parameters of development, [http://www.regionalprofiles.bg/var/docs/Profiles-2012/Stara\\_Zagora\\_2012.pdf](http://www.regionalprofiles.bg/var/docs/Profiles-2012/Stara_Zagora_2012.pdf), p. 139

the best environments for developing business. Yet the contrasts in development are typical for it as well. In some aspects of socio-economic development, Stara Zagora is leading within the country, whereas in others it is among the last places:

- It is one of the most dynamically developing economies (second place after the leading group of Vratsa, Sofia and Russe), with decreasing unemployment, which lowers one and a half times more intensively than the rest of the country. The income per capita in the region of Stara Zagora increased by 4.7% per year, which is nearly 6 times faster than the rates for the country;
- The trends in the development of the environment are among the most negative in the country. Stara Zagora exhibits the most distinctively negative trend. The development of the infrastructure is also negative. The amount of collected household waste per capita of the serviced population is also increasing, whereas the trend for the country is generally the opposite. In the field of infrastructure, an increase in the losses of water distribution is observed in the Stara Zagora region's public water supply and irrigation, by 3.8%, whereas throughout the country water loss decreases by 7.3%. The same is true about the development of the social environment, in which the region is among the last places in the country. The level of poverty has increased by about 3.5 per cent points per year, whereas it remains relatively constant in the country.<sup>6</sup>

Successful socio-economic development should be coordinated with:

- Knowledge of the specific peculiarities of the local environment and its place within the regional and national environment, determining its strong and weak sides, identifying the obstacles and factors for socio-economic development;
- Good team administration by managers and professionals;
- Responsible planned development, building up a clear perspective, defining achievable goals;

- Good quality of human resources in the territorial community;
- Good knowledge of the various financial sources, which could provide funding for projects, as well as conditions necessary for them to function in order to achieve the set goals and provide good socio-economic development of the territorial unit;
- Mobilisation of the actors and establishing a strong partnership – local authorities, local business organisations; development agencies; central authorities; regional authorities; leading local businesses; financial institutions;
- Local social and economic development cannot be viewed as an isolated process, even when it is internal in character. The dynamics of development necessitate a stronger consideration of the relationship and dependency with the other territorial levels – regional, national, international;
- Improvement of the infrastructure and effective communications on an intraregional and interregional level;
- Delivery of current, fast and measurable results.

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