

# Interreg



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REPORT

Synthesis of Results and Definition on Intervention Axes

(from D 3.5.1 to D 3.5.4)

FOR THE DISTRICT OF KARDZHALI



Regional Industrial Association – Kardzhali

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## 1. A 3.1 Mapping areas report for District of Kardzhali

### SWOT ANALYSIS

STRENGTHS	WEAK SIDE
<p><b>ECONOMICS</b></p> <ul style="list-style-type: none"> <li>● Presence of a well-developed economic sector including automotive industry, garment industry, food industry and mining industry.</li> <li>● Priority is given to the manufacturing industry, which has a leading position in the economic structure of Kardzhali District.</li> <li>● Presence of traditional industries for the region - metalworking, pneumatic equipment, mechanical engineering, instrument making</li> <li>● Development of enterprises in the automotive sector. Presence of large enterprises in the sector.</li> <li>● Presence of enterprises with foreign participation, with sustainable markets for the sale of their products.</li> <li>● Increase in technologically upgraded enterprises.</li> <li>● Increase in export-oriented enterprises</li> <li>● Stressful location of the region, through which passes the European transport corridor /EETC/ No 9 Helsinki - Alexandroupolis;</li> <li>● Kardzhali region is rich in ore and non-ore minerals, including deposits of quality marble and facing materials, gneiss, tuffs and limestones, bentonite, perlite zeolite, etc.</li> <li>● The presence of direct transport connectivity between the district's municipal centres, ensuring the development of local supply chains across all economic sectors;</li> <li>● Suitable infrastructure for the development of small, medium and large businesses in the municipal centers - the presence of clearly defined industrial zones both in the urban</li> </ul>	<p><b>ECONOMICS</b></p> <ul style="list-style-type: none"> <li>● Obsolete equipment, characterised by high running costs for some enterprises;</li> <li>● High cost of energy carriers;</li> <li>● Lack of sustained economic growth, bottlenecks in supply chains and high inflation due to the presence of crisis events such as wars and pandemics in the 2020-2022 period;</li> <li>● High levels of "toll manufacturing" and low levels of value added</li> <li>● A small share of large enterprises (0.2%) operate on the territory of Kardzhali district, as the business in the district is mainly composed of micro companies (over 92%);</li> <li>● Low levels of productivity and resource efficiency in most SMEs, due to a low share of high-tech enterprises;</li> <li>● Strong technological obsolescence and low degree of competitiveness of enterprises in Kardzhali district;</li> <li>● Concentration of business in the district center-Kardzhali and weak diffusion of business in the other settlements of the district;</li> <li>● Lack of a unified information system for the tourist flow, lack of a unified advertising and marketing product for the district, lack of a functioning partnership between all tourist sites in Kardzhali district;</li> <li>● Lack of modern markets for agricultural produce in small settlements in the district and modern irrigation facilities for the development of intensive agriculture;</li> <li>● There has been a continuing subsequent negative impact of the COVID-19 crisis leading to business closures in Kardzhali district.</li> </ul>

part and in the suburban part provides opportunities for the development of new highly innovative industries /automotive and automotive parts/ by attracting foreign investors;

- High economic activity rate 15-64 years old (67.9% , 2021)
- Low unemployment rate (1.7% 2021)
- A steady upward trend in foreign direct investment in non-financial corporations over the last 5 years of 82%.
- Favourable climatic conditions for crop and livestock production (Temperate climate with positive temperatures and predominantly sunny days).
- Large-area regions for the production of environmentally friendly plant and animal products (organic farming).
- Tradition and qualification of farmers in the cultivation of technical crops.
- There are traditions in beekeeping, fish production, etc.
- Presence of irrigation systems in irrigated areas,
- Experience in the production of aquatic crops
- Opportunities for establishing permanent vineyards and fruit crops
- 100% restored land ownership
- Availability of veterinary services
- Presence of relatively large numbers of cattle
- Modern dairies built and milk buying organised
- Traditions in sheep breeding
- Suitable conditions for sheep rearing (landscaped facilities, grazing and climate)
- Availability of conditions for fish farming development (in the Studen Kladenets and Kardzhali reservoirs and in micro-dams)
- Overall, the number of existing markets for the supply and purchase of agricultural produce is sufficient.

#### SOCIAL AND HUMAN RESOURCES

#### SOCIAL AND HUMAN RESOURCES

- Presence of negative natural growth and

- Availability of cheap and skilled labour.
- Over the last five years, the total population of the district has increased by 6.6% (2017-2021).
- Life expectancy for Kardzhali district is higher than the national average
- One of the few districts in the Republic of Bulgaria with a low relative share of the population aged 65+ in the total population of the district - less than 21.3% (NSI, 31.12.2020).
- The age dependency ratio 26 in Kardzhali district (46.7% in 2018 and 54.68% in 202027) is lower than the national average (56.4%), i.e. there are less than two persons of active age (1.82 persons) per person of dependent age (under 15 and over 65).
- Good technical infrastructure for social activities, education and health;
- The availability of specialized training facilities.
- Availability of qualified teachers
- Availability of specialised institutions for the elderly and home-based services for people with disabilities in Kardzhali region;
- Presence of potential for the development of social and cultural activities, taking into account functioning community centers in the various settlements of the district of Kardzhali, and in the municipal center for museum, gallery and theaters;
- Established sports infrastructure, diverse sports facilities, potential for sports development
- Introduced a programmatic approach to planning activities in the Directorate of Humanitarian Activities - annual preparation, adoption and implementation of the Plan - Program and Sports Calendar for the development of youth, school, sport for all and sport for excellence;
- Total average household incomes are increasing.
- Income from savings is growing.
- Bad loans and credit are declining.

increased inward migration;

- Deepening the process of demographic ageing of the population;
- Presence of a concentration of young people in the cities and the elderly in the villages;
- Relatively low wages for workers in the district - 75% of the national average;
- Shortage of skilled labour;
- Weak level of entrepreneurial initiative - the sources of income are mainly formed by wages, with its relative share being the largest;
- The highest share is accounted for by total consumer spending;
- Lack of resources for leisure, cultural recreation, education and health.
- More than 50% of registered vehicles are between 10 and 20 years old;
- The rate of increase in total average incomes is accompanied by a higher increase in total average household expenditures (impoverishment of the population);
- There is no equilibrium between supply and demand for jobs, with demand outstripping supply many times over
- Lack of continuity of workforce in traditional industries - over 55 average age of engineers and skilled workforce in traditional industries;
- Sustained migration of young and skilled professionals to other more developed regions and EU countries.
- Risk groups are formed on the regional labour market, which are unequal in relation to the other entities offering their labour force - unemployed persons without a specialty, with primary and lower education, long-term unemployed persons with registration over 1 year, etc.
- Presence of a group of "professionally unemployed" and persons benefiting from social

- Relatively sufficient satisfaction of families with their own housing.
- Increase in the number of private cars - cars and trucks.
- The employment rate in Kardzhali is higher than the national average.
- Increased private sector activity in a dynamic business environment.
- The unemployment rate has been on a continuous downward trend.
- Reduces the average number of unemployed women.
- The average number of unemployed young people aged up to 29 is falling.
- A well-developed health care network with medical specialists
- Availability of a sufficient network of educational institutions with an optimal structure for education, vocational training and higher education

benefits in other EU countries, refusing to work at the wage rates in Bulgaria - presence of conflict between the social systems of EU countries and the labour market in Kardzhali region;

- Sustained employment of women in low-skilled occupations in the garment industry, agriculture, etc. in poor working conditions and low pay.

- Presence of formal employment in the agricultural sector due to lower levels of social security contributions, encouraging registration as self-employed farmers;

- Outdated facilities in vocational schools;

- Decrease in the number of students, including dropping out a large number of minority groups, before the secondary level;

- Closure of schools;

- Outdated material extra-curricular facilities (ritual houses, community centres);

- Increasing proportion of the population in need of inclusion in social services;

- Insufficient capacity of existing social homes and centres and the need to build new ones;

- Shortage of skilled personnel with appropriate education and experience to work in a range of sectors in the real economy;

- Although there are a sufficient number of social, cultural and historical sites in Kardzhali district, including for sports, there are certain infrastructural problems that hinder the use of their potential;

- There is a lack of balance of health care facilities (concentration of specialists and specialised departments in the district centre);

- Increased internal migration processes to more developed settlements and districts. Positive mechanical growth in the last 5 years (895 people on average per year 2016-2020, with a higher proportion of women compared to

### TRANSPORT AND INFRASTRUCTURE

- Strategic geographical location of Kardzhali district
- Technical infrastructure network: internet, electricity, water, etc;
- The passage of the European transport corridor No 9 through the Kurdzhali region (Helsinki- St. Petersburg -Pskov- Moscow- Kaliningrad- Kiev- Lubashevka/Rozdilno `Ukraine-Kishinev-Bucharest - Ruse - Veliko Tarnovo - Stara Zagora - Haskovo- Kardzhali- Momchilgrad - Podkova - Alexandroupolis
- Preconditions for enhanced cross-border cooperation with the Republic of Turkey and Greece
- A higher number of sunny days (202.7) than the national average, as well as higher average monthly temperatures than the national average, are prerequisites for the construction of renewable energy facilities and for the development of crop production.
- The water courses and water areas of the territory of Kardzhali district occupy a percentage above the national average (1.8%) and is a prerequisite for the development of irrigated agriculture and water tourism.
- Presence of inexhaustible deposits of non-ore minerals
- Energy, plumbing and telecommunications systems built,
- Provided good access to high-speed Internet

men 469:426 people respectively);

- Increasing share of ageing population.
- Shortage of skilled people of working age to be involved in the provision of social services;
- In terms of the existing sports infrastructure in the educational institutions, they are in need of major overhaul. This weakness can be seen as the absence of sufficient incentive to retain the younger generation in the district.

### TRANSPORT AND INFRASTRUCTURE

- Remoteness from developed industrial centres - high degree of outgrowth;
- Restriction of freight transport up to 1.5 tonnes to Greece via the Makaza-Nimfea BCP;
- The implementation of intra-district connectivity may be compromised with the continued depopulation of the area and the reduction of the population of the settlements in Kardzhali district;
- The underfunding of the construction of inter-municipal connectivity, including bypass routes (e.g. bypass road of Kardzhali), not only deteriorates the infrastructure of the district, but also leads to the deterioration of living conditions both in the district centre and in other settlements;
- There is a need to modernize the existing regional road structure, which due to continuous lack of finances is in a deplorable condition, leading to depopulation of villages /Kardzhali district is the leader in this indicator with only 40.2% of the roads in good condition/;
- There is uneven infrastructure development in the territory of Kardzhali district, with a ray-oriented infrastructure centered in the town of. Kardzhali with several main transport rays;
- Lack of balance in development between

within the municipal center - the city of Kardzhali, and the settlements outside it;

- Presence of potential for renewable energy generation located on Municipal infrastructure sites.
- There is a gas transmission network, part of the route of the gas connection with Greece, and from here there is gasification of both domestic and industrial subscribers in the town. Kardzhali
- 87% of the population is centrally supplied with water.
- Kardzhali region has good water sources in terms of quantity and quality
- The total density of the entire republican road network in Kardzhali District /0.187 km/sq.km/ is higher than the national average and is generally sufficient.
- 99% of the total length of the national road network in the district is paved.
- Well organized bus transport, fully satisfying the needs of the population.
- All settlements of Kardzhali District electrified.
- The electricity network has capacity for additional load.
- Geographical and climatic conditions suitable for the conversion of solar energy into electricity and heat.
- Availability of a resource (within 1 million tonnes per year) of biomass suitable for energy production.
- Suitable natural conditions for the construction of wind power plants and small hydropower plants.
- The common border with the Hellenic Republic, the proximity to the Republic of Turkey and the cultural and historical heritage of the region define Kardzhali as a region of cross-border importance and potential for integrated cooperation and growth.
- Kardzhali district shares a common border with Xanthi, Rhodopi and Evros prefectures on the Greek side with a length of about 90 km.

urban and rural areas;

- Poor condition of technical, road and transport infrastructure. 85% of the republican road network in the district is third class, half of which - former IV class in unsatisfactory or poor condition;
- Presence of multiple landslides with significant rainfall during winter and spring seasons that compromise existing infrastructure;
- Poor condition of much of the built water supply network in Kardzhali district and poor water quality;
- The development of the industrial zones and the development of industrial production in the town. Kardzhali is faced with the need to build a specialized wastewater treatment plant - WWTP, of industrial producers;
- Poor condition of the road and pedestrian street network in villages and town;
- Insufficient level of adapted infrastructure for people with disabilities;
- There is an insufficient provision of small settlements in Kardzhali district with Internet access and distance learning opportunities for students.
- A comprehensive analysis and realistic assessment of the opportunities in terms of both resource endowment and potential market segments is lacking;
- Morally obsolete infrastructure around the dams Kardzhali and Studen Kladenets;
- Unimproved and fragmented farmland.
- High level of farmland fragmentation, leached and eroded soils
- Multiple non-functioning irrigation installations
- Few water user associations under current irrigation management law;
- Shortage of nurseries for seedling production and cold storage;
- Relatively small number of legal



- High teledensity
- Fiber optic cable lines have been built to the municipalities of Kardzhali, Momchilgrad, Dzhebel, Kirkovo and Chernoochene.
- The implemented digital telephone transmission to the telephone exchanges ensures 99 % digitalization of long-distance connections.
- The signal coverage of the licensed national television stations is 100% for the whole territory of the district.
- There is maximum coverage of GSM-networks of national operators.
- The degree of urbanisation has shown a minimal upward trend over the last three years
- Favourable border location - about 90 km common border with the Hellenic Republic.
- Kardzhali district falls in the transitional Mediterranean climate zone.
- Close proximity to the Mediterranean Sea.

farmers registered , shortage of farmers' organisations;

- Lack of a unified cadastral map of the region;
- The agricultural land market in the district is not developed and the price is relatively inflated;
- Too small (fragmented) livestock holdings - cattle are raised on a household basis (average 2-3 dairy cows per family) in the absence of intensive technologies;
- They are raised mainly for milk and to satisfy their own meat needs;
- Insufficient control in the use of breeding males leads to a deterioration of the breed;
- Insufficient milk yield due to lack of selection and improper breeding;
- Lack of established collection points under European legislation;
- Presence of abandoned and demolished facilities;
- Malkistadas low-producing animals raised mainly for meat (sheep);
- Micro-dams are not designed for intensive fish farming;
- The markets available for the supply and purchase of agricultural produce do not comply with the requirements for suitable land, buildings and general conditions for this type of produce;
- Presence of mostly young coniferous forests, with undeveloped road network and vulnerable to fires;
- Insufficient effectiveness of the forest protection system;
- There is no updated vision for the development of forestry activities;
- Timber harvesting is not in line with annual growth (450 thousand m<sup>3</sup> vs. 200 thousand m<sup>3</sup>)
- Predominant grazing and illegal logging;
- The existing water mains are past their sell-

by date and are not being used wisely;

- Existence of a sewerage network only in large settlements, while in the rest septic tanks and soak wells are used;
- There is no motorway road network on the territory of Kardzhali District;
- The main roads are depreciated and out of service;
- Lack of bypass roads of the municipal towns in Kardzhali District;
- Insufficient length of Class III roads in Kardzhali District with a bearing capacity of 10 t/axle.
- Overall unsatisfactory assessment of the condition of the road surface of the municipal road network;
- Presence of a non-modernized railway line for speeds up to 60 km/h;
- Unbuilt railway connection with the Hellenic Republic;
- Abandoned (non-functioning) air transport infrastructure;
- Low level of energy efficiency in the use of heat in industry and households;
- High percentage of buildings in the region without modern thermal insulation - over 90%;
- 3.5% of the biological resource is used for heating (deciduous firewood and wood pellets);
- Insufficient project and financial readiness for electricity production from wind power plants and MWPP;
- The gas transmission and distribution network in the region is poorly developed;
- Limited amount of geothermal energy sources available;
- Low absorption of funds under existing EU-funded programmes in the region - €886 per capita;
- Very limited cultural and social contacts on both sides of the border;

## ECOLOGY AND ENVIRONMENT

- More than 50% of the population is connected to the sewerage network in Kardzhali district.
- Reduce direct discharge of untreated wastewater into water bodies and reduce infiltration into the sewerage system;
- Garbage collection, garbage collection and segregation of household waste is organized in all settlements in Kardzhali district.
- Established garbage collection schedules from the individual settlements on the territory of the municipalities in Kardzhali district
- Existing Waste Management Programme for the territory of the municipalities in Kardzhali district.
- Two of the largest dams in Bulgaria - Kardzhali and Studen Kladenets - are located in Kardzhali district;
- In Kardzhali district, measures have been taken to reduce the economic and social impact of the landslide processes, with two landslides being strengthened and three more in the pipeline;
- Kardzhali region is a region with specific flora and fauna with representatives of several zoogeographical zones with rare extinct species included in the Red Book of Bulgaria endemics and relicts and a wide variety of valuable medicinal plants;
- There are structures in place to monitor and protect the environment;
- On the territory of Kardzhali district there are predominantly regions with no recorded pollution from anthropogenic activities;
- Established structure for forest management and governance
- Emerging forest ecosystems based on reforestation in the last 50 years amounting to 1 000 000 ha
- Favourable conditions for hunting and the presence of significant stocks of red deer, wild boar, roe deer, hare, partridge, muntjac

- There is cable TV only in the community centers;
- Depopulation of small settlements (townships and neighbourhoods);

## ECOLOGY AND ENVIRONMENT

- High levels of environmental pollution, including contaminated soils with lead, cadmium and zinc along the Arda River
- Insufficient effective management of the hunting resource - poorly developed international trophy hunting;
- Not enough hunting tourism opportunities offered by external structures and organizations for the region;
- High wolf, jackal and stray dog population levels;
- Severely declining stocks of native game species (wild boar, roe deer)
- The waste removal to the regional landfill in Kardzhali is economically weak;
- Insufficient potential and structures in place at municipal level for biodiversity conservation, development and enhancement;
- Unsatisfactory condition of the sewerage collectors;
- Presence of numerous potential air pollutants are large industrial enterprises located in the city of Kardzhali and in some other settlements;
- Potential pollutants, such as the dewatering installation of the "Tailings Storage - Kardzhali 2", are present in the area of the district centre;
- The annual average concentration levels of lead aerosols and cadmium aerosols are above the limit values;
- Wastes are not universally collected separately;
- In the production zones in Kardzhali and in the lands of some villages, there are old environmental contaminations of the soil with

and pheasant, as well as mouflon and fallow deer;

**TOURISM AND CULTURAL HERITAGE**

- Kardzhali region has a unique cultural and historical heritage, folklore, customs, traditional crafts, a memorable inspiring spiritual environment and emerging ambitions for tourism development.
- Well-established cultural traditions of mutual celebration of different ethno-cultural festivals
- Many cultural monuments have been preserved;
- Presence of a unique historical heritage. The numerous cultural and historical monuments with which the area is filled - Perperico, Tatul, Ustra, Monek South, etc. stand out.
- Kardzhali region is a centre of cultural values. Their origin is connected with the multinationality of the population and the tolerance between ethnicities and religions;
- Along with the historical ones, there are a number of unique natural attractions in the area - the Utrobata Cave, the Stone Wedding, the Stone Mushrooms, etc.;
- Traditional cuisine in Kardzhali is a mix between European and Asian cuisine;
- The cultural calendar of Kardzhali district is filled with numerous events, including the annual holding of various festivals, competitions, fairs, cultural and sports events;

heavy metals;

- Presence of many unregulated landfills and old pollution;
- Presence of landslides and strong landslide processes determined by geological, tectonic, climatic, hydrological, engineering geological and other factors.
- There is surface denudation and channel erosion along the river banks.
- There is no environmental protection and monitoring centre in the district.

**TOURISM AND CULTURAL HERITAGE**

- The bed base is concentrated in the regional centre of the town of. Kardzhali and is not directly connected with tourist routes, recreation and rest;
- Low occupancy of the bed stock, concentrated mainly along the route of the transit flow to Greece;
- Many of the monuments are not maintained and are not marked on the tourist routes;
- Insufficient use of the tourist potential of the district, including due to poor infrastructure connectivity between the different natural and cultural attractions;
- Unregulated relationships regarding the use of the tourism potential of historical and natural sites that are exclusive state property;
- Poor use of natural features, including water bodies, which have not been a priority of national regional development measures. .

**OPPORTUNITIES**

**ECONOMICS**

- Formation of local and regional clusters and

**FLOODS**

**ECONOMICS**

- The application of inefficient economic

business networks, as well as potential for building related industries based on existing ones;

- Availability of support for the implementation of the network approach by SMEs (networking within European initiatives, measures and operations);
- Availability of support for start-ups in all sectors and creation of an environment to strengthen them;
- Opportunities to support smart green businesses, biodiversity and environmental conservation;
- Potential of mineral deposits - zeolite, bentonite, etc.
- Encouraging through appropriate national measures and programmes, including fish with the financial support of the Maritime Affairs, Fisheries and Aquaculture Programme for the period 2021-2027, the establishment and registration of fish farms for breeding, rearing and fattening of fish in the dams located on the territory of the Kardzhali region, including the construction of fish auction sites, cold storage facilities for fish, factories and workshops for processing fish and fish products;
- Promotion of social entrepreneurship in Kardzhali region in different spheres of the economy;
- Availability of opportunities to increase the competitiveness of enterprises by exploiting local labour and resource potential;
- Availability of conditions for increasing the competitiveness of the local economy by financing projects with European funds;
- Development of infrastructure serving farmers and those involved in fish farming and aquaculture (auction houses, laboratories, etc.);
- Improve local tourism by creating conditions for building and sustainable development of tourism potential and increasing tourist flow;
- Exploiting the potential for the development of hunting, fishing and cultural-historical tourism in Kardzhali region;

mechanisms and the refusal to implement integrated connectivity projects with neighbouring municipalities will deepen the current trend of disconnection;

- Civil opposition and the emergence of public discontent threatening the implementation of investment projects in certain industries;
- The implementation of projects to promote the economic and social development of Kardzhali district could be hampered by insufficient investment interest and/or inadequate qualifications and lack of motivation of the local community;
- Insufficient absorption of the allocated funding, from the state budget and EU funds;
- Disinterest on the Greek side in expanding the possibilities under the OETC No. 9 and the regional BCPs for freight transport and exchange of goods;
- Suspension of mining from ores;
- Inability to follow the course of technological development;
- Changes in price levels and inflation with the country's accession to the Eurozone;
- Insufficient level of foreign investment;
- Deepening economic crisis and inability to absorb EU funds;
- Stopping/delaying integration processes;
- Economic crisis and collapse of the energy market;

- Targeting public funds to build infrastructure in industrial zones;
- Livelihood creation and retention in the district;
- Access to raw materials and European Union markets.
- Access to financial resources and technology from the European Union.
- Cross-border cooperation with Greece and Turkey.
- Development of deposits of non-ore minerals.
- Development of gold deposits .
- Production of garments and collections , own brand;
- Conversion to the cultivation of other types of industrial crops (oilseeds and herbs);
- Renovation and construction of new highly efficient and cost-effective irrigation systems;
- Creating conditions for a real agricultural land market by creating a unified cadastral map of the region;
- Creation of conditions for farmers' associations supported by external donors;
- Financial opportunities for the establishment of nurseries for the production and acclimatization of perennial planting material;
- Use of new varieties of perennial crops with quality planting material and marketable species and variety composition;
- Restoring heavy metal contaminated soils and increasing their fertility;
- Building large-scale competitive livestock farms;
- Support the establishment of local small and medium-sized enterprises for the processing of agricultural and livestock products;
- Formulation of a comprehensive concept for forest management in Kardzhali district, in line with the municipal development plans;
- Stimulating better conditions for the formation of local businesses to carry out forestry activities;

- Development of eco and fishing tourism around the dams of KARDZHALI and Studen Kladenets;
- Development and implementation of a unified marketing strategy for tourism development in the district;
- Supporting small and medium-sized businesses through programmes and measures funded by the European Union;
- Search for alternative forms of family business in the tourism industry and agriculture, including through the adaptation of the existing housing stock;
- Integration of persons from third countries into the labour market of Kardzhali region;
- Helping small and medium-sized businesses to create jobs through programmes and measures funded by the European Union;
- Provision of conditions for opening new Higher Education Institutions in Kardzhali and other municipal centers;
- Modernisation of the learning process according to EU requirements;
- Developing a comprehensive strategy for the development and preservation of the historical and cultural heritage and traditions of the region;
- Stimulating cross-border cultural and domestic contacts with neighbours from Greece and Turkey;
- Modernization and reconstruction of the water supply network;
- Construction of sewerage system in all settlements over 500 people;
- Improving existing and building new infrastructure to develop regional and cross-border links;
- Reconstruction of the railway network in the district and creation of conditions for railway connection with the Hellenic Republic;
- Retrofit and upgrade existing air transport infrastructure;
- Construction of a complete gas transmission and distribution network in Kardzhali district;

- Increased application of technologies for the use of bio-mass for energy production (pellets and others).
- Development of the renewable energy sector, through the construction of small hydropower, photovoltaic and wind power plants;
- Promoting the mass use of solar panels for DHW;
- Opportunity to build a Euroregion together with Haskovo Region and interested regions from the Hellenic Republic and the Republic of Turkey in order to improve the infrastructure in the region, socio-economic cohesion and environmental improvement.
- Increased participation in EU programmes and use of other opportunities for cross-border cooperation;
- Technological upgrading and expansion of telecommunications infrastructure;

#### SOCIAL AND HUMAN RESOURCES

- Using the necessary potential to create the appropriate motivation and retention of young people in the region of Kardzhali;
- Stimulating social entrepreneurship by exploiting opportunities for diversification of social services and innovative application in all sectors of the economy in the area;
- Developing the education sector and improving the quality of training, in order to meet the needs of the local labour market;

#### TRANSPORT AND INFRASTRUCTURE

- Development of the infrastructure of GCP-Macaza and optimal functioning of OETC No. 9.
- Opening of other BCPs of regional

#### SOCIAL AND HUMAN RESOURCES

- Continuing negative demographic processes;
- Insufficiently motivated and qualified staff to service social activities and social institutions in Kardzhali district;
- Unavailability of co-financing to implement certain projects in Kardzhali district;
- Potential emergence of public discontent threatening the implementation of social investment projects;
- Lack of motivation on the part of the local population and civil society to engage in the process of educational, social and cultural transformation;
- An increasingly ageing skilled workforce;
- Impeding integration processes;

#### TRANSPORT AND INFRASTRUCTURE

- The improvement of the quality of life of the inhabitants and the exploitation of the opportunities for economic and social development may be hampered by the deterioration of the ecological condition and



importance - Avren, Egrek, Tihomir, Shumnatitsa, Benkovski-Challa, etc.

- Comprehensive improvement of the regional road network and connectivity to Corridor 9 and Transport Corridor 4 and 10;
- Potential for combining the different modes of transport and their efficient use by creating intermodal links for road, rail and transport, sea and air transport;
- Stimulating PPPs and investment in major infrastructure projects;
- Prioritization and integration of the available historical, cultural and natural potential for the development of integrated tourism;
- Potential for development of transport infrastructure (water, land);
- Implementation of energy efficiency measures and production;
- Creation of infrastructure for collection, storage, warehousing and export of agricultural produce;
- Established gasification of industrial zones can serve as an incentive to attract potential investors and to develop local businesses.

#### ECOLOGY AND ENVIRONMENT

- Implementation of wastewater treatment plants;
- Developing an assessment of contaminated sites and waters and ending current contamination;
- Creation of a unified MSW management system;
- Establish a separate waste collection system.
- Creation of conditions for anti-erosion measures in the municipal and private land fund.
- The presence of significant water bodies such as the dams: the Kardzhali and Studen Kladenets, as well as the passage of the Arda River through the middle of the town of Kardzhali are a good prerequisite for the development of the fisheries and aquaculture subsector, on the one hand, and the production of energy from renewable sources (micro and large hydroelectric

of the existing sewerage network in some of the settlements in Kardzhali district;

- Insufficient funding from the state budget and European Union funds to build new and improve existing infrastructure;
- Ongoing process of division of hereditary estates resulting in a reduction in the average size of estates;
- Delay the establishment of water user unions by region;

#### ECOLOGY AND ENVIRONMENT

- Insufficient progress in tackling environmental problems;
- Presence of natural disasters;
- Insufficient funding from the state budget and other donors for environmental protection;
- Lack of interest in investing in the eco and bio industry;
- Presence of low Natura 2000 coverage and protected areas;
- The regional landfill operates with only one cell that will fill up in the next 4-5 years, which could lead to an environmental disaster if a new one is not built;
- Presence of massive landslides with significant rainfall during winter and spring seasons that compromise existing infrastructure.
- Presence of ongoing water and soil contamination;

power plants);

- There are extensive areas that can be designated as an Ecologically Clean Area, which allows the development of organic production and enables local producers to certify themselves as organic producers;
  - Well-developed cross-border cooperation for economic cooperation
  - Presence of favourable natural and climatic conditions, including the highest number of days with sunshine, for the development of agriculture.
  - Construction of a new water treatment plant serving the industrial zones to attract potential foreign investors in high-tech and sustainable industries;
  - In the territory of Kardzhali district there are many protected areas under the Protected Areas Act, which gives the opportunity for the development of organic farming and organic production;
  - Increase in energy efficiency, implementation of renewable energy sources, reduction of greenhouse gas emissions and fossil fuel use in Kardzhali district can be tangible with the use of appropriate environmental protection programs and measures;
  - The potential of the available animal species, habitats and other natural attractions provides many opportunities for development, as well as responsibilities related to the use of the land and forests in these areas and the consideration of regional development projects;
  - The development of the Kardzhali region is linked to the opportunities for exploiting the natural and geographical features and potential of the river. Arda (opportunities for the development of river/reservoir infrastructure and river/reservoir tourism)
  - The high level of air purity in Kardzhali district, above the average European air quality index, is a prerequisite for the development of various environmentally friendly economic activities.
- Presence of calamities from diseases, pests and forest fires destroying large areas of newly created ecosystems

<p><b>TOURISM AND CULTURAL HERITAGE</b></p> <ul style="list-style-type: none"> <li>• The availability of cross-border connectivity as well as inter-municipal connectivity to create regional tourism routes;</li> <li>• Creating opportunities for eco, bio, sports, fishing and other types of tourism that have the potential to attract visitors from the country and beyond;</li> <li>• Synchronise economic policy and use business to attract visitors to the various potential tourist sites.</li> </ul>	<p><b>TOURISM AND CULTURAL HERITAGE</b></p> <ul style="list-style-type: none"> <li>• Changes in the natural conditions, including landslides, floods and others may not only threaten the preservation of the various potential tourist sites, but also compromise the development of tourism in Kardzhali district;</li> <li>• The poor ecological condition of the Kardzhali district may negatively affect potential tourists along the river. Arda and the dams Kardzhali and Studen Kladenets;</li> </ul>
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## 2. A 3.2 Elaborating Vision and Strategies with Local Stakeholders

The main objective of the regional development of Kardzhali region for the next period is "Preservation and diversification of the existing business, attraction of new investors and improvement of the technical infrastructure to make Kardzhali region a fast developing region in Bulgaria".

### STRATEGIC OBJECTIVE 1

**IMPROVE THE ECONOMIC CLIMATE AND BUSINESS ATTRACTIVENESS OF THE REGION THROUGH INVESTMENT IN HUMAN CAPITAL AND BUSINESS RELATED INFRASTRUCTURE.**

This strategic objective supports actions and measures to overcome the lag of the regional economy behind the national average. In addition to catching up growth through specifically targeted national and regional policy support, Kardzhali Region should mobilise and incorporate its specific growth potential and growth drivers into this growth, and reinforce their comparative advantages. Among the underutilised resources, which are also potential for regional development in a positive direction, are agriculture, natural resources and cultural heritage. It is necessary to implement measures for the effective use and valorisation of these specific potentials in all parts of the region and to adapt to them the areas of human resource training and the necessary infrastructure - agro, access to cultural and tourist sites and the construction of production and logistics facilities.

### STRATEGIC OBJECTIVE 2 (OBJECTIVE 2)

## BALANCED DEVELOPMENT OF THE URBAN ENVIRONMENT AND REDUCTION OF REGIONAL DISPARITIES IN QUALITY OF LIFE

The regional and local infrastructure elements are a major factor stimulating business development and economic balancing of the territory. The development of regional infrastructure is also a potential source for attracting investment, creating new jobs and improving quality of life.

### STRATEGIC OBJECTIVE 3

#### DEVELOPING ADMINISTRATIVE CAPACITY AND INCREASING OPPORTUNITIES FOR ATTRACTING INVESTMENT IN THE REGION

In order to create better business opportunities and improve the quality of life, investment in administrative capacity and in strengthening the efficiency of public administrations and public services is of particular importance. The increasing demands of citizens and businesses for speed and quality of service require focusing resources on optimising administrative service delivery processes and horizontal operational connectivity of public institutions.

#### PRIORITIES, SPECIFIC OBJECTIVES, ACTIONS/MEASURES/PROJECTS NEEDED TO ACHIEVE THE OBJECTIVES AND PRIORITIES

The Strategy focuses on five priorities for the development of Kardzhali region:

Priority 1: Targeted support for the preservation, modernisation and expansion of local enterprises and the construction of modern infrastructure to attract external investors in manufacturing and other industries.

Specific objective 1: Measures to preserve existing enterprises in traditional industries in the district.

Specific objective 2: Stimulate research and development for the entry of innovations and new technologies.

Specific objective 3: Develop an investment profile and implement a strategy to attract investment to the district.

Specific objective 4: Rehabilitate and develop the district's municipal centres by implementing an integrated urban regeneration and development plan for the city of Kardzhali and developing integrated regeneration plans for the district's other municipal centres.

### **3. A 3.3 Communicating Vision and Strategies to Local Communities**

All strategic documents and measures have communicated with local community, by two public events, dissemination materials and online resources.

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#### **4. A 3.4. Semi Structured Research to Agri Food Businesses**

Comments and conclusions:

- More than 80% of the companies are sole ownerships, which indicates a lack of attitude/culture for business cooperation and partnership on the part of entrepreneurs in Kardzhali district.
- Nearly 63% of the enterprises are concentrated in the district centre, which leads to an imbalance in the economic life of the district by geography.
- Almost half of the companies have been in business for more than 10 years, indicating good stability and experience of the business, with a positive trend in the increase of registered companies after the Covid-19 pandemic.
- Approximately 95% of the surveyed enterprises are micro (up to 9 employees), which clearly defines the usual structure of business organizations in the district.
- Most of the companies source their main raw materials from Kardzhali region or other Bulgarian regions, and a smaller part from the EU and third countries.
- Almost 100% of the sales of the enterprises are in Kardzhali district, which indicates low export potential and insufficient opportunity to enter other markets, including a lack of knowledge and skills to do so.
- Extremely weak presence on the Internet, with only one company indicating the presence of its own website, which confirms the view that the potential for sales on the web is not being exploited, including the failure to position businesses and products for recognition.
- In terms of innovation, priority is given to methods of promoting and selling products, as well as improving the organisation of business processes and, last but not least, securing financing for the activity.
- For methods already applied, mainly collaboration with a consultant or research body and participation in investment projects are mentioned.
- A definite negative trend is the fact that employees of all but one company have not participated in training programs, which largely explains the low professional literacy and capacity of the staff.
- Unfortunately, more than 60% of companies do not foresee hiring new employees in 2023, which may be determined by the uncertain global situation marked by pandemics, wars and natural disasters, and those that do claim new jobs limit them to a maximum of 5.
- The employees sought are mainly in client work and marketing professionals, and the channels for their search is through recommendations from known persons and advertisements on the Internet and social media.

- Nearly two-thirds of the companies indicated that they have stagnated over the last three years in terms of increasing sales, while a relatively equal number (10%-11%) indicated an increase or decrease in turnover.
- More than 85% of the enterprises indicated "good relations with customers" as their main strength and "fast processing of orders" and "low prices" as an addition, which to a large extent formulates their marketing strategies, predetermined by the limited market in Kardzhali region.
- The main share of the companies pointed to difficulties in marketing the products as the main problem they face, naturally combined with the traditional problems of finding staff and expensive loans.
- In terms of the entrepreneurs' view of expected assistance from local collective bodies, the inclusion in training, the provision of advisory assistance and the provision of cheaper credit resources emerged as priorities.
- In conclusion, we can summarize that the challenges related to enterprises doing business in the agro-industry and food sectors in Kardzhali region are mainly related to reaching other than regional markets, including through increased online positioning and incorporation of innovative methods to reorganize business processes and increase sales, as well as necessarily increasing the knowledge, skills and culture of entrepreneurs and employees, to a stronger use of modern marketing tools to achieve their business goals.

#### Proposed measures and activities:

- Carrying out surveys to recording problems and challenges faced by the enterprises in the aforementioned areas
- Compiling studies on specific issues concerning the local business communities
- Formulating strategies towards strengthening the competitiveness of the local business communities
- Designing plans for the development of the areas envisaged by the undersigning parties
- Implementing actions for the development of the human resources in the areas of origin of the undersigning parties
- Utilizing the infrastructure developed in the context of MarCh
- Maintaining and expanding the digital infrastructure (digital portals) developed within MarCh project
- Implementing counseling interventions to businesses in the areas envisaged
- Designing business plans and offering guidance to young entrepreneurs and already operating businesses

- Carrying out diagnostic analyses for businesses in order to help them to strengthen their competitiveness
- Enhancing the cooperation between the business and the research community
- Enhancing the cross border cooperation of enterprises and organizations between the two countries of origin of the here undersigning parties
- Cooperating with other Collective Bodies of Entrepreneurship and Professional Organizations
- Cooperating with Local and Regional Authorities and other public bodies and
- Carrying our any other activity contributing to the scope of the present.