ACT SOCIAL

RESEARCH

MAPPING THE CURRENT SITUATION OF TOURISM/AGRO FOOD SECTOR IN BULGARIA

Actions for the Support and enhancement of Social entrepreneurship at Local level

WP 3, Del. 3.3.1
Research for mapping the current situation of tourism/agro food sector in Bulgarian side, for collecting and process statistical data and produce updating reports.

2018

ASSOCIATION EUNI PARTNERS

Project Title	*Actions for the Support and enhancement of Social entrepreneurship at Local level*
Project Acronym	*ACT SOCIAL*
Project Duration	*03.10.2017 – 02.10.2019*
Project Partners	***LB (PB1)*** *Municipality of Thermi (GR)* ***PB2*** *Association of South Western Municipalities (BG)* ***PB3*** *Sdruzhenie Yuni Partners (BG)*

The Project is co-funded by the European Regional Development Fund and by national funds of the countries participating in the Interreg V-A "Greece-Bulgaria 2014-2020" Cooperation Programme

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1 Survey analysis – "Current situation in the tourism and agro-food sector in Blagoevgrad region"

The survey was developed by Association Euni Partners in order to map the current situation in the tourism and agro-food sector as a part of the work package 3 "Market analysis and tourism/agro-food business opportunities in the CB area" within the project „ACTions for the SuppOrt and enhancement of SocIAl entrepreneurship at Local level – ACT SOCIAL".

The overall objective of the project is to detect and determine the social impact of social enterprises measured in terms of employment integration in the cross border area and develop support structures and tools, which reinforce the capacity of social enterprises in this frame.

The target groups of the survey were:

- **enterprises active in tourism and agro-food sectors in Blagoevgrad region** – including municipalities of Blagoevgrad, Simitli, Razlog, Belitsa, Yakoruda, Kresna, Bansko, Strumyani, Petrich, Sandanski, GotseDelchev, Garmen, Satovcha and Hadzidimovo; and
- **promoters and developers of the reference sectors**.

The sample of the survey was 100 representatives of the tourism and agro-food sector in the region and 10 bodies/authorities related to the sectors.

2 Methodology

The methodology used in the survey aimed to enterprises active in tourism and agro-food sectors in Blagoevgrad regiondivided the process in three phases:

1. List of stakeholders – First, a desktop research has been conducted in order to map the enterprises located in the Blagoevgrad region. A list of stakeholders was created comprising 160 enterprises working in the field of tourism and agro-food sector, which have been contacted to fill the survey.
2. Developing of the survey questions – The objectives of the survey were defined. Based on the objectives 21 questions have been developed responding to several aspects:
    - Identification of the enterprise,
    - Scope of its activities,

- Employees and working opportunities,
- Sales revenue and profits,
- Modernization and innovations,
- Influence of the Cross-Border area on the enterprise and
- Relation to social entrepreneurship.

3. Collection of the data – The collection of the data was conducted in three ways: by online questionnaires, interviewing by phone and in field research.

The list of developers and promoters of agro-food and tourism sector was developed. A survey with 8 questions was created presenting more information about the institution’s activities. The collection of the data was carried out by face to face interviews. The answers were provided by 11 responders.

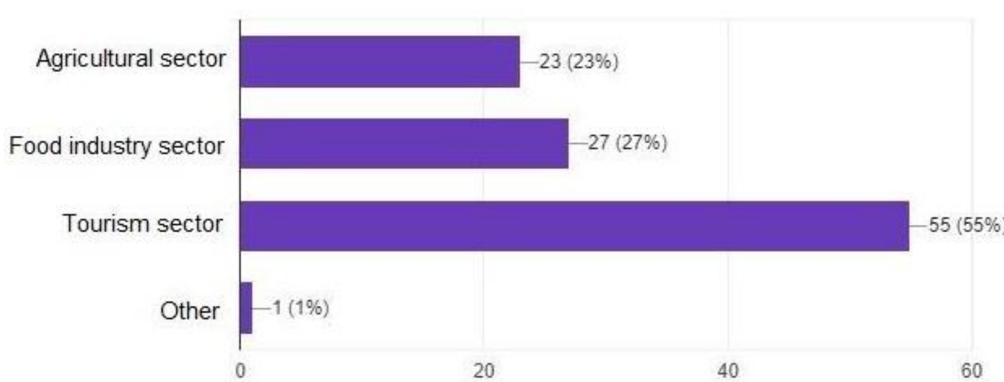
3 Information analysis

3.1 Survey - Enterprises active in tourism and agro-food sectors

- **Identification of the enterprise**

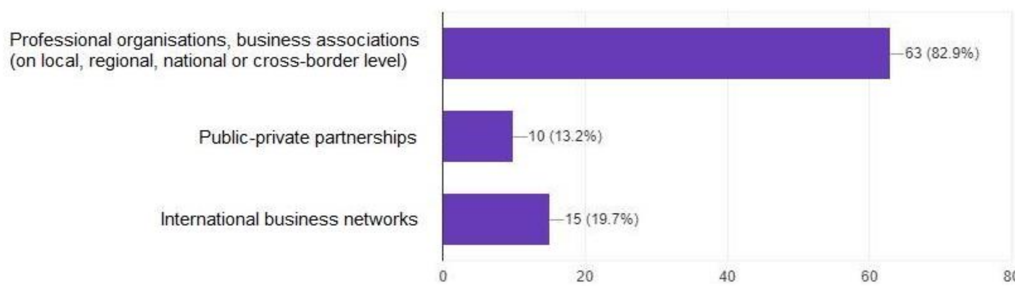
The first question identifies the sector, from which the responders come from. 23 enterprises are from agricultural sector, 27 from food industry and 55 from the tourism sector.

Figure 1: The enterprise is working in:



Most of the enterprises (82,9%) are members of professional organisations or business associations. 10 enterprises are involved in public-private partnerships and 15 in international business networks.

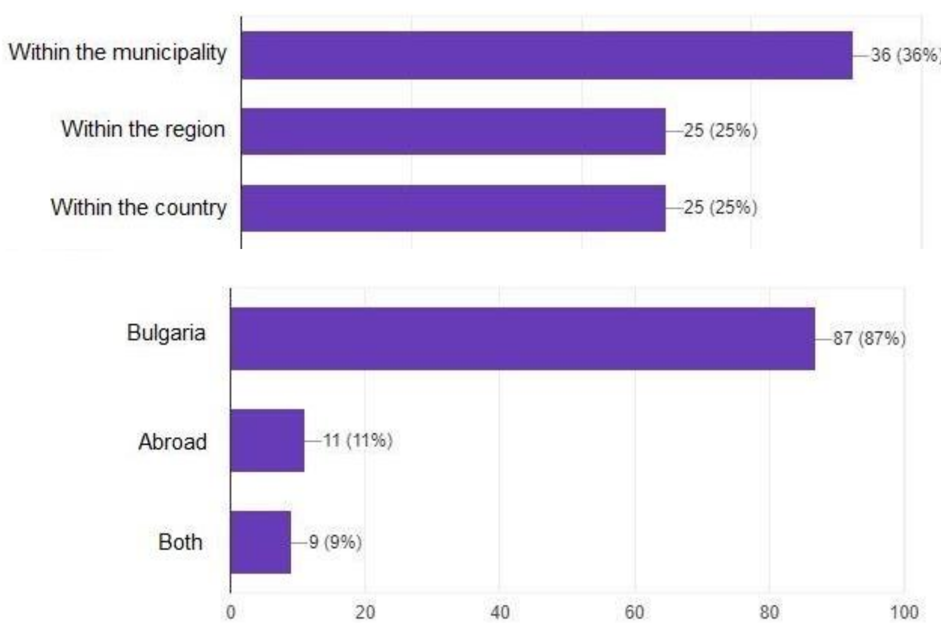
Figure 2: The enterprise participates in/is member of:



- **Scope of its activities**

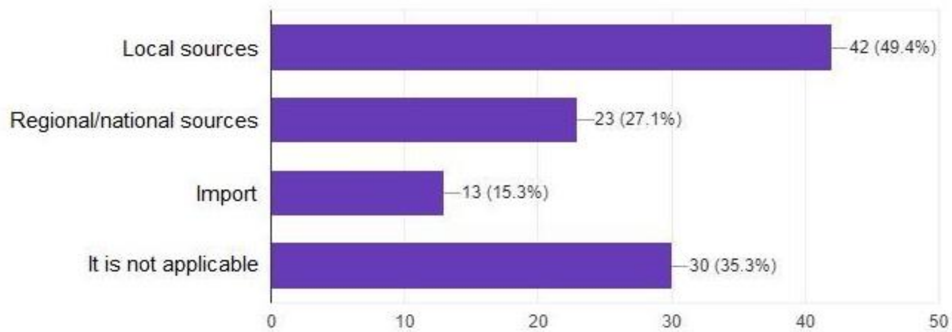
Next questions from the survey provide information about where the activities of the enterprises are extended. 32% of the enterprises are developing their activities abroad. 20% of the responders operate outside of Bulgaria or both in Bulgaria and abroad, mostly within the Europe, Balkans, Greece, FYROM, Turkey, Romania and one enterprise is operating also in USA and China.

Figure 3: The scope of the activity enterprise is developing is:



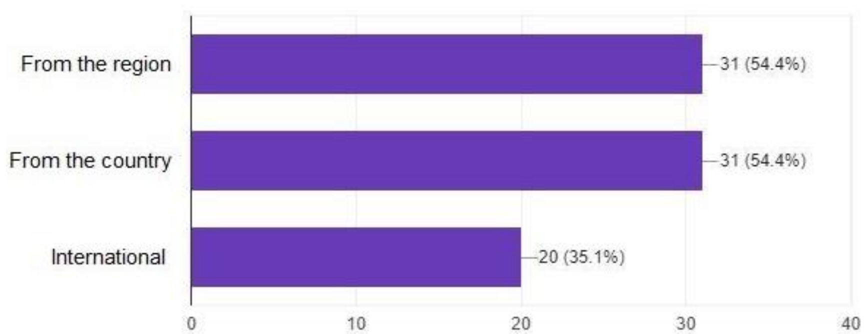
Almost half of the enterprises (49,4%) use local sources to obtain their raw material for production and 27% use regional or national sources. 15,3% of the enterprises import the products from abroad.

Figure 5: The enterprise operating in the production area obtains raw material from:



The customers of the enterprises working in tourism sector are primarily either from the region or the country. 20 enterprises state they have mostly international customers.

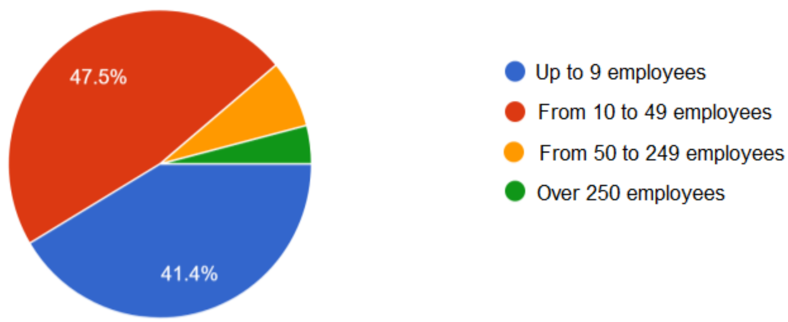
Figure 6: The customers of the enterprises operating in the tourism sectors are primarily:



- **Employees and working opportunities**

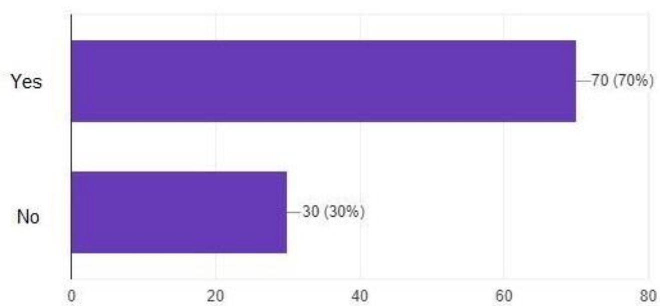
41% of the enterprises 9 or less employees. From 10 to 49 employees have 47,5%. 7% of the answers say, that enterprises have from 50 to 249 employees and 4% employ more than 250 persons.

Figure 7: The personnel of the enterprises is:



70% of the answers indicate the number of new positions opened by enterprises within last 5 years. Together more than 500 new positions have been created. Most of the enterprises (85%) opened up to 10 working positions.

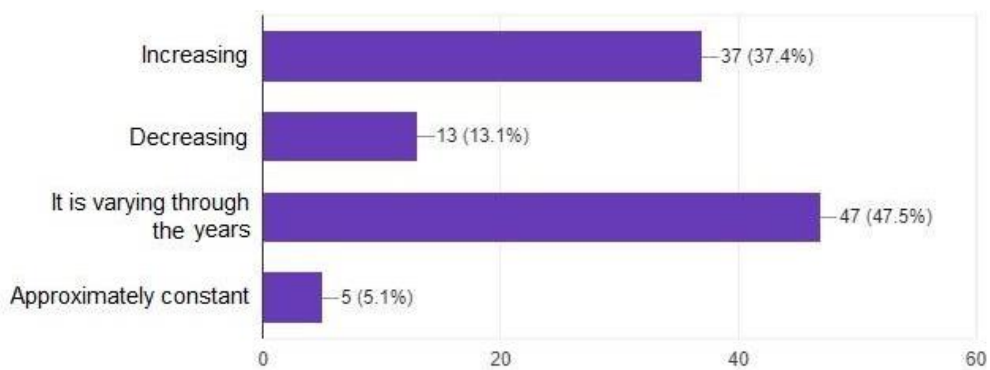
Figure 8: New working placements opened by enterprise over the past 5 years



- **Sales revenue and profits**

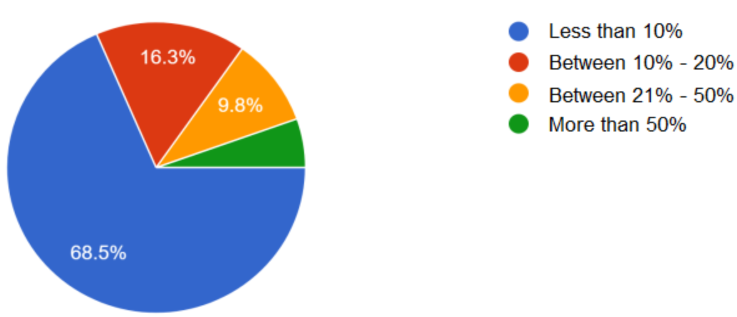
Next chart presents answers of the enterprises regarding to their profit. 37 of the enterprises claim the profit is increasing and 13 claim decreasing profit. For almost half of the answers (47,5%) the sales revenue is varying through the years and for about 5% of the responders the profit is approximately constant.

Figure 9: The profit of the enterprise for the last 5 year is:



68,5% of the entrepreneurs claim, that less than 10% of their production is destined for export. 16,3% of the enterprises aim 10% - 20% of their production for export. Between 21% – 50% of the production/services are sent abroad by 9,8% of the responders. 5,4% of the enterprises export more than 50% of the production.

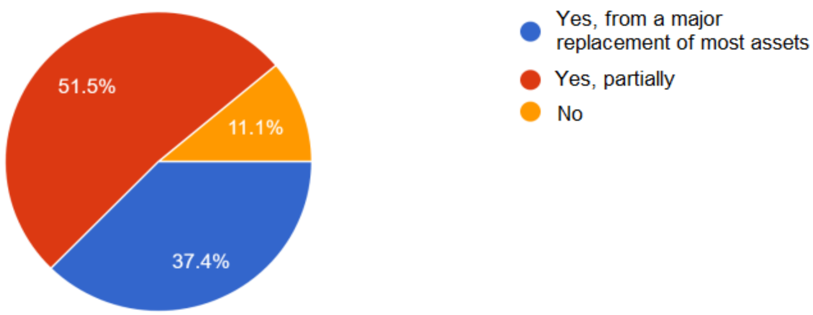
Figure 10: Percentage of production/services offered by enterprise destined for export/foreign market



- **Modernization and innovations**

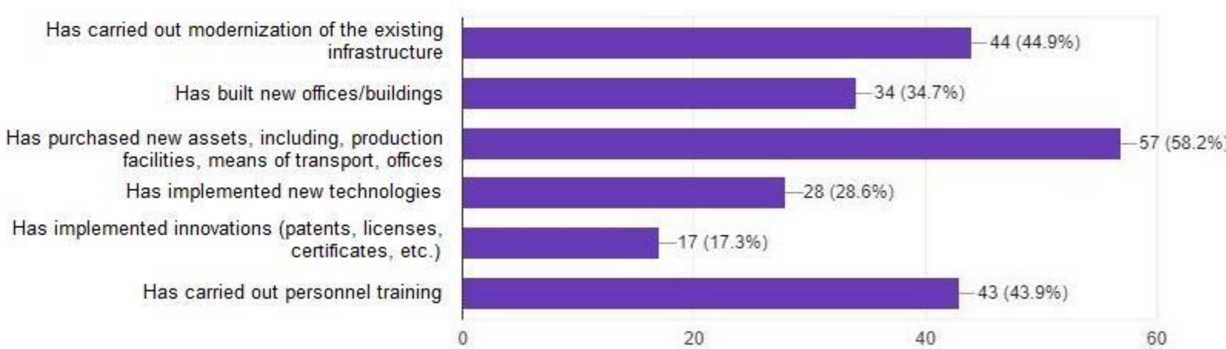
Next questions provide information if the enterprise is in need of upgrading or replacement of the core assets and what kind of improvements and innovations it has carried out. Most of the enterprises (88,9%) need partial or major upgrading or replacement of the assets.

Figure 11: Need of upgrading or replacement of the core assets



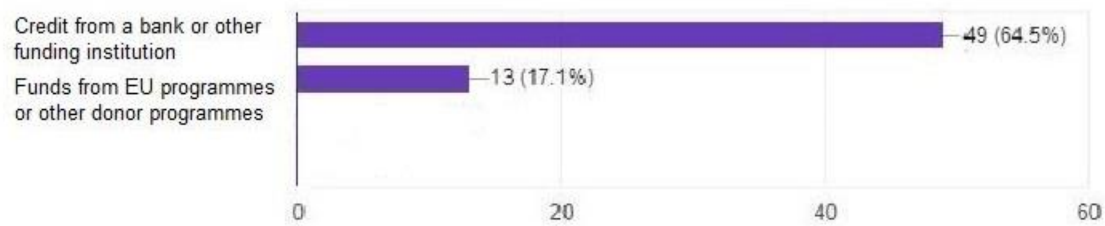
The chart below shows different improvements, which have been applied during the last 5 years. The most often is purchase of new assets, production facilities, means of transport or offices and modernization of the existing infrastructure together with carrying out a training for the employees of the enterprise.

Figure 12: Over the last 5 years the enterprise:



49 of the responders claim, that they have received loan from the bank or other funding institution. 13 have used European Union funds or other donor programmes.

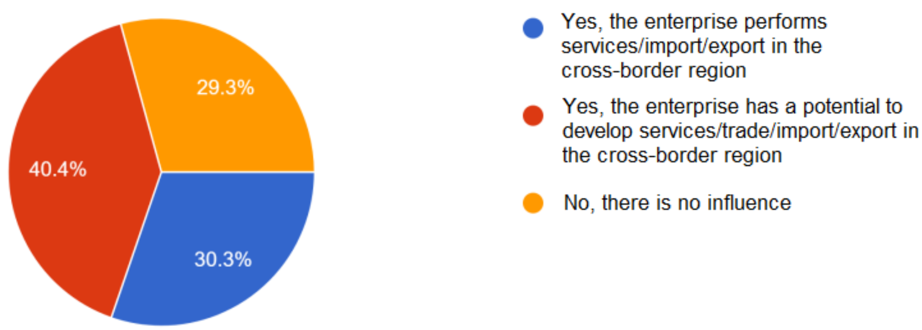
Figure 13: Over the last 5 years, the enterprise has received:



- **Influence of the Cross-Border area on the enterprise**

In the next question, responders should answer if their business is influenced by the fact that it operates in the cross-border area Bulgaria – Greece. 30,3% of the answers stated that the enterprise works in cross-border region and 40,4% think they have a potential to develop the enterprise in the cross-border region.

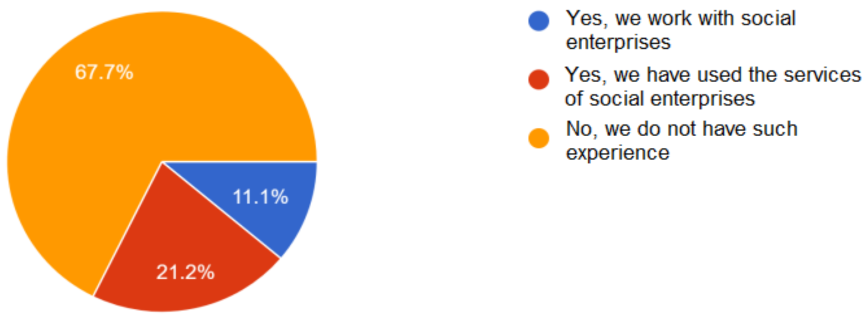
Figure 14: Influence of the cross-border area on the enterprise



- **Relation to social entrepreneurship**

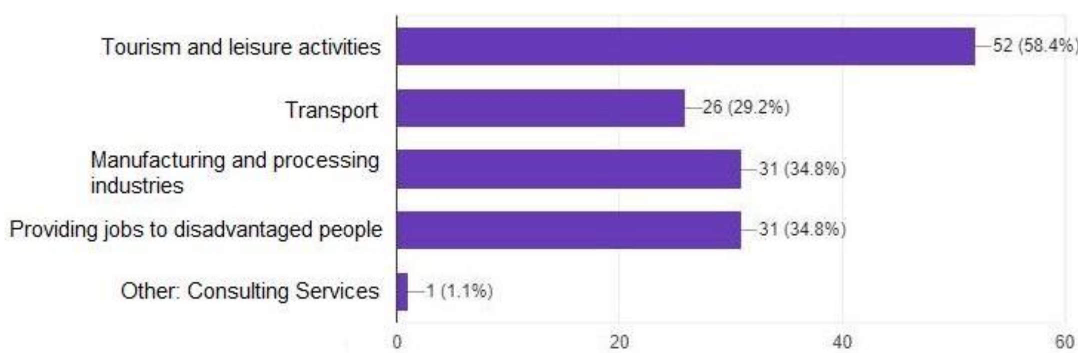
67,7% of the enterprises say, that they have not worked with social enterprises. Around 21% of the enterprises have used the services of social enterprises and 11% are currently working with them.

Figure 15: Experience with social enterprises



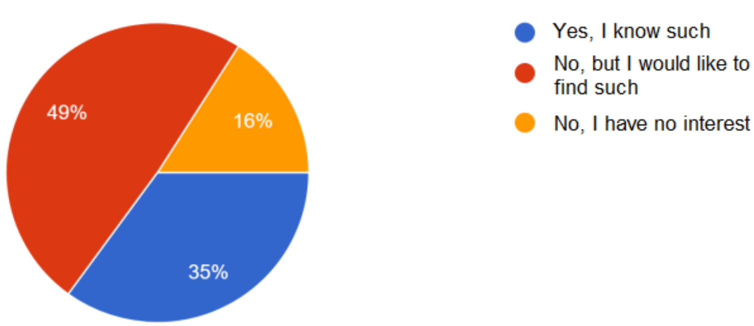
Following chart below presents areas of interests in which enterprises would like to work with social enterprises. 52 enterprises would like to involve social enterprises in tourism and leisure activities. Manufacturing and processing industries and providing jobs to disadvantaged people received equal interest by 31 enterprises.

Figure 16: Areas in which enterprises are interested to work with social enterprises



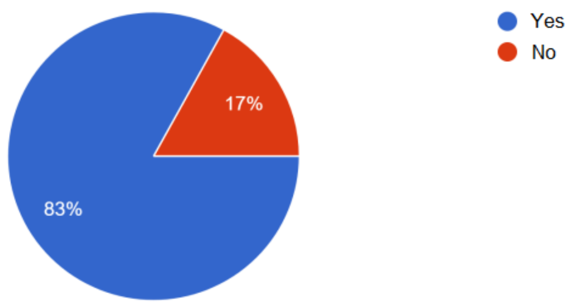
49% of the responders are interested to learn more about social enterprises in the region. 35% already got acquainted with them. And 16% of the enterprises have no interest.

Figure 17: Are you familiar with social enterprises operating in the region?



The last chart shows interest of enterprises to involve social entrepreneurship to their business. Even 83% of the responders would like to do business with social impact or social entrepreneurship. In another question, the responders express opinion if the social entrepreneurship is important and has influence. 46 enterprises believe the social enterprise has a positive effect on the local community or on business environment. 6 enterprises think the social enterprise has the potential to improve the opportunities and conditions for small business development and 16 of them say there is no influence.

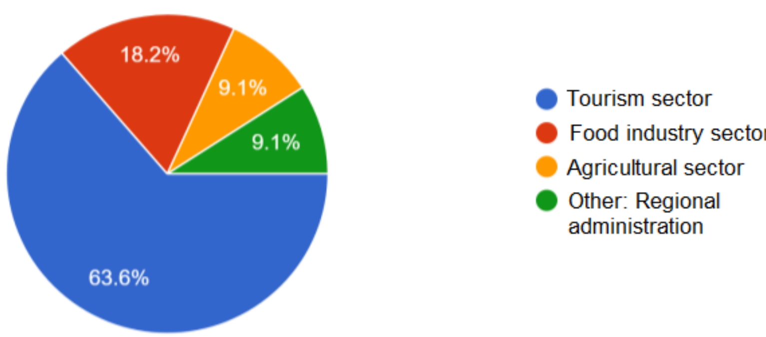
Figure 18: Are you interested in doing business with social impact/social entrepreneurship?



3.2 Survey- Developers and promoters of agro-food and tourism sector

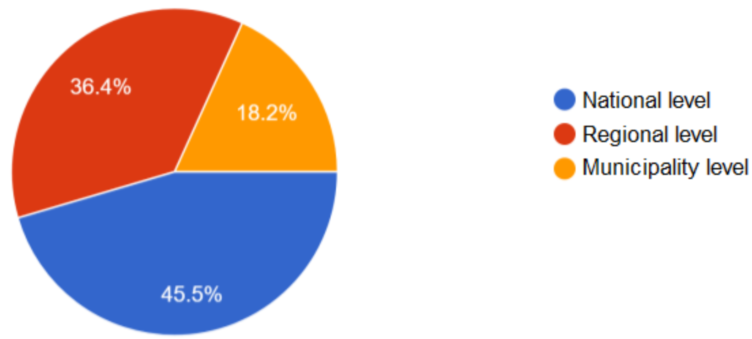
The first chart represents sectors, where the institution performs its activities. 7 of the responders come from tourism sector (63,6%) , 2 institutions are from food industry sector, 1 from agricultural sector and 1 from regional administration.

Figure 19: The institution performs functions in:



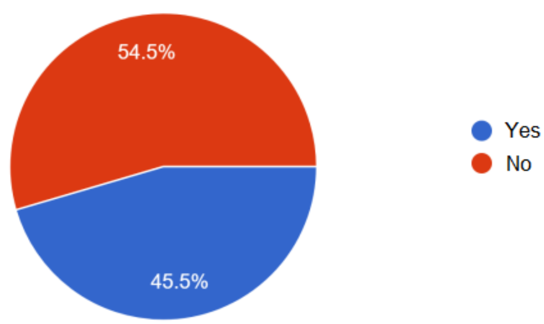
The next question gives information about scope of activities of the institution. Almost half of the institutions are working on national level.

Figure 20: The institution carries out its activities and functions on:



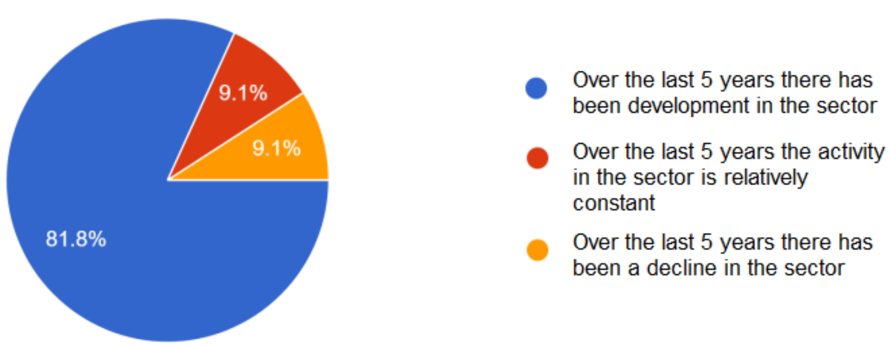
45,5% of the responders claim, that they keep statistics for businesses operating in the particular sector or work with database.

Figure 21: The institution keeps statistics and works with database.



According to the information the institutions have about the enterprises operating in the sector based in the South-western Region, 81,8% of the responders say, that there has been development in the sector over the last 5 years.

Figure 22: The trends seen by institution in the sector



Based on the information the institutions have about percentage of services/production intended for the foreign market/export regarding the companies operating in the sector and based in South-western region, 4 institutions say, that 50%, 35%, 70% and 55% of their production is intended for foreign market.

According to the information that the institutions have and the trends that are observed, 63,6% of the institutions say, that the businesses are influenced by the fact that they are operating in the Bulgaria-Greece cross-border region and 36,4% that the enterprises have the potential and real opportunity to develop services/import/export in region.

Figure 23: Influence of Bulgaria-Greece cross-border region

4 Presentation of findings of the survey

According to the results of the survey, the situation in tourism and agro-food sector in Blagoevgrad is favourable. Although almost 60% of the enterprises claim their profit is floating or decreasing, these sectors have important role in the job market. Pursuit to the answers, the enterprises are employing hundreds of workers and have produced more than 500 working positions in the last 5 years.Tourism sector is quite well developed and offers opportunities not only for locals, but also for foreign customers.

Almost 70% of the enterprises claim, that more than 90% of their production is intended for a national market, which gives an opportunity for enterprises to expand their business also to cross-border area and fulfil the gap on the market. This is supported also with the interest of the enterprises to develop the enterprise in the cross-border region – 40,4%.

Most of the enterprises are members of the local or national organisations, therefore there is a potential to offer a partnership in international business networks.

Concerning the social entrepreneurship, 67,7% of the enterprises say, that they have not worked with social enterprises. The positive phenomenon is that, even 83% of the respondents would like to do business with social impact or social entrepreneurship, which creates the possibility to fulfil the aims of the project.

Another positive observation is the fact that, all interviewed institutions believe in importance of the Bulgaria-Greece cross-border region in developing businesses.Thisis corroboratedalso by the results of the survey, as there has been observed development in the sectors in Southwest region over the last 5 years.

5 Presentation of desktop research findings in Agro-food sector

5.1 Administrative-territorial structure of Bulgaria

In the NUTS codes (Nomenclature of Territorial Units for Statistics), the administrative-territorial structure is on three levels, as it follows:

NUTS I – two regions;
NUTS II – six regions;
NUTS III – 28 administrative districts;

South-Western and South-Central region is defined as level NUTS I and consists of two regions on level NUTS II – South-western region(Yugozapaden) and Southern Central (Yuzhen tsentralen) region.
In South-West region there are 5 districts (Oblasts) defined as level NUTS III – Sofia City, Sofia Province, Blagoevgrad Province, Pernik Province, Kyustendil Province.

The cross-border area defined by INTERREG Bulgaria-Greece includes Blagoevgrad Province. The Programme focuses on Northern Greece and Southern Bulgaria around their common border and aims at closer cooperation between the two countries.

5.2 National Economy. Development of agro-food sector in Bulgaria

Agriculture is a key sector in Bulgarian economy. The EU membership of the country gives a strong boost to trade - 65% of agricultural exports to the EU, and 75% of EU imports. The industry has a significant role in rural development and employment, and it creates between 12-15% of the country's gross domestic product (GDP). After Bulgaria joined the EU in 2007 Bulgarian economy improved - the employment rate increased, as well as the gross domestic product, the purchasing power of the population is gradually converging to the purchasing power of EU 28, the foreign trade balance, and the inflation measured by the index of consumer prices stayed within 2.5-3.4%. (Development in agriculture and rural areas of Bulgaria). According to the National Statistical Institute (NSI) data, in 2015 the GDP is around 88 million BGN and in 2016 it has increased by 3.9% in real terms. In nominal terms, the annual GDP amounted to 94,130 million BGN (48,128 million EUR).

According to the Annual Report on the situation and development of agriculture the inflation has marked a decrease by 0.1%, and average annual inflation for the year is minus 0.8%. For 2016, the export is 48% of the GDP (45,187 million) and the import for the year amounts to 47,112 million, or 50.1% of country’s GDP. Compared to the previous 2015 the negative trade balance for the year shrank by 62.5%. Due to exports increase coupled with a slight import’s decrease the negative trade balance for the year shrank by 62.5% compared to the previous year, to -1,925 million BGN (-984 million EUR).

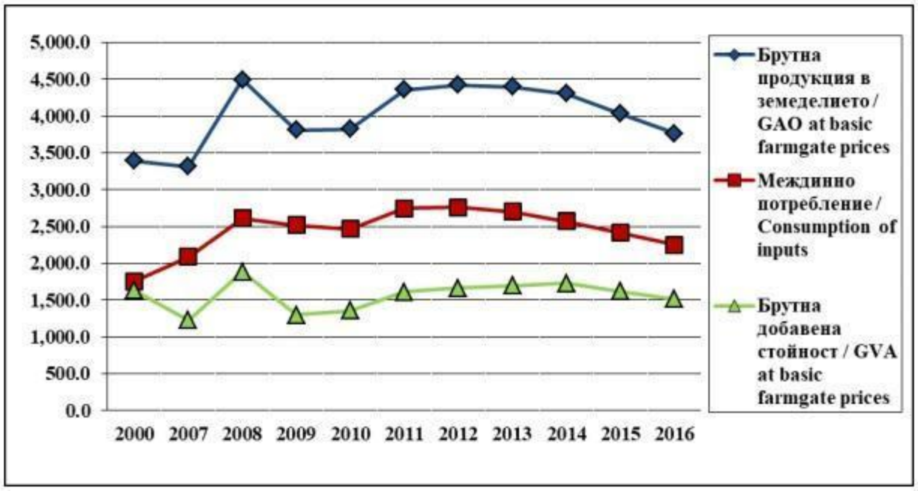
Basic Macroeconomic Indicators of the Republic of Bulgaria

Indicator	2012	2013	2014	2015	2016
GDP at current prices, million BGN	82 040	82 166	83 634	88571	94 130
GDP at current prices, million EUR	41 947	42 011	42 762	45 286	48 128
Real annual GDP change rate, %	0,0	0,9	1,3	3,6	3,9
Average annual inflation, %	3,0	0,9	-1,4	- 0,1	- 0,8
Inflation at the end of the year, %	4,2	- 1,6	- 0,9	- 0,4	0,1
Trade balance, million BGN	-7 808	-5 736	-5 431	-5 129	-1 925
Trade balance, million EUR	-3 992	-2 933	-2 777	-2 622	-984

Source: *Annual report on the situation and development of agriculture, 2017*

After 2009 the GDP growth fluctuates within 2% and the reasons for that are the domestic economic environment and the difficult European economy situation. Due to the faster overall development of the service sector which is about 65% of the GDP the share of the agrarian sector falls within 5%. The same processes can be seen at the same time in many developed countries but Bulgaria's indicators are much lower than many leading developing countries.

Gross output and value added from agriculture, million euro

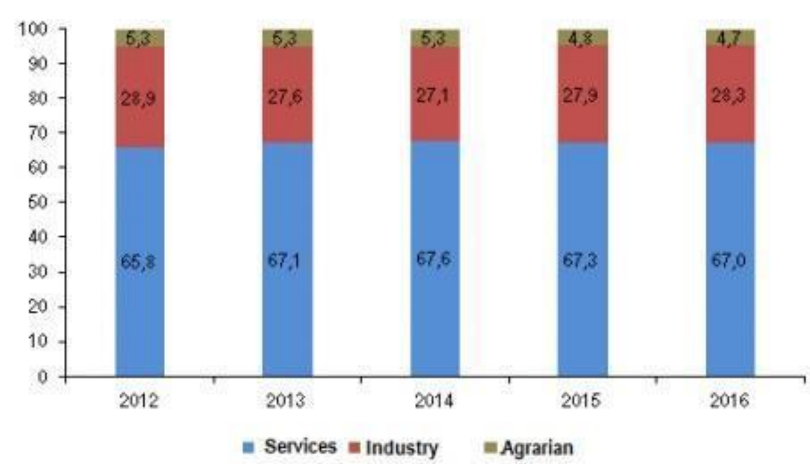


Source: *Analysis of the development of the agrarian sector in Bulgaria, NSI*

Gross Value Added

In 2014, Bulgarian gross agricultural production is around 830 euros per ha, while the EU-27 average is above 2,200 euros / ha. This explains why the low levels of added value are due more to the sector weaknesses than the faster and more advanced development of services and industry. Between 2007 - 2015 the added value in Bulgarian agriculture increased with almost 33%, while in Hungary this growth is 41%, and in Poland it decreased with 6,5%. According to the Annual report on the situation and development of agriculture, 2017, in 2016 the added value of the agrarian sector amounts to 3,817 million BGN according to current prices, marking a real growth of 5.3% on an annual basis.

GVA by economic sectors in %



Source: *MAF, Annual report on the situation and development of agriculture, 2017*

Compared to the previous year the share of the agrarian sector in total GVA decreased by 0.1 percentage points. According to NSI, 2016 the average annual employment salary in agriculture, forestry and fisheries sector increased with 9.6%.

Gross Domestic Product

GDP is the central measure of national accounts, summarising the economic position of a country or region. According to Eurostat in 2016, the GDP at market prices in the EU-28 was valued at 14.8 trillion EUR. Four regions in the EU have GDP per capita more than double the EU-28 average: Inner London - West, Luxembourg, Hamburg and Région de Bruxelles-Capitale (the Belgian capital city region). The capital city regions with the next highest levels of GDP per capita, around 75 % higher than the EU-28 average are as follow: regions covering the French capital, Inner London - East, Stockholm, Bratislava and Prague. The regions are five out of the six NUTS level 2 regions from Bulgaria (the exception was Yugozapaden, the capital city region); 5 Polish regions; 4 of total 7 Hungarian regions; 4 out of 8 Romanian regions; 3 Greek regions; and Mayotte, a French overseas region. The lowest levels of average GDP per capita, less than one third of the EU-28 average, were recorded in three of the Bulgarian regions (Severozapaden, Severentsentralen and Yuzhen tsentralen) and the French region Mayotte. Comparing to the London-West region, the Bulgarian Severozapaden region is 20 times lower.
The GDP per capita grew faster than the EU-28 average in every region of Bulgaria, Hungary, Slovakia, Romania and Poland.

5.3 Blagoevgrad region - characteristics

Blagoevgrad district is located in the Southwest Region (NUTS 2 level) and is one of the 28 districts of Bulgaria. It is located between the Kyustendil, Sofia, Pazardjik and Smolyan districts and the state borders with Greece and Macedonia. The geographic position of the region favors the cultivation of a large number of Mediterranean plant species, unlike other districts in the country. Soil conditions are good for growing tobacco, vineyards, fruit plantations (potatoes, peppers, tomatoes, cucumbers) and vegetable plantations (apples, plums, peaches, nectarines, strawberries, cherries, and etc.), heat-loving crops, herbs, mushrooms, etc.

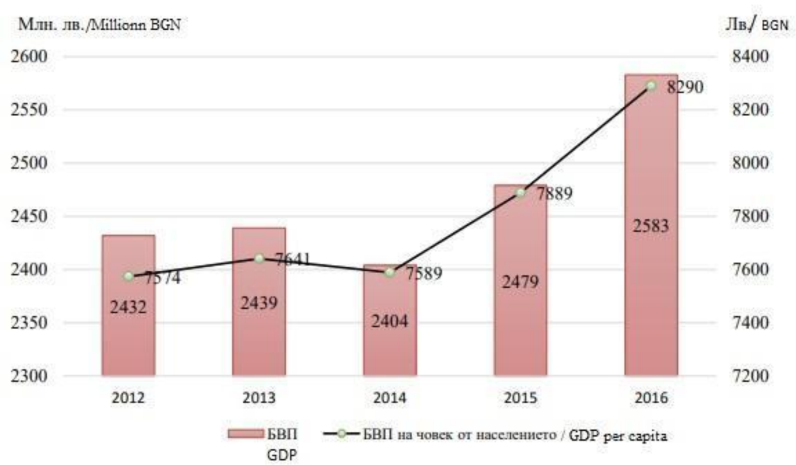
Particularly characteristic of the area are the prolonged summer droughts in the lowlands and the precipitations below the average for the country which makes agricultural production more expensive. Late spring and early autumn frosts cause serious damage to vegetables, tobacco, orchards.

The total area of the region is 6 649.5 km² or 5.8% of the country's territory. According to the agricultural census 2010 the number of settlements is 278, administered in 14 municipalities, on the territory there are 13 and 265 villages. According to the population census 2011 the population of the district is 323 552 people or 4.4% of the population of the country. Total utilized agricultural area (UAA) - 583 588.5 dca which is 9% of the territory of the district. The arable lands combined with the climatic diversity gives good opportunities for agriculture, which leads to development of the food industry.

More than 50% of the manufacturing industry is concentrated in the municipality of Blagoevgrad. The agro-food industry (including activities related to meat production and processing, processing and preserving of fruits and vegetables, production of vegetable and animal fats, production of milk and dairy products, milling products, ready-made feed, bread, bakery and confectionery, ready-made foods, pasta, soft drinks and alcohol) is highly developed. About 30% of the economically active population in Strumyani Municipality is engaged in agriculture (growing of tobacco, fruit, vegetables, etc.).

According to NSI, the GDP for Blagoevgrad region is 2 583 million BGN in 2016, which is 2.7% of the GDP of the country. Compared to 2015 it increased with 4.2%. The GDP per capita amounts 8 290 BGN of the value of the indicator. In 2016, the Bulgarian GDP increased by 3.9% compared to the previous year. In nominal terms, it reached 94,130 million BGN (48,128 million EUR), 13,206 BGN (6,752 Euro) per capita.

GDP in Blagoevgrad region by years



***Source**: NSI*

In particular, in 2016 Blagoevgrad Province created 2,7% of country's GDP which places it on 7th position in the country for 2016 (the growth rate from 2011 to 2016 is 7.7%). Sofia (capital city) and Sofia

Province together recorded a value of 43,3% GDP. It can be concluded that the big contribution to the economy South-West Region has, is due to the concentration of the national economy in Sofia.

In 2016, GVA in the region generated 2 229 million BGN, which is 4.0% more than the previous year. The added value of the services sector is 1 305 million, which is 58.5% of the total GVA for the region. Compared to the previous year, the relative share increased by 1.1%. The GVA of industrial sector is 707 million BGN and represents 31.7% of the total GVA for the region. Its relative share is reduced by 0.9% comparing to 2015. The relative share of the agriculture sector is 9.8% of the region's GVA (217 million BGN), which shows that comparing to the previous year the relative share decreases with 0.2%.

Relative shares of the economic sectors in GVA in Blagoevgrad region

Source: *NSI*

Structure of Agricultural holdings

The agricultural sector is a major source of income for the population in the villages and for most municipalities in the region, and its decline, in the absence of any other alternative to income and employment, leads to increased migration of a working population.

According to the Agricultural Census in 2010 the number of agricultural holdings in Blagoevgrad District represents 10.4% dca (38 467) of the holdings in the country and it is the highest number of holdings in Bulgaria. The average size of the UAA in the district is 15.4 dca. From the table below it is clear that same region has the smallest number holdings – just 15%, where 553 farms do not have a UAA. Municipality of Sandanski cultivates 79 838dca of UAA (14%), which is the largest share of UAA, while municipality of Petrich cultivates 12% of the UAA of the district. Additionally, the table below shows that the agricultural holdings, which cultivates up to 10 dca are 31 914 - 84% of the holdings with UAA i the district and they cultivate 116 093 dca (20%) of the UAA. The number of holdings, which cultivates more than 500 dca are 112, which is 47% of the total UAA of the region. The permanent grasslands and meadows-orchards in Blagoevgrad district are 107 304 for 2010.

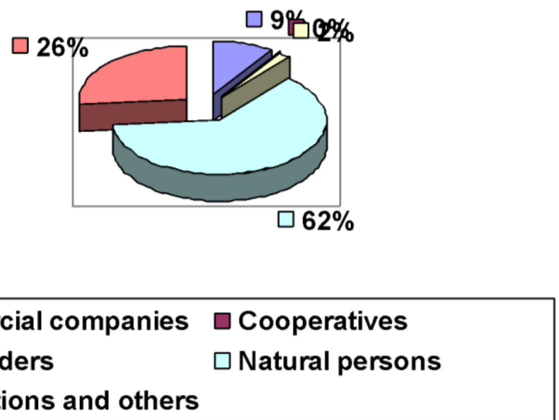
Distribution of agricultural holdings in Blagoevgrad region according to the size of the UAA by municipalities

Municipality	Total			UAA (dca)										
				= 0.0	> 0.0 и < 10.0		≥ 10.0 и < 20.0		≥ 20.0 и < 100.0		≥ 100.0 и < 500.0		≥ 500.0	
	Number of holdings	UAA (dca)	Average size (dca)	Number of holdings	Number of holdings	UAA (dca)	Number of holdings	UAA (dca)	Number of holdings	UAA (dca)	Number of holdings	UAA (dca)	Number of holdings	UAA (dca)
BULGARIA	**370 222**	**36 169647.3**	**101.3**	**13 148**	**248 015**	**816 280.7**	**46 944**	**625 506.8**	**41 124**	**1 631422.8**	**12 828**	**2 786 112.8**	**8 163**	**30 310324.2**
Blagoevgrad District	**38 467**	**583 588.5**	**15.4**	**553**	**31 914**	**116 093.1**	**3 877**	**50 097.5**	**1 615**	**57 598.9**	**396**	**84 844.0**	**112**	**274 955.0**
Bansko	893	72 983.6	81.7	-	810	2 333.6	34	430.9	22	1 127.4	15	4 100.9	12	64 990.8
Belitsa	1 607	15 761.8	9.8	6	1 172	4 899.1	258	3 297.2	157	5 173.7	14	2 391.8	-	-
Blagoevgrad	2 219	49 117.7	22.3	17	1 741	5 489.6	255	3 393.2	149	5 754.3	42	9 188.1	15	25 292.5
Gotse Delchev	2 971	28 589.3	9.7	27	2 590	8 954.5	248	3 187.3	72	2 377.9	26	5 877.5	8	8 192.1
Garmen	3 159	21 447.3	6.8	5	2 656	12 035.3	425	5 479.7	68	2 380.8	4	c	1	c
Kresna	1 012	15 329.3	15.2	6	836	2 659.2	101	1 354.9	53	2 113.5	12	2 131.6	4	7 070.1
Petrich	7 500	69 737.9	9.8	359	6 133	20 504.5	611	8 035.4	303	10 403.1	77	16 389.7	17	14 405.2
Razlog	1 148	76 751.4	67.4	9	954	2 795.7	72	974.4	79	3 248.3	28	5 875.6	6	63 857.4
Sandanski	5 009	79 837.7	16.2	77	4 179	12 013.1	430	5 477.4	220	7 341.7	73	17 258.2	30	37 747.3
Satovcha	5 194	67 705.7	13.1	7	4 650	18 763.2	427	5 377.5	86	3 038.1	23	c	1	c
Simitli	2 411	30 948.1	12.9	3	2 090	6 683.3	189	2 409.6	89	3 723.8	28	6 187.7	12	11 943.7
Strumyani	1 246	15 850.0	12.7	1	914	3 655.1	195	2 645.6	113	4 074.8	22	c	1	c
Hadzhidimovo	2 331	19 564.9	8.5	17	1 894	9 497.7	350	4 371.3	54	1 691.5	14	c	2	c
Yakoruda	1 767	19 963.8	11.4	19	1 295	5 809.2	282	3 663.1	150	5 150.0	18	3 121.5	3	2 220.0

***Source**: MAF, Agro statistics*

Distribution of UAA in Blagoevgrad District

According to the Agro statistic report No 201 – November 2012 and agricultural census in 2010 the agricultural holdings in Blagoevgrad region are 37 914 of the total utilized agricultural area. There are 4 agricultural cooperatives which makes them 0.4% of the UAA with an average UAA of 638.5 dca. The commercial companies are 129 and they use 9% of the total UAA with an average area per holding of 415.6 dca. The holdings owned by natural persons takes 62% of the district's UAA - 9.6 dca. Sole traders are 1.8% of the UAA with an average size of the area of 105.6 dca. The rest of the UAA is cultivated by civil associations and other structures (monasteries, schools, institutes, etc.). The land owned by holdings is 69% of the utilized area and 31% is rented. 65% of the utilized are owned by natural persons.



Crops

The area is characterized by the production of tobacco, potatoes, tomatoes, grapes and peaches. According to Census of agricultural holdings in 2010, the total arable land of Blagoevgrad region is 155 091dca or 27% of UAA. The industrial crops occupy 24% of the arable lands, cereals take 38%. Among the the highest share takes the wheat - 57%. 92% of the tobacco has highest share form the individual crops, which is 14% of tobacco area in the whole country. The permanent crops takes 8.8% of UAA, and vineyards occupy 68% of the permanent crops in the region. In the municipalities of GotseDelchev, Petrich, Yakoruda and Satovcha are concentrated 14% of the potato areas in the country, occupying 3% of UAA in Blagoevgrad region. Cherries occupy 1952dca, plums 1474 dca, apples - 5187 dca, nectarines and peaches 5279 dca.

The fields covers 72.1% of the arable land and the natural meadows - 15.6%. Perennial fruit, vine, strawberry and other permanent crops are 12.2%, and other arable lands - 0.1%. At the end of 2012 the total number of the registered organic producers and traders is around 30% more comparing the previous year. In 2016 oats production grew by 44.6% compared to 2015 I in the country. This was a result of an increase in harvested areas by 38.3%. Most areas seeded with oats were harvested in the Southwest Region - 35.7% of the harvested areas in the country. The average yield increased by 4.4% compared to 2015.

Agricultural land and crops in Blagoevgrad District

Agricultural area and crops	BULGARIA		Blagoevgrad District	
	Holdings (number)	Area (dca)	Holdings (number)	Area (dca)
Utilized agricultural area	357 074	36 169 647.3	37 914	583 588.5
Arable land	250 728	31 249 279.8	29 048	155 091.0
Cereals	119 640	17 961 480.0	13 500	63 457.0
- Wheat	49 436	11 497 374.0	793	33 635.5
- Barley	19 759	2 523 437.0	328	5 010.0
- Rye	2 848	121 590.5	255	862.9
- Grain maize	68 381	3 151 539.5	7 187	14 917.3
Tobacco	33 457	246 079.9	9 368	33 712.5
Forage crops	75 332	1 061 335.0	2 777	9 476.4
Potatoes	88 749	135 529.9	15 853	18 826.0
Kitchen gardens	227 930	103 646.5	18 004	6 242.7
Permanent grassland	107 267	3 820 229.9	17 329	370 620.5
Permanent crops	118 610	996 491.0	12 909	51 634.3
- Vineyards	87 002	523 357.0	9 636	34 994.3
- Fruit species	42 827	455 049.0	5 234	15 883.3
Apples	19 138	58 509.8	3 417	5 186.9
Peaches and nectarines	9 369	48 701.7	2 229	5 278.6
Plums and wild plums	16 273	83 745.8	1 466	1 474.4
Cherries and sour cherries	10 702	106 319.8	665	2 192.8

Source: *Bulletin №201 - November 2012 "Census of agricultural holdings in 2010, BLAGOEVGRAD DISTRICT - main results"*

Municipality GotseDelchev produces tobacco, vegetables, potatoes and technical crops. on the territory of the Municipality there are 60 804 dca – fields, 33 513 dca of meadows and pastures, permanent crops including vineyards 5 220 dca and 2 912 dca of vineyards. The total number of cattle farms is 23. The sheep breeding, cattle breeding and poultry breeding are growing. In the municipality there are no licensed dairies. There is one enterprise for meet processing. Agriculture and forestry are structurally relevant to the economy of the Yakoruda municipality. On its territory there are registered 10 young farmers, 197 farmers, 81 tobacco producers and 11 beekeepers.

The interest among the local residents in the Municipality of Kresna for establishment of farms and production of eco-friendly products as well as cultivation of indigenous breeds on the territory located in the Pirin National Park has increased in recent years.

Typology of agricultural holdings in Blagoevgrad District

Types of specialist holdings		Unit	BULGARIA	Blagoevgrad District	% in the district
Total		Number of holdings	**370 222**	**38 467**	**100.0%**
		SO (thousand Euro)	**2 458 262.8**	**77 858.0**	**100.0%**
Specialist holdings— crops	Field crops	Number of holdings	63 112	9795	25.4%
		SO (thousand Euro)	1 152 959.3	14 355.7	18.4%
	Vegetables, flowers and mushrooms	Number of holdings	18 223	2910	7.6%
		SO (thousand Euro)	166 013.1	19282.3	24.7%
	Permanent crops	Number of holdings	32 111	5032	13.1%
		SO (thousand Euro)	60 544.3	3259.3	4.2%
Specialist holdings — animal production	Grazing livestock	Number of holdings	88 630	6694	17.4%
		SO (thousand Euro)	379 412.6	19 065.6	24.5%
	Pigs, poultry and rabbits	Number of holdings	28 583	992	2.6%
		SO (thousand Euro)	348 827.3	1 921.3	2.5%
Mixed holdings	Mixed crop holdings	Number of holdings	14 607	2267	5.9%
		SO (thousand Euro)	65 950.0	3633.3	4.7%
	Mixed livestock holdings	Number of holdings	50 186	2 694	7.0%
		SO (thousand Euro)	76 438.5	3 902.0	5.0%
	Mixed crop and livestock holdings	Number of holdings	73 788	8 043	20.9%
		SO (thousand Euro)	208 117.7	12 438.5	16.0%
	Not classified holdings	Number of holdings	982	40	0.1%

Source: *Bulletin №201 - November 2012 "Census of agricultural holdings in 2010, BLAGOEVGRAD DISTRICT - main results"*

In 2016 oats production grew by 44.6% compared to 2015, mainly as a result of an increase in harvested areas by 38.3%. Most areas seeded with oats were harvested in the Southwest Region - 35.7% of the harvested areas in the country. The average yield increased by 4.4% compared to 2015.

The main problems in the development of the crops production:

- The production of vegetables and fruits has dropped by nearly 70% since 2003.
- Almost 80% of the fruit and vegetables production are imported from other countries. High costs, technological gaps, lack of marketing channels and quality standards are some of the reasons for this situation.
- The big market chains largely control the food trade within the European Union.
- Bulgarian farmers still can not meet the European standards.

- The private tobacco buyers which emerged over the past few years have high demands on tobacco's quality, while lowering its purchase price in order to protect their interests.
- Lack of up-to-date information especially with regard to the modern development of agrarian science and practice.
- Dramatic reduction of irrigation areas.
- Lack of new technologies and machines
- Lack of specialized centers of supporting and consulting farmers for market conditions; organizing trainings to improve their skills and agro-technical culture.
- The number of agricultural cooperatives is very limited and their activities are not always effective.
- Lack of support between local producers.
- The Macedonia's agricultural production is cheaper and it is a serious competitor.

Livestock breeding

Livestock breeding isone of priority sectors for the country and it is supported by state financial instruments and EU Funds mechanisms.

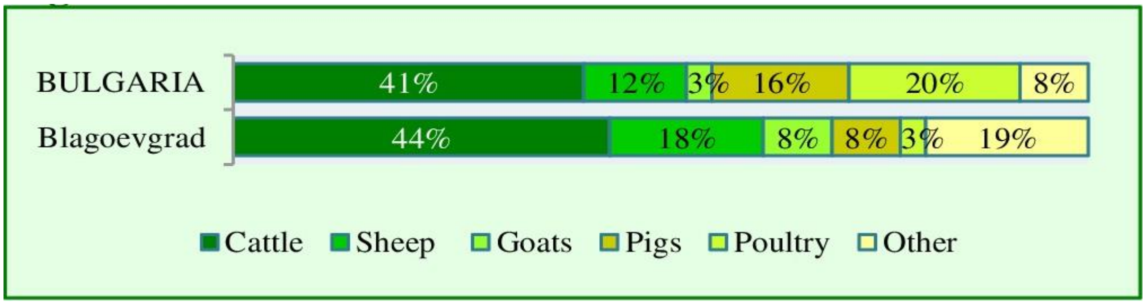
The number of livestock breeding farms continue to decrease in 2016, due to some small farms dropping out, while the average size of the farmers continued to increase. This led to higher production efficiency and economic stability. According to the annual report on the situation and development of agriculture 2017 the number of cattle breeding livestock holdings declined by 9% compared to previous 2015. The number of sheep and goats farms decrease to 14.3% and 23.9%, and pigs farms dropped by 24.1%.

During 2016, there was an increase in the number of farmed animals. The total number of cattle increased by 1.4%, sheep increased by 2.1%, and the number of pigs by 2.7%. The number of birds decreased to 13.7 million or by 12% compared to the previous 2015. In 2016, there was a decrease in the number of dairy cows and breeding goats, respectively by 1.8% and by 9.3% on an annual basis. The raw milk production declined by 0.3%, comparing to 2015.

This sector is also very promising for a number of municipalities in Blagoevgrad region. According to the Agricultural census 2012 in Blagoevgrad region 24 567 holdings are occupied by livestock, bees and poultry. In 30% of the holdings are raised cattle, in 26%- sheep, in 35% - goats, in 30 – pigs and in 41% - poultry. All animals are raised in holdings owned by natural persons, where 98% are cattle, 92% are pigs, 99% - sheep and goats and poultry is 98%. The cattle are 30 855 in the region. The bee colonies (14 452) are raised in 847 holdings where 98.5% of the holdings are owned by natural person.

The beekeeping sector needs new technologies implementation, better control of the health status of the bee colonies and measures for supporting the harvesting of bee products.

Distribution of livestock units for 2012 in percentage



Source: *Bulletin №201 - November 2012 "Census of agricultural holdings in 2010, BLAGOEVGRAD DISTRICT - main results"*

Species and categories of animals	BULGARIA		Blagoevgrad District	
	Holdings (number)	Number of animals*	Holdings (number)	Number of animals*
Cattle	**95 357**	**576 339**	**7 434**	**30 855**
- Cows	86 210	347 291	6 934	18 261
Sheep	**91 793**	**1 415 181**	**6 386**	**99 814**
Goats	84 582	388 866	8 522	42 610
Pigs	**82 265**	**670 469**	**7 394**	**16 217**
- Sows	15 235	73 547	766	1 850
Equidae - total	**92 806**	**112 632**	**11 014**	**12 816**
Poultry	185 455	17 491 187	9 977	112 612
- **Laying hens and pullets**	**180 253**	**7 875 278**	**9 898**	**105 966**
Bee colonies*	23 982	588 694	847	14 452

Source: *Bulletin №201 - November 2012 "Census of agricultural holdings in 2010, BLAGOEVGRAD DISTRICT - main results"*

The main problems in development of the livestock sector in Blagoevgrad district are determined by:

- Low purchase price for livestock production
- Lack of financial resources and difficult access to new investments
- Lack on new markets
- The lack on developed road network, electricity and water supply as well as the poorly developed network of dairy enterprises are some of the reasons for keeping the development of cattle-breeding and sheep-breeding in the mountainous areas of the region.
- Lack of system for protection of producer's interests and mechanisms for encouraging the production process
- The quality of the stock (genetic fund) is deteriorated, there is no selection activity. Neglected medical care for animals.

Food and beverage sector

According to Food processing in Bulgaria Report, 2016 food and beverage industry produces nearly EUR 5 bln (including beverages and tobacco) or and 3.5% of Gross Value Added in the economy of Bulgaria. In 2013 and 2014 investments in this sector increased with 10%. The number of agricultural producers, processing their own produce is increasing. After 2011 the dairy production has increased and few years later it reached its pre-crisis level. Fresh milk production records the highest increase, while yogurt remains the symbol of the industry. There is a clear trend of production diversification in dairy processing - various smoked, spread, soft, hard, moldy, spiced, etc. cheese, flavored milk and yogurt, constantly increase their share on the stall. Meat processing production remains stable during the last 7-8 years. Export increases after 2012, (EUR 27 mln.), which is more than twice as high as in 2012. In 2014 the gross added value 3.5% of the total in the economy (2% EU-28 average) and it still growing. It engages over 111,000 employees and self-employed people, which makes it 3.2% of the total employment.

After 2007 the Bulgarian producers faced many challenges related to food safety regulations lack of competitiveness on the Common market. The competitiveness and the EU requirements and standards are the reasons some small producers to close their businesses. Others had to invest intensively in technologies, know-how and marketing. However, part of these investments has been completely or nearly paid off. Now these companies can make new investment plans to increase their market share.

After 2007 the agriculture sector went through a significant restructuring. The production of fruits and vegetables decreased, while grain and oilseeds increased. Nowadays food and beverages and some of the meat and dairy branches have increased.

The food industry in Bulgaria has benefited from foreign investments in value-added food processors in the bakery, confectionery and dairy sectors. 35% of the Bulgarian income is from food and soft drinks. Still, the market share is held by small and medium domestic operators. Some processors in the sector turned themselves into companies offering a wide range of food products.Today a significant number of the farmers set up their own processing installations and some of them sell directly to consumers. This way they increase the value added and get more freedom in timing and marketing the sales.

Wine

Wine making also has long traditions in Bulgaria and is one of the largest exporters of wine in the world. The country has more than 220 industrial wineries with a total capacity of 710 million litres. Bulgaria exports about 80-90% of the wine produced and is among the 20 largest wine exporters in the world.

Between 2011-2015 the country experts over 70 million litres of wine to Poland, 65 million litres for Australia, 30 million litres for Rumania, Czech Republic – 20 million litres. The wine import comes from Spain, Italy, France, some countries outside the EU – Chile (1.6 million litres), Nez Zealand – 800 million litres, and Republic of Macedonia – nearly 800 000 litres.

Source: Food and Agriculture in Bulgaria – report – Invest Bulgaria Agency

Almost the whole territory of Bulgaria is suitable for the production of wine. Blagoevgrad region is the warmest and most specific wine-growing region. Broad Melnik Vine is emblematic for the region from ancient time, including Cabernet Sauvignon, Cabernet. Bigger wine cellars are located in Melnik, Petrich, Sandanski, Blagoevgrad, Damyanitsa and Hursovo.

One of the largest wine cellars in the region is the Logodaj winery. It is located in Logodaj village, Blagoevgrad. The winery has a capacity for production of wine from more than 3 million litres, which ranks it among the largest wineries in Bulgaria.

Strengths and weaknesses of the agro-food sector

Strengths:

- Strategic location, border to Greece and Sofia
- Favourable climate and temperatures for agriculture
- Established traditions in agriculture and tourism
- Cheap manufacturing base, which makes more Western European companies to expand into the Bulgarian market due to low taxes
- Foreign investments by multinational companies account for a large market share dairy products, and food & beverage sector.

Weaknesses

- Low labour productivity
- Poor coordination of the institutions regarding territorial management
- Insufficient implementation of modern technology
- Lack of effective system for implementation different policies for sustainable development of the sector
- Lack of financial resources for overcoming the available weaknesses
- Insufficient business support services
- Lack of protection, support and foster of Bulgarian producers of plant and animal products.
- The production of agricultural products is focused in micro-firms or family farming.
- Prevalence of small private farms in semi mountainous part of the region.
- Remoteness of a large part of the agricultural land.
- Insufficient labour force

- Lack of young specialists in food sector
- Lack of planning – large companies have enough financial and human resources to plan and do market researches. However, the number of these companies is not big. At the same time, small and medium-sized processors produce, lacking the planning process and this lead to overproduction or deficiency.

Opportunities for development of the agro-food sector

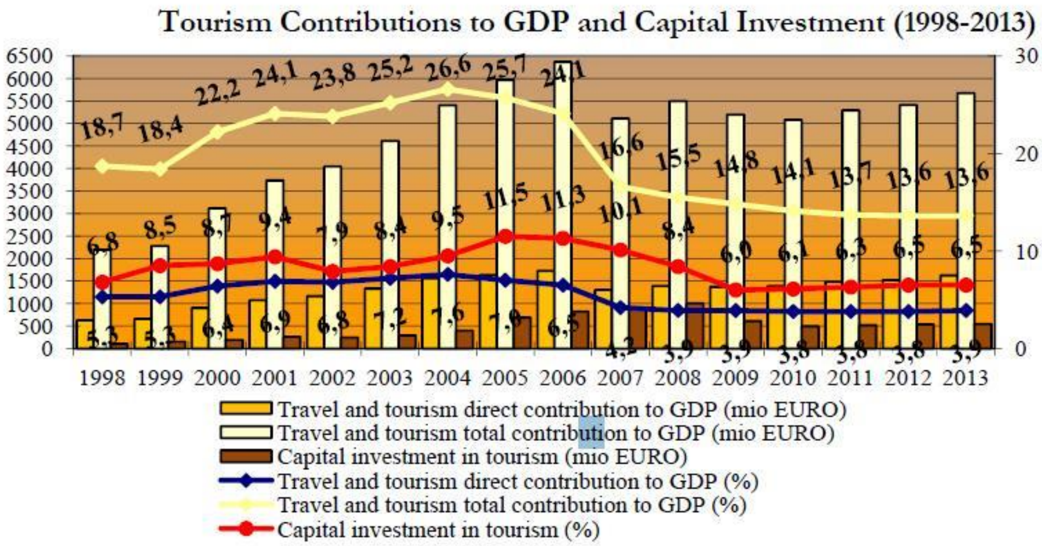
- Attracting investors in traditionally strong areas of the economy in the region
- Development of the organic farming
- Development of the cross-border economic and transport links
- Development of diverse agriculture
- Introduction of new technologies and innovations for the development of the economy, with emphasis on the export opportunities and the high added value per unit production.
- Raising the VA in the agriculture sector through the development and expansion of the production facilities in the area
- Potential for expert of produced agricultural products
- Establishment of agricultural markets

Threats

- Risks of strong competition in areas with key economic development.
- Depopulation of some areas in the region and high percentage of unemployment
- Lack of investment interest from strategic investors
- Political and administrative push while making decisions

6 Presentation of desktop research findings in Tourism sector

6.1 Tourism impact on the economic development in Bulgaria



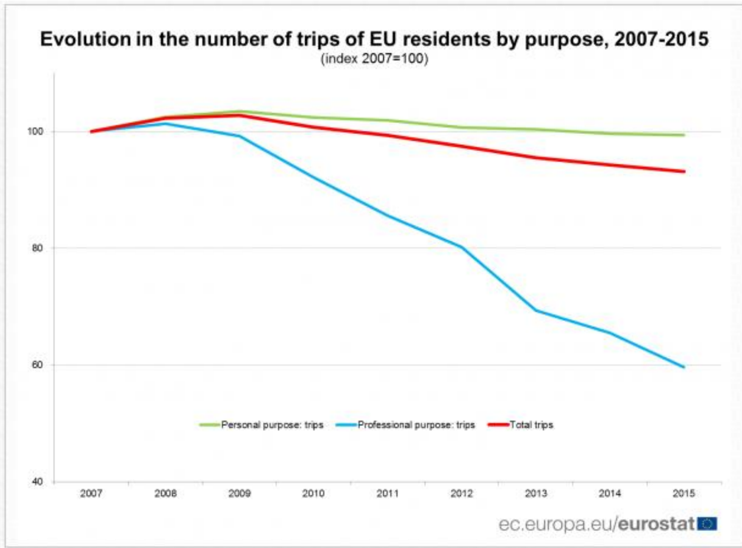
Source: *Tourism Industry and Economic Development, DesislavaStoilova*

Tourism sector has considerable contribution to world's GDP in general. According to a research, based on statistic results from National Statistical Institute of Bulgaria, the total Travel and Tourism contribution to GDP in Bulgaria had sustainable growth for the period 1999 when it was 18,4% until 2005 when the peak was reached along with the significant value of 26,6% total contribution to GDP. In 2005 and 2006 the value has fallen slightly, but still held 25,7% and 24,1%. In 2007 Tourism sector experienced sharp decline of 10%, when the total contribution to GDP was 16,6%. For the period 2008-2013, the value fell to 13,6%. However, the percentage was significantly higher than the average values recorded on European level and also globally. The total contribution of tourism to GDP for the period 2007-2013 was as it follows- to the world economy around 9%, for Europe it varied from 8% to 7,6%.

The overall contribution of tourism to GDP (%)

	2007	2008	2009	2010	2011	2012	2013
World	9,6	9,4	9,3	9	9,1	9,2	9,3
Europe	8,1	8	8	7,7	7,6	7,7	7,6

The decrease of the numbers could be explained as an effect from economic and financial crisis. Global economic crisis had impact on the economy and on the Tourism sector in particular, as a consequence the sector experienced numerous challenges. According to Eurostat, after 2007 to 2015 the number of business trips in EU dropped by 40%, however, the number of trips for personal purposes (leisure, holidays or visiting friends and relatives) remained more stable.



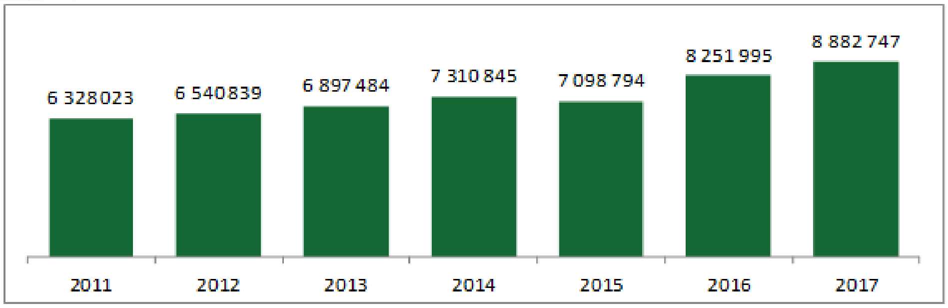
Source: *Eurostat*

6.2 Bulgaria - International tourism, number of arrivals. Focus on year 2016 and 2017. Trends.

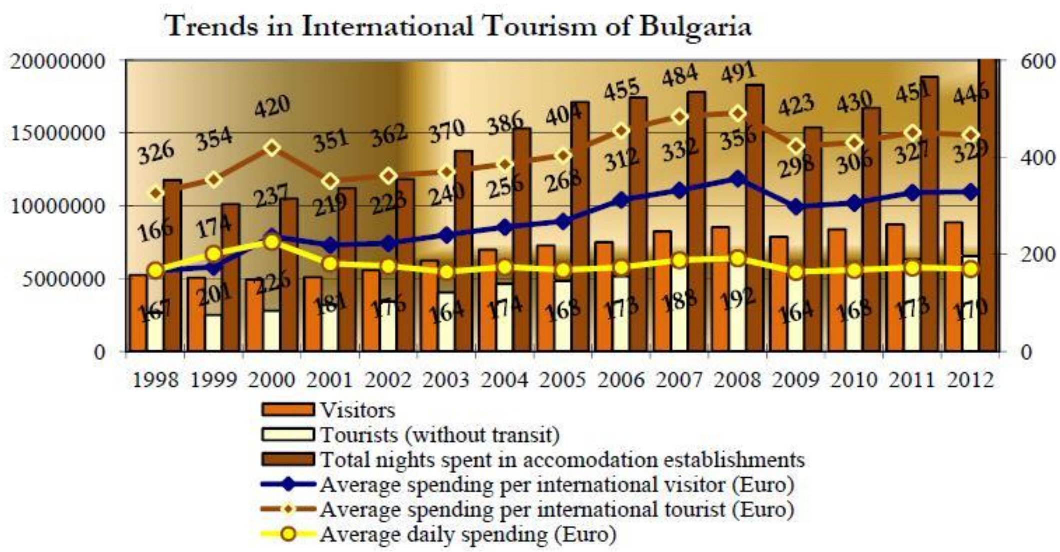
The National Statistical Institute estimated that 7,098 million international tourists visited Bulgaria in 2015, the decline is 2.9% compared to the same period from 2014.

The following year - 2016, the number is 8,251 million, which is a significant increase of 16,2%, and the generated revenue from tourism from the period January - November is 3151,9 million euro, indicating increase of 15,4% compared to the same period in 2015.

The data from the National Statistic Institute shows that 8,882 millions of foreign tourists visited Bulgaria in 2017, which is increase of 7,6 % compared to 2016. The international tourists are mainly from European states - more than 61%, 5,45 million. On first place is Greece, more than 1,157 million, which shows increase of 8,5% compared to 2016; followed by Romania - more than 1,139 million, and growth rate of 4%. The other leading tourism markets are as it follows - Germany, Turkey, Russia, among which the number of visits from Turkish tourists has the most significant growth, namely 12,5%, to reach a number of 636 thousand tourists. Among the top ten are also Macedonia, Serbia, Poland, United Kingdom and Ukraine.



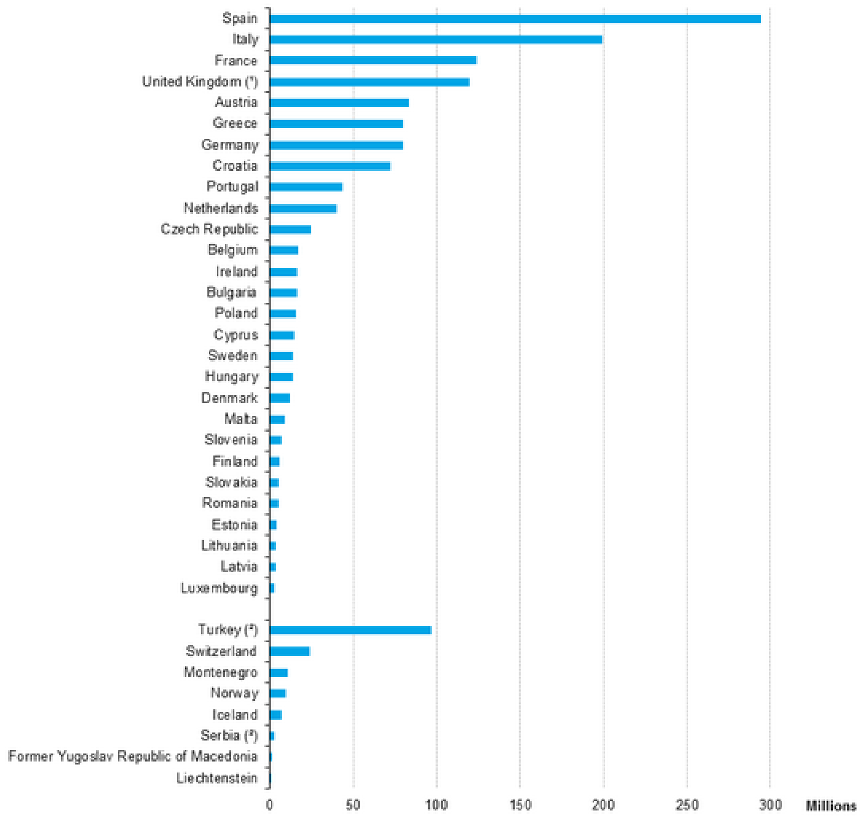
Source: *NSI*



Source: *Tourism Industry and Economic Development, DesislavaStoilova*

Along with other sectors as heavy and light industry and agriculture, the services are the main contributor to economic. Tourism sector itself is of great importance, fast growing and permanent driver of the economic development. In November 2016Ministry of Tourism reports that for the first time the sector has been identified as a government priority. The Tourism sector has significant contribution to the Bulgarian economy and generated 13% of the GDP in 2016. It also provided over 300 000 jobs.

Tourism destinations — nights spent at tourist accommodation establishments, 2016 (million nights spent in the country by non-residents)



Source: *Eurostat*

6.3Description of Tourism sector in Bulgaria. Advantages and Disadvantages.

Bulgaria has potential as a tourist destination. The country is situated at the crossroads of the East and West, so that it has been home to many civilizations and has rich history. The location makes the country available to major markets in Europe. Not only the historical diversity, but also the specific landscape is significant advantage of the country. The natural resources include Black sea coastline which covers all 378 km along the eastern bound of the country, on the other hand more than 1/3 of the territory is covered by mountains, there are also more than 600 mineral springs. Nine monuments are included in UNESCO World Heritage List, two of the monuments are natural and seven are cultural. The protected area of the country’s territory is 5 % , with number of 3 national and 11 natural parks.

Furthermore, high number of historic monuments, culture reserves, monasteries, museums and galleries. There are also plenty of balneology,mud-healing and mountain resorts and seaside resorts.The traditions, the cuisine and the local wine industry, as well the authentic festivals that are being held makes Bulgaria an attractive destination.

Year	Value
1995	3,466,000
1996	2,795,000
1997	2,980,000
1998	2,667,000
1999	2,472,000
2000	2,785,000
2001	3,186,000
2002	3,433,000
2003	4,048,000
2004	4,630,000
2005	4,837,000
2006	5,158,000
2007	5,151,000
2008	5,780,000
2009	5,739,000
2010	6,047,000
2011	6,328,000
2012	6,541,000
2013	6,898,000
2014	7,311,000
2015	7,099,000

As it can be concluded, Bulgaria has diverse nature and lot of natural and cultural resources. Thus, different types of tourism could be developed. Another benefiting factor is the country's climate. The clear seasonality could make Bulgaria a four season destination, offering range of touristic activities. According to the statistical data representing the number of arrivals of foreign tourists in Bulgaria, the trend observed is of permanent increase. In 2001, the number of arrivals has reached 3 million, and since then it is constantly increasing, thus making tourism one of the economic activities, accounting significant share of the region's economy, Furthermore, tourism generates employment and attracts local and foreign investment.

Despite the fact that Bulgaria had the image of destination for mass tourism for years, efforts have been made, and are still being made, for developing more innovative and specialised forms of tourism, such as rural, ecotourism, cultural tourism, etc. These types of tourism, in fact, are actually being included in the tourist offer of manyregions, what is more, their development is set out in the Concept for Tourism Zoning. What the Concept aims to achieve is to deal with the seasonal fluctuations concerning the relatively low number of tourists' arrivals outside summer and winter season. As opportunity for such change is seen the development of cultural tourism, health tourism (spa,wellness, balneology); ecotourism / natural tourism; rural tourism; business trips and event / congress tourism; golf tourism; sporty, adventurous and hobby tourism; hunting tourism, etc. These tourist activities have the potential to have a role as contributors to economic growth. Yet, according to the Concept for Tourism Zoning, these types of tourism are set as additional tourism activities, which still play a complementary role, and their potential have not been fully exploited.

The prospective expansion of tourism activities could have influence not only on the sector itself but also on the upgrowth of related industrial and service sectors, employment and could generally contribute to the economy on regional level, due to the multiplier effect of tourism. Furthermore/In fact, in all the municipalities tourism is perceived as a tool supporting regional and local development. It is crucial for the small, peripheral areas, where the opportunities for development and industrial growth are limited. The jobs and the income that tourism is generating are especially important for the regions with less strong economy.

6.4 Concept for tourism zoning in Bulgaria

The Concept for tourist zoning proposes Bulgaria to be conceptually divided in 9 tourist zones. This concept aims at developing competitive tourism by forming regional tourist products based on the territorial specifics. This way, each region will be promoted, both internationally and domestically, and it will be recognisable for potential tourists, searching for the specific type of tourism. Independent marketing strategy and advertising will be held under the main one promoting Bulgaria as tourist destination. Currently, the zoning is only formal, as there are not activities of such promotion. The benefit of setting up tourist areas is the consolidation of resources and concerted actions for the development of a complex, diversified and competitive tourist product - through regional interaction, which is a prerequisite for offering an attractive, sufficient product of high quality. Also, the existing gap in marketing and destination management between local level (municipality) and national level Ministry of Tourism) will be filled. Potential tourist markets, especially the distant ones, will be reached by presenting sufficiently large areas, which are recognizable on the map and suitable for practicing certain type of tourism.
The tourism zoning scheme proposed in the Concept covers the entire territory of the country, and municipalities are the smallest territorial unit of the tourist regions. There are 9 tourist areas that are large enough to be clearly recognizable on the tourist map and small enough to be managed effectively. The centers of these areas are chosen on such way that they have central geographic position and convenient transport accessibility within the region. As they are mainly district centers, there is opportunity of administrative interaction. Additionally, the current state of tourist development is adequate enough, so that the center takes the lead in managing the whole area.

According to an act of the Minister of Tourism the following tourist, regions and centersare defined:

1. Danube tourist area - Rousse

2. StaraPlanina tourist region - VelikoTarnovo

3. Sofia Tourist Area - Sofia

4. Thracian tourist region - Plovdiv

5. Tourist region The Rose Valley - Kazanlak

6. Rila-Pirin tourist region - Blagoevgrad

7. Rhodope Tourist Region - Smolyan

8. Varna Black Sea tourist region - Varna

9. Burgas Black Sea Tourist Region - Bourgas

The Concept proposes main and extended specialization of touristic products to be offered by each region. The main specialization is a combination of two types of tourism, identified by the specifics and the uniqueness of the concrete region. The extended specialization includes the main tourism types and up to four additional supplementary tourism types.

Rila-Pirin Tourism Region

Rila-Pirin region includes 23 municipalities - Bansko, Belitsa, Belovo, Blagoevgrad, Boboshevo, GotseDelchev, Garmen, DolnaBanya, Dupnitsa, Kostenets, Kocherinovo, Kresna, Petrich, Razlog, Rila, Samokov, Sandanski, SaparevaBanya, Satovcha, Simitli, Strumyani, Hadjidimovo, Yakoruda. City of Blagoevgrad (administrative center of district Blagoevgrad) is the center of the tourist region. The proposal for main specialisation for Rila-Pirin region is mountain tourism and religious tourism. The extended specialization is mountain tourism (all types - ski, walking, recreational tourism); religious and pilgrimage tourism, adventure and ecotourism; balneoturism, SPA and wellness tourism, cultural and archeological tourism, festival tourism and wine tourism. Such proposal is in conformity with the aims Actualised? National Strategy for Sustainable Development of Tourism in Republic of Bulgaria, 2014-2030 - namely, with the sub-aim of development and positioning of Rila-Pirin region as destination with individual/own brand for ski tourism, rural tourism, ecotourism, cultural, religious and health tourism on the basis of mountain, cultural and recreational natural resources.

Main indicators of tourism development - Rila-Pirin region

Rila-Pirin region is on third place of number of accommodations, after the two sea tourism regions - Varna Black Sea region(31%) and Bourgas Black Sea region (37%). Rila-Pirin region with 9 % of the number of accommodations is placed before Sofia region, which holds 5% of the number of beds. In terms of night spent - 7% of the total amount, Rila-Pirin Region shares the third place with Sofia region, following Varna Black Sea region and Bourgas Black Sea region. On the basis of the income of overnight stays Sofia region (11%) overtakes Rila-Pirinregion(7%), both following the sea tourism regions. The competitiveness of Rila-Pirin region cannot be explained with key indicators, such as territory and number of municipalities included, as they are equal with these of Sofia region, and average if compared to the other regions. Therefore, a conclusion can be made that Rila-Pirin region is offering attractive tourism product, determined by rich and diverse natural resources, gathered in approximately small area with good location.

Blagoevgrad region covers such territory of the country that has specific natural characteristics. The highest mountains of the country are in this region, which gives conditions for ski and mountain tourism. In fact the winter tourism is currently developed on a sufficient level, especially in the Municipality of Bansko. There are many well-defined inland mountainous valleys and such situated in the mountain range, especially along the Struma River, where the climate is warm enough. Also, the preserved culture and traditions, the ethnography is marked with tourist attractiveness. Geographically, the region is accessible, it is located between Greece and Republic of Macedonia. The location is favorable and the tourist offer has the potential to attract many tourists from these neighbourhood countries.

As mentioned above, exactly Greece is one of the most important tourism markets for Bulgaria. The number of Greek tourists visiting Bulgaria is the highest or on second place after Romania through the last 7 years. According to NSI, Greece market is one of the leading, also concerning the tourists coming for the winter season.

6.5 Blagoevgrad district - Strategy for Regional Development of Blagoevgrad region 2014-2020

The Strategy for Regional Development of Blagoevgrad region, covering the period 2014-2020, proposes the vision of working towards developing Blagoevgrad region as a modern, european, socially responsible, ecological and attractive region for social and economic life.
Individual strategic aim, that is set in the document is developing tourism as an essential strategic sector for the region, by using the current natural, historical, cultural and other resources.

According to the Strategy, developing the tourism sector is of particular importance to the economy in the region. It is not accident that in the strategic documents of each municipality namely this sector is laid down as a main priority, what is more tourism contributes in real terms to the economy in Blagoevgrad region. The significant share of tourism to the economy is fact due to the qualities of the natural environment, the historical and cultural sites of the region, the traditions in the sector, the infrastructure and the distinguished tourist destinations with an international popularity in the field of tourism.

The measures within the Strategic Aim 3, which is Enhancing the competitiveness of the regional economy, is development of tourism as a strategic sector for the area, using the available natural, cultural, historical and other resources. The Priority is on enhancing the competitiveness of the economy by providing a favourable business environment, encouraging investment, implementing innovative solutions and enhancing resource efficiency.

Strengths and weaknesses of the Tourism sector

Strengths:

- Strategic location, external border of Bulgaria and EU, border to Greece and Sofia
- Favourable climate and temperatures
- Established traditions in tourism
- Rich diversity of natural, cultural, historical, ethnographic and other features;
- Relatively preserved environment and lack of significant pollutants;
- Suitable, favourable and varied climate and temperatures
- Rich and internationally recognized cultural and historical heritage with unique features not only for the country but also within the European Union;

Weaknesses:

- Underdeveloped infrastructure and accessibility for tourists with special needs;
- Extremely low road network density;
- Underdeveloped urban road network;
- Low degree of renovation of major cultural and historical sites;
- Lack of qualitative diversification of the tourist product for the area;
- Lack of an effective system of interaction for policy implementation;
- Low share of foreign direct investment in the region;
- Shortage of managerial staff with modern management technologies and technical knowledge;
- Insufficient business support services;
- Lack of financial resources for overcoming the available weaknesses.

Opportunities and threats for development of the Tourism sector:

Opportunities for development of the Tourism sector:

- Development of cross-border economic and transport networks;
- Development of a diversified tourist product based on natural, cultural, historical and ethnographic diversity in the fields of eco-, balneo- and recreational tourism, also cultural, hobby, rural tourism and more.
- Attracting strategic investments in traditionally strong area of tourism, significant part of the economy in the region;
- Enhancing the coordination between Administration and Business, for achieving more significant collaborative results;
- Support for setting up small and medium-sized enterprises;
- Effective implementation of the EU funds.

Threats:

- Strong competition in this key economic sector;
- Lack of investment interest from strategic investors;
- Increasing migration of the working population;
- Risk of excessive urbanization, overbuilding of key tourist sites and their surrounding areas;
- Risk of environmental damage;
- Loss of positions in traditional industries due to lack of targeted and financially secured policy;
- Ineffective use of funds from European cohesion and rural development funds and programs.

Vision for the Tourism in Blagoevgrad region

The potential for varied recreational tourism of the area is extremely large. The ski (like Bansko and Samokov) and the spa tourism (like Sandanski) are leading in the touristic offer of the region. At the same time, significant potential for the development of alternative forms of tourism remains untapped. The unique thermo-mineral resources of the region, the sports and rural tourism and others are insufficiently utilized.

Another distinctive niche, is formed during the recent years, by the pilgrimage tourism, which popularity is increasing, and affords opportunities for the sector.

Regardless of the established traditions and the place of the sector in the economy of the region there are also a number of weaknesses, which should be dealt with in the next planning period. These are the strong seasonality of the established tourist destinations, the need to improve the technical infrastructure for the provision of the tourist service, the as a whole and many others. It is for this reason that tourism and its development are considered as an independent priority.

Conclusion

The agro-food and tourism sectors play an important role for Blagoevgrad region. Tourism sector itself is of great importance, fast growing and permanent driver of the economic development. This is why in every strategy for development of the municipalities in the region tourism is a main priority.

Tourism sector is well developed and offers attractive tourism product, determined by rich and diverse natural resources, gathered in approximately small area with good location. The region is trying to develop the sector as an essential strategic sector, by using the current natural, historical, cultural and other resources. Due to its location in the cross-border region, it has the potential to attract many tourists from theneighborhood countries. In fact, Greece is one of the most important tourism markets for Bulgaria, since the number of Greek tourists visiting Bulgaria is on second place after Romania through the last 7 years.

The agro-food industry (including meat production and processing, processing and preserving of fruits and vegetables, production of vegetable and animal fats, production of milk and dairy products, milling products, ready-made feed, bread, bakery and confectionery, ready-made foods, pasta, soft drinks and alcohol) is also highly developed - 2.7% of the GDP of the country.The agricultural sector is a major source of income for the population in the rural areas and for most municipalities in the region, and its recent declineleads to increased migration of the working population and great difficulty for retaining young people in the villages.

After 2007 the Bulgarian producers faced many challenges related to food safety regulations, lack of competitiveness on the Common market. The investments in the food and beverage sector increased in 2013-2014 with 10%, and the number of agricultural producers increased. In the recent years, growth is seen also in thefood and beverages and some of the meat and dairy branches.Still, the market share is held by small and medium domestic operators. Therefore, the region provides good conditions for small and medium-sized enterprises development and start-ups in the agro-food sector.

Both tourism and agro-food sector are facing the same challenges, such as lack of investments in the region, lack of young and managerial staff, insufficient business support services, lack of financial resources for overcoming the available weaknesses, technological gap, underdeveloped infrastructure.

Along with that, both sectors have good opportunities for growth by developing of cross-border economic and transport networks; attracting investors; developing of diverse agriculture and tourism products; enhancing the coordination between administration and business, for achieving more significant collaborative results.

The date form the surveys conducted win both sectors, involving representatives of stakeholders and authorities, the situation in Blagoevgrad region is favourable for growth and development.The enterprises are expanding their capacities and assets. Data shows that the 100 enterprises, which took part in the surveyhave created over 500 new jobs in the last 5 years. More than 90% of the production is intended for a national market, which gives an opportunity for enterprises to expand their business also to cross-border area and fulfil the gap on the market.

While the majority of stakeholders, interviewed have never worked with social enterprises, a significant share is willing to do business with social impact. The fact that the enterprises are situated in the cross-border region has been emphasized as one of the most significant factors for growth potential.

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Annexes

- **Survey - Enterprises active in tourism and agro-food sectors in Blagoevgrad region**

1. Your enterprise is working in:
   a) Agricultural sector
   b) Food industry sector
   c) Tourism sector
2. The scope of the activity you are developing is:
   a) Within the municipality
   b) Within the region
   c) Within the country
   d) International scope
3. The enterprise operates in:
   a) Bulgaria
   b) Abroad
   c) Both
4. If the enterprise operates abroad, where exactly:
5. The personnel of the enterprise is:
   a) Up to 9 employees;
   b) From 10 to 49 employees;
   c) From 50 to 249 employees;
   d) Over 250 employees;
6. Have you opened new jobs in the enterprise over the past 5 years:
   a) Yes;
   b) No;
7. If there have been new jobs opened, how many:
8. The profit of your enterprise for the last 5 years is:
   a) Increasing;
   b) Decreasing;
   c) It is varying through the years;
   d) Approximately constant;
9. How much of the production / services you offer is destined for export / foreign market?
   a) Under 10%;
   b) From 10% to 20%;
   c) From 21% to 50%;

d) Above 50%;

10. Do you need upgrading or replacement of your core assets?
    a) Yes, replacement of most assets;
    b) Partially yes;
    c) No;
11. Over the last 5 years your enterprise:
    a) Has carried out modernization of the existing infrastructure;
    b) Has built new offices/buildings;
    c) Has purchased new assets, including, production facilities, means of transport, offices;
    d) Has implemented new technologies;
    e) Has implemented innovations (patents, licenses, certificates, etc.)
    f) Has carried out personnel training;
12. Over the last 5 years, your enterprise has received:
    a) Credit from a bank or other funding institution;
    b) Funds from EU programmes or other donor programmes;
    c) other - specify ……………………………….;
13. Do you participate in / are you member of:
    a) Professional organisations, business associations (on local, regional, national or cross-border level);
    b) Public-private partnerships;
    c) International business networks
14. If the enterprise operates in the production area, how do you obtain raw material?
    a) Local sources;
    b) Regional/national sources;
    c) Import;
    d) It is not applicable;
15. If the enterprise operates in the Tourism sector, customers are primarily:
    a) From the region;
    b) From the country;
    c) International;
16. Is your business influenced by the fact that it operates in the cross-border region Bulgaria - Greece?
    a) Yes, the enterprise performs services / import / export in the cross-border region;
    b) Yes, the enterprise has the potential to develop services / trade / import / export in the cross-border region;
    c) No, there is no influence;
17. Has your enterprise worked so far with social enterprises?
    a) Yes, we work with social enterprises;
    b) Yes, we have used the services of social enterprises;
    c) No, we do not have such experience;

18. Are you interested in working with social enterprises in any of the following areas?
    a) Tourism and leisure activities;
    b) Transport;
    c) Manufacturing and processing industries;
    d) Providing jobs to disadvantaged people;
    e) Other: specify…………………;
19. Do you think that social entrepreneurship is important and have influence?
    a) Yes, the social enterprise has a positive effect on the local community;
    b) Yes, the social enterprise has a positive effect on the business environment;
    c) Yes, the social enterprise has the potential to improve the opportunities and conditions for small business development;
    d) No, there is no influence;
20. Are you familiar with social enterprises operating in the region?
    a) Yes, I know such;
    b) No, but I would like to find such;
    c) No, I have no interest;
21. Are you interested in doing business with Social impact/social entrepreneurship?
    a) Yes;
    b) No.

- **Survey -promoters and developers of the reference sectors**

1. The institution you represent performs functions in:
    a) Tourism sector
    b) Food industry sector
    c) Agricultural sector
    d) Other

2. Please, indicate the full name of the institution you represent:

3. The institution you represent carries out its activities and functions at:
    a) National level
    b) Regional level
    c) Municipality level

4.Does your institution work with a database, does it keep statistics for businesses operating in the particular sector?
    a) Yes
    b) No

5. If the institution keeps statistics, which are public, would you indicate where it can be found (link, etc.)?

6. According to the information you have about the enterprises operating in the sector based in the Southwestern region, what is the trend seen:

a) Over the last 5 years there has been development in the sector
b) Over the last 5 years the activity in the sector is relatively constant
c) Over the last 5 years there has been a decline in the sector

6. Based on the information your institution has regarding the companies operating in the sector and based in Southwestern region, what percentage of their services / production are intended for the foreign market / export? :

7. According to the information that your institution has and the trends that are observed, is the businesses influenced by the fact that they are operating in the Bulgaria-Greece cross-border region?

a) Yes, significant percentage of the enterprises perform services/ import/export in the region;
b) Yes, the enterprises has the potential and real opportunity to develop services/ import/export in the region;
c) No, there is no influence;
d) The institution does not have available information.