REGIONAL DIFFERENCES AND REGIONAL COHESION: CASE STUDY OF BULGARIA

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Abstract: The aim of this research is to study regional differences and regional cohesion in Bulgaria in accordance with "Europe 2020" Strategy. On the basis of analyses and comparisons of selected individual indicators, the existing significant differences in the regional development of the 6 NUTS 2 regions in the country are shown. The paper presents also the goals of regional cohesion according to the National Regional Development Strategy 2012-2022, prepared in order to integrate the goals of "Europe 2020" Strategy and the National Development Programme Bulgaria 2020.

Key Words: *regional differences, regional cohesion, Bulgaria, "Europe 2020" Strategy.*

Introduction

The research of regional development, economic growth and regional disparities is very important for defining better the objectives of regional policy. In the last two decades there are "theoretical transformations" in the field of "economic growth and development", "both at the national and subnational level" (Barca et al. 2012). "First came the endogenous growth revolution (Romer 1986, Lucas 1988), the new economic geography (Krugman 1991, 1995, Fujita et al. 1999) followed, and the institutional turn in economics (Rodrik et al. 2004, Acemoglu and Johnson 2006a, 2006b)", after that "a series of highly influential reports about regional development policy intervention by the World Bank (2009), the European Commission (Barca 2009), the OECD (2009a, 2009b), and the Corporaci3n Andina de Fomento (CAF 2010)" (Barca et al. 2012: 135). According to Oort and Bosma (2013), "place-neutral strategies rely on the agglomerative forces of the largest cities and metropolitan regions to attract talent and growth potential. Place-based development strategists (Barca and McCann 2010) claim that the polycentric nature of a set of smaller- and medium-sized cities in Europe, each with their own peculiar characteristics and specializing in the activities to which they are best suited, creates fruitful urban variety, which enhances optimal economic development [...]. A related place-based regional policy dimension relevant for the European Union concerns objective-1 regions that have been supported in cohesion policy" (p. 215).

Many factors may affect the regional development and growth, "such as physical, technological, and social capital, cultural diversity, industrial and geographical characteristics" (Marrocu and Paci 2013) – natural conditions and resources, economic, political factors, investments, innovations, capital, human capital, knowledge, globalization. Regions benefit "from higher human capital endowments and technological capacities, as well as from geographical factors such as proximity to markets or a location in the core. In the second of these explanations, new economic geography signals the presence of knowledge spillovers, common labour skills or forward/backward linkages as determinants of location patterns and, hence, specialization" (Mora and Moreno 2010: 312). The role of the cities in the development process is significant (Fafchamps 2012), especially in the case of the countries with transforming economies and also involving processes of transformation (Mynck and

Komornicki 2000), the inheritance from the planning economy development, the European integration, etc.: "Since the beginning of the EU transition process, CEECs have continually received an increasing amount of foreign direct investment in the form of financial capital, fixed assets, knowledge (both codified and tacit) and technology. These have played an active and dynamic role in enhancing the industrial restructuring process and driving the (re)integration of CEECs into the world economy" (Pusterla and Resmini 2007: 636).

"The new theoretical insights from NEG are in line with the empirical observation that inter-regional disparities in Europe, especially within countries, have grown since the 1980s. The evidence reviewed in Montfort (2009) leads to the conclusion that in the last 10–15 years, disparities have diminished *among* countries and increased *within* countries" (Oort and Bosma 2013: 216). The territorial inequalities in Bulgaria also increased in the last two decades. The deepening of regional disparities is not typical only for Bulgaria; a similar trend is visible in surveys about other countries with transforming economies, „despite governments' efforts to reduce them"¹⁾(Szlachta 1995, Angelov et al. 2003, Boyadjiev 2005, Weclawowicz 2005, Enyedi 2005, Rydz 2006, Tarkowski 2008, Ianoş 2000, Kallioras and Petrakos 2010, Ilieva 2010, 2011, 2012, Ianoş et al. 2013). The „development with increasing and decreasing territorial imbalances confirms the spa-tial theories according to which any development should be based on the existence of territorial gaps (Hirschman 1958). These gaps cause disruptions of symmetry during the regional development process, and the final result is a spiral evolution of the regions, similar to the cycle dynamics of a strongly anthro-po-genic territorial system (Ianoş et al. 2011)" (Ianoş et al. 2013: 3).

Bulgaria is one of the states from the sixth EU enlargement (2007). It constitutes 2.57% of the EU28 area and 1.44% of its population. The achieved level of socio-economic development of the country is a result of the course of transformation processes during the last two decades, and of the impact of many different economic, political, demographic etc. factors. Bulgaria produced 0.3% from the total GDP of EU (2011). GDP per capita in PPS was 46% from the EU 27 average (2011). The regional development activity and regional policy in Bulgaria are harmonized with the EU regional policy in the pre-accession period. In the end of the 1990s, six planning regions were established in Bulgaria as territorial framework and organizational structure for the future sustainable and balanced regional development in compliance with the process of integration of Bulgaria into the EU and for carrying out relevant regional policy. On the territory of EU, as it is underlined in the European Community Treaty, "in order to promote its overall harmonious development, the Community shall develop and pursue its actions leading to the strengthening of its economic and social cohesion. In particular, the Community shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the less favoured regions or islands, including rural areas" (Article 158, Consolidated version, 2006).

After a period of dynamic development of the Bulgarian economy (2005-2008), the world economic crisis has had negative impact and consequences in Bulgaria, as well as in other European states. In the process of overcoming those consequences, several national documents have been prepared, interrelated to the "Europe 2020" Strategy. These documents emphasize also on regional differences and possible ways and actions for cohesion on the following three levels – Bulgaria and EU, regional and intraregional level in next two decades. "EU cohesion policy is often credited with improving cooperation and coordination in the delivery of the regional development policy through the application of multi-level governance enshrined in the partnership principle. By imposing a close partnership among a variety of actors, cohesion policy has the capacity to alter domestic relations between the centre and the

1) Ianoş et al. 2013.

periphery, and to create a broader scope for regional and bottom-up involvement in economic development policy. However, a lack of decentralization tradition and collaborative policy-making, as well as a limited capacity of sub-national actors (in the Central and Eastern European countries – M.I.), can result in uneven outcomes of the application of the partnership principle across countries and regions” (Dąbrowski 2013: 1).

Material and Methods

In this study of regional differences and regional cohesion in Bulgaria, the 6 NUTS 2 regions, created in compliance with the new Regional Development Act (2008) for the needs of planning, programming, management, resource supply and regional development monitoring and assessment, have been used as basic territorial units. The NUTS 2 regions are considered to be “the territorial basis for the implementation of the state policy in the field of regional development” (Zakon 2008). The Regional Development Act (2008) changed the territorial scope and boundaries of five of the regions²⁾ in a way that they are relatively equal in size, population and economic power. Only the South-West region remained unchanged. Each region now includes four (North-East and South-East region) or five NUTS 3 units (the other four regions) (Fig. 1).

Fig. 1 - NUTS 2 regions in Bulgaria (2008)

Source: Bulgaria. Geografski atlas, 2010

2) This was the third modification of the borders and areas of the regions in Bulgaria. The first planning regions were established in 1999, then modified in 2004.

The existing intraregional differences at district (NUTS 3) and municipal (LAU 1) level are not an object of study in the current research.

Regardless of the changes in the regional scheme which occurred in 2008, considerable territorial differentiation between regions is presently observed. The South-West and the South Central region continue to be remarkable for the most significant demographic and economic potential (Table 1).

Table 1

Main characteristics of NUTS 2 regions in Bulgaria

NUTS 2 regions	Territory		Population (2012)		Gross domestic product (2011)	GDP per capita, Bulgaria =100 (2011)	GDP per capita, PPS, EU=100 (2009)	Employed (2012)	Employment rate, population aged 20 to 64 years (2011)
	Sq. km	%	Th. pers.	%	%			%	%
North-West	19070.3	17.18	823.5	11.3	7.1	61.9	27	9.7	58.5
North Central	14997.4	13.51	844.5	11.6	7.8	66.7	29	10.8	59.8
North-East	14487.4	13.05	957.5	13.1	10.6	80.9	36	12.4	61.0
South-East	19798.8	17.83	1068.0	14.7	12.0	81.7	36	14.4	62.9
South Central	22365.0	20.14	1462.3	20.1	13.9	69.3	31	19.4	61.2
South-West	20306.4	18.29	2128.8	29.2	48.6	167.6	75	33.3	71.2
Bulgaria	111002	100	7284.6	100	100	100	44	100	63.9

Data source: NSI, National Regional Development Strategy of the Republic of Bulgaria for the period 2012-2022

The existing studies, which evaluate territorial (regional) differences, have applied both single indicators and combinations of different indicators or integral indicators (Marinov and Ivanov 2002, Yankova et al. 2003, Roussev 2005, Yankova 2008, Ilieva 2010, 2011, 2012, National Regional Development Strategy 2012, Ianoş et al. 2013). The analysis shows that regardless of the number and use of various indicators, most research on territorial differences is comparative in nature. The most used indicators are: gross domestic product, gross domestic product per capita, foreign direct investments, different demographic indicators, levels of employment and unemployment, etc. The recent strategic documents in compliance with the goals of achieving smart, sustainable and cohesive growth determine as the most important indicators: GDP per capita, the employment rate, the R&D spending as percentage of GDP, the power generated from renewable energy sources, the share of university graduates, the dropout rate (18–24 year-olds) ("Europe 2020" Strategy and interrelated with its national documents in Bulgaria – National Regional Development Strategy 2012 (NRDS), National Reform Programme, 2012, National Concept for Spatial Development 2012).

In accordance with its aim, both types of indicators were applied in the current paper, rated as

very important in “Europe 2020”, together with some other indicators. For a better comparison, some of the indicators are calculated on a per capita basis. In order to achieve better comparability, the mean national values of the indicators or average EU value were used in the process of territorial differences study.

The investigation is based on the current statistical data for the period covering the last two decades or last years (until 2012). There are many difficulties with statistical data collection, caused by insufficient and non-comparable data, lack of statistical rows for longer periods, changes in the regional schemes of the country (1999, 2004, 2008), etc. The statistical data is obtained from the National Statistical Institute, the National Employment Agency, the Ministry of Labour and Social Policy, the Ministry of Finance, EUROSTAT, the national strategic and planning documents, as well as author's publications.

Results and Discussion

The cohesion of the development level of the individual regions³⁾ is one of the goals existing for a long time in the documents for regional development in Bulgaria. This was one of main goals of regional development in the period of command planned economy and permanently in all plans and strategies, prepared in compliance with the European regional policy from the end of 1990s till nowadays (McCann and Ortega-Argilés 2013). Various measures that aimed at achieving this goal have been applied during that period. It was expected also that the elaboration of regions in 2008, which would be more similar in area, demographic and economic potential, would favour the regional cohesion.

The study of regional development shows significant territorial differences between individual regions in Bulgaria, differences that have even increased during recent years. Several main indicators revealing certain aspects of the NUTS 2 regions' disparities in Bulgaria are used in this paper. Many researchers accept the gross domestic product (GDP) as one of the most commonly used parameters in the presentation of regional differences both in individual countries and across regions (Bracalente and Perugini 2010, Ilieva 2010, 2011, 2012, Ianoş et al. 2013). Data analysis of GDP, generated in different regions, indicates significant territorial differences between them. A different degree of dispersion is observed between the regions, depending on their relative share of the country. The large South-West and South Central regions produce both over 62% of the national GDP (as of 2011). The contribution of the South-West region alone is almost half of the country's GDP as of today (Table 1). The analysis of the proportion of the best and the worst region has also confirmed the increase of the interregional inequalities between regions (Ilieva 2010, Ilieva 2012). The proportion of the best developed region (South-West) and of the least developed region (North-West) in terms of GDP was rising steadily⁴⁾ in the 1995-2011 period from 2,7:1 (1995), 3,4:1 (1999), 4,3:1 (2005) to 6,85:1 (2011). Studies of Czyż (1998) and Hrubí (2002) show similar relations between territorial units in Poland and Hungary in the 1990s.

Significant differences between regions are observed in levels of GDP per capita as well (Fig. 2). Analysis on the proportion of the share of the best and the worst region in the 1996-2007 period showed the increase in interregional inequalities between the South-West region and the other five regions (Ilieva 2010, Ilieva 2012). The trend towards growing regional differences continued during the 2006-2011 period as well (Fig. 3). But the change of the regional scheme

3) Called differently in various periods: economic regions, socio-economic regions, planning regions, regions level 2 or NUTS2 regions.

4) Regions in the respective scope over the years.

in 2008 slightly affected the differences between regions. A study by Rangelova (2011) also confirmed growing differences between regions during the period 1995-2008, measured by the coefficient of variation.

Fig. 2 - Gross Domestic Product per capita by NUTS 2 in Bulgaria (BGN, 2011)
1 – 6000-8000; 2 – 8001-10 000; 3 – over 17000.
Data source: National Statistical Institute

Fig. 3 - GDP per capita by NUTS 2 regions in Bulgaria (2006-2011)
Data source: www.nsi.bg/ORPDOCS/GDP_1.1.4.xls

The degree of dispersion between the regions in the best and in the worst position, measured by this indicator, is also increasing. The relation between the region in the best position and the region in the worst position increased from 2,27:1 (2006) to 2,70:1 (2011), while relations between the region in the best position and the region which ranks second grew from 1,78:1 (2006) to 2,05:1 (2011). The gap between the South-West region and the remaining five regions is resulting from the regions' development and ongoing transformation processes. The differences increased despite the measures for regional cohesion implemented in the ongoing regional policy on the country. A comparison makes it clear that throughout the period 1996-2011, the South-West region has always been in the best position. The close values of the indicator for the other five areas are the reason for frequent changing of their positions. In some years, the same regions pass from the second to the worst position, or vice versa, e.g. the North-West, South-Central, etc. During the period 2006-2011 the South-East and the North-East regions were ranked second with very close value of the indicators.

A comparison of the gross domestic product per capita in different regions shows the formation of two sets of NUTS 2 regions in Bulgaria. The South-West region, which is increasingly "drifting away" from the other regions, belongs to the first one (Fig. 4). The ratios at the beginning and at the end of the period suggest a positive trend only in the South-West region, due to its most intensive economic development. As of 2009, "this region is close to the average level of European regions and has the potential to become a region *in transition* with GDP per capita above 75% of the EU average" (National Regional 2012: 58). The analysis of regional economic development and intraregional differences proves the importance of the district of the Sofia capital city in it. The South-West region and the district of the Sofia capital city are the territorial units with the highest concentration of economic activity and capacity for development in the country. "The capital city agglomeration dominates the national arena much more strongly than in the past and exacerbates the centre versus periphery problem in the country" (National Regional 2012: 58).

The remaining five regions – the North-West, the North Central, the North-East, the South-East and the South Central region, form the second set of regions. Their values are approximately equal, regardless of the regional scheme used. In each of them, one or two of the other major cities and economic centers in the country are situated – Plovdiv, Varna, Bourgas, Rousse, Stara Zagora, Pleven. These five Bulgarian regions, together with the five regions in Romania, form the group of the ten poorest regions in the European Union (2005 d.) (Horvath 2009). In the enlarged EU 27, the poorest regions in Bulgaria and Romania have taken the place of the poorest regions of Poland in EU25. According to the 2009 data, the North-West region of Bulgaria is the poorest region in the EU27. The differences between these five regions in respect to the relations with the EU average GDP per capita in PPS are very small – from 27 to 36% (Table 1).

"Regional growth and development are very closely related to the activities of innovative Entrepreneurs" (Batabyal and Beladi 2013: 2). The comparison of the number of foreign firms per millions of inhabitants in Bulgaria, Romania, Hungary and Poland on the base of Pusterla, Resmini (2007) investigation, shows lower investments in the period 1995-2001 and unfavourable structure of the FDI in Bulgaria. Significant regional dispersion exists in the territorial distribution of the enterprises and their production. Most of the enterprises are localised in the South-West region, where the highest coefficient of entrepreneurship is observed. The rest of the regions can be divided into two groups by that indicator (Fig. 5). The increase in the number, production, employed personnel, revenue of enterprises, of their competitiveness, especially of SMEs, would contribute to better regional economic and social development. "Jump-starting the specific potential of regional and local economies by providing

support for increasing the competitiveness of small and medium businesses” (National Regional 2012: 112) is one of the priority goals, determined for attaining economic cohesion. The support of “regional development will be oriented towards such economic activities in the regions that stimulate the development and utilization of local potential, which in turn will contribute to the diversification of the economic structure of the regions and will create, in the long run, new jobs that would be attractive and suitable for young people’s occupational fulfilment” (National Regional 2012: 112). In the processes of this priority realization, special attention should be paid to the least developed North-West and North Central regions.

Fig. 4 - **Gross domestic product per capita by regions (Bulgaria = 100)** ⁵⁾
Source: author's calculations based on the National Statistical Institute's data

Many small and medium-sized enterprises in Bulgaria are new or relatively new, young, established in the period after 1989. Behind the decline of many enterprises and loss of very big number working places, as a result of the establishment and the development of SMEs, the number of new jobs and the employed increased, as well as the incomes and the number of entrepreneurs. According to Bosma and Schutjens (2011), “spatial differences in entrepreneurial attitude and activities may be the result of both a *regional demography* (an overrepresentation of groups of individuals with high entrepreneurial spirits or involvement in entrepreneurial behaviour), specific *regional economic attributes* (f. i. market opportunities), and an *institutional component*” (p. 713).

The development of entrepreneurship favours the development of regional and local economy, its diversification, especially the economy based on the region's own resources. Entrepreneurship also affects positively the development of private business initiatives, the increasing of competitiveness and also leads to more successful economic growth in separate settlements and regions in the country. In the same time, many efforts are still needed for nurturing the entrepreneurial spirit, experience and culture, because the lack of private ownership in the country till the end of 1980s, and, as a result, the lack of entrepreneurial culture and experience, except for their relatively short development over the last two decades. The situation in Poland, Hungary and other countries concerning the transforming economy is

5) Existing Regions according to the respective regional scheme over the years.

different – in those countries, due to the development of the private activities during the socialist period, entrepreneurial experience and culture were accumulated by generations of people. As Bosma and Schutjens (2011) underlines: “actively stimulating or creating such an entrepreneurial culture is far from easy, and takes time” (p. 739).

Fig. 5 - Coefficient of entrepreneurship by NUTS 2 in Bulgaria (2011)

Number of enterprises, excl. financial, per 1000 persons of the population:

1 – till 45; 2 – 45-55; 3 – more than 60

Data source: author's calculation based on the National Statistical Institute's data

The analysis of some indicators, concerning the demographic development and the functioning of labour market in different parts of the country, also shows significant regional differences. The decrease of population in the period of 1985-2012, the negative natural increase of population during the last two decades, and the deteriorated age structure of the population adversely affect the quantitative and qualitative characteristics of labour force in separate regions. The regional disparities in the decline of the number of population and in the changes of labour force are characterized by various specificities and trends, which depend on the number and age structure of the population, on its ethnic composition, on the socio-economic situation in the country and in the respective regions.

The biggest share of the population, the labour force and the number of employed people are concentrated in the largest South-West and South Central regions – almost half of the country's population and over 52% of the employed (Table 1). Significant regional disparities can be noticed in the employment rate, regardless of the mode of determination. The regions form two groups by the employment rate, measured for the population aged 20 to 64 years in compliance with the “Europe 2020” Strategy (Table 1) or for the population aged 15+ years according to the National Statistical Institute (Fig. 6) or the Employment Agency in Bulgaria. Five of the regions have lower value of the indicators, similar to each other, and only the South-West region is in a better position (Table 1, Fig. 6).

Fig. 6 - Employment rate of the population aged 15 + years by NUTS 2 in Bulgaria (2012)
 1 – 39-47%; 2 – over 52%

Data source: National Statistical Institute

The employment rate decline, observed in Bulgaria in the recent years, is related also to the world economic crisis impact. "Up until 2008, the employment coefficient for people between the age of 20 and 64 grew from 58.0% in 2003 to 70.7% in 2008. After 2008, there has been a major decline in the employment rates, especially in comparison with the EU average at the backdrop of countries having debt problems (Greece, Ireland and Spain). In 2009, this coefficient plunged to 68.8%, while in 2011 it was 63.9% versus the EU27 average of 68.6%" (National Regional 2012: 53). For the moment, Bulgaria has a low employment rate (population aged 20 to 64 years) in comparison with many EU states (Fig. 7). This indicator is also lower in comparison with the provided values of 75% in 2020 in the "Europe 2020" Strategy and of 76% in the national documents, such as the National Regional Development Strategy 2012-2022 (2012), the National Reform Programme Bulgaria 2020 (2012), etc. This fact needs a solution for many tasks in order to get a more successful economic development, the creation of new workplaces, the increase in the number of employed people, etc. Solely the South-West region has values close to the ones determined in these documents (Table 1).

In order to integrate "the goals of the Europe 2020 Strategy and National Development Programme Bulgaria 2020 into country's regional development policy", the National Regional Development Strategy 2012-2022 (2012) has formulated the following vision for the country's regional development during the 2012-2022: Regions in Bulgaria have to become "attractive to live in, making the most of their potential for sustainable growth, job creation, business and tourism, with well-preserved natural and cultural heritage" (p. 108). The goals for attaining cohesion on different levels – Bulgaria-EU, regional, intraregional, are determined as follows: "Economic cohesion in a European, national and intra-regional context through development of the regions' own potential and environmental protection", "Social cohesion and reduction of regional disparities in the social sphere through opportunities for development and realization of human capital", "Territorial cohesion and development of cross-border, inter-regional and

trans-national cooperation” and “Balanced territorial development through strengthening the network of urban centers, improving connectivity in the regions and the quality of the urban environment in populated areas”. For the realization of those goals by 2020, various measures and interventions are envisaged in urban centers and their industrial zones, in underdeveloped, rural and target support areas, in regions and municipalities.

In this paper only two factors, influencing the regional development in the next two decades, are taken into consideration – the expected financial support and the demographic conditions. The general estimate of necessary resources according to the National Regional Development Strategy 2012-2022 (2012) is about 17.8 billion BGN (about 9.1 billion EUR). Significant financial support is expected from the EU Funds (about 13.1 billion BGN). “In line with the criterion used in the EU for supporting the least developed regions, defined by a relative threshold of 75% of the average GDP per capita, it can be assumed that three of the regions in Bulgaria are currently below this threshold: NWR, NCR and SCR. Therefore, the prevailing part of the resources for regional development will be allocated in support to these regions” (National Regional 2012: 140). That is why 53.5% of all envisaged funds are targeted for the three least developed regions – North-West, North Central and South Central one (Fig. 8).

Fig. 7 - Employment rate of the population aged 20 to 64 years in the EU countries (2011)

Data source: <http://epp.eurostat.ec.europa.eu>

Fig. 8 - Distribution of necessary financial resources for regional development by NUTS 2 regions in Bulgaria (2014-2020)

Data source: Author's calculation based on National Regional Development Strategy 2012-2020 (2012)'s data

The processes of reducing the disparities occur in a very complicated demographic situation – the decrease of population number, the negative natural increase of the population, the deteriorating age structure, etc. According to the National Concept for Spatial Development for the period 2013-2025 (2012), “one of the most serious challenges the country is going to be faced with in the coming decades will be the demographic crisis in all its multi-faceted manifestations. The population of Europe will continue to diminish because of the delayed reforms in the policies of most countries with respect to supporting the family values, the birth rate growth and the retention of young educated people. Bulgaria makes no exception to the rule and follows the trends of the more developed countries, therefore all the possible demographic scenarios envisage population drop” (p. 26). According to the elaborated prognoses, the existing unfavourable trends in the number dynamics and in the demographic indicators will be preserved in the future. A decrease of the population number in the country to about 6.95 million people by 2020 is expected, about 6.7 million by 2025 and 5.7 million by 2050, according to the National Statistical Institute's prognoses. The adverse demographic trends and the limited supply of labour are recognized as a threat to Bulgaria's labour market development by both experts in this field and by the Updated Employment Strategy (Aktualizirana Strategia 2013) as well.

The achievement of goals, priorities and objectives of the NRDS, of course, will lead to the mitigation of regional differences and cohesion of regional development. Due to large existing disparities at present-day stage, this process may take very long. The analysis of the baseline and target values of several indicators⁶⁾, listed in the NRDS (2012), shows that a different degree of regional disparities' reduction is expected till 2020. The decreasing of the dispersion between the region in the best position (South-West) and the region in the worst position (North-West) is an evidence for the process of mitigation of the present differences between the NUTS 2 regions in Bulgaria by selected indicators (Table 2).

Bulgaria is expected “to achieve the average level of socio-economic development in the EU by attaining the kind of growth that is smart, sustainable, inclusive and gentle on the environment

6) Several indicators related to this study are selected.

and natural resources” (National Regional 2012: 108), as a result of the achievement of intended goals in the national documents, related to the “Europe 2020” Strategy for regional development and for socio-economic development of the country till the 2020 time horizon.

Table 2

Envisaged values of selected indicators for regional cohesion in Bulgaria

	NUTS 2 regions						Bul-garia
	North-West	North Cen-tral	North-East	South-East	South Central	South-West	
	Employment of population aged 20-64 years						
Baseline values as 2009-2010	63.1	62.9	63.9	64.4	65.4	73.4	66.8
Target values for 2020	72	72	74	75	77	80	76
	Share of people aged 30-34 with higher education						
Baseline values (2010)	22	20.9	22.6	19.9	19.2	41	27.3
Target values for 2020	35	34	36	32	29	50	36
	Share of people employed in SMEs in the country (total)						
Baseline values (2010)	7.9	10.3	12.3	13.2	18.4	37.9	100
Target values for 2020	8.2	10.5	12.5	13	18.2	37.6	100

Data source: National Regional Development Strategy 2012-2020 (2012)

Conclusions

On the basis of the analysis and the comparison of some single indicators, this study presents significant regional differences in Bulgaria. The research shows the formation of two sets of regions with different socio-economic development at the present-day stage – the better economic developed South-West region on one pole, and all the remainder five less-developed regions make up a second one .

Regardless of the ongoing target regional policy, disparities between NUTS 2 regions in Bulgaria continued to increase in the last two decades. Through various measures and interventions, embedded in national documents, which are interrelated with the “Europe 2020” Strategy, the reduction of regional differences is provided, as well as gradual economic, social and territorial cohesion in the regions’ development.

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