



NORTH MACEDONIA NEAR BORDER ECONOMIC ACTIVITIES WITH BULGARIA: NEGLECTED DIMENSION

Results from the survey conducted in May 2023

Center for Economic Analyses-CEA

May 2023, Skopje

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About the Project

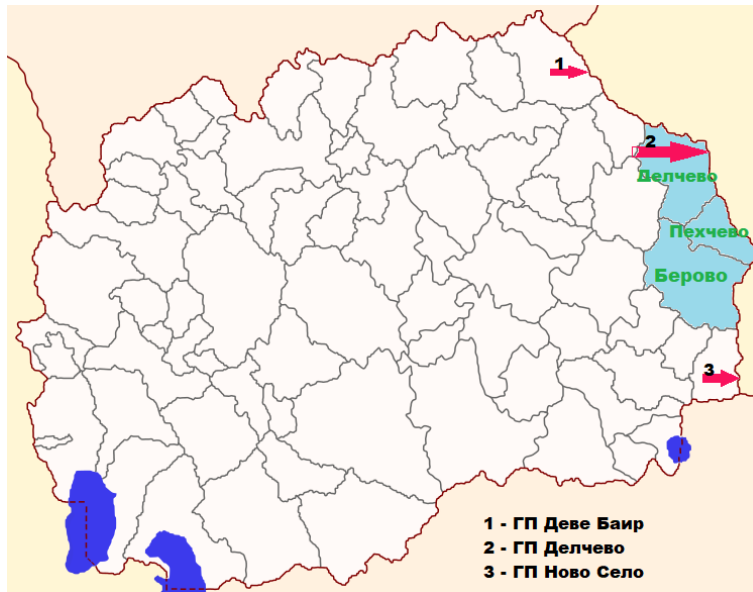
CENTER FOR ECONOMIC ANALYSES-CEA IS CONDUCTING THE PROJECT TITLED: NORTH MACEDONIA NEAR BORDER ECONOMIC ACTIVITIES WITH BULGARIA: NEGLECTED DIMENSION IS FUNDED BY THE BULGARIAN DEVELOPMENT AID.

Overall objective: Promoting socio-economic cohesion, including working with young people, strengthening good neighborly relations, regional stability and mutual cooperation, socio-economic cooperation.

Specific objectives: Capacity building on research for grass-root young people; Mobilizing evidence-based debate on the near border economic activities in the region of Delcevo, Pehcevo and Berovo; Raising awareness about the need for better infrastructure connection between North Macedonia and Bulgaria

Target group: Local population in Berovo, Pehcevo and Delcevo; State and local municipal administration of these municipalities, with as many people as possible to whom the result of the implemented projects will be disseminated.

Introduction



There are three border crossings with Bulgaria: Deve Bair, Delchevo and Novo Selo. We consider in our research the border crossing-Delchevo and three municipalities: Delchevo, Pehchevo and Berovo.

Delchevo is some 15km from the border crossing, Pehchevo is some 36km from the border crossing and Berovo is some 45km from the border crossing thus, this gives Delchevo a comparative advantage with its proximity to the border crossing.

The project went into preparatory stages of recruiting young researchers

from the three municipalities. The recruiting process was conducted during the initial month (March 2023) of project implementation. The project expert, in collaboration with the project staff, engaged in a series of meetings with representatives from municipalities, local youth organizations, and the local agency for employment. The primary objective of these meetings was to gather recommendations and valuable suggestions pertaining to select potential grass-root young-researchers to work on the project.

Taking into account the comprehensive recommendations provided, the expert evaluated the recommended candidates and selected six young researchers. Each municipality (Berovo, Pehchevo, Delchevo) was represented by two researchers, ensuring a balanced and inclusive approach to the selection process.

Further, the experts from CEA have prepared the draft questionnaire and it was tested on a few business representatives and also representatives working at the border control at Delchevo border crossing. Taking into account the comments, the questionnaire was finalized in accordance with the Activity plan of the project.

After that CEA team has prepared the module for training of the young researchers. The trainings were conducted separately in each of the municipalities. During the training the selected candidates get the knowledge on how to conduct the field research in a professional manner. Meetings with the Mayors and the municipal staff were also conducted.

This document is a Report with findings from the analysis on the results from field work and the information collection for May as it was planned in the Activity plan of the project.

Companies in the three municipalities

In our research we considered the following companies by economic activity and number respondents to the questionnaire (total 53):

- Gas stations (8 respondents)
- Dentists and ambulances (6 respondents)
- Small retail shops (10 respondents)
- Taxi services (3 respondents)
- Hotels and restaurants (9 respondents)
- Green markets (12 respondents)
- Larger retail shops (5 respondents)

All these businesses belong to the following NACE classification¹ of economic activities:

- G-Wholesale and retail trade; repair of motor vehicles and motorcycles (35 respondents)
- H-Transportation and storage (3 respondents)
- I-Accommodation and food service activities (9 respondents)
- Q-Human health and social work activities (6 respondents)

In the next table we present the number of the companies in these 3 municipalities per economic activities². These companies in the municipalities are almost 2% of all companies in North Macedonia but in terms of the total number of companies per municipality take a significant share of the total number of companies (driven mainly by the sector G-Wholesale and retail trade; repair of motor vehicles and motorcycles).

Table. Number of the companies in Berovo, Delchevo and Pehchevo per economic activities

	Total	G	H	I	Q	In % of total
NM	72,922	21,908	5,531	4,679	3,307	68
Berovo	386	109	37	34	21	65
Delchevo	505	155	39	41	32	67
Pehchevo	139	35	8	9	9	50
Total interviews	53	35	3	9	6	

¹ See more: NACE (Nomenclature of Economic Activities) is the European statistical classification of economic activities: <https://nacev2.com/en>.

² See more State statistical office:

https://makstat.stat.gov.mk/PXWeb/pxweb/mk/MakStat/MakStat_DelovniSubj_AktDelovniSubjekti/275_DeISub_Op_02AcDSbD_mk.px/?rxid=46ee0f64-2992-4b45-a2d9-cb4e5f7ec5ef

Results from the survey

In this first reporting period, the overall situation of the field research is that the visits from the Bulgarian citizens have declined a lot mainly because of the political situation between the two countries (a perception as per majority of the interviewees). The expectations for the summer period are a bit more positive.

General comments

In this reporting period guest from Bulgaria **do not have a specific request** except in one case of request for a dish specialty in one of the restaurants in Delchevo.

In this reporting period guest from Bulgaria **do not have complaints** except in one case of complaint about the high prices in one of the larger retail shops in Delchevo.

Gas stations

Interviewed gas stations (8 of them) have the same turnover from the Bulgarian guests as in the last quarter and they expect the same turnover in the next one as in this past period. They do not believe improved roads conditions will influence turnover nor they plan the Bulgarian guests in their business plan. Bulgarian guests have less than 2% influence in the total turnover of the gas stations. Bulgarian guests mostly buy at gas stations in Delchevo (40 Bulgarian buyers per week in the last 3 months) and to a lesser extend in Berovo and Pehchevo (only 1 Bulgarian buyer per week in the last 3 months). The average expenditure per buyer is around 65 Euro per one visit.

Simple calculations illustrate that monthly Bulgarian guests spend some 10 thousand Euro in Delchevo at gas stations and around 260 Euro per month in gas stations in Berovo and Pehchevo. The effect compared to the local own taxes collected is presented in the next section presenting the effects of the Bulgarian guests spending.

Gas stations			Answers as per corresponding number of questions from the questionnaire									Total monthly in Euro
	Total interviews	Respondents	4	5	6	7	8	10	11	14	15	
Delchevo	19	4	Same turnover as in the last 3 months	Do not believe improved roads conditions will influence turnover	Do not plan in the business plan	40 Bulgarian buyers per week in the last 3 months	Less than 2% of the turnover	50-80 Euro	Same turnover for next quarter	Mostly weekends	26-55 age	10,400
Pehchevo	16	1	Same turnover as in the last 3 months	Do not believe improved roads conditions will influence turnover	Do not plan in the business plan	1 Bulgarian buyer per week in the last 3 months	Less than 2% of the turnover	50-80 Euro	Same turnover for next quarter	Each day	18-55 age	260
Berovo	18	3	Same turnover as in the last 3 months	Do not believe improved roads conditions will influence turnover	Do not plan in the business plan	1 Bulgarian buyer per week in the last 3 months	Less than 2% of the turnover	50 Euro	Same turnover for next quarter	Each day	26-45 age	260

Dentists and ambulances

Interviewed dentists and ambulances have the same turnover from the Bulgarian guests as in the last quarter and they expect the same turnover as in this past period. Interviewees from Berovo and Pehchevo do not believe improved roads conditions will influence turnover nor they plan the Bulgarian guests in their business plan. However, dentists and ambulances from Delchevo believe that improved roads conditions will influence turnover by some 30% and they plan Bulgarian guests in their business plan.

Bulgarian guests have less than 20% influence in the total turnover of the dentists and ambulances in Delchevo and less than 5% in Berovo but less than 2% in Pehchevo. Bulgarian guests spend in Delchevo around 80 Euro per visit (25 Bulgarians per week visit dentists and ambulances in the last 3 months) and to a lesser extend in Pehchevo (only 1 Bulgarian per week in the last 3 months). In Berovo there are 3 visitors per week. The average expenditure per buyer is around 330 Euro a month.

Simple calculations illustrate that monthly Bulgarian guests spend some 8 thousand Euro in Delchevo, around 100 Euro per month in Pehchevo and around 1,440 Euro per month in Berovo.

Dentists and ambulances			Answers as per corresponding number of questions from the questionnaire									Total monthly in Euro
	Total interviews	Respondents	1	2	3	4	5	7	8	9	10	
Delcevo	19	2	Same turnover as in the last 3 months	Improved roads conditions will influence turnover by some 30%	They plan in the business plan	25 Bulgarian buyers per week in the last 3 months	Less than 20% of the turnover	80 Euro	Turnover will increase next quarter	Each day	26-55 age	8,000
Pehcevo	16	2	Same turnover as in the last 3 months	Do not believe improved roads conditions will influence turnover	Do not plan in the business plan	1 Bulgarian buyer per week in the last 3 months	Less than 2% of the turnover	25 Euro	Same turnover for next quarter	Working days	26-35 age	100
Berovo	18	2	Same turnover as in the last 3 months	Do not believe improved roads conditions will influence turnover	Do not plan in the business plan	3 Bulgarian buyer per week in the last 3 months	Some 5% of the turnover	80-160 Euro	Same turnover for next quarter	Working days	26-55 age	1,440

Small retail shops

Interviewed small retail shops report decreased turnover from the Bulgarian guests compared to the last quarter and they mostly expect the same turnover as in this past period for the next period. Interviewees from Berovo and Pehchevo mostly do not believe improved roads conditions will influence turnover nor they plan the Bulgarian guests in their business plan. However, small retail shops from Delchevo believe that improved roads conditions will influence turnover by some 20% and even though they do not plan Bulgarian guests in their business plans.

Bulgarian guests have less than 10% influence in the total turnover of the small retail shops in Pehchevo and Berovo and in Delchevo less than 5%. Bulgarian guests spend in Delchevo around 40 Euro per visit (20 Bulgarians per week visit small retail shops in the last 3 months) and to a lesser extend in Pehchevo (4 Bulgarian per week in the last 3 months) and Berovo (7 Bulgarian per week in the last 3 months). Bulgarian guests spend in Pehchevo and Berovo around 30 Euro per visit.

Simple calculations illustrate that monthly Bulgarian guests spend some 3.2 thousand Euro in Delchevo, around 480 Euro per month in Pehchevo and around 840 Euro per month in Berovo.

Small retail shop		Answers as per corresponding number of questions from the questionnaire										Total monthly in Euro
	Total interviews	Respondents	1	2	3	4	5	7	8	9	10	
Delcevo	19	2	Decreased turnover in the last 3 months	Improved roads conditions will influence turnover by some 20%	Do not plan in the business plan	20 Bulgarian buyers per week in the last 3 months	Between 3% to 5% of the turnover	25-50 Euro	Will increase turnover for next quarter	Mostly weekends	26-45 age	3,200
Pehcevo	16	5	Decreased or the same turnover as in the last 3 months	Most believe that improved roads conditions will influence turnover by some 20%	Most do not plan in the business plan	4 Bulgarian buyer per week in the last 3 months	Up to 10% of the turnover	10-50 Euro	Same turnover for next quarter	Each day	26-55 age	480
Berovo	18	3	Decreased or the same turnover as in the last 3 months	Most do not believe improved roads conditions will influence turnover	Most do not plan in the business plan	7 Bulgarian buyer per week in the last 3 months	Between 3% to 10% of the turnover	10-50 Euro	Mostly the same turnover for next quarter	Mostly weekends	18-45 age	840

Taxi services

Interviewed taxies in Delchevo report decreased turnover from the Bulgarian guests compared to the last quarter and they mostly expect decreased turnover for the next period (taxies in Berovo expect the same turnover in the next period). Interviewees from Berovo do not believe improved roads conditions will influence turnover nor they plan the Bulgarian guests in their business plan. However, taxies in Delchevo believe that improved roads conditions will increase turnover by some 30% even though they do not plan Bulgarian guests in their business plans.

Bulgarian customers have less than 2% influence in the total turnover Berovo and in Delchevo less than 5%. Bulgarian customers spend in Delchevo around 5 Euro per ride (5 Bulgarians per week in the last 3 months) and to a lesser extend in Berovo (2 Bulgarian per week in the last 3 months).

Simple calculations illustrate that monthly Bulgarian customers spend some 100 Euro in Delchevo and around 40 Euro per month in Berovo. No interviews in Pehcevo.

Taxi services		Answers as per corresponding number of questions from the questionnaire										Total monthly in Euro
	Total interviews	Respondents	1	2	3	4	5	7	8	9	10	
Delcevo	19	2	Decreased turnover in the last 3 months	Improved roads conditions will influence turnover by some 30%	Do not plan in the business plan	5 Bulgarian customers per week in the last 3 months	Less than 5% of the turnover	Around 5 Euro	Turnover the same or it might increase next quarter	Each day	18-45 age	100
Pehcevo	16	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Berovo	18	1	Same turnover as in the last 3 months	Do not believe improved roads conditions will influence turnover	Do not plan in the business plan	2 Bulgarian customer per week in the last 3 months	Less than 2% of the turnover	Around 5 Euro	Same turnover for next quarter	Weekends	26-55+ age	40

Hotels and restaurants

Interviewed hotels and restaurants in Delchevo mostly report decreased turnover from the Bulgarian guests compared to the last quarter and they mostly expect same turnover for the next period. In Berovo and Pehchevo, hotels and restaurants expect increased turnover in the next period. Hotels and restaurants from the micro region (the region of the three municipalities) do believe that improved roads conditions will influence turnover by some 20% even though they do not plan Bulgarian guests in their business plans.

Bulgarian customers have between 6%-15% influence in the total turnover in Berovo, in Delchevo 6%-15% influence in the total turnover and in Pehchevo 2%-10% influence in the total turnover. Bulgarian customers spend in Delchevo 25-50 Euro per customer (26-40 Bulgarians per week in the last 3 months) and to a lesser extend in Berovo (5 Bulgarian per week in the last 3 months) and in Pehchevo (3-20 Bulgarians per week in the last 3 months).

Simple calculations illustrate that monthly Bulgarian customers spend some 5,280 Euro in Delchevo, around 500 Euro per month in Berovo 2,400 Euro in Pehchevo.

Hotels and restaurants			Answers as per corresponding number of questions from the questionnaire									Total monthly in Euro
	Total interviews	Respondents	1	2	3	4	5	7	8	9	10	
Delcevo	19	3	Mostly decreased turnover in the last 3 months	Improved roads conditions will influence turnover by some 20%	Do plan in the business plan	26-40 Bulgarian buyers per week in the last 3 months	Between 6% to 25% of the turnover	25-50 Euro	Mostly the same turnover for next quarter	Weekends	18-45 age	5,280
Pehcevo	16	3	Decreased or the same turnover as in the last 3 months	Some believe that improved roads conditions will influence turnover by some 20%	Do not plan in the business plan	3-20 Bulgarian buyer per week in the last 3 months	2% to 10% of the turnover	25-50 Euro	Increased turnover for next quarter	Weekends and holidays	18-45 age	2,400
Berovo	18	3	Mostly the same turnover as	Most believe that improved roads conditions will	Most do not plan in the	5 Bulgarian buyer	Between 6% to 15%	25 Euro	Increased turnover for	Weekends	18-45 age	500

			in the last 3 months	influence turnover by some 20%	business plan	per week in the last 3 months	of the turnover		next quarter			
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Green markets

Green markets in Delchevo report mostly decreased turnover from the Bulgarian guests compared to the last quarter and they mostly expect increased turnover for the next period (in Berovo expect the same turnover in the next period). Interviewees from the micro region do not believe improved roads conditions will influence turnover and they mostly do not plan the Bulgarian guests in their business plans.

Bulgarian customers have less than 5% influence in the total turnover in Berovo and in Delchevo between 6% and 25% (in Pehchevo 2%-10%). Bulgarian customers spend in Delchevo between 25-50 Euro (11-20 Bulgarians per week in the last 3 months) and to a lesser extend in Berovo and Pehchevo of 10-25 Euro (2-5 Bulgarian customers per week in the last 3 months for Pehchevo and Berovo).

Simple calculations illustrate that monthly Bulgarian customers spend some 2,400 Euro in Delchevo and around 320 Euro per month in Berovo and Pehchevo.

Green markets		Answers as per corresponding number of questions from the questionnaire										Total monthly in Euro
	Total interviews	Respondents	1	2	3	4	5	7	8	9	10	
Delcevo	19	4	Mostly decreased turnover in the last 3 months	Mostly do not believe improved roads conditions will influence turnover	Mostly do not plan in the business plan	11-20 Bulgarian customers per week in the last 3 months	Between 6% and 25% of the turnover	25-50 Euro	Mostly increase turnover in the next quarter	Market days	46-55 age	2,400
Pehcevo	16	4	Mostly decreased turnover in the last 3 months	Mostly do not believe improved roads conditions will	Mostly do not plan in the business plan	2-5 Bulgarian customers per week	Between 2% and 10% of the turnover	10-25 Euro	Same turnover for next quarter	Mostly holidays	26-55 age	320

				influence turnover		in the last 3 months						
Berovo	18	4	Mostly the same or decreased turnover in the last 3 months	Mostly do not believe improved roads conditions will influence turnover	Do not plan in the business plan	2-5 Bulgarian customers per week in the last 3 months	Between 2% and 5% of the turnover	10-25 Euro	Same turnover for next quarter	Weekends and holidays	26-55 age	320

Larger retails shops

Larger markets in Delchevo report the same turnover from the Bulgarian guests compared to the last quarter and they mostly expect the same turnover for the next period (in Berovo and Pehchevo they expect the same or increased turnover in the next period). Interviewees from this microregion do not believe improved roads conditions will influence turnover in their markets nor they plan the Bulgarian guests in their business plan.

Bulgarian customers have less than 2% influence in the total turnover for larger markets in this microregion. Bulgarian customers spend in Delchevo between 50-80 Euro (3-10 Bulgarians per week in the last 3 months) and to a lesser extend in Berovo and Pehchevo (10-25 Euro for 3-5 Bulgarian customers per week in the last 3 months).

Simple calculations illustrate that monthly Bulgarian customers spend some 1,120 Euro in Delchevo and around 320 Euro per month in Berovo and Pehcevo.

Larger retail shops		Answers as per corresponding number of questions from the questionnaire										Total monthly in Euro
	Total interviews	Respondents	1	2	3	4	5	7	8	9	10	
Delcevo	19	2	The same turnover in the last 3 months	Do not believe improved roads conditions will influence turnover	Do plan in the business plan	3-10 Bulgarian buyers per week in the last 3 months	Less than 2% of the turnover	50-80 Euro	Mostly the same turnover for next quarter	Weekends and Work days	46-55+ age	1,120
Pehcevo	16	1	Decreased or the same turnover in the last 3 months	Do not believe improved roads conditions will influence turnover	Do not plan in the business plan	3-5 Bulgarian buyer per week in the last 3 months	Less than 2% of the turnover	10-25 Euro	Increased turnover for next quarter	Weekends and holidays	26-45 age	320
Berovo	18	2	Decreased turnover in the last 3 months	Do not believe improved roads conditions will influence turnover	Do not plan in the business plan	3-5 Bulgarian buyer per week in the last 3 months	Less than 2% of the turnover	10-25 Euro	Same turnover for next quarter	Weekends	26-45 age	320

Local taxes in the municipalities

In the next table we present population of municipalities, total public revenues of municipalities and own source public revenues.

Table. Total revenues of municipalities, own source revenues (no transfers from central government, no donations and no borrowings) in Euro, percentage of total for 2021

	Population	Total own revenues in Euro	Grand total revenues in Euro	Percentage of total own/grand total revenues	Own revenues in Euro/population
Berovo	10,890	835,198	4,838,496	17	77
Delcevo	13,585	767,233	4,784,153	16	56
Pehcevo	3,983	350,113	1,602,099	22	88
NM	1,836,713	226,644,383	661,346,487	34	123

Source: Census 2021 and Ministry of finance Treasury data. Calculations by the author.

Population in these municipalities in total is some 1.5% of the total North Macedonia-NM population. The own source revenues are around 20% of the total revenues in municipalities and it is less than the national average (34%) which makes these municipalities highly dependent on the central government transfers. Also, these municipalities on average collect fewer own sources revenues per capita than the national per capita average (123 Euro per capita).

Effects of Bulgarian guest spending

The effects of the Bulgarian customers spending for the local economy is highest in Delchevo and it is at a range of 4% of the local own tax revenue collected by the municipality. It is lower for Pehchevo (1.1%) and Berovo (0.4%).

Table. Estimated monthly turnover as per the answers from the interviews

	Gas stations	Dentists and ambulances	Small retail shops	Taxi services	Hotels and restaurants	Green markets	Larger retail shops	Total	As % of own local revenues
Delchevo	10,400	8,000	3,200	100	5,280	2,400	1,120	30,500	4.0
Pehchevo	260	100	480	NA	2,400	320	320	3,880	1.1
Berovo	260	1,440	840	40	500	320	320	3,720	0.4
Total	10,920	9,540	4,520	140	8,180	3,040	1,760	38,100	2.0

Source: Answers from the questionnaire and Ministry of finance Treasury data. Calculations by the author.

Observations for the reporting period

- The customs and border police reports that the number of the border crossings of Bulgarian citizens for the reporting period from Bulgarian side is lower than the last period.
- The crossings are most frequent during weekends and the daily average is more than 46 persons.
- The administrative staff of the customs and border police believe that the improved roads conditions might increase the turnover from the Bulgarian customers in the microregion of Delchevo, Berovo and Pehchevo between 20%-40%.
- Companies are not confident that there will be increase of the turnover from Bulgarian customers in the next 3 months.

Confidence for the next 3 months is presented in the next table. Gas stations and health expect the same turnover while small retail shops expect decrease. The other activities are inconclusive in their expectations about the turnover in the next 3-months.

Table. Expectations about the turnover in the next 3-months

	Gas stations	Dentists and ambulances	Small retail shops	Taxi services	Hotels and restaurants	Green markets	Larger retail shops
Delchevo	Same	Same	Decrease	Decrease	Mostly decrease	Mostly decrease	Same
Pehchevo	Same	Same	Decrease	NA	Decrease	Mostly decrease	Decrease
Berovo	Same	Same	Decrease	Same	Mostly the same	Mostly decrease or the same	Decrease
Total	Same	Same	Decrease	Inconclusive	Inconclusive	Inconclusive	Mostly decrease

- The effects of the Bulgarian customers for the local economy is highest in Delchevo and it is at a range of 4% of the local own tax revenue collected by the municipality. It is lower for Pehchevo (1.1%) and Berovo (0.4%).
- For this first reporting, the overall situation of the field research is that the visits from the Bulgarian citizens have declined a lot mainly because of the political situation between the two countries (as per majority of the interviewees). The expectations for the summer period are positive. In this reporting period guest from Bulgaria do not have a specific request except one case of request for a dish specialty in

one of the restaurants in Delchevo. In this reporting period guest from Bulgaria do not have complaints except one case of complaint about the high prices in one of the larger retail shops in Delchevo.

- For the **gas stations** the situation is similar to all three municipalities in their expectations that they do not believe improved roads conditions will influence turnover nor they plan the Bulgarian guests in their business plan. However, most of the Bulgarian guests buy at the gas stations in Delchevo. Bulgarian guests have less than 2% influence in the total turnover of the gas stations. **Average Bulgarian guest at the gas stations is in its 40s and spend some 260 euro a month at gas station.**
- As for the **dentists and ambulances** in Delchevo they believe that improved roads conditions will influence turnover by some 30% and they plan Bulgarian guests in their business plan. Contrary, in Pehchevo and Berovo they do not believe that improved roads conditions will influence turnover for them nor they plan Bulgarian guests in their business plan. Dentists and ambulances from Delchevo believe that improved roads conditions will influence turnover by some 30% and they plan Bulgarian guests in their business plan. Bulgarian guests might have up to 20% influence in the total turnover of the dentists and ambulances in Delchevo and less than 5% in Berovo but less than 2% in Pehchevo. **Average Bulgarian visitor at the dentists and ambulances is in its 40s and spend some 329 euro a month at gas station.**
- **Small retail shops** report decreased turnover from the Bulgarian guests compared to the last quarter and they mostly expect the same turnover as in this past period for the next period. Small retail shops from Delchevo believe that improved roads conditions will influence turnover by some 20% even though they do not plan Bulgarian guests in their business plans. Bulgarian guests have less than 10% influence in the total turnover of the small retail shops in Pehchevo and Berovo and in Delchevo less than 5%. **Average Bulgarian guests at small retail shops are in their 30s and spend some 146 euro a month at small retail shops.**
- Interviewed **taxi drivers** in Delchevo report decreased turnover from the Bulgarian guests compared to the last quarter and they mostly expect decreased turnover as in this past period for the next period (taxies in Berovo expect the same turnover in the next period). Interviewees from Berovo do not believe improved roads conditions will influence turnover nor they plan the Bulgarian guests in their business plan. However, taxies in Delchevo believe that improved roads conditions will increase turnover by some 30% even though they do not plan Bulgarian guests in their business plans. Simple calculations illustrate that monthly Bulgarian customers spend some 100 Euro in Delchevo and around 40 Euro per month in Berovo. No interviews in Pehchevo. **Average Bulgarian customer of taxi services are in their 40s and spend some 20 euro a month for taxi services.**
- **Hotels and restaurants** in Delchevo mostly report decreased turnover from the Bulgarian guests compared to the last quarter and they mostly expect same turnover for the next period. Hotels and restaurants from the microregion do believe that improved roads conditions will influence turnover by some 20% even though they do not plan Bulgarian guests in their business plans. Bulgarian customers have between 6%-15% influence in the total turnover Berovo, in Delchevo 6%-15% influence in the total turnover and in Pehchevo 2%-10% influence in the total turnover. Simple calculations illustrate that monthly Bulgarian customers spend some 5,280 Euro in Delchevo, around 500 Euro per month in Berovo 2,400 Euro in Pehchevo. **Average Bulgarian customer of hotels and restaurants are in their 30s and spend some 248 euro a month for hotels and restaurants.**

- **Green markets** in Delchevo report mostly decreased turnover from the Bulgarian guests compared to the last quarter and they mostly expect increased turnover for the next period (in Berovo expect the same turnover in the next period). Interviewees from the microregion do not believe improved roads conditions will influence turnover Bulgarian customers spend in Delchevo between 25-50 Euro (11-20 Bulgarians per week in the last 3 months) and to a lesser extend in Berovo and Pehchevo of 10-25 Euro (2-5 Bulgarian customers per week in the last 3 months for Pehchevo and Berovo). Simple calculations illustrate that monthly Bulgarian customers spend some 2,400 Euro in Delchevo and around 320 Euro per month in Berovo and Pehchevo. **Average Bulgarian customer of hotels and restaurants are in their 40s and spend some 203 euro a month at green markets.**
- **Larger markets** in Delchevo report the same turnover from the Bulgarian guests compared to the last quarter and they mostly expect the same turnover for the next period (in Berovo and Pehchevo they expect the same or increased turnover in the next period). Bulgarian customers have less than 2% influence in the total turnover for larger markets in this microregion. Bulgarian customers spend in Delchevo between 50-80 Euro (3-10 Bulgarians per week in the last 3 months) and to a lesser extend in Berovo and Pehchevo (10-25 Euro for 3-5 Bulgarian customers per week in the last 3 months). Simple calculations illustrate that monthly Bulgarian customers spend some 1,120 Euro in Delchevo and around 320 Euro per month in Berovo and Pehcevo. **Average Bulgarian customer of hotels and restaurants are in their 40s and spend some 352 euro a month at green markets.**

Conclusions for the reporting period

- **Average Bulgarian customer is at her/his 40s.**
- **Average spending per service per month per Bulgarian customers in the microregion is around 253 euro a month. The spending per business activity is (see figure):**
 - Gas stations (260 euro a month)
 - Dentists and ambulances (329 euro a month)
 - Small retail shops (146 euro a month)
 - Taxi services (20 euro a month)
 - Hotels and restaurants (248 euro a month)
 - Green markets (203 euro a month)
 - Larger retail shops (352 euro a month)
 - **Overall = 253 euro a month**
- **If the road conditions improve in this microregion, it is expected that the overall turnover from the Bulgarian customers will increase by 22%. The effect of better road conditions, given the expectations of the businesses in this microregion by business activity could be (see figure):**
 - Gas stations (no effect)
 - Dentists and ambulances (25% increase)
 - Small retail shops (16% increase)
 - Taxi services (21% increase)
 - Hotels and restaurants (20 % increase)
 - Green markets (no effect)
 - Larger retail shops (no effect)
 - **Overall effect measured as increased turnover from Bulgarian customers in the microregion = 22% increase**
- **Delchevo gains most from Bulgarian guests due to the proximity with the border crossing.** There are 20 to 40 times more Bulgarian visits in Delchevo than in Berovo and Pehchevo in gas stations, dentists and ambulances for example.
- **The spending of Bulgarian customers in Delchevo is at the range of 4% of the collected local own taxes in Delchevo. In Pehchevo it is around 1% and half percent in Berovo (see figure).**
- **Introduce a microregion comprising municipalities of Delchevo, Pehchevo and Berovo and attract more Bulgarian guests by improving cooperation and coordination.** However, this will require better local roads condition, better cooperation and coordination of local policies to present this microregion to the Bulgarian guests. It will require learning the profile of Bulgarian guests and their particular requirements as well.
- **There is potential for health tourism in this microregion of Delchevo, Pehchevo and Berovo.** Dentists and ambulances from Delchevo report up to 20% of their turnover from Bulgarian guests and believe this can go up 30% if roads are in better shape.
- **The hotel and restaurants can improve turnover by 20% from Bulgarian guests if the road conditions improve.**

