



# **NORTH MACEDONIA NEAR BORDER ECONOMIC ACTIVITIES WITH BULGARIA: NEGLECTED DIMENSION**

Проект Република Северна Македония – крайгранични икономически връзки с Република България: неизползван потенциал? се финансира със средства по Българската помощ за развитие



The project North Macedonia near border economic activities with Bulgaria: Neglected dimension, funded by the Bulgarian Development Aid







# **NORTH MACEDONIA NEAR BORDER ECONOMIC ACTIVITIES WITH BULGARIA: NEGLECTED DIMENSION**

**Results from the survey conducted in October 2023**

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**Center for Economic Analyses-CEA**

November 2023, Skopje

**Project:** Проект Република Северна Македония – крайгранични икономически връзки с Република България: неизползван потенциал? се финансира със средства по Българската помощ за развитие

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**Implemented by:** Center for Economic Analyses – CEA Skopje

**Title:** North Macedonia near border economic activities with Bulgaria: Neglected dimension. Results from the survey conducted in October 2023

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## Contents

<b>About the Project</b> .....	5
<b>Introduction</b> .....	6
<b>Companies in the three municipalities</b> .....	7
<b>Results from the survey</b> .....	8
General comments .....	9
Gas stations.....	9
Dentists and ambulances.....	10
Small retail shops .....	11
Taxi services .....	12
Hotels and restaurants .....	13
Green markets.....	15
Larger retails shops.....	16
<b>Local taxes in the municipalities</b> .....	18
<b>Effects of Bulgarian guest spending</b> .....	19
<b>Observations for the reporting period</b> .....	19
<b>Conclusions for the reporting period</b> .....	22

## Impresum

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## About the Project

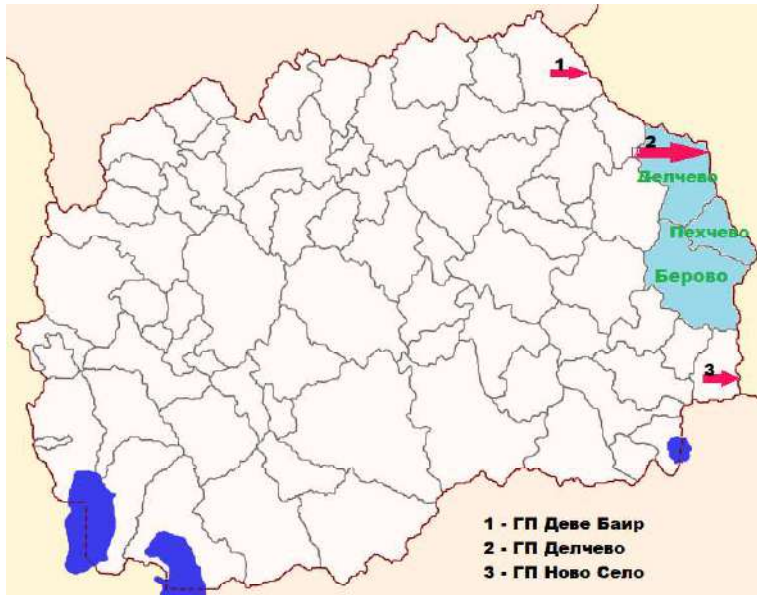
**CENTER FOR ECONOMIC ANALYSES-CEA IS CONDUCTING THE PROJECT TITLED: NORTH MACEDONIA NEAR BORDER ECONOMIC ACTIVITIES WITH BULGARIA: NEGLECTED DIMENSION IS FUNDED BY THE BULGARIAN DEVELOPMENT AID.**

**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 selected six young researchers conducted the field research during July and October.

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



## Companies in the three municipalities

In our research for October round, we considered the following companies by economic activity and number respondents to the questionnaire (total 55):

- Gas stations (8 respondents)
- Dentists and ambulances (6 respondents)
- Small retail shops (11 respondents)
- Taxi services (2 respondents)
- Hotels and restaurants (9 respondents)
- Green markets (14 respondents)
- Larger retail shops (5 respondents)

All these businesses belong to the following NACE classification<sup>1</sup> of economic activities:

- G-Wholesale and retail trade; repair of motor vehicles and motorcycles (38 respondents)
- H-Transportation and storage (2 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 activities<sup>2</sup>. These companies in the municipalities are almost 8% 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 for 2021

	<b>Total</b>	<b>G</b>	<b>H</b>	<b>I</b>	<b>Q</b>	<b>In % of total</b>
<b>NM</b>	<b>70,424</b>	<b>21,869</b>	<b>5,493</b>	<b>4,704</b>	<b>3,399</b>	<b>50</b>
<b>Berovo</b>	386	111	38	31	21	52
<b>Delchevo</b>	505	174	43	37	33	57
<b>Pehchevo</b>	139	33	11	9	9	45
<b>Total interviews</b>	54	37	2	9	6	

<sup>1</sup> See more: NACE (Nomenclature of Economic Activities) is the European statistical classification of economic activities: <https://nace2.com/en>.

<sup>2</sup> See more State statistical office:

[https://makstat.stat.gov.mk/PXWeb/pxweb/mk/MakStat/MakStat\\_DelovniSubj\\_AktDelovniSubjekti/425\\_Delovni\\_Reg\\_Ops\\_NACE\\_ml.px/?rxid=46ee0f64-2992-4b45-a2d9-cb4e5f7ec5ef](https://makstat.stat.gov.mk/PXWeb/pxweb/mk/MakStat/MakStat_DelovniSubj_AktDelovniSubjekti/425_Delovni_Reg_Ops_NACE_ml.px/?rxid=46ee0f64-2992-4b45-a2d9-cb4e5f7ec5ef)

## Results from the survey

In this third and final reporting period, the expectations were a bit more positive and it proved correct. Measured in terms of Bulgarian customers per week in the last six months and compared with the last three months reporting period the situation is presented in the next table.

First report customers per week	Gas stations	Dentists and ambulances	Small retail shops	Taxi services	Hotels and restaurants	Green markets	Larger retail shops	Total
Delchevo	40	25	20	5	33	15	7	145
Pehchevo	1	1	4		15	4	4	29
Berovo	1	3	7	2	5	4	4	26
<b>Total</b>	42	29	31	7	53	23	15	200

Second report customers per week	Gas stations	Dentists and ambulances	Small retail shops	Taxi services	Hotels and restaurants	Green markets	Larger retail shops	Total
Delchevo	90	45	26	4	43	20	13	241
Pehchevo	4	1	5		15	3	4	32
Berovo	1	3	7	2	10	4	4	31
<b>Total</b>	95	49	38	6	68	27	21	304

Third report customers per week	Gas stations	Dentists and ambulances	Small retail shops	Taxi services	Hotels and restaurants	Green markets	Larger retail shops	Total
Delchevo	25	36	13	13	50	25	10	172
Pehchevo	4	4	10		25	5	5	53
Berovo	6	1	10	2	30	5	5	59
<b>Total</b>	35	41	33	15	105	35	20	284

The highest increase in number of Bulgarian customers is in Pehchevo and Berovo of 66% and 90% respectively for the reporting period compared with the last period. In Delchevo there is decline from 241 to 172 customers per week but still higher than in the first reporting period (145 customers).

## General comments

In this reporting period guest from Bulgaria **do not have a specific request**. In this reporting period guest from Bulgaria **do not have complaints from the services provided**.

## Gas stations

Interviewed gas stations (8 of them) expect the same turnover in the next one as in this past period. Some of them believe improved roads conditions will influence turnover and they do not 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 (25 Bulgarian buyers per week in the last 3 months) and to a lesser extend in Berovo and Pehchevo.

Simple calculations illustrate that monthly Bulgarian guests spend some 6,500 Euro in Delchevo at gas stations and around 600 to 800 Euro per month in gas stations in Pehchevo and Berovo. 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			
Delcevo	18	4	Do not believe improved roads conditions will influence turnover	Do not plan in the business plan	25 Bulgarian buyers per week in the last 3 months	Between 3% to 5% of the turnover	50-80 Euro	Same turnover for next quartal	Mostly weekends	26-55 age		6,500	
Pehchevo	18	1	Improved roads conditions will influence turnover by some 20%	Do not plan in the business plan	4 Bulgarian buyer per week in the last 3 months	Less than 2% of the turnover	25-50 Euro	Same turnover for next quartal	Working days	26-45 age		560	
Berovo	19	3	Do not believe improved roads conditions will influence turnover	Do not plan in the business plan	6 Bulgarian buyer per week in the last 3 months	Less than 2% of the turnover	25-50 Euro	Same turnover for next quartal	Mostly weekends	26-45 age		840	

## Dentists and ambulances

Interviewed dentists and ambulances 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 20% and they plan Bulgarian guests in their business plan. Bulgarian guests have less than 10% influence in the total turnover of the dentists and ambulances in Delchevo and less than 2% in Berovo and in Pehchevo of their total turnover. Bulgarian guests spend in Delchevo around 80 Euro per visit (36 Bulgarians per week visit dentists and ambulances in the last 3 months) and to a lesser extend in Pehchevo (4 Bulgarians per week in the last 3 months). In Berovo there was 1 visitor per week. The average expenditure per buyer is around 305 Euro a month.

Simple calculations illustrate that monthly Bulgarian guests spend almost 12 thousand Euro in Delchevo, around 800 Euro per month in Pehchevo and around 200 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		
Delchevo	18 2	Same turnover in the last 3 months	Improved roads conditions will influence turnover by some 20%	They plan in the business plan	36 Bulgarian buyers per week in the last 3 months	Less than 10% of the turnover	80 Euro	Same turnover for next quartal	Each day	26-55 age	11,520	
Pehchevo	18 2	Same turnover in the last 3 months	Do not believe improved roads conditions will influence turnover	Do not plan in the business plan	4 Bulgarian buyer per week in the last 3 months	Less than 2% of the turnover	50 Euro	Same turnover for next quartal	Working days	26-55 age	800	
Berovo	19 2	Same turnover 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 quartal	Each day	26-55 age	200	

### Small retail shops

Interviewed small retail shops expect increased turnover in the next period. Interviewees from Pehchevo mostly do believe improved roads conditions will influence turnover and they mostly do not plan the Bulgarian guests in their business plan.

Bulgarian guests have less than 10% influence in the total turnover of the small retail shops in Pehchevo, Berovo in Delchevo (less than 5% influence in the total turnover in Pehchevo, Berovo). Bulgarian guests spend in Delchevo, Pehchevo and Berovo around 25 Euro per visit (13 Bulgarians per week visit small retail shops in the last 3 months in Delchevo and 10 per week in Pechevo and Berovo). Simple calculations illustrate that monthly Bulgarian guests spend some 1,300 Euro in Delchevo, around 1,000 Euro per month in Pehchevo and in Berovo.

Small retail shop		Answers as per corresponding number of questions from the questionnaire										Total monthly turnover in Euro
Total interviews	Respondents	1	2	3	4	5	7	8	9	10		
Delchevo	18	2	13	10	10	10	10	10	10	10	1,300	
		Increased turnover in the last 3 months	Do not believe improved roads conditions will influence turnover	Do not plan in the business plan	Bulgarian buyers per week in the last 3 months	Around 10% of the turnover	Around 25 Euro	Will increase turnover for next quartal	Mostly weekends	26-45 age		
Pehevo	18	6	10	10	10	10	10	10	10	10	1,000	
		Increased turnover 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	Bulgarian buyer per week in the last 3 months	Up to 5% of the turnover	Around 25 Euro	Same turnover for next quartal	Mostly weekends	26-55 age		
Berovo	19	3	10	10	10	10	10	10	10	10	1,000	
		Increased turnover in the last 3 months	Most do not believe improved roads conditions will influence turnover	Most do not plan in the business plan	Bulgarian buyer per week in the last 3 months	Between 3% to 5% of the turnover	Around 25 Euro	Mostly the same turnover for next quartal	Mostly weekends	26-45 age		

## Taxi services

Interviewed taxis in Delchevo report increased turnover from the Bulgarian guests compared to the last quarter and they mostly expect same or increased 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. However, taxies in Delchevo do believe that improved roads conditions will increase turnover by some 30%.

Bulgarian customers have less than 2% influence in the total turnover Berovo and in Delchevo less than 15%. Bulgarian customers spend in Delchevo around 20 Euro per ride (13 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 1,000 Euro in Delchevo in this reporting period and around 40 Euro per month in Berovo in this reporting period. 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	
Delchevo	18	1	Increased turnover in the last 3 months	Improved roads conditions will influence turnover by some 30%	Do not plan in the business plan	13 Bulgarian customers per week in the last 3 months	Less than 15% of the turnover	Around 20 Euro	Turnover the same or it might increase next quartal	Weekends	46-55 age	1,040
Pehcevo	18	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Berovo	19	1	Same turnover in the last 3 months	Do not believe improved roads conditions will influence turnover	Do not plan in the business plan	2 Bulgarian customers per week in the last 3 months	Less than 2% of the turnover	Around 5 Euro	Same turnover for next quartal	Weekends	26-45 age	40

## Hotels and restaurants

Interviewed hotels and restaurants in Delchevo mostly report increased turnover from the Bulgarian guests compared to the last quarter and they mostly expect same turnover for the next period. In Berovo and Pehcevo, hotels and restaurants expect the same turnover in the next period.

Hotels and restaurants from Delchevo, Berovo and Pehcevo 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 around 10% influence in the total turnover in Berovo, in Delchevo around 20% influence in the total turnover and in Pehchevo 6%-10% influence in the total turnover. Bulgarian customers spend in Delchevo around 50 Euro per customer (46-50 Bulgarians per week in the last 3 months) and to a lesser extend in Berovo (around 30 Bulgarian per week in the last 3 months) and in Pehchevo (around 25 Bulgarians per week in the last 3 months).

Simple calculations illustrate that monthly Bulgarian customers spend some 9,600 Euro in Delchevo, around 6,000 Euro per month in Berovo 5,000 Euro in Pehchevo.

Hotels and restaurants		Answers as per corresponding number of questions from the questionnaire										Total monthly in Euro
	Total interviews	1	2	3	4	5	7	8	9	10		
Delcevo	18	Increased turnover in the last 3 months	Improved roads conditions will influence turnover by some 20%	Do plan in the business plan	46-50 Bulgarian buyers per week in the last 3 months	Around 20% of the turnover	50 Euro	Mostly the same turnover for next quartal	Weekends	26-45 age	9,600	
Pehcevo	18	Increased turnover in the last 3 months	Some believe that improved roads conditions will influence turnover by some 20%	Do not plan in the business plan	Around 25 Bulgarian buyer per week in the last 3 months	6% to 10% of the turnover	50 Euro	Mostly the same turnover for next quartal	Weekends and holidays	26-55 age	5,000	
Berovo	19	Increased turnover in the last 3 months	Some believe that improved roads conditions will influence turnover by some 20%	Do not plan in the business plan	Around 30 Bulgarian buyer per week in the last 3 months	Around 10% of the turnover	50 Euro	Mostly the same turnover for next quartal	Weekends	26-55 age	6,000	



## Green markets

Green markets in Delchevo report mostly increased turnover from the Bulgarian guests compared to the last quarter and they mostly expect the same turnover for the next period (in Pehchevo expect the same turnover in the next period). Interviewees from Berovo and Pehchevo do not believe improved roads conditions will influence turnover and they mostly do not plan the Bulgarian guests in their business plans. Interviewees from Delchevo believe improved roads conditions will influence turnover by 20% increase.

Bulgarian customers have less than 10% influence in the total turnover in Berovo and in Pechevo (less than 25% influence in the total turnover in Delchevo). Bulgarian customers spend in Delchevo around 25 Euro (25 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 2,500 Euro in Delchevo and around 200 Euro per month in Berovo and 320 in 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	
Delchevo	18	4	Mostly increased turnover in the last 3 months	Improved roads conditions might influence turnover by some 20%	Mostly do not plan in the business plan	Around 25 Bulgarian customers per week in the last 3 months	Between 6% and 25% of the turnover	Around 25 Euro	Same turnover for next quartal	Market days	46-55 age	2,500
Pehchevo	18	5	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	2-5 Bulgarian customers per week in the last 3 months	Between 2% and 10% of the turnover	10-25 Euro	Same turnover for next quartal	Mostly holidays	26-55 age	320

Berovo	19	5	Mostly the same turnover in the last 3 months	Mostly do not believe improved roads conditions will influence turnover	Do not plan in the business plan	Around 5 Bulgarian customers per week in the last 3 months	Between 2% and 5% of the turnover	Around 10 Euro	Same turnover for next quarter	Weekends and holidays	26-55 age	200
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### Larger retails shops

Larger markets in Delchevo report the increased turnover from the Bulgarian guests compared to the last quarter and they mostly expect the same turnover for the next period. Interviewees from Pehcevo and Berovo do not believe improved roads conditions will influence turnover in their markets nor they plan the Bulgarian guests in their business plan. Interviewees from Delchevo do believe improved roads conditions will influence turnover in their markets with increase by 20%.

Bulgarian customers have less than 5% influence in the total turnover for larger markets in Pehcevo and Berovo and less than 10% in Delchevo. Bulgarian customers spend in Delchevo around 25 Euro (46-50 Bulgarians per week in the last 3 months) and to a lesser extend in Berovo and Pehchevo (25-50 Euro per week in the last 3 months).

Simple calculations illustrate that monthly Bulgarian customers spend some 4,800 Euro in Delchevo and around 3,500 Euro per month in Berovo and 560 Euro in Pehcevo which is significant increase from the last reporting period.

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	18	2	Increased or the same turnover in the last 3 months	Some believe that improved roads conditions will influence turnover by some 20%	Do plan in the business plan	46-50 Bulgarian buyers per week in the last 3 months	6% to 10% of the turnover	25 Euro	Mostly the same turnover for next quartal	Weekends	46-55 age	4,800
Pehcevo	18	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	25-50 Euro	Same turnover for next quartal	Weekends	26-55 age	560
Berovo	19	2	Increased 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	25 Bulgarian buyer per week in the last 3 months	Less than 5% of the turnover	25-50 Euro	Same turnover for next quartal	Weekends	26-55 age	3,500

## 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
<b>Berovo</b>	10,890	835,198	4,838,496	17	77
<b>Delcevo</b>	13,585	767,233	4,784,153	16	56
<b>Pehevo</b>	3,983	350,113	1,602,099	22	88
<b>NM</b>	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 almost 5% of the local own tax revenue collected by the municipality (it was 4% and 5% in the last two reporting period). It is lower for Pehchevo-2.4% (1.1% and 1.0% in the last two reporting period) and in Berovo 1.4% (0.4% in both of the last two reporting period).

Table. Estimated monthly turnover as per the answers from the interviews in this last reporting period

	Gas stations	Dentists and ambulances	Small retail shops	Taxi services	Hotels and restaurants	Green markets	Larger retail shops	Total	As percent of own revenues
<b>Delchevo</b>	6,500	11,520	1,300	1,040	9,600	2,500	4,800	37,260	4.9
<b>Pehchevo</b>	560	800	1,000	NA	5,000	320	560	8,240	2.4
<b>Berovo</b>	840	200	1,000	40	6,000	200	3,500	11,780	1.4
<b>Total</b>	7,900	12,520	3,300	1,080	20,600	3,020	8,860	57,280	2.9

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 higher than the last period.
- The crossings are most frequent during weekends and the daily average is more than 50 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%-30%.

Confidence for the next 3 months is presented in the next table. Hotels and restaurants, health and larger retail shops expect the same turnover. 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	Increased	Increased	Increased	Increased	Increased
Pehchevo	Same	Same	Increased	NA	Increased	Decrease	Decrease
Berovo	Same	Same	Increased	Same	Increased	Same	Increased
Total	Same	Same	Increased	Inconclusive	Increased	Inconclusive	Inconclusive

- **This is a period of the most positive business sentiment for the next period.** Positive sentiment is expected by the small retail shops and hotels and restaurants. To some degree by the green markets in Delchevo and large retail shops in Delchevo and Berovo.
- **The effects of the Bulgarian customers for the local economy** are highest in Delchevo and it is at a range of 4.9% of the local own tax revenue collected by the municipality. It is lower for Pehchevo (2.4%) and Berovo (1.4%).
- For this third reporting, the **overall situation** of the field research is that the visits from the Bulgarian citizens have increased. In this reporting period guest from Bulgaria do not have a specific request and do not have complaints.
- For the **gas stations** in Delchevo and Berovo in their expectations they not believe that improved roads conditions will influence turnover. However, most of the Bulgarian guests buy at the gas stations in Delchevo. Bulgarian guests have less than 5% influence in the total turnover of the gas stations. **Average Bulgarian guest at the gas stations is in its 40s and spend almost 230 euro a month at gas station on average.**
- As for the **dentists and ambulances** in Delchevo they believe that improved roads conditions will influence turnover by some 20% 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. Bulgarian guests might have up to 10% influence in the total turnover of the dentists and ambulances in Delchevo and less than 2% in Berovo and in Pehchevo. **Average Bulgarian visitor at the dentists and ambulances is in its 40s and spend some 300 euro a month at dentists and ambulances.**
- **Small retail shops** report increased 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 Pehchevo believe that improved roads conditions will influence turnover by some 20% even though they do not plan Bulgarian guests in their business plans mostly. Bulgarian guests have less than 10% influence in the total turnover of the small retail shops in Pehchevo and Berovo and in Delchevo. **Average Bulgarian guests at small retail shops are in their 40s and spend some 100 euro a month at small retail shops.**
- Interviewed **taxi drivers** in Delchevo report increased 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 20 Euro in Delchevo and around 5 Euro per month in Berovo.** No interviews in Pehcevo.

- **Hotels and restaurants** in all three municipalities report increased 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 (except in Delchevo). Bulgarian customers have around 10% influence in the total turnover Berovo, in Delchevo 20% influence in the total turnover and in Pehcevo 6%-10% influence in the total turnover. Simple calculations illustrate that monthly Bulgarian customers spend some 9,600 Euro in Delchevo, around 6,000 Euro per month in Berovo 5,000 Euro in Pehcevo. **Average Bulgarian customer of hotels and restaurants are in their 40s and spend around 200 euro a month for hotels and restaurants.**
- **Green markets** in Delchevo report mostly increased turnover from the Bulgarian guests compared to the last quarter and they mostly expect the same turnover for the next period (in Berovo and Pehcevo expect the same turnover in the next period). Interviewees from the microregion do not believe improved roads conditions will influence turnover (except Delchevo by 20%). Bulgarian customers spend in Delchevo around 25 Euro (around 25 Bulgarians per week in the last 3 months) and to a lesser extend in Berovo and Pehcevo of 10-25 Euro (2-5 Bulgarian customers per week in the last 3 months for Pehcevo and Berovo). Simple calculations illustrate that monthly Bulgarian customers spend some 2,500 Euro in Delchevo and around 200 Euro per month in Berovo and 320 Euro per month in Pehcevo. **Average Bulgarian customer of hotels and restaurants are in their 40s and spend some 90 euro a month at green markets.**
- **Larger markets** in Delchevo report on average increased turnover from the Bulgarian guests compared to the last quarter and they mostly expect the same turnover for the next period. Bulgarian customers have between 2%-10% influence in the total turnover for larger markets in this microregion. Bulgarian customers spend in Delchevo around 25 Euro (46-50 Bulgarians per week in the last 3 months) and in Berovo and Pehcevo 25-50 Euro for 3-25 Bulgarian customers per week in the last 3 months. Simple calculations illustrate that monthly Bulgarian customers spend some 4,800 Euro in Delchevo and on average 3.500 Euro per month in Berovo and 560 Euro per month in Pehcevo. **Average Bulgarian customer of hotels and restaurants are in their 40s and spend some 120 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 170 euro a month (in the last reporting period it was 150 euro a month). The spending per business activity is (see figure):**
  - Gas stations (226 euro a month)
  - Dentists and ambulances (305 euro a month)
  - Small retail shops (100 euro a month)
  - Taxi services (72 euro a month)
  - Hotels and restaurants (196 euro a month)
  - Green markets (86 euro a month)
  - Larger retail shops (115 euro a month)
  - **Overall = 170 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 21% (in the last reporting period it was 20%). Note that the roads from the Bulgarian side are under reconstruction that might have positive impact on the mobility of people. The effect of better road conditions, given the expectations of the businesses in this microregion by business activity could be (see figure):**
  - Gas stations (1% increase)
  - Dentists and ambulances (28% increase)
  - Small retail shops (6% increase)
  - Taxi services (29% increase)
  - Hotels and restaurants (20% increase)
  - Green markets (17% increase)
  - Larger retail shops (11% increase)
  - **Overall effect measured as increased turnover from Bulgarian customers in the microregion = 21% increase**
- **The spending of Bulgarian customers in Delchevo is at the range of 4.9% of the collected local own taxes in Delchevo. In Pehchevo it is around 2.4% and 1.4% in Berovo (see figure).**
- **Introduce a microregion comprising municipalities of Delchevo, Pehchevo and Berovo can 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 10% of their turnover from Bulgarian guests and believe this can go up 20% if roads are in better shape.
- **The hotel and restaurants can improve turnover by 20% from Bulgarian guests if the road conditions improve.**



