



# 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 July 2023**

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**Center for Economic Analyses-CEA**

August 2023, Skopje

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

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

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

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## Impresum

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## About the Project

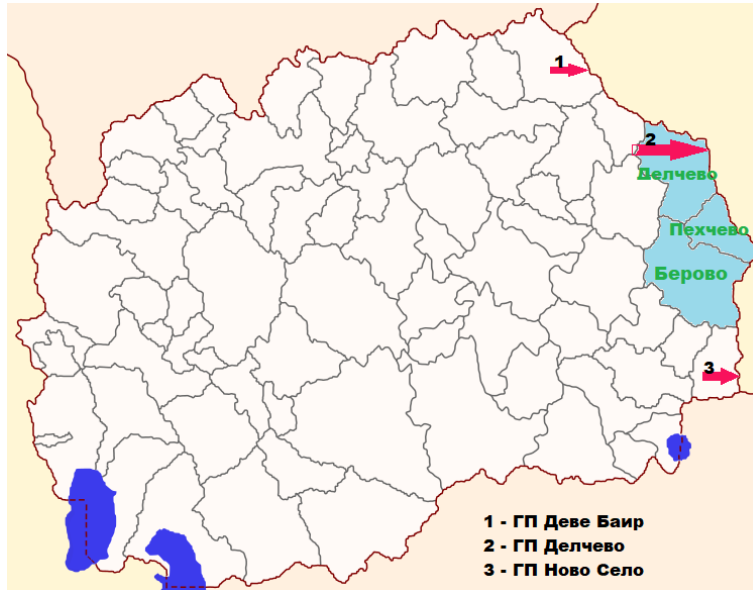
**CENTER FOR ECONOMIC ANALYSES-CEA IS CONDUCTING THE PROJECT TITLED: NORTH MACEDONIA NEAR BORDER ECONOMIC ACTIVITIES WITH BULGARIA: NEGLECTED DIMENSION IS FUNDED BY THE BULGARIAN DEVELOPMENT AID.**

**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.

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



## Companies in the three municipalities

In our research for July round, we considered the following companies by economic activity and number respondents to the questionnaire (total 54):

- Gas stations (8 respondents)
- Dentists and ambulances (6 respondents)
- Small retail shops (10 respondents)
- Taxi services (2 respondents)
- Hotels and restaurants (9 respondents)
- Green markets (13 respondents)
- Larger retail shops (6 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 (37 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

	<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://nacev2.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 second reporting period, the expectations for the summer period were a bit more positive and it proved correct. The spendings were higher at the gas stations and the green markets and it outweighs the decline in spending in the other sectors (dentists, small retail shops, hotels and restaurants) from the Bulgarian visitors. This is mostly due to the gasoline and green market products with increased prices. Measured in terms of Bulgarian customers per week in the last three months and compared with the last 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

The highest increase in number of Bulgarian customers is in Delchevo of 66% for the reporting period compared with the last period. The increase in Pehchevo is 10% and in Berovo is 19% for the reporting period compared with the last period.

## 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**.

## 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 (90 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 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	18	4	Same turnover in the last 3 months	Improved roads conditions will influence turnover by some 20%	Do not plan in the business plan	Bulgarian buyers per week in the last 3 months 90	Less than 2% of the turnover	50-80 Euro	Same turnover for next quartal	Mostly weekends and holidays	26-45 age	23,400	
Pehchevo	17	1	Same turnover in the last 3 months	Improved roads conditions will influence turnover by some 20%	Do not plan in the business plan	Bulgarian buyer per week in the last 3 months 4	Less than 2% of the turnover	25-50 Euro	Same turnover for next quartal	Each day	26-55 age	140	
Berovo	19	3	Same turnover in the last 3 months	Do not believe improved roads conditions will influence turnover	Do not plan in the business plan	Bulgarian buyer per week in the last 3 months 1	Less than 2% of the turnover	10-25 Euro	Decreased turnover for next quartal	Mostly weekends	26-45 age	45	

## 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 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 2% in Berovo and in Pehchevo of their total turnover. Bulgarian guests spend in Delchevo around 65 Euro per visit (45 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 130 Euro a month.

Simple calculations illustrate that monthly Bulgarian guests spend almost 6 thousand Euro in Delchevo, around 50 Euro per month in Pehchevo and around 390 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 or increased turnover in the last 3 months	Improved roads conditions will influence turnover by some 30%	They plan in the business plan	45 Bulgarian buyers per week in the last 3 months	Less than 20% of the turnover	50-80 Euro	Same turnover for next quartal	Each day	26-55 age	5,850
Pehchevo	17	2	Same turnover in the last 3 months	Do not believe improved roads conditions will influence turnover	Do not plan in the business plan	<sup>1</sup> Bulgarian buyer per week in the last 3 months	Less than 2% of the turnover	25 Euro	Same turnover for next quartal	Working days	26-45 age	50
Berovo	19	2	Decreased turnover in the last 3 months	Do not believe improved roads conditions will influence turnover	Do not plan in the business plan	<sup>3</sup> Bulgarian buyer per week in the last 3 months	Some 2% of the turnover	50-80 Euro	Same turnover for next quartal	Working days	26-45 age	390

### Small retail shops

Interviewed small retail shops expect increased turnover in the next period. Interviewees from Delchevo and Pehchevo mostly do believe improved roads conditions will influence turnover and they do not plan the Bulgarian guests in their business plan. However, small retail shops from Berovo do not believe that improved roads conditions will influence by some 20% and 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, Berovo and in Delchevo. Bulgarian guests spend in Delchevo around 20 Euro per visit (26 Bulgarians per week visit small retail shops in the last 3 months) and to a lesser extend in Pehchevo (5 Bulgarian per week in the last 3 months) and Berovo (7 Bulgarian per week in the last 3 months). Simple calculations illustrate that monthly Bulgarian guests spend some 1 thousand Euro in Delchevo, around 1,200 Euro per month in Pehchevo and around 600 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	
Delchevo	18	2	Increased turnover in the last 3 months	Improved roads conditions will influence turnover by some 20%	Do not plan in the business plan	Bulgarian buyers per week in the last 3 months	Between 3% to 10% of the turnover	10-25 Euro	Same turnover for next quartal	Mostly weekends	18-45 age	1,040
Pelchevo	17	5	Increased or the same turnover in the last 3 months	Some 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 10% of the turnover	20-80 Euro	Decreased turnover for next quartal	Mostly weekends	26-55 age	1,250
Berovo	19	3	Same turnover in the last 3 months	Most do not believe improved roads conditions will influence turnover	Do not plan in the business plan	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 quartal	Mostly weekends	26-55 age	630

## 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 believe improved roads conditions will influence turnover by 20%. However, taxies in Delchevo do not believe that improved roads conditions will increase turnover and 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 (4 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 20 Euro in Delchevo in this reporting period and around 10 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	
Delchevo	18	1	Decreased turnover in the last 3 months	Do not believe improved roads conditions will influence turnover	Do not plan in the business plan	4 Bulgarian customers per week in the last 3 months	Less than 5% of the turnover	Around 5 Euro	Turnover to decrease next quartal	Weekends	26-55+ age	20
Pehcevo	17	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Berovo	19	1	Same turnover in the last 3 months	Improved roads conditions will influence turnover by some 20%	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 and holidays	46-55	10

## 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 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. On the contrary, hotels and restaurants from Delchevo do not believe that improved roads conditions will influence turnover even though they do plan Bulgarian guests in their business plans.

Bulgarian customers have between 3%-15% influence in the total turnover in Berovo, in Delchevo 6%-20% influence in the total turnover and in Pehchevo 6%-15% influence in the total turnover. Bulgarian customers spend in Delchevo 25-50 Euro per customer (36-50 Bulgarians per week in the last 3 months) and to a lesser extend in Berovo (6-15 Bulgarian per week in the last 3 months) and in Pehchevo (6-25 Bulgarians per week in the last 3 months).

Simple calculations illustrate that monthly Bulgarian customers spend some 5,160 Euro in Delchevo, around 1,350 Euro per month in Berovo 1,500 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		
Delchevo	18	3	Mostly increased turnover in the last 3 months	Most do not believe improved roads conditions will influence turnover	Do plan in the business plan	36-50 Bulgarian buyers per week in the last 3 months	Between 6% to 20% of the turnover	25-50 Euro	Mostly the same turnover for next quartal	Weekends	26-45 age	5,160
Pehchevo	17	3	Mostly 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	6-25 Bulgarian buyer per week in the last 3 months	6% to to 15% of the turnover	10-50 Euro	Same turnover for next quartal	Weekends	26-55 age	1,350
Berovo	19	3	Mostly 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	6-15 Bulgarian buyer per week in the last 3 months	Between 3% to 15% of the turnover	25-80 Euro	Same turnover for next quartal	Weekends	26-45 age	1,500



## 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 decreased 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 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 5-50 Euro (16-25 Bulgarians per week in the last 3 months) and to a lesser extend in Berovo and Pehchevo of 5-80 Euro (1-5 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 480 Euro per month in Berovo and 675 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 will influence turnover by some 20%	Mostly do not plan in the business plan	16-25 Bulgarian customers per week in the last 3 months	Between 6% and 25% of the turnover	5-50 Euro	Mostly the same turnover in the next quarter	Market days	46-55 age	2,400
Pehchevo	17	5	Mostly the same turnover in the last 3 months	Mostly do not believe improved roads conditions will influence turnover	Mostly do not plan in the business plan	1-5 Bulgarian customers per week in the last 3 months	Between 2% and 10% of the turnover	10-80 Euro	Turnover to decrease next quarter	Weekends, holidays, market days	26-55 age	675

Berovo	19	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	5-50 Euro	Mostly the same turnover in the next quarter	Holidays	26-55 age	480
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## 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. 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 2% influence in the total turnover for larger markets in Pehcevo and Berovo and less than 5% in Delchevo. Bulgarian customers spend in Delchevo between 25-50 Euro (6-20 Bulgarians per week in the last 3 months) and to a lesser extend in Berovo and Pehcevo (10-25 Euro for 3-5 Bulgarian customers per week in the last 3 months).

Simple calculations illustrate that monthly Bulgarian customers spend some 1,040 Euro in Delchevo and around 240 Euro per month in Berovo and 80 Euro in 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	
Delcevo	18	2	The same or increased turnover in the last 3 months	Do believe that improved roads conditions will influence turnover by some 20%	Do not plan in the business plan	6-20 Bulgarian buyers per week in the last 3 months	3% - 5% of the turnover	25-50 Euro	Same turnover for next quartal	Weekends	26-55 age	1,040
Pehcevo	17	1	The same 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 quartal	Weekends	26-45 age	80
Berovo	19	3	The same 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 quartal	Weekends and holidays	26-55 age	240

## 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>Pechevo</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 more than 5% of the local own tax revenue collected by the municipality (it was 4% in the last reporting period). It is lower for Pehchevo-1% (1.1% in the last reporting period) and in Berovo 0.4% (0.4% the same as in the last 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>	23,400	5,850	1,040	20	5,160	2,400	1,040	38,910	5.1
<b>Pehchevo</b>	140	50	1,250	NA	1,350	675	80	3,545	1.0
<b>Berovo</b>	45	390	630	10	1,500	480	240	3,295	0.4
<b>Total</b>	23,585	6,290	2,920	30	8,010	3,555	1,360	45,750	2.3

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

For convenience and for more details of comparison we present the similar Table from the last reporting period.

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

	Gas stations	Dentists and ambulances	Small retail shops	Taxi services	Hotels and restaurants	Green markets	Larger retail shops	Total	As % of own local revenues
<b>Delchevo</b>	10,400	8,000	3,200	100	5,280	2,400	1,120	30,500	4.0
<b>Pehchevo</b>	260	100	480	NA	2,400	320	320	3,880	1.1
<b>Berovo</b>	260	1,440	840	40	500	320	320	3,720	0.4
<b>Total</b>	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 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%.
- In general, 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. 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	Same	Decrease	Same	Same	Same
Pehchevo	Same	Same	Decrease	NA	Same	Decrease	Same
Berovo	Decrease	Same	Same	Same	Same	Same	Same
<b>Total</b>	Inconclusive	Same	Inconclusive	Inconclusive	Same	Inconclusive	Same

- **The effects of the Bulgarian customers for the local economy** is highest in Delchevo and it is at a range of 5.1% of the local own tax revenue collected by the municipality. It is lower for Pehchevo (1.0%) and Berovo (0.4%). Overall, the second reporting period have higher turnover than the first reporting period.
- For this second 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 Pehchevo 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 2% influence in the total turnover of the gas stations. **Average Bulgarian guest at the gas stations is in its 40s and spend some 250 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. Bulgarian guests might have up to 20% 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 150 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 Delchevo and Pehchevo 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. **Average Bulgarian guests at small retail shops are in their 40s and spend some 77 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 Delchevo do not believe improved roads conditions will influence turnover nor they plan the Bulgarian guests in their business plan. However, taxies in Berovo believe that improved roads conditions will increase turnover by some 20% 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 10 Euro per month in Berovo.** No interviews in Pehchevo.
- **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. Bulgarian customers have between 3%-15% influence in the total turnover Berovo, in Delchevo 6%-20% influence in the total turnover and in Pehchevo 6%-15% influence in the total turnover. Simple calculations illustrate that monthly Bulgarian customers spend some 5,160 Euro in Delchevo, around 1,500 Euro per month in Berovo 1,350 Euro in Pehchevo. **Average Bulgarian customer of hotels and restaurants are in their 40s and spend some 120 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 on average the same 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%-25% influence in the total turnover for larger markets

in this microregion. Bulgarian customers spend in Delchevo between 5-50 Euro (16-25 Bulgarians per week in the last 3 months) and in Berovo and Pehchevo: 5-80 Euro for 1-5 Bulgarian customers per week in the last 3 months. Simple calculations illustrate that monthly Bulgarian customers spend some 2,400 Euro in Delchevo and on average 500 Euro per month in Berovo and Pehchevo. **Average Bulgarian customer of hotels and restaurants are in their 40s and spend some 65 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 150 euro a month (in the last reporting period it was 253 euro a month). The spending per business activity is (see figure):**
  - Gas stations (248 euro a month)
  - Dentists and ambulances (128 euro a month)
  - Small retail shops (77 euro a month)
  - Taxi services (5 euro a month)
  - Hotels and restaurants (118 euro a month)
  - Green markets (132 euro a month)
  - Larger retail shops (65 euro a month)
  - **Overall = 150 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 20% (in the last reporting period it was 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 (20% increase)
  - Dentists and ambulances (28% increase)
  - Small retail shops (16% increase)
  - Taxi services (27% increase)
  - Hotels and restaurants (7 % increase)
  - Green markets (14% increase)
  - Larger retail shops (16% increase)
  - **Overall effect measured as increased turnover from Bulgarian customers in the microregion = 20% increase**
- **Delchevo gains most from Bulgarian guests due to the proximity with the border crossing.** There are on average 16 times more Bulgarian visits in Delchevo than in Berovo and Pehchevo.
- **The spending of Bulgarian customers in Delchevo is at the range of 5.1% of the collected local own taxes in Delchevo. In Pehchevo it is around 1% and almost a half percent 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 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.**

