

The main sectors in the economy of the Blagoevgrad region are some traditional industrial sectors, agriculture and wood processing, as well as tourism.

Characteristic of the industrial development of the region is its strong polarization, as the enterprises are unevenly distributed over the territory of the region, predominantly around the large ones and the regional center (more than 50% of the industrial enterprises are concentrated in the municipality of Blagoevgrad). The industry is multi-sector, where the growth of traditional industries is observed at the expense of high-tech and science-intensive industries. The leaders are mechanical engineering and electronics, and the textile, knitwear and clothing industries are traditionally one of the main and most significant sectors for the industrial development of the municipality. It is characteristic of the clothing industry that the main market for the industry's products (mainly clothing) are mainly customers from Germany and Italy. The food industry is also highly developed, including activities related to the production and processing of meat, processing and canning of fruits and vegetables, production of vegetable and animal fats, production of milk and milk products, mill products, ready-made animal feed, bread, bakery and confectionery, prepared foods, pasta, soft drinks and alcohol.

Agriculture is the main source of income for the population in the villages and for most of the municipalities in the region and benefits from the natural and climatic features of the territory.

Cultivable land is 155,091 decares. or 27% of the used agricultural area, the largest share of which is occupied by cereals (38%) and technical crops (24%). The largest relative share of cereals is wheat, which occupies 57% of the area, while corn, barley and oats are also grown. Potatoes have a significant share, followed by pulses and fresh vegetables. The presence of geothermal springs in the Blagoevgrad region is a good prerequisite for the development of the greenhouse production of flowers and vegetables. Among the permanent plantings with the largest share are vineyards. There is a clear trend towards the development of organic farming.

Animal husbandry is not a significant branch, as the main share in it is the breeding of goats and, accordingly, the production of goat's milk. At the same time, the climate and natural resources form a potential for development based on the development of pasture animal husbandry and the production of certified ecologically clean products.

Blagoevgrad region has a rich forest fund, and forestry is well developed, predetermining the development opportunities of a number of municipalities on the territory of the region through logging, wood processing, mushroom growing, herbalism and forest fruit extraction.

It is nature, national parks and reserves that are the greatest assets of the region and make tourism the main industry. Spa tourism is developing rapidly, because over a third of all mineral springs in Bulgaria are located in the region. There is a well-developed bed base and various opportunities for recreation and tourism. Tourist sites in the region attract a large number of tourists, a significant proportion of whom are foreigners. A big contribution to this is the Bansko resort complex, which has established itself in recent years as a year-round destination.

The produced gross domestic product in the Blagoevgrad region in 2021 was BGN 3,785 million. Compared to 2020, its volume in nominal terms increased by 15.9%. The GDP produced in the region is 2.7% of the total for the country. BGN 12,629 per person of the value of the indicator for the Blagoevgrad region, compared to BGN 20,212 for the country.

Foreign direct investments by enterprises from the non-financial sector in the Blagoevgrad region for 2021 amount to EUR 507.3 million at current prices, which is 2.0% less compared to the previous year. Their share in the total amount of foreign investments made in the country is 1.8% and, respectively, 3.0% of FDI within the Southwest region.

In 2021, the value of foreign direct investments made in the services sector (trade; car and motorcycle repair; transport, storage and post office; hotel and restaurant industry) was the highest – 222.5 million euros, or by 11.6 % less than the previous year. 153.2 million euros were invested in the enterprises from the Industry sector in the region, which is 7.7% more compared to 2020.

Main business support organization are the regional offices of the national representative organizations of employers in Bulgaria – resp. the Bulgarian Industrial Association, the Bulgarian Chamber of Commerce and Industry, etc., such as:

- Regional Industrial Association – Blagoevgrad
- Regional Industrial Association – Bansko
- Regional Industrial Association – Razlog
- Regional Industrial Association – Simitli
- Regional Industrial Association – Sandanski
- Regional Industrial Association – Petrich
- Regional Industrial Association – Gotse Delchev
- Regional Industrial Association – Yakoruda
- Chamber of Commerce and Industry - Blagoevgrad
- Chamber of Commerce and Industry - Razlog
- Chamber of Commerce and Industry - Belitsa

- Chamber of Commerce and Industry - Yakoruda
- Chamber of Commerce and Industry - Kresna
- Chamber of Commerce and Industry - Strumyani
- Chamber of Commerce and Industry - Simitli
- Chamber of Commerce and Industry - Hadzhidimovo
- Chamber of Commerce and Industry - Petrich
- Chamber of Commerce and Industry – Sandanski, etc.

In addition, in the region of Blagoevgrad several branch organizations provide support to local SMEs:

- Bulgarian Construction Chamber
- Federation of bread producers and confectioners in Bulgaria
- Regional Viticulture Chamber
- Regional Agency for Economic Development
- Industrial Chamber of Commerce
- Union for economic initiative of citizens
- Chamber of architects in investment design.

4 Survey among SMEs from the EMTH region regarding their needs for modern financial instruments

4.1 Methodology – implementation of survey

4.2 Results and conclusions of the conducted survey

4.2.2. Results and conclusions of the conducted survey of the Bulgarian partner

The present study presents the results of the questionnaire which was answered by 30 companies operating in Blagoevgrad region in Bulgaria. The purpose of the questionnaire is to map the needs of enterprises regarding the financial instruments available, to explore the cross-border relations of companies with the country of Bulgaria, to describe the current situation in this region as well as the difficulties and opportunities faced by enterprises.

The questionnaire consists of 5 sections of questions:

- -Section 1 (general information),
- -Section 2 (financial data of the company for the last 3 years),
- -Section 3 (scientific research and development activity),
- -Section 4 (financing of the company in the next 3 years),
- -Section 5 (activity in Greece).

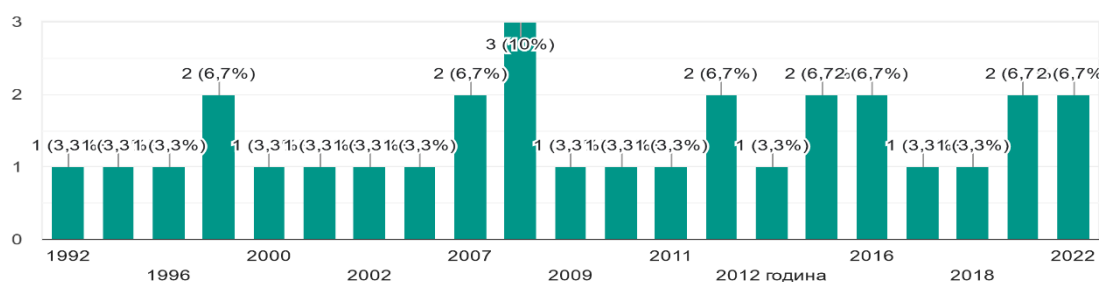
The first section presents information on the year of establishment, address, main activity and size of the enterprise. The second section presents questions concerning the income for the year 2021 (the last the last financial and accounting year closed, as the survey was conducted in the period January-February 2023), sources of external financing, the purposes for using this external financing, the leases of the enterprise for vehicles, equipment, etc., information on applications for bank loans made by the enterprise and the reasons for refusal of loan provision, the plans of the firms of getting financing in the future. The third section presents information regarding the firm's investments in Research and Development, the firm's cooperation with research organizations for the development of innovative products, processes and services. In the fourth section, the questions concern the possibility that the company may need external funding in the future, the company's applications for grants from operational programs funded by the European Union in the period 2014-2020 (e.g. the Operational Program "Innovations and Competitiveness", Operational Program "Human resource development", the Rural Development Program, Financial mechanism of the European Economic Area and Norwegian Financial mechanism, etc.), the company's knowledge of the funding opportunities from the European Union in the new programming period (2021-2027) and the new funding opportunities under the Recovery and Resilience Plan, the support that the firm needs to successfully apply for a loan from a commercial bank or grant program. The fifth section of questions presents information on business partnerships in the Greek market, the company's possible intentions to expand in Greece, the company's knowledge of the Greek business environment (e.g. tax system, social security system, local business culture).

The 30 responding enterprises are all registered in the region of Blagoevgrad. The enterprises are active in a wide range of sectors such as Electricity production (including renewable resources), Tourism, Mining industry, Food industry, Manufacturing industry, Food industry, Engineering activities, Financial and insurance activities, Information technologies Agriculture, Trade&Wholesale. The size of the companies ranges from micro enterprises (up to 9 staff) to Medium (between 50 and 249 staff). Further details will be analyzed in the part below which presents a summary of the companies' responses. For each response we present the breakdown of firms by response via graphs along with the associated commentary and description of the responses.

Section 1 "General information"

Q 1.2. Year of registration of the company

1.2. Година на регистрацията на фирмата/организацията 30 отговора



First, we consider the establishment of the companies. It is apparent from the diagram that majority of the companies were registered more than 5 years ago and, accordingly, are sustainably present on the local market. Moreover, these are companies that have withstood the pressure of the Covid-19 crisis. Some of the companies - respondents are even registered in 2022, namely after its passing and the observed recovery of the local and national economy.

Q 1.3. Address

All respondents are registered in the region of Blagoevgrad.

Q 1.7. Main activity of the company

1.7. Основна сфера на дейност 30 отговора



The main activities of the companies that responded to the questionnaire are as follows: manufacturing, wholesale and retail trade, construction, tourism, creative industries, and financial and insurance activities. We observe that secondary and tertiary sectors' activities are mostly presented.

Q 1.8. Size of the company