



DIVERSIFICATION OF THE SOCIO-ECONOMIC SECTORS FOR THE PERIOD 2010 – 2023 IN THE RURAL MUNICIPALITIES OF THE SOUTH CENTRAL REGION

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ABSTRACT

In the modern world of globalization and introduction of new technological processes, the diversification in rural areas (RA) of Bulgaria appears as an inevitable process, in the "replacement" of basic sectors with new approaches in the socio-economic environment. The purpose of the scientific development is to attempt to analyze a part of the sectors according to the Classification of Economic Activities - 2008, located in the RA of the South-Central Region (SCR) for the period 2010 - 2023. In the study have been applied the methodology related to the analysis of labor efficiency (coefficient) and a comparative analysis based on the sectors diversification in relation to employed persons and non-financial enterprises for the period 2010-2023. The location of RA in the SCR has a key role for the localization and development of a part of the socio-economic sectors responding to the new modern needs.

Keywords: diversification, labor efficiency and rural areas.

INTRODUCTION

The entry of new technological processes into the life of society - rural areas, in particular those of the South-Central Region, should be considered as spaces on which activities can be formed and developed, outside the generally accepted agricultural activities and practices. The acceptance of new member states within the EU in the coming decades (the latest countries - Bulgaria and Romania in 2007 and Croatia in 2013) will lead to large regional differences in the socio-economic status of the population. In the late 1990s, the Member States of the Union adopted a Strategic Agricultural Report (1), in which an integrated policy for rural areas was implemented. Forms of cooperation began to be applied and synergistic connections of the new regions with economic activities in these spaces were sought as much as possible. This type of modern policy should give a new beginning for the development of rural areas, towards diversification and multifunctional development of socio-

economic processes, aimed at non-agricultural activities and at the same time preserving the natural resource potential, strengthening the competitiveness of these areas, preserving and increasing enterprises and employment of the population.

The South Central Region is located in the southern part of the country, the astronomical position is: 42°40'/41°14' N. lat. and 23°35'/26°25' E. lat. From a physical geographical point of view, the region covers the central parts of the Balkan Mountains to the north, the Western and Eastern Rhodopes to the south. To the west it borders the Rila and Pirin mountains, and to the east the border reaches the Tundzha River valley (2). The area of the region is 22,306 km², which represents 20.2% of the country's territory, agricultural territories are 47,6%, forest territories – 45,8%, and urbanized areas occupy 3.8%. The territory occupied by rural municipalities by 2021 constituted 18,219.14 km² or 81,67% of the region. After the adoption of the SDPSCP 2023-2027, rural municipalities occupy 13,480.4 km² or 60,43% of the area of the South Central Region. Rural municipalities in terms of area decreased by 4,738.73 km² or 21,23% from the previous

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period. The decrease in the number of rural municipalities is due to a purely administrative decision, which is not in line with socio-economic or other factors that would be

prerequisites for reducing this type of settlement and changing the accepted definition for the country.

Table 1. Distribution of the territory in Bulgaria, South Central Region and rural municipalities by districts for 2022

Pegion	Territory		Populated places		Rural communities	Population	
	км ²	%	брой	%	брой	брой	%
Bulgaria	110 993,6		5 257		215	6 838 937	
SCR	22 369	20,15	1 212	23,05	58	1 397 435	20,43
RA in SCR	13 480,4	60,26	830	68,48	44	487 111	34,86
RA in district Kardzhali	2 635,8	11,78	352	42,40	6	89 620	18,40
RA in district Pazardzhik	2 483,8	11,10	51	6,11	8	72 164	14,81
RA in district Plovdiv	3 202,1	23,75	149	17,95	14	213 466	43,82
RA in district Smolqan	2 327,8	10,40	154	18,55	9	64 853	13,31
RA in district Haskovo	2 830,9	12,65	124	14,94	7	47 008	9,65

Source: NSI - Demographics and author's calculations

METHODOLOGY

The study used various methods, such as: product grouping, comparative analysis of the achieved results, and relative share of individual products, statistical groupings, comparative analysis and factor analysis. The main approach is to outline the opportunities for development of Bulgarian agriculture in the medium term within the framework of the EU CAP. The development applies the Localization Index (IL), which is a basic coefficient and is not a constant value in the results obtained. The index is applied in the analysis of numerical values related to socio-economic activities. The obtained coefficient, if it is greater than 1 (unit) for the studied sector or structure, takes into account specialization in the respective territory. Accordingly, with a coefficient less than 1 (unit), there is no or little specialization of the respective activity (3). The application of each formulation is basic for a certain socio-economic activity, compared with the same one in relation to the given territory.

In the IL survey for the number of employed persons and non-financial enterprises per region, the corresponding formula is applied:

$$IL = (Y / K) / (P / V) \leftrightarrow IL = (Y_j / K_j) / (P_j / V_j)$$

Where:

IL – localization index

Y – Employed persons/non-financial enterprises in the RA by region

K – Employed persons/non-financial enterprises in the Services sector in the region

P – Employed persons/non-financial enterprises in the region

V – Employed persons/non-financial enterprises in the Services sector in the region

Y_j - non-financial enterprises in the RA by region

K_j – non-financial enterprises in the Services sector in the region

P_j – non-financial enterprises in the country sector

V_j – non-financial enterprises in the Services sector in the country

The basic basis in the scientific publication for the study is applied analyses and subsequent conclusions, part of the socio-economic sectors according to the national classification of economic activities. This is a classification standard through which the national classifications of the EU Member States are developed, maintained, implemented and applied, in accordance with Regulation № 1893/2006 of the European Parliament and of the Council. According to this regulation, European statistical data classified by economic activities are collected by NACE or the relevant national classification (4). The relevant socio-economic sectors are presented in the relevant narrative order, as follows: Agriculture, forestry and fishing (A), Construction (F), Trade, repair of motor vehicles and motorcycles (G), Transport, storage and post (H), Hotel Industry (I 55), Restaurant Industry (I 56), Education (P), Human health and social work (Q),

Administrative and support activities (N) and Culture, sport and recreation (R). All these sectors are studied, analyzed, compared, and subsequently conclusions are drawn about the SA of the South Central Region for a period of thirteen years 2010 - 2023.

RESULTS AND DISCUSSION

Diversification in certain cases appears as an intelligent strategy that helps to manage risk and increases the chances of success when it comes to managing money or investments. Capitals can be directed in different forms, activities, sectors or different types of production of the economy for a certain territory, specific to the RA, consistent with the mentality of the society. Diversification allows, as a strategy, to invest money (capital) in more than one type of activity. They can be distributed according to the need, socio-economic, natural, etc., conditions, which will reduce the risk of losses (5).

The concept of "diversification" has existed since times when communication between individual settlements and countries was not sufficiently developed for constant contact. Each region existed for itself, in the extraction of raw materials and the production of various types of material needs. Subsequently, with the development of transport infrastructure in one form or another, as well as the rise of crafts, the harmony of the closed society was disrupted and the movement of goods and services to large urbanized settlements began. The division of labor and the formation of various types of economic sectors in the past, in the face of their primacy, are the pioneers of modern diversification. The founder of "diversification" is considered to be Harry Max Markowitz (1923-2023), together with his colleagues - Merton H. Miller and William F. Sharpe, American economists, who in 1990 were awarded the Nobel Prize for their groundbreaking work in the theory of financial economics. The paper examines modern portfolio theory, in which (6) and his colleagues emphasize the importance of correlations and diversification for investment portfolios.

According to (7), they connect the idea of multifunctionality with the social development of society and the need for diversification in agriculture, as well as the creation of new activities in rural areas, such as protecting the

environment, landscape, cultural heritage, natural resources in general, and others.

Diversification occurs when employment (labor) from agricultural practices begins to be compensated for by the creation of new socio-economic sectors in the SR. Such practices are observed both locally and at the European level, they are unique for modern economic development. Bulgaria is no exception to this rule. Statistical indicators and subsequent analysis show employment in the Agriculture, Forestry and Fisheries sector for the last 20 years, a drastic decrease in employment by nearly 80% for the period 2000 - 2023. During the period 2000 - 2001, the total number of employees in the sector in our country was 1,288,800 people, and in 2020, the number of employees in sector (A) was 294,306. For the same period, official data on the structure of employment according to the NACE Rev. 2008 in the country for the period 2013 - 2019 (8) show that the share of employed people in the services and construction sectors at the national level is increasing at the expense of a decrease in employment in the industrial and agricultural structure.

Agriculture is a sector of the Bulgarian economy that, although significantly supported in the pre-accession period, continued to restructure and develop during the first years of the country's membership in the EU. This process was strongly influenced by the EU CAP, which did not always fully reflect Bulgarian interests. In this sense, the analysis of what has been achieved and what has been missed during the years of full EU membership provides grounds for some changes in the policy pursued by both the EU and the national government.

The data in **Figure 1** demonstrate a decrease in the share of agriculture in Bulgaria's GDP from 4,2% in 2010 to 3,1% in 2023. At the same time, the sector's share in employment decreases significantly more slowly from 19,7% at the beginning of the period to 14,9% at the end. The large number of people employed in agriculture is a result of the preservation during the period of a numerous layer of small farms, whose production is also intended for domestic consumption.

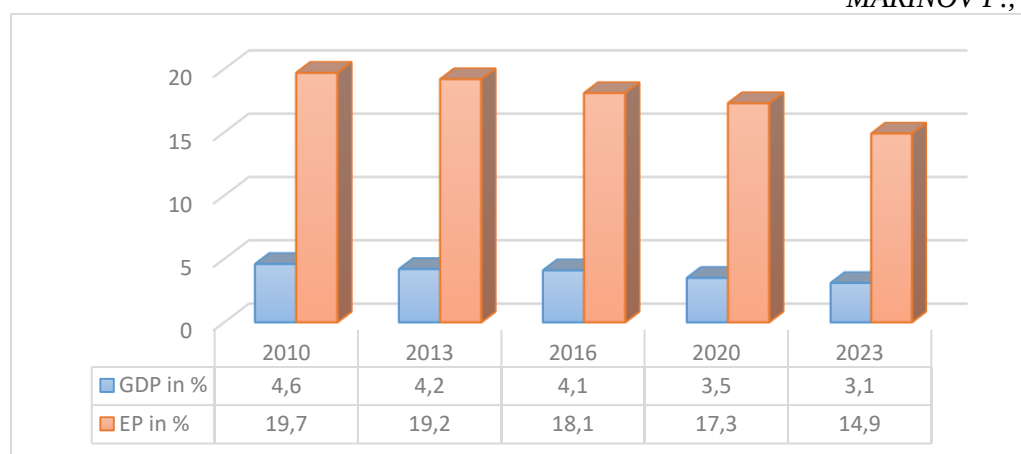


Figure 1. Share of sector (A) for GVA and employed persons in the Country in the period 2010 – 2023

Source: NSI and authors' calculations

Figure 2 shows some of the sectors representing the employed persons (EP) related to diversification in the SR of the South Central Region for the period 2010 – 2023, compared to Bulgaria. In the initial period of the study for 2010, after the analytical work, it is seen that the largest share of the employed persons in the RA of the region is occupied by the Hotel Industry

(I 55) sector with an index of 1,82, compared to Bulgaria, followed by the Restaurant Industry (I 56) with an index of 1,35. These are the two sectors that determine diversification and make the difference between the generally accepted belief that a large part of the employed persons should occupy employment positions in the Agriculture, Forestry and Fisheries sector (A).

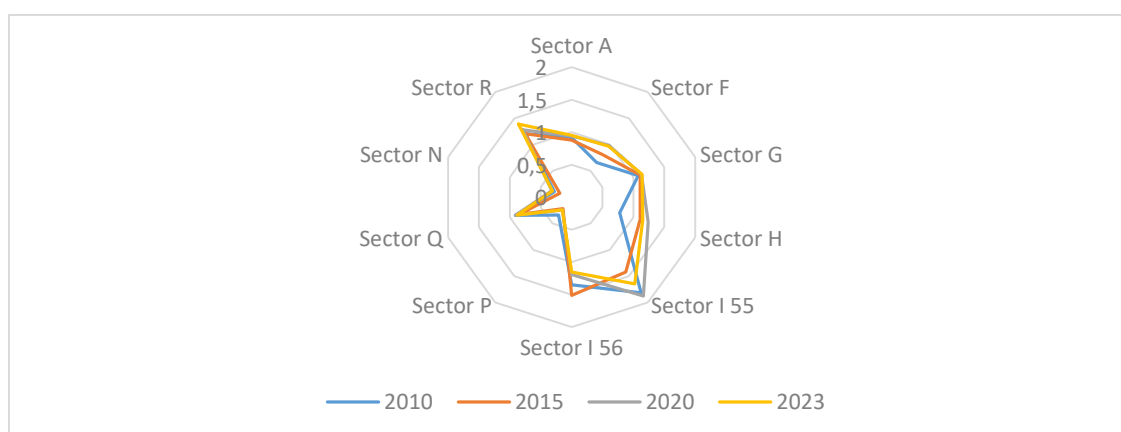


Figure 2. Diversification by sectors of employed persons in the RA of the South Central Region compared to Bulgaria for the period 2010 – 2023

Source: NSI and authors' calculations

Next comes the Culture, Sports and Entertainment sector (R), where the employed persons reach 1,21 index, and here again there is diversification compared to the conventional one for the same year. In the Trade, Repair of Automobiles and Motorcycles sector (G) for the same period of study, the index 1,08 determines a process of diversification compared to Agriculture, Forestry and Fisheries (A). For 2010, the hotel and restaurant industry is developing on the basis of natural resources, which offer different types of activities aimed at the needs of society. They in turn attract a workforce concentrated in the RA, "freed" from activity related to agricultural activity, which in turn serves the specific needs in them. In the

sectors - F, H, N and P, visualized in **Figure 1**, the employed persons compared to the same for Agriculture, Forestry and Fisheries (A), are fewer. They participate and take their place in the formation of the workforce and GVA in the RA of the South Central Region.

In the five-year period, changes occurred related to the number of employed persons compared to the country in the above-mentioned sectors outside agricultural activities in the RA of the South Central Region. For 2015, the diversification process for the RA of the SCR is reported in the sectors of Restaurant (I 56) with a 1,50 index and Hotel (I 55) with a 1,42 index, which are leading compared to the

others. For the sector Agriculture, Forestry and Fisheries (A) for the same year the index was 0,88, with a minimum decrease of 0,4 compared to the index for the previous period. The change in employment in sectors other than conventional ones reveals the presence of diversification in the RA of the region. Two other sectors, Trade, repair of cars and motorcycles (G), Transport, warehousing and post (H) for the same period of time reported an increase in employed persons compared to the previous period, respectively with an average of 0,72 index. This minimal growth in non-agricultural activities indicates the presence of diversification. The Culture, Sports and Entertainment sector (R) retains a 1,20 index compared to employment in the country, this includes activities that are present in almost every settlement in the region, in places where there is a built social infrastructure, serviced by persons participating in the formation of the GVA. In the sectors - F, H, N and P, visualized in **Figure 1**, the employed persons compared to the same for Agriculture, Forestry and Fisheries (A), are fewer, but they perform socio-economic activities in the RC of the region and are directly related to the population. In turn, the above-mentioned sectors "indirectly" perform actions related to diversification.

For 2020, the analysis determines the largest share of employed persons in the RC of the region for the Hotel sector (I 55) with a 1,80 index, compared to Bulgaria, Restaurant is in second place with a 1,30 index. These are the two sectors that determine diversification and make the difference that a large part of employed persons must occupy employment positions in agricultural activities. Next is the Culture, Sports and Entertainment sector (R), in which employed persons reach 1,19 index, and here again there is diversification compared to the conventional one for the same year. In the Trade, Repair of Motor Vehicles and Motorcycles sector (G) for the same period of the study, the index is 1,03, which determines a process of diversification compared to conventional activities in the RC of the region. In the remaining sectors - F, H, N and P, the index reports higher values for employed persons (9) compared to Agriculture, Forestry and Fisheries (A). In the last four sectors mentioned, there is an increase at the national

level, which has an impact on the smaller territories according to the NUTS classification.

In the last three-year period of the study between 2020 and 2023, the analysis again shows that the Hotel sector (I 55) has the highest index of 1,65 compared to the country, maintaining a leading role compared to the other activities in the region's RC throughout the entire stage. There is diversification and it is maintained compared to conventional processes. Next is the Culture, Sports and Entertainment sector (R), in which the employed reach 1.39 index, and again there is diversification compared to agricultural activities. The Restaurant (I 56) and Transport, Storage and Post (H) sectors for the above-mentioned period report an index of 1,15, which is above the activities related to agriculture, there is diversification. In the sectors - F, Q, N, G and P, visualized in **Figure 2**, EP (indices) compared to the same for Agriculture, Forestry and Fisheries (A), are fewer, but they perform socio-economic activities in the RC of the region and are directly linked to society.

Figure 3 visualizes some of the sectors representing the employed persons related to the diversification in the RA of the South Central Region for the period from 2010 to 2023, compared to the region. In the analysis with the largest share of EP for 2010, the Agriculture, Forestry and Fisheries sector (A) reports, compared to the others, 1,86 index. The natural features of the region are the basis on which various crops are developed, different from the conventional ones, requiring specific agro-technological requirements and specialized labor, which in turn increases employment in the sector. On the other hand, the cultivation of various (specific varieties for the region) crops makes it possible to meet the needs of the Hotel and Restaurant Industry. The above-mentioned year appears as the initial stage in which the country was accepted into the EU. The entry of foreign investments increases the need for employed persons in construction, such as the Construction sector (F) with a coefficient of 1,30 for 2010, reports an increase in the number of employed (10). There is a process of diversification - an increase in the employment rate of one sector compared to another, based on higher wages (11).

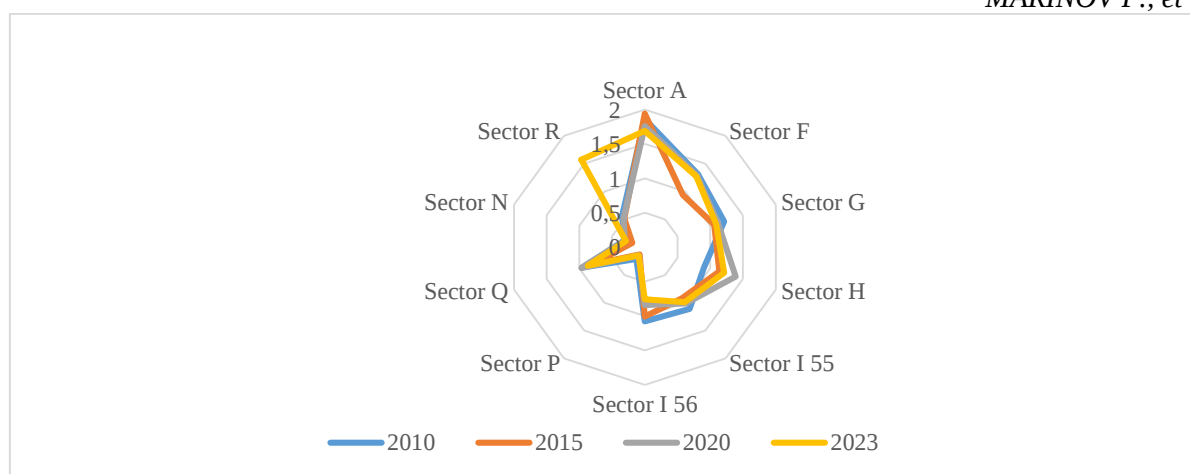


Figure 3. Diversification by sector of employed persons in the RA of the South Central Region compared to the region itself in the period 2010 – 2023

Source: NSI and authors' calculations

The change in the socio-economic structure at the regional level creates conditions for the entry of sectors under the CEA - 2008 other than conventional ones, such as Trade, repair of motor vehicles and motorcycles (G) with a coefficient of 1,21 for the year under review. The sectors – Hotel industry (I 55) and Restaurant industry (I 56) report coefficients of EP below that of Agriculture, Forestry and Fisheries (A). At the national level, the considered coefficient is significantly lower than that for the region, which shows that the number of EP is above the average for the country. Within the specified year, the Transport, Storage and Post (H) sector reports a coefficient below that of Agriculture, Forestry and Fisheries (A), and in the following stages it will develop based on the expansion of the other sectors in the field of Services. In the sectors – P, Q, N and R, visualized in fig. 3, EP compared to the same for Agriculture, Forestry and Fisheries (A), are smaller, but they perform socio-economic activities in the RC of the region and are directly linked to the population in these territories.

Within five years, the sectors visualized in **Figure 3**, representing the EP in the RA of the SCR, the analysis does not report significant changes in the process of socio-economic activities. With the highest index of 1,94 is the Agriculture, Forestry and Fisheries sector (A), which has an increase from the previous period by 0.08 index, due to the large number of entities participating in the PDRA 2014 - 2020 in the various types of measures aimed at socio-economic activities in these regions. The Trade, Repair of Motor Vehicles and Motorcycles sector (G) for 2015 reported a smaller index by 0,15 compared to the previous period. In the

Transport, Storage and Post (H) sector for the studied period, compared to the previous one, there was an increase in the index by 0,23, based on the development of tourist activities related to food and courier services activities. The Construction sector (F) has seen a decrease in the index by 0,36 points within five years, the main reason being the redirection of EP to sectors with higher average wages. The sectors that are leading in the diversification process for the region in 2015, Hotel Industry (I 55) and Restaurant Industry (I 56), report EP coefficients below that for Agriculture, Forestry and Fisheries (A) there is a minimal decrease in the indices. For the Education sector (P), the EP index is the lowest compared to the other socio-economic activities surveyed in 2015. This is due to the fixed number of schools and kindergartens in the RA, which do not increase in number due to the deteriorating demographic picture. For the other sectors: Q, N and R, presented in **Figure 3**, EP, compared to the same for Agriculture, Forestry and Fisheries (A), are less, as an index indicator, performing socio-economic activities serving the needs of society.

For 2020, the analysis determines that the sector with the largest share in relation to the EP in the region's in is the Agriculture, Forestry and Fisheries sector (A). Compared to the previous period, there is a minimum decrease of 0,18 index, which is due to the above-mentioned year, which is the final year for the framework period of the PDRA 2014-2020. In the sector - Transport, warehousing and post (H), a growth in EP compared to the previous period of 0,25 index is reported. An increase in the number of employees in this industry is also reported at the national level compared to the other sectors, as

well as the increase in the average gross salary. For the sector - Construction (F), the analysis reports a minimum growth compared to the previous period of 0,35 index, the main reason being the demand for labor and the growth of the average salary compared to the other activities and, last but not least, the construction of infrastructure facilities in the region (12). For the Trade, repair of motor vehicles and motorcycles sector (G) for the indicated year, the analysis reports a minimal growth in the EP, which shows constant levels of development, which is also reported at the national level. In the last three sectors considered for 2020, a process of diversification is reported in the region's EP based on an increase in jobs and an increase in the average wage (13). The sectors that are leading in the diversification process (during the entire research period) for the region for 2020, Hotel Industry (I 55) and Restaurant Industry (I 56), report EP coefficients below that for Agriculture, Forestry and Fisheries (A) there is a minimal decline in the indices. In the Human Health and Social Work sector (Q), a minimal growth in EP is reported compared to previous years. The structure of this type of activity is maintained based on the number of population in the EP and service activities based on the built infrastructure facilities. In the remaining sectors of the 2020 survey, indicated in **Figure 2** - N, R and P, the EP compared to the same for Agriculture, Forestry and Fisheries (A), are smaller, as an index indicator. In the last three sectors, any type of change is associated with a change in the population at the municipality level (14).

For the last stage of the study 2020-2023, the highest share of EP is reported in the Agriculture, Forestry and Fisheries sector (A). Compared to the initial stage - 2010, there is a decrease in EP by 0,17 index, with a decline in the number of employees in the sector throughout the period. The reduction in the workforce is influenced by a number of socio-economic activities (higher paid), other than the generally accepted conventional ones and the introduction of new technological processes in the sector. Sector - Construction (F), also reports a high index compared to the other activities, but smaller than Agriculture, Forestry and Fisheries (A). For the entire stage of the study, the analysis of EP in (F) reports a coefficient that moves within approximately the same limits, which indicates constant employment of the workforce. In the Transport, Storage and Post sector (H), an increase in EP is

reported compared to the initial stage of the study by 0,30 index. An increase in employment in this industry is also reported at the national level compared to other sectors, as is the increase in the average gross salary. For the Trade, repair of motor vehicles and motorcycles sector (G) during the study period, a minimal decrease in the EP by 0.12 index was reported, which is due to socio-economic changes related to the reduced population in the RC of the region (15). For 2023, the sectors: Hotel industry (I 55) and Restaurant industry (I 56) report EP coefficients below that for Agriculture, forestry and fishing (A). The decrease in the coefficient during the study period is related to the contraction of tourism activities in recent years, caused by a number of socio-economic processes at the global level, which are also reflected locally. These are the sectors that are most sensitive to force majeure circumstances (16). For the Culture, Sports and Entertainment (R) sector, for the last year of the study compared to the initial stage, a growth of 1,01 index is reported. The opening of new sites related to this sector creates an opportunity for growth in the EP, as well as an increase in the average income of the persons engaged in the relevant activities. In the sectors: P, Q and N, the EP indices have lower values compared to the rest for the RC of the region. The socio-economic activities of the above-mentioned sectors are linked to demographic processes, both at the national and local levels.

The classification of institutional sectors is a basic classification used in macroeconomic statistics to characterize economic activity, financing methods, types of ownership and legal forms of independent economic units. The institutional sectors (non - financial corporations, general government, households, etc.) formed using this classification cover units with sufficiently similar economic behavior. Structuring the national economy at the institutional sector level is a basic prerequisite for describing production, primary and secondary income distribution, investment and financing. This structuring of the national economy allows for effective macroeconomic analysis (17).

The value of factor income shows stability for the period up to 2010, despite the increasing subsidies under the EU CAP, its level shows fluctuations. In 2010, the level of factor income was the lowest for the entire 17-year period. In the years 2009 and 2015, this income was lower

than the previous year, mainly due to the decrease in net value added, but also due to the smaller volume of subsidies. After 2016, a certain increase in factor income indicators was observed, reaching in 2023, a level of 2692,7 euros (**Figure 4**). The measurement of agricultural labor in the development is

measured in annual work units (AWU). During the entire period from 2010 to 2023, the amount of labor input in agriculture decreased - from about 494.4 thousand euros in AWU to 143.2 euros. In the fourteen years since 2010, labor has decreased by 71,04% (**Figure 4**).

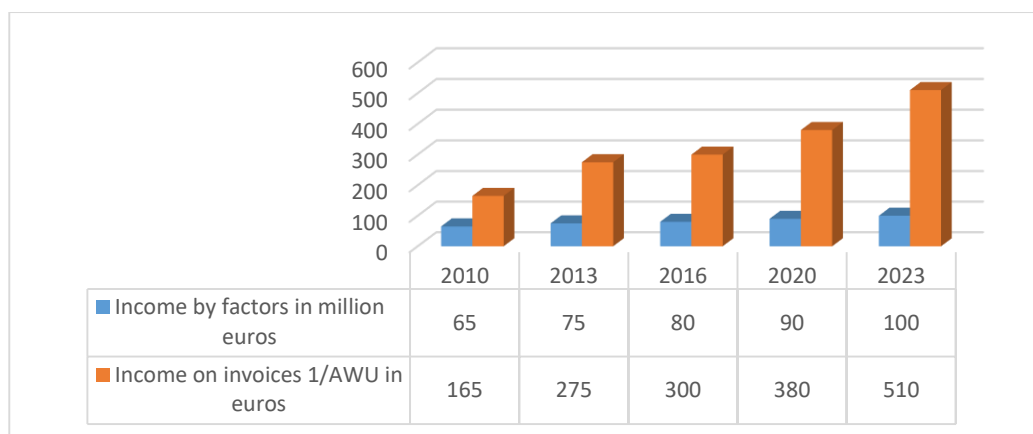


Figure 4. Agricultural labor in AWU and income by factors, total and for 1 AWU

Source: NSI and authors' calculations

The factor income per 1 AWU is constantly increasing for the period 2010 - 2023. This is due not so much to the increase in the volume of net added value created in the sector, but

mainly to the decrease in labor input. For the period 2010 - 2023, the factor income per annual labor unit increases 6,82 times and reaches a level of 18,803 euros in (**Figure 4**).

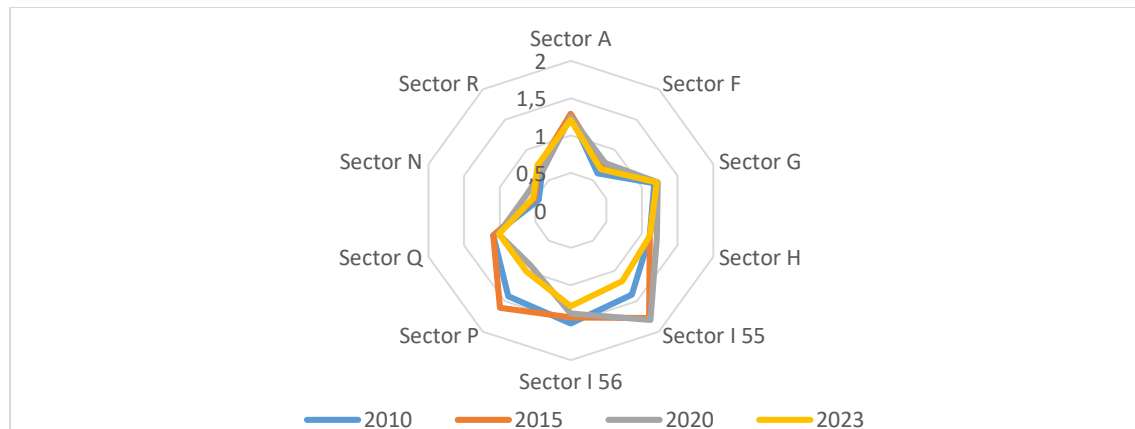


Figure 5. Sectoral diversification for non-financial enterprises in the RA of the South Central Region compared to the country for the period 2010 – 2023

Source: NSI and authors' calculations

In **Figure 5** visualizes some of the sectors including non-financial enterprises (NFE) based on number in the RC of the region, analyzed against the country within a thirteen-year period. For 2010, with high values above those compared to conventional sectors, are Hotel Industry (I 55) and Restaurant Industry (I 56), as seen in the figure. The construction of infrastructure facilities within the RC of the region is based on the natural resource base, the different types of measures from the PDRA, the different program periods, traditions in the

different social groups (18). These are two of the sectors that determine diversification and make the difference between the generally accepted belief that a large part of the economic activities (NFP) should be concentrated in the Agriculture, Forestry and Fisheries sector (A). Next is the Education sector (P) with an index higher than that of (A), based on - built infrastructure facilities that fall on the list of protected kindergartens and schools in the Republic of Bulgaria on the basis of Art. 54, para. 4 of the Preschool and School Education

Act, in connection with Decree № 121 of the Council of Ministers of 2017. This type of NFE performs a social function, their number is dependent and any change is related to a certain number of the population living in the RC. In the Human Health and Social Work sector (Q), the index is higher than that of (A). Non-financial enterprises from (Q) in the RC are also determined by the number of settlements, as well as the number of the population living in the specified territory. This type of NFE in the sector performs a social function and any change in a negative direction creates "tension" in the relevant settlement. The sectors analyzed above in the RC of the region for 2010 report a process of diversification based on higher indices compared to that of the Agriculture, Forestry and Fisheries sector (A). Sector Trade, repair of motor vehicles and motorcycles (G), compared to the country, reports a positive

index and minimally below that compared to (A), the development of other activities in the field of Services creates prerequisites for the development of commercial activities, serving both the population on the one hand and the other NFPs in the RA. In the NFP in the Agriculture, Forestry and Fisheries sector (A) for the first year of the study, the index values are positive compared to the country. The preservation of the high number of NFEs in the sector is due to the ongoing activities and production in the RA, related to agricultural activity based on various types of programs and policies aimed at these areas. In the sectors: F, R and N, the indices for NFPs have lower values compared to the rest for the RA of the SCR for 2010. Activities of the above-mentioned sectors are linked to the processes of society, both at the national and local levels.

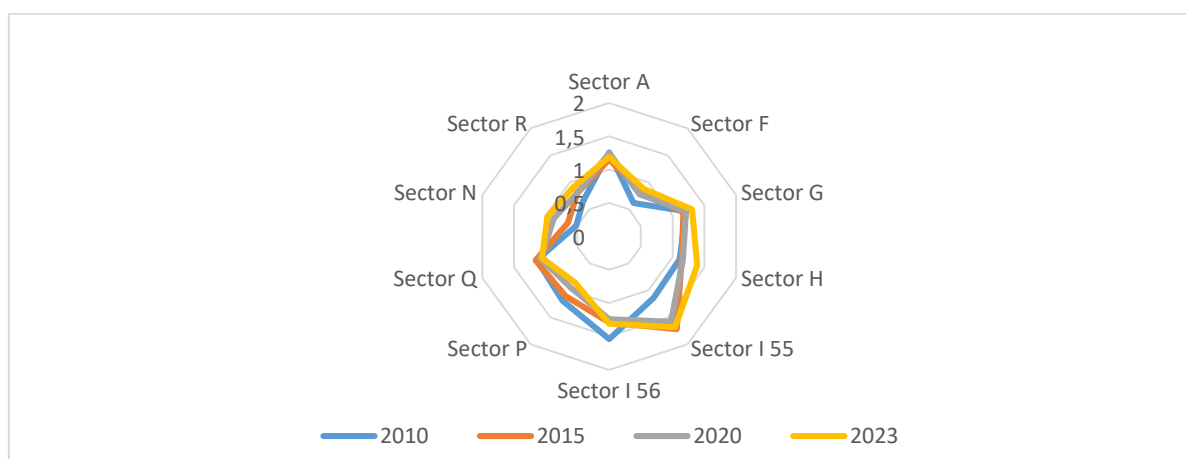


Figure 6. Diversification by sector for non-financial enterprises in the RA of the South Central Region compared to the region itself in the period 2010 – 2023
Source: NSI and authors' calculations

In **Figure 6** visualizes some of the socio-economic sectors, including NFE based on number in the RC, analyzed against the region within a thirteen-year period. For 2010, the sector with a high index value against the region is the Restaurant sector (I 56). The values obtained for the same year are higher than those of sector (A). In the Hotel sector (I 55), the index reports a value above one against the region, but lower than sector (A). For the Trade, repair of motor vehicles and motorcycles sector (G), the values against the region for the studied period are high, but lower than the conventional sector (A). Within thirteen years, the sector maintains high values against the territory. This is the period in which the country is already a member of the EU, which creates opportunities for the development of the above-mentioned sector, while serving the RA developing tourist

activities. The Agriculture, Forestry and Fisheries sector (A) for the above-mentioned year, against the region reports high index values, maintaining the same for the entire period of study. In the Transport, Storage and Post (H) sector, positive values are reported in relation to the region. The service of the RC and their connection with large settlements is carried out by the same, as it also performs social activities, based on postal services. The development of the Education (P) sector in the RC is based on the number of schools and kindergartens. For the indicated year, positive values are reported in the analysis of the sector in relation to the region. The demographic potential of the RC is closely linked to the development of the sector. In the Human Health and Social Work (Q) sector, for the studied period, the values in relation to the region are

positive, as the functioning of the same also performs social activities, but is largely dependent on the number of the population in the RC. In the sectors: R, N and F, the indices for this period report lower values, in relation to the region they retain their socio-economic activity in the RC.

For 2015, in the Catering sector (I 56) compared to the previous year, a decrease of 0,25 points was reported. In the similar sector Hotel Industry (I 55), there was an increase in the index by 0,58 points, which is due to the construction of more hotels in the Sofia Region compared to the region, while in the Construction sector (F) for the same year there was an increase in the index from the previous year by 0,20 points, again compared to the region. For the Agriculture, Forestry and Fisheries sector (A), a decrease in the index from the previous year by 0,11 points was reported, which coincides with the new PDRA 2014-2020 (the launch of the new measures). For the Trade, repair of cars and motorcycles sector (G), the values compared to the region from the previous period reported a minimal decrease of 0,4 points. In the Transport, Storage and Post (H) sector, positive values are reported for 2015, compared to the region from the previous period based on an increase in the index values of the other sectors in the RC of the region. For the Education (P) sector, a decrease in the index of 0,6 points is reported within five years, which is related to the population size in the respective regions. In the Human Health and Social Work (Q) sector, for the studied period, the values compared to the region are positive, there is a minimal increase in the index by 0,2 points. In the sectors: (R) and (N) the indices for this period report lower values, compared to the region below one, preserving the social role for the RC.

For 2020, the Hospitality sector (I 55) reported the highest index compared to the other activities and the region. In relation to the previous period, the analysis reports a minimum decrease of 0,20 points. In the Restaurant sector (I 56) compared to the previous year, a minimum decrease of 0.5 points was reported, maintaining an index above one compared to the region. The decrease in numerical values in the above-mentioned sectors is due to the inertia caused by the global COVID-19 epidemic, which affected the tourism industry. For the Agriculture, Forestry and Fisheries sector (A), the values for the indicated year were

maintained, that is, there is stability in the sector. In the sectors: (F) and (G), the values compared to the previous period are maintained (region), the development of the activities is tied to the other sectors and they are directly dependent on the socio-economic situation at the local, national and global levels. For the Education sector (P), the values compared to the region are above one, but compared to the previous year of the survey, a minimum decrease of 0,14 of the index is reported. For the Human Health and Social Work sector (Q) for the surveyed period, the values compared to the region are positive and retain the numerical values of the index compared to the previous year of the survey. For the sectors: (R) and (N), the indices for the above-mentioned year report a minimum increase in values compared to the region below one, preserving the social role for the RC.

In the last stage of the study within a three-year period, the analysis reports the highest index, compared to the region, in the sectors: Hotel Industry (I 55) and Restaurant Industry (I 56), these are the years after the global epidemic, when the service sectors are economically recovering, which is reflected at the local and national level. In this regard, the Construction sector (F) for the indicated period reports a high index compared to the region (highest for the entire period of the study) in the Central Administrative District, which indicates growth in the construction of infrastructure in the service sectors (19). For the Agriculture, Forestry and Fisheries sector (A), the values for the last stage of the study are maintained, that is, there is sustainability in the sector. In the sectors: (G) and (H) for the last period, the numerical values are the highest compared to the previous stages and to the territory. These activities are linked to the other sectors and serve the socio-economic needs of society in the Central Administrative District of the region. In the sector - Education (P), the values relative to the region are above one, compared to the previous year of the survey, a decrease is reported due to the deteriorated demographic structure in the Republic of Bulgaria, as well as the migration processes taking place in the country. In the sector - Human Health and Social Work (Q) for the surveyed period, the values relative to the region are positive and retain the numerical values of the index compared to the previous year of the survey (20). In the sectors: (R) and (N) the indices for the above-mentioned year report a minimal

increase in values relative to the region, keeping the indicators below one.

CONCLUSION

The opportunities for diversification today include both agricultural and non-agricultural activities related to socio-economic activities in the rural areas of the South Central Region. Diversification as a process develops on the basis of changes in the life of society, the introduction of new technological processes and activities. On the other hand, the preservation of ethno-cultural identity in the rural areas at the national and local levels is extremely important and urgent. As a result of the research and subsequent analyses, we can point out a number of advantages for the development of the rural areas in the process of diversification, both at the national and local levels. Maintaining agriculture in the rural areas is necessary not only for the production of the food bank, but also for preserving the tradition of producing traditional raw materials specific to the respective territories. A central place among the diversified activities in the Bulgarian rural areas and more specifically in the rural areas of the SCR is the presence of rich natural resources, which is a basis for the development of activities and services other than conventional ones. The analyses related to the employed in the different types of sectors compared to the country in the study period 2010 - 2023 indicate processes of diversification and formation of new jobs, different from those in agricultural activities. The employed in sector - (A) in the RA compared to the region, occupy a larger index share compared to the other activities, based on natural resources and tradition. During the study period, the employed in other sectors related to service activities increase their number. In terms of sectoral terms, the increase in NFP in the SR of the South Central Region compared to the country, the analysis reports growth in activities focused on the service sectors. A process of diversification is reported for the study period 2010-2023, in the RA of the South Central Region. When studying activities compared to the region, diversification is reported in the following sectors: (I 56), (I 55), (R), (G) and (Q). The remaining indices approach the conventional one. The change is due to a number of socio-economic processes accompanying the development of society. The use of the potential of the land as a natural resource and the presence of natural resource potential in individual RCs and specifically in the RA of the South Central Region, will appear

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in the future as a basic prerequisite and basis for the development of a certain type of diversification processes. This will contribute to increasing the GVA and raising the standard of living in these regions.

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