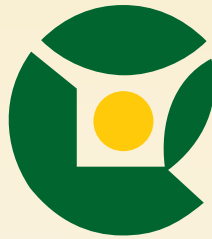


НАЦИОНАЛЕН
ДОВЕРИТЕЛЕН
ЕКО ФОНД



NATIONAL
TRUST
ECO FUND

REPORT ON THE ACTIVITY

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

31 December 2018



Since the beginning of its activities until the completion of the swap deal “Debt-for-Environment” NTEF has financed 100 investment projects, providing more than BGN 26 500 000. Therefore, the Fund has played the role of a decisive factor for mobilizing additional BGN 115 100 000 from other, mainly international sources, for the implementation of environmental protection projects in Bulgaria

In the end of 2011, as a result of the joint efforts of the governments of the Republic of Bulgaria and the Republic of Austria, two deals for sale of Assigned Amounts Units (AAU) with the Republic of Austria pursuant to art. 17 of the Kyoto Protocol were finalized. Under the two deals, 45 public projects in the amount of BGN 32 937 914 have been implemented. The financial participation of NTEF amounts to BGN 27 147 227. Two projects for energy production from renewable energy sources have also been financed applying the “de minimis” rule. The financial participation of the Fund in them amounts to BGN 757 062.

Since March 2015, NTEF has been implementing a new Climate Investment Program, financed on the basis of a decision of the Council of Ministers pursuant to § 4 from the transitional and final provisions of the Climate Mitigation Act. The Program provides financing for projects aiming at energy efficiency improvement of sites – public state and/or municipal property and for NTEF’s administrative maintenance. In 2016, the Pilot Scheme for promoting the use of electric vehicles in the public sector was also started within the framework of the climate investment program (CIP). During 2016, financial instruments for the energy efficiency projects were developed and implemented in partnership with EBRD with the aim to improve the efficiency of the public financial resource.

Since 2015, NTEF with the support of the Federal Ministry of Environment, Construction and Nuclear Safety of the Republic of Germany and in partnership with the Independent Institute for Environmental Issues - Berlin (UfU), has been implementing educational program for changing the behavior of the Bulgarian pupils in the Bulgarian schools with regard to energy saving.

Since 2016 NTEF has been implementing the pilot scheme of a new Investment Program “Mineral Waters”, financed with funds provided through the budget of the Ministry of Environment and Water with Council of Ministers Decree No 254/2016.

During 2017, the preparation of the Program “Micro Projects for the Climate”, financed with proceeds under the Agreement for Transfer of Annual Emissions Allocations between the Republic of Bulgaria and the Republic of Malta (Decision of the Council of Ministers No 175/29.03.2017), was started.

НАЦИОНАЛЕН
ДОВЕРИТЕЛЕН
ЕКО ФУНД



NATIONAL
TRUST
ECO FUND

ANNUAL REPORT

**REPORT OF THE INDEPENDENT
AUDITOR**

FINANCIAL STATEMENTS

31 December 2018



*Project No 368 “Implementing energy efficiency measures
for SS “Ekzarch Antim I “, Kazanlak city“*



*Project No 329 “Improving the energy efficiency in 44th GSS “Neofit Bozveli“,
Poduyane neighborhood, Sofia city”*

ANNUAL REPORT.....	7
I. INTRODUCTION	7
II. MANAGEMENT BOARD ACTIVITY.....	9
III. EVALUATION, SELECTION AND IMPLEMENTATION OF INVESTMENT PROJECTS WITHIN THE FRAMEWORK OF THE CLIMATE INVESTMENT PROGRAM (CIP).....	11
1. Selection and approval of projects under CIP	11
1.1. Maintaining permanent project portfolio under CIP.....	11
1.2. Selection and evaluation of projects under CIP by the Standing Commission for Selection, Control and Reporting on CIP Implementation and approval of projects by MB of NTEF	12
2. Implementation of projects under the Climate Investment Program (CIP) during 2018	13
IV. EVALUATION, SELECTION AND IMPLEMENTATION OF INVESTMENT PROJECTS WITHIN THE FRAMEWORK OF THE INVESTMENT PROGRAM “MINERAL WATERS” (IPMW), PILOT SCHEME.....	25
1. Selection and approval of projects under IPMW	25
1.1. Setting up a pilot project portfolio under IPMW	25
1.2. Selection and evaluation of projects under IPMW by the Standing Commission for Selection, Control and Reporting on Project Implementation and approval of projects by MB of NTEF	25
2. Implementation of projects under the Pilot Scheme of the Investment Program “Mineral Waters”	25
V. EVALUATION, SELECTION AND IMPLEMENTATION OF INVESTMENT PROJECTS WITHIN THE FRAMEWORK OF THE INVESTMENT PROGRAM “MICRO PROJECTS FOR THE CLIMATE”	29
1. Selection and approval of projects under PMPC	29
1.1. Setting up a project portfolio under PMPC	29
1.2. Selection and evaluation of projects under PMPC by the Standing Commission for Selection, Control and Reporting on the Implementation and approval of projects by MB of NTEF	29
2. Implementation of projects under Program “Micro Projects for the Climate”	29
VI. INSTITUTIONAL DEVELOPMENT, INTERNATIONAL RELATIONS AND PUBLIC RELATIONS	31
1. Institutional development	31
2. Activities related to financing programs and mechanisms	31
2.1. Activities related to the preparation of new projects, financing programs and mechanisms	31
2.2. Project for climate protection through improved behavior of the energy consumers in the European schools (Project 50/50)	32
2.3. “Bridging European and Local Climate Action” (BEACON)	32
2.4. “For the introduction of climate actions in the educational program of the Bulgarian schools”	32
2.5. Project “Triple A – Strengthening the value chain of the energy efficiency projects at their early stages” under Horizon 2020 Program	33
3. International Relations and Public Relations	33
VII. SOURCES OF FUNDING, COSTS AND NTEF FINANCIAL STATUS	35
1. Sources of funding.....	35
1.1. Proceeds pursuant to CoM Decision No 27 / 13.01.2017	35
1.2. Proceeds pursuant to Decree No 322/24.11.2016.....	35
1.3. Proceeds pursuant to Ordinance No 1/04.03.2015.....	35
1.4. Proceeds under other Programs and projects.....	35
1.5. Proceeds pursuant to CoM Decision No 175/29.05.2017 under the Agreement for Transfer of Annual Emissions Allocations between the Republic of Bulgaria and the Republic of Malta.....	35
2. Funds allocation.....	35
2.1. Financing of projects under the Climate Investment Program	35
2.2. Financing of projects under a Pilot Scheme of the Investment Program “Mineral Waters”	38
2.3. Financing public projects under Program “Micro Projects for the Climate”	38
2.4. Used funds to cover the administrative costs of NTEF	39
3. NTEF financial status as of 31.12.2018.....	41
VIII. MAIN RISKS, RELATED TO THE ACTIVITY OF THE FUND	43
1. Operational risks.....	43
2. Risks related to the financial instruments	43
IX. IMPORTANT EVENTS AFTER THE DATE AS OF WHICH THE FINANCIAL STATEMENT IS DRAWN UP	44
X. POSSIBLE FUTURE DEVELOPMENT OF THE FUND	44

ANNEXES:

Annex 1: Application forms submitted to NTEF for examination during 2018	45
Annex 2: Application forms approved by MB of NTEF during 2018	47
Annex 3: Implementation of the budget for financing other programs and for covering the administrative costs of NTEF as of 31.12.2018.....	48
Annex 4: Information on NTEF cash as of 31.12 2018.....	50

REPORT OF THE INDEPENDENT AUDITOR.....	51
-----------------------------------------------	-----------

FINANCIAL STATEMENTS	57
-----------------------------------	-----------

STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2018	59
---------------------------------------------------------------------	-----------

PROFIT AND LOSS STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR, ENDING ON 31.12.2018	60
---------------------------------------------------------------------------------------------------------------------	-----------

STATEMENT OF CASH FLOWS, FOR THE YEAR ENDED 31 DECEMBER.....	61
---------------------------------------------------------------------	-----------

NOTES TO THE FINANCIAL STATEMENTS.....	62
-----------------------------------------------	-----------

REPORT

on the activity of the

NATIONAL TRUST ECOFUND

for the period

01 January – 31 December 2018

LIST OF USED ABBREVIATIONS

BAS	Bulgarian Academy of Science
FN	Full-day Nursery
ESM	Energy Saving Measures
CCMA	Climate Change Mitigation Act
PPA	Public Procurement Act
EB	Executive Bureau
CIP	Climate Investment Program
IPMW	Investment Program “Mineral Waters”
LC	Labor Code
TFA	Tangible Fixed Assets
MEW	Ministry of Environment and Water
CoM	Council of Ministers
MF	Ministry of Finance
IFA	Intangible Fixed Assets
NTEF	National Trust Eco Fund
NAMRB	National Association of Municipalities in the Republic of Bulgaria
CCC	Cultural Community Center
CCF	Combined Childcare Facility
UN	United Nations
PS	Primary School
GSS	General Secondary School
SS	Secondary School
CIW	Construction & Installation Works
MB	Management Board
FCF	Full-day Childcare Facility
UfU	Independent Institute for Environmental Issues - Berlin

ANNUAL REPORT

I. INTRODUCTION

According to the Ordinance on the Structure and Activity of the National Trust Eco Fund (NTEF), each calendar year until 30 April the Fund has to prepare and submit to the Council of Ministers of the Republic of Bulgaria through the Ministry of Environment and Water a Report on the activity of the Fund during the previous year, which is approved by the Management Board.

The Annual NTEF report presents the implementation of the Action Plan and the Fund's budget for 2018 which is prepared in compliance with the NTEF Strategy 2014-2022, approved by the Management Board of NTEF on 30 October 2014.

The report will be also submitted to the current donors, which for 2018 are the Government of Bulgaria and the Federal Ministry of Environment, Construction and Nuclear Safety of the Republic of Germany.

The annexes from 1 to 4 represent an inseparable part of this year's report.

Acting Director of the Executive Bureau:



Irena Pencheva

26 January 2019



Project No 163 “Implementing energy efficiency measures in the administrative building of Rakovski Municipality”



Project No 295 Implementing a package of energy efficiency measures for the buildings of Dormitory in Oryahovo city, 9 Rumyantsev St.

II. MANAGEMENT BOARD ACTIVITY

In compliance with the Ordinance on the Structure and Activity of the National Trust Eco Fund, adopted with Council of Ministers (CoM) Decree No 96 of 10.05.2004 (amended with SG No 71 of 10.09.2010 and SG No 81 of 30.09.2014 and SG No 5/19.I.2016, amended, No 47 of 05.06.2018), NTEF's Management Board consists of seven persons, in this number chairman, two deputy chairmen and four regular members, as well as three alternates. As of the end of the reported 2018 the composition of the NTEF's Management Board (MB) includes the following members:

- Chairman of NTEF's Management Board – Associate Professor Dr. Irena Georgieva, appointed by the Council of Ministers of the Republic of Bulgaria (Decision No 799 of the CoM of 14.10.2015). Since September 2018 Mrs. Penka Mollova – Smolenova has been appointed as Management Board Chair with CoM Decision (No 665/19.09.2018);
- Representative of the Ministry of Environment and Water (MEW) – Deputy Minister Atanaska Nikolova until 24.08.2018, when she was replaced by Deputy Minister Nikolay Kanchev. The Representative of the Ministry of Environment and Water is also Deputy Chairman of the Management Board, elected in compliance with art. 8 (1) of ORDINANCE on the structure and activity of the National Trust Eco Fund;
- Representative of the Ministry of Finance (MF) – Deputy Minister Marinela Petrova;
- Representative of the Ministry of Energy – Deputy Minister Zhecho Stankov.
- Representative of the Bulgarian Academy of Sciences (BAS) – Prof. Nikola Malinovski, Deputy Chairman of the Management Board, elected in compliance with art. 8 (2) of ORDINANCE on the structure and activity of the National Trust Eco Fund;
- Representative of the environmental non-governmental organizations – Mrs. Lyubomira Kolcheva – Director of EcoObshnost Foundation”;
- Representative of the National Association of Municipalities in the Republic of Bulgaria (NAMRB) – Mrs. Ginka Chavdarova, Executive Director of NAMRB until 01.05.2018, when she was replaced by the newly elected NAMRB Executive Director – Mrs. Silviya Georgieva.

Alternate with a voting right from the Ministry of Environment and Water is Mrs. Boryana Kamenova – Director of Directorate “Climate Change Policy”. Alternate with a voting right from the Ministry of Economy and Energy is Mr. Nikolay Nalbantov – Director of Energy Efficiency and Environmental Protection Directorate. Alternate with a voting right from the Ministry of Finance is Mr. Valeri Vulev – State Expert from State Aid and Real Sector Directorate.

Seven (7) regular meetings of Management Board (MB) of NTEF were convened during 2018.

The first meeting was dedicated to the discussion of the Plan for the activity and budget of NTEF for the period 01 January – 31 December 2018. During the same meeting the Operational Manual of the Program “Micro Projects for the Climate“, financed with funds under the Agreement for transfer of emissions between Republic of Bulgaria and Republic of Malta and the annexes to it was approved. A proposal for NTEF participation in a consortium with a leading partner Ecofys (Germany) under a project related to application within the framework of “Initiative for the Climate“ of the German Federal Ministry of Environment, Construction and Nuclear Safety was discussed and approved. The project concerns the work in the schools for improving the educational level on topics related to climate change and energy efficiency. During this meeting, the dismissal request of the Executive Director Mrs. Kamelia Georgieva was accepted. Upon a proposal of the MEW representative, Mrs. Irena Pencheva was appointed as Acting Executive Director.

During the second NTEF Management Board meeting held on 26.03.2018, the annual report and the financial statement of NTEF for 2017 were approved, update of the NTEF Action Plan for 2018 was voted for and reports on the implementation of energy efficiency projects under the Climate Investment Program (CIP) were approved. At this meeting, a survey of the implemented projects under the existing schemes and programs administered by NTEF was performed and the EB was assigned the analysis of their status in connection with the need to plan the spending of the limited financial resource of the Fund for 2018.

During the third meeting, the conditions for keeping the NTEF funds with Bulbank, as well as the analysis of the current status of the implemented projects under the existing schemes and programs in relation with the need for planning the spending of the available financial resource for 2018 were discussed. At this meeting an update of the NTEF Rules of Procedure was approved, connected with the enactment of the Anticorruption and Forfeiture of Assets Act – Promulgated SG, No 7 of 19 January 2018, amended SG, No 20 of 6 March 2018, amended SG, No 21 of 9 March 2018.

During the fourth meeting, MB of NTEF got familiarized with the EB work related to the following two educational projects, financed by the Federal Ministry of Environment, Construction and Nuclear Safety of the Republic of Germany:

- “Building contacts and joint learning in the EU climate policy context”, under which it assigned to the Chair the signing of a contract with Ecofis Germany OOD and determined the contract implementation in schools, in which NTEF finances energy efficiency measures – the municipalities of Veliko Tarnovo, Pavel Banya, Samokov, as well as Lyulin and Vitosha neighborhoods in Sofia city;
- “Towards introduction of climate actions as an element from the educational programs in the Bulgarian schools”, with regard to which MB supported EB to submit a complete project proposal under the European Climate Initiative Program, including also provision of funds for co-financing for the three-year period of its implementation in partnership with the Independent Institute on Environment - Berlin and the National Training Center for Pedagogical Specialists at the Ministry of Education and Science (MES).

During this meeting, the approved by the Commission for selection and control of project proposals under Program “Micro Projects for the Climate”, as well as the proposed by EB amendments in the Operational Manual of the Program were also discussed. In view of the fact, that the submitted as of this moment project proposals exceed the available financial resource within the approved 2018 budget, MB of NTEF took a decision to temporary discontinue the acceptance of project proposals under Program “Micro Projects for the Climate”.

The agenda of the meeting was exhausted with the traditional examination of the progress regarding implementation of projects under the Climate Investment Program and in view of the amount of the available financial resource, decisions were taken, connected with the disbursement of this amount during 2018, as well as with the notification of the beneficiaries, for whose projects it was established that no funds were available and that their implementation would continue after provision of additional funds under the Program.

The fifth meeting was dedicated to discussions, related to updating of NTEF plan and budget, resulting from the initiation of the implementation of Project “Building Contacts and Joint Learning in the EU Climate Policy Context”. Also, proposed amendments in the Operational Manual of Program “Micro Projects for the Climate” were discussed, as well as administrative and organizational issues related to the activity and functioning of EB of NTEF.

During the sixth meeting, approved by the Commission for selection and control project proposals under the Scheme for promoting the use of hybrid vehicles were presented. Terms of Reference for the selection of auditor to perform independent audit on the annual financial statements of NTEF, as well as on the implementation of the projects, which are funded by NTEF, or under which the Fund is beneficiary were approved. At this meeting, a review of the implemented projects financed by the German government was made and an invitation for the inclusion of the Fund as a partner during the preparation of a project proposal under Horizon 2020 Program was discussed.

The last (seventh) meeting was dedicated to the submission of approved by the Commission for selection and control project proposals under the Scheme for promoting the use of electric and hybrid vehicles. The work under the financed by the German government project “Towards introduction of climate actions as an element from the educational programs in the Bulgarian schools”, as well as the proposed amendments in the Operational manuals of the Climate Investment Program and Investment Program “Mineral Waters”, related to the implementation of projects under NTEF-concluded financing contracts and their way of reporting was discussed.

All MB meetings are duly recorded, signed and archived.

III. EVALUATION, SELECTION AND IMPLEMENTATION OF INVESTMENT PROJECTS WITHIN THE FRAMEWORK OF THE CLIMATE INVESTMENT PROGRAM (CIP)

The Climate Investment Program was initiated, based on CoM Decision 201/26.03.2015 and with provision of funds on the grounds of § 4 from the transitional and final provisions of the Climate Change Mitigation Act. In 2016, with CoM Decision No 80/11.02.2016, NTEF was issued additional funds amounting to BGN 15 000 000. The funds were planned to finance projects for improving the energy efficiency of state and municipal sites and for promoting the use of electric and hybrid vehicles by the public institutions (BGN 1 000 000). During 2017, with Decision of the Council of Ministers (No 27/13.01.2017), additional funds amounting to BGN 14 298 000 were issued to NTEF. The funds were envisioned for financing projects for improving the energy efficiency of state and municipal sites and for promoting the use of electric and hybrid vehicles by the public institutions (BGN 1 000 000). During the same year with CoM Decision No 493/28.08.2017, buildings of health care facilities owned by single-member commercial companies wholly owned by the State or municipality were added to the sites, which were envisioned for financing.

During the previous year (2017), based on a preliminary approved report addressed to the MB of NTEF, amendments of the CIP Operational Manual were made. The objective of these changes was to ensure the efficiency of the spent public money for financing energy efficiency projects related to public sites, as well as to differentiate the NTEF programs with regard to the existing programs in the same field supported by EU funds.

During 2018 the implementation and financing of projects under the Climate Investment Fund were continued within the framework of the residual unspent resource, provided by virtue of CoM decision from the previous year (2017), pursuant to their approval by MB of NTEF and the stage of their implementation.

Within the framework of the Program, the Executive Bureau continued its work under both groups of pilot projects, related to the application of new models for implementation of energy efficiency projects in the public sphere, aiming at improving the public investments' efficiency:

- Projects involving implementation of financial instruments for combined financing aiming at attracting private investors through Guaranteed Savings Contract (ESCO contracts), for whose implementation BGN 2,000,000 were allocated during 2017, based on a decision of MB of NTEF.
- Energy efficiency projects involving implementation of European standards for monitoring and verification of the results within the framework of a project under Horizon 2020 Program of Denkstatt Bulgaria OOD, for the financing of whose implementation BGN 1,000,000 were allocated in 2017, based on a decision of MB of NTEF.

1. Selection and approval of projects under CIP

1.1. Maintaining permanent project portfolio under CIP

Energy efficiency projects under CIP

During 2018, no calls for collecting letters of interest were published due to the lack of sufficient resource for financing projects under the Climate Investment Program beyond those, which have already been included in the approved NTEF budget for the same year. This was the reason for non-acceptance of application forms and with a decision of MB of NTEF the beneficiaries are informed that the implementation of their projects will be continued after the securing of additional resource under CIP.

Projects under the Pilot Scheme for promoting the use of electric vehicles

During 2017, two calls for collecting project proposals for purchasing electric vehicles with respective deadlines: 31 July and 1 October 2018. During the accounting year, in the published calls

the accent was put on the vehicles, which the municipalities can use for their utility services – cleaning, parks’ maintenance, social patronage, inspections, public transport provision within the framework of settlements with small passenger flow, etc. Since 2017, in addition to the eligible for financing electric cars of middle class M1 and N1 and electric (plug in) hybrids category M1 and N1, eligible for financing have been also all-electric vehicles (buses) category M2 and N2, vans of class M1 and N1 (6+1 and 7+1 seats), small electric trucks, class L7e, as well as there is a possibility for subsidizing the purchasing of different superstructures for freight cleaning and transportation, spraying, etc. for electric vehicles, class L7e.

During 2018 within the acceptance periods for the application forms, 11 application forms under the Scheme for promoting the use of electric vehicles were received. With the submitted application forms the beneficiaries applied for the purchasing of 4 electric vehicles class M1 or N1, 6 electric (plug in) hybrids category M1 and N1, 1 electric bus and 4 small electric trucks, category L7e. (*Annex 1 – Table 1.1.*)

With the aim to popularize the Scheme for promoting the use of electric vehicles, the announcement of the call was reflected on the web pages of NTEF and MEW, as well as with the assistance of the members of MB of NTEF through the information channels of NAMRB and the non-governmental sector. The possibilities for purchasing electric vehicles in accordance with the procedure under the CIP Scheme for promoting the use of electric vehicles were also presented during conducted trainings throughout the year, at public fora and exhibitions, where the representatives of EB of NTEF were invited as lecturers and guests.

1.2. Selection and evaluation of projects under CIP by the Standing Commission for Selection, Control and Reporting on CIP Implementation and approval of projects by MB of NTEF

According to the NTEF Rules of Procedure and the CIP Operational Manual, the approval of the projects is accomplished in two stages. The first stage represents a *preliminary selection* of projects, based on submitted Letter of interest through the implementation of preliminary announced mandatory compliance requirements. The second stage represents an *evaluation and ranking of projects* pursuant to preliminary announced application requirements, as well as to methodology and criteria for evaluation and selection of appropriate projects for financing under CIP. Only the project proposals at second stage of application (“Application Form”) are subject of approval by the Management Board. The project proposals at phase “Letters of Interest” are approved by the Standing Commission for Selection, Control, after which the results are reported to NTEF MB and the Executive Director provides information to the candidates about the decision of the Commission.

Selection and evaluation of projects by the Standing Commission on Selection, Control and Reporting on CIP Implementation

The Standing Commission consists of two representatives of the Executive Bureau (EB) of NTEF and one representative of each ministry - Ministry of Environment and Water, Ministry of Finance and Ministry of Energy, appointed by virtue of orders, issued by the relevant ministers.

During 2018, three meetings of the Standing Commission for Selection, Control and Reporting on CIP Implementation were held. During these meetings 1 form under the Energy Efficiency Scheme of project No 507 “Implementing energy efficiency measures in the building of SS “Nikola Velchev” and SS “Otets Paisii”, city of Samokov, which is one of the pilot projects for implementing European standards in the energy efficiency field, as well as 11 forms under the Scheme for promoting the use of electric vehicles were examined.

Approval of projects by MB of NTEF

As a result of the work of the Standing Commission, 10 forms of projects (including 9 forms under the Pilot Scheme for promoting the use of electric vehicles) have been submitted to the Management Board for approval. The number of the approved by MB of NTEF projects is different

from the number of the projects examined by the Commission, since there are projects, which have been postponed or have not been approved based on different reasonable grounds. The meetings of the MB of NTEF, during which projects were approved for financing, were respectively held on 31 May, 16 August and 11 October 2018. (*Annex 2 – Table.2.1.*)

2. Implementation of projects under the Climate Investment Program (CIP) during 2018

Implementation of energy efficiency projects under CIP

In October 2017, NTEF adopted new rules for financing energy efficiency projects of public beneficiaries under CIP. The maximum amount of the funding is differentiated depending on the type of the objects, as well as on their eligibility for financing from the European funds.

Another new aspect is that for concrete objects (street lightings, buildings owned by single-member commercial companies wholly owned by the State or municipality, which are health care facilities or facilities providing services of general public interest) a possibility is provided for combining the public resource of the Fund with supplemental financing. The remaining funds up to 100 % of the project value are provided by every beneficiary as co-funding.

During 2018, the National Trust Eco Fund, working on project proposals, approved for financing prior to the adoption of the new rules, financed energy efficiency projects of public beneficiaries to a maximum amount equal to 85% of their total value, but not exceeding BGN 800,000 pursuant to a decision of the MB of 24.01.2017. The rest of the funds needed for the project implementation are provided by the beneficiary as co-financing.

In principle, the work of the Executive Bureau related to the implementation of the energy efficiency projects started immediately after their approval by MB of NTEF. During 2018, due to the fact that the available resource for financing projects under the Climate Investment Program as amount was not sufficient to finance all projects included in the approved NTEF budget for the same year, the EB team's efforts were focused mainly on those which were in advanced stage of implementation. In parallel with that, active work is also carried out with the beneficiaries **regarding the preliminary control on the investment Projects, which are invited to submit for coordination the technical documentation of the implemented by them projects.** Their initial receipt is accomplished after a preliminary appointed meeting for conducting on-site check in the presence of a technical expert on the part of the beneficiary on the completeness of the technical documentation. Only after establishment of full compliance with that regard, the two documentation sets are accepted for preliminary checking. The next step is the examination by NTEF technical experts and the drafting of opinions regarding the compliances with the requirements towards the qualities of the investment projects. The NTEF team does not express opinion on the design solutions, but only checks the compliance of the types of Construction and Installation Works (CIW) and materials among the separate elements of the investment project, the availability of all signatures and seals for validations and approvals, removal of entered brands and models of the materials, etc. The work on the investment projects requires precision, professional knowledge and familiarization with the relevant legislation. The response of the beneficiaries related to the work of the team in this direction is positive, since this step ensures the smooth and safe running of the procedure under the Public Procurement Act (PPA) for selecting contractors, as well as the smooth accounting for the work of the contractors in implementation of CIW.

During 2017 as well, **the preliminary control under the tender procedures** for the selection of CIW contractors was accomplished with the support of a professional legal team. The work with the experts of this team is performed in direct interaction with the beneficiaries and the central role is played by the Executive Board's team. The EB provides a preliminary prepared model package of the tender procedure documentation, timely updated in compliance with the legislative framework (PPA) and specifies several parameters of the procedure – maximum duration of CIW implementation as well as the right set of materials and equipment, for which submission of the necessary certificates in the technical bid is required, etc. The preliminary control is performed in

two stages of examination of the documentations by the legal consultant, while the last examination of the documentation is accomplished by EB and the approved package is submitted to the Beneficiary. Following publication of the procedure with the Public Procurement Agency, another examination is carried out and upon demand publication of a Decision for changing/terminating the procedure is recommended depending on the possibilities, provided by the legislation.

The process of implementation, funding and reporting on the completion of the Public Projects is stipulated in the CIP Operational Manual and includes the following steps:

- Following completion of the tender procedures for selection of contractors and signing of contracts between them and the beneficiaries under the projects, NTEF signs a financing contract with the Beneficiaries. The beneficiaries submit interim and final reports on the implementation of their projects and the Executive Bureau examines and approves these reports. In the process of construction implementation, EB executes permanent monitoring, including on-site check on each stage of the construction activities' financing. In the majority of the cases during the implementation process, saving of funds is achieved since NTEF is financing only lawfully justified and actually implemented CIW.
- Following the payment of funds pursuant to the final report of the beneficiary there is an auditor's examination on the part of specially selected auditor with international experience, who has been selected through an open selection procedure pursuant to PPA. Based on the result of this audit, the EB Director submits a report to the MB of NTEF for final reporting on the implementation of the projects.
- MB of NTEF takes decisions related to the completion of the relevant projects, based on the report of the auditors and of the EB Director.

During the accounting period, 7 energy efficiency projects have been **completed, audited and reported** with a decision of MB of NTEF, amounting to a total value of BGN 3,241,838 and involving **NTEF subsidy in the amount of BGN 2,680,356**.

In the beginning of 2019, another 12 energy efficiency projects, implemented and financed under CIP during 2018 have been audited and reported with a decision of the Management Board. The total value of these Projects is BGN 4 482 492 and the financial participation of the Fund – **BGN 3,579,292**.

As a result of the implementation of these projects, an annual reduction of the greenhouse green emission in the amount of **96,636 t/ CO_{2eq}** for the full life cycle of the projects was achieved.

The completed and paid projects in 2018 are as follows:

Project No 163 *

"Implementing energy efficiency measures in the administrative building of Rakovski Municipality"

NTEF provided funding amounts to **BGN 319,847.61**.

The project includes the following activities:

1. Thermal insulation of external walls
2. Replacement of doors and windows
3. Thermal insulation of roof

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **409.5 t/CO_{2eq}** for the entire project life cycle.

Project No 184 *

"Introducing energy saving measures in FN "Patilantsi", Etropole city

NTEF-provided funding amounts to **BGN 117,750.60**

The project includes the following activities:

1. Thermal insulation of walls
2. Thermal insulation of roof
3. ESM on building systems
4. ESM on boiler system
5. RES – solar system.

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **1458 t/CO_{2eq}** for the entire project life cycle.

Project No 212***

“We are saving energy for clean environment”– EEM in a building for health care and social services, Kaspichan Municipality.

NTEF-provided funding amounts to **BGN 182,125.61.**

The project includes the following activities:

1. Thermal insulation of external walls
2. Replacement of doors and windows
3. Thermal insulation of roof
4. Thermal insulation of floor
5. Replacement of internal heating system
6. Reconstruction of the heat generator

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **14 031 t/CO_{2eq}** for the entire project life cycle.

Project No 244-2**

“Implementing a package of measures for improving the energy efficiency in the Administrative building of the Municipal Administration, Administrative building of BKS and a building of CCF “Angel Karaliichev” – Strazhitsa city“

NTEF provided funding amounts to **BGN 111,629.26.**

The site “Administrative Building of BRC” includes the following activities:

1. Thermal insulation of facades
2. Replacement of doors and windows
3. Replacement of roof structure and thermal insulation of roof
4. Replacement of lighting
5. Improvement of the heating system efficiency through automated control and temperature reduction and optimization of the distribution network

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **1,925.1 t/CO_{2eq}** for the entire project life cycle.

Project No 246

“Improving the energy efficiency in a Polyclinic - Shabla city, Shabla Municipality”.

NTEF-provided funding amounts to **BGN 179 068.59.**

The project includes the following activities:

1. Thermal insulation of facades
2. Replacement of doors and windows
3. Thermal insulation of roof
4. Replacement of lighting

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **1,376.1 t/CO_{2eq}** for the entire project life cycle.

Project No 277**

“Introduction of energy efficiency measures for PS “Petar Parchevich”, Chiprovtsi city

NTEF-provided funding amounts to **BGN 460,395.73**.

The project includes the following activities:

1. Thermal insulation of facades
2. Replacement of doors and windows
3. Thermal insulation of roof
4. Replacement of lighting
5. Reconstruction of boiler system
6. Replacement of heaters

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **3,919.5 t/CO_{2eq}** for the entire project life cycle.

Project No 294***

“Project for energy efficiency of the administrative building of MEW”

NTEF-provided funding amounts to **BGN 512,916.84**.

The project includes the following activities:

1. Thermal insulation of external walls
2. Thermal insulation of roof
3. Initiatives on the electrical part
4. EEM on the heating and ventilation

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **3,158.70 t/CO_{2eq}** for the entire project life cycle.

Project No 295 *

“Implementation of a packet of measures to improve the energy efficiency of the buildings of a dormitory in Oryahovo city, 9 S. Rumyantsev St.”.

NTEF-provided funding amounts to **BGN 503,377.23**.

The project includes the following activities:

1. Thermal insulation of external walls
2. Replacement of doors and windows

3. Thermal insulation of roof

4. Renewal of the heating system

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **629.3 t/CO_{2eq}** for the entire project life cycle.

Project No 315-2 *

“Implementing energy efficiency measures in Maritsa Municipality – FCF “Buratino“, Kostievo village; PS “St. St. Kiril i Metodii“, Kostievo village and Health Care service, Manole village“

NTEF-provided funding for the Health Care Service in Manole village amounts to **BGN 65,079.41**.

The following ESM for site Health Care Service, Manole village:

1. Thermal insulation of external walls

2. Replacement of doors and windows

3. Thermal insulation of roof

4. Thermal insulation of floor

5. Replacement of luminaires and electrical systems

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **843.3 t/CO_{2eq}** for the entire project life cycle.

Project No 328-1

“Introducing energy efficiency measures in the school education infrastructure in Veliko Tarnovo Municipality” - site HSMNS “Vasil Drumev”.

NTEF-provided funding for site HSMNS “Vasil Drumev” amounts to **BGN 365,753.15**.

The project includes the following activities:

1. Thermal insulation of external walls

2. Replacement of doors and windows

3. Thermal insulation of roof

4. Thermal insulation of floor

5. Improving the efficiency of heat release during heating

6. Improving the efficiency of the distribution network

7. Reducing the energy costs for domestic hot water

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **3,682 t/CO_{2eq}** for the entire project life cycle.

Project No 328-2

“Introducing energy efficiency measures in the school education infrastructure in Veliko Tarnovo Municipality” - site PS “St. Patriarch Evtimii”

NTEF-provided funding for site PS “St. Patriarch Evtimii” amounts to **BGN 322,368.81**.

The project includes the following activities:

1. Thermal insulation of external walls

2. Replacement of doors and windows

3. Thermal insulation of roof
4. Thermal insulation of floor
5. Improving the efficiency of heat release during heating
6. Reducing the energy costs for catering at parent kitchen
7. Reducing the energy costs for domestic hot water

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **3 461 t/CO_{2eq}** for the entire project life cycle.

Project No 329

“Improving the energy efficiency in 44th GSS “Neofit Bozveli“, Poduyane neighborhood, Sofia city”.

NTEF-provided funding for the project amounts to **BGN 378,090.95**.

The project includes the following activities:

1. Thermal insulation of external walls
2. Replacement of doors and windows
3. Thermal insulation of roof
4. Renewal of the heating system
5. Reconstruction and renewal of the electrical system

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **3,181.2 t/CO_{2eq}** for the entire project life cycle.

Project No 365*

“Implementing measures to improve the energy efficiency in a post office, Chavdar village”.

NTEF-provided funding for the project amounts to **BGN 55,158.11**.

The project includes the following activities:

1. Thermal insulation of external walls
2. Replacement of doors and windows
3. Thermal insulation of roof
4. Thermal insulation of floor

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **1,888.2 t/CO_{2eq}** for the entire project life cycle.

Project No 368**

“Implementing energy efficiency measures for SS “Ekzarch Antim I“, Kazanlak city”.

The NTEF provided funding for the project amounts to **BGN 800,000.00**.

The project includes the following activities:

1. Thermal insulation of external walls
2. Replacement of doors and windows
3. Thermal insulation of floor.

4. Replacement of heating system

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by 5,645.4 t/CO_{2eq} for the entire project life cycle

Project No 377***

"Implementing energy efficiency measures for a building of the Faculty of Public Health and Public Health Care at University "Prof. Asen Zlatarov", Burgas city".

NTEF-provided funding for the site amounts to **BGN 740,031.65.**

The project includes the following activities:

1. Thermal insulation of external walls
2. Replacement of doors and windows
3. Thermal insulation of roof
4. Thermal insulation of floor
5. Building central heat supply system

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by 9,495.9 t/CO_{2eq} for the entire project life cycle

Project No 389**

"Introducing energy efficiency measures for the street lighting in housing complex "Slaveikov", housing complex "Izgrev" and housing complex "Zornitsa", Burgas Municipality.

NTEF-provided funding for the project amounts to **BGN 800,000.00.**

The project includes the following activities:

1. Replacement of depreciated lighting columns
2. Installment of new cable lines
3. Replacement of luminaires

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by 38,209.5 t/CO_{2eq} for the entire project life cycle.

Project No 392 *

"Improving the energy efficiency of the administrative building of Fire Safety and Civil Protection Chief Directorate – Ministry of Interior (FSCPCD – MoI)

NTEF-provided funding for the site amounts to **BGN 197,139.06.**

The project includes the following activities:

1. Thermal insulation of external walls
2. Replacement of luminaires
3. Thermal insulation of roof
4. Thermal insulation of floor
5. Improving the efficiency of the substation and the heating system

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by 2,819.1 t/CO_{2eq} for the entire project life cycle.

Project No 424 **

“Implementing energy efficiency measures in the building of the Health Service in Dunavtsi village, Kazanlak Municipality”.

NTEF-provided funding for the site amounts to **BGN 102,222.50**.

The project includes the following activities:

1. Thermal insulation of external walls
2. Replacement of doors and windows
3. Replacement of heating system

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **161.7 t/CO_{2eq}** for the entire project life cycle

Project No 475 *

“Building new energy saving street lighting along the road to Creativity House “Pamporovo – BNT” and hotel “Evridika”, r.c. Pamporovo”.

NTEF-provided funding for the site amounts to **BGN 46,660.05**.

The project includes the following activities:

1. Replacing inefficient luminaires and light source control gear with energy saving ones
2. Improving the quality of the energy supply through installment of energy efficient cable network and a feeding system

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **341.4 t/CO_{2eq}** for the entire project life cycle.

**Sites, whose CIW are completed and paid during 2018 and have been audited during 2018, but are reported in the beginning of 2019.*

*** Sites, whose CIW are completed and paid during 2018, but have been audited in the beginning of 2019 and are reported in the beginning of 2019.*

**** Sites, whose CIW are completed and paid during 2017, but have been audited in the beginning of 2018 and are reported in the beginning of 2018.*

In the end of the reporting period (31 December 2018), in a process of implementing construction and installation works are **4 projects under CIP**. The beneficiaries under these projects are: 3 municipalities and one health care facility, and the sites are:

- Administrative building – 1;
- School building – 1;
- Kindergarten – 1;
- Diagnostic-consultative center – 1.

Implementation of pilot projects within the framework of the Climate Investment Program

During 2018, EB of NTEF worked actively for the implementation of both groups of pilot projects.

1. Combined financing of projects involving use of financial instruments.

Two are the main benefits from the fruitful use of financial instruments for the financing of public projects:

- Multiplier effect of the invested public funds – (the shortage of financial resource is compensated by the attraction of private capitals, including loans);

- Higher efficiency of the invested funds as a whole through: more prudent control, possibility for using complex and innovative solutions and continuous monitoring during the complete life cycle of the buildings.

During 2018, EB of NTEF worked on the following two projects, implemented under the pilot scheme for application of guaranteed savings contracts under CIP within the framework of the cooperation agreement between NTEF and EBRD:

Project No 501 “Introduction of energy saving measures, modernization and repair of the street lighting of Gabrovo city using guaranteed savings contract”

During the current year, the tender documentation and the bid evaluation methodology were completed as a result of the joint work of the teams of EBRD and NTEF. This provided opportunity to the Beneficiary (Gabrovo Municipality) to announce the procurement pursuant to the procedure of art.18, para 1, it.6 of PPA (competitive dialogue).

The work of the EB experts continued also during the negotiations with the potential contractors. Due to the nature of the conducted procedure (competitive dialogue) and based on the findings from the held negotiations, the expectations are that in the beginning of 2019 the final offers of the participants will be submitted.

Project No 431 “Introduction of energy saving measures, modernization and repair of the street lighting of Devnya Municipality using guaranteed savings contract”

The tender documentation for selecting contractor for the construction and installation works under this project was developed together with the EBRD team and published in the end of 2018. Compared with the project of Gabrovo Municipality, the idea related to the holding of the tender pursuant to the procedure of art.18, para 1, it.3 of PPA (competitive procedure with negotiation) was taken on board in this case. The expectations are that during the second quarter of 2019, the final offers of the participants in the procedure will be submitted.

2. Financing energy efficiency projects involving application of European standards for monitoring and verification of the results within the framework of a project under Horizon 2020 of Denkstatt Bulgaria OOD.

The successful implementation of the pilot energy efficiency projects involving application of European standards for monitoring and verification of the achieved energy savings plays a very important role for the acquisition of one of the main objectives, included in the NTEF Development Strategy, namely – strengthening the public importance of NTEF through the implementation of innovative initiatives with the aim to improve the environmental status.

The successful implementation of this package of pilot projects is aiming at:

- Reaping the full benefits of the implementation of concrete energy saving measures (ESM), starting from the earliest phase of preparing given project proposal (energy audit report and investment intention design).
- The standards should serve as minimum, but mandatory requirements to analyze the quality of the investments and as a prerequisite for introducing best practices for the maintenance, measurement and checking of the energy savings.

During 2018, the EB experts together with the Denkstatt Bulgaria OOD team completed the development of important procedures needed for the implementation of the European standards in the energy efficiency field. They are included in main documents such as: Commissioning plan, Maintenance and monitoring Plan and Plan for measuring and checking the achieved energy savings.

During 2018, EB of NTEF worked for the following two pilot projects for application of European energy efficiency standard within the framework of the agreement between NTEF and Denkstatt Bulgaria under Horizon 2020 Program:

Project No 502 “Improving the energy efficiency of 79th SS “Indira Ghandi”, Lyulin neighborhood, Sofia city”

The envisioned activities under the project are as follows:

1. Replacement of old doors and windows
2. Insulation of external walls
3. Insulation of roof
4. Insulation of floor
5. Raising Internal Heating System (HIS) and Domestic Hot Water (DHW) efficiency
6. Raising the efficiency of the lighting system

The contractor selection procedure was completed in the end of December 2018, considering the need for setting up the already mentioned Plans and procedures as mandatory. A financing contract between NTEF and the Beneficiary – Metropolitan Municipality, Lyulin neighborhood is expected to be signed in the beginning of 2019, immediately after the completion of the follow-up control on NTEF part, pursuant to the Operational Manual of CIP.

Project No 507 “Energy efficiency measures and accompanying activities in the building of SS “Nikola Velchev”, SS “Otets Paisii” and canteen, Samokov city”

The envisioned activities under the project are as follows:

1. Replacement of old doors and windows
2. Insulation of external walls
3. Insulation of roof
4. Insulation of floor
5. Raising IHS and DHW efficiency
6. Raising the efficiency of the lighting system

In May 2018, after the approval of the application form, the preparation and coordination of the investment project for implementation pursuant to the requirements of the European standards was started. The size of the envisioned sites, their diverse specificity and the need for removing gaps and for further developing the technical documentation, as well as the conducting of additional checks in view of observing the applicable “state aid” regime, led to an extension of the time for the execution of the preliminary control on the investment projects and to postponing for 2019 the coordination and conducting of a tender procedure for selection of ESM contractor under the project.

Implementation of projects under the Scheme for Promoting the Use of Electric Cars in the Public Sector

- During 2018, the NTEF financing under the Scheme for Promoting the use of Electric Cars is determined on the basis of Decision of MB per each invitation and is differentiated according to the type of the vehicle. The NTEF envisioned subsidy depending on the relevant category of the electric vehicle is as follows:
- For all-electric vehicles category M1 and N1 (BGN 20,000);
- For electric (plug in) hybrids category M1 and N1 (BGN 10,000);
- For electric buses, category M2 and N2 (BGN 40,000);
- Vans, category M1 and N1 (6+1 and 7+1 seats);

- Small heavy electric vehicles, category L7 (BGN 15,000), as well as possibility for subsidizing the purchase of different types of superstructures (up to BGN 3,000) for cleaning, freight transportation, watering, etc.

The non-covered by the subsidy part of the delivery cost of the vehicles is provided as co-funding by the beneficiaries.

During 2018 as well, the implementation of this type of projects started with the preliminary control of the specially developed and coordinated with the Public Procurement Agency model documentation for conducting public procurement for selection of electric car suppliers, which is updated in a timely manner in connection with the changes in the Public Procurement Act. The process of funding and completing the car delivery projects is stipulated in the CIP Operational Manual in its part on automobiles and includes the following steps:

- Following completion of the tender procedures for selection of suppliers and signing contracts between them and the Contracting Authorities under the projects, the beneficiaries submit for checking the documents, which are needed for concluding contract with NTEF;
- NTEF checks the submitted documents and in case of compliance with the requirements under the scheme signs a contract for its financing with the beneficiaries.
- The payment of the subsidies is accomplished following the submission and approval by the Executive Bureau of the necessary documents, proving the delivery of the respective vehicles (invoices, acceptance and delivery protocols, insurance, registration documents from the Traffic Police, branding with NTEF-provided logo).

During 2018, 6 (six) vehicles were delivered – all-electric automobiles. The purchase of the remaining vehicles approved in 2018, 12(twelve) vehicles, in this number 4 (four) all-electric electric cars, 4 (four) electric (plug in) hybrid vehicles and 4 (four) electric heavy vehicles L7e.

The users of the vehicles under the approved projects are municipalities, municipal administrations, ministries and state agencies.



*Project № EM 038/ Project for promoting the use of electric vehicles –
Gotse Delchev Municipality*



Project № EM 041/ Project for promoting the use of electric vehicles – Gabrovo Municipality

IV. EVALUATION, SELECTION AND IMPLEMENTATION OF INVESTMENT PROJECTS WITHIN THE FRAMEWORK OF THE INVESTMENT PROGRAM “MINERAL WATERS” (IPMW), PILOT SCHEME

The Investment Program “Mineral Waters” started based on Council of Ministers Decree No 322 / 24.11.2016, with which NTEF has been assigned the administration of funds amounting to BGN 3 500 000 for financing projects, leading to utilization of the heat energy of the mineral waters and as a result – direct or indirect reduction of the greenhouse gas emissions. In November 2016, invitation and application guidelines were published containing a fixed term for collecting projects with a high degree of readiness with deadline 16 December 2016, within whose framework 9 project proposals were submitted, on whose implementation work was carried out in 2017 and 2018.

1. Selection and approval of projects under IPMW

1.1. Setting up a pilot project portfolio under IPMW

During the accounting 2018 no new invitation was published and no new application forms received due to a lack of additional project funding resource, following the acceptance of applications during the pilot phase of the Investment Program “Mineral Waters”.

1.2. Selection and evaluation of projects under IPMW by the Standing Commission for Selection, Control and Reporting on Project Implementation and approval of projects by MB of NTEF

According to the NTEF Rules of Procedure and the Operational Manual for IPMW, Pilot Scheme, the approval of the projects is accomplished based on a submitted application form and ranking according to preliminary announced application requirements, as well as methodology and criteria for evaluation and selection of appropriate projects for financing. The projects are approved at two levels: by the Standing Commission for Selection, Control and Reporting on the Implementation of Projects and by the Management Board.

Selection and evaluation of projects by the Standing Commission on selection, control and reporting on IPMW implementation

During 2018, no meetings of the Standing commission for selection, control and reporting on the implementation of the projects under IPMW were held, since during the year no application forms under the Program were received.

Approval of projects by NTEF MB

During 2018, MB of NTEF did not approve projects under Investment Program “Mineral Waters”.

2. Implementation of projects under the Pilot Scheme of the Investment Program “Mineral Waters”

During 2018, MB of NTEF worked actively on the implementation of nine projects, approved during the pilot phase of IPMW, adopted in the end of 2016.

During 2018, the preliminary control on the tender procedures for the selection of CIW contractor, as well as during the previous year was implemented with the support of a professional legal team. The work with the experts of this team is accomplished in direct interaction with the beneficiaries, where the central role is played by the Executive Bureau team. EB provides preliminary developed model package of tender procedure documentation, timely updated in compliance with the changes in the legislative framework – Public Procurement Act, finalizing several procedural parameters – maximum deadline for implementing CIW and the right set of materials and equipment, for which a submission of relevant certificates in the technical offer is required. The preliminary control is accomplished in two stages of examining the documentations by the legal adviser, where the last examination is made by EB and the approved package is given to the beneficiary. Following publication of the procedure with the Public Procurement Agency another examination is carried out and if necessary publication of a decision for changing or

terminating the procedure is recommended depending on the possibilities, envisioned by the legislation.

NTEF performs **also control on the actual implementation** and on the payments under the projects. The Fund conducts on-site checks during the implementation of the projects with the aim to minimize the risks. After verification and acceptance of the accomplished works and deliveries repeated documentary check is performed, followed by payments to the beneficiaries.

The process of implementation, financing and reporting the completion of the public projects is stipulated in the IPMW Operational Manual and includes the following steps:

- Following successful implementation of the tender procedures, contracts between the beneficiaries under the projects and the selected contractors are concluded. According to IPMW Operational Manual, after performing examination of the contract with the CIW Contractor for compliance with NTEF requirements and of the documents needed for signing the contract, a contract for financing is concluded between NTEF and the beneficiaries, with which the implementation of the construction activities, related to the utilization of the thermal energy of the mineral waters, setup in the project, is started. The beneficiaries submit interim and final reports on the implementation of their projects, and the Executive Bureau examines and approves these reports. During the process of construction implementation EB executes continuous monitoring, including on-site check of every stage of funding the construction activities. In most of the cases saving is accomplished in the course of implementation, since NTEF finances only lawfully justified and actually implemented construction and installation works.
- The payment of funds based on the EB-approved final beneficiary's report is followed by an independent audit of the project implementation, funded by NTEF and performed by a specially selected through PPA compliant procedure auditor with international experience. Based on the result from this audit, the EB director submits a report to MB of NTEF for final reporting on the implementation of the projects.
- MB of NTEF takes a decision for the completion of the relevant projects on the basis of the auditors' and the EB Director's reports.

During 2018, MB of NTEF worked actively on the implementation of nine projects under the Pilot scheme of IPMW.

During the reporting period, 2 projects related to utilization of the thermal energy of the mineral waters, amounting in total to BGN 801 890 have been completed, audited and reported with a Management Board's decision. The provided financing from NTEF amounts to BGN 400 219.

The completed and audited projects are as follows:

MB 001: "Improving the efficiency of using the mineral water resources in Mineralni Bani Municipality"

The performed activities are:

1. Building main branches 1, 2 and 5 of water pipeline and distribution network for mineral water;
2. Repair of existing mineral water reservoir;
3. Building catchment shaft;
4. Building pumping station

MB 002: "Pumping station with abstraction reservoir for mineral water, Polski Trambesh city"

The performed activities are:

1. Building new pumping station for mineral water;
2. Building storage reservoir for mineral water

During 2018, one more project under IPMW pilot phase, which was audited and reported in the beginning of 2019, was completed and paid, namely:

MB 004: “Reconstruction and modernization of water pipeline and building reservoir in Byala village, Panagyurishte Municipality”.

The performed activities are:

1. Replacement of depreciated water pipeline section
2. Remediation and fencing of the safeguard zone
3. Building water pipeline
4. Delivery and installment of piping and equipment
5. Internal waterproofing of existing reservoir
6. Finishing works around the reservoir (fence).

NTEF-provided funding amounts to BGN 170,473.22.

In the end of the reporting period (31 December 2018) **in a process of implementation** are construction and installation works under the remaining 6 projects, while under one of them completion of the administrative procedure related to the delivery of the relevant deposit targeted towards its implementation was expected. According to the presented project implementation schedules it is expected that the implementation phase of the Investment Program “Mineral Waters” will finish by the middle of 2019.



Partners from Germany and Romania and a representative of the German Embassy to Bulgaria were guests at the final conference of Climate Protection through Improved Behavior (50/50) Project



The conference was actively participated by students from the schools and their teachers

V. EVALUATION, SELECTION AND IMPLEMENTATION OF INVESTMENT PROJECTS WITHIN THE FRAMEWORK OF THE INVESTMENT PROGRAM “MICRO PROJECTS FOR THE CLIMATE”

The funds for financing projects under Program “Micro Projects for the Climate” (PMPC) are submitted in compliance with the Agreement for transfer of annually allocated emissions between the Republic of Bulgaria and the Republic of Malta, as well as on the basis of CoM Decision No175/29.03.2017.

Within the PMPC framework the following types of projects are implemented:

- Small infrastructure projects (delivery of apparatuses, setting up a small infrastructure, resulting in direct or indirect reduction of the greenhouse gas emissions) or adaptation to the climate changes;
- Activities, related to the mitigation and adaptation to the climate changes (development of strategies /programs /reports /analyses, educational projects, events, publications, scientific studies, etc.)
- According to included requirement in the Operational Manual of the Program the ratio of the spent funds on annual base (for the respective calendar year) is 70% for small infrastructure projects and 30% - for the other type of projects.

1. Selection and approval of projects under PMPC

1.1. Setting up a project portfolio under PMPC

Pursuant to the Operational Manual of PMPC the nomination of projects becomes continuously performed by the members of MB of NTEF. During 2018, 16 application forms under PMPC were submitted, being nominated by members of MB of NTEF (*Annex 1 – Table 1.2.*)

1.2. Selection and evaluation of projects under PMPC by the Standing Commission for Selection, Control and Reporting on the Implementation and approval of projects by MB of NTEF

According to the NTEF Rules of Procedure and the Operational Manual of PMPC, the approval of the projects is accomplished on the basis of submitted application form and ranking based on preliminary announced application requirements and methodology and criteria for evaluation and selection of appropriate projects for funding. The projects are approved at two levels: by the Standing Commission for Selection, Control and Reporting on Project Implementation and by the Management Board of NTEF.

Evaluation and selection of projects by the Standing Commission for Selection, Control and Reporting on Project Implementation under PMPC

During 2018, two meetings of the Standing Commission for Selection, Control and Reporting on Project Implementation under PMPC were held. The meetings took place respectively on 16 March and 21 May 2018.

Project approval by MB of NTEF

During 2018, MB of NTEF approved 4 projects under Investment Program “Micro Projects for the Climate”. MB of NTEF has approved projects for financing during its meetings of 26 March and 26 July 2018. Due to the fact that the amount of the announced subsidy of the submitted project proposals exceeded many times the available financial resource, with decision of 31.05.2018 MB of NTEF temporarily discontinued the acceptance and examination of Projects under this Program (*Annex 2 – Table 2.2.*)

2. Implementation of projects under Program “Micro Projects for the Climate”

During the reporting 2018, one project with MEW as Beneficiary was implemented. The project represents preparation of a National Communication on the UN Framework Convention on Climate

Change (UNFCCC) and contributes to the fulfilment of the obligations of the Republic of Bulgaria in relation with the Convention. The project belongs to the so called “soft projects“ -activities, connected with the mitigation and adaptation to the climate changes and comprising of developing strategies /programs /reports /analyses. The ensured financing by NTEF under PMPC amounts to BGN 22 763.

During the same year, the project of the Association "Black Sea Energy Research Center", related to the development of “Projected total energy balance of the Republic of Bulgaria for the period 2021 - 2030 and with horizon up to 2050” was implemented, which was paid, audited and reported in the beginning of 2019.

During the past reporting period no weaknesses with regard to the use of funds according to their designation, as well as to the transparency of the procedures for selection and implementation of the projects have been established by “Grant Thornton” OOD, which has performed an independent audit on the implementation of the projects, financed under the programs, administered by NTEF.

No weaknesses and deviations from the requirements towards the spending of public funds have been established, also during the process of conducting tenders and selecting contractors and suppliers under the NTEF financed projects.

VI. INSTITUTIONAL DEVELOPMENT, INTERNATIONAL RELATIONS AND PUBLIC RELATIONS

1. Institutional development

As of the end of the reported period, the EB staff includes 10 full-time employees – one director, seven experts (chief experts and experts) and two technical attendants (technical assistant and driver). They occupy the relevant positions in the staff list, endorsed by the MB of NTEF and enacted on 01.01.2015. Nine out of the fourteen positions are occupied and all of the three departments are staffed with experts pursuant to the actual needs of the Fund. All expert positions are occupied by employees, who are university graduates according the requirements of the position chart.

NTEF has a statute of Contracting Authority within the meaning of the Public Procurement Act (PPA). During 2018, for the purposes of selecting contractors or suppliers, tender procedures compliant with PPA were conducted to select auditor of NTEF for financial years 2018 and 2019. The “Buyer’s Profile” section on the NTEF web page is maintained within the requirements of the legislative framework.

NTEF’s office has not been changed since the establishment of the Fund. Its whole maintenance is accomplished with the funds in the NTEF administrative budget.

The fixed assets of the Fund include computers, copying machines, conditioners and other office equipment, vehicles and office furniture.

The document turnover at EB is accomplished correctly, according to the endorsed internal rules for information-book keeping activity and the work with documents at NTEF. The whole documentation of the Fund has been archived and stored pursuant to the national legislation.

2. Activities related to financing programs and mechanisms

During 2018 the Executive Bureau continued to work for benefiting on the opportunities to use NTEF as a mechanism under new financing programs and schemes.

2.1. Activities related to the preparation of new projects, financing programs and mechanisms

During the accounting year the Executive Bureau actively participated in a study on possibilities for financing other programs in the field of environmental protection. In addition, EB also took part in the preparation of the integrated project of MEW “Bulgaria on the road to efficient use of the resources and the circular economy” under the LIFE Program of the European Commission, in line of which NTEF is an associated partner.

During 2018, the EB efforts were directed towards the successful implementation of the pilot scheme for financing public energy efficiency projects, involving combining a grant with a guaranteed savings contract (ESCO contract). It is expected that the new scheme will overcome the restrictions and deficiencies of each one of the two separate (until the present moment) forms of financing (a grant and a guaranteed savings contract (ESCO)) and will ensure a significantly more efficient use of the public resource and multiplication of its results through the attraction of private capital.

- The other direction in the Fund’s work, which is also directed towards a more efficient use of the available financial resources, is the financing of two pilot energy efficiency projects (of Samokov Municipality and Metropolitan Municipality – “Lyulin” Region) through the introduction of minimum standards, which should be met by the projects. Such standards are:
- Standards for complex solving of energy problems of the buildings (Energy audits can be combined with dynamic energy modelling of the overall building’s refurbishment);
- Standards for evaluation and verification of the operational efficiency of the implemented energy saving measures (ESM);

- Standards and procedures, related to the operation, maintenance and monitoring of the buildings after ESM implementation;
- Standards for managing the implemented ESM.

2.2. Project for climate protection through improved behavior of the energy consumers in the European schools (Project 50/50)

The started in 2017 in partnership with the Independent Institute for Environmental Issues - Berlin (UfU), the Romanian organization Environ and with the support of the Federal Ministry of Environment of the Republic of Germany, project for improving the behavior of the energy consumers in the Bulgarian schools was successfully completed. During the Final Conference, held in March “Pupils save energy in their school” efficient educational models were discussed in the climate and energy efficiency field.

2.3. “Bridging European and Local Climate Action” (BEACON)

During the accounting year, implementation of a new educational energy saving project was initiated in the schools – “Bridging European and Local Climate Action (BEACON)”, part of a wide European initiative, supported by the Federal Ministry of Environment of the Republic of Germany.

The first organized activities were – Training of teachers on 23 and 24 October 2018 at Park Hotel Moskva in Sofia; Demo energy round on 25 October at Primary School “Petko Slaveikov” in Veliko Tarnovo, as well as first working meeting of the stakeholders on 26 October at 9.00 a.m. in 90 SS “General Hose de San Martin” in Lyulin neighborhood, Sofia.

2.4. “For the introduction of climate actions in the educational program of the Bulgarian schools”

During 2018 started another new project, which represents an educational initiative, financed by the Federal Climate Initiative (EUKI) of the Federal Ministry of Environment of the Republic of Germany. The main objectives of the project are:

- Creating a model for encouraging and motivating the Bulgarian municipalities and schools to reduce the energy consumption in the schools;
- Achieving a change in the behavior of the students and the teachers towards reduction of the energy consumption in the school buildings.

The project is directed towards raising the awareness of the students on the topics of climate and energy, and more precisely towards the problems of energy savings in the Bulgarian schools, as well as reduction of the energy losses through a change in the behavior in them. Through the envisioned 3 (three) main activities – Training of Trainers in Berlin and Sofia; Training of Teachers and Field Work at schools in Bulgaria and Development of curricula and training materials the aim is:

- To increase the capacity of the main target groups, responsible for the implementation of educational programs – teachers, representatives of the academic media, who are involved with the training of teachers, as well as local authorities
- To improve the overall integration of climate change related policies through support to the development and dissemination of best practices and political approaches
- To institutionalize the teachers’ qualification programs – starting from those for pre-school education until 7th grade and to make contribution to the climate related national strategic documents.
- To develop teachers’ qualification programs – starting from Training of Trainers in cooperation with teachers
- To prepare educational packages – for kindergartens, for primary school and for basic school, including brochures, manuals, templates, etc.
- To raise the awareness related to climate related issues and activities – familiarizing the local authorities and their involvement with the processes in their schools

- To support the efforts for providing information and raising the awareness of the students, teachers and parents regarding the energy efficiency through media and public events.

Its implementation started with the holding of a working meeting, attended by the three main partners – NTEF, Independent Institute for Environmental Issues - Berlin (UfU), and the National Training Center for Pedagogical Specialists.

In November 2018 a study visit to Berlin took place involving the university lecturers, who participated in the main team for the drafting of the new program. Based on the accumulated experience during the study visit they created concepts for the training materials, which will be developed within the project framework.

2.5. Project “Triple A – Strengthening the value chain of the energy efficiency projects at their early stages” under Horizon 2020 Program

During 2018, NTEF was invited as a partner in a consortium, applying under Horizon 2020 Program. Leading partner under the project is the Technical University of Athens. Partners under the project are another 10 organizations, in this number NGO, research units, investment funds and banks from another 7 states: Greece, Germany, Czech Republic, Lithuania, Italy, Spain and Holland.

The project is approved for financing.

The total project budget is EUR 1 400 000 and the activities' implementation deadline is 30 months. The project objective is to guarantee innovative schemes for making decisions and standardization instruments aiming at mobilizing capitals through the use of earmarked funds.

The NTEF participation includes the implementation of the following activities:

- Organization of seminars to present the above mentioned schemes and instruments;
- Identifying and supporting the development of pilot projects aiming at bank crediting.

The NTEF budget for the implementation of the envisioned activities is BGN 140 000. The grant amounts to 100%.

It is expected that the financing contract will be signed in April 2019 and the activities will start during May-June 2019.

3. International Relations and Public Relations

During 2018, the international contacts of NTEF were focused mainly on our relationships with the partners from Romania and Germany.

Representatives of EB of NTEF took part in a conference within the framework of the European Climate Initiative on topic: “Strengthening the cooperation in the climate field within the EU framework”. The conference was organized by the Federal Ministry of Environment, Construction and Nuclear Safety of the Republic of Germany.

NTEF experts also participated in a workshop for starting and organizing the implementation of Project “Bridge between the climate action at European and at local level“, financed by the Federal Ministry of Environment, Construction and Nuclear Safety of the Republic of Germany.

In connection with the starting of two new educational initiatives, NTEF experts visited educational seminars in Berlin and Athens.

The participation in coordination meetings and trainings for improving the capacity while working within the framework of international teams were also dealt with during the past 2018.

The NTEF web page in the Bulgarian and English languages is updated in a timely manner. It contains the necessary information for the structure and activity of both funds of both funds, for the new programs and priority areas for financing new programs and priority activities for financing of projects, the application terms, the criteria for evaluation and description of the completed projects.

The website also performs important functions related to the Project and program management, since on it there is a regular notification of their status of their implementation and the pending steps.

Within the framework of the project on public awareness about the climate changes, financed by the German Ministry for Environment (completed in 2015) NTEF created an additional web site www.myclimate.bg. The web site continues its operation, providing support to the Fund in relation to climate oriented education and awareness.

Within the framework of the Climate Change Public Awareness Project, financed by the German Ministry of Environment, NTEF organized a conference on topic “The pupils are saving energy in their school“, which was held in Sofia. The objective of the conference was to present the experience of the schools participating in the project and to discuss the future continuation of the project, as well as the future inclusion of new participants in it.

In June 2018 during the traditional annual event of NTEF, where besides the presentation of the annual report of the Fund for 2017, a workshop on topic “The Role of the Educational Programs in the Schools for Improving the Effectiveness of the Energy Efficiency Projects” was organized. During the event, the annual prizes for the winners of the competition in the name of Mimi Pramatarova, focused on the Bulgarian students, were awarded. During 2018, the accent of the competition was put on literary works – essays on topic “The climate is changing. Do people change?”

A series of working meetings with partner organizations and institutions were held, aiming at timely and adequate informing of the potential and actual beneficiaries of the NTEF programs about the ways for applying and implementing projects, financed by NTEF.

The NTEF partnership with the **Bulgarian Electric Vehicles Association**, which is also a source of expertise in the field, is successfully developing. NTEF experts participated as lecturers upon invitation on the part of the Association in several organized events, related to the popularization of the electric mobility.

VII. SOURCES OF FUNDING, COSTS AND NTEF FINANCIAL STATUS

1. Sources of funding

1.1. Proceeds pursuant to CoM Decision No 27 / 13.01.2017

Pursuant to Decision No 27/13.01.2017, the residual resource amounts to BGN 9 540 000. The funds are designated for financing the activities in three main directions:

- Financing projects for improving the energy efficiency of sites – public state and/or municipal property under the Climate Investment Program;
- Financing projects under the Scheme for promoting the use of electric vehicles in the public sector;
- Covering the administrative costs of NTEF, related to the administering of the Program.

1.2. Proceeds pursuant to Decree No 322/24.11.2016

The residual resource for 2018 under Decree No 322/24.11.2016 amounts to BGN 2 801 000. The funds are designated for financing projects under the pilot scheme of the Investment Program “Mineral Waters“ and for covering the administrative costs of NTEF, related to the administration of the Program.

1.3. Proceeds pursuant to Ordinance No 1/04.03.2015

In accordance with the provisions of the Ordinance, the proceeds during the accounting year amount to BGN 1 618 336. The funds are designated for grant financing of projects and activities under art. 56, par. 1, it.1-4 and 6 of the Climate Change Mitigation Act and for preparation of strategic and plan related documents for introducing measures for limiting or adaptation to the climate change.

1.4. Proceeds under other Programs and projects

“Bridging European and Local Climate Action” (BEACON)

The project is a part of a wide European initiative, which encourages the actions in the climate field and facilitates the exchange between the national governments, municipalities and schools in Europe. The project implementation will continue until 2021. In compliance with the Agreement between NTEF and the European Climate Initiative (EUKI) of the Federal Ministry of Environment of the Republic of Germany the grant amount (for 2018) is EUR 15 798 or BGN 30 898 (currency exchange rate of the bank – 1.95583 /1 EUR).

“For the introduction of climate actions in the educational programs of the Bulgarian schools”

The project is financed by the European Climate Initiative (EUKI) of the Federal Ministry of Environment of the Republic of Germany. The grant amount is EUR 60 997 or BGN 119 299 (currency exchange rate of the bank – 1.95583 /1 EUR). NTEF co-financing in the amount of BGN 2 640 is envisioned.

1.5. Proceeds pursuant to CoM Decision No 175/29.05.2017 under the Agreement for Transfer of Annual Emissions Allocations between the Republic of Bulgaria and the Republic of Malta.

Pursuant to Decision No 175/29.03.2017, the proceeds for 2017 amount to BGN 411 858. The funds are designated for activities for mitigation and adaptation to the climate change, endorsed by the Management Board of the Fund and for covering the administrative costs of NTEF related to the administering of these activities.

2. Funds allocation

2.1. Financing of projects under the Climate Investment Program

Financing of energy efficiency projects

The total paid sums under investment projects for activities related to improving the energy efficiency of public sites under CIP during 2018 are BGN 4 813 429. More detailed cost breakdown is presented in Table 2.1.1 of this section.

Table 2.1.1. NTEF-financed payments for projects under the Climate Investment Program during 2018

Project No	Beneficiary/ project/ name	Amount according to financing contract with NTEF (% of the total value) - BGN	Disbursed funds by projects during the current 2018 (BGN)
163	<i>Introducing energy efficiency measures in the administrative building of Rakovski Municipality</i>	319,848.29	319,847.61
184	<i>Introducing energy saving measures in FN "Patilantsi", Teropole city</i>	125,399.71	117,750.60
230 *	<i>Implementing energy efficiency measures in the buildings of the language school "Plovdiv"- Plovdiv city: site 1-"School building", site 2-"Dormitory for girls", site 3- "Dormitory for boys"</i>	800,000.00	140,629.90
244	<i>Implementing a package of energy efficiency measures in the Administrative building of the Municipal administration of Strazhitsa city</i>	173,753.92	-
244-2 **	<i>Implementing a package of energy efficiency measures in the Administrative building of BKS, Strazhitsa city</i>	124,768.77	111,629.26
246	<i>Improving the energy efficiency of Polyclinic – Shabla city, Shabla Municipality</i>	186,778.01	179,068.59
277	<i>Reducing the greenhouse gas emissions through the implementation of energy efficiency measures in PS "Petar Parchevich" – Chiprovtsi city</i>	462,468.67	460,395.73
295	<i>Implementing a package of energy efficiency measures for the buildings of Dormitory in Oryahovo city, 9 Rumyantsev St.</i>	503,478.56	503,377.23
315-1 **	<i>Implementing energy efficiency measures in Maritsa Municipality - FCF "Buratino", Kostievo village</i>	256,781.40	0.00
315-2	<i>Implementing energy efficiency measures in Maritsa Municipality – Health Service, Manole village</i>	65,112.24	65,079.41
328-1	<i>Implementing energy efficiency measures in the school education infrastructure in Veliko Tarnovo Municipality – HSMNS "Vasil Drumev"</i>	365,753.18	281,407.04
328-2	<i>Implementing energy efficiency measures in the school education infrastructure in Veliko Tarnovo Municipality – PS "St. Patriarch Evtimii</i>	323,331.29	254,972.94
329	<i>Improving the energy efficiency 44th GSS "Neofit Bozveli", Poduyane neighborhood, Sofia city</i>	388,695.03	378,090.95
364 **	<i>Repair, modernization and introduction of energy saving measures in a building of DCC I Gabrovo EOOD- first facility</i>	266,301.52	0.00
365	<i>Introducing energy efficiency measures in a post office, Chavdar village</i>	55,812.16	55,158.11

368	Introducing energy efficiency measures for SS "Ekzarh Antim I", Kazanlak city	800 000.00	800 000.00
389	Introducing energy efficiency measures for the street lighting in h.c. Slaveikov, h.c. Izgrev and h.c. Zornitsa, Burgas municipality	800,000.00	800,000.00
392	Improving the energy efficiency of administrative building of FSCPCD - Mol	198,930.24	197,139.06
424	Introducing energy efficiency measures for the building of the Health Service in Dunavtsi village, Kazanlak Municipality	102,309.20	102,222.50
475	Building new energy saving street lighting along the road to house of creativity "Pamporovo-BNT" and hotel "Evridika", r.c. Pamporovo	46,661.55	46,660.05
Public projects - CIP		6,547,271.70	4,813,428.98

* Projects - partially paid during 2018 and completed during 2019

** Projects, under which payment is due during 2019

During 2018, 73.5% from the envisioned budget for investment projects were paid. The remaining funds are transferred to the budget for 2019, when the projects, which are under implementation during the accounting year, will be finished.

Financing of projects under the Scheme for promoting the use of electric vehicles in the public sector

The total value of the planned budget funds for delivery of electric vehicles and "plug in" hybrids during 2018 is BGN 1,260,650.

During 2018, 6 (six) all-electric vehicles were supplied.

The total subsidy paid by NTEF for the supply of the abovementioned vehicles amounts to BGN 120,000. A more detailed description of the costs is provided in Table 2.1.2 of this section.

Table 2.1.2: Projects under the Pilot Scheme for promoting the use of electric vehicles, financed by NTEF during 2018

Project / name	Number of vehicles	Actual financing amount in 2018
A. Electric vehicles		
EM 033 Project for promoting the use of electric vehicles – Metropolitan Municipality, Metropolitan Inspectorate at the Metropolitan Municipality	1	20,000.00
EM 038/ Project for promoting the use of electric vehicles – Gotse Delchev Municipality	1	20,000.00
EM 039/ Project for promoting the use of electric vehicles – Blagoevgrad Municipality	1	20, 000.00
EM 040/ Project for promoting the use of electric vehicles – Burgas Municipality	1	20,000.00
EM 041/ Project for promoting the use of electric vehicles – Gabrovo Municipality	1	20,000.00
EM 042/ Project for promoting the use of electric vehicles – Chief Directorate "Civil Aviation Administration"	1	20,000.00
Total all-electric	11	120,000.00

2.2. Financing of projects under a Pilot Scheme of the Investment Program “Mineral Waters”

During 2018, out of the initiated nine projects under Investment Program “Mineral Waters”, there have been completed and paid, one is in a process of preparation for signing a funding contract and six are under implementation.

Detailed description of the reported project financing costs under IPMW during 2018 costs is presented in Table 2.1.3 of this section.

No Project	Beneficiary/ Project/ name	Amount according to a contract for funding with NTEF	Used funds by projects (funding %) during the current year (2018))
001	Pumping station, water pipeline 2 and storage reservoir – Mineralni Bani Municipality	287,373.16	286,845.60
002	Pumping station - Polski Trmbesh Municipality	113,572.03	113,373.75
003	Storage reservoir – Separeva Banya	435,955.02	0.00
004	Water pipeline, storage reservoir and SZ belt A – Panagyurishte Municipality	171,240.00	170,473.22
005	Water pipeline 2, pumping station 2, bore hole 2 and overhead part of water intake facilities, Burgas Municipality	712,393.38	0.00
006	Water pipeline, pumping station, storage reservoir and water meters at water sources - Razlog	141,998.33	0.00
007	Water pipeline - Berkovitsa	514,164.98	0.00
008	Water pipeline, overhead part, equipment of water intake facilities, reconstruction and repair of measuring chamber - Velingrad	188,946.33	0.00
009	Water pipeline 2 – Septemvri Municipality	214,037.61	0.00
Total for public projects - IPMW		2,779,680.84	570,692.57

20.53 % of the planned budget for investment projects was paid during 2018. The remaining funds will be transferred to 2019 budget, when the implementation of the projects, which are under implementation during the current reporting period, will be completed.

2.3. Financing public projects under Program “Micro Projects for the Climate”.

During 2018, four projects under Program “Micro Projects for the Climate” were implemented. One project (Preparation of National Communication to UNFCCC) has been completed and three projects are under implementation.

A detailed description of the costs for financing projects under PMPC reported during 2018 is presented in Table 2.1.4 of this section.

No Project	Beneficiary/ Project/ name	Amount according to a contract for funding with NTEF	Used funds by projects (funding %) during the current year (2018))
001	MEW – Preparation of National Communication to UNFCCC	24,000. 00	22,762. 62
002	ME – <u>Projected total energy balance of the Republic of Bulgaria for the period 2021-2030 with a horizon until 2050</u>	30,611,60	0,00
003	MF – Improving the energy efficiency of the indoor lighting through delivery and installment of energy saving lighting sources in MF administrative building B – 102 G. Rakovski St.	49,200.00	0,00
005	Adapting the forests in the Southwest State Enterprise to the climate change	49,852.00	24,926.00
	Total for projects under PMPC	153,663.60	47,688.62

2.4. Used funds to cover the administrative costs of NTEF

During 2018, the main sources of funds for covering the administrative costs of NTEF were the **Climate Investment Program, Investment Program “Mineral Waters”** and the proceeds under Ordinance No 1/4.03.2015 in its part related to the Fund’s administration.

In the administrative cost budget did not include the funds for financing climate protection educational projects through improved behavior of the energy consumers in the European schools, in the amount of BGN 103 760 for 2018. The total amount of the funds for covering the NTEF administrative costs in 2018 was BGN 649 012 (Table 2.3.)

During the past 2018 the administrative costs amounted to a total of **BGN 610 973** and they represented **94% of the funds envisioned in the budget.**

Table 2.3: Implementation of the budget for covering the administrative costs of NTEF during 2018

Cost allocation	Plan BGN	Report BGN	Performance %
A. INVESTMENTS	0.00	0.00	0.0%
1. Acquisition of tangible fixed assets (TFA)	0.00	0.00	0.0%
2. Acquisition of intangible fixed assets (IFA)	0.00	0.00	0.0%
B. INSTITUTIONAL DEVELOPMENT	3,000	1,600	53.0%
1. Advisory services for institutional development	0.00	0.00	0.0%
2. Other costs related to institutional development	3,000	1,600	53.00%
C. CURRENT COSTS	646,012	609,373	95.9%
1. Improving the qualification, remunerations, social security and health insurance	340,012	309,801	91.10%
a. Staff training	5,000	366	7.32%
b. Labor remunerations	278,089	252,572	90.82%
c. Social security and health insurance	46,893	42,950	91.59%
d. Social allowances pursuant to the Labor Code (LC)	10,030	10,569	105%
e. Occupational health service	3,000	3,344	111.4%

2. Advisory services related to project selection and implementation	60,000	72,578	120.96%
3. Maintenance and office costs – overhead costs	59,000	54,902	93.05%.
a. Electricity, heating, phones, e-mail, water, etc.	15,000	12,656	84.37%
6. Fuel and lubricating materials, car maintenance	8,000	6,522	81.52 %
c. Insurance and security	4,000	3 222	80.55%
d. Office consumables and service provision	32 000	32,503	101.5%
4. Administrative-managerial costs	167,000	141,420	84.68%
a. Business trips	7,000	3,660	52.22%
b. Representative costs	0,00	0,00	0,0%
c. Public relations	25000	29,832	119.3 %
d. Administrative and financial costs (in this number audit)	135,000	107,928	79.99 %
5. Management Board operating costs	20,000	30,672	153.36%
TOTAL COSTS	649,012	610,973	94.1%

In structural terms, the cost allocation by budget items **compared to the total amount of the used funds for administration** is the following: administrative and management costs – 23.14%; costs for raising the qualification, remunerations, social and health insurance – 50.7%; advisory services costs – 11.87%; maintenance and office costs – 9.0%; operating costs of the Management Board – 5.02%, and costs for institutional development of the Fund – 0.2%.

The implementation of the budget for administrative maintenance of the activity is shown in *Annex 3*. Clarifications related to the budget implementation in connection with the administrative costs:

Table 2.4: Information on the incurred costs by economic elements and their change compared with the previous period:

	2018	2017	Change	Change
	BGN '000	BGN '000	BGN '000	%
Assets-related costs	(0)	(9)	(9)	(100%)
Institutional development costs	(2)	(3)	(1)	(33%)
Staff-related costs	(310)	(307)	3	1%
Costs for project implementation consultants	(72)	(76)	(4)	(5%)
Maintenance and office costs	(55)	(62)	(7)	(11%)
Administrative-managerial costs	(141)	(170)	(29)	(17%)
MB-related costs	(31)	(23)	8	35%
Total	(611)	(650)	(39)	(6%)

As a whole, the total operating costs of the Fund have been reduced by about 6%, compared with the same costs for the previous year. The reason for this is the fact that during 2018 no costs were incurred related to the purchasing of fixed assets and no as well as the reduction of the administrative-managerial costs and the maintenance costs was accomplished.

As a percentage, the operating costs during 2018 amount to about 11.0% from the project financing costs during the accounting year.

3. NTEF financial status as of 31.12.2018

As of 31.12.2018 2017 the sum of the Fund's assets is BGN 17,935,000 (31.12.2017 – BGN 22,026,000), in this number cash and cash equivalents amounting to BGN 17,921,000 (31.12.2017 – BGN 21,988,000).

The total sum of the liabilities of NTEF is formed mainly by financing in the amount of BGN 17,894,000 (31.12.2017 – BGN 21,986,000).

NTEF cash funds are kept in accounts with UniCredit Bulbank AD. As of 31.12.2018, NTEF has BGN 17,918 in its accounts with Bulbank AD. As of 31.12.2018 the cash on hand of NTEF amounts to BGN 3,000. The allocation of the funds is shown in *Annex 4*.

In most summarized form, NTEF financial status as of 31.12.2017 may be presented as follows:

Total NTEF funds as of 31.12.2018	BGN 17,920,960
Committed funds under projects with signed contracts for NTEF financing as of the end of 2018	BGN 2,648,159
Committed funds for financing projects for energy efficiency of medical institutions	BGN 2,372,504
Committed funds for combined financing of energy efficiency projects (through a grant and a guaranteed energy savings contract)	BGN 2,000,000
Committed funds for financing pilot energy efficiency projects, involving Energy Efficiency Management Standards	BGN 1,000,000
Non-committed finds for future projects and for operating costs	BGN 9, 900, 297



The new educational project of NTEF in partnership with seven countries started with a training for teachers of 15 schools from the municipalities Samokov, Lulin, Veliko Tarnovo and Pavel banya



During the training the teachers developed practical skills to use the measuring tools, which are used also by the students

VIII. MAIN RISKS, RELATED TO THE ACTIVITY OF THE FUND

1. Operational risks

The National Trust Eco Fund is managed by a Management Board, which consists of a Chairman, two vice chairmen and another four members. Three ministries at a deputy minister level and three non-governmental institutions – the National Association of Municipalities in the Republic of Bulgaria, BAS and NGO in the environment protection field are represented in it. The Ordinance on the structure and activity of the Fund also envisions the appointment of alternate members of the Management Board with a voting right from the three ministries for the cases, in which the deputy ministries cannot take part in the meetings. Thus, the risk of impossibility to conduct the meetings of the MB of NTEF is minimized.

Regarding the cases of control on NTEF on the part of different control bodies, risks can be anticipated, since throughout all its years of existence until present the Fund has maintained a high level of organization for its documentation. In each case of control on the part of different bodies the Fund has provided the requested documentation and has fulfilled the relevant prescriptions. Within this meaning it cannot be considered that there is a risk for the Fund.

Regarding the costs, which are necessary for the successful operation of the Fund, it should be mentioned that they are always depending on the implementation of the respective programs with investment nature and there is no demand for covering costs, which are not linked to the relevant project financing. NTEF is optimizing its operational costs, implementing a policy of conservative decisions in relation to the need for and the appropriateness of each individual cost. Within this meaning, we cannot think that there are also risks related to the needed costs for the operational functioning of NTEF.

2. Risks related to the financial instruments

Objectives and policy of the management regarding risk management

There are different types of risk with regard to the financial instruments. The financial risks, which are possible to be incurred by the Fund are: market risk, credit risk and liquidity risk.

As a result of the use of financial instruments the Fund is potentially exposed to a market risk, and more particularly to a risk, resulting from changes in the currency exchange rate or interest risk.

The bigger part of the operations of the Fund is accomplished in BGN. The transactions of the Fund in foreign currencies are not exposing the Fund to a significant currency related risk. The Fund's policy is directed towards minimization of the interest risk in case of long-term financing. As of 31 December 2018, the Fund is not exposed to a risk of a change in the market interest rates.

The credit risk is the risk, related to a defaulting on the payment of its liability to the Fund on the part of a given counterparty. The Fund's exposure to a credit risk is limited in the amount of the balance value of the financial assets, accounted in the end of the reported period, as specified below:

	2018 BGN '000	2017 BGN '000
Financial assets' groups – balance values:		
Cash and cash equivalents	17,921	21,988

The credit risk related to cash and cash equivalents is considered to be insignificant, since the counterparties are banks with a good image and high external evaluation of the credit rating.

The liquidity risk represents the risk that the Fund will not be able to pay back its liabilities. The Fund is meeting the need for liquid funds through careful monitoring of the incoming and outgoing cash flows, occurring in the course of the operational activity. The need for liquid funds is monitored for different current time periods. The needs for liquid funds in the short-, middle- and long-term are budgeted.

IX. IMPORTANT EVENTS AFTER THE DATE AS OF WHICH THE FINANCIAL STATEMENT IS DRAWN UP

No corrective events or significant non-adjusting events have occurred between the date of the financial statement and the date of its approval for publication.

X. POSSIBLE FUTURE DEVELOPMENT OF THE FUND

The National Trust Eco Fund is implementing its Development Strategy 2014 – 2020, which contains the main development objectives of the Fund until 2020.

During 2018, NTEF will continue the implementation of its two existing programs – Climate Investment Program with its two schemes – for energy efficiency of public sites and for promoting the use of electric vehicles and Investment Program “Mineral Waters”. Special attention will be paid to the possibilities for **improving the effectiveness and efficiency of the investments** in three directions, namely:

- A scheme for combined financing of projects for improving the energy efficiency of public sites with the aim to increase the contribution of the non-refundable subsidy and attract investment capital through implementation of energy efficiency guaranteed energy savings contracts or credits from different sources is being implemented. The idea is the non-refundable financing on the part of the Fund to be only to the amount, which is necessary to make the implementation of these contracts possible.
- Another direction of NTEF’s efforts for the near future is the implementation of pilot projects, involving the application of the so called International protocols for measuring and checking the results from the investments in energy efficiency. The main motive for the implementation of this initiative is that its implementation will result in the achievement of several main strategic objectives, related to strengthening the capacity of the administrations of the relevant beneficiaries due to the need for ensuring the management of these projects, improving the efficiency of the used public resources; guaranteeing the sustainability of the planned results through prescribed management methods during the complete investment life cycle.

Simultaneously with that, NTEF will also continue to implement **projects and activities, which are aiming at improving the awareness of the population** and the education of the young people on topics related to climate change.

It will also continue its activities for **attracting new sources of funding** for the existing and for new investment programs.

The team of the Executive Bureau of NTEF will continue to operate as a **relatively small, but efficient team**. Team expansion can be expected only if any of the initiatives, which have been undertaken during 2018, are implemented and there is a need for absorption of new activities during 2019 and the following years.

ANNEX 1
Table 1.1.
**APPLICATIONS RECEIVED AT NTEF IN 2018 UNDER THE INVESTMENT CLIMATE PROGRAM –
ELECTRIC VEHICLES SCHEME**

Project No	Beneficiary	Category vehicle	Amount of requested subsidy
EM 043	Municipality Ivanovo	1 electric vehicle M1	20 000,00 lv.
EM 044	Municipality Haskovo	1 electric vehicle L7e	21 000,00 lv.
EM 045	Municipality Kazanlak	1 electric vehicle L7e	21 760,00 lv.
EM 046	Municipality Elin Pelin	1 electric vehicle L7e	23 000,00 lv.
EM 047	Municipality Kozloduy	1 electric vehicle L7e	22 113,00 lv.
EM 048	Sofia Inspectorate	Plug-in hybrid M1	10 000.00 lv.
EM 049/1	Employment Agency	Plug-in hybrid M1 and N1	10 000,00 lv.
EM 049/2	Employment Agency	1 electric vehicle M1 minivan(6+1)	30 000.00 lv.
EM 050/1	Employment Agency	entirely electric vehicle – category M1 and N1 (4+1) seats	20 000.00 lv.
EM 050/2	Employment Agency	entirely electric vehicle – category M1 and N1 (4+1) seats	20 000.00 lv.
EM 051	Municipality Burgas	entirely electric vehicle – category M1 and N1 (4+1) seats	20 000.00 lv.
EM 052	Sofia Inspectorate to Sofia Municipality	Plug-in hybrid M1	10 000.00 lv.
EM 053/1	National Assembly	Plug-in hybrid M1	10 000.00 lv.
EM 053/2	National Assembly	Plug-in hybrid M1	10 000.00 lv.
EM 053/3	National Assembly	Plug-in hybrid M1	10 000.00 lv.

Table 1.2.
APPLICATIONS RECEIVED AT NTEF IN 2018 UNDER MICROPROJECTS CLIMATE PROGRAM

Project No	Beneficiary	Name of project	Project value	Amount of requested subsidy
MP 001	Nominated by MOEW	Drafting a National Communication to the UN Framework Convention on Climate Change	24 124.80 lv.	24 124.80 lv.
MP 002	Black Sea Energy Research Centre	Estimated total energy balance of the Republic of Bulgaria for the period 2021 - 2030 And with a horizon up to 2050	36 733.92 lv.	36 733.92 lv.
MP 003	Ministry of Finance	Increasing the energy efficiency of indoor lighting by supplying and installing energy-saving light sources in adm. building of Min. Finance	49 200.00 lv.	49 200.00 lv.
MP 004	Ministry of Finance	Increasing the energy efficiency of air conditioning systems in adm. building of Min. Finance	49 200.00 lv.	49 200.00 lv.
MP 005	Fishing association Balkanka 2009 - Blagoevgrad	Adaptation of forests in Southwest State Enterprise to Climate Change	59 577.00 lv.	49 897.00 lv.

MP 006	Municipality Chernoochene	Breathing together	48 411.65 lv.	48 411.65 lv.
MP 007	Municipality Chernoochene	Effecting lighting for our children	48 737.95 lv.	48 737.95 lv.
MP 008	Municipality Черноочене	Green building in Lyaskovo	49 380.67 lv.	49 380.67 lv.
MP 009	Municipality Chernoochene	Children and parents for ecological home	48 170.28 lv.	48 170.28 lv.
MP 010	Municipality Chernoochene	Let's protect our nature	49 227.41 lv.	49 227.41 lv.
MP 011	Municipality Chernoochene	Energy efficient in action	47 195.42 lv.	47 195.42 lv.
MP 012	Municipality Chernoochene	Developing: - Long-term energy efficiency program for the period 2018-2028. - Long-term Program of Municipality of Chernoochene for the Promotion of the Use of Energy from Renewable Sources and Biofuels 2018-2028.	48 000.00 lv.	48 000.00 lv.
MP 013	Municipality Chernoochene	Developing: -Energy efficiency action plan for the period 2018-2028. Municipality of Chernoochene. - Short-term Program for the Promotion of the Use of Energy from Renewable Sources and Biofuels 2018-2028. of Municipality Chernoochene.	48 000.00 lv.	48 000.00 lv.
MP 014	Municipality Smolyan	Reporting and analysis of results and update with a horizon of 2030 years. Action Plan for Sustainable Energy Development by 2020	36 000.00 lv.	36 000.00 lv.
MP 015	Municipality Smolyan	Preparation of an energy efficiency survey of outdoor artificial lighting in the town of Smolyan	36 000.00 lv.	36 000.00 lv.
MP 016	Municipality Smyadovo	Modernization of street lighting in the town of Smyadovo, Municipality Smyadovo	60 000.00 lv.	50 000.00 lv.
MP 017	Municipality Svishtov	Implementation of Energy Efficiency Measures in First Bulgarian Folk Cultural Center "Elenka and Kiril D. Avramovi - 1856"	49 998.95 lv.	49 998.95 lv.
MP 018	Municipality Plovdiv	Maintenance, development and protection of the green system of the city of Plovdiv with ARBOTOM 3-D PACK	51 319.00 lv.	50 000.00 lv.

ANNEX 2
Table 2.1.APPLICATIONS APPROVED BY NTEF MB UNDER THE INVESTMENT CLIMATE PROGRAM –
ELECTRIC VEHICLES SCHEME FOR 2018

Project No	Beneficiary	Category vehicle	Amount of requested subsidy
EM 043	Municipality Ivanovo	1 electric vehicle M1	20 000,00 lv.
EM 044	Municipality Haskovo	1 electric vehicle L7e	21 000,00 lv.
EM 045	Municipality Kazanlak	1 electric vehicle L7e	21 760,00 lv.
EM 046	Municipality Elin Pelin	1 electric vehicle L7e	23 000,00 lv.
EM 047	Municipality Kozloduy	1 electric vehicle L7e	22 113,00 lv.
EM 050/1	Employment Agency	entirely electric vehicle – category M1 and N1 (4+1) seats	20 000.00 lv.
EM 050/2	Employment Agency	entirely electric vehicle – category M1 and N1 (4+1) seats	20 000.00 lv.
EM 051	Municipality Burgas	entirely electric vehicle – category M1 and N1 (4+1) seats	20 000.00 lv.
EM 052	Sofia Inspectorate to Sofia Municipality	Plug-in hybrid M1	10 000.00 lv.
EM 053/1	National Assembly	Plug-in hybrid M1	10 000.00 lv.
EM 053/2	National Assembly	Plug-in hybrid M1	10 000.00 lv.
EM 053/3	National Assembly	Plug-in hybrid M1	10 000.00 lv.

Table 2.2.

APPLICATIONS APPROVED BY NTEF MB UNDER MICROPROJECTS CLIMATE PROGRAM FOR 2018

Project No	Beneficiary	Name of project	Project value	Amount of requested subsidy
MP 001	Nominated by MOEW	Drafting a National Communication to the UN Framework Convention on Climate Change	24 124.80 lv.	24 124.80 lv.
MP 002	Black Sea Energy Research Centre	Estimated total energy balance of the Republic of Bulgaria for the period 2021 - 2030 And with a horizon up to 2050	36 733.92 lv.	36 733.92 lv.
MP 003	Ministry of Finance	Increasing the energy efficiency of indoor lighting by supplying and installing energy-saving light sources in adm. building of Min. Finance	49 200.00 lv.	49 200.00 lv.
MP 004	Ministry of Finance	Increasing the energy efficiency of air conditioning systems in adm. building of Min. Finance	49 200.00 lv.	49 200.00 lv.
MP 005	Fishing association Balkanka 2009 - Blagoevgrad	Adaptation of forests in Southwest State Enterprise to Climate Change	59 577.00 lv.	49 897.00 lv.

BUDGET IMPLEMENTATION FOR NTEF ADMINISTRATIVE COSTS AS OF 31.12.2018

FUNDS ALLOCATION	ACCOUNTING YEAR (2018) - BGN											Report- EUKI
	Plan -Total	Report - Total	Implementation - Total	Administrative costs CIP - Plan	Administrative costs CIP - Report	Administrative costs Malta - Plan	Administrative costs Malta - Report	Administrative costs IPMW - Plan	Administrative costs IPMW - Report	Report- DE	Report - Beacon	
	leva	leva	%									
Part A - INVESTMENTS	0	0		0	0			0	0	0	0	0
1. Tangible fixed assets	0									0	0	0
2. Intangible fixed assets	0								0	0		0
Part B - INSTITUTIONAL DEVELOPMENT	3 000	1 600	53	2 529	1 600	51	0	420	0	0	0	0
1. Advisory services - institutional development	0	0							0			
2. Other costs - institutional development	3 000	1 600	0	2 529	1 600	51		420	0	0	0	0
Part C - CURRENT COSTS	646 012	713 133	110	547 117	517 735	11 034	11 774	90 861	67 438	23 029	55 153	38 004
1. Improving the qualification of the MB, remunerations, social and health insurance	340 012	340 153	100	289 159	271 975	5 832	5 797	48 021	32 029	0	18 426	11 927
a. Staff training	5 000	366	7	4 215	366	85		700				
b. Labour remunerations	278 089	277 463	100	234 429	223 847	4 728	4 569	38 932	24 156		15 137	9 755
c. Social and health insurance	46 893	48 411	103	39 531	37 193	797	1 227	6 565	4 529		3 289	2 172
d. Social supplements compliant to the Labor Code (LC)	10 030	10 569	105	8 455	9 095	171		1 404	1 474			
e. Occupational medicine	3 000	3 344		2 529	1 474	51		420	1 870			
2. Advisory services	60 000	92 934	155	50 580	68 094	1 020	1 605	8 400	1 958	921	10 421	9 935
2A. Reserve for administrative costs	0											
3. Maintenance and office costs	59 000	59 653	101	49 737	39 648	1 003	0	8 260	15 086	168	4 751	0
a. Electricity, heating, phones, e-mail, water, etc.	15 000	16 519	110	12 645	9 436	255		2 100	3 051	168	3 863	
b. F&L and car maintenance	8 000	7 077	88	6 744	5 772	136		1 120	750		555	
c. Insurances and property protection	4 000	3 222	81	3 372	3 222	68		560			0	
d. Office consumables and servicing	32 000	32 836	103	26 976	21 218	544		4 480	11 285		333	
4. Administrative-managerial costs	167 000	189 720	114	140 781	119 578	2 839		23 380	10 505	21 940	21 556	16 142
a. Business trips	7 000	26 676	381	5 901	3 213	119		980	377	70	7 692	15 325
b. Representation costs	0	0						0		0		0
c. Public relations	25 000	55 116	220	21 075	12 997	425		3 500	5 568	21 870	13 865	816
d. Administrative and financial costs (incl. audit)	135 000	107 928	80	113 805	103 368	2 295		18 900	4 560		0	
5. Costs related to the MB activity	20 000	30 672	153	16 860	18 440	340	4 372	2 800	7 860	0	0	0
Part D - RESERVE	0	0	0	0				0		0	0	0
TOTAL	649 012	714 733	110	549 646	519 335	11 085	11 774	91 281	67 438	23 029	55 153	38 004

Table 3.1

COST ALLOCATION	Previous year (2017)			Reporting year (2018)	
	Plan leva	Report leva	Implementation %	Plan leva	Report leva
Part A - INVESTMENTS	22 000	8 935	41	0	0
1. Tangible fixed assets	12 000	5 895	49	0	0
2. Intangible fixed assets	10 000	3 040	30	0	0
Part B - INSTITUTIONAL DEVELOPMENT	30 000	2 920	10	3 000	1 600
1. Advisory services - institutional development	25 000	0	0	0	0
2. Other costs - institutional development	5 000	2 920		3 000	1 600
Part C - CURRENT COSTS	894 857	638 266	71	646 012	713 133
1. Improving the qualification of the MB, remunerations, social and health insurance	364 857	306 527	84	340 012	340 153
a. Staff training	5 500	3 997	0	5 000	366
b. Labour remunerations	296 382	250 484	85	278 089	277 463
c. Social and health insurance	51 415	42 271	82	46 893	48 411
d. Social supplements compliant to the Labor Code (LC)	11 560	9 775	85	10 030	10 569
e. Occupational medicine				3 000	3 344
2. Advisory services related to the project selection and implementation	164 000	75 996	46	60 000	92 934
3. Maintenance and office costs - overhead costs	126 000	62 048	49	59 000	59 653
a. Electricity, heating, phones, e-mail, water, etc.	50 000	16 297	33	15 000	16 519
b. F&L and car maintenance	20 000	8 467	0	8 000	7 077
c. Insurances and property protection	6 000	3 999	67	4 000	3 222
d. Office consumables and servicing	50 000	33 285	67	32 000	32 836
4. Administrative-managerial costs	205 000	170 385	83	167 000	189 720
a. Business trips	30 000	9 258	31	7 000	26 676
b. Representation costs	0	0	0	0	0
c. Public relations	60 000	34 959	58	25 000	55 116
d. Administrative and financial costs (incl. audit)	115 000	126 168	110	135 000	107 928
5. Costs related to the MB activity	35 000	23 310	67	20 000	30 672
Part D - RESERVE [4% of (A+B+C)]	0	0	0	0	0
TOTAL COSTS	946 857	650 121	69	649 012	714 733
Net costs:	946 857	650 121	69	649 012	714 733

INFORMATION ON NTEF FUNDS AS OF 31.12.2018

Available cash in NTEF bank accounts and in hand:					4 606 458.82 BGN
Sum of deposited funds in BGN, according to Table 1					13 314 501.68 BGN
Total BG as of 31.12.2018					17 920 960.50 BGN
Table 1: Monthly deposits in BGN:					
No of deposit account	Date of deposit	Principal	Expected interest for the period	Maturity	Annual interest % for the period
70002522574086	23.09.2016	5 006 251.88	0.00	23.03.2019	0.00%
70002522602514	22/10/2016	6 007 502.25	0.00	22.04.2019	0.00%
70002522602528	22/10/2016	2 300 747.55	0.00	22.01.2019	0.00%
		13 314 501.68	0.00		

НАЦИОНАЛЕН
ДОВЕРИТЕЛЕН
ЕКО ФУНД



NATIONAL
TRUST
ECO FUND

REPORT OF THE INDEPENDENT AUDITOR



The energy team from 79th School Indira Ghandi in the Lulin district of Sofia during their extra curricula activities.



The children from the energy team of General Skobelev school in Skobelevo village, Pavel banya municipality prepare the materials, through which they will be reminding their classmates how to save energy



Grant Thornton Ltd.
26, Cherni Vrah Blvd, 1421 Sofia
4, Paraskeva Nikolau Str., 9000 Varna

T (+3592) 987 28 79, (+35952) 69 55 44
F (+3592) 980 48 24, (+35952) 69 55 33
E office@gtbulgaria.com
W www.gtbulgaria.com

**To the Managing Board of
National Trust Ecofund
Sofia, Bulgaria**

REPORT OF THE INDEPENDENT AUDITOR

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National Trust Ecofund (the Fund), which comprise the statement of financial position as at 31 December 2018 and the statement of profit or loss and other comprehensive income and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Bulgarian legislation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements of Bulgarian Independent Financial Audit Act, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The other information comprises the annual management report, prepared in accordance with Bulgarian Accountancy Act, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or whether our knowledge obtained in the audit may indicate that there is a material misstatement or otherwise the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Bulgarian legislation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and Bulgarian Independent Financial Audit Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In addition to our responsibilities for reporting under ISAs, described above in section “Information Other than the Financial Statements and Auditor’s Report Thereon”, regarding annual management report, we have performed the additional procedures contained in the Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria - Institute of Certified Public Accountants (ICPA), issued on 29 November 2016. The procedures on the existence, form and contents of the other information have been carried out in order to state whether the other information includes the elements and disclosures in accordance with Chapter Seven of Bulgarian Accountancy Act.

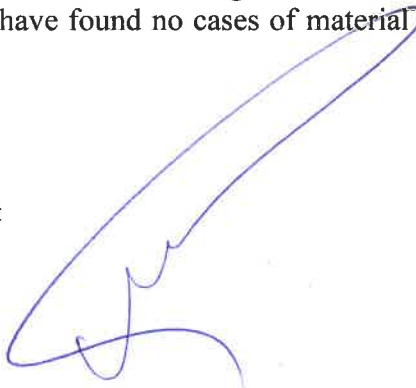
Statement Pursuant to Article 37, Paragraph (6) of Bulgarian Accountancy Act

Based on the procedures performed, we describe the outcome of our work:

- (a) the information in the management report is consistent with the financial statements for the same reporting period;
- (b) the management report is prepared in accordance with the applicable legal requirements; and
- (c) as a result of the acquired knowledge and understanding of the activities of the Fund and the environment in which it operates, we have found no cases of material misrepresentation in the management report.

Mariy Apostolov
Managing partner
Registered auditor responsible for the audit
Grant Thornton Ltd.
Audit firm

29 March 2019
Bulgaria, Sofia, 26 Cherni Vrah Blvd.





The NTEF project for the Introduction of knowledge on climate and energy in the frame of the EUKI initiative of the German Government started with a study tour for the university professors team to Berlin



The professors learned about the experience of the educational center of the Berlin botanical garden

НАЦИОНАЛЕН
ДОВЕРИТЕЛЕН
ЕКО ФОНД



NATIONAL
TRUST
ECO FUND

FINANCIAL STATEMENTS



The awardees of the annual NTEF award were first greeted by the Laureates' Club of Mimi Pramatarova contest



The annual event of NTEF, devoted to the discussion of most recent themes of its activities, presentation of the Annual Report and handing over the annual awards was conducted in the Polytechnical Museum in Sofia

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

Assets	Note	2018 BGN'000	2017 BGN'000
Non-current assets			
Intangible assets	5	1	10
Plant and equipment	6	13	28
Non-current assets		14	38
Current assets			
Cash and cash equivalents	7	17 921	21 988
Current assets		17 921	21 988
Total assets		17 935	22 026
Liabilities			
Financing	8	17 894	21 986
Pension and other employee obligations	9.2	35	33
Trade and other payables	10	6	7
Total liabilities		17 935	22 026

Prepared by: 
(Antonia Todorova)

Acting Director of
the Executive Bureau: 
(Irena Pencheva)

Date: 22 January 2019

Audited according to the auditor's report dated 29 March 2019


Mariy Apostolov
Managing partner
Registered auditor responsible for the audit
Grant Thornton Ltd
Auditing Firm

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME, FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 BGN'000	2017 BGN'000
Revenue from projects financing	11	5 552	9 155
Revenue from financing for administrative expenses and institutional development	11	599	613
Revenue from financing for non-current assets	5,6,11	25	28
Revenue from financing from German programs	11	116	29
Expenses for project funding	12	(5 552)	(9 155)
Cost of materials	13	(20)	(22)
Hired services expenses	14	(328)	(292)
Employee benefits expenses	9.1	(339)	(303)
Depreciation of non-financial asses	5,6	(25)	(28)
Other expenses	15	(27)	(24)
Finance costs	16	(1)	(1)
Finance income	16	-	3
Net result for the year		-	3
Total comprehensive income for the year		-	3

Prepared by: 
(Antonia Todorova)

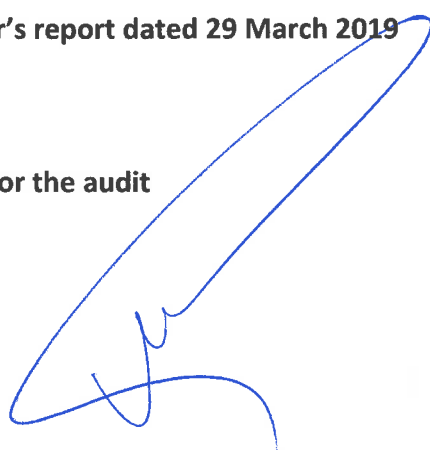
Acting Director of
the Executive Bureau: 
(Irena Pencheva)

Date: 22 January 2019

Audited according to the auditor's report dated 29 March 2019

Mariy Apostolov
Managing partner
Registered auditor responsible for the audit
Grant Thornton Ltd.
Auditing Firm
Per. № 032








STATEMENT OF CASH FLOWS, FOR THE YEAR ENDED 31 DECEMBER

	Note	2018 BGN'000	2017 BGN'000
Operating activities			
Received targeted funding Malta	8	411	282
Received targeted funding Aviation Quotas	8	1 618	603
Received targeted funding under " Climate Investment Program"	8	-	15 298
Received other financing	8	171	29
Payments for project funding	12	(5 552)	(9 155)
Payments for institutional development		(2)	(3)
Payment to counterparties for administrative sustentation and execution of projects		(358)	(325)
Payments to employees and social security insurers		(344)	(305)
Other payments, net		(11)	(6)
Net cash flow from operating activities		(4 067)	6 418
Investing activities			
Payments for acquisition of non-current assets	5,6	-	(8)
Interest received	16	-	6
Net cash flow from investing activities		-	2
Net change in cash and cash equivalents		(4 067)	6 416
Cash and cash equivalents at year start		21 988	15 572
Cash and cash equivalents at year end	7	17 921	21 988

Prepared by: 

(Antonia Todorova)

Acting Director of
the Executive Bureau:
(Irena Pencheva)

Date: 22 January 2019

Audited according to the auditor's report dated 29 March 2019

Marty Apostolov

Managing Partner

Registered auditor responsible for the audit

Grant Thornton Ltd.

Auditing Firm

NOTES TO THE FINANCIAL STATEMENTS

1. Information about the Fund

National Trust EcoFund (“the Fund”) is a public-law organization, established in accordance with:

- ‘Debt-for-Environment’ and ‘Debt-for-Nature’ International Swap Agreements between the Governments of the Republic of Bulgaria and the Swiss Confederation, signed on 23 October 1995;
- Art. 3b of the Environment Protection Act Amendments (State Gazette No. 63/14 July 1995) and Articles 66, 67, 68 and 142 a-h of the currently effective Environment Protection Act (State Gazette 91/25 September 2002, amended by Council of Ministers (State Gazette No. 46/18 June 2010)
- Regulation on Organization and Activities of the National Trust EcoFund enacted by Council of Ministers’ Decree No. 163 of 14 August 1995 (State Gazette No. 74/22 August 1995), amended by Council of Ministers’ Decree No. 96 of 10 May 2004 (State Gazette No. 41/18.05.2004), amended by Council of Ministers’ Decree No. 185 of 02 September 2010 (State Gazette No.71/10 September 2010) and Decree No. 301 of 19 September 2014 (State Gazette No.81/30 September 2014)

The Fund has been created with the objective of managing funds provided under the ‘Debt-for-Environment’ and ‘Debt-for-Nature’ swaps, funds generated from international trade with greenhouse-gas Assigned Amount Units (AAUs), from sale of aircraft greenhouse-gas emission quotas, as well as funds provided by governments, international financial institutions and other donors aimed at environmental protection in the Republic of Bulgaria. While performing its activities, the National Trust EcoFund acts independently and is only subject to the local legislation and the international agreements in which the Republic of Bulgaria is a party.

The registered office of the Fund is at 1574 Sofia, № 67 Б Shipchenski Prohod Blvd.

1.1. Ownership and Management

The managing bodies of the Fund are the Management Board, the Advisory Committee and the Executive Bureau.

In accordance with the Regulation on Organization and Activities of the National Trust EcoFund of 10 May 2004 CMD No. 96 (amended with State Gazette No.71/10 September 2010 and State Gazette No.81/30 September 2014), The Management Board has been comprised of seven members, including a Chairman and two Deputy Chairmen and four regular members as well as three alternative members.

The Advisory Committee consists of representatives of the governments and other institutions, which are sources of financing or which support the Fund’s activities; the Executive Bureau organizes the activities of the National Trust EcoFund.

The key managing personnel as at 31.12.2018 comprises of:

Management Board:

- Chairman of NTEF’s Management Board – Associate Professor Dr. Irena Georgieva, appointed by the Council of Ministers of the Republic of Bulgaria (Decision No 799 of the CoM of 14.10.2015). Since September 2018 chairman of the Management Board is Mrs. Penka Mollova (Decision № 665 of the CoM of 19.09.2018).
- Representative of the Ministry of Environment and Waters (MEW) – deputy minister Atanaska Nikolova until 24.08.2018, when replaced by deputy minister Nikolay Kanchev. The representative of the Ministry of Environment and Waters is also deputy chairman of the Management Board.
- Representative of the Ministry of Finance (MF) – deputy minister Marinela Petrova;

The accompanying notes on pages from 62 to 82 form an integral part of the financial statements.

- Representative of the Ministry of Energy – deputy minister Zhecho Stankov.
- Representative of the Bulgarian Academy of Science (BAS) – professor Nikola Malinovski, deputy chairman of the Management Board;
- Representative of the non-government ecological organizations – Mrs. Lyubomira Kolcheva – director of the “EcoObshnost” Foundation;
- Representative of the National Association of municipalities in the Republic of Bulgaria (NAMRB) – Mrs. Ginka Chavdarova, executive director of NAMRB, when succeeded by Mrs. Silvia Georgieva.

Executive Bureau (EB):

Acting Director of the EB

Irena Pencheva

Chief Accountant

Antonia Todorova

Accountant

Marinela Zheleva

Chief expert programs management

Ivaylo Tsekov

Senior expert programs management

Kamelia Georgieva

Expert programs management

Teodora Stanisheva

Chief Expert project management

eng. Borislav Mirkov

Expert project management

Galina Veleva

Technical assistant

Elena Mihayova

Driver

Bozhidar Valchkov

The Fund is represented by the chairman of the Management Board – Mrs. Penka Mollova. The operating activity of the Fund is managed by the Acting Director of the EB – Mrs. Irena Pencheva.

As at 31.12.2018 the total number of personnel is 10 people (31.12.2017 - 9).

1.2. Scope of activities

The Fund performs its activities pursuant to the Regulation on Organization and Activities of the National Trust EcoFund. The funds are used for financing and co-financing of ecological projects and activities in accordance with the conditions of the donors and with the priorities of the national ecological strategies and programs.

The activities of the Fund are focused on the following main areas:

- Cleanup of environmental pollution and restoration of damages occurred in the past;
- Reduction of air pollution and limitation of climate change;
- Protection of clean water;
- Protection of biodiversity;
- Other main areas, included in the national policy of environmental protection.

Main sources of financing for the Fund are:

- Target funding of Investment Climate Program (ICP) by Decision of the CoM № 201 from 26.03.2015;
- Target funding for pilot scheme of Investment Program “Mineral Waters” in CoM Decision № 322 from 24.11.2016.
- Proceeds in accordance with Ordinance №1/04.03.2015 laying down the terms and procedures for spending of proceeds from the sale of aviation quotas for emissions from activities by tender.
- Target funding from project of annual distribution of emission quotas between Republic of Bulgaria and Republic of Malta with Decision of CoM №175 / 29.03.2017.

2. Basis of preparation of the financial statements

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and approved by the European Union (EU). For the purposes of paragraph 1, item 8 of the Supplementary Provisions of the accounting applicable in Bulgaria, the term "IFRS as adopted by the EU" represent the International Accounting Standards (IAS) adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and Council.

The financial statements are presented in Bulgarian leva (BGN), which is also the functional currency of the Fund. All amounts are presented in thousand Bulgarian leva (BGN'000) (including comparative information for 2017) unless otherwise stated.

The financial statements are prepared under the going concern principle.

As of the date of the financial statement the Management have made assessment for the ability of the Fund to continue as a going concern based on the information available. After making enquiries, the management has a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The Climate Investment Program starts based on Decision of the Council of Ministers (201/26 March 2015) with the provision of funds pursuant to § 4 of the transitional and final provisions of the Act to limit climate change. Funding of the Program continued in 2016 and 2017, respectively, by Decisions of the Council of Ministers № 80 / 11.02.2016 and No 27 / 13.01.2017. The funds were earmarked for financing projects to improve the energy efficiency of state and municipal sites and to promote the use of electric and hybrid vehicles by public institutions.

The acceptance of requests for expression of interest was a consistent process until October 2017, when the amendments of the Operational Management of the Program introduced the requirement to publish invitations with a fixed deadline. No invitations to submit applications were published in 2018. Forms containing full project proposals are submitted by the beneficiaries after receipt of a letter of the application approved by the Commission for selection and reporting of projects.

For the reporting period the Commission for selection and reporting of projects has reviewed only 11 Forms under the Scheme for promoting the use of electric vehicles in the public sector.

In 2018 under the **Investment Program "Mineral Waters"** based on CoM Decision № 322/24.11.2016, NTEF has a budget amounting to BGN 3 500 000. They are intended for the funding of projects leading to utilization of the thermal energy of mineral waters and as a result to direct or indirect decrease in the greenhouse gas emissions.

Active work is underway on the nine (9) approved projects.

Taking into account the specifics of these projects, two financing contracts with an expected funding from NTEF amounting to BGN 400 945 were concluded and audited at the end of the accounting year.

The started in 2016 project for improving the behavior of energy users in Bulgarian schools, in partnership with the Independent Institute on Environment - Berlin (UfU), the Romanian Environ organization and the support of the Federal Ministry for the Environment of the Republic of Germany, was successfully completed in 2018. The main priorities of the project activities were related to the specific measures and recommendations that the participating schools and their energy teams have undertaken for the energy education of students and the reduction of energy consumption and their recommendations for technical optimization of the buildings

A new educational energy saving in schools project– "Bridging European and Local Climate Action" (BEACON = "ΦΑΡ"), launched in 2018. The project is part of a broad European initiative, which promotes climate action and facilitates exchanges between national governments, municipalities and schools in Europe. In Bulgaria the project is implemented by the National Trust Ecofund (NTEF). Educational institutions from the Czech Republic, Romania, Bulgaria and

Germany participate in the project and in the municipal experience exchange additional participant from Greece, Poland and Portugal. The project aims to strengthen bilateral and multilateral cooperation and to create a common ambition for the implementation of the Paris Agreement through activities such as: joint training, networking and specialized consultancy. Thus, policy makers, municipal participants and lecturers will acquire technical and process-related skills to help them develop, improve and implement reduction of greenhouse emission measures.

In the reporting period a start was given to another educational project, funded by the European Climate Initiative (EUKI) of the Federal Ministry of Environment of the Republic of Germany – “For the introduction of climate actions in the educational program of the Bulgarian schools”. The projects specific aims are:

To increase the capacity of the main target groups, responsible for the implementation of educational programs – teachers, representatives of the academic media, who are involved with the training of teachers, as well as local authorities.

To improve the overall integration of climate change related policies through support to the development and dissemination of best practices and political approaches.

To institutionalize the teachers’ qualification programs – starting from those for pre-school education until 7th grade and to make contribution to the climate related national strategic documents.

To develop teachers’ qualification programs – starting from Training of Trainers in cooperation with teachers

To prepare educational packages – 14 packages – 2 for kindergartens, 2 for primary school and 10 for basic school, including brochures, manuals, templates, etc.

To raise the awareness related to climate related issues and activities – familiarizing the local authorities and their involvement with the processes in their schools

To support the efforts for providing information and raising the awareness of the students, teachers and parents regarding the energy efficiency through media and public events.

In 2018 the implementation of the Program “Micro projects for the Climate” continued. The funds proceeded in accordance with the Agreement for the transfer of annual emission allocations between the Republic of Bulgaria and the Republic of Malta and on the basis of Decision of the Council of Ministers No 175 / 29.03.2017. The funds are used for mitigation and adaptation to climate change. In 2018 a total of 1 project was completed. The provided funding to NTEF amounts to BGN 47 689.

3. Changes in accounting policies

3.1. New standards, amendments and interpretations to IFRS, effective from 1 January 2018

The Fund has adopted the following new interpretations, revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Funds's financial statements for the annual period beginning 1 January 2018, but have no material impact of adoption in the financial statements of the Fund:

- IFRS 9 “Financial instruments” effective from 1 January 2018, adopted by the EU
- IFRS 15 „Revenue from contracts with customers” effective from 1 January 2018, adopted by the EU
- IFRIC 22 “ Foreign Currency Transactions and Advance Consideration” effective from 1 January 2018, adopted by the EU
- Annual improvements of IFRSs 2014-2016, effective from 1 January 2018 r., adopted by the EU

3.2. Standards, amendments and interpretations to existing standards, that are not yet effective and have not been adopted early by the Fund

As of the date of approval of these financial statements, new standards, amendments and interpretations to existing standards have been published but have not entered into force or been adopted by the EU for the financial year beginning on 1 January 2018 and have not been applied from an earlier date by the Fund. They are not expected to have a material effect on the Fund's financial statements. The Management expects all standard and amendments to be adopted into the Fund's accounting policies in the first period beginning after the effective date of the pronouncement.

The changes are related to the following standards:

- IFRS 9 “Financial instruments” (amended) – Prepayment features with negative compensation, effective from 1 January 2019, adopted by the EU
- IFRS 14 “Regulatory deferral accounts” effective from 1 January 2016, not yet adopted by the EU
- IFRS 16 “Leases” effective from 1 January 2019, adopted by the EU
- IFRS 17 “Insurance contracts” effective from 1 January 2021, not yet adopted by the EU
- IAS 19 “Employee benefits” (amended) – Plan amendment, curtailment or settlement - effective from 1 January 2019, not yet adopted by the EU
- IAS 28 „Investments in associates and joint ventures” (amended) – Long-term interests in associates and joint ventures effective from 1 January 2019 r., not yet adopted by the EU
- IFRIC 23 „Uncertainty over income tax treatments” effective from 1 January 2019, not yet adopted by the EU

4. Summary of accounting policies

4.1. Overall considerations

The most significant accounting policies that have been used in the preparation of these financial statements are summarized below.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used for the preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

4.2. Presentation of the financial statements

The financial statements are presented in accordance with IAS 1 “Presentation of Financial Statements”. The Fund has elected to present the statement of profit or loss and other comprehensive income in a single statement.

4.3. Foreign currency translation

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate as published by the Bulgarian National Bank). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

4.4. Grant income

Income from financing are recognized when there is reasonable assurance that the financing conditions will be complied with. The grant income is recognized systematically and rationally as

revenue in the statement of profit or loss and other comprehensive income for the periods in which are made the expenses on funding of projects for environmental protection, institutional development and the operating expenses of the Fund over the reporting period. Grants related to depreciable assets are recognized as income over the periods in proportion to the accrual of depreciation.

4.5. Interest income

Interest income is reported on an accrual basis using the effective interest method in accordance with the requirements of IFRS 9 “Financial instruments”.

4.6. Operating expenses

Operating expenses are recognized in profit or loss upon utilization of the service or at the date of their origin in accordance with the accrual and matching principle.

4.7. Intangible assets

The Fund's intangible assets comprise of software and internet portal. They are recorded at cost of acquisition, including all import duties, non-refundable taxes and direct costs associated with preparing the asset for use where the capitalized costs are amortized based on the straight-line method over the estimated useful lives of the assets as It is believing that he is limited.

Subsequent assessment is carried at cost of acquisition less accumulated amortization and impairment losses. The impairments are recorded as an expense and are recognized in the profit or loss/profit or loss and other comprehensive income for the period.

Subsequent expenses incurred in connection with intangible assets subsequent to their initial recognition are recognized in the profit or loss and other comprehensive income for the period they occur, unless thanks to them asset can generate more than initially expected future economic benefits when these costs can be measured reliably and attributed to the asset. If these conditions are met, the costs are added to the cost of an asset.

Residual values and useful lives of intangible assets are reviewed at each reporting date.

Amortization is calculated using the straight-line method over the estimated useful life of individual assets as follows:

- Software 2 years
- Other 3 years

Amortization included in the profit or loss and other comprehensive income within "Depreciation of non-financial assets”.

Gains or losses arising on the disposal of intangible assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss within 'Profit/(Loss) from sale of non-current assets”.

The recognition threshold adopted by the Fund for intangible assets amounts to BGN 700.

4.8. Plant and equipment

Plant and equipment are initially measured at cost, which comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

After initial recognition, the plant and equipment is carried at its cost less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Impairment losses are recognized in the income statement for the respective period.

Subsequent expenditure relating to an item of plant and equipment is added to the carrying amount of the asset when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of it's originally assessed standard of performance. All other subsequent expenditure is recognized as incurred.

Material residual value estimates and estimates of useful life are updated as at every reporting date.

Plant and equipment acquired under finance lease agreement, are depreciated based on their expected useful life, determined by reference to comparable assets or based on the period of the lease contract, if shorter.

Depreciation is calculated using the straight-line method over the estimated useful life of individual assets as follows:

- Office furniture and inventory – 6 to 7 years;
- Computers and equipment – 2 to 3 years;
- Vehicles – 4 years.

Gains or losses arising on the disposal of plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss within 'Profit/(Loss) from sale of non-current assets'.

The recognition threshold adopted by the Fund for plant and equipment amounts to BGN 700.

4.9. Testing for impairment of plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All assets and cash-generating units are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Fund's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by the Fund's management.

Impairment losses for cash-generating units reduce the carrying amount of the assets allocated to that cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.10. Financial instruments under IFRS, effective from 1 January 2018

Financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets are initially measured at fair value, adjusted for transaction costs, except for financial assets at fair value through profit or loss and trade receivables that do not contain a significant financial component. The initial measurement of financial assets at fair value through profit or loss is not adjusted with transaction costs that are reported as current expenses. The initial measurement of trade receivables that do not contain a significant financial component represents the transaction price in accordance with IFRS 15.

Depending on the method of subsequent measurement, financial assets are classified into the following categories:

- debt instruments at amortized cost;
- financial assets at fair value through profit or loss;

- financial assets at fair value through other comprehensive income with or without reclassification of profit or loss, depending if they are debt or equity instruments.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses in the statement of profit or loss.

4.10.1. Financial assets

Debt instruments at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions and are not designated as at fair value through profit and loss:

- the Fund manages its assets within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Trade receivables

Trade receivables are amounts due from customers for goods or services sold in the ordinary course of business. Typically, they are due to be settled within a short timeframe and are therefore classified as current. Trade receivables are initially recognized at amortized cost unless they contain significant financial components. The Fund holds trade receivables for the purpose of collecting the contractual cash flows and therefore measures them at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

4.10.2. Impairment of financial assets

IFRS 9's new impairment requirements use more forward-looking information to recognize expected credit losses – the “expected credit loss” (ECL) model. This replaces IAS 39's “incurred loss model”.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortized cost, trade receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss

Recognition of credit losses is no longer dependent on the Fund first identifying a credit loss event. Instead the Fund considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1) and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2)
- Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date.

“12-month expected credit losses” are recognized for the first category while “lifetime expected credit losses” are recognized for the second category. Expected credit losses are determined as the difference between all contractual cash flows attributable to the Fund and the cash flows it is actually expected to receive (“cash shortfall”). This difference is discounted at the original effective interest rate (or credit adjusted effective interest rate).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

4.10.3. Financial liabilities

The Fund's financial liabilities include trade and other payables.

Financial liabilities are recognized when the Fund becomes a party to the contractual agreements for payment of cash amounts or another financial asset to another company or contractual liability for exchange of financial instruments with another company under unfavorable terms. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within "Finance costs" or "Finance income".

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

Trade payables are recognized initially at their nominal value and subsequently measured at amortized cost less settlement payments.

4.11. Financial instruments under IAS 39, until 31 December 2017

Financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially by the Fund at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

All financial assets are recognized on their settlement date

Financial assets and financial liabilities are subsequently measured as described below.

Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- available-for-sale financial assets.

Financial assets are assigned to the different categories, depending on the purpose for which the investments were acquired. The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss of the Fund. All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within "Finance costs", "Finance income" or "Other financial items", except for impairment of trade receivables which is presented within "Other expenses"

Loans and receivables

Loans and receivables, arising in the Fund, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest method, less provision for impairment. Any change in their value is recognized in profit or loss. The Fund's cash and cash equivalents, trade and

most other receivables of the Fund fall into this category of financial instruments. Discounting is omitted where the effect of discounting is immaterial.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available feature of shared credit risk characteristics. The percentage of the write down is then based on recent historical counterparty default rates for each identified group. Impairment of trade receivables are presented within "Other expenses".

4.12. Cash and cash equivalents

Cash and cash equivalents consist of available cash, cash on bank accounts, term deposits and short-term deposits.

4.13. Pension and short-term obligations to employees

The Fund reports short term payables relating to unutilized paid leaves, which shall be compensated in case it is expected the leaves to occur within 12 months after the end of the accounting period during which the employees have performed the work related to those leaves. The short-term payables to personnel include wages, salaries and related social security payments.

The Fund has not developed and implemented post-employment benefit plans.

Short term employee benefits, including away leave entitlement, are current liabilities included in "pension and other employee obligations", measured at the undiscounted amount that the Fund expects to pay as a result of the unused entitlement.

4.14. Provisions, contingent liabilities and contingent assets

Provisions are recognized when it is probable that current liabilities resulting from a past event will result in an outflow of resources from the Fund and a reliable estimate of the amount of the liability can be made. It is possible that uncertainty is the timing or the amount of outgoing cash flow. A current obligation arises from the existence of a legal or constructive obligation as a result of past events, such as legal disputes or burdensome contracts. Restructuring provisions are recognized only if a detailed formal restructuring plan has been developed and implemented or the management has announced the main points of the restructuring plan before those that would have affected them. Provisions for future operating losses are not recognized.

The amount recognized as a provision is calculated on the basis of the most reliable estimate of the costs necessary to settle a current liability at the end of the reporting period, taking into account the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the probable need for outflow for debt repayment is determined taking into account the group of liabilities as a whole. Provisions are discounted when the effect of time differences in the value of money is significant.

Benefits from third parties in respect of a liability that the Fund is certain to receive are recognized as a separate asset. This asset may not exceed the value of the respective provision.

Provisions are reviewed at the end of each reporting period and their value is adjusted to reflect the best estimate.

Where an outflow of economic resources is unlikely to arise from a going concern, a liability is not recognized. Contingent liabilities should then be valued at the higher of the comparable provision described above and the initially recognized amount less accumulated amortization.

Possible inflows of economic benefits to the Fund that do not yet meet the recognition criteria of an asset are considered contingent assets.

4.15. Estimates uncertainty

When preparing the financial statements management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

4.15.1. Impairment

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Fund's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

4.15.2. Useful live of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date.

As at 31 December 2018 the Management assesses that the useful lives represent the expected utility of the assets to the Fund. The carrying amounts are analyzed in note 5 and 6. Actual results, however, may vary due to technical obsolescence, particularly relating to IT equipment and software.

5. Intangible assets

The Fund's intangible assets comprise of software and internet portal. The carrying amounts for the reporting periods under review can be analyzed as follows:

	Internet portal BGN '000	Software BGN '000	Total BGN '000
Gross carrying amount			
Balance at 1 January 2018	38	4	42
Balance at 31 December 2018	38	4	42
Amortization			
Balance at 1 January 2018	(31)	(1)	(32)
Amortization for period	(7)	(2)	(9)
Balance at 31 December 2018	(38)	(3)	(41)
Carrying amount as at 31 December 2018	-	1	1

For the prior period, the carrying amounts are as follows:

	Internet portal BGN '000	Software BGN '000	Total BGN '000
Gross carrying amount			
Balance at 1 January 2017	38	1	39
Additions	-	3	3
Disposals	-	-	-
Balance at 31 December 2017	38	4	42
Amortization			
Balance at 1 January 2017	(18)	-	(18)
Amortization for period	(13)	(1)	(14)
Balance at 31 December 2017	(31)	(1)	(32)
Carrying amount as at 31 December 2017	7	3	10

6. Plant and equipment

The Fund's plant and equipment comprise IT equipment, vehicles and office equipment. The carrying amount can be analyzed as follows:

	IT equipment BGN '000	Vehicles BGN '000	Fixture and fittings BGN '000	Software BGN '000	Total BGN '000
Gross carrying amount					
Balance at 1 January 2018	53	38	16	3	110
Balance at 31 December 2018	53	38	16	3	110
Depreciation					
Balance at 1 January 2018	(39)	(24)	(16)	(3)	(82)
Depreciation for period	(6)	(10)	-	-	(16)
Written-off for period	-	-	1	-	1
Balance at 31 December 2018	(45)	(34)	(15)	(3)	(97)
Carrying amount as at 31 December 2018	8	4	1	-	13

For the prior period, the carrying amounts are as follows:

	IT equipment BGN '000	Vehicles BGN '000	Fixture and fittings BGN '000	Software BGN '000	Total BGN '000
Gross carrying amount					
Balance at 1 January 2017	48	38	17	3	106
Additions	5	-	-	-	5
Disposals	-	-	(1)	-	(1)
Balance at 31 December 2017	53	38	16	3	110
Depreciation					
Balance at 1 January 2017	(34)	(15)	(17)	(3)	(69)
Depreciation for period	(5)	(9)	-	-	(14)
Written-off for period	-	-	1	-	1
Balance at 31 December 2017	(39)	(24)	(16)	(3)	(82)
Carrying amount as at 31 December 2017	14	14	-	-	28

All depreciation charges are included within 'Depreciation of non-financial assets' in Statement of profit or loss and other comprehensive income".

The Fund has no plant and equipment pledged as security for its liabilities.

7. Cash and cash equivalents

Cash and cash equivalents include the following components:

	2018 BGN '000	2017 BGN '000
Bank deposits	13 315	13 315
Cash on bank accounts	4 603	8 672
Cash on-hand	3	1
Cash and cash equivalents	17 921	21 988

The Fund has no blocked cash and cash equivalents.

8. Conditional Financing

The conditional financing includes:

	31.12.2018 BGN '000	31.12.2017 BGN '000
Undrawn portion of grants for funding of operations, including:	17 894	21 983
- undrawn portion of grant for funding operations under Climate Investment Program (CIP)	9 560	15 013
- undrawn portion of grant for funding operations under "Mineral Waters"	2 801	3 439
- undrawn portion of grant for funding operations under Aviation quotas	4 830	3 212
- undrawn portion of grant for funding operations under agreement with Republic of Malta	634	282
- undrawn portion of grant for funding operations under projects Germany	57	
- financing for acquisition of non-current assets	12	37
- result for period	-	3
Carrying amount as at 31 December	17 894	21 986

Undrawn portion of the funding of operations includes:

	31.12.2018 BGN '000	31.12.2017 BGN '000
Carrying amount at 1 January	21 986	15 596
Recognized revenue from financing in the statement of profit or loss and other comprehensive income	(6 292)	(9 825)
Received funding during the period	2 200	16 212
Result for the period	-	3
Carrying amount at 31 December	17 894	21 986

The main sources of funding of the Fund's activities include:

- Provided targeted funding from CIP in 2017 in the amount of BGN 15,298 thousand for finance investment projects and administrative activities of NTEF.
- Provided targeted funding of the pilot scheme Investment Program „Mineral Waters” amounted to BGN 3,500 thousand to finance investment projects.
- Provided funding for spending of proceeds from the sale of aviation quotas in the amount of BGN 4,830 thousand.

9. Employee benefits

9.1. Employee benefits expenses

Employee benefits expenses include:

	2018 BGN '000	2017 BGN '000
Wages	(289)	(260)
Social security costs	(50)	(43)
Employee benefits expenses	(339)	(303)

9.2. Pension and other employee obligations

The liabilities for pension and other employee obligations recognized in the statement of financial position consist of the following amounts:

	2018 BGN '000	2017 BGN '000
Current:		
Employee payables	16	16
Unused holiday leaves	9	10
Social security obligations	10	7
Current pension and other employee obligations	35	33

10. Trade and other payables

Trade payables recognized in the statement of financial position can be analyzed as follows:

	2018 BGN '000	2017 BGN '000
Payables for legal and other services	5	5
Other payables	1	2
	6	7

11. Income from conditional financing

Income from conditional financing can be presented as follows:

	2018 BGN '000	2017 BGN '000
Income recognized for project funding (see Note12)	5 552	9 155
Administrative expenses of the Fund	599	613
Income from German projects	116	29
Income from financing for acquisition of non-current assets	25	28
	6 292	9 825

12. Project funding expenses

Funding of public projects is realized based on three programs as follows:

Program	Amount under Grant agreement with NTEF (Total incl. VAT) BGN '000	Amount under Grant agreement with NTEF (% of total) BGN '000	Project funds paid in the current year BGN '000
12.1 Financing of public projects under the Climate Investment Program (CIP)	9 204	6 709	4 933
12.2 Financing of public projects under Pilot scheme of Investment program Mineral Waters	5 342	2 780	571
12.3 Financing of public projects under Program "Micro projects for the climate".	80	74	48
	14 626	9 563	5 552

The accompanying notes on pages from 62 to 82 form an integral part of the financial statements.

12.1. Financing of public projects under the Climate Investment Program (CIP)

The funds are for financing projects for improving the energy efficiency of sites - public state and / or municipal property, as well as for promoting the use of electric and hybrid vehicles.

Payments under the contracts for funding CIP concluded between NTEF and beneficiaries are made by bank transfer from an account NTEF.

In 2018 the actual paid sums to beneficiaries under the CIP – Scheme “Energy effectiveness” are in the total amount to BGN 4 813 thousand.

In 2018 the actual paid sums to beneficiaries under the CIP – Scheme “Electric vehicles” are in the total amount of BGN 120 thousand.

Detailed description of the reported costs in 2018 for project financing of CIP is provided in the table below:

Project №	Beneficiary / Project/ Name	Amount under Grant agreement with NTEF (Total incl. VAT)	Amount under Grant agreement with NTEF (% of total)	Actual amount of project funding (financing %) in current year (2018)
163	Introducing energy efficiency measures in the administrative building of Rakovski Municipality	376 292.10	319 848.29	319 847.61
184	Introducing energy saving measures in FN “Patilantsi”, Teropole city	147 529.07	125 399.71	117 750.60
230*	Implementing energy efficiency measures in the buildings of the language school "Plovdiv"- Plovdiv city: site 1-"School building", site 2-"Dormitory for girls", site 3-"Dormitory for boys"	1 154 221.13	981 087.96	140 629.90
244	Implementing a package of energy efficiency measures in the Administrative building of the Municipal administration of Strazhitsa city	204 416.38	173 753.92	-
244-2 ***	Implementing a package of energy efficiency measures in the Administrative building of BKS, Strazhitsa city	182 908.06	124 768.77	111 629.26
246	Improving the energy efficiency of Polyclinic – Shabla city, Shabla Municipality	219 738.84	186 778.01	179 068.59
277	Reducing the greenhouse gas emissions through the implementation of energy efficiency measures in PS "Petar Parchevich" – Chiprovtsi city	552 233.78	462 468.67	460 395.73
295	Implementing a package of energy efficiency measures for the buildings of Dormitory in Oryahovo city, 9 Rumyantsev St.	592 327.72	503 478.56	503 377.23

Project №	Beneficiary / Project/ Name	Amount under Grant agreement with NTEF (Total incl. VAT)	Amount under Grant agreement with NTEF (% of total)	Actual amount of project funding (financing %) in current year (2018)
315-1 ***	Implementing energy efficiency measures in Maritsa Municipality - FCF "Buratino", Kostievo village	302 095.76	256 781.40	-
315-2	Implementing energy efficiency measures in Maritsa Municipality – Health Service, Manole village	76 602.64	65 112.24	65 079.41
328-1**	Implementing energy efficiency measures in the school education infrastructure in Veliko Tarnovo Municipality – HSMNS "Vasil Drumev"	430 297.86	365 753.18	281 407.04
328-2**	Implementing energy efficiency measures in the school education infrastructure in Veliko Tarnovo Municipality – PS "St. Patriarch Evtimii	380 389.75	323 331.29	254 972.94
329	Improving the energy efficiency 44 th GSS "Neofit Bozveli", Poduyane neighborhood, Sofia city	457 288.27	388 695.03	378 090.95
364 ***	Repair, modernization and introduction of energy saving measures in a building of DCC I Gabrovo EOOD- first facility	1 065 206.07	266 301.52	-
365	Introducing energy efficiency measures in a post office, Chavdar village	65 661.37	55 812.16	55 158.11
368	Introducing energy efficiency measures for SS "Ekzarh Antim I", Kazanlak city	969 509.35	800 000.00	800 000.00
389	Introducing energy efficiency measures for the street lighting in h.c. Slaveikov, h.c. Izgrev and h.c. Zornitsa, Burgas municipality	1 071 705.05	800 000.00	800 000.00
392	Improving the energy efficiency of administrative building of FSCPCD - Mol	234 035.58	198 930.24	197 139.06
424	Introducing energy efficiency measures for the building of the Health Service in Dunavtsi village, Kazanlak Municipality	120 363.77	102 309.20	102 222.50
475	Building new energy saving street lighting along the road to house of creativity "Pamporovo-BNT" and hotel "Evridika", r.c. Pamporovo	93 323.10	46 661.55	46 660.05
	Public projects under Investment Climate Program (ICP)	8 696 145.65	6 547 271.70	4 813 428.98

The accompanying notes on pages from 62 to 82 form an integral part of the financial statements.

Project №	Beneficiary / Project/ Name	Amount under Grant agreement with NTEF (Total incl. VAT)	Amount under Grant agreement with NTEF (% of total)	Actual amount of project funding (financing %) in current year (2018)
	Electric vehicles			
033	Project for promoting the use of electric vehicles – Metropolitan Municipality, Metropolitan Inspectorate at the Metropolitan Municipality	52 700.00	20 000.00	20 000.00
036 ***	Project to encourage the use of electric vehicles by MES	61 822.00	20 000.00	-
038	Project for promoting the use of electric vehicles – Gotse Delchev Municipality	65 000.00	20 000.00	20 000.00
039	Project for promoting the use of electric vehicles – Blagoevgrad Municipality	69 448.00	20 000.00	20 000.00
040	Project for promoting the use of electric vehicles – Burgas Municipality	64 995.00	20 000.00	20 000.00
041	Project for promoting the use of electric vehicles – Gabrovo Municipality	64 200.00	20 000.00	20 000.00
042	Project for promoting the use of electric vehicles – Chief Directorate "Civil Aviation Administration"	52 990.00	20 000.00	20 000.00
045 ***	Project to promote the use of electric vehicles Municipality of Kazanlak	77 186.40	21 760.00	-
	Public projects – Investment Climate Program (ICP) – electric vehicles	508 341.40	161 760.00	120 000.00

* Projects partially paid in 2018, the final payment is due in 2019.

** Projects partially paid in 2017 and completed in 2018.

*** Projects which payment is due in 2019.

12.2. Financing of public projects under Pilot scheme of Investment program Mineral Waters

Spending money on this program is based on CM Decree № 322 / 24.11.2016. They are for financing environmental municipality projects, leading to the use of the thermal energy of mineral water.

In 2018 there have started six projects and one is at stage of preparation. There are two completed, paid and audited projects.

Detailed description of the reported in 2018 funding expenses for the projects under Investment program Mineral Waters is presented in the following table:

Project №	Beneficiary / Project/ Name	Amount under Grant agreement with NTEF (Total incl. VAT)	Amount under Grant agreement with NTEF (% of total)	Actual amount of project funding (financing %) in current year (2018)
001	Pumping station, water pipeline 2 and storage reservoir – Mineralni Bani Municipality	574,746.32	287,373.16	286,845.60
002	Pumping station - Polski Trmbesh Municipality	227,144.05	113,572.03	113,373.75
003	Storage reservoir – Separeva Banya	808,301.38	435,955.02	0.00
004	Water pipeline, storage reservoir and SZ belt A – Panagyurishte Municipality	342,480.00	171,240.00	170,473.22
005	Water pipeline 2, pumping station 2, bore hole 2 and overhead part of water intake facilities, Burgas Municipality	1,318,907.90	712,393.38	0.00
006	Water pipeline, pumping station, storage reservoir and water meters at water sources - Razlog	283,996.67	141,998.33	0.00
007	Water pipeline - Berkovitsa	1,028,329.95	514,164.98	0.00
008	Water pipeline, overhead part, equipment of water intake facilities, reconstruction and repair of measuring chamber - Velingrad	377,892.66	188,946.33	0.00
009	Water pipeline 2 – Septemvri Municipality	380,416.06	214,037.61	0.00
	Public projects – Investment program Mineral Waters	5,342,214.99	2,779,680.84	570,692.57

12.3. Financing of public projects under Program “Micro Projects for the Climate“.

On the basis of the Decision of the Council of Ministers № 175 / 29.03.2017 and of the Annual emission allocations (AEAs) within the NTEF, the "Micro-Projects for the Climate" Program is institutionalized. The funds under this program are spent on small projects to help mitigate and adapt to climate change.

Three projects were launched in 2018. One of which (Preparing a National Communication to NON-NIC) was completed and paid in 2018r.

A detailed description of the costs for the financing of Program projects in 2018 is presented in the table below:

Project №	Beneficiary / Project/ Name	Amount under Grant agreement with NTEF (Total incl. VAT)	Amount under Grant agreement with NTEF (% of total)	Actual amount of project funding (financing %) in current year (2018)
001	MEW – Preparation of National Communication to UNFCCC	30,000	24,000	22,762
002	RS Balkanka 2009 - Adapting the forests in the Southwest State Enterprise to the climate change	49,852	49,852	24,926
	Program “Micro Projects for the Climate“	79,852	73,852	47,688

13. Cost of materials

	2018	2017
	BGN '000	BGN '000
Heating	(1)	(1)
Electricity	(3)	(4)
Stationery	(3)	(3)
Others	(13)	(14)
	(20)	(22)

14. Hired services expenses

Hired services expenses include:

	2018	2017
	BGN '000	BGN '000
Consulting fees	(150)	(111)
Telecommunication	(7)	(8)
Insurance and security	(3)	(4)
Service-station fees	(27)	(33)
Audit services, including of the project financed	(108)	(126)
Other hired services expenses	(33)	(10)
	(328)	(292)

15. Other expenses

	2018	2017
	BGN '000	BGN '000
Business trip expenses	(27)	(10)
Others	-	(14)
	(27)	(24)

16. Finance income and finance costs

Finance costs amount to BGN 1 thousand and comprise of bank fees and foreign exchange transaction costs. During the reporting period no finance income from deposits is recognized (2017: BGN 3 thousand).

17. Transactions with related parties

Related parties of the Fund include key management personnel.

Unless otherwise stated, transactions with related parties were not performed under special conditions and not given or received any guarantees.

Key management personnel comprise of Management Board members. Remuneration of key management personnel include the following costs:

	2018	2017
	BGN '000	BGN '000
Short-term remunerations	16	9

18. Categories of financial assets and liabilities

The carrying values of financial assets and liabilities of the Fund may be submitted in the following categories:

Financial assets	Note	2018	2017
		BGN '000	BGN '000
Cash and cash equivalents	7	17 921	21 988

Financial liabilities	Note	2018 BGN '000	2017 BGN '000
Financial liabilities at amortized cost:			
Trade and other payables	10	6	7

19. Main risks related to the Fund's activities.

19.1. Risks related to operating activities.

19.1.1. Risks related to financial instruments

Risk management objectives and policies of Management

The Fund is exposed to various types of risks with respect to its financial instruments. For more information on the financial assets and liabilities by Fund category see note 18. The most significant financial risks to which the Fund is exposed are market risk, credit risk and liquidity risk.

Risk management of the Fund is carried out by the central administration of the Fund in cooperation with the Management Board. Management's priority is to provide short- and medium-term cash flows by reducing exposure to financial markets.

The most significant financial risks to which the Fund is exposed are described below.

19.2. Market risk analysis

Consequently, the use of financial instruments the Fund may be exposed to market risk and in particular to the risk of changes in currency exchange rates and interest rate risk.

Currency risk

The majority of the operations of the Fund are carried out in Bulgarian lev. Transactions of the Fund in foreign currencies do not expose the Fund to currency risk.

Interest risk

The Fund's Policy is directed towards minimizing the interest risk arising from long-term financing. As at 31 December 2018 the Fund is not exposed to a risk of change in market interest rates.

19.3. Credit risk analysis

Credit risk is the risk that a counterparty fails to pay its obligation to the Fund. Exposing the Fund to credit risk is limited to the carrying amount of financial assets recognized in the reporting period as indicated below:

	2018 BGN '000	2017 BGN '000
Group of financial assets – carrying amounts:		
Cash and cash equivalents	17 921	21 988

The fund has not provided its financial assets as collateral.

The credit risk on cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

19.4. Liquidity risk analysis

Liquidity risk is the risk that the Fund cannot meet its obligations. The Fund meets the needs of its liquidity, taking care of incoming and outgoing cash flows arising in the course of operations. Liquidity needs are monitored in various current periods. Liquidity needs in the short, medium and long term are budgeted.

20. Commitments in connection to the implementation of the Investment Climate Program (ICP)

By the end of 2018, financing contracts have been signed by the NTEF, which have not yet finished at a total value of BGN 1 530 thousand. The undrawn portion of the financing under the ICP amounts to BGN 9 560 thousand, of which BGN 5 205 thousand are provided for pilot schemes and BGN 1 398 thousand are provided for encouraging the use of electric vehicles. The rest BGN 2 957 are provided for the Fund's upkeep and other new projects funding.

For the period 01.01.2018 – 31.12.2018 a total of 21 investment public projects were fully completed, 6 of which for funding the use of electric vehicles.

In 2018 the Fund's operations in connection with the implementation of public projects under the Climate Investment Program are focused in the following directions:

- Preliminary control of technical projects and tendering procedures for such projects. The Ecofund performs preliminary control on tendering of all public projects by performing preliminary review and agrees all tender documentation of the procedures as well as the technical projects. Upon successful completion of this procedure and after selecting contractors, the Fund enters into contracts with beneficiaries.
- Control the actual implementation and payments. Fund carries out on-the-spot checks during the implementation of projects in order to minimize the risks of failure. After verification and acceptance of works and a secondary documentary check is carried out, followed by payments to beneficiaries. Payments under contract for financing under CIP concluded between NTEF and beneficiaries are performed through bank.

21. Commitments in connection to the implementation of the Investment program „Mineral Waters”

In 2018 after completion of the tender procedures, six financing contracts with a maximum grant from NTEF amounting to BGN 2 164 698 were concluded. The NTEF controls the actual implementation and payments of the projects. The Fund carries out on-the-spot checks on projects in order to minimize risks. After verification and acceptance of the works and deliveries, a subsequent documentary check is carried out, followed by payments to the beneficiaries. Payments under the contracts for financing under the Mineral Water Investment Program are made by bank transfer.

22. Commitments in connection to the implementation of educational projects

In 2018 the Fund actively participated in the implementation of the two new educational projects. The co-financing provided by the NTEF is BGN 16 150 for the project „For the introduction of climate actions in the educational programs of the Bulgarian schools". The project "Bridging European and Local Climate Action" is implemented on the basis of fixed hours of implementation and payable hourly rate.

23. Events after the reporting date

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.

24. Authorization of the financial statements

The financial statements for the year ended 31 December 2018 (including comparative information) were approved by Management on 26 March 2019.

“The NTEF is a well-managed and highly effective public institution, environmental financing institution with few weaknesses and many strengths, making it uniquely valuable institution in Bulgaria.

With clear and tangible government support the Fund has the potential to perform a much greater role in mobilizing and managing the financial resources needed to meet the environmental challenges of EU accession.”

*From “**Review and Assessment of the National Trust EcoFund**”, submitted by **Æquilibrium Consulting GmbH** upon an order of the German Federal Ministry for Economic Cooperation and Development (September 2003), under the Stability Pact.*

“To a large extent the NTEF has performed very well in terms of relevance, effectiveness, efficiency, sustainability, and impact reaching. The activities of the NTEF were also largely in line with the Good Practices of Public Environmental Expenditure Management. What is truly impressive is that the Fund managed to maintain high professionalism and achieve its objectives in a very complicated context, which is endemic for all countries in transition.

Due to its performance the NTEF built an impressive reputation among international institutions and donors.”

*From “**Assessment of the National Trust EcoFund and the Debt-for-Environment Swap Agreement**” submitted by **ECORYS SEE Research and Consulting** (January 2011).*

“All activities, allowed or supported as greening activities, are performed in compliance with the sustainable development principles and with the applicable international and national laws, regulations, rules, guidelines and standards, including art. 87, 88 and 89 from the Treaty establishing the European community, related to the state aid.”

*From “**Final independent audit report for expressing certainty regarding the implementation of projects, financed within the framework of the National Green Investment Scheme**”, prepared by Grant Thornton OOD (December, 2015).*

НАЦИОНАЛЕН
ДОВЕРИТЕЛЕН
ЕКО ФУНД



NATIONAL
TRUST
ECO FUND

1574 Sofia, Bulgaria
67 B Shipchenski prohod Blvd
Tel.: +359 2 973 36 37; 973 38 16
Fax: +359 2 973 38 18
E-mail: ecofund@ecofund-bg.org

www.ecofund-bg.org
www.myclimate.bg