

НАЦИОНАЛЕН
ДОВЕРИТЕЛЕН
ЕКО ФОНД



NATIONAL
TRUST
ECO FUND

ANNUAL REPORT

REPORT OF THE INDEPENDENT AUDITOR

FINANCIAL STATEMENTS

31 December 2020



"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).

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*Project № 305 - Trakia University,
Faculty of Technics and Technology - Yambol*



*Project № 321 - Diagnostic - consultative center 1,
Burgas municipality*

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 a 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 the Implementation of Projects and approval of projects by the NTEF MB	12
2. Implementation of projects under the Climate Investment Program (CIP) during 2020.....	12
IV. EVALUATION, SELECTION AND IMPLEMENTATION OF INVESTMENT PROJECTS WITHIN THE FRAMEWORK OF THE INVESTMENT PROGRAM “MINERAL WATERS” (IPMW), PILOT SCHEME..	19
1. Selection and approval of projects under IPMW	19
1.1. Forming a pilot project portfolio under IPMW	19
1.2. Selection and evaluation of projects under IPMW by the Standing Commission for Selection, Control and Reporting on the Implementation of Projects and approval of projects by the NTEF MB	19
2. Implementation of projects under a pilot scheme of the Investment Program “Mineral Waters”	20
V. EVALUATION, SELECTION AND IMPLEMENTATION OF INVESTMENT PROJECTS WITHIN THE FRAMEWORK OF THE INVESTMENT PROGRAM “CLIMATE MICRO PROJECTS”	21
1. Selection and approval of projects under CMPP	21
1.1. Forming a project portfolio under CMPP	21
1.2. Selection and evaluation of projects under CMPP by the Standing Commission for Selection, Control and Reporting on the Implementation of Projects and approval of projects by the NTEF MB	21
2. Implementation of projects under the Climate Micro Projects Program.....	22
VI. EDUCATIONAL AND OTHER INTERNATIONAL PROJECTS	25
1. Bridging European and Local Climate Action (BEACON)	25
2. “For the introduction of climate actions in the educational program of the Bulgarian schools” under the European Climate Initiative (EUKI)	26
3. Project “Triple A – Strengthening the value chain of the energy efficiency projects at their early stages” under the Horizon 2020 Program.....	27
4. Project “Municipal Energy Management Systems, Supporting the Sustainable Financing of the Local Climate Action” under the European Climate Initiative (EUKI).....	28
VII. INSTITUTIONAL DEVELOPMENT, INTERNATIONAL RELATIONS AND PUBLIC RELATIONS	29
1. Institutional development	29
2. Activities related to programs and financing mechanisms	29
3. International relations and public relations	30
VIII. SOURCES OF FUNDING, COSTS AND NTEF FINANCIAL STATUS.....	33
1. Sources of funding	33
1.1. Proceeds pursuant to CoM Decision No 27 / 13.01.2017	33
1.2. Proceeds pursuant to Ordinance No 1/04.03.2015	33
1.3. Proceeds under other programs and projects	33
1.4. 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	33
1.5. Proceeds under the “Triple A” Project	34
1.6. Proceeds under Project “Municipal Energy Management Systems, supporting the sustainable development of the local climate actions“	34
2. Funds allocation.....	34
2.1. Financing of projects under the Climate Investment Program	34
2.2. Financing of projects under a Pilot Scheme of the Investment Program “Mineral Waters”	36
2.3. Financing of public projects under the Climate Micro Projects Program.....	36
2.4. Used funds to cover the NTEF administrative costs.....	37
3. NTEF financial status as of 31.12.2020	39
IX. MAIN RISKS, RELATED TO THE ACTIVITY OF THE FUND.....	41
1. Operational risks	41
2. Risks related to the financial instruments	41
X. IMPORTANT EVENTS AFTER THE DATE, AS OF WHICH THE FINANCIAL STATEMENT HAS BEEN DRAWN UP	42
XI. POSSIBLE, FUTURE DEVELOPMENT OF THE FUND	42

ANNEXES:

Annex 1: Application forms submitted to NTEF for examination during 2020	43
Annex 2: Application forms approved by MB of NTEF during 2020	46
Annex 3: Implementation of the budget for financing other programs and for covering the administrative costs of NTEF as of 31.12.2020	48
Annex 4: Information on NTEF cash as of 31.12 2020	50
REPORT OF THE INDEPENDENT AUDITOR	51
FINANCIAL STATEMENTS	57
STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2020	59
PROFIT AND LOSS STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR, ENDING ON 31.12.2020	60
STATEMENT OF CASH FLOWS, FOR THE YEAR ENDED 31 DECEMBER 2020	61
NOTES TO THE FINANCIAL STATEMENTS	62

REPORT

on the activity of the

NATIONAL TRUST ECOFUND

for the period

01 January – 31 December 2020

LIST OF USED ABBREVIATIONS

BAS	Bulgarian Academy of Science
BPGA	Bulgarian Petroleum and Gas Association
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”
CMPP	Climate Micro Projects Program
LC	Labor Code
CEUAIC	Coordination of EU Affairs and International Cooperation Directorate
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
OG	Operational Guidelines
CCF	Combined Childcare Facility
UN	United Nations
PS	Primary School
CMD	Council of Ministers’ Decree
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 by April 30, 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 NTEF activity during the previous year.

The Annual NTEF Report presents the implementation of the Fund's Action Plan and budget for 2020, prepared in compliance with the NTEF Strategy 2014-2020 and approved by the Management Board of NTEF on 30 October 2014.

The report will also be submitted to the current donors, which for 2020 are the Government of Bulgaria and the Federal Ministry of Environment, Construction and Nuclear Safety of the Republic of Germany.

Annexes 1 to 4 represent an integral part of the annual report.

Acting Director of the Executive Bureau:

Irena Pencheva

31 January 2021



*Project 359 - 86 St. Kliment Ohridski Primary School -
Vladaya village, Vitosha district, Sofia Municipality*



*Project № 502 - 79 secondary school Indira Gandhi - Lyulin district,
Sofia municipality*

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 accounting 2019, the composition of the NTEF's Management Board (MB) includes the following members:

- Chairman of NTEF's Management Board – Mrs. Penka Mollova - Smolenova, appointed by the Council of Ministers of the Republic of Bulgaria (Decision No 665 of the CoM of 19.09.2018);
- Representative of the Ministry of Environment and Water (MEW) – Deputy Minister Nikolay Kanchev. The Representative of the Ministry of Environment and Water is also the 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 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 Ministry of Finance (MF) – Deputy Minister Marinela Petrova;
- Representative of the Ministry of Energy – Deputy Minister Zhecho Stankov.
- 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. Silviya Georgieva - Executive Director of NAMRB

Alternate with a voting right from the Ministry of Environment and Water is Mrs. Boryana Kamenova – Director of Climate Change Policy Directorate. Alternate with a voting right from the Ministry of 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 Real Sector and State Aid Directorate.

Four (4) regular meetings of the Management Board (MB) of NTEF were convened during 2020. Due to the declared epidemic situation in the country caused by COVID-19, the last three meetings were held in absentia in accordance with the regulations of the Ministry of Health.

The first meeting, which was held on 12.02.2020, was dedicated to the discussion of the NTEF Operational Plan and NTEF budget for the period 01 January – 31 December 2020. At the same meeting, an update of the Operational Guidelines of the Climate Micro Projects Program, related to the order and manner of implementation of the Program, based on the so far accumulated experience, was discussed and approved. Proposals, related to the received application forms under the CMPP, were discussed and a decision in principle for their financing was made. Also, the NTEF Management Board supported the initiative of NTEF EB, the Fund to participate as a member in a consortium with a leading partner Energy Efficiency Foundation (EnEffect) in connection with an application with a project ("Bulgarian Energy Efficiency Forum for Smart Finance for Smart Buildings") under Horizon 2020 Program.

At the second meeting of the NTEF Management Board, held on 14.04.2020, the Annual Activity Report and the Financial Statement of the NTEF for 2020 were adopted and approved, which according to the current Ordinance on the Structure and Activity of the National Trust Eco Fund was presented to the Council of Ministers through the Minister of Environment and Water by 30 April. At the same meeting, the terms of reference for the selection of a contractor to audit the NTEF activity for the financial year 2020 were approved. A proposal, related to the implementation of the pilot projects through a guaranteed result contract under the Climate Investment Program was discussed.

Information was presented, concerning the participation of NTEF, as a leading partner in the preparation of a full project proposal "Implementation of Innovative Measures for Climate Change Mitigation and Adaptation in the Municipalities in Bulgaria" under the Program "Environment Protection and Climate Change", funded by the Financial mechanism of the European Economic Area" and the Chairman of the NTEF MB was authorized to undertake all necessary measures for this purpose.

The third meeting, held on 02.07.2020, was dedicated to the presentation of project proposals approved by the Commission for Selection and Control of Project Proposals under the Scheme for Promoting the Use of Electric and Hybrid Vehicles of the Climate Investment Program and the Climate Micro Projects Program. A proposal of the EB of the NTEF was also discussed, related to the financing of CIP projects within the available saved resources from the implementation of the completed contracts.

The fourth last meeting of the NTEF Management Board, which was held on 19.11.2020, was dedicated to the presentation of project proposals approved by the Commission for Selection and Control of Project Proposals under the Scheme for Promoting the Use of Electric and Hybrid Vehicles of the Climate Investment Program and Climate Micro Projects Program. The reports on the implementation of projects under the Energy Efficiency Scheme of the CIP were presented. During the meeting, information related to the approval of a redefined Project No3 "Implementation of innovative measures for mitigation and adaptation to climate change in municipalities in Bulgaria under the Program "Environment Protection and Climate Change", funded by the Financial Mechanism of the European Economic Area was presented and decisions were taken to give a mandate to the Chairman of the NTEF MB to sign the Partnership Agreement and the Project Implementation Contract.

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)

During 2019 the implementation and financing of projects under the Climate Investment Fund were continued within the framework of the residual unused resource, provided by virtue of CoM decision from 2017 and the funds, ensured with a decision of the NTEF Management Board, from the revenues from sales of allowances for greenhouse gas emissions from aviation activities through a tender under Ordinance No1 of 04.03.2015, pursuant to their approval by the NTEF MB 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).
- Energy efficiency projects, involving implementation of European standards for monitoring and verification of the results within the framework of a Denkstatt Bulgaria OOD project under Horizon 2020 Program.

1. Selection and approval of projects under CIP

1.1. Maintaining a permanent project portfolio under CIP

Energy efficiency projects under CIP

During 2020, 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 had 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 NTEF MB the beneficiaries were informed that the implementation of their projects would be continued after provision of additional resource under CIP.

Projects under the Pilot Scheme for promotion of electric vehicles

During 2020, two calls for collecting project proposals for purchasing electric vehicles were published. They had the following deadlines: 17 March and 30 October 2020. As in the preceding years, during the accounting year, the accent in the published calls was put on the vehicles, which the administrations and the municipalities could use to achieve maximum effect. Such activities were: the everyday administrative service provision, utilities – cleaning, parks' maintenance, social patronage, inspections, public transport provision within the framework of settlements with small passenger traffic, etc. In 2020 as well, eligible for financing were electric cars - category M1 and N1 and electric (plug-in) hybrids - category M1 and N1, all-electric vehicles (buses) - category M2 and N2, vans - category M1 and N1 (6+1 and 7+1 seats), small electric trucks - category L7e, as well as there was a possibility for subsidizing the purchase of different superstructures for cleaning, freight transportation, spraying, etc..

During the periods of intake of applications in 2020, 20 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 13 electric vehicles - category M1 или N1, 1 all-electric vehicle - category N1, 1 all-electric vehicle - category M2 or N2, and 13 small electric trucks - category L7e with superstructures (*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 NTEF and MEW web pages, as well as with the assistance of the NTEF MB members – disseminated through the information channels of NAMRB and the non-governmental sector.

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

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 application of pre-announced mandatory compliance requirements. The second stage represents an *evaluation and ranking of projects* pursuant to pre-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 the second stage of application (“Application Form”) are subject to approval by the Management Board. The project proposals at phase “Letters of Interest” are approved by the Standing Project Selection, Control and Reporting Commission, after which the results are reported to the NTEF MB and the Executive Director provides information to the candidates about the Commission’s decision.

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 2020, two (2) meetings of the Standing Commission for Selection, Control and Reporting on CIP Implementation were held. During these meetings twenty (20) forms under the Scheme for promoting the use of electric vehicles were examined.

Approval of projects by NTEF MB

As a result of the work of the Standing Commission, 20 project application forms were submitted and approved under the Electric Vehicles Scheme. (*Annex 2 – Table 2.1.*)

2. Implementation of projects under the Climate Investment Program (CIP) during 2020.

Implementation of energy efficiency projects under CIP

During the accounting 2020 as well, the National Trust Eco Fund worked on project proposals, approved for financing prior to the adoption of the new rules (October 2017). The Fund financed energy efficiency projects of public beneficiaries to a maximum amount of 85% of their total value, but not exceeding BGN 800,000 pursuant to a decision of the MB dated 24.01.2017. The rest of the funds, needed for the project implementation, were provided by the beneficiary as co-financing.

During 2020, due to the fact that the available financial resource under the Climate Investment Program as amount was not sufficient to finance all projects, approved by the Management Board, the EB team’s efforts were mainly focused on the projects at advanced stage of implementation in compliance with the approved NTEF’s budget.

At a meeting of the NTEF Management Board on 02.07.2020, three additional projects were proposed for funding (Project No 275 of the Medical University (MU) - Pleven; Project No 380 of Tran Municipality and Project No 443 of Rila National Park, the necessary funds being provided with the saved resources from the implementation of projects throughout the year.

The ex-ante control on the tender procedures for selection of contractors for the construction & installation works (CIW) 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 NTEF Executive Board’s team. The EB provides a pre-compiled model package of tender procedure documentation, timely updated in compliance with the legislative framework (PPA), specifying 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 ex-ante control having been completed, the approved tender documentation package is provided to the Beneficiary. Following publication of the procedure with

the Public Procurement Agency, another examination is carried out and where necessary a 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.

During the accounting period, 7 energy efficiency projects have been **completed, audited and reported** by virtue of a decision of MB, in this number the pilot initiatives, amounting to a total of BGN 4,028,345.84 and a financial aid, paid by NTEF in the amount of **BGN 3,514,201.28**.

In 2020, in connection with the implementation, financing and reporting of completed public projects, BGN 32,805 were spent for the implementation of ex-ante and ex-post control on the prepared and conducted tender procedures and for the audit of the implemented project proposals.

As a result of the implementation of all projects in 2020, an annual greenhouse gas emission reduction equal to **31,532t/CO_{2eq}** for the entire life cycle of the projects was achieved.

The completed and paid projects **in 2020** are as follows:

Project No 218*

“Implementation of a package of measures to improve the energy efficiency of the building of CCF “Detelina”, Skravena village, Botevgrad city”

NTEF-provided funding amounts to **BGN 107,380**.

The project includes the following activities:

1. Thermal insulation of walls.
2. Replacement of doors and windows
3. Thermal insulation of roof
4. Heating system optimization
5. Heating system replacement.

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **668 t/CO_{2eq}** for the entire project life cycle.

Project No 292

“Improving the energy efficiency of the building of “Medical Center I - Parvomai” EOOD, Parvomai Municipality”

NTEF-provided funding amounts to **BGN 346,446.33**.

The project includes the following activities:

1. Thermal insulation of external walls
2. Replacement of doors and windows
3. Improving the efficiency of the heating system (HS) through automatic temperature control.

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **4,999 t/CO_{2eq}** for the entire project life cycle.

Project No 305

“Improving the Educational Infrastructure of the Equipment and Technologies Faculty – Yambol city, Trakia University – Stara Zagora-Yambol”

NTEF-provided funding amounts to **BGN 757,081.44**.

The site “School Building” includes the following activities:

1. Thermal insulation of external walls

2. Replacement of doors and windows
3. Thermal insulation of roof
4. Heating system repair.
5. Lighting system replacement.

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **8,076 t/CO_{2eq}** for the entire project life cycle.

Project No 321 **

“Introduction of energy efficiency measures for DCC-1-Burgas, RLP I, quadrant 4, Zornitza h.c., Burgas city”

NTEF-provided funding amounts to **BGN 296,210.01**.

The project includes the following activities:

1. Thermal insulation of external walls
2. Replacement of doors and windows
3. Thermal insulation of roof
4. Replacement of luminaires
5. EEM for the heating system.
6. Delivery of solar collectors

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **233 t/CO_{2eq}** for the entire project life cycle.

** Sites, whose CIW are completed and paid during 2020, but will be **audited during 2021**.*

*** Sites, whose CIW are completed and paid during 2020, but will be **audited and reported in 2021**.*

Project No 328-5

“Introduction of energy efficiency measures in the school educational infrastructure in Veliko Tarnovo Municipality, site SS “Emiliyan Stanev”

NTEF provided funding amounts to **BGN 800, 000**.

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 the distribution network
6. Building automated control system
7. Improving the efficiency index of the heat supply – replacement of radiators; automated control of the automatic control of the supply air temperature by the injection systems
8. Improving the efficiency index of the heat supply of the ventilation systems.
9. Reducing the consumption of the heated with natural gas and electricity water for household purposes (HHW) through automation of the water heating system’s control.

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **8,630 t/CO_{2eq}** for the entire project life cycle.

Project No 359

“Improving the energy efficiency of the building of 86 PS “St. St. Kliment Ohridski” – Vladaya village, 2 Brezova Gora St., Vitosha region, Sofia Municipality“

NTEF-provided funding amounts to **BGN 496,958.07**.

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. EEM for the heating system
6. EEM for the lighting system

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **3,236 t/CO₂eq** for the entire project life cycle.

** Sites, whose CIW are completed and paid during 2019, but are **audited and reported in 2020**.*

*** Sites, whose CIW are completed and paid during 2020, but will be **audited and reported in 2021**.*

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

In 2020, continued the work on the implementation of the two groups of pilot projects:

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

Two are the main benefits from the successful 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 borrowed funds;
- 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.

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

During the previous two years, the joint work of the EBRD and NTEF teams was related to the preparation of the tender documentation for the contractor selection procedure and the bids’ evaluation methodology, as well as to assisting the work of the Beneficiary during the negotiations with the potential contractors. Despite the made progress, until the expiration of the the deadline of the existing contractor selection procedure in 2020, no final bids from the bidders were submitted. The nature of the procedure (competitive dialogue) and the reached stage do not imply an extension of the bids’ submission deadline, due to which the procedure has been terminated.

During 2020 accounting year, the beneficiary - Gabrovo Municipality and the NTEF team made an analysis of the events and the project status. Based on this analysis, several important conclusions were drawn:

First, there is interest towards such Projects, and ESCO companies take this opportunity seriously.

Second, two important circumstances should be considered in view of future drafting of conditions for contractor’s selection, namely:

- It is not appropriate in the TOR (Terms of Reference) for the contractors to include activities for ongoing repairs and maintenance of the power supply network, since these are not energy-saving measures.

- When calculating the savings after implementation of the investment measures, it is not correct to use the saved funds from ongoing repairs, as they cannot be used to calculate the investment payback, because they are not obtained as a result of reduced energy consumption.

During the accounting year 2020, the Municipality of Gabrovo assigned the preparation of an up-to-date energy audit report. When presenting its draft, it was commented that the actual payback period of the investment is longer, which required a search for new funding opportunities to supplement the NTEF-provided grant. With an explicit decision of the Management Board of NTEF, the amount of the determined subsidy was increased, which would be paid back after the project implementation.

Based on the analysis and the updated energy audit report, in August 2020 a new public procurement was announced using an open procedure. The selected evaluation criterion is “the most economically advantageous bid”. By the deadline for submission of bids, four proposals for the project implementation were received. In December, a contract was signed with the first ranked participant.

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 achievement of one of the main objectives, included in the NTEF Development Strategy, namely – strengthening NTEF public importance through implementation of innovative initiatives with a view to improving the environment.

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 a 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.

After the completion of the joint work of the teams of NTEF EB and of Denkstatt Bulgaria OOD on the preparation of important procedures and documentation necessary for the implementation of European standards in the field of energy efficiency, they were set as basic requirements in documents, such as: Commissioning Plan, Maintenance and Monitoring Plan and Plan for Measurement and Verification of the Achieved Energy Savings.

Project No 502

“Improving the energy efficiency of 79th SS “Indira Gandhi“, Lyulin quarter, Sofia city“

The project was fully implemented during 2020. The NTEF-provided funding amounts to BGN **1,202,424.45**, out of which BGN 492,298.55 have been paid in 2019 and BGN 710,125.90 in 2020, the funds being spent for 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 the internal heating system and hot water boiler (HWB)
6. Improving the efficiency of the lighting system.

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **5,691 t/CO₂eq** for the entire project life cycle.

Thus, in practice, NTEF has already funded a site, where it will be able to monitor the results of its two innovative initiatives in the energy efficiency field.

It is important to note that this school is also implementing an educational energy saving project by changing the behavior of students, which in its turn is expected to further increase the effect of the applied investment energy saving measures.

The second project, which will be implemented as an energy efficiency project, applying European standards to monitor and verify the results, is:

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

The envisaged 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. Improving the efficiency of the indoor heating system (IHS) and HHW
6. Improving the efficiency of the lighting system

In the previous 2019, the work on the preparation for the project implementation continued with the conducting of a new energy audit for elimination of the identified gaps. This led to further refinement of the technical documentation. The coordination of the tender documentation and its implementation was completed at the end of 2020. It is expected that by the first quarter of 2021 the follow-up control on the ESM contractor selection procedure under the project will be completed and the project implementation in accordance with the requirements of the Program will be started.

The two schools, housed in the building where the energy saving measures will be implemented, also participate in the NTEF educational projects and will serve for the analysis of the results from the application of the two innovative approaches in the implementation of CIP projects.

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

During 2020 as well, NTEF financing under the Scheme for Promoting the Use of Electric Cars is determined on the basis of Decision of MB for each call and is differentiated according to the vehicle's type. The envisioned by NTEF subsidy is determined, based the relevant category of the electric vehicle. The part of the delivery price of the vehicles, which not covered by the subsidy, is provided as co-financing by the beneficiaries

In addition to that, in 2020 the implementation of this type of projects started with the ex-ante control on the specially developed and coordinated with the Public Procurement Agency model documentation for conducting public procurement procedures to select electric vehicles' suppliers, which is updated in a timely manner in connection with the changes in the Public Procurement Act (PPA). The process of financing and completing the electric vehicles' delivery projects is regulated in the CIP Operational Manual in its part on the electric vehicles.

During the accounting year, in the course of implementing the Scheme, 4 (four) all-electric vehicles - category M1 (4 + 1 seats) or N1, 1 (one) electric truck – category L7e and 1 (one) electric vehicle - category M1 (vans - 7 + 1 or 6 + 1 seats) were delivered. The purchase of the remaining 27 (twenty-seven) vehicles approved during the preceding years is forthcoming, in this number 13 (thirteen) all-electric vehicles - category M1 (4 + 1 seats) or N1, 13 (thirteen) electric trucks – category L7e and 1(one) all-electric bus - category M2.

In the reporting year 2020, the implementation of 4 (four) projects was completed with the financial support from NTEF in the amount of BGN 130,000.

In 2020, in connection with the implementation, financing and reporting of the completed public projects, BGN 2,394 were spent for ex ante and ex post control of the prepared and conducted tender procedures in implementation of the project proposals.

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



*Project 328 - Emilian Stanev High School,
Veliko Tarnovo municipality*



*Project 292 - Medical Center I - Parvomay,
Parvomay municipality*

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

In 2019, an in-depth analysis of the implementation of the Pilot phase of the Investment program “Mineral Waters” was made. Based on the reported results and accounting for the gained experience and the recommendations provided by the direct beneficiaries (the Municipalities), the Program implementation rules were updated and the Government of the Republic of Bulgaria was approached to provide financial resources for project funding under IPMW on an annual basis. It was expected that in 2020 the Investment Program “Mineral Waters” will be launched as a permanently operating program for project funding, using money transfer from the collected mineral water abstraction fees pursuant to Art.196, par, 1 of the Water Act.

Due to the impossibility to provide the necessary funds in 2020 and the further complicated situation caused by COVID-19 pandemic, the launching of the program has been postponed. The efforts and contacts of the EB and the Chairman of the NTEF MB with the interested institutions to reach a decision for provision of funds and implementation of the Program as a national instrument in support of the municipalities related to the mineral water infrastructure, which is municipal property, helping both the implementation of municipal projects for expanded use of mineral waters as a renewable energy source (RES) and the reduction and/or prevention of greenhouse gas emissions, which also opens up significant potential for the socio-economic development of the relevant territories, are ongoing.

1. Selection and approval of projects under IPMW

1.1. Forming a pilot project portfolio under IPMW

The projects, included in the initial package still in 2016, were implemented and reported in 2019.

During the reporting year 2020, no new call was published and no new application forms were received, due to the already mentioned reasons, related to the ensuring of financial resources for project implementation under the Program.

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

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 pre-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 Project Implementation and by the Management Board.

Selection and evaluation of projects by the Standing Commission on Selection, Control and Reporting on IPMW implementation

During 2020, no meetings of the Standing commission for Selection, Control and Reporting on Project Implementation under IPMW were held, since during the year no application forms under the Program were received.

Project approval by NTEF MB

During 2020, the NTEF MB did not approve projects under Investment Program “Mineral Waters”, since there was no receipt of application forms under the Program.

2. Implementation of projects under a pilot scheme of the Investment Program “Mineral Waters”

In 2020, no projects under the Mineral Waters Investment Program were implemented after the completion of the program’s pilot implementation stage.

In 2020, in connection with the implementation, financing and reporting on the completed public projects in 2019, BGN 7,560 were spent for the audit of the implemented project proposals during the pilot phase of IPMW.

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

The funds for financing projects under Climate Micro Projects Program (CMPP) 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 CMPP framework the following types of projects are implemented:

- Small infrastructure projects (delivery of apparatuses, construction of 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.).

In December 2019 updates of the Operational Manual of Climate Micro Projects Program were made. The amendments are related to the elimination of the established requirement, concerning the share of the annually spent funds (during the respective calendar year), which should be 70% for small infrastructure projects and 30% - for the other type, as well as to the introduction of calls for intake of project proposals. The other updates are focused on the specification of the eligible activities and their differentiation with regard to the eligible activities under other current NTEF programs. The circle of the eligible beneficiaries for activities, related to the implementation of small infrastructure projects, was limited to sites, owned by the municipalities, the state and the Bulgarian Academy of Science (BAS). It was clarified that the nomination of projects should be accomplished with a motivated written proposal by the NTEF MB members and the announcement of the calls for applications with an established deadline was introduced in order to regulate the time for examination and approval of the project proposals.

1. Selection and approval of projects under CMPP

1.1. Forming a project portfolio under CMPP

Following the adoption of the amendments to the OG in December 2019 and based on the decisions taken by the NTEF MB, regarding the implementation of already approved projects, the creation of a project pipeline was resumed in 2020.

In 2020, 14 application forms under the CMPP were received under two announced calls, nominated by MB members (*Appendix 1 - Table 1.2.*).

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

According to the NTEF Rules of Procedure and the Operational Manual of CMPP, the project approval is accomplished on the basis of submitted application form and ranking based on pre-announced application requirements, as well as 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 NTEF Management Board.

In 2020, two meetings of the Standing Committee on Selection, Control and Reporting on Project Implementation were held. At these meetings, 10 application forms under the CMPP were considered. Four of the submitted forms were not admitted for review and evaluation due to non-compliance with the requirements and lack of a written nomination by a member of the NTEF Management Board.

Project approval by NTEF MB

As a result of the work of the Standing Committee, 10 application forms of projects under CMPP have been submitted and approved by the NTEF Management Board. The meetings of the Management Board, at which projects for funding were approved, were held on July 2 and November 19, 2020, respectively (*Annex 2 - Table 2.2.*)

2. Implementation of projects under the Climate Micro Projects Program

During the accounting year 2020, 6 (six) projects were completed and reported with the financial support of NTEF in the amount of BGN 257,782.47.

In connection with the implementation, financing and reporting on the completed projects, BGN 112.50 were spent for ex-ante and ex-post control on the prepared and conducted tender procedures of the implemented project proposals.

The completed and paid projects under CMPP in 2020 are as follows:

MP 007 "Effective light for our children"

The project plans for energy efficiency measures for the interior lighting of the buildings of 3 kindergartens, 3 primary schools and the administrative building of Chernoochene Municipality, focusing on optimizing energy consumption by installing energy-saving light sources.

The project belongs to the so-called "small infrastructure projects".

The NTEF-ensured funding under this project amounts to BGN 44,948.72.

MP 014 "Reporting and analysis of the results and updating with horizon until 2030 the Action Plan for Sustainable Energy Development until 2030"

The project aims to evaluate and analyze the results of the implementation of the Action Plan for Sustainable Energy Development until 2030 of Smolyan Municipality. To meet the new challenges, faced by the local authorities in the field of climate change adaptation, the updated plan will have a horizon until 2030 and will include not only measures for sustainable energy development, but also measures for adaptation to climate change. The new action plan for sustainable energy development and adaptation to climate change is a prerequisite for creating a sustainable energy management model at Smolyan Municipality by implementing effective and flexible financial mechanisms and successful practices to achieve high levels of energy savings and carbon footprint reduction.

The project belongs to the so-called "soft projects" - activities related to climate change mitigation and adaptation and consisting in the development of strategies / programs / reports / analyzes.

The NTEF-ensured funding under this project amounts to BGN 35,880.00.

MP 016 "Modernization of street lighting in the town of Smyadovo"

The project aims to optimize the street lighting of Smyadovo city by installing new energy-saving LED fixtures 20W, IP-66 with a luminous flux of not less than 2000 lm and minimum light distribution 90° x 140°. The warranty period, related to the delivery of the fixtures, which is requested by Smyadovo Municipality, is minimum 5 years.

The project belongs to the so-called "soft projects",

The NTEF-ensured funding under this project amounts to BGN 49,200.00.

MP 017 "Implementation of energy efficiency measures at the First Bulgarian Community Center "Elenka and Kiril D. Avramovi - 1856"

The project aims to achieve a positive environmental effect, expressed in the direct reduction of greenhouse gas emissions by replacing the existing heating system in the building of the First

Bulgarian Community Center "Elenka and Kiril D. Avramovi – 1856", Svishtov city. The following activities have been carried out:

- Installation of a new boiler system using pellet fuel;
- Installation of individual air conditioning split systems and fan convector heaters;
- Replacement of a part of the pipe network;
- Optimization of the electrical installation.

The project belongs to the so-called “small structure project”;

The NTEF-ensured funding under this project amounts to BGN 49,998.95.

MP 020 "Automation and monitoring of energy consumption at BAS"

The project aims to achieve a positive environmental effect, expressed in the direct reduction of greenhouse gas emissions by lowering heat consumption through automation of the substation and the heating system in the building of BAS Central Office. The following activities have been performed:

- Built system for control and management of the humidity and the air temperature, as well as of the heating system. There are 12 installed sets for measuring electricity consumption and two base stations for receiving and processing of data.

The project belongs to the so-called "soft projects",

The NTEF-ensured funding under this project amounts to BGN 33,109.80.

MP 021 "Drafting an ordinance, amending and supplementing the ordinance on the terms and procedure for preparation and verification of the reports of the suppliers of fuel and energy for the transport and assessing the impact of the draft ordinance"

The project aims to draft a normative text in close cooperation with the economic operators and the consulting of this text with the responsible state institutions, with the main goal to create an opportunity for reporting on achieved reduction of the greenhouse gas emissions, generated during crude oil production.

The following activities, related to the preparation of the Ordinance amending the Ordinance on the conditions, procedure and manner for preparation and verification of the reports of the suppliers of fuel and energy for the transport and assessing the impact of the draft ordinance have been implemented.

The project is one of the so-called “soft projects” - activities related to climate change mitigation and adaptation, involving development of strategies / programs / reports / analyzes.

The NTEF-ensured funding under this project amounts to BGN 44,725.00.

During the past accounting period no weaknesses related to the use of funds regarding their designation, as well as to the transparency of the project selection and implementation procedures 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. All recommendations regarding deviations from the public funds spending requirements during the process of carrying out contractor and supplier selection tenders under NTEF-funded projects have been considered and the necessary steps to eliminate them have been undertaken.



EM 058 - Agency for geodesy, cartography and cadaster



EM 060 - Chavdar municipality



EM 067 - Bourgas municipality

VI. EDUCATIONAL AND OTHER INTERNATIONAL PROJECTS

Since 2015, the NTEF has endeavored to contribute to a change in the behavior of the users of buildings, for which funds for investment are provided, because the manner in which the building is used in the long term ensures the achievement of energy savings after the implementation of the investment measures (wall insulation, replacement of windows, improvement of electrical and heating installations, etc.).

The Fund's activity in this direction began with practical work at four schools in two municipalities in 2016. As of 2018, it expanded to a total of 15 schools in four municipalities, and since 2019 - to a total of 50 schools in 12 municipalities, including kindergartens. The principle for involving the schools was firstly to send invitation to these educational facilities, where the Fund had already invested significant public funds for energy efficiency measures for buildings. Currently, the activities under this initiative are also implemented at other educational facilities on the territories of the same municipalities or Regional Departments of Education (RDE).

The idea behind this initiative is the children in the Bulgarian schools to develop energy-saving behavior by caring for energy savings in their school and kindergarten, and with the help of their teachers to influence this process.

To this end, “energy teams” (forms of extracurricular club-type activities) are created at the respective educational institutions, which receive theoretical and practical knowledge from a relevant trained teacher and then take over the “control” on the energy consumption within the school.

The whole initiative is implemented through the following two parallel and mutually complementary projects.

1. Bridging European and Local Climate Action (BEACON)

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

The reporting year 2020 was marked by a changed situation in the whole world due to the COVID-19 pandemic. Under these conditions, it was necessary to reformulate the specific ways for the implementation of the relevant project activities, change the project implementation schedule, as well as extend the project implementation period until the end of July 2021 and add new activities for the coming year. These changes were made within the framework of the international consortium and approved by the contracting authority (Federal Ministry of the Environment of the Republic of Germany).

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In addition to the work of teachers with the energy teams in 15 schools from 4 municipalities and the actual achievement of reduced energy consumption in the schools, thanks to the changed behavior of students and teachers, the project also focuses on the improvement of the stakeholders' interaction and on the policies in the field of education.

The concrete actions under the Project were:

- Work of the energy teams in the 15 schools under the Project using the measurement instruments and implementing actions for changing the behavior of teachers and students. Achieved excellent results – 6-7% reduced energy consumption for the last heating season at individual schools;

- Partnership relations, established between 4 Bulgarian and 4 German schools, which will jointly plan and spend climate action days after exchanged visits in Bulgaria and in Germany of teachers from these schools. Unfortunately, the events themselves could not take place in 2020 – there is an expectation regarding the finding of the appropriate forms for their holding in the spring and summer of 2021.
- The planned study tour for school principals, heads of RDE of Sofia city and Sofia District and representatives of MES, MOEW and municipalities is currently postponed and will probably be replaced by online presentations of the work of key institutions in the field of education in Germany.
- Conducted national workshop to develop the concept of the initiative and the forms and ways to encourage its participants, as well as the possibility for its development as a national initiative. A working meeting was held in August 2020, which provided an opportunity to the local stakeholders (schools, kindergartens) to prepare and present their vision for the creation of a national initiative on the next day. In preparation for the meeting, NTEF prepared a number of analyses on energy consumption and the potential for saving energy and financial resources through the implementation of the initiative.
- The participating in the project teachers took part in a training focused on conducting a thematic seminar "Vision for the Future" with their students. After the training, such a seminar was organized in one of the schools. In a creative manner, the students presented their understanding of what their school would look like as a school with a zero carbon footprint.
- NTEF received from the project consortium equipment for the so-called "bicycle cinema", with which ten participants pedaling their bicycles produced energy for the projection of a movie. The NTEF team was trained on how to use the equipment and in the early autumn of 2020 held seven screenings in schools in Sofia and Veliko Tarnovo. The participating students and their spectators participated with great interest and enthusiasm.
- In one of the schools in Veliko Tarnovo, a performance on the energy saving and climate change topics was initiated by the students, which was recorded in Bulgarian and English language as a video material and distributed via GIZ channels.
- They have been translated from German into Bulgarian and supporting materials to help the work of the schools and teachers have been issued in the relevant circulations.

In 2021, there are pending activities for expanding the initiative and involving the competent institutions in it.

2. “For the introduction of climate actions in the educational program of the Bulgarian schools” under the European Climate Initiative (EUKI)

The project is directed towards raising the awareness of the students related to the topics of climate and energy, and more precisely to the problems of energy savings in the Bulgarian schools through a change in the behavior of the students and the staff in them with the help of the envisaged 3 (three) main activities: training of trainers in Berlin and Sofia; training of teachers and field work in schools in Bulgaria. The aim of the development of curricula and training materials 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 in 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 policy approaches;
- To institutionalize the teachers’ qualification programs – starting from those for pre-school education until 7th grade, as well as to contribute 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, primary schools and for basic schools, including brochures, manuals, templates, etc.;
- To raise the awareness related to climate related issues and activities – familiarizing the local authorities and involving them in the processes at their schools;
- To support the efforts for providing information and raising the awareness of students, teachers and parents regarding the energy efficiency with the help of media and public events.

In 2020, the project implementation passed through several key activities:

- The work in all schools was carried out according to a plan and with very good results. There was a certain delay after March 2020, when the transition to a distance learning process took place. Despite the initial difficulties in many of the schools, the work continued and the teachers also received relevant resources for on-line teaching being provided by the university professors involved in the project.
- In 2020, the six sets with two editions per set, designated for teachers from pre-school to 7th grade of education, including content and methodological materials for teachers, were updated. They were published in a final version in full circulations in December. Adhering to them, a seventh set has been compiled, which covers in an interdisciplinary manner the topic for students in the lower and upper secondary education level. This set has also been issued in full circulation.
- - The preparation for the final seminars with the teachers and for the final conference has started

In 2021, the completion of the project is forthcoming, while the activities in the schools will continue during the next 5-year period as a minimum.

In addition to the educational projects, the NTEF EB is also participating in the implementation of the following international projects:

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

During 2020, the implementation of a project, in which NTEF was invited to become a partner in a consortium under Horizon 2020 Program made a significant progress. Leading partner under the project is the Technical University of Athens. Partners under the project are another 10 organizations, in this number NGOs, research units, investment funds and banks from another 7 states: Greece, Germany, Czech Republic, Lithuania, Italy, Spain and Netherlands.

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 tools, aiming at mobilizing capitals using targeted funds.

In 2020, most of the main activities of the project have been completed:

- The main stakeholders have been identified;
- The final version of the platform for evaluation of energy efficiency projects has been built and presented;
- A series of workshops have been held - present and online to present the developed platform for evaluation of energy efficiency investment projects;
- The main prerequisite for the successful implementation of the Platform has been the participation of the NTEF team in its testing and calibration with projects from the NTEF portfolio;
- The first interim report on the project has been submitted on time.

The work in 2021 will continue with capacity building activities and development of documents with recommendations towards the European energy efficiency policies, as well as with the creation of a pipeline of relevant energy efficiency projects.

4. Project "Municipal Energy Management Systems, Supporting the Sustainable Financing of the Local Climate Action" under the European Climate Initiative (EUKI)

The project started on December 1, 2019. It is funded by the European Climate Initiative (EUKI). Leading partner is the Foundation for Energy Efficiency EnEffect. The National Trust Eco Fund is a partner, together with the Fraunhofer Institute of Construction Physics in Germany.

The project aims to develop an individual model for integrated municipal energy management system, based on the well-known energy management standard - ISO 50001, which promotes the quality implementation of local long-term energy and climate strategies. The purpose of this model is to serve for attracting additional funding on top of the NTEF-provided grants in case after its pilot implementation in three municipalities its effectiveness will be proven.

During 2020, NTEF started work on the following activities:

- Procedure for identifying the three pilot municipalities, in which the model will be put into practice. The call for applications on the part of the municipalities has been prepared and published.
- Work on development of innovative financial mechanism for attracting private financing, which should be recommended for future implementation by the Fund, has started;
- The NTEF team has actively participated in the holding of two information meetings involving the municipalities in order to present the project and the application procedure for pilot municipalities.

The work in 2021 will continue with the implementation of the model in the three pilot municipalities, the finalization of the first option for the financial mechanism and its discussion with the relevant stakeholders.

VII. INSTITUTIONAL DEVELOPMENT, INTERNATIONAL RELATIONS AND PUBLIC RELATIONS

1. Institutional development

As of the end of the accounting period, the EB staff includes 9 full-time employees – one director, six experts (chief experts and experts) and two technical staff members (a technical assistant and a driver). They occupy the relevant positions in the staff establishment plan, endorsed by the NTEF MB 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 to the requirements of the establishment plan.

NTEF's office has not been changed since the establishment of the Fund. Its whole maintenance is accomplished with the funds included 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 is archived and stored pursuant to the national legislation.

2. Activities related to programs and financing mechanisms

During 2020, the Executive Bureau continued to explore the opportunities for using 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 reporting year, the Executive Bureau actively participated in exploring opportunities for funding under other programs in the field of environmental protection. In addition, in 2019, the successful completion of the Pilot Phase of the Investment Program "Mineral Waters" was reported. As a result of the subsequent analysis and methodological guidance provided by the members of the Management Board, actions were initiated by the EB in order to request the Government of the Republic of Bulgaria to institutionalize the Program as a permanently operating mechanism, supporting the municipalities for a full and sustainable use of the mineral water resources.

In 2020, EB's efforts were aimed at enhancing the Fund's knowledge and experience in the field of the financial instruments, ensuring attraction of private investments for the implementation of public energy efficiency projects. The EB's efforts for the successful implementation of the pilot scheme for financing public energy efficiency projects, involving a combination of a grant contract with a guaranteed result contract (ESCO contract), were continued. The new scheme is expected to overcome the limitations and disadvantages of each of the two different forms of funding (grant contract and guaranteed result contract) and to ensure a significantly more efficient use of public resources, multiplying its effects by attracting private capital. Another direction of NTEF's operation in 2020, which is also aiming at making more efficient use of available financial resources, is the financing of two pilot energy efficiency projects (the projects of Samokov Municipality and of Sofia Municipality - Lyulin Region) through the introduction of international protocols for measuring and verification of the results from the energy efficiency investments. The main justification for the implementation of this initiative is that it will lead to the achievement of several basic strategic goals: improving the administrative capacity of the respective beneficiaries because of their need to ensure the management of these projects; improving the efficiency of the used public resources; ensuring the sustainability of the achieved results through prescribed management methods throughout the entire life cycle of the investment.

In addition to the launched in October 2019 "Triple A" Project as a member of a twelve-member consortium from nine countries under Horizon 2020 and of the project for creating model municipal energy management system in partnership with the EnEffect Foundation, the Executive Bureau has joined another Horizon 2020 bidding consortium. The project is called the "Bulgarian Energy Efficiency Forum for Smart Finance for Smart Buildings" (BeSmart) and envisions a series of round tables, particularly dedicated to the sustainable financing of energy efficiency projects.

The aim of the project is to contribute to the development of the energy efficiency investment market and to support the national initiative Smart Finance for Smart Buildings by opening a permanent forum for discussing and influencing all relevant policies and actions in this area, involving the entire stakeholders' chain with a particular focus on the financial institutions.

In 2020, NTEF prepared a project "Implementation of innovative measures for mitigation and adaptation to climate change in the municipalities in Bulgaria", with which it applied under the program "Environmental Protection and Climate Change" of the EEA Financial Mechanism. The project is included in the Program Memorandum as a predefined project No. 3 and refers to Outcome 4 of the program: "Increasing the capacity of local municipalities to reduce emissions and adapt to climate change".

The project aims to improve the capacity of local authorities to plan, monitor and implement specific measures for mitigating and adapting to climate change. Through the project implementation, a process for pilot implementation of some aspects of the National Climate Change Adaptation Strategy will be launched. The project will support municipal authorities in 8 municipalities to assess their strategic plans and programs, as well as the so far implemented measures, to mitigate and adapt to climate change, while identifying the gaps and the potential risks. Thus, the investment measures for each of the municipalities will be determined, which will also be financed within the project.

Partners in the project are NTEF, 8 Bulgarian municipalities - Sofia, Plovdiv, Varna, Burgas, Kardzhali, Stara Zagora, Sliven, Ruse and the Norwegian Association of Municipalities (KS).

The Bulgarian municipalities identified as partners are these, which experience heat island effects, having the highest risk of natural disasters (floods, landslides, fires) and/or high temperatures, combined with drought, causing water stress. Therefore, it will be possible to apply the latest knowledge, experience and pilot innovative measures for urban planning. The results and good practices will be widely disseminated in Bulgarian municipalities, as well as will they be discussed from view point of opportunities for their reproduction.

The project envisages the implementation of 5 groups of activities:

- General project management – NTEF has the leading role;
- Creating the capacity of municipal administrations to analyze and identify the necessary measures - report on good practices, training, study tours - KS has a leading role with the active participation of NTEF;
- Evaluation of the Strategic Plans and identification of gaps and needed actions (urban development projects) - the leading role is played by NTEF with expert contribution from KS;
- Application of innovative investment measures in the eight Bulgarian municipalities - the leading role is played by the eight municipalities;
- Publicity and awareness activities - NTEF has a leading role.

The project was approved by the Program Operator under the Program - Coordination of EU Affairs and International Cooperation Directorate of MEW in October 2020. The signing of the Partnership Agreement between NTEF, the eight Bulgarian municipalities - Sofia, Plovdiv, Varna, Burgas, Kardzhali, Stara Zagora, Sliven, Ruse and the Norwegian Association of Municipalities (KS) and of the Grant Provision Agreement under the Program is pending.

3. International relations and public relations

The NTEF's **international contacts** in 2020 were focused mainly on our relations with partners under the international projects, in which NTEF is a partner.

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, 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.

In the past 2020, a number of information activities were carried out within the implementation of NTEF educational projects, namely:

Under the project "Towards the introduction of climate action as an element of the educational programs of the Bulgarian schools":

- Published books for teachers to guide energy saving teams in schools and kindergartens - 6 sets of 2 books per set (physics, chemistry, biology, geography, primary school, kindergartens). During the reporting period, additional editing of the abovementioned books has been completed and a new improved edition of the sets is forthcoming.

Under the project: "Bridging European and Local Climate Action (BEACON)".

- In June 2020, the editing of the two German publications has been completed ("Environmental profile in the municipality - a guide for high school teachers" and "Energy saving projects for schools in the federal province of Saxony - Anhalt"), as well as the issuing of adapted materials for Bulgarian teachers has been completed in the end of the year.

Despite the complicated situation, caused by the COVID-19 pandemic, in 2020 the organization and holding of forums, seminars, conferences and trainings has continued:

- In January 2020, training was held in Sofia for kindergarten teachers to start working with energy teams. It was attended by teachers from 4 kindergartens from Sofia, 13 from Burgas, 1 from Gabrovo, 1 from Radanovo, 2 schools for pre-school education from Veliko Tarnovo.
- In June 2020, an initial training for the use of bicycle cinema was held at 79th SS "Indira Gandhi" in Sofia with the participation of NTEF experts, teachers and students. A bicycle cinema is a system for connecting bicycles to a generator through which films are projected. The system will be used for screening films with environmental themes at the schools of the partner schools under the project.
- In August 2020 in Sofia, a working meeting was held, involving the participants in the NTEF projects, addressing the change in the behavior of children and students to save energy in the schools and kindergartens with representatives of the Ministry of Education and Science, Ministry of Environment and Water and the Federal Ministry of Environment of the Republic of Germany. In addition to the three ministries, the meeting was attended by teachers and principals from schools and kindergartens, representatives of municipalities, university professors, NTEF staff and representatives of their partners from UfU, Guidehouse and EnEffect.
- Bicycle cinema during a pandemic: Shortly before COVID-19 related quarantine on the high schools in Bulgaria was imposed, in October 2020 bicycle cinema screenings at several schools were held – i.e. 7th SS "Sveti Sedmochislenitsi" (Sofia) and High School of Natural Sciences and Mathematics (Veliko Tarnovo) - 3 screenings for different classes were organized, as well as at PS "Petko R. Slaveikov" (Veliko Tarnovo) and PS "Neofit Rilski" (Kilifarevo).
- The events were held outdoors, without mixing students from different classes, in accordance with all safety measures.
- During the accounting 2020, in connection with the implementation of the project "Towards the introduction of climate action as an element of the educational programs of the Bulgarian schools" and the project "“Bridging European and Local Climate Action (BEACON)” open lessons with students and children of pre-school age were carried out. The operating at more than 50 schools and kindergartens "energy teams" of students, in the form of extracurricular classes are

familiarized in detail with climate change and energy efficiency issues and together with the teachers implement actual energy saving measures in the buildings of the school / kindergarten.

Many of the energy teams, involved in the implementation of the cited projects, are preparing information campaigns on the topic for their classmates, teachers and parents.

In 2020, during the fourteenth annual competition in the name of Mimi Pramatarova, the record number of 160 literary works of teenagers from over 50 settlements in 44 municipalities across the country was submitted. The theme for the first year was a theme that touches upon the everyday life and dreams of every young person in Bulgaria and around the world here and now - "The next day after COVID 19 - what will be the "new normal" in our behavior towards the environment" – i.e. both a philosophical and a pragmatic topic. Students from dozens of schools read and researched additional information and shared their experiences and dreams using artistic means. All distinguished and awarded participants took part in a special on-line event, organized by NTEF.

VIII. 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 5,663,800. The funds are designated for financing projects in the following three main directions:

- Financing projects for improving the energy efficiency of sites – public state and/or municipal property under the Climate Investment Program, in this number also the advisory services related to the preparation and coordination of the tender documentation, the ex-post control on the conducted procedure and assigned audit on the project implementation;
- Financing projects under the Scheme for promoting the use of electric vehicles in the public sector, in this number also the advisory services related to the preparation and coordination of the tender documentation, the ex-post control on the conducted procedure;
- Covering the NTEF administrative costs, related to the administering of the Program

1.2. 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 1,962,102.03 or as a total for the period 2016 - 2020 - BGN 8,949,960.47. 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 to for limiting or adapting to climate change. A part of the funds generated pursuant to the procedure under the ordinance in the amount of BGN 5,054,177 have been transferred with a decision of the NTEF Management Board for financing pilot projects under the EES of CIP, and BGN 16,155 are envisaged for co-financing actions under project “For introduction of climate actions in the educational program of the Bulgarian schools”. The financing of these projects, through proceeds from sale of emission allowances from aviation activities, fully corresponds to the ones specified in Art. 1 (2), item 1 of the Ordinance on climate change mitigation activities.

1.3. 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 2020) is EUR 66 127,98 or BGN 129 721,77 (bank exchange rate – 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 (for 2020) is EUR 86 129,49 or BGN 168 958,29 (bank exchange rate – 1.95583 /1 EUR).

1.4. 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 631,619.21. The funds are designated for activities for mitigation and adaptation to climate change, endorsed by the

Management Board of the Fund and for covering the NTEF administrative costs, related to the implementation of these activities.

1.5. Proceeds under the “Triple A’ Project

The project is funded by Horizon 2020 Program. The funds are intended for the generation of innovative decision-making schemes and standardization tools aiming at capital mobilization through the use of trust funds. The amount of the received grant in 2020 is EUR 14,070.44 or BGN 27,621.65.

1.6. Proceeds under Project “Municipal Energy Management Systems, supporting the sustainable development of the local climate actions“

The project is funded by the European Climate Initiative (EUKI) of the Federal Ministry of Environment of the Republic of Germany. The amount of funds received as a grant (for 2020) is EUR 20,030.75, or BGN 39,176.74 (bank's exchange rate - BGN 1.95583 / EUR 1).

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 2020 are BGN 3,406,821.75. A more detailed cost breakdown is presented in Table 2.1.1 of this section.

In 2020, in connection with the implementation, financing and reporting of the completed public projects under the Energy Efficiency Scheme, BGN 32,805 were spent for ex-ante and ex-post control on the prepared and conducted tender procedures and for auditing the implemented projects

Table 2.1.1. NTEF-financed payments for projects under the Climate Investment Program during 2020

Project No	Beneficiary/ project/ name	Project budget as per the financing contract (Total value with VAT)	NTEF participation as per the financing contract	Used funds by projects during the current year (2020)
		BGN	BGN	BGN
292	Improving the energy efficiency of the building of Medical Center I – Parvomai EOOD	407,615.17	346,472.90	346,446.33
305	Improving the educational infrastructure of the Equipment and Technologies Faculty – Yambol city to the Trakia University – Stara Zagora	894,402.88	760,242.45	757,081.44
321	Introduction of energy efficiency measures for DCC-1-Burgas, RLP I, quadrant 4, Zornitsa h.c., Burgas city	351,275.80	298,584.43	296,210.01
328-5	Introduction of energy efficiency measures in the educational infrastructure at Veliko Tarnovo municipality – SS “Emilyan Stanev”	1,221,138.60	800,000.00	800,000.00
359	Improving the energy efficiency of the building of 86 th PS “Sv. Kliment Ohridski”, Vladaya village, 2 Brezova Gora St., Vitoshka region, Sofia Municipality	598,188.61	508,460.32	496,958.07
502 *	Improving the energy efficiency of 79 SS Indira Gandhi in RLP XIII – for a school, quadrant 4, Lyulin 7 MR, according to the plan of Sofia, pursuant to updated Energy Efficiency Audit Report	1,419,898.92	1,206,914.08	710,125.90
	Public projects - CIP	4,892,519.98	3,920,674.18	3,406,821.75

** Projects - partially paid during 2019 and completed during 2020*

During 2020, approx. 86% from the envisioned budget funds for contracted investment projects were paid. The reason for this is that a part of the funds under Project No 502 have been paid during 2019.

Funding under the Scheme for Promoting the Use of Electric Vehicles in the Public Sector

During 2020, 4 (four all-electric vehicles – category M1 (4+1 seats) or category N1, 1 (one) electric truck – category L7e, and also 1 (one) electric vehicle category- category M1 (vans 7+1 or 6+1 seats) were delivered.

The total subsidy paid by NTEF for the supply of these vehicles is BGN 130,000.00. The costs are presented in more detail in Table 2.1.2 of this section.

Table 2.1.2: Projects under the Scheme for Promoting the Use of Electric Vehicles, financed by NTEF during 2019

Project / Name	Number of vehicles	Actual financing amount in 2020
A. Electric vehicles		
EM 058/ Project for promoting the use of electric vehicles – Geodesy, Cartography and Cadastre Agency	3	60,000,00
EM 067/ Project for promoting the use of electric vehicles Burgas Municipality	1	20,000,00
B. All-electric vehicles, category L7e		
EM 064/ Project for promoting the use of electric vehicles – Kazanlak Municipality	1	20,000.00
B. All-electric vehicles, van 7+1 or 6+1 seats		
EM 060/ Project for promoting the use of electric vehicles – Chavdar Municipality	1	30,000,00
Total all-electric vehicles	6	130,000.00

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

During the previous 2019, all projects included in the IPMV Pilot Scheme were completed. After the presentation of the analyses of the achieved results, the NTEF MB decided to take further actions on the part of the EB to provide a resource, allowing the functioning of the IPMW as a permanent financial mechanism.

During the accounting 2020, there was no funding of projects under the Investment Program “Mineral Waters”.

2.3. Financing of public projects under the Climate Micro Projects Program

During 2020, six projects under the Climate Micro Projects Program were completed and paid.

Table 2.1.3: Projects under Climate Micro Projects Program, funded by NTEF during 2020

Project No	Beneficiary/ Project/ Name	Amount under financing contract with NTEF	Used funds by projects (financing) during the current year (2020)
007	Chernoochene Municipality – Efficient light for our children	48,737.95	44,948.72
014	Smolyan Municipality – results reporting and analysis and updating with horizon up to 2030 of the Sustainable Energy Development Action Plan up to 2020	36,000.00	35,800.00
016	Smyadovo Municipality – modernization of the street lighting of Smyadovo city, Smyadovo Municipality	49,200.00	49,200.00
017	Svishtov Municipality – Implementation of energy efficiency measures at First Bulgarian Community Center “Elenka and Kiril D. Avramovi-1856”	49,998.95	49 998.95
020	BAS-Automation and Monitoring of the energy consumption at BAS	33,725.00	33,109.80
021	BGPA- Drafting Ordinance on the amendment of the terms and procedure for the preparation and verification of the reports of the suppliers of fuel and energy for the transport and impact assessment of the draft ordinance	44,725.00	44,725.00
022	FA-Balkanka – Proposal for amendment in the forest regulations and its adaptation to climate change	49,955.00	0.00
023	Burgas – Developing a Climate Change Adaptation Strategy for the territory of Burgas municipality and Action Plan 2021-2025	50,000.00	0.00
025	Dobrich – Introduction and improvement of systems for sensible and efficient management of energy resources in school	50,000.00	0.00
026	Developing Waste Management Program (WMP) for the territory of Burgas Municipality	50,000.00	0.00
028	The forest and the climate change – unique educational campaign for students – Gorichka Association	50,000.00	0.00
032	Setting up integrated building management system for energy efficiency management of CCF "Parvi Yuni", Gabrovo city	50,000.00	0.00
Total for projects under CMPP		562,341.90	257,782.47

In 2020, in connection with the implementation, financing and reporting of the completed projects, **BGN 112.50** were spent for ex-ante and ex-post control of the prepared and conducted tender procedures for the implemented project proposals.

A detailed description of the concluded financing contracts and the reported project costs for CMPP projects in 2020 is presented in Table 2.1.3 of this section.

2.4. Used funds to cover the NTEF administrative costs

During 2020, the main sources of funds for covering the administrative costs of NTEF were: Climate Investment Program, Investment Program “Mineral Waters”, Climate Micro Projects Program, as well as proceeds under Ordinance No 1/4.03.2015 in their part for fund’s administration, as well as the international projects, in whose implementation the NTEF EB is taking part.

The presented table for administrative support also includes the funds for this purpose under the two educational projects: “Bridging European and Local Climate Action (BEACON)” and "For the

introduction of climate action in the educational program of Bulgarian schools", as well as funds for project "Triple A" and project "Municipal energy management systems supporting the sustainable financing of the local climate actions". The total amount of budgeted funds for NTEF administrative support for 2020 is BGN 527,213. (Table 2.3)

In 2020, a total of BGN 531,793 was spent to cover the administrative costs, which exceeds by BGN 4,580 the funds provided in the budget, due to changes in the volume of the planned activities, NTEF EB commitments related to international projects in view of the declared COVID-19 pandemic situation.

Table 2.3: Implementation of the budget to cover the administrative costs of NTEF in 2020

Funds 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	0,00	0,00	0,0%
1. Advisory services for institutional development	0,00	0,00	0,0%
2. Other costs related to institutional development	0,00	0,00	0.0%
B. CURRENT COSTS	527,213	531,793	101%
1. Improving the qualification, remunerations, social security and health insurance	324,813	340,823	105%
a. Staff training	1,500	0	0%
b. Labor remunerations	259,936	279,249	107%
c. Social security and health insurance	52,877	51,363	97%
d. Social allowances pursuant to the Labor Code (LC)	10,500	10,210	97%
d. Occupational health service			
2. Advisory services related to project selection and implementation	33,000	77,493	235%
3. Maintenance and office costs	85,400	95,646	112%
a. Current office costs (electricity, heating, phones, e-mail, water, internet, postal services, office consumables, etc.)	25,000	31,218	125%
b. Fuels and lubricants (F&L), car maintenance	6,000	1,545	26%
c. Insurance and security	4,000	2,078	52%
d. Office Services (System Administrator, Copier, Software Updates, Repairs, etc.)	30,000	11,172	37%
d. Other costs	20,400		
4. Administrative-managerial costs	57,500	12,356	21%
a. Business trips	5,000	2,717	54%
b. Representative costs			
c. Public relations	7,500	2,308	31%
d. Administrative and financial costs (in this number audit)	45,000	7,332	16%
5. Management Board operating costs	26,500	5,475	21%
TOTAL COSTS	527 213	531 793	101%

In structural terms, the cost allocation by budget items **compared to the total amount of the used funds for administration purposes** is the following: administrative and management costs – 2,32%; costs for raising the qualification, remunerations, social and health insurance – 64,09%; costs for advisory services – 14,57%; maintenance and office costs – 17,99%; operating costs of the Management Board – 1,03%.

The implementation of the budget for the administrative maintenance of the activities of the NTEF 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:

	2020 BGN '000	2019 BGN '000	Change BGN '000	Change %
Assets-related costs	(0)	(0)	(0)	(0%)
Institutional development costs	(0)	(0)	(0)	(0%)
Staff-related costs	(341)	(348)	(7)	(2,0)%
Costs for project implementation consultants	(77)	(56)	21	37,5%
Maintenance and office costs	(96)	(56)	40	71,4%
Administrative-managerial costs	(12)	(40)	(28)	(70,0)%
MB-related costs	(5)	(11)	(6)	(54,5)%
Total	(531)	(511)	20	3,9%

As a whole, the total operating costs of the Fund have been increased by about 3.9% compared with the same costs for the previous year. The main reasons for this increase are:

- In 2020, more funds were spent for project implementation consultants;
- Increased electricity and heat prices in 2020 resulted in higher costs for the item "Maintenance and office costs".

3. NTEF financial status as of 31.12.2020

As of 31.12.2020, the sum of the Fund's assets is BGN 12,707 thousand (31.12.2019 – BGN 14,239 thousand), in this number cash and cash equivalents amounting to BGN 12,703 thousand (31.12.2019 – 14,234 thousand).

The total amount of the NTEF liabilities equals BGN as of 31.12.2020 equals BGN 12,707 thousand, formed mainly from financing in the amount of BGN 12,654 (31.12.2019 – total amount of the liabilities equal to BGN 14,239 thousand, formed mainly from financing in the amount of BGN 14,172).

NTEF cash funds are kept in accounts with UniCredit Bulbank AD and BAKB AD. As of 31.12.2020, NTEF has in its account in "Bulbank" AD BGN 87,717.73 and BGN 12, 614,104.70 in its accounts with BAKB AD. The cash on hand of NTEF as of 31.12.2020 amounts to BGN 1,459.38. The allocation of the funds is shown in *Annex 4*.



IX. 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 four members. Three ministries at a deputy minister level and three non-governmental institutions – the National Association of Municipalities in the Republic of Bulgaria (NAMRB), the Bulgarian Academy of Science (BAS) and NGOs in the environment protection field are represented in it. The Ordinance on the structure and activity of the Fund also envisages 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 NTEF MB is minimized.

Regarding the cases of control on NTEF on the part of different control bodies, minimal risks can be anticipated, since throughout all its years of existence until present the Fund has maintained a high degree of organization of 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. In this sense, 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 of 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. In this sense, it cannot be considered that there are risks related also to the needed costs for the NTEF operation.

2. Risks related to the financial instruments

Risk management related objectives and policy of the management body

There are different types of risk with regard to the financial instruments. The financial risks, which are possible to be faced 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 and to an interest related risk.

The bigger part of the Fund's operations 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 related risk in case of long-term financing. As of 31 December 2020, 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 to the amount of the balance value of the financial assets, recognized in the end of the reported period, as specified below:

	2020 BGN '000	2019 BGN '000
Financial assets' groups – balance values:		
Cash and cash equivalents	12,703	14,234

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 short-, middle- and long-term needs for liquid funds are budgeted.

X. IMPORTANT EVENTS AFTER THE DATE, AS OF WHICH THE FINANCIAL STATEMENT HAS BEEN DRAWN UP

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

XI. LIKELY 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 2021, NTEF will continue the implementation of two of its three existing programs – Climate Investment Program with its two schemes – for energy efficiency of public sites and for promoting the use of electric vehicles and the Climate Micro Projects Program. Special attention will be paid to the possibilities for **improving the effectiveness and efficiency of the investments during the implementation of investment projects** in four 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-repayable subsidy (grant) and attract investment capital through implementation of contracts for energy efficiency with guaranteed result or credits from different sources is being implemented. The idea is the grant financing on the part of the Fund to be only in the amount, which is necessary to make the implementation of these contracts feasible.
- 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 it 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.
- A standardized model for energy efficiency projects' evaluation in their initial phase of development is in a process of introduction. The main motive for the implementation of this initiative is that it will lead to the achievement of several main strategic objectives, related to improving the capacity of NTEF and of the respective beneficiaries to manage (control) the development of the project ideas still in their initial phase: identifying the weaknesses even before the start of the projects' implementation and respectively undertaking actions to mitigate or eliminate the identified weaknesses; improving the efficiency of the used public resources; ensuring sustainability in achieving the set results; attracting additional private capital for the energy efficiency projects' implementation
- The Fund will continue to implement **projects and activities, which are aiming at improving the public awareness** and the education of the young people on topics related to climate change.

Simultaneously with that, NTEF will also continue its activities for studying the **possibilities to attract 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 2020, will be implemented and a need for learning new activities will occur during 2021 and the following years.

ANNEX 1
Table 1.1.

**RECEIVED APPLICATIONS BY NTEF IN 2020 BY THE SCHEME FOR ENCOURAGING
THE ELECTRICAL VEHICLES USAGE**

	No of application	Date	Beneficiary	Amount of the subsidy applied for in BGN
1	EV 069	10.03.2020	Gabrovo municipality	20 000,00
2	EV 070	13.03.2020	Koprivshtica municipality	83 000,00
3	EV 071	13.03.2020	Nedelino municipality	23 000,00
4	EV 072	16.03.2020	Ministry of Education and Science	20 000,00
5	EV 073	16.03.2020	Sofia inspectorate by Sofia municipality	20 000,00
6	EV 074	18.03.2020	Rakovski municipality	22 000,00
7	EV 075	18.03.2020	Radomir municipality	21 024,00
8	EV 076	17.03.2020	Kneja municipality	23 000,00
9	EV 077	17.03.2020	Balchik municipality	20 977,90
10	EV 078	17.03.2020	Smolian municipality	20 000,00
11	EV 079	05.10.2020	National Statistical Institute (NSI)	40 000,00
12	EV 080	15.10.2020	Commission for Combating Corruption and Confiscation of Illegally Acquired Property (CCACIP)	20 000,00
13	EV 081	21.10.2020	The National Bureau for the Control of Special Intelligence Means (NBCRS)	20 000,00
14	EV 082	28.10.2020	Smiadovo municipality	44 500,00
15	EV 083	28.10.2020	Devin municipality	22 933,00
16	EV 084	28.10.2020	Sofia inspectorate by Sofia municipality	20 000,00
17	EV 085	29.10.2020	Road Infrastructure Agency	60 000,00
18	EV 086	30.10.2020	Samokov municipality	20 000,00
19	EV 087	30.10.2020	Gabrovo municipality	40 000,00
20	EV 088	30.10.2020	Iambol municipality	23 000,00
21	EV 089	30.10.2020	Burgas municipality	40 000,00

Table 1.2.

RECEIVED APPLICATIONS BY NTEF IN 2021 BY THE PROGRAM MICROPROJECTS FOR THE CLIMATE

	No of application	Beneficiary	Project Title	Project Value	Amount of the subsidy applied for in BGN
1	MP 019	Svilengrad Municipality	"Climate change problems - everyone's priority"	36 029,00 BGN	36 029,00 BGN
2	MP 020	Bulgarian Academy of Sciences (BAS)	Automation and monitoring of energy consumption in the central building of BAS	33 725,00 BGN	33 725,00 BGN
3	MP 021	Bulgarian Oil and Gas Association	"Preparation of an Ordinance AMENDING THE ORDINANCE on the conditions, procedure and manner of preparation and verification of the reports of the fuel and energy suppliers for transport and Impact Assessment of the draft Ordinance"	44 725,00 BGN	44 725,00 BGN
4	MP 022	Fishing association Balkanka 2009 - Blagoevgrad	Proposal for change of the forest normative base and its adaptation to the changes in the climate	49 955,00 BGN	49 955,00 BGN
5	MP 023	Burgas Municipality	Development of a Strategy for adaptation to climate change for the territory of the Municipality of Burgas and Action Plan 2021-2025	52 844,00 BGN	50 000,00 BGN
6	MP 024	Gurmen Municipality	"Introduction of an energy management system leading to reduction of greenhouse gas emissions in municipal buildings in the Garmen municipality - Blagoevgrad district"	59 822,40 BGN	50 000,00 BGN
7	MP 025	High school "P.R. Slaveykov", Town of Dobrich	"Introduction and improvement of systems for reasonable and efficient management of energy resources in schools"	69 964,75 BGN	50 000,00 BGN
8	MP 026	Burgas Municipality	"Development of a Waste Management Program (WMP) for the territory of the Burgas Municipality"	50 000,00 BGN	50 000,00 BGN

9	MP 027	Tsenovo Municipality	Purchase of rechargeable batteries for solar street lighting in the settlements of Tsenovo Municipality	50 000,00 BGN	50 000,00 BGN
10	MP 028	Gorichka Association	Forest and climate change - a unique educational campaign for students	50 000,00 BGN	50 000,00 BGN
11	MP 029	MOEW, Water Management Directorate	WATERS - CLIMATE - DROUGHT - available information and measures	50 000,00 BGN	50 000,00 BGN
12	MP 030	Bulgarian Academy of Sciences, Institute of Neurobiology (INB)	Automation of the heating installation and optimization of the heat consumption in the building of INB-BAS, bl. 23 of the Scientific Complex of BAS-IV	56 899,99 BGN	50 000,00 BGN
13	MP 031	Haskovo Municipality	Measures to improve the condition of green areas in the town of Haskovo	18 540,00 BGN	18 540,00 BGN
14	MP 032	Gabrovo Municipality	Construction of an Integrated Building Management System for Energy Efficient Management of "Parvi Iuni" Kindergarten, Gabrovo	57 900,00 BGN	50 000,00 BGN

**APPLICATIONS APPROVED BY THE NTEF BOARD OF DIRECTORS ACCORDING
TO THE SCHEME FOR ENCOURAGING THE USAGE OF ELECTRIC VEHICLES FOR 2020**

No	No of project	Beneficiary	Vehicle category
1	EV 070/2	Koprivshtica municipality	All-electric vehicle - category M2
	EV 070/3	Koprivshtica municipality	All-electric vehicle - category L7e
3	EV 071	Nedelino municipality	All-electric vehicle - category L7e
4	EV 072	Ministry of Education and Science	All-electric vehicle - category M1
5	EV 073	Sofia inspectorate by Sofia municipality	All-electric vehicle - category M1
6	EV 074	Rakovski municipality	All-electric vehicle - category L7e
7	EV 075	Radomir municipality	All-electric vehicle - category L7e
8	EV 076	Kneja municipality	All-electric vehicle - category L7e
9	EV 077	Balchik municipality	All-electric vehicle - category L7e
10	EV 078	Smolian municipality	All-electric vehicle - category L7e
11	EV 079/1	National Statistical Institute (NSI)	All-electric vehicle - category M1
12	EV 079/2	National Statistical Institute (NSI)	All-electric vehicle - category M1
13	EV 080	Commission for Combating Corruption and Confiscation of Illegally Acquired Property (CCACIP)	All-electric vehicle - category M1
14	EV 081	The National Bureau for the Control of Special Intelligence Means (NBCRS)	All-electric vehicle - category M1
15	EV 082/1	Smiadovo municipality	All-electric vehicle - category L7e with upgrade - van type
16	EV 082/2	Smiadovo municipality	All-electric vehicle - category L7e with upgrade - dump truck type
17	EV 083	Devin municipality	All-electric vehicle - category L7e with upgrade - dump truck type
18	EV 084	Sofia inspectorate by Sofia municipality	All-electric vehicle - category M1
19	EV 085/1	Road Infrastructure Agency	All-electric vehicle - category M1
20	EV 085/2	Road Infrastructure Agency	All-electric vehicle - category M1
21	EV 085/3	Road Infrastructure Agency	All-electric vehicle - category M1
22	EV 086	Samokov municipality	All-electric vehicle - category N2
23	EV 087/1	Gabrovo municipality	All-electric vehicle - category M1
24	EV 087/2	Gabrovo municipality	All-electric vehicle - category M1
25	EV 088	Iambol municipality	All-electric vehicle - category L7e with upgrade - dump truck type
26	EV 089/1	Burgas municipality	All-electric vehicle - category L7e
27	EV 089/2	Burgas municipality	All-electric vehicle - category L7e

Table 2.2.

**APPLICATIONS APPROVED BY THE NTEF BOARD OF DIRECTORS
BY THE PROGRAM MICROPROJECTS FOR THE CLIMATE FOR IMPLEMENTATION IN 2020**

No	No of project	Beneficiary	Project name
1	MP 020	Bulgarian Academy of Sciences (BAS)	Automation and monitoring of energy consumption in the central building of BAS
2	MP 021	Bulgarian Oil and Gas Association	"Preparation of an Ordinance AMENDING THE ORDINANCE on the conditions, procedure and manner of preparation and verification of the reports of the fuel and energy suppliers for transport and Impact Assessment of the draft Ordinance"
3	MP 022	Fishing association Balkanka 2009 - Blagoevgrad	Proposal for change of the forest normative base and its adaptation to the changes in the climate
4	MP 023	Burgas Municipality	Development of a Strategy for adaptation to climate change for the territory of the Municipality of Burgas and Action Plan 2021-2025
5	MP 025	High school "P.R. Slaveykov", Town of Dobrich	"Introduction and improvement of systems for reasonable and efficient management of energy resources in schools"
6	MP 026	Burgas Municipality	"Development of a Waste Management Program (WMP) for the territory of the Burgas Municipality"
7	MP 028	Gorichka Association	Forest and climate change - a unique educational campaign for students
8	MP 029	MOEW, Water Management Directorate	WATERS - CLIMATE - DROUGHT - available information and measures
9	MP 030	Bulgarian Academy of Sciences, Institute of Neurobiology (INB)	Automation of the heating installation and optimization of the heat consumption in the building of INB-BAS, bl. 23 of the Scientific Complex of BAS-IV
10	MP 032	Gabrovo Municipality	Construction of an Integrated Building Management System for Energy Efficient Management of "Parvi luni" Kindergarten, Gabrovo

ANNEX 3
Table 3.1
BUDGET IMPLEMENTATION FOR NTEF ADMINISTRATIVE COSTS AS OF 31.12.2020

	Plan -	Report -	Impleme	Administrativ	Administrativ	Execution	Administrativ	Administrativ	Execution	Administrativ	Administrativ	Execution	Energy saving	Energy saving	Execution	Introducing	Introducing	Execution	AAA - Plan	AAA - Report	Execution	IM FEA - Plan	IM FEA -	Execution IM
	BGN	BGN	in %	BGN	BGN	in %	BGN	BGN	in %	BGN	BGN	in %	BGN	BGN	in %	BGN	BGN	in %	BGN	BGN	in %	BGN	BGN	in %
Part A - INVESTMENTS																								
1. Tangible fixed assets																								
2. Intangible fixed assets																								
Part B - INSTITUTIONAL DEVELOPMENT																								
1. Advisory services - institutional development																								
2. Other costs - institutional development																								
Part C - CURRENT COSTS	527 213	531 793	101%	256 413	217 624	85%	29 800	12 385	42%	1 853			105 000	101 504	97%	45 000	127 909	284%	55 000	37 337	68%	36 000	33 182	92%
1. Improving the qualification of the MB, remunerations, social and health insurance	324 813	340 823	105%	128 313	164 304	128%	12 500	8 027	64%	1 342			80 000	35 352	44%	30 000	71 756	239%	42 000	30 402	72%	32 000	29 641	93%
a. Staff training	1 500	0	0%	1 500																				
b. Labour remunerations	259 936	279 249	107%	98 916	134 260	136%	8 300	6 671	80%	1 054			66 400	28 839	43%	24 900	58 363	234%	34 860	25 199	72%	26 560	24 864	94%
c. Social and health insurance	52 877	51 363	97%	19 897	25 002	126%	1 700	1 141	67%	247			13 600	5 441	40%	5 100	10 669	209%	7 140	4 408	62%	5 440	4 456	82%
d. Social supplements compliant to the Labor Code (L	10 500	10 210	97%	8 000	5 042	63%	2 500	215	9%	42				1 071			2 724			795			321	
e. Occupational medicine																								
2. Advisory services	33 000	77 493	235%	30 000	22 265	74%	3 000	820	27%	291				23 619			26 098			2 531			1 869	
3. Maintenance and office costs	85 400	95 646	112%	26 700	23 356	87%	1 700	1 130	66%	184			25 000	41 116	164%	15 000	24 978	167%	13 000	3 478	27%	4 000	1 405	35%
a. Electricity, heating, phones, e-mail, water, etc.	25 000	31 218	125%	4 500	14 464	321%		769		117			7 500	3 328	44%	7 000	9 442	135%	4 500	2 207	49%	1 500	892	59%
b. F&L and car maintenance	6 000	1 545	26%	6 000	1 049	17%		10		2				48			386			36			14	
c. Insurances and property protection	4 000	2 078	52%	4 000	1 026	26%		44		9				218			554			162			65	
d. Office consumables and servicing	30 000	11 172	37%	3 700	5 173	140%		221		43			12 500	1 099	9%	6 300	3 490	55%	5 000	816	16%	2 500	330	13%
e. Other expenses	20 400			8 500	1 642	19%	1 700	87	5%	14			5 000	36 423	728%	1 700	11 106	653%	3 500	258	7%		104	
4. Administrative-managerial costs	57 500	12 356	21%	54 500	4 454	8%	3 000	179	6%	35				1 417			5 078			926			268	
a. Business trips	5 000	2 717	54%	5 000	251	5%											2 286			180				
b. Representation costs																								
c. Public relations	7 500	2 308	31%	7 500	1 140	15%		49		10				242			616			180			73	
d. Administrative and financial costs (incl. audit)	45 000	7 332	16%	42 000	3 064	7%	3 000	131	4%	26				1 175			2 176			566			195	
5. Costs related to the MB activity	26 500	5 475	21%	16 900	3 246	19%	9 600	2 229	23%															
Part D - RESERVE																								
TOTAL	527 213	531 793	101%	256 413	217 624	85%	29 800	12 385	42%	0	1 853	#DIV/0!	105 000	101 504	97%	45 000	127 909	284%	55 000	37 337	68%	36 000	33 182	92%

Table 3.2

FUNDS ALLOCATION	Previous year (2019)			ACCOUNTING YEAR (2020)		
	Plan	Report	Execution	Plan	Report	Execution
	BGN	BGN	%	BGN	in BGN	%
Part A - INVESTMENTS						
1. Tangible fixed assets						
2. Intangible fixed assets						
Part B - INSTITUTIONAL DEVELOPMENT						
1. Advisory services - institutional development						
2. Other costs - institutional development						
Part C - CURRENT COSTS	543 426	510 724	94%	527 213	531 793	101%
1. Improving the qualification of the MB, remunerations, social and health insurance	349 926	347 496	99%	324 813	340 823	105%
a. Staff training		376		1 500		
b. Labour remunerations	287 881	286 552	100%	259 936	279 249	107%
c. Social and health insurance	51 845	54 957	106%	52 877	51 363	97%
d. Social supplements compliant to the Labor Code (L	10 200	5 610	55%	10 500	10 210	97%
e. Occupational medicine						
2. Advisory services	50 000	56 416	113%	33 000	77 493	235%
3. Maintenance and office costs	48 500	55 766	115%	85 400	95 646	112%
a. Electricity, heating, phones, e-mail, water, etc.	15 000	30 919	206%	25 000	31 218	125%
b. F&L and car maintenance	5 000	3 788	76%	6 000	1 545	26%
c. Insurances and property protection	3 500	6 464	185%	4 000	2 078	52%
d. Office consumables and servicing	25 000	14 596	58%	30 000	11 172	37%
e. Other expenses				20 400		
4. Administrative-managerial costs	70 000	39 753	57%	57 500	12 356	21%
a. Business trips	5 000	10 529	211%	5 000	2 717	54%
b. Representation costs						
c. Public relations	25 000	4 504	18%	7 500	2 308	31%
d. Administrative and financial costs (incl. audit)	40 000	24 720	62%	45 000	7 332	16%
5. Costs related to the MB activity	25 000	11 293	45%	26 500	5 475	21%
Part D - RESERVE [4% of (A+B+C)]	0	0	0	0	0	0
TOTAL COSTS	543 426	510 724	94%	527 213	531 793	101%
Приходи от консултантски услуги	0	0	0	0	0	0
Net costs:	543 426	510 724	94%	527 213	531 793	101%

INFORMATION ON NTEF FUNDS AS OF 31.12.2020

Total available in NTEF's bank accounts and treasury:					12 703 321,00 BGN
Total deposited amount in BGN, according to Table 1					0,00 BGN
Grand total BGN as of 31.12.2020					12 703 321,00 BGN
Table 1: monthly deposits BGN					
No of deposit account	Date of deposit	Principal	Expected interest for the period	Date of payment	Annual interest rate for the period

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NATIONAL
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REPORT OF THE INDEPENDENT AUDITOR



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**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 2020 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 2020 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 Code of Ethics for Professional Accountants (including International Independent Standards) issued by the International Ethics Standards Board for 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 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). 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:

- the information in the management report is consistent with the financial statements for the same reporting period;
- the management report is prepared in accordance with the applicable legal requirements; and
- 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

Silvia Dinova
Registered auditor responsible for the audit

Grant Thornton Ltd
Audit firm

20 April 2021
Bulgaria, Sofia, 26 Cherni Vrah Blvd.

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NATIONAL
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FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

Assets	Note	2020	2019
		BGN'000	BGN'000
Non-current assets			
Machinery and equipment	5	3	5
Non-current assets		3	5
Current assets		1	-
Cash and cash equivalents	7	12 703	14 234
Current assets		12 704	14 234
Total assets		12 707	14 239
Liabilities			
Current liabilities			
Funding	8	12 654	14 172
Obligations to staff and social security institutions	9.2	45	48
Trade and other payables	10	8	19
Current liabilities		12 707	14 239
Total liabilities		12 707	14 239

Prepared by: _____ Acting Director of the Executive Bureau: _____
 (Svetlana Popova) (Irena Pencheva)

Date: 31 January 2021

Audited according to the auditor's report dated 20 April 2021:

Mariy Apostolov, Managing partner

Silvia Dinova, Registered auditor responsible for the audit

Grant Thornton Ltd., Audit Firm

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME, FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 BGN'000	2019 BGN'000
Revenues from funding for programs	11	3 837	5 625
Revenue from funding for administrative expenditure and institutional development	11	230	376
Revenues from external financing of projects	11	300	257
Income from financing for non - current assets	5,6,11	2	9
Other income		-	4
Project financing costs	12	(3 837)	(5 625)
Expenses for materials	13	(9)	(16)
Hired services expenses	14	(194)	(233)
Employee benefits expenses	9.1	(317)	(345)
Depreciation of non - financial assets	5,6	(2)	(9)
Other expenses	15	(3)	(40)
Finance costs	16	(7)	(3)
Net result for the year		-	-
Total comprehensive income for the year		-	-

Prepared by: _____
(Svetlana Popova)

Acting Director of the Executive Bureau: _____
(Irena Pencheva)

Date: 31 January 2021

Audited according to the auditor's report dated 20 April 2021:

Mariy Apostolov, Managing partner

Silvia Dinova, Registered auditor responsible for the audit

Grant Thornton Ltd., Audit Firm

STATEMENT OF CASH FLOWS, FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 BGN'000	2019 BGN 000
Operating activities			
Target funding received Aviation quotas		1 963	2 158
Target funding received Malta		632	-
Other funding received		365	473
Payments for project financing	12	(3 794)	(5 625)
Payments to contractors in connection with administrative support and project implementation		(348)	(252)
Payments to employees and social security institutions		(337)	(355)
Other payments, net		(12)	(86)
Cash flow from operating activities		(1 531)	(3 687)
Net change in cash and cash equivalents		(1 531)	(3 687)
Cash and cash equivalents at the beginning of the year		14 234	17 921
Cash and cash equivalents at the end of the year	7	12 703	14 234

Prepared by: _____ Acting Director of the Executive Bureau: _____
(Svetlana Popova) (Irena Pencheva)

Date: 31 January 2021

Audited according to the auditor's report dated 20 April 2021:

Mariy Apostolov, Managing partner

Silvia Dinova, Registered auditor responsible for the audit

Grant Thornton Ltd., Audit 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 B 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 31.12.2019 comprises of:

Management Board:

- Chairman of NTEF’s Management Board –Mrs. Penka Mollova (Decision № 665 of the CoM of 19.09.2019).
- Representative of the Ministry of Environment and Waters (MEW) – 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;
- 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 “EcoObsnost” Foundation;
- Representative of the National Association of Municipalities in the Republic of Bulgaria (NAMRB) – Mrs. Mrs. Silvia Georgieva.

–
Executive Bureau (EB):

Acting Director of the EB	Irena Pencheva
Chief Accountant	Svetlana Pavlova
Accountant	Marinela Zheleva
Chief expert programs management	Ivaylo Tsekov
Senior expert programs management	Kamelia Georgieva
Expert programs management	Elena Kamenova
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 31.12.2020 the total number of personnel is 9 people (31.12.2019 - 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.

- Elimination of pollution and environmental damage that has occurred in the past, including, but not limited to:
- Reduction of air pollution and limitation of climate change, including but not limited to:
- Preservation of water purity, including but not limited to:
- Support of the national ecological network and protection of biological diversity, incl. pilot projects for restoration of natural habitat types
- Other priority areas included in the national policy in the field of environmental protection.

The main sources of funding in the Fund are:

- Targeted financing of the Climate Investment Program (CLIMATE INVESTMENT PROGRAM (CIP)) under RMS № 201 / 26.03.2015, RMS № 80 / 11.02.2016 and RMS №27 / 13.01.2017;
- Targeted financing for a pilot scheme of the Mineral Waters Investment Program under Decree № 322 / 24.11.2016.
- Admission in accordance with Ordinance №1 / 04.03.2015 for determining the procedure and manner for expanding the revenues from the sale of allowances for emissions from aviation activities through demand.

- Target financing under a project of annual distributed amount of emissions between the Republic of Bulgaria and the Republic of Malta under RMS №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 2019) unless otherwise stated.

During the reporting period, the company's operations were affected by the global Covid-19 pandemic. In early 2020, due to the spread of a new coronavirus (Covid-19) worldwide, difficulties arose in the business and economic activities of a number of enterprises and entire economic sectors. On March 11, 2020, the World Health Organization announced the presence of a coronavirus pandemic (Covid-19).

State of emergency in Bulgaria from 13 March 2020 to 13 May 2020

On 13 March 2020, the National Assembly decided to declare a state of emergency for a period of one month. On March 24, 2020, the Parliament adopted the Law on Measures and Actions during the State of Emergency, announced by a decision of the National Assembly of March 13, 2020, and on overcoming the consequences (Title, SG No. 44 of 2020, effective 14.05.2020) ". Subsequently, the state of emergency was extended for another month and remained in force until 13 May 2020.

Emergency epidemic situation in Bulgaria from 14 May 2020 to 31 April 2021

On 13 May 2020, the Council of Ministers declared an epidemic emergency situation, as of 14 May 2020, which was extended periodically before its expiration. As of the date of preparation of these financial statements, the emergency epidemic situation has been extended by the government to 30 April 2021.

Effect of Covid-19 on the Fund's financial statements in 2020

The initial impact was related to restrictions related to non-compliance with the deadlines for the implementation of projects financed under the NTEF-administered Programs, as well as restrictions related to travel and training exchange with partners in educational projects implemented under international programs.

Even at the date of preparation of the financial statements, travel bans, quarantine measures and restrictions are in force. Businesses have to deal with challenges related to reduced revenues and disrupted supply chains. While some countries have begun to ease the restrictions, the granting of measures is gradual in Bulgaria with uncertainty about the extension of measures for indefinite future periods.

Compliance with the going concern principle

The financial statements have been prepared in accordance with the going concern principle and taking into account the possible effects of the continuing impact of the Covid-19 coronavirus pandemic. It is likely that there will be future impacts on the Company's activities related to the business model, supply chain, legal and contractual relationships, employees, consumers and working capital as a result of Covid-19.

The pandemic has led to significant volatility in the financial and commodity markets in Bulgaria and worldwide. Various governments, including Bulgaria, have announced measures to provide both financial and non-financial assistance to the affected sectors and affected business organizations.

In these circumstances, the Company's management has analysed and assessed the Company's ability to continue as a going concern based on available information about the foreseeable future and

management expects that the Company has sufficient financial resources to continue its operations in the near future and continues to apply the going concern principle in preparing the financial statements.

The climate investment program was launched on the basis of a Decision of the Council of Ministers 201/26 March 2015 with the provision of funds on the basis of § 4 of the transitional and final provisions of the Climate Change Limitation Act. The financing of the Program continued in 2016 and 2017, respectively with Decisions of the Council of Ministers № 80 / 11.02.2016 and № 27 / 13.01.2017. The funds are used to finance projects to improve the energy efficiency of state and municipal sites and to encourage the use of electric cars and hybrid cars by public institutions.

The acceptance of expressions of interest was an ongoing process until October 2017, when the amendments to the OR introduced the requirement to publish invitations with a fixed deadline.

In 2020, two invitations for admission under the Scheme for the Promotion of the Use of Electric Vehicles in the Public Sector (CEM) were published, during which 20 application forms were adopted. During the reporting year, the Commission for selection and reporting on the implementation of projects examined 20 CEM forms, of which 27 of the 28 vehicles were approved and 1 was rejected under the Scheme for promoting the use of electric vehicles in the public sector.

No invitations for admission have been announced under the Scheme for Improving the Energy Efficiency of Buildings and Other Sites, due to the lack of free funds for financing project proposals.

After the completion of the pilot phase of the Mineral Waters Investment Program in 2019 and in 2020, no invitations for admission were announced due to the lack of a permanent source of funds for project financing. In 2020, the NTEF EB is actively working to find and determine a permanent source of funds for the implementation of a permanent program for financing projects under the "Strategy for management of mineral water activities" from the scope of the Water Act within the collected fees for water abstraction of mineral waters under art. 196, para 1.

In 2020, the implementation of the approved projects under the "Microprojects for Climate" Program continued. The funds received in accordance with the Agreement for transfer of annual allocated amount of emissions between the Republic of Bulgaria and the Republic of Malta and on the basis of Decision of the Council of Ministers № 175 / 29.III.2017 are spent on mitigation and adaptation activities connected to the climate. In the reporting year 2020, 6 (six) projects were completed and reported with the financial support from the NTEF in the amount of BGN 257,782.47.

During the reporting year, the implementation of an educational project for energy saving in schools - "Bridge between climate action at European and local level" "Bridging European and Local Climate Action (BEACON = FAR), part of a broad European initiative supported by the Federal Ministry of the Environment of the Republic of Germany.

The reporting year 2020 was marked by the changed situation around the world due to the pandemic of COVID-19. In these conditions it was necessary to reformulate the specific ways of implementing the relevant project activities, change the project implementation schedule, as well as extend the project implementation period until the end of July 2021 and add new activities for 2021. These changes were made within an international consortium and approved by the contracting authority (Federal Ministry of the Environment of the Republic of Germany).

In addition to the work of teachers with energy teams in 15 schools from 4 municipalities and the actual achievement of reduced energy consumption in schools due to the changed behaviour of students and teachers, the project also focuses on improving interaction between stakeholders and education policies. The specific actions on the project after the changes were:

- Work of the energy teams in the fifteen schools on the project with the measuring devices and actions for changing the behaviour of teachers and students. Excellent results have been achieved within 6 - 7% reduced energy consumption for the last heating season in individual schools.
- Partnerships between 4 Bulgarian and 4 German schools continued, which jointly plan and will hold days for climate action after an exchange of visits to Bulgaria and Germany by teachers from

these schools. Unfortunately, the events themselves could not take place in 2020, it is expected to find the appropriate forms for their holding in the spring and summer of 2021;

- The planned study trip for school principals, heads of RWU Sofia-city and Sofia-district and representatives of the Ministry of Education and Science, the Ministry of Environment and Water and municipalities is currently postponed and it is likely to be replaced by online presentations of the work of key educational institutions in Germany.
- Conducted a national seminar for the development of the concept of the initiative and the forms and ways to stimulate its participants and the opportunity to develop it as a national initiative. In August 2020, a working meeting was held, which provided the opportunity for local stakeholders (schools, kindergartens) in one day prepared and the next day presented their vision for the formation of a national initiative. For the preparation of the meeting, the NTEF prepared a number of analyses on energy consumption and the potential for saving energy and financial resources through the implementation of the initiative.
- The teachers participating in the project took part in a training for conducting with their students a thematic seminar "Vision for the future", after which such a seminar was held in one of the schools. The students presented in a creative way their understandings of what their school would look like as a zero-carbon school.
- The NTEF received from the project consortium equipment for the so-called "bicycle cinema", with which ten participants pedalling their bicycles produce energy for the projection of a film. The NTEF team was trained on how to use the equipment and in the early autumn of 2020 held seven screenings in schools in Sofia and Veliko Tarnovo. The participating students and their spectators got involved with great interest and enthusiasm.
- In one of the schools of Veliko Tarnovo was initiated a performance by students on the topics of energy saving and climate change, which was recorded in Bulgarian and English on video and distributed through the channels of GIZ.
- They have been translated from German into Bulgarian and have been issued in appropriate editions for the work of schools and teachers.
- In 2021, activities are forthcoming to expand the initiative and involve the competent institutions in it.

During the reporting year, the implementation of the second educational project "On the introduction of climate action in the educational program of Bulgarian schools" under the European Climate Initiative (EUKI) continued. In 2020, the implementation of the project went through several significant key activities:

- The work in all schools was carried out according to plan and with very good results. Some slowdown after March, when classes were transferred to distance learning in March 2020. Despite initial difficulties in many schools, work continued as teachers received support with appropriate online learning resources from their university professors.
- In 2020, the six sets of two editions for teachers from preschool to 7th grade were updated, including content and methodological materials for teachers. They were issued in the final version in full circulation. A seventh set was compiled for them, which covers interdisciplinary the topic for junior and high school students and was also published in full circulation.
- Preparations for the final seminars with teachers and the final conference have started.
- In 2021 the project will be completed and the activities in the schools will continue for the next 5 years at least.

In addition to the educational projects, the EB of NTEF also participates in the implementation of the following international projects:

Project "Triple A - Strengthening the value chain of energy efficiency projects in their early stages" under Horizon 2020

In 2020, the implementation of the project in which the NTEF was invited as a partner in a consortium under the Horizon 2020 Program has significantly advanced. The leading partner in the project is the Technical University of Athens. The project partners are 10 more organizations, incl. NGOs, research units, investment funds and banks from 7 more countries: Greece, Germany, the Czech Republic, Lithuania, Italy, Spain and the Netherlands.

The total budget of the project is 1,400,000 euros, and the term of implementation of the activities is 30 months. The aim of the project is to generate innovative decision-making schemes and standardization tools in order to mobilize capital through the use of trust funds.

In 2020, activities related to the identification of stakeholders, conducting a series of workshops - in-person and online to present the developed platform for evaluation of investment projects for energy efficiency, as well as participation in testing the platform with projects from the NTEF portfolio.

The first interim report on the project was submitted in a timely manner. In 2021, work will continue with capacity building activities and the development of documents with recommendations for European energy efficiency policies.

Project "Municipal Energy Management Systems Supporting Sustainable Financing of Local Climate Action" under the European Climate Initiative (ECI)

The project started on December 1, 2019 and is funded by the European Climate Initiative (ECI). The leading partner is the Eneffect Center for Energy Efficiency Foundation. The National Trust Ecofund is a partner, together with the Fraunhofer Institute of Building Physics in Germany.

The project aims to develop an individual model for an integrated municipal energy management system, based on the well-known energy management standard - ISO 50001, promoting the quality implementation of local long-term energy and climate strategies. The aim is for this model to serve to attract additional funding in addition to the grants provided by the NTEF.

In 2020, the NTEF started work on the following activities:

- The procedure for determining the three pilot municipalities in which the model will be applied in practice. The call for applications of the municipalities has been prepared and published.
- Work has begun on developing an innovative financial mechanism to attract private funding to be recommended for future implementation by the fund.
- The NTEF team actively participated in the holding of two information meetings with the municipalities for the presentation of the project and the application procedure for pilot municipalities.

Work in 2021 continues with the work with the three pilot municipalities, the completion of the first version of the financial mechanism and its discussion with the relevant stakeholders.

3. Changes in accounting policy

3.1. New standards, amendments and interpretations to IFRS, which came into force on 1 January 2020.

The Fund has applied the following new standards, amendments and interpretations to IFRS, developed and published by the International Accounting Standards Board, which are mandatory for the annual period beginning on 1 January 2020, but do not have a significant effect on their application on the financial result. and the financial condition of the Fund:

- Changes in the Conceptual Framework for Financial Reporting - effective for annual periods from 1 January 2020;
- Amendments to IFRS 3 “Business Combinations” (issued on 22 October 2018), effective from 1 January 2020
- Amendments to IAS 1 and IAS 8: Determination of Materiality (issued on 31 October 2018), effective from 1 January 2020.

- Amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” - Interest Rate Reform (issued on 26 September 2019), effective from 1 January 2020.
- Amendments to IFRS 16 rent reductions related to Covid-19, effective from 1 June 2020, adopted by the EU.

3.2. Standards, amendments and clarifications that have not yet entered into force and are not applied by an earlier date 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 have not been adopted by the EU for the financial year beginning on 1 January 2020 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. Management expects all standards and amendments to be adopted in the accounting policy of the Fund in the first period beginning after the date of their entry into force, without their application having a significant effect on the financial result and financial condition of the Fund. The changes are related to the following standards:

- Amendments to IAS 1 Presentation of Financial Statements: The classification of liabilities as current and non-current, effective from 1 January 2023, has not yet been adopted by the EU
- Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, effective from 1 January 2022, not yet adopted by the EU
- Annual improvements 2018-2020 effective from 1 January 2022, not yet adopted by the EU
- Amendments to IFRS 4 Insurance Contracts - Postponement of IFRS 9, effective from 1 January 2021, not yet adopted by the EU
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Reform - Phase 2, effective from 1 January 2021, not yet adopted by the EU
- IFRS 14 “Deferred Accounts at Regulated Prices” effective from 1 January 2016, not yet adopted by the EU
- IFRS 17 “Insurance Contracts” effective from 1 January 2023, 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 costs include budgetary costs for financing investment projects of beneficiaries, budgetary costs for implementation of projects for which the Fund is a beneficiary and administrative costs. They are recognized as current expenses on the date of their occurrence and relate to the financing to which they relate.

The budget expenditures for financing projects of beneficiaries under the investment programs of the Fund refer to each project when they arise. These costs are incurred in accordance with the concluded contracts with beneficiaries and contractors and include:

- the grant provided to the beneficiaries in accordance with the project budgets approved by the Management Board and the concluded contracts with beneficiaries and contractors under the programs managed by the Fund. The amount of the awarded financial aid is determined after reviewing the reports of the beneficiaries and determining the eligible costs of the projects by the Fund's experts and is confirmed by the external auditors;
- costs related to payments to external contractors in connection with the implementation and reporting of projects, incl. consulting services related to the preparation and coordination of the tender documentation, implementation of subsequent control of the conducted procedure and assigned audit of the project implementation.

The budgetary costs for the implementation of projects for which the Fund is a beneficiary refer to each project when they arise. These costs are incurred in accordance with the contracts concluded with donors and contractors and are incurred in accordance with the approved direct cost budgets. The budget costs for project implementation include:

- remuneration costs, which represent the part of the costs for salaries and insurances of the experts, performing project activities, determined in accordance with the time worked for each project;
- costs for external services, which are fees of external experts for the preparation of teaching aids and participation in trainings;
- travel expenses, which include business trips of experts and participants in projects in the country and abroad;
- other costs related mainly to the design and printing of teaching aids and the organization of trainings. Administrative costs related to the management of programs and projects are reported by economic elements in the following categories:
- Costs for materials - include electricity and heat, stationery and other materials for office maintenance, materials for car maintenance;
- Expenses for external services - include legal and translation services, accounting services, expenses for telephones, internet, postal and courier services, maintenance of IT systems, security, insurance, etc .;

- Depreciation costs - the reported depreciation of tangible and intangible fixed assets;
- Staff costs - the accrued funds for salaries and insurances for each member of the Fund's staff;
- Other expenses - expenses for business trips, organization of events, servicing of bank accounts.

Administrative costs are defined as direct and distributable.

Direct administrative costs are related to the implementation of a specific project or program and relate to them at the time of their recognition. They include:

- Costs for materials - stationery and other materials for organizing events under a specific project or program;
- Expenses for external services - fees of experts, remuneration of the members of the Management Board and CPC, legal, translation, courier and other services related to a specific project or program, as well as the expenses for the activity of the Management Board of the Fund;
- Staff costs - the accrued funds for remuneration and insurance for each member of the staff of the Fund and the Chairman of the Management Board are allocated on the basis of the time worked for each specific project or program. The Fund has introduced a system for reporting the time worked and prepares monthly reports on the time worked by the staff under the individual programs and projects, on the basis of which all expenses for remuneration and insurance are referred to specific programs and projects at the time of their recognition. Personnel costs are not allowed to be reported as distributable administrative costs;
- Other expenses - the expenses for business trips and events refer to the specific projects or programs with which they are related at the moment of their occurrence, the bank expenses for currency differences refer to the specific programs or projects with which the banking operations are related.

Allocated administrative costs cannot be linked to the implementation of a specific project or program at the time of their recognition. They ensure the overall activity of the Fund and include:

- Costs for materials - electricity and heat, stationery and other materials for office maintenance, materials for car maintenance;
- Expenses for external services - legal and translation services for general opinions and activities, including preparation of draft proposals, accounting services, expenses for telephones, internet, postal and courier services, maintenance of IT systems, security, insurance;
- Depreciation costs - the reported depreciation of tangible and intangible fixed assets;
- Other expenses - related to the organization of events and preparation of draft proposals, fees for servicing bank accounts.

The distributed administrative costs are referred to programs and projects in two stages:

Stage 1: Allocated administrative costs for projects for which the Fund is a beneficiary The allocable costs for projects for which the Fund is a beneficiary relate to each project in accordance with the rules of the donor and the terms of the financing agreement. In addition to the budget costs of the project and the related direct administrative costs, which form the own contribution to the project, it also includes distributable administrative costs to cover the total recognized amount in the project report, including recognized undocumented costs (overhead) of 11% for projects funded by the EUKI program and 25% for other projects.

Stage 2: Allocated administrative costs for programs for which the Fund is a donor The allocated costs for programs under which the Fund is a donor refer to each program on the basis of the total time worked by the Fund's staff under these programs, in accordance with the monthly time statements of the staff.

The monitoring of the implementation of the direct and indirect operational expenditures under the individual programs is performed on an annual basis in the Financial Report for the implementation of the budget approved by the Management Board of NTEF. The annual budget of the NTEF is prepared in strict compliance with financial rules for the distribution of funds set out in the applicable

to individual programs Decisions / Decrees of the Council of Ministers and Ordinance №1 of 04.03.2015.

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

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 inventor 6 to 7 years;
- • Computers and equipment 2 to 3 years;
- • Vehicles 4 years.

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

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. Cash and cash equivalents

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

4.12. 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.

4.13. 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.

4.14. 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.

4.14.1. 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.

4.14.2. Useful live of depreciable assets

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

As at 31 December 2019 the Management assesses that the useful lives represent the expected utility of the assets to the Fund. The carrying amounts are analysed in note 5 and 6. Actual results, however, may vary due to technical obsolescence, particularly relating to IT equipment and software.

5. Machines and equipment

The Fund's machinery and equipment include computers, vehicles and business equipment. The carrying amount can be analysed as follows:

	IT equipment	Vehicles	Fixture and fittings	Total
	BGN '000	BGN '000	BGN '000	BGN '000
Gross carrying amount				
Balance at 1 January 2020	53	38	16	107
Balance at 31 December 2020	53	38	16	107
Depreciation				
Balance at 1 January 2020	(48)	(38)	(16)	(102)
Depreciation for period	(2)	-	-	(2)
Balance at 31 December 2020	(50)	(38)	(16)	(104)
Carrying amount as at 31 December 2020	3	-	-	3

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

	IT equipment	Vehicles	Fixture and fittings	Total
	BGN '000	BGN '000	BGN '000	BGN '000
Gross carrying amount				
Balance at 1 January 2019	53	38	16	107
Balance at 31 December 2019	53	38	16	107
Depreciation				
Balance at 1 January 2019	(45)	(34)	(15)	(94)
Depreciation for period	(3)	(4)	(1)	(8)
Balance at 31 December 2019	(48)	(38)	(16)	(102)
Carrying amount as at 31 December 2019	5	-	-	5

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

6. Intangible assets

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

	Internet portal BGN '000	Software BGN '000	Total BGN '000
Gross carrying amount			
Balance at 1 January 2020	38	4	42
Balance at 31 December 2020	38	4	42
Amortization			
Balance at 1 January 2020	(38)	(4)	(42)
Amortization for period	(38)	(4)	(42)
Balance at 31 December 2020	-	-	-

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 2019	38	4	42
Balance at 31 December 2019	38	4	42
Amortization			
Balance at 1 January 2019	(38)	(3)	(41)
Amortization for period	-	(1)	(1)
Balance at 31 December 2019	(38)	(4)	(42)
Carrying amount as at 31 December 2019	-	-	-

7. Cash and cash equivalents

	2020 BGN '000	2019 BGN '000
Bank deposits	-	13 315
Cash on bank accounts	12 702	918
Cash on-hand	1	1
Cash and cash equivalents	12 703	14 234

The Fund has no blocked cash and cash equivalents.

8. Conditional Financing

	2020 BGN '000	2019 BGN '000
Undrawn portion of grants for funding of operations, including:		
- undrawn portion of grant for funding operations under Climate Investment Program (CIP)	6 928	10 664
- undrawn portion of grant for funding operations under "Mineral Waters"	716	725
- undrawn portion of grant for funding operations under Aviation quotas	3 896	1 934
- undrawn portion of grant for funding operations under agreement with Republic of Malta	899	601
- undrawn portion of grant for funding operations under projects Germany	150	189
- financing for acquisition of non-current assets	3	5
- result for period	62	54
Carrying amount as at 31 December	12 654	14 172

The accompanying notes on pages from 62 to 84 form an integral part of the financial statements.

Undrawn portion of the funding of operations includes:

	2020 BGN '000	2019 BGN '000
Carrying amount at 1 January	14 172	17 894
Recognized revenue from financing in the statement of profit or loss and other comprehensive income (Note 11)	(4 369)	(6 267)
Received funding during the period	3 013	2 631
Funds transferred from NTEF as EUKI Lead Partner to German UFU Partner	(162)	(86)
Carrying amount at 1 January	12 654	14 172

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, and in 2019 another BGN 5 054 thousand was secured from the sale of aviation allowances.
- The targeted financing provided by the Pilot Scheme of the Mineral Waters Investment Program is a total of BGN 3 500 thousand for financing of investment projects.
- Provided financing for spending the revenues from the revenues from sales of allowances for greenhouse gas emissions from aviation activities through a tender under Ordinance № 1 of 04.03.2015, from which in 2020 BGN 1,962 thousand were received.

9. Employee benefits

9.1. Employee benefits expenses

	2020 BGN '000	2019 BGN '000
Wages	(268)	(288)
Social security costs	(49)	(57)
Employee benefits expenses	(317)	(345)

9.2. Pension and other employee obligations

	2020 BGN '000	2019 BGN '000
Current:		
Employee payables	18	23
Unused holiday leaves	17	18
Social security obligations	10	7
Current pension and other employee obligations	45	48

10. Trade and other payables

	2020 BGN '000	2019 BGN '000
Payables to suppliers	6	4
Payables for legal and other services	-	15
Other payables	2	-
	8	19

11. Income from conditional financing

	2020 BGN '000	2019 BGN '000
Revenues from funding for programs	3 837	5 625
Revenues from financing for administrative expenses	230	376
Revenues from external financing of projects	300	257
Income from financing for non-current assets	2	9
	4 369	6 267

12. Project funding expenses

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

Program	2020 BGN '000	2019 BGN '000
Financing of public projects under the Climate Investment Program (CIP)	3 572	3 497
Financing of public projects under Pilot scheme of Investment program Mineral Waters	8	2 035
Financing of public projects under Program "Micro projects for the climate".	257	93
	3 837	5 625

Payments to beneficiaries for financing public projects during the year are 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
Financing of public projects under the Climate Investment Program (CIP)	4 987	4 051	3 537
Financing of public projects under Program "Micro projects for the climate".	262	262	257
	5 249	4 313	3 794

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 2020, the amounts actually paid to beneficiaries under projects from the Climate Investment Program (IPC) - Energy Efficiency Scheme amount to BGN 3,407 thousand.

The amounts actually paid to Beneficiaries under projects from the Investment Program for Climate IPC) - Scheme "Electric Cars" amount to BGN 130 thousand.

In 2020, in connection with the implementation, financing and reporting of completed public projects, BGN 32,805 were spent for the implementation of preliminary and subsequent control of the prepared and conducted tender procedures and for the audit of the implemented project proposals.

In 2020, two invitations for admission under the Scheme for the Promotion of the Use of Electric Vehicles in the Public Sector (CEM) were published, during which 20 application forms were adopted. During the reporting year, the CEM Commission selected 20 CEM forms, of which 27 of the 28 vehicles examined were approved and 1 was rejected under the Public Sector Electric Vehicle Promotion Scheme.

In 2020, in connection with the implementation, financing and reporting of the completed public projects, BGN 2,394 were spent for the implementation of preliminary and subsequent control of the prepared and conducted tender procedures for the implementation of project proposals.

A detailed description of the costs reported in 2020 for financing Climate Investment Program (CIP) projects 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 (2019)
		BGN	BGN	BGN
292	Increasing the EE of the building of "Medical Center I - Parvomay" EOOD	407,615.17	346,472.90	346 446.33
305	Improving the educational infrastructure of the Faculty of Engineering and Technology - Yambol at the Thracian University - Stara Zagora	894 402,88	760 242,45	757 081.44
321	Introduction of energy efficiency measures for DCC-1-Burgas, Regulated Land I, quarter 4 k / s Zornitsa, Burgas	351 275,80	298 584,43	296 210.01
328-5	Implementation of energy efficiency measures in the school educational infrastructure in the Municipality Veliko Tarnovo - Sofia University "Emilian Stanev"	1,221,138.60	800,000.00	800 000.00
359	Improving the energy efficiency of the building of 86 PS "St. Kliment Ohridski", Vladaya village, 2 Brezovagora Str., Vitosha district, Sofia Municipality	598,188.61	508,460.32	496 958.07
502 *	Improving the energy efficiency of 79 SU "Indira Gandhi" in UPIHIII - for school, quarter 4, area "Lyulin-7 m.r.", according to the plan of the city of Sofia, according to an updated Report for energy efficiency survey	1,419,898.92	1,206,914.08	710 125.90
	Public projects - IPK	4,892,519.98	3,920,674.18	3,406,821.75

Project / Name	Number of vehicles	Actual amount of funding in 2019
A. Electric cars		
EM 058 / Project for promoting the use of electric vehicles - Agency for Geodesy and Cartography	3	60 000,00
EM 067 / Project for promoting the use of electric cars Municipality of Burgas	1	20 000,00
B. All-electric vehicles, category L7e		
EM 064 / Project for promoting the use of electric cars in the municipality of Kazanlak	1	20 000.00
C. All-electric vehicles, van 7 + 1 or 6 + 1 seats		
EM 060 / Project for promoting the use of electric cars - Chavdar Municipality	1	30 000,00
Public projects - IPK	8	130,000.00

* Projects partially paid in 2019, final payment was made in 2020.

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 2020, no projects under the Mineral Waters Investment Program have been implemented after the completion of the pilot phase of its implementation.

In 2020, in connection with the implementation, financing and reporting of the completed public projects in 2019, BGN 7,560 were spent for the audit of the implemented project proposals during the pilot phase of IPMV.

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

On the basis of Decision of the Council of Ministers No 175 / 29.03.2017 and the Agreement on Transfer of Annual Emissions (AEAs) within the NTEF, the Climate Micro-Projects Program is institutionalized. The funds under this program are spent on small projects to help mitigate and adapt to adverse climate change. In 2020, six PMPC projects completed in 2019 were completed and paid for.

A detailed description of the costs reported in 2020 for financing PMTCT projects is presented in the table below:

No project	Beneficiary / project / name	Amount under financing agreement with NTEF)	Expenditures on projects (financing) in the current year (2020)
7	Chernoochene Municipality - Effective light for our children	48 737.95	44 948.72
14	Municipality of Smolyan-Reporting and analysis of results and update with horizon 2030 of the Action Plan for Sustainable Energy Development until 2020	36 000.00	35 800.00
16	Smyadovo Municipality - Modernization of the street lighting of the town of Smyadovo, Smyadovo municipality	49 200.00	49 200.00

17	Svishtov Municipality - Implementation of energy efficiency measures in the First Bulgarian National Chitalishte "Elenka and Kiril D. Avramovi-1856	49 998.95	49 998.95
20	BAS-Automation and monitoring of energy consumption in BAS	33 725.00	33 109.80
21	BPGA-Preparation of an ordinance for amendment and amendment of the ordinance on the conditions, procedure and manner for preparation and verification of the reports of the suppliers of fuels and energy for transport and assessment of the impact of the draft ordinance	44 725.00	44 725.00
	Total for PMPC Projects	262 386.90	257 782.47

13. Cost of materials

	2020 BGN '000	2019 BGN '000
Heat and electricity	(5)	(4)
Fuel, oils and car parts	(1)	(5)
Office supplies	(1)	(1)
Others	(2)	(6)
	(9)	(16)

14. Hired services expenses

	2020 BGN '000	2019 BGN '000
Consulting fees	(162)	(165)
Telecommunication	(4)	(5)
Insurance and security	(3)	(3)
Service-station fees	(11)	(27)
Audit services, including of the project financed	(10)	(25)
Other hired services expenses	(4)	(8)
	(194)	(233)

15. Other expenses

	2020 BGN '000	2019 BGN '000
Business trip expenses	(2)	(39)
Others	(1)	(1)
	(3)	(40)

16. Finance income and finance costs

	2020 BGN '000	2019 BGN '000
Expenses for bank fees	(6)	(2)
Exchange rate differences	(1)	(1)
	(7)	(3)

17. Transactions with related parties

Persons related to the Fund are the key management staff.

Unless explicitly stated, transactions with related parties have not been made under special conditions and no guarantees have been provided or received.

The key management staff of the Fund includes the members of the Management Board.

The remuneration of key management personnel consists of the following costs:

	2020 BGN '000	2019 '000
Short-term remuneration, incl. Social security	46	42

18. Categories of financial assets and liabilities

The carrying amounts of the Fund's financial assets and liabilities can be presented in the following categories:

	Note	2020 BGN '000	2019 BGN '000
Financial actives			
Receivables		1	-
Cash and cash equivalents	7	12 703	14 234
Financial liabilities			
Financial liabilities carried at amortized cost:			
Trade and other liabilities	10	8	19

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

19.1. Risks related to operating activities

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 2020 the Fund is not exposed to a risk of change in market interest rates.

Credit risk

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.

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.

Liquidity risk

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)

As of the end of 2020, there are no financing agreements, which have been concluded under the Program, and their implementation is still in progress. The unspent part of the financing under the Investment Program for Climate IPC amounts to BGN 6,928 thousand, as BGN 2,847 thousand of which are provided for pilot projects, BGN 1,370 thousand are provided for financing projects of medical institutions, BGN 1,157,000 are provided for the scheme for promoting the use of electric cars. BGN 60,000 remain for the administration of the Fund.

During the period from 01.01.2020 to 31.12.2020, 10 investment public projects were completed, 4 of which for electric cars.

In 2020, the activity of NTEF in connection with the implementation of public projects under the Climate Investment Program (IPC) is focused on the following areas:

- Preliminary control of technical projects and tender procedures. The Ecofund performs preliminary control over the tender procedures of all public projects, making a preliminary review and coordination of both the tender documentation of the procedures and the technical projects for construction and installation works. After the successful completion of this procedure and after the selection of contractors, the Fund concludes contracts with the beneficiaries.
- Control over the actual implementation and payments. The Fund carries out on-site inspections during the implementation of the projects in order to minimize the risks. After verification and acceptance of the performed works and deliveries, a repeated documentary check is performed, followed by payments to the beneficiaries. Payments under the Climate Investment Program (CIP) financing agreements concluded between the NTEF and the Beneficiaries shall be made by bank transfer.

21. Commitments in connection with the implementation of the Mineral Waters Program

In 2020, the NTEF will not control the actual implementation and payments of the implementing projects under the Program, after the completion of the pilot phase.

22. Commitments made in connection with the implementation of the Microclimate for Climate Program

By the end of 2020, the NTEF has concluded 7 more financing agreements, which have not yet been completed at a total value of BGN 349,155, including with the Ministry of Finance, which has an approved form from the first phase of implementation of the Program, but has postponed its implementation due to objective reasons.

In the period 01.01.2020 - 31.12.2020, 6 projects were fully completed and a grant in the amount of BGN 257,782.47 was paid.

23. Events after the end of the reporting period

No adjusting events or significant non-adjusting events occurred between the date of preparation of the the financial statements and the date of their approval for issue, except for the extension of the emergency epidemic situation in Bulgaria until 30 April 2021 by Decision of the Council of Ministers №72 dated 26 January 2021 (see note 2).

24. Approval of the financial statements

The financial statement as of 31 December 2020 (including comparative information) were approved by management on 20 April 2021.



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.

In the autumn of 2019, NTEF together with eleven other partners from seven European countries launched a project to introduce a model for evaluation of energy efficient project proposals still in their initial phase of development.

In December 2019, in partnership with the Energy Effect Center Foundation and the Fraunhofer Institute of Building Physics in Germany, NTEF launched a new project with the financial support of the European Climate Initiative (EUKI). The project aims to develop an individual model for an integrated municipal energy management system, based on the well-known energy management standard - ISO 50001, promoting the quality implementation of the local long-term energy and climate strategies.

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