

НАЦИОНАЛЕН
ДОВЕРИТЕЛЕН
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NATIONAL
TRUST
ЕКО FUND

ANNUAL REPORT

REPORT OF THE INDEPENDENT AUDITOR

FINANCIAL STATEMENT

for the period

1 January - 31 December 2021

"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 Eco Fund"**, submitted by **Aequilibrium 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 Eco Fund 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 related to the state aid of the Treaty establishing the European Community."

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).

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 Investment Climate 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 Investment Climate Program (ICP). During 2017, 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 by virtue of Council of Ministers Decree No 254/2016.

During 2017, the preparation of Climate Micro Projects Program, 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.

In the beginning of 2021, NTEF together with eight big municipalities (Burgas, Varna, Kardzhali, Plovdiv, Ruse, Sliven, Stara Zagora, Sofia), started the implementation of Predefined Project No 3 "Implementation of innovative measures for climate change mitigation and adaptation in Bulgarian municipalities" under Environmental Protection and Climate Change Program, financed by the Financial Mechanism of the European Economic Area. The main project objective is to improve the capacity of the local authorities to identify and plan creative urban development solutions through whose follow-up implementation to contribute to the mitigation of the climate change impact.

In April 2021 the implementation of project "Bulgarian Energy Efficiency Forum for Smart Finance for Smart Buildings" (BeSmart) under Horizon 2020 was initiated. The Leading Partner under the project is the Center for Energy Efficiency (EnEffect). NTEF and another 10 organizations, including state agencies, municipalities and NGOs from Bulgaria, are project partners.

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LIST OF USED ABBREVIATIONS

PPA	Public Procurement Agency
BPGA	Bulgarian Petroleum and Gas Association
BAS	Bulgarian Academy of Science
F&L	Fuels and lubricants
ESM	Energy Saving Measures
CCMA	Climate Change Mitigation Act
PPA	Public Procurement Act
EB	Executive Bureau
ICP	Investment Climate 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
MES	Ministry of Education and Science
CoM	Council of Ministers
MF	Ministry of Finance
IFA	Intangible Fixed Assets
NTEF	National Trust EcoFund
NAMRB	National Association of Municipalities in the Republic of Bulgaria
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
DCC	Diagnostic Consultative Center

ANNUAL ACTIVITY 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 shall also be submitted to the current donors, which for 2021 are the Government of Bulgaria and the Federal Ministry for the Environment, Nature Conservation 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

April 06, 2022



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 a chairman, two deputy chairmen and four regular members, as well as three alternates. As of the end of the accounting 2021, 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, replaced by Deputy Minister Ivaylo Hristov;

- Representative of the Ministry of Energy – Deputy Minister Zhecho Stankov, replaced by Deputy Minister Iva Petrova.

- 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.

Three (3) regular meetings of the Management Board (MB) of NTEF were convened during 2021. Due to the declared epidemic situation in the country, caused by COVID-19, the 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 2021. At the same meeting, an addendum to the Operational Manual (OM) of the Investment Climate Program (draft contract for implementation of the pilot energy efficiency projects through a guaranteed savings contract) was discussed and approved. At the same meeting, MB of NTEF issued a mandate to the MB Chairman to sign a contract for the implementation of the project "Bulgarian Energy Efficiency Forum for Smart Finance for Smart Buildings" under the Horizon 2020 Program. At that meeting, MB of NTEF supported the EB initiative, the Fund to participate as a member of a consortium with a lead partner the Independent Institute for Environmental Issues - Berlin (UfU), in the preparation of a new project "Climate neutral society – the schools as promoters and role models".

At the second meeting of MB of NTEF, held on 20.04.2021, the Annual Activity Report and the Financial Statement of NTEF for 2021 were approved and endorsed, which in compliance with the existing Ordinance on the structure and activity of the National Trust EcoFund had been submitted to the Council of Ministers by 30 April 2021 through the Minister for Environment and Water. At the same meeting, the Terms of Reference for the selection of a contractor to perform an audit of the NTEF activities for the financial year 2021, as well as an auditor of Predefined Project No 3 BGENVRONMENT-4.001, "Implementation of innovative measures for climate change mitigation and adaptation in Bulgarian municipalities" of the EPCC program funded by the EEA FM 2014-2021 was approved. Information was also provided and decisions were taken in view of the compliance with the provisions of Article 4 (1) of the Operational Manual of ICP related to the implementation of Project No 501 "Introduction of energy saving measures and modernization of the street lighting in Gabrovo city through the implementation of a guaranteed savings contract (ESCO contract).

The third meeting of 28.10.2021 was devoted 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 Investment Climate Program and the Climate Micro Projects Program. A proposal, made by EB of NTEF for a change in the approved budget for 2021, was also discussed and approved in view of providing funds to finance all approved projects under the Scheme for promoting the use of electric vehicles under the Investment Climate Program.

All MB meetings are duly recorded, signed and archived.

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

During 2021 the implementation and financing of projects under the Investment Climate 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 Denkstatt Bulgaria OOD project under Horizon 2020 Program.

1. Selection and approval of projects under ICP

1.1. Maintaining a permanent project portfolio under ICP

Energy efficiency projects under ICP

During 2021, no calls for collecting letters of interest were published due to the lack of sufficient resource for financing projects under the Investment Climate 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 ICP.

Projects under the Pilot Scheme for Promoting the Use of Electric Vehicles

During 2021, due to the limited financial resource under the Electric Mobility Scheme (EMS) of ICP, one call for collecting project proposals for the purchase of electric vehicles with deadline 31 May 2021 was published. 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 2021, 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 9 electric vehicles - category M1 or N1, 6 all-electric vehicle - category M1 or N1 (bus 6+1;7+1 seats); and 16 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 websites, as well as with the assistance of the NTEF MB members – disseminated through the information channels of NAMRB and of the non-governmental sector.

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

According to the NTEF Rules of Procedure and the ICP 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 ICP. 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 ICP 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 ICP 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, following provision of additional resources from the revenues obtained from the sale of greenhouse gas allowances pursuant to Decree No 1 of 04.03.2015, with a decision of MB of NTEF 17 project application forms were submitted and approved under the Electric Vehicles Scheme (*Annex 2 – Table 2.1.*).

2. Implementation of projects under the Investment Climate Program (ICP) during 2021

Implementation of energy efficiency projects under ICP

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 202 as well, due to the fact that the available financial resource under the Investment Climate 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.

For the funding of these projects besides the residual resources under ICP from 2020, NTEF MB with a decision has allocated a part of the funds from the sale of aviation emission allowances, which is in compliance with the climate change mitigation activities referred to in Article 1 (2) (1) of Decree No 1 of 04.03.2015.

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, through which the Contracting Authority shall initiate the procedure for the selection of the contractor. Following the publication of the procedure in the Centralized Automated Information System "Electronic Public Procurement" (CAIS "EPP"), NTEF EB shall revise and, where necessary and upon non-compliance with the given instructions, shall recommend publication of a decision for changing or termination of the procedure, depending on the opportunities provided in the legislation with regard to the individual cases.

The process of implementation, funding and reporting on the completion of the public projects is stipulated in the ICP Operational Manual.

In the reporting 2021, EB of NTEF worked on different stages of the implementation of 18 projects under the Energy Efficiency Scheme (EES) of ICP, in this number also pilot projects with a requested grant amount equal to **BGN 9 580 907.94**.

During the reporting period, for a number of reasons including the required revision of the overall technical documentation of the investment projects, which was approved prior to 2015, 3 (three) energy efficiency project amounting in total to **EUR 1 673 635.60** were completed and **financial support provided by NTEF in the amount of EUR 1 276 172.68**.

In 2021, in connection with the implementation, financing and reporting of the completed public projects, **BGN 15 130.17** 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 2021, an annual reduction of the greenhouse gas emissions equal to **22 240 t/CO_{2eq}** for the entire life cycle of the projects has been achieved.

The completed and paid projects **in 2021** are as follows:

➤ **Project No 244-3**

"Modernization and implementation of energy efficiency measures of CCF "Angel Karaliichev", Strazhitza city"

NTEF-provided funding amounts to **BGN 284 669**.

The project includes the following activities:

- Thermal insulation of facade walls
- Replacement of doors and windows
- Thermal insulation of roof
- Improving the efficiency of the heating system (HS) through improved heat transfer efficiency
- Improving the HS efficiency through distribution network replacement
- Improving the HS efficiency through "automatic control" and „temperature with a decrease“
- Improving the HS efficiency through increased capacity utilization rate (CUR) of the heat supply (boiler replacement).
- Solar installation for household hot water (HHW)
- Reducing the lighting costs (replacement of luminaires)
- Reducing the costs, which do not impact the balance sheet (replacement of projectors)

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **4 320 t/CO_{2eq}** for the entire project life cycle.

➤ **Project No 281**

"Implementation of energy efficiency measures in the building of DCC I, Cherven Bryag city, Pleven District"

NTEF-provided funding amounts to **BGN 364 429**.

The project includes the following activities:

- Thermal insulation of external walls
- Thermal insulation of roof
- Replacement of doors and windows
- Thermal insulation of floor
- Replacement of luminaires
- Improving the HS efficiency through automatic control of the temperature

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **9 987 t/CO_{2eq}** for the entire project life cycle.

➤ **Project No 339**

“Introduction of energy efficiency measures for DCC - Polyclinic, Kazanlak city”.

NTEF-provided funding amounts to **BGN 627 074**.

The project includes the following activities:

- Thermal insulation of external walls
- Replacement of doors and windows
- Thermal insulation of roof
- Thermal insulation of floor
- Replacement of luminaires

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **7 930 t/CO₂eq** for the entire project life cycle.

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

The work on the implementation of the two groups of pilot projects continued in 2021:

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 2021 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:
 - 1) 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.
 - 2) When calculating the savings after implementation of the investment measures, it is not correct to use the saved funds from ongoing repairs, since they cannot be used to calculate the investment payback, because they are not obtained as a result of reduced energy consumption.

Based on the analysis and the drawn conclusions, Gabrovo Municipality 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 imposed 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 project implementation.

In December 2020 a contract with the ranked first participant was signed.

Active implementation of construction and installation works under the concluded ESCO contract was going on during the reporting 2021. The project is expected to be finished by the middle of 2022.

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

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 the implementation of innovative initiatives with a view to the improvement of the environmental status.

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

- Reaping the full benefits of the implementation of concrete energy saving measures (ESM), starting from the earliest phase of preparing 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.

Following 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 the European standards in the energy efficiency field, these 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.

The second project, which will be implemented as energy efficiency project applying European standards for monitoring and results' verification is Project No 507 "Energy efficiency measures and accompanying activities in the building of SS "Nikola Velchev", SS "Otetz Paisii" and cafeteria, Samokov city"

The envisaged activities under the project are as follows:

- Replacement of old windows and doors
- Insulation of external walls
- Insulation of roof
- Insulation of floor
- Improving the efficiency of the internal heating system (IHS) and HHW
- Improving the lighting system efficiency

In 2019, the work on the preparation for 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 in the end of 2021. It is expected that by the first quarter of 2022 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 be used for the analysis of the results from the application of the two innovative approaches in the implementation of ICP projects.

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

During 2021 as well, NTEF financing under the Scheme for Promoting the Use of Electric Cars is determined on the basis of Decision of NTEF 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 is not covered by the subsidy, is provided as co-financing by the beneficiaries

In 2021 as well, 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 ICP 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, 13 (thirteen) electric trucks L7e and 1(one) plug-in hybrid vehicle have been delivered. The purchase of the approved remaining all-electric vehicles is pending.

In the reporting year 2021, the implementation of 19 (nineteen) projects was completed with the financial support from NTEF in the amount of BGN 435 199.50.

In 2021, in connection with the implementation, financing and reporting of the completed public projects, BGN 4 358.10 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.



EM 087/ Project for promoting the use of electric vehicles – Gabrovo Municipality (category M1)



EM 061/ Project for promoting the use of electric vehicles – Beloslav Municipality



EM 076/ Project for promoting the use of electric vehicles – Knezha Municipality

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

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 2021 as well, 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 2020 and 2021 no new calls were 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 2021, 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 2021, the NTEF MB has not approved 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 2021, no projects under the Investment Program “Mineral Waters” were implemented.

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

The funds for financing projects under Climate Micro Projects Program 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 climate change mitigation and adaptation (development of strategies /programs /reports /analyses, educational projects, events, publications, scientific studies, etc.).

In December 2019 the latest updates in the Operational Manual of the Climate Micro Projects Program were made. Calls for proposals are then introduced and the eligible activities are specified through their differentiation from the eligible activities under the other existing Programs of the Fund.. 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). The projects' nomination is accomplished with a justified written proposal by the members of MB of NTEF.

1. Selection and approval of projects under CMPP

1.1. Maintaining a project portfolio under CMPP

During 2021, 2 application forms under the CMPP were received under one announced call and nomination by NTEF 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 2021, one meeting of the Standing Committee on Selection, Control and Reporting on Project Implementation were held. At this meeting, 2 application forms under the CMPP were considered.

Approval of projects under CMPP by NTEF MB

As a result of the work of the Standing Committee, 2 (two) application forms for projects under CMPP were submitted and approved by NTEF Management Board. The meeting of the Management Board, at which projects for funding were approved, was held 28 October 2021 (*Annex 2 - Table 2.2.*).

2. Implementation of projects under the Climate Micro Projects Program

During the accounting year 2021, 5 (five) projects were completed and reported with the financial support of NTEF in the amount of BGN 241 273.00.

In connection with the implementation, financing and reporting on the completed projects, BGN 68.70 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 2021 are as follows:

➤ ***MP 022 "Proposal for a change in the forest legislation and its climate change adaptation".***

The project aims at proposing an addition to the "Classification scheme of the forest habitat types in the Republic of Bulgaria" of the Executive Forest Agency (EFA) dated 2011, containing data on potential species for each type and sub-type of growing habitat according to the expected climate change. The classification scheme is a main regulatory document for the planning of the species composition and for all activities in the forests. This will be the first of its kind system upgrading, which takes into account the expected climate change. The project belongs to the so-called soft projects – activities, related to the climate change mitigation and adaptation and expressed in the development of strategies / programs / reports / analyses. The NTEF-provided funding is BGN 49 955.

➤ ***MP 025 "Introduction and improvement of systems for sound and efficient management of school energy resources".***

The overall project objective is to ensure a positive environmental effect and sustainable energy practice at SS "P. R. Slaveikov", Dobrich city, through the implementation of a set of "smart" solutions for rational energy resource management. The specific project objectives are:

- Establishing intelligent infrastructure to optimize, automate and adapt the operation of the electricity supply and water heating systems and facilities for heating purposes to the energy costs' and emissions' reduction;
- Enriching the knowledge of the teachers and the students on the topic of the negative impacts of the climate change through the conducting of trainings to improve the understanding of the energy saving and to create a sound basis of environmentally friendly behavior.

The project belongs to so-called "small infrastructure projects". The NTEF-provided funding is BGN 50 000.

Due to the complicated situation resulting from Covid-19 pandemic and the implementation of the anti-epidemic measures, the funds (BGN 8 620) for conducting the educational campaign will be paid in the beginning of 2022.

➤ ***MP 028 "Forest and Climate Change" - Unique Educational Campaign for Students".***

The project aims to provoke the public interest and the curiosity of the adolescents with regard to climate issues through their concern about the forest. A mobile kiosk will be adapted for this purpose, using which forest educators will conduct an educational campaign in 50 schools across the country. Children will learn how to care for the forest with the aim to cope with the climate change, and the increased public awareness will help the more efficient development and implementation of the national climate policies.

The project belongs to so-called "soft projects" – activities, related to climate change mitigation and adaptation, which consist in the development of strategies / programs / reports / analyses. An educational program for children and teachers on the topic "Forest and Climate" will be developed. The NTEF-provided funding under this project is BGN 50 000.

➤ ***MP 030 "Automation of the heating installation and optimization of the heat consumption in the INB-BAS building, bl. 23 of BAS-IV Research Complex".***

The project aims at reducing CO₂ emissions related to the operation of the INB-BAS building by 39.6 tCO₂ / year through the implementation of activities targeted at achieving the following specific objectives:

- Reducing the heat consumption by 10% compared to 2019 by delivering and installing a new automated station with automated control (Measure 1);
- Additional 15% reduction of the thermal energy consumption by installing thermostatic valves and a system for remote monitoring and control of the sub-station (Measure 2).

The project belongs to so-called "small infrastructure projects",
The NTEF-provided funding is BGN 50 000.

➤ ***MP 032 "Establishment of Integrated building management system for energy efficient management of CCF "Parvi Yuni", Gabrovo city"***

The main project objective is to reduce the greenhouse gas emissions by establishing an integrated building management system for energy efficient management of CCF "Parvi Yuni", Gabrovo city. The system includes a centralized operator station in Gabrovo Municipality, to which two schools with building automation will be connected.

The specific objective is to achieve more than 33% energy savings in the kindergarten.

The system will be upgraded through the connection of public buildings in Gabrovo Municipality. The project belongs to the so-called "small infrastructure projects".

The NTEF-provided funding is BGN 50 000.

During the past accounting period no weaknesses related to the use of funds according to their designation, as well as to the transparency of the project selection and implementation procedures have been allowed as has been established by "Grant Thornton" OOD, which company has performed an independent audit on the implementation of the projects, financed under the NTEF-administered programs.

All recommendations regarding the NTEF-financed projects have been considered and the necessary actions for their elimination have been undertaken.



MP 028 "Forest and Climate Change" - Unique Educational Campaign for Students"



MP 025 "Introduction and improvement of systems for sound and efficient management of school energy resources"

VI. EDUCATIONAL AND OTHER INTERNATIONAL PROJECTS

Since 2015, NTEF has endeavored to contribute to a change in the behavior of the users of buildings, for which investment funds are provided, because the manner in which the building is used in the long term ensures the achievement of energy savings following 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 Department 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 for the Environment of the Republic of Germany, was continued.

The reporting year 2021 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 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 for the Environment of the Republic of Germany).

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 in individual schools.

Analysis of the state of the sustainable development and climate change topic in the programs of the Bulgarian universities, which train teachers, was prepared. Recommendations for further steps to improve the situation were made. The analysis was presented at a national forum involving the participation of representatives of MES, universities, MEW, the Syndicate of the Bulgarian Teachers, RDE, school directors and teachers.

In April 2021, NTEF conducted another stakeholders' workshop under the project. The most important achievement was the presentation, discussion and reached agreement on the concept of the Energy saving initiative in schools and kindergartens to be proposed for funding through the Recovery and Resilience Plan and / or the relevant Operational Program. One month later, in May, the last one of the series of stakeholders' workshops took place. At this workshop a concept for a National Sustainable Development and Climate Change Educational Program was presented and formulated upon the initiative of the Syndicate of the Bulgarian teachers and the National center for Improvement of the Qualification of the Pedagogical Specialists (NCIQPS) to the MES.

In June 2021, the final conference under the project was held, during which two of the sessions were led by pupils from the Bulgarian schools. Bulgaria's participation in the conference was highly appreciated.

Due to the difficult situation, resulting from the pandemic in Germany and in Bulgaria, maximum flexibility and creativity had to be applied regarding the virtual study tour. The UfU hosts produced in advance video materials for the sites, which had been planned to be "visited" and held online discussions with the Bulgarian participants.

The main project related publication was issued in Bulgarian by the lead project partner from Germany and delivered to NTEF – i.e. the comics "The Climate Change Challenges". In 2022, the publication will be disseminated in Bulgaria.

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, academic media representatives, who are involved in the training of teachers, as well as local authorities;
- To improve the overall integration of climate change related policies through the provision of 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 2021, the project implementation passed through several key activities and was completed and reported successfully:

- The work in all schools was carried out according to a plan and with very good results. Despite the initial difficulties in many of the schools, the work continued and the teachers also received relevant resources for on-line teaching from the university lecturers involved in the project.

- In February 2021, the final seminars with the teachers took place;

- In April 2021, the final conference was held. Due to the pandemic situation, it was not possible to have a face-to-face event and the conference was conducted as a virtual meeting. However, in order to ensure the conditions for sharing the project achievements a set of publications with shared experiences was issued - a total of 3 publications, compiled by university lecturers and containing materials of the teachers and pupils, who have participated.

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 2021, 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. Lead 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 Holland.

The project objective is to generate innovative financing schemes and standardization instruments aiming at mobilizing capital, using earmarked funds.

In 2021, most of the main project activities were implemented:

- The data base for the main risks, faced by the energy efficiency projects, was updated;

- A platform for energy efficiency projects evaluation was created and upgraded;

- A series of webinars for enhancing the stakeholders' capacity, including a webinar for facilitating the use of the "Triple A" Platform was held.

A key prerequisite for the successful implementation of the Platform was the NTEF team participation in the testing and calibration of the Platform using projects from the NTEF portfolio. Five (five) projects meeting all the requirements for "Triple A" projects were identified.

In 2022 the work will continue with capacity enhancing and document development activities, involving recommendations related to the European energy efficiency policies.

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

The project is funded by the European Climate Initiative (EUKI). Lead partner is the Foundation for Energy Efficiency (EnEffect). The National Trust EcoFund 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 that after its pilot implementation in three municipalities its effectiveness will be proven.

During 2021, the following activities were implemented:

- Implementation of the model in the selected three pilot municipalities was started;
- Development of an innovative financing mechanism for attracting private finance to be recommended for future use by the Fund was finished.
- NTEF team was actively involved in the accomplished trip to the Republic of Germany for familiarization with the experience of the local authorities related to the implementation of municipal energy management.
- Consultative meeting was held in November 2021, at which proposals for new approaches and financial instruments for energy efficiency projects funding were presented - municipal property.

5. Predefined project No 3 "Implementation of innovative measures for climate change mitigation and adaptation in Bulgarian municipalities" under the Environmental Protection and Climate Change Program funded by the Financial Mechanism of the European Economic Area.

The project started in February 2021. Its main objective is to improve the capacity of the local authorities to plan and identify creative and innovative urban development solutions within the scope of the municipal climate mitigation strategies and plans. NTEF is the lead partner. The partner from the donor country is the Norwegian Association of Local and Regional Authorities (KS).

In addition to the project management, the other main activities are:

- Enhancing the capacity to plan, monitor and introduce climate change mitigation and adaptation measures in the Bulgarian municipalities – KS plays a leading role;
- Reviewing municipal strategic plans and project evaluation, identifying gaps and necessary actions in eight municipalities and selecting priority innovative measures (urban development projects) – NTEF plays the leading role with the expert contribution on the part of KS;

- Implementation in the eight Bulgarian municipalities of pilot projects for innovative mitigation and adaptation measures in the urban development - the partners play the leading role;

- Awareness raising / educational campaign for the climate change – NTEF plays the leading role.

The examination of the strategic municipal documents was launched during the accounting year 2021. A consultant was selected to assist the municipalities to identify gaps in the Municipal Urban Development Plans.

The first training of the expert teams of the partner municipalities was held in December 2021. The practical exercises, related to the assessment of the risks posed by the climate change in the big cities – i.e. heat island effects, rotations of floods from heavy rainfalls and droughts with water scarcity, urban landslides, were thus launched. The partners from the Norwegian Association of Local and Regional Authorities and the Western Norway Research Institute familiarized the participants with their report on international experience and good practices. In parallel with that, the Bulgarian consultant presented to the participants the methodology for analyzing the existing strategic and planning documents and implemented projects in the municipalities.

6. Project “Bulgarian Energy Efficiency Forum for Smart Finance for Smart Buildings“ (BeSmart)

The project is funded by Horizon 2020 Program. The aim is to generate innovative decision-making and standardization tools for capital mobilization using earmarked funds. The lead partner under the project is the Center for Energy Efficiency. Besides NTEF, project partners are another 10 organizations, including state agencies, municipalities and NGOs from Bulgaria.

NTEF participation includes the implementation of the following activities:

- Organization of seminars to present the abovementioned schemes and instruments;
- Identification and support of the development of pilot projects for bank crediting purposes.

In 2021 two round tables were held:

- “The role of the financial institutions for the green transition”. It has been confirmed that the necessary investments substantially exceed the scope of both the budget and the European funds and that it is important to attract private capital, which can only be accomplished based on market principles. The policies and actual products of leading commercial banks - UniCredit Bulbank, UBB and Credit Bank, among which were outlined solutions for green mortgages, SME financing, investments in green energy and electric mobility, as well as specialized credit lines for renovation of single-family residential buildings were presented at the forum. The NTEF contribution was summarized with the presentation of the new initiatives of the Fund, including the selection of appropriate project ideas through their evaluation within the specialized "3A" platform and the direct binding of the necessary subsidy for public sites with the achieved energy savings.

- Sustainable Energy Investment Forum (5 October 2021). During the round table under the BeSMART project, representatives of the responsible institutions clarified the development of the National Recovery and Resilience Plan (NRRP) during the recent months and together with all stakeholders pooled efforts to propose and discuss options for the optimization of the final plan version. The planned reforms were summarized and a common understanding of the

NRRP concept and logic according to the latest available version was created. Recommendations for optimization of the projects to the NRRP in order to encourage a broad participation of potential beneficiaries and to increase private investment in energy efficiency. Mechanisms for practical implementation of the projects were proposed and the potential barriers and related solutions allowing for a smooth absorption on the part of the end beneficiaries were identified.



VII. INSTITUTIONAL DEVELOPMENT, INTERNATIONAL RELATIONS AND PUBLIC RELATIONS

1. Institutional development

As of the end of the accounting period, the EB staff includes 7 full-time employees – one director, four experts (chief experts and experts) and two technical staff members (technical assistant and driver). They occupy the relevant positions in the staff establishment plan, endorsed by the NTEF MB enacted on 01.01.2015. Seven, 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 2021, the Executive Bureau continued to explore the opportunities for using NTEF as a mechanism under new financing programs and schemes.

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

During the reporting year, the Executive Bureau actively participated in exploring opportunities for funding under other programs in the environmental protection field. Among the examined possibilities were:

- Based on its experience in the biodiversity conservation field during the recent months, the efforts of the NTEF administration are aimed at turning the Fund into an institution that will have a leading role in the administration of payments for ecosystem services, that will encourage the maintenance and improvement of the natural ecosystems;
- Exploring the possibility for including NTEF as one of the three sub-funds related to the activity of the Decarbonization Fund in its capacity as a financial institution supporting the implementation of energy efficiency measures and achievement of economy decarbonization in the Republic of Bulgaria;
- Positioning of NTEF as an implementing body under a National Program for ambient air quality improvement in order to reduce the exceeding of the limit values for fine particulate matter;
- Continuing efforts to institutionalize the Investment Program Mineral Waters as a permanent mechanism supporting the full and sustainable use of the mineral water resource.

In 2021 as well, 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 savings 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 savings 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 2021, 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 due to their need to ensure the management of these projects; improving the efficiency of the used public resources; ensuring the sustainability of the planned results through prescribed management methods throughout the entire life cycle of the investment.

The preparation of two new projects with international participation started in the end of 2021. They are planned based on a call from the European Climate Initiative (EUKI):

- "Vision 2045 – the schools as engines of climate-neutrality in the cities. It is envisaged that NTEF will be a partner of UfU (Independent Institute for Environmental Issues - Berlin) and that partners from Slovenia and Poland will be included;

- Services "Energy manager in the municipalities". Under this project, NTEF will be a leading partner. The other project participants are SOFENA (Sofia Energy Agency), as well as partners from Romania and Germany (UfU).

In the end of the reporting 2021 year, a study of the possibilities for institutionalizing a national investment facility to improve the ambient air quality in the "Transport" section as a separate program managed by the NTEF was initiated. It is aimed at financing measures that lead to improving the AAQ in the municipalities with exceeded FPM₁₀ limits through financial support for the households and the municipal administrations in the replacement of old diesel cars with new electric vehicles.

3. International relations and public relations

The **NTEF's international contacts** in 2021 were focused mainly on our relations with the partners under the international projects in which NTEF is a partner.

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

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

Despite the complicated situation, caused by the COVID-19 pandemic, in 2021 the organization and holding of forums, seminars, conferences and trainings has continued.

During the past year, a number of outreach activities have been carried out within the implementation framework of the NTEF educational projects, namely:

In connection with the implementation of the "Municipal energy management systems supporting the financing of climate and local energy activities" NTEF together with the Center for Energy Efficiency, published a call for selection of three pilot municipalities. Eligible applicants under the procedure were the following categories of municipalities of the Republic of Bulgaria:

- Small municipality with a population of up to 15 000 inhabitants;
- Medium municipality with a population between 15 000 and 100 000 inhabitants;
- Big municipality with a population of over 100 000 inhabitants.

The evaluation committee based on preliminary announced criteria evaluated the received applications and ranked the following municipalities for pilot energy management system implementation:

- In the category "small" municipality: Lyaskovetz Municipality
- In the category "medium" municipality: Pavlikeni Municipality
- In the category "big" municipality: Burgas Municipality

In November, "online" consultative meeting was held, at which the new NTEF approaches and instruments related to the financing of energy efficiency projects were presented. In addition to the NTEF experience regarding the implementation of models for evaluation and financing of energy efficiency projects and the EnEffect experience in the implementation of energy consumption monitoring models, the three pilot municipalities under the project (Burgas, Lyaskovetz and Pavlikeni) shared their experience related to the energy consumption management in the municipal sites, as well as their problems and ideas concerning the introduction of municipal energy management systems.

In February 2021, the implementation of one of the key projects of the Environmental Protection and Climate Change Program (EPCCP) funded by the Financial Mechanism of the European Economic Area 2014-2021 - the project "Implementing innovative measures for climate change mitigation and adaptation measures in Bulgarian municipalities". The kick-off working meeting under the project was held in March 2021. The meeting was conducted online involving the participation of all partners.

A three-day "online" training was held in December, launching the process of selecting innovative measures to adapt to climate change in the eight partner municipalities. During the training, the expert teams of Burgas, Varna, Kardzhali, Plovdiv, Ruse, Sliven, Stara Zagora and Sofia started practical activities to assess the risks posed by the climate change in the big cities – i.e. heat island effects, rotations of floods from heavy rainfalls and droughts with water scarcity, urban landslides, were thus launched. The partners from the Norwegian Association of Local and Regional Authorities and the Western Norway Research Institute familiarized the participants with their report on international experience and good practices. The participants were familiarized with the experience of Spain, Poland, Italy and Norway. Risk analysis methods were also presented in order to assess the identified possible solutions. During this training, the Bulgarian advisory team presented to the participants the methodology for analyzing existing strategic and planning documents and implemented projects in the municipalities.

The teams of the municipalities have started the practical application of the proposed analytical methods, which allow an opportunity for assessment of the situation and the possible solutions from different viewpoints. For the implementation of the Triple A project, dedicated IT material on the Triple A project was published in the reporting year, focusing on:

- The preferences of different types of investors - funds, banks, ESCO companies for energy efficiency investments;
- The potential to integrate two standardized approaches – Triple A and ICP Protocols, so that the implementation of an identified project as a Triple A to bring maximum benefits, taking advantage of both approaches.

Additionally, three webinars were organized and held:

- The first was dedicated to the enhancing of the capacity of stakeholders to share the knowledge, instruments and methods developed and used in the Triple A project for identification of commercially viable energy efficiency projects;
- The second focuses on reviewing the most commonly used financial instruments that minimize the risk and maximize the potential of EE projects; the analysis of the financial instruments for the implementation of EE projects in the Republic of Bulgaria and discussion on the proposals for potential new financial instruments for Bulgaria;
- The third webinar was dedicated to the practical use of Triple A web-based tools for the assessment of energy efficiency projects in Bulgaria.

Additionally, three webinars were organized and held:

- The first one was dedicated to the improvement of the stakeholders' capacity to share the knowledge, instruments and methods, developed and used under a Triple A project to identify commercially viable energy efficiency projects;
- The second one was focused on the examination of: the most commonly used financial instruments that minimize the risk and maximize the potential of EE projects; the analysis of the financial instruments for the implementation of EE projects in the Republic of Bulgaria and the discussion on the proposals for potential new financial instruments for Bulgaria;
- The third one was dedicated to the practical use of the Triple A web-based tools for assessing energy efficiency projects in Bulgaria.

Under the "Bulgarian Energy Efficiency Forum for Smart Finance for Smart Buildings" (BeSmart):

- The National Trust EcoFund actively participates in the forum "The Role of the Financial Institutions for the Green Transition" through the discussions on the binding of the funding for municipal projects with the existence of a functioning municipal energy management system and the model for the calculation of the subsidy based on the achieved energy savings which is being developed. The policies and the actual products of leading commercial banks - UniCredit Bulbank, UBB and ProCredit Bank, including green mortgages solutions, SME financing, green energy investments and electric mobility, as well as earmarked credit lines for renovation of single-family residential buildings were presented at the forum.

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

- In April 2021, NTEF together with its partners under the project, the Berlin Independent Institute for Environmental Issues (UfU) and the National Center for Improvement of the Qualification of the Pedagogical Specialists to the MES, held a national conference "My Climate. We Save Energy in Kindergarten and School". The aim of the conference was to look at and discuss the achievements. Another important aspect of the event was the discussion of a roadmap as a vision for next steps. This was the last event within the project framework, financed under the European Climate Initiative (EUKI) project of the Federal Ministry for the Environment (BMU).

Under Project "Bridging European and Local Climate Action (BEACON)":

- In March 2021, an "online" workshop for partners under the project was held. Representatives of NCIQPS, schools, kindergartens, municipalities, MES, MEW and universities

took part in it. A first draft of the future National Initiative "My Climate. We Save Energy in Kindergarten and School" was discussed, which should be implemented in the nearest future.

In 2021, during the 15th annual competition in the name of Mimi Pramatarova, students from dozens of schools read, examined additional information, and with the means of the literary expression shared their experiences and dreams. The theme for 2021 was "The Climate – "the impossible meetings" - what the Snowman shared with a Stork". In 2021, in addition to the traditional awards for first, second and third place three works were awarded with special certificates.





“Bridging European and Local Climate Action (BEACON)”



VIII. SOURCES OF FUNDS, COSTS AND NTEF FINANCIAL STATUS

1. Sources of funds

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 190 698.21. The funds are designated for financing projects in the following three main directions:

- Financing projects to improve the energy efficiency of sites – public state and/or municipal property under the Investment Climate 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 implementation 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 2021 amount to BGN 3 832 388.78 or as a total for the period 2016-2021 - BGN 12 782 649.25. 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 planning documents for introducing measures to limit or adapt to climate change. A part of the funds generated pursuant to the procedure under the ordinance in the amount of BGN 5 054 177 in 2019 and BGN 4 956 142 in 2021 have been transferred with a decision of the NTEF Management Board for financing pilot projects under EES of ICP, as well as for topping up of approved projects, submitted during the latest project intake under EMS of ICP, 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 as per Decision of the CoM No 175 / 29.03.2017 under the Agreement on the transfer of annual emission allocations between the Republic of Bulgaria and the Republic of Malta.

In accordance with Decision No 175 / 29.03.2017, the proceeds for the year 2021 are BGN 346 624.94. Funds are intended for climate change mitigation and adaptation activities, endorsed by MB of NTEF and for administrative support, related to the implementation of these activities.

1.4 Proceeds under other 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 July 2021. In compliance with the Agreement between NTEF and the European Climate Initiative (EUKI) of the Federal Ministry for the Environment of the Republic of Germany the grant amount (for 2021) is EUR 61 613,98 or BGN 120 506,47 (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 2021) is EUR 20 309,68 or BGN 39 722,29 (bank exchange rate – 1.95583 / 1 EUR).

“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 earmarked funds. In 2021, the project did not receive a grant due to the attaining of the envisaged in the budget quantitative parameters for employment and results in the previous year.

Project “Municipal energy management systems, supporting the sustainable financing of the local climate action”

The project is funded by the European Climate Initiative (EUKI) of the Federal Ministry for the Environment of the Republic of Germany. The amount of funds received as a grant (for 2021) is EUR 22 703.76 or BGN 44 404.69 (bank's exchange rate - BGN 1.95583 / 1 EUR).

Predefined project No 3 BGENVIRONMENT-4.001 “Implementation of innovative measures for climate change mitigation and adaptation in Bulgarian municipalities”

The project is financed by the EPCCP, financed by the EEA FM 2014-2021. The project's main idea is to undertake concrete action and implement practical measures to implement the National Climate Change Adaptation Strategy and Action Plan in the urban development field. The main project objective is to prepare local authorities to select and implement concrete climate change adaptation measures in the big cities.

The project outcome will be an improved capacity of the local authorities to prepare for extreme climate events and reduce greenhouse gas emissions through upgrading local policies, working with the citizens and implementing innovative investment measures. In 2021, no grant has been awarded to the project due to the fact that a request for reimbursement of the funds, spent during the first reporting period (until 05.11.2021) will be submitted in the beginning of 2022.

2. Funds allocation

2.1 Financing of projects under the Investment Climate Program

Financing of energy efficiency projects

The total of the paid amounts under investment projects for activities related to the improvement of the energy efficiency of public sites under ICP during 2021 are BGN 1 276 172,67. A more detailed cost breakdown is presented in Table 2.1.1 of this section.

During 2021, in connection with the implementation, financing and reporting of the completed public projects under the Energy Efficiency Scheme, BGN 15 130.17 were spent for ex-ante and ex-post control on the prepared and conducted tender procedures and for auditing of the implemented projects

Table 2.1.1. NTEF-financed payments for projects under the Investment Climate Program during 2021

Project No	Beneficiary/ project/ name	Project budget as per the financing contract (VAT included)	NTEF participation as per the financing contract (VAT included)	Used funds by projects during the current year (2021)
		BGN	BGN	BGN
244-3	Modernization and introduction of energy efficiency measures of CCF "Angel Karaliichev", Strazhitza city	418,379.64	294,798.05	284,669.26
281	Implementation of energy efficiency measures in the building of DCC-I, Cherven Bryag city, Pleven District	454,359.28	386,205.39	364,429.23
339	Introduction of energy saving measures in DCC-Polyclinic, Kazanlak city"	800,896.69	680,762.18	627,074.18
	Public projects - ICP	1,673,635.61	1,361,765.62	1,276,172.68

During 2021, approx. 58% from the envisioned budget funds for contracted investment projects were paid. The reason for this relatively low absorption is that the work under the pilot and innovative projects is of high volume and the conditions for accepting the site are specific. Another reason for the delaying of the implementation of the projects under EES of ICP, included in the 2021 budget, following transfer of funds which have been received in accordance with the

provisions of Ordinance No 1 / 4.03.2015 is that the investment projects of the majority of approved forms have been prepared before 2015 and as of now they have expired construction permits, that should be updated or fully reprocessed due to changes in the legal regulations in this field.

Financing of projects under the Scheme for Promoting the Use of Electric Vehicles in the public sector

In 2021, 8 (eight) plug-in electric vehicles, category M1 (4 + 1 seats) or N1, 13 (13) electric vehicles of category L7e and 1 (1) plug-in vehicle category M1 were purchased.

The total amount of the subsidy, paid by the NTEF for the delivery of these vehicles, is BGN 435 158.50. A more detailed cost breakdown is provided 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 2021

Project / Name	Number of vehicles	Actual fundingg amount in 2021
A. Electric automobiles category M1 (4+1 seats) or category N1		
EM 037/ Project for promoting the use of electric vehicles - Metropolitan Inspectorate at Sofia Municipality (category M1)	1	20 000.00
EM 054 Project for promoting the use of electric vehicles - Metropolitan Inspectorate at Sofia Municipality (category M1)	1	20 000.00
EM 055/ Project for promoting the use of electric vehicles – Sliven Municipality (category. N1)	1	20 000.00
EM 063/ Project for promoting the use of electric vehicles – Ruse Municipality (category N1)	1	20 000.00
EM 080/ Project for promoting the use of electric vehicles – Commission for Combating Corruption and Confiscation of Illegally Acquired Property (CCCCIAP) (category. M1)	1	20 000.00
EM 086/ Project for promoting the use of electric vehicles – Samokov Municipality (category N1)	1	20 000.00
EM 087/ Project for promoting the use of electric vehicles – Gabrovo Municipality (category M1)	2	40 000.00
B. Total all-electric vehicles, category L7e		
EM 027/ Project for promoting the use of electric vehicles – Sofia Municipality	2	30 000.00

EM 061/ Project for promoting the use of electric vehicles – Beloslav Municipality	1	20 000.00
EM 070/ Project for promoting the use of electric vehicles – Koprivshtitza Municipality	1	21 107.00
EM 071/ Project for promoting the use of electric vehicles – Nedelino Municipality	1	20 724.50
EM 074/ Project for promoting the use of electric vehicles – Rakovski Municipality	1	20 978.00
EM 076/ Project for promoting the use of electric vehicles – Knezha Municipality	1	21 734.50
EM 077/ Project for promoting the use of electric vehicles – Balchik Municipality	1	20 978.00
EM 078/ Project for promoting the use of electric vehicles – Smolyan Municipality	1	20 000.00
EM 083/ Project for promoting the use of electric vehicles – Devnya Municipality	1	22 750.00
EM 088/ Project for promoting the use of electric vehicles – Yambol Municipality	1	22 993.50
EM 089/ Project for promoting the use of electric vehicles – Burgas Municipality	2	43 884.00
B. "Plug-in" hybrid vehicles		
EM 052/ Project for promoting the use of electric vehicles – Metropolitan Inspectorate at Sofia Municipality	1	10 000.00
Total for electric and "plug-in" hybrid vehicles	22	435 158.50

2.2 Financing projects under Investment Program “Mineral Waters”

No projects under the Investment Program “Mineral Waters” were financed during the accounting year 2021. The pilot phase of the Program having been completed, as well as its reporting, regular funding has not yet been provided for the starting of the program as a permanent financial instrument aimed at the utilization of the thermal energy of the mineral waters and the efficient use of their resource resulting in reduced greenhouse gas emissions.

2.3 Financing of public projects under the Climate Micro Projects Program

During 2021, five projects under the Climate Micro Projects Program were completed and paid.

Table 2.3: Projects under Climate Micro Projects Program, funded by NTEF during 2021

Project No	Beneficiary/ Project/ Name	Amount under financing contract signed with NTEF	Used funds under projects during the current year (2021)
022	FA-Balkanka – Proposal for amendment in the forest regulations and its adaptation to climate change	49 955.00	49 955.00
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	41 318.01
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	50 000.00
029	MEW – WATER – CLIMATE – DROUGHT - Available information and new measures	50 000.00	0.00
030	BAS – Automation of the heating installation and optimization of the heat energy consumption in the building of INB – BAS, bl.23 of BAS-IV Research Complex	50 000.00	50 000.00
032	Setting up integrated building management system for energy efficiency management of CCF "Parvi Yuni", Gabrovo city	50 000.00	50 000.00
033	Svoje Municipality – another step towards the nature	50 000.00	0.00
034	Developing Sustainable Urban Mobility Management Plan of Burgas Municipality 2021 - 2031	50 000.00	0.00
Total for projects under CMPP		499 955.00	241 273.01

* Due to the complicated situation resulting from the Covid-19 pandemic and in relation with the implementation of the anti-epidemic measures, the funds (BGN 8 620) for the implementation of the educational campaign will be paid in the beginning of 2022.

In 2021, in connection with the implementation, financing and reporting of the completed projects, BGN 68.70 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 2021 is presented in Table 2.3 of this section.

2.4 Used funds to cover the NTEF administrative costs

During 2021, the main sources of funds for covering the administrative costs of NTEF were: Investment Climate 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", project "Municipal energy management systems supporting the sustainable financing of the local climate actions" and Predefined project No 3 BGENVIRONMENT-4.001. The total amount of budgeted funds for NTEF administrative support for 2021 is BGN 556 468 (Table 2.3.)

A total of BGN 501 058 million was spent for administrative purposes in the past 2021, which are less than the budgeted funds by EUR 55 410. This reduction is due to a total contraction of the administrative costs of NTEF, which has become a trend during the last few years. The funds' saving is mainly linked to the reduction of the current staff maintenance costs and the payment of remuneration, social and health insurance. In 2021, two positions became vacant and, due to current possibility and completion of the work under several projects, the job responsibilities of the persons on these positions were reassigned to the available staff at EB of NTEF.

Table 2.4: Implementation of the budget to cover the administrative costs of NTEF in 2021

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	556 468	501 058	90%
1. Improving the qualification, remunerations, social security and health insurance	336 408	311 117	92%
a. Staff training	2 000	0	0%
b. Labor remunerations	269 011	256 446	95%
c. Social security and health insurance	50 897	45 653	90%
d. Social allowances pursuant to the Labor Code (LC)	10 000	9 019	90%
d. Occupational health care	4 500	0	
2. Advisory services related to project selection and implementation	61 560	70 426	114%
3. Maintenance and office costs	72 800	65 909	91%
a. Current office costs (electricity, heating, phones, e-mail, water, internet, postal services, office consumables, etc.)	19 800	21 557	109%
b. Fuels and lubricants (F&L), car maintenance	4 500	3 548	79%
c. Insurance and security	2 100	1 147	55%
d. Office Services (System Administrator, Copier, Software Updates, Repairs, etc.)	26 000	35 495	137%
d. Other costs	20 400	4 162	
4. Administrative-management costs	68 200	47 713	70%
a. Business trips	13 200	12 060	91%
b. Representative costs		0	
c. Public relations	15 000	4 924	33%
d. Administrative and financial costs (in this number audit)	40 000	30 730	77%
5. Management Board operating costs	17 500	5 892	34%
TOTAL COSTS	556 468	501 058	90%

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 – 8.57 %; costs for qualification improvement, remunerations, social security and health insurance – 55.91%; costs for advisory services – 12.66 %; maintenance and office costs – 11.84%; operating costs of the Management Board – 1.06%.

The implementation of the budget for the administrative maintenance of the activities of the NTEF is shown in *Annex 3*.

Clarifications related to the implementation of the budget for administrative costs:

Table 2.5: Information on the incurred costs by economic elements and their change compared with the previous period:

	2021 BGN '000	2020 BGN '000	Change BGN '000	Change %
Costs for assets	(0)	(0)	(0)	(0%)
Institutional development costs	(0)	(0)	(0)	(0%)
Staff costs	(311)	(341)	(30)	(9.7)%
Costs for project implementation consultants	(70)	(77)	(7)	(10%)
Maintenance and office costs	(66)	(96)	(30)	(45.5)%
Administrative-management costs	(48)	(12)	36	(0.25)%
MB-related costs	(6)	(5)	1	(0.83)%
Total	(501)	(531)	30	5.99%

As a whole, the total operating costs of the Fund have been reduced by 5.99% compared with the same costs as for the previous year. The main reason for funds saving is mainly linked to a reduction in the current staff maintenance costs and the payment of remuneration, social security and health insurance. In 2021, two positions became vacant and due to current possibility and completion of the work under several projects, the job responsibilities of the persons on these positions were reassigned to the available staff at EB of NTEF.

3. NTEF financial status as of 31.12.2021

As of 31.12.2021, the sum of the Fund's assets is BGN 14 673 thousand (31.12.2020 – BGN 12 707 thousand), in this number cash and cash equivalents amounting to BGN 14 627 thousand (31.12.2019 – BGN 12 703 thousand).

The total amount of the NTEF liabilities as of 31.12.2020 equals BGN 14 673 thousand, formed mainly from financing in the amount of BGN 12,654 (31.12.2021 – total amount of the liabilities equal to BGN 14 603 thousand, formed mainly from financing in the amount of BGN 12 654 thousand).

NTEF cash funds are kept in accounts with UniCredit Bulbank AD and BACB AD. As of 31.12.2020, NTEF has in its account with "Bulbank" AD BGN 82 087.21 and BGN 12 614 104.70 and 14 543 814.52 in its accounts with BACB AD. The cash on hand of NTEF as of 31.12.2021 amounts to BGN 1 459,3562,678, EUR 183.06 and NOK 2 750. 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 EcoFund 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 environmental 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

Objectives and policy of the management with regard to the risk management

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 2021, 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:

2021	2020
BGN '000	BGN '000

Financial assets' groups – balance sheet values:

Cash and cash equivalents	14 627	12 703
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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

During 2022, NTEF will continue the implementation of two of its three existing programs – Investment Climate Program with its two schemes – for energy efficiency of public sites and for promoting the use of electric vehicles, as well as 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 five main 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 justification 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 justification 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

- Another direction of the NTEF efforts is related to the implementation of a new funding model for financing energy efficiency projects, state or municipal property. The objective of the model is to attract private financial means for the implementation of projects and the need for a subsidy should be bound to the achieved energy savings and the existence of a functioning municipal energy management system.

- The Fund will continue to implement **projects and activities, which are aimed at improving the public awareness** and the education of the young people on topics related to the climate change.

Simultaneously with that, NTEF will also continue its activities for studying the possibilities and **attracting new sources of funding** for the existing and for new investment programs.

The team of the NTEF Executive Bureau will continue to operate as a **relatively small, but efficient body**. Team expansion can be expected only if any of the initiatives, which have been undertaken during 2021, will be implemented and a need for overtaking new activities will occur in 2022 and in the following years.

Annex 1: Forms, submitted to NTEF for examination during 2021 under the Scheme for Promoting the Use of Electric Vehicles of the Investment Climate Program and Climate Micro Projects Program

Annex1 - Table 1.1 Application forms, submitted for examination to NTEF during 2021 under the Scheme for Promoting the Use of Electric Vehicles of the Investment Climate Program

Annex1
Table 1.1

<i>No</i>	<i>Filing No</i>	<i>Beneficiary</i>
1	EM 103	Koprivshtitza Municipality
2	EM 100	Tzenovo Municipality
3	EM 099/2	Blagoevgrad Municipality
4	EM 091	Mineralni Bani Municipality
5	EM 101	Yambol Municipality
6	EM 107	Sadovo Municipality
7	EM 096	Pavlikeni Municipality
8	EM 097/1	Simitli Municipality
9	EM 097/2	Simitli Municipality
10	EM 106/1	Ruse Municipality
11	EM 093	Dolni Chiflik Municipality
12	EM 092	Chavdar Municipality
13	EM 094/1	Prosecutor's Office of the Republic of Bulgaria - Chief Prosecutor
14	EM 104	Byala Slatina Municipality
15	EM 095/2	Sofia Municipality -Slatina Region
16	EM 106/2	Ruse Municipality
17	EM 108/1	Sofia Municipality -Pancharevo Region
18	EM 108/2	Sofia Municipality - Pancharevoi Region
19	EM 090	Momchilgrad Municipality
20	EM 095/1	Sofia Municipality - Slatina Region
21	EM 094/2	Prosecutor's Office of the Republic of Bulgaria - Chief Prosecutor
22	EM 108/3	Sofia Municipality -Pancharevo Region
23	EM 098	Chepelare Municipality

Annex 1 - Table 1.2 Application forms, submitted by NTEF MB during 2021 under the Investment Climate Program

Annex 1
Table 1.2

No	Filing No	Location /Beneficiary	Project Title
1	MP 033	Svoge Municipality	Svoge Municipality - Another Step towards the Nature
2	MP 034	Burgas Municipality	Developing Sustainable Urban Mobility Management Plan of Burgas Municipality 2021-2031

* The filing number includes the number of the project proposal, for which the relevant beneficiary is applying

Annex 2: Forms, approved by the NTEF Management Board during 2021 under the Scheme for Promoting the Use of Electric Vehicles of the Investment Climate Program and the Climate Micro Projects Program.

Annex 2 Table 2.1 - Application forms, submitted for examination to NTEF during 2021 under the Scheme for Promoting the Use of Electric Vehicles of the Investment Climate Program

Annex 2
Table 2.1

	No	Date	Beneficiary	Amount of the requested subsidy
1	EM 090	12.5.2021	Momchilgrad Municipality	20000.00
2	EM 091	25.5.2021	Mineralni Bani Municipality	20000.00
3	EM 092	26.5.2021	Chavdar Municipality	23500.00
4	EM 093	27.5.2021	Dolni Chiflik Municipality	23000.00
5	EM 094	27.5.2021	The Prosecutor's Office of the Republic of Bulgaria - Chief Prosecutor	60000.00
6	EM 095	28.5.2021	Saofia Municipality - Slatina Region	44146.00
7	EM 096	31.5.2021	Pavlikeni Municipality	20000.00
8	EM 097	31.5.2021	Simitli Municipality	60000.00
9	EM 098	31.5.2021	Chiprovtsi Municipality	20000.00
10	EM 099	31.5.2021	Blagoevgrad Municipality	53000.00
11	EM 100	31.5.2021	Tzenovo Municipality	20000.00
12	EM 101	31.5.2021	Yambol Municipality	23000.00
13	EM 102	31.5.2021	Dzhebek Municipality	20000.00
14	EM 103	31.5.2021	Koprivshtitsa Municipality	30000.00
15	EM 104	31.5.2021	Byala Slatina Municipality	21041.67
16	EM 105	31.5.2021	Makresh Municipality	46000.00
17	EM 106	31.5.2021	Ruse Municipality	46000.00
18	EM 107	31.5.2021	Sadovo Municipality	23000.00
19	EM 108	31.5.2021	Sofia Municipality - Pancharevo Region	60000.00
20	EM 109	31.5.2021	Sofia Municipality - Krasno Selo Region	60000.00

Annex 2 Table. 2.2 Application forms, submitted for examination to NTEF during 2021 under the Climate Micro Projects Program

Annex 2
Table. 2.2

	Filing No	Beneficiary	Project Title	Project Value	Amount of the Requested Subsidy
1	MP 033	Svoge Municipality	"Svoge Municipality - Another Step towards the Nature"	BGN 50,000	BGN 50,000
2	MP 034	Burgas Municipality	Developing Sustainable Urban Mobility Management Plan of Burgas Municipality 2021-2031	BGN 50,000	BGN 50,000

ANNEX 3

IMPLEMENTATION OF THE BUDGET FOR FINANCING OTHER PROGRAMS AND FOR COVERING NTEF ADMINISTRATIVE COSTS AS OF 31.12.2021

Table 3.1

FUNDS' ALLOCATION	REPORTING YEAR (2021) IN BGN																								
	Plan - Total	Report - Total	Implementat ion - Total	Administra tive costs ICP - Plan	Admin. Costs ICP - Report	Admin. Costs IPMW - Plan	Admin. costs IPMW - Report	Admin. costs Malta - Plan	Admin. Costs Malta - Report	Energy savings at the schools (EUKI) - Plan	Energy savings at the schools - Report	Introduc ing the knowledge on the climate - Plan	Introduc ing the knowledge on the climate - Report	AAA - Plan	AAA - Report	EUKI MEMS - Plan	EUKI MEMS - Report	EEA - Plan	EEA - Report	BeSmart - Plan	BeSmart - Report	FA - Plan	FA - Report	Allocation - Plan	Allocation - Report
	in BGN	in BGN	in %	in BGN	in BGN	in BGN	in BGN	in BGN	in BGN	in BGN	in BGN	in BGN	in BGN	in BGN	in BGN	in BGN	in BGN	in BGN	in BGN	in BGN	in BGN	in BGN	in BGN	in BGN	in BGN
Part A - INVESTMENTS																									
1. Fixed assets (FA)																									
2. Intangible fixed assets																									
Part B - INSTITUTIONAL DEVELOPMENT																									
1. Advisory services on institutional development																									
2. Other costs for institutional development																									
Part C - CURRENT COSTS	556,468	501,658	90%	199,284	154,933	5,000	742	68,088	4,952	96,500	46,116	20,100	66,798	53,069	25,167	25,477	36,983	88,950	40,751		8,110		1,904		114,601
1. Improving the qualification of the ER, remunerations, social security and health insurance	336,408	311,117	92%	89,153	149,885	3,500	737	38,218	4,567	64,950	13,771	14,000	47,768	45,069	24,080	23,277	23,841	58,241	26,568		8,110		0		11,191
a. Staff training	2,000	0	0%	1,400				600																	
b. Labor remunerations	269,011	256,446	95%	69,278	126,908	2,943	628	29,691	3,838	51,673	11,072	10,912	40,731	37,058	21,444	19,321	20,152	48,134	22,771		6,970				1,936
c. Social security and health insurance	50,897	45,653	90%	13,307	22,977	557	132	5,617	729	9,777	2,699	2,065	7,037	7,011	3,236	3,656	3,689	9,107	3,798		1,141				216
d. Social supplements according to the Labor Code (LC)	10,000	9,019	90%	3,640				1,560		2,000		500		1,000		300		1,000							9,019
e. Occupational health care	4,500	0		1,727				750		1,300		823													
2. Advisory services	61,560	70,426	114%	47,560	3,413			3,000	113	5,000	31,897		14,327		487		2,368	6,000	13,952						3,870
3. Maintenance and office costs	72,800	65,909	91%	23,371	1,245	1,100	5	10,220	161	19,400	403	3,600	2,373	4,500	0	1,600	74	9,089	0		0		1,904		59,744
a. Electricity, heating, phones, e-mail, water, etc.	19,800	21,557	109%	3,330	731	450	5	1,500		7,000	306	1,500	99	1,500		500	74	4,900							20,342
b. Fuel&Labor&costs (P&L) and automobile maintenance	4,500	3,348	79%	1,200	514			500	161	1,500			209	300				1,000							2,665
c. Property insurance and security	2,100	1,147	55%	371		150		170		500		100		200		100		500							1,147
d. Office consumables and services	26,000	35,495	137%	10,300		300		4,500		3,000		2,000		1,900		500		2,000							35,495
e. Other costs	20,400	4,162		8,250		200		3,550		5,400	97	2,065	1,000			500		1,500					1,904		96
4. Administrative-management costs	68,200	47,713	70%	26,950	391	400	0	11,400	112	7,150	45	2,500	2,330	3,500	0	400	10,701	15,700	231		0		0		33,904
a. Business trips	13,200	12,060	91%	5,600	391			2,400	112	1,500				300			10,687	3,200							10
b. Representation costs		0																							
c. Public relations	15,000	4,924	33%	6,900		200		3,000		2,500		1,000	1,003	1,000		400									3,920
d. Administrative and financial costs (in this number audit)	40,000	30,730	77%	14,450		200		6,000		3,150	45	1,500	466	2,500		200	15	12,000	231						29,974
5. MB activity-related costs	17,500	5,892	34%	12,750				5,250																	5,892
PART D - RESERVE																									
TOTAL	556,468	501,658	90%	199,284	154,933	5,000	742	68,088	4,952	96,500	46,116	20,100	66,798	53,069	25,167	25,477	36,983	88,950	40,751		8,110		1,904		114,601

Таблица 3.2

FUNDS ALLOCATION	Previous year (2020)			Accounting year (2021)		
	Plan BGN	Report BGN	Execution %	Plan BGN	Report in BGN	Executio n %
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%	556,468	501,058	90%
1. Improving the qualification of the MB, remunerations, social and health insurance	324,813	340,823	105%	336,408	311,117	92%
a. Staff training		0			0	
b. Labour remunerations	259,936	279,249	107%	269,011	256,446	95%
c. Social and health insurance	52,877	51,363	97%	50,897	45,653	90%
d. Social supplements compliant to the Labor Code (LC)	10,500	10,210	97%	10,000	9,019	90%
e. Occupational medicine				4,500		
2. Advisory services	33,000	77,493	235%	61,560	70,426	114%
3. Maintenance and office costs						
a. Electricity, heating,	65,000	95,646	147%	72,800	65,909	91%

phones, e-mail, water, etc.						
b. F&L and car maintenance	25,000	31,218	125%	19,800	21,557	109%
c. Insurances and property protection	6,000	1,545	26%	4,500	3,548	79%
d. Office consumables and servicing	4,000	2,078	52%	2,100	1,147	55%
e. Other expenses	30,000	11,172	37%	26,000	35,495	137%
				20,400	4,162	20%
4. Administrative-managerial costs						
a. Business trips	57,500	12,356	21%	68,200	47,713	70%
b. Representation costs	5,000	2,717	54%	13,200	12,060	1
c. Public relations						
d. Administrative and financial costs (incl. audit)	7,500	2,308	31%	15,000	4,924	33%
	45,000	7,332		40,000	30,730	77%
5. Costs related to the MB activity						
	26,500	5,475	0	17,500	5,892	0
Part D - RESERVE [4% of (A+B+C)]						
	0	0	0	0	0	0
TOTAL COSTS	527,213	531,793	101%	556,468	501,058	90%
Net costs:	527,213	531,793	101%	556,468	501,058	90%

Annex 4: Information on NTEF cash as of 31.12.2021.

Annex 4

**Cash in the bank accounts and cash in hand of
NTEF:**

14 627 359 BGN

**Amount of the funds on deposit in BGN,
according to Table 1**

0.00 BGN

**Total in BGN as of
31.12.2021**

14 627 359.00 BGN

Table 1: Monthly deposits in
BGN:

No of the deposit account	Date of deposit	Principal	Expected interest for the period	Maturity	Annual interest % for the period

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ЕКО ФУНД



NATIONAL
TRUST
ECO FUND

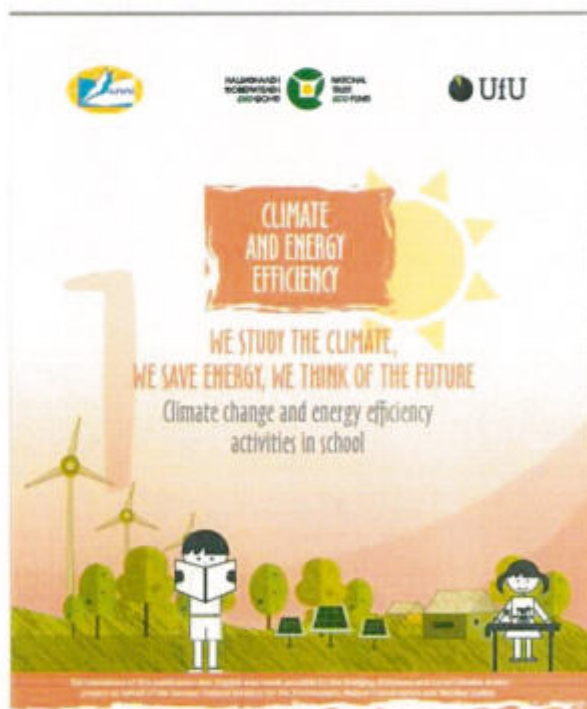
REPORT OF THE
INDEPENDENT
AUDITOR



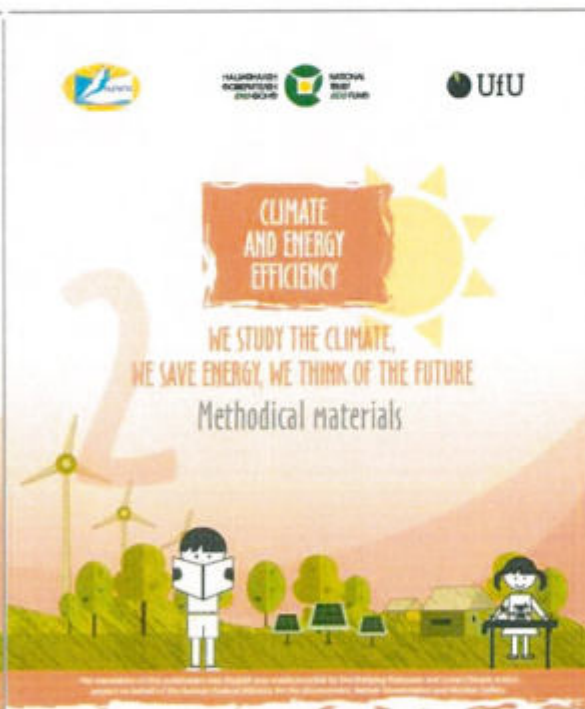
Съставител:
ОУГ „БАСКО ДРУЖЕВ“ – БЕЛОВО ТЪРНОВО
Съставител:
ОУГ „БАСКО ДРУЖЕВ“ – БЕЛОВО ТЪРНОВО
Съставител:
ОУГ „БАСКО ДРУЖЕВ“ – БЕЛОВО ТЪРНОВО



Съставител:
ОУГ „БАСКО ДРУЖЕВ“ – БЕЛОВО ТЪРНОВО
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Съставител:
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INDEPENDENT AUDITOR'S REPORT

To the Managing Board of
 National Trust Ecofund
 Sofia, Bulgaria

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 of 31 December 2021 and the statement of profit or loss and other comprehensive income and the statement of cash flows for the year end, 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 of 31 December 2021 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 Other than the Financial Statements and Auditor's Report Thereon", regarding annual management report, we have performed the additional procedures contained in the Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria - Institute of Certified Public Accountants (ICPA). The procedures on the existence, form and contents of the other information have been carried out in order to state whether the other information includes the elements and disclosures in accordance with Chapter Seven of Bulgarian Accountancy Act.

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

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

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

Mariy Apostolov
Managing partner

Grant Thornton Ltd.
Audit firm

April 07, 2022
Bulgaria, Sofia, 26 Cherni Vrah Blvd.



Silvia Dinova
Registered auditor responsible for the
audit

НАЦИОНАЛЕН
ДОВЕРИТЕЛЕН
ЕКО ФУНД



NATIONAL
TRUST
ЕКО FUND

FINANCIAL STATEMENT

FOR THE YEAR ENDING ON
DECEMBER 31, 2021



Statement of Financial position

Statement of Financial position As of 31 December

Assets	Note	2021 BGN '000	2020 BGN '000
Non-current assets			
Machinery and equipment	5	1	3
Non-current assets		1	3
Current assets			
Receivables		45	1
Cash and cash equivalents	7	14 627	12 703
Current assets		14 672	12 704
Total assets		14 673	12 707
Liabilities			
Current liabilities			
Funding	8	14 603	12 654
Obligations to staff and social security institutions	9.2	45	45
Trade and other payables	10	25	8
Current liabilities		14 673	12 707
Total liabilities		14 673	12 707

Prepared by: 
(Svetlana Pavlova)

Acting Director of
the Executive Bureau:


(Irena Pencheva)

Date: April 06, 2022

Auditor's Report from April 07, 2022.

Mariy Apostolov, Managing partner.

Silvia Dinova, registered auditor, responsible for the audit


Grant Thornton OOD
Audit Firm



Statement of profit or loss and other comprehensive income, for the year ended 31 December 2021

	Note	2021 BGN '000	2020 BGN '000
Revenue from funding for programs	11	1 972	3 837
Revenue from funding for administrative expenditure and institutional development	11	229	230
Revenues from external financing of projects	11	270	300
Revenue from financing for non - current assets	5,6,11	2	2
Project financing costs	12	(1 972)	(3 837)
Expenses for materials	13	(12)	(9)
Hired services expenses	14	(174)	(194)
Employee benefits expenses	9.1	(295)	(317)
Depreciation of non-financial assets	5,6	(2)	(2)
Other expenses	15	(17)	(3)
Finance costs	16	(1)	(7)
Net result for the year		-	-
Total comprehensive income for the year		-	-

Prepared by: 
(Svetlana Pavlova)

Acting Director of
the Executive Bureau: 
(Irena Pencheva)

Date: April 06, 2022

Auditor's Report from April 07, 2022

Mariy Apostolov, Managing partner.

Silvia Dinova, registered auditor, responsible for the audit



Grant Thornton OOD
Audit Firm

Statement of cash flows, for the year ended 31 December

	Note	2021 BGN '000	2020 BGN '000
Operating activities			
Target funding received Aviation quotas		3 833	1 963
Target funding received Malta		347	632
Other funding received		255	365
Payment for project financing	12	(1 932)	(3 794)
Payments to contractors in connection with administrative support and project implementation		(229)	(348)
Payments to employees and social security institutions		(348)	(337)
Other payments, net		(2)	(12)
Cash flow from operating activities		(1 924)	(1 531)
Net change in cash and cash equivalents		(1 924)	(1 531)
Cash and cash equivalents at the beginning of the year		12 703	14 234
Cash and cash equivalents at the end of the year	7	14 627	12 703

Prepared by:

(Svetlana Pavlova)

Acting Director of
the Executive Bureau:

(Irena Pencheva)

Date: April 06, 2022

Auditor's Report from April 07, 2022

Mariy Apostolov, Managing partner.

Silvia Dinova, registered auditor, responsible for the audit

Grant Thornton OOD
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:

1. '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;
2. 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))
3. 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.

The Fund is registered in register Bulstat with UIC 121155866.

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 of 31.12.2021 comprises of:

Management Board:

- Chairman of NTEF's Management Board –Mrs. Penka Mollova-Smolnova (Decision № 665 of the CoM of 19.09.2018);
- Representative of the Ministry of Environment and Waters (MEW) – deputy minister Nikolay Kanchev, replaced by deputy minister Reneta Koleva. 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, , replaced by deputy minister Ivaylo Hristov;
- Representative of the Ministry of Energy – deputy minister Zhecho Stankov, replaced by deputy minister Iva Petrova;
- 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. 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, to 04.02.2021
Chief expert projects management	- eng. Borislav Mirkov, to 30.10.2021
Expert projects management	- eng. Galina Veleva
Technical assistant	- Elena Mihaylova
Driver	- Bozhidar Valchkov

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

As of 31.12.2021 the total number of personnel is 7 people (31.12.2020 - 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.

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

The main sources of funding in the Fund are:

- a) 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;
- b) Targeted financing for a pilot scheme of the Mineral Waters Investment Program under Decree № 322 / 24.11.2016.
- c) 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.
- d) 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 for 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 2020) unless otherwise stated.

The accompanying notes on pages from 71 to 96 form an integral part of the financial statements.

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 March 2022

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 31 March 2022.

Effect of Covid-19 on the Fund's financial statements in 2021

The continued impact of Covid-19 in 2021 was related to delays or non-compliance with deadlines for the implementation of projects funded by the NTEF-administered Programs, as well as travel restrictions and learning exchanges with partners in educational projects, implemented under international programs.

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 Fund's management analyzed and assessed the Fund's ability to continue as a going concern based on available information for the foreseeable future and taking into account the continuing impact of Covid-19. Management expects that the Fund has sufficient financial resources to continue its operational activities in the near future and continues to apply the going concern principle in preparing its 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 promote the use of electric cars and hybrid cars by public institutions.

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

In 2021, an invitation for admission under the Scheme for the Promotion of the Use of Electric Vehicles in the Public Sector (CEM) was 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 17 were approved, some of which partially applied for funding for 31 vehicles: 9 electric vehicles class M1 or N1, 6 in full electric vehicles - category M1 or N1 (bus 6 + 1; 7 + 1 seats); and 16 small electric trucks, category L7e with superstructures.

No invitations for applications have been announced under the Scheme for Improving the Energy Efficiency of Buildings and Other Sites, due to the lack of funds for financing project proposals outside the approved budget under the Program.

Following the completion of the pilot phase of the **Mineral Waters Investment Program** in 2019, no invitations were announced in 2020 and 2021 due to the lack of a permanent source of funding for projects. In 2021, the NTEF EB is actively working on finding and determining 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 2021, the implementation of the approved projects under the Microprojects for climate Program continued. The funds received in accordance with the Agreement on the 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. climate. In the reporting year 2021, 5 (five) projects were completed and reported with the financial support from the NTEF in the amount of BGN 241,273.01.

In 2021, the implementation of the 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 2021 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 April 2022 and add new activities for 2022. These changes were made within an international consortium and were 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.

An analysis was prepared of the state of the topic of sustainable development and climate change in the programs of Bulgarian universities, which train teachers. Recommendations have been made for next steps to improve the situation. The analysis was presented at a national forum, which was attended by representatives of the Ministry of Education and Science, universities, the Ministry of Environment and Water, the Bulgarian Teachers' Union, RWU, school principals and teachers.

In April 2021, the NTEF held another seminar for project stakeholders. The most important achievement was the presentation, discussion and agreement on the concept of the Energy Saving Initiative in Schools and Kindergartens, which will be proposed for funding through the Recovery and Sustainability Plan and / or the respective operational program.

One month later, in May, the last of a series of stakeholder seminars was held. It presented and formulated a concept for the National Program for Education for Sustainable Development and Climate Change at the initiative of the Union of Bulgarian Teachers and the National Center for Professional Development of Pedagogical Specialists at the Ministry of Education and Science.

In June 2021, the final conference of the project was held, in which two of the sessions were led by students from Bulgarian schools. Bulgaria's participation in the conference was highly appreciated.

Due to the difficult situation with the pandemic situation in Germany and Bulgaria, it was necessary to show maximum flexibility and creativity to conduct a virtual study trip. The hosts from UfU pre-recorded video materials about the sites that were supposed to be "visited" and in an online session held a discussion with the Bulgarian participants.

It was published in Bulgarian by the leading project partner from Germany and delivered to the NTEF and the main publication of the project, the comic "Challenges of Climate Change". In 2022 the publication will be distributed in Bulgaria.

In 2022, the project will be finalized, and activities in schools will continue for the next 5 years at least.

In 2021, the implementation of the other significant educational "Project for the introduction of climate action in the educational program of Bulgarian schools" under the European Climate Initiative (EUKI) was completed. The project is aimed at raising students' awareness of climate and energy issues and in particular the problems of energy saving in Bulgarian schools by changing the behavior in them, through the planned 3 (three) main activities: training of trainers in Berlin and Sofia ; teacher training and field work in schools in Bulgaria. Through the development of curricula and training materials, the aim is:

Increasing the capacity of the main target groups responsible for the implementation of educational programs - teachers, representatives of academia involved in teacher training, as well as local authorities.

Improving the overall integration of climate change policies by supporting the development and dissemination of best practices and policies.

Institutionalize teacher training programs, from pre-school to 7th grade, and contribute to national climate strategy documents.

The development of teacher training programs - by teacher trainers in collaboration with teachers.

The preparation of educational packages - for kindergarten, primary school and primary school, incl. brochures, manuals, samples, etc.

Raising awareness of climate issues and actions - familiarizing local authorities and engaging them with the processes in their schools.

Supporting efforts to provide information and raise awareness of students, teachers and parents about energy efficiency through media and public events.

In 2021, the implementation of the project went through several significant key activities and was successfully completed and reported:

The work in all schools was carried out according to plan and with very good results. Despite initial difficulties in many schools, the work continued and teachers received support with appropriate online learning resources from the university professors involved in the project.

In February 2021, the final seminars with teachers were held;

And in April 2021 the final conference was held. As it was not possible to hold a face-to-face event due to the pandemic situation, the conference was held as a virtual meeting. However, in order to provide conditions for sharing the achievements of the project, a set of publications with shared experience was published - a total of 3 publications, composed of university professors and containing materials of the participating teachers and students.

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

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

In 2021, the implementation of the project, in which NTEF was invited as a partner in a consortium under Horizon 2020, has advanced significantly. 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 aim of the project is to generate innovative financing schemes and standardization tools in order to mobilize capital through the use of trust funds.

In 2021, most of the main activities of the project were completed:

The Database on the main risks of energy efficiency projects has been updated;

The platform for evaluation of energy efficiency projects was built and upgraded;

A series of webinars were held to increase the capacity of stakeholders, including a webinar to facilitate the work of the Triple A Platform;

The main prerequisite for the successful implementation of the Platform was the participation of the NTEF team in testing and calibration of the platform with projects from the NTEF portfolio.

5 (five) projects meeting all the requirements for "Triple A" projects were identified.

In 2022, work will continue with capacity building activities and the development of documents with recommendations for European energy efficiency policies.

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

The project is funded by the European Climate Initiative (EUKI). The leading partner is the Center for Energy Efficiency Effect 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 standard of energy management - 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 case its effectiveness is proven after its pilot implementation in three municipalities.

In 2021 the following activities were performed:

The implementation of the model in the selected three pilot municipalities has started. ;

The development of an innovative financial mechanism for attracting private funding to be recommended for future implementation by the fund has been completed.

The NTEF team actively participated in the trip to the Republic of Germany in order to get acquainted with the experience of local authorities in the implementation of municipal energy management.

In November 2021, a Consultative Meeting was held, at which the new approaches and financial instruments of the NTEF in financing energy efficiency projects - municipal property were presented.

- Redefined project №3 "Implementation of innovative measures for mitigation and adaptation to climate change in municipalities in Bulgaria" under the program "Environmental protection and climate change", funded by the Financial Mechanism of the European Economic Area.

The project started in February 2021. Its main goal is to improve the capacity of local authorities to plan and identify creative and innovative urban development solutions that fall within the strategies and municipal plans for climate mitigation. Leading partner is NTEF. The donor partner is the Norwegian Association of Regional and Local Authorities (KS).

Apart from project management, the other main activities are:

- Improving the capacity for planning, monitoring and introduction of measures for mitigation and adaptation to climate change in Bulgarian municipalities - KS has a leading role;
- Review of municipal strategic plans and project evaluation, identification of gaps and necessary actions in eight municipalities and selection of priority innovative measures (urban development projects) - NTEF has a leading role with expert input from KS;
- Implementation in the eight Bulgarian municipalities of pilot projects for innovative measures for mitigation and adaptation to climate change in urban development - leading role of the partner municipalities;
- Climate change awareness / education campaigns - the NTEF has a leading role.

In the reporting year 2021 the work on the review of the strategic municipal documents started. A consultant was selected to assist the Municipalities in identifying gaps in the Municipal Urban Development Plans.

In December 2021, the first training of the expert teams of the Municipalities, partners in the project, was conducted. Thus began the practical activities to assess the risks of climate change in large cities - the effect of the heat island, alternating floods from heavy rainfall and drought with water shortages and urban landslides. The partners from the Norwegian Association of Local and Regional Authorities and the West Norwegian Research Institute briefed the participants on their report on international experience and good practices. At the same time, the Bulgarian consultant introduced the participants in the methodology for analysis of the existing strategic and planning documents and implemented projects in the municipalities.

- Project "Bulgarian Energy Efficiency Forum for Smart Financing for Smart Buildings" (BeSmart)

The project is funded by Horizon 2020. The goal is to generate innovative decision-making schemes and standardization tools to mobilize capital through the use of trust funds. The leading partner in the project is the EnEffect Center for Energy Efficiency. In addition to the NTEF, the project partners are 10 other organizations, incl. government agencies, municipalities, NGOs from Bulgaria.

The NTEF's participation includes the implementation of the following activities:

- Arranging of seminars to present the above schemes and tools;
- Identify and support the development of pilot projects for bank lending.

In 2021, two Round Tables were held:

- „The role of financial institutions in the green transition. It was confirmed that the necessary investments far exceed the possibilities of both the budget and European funds, and that it is important to attract private capital, which can only be done on a market basis. The forum presented the policies and current products of leading commercial banks - UniCredit Bulbank, UBB and ProCredit Bank, among which stood out solutions for green mortgages, SME financing, investments

in green energy and electric mobility, and specialized credit lines for renovation of single-family housing buildings. The NTEF's contribution was summarized by the presentation of the Fund's new initiatives, including the selection of appropriate project ideas through their evaluation in the specialized AAA platform and the direct linking of the necessary subsidy for public facilities with the achieved energy savings.

- Sustainable Energy Investment Forum (October 5, 2021). During the round table on the BeSMART project, representatives of the responsible institutions explained the development of the NAP in recent months, and together with all stakeholders joined forces to propose options for optimizing the final version of the plan and discuss. The planned reforms were summarized and a common understanding of the concept and logic of the NAP was created according to the latest available versions. Recommendations were prepared to optimize the projects at the NAP in order to stimulate broad participation of potential beneficiaries and intensify private investment in energy efficiency. Mechanisms for practical implementation of the projects were proposed and potential barriers and relevant solutions were identified, allowing smooth absorption by the final beneficiaries.

3 Changes in accounting policy

3.1. New standards, amendments and interpretations to IFRS, which came into force on 1 January 2021.

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:

- Amendments to IFRS 9, IAS 39, IFRS 4, IFRS 7 and IFRS 16 Reform of Reference Interest Rates - Phase 2 effective from 1 January 2021, adopted by the EU
- Amendments to IFRS 16 Leasing: Reductions in Covid-19 Leases from 30 June 2021 Effective April 1, 2021, 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 2021 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 IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets effective from 1 January 2022, adopted by the EU
- Annual improvements 2018-2020 in force from 1 January 2022, adopted by the EU
- Amendments to IFRS 17 Insurance Contracts effective from 1 January 2023, adopted by the EU
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current and Non-Current, effective from 1 January 2023, not yet adopted by the EU
- Amendments to IAS 1 Presentation of Financial Statements, IFRS Statements of Application 2: Disclosures of Accounting Policies, effective from 1 January 2023, not yet adopted by the EU
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, effective from 1 January 2023, not yet adopted by the EU
- Amendments to IAS 12 Income Taxes: Deferred Taxes on Assets and Liabilities Arising from Single Transactions in Effective January 1, 2023 Not yet adopted by the EU
- Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative information 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 transactions

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. Income from financing

Revenue from funding is recognized when there is significant assurance that the funding will meet the conditions under which it was granted.

Funding to compensate the Fund for incurred expenses is recognized as income in the same period in which the relevant expenses were incurred, the reimbursement of which is the purpose of the financing: the costs incurred in connection with the implementation and reporting of funded environmental projects and administrative costs for maintenance and management of the funds provided by the NTEF.

Financing aimed at compensating the Fund for expenses incurred for the acquisition of non-current assets is recognized as income from financing in proportion to the depreciation accrued for the period of the assets acquired with the received financing.

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". They are presented in the report netted as a reduction of financial expenses.

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. Property, plant and equipment

Property, 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 property, 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 property, 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.

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

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

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

The recognition threshold adopted by the Fund for property, 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.

A financial asset is derecognised when control of the contractual rights that make up the financial asset is lost, ie. when the rights to receive cash flows have expired or a significant portion of the risks and rewards of ownership have been transferred.

Financial liabilities are written off when the obligation specified in the contract is fulfilled, canceled or its term has expired.

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. Uncertainty of accounting estimates

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 carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use. . To determine the value in use, the Fund's management calculates the expected future cash flows for each cash-generating unit and determines the appropriate discount factor in order to calculate the present value of those cash flows. In calculating expected future cash flows, management makes assumptions about future gross profits. These assumptions are related to future events and circumstances. Actual results may vary and require significant adjustments to the Fund's assets in the next reporting year. In most cases, the determination of the applicable discount factor assesses the appropriate adjustments in relation to market risk and risk factors that are specific to individual assets.

4.14.2. Useful live of depreciable assets

As of 31 December 2020 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 2021	53	38	16	107
Balance at 31 December 2021	53	38	16	107
Depreciation				
Balance at 1 January 2021	(50)	(38)	(16)	(104)
Depreciation for period	(2)	-	-	(2)
Balance at 31 December 2021	(52)	(38)	(16)	(106)
Carrying amount as of 31 December 2021	1	-	-	1

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

:

	IT equipment BGN '000	Vehicles BGN '000	Fixture and fittings BGN '000	Total 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

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, depreciated as of 31 December 2020 and 31 December 2021.

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 2021	38	4	42
Balance at 31 December 2021	38	4	42
Amortization			
Balance at 1 January 2021	(38)	(4)	(42)
Balance at 31 December 2021	(38)	(4)	(42)
Carrying amount as at 31 December 2021	-	-	-

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 2020	38	4	42
Balance at 31 December 2020	38	4	42
Amortization			
Balance at 1 January 2020	(38)	(3)	(41)
Amortization for period	-	(1)	(1)
Balance at 31 December 2020	(38)	(4)	(42)
Carrying amount as at 31 December 2020	-	-	-

7. Cash and cash equivalents

	2021 BGN '000.	2020 BGN '000.
Bank deposits	14 626	12 702
Cash on bank accounts	1	1
Cash on-hand		
Cash and cash equivalents	14 627	12 703

The Fund has no blocked cash and cash equivalents.

8. Conditional Financing

	2021 BGN '000	2020 BGN '000
Undrawn portion of grants for funding of operations, including:		
- undrawn portion of grant for funding operations under Climate Investment Program (CIP)	9 979	6 928
- undrawn portion of grant for funding operations under "Mineral Waters"	715	716
- undrawn portion of grant for funding operations under Aviation quotas	2 757	3 896
- undrawn portion of grant for funding operations under agreement with Republic of Malta	999	899
- undrawn portion of grant for funding operations for projects with external financing	85	150
- financing for acquisition of non-current assets	1	3
- undrawn portion of grant for funding of completed projects	67	62
Carrying amount as at 31 December	14 603	12 654

Changes in funding during the period include:

	2021 BGN '000	2020 BGN '000
Carrying amount at 1 January	12 654	14 172
Recognized revenue from financing in the statement of profit or loss and other comprehensive income (Note 11)	(2 473)	(4 369)
Received funding during the period	4 429	3 013
Other changes	(7)	(162)
Carrying amount as at 31 December	14 603	12 654

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

1. 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.
2. 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.
3. 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 2021 BGN 3, 833 Thousand were received.

9. Employee benefits
9.1. Employee benefits expenses

	2021 BGN '000	2020 BGN '000
Wages	(251)	(268)
Social security costs	(44)	(49)
Employee benefits expenses	(295)	(317)

9.2. Pension and other employee obligations

	2021 BGN '000	2020 BGN '000
Current:		
Employee payables	15	18
Unused holiday leaves	19	17
Social security obligations	11	10
Current pension and other employee obligations	45	45

10. Trade and other payables

	2021 BGN '000	2020 BGN '000
Payables to project beneficiaries	21	2
Payables to suppliers	4	6
	25	8

11. Income from conditional financing

	2021 BGN '000	2020 BGN '000
Revenues from funding for programs	1 972	3 837
Revenues from financing for administrative expenses	229	230
Revenues from external financing of projects	270	300
Income from financing for non-current assets	2	2
	2 473	4 369

12. Project funding expenses

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

Програма	2021 г. BGN '000	2020 г. BGN '000
Financing of public projects under the Climate Investment Program (CIP)	1 731	3 572
Financing of public projects under Pilot scheme of Investment program Mineral Waters	1	8
Financing of public projects under Program "Micro projects for the climate".	241	257
	1 972	3 837

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)	2 109	1 797	1 691

The accompanying notes on pages from 71 to 96 form an integral part of the financial statements

Financing of public projects under Program "Micro projects for the climate".

250	250	241
2 359	2 047	1 932

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 2021, the amounts actually paid to beneficiaries under projects from the Climate Investment Program (IPC) - Energy Efficiency Scheme amount to BGN 1,276 thousand.

The amounts actually paid to Beneficiaries under projects from the Investment Program for Climate IPC) - Scheme "Electric Cars" amount to BGN 435 thousand.

In 2021, in connection with the implementation, financing and reporting of completed public projects, BGN 19,488,27 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 2021, one invitation for admission under the Scheme for the Promotion of the Use of Electric Vehicles in the Public Sector (CEM) was published, during which 20 application forms were adopted. During the reporting year, the CEM Commission selected 20 CEM forms, of which 17 have been approved, some of them partially applying for financing of 31 vehicles: 9 class M1 or N1 electric vehicles, 6 all-electric vehicles – category M1 or N1 (van 6+1;7+1 seats); and 16 small cargo electric vehicles, category L7e with upgrades

A detailed description of the costs reported in 2021 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 (2020)
		BGN	BGN	BGN
244-3	Construction object 3 - Modernisation and implementation of energy efficiency measures at ODZ Angel Karalichev , Strazhitza	418 379.64	294 798.05	284 669.27
281	Implementation of energy efficiency measures in the building of the DKC-I, Cherven Bryag, Pleven	454 359.28	386 205.39	364 429.23
339	Implementation of energy efficiency measures of the DK-Polyclinic, Kazanlak	800 896.68	680 762.38	627 074.18
	Total for CEE of the IPC	1 673 635.60	1 361 765.82	1 276 172.68

Project / Name	Number of vehicles	Actual amount of funding in 2021
A. Electric cars cat. M1 (4 + 1 seats) or cat. N1		
EM 037 / Project for promoting the use of electric cars - Sofia Inspectorate at Sofia Municipality (cat. M1)	1	20 000.00
EM 054 / Project for promoting the use of electric cars - Sofia Inspectorate at Sofia Municipality (cat. M1)	1	20 000,00
EM 055 / Project for promoting the use of electric vehicles - Municipality of Sliven (cat. N1)	1	20 000.00
EM 063 / Project for promoting the use of electric vehicles - Municipality of Rousse (cat. N1)	1	20 000.00
EM 080 / Project for promoting the use of electric vehicles - KPKONPI (cat. M1)	1	20 000.00
EM 086 / Project for promoting the use of electric vehicles - Municipality of Samokov (cat. N1)	1	20 000.00
EP 087 / Project for promoting the use of electric vehicles - Municipality of Gabrovo (category M1)	2	40 000.00
B. All-electric vehicles, category L7e		
EM 027 / Project for promoting the use of electric cars - Sofia Municipality	2	30 000.00
EM 061 / Project to promote the use of electric vehicles - Beloslav Municipality	1	20 000.00
EM 070 / Project for promoting the use of electric cars - Municipality of Koprivshtitsa	1	21 107.00
EM 071 / Project for promoting the use of electric vehicles - Nedelino Municipality	1	20 724.50
EM 074 / Project for promoting the use of electric cars - Rakovski Municipality	1	20 978.00
EM 076 / Project for promoting the use of electric vehicles - Kneja Municipality	1	21 734.50
EM 077 / Project for promoting the use of electric cars - Balchik Municipality	1	20 978.00
EM 078 / Project for promoting the use of electric vehicles - Municipality of Smolyan	1	20 000,00
EM 083 / Project to promote the use of electric vehicles - Devin Municipality	1	22 750.00
EM 088 / Project for promoting the use of electric vehicles - Yambol Municipality	1	22 993.50

EM 089 / Project for promoting the use of electric cars - Municipality of Burgas	2	43 884.00
C. Plug-in hybrid vehicles		
EM 052 / Project for promoting the use of electric cars - Sofia Inspectorate at Sofia Municipality	1	10 000,00
Total for electric and plug-in hybrid vehicles	22	435 158.50

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 and 2021, 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 2021, five PMPC projects started in 2019 and 2020, were completed and paid for.

A detailed description of the costs reported in 2021 for financing PMTCT projects is presented in the table below:

№ project	Бенефициер/ проект/ име	Amount under financing agreement with NTEF)	Expenditures on projects (financing) in the current year (2021)
022	RS-Balkanka-Proposal for change of the forest regulatory framework and its adaptation to climate change	49,955.00	49,955.00
025*	Dobrich-Introduction and improvement systems for sound and efficient management of energy resources in school	50,000.00	41,318.01
028	Gorichka Association - Forest and Climate Change - a unique educational campaign for students	50,000.00	50,000.00
030	BAS-Automation of the heating installation and optimization of the consumption of heat energy in the building of INB-BAS, block 23 of the Scientific Complex of BAS-IV km	50,000.00	50,000.00
032	Gabrovo-Construction of an Integrated Building Management System for energy efficient management of the kindergarten "First of June", Gabrovo	50,000.00	50,000.00

	Total for PMPC Projects	249,955.01	241, 273.01
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13. Cost of materials

	2021 BGN '000	2020 BGN '000
Heat and electricity	(4)	(5)
Fuel, oils and car parts	(1)	(1)
Office supplies	(2)	(1)
Others	(5)	(2)
	<u>(12)</u>	<u>(9)</u>

14. Hired services expenses

	2021 BGN '000	2020 BGN '000
Consulting fees	(63)	(162)
Service-station fees	(34)	(11)
Audit services, including of the project financed	(29)	(10)
Insurance and security	(13)	(3)
Telecommunication	(8)	(4)
Other	(7)	(4)
	<u>(174)</u>	<u>(194)</u>

15. Other expenses

	2021 BGN '000	2020 BGN '000
Business trip expenses	(12)	(2)
Others	(3)	(1)
	<u>(15)</u>	<u>(3)</u>

16. Finance income and finance cost

The financial costs are BGN 2,000, which are mainly costs for bank fees and costs of foreign exchange transactions. During the current period, financial income from interest on the Fund's bank accounts in the amount of BGN 1,000 was also reported, and in the current financial statements they are presented compensated

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:

	2021 BGN '000	2020 BGN '000
Short-term remuneration, incl. Social security	21	46

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	2021 BGN '000	2020 BGN '000
Financial assets			
Cash and cash equivalents	7	14 627	12 703
Receivables		45	-
Financial assets, carried at amortized cost		<u>14 672</u>	<u>12 704</u>
Financial liabilities			
Trade and other liabilities	10	25	8
Financial liabilities carried at amortized cost:		<u>25</u>	<u>8</u>

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

As a result of the use of financial instruments the Fund is not exposed to significant market risks.

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 2021 the Fund is not exposed to a risk of change in market interest rates.

19.3 Credit risk

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

19.4 Liquidity risk

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 2021, there are 2 financing agreements, which have still not been completed. The unspent part of the financing under the Investment Program for Climate IPC amounts to BGN 8 290 000 , as 2 570 BGN '000 of which are provided for pilot projects, 1 018 BGN '000 are provided for financing projects of medical institutions, BGN 1,157,000 are provided for the scheme for promoting the use of electric cars. 670 BGN '000 remain for the administration of the Fund.

During the period from 01.01.2021 to 31.12.2021, 20 investment public projects were completed, 17 of which for electric cars.

In 2021, 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 2021, 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 2021, the NTEF has concluded 5 more financing agreements, which have not yet been completed at a total value of BGN 250,000 including with the Ministry of Finance, and an approved form of the Ministry of Finance worth BGN 50,000 from the first phase of implementation of the Program, which was postponed by the beneficiary due to objective reasons.

In the period 01.01.2021 - 31.12.2021, 5 projects were fully completed and a grant in the amount of BGN 241 273,01 was paid.

23. Events after the end of the reporting period

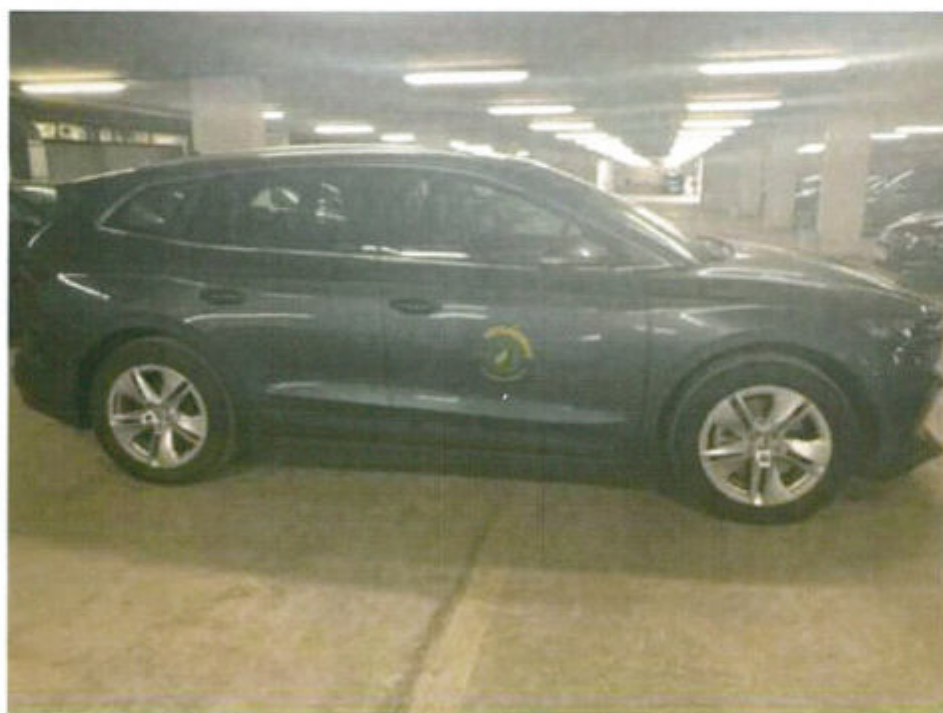
No adjusting events or significant non-adjusting events occurred between the date of preparation of the the financial statements and the date of their approval for issue.

24. Approval of the financial statements

The financial statement as of 31 December 2021 (including comparative information) were approved by management on April 07, 2022.



Project No 281-“Implementation of energy efficiency measures in the building of DCC I, Cherven Bryag city, Pleven District“



EM 080/ Project for promoting the use of electric vehicles – Commission for Combating Corruption and Confiscation of Illegally Acquired Property (CCCCIAP) (category. M1)

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