

НАЦИОНАЛЕН
ДОВЕРИТЕЛЕН
ЕКО ФОНД



NATIONAL
TRUST
ECO FUND

ANNUAL REPORT

***REPORT OF THE INDEPENDENT
AUDITOR***

FINACIAL REPORT

for the period

1 January – 31 December 2022

“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.

During 2022, NTEF started the implementation of Investment Program “Mineral Waters“, financed with funds provided with a decision of NTEF from the revenues, received according to the procedure in Regulation No1 of 04.03.2015 determining the order and manner of spending the proceeds from the sale of emission allowances from aviation activities through a tender.

In November 2022, in partnership with the Independent Institute for Environmental Issues (UfU) in Berlin, the Energy Cities Association of Municipalities in Krakow - Poland and the Regional Energy Agency of Savinska, Saleska and Koroska Regions - Slovenia, the NTEF launched a project called “Vision 2045”, which aims at pooling together the efforts of schools and municipal administrations to attract an experimental innovative model for achieving climate neutrality at the local level.

At the same time, NTEF, together with partners from three European countries, initiated a project to create models for energy manager services in the municipalities in Bulgaria and to develop a system of criteria for energy efficiency and RES for the municipalities in Romania enabling the municipalities in both countries to make a significant contribution to the achievement of climate neutrality in line with national and European targets.





National conference "Implementation of innovative measures for mitigation and adaptation to climate change in municipalities in Bulgaria" - November 1, 2022.

LIST OF CONTENTS

ANNUAL ACTIVITY REPORT

I. INTRODUCTION	10
II. MANAGEMENT BOARD ACTIVITY	12
III. EVALUATION, SELECTION AND IMPLEMENTATION OF INVESTMENT PROJECTS WITHIN THE FRAMEWORK OF THE INVESTMENT CLIMATE PROGRAM (ICP).....	14
1. Selection and approval of projects under ICP.....	15
1.1 Maintaining a permanent project portfolio under ICP	15
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	15
2. Implementation of projects under the Investment Climate Project (ICP) during 2023.	16
IV. EVALUATION, SELECTION AND IMPLEMENTATION OF INVESTMENT PROJECTS WITHIN THE FRAMEWORK OF THE INVESTMENT PROGRAM “MINERAL WATERS” (IPMW)	21
1. Selection and approval of projects under IPMW.....	22
1.1. Creating a pilot project portfolio under IPMW	22
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.....	22
1.3. Selection and evaluation of projects by the Standing Commission for Selection, Control and Reporting on the Implementation of Projects.....	22
1.4. Project approval by the NTEF MB	22
2. Implementation of projects under a pilot scheme of the Investment Program “Mineral Waters”	22
V. EVALUATION, SELECTION AND IMPLEMENTATION OF INVESTMENT PROJECTS WITHIN THE FRAMEWORK OF THE INVESTMENT CLIMATE MICRO PROJECTS PROGRAM.....	23
1. Selection and approval of projects under CMPP	23
1.1. Maintenance of permanent project portfolio under CMPP.....	23
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.....	23
2. Implementation of projects under the Climate Micro Projects Program	24
VI. EDUCATIONAL AND OTHER INTERNATIONAL PROJECTS	26
1. Bridging European and Local Climate Action (BEACON = PHARE)	26
2. Project “Triple A – Strengthening the value chain of the energy efficiency projects in their early stages” under the Horizon 2020 Program	26

3. Project “Municipal Energy Management Systems Supporting the Sustainable Financing of the Local Climate Action” under the European Climate Initiative (EUKI)	27
4. 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.....	28
5. Project “Bulgarian Energy Efficiency Forum for Smart Finance for Smart Buildings” (BeSmart)	29
VII. INSTITUTIONAL DEVELOPMENT, INTERNATIONAL RELATIONS AND PUBLIC RELATIONS	30
1. Institutional development	30
2. Activities related to programs and financing mechanisms	31
3. International relations and public relations.....	32
VIII. SOURCES OF FUNDS, COSTS AND FINANCIAL STATUS OF NTEF	36
1. Sources of funding for 2022.....	36
1.1. Proceeds pursuant to Regulation No 1/4.03.2015	36
1.2. Proceeds as per CoM Decision 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.	37
1.3. Proceeds under Agreement for Sale of Annual Emission Allocations (AEAs) between the Republic of Bulgaria and the Federal Republic of Germany	37
1.4. Proceeds under other Programs and projects	37
2. Funds allocation.....	38
2.1 Financing of projects under the Investment Climate Program	38
2.2 Financing of projects under the Investment Program “Mineral Waters”	40
2.3 Financing of public projects under Climate Micro Projects Program.....	40
2.4 Used funds to cover the NTEF administrative costs	41
3. NTEF financial status as of 31.12.2022.....	43
IX. MAIN RISKS RELATED TO THE ACTIVITY OF THE FUND	43
1. Operational risks	43
2. Risks related to the financial instruments.....	44
X. IMPORTANT EVENTS AFTER THE DATE, AS OF WHICH THE FINANCIAL REPORT HAS BEEN DRAWN UP.....	45
XI. LIKELY FUTURE DEVELOPMENT OF THE FUND	45

LIST OF USED ABBREVIATIONS

PPA	Public Procurement Agency
BAS	Bulgarian Academy of Science
БГПА	Bulgarian Petrol and Gas Association
F&L	Fuels & 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”
LC	Labor Code
KBECMC	European Coordination and International Cooperation Directorate
TFA	Tangible Fixed Assets
MEW	Ministry of Environment and Water
CoM	Council of Ministers
MF	Ministry of Finance
IFA	Intangible Fixed Assets
NTEF	National Trust Eco Fund
NAMRB	National Association of Municipalities in the Republic of Bulgaria
CCF	Combined Childcare Facility
UN	United Nations
	Primary School
PS	
CMD	Council of Ministers’ Decree
CIW	Construction & Installation Works
MB	Management Board
	Full-day Childcare Facility
FCF	
UfU	Independent Institute for Environmental Issues - Berlin

ANNUAL ACTIVITY REPORT

01 January – 31 December 2022

I. INTRODUCTION

According to the Regulation 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 2021. 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

31 January, 2023.



Creative workshop "With the inspiration of Mimi Pramatarova look ahead" in the visitor center of Rila National Park in Panichishte

II. MANAGEMENT BOARD ACTIVITY

In compliance with the Regulation 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), the 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 reporting 2022, the composition of the NTEF's Management Board (MB) includes the following members:

- Chairman of the 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, replaced by Deputy Minister Reneta Koleva. The Representative of the Ministry of Environment and Water is also a Deputy Chairman of the Management Board, elected in compliance with art. 8 (1) of REGULATION 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 REGULATION 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, replaced by Deputy Minister Daniela Dobрева;
- Representative of the Ministry of Energy – Deputy Minister Zhecho Stankov, replaced by Deputy Minister Iva Petrova;
- Representative of the environmental non-governmental organizations (NGOs)– 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 Strategies and Policies for Sustainable Energy Development”. 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 NTEF Management Board (MB) were convened during 2022.

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, held on 06.04.2022, was dedicated to the discussion of the NTEF Operational Plan and NTEF budget for the period 1 January – 31 December 2022. The Annual Report and the Financial

Report of NTEF for 2022 were also discussed and adopted at the same meeting. The reports on the implementation of projects under the Energy Efficiency Scheme of the Investment Climate Program (ICP) were also presented during this meeting. Another item on the agenda was the discussion and adoption of amendments to the ICP Operational Manual (OM), related to the scheme for promoting the use of electric vehicles in the public sector. At this MB meeting, two new initiatives of NTEF as a partner in the preparation and submission of projects at conceptual level to the European Climate Initiative of the Federal Ministry of the Environment of the German Republic, were supported

The second NTEF MB meeting, held on 20.09.2022, was devoted to the submission of project proposals approved by the Project Proposals' Selection and Control Commission under the Electric Vehicle Promotion Scheme of the Investment Climate Program and under the Climate Micro Projects Program. At the same meeting, information on the approval of the "Vision 2045" Project and "MENERGERS" Project under the European Climate Initiative of the Federal Ministry of Environment of the Federal Republic of Germany was presented and the source of funds to provide co-financing for these projects was approved. Information on the implementation of Pre-defined Project No 3 BGENVIRONMENT-4.001 Implementation of innovative measures for climate change mitigation and adaptation in Bulgarian municipalities under the Environment Protection and Climate Change Program (EPCCP), funded by the EEA Financial Mechanism (EEA FM) 2014-2021 was also provided. At this meeting, the EB readiness to publish new calls for project proposals under ICP – Electric Vehicles Scheme under Climate Micro Projects Program and the Investment Program "Mineral Waters" was confirmed.

The third meeting of 01.12.2022 was devoted to the presentation of project proposals approved by the Project Proposals' Selection and Control Commission under the Scheme for promoting the use of electric vehicles of the Investment Climate Program. A proposal of NTEF EB for an update of the approved budget for 2022 to provide funding for the starting activities under Vision 2045 project and MENERGERS - Energy Manager Services of the European Climate Initiative of the Federal Ministry of Environment of the Republic of Germany was also discussed and adopted.

All MB meetings are duly recorded, signed and archived.



Presentation of prizes to the winners of the National Competition for Literary Creativity named after Mimi Pramatarova, the first director of Rila National Park

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

During 2022, the implementation and financing of projects under the Investment Climate Program were continued within the framework of the residual unused resource, provided by virtue of the CoM decision of 2017 and the funds, ensured with a decisions of the NTEF Management Board, from the revenues from sales of allowances for greenhouse gas emissions from aviation activities through a tender under Regulation 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 (EB) continued its work under both groups of pilot projects, related to the use 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 2022, 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. With a decision of the 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 2022 under Electric Vehicles Scheme (EVS) of ICP two calls for project proposals for the purchasing of automobiles were published. The deadline of the first was 31.05.2022, and of the second - 04.11.2022. During the reporting year as well, the accent in the published calls was on the purchase of vehicles for activities through which the public administrations and municipal authorities could achieve maximum environmental and economic impact. Such activities are: daily administrative services, utilities - cleaning, parks maintenance, social patronage, inspections, provision of inland local public transport in settlements with low traffic, etc. In 2022, the electric vehicles available for purchase were category M1 and N1, all-electric vehicles (buses) category M2 and N2, vans category M1 (6+1 and 7+1 seats) and N1, small electric trucks category L7e, as well as there was possibility for subsidizing the purchase of various types of superstructures for cleaning, load transfer, irrigation, thermal boxes, etc. to them.

During 2022, 30 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 23 electric vehicles - category M1 or N1 and 9 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 a second stage of application (“Application Form”) are subject to approval by the Management Board. The project proposals at phase “Declaration 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 applicants about the Commission's decision.

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

The Standing Commission consists of two representatives of the NTEF Executive Bureau 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 2022, two (2) meetings of the Standing Commission for Selection, Control and Reporting on ICP Implementation were held - on 24.06.2022 and 18.11.2022. During these meetings thirty (30) application 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 Regulation No 1 of 04.03.2015, with NTEF MB decisions dated 20 September and 1 December, 21 project application forms were approved under the Electric Vehicles Scheme (*Annex 2 – Table 2.1.*).

2. Implementation of projects under the Investment Climate Project (ICP) during 2022.

Implementation of energy efficiency projects under ICP

During the accounting 2022 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 2022 as well, due to the fact that the available financial resource for project funding under the Investment Climate Program as an 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 and with ensured funding according to the approved NTEF's budget. For the funding of these projects besides the residual resources under ICP from 2021, NTEF MB with a decision had 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 Art.1, para 2, it.1 of Regulation 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 changes in the Public Procurement Act (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 a 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 envisioned 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.

During the reporting 2022, EB of NTEF worked under different stages of the implementation of 15 projects under the Energy Efficiency Scheme (EES) of ICP, in this number also pilot projects with a requested grant amount equal to **BGN 8 664 037**.

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 were completed** amounting in total to BGN 1 295 856 and **financial support provided from NTEF in the amount of BGN 949 483** was provided. Under EES of ICP for 2022, in addition to these three projects, another project *of the so called pilot projects* was financed and *the total subsidy paid within the Program framework amounted to BGN 1 941 841*.

In 2022, in connection with the implementation, financing and reporting related to the completed public projects, **BGN 15,130.17** were spent for implementation of ex-ante and ex-post control on the prepared and conducted tender procedures and for an audit of the implemented projects.

As a result of the implementation of the three standard projects under ICP during 2022, an annual reduction of the greenhouse gas emissions equal to **7 048 tons/CO₂eq** for the entire life cycle of the projects was achieved.

The completed and paid projects during 2022 are as follows:

➤ **Project No 184-3**

“Introduction of energy saving measures in buildings on the territory of Etropole city“.

NTEF-provided funding amounts to **BGN 390,826**.

The project includes the following activities:

- Thermal insulation of facade walls
- Replacement of doors and windows
- Thermal insulation of roof
- Thermal insulation of floor
- ESM on building installations.

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **2,220 t/CO₂eq** for the entire project life cycle.

➤ **Project No 330**

“Implementation of energy efficiency measures in PS “N. Y. Vaptzarov”, Gruevo village, Momchilgrad Municipality“.

NTEF-provided funding amounts to **BGN 423,678**

The project includes the following activities

- Thermal insulation of external walls
- Thermal insulation of roof
- Replacement of windows and doors.
- Installment of “air-to-air” heat pumps.

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **3,466 t/CO_{2eq}** for the entire project life cycle.

➤ **Project No 400**

“Introduction of energy efficiency measures to provide quality public cultural activities of Community cultural center Sv.Sv. Kiril i Methodii - 1929“, Shishmantzi village – Rakovski Municipality”

NTEF-provided funding amounts to **BGN 134.978**.

The project includes the following activities:

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

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **1,362 t/CO_{2eq}** for the entire project life cycle.

In 2022, in connection with the implementation, financing and reporting on completed public projects, BGN 4,920 was spent for ex-ante and ex-post control on the prepared and conducted tender procedures in implementation of the project proposals.

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

In 2022, the work on the implementation of the two groups of pilot projects was continued.

1. ***Combined project financing using financial instruments.***

There are two main benefits from the successful application of financial instruments for public projects’ funding:

- Multiplier effect of the invested public funds - the lack of financial resources is offset by the attraction of private capital, including loans;
- Greater efficiency of the invested funds through stricter controls, possibility for awarding complex innovative solutions and continuous monitoring during the entire life cycle of the buildings.

➤ **Project No 501 “Introduction of energy saving measures, modernization and repair of the street lighting of Gabrovo city through an ESCO contract”**

In 2020, the beneficiary - Gabrovo Municipality and the NTEF team analyzed the events and the project status. On the basis of this analysis, several important conclusions were drawn concerning the concrete implementation of this pilot project. As a result of the carried out in 2021 analyses for the

project development, Gabrovo Municipality assigned the preparation of an updated energy audit report. During its presentation it was concluded that the actual payback period of the investment is longer, which required the search for new financing opportunities. By an explicit decision of the NTEF Management Board, following a request from Gabrovo Municipality, the amount of the allocated subsidy to be paid for the successful project implementation was increased.

In this connection, during the previous years (2021 and 2022) active work was going on, related to the conducting of the contractor selection procedure and the implementation of the CIW activities under the concluded ESCO contract. The project was successfully completed in June 2022.

The NTEF-provided financing amounts to **BGN 992,358**.



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

Following the completion of the joint work of the NTEF EB and DENKSTAT BULGARIA OOD teams on the preparation of important procedures and necessary documentation for the implementation of European energy efficiency standards, these were included as essential requirements in documents such as: Commissioning Plan, Maintenance and Monitoring Plan and Plan for Measurement and Verification of Achieved Energy Savings.

During the reporting year (2022), the NTEF EB efforts were focused on the implementation of project No 507 “Energy efficiency measures and accompanying activities in the building of SS “Nikola Velchev”, SS “Otetz Paisii” and a dining hall - Samokov city”.

The project activities are as follows:

- Replacement of old windows and doors
- Insulation of external walls
- Insulation of roof
- Insulation of floor
- Improving the efficiency of Indoor Heating System (HIS) and Domestic Hot Water (DHW) supply.
- Improving the efficiency of the lighting installation

In the first quarter of 2022, the ex-post control on the procedure for selection of ESM contractor under the project was completed. As of the end of the reporting year, the project was in a process of implementing the ESM activities under the project.

The two schools benefiting from the energy saving measures are participating in the NTEF educational projects and will serve for analysis of the results from the application of the two innovative approaches during implementation of projects within the ICP framework.

In connection with implementation, funding and reporting on all projects implemented under the Energy Efficiency Scheme under the Investment Climate Program, **BGN 25, 695** were spent on carrying out ex-ante and ex-post control on the prepared and conducted tender procedures related to these projects.

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

In 2022 as well, the NTEF funding under the Scheme for Promoting the Use of Electric Vehicles is determined with a decision of the Management Board for each call and is differentiated according to the type of the vehicle. The NTEF-provided subsidy is determined on the basis of the relevant category of the electric vehicle. The non-covered by the subsidy part of the vehicle's cost is provided as co-financing by the beneficiaries.

The process of financing and finalizing the EV delivery projects is regulated in the ICP Operational Guide in its section on electric vehicles.

In the course of implementation of the Scheme during the reporting year, 3 (three) all-electric vehicles, category M1 (4+1 seats) or N1, 8 (eight) all-electric L7e trucks with different superstructures have been delivered. The purchase of the remaining approved electric vehicles is pending.

During the reporting year (2022), the implementation of 10 (ten) projects with the financial support from the NTEF in the amount of **BGN 231,983** was completed.

During 2022, in connection with the implementation, financing and reporting on the public electric mobility projects, **BGN 2,243** were also spent for ex-ante and ex-post control on tender procedures prepared and conducted in implementation of the project proposals.

Vehicle users under the approved projects are municipalities, municipal administrations, ministries and state agencies according to the requirements in the ICP Operational Manual.



EM 095/2 - Sofia Municipality - Slatina District



EM 104 Byala Slatina Municipality



EM 090 - Municipality of Momchilgrad

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

Still 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 initiated as an ongoing program for project funding, related to the implementation of the “Mineral Water Activities Management Strategy”. This possibility was not achieved in 2021 and the launching of the Program as a permanent financial mechanism was accomplished only in 2022.

As a result of the efforts and contacts of EB representatives, of the Chairman and of the NTEF MB members with the interested institutions related to the finding of a solution for provision of funds and for implementation of the Program, in the beginning of 2022 and with a decision of the NTEF MB the necessary means for organizing the intake of project proposals’ were ensured. The call was published in October 2022 and the final deadline for collection of project proposals was extended to 06 February 2023 by a decision of the NTEF Management Board.

1. Selection and approval of projects under IPMW

1.1. Creating a pilot project portfolio under IPMW

In October 2022, a call for new application forms was published. The deadline for the collection of project proposals was extended until 06.02.2023 by a decision of the MNTEF MB.

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, the approval of the projects is accomplished based on a submitted application form and supporting documents, 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.

1.3. Selection and evaluation of projects by the Standing Commission for Selection, Control and Reporting on the Implementation of Projects

During 2022, no meetings of the Standing Commission for Selection, Control and Reporting on the Implementation of Projects under IPMW were held, since the final deadline of the announced call was expiring in the beginning of February 2023.

1.4. Project approval by the NTEF MB

During 2022, the NTEF MB has not approved projects under Investment Program “Mineral Waters”. It is expected that the accepted by the Standing Commission application forms under the Program to be submitted for approval in the beginning of 2023.

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 (CMPP) are submitted in compliance with the Agreement for transfer of annual emission allocations 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 were then introduced and the eligible activities were 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 specified for 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 NTEF MB members.

1. Selection and approval of projects under CMPP

1.1. Maintenance of permanent project portfolio under CMPP

During 2022, 9 application forms under the CMPP were received under two announced calls and a nomination by the 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 CMPP Operational Manual, the project approval is accomplished on the basis of submitted application form and ranking according to 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 the Implementation of Projects, and by the NTEF Management Board.

In 2021, one meeting of the Standing Committee on Selection, Control and Reporting on the Implementation of Projects were held. At this meeting, 5 (five) application forms under the CMPP were examined. In early 2023, a new meeting will be held to review and evaluate another 4 (four) projects, nominated by members of the NTEF Management Board.

Approval of projects under CMPP by the NTEF MB

As a result of the work of the Standing Committee, 5 (five) application forms for projects under CMPP were submitted and approved by the NTEF Management Board. The meeting of the Management Board, at which projects for funding were approved, was held on 20 September 2022 (*Annex 2 - Table 2.2.*).

2. Implementation of projects under the Climate Micro Projects Program

During the reporting year 2022, 3 (three) projects were completed and reported with the financial support of NTEF in the amount of **BGN 91,820.08**.

In connection with the implementation, financing and reporting on the completed projects, **BGN 135** were spent for ex-ante and ex-post control on the prepared and conducted tender procedures under the implemented project proposals.

The completed and paid projects under CMPP in 2022 are as follows:

➤ 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 management of the energy resource. 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 from 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 8,570.48) for conducting the educational campaign were paid only after its realization in the beginning of 2022.

➤ MP 026 "Development of Waste Management Program (WMP) on the Territory of Burgas Municipality"

The essence of the project is to develop a Waste Management Program (WMP), in accordance with the applicable legislation, for improving the waste management on the territory of Burgas municipality, providing a working tool for planning and justifying the necessary resources, measures and actions. It is aimed to reduce the harmful waste impact by preventing waste formation and promoting its re-use through introduction of circular economy principles. The project belongs to the so-called "soft projects" – i.e. activities related to climate change mitigation and adaptation and consisting of strategies/programs/reports/analyses development. The NTEF-provided funding amounts to **BGN 33,250**.

➤ MP 033 "Svoge Municipality – Another Step Closer to Nature"

The overall project objective is to reduce greenhouse gas emissions by introducing smart and efficient energy resource management systems in the administration building of Svoge Municipality. The specific project objectives are:

- Implementation of a building energy management system, which includes a comprehensive system for optimizing and monitoring the electricity consumption in the municipal administration;
- Conducting an information & presentation event on topic “The Problems of Climate Change and Climate Change Adaptation” in two parts.

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

NTEF-provided funding amounts to BGN 50,000.

During the past reporting 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 during the previous year.



MP 025 “Introduction and improvement of systems for reasonable and efficient energy resources management in SS “P. R. Slaveikov”, Dobrich city

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 and doors, improvement of the electrical and heating systems, 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).

A concrete example for this is the implementation of Project “Bridging European and Local Climate Action”.

1. Bridging European and Local Climate Action (BEACON = PHARE)

Due to the severe pandemic situation during the previous two years, the implementation deadline was extended to February 2022. It was necessary to apply maximum flexibility and creativity to conduct a virtual study tour. The hosts from UfU 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 was disseminated in Bulgaria.

In addition to participation in educational projects, NTEF EB has been involved with the implementation of the following international projects.

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

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

A key prerequisite for the successful deployment of the Platform was the NTEF team involvement with the testing and calibration of the Platform using projects from the NTEF portfolio. 7 (seven) projects, which fulfilled all the requirements for “Triple A” projects, were identified.

In 2022, the work was continued with activities for capacity enhancing and document development, including recommendations related to the European energy efficiency policies.

In the final phase of the project implementation, the following important findings and recommendations were specified through a series of publications and events:

2.1. The barriers to energy efficiency investments fall mainly into three categories:

- The regulatory framework, as it lays the basis for energy efficiency financing;
- The market framework, which clearly describes the situation of financing and implementation of energy efficiency projects;
- The key players, mainly financial institutions and SMEs, as project developers.

2.2. The view point of the stakeholders:

- What is lacking is the flexibility for implementation of innovative financing and EE project schemes;
- Priority should be given to the investments in EE in the industry and the buildings in support of the sustainable financing strategy;
- We need more economic incentives, such as tax exemptions and grants to implement EE measures.

2.3. The policy framework and market architecture should develop in the following directions:

- Increase in the energy independence of the Parties through a transition to renewable energy sources, implementation of modern low-energy technologies;
- The countries with leading economies provide a more comprehensive and multi-sectoral approach involving support schemes covering different sectors;
- The countries with a slow economic recovery and a prolonged severe recession are starting to pay more attention to the EE and are embracing the green and digital transition. This is mainly observed in the construction sector and respectively in the sectors related to the renewable energy development.

2.4. To support EE investments it is necessary:

- The national regulatory frameworks should comply with EU taxonomic standards;
- The rapid synchronization of national regulatory frameworks with the European directives for their timely incorporation in the national legislation and in a manner that can be easily applied by the public and private sectors should be guaranteed;
- The relevant public policies should be monitored and revised regularly to ensure their continued effectiveness for the acceleration of the energy efficiency investments.

The successful project completion was announced with the conducting of the Hybrid Final Conference in May 2022.

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

The project is funded under the European Climate Initiative (EUKI). The lead partner is Foundation Center for Energy Efficiency EnEffect. The National Trust Eco Fund is a partner together with the Fraunhofer Institute for Building 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.

In early 2022, the project activities were completed, including:

- Preparation of updates in the ICP Operational Manual, initiated by the financial model developed by the NTEF team;
- Participation in a two-day seminar at the r. c. Borovets, promoting the financial model developed by NTEF for evaluation of energy efficiency projects and determination of the required grant amount for their successful implementation.

4. 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). The other partners under the project are the eight major municipalities in the Republic of Bulgaria (Municipalities of Sofia, Plovdiv, Varna, Burgas, Stara Zagora, Ruse, Kardzhali and Sliven).

The following project implementation results were reported in the year 2022:

- The planned trainings and study trips involving the eight partners were carried out for the eight partner municipalities;
- The review of the urban planning strategy papers was completed and measures were taken to address the identified gaps;
- Innovative investment measures (urban development projects) were identified and selected in the eight partner municipalities;
- Expert consultation meetings were held in the eight cities, in which pilot investment measures for climate change adaptation were pending. The meetings were attended by the political leaders of the municipalities, the chief architects, directors and experts from the relevant municipal administrations, representatives of the municipal councils and of the regional bodies of MEW and MRRB, the chambers of builders, designers and architects. Specialized secondary schools and universities were also represented. The aim of each meeting was the project team from each municipality to share and discuss with the city's expert community the idea of an investment measure, whose implementation would start as early as that year. Concrete ideas were discussed and expert opinions were gathered on the details of its implementation and possibilities for its replication in other places. In some of the municipalities, the discussions also touched on broader aspects of the urban development, related to the climate change adaptation and in fact, many ideas were provided for updating the local policies and legislation in this direction. Proposals were also made for updating the national legislation in the urban development field, as well as the standards for construction and landscaping in the cities.
- Terms of reference for the innovative projects were developed;
- The process to select contractors for the innovative measures was started

5. 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 tools for decision making and standardization aimed at 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.

The 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 2022 four round tables were held:

➤ National Conference “Municipal Energy Management and Sustainable Energy Investment”, held on 16 and 17 March 2022 in Samokov Hotel, Borovets and online using the Zoom platform. The main conclusions of the conference/round table can be summarized as follows:

- The penetration of market finance is difficult without tracking and demonstration of the results, which are provided through the implementation of Municipal Energy Management Systems; the use of such tools is increasingly a requirement for participation in different funding programs and their role in attracting funding is important; technical support is needed for the collection and processing of information by the energy managers in the municipalities.
- The energy cooperatives in Bulgaria are a real challenge, but solutions exist - urgent legislative changes are needed to define the legal form of the energy cooperatives and to facilitate their connection to the grid, as well as possibilities for metering and distribution of the produced energy.
- -Energy poverty reduction can be achieved through energy efficiency policies and measures, while the most sustainable solution for energy poverty reduction is the building renovation.
- -The NTEF contribution can be summarized with the presentation of the new financial instruments of the Fund, including the financing model developed under the project "Municipal energy management systems supporting the sustainable financing of the local climate action".

➤ National conference “Sustainable financing of projects for energy efficiency and renewable energy sources”, 23.06.2022, Burgas city, “Flora” Expo Center and online in the Zoom platform. The main theme of the program was the establishment of the National Decarbonization Fund (NDF). This Fund is one of the most important reforms in the National Recovery and Resilience Plan (NRRP), and is expected to make investments in all sustainable energy development areas - from buildings renovation and installation of renewable energy systems to business support. For the first time in Bulgaria, the event presented the initial stages of the work related to the structuring the fund, namely the market study and the assessment of the barriers, which clearly showed the need for immediate action to exploit the huge potential of the green energy projects in the country. During the round table under the BeSMART project, representatives of the responsible institutions clarified the development of the NRRP during the recent months, pooling the efforts of all stakeholders to propose options for optimizing the final version of the Plan and for discussion of their proposals. The planned reforms were summarized and a general understanding of the concept and logic of the NRRP was

created according to the latest accessible version. Recommendations for the optimization of the projects to the NRRP were developed to stimulate a wide participation of potential beneficiaries and to activate private investment in energy efficiency. Mechanisms for practical implementation of the projects were proposed and potential barriers and appropriate solutions for smooth uptake by the end beneficiaries were identified.

➤ Sixth National Roundtable (26-27 September 2022). During this Roundtable, it was established that the delay of the reforms poses a serious risk to the implementation of the National Recovery and Resilience Plan and effectively hampers the accelerated implementation of local sustainable energy projects with a potential to limit the negative effects of the crisis. In this complicated context, the round table offered a space for coordination between the national and local authorities to accelerate the actual implementation of projects in favor of the local undertakings and the citizens. Additionally, the discussion on the role of the energy management systems continued, with discussions in both sessions being supported by presentations on the results of the BeSMART technical working groups, paving the way for the development of specialized recommendations. Examples from round tables on smart finance in the Czech Republic and Greece were also presented.

➤ The Seventh national roundtable on projects for energy efficiency finance and renewable energy sources was held on 29.11.2022 in Sofia. The focus was on sustainable energy projects in the industry and the SMEs. Among the main topics discussed by the experts were:

- Existing financial instruments to support energy efficiency and RES in the enterprises;
- Successful practices and barriers in the implementation of specialized financial products;
- Energy management systems in the enterprises.

VII. INSTITUTIONAL DEVELOPMENT, INTERNATIONAL RELATIONS AND PUBLIC RELATIONS

1. Institutional development

In 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 and enacted on 01.01.2015. Eight, out of the fourteen approved 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 staff 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 and the internal rules for processing and document turnover at NTEF EB.

2. Activities related to programs and financing mechanisms

During 2022, 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, which 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 decarbonization of the economic life in the Republic of Bulgaria.

In 2021 as well, the 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 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. During the reporting year, the implementation of the CIW-related activities of the first and only such project financed under the ICP (project No 501 "Implementation of energy-saving measures, modernization and renovation of street lighting in Gabrovo city through an ESCO contract") was completed. It is expected that this new funding scheme will overcome the limitations and shortcomings of each of the two separate forms of financing (subsidy and ESCO contract) and shall ensure a significantly more efficient use of the public resource and multiplication of its effects by attracting private capital. The achievement of the objectives will be an object of monitoring and analysis during the next several years.

Another direction of the work of the Fund in 2022, which was also targeted at more efficient use of the available financial resources, was the financing of the second pilot project No 507 "Energy efficiency Measures and Accompanying Activities in the building of SS "Nikola Velchev" and SS "Otetz Paisii" and Dining hall – Samokov city", related to the introduction of energy efficiency measures through implementation of International Performance Measurement and Verification Protocol. CIW related activities for the project implementation started during 2022. It is expected that they will be finished by the middle of 2023.

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 in the achievement 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 continued in 2022. They were planned on the basis of a call of the European Climate Initiative (EUKI):

- “Vision 2045 – The schools as drivers 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 lead partner. The other project participants are SOFENA (Sofia Energy Agency), as well as partners from Romania and Germany (UfU).

The implementation of both projects started in November 2022 with the signing of financing contracts and partnership agreements.

In the meantime, in the end of October 2022, the NTEF was notified about the signing of an Agreement on the Sale of Annual Emission Allocations (AEAs) between the Republic of Bulgaria and the Federal Republic of Germany. With CoM Decision No 814 of 20.10.2022 it was determined the proceeds under the Agreement to be provided to NTEF for funding of at least 15 (fifteen) municipal schools and kindergartens as a subprogram of the existing Investment Climate Program (ICP). In the text of the Agreement the energy efficiency and energy saving measures in the municipal schools and kindergartens, which are eligible under the Program, have been specified. These are interventions that do not qualify for funding under other national, EU or existing programs, included in the municipal energy efficiency programs.

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 about the NTEF structure and activity of both funds, the new programs and priority areas for project financing, the application terms, the criteria for evaluation and description of the finished projects.

The website also performs important functions related to the Project and program management, since it regularly provides notification about the status of their implementation and the pending steps.

In 2022 as well, the organization and holding of forums, seminars, conferences and trainings, related to the implementation of the described in the project activities, was continued.

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

- On 3 June 2022 in Varna, an NTEF representative presented to the academic community the comprehensive initiative for introducing climate action in the Bulgarian schools and kindergartens. The information was delivered before the 50th commemorative national conference of the Union of Physicists in Bulgaria. The Forum was held under the patronage of the Minister of Education and Science - Academic Nikolai Denkov and is the commemorative edition of the annual forum. The year's topic was “Climate Change and the

Education in Physics”. The event was co-organized by the Union of Physicists in Bulgaria, the Ministry of Education and Science, Climate, Atmosphere and Water Research Institute of the Bulgarian Academy of Sciences, Eureka Foundation, Municipality of Varna and the Nicolaus Copernicus Astronomical Observatory and Planetarium - Varna.

The NTEF information activities in relation to the Fund's involvement as a lead partner under the project “Implementation of innovative measures for climate change mitigation and adaptation in Municipalities in Bulgaria” are related to the organization and holding of several events:

- In February 2022, the first working meeting (online and using the Zoom platform) of the project partners was held. The main topic was “Analysis of the municipal policies for climate action”. The purpose of the meeting was to exchange information and discuss the first elements of the reports, based on the steps envisaged in the methodology, namely: discuss the main identified threats (two per municipality), select the documents for analysis, draw up business cards of innovative projects.
- Trip to Oslo (22-25 March 2022) - first lessons on climate change adaptation from Norway. The delegation included deputy mayors, project coordinators from the partner municipalities, as well as NTEF representatives, including representatives of the advisory team. The program in Oslo was hosted and organized by the Association of Regional and Local Authorities (KS). The purpose of the visit was to get acquainted with the work of municipalities in Norway in the field of climate change adaptation and with concrete projects on the ground that had already been implemented or were under implementation.
- Trips to Bergen and Western Norway (April and May 2022). Representatives of the eight partner municipalities visited Bergen and Western Norway from 26 to 30 April and from 9 to 13 May 2022. The groups included the expert teams from the partner municipalities of Burgas, Varna, Kardzhali, Plovdiv, Ruse, Sliven, Sofia and Stara Zagora, as well as NTEF representatives, including representatives of the advisory team.
- The purpose of the visits was to get familiarized with the work of the municipalities in Norway in the field of climate change adaptation and with concrete projects on the ground that have already been implemented or were under implementation. The program was hosted and organized by the Association of Regional and Local Authorities (KS) and the Western Norway Research Institute (WNRI).
- The second working meeting of the project partners took place within 26-27 May 2022, in Shipka Hotel, Sofia city. The aim of this meeting was to make substantial progress with regard to the preparation of the analytical reports on the basis of the steps envisaged in the methodology, as well as on the basis of the experience gained and shared during the study visits to Norway. The focus of the working meeting was on the analysis of the available information aimed at justifying the selected threats for each municipality and respectively the planned investment measures, and at generating proposals for updating the municipal policies and the national legislation, as well as the curricula in the secondary and higher educational facilities in construction, urban development and landscaping subjects.
- Within 8 - 10 June 2022, the last of the three working meetings of the expert teams from the partner municipalities under the project took place. The purpose of this meeting was to finalize the decisions on the investment measures, the overall shaping of the reports, as well as to finalize the work under the proposals for updating the municipal policies and the national legislation, as well as the curricula in the secondary and higher education in the field of construction, urban development and landscaping. Each of the teams worked and submitted

its own project fiche for the innovative investment measure envisaged for implementation. The project fiches represented a specially developed by NTEF template for the description of the investment measures to be implemented within the project framework, which were sent for coordination to the Program Operator of the Environment Protection and Climate Change Program (PO of EPCCP) and to EEA FM.

- In the end of June 2022, scheduled consultation meetings in each municipality were started in order to share and discuss with the expert community of the city the idea for an investment measure to be financed under the project. The purpose of the meetings was to discuss concrete ideas and gather expert opinions on the details of its implementation and the possibilities for its implementation in other places. During the meetings the manner for arriving at the selection of the relevant idea was presented, the analysis of its feasibility and adequacy and the specific investment activities linked to its implementation. The key criteria for the selection of the measure were presented, in this number: should provide protection against the risks of the specific threats, should be innovative, feasible and its implementation should be necessary and achievable in other parts of the city, as well as in other cities.
- In connection with the implementation, the relevant presentations were prepared to introduce the Partnership, the Lead Partner, the project philosophy and the path taken by the expert teams to select the specific investment measure, which are also a result from the implementation of the relevant activity and which were not planned in advance when the project was designed. By the end of July, meetings were held in all eight project partners' municipalities. Memoranda of the meetings were prepared, reflecting the main proposals and issues raised by the expert community of municipalities on the improvement of the training programs and urban planning legislation in the climate change context.
- On 1 November 2022, in Astra Hotel in Sofia city, the Minister of Environment and Water, Ms. Rositsa Karamfilova, opened the National Conference on "Implementation of innovative measures for climate change mitigation and adaptation in municipalities in Bulgaria". For us, the adaptation measures to climate change in the urban environment are very important, because through them we will be able to reduce our vulnerability to disasters, save lives, protect the infrastructure in the settlements, preserve the rich biodiversity of the Bulgarian nature – with these words the Minister of Environment and Water greeted the participants. "With this initiative, together with our partners, we are launching a new wave of awareness - that of the care for nature, water, air and all vital components of the environment", said Penka Mollova-Smolnova, Chair of the NTEF Management Board. The aim of the conference was to present the philosophy and practical implementation of the project to a wide range of stakeholders and to launch a discussion on key topics related to climate change adaptation policies and legislation. It was shared that these were first measures in implementation of the National Strategy for Climate Change Adaptation in Urban Environment.
- In parallel with the conference, a training of experts from the municipal administrations across the country took place. The aim of the training was to prepare experts from the municipalities in Bulgaria to plan and implement climate change adaptation measures in urbanized territories, for which funding is provided in the different programs of the next programming period.
- The National Strategy for Climate Change Adaptation contains identification of the main threats for the urbanized territories: floods, landslides, water scarcity, heat island effect. This training will equip the Bulgarian municipal administrations with the knowledge and skills to plan and implement adaptation measures for preventing the risk of these threats. The Norwegian project partners (the Norwegian Association of Regional and Local Authorities (KS) and the Western Norway Research Institute (WNRI)), have made important

contributions to the training, producing and presenting an in-depth and comprehensive study of the international experience on measures that help municipalities reduce the risk of these threats to protect their population, infrastructure and, last but not least - the nature from the threats of the climate change. In addition to the familiarization with the international experience, the core of the training included the presentation and the exercises on the application of a methodology for analyzing existing strategy documents in the municipalities and for identifying pilot activities. The training was led by the team of the Analytical Creative Group, which is the NTEF consultant under the project. The training was attended by 73 participants from 44 municipalities across Bulgaria. All participants expressed a high degree of satisfaction with the training and its benefits for their future work. Most participants noted that they would be able to use what they had learned during the training in their direct work. The participants proposed and wished to create their own group in the social media to continue the communication and discussion of issues that they consider important under the topic.

Information activities of NTEF in connection with the Fund's participation as a project partner under the “Triple A” project:

- In May 2022, the Final European Event under the “Triple A” project was held on topic “Facilitating the Financing of Energy Efficiency Projects at an Early Stage: Recommendations from the “Triple A” project”. The event was focused on the key findings and recommendations of “Triple A”, combining them with the perspectives of the European stakeholders, providing an overview and introduction to the current state of energy efficiency support measures in Holland. More than 75 participants had the opportunity to learn more about the financing of energy efficiency projects, the standardized “benchmarking” of the energy efficiency investments, the Project's strategy for using the main results and tools, as well as key recommendations for the European countries regarding the energy efficiency integration process. A part of the event was devoted to the sister projects of “Triple A” under Horizon 2020, such as E2DRIVER, EEnvest, EN-TRACK, INFINITECH, SMAFIN, which had the opportunity to present their scope and strategies for promoting energy efficiency investments. The event was hosted by the Dutch partners under “Triple A” - ABN AMRO, one of the leading Dutch banks and IEECP (Institute for European Energy and Climate Policy) – international research institute.

Information activities of NTEF in connection with the Fund's participation as a project partner under “Bulgarian Energy Efficiency Forum for Smart Finance for Smart Buildings” (BeSmart):

The National Trust Eco Fund is actively involved in the fora under the project. The Fund's contribution to the discussions is essential for two of them:

- Fourth national round table – “Energy management in the municipalities and investments in sustainable energy”. A part of the discussions was focused on the possibilities for linking the financing of municipal projects to the existence of a functioning municipal energy management system and the model developed by NTEF for calculating the amount of the grant with regard to the achieved energy savings.
- Sixth national round table. The main themes of the Forum were focused on the financial institutions as key drivers for the implementation of the national support programs and the role of the municipal energy management systems and standards for the attracting of market finance. A brief history of the Fund's financing mechanisms and the EB's observations on

energy management systems were presented. Attention was drawn to the fact that the energy management contributes to a higher project transparency and to the generation of clear analyses, which are interesting for the financial experts from the banks and the specialized funds.

In 2022, during its annual event, the National Trust Eco Fund handed the awards to the winners of the National Literary Contest in the name of Mimi Pramatarova - the first director of Rila National Park. The emphasis of the competition was on literary works on topic “Innovations, sustainable business, traditions - meeting in Natura 2000 (network)”.

The National Trust Eco Fund also actively participated in the initiative of the Rila National Park Directorate, in which the Club of the Laureates to the Ecoforum Plus Foundation were also included within the framework of the Campaign “Youth Policy in the Field of Environment”, financed with funds from the budget of the Ministry of Environment and Water. From 13 to 15 October 2022, a creative workshop was organized and held at the Visitors’ Center of the National Park in Panichishte. The event was attended by fifteen girls and boys from different cities of the country, some of whom in the last three years had been prize-winners in the NTEF annual nature protection competition in the name of Mimi Pramatarova.

The participants spent three unforgettable days, filled with intense and rich in experiences program. New acquaintances, a lot of new knowledge about nature and climate change, breathtaking experiences during the trips to the Skakavitza reserve and waterfall and to the Panichishte lake, lots of photos after the training on nature photography – these filled the short time available. And in the last hours, divided into three creative teams, the participants prepared and presented their impressions, experiences and ideas for the park management through unique visual concepts. Before they split up, the young people decided to continue with their joint creative plans and to make everything possible to meet more frequently and to attract more followers for promoting the competition and contributing to the nature protection.

VIII. SOURCES OF FUNDS, COSTS AND FINANCIAL STATUS OF NTEF

1. Sources of funding for 2022.

1.1. Proceeds pursuant to Regulation No 1/4.03.2015

In accordance with the provisions of the Regulation, the proceeds during the reporting 2022 amount to BGN 5 557 016 or as a total for the period 2016-2022 - BGN 18,339,666.00. 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 for climate change mitigation and adaptation. A part of the funds, generated pursuant to the procedure under the Regulation, in the amount of BGN 5,054,177.00 for 2019 and BGN 4,956,142.00 in 2021 have been transferred with a decision of the NTEF Management Board for financing projects under EES of ICP, as well as for topping up of approved projects, submitted during the latest project intake under EVS of ICP, and BGN 16,155.00 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, para. 2, it. 1 of the Regulation on activities for climate change mitigation. In 2022, BGN 5,425,383.00 of these proceeds were allocated with a Decision of the NTEF MB to the Investment Climate Program to provide the funds for financing the so-called “medical facilities” under the Energy Efficiency Scheme, which were included in the 2022

budget, for continuing the admission of projects under the Electric Vehicles Promotion Scheme and for starting admission under the IP “Mineral Waters”, including the corresponding percentage for the administrative management in connection with the provisions of Art. 22, para.2, it.1 of the Climate Change Mitigation Act.

With the updating of the budget in the end of 2022 to provide own contribution for the implementation of the projects “Vision 2045 – The schools as drivers of climate neutrality in the cities” and “Services “Energy Manager in the Municipalities””, funds amounting to respectively BGN 17,798.00 and BGN 18,385.00, received pursuant to Regulation No 1 of 04.03.2015 were allocated for co-financing of the project activities.

1.2. Proceeds as per CoM Decision 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 of 29.03.2017, the proceeds for the year 2022 are BGN 189,736.00. The funds are intended for climate change mitigation and adaptation activities, endorsed by the NTEF MB and for administrative support, related to the implementation of these activities.

1.3. Proceeds under Agreement for Sale of Annual Emission Allocations (AEAs) between the Republic of Bulgaria and the Federal Republic of Germany

In accordance with Decision No 814 of 20.10.2022, the proceeds from the Agreement for Sale of Annual Emission Allocations (AEAs) between the Republic of Bulgaria and the Federal Republic of Germany for 2022 amount to BGN 7,406,372.00. The funds are designated for financing of at least 15 (fifteen) municipal schools and kindergartens as a subprogram of the existing Investment Climate Program (ICP). The text of the Agreement contains specification of the energy efficiency and energy saving measures in the municipal schools and kindergartens, which are eligible under the Program. These are interventions that do not qualify for funding under other national, EU or existing programs included in the municipal energy efficiency programs.

1.4. Proceeds under other Programs and projects

“Bridging European and Local Climate Action” (BEACON = PHARE)

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 implementation of the project ended in 2022. 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 2022) is EUR 3,752.34 or BGN 7,338.94 (bank exchange rate – BGN 1.95583/EUR 1).

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 after the final completion of the project activities (for 2022) is EUR 3,013.58 or BGN 5,894.04 (bank's exchange rate - BGN 1.95583/EUR 1).

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 undertake 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 expressed in improved capacity of the local authorities to prepare for extreme climate events and reduce greenhouse gas emissions through upgrading local policies, as well as working with the citizens and implementing innovative investment measures. In 2022, a grant was received under the project related to the reimbursement of funds spent by the NTEF and the partners for the first reporting period 05.02.- 05.11.2022 to the amount of BGN 177,596.10

“Visions 2045 – The Schools as Drivers of Climate Neutrality in the Cities”

The project was funded by the European Climate Initiative (EUKI) of the Federal Ministry of Environment of the Republic of Germany. The grant amount received for 2022 is EUR 8,045.09 or BGN 15,734.84 (bank exchange rate - BGN 1.95583/1 EUR).

Services “Energy manager in the municipalities”

The project was funded by the European Climate Initiative (EUKI) of the Federal Ministry of the Environment of the Republic of Germany. The amount received as a grant, including the funds for the NTEF partners for 2022, is EUR 41,449.86 or BGN 81,068.87 (bank exchange rate BGN 1.95583/1 EUR).

1. Funds allocation

1.1. 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 2022 are BGN 2,272, 251.40. A more detailed cost breakdown is presented in Table 2.1.1 of this section.

During 2022, in connection with the implementation, financing and reporting of the completed public projects under the Energy Efficiency Scheme, BGN 25,965.00 were also spent for ex-ante and ex-post control on the prepared and conducted tender procedures and for an audit of the implemented project proposals.

Table 2.1.1. NTEF-financed payments for projects under the Investment Climate Program during 2022

Project №	Beneficiary/ project/ name	Project budget as per the financing contract (VAT included) BGN	NTEF participation as per the financing contract (VAT included) BGN	Used funds by projects during the current year (2021) BGN
184-3	Implementation of energy efficiency measures in buildings on the territory of Etropole city – Administrative building	631,147.22	397,520.05	390,826.23
330	Implementation of energy efficiency measures in the building of PS “N. Y. Vaptzarov”, Gruevo village, Momchilgrad Municipality	498,476.60	423,705.11	423,678.30
400	Implementation of ESM for provision of quality public & cultural activities by Community Cultural Center “Sv. Sv. Kitil i Metodii-1929”, Shishmantzi village	166,231.99	137,656.61	134,978.15
501	Implementation of ESM, modernization and repair of the street lighting of Gabrovo city under an ESCO contract	3,602,375.04	992,357.84	992,357.84
507	Energy efficiency measures and accompanying activities in the building of SS “Nikola Velchev”, SS “Otetz Paisii” and dining hall, Samokov city	1,925,999.78	1,485,666.32	330,410.88
	Public projects - ICP	6,824,230.63	3,436,905.93	2,272,251.40

During 2022, approx. 58% from the envisaged budget 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 delay in the implementation of the projects under EES of ICP, included in the 2021 budget, following a transfer of funds received in accordance with the procedure in Regulation No 1 / 4.03.2015 is that the investment projects of the majority of the approved forms have been prepared before 2015 and as of now they have expired construction permits – i.e. they should be updated or fully reprocessed due to changes in the regulations in this field.

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

In 2022, 3 (three) all-electric vehicles, category M1 (4+1 seats) or N1 and 8 (eight) electric vehicles category L7e were purchased.

The total amount of the subsidy paid by NTEF for the delivery of the specified vehicles is BGN 231,982.67. The costs are presented in more detail in Table 2.1.2. of this section.

In 2022, in connection with the implementation, financing and reporting on the completed public projects under the Electric Vehicles Scheme, BGN 2,242.50 were spent for carrying out ex-ante and ex-post control on the prepared and conducted tender procedures.

Table 2.1.2: Projects under the Scheme for Promoting the Use of Electric Vehicles, financed by NTEF during 2022

Project/ Name	Number of vehicles	Actual funding amount during 2022
A. Electric automobiles category M1 (4+1 seats) or category N1		
EM 072/ Project for promoting the use of electric vehicles – MES (cat. M1)	1	20,000.00
EM 081 Project for promoting the use of electric vehicles - NSIDCB (cat. M1)	1	20,000.00
EM 090/ Project for promoting the use of electric vehicles – Momchilgrad Municipality (cat. M1)	1	20,000.00
B. Total all-electric vehicles, category L7e		
EM 092/ Project for promoting the use of electric vehicles – Chavdar Municipality -1 pc. L7e+2 pcs. superstructures	1	23,175.00
EM 093/ Project for promoting the use of electric vehicles – Dolni Chiflik-1 pc. L7e+1 pc. superstructure	1	20,620.00
EM 095/ Project for promoting the use of electric vehicles - SM – Slatina Region - 2 pcs. L7e+3 pcs. superstructures	2	44,146.00
EM 098/ Project for promoting the use of electric vehicles – Chiprovtsi Municipality-1 pc. L7e	1	20,000.00
EM 099/ Project for promoting the use of electric vehicles - Blagoevgrad Municipality - 1 pc. L7e+1 pc. superstructure	1	23,000.00
EM 100/ Project for promoting the use of electric vehicles – Tzenovo Municipality - 1 pc. L7e	1	20,000.00
EM 104/ Project for promoting the use of electric vehicles – Byala Slatina - 1 pc.L7e+1 pc. superstructure	1	21,041.67
Total for electric vehicles	11	231,982.67

1.2. Financing of projects under the Investment Program “Mineral Waters”

No projects under the Investment Program “Mineral Waters” were financed during the reporting year 2022. Following the completion of the pilot phase of the Program and the reporting on it during 2022, a resource for launching an admission under the Program has been ensured by a decision of the NTEF Management Board. The final deadline for acceptance of project proposals is February 2023.

1.3. Financing of public projects under Climate Micro Projects Program

During 2022, 3 (three) projects under the Climate Micro Projects Program were completed and paid.

A detailed description of the concluded financing contracts and the reported in 2022 project expenditures for CMPP projects is presented in Table 2.3 of this section.

Table 2.3. Projects under Climate Micro Projects Program, funded by NTEF during 2022

Entry No	Beneficiary/ project/ name	Amount of funding agreed	Funds spent on projects in the current year (2022)
23	Burgas - Development of a Climate Change Adaptation Strategy for the territory of Burgas Municipality and Action Plan 2021-2025	BGN 50,000.00	BGN 0.00
025*	Dobrich - Introduction and improvement of systems for reasonable and efficient management of energy resources in school	BGN 50,000.00	BGN 8,570.48
26	Development of a Waste Management Program (WMP) for the territory of Burgas Municipality	BGN 50,000.00	BGN 33,249.60
29	MEW - WATERS - CLIMATE - DROUGHT - available information and new measures	BGN 50,000.00	BGN 0.00
33	Svoje Municipality - another step towards nature	BGN 50,000.00	BGN 50,000.00.
34	Development of a Sustainable Urban Mobility Management Plan of the Municipality of Burgas 2021 - 2031	BGN 50,000.00	BGN 0.00
35	Installation of a photovoltaic installation for the production of electricity with a total installed capacity of up to 35 kW, installed on the roof of the Bansko municipality building	BGN 50,000.00	BGN 0.00
36	A step in adaptation to climate change - Municipality of Gabrovo	BGN 49,998.00	BGN 0.00
37	Creation of a shared green space (climatic hub) in the courtyard of the 20th Primary School "T.Minkov", Triaditsa district	BGN 50,000.00	BGN 0.00
38	Climate active - Secondary School "P.R. Slaveikov" - Dobrich	BGN 50,000.00	BGN 0.00
39	Introduction of a system for effective management of energy resources and renewable energy resources in the municipal administration building - Yambol	BGN 50,000.00	BGN 0.00
TOTAL		BGN 549,998.00	BGN 91,820.08

*CIW under the project were completed in 2021, Due to the complicated situation resulting from the Covid-19 epidemic and in relation with the implementation of the anti-epidemic measures, the funds (BGN 8,570.48) for conducting the educational campaign were paid in the beginning of 2022r.

During 2022 in connection with the implementation, financing and reporting of the completed projects, BGN 135.00 were also spent for ex-ante and ex-post control on the prepared and conducted tender procedures under the implemented project proposals.

1.4. Used funds to cover the NTEF administrative costs

During 2022, the main sources of funds to cover the NTEF administrative costs were: Investment Climate Program, Investment Program "Mineral Waters", Climate Micro Projects Program, as well as proceeds under Regulation No 1/4.03.2015 in their part related to the fund's administration, as well as the international projects, in whose implementation NTEF EB is taking part.

The presented table for administrative support includes also 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 the Bulgarian schools", as well as funds

for project “Triple A”, project “Municipal energy management systems supporting the sustainable financing of the local climate action” and Predefined project No 3 BGENVIRONMENT-4.001. The total amount of the budgeted funds to cover the NTEF administrative costs for 2022 is BGN 576,736.00 (Table 2.3.).

A total of BGN 456,742.00 million was spent for administrative needs during the past 2022, which are less than the budgeted funds by BGN 119,994.00, which is due to the strongly restrictive policy regarding the cost approval on the part of the Management.

Table 2.4: Implementation of the budget for covering NTEF administrative costs in 2022

Funds Allocation	Plan (BGN)	Report (BGN)	Performance (%)
CURRENT COSTS	576,736	456 742	79%
1. Improving the qualification, remunerations, social security and health insurance	338,482	301,566	89%
a. Staff training		0	
b. Labor remunerations	267,127	248,975	93%
c. Social security and health insurance	51,355	44,565	87%
d. Social allowances pursuant to the Labor Code (LC)	10,200	8,026	79%
e. Occupational health care	4,500		
2. Advisory services	49,000	16,641	34%
3. Maintenance and office costs	95,864	89,063	93%
a. Current office costs (electricity, heating, phones, e-mail, water, internet, postal services, office consumables, etc.)	35,369	41,554	117%
b. Fuels and lubricants (F&L), car maintenance	5,095	6,193	122%
c. Insurance and security	2,038	5,930	291%
d. Office Services (System Administrator, copier, software updates, repairs, etc.)	28,887	31,859	110%
e. Other costs	24,475	3,527	14%
4. Administrative & management costs	73,390	43,417	59%
a. Business trips	18,390	8,508	46%
b. Representation costs			
c. Public relations	15,000	1,169	8%
d. Administrative and financial costs	40,000	33,741	84%
5. Management Board operating costs	20,000	6,054	30%
TOTAL COSTS	576,736	456,742	79%

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 – 9.51%; costs for qualification improvement, remunerations, social security and health insurance – 66.03%; costs for advisory services – 3.64%; maintenance and office costs – 19.50%; operating costs of the Management Board – 1.33%.

The implementation of the budget for the administrative maintenance of the NTEF activity 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	2022	Change	Change
	BGN '000	BGN '000	BGN '000	%
				%
Costs for assets	(0)	(0)	0	0%
Institutional development costs	(0)	(0)	0	0%
Staff costs	(311)	(302)	9	3%
Costs for project implementation consultants	(70)	(17)	53	75%
Maintenance and office costs	(66)	(89)	(23)	35%
Administrative & management costs	(48)	(43)	5	10%
MB-related costs	(6)	(6)	0	0%
Total	(501)	(457)	44	9%

As a whole, the total operating costs of the Fund have been reduced by 9% compared with the same costs for the previous year. The main reason for funds saving is mostly linked to the reduction of the current costs for external services, related to consultations on the current activity under the Programs, administrated by the NTEF EB.

2. NTEF financial status as of 31.12.2022

As of 31.12.2022 the sum of the Fund's assets is BGN 24,930.00 thousand. (31.12.2020 – 14,673.00 thousand), in this number cash and cash equivalents amounting to BGN 24,664.00 thousand (31.12.2021 – BGN 14,627.00 thousand).

The total amount of the NTEF liabilities as of 31.12.2022 equals BGN 24,930.00 thousand, formed mainly from financing in the amount of BGN 24,880.00 thousand (as of 31.12.2021 the total amount of the liabilities is equal to BGN 14 603 thousand, formed mainly from financing in the amount of BGN 14,603.00 thousand).

NTEF cash funds are kept in accounts with UniCredit Bulbank AD, BACB AD and Ziraat bank. As of 31.12.2022, NTEF has in its account with “Bulbank” AD BGN 5,592.00 thousand, in its accounts with BACB AD - BGN 8,620.00 thousand, and in its accounts with Ziraat bank - BGN 10,450.00 thousand. The NTEF cash on hand as of 31.12.2022 amounts to BGN 1,224.00thousand, EUR 183 and NOK 1 000.

The allocation of the funds is shown in Annex 4.

IX.MAIN RISKS RELATED TO THE ACTIVITY OF THE FUND

1. Operational risks

The National Trust Eco Fund is managed by a Management Board, which consists of a Chairman, two vice chairmen and four members. It includes representatives of three ministries at a deputy minister level and of 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. The Regulation 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 for conducting NTEF MB meeting 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 operating 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 also risks related to the necessary costs for the NTEF operation.

2. Risks related to the financial instruments

Risk management related objectives and policy of the Fund's 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 2022, the Fund is not exposed to a risk of a change in the market interest rates.

The credit risk is the risk of defaulting on the payment of a liability to the Fund on the part of a given counterparty (contractor). 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 shown below:

	2022	2021
	BGN '000	BGN '000
Financial assets' groups – balance sheet values:		
Cash and cash equivalents	19 664	14 627
Bank deposit	5 000	-
Receivables	265	45

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 for its obligations. 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 REPORT HAS BEEN DRAWN UP

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

XI. LIKELY FUTURE DEVELOPMENT OF THE FUND

During 2023, the 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 implementation of investment projects in five main directions, namely:

- A combined funding scheme for projects for improving the energy efficiency of public sites is under implementation with the aim to reduce the grant contribution and to attract investment capital through execution of ESCO contracts for energy efficiency or through loans from different sources. The idea is the grant funding from the Fund to be only in the needed amount to make the implementation of these contracts feasible. Such financial instrument is also prepared for the implementation of Project “Municipal energy management systems supporting the financing of the local climate action”,
- Another direction of NTEF’s efforts related to the near future is the implementation of pilot projects, involving the application of the so called International Performance Measurement and Verification Protocol. The main motive for the implementation of this initiative is that it will result in the achievement of several main strategic objectives, related to: strengthening the capacity of the administrations of the relevant beneficiaries due to the need for ensuring the management of these projects; improving the efficiency of the used public resources; guaranteeing the sustainability of the planned results through prescribed management methods during the complete investment life cycle.
- A standardized model for evaluation of energy efficiency projects in their initial phase of development is being implemented. 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 implementation of energy efficiency projects.
- Another direction of the NTEF efforts is related to the implementation of a new model for financing energy efficiency projects related to 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 to 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 climate change related topics.
- Together with this, NTEF will also continue its activities to identify opportunities and attract new sources of funding for existing and new investment programs.
- The NTEF EB team will continue to function as a relatively small but effective body. The increase in the staff number would only be expected, if new activities had to be overtaken in 2023 and in the following years.

XII. ANNEXES

Annex 1 - Forms received for evaluation by the NDEF in 2022 under the Climate Investment Program's Electric Vehicle Promotion Scheme and the Climate Micro-Projects Program

Table 1.1

EM №	Form №	Beneficiary
1	EM 111	Blagoevgrad Municipality
2	EM 113	Municipality of Satovcha
3	EM 119	Municipality of Dolni Chiflik
4	EM 115	Municipality of Balchik
5	EM 112/1	Municipality of Pirdop 1
6	EM 117	Gabrovo Municipality
7	EM 114/2	Municipality of Kardzhali
8	EM 118/2	Gabrovo Municipality 2
9	EM 122/1	Regional administration Kardzhali
10	EM 116	Plovdiv Municipality
11	EM 121	Devin Municipality
12	EM 118/1	Gabrovo Municipality 1
13	EM 123/1	Dobrichka Municipality
14	EM 114/1	Municipality of Kardzhali 1
15	EM 114/3	Municipality of Kardzhali 3
16	EM 131-3	Sofia Municipality
17	EM 132	Municipality of Rousse
18	EM 124	Elin Pelin Municipality
19	EM 127	Municipality of Slivnitsa
20	EM 129	Ministry of Energy
21	EM 125	Aksakovo Municipality
22	EM 130	Sofia Municipality, Vazrajane District
23	EM 126	Municipality of Dolni Chiflik
24	EM 128	Elin Pelin Municipality
25	EM 131-1	Sofia Municipality 1
26	EM 131-2	Sofia Municipality 2

Table 1.2. Forms received for consideration in the NDEF in 2022 under the Climate Microprojects Program

№	Entry №	Place/ Beneficiary	Name of project
1	036	Gabrovo Municipality	A step in adaptation to climate change
2	035	Bansko Municipality	"Installation of a photovoltaic installation for the production of electrical energy with a total installed capacity of up to 35 kW, installed on the roof of the building of the Municipality of Bansko, Bansko"
3	037	Sofia Municipality	Creation of a shared green space (climatic hub) in the courtyard of the 20th Primary School "Todor Minkov", district "Triaditsa"
4	039	Yambol Municipality	Introduction of a system for efficient management of energy resources and implementation of RES in the Municipal Administration building - Yambol
5	038	Secondary School P.R.Slaveykov, Dobrich	Climate Active

* The entry number includes the number of the project proposal for which the respective beneficiary is applying.

Annex 2 Forms approved by the Board of Directors of NDEF in 2022 under the Scheme to promote the use of electric vehicles of the Climate Investment Program

Table 2.1

EM №	Form №	date	Beneficiary	Amount of the requested subsidy
1	EM 110	20/05/2022	Devnya municipality	23,000.00
2	EM 111	30.05.2022	Blagoevgrad Municipality	23,000.00
3	EM 112	30.05.2022	Municipality of Pirdop	46,000.00
5	EM 113	30.05.2022	Municipality of Satovcha	.
6	EM 114	30.05.2022	Municipality of Kardzhali	60,000.00
9	EM 115	30.05.2022	Balchik Municipality	20,000.00
10	EM 116	31.05.2022	Plovdiv Municipality	20,000.00
11	EM 117	31.05.2022	Gabrovo Municipality	20,000.00
12	EM 118	31.05.2022	Gabrovo Municipality	40,000.00
14	EM 119	31.05.2022	Municipality of Dolni Chiflik	21,000.00
15	EM 120	31.05.2022	Municipality of Byala Slatina	20,000.00
16	EM 121	31.05.2022	Devin Municipality	20,000.00
17	EM 122	31.05.2022	Regional administration Kardzhali	40,000.00
19	EM 123	31.05.2022	Dobrichka municipality	60,000.00
22	EM 124	18.10.2022	Elin Pelin Municipality	26,000.00
23	EM 125	31.10.2022	Municipality of Aksakovo	22,152.00
24	EM 126	31.10.2022	Municipality of Dolni Chiflik	20,000.00
25	EM 127	03.11.2022	Municipality of Slivnitsa	20,000.00
26	EM 128	03.11.2022	Elin Pelin Municipality	22,000.00
27	EM 129	03.11.2022	Ministry of Energy	20,000.00
28	EM 130	04.11.2022	Sofia Municipality, District Vazrajane	20,000.00
29	EM 131	04.11.2022	Sofia Municipality	70,000.00
32	EM 132	04.11.2022	Municipality of Rousse	20,000.00
32	23			653,152.00

Table 2.2 Forms approved by the Board of NDEF in 2022 under the Climate Microprojects Program

	Bx. №	Beneficiary	Name of project	Amount	Amount of the requested subsidy
1	MP 033	Municipality of Svoge	Municipality of Svoge - another step towards nature	50,000.00 BGN	50,000.00 BGN
2	MP 034	Burgas municipality	Development of a Sustainable Urban Mobility Management Plan of the Municipality of Burgas 2021-2031	50,000.00 BGN	50,000.00 BGN
3	MP 035	Municipality of Bansko	Installation of a photovoltaic installation for the production of electrical energy with a total installed capacity of up to 35 kW, installed on the roof of the building of the Municipality of Bansko, Bansko	61,138.00 BGN	50,000.00 BGN
4	MP 036	Gabrovo Municipality	A step in adaptation to climate change	49,998.00 BGN	49,998.00 BGN
5	MP 037	Sofia Municipality	Creation of a shared green space (climatic hub) in the courtyard of the 20th Primary School "Todor Minkov", district "Triaditsa"	50,000.00 BGN	50,000.00 BGN
6	MP 038	Secondary school "P. R. Slaveikov" - city of Dobrich	Climate Asset	50,992.00 BGN	50,000.00 BGN
7	MP 039	Yambol municipality	Introduction of a system for efficient management of energy resources and implementation of RES in the Municipal Administration building - Yambol	64,935.00 BGN	50,000.00 BGN
8	MP 041	Ecological Manifesto - ManEco Foundation	Eco Youth	49,886.00 BGN	49,886.00 BGN
9	MP 042	Tryavna municipality	Innovative solutions for adaptation to climate change	49,997.00 BGN	49,997.00 BGN
10	MP 043	Municipality Bobov dol	Implementation of systems for control and management of the microclimate and the consumption of electricity in municipal buildings	49,880.00 BGN	49,880.00 BGN
11	MP 044	Municipality of Elin Pelin	New measures and approaches for adaptation to climate change in the municipality of Elin Pelin	65,000.00 BGN	50,000.00 BGN
11				591,826.00 BGN	549,761.00 BGN

National Trust Eco Fund

FUNDS' ALLOCATION	REPORTING YEAR (2022) IN BGN																
	Plan - Total	Report - Total	Implementation - Total	Admin. Costs - ICP - Plan	Admin. costs ICP - Report	Implementation - ICP in %	Admin. Costs - IPM W Plan	Admin. Costs - IPM W Report	Implementation - IPMW in %	Admin. costs Malta - Plan	Admin. costs Malta - Report	Implementation - Malta in %	Introduction of climate knowledge - Plan	Introduction of climate knowledge - Report	Implementation - BEAC ON B %	AAA - Plan	AAA - Report
	(BGN)	(BGN)	(%)	(BGN)	(BGN)	(%)	(BGN)	(BGN)	(%)	(BGN)	(BGN)	(%)	(BGN)	(BGN)	(%)	(BGN)	(BGN)
Part A - INVESTMENTS																	
1. Tangible Fixed Assets																	
2. Intangible Fixed Assets																	
Part B – INSTITUTIONAL DEVELOPMENT																	
1. Advisory services on institutional development																	
2. Other costs on institutional development																	
Part B – CURRENT COSTS	576,736	456,742	79%	266,872	180,371	68%	5,388	6,989	130%	102,038	11,584	11%	8,900	6,999	79%	0	2,261
1. Improving the EB qualification, вознаграждения, social and health insurance	338,482	301,566	89%	107,795	167,422	155%	3,671	6,847	187%	62,926	10,391	17%	7,000	4,962	71%	0	2,261
a. Staff training	5,000	0	0%	4,100						900		0%					
b. Labor remunerations	267,127	248,975	93%	79,368	141,412	178%	2,943	5,803	197%	49,736	8,785	18%	5,886	4,104	70%		1,938

National Trust Eco Fund

FUNDS' ALLOCATION	REPORTING YEAR (2022) IN BGN																
c. Social and health insurance	51,355	44,565	87%	15,015	26,010	173%	557	1,043	187%	9,410	1,606	17%	1,114	858	77%		323
d. Social allowances according to the Labor Code (LC)	10,200	8,026	79%	6,308		0%	114		0%	1,920		0%					
e. Occupational health care	4,800	0	0%	3,004		0%	57		0%	960		0%					
2. Advisory services	49,000	16,641	34%	43,000	4,510	10%		143		4,000	135	3%		1,609			
3. Maintenance and office costs	95,864	89,063	93%	58,614	1,934	3%	1,007	0	0%	17,032	0	0%	1,900	428	23%	0	0
a. Electric heating, phones, e-mail, water, etc.	35,369	41,554	117%	20,177	104	1%	349		0%	5,900		0%	665	320	48%		
b. F&L and automobile maintenance	5,095	6,193	122%	3,130	1,830	58%	59		0%	1,000		0%	95	108	114%		
c. Property insurance and security	2,038	5,930	291%	1,251		0%	24		0%	400		0%	38		0%		
d. Office servicing	28,887	31,859	110%	17,687		0%	334		0%	5,652		0%	627		0%		
e. Other costs	24,475	3,527	14%	16,369		0%	241		0%	4,080		0%	475		0%		
4. Administrative-management costs	73,390	43,417	59%	44,946	1,489	3%	473	0	0%	14,080	20	0%	0	0		0	0
a. Posting	18,390	8,508	46%	7,910	489	6%				3,080	20						
b. Representation costs		0															
c. Public relations	15,000	1,169	8%	12,000	1,000	8%				3,000		0%					
d. Administrative and financial costs (in this number audit)	40,000	33,741	84%	25,036		0%	473		0%	8,000		0%					
				12,517													
5. MB activity related costs	20,000	6,054	30%		5,015	40%	237		0%	4,000	1,039						

National Trust Eco Fund

FUNDS' ALLOCATION	REPORTING YEAR (2022) IN BGN															
Part D - RESERVE																
TOTAL	576,73 6	456,74 2	79%	266,87 2	180,37 1	68%	5,388	6,989	130%	102,03 8	11,584	11%	8,900	6,999	79%	0 2,261

FUNDS' ALLOCATION	REPORTING YEAR (2022) IN BGN									
	Implement- ation - AAA B %	EUKI MEMS - Plan	EUKI MEMS - Report	Implemen- tation - EUKI MEMS B %	EEA - Plan	EEA - Report	Implemen- tation - EEA B %	BeSmart - Plan	BeSmart - Report	Implemen- tation - BeSmart B %
	(%)	(BGN)	(BGN)	(%)	(BGN)	(BGN)	(%)	(BGN)	(BGN)	(%)
Part A - INVESTMENTS										
1.Tangible Fixed Assets										
2. Intangible Fixed Assets										
Part B – INSTITUTIONAL DEVELOPMENT										
1. Advisory services on institutional development										
2. Other costs on institutional development										
Part B – CURRENT COSTS		9,900	13,732	139%	87,500	93,272	107%	69,594	10,951	16%

National Trust Eco Fund

FUNDS' ALLOCATION	REPORTING YEAR (2022) IN BGN									
1. Improving the EB qualification, възнаграждения, social and health insurance		8,353	13,236	158%	70,948	69,313	98%	54,734	10,130	19%
a. Staff training										
b. Labor remunerations		6,895	11,329	164%	58,863	59,265	101%	44,986	8,669	19%
c. Social and health insurance		1,305	1,907	146%	11,137	10,048	90%	8,512	1,462	17%
d. Social allowances according to the Labor Code (LC)		102		0%	632		0%	824		0%
e. Occupational health care		51		0%	316		0%	412		0%
2. Advisory services			113		2,000	2,685	134%			
3. Maintenance and office costs		908	123	14%	5,604	17,996	321%	7,310	437	6%
a. Electric heating, phones, e-mail, water, etc.		316		0%	1,941	17,803	917%	2,532		0%
b. F&L and automobile maintenance		53	123	232%	329		0%	429	437	102%
c. Property insurance and security		21		0%	132		0%	172		0%
d. Office servicing		301		0%	1,860		0%	2,426		0%
e. Other costs		217		0%	1,342	193	14%	1,751		0%
4. Administrative-management costs		426	260	61%	7,632	3,279	43%	5,833	384	7%
a. Posting			260		5,000	2,828		2,400	384	
b. Representation costs										
c. Public relations										
d. Administrative and financial costs (in this number audit)		426		0%	2,632	450	17%	3,433		0%

National Trust Eco Fund

FUNDS' ALLOCATION	REPORTING YEAR (2022) IN BGN									
5. MB activity related costs		213			1,316			1,717		
Part D - RESERVE										
TOTAL		9,900	13,732	139%	87,500	93,272	107%	69,594	10,951	16%

FUNDS' ALLOCATION	REPORTING YEAR (2022) IN BGN											
	MENER- GERS - Plan	MENER- GERS - Report	Implemen- tation - MENER- GERS	VISIONS 2045 - Plan	VISIONS 2045 - Report	Implemen- tation - VISIONS 2045	TFA - Plan	TFA - Report	Implementation - TFA in %	Alloc. - Plan	Alloc. - Report	Implementation alloc. in %
	(BGN)	(BGN)	(%)	(BGN)	(BGN)	(%)	(BGN)	(BGN)	(%)	(BGN)	(BGN)	(%)
Part A - INVESTMENTS												
1. Tangible Fixed Assets												
2. Intangible Fixed Assets												
Part B – INSTITUTIONAL DEVELOPMENT												
1. Advisory services on institutional development												
2. Other costs on institutional development												
Part B – CURRENT COSTS	14,343	5,754	40%	12,201	4,032	33%	0	827		0	119,970	

National Trust Eco Fund

FUNDS' ALLOCATION	REPORTING YEAR (2022) IN BGN											
1. Improving the EB qualification, възнаграждения, social and health insurance	12,630	5,025	40%	10,425	3,954	38%	0	0		0	8,026	
a. Staff training												
b. Labor remunerations	10,119	4,285	42%	8,331	3,386	41%						
c. Social and health insurance	2,361	740	31%	1,944	568	29%						
d. Social allowances according to the Labor Code (LC)	150			150							8,026	
e. Occupational health care												
2. Advisory services		730			78						6,640	
3. Maintenance and office costs	1,713	0	0%	1,776	0	0%	0	827		0	67,319	
a. Electric heating, phones, e-mail, water, etc.	1,713		0%	1,776		0%					23,328	
b. F&L and automobile maintenance											3,696	
c. Property insurance and security											5,930	
d. Office servicing											31,859	
e. Other costs								827			2,506	
4. Administrative-management costs	0	0		0	0		0	0		0	37,986	
a. Posting					0						4,527	
b. Representation costs												
c. Public relations											169	
d. Administrative and financial costs (in this number audit)											33,290	

National Trust Eco Fund

FUNDS' ALLOCATION	REPORTING YEAR (2022) IN BGN											
5. MB activity related costs												
Part D - RESERVE												
TOTAL	14,343	5,754	40%	12,201	4,032	33%	0	827		0	119,970	

Table 3.2

FUNDS' ALLOCATION	Previous year (2021)			Reporting year (2022)		
	Plan (BGN)	Report (BGN)	Implementation (%)	Plan (BGN)	Report (BGN)	Implementation (%)
Part A - INVESTMENTS						
1. Tangible fixed assets 2. Intangible fixed assets						
Part B – INSTITUTIONAL DEVELOPMENT						
1. Advisory services on institutional development 2. Other costs on institutional development						
Part C – CURRENT COSTS	556,468	501,058	90%	576,736	456,742	79%
1. Improving the EB qualification, remunerations, social and health insurance	336,408	311,117	92%	338,482	301,566	89%

National Trust Eco Fund

FUNDS' ALLOCATION	Previous year (2021)			Reporting year (2022)		
	Plan (BGN)	Report (BGN)	Implementation (%)	Plan (BGN)	Report (BGN)	Implementation (%)
a. Staff training		0			0	
b. Labor remunerations	269,011	256,446	95%	267,127	248,975	93%
c. Social and health insurance	50,897	45,653	90%	51,355	44,565	87%
d. Social allowances according to the Labor Code	10,000	9,019	90%	10,200	8,026	79%
e. Occupational health care	4,500			4,500		
2. Advisory services related to the project selection and implementation	61,560	70,426	114%	49,000	16,641	34%
3. Maintenance and office costs, overhead costs	72,800	65,909	91%	95,864	89,063	93%
a. Electricity, heating, phones, e-mail, water, etc.	19,800	21,557	109%	35,369	41,554	117%
b. F&L and automobile maintenance	4,500	3,548	79%	5,095	6,193	122%
c. Property insurance and security	2,100	1,147	55%	2,038	5,930	291%
d. Office consumables and services	26,000	35,495	137%	28,887	31,859	110%
e. Other costs	20,400	4,162	20%	24,475	3,527	14%
4. Administrative –management costs	68,200	47,713	70%	73,390	43,417	59%
a. Postings	13,200	12,060	91%	18,390	8,508	46%
b. Representation costs						
c. Public procurement	15,000	4,924	33%	15,000	1,169	8%
d. Administrative	40,000	30,730	77%	40,000	33,741	84%

National Trust Eco Fund

FUNDS' ALLOCATION	Previous year (2021)			Reporting year (2022)		
	Plan (BGN)	Report (BGN)	Implementation (%)	Plan (BGN)	Report (BGN)	Implementation (%)
5. MB activity related costs	17,500	5,892	34%	20,000	6,054	30%
Part D - RESERVE [4% of (A+B+C)]	0	0	0	0	0	0
TOTAL COSTS	556,468	501,058	90%	576,736	456,742	79%
Net costs:	556,468	501,058	90%	576,736	456,742	79%

Annex 4 - Reference for the financial resources of NTEF as of 31.12.2022

Cash available in the bank accounts and treasury of NTEF: BGN 19,663,934.79
Amount of deposited funds in BGN, according to Table 1: BGN 5,000,000.00
All BGN as of 31.12.2020: BGN 24,663,934.79

Table 1 Monthly deposits in BGN:

Deposit Account №	Date of deposit	Amount	Expected interest for the period	Maturity	Annual interest % for the period
BG50TCZB93502002769400	12.8.2022	5 000 000.00	10 000.00	12.2.2023	0.40%



Cycle cinema together with the International Society "Elias Canetti" in Ruse



The Visitor Center of Rila National Park in Panichishte - creative seminar "With the inspiration of Mimi Pramatarova look ahead"

НАЦИОНАЛЕН
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ЕКО ФОНД



NATIONAL
TRUST
ECO FUND

INDEPENDENT AUDITOR'S REPORT





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INDEPENDENT AUDITOR'S REPORT

**To the shareholders of
NATIONAL TRUST ECOFUND
Sofia**

Report on the Audit of the Financial Statements Opinion

We have audited the financial statements of **NATIONAL TRUST ECOFUND** (the Fund), which comprise the statement of financial position as at 31 December 2022 and the statement of profit or loss and other comprehensive income and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2022 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 scepticism 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

Silvia Dinova
Registered auditor, responsible for the audit

Grant Thornton Ltd.
Audit firm

11 April 2023
Bulgaria, Sofia, 26, Cherni Vrah Blvd.

НАЦИОНАЛЕН
ДОВЕРИТЕЛЕН
EKO ФОНД



NATIONAL
TRUST
ECO FUND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON

31 DECEMBER 2022



**Statement of financial position
for the year ended on 31 December**

Assets	Note	2022 BGN'000	2021 BGN'000
Non-current assets			
Machinery and equipment	5	-	1
Non-current assets		-	1
Current assets			
Receivables	10	265	45
Term deposits	7	5 000	-
Cash and cash equivalents	7	19 664	14 627
Current assets		24 929	14 672
Total assets		24 929	14 673
Liabilities			
Current liabilities			
Funding	8	24 879	14 603
Employee obligations	9.2	50	45
Trade and other payables	10	-	25
Current liabilities		24 929	14 673
Total liabilities		24 929	14 673

Prepared by: _____ Executive Director: _____
 (Svetlana Pavlova) (Irena Pencheva)
 Date: 31 January 2023

Auditor's report issued on 11 April 2023
 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 on 31 December**

	Note	2022 BGN'000	2021 BGN'000
Revenue from funding for programs	11	2 624	1 972
Revenue from funding for administrative expenditure and institutional development	11	319	229
Revenue from external financing of projects	11	215	270
Revenue from financing of non - current assets	5,6,11	1	2
Project financing costs	12	(2 556)	(1 972)
Cost of materials	13	(34)	(12)
Hired services expenses	14	(244)	(174)
Employee benefits expenses	9.1	(299)	(295)
Depreciation, amortization and impairment of non-financial assets	5,6	(1)	(2)
Other expenses	15	(15)	(17)
Finance costs	16	(11)	(1)
Net result for the year		-	-
Total comprehensive income for the year		-	-

Prepared by: _____ Executive Director: _____
 (Svetlana Pavlova) (Irena Pencheva)
 Date: 31 January 2023

Auditor's report issued on 11 April 2023
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**Statement of cash flows
for the year ended on 31 December**

	Note	2022 BGN'000	2021 BGN'000
Operating activities			
Target funding received IPC		7 406	-
Target funding received Aviation quotas		5 557	3 833
Target funding received Malta		190	347
Other funding received		282	255
Payment for project financing	12	(2 768)	(1 932)
Payments to contractors in connection with administrative support and project implementation		(313)	(229)
Payments to employees and social security institutions		(320)	(348)
Other payments, net		3	(2)
Net cash flow from operating activities		10 037	1 924
Operating activities			
Repayments of term deposits		(5 000)	-
Cash flow from operating activities		(5 000)	-
Net change in cash and cash equivalents		5 037	1 924
Cash and cash equivalents, beginning of year		14 627	12 703
Cash and cash equivalents, end of year	7	19 664	14 627

Prepared by: _____ Executive Director: _____
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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 31.12.2022 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, according to Art. 8 (1) of the ORDINANCE on the structure and activity of the National Trust Ecofund;
- Representative of the Bulgarian Academy of Science (BAS) – Professor Nikola Malinovski, deputy chairman of the Management Board, according to Art. 8 (2) of the ORDINANCE on the structure and activity of the National Trust Ecofund;
- Representative of the Ministry of Finance (MF) – deputy minister Marinela Petrova, , replaced by deputy minister Ivaylo Hristov, replaced by deputy minister Daniela Dobрева;
- Representative of the Ministry of Energy – deputy minister Zhecho Stankov, replaced by deputy minister Iva Petrova;
- Representative of the non-government ecological organizations – Mrs. Lyubomira Kolcheva – director of the "EcoObshnost" Foundation";
- Representative of the National Association of Municipalities in the Republic of Bulgaria (NAMRB) – Mrs. Silvia Georgieva - Executive director of NAMRB.

Executive Bureau:

Executive 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	- Radoslava Mitrova
Expert projects management	- 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 Executive Director of the EB – Mrs. Irena Pencheva.

As of 31.12.2022 the total number of personnel is 8 people (31.12.2021 - 7).

1.2. Nature of operations

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.
- e) Targeted financing under the Agreement for the sale of an annual allocated amount of emissions between the Republic of Bulgaria and the Federal Republic of Germany RMS 814/21.10.2022.

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 2021) unless otherwise stated.

During the reporting period, the company's operations were affected by the global Covid-19 pandemic. In early 2020, due to the spread of a new coronavirus (Covid-19) worldwide, difficulties arose in the business and economic activities

of a number of enterprises and entire economic sectors. On March 11, 2020, the World Health Organization announced the presence of a coronavirus pandemic (Covid-19).

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

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

Emergency epidemic situation in Bulgaria from 14 May 2020 to 30 April 2021

On May 13, 2020, the Council of Ministers declared a state of emergency from May 14, 2020, which was periodically extended before its expiration. The last extension of the state of emergency by the government until March 31, 2022. As of the date of preparation of this financial statement there were no restrictions related to the pandemic.

Effect of Covid-19 on the Fund's financial statements in 2022

The initial impact was related to restrictions related to non-compliance with the deadlines for the implementation of the projects that are financed under the programs administered by NDEF, as well as restrictions related to travel and the implementation of educational exchanges with the partners of the educational projects implemented under the international programs. Travel bans, quarantine measures and restrictions that have come into effect have disrupted supply chains. In 2022, the restrictions were lifted and their impact on the Fund's activity and its annual financial statements is not significant.

Compliance with the going concern principle

The financial statements comply with the principle of a going concern and taking into account the possible effects of external factors.

The Covid-19 coronavirus pandemic has led to significant volatility in the financial and commodity markets in Bulgaria and globally. Various governments, including Bulgaria, have announced measures to provide both financial and non-financial assistance to affected sectors and affected business organizations. No future impacts on the Fund's business model, supply chain, legal and contractual relationships, employees, customers and working capital are expected as a result of Covid-19.

The conflict between Russia and Ukraine has had a significant impact on the global economy in various ways, mainly related to the prices of energy resources. Rising prices and inflation in the global economy are likely to have a wide-ranging impact on the entire economy related to the business model, supply chain, legal and contractual issues, employees, consumers and working capital.

In these circumstances, the Fund's management has analyzed and assessed the Fund's ability to continue as a going concern based on the information available for the foreseeable future, and management expects that the Fund has sufficient financial resources, secure and long-term financing mechanisms to continue its operational activity in the near future and continues to apply the going concern principle in the preparation of 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 2022, two calls for admission under the Scheme for the Promotion of the Use of Electric Vehicles in the Public Sector (CEM) were published, during which 30 application forms were accepted. During the reporting year, the Commission for Selection and Reporting of Project Implementation reviewed 30 CEM forms, on which proposals for the purchase of 32 vehicles were considered.

Under the Scheme for improving the energy efficiency of buildings and other objects, no invitations for admission have been announced, due to the lack of free funds for financing project proposals.

Following the completion of the pilot phase of the **Mineral Waters Investment Program** in 2019, no invitations were announced in 2021 and 2022 due to the lack of a permanent source of funding for projects. In 2022, 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.

And in 2022, the implementation of the approved projects under the **"Micro-projects for the climate" Program** continued. The funds received in accordance with the Agreement on the transfer of an 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 No. 175/29.III.2017, are spent on mitigation activities and adaptation to the amendment of the climate. In the reporting year 2022, three projects with the financial support of NDEF in the amount of BGN 91,820 were completed and reported.

In addition to the implementation of the programs in which NTEF is a financing organization, in 2022 the implementation of projects with external financing continued.

The project "Bridging European and Local Climate Action (BEACON = FAR)" was successfully completed. After the difficult situation with the pandemic situation of the previous two years, the implementation period was extended to February 2022. Maximum flexibility and creativity had to be shown to conduct a virtual study trip. The hosts from the UfU - Independent Institute for the Environment in Berlin, pre-filmed video materials about the sites that were intended to be "visited" and in online session held a discussion with the Bulgarian participants. It was published in Bulgarian by the lead project partner from Germany and delivered to NTEF and the main publication of the project, the comic "Challenges of Climate Change". In 2022, the publication was distributed in Bulgaria.

Triple A project - Strengthening the value chain of energy efficiency projects in their early stages aims to generate innovative financing schemes and standardization tools to mobilize capital through the use of trust funds.

A key prerequisite for the successful implementation of the Platform was the participation of the NTEF team in testing and calibrating the platform with projects from the NTEF portfolio. 7 (seven) projects were identified, meeting all the requirements for "Triple A" projects.

In 2022, work continued with activities to increase capacity and develop documents with recommendations for European energy efficiency policies.

The successful completion of the project was announced with the hybrid final conference in May 2022.

Project "Municipal Energy Management Systems Supporting Sustainable Financing of Local Climate Action" is funded by the European Climate Initiative (EUKI). The leading partner is the Enefect Center for Energy Efficiency Foundation. The National Ecofund Trust is a partner, together with the Fraunhofer Institute for Building Physics in Germany.

The project aims to develop an individual model for an integrated municipal energy management system based on the well-known energy management standard - ISO 50001.

In early 2022, project activities were completed, including:

- Preparation of updates in the OP of the IPC, initiated by the financial model developed by the NTEF team;
- Participation in a two-day seminar in Borovets, promoting the financial model developed by NTEF for evaluating energy efficiency projects and determining the necessary size of the BFP for its successful implementation.

Redefined project No. 3 "Implementation of innovative measures for mitigation and adaptation to climate change in municipalities in Bulgaria" under the "Environmental Protection and Climate Change" program, financed by the Financial Mechanism of the European Economic Area, started in February 2021. Its main objective is to improve the capacity of local authorities to plan and identify creative and innovative solutions for urban development falling within the strategies and municipal plans for climate mitigation. The leading partner is NTEF. The donor partner is the Norwegian Association of Regional and Local Authorities (KS). The remaining partners in the project are the eight large municipalities in the Republic of Bulgaria (Capital Municipality, Plovdiv, Varna, Burgas, Stara Zagora, Ruse, Kardjali and Sliven).

During the reporting year 2022, the planned trainings and study trips for the eight partner municipalities were carried out, the review of strategic urban planning documents was completed, innovative investment measures (urban development projects) were identified and selected in the eight partner municipalities, expert consultation meetings were held in the eight the cities where pilot investment measures for adaptation to climate change are to be implemented. Technical specifications of the innovative projects were drawn up and the process for selecting contractors for the innovative investment measures was launched.

Project "Bulgarian Energy Efficiency Forum for Smart Financing for Smart Buildings" (BeSmart) is financed by Horizon 2020. The aim is to generate innovative decision-making schemes and standardization tools in order to mobilize capital, by using trust funds. The leading partner in the project is the Center for Energy Efficiency EnEffect. In addition to NTEF, 10 other organizations are partners in the project, including state agencies, municipalities, NGOs from Bulgaria.

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

- Organizing seminars to present the above schemes and tools;
- Identifying and supporting the development of pilot projects for the purpose of bank lending.

In 2022, NTEF participated in four round tables, at which it presented the Fund's new financial instruments, including the financing model developed under the project "Municipal energy management systems supporting sustainable financing of local climate actions".

3. Changes in accounting policies

3.1. New Standards adopted as at 1 January 2022

The Fund has adopted the following new standards, amendments and clarifications to IFRS issued by the International Accounting Standards Board and approved by the EU, which are relevant and effective for the Company's financial statements for the annual period beginning on January 1, 2022, but do not have significant impact on the Company's financial results or positions:

- Amendments to IFRS 3 Business Combinations, IAS 16 Property, plant and equipment, IAS 37 Provision, contingent liabilities and contingent effective from 1 January 2022 adopted by the EU
- Annual improvements 2018-2020 effective 1 January 2022 adopted by the EU

3.2 Standards, amendments and clarifications that have not yet entered into force and are not applied from an earlier date by the Fund

At the date of approval of these financial statements, new standards, amendments and clarifications to existing standards have been published, but are not yet effective or have not been adopted by the EU for the financial year commencing 1 January 2022 and have not been implemented from an earlier date than 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 during the first period starting 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 17 "Insurance Contracts" effective from 1 January 2023, adopted by the EU
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies effective from 1 January 2023, 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, adopted by the EU
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction effective from 1 January 2023 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 adopted by the EU
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current effective not earlier than 1 January 2024 not yet adopted by the EU
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback effective not earlier than 1 January 2024 not yet adopted by the EU
- Amendments to IFRS 14 "Regulatory deferral accounts" effective from 1 January 2016, not adopted by the EU

4. Significant accounting policies

4.1. Overall considerations

The 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 ultimately differ from those estimates.

4.2. Presentation of financial statements

The financial statements have been 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 as a single statement.

4.3. Foreign currency translation

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

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

Financing aimed at compensating the Fund for currently incurred costs is recognized as income in the same period in which the corresponding costs incurred, the compensation of which is the purpose of the funding: the incurred costs related to the implementation and accounting of the financed projects for environmental protection and administrative expenses for maintenance and management of the funds provided by the NTEF.

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

4.5. Interest income

Interest income is currently reported using the effective interest method, in accordance with the requirements of IFRS 9 "Financial Instruments". They are presented in the report on a net basis, as a reduction of financial costs.

4.6. Operating expenses

Operating expenses include budget costs for financing investment projects of beneficiaries, budget costs for the implementation of projects for which the Fund is a beneficiary and administrative costs. They are recognized as current costs on the date of their occurrence and refer to the financing with which they are related.

The budget costs for financing projects of beneficiaries under the Fund's investment programs refer to each project as they arise. These costs are carried out in accordance with the concluded contracts with beneficiaries and contractors and include:

- the grant-in-aid provided to the beneficiaries in accordance with the budgets of the projects approved by the Board and the contracts concluded with beneficiaries and contractors under the programs managed by the Fund. The amount of the granted financial assistance is determined after examining the reports of the beneficiaries and determining the allowable costs of the projects by the Fund's experts and is confirmed by the external auditors;
- expenses related to payments to external contractors in connection with the implementation and reporting of the projects, including consulting services related to preparation and coordination of the tender

documentation, implementation of subsequent control of the conducted procedure and assigned audit of the project implementation.

The budget costs for the implementation of projects for which the Fund is a beneficiary refer to each project as they arise. These expenditures are carried out in accordance with the contracts concluded with the donors and contractors and are carried out in accordance with the approved direct expenditure budgets. The budget costs for project implementation include:

- remuneration costs, which represent the part of the costs of salaries and insurances of the experts performing project activities, determined in accordance with the time worked on each project;
- hired services expenses, which represent fees of external experts for the preparation of teaching aids and participation in trainings;
- travel expenses, which include business trips of experts and project participants 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:
 - Cost of materials – include electricity and heat, stationery and other office maintenance materials, car maintenance materials;
 - Hired services expenses – include legal and translation services, accounting services, costs for telephones, internet, postal and courier services, IT system support, security, insurance, etc.;
 - Amortization costs – the reported wear and tear of tangible and intangible assets;
 - Personnel obligations - the accrued funds for remuneration and insurance for each member of the Fund's staff;
 - Other expenses – expenses for business trips, organization of events, service of bank accounts.

Administrative costs are defined as direct and allocable.

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

- Cost of materials – stationery and other materials for organizing events on a specific project or program;
- Hired services expenses – fees of experts, remuneration of the members of the Board of Directors and the CPC, legal, translation, courier and other services related to a specific project or program, as well as the costs of the activities of the Fund's Management Board;
- Personnel obligations - the accrued funds for remuneration and insurance for each member of the staff of the Fund and the chairman of the management board are distributed on the basis of the time worked for each specific project or program. The Fund has introduced a time reporting system and monthly reports are prepared for staff time worked for individual programs and projects, on the basis of which all remuneration and insurance costs are attributed to specific programs and projects at the time of their recognition. Personnel obligations are not allowed to be counted as allocable administrative costs;
- Other expenses – expenses for business trips and events refer to the specific projects or programs with which they are related at the time of their occurrence, banking expenses for currency differences refer to the specific programs or projects with which banking operations are related.

Allocable 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:

- Cost of materials – electricity and heat, stationery and other office maintenance materials, car maintenance materials;
- Hired services expenses – legal and translation services for general opinions and activities, including preparation of project proposals, accounting services, costs for telephones, internet, postal and courier services, IT system support, security, insurance;
- Amortization costs – the reported wear and tear of tangible and intangible assets;
- Other expenses – related to the organization of events and preparation of project proposals, fees for servicing bank accounts.

Allocable administrative costs are allocated to programs and projects in two stages:

Stage 1: Allocable administrative costs for projects for which the Fund is a beneficiary. Allocable costs for projects in which the Fund is a beneficiary are allocated 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 allocated direct administrative costs, which form the own contribution to the project, it also refers to allocable administrative costs up to covering the total recognized amount on the project report, including recognized undocumented costs (overhead) in the amount of 11 % for the projects financed by the EUKI program and 25% for the other projects.

Stage 2: Allocable administrative costs for programs for which the Fund is a donor. Allocable costs for programs to which the Fund is a donor are allocated to each program based on the total time spent by the Fund's staff on those programs, in accordance with the monthly staff time reports.

The monitoring of the implementation of the direct and indirect operating costs under the individual programs is carried out on an annual basis in the Financial Report for the implementation of the budget approved by the Board of Directors of NTEF. The annual budget of the NTEF is prepared in strict compliance with the financial rules for the distribution of funds defined in the Decisions/Resolutions of the Council of Ministers and Ordinance No. 1 of 03/04/2015 applicable to the individual programs.

4.7. Intangible assets

Intangible assets include software and internet portal. They are accounted for using the cost model. The cost comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use, whereby capitalized costs are amortized on a straight-line basis over their estimated useful lives, as these assets are considered finite.

After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment losses. Impairment losses are recognised in the statement of profit or loss/ statement of profit or loss and other comprehensive income for the respective period.

Subsequent expenditure on an intangible asset after its purchase or its completion is expensed as incurred unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured reliably and attributed to the asset. If these two conditions are met, the subsequent expenditure is added to the carrying amount of the intangible asset.

Residual values and useful lives are reviewed by the management 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
- Others 3 years

The recognition threshold adopted by the Fund for the 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 plant and equipment is carried at its cost less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Impairment losses are recognised in the statement of profit or loss and other comprehensive income 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 the originally assessed standard of performance. All other subsequent expenditure is recognised as incurred.

Material residual value estimates and estimates of useful life are updated as required, but at least annually, whether or not the asset is revalued.

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 - 7 years;
- IT equipment – 2 - 3 years;
- Vehicles – 4 years

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

4.9. Impairment tests of machinery and equipment

When calculating the amount of impairment, the Fund defines the smallest distinguishable group of assets for which independent cash flows (cash flow generating unit) can be determined. As a result, some of the assets are subject to an impairment test on an individual basis and others on a cash-generating unit basis.

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 recognised 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 reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by 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 recognised 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 liabilities are recognized when the Fund becomes a party to contractual arrangements involving financial instruments.

A financial asset is derecognised when control over the contractual rights that constitute the financial asset is lost, i.e. when the rights to receive cash flows have expired or the significant part 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 expired.

Financial assets are initially recognized 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 for transaction costs, which are reported as current costs. The initial valuation of trade receivables that do not contain a material financial component represents the transaction price according to 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 in profit or loss depending on whether they are debt or equity instruments.

All income and expenses relating to financial assets that are recognised 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

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions and are not designated as FVTPL:

- they are held 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 amortised 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 recognised at amortized cost unless they contain significant financial components. The Company 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 forward-looking information to recognise expected credit losses – the “expected credit loss” (ECL) model.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost, trade receivables, contract assets recognised 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 Company first identifying a credit loss event. Instead the Company 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 recognised for the first category while “lifetime expected credit losses” are recognised for the second category. Expected credit losses are determined as the difference between all contractual cash flows attributable to the Company 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 there is a contractual obligation to pay cash or another financial asset to another entity or a contractual obligation to exchange financial instruments with another entity under potentially unfavourable terms. All interest-related costs and changes in the fair value of financial instruments, if any, are recognized in the profit or loss of the line "Financial expenses" or "Financial income".

Financial liabilities are subsequently measured at amortized cost using the effective interest method, except for financial instruments held for trading or designated for measurement at fair value through profit or loss, which are measured at fair value through changes in profit or loss.

Trade payables are initially recognized at nominal value and subsequently measured at amortized cost less payments to settle the obligation.

4.11. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current bank accounts, demand deposits and short-term deposits.

4.12. Post-employment benefits and short-term employee benefits

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 Company has not developed and implemented post-employment benefit plans.

Short-term employee benefits, including holiday 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 recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan’s main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

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

4.14. Uncertainty of accounting estimates

In preparing the financial statements, management makes a number of assumptions, estimates and assumptions regarding the recognition and valuation of assets, liabilities, income and expenses.

Actual results may differ from management's assumptions, estimates and assumptions and in rare cases will be completely consistent with previously estimated results.

Information about the material assumptions, estimates and assumptions that have the most significant impact on the recognition and measurement of assets, liabilities, income and expenses is presented 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 life of depreciable assets

As of 31 December 2022 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 BGN '000	Vehicles BGN '000	Fixtures and fittings BGN '000	Total BGN '000
Gross carrying amount				
Balance at 1 January 2022	53	38	16	107
Balance at 31 December 2022	53	38	16	107
Depreciation				
Balance at 1 January 2022	(52)	(38)	(16)	(106)
Depreciation for period	(1)	-	-	(1)
Balance at 31 December 2022	(53)	(38)	(16)	(107)
Carrying amount as of 31 December 2022	-	-	-	-

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

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

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

6. Intangible assets

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

	Internet portal BGN '000	Software BGN '000	Total BGN '000
Gross carrying amount			
Balance at 1 January 2022	38	4	42
Balance at 31 December 2022	38	4	42
Amortization			
Balance at 1 January 2022	(38)	(4)	(42)
Balance at 31 December 2022	(38)	(4)	(42)
Carrying amount as at 31 December 2022	-	-	-

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 2021	38	4	42
Balance at 31 December 2021	38	4	42
Amortization			
Balance at 1 January 2021	(38)	(3)	(41)
Amortization for period	-	(1)	(1)
Balance at 31 December 2021	(38)	(4)	(42)
Carrying amount as at 31 December 2021	-	-	-

7. Term deposits and cash and cash equivalents

	2022 BGN '000	2021 BGN '000
Bank deposits	5 000	-
Term deposits	5 000	-
Cash on bank accounts	19 662	14 626
Cash on hand	2	1
Cash and cash equivalents	19 664	14 627
Term deposits and cash and cash equivalents	24 664	14 627

In 2022, part of the free funds of NTEF were deposited for 6 months with an annual interest of 0.4% in Ziraat Bank. NTEF has no blocked cash and cash equivalents.

8. Conditional Financing

	2022 BGN '000	2021 BGN '000
Undrawn portion of grants for funding of operations, including:		
- undrawn portion of grant for funding operations under Climate Investment Program (CIP)	9 262	9 979
- undrawn portion of grant for funding operations under "Mineral Waters"	4 041	715
- undrawn portion of grant for funding operations under Aviation quotas	2 847	2 757
- undrawn portion of grant for funding operations under agreement with Republic of Malta	1 080	999
- undrawn portion of grant for funding operations - AEA	7 406	-
- undrawn portion of grant for funding operations for projects with external financing	176	85
- financing for acquisition of non-current assets	-	1
- undrawn portion of grant for funding of completed projects	67	67

Carrying amount as at 31 December	24 879	14 603
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Changes in funding during the period include:

	2022	2021
	BGN '000	BGN '000
Carrying amount at 1 January	14 603	12 654
Recognized revenue from financing in the statement of profit or loss and other comprehensive income (Note 11)	(3 159)	(2 473)
Received funding during the period	13 435	4 422
Carrying amount as at 31 December	24 879	14 603

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 and in 2022 another BGN 2 089 thousand was secured from the sale of aviation allowances through an auction in accordance with Ordinance No. 1 from 04/03/2015.
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, in 2022 another 3 337 thousand was secured from the sale of aviation allowances through an auction in accordance with Ordinance No. 1 from 04/03/2015.
3. Provided funding for spending the income from the sale of aviation allowances through an auction in accordance with Ordinance No. 1 from 04/03/2015 from which in 2022 were received BGN 5 557 thousand.
4. Target funding on a project of an annual distribution of emissions between the Republic of Bulgaria and the Republic of Malta under RMS No. 175 / 29.03.2017, from which BGN 190 thousand have been received in 2022.
5. Target funding under the Agreement for the sale of an annual allocated amount of emissions between the Republic of Bulgaria and the Federal Republic of Germany RMS 814/21.10.2022, from which BGN 7,406 thousand were received in 2022.

9. Employee benefits

9.1. Employee benefits expenses

	2022	2021
	BGN '000	BGN '000
Wages	(246)	(251)
Social security costs	(53)	(44)
Employee benefits expenses	(299)	(295)

9.2. Employee obligations

	2022	2021
	BGN '000	BGN '000
Current:		
Salaries	20	15
Unused holiday leaves	19	19
Social security obligations	11	11
Employee obligations	50	45

10. Receivables and payables

	2022	2021
	BGN '000	BGN '000
Receivables from donors for expenses incurred on projects	265	45
	265	45

As receivables from donors for expenses incurred on projects, the accumulated costs under Predefined project No. 3 "Implementation of innovative measures for mitigation and adaptation to climate change in municipalities in Bulgaria" under the program "Protection of the environment and climate change", financed by the financial mechanism of the European Economic Area was launched in February 2021. Its main objective is to improve the capacity of local authorities to plan and identify creative and innovative solutions for urban development falling within the strategies and municipal plans for climate mitigation. NTEF is the leading partner of the project. According to the contract concluded with the program operator, these costs are reported for periods of nine months and claimed for reimbursement by the donor. The last approved report is for the period until August 2022, for the project costs incurred after that, no corresponding financing income has been recognized.

	2022	2021
	BGN '000	BGN '000
Payables to suppliers	-	4
Payables to project beneficiaries	-	21
	<u>-</u>	<u>25</u>

11. Revenue from conditional financing

	2022	2021
	BGN '000	BGN '000
Revenue from funding for programs	2 624	1 972
Revenue from financing for administrative expenses	319	229
Revenue from external financing of projects	215	270
Revenue from financing of non-current assets	1	2
	<u>3 159</u>	<u>2 473</u>

12. Project funding expenses

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

Program	2022	2021
	BGN '000	BGN '000
Financing of public projects under the Climate Investment Program (CIP)	2 532	1 731
Financing of public projects under Program "Micro projects for the climate".	92	241
	<u>2 624</u>	<u>1 972</u>

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)	9 881	5 174	2 532
Financing of public projects under Program "Micro projects for the climate".	600	550	92

Financing of predefined project	320	320	144
	10 801	6 044	2 768

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 2022, the amounts actually paid out to beneficiaries under the Climate Investment Program (CIP) - Energy Efficiency Scheme amount to BGN 2,272 thousand.

The amounts actually paid to Beneficiaries under projects from the Investment Program for Climate (IPC) - Scheme "Electric Cars" amount to BGN 232 thousand.

In 2022, in connection with the implementation, financing and reporting of completed public projects, BGN 21 thousand 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 2022, 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 23 application forms were adopted. During the reporting year, the Committee for Selection and Reporting of the Implementation of the Projects examined 23 CEM forms, of which 26 of the examined 33 vehicles were approved under the Scheme for Promoting the Use of Electric Vehicles in the Public Sector.

A detailed description of the costs reported in 2022 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 in current year (2022)
		BGN	BGN	BGN
184-3	Introduction of energy-saving measures in buildings on the territory of the town of Etropole - Administrative building	631,147.22	397,520.05	390,826.23
330	Implementation of energy efficiency measures in Elementary school "N. Y. Vaptsarov" Gruevo village, Momchilgrad municipality	498,476.60	423,705.11	423,678.30
400	Implementation of EEM for the provision of quality social and cultural activities from the People's Community Center "St. St. Kiril and Metodi-1929"-Shishmantsi village	166,231.99	137,656.61	134,978.15
501	Implementation of energy-saving measures, modernization and repair of street lighting in the city of Gabrovo through a contract with a guaranteed result	3,602,375.04	992,357.84	992,357.84
507	Measures for energy efficiency and accompanying activities in the	1,925,999.78	1,485,666.32	330,410.88

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 in current year (2022)
		BGN	BGN	BGN
	building of "Nikola Velchev" High school, "Otets Paisiy" High school and dining hall, town of Samokov			
	Public projects - CIP	6,824,230.63	3,436,905.93	2,272,251.40

Project / Name	Number of vehicles	Actual amount of funding in 2022
A. Electric cars cat. M1 (4 + 1 seats) or cat. N1		
EM 072/ Project to promote the use of electric vehicles - MES (cat. M1)	1	20,000.00
EM 081*/ Project to promote the use of electric vehicles - NBKSRS (cat. M1)	1	20,000.00
EM 090/ Project to promote the use of electric vehicles - Municipality of Momchilgrad (cat. M1)	1	20,000.00
B. All-electric vehicles, category L7e		
EM 092/ Project to promote the use of electric cars - Municipality of Chavdar-1 pc. L7e+2 pcs. settings	1	23,175.00
EM 093/ Project to promote the use of electric cars - Municipality of Dolni Chiflik-1 pcs. L7e+1 pc. setup	1	20,620.00
EM 095/ Project to promote the use of electric cars - CO - Slatina region - 2 pcs. L7e+3 pcs. settings	2	44,146.00
EM 098/ Project to promote the use of electric vehicles - Municipality of Chiprovtsi-1 psc. L7e	1	20,000.00
EM 099/ Project to promote the use of electric cars - Municipality of Blagoevgrad - 1 pcs. L7e+1 pcs. setting	1	23,000.00
EM 100/ Project to promote the use of electric cars - Municipality Municipality of Tsenovo - 1 pcs. L7e	1	20,000.00
EM 104/ Project to promote the use of electric cars - Municipality of Byala Slatina - 1 pcs. L7e+1 pcs. setting	1	21,041.67
Total for electric vehicles	11	231,982.67

* Projects whose contracts were concluded in 2021 and payment was made in 2022.

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

Spending of funds under this program is based on Decree of the Ministry of the Interior No. 322/24.11.2016. They are for the financing of ecological municipal projects leading to the utilization of the thermal energy of mineral waters. In 2021 and 2022, no projects were implemented under the "Mineral Waters" Investment Program after the completion of the pilot phase of its implementation.

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 and adaptation to them. In 2022, three PMPC projects, launched in 2021, were completed and paid.

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

№ project	Beneficiary/ Project/ Name	Amount under financing agreement with NTEF)	Expenditures on projects (financing) in the current year (2022)
023	Burgas - Development of a Sustainable Energy and Climate Strategy and Action Plan for the period 2021-2030.	50,000.00	0.00
025	Dobrich - Introduction and improvement of systems for reasonable and efficient management of energy resources in school	50,000.00	8,570.48
026	Development of a Waste Management Program (WMP) for the territory of Burgas Municipality. Municipality of Smyadovo-Modernization of street lighting in the town of Smyadovo, municipality of Smyadovo	50,000.00	33,249.60
029	MOES - WATERS - CLIMATE - DROUGHT - available information and new measures	50,000.00	0.00
033	Svoje Municipality - another step towards nature	50,000.00	50,000.00
035	Installation of a photovoltaic installation for the production of electricity with a total installed capacity of up to 35 kW, installed on the roof of the Bansko municipality building	50,000.00	0.00
036	A step in adaptation to climate change - Gabrovo Municipality	49,998.00	0.00
037	Creation of a shared green space (climatic hub) in the yard of the 20 th Elementary school "T.Minkov", Triaditsa district	50,000.00	0.00
038	Climate asset - "P.R. Slaveikov" High school - Dobrich	50,000.00	0.00
039	Introduction of a system for effective management of energy resources and renewable energy resources in the municipal administration building - Yambol	50,000.00	0.00
034	Development of a Sustainable Urban Mobility Management Plan of the Municipality of Burgas 2021 - 2031	50,000.00	0.00

№ project	Beneficiary/ Project/ Name	Amount under financing agreement with NTEF)	Expenditures on projects (financing) in the current year (2022)
	Total for PMPC Projects	549,998.00	91,820.08

13. Cost of materials

	2022 BGN '000	2021 BGN '000
Heat and electricity	(6)	(4)
Fuel, oil and car parts	(6)	(1)
Office supplies	(2)	(2)
Others	(20)	(5)
	<u>(34)</u>	<u>(12)</u>

14. Hired services expenses

	2022 BGN '000	2021 BGN '000
Consulting fees	(75)	(63)
Telecommunication	(5)	(8)
Insurance and security	(13)	(13)
Service-station fees	(34)	(34)
Audit services	(22)	(29)
Organisation of events	(93)	-
Others	(2)	(7)
	<u>(244)</u>	<u>(174)</u>

15. Other expenses

	2022 BGN '000	2021 BGN '000
Business trip expenses	(13)	(12)
Others	(2)	(3)
	<u>(15)</u>	<u>(15)</u>

16. Finance income and finance cost

The finance costs are BGN 12 thousand, 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 thousand was also reported, and in the current financial statements they are presented compensated.

17. Transactions with related parties

Related parties to the Fund are the key management personnel.

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 personnel of the Fund includes the members of the Management Board.

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

	2022	2021
	BGN '000	BGN '000
Short-term remuneration, incl. social security	17	21

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	2022	2021
		BGN '000	BGN '000
Financial assets			
Receivables	10	265	45
Term deposits	7	5 000	
Cash and cash equivalents	7	19 664	14 627
Financial liabilities			
Trade and other payables	10	-	25

19. Main risks related to the Fund's activities

19.1. Risks related to operating activities

Risk management objectives and policies

The Fund is exposed to various types of risks with respect to its financial instruments. 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

As a result of the use of financial instruments the Fund is not exposed to significant market risks and more specifically to the risk of changes in the exchange rate and interest rate risk.

Currency risk

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

Interest rate risk

The Fund's Policy is directed towards minimizing the interest risk arising from long-term financing. As at 31 December 2022 the Fund is not exposed to a risk of change in market interest rates.

19.3. Credit risk

Credit risk is the risk that a counterparty will not pay its obligation to the Fund. The Fund's exposure to credit risk is limited to the amount of the book value of the financial assets recognized at the end of the reporting period.

The fund did not provide its financial assets as collateral.

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

19.4. Liquidity risk

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

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

By the end of 2022, there are financing contracts concluded under the Program, which have not yet completed their implementation. The unspent part of the financing under the ICP Investment Climate Program is BGN 6,928 thousand of which BGN 2,847 thousand is intended for pilot projects, BGN 1,370 thousand is intended for financing medical facility projects, BGN 1 157 thousand are earmarked for the scheme to promote the use of electric cars. BGN 60 thousand remain for the administration of the Fund.

In the period 01.01.2022 - 31.12.2022, 14 public investment projects were fully completed, 10 of which were for electric cars.

In 2022, 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 2022 NTEF did 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 2022, the NTEF has concluded 5 more financing agreements, with those, which have not yet been completed at a total value of BGN 458,177.92

In the period 01.01.2022 - 31.12.2022, 3 projects were fully completed and a grant in the amount of BGN 91 820,08 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 financial statements and the date of their approval for issue.

24. Approval of the financial statements

The financial statement as of 31 December 2022 (including comparative information) were approved by management on 15 February 2023.


 ФИНАНСОВ МЕХАНИЗЪМ НА ЕВРОПЕЙСКОТО ИКОНОМИЧЕСКО ПРОСТРАНСТВО 2014-2021
 МИНИСТЕРСТВО НА ОКОЛНАТА СРЕДА И ВОДИТЕ
 ПРОГРАМА „ОПАЗВАНЕ НА ОКОЛНАТА СРЕДА И КЛИМАТИЧНИ ПРОМЕНИ“
 РАБОТИМ ЗАЕДНО ЗА ПО-ЗЕЛЕНА, ПО-КОНКУРЕНТНА И ПО-ПРИЮЩАВАЩА ЕВРОПА

Работим заедно за **по-зелена,**
по-конкурентна и **по-приющваща Европа**



**ПРИЛАГАНЕ НА ИНОВАТИВНИ МЕРКИ
 ЗА СМЕКЧАВАНЕ И АДАПТАЦИЯ
 КЪМ ИЗМЕНЕНИЕТО НА КЛИМАТА
 В ОБЩИНИТЕ В БЪЛГАРИЯ
 10 ПАРТНЬОРА В 4К**

ЦЕЛ НА ПРОЕКТА:
 Подобряване капацитета на местните власти да планират и идентифицират креативни и иновативни решения за градско развитие и да ги изпълнят, за да смеят въздействието върху климатичните промени и се адаптират към тях.

ПАРТНЬОРИ: Национален доверителен екофонд, Норвежката асоциация на регионалните и местните власти (KS), и общините Бургас, Варна, Хърджали, Пловдив, Русе, Сливен, Стара Загора, София

ОБЩА СТОЙНОСТ НА ПРОЕКТА: 2 800 000 евро, както следва:
 Финансиране от ЕС - ФМ на ЕИП: 85%
 Национално финансиране: 15%

Начало на проекта: февруари 2021 г.
 Край на проекта: април 2024 г.

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 ФИНАНСОВ МЕХАНИЗЪМ НА ЕВРОПЕЙСКОТО ИКОНОМИЧЕСКО ПРОСТРАНСТВО 2014-2021
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