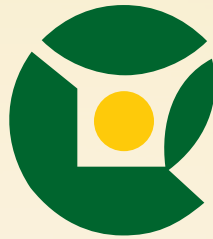


НАЦИОНАЛЕН
ДОВЕРИТЕЛЕН
ЕКО ФОНД



NATIONAL
TRUST
ECO FUND

ANNUAL REPORT

REPORT OF THE INDEPENDENT AUDITOR

FINANCIAL STATEMENTS

31 December 2023



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

In the end of 2011, as a result of the joint efforts of the governments of the Republic of Bulgaria and the Republic of Austria, two deals for sale of Assigned Amounts Units (AAU) with the Republic of Austria pursuant to art. 17 of the Kyoto Protocol were finalized. Under the two deals, 45 public projects in the amount of BGN 32 937 914 have been implemented.

The financial participation of NTEF amounts to BGN 27 147 227. Two projects for energy production from renewable energy sources have also been financed applying the “de minimis” rule. The financial participation of the Fund in them amounts to BGN 757 062.

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

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 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 municipalities in Bulgaria“

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 followup implementation to contribute to the mitigation of the climate change impact.

In implementation of the 2014-2020 Strategy beyond 2015, the NTEF is striving to contribute to the improvement of the environmental management policies, in particular in the field of climate change mitigation and adaptation, energy management introduction at a local level, shaping policies to encourage young people to reduce their carbon footprint. The sources of funding are the European programs (e.g. Horizon 2020), bilateral agreements and the European Climate Initiative (EUKI) of the German Federal Government.

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AUDITOR**

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31 December 2023



Predefined Project No 3 "Implementation of innovative measures to mitigate and adapt to climate change in municipalities in Bulgaria" – Completed site, Burgas

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REPORT

on the activity of the

NATIONAL TRUST ECOFUND

for the period

01 January – 31 December 2023

LIST OF USED ABBREVIATIONS

BAS	Bulgarian Academy of Science
F&L	Fuels and lubricants
ESM	Energy Saving Measures
CCMA	Climate Change Mitigation Act
PPA	Public Procurement Act
EB	Executive Bureau
ICP	Investment Climate Program
IPMW	Investment Program Mineral Waters
CMPP	Climate Micro Projects Program
LC	Labor Code
CEUAIC	Coordination of EU Affairs and International Cooperation Directorate
TFA	Tangible Fixed Assets
MEW	Ministry of Environment and Water
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
PS	Primary School
SS	Secondary School
LSS	Language Secondary School
CMD	Council of Ministers' Decree
CIW	Construction & Installation Works
MB	Management Board
FCF	Full-day Childcare Facility
UfU	Independent Institute for Environmental Issues - Berlin

ANNUAL ACTIVITY REPORT

I. INTRODUCTION

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

The Annual NTEF Report presents the implementation of the Fund's Action Plan and budget for 2023.

Annexes 1 to 6 represent an integral part of the annual report

Director of the Executive Bureau:



Maria Minkova

March, 2024.



*Predefined Project No 3 “Implementation of innovative measures
to mitigate and adapt to climate change in municipalities
in Bulgaria” – Organizing Focus Groups*

II. MANAGEMENT BOARD ACTIVITY

In compliance with the Ordinance on the Structure and Activity of the National Trust Eco Fund, adopted with Council of Ministers (CoM) Decree No 96 of 10.05.2004 (amended with SG No 71 of 10.09.2010 and SG No 81 of 30.09.2014 and SG No 5/19.I.2016, amended, No 47 of 05.06.2018), NTEF's Management Board consists of seven persons, in this number a chairman, two deputy chairmen and four regular members, as well as three alternates. As of the end of the accounting 2023, the composition of the NTEF's Management Board (MB) includes the following members:

- Chairman of NTEF's Management Board – Prof. Dimitar Nenkov, appointed by the Council of Ministers of the Republic of Bulgaria (Decision No 807/ 17.11.2023. By the same Decision, Mrs. Penka Mollova - Smolenova was relieved of her duties following the expiry of her term of office.
- Representative of the Ministry of Environment and Water (MEW) and Deputy Chair of the NTEF – Nikolay Sidzhimov – Deputy Minister of MEW from 19.07.2023, after Reneta Koleva, Deputy Minister until 19.07.2023.
- Representative of the Bulgarian Academy of Sciences (BAS) – Prof. Nikola Malinovski, Deputy Chairman of the Management Board, elected in compliance with Art.8 (2) of ORDINANCE on the structure and activity of the National Trust Eco Fund;
- Representative of the Ministry of Finance (MF) – Deputy Minister Georgi Klisurski after Deputy Minister Daniela Dobрева;
- Representative of the Ministry of Energy – Deputy Minister Iva Petrova;
- Representative of the environmental non-governmental organizations – Mrs. Lyubomira Kolcheva – Director of EcoObshnost Foundation”;
- Representative of the National Association of Municipalities in the Republic of Bulgaria (NAMRB) – Mrs. Silviya Georgieva - Executive Director of NAMRB

Alternate with a voting right from the Ministry of Environment and Water is Mrs. Silvia Rangelova – Director of Directorate “Coordination of European Union affairs and International Cooperation”. Alternate with a voting right from the Ministry of Energy is Mr. Nikolay Nalbantov – Director of Energy Efficiency and Environmental Protection Directorate. Alternate with a voting right from the Ministry of Finance is Mr. Valeri Vulev – State Expert from Real Sector and State Aid Directorate.

Five (5) regular meetings of the Management Board (MB) of NTEF were convened during 2023.

The first meeting, which was held on 23.02.2023, was dedicated to the discussion of the NTEF Operational Plan and NTEF budget for the period 01 January – 31 December 2023. At the same meeting, project proposals under the Climate Micro Projects Program, approved by the Project Selection and Control Committee, were also presented. Projects' implementation reports under the Energy Efficiency Scheme of the Investment Climate Program (ICP) were also presented. Rules for financing projects under the Subprogram “Energy Efficiency of Municipal Schools and Kindergartens (EEMSK) under the Investment Climate Program financed from the proceeds of the Agreement on the transfer of Annual Emissions Allocations (AEAs)

The second meeting of the NTEF MB, held on 11.04.2023, was dedicated to the discussion and approval of the Annual Activity Report and the NTEF Financial Statement for 2023. The project proposals of Garmen, Petrich and Mineralni Bani municipalities for funding under the Investment Program “Mineral Waters” were submitted and approved by the Board. At the same meeting, the proposed additions and amendments to the updated Operational Manual, including the Annexes thereto, were adopted by the NTEF EB. Other decisions of the second meeting were to select an auditor for the projects under the Subprogram “Energy Efficiency of Municipal Schools and Kindergartens” (EEMSK) and to suspend the funding of project No 320 “Implementation of energy efficiency measures on site SS “Otetz Paisii”, Marten city” until the completion of an audit, carried out by the General Directorate “Combating Organized Crime” (GDCOC).

The third meeting took place on 22.08.2023. Decisions were taken to approve and reject project proposals under the Electric Vehicle Promotion Scheme and project proposals under the Climate Micro Projects Program. New calls were approved under the Electric Vehicles Scheme (EVS) to ICP, Energy Efficiency Scheme (EES) to ICP and Investment Program “Mineral Waters”. Discussion has been started on the possibilities for NGOs in public interest to be included as beneficiaries under the NTEF programs, as well as on the expanding of the range of other electric vehicles for public use.

At the fourth NTEF MB meeting, held on 05.10.2023, the project proposals under the Subprogram "Energy Efficiency of Municipal Schools and Kindergartens" (EEMSK) were approved. The possibility to index the cost of the contract for the implementation of project No 507 “Implementation of energy efficiency measures in the building of SS "Nikola Velchev", SS "Otetz Paisii" – Samokov city” using NTEF funding was discussed.

The fifth meeting (of 19.12.2023) was devoted to approving and rejecting project proposals under the Electric Vehicle Promotion Scheme. The discussions on the participation of NGOs in the NTEF programs as grant beneficiaries continued and it was decided to proceed with the studies. The possibility to index the value of the contract for the implementation of project No 507 “Implementation of energy efficiency measures in the building of SS “Nikola Velchev”, SS “Otetz Paisii” – Samokov city” using NTEF funding was discussed again. At that meeting, it was decided to open a competition for the post of NTEF EB director in accordance with the requirements, terms and conditions approved by the Management Board. A decision, related to the deadline (24.01.2024) for the completion of the work of the director selection commission appointed by NTEF was taken.

All MB meetings are duly recorded, signed and archived.

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

During 2023 as well, the implementation and financing of projects under the Investment Climate Program was continued within the framework of the residual unused resource, provided by virtue of CoM decision from 2017 and of funds, ensured with a decision of the NTEF Management Board, from the revenues from sales of allowances for greenhouse gas emissions from aviation activities through a tender under Ordinance No1 of 04.03.2015.

During 2023 as well, the Executive Bureau continued its work on energy efficiency projects, applying European standards for monitoring and verifying of the results.

1. Selection and approval of projects under ICP

1.1. Project portfolio under ICP

Projects under ICP, Energy Efficiency Scheme

In March 2023, by decision of NTEF MB, the Operational Manual was amended and supplemented. The main new developments concern the application under the Energy Efficiency Scheme:

- Projects are recruited through the publication of Calls for proposals, containing the application terms, available budget, deadline for submission of the application forms, the types of sites to be funded and a list of the necessary supporting documents;
- The application is through a form, accompanied by a detailed/technical design, developed pursuant to the Spatial Development Act with enacted building permit or only with an energy efficiency audit;
- The methodology and evaluation criteria have been updated.

On the ground of Decision of NTEF MB of 23.02.2023 on the reallocation of funds from the proceeds under Ordinance No 1/04.03.2015, a call for project proposals was published. The deadline for submission of project proposals is 31.01.2024.

Projects under the Scheme for Promoting the Use of Electric Vehicles

During 2023, two calls for proposals under ICP were published. The first deadline is 05.05.2023, and the second deadline is 02.11.2023. During the reporting year as well the emphasis in the published calls was placed on the purchase of vehicles for activities through which state administrations and municipal authorities achieve maximum environmental and economic effect. Such activities are: daily administrative services, communal activities – park cleaning & maintenance, social patronage, inspections, provision of intra-settlement public transport in settlements with a small passenger flow, etc. During 2023 as well, eligible for financing were electric cars, category M2 and N2 (“light electric vehicles”), all-electric vehicles (buses) - category M2 and N2, vans - category M1 (6+1 и 7+1 seats) and vans/buses with technically permissible maximum mass up to 3.5 t., category N1, small electric trucks - category L7e, as well as different superstructures for cleaning, freight transportation, spraying, etc.

During 2023, 31 application forms were received. With the submitted application forms, the beneficiaries applied for the purchasing of 34 electric vehicles, category M1 or N1 and 19 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, through the assistance of the NTEF MB members, the information channels of the NAMRB and of the non-governmental sector

Projects under Subprogram “Energy Efficiency of Municipal Schools and Kindergartens”

By a decision of the Management Board of 23.02.2023, in accordance with the Agreement on the sale of Annual Emissions Allocations (AEAs) between the Republic of Bulgaria and the Federal Republic of Germany and Decision of the CoM No 814/21.10.2022, Subprogram “Energy Efficiency of Municipal Schools and Kindergartens” has been established within the Investment Climate Program (ICP). Energy efficiency and energy saving measures in municipal schools and kindergartens are eligible for grant funding under the Subprogram. For the purpose of implementing the objectives of the Subprogram, Financing Rules corresponding to the specific requirements of the Agreement have been approved.

In February 2023, a Call for proposals through a competitive selection procedure under the Program “Energy Efficiency of Municipal Schools and Kindergartens (EEMSK)” at the Investment Climate Program (ICP) was launched. As a result, 13 (thirteen) project proposals were received.

The full report on the subprogram is included as Annex 2 pursuant to the requirements of the Agreement.

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

Projects under ICP

In 2023, no meetings of the Standing Committee on the selection, monitoring and reporting of the implementation of projects under the Energy Efficiency Scheme (EES) were held. This is because the deadline for the call for proposals under the announced call expires on 31.01.2024.

The Management Board will take a decision on the approval of EES projects in 2024, following the completion of the work of the Project Evaluation Commission.

Investment Climate Program, Electric Vehicles Scheme (EVS)

In 2023, two (2) meetings of the Standing Committee on Selection, Control and Reporting on the Implementation of the Projects were held (16 June 2023 and 27 October 2023). Thirty-one (31) project proposals under this scheme were then examined.

In 2023, by Decisions of 22.08.2023 and 19.12.2023, the NTEF MB has approved 26 application forms (some of them partially) of projects under the Electric Vehicles Scheme (*Annex 1 – Table 1.2.*).

Subprogram “Energy Efficiency of Municipal Schools and Kindergartens”(EEMSK)”

In 2023, one (1) meeting of the Standing Committee on Selection, Monitoring and Reporting on the Implementation of Projects concerning the EEMSK Subprogram was held (26 September, 2023). Nine (9) of the received 13 (thirteen) project proposals were examined during the meeting. The full report on the subprogram, including the project evaluation and selection process, is included as Annex 2 pursuant to the requirements of the Agreement.

2. Implementation of projects under the Investment Climate Program (ICP) during 2023

Implementation of energy efficiency projects under ICP

During 2023, the National Trust Eco Fund worked on project proposals, approved for financing pursuant to Operational Manual of the program approved in October 2017. The Fund financed energy efficiency projects of public beneficiaries amounting to 85% of their total value, but not exceeding BGN 800,000 according 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.

For the funding of these projects besides the residual reserves from 2022 under ICP, NTEF MB with a decision has allocated a part of the proceeds from sales of aviation emission allowances (Ordinance No 1, Art.1 (2) (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 the 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 initiates the procedure for the contractor's selection. Following the publication of the procedure in the Centralized Automated Information System "Electronic Public Procurement" (CAIS "EPP"), NTEF EB shall revise and, where necessary and upon non-compliance with the given instructions, shall recommend publication of a decision for changing or termination of the procedure, depending on the opportunities provided in the legislation with regard to the individual cases.

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

In the reporting 2023, the NTEF EB worked on different stages of the implementation of 10 (ten) projects under EES of ICP, in this number also on pilot projects with a requested grant amount equal to BGN 5 965 thousand.

As a result of the implementation of the two standard projects under ICP, an annual reduction of the greenhouse gas emissions equal to 788 647 t/CO₂eq for the entire life cycle of the projects has been achieved.

The completed and paid projects in 2023 are as follows:

Project No 289

"Improvement of the energy efficiency of the building of MBAL "Parvomai" EOOD, Parvomai city".

NTEF-provided funding amounts to BGN 514 313.

The project includes the following activities:

- Thermal insulation of facade walls
- Thermal insulation of roof plate.
- ESM on building installations:
 - Optimization of boiler system;
 - Optimization of heating system;
 - Installment of solar system;

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by 691 552 t/CO₂eq for the entire project life cycle.

Project No 295-3

"Implementation of a package of energy saving measures in Administrative building in Oryahovo city, 5 Andrey Chaprazov St.

NTEF-provided funding amounts to BGN 143 445.

The project includes the following activities:

- Thermal insulation of external walls
- Thermal insulation of roof
- Replacement of doors and windows.
- Improvement of the lighting efficiency.

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by 97 095 t/CO₂eq for the entire project life cycle.

Implementation of pilot projects within the Investment Climate Program framework involving application of European standards for monitoring and verification of the results under a project of denkstatt Bulgaria Ltd. under Horizon 2020 Program.

Following the completion of the joint work of the teams of NTEF EB and of denkstatt Bulgaria Ltd. on the preparation of important procedures and documentation necessary for the implementation of the European standards in the energy efficiency field, these were set as basic requirements within documents, such as: Commissioning Plan, Maintenance and Monitoring Plan and Plan for Measurement and Verification of the Achieved Energy Savings. The application of these minimum standards aims to achieve greater efficiency of the public funds invested through stricter control on the project implementation and continuous monitoring throughout the life cycle of the building.

During the reporting 2023 the implementation of Project No 507 "Energy Efficiency Measures" and accompanying activities in the building of SS "Nikola Velchev", SS "Otetz Paisii" and canteen - Samokov city" were continued

The envisaged activities under the project are as follows:

- Replacement of old windows and doors
- Insulation of external walls
- Insulation of roof
- Insulation of floor
- Improving the efficiency of Internal Heating System (IHS) and Household Hot Water (HHW)
- Improving the lighting system efficiency

The CIWs under the project are expected to be completed in the beginning of 2024.

The two schools (accommodated in one building), for which the energy-saving measures are applied, also participate in the NTEF educational initiatives and will serve for analyzing the results from the application of the two innovative approaches during the implementation of ICP projects.

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

In the reporting year, 19 (nineteen) all-electric vehicles of category M1 (4+1 seats) or N1 and 5 (five) all-electric trucks of category L7e with various superstructures were purchased in the course of implementation of the "Electric Vehicles Scheme". The purchasing of the remaining approved electric vehicles is pending.

The implementation of 24 (twenty four) projects with the NTEF financial support amounting to BGN 489 997 has been completed in 2023.

The users of the vehicles under the approved projects are municipalities, municipal administrations, ministries and state agencies, pursuant to the requirements of the Operations Manual under ICP.

Implementation of projects under Subprogram "EEMSK"

With the announcement of the Call for projects in the end of February 2023, the implementation of Subprogram EEMSK was started. Eight projects are at an advanced stage of preparation for funding. During the reporting period, the coordination procedures on the technical design and the tender documentation for two of the projects were completed. Two tender procedures have been announced and are expected to be completed in the first half of 2024. Detailed information on the implementation of these projects is available in the annual progress report on the implementation of EEMSK Subprogram (*Annex 2*).

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

On the basis of the reported results and considering the accumulated experience of the Pilot phase of the "Mineral Waters" Program, as well as the recommendations of the direct beneficiaries (municipalities), the rules for implementing the Program were updated and actions were taken in front of the Government of the Republic of Bulgaria to ensure an annually provided project funding resource under the IPMW. This opportunity was realized only in 2022.

In the beginning of 2022, with the decision of the NTEF MB a part of the funds from the proceeds for the aviation quotas (Ordinance of MEW No. 1/04.03.2015) are allocated to the organization of the receipt of project proposals under the IPMW.

1. Selection and approval of projects under IPMW

1.1. Project portfolio under IPMW

In October 2022 a call for new applications was opened. The deadline for submission of project proposals was 06.02.2023.

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 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.

In 2023, 1 (one) meeting of the Standing Committee on Selection, Control and Reporting on the Implementation of IPMW projects was held, at which 3 (three) of the 8 (eight) IPMW project application forms submitted within the extended deadline of the call were approved by the Executive Bureau. The approved project proposals are from the municipalities of Garmen, Mineralni Bani, Haskovo District and Petrich. (Protocol No 118/04.04.2023 r.). In Annex 3 – Table 3.1 contains the complete list with the submitted application forms.

In 2023, by decision of 11.04.2023 (Protocol No 132), the NTEF MB approved 3 project forms under Investment Program "Mineral Waters" (*Annex 3 – Table 3.2*).

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

In 2023, several main stages from the preparation of the implementation of the approved projects have been completed:

- The preliminary control on the submitted project proposals has been completed (the technical designs have been coordinated);
- The preliminary control on the tender procedures has been carried out;
- Tender procedures have been announced for all three projects.



Project No 289 "Hospital of city of Parvomai"



Project No EV 132 Municipality Russe



Project No EV 136 Municipality Djebel

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

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

In 2023, the last call for applications under this program was launched. A report on the results achieved from the projects' implementation and an analysis of the benefits and lessons learned from the IPMW implementation is going to be prepared.

1. Selection and approval of projects under CMPP

1.1. Project portfolio under CMPP

Under the last program call, announced in 2023, 8 (eight) project proposals for IPMW implementation were received, which were nominated by MB members (*Annex 4 - Table 4.1.*).

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

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

In 2023, two meetings of the Standing Committee on Project Selection, Control and Reporting were held. At these meetings, 11 (eleven) CMPP application forms were considered and assessed. Two forms have not been accepted for evaluation due to their administrative non-compliance with the announced rules in the OM of the Climate Microprojects Program.

The MB has approved 10 (ten) project proposals under the CMPP. The Authority has postponed taking a final decision on the approval of 1 (one) project – the project of Gabrovo Municipality until the project budget finalization. The meetings of the NTEF MB, on which projects for funding were approved were held on 23 February 2023 and 22 August 2023 respectively (*Annex 4 – Table 4.2.*).

2. Implementation of projects under the Climate Micro Projects Program

During the accounting year 2023, 7 (seven) projects were completed and reported with the NTEF financial support in the amount of BGN 331 841.

The completed and paid projects under CMPP in 2023 are as follows:

MP 023 “Developing Sustainable Energy and Climate Strategy and Action Plan for the period 2021 - 2030 of Burgas Municipality”

The overall project goal is to improve sectoral planning for climate change adaptation and increase resilience/minimize the vulnerability of the territory of Burgas Municipality to climate risks. The specific objectives of the project are:

- Assess the possibilities for dealing with climate risks by sector in the territory of Burgas Municipality;
- Formulate a Strategy and Action Plan 2021-2025;
- Improve the institutional and management capacity to implement cross-sectoral coordination for addressing climate change.

The amount of the NTEF-provided funding is in the amount of BGN 43,020.

MP 034 “Developing Sustainable Urban Mobility Management Plan of Burgas Municipality 2021-2031”

The overall project objective is to develop a strategic document of Burgas Municipality, defining objectives and measures for improving the accessibility of urban and suburban areas, ensuring sustainable mobility on the municipal territory and high-quality connectivity beyond the boundaries of the municipal administrative area. The specific objectives of the project are:

- Improve urban mobility management, accessibility and connectivity with suburban, remote and non-municipal areas, providing opportunities for the development of a “functioning” and accessible city;
- Define measures, innovative solutions, scenarios and practices for achieving smart urban mobility, taking into account the principles and approaches for achieving climate neutrality on the territory of Burgas Municipality;
- Improve the institutional and management capacity to implement the principles and approaches for smart urban mobility management in the context of the contemporary European climate change policies. The project is one of the so-called “soft projects”- activities related to climate change mitigation and adaptation and consisting in the development of strategies/programs/reports/analyses.

The amount of the NTEF-provided funding is BGN 50 000.

MP 035 “Installing a photovoltaic system for electricity production with a total installed power ≤ 35 kW, mounted on the roof of the building of Bansko Municipality”

The overall project objective is to create a sustainable model for energy production and consumption, involving balanced use of conventional and renewable energy resources based of modern and innovative energy technologies. The specific objectives of the project are:

- Promotion of investment in the construction of renewable energy installations on the territory of Bansko Municipality by exploring the possibilities for new forms of partnership and popularizing the economic and environmental benefits of energy produced from renewable sources;
- Replacement of conventional sources of electricity; - reduction of annual electricity costs;
- Protection of the environment by reducing greenhouse gas emissions;
- Improvement of the comfort and quality of life of the end-users of the services provided by Municipality of Banko;
- Achievement of sustainable development;
- Building on the municipal capacity to plan, implement and monitor policies to promote and harness renewable energy.

The amount of the NTEF-provided funding is BGN 50 000.

MP 036 “A step in adapting to climate change - Gabrovo Municipality”

A main project objective is to create conditions for adaptation to climate change and reduction of greenhouse gas emissions. The specific objectives of the project are:

- Increasing the use of solar energy for charging mobile devices and lighting;
- Provision of drinking water in one of the most active urban areas;
- Establishing an air monitoring system;
- Increasing public awareness, knowledge and attitudes on climate change mitigation and adaptation.

The amount of the NTEF-provided funding is BGN 44 058.

MP 037 “Creating a shared green space (climate hub) in the courtyard of the 20th PS “T. Minkov”, Triaditsa region, Sofia Municipality

The main project objective is related to the climate change adaptation and in particular to the reduction of the urban heat island effect and the increase in the awareness and commitment of the students and teachers. The specific project objectives are:

- Creation of the green shared space to improve the microclimate in the school area;
- Separation of a climate hub for exchange and promotion of good practice and knowledge, raising students' awareness and commitment for implementation of daily climate change mitigation and adaptation actions.

The amount of the NTEF-provided funding is BGN 49 044.

MP 042 “ Innovative solutions for climate change adaptation in Tryavna Municipality

The main project objective is to create conditions for climate change adaptation and greenhouse gas emissions' reduction. The specific objectives of the project are:

- Promoting resource efficiency and supporting the transition to a low-carbon and climate-resilient economy;
- Facilitating the use of renewable energy sources;
- Advancing the EU's clean and green energy priorities;

The amount of the NTEF-provided funding is BGN 45 839.

MP 043 “Introduction of systems for control and management of the microclimate and electricity consumption in municipal buildings - Bobov Dol Municipality”

The main project objective is the introduction of energy management measures in Bobov Dol Municipality. The specific project objectives are:

- Introduction of a system for monitoring and control of electricity consumption and microclimate management in 2 kindergartens;
- Awareness of the current state of the climate conditions and ambient air quality, through air monitoring systems and information portal;
- Conducting an educational seminar on climate change issues.

The amount of the NTEF-provided funding is BGN 49 880.

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.



Investment program "Mineral waters" - Municipality Panagurishte

VI. INTERNATIONAL PROJECTS

In implementation of the Strategy 2014-2020 beyond 2015, the NTEF shall also endeavour to contribute to the improvement of environmental management policies, in particular in the field of climate change mitigation and adaptation. For this purpose, since 2015, NTEF has been making efforts and attracting funds for the implementation of such projects. They are focused on three main areas:

- Contribution to the implementation of the National Climate Change Adaptation Strategy and the development of relevant policies.
- Changes in the behaviour of the users of buildings for which funds are provided for energy efficiency investment measures, such as insulation of walls, replacement of doors and windows, improvement of electrical and heating systems, etc. Not only the investment, but also the way the building is used in the long term shall ensure the achievement of additional energy savings.
- Participation in the process of development and implementation of policies for the sustainable financing of energy efficiency and renewable energy related measures.
- Creation of the necessary conditions for the municipal administrations to perform their full role as energy managers at the local level, thereby contributing to the achievement of the national objectives.

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).

In 2023, the following activities supporting the implementation of the project were carried out:

- NTEF continued to carry out all activities in its role as lead partner - overall coordination of activities' implementation, financial and program reporting, coordination with the international partner and the Program Operator.
- Regular meetings of the project Coordination Board have been held.
- The activity of the partner municipalities in 2023 was aimed at implementing the investment measures approved by the Financial Mechanism of the program. Depending on the planned activities, some municipalities initiated public procurement procedures for design activities and others for execution of engineering contracts.
- By the end of 2023, fully implemented are investment projects in two of the eight municipalities (Sofia and Burgas), where also publicity events have been held.
- In four municipalities, the CIW are in an advanced stage (Plovdiv, Ruse, Sliven and Stara Zagora).
- Kardzhali Municipality started 2024 with the selection of a contractor and 1-month deadline before the end of the project.
- Only Varna Municipality failed to organize the implementation of the investment measures that were also coordinated with the Financial Mechanism.
- On 22 and 23 November 2023 in Sofia, NTEF held two of the three planned focus groups. The first was devoted to the topic "Improving local policies (territorial development, construction, landscaping, local government), and the second - to the topic "Education - necessary changes for

training specialists and for capacity building in contractors”. Representatives of the partner municipalities, higher educational institutions (HEIs), ministries, etc. took part in them

- Work on the analysis of the results from the two focus groups began still before the end of 2023, as well as the the preparation for the third one, which is scheduled for the middle or the beginning of the last ten-day period of March 2024.

Project “Bulgarian Energy Efficiency Forum on Smart Finance for Smart Buildings” (BeSmart)

The project is funded by Horizon 2020 Program.

It aims to develop the market for energy efficiency investments and to support the national implementation of the “Smart Financing for Smart Buildings” initiative by creating a standing discussion forum that influences relevant policy actions in the field and actively involves the entire chain of stakeholders, while maintaining a strong focus on the financial institutions. In order to achieve this overall objective, the project has identified the following four priority thematic areas:

- Comprehensive energy renovation of existing private and public buildings to achieve near-zero emission levels;
- Energy efficiency projects in the industry and SMEs;
- Modernization of the public infrastructure, including street lighting, central heating and transport systems;

Integration of renewable energy sources into energy efficiency projects.

The lead partner under the project is the Energy Efficiency Center “EnEffect”. In addition to NTEF, 10 other organizations are partners under the project, including state agencies, municipalities, universities and NGOs from Bulgaria.

The NTEF participation includes the implementation of the following activities:

- Active participation, including presentations and panel participation as panelist in the relevant round table discussions, presenting the NTEF experience and current projects, the NTEF position on the discussed policies and the upcoming activities;
- Organizing and hosting a meeting of the established working groups by policies.

In 2023, four round tables were held:

- Strategic vision, policies and reforms: how to accomplish the energy transition” - 27 November 2023
- National round table on energy efficiency investments’ financing in Bulgaria - Forum “Investments in a sustainable energy” - 5 October 2023
- National round table on financing of zero energy buildings and complete renovation of buildings - June 2023
- National round table for energy efficiency investments’ financing in Bulgaria - National decarbonization fund: structuring, operational management, market development - March 2023
- Within the same project, NTEF experts also participated in a “Mayors speak” discussion forum in July 2023, where they shared their experience related to the use of flexible financing of municipal energy efficiency projects and the implementation of measures for involving sites’ users in the monitoring of the investment measures’ results.

Project “MENERGERS” – “Energy Manager” services in the municipalities

The project aims to create models for “Energy Manager” services in the municipalities in Bulgaria and to establish a system of energy efficiency and RES criteria for the municipalities in Romania. This will enable municipalities in both countries to make a substantial contribution to the achievement of climate neutrality targets in line with the national and European objectives.

It is funded by the European Climate Initiative (EUKI) of the German Federal Government.

The NTEF is a lead partner under the project, and the other partners are the Independent Institute for the Environment in Berlin (UfU), Sofia Energy Agency (Sofena) and the Association of Energy Cities in Brasov, Romania. The project implementation period is 30 months, counting from November 2022.

The NTEF commitments are related to:

- Overall project management;
- Contribution to the analysis of the Bulgarian legislation, development of a model for the “Energy Manager” services and conducting of seminars and discussions;
- Contribution to the training of the municipalities;
- Contribution to the experimental implementation of the model in selected pilot municipalities in Bulgaria;
- Experience dissemination.

The total project budget is approximately EUR 495 438. The NTEF budget is EUR 153 627, of which EUR 9 400 comprises its own contribution.

During 2023, the following activities were implemented:

Overall project management - preparation and signing of the financing contract and the partnership agreements following fulfilled commitments for checking the diligence of all participants in the consortium.

A competition was held and three pilot municipalities were selected - Ruse (large municipality), Svilengrad (medium municipality) and Sapareva Banja (small municipality).

Three professional reports were produced by the three partners - presenting the practices in Romania, Germany, other European countries and Bulgaria.

A study trip to Germany with a group of representatives from the pilot municipalities has been accomplished.

A first version of the “Energy Manager” services’ model has been developed and discussed.

An international seminar has been held with representatives of the local and central authorities from Romania and Bulgaria, in which a serious step has been taken towards the formulation of a realistic model for experimental introduction.

The determination of the concrete experts in the three pilot municipalities, who will start the implementation of the energy manager’s function after training, is pending.

“Vison 2045” Project

The project aims to pool the efforts of schools and municipal administrations to attract the efforts of all stakeholders (providers of services and energy, public administrations, traders, media, etc.) to create and experimentally implement an innovative model for achieving climate neutrality at a local level.

It is funded by the European Climate Initiative (EUKI) of the German Federal Government. The lead partner is the Independent Institute for Environmental Issues in Berlin (UfU). The partners, in addition to the NTEF, are the Association of Energy Cities in Kraków, Poland and the Regional Energy Agency of the Savinja, Shaleška and Koroška Regions, Slovenia. The project will be implemented for 30 months, starting in November 2022.

It is financed by the European Climate Initiative (EUKI) of the Federal Government of the Republic of Germany (EUKI).

The leading partner is the Independent Institute for Environment (UfU) in Berlin. The partners, in addition to the NTEF, are the Association of Energy Cities in Kraków, Poland and the Regional Energy Agency of the Savinja, Shaleška and Koroška Regions, Slovenia. The project will be implemented for 30 months, counting from November 2022.

The NTEF commitments are related to:

- Assessment of the greenhouse gas emissions of four schools in two municipalities (selected according to criteria defined within the project consortium) - calculation of the carbon footprint using a methodology and system of criteria developed by the consortium;
- Supporting the schools to develop and implement their own action plans to achieve climate neutrality through joint activities with the municipality and other stakeholders;
- Dissemination of the experience among all schools in Bulgaria.

The total project budget is approximately EUR 650 000. The NTEF budget is EUR 158 200, of which EUR 14 776 represents its own contribution.

During 2023, the following activities have been implemented:

- A competition was held and pilot municipalities and schools were selected. Yambol Municipality with LSS “Vasil Karagyzov” and PS “Lyuben Karavelov” and Dobrich Municipality SS “Petko Rachov Slaveykov” and SS “Dimitar Talev” have been selected.
- A series of meetings have been held with the schools and the municipalities to present the project and train the teachers.
- An online map of the four schools' climate footprints has been compiled.
- Energy tours (energy audit prototype) have been carried out in the four schools to identify the state of the buildings.
- Stakeholder meetings have been held in both municipalities to attract the attention and the support of the local and regional institutions and the school services' providers.
- A study trip to Germany has been organized for participants from pilot schools and municipalities for familiarization with the German experience.
- The four schools have held workshops to develop Vision 2045.
- Preparation and implementation of action plans in the four schools, aimed at initiating the process to achieve the vision of a climate neutral school by 2045, is pending.

VII. INSTITUTIONAL DEVELOPMENT, INTERNATIONAL RELATIONS AND PUBLIC RELATIONS

1. Institutional development

In the end of the reporting period, the EB staff includes 9 (nine) persons. Full-time employees: director, four experts (senior and chief experts, experts and an accountant) and two technical staff members (technical assistant and driver), as well as 2 (two) part-time experts. They occupy the relevant positions in the endorsed staff establishment plan. Nine of the fourteen approved staff positions have been occupied, with all three departments having been staffed with experts in line with the Fund's current needs. All expert positions are occupied by employees, who are university graduates according to the requirements of the establishment plan.

NTEF's office has not been changed since the establishment of the Fund. Its whole maintenance is accomplished with the funds included in the NTEF administrative budget, envisaged in the relevant acts, through which funds for use by the NTEF are provided.

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 the 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 documents' processing in the NTEF EB.

2. Activities related to programs and financing mechanisms

During 2023, the Executive Bureau (EB) continued its work to explore the possibilities of using the NTEF as a mechanism for new funding programs and schemes.

The EB's efforts were focused on improving the Fund's knowledge and expertise in the area of financial instruments to attract private investment for the implementation of public energy efficiency projects. Fund's experts attended a number of fora to learn about the latest trends and financial products for energy efficiency financing, both in enterprises, as well as in the housing sector. The studies for the implementation of the pilot scheme for financing of public energy efficiency projects using a combination of a grant and a guaranteed savings contract (ESCO) continued. This new financing scheme is expected to overcome the limitations and shortcomings of each of the two separate forms of financing (grant subsidy and guaranteed savings contract) and to ensure a significantly more efficient use of the public resource, as well as a multiplication of its effects. The achievement of the planned targets will be monitored and analyzed over the next several years.

Another direction in the work of the Fund during 2023, which is also aimed at more efficient use of the available financial resources, is the financing of the second pilot project No. 507 "Energy efficiency measures and accompanying activities in the building of SS "Nikola Velchev", SS "Otetz Paisii" and canteen – Samokov city", related to the introduction of energy efficiency measures through the application of international protocols for measuring and verification of the results from the energy efficiency investments. Project implementation activities continued in 2023, and the project is expected to be completed in the beginning of 2024.

The main motivation for the implementation of this initiative is that it will lead to the achievement of several key strategic objectives:

- Improving the capacity for energy management of the administrations of the relevant beneficiaries at the municipal sites and ensuring sustainability in the achievement of the intended results with the help of prescribed management methods throughout the investment life cycle;
- Improving the efficiency of the used public resources;

3. International relations and public relations

NTEF's international contacts in 2023 were mainly focused on our relationships with partners from the international projects in which NTEF participates as a beneficiary.

The NTEF website is updated in a timely manner. It contains the necessary information about the NTEF structure and activities, new programs and priority areas for project financing, application terms, evaluation criteria for financing proposals and description of the completed projects.

The NTEF information activities in connection with the participation of the Fund, 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 the following several events

At the National Conference "Policies for Climate Neutrality in Bulgaria" (May 2023), the project activities were presented and a discussion was held with the professional community on the approaches related to the introduction of adaptation measures in the urban environment.

On November 22 and 23, 2023, NTEF held two of the three envisaged focus groups. The first was dedicated to generating proposals for the improvement of local policies (territorial planning, construction, greening, local self-government), having an impact on climate change adaptation in the field of urban development. The second was dedicated to the topic "Education" with the necessary changes for training specialists and building capacity in the contractors, taking into account the impact of climate change. Representatives of the partner municipalities, universities, and ministries took part in them.

NTEF information activities in connection with the participation of the Fund as a partner under project "Bulgarian Energy Efficiency Forum on Smart Finance for Smart Buildings" (BeSmart):

The National Trust Eco Fund is actively participating in the project fora.

National Roundtable "Sustainable Energy Investments" (March 2023) on topic "The National Decarbonization Fund: Structuring, Operational Management, Market Development". NTEF participated with the presentation of the concept of the energy manager in the municipalities. The designation of the "Energy Manager" position in municipalities can contribute significantly to the successful implementation of sustainable energy projects and to the verification of the achieved savings.

National Conference "Zero Energy Buildings: The Future is Now" (June 2023).

Sustainable Energy Investments Forum (October 2023). NTEF participated in the closing panel, which focused on behavioral patterns that are just as important as technological solutions for EE. The NTEF experience has been shared, related to projects where behavioral models for reducing energy consumption in the form of trainings, mandatory instructions and programs are also applied during the implementation of the projects together with the provision of public grants.

NTEF information activities in connection with the Fund's participation as a partner in the "Energy Manager in Municipalities" project, financed under the European Climate Initiative (EUKI) of the German Federal Government.

The project was presented at three national events where the professional community was familiarized with the concept of "Energy Manager" services in the municipalities.

In the beginning of the reporting period, NTEF and SOFENA agency issued a call for applications under a competitive selection procedure of three pilot municipalities to develop a model for the "Municipal Energy Manager" department. The following municipalities were selected to participate in the project:

In the small municipality category this is Sapareva Banya Municipality, in the medium municipality category - Svilengrad Municipality, and in the large municipality category – Ruse Municipality.

In June 2023, a study trip to Germany was accomplished for a group of experts from the three pilot municipalities for their familiarization with the experience of Germany.

The project was also presented with a series of publications on the program (EUKI) website.

In December 2023, an international seminar was held in Sofia with the participation of representatives of Bulgaria, Romania and Germany, where the model of the "Energy Manager" services was discussed, in the manner it works in Romania. Representatives of municipalities from Bulgaria and Romania and from the central institutions of both countries took part in it.

NTEF information activities in connection with the Fund's participation as a partner in the Vision 2045 project, financed under the European Climate Initiative (EUKI) of the Federal Government of Germany.

The aim of the project is to support schools on their path to climate neutrality. The idea is to make them become agents of change, to create the models for carbon footprint reduction, and to commit to the achievement of the local goals in cooperation with the local authorities and other stakeholders.

In January, the municipalities in Bulgaria were invited to participate in a competitive selection of two municipalities with two schools per municipality in the project. The following municipalities and schools were selected to participate in the project:

- Yambol Municipality with LSS "Vasil Karagyzov" and PS "Lyuben Karavelov";
- Dobrich Municipality with SS "Petko Rachov Slaveikov" and SS "Dimitar Talev".

A series of on-site meetings with stakeholders were held in the schools and the municipalities (July 2023).

In October 2023, a study trip to Germany was held for teachers from the schools and representatives of the municipalities for their familiarization with the experience of Germany.

Four workshops were held to create a vision for climate neutral schools in the four participating schools (November 2023).

In the end of 2023, bicycle-cinema performances were held with the participation of students from the two pilot schools in Yambol Municipality.

Annual awards in the "Mimi Pramatarova" competition focused on Bulgarian students.

In June 2023, this year's winners of the National Competition for Literary Creativity, named after Mimi Pramatarova - the first director of Rila National Park, were announced on the webpage of the National Trust Eco Fund. The emphasis of the competition was on literary works on the topic "The Wild Flowers' Dreams". Two first prizes, as well as one second and one third prizes were awarded. Another nine literary works were awarded with certificates.



*Investment program "Micro projects for the climate" – Project No MP 36
„A step in adaptation to climate change, Gabrovo“*



*Investment program "Micro projects for the climate" - Project No MP 36
"A step in adaptation to climate change, Gabrovo" p. 30-1*

VIII. SOURCES OF FUNDING, COSTS AND NTEF FINANCIAL STATUS

1. Sources of funding for 2023

1.1. Proceeds pursuant to Ordinance No 1/4.03.2015

In accordance with the provisions of the Ordinance, the proceeds during the reporting 2023 amount to BGN 8 817 thousand. The funds are designated for grant financing of projects and activities under art. 56, par. 1, it.1-4 and 6 of the Climate Change Mitigation Act and for preparation of strategic and planning documents for introducing measures to limit or adapt to climate change. In 2023, a part of the funds generated pursuant to the Ordinance in the amount of BGN 6,998,000 were transferred by a decision of the NTEF MB for funding projects under EES of ICP, as well as for additional funding of approved projects, submitted during the last call for projects of EES at ICP. Another BGN 1,463,000 of these proceeds were allocated to the Investment Program "Mineral Waters" to continue the admission of projects. The funds were provided by a decision of the NTEF MB.

1.2. Proceeds as per CoM Decision No 175/29.03.2017 under the Agreement for transfer of annual emissions allocations between the Republic of Bulgaria and the Republic of Malta.

Targeted financing under the Agreement for transfer of annual emissions' allocation between the Republic of Bulgaria and the Republic of Malta under Decree of the CoM No 175 / 29.03.2017. The residual resource is BGN 698,000.

1.3. Proceeds as per CoM Decision No 175/29.03.2017 under the Agreement for sale of annual emissions allocations between the Republic of Bulgaria and the Federal Republic of Germany

In accordance with Decision No 814/20.10.2022, the received proceeds as per the Agreement for Sale of Annual Emissions Allocations (AEAs) between the Republic of Bulgaria and the Federal Republic of Germany are designated for financing energy efficiency projects in municipal schools and kindergartens. In 2023 the residual resource equals BGN 7 354 thousand.

1.4. Proceeds under other projects

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 Environmental Protection and Climate Change Program (EPCCP), financed by the EEA FM 2014-2021. The project's main idea is to undertake concrete action and implement practical measures to implement the National Climate Change Adaptation Strategy and Action Plan in the urban development field. In 2023, funds in the amount of BGN 455 thousand were received. The financing represents reimbursement of the funds spent by NTEF during the second reporting period under the project.

2. Funds allocation

2.1. Financing of projects under the Investment Climate Program

Financing of energy efficiency projects

The total of the paid amounts under investment projects for activities related to the improvement of the energy efficiency of public sites under ICP during 2023 are BG 1 686 651. A more detailed cost breakdown is presented in Table 2.1.1 of this section.

Table 2.1.1.
NTEF-financed payments for projects under the Investment Climate Program during 2023

Project No	Beneficiary/project/ name	Project budget as per the financing contract (VAT included)	NTEF participation as per the financing contract (VAT included)	Used funds by projects during the current year (2023)
279	Improvement of the energy efficiency and reduction of the emitted harmful emissions from the building of the Community Cultural Center "Yordan Yovkov – 1870", Dobrich city	1,049,317.81	800,000.00	463 308,41
289	Improvement of the energy efficiency of the building of MBAL Parvomai EOOD, Parvomai city	793,004.61	514,755.23	514,313.38
295-3	Implementation of a package of energy efficiency measures to improve the energy efficiency of Administrative building in Oryahovo city, 5 Andrei Chaprazov St.	168,758.81	143,444.99	143,444.99
328-4	Implementation of energy efficiency measures in the school educational infrastructure in Veliko Tarnovo Municipality – SS "P. R. Slaveikov"	951,991.54	647,051.75	108 785.67
507	Energy efficiency measures and accompanying activities in the building of SS "Nikola Velchev", SS "Otetz Paisii" and canteen - Samokov city	1,925,999.78	1,485,666.32	456 798,12
	Public projects - ICP	4, 889, 072,55	3,590,905.93	1 686 650.57

During 2023, about 47% of the planned budget was paid for investment projects for which contracts had been concluded. One of the reasons for this relatively low absorption is that the work under the pilot and innovative projects is voluminous and the conditions for site approval are specific.

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

During 2023, 19 (nineteen) all-electric vehicles category M1 (4+1 seats) or N1 and 5 (five) all-electric trucks, category L7e with different superstructures were purchased.

The total amount of the subsidy, paid by the NTEF for the delivery of these vehicles, is BGN 489 996.62. A more detailed cost breakdown is provided in Table 2.1.2 of this section.

Table 2.1.2: Projects under the Scheme for Promoting the Use of Electric Vehicles, financed by NTEF during 2023

Project / Name	Number of vehicles	Actual funding amount in 2023
A. Electric vehicles category M1 (4+1 seats) or category N1		
EM 019/ Project for promoting the use of electric vehicles – Stara Zagora Municipality - 1 pc. (cat. M1)	1	20 000.00
EM 059/ Project for promoting the use of electric vehicles - Metropolitan Inspectorate at Sofia Municipality – 1 pc. (cat. M1)	1	20 000.00
EM 073/ Project for promoting the use of electric vehicles, Metropolitan Inspectorate at Sofia Municipality – 1 pc. (cat. M1)	1	20 000.00
EM 084/ Project for promoting the use of electric vehicles, Metropolitan Inspectorate at Sofia Municipality – 1 pc. (cat. M1)	1	20 000.00
EM 094/ Project for promoting the use of electric vehicles - ПРБ_ГП – 2 pcs. (cat. M1)	2	40 000.00
EM 097/ Project for promoting the use of electric vehicles – Simitli Municipality - 2 pcs. (cat. N1)	2	40 000.00
EM 115/ Project for promoting the use of electric vehicles - Balchik Municipality – 1 pc. (cat. M1)	1	20 000.00
EM 117/ Project for promoting the use of electric vehicles – Gabrovo Municipality - 2 pcs. M1	2	40 000.00
EM 118/ Project for promoting the use of electric vehicles – Gabrovo Municipality – 1 pc. M1	1	20 000.00
EM 122/ Project for promoting the use of electric vehicles – Kardzhali Municipality - 1 pc. M1	1	20 000.00
EM 123/ Project for promoting the use of electric vehicles – Dobrich Municipality - 1 pc. M1	1	20 000.00
EM 126/ Project for promoting the use of electric vehicles – Dolni Chiflik Municipality - 1 pc. M1	1	20 000.00
EM 127/ Project for promoting the use of electric vehicles – Slivnitsa Municipality - 1 pc. M1	1	20 000.00
EM 132/ Project for promoting the use of electric vehicles – Ruse Municipality - 1 pc. M1	1	20 000.00
EM 133/ Project for promoting the use of electric vehicles – Burgas Municipality - 1 pc. M1	1	20 000.00
EM 136/ Project for promoting the use of electric vehicles – Dzhebel Municipality - 1 pc. M1	1	20 000.00
B. All-electric vehicles, category L7e		
EM 107/ Project for promoting the use of electric vehicles – Sadovo Municipality – 1 pc. L7e+1 pc. L7e+1 pc., superstructure	1	23 000.00
EM 111/ Project for promoting the use of electric vehicles – Blagoevgrad Municipality - 1 pc. L7e+1 pc. superstructure	1	23 000.00
EM 112/ Project for promoting the use of electric vehicles – Pirdop Municipality - 1 pc. L7e+1 pc. superstructure	1	23 000.00
EM 116/ Project for promoting the use of electric vehicles – Plovdiv Municipality - 1 pc. L7e	1	20 000.00
EM 119/ Project for promoting the use of electric vehicles – Dolni Chiflik Municipality – 1 pc. L7e + 1 pc. superstructure	1	20 996.62
Total for electric vehicles	24	489 996.62

2.2. Financing of projects under Investment Program “Mineral Waters”

During the reporting year 2023, no projects have been financed under the Investment Program “Mineral Waters”. Following the completion of the pilot phase of the Program and its reporting in 2022, with a decision of the NTEF MB funds have been provided to initiate admission under the Program. During the reporting period, the coordination procedures for the technical projects and the tender documentation have been completed. Tender procedures have been announced, which are expected to be completed in the first half of 2024.

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

During 2023, 7 (seven) projects under the Climate Micro Projects Program were completed and paid.

Table 2.3: Projects under Climate Micro Projects Program, funded by NTEF during 2023

Project No	Beneficiary/ Project/ Name	Amount under financing contract signed with NTEF	Used funds under projects during the current year (2023)
023	Burgas – Developing Strategy for climate change adaptation on the territory of Burgas Municipality and Action Plan 2021-2025	50 0000.00	43 020.00
034	Development of a Plan for sustainable Urban Mobility of Burgas Municipality 2021-2031	50 000.00	50 000.00
035	Mounting of photovoltaic system for electricity production with a total installed value ≤ 35 kW, mounted on the roof of the Bansko Municipality building	50 000.00	50 000.00
036	A step towards the adaptation to climate change – Gabrovo Municipality	49 998.00	44 058.34
037	Creation of a shared green area (climate hub) in the yard of 20-th PS “T. Minkov”, Triaditza neighborhood	50 000.00	49 034.91
042	Innovative solutions for adaptation to climate change - Tryavna	49 997.00	45 839.20
043	Introduction of a system for control and management of the microclimate and the electricity use in municipal buildings- Bobovdol Municipality	49 880.00	49 880.00
Total for projects under CMPP		349 875.00	331 841.45

A detailed description of the concluded financing contracts and the reported project costs for CMPP projects in 2023 is presented in Table 2.3 of this section.

2.4. Used funds to cover the NTEF administrative costs

During 2023, the main sources of funds to cover the administrative costs of NTEF were: Investment Climate Program, Climate Micro Projects Program, as well as proceeds under Ordinance No 1/4.03.2015, the Agreement for sale of annual emissions allocations (AEAs) between the Republic of Bulgaria and the Federal Republic of Germany in their part related to the administration of the Fund, as well as the international projects, in whose implementation the NTEF EB is participating.

The presented table for administrative support includes also the funds for this purpose under “Vision 2045” program, “Menagers” project, as well as under project “BeSmart” and Predefined project No 3 BGENVIRONMENT-4.001. The total amount of budgeted funds for NTEF administrative support for 2023 is BGN 950 344 (Table 2.3.)

A total of BGN 677 553 has been used in the past 2023, which are by BGN 272 791 less than the budgeted funds, which is due to a highly restrictive policy on the approval of expenditure on the part of the Management.

Table 2.3: Implementation of the budget for covering the administrative costs of NTEF in 2023

Funds Allocation	Plan BGN	Report BGN	Performance %
A. INVESTMENTS	36 000,00	156,00	0,0%
1. Acquisition of tangible fixed assets (TFA)	36 000,00	156,00	0,0%
2. Acquisition of intangible fixed assets (IFA)	0,00	0,00	0,0%
B. INSTITUTIONAL DEVELOPMENT	0,00	0,00	0,0%
1. Advisory services for institutional development	0,00	0,00	0,0%
2. Other costs related to institutional development	0,00	0,00	0,0%
B. CURRENT COSTS	914 344	677 397	74%
1. Improving the qualification, remunerations, social security and health insurance	457 314	410 409	90%
a. Staff training	4 000	0	
b. Labor remunerations	367 326	346 165	94%
c. Social security and health insurance	69 498	53 058	76%
d. Social allowances pursuant to the Labor Code (LC)	14 490	11 185	77%
e. Occupational health care	2 000	0	
2. Advisory services related to project selection and implementation	72 600	77 463	107%
3. Maintenance and office costs	105 040	67 704	64%
a. Current office costs (electricity, heating, phones, e-mail, water, internet, postal services, office consumables, etc.)	40 140	11 947	30%
b. Fuels and lubricants (F&L), car maintenance	20 000	4 577	23%
c. Insurance and security	2 000	2 896	145%
d. Office Services (System Administrator, Copier, Software Updates, Repairs, etc.)	22 700	24 384	107%
d. Other costs	20 200	23 900	118%
4. Administrative-management costs	243 390	106 583	44%
a. Business trips	18 390	45 945	250%
b. Entertainment costs			
c. Public relations	118 000	12 750	11%
d. Administrative and financial costs (in this number audit)	107 000	47 888	45%
5. Management Board's operating costs	36 000	15 238	42%
TOTAL COSTS	950 344	677 553	71%

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 – 15.73%; costs for qualification improvement, remunerations, social security and health insurance – 60.57%; costs for advisory services – 11.43%; maintenance and office costs – 10.00%; operating costs of the Management Board – 2.25%.

The implementation of the budget to cover the administrative costs of the NTEF activity is shown in *Annex 5*.

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

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

	2022	2023	Change	Change
	BGN '000	BGN '000	BGN '000	%
Costs for assets	(0)	(0)	0	0%
Institutional development costs	(0)	(0)	0	0%
Staff costs	(302)	(410)	108	36%
Costs for project implementation consultants	(17)	(77)	60	450%
Maintenance and office costs	(89)	(68)	(23)	(25)%
Administrative-management costs	(43)	(107)	5	248%
MB-related costs	(6)	(15)	0	250%
Total	(457)	(677)	220	148%

As a whole, the total operating costs of the Fund have been increased by 148% compared to the same costs for the previous year. One of the main reasons for the increase is related to the larger amount of funds spent for consultations under the current activity under the Programs administered by the NTEF EB, in this number for the implementation of Subprogram "Energy Efficiency of Municipal Schools and Kindergartens". The increase in the expenses for administrative management and audits of the implemented Programs and projects also has a significant impact on the larger amount of the costs, incurred in 2023.

3. NTEF financial status as of 31.12.2023

As of 31.12.2023 the sum of the Fund's assets is BGN 30 807 thousand (as of 31.12.2022 – BGN 24 930 thousand), in this number cash and cash equivalents amounting to BGN 30 645 thousand (31.12.2022 – 24 664 thousand).

The total amount of the NTEF liabilities as of 31.12.2023 equals 30 807 thousand, formed mainly by funding in the amount of BGN 30,740 thousand (as of 31.12.2022, the total amount of the liabilities is BGN 24,930 thousand, formed mainly by funding in the amount of BGN 24,879 thousand).

NTEF cash is kept in accounts with UniCredit Bulbank AD, BACB AD and Ziraat bank. As of 31.12.2023, NTEF has in its accounts BGN 30 644 thousand. The NTEF's cash on hand amounts to BGN 1 thousand. The allocation of the funds is shown in *Annex 6*.

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

1. Operational risks

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

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

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

2. Risks related to the financial instruments

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

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

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

The bigger part of the Fund's operations is accomplished in BGN. The transactions of the Fund in foreign currencies are not exposing the Fund to a significant currency related risk. The Fund's policy is directed towards minimization of the interest related risk in case of long-term financing. As of 31 December 2023, the Fund is not exposed to a risk of a change in the market interest rates.

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

	2023	2022
	BGN '000	BGN '000
Financial assets' groups – balance sheet values:		
Cash and cash equivalents	30 645	24 664

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

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

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

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

XI. LIKELY FUTURE DEVELOPMENT OF THE FUND

During 2024, 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, Subprogram “EEMSK“, as well as Investment Program “Mineral Waters”. Special attention will be paid to the possibilities for **improving the effectiveness and efficiency of the investments during the implementation of investment projects** in five main directions, namely:

- A scheme for combined financing of projects for improving the energy efficiency of public sites with the aim to decrease the contribution of the non-repayable subsidy (grant) and attract investment capital through implementation of contracts for energy efficiency with guaranteed result or credits from different sources is being planned. The idea is the grant financing on the part of the Fund to be only in the amount, which is necessary to make the implementation of these contracts feasible.
- Another direction of the NTEF’s efforts for the near future is the implementation of pilot projects, involving the application of the so called International protocols for measuring and checking the results from the investments in energy efficiency. The main justification for the implementation of this initiative is that it will result in the achievement of several main strategic objectives, related to: strengthening the capacity of the administrations of the relevant beneficiaries due to the need for ensuring the management of these projects; improving the efficiency of the used public resources; guaranteeing the sustainability of the planned results through prescribed management methods throughout the complete investment life cycle.
- A standardized model for energy efficiency projects’ evaluation in their initial phase of development is planned for introduction. The main justification for the implementation of this initiative is that it will lead to the achievement of several main strategic objectives, related to improving the capacity of NTEF and of the respective beneficiaries to manage (control) the development of the project ideas still in their initial phase: identifying the weaknesses even before the start of the projects’ implementation and respectively undertaking actions to mitigate or eliminate the identified weaknesses; improving the efficiency of the used public resources; ensuring sustainability in achieving the intended results; attracting additional private capital for the energy efficiency projects’ implementation
- Another direction of the NTEF’s efforts is related to the implementation of a new funding model for financing energy efficiency projects in state or municipal property sites. The objective of the model is to attract private financial means for the implementation of projects and the need for a subsidy should be bound to the achieved energy savings and the existence of a functioning municipal energy management system.
- The Fund will continue to implement projects and activities, which are aimed at improving the public awareness and the education of the young people on climate change related topics.

In the future as well, **NTEF will also endeavor to contribute to the improvement of the environmental management policies**, particularly in the field of climate change mitigation and adaptation, as well as to the implementation of energy management at a municipal level. Simultaneously with that, NTEF will also continue its activities for studying the opportunities and attracting new sources of funding for the existing and for new investment programs.

The NTEF Executive Bureau will continue to operate as a relatively small, but efficient team

ANNEX 1

**Annex 1: Application forms received by NTEF in 2023 under the Usage of Electric Vehicle
Promotion Scheme of the Climate Investment Program**

TABLE 1.1.

EM №	Form №	Beneficiary	Type / Category	Amount of the requested subsidy
1	133	BURGAS MUNICIPALITY	M1	BGN 20 000,00
2	134	MINISTRY OF REGIONAL DEVELOPMENT AND PUBLIC WORKS	3 pcs. M1	BGN 60 000,00
3	135	SADOVO MUNICIPALITY	M1	BGN 20 000,00
4	136	DZHEBEL MUNICIPALITY	M1	BGN 20 000,00
5	137	SMYADOVO MUNICIPALITY	M1	BGN 20 000,00
6	138	REGIONAL DIRECTORATE "AGRICULTURE" - SOFIA-CITY	L7e	BGN 20 000,00
7	139	REGIONAL DIRECTORATE "AGRICULTURE" - BLAGOEVGRAD	L7e	BGN 20 000,00
8	140	LEVSKI MUNICIPALITY	3 pcs. M1	BGN 60 000,00
9	141	PETRICH MUNICIPALITY	2 pcs. M1	BGN 40 000,00
10	142	APRILTSI MUNICIPALITY	3 pcs. L7e	BGN 60 000,00
11	143	BYALA SLATINA MUNICIPALITY	M1	BGN 20 000,00
12	144	BELTSIA MUNICIPALITY	3 pcs. L7e	BGN 60 000,00
13	145	VARNA MUNICIPALITY	3 pcs. M1	BGN 60 000,00
14	146	SANDANSKI MUNICIPALITY	3 pcs. L7e	BGN 60 000,00
15	147	CHELOPECH MUNICIPALITY	N1	BGN 20 000,00
16	148	SOFIA MUNICIPALITY	N1_up to 30 kWhm 2 pcs. M1	BGN 60 000,00
17	149	WEST AEGEAN BASIN DIRECTORATE	3 pcs. L7e	BGN 60 000,00
18	150	HISARYA MUNICIPALITY	L7e	BGN 20 000,00
19	151	REGIONAL DIRECTORATE "AGRICULTURE" - RAZGRAD	L7e	BGN 20 000,00
20	152	REGIONAL DIRECTORATE "AGRICULTURE" - GABROVO	L7e	BGN 20 000,00
21	153	CAPITAL INSPECTORATE - SOFIA MUNICIPALITY	M1	BGN 20 000,00
22	154	MINISTRY OF ENVIRONMENT AND WATERS	M1	BGN 20 000,00
23	155	SOFIA MUNICIPALITY - "SERDIKA" DISTRICT	M1_above 30 kWh	BGN 90 000,00
24	156	ANTON MUNICIPALITY	M1_above 30 kWh	BGN 30 000,00
25	157	VARNA MUNICIPALITY	2 pcs. M1	BGN 40 000,00
26	158	SVISHTOV MUNICIPALITY	M1	BGN 20 000,00
27	159	RUZHINTSI MUNICIPALITY	N1_above 30 kWh	BGN 30 000,00
28	160	VETRINO MUNICIPALITY	N1	BGN 20 000,00
29	161	BELOSLAV MUNICIPALITY	3 pcs. N1	BGN 60 000,00
30	162	DOLNI CHIFLIK MUNICIPALITY	M1	BGN 20 000,00
31	163	DOLNA MITROPOLIYA MUNICIPALITY	2 pcs. L7e	BGN 40 000,00

TABLE 1.2.

<i>no</i>	<i>Enter no</i>	<i>Beneficiary</i>	<i>Type / category</i>	<i>Amount of the requested subsidy</i>
1	EM 133	BURGAS MUNICIPALITY	M1	BGN 20 000,00
2	EM 134-1	MINISTRY OF REGIONAL DEVELOPMENT AND PUBLIC WORKS	M1	BGN 20 000,00
3	EM 134-2	MINISTRY OF REGIONAL DEVELOPMENT AND PUBLIC WORKS	M1	BGN 20 000,00
4	EM 134-3	MINISTRY OF REGIONAL DEVELOPMENT AND PUBLIC WORKS	M1	BGN 20 000,00
5	EM 135	SADOVO MUNICIPALITY	M1	BGN 20 000,00
6	EM 136	DZHEBEL MUNICIPALITY	M1	BGN 20 000,00
7	EM 137	SMYADOVO MUNICIPALITY	M1	BGN 20 000,00
8	EM 140-1	LEVSKI MUNICIPALITY	M1	BGN 20 000,00
9	EM 140-2	LEVSKI MUNICIPALITY	M1	BGN 20 000,00
10	EM 141-1	PETRICH MUNICIPALITY	M1	BGN 20 000,00
11	EM 141-2	PETRICH MUNICIPALITY	M1	BGN 20 000,00
12	EM 142-2	APRILTSI MUNICIPALITY	L7e	BGN 20 000,00
13	EM 142-3	APRILTSI MUNICIPALITY	L7e	BGN 20 000,00
14	EM 143	BYALA SLATINA MUNICIPALITY	M1	BGN 20 000,00
15	EM 144-1	BELITSA MUNICIPALITY	L7e	BGN 20 000,00
16	EM 144-2	BELITSA MUNICIPALITY	L7e	BGN 20 000,00
17	EM 145-2	VARNA MUNICIPALITY	M1	BGN 20 000,00
18	EM 146-1	SANDANSKI MUNICIPALITY	L7e	BGN 20 000,00
19	EM 146-2	SANDANSKI MUNICIPALITY	L7e	BGN 20 000,00
20	EM 147	CHELOPECH MUNICIPALITY	N1	BGN 20 000,00
21	EM 148-1	SOFIA MUNICIPALITY	N1_up to 30 kWh	BGN 20 000,00
22	EM 148-2	SOFIA MUNICIPALITY	M1	BGN 20 000,00
23	EM 148-3	SOFIA MUNICIPALITY	M1	BGN 20 000,00
24	EM 149-1	WEST AEGEAN BASIN DIRECTORATE	L7e	BGN 20 000,00
25	EM 150	HISARYA MUNICIPALITY	L7e	BGN 20 000,00
26	EM 153	CAPITAL INSPECTORATE - SOFIA MUNICIPALITY	M1	BGN 20 000,00
27	EM 154	MINISTRY OF ENVIRONMENT AND WATERS	M1	BGN 20 000,00
28	EM 155-1	SOFIA MUNICIPALITY - "SERDIKA" DISTRICT	M1_above 30 kWh	BGN 30 000,00
29	EM 155-3	SOFIA MUNICIPALITY - "SERDIKA" DISTRICT	M1_above 30 kWh	BGN 30 000,00
30	EM 156	ANTON MUNICIPALITY	M1_above 30 kWh	BGN 30 000,00
31	EM 157-1	VARNA MUNICIPALITY	M1	BGN 20 000,00
32	EM 157-2	VARNA MUNICIPALITY	M1	BGN 20 000,00
33	EM 158	SVISHTOV MUNICIPALITY	M1	BGN 20 000,00
34	EM 159	RUZHINSTI MUNICIPALITY	N1_above 30 kWh	BGN 30 000,00
35	EM 160	VETRINO MUNICIPALITY	N1	BGN 20 000,00
36	EM 161-1	BELOSLAV MUNICIPALITY	M1	BGN 20 000,00
37	EM 161-2	BELOSLAV MUNICIPALITY	N1	BGN 20 000,00
38	EM 161-3	BELOSLAV MUNICIPALITY	N1	BGN 20 000,00
39	EM 163-2	DOLNA MITROPOLIYA MUNICIPALITY	L7e	BGN 20 000,00
TOTAL VALUE OF APPROVED SUBSIDY				BGN 820 000,00



NATIONAL TRUST ECO FUND

CLIMATE INVESTMENT PROGRAM

**SUBPROGRAM “ENERGY EFFICIENCY OF THE MUNICIPAL SCHOOLS
AND KINDERGARTENS”**

IN COMPLIANCE WITH
AGREEMENT FOR THE SALE OF THE SURPLUS OF ANNUAL EMISSIONS
ALLOCATIONS (AEAs) BETWEEN THE REPUBLIC OF BULGARIA
AND THE FEDERAL REPUBLIC OF GERMANY

FIRST ANNUAL PROGRESS REPORT

Approved by the BoD of NTEF, 26 March 2024

Sofia, March 2024

I. INTRODUCTION

SUBPROGRAM “ENERGY EFFICIENCY OF THE MUNICIPAL SCHOOLS AND KINDERGARTENS”(EEMSK)

Adhering to the ultimate targets of the United Nations Framework Convention on Climate Change (UNFCCC) and Decision No 406/2009/EC of the European Parliament and of the Council of 23 April 2009 setting binding annual greenhouse gas emission targets for the EU Member States for the period 2013 to 2020, Bulgaria has taken advantage of the flexibility provided for in Art.3.5 of the Effort-Sharing Regulation to transfer part of its annual emission allocation (the part exceeding its greenhouse gas emissions for 2020) to the Republic of Germany.

As a result of the negotiations, an Agreement for the Sale of Annual Emissions Allocations (AEAs) between the Republic of Bulgaria and the Federal Republic of Germany was signed on 24 October 2022. A key requirement of the Agreement is that the proceeds, received by the Republic of Bulgaria shall be used only to finance an NTEF-managed Subprogram at the Climate Investment Program.

By a decision of the Management Board (MB) of 23.02.2023, the Operational Manual (OM) of the Climate Investment Program (CIP) was updated to include the definition of Subprogram “Energy Efficiency of Municipal Schools and Kindergartens”. The Rules for project funding under the subprogram were also approved at that time.

In accordance with the provisions of the Agreement (Art. 5.9), by 31 March each year the Buyer shall submit to the Seller a progress report on the Subprogram, prepared by the NTEF Executive Bureau (EB) and approved by the NTEF Management Board (MB) as a section of the NTEF Annual Activity Report. Each annual report shall be verified by an internationally recognized and duly selected auditor.

II. IMPLEMENTATION PROGRESS OF SUBPROGRAM “ENERGY EFFICIENCY OF THE MUNICIPAL SCHOOLS AND KINDERGARTENS”

With a Decision of the Management Board of 23.02.2023, in accordance with the implementation of the provisions of the Agreement and Decision of the Council of Ministers No 814/21.10.2022, Subprogram “Energy Efficiency of Municipal Schools and Kindergartens” (EEMSK) has been introduced within the framework of the Climate Investment Program (CIP). Financing rules for the implementation of the Subprogram’s objectives have been approved.

The rules set out the application procedure, the project selection criteria, the way in which projects are funded and implemented, and the commitments for monitoring and reporting on the implementation.

Pursuant to the terms of the Agreement, the basic principles of the current Climate Investment Program are applied, accompanied by specifications for the subsidy amount (up to 70% of the project value, but not exceeding BGN 420 000). Certain restrictions are also defined as minimum eligibility requirements towards the project proposals. One of these restrictions is a minimum quantity of reduced carbon emissions amounting to minimum 60 tons per year.

COLLECTION, EVALUATION AND SELECTION OF PROJECTS UNDER SUBPROGRAM “ENERGY EFFECTIVENESS OF THE MUNICIPAL SCHOOLS AND KINDERGARTENS”

The EEMSK subprogram was launched on February 28, 2023 with the publication of the Call for Projects through a competitive selection. By the end of the documents’ submission deadline (30.06.2023), 13 (thirteen) project proposals were received. Following the administrative check carried out by the NTEF MB, the work of the Project Evaluation Commission (PEC) and the meeting of the NTEF MB for approval of the projects to be funded, eight projects are going to be implemented.

The selection, evaluation and approval of projects are detailed in the Rules for funding projects under the EEMSK Subprogram. The following examination stages are distinguished:

- Administrative check of the submitted documents, requested data and other circumstances related to the Application Form, and as far as the Application Forms accompanied by investment projects are concerned – also preliminary control pursuant to Art. 10 of the Funding Rules.

- On-site visit to establish the actual compliance of the requested data and of other circumstances, indicated in the Application Form and its accompanying documents, related to projects whose administrative check has been completed.
- Projects that have passed the administrative checks are submitted to the Project Selection and Control Commission for examination, evaluation and ranking.
- Approval of projects by NTEF MB
- Notification to applicants, whose projects have been approved, regarding the funding conditions.
- Notification to applicants, whose projects have been rejected. The reasons for refusal of funding are explicitly stated in the notification.

Eligibility criteria:

Beneficiaries under EEMSK Subprogram are municipal schools and kindergartens, which represent public infrastructure and do not pursue any economic activity.

On a proposal of the Acting EB Director, MB has also accepted the requirement the implementation of the energy efficiency (EE) measures under each project to ensure an annual reduction of the greenhouse gas emissions by at least 60 tons.

Eligible activities - only for EE improvement

All projects also implement activities leading to a change in the behavior of the building's users in line with the model and program, which have already been established with the support of the European Climate Initiative (EUKI).

Projects must not have been submitted for funding or must not have been funded under other existing national and/or European programs (ensuring complementarity according to the agreement)

Limitation of the grant intensity up to 70% of the eligible EE measures. On a proposal of the Acting Director of EB, MB has also accepted the limitation related to a maximum amount of up to BGN 420 000.

Project evaluation criteria:

- Prioritization of the educational infrastructure sites for work with children and pupils from vulnerable groups (Ministry of Education and Science (MES)): Fifth group - 10 points; Fourth group - 8 points; Third group - 6 points; Second group - 4 points; First group - 2 points; falling into none of the mentioned groups - 0 points.
- Energy efficiency audit – compliance with Regulation No E-RD-04-2 of 16.12.2022: yes - 5 points; no - 0 points
- Project readiness - availability of a detailed design: yes - 20 points; no - 0 points
- Energy consumption class following the implementation of the selected energy saving package and the project implementation: Class A - 10 points; Class B - 5 points; Class C - 0 points
- Envisaged measure for an energy management system: for all measures - 10 points; for more than one measure - 5 points; no measure - 0 points
- Envisaged implementation of ventilation with recuperation: yes - 5 points; no - 0 points
- Reduction of the greenhouse gas emissions (in tons/year): >80t CO₂ eq. – 30 points; > 60 t CO₂ eq. ≤ 80 t CO₂ eq. – 20 points;
- Investment efficiency – ratio between the total amount in BGN and the expected annual quantity of reduced emissions (tCO₂) – i.e. BGN/tCO₂ per annum: Investment ≤ BGN 2500 /tCO₂ – 10 points; Investment > BGN 2500/tCO₂ and ≤ BGN 5000/tCO₂ - 5 points; Investment > BGN 5000 – 0 points.

The tables below present a detailed list of the received projects and their status according to the stage of approval and implementation, as well as the information on the energy saving measures, the funding amount and the greenhouse gas emissions reduction, which are expected to be achieved as a result of the measures' implementation.

Approved projects by PEC and NTEF MB, under which work is carried out

Project No	Beneficiary	Site	Project value (VAT included)	Expected subsidy	Project status as of 26.02.2024	Energy efficiency measures	Reduced emissions t/r
2	Svishtov Municipality	Chipolino Kindergarten, Svishtov city	BGN 414 180	BGN 279 620	Announced tender procedure. Published decision for contractor's selection	Thermal insulation of external walls. Thermal insulation of roof. Thermal insulation of floor. Measures for heating installation. Ventilation with recuperation. Measurement, automation and control Other EE measures - solar systems for domestic hot water (DHW).	63.78
3	Ruse Municipality	Zora Kindergarten, Ruse city	BGN 612 824	BGN 420 000	Investment design preparation	Thermal insulation of external walls. Thermal insulation of roof. Replacement of windows and doors. Measures for heating installation. Measurement, automation and control. Other EE measures - solar PV electricity.	83.82
5	Knezha Municipality	Vasil Levski Elementary School, Enitza village, Knezha Municipality	BGN 598 665	BGN 419 066	Coordinated tender procedure, sent to the Beneficiary for announcement	Thermal insulation of external walls. Thermal insulation of roof. Thermal insulation of floor. Replacement of windows and doors. Measures for heating installation. Ventilation with recuperation. Pipe or aerial network. Measurement, automation and control. Measures on lighting systems.	62.30
11	Cherven Bryag Municipality	Mir Kindergarten, Zora Branch, Cherven Bryag city	BGN 597 877	BGN 394 154	Approved by the NTEF MB on 22.02.2024	Thermal insulation of external walls. Heat insulation of roof. Measures related to heat generation Pumps, fans, etc. Measurement, automation and control.	82.25
6	Elin Pelin Municipality	Ivan Vazov Elementary School, Musachevo village, Elin Pelin Municipality	BGN 573 231	BGN 375 058	Coordination of a tender procedure	Thermal insulation of external walls. Thermal insulation of floor. Replacement of windows and doors. Ventilation with recuperation. Measures for heating installation. Pipe or aerial network. Measurement, automation and control. Measures on the DHW system. Measures on lighting systems. PV power station with capacity 51,45kWp	66.40

7	Bratya Daskalovi Municipality	Smehorancheta Kindergarten, Mirovo village, Bratya Daskalovi Municipality	BGN 474 383	BGN 306 332	Preparation of a tender procedure	Thermal insulation of external walls. Thermal insulation of roof. Replacement of windows and doors. Ventilation with recuperation. Measures for heating installation. Pipe or aerial network. Measurement, automation and control. Measures on the DHW system. Measures on lighting systems. PV power station with capacity 10 kWp	85.52
8	Momchilgrad Municipality	Zdravetz Kindergarten, Momchilgrad city	BGN 590 965	BGN 413 675	Coordination of a tender procedure	Thermal insulation of external walls. Thermal insulation of roof. Replacement of windows and doors. Measures for heating installation. Measurement, automation and control. Measures on lighting systems. PV power station with capacity 30 kWp.	71.44
10	Burgas Municipality	Hristo Botev Elementary School, Sarafovo Neighborhood, Burgas city	BGN 424 362	BGN 297 053	Announced tender procedure. Published protocol and report from the work of the Commission	Thermal insulation of external walls. Thermal insulation of roof. Thermal insulation of floor. Replacement of windows and doors Measures for heating installation. Measurement, automation and control. Measures on the DHW system. Measures on the lighting systems. PV power station with capacity 12,42 kWp	60
			BGN 4 286 487 EUR 2 191 645	BGN 2 904 957 EUR 1 485 281	The total subsidy amount is expected to decrease after all tender procedures have been carried out and the contracts signed with the contractors.		570.05 t

Submitted projects that are not implemented

Project No	Beneficiary	Site	Project value (VAT included)	Expected subsidy	Project status as of 23.02.2024	Energy efficiency measures	Reduced emissions t/r
1	Kindergarten No 42 "Balgarche" – Varna city	Kindergarten No 42 "Balgarche"	BGN 65 126	BGN 45 588	Non-admitted for NTEF EB evaluation - does not achieve an emission reduction of 60 t/y	Photovoltaic installation 30,36kWp	19.03
13	Gotze Delchev Municipality	Hristo Botev Elementary School, Mosomishte village	BGN 598 915	BGN 419 240	Non-admitted for NTEF EB evaluation - does not achieve an emission reduction of 60 t/y	Thermal insulation of external walls. Thermal insulation of roof. Thermal insulation of floor. Replacement of windows and doors.	15.76
4	Gorna Oryahovitza Municipality	Elena Grancharova Kindergarten, Fetski Svyat Branch, Kaltinets Neighborhood, Gorna Oryahovitza city	BGN 618 696	BGN 417 967	Following approval by the MB, withdrawn by the Beneficiary - the recently elected Municipal Council has withdrawn its consent to apply it under the Subprogram	Thermal insulation of external walls. Thermal insulation of roof. Replacement of windows and doors. Measures related to heat generation. Pumps, fans, etc. Pipe or aerial network. Measures on the lighting systems. Solar – PV electricity.	120.79
9	Karlovo Municipality	Parvi Yuni Kindergarten, Dabene village	BGN 425,476	BGN 297,266	Non-admitted for NTEF EB evaluation - does not achieve an emission reduction of 60 t/y	Thermal insulation of external walls. Thermal insulation of roof. Replacement of windows and doors. Measures related to heat generation. Measures on the lighting systems. Instalment of photovoltaics - 10,53 kWp	41.83
12	Zlatitza Municipality	Vocational Secondary School, Zlatitza city	BGN 1 008 042	BGN 420 000	Before evaluation , withdrawn by the beneficiary due to impossibility to provide own funding	Thermal insulation of external walls. Thermal insulation of roof. Thermal insulation of floor. Replacement of windows and doors. Pipe and aerial network. Measurement, automation and control. Measures related to heat generation. Measures on the lighting systems. Instalment of PV power station - 36 kWp	137.01
Total:			BGN 2 290 779 EUR 1 171 256	BGN 1 302 796 EUR 666 108			334.42 t.

As can be seen from the tables, the necessary amount of carbon emissions' reductions has not been achieved after this call, as well as the available funds for project implementation have not been used. The NTEF EB has carried out its analysis and has proposed to the NTEF MB at its next meeting to consider and adopt updated rules for project funding under the subprogram to avoid the constraints that have led to a low uptake of the subprogram and inability to collect the required number of projects.

The program is implemented in partnership with a number of key organizations. The National Association of Municipalities in the Republic of Bulgaria is a partner in disseminating information about the program. The Center for Energy Efficiency EnEffect is a partner in the monitoring of the results and the National Center for the Improvement of the Qualification of the Pedagogical Specialists will contribute to the training of the teachers, who will implement the educational program.

III. ECONOMIC AND SOCIAL EFFECTS FROM THE PROGRAM

The presentation of these effects before the implementation of the projects is not applicable to this report.

IV. AWARENESS RAISING RELATED EFFECTS

The presentation of these effects before the implementation of the projects is not applicable to this report.

V. FINANCIAL STATEMENT FOR 2023 OF SUBPROGRAM "ENERGY EFFICIENCY OF THE MUNICIPAL SCHOOLS AND KINDERGARTENS" AT CIP

1. Project funding

No projects were funded in 2023. During the reporting period, the coordination procedures related to the technical design and to the tender documentation have been completed. Tender procedures have been announced and are expected to be completed in the first half of 2024.

2. Spent funds for administrative costs.

A source of funding for the administrative costs of EEMSK Subprogram shall be the Agreement for the sale of annual emissions allocations (AEAs) between the Republic of Bulgaria and the Federal Republic of Germany in its part related to the Fund's administration.

In 2023, a total of BGN 52 253 was spent to cover the administrative costs of the Subprogram. The table below presents the allocation of the administrative costs for 2023 by items.

Spent funds for the administrative costs of the Subprogram

FUNDS' ALLOCATIONS	REPORTING YEAR (2023) IN BGN		
	Plan - BGN	Implementation - BGN	Implementation - %
Part A - INVESTMENTS	9,000		0%
1. Tangible fixed assets	9,000		0%
2. Intangible fixed assets			
Part B – INSTITUTIONAL DEVELOPMENT			
1. Institutional development advisory services			
2. Other institutional development related costs			
Part C – CURRENT COSTS			
1. Upskilling of the EB, remunerations, social and health insurance	51,188	26,103	51%
a. Staff training	1,000		
b. Labor remunerations	38,736	22,781	59%
c. Social and health insurance	7,329	3,322	45%
d. Social supplements pursuant to the Labor Code (LC)	3,623		
e. Occupational health	500		
2. Advisory services	45,000	8,488	19%
3. Maintenance and office costs	16,750	261	2%
a. Electricity, heating, phones, e-mail, water, etc.	4,700		0%
b. Fuel & Lubricants (F&L) and vehicle maintenance	2,500	138	6%
c. Insurances and property protection	250		0%
d. Office servicing	3,300		0%
f. Other costs	6,000	123	3%
4. Administrative & management costs	167,000	14,281	9%
a. Posting	5,000	1,084	22%
b. Entertainment costs			
c. Public relations	108,000		0%
d. Administrative and financial costs (in this number audit related)	54,000		0%
e. Allocable costs		13,197	
5. Costs related to the MB activity	7,200	3,120	44%
Part D - RESERVE			
TOTAL	296,138	52,253	18%

3. Financial status of EEMSK Subprogram

As of 31.12.2023 NTEF has in its bank accounts BGN 7 354 120 for the implementation of the EEMSK Subprogram.

ANNEX 3

Appendix 3: Application forms received for consideration by NTEF in 2023 under the "Mineral Waters" Investment Program

TABLE 3.1

no	Enter no	Place / Beneficiary	Project title	Amount of the requested subsidy
1	MB-010	Mineralni Bani Municipality, Haskovo region	"Optimization of the method of water withdrawal with permit mode of mineral waters from borehole No. CH-3BΠ through the construction of a new water supply system, repair of existing reservoirs and construction of a distribution network in the village of Mineralni Bani" - II stage, sub-site A	BGN 399 850,00
2	MB-011	Septemvri Municipality	"Construction of new boreholes for mineral water, facilities, sanitary protection zone"	BGN 400 000,00
3	MB-012	Garmin Municipality	"Street water pipe for mineral water in the village of Ognyanovo, municipality of Garmen with a length of L 1300"	BGN 247 097,76
4	MB-013	Sapareva Banya Municipality	"Pumping station with tank and supply pipeline for mineral water" in the town of Sapareva Banya	BGN 400 000,00
5	MB-014	Svishtov Municipality	"Construction of a catchment shaft at Borehole No. P-4xr from NMV "Svishtov" in PI 65766.508.1 according to KK and KR of the town of Svishtov, water supply and pumping station with an extraction tank in PI 65766.702.4638 according to KK and KR of the town of Svishtov, Svishtov Municipality"	BGN 343 723,80
6	MB-015	Belene Municipality	"Construction of infrastructure for efficient use of mineral waters from the Belene deposit, Borehole No. P-1xr in the town of Belene"	BGN 400 000,00
7	MB-016	Elin Pelin Municipality	"Improving the capacity for utilization of thermal energy of mineral waters in the municipality of Elin Pelin - village of Ravno Pole"	BGN 93 683,84
8	MB-017	Petrich Municipality	Reconstruction of borehole № 2XΓ of the NMV "Rupite - Kozhuh", PI 49312.17.39, "Rupite" locality, land of the village of Rupite, Petrich municipality, Blagoevgrad region - the reconstruction consists in replacing the pipe-valve fitting and vent, reconstruction of the capture facility and construction of a pumping station; implementation of a collection tank; new well pipe connections and existing water lines.	BGN 85 850,51
TOTAL				BGN 2 370 205,91

TABLE 3.2

no	Entry №	Place / Beneficiary	Project title	Amount of the requested subsidy
1	MB010/30.11.2022	Mineralni Bani Municipality, Haskovo region	"Optimization of the method of water withdrawal with permit mode of mineral waters from borehole No. CH-3BΠ through the construction of a new water supply system, repair of existing reservoirs and construction of a distribution network in the village of Mineralni Bani" - II stage, sub-site A "Completion of a water supply main branch III from project point 046 to equalizing reservoir "Banska Chuka"; Construction of a water supply main branch IV from the equalization tank "Banska Chuka" to project point 077 and repair of the existing reservoir "Banska Chuka"	BGN 399 850,00
2	MB012/03.02.2023	Garmen Municipality	"Street water pipe for mineral water in the village of Ognyanovo, municipality of Garmen with a length of L 1300"	BGN 247 097,76
3	MB017/06.02.2024	Petrich Municipality	Reconstruction of borehole № 2XГ of the NMV "Rupite - Kozhuh", PI 49312.17.39, "Rupite" locality, land of the village of Rupite, Petrich municipality, Blagoevgrad region - the reconstruction consists in replacing the pipe-valve fitting and vent, reconstruction of the capture facility and construction of a pumping station; implementation of a collection tank; new well pipe connections and existing water lines.	BGN 85 850,51
Total value of the approved subsidy:				BGN 732 798,27

ANNEX 4

Appendix 4: Application forms received for consideration by NTEF in 2023 under the Climate Microprojects Program

TABLE 4.1

	Enter no	Beneficiary	Project title	Amount of the requested subsidy
1	MP 046	Burgas municipality	Measures to increase public awareness and involvement in climate change mitigation and adaptation activities	BGN 50 000,00
2	MP 047	Ministry of Energy	Reduction of greenhouse gas emissions and achieving energy savings through the implementation of microclimate control and management systems and the consumption of electrical and thermal energy in the administrative building of the Ministry of Energy	BGN 35 594,40
3	MP 048	Pirdop Municipality	Reduction of greenhouse gas emissions with the implementation of microclimate control and management systems and energy consumption in municipal buildings	BGN 50 000,00
4	MP 049	Tryavna Municipality	Improvement of the street lighting energy management system in Tryavna municipality for climate change mitigation and adaptation	BGN 49 996,00
5	MP 050	Gabrovo Municipality	Hear the earth - regenerative agriculture for soil health	BGN 49 961,00
6	MP 051	Knezha Municipality	Municipality of Knezha - for a greener land	BGN 50 000,00
7	MP 052	Vratsa Municipality	Ecologically charged	BGN 50 000,00
8	MP 053	Nessebar Municipality	Introduction of an innovative urban environment in the Municipality of Nessebar, in order to adapt to climate changes	BGN 43 680,00
TOTAL				BGN 379 231,40

TABLE 4.2

No	Entry No	Place / Beneficiary	Project title	Amount of the requested subsidy
1	MR 041	"Ecological Manifesto - ManEco" Foundation	"Eco Youth"	BGN 49 866,00
2	MR 042	Tryavna municipality	Innovative solutions for adaptation to climate change	BGN 49 997,00
3	MR 043	Bobov dol Municipality	Implementation of systems for control and management of the microclimate and the consumption of electricity in municipal buildings	BGN 49 880,00
4	MR 044	Elin Pelin Municipality	New measures and approaches for adaptation to climate change in the municipality of Elin Pelin	BGN 50 000,00
5	MR 046	Burgas municipality	Measures to increase public awareness and involvement in climate change mitigation and adaptation activities	BGN 50 000,00
6	MR 047	Ministry of Energy	Reduction of greenhouse gas emissions and achieving energy savings through the implementation of microclimate control and management systems and the consumption of electrical and thermal energy in the administrative building of the Ministry of Energy	BGN 35 594,40
7	MR 048	Pirdop Municipality	Reduction of greenhouse gas emissions with the implementation of microclimate control and management systems and energy consumption in municipal buildings	BGN 50 000,00
8	MR 049	Tryavna municipality	Improvement of the street lighting energy management system in Tryavna municipality for climate change mitigation and adaptation	BGN 49 996,00
9	MR 051	Knezha Municipality	Municipality of Knezha - for a greener land	BGN 50 000,00
10	MR 052	Vratsa Municipality	Ecologically charged	BGN 50 000,00
Total value of the approved subsidy				BGN 485 333,40

ANNEX 5

**IMPLEMENTATION OF THE BUDGET TO FINANCING OTHER PROGRAMS AND ADMINISTRATIVE
MAINTENANCE OF NDEF AS OF 31.12.2023**

TABLE 5.1

DIRECTIONS OF FUNDS	Previous Year (2022)			Reporting year (2023)		
	Plan BGN	Report BGN	Execution in %	Plan BGN	Report BGN	Execution in %
Part A - INVESTMENTS				36 000	156	0%
1. Tangible fixed assets	0	0		36 000	156	0%
2. Intangible fixed assets	0	0		0	0	
Part B - INSTITUTIONAL DEVELOPMENT						
1. Consulting services on institutional development	0	0		0	0	
2. Other costs of institutional development	0	0		0	0	
Part C - CURRENT COSTS	576 736	456 742	79%	914 344	677 396	74%
1. Increasing the qualifications of the EB, remuneration, social and health insurance	338 482	301 566	89%	457 314	410 409	90%
a. Personnel training	5 300	0	0%	4 000	0	
b. Labor remuneration	267 127	248 975	93%	367 326	346 165	94%
c. Social and health insurance	51 355	44 565	87%	69 498	53 058	76%
d. Social supplements according to Labor Law	10 200	8 026	79%	14 490	11 185	77%
e. Occupational medicine	4 500	0	0%	2 000		
2. Consulting services on the selection and implementation of projects	49 000	16 641	34%	72 600	77 463	107%
3. Maintenance and office expenses	95 864	89 063	93%	105 040	67 704	64%
a. Electricity, heating, telephones, e-mail, water, etc.	35 369	41 554	117%	40 140	11 947	30%
b. Fuel and car maintenance	5 095	6 193	122%	20 000	4 577	23%
c. Insurance and property protection	2 038	5 930	291%	2 000	2 896	145%
d. Office supplies and service	28 887	31 859	110%	22 700	24 384	107%
e. Other expenses	24 475	3 527	14%	20 200	23 900	118%
4. Administrative and management costs	73 390	43 418	59%	243 390	106 583	44%
a. Business trips	18 390	8 508	46%	18 390	45 945	250%
b. Representation expenses	0	0		0	0	
c. Public Relations	15 000	1 169	8%	118 000	12 750	11%
d. Administrative	40 000	33 741	84%	107 000	47 888	45%
5. Expenses related to the activities of the Board	20 000	6 054	30%	36 000	15 238	42%
Part D - RESERVE [4% of (A+B+C)]	0	0	0	0	0	0
TOTAL EXPENSES	576 736	456 742	79%	950 344	677 552	71%
Income from consulting services	0	0	0	0	0	0
Net costs:	576 736	456 742	79%	950 344	677 552	71%

REPORT ON THE FINANCIAL RESOURCES OF NTEF AS OF 31.12.2023

Cash available in the bank accounts and treasury of NTEF:

7 704 031,17 BGN

Amount of cash in BGN, according to Table 1

Table 1: Payment accounts in BGN:

Payment account number	Account type	Currency	Balance as of 31.12.2023 in EUR	Balance as of 31.12.2023 in BGN
UnicreditBulbank				
BG35UNCR70001522301435	Debit card	BGN		1 833,00
BG40UNCR70001524173930	Current account	BGN		196 031,75
BG86UNCR70001525199168	Current account	EUR	138 303,74	270 498,60
BG97UNCR70001522252304	Current account	BGN		2 238 659,12
"Bulgarian-American Credit Bank" AD				
BG71BGUS91607008011000	Current account	BGN		4 537 180,19
Ziraat Bank				
BG95TCZB93501002769400	Current account	BGN		459 828,51
				7 704 031,17

Amount of deposited funds in BGN, according to Table 2

22 940 000,00 BGN

Total BGN as of 31.12.2023

30 644 031,17 BGN

Table 2: Monthly deposits in BGN:

Deposit Account №	Date of deposit	Principal	Expected interest for the period *	Annual interest % for the period
Ziraat Bank				
BG93TCZB93502002769402	16.8.2023	10 040 000,00	26 706,00	0,40%
"Bulgarian-American Credit Bank" AD				
BG05BGUS91602008011000	17.8.2023	12 900 000,00	96 033,00	2,00%

* Interest accrued but unpaid as of the last date of the period (31.12.2023)

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NATIONAL
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ECO FUND

REPORT OF THE INDEPENDENT AUDITOR



Project Vision 2045 – “Bicycle cinema”



Project Vision 2045 - Study visit to Berlin



Project MENERGERS – Training of experts from the Pilot municipalities



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

REPORT OF THE INDEPENDENT AUDITOR

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **NATIONAL TRUST ECOFUND** (the Fund), which comprise the statement of financial position as at 31 December 2023 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, comprising significant accounting policy and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2023 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 and other legal requirements, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or whether our knowledge obtained in the audit may indicate that there is a material misstatement or otherwise the other information appears to be materially misstated. If, based on the work we have performed, we conclude

that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

Mariy Apostolov
Managing partner

Grant Thornton Ltd
Audit firm

22.07.2024

Bulgaria, Sofia, 26, Cherni Vrah Blvd.



Silvia Dinova

Registered auditor responsible for the audit



Project Vision 2045 – workshop in Dobrich

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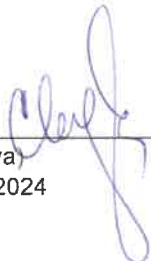
FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON 31 DECEMBER 2023

National Trust Ecofund
Financial Statements
For the year ended on 31 December 2023

Statement of financial position
as at 31 December

	Note	2023 BGN'000	2022 BGN'000
Assets			
Current assets			
Receivables	10	162	265
Term deposits	7	22 940	5 000
Cash and cash equivalents	7	7 705	19 664
Current assets		30 807	24 929
Total assets		30 807	24 929
Liabilities			
Current liabilities			
Funding	8	30 740	24 879
Pension and other employee obligations	9.2	67	50
Trade and other payables	10	-	-
Current liabilities		30 807	24 929
Total liabilities		30 807	24 929

Prepared by: 
(Svetlana Pavlova)
Date: 18 March 2024

Executive Director: 
(Mariya Minkova)

Auditor's report issued on 22.04.2024
Mariy Apostolov, Managing partner
Silvia Dinova, registered auditor, responsible for the audit
Grant Thornton OOD, Audit firm




The accompanying notes from 4 to 25 form an integral part of the financial statements.

National Trust Ecofund
Financial Statements
For the year ended on 31 December 2023

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

	Note	2023 BGN'000	2022 BGN'000
Revenue from funding for programs	11	2 508	2 624
Revenue from funding for administrative expenditure and institutional development	11	410	319
Revenue from external financing of projects	11	371	215
Revenue from financing of non - current assets	11	-	1
Project financing costs		(2 612)	(2 556)
Cost of materials	13	(20)	(34)
Hired services expenses	13	(216)	(244)
Employee benefits expenses	9.1	(410)	(299)
Amortization of non-financial assets	5,6		(1)
Other expenses	14	(29)	(15)
Finance costs	15	(2)	(11)
Net result for the year		-	-
Total comprehensive income for the year		-	-

Prepared by: 
(Svetlana Pavlova)
Date: 18 March 2024

Executive Director: 
(Mariya Minkova)

Auditor's report issued on 22.04.2024
Mariy Apostolov, Managing partner
Silvia Dinova, registered auditor, responsible for the audit
Grant Thornton OOD, Audit firm

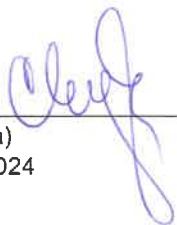


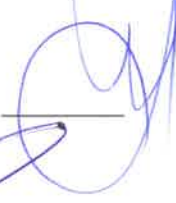
The accompanying notes from 4 to 25 form an integral part of the financial statements.

National Trust Ecofund
Financial Statements
For the year ended on 31 December 2023

Statement of cash flows
for the year ended on 31 December

	Note	2023 BGN'000	2022 BGN'000
Operating activities			
Target funding received IPC		-	7 406
Target funding received Aviation quotas		8 817	5 557
Target funding received Malta		-	190
Other funding received		961	282
Payment for project financing	11	(3 097)	(2 768)
Payments to contractors in connection with administrative support and project implementation		(227)	(313)
Payments to employees and social security institutions		(435)	(320)
Returned financing on projects		(39)	
Other payments / (receivables), net		(39)	3
Net cash flow from operating activities		5 941	10 037
Operating activities			
Repayments of term deposits		(17 900)	(5 000)
Cash flow from operating activities		(17 900)	(5 000)
Net change in cash and cash equivalents		(11 959)	5 037
Cash and cash equivalents, beginning of year		19 664	14 627
Cash and cash equivalents, end of year	7	7 705	19 664

Prepared by: 
(Svetlana Pavlova)
Date: 18 March 2024

Executive Director: 
(Mariya Minkova)

Auditor's report issued on 22.04.2024
Mariy Apostolov, Managing partner
Silvia Dinova, registered auditor, responsible for the audit
Grant Thornton OOD, Audit firm



The accompanying notes from 4 to 7 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Information about the Fund

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

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

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

The registered office of the Fund is at 1574 Sofia, 67 B Shipchenski Prohod Blvd.

The Fund is registered in the Registry agency 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 31.12.2023 comprises of:

Management Board:

- Chairman of the Board of NTEF - Prof. Dimitar Nenkov, elected by Decision No. 807/17.11.2023 of the Council of Ministers of the Republic of Bulgaria. By the same Decision, Ms. Penka Mollova - Smolenova was released due to the expiration of her mandate.
- Representative of the Ministry of Environment and Water (MOEW) and deputy. Chairman of the Board of NDEF - Nikolay Sidzhimov - Deputy Minister of the Ministry of Internal Affairs and Communications, from 19.07.2023, after Reneta Koleva, Deputy Minister until 19.07.2023.

- Representative of the Bulgarian Academy of Sciences (BAS) - Prof. Nikola Malinovski, Deputy Chairman of the Board, elected pursuant to Art. 8 (2) of the Ordinance on the structure and activity of the National Trust Ecofund;
- Representative of the Ministry of Finance (MOF) - Deputy Minister Georgi Klisurski after Daniela Dobрева, Deputy Minister;
- Representative of the Ministry of Energy - Deputy Minister Iva Petrova;
- Representative of environmental non-governmental organizations - Mrs. Lyubomira Kolcheva - director of the "Ecocommunity" Foundation;
- Representative of the National Association of Municipalities in the Republic of Bulgaria (NAMRB) – Mrs. Silvia Georgieva - Executive director of NAMRB.

Executive Bureau as at 31 December 2023:

Executive Bureau (EB):

Acting Director of the EB

Irena Pencheva

Chief Accountant

Svetlana Pavlova

Accountant

Marinela Zheleva

Chief expert programs management

Ivaylo Tsekov

Senior expert programs management

Kamelia Georgieva

Expert programs management

Radoslava Mitrova

Chief Expert project management

eng. Galina Veleva

Expert project management

Technical assistant

Elena Mihayova

Driver

Bozhidar Valchkov

The Fund is represented by the chairman of the Management Board - Prof. Dimitar Nenkov.

The operating activity of the Fund is managed by the Executive Director of the EB – Irena Pencheva.

As of 31.12.2023 the total number of personnel is 9 people (31.12.2022 - 8).

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.

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

The main sources of funding in the Fund are:

- Targeted financing of the Climate Investment Program (CLIMATE INVESTMENT PROGRAM (CIP)) under RMS № 201 / 26.03.2015, RMS № 80 / 11.02.2016 and RMS №27 / 13.01.2017;
- Targeted financing for a pilot scheme of the Mineral Waters Investment Program under Decree № 322 / 24.11.2016.

- Admission in accordance with Ordinance №1 / 04.03.2015 for determining the procedure and manner for expanding the revenues from the sale of allowances for emissions from aviation activities through an auction.
- 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
- 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 2022) unless otherwise stated.

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 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 2023, 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 31 application forms were accepted. During the reporting year, the Commission for Selection and Reporting of Project Implementation reviewed 31 CEM forms, on which proposals for the purchase of 26 vehicles were considered.

Under **the Scheme for improving the energy efficiency** of buildings and other objects, one call for project proposals was published. The deadline for submission of the proposals is 31.01.2024.

Following the completion of the pilot phase of the **Mineral Waters Investment Program** in 2019, In October 2022, a call for new application forms was published. The deadline for the collection of project proposals was 6 February 2023. Eight project proposals were received, of which the NTEF Board of Directors approved 3 projects in April 2023.

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 2023, the last call for project proposals was announced. In total, 11 (eleven) PMPC application forms were reviewed and evaluated during the year. The Board has approved 10 (ten) proposals for projects under PMPC. In 2023, 7 (seven) projects with the financial support of NTEF in the amount of BGN 331,841 were completed and reported.

In addition to the implementation of the programs in which NDEF is a financing organization, in 2023 the implementation of projects with external financing continued.

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, Kardzhali and Sliven).

In 2023, the following activities, supporting the implementation of the project, were carried out:

- NTEF continued to carry out all activities in its role as a leading partner - overall coordination of the implementation of activities, financial and program reporting, coordination with the international partner and the Program Operator.
- The meetings of the Coordination Council of the project were held regularly.
- The activity of the partner municipalities in 2023 was aimed at implementing certain investment measures approved by the Financial Mechanism of the program. Depending on the planned activities, in some of the municipalities, public procurements were launched for design, and in others - for the execution of engineering contracts.
- By the end of 2023, investment projects have been fully implemented in two of the eight municipalities - Sofia and Burgas, publicity events have also been held.
- In four municipalities, SMR is in an advanced phase (Plovdiv, Ruse, Sliven and Stara Zagora).
- The municipality of Kardzhali started 2024 with the selection of a contractor and a completion date one month before the end of a project.
- Only the Municipality of Varna failed to organize the implementation of the investment measures, which were also agreed by the Financial Mechanism.
- On 22 and 23 November 2023, NTEF held two of the three focus groups provided for in activity 2 in Sofia. The first was dedicated to the topic: Improvement of local policies (territorial planning, construction, greening, local self-government), and the second - to the topic: Education - necessary changes for training specialists and creating capacity in contractors. Representatives of partner municipalities, universities, ministries, etc. participated.
- Even before the end of 2023, work began on the analysis of the results of the two focus groups and the preparation of the third, which is planned for the middle or the beginning of the last ten days of March 2024.

Project "Bulgarian Energy Efficiency Forum for Smart Financing for Smart Buildings" (BeSmart) is funded by Horizon 2020. It aims to develop the market for energy efficiency investments and support the national implementation of the "Smart Finance for Smart Buildings" initiative by creating a permanent discussion forum to influence relevant policy actions in the field and include actively the entire stakeholder chain, maintaining a strong focus on financial institutions.

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

- Active participation, including presentations and participation as a panellist in the corresponding round tables, presenting the experience and current projects of NTEF, the position of NTEF on the discussed policies and upcoming activities;
- Organize and host a meeting of the established policy working groups.
- In 2023, four round tables were held:
- Strategic vision, policies and reforms: how to deliver the energy transition - 27 November 2023
- National round table for financing investments for energy efficiency in Bulgaria - Forum "Investments in sustainable energy" – 5 October 2023.
- National Roundtable on Financing Zero Energy Buildings and Total Building Renovation - June 2023

National round table for financing investments in energy efficiency in Bulgaria - National Fund for Decarbonization: structuring, operational management, market development - March 2023.

Within the framework of the same project, experts from NTEF also took part in a discussion forum "Mayors Speak" in July 2023, where they shared their experience with the implementation of flexible financing of municipal projects for energy efficiency and the implementation of measures to involve the users of the sites in monitoring the results of investment measures.

"MENERGERS" project - "Energy Manager" services in municipalities aims to create models for "Energy Manager" services in municipalities in Bulgaria and to form a system of criteria for energy efficiency and RES for municipalities in Romania. This will enable municipalities in both countries to make a significant contribution to achieving climate neutrality goals according to national and European goals.

It is funded by the European Climate Initiative (EUKI) of the Federal Government of the Republic of Germany (EUKI).

NTEF is the lead partner on the project, and the other partners are the Independent Institute for the Environment in Berlin (UfU), the Sofia Energy Agency "Sofvna" and the Association of Municipalities "Energy cities" in Brashov, Romania. The project implementation period is 30 months, starting from November 2022.

In 2023, the following activities were carried out:

- Overall project management – preparation and signing of the financing contract and partnership agreements after fulfilled commitments to check the integrity of all participants in the consortium.
- A competition was held and three pilot municipalities were selected - Ruse (large municipality), Svilengrad (medium municipality) and Sapareva Banya (small municipality).
- Three professional reports have been prepared by the three partners - presenting the practices in Romania, Germany, other European countries and Bulgaria.
- A study trip to Germany was conducted with a group of representatives of the pilot municipalities.
- A first version of the "Energy Manager" services model was developed and discussed.
- An international seminar was held with representatives of local and central authorities from Romania and Bulgaria, in which a serious step was taken towards formulating a realistic model for experimental introduction.
- The determination of the specific experts in the three pilot municipalities, who will start implementing the functions of an energy manager after training, is pending.

Project „Vision 2045“ aims to unite the efforts of schools and municipal administrations to attract the efforts of all interested parties (service and energy providers, public administrations, traders, media, etc.) to create and experimentally implement an innovative model to achieve climate neutrality of local level.

Funded by the European Climate Initiative (EUKI) of the Federal Government of the Republic of Germany (EUKI)

The lead partner is the Independent Institute for the Environment Berlin (UfU). Partners, in addition to NDEF, are the Association of Municipalities "Energy Cities" (Energy Cities) in Krakow, Poland and the Regional Energy Agency of Savinska, Šaleshka and Koroška Regions, Slovenia. The project will be implemented in 30 months, starting from November 2022.

In 2023, the following activities were carried out:

- A competition was held and pilot municipalities and schools were selected. Yambol Municipality with "Vasil Karagyzov" Elementary School and "Lyuben Karavelov" Elementary School and Dobrich Municipality with "Petko Rachov Slaveykov" and "Dimitar Talev" Elementary School were selected.
- A series of meetings were held with schools and municipalities to present the project and train teachers.
- An online climate footprint map of the four schools has been compiled.
- Energy tours (prototype of energy surveys) were conducted in the four schools to identify the condition of the buildings.
- Stakeholder meetings were held in both municipalities to attract the attention and support of local and regional institutions and school service providers.
- A study trip to Germany was held for the participants from the pilot schools and municipalities to familiarize themselves with the experience of Germany.
- Workshops were held in the four schools to draw up Vision 2045.

Action plans are to be drawn up and implemented in the four schools in order to start the process of achieving the vision of a climate neutral school in 2045.

3. Changes in accounting policies

3.1. New standards, amendments and interpretations to existing standards as at 1 January 2023

The Fund has adopted the following new standards, amendments and interpretations to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Company's separate financial statements for the annual period beginning 1 January 2023:

- IFRS 17 "Insurance Contracts" 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 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 IAS 12 "Income taxes: International Tax Reform – Pillar Two Model Rules", effective from 1 January 2023, adopted by the EU.

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

At the date of authorisation of these separate financial statements, certain new standards, amendments and interpretations to existing standards have been issued, but are not effective or adopted by the EU for the financial year beginning on 1 January 2023 and have not been adopted early by the Fund. Information on those expected to be relevant to the Fund's separate financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Fund's accounting policies for the first period beginning after the effective date of the pronouncement:

- Amendments to IAS 1 “Presentation of financial statements: Classification of liabilities as current or non-current”, effective from 1 January 2024, adopted by the EU
- Amendments to IAS 1 “Presentation of financial statements: Non-current liabilities with covenants”, effective from 1 January 2024, adopted by the EU
- Amendments to IFRS 16 “Leases: Lease liability in a sale and leaseback”, effective not earlier than 1 January 2024, adopted by the EU
- Amendments to IAS 7 “Statement of cash flows” and IFRS 7 “Financial instruments: Disclosures: Supplier Finance Arrangements”, effective from 1 January 2024, not yet adopted by the EU
- Amendments to IAS 21 “The effects of changes in foreign exchange rates: Lack of exchangeability”, effective from 1 January 2025, not yet 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".

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;
- Employee obligations - the accrued funds for remuneration and social security 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;
- Employee 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 04.03.2015 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 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
- Other 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.

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. 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, cancelled 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.

4.9.1. 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.

Receivables

Receivables are initially recognised at amortized cost unless they contain significant financial components. The Fund holds the 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.

4.9.2. 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.

Financial assets within the scope of the new requirements included debt instruments measured at amortised cost, incl. receivables, term deposits and cash and cash equivalents.

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

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

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

“12-month expected credit losses” are 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.

4.9.3. 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 unfavorable 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.

4.10. Cash and cash equivalents

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

4.11. 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 Fund 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.

4.12. 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 Fund 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 Fund 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. Contingent liabilities should be measured subsequently at the higher of the comparable provision described above and the initially recognized amount less accumulated depreciation.

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

4.13. 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. 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.

4.15. Useful life of depreciable assets

As at 31 December 2023 the Management assesses that the useful lives represent the expected utility of the assets to the Fund. The carrying amounts are analysed in note 5 and 6. Actual results, however, may vary due to technical obsolescence, particularly relating to IT equipment and software.

5. Machines and equipment

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

	IT equipment	Vehicles	Fixtures and fittings	Total
	BGN '000	BGN '000	BGN '000	BGN '000
Gross carrying amount				
Balance at 1 January 2023	53	38	16	107
Balance at 31 December 2023	53	38	16	107
Depreciation				
Balance at 1 January 2023	(53)	(38)	(16)	(107)
Balance at 31 December 2023	(53)	(38)	(16)	(107)
Carrying amount as at 31 December 2023	-	-	-	-

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

	IT equipment	Vehicles	Fixtures and fittings	Total
	BGN '000	BGN '000	BGN '000	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 at 31 December 2022	-	-	-	-

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	Software	Total
	BGN '000	BGN '000	BGN '000
Gross carrying amount			
Balance at 1 January 2023	38	4	42
Balance at 31 December 2023	38	4	42
Depreciation			
Balance at 1 January 2023	(38)	(4)	(42)
Balance at 31 December 2023	(38)	(4)	(42)
Carrying amount as at 31 December 2023	-	-	-

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

	Internet portal	Software	Total
	BGN '000	BGN '000	BGN '000
Gross carrying amount			
Balance at 1 January 2022	38	4	42
Balance at 31 December 2022	38	4	42
Depreciation			
Balance at 1 January 2022	(38)	(3)	(41)
Depreciation for period	-	(1)	(1)
Balance at 31 December 2022	(38)	(4)	(42)
Carrying amount as at 31 December 2022	-	-	-

7. Term deposits and cash and cash equivalents

	2023	2022
	BGN '000	BGN '000
Bank deposits	22 940	5 000
Term deposits	22 940	5 000
Cash on bank accounts	7 704	19 662
Cash on hand	1	2
Cash and cash equivalents	7 705	19 664
Term deposits and cash and cash equivalents	30 645	24 664

In 2023, part of the free funds of NTEF were deposited for 6 months in Ziraat Bank and Bulgarian-American Credit Bank. NTEF has no blocked cash and cash equivalents.

The accompanying notes on pages from 4 to 25 form an integral part of the financial statements

8. Financing

	2023 BGN '000	2022 BGN '000
Undrawn portion of grants for funding of operations, including:		
- undrawn portion of grant for funding operations under Climate Investment Program (CIP)	13 821	9 262
- undrawn portion of grant for funding operations under "Mineral Waters"	5 459	4 041
- undrawn portion of grant for funding operations under Aviation quotas	3 203	2 847
- undrawn portion of grant for funding operations under agreement with Republic of Malta	698	1 080
- undrawn portion of grant for funding operations - AEA	7 354	7 406
- undrawn portion of grant for funding operations for projects with external financing	104	176
- undrawn portion of grant for funding of completed projects	50	67
- undrawn portion of financing from interest received on term deposits	51	
Carrying amount as at 31 December	30 740	24 879

During the period, the reporting of the project "Triple A - Strengthening the value chain of energy efficiency projects in their early stages", funded by the Horizont 2020 program of the European Commission, was completed.

Changes in funding during the period include:

	2023 BGN '000	2022 BGN '000
Carrying amount at 1 January	24 879	14 603
Recognized total revenue from financing in the statement of profit or loss and other comprehensive income	(3 289)	(3 159)
Received funding during the period	9 778	13 435
Returned financing on projects	(39)	-
Payments of financing on projects	(589)	-
Carrying amount as at 31 December	30 740	24 879

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

- Provided targeted funding from CIP in 2017 in the amount of BGN 15,298 thousand for finance investment projects and administrative activities of NTEF, and in 2019 another BGN 5 054 thousand, in 2022 another BGN 2 089 thousand and in 2023 another BGN 6 998 thousand was secured from the sale of aviation allowances through an auction in accordance with Ordinance No. 1 from 04.03.2015.
- 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 and in 2023 another BGN 1 463 thousand was secured from the sale of aviation allowances through an auction in accordance with Ordinance No. 1 from 04.03.2015.
- 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 and in 2023 were received BGN 8 817 thousand.
- Targeted financing under a project of the annual distribution of emissions between the Republic of Bulgaria and the Republic of Malta under RMS No. 175 / 29.03.2017, from which no funds have been received in 2023.
- 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, from which no funds were received in 2023.

9. Employee benefits

9.1. Employee benefits expenses

	2023 BGN '000	2022 BGN '000
Salaries	(346)	(246)
Social security costs	(64)	(53)
	(410)	(299)

9.2. Employee obligations

	2023 BGN '000	2022 BGN '000
Employee obligations	24	20
Unused holiday leaves	29	19
Social security obligations	14	11
	67	50

10. Receivables and payables

	2023 BGN '000	2022 BGN '000
Receivables from donors for expenses incurred on projects	162	265
	162	265

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 May 2023.

11. Project funding expenses

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

Program	2023 BGN '000	2022 BGN '000
Financing of public projects under the Climate Investment Program (CIP)	2 176	2 532
Financing of public projects under Program "Micro projects for the climate".	332	92
	2 508	2 624

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)	6 410	4 101	2 176
Financing of public projects under Program "Micro projects for the climate".	364	350	332
Financing of redefined project No. 3*	283	283	283
Financing of MENERGERS **	306	306	306
	7 363	5 040	3 097

The accompanying notes on pages from 4 to 25 form an integral part of the financial statements

*- Redefined project No. 3: Reimbursement of expenses incurred by Partners is retroactive, i.e. after reporting and verifying incurred expenses for a period of 9 months (The last approved report is for the period 01.08.2022 - 30.04.2023). The final reconciliation of the value of the funding contract with the reported costs of each partner can be done at the final reporting and closing of the project.

** - Project MENERGERS: Funding is based on periodic advance payments to Partners. The funds spent on the project are reported in reporting periods lasting 6 months (The last approved report is for the period 01.05.23 - 30.10.2023). The final reconciliation of the value of the funding contract with the reported costs of each partner can be done at the final reporting and closing of the project.

11.1. 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 2 176 thousand.

The amounts actually paid to Beneficiaries under projects from the Investment Program for Climate (IPC) - Scheme "Electric Cars" amount to BGN 332 thousand.

In 2023, in connection with the implementation, financing and reporting of completed public projects, BGN 11 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 2023, 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 31 application forms were adopted. During the reporting year, the Committee for Selection and Reporting of the Implementation of the Projects examined 31 CEM forms, of which 52 of the examined 39 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 2023 for financing Climate Investment Program (CIP) projects is presented in the table below:

Project No.	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 (2023)
		BGN	BGN	BGN
279	Increasing energy efficiency and reducing CO2 emissions from the building of the Community center YORDAN YOVKOV - 1870, Dobrich	1,126,126.46	800,000.00	463,308.41
289	Increasing the energy efficiency of the building of "MBAL Parvomai" EOOD, town of Parvomai	793,004.61	514,755.23	514,313.38
295_3	Implementation of a package of measures to increase the energy efficiency of the Administrative Building in Oryahovo, 5 Andrey Chaprazov Str.	168,758.81	143,444.99	143,444.99
328_4	Implementation of energy efficiency measures in the school educational infrastructure in the Municipality of Veliko Tarnovo – HS "P.R.Slaveykov"	951,991.54	647,051.75	108,785.67
507	Implementation of energy efficiency measures and accompanying activities of the building of HS "Otets Paisiy" and HS "N. Velchev", Samokov	1,925,999.78	1,485,666.32	456,798.12
	Public projects - CIP	4,965,881.20	3,590,918.29	1,686,650.57

Electric cars:

Project No.	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 (2023)
		BGN	BGN	BGN
019	Project to promote the use of electric vehicles - Municipality of Stara Zagora - 1 unit, M1	41,990.00	20,000.00	20,000.00
059	Project to promote the use of electric vehicles - SM-Capital Inspectorate-1 unit, M1	73,902.00	20,000.00	20,000.00
073	Project to promote the use of electric vehicles - SM-Capital Inspectorate -1 unit, M1	72,585.38	20,000.00	20,000.00
084	Project to promote the use of electric vehicles - SM-Capital Inspectorate -1 unit, M1	54,899.00	20,000.00	20,000.00
094	Project to promote the use of electric vehicles - PRB_GP-2 unit, M1	155,280.00	40,000.00	40,000.00
Project No.	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 (2023)
		BGN	BGN	BGN
097	Project to promote the use of electric vehicles - Simitli Municipality-2 units N1	128,890.00	60,000.00	40,000.00
107	Project to promote the use of electric vehicles - Sadovo Municipality-1 unit L7e+1 upgrade	51,417.60	23,000.00	23,000.00
111	Project to promote the use of electric vehicles – Blagoevgrad Municipality-1 unit L7e+1 upgrade	66,981.60	23,000.00	23,000.00
112	Project to promote the use of electric vehicles – Pirdop Municipality-1 unit L7e+1 upgrade	56,023.00	23,000.00	23,000.00
115	Project to promote the use of electric vehicles – Balchik Municipality-1 unit, M1	89,988.00	20,000.00	20,000.00
116	Project to promote the use of electric vehicles – Plovdiv Municipality-1 unit L7e	45,465.60	20,000.00	20,000.00
117 and 118	Project to promote the use of electric vehicles – Gabrovo Municipality-3 units, M1	227,577.00	60,000.00	60,000.00
119	Project to promote the use of electric vehicles - Dolni Chiflik Municipality-1 unit L7e+1 upgrade	45,992.40	21,000.00	20,996.62
122	Project to promote the use of electric vehicles - Regional administration Kardzhali-1 unit, M1	44,880.00	20,000.00	20,000.00
123	Project to promote the use of electric vehicles - Dobrich Municipality -1 unit, M1	44,089.50	20,000.00	20,000.00
126	Project to promote the use of electric vehicles - Dolni Chiflik Municipality -1 unit, M1	44,400.00	20,000.00	20,000.00
127	Project to promote the use of electric vehicles - Slivnitsa Municipality-1 unit, M1	39,999.00	20,000.00	20,000.00
132	Project to promote the use of electric vehicles - Ruse Municipality -1 unit, M1	69,153.60	20,000.00	20,000.00
133	Project to promote the use of electric vehicles - Burgas Municipality -1 unit, M1	47,330.00	20,000.00	20,000.00
136	Project to promote the use of electric vehicles - Dzhebel Municipality -1 unit, M1	43,000.00	20,000.00	20,000.00
Electric cars:		1,443,843.68	510,000.00	489,996.62

11.2. 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 2023, no projects were implemented under the "Mineral Waters" Investment Program after the completion of the pilot phase of its implementation.

11.3. 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 2023, three PMPC projects, launched in 2021, were completed and paid.

A detailed description of the costs reported in 2023 for financing PMTCT projects is presented in the table below:

Project No.	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 (2023)
		BGN	BGN	BGN
023*	Burgas - Development of a Sustainable Energy and Climate Strategy and Action Plan for the period 2021 - 2030	52,844.00	50,000.00	43,020.00
034*	Development of a Sustainable Urban Mobility Management Plan of the Municipality of Burgas 2021-2031	50,000.00	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	61,652.70	50,000.00	50,000.00
36*	A step in adaptation to climate change - Municipality of Gabrovo	49,998.00	49,998.00	44,058.34
037*	Creation of a shared green space (climatic hub) in the yard of the 20th PS "T.Minkov", Triaditsa district	50,000.00	50,000.00	49,043.91
042	Innovative solutions for adaptation to climate change - Tryavna	49,997.00	49,997.00	45,839.20
043	Implementation of microclimate and energy consumption control and management systems in municipal buildings - Bobovdol Municipality	49,880.00	49,880.00	49,880.00
	Micro-projects for the climate:	364,371.70	349,875.00	331,841.45

12. Cost of materials

	2023 BGN '000	2022 BGN '000
Heat and electricity	(6)	(6)
Fuel, oil and car parts	(2)	(6)
Office supplies	(4)	(2)
Others	(8)	(20)
	(20)	(34)

13. Hired services expenses

	2023 BGN '000	2022 BGN '000
Consulting fees	(84)	(75)
Telecommunication	(4)	(5)
Insurance and security	(22)	(13)
Service-station fees	(16)	(34)
Audit services	(49)	(22)
Organisation of events	(39)	(93)
Others	(2)	(2)
	(216)	(244)

14. Other expenses

	2023 BGN '000	2022 BGN '000
Business trip expenses	(28)	(13)
Others	(1)	(2)
	(29)	(15)

15. Finance income and finance cost

The finance costs are BGN 2 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 51 thousand was also reported, and in the current financial statements they are presented as an increase in funding.

16. 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:

	2023 BGN '000	2022 BGN '000
Short-term remuneration, incl. social security	16	17

17. 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	2023 BGN '000	2022 BGN '000
Financial assets			
Receivables	10	162	265
Term deposits	7	22 940	5 000
Cash and cash equivalents	7	7 705	19 664

The accompanying notes on pages from 4 to 25 form an integral part of the financial statements

18. Main risks related to the Fund's activities

18.1. 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:

18.2. 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 2023 the Fund is not exposed to a risk of change in market interest rates.

18.3. 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.

18.4. 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.

19. Commitments in connection to the implementation of the Climate Investment Program (CIP)

By the end of 2023, there are financing contracts concluded under the Program, which have not yet completed their implementation. The unused portion of the financing under the Climate Investment Program (CIP) is BGN 4 171 thousand, as BGN 1 486 thousand of which are provided for pilot projects, BGN 645 thousand are provided for financing of projects of medical facilities, BGN 245 thousand are provided for the scheme to promote the use of electric vehicles.

In the period 01.01.2023 - 31.12.2023, 22 public investment projects were fully completed, 2 of which under CIP and 20 for electric cars.

- In 2023, the activity of NTEF in connection with the implementation of public projects under the Climate Investment Program (CIP) 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.

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

In 2023 NTEF did not sign contracts of the implementing projects under the Program.

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

By the end of 2022, the NTEF has concluded financing agreements, which have not yet been completed. The unused portion of the financing under the "Micro-projects for the climate" program is BGN 585 thousand.

In the period 01.01.2023 - 31.12.2023, 7 projects were fully completed and a grant in the amount of BGN 331,841.45 was paid.

22. Post-reporting date events

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.

23. Authorization of the financial statements

The financial statement as of 31 December 2023 (including comparative information) were approved by management on 26 March 2024.

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

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

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

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

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

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

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

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

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