

НАЦИОНАЛЕН
ДОВЕРИТЕЛЕН
ЕКО ФОНД



NATIONAL
TRUST
ECO FUND

ANNUAL REPORT

REPORT OF THE INDEPENDENT AUDITOR

FINACIAL REPORT

31 DECEMBER 2024



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FINANCIAL REPORT

for the period

1 January – 31 December 2024

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LIST OF USED ABBREVIATIONS

| | |
|--------|--|
| BAS | Bulgarian Academy of Science |
| BPGA | Bulgarian Petroleum and Gas Association |
| BS | Basic School |
| CCF | Combined Childcare Facility |
| CCMA | Climate Change Mitigation Act |
| CEUAIC | Coordination of EU Affairs and International Cooperation Directorate |
| CIW | Construction & Installation Works |
| CM | Cadastral Map |
| CMD | Council of Ministers' Decree |
| CMPP | Climate Micro Projects Program |
| CoM | Council of Ministers |
| CR | Cadastral Register |
| DCC | Diagnostic Consultative Center |
| EB | Executive Bureau |
| EEM | Energy Efficiency Measures |
| EEMSK | Energy Efficiency of Municipal Schools and Kindergartens |
| ESM | Energy Saving Measures |
| FCF | Full-day Childcare Facility |
| F&L | Fuels and lubricants |
| ICP | Investment Climate Program |
| IFA | Intangible Fixed Assets |
| IPMW | Investment Program "Mineral Waters" |
| KG | Kindergarten |
| LC | Labor Code |
| LHS | Language High School |
| LP | Land Plot |
| MB | Management Board |
| MEW | Ministry of Environment and Water |
| MF | Ministry of Finance |
| MHAT | Multi-profile Hospital for Active Treatment |
| MWD | Mineral Water Deposit |
| NAMRB | National Association of Municipalities in the Republic of Bulgaria |
| NTEF | National Trust Eco Fund |
| PHHS | Profiled Humanitarian High School |
| PPA | Public Procurement Act |
| RLP | Regulated Land Plot |
| SM | Sofia Municipality |

| | |
|-----|---|
| SS | Secondary School |
| TFA | Tangible Fixed Assets |
| UN | United Nations |
| 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.

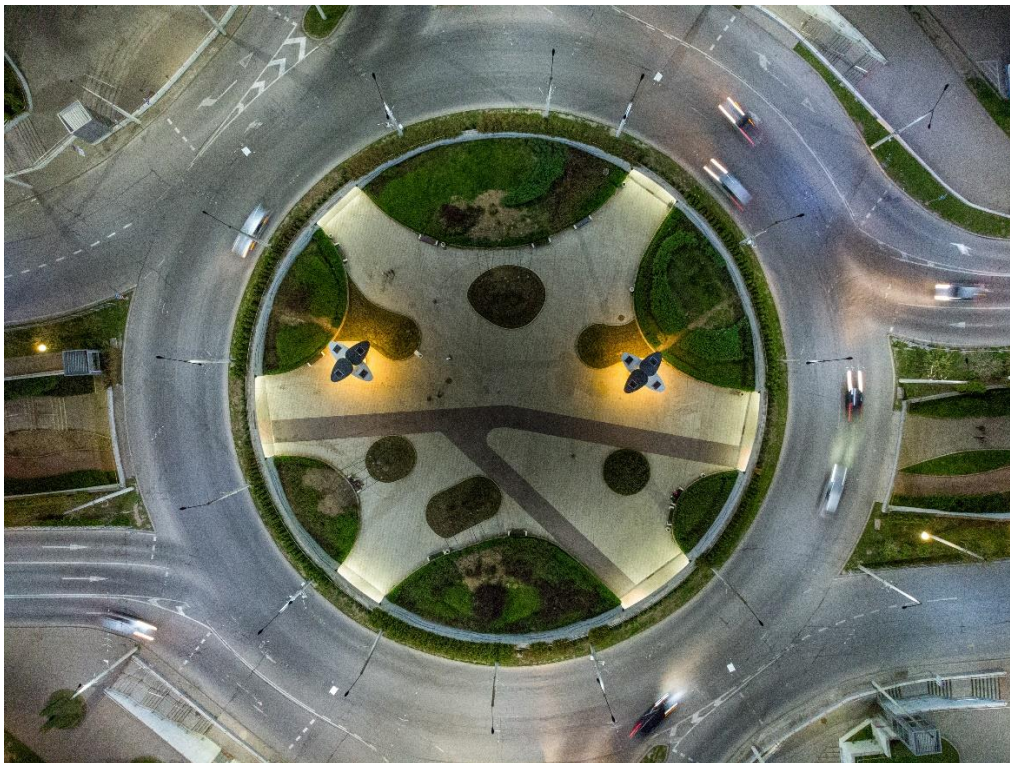
Annexes 1 to 5 represent an integral part of the annual report

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Director of the Executive Bureau:

Maria Minkova

April 15, 2025



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 2024 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.
- Representative of the Ministry of Environment and Water (MEW) and Deputy Chair of the NTEF – Mrs. Reneta Koleva – Deputy Minister of MEW until 06.11.2024, when with order No RD-951 she was replaced by Deputy Minister Mihaela Krumova.
- 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 until 26.07.2024, when with order No ZMF 1045 he was replaced by Deputy Minister Stefan Belchev.
- Representative of the Ministry of Energy – Deputy Minister Iva Petrova;
- Representative of the environmental non-governmental organizations – Mrs. Lyubomira Kolcheva – Director of EcoObshtnost 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 until 06.11.2024 is Mrs. Silvia Rangelova – Director of Directorate “Coordination of European Union affairs and International Cooperation”, replaced by Mrs. Milya Dimitrova – Director of Climate Change Policy Directorate. Alternate with a voting right from the Ministry of Energy is Mr. Nikolay Nalbantov – Director of Energy Strategies and Sustainable Energy Development Directorate. Alternate with a voting right from the Ministry of Finance is Mr. Valeri Vulev – State Expert at Strategic Planning and Capital Investments Management, State Participation and Concessions Directorate.

Four (4) regular meetings of the Management Board (MB) of NTEF were convened during 2024.

During the first meeting, which was held on 22.02.2024, the following important for NTEF topics were discussed:

- Discussion and adoption of the NTEF Operational Plan and Budget proposed by the Executive Bureau (EB) for the period 1 January - 31 December 2024.
- Discussion of a request letter submitted by the Mayor of Samokov Municipality regarding project No 507 "Implementation of energy efficiency measures in the building of SS "Nikola Velchev", SS "Otetz Paisii" under the Investment Climate Program, and a report from the Chairman of the Management Board regarding the implementation of this project.
- Discussion of additional information and report of the Chairman of the Management Board on the implementation of the project MP No 050 "Hear the Earth - Regenerative Agriculture for Soil Health" of Gabrovo Municipality, connected with a Board's decision of 22.08.2023.
- Submission of information in connection with additional verification on the part of EB under project No 011 "Implementation of energy efficiency measures in the building of KG "Mir", branch "Zora", Cherven Bryag city under Subprogram 'Energy Efficiency of Municipal Schools and Kindergartens' of the Investment Climate Program (ICP), related to a Decision of the Management Board of 05.10.2023.
- Election of NTEF EB Director.
- Discussing the need to improve the NTEF cash storage security and to select more carefully the banks to handle the Fund's cash.

Within the second meeting of the NTEF MB, held on 26.03.2024, the following issues were discussed:

- Discussion and adoption of the Annual Report and Financial Statement of NTEF for 2024.
- Discussion and adoption of an Annual Report under the EEMSK Subprogram, pursuant to Article 59 of the Agreement on Sale of Annual Emission Allowances (AEAs) between the Republic of Bulgaria and the Federal Republic of Germany.
- Discussion and adoption of changes to the Operational Manual for the EEMSK Subprogram.
- Adoption of the project forms approved by the Commission for the Selection, Monitoring and Reporting on projects under the Investment Program "Mineral Waters" (IPMW).
- Discussion of the progress made in preparing the NTEF participation in the implementation of the ProPark Program: Visitor's infrastructure and sustainable use of Rila National Park's program within the framework of the Swiss - Bulgarian Cooperation Program.

At the third meeting of the NTEF MB, held on 16.07.2024, decisions were taken concerning:

- Updating the Action Plan and the NTEF budget for the period 1 January ÷ 31 December 2024, driven by the launch of new initiatives in the Fund and the need to optimize approved activities within the existing NTEF programs.
- Designation of the Subprogram “Energy Efficiency through Energy Savings Performance Contracts (ESCO contracts)” within the ICP and publication of the Call for projects.

At the third meeting of the NTEF MB, held on 14.11.2024, decisions were taken concerning:

- Accepting the projects approved by the Commission for Selection, Monitoring and Reporting on the Project Implementation under Subprogram EEMSK.
- Accepting the results from the analysis of IPMW, carried out by NTEF EB, as well as taking decisions related to the next steps.
- Accepting the results from the analysis of the scheme “Promoting the use of electric vehicles” at ICP, carried out by NTEF EB, as well as taking decision related to the next steps.

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 2024 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 2024 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 the Investment Climate Program

1.1. Project portfolio under ICP

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 with Decision of the NTEF MB of 26.03.2024 the Financing Rules compliant with the specific requirements of the Agreement were approved.

In April 2024, a second 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, 16 (sixteen) project proposals (*Annex 1 – Table.1*) were received.

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

Subprogram “Energy Efficiency through Energy Savings Performance Contracts (ESCO contracts)”

On the basis of a decision of the Board of Directors of 16.07.2024, within the framework of the Investment Climate Program, the implementation of Subprogram "Energy Efficiency through Energy Savings Performance Contracts (ESCO contracts)" has been started.

The rules for financing, eligible sites, criteria and methodology for project proposals' evaluation have been approved with the aim to achieve the objectives of the subprogram.

In September 2024, in partnership with the Fund FLAG, a pilot call for project proposals was announced. Within the application period (17.09.2024 ÷ 17.12.2024) 2 (two) project proposals were received (*Annex 1 - Table 1.2*).

Energy Efficiency Scheme

On the grounds of a Decision of the NTEF MB of 23.02.2023 on the reallocation of funds from the revenues under Regulation No. 1 of 04.03.2015 on the order and manner of spending the revenues from the sale of emission allowances from aviation activities through a tender, a single call was opened with a final application deadline 31.01.2024.

1 (one) project related to s kindergarten has been received, which does not fall within the scope of the eligible sites and therefore has not been admitted for evaluation.

Scheme for promoting the use of electric vehicles by the public institutions

At the meeting held on 16.07.2024, the NTEF MB assigned the IB the task to develop analytical report on the status of the Electric Mobility sector in Bulgaria and Europe, the results from the implementation of the scheme starting from its launching, as well as of the market of electric vehicles in Bulgaria and Europe.

After familiarization with the prepared analytical report, at its hearing on 14.11.2024, the NTEF MB decided to temporarily suspend the Scheme for Promoting the Use of Electric Vehicles until the preparation and adoption of an updated NTEF development strategy.

In 2024, no call for project proposals was announced under the scheme to promote the use of electric vehicles. The Executive Bureau continued its work on the still unimplemented 28 (twenty eight) projects from published call during previous years.

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

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

The Standing Committee consists of two representatives of NTEF EB and one representative of the Ministry of Environment and Water, Ministry of Finance and Ministry of Energy, determined with orders of the relevant ministers.

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

In 2024, 1 (one) Commission meeting (on 18.10.2024) was held to consider the project proposals received under the EEMSK Subprogram. All 16 (sixteen) project proposals received were examined at the meeting.

The report on the implementation of the Subprogram during 2024 in accordance with the requirements of the Agreement, including the project evaluation and selection process, is included in *Annex 2*.

Subprogram “Energy Efficiency through Energy Savings Performance Contracts (ESCO contracts)”

Since the deadline of the published first call for project proposals under Subprogram "Energy Efficiency through Energy Savings Performance Contracts (ESCO contracts)" is at the very end of the reporting year (17.12.2024), meetings of the Commission for Evaluation of Project Proposals under the Subprogram have not been held. The received project proposals received are envisioned for consideration by the Commission and submission for a decision to be taken by the Management Board in the first quarter of 2025.

Energy Efficiency Scheme

No meetings of the Standing Committee on the selection, monitoring and reporting of projects under the Energy Efficiency Scheme of the ICP were held in 2024.

Scheme for Promoting the Use of Electric Vehicles by the Public Institutions

In 2024, no meetings of the Standing Committee for Selection, Control and Reporting on the Project Implementation under the Electric Vehicles Scheme (EVS) were held

1.2.2. Project approvals by NTEF MB

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

At a meeting, held on 26.03.2024 (Protocol No. 137/26.03.2024), the NTEF MB approved changes in the rules for project financing under the EEMSK subprogram and made an assignment to NTEF to publish a new (second) call for project proposals.

The second call was published on 08.04.2024 in partnership with the Fund FLAG, which had the opportunity to provide low-interest loan to municipalities to cover the co-financing value of the projects.

At a meeting held on 14.03.2024 (Protocol No. 139/14.11.2024), the Management Board approved for funding 16 (sixteen) project proposals under the Subprogram (*Annex 1 - Table 1.3*).

2. Implementation of projects under Investment Climate Program (ICP) during 2024.

2.1. Implementation of projects under Subprogram “Energy Efficiency of Public Schools and Kindergartens”

During the reporting 2024, NTEF EB worked at different phases of the implementation of the 6 (six) projects approved for financing under the first call from 2023.

In 2024, **fully completed, paid, audited and reported**, are 2 (two) of the projects submitted under the first call for projects, amounting to BGN 1.019,310.22 and paid financial support from NTEF in the amount of BGN 704,124.37. As a result of the implementation of the two projects, a reduction of the greenhouse gas emissions in the amount of 4513.5 tonnes/CO₂EQ for the entire life cycle of the projects has been achieved.

The completed projects under Subprogram EEMSK in 2024 are as follows:

Project EEMSK 008/30.06.2023 – “Improving the energy efficiency/major repair and building of PES of KG “Zdravetz”, Momchilgrad city”

The NTEF-provided funding is **BGN 413 533,37**.

Implemented energy efficiency measures under the project are as follows:

- Thermal insulation of external walls;
- Thermal insulation of roof;
- Replacement of windows and doors;
- Measures for the heating system;
- Measurement, automation and control;
- Measures for the lighting system;
- Photovoltaic system 30 kWp.

As a result of the implementation of the energy saving measures the greenhouse gas emissions have been reduced by **2695,50 t/CO₂eq** for the entire project life cycle.

Project EEMSK 010/30.06.2023 – “Introduction of energy efficiency measures in BS “Hristo Botev”, Sarafovo neighborhood, Burgas city”

The NTEF-provided funding is **BGN 279 522.26**.

Implemented energy efficiency measures under the project are as follows:

- Thermal insulation of external walls;
- Thermal insulation of roof;
- Thermal insulation of floor;
- Replacement of windows and doors;
- Measures for the heating system;
- Measurement, automation and control;
- Measures for the system for domestic hot water supply;
- Measures for the lighting system;
- Photovoltaic system 12,42 kWp.

As a result of the implementation of the energy saving measures the greenhouse gas emissions have been reduced by **1818,00 t/CO₂eq** for the entire project life cycle.

Under implementation is project EEMSK 005/30.06.2023 – “Introduction of energy efficiency measures in the building of BS “Vasuil Levski” Левски”, Enitza village, Knezha Municipality”.

Финансирането, предоставено от НДЕФ през 2024 г. за междинно плащане, е в размер на **209 087.06** лева.

Implemented energy efficiency measures under the project are as follows:

- Thermal insulation of external walls;
- Thermal insulation of roof;
- Thermal insulation of floor;
- Replacement of windows and doors;
- Measures for heating installation – ventilation with recovery;
- Pipelines or airway networks;
- Measurement, automation and control;

- Measures for the lighting system.

The expected deadline for the completion of the construction and installation activities is 09.03.2025.

The preparation, related to the implementation of the following approved projects under the first call from 2023, is going on:

Project EEMSK 003/29.06.2023 – “Implementing energy efficiency measures for KG “Zora”, Ruse city”

The project is at the stage of selecting contractor for the construction & installation works.

Project EEMSK 006/29.06.2023 – „Energy renovation of the school building of BS “Ivan Vazov”, Musachevo village, Elin Pelin Municipality”

The project is at the stage of selecting contractor for the construction & installation works.

Project EEMSK 007/30.06.2023 – “Introduction of energy saving measures in the building of KG “Smehorancheta”, Mirovo village, Bratya Daskalovi Municipality”

The project is at the stage of selecting contractor for the construction & installation works.

Three of the approved projects are not continuing their implementation:

Project EEMSK 004/29.06.2023 – “Energy Efficiency of KG “Elena Grancharova”, branch “Detski Svyat”, Kaltinets neighborhood, Gorna Oryahovitza Municipality”

According to Decision 31 in Protocol 4/21.12.2024 of the Municipal Council of Gorna Oryahovitza, the project has been withdrawn. The decision of the Municipal Council does not contain concrete arguments related to the project withdrawal.

Project EEMSK 011/30.06.2023 – “Introduction of energy efficiency measures in the building of KG “Mir”, branch “Zora”, Cherven Bryag city”

According to decision of the Municipal Council (MC) 264/27.09.2024 – Cherven Bryag Municipality is withdrawing the project due to impossibility to provide the money needed for the own funding.

Project EEMSK 002/27.06.2023 – “Energy Efficiency of KG “Chipolino”, Svishtov city”

During an on-site visit on 10.04.2024, made by NTEF representatives in connection with the opening of the construction site and the beginning of the implementation, a series of essential violations of the NTEF project financing rules, as well as of the relevant Bulgarian legislation were established: initiated implementation of the construction & installation works prior to the signing of Act 2 and incompliance of the input materials with those, included in the detailed design. The findings are documented in a Check list from the on-site inspection

(Annex No. 15 to the Project Financing Rules). Based on the established violations, NTEF withdraws its commitment to conclude a contract and fund the project.

During the reporting 2024, the NTEF EB has also worked for different implementation stages of the 16 (sixteen) projects approved for funding, included in the second call for projects in 2024. The beneficiaries, who have declared that at the time of application have had a technical/detailed design ready, are invited to submit it. The remaining applicants have been provided at three months to prepare and submit their projects to the NTEF for opinion.

By the end of 2024 submitted to NTEF for opinion are technical/detailed designs, as follows:

- **Project EEMSK 23/10.07.2024 – “Major repair and energy efficiency measures in PHHS “St. St. Kiril i Metodii, Kazanlak city”.**
- **Project EEMSK 24/10.07.2024 – “Implementation of energy efficiency measures in KG “Maya” - RLP II – kindergarten in quadrant 13 – new according to the plan of Vastanicheski neighborhood - north, Plovdiv city”.**
- **Project EEMSK – 27/10.07.2024 – “Energy renovation of 192 SS “Hristo Botev”, Bistritza village, SM - Pancharevo region”.**

The promoters of the specified technical/detailed design were sent an opinion within the reporting 2024. Following the necessary adjustments will be made in accordance with the submitted opinions, in the beginning of 2025 the NTEF EB is ready to provide provisional tender procedures.

2.2. Implementation of projects under Subprogram “Energy Savings Performance Contracts (ESCO contracts)”

In 2024, no projects were implemented under the Subprogram "Energy Savings Performance Contracts (ESCO contracts)". The reason for this is the launching of the program with an announcement of first call for project proposals in September 2024, with an application deadline in the very end of the calendar year - 17.12.2024.

2.3. Project implementation under Energy Efficiency Scheme

Paid in 2023, but completed in the reporting 2024 with conducted audit, performed by an independent auditor:

Project No 295-3 “Implementation of a package of energy efficiency improvement measures for the Administration Building in Oryahovo city, 5 Andrey Chaprazov Str.”

The NTEF-provided funding during 2024 is **BGN 143 444,99**.

Изпълнени са следните мерки за енергийна ефективност:

- Thermal insulation of external walls.
- Thermal insulation of roof.
- Replacement of windows and doors.
- Improving the heating efficiency.

As a result from the implemented specified energy saving measures the greenhouse gas emissions have been reduced by the amount of **5 968,5 t/CO₂eq** for the whole project life cycle.

Project No 289 – “Improving the energy efficiency of the building of MHAT Parvomay EOOD, Parvomay city”

The NTEF-provided funding during 2024 is **BGN 514 313,38**.

Implemented following energy efficiency measures:

- Thermal insulation of façade walls.
- Thermal insulation of roof plate.
- Optimization of boiler system;
- Optimization of heating system;
- Installment of solar system;

As a result from the implemented specified energy saving measures the greenhouse gas emissions have been reduced by the amount of **7 451,70 t/CO₂eq** for the whole project life cycle.

In 2024, **5 (five)** projects under the energy efficiency scheme for a total value of BGN 6 127 970,34 and paid financial support from NTEF in the amount of BGN 2 704 459,60 were fully completed, paid, audited and reported to the NTEF MB. As a result from the implementation of these projects an annual reduction of the greenhouse gas emissions in the amount of **37 104,90 tons/ CO₂eq** for the entire project life cycle has been achieved. The projects are as follows:

Project No 328-4 – Introduction of energy saving measures in the school infrastructure in Veliko Tarnovo Municipality - SS "P. R. Slaveikov"

The NTEF-provided funding during 2024 is **BGN 538 266,07**.

Implemented following energy efficiency measures:

- Thermal insulation of external walls;
- Thermal insulation on floor to outdoor air - bays;
- Replacement of doors and windows;
- Thermal insulation of roofs

- Replacement of lighting;
- Replacement of heating system;
- Introduction of automated control and adjustment.

As a result from the implemented specified energy saving measures the greenhouse gas emissions have been reduced by the amount of **3 965,70 t/CO₂eq** for the whole project life cycle.

Project No 279 – “Improving the energy efficiency and reducing the released harmful emissions from the building of Cultural Community Center “YORDAN YOVKOV – 1870”, Dobrich city”

The NTEF-provided funding during 2024 is **BGN 336 429,43**.

Implemented following energy efficiency measures:

- Thermal insulation of external walls;
- Replacement of doors and windows;
- Thermal insulation of roof
- Thermal insulation of floors;
- ESM on building systems

As a result from the implemented specified energy saving measures the greenhouse gas emissions have been reduced by the amount of **4 206,00 t/CO₂eq** for the whole project life cycle.

Project No 297 – “Major renovation and introduction of EEM through renewable energy sources in the building of the municipal administration - Bratya Daskalovi Municipality”

The NTEF-provided funding during 2024 is **BGN 659 536,27**.

Implemented following energy efficiency measures:

- Thermal insulation of external walls;
- Replacement of doors and windows;
- Thermal insulation of roofs and hydro insulation;
- Insulation of floor and plinth;
- Replacement of luminaries – indoors and outdoors;
- Building a photovoltaic system;
- Delivery and installment of air conditioners.

As a result from the implemented specified energy saving measures the greenhouse gas emissions have been reduced by the amount of **10 372,50 t/CO₂eq** for the whole project life cycle.

Project No 362 – “Repair, modernization and introduction of energy saving measures in a building of DCC I Gabrovo EOOD- second facility”

The NTEF-provided funding during 2024 is amounting to **BGN 261 028,38**.

The following energy efficiency measures have been implemented:

- Thermal insulation of external walls;
- Replacement of doors and windows;
- Thermal insulation of roof;
- Thermal insulation of floors/plinths;
- Repair of the heating system.

As a result from the implemented specified energy saving measures the greenhouse gas emissions have been reduced by the amount of **12 199,80 t/CO₂eq** for the whole project life cycle.

2.4. Implementation of pilot projects within the framework of the Investment Climate Program 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 2024 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** was completed. The two schools (accommodated in one building), for which the energy saving measures are implemented, 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 projects within ICP framework.

The NTEF-provided funding in 2024 amounts to **BGN 909 199,45**.

Implemented energy efficiency measures 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 Domestic Hot Water (DHW) supply system
- Improving the lighting system efficiency

As a result of the implementation of the abovementioned energy saving measures, the greenhouse gas emissions have been reduced by **6,360.9 t/CO₂eq** for the entire project life cycle.

2.5. Implementation of projects under the Scheme for Promoting the Use of Electric Vehicles in the Public Sector

During the reporting year, 19 (nineteen) all-electric vehicles of category M1 (3+1 or 4+1 seats), 1 (one) electric vehicle category N1 and 3 (three) all-electric trucks of category L7e with various superstructures were purchased in the course of implementation of the “Scheme for Promoting the Use of Electric Vehicles”. The purchasing of the remaining approved electric vehicles is pending.

The implementation of 23 (twenty three) projects with the NTEF financial support amounting to **BGN 474 525.50** was completed in 2024. The users of the vehicles under the approved projects are municipalities, municipal administrations, ministries and state agencies, pursuant to the requirements of the Operational Manual under ICP.



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

In the beginning of 2022, with a decision of the NTEF MB a part of the funds from the proceeds from the sale of the aviation quotas (Ordinance of MEW No. 1/04.03.2015) have been allocated to the implementation of Investment Program “Mineral Waters” (IPMW).

1. Selection and approval of projects under the Investment Program “Mineral Waters”

1.1. Project portfolio under IPMW

In September 2023, a call for project proposals was published with a deadline 31.01.2024. One project proposal has been received by Rakitovo Municipality (*Annex 3 - Table. 3.1*)

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.

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

In 2024, 1 (one) meeting of the Standing Committee on Selection, Control and Reporting on the Implementation of IPMW projects was held, at which 3 (three) project proposals were approved - of Svishtov Municipality and of Sapareva Banja Municipality (postponed for consideration from the 2023 call due to the lack of technical design solutions, which have in the meantime been developed and submitted), as well as of Rakitovo Municipality (Protocol No 122/13.03.2024).

1.2.2. Approval of projects by NTEF MB

During a meeting of the NTEF MB, held on 26.03.2024, 3 (three) project proposals under the Investment Program "Mineral Water" (Protocol No. 137/26.03.2024) were approved: MB-013

of Sapareva Banya Municipality, MB-014 of Svishtov Municipality and MB-018 of Rakitovo Municipality.. (*Annex 3 - Table 3.2*).

At the meeting, held on 16.07.2024, the NTEF MB made an assignment to NTEF EB to carry out a comprehensive analysis of the IPMV, including the results from the so far funded projects and the need for updating the Operational Manual for the program (Protocol No. 138/16.07.2024).

At the meeting, held on 14.11.2024, based on the analysis presented by the EB, the NTEF MB decided to continue the implementation of the IPMV by updating the application documentation and program implementation, as well as by the publication of a new call for project proposals (Protocol No. 139/14.11.2024).

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

During 2024, 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.
- Follow-up control on the tender procedures and on the signed contracts for implementation of construction and installation works has been carried out.

During 2024 funding contracts have been signed and construction sites have been opened for the following projects:

Project MB-010/30.11.2022 – “Optimizing the manner of water extraction under authorization regime of mineral waters from borehole No CH-3BΠ through construction of a new water pipeline, repair of existing reservoirs and building of distribution network in Mineralni Bani village” - II phase, subsite A“

Under implementation:

- Water pipeline - 2 pcs.;
- Pumping station;
- Collecting reservoir.

The construction & installation works (CIW) are expected to be completed in the beginning of 2025.

Project MB-012/03.02.2023 – “Street water mineral water pipeline – Ognyanovo village, Garmen Municipality, having L = 1300”

A water pipeline is under implementation. CIW activities were completed in the end of 2024. Reporting and payment under the project is expected in the beginning of 2025.

Project MB-017/06.02.2023 – “Reconstruction of bore hole No 2XГ of HMB “Rupite – Kozhuh neighborhood”, LP 49312.17.39, Rupite neighborhood, territory of Rupite village, Petrich Municipality, Blagoevgrad District – the reconstruction consists of replacement of the pipe-tap fittings and vent, reconstruction of the catchment facility and building of a pumping station; implementation of a sump tank; new pipe connections of the bore hole and the existing water pipelines”

Изпълняват се:

- Pumping station;
- Holding tankp;
- Wall driver;
- Hydrophore;
- Level indicators – 2 pcs.

The CIW are expected to be completed in the beginning of 2025.

As of the end of the reporting year 2024, the status of the remaining projects approved during the year is as follows:

Project MB-013/06.02.2023 – “Pumping station with reservoir and mineral water supply pipeline in Sapareva Banya city”

The project is at a stage of opening a procedure for contractor’s selection.

Project MB-014/06.02.2023 – “Building of catchment shaft at borehole No P-4xr from MWD Svishtov” in LP 65766.508.1 according to CM and CR of Svishtov city, supply water pipeline and pumping station with a sump tank in LP 65766.702.4638 according to CM and CR of Svishtov city, Svishtov Municipality”

The project is at a stage of contract signing for CIW following conducted procedure and contractor’s selection.

Project MB-018/31.01.2024 – “Major repair of a heating pipeline for mineral water from a water source falling within LP with identifier 38844.101.95 according to CM of Kostandovo city, Rakitovo Municipality, Pazardzhik District”

The project is at a stage of tender procedure opening and contractor’s selection.

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.

Due to the exhaustion of the financial resource under the program, in 2024 no invitation was announced related to the gathering of new project proposals. During the year, work has been done for the implementation of already approved projects.

1. Selection and approval of projects under Climate Micro Projects Program

1.1. Project portfolio under CMPP

In the accounting year 2024 the NTEF EB continued its work on the implementation of the projects approved during previous calls under the CMPP. No meetings of the Standing Committee on Selection, Monitoring and Reporting on the Implementation of CMPP projects have been held and the NTEF MB has not approved any new projects under the Program within the framework of the year.

2. Implementation of projects under the Climate Micro Projects Program

During 2024, 8 (eight) projects under CMPP have been completed and reported with the financial support of NTEF, amounting to BGN 392 435.54, as follows:

MP 004 – “Improving the EE of the conditioning systems in the administrative building of the Ministry of Finance on 102 G. S. Rakovski Str.”

The aim of the project is to achieve better energy efficiency and limit the negative impact on the environment with the replacement of some of the air conditioners working with Freon R22 and R32 in the administrative building of the Ministry of Finance in Sofia. This contributes to a reduction in the electricity consumption by 10% and in the negative effects on the ozone layer by 19%.

The NTEF-provided funding amounts to **BGN 48 972.00**.

MP 038 – „Klimat Aktiv – SS “P. R. Slaveikov” – Dobrich city

The purpose of the project is to improve the energy management system in the school building by optimizing the installation providing the microclimate and electricity supply in the building, in this number through the introduction of clean energy from RES. The expected result is to improve the operation, minimize energy costs and carbon emissions, and expand the opportunities of educational system to adapt to the climate change. Educational activities have been implemented, generating awareness and patterns of behavior to limit the negative human impact on the climate, improve understanding of energy efficiency and of saving energy among the students and the school community. The NTEF-provided funding amounts to **BGN 50 000.00**.

MP 041 – „Eco Youth – ManEco“

The purpose of the project is to carry out educational activities related to climate change mitigation and adaptation, through which to train 1080 young people aged 14 ÷ 28 years from different parts of Bulgaria. The tool to achieve the goal is the educational game "Climate Fresco", which will be widely spread in the implementation areas of the activities. The NTEF-provided funding amounts to **BGN 49 866.00**.

MP 042 – “Innovative solutions for climate change adaptation” – Tryavna Municipality

The objectives of the project are to promote the effective use of resources and support the transition to low-carbon and climate-resilient economy, facilitating the use of renewable energy sources, achieving EU priorities to ensure clean and green energy and reduction of greenhouse gas emissions. The performed activities include:

- Delivery and installation of 4 solar benches;
- Training on climate change related problems and the adaptation to them.

The NTEF-provided funding amounts to **BGN 46 233.80**.

MP 046 "Measures to improve the public awareness and inclusion of activities, related to the climate change mitigation and adaptation – Burgas Municipality"

The objectives of the project are to increase citizens' awareness of the factors affecting climate change and public participation in actions leading to mitigation and adaptation, as well as to limit the contribution of waste to the greenhouse gas emissions by promoting separate collection and recovery of biodegradable waste, and introducing the circular economy principles. The NTEF-provided funding amounts to **BGN 47 940.00**.

MP 048 – “Reducing the greenhouse gas emissions introducing control and management systems for the micro climate and electricity consumption in municipal buildings – Pirdop Municipality”

The objective of the project is to reduce greenhouse gas emissions and create conditions for climate change adaptation by introducing measures for monitoring, control and optimization of the electricity consumption by introducing automatic regulation of the microclimate providing systems (water heating boilers) in a part of the buildings, which are municipal property on budgetary maintenance. The implemented activities include: .

- Supply and installation of equipment for control measurement of electricity consumption in two municipal buildings (kindergartens) and construction of a system for monitoring and controlling the consumption of energy resources;
- Supply and installation of microclimate monitoring and management systems by automatic regulation of water heating boilers in two municipal buildings.
- Delivery and installation of two weather stations for air quality monitoring.
- Developing a web portal to monitor air quality in Pirdop Municipality.
- Conducting a two-day climate seminar dedicated to the Day of Combating Climate Change and Reducing Greenhouse Gas Emissions.

The NTEF-provided funding amounts to **BGN 49 423.74**.

MP 051 “Knezha Municipality – for a greener Land”

The objectives of the project are:

- Construction of a system for monitoring electricity consumption as well as a grid photovoltaic system for electricity generation for own consumption, allowing partial meeting of the electricity demand;
- Implementation of modern and energy-efficient air-to-air heat pump systems;
- Conducting educational events to increase the understanding and the need for environmental protection.

The implemented activities include:

- Implementation of a electricity management system for a building, which includes a digital system for monitoring consumption and managing electricity production/consumption.
- Conducting an information and presentation event on the topic “Climate change related problems and climate change adaptation”, addressing children and adolescents.

The NTEF-provided funding amounts to **BGN 50 000.00**.

MP 052 “Environmentally Charged” – Vratza Municipality

The objective of the project is to familiarize the citizens with the production of electricity from renewable energy sources and the use of green energy, as well as to encourage them to use these resources in the transition to a low-carbon and climate-resilient economy.

The implemented activities include:

- Delivery and installation of 3 solar benches.
- Conducting three information campaigns.

The NTEF-provided funding is BGN **50 000.00**.

During the 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-funded projects have been considered and the necessary actions for their elimination have been undertaken.



VI. PROJECTS IN SUPPORT OF THE ENVIRONMENTAL POLICIES

In implementation of its Development Strategy, during the latest decade NTEF has been making efforts to provide its contribution to the improvement of the environmental management policies and in particular in the field of climate change mitigation and adaptation. NTEF has been playing this role mainly through the attraction of funds for the implementation of projects in the following fields:

- Contribution to the implementation of the National Climate Change Adaptation Strategy and the development of relevant policies.
- 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.
- Participation in the process of development and implementation of policies for the sustainable financing of energy efficiency and renewable energy related measures
- Change in the behavior of the users of the buildings for which funds are provided for energy efficiency investment measures, and the transformation of this behavior into a norm and a part of the energy efficiency policies.

1. Predefined project No 3 “Implementation of Innovative Measures for Climate Change Mitigation and Adaptation in Municipalities in Bulgaria” under the Environmental Protection and Climate Change Program, funded by the Financial mechanism of the European Economic Area

The project started in February 2021 and was completed in the end of April 2024. 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. Partners in the project implementation are: NTEF (lead partner), Norwegian Association of Local and Regional Authorities (KS) and eight major municipalities in the Republic of Bulgaria (Municipalities of Sofia, Plovdiv, Varna, Burgas, Stara Zagora, Ruse, Kardzhali and Sliven), selected on the basis of the National Climate Change Adaptation Program (2019).

In 2024, 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.

- The final technical report and the final financial statement related to the project implementation have been submitted and approved.
- The activity of the partner municipalities in 2024 was aimed at the implementation of the approved investment measures.
- As of the end of April 2024 (the project implementation deadline), investment projects were implemented in seven of the eight municipalities, and publicity events were held.
- Only Varna Municipality failed to organize the implementation of the envisaged investment measures.
- A final national conference under the project was held on 26.04.2024. The aim of the conference was to present the philosophy and practical implementation of the project to a wide range of stakeholders, and to continue the discussion on key topics related to the climate change adaptation policy, legislation and education. In addition to the participating municipalities, the conference was also attended by mayors and deputy mayors of municipalities that are members of the Climate Change Adaptation Mission of the European Commission's. An understanding was reached that the model created under the partnership project could be applied in the remaining municipalities in Bulgaria. This will require even larger institutional initiatives to improve the capacity of the local authorities, all relevant institutions and professional communities.

The NTEF is ready to prepare a concept for the actions and resources needed to implement the created and tested in the pilot municipalities model, as well as for its development and improvement at national level.

2. Project “Bulgarian Energy Efficiency Forum on Smart Financing 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 2024 the following events have taken place:

- In January, NTEF hosted a meeting of the working group.
- In April, the final round table under the project “The Future of the Financial Instruments for Sustainable Energy” was held, in which NTEF took an active part.

NTEF continues to participate actively in all national forums, which discuss and contribute to the development and implementation of modern financial instruments in support of the market mechanisms to improve the energy efficiency of the buildings. It also continues to raise funds for new activities to develop and test new models.

3. Project “MENERGERS” – Energy Manager Services in the municipalities

The project aims to create a model for Energy Managers’ Services in 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;
- Summarization of the results and support for the identification of the necessary measures for the institutionalization of this model - through legislation update and institutionalization of a network of municipal energy managers.

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 2024, the following activities were implemented:

- Overall project management - periodic reporting to the donor, coordination meetings, activities' planning.
- Launching the active implementation of the developed model for the Energy Manager's service in the three pilot municipalities - Ruse, Sapareva Banya and Svilengrad.
- Every three months, team members in the three municipalities filled in and sent questionnaires to monitor the application of the model. This monitoring tool makes it possible to gather practical information to improve the model.
- In October 2024, a delegation from NTEF and the pilot municipalities took part in the National Partner Conference in Romania, where it contributed to the achievement of a common understanding of the modern role of energy managers with regard to their relations with the national governments.

The pending tasks for 2025 are related to the shaping of the Energy Manager Services' model and the coordinating efforts with the stakeholders for making the steps towards the creation of conditions for their successful functioning.

4. Vision 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.

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. Participants in the project are: Yambol Municipality with LHS “Vasil Karagyzov” and BS “Lyuben Karavelov”, Dobrich Municipality with SS “Petko Rachov Slaveikov” and SS “Dimitar Talev”.

During 2024, the following activities have been implemented:

- A series of meetings have been held with the schools and the municipalities to present the project and train the teachers.
- In both municipalities, the second stakeholders’ meetings were held to attract the attention and support of the local and regional institutions, as well as of the service providers in the schools.
- An exchange of visits between the schools of the two municipalities has taken place.
- The implementation of the concrete activities identified in the action plans has been started in the four schools.

In 2025, the experience will be synthesized, manuals will be created to implement the model in other municipalities and schools, and a national conference will be held to generate ideas for the future.

NTEF is making efforts to attract funding for the continuation of the activities that contribute to the involvement of the users of municipal sites in actions for improving their energy efficiency.



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, five experts (senior and chief experts, experts and an accountant) and two technical staff members (technical assistant and driver). One expert is hired with a part-time contract. They occupy the relevant positions in the endorsed staff establishment plan. Nine of the fourteen approved staff positions are filled. 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 tangible 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 2024, the Executive Bureau (EB) continued its work to explore the possibilities of using the NTEF as a mechanism for new funding programs. The 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.

During the reporting 2024 the implementation of Subprogram "Energy Efficiency through Energy Savings Performance Contracts (ESCO contract)" was initiated. The subprogram is a part of the Investment Climate Program (IPC) and aims to finance public energy efficiency projects through a combination of a grant and an energy savings performance contract (ESCO contract). It is expected that this new financing scheme will overcome the restrictions and disadvantages of each of the two separate forms (grant subsidy and energy savings

performance contract) and will provide significantly more effective use of the public resource, as well as replication of its effects. The achievement of the set goals will be a subject of monitoring and analysis over the next few years.

Another new direction in the Fund's operation during 2024 is the preparation for the NTEF participation in the implementation of the „ProPark” Project within the framework of the Swiss-Bulgarian cooperation program. In the second half of 2024. The NTEF was actively involved in the preparatory phase of Component 2 of the Program “Renovation of Huts in the Rila National Park”, in the role of “Component Operator”. Within the Component, the NTEF should develop and implement a holistic approach to the refurbishment of huts in Rila National Park, with the potential for replication in other protected areas and areas of high natural value. The following studies have been carried out with the participation of experts from outside the NTEF, complementing the Fund's expertise in four specific areas:

- Management of the huts in Rila National Park;
- Analysis of the tourist flow and tourist services in the huts in Rila National Park;
- Infrastructure analysis of the huts in Rila National Park;
- Typology of the visitors of the huts in Rila National Park.

Based on the studies, the approach to the implementation of the task was structures, including the following main implementation activities within the period 2025 ÷ 2029:

- Conducting an introductory information event to present the upcoming opportunities and generate interest for participation in the program.
- Collecting proposals for upgrading the huts.
- Conducting trainings for the owners and keepers of the huts in Rila National Park with, including presentation of the Swiss experience - to prepare for participation in the program and to build capacity for resource-efficient and financially sustainable management of the renovated huts.
- Conducting a professional forum to establish a community of specialists in the field of design and construction of high mountain sites, involving participation of Swiss experts.
- Preliminary and detailed design.
- Implementation of construction & repair activities in the approved for funding huts.
- Presentation of the model for huts renovation in front of the stakeholders.

3. International relations and public relations

NTEF's international contacts in 2024 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.

3.1. Information activities under project “Implementation of Innovative Measures for Climate Change Mitigation and Adaptation in Municipalities in Bulgaria”

The NTEF information activities in connection with its participation as a lead partner in the project **“Implementation of Innovative Measures for Climate Change Mitigation and Adaptation in Municipalities in Bulgaria”** are related to the organization and conducting of a final conference in April 2024. The event was a direct continuation of the work of the NTEF expert teams and the eight partner municipalities participating in the project to share ideas, opinions and experience, both at national level, as well as with the Norwegian partners. The focus was on the presentation of the philosophy and the practical project implementation in front of a wide range of stakeholders, as well as on the continuation of the discussion on key issues related to the policies, practices and education in the climate change adaptation area.

3.2. Information activities in connection with the possibility NTEF to coordinate an initiative in support of the municipalities in Bulgaria to prepare projects for climate change adaptation in urbanized territories for the next programming period Environmental Protection and Climate Change Program of the European Economic Area (EEA)

In the context of the 61st session of the Intergovernmental Panel on Climate Change (IPCC) held in Bulgaria, a Conference “Urban climate change adaptation - deploying local capacity and national policies” was held on 22 July 2024. It was the beginning of this initiative. The Conference was attended by representatives of the Ministry of the Environment and Water, NTEF, the Norwegian Association of Local and Regional Authorities (KS), NAMRB, Bulgarian municipalities, non-governmental organizations and academic representatives.

3.3. Information activities of NTEF in connection with the implementation of Subprogram “Energy Efficiency of Municipal Schools and Kindergartens” (EEMSK) to the Investment Climate Program (ICP)

The information activities of NTEF in relation to the implementation of the Subprogram in 2024 have been related to the organization and holding of two information events and the extension of the NTEF’s cooperation with the Fund FLAG.

The first event, held on 18.04.2024, targeted potential applicants in the second call for project proposals. The main topics addressed were the clarification of the changed requirements towards potential beneficiaries, the project selection criteria and answers to raised questions regarding the published new call for projects.

Target audience of the second information event were the beneficiaries of the projects approved for funding under the second call. The event was held on 03.12.2024, with a focus on clarifying the next steps in the implementation of the projects.

The cooperation between the NTEF and the Fund FLAG was announced on the NTEF website in April 2024. It is aimed at providing a comprehensive financial service to the Beneficiaries of the EEMSK Subprogram. In addition to the NTEF-provided grant funding, the Fund FLAG may provide a low-interest loan for the mandatory 30% co-financing for energy saving measures and other complementary activities for approved projects that are ineligible for funding pursuant to the NTEF rules under the Subprogram.

3.4. Information activities of NTEF in connection with the participation of the Fund as a partner under project “Bulgarian Energy Efficiency Forum on Smart Financing for Smart Buildings” (BeSmart)

On 24.04.2024 the closing conference under the Horizon 2020 project “BeSmart” was held, in which NTEF participated as a partner.

The forum provided an opportunity for an open dialogue and exchange of information and ideas related to the future of financial instruments for sustainable energy. Recommendations for the financial system development were shared. The NTEF presentation focused on the need the financing institutions to apply efficient energy management criteria when making decisions for provision of financial support to municipal projects. With that regard, the NTEF concept model of a Municipal Energy Manager Service was presented

New financial instruments in the field of energy efficiency were also presented during the event, in this number an World Bank instrument for energy efficiency in the housing sector and a tool of the Fund FLAG (Financial tool for transition to clean energy (FLAG FICET)).

3.5. Information activities of NTEF in connection with the participation of the Fund as a partner under project “Energy Manager in the Municipalities”, funded by the European Climate Initiative (EUKI) of the Federal Government of Germany.

The NTEF is a lead partner in the Project “MENERGERS - Energy Managers’ Services in Municipalities”. The consortium includes partners from Bulgaria, Germany and Romania. The main project objectives are to establish a model of the Municipal Energy Manager's Service in

Bulgaria, as well as a set of criteria for selection of contractors for municipal projects for energy efficiency and renewable energy sources in Romania.

In May 2024, information material on the activities carried out under the project was published on the NTEF website, including: an analysis of Bulgarian legislation and experience in the field of energy management in municipalities, a comparison with energy management in municipalities in Germany and the EU, an assessment of the progress in the field of energy efficiency in Romania. A Bulgarian model for municipal energy manager services has been developed and training has been carried out in the three pilot municipalities in Bulgaria to implement the developed model.

In May 2024, an information material on the implemented project activities was published on the NTEF website, including analysis of the Bulgarian legislation and experience in the field of energy management in the municipalities, comparison with the energy management in the municipalities in Germany and the EU, assessment of progress in the field of energy efficiency in Romania. A Bulgarian model for municipal energy manager's services has been developed and training has been carried out in the three pilot municipalities in Bulgaria, related to the implementation of the developed model.

On 01.10.2024, in Bucharest, Romania, experts from NTEF, SOFENA Agency and of the municipalities of Ruse, Svilengrad and Sapareva Banja participated in a conference on "Integrating the local perspective into national energy and climate strategies" within the framework of the MENERGERS project. The event, organized by the Romanian Association of Energy Cities (OER), brought together representatives of local and national authorities, international experts and leaders in the energy sector, who analyzed different solutions for the transition to climate neutral and energy independent communities. During the discussions, the impact of the MENERGERS project on the pilot cities in Bulgaria and Romania was highlighted through concrete examples of energy management measures applied in cities such as Ruse, Sapareva Banja, Svilengrad, Alba Iulia, Sfântu Gheorghe and Zalău.

Some of the important achievements of the MENERGERS project have also been highlighted:

- The developed by the Romanian Association of Energy Cities (OER) "Guidelines for energy efficiency indicators for application in the technical documentation" as a tool to help local authorities to achieve the energy efficiency objectives.
- The energy management model developed in Bulgaria operates without sufficient legislative support, relying on voluntary commitments and strategic partnerships.
- The similarities and differences between the Bulgarian and Romanian models of energy management in municipalities have been identified.

3.6. Information activities of NTEF in connection with the participation of the Fund as a partner under project Vision 2045, funded by the European Climate Initiative (EUKI) pf the Federal Government of Germany

The aim of the project is to support the schools on their path to climate neutrality. The idea is that they should become agents of change, create the models for reducing their carbon footprint and commit to achieving the local objectives in cooperation with the local authorities and other stakeholders.

In May 2024 the Director of the NTEF Executive Bureau, Mrs. Maria Minkova, and the Senior Expert Mrs. Kamelya Georgieva, participated in the sequential conference of the European Climate Initiative (EUKI) held in Berlin.

During the meeting, the NTEF representatives took part in discussions on the most topical issues related to the digital transformation, innovations in the climate action, industrial decarbonization, climate goals of Europe 2040 and future of the energy transition. In parallel with that, the results of the project implementation in the four pilot Bulgarian schools with about 2,500 students were presented: the carbon footprint of the participating schools had been calculated, visionary seminars had been carried out, action plans for achieving climate neutrality by 2045 had been developed, assessed with regard to preselected criteria, as a result of which a pilot activity for implementation per plan has been selected.

In October 2024, two school exchanges of experience and knowledge were conducted between the schools involved in the project from the cities of Yambol and Dobrich - LHS "Vasil Karagyzov" and BS "Lyuben Karavelov" from Yambol city, as well as SS "Dimitar Talev" and BS "P.R. Slaveikov" from Dobrich city.

3.7. Information activity of NTEF in connection with Subprogram “Energy Efficiency through Energy Savings Performance Contracts (ESCO contracts)”

The Subprograms is institutionalized based on a decision of the NTEF MB of 16.07.2024. The main goals and principles of functioning of the Subprogram are as follows:

- Targeted spending of funds for energy efficiency projects through Energy Savings Performance Contracts (ESCO contracts). The funds provided are in the form of a complementary grant financing of the part of the investment necessary for the implementation of a package of energy saving measures.
- Attracting external financial resource for the overall implementation of projects and providing the energy savings performance contract to the Contracting Authority (within

the meaning of the Public Procurement Act), who appears to be the Beneficiary under the Subprogram,.

The call for project proposals under the Subprogram “Energy Efficiency through Energy Savings Performance Contracts (ESCO contracts)” was announced on the NTEF website on 17.09.2024.

On 11 October, together with the Fund FLAG, an online information event was held in connection with the opened call. The main topics of the event were related to the funding conditions, the project selection criteria and answers to questions asked under the Call for project proposals. A record of the information event was published on the NTEF website.

The publication of the responses to the questions raised in the Call for project proposals was also started in October 2024.

In November 2024, instructions for e-application were published.

3.8. Participation of NTEF in a meeting with the stakeholders under the pending Program “Visitor Infrastructure and Sustainable Use of a National Park („ProPark)” within the framework of the Swiss-Bulgarian Cooperation Program

During the second half of 2024 NTEF was actively involved in the preparatory phase of the ProPark Program, in connection with its upcoming role as an Operator of Component 2 under the Renovation of Huts in National Rila Park Program. Within the Component, NTEF should present a holistic approach to the huts’ renovation, with the potential for replication in other protected and high nature value areas.

Stakeholder meetings with the stakeholders were organized with the active involvement of the NTEF. The first meeting was held on 30.08.2024 in Blagoevgrad city was devoted to the other two Components of the Program - Component 1 “Repair and positioning of a Visitors’ Centre in Panichishte and Component 3 “Development of the Saragjol Complex”. Component 2 was presented during the next meeting with the stakeholders, which took place on 10.09.2024 in Samokov city.

3.9. NTEF participation in the annual economic forum NET ZERO 2024

The Forum is held annually on the initiative of Capital newspaper. The business has a key role to play in the guiding of the transition to a sustainable, zero-carbon future, and an increasing number of companies are actively driving this change. The 2024 edition of the Net Zero

Economy Forum serves as a solid platform for collaboration between companies and exchange of good practices in the field of sustainable resource deployment.

On 5 November 2024 NTEF participated in the panel dedicated to the manner in which the behavioral sciences and approaches can help the cities to provide better living conditions and better adapted to the climate realities. The experience and achievements of the Fund related to the application of these approaches to the work with the educational institutions, which also receive funding for energy efficiency investment measures, were presented.

3.10. Annual awards in the “Mimi Pramatarova” competition focused on Bulgarian students

In May 2024, for an eighteenth consecutive year, a literary competition for a National Prize for Nature Protection “Mimi Pramatarova” 2024 was announced on the NTEF webpage

On 29 October 2024, in the Regional Historical Museum in Blagoevgrad city, at an organized ceremony, the winners of the literary competition for the National Prize for Nature Protection "Mimi Pramatarova" 2024 were announced and awarded. First prize - a crystal statuette, certificate and a scholarship of 500 BGN was received by Shterianna Kibareva – Ustina village, Rhodopi Municipality, Plovdiv Mathematical High School, for the story "The Rila Mystery's Whisper". The second prize - a certificate and a scholarship of 300 leva - was awarded to Pavel Dolomanzhi from Tvardița city in Moldova for the story "The Call of the Rila Cottages". Third prize - a diploma and a scholarship of 200 leva was received by Sofia Petkova – Bolyarsko village, Tundzha Municipality, Yambol High Language School, for the poem “The Voice of the Huts”. In addition, six other awards were handed to: Evelin Ivanov – High Language School, “Vasil Karagyzov”, Yambol city for the story "The Glow of the Primrose"; Svetlin Stoinov - 85 SS "Otetz Paisii", Sofia city for the essay "Rila's Huts are Calling"; Andrei Radoslavov - SS “Yordan Yovkov”, Tutrakan city for the essay "The Rila Huts"; Desislava Stoikova – High Language School “Vasil Karagyzov”, Yambol city. Yambol, for the travelogue "The Flavor of a Mountain Tea"; Benedeta Benedetto Profiled High School with Foreign Language Teaching “Petar Bogdan”, Montana city for the essay "Rila's Huts Are Calling"; Dariya Uzunova, BS "Ivan Vazov", Smolyan city, who is only nine years old, for the poem "Rila".

VIII. NTEF SOURCES OF FUNDING, COSTS AND FINANCIAL STATUS

1. Sources of funding for 2024

1.1. Proceeds pursuant to Ordinance No 1/04.03.2015

In accordance with the provisions of the Ordinance, the proceeds during the reporting 2024 amount to BGN 8 056 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.

1.2. Proceeds as per CoM Decision No 175/29.03.2017 under the Agreement for transfer of annually allocated emission quantities 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 under Agreement for Sale of Annual Emissions Allocations (AEAs) between the Republic of Bulgaria and the Federal Republic of Germany

In compliance with Decision No 814/20.10.2022, the funds received under the Agreement on the Sale of Annual Emissions' Allocations (AEAs) between the Republic of Bulgaria and the Federal Republic of Germany are designated to finance energy efficiency projects in municipal schools and kindergartens. In the beginning of 2024, the residual resource is 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 Municipalities in Bulgaria"

The project is funded by the Environmental Protection and Climate Change Program funded by the EEA FM 2014 - 2021. The main idea of the project is related to the undertaking of

specific actions and the implementation of practical measures in the implementation of the National Strategy for Climate Change Adaptation in the Urban Development Field. In 2024, funds in the amount of BGN 206 thousand were received. The funding represents the recovery of the funds spent by the NTEF during the third and fourth reporting period under the project.

2. Funds' allocations

2.1. Funding of projects under Investment Climate Program

Funding of energy efficiency projects

The total amounts paid for investment projects for activities related to the improvement of the energy efficiency of public sites under IPC in 2024 are BGN 2 704 460. The costs of financing projects are presented in detail in Table 2.1.1.:

Table 2.1.1.: Payments made under projects, funded by NTEF during 2024 under the Energy Efficiency Scheme to ICP

| Reg. No | Title / Beneficiary | Total amount of the project as per the funding contract in BGN (VAT included) | NTEF participation under the funding contract in BGN (VAT included) | Used funds under projects in BGN during the current year (2024) |
|---------|--|---|---|---|
| 279 | Increasing the energy efficiency and reducing the emissions released from the building of the Jordan Yovkov Cultural Community Center - 1870, Dobrich city | BGN 1 049 317,81 | BGN 799 999,89 | BGN 336 429,43 |
| 297 | Main renovation and introduction of EEM using renewable sources in the building of the municipal administration – Bratya Daskalovi Municipality | BGN 919 771,56 | BGN 659 560,89 | BGN 659 536,27 |
| 328-4 | Implementation of energy efficiency measures within the school educational infrastructure in Veliko Tarnovo Municipality - SS "P.R. Slaveikov" | BGN 951 991,54 | BGN 647 051,75 | BGN 538 266,07 |
| 362 | Repair, modernization and implementation of energy saving | BGN 1 280 889,66 | BGN 261 034,66 | BGN 261 028,38 |

| | | | | |
|------------------------------------|--|-------------------------|-------------------------|-------------------------|
| | measures in the building of DCC I Gabrovo EOOD - second facility | | | |
| 507 | Energy efficiency measures and accompanying activities in the building of SS "Nikola Velchev", SS "Otetz Paisii" and cafeteria, Samokov city | BGN 1 925 999,78 | BGN 1 485 666.32 | BGN 909 199,45 |
| TOTAL ICP ENERGY EFFICIENCY | | BGN 6 127 970,34 | BGN 3 853 313,51 | BGN 2 704 459,60 |

In 2024, about 70.2% of the allocated budget for investment projects, for which contracts are concluded, have been paid. One of the reasons for the lower absorption is that the work on the implemented projects is voluminous and the conditions for the approval of the completed work require more time.

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

In 2024. 20 (twenty) all-electric vehicles category M1 or N1 and 3 (three) all-electric vehicles, category L7E with different superstructures were purchased. The total subsidy paid by NTEF for the delivery of the said vehicles is BGN 474 526. The costs are presented in detail in Table 2.1.2.:

Table 2.1.2.: Projects under the Scheme for promoting the use of electric vehicles, funded by NTEF in 2024

| Reg. No / Project title | Number of vehicles | Actual amount of the funding during 2024 (BGN) |
|---|--------------------|--|
| A. Electric vehicles category M1 or N1 | | |
| EM 114 / Project for promoting the use of electric vehicles, Kardzhali Municipality | 3 | 60 000.00 |
| EM 121 / Project for promoting the use of electric vehicles, Devin Municipality | 1 | 20 000,00 |
| EM 129 / Project for promoting the use of electric vehicles, Ministry of Energy | 1 | 20 000.00 |
| EM 134 / Project for promoting the use of electric vehicles, MRDPW | 3 | 60 000.00 |
| EM 140 / Project for promoting the use of electric vehicles, Levski Municipality | 2 | 40 000.00 |
| EM 141 / Project for promoting the use of electric vehicles, Petrich Municipality | 2 | 40 000.00 |
| EM 143 / Project for promoting the use of electric vehicles, Byala Slatina Municipality | 1 | 20 000.00 |

| | | |
|--|-----------|--------------------|
| EM 154 / Project for promoting the use of electric vehicles, MEW | 1 | 20 000.00 |
| EM 156 / Project for promoting the use of electric vehicles, Anton Municipality | 1 | 30 000.00 |
| EM 158 / Project for promoting the use of electric vehicles, Svishtov Municipality | 1 | 20 000.00 |
| EM 160 / Project for promoting the use of electric vehicles, Vetrino Municipality | 1 | 20 000.00 |
| EM 161 / Project for promoting the use of electric vehicles, Beloslav Municipality | 3 | 60 000.00 |
| B. All-electric vehicles, category L7e | | |
| EM 124 / Project for promoting the use of electric vehicles, Elin Pelin Municipality | 1 | 21 197.00 |
| EM 125 / Project for promoting the use of electric vehicles, Aksakovo Municipality | 1 | 22 152.50 |
| EM 128 / Project for promoting the use of electric vehicles, Elin Pelin Municipality | 1 | 21 176.00 |
| TOTAL FOR ELECTRIC VEHICLES | 23 | 474 525. 50 |

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

During the reporting 2024, no funds were spent on IPMW projects. Upon completion of the pilot phase of the program and its reporting in 2022, with a decision of the NTEF MB a resource for the launching a call for project proposals under the program was provided.

Six IPMW projects were under implementation during 2024. Four of them are expected to be completed in 2025. The other two are at the stage of opening a tender procedure.

2.3. Funding of projects under Climate Micro Projects Program

In 2024, 8 (eight) CMPP projects were completed and paid, which were launched in 2021. A detailed description of the reported in 2024 costs for financing projects under CMPP is presented in Table 2.3:

Table 2.3.: Projects under Climate Micro Projects Program, funded by NTEF during 2024.

| Reg. No | Title / Beneficiary | Value according to NTEF funding contract in BGN | Used funds by projects in BGN during the current years (2024) |
|---------|---|---|---|
| 004 | Increasing the energy efficiency of air conditioning systems in the administrative building of the Ministry of Finance on 102 G. S. Rakovski Str. | BGN 49 200,00 | BGN 48 972,00 |

| | | | |
|--------------------------------|--|-----------------------|-----------------------|
| 038 | Klimat Aktiv - SS "P.R. Slaveikov"- Dobrich city | BGN 50 000,00 | BGN 50 000,00 |
| 041 | Eco Youth - ManEco | BGN 49 866,00 | BGN 49 866,00 |
| 042 | Innovative solutions for climate change adaptation – Tryavna Municipality | BGN 49 997,00 | BGN 46 233,80 |
| 046 | Measures for improving the public awareness and inclusion of activities, related to the climate change mitigation and adaptation – Burgas Municipality | BGN 50 000,00 | BGN 47 940,00 |
| 048 | Reducing the greenhouse gas emissions introducing systems for control and management of the microclimate and the electricity consumption in municipal buildings, Pirdop Municipality | BGN 50 000,00 | BGN 49 423,74 |
| 051 | Knezha Municipality – for a greener land | BGN 50 000,00 | BGN 50 000,00 |
| 052 | Environmentally charged, Vratza Municipality | BGN 50 000,00 | BGN 50 000,00 |
| TOTAL FOR CMPP PROJECTS | | BGN 399 063,00 | BGN 392 435,54 |

2.4. Funding of projects under Subprogram “Energy Efficiency of Municipal Schools and Kindergartens” (EEMSK) to ICP

In 2024, two projects were completed and fully paid. One project is in advanced phase of implementation. Detailed information about funded projects is presented in Table 2.4.:

Table 2.4.: Projects under Subprogram “Energy Efficiency of Municipal Schools and Kindergartens”, funded by NTEF during 2024

| Reg. No | Name/Beneficiary | Total value of the project under the funding contract in BGN (VAT included) | Value according to the funding contract, concluded with NTEF | Spent funds under projects during the current year (2024) |
|---------------------|--------------------------------|---|--|---|
| 010 | Burgas Municipality - Sarafovo | BGN 420 476.40 | BGN 290 525.94 | BGN 279 522.26 |
| 008 | Momchilgrad Municipality | BGN 598 833.82 | BGN 413 598.43 | BGN 413 533.37 |
| 005 | Knezha Municipality Кнежа | BGN 598 665.37 | BGN 410 475.79 | BGN 209 087.06 |
| TOTAL EEMSK: | | BGN 1 617 975.59 | BGN 1 114 600.16 | BGN 902 142.69 |

2.5. Used funds to cover the NTEF administrative costs

In 2024, the main sources of NTEF’s administrative support were the Investment Climate Program, Climate Micro Projects Program, proceeds under the procedure included in Ordinance No. 1/04.03.2015, Agreement for Sale of Annual Emissions Allocations (AEAs), as well as the international projects in whose implementation NTEF EB takes part.

The presented table, containing the administrative maintenance costs, also includes the funds envisaged for this purpose under Vision 2045 project, Menergers project, BeSmart project and the predefined project No 3 "Implementation of innovative measures for mitigation and adaptation to climate change in municipalities in Bulgaria". The total amount of the budgetary funds for the NTEF administrative maintenance for 2024 is BGN 998 660 (Table 2.5.).

In the reporting 2024, a total of BGN 887 047 were spent, which are by BGN 111 613 less than the funds provided in the budget. The difference is due to the balanced cost approval policy implemented by the Management.

Table 2.5: Implementation of the budget to cover the administrative costs of the NTEF during 2024

| Направление на средствата | Plan (BGN) | Report (BGN) | Implemen- tation (in %) |
|--|------------------|-----------------|----------------------------|
| A. INVESTMENTS | 33 000,00 | 4 347,00 | 13% |
| 1. TFA | 33 000,00 | 4 347,00 | 13% |
| 2. IFA | 0,00 | 0,00 | 0,0% |
| | | | |
| B. INSTITUTIONAL DEVELOPMENT | 30 000,00 | 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% |
| 3. NTEF Strategy until 2030 | 20 000,00 | 0,00 | 0,0% |
| 4. Updating the NTEF webpage | 10 000,00 | 0,00 | 0,0% |
| | | | |
| B. CURRENT COSTS | 935 660 | 882 700 | 94% |
| 1. Improving the qualification, remunerations, social security and health insurance | 598 594 | 492 905 | 82% |
| a. Staff training | 4 500 | 120 | 3% |
| b. Labor remunerations | 486 768 | 417 712 | 86% |
| c. Social security and health insurance | 84 831 | 59 230 | 70% |
| d. Social allowances pursuant to the Labor Code (LC) | 15 180 | 15 843 | 104% |
| e. Occupational health care | 7 315 | 0 | 0,0% |
| | | | |
| 2. Advisory services | 67 800 | 181 288 | 267% |
| | | | |
| 3. Maintenance and office costs | 87 960 | 77 498 | 88% |
| a. Current office costs (electricity, heating, phones, e-mail, water, internet, postal services, office consumables, etc.) | 30 960 | 17 815 | 58% |
| b. Fuels and lubricants (F&L), vehicle maintenance | 15 500 | 6 857 | 44% |
| c. Insurance and security | 2 500 | 2 880 | 115% |

| | | | |
|--|----------------|----------------|------------|
| d. Office Services (System Administrator, Copier, Software Updates, Repairs, etc.) | 29 000 | 41 251 | 142% |
| e. Other costs | 10 000 | 8 695 | 87% |
| | | | |
| 4. Administrative-management costs | 148 306 | 116 736 | 79% |
| a. Business trips | 30 252 | 36 223 | 120% |
| b. Entertainment costs | 0,00 | 0,00 | 0,0% |
| c. Public relations | 67 000 | 39 533 | 59% |
| d. Administrative and financial costs | 51 054 | 40 980 | 80% |
| | | | |
| 5. Management Board's operating costs | 33 000 | 14 273 | 43% |
| | | | |
| TOTAL COSTS | 998 660 | 887 047 | 89% |

In structural terms, the allocation of the costs by budget items compared to the total amount of the incurred administrative costs is the following: administrative and management costs - 12.8 %; costs for raising qualification, remuneration, social and health insurance - 54.2%; advisory services - 20.0%; maintenance and office costs - 8.5%; costs related to the MB's activities - 1.6%.

A summary budget implementation for NTEF activity's administrative support is presented in **Annex 4**.

Clarifications to the implementation of the budget for administrative costs.

Table 2.6.: Information on the incurred costs by economic elements and their change compared with the previous period

| | 2023 | 2024 | Change | Change |
|--|--------------|--------------|------------|-------------|
| | BGN '000 | BGN '000 | BGN '000 | % |
| | | | | |
| Costs for assets | (0) | (4) | 4 | 0% |
| Institutional development costs | (0) | (0) | 0 | 0% |
| Staff costs | (410) | (493) | 83 | 120% |
| Costs for project implementation consultants | (77) | (181) | 104 | 235% |
| Maintenance and office costs | (68) | (77) | 9 | 113% |
| Administrative-management costs | (107) | (117) | 10 | 109% |
| MB-related costs | (15) | (14) | 1 | (9)% |
| Total | (677) | (887) | 211 | 131% |

As a whole, the total operating costs of the Fund have been increased by 134% compared to their amount 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 „ProPark“, Component 2 – Renovation of huts in Rila, in which NTEF participates in its capacity as an Operator. The increase in the expenses for administrative management and audits of the implemented programs and projects also has an impact on the larger amount of the costs incurred in 2024.

3. NTEF financial status as of 31.12.2024

As of 31.12.2024 the sum of the Fund's assets is BGN 34 126 thousand (31.12.2023 – 30 807 thousand), in this number cash and cash equivalents amounting to BGN 33 972 thousand (31.12.2023 – 30 645 thousand).

The total amount of the NTEF liabilities as of 31.12.2024 equals 34 126 thousand, formed mainly by funding in the amount of BGN 34 045 thousand (as of 31.12.2023 the total amount of the liabilities is BGN 30 807 thousand, formed mainly by funding in the amount of BGN 30 740 thousand).

NTEF cash is kept in accounts with UniCredit Bulbank AD and Eurobank Bulgaria AD. As of 31.12.2024, NTEF has in its accounts BGN 33 972 thousand. The NTEF's cash on hand amounts to BGN 1 thousand. The allocation of the funds is shown in **Annex 5**.

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:

| | 2024 | 2023 |
|---|-----------------|-----------------|
| Financial assets' groups – balance sheet values: | BGN '000 | BGN '000 |
| Cash and cash equivalents | 33 972 | 30 645 |

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.

3. Important events following the date, as of which the financial statement has been drawn up

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

4. Likely future development of NTEF

During 2025, 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, and for promoting the use of electric vehicles, Subprogram “EEMSK and energy efficiency based on energy savings performance contracts (ESCO contracts). Investment Program “Mineral Waters” will also be continued. Special attention will be paid to the opportunities for **improving the investments’ effectiveness and efficiency under investment projects implementation** in the following main directions:

- The implementation of the "Energy Efficiency through ESCO Contracts" Subprogram is going on. It is a scheme for a combined project financing aimed at reducing the grant amount from NTEF at the expense of attracting investment capital from other sources through implementation of energy efficiency contracts with guaranteed energy savings. The idea is the NTEF grant to be in the amount necessary to make the implementation of these contracts feasible by reducing the investment payback period.
- NTEF will continue its efforts to implement the European protocols for measuring and verifying the results of the investments for energy efficiency where applicable. The main motive for the implementation of this initiative is to expect it to achieve several basic strategic goals: improving the capacity of the administrations of the respective beneficiaries, due to the need to ensure project management; improving the efficiency of the used public resources; guaranteeing the sustainability in achieving the planned results through prescribed management methods throughout the entire investment life cycle.
- NTEF will continue to promote the introduction of an energy management system in buildings, subject to the introduction of energy saving measures using funding from the Fund. The system contributes to increasing the energy efficiency, optimizing the energy savings, limiting the greenhouse gas emissions, mitigating and adapting to the climate change.
- The NTEF will continue to implement educational projects and activities to improve the awareness of the buildings’ users, subject to the introduction of energy saving measures using NTEF funding. The next reporting period envisages activities to improve the qualification of the pedagogical staff of secondary schools in matters, related to climate change mitigation and adaptation.

NTEF continues **its efforts to contribute to the improvement of the environmental management policies in the field of environmental management and protection**, and more specifically in the field of reducing the impact and adaptation to climate change, as well as implementing energy management at a municipal level. Simultaneously with that, NTEF will also continue its activities for **exploring 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, led by high professional and ethical standards.

ANNEX 1

PROJECT PROPOSALS UNDER SUBPROGRAM “ENERGY EFFICIENCY OF MUNICIPAL SCHOOLS AND KINDERGARTENS” TO INVESTMENT CLIMATE PROGRAM, SUBMITTED FOR EXAMINATION TO NTEF DURING 2024

TABLE 1.1

| No | Project No | Beneficiary | Amount of the requested subsidy |
|---------------|-------------------|------------------------------|--|
| 1 | 14 | Gorna Oryahovitza | BGN 405,848.80 |
| 2 | 15 | Vratza Municipality | BGN 423,864.71 |
| 3 | 16 | Stara Zagira Municipality | BGN 1,488,397.71 |
| 4 | 17 | SM, Lyulin Region | BGN 1,555,629.60 |
| 5 | 18 | Kaloyanovo Municipality | BGN 298,493.45 |
| 6 | 19 | SM, Sredetz Region | BGN 403,143.67 |
| 7 | 20 | Sliven Municipality | BGN 241,216.26 |
| 8 | 21 | KG “Detelina” - Petrich | BGN 833,548.80 |
| 9 | 22 | SM, Ovcha Kupel Municipality | BGN 903,207.55 |
| 10 | 23 | Kazanlak Municipality | BGN 460,266.31 |
| 11 | 24 | KG “Maya”- Plovdiv city | BGN 525,259.67 |
| 12 | 25 | Kostenetz Municipality | BGN 98,836.54 |
| 13 | 26 | Gabrovo Municipality | BGN 129,376.09 |
| 14 | 27 | SM, Pancharevo Region | BGN 732,918.93 |
| 15 | 28 | Lom Municipality | BGN 909,764.80 |
| 16 | 29 | SM, Krasna Polyana Region | BGN 755,424.60 |
| Total: | | | BGN 10,165,197.49 |

PROJECT PROPOSALS UNDER SUBPROGRAM “ENERGY EFFICIENCY THROUGH ESCO CONTRACTS” TO INVESTMENT CLIMATE PROGRAM, SUBMITTED FOR EXAMINATION TO NTEF DURING 2024

TABLE 1.2

| No | Project No | Beneficiary | Amount of requested subsidy |
|---------------|------------|----------------------------|-----------------------------|
| 1 | 565 | MHAT – IVAN SKENDEROV EOOD | BGN 374,966.91 |
| 2 | 566 | SM, PAMCHAREVO REGION | BGN 466,108.26 |
| Total: | | | BGN 841,075.17 |

PROJECT PROPOSALS UNDER SUBPROGRAM „ENERGY EFFICIENCY OF MUNICIPAL SCHOOLS AND KINDERGARTENS” TO INVESTMENT CLIMATE PROGRAM, APPROVED BY NTEF MB DURING 2024

TABLE 1.3

| No | Project No | Beneficiary | Amount of requested subsidy |
|----|------------|---------------------------|-----------------------------|
| 1 | 14 | Gorna Oryahovitza | BGN 405,848.80 |
| 2 | 15 | Vratza Municipality | BGN 423,864.71 |
| 3 | 16 | Stara Zagira Municipality | BGN 1,488,397.71 |
| 4 | 17 | SM, Lyulin Region | BGN 1,555,629.60 |
| 5 | 18 | Kaloyanovo Municipality | BGN 298,493.45 |
| 6 | 19 | SM, Sredetz Region | BGN 403,143.67 |
| 7 | 20 | Sliven Municipality | BGN 241,216.26 |



| | | | |
|---------------|----|------------------------------|--------------------------|
| 8 | 21 | KG "Detelina" - Petrich | BGN 833,548.80 |
| 9 | 22 | SM, Ovcha Kupel Municipality | BGN 903,207.55 |
| 10 | 23 | Kazanlak Municipality | BGN 460,266.31 |
| 11 | 24 | KG "Maya" - Plovdiv city | BGN 525,259.67 |
| 12 | 25 | Kostenetz Municipality | BGN 98,836.54 |
| 13 | 26 | Gabrovo Municipality | BGN 129,376.09 |
| 14 | 27 | SM, Pancharevo Region | BGN 732,918.93 |
| 15 | 28 | Lom Municipality | BGN 909,764.80 |
| 16 | 29 | SM, Krasna Polyana Region | BGN 755,424.60 |
| Total: | | | BGN 10,165,197.49 |

NATIONAL TRUST ECO FUND

INVESTMENT CLIMATE PROGRAM

SUBPROGRAM “ENERGY EFFICIENCY OF MUNICIPAL SCHOOLS AND KINDERGARTENS

IN ACCORDANCE

WITH AN AGREEMENT FOR SALE OF ANNUAL EMISSION ALLOCATIONS (AEAs) BETWEEN
THE REPUBLIC OF BULGARIA AND THE FEDERAL REPUBLIC OF GERMANY

SECOND ANNUAL PROGRESS REPORT

Sofia, January 2025

Endorsed by the Managing Board of NTEF 20.02.2025

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I. INTRODUCTION

ENERGY EFFICIENCY OF MUNICIPAL SCHOOLS AND KINDERGARTENS SUBPROGRAM (EEMSK)

Adhering to the ultimate objectives 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 April 23, 2009 (ESD) on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020, R. Bulgaria has taken advantage of the flexibility of Article 3.5 of ESD to transfer part of its annual emission allocations (the part exceeding its 2020 greenhouse gas emission level) to the Republic of Germany.

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

By a decision of the Management Board, dated 23.02.2023, the Operational Manual (OM) of the Invest Climate Program (IPC) was updated to include the definition of Subprogram "Energy Efficiency of Municipal Schools and Kindergartens". The Rules for Financing Projects under the Subprogram were approved at that time as well.

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

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

By 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 established within the Investment Climate Program (IPC). To fulfill the objectives of the Subprogram, financing rules have been approved.

The rules determine the way for application, the projects' selection criteria, the manner of the projects' financing and implementation, as well as the commitments for monitoring and reporting on the implementation.

According to the terms of the agreement, the basic principles of the active Investment Climate Program are applied with the clarifications regarding the amount of the subsidy (up to 70%).

Following the start of the implementation of the approved projects within the first call for projects under the subprogram and analysis of the results from it, at the proposal of the NTEF Executive Bureau, the **Management Board has approved the following amendments in the Rules of Application:**

- The restriction of the eligible subsidy (grant) amounting to BGN 420,000 has been removed, allowing projects of higher value with a higher contribution to the reduced volume of greenhouse gases to also benefit from the grant ceiling of 70% adopted in the agreement.
- The requirement to achieve a minimum volume (60 tons) of reduced greenhouse gas emissions on an annual basis has been eliminated. Thus, it has become possible for projects with a smaller contribution to the reduced emissions, but also with a lower budget, to apply for funding. Moreover, these are usually small schools and kindergartens in small settlements, whose buildings to a high extent are in need of energy efficiency improvement.
- New criteria, related to the efficiency of the subsidy are introduced, such as: BGN/m² total built-up area, BGN/kWh saved energy, deadline for complete project implementation

COLLECTION, EVALUATION AND SELECTION OF PROJECTS UNDER SUBPROGRAM “ENERGY EFFICIENCY IN MUNICIPAL SCHOOLS AND KINDERGARTENS”

The second call for project proposals was published on 8 April 2024 in partnership with the FLAG Fund, which has the opportunity to provide low-interest credit to municipalities for covering the project co-financing cost.

The selection, evaluation and approval of projects are detailed in the Rules for Project Financing under EEMSK. The following processing stages are distinguished:

- Administrative inspection of the submitted documents, the requested data and other circumstances related to the Application Form.
- On-site visit to establish the actual compliance of the requested data and other circumstances, specified in the Application Form and the accompanying documents for the projects, whose administrative inspection has been completed.
- The projects, which have successfully passed the administrative inspections, are submitted to the Project Selection and Control Commission for examination, evaluation and ranking.
- Approval of projects by the NTEF Management Board.
- Notification of the candidates, whose projects have been approved, regarding the financing conditions.
- Notification of the candidates, whose projects have received refusal of funding. The notification explicitly specifies the reasons for the funding refusal.

Until the expiration of the deadline for submission of documents (10.07.2024), 16 (sixteen) project proposals were received. Following the administrative examination by NTEF EB and the on-site visits to all of the sites, the work of the Project Evaluation Commission (PEC) and the meeting of the NTEF Management Board for the approval of the projects to be financed, all sixteen projects have come into implementation.

Although the requested total amount exceeds the available resource under the agreement, the NTEF MB has decided to co-finance the entire package of projects with funds from the NTEF investment program, since all 16 projects cover the environmental and economic criteria to the maximum degree.

The table below presents a detailed list of the received, evaluated and approved projects and the information on energy-saving measures, the amount of financing and the reduction of the greenhouse gas emissions, which are expected to be achieved as a result of the measures' implementation.

Approved by PEC and NTEF MB projects under which work has been started

| Project No | Beneficiary | Site | Saved emissions t/year | Value - ESM and non-ESM | Requested financing | Energy efficiency measures |
|-------------------|----------------------------------|--|-------------------------------|--------------------------------|----------------------------|--|
| 14 | Gorna Oryahovitza | Kindergarten (KG) "Bozhur" Garata neighborhood, Gorna Oryahovitza city | 43,94 | BGN 615 269,80 | BGN 405 848,80 | Thermal insulation of external walls; Thermal insulation of internal walls; Thermal insulation of roof; Thermal insulation of floor; Replacement of windows and doors; Measures related to heat generation; Measures related to cold generation; Cooling; Pumps, fans, etc.; Pipe or air distribution network; Measurement, automation and control; Measures related to domestic hot water (DHW); Lighting system related measures; Replacement of appliances and/or equipment |
| 15 | Vratza Municipality | KG "Shtastlivo Detstvo" | 65,65 | BGN 691 337,88 | BGN 423 864,71 | Thermal insulation of external walls; Thermal insulation of internal walls; Thermal insulation of roof; Thermal insulation of floor; Replacement of windows and doors; Measures related to heat generation; Measures related to cold generation; Cooling; Pumps, fans, etc.; Pipe or air distribution network; Measurement, automation and control; Measures related to DHW; Lighting system related measures; Replacement of appliances and/or equipment – EM; Other EE measures – photovoltaic power plant |
| 16 | Stara Zagora Municipality | Elementary School (ES) No 11 "Nikolay Liliev", Stara Zagora city | 381,752 | BGN 2 338 910,68 | BGN 1 488 397,71 | Thermal insulation of external walls; Thermal insulation of internal walls; Thermal insulation of roof; Thermal insulation of floor; Replacement of windows and doors; Measures related to heat generation; Measures related to cold generation. Cooling; Pumps, fans, etc.; Pipe or air distribution network; Measurement, automation and control; Measures related to DHW; Lighting system related measures; Replacement of appliances and/or equipment – EM; Other EE measures – photovoltaic plant |

| | | | | | | |
|----|---|---|---------------|------------------|-------------------------|---|
| 17 | Sofia Municipality (SM), Lyulin region | Secondary School (SS) No 96 "Lev Nikolaevich Tolstoy", Lyuli region, Sofia city | 381,78 | BGN 2 222 328,00 | BGN 1 555 629,60 | Thermal insulation of external walls; Thermal insulation of internal walls; Thermal insulation of roof; Thermal insulation of floor; Replacement of windows and doors; Measures related to heat generation; Measures related to cold generation; Cooling; Pumps, fans, etc.; Pipe or air distribution network; Measurement, automation and control; Measures related to DHW; Lighting system related measures; Replacement of appliances and/or equipment; Other EE measures – photovoltaic power plant |
| 18 | Kaloyanovo Municipality | Kindergarten "Detski Svyat", Zhitnitsa village | 17,2 | BGN 432 179,21 | BGN 298 493,45 | Measures related to heat generation; Measures related to cold generation; Cooling; Pumps, fans, etc.; Pipe or air distribution network; Measurement, automation and control. |
| 19 | SM, Sredetz region | Kindergarten No 113 "Prespa", Sofia city | 74,131 | BGN 575 919,53 | BGN 403 143,67 | Thermal insulation of external walls; Thermal insulation of internal walls; Thermal insulation of roof; Thermal insulation of floor; Replacement of windows and doors; Measures related to heat generation; Measures related to cold generation; Cooling; Pumps, fans, etc.; Pipe or air distribution network; Measurement, automation and control; Measures related to DHW; Lighting system related measures; Replacement of appliances and/or equipment; Other EE measures – photovoltaic power plant |
| 20 | Sliven Municipality | Kindergarten "Minzuhar", Krushare village | 32,249 | BGN 344 594,66 | BGN 241 216,26 | Thermal insulation of external walls; Thermal insulation of internal walls; Thermal insulation of roof; Thermal insulation of floor; Replacement of windows and doors; Measures related to heat generation; Measures related to cold generation; Cooling; Pumps, fans, etc.; Pipe or air distribution network; Measurement, automation and control; Measures related to DHW; Lighting system related measures; Replacement of appliances and/or equipment; Other EE measures - DHW |
| 21 | KG "Detelina"- Petrich city | KG No 3 "Detelina" | 73,87 | BGN 1 190 784,00 | BGN 833 548,80 | Thermal insulation of external walls; Thermal insulation of internal walls; Thermal insulation of roof; Thermal insulation of floor; Replacement of windows and doors; Measures related to heat generation; Measures related to cold |

| | | | | | | |
|----|------------------------|--|--------|------------------|----------------|---|
| | | | | | | generation; Cooling; Pumps, fans, etc.; Pipe or air distribution network; Measurement, automation and control; Measures related to DHW; Lighting system related measures; Installation of photovoltaic power plant |
| 22 | SM, Ovcha Kupel region | SS No 88 "Dimitar Popnikolov" | 142,09 | BGN 1 601 418,37 | BNG 903 207,55 | Thermal insulation of external walls; Thermal insulation of internal walls; Thermal insulation of roof; Thermal insulation of floor; Replacement of windows and doors; Measures related to heat generation; Measures related to cold generation; Cooling; Pumps, fans, etc.; Pipe or air distribution network; Measurement, automation and control; Measures related to DHW; Lighting system related measures; Replacement of appliances and/or equipment; Other EE measures – replacement of outdoor artificial lighting |
| 23 | Kazanlak Municipality | ПХГ "St. St. Kiril and Metodii", Kazanlak city | 79,69 | BGN 1 116 729,96 | BGN 460 266,31 | Thermal insulation of external walls; Thermal insulation of internal walls; Thermal insulation of roof; Thermal insulation of floor; Replacement of windows and doors; Measures related to heat generation; Measures related to cold generation; Cooling; Pumps, fans, etc.; Pipe or air distribution network; Measurement, automation and control; Measures related to DHW; Lighting system related measures |
| 24 | KG "Maya"-Plovdiv city | KG "Maya" - RLP II-Vastannicheski neighborhood-North, Plovdiv city | 37,17 | BGN 803 719,95 | BGN 525 259,67 | Thermal insulation of external walls; Thermal insulation of internal walls; Thermal insulation of roof; Thermal insulation of floor; Replacement of windows and doors; Measures related to heat generation; Measures related to cold generation; Cooling; Pumps, fans, etc.; Pipe or air distribution network; Measurement, automation and control; Measures related to DHW; Lighting system related measures. |
| 25 | Kostenec Municipality | SS "St. Kliment Ohridski", Kostenetz city | 29,644 | BGN 141 195,06 | BGN 98 836,54 | Thermal insulation of external walls; Thermal insulation of internal walls; Thermal insulation of roof; Thermal insulation of floor; Replacement of windows and doors; Measures related to heat generation; Measures related to cold generation; Cooling; Pumps, fans, etc.; Pipe or air distribution network; Measurement, automation and |

| | | | | | | |
|-----------|------------------------------|---|---------------|------------------|-----------------------|---|
| | | | | | | control; Measures related to DHW; Lighting system related measures. |
| 26 | Gabrovo Municipality | KG "Mickey Mouse" base Vranilovtzi village, Gabrovo Municipality | 18,698 | BGN 240 774,91 | BGN 129 376,09 | Thermal insulation of external walls; Thermal insulation of internal walls; Thermal insulation of roofs; Thermal insulation of floors; Replacement of windows and doors; Measures related to heat generation; Measures related to cold generation. Cooling; Pumps, fans, etc.; Pipe or air distribution network; Measurement, automation and control; Measures related to DHW; Lighting system related measures; Replacement of appliances and/or equipment; Other EE measures – photovoltaic power plant. |
| 27 | SM, Pancharevo region | SS No 192 "Hristo Botev", Bistritza village, SM – Pancharevo region | 126,5 | BGN 1 047 027,05 | BGN 732 918,93 | Thermal insulation of external walls; Thermal insulation of internal walls; Thermal insulation of roof; Thermal insulation of floor; Replacement of windows and doors; Measures related to heat generation; Measures related to cold generation; Cooling; Pumps, fans, etc.; Pipe or air distribution network; Measurement, automation and control; Measures related to DHW; Lighting system related measures. |
| 28 | Lom Municipality | KG No 2 "Chervenata Shapchitza" | 236,81 | BGN 1 299 664,00 | BGN 909 764,80 | Thermal insulation of external walls; Thermal insulation of internal walls; Thermal insulation of roof; Thermal insulation of floor; Replacement of windows and doors; Measures related to heat generation; Measures related to cold generation; Cooling; Pumps, fans, etc.; Pipe or air distribution network; Measurement, automation and control; Measures related to DHW; Lighting system related measures; Replacement of appliances and/or equipment (building of a photovoltaic power plant); Other EE measures (building of a ventilation system with highly efficient recovery) |

| | | | | | | |
|----|---------------------------|--|----------|-------------------|-------------------|--|
| 29 | SM, Krasna Polyana region | SS No 17 "Damyan Gruev", Sofia city, Krasna Polyana region | 96,12 | BGN 1 539 764,40 | BGN 755 424,60 | Thermal insulation of external walls; Thermal insulation of internal walls; Thermal insulation of roof; Thermal insulation of floor; Replacement of windows and doors; Measures related to heat generation; Measures related to cold generation; Cooling; Pumps, fans, etc.; Pipe or air distribution network; Measurement, automation and control; Measures related to DHW; Lighting system related measures. |
| | | | 1837,294 | BGN 16 201 617,45 | BGN 10 165 197,49 | |

III. IMPLEMENTATION OF THE APPROVED PROJECTS UNDER THE FIRST CALL FOR PROJECTS

The projects under the first call are at different implementation stages.

Two projects have already implemented energy efficiency measures - those of Burgas Municipality and Momchilgrad Municipality. The financial audit for them has also been completed. Implementation of the measures related to the user behavior change, which in the program are envisioned to be launched simultaneously for all approved projects, with training of the teachers from the relevant schools and kindergartens and the supply of the measurement kits for the energy teams of pupils and children, is pending.

A third project is in a process of implementing construction and installation works (CIW), which are expected to be completed in early 2025.

The most serious delays in the implementation of approved projects are caused by the procedures for selecting contractors for CIW in compliance with the rules of the Public Procurement Act. NTEF shall provide all its beneficiaries with ready templates of the tender documentation and shall perform a preliminary control on the prepared tender documentations before their publication. However, at the next stage (which involves NTEF), it may be established that the bids submitted under the tender do not meet the requirements and implementation contracts cannot be concluded. Then, the bidding process is restarted.

Two of the projects were withdrawn, although they were approved. The reason for the withdrawal was the large amount of money, which they have to provide for co-financing due to the imposed ceiling of BGN 420 000 under the first call. These precedents provoked a more in-depth analysis and a proposal to remove this restriction in the second call.

We are presenting a table, showing the implementation status of the projects approved under the first call.

| Project No | Beneficiary | Site | Project value (VAT included) | Expected subsidy | Project status as of 26.02.2024 | Energy efficiency measures | Reduced emissions t/year |
|------------|----------------------------|---|------------------------------|------------------|--|---|--------------------------|
| 2 | Svishtov Municipality | KG "Chipolino", Svishtov city | BGN 414 180 | BGN 279 620 | Entities, which have given up the subsidy, due to non-abidance by the NTEF rules and unwillingness to abide by them | Thermal insulation of external walls; Thermal insulation of roof; Thermal insulation of floor; Measures related to a heating system; Ventilation with recovery; Measurement, automation and control; Other EE measures – photovoltaic systems for DHW | 63.78 |
| 3 | Ruse Municipality | KG "Zora", Ruse city | BGN 612 824 | BGN 420 000 | Opened tender procedure | Thermal insulation of external walls; Thermal insulation of roof; Replacement of windows and doors; Measures related to a heating system; Measurement, automation and control; Other EE measures – solar PV electricity | 83.82 |
| 5 | Knezha Municipality | PS "Vasil Levski", Enitza village, Knezha Municipality | BGN 598 665 | BGN 419 066 | Implementation of the construction & installation works (CIW). Expected completion 16.02.2024 | Thermal insulation of external walls; Thermal insulation of roof; Thermal insulation of floor; Replacement of windows and doors; Measures related to a heating system; Ventilation with recovery; Pipe or air distribution network; Measurement, automation and control; Measures related to the lighting systems | 62.30 |
| 11 | Cherven Bryag Municipality | KG "Mir", branch "Zora", Cherven Bryag city | BGN 1,022,883 | BGN 420 000 | Opted out (withdrawn) due to a high price after the investment project's preparation | Thermal insulation of external walls; Thermal insulation of roof; Measures related to heat generation; Pumps, fans, etc.; Measurement, automation and control. | 82.25 |
| 6 | Elin Pelin Municipality | BS "Ivan Vazov", Musachevo village, Elin Pelin Municipality | BGN 573 231 | BGN 375 058 | Announcement of a new tender procedure is pending | Thermal insulation of external walls; Thermal insulation of floor; Replacement of windows and doors; Ventilation with recovery; Measures related to a heating system; Pipe or air distribution network; Measurement, automation and control.; Measures related to the DHW system; Measures related to the lighting systems; Photovoltaic power plant 51,45kWp | 66.40 |

| | | | | | | | |
|----|-------------------------------|---|-------------|-------------|--|---|-------|
| 7 | Bratya Daskalovi Municipality | KG "Smehorancheta", Mirovo village, Bratya Daskalovi Municipality | BGN 474 383 | BGN 306 332 | Announcement of a new tender procedure is pending | Thermal insulation of external walls; Thermal insulation of roof; Replacement of windows and doors; Measures related to a heating system; Pumps, fans, etc. - ventilation with recovery; Measurement, automation and control. Measures related to the DHW systems; Measures related to the lighting systems; Photovoltaic system with 10 kWp capacity | 85.52 |
| 8 | Momchilgrad Municipality | KG "Zdravetz", Momchilgrad city | BGN 590 965 | BGN 413 675 | Implemented CIW | Thermal insulation of external walls; Thermal insulation of roof. Replacement of windows and doors; Measures related to a heating system; Measurement, automation and control; Measures related to the lighting systems; Photovoltaic system with y 30 kWp capacity | 71.44 |
| 10 | Burgas Municipality | BS "Hristo Botev", Sarafovo neighborhood, Burgas Municipality | BGN 424 362 | BGN 297 053 | Implemented CIW | Thermal insulation of external walls; Thermal insulation of roof; Thermal insulation of floor; Replacement of windows and doors; Measures related to a heating system; Measurement, automation and control. Measures related to the DHW systems; Measures related to the lighting systems; Photovoltaic system with 12,42 kWp capacity | 60 |

IV. ECONOMIC AND SOCIAL EFFECTS FROM THE PROGRAM

In this report it is possible to present these effects only for the two projects, for which the construction & installation works have already been completed.

Construction and installation works have been completed in the Kindergarten "Zdravetz" in Momchilgrad city and in Elementary School "Hristo Botev", in Sarafovo neighborhood, Burgas city.

The total number of direct beneficiaries is 425 persons, including teachers, staff and pupils in the two educational establishments. The indirect beneficiaries are over 5000 people, who are the residents of the relevant area and the children's families.

The improved infrastructure has a total built-up area of over 2650 square meters.

More than 30 temporary jobs have been created in connection with the implementation of the projects.

The reduced greenhouse gas emissions on an annual basis amount to a total of 131.44 tons (3943.2 tons for the 30-year life cycle of the projects).

V. AWARENESS RAISING RELATED EFFECTS

NTEF envisages the implementation of the Program, drawn up and implemented within a project, funded by the Federal Government of the Republic of Germany within the framework of the European Climate Initiative (EUKI) 2018 - 2021 and working in more than 50 schools and kindergartens across the country.

The program envisages the training of teachers from the respective schools and kindergartens, which afterwards set up the so called energy teams of students in the schools and energy teams of children in the kindergartens. The energy teams trained and guided by their teachers assume the functions of "energy managers" in the schools, taking care of the proper utilization of the heat and the electricity, the proper ventilation of the premises, the maintenance of a healthy environment in the premises (measuring the saturation with carbon dioxide in the premises and focusing on the manner of their ventilation), in addition to the reporting on the saved energy and the reduced greenhouse gas emissions. For this purpose, NTEF provides each school and kindergarten with a set of instruments for measuring temperature, light, air quality, etc.

Activities are carried out within the framework of the plans for extracurricular activities of the schools and the kindergartens, envisioned in their annual delegated budgets.

The program has been created as an original product for Bulgaria in partnership with the National Center for the Improvement of the Qualifications of the Pedagogical Specialists at the Ministry of Education and Science. The authors of the program are teachers from different faculties of Sofia University (SU) "Kliment Ohridski".

Preparations are currently underway to conduct the training in the end of the current school year with a view to its implementation in the schools starting from the next 2025 - 2026 school year.

VI. FINANCIAL STATEMENT FOR 2024 OF SUBPROGRAM "ENERGY EFFICIENCY OF MUNICIPAL SCHOOLS AND KINDERGARTENS" AT ICP

1. Financing of projects.

During 2024 the following projects were financed:

| Project No | Beneficiary/Project/Name | Amount under financing contract with NTEF (BGN) | Spent funds under projects during the current 2024 year (BGN) |
|------------|---|---|---|
| 008 | Improving the energy efficiency/основен ремонт and building photovoltaic power plant of KG "Zdravets", Momchilgrad city – completed project | 413 598.43 | 413 533,37 |
| 010 | Introducing energy efficiency measures of ES "Hristo Botev", Sarafovo neighborhood, Burgas city – completed project | 290 525.94 | 279 522.26 |
| 005 | Introducing energy efficiency measures in the building of ES "Vasil Levski", Enitza village, Knezha Municipality – interim payment | 410 475.79 | 209 087.06 |
| | Total for projects under EEMSK Subprogram | 1 114 600.16 | 902 142.69 |

2. Used funds for administrative support.

A funding source for the administrative support of Subprogram "EEMSK" is the Agreement for Sale of Annual Emission Allocations (AEAs) between the Republic of Bulgaria and the Federal Republic of Germany in its part related to the administration of the Fund. During 2024, a total of BGN 116 725 were spent for administrative support of the subprogram. The table presents the distribution of the administrative expenses by separate items for 2024.

Costs for administrative support of the subprogram



| FUNDS' ALLOCATIONS | REPORTING YEAR (2024) 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. Advisory services related to institutional development | | | |
| 2. Other costs related to institutional development | | | |
| 3. Updating the NTEF strategy for the period until 2030 | 6,600 | | |
| 4. Updating the NTEF webpage | 3,300 | | |
| Part B – OPERATING COSTS | | | |
| 1. Improving the qualification of the EB, remunerations, social and health insurance | 103,674 | 59,403 | 57% |
| a. Staff training | 1,500 | | |
| b. Labor remunerations | 82,070 | 52,505 | 64% |
| c. Social and health insurance | 12,606 | 6,898 | 55% |
| d. Social allowances according to the Labor Code (LC) | 5,060 | | |
| e. Occupational medicine | 2,438 | | |
| 2. Advisory services | 22,800 | 15,924 | 70% |
| 3. Maintenance and office costs | 16,071 | 1,459 | 9% |
| a. Electricity, heating, phones, e-mail, water, etc. | 3,706 | | 0% |
| b. Fuels & Lubricants (F&L) and car maintenance | 4,000 | 1,309 | 33% |
| c. Insurance and property protection | 347 | | 0% |
| d. Office maintenance services | 4,018 | | 0% |
| e. Other costs | 4,000 | 150 | 3% |
| 4. Administrative-management costs | 70,940 | 37,010 | 52% |
| a. Business trips | 5,440 | 2,032 | 37% |
| b. Representation costs | | | |
| c. Public relations | 58,000 | | 0% |



| | | | |
|--|----------------|----------------|------------|
| d. Administrative and financial costs (including audit costs) | 7,500 | 9,000 | 120% |
| e. Distributable costs | | 25,978 | |
| 5. Costs related to the MB activity | 8,250 | 2,929 | 35% |
| Part D - RESERVE | | | |
| TOTAL | 240,635 | 116,725 | 49% |

3. Financial status of Subprogram "EEMSK"

As of 31.12.2024, NTEF has in its bank accounts BGN 6 335 252 for the implementation of Subprogram "EEMSK".

ANNEX 3

**PROJECT PROPOSALS UNDER INVESTMENT PROGRAM “MINERAL WATERS”, SUBMITTED
FOR EXAMINATION TO NTEF DURING 2024**

TABLE 3.1

| No | Project No | Beneficiary | Amount of the requested subsidy |
|----|-------------------|-----------------------|---------------------------------|
| 1 | MB-018/31.01.2024 | Rakitovo Municipality | BGN 363,098.10 |
| | | Total: | BGN 363,098.10 |

**PROJECT PROPOSALS UNDER INVESTMENT PROGRAM “MINERAL WATERS”, APPROVED
BY NTEF DURING 2024.**

TABLE 3.2

| No | Project No | Beneficiary | Amount of the approved subsidy |
|----|-------------------|-----------------------------|--------------------------------|
| 1 | MB013/06.02.2023 | Sapareva Banya Municipality | BGN 400,000.00 |
| 2 | MB014/06.02.2023 | Svishtov Municipality | BGN 343,723.80 |
| 3 | MB 018/31.01.2024 | Rakitovo Municipality | BGN 363,098.10 |
| | | Total: | BGN 1,106,821.90 |

ANNEX 4
TABLE 4.1

| | Plan 2024 | Report 2024 | | Plan 2024 | Report 2024 | | Plan 2024 | Report 2024 | |
|---|----------------|----------------|------------------|----------------|----------------|------------------|------------------------|------------------------|------------------|
| | TOTAL | TOTAL | Implementation % | ICP | ICP | Implementation % | ICP / Subprogram EEMSK | ICP / Subprogram EEMSK | Implementation % |
| Part A – INVESTMENT COSTS | 33,000 | 4,347 | | 9,000 | | | 9,000 | | |
| 1. Tangible fixed assets | 33,000 | 4,347 | | 9,000 | | | 9,000 | | |
| 2. Intangible fixed assets | | | | | | | | | |
| | | 0 | | | | | | | |
| Part B – INSTITUTIONAL DEVELOPMENT COSTS | 30,000 | 0 | | 10,050 | | | 9,900 | | |
| 1. Building improvement measures – energy audit and investment design | | | | | | | | | |
| 2. Other | | | | | | | | | |
| 3. Updating the NTEF strategy for the period until 2030 | 20,000 | 0 | | 6,700 | | | 6,600 | | |
| 4. Updating the NTEF webpage | 10,000 | 0 | | 3,350 | | | 3,300 | | |
| | | | | | | | | | |
| Part C – CURRENT COSTS | 935,660 | 882,699 | 94% | 209,615 | 241,394 | 115% | 221,735 | 116,725 | 53% |
| 1. Remunerations, social and health insurance, EB training | 598,594 | 492,904 | 82% | 106,984 | 161,580 | 151% | 103,674 | 66,209 | 64% |
| a. Staff training | 4,500 | 120 | 3% | 1,500 | 120 | 8% | 1,500 | | 0% |
| b. Labor remunerations | 486,768 | 417,712 | 86% | 83,967 | 137,633 | 164% | 82,070 | 54,400 | 66% |

| | | | | | | | | | |
|--|----------------|----------------|------------|----------------|----------------|-------------|----------------|----------------|------------|
| c. Social security and health insurance | 84,831 | 59,230 | 70% | 13,367 | 18,124 | 136% | 12,606 | 6,898 | 55% |
| d. Social allowances pursuant to the Labor Code (LC) | 15,180 | 15,843 | 104% | 5,500 | 5,703 | 104% | 5,060 | 4,911 | 97% |
| e. Occupational health care | 7,315 | 0 | 0% | 2,650 | | 0% | 2,438 | | 0% |
| | | 0 | | | | | | | |
| 2. Advisory services - legal, etc, under projects | 67,800 | 181,288 | 267% | 34,500 | 27,904 | 81% | 22,800 | 25,575 | 112% |
| | | | | | | | | | |
| 3. Maintenance and office costs | 87,960 | 77,498 | 88% | 16,072 | 11,583 | 72% | 16,071 | 10,082 | 63% |
| a. Current office costs (electricity, heating, phones, e-mail, water, internet, postal services, office consumables, etc.) | 30,960 | 17,815 | 58% | 3,707 | 2,400 | 65% | 3,707 | 839 | 23% |
| b. Fuels and lubricants (F&L), car maintenance | 15,500 | 6,857 | 44% | 5,000 | 1,335 | 27% | 4,000 | 2,020 | 50% |
| c. Property insurance and security | 2,500 | 2,880 | 115% | 346 | 683 | 197% | 346 | 683 | 197% |
| d. Office Services (System Administrator, Copier, Software Updates, Repairs, etc.) | 29,000 | 41,251 | 142% | 4,019 | 6,405 | 159% | 4,018 | 6,390 | 159% |
| e. Other costs – translation/interpreting | 10,000 | 8,695 | 87% | 3,000 | 761 | 25% | 4,000 | 150 | 4% |
| | | | | | | | | | |
| 4. Administrative & management costs | 148,306 | 116,736 | 79% | 36,558 | 40,327 | 110% | 70,940 | 14,860 | 21% |
| a. Business trips | 30,252 | 36,223 | 120% | 4,760 | 700 | 15% | 5,440 | 2,032 | 37% |
| b. Entertainment costs | | | | | | | | | |
| c. Public relations | 67,000 | 39,533 | 59% | 5,500 | 5,328 | 97% | 58,000 | 898 | 2% |
| d. Administrative and financial costs (in this number audit) | 51,054 | 40,980 | 80% | 26,298 | 24,780 | 94% | 7,500 | 9,000 | 120% |
| e. Distributable costs | | 0 | | | | | | | |
| 5. Management Board's operating costs | 33,000 | 14,273 | 43% | 15,500 | 9,520 | 61% | 8,250 | 2,929 | 36% |
| | | | | | | | | | |
| TOTAL COSTS | 998,660 | 887,046 | 89% | 228,665 | 241,394 | 106% | 240,635 | 116,725 | 49% |

| | Plan 2024 | Report 2024 | | Plan 2024 | Report 2024 | | Plan 2024 | Report 2024 | |
|---|----------------|---------------|------------------|----------------------------------|----------------------------------|------------------|----------------------|----------------------|------------------|
| | IPMW | IPMW | Implementation % | Revenues from emissions Malta | Revenues from emissions Malta | Implementation % | Project "BeSmart" | Project "BeSmart" | Implementation % |
| Part A – INVESTMENT COSTS | 9,000 | | | 6,000 | | | 0 | | |
| 1. Tangible fixed assets | 9,000 | | | 6,000 | | | | | |
| 2. Intangible fixed assets | | | | | | | | | |
| Part B – INSTITUTIONAL DEVELOPMENT COSTS | 10,050 | | | 0 | | | 0 | | |
| 1. Building improvement measures – energy audit and investment design | | | | | | | | | |
| 2. Other | | | | | | | | | |
| 3. Updating the NTEF strategy for the period until 2030 | 6,700 | | | | | | | | |
| 4. Updating the NTEF webpage | 3,350 | | | | | | | | |
| B. CURRENT COSTS | 132,281 | 61,575 | 47% | 23,007 | 22,188 | 96% | 9,352 | 7,237 | 77% |
| 1. Improving the qualification, remunerations, social security and health insurance | 80,591 | 37,429 | 46% | 13,939 | 16,702 | 120% | 7,202 | 5,132 | 71% |
| a. Staff training | 1,500 | | 0% | | | | | | |
| b. Labor remunerations | 62,719 | 30,771 | 49% | 10,849 | 13,974 | 129% | 6,145 | 4,435 | 72% |
| c. Social security and health insurance | 10,748 | 2,856 | 27% | 1,867 | 1,936 | 104% | 1,057 | 696 | 66% |

| | | | | | | | | | |
|--|----------------|---------------|------------|---------------|---------------|------------|--------------|--------------|------------|
| d. Social allowances pursuant to the Labor Code (LC) | 3,795 | 3,802 | 100% | 825 | 792 | 96% | | | |
| e. Occupational health care | 1,829 | | 0% | 398 | | 0% | | | |
| 2. Advisory services related to project selection and implementation | 10,500 | 13,802 | 131% | 0 | 2,222 | | 0 | | |
| 3. Maintenance and office costs | 10,145 | 7,943 | 78% | 4,429 | 2,893 | 65% | 2,150 | 1,577 | 73% |
| a. Current office costs (electricity, heating, phones, e-mail, water, internet, postal services, office consumables, etc.) – in the other sections as well | 2,353 | 836 | 36% | 1,353 | 365 | 27% | 1,115 | 391 | 35% |
| b. Fuels and lubricants (F&L), car maintenance | 3,000 | 1,053 | 35% | 500 | 771 | 154% | 0 | 130 | |
| c. Insurance and security | 271 | 683 | 252% | 75 | 228 | 303% | 82 | | 0% |
| d. Office Services (System Administrator, Copier, Software Updates, Repairs, etc.) | 3,020 | 4,794 | 159% | 1,000 | 1,529 | 153% | 952 | 1,057 | 111% |
| e. Other costs – translation/interpreting | 1,500 | 576 | 38% | 1,500 | | 0% | | | |
| 4. Administrative & management costs | 22,796 | 2,401 | 11% | 3,640 | 370 | 10% | 0 | 528 | |
| a. Business trips | 2,040 | 519 | 25% | 3,640 | 370 | 10% | | | |
| b. Entertainment costs | | | | | | | | | |
| c. Public relations | 3,500 | 57 | 2% | | | | | 528 | |
| d. Administrative and financial costs (in this number audit) | 17,256 | | 0% | | | | | | |
| e. Distributable costs | | | | | | | | | |
| 5. Management Board's operating costs | 8,250 | 1,824 | 22% | 1,000 | | 0% | | | |
| TOTAL COSTS | 151,331 | 61,575 | 41% | 29,007 | 22,188 | 76% | 9,352 | 7,237 | 77% |

| | Plan 2024 | Report 2024 | | Plan 2024 | Report 2024 | | Plan 2024 | Report 2024 | |
|--|----------------------------|----------------------------|------------------|--------------------------|--------------------------|------------------|--|--|------------------|
| | Predefined project No 3 | Predefined project No 3 | Implementation % | Project "Vision 2045" | Project "Vision 2045" | Implementation % | Project „MENERGERS“ – “Energy Manager” Services at the municipalities | Project „MENERGERS“ – “Energy Manager” Services at the municipalities | Implementation % |
| Part A – INVESTMENT COSTS | 0 | | | 0 | | | 0 | | |
| 1. Tangible fixed assets | | | | | | | | | |
| 2. Intangible fixed assets | | | | | | | | | |
| Part B – INSTITUTIONAL DEVELOPMENT COSTS | 0 | | | 0 | | | 0 | | |
| 1. Building improvement measures – energy audit and investment design | | | | | | | | | |
| 2. Other | | | | | | | | | |
| 3. Updating the NTEF strategy for the period until 2030 | | | | | | | | | |
| 4. Updating the NTEF webpage | | | | | | | | | |
| B. CURRENT COSTS | 34,110 | 56,541 | 166% | 96,478 | 106,759 | 111% | 126,275 | 134,981 | 107% |
| 1. Improving the qualification, remunerations, social security and health insurance | 29,554 | 28,518 | 96% | 78,480 | 68,361 | 87% | 103,365 | 88,275 | 85% |
| a. Staff training | | | | | | | | | |
| b. Labor remunerations | 25,216 | 24,642 | 98% | 66,959 | 58,527 | 87% | 88,191 | 75,642 | 86% |
| c. Social security and health insurance | 4,338 | 3,876 | 89% | 11,521 | 9,834 | 85% | 15,174 | 12,633 | 83% |
| d. Social allowances pursuant to the Labor Code (LC) | | | | | | | | | |
| e. Occupational health care | | | | | | | | | |

| | | | | | | | | | |
|--|---------------|---------------|------|---------------|----------------|------|----------------|----------------|------|
| 2. Advisory services related to project selection and implementation | 0 | 400 | | 0 | 8,065 | | 0 | 7,124 | |
| 3. Maintenance and office costs | 4,556 | 5,649 | 124% | 15,994 | 10,877 | 68% | 18,543 | 13,378 | 72% |
| a. Current office costs (electricity, heating, phones, e-mail, water, internet, postal services, office consumables, etc.) – in the other sections as well | 2,364 | 2,149 | 91% | 7,519 | 3,130 | 42% | 8,842 | 4,615 | 52% |
| b. Fuels and lubricants (F&L), car maintenance | 0 | 9 | | 1,500 | | 0% | 1,500 | 669 | 45% |
| c. Insurance and security | 174 | | 0% | 554 | | 0% | 651 | 602 | 92% |
| d. Office Services (System Administrator, Copier, Software Updates, Repairs, etc.) | 2,018 | 2,139 | 106% | 6,421 | 7,746 | | 7,550 | 7,492 | 99% |
| e. Other costs – translation/interpreting | | 1,352 | | | | | | | |
| 4. Administrative & management costs | 0 | 21,974 | | 2,004 | 19,456 | 971% | 4,367 | 26,203 | 600% |
| a. Business trips | | | | 2,004 | 11,880 | 593% | 4,367 | 18,475 | 423% |
| b. Entertainment costs | | | | | | | | | |
| c. Public relations | | 14,774 | | | 7,576 | | | 7,728 | |
| d. Administrative and financial costs (in this number audit) | | 7,200 | | | | | | | |
| e. Distributable costs | | | | | | | | | |
| 5. Management Board's operating costs | | | | | | | | | |
| TOTAL COSTS | 34,110 | 56,541 | 166% | 96,478 | 106,759 | 111% | 126,275 | 134,981 | 107% |

| | Plan 2024 | Report 2024 | | Plan 2024 | Report 2024 | | Plan 2024 | Report 2024 | |
|---|-------------------|-------------------|------------------|--|--|------------------|--|--|------------------|
| | Program "ProPark" | Program "ProPark" | Implementation % | Project "Vision 2045" own contribution | Project "Vision 2045" own contribution | Implementation % | Project „MENERGERS“ – Service “Energy Manager” at the municipalities – own contribution | Project „MENERGERS“ – Service “Energy Manager” at the municipalities – own contribution | Implementation % |
| Part A – INVESTMENT COSTS | 0 | | | | | | | | |
| 1. Tangible fixed assets | | | | | | | | | |
| 2. Intangible fixed assets | | | | | | | | | |
| Part B – INSTITUTIONAL DEVELOPMENT COSTS | 0 | | | | | | | | |
| 1. Building improvement measures – energy audit and investment design | | | | | | | | | |
| 2. Other | | | | | | | | | |
| 3. Updating the NTEF strategy for the period until 2030 | | | | | | | | | |
| 4. Updating the NTEF webpage | | | | | | | | | |
| B. CURRENT COSTS | 20,000 | 128,007 | 640% | | 4,679 | | | 2,614 | |
| 1. Improving the qualification, remunerations, social security and health insurance | 12,000 | 20,697 | 172% | | | | | | |
| a. Staff training | | | | | | | | | |
| b. Labor remunerations | 9,730 | 17,686 | 182% | | | | | | |
| c. Social security and health insurance | 2,271 | 2,377 | 105% | | | | | | |
| d. Social allowances pursuant to the Labor Code (LC) | | 634 | | | | | | | |
| e. Occupational health care | | | | | | | | | |

| | | | | | | | |
|--|---------------|----------------|-------------|--|--------------|--|--------------|
| 2. Advisory services related to project selection and implementation | | 95,621 | | | 576 | | |
| 3. Maintenance and office costs | 0 | 9,766 | | | 1,998 | | 1,752 |
| a. Current office costs (electricity, heating, phones, e-mail, water, internet, postal services, office consumables, etc.) – in the other sections as well | | 2,956 | | | 134 | | |
| b. Fuels and lubricants (F&L), car maintenance | | 90 | | | 591 | | 190 |
| c. Insurance and security | | | | | | | |
| d. Office Services (System Administrator, Copier, Software Updates, Repairs, etc.) | | 3,420 | | | 280 | | |
| e. Other costs – translation/interpreting | | 3,300 | | | 993 | | 1,563 |
| 4. Administrative-management costs | 8,000 | 1,923 | 24% | | 2,105 | | 862 |
| a. Business trips | 8,000 | 140 | 2% | | 1,245 | | 862 |
| b. Entertainment costs | | | | | | | |
| c. Public relations | | 1,783 | | | 860 | | |
| d. Administrative and financial costs (in this number audit) | | | | | | | |
| e. Distributable costs | | | | | | | |
| 5. Management Board's operating costs | | | | | | | |
| TOTAL COSTS | 20,000 | 128,007 | 640% | | 4,679 | | 2,614 |



| | Report 2024 | | | |
|---|-----------------------|---------------------|-----------------------|------------------------------------|
| | Tangible fixed assets | Distribution - Plan | Distribution - Report | Implementation – Distribution in % |
| | | | | |
| Part A – INVESTMENT COSTS | | | | |
| 1. Tangible fixed assets | 4,347 | | 4,347 | |
| 2. Intangible fixed assets | | | | |
| | | | | |
| Part B – INSTITUTIONAL DEVELOPMENT COSTS | | | | |
| 1. Building improvement measures – energy audit and investment design | | | | |
| 2. Other | | | | |
| | | | | |
| 3. Updating the NTEF strategy for the period until 2030 | | | | |
| 4. Updating the NTEF webpage | | | | |
| | | | | |
| B. CURRENT COSTS | | | | |
| 1. Improving the qualification, remunerations, social security and health insurance | | | | |
| a. Staff training | | | 120 | |
| b. Labor remunerations | | | 7,894 | |
| c. Social security and health insurance | | | | |
| d. Social allowances pursuant to the Labor Code (LC) | | | 15,843 | |
| e. Occupational health care | | | | |
| | | | | |

| | | | | |
|--|-------|--|---------|--|
| 2. Advisory services related to project selection and implementation | | | 32,325 | |
| 3. Maintenance and office costs | | | | |
| a. Current office costs (electricity, heating, phones, e-mail, water, internet, postal services, office consumables, etc.) | | | 15,281 | |
| b. Fuels and lubricants (F&L), car maintenance | | | 3,039 | |
| c. Insurance and security | | | 2,880 | |
| d. Office Services (System Administrator, Copier, Software Updates, Repairs, etc.) | | | 40,971 | |
| e. Other costs – translation/interpreting | | | 761 | |
| 4. Administrative & management costs | | | | |
| a. Business trips | | | 160 | |
| b. Entertainment costs | | | | |
| c. Public relations | | | 2,739 | |
| d. Administrative and financial costs (in this number audit) | | | 24,780 | |
| e. Distributable costs | | | | |
| 5. Management Board's operating costs | | | | |
| TOTAL COSTS | 4,347 | | 151,140 | |

TABLE 4.2

SUMMARIZED INFORMATION ON THE BUDGET IMPLEMENTATION AND THE ADMINISTRATIVE MAINTENANCE OF NTEF AS OF 31.12.2024

| | Previous year (2023) | | | Reporting year (2024) | | |
|---|----------------------|------------------|------------------------|-----------------------|------------------|------------------------|
| | Plan in BGN | Report in BGN | Implementation in % | Plan In BGN | Report in BGM | Implementation in % |
| Part A - INVESTMENTS | 36,000 | 156 | | 33,000 | 4,347 | |
| 1. Tangible fixed assets | 36,000 | 156 | | 33,000 | 4,347 | |
| 2. Intangible fixed assets | | | | | | |
| B. INSTITUTIONAL DEVELOPMENT | | | | 30,000 | | |
| 1. Advisory services for institutional development | | | | | | |
| 2. Other costs related to institutional development | | | | | | |
| 3. Updating the NTEF strategy for the period until 2030 | | | | 20,000 | | |
| 4. Updating the NTEF webpage | | | | 10,000 | | |
| B. CURRENT COSTS | 914,344 | 677,396 | 74% | 935,660 | 882,699 | 94% |
| 1. Improving the qualification, remunerations, social security and health insurance | 457,314 | 410,408 | 90% | 598,594 | 492,904 | 82% |
| a. Staff training | 4,000 | 0 | 0% | 4,500 | 120 | |
| b. Labor remunerations | 367,326 | 346,165 | 94% | 486,768 | 417,712 | 86% |
| c. Social security and health insurance | 69,498 | 53,058 | 76% | 84,831 | 59,230 | 70% |
| d. Social allowances pursuant to the Labor Code (LC) | 14,490 | 11,185 | 77% | 15,180 | 15,843 | 104% |
| e. Occupational health care | 2,000 | 0 | 0% | 7,315 | 0 | |
| 2. Advisory services related to project selection and implementation | 72,600 | 77,463 | 107% | 67,800 | 181,288 | 267% |

| | | | | | | |
|--|----------------|----------------|------------|----------------|----------------|------------|
| | | | | | | |
| 3. Maintenance and office costs – overhead costs | 105,040 | 67,704 | 64% | 87,960 | 77,498 | 88% |
| a. Electricity, heating, phones, e-mail, water, etc. | 40,140 | 11,947 | 30% | 30,960 | 17,815 | 58% |
| b. Fuels and lubricants (F&L), vehicle maintenance | 20,000 | 4,577 | 23% | 15,500 | 6,857 | 44% |
| c. Property insurance and security | 2,000 | 2,896 | 145% | 2,500 | 2,880 | 115% |
| d. Office consumable and services | 22,700 | 24,384 | 107% | 29,000 | 41,251 | 142% |
| e. Other costs | 20,200 | 23,900 | 118% | 10,000 | 8,695 | 87% |
| 4. Administrative & management costs | 243,390 | 106,583 | 44% | 148,306 | 116,736 | 79% |
| a. Business trips | 18,390 | 45,945 | 250% | 30,252 | 36,223 | 120% |
| b. Entertainment costs | 0 | 0 | | | | |
| c. Public relations | 118,000 | 12,750 | 11% | 67,000 | 39,533 | 59% |
| d. Administrative | 107,000 | 47,888 | 45% | 51,054 | 40,980 | 80% |
| 5. Management Board's operating costs | 36,000 | 15,238 | 42% | 33,000 | 14,273 | 43% |
| Part D - RESERVE [4% of (A+B+C)] | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL COSTS | 950,344 | 677,552 | 71% | 998,660 | 887,046 | 89% |
| Revenues from advisory services | 0 | 0 | 0 | 0 | 0 | 0 |
| Net costs: | 950,344 | 677,552 | 71% | 998,660 | 887,046 | 89% |

ANNEX 5

INFORMATION ABOUT THE NTEF FINANCIAL MEANS AS OF 31.12.2024

Cash available in the NTEF bank accounts and on hand:

13,970,198.51 BGN

Cash amounts in BGN as per Table 1

Table 1: Transactional accounts in BGN:

| No of the transactional account | Account type | Currency | Balance as of 31.12.2024 (EUR) | Balance as of 31.12.2024 (BGN) |
|-----------------------------------|------------------|----------|--------------------------------------|--------------------------------------|
| UnicreditBulbank | | | | |
| BG35UNCR70001522301435 | Debit card | BGN | | 925.95 |
| BG40UNCR70001524173930 | Transac. account | BGN | | 379,048.29 |
| BG86UNCR70001525199168 | Transac. account | EUR | 278,305.11 | 544,317.09 |
| BG97UNCR70001522252304 | Transac. account | BGN | | 1,873,756.40 |
| Eurobank Bulgaria AD | | | | |
| BG59BPBI79401093762101 | Transac. account | BGN | | 1,920.00 |
| Bulgarian-American Credit Bank AD | | | | |
| BG71BGUS91607008011000 | Transac. account | BGN | | 10,622,662.54 |
| Ziraat Bank | | | | |

| | | | |
|------------------------|------------------|-----|----------------------|
| BG95TCZB93501002769400 | Transac. account | BGN | 547,568.24 |
| | | | 13,970,198.51 |

Amount of the deposited BGN as per Table 2

20,000,000.00 BGN

Total BGN as of 31.12.2024

33,970,198.51 BGN

Table 2: Monthly deposits in BGN:

| Deposit account No: | Deposit date | Principal | Expected interest for the period * | Annual interest rate % for the period |
|------------------------|--------------|---------------|------------------------------------|---------------------------------------|
| Eurobank Bulgaria AD | | | | |
| BG14BPBI79402093762101 | 12.4.2024 | 10,000,000.00 | 190,000.00 | 1.90% |
| UnicreditBulbank | | | | |
| BG21UNCR70002525709360 | 29.4.2024 | 10,000,000.00 | 185,000.00 | 1.85% |

* Calculated interest amounts, but non-paid as of the latest date of the period (31.12.2024)

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INDEPENDENT AUDITOR'S REPORT

To the Management Board of
NATIONAL TRUST ECOFUND
Sofia

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **NATIONAL TRUST ECOFUND** (the Fund), which comprise the statement of financial position as at 31 December 2024, 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 material 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 2024 and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards, 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 and Assurance of Sustainability Reporting 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 IFRS Accounting Standards, 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 and Assurance of Sustainability Reporting 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 OOD
Audit firm, reg. №032

Silvia Dinova
Registered auditor responsible for the audit

15 April 2025
Bulgaria, Sofia, 26, Cherni Vrah Blvd.



Financial Statements

31 DECEMBER 2024

Statement of financial position

| | Note | 2024 BGN'000 | 2023 BGN'000 |
|--|------|-----------------|-----------------|
| Assets | | | |
| Non-current assets | | | |
| Plant and equipment | 5 | 18 | - |
| Intangible assets | 6 | 4 | - |
| Non-current assets | | 22 | - |
| Current assets | | | |
| Receivables | 10 | 132 | 162 |
| Term deposits | 7 | 20 000 | 22 940 |
| Cash and cash equivalents | 7 | 13 972 | 7 705 |
| Current assets | | 34 104 | 30 807 |
| Total assets | | 34 126 | 30 807 |
| Liabilities | | | |
| Current liabilities | | | |
| Funding | 8 | 34 045 | 30 740 |
| Pension and other employee obligations | 9.2 | 81 | 67 |
| Current liabilities | | 34 126 | 30 807 |
| Total liabilities | | 34 126 | 30 807 |

Prepared by: _____
(Antonia Todorova)
Date: 10 March 2025

Executive Director: _____
(Mariya Minkova)

Auditor's report issued on 15.04.2025
Grant Thornton OOD, Audit firm, registration № 032
Mariy Apostolov, Managing partner
Silvia Dinova, registered auditor, responsible for the audit

The accompanying notes from 101 to 121 form an integral part of the financial statements.

Statement of profit or loss and other comprehensive income

| | Note | 2024 BGN'000 | 2023 BGN'000 |
|---|------|-----------------|-----------------|
| Revenue from funding for programs | 11 | 4 474 | 2 508 |
| Revenue from funding for administrative expenditure and institutional development | 11 | 445 | 410 |
| Revenue from external financing of projects | 11 | 475 | 371 |
| Project financing costs | | (4 504) | (2 612) |
| Cost of materials | 13 | (22) | (20) |
| Hired services expenses | 14 | (353) | (216) |
| Employee benefits expenses | 9.1 | (493) | (410) |
| Depreciation and amortisation charges | 5,6 | (4) | - |
| Other expenses | 15 | (15) | (29) |
| Finance costs | 16 | (3) | (2) |
| Net result for the year | | - | - |
| Total comprehensive income for the year | | - | - |

Prepared by: _____
(Antonia Todorova)
Date: 10 March 2025

Executive Director: _____
(Mariya Minkova)

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Grant Thornton OOD, Audit firm, registration № 032
Mariy Apostolov, Managing partner
Silvia Dinova, registered auditor, responsible for the audit

The accompanying notes from 101 to 121 form an integral part of the financial statements.

Statement of cash flows

| | Note | 2024 BGN'000 | 2023 BGN'000 |
|--|------|-----------------|-----------------|
| Operating activities | | | |
| Target funding received Aviation quotas | | 8 056 | 8 817 |
| Other funding received | | 4 032 | 911 |
| Payment for project financing | 12 | (8 015) | (3 097) |
| Payments to contractors in connection with administrative support and project implementation | | (342) | (227) |
| Payments to employees and social security institutions | | (546) | (435) |
| Other payments / (receivables), net | | 13 | (28) |
| Net cash flow from operating activities | | 3 198 | 5 941 |
| Investing activities | | | |
| Cash received from / (payments for) term deposits | | 3 069 | (17 900) |
| Cash flow from investing activities | | 3 069 | (17 900) |
| Net change in cash and cash equivalents | | 6 267 | (11 959) |
| Cash and cash equivalents, beginning of year | | 7 705 | 19 664 |
| Cash and cash equivalents, end of year | 7 | 13 972 | 7 705 |

Prepared by: _____
(Antonia Todorova)
Date: 10 March 2025

Executive Director: _____
(Mariya Minkova)

Auditor's report issued on 15.04.2025
Grant Thornton OOD, audit firm, registration № 032
Mariy Apostolov, Managing partner
Silvia Dinova, registered auditor, responsible for the audit

The accompanying notes from 101 to 121 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:

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

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

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

The Fund is registered in 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 31.12.2024 comprises of:

Management Board:

- Chairman of the Board of NDEF - 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 - Reneta Koleva - Deputy Minister of the Ministry of Internal Affairs and Communications, from 06.11.2024, when she was replaced by Deputy Minister Michaela Krumova by Order No. RD-951.
- 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 until 26.07.2024, when he was replaced by Deputy Minister Stefan Belchev by Order No ZMF 1045;
- 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.

Composition of the Executive Bureau as at 31 December 2024:

Executive Director of the EB - Mariya Minkova
Chief Accountant - Antonia Todorova
Accountant - Ekaterina Ivanova

Chief expert programs management - Ivaylo Tsekov
Senior expert programs management - Kamelia Georgieva
Expert programs management- Elena Kamenova
Expert projects management - Galina Veleva
Technical assistant - Elena Mihaylova
Driver - Bozhidar Valchkov

The accompanying notes from 101 to 121 form an integral part of the financial statements.

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 – Mariya Minkova.

As of 31.12.2024 the total number of personnel is 9 people (31.12.2023 - 9).

1.2. Nature of operations

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

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

The main sources of funding in the Fund are:

- a) Targeted financing of the Climate Investment Program (CLIMATE INVESTMENT PROGRAM (CIP)) under RMS № 201 / 26.03.2015, RMS № 80 / 11.02.2016 and RMS №27 / 13.01.2017.
- b) Targeted financing for a pilot scheme of the Mineral Waters Investment Program under Decree № 322 / 24.11.2016.
- c) Admission in accordance with Ordinance №1 / 04.03.2015 for determining the procedure and manner for expanding the revenues from the sale of allowances for emissions from aviation activities through an auction.
- d) Target financing under a project of annual distributed amount of emissions between the Republic of Bulgaria and the Republic of Malta under RMS №175 / 29.03.2017
- e) Targeted financing under the Agreement for the sale of an annual allocated amount of emissions between the Republic of Bulgaria and the Federal Republic of Germany RMS 814/21.10.2022.

2. Basis for preparation of the financial statements

The financial statements of the Fund have been prepared in accordance with IFRS Accounting Standards, as adopted by the EU. For the purposes of paragraph 1, item 8 of the Supplementary Provisions of the accounting applicable in Bulgaria, they consist of 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 2023) unless otherwise stated.

Compliance with the going concern principle

The financial statements comply with the principle of a going concern and considering 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 soon and continues to apply the going concern principle in the preparation of its financial statements.

The Climate Investment Program was launched based on 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 2024, no calls for admission published under the **Scheme for the Promotion of the Use of Electric Vehicles**.

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

In connection with the Decision of the Council of Ministers № 814/21.10.2022 on the approval of the agreement on the sale of annual emission allocations (AEAs) between the Republic of Bulgaria and the Federal Republic of Germany and the decision of the NDEF Board of Directors of 23.02.2023, the **Subprogram "Energy Efficiency of Municipal Schools and Kindergartens (EEMSK)"** has been established within the Climate Investment Program.

One call for proposals has been published in 2024. Sixteen (16) project proposals were received. During the reporting year, the Project Selection and Reporting Committee reviewed and evaluated all project proposals received. The sixteen project proposals were approved by a decision of the NDEF Board of Directors dated 14.11.2024. During the reporting year the implementation of two projects was completed.

The accompanying notes from 101 to 121 form an integral part of the financial statements.

The Board Decision of 16 July 2024 established the **"Energy Efficiency through Guaranteed Performance Contracts (EGPC Contracts)" Subprogramme of the Climate Investment Programme (CIP)**. In accordance with Article 66, Article 68 of the Environmental Protection Act, Article 57 of the Climate Change Mitigation Act and Article 71, para. 1(1) and (2) and Articles 72-76 of the Energy Efficiency Act, the National Trust Ecological Fund (NDEF) in partnership with the FLAG Fund has published one call for proposals. The call for project proposals started on 17.09.2024 and ended on 17.12.2024.

"Mineral Water" Investment Programme (MWIP)

No calls for admissions under the Mineral Water Investment Programme have been published in 2024. With the decision of the NDEF Board of 14.11.2024, the IPMW Operational Manual has been updated and supplemented with the possibility, in the implementation of newly submitted projects, NDEF to work in partnership with the Flag Fund. The decision also includes the launch of a new call in January 2025. In the reporting year 2024 six projects are at different stages of implementation.

"Micro Projects for Climate Programme"

The funds received in accordance with the Agreement on Transfer of Annual Emission Allocation between the Republic of Bulgaria and the Republic of Malta and based on the Decision of the Council of Ministers No. 175/29.II.2017 are spent on climate change mitigation and adaptation activities. The last call for project proposals was launched in 2023.

In the reporting year 2024, eight projects were completed. The NDEF EB continues to work towards the completion of all approved projects from previous calls.

In addition to the implementation of the programmes where NDEF is the funding organisation, the implementation of projects with external funding continued in 2024.

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 NDEF. 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 the reporting year 2024, the implementation of the project ended with the holding of the final conference, focused on presenting the philosophy and practical implementation of the project to a wide range of stakeholders, as well as on continuing the discussion of key topics related to policies, education and practices in the field of adaptation to climate change.

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 implementation of the project ended in 2024 with a final conference (April 2024). The focus of the event was on the future development of financial instruments for energy efficiency and sustainable energy. New financial instruments in the field of energy efficiency were also presented at the event, including the World Bank's Energy Efficiency in the Residential Sector and the FLAG Clean Energy Transition Finance Facility (FLAG FICET).

"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).

NDEF 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.

The most important results of the project implementation in 2024 are:

- A Bulgarian model for municipal energy manager services has been developed, including job descriptions, planning models, inter-institutional networks for information exchange, municipal level energy management tools and communication channels.
- Trainings have been conducted in the three pilot municipalities in Bulgaria to implement the developed model;
- The Energy Manager Service model is being tested in the three pilot municipalities. The aim is to identify first successes, lessons learned and immediate needs concerning the work of the teams.
- An 'Energy Efficiency Indicators Guide for Implementation in Technical Documentation' has been developed by the Romanian Association of Energy Cities (OER). It is intended to be used as a tool to assist local authorities in achieving energy efficiency targets.

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.

The accompanying notes from 101 to 121 form an integral part of the financial statements.

Project implementation continued in 2024, with progress reflected in:

- Action plans for achieving climate neutrality by 2045 have been developed for the pilot schools;
- Ideas generated for specific activities have been evaluated against pre-selected criteria resulting in the selection of one pilot activity to be implemented.
- Participation trips with teachers and pupils from the pilot schools have been carried out in order to exchange experiences and knowledge about the activities carried out so far in the project. 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 2024

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 2024:

- 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 from 1 January 2024, adopted by the EU
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Vendor Financing Arrangements, effective from 1 January 2024, 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 2024 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. They, are not expected to have a material impact on the Company's financial statements, except for IFRS 18. 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 21 "The Effects of Changes in Exchange Rates": Non-Convertibility, effective from 1 January 2025, not yet adopted by the EU;
- Annual Improvements, effective from 1 January 2026, not yet adopted by the EU;
- Amendments to the "Classification and Measurement of Financial Instruments" (Amendments to IFRS 9 and IFRS 7), effective from 1 January 2026, not yet adopted by the EU;
- IFRS 18 "Presentation and Disclosures in Financial Statements", effective from 1 January 2027, not yet adopted by the EU;
- IFRS 19 "Subsidiaries without Public Reporting": Disclosures, effective from 1 January 2027, not yet adopted by the EU.

4. Material accounting policy information

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 Accounting Standards 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. Climate-related matters

The risks posed by climate change will not have a material impact on the Fund's financial position and cash flows. The nature of the work and the number of employees is a relatively constant number, and no changes are anticipated in the next reporting period. The Fund is committed to reducing the carbon footprint of its staff by updating its travel policies and minimising the use of air travel. Consistent with the prior year, as of December 31, 2024, the Fund has not identified significant risks induced by climate changes that could negatively and materially affect the Company's financial statements. Management continuously assesses the impact of climate-related matters.

The accompanying notes from 101 to 121 form an integral part of the financial statements.

4.4. 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.

4.5. 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 NDEF.

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.

4.6. Interest income

Interest income is currently reported using the effective interest method, in accordance with the requirements of IFRS 9 "Financial Instruments".

4.7. 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;

The accompanying notes from 101 to 121 form an integral part of the financial statements.

- 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 NDEF. The annual budget of the NDEF 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.

4.8. 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
- Others: 3 years

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

4.9. 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 are 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.

The accompanying notes from 101 to 121 form an integral part of the financial statements.

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 more than 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 the asset is revalued.

Plant and equipment acquired under finance leases is depreciated on the basis of its expected useful life, determined by comparison with similar assets owned by the Fund, or on the basis of the lease if its term is shorter.

Depreciation of plant and equipment 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.

4.10. Impairment testing of plant and equipment

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

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

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

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

4.11. 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.

The accompanying notes from 101 to 121 form an integral part of the financial statements.

4.11.1. 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 fair value through profit and loss:

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

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

Trade receivables

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

4.11.2. 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 that fall within the scope of the requirements include loans and other debt financial assets measured at amortised cost, trade receivables, contract assets recognised and measured in accordance with IFRS 15, as well as loan commitments and certain financial guarantee contracts (at the issuer) that are not accounted at fair value through profit or loss.

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

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

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

“12-month expected credit losses” are 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.

4.11.3. 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.

4.12. Cash and cash equivalents

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

The accompanying notes from 101 to 121 form an integral part of the financial statements.

4.13. 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 because of the unused entitlement.

4.14. Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations because 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.

4.15. 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.

4.15.1. Impairment

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

4.15.2. Useful life of depreciable assets

As at 31 December 2024 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 useful life may differ from the estimate made 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:

The accompanying notes from 101 to 121 form an integral part of the financial statements.

National Trust Ecofund
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| | IT equipment | Vehicles | Fixtures and fittings | Total |
|---|--------------|----------|-----------------------|-----------|
| | BGN '000 | BGN '000 | BGN '000 | BGN '000 |
| Gross carrying amount | | | | |
| Balance at 1 January 2024 | 53 | 38 | 16 | 107 |
| Additions | 22 | - | - | 22 |
| Balance at 31 December 2024 | 75 | 38 | 16 | 129 |
| Depreciation | | | | |
| Balance at 1 January 2024 | (53) | (38) | (16) | (107) |
| Depreciation charge | (4) | - | - | - |
| Balance at 31 December 2024 | (57) | (38) | (16) | (107) |
| Carrying amount as at 31 December 2024 | 18 | - | - | 18 |

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 2023 | 53 | 38 | 16 | 107 |
| Additions | - | - | - | - |
| Balance at 31 December 2023 | 53 | 38 | 16 | 107 |
| Depreciation | | | | |
| Balance at 1 January 2023 | (53) | (38) | (16) | (107) |
| Depreciation charge | - | - | - | - |
| Balance at 31 December 2023 | (53) | (38) | (16) | (107) |
| Carrying amount as at 31 December 2023 | - | - | - | - |

All depreciation expenses are included in the statement of profit or loss and other comprehensive income in the line "Depreciation expenses".

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 2024 | 38 | 4 | 42 |
| Additions | - | 5 | 5 |
| Balance at 31 December 2024 | 38 | 9 | 47 |
| Amortisation | | | |
| Balance at 1 January 2024 | (38) | (4) | (42) |
| Amortisation charge | - | (1) | (1) |
| Balance at 31 December 2024 | (38) | (5) | (43) |
| Carrying amount as at 31 December 2024 | - | 4 | 4 |

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 2023 | 38 | 4 | 42 |
| Additions | - | - | - |
| Balance at 31 December 2023 | 38 | 4 | 42 |
| Amortisation | | | |
| Balance at 1 January 2023 | (38) | (4) | (42) |
| Amortisation charge | - | - | - |
| Balance at 31 December 2023 | (38) | (4) | (42) |
| Carrying amount as at 31 December 2023 | - | - | - |

The accompanying notes from 101 to 121 form an integral part of the financial statements.

7. Term deposits and cash and cash equivalents

| | 2024 BGN '000 | 2023 BGN '000 |
|--|------------------|------------------|
| Bank deposits | 20 000 | 22 940 |
| Term deposits | 20 000 | 22 940 |
| Cash on bank accounts | 13 971 | 7 704 |
| Cash on hand | 1 | 1 |
| Cash and cash equivalents | 13 972 | 7 705 |
| Term deposits and cash and cash equivalents | 33 972 | 30 645 |

In 2024, part of the free funds of NDEF were deposited for 12 months in Unicredit Bulbank AD and Yurobank Bulgaria AD. NDEF has no blocked cash and cash equivalents.

8. Financing

| | 2024 BGN '000 | 2023 BGN '000 |
|--|------------------|------------------|
| Undrawn portion of grants for funding of operations, including: | | |
| - undrawn portion of grant for funding operations under Climate Investment Program (CIP) | 10 393 | 13 821 |
| - undrawn portion of grant for funding operations under "Mineral Waters" | 5 398 | 5 459 |
| - undrawn portion of grant for funding operations under Aviation quotas | 11 259 | 3 203 |
| - undrawn portion of grant for funding operations under agreement with Republic of Malta | 281 | 698 |
| - undrawn portion of grant for funding operations - AEA | 6 335 | 7 354 |
| - undrawn portion of grant for funding operations for projects with external financing | 98 | 104 |
| - undrawn portion of grant for funding of completed projects | 51 | 50 |
| - undrawn portion of financing from interest received on term deposits | 230 | 51 |
| Carrying amount as at 31 December | 34 045 | 30 740 |

During the period, the reporting of the project "Be Smart- Strengthening the value chain of energy efficiency projects in their early stages", funded by the Horizont 2020 program of the European Commission, was completed. During the verification of the costs, it was found that the costs reported by the NDEF in the amount of BGN 17 thousand were not admissible and the corresponding part of the received advance funds was returned at the expense of the accumulated financing for projects completed in previous periods.

Changes in funding during the period include:

| | 2024 BGN '000 | 2023 BGN '000 |
|---|------------------|------------------|
| Carrying amount at 1 January | 30 740 | 24 879 |
| Recognized total revenue from financing in the statement of profit or loss and other comprehensive income (Note 11) | (5 394) | (3 289) |
| Received funding during the period | 8 669 | 9 150 |
| Carrying amount as at 31 December | 34 045 | 30 740 |

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

1. Provided targeted funding from CIP in 2017 in the amount of BGN 15,298 thousand for finance investment projects and administrative activities of NDEF, 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.
2. The targeted financing provided by the Pilot Scheme of the Mineral Waters Investment Program is a total of BGN 3 500 thousand for financing of investment projects, in 2022 another 3 337 thousand 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.
3. Provided funding for spending the income from the sale of aviation allowances through an auction in accordance with Ordinance No. 1 from 04.03.2015 from which in 2024 were received BGN 8 056 thousand.
4. 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 2024.
5. 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 2024.

9. Employee benefits

9.1. Employee benefits expenses

| | 2024 BGN '000 | 2023 BGN '000 |
|--|------------------|------------------|
| Salaries | (418) | (346) |
| Social security costs | (75) | (64) |
| The accompanying notes from 101 to 121 form an integral part of the financial statements. | (493) | (410) |

9.2. Employee obligations

| | 2024 BGN '000 | 2023 BGN '000 |
|-----------------------------|------------------|------------------|
| Employee obligations | 28 | 24 |
| Unused holiday leaves | 37 | 29 |
| Social security obligations | 16 | 14 |
| | 81 | 67 |

10. Receivables and payables

| | 2024 BGN '000 | 2023 BGN '000 |
|---|------------------|------------------|
| Receivables from donors for expenses incurred on projects | 132 | 162 |
| | 132 | 162 |

The accumulated costs of the "ProPark" Project are presented as receivables from donors for project costs. "ProPark" is a 4-year program, which is funded by the Swiss-Bulgarian Cooperation Program. It is aimed at improving visitor infrastructure and sustainable use of Rila National Park. It includes four components, the implementation of one of which is the commitment of NDEF - Component 2: renovation of the huts in Rila NP. In 2024, a preparatory phase was carried out, in which a survey of the current state of the huts in the Park was carried out. The actual implementation of the Programme begins at the beginning of the second quarter of 2025. The costs of the preparatory phase will be reimbursed by the Programme Operator at the beginning of 2025.

As of December 31, 2024 NDEF has no obligations to suppliers, project partners or beneficiaries.

11. Proceeds from contingent financing

| | 2024 BGN '000 | 2023 BGN '000 |
|--|------------------|------------------|
| Revenue reported for programme funding | 4 474 | 2 508 |
| Recovered fund maintenance costs | 445 | 410 |
| Revenue to finance external projects | 475 | 371 |
| | 5 394 | 3 289 |

12. Project funding expenses

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

| Program | 2024 BGN '000 | 2023 BGN '000 |
|--|------------------|------------------|
| Financing of public projects under the Climate Investment Program (CIP) | 3 179 | 2 176 |
| Financing of public projects under Program "Micro projects for the climate". | 392 | 332 |
| Financing of public projects EEUDG | 902 | - |
| Funding for redefined project № 3 | 3 324 | - |
| Funding for the MENGERS Project | 218 | - |
| | 8 015 | 2 508 |

The financing of the MENGERS Project 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 01.05.24 - 30.10.2024). 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.

| Program | Amount under Grant agreement with NDEF (Total incl. VAT) BGN '000 | Amount under Grant agreement with NDEF (% of total) BGN '000 | Project funds paid in the current year BGN '000 |
|--|--|---|---|
| Financing of public projects under the Climate Investment Program (CIP) | 7 240 | 4 328 | 3 179 |
| Financing of public projects under Program "Micro projects for the climate". | 431 | 399 | 392 |
| Financing of public projects EEUDG | 1 996 | 1 368 | 902 |
| | 9 667 | 6 095 | 4 473 |

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

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

The accompanying notes from 101 to 121 form an integral part of the financial statements.

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

In 2024, the amounts actually paid out to beneficiaries under the Climate Investment Program (CIP) - Energy Efficiency Scheme amount to BGN 2 704 thousand.

The amounts actually paid to Beneficiaries under projects from the Investment Program for Climate (IPC) - Scheme "Electric Cars" amount to BGN 475 thousand.

There are no published CEM calls in 2024.

A detailed description of the costs reported in 2024 for financing Climate Investment Program (CIP) projects is presented in the table below:

| Project No. | Beneficiary / Project/ Name | Amount under Grant agreement with NDEF (Total incl. VAT) | Amount under Grant agreement with NDEF (% of total) | Actual amount of project funding in current year (2024) |
|-------------|--|--|---|---|
| | | BGN | BGN | BGN |
| 279 | Increasing energy efficiency and reducing CO2 emissions from the building of the Community center YORDAN YOVKOV - 1870, Dobrich | 1,049,317.80 | 799,999.89 | 336,429.43 |
| 297 | Main renovation and introduction of EEM through renewable sources in the building of the municipal administration Municipality of Daskalovi | 919,771.56 | 659,560.89 | 659,536.27 |
| 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 | 538,266.07 |
| 362 | Repair, modernization and implementation of energy-saving measures in the building of DCC I Gabrovo EOOD - second base | 1,280,889.66 | 261,034.66 | 261,028.38 |
| 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 | 909,199.45 |
| | Public projects - CIP | 6,127,970.34 | 3,853,313.51 | 2,704,459.60 |

The accompanying notes from 101 to 121 form an integral part of the financial statements.

Electric cars:

| Project No. | Beneficiary / Project/ Name | Amount under Grant agreement with NDEF (Total incl. VAT) | Amount under Grant agreement with NDEF (% of total) | Actual amount of project funding in current year (2024) |
|-----------------------|---|--|---|---|
| | | BGN | BGN | BGN |
| 114 | Project to promote the use of electric vehicles - Municipality of Kardjali - 3 unit, M1 | 147,000.00 | 60,000.00 | 60,000.00 |
| 121 | Project to promote the use of electric vehicles - Municipality of Devin -1 unit, M1 | 43,920.00 | 20,000.00 | 20,000.00 |
| 124 | Project to promote the use of electric vehicles – Municipality of Elin Pelin -1 unit, L7e+3 upgrade | 63,202.80 | 21,197.00 | 21,197.00 |
| 125 | Project to promote the use of electric vehicles – Municipality of Aksakovo -1 unit, L7e+2 upgrade | 63,072.00 | 22,152.50 | 22,152.50 |
| 128 | Project to promote the use of electric vehicles – Municipality of Elin Pelin -1 unit, L7e+2 upgrade | 65,868.00 | 21,176.00 | 21,176.00 |
| 129 | Project to promote the use of electric vehicles - Ministry of Energy-1 unit, M1 | 95,988.00 | 20,000.00 | 20,000.00 |
| 140 | Project to promote the use of electric vehicles - Municipality of Levski -2 unit, M1 | 91,234.99 | 40,000.00 | 40,000.00 |
| 141 | Project to promote the use of electric vehicles – Municipality of Petrich – 2 unit, M1 | 80,376.00 | 40,000.00 | 40,000.00 |
| 154 | Project to promote the use of electric vehicles – MOSV – 1 unit, M1 | 108,948.00 | 20,000.00 | 20,000.00 |
| 156 | Project to promote the use of electric vehicles – Municipality of Anton -1 unit, M1 | 81,240.00 | 30,000.00 | 30,000.00 |
| 143 | Project to promote the use of electric vehicles – Byala Slatina -1 unit, M1 | 42,000.00 | 20,000.00 | 20,000.00 |
| 160 | Project to promote the use of electric vehicles – Municipality of Vetrino - 1 units, M1 | 42,000.00 | 20,000.00 | 20,000.00 |
| 161 | Project to promote the use of electric vehicles - Municipality of Beloslav - 3 unit, M1 | 60,000.00 | 60,000.00 | 60,000.00 |
| 134 | Project to promote the use of electric vehicles – MRRB - 3 unit, M1 | 60,000.00 | 60,000.00 | 60,000.00 |
| 158 | Project to promote the use of electric vehicles - Municipality of Svishtov -1 unit, M1 | 67,111.99 | 20,000.00 | 20,000.00 |
| Electric cars: | | 1,111,961.78 | 474,525.50 | 474,525.50 |

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

Spending of funds under this program is based on Decree of the Ministry of the Interior No. 322/24.11.2016. They are for the financing of ecological municipal projects leading to the utilization of the thermal energy of mineral waters.

In 2024, six projects under the Mineral Water Investment Program are being implemented, four of which are being implemented and are expected to be completed in 2025, and two are at the stage of the announced tender procedure.

The accompanying notes from 101 to 121 form an integral part of the financial statements.

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

On the basis of Decision of the Council of Ministers No 175 / 29.03.2017 and the Agreement on Transfer of Annual Emissions (AEAs) within the NDEF, 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 2024, eight PMPC projects launched in 2021 were completed and paid.

A detailed description of the costs reported in 2024 for financing PMPC projects is presented in the table below:

| Project No. | Beneficiary / Project/ Name | Amount under Grant agreement with NDEF (Total incl. VAT) | Amount under Grant agreement with NDEF (% of total) | Actual amount of project funding in current year (2024) |
|-------------|---|--|---|---|
| | | BGN | BGN | BGN |
| 004 | Increase of the EA of the air conditioning installations in the administrative building of the Ministry of Finance on G.S.Rakovski St.,102 | 49,200.00 | 49,200.00 | 48,972.00 |
| 038* | Climate Activ - SU "P.R. Slaveykov" - Dobrich | 50,992.00 | 50,000.00 | 50,000.00 |
| 041 | Eco Youth-Maneco | 49,866.00 | 49,866.00 | 49,866.00 |
| 042 | Innovative solutions for adaptation to climate change - Tryavna | 49,997.00 | 49,997.00 | 46,233.80 |
| 046 | Measures to raise public awareness and include activities related to climate change mitigation and adaptation - Municipality of Burgas | 50,000.00 | 50,000.00 | 47,940.00 |
| 048 | Reducing greenhouse gas emissions by implementing microclimate control and management systems and electricity consumption in municipal buildings - Municipality of Pirdop | 50,000.00 | 50,000.00 | 49,423.74 |
| 051 | Knezha Municipality - for a greener land | 51,095.00 | 50,000.00 | 50,000.00 |
| 052 | Eco-charged Vratsa Municipality | 80,000.00 | 50,000.00 | 50,000.00 |
| | Micro-projects for the climate: | 413,150.00 | 399,063.00 | 392,435.54 |

* - contracts concluded in the previous year

12.4. Financing of public projects under the Sub-program "Energy Efficiency of Municipal Schools and Kindergartens" (EEMSK) at IPC

On the basis of the Decision of the Commission of the Republic of Bulgaria of 21.10.2022 and the Agreement on the Sale of the Annual Allocated Amount of Emissions between the Republic of Bulgaria and the Federal Republic of Germany, NDEF is responsible for the recruitment, approval and assignment of the implementation of energy efficiency projects and municipal schools and kindergartens. In 2024, three projects were completed and paid in full and one paid in the interim phase under the EEMSK.

A detailed description of the costs of financing EEMSK projects reported in 2024 is given in the table below:

| Project No. | Beneficiary / Project/ Name | Amount under Grant agreement with NDEF (Total incl. VAT) | Amount under Grant agreement with NDEF (% of total) | Actual amount of project funding in current year (2024) |
|-------------|-----------------------------------|--|---|---|
| 002 | Svistov Municipality | 377,835.64 | 253,622.09 | - |
| 010 | Municipality of Burgas - Sarafovo | 420,476.40 | 290,525.94 | 279,522.26 |
| 008 | Momchilgrad Municipality | 598,833.82 | 413,598.43 | 413,533.37 |
| 005 | Knezha Municipality | 598,665.37 | 410,475.79 | 209,087.06 |
| | EEMSK: | 1,995,811.23 | 1,368,222.25 | 902,142.69 |

13. Cost of materials

| | 2024 BGN '000 | 2023 BGN '000 |
|-------------------------|------------------|------------------|
| Heat and electricity | (5) | (6) |
| Fuel, oil and car parts | (5) | (2) |
| Office supplies | (2) | (4) |
| Others | (10) | (8) |

The accompanying notes from 101 to 121 form an integral part of the financial statements.

14. Hired services expenses

Consulting fees
Audit services
Service-station fees
Organisation of events
Others
Telecommunication
Insurance and security

| | (22) | (20) |
|--|--------------|--------------|
| | 2024 | 2023 |
| | BGN '000 | BGN '000 |
| | (220) | (84) |
| | (41) | (49) |
| | (36) | (16) |
| | (36) | (39) |
| | (10) | (2) |
| | (7) | (4) |
| | (3) | (22) |
| | (353) | (216) |

15. Other expenses

Business trip expenses
Others

| | 2024 | 2023 |
|--|-------------|-------------|
| | BGN '000 | BGN '000 |
| | (13) | (28) |
| | (2) | (1) |
| | (15) | (29) |

16. Finance income and finance costs

The finance costs are BGN 3 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 180 thousand was also reported, and in the current financial statements they are presented as an increase in funding.

17. Transactions with related parties

Related parties to the Fund are the key management personnel.

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

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

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

| | 2024 | 2023 |
|--|----------|----------|
| | BGN '000 | BGN '000 |
| Short-term remuneration, incl. social security | 13 | 16 |

18. Categories of financial assets and liabilities

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

| | Note | 2024 | 2023 |
|--|------|----------|----------|
| | | BGN '000 | BGN '000 |
| Financial assets | | | |
| Receivables | 10 | 132 | 162 |
| Term deposits | 7 | 20 000 | 22 940 |
| Cash and cash equivalents | 7 | 13 972 | 7 705 |
| Financial liabilities | | | |
| Financial liabilities carried at amortised cost: | | - | - |
| Trade and other payables | | - | - |

19. 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 accompanying notes from 101 to 121 form an integral part of the financial statements.

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 2024 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.

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

By the end of 2024, 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 01.01.2024 - 31.12.2024, 5 public investment projects were fully completed, 2 of which under CIP and 15 for electric cars.

- 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 NDEF and the Beneficiaries shall be made by bank transfer.

And in 2025, the activity of NDEF in connection with the implementation of public projects under the EEUDG sub-program of the IPC is focused in the following directions:

- Preliminary inspection of technical projects and tender procedures. After the successful completion of this procedure and after the selection of contractors, the Fund concludes contracts with the beneficiaries. Ex ante control is expected to be carried out on 16 projects.
- Control of actual execution and payments.

Activities of the NDEF in connection with the implementation of the ESCO sub-programme of the IPC. A new call for tenders is expected to be published in 2025 and a preliminary audit of the tender procedures of the two beneficiaries already approved by the Board of Managers will be carried out.

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

In 2024 NDEF did not sign contracts of the implementing projects under the Program. Their finalization and final payment is expected in 2025.

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

By the end of 2024, the NDEF 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.

The accompanying notes from 101 to 121 form an integral part of the financial statements.

In the period 01.01.2024 - 31.12.2024, 8 projects were fully completed and a grant in the amount of BGN 392,435.55 was paid.

23. 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.

24. Authorization of the financial statements

The financial statement as of 31 December 2024 (including comparative information) were approved by management on 15 April 2025.

The accompanying notes from 101 to 121 form an integral part of the financial statements.



НАЦИОНАЛЕН
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