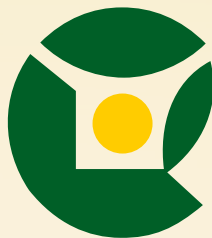


НАЦИОНАЛЕН
ДОВЕРИТЕЛЕН
ЕКО ФОНД



NATIONAL
TRUST
ECO FUND

ANNUAL REPORT

**REPORT OF THE INDEPENDENT
AUDITOR**

FINANCIAL STATEMENTS

31 December 2019



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

In the end of 2011, as a result of the joint efforts of the governments of the Republic of Bulgaria and the Republic of Austria, two deals for sale of Assigned Amounts Units (AAU) with the Republic of Austria pursuant to art. 17 of the Kyoto Protocol were finalized. Under the two deals, 45 public projects in the amount of BGN 32 937 914 have been implemented. The financial participation of NTEF amounts to BGN 27 147 227. Two projects for energy production from renewable energy sources have also been financed applying the “de minimis” rule. The financial participation of the Fund in them amounts to BGN 757 062.

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

Since 2015, NTEF with the support of the Federal Ministry of Environment, Construction and Nuclear Safety of the Republic of Germany and in partnership with the Independent Institute for Environmental Issues - Berlin (UfU), has been implementing educational program for changing the behavior of the Bulgarian pupils in the Bulgarian schools with regard to energy saving.

Since 2016 NTEF has been implementing the pilot scheme of a new Investment Program “Mineral Waters”, financed with funds provided through the budget of the Ministry of Environment and Water with Council of Ministers Decree No 254/2016.

During 2017, the preparation of the Program “Micro Projects for the Climate”, financed with proceeds under the Agreement for Transfer of Annual Emissions Allocations between the Republic of Bulgaria and the Republic of Malta (Decision of the Council of Ministers No 175/29.03.2017), was started.

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Project No 364 “Repair, modernization and implementation of energy saving measures in the building of FCF I Gabrovo EOOD - first building”.



Project No 295-1 “Implementation of a package of measures for energy efficiency improvement of the Administrative building in Oryahovo”.

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REPORT

on the activity of the

NATIONAL TRUST ECOFUND

for the period

01 January – 31 December 2019

LIST OF USED ABBREVIATIONS

EBRD	European Bank for Reconstruction and Development
BAS	Bulgarian Academy of Science
F&L	Fuels & Lubricants
ESM	Energy Saving Measures
CCMA	Climate Change Mitigation Act
PPA	Public Procurement Act
EB	Executive Bureau
CIP	Climate Investment Program
IPMW	Investment Program “Mineral Waters”
LC	Labor Code
TFA	Tangible Fixed Assets
MEW	Ministry of Environment and Water
CoM	Council of Ministers
MF	Ministry of Finance
ME	Ministry of Economy
IFA	Intangible Fixed Assets
NTEF	National Trust Eco Fund
NAMRB	National Association of Municipalities in the Republic of Bulgaria
CCC	Cultural Community Center
CCF	Combined Childcare Facility
UN	United Nations
MEW	Ministry of Environment and Water
PS	Primary School
SS	Secondary School
VSS	Vocational Secondary School
CIW	Construction & Installation Works
UT	University of Transport
MB	Management Board
UfU	Independent Institute for Environmental Issues - Berlin
MW	Mineral Waters
FA	Fishery Association
ME	Ministry of Energy
PMPC	Program Micro Projects for the Climate

ANNUAL REPORT

I. INTRODUCTION

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

The Annual NTEF Report presents the implementation of the Action Plan and the Fund's budget for 2019, which is prepared in compliance with the NTEF Strategy 2014-2020, approved by the Management Board of NTEF on 30 October 2014.

The report will be also submitted to the current donors, which for 2019 are the Government of Bulgaria and the Federal Ministry of Environment, Construction and Nuclear Safety of the Republic of Germany.

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

Acting Director of the Executive Bureau:



Irena Pencheva

31 January, 2020



*EM 045 Project for promoting the use of electric vehicles –
Kazanlak Municipality.*



*EM 047 – Project for promoting the use of electric vehicles –
Kozloduy Municipality.*

II. MANAGEMENT BOARD ACTIVITY

In compliance with the Ordinance on the Structure and Activity of the National Trust Eco Fund, adopted with Council of Ministers (CoM) Decree No 96 of 10.05.2004 (amended with SG No 71 of 10.09.2010 and SG No 81 of 30.09.2014 and SG No 5/19.I.2016, amended, No 47 of 05.06.2018), NTEF's Management Board consists of seven persons, in this number chairman, two deputy chairmen and four regular members, as well as three alternates. As of the end of the accounting 2019, the composition of the NTEF's Management Board (MB) includes the following members:

- Chairman of NTEF's Management Board – Mrs. Penka Mollova - Smolenova, appointed by the Council of Ministers of the Republic of Bulgaria (Decision No 665 of the CoM of 19.09.2018);
- Representative of the Ministry of Environment and Water (MEW) – Deputy Minister Nikolay Kanchev. The Representative of the Ministry of Environment and Water is also the Deputy Chairman of the Management Board, elected in compliance with art. 8 (1) of ORDINANCE on the structure and activity of the National Trust Eco Fund;
- Representative of the Ministry of Finance (MF) – Deputy Minister Marinela Petrova;
- Representative of the Ministry of Energy – Deputy Minister Zhecho Stankov.
- 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 environmental non-governmental organizations – Mrs. Lyubomira Kolcheva – Director of EcoObshnost Foundation”;
- Representative of the National Association of Municipalities in the Republic of Bulgaria (NAMRB) – Mrs. Sylvia Georgieva - Executive Director of NAMRB.

Alternate with a voting right from the Ministry of Environment and Water is Mrs. Boryana Kamenova – Director of Directorate “Climate Change Policy”. Alternate with a voting right from the Ministry of Economy and Energy is Mr. Nikolay Nalbantov – Director of Energy Efficiency and Environmental Protection Directorate. Alternate with a voting right from the Ministry of Finance is Mr. Valeri Vulev – State Expert from State Aid Directorate and Real Sector.

Four (4) regular meetings of Management Board (MB) of NTEF were convened during 2019.

The first meeting was dedicated to the discussion of the Operational Plan and NTEF budget for the period 01 January – 31 December 2019. At the same meeting, reports on the implementation of Projects under the Scheme for energy efficiency improvement of buildings and other sites under the Climate Investment Program (CIP) were approved. At this meeting, an analysis of the financial status and the available free NTEF resources were considered with a view to the possibility for prior assignment of the implementation of projects under CIP pursuant to Art.114 of the Public Procurement Act, for whose financing no funds were not provided within 2019 budget. The next item on the agenda of this meeting included a discussion of draft contract for the implementation of the pilot projects on the application of the European Energy Efficiency Standard as an addition to the Operational Manual of the Climate Investment Program. In view of the approval of Project "Triple A - Reinforcing the value chain of energy efficiency projects at their early stages" under Horizon 2020, a mandate was given to the Chair of the NTEF Management Board to sign a contract for its implementation. Information on the participation of NTEF as an associate partner in the preparation of the full Project Proposal “Bulgaria - on the Road to Resource Efficiency and Circular Economy” under the LIFE Environment Program was also presented.

At the second meeting of the NTEF Management Board, held on 11.04.2019, the Annual Activity Report and the Financial Statement of the NTEF for 2018 were adopted and approved, which according to the current Ordinance on the Structure and Activity of the National Trust Eco Fund was presented to the Council of Ministers through the Minister of Environment and Water by 30

April. At the same meeting, the project proposals approved by the Selection and Control Commission under the CIP scheme for promoting the use of electric and hybrid vehicles were also presented.

At the third meeting, a comprehensive report was presented, containing detailed information on the implementation of the administered by NTEF since the end of 2016 Pilot Scheme under Investment Program “Mineral Waters” (IPMW). A proposal was discussed to accelerate the actions related to the decisions taken at a meeting of the Management Board of EMEPA (Enterprise for Management of Environmental Protection Activities) in May 2019 on the preparation of a draft amendment of the Rules of the enterprise with the aim to provide to NTEF funds for the implementation of a permanent IPMW in the form of a transfer within the framework of the collected fees for mineral water intake as per art.196, para 1 of the Water Act. In view of the actions taken to provide a resource for the implementation of a permanent IPMW, changes in the Operational Manual of the Program were discussed and approved, based on the experience gained during the implementation of the pilot phase and the recommendations made by the beneficiaries. A decision was taken for a second during the year intake of project proposals under the CIP Scheme for Electric and Hybrid Vehicle Promotion.

The last (fourth) meeting was devoted to the presentation of project proposals approved by the Selection and Control Commission under CIP Scheme for Electric and Hybrid Vehicle Promotion. The reports on the implementation of projects under CIP and IPMW were presented. The proposals of the members of the NTEF Management Board and Executive Bureau for supplementing and amending the Operational Manual of the Program “Micro Projects for the Climate” (PMPC) were discussed. An assignment was made to the EB, based on the discussed options, to prepare an update of the PMPC Operational Manual and to present analysis of the current program’s implementation. At the same meeting, information was provided, related to the work of the NTEF Executive Bureau regarding the preparation for the implementation of the project "Municipal Energy Management Systems Supporting the Sustainable Financing of Local Climate Actions" under the European Climate Initiative Program with funding from the Federal Ministry of the Environment of the Republic of Germany.

All MB meetings are duly recorded, signed and archived.

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

During 2019 the implementation and financing of projects under the Climate Investment Fund were continued within the framework of the residual unspent resource, provided by virtue of CoM decision from the previous year (2017), pursuant to their approval by MB of NTEF and the stage of their implementation.

Within the framework of the Program, the Executive Bureau continued its work under both groups of pilot projects, related to the application of new models for implementation of energy efficiency projects in the public sphere, aiming at improving the public investments' efficiency:

- Projects involving implementation of financial instruments for combined financing aiming at attracting private investors through Guaranteed Savings Contract (ESCO contracts), for whose implementation BGN 2,000,000 were allocated during 2017, based on a decision of MB of NTEF.
- Energy efficiency projects involving implementation of European standards for monitoring and verification of the results within the framework of a project under Horizon 2020 Program of Denkstatt Bulgaria OOD, for the financing of whose implementation BGN 1,000,000 were allocated in 2017, based on a decision of MB of NTEF.

1. Selection and approval of projects under CIP

1.1. Maintaining permanent project portfolio under CIP

Energy efficiency projects under CIP

During 2019, no calls for collecting letters of interest were published due to the lack of sufficient resource for financing projects under the Climate Investment Program beyond those, which had already been included in the approved NTEF budget for the same year. This was the reason for non-acceptance of application forms and with a decision of NTEF MB the beneficiaries were informed that the implementation of their projects would be continued after provision of additional resource under CIP.

Projects under the Pilot Scheme for promotion of electric vehicles

During 2019, two calls for collecting project proposals for purchasing electric vehicles were published. They had the following deadlines: 01 April and 02 December 2019. As in the preceding years, during the accounting year, the accent in the published calls was put on the vehicles, which the administrations and the municipalities could use to achieve maximum effect. Such activities were: the everyday administrative service provision, utilities – cleaning, parks' maintenance, social patronage, inspections, public transport provision within the framework of settlements with small passenger traffic, etc. In 2019 as well, eligible for financing were electric cars of middle class M1 and N1 and electric (plug in) hybrids category M1 and N1, all-electric vehicles (buses) category M2 and N2, vans of class M1 and N1 (6+1 and 7+1 seats), small electric trucks, class L7e, as well as there was a possibility for subsidizing the purchase of different superstructures for freight cleaning and transportation, spraying, etc..

During the periods of intake of applications in 2019, 15 application forms under the Scheme for promoting the use of electric vehicles were received. With the submitted application forms the beneficiaries applied for the purchasing of 16 electric vehicles class M1 or N1, 2 electric buses (6+1, 7+1), 2 buses M2 or N2 and 5 small electric trucks, category L7e. (*Annex 1 – Table 1.1.*)

With the aim to popularize the Scheme for promoting the use of electric vehicles, the announcement of the call was reflected on the web pages of NTEF and MEW, as well as with the assistance of the NTEF MB members - through the information channels of NAMRB and the non-governmental

sector. The benefits from the purchasing of electric vehicles following the procedure under the CIP Scheme for promoting the use of electric vehicles were also presented at the traditional annual event of the Fund (June 2019), held in Europe Hall of MEW.

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

According to the NTEF Rules of Procedure and the CIP Operational Manual, the approval of the projects is accomplished in two stages. The first stage represents a *preliminary selection* of projects, based on submitted letter of interest through the application of preliminary announced mandatory compliance requirements. The second stage represents an *evaluation and ranking of projects* pursuant to preliminary announced application requirements, as well as to methodology and criteria for evaluation and selection of appropriate projects for financing under CIP. Only the project proposals at the second stage of application (“Application Form”) are subject to approval by the Management Board. The project proposals at phase “Letters of Interest” are approved by the Standing Project Selection, Control and Reporting Commission, after which the results are reported to NTEF MB and the Executive Director provides information to the candidates about the decision of the Commission.

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

The Standing Commission consists of two representatives of the Executive Bureau (EB) of NTEF and one representative of each ministry - Ministry of Environment and Water, Ministry of Finance and Ministry of Energy, appointed by virtue of orders, issued by the relevant ministers.

During 2019, two (2) meetings of the Standing Commission for Selection, Control and Reporting on the Implementation of CIP were held. During these meetings, (15) forms under the Scheme for promoting the use of electric vehicles were examined.

Approval of projects by NTEF MB

As a result of the work of the Standing Commission, under the “Electric Vehicles” Scheme 14 forms were submitted and approved by MB. The number of the approved by NTEF MB projects is different from the number of the projects examined by the Commission, since there is one project, which has not been approved based on reasons, related to its incompliance with the established criteria for evaluation of the submitted application forms. The meetings of NTEF MB, during which projects were approved for financing, were respectively held on 11 April and 19 December 2019 (*Annex 2 – Table.2.1.*).

2. Implementation of projects under the Climate Investment Program (CIP) during 2019

Implementation of energy efficiency projects under CIP

During the accounting 2019 as well, the National Trust Eco Fund worked on project proposals, approved for financing prior to the adoption of the new rules (October 2017). The Fund financed projects for energy efficiency of public beneficiaries to a maximum amount equal to 85% of their total value, but not exceeding BGN 800,000 pursuant to a decision of the MB dated 24.01.2017. The rest of the funds needed for the project implementation were provided by the beneficiary as co-financing.

During 2019, due to the fact that the available financial resource under the Climate Investment Program as amount was not sufficient to finance all projects, approved by the Management Board, the EB team’s efforts were mainly focused on the projects at advanced stage of implementation.

In parallel with that, active work is also carried out with the beneficiaries **regarding the preliminary control on the investment projects, which are invited to submit the technical documentation for the projects with forthcoming funding.** Having established the completeness

of the technical documentation, preliminary control on two sets of documentation is carried out (one set for NTEF and one - for the Beneficiary). The examination by NTEF technical experts finishes with the drafting of opinions regarding the compliances with the requirements towards the quality of the investment projects, without a standpoint regarding the design solutions. The check only establishes the compliance of the types of Construction and Installation Works (CIW) and the materials between the separate elements of the investment project, the availability of all signatures and seals for validations and approvals, removal of entered brands and models of the materials, etc. The response of the beneficiaries related to the work of the team in this direction is positive, since this step ensures the smooth and safe running of the contractor selection procedure under the Public Procurement Act (PPA), as well as the smooth accounting for the work of the contractors during CIW implementation.

During 2019 as well, **the preliminary control on the tender procedures** for selection of CIW contractors was accomplished with the support of a professional legal team. The work with the experts of this team is performed in direct interaction with the beneficiaries and the central role is played by the Executive Board's team. The EB provides a preliminary prepared package template of the tender procedure documentation, timely updated in compliance with the legislative framework (PPA), specifying several parameters of the procedure – maximum duration of CIW implementation, as well as the right set of materials and equipment, for which submission of the necessary certificates in the technical bid is required, etc. The preliminary control is performed in two stages of examination of the documentations by the legal consultant, while the last examination of the documentation is accomplished by EB and the approved package is submitted to the Beneficiary. Following publication of the procedure with the Public Procurement Agency, another examination is carried out and upon demand publication of a Decision for changing/terminating the procedure is recommended, depending on the possibilities provided by the legislation.

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

Following successful completion of the tender procedures contracts between the project beneficiaries and the selected contractors are signed. According to the CIP Operational Manual, after an examination of the contract with the CIW Contractor for compliance with the NTEF requirements, as well as of the submitted necessary documents, a contract for financing between NTEF and the beneficiaries is signed, triggering the implementation of the construction works.

The NTEF monitors the actual implementation and payments under the projects. On-site inspections are carried out during the implementation of the projects to minimize the risks. NTEF is financing only lawfully justified and actually implemented CIW. After verification and approval of the works and deliveries, another documentary check is carried out, followed by payments to the beneficiaries.

Following the payment of funds pursuant to the final report of the beneficiary there is an auditor's examination on the part of specially selected auditor with international experience, who has been selected through an open selection procedure pursuant to PPA. Based on the result of this audit, the EB Director submits a report to the MB of NTEF for final reporting on the implementation of the projects.

MB of NTEF takes decisions related to the completion of the relevant projects, based on the report of the auditors and of the EB Director.

During the accounting period, with a decision of MB of NTEF, 9 energy efficiency projects have been **completed, audited and reported**. They have a total value of BGN 4 214 926 and involve **NTEF subsidy in the mount of of BGN 2,904,601**.

As a result of the implementation of these projects, an annual reduction of the greenhouse green emission in the amount of **58,199t/CO_{2eq}** for the entire life cycle of the projects was achieved.

The completed and paid projects **in 2019** are as follows:

Project No 184 - 2

“Introduction of energy efficiency measures in Dormitory to VSS, Etropole city”.

NTEF provided funding amounts to **BGN 216,652.63**.

The project includes the following activities:

1. Thermal insulation of walls
2. Replacement of doors and windows
3. Thermal insulation of roof
4. Thermal insulation of floor

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **417.60 t/CO_{2eq}** for the entire project life cycle.

Project No 218*

“Measures for improving the energy efficiency of buildings from the general educational structure – CCF”Detelina“, Skravena village, Botevgrad Municipality”

NTEF provided funding amounts to **BGN 107,379.53**.

The project includes the following activities:

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

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **668.1t/CO_{2eq}** for the entire project life cycle.

Project No 230

“Implementation of energy efficiency measures in the buildings of the Plovdiv Language High School: School building, Dormitory for boys, Dormitory for girls”

NTEF provided funding amounts to **BGN 799,983.48** and in 2019 a final payment of BGN 659 353.58 was paid.

Site “School Building” includes the following activities:

1. Thermal insulation of external walls
2. Replacement of doors and windows
3. Thermal insulation of roof
4. Thermal insulation of floor

Site “Dormitory for girls” includes the following activities:

1. Thermal insulation of external walls
2. Replacement of doors and windows
3. Thermal insulation of roof
4. Thermal insulation of floor

Site “Dormitory for boys” includes the following activities:

1. Thermal insulation of external walls
2. Replacement of doors and windows
3. Thermal insulation of roof
4. Thermal insulation of floor

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **11 520 t/CO_{2eq}** for the entire project life cycle.

Project No 244-1

“Implementation of a package of measures for improving the energy efficiency in the Administrative building of the Municipal Administration, Strazhitsa city“

NTEF provided funding amounts to **BGN 156,009.09.**

The project includes the following activities:

1. Thermal insulation of external walls
2. Replacement of doors and windows
3. Thermal insulation of roof
4. Improving the efficiency of the HS through the replacement of boiler, recirculation pumps and automatic temperature control.

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **1,737.60t/CO₂eq** for the entire project life cycle.

Project No 295-1

“Implementation of a package of measures for energy efficiency improvement of the Administrative building in Oryahovo“

NTEF provided funding amounts to **BGN 255,671.91.**

The project includes the following activities:

1. Thermal insulation of external walls
2. Replacement of doors and windows
3. Thermal insulation of roof
4. EEM for the heating system.

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **13,299 t/CO₂eq** for the entire project life cycle.

Project No 295-2

“Implementation of a package of measures for energy efficiency improvement of a health care facility in the village of Selanovtsi“

NTEF provided funding amounts to **BGN 318,897.80.**

The project includes the following activities:

1. Thermal insulation of external walls
2. Replacement of doors and windows
3. Thermal insulation of roof
4. Thermal insulation of floor
5. EEM for the heating system

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **13,284 t/CO₂eq** for the entire project life cycle.

Project No 315 - 1

“Implementation of Energy Efficiency Measures in Maritza Municipality – FCF “Buratino”, Kostievo village“

NTEF provided funding amounts to **BGN 221,501.09.**

The project includes the following activities:

1. Thermal insulation of external walls

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

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **3,069 t/CO₂eq** for the entire project life cycle.

Project No 364

“Repair, modernization and implementation of energy saving measures in the building of FCF I Gabrovo EOOD - first building“

NTEF provided funding amounts to **BGN 266,166.31**.

The project includes the following activities:

1. Thermal insulation of external walls
2. Thermal insulation of roof
3. Thermal insulation of floor
4. Replacement of doors and windows
5. Replacement of boiler system and transition to gas fuel
6. Delivery of solar collectors for household hot water (HHW)
7. Replacement of pipe network of heating system
8. Commissioning of new ventilation system
9. Replacement of luminaires

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **9,338.10 t/CO₂eq** for the entire project life cycle.

Project No 378

“Modernization and implementation of energy efficiency measures at FSF “First June”, Gorna Oryahovitsa city“

NTEF provided funding amounts to **BGN 205,207.38**.

The project includes the following activities:

1. Thermal insulation of facades
2. Replacement of doors and windows
3. Thermal insulation of roof
4. EEM for the heating and the ventilation systems.

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **1,620 t/CO₂eq** for the entire project life cycle.

Project No 382

“Implementation of energy efficiency measures in FCF 3 “Zornitsa” - Nezabravka Building, 59 Dobrudzha St., Haskovo city“

NTEF provided funding amounts to **BGN 464,511.78**.

The project includes the following activities:

1. Thermal insulation of facades
2. Replacement of doors and windows

3. Thermal insulation of roof
4. Thermal insulation of floor
5. EEM for the heating system and replacement of the fuel base
6. Delivery of solar collectors

As a result of the implemented ESM, the greenhouse gas emissions have been reduced by **3,246 t/CO_{2eq}** for the entire project life cycle.

Project No 502 *

“Improvement of the energy efficiency of 79 SU Indira Gandhi SU in RPS XIII- for school, square 4, Lyulin-7 mp, according to the plan of the city of Sofia, according to the updated Energy Efficiency Audit Report”

The funding provided by the NTEF in the intermediate implementation phase is in the amount of BGN 492298,55.

The project includes the following activities:

1. Replacement of entrance doors and revision of existing windows;
2. Laying of thermal insulation on external walls, floor, roofs and bay windows;
3. Increasing the efficiency of the heating installation and restoring the ventilation installation of the gym;
4. Improving the efficiency of the lighting installation.

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

In the end of the reporting period (31 December 2019), in a process of implementing construction and installation works are **3 projects under CIP**. The beneficiaries under these projects are 3 municipalities and the sites are:

- Administrative building (House of Culture) – 1;
- School building – 2.

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

During 2019, EB of NTEF worked actively for the implementation of both groups of pilot projects.

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

Two are the main benefits from the fruitful use of financial instruments for the financing of public projects:

- Multiplier effect of the invested public funds – (the shortage of financial resource is compensated by the attraction of private capitals, including loans);
- Higher efficiency of the invested funds as a whole through: more prudent control, possibility for using complex and innovative solutions and continuous monitoring during the complete life cycle of the buildings.

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

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

After this step, the beneficiary (Gabrovo Municipality) and the NTEF team have analyzed the events and several important conclusions have been drawn:

- First, there is interest towards such Projects, and ESCO companies take this opportunity seriously.
- Second, two important circumstances should be considered in view of future drafting of contract selection conditions, namely:

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

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

These are the two main causes, identified by the candidates, as obstacles to their participation. They represent an important scientific lesson for the Contracting Authority and for NTEF, on the basis of which Gabrovo Municipality assigned the preparation of an up-to-date energy audit report. When its draft was presented, it was commented that the real payback period of the investment is longer, which necessitates the search for new financing opportunities, which ensure funds in addition to the NTEF grant.

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

The successful implementation of the pilot energy efficiency projects involving application of European standards for monitoring and verification of the achieved energy savings plays a very important role for the achievement of one of the main objectives, included in the NTEF Development Strategy, namely – strengthening NTEF public importance through implementation of innovative initiatives in order to improve the state of the environment.

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

- Reaping the full benefits of the implementation of concrete energy saving measures (ESM), starting from the earliest phase of preparing a project proposal (energy audit report and investment intention design).
- The standards should serve as minimum, but mandatory requirements to analyze the quality of the investments and as a prerequisite for introducing best practices for the maintenance, measurement and checking of the energy savings.

During the previous 2019, the EB experts together with the Denkstatt Bulgaria OOD team completed the development of important procedures needed for the implementation of the European standards in the energy efficiency field. They are included in main documents such as: Commissioning plan, Maintenance and monitoring Plan and Plan for measuring and checking the achieved energy savings. On this base during 2019, NTEF EB continued its work on the following two pilot projects in order to apply European energy efficiency standard within the framework of the agreement between NTEF and Denkstatt Bulgaria under Horizon 2020 Program:

Project No 502 “Improving the energy efficiency of 79th SS “Indira Ghandi”, Lyulin region, Sofia city”

In 2019, the contractor selection procedure was carried out for the second time, considering the need to establish the already mentioned Plans and procedures as mandatory. Financing contract between NTEF and the Beneficiary – Metropolitan Municipality, Lyulin region was signed in 2019,

immediately after the completion of the follow-up control on the part of NTEF, pursuant to the Operational Manual of CIP.

The project is under implementation and the CIW are carried out according to the schedule.

It is important to be noted that in this school, an educational project for energy savings through a change in the students' behavior is also being implemented. Thus, NTEF has a site, where it can monitor the outcome of its two innovative endeavors in the field of energy efficiency.

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

The envisioned activities under the project are as follows:

1. Replacement of old doors and windows
2. Insulation of external walls
3. Insulation of roof
4. Insulation of floor
5. Improving the efficiency of the indoor heating system (IHS) and HHW
6. Improving the efficiency of the lighting system

In May 2018, after approval of the application form, the preparation and coordination of the investment project for implementation pursuant to the requirements of the European standards was started. The size of the envisioned sites, their diverse specificity and the need for removing gaps and further developing the technical documentation, as well as the conducting of additional checks in view of observing the applicable “state aid” regime, led to the postponing of the coordination.

The work on the project implementation preparation continued in 2019. In order to remove the gaps, a new energy audit was carried out, which resulted in further reworking of the technical documentation. It is expected that by the first quarter of 2020 the ESM contractor selection procedure under the project will be completed.

The two schools, which are accommodated in the building, also participate in the NTEF educational projects and will be used to analyze the results from the implementation of the two innovative approaches.

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

During 2019 as well, NTEF financing under the Scheme for Promoting the Use of Electric Cars is determined on the basis of Decision of MB for each call and is differentiated according to the type of the vehicle. The envisioned by NTEF subsidy, depending on the relevant category of the electric vehicle, is as follows:

- For all-electric vehicles category M1 and N1 (BGN 20,000);
- For electric (plug in) hybrids category M1 and N1 (BGN 10,000);
- For electric buses, category M2 and N2 (BGN 40,000);
- Vans, category M1 and N1 (6+1 and 7+1 seats);
- Small heavy electric vehicles, category L7 (BGN 15,000), as well as possibility for subsidizing the purchase of different types of superstructures (up to BGN 3,000) for cleaning, freight transportation, watering, etc.

The non-covered by the subsidy part of the delivery cost of the vehicles is provided as co-funding by the beneficiaries.

During 2019 as well, the implementation of this type of projects started with the preliminary control of the specially developed and coordinated with the Public Procurement Agency documentation template for conducting public procurement procedures to select electric vehicles' suppliers, which

is updated in a timely manner in connection with the changes in the Public Procurement Act. The process of financing and completing the electric vehicles' delivery projects is stipulated in the CIP Operational Manual in its part on the electric vehicles.

During 2019, 2 (two) all-electric vehicles were delivered, 3 (three) electric (plug in) hybrid vehicles and 3 (three) electric heavy vehicles L7e. The remaining 21 (twenty-one) vehicles approved in 2019 are to be purchased, including 13 (thirteen) all-electric vehicles, 1 (one) all-electric van 7 + 1 seats, 5 (five) L7e electric trucks and 2 (two) all-electric buses, M2 category.

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

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

The Investment Program “Mineral Waters” started based on Council of Ministers Decree No 322 / 24.11.2016, with which NTEF was assigned the administration of funds amounting to BGN 3 500 000 for financing projects, resulting in utilization of the heat energy of the mineral waters and as a result – direct or indirect reduction of the greenhouse gas emissions.

In 2019, an in-depth analysis of the implementation of the Pilot phase of the Mineral Waters Program was made. Based on the reported results and accounting for the gained experience and the recommendations made by the direct beneficiaries (the Municipalities), the Program implementation rules were updated and the Government of the Republic of Bulgaria was approached to provide financial resources for project funding under IPMW on an annual basis. It is expected that the Investment Program “Mineral Waters” will be launched in 2020.

1. Selection and approval of projects under IPMW

1.1. Setting up a pilot project portfolio under IPMW

In November 2016, a call and application guidelines were published, which contained a fixed term for collecting projects having high degree of readiness with deadline 16 December 2016. Within this time framework 9 project proposals were submitted, in relation with whose implementation work was carried out during the period 2017 - 2019. During the accounting 2019 no call was published and no new application forms were accepted due to the lack of additional resources for project financing.

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

According to the NTEF Rules of Procedure and the Operational Manual for IPMW, Pilot Scheme, the approval of the projects is accomplished based on a submitted application form and ranking according to preliminary announced application requirements, as well as methodology and criteria for evaluation and selection of appropriate projects for financing. The projects are approved at two levels: by the Standing Commission for Selection, Control and Reporting on Project Implementation and by the Management Board.

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

During 2018, no meetings of the Standing commission for Selection, Control and Reporting on Project Implementation under IPMW were held, since during the year no application forms under the Program were received.

Project approval by NTEF MB

During 2019, the NTEF MB did not approve projects under Investment Program “Mineral Waters”, since there was no acceptance of application forms under the Program.

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

During 2019, the NTEF MB worked actively on the implementation of the projects, approved in the end of 2016 within the implementation framework of the pilot phase of the Program.

During 2019, the preliminary control on the tender procedures for the selection of CIW contractor, as well as during the preceding year was implemented with the support of a professional legal team. The work with the experts of this team is accomplished in direct interaction

with the beneficiaries, where the central role is played by the team of the Executive Bureau. EB provides preliminary developed package template of tender procedure documentation, timely updated in compliance with the changes in the legislative framework – Public Procurement Act, finalizing several procedural parameters – maximum CIW implementation deadline and the right set of materials and equipment, for which a submission of relevant certificates in the technical offer is required. The preliminary control is accomplished in two-stage examination of the documentations on the part of the legal adviser, while the last examination is made by EB and the approved package is provided to the beneficiary. Following publication of the procedure with the Public Procurement Agency, another examination is carried out and if necessary publication of a decision for changing or terminating the procedure is recommended, depending on the possibilities envisioned by the legislation.

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

Following successful implementation of the tender procedures, contracts between the beneficiaries under the projects and the selected contractors are concluded. According to IPMW Operational Manual, after performing examination of the contract with the CIW Contractor for compliance with NTEF requirements, as well as of the provided requested documents, a contract for financing is concluded between NTEF and the beneficiaries, with which the implementation of the construction activities is started.

The NTEF also **controls the actual implementation** and the payments under the projects. The Fund performs on-site checks on the projects' implementation to minimize the risks. After verification and acceptance of the accomplished works and deliveries, another documentary check is carried out, followed by payments to the beneficiaries.

The payment of funds based on the EB-approved final beneficiary's report is followed by an independent audit of the project implementation, funded by NTEF and performed by a specially selected through PPA-compliant procedure auditor with international experience. Based on the result from this audit, the EB director submits a report to NTEF MB for final reporting on the implementation of the projects.

The NTEF MB takes a decision for the completion of the relevant projects on the basis of the auditors' and the EB Director's reports.

During the accounting period 6 (six) projects related to utilization of the thermal energy of the mineral waters, amounting in total to BGN 4 197 844 have been **completed, audited and reported**. The NTEF-provided financing amounts to BGN 2034792.

The completed and audited projects are as follows:

MW 003: "Improvement and expansion of the efficient use of mineral waters from the Sapareva Banya deposit, site: Construction of a mineral water tank and supply and discharge water pipeline".

The performed activities are:

1. Constructing a tank containing two chambers with 500 m³ capacity per chamber, in this number: water chamber; dry chamber, distribution chamber; inflow system; food system from the designed tank to existing water pipelines, overflow system; discharge system.
2. Constructing water supply pipeline from catchment shaft of Borehole No 1HG to the newly designed tank.
3. Reconstruction of the pumping station at the wellhead: installation of a tee on the existing shut-off valve, water meter, shut-off valve, pump installation, suction pipeline, discharge pipeline, shut-off valves, check valves, control panel;
4. Construction of 3 manholes.

The NTEF-ensured funding amounts to BGN 432123.23.

MW 005: "Construction of a mineral water supply network, vila zone (v. z.) "Mineralni Bani", Burgas city, Burgas Municipality"

The performed activities are:

1. Construction of new pipelines - 2865 meters.
2. Reconstruction of B 191 well, including installation of pump, fittings, control panel.
3. Development of B 165 well, including installation of pump, fittings, control panel, technical assistance for drilling service.

The NTEF-ensured funding amounts to BGN 586,225.89.

MW 006: "Improving the quality of the mineral water infrastructure on the territory of Razlog Municipality".

The performed activities are:

1. Construction of a pumping station with a sump tank.
2. Construction of supply water pipelines (340 linear meters) supplying the water from Catchment shaft 1 of Borehole No 1HG and Collecting shaft No 1, reserving the water from CNS (Captured Natural Spring) No 4 and 5.
3. Installation of water meters for measuring used water volumes and determining their characteristics at the mouth of each of the water sources – Borehole No 1HG, Borehole No 2, CNS No 4, 5 and 8.
4. Construction of water meter shafts and catchment shaft's walls.
5. Construction of monolithic reinforced concrete structure for sump tank.
6. Provision of electricity supply to pumping station with a tank.
7. Enclosure and denotation of the pumping station and tank.

The NTEF-ensured funding amounts to BGN 141,525.22.

MW 007: "Construction of a mineral water pipeline from a borehole at a spa in Barzia village to a spa in Berkovitsa city"

The activities performed are:

1. Construction of the mineral water pipeline - Prashkovitsa St., Barzia.illage
2. Reconstruction of existing part of the mineral water pipeline, Berkovitsa city.
3. Reconstruction of existing shafts.
4. Construction of new water meter shafts.
5. Repair of Ashiklar tank.
6. Delivery and installation of fittings and valves.
7. Fencing and marking of the water body.

The NTEF-ensured funding amounts to BGN 484,523.87.

MW 008: "New underground mineral water pipeline in Velingrad city and repair and reconstruction of ground level part of Borehole 4" Vlasa" for mineral water, Velingrad deposit"

The performed activities are:

1. Repair and reconstruction of ground level part of Borehole No. 4 "Vlasa" for mineral water, Velingrad deposit.
2. Reconstruction and repair of measuring chamber.
3. Supply and installation of fittings for water intake facility

The NTEF-ensured funding amounts to BGN 188,924.47.

MW 009: “Reconstruction of mineral water pipeline with length 315 m/φ 300, Varvara village and construction of additional mineral water pipeline with length 900m/φ200 mineral for municipal buildings in Vetren Dol village, Septemvri Municipality”

The performed activities are:

1. Reconstruction of an existing water pipeline (315 linear meters) for mineral water, Varvara village.
2. Construction of water supply pipeline (900 linear meters) for municipal buildings, Vetren Dol village, Septemvri Municipality.
3. Reconstruction of collection tank.
4. Supply and installation of equipment for the water intake facility with water meter, pressure gauge, thermometer, etc.

The NTEF-ensured funding amounts to BGN 201,469.76.

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

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

Within the PMPC framework the following types of projects are implemented:

- Small infrastructure projects (delivery of apparatuses, construction of small infrastructure), resulting in direct or indirect reduction of the greenhouse gas emissions or adaptation to the climate changes;
- Activities, related to the mitigation and adaptation to the climate changes (development of strategies /programs /reports /analyses, educational projects, events, publications, scientific studies, etc.)

At its meeting in December 2019, NTEF Management Board prepared updates of the Operational Manual of the Program. The amendments are related to the elimination of the established requirement related to the share of funds spent on annual basis (for the respective calendar year), which should be 70% for small infrastructure projects and 30% - for the other type, as well as to the introduction of calls for intake of project proposals. The other updates are focused on the specification of the eligible activities and their differentiation with regard to the eligible activities under other current NTEF programs. The circle of the eligible beneficiaries for activities related to the implementation of small infrastructure projects was limited to sites, owned by the municipalities, the state and the Bulgarian Academy of Science (BAS).

1. Selection and approval of projects under PMPC

1.1. Setting up a project portfolio under PMPC

Pursuant to the Operational Manual of PMPC the nomination of projects shall be continuously performed by the members of the NTEF MB. In 2019, no application forms under the PMPC were submitted pursuant to a decision of NTEF Management Board of 31.05.2018, with which the intake of projects were temporarily suspended, because the value of the received project proposals exceeded the available financial resources for their implementation.

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

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

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

In 2019, at one of its meetings (April 5, 2019), the Standing Committee on Selection, Control and Reporting on Project Implementation reviewed and evaluated a project proposal under PMPC. Project No MP 018 of Plovdiv Municipality was received on the day of issuance of the Management Board’s decision to suspend temporarily the intake of projects under this Program, which was the reason for its presentation at the earliest opportunity to the Evaluation Commission.

It has been evaluated following an approved NTEF methodology and proposed for rejection by the MB due to the fact that the required minimum points as per the provisions of Art.6, para.3 of the PMPC Operational Manual has not been collected.

Project approval by NTEF MB

During 2018, MB of NTEF has not approved projects under Investment Program “Micro Projects for the Climate”. At its meeting of April 11, 2019, the NTEF MB confirmed the decision of the Standing Committee on Selection, Control and Reporting on Project Implementation to reject Project No MP 018.

2. Implementation of projects under Program “Micro Projects for the Climate”

During the accounting year 2019, 3 (three) projects were completed and reported with the financial support of NTEF in the amount of BGN 93 002.24.

MP 003 “Improving the Energy Efficiency of the Indoor Lighting through Supply and Installation of Energy Saving Light Sources in the Administrative Building of the Ministry of Finance - 102 Rakovski St.”

The project relies on energy efficiency measures for indoor lighting of the Ministry of Finance building, focusing on optimizing energy consumption through the installation of energy-efficient light sources. The project is one of the so-called “small infrastructure projects”.

The NTEF-ensured funding amounts to BGN 37,476.24.

MP 005 “Adaptation of the Forests in the Southwestern State Enterprise to the Climate Change”

The project aims to map the changes in the climate conditions and terroir of plant and tree species, as well as to evaluate the appropriate tree species – i.e. to what extent they are influenced by the climate change within the territory of the Southwestern Forestry Enterprise. The implementation of the project facilitates the planning of forestry activities in each sub-section of the 24 measures of the "Program for Adaptation of the Forests in the Republic of Bulgaria and Reduction of the Negative Impact of Climate Change on Them." The project is one of the so-called “soft projects” - activities related to climate change mitigation and adaptation and the development of strategies / programs / reports / analyzes.

The NTEF-ensured funding under this project amounts to BGN 49,852 and in 2019 the final payment of BGN 24 926 was paid.

MP 002 Association “Estimated total energy balance of the Republic of Bulgaria for the period 2021 - 2030 and with a horizon until 2050”

The activities of the project include: development of a forecast total energy balance of the Republic of Bulgaria for the period 2021 - 2030 and with a horizon until 2050

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

The NTEF-ensured funding under this project amounts to BGN 30,600

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

All recommendations regarding deviations from the public funds spending requirements during the process of carrying out contractor and supplier selection tenders under NTEF-funded projects have been considered and the necessary steps to eliminate them have been undertaken.

VI. EDUCATIONAL AND OTHER INTERNATIONAL PROJECTS

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

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

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

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

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

1. Bridging European and Local Climate Action (BEACON)

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

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

The concrete actions under the Project were:

- Work of the energy teams in the 15 schools under the Project with the measurement instruments and actions for changing the behavior of teachers and students. Achieved excellent results - 6-7% reduced energy consumption for the last heating season in individual schools;
- Partnership relations established between 4 Bulgarian and 4 German schools, which will jointly plan and spend climate action days after exchanged visits in Bulgaria and in Germany of teachers from these schools;
- Conducted study trip for school principals, heads of Regional Departments of Education (RDE) to MES from Veliko Tarnovo and Stara Zagora and representatives of municipal administrations from Veliko Turnovo and Pavel Banya municipalities. The study trip to Berlin and Hanover had an extraordinary effect on the development of the views of these key participants in the educational process, not only because of the studied experience, but also because of the opportunity to actively interact among themselves for a few days - an opportunity infrequently provided;
- Conducted workshops to develop the concept of the initiative and the forms and ways for encouraging the participants in it. These two workshops were held in Sofia and Veliko Tarnovo,

in which the principals and teachers from the fifteen schools, as well as the heads and representatives of RDE, the municipalities (participants from neighboring municipalities were also invited), the Regional Health Inspectorates (RHI) and other stakeholders took part. In-depth discussions were held and specific ideas for development of educational policies were generated and formulated, which will result in implementation of the initiative throughout the country.

- Participation of the NTEF team in an international conference on the project. The international conference was held in Krakow, in which the NTEF team was invited to present its so far accumulated experience. The delivered presentation provoked a lot of interest and high appreciation. Upon our recommendation, a MES was also invited to the conference, who afterwards submitted a report to the MES management. As a result of that, MES sent a letter to all RDEs, supporting the initiative and encouraging all schools to become involved in it. There is an expressed interest, therefore we have prepared a comprehensive presentation of the initiative and have provided it to all interested parties.

In 2020, there are pending activities for expansion of the initiative and involvement of the competent institutions in it.

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

- The project is directed towards raising the awareness of the students on the topics of climate and energy, and more precisely towards the problems of energy savings in the Bulgarian schools, as well as reduction of the energy losses through a change in the behavior in them. Through the envisioned 3 (three) main activities – Training of Trainers in Berlin and Sofia; Training of Teachers and Field Work at schools in Bulgaria; Development of curricula and training materials the aim is:
- To increase the capacity of the main target groups, responsible for the implementation of educational programs – teachers, representatives of the academic media, who are involved in the training of teachers, as well as local authorities
- To improve the overall integration of climate change related policies through support to the development and dissemination of best practices and political approaches
- To institutionalize the teachers’ qualification programs – starting from those for pre-school education until 7th grade and to make contribution to the climate related national strategic documents.
- To develop teachers’ qualification programs – starting from Training of Trainers in cooperation with teachers
- To prepare educational packages – for kindergartens, for primary school and for basic school, including brochures, manuals, templates, etc.
- To raise the awareness related to climate related issues and activities – familiarizing the local authorities and their involvement with the processes in their schools
- To support the efforts for providing information and raising the awareness of the students, teachers and parents regarding the energy efficiency through media and public events.

In 2019, the project implementation passed through several key activities:

- Completed training for university (academic) trainers;
- Development of six sets (two editions per set), intended for preschool teachers up to grade 7, including content and methodological materials for the teachers. They were issued as a working version in minimum circulation and used only for the training of the trainers;
- One-week training of 130 teachers from 50 schools (schools and kindergartens) from 12 municipalities was conducted. The training was conducted by the partner under the project – the National Center for Improving the Qualification of the Pedagogical Specialists, as a result of which two teachers were awarded certificates for two qualification credits each;

- The NTEF team held meetings on the territory of all Regional Departments of Education in which the project was implemented, which were attended by school directors, representatives of municipalities and RDE heads. These meetings were essential to ensure the support of the governing institutions in the educational field. As a result of that, agreements for implementation of the initiative were signed between NTEF and the schools, as well as for the regular provision of information regarding the saved energy to NTEF and the municipalities. An extremely important result of these meetings is the agreement reached on the remuneration of teachers for the extracurricular activities under the so-called Extracurricular Activities by Interests, which are included in the plans and budgets of the schools themselves;
- All educational facilities received sets of measurement instruments supplied by the German partner under the Project - UfU Berlin, which are used for the activities of the energy teams in the schools;
- The implementation of the initiative in schools and kindergartens started from the beginning of the heating season with the technical assistance on the part of EB concerning the conducting of the initial energy tours in the schools, with which the activity of the energy teams was initiated. Throughout the whole school year, these activities will continue and will end with the exchange of experience and discussion of educational materials, which will be updated by the end of 2020.

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

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

During 2018, started the implementation of a project, in which NTEF was invited to become a partner in a consortium, applying under Horizon 2020 Program. Leading partner under the project is the Technical University of Athens. Partners under the project are another 10 organizations, in this number NGO, research units, investment funds and banks from another 7 states: Greece, Germany, Czech Republic, Lithuania, Italy, Spain and Holland.

The total project budget is EUR 1,400,000 and the activities’ implementation deadline is 30 months. The project objective is to guarantee innovative schemes for making decisions and standardization instruments aiming at mobilizing capitals through the use of earmarked funds.

The NTEF participation includes the implementation of the following activities:

- Organization of workshops to present the above mentioned schemes and instruments;
- Identifying and supporting the development of pilot projects aiming at bank crediting.

The NTEF budget for the implementation of the envisioned activities is BGN 138 000. The grant amounts to 100%.

During the final year, activities were carried out related to the preparation of a specific action plan and assigning the concrete functions to the partners, as well as to familiarization with the basic materials and results from other similar projects.

The first steps are aiming at:

- Identification of stakeholders and key players for the implementation of investments combining cost-effective and energy-efficient components;
- Identification of sectors of the economy with appropriate potential to combine practical business solutions with energy efficiency;
- Determination of the basic parameters for the creation of a standardized instrument, supporting the initial evaluation of the selected investment proposals.

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

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

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

The NTEF commitments are related to:

- The procedure for identifying the three pilot municipalities, in which the model will be put into practice;
- Development of innovative financial mechanism for attracting private financing, which should be recommended for future implementation by the Fund;
- Discussion of this financial mechanism with the stakeholders;
- Organization of a conference to present the model of municipal energy management system.

The total project budget is EUR 200,000. The NTEF budget is EUR 62,198, of which EUR 5,920 represent its own contribution.

VII. INSTITUTIONAL DEVELOPMENT, INTERNATIONAL RELATIONS AND PUBLIC RELATIONS

1. Institutional development

As of the end of the accounting period, the EB staff includes 9 full-time employees – one director, six experts (chief experts and experts) and two technical attendants (technical assistant and driver). They occupy the relevant positions in the staff list, endorsed by the MB of NTEF and enacted on 01.01.2015. Nine, out of the fourteen positions, are occupied and all of the three departments are staffed with experts pursuant to the actual needs of the Fund. All expert positions are occupied by employees, who are university graduates according to the requirements of the establishment plan.

NTEF's office has not been changed since the establishment of the Fund. Its whole maintenance is accomplished with the funds included in the NTEF administrative budget.

The fixed assets of the Fund include computers, copying machines, conditioners and other office equipment, vehicles and office furniture.

The document turnover at EB is accomplished correctly, according to the endorsed internal rules for information-book keeping activity and the work with documents at NTEF. The whole documentation of the Fund has been archived and stored pursuant to the national legislation.

2. Activities related to financing programs and mechanisms

During 2019, the Executive Bureau continued to work for exploiting the opportunities to use NTEF as a mechanism under new financing programs and schemes.

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

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

In 2019, EB's efforts were aimed at enhancing the Fund's knowledge and experience in the field of financial instruments, ensuring attraction of private investments for the implementation of public energy efficiency projects. The EB's efforts for the successful implementation of the pilot scheme for financing public energy efficiency projects, involving combination of a grant contract with a guaranteed result contract (ESCO contract), were continued.

The new scheme is expected to overcome the limitations and disadvantages of each of the two different forms of funding (grant contract and guaranteed result contract) and to ensure a significantly more efficient use of public resources, multiplying its effects by attracting private capital. Another direction of NTEF's operation in 2019, which is also aiming at making more efficient use of available financial resources, is the financing of two pilot energy efficiency projects (the projects of Samokov Municipality and of Sofia Municipality, Lyulin Region) through the introduction of international protocols for measuring and verification of the results from the energy efficiency investments. The main justification for the implementation of this initiative is that it will lead to the achievement of several basic strategic goals: improving the administrative capacity of the respective beneficiaries due to the need to ensure the management of these projects; improving the efficiency of public resources used; ensuring the sustainability of the achieved results through prescribed management methods throughout the entire investment life cycle.

In addition to the launched in October 2019 "Triple A" Project as a member of a twelve-member consortium from nine countries under Horizon 2020 and of the project for creating model municipal energy management system in partnership with the EnEffect Foundation, the Executive Bureau has joined another Horizon 2020 bidding consortium. The project is called the "Bulgarian Energy Efficiency Forum for Smart Financing of Smart Buildings" (BeSmart) and envisions a series of round tables, particularly dedicated to the sustainable financing of energy efficiency projects. The aim of the project is to contribute to the development of the energy efficiency investment market and to support the national SMART financing initiative for SMART buildings by opening a permanent forum for discussing and influencing all relevant policies and actions in this area, involving the entire stakeholders' chain with a particular focus on the financial institutions.

3. International Relations and Public Relations

During 2019, the international contacts of NTEF were focused mainly on our relationships with the partners from Germany.

Representatives of NTEF EB took part in a conference within the framework of the European Climate Initiative in Berlin. Representatives from all countries with projects implemented under this initiative (EUKI) also took part in it. The NTEF was presented with its project "For Introduction of Climate Action in the Educational Program of the Bulgarian Schools" and hosted and organized with its partner UfU a seminar on topic "From Project to Structure - How to Motivate Young People and Speed Up the Change in Behavior to Save Energy".

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

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

Within the framework of the finished in 2015 Climate Change Public Awareness Project, financed by the German Ministry of Environment, NTEF created one more web page: . The web page continues its operation and supports NTEF activity on climate related education and awareness.

In June 2019, at the traditional annual NTEF event, in addition to presenting the Fund's annual report for 2018, a seminar on "Electromobility and Eco-Efficiency" was organized to report on the progress of the Scheme for Promotion of Electric Vehicles - the first national financial initiative to promote the use of electric vehicles in the public sector.

During the seminar, up-to-date information on the environmental benefits and on the efficiency of electric vehicles for the implementation of priority environmental policies - improvement of ambient air quality, reduction of greenhouse gas emissions and noise pollution levels was presented.

During the event, the annual prizes for the winners of the competition in the name of Mimi Pramatarova, focused on the Bulgarian students, were awarded.

In 2019, the competition was for literary works on the topic "Heat Islands - Garden Cities".

A series of working meetings with partner organizations and institutions were held, aiming at timely and adequate informing of the potential and actual beneficiaries of the NTEF programs about the ways for applying and implementing projects, financed by NTEF.

VIII. SOURCES OF FUNDING, COSTS AND NTEF FINANCIAL STATUS

1. Sources of funding

1.1. Proceeds pursuant to CoM Decision No 27 / 13.01.2017

Pursuant to Decision No 27/13.01.2017, the residual resource amounts to BGN 5,663,800. The funds are designated for financing projects in the following three main directions:

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

1.2. Proceeds pursuant to Decree No 322/24.11.2016

The residual resource for 2018 under Decree No 322/24.11.2016 amounts to BGN 2,802,657. The funds are designated for financing projects under the pilot scheme of the Investment Program “Mineral Waters“ and for covering the administrative costs of NTEF, related to the administration of the Program.

1.3. Proceeds pursuant to Ordinance No 1/04.03.2015

In accordance with the provisions of the Ordinance, the proceeds during the accounting year amount to BGN 4,830,332. The funds are designated for grant financing of projects and activities under art. 56, par. 1, it.1-4 and 6 of the Climate Change Mitigation Act and for preparation of strategic and plan related documents for introducing measures for limiting or adaptation to the climate change. A part of the funds generated pursuant to the procedure under the ordinance in the amount of BGN 5,054,177 were transferred by a decision of the NTEF Management Board for financing pilot projects under the EES of CIP. The financing of these projects, through proceeds from sale of emission allowances from aviation activities, fully corresponds to the ones specified in Art. 1 (2), item 1 of the Ordinance on climate change mitigation activities.

1.4. Proceeds under other Programs and projects

Bridging European and Local Climate Action (BEACON)

The project is a part of a wide European initiative, which encourages the actions in the climate field and facilitates the exchange between the national governments, municipalities and schools in Europe. The project implementation will continue until 2021. In compliance with the Agreement between NTEF and the European Climate Initiative (EUKI) of the Federal Ministry of Environment of the Republic of Germany the grant amount (for 2019) is EUR 64,501.02 or BGN 1=126,153.03 (currency exchange rate of the bank – 1.95583 /1 EUR).

“For the introduction of climate actions in the educational programs of the Bulgarian schools”

The project is financed by the European Climate Initiative (EUKI) of the Federal Ministry of Environment of the Republic of Germany. The grant amount is EUR 60 624.31 or BGN 117 866 (currency exchange rate of the bank – 1.95583 /1 EUR).

1.5. Proceeds pursuant to CoM Decision No 175/29.05.2017 under the Agreement for Transfer of Annual Emissions Allocations between the Republic of Bulgaria and the Republic of Malta.

Pursuant to Decision No 175/29.03.2017, the proceeds for 2019, which were received at the end of 2018 amount to BGN 227 031. The funds are designated for activities for mitigation and adaptation to the climate change, endorsed by the Management Board of the Fund and for covering the administrative costs of NTEF related to the administering of these activities.

2. Funds allocation

2.1. Financing of projects under the Climate Investment Program

Financing of energy efficiency projects

The total paid sums under investment projects for activities related to improving the energy efficiency of public sites under CIP during 2019 are BGN 3,363,649. More detailed cost breakdown is presented in Table 2.1.1 of this section.

Table 2.1.1. NTEF-financed payments for projects under the Climate Investment Program during 2019

Project No	Beneficiary/ project/ name	Project budget as per the financing contract (Total value with VAT)	NTEF participation as per the financing contract (% of the total value)	Used funds by projects (financing %) during the current year (2019)
		BGN.	BGN	BGN
184_2	Introduction of energy saving measures in Dormitory to vocational secondary school (VSS), Etropole city	255,172.27	216,896.43	216,652.63
218	Implementation of a package of energy efficiency measures for a part of buildings in the general education structure of Botevgrad Municipality, Lot No 2: Implementation of a package of energy efficiency measures for the building of CCF "Detelina" in Skravena	126,672.55	107,671.67	107,379.53
230**	Implementation of energy efficiency measures in the buildings of the Plovdiv Language High School: site 1- "School building", site 2 - "Dormitory for girls", site 3- "Dormitory for boys"	1,154,221.13	800,000.00	659,353.58
244-1	Implementation of a package of measures for improving the energy efficiency in the Administrative building of the Municipal Administration, Strazhitsa city	204,416.38	173,753.92	156,009.09
250***	Reducing greenhouse gas emissions by implementing energy efficiency measures at the House of Culture, Devin city	1,136,325.00	800,000.00	0.00
292***	Improving the EE of the building of Medical Center I - Parvomay EOOD	407,615.17	346,472.89	0.00
295_1	Implementation of a package of measures for energy efficiency improvement of the Administrative building in Oryahovo, 29 Andrey Chaprazov St.	307,158.62	261,084.83	255,671.91

295_2	Implementation of a package of measures for energy efficiency improvement of a building for complex services in the village of Selanovtsi, 51 Stefan Stambolov St.	378,673.91	321,872.82	318,897.80
315-1	Implementation of Energy Efficiency Measures in Maritza Municipality – FCF “Buratino”, Kostievo village	302,095.76	256,781.40	221,501.09
328_5***	Implementation of energy efficiency measures in the school educational infrastructure in Veliko Tarnovo Municipality - SS "Emilian Stanev"	1,221,138.60	800,000.00	0.00
359***	Improvement of the energy efficiency of the building of 86 PS "St. Kliment Ohridski", Vladaya village, 2 Brezova Gora St., Vitosha region, Sofia Municipality	598,188.61	508,460.32	0.00
364	Repair, modernization and implementation of energy saving measures in the building of FCF I Gabrovo EOOD - first building	1,065,206.07	266,301.52	266,166.31
378	Modernization and implementation of energy efficiency measures at FCF “First June”, Gorna Oryahovitsa city	260,512.76	221,435.85	205,207.38
382	Implementation of energy efficiency measures in FCF 3 “Zornitsa” - Nezabravka Building, 59 Dobrudzha St., Haskovo city	591,216.05	502,533.64	464,511.78
502*	Improving the energy efficiency of 79 th SS “Indira Gandhi” in RLP XIII- for school, quadrant 4, Lyulin-7 micro region as per the plan of Sofia city, pursuant to the updated Energy Efficiency Audit Report	1,419,898.92	1,206,914.08	492,298.55
Public projects - CIP		9,428,511.80	6,790,179.37	3,363,649.65

* Projects - partially paid during 2018 and completed during 2019.

** Projects, under which payment is due during 2020

During 2019, 30% from the envisioned budget funds for investment projects were paid. The remaining funds are transferred to the budget for 2020, when the projects, which are under implementation during the accounting year, will be finished.

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

During 2019, 5 (five) all-electric and 3(three) hybrid “plug in” vehicles were supplied.

The total subsidy paid by NTEF for the supply of the abovementioned vehicles amounts to BGN 134,004.40. A more detailed description of the costs is provided in Table 2.1.2 of this section.

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

Project / name	Number of vehicles	Actual financing amount in 2019
A. Electric vehicles		
EM 036/ Project for promoting the use of electric vehicles – MES	1	20,000.00
EM 051 Project for promoting the use of electric vehicles- Burgas Municipality	1	20,000.00
B. All-electric vehicles, category L7e		
EM 044/ Project for promoting the use of electric vehicles – Haskovo Municipality	1	20,794.40

EM 045 Project for promoting the use of electric vehicles – Kazanlak Municipality	1	21,760.00
EM 047/ Project for promoting the use of electric vehicles – Kozloduy Municipality	1	21,450.00
C. Hybrid “plug in” electric vehicles		
EM 053/ Project for promoting the use of electric vehicles – National Assembly	3	30,000.00
Total all-electric and hybrid “plug in” vehicles	8	134,004.40

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

During 2019 the last six (6) projects under Investment Program “Mineral Waters” were completed. Detailed description of the reported project financing costs under IPMW during 2019 is presented in Table 2.1.3 of this section.

Project No	Beneficiary/ Project/ name	Project budget as per the financing contract (Total value with VAT)	NTEF participation as per the financing contract (% of the total value)	Used funds by projects (financing %) during the current year (2019)
		BGN.	BGN	BGN
003	Improvement and expansion of the efficient use of the mineral waters from the Sapareva Banya deposit, site: Construction of a mineral water tank and supply and discharge water pipeline.	808,301.38	435,955.02	432,123.23
005	Construction of a mineral water supply network, villa zone (v.z.) Mineralni bani, Burgas city, Burgas Municipality	1,318,907.90	712,393.38	586,225.89
006	Improving the quality of the mineral water infrastructure on the territory of Razlog Municipality	283,996.67	141,998.33	141,525.22
007	Construction of a mineral water pipeline from a borehole at a spa in Barziya village, to a spa in Berkovitsa city	1,028,329.95	514,164.98	484,523.87
008	New underground water pipeline for mineral water in Velingrad and repair and reconstruction of ground level part of Borehole 4 "Vlas" for min. water, Velingrad deposit	377,892.66	188,946.33	188,924.47
009	Reconstruction of mineral water pipeline with length 315 m / ϕ 300, Varvara village and construction of additional mineral water pipeline with length 900 m / ϕ 200, for municipal buildings, Vetren Dol village, Septemvri Municipality	380,416.06	201,560.11	201,469.76
	Public projects - IPMW	4,197,844.62	2,195,018.15	2,034,792.44

In 2019, all projects, included in the IPMW Pilot Scheme, were completed. Following presentation of the achieved results, the NTEF MB decided to take further action on the part of EB to provide a resource, allowing the functioning of the IPMW as a permanent financial mechanism.

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

During 2019 the three projects under Program “Micro Projects for the Climate”, started in 2018, were completed and paid.

A detailed description of the costs for financing projects under PMPC reported during 2018 is presented in Table 2.1.4 of this section.

Project No	Beneficiary/ Project/ name	Amount according to a contract for funding with NTEF	Used funds by projects (funding %) during the current year (2019)
002	ME – “Estimated total energy balance of the Republic of Bulgaria for the period 2021-2030 and with a horizon until 2050”	30,611,60	30,600,00
003	MF - “Improving the Energy Efficiency of the Indoor Lighting through Supply and Installation of Energy Saving Light Sources in the Administrative Building of the Ministry of Finance (MF) - 102 Rakovski St.”	49,200.00	37,476,24
005	FA Balkanka 2009 – “Adaptation of the forests in the Southwestern State Enterprise to the climate change”	49,852.00	24,926.00
	Total for projects under PMPC	129,663.60	93,002.24

2.4. Used funds for NTEF administrative costs

During 2019, the main sources of funds for covering the administrative costs of NTEF were **the Climate Investment Program, Investment Program “Mineral Waters” and the proceeds under Ordinance No 1/4.03.2015 in its part related to the Fund’s administration.**

The provided table for administrative support also includes the funds for this purpose under the two educational projects: "Bridge between climate action at European and local level" and "For implementation of climate action in the educational program of Bulgarian schools", as well as funds for "Triple A" Project and Project "Municipal Energy Management Systems Supporting Sustainable Financing of Local Climate Action". The total amount of budgeted funds for NTEF administrative support for 2019 is BGN 543,426 (Table 2.3.)

During the past 2019, the administrative costs amounted to a **total of BGN 510 724** and they represented **93.9% of the funds envisioned in the budget.**

Table 2.3: Implementation of the budget to cover the administrative costs of NTEF in 2019

Cost allocation	Plan BGN	Report BGN	Performance %
A. INVESTMENTS	0,00	0,00	0,0%
1. Acquisition of tangible fixed assets (TFA)	0,00	0,00	0,0%
2. Acquisition of intangible fixed assets (IFA)	0,00	0,00	0,0%
B. INSTITUTIONAL DEVELOPMENT	0,00	0,00	0,0%
1. Advisory services for institutional development	0,00	0,00	0,0%
2. Other costs related to institutional development	0,00	0,00	0.0%
C. CURRENT COSTS	543,426	510,724	93.9%
1. Improving the qualification, remunerations, social security and health insurance	349,926	347,495	99.3%

a. Staff training	0,00	376	
b. Labor remunerations	287,881	286,552	99.5%
c. Social security and health insurance	518,45	54,957	106.0%
d. Social allowances pursuant to the Labor Code (LC)	102,00	5,610	55.0%
e. Occupational health service	0,00	0,00	0.0%
2. Advisory services related to project selection and implementation	50,000	56,416	112.8%
3. Maintenance and office costs	48,500	55,767	114.9%
a. Current office costs (electricity, heating, phones, e-mail, water, internet, postal services, office consumables, etc.)	15,000	30,919	206.1%
b. Fuels and lubricants (F&L), car maintenance	5,000	3,788	75.8%
c. Insurance and security	3,500	6,464	184.7%
d. Office Services (System Administrator, Copier, Software Updates, Repairs, etc.)	25,000	14,596	58.4%
4. Administrative-managerial costs	70,000	39,753	56.8%
a. Business trips	5,000	10,529	210.6%
b. Representative costs	0,00	0,00	0.0%
c. Public relations	25,000	4,504	18.0%
d. Administrative and financial costs (in this number audit)	40,000	24,720	61.8%
5. Management Board operating costs	25,000	11,293	45.2%
TOTAL COSTS	543,426	510,724	93.9%

In structural terms, the cost allocation by budget items **compared to the total amount of the used funds for administration** is the following: administrative and management costs – 7,78%; costs for raising the qualification, remunerations, social and health insurance – 68,03%; advisory services costs – 11,05%; maintenance and office costs – 10,9%; operating costs of the Management Board – 2,2%.

The implementation of the budget for the administrative maintenance of the activities of the NTEF and for the consulting services related to preparation and coordination of the tender documentation, execution of follow-up control on the conducted procedure and assigned audit on the project implementation is shown in *Annex 3*.

Clarifications related to the budget implementation in connection with the administrative costs:

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

	2019 BGN '000	2018 BGN '000	Change BGN '000	Change %
Assets-related costs	(0)	(0)	(0)	(0%)
Institutional development costs	(0)	(2)	(2)	(100%)
Staff-related costs	(348)	(310)	38	12.2%
Costs for project implementation consultants	(56)	(72)	(16)	(28.6%)
Maintenance and office costs	(56)	(55)	1	1.8%
Administrative-managerial costs	(40)	(141)	(101)	(352.5%)
MB-related costs	(11)	(31)	(20)	(281.8%)
Total	(510)	(611)	(101)	(19.8%)

As a whole, the total operating costs of the Fund have been reduced by about 19.8% compared with the same costs for the previous year. The main reason for this is the significant reduction in administrative and management costs.

3. NTEF financial status as of 31.12.2019

As of 31.12.2019, the sum of the Fund's assets is BGN 14,239 thousand (31.12.2018 r. – BGN 17,935 thousand), in this number cash and cash equivalents amounting to BGN 14,234 thousand (31.12.2018 – BGN 17,921 thousand).

The total amount of the NTEF liabilities equals BGN 14,239 thousand, formed mainly from financing in the amount of BGN 14,172 thousand (31.12.2018 – BGNB 17,894 thousand). NTEF cash funds are kept in accounts with UniCredit Bulbank AD. As of 31.12.2019, NTEF has in its account BGN 14,233. The cash on hand of NTEF as of 31.12.2019 amounts to BGN 1 thousand. The allocation of the funds is shown in *Annex 4*.



During the Study visit in Germany, September 2019, school directors and municipality representatives from Veliko Tarnovo and Pavel Banya and the directors of the Regional Educational Inspectorates of Veliko Tarnovo and Stara Zagora visited a specialised laboratory for energy efficiency extracurricular activities in a school in Hannover.



During a workshop in Veliko Tarnovo for outlining the future of the energy efficiency educational programs, the energy team of the High school for Nature and Mathematics presented part of their work.

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

1. Operational risks

The National Trust Eco Fund is managed by a Management Board, which consists of a Chairman, two vice chairmen and another four members. Three ministries at a deputy minister level and three non-governmental institutions – the National Association of Municipalities in the Republic of Bulgaria, BAS and NGO in the environment protection field are represented in it. The Ordinance on the structure and activity of the Fund also envisions 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 MB of NTEF is minimized.

Regarding the cases of control on NTEF on the part of different control bodies, risks can be anticipated, since throughout all its years of existence until present the Fund has maintained a high level 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. Within this meaning 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 financing for projects. 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. Within this meaning, we cannot think that there are also risks related to the needed costs for the operational functioning of NTEF.

2. Risks related to the financial instruments

Risk management related objectives and policy of the management body

There are different types of risk with regard to the financial instruments. The financial risks, which are possible to be incurred 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 operations of the Fund 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 2019, 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 in the amount of the balance value of the financial assets, recognized in the end of the reported period, as specified below:

	2019 BGN '000	2018 BGN '000
Financial assets' groups – balance values:		
Cash and cash equivalents	14,234	17,921

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

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

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

No adjusting events or significant non-adjusting events occurred between the date of the financial statements and the date of their authorization for issue, except for the following non-adjusting event:

The worldwide spread of novel coronavirus (COVID-19) in early 2020 caused disruptions to businesses and economic activity. On 11 March 2020 the World Health Organization declared COVID-19 a pandemic. As the situation and the measures taken by the state authorities are extremely dynamic, the management of the Fund is not able to assess the impact of the coronavirus pandemic on the future financial position and the results of operations of the Fund, but it expects overall negative impact.

XI. POSSIBLE FUTURE DEVELOPMENT OF THE FUND

The National Trust Eco Fund is implementing its Development Strategy 2014 – 2020, which contains the main development objectives of the Fund until 2020.

During 2020, NTEF will continue the implementation of its two existing programs – Climate Investment Program with its two schemes – for energy efficiency of public sites and for promoting the use of electric vehicles and Investment Program “Mineral Waters”. Special attention will be paid to the possibilities for **improving the effectiveness and efficiency of the investments** in three directions, namely:

- A scheme for combined financing of projects for improving the energy efficiency of public sites with the aim to increase the contribution of the non-refundable subsidy and attract investment capital through implementation of energy efficiency guaranteed energy savings contracts or credits from different sources is being implemented. The idea is the non-refundable financing on the part of the Fund to be only in the amount, which is necessary to make the implementation of these contracts possible.
- Another direction of NTEF’s efforts for the near future is the implementation of pilot projects, involving the application of the so called International protocols for measuring and checking the results from the investments in energy efficiency. The main motive for the implementation of this initiative is that its implementation will result in the achievement of several main strategic objectives, related to strengthening the capacity of the administrations of the relevant beneficiaries due to the need for ensuring the management of these projects, improving the efficiency of the used public resources; guaranteeing the sustainability of the planned results through prescribed management methods during the complete investment life cycle.
- The Fund will continue to implement **projects and activities, which are aiming at improving the awareness of the population** and the education of the young people on topics related to climate change.
- Simultaneously with that, NTEF will also continue its activities for studying the **possibilities to attract new sources of funding** for the existing and for new investment programs.

The team of the Executive Bureau of NTEF will continue to operate as a **relatively small, but efficient team**. Team expansion can be expected only if any of the initiatives, which have been undertaken during 2019, are implemented and there is a need for absorption of new activities during 2020 and the following years.

ANNEX 1
Table 1.1.

**RECEIVED APPLICATIONS BY NTEF IN 2019 BY THE SCHEME FOR ENCOURAGING THE USAGE
OF ELECTRICAL VEHICLES**

№	No of project	Beneficiary	Vehicle category	Amount of the subsidy applied for in BGN
1	EM 054	Sofia inspectorate by Sofia municipality	Fully electrical vehicle category M1	20 000,00
2	EM 055	Sliven municipality	Fully electrical vehicle category N1	20 000,00
3	EM 056	Fund Security of the electroenergy system	Fully electrical vehicle category M1	20 000,00
4	EM 057/1	Electroenergy system operator EAD	Fully electrical vehicle category M1	20 000,00
5	EM 057/2	Electroenergy system operator EAD	Fully electrical vehicle category N1	20 000,00
6	EM 057/3	Electroenergy system operator EAD	Fully electrical vehicle category M1 (7+1) passenger places	40 000,00
7	EM 058/1	Agency for geodesy, cartography and cadaster	Fully electrical vehicle category M1/N1	20 000,00
8	EM 058/2	Agency for geodesy, cartography and cadaster	Fully electrical vehicle category M1/N1	20 000,00
9	EM 058/3	Agency for geodesy, cartography and cadaster	Fully electrical vehicle category M1/N1	20 000,00
10	EM 059	Sofia inspectorate	Fully electrical vehicle category M1	20 000,00
11	EM 060	Chavdar municipality	Fully electrical vehicle - van 7+1; 6+1 passenger places, category M1	30 000,00
12	EM 061	Beloslav municipality	Fully electrical vehicle – two places Electrical truck with камион с type approval - category L7e	20 000,00
13	EM 062/1	Sredets municipality	Fully electrical vehicle category L7e, platform with superstructure	27 470,00
14	EM 062/2	Sredets municipality	Fully electrical vehicle category L7e, platform with superstructure	27 470,00
15	EM 062/3	Sredets municipality	Fully electrical vehicle category L7e, platform with superstructure	25 100,00
16	EM 063	Rousse municipality	Fully electrical vehicle category N1	20 000,00
17	EM 064	Kazanlak municipality	Fully electrical vehicles category L7e	20 000,00
18	EM 065/1	Byala municipality	Fully electrical vehicles category M2	40 000,00
19	EM 065/2	Byala municipality	Fully electrical vehicles category M2	40 000,00

20	EM 066/1	Executive agency for the environment	Fully electrical vehicle category N1	20 000,00
21	EM 066/2	Executive agency for the environment	Fully electrical vehicle category N1	20 000,00
22	EM 066/3	Executive agency for the environment	Fully electrical vehicle category N1	20 000,00
23	EM 067	Bourgas municipality	Fully electrical vehicle category N1	20 000,00
24	EM 068/1	National statistical institute	Fully electrical vehicle category M1	20 000,00
25	EM 068/2	National statistical institute	Fully electrical vehicle category M1	20 000,00

ANNEX 2
Table 2.1.

APPLICATIONS APPROVED BY THE NTEF BOARD OF DIRECTORS ACCORDING TO THE SCHEME FOR ENCOURAGING THE USAGE OF ELECTRIC VEHICLES FOR 2019

No of project	Beneficiary	Vehicle category	Amount of the subsidy applied for in BGN
EM 027	Sofia municipality	2 electro L7e	30 000.00
EM 028	Slivnitsa municipality	1 electro bus	40 000.00
EM 029	Nessebar municipality	3 electro L7e	45 000.00
EM 035	Sliven municipality	1 electromobile	20 000.00
EM 036	Ministry of education and science	1 electromobile	20 000.00
EM 037	Sofia inspectorate by Sofia municipality	1 electromobile	20 000.00
EM 040	Bourgas municipality	1 electromobile	20 000.00
EM 041	Gabrovo municipality	1 electromobile	20 000.00.
EM 043	Ivanovo municipality	1 electromobile	20 000.00
EM 044	Haskovo municipality	1 electro L7e	21 000.00
EM 045	Kazanlak municipality	1 electro L7e	21 760.00
EM 046	Elin Pelin municipality	1 electro L7e	23 000.00
EM 047	Kozlodui municipality	1 electro L7e	22 113.00
EM 050	Employment agency	1 plug-in hybrisd	40 000.00
EM 051	Bourgas municipality	1 electromobile	20 000.00
EM 052	Sofia Inspectorate by Sofia municipality	1 plug-in hybrisd	10 000.00
EM 053	National assembly	3plug-in hybrisd	30 000.00
	TOTAL		422 873.00

Table 2.2.

**APPLICATIONS APPROVED BY THE NTEF BOARD OF DIRECTORS BY THE PROGRAM
MICROPROJECTS FOR THE CLIMATE FOR IMPLEMENTATION IN 2019**

No of project	Beneficiary	Project name	Project Value	Amount of subsidy applied for
MP 002	"Black sea research energy center" Association	Estimated total energy balance of the Republic of Bulgaria for the period 2021 - 2030 r. With horizon up to 2050 r.	36 733.92	36 733.92
MP 003	Ministry of finance	Increasing the energy efficiency of the internal lightning through delivery and installation of energy saving light sources in the administrative building of the Ministry of finance	49 200.00	49 200.00
MP 004	Ministry of finance	Improving the energy efficiency of the climate installations in the administrative building of the Ministry of finance	49 200.00	49 200.00
MP 005	Fishing association 2009 Blagoevgrad	Adaptation of the forests in "Southwest state enterprise" to the climate changes	59 577.00	49 897.00

BUDGET IMPLEMENTATION FOR NTEF ADMINISTRATIVE COSTS AS OF 31.12.2019

ACCOUNTING YEAR (2019) - BGN																									
FUNDS ALLOCATION																									
	Plan -Total	Report - Total	Implementation - Total	Administrative costs CIP - Plan	Administrative costs CIP - Report	Execution CIP - in %	Administrative costs Malta - Plan	Administrative costs Malta - Report	Execution Malta - in %	Administrative costs IPMW - Plan	Administrative costs IPMW - Report	Execution IPMW - in %	Energy saving in schools (EUKI) - Plan	Energy saving in schools (EUKI) - Report	Execution EUKI in %	Introducing climate knowledge (BEACON) - Plan	Introducing climate knowledge (BEACON) - Report	Execution BEACON in %	AAA - Plan	AAA - Report	Execution AAA in %	IM EEA - Plan	IM EEA - Report	Execution IM EEA - in %	
	BGN	BGN	BGN	BGN	BGN	BGN	BGN	BGN	BGN	BGN	BGN	BGN	BGN	BGN	BGN	BGN	BGN	BGN	BGN	BGN	BGN	BGN	BGN	BGN	
Part A - INVESTMENTS																									
1. Tangible fixed assets																									
2. Intangible fixed assets																									
Part B - INSTITUTIONAL DEVELOPMENT																									
1. Advisory services - institutional development																									
2. Other costs - institutional development																									
Part C - CURRENT COSTS																									
1. Improving the qualification of the MB, remunerations, social and health insurance																									
a. Staff training																									
b. Labour remunerations																									
c. Social and health insurance																									
d. Social supplements compliant to the Labor Code (LC)																									
e. Occupational medicine																									
2. Advisory services																									
3. Maintenance and office costs																									
a. Electricity, heating, phones, e-mail, water, etc.																									
b. R&L and car maintenance																									
c. Insurances and property protection																									
d. Office consumables and servicing																									
4. Administrative-managerial costs																									
a. Business trips																									
b. Representation costs																									
c. Public relations																									
d. Administrative and financial costs (incl. audit)																									
5. Costs related to the MB activity																									
Part D - RESERVE																									
TOTAL																									

Table 3.2

COST ALLOCATION	Previous year (2018)			ACCOUNTING YEAR (2019) - BGN		
	Plan BGN	Report BGN	Execution %	Plan BGN	Report in BGN	Execution %
Part A - INVESTMENTS						
1. Tangible fixed assets						
2. Intangible fixed assets						
Part B - INSTITUTIONAL DEVELOPMENT	3 000	1 600	53%			
1. Advisory services - institutional development						
2. Other costs - institutional development	3 000	1 600	53%			
Part C - CURRENT COSTS	646 012	713 133	110%	543 426	510 724	94%
1. Improving the qualification of the MB, remunerations, social and health insurance	340 012	340 153	100%	349 926	347 496	99%
a. Staff training	5 000	366	7%		376	
b. Labour remunerations	278 089	277 463	100%	287 881	286 552	100%
c. Social and health insurance	46 893	48 411	103%	51 845	54 957	106%
d. Social supplements compliant to the Labor Code (LC)	10 030	10 569	105%	10 200	5 610	55%
e. Occupational medicine	3 000	3 344	111%			
2. Advisory services related to the project selection and implementation	60 000	92 934	155%	50 000	56 416	113%
3. Maintenance and office costs - overhead costs	59 000	59 653	101%	48 500	55 766	115%
a. Electricity, heating, phones, e-mail, water, etc.	15 000	16 519	110%	15 000	30 919	206%
b. F&L and car maintenance	8 000	7 077	88%	5 000	3 788	76%
c. Insurances and property protection	4 000	3 222	81%	3 500	6 464	185%
d. Office consumables and servicing	32 000	32 836	103%	25 000	14 596	58%
4. Administrative-managerial costs	167 000	189 720	114%	70 000	39 753	57%
a. Business trips	7 000	26 676	381%	5 000	10 529	211%
b. Representation costs						
c. Public relations	25 000	55 116	220%	25 000	4 504	18%
d. Administrative and financial costs (incl. audit)	135 000	107 928	80%	40 000	24 720	62%
5. Costs related to the MB activity	20 000	30 672	153%	25 000	11 293	45%
Part D - RESERVE [4% of (A+B+C)]	0	0	0	0	0	0
TOTAL COSTS	649 012	714 733	110%	543 426	510 724	94%
Net costs:	649 012	714 733	110%	543 426	510 724	94%

INFORMATION ON NTEF FUNDS AS OF 31.12.2019

ANNEX 4:

NTEF FINANCIAL STATEMENT AS OF 31.12.2019

Total available in NTEF's bank accounts and treasury:										919 771.72 BGN
Total deposited amount in BGN, according to Table 1										13 314 501.68 BGN
Grand total BGN as of 31.12.2019										14 234 273.40 BGN

Table 1: monthly deposits BGN

No of deposit account	Date of deposit	Principal	Expected interest for the period	Date of payment	Annual interest rate for the period
70002522574086	23.09.2016	5 006 251.88	0.00	23.03.2019	0.00%
70002522602514	22/10/2016	6 007 502.25	0.00	22.04.2019	0.00%
70002522602528	22/10/2016	2 300 747.55	0.00	22.01.2019	0.00%
		13 314 501.68	0.00		

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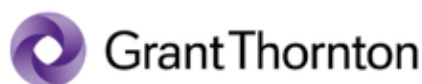
REPORT OF THE INDEPENDENT AUDITOR



Kindergarten teachers' training on the topic of climate change and energy efficiency. The training was held at the National Center for Improvement of the Qualification of the Pedagogical Specialists at the Ministry of Education and Science. All participating teachers received certificates and credits for their participation in the training.



During this school year, for the first time in Bulgaria, kindergartens were included in the climate change and energy saving initiative – Kindergarten 23 “Zdrave”, Sofia.



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

REPORT OF THE INDEPENDENT AUDITOR

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **National Trust Ecofund** (the Fund), which comprise the statement of financial position as at 31 December 2019 and the statement of profit or loss and other comprehensive income and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Bulgarian legislation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independent Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), together with the ethical requirements of Bulgarian Independent Financial Audit Act, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The other information comprises the annual management report, prepared in accordance with Bulgarian Accountancy Act, but does not include the financial statements and our auditor’s report thereon.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

Mariy Apostolov
Managing partner

Grant Thornton Ltd
Audit firm

15 April 2020

Bulgaria, Sofia, 26 Cherni Vrah Blvd.



Silvia Dinova

Registered auditor responsible for the audit

(Handwritten signature)



MW 005 – “Construction of a mineral water supply network, vila zone (v. z.) “Mineralni Bani”, Burgas city, Burgas Municipality”.



MW 003 – „Improvement and expansion of the efficient use of mineral waters from the Sapareva Banya deposit, site: Construction of a mineral water tank and supply and discharge water pipeline“.

НАЦИОНАЛЕН
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NATIONAL
TRUST
ECO FUND

FINANCIAL STATEMENTS



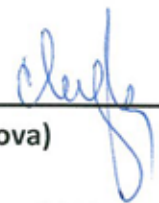
Project No 184 - Introduction of energy saving measures in Dormitory to vocational secondary school (VSS), Etropole city.



Project No 295-2 "Implementation of a package of measures for energy efficiency improvement of a health care facility in the village of Selanovtsi".

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

Assets	Note	2019 BGN'000	2018 BGN'000
Non-current assets			
Plant and equipment	5	5	13
Intangible assets	6	-	<u>1</u>
Non-current assets		<u>5</u>	<u>14</u>
Current assets			
Cash and cash equivalents	7	<u>14 234</u>	<u>17 921</u>
Current assets		<u>14 234</u>	<u>17 921</u>
Total assets		<u>14 239</u>	<u>17 935</u>
Liabilities			
Financing	8	14 172	17 894
Pension and other employee obligations	9.2	48	35
Trade and other payables	10	<u>19</u>	<u>6</u>
Total liabilities		<u>14 239</u>	<u>17 935</u>

Prepared by: 
(Svetlana Pavlova)

Acting Director of the Executive Bureau: 
(Irena Pencheva)

Date: 31 January 2020

Audited according to the auditor's report dated 15 April 2020:

Mariy Apostolov, Managing partner

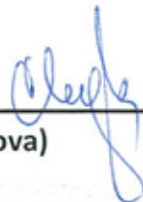
Silvia Dinova, Registered auditor responsible for the audit

Grant Thornton Ltd., Audit Firm



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME, FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 BGN'000	2018 BGN'000
Revenue from projects financing	11	5 625	5 552
Revenue from financing for administrative expenses and institutional development	11	376	599
Revenue from financing from German programs	11	257	116
Revenue from financing for non-current assets	5,6,11	9	25
Other revenue	11	4	-
Expenses for project funding	12	(5 625)	(5 552)
Cost of materials	13	(16)	(20)
Hired services expenses	14	(233)	(328)
Employee benefits expenses	9.1	(345)	(339)
Depreciation of non-financial assets	5,6	(9)	(25)
Other expenses	15	(40)	(27)
Finance costs	16	(3)	(1)
Net result for the year		-	-
Total comprehensive income for the year		-	-

Prepared by: 
(Svetlana Pavlova)

Acting Director of the Executive Bureau: 
(Irena Pencheva)

Date: 31 January 2020

Audited according to the auditor's report dated 15 April 2020:

Mariy Apostolov, Managing partner

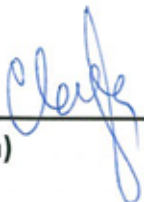
Silvia Dinova, Registered auditor responsible for the audit

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STATEMENT OF CASH FLOWS, FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 BGN'000	2018 BGN'000
Operating activities			
Received targeted funding Aviation Quotas	8	2 158	1 618
Received targeted funding Malta	8	-	411
Received other financing	8	473	171
Payments for project funding	12	(5 625)	(5 552)
Payment to counterparties for administrative sustentation and execution of projects		(252)	(358)
Payments for institutional development		-	(2)
Payments to employees and social security insurers		(355)	(344)
Other payments, net		(86)	(11)
Net cash flow from operating activities		(3 687)	(4 067)
Net change in cash and cash equivalents		(3 687)	(4 067)
Cash and cash equivalents at year start		17 921	21 988
Cash and cash equivalents at year end	7	14 234	17 921

Prepared by: 
(Svetlana Pavlova)

Acting Director of the Executive Bureau: 
(Irena Pencheva)

Date: 31 January 2020

Audited according to the auditor's report dated 15 April 2020:

Mariy Apostolov, Managing partner

Silvia Dinova, Registered auditor responsible for the audit

Grant Thornton Ltd., Audit Firm



NOTES TO THE FINANCIAL STATEMENTS

1. Information about the Fund

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

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

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

The registered office of the Fund is at 1574 Sofia, № 67 B Shipchenski Prohod Blvd.

1.1. Ownership and Management

The managing bodies of the Fund are the Management Board, the Advisory Committee and the Executive Bureau.

In accordance with the Regulation on Organization and Activities of the National Trust EcoFund of 10 May 2004 CMD No. 96 (amended with State Gazette No.71/10 September 2010 and State Gazette No.81/30 September 2014), The Management Board has been comprised of seven members, including a Chairman and two Deputy Chairmen and four regular members as well as three alternative members.

The Advisory Committee consists of representatives of the governments and other institutions, which are sources of financing or which support the Fund’s activities; the Executive Bureau organizes the activities of the National Trust EcoFund.

The key managing personnel as at 31.12.2019 comprises of:

Management Board:

- Chairman of NTEF’s Management Board –Mrs. Penka Mollova (Decision № 665 of the CoM of 19.09.2019).
- Representative of the Ministry of Environment and Waters (MEW) – deputy minister Nikolay Kanchev. The representative of the Ministry of Environment and Waters is also deputy chairman of the Management Board.
- Representative of the Ministry of Finance (MF) – deputy minister Marinela Petrova;
- Representative of the Ministry of Energy – deputy minister Zhecho Stankov.

- Representative of the Bulgarian Academy of Science (BAS) – professor Nikola Malinovski, deputy chairman of the Management Board;
- Representative of the non-government ecological organizations – Mrs. Lyubomira Kolcheva – director of the “EcoObsnost” Foundation;
- Representative of the National Association of municipalities in the Republic of Bulgaria (NAMRB) – Mrs. Mrs. Silvia Georgieva.

Executive Bureau (EB):

Acting Director of the EB
Chief Accountant
Accountant

Irena Pencheva
Svetlana Pavlova
Marinela Zheleva

Chief expert programs management
Senior expert programs management
Expert programs management

Ivaylo Tsekov
Kamelia Georgieva
Elena Kamenova

Chief Expert project management
Expert project management
Technical assistant
Driver

eng. Borislav Mirkov
Galina Veleva
Elena Mihayova
Bozhidar Valchkov

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

As at 31.12.2019 the total number of personnel is 9 people (31.12.2018 - 10).

1.2. Scope of activities

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

- Cleanup of environmental pollution and restoration of damages occurred in the past;
- Reduction of air pollution and limitation of climate change;
- Protection of clean water;
- Protection of biodiversity;
- Other main areas, included in the national policy of environmental protection.

Main sources of financing for the Fund are:

- Target funding of Investment Climate Program (ICP) by Decision of the CoM № 201201 / 26.03.2015; CoM № 80 / 11.02.2016 and CoM № 27 / 13.01.2017;
- Target funding for pilot scheme of Investment Program “Mineral Waters” in CoM Decision № 322 from 24.11.2016.
- Proceeds in accordance with Ordinance №1/04.03.2015 laying down the terms and procedures for spending of proceeds from the sale of aviation quotas for emissions from activities by tender.
- Target funding from project of annual distribution of emission quotas between Republic of Bulgaria and Republic of Malta with Decision of CoM №175 / 29.03.2017.

2. Basis of preparation of the financial statements

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and approved by the European Union (EU). For the purposes of paragraph 1, item 8 of the Supplementary Provisions of the accounting applicable in Bulgaria, the term "IFRS as adopted by

the EU" represent the International Accounting Standards (IAS) adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and Council.

The financial statements are presented in Bulgarian leva (BGN), which is also the functional currency of the Fund. All amounts are presented in thousand Bulgarian leva (BGN'000) (including comparative information for 2018) unless otherwise stated.

The financial statements are prepared under the going concern principle.

As of the date of the financial statement the Management have made assessment for the ability of the Fund to continue as a going concern based on the information available. After making enquiries, the management has a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The Climate Investment Program starts based on Decision of the Council of Ministers (201/26 March 2015) with the provision of funds pursuant to § 4 of the transitional and final provisions of the Act to limit climate change. Funding of the Program continued in 2016 and 2019, respectively, by Decisions of the Council of Ministers № 80 / 11.02.2016 and No 27 / 13.01.2017. The funds were earmarked for financing projects to improve the energy efficiency of state and municipal sites and to promote the use of electric and hybrid vehicles by public institutions.

The acceptance of requests for expression of interest was a consistent process until October 2017, when the amendments of the Operational Management of the Program introduced the requirement to publish invitations with a fixed deadline.

In 2019, two calls for proposals under the Public Sector Electric Vehicle Promotion Scheme (CEM) were published, during which 15 application forms were adopted. During the reporting year, 15 CEM forms were examined by the Commission for the Selection and Reporting of the Implementation of Projects, of which 1 form was rejected, 25 vehicles were considered, 21 were approved and 4 were rejected under the Public Sector Electric Vehicle Promotion Scheme.

No invitations to tender have been announced under the Energy Efficiency Improvement Scheme for buildings and other sites due to the lack of available funding for project proposals.

In 2019 under the **Investment Program "Mineral Waters"** based on CoM Decision № 322/24.11.2016, NTEF has funding available for ongoing projects adopted in 2016. They are intended for the funding of projects leading to utilization of the thermal energy of mineral waters and as a result to direct or indirect decrease in the greenhouse gas emissions.

Active work is underway on six (6) remaining approved projects from nine (9) projects.

Taking into account the specifics of this program, the last 6 projects of the pilot phase were paid and audited at the end of the reporting year, with the value of the subsidy paid by the NTEF amounting to BGN 2 034 792.44.

In 2019, the implementation of the approved projects under the **Program "Climate Micro-projects"** continued. The funds received in accordance with the Agreement on the Transfer of Annual Allocated Emissions between the Republic of Bulgaria and the Republic of Malta and on the basis of Council of Ministers Decision No 175 / 29.03.2017 are spent for activities on mitigation and adaptation to climate change. During the reporting period 3 projects were completed and paid. The funding provided by the NTEF amounts to BGN 93 002.24.

A new educational energy saving in schools project– "Bridging European and Local Climate Action" (BEACON = "ΦΑΡ"), launched in 2018. The project is part of a broad European initiative, which promotes climate action and facilitates exchanges between national governments, municipalities and schools in Europe. In Bulgaria the project is implemented by the National Trust Ecofund (NTEF). Educational institutions from the Czech Republic, Romania, Bulgaria and Germany participate in the project and in the municipal experience exchange additional participant from Greece, Poland and Portugal. The project aims to strengthen bilateral and multilateral cooperation and to create a common ambition for the implementation of the Paris Agreement through activities such as: joint training, networking and specialized consultancy. Thus, policy

makers, municipal participants and lecturers will acquire technical and process-related skills to help them develop, improve and implement reduction of greenhouse emission measures.

In 2018, another educational project funded by the European Climate Initiative (EUKI) of the Federal Ministry of Environment of the Republic of Germany - "To introduce climate action into the educational program of Bulgarian schools" - was launched. Its specific objectives are:

To increase the capacity of the main target groups, responsible for the implementation of educational programs – teachers, representatives of the academic media, who are involved with the training of teachers, as well as local authorities.

To improve the overall integration of climate change related policies through support to the development and dissemination of best practices and political approaches.

To institutionalize the teachers' qualification programs – starting from those for pre-school education until 7th grade and to make contribution to the climate related national strategic documents.

To develop teachers' qualification programs – starting from Training of Trainers in cooperation with teachers

To prepare educational packages – 14 packages – 2 for kindergartens, 2 for primary school and 10 for basic school, including brochures, manuals, templates, etc.

To raise the awareness related to climate related issues and activities – familiarizing the local authorities and their involvement with the processes in their schools

To support the efforts for providing information and raising the awareness of the students, teachers and parents regarding the energy efficiency through media and public events.

During the reporting period, the implementation of the project "Triple A - Reinforce the value chain of energy efficiency projects in their early stages" under Horizon 2020.

Leading partner of the project is the Technical University of Athens. Another 10 organizations are partners in the project, incl. NGOs, research units, investment funds and banks from 7 other countries: Greece, Germany, Czech Republic, Lithuania, Italy, Spain and the Netherlands.

The aim of the project is to generate innovative decision-making schemes and standardization tools to mobilize capital through the use of trust funds.

The total budget of the project is EUR 1 400 000 and its implementation period is 30 months in the period 1 September 2019 - 1 March 2022.

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

- Work package 1 - Project management - administration of NTEF participation;
- Work Package 2 - Stakeholder Dialogue - Identification of stakeholders, consultation process with them on key materials, participation in a regional seminar;
- Work Package 3 - Risks for EE Financing and Mitigation Strategies - Participation in the assessment of risk profiles for project countries, provision of information on NTEF investment projects;
- Work Package 4 - Tools and Key Elements for EE Investment - Participation in Testing;
- Work Package 5 - Demonstrating investing through the Triple A model - identifying attractive EE projects; preparation of project fiches;
- Work Package 6 - Synthesis and Sustainability - Participation in the preparation of recommendations for investment projects;
- Work Package 7 - Communication and Dissemination of Results - Presentation of the project and results on the NTEF website, press releases and social networks when events occur.

The budget of the NTEF for the implementation of the envisaged activities is BGN 138 000 (EUR 70 562.50). The grant is 100%.

From the start of the project until the end of December 2019, the NTEF has been involved in the following activities:

The accompanying notes on pages from 60 to 80 form an integral part of the financial statements.

- Administrative actions for the formulation of contracts with the EC and the consortium;
- Preparing a presentation for the Fund and its role in the workshop project;
- Participation of two NTEF representatives in a two-day workshop in Athens;
- Preparation of an initial list of stakeholders;
- Acquaintance and commenting on three documents prepared by the consortium;
- Preparation for stakeholder analysis based on instructions from the consortium.

In the reporting year 2019, another project was approved and launched, in which the NTEF is a partner named "Municipal Energy Management Systems Supporting Sustainable Financing of Local Climate Action".

The project is funded by the Federal Ministry of the Environment of the Republic of Germany within the framework of the European Climate Initiative (EUKI). This is the third project under which the NTEF is the beneficiary of the initiative.

Leading partner in the project is the Foundation for Energy Efficiency Center Effect. The National Trust EcoFunder is a partner, together with the Fraunhofer Institute of Building Physics in Germany.

The project aims to develop an individual model for an integrated municipal energy management system that promotes the quality implementation of local long-term energy and climate strategies. The purpose of this model is to serve to attract additional funding through the development of a financial instrument within the project of the National Trust EcoFund.

The model, based on the well-known energy management standard - ISO 50001, will support not only day-to-day management, but also basic aspects of energy management. This will make it possible to attract private funding for climate-related projects, providing solid evidence of the baseline and of the energy savings actually achieved. This is one way of overcoming the most common barriers and facilitating the implementation of innovative financing schemes in line with national support programs and financial instruments such as the National Energy Saving Payments Scheme.

The development of the respective software product is in the responsibility of the lead partner. Providing information about the experience in Germany and Europe is the responsibility of the partner from Germany.

NTEF's commitments relate to:

- The procedure for identifying the three pilot municipalities in which the model will be put into practice;
- Development of an innovative financial mechanism for attracting private financing, which should be recommended for future implementation by the Fund;
- Discussion of this financial mechanism with stakeholders;
- Organizing a conference to present the model of the municipal energy management system.

The total budget of the project is EUR 200,000. The NTEF budget is EUR 62 198, of which EUR 5 920 is its own contribution.

The implementation period is from 01.12.2019 to 30.03.2022.

The contractual relations for the implementation of the project will be with the lead partner Foundation Energy Efficiency Center Effect, through the conclusion of a partnership agreement.

3. Changes in accounting policies

3.1. New standards, amendments and interpretations to IFRS, effective from 1 January 2019

The Fund has adopted the following new interpretations, revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Funds's

financial statements for the annual period beginning 1 January 2019, but have no material impact of adoption in the financial statements of the Fund:

- IFRS 16 Leases
- IFRS 9 “Financial Instruments” (amended) – Prepayment features with negative compensation
- IFRS 15 „Revenue from contracts with customers” effective from 1 January 2019, adopted by the EU
- IAS 19 “Employee benefits” (amended) – Plan amendment, curtailment or settlement
- IFRIC 23 Uncertainty over Income Tax Treatments

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

As of the date of approval of these financial statements, new standards, amendments and interpretations to existing standards have been published but have not entered into force or been adopted by the EU for the financial year beginning on 1 January 2019 and have not been applied from an earlier date by the Fund. They are not expected to have a material effect on the Fund's financial statements. The Management expects all standard and amendments to be adopted into the Fund's accounting policies in the first period beginning after the effective date of the pronouncement.

The changes are related to the following standards:

- IAS 1 and IAS 8 (amended) - Definition of Material, effective from 1 January 2020, adopted by the EU
- Amendments to References to the Conceptual Framework in IFRS Standards, effective from 1 January 2020, adopted by the EU
- IAS 19 “Employee benefits” (amended) – Plan amendment, curtailment or settlement - effective from 1 January 2019, not yet adopted by the EU
- IFRS 3 (amended) - Definition of a Business, effective from 1 January 2020, not yet adopted by the EU
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (issued on 26 September 2019) , effective from 1 January 2020, not yet adopted by the EU
- IFRS 14 “Regulatory deferral accounts” effective from 1 January 2016, not adopted by the EU
- IFRS 17 “Insurance Contracts” effective from 1 January 2021, not yet adopted by the EU

4. Summary of accounting policies

4.1. Overall considerations

The most significant accounting policies that have been used in the preparation of these financial statements are summarized below.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used for the preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

4.2. Presentation of the financial statements

The financial statements are presented in accordance with IAS 1 “Presentation of Financial Statements”. The Fund has elected to present the statement of profit or loss and other comprehensive income in a single statement.

4.3. Foreign currency translation

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate as published by the Bulgarian

National Bank). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

4.4. Grant income

Income from financing are recognized when there is reasonable assurance that the financing conditions will be complied with. The grant income is recognized systematically and rationally as revenue in the statement of profit or loss and other comprehensive income for the periods in which are made the expenses on funding of projects for environmental protection, institutional development and the operating expenses of the Fund over the reporting period. Grants related to depreciable assets are recognized as income over the periods in proportion to the accrual of depreciation.

4.5. Interest income

Interest income is reported on an accrual basis using the effective interest method in accordance with the requirements of IFRS 9 “Financial instruments”.

4.6. Operating expenses

Operating expenses are recognized in profit or loss upon utilization of the service or at the date of their origin in accordance with the accrual and matching principle.

4.7. Intangible assets

The Fund's intangible assets comprise of software and internet portal. They are recorded at cost of acquisition, including all import duties, non-refundable taxes and direct costs associated with preparing the asset for use where the capitalized costs are amortized based on the straight-line method over the estimated useful lives of the assets as It is believing that he is limited.

Subsequent assessment is carried at cost of acquisition less accumulated amortization and impairment losses. The impairments are recorded as an expense and are recognized in the profit or loss/profit or loss and other comprehensive income for the period.

Subsequent expenses incurred in connection with intangible assets subsequent to their initial recognition are recognized in the profit or loss and other comprehensive income for the period they occur, unless thanks to them asset can generate more than initially expected future economic benefits when these costs can be measured reliably and attributed to the asset. If these conditions are met, the costs are added to the cost of an asset.

Residual values and useful lives of intangible assets are reviewed at each reporting date.

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

- Software 2 years
- Other 3 years

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

4.8. Plant and equipment

Plant and equipment are initially measured at cost, which comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

After initial recognition, the plant and equipment is carried at its cost less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Impairment losses are recognized in the income statement for the respective period.

Subsequent expenditure relating to an item of plant and equipment is added to the carrying amount of the asset when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its' originally assessed standard of performance. All other subsequent expenditure is recognized as incurred.

Material residual value estimates and estimates of useful life are updated as at every reporting date.

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

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

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

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

4.9. Testing for impairment of plant and equipment

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

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

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

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

4.10. Financial instruments

Financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets are initially measured at fair value, adjusted for transaction costs, except for financial assets at fair value through profit or loss and trade receivables that do not contain a significant financial component. The initial measurement of financial assets at fair value through profit or loss is not adjusted with transaction costs that are reported as current expenses. The initial measurement of trade receivables that do not contain a significant financial component represents the transaction price in accordance with IFRS 15.

Depending on the method of subsequent measurement, financial assets are classified into the following categories:

- debt instruments at amortized cost;
- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income with or without reclassification of profit or loss, depending if they are debt or equity instruments.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses in the statement of profit or loss.

4.10.1. Financial assets

Debt instruments at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions and are not designated as at fair value through profit and loss:

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

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

Trade receivables

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

4.10.2. Impairment of financial assets

IFRS 9's new impairment requirements use more forward-looking information to recognize expected credit losses – the “expected credit loss” (ECL) model. This replaces IAS 39's “incurred loss model”.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortized cost, trade receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss

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

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

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

“12-month expected credit losses” are recognized for the first category while “lifetime expected credit losses” are recognized for the second category. Expected credit losses are determined as the difference between all contractual cash flows attributable to the Fund and the cash flows it is actually expected to receive (“cash shortfall”). This difference is discounted at the original effective interest rate (or credit adjusted effective interest rate).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

4.10.3. Financial liabilities

The Fund’s financial liabilities include trade and other payables.

Financial liabilities are recognized when the Fund becomes a party to the contractual agreements for payment of cash amounts or another financial asset to another company or contractual liability for exchange of financial instruments with another company under unfavorable terms. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within “Finance costs” or “Finance income”.

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

Trade payables are recognized initially at their nominal value and subsequently measured at amortized cost less settlement payments.

4.11. Cash and cash equivalents

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

4.12. Pension and short-term obligations to employees

The Fund reports short term payables relating to unutilized paid leaves, which shall be compensated in case it is expected the leaves to occur within 12 months after the end of the accounting period during which the employees have performed the work related to those leaves. The short-term payables to personnel include wages, salaries and related social security payments.

The Fund has not developed and implemented post-employment benefit plans.

Short term employee benefits, including away leave entitlement, are current liabilities included in "pension and other employee obligations", measured at the undiscounted amount that the Fund expects to pay as a result of the unused entitlement.

4.13. Provisions, contingent liabilities and contingent assets

Provisions are recognized when it is probable that current liabilities resulting from a past event will result in an outflow of resources from the Fund and a reliable estimate of the amount of the liability can be made. It is possible that uncertainty is the timing or the amount of outgoing cash flow. A current obligation arises from the existence of a legal or constructive obligation as a result of past events, such as legal disputes or burdensome contracts. Restructuring provisions are recognized only if a detailed formal restructuring plan has been developed and implemented or the management has announced the main points of the restructuring plan before those that would have affected them. Provisions for future operating losses are not recognized.

The amount recognized as a provision is calculated on the basis of the most reliable estimate of the costs necessary to settle a current liability at the end of the reporting period, taking into account the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the probable need for outflow for debt repayment is determined taking into account the group of liabilities as a whole. Provisions are discounted when the effect of time differences in the value of money is significant.

Benefits from third parties in respect of a liability that the Fund is certain to receive are recognized as a separate asset. This asset may not exceed the value of the respective provision.

Provisions are reviewed at the end of each reporting period and their value is adjusted to reflect the best estimate.

Where an outflow of economic resources is unlikely to arise from a going concern, a liability is not recognized. Contingent liabilities should then be valued at the higher of the comparable provision described above and the initially recognized amount less accumulated amortization.

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

4.14. Estimates uncertainty

When preparing the financial statements management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

4.14.1. Impairment

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Fund's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

4.14.2. Useful live of depreciable assets

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

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

5. Plant and equipment

The Fund's plant and equipment comprise IT equipment, vehicles and office equipment. The carrying amount can be analyzed as follows:

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

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

	IT equipment	Vehicles	Fixture and fittings	Total
	BGN '000	BGN '000	BGN '000	BGN '000
Gross carrying amount				
Balance at 1 January 2018	53	38	16	107
Balance at 31 December 2018	53	38	16	107
Depreciation				
Balance at 1 January 2018	(39)	(24)	(16)	(79)
Depreciation for period	(6)	(10)	-	(16)
Balance at 31 December 2018	(45)	(34)	(15)	(94)
Carrying amount as at 31 December 2018	8	4	1	13

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

6. Intangible assets

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

	Internet portal	Software	Total
	BGN '000	BGN '000	BGN '000
Gross carrying amount			
Balance at 1 January 2019	38	4	42
Balance at 31 December 2019	38	4	42
Amortization			
Balance at 1 January 2019	(38)	(3)	(41)
Amortization for period	-	(1)	(1)
Balance at 31 December 2019	(38)	(4)	(42)
Carrying amount as at 31 December 2019	-	-	-

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 2018	38	4	42
Balance at 31 December 2018	38	4	42
Amortization			
Balance at 1 January 2018	(31)	(1)	(32)
Amortization for period	(7)	(2)	(9)
Balance at 31 December 2018	(38)	(3)	(41)
Carrying amount as at 31 December 2018	-	1	1

7. Cash and cash equivalents

	2019	2018
	BGN '000	BGN '000
Bank deposits	13 315	13 315
Cash on bank accounts	918	4 603
Cash on-hand	1	3
Cash and cash equivalents	14 234	17 921

The Fund has no blocked cash and cash equivalents.

8. Conditional Financing

	2019 BGN '000	2018 BGN '000
Undrawn portion of grants for funding of operations, including:		
- undrawn portion of grant for funding operations under Climate Investment Program (CIP)	10 718	9 560
- undrawn portion of grant for funding operations under "Mineral Waters"	725	2 801
- undrawn portion of grant for funding operations under Aviation quotas	1 934	4 830
- undrawn portion of grant for funding operations under agreement with Republic of Malta	538	634
- undrawn portion of grant for funding operations under projects Germany	189	57
- financing for acquisition of non-current assets	5	12
- result for period	63	-
Carrying amount as at 31 December	14 172	17 894

Undrawn portion of the funding of operations includes:

	2019 BGN '000	2018 BGN '000
Carrying amount at 1 January	17 894	21 986
Recognized revenue from financing in the statement of profit or loss and other comprehensive income (Note 11)	(6 267)	(6 292)
Received funding during the period	2 631	2 200
Funds transferred from NTEF as EUKI Lead Partner to German UFU Partner	(86)	-
Carrying amount at 31 December	14 172	17 894

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

- Provided targeted funding from CIP in 2017 in the amount of BGN 15,298 thousand for finance investment projects and administrative activities of NTEF, and in 2019 another BGN 5 054 thousand was secured from the sale of aviation allowances.
- The targeted financing provided by the Pilot Scheme of the Mineral Waters Investment Program is a total of BGN 3 500 thousand for financing of investment projects.
- Funding provided for spending the proceeds from the sale of aviation allowances in the total amount of BGN 6 988 thousand, of which BGN 2 158 thousand were received in 2019 and BGN 5 054 thousand were provided to the Investment Program on Climate by decision of the NTEF Management Board of 31 January 2019.

9. Employee benefits

9.1. Employee benefits expenses

Employee benefits expenses include:

	2019 BGN '000	2018 BGN '000
Wages	(288)	(289)
Social security costs	(57)	(50)
Employee benefits expenses	(345)	(339)

9.2. Pension and other employee obligations

The liabilities for pension and other employee obligations recognized in the statement of financial position consist of the following amounts:

	2019 BGN '000	2018 BGN '000
Current:		
Employee payables	23	16
Unused holiday leaves	18	9
Social security obligations	7	10
Current pension and other employee obligations	48	35

10. Trade and other payables

Trade payables recognized in the statement of financial position can be analyzed as follows:

	2019 BGN '000	2018 BGN '000
Payables for legal and other services	15	5
Payables to suppliers	4	-
Other payables	-	1
	19	6

11. Income from conditional financing

Income from conditional financing can be presented as follows:

	2019 BGN '000	2018 BGN '000
Income recognized for project funding (see Note12)	5 625	5 552
Administrative expenses of the Fund	376	599
Revenues to finance external projects	257	116
Income from financing for acquisition of non-current assets	9	25
	6 267	6 292

12. Project funding expenses

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

Program	Amount under Grant agreement with NTEF (Total incl. VAT) BGN '000	Amount under Grant agreement with NTEF (% of total) BGN '000	Project funds paid in the current year BGN '000
12.1 Financing of public projects under the Climate Investment Program (CIP)	9 204	6 709	3 497
12.2 Financing of public projects under Pilot scheme of Investment program Mineral Waters	5 342	2 780	2 035
12.3 Financing of public projects under Program "Micro projects for the climate".	80	74	93
	14 626	9 563	5 625

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

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

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

In 2019 the actual paid sums to beneficiaries under the CIP – Scheme “Energy effectiveness” are in the total amount to BGN 3 498 thousand.

In 2019 the actual paid sums to beneficiaries under the CIP – Scheme “Electric vehicles” are in the total amount of BGN 134 thousand.

Detailed description of the reported costs in 2019 for project financing of CIP is provided in the table below:

Project №	Beneficiary / Project/ Name	Amount under Grant agreement with NTEF (Total incl. VAT)	Amount under Grant agreement with NTEF (% of total)	Actual amount of project funding (financing %) in current year (2019)
184_2	Introducing of energy saving measures in the GHG Hostel, Etropole	255,172.27	216,896.43	216,652.63
218	Implementation of a package of energy efficiency measures for a part of buildings in the general education structure of Botevgrad Municipality, Separate Pos. # 2: Implementation of a package of energy efficiency measures for the Detelina kindergarten building in Skravena	126,672.55	107,671.67	107,379.53
230**	Implementing energy efficiency measures in the buildings of the language school "Plovdiv"- Plovdiv city: site 1-"School building", site 2-"Dormitory for girls", site 3- "Dormitory for boys"	1,154,221.13	800,000.00	659,353.58
244-1	Implementing a package of energy efficiency measures in the Administrative building of the Municipal administration of Strazhitsa city	204,416.38	173,753.92	156,009.09
250***	Reducing greenhouse gas emissions through the implementation of energy efficiency measures in the House of Culture, Devin	1,136,325.00	800,000.00	0.00
292***	Increasing the EE of the building of Medical Center I - Parvomay EOOD	407,615.17	346,472.89	0.00
295_1	Implementation of a package of measures for energy efficiency improvement of the Administrative building in Oryahovo, 29 Andrey Chaprazov Str.	307,158.62	261,084.83	255,671.91
295_2	Implementation of a package of measures for increasing the energy efficiency of a complex service building in the village of Selanovtsi, 51 Stefan Stambolov Str.	378,673.91	321,872.82	318,897.80
315-1	Implementing energy efficiency measures in Maritsa Municipality - FCF "Buratino", Kostievo village	302,095.76	256,781.40	221,501.09

328_5***	Implementation of energy efficiency measures in the school educational infrastructure in Veliko Tarnovo Municipality - Sofia University "Emilian Stanev"	1,221,138.60	800,000.00	0.00
359***	Improvement of the energy efficiency of the building of 86 Primary school "St. Kliment Ohridski", Vladaya village, 2 Brezovagora str., Vitosha district, Sofia	598,188.61	508,460.32	0.00
364	Repair, modernization and implementation of energy saving measures in the building of DCC I Gabrovo Ltd. - first base	1,065,206.07	266,301.52	266,166.31
378	Modernization and implementation of energy efficiency measures at the First June kindergarten in Gorna Oryahovitsa	260,512.76	221,435.85	205,207.38
382	Implementation of energy efficiency measures in DG 3 Zornitsa - Nezabravka Building, 59 Dobrudzha Str., Haskovo	591,216.05	502,533.64	464,511.78
502*	Improving the Energy Efficiency of 79 Sofia University Indira Gandhi in UPIHIII-for school, 4, Lyulin-7 m., According to the plan of the city of Sofia, according to the updated Energy Efficiency Audit Report	1,419,898.92	1,206,914.08	492,298.55
	Public projects - PKI	9,428,511.80	6,790,179.37	3,363,649.65
Program number	ELECTRIC VEHICLES	Amount under Grant agreement with NTEF (Total incl. VAT)	Amount under Grent agreement with NTEF (% of total)	Actual amount of project funding (financing %) in current year (2019)
036	MES Electric Vehicle Promotion Project	61,822.00	20,000.00	20,000.00
045	Electric vehicle promotion project Kazanlak Municipality	77,186.40	21,760.00	21,760.00
053	Electric Vehicle Promotion Project National Assembly	182,376.00	30,000.00	30,000.00
044	Electric Vehicle Promotion Project Haskovo Municipality	59,508.00	20,794.40	20,794.40
047	Project to promote the use of electric vehicles in Kozloduy Municipality	61,080.00	21,450.00	21,450.00
051	Electric Vehicle Promotion Project Burgas Municipality	63,918.00	20,000.00	20,000.00
	Public projects - IPK electric vehicles	505,890.40	134,004.40	134,004.40

* Projects partially paid in 2019, the final payment is due in 2020.

** Projects partially paid in 2018 and completed in 2019.

*** Projects which payment is due in 2020.

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

Spending money on this program is based on CM Decree № 322 / 24.11.2016. They are for financing environmental municipality projects, leading to the use of the thermal energy of mineral water.

In 2019, the last six projects approved for implementation under the pilot phase of the Mineral Waters Investment Program have been completed, paid and audited.

Detailed description of the reported in 2019 funding expenses for the projects under Investment program Mineral Waters is presented in the following table:

Project No	Beneficiary / Project/ Name	Amount under Grant agreement with NTEF (Total incl. VAT)	Amount under Grant agreement with NTEF (% of total)	Actual amount of project funding (financing %) in current year (2019)
003	Improvement and extension of the effective use of mineral waters from the Sapareva Banya deposit, site: Construction of a mineral water tank and supply and drainage water supply.	808,301.38	435,955.02	432,123.23
005	Construction of a water supply network for mineral water, Mineralni bani v., Burgas, Burgas municipality	1,318,907.90	712,393.38	586,225.89
006	Improvement of the quality of the mineral water infrastructure in the municipality of Razlog	283,996.67	141,998.33	141,525.22
007	Construction of a mineral water pipeline from a well in the mineral bath of Barzia village, near Banya min. Berkovitsa	1,028,329.95	514,164.98	484,523.87
008	New underground water pipeline for mineral water in Velingrad and repair and reconstruction of aboveground part of Drilling 4 "Vlas" for min. Water, Velingrad deposit	377,892.66	188,946.33	188,924.47
009	Reconstruction of mineral water pipeline - length 315m / f300, village of Varvara and construction of additional mineral water pipeline - length 900m / f200, for municipal buildings in the village of Vetren dol, Septemvri municipality	380,416.06	201,560.11	201,469.76
	Public projects – Investment program Mineral Waters	4,197,844.62	2,195,018.15	2,034,792.44

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

On the basis of Decision of the Council of Ministers No 175 / 29.03.2017 and the Agreement on Transfer of Annual Emissions (AEAs) within the NTEF, the Climate Micro-Projects Program is institutionalized. The funds under this program are spent on small projects to help mitigate and adapt to adverse climate change. In 2019, three PMTC projects completed and paid in 2018 were completed and paid.

A detailed description of the costs for the financing of Program projects in 2019 is presented in the table below:

Project No	Beneficiary	Amount under Grant agreement with NTEF (Total incl. VAT)	Amount under Grant agreement with NTEF (% of total)	Actual amount of project funding (financing %) in current year (2019)
002	Black Sea Energy Research Center	30,611.60	30,611.60	30,600.00
003	Ministry of Finance	49,200.00	49,200.00	37,476.24
005	RS Balkan 2009	49,852.00	49,852.00	24,926.00
	Program “Micro Projects for the Climate“	129,663.60	129,663.60	93,002.24

13. Cost of materials

	2019	2018
	BGN '000	BGN '000
Heating	(4)	(4)
Electricity	(5)	(5)
Stationery	(1)	(3)
Others	(6)	(8)
	(16)	(20)

14. Hired services expenses

Hired services expenses include:

	2019	2018
	BGN '000	BGN '000
Consulting fees	(165)	(150)
Telecommunication	(5)	(7)
Insurance and security	(3)	(3)
Service-station fees	(27)	(27)
Audit services, including of the project financed	(25)	(108)
Other hired services expenses	(8)	(33)
	(233)	(328)

15. Other expenses

	2019	2018
	BGN '000	BGN '000
Business trip expenses	(39)	(27)
Others	(1)	-
	(40)	(27)

16. Finance income and finance costs

Finance costs amount to BGN 3 thousand and comprise of bank fees and foreign exchange transaction costs. During the reporting period and the comparative, no finance income from deposits is recognized.

17. Transactions with related parties

Related parties of the Fund include key management personnel, including the members of Management Board. Remuneration of key management personnel include the following costs:

	2019	2018
	BGN '000	BGN '000
Short-term remunerations	42	48

18. Categories of financial assets and liabilities

The carrying values of financial assets and liabilities of the Fund may be submitted in the following categories:

Financial assets	Note	2019	2018
		BGN '000	BGN '000
Cash and cash equivalents	7	14 234	17 921
Financial liabilities			
Financial liabilities at amortized cost:			
Trade and other payables	10	19	6

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

19.1. Risks related to operating activities.

Risk management objectives and policies of Management

The Fund is exposed to various types of risks with respect to its financial instruments. For more information on the financial assets and liabilities by Fund category see note 18. The most significant financial risks to which the Fund is exposed are market risk, credit risk and liquidity risk.

Risk management of the Fund is carried out by the central administration of the Fund in cooperation with the Management Board. Management's priority is to provide short- and medium-term cash flows by reducing exposure to financial markets.

The most significant financial risks to which the Fund is exposed are described below.

19.2. Market risk analysis

Consequently, the use of financial instruments the Fund may be exposed to market risk and in particular to the risk of changes in currency exchange rates and interest rate risk.

Currency risk

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

Interest risk

The Fund's Policy is directed towards minimizing the interest risk arising from long-term financing. As at 31 December 2019 the Fund is not exposed to a risk of change in market interest rates.

19.3. Credit risk analysis

Credit risk is the risk that a counterparty fails to pay its obligation to the Fund. Exposing the Fund to credit risk is limited to the carrying amount of financial assets recognized in the reporting period.

The fund has not provided its financial assets as collateral.

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

19.4. Liquidity risk analysis

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

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

As of the end of 2019, contracts for the financing of projects under the Energy Efficiency Scheme for buildings and other sites have been concluded by the NTEF, with the value of the approved subsidy amounting to BGN 3 659 thousand. The unspent part of the financing under the Climate Investment Program amounts to BGN 9 560 thousand and BGN 1 306 thousand are earmarked for the scheme for promoting the use of electric vehicles.

In the period 01.01.2019 - 31.12.2019, fully 17 public investment projects were completed, 6 of which for electric vehicles.

In 2019, the activity of the NTEF in connection with the implementation of public projects under the Climate Investment Program (CIP) is focused in the following areas:

- Preliminary control of technical designs and tendering procedures. The EcoFund performs ex-ante control over the tendering procedures of all public projects, making a preliminary review and coordination of both the tender documentation of the procedures and the technical projects for the construction works. After the successful completion of this procedure and the selection of contractors, the Fund concludes contracts with the beneficiaries.

- Control over actual implementation and payments. The Fund carries out on-the-spot checks on project implementation in order to minimize risks. After verification and acceptance of works and deliveries, a second documentary check is carried out, followed by payments to the beneficiaries. The payments under the Climate Investment Program (CIP) financing agreements concluded between the NTEF and the Beneficiaries shall be made by bank transfer.

21. Commitments in connection to the implementation of the Investment program “Mineral Waters”

In 2019, the NTEF monitors the actual implementation and payments of the 6 projects being implemented. The Fund carries out on-the-spot checks on project implementation in order to minimize risks. After verification and acceptance of works and deliveries, a second documentary check is carried out, followed by payments to the beneficiaries. The payments under the financing contracts under the Mineral Waters Investment Program are made by bank transfer.

22. Commitments in connection to the implementation of educational projects

In 2019 the Fund actively participated in the implementation of the two new educational projects. The co-financing provided by the NTEF is BGN 16 155 for the project „For the introduction of climate actions in the educational programs of the Bulgarian schools“. The project "Bridging European and Local Climate Action" is implemented on the basis of fixed hours of implementation and payable hourly rate.

23. Events after the reporting date

No adjusting events or significant non-adjusting events occurred between the date of the financial statements and the date of their authorization for issue, except for the following non-adjusting event:

The worldwide spread of novel coronavirus (COVID-19) in early 2020 caused disruptions to businesses and economic activity. On 11 March 2020 the World Health Organization declared COVID-19 a pandemic. As the situation and the measures taken by the state authorities are extremely dynamic, the management of the Fund is not able to assess the impact of the coronavirus pandemic on the future financial position and the results of operations of the Fund, but it expects overall negative impact.

24. Authorization of the financial statements

The financial statements for the year ended 31 December 2019 (including comparative information) were approved by Management on 14 April 2020.



During the European conference in Heidelberg, aimed at climate actions on local level, the mayor of Lyulin region (Sofia) had a presentation. The deputy mayor of Pavel Banya, and representatives of Samokov and Veliko Tarnovo municipalities took part in the event.



The most interesting part for the energy team of „St. St. Cyril and Methodius”, Radanovo, Polski Trambesh municipality – working with the measuring tools.

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

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

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

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

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

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

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

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

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