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Final assessment of third version of NRRP of Bulgaria (not submitted to the European Commission as of 19 May 2021)

1. **A short overview of the final NRRP: a few lines on how you assess the final NRRP submitted by your country. (Fairly good/Good/Fairly bad/Bad) - Has the final version improved with regard to the original draft? Have your inputs been taken on board?**

Fairly Bad! The third draft of the Bulgaria's NRRP seems to be better organized, since it includes additional information and reveals some improvements in few projects. Unfortunately one of the main general problems is the decreasing of money for the "Green" (Climate and Environment) Pillar from 37% to 35,6%. In the same time our assessment is that the Plan did not solve the main problems, seen already in the first draft, thus is not going to contribute to the post-COVID recovery as much as needed.

Among the several general deficiencies of the NRRP are:

- it is not ambitious enough towards "green transition" and does not provide evidences that is going to change the economy in the way to adapt to climate change challenges;
- apparently sticking to the national climate targets but includes possible bottlenecks in implementation;
- focus mainly on investment and insufficiently on reforms;
- it concentrates support in institutions and – wherever does not fund the same – stimulates their mediating role towards the final beneficiaries;
- it does not serve as leverage for the attraction of private investments towards the "green transition" and climate goals.

- high risk of corruption (based also, but not only on the intermediary role of the ministries) for most of the projects and especially these with big potential impact on climate and environment;

The NRRP of Bulgaria didn't pass the procedures on SEA and AA (NATURA 2000). The information on how the DNSH principle has been assessed and applied is rarely enough (in few project descriptions only). Projects, that would hardly pass the DNSH assessment (e.g. in agriculture, etc.) are qualified without comments.

Some projects related to the energy efficiency are not well justified quantitatively or are over-funded, this reducing the possibility to gain higher and better results. The projects that include RES are not enough to make significant shift towards green energy.

Finally, there is quite a space to propose better new projects instead of some of the existing ones or improve the quality and financial schemes of others.

2. Briefly explain how the public consultation process took place

- a. Are you happy with how the consultation process took place? Did you have a regular dialogue with the government departments?

Not at all. After the first draft was published there was only one formal round of public consultations within which only written opinions were collected. There were no formal meetings, round tables or whatsoever neither during this formal round of consultations, nor after the next two versions were presented. Any kind of further dialogue has been rejected so far.

- b. Did you have enough time to react? Have your inputs been taken on board until the end of the process?

Apart from the short timing for submitting comments and significant lack of important information about the projects, the process coincided with the same type of consultations about the Partnership Agreement.

There was no response from the institutions whether they took or rejected the inputs from NGOs and other stakeholders, and why.

3. **Your comments on green measures/investments/projects** : Please provide a few examples of good and bad measures/investment/projects with regard to climate, biodiversity and the Do no significant harm principle.

3.1. *Good* projects:

1. "Digital transformation and development of the information systems and real-time systems of the Electricity System Operator in conditions of a low-carbon energy sector" The digitalization of the management of the electricity system (ES) in Bulgaria and the relations with the ES of the EU and neighboring countries is of key importance for the development of the flexible energy sector, with the possibility to increase the use of the existing inflexible capacity of the grid with many (hundreds, thousands or tens of thousands) small electricity producers connected in the upcoming decade. The project indicators are also sufficient enough: (a) increasing the grid capacity in order to be able to connect at least 4000 MW new renewables; and (b) increasing the interconnection capacity for transmission of electricity by better use of the existing grid with at least 1000 MW.

2. "Ensuring sustainable transport connectivity and service by purchasing energy efficient and comfortable rolling stock". Finally it would happen! But to be successful, the Government should also design and implement a strong reform for gradual but steadily increasing transfer of goods and passengers from road to rail transport.

3.2. *Bad* projects:

1. "Design, build and commission infrastructure adequate for transmission of hydrogen and low-carbon gaseous fuels for supply of power stations and other consumers in coal regions in the Republic of Bulgaria" The project is likely to provide a hidden state aid for gasification (natural gas) of 4 coal-fired power plants. The design of the project – to connect TPPs with the not-ready-yet natural gas interconnection Bulgaria – Greece, is a signal for that. The project would support the life-time extension of the big centralized energy producers, thus preventing the energy sector from massive investments in the green energy.

Possible link to the negotiations for the termination of the long-term contracts of the so-called "American" TPPs at "Maritza East": it seems that Bulgaria would pay for their gas infrastructure as compensation.

2. "Reconstruction, restoration and modernization of the state hydro-ameliorative fund in the Republic of Bulgaria for sustainable water management and adaptation

to climate change” The project aims to restore the old, once existed irrigation system. It wasn't designed for the current climate change trends and would not serve the proclaimed project goals. In addition, the project, as designed, would affect wetlands and protected areas. Thirdly, this is one of the projects with the highest corruption risk.

A significant number of the projects could be *improved* in a way to increase their climate and environmental impact. This is valid not only for projects that are focused explicitly on climate, energy efficiency and renewables, for which NGOs and experts already provide ideas how to be improved, but also for projects in other sectors, e.g. science (“greening” of the Bulgarian Academy of Sciences), industry (industrial zones) and SME, social services and healthcare (where some energy efficiency measures are envisaged but not well designed).

1. “Pilot scheme *Green Mobility* for renewal of rolling stock for urban and interurban transport”. The project, as designed is open for investing in non-green options and is in high corruption risk. It could be significantly improved by implementation of some reforms in the transport sector that are not envisaged in the NRRP and some new conditions in the project itself: territorial concentration of the project, purchase of Zero-emissions buses only, developing of reasonable number of charging points, which use renewable energy only.

2. The projects “Digitization in railway transport through modernization of safety and energy efficiency systems by rail routes through the main and wide-ranging TEN-T network” and “Reconstruction and rehabilitation of key station complexes and construction of an intermodal terminal - Gorna Oryahovitsa” could be significantly improved with more ambitious goals for investing in renewables for own purposes and improving energy efficiency. Thus, they could become a basis for a long-term programme for a transition of the railways to green energy.

We put a special interest on the reforms and projects focused on the establishing of some *Funds*.

1. National Decarbonisation Fund. This is one of the biggest secrets of the Bulgaria's NRRP. It start is scheduled for 2023 which would make obstacles to use funding mechanisms other than 100% grants (e.g. financial instruments) for EE and RES projects, including the ones from the NRRP. The late start of the NDF might also create tensions between it and Just Transition Fund, that is to be established within the Regional Operational Programme.

2. Green Transition Fund under “Economic transformation programme”, The fund is a good as an idea but badly designed. The proposed funding for renewables with

storage (batteries) is insufficient and would provide support for insignificant number of projects (up to 10).

4. **Fiscal reforms:** Are fiscal instruments such as green taxation, especially carbon taxes, is part of the toolbox of measures in the Recovery Plan? Are there any plans to assess and remove environmentally harmful subsidies?

Not at all. The Bulgarian NRRP does not provide any incentives in these directions although there were proposals for that.

5. **Your final comments on what you expect next:** anything you want to point out regarding the NRRPs implementation and how you would like to see your role in it.

So far Bulgaria has not submitted the NRRP for the formal assessment by the EC. Therefore, there are some opportunities to work with the Interim Government for improvements of the plan. There several directions to work:

- on overall improvement of the plan;
- with the Ministry of Environment and Waters, to start the SEA and AA procedures for the NRRP;
- to improve some projects (mainly with RES and EE focus in housing, transport and SME)