ANNEX
Commission services preliminary technical questions and comments on the Bulgarian
RRP submitted on 15 October 2021 and addenda submitted on 17 and 19 November
2021
[confidential]

Horizontal comments

Country Specific Recommendations
We welcome that the Bulgarian Recovery and Resilience plan contains a number of important reform elements to address relevant challenges behind the country-specific recommendations. However, in some areas the ambition of the plan falls behind the level of commitment necessary to address to an acceptable degree all relevant 2019 and 2020 CSRs. In particular, it lacks clear and more definitive commitments on the decarbonisation of the economy, including in the coal regions. This regards in particular the deliverables of the envisaged reform on ‘green energy transition’ and concrete steps for decommissioning of coal capacity. The plan should include the entry into force of an ambitious ‘decarbonisation law’ and a clear, unconditional commitment to decommissioning some of the most polluting lignite plants already within the RRF timeframe. The corporate government framework for the Bulgarian Energy Holding (‘BEH’) should be adjusted so that cross-subsidies within the group do not delay or hinder the decarbonisation objective and, more specifically, that RRF funding is only used for the measures specified in the plan.

The measures to improve the business environment, including by increasing the accountability of the Prosecutor General and stepping up the fight against corruption, are welcome. Further steps are still needed to define the measure relating to the accountability and criminal liability of the Prosecutor-General. Regarding the anti-corruption measures, to ensure steady progress over time, early interim milestones should be added for those measures whose completion is planned at the later stages of the implementation period.

More ambition and clarity is needed on deliverables related to sustainable transport in all its dimensions, notably on decarbonisation of road transport. For the health CSRs, we note that the plan does not fully address all elements. This concerns the access to health services and notably the reduction of out-of-pocket payments.

In a number of cases, the measures appear adequate, but require better specification in the related milestones and targets or in some cases anticipation of the milestone/target.

DNSH principle
In accordance with Article 5(2) of the RRF Regulation, the RRF can only support measures that respect the principle of ‘do no significant harm’ (DNSH). The DNSH assessment needs to be performed for all reforms and investments.
We note that additional safeguards are needed to ensure full compliance, in particular for the following cases:

- At present, DNSH compliance of the investment into gas-fired capacity cannot be ascertained. The DNSH guidance clearly requires “the simultaneous closure of a significantly more carbon-intensive power plant with at least the same capacity, leading to a significant decrease in GHG emissions” but the plan remains vague on the decommissioning requirements, including on total decommissioned capacity and expected environmental impacts, notably in terms of GHG emissions reduction. To address this issue, an objective environmental criterion (e.g. verified GHG emission in 2019) should be used for selecting the installations to be decommissioned. Moreover, DNSH compliance should also be demonstrated by a more ambitious commitment to increase usage of renewable and low-carbon gases, in particular hydrogen (see below). Finally, the project for the construction of gas plants will need to be accompanied by a more comprehensive DNSH self-assessment. Bulgaria has used the “simplified assessment” but this is clearly insufficient in this case.

- The hydrogen/gas transportation project also requires further follow-up: DNSH compliance should be demonstrated through additional flanking measures, credible plans and projections for its future use for transportation of renewable gases included in the relevant M&Ts (e.g. the pipeline should have a minimum blending level by 2026 and a roadmap to get to 100% hydrogen in a reasonable timeframe). In this regard, the electrolyser capacity to be installed should correspond to a minimum required volume of hydrogen for the pipeline and a target of [100-200] MW should be added, as agreed in the meeting of 12 November.

- On RES investments under Smart industry component, explicit reference to the technology to be financed should be included in the DNSH self-assessment and relevant M&Ts (e.g., the investment is limited to use of solar as renewable energy sources for investments).

- For the financing mechanism for energy efficiency and renewable energy projects together with energy bills, we take note that gas boilers are excluded for the replacement of oil-based heating systems. This needs to be reflected in the corresponding milestones and targets. We will follow up when drafting the CID Annex.

- Compliance with the DNSH principle will need to be embedded in the design of the Fund for Technological and Ecological Modernisation of Agriculture through appropriate selection criteria ensuring compliance with the EU acquis (notably the Water Framework Directive). We welcome the additional clarifications and the commitments made in the revised project fiche submitted on 17 November. We will come back with specific drafting suggestions for integrating DNSH compliance into the milestones and targets for this measure when drafting the CID Annex.

- Similarly, for several other measures (e.g. the geothermal project; energy efficiency and RES projects), DNSH requirements should be included in the relevant milestones and targets. Specific comments are provided further below in the respective components or have already been flagged in our comments on the M&T tables shared with your services on 29 October. We will come back to this when drafting the CID Annex.

### Milestones and targets

Milestones and targets have substantially improved, including through the implementation of comments sent on 29 of October. Nevertheless, some work is still required to improve the quality of milestones and
targets, especially on the components on which we had fewer opportunities to exchange on the specific drafting so far:

- First, in many cases additional milestones and targets have to be included or qualified further in order to reach the required level of ambition of the Plan necessary to comply with the RRF Regulation. The Commission has provided already comments and suggestions, in particular for those components for which substantive discussions are still on-going between Bulgaria and the Commission. We will continue to engage with Bulgaria in this respect.

- Second, the descriptions of some milestones and targets still need some refinement to ensure they are measurable, concrete and better calibrated to the costing information. The descriptions need to be aligned with horizontal eligibility requirements. The qualitative indicators (for milestones) and quantitative indicators (for targets) need to be consistently provided. Further specific suggestions are provided in the section dedicated to the Plan’s components below.

- Third, the number of milestones and targets could be further streamlined, by focusing less on preparatory and more on entry into force of reforms and actual implementation of investments. Specific suggestions, are provided in the section dedicated to the Plan’s components below.

- Finally, the timeline for implementation for certain measures, as for instance those related to anti-corruption, should be advanced.

Costing (completeness, eligibility, complementarity with other EU funds)

Concerning the costing estimates, the preliminary assessment has so far focused on identification of missing information, and of potential issues concerning the possible ineligibility of cost items included in the projects. Based on this preliminary review, we have identified the following types of issues:

- The methodology used for determining the total cost is not always available or clearly understandable. This is a minimum requirement for a positive costing assessment;

- There are a few inconsistencies between the main text of the RRP, the project fiches and the costing files, or among the different costing files that will need to be addressed;

- Some cost items included in the RRP are prima facie non-eligible. This concerns notably the inclusion of staffing costs or other recurring costs. There are also some instances where the costs include VAT, which needs to be removed;

- The management costs for investments is not always proportionate to the estimated relevant costs. In particular, flat rates as a percentage of the project size are applied regardless of the nature of the work, or the size of the underlying managing work;

Insufficient assurance that there will be no double-funding with other EU funds: There are several measures that are closely linked to activities financed by other EU funds. In particular, for each project, we need sufficient information and evidence that the parts supported by the Recovery and Resilience Facility is not covered by existing or planned Union financing. Where other EU financing could play a role in the future, a clear identification of the costs financed by other EU funds and the costs financed by the RRF would provide sufficient assurance, e.g. in terms of different regions being concerned, different type of beneficiaries, different technologies supported etc. Specific comments and suggestions are provided in the section dedicated to each component below. These are not exhaustive; we will send additional comments on costing in the upcoming days.
Finally, we take note that you stated that the cost estimates you submitted have been validated by the Executive Agency Audit of EU Funds. We would ask you to provide written proof that this was the case, in the form of a written statement by the above mentioned Agency.

Control and Audit

The control and audit systems for the RRF are generally described, but more information is needed on arrangements to avoid double-funding through a demarcation line (see comments under point B below). The inclusion of dedicated milestones on the legal framework, the IT system, and overall administrative capacity is welcome. Yet, further work is needed to align them with requirements in the RRF regulation. An additional milestone for the assessment of the administrative capacity of the National Fund Directorate would also be needed.

A. Issues to be addressed via dedicated milestones. Below, we also provide our comments and proposals to make the existing milestones more clear and robust.

(i) **Milestone related to the final approval of the Management and Control System in the specific context of RRF:** A milestone concerning the approval of the Management and Control System by Q4/2021 was introduced. The milestone should cover the adoption and entry into force of the act by the first payment request. The use of acronyms in the description of the milestone should be avoided (e.g. PHS). Please see our suggestions below:

**Description:** The Management and Control System in the context of the RRF should be approved before the first payment request, including: the ministries/bodies responsible for carrying out controls on the implementation of the plan (investments and reforms); the specification of measures to combat fraud, corruption, double funding and conflict of interest and arrangements for reporting and correcting serious irregularities.

**Indicator:** Adoption and entry into force of the act (an order of the Minister of Finance) approving the Management and Control System

**Deadline:** Q4 2021 (before the first payment request)

(ii) **Milestone related to the administrative capacity:**

As the information on the administrative capacity of the National Fund Directorate is insufficient and no workload analysis of the National Fund Directorate could be located, we suggest to include the following milestone:

**Description:** A workload analyses shall be carried out for the National Funds Directorate, also taking into account the burden arising from the Recovery and Resilience Facility. The analysis shall be carried out before the first payment request and provide adequate information in terms of administrative capacity needs with a view to reaching them in a timely manner, including by developing a set of recommendations to address insufficient capacity where necessary. Based on the analysis and recommendations, necessary resources shall be allocated to the National Fund Directorate.
**Indicator:** A workload analysis is published and the respective recommendations have been implemented.

**Deadline:** Before the first payment request

(iii) **Milestone related to the repository system:** For consistency purposes, the description of the milestone should be brought in line with the previous Commission proposal, also used in other Member States.

**Description:** A repository system for monitoring the implementation of the RRP shall be in place and operational **before the first payment request** (except for pre-financing). The system shall include, as a minimum, the following functionalities:

(a) Collection of data and monitoring of the achievement of milestones and targets;
(b) Collect, store and ensure access to the data required by Article 22(2)(d)(i) to (iii) of the RRF Regulation.

**Indicator:** Audit report confirming the repository system functionalities

**Deadline:** Before the first payment request

B. **The following issue should be clarified in the text of the RRP.**

(i) **On the issue of double funding,** even though the annex containing the complementarity table has been provided, neither the table nor the text of the RRP clarify the exact criteria taken into consideration for establishing the demarcation line for the different components. Please outline the criteria used for establishing the demarcation line for the different components. For an illustration of where this is not clear: on page 4 of the complementarity table, under the column of RRF-funded actions, the following is listed ‘Voucher scheme to support the digitisation process in enterprises support for first and second levels of digitalisation (Computerisation level and Connectivity level) in enterprises in all sectors; support for measures to ensure cybersecurity of businesses’. Please clarify how you intend to ensure that this voucher scheme will not be used in projects financed by other EU Funds.

**State aid**

The table of content of the plan includes a reference to separate documents on State aid self-assessment but, as such documents were not provided separately (except for investment I2 - “**Digitalisation for complex management, control and effective use of waters**” and I1 - “**Large-scale deployment of digital infrastructure**”), the assessment was carried out on the basis of the information provided in the plan and in the project fiches.

With regard to investment I8 - “**Support scheme for decarbonisation through the installation of high efficiency low carbon fueled power plants replacing coal capacity in coal regions**”, the design of the scheme should be clarified and a State aid self-assessment fiche is necessary.

Substantial information is still missing for a number of measures as indicated in this document for the respective components. Please provide the necessary information such that the Commission services can
provide a more complete assessment of the State aid measures and ensure that the implementation of the measures is swift and in compliance with State aid rules.

Climate tracking

The contribution to the climate target as estimated by Bulgaria stands at 43.5% (45.8% when adjusted to the oversubscription of the RRP). According to our estimations, the actual contribution will be lower but still above the legal threshold of 37%. We welcome that most of the comments raised by the Commission in previous rounds have been addressed in the latest submission. However, further work is needed on specific measures. The gas/hydrogen transport infrastructure project still requires a change to the intervention field applied. Furthermore, for a number of measures, only the parts of the estimated costs are directly relevant to the climate target and tagging should be revised accordingly (requiring a “cost breakdown” at sub-measure level). Examples of projects for which this remains an issue are the RES support scheme and the modernisation of railway power substations. Finally, the energy efficiency investments play a key role for meeting the climate target. Their contribution is now 100% with the commitment to ensure a minimum 30% primary energy reduction. We welcome that this commitment has been embedded into the corresponding milestones and targets as per the revised tables submitted on 17 November and we will work on this basis when drafting the CID Annex. More detailed comments per measure are provided directly under each relevant component.

Digital tagging

Bulgaria claims a digital contribution of the measures included in the plan of 22.3% (23.5% when adjusted for the oversubscription of the RRP). According to our estimations, the actual contribution will be lower but above the legal threshold of 20%. It should be noted, however, that confirmation that the target is met will depend on the finalization of the assessment of the costing estimates. In other words, if part of the cost tagged is not eligible, there could still be some risk that the digital target is not met. We welcome that most of the comments raised by the Commission previously have been addressed. Yet, there are still some outstanding issues to be addressed, notably as regards the projects on modernisation of power substations along the TEN-T network and the Development of an electronic identification (eID) national scheme. More detailed comments are provided for each relevant component.

Impact of the plan

As regards Part IV of the plan, we would have the following comments and questions:

- The estimated economic impact of the RRP appears rather optimistic, compared to the Commission estimates (excluding the spillover effects) and with respect to previous versions of the Plan.
- Could you please explain the discrepancy between the RRF financed expenditures in tables T4a/T4b and the estimated costs for which funding from the RRF is requested in table T2?
- The table with information on the qualitative impact of the plan (table 3a) is missing. In table 3b the description of the channels of impact and risks/challenges is also missing. Furthermore, table 3b does not present the estimation of the long-term impact (20 years ahead).
- The assessment of the RRP socioeconomic impact would benefit from a clear presentation of short, medium- and long-term multipliers. Currently, it is unclear what factors determine the difference between the short-term and the medium-term impact of different components (e.g.
the time profile of investment, demand vs supply effects). While some discussion on the long-term effects of the plan is presented, the argumentation is rather generic. Further supporting the analysis with quantitative estimation of the long-term effects and references to relevant studies is welcome.

- The distribution of RRP-financed and national co-financing of the plan across years would be helpful to assess the time profile of the socioeconomic effects.
- Could you please update the no-RRF baseline to reflect the latest developments, including the worsened pandemic situation?
- Could you please provide more details on the sources of the moderate deterioration of the budget balance in the first years of implementation? In particular, what is the expected evolution of revenue and expenditure by categories associated with the plan?
- Could you please provide more explanations on the expected social and economic impact of the plan’s reforms, including on potential growth, employment, cohesion, resilience, social vulnerabilities, etc.?
- Could you please elaborate more on the lasting impact of the plan’s measures, discussing institutional and policy changes, sustainability and associated risks?
- The current non-RRF baseline is based on a simulation from 2018. Could you please provide an up-to-date reference to the model used in the simulation or, alternatively, an explanation of the revisions with respect to the 2018 version?

**Gender equality and equal opportunities for all**

The section on gender equality and equal opportunities for all should include a full explanation of how the measures in the recovery and resilience plan are expected to contribute to gender equality and equal opportunities for all and the mainstreaming of those objectives, as per the requirements in Article 18(4)(o) of the RRF Regulation.

Concerning the challenges related to the inclusion and equality of Roma people, it remains unclear why the high risk of poverty and social exclusion of Roma people, much higher than that of the general population, is not explicitly addressed by Component D.2. on social inclusion. Alike, the poorer health compared to the general population, often paired with more limited access to healthcare, of members of disadvantaged groups, including Roma, is not tackled in Component D.3. on healthcare.

Based on the October 2020 EU Framework for Roma equality, Bulgaria, together with other member states, has been invited to make full use of available EU and national funding to promote the socio-economic integration of marginalised communities, including Roma. Given the relevance of the topic, we invite the authorities to outline, in the section on gender equality and equal opportunities for all, the measures envisaged to address the problems of vulnerable ethnic communities, including Roma communities, irrespective of the source of funding.
Detailed comments by component

All references to numbers of milestones and targets refer to the tables transmitted in reply to the Commission informal comments of 29 October as received on 17 November 2021.

Innovative Bulgaria

Component 1 – Education and Skills

1) This component is overall mature and a number of issues have been clarified, but some commitments need to be spelled out more clearly. Some of the questions outlined below focus on revised information received on 17 November, while others have already been expressed during previous exchanges.

2) We note that the fiche of investment 1 on STEM centers clarifies the complementarity with the activities that will be funded under the ESF+ Programme Education 2021-27 (i.e., only training related to the use of equipment is to be covered in the RRF and this is to be done by the supplier). As a result, in the updated version of the RRP, the target: “Completed training of pedagogical professionals” - 50 925(Q3 2026) was deleted.

• However, given the relevance of the teachers’ trainings for the successful deployment of the STEM centers, we suggest keeping a target with deadline Q2 2026 monitoring this aspect, irrespective of the funding source.

• In addition, the overall level of ambition for the trainings of the teachers should be kept, irrespective of the source of financing. This means that, despite the revision of the financing source, the total number of teachers trainings, which will be covered under ESF+, should be at least as high as the amount of trainings previously planned and expected to be funded via both RRF and ESF+. The costing files of the project include references to estimates for the trainings of the teachers. Thus, the choice of removing teachers’ trainings from the RRP might have implications for the costing estimates of the project and, in turn, for the digital tagging of the component. If so, please align figures across documents.

• Regarding the inclusiveness of education and training, in particular for Roma and other disadvantaged groups, we note that, in your 17 Nov. feedback to COM, there is a reference to ‘special schools for students from disadvantaged groups as well as to (1) centres for educational support and (2) regional centres supporting the process of inclusive education.’ Please clarify what ‘special school’ refers to. It needs to be ensured that enrolment to those schools will not be based on the socioeconomic background of the students.

Milestones and targets

Please note that the numbering refers to the table of milestones and targets that was submitted on 17 Nov.

3) Target 4 ‘Completion of the works of STEM centres in schools’ should reflect, in its description, that 263 centres are already funded via national budget, and will be upgraded through RRF, while 1980 will be fully built.

4) Milestone 16 ‘Skills strategy (in partnership with the OECD)’ misses a qualitative indicator in the submitted milestones and targets tables (Nov 17). It’s foreseen to be achieved in Q1 2023. This
date does not seem to be in accordance with the timing outlined in the TSI request submitted by BG under the TSI Call 2022, where the finalization of is planned towards the end of 2023.

5) We also note that some milestones, refer only to the adoption of the Strategies. The adoption and implementation of the related action plans should also be covered by a milestone/target. This applies notably to milestone 19 ‘Strategic framework for the development of education, training and learning in the Republic of Bulgaria (2021-2030)’ which has a focus on i) better access to quality education for children from vulnerable groups, including Roma; ii) greater coverage of children in the education system, and iii) the introduction of a system of teacher qualifications, as well as to milestone 22 ‘Strategy adopted for the development of higher education in the Republic of Bulgaria for the period 2021-2030’.

Demarcation/Complementarity

6) The investment ‘Trainings for digital skills and building a national online platform for adult learning’ aims to provide trainings to 500,000 persons. However, the RRF will only fund trainings in basic to intermediate digital skills for unemployed or employed people, thus excluding advanced-level trainings and the inactive persons, which will be covered through ESF+. Could you please provide a breakdown by the funding source, the skill level of the training, the total envisaged number and status of the participants, also explaining how the people will be reached? This would allow us to assess the ambition level of the target.

State aid

7) For the investment I4 – “Establishment of centres for personal development of pupils and youth in support for the sustainable recovery of municipalities”, please confirm that the municipalities will carry out non-economic activities.

Tagging

8) P2 - “Modernising educational institutions for a more attractive and quality environment for learning and innovation”: Thank you very much for costs breakdown/splitting (as reply in tagging table uploaded to CIRCA on 17 November). However, the amounts in the table and your comments are not consistent. Please align them.

Component 2 – Research and Innovation

Milestones and targets

9) In target 4 “Completed projects by innovative SMEs with a Seal of Excellence quality label and higher education/research organisations in Twinning and ERA Chairs awarded with funding”, the description appears to be a technical confusion with another milestone on research higher education institutions; please adjust it.

10) In target 9 “Integration of QCI network into the urban environment”, please include at the beginning in the description of the target "works completed and optical route operational".

Tagging
11) As regards I5 - “Programme for accelerating economic recovery and transformation through science and innovation”, we note the addition that „The guidelines for the preparation and implementation of the strategic innovation programs for HEI will set the requirement that at least 20% of the costs for the implementation of the programs shall be for activities that can be defined as contributing to the digital transition“. This needs to be duly reflected also in the milestones. On I6 - “Enhancing the innovation capacity of the Bulgarian Academy of Sciences (BAS) in the field of green and digital technologies”, please provide further information on the distribution of activities per intervention code, referencing the concrete sub-activities, as well as ensure that the amounts are aligned across the different tables.

Component 3 – Smart Industry

12) Concerning Project 7 (‘Public support programme for the development of industrial districts, parks and similar territories and attracting investments (AttractInvestBG)’), please explain which industrial parks (whether or not they are already established) you envisage to be potentially in the scope of the project, including information on their location.

13) With reference to the use of outstanding resources after Q1 2024, please rephrase including a commitment for the use in industrial parks – same as already covered be the project, or other - under the same conditions and for the same purposes. Please include this commitment in the description of target 4.

14) With reference to the document named ‘Further information — EIB proposed financial instrument in Bulgaria’, it is not clear if RRF resources shall be used as collateral for EIB lending (direct financing – pag.2), or as a guarantee instead. Furthermore, please clarify why BG is not using the MS compartment of InvestEU in order to provide guarantee coverage to EIB.

15) With reference to the same document, we note that the selection of financial intermediaries should be done in accordance with the EIB’s standard call procedure. Please confirm that this is the case.

16) To address regional disparities, we recommend that at least two of the beneficiary parks are located in the 3 Northern NUTS2.

17) Concerning the grants included in Project 8 (‘Economic Transformation Programme’), we note that the description of the governance arrangements for such grants have been further detailed. Please confirm that the Ministry of Economy will: 1) ensure that an effective management and control system is implemented, 2) be able to take corrective action whenever necessary, and 3) monitor regularly the progress of the project implementation in accordance with all the respective conditions.

Milestones and Targets

18) Please specify for all milestones the cell in the column ‘qualitative indicator (for milestones).

19) Milestone 1: Please indicate the entry-into force of the Industrial Parks Act as the qualitative indicator and adapt the date if necessary.

20) For Project 7, the name of target 2 (currently ‘Agreed support for the construction/extension/renovation of industrial zones, parks, similar areas’) should be ‘Signature of contracts for the construction/extension/renovation of industrial zones, parks, similar areas’. 
21) You include ‘4’ as target for targets 2, 3 and 4 with different indicators in each case. Please be consistent and more precise in what this number refers to. For background, please explain to us your choice for the indicator.

22) Targets 2 and 4 seem to cover essentially the same content. Please remove one of the two.

23) Please include, in the description of target 2/4, that the contracts will be assigned on the basis of a competitive selection procedure put in place by the Investment Board. Please specify, in the description of the target, the minimum size/ambition of the investment.

24) Furthermore, again for target 4, Q4/2023 might be too ambitious for attracting strategic investors.

25) For Project 8, On milestone 8 (equity instruments – growth and impact PFF), please include that the operations with intermediaries shall be approved by the investment committee/governance organ as proposed by the fund manager (EIF) based on market needs and in an open and market-conform way. Please also confirm and add to the description that companies that derived more than 50% of their revenues during the preceding financial year from activities or assets in the exclusion list shall be required to adopt and publish green transition plans, as per DNSH guidance. Please remove milestone 9 (publication of an open call for selection of financial intermediaries). This should be reflected instead in the operational arrangements as there is no need for a second milestone just one quarter after milestone 8.

26) On milestone 11, please specify that the beneficiaries shall be SMEs and that the projects shall support the acquisition of new technology with a focus on the digitalisation of production processes, and that at least 50% of the value of the project shall be co-financed by the beneficiary.

27) On target 12, please focus on successfully completed projects by enterprises as specified in the project fiche, not the number of enterprises supported.

28) On milestone 13, please focus on the completion of the selection procedures, not the start of operation of the voucher scheme. Please explain why a ‘preliminary selection’ of voucher providers is necessary instead of leaving companies to freely choose their providers. It is unclear why restricting the choice of provider is necessary. Please also add that “the selection procedures for projects shall be run in an open and competitive manner”.

29) Target 14: please specify how 1st or 2nd level digitalisation will be measured to verify the achievement of the target.

30) On milestone 15 (equity instruments – innovation), please include that the operations with intermediaries shall be approved by the investment committee/governance organ as proposed by the fund manager (EIF) based on market needs and in an open and market-conform way. Please also include the areas for which support will be provided as per the project fiche (information and communication technology, industrial automatisation, artificial intelligence, robotics, blockchain, fintech, life sciences, cybersecurity, quantum technologies, Internet of Things, cloud computing, clean and sustainable technologies, social entrepreneurship, and biotechnology and shall aim at supporting investments in human capital, digital and green
technology, and in research, development, and technology transfer). Please also confirm and add to the description that companies that derived more than 50% of their revenues during the preceding financial year from activities or assets in the exclusion list shall be required to adopt and publish green transition plans, as per DNSH guidance. Please further amend in the description of the milestone the estimated number of target companies from 24 to 30, as per updated project description.

31) Please remove milestone 16 (publication of an open call for selection of financial intermediaries). This should be reflected instead in the operational arrangements as there is no need for a second milestone just one quarter after milestone 15.

32) On milestone 18, please confirm that beneficiaries shall be SMEs, small mid-caps, and mid-caps and that the selected projects shall support companies in improving energy independence through electricity installations of renewable energy sources for own use. Please also confirm that the total amount of installed capacity per company shall not exceed 1 MW; that companies in the area of electricity production and distribution and agriculture shall not be eligible for support; and that at least 50% of the value of the project shall be co-financed by the beneficiary. Please specify the qualitative indicator and refer to the signature of contracts instead of ‘grants concluded’.

33) On milestone 20, please specify that beneficiaries shall be limited to SMEs and large companies in the area of manufacturing only and that at least 50% of the value of the project shall be co-financed by the beneficiary.

**Tagging**

34) As regards the “Fund 2 Green Transition and Circular Economy: Transition to a circular economy”, indeed, the intervention fields should be 47 and 47bis as the measure is more broadly about resources efficiency and it covers SMEs and large enterprises. However, Bulgaria should estimate and tag at sub-measure level.

**Demarcation/Complementarity**

35) With respect to Project 7, we take note of your proposal to ensure demarcation between the activities carried out in the project and those financed under the Programme Research, innovation and Digitalisation for Smart Transformation (for what concerns research and innovation related infrastructure) under the European Regional Development Fund. Please include reference to the inter-institutional working group and commitment to ensure demarcation between the two funds in target 2.

**Costing**

36) Please review the size of the management fee on the basis of an estimate of the cost of managing the funds. Please further remove the green tagging for the management of the funds, as they would not be appropriate for tagging.

**State aid**

37) With regard to I1 - “Public support programme for the development of industrial zones, parks and similar areas and attracting investment (AttractInvestBG)”, on component 1, we understand that the Bulgarian authorities intend to support the construction of new modern industrial zones or the upgrading of existing ones with all the infrastructure necessary for investors and favourable
conditions for the implementation of new industrial projects to support economic growth, whether general infrastructure or technical ones (essentially focused on R&D, innovation and technology transfer). These new or upgraded industrial zones would benefit new investors (with a potential offer of “tailor made” services) or undertakings already located in the zones. The Bulgarian authorities consider that such construction would be exempt of State aid, which could be, provided that the Bulgarian authorities design the scheme so as to avoid advantage to the operator of the industrial zone or the construction of dedicated infrastructure, which seems its intention, but still needs to be substantiated. On component 2, we understand that direct investment support is envisaged under RRF and that “provision of aid to investors certified under the Investment Promotion Act (IPA) is envisaged”. We expect that implementation will be either under the regional aid scheme in force under the IPA or under a State aid scheme for large enterprises under the Regional Aid Guidelines, which is currently being developed under a project SRSP funded by the European Commission together with the Ministry of the Economy and is about to be notified to the EU, which is fine.

**Green Bulgaria**

**Component 4 – Low-Carbon Economy**

The ambition of the component falls behind the commitment required to address the relevant CSRs, in particular, contributing to a progressive decarbonisation of the economy, including in the coal regions.

*Decarbonisation*

38) The proposed measures for decarbonisation are lacking firm commitments as they are included in the plan as non-binding considerations for the work forward. The plan should include clearer commitments with regards to the decarbonisation of the energy sector, transposed into clear milestones and targets.

39) The timeline for coal-phase out is not ambitious enough. According to the plan as it stands, we understand that it should indicatively be completed by 2038. We note that neighbouring Member States in comparable situations have more ambitious timelines.

40) A way to deal with it is to include this as a task of the Green energy transition. As regards the mandate of Green energy transition Commission to advise on the specific coal phase out date, a milestone should capture the latest date for the completing the phase out of coal/lignite, leaving an earlier date possible in line with comparable neighbouring Member States. We would also welcome a confirmation that the submission of the scenario report to the government will be sufficient to finalise the Territorial Just Transition Plans (TJTPs) for Bulgaria.

41) A clear commitment to adopt a decarbonisation law (or revised climate law) should be included to give reassurance about the timing of the reform, bring clarity for the programming of resources under the Just Transition Fund and more generally for investors, and include flanking measures to address socio-economic impacts.
42) Concrete steps for decommissioning of coal/lignite capacities must be included in the plan during the lifetime of the RRF to address credibly the CSRs on decarbonisation and to ensure DNSH compliance of the gas projects. Based on the clarifications you provided in recent meetings, we understand that the commitment to decommissioning at least 1.4 GW of coal capacity by 2026 is a firm one (while a higher capacity is necessary, see below). Wording used in the milestones and targets table should be unequivocal on this important point.

43) The decommissioning of coal/lignite capacity needs to go beyond 1.4 GW. At least 1.6 GW should be envisaged and this capacity should come primarily from the most polluting plants based on the data collected under the ETS and the Industrial Emission Directive (IED). We understand that the Bulgarian authorities are not in a position to indicate what specific power plants will be decommissioned at this stage. At the same time, concrete guarantees must be provided to ensure that decommissioning is leading to a significant decrease in GHG emissions. To achieve this, an objective environmental criterion should be used for the selection of the plants, e.g. plants decommissioned should account for at least 40% CO2 emissions in the power sector, based on CO2 emissions data of 2019. The underlying data has been shared with you.

**Gas-fired power production plant**

44) The investments concerning gas-fired power plants need to be reconsidered from a DNSH perspective. As already mentioned the investments have to be conditional on clear coal plants decommissioning of at least one lignite or coal-based power plant which is operational resulting in a total decommissioning of a significantly more carbon-intensive power plant, leading to a significant decrease in GHG emissions (see also above). The respective conditions have to be introduced already at the stage of the tendering and have to be included in the milestones and targets accompanying the whole process.

45) Clarity is also required on the financing structure of the investment, as the share of the investment support coming from the Modernisation Fund does not seem fully realistic.

**Gas transport infrastructure**

46) To ensure only DNSH compliance, a list of flanking measures to ensure that the pipeline will be dedicated to transporting hydrogen over time is required (e.g. the transport pipeline should have a minimum blending level by 2026 and a roadmap to get to 100% hydrogen outside of the timeline of the RRF). Therefore, a clear commitment on blending level of natural gas with hydrogen by 2026 and when hydrogen will replace gas in a significant manner should be included in the plan. Moreover, the electrolyser capacity to be installed should correspond to a minimum required volume of hydrogen for the pipeline.

47) Please note that the transport pipeline should transport 100% hydrogen by its commissioning to be compliant with DNSH and obtain the 100% climate tagging, intervention field 33. Given the lack of green hydrogen to be transported through this pipeline, the correct intervention field for this measure appears to be 034bis2 Distribution and transport of natural gas substituting coal. This has an impact on the climate tag applied, which would be reduced to 0% and on the digital tag, which would also be reduced to 0%. For sake of clarity, there is no 40% tagging possibility.

**Renewable Energy**

48) We take note of the clarification provided on 17 November that the type of RES to be supported under the plan is limited to wind and solar.
**Energy market reforms**

49) We welcome the commitment to fully liberalise the electricity wholesale market in 2022, following the legislative changes to be implemented by mid-2022. However, there is a level of concern as regards the phase out of the power purchase agreements (PPAs). Their early termination would be desirable to achieve a fully liberalized wholesale market. If not early terminated, Bulgaria should explain the relation between implementation of the market reforms by 2022 and the continuation of the PPAs until their end dates in 2024, and 2026, respectively.

50) The limitation of long-term contracts should exclude the power purchase agreements for investments in the field of renewable energy.

51) The intention to address energy poverty is welcome. While we understand that Bulgaria is considering additional measures, those need to be translated into a concrete measurable output embedded in the milestones and targets. Bulgaria is advised to consult the Recommendation on Energy Poverty C(2020) 9600 final, which is accompanied by a more in depth guidance SWD document that lists the latest indicator figures across the EU and lays out several best practices on the use of indicators by different Member States.

**Renewable gases and hydrogen**

52) Higher ambition is needed, as 55MW of electrolysers capacity are insufficient to support a meaningful increase in hydrogen as necessary under DNSH for investments related to gas investments. As agreed in the last meeting, please confirm that an overall capacity of at least 100 MW electrolysers is to be made operational during the timeframe of RRF while preserving support from RRF to 55MW.

**Geothermal**

53) We take note of the clarification provided on 17 November that the geothermal investment excludes exploration or extraction of either oil or gas, equipment purchased or used for such purposes. In addition, you clarified that there is no methane releases and the geothermal drilling have no harmful impact on water scarcity and water quality. Moreover, you stated that this measure does not foresee support to district heating systems using fossil energy sources nor any investments in installations falling within the scope of the EU Emission Trading System (ETS). This exclusion list should be embedded in the DNSH self-assessment and in the milestones and targets for this measure.

**Cross-subsidies inside the BEH group**

54) The plan still does not address the issue of removal of cross-subsidies inside the Bulgarian Energy Holding (‘BEH’). This issue has to be dealt with at two levels:

- In general terms, the corporate government framework for BEH should be adjusted so that cross-subsidies within the group do not delay or hinder the decarbonisation objective. For example, a ban on cross-subsidisation between BEH’s subsidiaries, in particular by BEH buying CO2 allowances for some of its subsidiaries, could be introduced insofar as such financing of subsidiaries is not in line with the proper role of a financial holding, but would relate to the operational business and costs of the subsidiaries.
More specifically, specific measures will have to be included to ensure that RRF funding for projects undertaken by BEH will only be used for the measures as specified in the plan and cannot be part of the financial flows with the BEH Group.

**State Enterprise “Conversion of Coal Regions”**

55) This reform is currently not justified. If the measure is retained, it needs significant improvements to explain its benefits and how it relates to the implementation of the coal-phase out and the decommissioning of coal-fired power plants under the plan. Moreover, the aim of this reform needs to be translated into measurable output and results. Furthermore, activities falling under the remit of the new company, for example land restoration, appear to be obligations incumbent on the existing companies, in particular BEH’s subsidiaries.

**Mechanism for energy efficiency and renewable energy projects together with energy bills**

56) We take note that gas boilers are excluded for the replacement of oil-based heating systems. This needs to be reflected in the corresponding milestones and targets. We will follow up when drafting the CID Annex.

**Energy efficiency**

57) As noted in our previous exchanges, we welcome the inclusion of the amendments to the Condominium Act as part of the reforms under this component, as well as the increase of private co-financing to 20% for the second scheme for renovation of multifamily buildings. We note that these are duly reflected in the milestones and targets table and will take this as a basis when drafting the CID Annex.

58) We see that the completion dates for a number of key reforms have been postponed (e.g. Decarbonisation Fund – from Q1 2023 to Q3 2024; energy poverty definition – from Q2 to Q4 2022; Mechanism for financing energy efficiency and RES projects through energy bills – from Q4 2022 to Q3 2023). We take note of the clarifications provided with the submission of 17 November explaining the reasons for the change of timing for the reforms in this component and note the assurance provided that there are no new risks identified that could hamper the implementation of the reforms.

59) We note that the contribution of energy efficiency investments in this component is now 100% with the commitment to ensure 30% primary energy reduction. We welcome that this commitment has been embedded into the corresponding milestones and targets as per the revised tables submitted on 17 November and we will work on this basis when drafting the CID Annex.

**Milestones and targets**

60) We welcome the revised milestones and targets table submitted on 17 November. While this is generally in line with our previous suggestions, some of the milestones and targets with regards to the decarbonisation and the adjacent measures need to be further clarified. Detailed comments on those milestones and targets were transmitted separately on 16 November for your consideration, to be reflected, as appropriate, in the plan and were also discussed at the high level meeting of 18 November.

**Demarcation/Complementarity**
61) Under energy efficiency, as previously commented, the Ministry of Regional Development will face a significant administrative capacity challenge having to deliver in parallel both cohesion policy investments and RRP energy efficiency investments. In this regard, delimitation on double funding needs to be ensured also at project level given that some investments will be similar. We take note of the explanation provided in the revised project fiche but still fail to see clear information about the additional capacity that will be mobilised to ensure sufficient administrative and human resources are in place when it comes to monitoring the large number of projects in this domain. More specifically, it is not clear if existing structures in the Ministry will be strengthened, what will be the interaction with the new regional units for one-stop-shop services and how the transition to the one-stop-shop will be handled in the meantime.

62) We welcome the confirmation provided with the submission of 17 November that, when established, the one-stop-shop and the Decarbonisation Fund will also support the implementation of cohesion policy investments.

Costing

63) The information provided by the Bulgarian authorities for some of the measures does not allow for a proper assessment, as relevant supporting evidence for the cost estimates is missing.

64) More specifically, concerning the scheme to support the decarbonisation process through the construction of a high-efficiency combined cycle gas, it is stated that the costing information can be provided by request and is available in the Council of Ministry. Please provide the supporting evidence for the cost estimates. Any information considered confidential should be labeled as such.

65) Similarly, no sufficient information has been provided to assess the cost estimates for the measures supporting the installation of SHW and PV in households not connected to heat and gas networks and renovation of municipal street lighting systems. Moreover, concerning the former, we note inconsistencies across the different documents (M&T excel table vs. Investment Fiche/Green&Digital cost table) on the total investment costs (71 vs 74 EUR MLN), the overall target (60 580 vs 33 372 households to support) and timeline of the programme (Q2/2025 vs Q4/2024). These inconsistencies need to be corrected in order to confirm the right basis for assessing the costing estimates for this project.

66) On the energy efficiency investments for public buildings and companies buildings, there is no information in terms of total targeted area to renovate in m2, which makes it impossible to assess the cost of renovation in terms of EUR/m2. The information provided covers unit costs in terms of EUR/buildings for both public and private services buildings. This is too broad to properly assess the costs as the total m2 of a public or service buildings can vary greatly. Moreover, investment costs per building to renovate appear higher for private service buildings compared to those for public buildings but no supporting evidence from previous programmes targeting private service buildings is provided to justify such estimates. Moreover, the historic costs have been adjusted to present values using the following coefficients: 0.7 for public buildings and 0.45 for non-public buildings. The value of these coefficients was not justified. Finally, the benchmarks established are as follows: 306,657 EUR per building and 132 EUR/m2 for
public buildings and 477,022 EUR per building for non-public buildings (net). Large part of the sample refers back to 2007-2013 MFF and appears outdated.

**State aid**

67) With regard to R1 – “Establishing a National Decarbonisation Fund”, in the absence of a defined and detailed plan by the Bulgarian authorities, the Commission services cannot provide feedback or exclude potential issues under State aid rules.

68) With regard to I1 – “Energy Efficiency in Buildings”, please clarify why there is a reference to Article 49 GBER, notably “measures under this component will be supported under block exemption schemes in accordance with Article 38 or Article 39 of the GBER, subject to the conditions of Article 49 of the GBER”.

69) With regard to Reform 4 - “Mechanism for financing energy efficiency and renewable projects through electricity bills”, the reform seems to concern non-economic activities based on the limited information provided. To this extent, there are no State aid related comments. However, the possible reduction of energy taxes from the energy bills is likely to constitute state aid. Please provide further information in this respect.

70) With regard to Reform 6 – “Support energy production from RES and support the decarbonisation process as well as reduction of the administrative burden in connecting and operating RES”, on the excise duties exemption, it is unclear whether such exemption would not be selective and if selective, whether they would fall under the General Block Exemption Regulation or De Minims. Please provide further information in this regard.

71) With regard to I6 - “Scheme to support pilot projects for the production of green hydrogen and biogas”, we understand that the national authorities would like to support green hydrogen and biogas through investment aid (intensities from 45% up to 65% of the eligible costs) in accordance with Article 41 of Regulation (EU) № 651/2014. The aid will be granted following a tendering procedure. Please provide the following information: On the definition of green hydrogen, from the description of the project, it appears that fossil fuels (in particular gas) will be used for the production of hydrogen. Could you please explain the criteria of the tenders that would ensure that the hydrogen production supported will, in fact, be for green hydrogen only? On the tender conditions, would biogas and hydrogen be put in the same tender basket? What would be the selection criteria for the tenders? On sustainability and GHG criteria, could you please confirm that the biogas production will comply with the sustainability and GHG emissions criteria of the Renewable Energy Directive?

72) With regard to Reform 8 – “Liberalisation of the electricity market”, we understand that the current commitment of Bulgaria is to end the role of NEK as a public supplier and to end the quota obligations through legislative reforms, which should become effective in Q2/2022. This is a positive step forward. We would welcome if the national authorities can confirm that as of Q3/2022, NEK will no longer buy electricity based on regulated market quotas or public service obligations for Maritza 2. The quotas and wholesale market liberalisation would therefore end as of July 2022.

73) With regard to I7 – “Support scheme for the deployment of a minimum of 1.7GW RES with storage”, the project needs State aid clearance. As previously noted, it is clear that the measure aims at promoting investments and that it will benefit the winner of a tender. The statement that
the funding is no aid, because it will benefit the Ministry of Energy cannot be upheld. We welcome the statement that the scheme will be brought in line with State Aid rules before its entry into force and the willingness of the Bulgarian authorities to stimulate competition by including more open rules for the tender procedure (e.g. winning tender should be the lowest price per MW/h, opening towards new projects etc.). There are still some points that would require further clarifications: (i) whether all projects need to add lithium ion batteries to be eligible and whether the same reliability could be assured by other means (e.g. other storage technologies), (ii) whether the 25% would be fixed for all projects or would be open to higher/lower bids in terms of percentage points, (iii) whether the tenders would be for projects combining the storage to the new RES or (also) to existing RES (“behind-the-meter”). For projects combining RES and storage (tender in principle open to both RES and RES plus storage), there is a legal basis for approving such an aid scheme under the current guidelines (EEAG) as well as potentially under the new CEEAG (not yet in force). In case of scheme to support storage added to existing RES, this investment aid scheme could go under GBER, subject to threshold limits.

74) With regard to Reform 9 - “Setting up a Commission on Energy Transition for the purpose of developing a climate neutrality roadmap”, please provide a more detailed State aid self-assessment.

75) With regard to Reform 10 - “Creating a State company “Conversion of coal regions”, please explain how the companies’ activities would be financed, and whether this would potentially fall under the closure of mines rules of the new CEEAG which is not yet in force (e.g. aid for exceptional costs due to mines closures).

76) With regard to I8 - “Support scheme for decarbonisation through the installation of high efficiency low carbon fueled power plants replacing coal capacity in coal regions”, we should stress that the measure aims at promoting investments and that it will benefit the winner of a tender. A statement that the funding is no aid, because it will benefit the Ministry, cannot be upheld. We welcome the readiness to bring the aid in line with EU rules. Based on the information provided so far, it is still not clear how the investment is to be financed. The design of the scheme can be clarified and a state aid assessment fiche is necessary.

77) With regard to I9 - “Research activities and development of a pilot project for combined heat and electricity generation from geothermal sources”, the measure consists in addition to research and development activities in the construction of a geothermal power plant. Thus, it is supporting an economic activity of heat and electricity generation and needs a state aid assessment. We cannot agree with a no aid statement. This measure may be block exempted or EEAG compatible. As a pilot project, there are different GBER provisions under which this measure may be exempted (e.g. environmental studies). Should the project be block exempted, Bulgaria needs to explain under which provision of GBER and notify the block exemption. If not, the project should be notified as a state aid to be assessed under the guidelines.
Component 5 – Biodiversity

78) We have some minor comments on milestones and targets, and complementarity with other EU funds.

Milestones and Targets

79) We welcome the revised milestones and targets table submitted on 17 November. This is in line with the discussion at our technical meeting of 4 October.

80) We note that the entry into force of the amendments to the Biodiversity Act has been postponed from Q1 2022 to Q3 2022. This is also in line with our technical discussions held before the formal submission of the plan.

Demarcation/Complementarity

81) The achievement of RRP milestones for this component will be a prerequisite for the delivery of specific cohesion policy investments. We therefore welcome the commitment to put in place close monitoring (in particular on Site Specific Conservation Objectives development for Natura 2000 sites) to avoid additional delays in implementation of cohesion policy funds.

82) Some of the actions in this component seem to address similar challenges as those foreseen under the draft programming documents for cohesion policy 2021-2027 (e.g. implementation of conservation/restoration measures for improving/preserving the conservation status of the species and the habitats related to Natura 2000; Measures for protection/conservation/restoration of ecosystems and their inherent biodiversity outside Natura). We would like to receive more specific information on the complementarity and demarcation between the RRP and cohesion policy support for these areas.

Component 6 – Sustainable Agriculture

83) We still have a number of comments on the milestones and targets, tagging, compliance with the DNSH principle and demarcation with other EU funds.

Tagging

84) We welcome the breakdown provided with the revised submission of 17 November, which splits the four strands of the Fund for Technological and Ecological Modernisation of Agriculture into separate elements with their individual contribution to the climate target. However, the strand covering investments in animal breeding facilities does not merit a climate tag in our view as nature protection is not the primary objective of said measures. The assigned intervention code 050 to this strand should therefore be removed, keeping two of the strands of the Fund as contributing to the climate target, namely 1) Technological and ecological modernisation, and 2) improving the efficiency of water use.

DNSH

85) Compliance with the DNSH principle will need to be embedded in the design of the Fund for Technological and Ecological Modernisation of Agriculture through appropriate selection criteria ensuring compliance with the EU acquis (notably the Water Framework Directive). We welcome the additional clarifications and the commitments made in the revised project fiche submitted on 17 November. We will come back with specific drafting suggestions for integrating DNSH compliance into the milestones and targets for this measure when drafting the CID Annex.

Milestones and Targets
86) Milestones and targets for this component need further fine-tuning. More specifically, as discussed at our technical meeting of 6 October, there is a need for a measurable target that captures tangible outcomes of the reform of the strategic framework for agriculture. We will come back with specific drafting suggestions for the milestones and targets for this component when drafting the CID Annex.

Demarcation/Complementarity

87) The demarcation between the Fund for Technological and Ecological Modernisation of Agriculture with the existing and upcoming funding under the Common Agricultural Policy relies largely on the timing of the calls for applications under the three instruments (RRP, Rural Development Programme (RDP) 2014-2022 and the CAP Strategic Plan 2023-2027). We welcome the additional clarifications on complementarities and demarcation with other EU funds, which have been introduced in the revised project fiche as submitted on 17 November. These refer also to the monitoring arrangements that will be put in place and the strengthening of administrative capacity in the Paying Agency. These aspects will need to be duly addressed during implementation to ensure timely delivery and lack of overlaps between measures covered under different EU funding programmes.

Connected Bulgaria

Component 7 – Digital Connectivity

88) Thank you for submitting additional information on the release of the 700 MHz spectrum band. In your note you state that operators have requested the provision of 2X10 MHz band for each of the three operators. We understand that the currently available part of the spectrum is 2X20 MHz out of a possible 2X30. Please confirm how much is the total available spectrum, clearly indicate what part of the spectrum is reserved for military purposes (limited to work channels) and what is the part of that spectrum for which the operators and the Ministry of Defense have entered into a draft agreement to conduct tests to establish the possibility of joint use.

89) We acknowledge the exception provided for military use under Decision (EU) 2017/889 but we also take note of the clear statements by operators that the available band is not sufficient and the minimum resource for deployment of a network in this band is 2X10 MHz for each operator. Please explain in that respect what additional steps (beyond a planned public consultation in 2021 until second half of 2023) will be taken to provide sufficient resources to the operators. A possible option is to fully release the band with territorial safeguards/exceptions for military spectrum part within a certain radius around the military airports (since we understand that there is no issue during the flight but only for airport approach). This would be a good example of a two-tier military-civil spectrum sharing arrangement and seems to have been suggested by one operator in the previous public consultation. Alternatively, the band can be released in two steps: partial release of the available part of the spectrum, and a full release on a future date to be defined by the Bulgarian authorities. During previous technical exchanges on the topic, it was indicated that only a third of the spectrum in the band is used for military purposes, which indicates that there is sufficient resource to meet the demand of operators.

Milestones and targets
90) The milestone on the “Assignment of spectrum in 700 MHz band” should include as a qualitative indicator the completion of the spectrum delivery auction of the available spectrum in the 700 MHz band and issuing permissions to use, subject to market interest, instead of a reference to a public consultation. In the absence of a full release of the 700 MHz band, market interest does not need to be tested by means of a further public consultation, as the previous one has shown that operators would be interested on the condition that sufficient resource is made available. As previously discussed, interest should be established on the basis of an auction for the full capacity in the spectrum band that is not used for military purposes, including any spectrum that may not yet be released but is not needed for military purposes. The references to a public consultation in the milestone should be removed. We take note of your statement that the investment-friendly conditions for the auction are already established as the price is not set through an auction but through Decree of the Council of Ministers that sets minimal fees for the 700 MHz band. As the take-up and investment should be promoted, given the limited availability of spectrum, we would invite you to include a reference to the Decree in the milestone.

91) We welcome the addition of intermediate values in the description of three of the targets, i.e. on the Completion of 5G corridors (total length of 5G corridors), settlements equipped with new access nodes and base stations using alternative energy sources. We invite you to include these as separate targets, upon the fulfilment of which you would be able to benefit from financial disbursements each year. (Please see the example of other projects such as N2, N4, P16, etc.).

State aid

92) With regard to Reform 2 - “Efficient use of radio frequency spectrum”, the updated State aid self-assessment confirms that there is no State aid involved.

93) With regard to I1 - “Large-scale deployment of digital infrastructure”, the Bulgarian authorities explain that plans relating to the roll-out of 5G infrastructure along TEN-T corridors may constitute notifiable aid, depending on whether the mapping exercise would indicate the presence of 4G in certain areas (that would not be covered by the GBER). The Bulgarian authorities will contact DG competition services with further details after detailed mapping is carried out. We invite you to clarify whether at least part of the project may meet GBER conditions on that basis. You also note that co-financing from CEF2 Digital programme or on the basis of a Seal of excellence award may be possible, but there could be timing issues. We would invite you to come back with more detailed information once available.

94) Concerning aid for the improvement of coverage with focus on peripheral, sparsely populated and rural areas, which refers to backhaul for fixed and mobile infrastructure, it is likely to be notifiable as it cannot be guaranteed that in the intervention areas all households have a maximum of 100 Mbps accessibility.

95) As regards “Green connectivity”, the Bulgarian authorities state that the measure (i.e. providing solar panels to based base stations) could amount to State aid to telecom operators benefitting from this support. In this case, for operators benefitting from Pillar A and Pillar B, such State aid would be cumulative to the State aid telecom operators would receive under Measures Pillar A and Pillar B. If the analysis confirms this, the measure will be notified accordingly. (Art 38 of GBER would not be useable because the max SA intensity is insufficient.) It is unclear under what rules GB would notify this measure if it deems it to be notifiable; (The measure has no impact on the provision of broadband, it is more of an impact for the renewable energy operator concerned, if any.
96) On the measure “Development of the state network by increasing its transmission capacity”, the capacity of the optical connectivity built under Pillars A and B will be used where possible to expand the scope of the public administration network. If there is free capacity, after meeting the needs of the administrative bodies, there may be a shared use of network resources between public and private entities. The investment for Pillar C will be analyzed for compliance with the provisions of GBER. In case the analysis shows non-compliance with the provisions of GBER, the measure will be notified.

Component 8 – Transport Connectivity

General comments

97) The transport component includes modest reforms and several investments — mainly in railways and Sofia metro — whose contribution to “sustainable transport” should be clearly defined. Clear deliverables (outputs) of reforms and investments, expressed via clear milestones and targets are needed. Considering that GHG emissions from transport in Bulgaria have increased by 52% from 1990 to 2019 (vs. an overall decrease of 42% all sectors included), largely due to road transport, and that road safety in BG is a key issue (death and serious injuries are among the highest in EU), we invite you to develop further the key aspects mentioned further below to ensure that the component sufficiently addresses the challenge of “sustainability of transport” in all its dimensions for Bulgaria.

98) For all reform proposals, we invite to provide a clearer explanation of how the intended reform will address the challenges and what are the expected deliverables and impact.

Milestones and targets

99) Please refer to the detailed proposal of Milestones & Targets sent by the Commission services on 16th November 2021 and integrate the comments into the milestones and targets. Please note that the version uploaded by BG in CIRCABC on 17 November does not reflect satisfactorily the latest suggestions by the Commission.

100) Defining milestones as the adoption of a strategic framework or the approval of a legislative framework should be combined with clear milestones and targets on the actual implementation and monitoring of concrete benefits of reforms.

101) Some examples of important Milestones and Targets to include in the plan are the following:

(a..1.a.i) Road decarbonisation/electric mobility reform: introduction of differentiated charges in line with “polluter pays” principle.

(a..1.a.ii) Road decarbonisation/electric mobility reform: target of electric charging stations at least 13,000 by Q2-2026; target of new zero-emission vehicles registered 40,000; target of at least 50,000 scrapped vehicles (EURO 3 or below) by Q2-2024.

(a..1.a.iii) Road safety: target to reduce by 30% the percentage of deaths and serious injuries from road accidents by Q4-2025 vs 2019 baseline; target to reduce by at least 50% the number of road safety hotspots by Q4-2025 vs 2019 baseline.
Investments Sofia metro: ensure timing is realistic and consistent between procurement process, finalisation and completion of the project, as well as target on increased number of passengers.

(a..1.a.v) Railways investments: milestones on public procurement process and details on DNSH and State Aid compliance.

**Tagging**

102) Please provide information on the climate tracking and digital tagging intervention fields, for power substations and railways stations as stated below and provide please concrete evidence to support the proposed %:

- The comment concerning project 21 (“Modernisation of power substations and sectional posts along the main and wide-ranging TEN-T network, with construction of SCADA”) has not been addressed. In particular, the selected intervention field would need to be applied only for the part of the measure that is exclusively linked to digitalisation. Please provide breakdown on costing of submeasures to show how much shall be allocated directly to a) a railways digitalisation (intervention field 070), especially to the SCADA Telecom Control and Signalling System (or self-propelled specialised machines for digitisation and visualisation of contact line parameters), and b) a reconstruction/modernisation of TEN/T railway that it shall be then tagged with the intervention field 067/068 (Reconstructed or modernised railways - TEN-T core/comprehensive network; both with 100% climate coefficient).

- Regarding project 20 (“Reconstruction and rehabilitation of key station complexes”): Please provide us brief justification that costing breakdown/splitting is correct based on selected intervention fields. The proportion of amounts' breakdown seems to be disproportionally inappropriate. Could you provide us explanation with an assurance that the amounts’ breakdown is commensurate, and the proportion is appropriate (or change it), please?

- Project 24 (“Provision of sustainable transport connectivity by building sections of Line 3 of the Sofia Metro”): As there is the intervention filed 073 — Clean urban transport infrastructure (referring to infrastructure that enables the operation of zero-emission rolling stock) assigned, please clarify that infrastructure will be used only for zero-emission rolling stock. That aspect has to be included in the milestones and targets. Give us please an assurance that it is envisaged to comply with such condition by adding it to the relevant milestone/target.

**DNSH**

103) Please see requirements for buses to be compliant with the Do Not Significant Harm principle:

a) For ‘low-floor’ buses (M2 and M3 categories, typically urban and suburban buses running on short distances within an agglomeration), only electric and plug-in hybrid buses would be DNSH-compliant. Sufficient electric alternatives exist both for M2 and M3, and as such only zero-and low emissions low-floor buses should be considered compliant with DNSH for the climate change mitigation objective;

b) For ‘high-floor’ buses (M2 and M3 categories, typically inter-urban coaches): all coaches that comply with the latest step with respect to pollutant emissions from heavy-duty vehicles under EURO VI (EURO VI-E) (See Consolidated text here: https://eur-lex.europa.eu/eli/reg/2011/582/oj; and p. 83 for EURO VI-E here: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02011R0582-20210101&from=EN) would be DNSH compliant
for the objectives of climate change mitigation. The requirement is neutral on the fuel source (e.g. CNG/LNG, bio-methane, etc.), eligibility would depend on the manufacturer’s specifications with regards to CO2 and pollutant emissions.

Such requirements must be included in the plan’s DNSH self-assessment and then incorporated in the relevant milestones and targets (M&T) as safeguards, unless it will be clearly assured (especially in the relevant M&T description) that there will be only zero-emission vehicles.

Costing

104) The information on the estimated total cost will be reviewed once the component is further developed. Based on the information provided at this stage, we have the following key requests:

- Please ensure that maintenance / recurring costs are excluded from all railways investments.
- Please provide more evidence on the costing plausibility to substantiate the costs references (comparative costs data) for the investments listed below.
- Project 19 (“Digitalisation in rail through modernisation of safety and energy efficiency systems along railway lines of the TEN-T Core and Comprehensive Network”), Site 12 “Design and construction of an automated hub for the control of railway infrastructure elements in critical sections” - Audit & Preparation, Design and Construction, Supervision, Technical Assistance: The scope refers to a bespoke item for which there is no benchmark value and no comparative cost data have been provided.
- Project 21 (“Modernisation of traction substations and station stations along the TEN-T Core and Comprehensive Network, with the construction of the SCADA Telecom Control and Signalling System”):
  a.i. “Supply and commissioning of a self-propelled diagnostic mobile laboratory for geometrical, optical and ultrasonic measurements Contract for Delivery” - there are only indicative values from Market research of NRIC. The scope refers to supply of specialised equipment for measurement of the infrastructure for which there is no benchmark value as the costs heavily depend on accessories.
  a.ii. “Construction of a impoverishing system for telecommunications control and signaling SCADA for railway energy objects and an upgrade of the SCADA system on the Plovdiv — Turkish border section Contract” - only one actual contract was used for the assessment of the costs. The scope refers to a bespoke item for the electrification sub-system for which there is no benchmark value. The costs can be assessed only based on actual values from bills of quantities filled-in by contractors.
- Project 23 (“Improving road safety in the Republic of Bulgaria by creating conditions for sustainable road safety management”) - “System for managing the crossing of cross-border
heavy goods traffic through a specialised mobile application”: The information provided refers to a tender for implementation of ITS and has a scope that is not comparable. The information provided in support of the investment is about a contract for implementation of a rudimentary ITS. This system includes roadside equipment (a number of variable message signs installed on various locations on the road network) and (possibly) simple software to control the contents of the signs. The scope of the investment being justified on the other hand appears to consist of the development of software (consisting most likely at the server-side of GIS, database, web-application, as well as a mobile application) and the installation of surveillance cameras. The provided justification does not allow assessing consistency with similar investments.

- Project 25 ("Green mobility — pilot scheme to support sustainable urban mobility through measures to develop environmentally safe, functional and energy-efficient transport systems") - Activity 3 “Implementation of infrastructure measures for safe urban mobility targeting vulnerable road users — pedestrians and cyclists 15 Traffic calming sites”: No reference to contracts with similar scope was provided. A national programme for the implementation of traffic calming measures is referenced. The programme identifies standard measures for traffic calming at the entrances of populated areas, specifies prioritisation criteria and a monitoring methodology. Also identified are 3 specific locations for pilot application of the programme. The programme states that based on unit rates and estimated quantities, the measure types specified will cost between BGN 150 000 and BGN 600 000. However, no unit rates, quantities or reference to similar contracts are provided.

**Complementarity with other EU funds**

105) Please clarify how the mentioned Investment Programme for the implementation of the European Funds 2021-2027 is linked to the RRP, and how the RRP reforms (without funding from the RRF) in transport will be possibly supported also by investments funded from other EU funds and programmes, e.g. Cohesion Funds, InvestEU and CEF.

**Detailed comments on reforms and investments**

**Reform 1. Updating the strategic framework of the transport sector**

106) Road decarbonisation and e-mobility reforms (reform 1 – part on road transport - and reform 5 e-mobility): We would recommend combining into a single measure.

a. Clear reforms are needed to reduce GHG emissions and pollution from road transport, including from both private vehicles (cars, buses, trucks) and public vehicles. Reforms for the decarbonisation of road transport should include investments on electric charging points (recommended target 13 000), fiscal/financial measures to promote zero-emission vehicles and those in line with “polluter pays” principle (e.g. ownership/registration taxes differentiated according to emissions), scrapping schemes for polluting vehicles (EURO 3 or below), an overall country plan for alternative fuels infrastructure and increase in the clean vehicles purchased by public authorities beyond the Clean Vehicles Directive requirements. These measures should have clear targets.

b. Please, specify, how a wider introduction and promotion of the use of renewable energy sources in transport is envisaged (as mentioned in the BG reply to the COM’s feedback – the second comment on the Component 8 Transport Connectivity – uploaded to the CIRCA on 17th November) - inter alia, what kind of renewable energy sources and also how it will be measured.
c. Please clarify specific measures included in the National Programme for the Improvement of Air Quality (2018-2024), NAPCP, bringing legislative changes of regulation regarding low emission zones and five ecological/environmental groups of vehicles (as mentioned in the BG reply to the COM’s feedback – the second comment on the Component 8 Transport Connectivity – uploaded to the CIRCA on 17th November) and whether they entail any differentiated charges for vehicles depending on emission levels in line with ‘polluter pays’ principle.

107) The proposed reform aiming at electric mobility is described only generically and has limited ambition to have a major impact on the sector. Some of the actions included raise concerns, for example the role of the Energy and Water Regulator in incentivising electricity distributors for building charging stations. Please clarify the approach to finance corresponding investments (public/private sectors) and how will the uptake of charging stations or the objective of e-vehicles be achieved.

Strategic framework

108) More clarity should be provided on the transport strategic framework and how and to what extent the RRP – in particular the planned investments in rail - contributes to sustainable transport and green/digital transition including modal shift and clean urban mobility. There is a need to more clearly link the strategic documents on transport with the envisaged reforms and investments included in the RRP.

Project preparation and implementation capacity:

109) How do you plan to improve the preparation and prioritisation of projects and accelerate their implementation? Please explain in more detail how reforms will increase the efficiency of implementing projects.

110) Please clarify the governance for the component and administrative/technical capacity for the implementation of reforms and investments, including monitoring.

111) What is the plan for improving the performance of the transport SOEs? What is the plan to improve the corporate governance of these SOEs? Please add specific milestones envisaged and clear performance indicators as targets. Examples of performance indicators could include financial performance, efficiency of company, customer service indicators, etc.

112) Please indicate the performance indicators on transport administrative capacity from the Roadmap for Administrative Capacity Building 2021-2027.

Railways:

113) Please confirm that the Public Service Contracts (PSCs) expiring during the RRP implementation period will be offered on the basis of open/free and competitive tenders. Such assurance should be incorporated also in the relevant M&T including their description.

Reform 2. Road safety
114) Measures should be reinforced to include improvement of road safety rules, increase of enforcement and checks; removal of road safety hotspots/blackspots, with clear implementation deliverables – set in the relevant milestones and targets.

115) Please clarify what is the current status with respect to the mapping of road safety hotspots in order to have a clear baseline for their reduction.

Reform 3. Sustainable urban mobility

116) More clarity would be needed on the expected outcome of the reform, clear deliverable on Sustainable Urban Mobility Plans to be approved/updated, concrete measures to improve the urban mobility infrastructure in congested areas and in peri-urban areas.

Reform 4. Ensuring effective access to integrated public transport

117) The plan announces a new law, the milestones related to this reform refer to a review of the existing legal framework and a new long-term strategy as well as the entry into force of New Public Transport Act. Those need to be clarified.

118) Some concrete result indicators need to be identified.

Investments

119) For all investments, please provide more information on:
   a. Link with the national transport plan and clear link with TEN-T priorities; focus should be on completing the TEN-T network and removing bottlenecks and completing missing links instead of small less significant investments, and address regional disparities (e.g. Northern regions);
   b. Breakdown of investments in specific projects, stage of tender, timeline, outputs and expected results;
   c. Complementarity and synergies with other projects and possible co-financing with other EU funds and instruments: this is not sufficiently clear in the RRP;
   d. Potential involvement of State-Owned Enterprises and their role, ensuring compliance with EU rules and decisions;
   e. DNSH assessment, compliance with Environmental rules/legislation, SEA/EIA assessment, Birds and Habitats Directive.

Investment 3. Modernisation of power substations / rehabilitation of rail stations/ lighting

120) Please clarify further the objectives and list the amounts per each sub-investment – their costing breakdown.

121) On the proposal to modernize the electric sub-stations – it seems rather a heavy maintenance than an investment leading to increasing capacity. Please remove any maintenance as it is considered as non-eligible recurring costs and please explain clearly how the proposed investment would lead to increase stations’ capacity and related estimate of increased capacity.

122) Some of the measures (such as lighting improvement) could be considered maintenance and therefore should be excluded as they are recurring costs.
123) Although the scope of the modernisation of railway stations seems reasonable, the element “Reconstruction and enrichment of the surrounding area” is unclear and could either be considered as a maintenance action or it could be out of scope.

124) Please specify to what extent these measures will contribute to the reduction of the GHG emissions and increase the attractiveness of rail transport.

**Investment 4. Railways rolling stock**

125) RRF support for rail rolling stock (purchase, renewal or retrofitting) can be supported if it is with zero-emission and coupled with a plan for the electrification or other zero-emission technology (e.g. hydrogen) and/or digitalisation (ERTMS or other most advanced rail digital technologies) of the network.

**Investment 5. Road safety**

126) Please clarify why is it proposed to invest in specialised equipment and software applications rather than, for example, in infrastructure upgrades, removal of road safety hotspots/blackspots or traffic calming? The tunnels that need upgrading (pending infringement case) would be a more obvious choice. In particular the software applications seem quite sophisticated ideas, but not strictly necessary, certainly not necessary to comply with EU road safety rules.

127) A certain number of elements included in the proposal do seem relating to the recurring purchase of equipment and consumables (e.g. “specialized clothing” for employees) rather than investment. Such costs need to be excluded.

128) Please provide further justification that the requested amounts are realistic as roughly 6 M€ are requested to cover all the objectives quoted in the text.

**Investment 7. Sustainable urban mobility**

129) How is this investment linked to Sustainable Urban Mobility Plans (SUMPs) of Municipalities and how the project is going to promote “green mobility” solutions and does it get integrated into less pollutant city plans? Is this a part of a wider scheme aiming at reforming city transport plans?

130) Please specify the detailed investments planned and how they would be allocated to local entities (criteria for allocation based on impact and needs).

131) The price indication – costing estimation has to be verified as it looks overpriced (BGN 100,000,000 for 67 vehicles/rolling stock) and only 27 charging stations? The description lacks definition on which municipalities will benefit from this project.

**State aid**

132) With regard to Project “Scheme to support the renewal of rolling stock for urban and intercity transport “Green mobility”, please explain which GBER Articles is intended to be used for the measures supporting charging infrastructure (e.g. Art. 56 GBER, or the new Art. 36a GBER when applicable).
With respect to Project “Providing sustainable transport connectivity and service on electrified and rehabilitated railway sections for 160 km / h, by purchasing energy-efficient and comfortable rolling stock”, please specify what will happen to the rolling stock after the expiry of the contract held by the incumbent. With the deadline for the phasing out of unconditional direct awards coming up in December 2023, a direct award to the incumbent would no longer be possible in 2024, unless Bulgaria can benefit from one of the limited exemptions of Regulation 1370/2007 justifying direct award. Therefore, it is not possible to assume that the incumbent will continue executing the contract. We recommend to tender all PSO contracts expiring during the RRP implementation. Considering the long useful life of rail rolling stock, the BG authorities should, clarify that appropriate provisions to ensure that the rolling stock purchased in the framework of the RRP will be made available to the next operator of the PSO contract. The rolling stock can either be purchased by the authorities or sold to the next operator at market prices (free of the aid received). Please specify the period (from when to when) of the PSC under which the new rolling stock shall be used.

Component 9 – Local Development

We have a number of comments on milestones and targets and complementarity with other EU funds.

Milestones and Targets

We note that the revised M&T table submitted on 17 November differs slightly from the one discussed in our meeting of 4 October (based on written input shared by COM on 27 September). Our understanding is that the Commission suggestions for the milestones and targets are largely acceptable to you as confirmed by the table but there are still some remaining technical details to be addressed. We will come back to you with specific wording suggestions when drafting the CID Annex.

Water Sector Reform

We welcome the confirmation provided in the submission of 17 November that the entry into force of the Water Supply and Sewerage Act by Q1 2023 is included as a milestone with the following description: “The Water and Sewerage Act shall optimise the regulatory framework for water supply and sewerage services and shall refine the tariff setting mechanism, ensuring cost-based pricing for the use of the systems and the consumed services while also ensuring financial sustainability of the operators. The law shall provide the conditions for consolidation in the provision of water supply and sewerage services. The law shall introduce uniform conditions for service quality and efficiency criteria, which shall be met by the water supply and sewerage operators”.

The template with your feedback of 17 November refers to a sentence concerning the Water Regulator, which has been deleted from the plan. The reasoning behind this is not fully clear given that we have not received the full text of the revised plan and that this was not raised previously by the Commission. We would like to receive further clarifications to understand the justification for making such changes to the plan.

Demarcation/Complementarity
138) Some of the water operators foreseen as beneficiaries under the water investments will also be beneficiaries under cohesion policy. This may lead to some administrative capacity issues in terms of running two significant water and wastewater investment projects in parallel on the same territory. In this regard, we welcome the additional clarifications provided in the revised RRP of 17 November concerning the measures foreseen for strengthening the technical capacity of the Water Supply and Sewerage Holding and for ensuring timely delivery of the measures covered under the two EU funding programmes. Specific monitoring arrangements will need to be put in place to address this aspect during implementation.

Fair Bulgaria

Component 10 – Business Environment

139) On milestones 1 to 4, Strengthening, further developing and building on the Unified Information System of Courts: On milestones and targets, please streamline these into one aggregate milestone such as “Completed upgrade to the United Information System of courts” covering 1) completed upgrade of UIS with details on the modules chosen; 2) that the necessary capacity for remote hearings in all courts in the justice system is ensured, including all necessary IT equipment; 3) data centers operational. Please include references to taking into account the recommendations from SRSS projects on which this investment is building in the milestone.

140) On milestone 5, digitalisation of key judicial processes in the administrative justice system: Please update the milestone to capture the several key functionalities as stated in the project fiche. Please confirm these include automation of the process of service of electronic summons and other electronic communications, E-services for citizens, including remote access to electronic documents and remote submission of electronic documents, Capacity for remote court hearings in at least 28 courts, and a dedicated data centre.

141) On milestone 6, ‘Transformation of the information and communication infrastructure existing at the Public Prosecutor’s Office’: the number of milestones has been streamlined, but the description is not sufficient. Please confirm that the investment shall increase digitalisation of processes within the Public Prosecutor’s Office through, inter alia, increased exchange of internal data in an electronic form within the Public Prosecutor’s office, secure remote access and e-identification; automatic exchange of electronic data with other law enforcement authorities in Bulgaria; integration of the internal infrastructure with the Single e-Justice Portal, and increased level of cybersecurity and data protection. a. In the project fiche, please explain how the fees of maintaining the system will be covered after the end of the RRP. Note that some software costs (licenses) might be consider maintenance costs and a closer assessment of their eligibility under the RRF is needed.

142) Improving the quality and sustainability of security policies and countering corruption and supporting the ecological transition (milestones and targets 7-10): Please focus the milestones on the two main sub-measures. Please confirm that the smart national security system covers improvements to the integrated automated security and the integration of data from automated information systems; the integration of an indicative additional video surveillance systems with
vehicle number plate recognition; and improvements to the GIS platform and integration of real-time data from other key state agencies. On the scope of patrol work, please confirm that the current value of 39% refers to the 2020 data and that the increase shall be achieved by the acquisition of 300 motor vehicles, which shall emit less than 50g CO2/km. They shall replace the 300 oldest patrol vehicles in the Ministry of Interior. It is preferable to specify directly that 300 video-surveillance systems will be installed in police cars instead of referring to the percentage.

143) On the expansion of use of alternative methods for dispute settlement (milestone 11): This appears to duplicate milestone 16 (adopting legislative changes for improving mediation), under the reform of accessible, effective, and predictable justice. Unless there are substantive differences, please leave only one of them in the table. Please note that currently you have suggested Q1/2022 for milestone 11 and Q4/2022 for milestone 16 – please pick the most realistic date.

144) On the pilot introduction of compulsory judicial mediation (target 12): Please explain what is the baseline you mention (9) and confirm if this covers operational technical equipment and organisation of trainings for 15 new mediation centres in provincial courts and for 113 local territorial divisions in district courts.

145) Accessible, effective, and predictable justice (reform): On the normative framework for e-justice (milestone 13) and on the efficient and accessible administration of justice in administrative matters (milestone 14), please clearly separate 1) any legislative measures, for which the relevant milestone should be the entry into force of the legislation, 2) measures such as monitoring in the form of annual reports, for which a milestone could be added that covers the first such report and the establishment of the process around the annual report, 3) purchase of equipment, 4) delivery of training. It is not clear what the two milestones actually cover.

146) Milestone 15: Please refer to the entry into force.

147) Milestone 16: This seems to be a duplication of milestone 11, but with a later date.

148) On milestone 23, guaranteeing the effectiveness of criminal prosecution and the accountability and liability of the Prosecutor General:

1..1.a.i.1.a. We note that the milestone covering all these elements has now been pushed back from Q4/2022 to Q2/2023. Given the importance of this reform, it would suggest reverting to the earlier timeline. Please indicate if you consider there are specific risks for delay for individual elements covered in the milestone (rather than the general political situation). In case individual elements are not feasible/realistic to achieve by Q4/2022, we could have a technical discussion to see whether the milestone could be split in two or whether we could foresee more precise interim steps for the operational arrangements.

1..1.a.i.1.b. The reference to the reduction of the powers of the Prosecutor General (2.2) remains too general for the purposes of a milestone. It is essential to clearly outline at least which categories of prosecutorial decisions would fall under this provision. There should also be a reference to aligning it with the decisions of the Council of Europe, as previously suggested.

1..1.a.i.1.c. On the guarantees for an independent selection of the investigating magistrate (3.2), the milestone needs to be further developed by bringing in the following key
elements from the supporting paper ("Additional information to milestone 11") sent together with the revised milestones and targets:

1.1.a.i.1.c.i. The independence should pertain not only to the selection but also the appointment of the investigative magistrate (i.e. “independent selection and appointment”). Notably, when appointing the investigative magistrate the SJC would only have a role on the basis of limited objective criteria, such as a check of the required minimum professional qualifications.

1.1.a.i.1.c.ii. There should be guarantees that the random selection process will be carried out in a robust and reliable way. This could be achieved for example through an independent audit of the software.

1.1.a.i.1.c.iii. Finally, please include that any person or entity should be able to initiate the process for the independent selection and appointment of the investigative magistrate as stated in the accompanying paper.

1.1.a.i.1.d. In terms of drafting, we suggest to remove the direct reference to the plenary of the SJC. This would allow for a discussion on the optimal arrangements with the Council of Europe to ensure the best guarantees.

1.1.a.i.1.e. On the safeguards for the career of the investigating magistrate (3.3), the immunity should be explicitly extended to the duration of the mandate of the Prosecutor General and his/her deputies under investigation.

1.1.a.i.1.f. To maintain the possibility of both the current approach and a judge investigator model, it would be best if the milestone refers to “magistrates” instead of “prosecutors”. This would allow for a degree of flexibility when considering options in the future.

1.1.a.i.1.g. With regards to the foreseen reporting under 4., the first such report should be issued before the end of 2022.

On anti-corruption:

a.1.a.1.a. Concerning the National Strategy for Prevention and Counteracting Corruption (2021 – 2027) (milestone 18), as the strategy is already adopted, the qualitative indicators should rather refer to establishment of an evaluation system by amending the decree by the Council of Ministers. The first independent analysis should be done already in 2022, with annual reporting process established for the next years. Finally, please clarify what is meant by the new addition of ‘analysis of the law enforcement of Counter-Corruption and Unlawfully Acquired Assets Forfeiture Act’. If this is an analysis, forming part of the independent analysis of the Strategy, it should be clearly stated.

a.1.a.1.b. Strengthening the capacity and transparency of anti-corruption bodies (electronic platform, milestone 19) and the capacity of the Inspectorate of the Supreme Judicial Council (milestone 20): we note that the deadlines have been moved to Q2 2023. Please revert to the originally proposed timing of Q4/2022 given its relevance for the implementation of the RRP. We note that this might involve some legislative changes (for
which you should refer to the entry-into force of the legislation), but given their limited nature, Q4/2022 appears to be realistic.

a.i.1.a.i.1.c. Strengthening the capacity of the Inspectorate of the Supreme Judicial Council (milestone 20): We encourage the authorities to consider addressing issues related to the Inspectorate’s composition and structure, as raised in the Rule of Law Report for 2021 and in our written feedback of 22 September and 11 October. We understand that a working group has been formed, in line with the Bulgarian Rule of Law Action Plan and tasked to draft legislative amendments among others to formalise the current practice that allows the Parliament to appoint the Inspector General and the Inspectors from among the persons nominated by the plenaries of the Supreme Courts and professional organisations. In such a case, the consultation with the GRECO appears irrelevant and we invite the authorities to rather consult the Venice Commission given that it has already conducted an overview of the Inspectorate’s structure and functions. This measure on the composition of the Inspectorate can be captured in a separate milestone to avoid confusion and allow for a different timeline.

a.i.1.a.i.1.d. Milestone 20 also refers to other elements such as trainings. The scope of these trainings would need to be specified and the indicator in the milestone would need to be adapted capture also the trainings.

a.i.1.a.i.1.e. Enhancing the integrity of civil servants - Milestone 21: Please focus the description to cover only the key features of the integrity check system that will be operational by the deadline. Please include a separate milestone early in the process to ensure that the preparation of the system is on track (for example, completed mapping of the positions at high corruption risk, developed integrity tests, and prepared methodology for assessing corruption risk by Q4/2022). Please also specify what would be the indicator for the achievement of the final milestone, for example a decree of the Council of Ministers that approves and establishes the overall operational system.

a.i.1.a.i.1.f. Milestone 22 - Introducing tools for counteracting corruption and promote integrity in the work of state owned enterprises - Please specify how points 2 (risk management system) and 3 (measures to increase transparency) will be specifically implemented and who will adopt those. This is important to be able to check the completion of the milestone. Please include a separate milestone early in the process on the adoption of the code on ethical conduct (for example by Q4/2022).

a.i.1.a.i.1.g. Milestone 24: The protection of persons who report breaches of legislation by drafting and adopting legislation: Please confirm that it goes beyond the obligations under Directive (EU) 2019/1937 by including changes in the legal regulation of offences of insult and defamation in the Criminal Code to ensure compliance with the Convention for the Protection of Human Rights and Fundamental Freedoms of the Council of Europe in order to limit the possibilities for private prosecution in relation to journalists’ publications and persons reporting to specific institutions in relation to actions of public officials in or in connection with the exercise of their functions. Please refer to the entry into force of the law. For point 2 of the milestone (ensuring that results of ethical committees will be made public), please specify how this will be ensured.

150) Milestones 26-27: Strengthening trade turnover and business stability: Please refer to the entry into force of the relevant legislation. Will all the elements listed in the description be implemented through legislative changes? If not please, explain the indicator for the implementation. Please confirm whether entry into force of insolvency legislation is realistic by Q2/2022. Please also
confirm in what specific ways the commitments go beyond the requirements for transposition of Directive 2019/1023.

151) Milestones 29: Please explain a bit more in the description what the support to an SME will entail and how the 300 SMEs will be selected.

152) Milestone 30: Please explain what is meant by the qualitative indicator ‘100’. Does this pertain to the number of people to be trained, number of trainings or something else? Additionally, it is not clear what is meant by the provision of jobs.

153) Milestones 32-33: A single information system for spatial planning, investment design and construction authorisation: There is no need to list the phases in the development of the IT system. For the legislation, please refer to entry into force.

154) Establishment of a national scheme for electronic identification and personalisation and in Bulgarian identity documents (milestones 34 and 35): Please explain separately from the milestone how this relates to measures to notify private e-ID under the reform Scale-Up Bulgaria.

   a. Milestone 34: Please remove the background info on the status of the procurement procedure in the description column M and instead explain the features of the contract that needs to be signed by Q2-2022 after public procurement. We understand that the selection was launched in 2018 and concluded in April 2020. However, the contract is not signed yet as the procedure was contested; as part of this process, the Supreme Administrative Court launched a preliminary reference made to the CJEU. Please updated on the state of the judicial proceedings in Bulgaria (but outside the description of the specific milestone) and the likelihood that they are concluded in time to allow for the signing of the contract in Q2/2022 as stated in the M&T table.

   b. Milestone 35: Please list in the description the key features of the system that you commit to have in place and that can be verified. Please confirm that the main characteristics of the e-ID system shall include a centralised system for electronic identification, including the issuance and operation of electronic identification documents and the related biometric stations, a system for the personalisation of Bulgarian identification documents, connection to the national register for identification documents, and public key infrastructure. Please confirm that in the milestone the e-ID system shall be notified under EIDAS.

155) A registry reform to unlock the potential of eGovernment to improve the business environment (milestones 36-38): Under the RRP, the focus is on the entry into force of relevant legislation. It appears that amendments to the Electronic Governance Act, even if passed earlier, will only enter into force on 1 July 2022 and on 1 January 2024 depending on the measure; if that is the case, the timeline of the milestone should be Q4/2023 rather than Q3/2022. Furthermore, it appears that changes to the Land Register Act will enter into force on 1 April 2022 from the description; if that is the case, you might consider adjusting the timeline to Q1 2022. Similarly, it appears that amendments to the Civil Registration Act shall enter into force on 1 January 2024; if that is the case, the timeline should reflect this and be changed to Q4 2023 (compared to Q1 2023 currently).

156) Integrated national cybersecurity system in the Republic of Bulgaria (milestones 39-40):
Please confirm that amendments to the Cybersecurity Act shall provide the legal framework for the integrated national cybersecurity system and that they shall also include and transpose amendments to Directive (EU) 2016/1148 concerning measures for a high common level of security of network and information systems across the Union. Please refer to the entry into force of the Cybersecurity Act.

Please inset a milestone on the award of contract for an integrated national cybersecurity system. Please confirm that it shall build on, improve, and integrate existing cybersecurity infrastructure based on open architecture and using active sensors. It shall also include a system for the monitoring of the national cyberspace and that the system shall also have information sharing and analysis capabilities (ISAC) for cooperation with international partners.

Please note that milestone 40 is in fact a milestone and not a target.

157) Setting up a national complex centre and network for monitoring, control and management (milestones 43-44): The project fiche suggests a series of legislative amendments might be necessary, while the milestone lists only one – please clarify.

Please include a milestone on the award of contract for a National Integrated Centre and Network for Spatial Monitoring, Control, and Management and confirm that Centre shall include equipment to gather, process, and provide spatial data obtained by land, air, and space sensors.

Please provide a description of the key elements of the Centre in the description of milestone 44 and confirm that the Centre shall provide data to public and private actors, including for the management of public emergencies (wildfires, floods, and other disasters). The Centre shall implement “digital by default” and “once only” principles. Note that 44 should be a milestone, not a target. Please provide also a qualitative indicator for the achievement of the milestone (column E).

158) Improving the governance framework for state-owned enterprises: Please note that as communicated before, there is no need to include milestones on measures from the post-ERM 2 action plan which have already been completed (for example, in relation to the analysis of activities of state companies, the annual summary report, or the rules of procedure for the relevant Agency). Therefore, milestones 47-49 can be removed. For milestone 46, please propose a suitable qualitative indicator to verify the achievement of the milestone.

159) Improving the anti-money laundering framework (milestone 50): Please explain better how the envisaged actions in the dedicated milestone support improving the capacity and capability of supervisory authorities to mitigate the risks of money laundering and increase application of the anti-money laundering framework by obliged entities. The explanation can be provided outside the milestone itself. On the IT tools (milestone 51), please refer in the indicator the tools being operational/in use, instead of to the ‘acquisition’ of the IT tool. Also, please specify if this is about one specific tool or several. Milestone 52: Please specify in the description column what the ‘action plan’ will cover. Milestone 53: This is about enhancing capacity and revising the risk assessment framework, but the qualitative indicator refers to ‘amendments’. Please suggest suitable indicators to verify the achievement of the milestone.

160) Target 55: Please specify which guidelines are referred to in the description.
161) Target 56: Please remove this target as it is not suitable for the RRP.

162) Transparency Bulgaria: for all milestones and targets, please focus the description on the key elements of the relevant actions rather than on providing justification and background. In addition:

   a.i.1.a.i.1.a. With regards to milestones 58 (accelerating insolvency proceedings) and 59 (law for personal insolvency) please explain in detail how these differ from and are complementary to the measures envisaged on new insolvency legislation under the measure for improving insolvency framework under the reform “strengthening trade turnover and business stability”, which appears much more detailed and has a much earlier implementation timeframe.

   a.i.1.a.i.1.b. On milestone 60 in relation to the start-up visa, please confirm that the specific legislative tool will be a Decree of the Council of Ministers.

   a.i.1.a.i.1.c. Milestone 61 (improving the regulatory conditions for teleworking): Please specify in the description what are the main changes (but no need to list the different steps for the adoption). Given the relevance of the topic in the current situation, we would advocate to advance this milestone from Q4-2023 to an earlier date. The date should refer to the entry into force of the new regulations.

   a.i.1.a.i.1.d. On milestone 62 related to the possibility to notify a private e-ID solution, please explain how it interacts with the investment on a national e-ID solution (see comments above on this investment).

   a.i.1.a.i.1.e. Milestone 63: The milestone details the exact amendments to the Social Security Code. Why then wait until Q3-2023 to adopt this?

163) Public procurement (milestones 64-70):

   a.i.1.a.i.1.a. On milestone 64 with respect to the ex-ante checks for public procurement in relation to EU funds, we propose to complement the description to also include improving risk assessment methodologies when selecting projects for checks.

   a.i.1.a.i.1.b. On milestone 65 with respect to new standard e-forms for procurement, given the importance of improving the public procurement framework for guaranteeing the sound management of EU funds, we suggest also the introduction of new standard e-forms for procurement to be moved forward to Q3/2022 (from Q3/2023 currently).

   a.i.1.a.i.1.c. In relation to milestone 66, could you please confirm if new guidelines were introduced for applying sanctions in financial correction procedures for non-compliance with public procurement processes?

   a.i.1.a.i.1.d. Targets 67-69: Please specify what is the base year for this comparison. Please note that in the description of all three targets you refer to the public contracts closed by end-2023. Please adapt.

   a.i.1.a.i.1.e. On milestone 69 with respect to the final target on ‘no call bids’ we invite the authorities to reflect is whether some advancement of the timeline to reach the final target
on ‘no call’ bids can be made, for example to Q4/2024 instead of Q4/2025 (with interim targets in 2022 and 2023).

2. Please move the targets on single bids into a separate set of milestones and align them with an earlier timeline as above, reaching their final target by Q4/2024, with interim targets in 2022 and 2023. Ensure an adequate information and administrative environment for the implementation of the RRP: Please refer to comments under control and audit above. For trainings of beneficiaries (milestone 75) please specify in particular how the problematic beneficiaries will be identified and targeted as a priority at the earliest stages of the RRP. Some specific beneficiaries can be listed as example, following the discussion of specific needs in certain sectors, such as transport.

Costing

164) A big budget is foreseen for the new information/communication system for the Prosecutors’ office in comparison to what is foreseen for the courts. Although there is a breakdown of the costs, it is not clear why the amount for the Prosecutors’ office information and communication system is so high. Please provide a more detailed justification.

165) With respect to the investment in police plug-in hybrids for patrol work, note that email communication and a single offer from one directly contacted supplier would not be an appropriate basis to establish the cost estimate.

Tagging

166) On project 37 - “Development of an electronic identification (eID) national scheme and its personalization in the Bulgarian Personal Documents”, we take note of your comment that additional wording has been inserted for Activity 2, although we have not received the revised project fiche. While we agree that the necessary technological equipment can be accepted for tagging purposes, please note that the construction of a building does not merit a digital tag per se, and therefore should be shown separately.

Component 11 – Social Inclusion

167) While some questions have been clarified, via your feedback received on 17 November, some relevant questions remain, notably concerning the first reform on the minimum income scheme and the investment on the deinstitutionalisation of care for the elderly and people with disabilities.

168) On the reform on the minimum income scheme, reform 1.

a.i.1.a.i.1.a. While we welcome the information provided during our last written exchange, we need clarification on how the reporting data of the Social Assistance Agency for 2020, the results of the forecasts of the poverty line, and the considerations on the requirements for families with children, mentioned in your reply to our comment 117, are factored in the computation of the envisaged target aiming to cover 116 873 people. Please provide us with a separate note, how this was computed.

a.i.1.a.i.1.b. From your feedback received on 17 November, we understand that, until 2024, targets will be achieved by increasing the coefficients of the Differentiated Minimum Income (DMI), without reassessing the level of the Guaranteed Minimum Income (GMI), however,
the plan on how to move the adequacy level of the minimum income scheme forward beyond 2024 are not outlined. How will progress in this respect be achieved?

a.i.1.a.i.1.c. On the rules and eligibility criteria behind the minimum income scheme, please find our suggestions below on the main elements that should be covered by the revisions and, therefore, included in the related milestone. This will ensure that the reform represent a step in the right direction of addressing the CSR, as well as in the context of the national 2030 headline target on fighting poverty and reducing social exclusion, following the commitments from the Social Summit in Porto 2021.

169) Investment 1, ‘Continued support for deinstitutionalisation of care for the elderly and people with disabilities’.

a.i.1.a.i.1.a. It must ensure compliance with the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD), which will need to be stated clearly in the description of the targets related to the construction of the new social services.

a.i.1.a.i.1.b. The National Service Map is a crucial element referenced throughout the fiches of the projects. However, while it will be used to make relevant decisions, including the number of users per service and the identification of social service needs by municipality, its adoption is envisioned only for Q4 2023. It should be clarified whether decisions regarding the new services at this stage are made on the basis of an ex-ante mapping of social services and whether this exercise will be ready by the end of 2021, as planned.

a.i.1.a.i.1.c. Similarly, construction works and decisions on personnel concerning social service facilities need to be underpinned by the regulation on the quality of social services, as stated in the feedback received on 17 November. We welcome that this regulation will be developed together with the civil sector (non-governmental organizations, social workers, etc.) and that it will cover a number of relevant elements, including requirements on the material base for the provision of residential care, as well as qualifications and the professional development of staff. As the milestone covering this measure is planned to be achieved in Q4 2021, could you please elaborate on its development and the actors involved, including on the underlying references and criteria used as basis for the drafting of the regulation (i.e., UNCRPD, Common European Guidelines for the Transition from Institutional to Community Care, etc.)?

a.i.1.a.i.1.d. On the new services for ‘Residential care’ and for the 174 accompanying services, we note that particular attention will be paid to two aspects: ‘The first is the nature of the care provided in the service. The second aspect is the created material conditions, incl. the spatial planning decision of the building itself and the choice of its location.’ For both, please provide the main defining features, in accordance with the current drafts of the mapping of social services and the regulation on the quality of social services, stressing the following elements: (i) criteria underpinning the choice of the location and the number of users of the residential care facilities (ii) the minimum requirements, including area, type/function and number of rooms, maximum number of users and user(s) per room (iii) minimum number of staff and services provided (e.g., personal care, meal, medication administration, ...).
a.i.1.a.i.1.e. From the strategic document you shared on 17 November, we note your plans to ‘existing homes for the elderly to be reconstituted by 1 January 2025 in order to meet the quality standards’, placing the measure in the plan, which will concern 82 existing social services with capacity for 5 598 elderly users, in the deinstitutionalisation process. However, the elements that are needed to consider one of the 82 services for the elderly as being ‘reformed’ remain unclear. For example, would the facility need to undergo a specific renovation and/or provide certain services, etc.? Please outline the elements that will be reformed and the benefits that they will bring in terms of care provision and inclusion in the community of the elderly (confirming also whether the quality standards that the homes for the elderly will need to meet to be considered ‘reformed’ are also set up in the upcoming regulation on the quality of social services).

a.i.1.a.i.1.f. The energy efficiency renovations will concern 1200 social services, 625 of which provide residential care. Please outline how those facilities will be selected, what share of the total social services they account for, if they only provide services to adults with disabilities and/or the elderly, as well as the long-run plans concerning those facilities – are some of them going to be closed/scaled down in the future?

a.i.1.a.i.1.g. As a general remark, to move forward on the objective of deinstitutionalisation, we encourage you to capture, via a target in the RRP, a measure fostering community care and independent living, irrespective of the source of funding, following the National Strategy for Long-Term Care and related action plans in the area.

Milestones and targets

170) Milestone 1: On the milestone ‘Adoption of the Social Support Code and secondary legislation – Q2 2023’, the legislation package should include, in addition or as part of those already present in your proposal, the following elements, in accordance with the challenges identified by the CSR.

a) Inclusion of the objective of poverty reduction and link with activation policies, covering personalised activation pathways for eligible working age beneficiaries.

b) Focus on the simplification of eligibility criteria (e.g., the number of rooms, mobile or immobile assets that can be a source of income, etc..) to increase the uptake of the minimum income and its coverage. This would ensure broader coverage of people living under the poverty line.

c) Planned adjustments of the Guaranteed Minimum Income level, to increase the adequacy of support. The review mechanisms should be based on standardized statistical indicators, such as average wage growth, inflation and the poverty threshold. This would ensure that progress is in line with the Porto targets and that the level of support increases from the 2024 levels.

171) In addition, if amendments to the Employment Promotion Act are foreseen to strengthen the link between ALMP and the minimum income scheme, please add a milestone capturing this aspect.

172) Regarding target 2, It is key to specify which (data underpin the) poverty line which has been and will be used for the calculations of the DMI, this should be stated in the description of the target. It should be clear that the target refers to the poverty line in 2024.
173) Milestone 5: Please specify who will adopt the National Service Map.

174) For target 6, ‘1. Number of new social services for resident care’, please adapt the description to include the activities that will be performed in the centers and the outline of the minimum requirements of the facilities, in accordance with the regulation and the National Map of Social Services, noting that evidence of those elements will need to be provided. Please also explain the key features of the new services that will make them to be in line with the principles of community-based care.

175) We understand that ‘in municipalities where a new social service for resident care is being built, an accompanying specialised and advisory social service for persons with disabilities is also set up, in an accessible place and possibly in a pedestrian proximity to the resident service’ Please confirm this understanding and specify these requirements in the description of target 7, thus linking it to the previous target. Please add also a description of the features that each of the supporting services will have as a minimum, in accordance with the regulation on the quality of social services.

176) We note that the activities concerning the refurbishment of 82 existing social services for the elderly are not captured by a dedicated target. Please adjust accordingly.

177) Target 8, ‘Energy savings in existing social services’, need to be redrafted to refer to the facilities that will be subject to construction works. They could be split over two targets to disentangle residential from public buildings. Targets should refer to the completion of construction works, and mentioning, in the description, that construction works will achieve, on average, 30% of energy savings. In addition, please specify also how the 30% energy savings can be verified.

178) Target 9: Please specify what the trainings will encompass.

179) Milestone 10/Target 11: Will the methodology for selecting those that can benefit from technical aids not have been put into (secondary) legislation to make it transparent and binding?

180) Target 12: Please briefly describe in column M what are the services that will be provided.

181) Target 13: Please explain more what a ‘digitised production process’ means as well as the ‘introduction of a social innovation’. How will these two elements be measured?

182) Target 15: This is a milestone.

183) Target 18 is not clear what it will capture: People with disabilities in need of external care benefiting from improved access to Social Assistance Agency services. Please specify. Will 28 000 people with disabilities receive support or the difference between the goal of 28 000 and the baseline value which is 24 400?

184) Measures to improve the services of the Employment Agency (Milestones 19-21): All three milestones have the same indicative date of Q2-2024. Please consider if this can be spaced out or otherwise if some of the milestones can be merged.

185) Milestone 22 on ‘reforming public spending on culture and creative industries’ should not include a quantitative indicator, rather refer, in the qualitative indicator column, to the entry into force of the amendments to the legislation and outline, in the description, the scope of the
amendments. Please specify also slightly more the new procedures and the new electronic system covered by the same milestone. Will these be ready also by Q4-2022?

186) Milestone 23 ‘Number of CCI products supported’ should be split into at least three different targets, one for each grant scheme, specifying, in the description, the scope of the grants. In addition, we would suggest preparing a report/website, which will also be part of the milestones/targets, to follow the implementation and administration of the schemes, as well as the outcomes resulting from the awarded grants. Please specify in the target when a CCI product will be considered supported and who will be the beneficiaries for each of the schemes.

187) Please redraft milestone 24, ‘Capacity building for cultural administration and operators in CCIs’, which should be a target and provide a brief description in column M of the trainings and other actions that will be provided (what they will cover). Given that the programme covers several actions (trainings, mentoring, on-site visits etc.), please include also information when one unit will be considered completed. Please note that, while more detailed feedback on costing files will follow, the RRF can only cover labour costs of consultants and/or temporary workers. This is particularly relevant for this investment, as it contains several labor costs entries.

188) As a general comment on the investment covering the digitalisation of museum, library, audiovisual and archive collections, the related milestones 25 and 26 should not include quantitative indicators, as quantitative indicators are meant for targets. Regarding target 27, we suggest replacing this target with one capturing the publication of the platform, specifying that this platform need to include a catalogue mapping the content of the museums, libraries, etc. to their digitised version. Overall, the descriptions of the milestones and targets of this investment fail to outline, in the description column, the elements that will need to be provided to show the achievement of the milestone/target.

**Tagging**

189) On project N7 - “Modernisation of the material base and introduction of information technologies for improving the social support by the Agency for Social Assistance towards the population”, based on the project fiche, the correct applicable amount which merits a digital tag is EUR 1.453 million. On project N8 - “Employment Agency - employment for an innovative, connecting and just Bulgaria”, the costs per activity in the project fiche and in the costing file need to be aligned, so as to show only the RRF contribution. A final revision of the applicable amounts for tagging purposes should be made.

**State aid**

190) With regard to Reform 2 - “Continuation of the reform in the area of the social services”, please provide a more detailed State aid self-assessment.

**Component 12 – Healthcare**

191) The component includes measures, notably concerning the shortages of healthcare professionals and their geographical distribution, which are in accordance with the challenges outlined by the CSRs. The plan does not elaborate on how some CSR elements not covered in the plan, notably related to access to health services, including by reducing out-of-pocket payments, will be tackled.
192) It should be clarified in a milestone that healthcare services provided by nurses/medical personnel via their private practices will be reimbursed by national insurance. This possibility would ensure the take-up of the services provided in the context of the outpatient units funded via RRP, thus enhancing access to healthcare across the territory.

193) The possibility for professional organizations of nurses, midwives and associated health professionals to take part in the regular negotiation processes with the Ministry of Health and the National Health Insurance Fund is a positive development. To reap the benefits of this additional element in a timely manner, the date of the milestone should be brought forward, so that they can take part already in the negotiations of the next National Framework Agreement entering into force for a three-year period on 1 January 2023. This would include, for instance, the forthcoming discussions on pay setting mechanisms of nurses, midwives and other professionals.

194) We welcome the establishment of a fund to provide financial incentives, which we understand will cover labour income for medical staff working in the ambulatories set up in the context of the RRP, to promote a more balanced distribution of healthcare workers. What is the envisaged overall size of the fund? It had been previously mentioned that the provision of incentives seems to be linked to considerations on real income differentials across the territory. How will this work, in practice? Could you also provide an example?

195) On the investment in psychiatric care:

d) The fiche mentions that activities that would support the development of ambulatory care in the field of mental health are envisioned and will be funded via other EU funds. Based on this, what activities, foreseen in this area, could be captured by the RRP?

e) We note that the table of milestones and targets captures the renovation activities concerning 18 facilities, while costing files refer to 45 facilities. Please align figures in costing files and state whether activity 1, renovation works, and activity 2, delivery and installation of equipment, will affect the same number of facilities.

Milestones and targets

196) A milestone/target should contain a clear commitment that healthcare services provided by nurses/medical personnel via their private practices will be reimbursed by national insurance.

197) Target 13: This target needs to be clarified. The title of the target talks about more places in universities for medical professionals, whereas the description column refers to the ratio between doctors and nurses. It is not clear what the target of ‘0.5 percentage points’ refers to.

198) Target 14: Please mention briefly in the description what ‘equipment’ for one institution will broadly entail.

199) Milestone 15: The description is too broad as it only refers to signed contracts for medical equipment but doesn’t give an idea of the scope and ambition. Please add this info and if relevant cross-reference target 14 and milestone 15.

200) Milestone 18: Please provide more information on the scope and content of the contracts. If relevant cross-reference with target 17.
201) Targets 25-27: Target 25 covers 100 outpatient units ‘built or repaired’ whereas target 27 specifies that 300 outpatient units will be ‘constructed’. Please check if this is in line with your plans.

202) Milestone 30 and 31 and Target 32: While we welcome all the information provided, please make the descriptions more concise and focus on the key features of the national emergency communication system and the data centres.

203) We mentioned already that other activities included in project 7, on outpatient care, should also be covered by milestones/targets, namely the establishment of a telemedicine system and of a digital platform. For drafting suggestions, please refer to COM feedback sent on 16 Nov.

204) We also note that some milestones, notably milestone 7 ‘National Strategy for Healthy and Geriatric Ageing in the Republic of Bulgaria 2021-2030’, well as milestone 29 ‘Plan for Convening Advanced Health Education in the Bulgarian School 2021-2027’ refer to the adoption of the Strategies. The adoption and implementation of the related action plans should also be covered by a milestone/target.

*State aid*

205) With regard to I2 - “Improving the conditions for interventional diagnosis and endovascular treatment of cerebrovascular diseases”, please provide additional information. It is not clear how these treatment and training centres are constituted. If they are part of the national healthcare system or the state- national education system, operated under State supervision, directly funded from social security contributions and other State resources and providing services free of charge on the basis of universal coverage, there would be no economic activity, and there will be no State aid. If entities performing economic activities are involved, more details should be given about these treatment and training centres and how this investment will be implemented in compliance with State aid rules. Please also explain who the eligible beneficiaries are (e.g. universities, hospitals) and clarify if they carry out non-economic activities. If so, the presence of aid could in principle be excluded.

206) With regard to I3 - “Modernization and development of psychiatric care in Bulgaria” and I7 - “Access to health care by creating conditions for the development of health and social services”, please provide additional information. Please explain whether the eligible beneficiaries carry out non-economic activities (if they form part of a national healthcare system pursuing a social objective, underpinned by the principle of solidarity, operated under State supervision, directly funded from social security contributions and other State resources and providing services free of charge on the basis of universal coverage (see point 2.4 of the NoA)). If so, the presence of aid could in principle be excluded. If not, the Bulgarian authorities should assess if the measure could entail State aid. In this later case, a service of general economic interest (SGEI) could be set up based on the SGEI decision, which would not require a notification.

207) With regard to I4 - “Establishing a system for providing emergency medical care by air”, please explain if the helicopter emergency medical service (HEMS) is part of the public authorities. If not, please explain why HEM has been selected as a beneficiary and whether a tender has been carried out.