

**Evaluations of  
Operational Programme Environment 2014-2020**

**Activity 1:  
Evaluation of the implementation of  
Priority Axes 1, 2, 3, 4 and 6**

**SUMMARY  
of the Final Evaluation Report**

**Ministry of Environment and Water**

**Developed by: ECOSTIL Consortium**



**Sofia, 6 December 2019**

## Summary

This summary sets out the main findings of the Evaluation of Priority Axes 1, 2, 3, 4 and 6 of the Operational Programme Environment 2014-2020. The evaluation was carried out by experts of Ecostil Consortium, composed of Ecorys South East Europe Ltd. and BIM Consulting Ltd. under a contract D-30-24 / 01.04.2019 with the Ministry of Environment and Water.

The evaluation was carried out in the period April-December 2019 and presents the results as of 30 September 2019.

The main objective of the evaluation was to provide an independent analysis of the implementation of five out of the six priority axes of Operational Programme Environment 2014-2020, thus supporting the Managing Authority in the effective and efficient management, monitoring, evaluation and control of the programme. The five priority axes of the programme that fall under the evaluation are as follows:

- Priority Axis 1. Water;
- Priority Axis 2. Waste;
- Priority Axis 3. Natura 2000 and Biodiversity;
- Priority Axis 4. Floods and Landslide Risk Prevention and Management.
- Priority Axis 6. Technical Assistance.

The evaluation was carried out in accordance with the requirements of Regulation (EU) 1303/2013 and is part of the programme's Evaluation Plan. It belongs to the evaluations carried out during implementation and provides answers to predefined evaluation questions, structured along the following evaluation topics: relevance of support, effectiveness of delivery of results; efficiency of implementation; implementation of financial instruments; application of horizontal principles and fulfilment of the ex-ante conditionalities of the European Structural and Investment Funds, applicable to the Operational Programme Environment 2014-2020.

Existing monitoring data of the programme's monitoring system, strategic and regulatory documents, as well as previous analyses were used to carry out the evaluation. Primary data were collected through the following methods: desk research; interviews with key stakeholders; three online surveys (two among beneficiaries and potential beneficiaries and one among the staff of the Managing Authority), as well as a focus group with the heads of departments in the Managing Authority of the programme.

A set of methods, selected according to the evaluation questions, was used to carry out the evaluation such as: intervention logic analysis, stakeholder analysis, needs analysis, indicator analysis, financial performance analysis, and cost-effectiveness analysis.

The main findings of the evaluation report are presented below for each of the evaluation topics.

### Relevance of the support

The support provided under the Operational Programme Environment 2014-2020 in the sectors of: Water; Waste; Natura 2000 and Biodiversity; Floods and Landslides is relevant to the needs

of the country and contributes to the achievement of the objectives of the national sectoral strategic documents, and enhances compliance with the requirements of the European directives in the above sectors.

In the **Water sector** (Priority Axis 1), focused and prioritized support is provided for construction of wastewater treatment infrastructure. The support is provided through integrated investments in consolidated territories, managed by one water supply and sewerage operator. This provides for better targeting of the needs. The investment in supplementary measures, such as water supply and sludge management, provides for better sustainability of results. Water monitoring support is also appropriate and aimed at improving the capacity to monitor water (including drinking water) in line with the stricter requirements of the European directives and national legislation.

The support in the **Waste sector** (Priority Axis 2) is in line with the needs in the area of municipal waste management but the target set for increasing waste recycling capacity is not ambitious enough given the funds allocated for this purpose. The proposed extension of the priority axis to recycling of municipal waste, other than biodegradable waste, will provide better opportunities for achieving the specific objective and will meet the specific needs of the beneficiaries. Support is also needed to carry out information campaigns and raise awareness among citizens. The proposed change in the scope of Priority Axis 2 foresees investments to improve the management of construction waste and reclamation of landfills, which are relevant to national needs. The contribution to the specific objective of Priority Axis 2 would be to reduce the share of construction waste in municipal landfills, while landfill reclamation is not related to the specific objective set.

The support in the **Natura 2000 and Biodiversity sector** (Priority Axis 3) aims to contribute to the achievement of the national and European biodiversity conservation goals. A key result of this axis - the establishment of Natura 2000 Network Management Authorities - is not yet available, as consensus among stakeholders cannot yet be reached. In order not to delay the implementation of the conservation measures, the strategy of the support has been modified to allow implementation of measures which are not related to the establishment of Natura 2000 network management bodies. This is the only axis under the Operational Programme, which implements the Community-Led Local Development approach. In line with the objectives of the support, the approach is mainly used to implement conservation measures. Implementation of conservation measures is not particularly appropriate, since implementation of such measures is difficult for the beneficiaries. In addition, the contribution of projects funded through this approach to the objectives of the priority axis is limited. The reason is that the conservation measures target a small number of highly specific species, most of which are located in small habitats which are subject to conservation.

The support in the area of **Floods and Landslides** (Priority Axis 4) is focused on priority needs. At the same time, there is limited interest from municipalities to implement flood and landslide prevention activities. The reasons are complex and include lack of technical readiness and expertise as well as land ownership issues.

The strategy for the provision of **technical assistance** (Priority Axis 6) is in line with the administrative capacity needs of the Managing Authority and the responsible structures involved with the management of the Operational Programme, as well as with the needs for dissemination of information, and the needs for strengthening the capacity of beneficiaries.

## Effectiveness

The **milestones** of the performance framework set for Priority Axis 1 (Waters) and Priority Axis 2 (Waste) have been achieved, both in terms of output indicators and financial progress. Under Priority Axis 3 (Natura 2000 and Biodiversity), two of the three milestones have been achieved, while there has been zero progress with the achievement of the third milestone. The financial performance of the axis at the end of 2018 is very low - only 14%. The non-achievement of the milestone, as well as the poor financial performance, is due to the delay in the establishment of Natura 2000 network management bodies. This issue has not yet been resolved and will negatively affect the overall implementation of the priority axis.

Under Priority Axis 4 (Floods and Landslides), one of the milestones – reinforced landslides, was exceeded, and the other - number of inhabitants benefiting from flood protection measures, shows very little progress (1%). The financial performance milestone was significantly overachieved (227%).

**As of September 2019**, the progress in meeting the specific objectives and the targets of the **output indicators** is still slow. This is mainly due to the specifics of the projects being implemented - large infrastructure projects and complex projects for analyses and establishment of management systems. Full achievement of the target is observed in one output indicator under Priority Axis 2 (Signed contract for one major project), and one indicator under Priority Axis 3 (Species supported for achievement of better conservation status). One indicator under Priority Axis 1 – New/updated analytical/programmes/strategy papers, is close to the target (83% achievement). The progress with implementation of the remaining 13 output indicators of the four priority axes is limited.

No progress was reported on the **result indicators**. Only one result indicator under Priority Axis 4 (Population at risk of landslides) reported a minor improvement of 12%. The other indicators do not report progress.

The main **factors that impede or pose a risk** to the achievement of the objectives are delays in project preparation and implementation, including due to public procurement appeals; lack of financial capacity and technical expertise among most municipalities to carry out major infrastructure projects; the need to ensure effective partnerships; and the lack of political consensus on the establishment of management structures of Natura 2000 network.

**Contracting** varies from 92% for Priority Axis 2 (Waste) to 35% for Priority Axis 3 (Natura 2000 and Biodiversity), but overall for the programme (taking into account Priority Axis 5, which is not covered by this evaluation) is according to planning and there is no need to reallocate funds among the years.

The percentage of **disbursed funds** is still very low (between 6% and 24%), given that this amount also includes the advance payments on projects.

If all supported projects in the field of water and waste (Priority Axis 1 and Priority Axis 2) are successfully completed within the programming period, the target values of the indicators will be met and in many cases exceeded. For the infrastructure projects under Priority Axis 1, that have recently started, as well as for the Sofia Municipality project for energy cogeneration with the utilization of RDF, there is a risk that the activities will not be completed by the end of 2023.



In the area of biodiversity (Priority Axis 3) and in the area of floods and landslides (Priority Axis 4), at the time of the evaluation, the contribution of the procedures to some of the output indicators is still limited, but it is expected that it will increase after the conclusion of contracts under the procedures that are currently open or under evaluation. Achieving one of the indicators under Priority Axis 3 depends on the establishment of the management structure for the Natura 2000 network and is at risk given that consensus on the issue between the stakeholders cannot yet be reached.

There is a risk that some activities in the area of water supply and sewerage and waste investment projects may not be successfully completed within the programme, which will lead to **risk of loss of funds**. There is also a risk of successful absorption of the funds allocated to financial instruments in the field of waste.

In order to mitigate the risk of loss of funds, the Managing Authority of the programme plans to overcontract the resource of all priority axes. The analyses so far do not indicate a need for redistribution of funds between the priority axes under consideration. However, such a need may arise at a later stage, if the implementation of certain contracts becomes problematic and the funds cannot be absorbed.

The successful implementation of the investments under Priority Axis 1 in the area of water supply and sewerage is expected to make **a significant progress towards achieving the objectives of the Urban Waste Water Directive (Directive 91/271 / EEC)**. Once the programme is completed, the need for investments, to fully comply with the Directive, will remain.

With regard to water monitoring, procedures create opportunities to improve the assessment of water status. It should be noted that the achievement of the objective also depends on the **implementation of the monitoring plans**.

The programme will build **capacity in the municipalities for waste treatment**. At the same time, the reduction of landfilled waste depends on the technical treatment capacity but also on the quantities of waste generated, and in this regard, on the implementation of measures to prevent waste generation, separate collection, reuse and recycling, which require efforts to involve citizens and improve the organisation of waste management in general.

The **delay in establishing a management approach and Natura 2000 network management structures** has a significant negative effect on the overall implementation of the specific objective of Priority Axis 3, including the development of protected areas management plans, as well as the management structure of the National Prioritised Action Framework for Natura 2000 and the creation of a sustainable management and investment system for Natura 2000.

In the field of flood protection, addressing the challenges related to the small municipal water bodies requires a new approach, given the insufficient interest and capacity of the municipalities to maintain and manage water bodies in a sustainable manner. Ecosystem-based flood prevention and management solutions are not yet supported but such measures are planned. Investing in priority landslides will solve the most pressing landslide threats on the state-owned land. However, the contribution to reinforcement of municipal landslides is limited. A need still remains to reinforce and monitor areas threatened by erosion and abrasion, as well as to apply modern methods of landslide surveillance.

## Efficiency

The overall implementation efficiency of the programme is good, but there is room for improvement in some areas.

The guidelines for applicants are of good quality, as they are clear and understandable to beneficiaries. There is room for improvement as regards simplification of the requirements to the beneficiaries to prove capacity. Depending on the procedures, more attention should be paid to the following issues: inclusion in the procedures of all eligible activities leading to the achievement of the objective; ensuring effective partnerships; and setting the most appropriate indicators for the procedure.

The system for provision of grant support operates well. The evaluation of project proposals takes place within the regulatory deadlines. The use of the Management and Monitoring Information System (MMIS 2020) for submission and evaluation of project proposals significantly improves efficiency. Major delays in the conclusion of some of the contracts under the direct award procedures were observed due to revision of the project proposals on the basis of the remarks made by the Managing Authority, as well as the delay in the provision of the necessary spatial planning documents. The main difficulties experienced by beneficiaries in submitting project proposals are related to ensuring the completeness of the project documentation, including the preparation of the technical part of the projects.

The main horizontal risk in the execution of contracts is the delay in carrying out public procurement. Other important risks are related to delays in implementing infrastructure projects and ensuring effective coordination of technical assistance activities. More intensive communication campaigns and trainings for the beneficiaries are recommended to avoid the risks of lack of interest in the procedures, submission of poor quality project proposals, and difficulties in management and reporting.

The **data collection system for indicators** enables reporting of the progress at project, procedure and programme level. The hierarchy of indicators is ensured - the programme indicators are included in the procedures and then transferred to the individual projects. This consistency, as well as the detailed description of the Indicator System in the Procedural Manual, makes it possible to effectively monitor the progress made. However, there is room for improvement in the data collection system that would optimise the monitoring process of the programme. The improvement options can be divided into three groups: (1) clarification of the scope of some indicators; (2) specification of the calculation methods; and (3) collection of additional information from the beneficiaries, beyond reporting the indicators in the MMIS 2020, in order to get the full picture of the results achieved.

Analyses regarding the effectiveness of the interventions implemented show that there are procedures and projects that are comparatively more efficient than others in terms of cost/output ratio (investments per tonne treated waste; investments per residents with improved water supply or per p.e. of treated load). The differences in efficiency are mainly due to the specifics of the projects and infrastructure being built, technological solutions, and economies of scale.

Effective approaches for ensuring dialogue and interaction with external stakeholders are implemented. At the same time, there are difficulties in interacting with some of the units and structures within the Ministry of Environment and Water. Improving cooperation with these structures is key to the effective implementation of the programme and the programming of the next operational programme.

There are opportunities to improve internal coordination and team effectiveness across departments within the Managing Authority, through better planning of workflows, division of work between departments and creating prerequisites for teamwork.

### Application of Financial Instruments

The programme envisages application of financial instruments under Priority Axis 1 as regards the construction of water supply and sewerage infrastructure and in the area of waste (Priority Axis 2). The instruments are not yet operational. In the area of water supply and sewerage, this is expected to happen very soon, while the prospects for application of financial instruments in the area of waste are unclear.

The financial instruments are of interest to many of the water supply and sewerage operators, who rely on them to provide co-financing for the implementation of their investment projects. Because of the large volume of funds, it is difficult for operators to secure them elsewhere. In the area of waste, the interest in financial instruments by municipalities, which are the main beneficiaries of the procedures launched so far, is limited and uncertain.

The identified challenges in the application of the financial instruments are both common to both sectors and specific. The lack of previous experience in application of financial instruments in the area of the support of the programme is a major factor for the horizontal difficulties encountered. The challenges related to the application of financial instruments in the waste sector are mainly due to the lack of a clear concept for their use and the "competition" between grants and financial instruments.

The practical application of the instruments will require attention to be paid to important elements such as: encouraging the involvement of private sector investors and financial institutions; ensuring the most appropriate and flexible forms of support; appropriate matching of financial instruments with grant funding; and elaboration of procedures by the Managing Authority to monitor and control the application of the instruments.

### Horizontal principles and implementation of the ex-ante conditionalities

The horizontal principles are integrated into the processes of preparation and implementation of the Operational Programme and are part of its procedures. National legislation supports the implementation of the principles of equality and non-discrimination and the protection of the environment. Given the nature of the programme, many of the indicators set out in the programme and in the procedures make it possible to measure the programme's contribution to the horizontal principle of sustainable development.

The Operational Programme is expected to contribute to the EU Strategy for the Danube Region in the following areas: water protection; environmental risk management and biodiversity conservation. The contribution of the programme to the Marine Strategy is limited to the preservation of the quality of seawater by building infrastructure for treatment of wastewater from agglomerations bordering the Black Sea.

All thematic and general ex-ante conditionalities relevant to the Operational Programme are fulfilled. The delays in the implementation of the two thematic conditionalities related to water and floods and landslides led to delays in implementation of some measures in these areas. On the other hand, the fulfilment of the ex-ante conditionalities made it possible to better focus the support in the field of flood risk and landslide prevention, as well as to support the reform in the water supply and sewerage sector and create preconditions for better sustainability. The

delay in fulfilling the general ex-ante conditionality related to the Public Procurement Act did not have a negative impact on the implementation of the programme, since most of the tenders started after the amendments to the law were adopted. Despite the changes in the law, there is no improvement in public procurement process. The public procurement is being reported as a key cause of difficulties and delays in project implementation and as a major cause of the financial corrections imposed.

## Recommendations

The report makes the following recommendations:

It is recommended that the Strategic Plan for the implementation of Priority Axis 2 "Waste" is being amended in order to reflect the proposed changes in the programme; to create conditions for better addressing the needs of beneficiaries and to ensure efficient use of financial instruments. The new strategy should include all planned procedures until the end of the programming period. Important for the achievement of the objective of the priority axis is also implementation of information campaigns and raising awareness among citizens. Such measures are not currently supported by the programme but may be included in the pilot projects for innovative technologies for municipal waste collection (using financial instruments), foreseen with the last amendment of the programme.

Within the Community-Led Local Development, support for implementing "soft" biodiversity measures, such as elaboration of action/conservation plans or organising forums and seminars, would be more appropriate for the next programming period. This will better respond to the local communities needs and will contribute to strengthening their capacity to implement biodiversity conservation measures. The impact of the projects supported by the Community-Led Local Development approach could be increased through support for activities related to natural habitats and species listed in the annexes of the Biodiversity Act as conservation priorities.

Support in the field of monitoring of water quantity is provided mainly under Priority Axis 1, but also with a project under Priority Axis 4, albeit in terms of flood protection. Similarly, the Information System of Water Facilities and Systems, which is supported under the Priority Axis 1, will be used for flood protection purposes and is likely to be integrated into the Real Time National Water Management System, which is being developed under Priority Axis 4. It is recommended that these measures are implemented in a coherent manner to optimise achievements.

Due to the low interest of the municipalities and the difficulties with the implementation of the projects for ensuring the safety of dams that will reduce the flood risk, the established in 2018 state-owned enterprise "Management of Reservoirs" may be considered as a potential beneficiary for the next operational programme, subject to applicable state aid regimes and taking into account the willingness of the enterprise to be included as a potential beneficiary.

In the field of geo-protection measures, support is needed to supplement the landslide register with erosion and abrasion areas and to introduce new landslide surveillance methods. Supplementing and updating the register would support the programming of geo-protection measures for the next operational programme. In the presence of financial resources, the Managing Authority, in coordination with the Ministry of Regional Development and Public Works, may plan new procedures for: (1) supplementing the landslide register with areas threatened by erosion and abrasion and (2) implementing demonstration landslide surveillance projects applying new surveillance methods. In the absence of resources within the current



programming period, the Managing Authority may consider the above measures as potential measures to be included in the new operational programme.

There is a risk of meeting the targets of some indicators. In some cases, this risk may be reduced. For the mitigation and management of risk under Priority Axis 3, it is recommended to monitor the contribution of the procedures to the targets of habitat area indicators after the conclusion of the contracts. If this contribution is insufficient, new procedures should be initiated. It is also advisable, when the projects are completed, to analyse the need to include new species in the procedures reported by 2019 as being in unfavourable conservation status. Similarly, monitoring the contribution of Priority Axis 4 procedures to the landslide targets is required and, if necessary, new procedures contributing to these indicators should be launched.

It is recommended that intensive information campaigns be conducted under competitive selection procedures and active communication is maintained with direct beneficiaries, in order to provide sufficient information and guidance that would improve the quality of project proposals. It is also recommended to review the requirements related to proving the capacity of the beneficiaries, in order to simplify them.

The monitoring system could be improved in order to provide for better monitoring of programme implementation. With this regard, it is recommended to:

- Clarify the scope of some indicators;
- Specify the calculation methods of some indicators;
- Collect additional data from the beneficiaries, beyond reporting the indicators, in order to better understand what has been achieved under the procedures;

In order to facilitate the application of the financial instruments, it is recommended to:

- Train both representatives of the Managing Authority and the beneficiaries on: the logic and rules for the application of financial instruments; the differences between financial instruments and grants; the advantages of financial instruments. Trainings can take many forms, including exchange of experience.
- Develop a communication strategy for the final recipients of financial instruments and conduct an information campaign for potential beneficiaries on the application of financial instruments in the field of waste.
- Develop procedures for the Managing Authority on monitoring and control of the application of financial instruments.