

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

**Activity 2:
Evaluation of effectiveness and efficiency of
implementation of
Priority Axis 5 „Improvement of the Ambient Air
Quality“**

**SUMMARY
of the Final Evaluation Report**

**Ministry of Environment and Water
Developed by: ECOSTIL Consortium**



Summary

This summary presents the main conclusions and recommendations of the Evaluation of the effectiveness and efficiency of implementation of **priority axis 5 "Improvement of ambient air quality"** of Operational Programme "Environment" 2014-2020.

The evaluation was carried out in the period **September 2019 - March 2020** by experts of ECOSTIL Consortium with leading partner Ecorys South East Europe Ltd. and partner - BIM Consulting Ltd., under contract D-30-24 / 01.04.2019 concluded with the Ministry of Environment and Water.

The evaluation presents the results as of **31/01/2020**.

The main objective of the evaluation was to provide an independent analysis of the implementation of Priority Axis 5 "Improvement of the Ambient Air Quality" of Operational Programme Environment 2014-2020, thus assisting the Managing Authority of the Programme in the effective and efficient management, monitoring, evaluation and control.

The evaluation was carried out during the implementation of the Programme and is a **thematic evaluation**. It is implemented in accordance with the requirements of Regulation (EU) 1303/2013 and is included in the Evaluation Plan of the Operational Programme "Environment" 2014-2020.

The evaluation answers predefined **evaluation questions**, structured in the following **evaluation topics**: relevance of support, effectiveness of delivery of results; efficiency of implementation; and application of financial instruments.

Existing monitoring data from the Programme monitoring system, strategic and regulatory documents, as well as previous analyses were used to carry out the evaluation. **Primary data** was collected through the following methods: desk study; meetings with key stakeholders; an online survey among beneficiary municipalities or municipalities that are potential beneficiaries; and a focus group with representatives of beneficiary municipalities and the Bulgarian Association of Municipal Environmental Experts.

Analyses were carried out through a set of tools appropriate to the evaluation questions, as follows: analysis of intervention logic, stakeholder analysis, needs analysis, indicator analysis, financial performance analysis, administrative burden analysis, efficiency analysis (cost/results (benefits)).

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

Relevance of the support

The Strategy of Priority Axis 5 correctly defines and addresses the needs associated with the pollution of the ambient air with Fine Particulate Matter, a major problem in many municipalities in the country. The 1-hour average concentrations of nitrogen oxides are observed only in major cities with heavy traffic, and therefore, the reduction of pollution with nitrogen oxide is a concomitant goal.

Although appropriate, not all measures supported so far have a direct effect on the achievement of the objectives set. The largest direct effect is expected from the investment measures for

replacement of solid fuel heating devices with lower emission modes of heating in seven municipalities (Burgas, Vidin, Dimitrograd, Montana, Plovdiv, Smolyan and Sofia Municipality).

Compared to the measures targeting domestic heating, the support to the public transport has a smaller direct contribution to reducing Fine Particulate Matter emissions. A total of 10 municipalities and the owned by them public transport operators (Burgas, Varna, Vratsa, Rousse, Pernik, Pleven, Sliven, Stara Zagora, Haskovo and Sofia Municipality) received support for replacement of public vehicles with low-emissions vehicles. At the same time, these measures improve the reliability and comfort of the public transport and thus, indirectly contribute to the reduction of the usage of private cars and consequent pollution by them (including secondary pollution with re-emissions from the road surface).

The support for the development or updating of municipal air quality programmes aims at elaboration of up-to-date management documents to facilitate the implementation of measures at local level. The elaboration of the programmes, however, does not lead to a better preparedness of the municipalities to implement the measures, nor to benefit from the funding under the Operational Programme. This is due to the fact that further studies are needed for the implementation of the measures, especially with regard to investment measures.

The integration into the National Air Quality Monitoring System of a Data Reporting Information System is appropriate to the needs of the Executive Environment Agency and the country, since this leads to fulfilment of a requirement of Decision 2011/850 / EU of the European Commission.

Overall, the support for improvement of the ambient air quality is a pilot for the Operational Programme Environment and the most appropriate approach for its delivery has not yet been established. The main difficulties during the programming of Priority Axis 5 were the lack of prior experience in supporting measures to improve ambient air quality, the late development of the strategic framework and the lack of measures prepared by municipalities, which are ready to be funded.

Due to the advanced stage of implementation, no significant change in the strategy is possible. On the other hand, now is the right time to launch measures to facilitate the programming of interventions for the next programming period. When programming the support for the next programming period, it is important to consider the priority needs, the complexity of the possible solutions and the need for complementary measures. The evaluation report looks at two alternative approaches for provision of support in the next programming period:

- Prioritization and preparation of measures ready to be funded under Operational Programme Environment 2021-2027.
- Creating an opportunity to finance air quality improvement measures with support not only from Operational Programme Environment but also from other Operational Programmes and funding sources.

Both approaches have advantages and disadvantages. Ideally, a combination of the two approaches could be considered in order to maximize effects.

Effectiveness

The **milestones** of the performance framework set for Priority Axis 5 have been reached by the end of 2018 both in terms of performance indicators and financial implementation.

The contracted funds under Priority Axis 5 exceed the axis' budget by almost five times. Therefore, in order to ensure the implementation of concluded contracts, it is necessary to transfer funds from other priority axes co-financed by the Cohesion Fund. In this regard, the Managing Authority is preparing a change to the Programme.

As of the end of January 2020, no progress was reported on either the performance indicators, or the result indicators. This is because both investment procedures are in the initial stages of implementation. The absorption of funds is currently low (32%) due to the same reason.

Based on the contracts concluded, a significant over-achievement of target values of performance indicators can be expected. This is largely due to additional funding beyond what was originally budgeted for the axis. In the indicator measuring the population covered by the measures, the over-achievement is also related to the fact that the whole population in a given beneficiary municipality is counted.

It is still too early to make an estimate of the achievement of the set target value of the result indicator. This will be possible after determining the contribution of the measures aimed at domestic heating as a source of pollution with Fine Particulate Matter. This is expected to be indicated after the preparatory phase of the projects is completed.

Reduction of the ambient air pollution with Fine Particulate Matter can be expected by the end of 2023 mainly in seven supported municipalities: Burgas, Vidin, Dimitrovgrad, Montana, Plovdiv, Smolyan and Sofia Municipality.

The factors that negatively affect the implementation and effectiveness of interventions are both internal to the Programme and external. These are: lack of previous experience; delay in launching the investment procedures; difficulties in project implementation; support for measures, that although relevant to the priority axis' objectives, have no direct effect on reducing the emissions of Fine Particulate Matter; late development of a strategic framework at national level; lack of readiness of the municipalities to benefit from the support; poor public awareness; social aspects that may affect the effectiveness and sustainability of the measures.

In order to successfully implement the measures, to address household heating as a source of emissions, it is very important to **raise awareness and motivation of the population** and to **collect sufficient and reliable data** on emissions. The population, as a whole, is not sufficiently informed and is cautious about planned measures aimed at reduction of household heating emissions.

Efficiency

The **guidelines to applicants** were consulted with potential beneficiaries, which improved their quality. The beneficiaries consider them clear. It is advisable to indicate in the application guidelines the sources of data used for determining the minimum and maximum budgets of projects, in order to avoid questions and doubts about the budget allocation.

The submission of proves for the capacity of the beneficiaries and for the budget is an **administrative burden** for both the beneficiaries and the Managing Authority. At the same time, it has no significant effect on the quality of project proposals. Therefore, optimisation and simplification of requirements is possible.

Difficulties **during application** for support are experienced in the preparation of the technical aspects of the projects and in the setting of the indicators. In this regard, the beneficiaries are provided with a methodological guide for determining the baseline and target values of the result indicators.

The evaluation of project proposals is shorter than the statutory deadlines, and the use of the Management and Monitoring Information System (MIS) to submit and evaluate project proposals significantly improves efficiency.

The implementation of the projects is difficult for a small part of the beneficiaries, especially those under the investment procedures. The main difficulties are related to public procurement and the provision of human resources for project management.

An emphasis should be given to efficiency (maximizing impact with less funding), starting as early as the project application stage. The provision of direct support to predefined beneficiaries, identified on a basis of prioritization, is explained by the budget constraints. In order to ensure maximum cost-effectiveness, under the same other conditions, a competitive procedure approach would be also appropriate. The ownership of economic operators should not be a limitation for provision of funding. Public and private companies should be placed on an equal basis when the activity they carry out can contribute to the achievement of the objectives set. Thus, it will be possible to finance the most cost-effective projects in terms of air quality improvements.

Application of financial instruments

Priority Axis 5 **does not apply financial instruments**. As part of the update of the ex-ante evaluation of the financial instruments, a demand analysis has been prepared in the sector "Improvement of ambient air quality", which identified needs outside the scope of the Operational Programme Environment 2014-2020.

The current evaluation identified the following areas for possible application of financial instruments in the next programming period: investment in street washing machinery and the purchase of electric vehicles. Financial instruments would also be suitable for economic operators who would invest in measures to improve air quality. Air quality improvement measures are not included as a priority in the National Ambient Air Quality Improvement Program because the initial investment is higher than other alternatives. However, loan financing for such measures (such as heat pumps and renewable energy sources) can also be considered as an appropriate tool, as these would still result in improved air quality.

Recommendations

The report makes the following recommendations:

- Initiate activities to prioritise measures for municipalities and Regions for air quality assessment and management and prepare their funding under the next Operational Programme.
- Seek synergies with other operational programmes and other funding sources, and explore feasibility of application of financial instruments.
- Plan air pollution public awareness campaigns, both nationally and locally with a focus on ambient air pollution with Fine Particulate Matter. The information campaigns should address all target groups and help provide information on possible support, as well as stimulate civic initiative and generate bottom-up demand for support.

When providing support in the future, more attention should be paid to the efficiency of the measures being funded. With this regard, it is recommended to:

- Support measures which can demonstrate at the application stage clear effect on improving ambient air quality;

- In addition to providing direct support, consider the possibility of applying competitive selection procedures. These could ensure conditions for financing of effective measures;
- Consider introducing a requirement for co-financing by the beneficiaries in some procedures.

The establishment of future measures and beneficiaries should not be limited to public institutions. Potential consideration should be given to any interested parties that could implement measures to improve the ambient air quality, as well as any possible means of support, including the implementation of financial instruments.