Component 5: Thematic evaluation based on the results of the mid-term review within one priority (Waters)

**FINAL REPORT**

January 2026

**Conducting evaluations of the Environment Programme 2021-2027**

Contents

[1.0](#_Toc222135382)  [Introduction and objectives of the assessment](#_Toc222135382)  8

[2.0](#_Toc222135383)  [Methodology used](#_Toc222135383)  14

[3.0](#_Toc222135384)  [Presentation of the assessment and answers to the assessment questions](#_Toc222135384)  15

[3.1](#_Toc222135385)  [Compliance](#_Toc222135385)  15

[OB 1.1 Have there been any changes in the strategic and legal framework for the implementation of the EP 2021-2027?](#_Toc222135386)  15

[OB 1.2 Are there any changes in the needs of the beneficiaries and what are they?](#_Toc222135387)  23

[OB 1.3 Are the forms of support relevant to the specific needs of the supported sector and beneficiaries? What suggestions for improvement can be made?](#_Toc222135388)  27

[OB 1.4 Is there a need for changes in the funding approach – amendment and/or addition of eligible measures, amendment and/or addition of beneficiaries/target groups, amendment and/or addition of forms of support, etc.?](#_Toc222135389)  30

[3.2](#_Toc222135390)  [Efficiency](#_Toc222135390)  33

[OB 2.1 What is the physical and financial implementation of the measures under the EP 2021-2027, implemented in the selected priority?](#_Toc222135391)  33

[OV 2.2 At what stage is the implementation of the project proposals currently funded under the EP 2021-2027 and what are the reasons?](#_Toc222135392)  36

[OB 2.3 What are the effectiveness and efficiency of the interventions under the assessed priority of the EP 2021-2027 in terms of the achieved results, indicators and objectives at the priority level?](#_Toc222135393)  40

[OB 2.4 Are existing interventions effective in achieving the set objectives of the EP? Are there critical factors that negatively impact the implementation and effectiveness of the EP?](#_Toc222135394)  40

[OB 2.5 To what extent do the interventions implemented under this priority correspond to and contribute to the objectives set for reducing water losses, wastewater treatment and sustainable water resources management?](#_Toc222135395)  44

[3.3](#_Toc222135396)  [Efficiency](#_Toc222135396)  47

[OB 3.1 What are the pace and trends in the absorption of funds under the program, including negotiation, verification, certification? Is there a significant delay in the process of absorbing funds? What measures are appropriate to be implemented to accelerate this pace and improve processes and implementation?](#_Toc222135397)  47

[OB 3.2 If there are procedures for which the budget has not been implemented, what are the reasons? What are the external factors that influence the absorption of funds?](#_Toc222135398)  51

[OB 3.3 What is the performance of municipalities and water and sanitation operators as beneficiaries for the implementation of projects to achieve compliance with the Urban Wastewater Treatment Directive, financed through European funds?](#_Toc222135399)  53

[OB 3.4 Are changes necessary in the EP - in the objectives, the scope of activities, the output and result indicators and their values, in the allocated financial resources for the relevant investment priorities/thematic objectives based on the changes that have occurred in the target grouWWTP and the socio-economic environment?](#_Toc222135400)  56

[OB 3.5 Given the savings reported, what are the potentially most appropriate investments and beneficiaries to target resources to, given the objectives of the EP, the capacity of the beneficiaries and the remaining time for implementation?](#_Toc222135401)  65

[OB 3.6 What are the advantages and disadvantages of the two main types of beneficiaries in the water and sanitation sector - municipalities and water and sanitation operators?](#_Toc222135402)  67

[4.0](#_Toc222135403)  [Conclusions and recommendations](#_Toc222135403)  69

[4.1](#_Toc222135404)  [Conclusions](#_Toc222135404)  69

[4.2](#_Toc222135405)  [Recommendations](#_Toc222135405)  74

[5.0](#_Toc222135406)  [Applications](#_Toc222135406)  80

[5.1](#_Toc222135407)  [Description of the interventions evaluated](#_Toc222135407)  80

[5.2](#_Toc222135408)  [Survey among water and sewage operators](#_Toc222135408)  100

[5.3](#_Toc222135435)  [Sources used](#_Toc222135435)  148

List of tables

[Table 1 : EP budget by priorities in euros 8](#_Toc222749943)

[Table 2 : Contracted and actually paid funds under each of the procedures under Priority 1 "Water" of the EP in euros 11](#_Toc222749944)

[Table 3 : Procedures under the "Water" priority - contracts and beneficiaries as of January 2026. 12](#_Toc222749945)

[Table 4 : Financial implementation of Priority 1 "Water", million euros 34](#_Toc222749946)

[Table 5 : Financial implementation of procedures under Priority 1 "Water", million euros 34](#_Toc222749947)

[Table 6 : Implementation of projects under procedure BG16FFPR002-1.001 "Second phase of water and sewerage projects, the implementation of which began in the period 2014-2020." 37](#_Toc222749948)

[Table 7 : Implementation of projects under procedure BG16FFPR002-1.002 "Construction of Water and Sewerage Infrastructure for 7 Water and Sewerage Operators" 38](#_Toc222749949)

[Table 8 : Key elements of the proposed amendment 58](#_Toc222749950)

List of figures

[Figure 1: Energy efficiency for the activity of supplying water to consumers and for the activity of wastewater treatment](#_Toc222135750)  [68](#_Toc222135750)

[Figure 2: Electricity produced by water and sewage operators by type of renewable energy source](#_Toc222135751)  [69](#_Toc222135751)

[Figure 3: Utilization of WWTP sludge in 2024](#_Toc222135752)  [71](#_Toc222135752)

List of abbreviations used

|  |  |
| --- | --- |
| **PPA** | Public Procurement Agency |
| **BVIKH** | Bulgarian Water and Sewerage Holding |
| **BDHR** | Basin Directorate "Black Sea Region" |
| **GRANT AID** | Grant aid |
| **SAC** | Supreme Administrative Court |
| **ViK/ WSS** | Water supply and sewerage |
| **ViKO/ WSSO** | Water and sewerage operators |
| **GIS** | Geographic Information System |
| **DNSK** | State Agency for National Construction Control |
| **EIB** | European Investment Bank |
| **PE (p. e.)** | Population equivalent |
| **EC** | European Commission |
| **EU** | European Union |
| **ERDF** | European Regional Development Fund |
| **ESMF** | European funds under shared management |
| **ZV** | Water Act |
| **PUBLIC PROCUREMENT ACT** | Public Procurement Law |
| **ZUSEFSU** | Law on the Management of European Funds under Shared Management |
| **SPATIAL PLANNING ACT** | Spatial Planning Act |
| **IAWP** | Indicative annual work program |
| **UMIS** | Management and monitoring information system |
| **ITI** | Infrastructure Leakage Index |
| **CPC** | Commission for Protection of Competition |
| **MC** | Monitoring Committee |
| **PSC** | Sewage pumping station |
| **KSS** | Quantity-value account |
| **CF** | Cohesion Fund |
| **Ministry of Health** | Ministry of Health |
| **MRDPW** | Ministry of Regional Development and Public Works |
| **Ministry of Environment and Waters** | Ministry of Environment and Water |
| **MF** | Ministry of Finance |
| **NRCVKU** | Regulation of prices for water supply and sewage services |
| **NSI** | National Statistical Institute |
| **NAMRB** | National Association of Municipalities in the Republic of Bulgaria |
| **NSWWRV** | National real-time water management system |
| **OPE** | Operational Programme "Environment" (2014-2020) |
| **P1** | Priority 1 "Lead" |
| **RRP/ NRRP** | Recovery and resilience plan |
| **PA** | Priority axis |
| **EP 2021-2027** | Environment Programme 2021-2027 |
| **DWTP** | Drinking water treatment plant |
| **WWTP** | Wastewater treatment plant |
| **PUDOOS** | Environmental protection activities management company |
| **RBMP** | River Basin Management Plan |
| **RV** | Water tank |
| **REGIONAL PRE-INVESTMENT STUDY (RPIS)** | Regional pre-investment study |
| **SKO** | Building sewer diversion |
| **SMR** | Construction and installation works |
| **SO** | Sofia Municipality |
| **SC** | Specific purpose |
| **MA** | Managing Authority |
| **FI** | A financial instrument |
| **CDC** | Central Coordination Unit |

Glossary of terms used

|  |  |
| --- | --- |
| **Agglomeration** | an area in which the population and/or economic activities are sufficiently concentrated to collect and discharge urban waste water to an urban waste water treatment plant or to a single final discharge point (under Directive 91/271/EEC) |
| **Automatic decommitment of funds** | A procedure in which unspent program funds by a certain date are automatically released |
| **Water losses** | the difference between the amount of water fed into the network and the amount of water delivered to end users |
| **Discharge** | discharge of wastewater into a water body |
| **Contractor** | legal entity or individual selected through a public procurement procedure to carry out project activities |
| **Integrated water management** | coordinated management of water resources, taking into account the interrelationshiWWTP between its different aspects |
| **Consolidation of water and sewerage operators** | unification of water and sewerage operators into larger ones on the territory of one administrative region into one operator |
| **Unconsolidated area** | Administrative area served by different water and sewerage operators |
| **Irregularity** | infringement of EU or national law which may harm the Union budget |
| **Public procurement** | procedure for awarding a contract for construction, supplies or services, in accordance with the Public Procurement Act |
| **Separate territory** | geographically distinct territory in which one water and sanitation operator operates |
| **Direct provision procedure** | procedure for granting a grant to a specific beneficiary |
| **River basin** | the area of the earth's surface from which all surface water flows through a series of streams, rivers, and possibly lakes to the sea |
| **SCADA (Supervisory Control and Data Acquisition)** | system for remote control and management of technological processes |
| **Co-financing** | participation of the beneficiary with own funds in the total cost of the project |
| **Project phasing** | dividing the project into separate phases for implementation in different periods |
| **Financial adjustment** | reduction of the amount of financial support due to irregularities or violations |
| **Financial Instrument (FI)** | a form of support through loans, guarantees or equity investments that are subject to repayment |

# Introduction and objectives of the assessment

The subject of this evaluation is the implementation of a thematic evaluation based on the results of the mid-term review within one priority (Water) within contract D-34-14/ 07.03.2025 with the Ministry of Environment and Water (MoEW) for "Performing evaluations of the Environment 2021-2027 Program" (EP).

With the implementation of the assessment, it is expected:

* + To assist the EP MA in adapting and amending the EP, as well as in implementing the program.
  + To support program management and policy decision-making based on evaluation results;
  + To ensure the active engagement of stakeholders in the evaluation process and to help raise awareness and establish active dialogue and interaction between all partners regarding the results of the evaluation;
  + To identify implementation issues and risks, including corrective measures to meet the target values of the performance framework indicators, as well as to avoid the risk of loss of funds;
  + To prepare recommendations for improving the program implementation process for the 2021-2027 programming period, as well as to formulate recommendations for the next programming period.

Table 1 : EP budget by priorities in euros

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Priority | Budget in euros | | | |
| **EU funding** | **National funding** | **Total** | **%** |
| Water | 607,901,810.00 | 107,513,003.00 | 715,414,813.00 | 39% |
| Waste | 260,109,979.00 | 52,541,594.00 | 312,651,573.00 | 17% |
| Biological diversity | 109,839,504.00 | 22,630,757.00 | 132,470,261.00 | 7% |
| Risk and climate change | 186,240,254.00 | 39,399,676.00 | 225,639,930.00 | 12% |
| Air | 335,458,546.00 | 60,009,803.00 | 395,468,349.00 | 22% |
| Technical assistance | 32,040,000.00 | 9,521,345.00 | 41,561,345.00 | 2% |
| **Total for EP** | **1,531,590,093.00** | **291,616,178.00** | **1,823,206,271.00** | **100%** |

Source: EP 2021-2027

Investments in the Water sector during the 2021-2027 programming period build on what has been achieved in previous programming periods in terms of collection, disposal and treatment of wastewater in agglomerations with over 10,000 p.e.; water supply contributing to reducing water losses in the water transmission network and improving the quality of drinking water, including for projects whose implementation started in the 2014-2020 period. The aim is to achieve compliance with the requirements of Directive 91/271/EEC *[[1]](#footnote-2)*on urban waste water treatment and Directive (EU) 2020/2184 *[[2]](#footnote-3)*on the quality of water intended for human consumption. Support is also provided for the development of Regional Pre-Investment Studies (RPIS) for future financing for newly consolidated regions; development of River Basin Management Plans (RBMPs) as well as measures for monitoring and assessing the quality of water for drinking and domestic water supply in relation to the Drinking Water Directive ((EU) 2020/2184).

In November 2024, the European Commission referred the matter to the Court of Justice of the EU in infringement procedure No. 2017/2082 on the European Commission's list and brought an action against Bulgaria and Romania, on the grounds that they do not collect and treat urban wastewater in an appropriate manner *[[3]](#footnote-4)*, as there are still agglomerations on the territory of both stakeholders that do not meet the requirements of the above-mentioned directives.

In June 2025, as a result of an interim review of the implementation of the programme *[[4]](#footnote-5)*within the meaning of Regulation (EU) 2021/1060, an amendment to the programme was approved with the aim of better achieving the objectives. Under the priority "Water", in addition to the implementation of measures for water supply and sanitation infrastructure in agglomerations over 10,000 p.e., the amendment allows for the transfer of the investment envisaged for financing through the Recovery and Resilience Plan (RRP) *[[5]](#footnote-6)*with the beneficiary "Bulgarian Water Supply and Sanitation Holding" LLC to the EP 2021-2027. The investment covers the implementation of the "Programme for construction/completion/reconstruction of water supply and sewage systems, including wastewater treatment plants for agglomerations between 5,000 and 10,000 p.e.". The scope is being expanded and investments in agglomerations between 5,000 and 10,000 p.e. will also be financed. in connection with achieving compliance with Directive 91/271/EEC on urban waste water treatment.

Procedure BG16FFPR002-1.007 "Program for construction/completion/reconstruction of water supply and sewage systems, including WWTP for agglomerations between 5,000 and 10,000 pe" is open for applications on 01.08.2025 with a deadline: 03.11.2025. The total amount of funds that can be provided under the procedure is up to 363,500,000.00 BGN. [[6]](#footnote-7)7 project proposals have been submitted under the procedure.

In the context of the mid-term review of EU cohesion policy in September 2025, on a proposal from the EC, the Council of the European Union adopted amendments to the existing regulations *[[7]](#footnote-8)*to better address current and emerging challenges related to economic, social and territorial cohesion. Opportunities are introduced for priority funding of measures for defence and improving security, competitiveness and decarbonisation, affordable housing, water infrastructure, and support for regions on the EU's eastern borders. The changes to the regulations allow for the inclusion of new priorities related to the above-mentioned measures as well as greater flexibility and incentives for the rapid deployment of resources and acceleration of programme implementation.

Under the EP, in addition to support with grants (Grants), support with financial instruments (FIs) is provided in two areas: water and waste.

A financial instrument is planned under the Water Priority - a combination of grant and debt financing in two separate operations to support WSS operators to provide their own contribution to investments in WSS infrastructure. The instrument builds on the FI support to WSS operators provided in the previous programming period. The proposed amount of FI support is EUR 20 million (EU share - EUR 17 million). The designated financial product is a loan intended to provide financing for the operators' own contribution.

The EP MA expects incomplete absorption of the resource under the "Water" priority within the framework of the already concluded contracts. In this regard, and given the new opportunities, a new request for amendment of the EP was submitted in December 2025.

Financial information on agreed and actually paid amounts under each of the seven procedures announced under Priority 1 "Water" at the time of the evaluation is presented in the table below.

Table 2 : Contracted and actually paid funds under each of the procedures under Priority 1 "Water" of the EP in euros

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Procedure code | Procedure name | Agreed funds in euros | | | | | | Actual amounts paid in euros | | | |
| **Total** | **%** | **EU funding** | **Funding from the National Fund** | **Own financing** | **Total** | | **%** | **EU funding** | **Funding from the National Fund** |
| BG16FFPR002-1.001 | [Second phase of water and sanitation projects, the implementation of which began in the period 2014-2020.](https://2020.eufunds.bg/bg/8010759/0/Project/Search?Prior=CaPHSGbRbP4X69rUUBS1IA%3D%3D&Proc=uB0Y5dg%2FE73H3jbIgmz%2B2w%3D%3D&showRes=True) | 324 030 325.78 | 101.87 | 227 756 597.21 | 40 192 340.68 | 56 081 387.89 | 82 022 659.78 | | 31.18 | 69 725 541.82 | 12 297 117.96 |
| BG16FFPR002-1.002 | [Construction of water supply infrastructure for 7 water supply operators](https://2020.eufunds.bg/bg/8010759/0/Project/Search?Prior=CaPHSGbRbP4X69rUUBS1IA%3D%3D&Proc=%2BPOJbyw%2BMsbccoU78bNpIA%3D%3D&showRes=True) | 442 707 203.99 | 94.27 | 331 029 604.05 | 58 416 988.94 | 53 260 611.00 | 4 243 049.49 | | 1.03 | 3 606 592.07 | 636 457.42 |
| BG16FFPR002-1.003 | [Modernization of state health control bodies for monitoring the quality of drinking water](https://2020.eufunds.bg/bg/8010759/0/Project/Search?Prior=CaPHSGbRbP4X69rUUBS1IA%3D%3D&Proc=7r3QACLIKNE6CfMfWp%2F5uA%3D%3D&showRes=True) | 6 344 367.85 | 100.00 | 4 898 471.71 | 981 384.91 | 464 511.23 | 0.00 | | 0.00 | 0.00 | 0.00 |
| BG16FFPR002-1.004 | [Support for the updating of RBMP - assessments, data collection, etc. for RBMP 2028-2033](https://2020.eufunds.bg/bg/8010759/0/Project/Search?Prior=CaPHSGbRbP4X69rUUBS1IA%3D%3D&Proc=KisCl6%2F0fYbLz6FUYKmlTw%3D%3D&showRes=True) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | 0.00 | 0.00 | 0.00 |
| BG16FFPR002-1.005 | [Construction of water supply and sewage infrastructure in Sofia Municipality – stage II](https://2020.eufunds.bg/bg/8010759/0/Project/Search?Prior=CaPHSGbRbP4X69rUUBS1IA%3D%3D&Proc=WsFkibYpG231kZ6WkJMCXA%3D%3D&showRes=True) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | 0.00 | 0.00 | 0.00 |
| BG16FFPR002-1.006 | [Financial instruments under the "Water" priority of the EP 2021-2027](https://2020.eufunds.bg/bg/8010759/0/Project/Search?Prior=CaPHSGbRbP4X69rUUBS1IA%3D%3D&Proc=YO00xniPwxCxAPa923PVlQ%3D%3D&showRes=True) | 20,000,000.00 | 100.00 | 17,000,000.00 | 3 000 000.00 | 0.00 | 6 000 000.00 | | 30.00 | 5 100 000.00 | 900,000.00 |
| BG16FFPR002-1.007 | [Program for construction/completion/reconstruction of water supply and sewage systems, including WWTP for agglomerations between 5,000 and 10,000 pe.](https://2020.eufunds.bg/bg/8010759/0/Project/Search?Prior=CaPHSGbRbP4X69rUUBS1IA%3D%3D&Proc=w6XjGCAeBVIlVtOz1lq8Uw%3D%3D&showRes=True) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | 0.00 | 0.00 | 0.00 |

Source: UMIS public module; data as of January 2026.

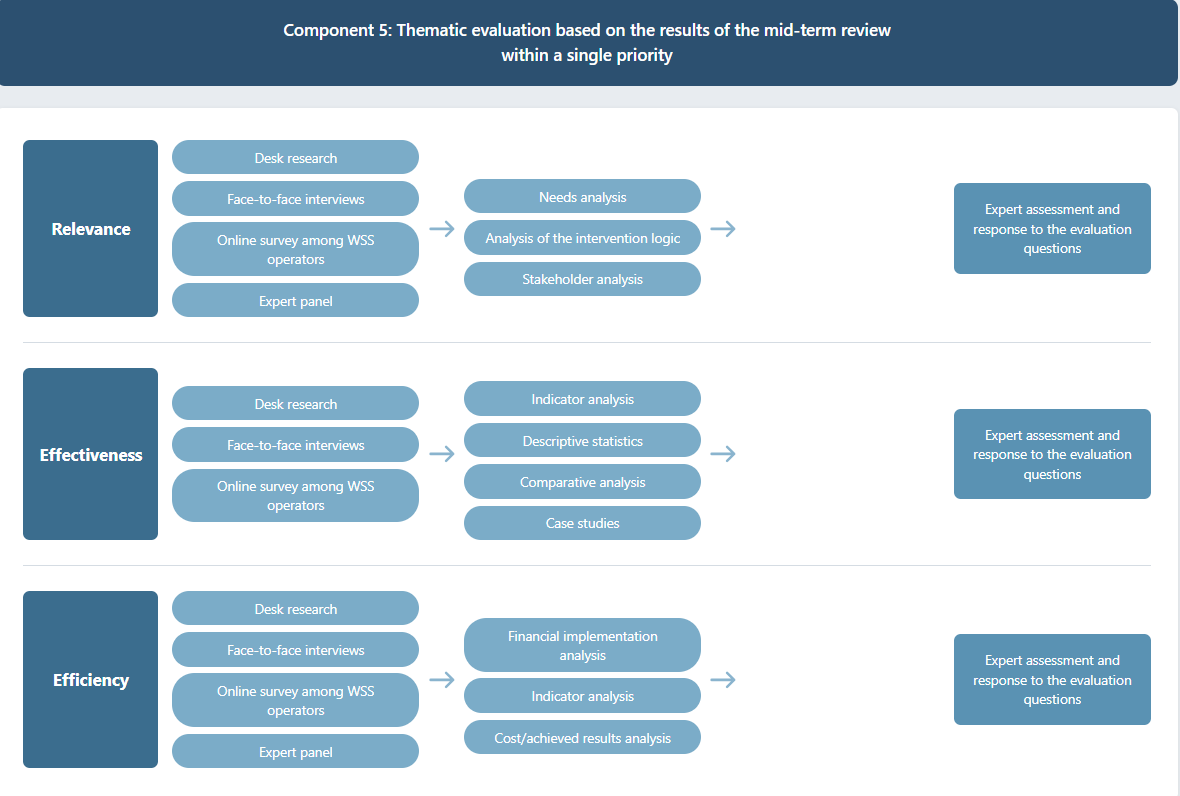
Table 3 : Procedures under the "Water" priority - contracts and beneficiaries as of January 2026.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Procedure | Name | Number of contracts | In progress | Beneficiaries |
|
| BG16FFPR002-1.001 | [Second phase of water and sanitation projects, the implementation of which began in the period 2014-2020.](https://2020.eufunds.bg/bg/8010759/0/Project/Search?Prior=CaPHSGbRbP4X69rUUBS1IA%3D%3D&Proc=uB0Y5dg%2FE73H3jbIgmz%2B2w%3D%3D&showRes=True) | 8 | 8 | Water and Sewerage: Vidin, Varna, Sliven, Burgas, Plovdiv, Pernik, Shumen;  Sofia Municipality |
| BG16FFPR002-1.002 | [Construction of water supply infrastructure for 7 water supply operators](https://2020.eufunds.bg/bg/8010759/0/Project/Search?Prior=CaPHSGbRbP4X69rUUBS1IA%3D%3D&Proc=%2BPOJbyw%2BMsbccoU78bNpIA%3D%3D&showRes=True) | 7 | 7 | Water and Sewerage: Gabrovo, Dobrich, Haskovo, Sofia region, Pleven, Yovkovtsi, Targovishte |
| BG16FFPR002-1.003 | [Modernization of state health control bodies for monitoring the quality of drinking water](https://2020.eufunds.bg/bg/8010759/0/Project/Search?Prior=CaPHSGbRbP4X69rUUBS1IA%3D%3D&Proc=7r3QACLIKNE6CfMfWp%2F5uA%3D%3D&showRes=True) | 1 | 1 | Ministry of Health |
| BG16FFPR002-1.004 | [Support for the updating of RBMP - assessments, data collection, etc. for RBMP 2028-2033](https://2020.eufunds.bg/bg/8010759/0/Project/Search?Prior=CaPHSGbRbP4X69rUUBS1IA%3D%3D&Proc=KisCl6%2F0fYbLz6FUYKmlTw%3D%3D&showRes=True) | 0 | 0 | Danube Region Basin Directorate, Black Sea Region Basin Directorate, East Aegean Region Basin Directorate and West Aegean Region Basin Directorate under the Ministry of Environment and Water[[8]](#footnote-9) |
| BG16FFPR002-1.005 | [Construction of water supply and sewage infrastructure in Sofia Municipality – stage II](https://2020.eufunds.bg/bg/8010759/0/Project/Search?Prior=CaPHSGbRbP4X69rUUBS1IA%3D%3D&Proc=WsFkibYpG231kZ6WkJMCXA%3D%3D&showRes=True) | 0 | 0 | Sofia Municipality[[9]](#footnote-10) |
| BG16FFPR002-1.006 | [Financial instruments under the "Water" priority of the EP 2021-2027](https://2020.eufunds.bg/bg/8010759/0/Project/Search?Prior=CaPHSGbRbP4X69rUUBS1IA%3D%3D&Proc=YO00xniPwxCxAPa923PVlQ%3D%3D&showRes=True) | 1 | 1 | Fund Manager of Financial Instruments in Bulgaria LLC |
| BG16FFPR002-1.007 | [Program for construction/completion/reconstruction of water supply and sewage systems, including WWTP for agglomerations between 5,000 and 10,000 pe.](https://2020.eufunds.bg/bg/8010759/0/Project/Search?Prior=CaPHSGbRbP4X69rUUBS1IA%3D%3D&Proc=w6XjGCAeBVIlVtOz1lq8Uw%3D%3D&showRes=True) | 0 | 0 | ViK Varna LTD. (for Devnya and Dolni Chiflik districts), ViK Dobrich JSC (for Gen. Toshevo districts), ViK Kardzhali LTD. (for Krumovgrad districts), ViK Plovdiv SMLLC (for Rogosh-Skutare districts and Saedinenie districts), ViK Sliven LTD. (for Kotel districts), ViK Smolyan SMLLC (for Devin districts) and ViK Stara Zagora SMLLC (for Galabovo districts and Pavel Banya districts)[[10]](#footnote-11) |

Source: UMIS; data as of January 2026.

# Methodology used

A combination of data collection and analysis methods was used to conduct the assessment, as indicated in the figure below:



The evaluation was divided into 3 themes in accordance with the evaluation criteria: (1) Relevance; (2) Effectiveness; (3) Efficiency. For each theme, the evaluation began with **a desk review of documents** . Information from secondary sources was supplemented by **primary information** collected during the evaluation.

**The opinion of stakeholders** was reflected through **meetings-interviews** with the MA, key stakeholders, beneficiaries under Priority 1 "Water" of the program, through **an online survey** among WSS operatorsand an **expert panel** with the MA.

**Meetings** were held with the following institutions: Directorate "Water Management" in the Ministry of Environment and Water, heads of departments in the MA, Ministry of Regional Development and Public Works, Ministry of Health, Sofia Municipality, Basin Directorate "West Aegean Region", Basin Directorate "Black Sea Region", Basin Directorate "Danube Region", "Bulgarian Water Supply and Sewerage Holding" LLC, Fund Manager for Financial Instruments in Bulgaria (FMFIB) and FLAG Fund.

**The online survey** was conducted among water and sewerage operators, beneficiaries under PO1 of OPE 2014-2020 and P1 of EP 2021-2027. 17 potential respondents were invited to participate in the survey [[11]](#footnote-12)(10 beneficiaries under PO1 of OPE, incl. 7 phased projects under EP and 7 beneficiaries only under P1 of EP), of which 13 of them (76.5%) responded to the survey. More than half of those invited responded, which provides a good basis for considering the results representative. Summarized results of the survey are presented in **Appendix 2** .

The analyses of the compliance, effectiveness and efficiency of Priority 1 of the EP were discussed and summarized by **an expert panel in the MA** .

To carry out the **analyses** , a set of instruments was used depending on the evaluation questions, such as: Intervention logic analysis; Needs analysis; Stakeholder analysis; Administrative burden analysis, Indicator analysis; Descriptive statistics; Comparative analysis; Case studies; Financial performance analysis; Cost/results analysis, SWOT analysis.

# Presentation of the evaluation and answers to the evaluation questions

* 1. Compliance

OB 1.1 Have there been any changes in the strategic and legal framework for the implementation of the EP 2021-2027?

The strategic and legal framework for the implementation of Priority 1 "Water" of the EP 2021-2027 is undergoing significant changes at the European level in the period until the end of 2025, which expand the scope and requirements for interventions in the water sector. Key among them are the amendments to Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund, which provide an opportunity to overcome the challenges that have arisen with an additional focus on secure access to water, sustainability and integrated water resources management, as well as the introduction of financial incentives for projects aimed at water sustainability. New acts have also been adopted, such as the Urban Waste Water Treatment Directive (2024/3019), which introduces strict requirements for energy efficiency, use of renewable energy, quaternary treatment and control of micropollutants, Regulation (EU) 2024/1991 of the European Parliament and of the Council of 24 June 2024 on nature restoration and amending Regulation (EU) 2022/869 with a focus on river connectivity and ecosystems, as well as the European Water Strategy, which sets interim targets for reducing leakage, water reuse, integrated planning and social access to water. These changes allow for the adaptation of the 2021-2027 WFP by expanding the eligible activities, including climate adaptation, green and blue infrastructure, digitalisation and innovative solutions, as well as the development of new national plans and methodologies.

At the national level, the framework is characterized by the simultaneous introduction of important regulatory changes and the presence of strategic and legislative uncertainty, including attempts at a Draft Law on Water Supply and Sanitation in the context of the NWFP reforms, 9 amendments and/or supplements to the Public Procurement Law in the period 2022-2025, 10 amendments and/or supplements to the Water Law in the period 2022-2025, etc. The changes to the Regulation on Water Supply and Sanitation Services Prices improve financial predictability for operators, but affect their ability to co-finance projects. The amendments to Regulation No. 9 of 16 March 2001 on the quality of water intended for drinking and domestic purposes introduce requirements for the assessment and reporting of leaks. At the same time, the water crisis in 2024–2025 leads to the creation of a control body, the National Water Board, but also introduces a risk of competing priorities between emergency measures and long-term investments. The lack of a new adopted Water and Sewerage Act and an updated sector strategy creates uncertainty for long-term planning. The strategic and legal framework for the implementation of Priority 1 "Water" of the EP 2021-2027 has undergone numerous and significant changes from the period of planning the interventions until the end of 2025.

At the European Union level, the main changes, as well as their impact on Priority 1 "Water", are:

* As of September 2025, **Regulation (EU) 2021/1058** on the European Regional Development Fund and on the Cohesion Fund has been amended. In order to respond to the challenges, additional investments are made possible by extending Article 3(1)(b) *[[12]](#footnote-13)*(v) from promoting access to water and sustainable water management to support for the provision of access to water and sustainable water management, including integrated water management, and water resource sustainability. The change reflects the strategic importance of water as a critical infrastructure for the EU's competitiveness, security and defence capabilities. In addition, financial incentives are created for programmes that reallocate resources to the new specific objective for water sustainability. They can receive a 20% exceptional one-off pre-financing in 2026 (in addition to the annual pre-financing) and 100% EU co-financing. There is an opportunity to expand the scope of ERDF-supported water projects, including:
  + Enhanced restoration of water bodies,
  + Implementing environmentally friendly solutions to reduce flLtd. risk,
  + Improved water efficiency and reuse,
  + Digitalization of water infrastructure,
  + Compliance with EU water legislation (Water Framework Directive, Groundwater Directive, Urban Waste Water Treatment Directive, Environmental Quality Standards Directive),
  + Mitigation of drought, desertification, floods and extreme weather events.
* **Directive (EU) 2024/3019 on urban waste water treatment** *[[13]](#footnote-14)*was adopted in November 2024. It lays down rules on the collection, treatment and discharge of urban waste water with the aim of protecting the environment and human health, progressively reducing greenhouse gas emissions to sustainable levels, improving the energy balance of urban waste water collection and treatment activities and contributing to the transition to a circular economy. The directive promotes energy efficiency and the production of energy from renewable sources. It states that the potential of the urban waste water treatment sector needs to be harnessed for the development of energy from renewable sources and to take tangible steWWTP towards energy neutrality. Furthermore, the Directive draws attention to the fact that the urban waste water treatment sector offers an opportunity to significantly reduce its own energy consumption and to produce energy from renewable sources, for example by better using the available surfaces in urban waste water treatment plants for the production of solar energy or by producing biogas from sludge, as well as by thermal or kinetic energy or other renewable energy sources. Directive (EU) 2024/3019, furthermore, requires that energy from renewable sources generated by urban waste water treatment plants treating a load of at least 10 000 pe to be at least 20% of the total annual energy used by such plants by the end of 2030 and that the share gradually increases to 100% by the end of 2045.

The new requirements introduced by Directive (EU) 2024/3019 are not reflected in the current version of the EP 2021-2027. To do this, additional requirements such as for energy efficiency/RES can be included as priorities under the new procedures under P1 "Water". The new investment needs, for which funding can be provided, must be reflected by the competent authority for the water supply and sanitation sector in the National Investment Plan for Water Supply and Sanitation (NIP for Water Supply and Sanitation) and in the Regional Pre-Investment Studies (RPIS). Last but not least, the implementation of these requirements would also have an impact on the design of new/reconstruction of existing wastewater treatment plants (WWTP) in the future. If the requirements of the Directive are not appropriately and timely reflected, there is a risk of initiating criminal proceedings, imposing financial corrections for violations of the "no significant harm" (DNSH) principle and the need for reconstruction of already constructed stations.

Directive (EU) 2024/3019 also introduces obligations regarding micropollutants, some of which are dangerous to public health and the environment even in low concentrations. Some micropollutants are removed by primary, secondary and tertiary treatment, but the Directive also requires the introduction of quaternary treatment to ensure that a wide range of remaining micropollutants are removed from urban waste water. Initially, quaternary treatment should focus on organic micropollutants, which account for a significant part of the pollution and for which technologies are already designed. It is introduced for all urban waste water treatment plants with at least 150 000 p.e., and Member States must ensure that the necessary investments are made so that the plants where the risks to human health and the environment are the highest are equipped without delay. The requirement for quaternary treatment shall be phased in by 2045, with intermediate targets set (20% by the end of 2033 for discharges from urban waste water treatment plants treating urban waste water with a load of at least 150 000 pe.e.). In accordance with the polluter pays principle, manufacturers placing certain products on the market must bear at least 80% of the investment and operating costs for quaternary treatment of urban waste water in order to remove micropollutants originating from the products they place on the market and their residues. Currently, residues from pharmaceutical and cosmetic products are the main sources of micropollutants in urban waste water for which quaternary treatment is required. The Directive also introduces new water monitoring and sampling requirements, covering the monitoring of AMR in urban wastewater, as well as viruses and pathogens such as SARS-CoV-2 and its variants, poliovirus, influenza virus, emerging pathogens and any other parameters relevant to public health that may be considered relevant.

Administrative mechanisms for implementing these requirements of the Directive should be developed in Bulgaria. Currently, Bulgaria lacks technological readiness for the treatment of micropollutants. Priority 1 "Water" or a new Priority of the EP could finance pilot projects for quaternary treatment, as well as studies necessary for the development of administrative mechanisms for implementing the Directive.

* **Regulation (EU) 2024/1991** on nature restoration (Nature Restoration Regulation) *[[14]](#footnote-15)*was adopted , which lays down rules that contribute to the long-term and sustainable restoration of biodiversity and the resilience of ecosystems in terrestrial and marine areas by restoring damaged ecosystems, as well as achieving the Union's main objectives of climate change mitigation, adaptation and land degradation neutrality. The Regulation sets out objectives for aquatic ecosystems, including the restoration of free-flowing rivers and the removal of river barriers (dams, weirs) to restore river connectivity. The Regulation sets out additional requirements for environmental impact assessment of river connectivity, as well as measures to protect river ecosystems and provide for restoration measures when building new infrastructure.

Regarding the 2021-2027 EP, support for river abstraction projects may conflict with the objectives for free-flowing rivers. The risks for EP P1 that it creates are delays in approvals due to additional environmental checks, higher costs for compensatory measures, as well as blocking projects in environmentally sensitive areas (Natura 2000).

* The European Water Strategy for Sustainability was adopted in June 2025. *[[15]](#footnote-16)*Its main objectives are to restore and protect the water cycle as a basis for sustainable water supply, to build a water-smart economy together with citizens and economic operators in a way that supports the EU's competitiveness, is attractive to investors and supports a thriving EU water sector, and to ensure affordable clean water and good sanitation for all at all times and empower citizens to be water-sustainable. The Strategy strengthens compliance with the EU water directives. It also sets key interim targets for the period 2027-2033, including:
  + Member States whose levels of leakage in their water supply networks exceed the EU-wide threshold to be set by 2028 will submit an action plan with measures to reduce leakage in their water supply networks by 2030 (Drinking Water Directive);
  + By 2030, the Commission and the Member States will promote the reuse of treated urban waste water for all appropriate purposes outside agriculture and will assess the feasibility and appropriateness of setting an EU target for water reuse in all economic sectors (Water Reuse Regulation).
  + By 2033, all EU cities with a population of over 100,000 will draw up integrated urban waste water management plans, prioritising environmentally friendly solutions and green/blue infrastructures (Urban Waste Water Treatment Directive).
  + By 2029, Member States will inform the Commission of measures taken to improve access to drinking water and sanitation for all, including vulnerable and marginalised groups, and will start to inform the Commission every six years on this issue (Drinking Water Directive and Urban Waste Water Treatment Directive).

The alignment of interventions in the Water sector of the EP 2021-2027 would lead to the expansion of project requirements under future procedures and the inclusion of climate adaptation components (drought and floods), the addition of eligible activities and costs for green/blue infrastructure, measures to reduce losses in water supply systems (above current plans). In Priority 1 of the EP or in a future program, it is possible to formulate new priorities, provided that needs are covered under the construction directives in the water and sanitation sector (Directive 91/271/EEC and Directive 2000/60/EC ), e.g. water efficiency (per capita consumption indicators) or to finance pilot projects for innovative solutions (digitalization, smart water meters, AI management) and nature-based solutions. National water sustainability plans have yet to be developed, and the methodologies and studies necessary for them can also be financed under P1 of the EP 2021-2027.

At the national level, the changes that have occurred in the strategic and regulatory framework that are relevant to the implementation of Priority 1 "Water" are:

* In October 2023, changes *[[16]](#footnote-17)*to **the Regulation on the Regulation of Water Supply and Sewerage Services Prices** (NRCSVKU) will come into force. Among the reasons for changing the Regulation are the creation of a legal mechanism for reflecting the actually reported costs of WSS operators for electricity purchased from the free market, supplementing the grounds for amending the approved business plans during the regulatory period without being bound by a requirement to change revenues or economically justified costs by more than 10%, as well as creating an opportunity for EWRC to amend prices within the current year in order to promptly reflect unforeseen events. Overall, the changes rely on longer-term regulation and clearer rules for EWRC. These regulatory changes have an impact on the financial planning and sustainability of WSS operators (eligible beneficiaries under the priority) and on their ability to provide the necessary co-financing for projects under the EP 2021-2027.
* In May 2023, amendments to **Regulation No. 9 of 16 March 2001 on the quality of water intended for human consumption were adopted** *[[17]](#footnote-18)*. The amendments are dictated by the requirements of Article 4, point 3 of Directive 2020/2184 *[[18]](#footnote-19)*, according to which Member States must assess the scale of leakages on their territory and the potential for improvements in reducing leakages using the Infrastructure Leakage Index (ILI) rating method or another appropriate method. The assessment must take into account relevant health, environmental, technical and economic aspects and, as a minimum, cover water supply companies supplying at least 10,000 m3 per day or serving at least 50,000 people. The results of the assessment must be reported by January 2026. This requirement was introduced into the Regulation by Article 4b, but the Regulation does not provide instructions for applying the ITI rating method or another appropriate method. Such guidelines have not been published in other regulatory acts either – the relevant regulatory act, Regulation No. 1 of 05.05.2006, issued by the Minister of Regional Development and Public Works, which approved the Methodology for determining the permissible water losses in water supply systems, has not been amended since its adoption in 2006. However, Regulation No. 9 obliges water supply organizations to provide data to the MRDPW by the end of July 2025.
* The prolonged high temperature in the summer, low water levels in the water basins, drought and less precipitation lead to serious problems with water supply in some regions of the country during the summer months of 2024 and 2025. In 2024, water supply restrictions were introduced in about 300 settlements, and in 2025 the situation continued and even worsened in some regions (Pleven, Lovech, Teteven and Troyan). In response to the crisis, **a National Water Board was established in September 2025.** *[[19]](#footnote-20)*The National Water Board is a permanent coordination body with a dual mission: overcoming the water crisis in 2025 (short-term) and preventing future crises (long-term). It is attended by representatives of the Ministry of Environment, the Ministry of Regional Development and Public Works, the Ministry of Finance, the Ministry of Agriculture, the Ministry of Health, the Ministry of Industry and Energy, the National Agency for Water Resources and Water Resources, the Bulgarian Water Resources Development Agency and the Bulgarian Water Supply and Sewerage Holding.
* The functioning of the National Water Board introduces another level of inter-institutional coordination of policies and activities in the Water sector for urgent needs. The Ministry of Environment and Water and the Ministry of Regional Development and Public Works, Public Works and Public Works, take into account The implementation of the Program with the decisions of the Board. Effective reporting is being introduced on the one hand to the EC for the implementation of the EP 2021-2027, and on the other hand to the National Assembly for the measures taken in relation to the water crisis by the Board or the Water Deficiency Commission.
* **Lack of a new Water Supply and Sewerage Act** . Since 2021, several attempts have been made to adopt a new Water Supply and Sewerage Act (WSSA) to replace the current Water Act (WA) and the Water Supply and Sewerage Services Regulation Act (WSSRA). Draft WSSAs have been published and discussed in 2022, 2023, 2024 and 2025. The Energy and Water Regulatory Commission (EWRC) has adopted opinions on each of the drafts. Although the law has not yet been adopted and is not expected to be adopted until autumn 2026, the process of legislative uncertainty itself creates challenges for long-term planning and investments in the WSSA sector.
* **Lack of an updated sector strategy** . The Strategy for Development and Management of Water and Sewerage of the Republic of Bulgaria for the period 2014-2023 expired at the end of 2023.

Box 1 National Investment Program for Municipal Projects

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| The State Budget Act for 2024 adopted a National Investment Program for Municipal Projects. Initially, the program was announced with an amount of 1 billion leva, but due to the lack of a limit on the number of projects per municipality and maximum values according to the categories of municipalities, the final volume reached a significantly higher amount. The implementation of the program is assigned to the Minister of Regional Development and Public Works. The funds are invested in design, construction, major repairs and reconstruction of sites - public municipal property. Municipalities are divided into categories with different maximum values for projects. For 2025, the investment program for municipalities has been significantly expanded. The total number of projects increased from 3,066 to 3,472 projects. The estimated resource for the entire period 2025-2027 exceeds 8.1 billion leva. The investment program for municipal projects is the fastest possible source of investment in water and sanitation infrastructure in the country. It enables local administrations to solve a large part of the water supply problems in municipalities, which are exacerbated during the summer months due to irrigation, filling of private reservoirs, accidents, depreciated water supply network, drought, etc. For 2024, over half a billion leva are the contracts concluded for the repair and modernization of the municipal water supply networks under the Investment Program. [[20]](#footnote-21)The funds are allocated after agreements are concluded with the Ministry of Regional Development and Public Works for design, construction and repair of projects included in Annex No. 3 to Art. 107 of the State Budget Act of the Republic of Bulgaria for 2024. According to official data, in 2024 1/3 of the projects in the national investment program are for water supply infrastructure. In 2025 and 2026, water supply projects are required as a priority for municipalities with water shortages, which is why the share of water projects reaches 50% of all projects. The scope of water projects includes reconstruction of water supply networks, construction of sewage infrastructure, rehabilitation of the water supply network, water supply pipes, water supply systems in settlements. The National Investment Program for Municipal Projects has significantly more relaxed conditions than the EP, which is why it is preferred by municipalities. |

OB 1.2 Are there any changes in the needs of the beneficiaries and what are they?

The water and sanitation sector is characterized by high water losses, outdated infrastructure, low rehabilitation rates, limited energy efficiency and increasing financial pressure, exacerbated by the energy crisis and new European regulatory requirements. The coincidence of the regulatory and programming periods creates opportunities for investments through the EP 2021–2027, but limited administrative capacity, legislative uncertainty and the lack of systemic measures limit their impact. A coordinated, long-term and strategic approach is needed, combining infrastructure investments, governance reforms, energy transformation and strengthening institutional capacity, to ensure sustainable improvement of water and sanitation services and security of water supply in the country.

Since the beginning of the implementation of the EP Water and Sewerage Sector in Bulgaria, the sector has faced a double challenge - on the one hand, the energy crisis has caused serious financial pressure on operators due to the sharp increase in electricity prices, which has necessitated government intervention through compensation schemes to prevent the collapse of critical infrastructure, and on the other hand, the increasing impact of climate change (drought, irregular rainfall, heat waves) has transformed the needs of beneficiaries from short-term financial support to strategic investments in adaptation and resilience. This dual pressure has necessitated a rethinking of traditional approaches – water supply operators need diversification of water sources, alternative water supply schemes, forecasting and early warning systems, while basin directorates must move from routine administrative activity to active management of water crises, balancing competing needs and protecting water resources through sophisticated analytical instruments and inter-institutional cooperation, with the overall transformation requiring the integration of climate forecasts into operational management and new planning approaches to ensure sustainable water supply in the face of climate instability and decreasing water availability.

The current regulatory period for WSS operators (2022–2026) coincides with the programming period of the EP 2021–2027, which creates both opportunities for synergy and significant management and investment challenges. In the period 2022–2024, the EWRC has approved business plans for 42 out of a total of 45 WSS operators, with the envisaged investment programs amounting to billions of levs and relying to a significant extent on EP financing. However, the analysis of the approved documents reveals systemic weaknesses – incomplete and poorly substantiated information, insufficiently substantiated forecasts and a lack of documents certifying the status and distribution of WSS assets. These deficits lead to delays in the preparation, application and implementation of projects.

Serious challenges also arise from the lack of contracts between some of the Water and Sewerage Associations (WSSAs) and operators, limited administrative capacity and underdeveloped information systems, as well as the need for better coordination with other sources of funding, including the state budget and the Bulgarian Development Bank.

Water losses remain the most serious structural problem of the Bulgarian water supply sector in 2024. Water supply system losses are critically high in many operators, with a number of them exceeding 20 m³/km/day, which is assessed as “complete non-performance”. When measured as a percentage of the water supplied, the situation is even more alarming – for some operators, losses reach 60–70%. This indicates systemic weaknesses in network management and a lack of effective control measures.

It is particularly worrying that a significant number of operators lack adequate planning to reduce both technical and commercial losses. Insufficient databases, lack of control flow meters, as well as absent or unproven methodologies for calculating unmetered legal consumption, make it impossible to clearly distinguish between types of losses and limit the possibilities for targeted interventions.

The low rehabilitation rate of the water supply network further exacerbates the problem. For most operators, the annual rehabilitation rate is below 1–2%, which is extremely insufficient to renew the heavily depreciated infrastructure. At these rates, it would take between 50 and 100 years to completely replace the network. This leads to high accident rates, water supply interruptions, unstable pressure and a deteriorated quality of service for consumers.

Many operators also show serious underperformance of their investment programs, often in the range of 35–60% of the planned implementation. The reasons include financing difficulties, lack of administrative capacity, delays in public procurement and problems in the implementation of infrastructure projects. Combined with this, revenue collection remains below optimal levels, with most operators in 2024 ranging between 87% and 90%. This further undermines the financial sustainability of the sector, especially in the context of high water losses and increasing operating costs.

The energy crisis in the period 2022–2025 brought to the fore the vulnerability of the water and sanitation sector to electricity prices, which is the largest variable cost category. In 2024, the sector consumed over 607 thousand MWh of electricity, with a significant part of this consumption being related to inefficient network management and high water losses. Energy efficiency indicators are deteriorating compared to the set targets, which shows that sufficient optimization measures have not been implemented so far.

Despite the recognized need for its own renewable energy production, the water and sanitation sector will cover only about 4.5% of its consumption through renewable energy in 2024. Only a limited number of operators have invested purposefully in cogeneration or photovoltaic systems, while many others have significant untapped potential. New European requirements for energy neutrality and a minimum share of renewable energy in wastewater treatment plants further increase investment pressure on the sector.

In parallel, new requirements for monitoring and treatment of micropollutants, PFAS, microplastics, pharmaceutical residues and pathogens create the need for significant investments in laboratory equipment, methodologies, software and expert capacity. Basin Directorates also face increasing demands in the preparation of the third cycle of river basin management plans, including with regard to climate adaptation and ecosystem restoration.

The ongoing legislative uncertainty related to the non-adoption of a new Water Supply and Sewerage Act hinders long-term planning, postpones investment decisions and demotivates operators in the face of expected structural changes and consolidation. The sector reform also creates additional administrative and legal needs related to transformations, asset ownership and the harmonization of systems and processes.[[21]](#footnote-22)

In 2022-2023, water and sewerage operators experienced serious financial pressure, mainly caused by the sharp increase in electricity prices. Water supply and sewerage companies are energy-intensive enterprises, whose activities depend largely on the power supply of pumping stations, treatment facilities and other technological systems. The multiple increase in electricity costs put operators in a critical financial situation, as tariffs for water and sewerage services could not be adapted quickly enough to cover the costs incurred.

In response to the crisis, the government introduced compensation schemes to support the water and sanitation sector, which aimed to reduce the energy cost shock and prevent the collapse of critical water supply infrastructure. These measures were vital to maintaining service continuity and preventing mass bankruptcies in the sector.

Bulgaria, like other stakeholders in Southern and Eastern Europe, is experiencing an increasing impact from extreme weather events – prolonged periods of drought, irregular rainfall, heat waves and fluctuations in available water resources. For water supply operators, this means a growing need for projects aimed at managing water crises, diversifying water supply sources and increasing the resilience of systems under extreme conditions. Traditional water supply schemes based on stable hydrological forecasts are no longer adequate in conditions of climate instability. Operators need investments in alternative water sources, forecasting and early warning systems, as well as infrastructure for effective water resource management in periods of scarcity.

Ensuring sustainable water supply in the face of climate change requires not only technological solutions, but also new approaches to planning, integration of climate forecasts into operational management, and cooperation with other institutions in the field of water management.

The changing needs have not only affected water utilities, but also other key institutions in the sector. Basin directorates, traditionally responsible for issuing permits for water abstraction and controlling water quality, have faced an expanded role in the context of climate change. Managing water resources in the context of climate instability requires basin directors to move from routine administrative activities to proactive management of water crises, balancing competing water needs (domestic water supply, agriculture, industry, ecology) and protecting water bodies under changing hydrological conditions. The growing role of basin directors in managing water abstraction means the need for more sophisticated analytical instruments, hydrological modeling, coordination with meteorological services and close cooperation with water utilities. The protection of water bodies – the quality and quantity of surface and groundwater – is gaining critical importance in the context of decreasing water availability and increasing anthropogenic pressure.

OB 1.3 Are the forms of support relevant to the specific needs of the supported sector and beneficiaries? What suggestions for improvement can be made?

The survey among WSS operators shows that the support under Priority 1 “Water” of the EP 2021-2027 is of critical importance and largely meets the needs of the sector, but at the same time reveals significant structural, administrative and financial constraints. The main challenges are the limited coverage of small settlements, the high administrative burden, difficulties with co-financing and the insufficient scale and flexibility of financial instruments. Targeted addressing of these problems would increase the efficiency of investments, accelerate project implementation and contribute to the long-term sustainability and modernization of the WSS sector.

According to the results of the survey conducted among water and sanitation operators, the forms of support under Priority 1 “Water” of the EP 2021–2027 are assessed as being significantly relevant to the main needs of the sector. A total of 92.3% of respondents indicated that the support provided meets all or their most important needs. Particularly indicative is the fact that all participants in the survey stated that without the funding under the EP 2021–2027 they would not be able to implement the relevant projects, which clearly highlights the critical role of the program for the development of the water and sanitation sector. Additionally, 61.5% of operators define this support as having no alternative and of key importance for their activities.

Along with the high overall score, the survey also identified significant dissatisfaction with the limited permissible scope of interventions. The most serious of these is the lack of planned investments for the reconstruction of water supply networks in settlements with less than 10,000 inhabitants. This limitation is particularly problematic, since a significant part of the municipalities in the serviced territories fall precisely into this category, while at the same time having urgent needs for the construction and modernization of drinking water and wastewater treatment plants. Respondents emphasize that, in addition to financing the main projects, additional investments are also needed to explore new water sources and improve the water supply networks in the remaining settlements (see Appendix 2, item 5.2).

Another notable gap is the limited scope of investments in supply pipes and drinking water tanks. Many operators point out the need for a complete replacement of diversion, supply and main water pipes, which are heavily depreciated, physically outdated and generate frequent breakdowns. This has a direct negative impact on both water losses and the quality of service and drinking water supplied.

The survey data show that only 53.8% of operators believe that the projects will significantly meet their investment needs. The remaining 46.2% assess the contribution as partial or limited. The frequently expressed opinion is that the projects contribute mainly to achieving compliance with European directives at the national level, but do not systematically address the problem of outdated water supply infrastructure. It is characteristic that a given project can completely solve the issue of drinking water purification for specific municipalities, but not the main structural problem related to the condition of the networks.

A serious challenge for project implementation remains the administrative burden. 76.9% of respondents indicate complex and lengthy administrative procedures beyond the control of beneficiaries as the main factor for delays. The same share of respondents report significant delays in issuing permits and other administrative documents, which should have occurred at the stage of preparation of the regional pre-investment studies (RPIS) and preparation of projects before submitting the project for appraisal.

Financial difficulties also occupy an important place among the identified problems. 61.5% of operators encounter difficulties in securing their own financing, and 38.5% report a shortage of co-financing funds. At the same time, 61.5% indicate a lack of sufficient internal administrative and expert capacity for effective project management and implementation.

The issue of securing advance payments remains particularly critical. Given the fact that water and sewerage operators are not owners of the networks and do not have assets that can be mortgaged, a clear need for state support is emerging. In this regard, 38.5% of respondents insist on changing and expanding the permissible mechanisms for securing advance payments. (for example, through a promissory note or a guarantee from the BVIKH, see Appendix 2, item 5.2).

In terms of implementation deadlines, only 30.8% of operators manage to fully meet them. Most – 53.8% – report delays of up to 6 months, 7.7% – between 6 and 12 months, and another 7.7% predict delays of more than 12 months. The main reasons include unsettled development procedures, which require joint work between the operator’s team and the municipality’s team, delays in establishment procedures, lack of financial resources and slow construction rates.

Projects under Priority 1 "Water" can also be supported through financial instruments. The analysis of the Market Consultation Report for a Financial Instrument under the EP 2021-2027, prepared by FMFI, shows that the proposed forms of support demonstrate partial relevance to the needs of the sector, but face significant structural constraints.

In terms of objectives, the financial instrument is focused on key priorities – collection, disposal and treatment of wastewater and measures for water supply and reduction of water losses. This corresponds to the main problems in the sector. The envisaged prioritization of projects of the newly consolidated water and sanitation operators and of phased projects between programming periods also represents a logical approach.

The proposed instruments – risk-sharing financing and individual guarantees – theoretically address different aspects of the financial difficulties. Risk-sharing financing offers more favourable conditions for final recipients, while the guarantee instrument addresses the main problem of the lack of collateral. Blended financing, including working capital and VAT costs, is also in line with the practical needs of operators. The financial instrument under Priority 1 “Waters” provides only investment loans due to limited financial resources and the eligibility of programme expenditure, while the provision of working capital and VAT costs is carried out by the FLAG Fund as complementary financing from another budget.

However, market consultations identify several critical issues. The most significant is the insufficient budget of the instrument [[22]](#footnote-23)– BGN 37.37 million, which is disproportionate to the real needs of the sector. Additionally, there is low interest from financial institutions, due to the small volume of the resource, the negative previous experience, the financial condition of the WSS operators and the high administrative burden. The time factor is also critical – the delay in the launch of the instrument (agreement between the MA and FMFI from November 2024, announcement by the FLAG Fund of the procedure to the final recipients from December 2025) may lead to the loss of potential beneficiaries who are already looking for alternative financing. The FLAG Fund is negotiating with 4 of the newly consolidated WSS operators, which are beneficiaries under Priority 1 “Water”, because the resource will not allow financing more than 3-4 projects. No negotiations have been held with the projects in agglomerations between 5,000 and 10,000 eq. g. transferred from the PSU, because their implementation has already begun, respectively, the beneficiaries have secured the necessary financing. Last but not least, the participants emphasize the need for greater flexibility in determining the objectives and intermediate indicators. [[23]](#footnote-24)According to the clauses of the Financing Agreement signed by FMFI with the EP MA, an opportunity has been provided, in case of interest from the market and the presence of projects awaiting FI support, to increase the available public resource from the Program, in accordance with the identified needs. At the moment, the FLAG Fund is not interested in increasing the resource, because the procedure for its provision would take nearly a year (amendment to the EP, approval of the amendment by the EP MC, the Council of Ministers and the EC, amendment to the Financing Agreement, as well as amendment to the contract between FMFI and the FLAG Fund) before the allocation of financing to the final recipients. Even if the projects are implemented by the end of 2030, allocating financial resources in 2027 would be too late. FLAG Fund is ready to allocate its own financing if the interest of EP beneficiaries exceeds the size of the financial instrument.

The interviews confirmed that the Bulgarian Development Bank (BDB) has shifted its strategic priority to the public sector, including financing water and sanitation infrastructure, by receiving a significant capital increase. This creates a potential risk of internal competition between public sources of financing – BDB, FLAG Fund and Bulgarian Water and Sanitation Holding.

In conclusion, the support under the EP 2021-2027 is essential for the modernization of the water and sanitation sector, but its effect could be significantly improved by expanding the scope to small settlements, reducing the administrative burden, improving financial conditions and better institutional coordination. Regarding financial instruments, measures are needed to increase the budget, prioritize risk-sharing financing, extend grace periods, increase flexibility in guarantees, optimize the remuneration of financial intermediaries, accelerate the launch of the instrument and ensure comprehensive financing, including bridge and revolving. Addressing these issues, according to the interviews conducted, is key for a more effective use of European funds and for the sustainable modernization of the water and sanitation sector in Bulgaria.

OB 1.4 Is there a need for changes in the funding approach – amendment and/or addition of eligible measures, amendment and/or addition of beneficiaries/target groups, amendment and/or addition of forms of support, etc.?

According to the surveyed WSS operators and the interviews conducted, there is a need for changes in Priority 1 "Water" of the Environment Programme for greater flexibility, better compliance with the real needs of the sector, as well as overcoming the systemic financial and administrative constraints facing beneficiaries. Expanding the eligible interventions, introducing pilot and innovative measures, targeting beneficiaries with higher capacity and improving the forms of support are key prerequisites for accelerated compliance, more effective absorption of funds and sustainable management of water resources in Bulgaria.

As a result of the mid-term review and the experience gained from the first years of implementation of the EP 2021-2027, it is possible to expand the scope of eligible activities under Priority 1 "Water". The main emphasis is on introducing greater flexibility in financing different types of infrastructure projects, including the possibility of implementing innovative technological solutions to reduce water losses and improve energy efficiency. (see answers to question 4 in Annex 2, item 5.2) The aim is to achieve better alignment between program interventions and the real needs of WSS operators, identified in their approved business plans for the period 2022–2026.

A significant change in the draft amendment to the EP as a result of the mid-term review of the admissibility of the measures is the possibility of including interventions in unconsolidated water supply areas. The current requirement to finance only consolidated territories, set as a national policy, objectively delays the achievement of compliance with European legislation, including Directive (EU) 2024/3019 on urban waste water. Bulgaria is already in a penalty procedure under Directive 91/271/EEC for agglomerations over 10,000 population equivalent, as the country has exceeded the established deadlines for achieving compliance. In this context, within the framework of the draft amended EP 2021-2027, sent to the EC, it is envisaged to include procedures for construction in unconsolidated areas with over 10,000 population equivalent, as well as in agglomerations between 5,000 and 10,000 population equivalent. The availability of ready-made investment projects significantly accelerates the subsequent application for financing of construction and installation activities.

The introduction of innovative pilot projects represents an important expansion of the eligible measures. The implementation of a pilot project to reduce water losses in a specific settlement is being discussed in order to assess the effectiveness of different approaches to the rehabilitation of the water supply network. This type of project would provide valuable data and practical experience for the Water Management Directorate of the Ministry of Environment and Water. Additionally The Directorate of Water Resources proposes the implementation of a pilot project for stormwater management in connection with the new requirements of the European Urban Wastewater Directive, adopted in 2024 and subject to transposition by 2027. Both pilot projects are of strategic importance for the preparation of future large-scale interventions in subsequent programming periods.

A proposed new eligible measure is the inclusion of interventions for the reuse of treated wastewater. European legislation creates a framework for the use of such waters for irrigation, which represents a significant opportunity in the context of climate change. For example, the treated waters from the Kubratovo WWTP in Sofia are of a quality that allows the use of around 4,000 l/s for irrigation. Increasingly intense but short-term rainfalls lead to overloading of sewage systems and more frequent use of overflows. Measures for the capture, storage and reuse of rainwater and treated wastewater can significantly contribute to the sustainable management of water resources.

In terms of beneficiaries and target groups, a stronger focus is required on large municipalities as preferred beneficiaries. An analysis by the European Investment Bank shows that it is the municipalities that have the best administrative and financial capacity under the priorities of the EP 2021-2027. Large municipalities provide co-financing more easily, have greater administrative resources and have direct control over planning procedures and permit regimes. This allows for faster and more effective implementation of projects and a higher level of absorption of funds.

In parallel, a realistic rethinking of the role of water and sanitation operators as beneficiaries is needed. In practice, EP projects are often not among the main priorities of operators, whose focus is on providing drinking water. Limited administrative and management capacity, combined with heavy operational workload, hinders the simultaneous implementation of multiple complex infrastructure projects.

In this context, the inclusion of regional associations and consortia as beneficiaries could be an effective approach to overcome the capacity constraints of small municipalities and water and sanitation operators. The regional approach would allow for the pooling of resources, expertise and administrative capacity and more effective project management in smaller settlements.

In terms of forms of support, the most urgent change is to increase the percentage of grants. Limited access to co-financing is a key obstacle for water and sanitation operators who do not own the assets and do not have collateral for bank lending. Increasing the grant from 85% to 90–95% would significantly alleviate the financial burden and facilitate project implementation.

Improving access to financial instruments is also critically important, including a clearer and more timely structuring of loan mechanisms under the new Priority 7 of the EP 2021-2027. Proven mechanisms from the previous programming period exist, including interest-free advance financing through the Ministry of Finance, which should be more actively promoted and implemented.

An additional measure to improve liquidity is the introduction of more flexible advance payment schemes by simplifying procedures and reducing collateral requirements, especially for water and sanitation operators and small municipalities.

The lack of a mechanism for reducing or deferring financial corrections is a serious systemic problem. The high minimum amount of corrections and their advance implementation lead to the need for expensive bank financing and pose a risk to the financial stability of operators. The restoration of a similar mechanism, which existed in the period 2007-2013, is of key importance for the sustainable implementation of projects.

The results of the surveys conducted among water and sanitation operators confirm the need to expand the scope of eligible interventions, ease financial conditions, expand eligible costs, procedural improvements, enhanced technical and administrative support, better investment planning and measures for long-term sustainability, including energy efficiency, adaptation to climate risks and investments in human capital.

* 1. Efficiency

OB 2.1 What is the physical and financial implementation of the measures under the EP 2021-2027, implemented in the selected priority?

The financial implementation of Priority 1 "Water" by the end of 2025 demonstrates exceptionally good results with contracted projects worth 94.8% of the priority budget and interim payments of over BGN 135 million, of which BGN 126 million are concentrated in phased projects with active construction activities. The announced procedures reach 132% of the budget, which exceeds the program parameters and provides a buffer against the expected savings from the implementation. It is important to emphasize that the financial profile is significantly better than that of OPE 2014-2020 for a comparable period, thanks to the accelerated announcement of procedures and faster negotiation. Despite the forecasts for non-absorption of about 18% of the resource (EUR 109 million EU contribution) due to expected savings based on 58% realized savings from the previous period, for 2025 there is no risk of automatic release of funds.

However, physical implementation is critically lagging behind and represents the main challenge for the priority. Despite the finalization of the Byala-Obzor WWTP and Batanovtsi WWTP, which theoretically ensure an overachievement of the interim target value for 2024 by 19% (107,216 population equivalents versus 88,900 population equivalents) by indicator R32, by the end of 2025 the officially reported values for all indicators remain at zero due to the lack of commissioning of the WWTP.

As of December 2025, 7 procedures have been announced under P1 "Water", four of which have been selected and beneficiaries and 17 contracts have been concluded. The budget of the announced procedures amounts to 132% of the priority budget [[24]](#footnote-25), and the contracted projects represent **94.8% of the budget** (see Table 4). A total of 79.3 million euros have been paid, 71% of which are interim payments.

Table 4 : Financial implementation of Priority 1 "Water", million euros

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Budget, total | Announced procedures | Agreed projects | Amounts paid | Certified amounts |
|
| 715.4 | 944.1 | 678.4 | 79.3 | 58.8 |

Source: MA

The reported financial implementation of the priority is mainly due to the funds paid under the phased projects from the previous programming period and to FMFI, as well as to other beneficiaries from the administration (MoH, Sofia Municipality). Under three of the procedures, the project proposals are being evaluated and accordingly no payments have been made.

Table 5 : Financial implementation of procedures under Priority 1 "Water", million euros

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Procedure | Total contracted funds | EU and NF funding | Own financing | Actual amounts paid | % of execution |
| BG16FFPR002-1.001 | 324.0 | 267.9 | 56.1 | 82.0 | 25.3% |
| BG16FFPR002-1.002 | 442.7 | 389.4 | 53.3 | 4.2 | 1.0% |
| BG16FFPR002-1.003 | 6.3 | 5.9 | 0.5 | 0.00 | 0.00% |
| BG16FFPR002-1.004 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| BG16FFPR002-1.005 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| BG16FFPR002-1.006 | 20.0 | 20.0 | 0.00 | 6.0 | 30.0% |
| BG16FFPR002-1.007 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |

Source: UMIS; data as of January 2026.

As of the end of December 2025, the financial implementation under Priority 1 is better than the financial implementation of the respective Priority Axis 1 of OPE 2014-2020 for the same period since the beginning of the implementation of the respective program. This is due to the fact that during the current period the Managing Authority has announced the new grant procedures more quickly and, accordingly, the contracts have been concluded more quickly. According to the financial forecasts of the MA for 2025, there is no risk of automatic decommitment, and for 2026, EUR 40-50 million are currently at risk. Priority 1 projects are currently not decisive in calculating the risk of automatic decommitment under the program, because phased projects generate costs and payment requests.

As of the end of 2025, **no performance indicators and results have been reported** for any of the 17 projects under implementation. This is mainly due to the fact that no wastewater treatment plants have been put into operation and, accordingly, no final reports and payment requests have been sent to the Managing Authority to verify the values of the indicators. However, based on information from the mid-term review of the EP 2021-2027, the wastewater treatment plants Byala-Obzor (ViK Burgas) and Batanovtsi (ViK Pernik) have received a Form No. 15 act, and the reported value of the output indicator R32 "New or improved wastewater treatment capacity" has exceeded the target value for 2024 (107,216 eq. inhabitants against a target value of 88,900 eq. inhabitants or 19% overachievement).

**Expected savings and projections**

According to the Additional Assessment of the Results of the Implementation of the Environment Programme 2021–2027 for the Purposes of the Mid-Term Review, submitted to the European Commission in December 2025 in connection with the proposal for amending the EP, under Priority 1 "Water" according to the calculations of the MA, by the end of 2029, about 82% of the budget is expected to be used, and the resource that could remain unused according to an expert assessment is estimated at EUR 109 million EU contribution or 18% of the budget. Although it is expected that more than 100% of the resource under the priority will be negotiated, based on the experience of the previous programming period and the status of the project activities, the Managing Authority forecasts significant savings. The analysis of the data from the implementation of 15 Water and Sewerage projects financed by OPE 2014-2020 show that initially a grant of EUR 575 million was agreed upon as a contribution from the EU, and the projects ended with a final grant of EUR 340 million as a contribution from the EU, which means realized savings of 58%.

In conclusion, the physical and financial implementation of the measures under Priority 1 "Water" of the EP 2021-2027 shows significant progress in terms of negotiation and financial implementation.

OB 2.2 At what stage is the implementation of the project proposals currently funded under the EP 2021-2027 and what are the reasons?

Currently, the implementation of the project proposals financed under the EP 2021–2027 is mainly in the initial or preparatory stage. The most advanced are the phased Water and Sewerage projects under procedure BG16FFPR002-1.001, which will actually start in the second half of 2024, generate almost all interim payments and some of them (ViK Burgas and ViK Pernik) are expected to be completed in 2026. The projects under procedure BG16FFPR002-1.002 for 7 Water and Sewerage operators are lagging behind, as a large part of the public procurement for construction and demolition works has been terminated and many of them have not yet been re-announced, there are only about 40% of contracts, and almost no advance payments have been requested. The remaining procedures (1.003, 1.004 and 1.005) are at the evaluation stage without concluded contracts, with the reasons for the delay being ongoing procedures under the Public Procurement Act, appeals and failure to submit project proposals on time. The financial instrument (1.006) is in an active phase of implementation with a call for proposals and ongoing negotiations, and procedure 1.007 is in evaluation, with the projects actually being implemented, as they were initially planned under the PVP. The main reasons for the delay are problems with public procurement, administrative and technical difficulties, appeals, as well as limited administrative capacity of some of the beneficiaries.

Under procedure **BG16FFPR002-1.001 "Second phase of water supply and sanitation projects, the implementation of which began in the period 2014-2020",** 8 projects have been supported. Most of them start implementation in the second half of 2024 and end in or after 2027. Phased projects show the best performance, generating the bulk of the interim payments (according to data from the MA - 126 million BGN out of a total of 135 million BGN). According to information from the MA, the most advanced in implementation are the projects of ViK Burgas and ViK Pernik, which should be completed in 2026. Information on the progress of indicators on these projects is likely to be included in the Annual Review of the Implementation of the EP for 2025, although this cannot be guaranteed. The implementation of these 8 projects is expected to result in the creation of new or improved wastewater treatment capacity of 110,909 eq. (target value for performance indicator RCO 32), almost 537,000 inhabitants to be connected to improved public water supply (result indicator RCR 41) and over 871,000 inhabitants to be connected to at least secondary wastewater treatment.

Table 6 : Implementation of projects under procedure BG16FFPR002-1.001 "Second phase of water and sewerage projects, the implementation of which began in the period 2014-2020."

|  |  |  |  |
| --- | --- | --- | --- |
| Project number and name | Total value, million euros | Own financing, % | Actual amounts paid, % |
| BG16FFPR002-1.001-0007 "Construction of water supply and sanitation infrastructure in the designated area served by "Water Supply and Sewerage" Ltd., Vidin - Phase II" | 5.65 | 9.0% | 46.8% |
| BG16FFPR002-1.001-0001 "Construction of water supply and sewerage infrastructure in the designated area, served by "ViK-Varna" LTD. - phase 2" | 34.46 | 16.2% | 56.3% |
| BG16FFPR002-1.001-0002 "Completion and rehabilitation of the water supply and sewage infrastructure in agglomerations with a population of over 10,000 equivalent inhabitants, falling within the scope of the designated territory of "Water Supply and Sewerage - Sliven" LTD. - phase 2" | 25.99 | 14.0% | 19.6% |
| BG16FFPR002-1.001-0006 "Integrated Water Project for Burgas District - Phase 2" | 174.76 | 17.9% | 23.8% |
| BG16FFPR002-1.001-0003 "Completion and reconstruction of water supply and sewage systems in a separate territory, serviced by "ViK" SMLLC, Plovdiv, Bulgaria - Stage II" | 31.09 | 15.1% | 20.3% |
| BG16FFPR002-1.001-0004 "Construction of water supply and sanitation infrastructure in the designated area served by "Water Supply and Sewerage" Ltd., Pernik - phase 2" | 19.62 | 10.1% | 24.9% |
| BG16FFPR002-1.001-0009 "Integrated project for improving the water sector in a separate territory served by Shumen Water and Sewerage - phase 2" | 3.32 | 11.5% | 0.0% |
| BG16FFPR002-1.001-0008 "Construction of Water Supply and Sewerage Infrastructure in Sofia Municipality – Phase I"I | 23.75 | 31.3% | 8.6% |

Source: UMIS public module; data as of January 2026.

Under procedure **BG16FFPR002-1.002 "Construction of Water and Sewerage Infrastructure for 7 Water and Sewerage Operators",** 7 contracts were concluded at the beginning of 2025. The total amount of the agreed funds is EUR 442.7 million, of which EUR 331 million is EU grant aid (GFA) and EUR 53.3 million is co-financing from the beneficiary operators. The supported projects have a completion date of the end of 2029 and their successful completion will lead to connectivity to improved public water supply for over 522,000 residents of the country and to at least secondary wastewater treatment for almost 271,000 residents. The target set for indicator RCO 32 "New or improved wastewater treatment capacity" for this procedure is almost 295,000 eq.

Table 7 : Implementation of projects under procedure BG16FFPR002-1.002 "Construction of Water and Sewerage Infrastructure for 7 Water and Sewerage Operators"

|  |  |  |  |
| --- | --- | --- | --- |
| Project number and name | Total value, million euros | Own financing, % | Actual amounts paid, % |
| BG16FFPR002-1.002-0002 "Reconstruction and modernization of water supply networks and facilities in Gabrovo district" | 32.77 | 11.1% | 0.4% |
| BG16FFPR002-1.002-0004 "Construction of Water and Sewerage Infrastructure for the Separate Territory of "ViK" JSC, Dobrich" | 69.13 | 18.6% | 1.9% |
| BG16FFPR002-1.002-0003 "Construction of Water Supply and Sewerage Infrastructure in Haskovo District" | 52.37 | 11.6% | 0.0% |
| BG16FFPR002-1.002-0001 "Completion and reconstruction of WWTP, water supply and sewage systems in the designated area served by "ViK" SMLLC - Sofia" | 70.52 | 13.4% | 0.0% |
| BG16FFPR002-1.002-0005 "Reconstruction of the Water Supply and Sewerage Network and Facilities in the Agglomeration "Pleven" and Reconstruction and Completion of the Water Supply and Sewerage Network and Facilities in the Agglomeration "Knezha" | 60.55 | 6.6% | 4.1% |
| BG16FFPR002-1.002-0007 "Construction of water supply and sewage infrastructure for the designated territory, served by "Water Supply and Sewerage Yovkovtsi" LTD." | 105.34 | 10.6% | 0.0% |
| BG16FFPR002-1.002-0006 "Construction of water supply and sewerage infrastructure for a separate territory served by "ViK" LTD., Targovishte" | 52.04 | 11.5% | 0.5% |

Source: UMIS public module; data as of January 2026.

After the initial announcement of all planned public procurements in the period October 2024 - January 2025, almost all public procurements for construction and civil engineering were terminated within the month of January 2025. Some of the terminated public procurements have been re-announced, but a significant part has not yet been. Only 40% of the announced procurements have contracts concluded or a contractor has been selected.

According to the information presented in the Additional Evaluation of the Results of the Implementation of the Environment Programme 2021–2027 for the purposes of the mid-term review, it is envisaged that a total of 57 construction/engineering contracts will be concluded under the projects. So far, only 5 contracts have been concluded, contractors have been selected for 16, 2 are under evaluation, 11 are within the deadline for submission of offers by candidates, and for the implementation of as many as 23 contracts with contractors, public procurements have not been announced.

The most serious is the backlog at ViK Dobrich, ViK Targovishte and ViK Yovkovtsi. ViK Dobrich's public procurements have been terminated, and none have been re-announced. ViK Targovishte also has many terminated public procurements that have not been re-announced. ViK Yovkovtsi has many terminated public procurements, but most of them have been re-announced or sent for prior control to the Public Procurement Agency. There is a certain backlog in the implementation of the projects of the 7 newly consolidated water and sewerage operators. In most cases, they have not requested an advance payment and have included in their payment requests initial costs of BGN 100,000-200,000. An exception is ViK Dobrich, which has included in its payment request BGN 3 million for the acquisition of land for the Albena WWTP.

Within the framework of procedure **BG16FFPR002-1.003 "Modernization of the state health control bodies for monitoring the quality of drinking water"** with the beneficiary Ministry of Health, an administrative contract for the provision of grants was concluded on 3.10.2025 in the amount of BGN 6,344,367.86. Half of the separate positions for the supply of specialized equipment are before the conclusion of a contract, and the deadlines for appeal have expired. The remaining separate positions are appealed to the CPC. The public procurement for the information system has been coordinated with the Ministry of e-Government and is at the evaluation stage before the protocol of an evaluation committee under the Public Procurement Act, and the public procurement for the mobile laboratories is at the stage of preparing a protocol.

Procedure **BG16FFPR002-1.004 "Support for the updating of RBMP - assessments, data collection, etc. for RBMP 2028-2033"** is aimed at supporting the four basin directorates in updating the river basin management plans (RBMPs). The total budget of the procedure is up to BGN 10 million, with a maximum amount of support determined for each basin directorate. The procedure is at the stage of evaluating project proposals and no contracts have been concluded. Given the nature of the planned activities and the amount of funding, no significant delays in the implementation of the contracts are expected. For each of the four projects in the procedure, a so-called "horizontal activity" is planned, which includes amending one or several of the elements of the methodological framework necessary for the development of RBMPs. Delaying the start of the project implementation of one of the Basin Directorates will actually delay the implementation of all four projects. This risk may materialize, as the project of the Black Sea Basin Directorate was not submitted within the application deadline due to a technical problem. It is recommended that the MA initiate urgent steWWTP so that the procedure for the Black Sea Basin Directorate is opened as soon as possible, the project proposal is submitted and the delay in this project compared to the other three projects is minimized. This is important because the deadlines for the development of RBMP are set at the European level (Bulgaria is about two years behind the European deadlines for the RBMP 2022-2027).

Procedure **BG16FFPR002-1.005 "Construction of Water and Sewerage Infrastructure in Sofia Municipality - Stage II"** is at the stage of project proposal evaluation and no grant agreement has been concluded. The preparation of the project has been assigned to an internal team, and in addition, support under the JASPERS instrument has been used and overall it demonstrates good preparation and organization. The public procurement for the project is in the announcement period (announced or sent for coordination in the Public Procurement Agency).

Through procedure **BG16FFPR002-1.006 "Financial instruments under priority "Water" of EP 2021-2027",** the use of financial instruments in the "Water" sector is supported. The budget of the procedure is BGN 37 million. In September 2025, FMFI assigned FLAG Fund LLC to implement the financial instrument for the sector, organized as debt financing with risk sharing. Up to 80% of the funds are provided through EP 2021-2027, and the remaining 20% from FLAG Fund. On December 1, 2025, the call for applications was published to the final recipients. The instrument is only for investment loans due to the limited volume of financing. FLAG Fund expects to allocate the resource by the end of the first quarter of 2026, with negotiations underway with ViK Yovkovtsi, ViK Pleven, ViK Targovishte, ViK Gabrovo and ViK Haskovo.

Procedure **BG16FFPR002-1.007 "Program for construction/completion/reconstruction of water supply and sewage systems, including WWTP for agglomerations between 5,000 and 10,000 pe."** was announced under P1, but with the draft amendment from December 2025, it will be implemented within the framework of the newly established Priority 7 "Water Sustainability". The application deadline expired on 03.11.2025 and the project proposals are under evaluation. The projects are in advanced project readiness given the fact that they were initially intended for financing through the NPV.

OB 2.3 What are the effectiveness and efficiency of the interventions under the assessed priority of the EP 2021-2027 in terms of the achieved results, indicators and objectives at the priority level?

With the exception of the phased projects, all other projects under P1 are in the initial phase of implementation (a team has been formed for management and announcement of public procurement). Even the phased projects cannot be completed by the end of 2025. reported indicators due to the lack of act 16 on completed sites, which does not allow calculating and comparing the efficiency of interventions under the different procedures. Given the fact that construction and installation works on phased projects are still ongoing and there is not a single completed project, by the end of 2025 it is not possible to determine how effective the interventions are in achieving the objectives at the priority level.

OB 2.4 Are the existing interventions effective in achieving the set objectives of the EP? Are there critical factors that negatively impact the implementation and effectiveness of the EP?

The effectiveness of projects under Priority 1 "Water" of the EP 2021-2027 is limited by a number of critical factors that negatively affect implementation. The program faces numerous difficulties that lead to significant delays and risks to achieving the set objectives. The most significant are problems with public procurement, the limited administrative and management capacity of beneficiaries and contractors, the financial difficulties of water and sanitation operators, as well as the technical and infrastructure challenges in the implementation of construction and installation works. These factors are complemented by structural weaknesses in the water sector and ineffective inter-institutional coordination, which together hinder the timely and effective absorption of program funds.

The consultations with stakeholders, as well as the study of documentary sources, outlined the following factors that negatively impact the timely implementation of projects under Priority 1 "Water".

**Problems with public procurement.** Public procurement is one of the most serious critical factors hindering the implementation of the EP. The announced procurements and/or the decisions to select the contractor are appealed at two instances (before the Commission for the Protection of Competition (CPC) and before the Supreme Administrative Court (SAC)), which leads to significant delays in implementation. Also, there is frequent termination and subsequent re-announcement of procurements. Delays resulting from any of these activities (appeal, termination, re-announcement) lead to delays of more than 12 months. Water and Sewerage Operators are very cautious and wait for the final decision of the second instance (SAC) before starting work, even when the first instance (CPC) allows preliminary implementation of the contract. This leads to additional delays in projects. The information in the register under Art. 55, para. 1, item 3 of the Public Procurement Act ( <https://www2.aop.bg/obrazci-i-spisyci/spisyci/>) is not updated regularly, because the published list is as of 21.06.2024. Beneficiaries are in some cases not informed about the possibility of removing from participation in a public procurement procedure a candidate or participant included in the list under Art. 55, para. 1, item 3 of the Public Procurement Act.

According to Article 231 of the Public Procurement Act, the procedure for using standardized documents is specified, such as those developed in the Water and Sewerage sector, which are approved by an Order of the Minister of Finance.

**Problems with the capacity and management of beneficiaries.** The capacity of beneficiaries, especially of WSS operators, to manage and implement projects is a critical factor in delaying implementation. The frequent change of WSS operators’ managers has a negative impact not only on the continuity of management, but also leads to the loss of documentation and institutional memory. The insufficient internal capacity for conducting public procurement in most beneficiary organizations is another serious problem .

**Problems with the capacity of contractors.** In some cases, selected contractors take on several public procurement contracts at the same time, without having sufficient resources (personnel, qualifications, equipment) for their parallel implementation. This requires the sequential implementation of activities at different sites and the redirection of resources, which leads to delays in the affected projects. With a wider use of subcontractors, the risk of fluctuations in the quality of construction and installation works increases. As a result, there is a delay and/or the need to phase the projects.

**Change in the structure of contractors.** In the implementation of water projects under the ISPA program, the consortiums of participants included a leading technology leader and a construction company, with the technology partner providing the design, selection and installation of the equipment for the WWTP. In recent years, there has been a tendency for the consortiums to be dominated by strong construction companies with little design capacity. This can lead to the implementation of WWTP with technical and operational challenges.

**Financial security issues.** Securing co-financing is a serious problem for WSS operators, especially in combination with the lack of security for advance payments. For example, often VAT costs, which are high in infrastructure projects, have to be borne by the operator's own resources, as they are not an eligible project cost. In phased projects, management costs are not eligible for funding in Phase 2, as they have already reached the maximum allowable values in Phase 1. As a result, WSS operators have to bear the entire costs of project management in the current phase, which further burdens their limited budgets.

According to the MA, as of December 2025, over 90% of the requested interim payments are from phased projects under procedure BG16FFPR002-1.001. This shows that the new projects are significantly lagging behind in the absorption of funds, which is an indicator of a delayed start of the actual construction and installation works and potential upcoming problems in their implementation.

**Technical and infrastructure challenges.** Technical difficulties in the implementation of construction and installation works often lead to significant delays. Projects traditionally face problems related to intersections of routes with irrigation facilities, archaeological sites, gas and electricity transmission networks, railway infrastructure and other elements of technical infrastructure. Each such intersection requires additional coordination procedures, permits and specific technical solutions, which delays implementation and often leads to additional costs.

A significant problem is the lack of complete, up-to-date and reliable information on the underground infrastructure at the national level. This leads to the identification of numerous unrecorded or uncoordinated communications only during the construction process, which further complicates and delays implementation. There are also numerous illegal connections to the sewerage network, and in some cases wastewater is discharged into inappropriate pipelines leading directly to water bodies, rather than to wastewater treatment plants (WWTPs). Even in the presence of approved connection documents, the implementation of the connections itself is often not coordinated with the water and sewerage operators, which leads to structural defects, sand infiltration into the sewerage system, collapse of road surfaces and blockage of pipelines.

**Administrative and procedural issues.** One of the requirements for applicants is that the public procurement for the project must be announced at the application stage. This requirement in many cases leads to a delay in the evaluation process, since even with a well-prepared project proposal, a decision on approval cannot be made and a grant agreement (GFA) cannot be concluded before the announcement of all the envisaged public procurements. For the procedures planned from 2026 onwards, this requirement is planned to be dropped, given the widespread practice of terminating, revising and re-announcing most or all public procurements for a given project after the conclusion of a GFA agreement. This re-announcement usually takes between six months and one year and leads to a significant delay in the implementation of the projects.

An additional limitation in the evaluation of project proposals is the internally defined requirement for a six-month period for the evaluation committee to work. This creates additional pressure for the evaluators, as even when meeting the deadlines under the LAW ON THE MANAGEMENT OF EUROPEAN FUNDS UNDER SHARED MANAGEMENT, for reasons beyond their control, the evaluation may not be completed within the six-month period.

**Structural problems in the water sector.** Structural problems in the water supply and sanitation sector go beyond the scope of specific projects, but have a fundamental impact on the implementation of the EP 2021-2027 and P1. The lack of a long-term vision and strategy for the development of the sector, insufficient investment in human resources and technological modernization, as well as fragmented management between multiple water supply and sanitation operators with different capacities create a systemic environment that is not conducive to the effective absorption of European funds, nor to the achievement of the requirements of Directive 91/271/EEC on the treatment of urban wastewater.

Inter-institutional coordination is carried out through several bodies, which creates prerequisites for inefficiency and delays in the decision-making process. In addition to the National Water Board (NBB), which was established in 2025 (see OB 1.1), the Supreme Advisory Council on Water also has a coordination function.

The Supreme Advisory Council on Water is a permanent advisory body to the Ministry of Environment and Water, established in 2002. It is composed of the Deputy Minister of the Ministry of Environment and Water (Chairman) and representatives of the same ministries, members of the National Water Board - the Ministry of Environment and Water, the Ministry of Rural Development and Public Works, the Ministry of Agriculture, the Ministry of Energy, the Ministry of Health, the Ministry of Finance, as well as the Bulgarian Academy of Sciences, municipalities and NGOs. The functions of the Supreme Advisory Council (SAC) include providing opinions and recommendations on the national water management plan, river basin management plans, rational water use and water monitoring.

The institutional overlap between these three structures is obvious and problematic. The National Water Board and the Supreme Water Advisory Council have practically identical composition in terms of institutional representation - both include the Ministry of Environment, the Ministry of Regional Development and Public Works, the Ministry of Agriculture, the Ministry of Health, the Ministry of Finance and representatives of municipalities. The only significant difference is that the NBW is chaired by a Deputy Prime Minister and includes a higher level of representation (ministers instead of deputy ministers), which gives it greater political weight.

Functional overlap also exists – both structures deal with water management system planning, coordination between institutions and rational water use. The creation of the NBV raises the question of why the existing mechanism was not activated, and instead the creation of a new institution was preferred. This institutional duplication reflects a broader problem in the Bulgarian administration – instead of using and improving existing consultation and coordination mechanisms, new structures are created to solve similar tasks. The result is a lack of institutional memory, inefficiency and waste of resources.

At the end of the previous two programming periods, various coordination mechanisms were implemented to accelerate the implementation of projects under Priority Axis 1 "Water" of OPE. During this programming period, no steWWTP have yet been taken for inter-institutional coordination with a view to accelerating the implementation of projects under Priority Axis 1 "Water" of the EP.

The programming, implementation, monitoring and evaluation of the EP 2021-2027 are carried out in partnership with the central and territorial bodies of the executive power, municipalities, nationally representative organizations of employers and employees, with organizations representing civil society, and with representatives of the academic community, through the functioning of the EP 2021-2027 Monitoring Committee. The Monitoring Committee of the program was established in compliance with the partnership principle, regulated in Regulation (EU) No. 2021/1060 and Commission Delegated Regulation (EU) No. 240/2014 of 7 January 2014 on a European Code of Conduct on Partnership. The principal composition of the MC of the EP 2021-2027 is specified in Art. 15, para. 1 of the LAW ON THE MANAGEMENT OF EUROPEAN FUNDS UNDER SHARED MANAGEMENT and Art. 13 of the Council of Ministers No. 302/2022. The nominal composition of the MC of the EP 2021-2027 is determined by an order of the Minister of Environment and Water, which is published on the Unified Information Portal - www.eufunds.bg.

In conclusion, the critical factors that negatively impact the implementation and effectiveness of P1 of the EP are multi-layered and interrelated. They include problems at the administrative, financial, technical and organizational levels, each of which requires targeted measures to overcome. Without addressing these systemic problems, especially in the areas of public procurement, beneficiary capacity and financial provision, the effectiveness of the priority will continue to be below the expected level, and the risk of under-utilization of a significant part of the available resource remains real.

OB 2.5 To what extent do the interventions implemented under this priority correspond to and contribute to the objectives set for reducing water losses, wastewater treatment and sustainable water resources management?

The interventions implemented under Priority 1 are largely consistent with the objectives of the EP 2021–2027 in terms of wastewater treatment. The funded projects are expected to connect over 1.14 million inhabitants to at least secondary wastewater treatment, over 1.05 million inhabitants to improved public water supply and to create or improve treatment capacity for over 405 thousand eq. inhabitants, which shows a strong and direct contribution. However, the contribution of the interventions is limited in terms of reducing water losses. Although the problem is clearly identified in the EP 2021–2027 and is related not only to climate change, but also to high losses in the network, the program does not allow funding for distribution and supply water pipes, which significantly narrows the scope of possible measures. Activities for the rehabilitation of the water transmission network are mainly implemented outside the EP, through other national instruments, which limits the systemic effect of the program in this area. As regards sustainable water resources management, interventions contribute rather indirectly, but in a strategically important way. Support for the development and updating of river basin management plans, for improving monitoring and the analytical base creates the preconditions for more integrated management and better compliance with the Water Framework Directive.

The assessment of the extent to which the interventions carried out under Priority 1 "Water" of the Environment Programme 2021-2027 correspond to and contribute to the set objectives reveals a complex picture of partially achieved results, structural imbalances in priorities and significant potential that remains unrealized due to systemic barriers. The analysis of the attached documents shows that although the interventions have a real positive contribution, it is uneven and concentrated mainly in the area of wastewater treatment, while the objectives of reducing water losses and sustainable management of water resources remain significantly lagging behind.

The main objectives addressed through the interventions under Priority 1 "Water" of the EP 2021-2027 are the reduction of water losses, wastewater treatment and sustainable management of water resources.

In terms of **reducing water losses** , the interventions supported by P1 have had a very limited impact. Historically, the focus of the Environment programmes has been on wastewater treatment and funding for projects aimed at the construction and reconstruction of water supply and supply pipelines has been limited. Water scarcity has been identified as a key issue in the 2021-2027 EP, with the factors contributing to the shortage not only related to climate change but also to high losses in the water transmission network, which could be addressed through the 2021-2027 EP. Funding for distribution and supply pipelines was not eligible under either the OPE 2014-2020 or the OPE 2021-2027 EP, which significantly limits the programme’s contribution to this objective. The inclusion of water pipes in projects is usually associated with additional reasoning for the need for support for the given section, and proof of water losses in the specific section by measuring at its beginning and end.

With the establishment of the National Water Board, work began on reducing water losses through the rehabilitation of the water transmission network in settlements with a water supply regime, but these interventions are outside the framework of the EP 2021-2027 and are supported through the Environmental Impact Assessment (EIA).

An intervention related to the rehabilitation of the water supply system in a given location could be supported as a pilot project (based on a high-readiness project) that would be used to track the effectiveness of the support. This approach would support the work of policy-making directorates such as the Water Management Directorate at the Ministry of Environment and Water.

The interventions show a high degree of compliance with the **wastewater treatment objective** . None of the supported projects has been completed and there is no reporting of achieved results and indicators, but the benefits of the funded projects are expected to be visible and to have a significant contribution to the water sector and to consumers. Based on the objectives set by the projects, a total of 1,141,676 residents are expected to be connected to at least secondary wastewater treatment and a total of 1,058,765 to be connected to improved public water supply. The new or improved wastewater treatment capacity created is expected to reach 405,646 eq. The construction of treatment plants and the expansion of the sewerage network cover more households, which improves the quality of life in the long term.

The requirements of Directive 91/271/EEC for urban wastewater treatment are implemented mainly through the funds under the EP 2021-2027, which is why Priority 1 primarily funds projects focused on wastewater collection and treatment. National funding, including funding through ViK Holding and the Environmental Protection Agency, is a small part of the funds invested to achieve compliance with the requirements of the directive.

Overall, the contribution of the interventions under the 2021-2027 EP to **sustainable water resources management is indirect** , but systematically significant. Projects related to the development and updating of river basin management plans, improving monitoring, methodologies and economic analyses create the necessary basis for a more integrated and informed approach to water management. These interventions are expected to improve coordination between institutions, increase compliance with the Water Framework Directive (Directive 2000/60/EC) and contribute to the identification of priority measures with the greatest impact on the status of water bodies. At the same time, the lack of reliable quantitative data, the limited financial resources for the implementation of the measures and the strong dependence on political decisions (e.g. regarding water charges) limit the real effect on the sustainability of management in the short term.

Sustainable water resources management is also relevant to climate change, which has an impact on water resources, both in terms of quantity and its (un)even distribution. Some of the changes in the strategic and legal framework at European level, which were discussed in the analysis under OA 1.1, are related to the reuse of treated wastewater and rainwater for irrigation, but this type of intervention still has very limited support within the framework of the 2021-2027 EP.

Directive (EU) 2020/2184 on drinking water introduces increased requirements for water supply operators regarding the indicators to be monitored and the performance of risk assessments, which will require additional funds to meet the requirements. Possible support for water supply operators from the 2021-2027 EP would strengthen the programme's contribution to sustainable water resources management.

In conclusion, while support for wastewater treatment is strongly expressed and represents the main focus of interventions under P1 "Water" of the EP 2021-2027, the impact on reducing water losses remains limited due to the ineligibility of funding for key elements of the water transmission network. The contribution to sustainable water management is mainly indirect, through strategic, analytical and monitoring activities that create a basis for better planning and coordination, but have so far had limited short-term impact.

* 1. Efficiency

OB 3.1 What are the pace and trends in the absorption of funds under the program, including negotiation, verification, certification? Is there a significant delay in the process of absorbing funds? What measures are appropriate to be implemented to accelerate this pace and improve processes and implementation?

Priority 1 "Water" demonstrates a pronounced asymmetry between negotiation (94.8% of the budget) and actual verification - interim payments as of 15.12.2025 (135 million BGN) are concentrated almost entirely in phased projects (93%), which signals a significant delay in the projects of the newly consolidated WSS operators. Despite the better implementation compared to the OPE 2014-2020 for a comparable period, the MA predicts a non-absorption of about 18% of the resource (109 million EUR) by 2029 due to expected savings and delays, and by the end of 2025 no progress was reported on any indicator. The main barriers include: mass termination and appeal of public procurement (main problem), administrative barriers (76.9% of surveyed water and sanitation operators indicate a high administrative burden), financial difficulties (61.5% have problems with co-financing and working capital), difficult and slow coordination with Basin Directorates, territorial planning procedures, insufficient capacity of contractors and lack of effective inter-institutional coordination.

The budget of the announced procedures amounts to 132% of the priority budget, and the contracted projects represent 94.8% of the priority budget. In total, 79.3 million euros have been paid, 71% of which are interim payments.

The reported financial implementation of the priority is mainly due to the funds paid under the phased from the previous programming period projects and to FMFI, as well as to other beneficiaries from the administration (MoH, Sofia Municipality). Under three of the procedures, the project proposals are being evaluated and accordingly no payments have been made.

As of the end of December 2025, the financial implementation under Priority 1 is better than the financial implementation of the respective Priority Axis 1 of OPE 2014-2020 for the same period since the beginning of the implementation of the respective program. This is due to the fact that during the current period the Managing Authority has announced the new grant procedures more quickly and, accordingly, the contracts have been concluded more quickly. According to the financial forecasts of the MA for 2025, there is no risk of automatic decommitment, and for 2026, EUR 40-50 million are currently at risk. Priority 1 projects are currently not decisive in calculating the risk of automatic decommitment under the program, because phased projects generate costs and payment requests. As of the end of 2025, no performance indicators and results were reported for any of the 17 projects in progress.

This delay in physical implementation is also confirmed by the survey conducted. 69% of beneficiaries have deviations from the planned schedule. Of these, 54% implement the activities with a delay of less than 6 months, 8% - with a delay of 6-12 months, and 8% - with an estimated delay of more than 12 months. Only 31% strictly adhere to the planned deadlines.

The main reasons for the delay are regulatory (permitting and spatial planning procedures under the Spatial Planning Act) as well as financial. High administrative burden and complex bureaucratic procedures worry 76.9% of the water and sanitation operators. The same percentage encounters difficulties with delays in obtaining registration, licensing and permit documents. Difficulties in implementation affect 61.5% of the organizations, and insufficient own financing – 38.5%. Problems with public procurement affect 30.8% of the water and sanitation operators who completed the survey.

The Managing Authority has developed a comprehensive system for supporting beneficiaries based on the experience of previous programming periods. Each beneficiary must submit an action plan, including a procurement and financial flow plan, which is updated periodically. A coordinator is appointed for each project, who serves as a contact point and conducts on-the-spot checks, working closely with the beneficiary teams and other departments in the MA. Beneficiaries are obliged to submit to the MA for verification every two months the expenditure they have incurred to contractors, together with information on progress and possible difficulties. The MA regularly publishes guides, analyses of frequently made errors and communication guidelines.

Within the framework of the Priority "Technical Assistance", the European Investment Bank provides technical support to strengthen the capacity of water and sanitation operators. During the 2014-2020 programming period, within the framework of a concluded Agreement, the EIB provided support to strengthen the capacity of 6 newly consolidated water and sanitation operators, which are potential beneficiaries under the EP 2021-2027: "ViK Yovkovtsi" LTD.-Veliko Tarnovo, "ViK" LTD. Gabrovo, "ViK" SMLLC Pleven, "ViK" SMLLC-Sofia region, "ViK" LTD. Targovishte and "ViK" SMLLC Haskovo", as well as the potential beneficiary "ViK Dobrich" JSC. The EIB's support continues during the 2021-2027 programming period for the beneficiary operators under Priority 1 "Water" of the program. Currently, the EIB is conducting quarterly visits to the phased projects with beneficiaries ViK Burgas, ViK Sliven and ViK Varna. Within the framework of the Agreement, workshops and training for the water and sanitation operators were held in 2024-2025, with the aim of exchanging experience and good practices.

The MA has engaged the EIB expert team to conduct an analysis of the capacity of the beneficiaries under Priorities 1, 2 and 3 of the program and develop a roadmap for strengthening the capacity of the target groups: potential beneficiaries and beneficiaries under the program. The analysis to identify the needs for capacity building and ensuring effective support at the earliest stage of the potential beneficiaries and beneficiaries under the program is linked to the implementation of the objectives of the National Roadmap for building the administrative capacity of the ESMF structures. Based on the analysis, roadmaps have been developed for building the capacity of the target groups, in particular under Priority 1 "Water" of the program to ensure the necessary support. The training programs include the main activities in the implementation and reporting of projects under the program - planning and conducting public procurement, working with the UMIS modules, entering information on concluded contracts for subsequent control, technical and financial management of the projects, monitoring the implementation of contracts concluded under the projects with contractors, project reporting, indicators, reporting, irregularities, conflict of interest, etc., related to the overall implementation and management of the projects. The training programs also include a module with a practical focus with consideration of specific examples regarding the preparation of projects in the assessment part to prove the climate sustainability of the projects. Representatives of: Water and Sewerage Operators (beneficiaries under Priority 1 "Waters") actively participated in the trainings. The MA has also organized joint working meetings of the seven Water and Sewerage Operators with the aim of exchanging experience, given the existence of similar cases, with a view to the implementation of the projects.

Under the Technical Assistance of the EP 2021-2027, the EIB carries out quarterly visits to the phased projects and reports to the Managing Authority on the progress of implementation of each project and the issues. After the signing of the construction contracts, the EIB will also make quarterly visits to the seven newly consolidated water and sanitation operators.

Necessary short-term measures according to the surveyed water and sewerage operators are: 61.5% want an extension of the implementation deadlines, 69.2% want more serious support in preparing the project proposal, and 53.8% - administrative assistance with registration and permitting procedures, 38.5% want shorter deadlines for project selection, and 38.5% - change the conditions for advance payment.

The majority of measures that can accelerate the implementation of projects are actually outside the powers of the Managing Authority. Better coordination between the Managing Authority, municipalities, ministries and other institutions is critical – 76.9% of the surveyed WSS operators indicate coordination as a strong factor. Technical assistance in planning and design is of great importance. Facilitating the development procedures under the Spatial Planning Act is also a necessary condition for acceleration.

Bulgaria lacks a specific unit to organize and coordinate the implementation of the Urban Waste Water Directive. International experience shows that effective compliance is usually associated with clearly defined institutional responsibility and active coordination with stakeholders – the Ministry of Environment, Water and Sewerage, the Municipalities and the Water and Sewerage Holding .

Building administrative capacity among beneficiaries is another key measure. It is imperative for WSS operators to build mixed units for project management and public procurement. The model provides for a combination of internal resources with external expert capacity, which increases the efficiency in managing complex processes and procedures related to the implementation of complex, large-scale and long-term infrastructure projects. MRDPW has implemented projects to strengthen the capacity of WSS operators during the 2007-2013 and 2014-2020 programming periods. The Managing Authority also supports the capacity of WSS operators during the 2014-2020 period and under the EP 2021-2027. There is progress, but it is very slow and difficult. For technical assistance to projects, WSS operators can hire external staff for the beneficiary to assist them if the internal capacity for project management and public procurement is not sufficient.

A reform in the system for imposing and managing financial corrections is an extremely urgent measure. Financial corrections are one of the most serious and pressing problems, which not only hinder the rhythm of the implementation of the funded projects under Priority 1 "Water", but also systematically hinder the activities of the WSS operators. There is no legally established deadline within which the Managing Authority is obliged to refund the funds withheld from the beneficiary after the Supreme Administrative Court has pronounced a decision to cancel the correction and the court decision has entered into force. The high amount of financial corrections and the preliminary implementation of the decisions of the Head of the Managing Authority force the operators to seek expensive bank financing, the interest on which remains an unrecognized expense for the Program and is a pure loss for the WSS operator. In this way, the share of co-financing of the projects is practically increased and a vicious circle of indebtedness is created, which threatens the financial stability of the operators and puts them "on the brink of survival". In the period 2007-2013, a mechanism in the form of a tripartite agreement between the state represented by the Ministry of Finance, the municipalities and the Managing Authority of OPE to reduce the amount of obligations of beneficiary municipalities for imposed financial corrections was in place, which definitely contributes to the effective and timely implementation of projects. It is necessary to restore such a mechanism for the current programming period, but this is a national decision and is not within the competence of the EP MA.

Speeding up administrative procedures with the Basin Directorates would be useful measure. Digitalization of processes, introduction of clear response deadlines and parallel processing of documents instead of sequential review are necessary.

Simplifying spatial planning procedures will speed up project implementation. Regional Integrated Development Plans (RIDPs) delay project implementation by an average of four years, with each amendment leading to additional delays. It is necessary to plan and reserve land for water and sanitation infrastructure in the municipal spatial plans in advance to avoid complex procedures during implementation.

The inclusion of design in unconsolidated areas will increase the implementation of European requirements and financial implementation under Priorities 1 and 7. It is planned to provide funds for design in consolidated and unconsolidated areas without ready-made projects, including agglomerations between 5,000 and 10,000 equivalent inhabitants, so that they can apply directly with ready-made projects for construction and installation activities in the next period.

Introducing ex-ante control of public procurement could reduce subsequent financial corrections. Since 2024, the amendments to the Public Procurement Act (Art. 237b) provide for the possibility of ex-ante control of public procurement by an internal body. However, these opinions, as well as the opinions of the Public Procurement Authority, are not mandatory for contracting authorities, but are of a recommendatory nature. The Managing Authority has no information whether Bulgarian Water Supply and Sewerage Holding carries out such ex-ante control of public procurement in relation to the Water Supply and Sewerage companies that are beneficiaries under Priority 1 of the EP. The public procurements of the Ministry of Environment and Water, which are financed by the EP, are subject to ex-ante control by the Internal Audit Directorate for ex-ante control and by the Managing Authority for ex-ante control. It is recommended that Bulgarian Water Supply and Sewerage Holding introduce systematic ex-ante control for all Water Supply and Sewerage operators-beneficiaries.

In conclusion, accelerating the pace of implementation and achieving the objectives of Priority 1 "Water" requires a comprehensive package of measures that address both the operational problems of the beneficiaries and the systemic barriers at the institutional and legislative level. The key is to build a real partnership between the Managing Authority, the beneficiaries and all interested institutions, based on predictability, clear rules, shortened deadlines, a fair approach to financial corrections and mutual support to achieve the common objective - compliance with European requirements for urban wastewater treatment and sustainable water resources management.

OB 3.2 If there are procedures for which the budget has not been implemented, what are the reasons? What are the external factors that influence the absorption of funds?

The implementation of the procedures under Priority Axis 1 "Water" of the OPE 2007-2013 and 2014-2020 shows that the incomplete absorption of the initially planned budgets can be explained by the action of a set of systemic factors. A large part of these factors have had an impact during the two previous programming periods and continue to be relevant during the current programming period 2021-2027.

The main reasons include the reduction in the value of project proposals at the evaluation stage, the savings achieved in the awarding and implementation of public procurement, as well as the imposition of financial corrections in connection with identified irregularities (most often related to public procurement). In some cases, delays in implementation have led to the phasing of projects or their closure as "inactive", which has also had an impact on the level of budget absorption under the relevant procedures.

At present, no procedures have been completed under Priority 1 "Water" of the Environment Programme 2021-2027, therefore, a final assessment cannot be made of whether and to what extent under-implementation of the set budgets will be observed. However, experience from previous programming periods shows that the initially planned budgets under the priority axes for the Water sector have not always been implemented in full. This is due, on the one hand, to a reduction in project budgets at the assessment stage, and on the other hand, to savings made during the implementation process, with limited opportunities or willingness on the part of the beneficiaries to include additional eligible activities within the project.

Delays in the implementation of projects, including the projects of the newly consolidated Water and Sewerage Operators, create prerequisites for risk with regard to the full absorption of the budget under Priority 1 of the EP, and at present this risk cannot be excluded.

The absorption of funds in the water supply and sanitation sector is also significantly determined by external factors that are beyond the direct control of both the Managing Authority and the beneficiaries. These factors have an impact on all stages of the project cycle - from planning and design to construction and commissioning.

Administrative procedures related to coordination with the Basin Directorates are cited as a significant external factor, with their length in many cases leading to significant delays in the progress of projects. A similar impact is also exerted by spatial planning procedures, including amendments to detailed development plans and the issuance of building permits, which in certain cases extend the timeframe for project implementation.

Public procurement continues to pose a challenge for the timely implementation of projects. Frequent termination and appeal of procedures, both at the design and construction stages, leads to significant delays. Additional difficulties are created by frequent amendments to the Public Procurement Act and the by-laws, which increase uncertainty in long-term infrastructure investments, especially in phased projects. At the beginning of the 2021-2027 period, fewer errors, respectively fewer financial corrections related to public procurement, are observed. This is thanks to the training and analyses of the most frequently made errors under the Public Procurement Act in OPE projects, which the EP MA regularly carries out.

The application of financial corrections in connection with established irregularities under the Public Procurement Act is an additional factor that affects the actual absorption of funds. The Managing Authority imposes the corrections in accordance with the current regulatory framework and the findings of the Audit Authority, and these rules are applicable to all beneficiaries under the programs under shared management. Financial corrections often lead to difficulties in the rhythm of implementation under Priority 1 "Water" and affect the financial sustainability of the operators. There is no legally defined deadline for the reimbursement of funds after the final decision of the Supreme Administrative Court, which extends the period of financial burden for the beneficiaries. The percentage share of corrections in terms of the total contract value is usually significant (in view of the nature of the established violations), and the preliminary implementation of the decisions of the Head of the Managing Authority often requires operators to resort to bank financing. The borrowed resource increases the costs that are not recognized under the program and de facto increases the share of co-financing. As a result, conditions are created for the accumulation of liabilities and increasing financial pressure, which may threaten the stability of operators and limit their ability to effectively participate in investment processes.

The state of the construction market and the capacity of contractors also have an impact, especially in cases where a limited number of contractors implement several large-scale projects in parallel. Additional challenges arise from the national policy for the consolidation of water and sanitation territories, which is a prerequisite for eligibility for financing, but at the same time limits the opportunities for investments in unconsolidated territories with an objective need for infrastructure.

The lack of complete and up-to-date information about the underground infrastructure creates risks of technical difficulties and unforeseen changes during construction. Practices related to unregulated or incompletely documented connections to existing networks further complicate the process of implementation and operation of the infrastructure.

In the longer term, the absence of an updated legislative framework for the water and sanitation sector and the delay in key legislative initiatives are impacting the financial sustainability of operators and their ability to secure the necessary co-financing. In this context, political dynamics and the institutional environment should also be considered as factors that indirectly affect the effective absorption of funds.

OB 3.3 What is the performance of municipalities and water and sanitation operators as beneficiaries for the implementation of projects to achieve compliance with the Urban Wastewater Treatment Directive, financed through European funds?

The representation of municipalities and water and sanitation operators as beneficiaries is uneven and is characterised by both strengths and significant difficulties. Municipalities show higher administrative readiness and a more sustainable capacity for project preparation, but their implementation is vulnerable to staff changes and lack of prioritisation of wastewater projects. Water and sanitation operators have strong technical expertise and experience, but are limited in their capacity to manage investments in parallel and face serious financial and administrative barriers. As a result, progress towards compliance with the Urban Waste Water Treatment Directive is slower than necessary.

The analysis of the attached documents outlines a complex and multi-layered picture of the performance of the two main types of beneficiaries in the water and sanitation sector. Although both municipalities and water and sanitation operators have their specific strengths, the implementation of projects during the different programming periods has been marked by a number of systemic challenges that delay the achievement of compliance with European requirements.

The overall performance assessment shows that the Environment Programme 2021-2027 is being implemented faster than the OPE 2014-2020. Under Priority 1 "Water", the grant contracts for both the phased projects and the seven newly consolidated WSS operators were concluded faster. This improvement is due to the fact that the Managing Authority has used the lessons learned from the previous programming periods in the development of the procedures and in the evaluation of the project proposals. Despite this improvement in the initial stages, the actual physical implementation of the construction activities remains significantly delayed.

The representation of municipalities as beneficiaries is uneven and depends on many factors, including the size of the municipality, the administrative capacity and the commitment of the local leadership. Large municipalities have greater financial capabilities, more sustainable access to co-financing and internal teams that accumulate capacity for project preparation and management. An example of this is Sofia Municipality, where the development of specialized units leads to cost reduction and strengthening of institutional sustainability.

The representation of municipalities depends to a significant extent on their size, the activity and commitment of the local leadership, as well as the experience of the team in managing European projects. Changes in mayoral teams often make it difficult to ensure continuity and consistency in project work.

In general, for many municipalities, the implementation of projects related to wastewater collection and treatment is not among the priority activities. The commitments arising from the Urban Waste Water Directive are not perceived as a clearly defined responsibility either at national or local level. A combination of strengths and structural difficulties is observed among the WSS operators. On the one hand, they have in-depth knowledge of the sector, have experience in implementing the Public Procurement Act and rely on qualified engineering teams. The seven newly consolidated WSS operators receive targeted support and training from the European Investment Bank in the period 2014-2020 and from the MA, which contributes to building a more sustainable administrative capacity. Joint workshop and trainings of the seven WSS operators have been held with the aim of exchanging experience. In addition, the EIB provides training to all WSS operators after the conclusion of the grant agreements under the Public Procurement Act, FIDIC and project management.

On the other hand, the capacity of operators to manage multiple investment processes in parallel is limited, regardless of the availability of funding. In addition, WSS operators have to maintain their operational activities in the conditions of a depreciated network with a high level of accidents, leaks and water losses. Despite the systematic measures for institutional strengthening implemented by the MRDPW and the Managing Authority of OPE/EP during the three programming periods, the progress achieved remains partial and insufficient.

An additional difficulty is the fact that operators do not perceive EP projects as a top priority, since public attention is mainly focused on drinking water supply. More public dissatisfaction is generated by problems with water shortages and interruptions in water supply, not so much by problems with drainage and treatment. Coordination processes with institutions such as Bulgarian Water Supply and Sewerage Holding and the Ministry of Regional Development and Public Works also extend the deadlines, even in the presence of a large material interest.

The financial challenges facing WSS operators remain significant. Securing co-financing and the lack of appropriate collateral for advance payments pose serious difficulties, especially given the fact that VAT is an ineligible cost for projects, and the amounts required are significant. WSS operators do not have ownership of the network and facilities they operate, as these assets are publicly owned and cannot be used as collateral. This severely limits their ability to access external financing, as the only possible collateral is future revenues. A positive step in this direction is the initiative of the Bulgarian WSS Holding to increase the capital of operators, in order to achieve compliance with the requirements for applying for the EP. In the first programming period (2007–2013), a mechanism was implemented that, through a tripartite agreement between the Ministry of Finance, municipalities and the MA of OPE, assisted municipalities in covering imposed financial corrections – a mechanism that contributed to the timely implementation of projects. It is important to note that the seven newly consolidated water and sewerage operators in most cases did not request advance payments under the program.

The seven newly consolidated water and sanitation operators, which are beneficiaries under Priority 1 of the EP, have not yet submitted their public procurement contracts for ex-post control to the Managing Authority. There is also a tendency for beneficiaries to often not respect the seven-day deadline from the conclusion of the grant agreement, with ex-post control procedures being provided simultaneously with the first payment request. This hinders the payments on the projects and highlights the need for additional measures to support and structure the procurement processes.

The analysis shows that despite progress in launching projects under the 2021-2027 Environment Programme, the implementation of both municipalities and WSS operators remains hampered by significant systemic, administrative and financial challenges. Municipalities are showing better project preparation, but their work is sensitive to staff changes and constraints in prioritizing wastewater projects. WSS operators have a strong expert base, but are limited in their capacity to manage investments in parallel and face significant financial and procedural barriers. As a result, progress in achieving compliance with European requirements remains partial and slower than necessary. Despite improvements in the initial stages of the 2021-2027 programming period, actual physical implementation remains delayed and compliance with the Urban Waste Water Treatment Directive remains a serious challenge. The fact is that the funds from the OPE and EP are the main means by which the requirements of the directive are fulfilled, but the effectiveness of their absorption is greatly hindered by the described systemic problems.

OB 3.4 Are changes necessary in the EP - in the objectives, the scope of activities, the output and result indicators and their values, in the allocated financial resources for the relevant investment priorities/thematic objectives based on the changes that have occurred in the target grouWWTP and the socio-economic environment?

The need for changes in the Environment Programme (EP) 2021-2027 is clearly justified by the changes that have occurred in the EU regulatory framework, by the changed climate conditions and by the socio-economic challenges.

The extension of the implementation period to 2030 and the introduction of new European requirements, including in the field of sustainable water resources management, require an update of both the objectives of the program, as well as the priorities and their thematic scope. The increased drought and water regimes in 2024–2025 indicate the need for a stronger focus on water security, the sustainability of water systems and the reduction of water losses. The inclusion of the RRP projects as reserve under Priority 1 does not allow for the allocation of additional resources for these broader and new investments.

Changes are also needed in the scope of activities to respond to the expanded target grouWWTP and real infrastructure needs. The creation of a new Priority 7 “Water Sustainability”, the inclusion of agglomerations between 5,000 and 10,000 population equivalent and the extension of Priority 1 interventions to additional agglomerations require adaptation of the types of eligible activities. The new emphases — energy efficiency, renewable energy production in WWTP and sludge recovery — also require the programme to include additional measures and instruments to support water and sanitation operators and municipalities.

An update of the output and result indicators is necessary, as the programme needs to reflect the expanded investment scope and the new European frameworks. A reallocation of financial resources between priorities is also necessary, including reallocations to Priority 7 and possible adjustments to Priority 2, in order to meet new needs and reduce the risk of non-implementation. Thus, the proposed changes will allow the programme to respond adequately to the changed environment, accelerate implementation and support the effective achievement of national and European objectives.

The amendment of the EP is necessary in the context of the changed European strategic and regulatory framework, as well as the deepening climate and resource challenges, taking into account the commitments already made with the mid-term evaluation of the programme and the inclusion of the RRP projects as a reserve. The severe drought and the transition of a number of settlements to a water regime in the summer months of 2024 and 2025 highlight the urgency of adapting the programme to the conditions of increasingly limited water resources. The amendment of Regulation (EU) 2021/1058 is of key importance, as the possibility of extending the project implementation period by one year – until 2030 – is critical to compensate for the delayed start of both Priority 1 “Water” and Priority 2 “Waste”. Further implementation relief would be provided by the exceptional one-off pre-financing of 20% for the new specific priority (proposed Priority 7 "Water Sustainability"), which the European Commission will pay within 60 days of approval of the amendment [[25]](#footnote-26). This reduces the risk of automatic decommitment in 2026 and stabilises financial implementation.

The proposed amendment to the programme, sent to the European Commission at the end of 2025, foresees the creation of a new Priority 7 "Water Sustainability", financed through reallocations from Priorities 1, 2 and 5. While Priority 1 remains focused on agglomerations with over 10,000 population equivalent, the new priority covers pilot actions for a long-term vision of interventions for settlements between 5,000 and 10,000 population equivalent. In parallel, it is proposed to extend the scope of Priority 1 by including additional large agglomerations, including in unconsolidated areas, in order to address the infringement procedure 2017/2082 before the Court of Justice of the EU for failure to fulfil obligations under Directive 91/271/EEC. This approach combines the need to accelerate the compliance process with the possibility of a wider scope of interventions in the context of the new European emphasis on sustainable water management.

Table 8 : Key elements of the proposed amendment

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| --- | --- |
| **Element** | **Contents** |
| New priority | Priority 7 "Water Sustainability" (Objective 2.5) |
| Financing | Reallocations from Priorities 1, 2 and 5 |
| Focus of Priority 7 | Settlements 5,000–10,000 pe. |
| Expansion of P1 | New agglomerations >10,000 p.e., including unconsolidated |
| Link to NPVS | Projects originally planned under the NWFP are transferred to P7 |
| Purpose of change | Achieving compliance with Directive 91/271/EEC and reducing pressure on the Black Sea |

It is also rational to propose that the projects initially planned for funding under the National Recovery and Resilience Plan be transferred from Priority 1 to Priority 7, as they are not provided for funding in the updated Priority 1 budget. This allows for the possibility of implementing these projects to be preserved and their full integration into the EP framework. Additional investments in Priority 7 also have strategic value, as they contribute to reducing anthropogenic pressure on the Black Sea, in particular in the area of the Elenite - Sveti Vlas resorts. In this way, the program strengthens its contribution to objective 2.5 of Regulation (EU) 2021/1058 - protection of water resources from pollution, including marine waters.

The proposed investments in the design of water supply and sanitation infrastructure in agglomerations between 5,000 and 10,000 p.e. (as reported under Directive 91/271/EEC - 2024) will serve as a basis for subsequent investments in water supply and sanitation infrastructure and ensure project readiness to achieve the priorities for water sustainability in light of the European Water Sustainability Strategy. Given the prioritization of investments in agglomerations above 10,000 p.e. in the previous two programming periods, the proposed intervention is extremely timely to ensure project readiness for the programming period after 2028, as well as to accelerate the implementation of the country's obligations set out in Directive 91/271/EEC on urban waste water treatment.

In parallel, many successful municipal water and sanitation operators – such as those in Troyan, Sapareva Banya, Berkovitsa, Petrich, Velingrad, Gotse Delchev, Sandanski, Lom, etc. – can be financed under both Priority 1 and Priority 7. Subject to the territorial approach, financing is also possible for regions such as Blagoevgrad, Lovech and Pazardzhik, although they are not fully consolidated. In addition, if there is free resource under Priority 1, financing for already approved water projects under the National Investment Program for Municipal Projects can be restored, provided that they meet the requirements for financing under the ESMF. An example of potential is the Municipality of Blagoevgrad, where a significant part of the water and sanitation projects are completed or in an advanced phase of implementation in 2025–2026. Similar opportunities exist in the municipalities of Sandanski, Kresna, Veliko Tarnovo, Gorna Oryahovitsa and others, which allows ensuring complementarity between national and European funding.

It is equally important to note that a number of water and sanitation projects in Northern Bulgaria, financed under the State Budgetary Plan, should be monitored closely in 2027 due to the European Commission's requirement to direct the resources of the funds under shared management during the 2021-2027 programming period to Northern Bulgaria due to their slower pace of development. This includes municipalities such as Elena, Gabrovo, Pavlikeni, Vidin, Vratsa, Ruse, Dobrich, Lovech, Shabla, Oryahovo, Byala Slatina and many others.

At the same time, data for the water supply sector show growing challenges that justify the inclusion of water supply measures in the new priority. Water losses reach 60.25% in 2024, the number of accidents increases (84.46 per hundred kilometers in 2023 to 88.62 in 2024). The pressure in the water supply networks is only 35.3% for the entire water supply sector, with a maximum of 42.7% for large companies. Complaints from users of water supply companies are growing. 39% complain about problems with pressure, disrupted water supply, drinking water quality and others. 17% of water operators' customers complain about blockages in the sewer network, flooding from sewage, pollution, odor and rodents. When arguing for the inclusion of water supply as a more seriously represented activity, and not only on the routes where the sewerage network is replaced, the arguments for the creation of the National Water Board can be used, as well as the data from the Annual Report and Comparative Analysis of the State of the Water Supply and Sewerage Sector in the Republic of Bulgaria for 2024 of the EWRC. The water shortage is an objectively changed reality for our country after the approval of the EP and can be used when amending the program.

The advantage of this approach is that the projects will already be in implementation by the date of the amendment to the EP, and most of them will even have the necessary public procurement procedures. There will be no tension between national and European funding, and complementarity will be guaranteed. The investment projects of the municipalities under the ZDB meet all the requirements under the ZTA. An additional argument for using this approach is Art. 113, para. 6 of the State Budget Act, namely "In the event that a project for which an agreement has been concluded under para. 1 is approved for financing under programs and mechanisms of the European Union, as well as under other international programs and contracts, the relevant municipality submits an application for grant aid and refinancing of the costs incurred under the relevant program, mechanism or contract." This text creates a legal opportunity, in the presence of European funding, provided that the projects and their results meet European requirements, for the costs from the state budget to be reimbursed under European programs.

The application of this approach is also associated with a number of limitations. The criteria for including projects in the National Investment Program for Municipalities are developed by the Ministry of Finance, and the projects do not undergo evaluation and selection in the MRDPW. The program allows for the implementation of combined projects covering water supply, road infrastructure, technical infrastructure and public works, and in many cases these activities are assigned to a single contractor. Although it is possible for the costs of the water supply component to be separated on the basis of quantity-value accounts, there are significant differences between the two regimes. Under the NIP, VAT is an allowable expense for a large part of the activities, while for construction and installation works for the water supply infrastructure it is inadmissible, as is the case under the EP rules. Additionally, while the EP applies maximum prices, the NIP does not provide for restrictions on pricing.

Currently, the Ministry of Finance and the Ministry of Regional Development and Public Works do not carry out ex-post control over the implementation of projects under the NIP, therefore no financial corrections are imposed. In contrast, under the Environment Programme there are clear mechanisms for control, verification and imposition of corrections in case of violations. Furthermore, the NIP does not require co-financing from municipalities, while under the EP co-financing from beneficiaries is mandatory. This creates a different financial and management context, which should be taken into account when considering the possibility of refinancing or integrating projects between the two programmes.

When applying this approach to P7, all indicators under Annexes 1 and 2 of Regulation 1058/2021 will be applicable with regard to objective 2.5 "Promoting secure access to water, sustainable water management, including integrated water management, and the sustainability of water resources", namely:

* RCO 30 — Length of new or upgraded pipes for public water distribution systems — km
* RCO 31 — Length of new or upgraded pipes for the public wastewater collection network — km
* RCO 32 — New or improved wastewater treatment capacity — population equivalent
* RCR 41 — Residents connected to improved public water supply — individuals
* RCR 42 — Residents connected to at least secondary wastewater treatment — persons
* RCR 43 — Water losses in public water distribution systems — cubic metres per year
* CCO 10 — New or improved wastewater treatment capacity
* CCR 09 — Additional inhabitants connected to at least secondary wastewater treatment

Part of the free resource under Priority 1 could be directed to pilot projects for energy efficiency and the use of renewable energy sources in wastewater treatment plants and to projects related to sludge utilization. Data for 2024 indicate increased electricity consumption in the sector, failure to achieve target energy efficiency levels, and a markedly low share of self-produced energy from renewable sources. This indicates significant potential for cost optimization and improving the sustainability of water and sanitation operators. European requirements, including those in Directive (EU) 2018/2001 and Directive (EU) 2024/3019, further support the need for the sector to increase the share of energy from renewable sources and achieve energy neutrality in the long term.

Such pilot projects may use the indicators under objective 2.2 "Promoting energy from renewable sources in accordance with Directive (EU) 2018/2001, including the sustainability criteria set out therein", namely:

* RCO 22 — Additional renewable energy generation capacity (of which: electricity, heat)\* (3)
* RCR 31 — Total energy produced from renewable sources (of which: electricity, heat)\* (3)
* RCR 32 — Additional operational capacity installed for renewable energy\*
* CCO 07 — Additional renewable energy generation capacity
* CCR 06 — Additional energy produced from renewable sources

The Annual Report and Comparative Analysis of the State of the Water and Sewerage Sector in the Republic of Bulgaria for 2024 of the EWRC can be used as a justification for the pilot projects for energy efficiency and renewable energy sources.

Figure 1 : Energy efficiency for the activity of supplying water to consumers and for the activity of treating wastewater

Source: EWRC, Annual Report and Comparative Analysis of the State of the Water and Sewerage Sector in the Republic of Bulgaria for 2024.

In 2024, the Water and Sewerage sector consumed more electricity (612,987 MWh) compared to the previous year (589,701 MWh). The long-term level of PK11a (Energy efficiency for the activity of supplying water to consumers (kWh/m3)) (0.45 kWh/m3 water at the WSS inlet) was not achieved, the reported level was 0.58 kWh/m3. A deterioration was noted compared to the reported level in the previous year (0.56). The long-term level of PK11b (PK11b:Energy efficiency for the activity of treating wastewater (kWh/m3)) (0.25 kWh/m3 water at the WWTP inlet) was achieved (reported level of 0.27 kWh/m3). A deterioration was noted compared to the reported level in the previous year (0.25). Of essential importance for optimizing the costs of electricity for technological needs, in addition to the implementation of energy efficiency measures (measured with PK11a and PK11b), is the production of electricity from own renewable sources. In 2024, the Water and Sewerage sector produced a total of 27,414 MWh of electricity from its own sources, or this is 6.7% of the total reported electricity used by the relevant Water and Sewerage operators, and 4.5% of the total electricity consumed by the Water and Sewerage sector. A decrease in electricity produced compared to the previous year, when the Water and Sewerage sector produced a total of 33,066 MWh, is reported.

Figure 2 : Electricity produced by water and sewage operators by type of renewable energy source

Source: EWRC, Annual Report and Comparative Analysis of the State of the Water and Sewerage Sector in the Republic of Bulgaria for 2024.

Water and Sewerage operators used 23,893 MWh of the total electricity produced for their own needs (87%) for technological needs, and sold the remaining 3,521 MWh (13%). A total of 9 companies have cogeneration in the WWTP – “Sofiiska Voda” JSC, “Vodosnabdyavane i kanalizatsiya - Varna” LTD., “Vodosnabdyavane i kanalizatsiya” SMLLC, Stara Zagora, “Vodosnabdyavane i kanalizatsiya” LTD., Ruse, “Vodosnabdyavane i kanalizatsiya” LTD., “Vodosnabdyavane i kanalizatsiya” LTD., “Vodosnabdyavane i kanalizatsiya” LTD., Dobrich JSC, “Vodosnabdyavane i kanalizatsiya” LTD., and “Vodosnabdyavane i kanalizatsiya” SMLLC, Plovdiv. 5 companies with state participation ("Water Supply and Sewerage" SMLLC, Stara Zagora, "Water Supply and Sewerage" LTD., Montana, "Water Supply and Sewerage" LTD., Vratsa, "Water Supply and Sewerage" SMLLC, Blagoevgrad and Water Supply and Sewerage" SMLLC, Pleven) and 2 municipal companies ("ViK Steneto" SMLLC, Troyan and "ViK" SMLLC, Petrich) have built and use photovoltaic installations. 2 companies with state participation ("ViK" LTD., Gabrovo and "Water Supply and Sewerage" LTD., Pernik) produce electricity from hydroelectric power plants, which is entirely sold and is not used to support technological needs for the provision of water supply services. The water and sewerage operator with the highest share of electricity production from its own renewable energy sources is "Sofiyska Voda" JSC (a total of 53.8% of the total electricity consumed for regulated needs comes from its own production - cogeneration in the WWTP). Next in line are the municipal companies "ViK" SMLLC, Petrich (17.2% - FEZ) and "ViK Steneto" SMLLC, Troyan (12.1% - FEZ). The share of electricity produced from RES and used for technological needs by companies with state participation ("Water Supply and Sewerage - Varna" LTD., "Water Supply and Sewerage" SMLLC, Stara Zagora, "Water Supply and Sewerage" LTD., Ruse, "Water Supply and Sewerage - Sliven" LTD., "Water Supply and Sewerage - Shumen" LTD., "Water Supply and Sewerage - Dobrich" JSC, "Water Supply and Sewerage" LTD., Montana, "Water Supply and Sewerage" LTD., Vratsa and "Water Supply and Sewerage" SMLLC, Blagoevgrad) is still relatively small (between 1% and 4.5%). The data clearly shows that there are significant untapped opportunities for Bulgarian water and sewerage operators in terms of electricity production from their own renewable sources, which are not currently being used, against the backdrop of uncertainty and instability in terms of electricity prices on the free market. With very few exceptions, water and sewerage operators produce electricity from RES in WWTP supporting the “wastewater treatment” service. There are significant opportunities for optimizing electricity costs in the areas where there is significant electricity consumption for the water supply service to consumers (measured by PK11a) – Haskovo, Razgrad, Silistra, Dobrich, Ruse, Stara Zagora, Shumen Targovishte, Lovech, Pleven, Vidin, Yambol and Plovdiv, where state-owned companies have not implemented their own production. There are also significant opportunities for optimizing electricity costs for the wastewater treatment service in the areas with higher consumption (measured by PK11b) – Razgrad, Silistra, Vidin, Burgas, Yambol, Kardzhali and Plovdiv, in which the companies with state participation have not implemented their own production.

The argument regarding sludge pilot projects may be based on the fact that the long-term level of PK11c (100% of sludge produced in the year preceding the reporting year was utilized in the reporting year) has not been achieved, with the sector reporting a level of 73.7%, which is a deterioration compared to the level reported in the previous year (74.8%).*[[26]](#footnote-27)*

Figure 3 : Utilization of WWTP sludge in 2024

Source: EWRC, Annual Report and Comparative Analysis of the State of the Water and Sewerage Sector in the Republic of Bulgaria for 2024.

OB 3.5 Given the savings reported, what are the potentially most appropriate investments and beneficiaries to which to direct resources, given the objectives of the EP, the capacity of the beneficiaries and the remaining time for implementation?

With savings reported, the allocation of funds requires a balanced approach, taking into account the strategic objectives of the EP, the real capacity of the beneficiaries and the temporary constraints until the end of the programming period. Priority should be given to financing construction and installation works in unconsolidated areas with ready or almost ready projects for agglomerations over 10,000 equivalent inhabitants, ensuring rapid compliance with the Urban Waste Water Directive and avoiding sanctions. In parallel, support for pilot innovative projects is critical - reducing drinking water losses, stormwater management according to the amended Directive 2024/3019 , energy efficiency and renewable energy sources in WWTPs, as well as large-scale design in unconsolidated areas with 5-10 thousand equivalent inhabitants , preparing the ground for rapid absorption of funds in the next programming period .

From the beneficiaries' perspective, the optimal model primarily includes partnershiWWTP between municipalities and water and sanitation operators with an obligation to co-contract public procurement, with large municipalities emerging as preferred due to easier access to co-financing, control over administrative procedures, and the possibility of quick, effective absorption of funds.

The issue of directing the reported savings to appropriate investments and beneficiaries requires a balanced approach that simultaneously takes into account the strategic objectives of the Environment Programme, the real administrative and financial capacity of the beneficiaries, as well as the significant time constraints until the end of the programming period. The analysis of documents and the interviews conducted have outlined several key areas for potential investment of the savings.

Construction and installation works in unconsolidated areas are indicated as the most obvious priority for directing additional resources. As indicated in the documents, for agglomerations over 10,000 population equivalent, Bulgaria is in a penalty procedure under the Urban Waste Water Directive. The requirement to finance only consolidated territories is a national policy, but this restriction objectively delays compliance with the directive. The introduction of procedures for addressing measures in unconsolidated areas with over ten thousand population equivalent under the penalty procedure 2017/2082 before the Court of Justice of the EU for failure to fulfil the country's obligations set out in Directive 91/271/EEC on urban waste water treatment, as well as design in areas between five and ten thousand population equivalent (including unconsolidated areas) is emerging as a necessary step. In the presence of an already completed project, it is much easier and faster to apply for financing of the actual construction and installation activities, which would allow the remaining resources to be used effectively and within the program period. When allowing a design for financing under the EP, it is extremely important to start from a new definition of the boundaries of the agglomerations, determination of eq. inhabitants, analysis of the existing infrastructure and assessment of the entire territory in order to meet the real needs and overcome the errors of the previous program periods. The territory of the state water and sanitation operators can be analyzed, and it is extremely important to survey all settlements with over 2000 eq. g.

Pilot projects of an innovative nature are also emerging as a priority direction for investment. The Water Management Directorate in the Ministry of Environment and Water has explicitly indicated the need for two types of pilot projects. The first is related to reducing drinking water losses in a settlement. This type of project would be of exceptional value, as water shortage has been identified as a major problem, and large losses in the network are a key factor in this shortage. The second type, a proposed pilot project, is for stormwater management in compliance with the requirements of the new Wastewater Directive, adopted in 2024. By 2027, Bulgaria must transpose the new requirements and such a pilot project would provide valuable experience for future interventions. These pilot projects could be implemented relatively quickly and would have high added value for the development of national policy in the sector.

As for design in consolidated and non-consolidated areas, a proposal has been made to provide funds for project preparation in areas that do not have ready-made projects, so that in the next stage they can directly apply with ready-made projects for construction and installation activities. This is a strategic approach that would accelerate implementation in the long term. Although design takes time (regional pre-investment studies (RPIS) often delay implementation by about four years in practice), the presence of ready-made projects is an absolute prerequisite for rapid application and implementation in the next programming period or when additional resources are released.

Along with time constraints, capacity considerations should also be considered as a relevant factor when planning new investments. The targeting of realized savings to projects with beneficiary water and sewerage operators should be done carefully and based on an objective assessment of their capacity.

The financial characteristics of the water and sewerage operators are also an important consideration. When considering the financing options for new projects with short implementation deadlines, the participation of water and sewerage operators should be assessed with increased caution.

The strategic plan should also take into account the regulatory context, including the requirements of the Urban Waste Water Treatment Directive and the related penalty procedure, which continue to impose commitments and investment pressure on the sector. At the same time, a number of strategic and programming documents emphasize that water scarcity is one of the main structural problems, with the investment focus so far being predominantly on wastewater treatment, at the expense of more limited interventions in the water supply infrastructure. Data show that the costs of water pipes and water supply pipes form approximately 17% of the budget for projects under Priority 1 of OPE and EP.

In this context, it is expected that in the future the importance of projects aimed at ensuring sustainable water supply will increase, including through the development of alternative water sources, construction of new ones and rehabilitation of existing water mains and supply water mains. This trend is already reflected in the work of the National Water Board, which gives priority to considering settlements with a water supply regime and the need to improve the condition of the water transmission network. Given the availability of an appropriate regulatory framework and eligibility for financing, part of the savings achieved could be directed towards such interventions, especially in cases where they allow for relatively quick implementation and achievement of a clearly measurable effect.

OB 3.6 What are the advantages and disadvantages of the two main types of beneficiaries in the WSS sector - municipalities and WSS operators?

The analysis of European projects for the construction of urban wastewater infrastructure shows a clear distinction between the two main types of beneficiaries – municipalities and water and sanitation operators. Both types of institutions have specific advantages and limitations that directly affect the pace, quality and sustainability of project implementation and should be taken into account when planning and implementing investments.

Water and Sewerage Operators are distinguished by high technical and operational expertise, resulting from their direct involvement in the operation of the Water and Sewerage infrastructure, as well as experience in managing large-scale infrastructure projects and public procurement. At the same time, they face significant financial, administrative and organizational constraints, mainly related to the lack of ownership of assets, limited access to external financing, the need to provide significant own resources and the dependence on coordination and spatial planning procedures, beyond their direct control.

Municipalities as beneficiaries have greater financial and institutional flexibility, including ownership of water and sanitation assets and control over administrative and spatial planning procedures, which often allows for faster project progress. In addition, their capacity to manage and operate complex water and sanitation investments varies significantly depending on the size of the municipality, administrative experience and degree of political continuity.

**Water and Sewerage Operators** as beneficiaries are characterized **by a high degree of technical expertise and good knowledge of the real needs and challenges** in the sector. As managers and operators of the Water and Sewerage infrastructure, they have direct operational experience, including with regard to the technical condition of the networks and the functioning of the facilities. Water and Sewerage Operators also have **experience** as contracting authorities under the Public Procurement Act, including in high-value procedures, as well as **established teams** for managing infrastructure projects. Within the framework of technical assistance for projects, there is an opportunity to engage external expert resources, as well as to participate in training and consultations. An additional advantage is the relative institutional stability, since changes in the management of Water and Sewerage Operators, as a rule, have a more limited impact on project continuity compared to changes in local political power.

Along with these prerequisites, water and sanitation operators face significant financial constraints. They **are not owners of the water and sanitation network and the facilities** they manage, as the assets are public property and cannot be used as collateral for financing. This objectively limits their opportunities to access external financial resources, with future revenues remaining the main source of financial sustainability. An additional challenge is the fact that VAT is an ineligible cost for projects, which requires the provision of significant own financial resources. In this context, securing co-financing and working capital often proves difficult. Imposing financial adjustments further increases the financial burden and requires careful risk management.

The constraints facing WSS operators are also manifested in **administrative and organizational aspects** . The coordination processes with central institutions, including the Bulgarian WSS Holding and the MRDPW, as well as the procedures with the basin directorates, are often lengthy and complex. Unlike municipalities, WSS operators do not have direct control over territorial development procedures and depend on municipal administrations for amendments to detailed development plans and the issuance of construction permits. There is also a need to balance investment activity and current operational commitments, as the management and expert capacity for the parallel implementation of multiple large projects is limited. An additional challenge is the need for subsequent handover of the newly constructed infrastructure to its owners after the completion of the projects.

**Municipalities** as beneficiaries have a different set of advantages. Analyses of the capacity of beneficiaries under the Environment Programme, including assessments by the European Investment Bank, indicate that municipalities are relatively well prepared to manage European projects. As **owners of water and sanitation assets** , as well as many other assets, they have greater financial and institutional flexibility, including in terms of securing financing and securing co-financing. Municipalities have direct control over administrative and spatial planning procedures, which allows for faster progress in amending development plans and issuing building permits. Larger municipalities also have better access to alternative sources of financing, as well as greater administrative and financial resources to undertake investment commitments.

In addition, municipalities also face certain **constraints** . **The capacity** to manage complex infrastructure projects varies significantly depending on the size of the municipality, the experience of the administration and the level of commitment of the political leadership. Political dynamics and changes in local government can affect the continuity and pace of project implementation. In many cases, municipalities have **more limited technical expertise** in the specific area of water and sanitation infrastructure and have a weaker capacity for subsequent operation of the facilities. Small municipalities, in particular, face limited administrative and financial resources, as well as difficulties in securing the necessary co-financing.

In summary, the analysis shows that both WSS operators and municipalities have clear strengths and limitations as beneficiaries of WSS infrastructure projects. WSS operators have high technical and operational expertise, but are limited by their financial structure and lack of ownership of assets. Municipalities have greater financial and administrative flexibility and control over procedures, but often face challenges related to technical capacity and institutional continuity. In this context, by the end of the programming period under Priority 1 of the EP, partnership projects between municipalities and WSS operators, with co-contracting of public procurement, emerge as a balanced and effective implementation model. This approach was discussed in the interviews with the Ministry of Regional Development and Public Works, as well as with the National Association of Municipalities in the Republic of Bulgaria, but was not consulted with WSS in the framework of the survey conducted. Financing large municipalities, mainly in unconsolidated areas, is another possible approach.

# Conclusions and recommendations

* 1. Conclusions

**1. Regarding the relevance and timeliness of interventions**

* Priority 1 "Water" of the EP 2021-2027 is being implemented in **a dynamic and increasingly complex strategic and legal environment** . The numerous changes that have occurred in the regulatory framework - the amendment of Regulation (EU) 2021/1058, the adoption of Directive (EU) 2024/3019 on urban waste water treatment, the new requirements for energy efficiency and renewable energy sources, Directive (EU) 2020/2184 of the European Parliament and of the Council of 16 December 2020 on the quality of water intended for human consumption, as well as the establishment of a National Water Board in response to the water crisis - **necessitate an update of Priority 1 of the EP**.
* The criminal procedure 2017/2082 before the Court of Justice of the EU for failure to fulfill the country's obligations set out in Directive 91/271/EEC on urban waste water treatment **highlights the criticality of the timely implementation** of projects and the need to concentrate resources on agglomerations for which Bulgaria is at risk of sanctions.

**2. On the relevance of forms of support**

* The forms of support under Priority 1 show **a high level of relevance** to the basic needs of the water and sanitation sector – **92.3% of the surveyed water and sanitation operators confirm that the support meets their needs, with 100% categorically stating that without the support under the EP they would not have implemented the project** . This confirms that European funding is **without alternative** and critically important for the sector.
* However, there are **significant gaps in the scope** : the lack of planned investments for the reconstruction of the water supply network in settlements with a population of less than 5,000 people, the lack of planned investments in unconsolidated territories, both over 10,000 pe and between 5,000 and 10,000 pe, insufficient investments to improve the quality of drinking water.

**3. Regarding the effectiveness of interventions**

* The financial implementation under Priority 1 shows **mixed results**. On the positive side, the announced procedures amount to **132% of the priority budget**, the submitted project proposals reach **91.4%**, and the contracted projects represent **94.8%** of the budget. Importantly, the financial implementation is **better than the implementation of OPE 2014-2020 for the same period**, thanks to the faster announcement of procedures and conclusion of grant aid contracts.
* However, **physical implementation is significantly problematic** – by the end of 2025, **no progress was reported on any of the** priority indicators, as even the phased projects have not yet been completed and final reports have not been submitted. The MA forecasts an absorption of around **82% of the budget by the end of 2029**, with the expected unspent resource expected to be around **EUR 109 million** (18% of the priority budget).
* Interventions show **an uneven contribution** – they are concentrated mainly in the field of wastewater treatment, while **the objectives of reducing water losses and sustainable management of water resources remain in the background**. This prioritization is dictated by a criminal procedure 2017/2082 before the Court of Justice of the EU for failure to fulfil the country's obligations set out in Directive 91/271/EEC on urban waste water treatment.

**4. Regarding the critical factors that hinder implementation**

The implementation of Priority 1 is hampered by **numerous critical external factors** that have a stronger influence than internal management decisions in the MA:

* **Public procurement** is the main problem - **mass termination of announced public procurement after the conclusion of a grant agreement and appeals** of the procedures and selection of a contractor, **a dynamic regulatory framework** (frequent changes to the Public Procurement Act and the Regulations), a huge material interest that stimulates appeals. Under the projects of the 7 newly consolidated Water and Sewerage Operators in the period October 2024 - January 2025, **almost all public procurement for construction/engineering were terminated** after initial announcement.
* **Financial corrections** are very difficult for beneficiaries.
* **Administrative barriers** – **76.9% of respondents** in the survey among water and sewerage operators indicate the high administrative burden and delays in obtaining permits as the main factor hindering the implementation of projects.
* **Financial barriers – 61.5%** encounter difficulties in securing co-financing, and the same percentage has difficulties in securing internal resources (working capital).
* **Limited capacity of construction companies** – in many cases, **a company has won public contracts for several water projects** , but does not have and cannot quickly acquire either the necessary human resources in terms of quantity and qualification, or the required machinery and equipment for the parallel implementation of multiple construction sites, which leads to **delays in all or most of the projects** for which this company has been selected as the contractor. In cases where such companies use subcontractors, **a compromise is usually made with the quality of the construction and installation work performed** .
* **The lack of effective coordination** between institutions at the national level and **political instability** further worsen implementation.

**5. On efficiency and acceleration measures**

* The MA has already taken **numerous proactive measures** to accelerate implementation: appointing a coordinator for each project, requiring action plans from beneficiaries, regular training, analyses of the most frequently made mistakes, developing instructions and guidelines that are published on the program's website.
* However, it is necessary **to simplify the requirements for advance payment** , **eliminate the requirement for announced public procurement before concluding a grant contract**.

**6. Regarding the presentation of the beneficiaries (municipalities and water and sewerage operators)**

The analysis shows that **both types of beneficiaries have their strengths and weaknesses** .

* **Water and Sewerage Operators** possess the necessary technical expertise and operational experience, but are **severely constrained financially** due to the lack of asset ownership and the requirement for social sustainability of the water price, **the systemic problem with financial adjustments** , and the limited capacity to manage multiple projects simultaneously. **Operators do not recognize EP projects as a priority** , as their focus is on drinking water supply, while wastewater collection and treatment remain secondary, as they are not subject to strong social pressure.
* **Municipalities** have greater financial flexibility and assets that can be used as collateral in securing co-financing and working capital, full control over administrative and territorial planning procedures, but **they often lack technical expertise** and long-term interest due to the complexity of EP projects compared to the significantly easier procedures for applying for water projects under the National Investment Program for Municipal Projects, approved by the State Budget Law of the Republic of Bulgaria for a specific year. **Large municipalities** show good preparation, building internal capacity for project management and implementation, and the ability to learn from mistakes made in previous projects.
* **There is no single answer** as to which type of beneficiary is more appropriate – success depends on the specific context, the capacity of the organization, and the effectiveness of the partnership between all stakeholders.

**7. On the need for amendments to the program**

are needed **in the funding approach** :

* **Expansion of eligible measures** – including interventions in unconsolidated areas, pilot projects to reduce water losses, stormwater management, **energy efficiency and renewable energy sources in WWTP** , sludge utilization projects upon project readiness and expressed interest by beneficiaries within 2026, given the short implementation period until the end of the programming period (3-4 years).
* **Expanding the scope** to settlements between 5,000 and 10,000 population equivalents, and in the future – to settlements between 2,000 and 5,000 population equivalents, given the rapid population decline in most settlements in the country.
* The amendment to Regulation 1058/2021, extending the implementation period until 2030, is **critically important** for the successful completion of the projects and the amendment to the EP undertaken in December 2025 is a step in the right direction by the MA.
  1. Recommendations

| **No.** | **Conclusion** | **Report sections** | **Recommendation** | **Responsible institution** |
| --- | --- | --- | --- | --- |
| **1** | • Priority 1 "Water" of the EP 2021-2027 is being implemented in a dynamic and increasingly complex strategic and legal environment. The numerous changes in the regulatory framework - the amendment of Regulation (EU) 2021/1058, the adoption of Directive (EU) 2024/3019 on urban waste water treatment, the new requirements for energy efficiency and renewable energy sources, the Drinking Water Quality Directive, as well as the establishment of a National Water Board in response to the water crisis - necessitate the need to update the program and expand the eligible interventions.  • The infringement procedure initiated by the European Commission against Bulgaria for non-compliance with the requirements for collection and treatment of urban wastewater highlights the criticality of the timely implementation of projects and the need to concentrate resources on agglomerations for which Bulgaria is at risk of sanctions. | *Conclusions*  *Section 1. Compliance*  Evaluation question 1.1  Evaluation question 1.2  Evaluation question 1.3  PO2 "Waste"  *Section 3. Efficacy*  Evaluation question 3.4  Evaluation question 3.5 | RECOMMENDATION 1: Expanding the scope and eligible activities under Priority 1  Specific measures:  1.1. Assessing the readiness of potential beneficiaries of Priorities 1 and 7 to include water loss reduction activities in their projects – given the water crisis.  1.2. Announcing targeted procedures for unconsolidated areas (construction works for finished or almost finished projects, planning and design with the aim of implementation in the next programming period).  1.3. Researching the possibility of financing projects approved and financed under the National Investment Program for Municipalities. | 1.1. EP MA  1.2. EP MA  1.3. EP MA |
| **2** | • Public procurement is the main problem – mass termination of announced public procurement after the conclusion of a grant agreement and appeals of the procedures and selection of the contractor, dynamic regulatory framework (frequent changes to the Public Procurement Act and the Regulations), huge material interest that stimulates appeals. Under the projects of the 7 newly consolidated Water and Sewerage Operators in the period October 2024 – January 2025, almost all public procurement for construction/engineering were terminated after initial announcement.  • Limited capacity of construction companies  • The lack of effective coordination between institutions at the national level and political instability further worsen implementation.  • Financial corrections make it very difficult for beneficiaries | *Conclusions*  *Section 2. Efficiency*  Evaluation question 2.4  *Section 3. Efficacy*  Evaluation question 3.1  Evaluation question 3.2  Evaluation question 3.6 | RECOMMENDATION 2: Reforming the public procurement system  Specific measures:  2.1. Informing beneficiaries during training sessions about the possibility of removing from participation in a public procurement procedure a candidate or participant included in the list under Art. 55, para. 1, item 3 of the Public Procurement Act.  2.2. Continuing regular analyses of the most frequently made errors under the Public Procurement Act in EP projects and publishing them on the program website for use by beneficiaries and potential beneficiaries to reduce the number and type of errors made. Continuing the practice of conducting practical training sessions on public procurement that include the information from the analyses. | 2.1. EP MA  2.2. EP MA |
| **3** | • Both types of beneficiaries have their strengths and weaknesses | *Conclusions*  *Section 3. Efficacy*  Evaluation question 3.3  Evaluation question 3.6 | RECOMMENDATION 3: Optimization of the distribution of projects between types of beneficiaries  Specific measures:  3.1. Continue strengthening the capacity of WSS operators, including municipal WSS operators, through:  • Specialized training on project development and management  • Continue financing of external experts as needed | 3.1. EP MA |
| **4** | • Administrative barriers – 76.9% of respondents in the survey among water and sewerage operators indicate the high administrative burden and delays in obtaining permits as the main factor hindering the implementation of projects.  • Financial barriers – 61.5% encounter difficulties in securing co-financing, and the same percentage has difficulties in securing internal resources (working capital).  • The lack of effective coordination between institutions at the national level and political instability further worsen implementation. | *Conclusions*  *Section 1*  Evaluation question 1.1  Evaluation question 1.2  Evaluation question 1.3  Evaluation question 1.4  *Section 2. Efficiency*  Evaluation question 2.4  *Section 3. Efficacy*  Evaluation question 3.3  Evaluation question 3.4  Evaluation question 3.5  Evaluation question 3.6 | RECOMMENDATION 4: Preparation for the 2028-2034 programming period  Specific measures:  4.1. Assessment of the readiness of potential beneficiaries to include in their projects activities for:  • Energy efficiency and renewable energy sources in WWTPs - in accordance with the new requirements of Directive 2024/3019  • Pilot projects for improving drinking water quality - in compliance with the requirements of Directive (EU) 2020/2184 of the European Parliament and of the Council of 16 December 2020 on the quality of water intended for human consumption  4.2. Large-scale planning in consolidated and non-consolidated areas for:  • Preparation of projects for rapid implementation in the next programming period  • Ensuring readiness for absorption of funds in the next programming period.  4.3. Simplification of procedures based on lessons learned from 2021-2027. | 4.1. EP MA  4.2. EP MA  4.3. EP MA |

# Applications

* 1. Description of the interventions being evaluated

**Projects under procedure BG16FFPR002-1.001 "Second phase of water and sewerage projects, the implementation of which began in the period 2014-2020"**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Project number and name** | **Launch date** | **Completion date** | **Total value (euro)** | **Grant (euro)** | **Own co-financing (euro)** | **Actual amounts paid (euro)** |
| BG16FFPR002-1.001-0007 "Construction of water supply and sanitation infrastructure in the designated area served by "Water Supply and Sewerage" Ltd., Vidin - Phase II" | 03.06.2025 | 03.02.2026 | 5,645,222.01 | 5,134,329.42 | 510,892.59 | 2,641,040.60 |
| BG16FFPR002-1.001-0001 "Construction of water supply and sewerage infrastructure in the designated area, served by "ViK-Varna" LTD. - phase 2" | 21.06.2024 | 21.08.2028 | 34,461,503.03 | 28,861,508.79 | 5,599,994.24 | 19,389,811.94 |
| BG16FFPR002-1.001-0002 "Completion and rehabilitation of the water supply and sewage infrastructure in agglomerations with a population of over 10,000 equivalent inhabitants, falling within the scope of the designated territory of "Water Supply and Sewerage - Sliven" LTD. - phase 2" | 16.07.2024 | 16.09.2028 | 25,987,350.00 | 22,349,120.98 | 3,638,229.02 | 5,099,044.21 |
| BG16FFPR002-1.001-0006 "Integrated Water Project for Burgas District - Phase 2" | 24.09.2024 | 24.12.2027 | 174,756,154.49 | 143,422,376.01 | 31,333,778.48 | 41,663,526.81 |
| BG16FFPR002-1.001-0003 "Completion and reconstruction of water supply and sewage systems in a separate territory, serviced by "ViK" SMLLC, Plovdiv, Bulgaria - Stage II" | 16.07.2024 | 31.12.2029 | 31,088,453.99 | 26,384,770.91 | 4,703,683.08 | 6,319,528.92 |
| BG16FFPR002-1.001-0004 "Construction of water supply and sanitation infrastructure in the designated area served by "Water Supply and Sewerage" Ltd., Pernik - phase 2" | 13.08.2024 | 13.10.2026 | 19,621,599.84 | 17,637,856.09 | 1,983,743.75 | 4,876,958.99 |
| BG16FFPR002-1.001-0009 "Integrated project for improving the water sector in a separate territory served by Shumen Water and Sewerage - phase 2" | 10.07.2025 | 10.01.2027 | 3,324,582.59 | 2,942,588.04 | 381,994.55 | 0.00 |
| BG16FFPR002-1.001-0008 "Construction of Water Supply and Sewerage Infrastructure in Sofia Municipality – Phase I"I | 29.09.2025 | 29.03.2026 | 23,749,587.26 | 16,308,841.56 | 7,440,745.70 | 2,032,748.31 |

*Source: UMIS public module; data as of January 2026.*

**Brief description of the project activities under procedure BG16FFPR002-1.001 "Second phase of water and sewerage projects, the implementation of which began in the period 2014-2020"**

8 projects are being implemented under the procedure with a total value of 324,030,325.78 euros, with the total value of the grant amounting to 267,948,937.89 euros.

***Project BG16FFPR002-1.001-0007 "Construction of Water Supply and Sewerage Infrastructure in the Separate Territory Serviced by "Water Supply and Sewerage" Ltd., Vidin - Phase II"***

The project provides for design, author's supervision and construction - reconstruction of the water supply line from WWTP Slanotran to the city of Vidin; replacement of the existing two eternit pipes and the existing two steel pipes. Under the wastewater collection component, reconstruction of part of Main Collector II with a mouth-shaped profile is planned.

***Project BG16FFPR002-1.001-0001 "Construction of Water Supply and Sewerage Infrastructure in the Separate Territory Served by "ViK-Varna" LTD. - Phase 2"***

Within the framework of the project under the "water supply" component, a total of 26.28 km. of main and supply water pipes will be reconstructed. In this way, the problem of ensuring continuous water supply to the villa areas and resort complexes east of the city of Varna will be solved. Under the "collection, discharge and treatment" component, a total of 59.66 km. of sewerage networks and 1 sewer pumping station will be built/reconstructed. Investments are planned for the Varna agglomeration: "Reconstruction and completion of main water pipes Varna-Golden Sands I and III stages and reconnection of the existing water supply network, construction of sewer collectors along "Knyaz Boris" Blvd. I.", construction of a sewerage network and a supply sewer collector from the village of Kamenar, Varna agglomeration. Completion of the sewerage network in the municipal districts of Izgrev, Kochmar, Salzitsa, Pchelina and Sotira, Hristo Smirnenski Blvd., reconstruction of sewerage branches on Vl. Varnenchik Blvd., reconstruction of the Varna-Pyasatsi main water supply system, stage III, completion of the sewerage network in the municipal districts of: Briz, Sveti Nikola, Alen Mak, Vayalar, Trakata, Manastirski Rid and construction of water supply connections to a new route of the Varna-Golden Sands main water supply system, stage III, reconstruction of a section of the Devnya-Varna main water supply system, stage II from the Chukata substation in the direction of the village of Pripek.

***Project BG16FFPR002-1.001-0002 "Completion and rehabilitation of the water supply and sewage infrastructure in agglomerations with a population of over 10,000 equivalent inhabitants, falling within the scope of the designated territory of "Water Supply and Sewerage - Sliven" LTD. - phase 2"***

Within phase 2, the construction and rehabilitation of the water supply and sewage network of the city of Sliven and Rechitsa district will be completed - a sewage pumping station (SPS) will be built in Rechitsa district, the existing SCADA system will be expanded/completed, along with efficiency measures for monitoring, collecting and processing data in real time, as well as recording events in the form of logs.

***Project BG16FFPR002-1.001-0006 "Integrated Water Project for Burgas District - Phase 2"***

The project includes reconstruction, rehabilitation of the existing water supply and sanitation structure and construction of new systems and facilities in thirteen agglomerations with over 10,000 pe.e. – Burgas, Nessebar, Pomorie, Sozopol, Primorsko, Obzor, Aytos, Karnobat, Tsarevo, Kiten, Chernomorets, Sarafovo and Lozenets, part of the designated territory served by “Water Supply and Sewerage” LLC, Burgas. During Phase 2, 109.93 km of water supply and 16.58 km of sewage network will be reconstructed and 2.22 km of water supply and 47.99 km of sewage network will be newly constructed. Phase 2 also provides for the construction of one new WWTP, reconstruction of 2 WWTPs, as well as reconstruction of 2 WWTPs.

***Project BG16FFPR002-1.001-0003 "Completion and reconstruction of water supply and sewage systems in a separate territory, served by "ViK" SMLLC, Plovdiv, Bulgaria - Stage II"***

The project includes three activities: Reconstruction and construction of sewerage and water supply networks in the city of Plovdiv, including: Completion of Part 1: Water supply and sewerage branches on Tsarevets, Modar, Al. Stamboliyski, P. Stoev and Makedoniya streets, the implementation of which started within the First Stage; Implementation of Part 2: Peripheral collector IA - section along Al. Stamboliyski street from Kuklensko Shosse Blvd. to Asenovgradsko Shosse Blvd.; Implementation of Part 3: Peripheral collector IA - section along N. Abadzhiev street from Asenovgradsko Shosse Blvd. to N. Shileva street; Implementation of Part 4: Peripheral collector IA - section along N. Abadzhiev street from N. Shileva street to WWTP; Implementation of Part 5: Division of the water supply network into measurement zones, Reconstruction and construction of the sewerage network of the town of Hisarya and Reconstruction of the water supply network of the town of Karlovo.

***Project BG16FFPR002-1.001-0004 "Construction of water supply and sanitation infrastructure in the designated area served by "Water Supply and Sewerage" Ltd., Pernik - phase 2"***

The scope of the second stage of the project in the Pernik Agglomeration is: reconstruction and construction of 8.34 km of supply water pipes; rehabilitation of 1 pc. PS; construction of a New HP V=12,000 on the site of the DWTP; rehabilitation and construction of 16.81 km of sewerage network and 859 pcs. SKO; reconstruction of the Batanovtsi WWTP.

***Project BG16FFPR002-1.001-0009 "Integrated project for improving the water sector in a separate territory served by Shumen Water and Sewerage - phase 2"***

The main activities are: reconstruction of the supply water pipeline from Ticha Dam to the Turgovishte Reservoir, completion of facilities; reconstruction of the supply water pipeline from the Turgovishte Reservoir to the V. Preslav Reservoir and from PS1300 to NV 13000; connection to the town of Shumen; connection to the town of V.Preslav"- 0.19 km; connections at shaft 44 and 42; at point H709 and point H710-0.13 km; completion of facilities; construction and implementation of major repairs of technical infrastructure for water supply of the town of Shumen, disinfection, restoration of pavements 10764.86 sq.m, introduction and removal of VOBD, integration of SCADA-stage 1 including installation of measuring and telemetric equipment-installation of ultrasonic flow meters. Implementation of SCADA - stage 2 as an inadmissible expense until 12.2026. Commissioning of a Drinking Water Treatment Plant for the water supply system of the town of Shumen; Reconstruction of a supply water pipeline from the Ticha dam to the 13,000 HPP - the town of Shumen; Construction and implementation of major repairs of technical infrastructure for water supply and sewage of the town of Shumen; Construction, rehabilitation and reconstruction of technical infrastructure for water supply, sewage and treatment in the town of Novi Pazar.

***Project BG16FFPR002-1.001-0008 "Construction of Water and Sewerage Infrastructure in Sofia Municipality – Phase II"***

The project proposal provides infrastructure for wastewater disposal in 3 agglomerations with over 10,000 p.e. on the territory of Sofia Municipality - "Sofia City", "Bankya" and "Novi Iskar". As a result of the analyses and studies carried out, taking into account JASPERS Opinion No. PJ-JASPERS/2020-424/ET/RA/jw dated 21.12.2020, the following sites have been identified to be included in the scope of the project: completion of the sewerage network of the "Krustova Vada-Iztok" quarter, construction of a sewerage network for the "Dragalevtsi" quarter, completion of the sewerage network of the "Suhodol" quarter, completion of the sewerage network of the "Obelya" quarter, completion of the sewerage network of the "Benkovski" quarter, completion and reconstruction of the sewerage network of the town of Bankya, "Gradoman" quarters, "Mihaylovo", "Verdikal" and the village of Ivanyane, "Bankya" district, as well as completion of the sewerage network of the town of Novi Iskar.

**Procedure BG16FFPR002-1.002 "Construction of Water and Sewerage Infrastructure for 7 Water and Sewerage Operators"**

The procedure is open for applications on 11.01.2024 09:00 with **a deadline of** 15.07.2024 23:59. **The main objective of the procedure** is to ensure the fulfillment of the statutory obligations of the Republic of Bulgaria to achieve full compliance of agglomerations with over 10,000 p.e. for consolidated areas of water and sanitation operators with the requirements of Directive 91/271/EEC. The procedure is also aimed at measures contributing to Directive (EU) 2020/2184 of the European Parliament and of the Council of 16 December 2020 on the quality of water intended for human consumption (Directive (EU) 2020/2184) (including reducing water losses in the water supply network and improving the quality of drinking water) in cases where the needs of the agglomeration territory in implementation of Directive 91/271/EEC are covered 100% and there are residual resources until reaching the maximum amount of the grant for the relevant project proposal, specified in section 8 of the application conditions.

Given the terminology used in the EP 2021-2027, consolidated areas of water and sanitation operators are the separate territories on whose territory the water and sanitation operators provide water and sanitation services and whose borders coincide with the borders of the districts, determined in accordance with Decree No. 1 of January 5, 1999 on approving the borders, administrative centers of districts and municipalities included in them, issued by the President of the Republic of Bulgaria (promulgated, State Gazette, issue 2 of 8.01.1999). The separate territories of the water and sanitation operators are determined by Decision No. RD-02-14-2234 of December 22, 2009 of the Minister of Regional Development and Public Works (MRDPW), adopted on the basis of paragraph 34, para. 2 of the Transitional and Final Provisions to the Act on Amendments and Supplements to the Water Act (promulgated, State Gazette, issue 47 of 2009). In addition, by letter with Ex. No. 03-02-144/10.10.2018 (ent. of the Ministry of Environment and Water No. 04-00-1932/15.10.2018), the MRDPW indicates as newly consolidated regions the separate territories in which water and sanitation services are provided by 6 water and sanitation operators, designated as specific beneficiaries under the procedure.

As a result of the implementation of the 7 projects under the procedure, the following is expected:

* Increasing the number of agglomerations in accordance with the requirements of Directive 91/271/EEC and reducing the number of agglomerations subject to infringement procedure No. 2017/2082 under Directive 91/271/EEC;
* Improving the management of WWTP sludge, where necessary;
* Improving the status of water bodies by reducing anthropogenic pressure in accordance with the requirements of Directive 2000/60/EC (Water Framework Directive);
* Reducing water losses and improving drinking water quality to meet obligations under Directive (EU) 2020/2184.

**The total amount of funds** that can be provided under the procedure is up to **BGN 807,985,000.00** (eight hundred and seven million nine hundred and eighty-five thousand BGN).

Under the procedure, 7 projects have been concluded and are being implemented, with a total value of 442,707,203.99 euros, with the total value of the grant amounting to 389,446,592.99 euros (761,691,329.97 leva), i.e. **there are savings of 46,293,670.03 leva from the budget of the procedure at the negotiation stage** .

**The eligible candidates** for the procedure are the following 7 Water Supply and Sewerage operators: "Water Supply and Sewerage" Dobrich, AD (Water Supply Dobrich), "Water Supply and Sewerage Yovkovtsi" LTD., Veliko Tarnovo (Water Supply "Yovkovtsi"), "Water Supply and Sewerage" LTD. - Gabrovo (Water Supply Gabrovo), "Water Supply and Sewerage" SMLLC, Pleven (Water Supply Pleven), "Water Supply and Sewerage" SMLLC, Sofia (Water Supply Sofia-region), "Water Supply and Sewerage" LTD., Targovishte (Water Supply Targovishte), "Water Supply and Sewerage" SMLLC, Haskovo (Water Supply Haskovo).

**Projects under procedure BG16FFPR002-1.002 "Construction of Water and Sewerage Infrastructure for 7 Water and Sewerage Operators"**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Project number and name** | **Launch date** | **Completion date** | **Total value (euro)** | **Grant (euro)** | **Own co-financing (euro)** | **Actual amounts paid (euro)** |
| BG16FFPR002-1.002-0002 "Reconstruction and modernization of water supply networks and facilities in  Gabrovo district" | 13.01.2025 | 17.01.2029 | 32,771,863.98 | 29,137,464.28 | 3,634,399.70 | 120,589.09 |
| BG16FFPR002-1.002-0004 "Construction of Water and Sewerage Infrastructure for the Separate Territory of "ViK" AD, Dobrich" | 10.02.2025 | 31.12.2029 | 69,126,733.87 | 56,234,598.01 | 12,892,135.86 | 1,326,304.92 |
| BG16FFPR002-1.002-0003 "Construction of Water Supply and Sewerage Infrastructure in Haskovo District" | 10.02.2025 | 31.12.2029 | 52,368,087.71 | 46,293,389.53 | 6,074,698.18 | 0.00 |
| BG16FFPR002-1.002-0001 "Completion and reconstruction of WWTP, water supply and sewage systems in the designated area served by "ViK" SMLLC. - Sofia" | 10.02.2025 | 31.12.2029 | 70,515,217.09 | 61,080,281.02 | 9,434,936.07 | 0.00 |
| BG16FFPR002-1.002-0005 "Reconstruction of the Water Supply and Sewerage Network and Facilities in the Agglomeration "Pleven" and Reconstruction and Completion of the Water Supply and Sewerage Network and Facilities in the Agglomeration "Knezha" | 10.02.2025 | 31.12.2029 | 60,547,390.42 | 56,536,432.00 | 4,010,958.42 | 2,504,166.00 |
| BG16FFPR002-1.002-0007 "Construction of water supply and sewage infrastructure for the designated territory, served by "Water Supply and Sewerage Yovkovtsi" LTD." | 10.02.2025 | 31.12.2029 | 105,339,374.70 | 94,120,731.32 | 11,218,643.38 | 46,670.75 |
| BG16FFPR002-1.002-0006 "Construction of water supply and sewerage infrastructure for a separate territory served by "ViK" LTD., Targovishte" | 10.02.2025 | 31.12.2029 | 52,038,536.22 | 46,043,696.83 | 5,994,839.39 | 245,318.73 |

*Source: UMIS public module; data as of January 2026.*

**Brief description of the project activities under procedure BG16FFPR002-1.002**

***Project BG16FFPR002-1.002-0002 "Reconstruction and modernization of water supply networks and facilities in Gabrovo district"***

The implementation of the project aims to achieve compliance with national and European legislation in the field of drinking water, wastewater disposal and treatment, increasing the efficiency of systems and facilities and sustainable use of water resources. The project envisages the implementation of investments in the components "Water Supply" and "Treatment and Disposal" for the territories of the agglomerations of Gabrovo and Sevlievo served by "ViK" LTD., Gabrovo. The "Water Supply" component for the Gabrovo agglomeration includes reconstruction of a section of the supply water supply line from the "Hristo Smirnenski" dam to the "Kiselchova Mogila" water supply and wastewater treatment plant and reconstruction of water supply facilities, reconstruction of the internal water supply network in the city of Gabrovo and construction of a new WWTP and NR and a supply water supply line for supplying the "Nedevtsi", "Lisets", "Hristo Smirnenski", "Dyado Dyanko" and "Radetzki" neighborhoods from the internal water supply network of the city of Gabrovo. Under the "Water Supply" component for the Sevlievo agglomeration, the project includes reconstruction of the "Stokite" drinking water treatment plant, reconstruction of the supply water supply for the "Sevlievo" WWTP - from the "Stokite" WWTP to the "11,000 m3" WWTP and reconstruction of the internal water supply network in the town of Sevlievo. Under the "Treatment and Disposal" component for the Gabrovo agglomeration, rehabilitation and completion of part of the sewage network and construction of a facility for solar drying of sludge at the "Gabrovo" Wastewater Treatment Plant are included. Under the "Treatment and Disposal" component for the Sevlievo agglomeration, rehabilitation and completion of part of the sewage network and reconstruction and commissioning of a sludge dewatering workshop at the "Sevlievo" Wastewater Treatment Plant are included. To increase the efficiency of infrastructure management, a GIS system and SCADA will be built.

***Project BG16FFPR002-1.002-0004 "Construction of Water and Sewerage Infrastructure for the Separate Territory of "ViK" AD, Dobrich"***

As a result of the investments in the designated territory of "ViK Dobrich" JSC, full compliance of the agglomerations of Dobrich, Balchik, Kavarna and the Albena resort with the requirements of Directive 91/271/EEC and Directive 98/83/EC on the quality of water intended for consumption by the population of the town of Kavarna will be achieved. To increase the efficiency of the management of the Water and Sewerage Systems, it is planned to design and build an integrated GIS and a monitoring and control system SCADA, which will cover basic facilities (WWTP and pressure reservoirs). The cumulative effect of the measures provided for in the project proposal will have a direct positive effect on the state of the water resources used and the efficiency of the Water and Sewerage Operator. Technological equipment for the DWTP will be delivered and installed. Under the "water supply" component, a total of 40.63 km. of distribution and supply networks will be built/reconstructed, which will improve the quality of water in the towns of Dobrich, Balchik and Kavarna and reduce water losses. The units in 8 WWTP will be modernized and replaced. For the town of Kavarna, the units in 1 WWTP and the reconstruction of the pipe systems and construction part in 2 WWTP and 2 WWTP will be modernized and expanded. Under the "collection, discharge and treatment" component, a total of 36.87 km of sewerage networks and 3 WWTP (including a pusher after each WWTP) will be built/reconstructed. For the Kavarna WWTP, reconstruction and modernization with the construction of tertiary treatment is planned. The Albena WWTP will be modernized by building a mechanical, biological and tertiary stage with the removal of biogenic elements: N and P. The treated wastewater after the Albena and Balchik WWTP will be discharged outside the bathing areas by building deep-sea outlets.

***Project BG16FFPR002-1.002-0003 "Construction of Water Supply and Sewerage Infrastructure in Haskovo District"***

The project envisages achieving compliance with Directive 91/271/EEC, Directive 2000/60/EC, Directive (EU) 2020/2184. The project includes reconstruction, modernization of existing water supply infrastructure, and construction of new networks and facilities for 4 agglomerations with over 10,000 p.e. - Haskovo, Harmanli, Dimitrovgrad, Svilengrad, part of the designated territory served by "Water Supply and Sewerage" SMLLC - Haskovo. The project includes 32.80 km. reconstruction of water supply network; reconstruction of pushers from wells, collection and supply water pipes to the Yabalkovo water treatment plant with a length of 11.22 km, measuring devices - 13 pcs., pressure regulators: 2 pcs., SVO - 1,184 pcs., reconstruction of shaft wells 12 pcs. to the Yabalkovo water treatment plant, 4.66 km., reconstruction of the sewerage network; 4.55 km. construction of a new sewerage network; storm spillways: reconstruction of 2 pcs. and new 1 pc., SKO-new 95 pcs., SKO-reconstructed 263 pcs., reconstruction and modernization of 2 water treatment plants; construction of a new water treatment plant; construction of a new WWTP.

***Project BG16FFPR002-1.002-0001 "Completion and reconstruction of WWTP, water supply and sewage systems in the designated area served by "ViK" SMLLC - Sofia"***

The project includes reconstruction of the section of the main collector after the Roma neighborhood, at its intersection with the Iskar River, the town of Samokov; reconstruction of the Smakovo WWTP - STAGE I; reconstruction of the sewage network and supply collectors to the Botevgrad WWTP; reconstruction of the supply water supply from the Ibar WWTP and the Maritsa WWTP to the pressure reservoirs of the town of Ihtiman in the section from the Relief Shaft to the village of Raduil to the diversion for the HP for the village of Pchelin; reconstruction and completion of the water supply and sewage network of the town of Ihtiman; construction and commissioning of the Ihtiman WWTP with supply infrastructure; reconstruction and completion of the water supply and sewage network in the Shiyakovtsi and Maslovo districts, the town of Kostinbrod; reconstruction and completion of the water supply and sewage network in the Elin Pelin agglomeration; construction and commissioning of the Elin Pelin WWTP with connecting infrastructure; upgrading of SCADA in the designated area served by "ViK" SMLLC-Sofia and delivery and implementation of an Asset Management Information System with spatial data processing capabilities for the area served by "ViK" SMLLC, Sofia.

***Project BG16FFPR002-1.002-0005 "Reconstruction of the Water Supply and Sewerage Network and Facilities in the Agglomeration "Pleven" and Reconstruction and Completion of the Water Supply and Sewerage Network and Facilities in the Agglomeration "Knezha"***

The project envisages the construction of infrastructure in the agglomerations of Pleven and Knezha to achieve compliance with Directive 91/271/EEC, Directive 2000/60/EC, Directive (EU) 2020/2184, Directive 98/83/EC. The project includes reconstruction, rehabilitation and construction of water supply systems and sewage systems and adjacent facilities on the territory of the agglomerations of Pleven and Knezha, reconstruction of pumping stations and reconstruction of reservoirs in the agglomerations of Pleven and Knezha, upgrading of a remote control and monitoring system - SCADA, delivery and implementation of the geographic information system for asset management.

***Project BG16FFPR002-1.002-0007 "Construction of water supply and sewage infrastructure for the designated territory, served by "Water Supply and Sewerage Yovkovtsi" LTD."***

The project includes, by component, Water Supply for Veliko Tarnovo agglomeration: reconstruction of the Yovkovtsi water supply system, replacement of a 3865m pump, reconstruction of a pumping station and 2 pressure tanks, rehabilitation of a water supply network of 15172m, 1011 SVO, reconstruction of 3 pressure tanks and separation of 6 DMA zones. For the Gorna Oryahovitsa-Lyaskovets agglomeration - rehabilitation of 7600m of water supply network, incl. 507 SVO, pressure tank and separation of 3 DMA zones in Gorna Oryahovitsa, rehabilitation of 1539m of water supply network, incl. 86 SVO in Lyaskovets. For the Svishtov agglomeration - reconstruction of a 14558m supply water supply line and reconstruction of 3 pumping stations, rehabilitation of 2248m of water supply network, incl. 114 SBOs and the establishment of 5 DMA zones.

Under the Component "Wastewater Collection and Treatment", the project includes for the Veliko Tarnovo agglomeration - reconstruction of the Veliko Tarnovo WWTP, replacement and completion of a total of 16903m of sewer network, a pusher, 3 outflow channels, 2 outlets, an air passage over the Yantra River, 2 culverts and a casing pipe; 1127 SKO and 845 street drains. For the Gorna Oryahovitsa-Lyaskovets agglomeration, the project includes partial reconstruction and modernization of the Gorna Oryahovitsa-Lyaskovets WWTP, reconstruction and completion of 3115 m of sewer network, a pusher and an emergency outlet, a newly built KPS, 250 SKO and 156 street drains in Gorna Oryahovitsa, replacement and completion of 3221 m of sewer network, an outflow channel, an outlet, 218 SKO, 164 street drains in Lyaskovets. For the Svishtov agglomeration, the project includes completion of a mixed sewer network of 7700 m, 2 pushers, construction of 3 KPS, 510 SKO and 200 street drains. The project includes upgrading of SCADA and GIS, auxiliary activities such as archaeological observations, supervision, etc.

***Project BG16FFPR002-1.002-0006 "Construction of Water and Sewerage Infrastructure for a Separate Territory Serviced by "ViK" LTD., Targovishte"***

The project includes investments in agglomerations with over 10,000 equivalents falling within the territory of OT-Targovishte and Popovo, including construction of a new DWTP with a capacity of 290l/s and reconstruction of NR2x8000m3, dry chambers and site networks 868m at the site of pressure tanks for Targovishte, partial reconstruction and modernization of WWTP-Popovo and WWTP-Targovishte, construction of a FPP for both WWTPs, including construction of a plant for chemical phosphorus removal by dosing FeCl3, reconstruction of supply water pipes and facilities of the Ticha waterworks/Preslav waterworks/-1629.8m, reconstruction of supply water pipes, pusher and Preslav waterworks, reconstruction of supply water pipes for the town of Targovishte-village. Imrenchevo, reconstruction of the supply water supply for the city of Targovishte - village of Kralevo, reconstruction of the supply water supply for the city of Targovishte and passage under road II-74-village of Bayachevo, reconstruction of supply water supply from the Kalaidzhi Dere water supply station - 3564m, reconstruction of supply water supply and facilities from the Popovo water supply station - 4441m, reconstruction and completion of the water supply network of the city of Popovo - reconstruction and replacement of 13,642km of water supply lines, reconstruction of 4474m of the existing sewage network, incl. SKO, MA, shafts, reconstruction and completion of the water supply network of the city of Targovishte - reconstruction and replacement of 34,176km of water supply lines, construction/reconstruction of 7785m of sewage network, construction of a sewage collector from DWTP-Targovishte and implementation of GIS.

**Procedure BG16FFPR002-1.003 "Modernization of the state health control bodies for monitoring the quality of drinking water"**

The procedure is open for applications from14.11.20242:30 p.m.with **a deadline of** 10.02.2025 17:30 **.** **The purpose of the procedure** is to achieve compliance with the requirements of Regulation No. 9 of 16.03.2001 on the quality of water intended for drinking and domestic purposes, as amended by SG, issue 43 of 16.05.2023, resulting from the transposition into national legislation of Directive (EU) 2020/2184 of the European Parliament and of the Council of 16 December 2020 on the quality of water intended for human consumption.

Directive (EU) 2020/2184 introduces requirements for the testing, respectively monitoring, of new indicators or new values of already measured indicators for the quality of water intended for human consumption, as well as minimum hygiene requirements for materials that come into contact with drinking water.

The funding under the procedure will strengthen the capacity of the state health control authorities (SHC) to fulfill their powers of control monitoring, including for research, respectively observation and reporting, of new indicators or new values of already measured indicators, resulting from Directive (EU) 2020/2184, and if necessary, new methods of analysis will be developed. The achievements through the Operational Programme "Environment 2014-2020" (OPE 2014-2020) will be built upon, by providing the necessary equipment for the implementation of the obligations of the SHC authorities with regard to water intended for human consumption.

As a result of the implementation of the activities under the procedure, the implementation of control monitoring of the quality of drinking water in full volume and in full compliance with the requirements of European and national legislation will be ensured through:

1. Purchase of necessary equipment to provide the ability to measure the new indicators and norms of values arising from the requirements of Directive (EU) 2020/2184, transposed into the amended by the State Gazette, issue 43 of 16.05.2023, Regulation No. 9 of 16.03.2001 on the quality of water intended for drinking and domestic purposes;
2. Development, validation and implementation of methods of analysis, according to Annex No. 3 "Methods of analysis", Part A "Microbiological indicators for which methods of analysis are specified" and Part B "Chemical and indicator indicators for which metrological quality characteristics are specified" to Art. 9, para. 13 of Regulation No. 9/2001. Commission Notice "Technical guidelines on methods of analysis for the monitoring of perfluoroalkylated and polyfluoroalkylated compounds (PFAS) in water intended for human consumption" (C/2024/4910).

Methods of analysis shall be developed as necessary, where this arises from the requirements of Directive (EU) 2020/2184.

**The maximum amount of the grant for the project proposal is up to BGN 11,500,000.00** , and the applicant should comply with the maximum amount of the grant for the region in transition (STR) defined in section 8 of these application conditions - up to BGN 1,495,000.00.

**A specific beneficiary** under the procedure is the Ministry of Health. The Minister of Health manages the national health system and the monitoring of the quality of water used for drinking and domestic purposes.

**Projects under procedure BG16FFPR002-1.003 "Modernization of the state health control bodies for monitoring the quality of drinking water"**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Project name** | **Launch date** | **Completion date** | **Total value (euro)** | **Grant (euro)** | **Own co-financing (euro)** | **Actual amounts paid (euro)** |
| Modernization of the drinking water quality control system | 03.10.2025 | 03.10.2028 | 6,344,367.85 | 5,879,856.62 | 464,511.23 | 0.00 |

*Source: UMIS public module; data as of January 2026.*

**Brief description of the activities under project BG16FFPR002-1.003-0001 "Modernization of the drinking water quality control system"**

With the entry into force of Directive (EU) 2020/2184 on the quality of water intended for human consumption and transposed into Bulgarian legislation as an amendment to Regulation No. 9/2001 on the quality of water intended for drinking and domestic purposes, there is a need to develop and implement (approbation, validation/verification) modern analytical methods for testing pollutants. The permissible values of some parameters in Table B “Chemical indicators” have been revised. A deadline has been set for compliance with the maximum values for the new pollutants no later than 12.01.2026. The monitoring list of substances and compounds that cause concern in relation to water intended for human consumption has been compiled on the basis of the EC Implementing Decision of 19.01.2022. The first list has been adopted, which includes beta-estradiol and nonylphenol for monitoring. According to the Directive, the EC adopts implementing acts to establish and update a watch list covering substances or compounds of health concern, such as pharmaceuticals, endocrine disruptors and microplastics. Member States shall introduce requirements to monitor the potential presence of substances or compounds included in the watch list at relevant points in the water supply chain intended for human consumption. In order to ensure that the above requirements are met by water supply companies and that the consumer is supplied with safe drinking water, each Member State must be able to carry out the analysis of control samples of drinking water taken during the control monitoring carried out by the State Health Control authorities. The project will provide the necessary technical support to the State Health Control authorities for the control of the implementation of the amended drinking water indicators introduced by the Directive.

**Procedure BG16FFPR002-1.004 "Support for the updating of RBMP - assessments, data collection, etc. for RBMP 2028-2033 "**

The procedureis open for applications on 29.09.2025 17:30 **with a deadline of** 28.11.2025 17:30 **.** It is aimed at providing support for the updating of the River Basin Management Plans for the period 2028-2033 (RBMP 2028-2033) in accordance with the procedure and in compliance with the requirements of Section VI of Chapter Ten "Water Management" of the Water Act (WA). The procedure will support the updating and development of methodologies, studies and other documents, data collection, including field research, analysis and assessments, updating the national catalogue of measures and the programmes of measures for the purposes of the RBMP 2028-2033. RBMP are being developed for the four water basin management regions defined in Art. 152, para. 1 of the Law on the Environment and are updated every six years (Art. 159, para. 1 of the Law on the Environment).

As a result of the implementation of the activities under the procedure, the RBMP for the period 2028-2033 for the four basin management regions will be updated, taking into account the current implementation of the current plans and programs of measures, short-term and long-term forecasts and specific characteristics of the respective basin management region. Specific measures will be prepared and proposed to respond to the current challenges in water management.

**The total amount of funds** that can be provided under the procedure through direct provision of grant aid (GFA) is **up to BGN 10,000,000.00 (ten million BGN)** , of which up to BGN 1,243,000.00 (one million two hundred forty-three thousand BGN) for the region in transition (Southwestern Planning Region). **Specific beneficiaries under the procedure** are the Danube Region Basin Directorate, the Black Sea Region Basin Directorate, the East Aegean Region Basin Directorate and the West Aegean Region Basin Directorate under the Ministry of Environment and Water (MoEW).

Three projects were submitted within the application period - from the Danube Region Basin Directorate, the East Aegean Region Basin Directorate and the West Aegean Region Basin Directorate.

**Procedure BG16FFPR002-1.005 "Construction of Water and Sewerage Infrastructure in Sofia Municipality - Stage II"**

The procedureis open for applications on 04.07.2025 17:30 with **a deadline of** 30.09.2025 17:30. **The purpose of the procedure** is to contribute to the fulfillment of the statutory obligations of the Republic of Bulgaria to achieve compliance of agglomerations with over 10,000 p.e. located in the consolidated region covering the territory of Sofia Municipality (separate territory of "Sofiyska Voda" JSC), with the requirements of Directive 91/271/EEC.

As a second priority, the procedure also contributes to Directive (EU) 2020/2184 of the European Parliament and of the Council of 16 December 2020 on the quality of water intended for human consumption (Directive (EU) 2020/2184) (including reducing water losses in the water supply network and improving the quality of drinking water), through investments in the water supply network, if such are proven and only along the route of the sewage network.

On the territory of Sofia Municipality, water and sewerage services are provided by "Sofiiska Voda" JSC, under a concession agreement, in force since 06.10.2000.

During the 2014-2020 programming period, through procedure BG16M1OP002-1.007 "Preparation of a regional pre-investment study for water supply and sewage for the territory of Sofia Municipality", Operational Programme "Environment 2014-2020" (OPE 2014-2020) provided support to Sofia Municipality to prepare documentation for water supply and sewage construction, which was financed under procedure BG16M1OP002-1.020 "Construction of water supply and sewage infrastructure in Sofia Municipality". The procedure is a continuation of the support to Sofia Municipality to increase the level of wastewater collection and treatment in the designated territory.

As a result of the implementation of the project under the procedure, the following is expected:

* Contribution to achieving compliance of agglomerations with over 10,000 p.e. with the requirements of Directive 91/271/EEC;
* Improving the status of water bodies by reducing anthropogenic pressure in accordance with the requirements of Directive 2000/60/EC (Water Framework Directive);
* Reducing water losses and improving drinking water quality to meet obligations under Directive (EU) 2020/2184 (if proven necessary).

The implementation of the activities under the procedure is financially supported by the Cohesion Fund (CF) of the European Union (EU) and national funds. **The total amount of the grant** (Grant) that can be provided under the procedure is up to BGN 100,000,000.00 (one hundred million BGN), of which:

* funds from the CF in the amount of 85% – up to BGN 85,000,00.00 (eighty-five million BGN)
* national co-financing of 15% – up to BGN 15,000,000.00 (fifteen million BGN)

**The specific beneficiary** under the procedure is Sofia Municipality. The project has also been submitted to the project proposal evaluation stage.

**Procedure BG16FFPR002-1.006 "Financial instruments under the priority "Waters" of the EP 2021-2027 "**

The procedure is open for applications on 21.11.2024 09:00 with **a deadline of** 29.11.2024 23:59.

**Project under procedure BG16FFPR002-1.006 "Financial instruments under the priority "Water" of the EP 2021-2027"**

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| **Project name** | **Launch date** | | **Completion date** | | **Total value (euro)** | | **Grant (euro)** | | **Own co-financing (euro)** | | **Actual amounts paid (euro)** | |
| Financial instruments under the "Water" priority of the EP 2021-2027 | | 17.12.2024 | | 31.12.2029 | | 20,000,000.00 | | 20,000,000.00 | | 0.00 | | 6,000,000.00 | |

*Source: UMIS public module; data as of January 2026.*

**Brief description of the activities under the project "Financial instruments under the priority "Water" of the EP 2021-2027"**

Priority "Water" provides for investments with a focus on agglomerations over 10,000 p.e. to implement the commitments arising from Directive 91/271/EEC and Directive 98/83/EC [Directive (EU) 2020/2184] according to the National Water Supply and Sewerage Investment Plan (NIP) - an enabling condition for the Water Supply and Sewerage sector, and in this regard, the program provides for the implementation of activities that will be financed mainly through grants under the EP 2021-2027, however, WSSs are required to provide the necessary co-financing for the implementation of projects that will be approved for financing with BFA. The co-financing is planned to be covered by FI (a combination of BFA and FI in two separate operations). FI may assist final recipients in providing financing for costs eligible for support through financial instruments under the EP 2021-2027, through loans under the terms of Art. 58, par. 4 of Regulation 1060/2021 and in accordance with state aid rules.

The objective of the Financial Instrument (FI) "Water", structured in the form of risk-sharing financing, provided with funds from the "Environment" Programme 2021-2027, is to attract additional resources to the funds under the programme, thus increasing the funding resource and providing facilitated conditions to the target final recipients for the implementation of eligible investments in the Water and Sewerage sector.

The funds in the amount of BGN 37.37 million (EUR 19.10 million) from the Environment Programme 2021-2027, co-financed by the European Union through the Cohesion Fund (CF) and the European Regional Development Fund (ERDF), will be supplemented with a minimum of 20% of FLAG funds for each financing. The total available resources are expected to reach nearly BGN 50 million (EUR 25.6 million). Support through the financial instrument will be mainly aimed at financing the mandatory own participation in approved projects for which grants are provided under the Environment Programme 2021-2027.

The structured inter-institutional cooperation between the FLAG Fund and the Fund of Funds is a response to the needs of providing complementary financing for the implementation of infrastructure interventions defined as key for Bulgaria in the Water sector of the Environment Programme 2021-2027. FLAG is a proven partner in financing projects in the water sector, having provided both bridge financing and loans for its own contribution to the implementation of projects under OPE 2007-2013 and OPE 2014-2020.

**According to the requirements of the financial instrument, projects should be sustainable and financially viable.**

As a priority, the projects should be directed to agglomerations with over 10,000 pe.e. on the territory of the districts in the country, determined by virtue of the Law on the Administrative-Territorial Organization of the Republic of Bulgaria, which coincide with the separate territories of the consolidated Water and Sewerage Operators under the Water Act, incl.

* Projects of the **6 newly consolidated Water Supply and Sewerage Operators (WSO)** - Veliko Tarnovo, Gabrovo, Pleven, Sofia Region, Targovishte, Haskovo, as well as Dobrich, which have been approved for GRANT AIDunder EP and
* Projects **that are phased in between the programming periods** 2014-2020 and 2021-2027 (including Plovdiv, Varna, Burgas, Sliven, Pernik) and have been approved for GRANT AIDunder EP and
* Other financially viable projects implemented at the level of final recipients, in accordance with the objectives and eligible activities included in the current version of the EP 2021-2027 and the applicable state aid regimes.

*TYPE OF LOAN*

The type of loan is determined depending on the client's request, the analysis and assessment of his return and the credit policy of FLAG. Within the framework of the instrument, FLAG can grant **investment loans** for tangible and intangible assets, including:

* ensuring the necessary co-financing for eligible investments in the water and sanitation sector, for which grants are provided under the EP 2021-2027;
* providing independent loans (without combined financing with grants) for investments in the water and sanitation sector;

**The maximum repayment term of the Financing** shall not exceed 240 months (20 years), in accordance with FLAG's policy. The term of each loan is determined by the FLAG Board of Directors based on the structure, phasing, terms and amount of financing of the project.

**The maximum grace period** , according to the Technical Specification, is 36 months, with the possibility of extension in justified cases and after explicit approval of the Board of Directors of FLAG.

**Own contribution** - There are no requirements for mandatory own participation of the CP in the respective project.

**Collateral** - Borrowers are required to secure their obligations under the loan agreements with collateral acceptable to the Fund, in accordance with the current rules and procedures of FLAG. The value of the collateral must be sufficient to cover the principal amount, interest and any costs of realizing the collateral in connection with the approved financing.

*PERMITTED AND UNPERMITTED ACTIVITIES*

**Eligible activities** implemented under Eligible Projects include:

* Infrastructure measures for collection, disposal and treatment of wastewater;
* Water supply infrastructure measures contributing to reducing water losses in the water transmission network and improving the quality of drinking water;

Other investments implemented at the level of final recipients, in accordance with the objectives and eligible activities included in the current version of the EP 2021-2027 and the applicable state aid regimes.

**The Financial Instrument cannot provide support for:**

* Financing for the purpose of refinancing existing loans.
* Financing of the elements of the investments that are physically completed or fully implemented as of the date of the investment decision;
* The decommissioning or construction of nuclear power plants;
* Investments to achieve reductions in greenhouse gas emissions from activities listed in Annex I to Directive 2003/87/EC;
* Primary production of agricultural products and of products from fishing and aquaculture;
* The production, processing and sale of tobacco and tobacco products;
* Purchase of fixed assets - second-hand;
* An undertaking in difficulty as defined in Article 2(18) of Regulation (EU) No 651/2014, unless the provision of support is permitted under the de minimis aid rules;
* Investments in airport infrastructure, with the exception of investments in existing regional airports, as defined in Article 2, point 153 of Regulation (EU) No 651/2014, in any of the following cases:
  + in environmental mitigation measures; or
  + in security, safety and air traffic management systems arising from the air traffic management system;
* Investments to increase the capacity of residual waste treatment facilities, with the exception of investments in technologies for the recovery of residual waste materials for the purposes of the circular economy;
* Investments for waste disposal in landfills;
* Investments related to the production, processing, transport, distribution, storage or combustion of fossil fuels, with the exception of:   
  - the replacement of heating systems using solid fossil fuels, namely coal, peat, lignite, oil shale, with gas heating systems, for the purpose of:
* upgrading district heating and cooling systems to the status of "efficient district heating and cooling systems", as defined in Article 2, point 41 of Directive 2012/27/EU;
* upgrading of installations for combined heat and power generation to the status of "high-efficiency combined heat and power generation, as defined in Article 2, point 34 of Directive 2012/27/EU;
* investments in boilers and heating installations running on natural gas in homes and buildings, replacing installations running on coal, peat, lignite or oil shale;
* Investments in the expansion and repurposing, conversion or retrofitting of gas transmission and distribution networks, provided that these investments prepare the networks for the addition of renewable and low-carbon gases, such as hydrogen, biomethane and syngas, to the system and allow the replacement of solid fossil fuel installations;
* Investments in clean vehicles as defined in Directive 2009/33/EC of the European Parliament and of the Council for public purposes;
* Investments in vehicles, aircraft and vessels designed and constructed or adapted for use by civil protection and fire services.

**Other inadmissible activities related to:**

* production or trade in any products or activities considered illegal under the laws or regulations of the host country or international conventions and agreements;
* Any economic activity related to pornography or prostitution;
* The following activities, when they form a substantial part of the main operations of the Final Recipient or its investment:
  + Production or trade in weapons and ammunition;
  + Production of distilled alcoholic beverages;
  + Gambling, casinos and equivalent businesses.
* Research and development or technical applications related to electronic data programs or solutions, specifically aimed at supporting:
  + All activities included in the Excluded Sectors listed above;
  + Creating the possibility of unlawful intrusion into electronic data networks; or
  + Creating the possibility of illegal downloading of electronic data.
* Research and development or technical applications related to:
  + The cloning of humans for scientific or therapeutic purposes; or
  + Genetically modified organisms (GMOs).
* Ineligible activities and costs under the applicable state aid regime, in accordance with Annex No. 2 Guidelines for the implementation of the applicable state aid and de minimis regimes under the financial instrument.

*ELIGIBLE AND INELIGIBLE COSTS*

Eligible costs are costs incurred for Eligible Activities and for Management Remuneration, Decree No. 86/01.06.2023 of the Council of Ministers and Regulation 2021/1060, as well as in accordance with the State Aid rules.

Value Added Tax (VAT) costs are eligible for investments made by final recipients in the context of the financial instrument. Where these investments receive support from the financial instrument in combination with support from the Programme in the form of grants, VAT is not eligible for the part of the investment costs corresponding to the support to the Programme in the form of grants.

**Procedure BG16FFPR002-1.007 " Program for construction/completion/reconstruction of water supply and sewage systems, including WWTP for agglomerations between 5,000 and 10,000 pe."**

The procedure is **open for applications on** 01.08.2025 17:30 **with a deadline of** 03.11.2025 23:30. **The purpose of the procedure** is to ensure the implementation of the statutory obligations of the Republic of Bulgaria to achieve compliance of 10 agglomerations with over 5,000 p.e. in consolidated areas of water and sanitation operators with the requirements of Directive 91/271/EEC. The procedure is aimed at implementing Investment C9.I1 "Program for construction/completion/reconstruction of water supply and sewage systems, including wastewater treatment plants for agglomerations between 5,000 and 10,000 p.e.", initially planned for support through the National Recovery and Resilience Plan, and with the amendment to the EP 2021-2027 of 04.06.2025 - provided for financing through the program. The procedure will support investments in water supply and sanitation infrastructure in the agglomerations of Devnya and Dolni Chiflik, Gen. Toshevo, Krumovgrad, Rogosh-Skutare and Saedinenie, Kotel, Devin, Galabovo and Pavel Banya.

The procedure is also aimed at measures contributing to Directive (EU) 2020/2184 of the European Parliament and of the Council of 16 December 2020 on the quality of water intended for human consumption (Directive (EU) 2020/2184) (including reducing water losses in the water supply network and improving the quality of drinking water) in cases where the needs of the agglomeration territory in implementation of Directive 91/271/EEC are covered 100% and there are residual resources until reaching the maximum amount of the grant (Grant) for the relevant project proposal, specified in section 8 of the application conditions.

As a result of the implementation of the 7 projects under the procedure, the following is expected:

* Increasing the number of agglomerations by over 5,000 p.e. in accordance with the requirements of Directive 91/271/EEC;
* Improving the management of WWTP sludge, where necessary;
* Improving the status of water bodies by reducing anthropogenic pressure in accordance with the requirements of Directive 2000/60/EC (Water Framework Directive);
* Reducing water losses, increasing the number of residents connected to improved public water supply and improving drinking water quality to meet obligations under Directive (EU) 2020/2184.

**The total amount of funds** that can be provided under the procedure is up to BGN 363,500,000.00 (three hundred sixty-three million five hundred thousand BGN).

Eligible candidates under the procedure are the following 7 Water and Sewerage Operators, for which the MRDPW informed by letter with reference No. 90-05-3039/06.12.2024 that they are project-ready, given the support provided under the NPV by "Bulgarian Water and Sewerage Holding" LLC under the Recovery and Sustainability Plan and proposed for transfer under the EP 2021-2027:

* "Water Supply and Sewerage - Varna" Ltd., city of Varna - for the Devnya district and the Dolni Chiflik district;
* "Water Supply and Sewerage" Dobrich, JSC - for General Toshevo;
* "ViK" Ltd., Kardzhali - for the Krumovgrad district;
* “Water Supply and Sewerage” Ltd., Plovdiv - for the Rogosh-Skutare district and the Saedinenie district;
* "Water Supply and Sewerage - Sliven" Ltd., Sliven - for the Kotel district;
* "Water Supply and Sewerage" Ltd., Smolyan - for the Devin district;
* "Water Supply and Sewerage" SMLLC, Stara Zagora - for the Galabovo district and the Pavel Banya district.

The projects have been submitted and are at the project proposal evaluation stage.

* 1. Survey among water and sewerage operators

Survey among water and sewerage operators, beneficiaries under the EP 2021-2027

**Completion Rate: 100%**

Complete 13

**Total: 13**

# Support under Priority 1 "Water" of the EP 2021-2027 corresponds to Does it meet your needs?

**8% Does not meet the following needs (please indicate which of your needs are not met by the forms of support under EP):**

**8% Yes, completely answers all needs.**

**85% Yes, answers the most important for us needs.**

|  |  |  |
| --- | --- | --- |
| **Answer** | **Percentage** | **Number of responses** |
| Yes, completely answers all needs. | 7.7% | 1 |
| Yes, answers the most important for us needs. | 84.6% | 11 |
| Does not meet the following needs (please indicate which of your needs are not met by the forms of support under EP): | 7.7% | 1 |
|  |  | **Total: 13** |

## Does not meet the following needs (please indicate which of your needs are not met by the forms of support under EP):

## Number

There are no planned investments for the reconstruction of the water supply network for settlements with a population of less than 10 000 people. In the designated territory served by the operator "Water Supply and Sewerage" SMLLC, the city of Haskovo, a large part of the municipalities have a population of less than 10,000 people, and also need to build a wastewater treatment plant and a wastewater treatment plant. For Simeonovgrad municipality exists necessity from construction on DWTP and WWTP. There is a need to build a WWTP for the municipalities of Lyubimets, Topolovgrad, Ivaylovgrad, Stambolovo and Madzharovo. In addition, the project does not does not sufficiently cover the replacement of water supply pipes and does not provide for the repair and construction of new drinking water tanks

Total 1

# To what extent will the project you are implementing (will implement) contribute to meeting the basic investment needs in the water and sanitation infrastructure of the area you serve?

**23% Other, please indicate:**



**23% Only in small degree will help meet our investment needs.**

**54% Will largely satisfy our investment needs.**

|  |  |  |
| --- | --- | --- |
| **Answer** | **Percentage** | **Number of responses** |
| Will largely satisfy our investment needs. | 53.8% | 7 |
| Only in small degree will help meet our investment needs. | 23.1% | 3 |
| Other, please indicate: | 23.1% | 3 |
|  |  | **Total: 13** |

## Other, please specify: Quantity

Satisfies partially our investment needs, only in the part, where performance on 1

The project contributes to achieving national compliance with European Directives. Despite the significant financial support we will receive under the Project, significant investments are needed in parallel to explore new water sources. and improvement the state on water supply networks and systems and for the other settlements in the district, and not only for those over 10,000 p.e.

The project will completely solve the problem of purifying water used for drinking purposes/drinking water/ for the municipalities of Haskovo, Dimitrovgrad and Svilengrad, but will not solve the main problem with the outdated water supply infrastructure.

1

Satisfies partially our investment needs, only in the part, where performance on 1

The project contributes to achieving national compliance with European Directives. Despite the significant financial support we will receive under the Project, significant investments are needed in parallel to explore new water sources. and improvement the state on water supply networks and systems and for the other settlements in the district, and not only for those over 10,000 p.e.

Total 3

# Are there any changes in the current needs for investments in water and sanitation infrastructure in the area you serve, compared to the time of project preparation?

**23% Yes, please indicate:**



**77% No.**

|  |  |  |
| --- | --- | --- |
| **Answer** | **Percentage** | **Number of responses** |
| Yes, please specify: | 23.1% | 3 |
| No. | 76.9% | 10 |
|  |  | **Total: 13** |

**Yes, please specify: Number**

Yes, additional replacement on water pipes and sewerage 1

The outdated water supply network, lack of alternative water supply 1

comprehensive replacement on derivational, bringing and Ch. water pipes 1

Total 3

# What other investments/targeted support do you need?

## ReplyID Reply

33 Investments in populated places with under 10000 e.g.

34 ot

40 Replacement of depreciated water supply and sewage infrastructure, especially in hard to reach and mountainous areas. Reduction on losses on water – zoning, regulation on pressure, new tanks. Modernization on DWTP and WWTP – energetic effectively equipment, monitoring in real time, treatment of sediments. Energy efficiency and RES – replacement on pumps, photovoltaic systems for own needs, replacement on joinery and insulation on buildings. Sustainability to climatic risks – tanks, reinforcements, backup water sources. Investments in the staff – trainings, attraction on young specialists. Administrative support – simplified procedures and funding for project preparation.

42

Complete replacement of the water transmission network. Construction of alternative water sources.

43 Significant investments are needed in the area of water supply infrastructure for smaller settlements (smaller towns and villages), as they do not fall within the scope of the currently implemented and upcoming investment projects, and the water supply networks in small towns and villages are extremely outdated with numerous breakdowns and a large part of the water losses are generated from there. Investments are needed for the reconstruction of the existing water supply pipes leading to the settlements, as they are physically outdated, generate continuous breakdowns that cannot always be localized in time. The expired operating terms of the old water supply pipes have influence no only on losses, but and on quality on the drinking place water, which reaches the end user.

45 The area we serve needs more replacement of supply facilities.

47 Investments for reconstruction of existing water sources and construction of new ones.

49

1. Additional investments in the water supply pipelines of the city of Veliko Tarnovo;

2. Development of alternative water sources for the Pavlikeni region and Veliko Tarnovo - Al. Stamboliyski Dam"

50 We need is from purchase on construction technique for maintenance on the systems.

51

Additional investments in the water supply pipes of the city of Pleven and rehabilitation of the water supply network

52 To provide financing for the projects that "Water Supply and Sewerage" SMLLC - Haskovo finances with its own funds. ReplyID Reply

53

Investments in construction/completion/reconstruction of water supply and sewage systems, including WWTP for agglomerations between 2,000 and 5,000 p.e.

54 Complete reconstruction of derivation, supply, main and secondary water supply branches and facilities. Reconstruction of sewerage network and facilities.

# How can support under Priority 1 "Water" of the EP 2021-2027 be improved so that it better meets your needs? (More than one answer is possible)

а

|  |  |  |
| --- | --- | --- |
| **Answer** | **Percentage** | **Number of responses** |
| Amendment and/or addition to the objectives on future grant aid schemes– please indicate: | 30.8% | 4 |
| Amendment and/or addition to eligible activities – please specify: | 7.7% | 1 |
| Amendment and/or addition on eligible costs – please specify: | 15.4% | 2 |
| Enlarged size on advance payment – please specify: | 7.7% | 1 |
| Amendment and/or addition on the ways for securing on the advance payment – please specify: | 38.5% | 5 |
| Amendment and/or addition to the eligible beneficiaries/target groups/partners – please specify: | 15.4% | 2 |
| Increasing the maximum amount of funding with grant aid under the 2021-2027 EP. | 23.1% | 3 |
| Longer period for application. | 23.1% | 3 |
| Shorter time for project proposal appraisal. | 38.5% | 5 |
| Longer deadline for execution on the projects. | 61.5% | 8 |
| More serious support in preparing the project proposal. | 69.2% | 9 |
| More serious support in preparing the necessary documents from administrative nature (in implementation of registration, licensing or permit regimes). | 53.8% | 7 |

## Amendment and/or addition on the objectives on future procedures for grant aid

**– please specify: Number**

Implementation of statutory obligations of the Republic of Bulgaria to achieve 1 compliance for agglomerations between 2,000 and 5,000 p.e. with Directive 91/271/EEC.

investments in populated places with under 10000 people 1

expansion of the set objectives 1

to the extent necessary for the company 1

Total 4

## Amendment and/or addition on the permissible activities – please

## specify: Number

Construction/ completion/ reconstruction on water supply and sewer 1

systems, including and WWTP for agglomerations between 2 000 and 5 000 eq. g.

Total 1

## Amendment and/or addition to the permissible expenses – please

## specify: Number

To admit as eligible expenditure recovery on destroyed pavement outside 1

trench. For example, as an additional 10% of the pavements planned for restoration are included in the quantity-value account.

Eligibility of expenditures essential for the functioning of water supply and sewage networks and facilities

1

Total 2

## Enlarged size on advance payment – please specify: Number

bigger percentage 1

Total 1

|  |  |
| --- | --- |
| **Amendment and/or addition on the ways for the provision on**  **the advance payment – please indicate:** | **Number** |
| A method other than a bank guarantee is required to secure advance payments, for example recording on order, so as on this one stage already, the guarantee through insurance, is impossible when the value of the investment project is greater than BGN 500,000. | 1 |
| Securing advance payment to be possible with only one form on collateral, including promissory note. | 1 |
| Since the water and sewerage operators are not the owners of the networks and have nothing to mortgage as property, support from the State is necessary. | 1 |
| guarantee from BVIKH | 1 |
| please indicate: the provision on advance payment yes is possible only with one form of collateral, including promissory note | 1 |
| Total | 5 |
| **Amendment and/or addition on the permissible beneficiaries/targets** |  |
| **groups/partners – please indicate:** | **Number** |
| municipalities | 1 |
| by 10000 p.e. | 1 |
| Total | 2 |
| **Amendment and/or addition of the forms on support – please** |  |
| **indicate:** | **Number** |
| Total | 0 |
| **Other, please specify: Number** |  |
| Total 0 |  |

# What form of support with financial instruments have you benefited from under the OPE 2014-2020, in case the project you are implementing under the EP 2021-2027 falls into the "phased" category? (More than one answer is possible)

60

50

40

30

%

20

10

0

Financial instrument for

investment financing.

Financial instrument for turnover

financing.

A financial instrument – other:

No we are used support with financial

instrument

Our project no is

"phased".

|  |  |  |
| --- | --- | --- |
| **Answer** | **Percentage** | **Number of responses** |
| Financial instrument for investment financing. | 15.4% | 2 |
| Financial instrument for turnover financing. | 7.7% | 1 |
| Financial instrument – other: | 15.4% | 2 |
| No have not used support with financial instrument | 15.4% | 2 |
| Our project is not "phased". | 53.8% | 7 |



**Financial instrument – other: Number**

Contract for loan from Bulgarian ViK Holding for insurance on the part own 1

financing by the project

Investment credit from EBRD 1

Total 2

# If you did not use support from a financial instrument under OPE 2014-2020, how did you secure your own financing for the implementation of the project, implemented as Phase 1 in the previous programming period? (More than one answer possible)

50

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

40

30

%

20

10

0

Loan from commercial bank.

ViK Holding.

Other, please indicate:

|  |  |  |
| --- | --- | --- |
| **Answer** | **Percentage** | **Number of responses** |
| Loan from commercial bank. | 50.0% | 1 |
| ViK Holding. | 50.0% | 1 |
| Other, please indicate: | 50.0% | 1 |



## Other, please specify: Quantity

In moment we are in process on settlement on support with financial instrument 1

Total 1

# Do you plan to use a financial instrument under the EP 2021-2027?

**31% We have not decided yet.**



**54% Yes, please indicate why:**

**15% No, please indicate why:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Answer** | **Percentage** | **Number of responses** | |
| Yes, please indicate why: | 53.8% | 7 | |
| No, please indicate why: | 15.4% | 2 | |
| We have not decided yet. | 30.8% | 4 | |
|  |  | **Total: 13** | |
|  |  |  | |
| **Yes, please indicate why:** | | | **Number** |
| The conditions by insurance on the means, necessary for covering on the share for co-financing through the FI "Waters" of the FLAG Fund are advantageous. | | | 2 |
| To be able to provide the necessary financial resources to pay for the part - our own financing of the project | | | 1 |
| Because we do not have working capital available for investments and we do not have the funds for co-participation | | | 1 |
| We need a financial instrument to cover the Co-participation | | | 1 |
| The company cannot provide co-financing only with its own funds | | | 1 |
| We do not have the financial resources available | | | 1 |
| Total | | | 7 |
| **No, please indicate why:** | | | **Number** |
|  | | | 1 |
| the financing is provided from BVIKHolding LLC on previous stage | | | 1 |
| Total | | | 2 |

# What other factors influence the work of your water and sanitation company and in particular the implementation of projects under the EP 2021-2027? (Rate according to the impact scale below.)

**I can not Number of**

**Strong. Medium. Weak. estimate. answers**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Expected changes in the ViK Act. Number  % for the row | 4  30.8% | 3  23.1% | 1  7.7% | 5  38.5% | 13 |
| The absence on new strategic document for water and sanitation.  Number  % for the row | 3  23.1% | 4  30.8% | 2  15.4% | 4  30.8% | 13 |
| The lack of consensus on development and management on Water and sanitation infrastructure in the country.  Number  % for the row | 7  53.8% | 3  23.1% | 2  15.4% | 1  7.7% | 13 |
| The lack of coordination in the investment intentions of the different interested stakeholders (including water and sewerage operators, municipalities, regional administrations, etc.).  Number  % for the row | 10  76.9% | 0  0.0% | 2  15.4% | 1  7.7% | 13 |

Total Number of answers 13

# Are there other factors that influence the activities of your water and sanitation company and the implementation of projects under the EP 2021-2027, but were not mentioned in the previous question? (Please describe them and indicate their degree of impact.)

## ReplyID Reply

33 The regulation of service prices by EWRC has a direct impact on the company's revenues and, consequently, on the return on investment.

34

40 Severe mountainous terrain – strong impact Complicates construction, increases costs and extends project deadlines. Frequent landslides, floods and climatic risks – strongly impact They impose urgent emergency repairs, affect on the schedules and the budget. Aging staff and shortage of qualified personnel – medium impact Makes it difficult to implement new technologies and affects operational efficiency. High transportation costs and logistical difficulties – average impact Influence on supplies of materials and equipment in the mountains areas. Frequent accidents because of heavily depreciated network – strongly impact They divert resource from planned activities and hinder performance on projects.

42 No

43 Yes, the severe shortage of financial resources in the majority of water and sanitation companies makes it extremely difficult to manage, service and complete the implementation of current projects, since in addition to financial support from the European Union, for the implementation of the projects under the EP 2021-2027, it is necessary for the part of its own financing to be provided and paid by the Beneficiary, which further burdens the sector and hinders the overall activities of the Company.

45 ERWC

47 The transfer of the project proposal from the RRP to the EP 2021-2027 had a strong impact.

49 No

50 no

51 No

52 no

53 I cannot assess.

54 No I can yes assess

# Please indicate the main benefits you expect from the implementation of your project. (More than one answer is possible)

## Response Percentage Number of responses

Improved access to water supply. 69.2% 9

Reduced water losses.

92.3%

12



Continuity in water supply. 84.6% 11

Better quality of drinking water

76.9%

10



Better connectivity for population to sewage systems.



69.2% 9



Increasing the level of coverage with wastewater disposal services.

46.2%

6

Achievement of requirements regarding purification of wastewater.



69.2% 9



Sustainable management of water resources.

53.8%

7

## Other, please specify: Quantity

Total 0

# Do you meet the schedulte for implementing the activities set out in the project proposal?

**8% We are estimated to be behind in implementation of the activities by over 12 months compared to the original plan in**

**the project proposal.**

**8% We are performing the activities with**

**delay of between 6 and 12 months compared to originally planned in the project proposal.**

**31% Yes, completely.**

**54% We carry out the activities with delay less than 6 months compared to what was originally planned in the project proposal.**

|  |  |  |
| --- | --- | --- |
| **Answer** | **Percentage** | **Number of responses** |
| Yes, completely. | 30.8% | 4 |
| We are performing the activities with delay less than 6 months compared to what was originally planned in the project proposal. | 53.8% | 7 |
| We are implementing the activities with a delay of between 6 and 12 months compared to what was initially planned in the project proposal. | 7.7% | 1 |
| We are estimated to be behind in the implementation of activities with over 12 months compared to the originally planned in the project proposal. | 7.7% | 1 |
|  |  | **Total: 13** |

# Please explain why:

## ReplyID Reply

43 The project proposal was approved and a Grant Agreement was signed under the OPE 2014-2020 in 2019. The actual implementation of construction under the signed engineering contracts began around mid-2021, with a deadline for completion by the end of 2023. Obstacles and difficulties that arose during the implementation, such as unresolved development procedures by the Municipalities and not conducted at the regional pre-investment studies (RPIS) and Conceptual Design stages, establishment procedures with the Forestry Executive Agency, the lack of financial resources at a certain stage of the project implementation, as well as slow pace of construction, led to the impossibility of completing the project activities within the initially set deadlines - by the end of 2023. For this reason, the project as a whole was phased and the unimplemented activities in the first phase were left for implementation in phase 2 - under the EP 2021-2027.

52

Due to the longer period required to conduct the procedures/public procurement/selection of contractors.

# What difficulties do you encounter in implementing the project? (More than one answer is possible)

|  |  |  |
| --- | --- | --- |
| **Answer** | **Percentage** | **Number of responses** |
| To understand the requirements on MA on EP 2021- 2027 | 7.7% | 1 |
| To prepare the package of documents for application, according to the requirements. | 15.4% | 2 |
| To prepare the documents for verification of expenditures. | 7.7% | 1 |
| Difficulties in preparing documentation under the Public Procurement Act. | 23.1% | 3 |
| To organize and control work on public procurement. | 7.7% | 1 |
| To provide sufficient internal resource for the implementation of the project. | 61.5% | 8 |
| Difficulties due to irregular cash receipts through payments from the EP 2021-2027. | 7.7% | 1 |
| Difficulties due to imposed financial corrections. | 61.5% | 8 |
| Difficulties to provide co-funding. | 38.5% | 5 |
| To report performance on the indicators. | 7.7% | 1 |
| Other, please indicate: | 23.1% | 3 |



## Other, please specify: Quantity

lack on experience 1

inability to meet the burdensome conditions for using an advance payment under the administrative contract for grant aid

1

onerous planning procedures under the Spatial Planning Act 1

Total 3

# In what activities organized by the MA of the EP 2021-2027 to support the management and implementation of the project have you participated? (More than one answer is possible)

80

60

40

%

20

0

Trainings. Seminars. Informational

campaigns.

We have not participated in such activities.

I do not know.

|  |  |  |  |
| --- | --- | --- | --- |
| **Answer** | **Percentage** |  | **Number of responses** |
| Trainings. | 69.2% |  | 9 |
| Seminars. | 15.4% |  | 2 |
| Informational campaigns. | 23.1% |  | 3 |
| We have not participated in such activities. | 15.4% |  | 2 |
| I do not know.  **Other, please specify:** | 7.7% | **Number** | 1 |
| Total |  | 0 |  |

# What activities, in addition to those listed above, would you like the MA of the EP 2021-2027 to organize in support of the management and implementation of projects under Priority 1 "Water"?

## ReplyID Reply

33 Po in depth training on beneficiaries which for first road are by the program

34 oj

40 Training courses in project management, public procurement, financial reporting and digital systems; Practical seminars and exchange on experience between Plumbing operators; Technical assistance in preparing project documents and analyses; Quick consultations and guidance on problems arising during implementation; Standardized templates and documentation guidelines to reduce the administrative burden.

42 None

43 Trainings on Public Procurement Law and FIDIC regarding project management. Seminars and analyses on topics, concerning encountered problems, case studies and situations from the practice in project implementation and management.

45

I think that the seminars and trainings organized so far for the purpose of higher awareness are completely satisfactory. Let this practice not be interrupted. And soon there should be a new one organized for EP 21-27.

47 Trainings and seminars.

49 Conducting seminars to share best practices.

50 Training seminars

51 seminars to share best practices

52 Trainings regarding collection and leadership of the overall documentation for management and project implementation

53

Training specifically aimed at avoiding errors when conducting procedures under the Public Procurement Act, with a view to avoiding financial corrections.

54 seminars and trainings

# Please assess the support you received/are receiving from the MA of the EP 2021-2027 in connection with the implementation of your project?

**23% I cannot estimate.**



**8% Insufficient.**

**62% Sufficient and timely.**

**8% Enough, but untimely.**

|  |  |  |
| --- | --- | --- |
| **Answer** | **Percentage** | **Number of responses** |
| Sufficient and timely. | 61.5% | 8 |
| Enough, but untimely. | 7.7% | 1 |
| Insufficient. | 7.7% | 1 |
| I cannot estimate. | 23.1% | 3 |
|  |  | **Total: 13** |

# How would you rate the benefits of the project compared to the burden of implementing the project?

**31% The project is useful, but also very difficult for implementation.**

**8% The project is useful and its implementation is not very burdensome.**

**62% The support provided is without alternative for us and that's why it's very important.**

|  |  |  |
| --- | --- | --- |
| **Answer** | **Percentage** | **Number of responses** |
| The provided support is without alternative for us and therefore it is very important. | 61.5% | 8 |
| The project is useful and its implementation is not very burdensome. | 7.7% | 1 |
| The project is useful, but and very difficult for implementation. | 30.8% | 4 |
|  |  | **Total: 13** |

# If it were not for the support under the EP 2021-2027, would you have implemented the project?

**100% No.**

## Response Percentage Number of responses

No.

100.0% 13



**Total: 13**

## Yes, please. cite the source on funding: Number

Total 0

# Do you observe any unplanned effects from the project implementation?

**100% No.**

## Response Percentage Number of responses

No.

100.0% 13



**Total: 13**

## Yes, positive, as (please, specify): Number

Total 0

## Yes, negative, as (please specify): Number

Total 0

# What do you think is the effect of consolidation on the implementation of strategic objectives in the sector?

**23% I don't have opinion.**



**31% Positive.**

**46% Rather positive.**

|  |  |  |
| --- | --- | --- |
| **Answer** | **Percentage** | **Number of responses** |
| Positive. | 30.8% | 4 |
| Rather positive. | 46.2% | 6 |
| I don't have opinion. | 23.1% | 3 |
|  |  | **Total: 13** |

# Please explain why:

**ReplyID Reply**

# What are the main factors, in your opinion, that hinder the successful implementation of the project and the achievement of its objectives? (More than one answer is possible)

|  |  |  |  |
| --- | --- | --- | --- |
| **Answer** | **Percentage** |  | **Number of responses** |
| The objectives were/are not realistic. | 7.7% |  | 1 |
| Lack of sufficient financial resources for co-financing the activities. | 38.5% |  | 5 |
| Difficulties and delays during implementation. | 61.5% |  | 8 |
| High administrative burden/bureaucratic procedures beyond the beneficiary's control. | 76.9% |  | 10 |
| Delays in obtaining necessary administrative documents (in the implementation of registration, licensing, or permit regimes). | 76.9% |  | 10 |
| Problems with conducting public procurements. | 30.8% |  | 4 |
| Lack of experience in project management. | 30.8% |  | 4 |
| Lack of enough human resources for project management. | 30.8% |  | 4 |
| Delay/bad faith performance by external contractors. | 15.4% |  | 2 |
| Planning gaps. | 15.4% |  | 2 |
| Regulatory and/or political and/or strategic changes. | 23.1% |  | 3 |
| Economic changes (e.g. inflation, transition to the euro from 01.01.2026, etc.). | 15.4% |  | 2 |
| Force majeure circumstances. | 15.4% |  | 2 |
| **Other, please specify:** |  | **Number** |  |
| Total |  | 0 |  |

# Please clarify:

## ReplyID Reply

33 company no is was beneficiary by OPE

34 no

40 no

42 None

43 Everything noted above in point 21 hinders and complicates the timely implementation of the project.

45

There is a delay in the implementation of one of the projects due to high groundwater levels.

47 Lack on financial resource for co-financing on the activities.

49

Currently, the Project is at the stage of securing the investment intentions for which Engineering contracts (construction sites) are envisaged with construction permits at the conceptual stage. We are encountering significant problems in coordinating the conceptual designs, which in turn leads to delays and difficulties in preparing the public procurement documentation, conducting the tender procedures and selecting contractors for Engineering and Independent Construction Supervision.

50 Archaeological excavations/finds that may delay project sites indefinitely

51

We are encountering significant problems in the preparation of public procurement documentation, the conduct of the tender procedures, and the selection of contractors for Engineering and Independent Construction Supervision.

52 the administrative burdento be reduced

53

The main difficulties in the implementation of the project are related to securing funds for co-financing and working capital financing of eligible costs, before their reimbursement by the EP, as well as carrying out administrative procedures beyond the control of the beneficiary.

54 High administrative burden and lack of timely assistance between institutions.

# Do you have any recommendations regarding improvements in and acceleration of the implementation process of Priority 1 "Water" of the EP 2021-2027? Please indicate:

## ReplyID Reply

33 Considering the beginning on the process on execution no I can yes indicate recommendations.

34 jj

40 Simplification and acceleration of approval, coordination and payment procedures; Clear instructions and standardized documentation templates; Faster and direct communication with the MA in case of issues; Better coordination with external permitting institutions; Technical assistance in planning and design.

42 None

43 ...

45 None

47 The period for project implementation is short.

49

Decisions to impose financial corrections on contracts with external contractors, being subject to objections and appeals in court, shall be implemented upon a final, effective decision of a relevant court.

50 The PMU should include representatives of the future owners of the assets in order to take an interest and smooth out obstacles in the municipal administrations

51 no

52 no

53

EP MA providing support in case of administrative difficulties in the implementation of projects that concern other ministries/departments.

54 Relieved spatial planning and administrative procedures.

# You have reached the end of the survey. If there is anything else you would like to share, please do so below:

## ReplyID Reply

33 no

34 jj

40 no

42 None

43 No, no other.

45 Thank you for supporting the WSS companies!

47 No we don't have.

49

The comprehensive analysis of investment needs and the proper planning of activities is a prerequisite for the successful and timely implementation of the Project. Therefore, the quality preparation of the regional pre-investment studies, the proper assessment of the investment intentions, including the separation of the individual objects for implementation in compliance with the requirements of the Public Procurement Act, followed by the preparation of conceptual designs and compliance assessment reports at the regional pre-investment study stage determines the correct assessment of the necessary financial resources, more precise determination of the necessary deadlines for implementation, definition of the tasks for implementation and their sequence.

50 No

51

The comprehensive analysis of investment needs and the proper planning of activities is a prerequisite for the successful and timely implementation of the Project. Therefore, the quality preparation of the regional pre-investment studies, the proper assessment of the investment intentions, including the separation of the individual objects for implementation in compliance with the requirements of the Public Procurement Act, followed by the preparation of conceptual designs and compliance assessment reports at the regional pre-investment study stage determines the correct assessment of the necessary financial resources, more precise determination of the necessary deadlines for implementation, definition of the tasks for implementation and their sequence.

52 no

53

Ensuring greater awareness about the possibilities for using financial instruments in the implementation of projects.

54 We get the necessary technical support from the EIB.

* 1. Sources used

|  |  |  |
| --- | --- | --- |
| **No.** | **Document** | **Source** |
| **General documents** | | |
|  | National Development Program: Bulgaria 2030 | internet |
|  | National Recovery and Resilience Plan | internet |
|  | National Reform Programmes and Council Recommendations | internet |
|  | Partnership Agreement of the Republic of Bulgaria | internet |
|  | Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for them and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for financial support for border management and visa | internet |
|  | Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund | internet |
|  | Regulation (EU) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union | internet |
|  | Guidance on the use of simplified cost options within the funds covered by Regulation (EU) 2021/1060 | internet |
|  | [Water](https://www.moew.government.bg/wp-content/uploads/filebase/Water/Legislation/EU%20Legislation/Directive-2000-60.pdf) Framework Directive 2000/60/EC | internet |
|  | Law on the Management of European Funds under Shared Management | internet |
|  | Spatial Planning Act | internet |
|  | Public Procurement Act and its implementing regulations | internet |
|  | Environmental Protection Act | internet |
|  | Public Finance Act | internet |
|  | Ordinance No. 4 of 22.07.2016 on determining the procedure for coordinating draft documents under Art. 26, para. 1 of the Law on the State Fund for the Development of the Republic of Bulgaria | internet |
|  | REGULATION on determining the conditions and rules for providing support through financial instruments, the combination of financial instruments with grants, the implementation of financial instruments and the rules for management and control, Adopted by Council of Ministers No. 105, promulgated, SG, issue 66 of 1.08.2023, in force from 1.08.2023. | internet |
|  | Council of Ministers Decree No. 23 of 2023 on setting out detailed rules for providing grants under the programmes co-financed by the ESMF for the programming period 2021-2027 | internet |
|  | Council of Ministers No. 70 of 2010 on coordination in the management of European Union funds and on the establishment of a Council for coordination in the management of European Union funds | internet |
|  | Council of Ministers Decree No. 86 of 2023 on determining national rules for the eligibility of expenditure under programs financed by European funds under shared management, for the programming period 2021-2027 | internet |
|  | Council of Ministers Decree No. 302 of 2022 on the establishment of monitoring committees for the Partnership Agreement of the Republic of Bulgaria and the programmes co-financed by the ESMF for the programming period 2021-2027 | internet |
|  | Ordinance No. 4 of May 21, 2001 on the scope and content of investment projects | internet |
|  | Ordinance No. 8 of June 14, 2001 on the scope and content of development plans | internet |
|  | Regulation on the terms and conditions for mandatory insurance in design and construction, adopted by Council of Ministers No. 38 of 24.02.2004. | internet |
| **Documents for the Water Sector** | | |
|  | National Strategy for Management and Development of the Water Sector in the Republic of Bulgaria | internet |
|  | Strategic Action Plan for Environmental Protection and Restoration of the Black Sea | internet |
|  | Strategy for Environmental Protection in the Marine Waters of the Black Sea of the Republic of Bulgaria (Marine Strategy) | internet |
|  | Regulations on the organization and activities of the Water Coordination Council | internet |
|  | Regulations on the organization and activities of the Supreme Advisory Council on Water | internet |
|  | Marine Strategy Framework Directive 2008/56/EC | internet |
|  | Water Framework Directive 2000/60/EC | internet |
|  | Directive 2008/105/EC of the European Parliament and of the Council of 16 December 2008 on environmental quality standards in the field of water policy, amending and subsequently repealing Council Directives 82/176/EEC, 83/513/EEC, 84/156/EEC, 84/491/EEC, 86/280/EEC and amending Directive 2000/60/EC of the European Parliament and of the Council | internet |
|  | Directive 2013/39/EU of the European Parliament and of the Council of 12 August 2013 amending Directives 2000/60/EC and 2008/105/EC as regards priority substances in the field of water policy | internet |
|  | Commission Directive 2009/90/EC of 31 July 2009 laying down, pursuant to Directive 2000/60/EC of the European Parliament and of the Council, technical specifications for chemical analysis and monitoring of water status | internet |
|  | Directive (EU) 2020/2184 of the European Parliament and of the Council of 16 December 2020 on the quality of water intended for human consumption (recast) | internet |
|  | Directive (EU) 2024/3019 of the European Parliament and of the Council of 27 November 2024 concerning urban wastewater treatment (recast) | internet |
|  | Council Directive 91/271/EEC of 21 May 1991 concerning urban waste-water treatment | internet |
|  | Regulation (EU) 2020/741 of the European Parliament and of the Council of 25 May 2020 on minimum requirements for water reuse | internet |
|  | Commission Implementing Decision (EU) 2025/439 of 28 February 2025  Commission Implementing Decision (EU) 2022/1307 of 22 July 2022  Commission Implementing Decision (EU) 2020/1161 of 4 August 2020 | internet |
|  | Decision No 2455/2001/EC of the European Parliament and of the Council of 20 November 2001 establishing the list of priority substances in the field of water policy and amending Directive 2000/60/EC | internet |
|  | Water Supply and Sewerage Services Regulation Act (2005) | internet |
|  | Water Act | internet |
|  | Water Supply and Sewerage Act (draft) | internet |
|  | Regulation No. RD-02-20-2 of 2024 on the design, construction and operation of water supply systems | internet |
|  | Regulation on water consumption standards | internet |
|  | Ordinance No. 1 of 10.10.2007 on the exploration, use and protection of groundwater | internet |
|  | Regulation No. 1 of 11.04.2011 on water monitoring | internet |
|  | Ordinance No. 1 of 1.07.2016 approving the Methodology for the application of the exceptions under Art. 156b – 156f of the Water Act | internet |
|  | Regulation No. 2 of 8.06.2011 on issuing permits for the discharge of wastewater into water bodies and determining individual emission limits for point sources of pollution | internet |
|  | Regulation No. H-3 of 28.11.2011 on the provision of information by departments and scientific institutes with budget funding and water users whose activities have a significant impact on the state of waters | internet |
|  | Regulation No. H-4 on the characterization of surface waters | internet |
|  | Ordinance No. 6 of 9.11.2000 on emission standards for the permissible content of harmful and hazardous substances in wastewater discharged into water bodies | internet |
|  | Ordinance No. 7 of 14.11.2000 on the conditions and procedure for discharging industrial wastewater into the sewage systems of settlements | internet |
|  | Ordinance No. 9 of 16.03.2001 on the quality of water intended for drinking and domestic purposes | internet |
|  | Regulation No. 12 of 18.06.2002 on the quality requirements for surface waters intended for drinking and domestic water supply | internet |
|  | Regulation on environmental quality standards for priority substances and certain other pollutants | internet |
|  | Regulation on the use of surface waters | internet |
|  | Regulation on the conditions and procedure for conducting an environmental impact assessment, adopted by Council of Ministers Decree No. 59 of 7.03.2003. | internet |
|  | Regulation on the requirements and criteria for water and sanitation operators and the qualification of their personnel, adopted by Council of Ministers No. 11 of 23.01.2018. | internet |
|  | Regulation No. RD-02-20-8 of 2013 on the design, construction and operation of sewerage systems | internet |
|  | Bulgaria's reports to the EC under Art. 15 and Art. 17 of Directive 91/271/EEC | internet |
|  | River basin management plans. | internet |
| **Documents and data related to EP 2021-2027** | | |
|  | EP | internet |
|  | Program changes and justifications | EP MA |
|  | EP Evaluation Plan 2021-2027 | internet |
|  | Environmental Assessment Report of the Program and Environmental Assessment Opinion | internet |
|  | Internal rules and procedures of the Managing Authority (MA) of the EP | EP MA (if necessary) |
|  | Annual reviews of EP implementation | internet |
|  | Reports submitted to the Central Committee of the Communist Party of Bulgaria and the National Assembly | internet |
|  | Indicative annual work programs (AWPs) | internet |
|  | Justifications for the IGP | EP MA |
|  | Minutes and materials from the meetings of the Monitoring Committee (MC) of the EP | internet |
|  | Financial data and data on the implementation of EP by procedures and projects | EP MA |
|  | Mid-term review of the implementation of the Environment Programme 2021–2027 | Internet |
|  | Updated Ex-ante Assessment for the Implementation of Financial Instruments under the Environment Programme 2021-2027 | Internet |
|  | Beneficiary contacts | EP MA |
|  | Application Guidelines/Direct Grant Guidelines | Internet |
|  | Relevant internal analyses | EP MA |
|  | Data from announced procedures, submitted project proposals and concluded contracts | UNISMS 2020 |
|  | Data on the achieved values of the indicators | EP MA |
|  | Data on the evaluations of the procedures carried out | EP MA |
|  | Information about irregularities and common mistakes | EP MA |
|  | Data on training provided, satisfaction analyses and training needs analysis, both for the MA and for the beneficiaries | EP MA |
| **Other data and documents** | | |
|  | Data from environmental reports | internet |
|  | Data from KEWR and Bulgarian Water and Sewerage Holding for the Water and Sewerage sector | internet |
|  | Statistical data | NSI and Eurostat |
|  | Performance, monitoring and evaluation of the European Regional Development Fund, the Cohesion Fund and the Just Transition Fund in 2021-2027, February 2025.[[27]](#footnote-28) | internet |
|  | Evaluations of OPE 2014-2020 | internet |

1. [https://eur-lex.europa.eu/eli/dir/1991/271/oj?locale=en ; Directive 91 / 271 / EEC](https://eur-lex.europa.eu/eli/dir/1991/271/oj?locale=bg) will be repealed and replaced [[by Directive ( EU ) 2024/3019 with effect from 1](https://eur-lex.europa.eu/eli/dir/1991/271/oj?locale=bg) August 2027](http://data.europa.eu/eli/dir/2024/3019/oj/bul) [.](https://eur-lex.europa.eu/eli/dir/1991/271/oj?locale=bg) [↑](#footnote-ref-2)
2. [httWWTP :// eur - lex . europa . eu / eli / dir /2020/2184/ oj](https://eur-lex.europa.eu/eli/dir/2020/2184/oj) [↑](#footnote-ref-3)
3. [httWWTP :// ec . europa . eu / commission / presscorner / detail / bg / ip \_24\_5427](https://ec.europa.eu/commission/presscorner/detail/bg/ip_24_5427) [↑](#footnote-ref-4)
4. [httWWTP :// www . eufunds . bg / sites / default / files / uploads / oEP / docs /2025-06/ MidtermReviewAssessment %20 PEnvi . pdf](https://www.eufunds.bg/sites/default/files/uploads/opos/docs/2025-06/MidtermReviewAssessment%20PEnvi.pdf) [↑](#footnote-ref-5)
5. Investment C9.I1 [↑](#footnote-ref-6)
6. <https://eumis2020.government.bg/bg/s/8d3ebf57-ff75-4ad5-afa1-5747f558ee98/Procedure/Info/1a856753-0b57-4865-93cc-7946749be109> [↑](#footnote-ref-7)
7. The European fund for regional development ( ERDF ) and Cohesion fund , as well as and regarding The Fund for fair transition ( JSP ) and The European Social fund + ( ESF ) [↑](#footnote-ref-8)
8. 3 project proposals submitted. BDHR was unable to submit a project proposal within the application deadline. [↑](#footnote-ref-9)
9. 1 project proposal submitted. [↑](#footnote-ref-10)
10. 7 project proposals submitted. The MA envisages that this procedure will be transferred to the newly created Priority 7 of the EP according to the draft amendment to the program from December 2025. [↑](#footnote-ref-11)
11. Burgas, Vidin, Varna, Gabrovo, Dobrich, Yovkovtsi, Kardzhali, Pernik, Pleven, Plovdiv, Sliven, Smolyan, Sofia region, Stara Zagora, Targovishte, Haskovo, Shumen [↑](#footnote-ref-12)
12. Point (b) refers to the specific objective under Objective 2 for a greener, low-carbon and sustainable Europe with a net-zero carbon economy by promoting a clean and just energy transition, green and blue investments, the circular economy, climate change mitigation and adaptation, risk prevention and management and sustainable urban mobility. [↑](#footnote-ref-13)
13. **Directive (EU) 2024/3019** of the European Parliament and of the Council of 27 November 2024 concerning urban waste water treatment [↑](#footnote-ref-14)
14. Regulation (EU) 2024/1991 of the European Parliament and of the Council of 24 June 2024 on nature restoration and amending Regulation (EU) 2022/869 [↑](#footnote-ref-15)
15. European Water Strategy for Sustainability, COM (2025) 280 final [↑](#footnote-ref-16)
16. Promulgated in the State Gazette No. 6 of 22 January 2016, amended and supplemented in the State Gazette No. 84 of 6 October 2023. [↑](#footnote-ref-17)
17. Ordinance No. 9 of March 16, 2001 on the quality of water intended for drinking and domestic purposes, issued by the Minister of Health, the Minister of Regional Development and Public Works and the Minister of Environment and Water, published in the State Gazette, issue 30 of March 28, 2001, amended and supplemented by the State Gazette, No. 43 from May 16, 2023. [↑](#footnote-ref-18)
18. Directive (EU) 2020/2184 of the European Parliament and of the Council of 16 December 2020 on the quality of water intended for human consumption [↑](#footnote-ref-19)
19. Decision No. 645 of the Council of Ministers of September 17, 2025 on the establishment of a National Water Board [↑](#footnote-ref-20)
20. The implementation of some of the water and sanitation projects included in the List of investment projects of municipalities by priorities and areas/projects for targeted financing continues in accordance with Decision No. 711/30.09.2022 of the Council of Ministers, amended and supplemented by Decisions No. 1039/21.12.2022 and No. 152/2023 of the Council of Ministers. The implementation of agreements concluded in 2023 and 2024 for financial support to municipal administrations for the implementation of water and sanitation projects continues.

    In implementation of the State Budget Act of the Republic of Bulgaria for 2025, the Ministry of Regional Development and Public Works concludes agreements with municipal administrations for financial support for the implementation of projects included in Annex 3 to Art. 113 of the Act. As of 30.06.2025, 2100 agreements have been concluded, with the deadline for implementation of the projects being until 30.06.2027. Report on the implementation of the program budget of the Ministry of Regional Development and Public Works as of 30.06.2025. [↑](#footnote-ref-21)
21. Annual report and comparative analysis of the state of the Water and Sewerage sector in the Republic of Bulgaria for 2024, KEWR [↑](#footnote-ref-22)
22. Financial instrument under Priority 1 " Water " Environment Programme 2021-2027, prepared by FMFI, available at https://fmfib.bg/storage/financial-instruments/documents/Doklad\_Pazaren\_Test\_FI\_Vodi\_approved.pdf . The ex - ante assessment of the FI under EP 2021-2027 was completed in 2021 and does not take into account inflationary processes , especially in the field of construction materials , after 2020 . [↑](#footnote-ref-23)
23. Market Consultation Report Financial Instrument under Priority 1 "Water" Environment Program 2021-2027 <https://fmfib.bg/storage/financial-instruments/documents/Doklad_Pazaren_Test_FI_Vodi_approved.pdf> [↑](#footnote-ref-24)
24. Procedure BG 16 FFPR 002-1.007 "Program for construction/completion/reconstruction of water supply and sewage systems, including WWTWWTP for agglomerations between 5,000 and 10,000 pe." is considered a procedure under P1, not P7, according to the amendment to the EP submitted to the EC at the end of December 2025. Accordingly, all financial indicators are based on the actual budget of P1 as of the end of 2025, and not on the basis of the amendment proposal from December 2025. [↑](#footnote-ref-25)
25. Exceptional one-off pre-financing in addition to the annual pre-financing for the programme provided for in Article 90(1) and (2) of Regulation 2021/1060 and in Article 51(2), (3) and (4) of Regulation 2021/1059 [↑](#footnote-ref-26)
26. [httWWTP :// www . dker . bg / uploads / documents / vik /2025/ SRAVN \_ ANALIZ \_ VIK \_2024\_12112025. pdf](https://www.dker.bg/uploads/documents/vik/2025/SRAVN_ANALIZ_VIK_2024_12112025.pdf) [↑](#footnote-ref-27)
27. [httWWTP :// ec . europa . eu / regional \_ policy / en / information / publications / evaluations - guidance - documents /2021/ performance - monitoring - and - evaluation - of - the - european - regional - development - fund - the - cohesion - fund - and - the - just - transition - fund - in -2021-2027](https://ec.europa.eu/regional_policy/en/information/publications/evaluations-guidance-documents/2021/performance-monitoring-and-evaluation-of-the-european-regional-development-fund-the-cohesion-fund-and-the-just-transition-fund-in-2021-2027) [↑](#footnote-ref-28)