Component 5: Thematic Evaluation Based on the Results of the Mid-Term Review within One Priority (Waters)

 

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

**SUMMARY**

**of the Final Evaluation Report**

**Ministry of Environment and Waters**

**Delveloped by: Association "ECO DAR" DZZD**

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# Summary

This summary presents a consolidated overview of the key observations and findings from the report on Component 5: Thematic Evaluation Based on the Results of the Mid-Term Review within One Priority (Waters) under the Environment Programme (EP) 2021-2027. The report was prepared by experts from the Association "ECO DAR" DZZD, pursuant to Contract No. D-34-14/07.03.2025, concluded with the Ministry of Environment and Water.

The evaluation was conducted between October 2025 and January 2026 and reflects the progress and state of implementation as of the end of January 2026.

**The primary objective of the evaluation** is to provide an independent analysis of the implementation of Priority 1 "Waters" of the Environment Programme 2021-2027, with a view to supporting the Programme's Managing Authority in effectively and efficiently conducting management, monitoring, evaluation, and control processes. The evaluation focuses on the priority with the largest financial allocation in the programme — €607.9 million (33% of total resources) — directed toward investments in the water sector.

The evaluation was carried out in accordance with the requirements of Regulation (EU) 2021/1060 and is included in the Programme's Evaluation Plan. It falls within the category of evaluations conducted during implementation and provides answers to pre-defined evaluation questions structured around three main thematic areas: relevance of support, effectiveness in achieving results, and efficiency of implementation.

The evaluation drew on existing data from the Information system for management and monitoring of EU funds in Bulgaria (UMIS 2020+), strategic and legislative documents, as well as findings from previous analyses and evaluations from the 2014-2020 programming period. Primary data were collected through a combination of methods: desk research, interviews with key stakeholders, an online survey among beneficiaries (water and sewerage operators), and an expert panel with representatives of the Programme's Managing Authority.

A set of analytical tools was applied in response to the evaluation questions, including: intervention logic analysis, stakeholder analysis, needs analysis, indicator analysis, financial performance analysis, efficiency analysis (cost-benefit ratio), SWOT analysis, and an assessment of external factors and implementation risks.

**Relevance of Support**

The implementation of Priority 1 "Waters" of the EP 2021-2027 is taking place within a dynamic, evolving strategic and regulatory framework. Changes in the regulatory framework — the amendment of Regulation (EU) 2021/1058, the adoption of the new Directive (EU) 2024/3019 on urban wastewater treatment, the introduction of new energy efficiency and renewable energy requirements, the application of the Drinking Water Quality Directive, and the establishment of a National Water Board in response to the water crisis — all underscore the need to update the programme and expand the scope of eligible interventions.

The infringement procedure initiated by the European Commission against Bulgaria for non-compliance with urban wastewater collection and treatment requirements highlights the importance of timely project implementation and the need to prioritise resources for agglomerations that face the risk of sanctions.

Support under Priority 1 is directed toward key identified needs in the water sector, including the construction of wastewater collection and treatment infrastructure in agglomerations above 5,000 population equivalents (p.e.)[[1]](#footnote-1), improving water supply and reducing water losses, and strengthening water resources monitoring and management capacity. The regional approach to delivering support creates conditions for greater sustainability of results.

The results of the beneficiary survey show that slightly over half of the water and sewerage operators (53.8%) consider that the projects substantially meet their investment needs. This reflects the fact that, given the needs identified in the National Investment Plan for Water Supply and Sewerage and the infringement proceedings initiated by the European Commission carrying significant financial obligations, the EP makes a substantial contribution but cannot independently cover all necessary investments.

No significant discrepancy was found between the originally identified needs and the current needs of beneficiaries, while a trend of increasing needs has been observed. In this context, beneficiaries point to potential areas for improvement related to expanding eligible activities, more flexible financial mechanisms, and adapted implementation timelines.

**Effectiveness in Achieving the Objectives**

As of January 2026, seven procedures have been launched under Priority 1 "Waters," with beneficiaries selected under four of them and 17 contracts signed. The total budget of the announced procedures amounts to 132% of the priority budget, while the contracted projects represent 94.8% of the available resources. This reflects a proactive approach by the Managing Authority to over-contract, in light of experience from the previous two programming periods, when savings were recorded on projects, incomplete implementation occurred, or financial corrections were imposed as a result of established irregularities.

Financial implementation under Priority 1 is currently within expected levels for large-scale infrastructure projects, with actual payments amounting to 11.1% of the priority budget. No automatic decommitment of funds has been recorded for the programme in 2025.

In terms of physical implementation, a lag is observed, which is characteristic of the initial stages of implementation of projects mainly targeting the construction of large-scale infrastructure.

The Managing Authority currently projects absorption of approximately 82% of the priority budget by the end of 2029, with the expected unabsorbed funds amounting to approximately €109 million (18% of the priority budget).

The interventions carried out under Priority 1 are largely aligned with the objectives related to wastewater treatment, and the funded projects are expected to result in the connection of over 1.14 million citizens to secondary wastewater treatment, over 1.05 million citizens to improved public water supply, and the creation or improvement of treatment capacity for over 405,000 population equivalents.

Identified risk factors include challenges in project preparation and implementation, including the termination of already launched public procurement procedures and the significant financial interest that motivates appeals; delays in securing the necessary documents under spatial planning and zoning procedures; limited financial capacity to provide co-financing and working capital, as well as limited expertise among some beneficiaries for implementing and managing large infrastructure projects; and administrative barriers, particularly with respect to permit regimes.

**Efficiency of Implementation**

At the current stage, implementation efficiency cannot be quantitatively assessed, as all projects are under implementation, with the majority in the early stages of implementation. The guidelines for applicants are assessed as clear and well-structured, while opportunities have been identified for further simplification of certain requirements for beneficiaries (removing the requirement for launched public procurement procedures before signing a grant contract).

The implementation of the priority is influenced by a number of horizontal factors, including changes in the regulatory framework, the capacity of contractors, and the need for effective coordination among the institutions involved.

The Managing Authority has already taken numerous proactive measures to accelerate implementation: designating a coordinator for each project, requiring action plans from beneficiaries, conducting regular training sessions, analysing the most common errors, and developing guidelines and instructions published on the programme's website.

Different strengths are observed across the two main types of beneficiaries — municipalities (greater capacity to get co-funding, as they are the owners of the infrastructure; capacity for spatial planning and zoning procedures; and better coordination with institutions) and water and sewerage operators (technical expertise and better understanding of sector needs) — and encouraging partnerships between them emerges as an approach with potential for better results.

Effective approaches to dialogue and engagement with external stakeholders are being applied. At the same time, difficulties are observed in the interactions between the various units and structures involved in water management. Improving inter-institutional cooperation is an important factor for the effective implementation of Priority 1 "Waters" of the Programme.

The amendment of Regulation 1058/2021, enabling the extension of the implementation period to 2030, as well as the amendments to the EP sent to the EC in December 2025 — including the creation of the new Priority 7 "Water Resilience" — are assessed as important preconditions for the successful realisation of the planned investments, provided they are approved by the European Commission.

**Recommendations**

**Regarding programme update and expansion of scope:**

In the context of changing sector conditions and the evolving European regulatory framework, consideration may be given to **expanding the scope and eligible activities** under Priorities 1 and 7 in light of changed circumstances (the water crisis) and new European requirements. Options could be analysed for **expanding eligibility to agglomerations between 5,000 and 10,000 p.e., and in the longer term — to agglomerations between 2,000 and 5,000 p.e.; launching targeted procedures for non-consolidated areas; examining the possibility of co-financing projects approved and funded under the National Investment Programme for Municipalities**; and **large-scale design work in consolidated and non-consolidated areas** to prepare projects for the next programming period.

**Regarding optimisation of beneficiaries and funding:**

In the context of future procedures, a partnership approach between municipalities and water and sewerage operators could be encouraged, reflecting the complementary roles and capacities of both types of beneficiaries. In planning the funding, the degree of project readiness could be taken into account, with priority given to funding construction works **in non-consolidated areas** for projects with a higher degree of readiness, as well as recognising the proven track record and capacity of **municipalities**.

**Regarding improvement of coordination and efficiency:**

To support the implementation of investments in the water sector, opportunities could be explored to further strengthen inter-institutional dialogue. Continuing and, where necessary, expanding technical assistance to beneficiaries could contribute to smoother project implementation. In this context, opportunities could also be analysed to optimise and better synchronise spatial planning and zoning procedures for water and sewerage infrastructure.

**Regarding the next programming period:**

For the 2028-2034 programming period, earlier and more structured planning of investment projects could be considered, including through the preparation of a project pipeline. In this regard, commencing the design of priority facilities at an earlier stage could support the timely realisation of future investments. It is possible to asses the readiness of beneficiaries to include in projects activities related to quaternary treatment, energy efficiency, and renewables at wastewater treatment plants in accordance with the new Directive (EU) 2024/3019; as well as activities to improve the quality of drinking water. The analysis of the investment needs of the water and sewerage sector, along with the development of a long-term funding framework, could provide a better basis for strategic planning. Ensuring readiness with respect to permit regimes and, where necessary, discussing possible regulatory improvements could facilitate implementation in the future.

1. According to the proposal for EP amendment from December 2025, interventions in agglomerations between 5,000 and 10,000 p.e. will not be financed under Priority 1, but under the newly created Priority 7. [↑](#footnote-ref-1)