

# **NRRP - ONE YEAR WITH NO PROGRESS, WITH FIVE PAYMENTS ALREADY AT RISK**

**(October 2023 – October 2024)**

**Author: Petko Kovachev, commissioned by EA “Za Zemiata”**

## **CONTENTS**

INTRODUCTION.....	2
DECEMBER 2023 NRRP AMENDMENTS.....	5
THE FAILURE OF THE ROADMAP TO CLIMATE NEUTRALITY.....	11
THE AMENDMENTS UNDER ARTICLE 21 AND THE REPowerEU CHAPTER.....	14
PROGRESS ON KEY MILESTONES AND TARGETS.....	16
Third payment:.....	19
Fourth payment:.....	20
Fifth payment:.....	20
Sixth payment:.....	20
CONCLUSIONS AND RECOMMENDATIONS.....	22
Comments and suggestions on the amendments under Article 21 and the REPowerEU chapter.....	22
General recommendations.....	25

# INTRODUCTION

Exactly one year ago (October 2023) we published an [analysis of the development of the reforms and projects in the National Recovery and Resilience Plan](#) (NRRP or RRP) that are relevant to climate, energy and environmental policies. Our conclusions from this analysis<sup>1</sup> were not optimistic:

- 1. The prolonged political crisis is a destroyer of good and timely decisions. The main damage is:*
  - It causes politicians to speak untruths and to attack sensible proposals (in this case – related to NRRP) due to purely expedient political and personal ambitions;*
  - It hinders and even blocks the possibility of adequate communication with the other stakeholders on specific issues or on the whole NRRP.*
- 2. As usual, the old weakness of the administration has manifested itself: to expect instructions for every action, for every step in one direction or another. At the same time we can see again that where the status quo needs to be preserved, bureaucrats do not hesitate to act. If we want to make progress and to use EU funds efficiently, as well as national funds, we need to commit to a fundamental reform of the administration of all levels.*
- 3. It has become clear that the interdependence of strategic documents and plans such as the NRRP, the National Energy and Climate Plan and the TJTPs can play a bad trick, especially in a period of crises with the threads of blockades, strikes and political attacks (demands for resignations). This requires a very strong communication strategy to all stakeholders which is currently lacking.*
- 4. Part of this communication strategy is the system EUMIS (Information System for Management and Monitoring of EU funds in Bulgaria). Unfortunately, in the process of drafting this report, we have encountered some serious flaws. Two of these are the following: 1) the lack of information updates (for example when a certain reform is transferred from one institution to another) and 2) the lack of information for procedures that are allegedly closed. The cases, outlined in Annex 2, provide us with a reason to request an extensive review of EUMIS by its managers. The system is Bulgaria's contribution to efforts to make it easier to work with potential EU funds beneficiaries, to clear public communication and open information. It would be a shame to lose this valuable asset.*
- 5. With regards to the quality of the NRRP activities of interest to us in the last 12-15 months, as we have often pointed out, requires a separate analysis. Here we have attempted to touch upon some elements of such a qualitative analysis but within the timeframe, which coincided with the second substage of the third stage of NRRP*

---

<sup>1</sup>Analysis by EA "Za Zemiata", ["NRRP and the second instalment – any real progress?"](#), 12th December 2023

*implementation, such a comprehensive examination has been impossible to conduct.*

We were right. The political crisis, still ongoing at the time of the completion of this analysis (November 2024) is continuing and its end seems far. But in the meantime, on the last day of the 50th National Assembly (NA) an almost successful attempt to sabotage the NRRP was made. We say “almost successful” because the final say belongs to the European Commission (EC). As the new EC itself is in the process of structuring its new expert teams after the European Parliament (EP) elections in June this year, we cannot predict to what extent it will continue its strict requirements towards the state or - influenced by political factors - whether it will lower the criteria and allow significant changes and delays.

The clock is ticking. Less than 23 months remain until the end of the announced deadline for the implementation of the Recovery and Resilience Plans (31 August 2026). As of today, instead of finalising the implementation of the milestones and targets required for the sixth payment under the plan, Bulgaria has received only the first payment of EUR 1 368 912 911. Despite efforts made between August and October 2023, four of the milestones and targets required for the second payment have not yet been met. And, as we already noted, the 50th NA did its best not to complete their implementation despite the fact that everyone was aware that the deadline for submitting the request for these funds was September 30th, 2024.

Meanwhile, during the timeframe we are reviewing (October 2023 - October 2024), another round of general elections were held again in Bulgaria and due to the inability to form a government, new ones were due on 27 October 2024. Since 9 April 2024 the country has been governed by caretaker governments (2 of them), which limits the possibilities for effective functioning of the executive power across all areas, including the NRRP and other European programmes. Of course, this should not be the case, but we do not have other mechanisms for governments to work efficiently without clear political and public support.

We have to note that the amendment in the Constitution, according to which the National Assembly now also sits during caretaker governments, did not bring any benefits for the adoption of the NRRP-related legislation. On the contrary, on the last day of the 50th NA, we observed scandals, occupation of the rostrum, ripping out cables and microphones and turning off the electricity, the adoption of the Bulgarian Roadmap to Climate Neutrality was prevented.

\*\*\*

The main government activities, related to the NRRP in the first 9 months of 2024, were the consultations with the European Commission on the possible changes to Bulgaria’s NRRP in the light of the restrictions imposed by the National Assembly and the agreement between Denkov’s cabinet and the striking miners, as well the necessity to implement the planned activities within the shortening timeframe and the rules of Regulation (EU) 2021/241 establishing the Recovery and Resilience Facility. The proposed amendments were complicated by the need to finally draft and adopt the new chapter in the Plan, related to the projects under the REPowerEU initiative.

Here we should note that these negotiations were being held without providing even the slightest information to the public. The government did not hold public consultations for the proposed changes in the NRRP nor for the new REPowerEU chapter. They were only submitted for consideration by the NA on 16.09.2024 as an annex to the report by the Council of Ministers (see chapter "DECEMBER 2023 AMENDMENTS TO THE NRRP" on page 5 of this report). The Next Generation<sup>2</sup> website is not being populated with up-to-date information, which compromises the main idea - to inform the public as much as possible so that, among other things, citizens become sympathetic to the objectives of the Green Pact. After all, 57.5% of the funds under the Bulgarian plan support climate, green transition and decarbonisation objectives<sup>3</sup>.

The Bulgarian request for changes to the NRRP is based on Article 21 of Regulation 2021/241. Until the time of completion of this text, no formal submission of these amendments to the EC, as well as for the REPowerEU chapter, has been made.

Unfortunately we should note that the political parties represented in the 50th National Assembly proved to be - in an obvious way or not so much - subject to the anti-climate change sentiments amongst a significant amount of their voters. We must boldly emphasise that in the last 12 months (November 2023 - October 2024) no political party, with the exception of the Green Movement Party, tried to change these sentiments which are shared not only by the directly affected segments of the public (miners, energy workers in the power plants and others) but also by highly educated people with opportunities for direct access to relevant scientific or popular literature on the topic of climate change on Earth. On the contrary - more than half of the parties in the 50th NA (and even more in previous national assemblies) openly propagate the complete denial of the existing knowledge and scientific consensus on climate change, mixing this propaganda with overt nationalism and pro-Russian sentiments. Even some of the so-called "Euro-Atlantic" parties continue with the anti-climate change rhetoric overtly or covertly<sup>4</sup>.

The ongoing political crisis led to the inability to implement the planned reforms, delayed the implementation of key projects or has led to the poor implementation of others. Not only the country's post-COVID-19 recovery but also its transition to a low-carbon economy and way of living are being postponed.

The blocking of the NRRP led also to the blocking of projects under other financial instruments and mechanisms, which would have a significant impact to CO2 emissions and other greenhouse gas emissions, as well as contribute to the reduction of harmful air pollution.

The implementation of the projects in the Territorial Just Transition Plans (TJTP) is the most affected by the failure of the NRRP. This concerns over BGN 2.3 bln, planned for the development of the coal regions (Stara Zagora/Maritsa East Complex, Kyustendil/TPP Bobov dol and Pernik). This is where the political games, as well as state interests and, in particular, the interests of the population of these regions became most evident. In the end of 2023 an agreement was reached with the European Commission

---

<sup>2</sup> Council of Ministers of the Republic of Bulgaria, [Recovery and Resilience Facility](#)

<sup>3</sup> European Commission, Recovery and resilience scoreboard, Country overview, [Bulgaria](#), October 2024

<sup>4</sup> Bulgarian National Radio, [Borissov says: There will be no closure of energy capacities in Bulgaria](#), 26th September 2024

indicating that the milestones and phase out dates for the closure of the coal power sector will be added to the TJTPs, after they were omitted from the Roadmap to Climate Neutrality (RCN), Bulgaria submitted its TJTPs **without these milestones and phase out dates**. Thus, the TJTP funding has not been received and considering the failure of passing the new RCN version in the 50th NA now almost completely excludes the possibility of obtaining this funding.

The projects under REPowerEU, which were to be formalised as a new fifth chapter in the NRRP are also at risk. Information on the development of the REPowerEU chapter only emerged in the form of materials submitted by the Ministry of Finance to the National Assembly<sup>5</sup> at the end of the period under review.

And finally, a few words about the remaining three (apart from the unadopted Roadmap to Climate Neutrality) outstanding milestones and targets for the second payment. At least two of them are remotely related to climate, energy and environmental issues insofar as:

1. these areas are too often subject to corrupt practices and deals;
2. the achievement of key milestones and targets should lead to a reduction in such corrupt practices.

These are the failure to adopt amendments to the Whistleblower Protection Act (WPA) and the failure to reduce the proportion of the share of contracts awarded on the basis of a single offer.

The third outstanding reform milestone is the adoption of the Personal Insolvency Act (the so-called “personal bankruptcy”), a measure that would provide relief to citizens with unaffordable debts.

## DECEMBER 2023 NRRP AMENDMENTS

On 29 September 2023, the government submitted to the European Commission a request for amendments to the NRRP under Articles 18 (2) and 21 of Regulation 2021/241 (22 measures in total). In our [previous analysis](#) we quoted a non-public source on the matter, which is confirmed to date in a Decree by the Council of Ministers regarding the revision of budget lines under the NRRP in light of the decreased maximum EU grant funding<sup>6</sup>:

*“The decision is necessary because in 2022 in accordance with Article 11 (2) of Regulation (EU) 2021/241, the European Commission updated Bulgaria’s allocation which was reflected in the reduction by EUR 579 927 400 - from EUR 6 268 706 000 to EUR 5 688 778 600. This is a horizontal approach towards all Member States (funding was reduced for 24 out of 27 of them) and is related to readjustments following the reporting of the final data on the performance of national economies during COVID-19, rather than to a renegotiation or submission of a new plan or to identified financial corrections or irregularities. The grant*

---

<sup>5</sup> National Assembly of the Republic of Bulgaria, Transcripts of plenary sittings, [FIFTIETH NATIONAL ASSEMBLY, SECOND EXTRAORDINARY SESSION](#), Sofia, Tuesday, 17 September 2024. Sitting at 1:01 p.m., Hearing of the caretaker Deputy Prime Minister and Minister of Finance Lyudmila Petkova and the caretaker Minister of Energy Vladimir Malinov in the National Assembly

<sup>6</sup> Republic of Bulgaria, Council of Ministers, [Draft update of budget lines under the NRRP](#)

*funding has been reduced by the EC due to Bulgaria’s better than expected recovery.*

*The proposed amendments aim to reduce the risk of subsequent loss of funds due to the physical inability of accommodating investments within the NRRP eligibility timeframe (until August 2026). In order to prepare the amendment to the Plan, the Ministry of Finance formally requested in July this year all responsible departments to make proposals for changes. The review of the proposed investment amendments considered cases where there were significance delays with the start of the implementation, those with a risk to the completion of the investment (or its individual activities) within the NRRP eligibility timeframe, as well as those with unavoidable difficulties in the implementation which were not known when they were planned.”*

Ultimately 10 projects of the decarbonisation-related investments were affected. Out of those five have been dropped altogether and funding for the remaining five has been reduced.

On 21 November 2023 the Ministry of Finance (MinFin) announced that the EC has approved the proposed changes<sup>7</sup>. On 5 December of the same year the changes were also approved by the European Council and were included in the country’s revised NRRP<sup>8</sup>.

Here we will reiterate our conclusions on this, which have not changed with time:

*“We are aware that the need to shrink the overall expenditure under the NRRP is an inevitable process, based on the government’s arguments. What we consider to be the wrong approach is the severe slashing of funding for projects of particular significance to achieving decarbonisation not only in the energy sector (and energy efficiency) but also in transport and water management. We believe that a more careful analysis of all investments would result in shifting the allocation of the required write-off amount to a greater number of projects. If it is nevertheless necessary to write off entire projects, we believe it is a mistake to write-off those projects that have the highest contribution towards the “green transformation” and in particular to decarbonisation”.*

**Table 1: Updated Budget Lines under the NRRP, 21.11.2023.<sup>6</sup>**

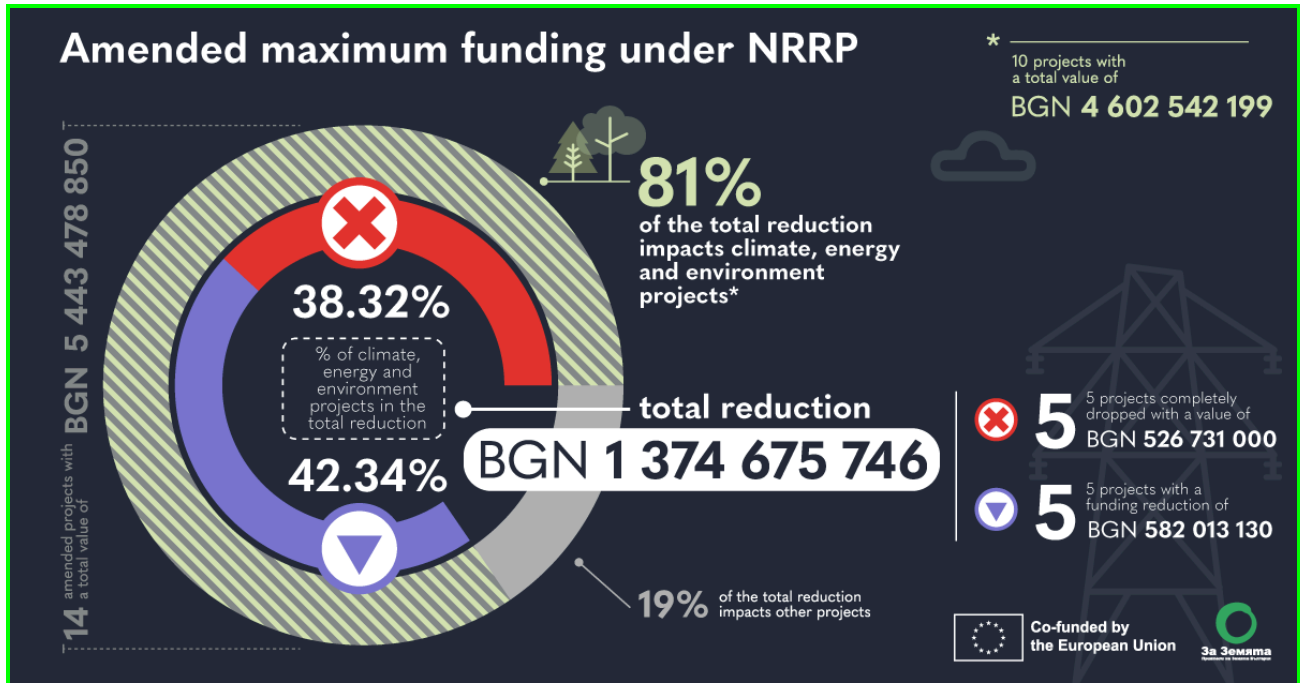
Investment	NRRP funding	Updated funding	Decrease
C2.11 Program to power up economic recovery and transformation through science and innovation	BGN 366 493 000	BGN 321 470 454	BGN 45 022 546

<sup>7</sup> Republic of Bulgaria, Ministry of Finance, [The European Commission approved the Bulgarian proposal for the update of budget lines under the NRRP](#), 21th November 2023

<sup>8</sup> The numbering, titles and descriptions of key milestones and targets are based on the amendments from 05 December 2023: [Interinstitutional file: 2023/0427 \(NLE\) 15837 ADD 1, ECOFIN 1258 UEM 407 FIN 1218](#), ANNEX to COUNCIL IMPLEMENTING DECISION amending the Implementing Decision of 4 May 2022 on the approval of the assessment of the recovery and resilience plan for Bulgaria

C3.I2: 2.2a Grant scheme for electricity production from renewable sources and storage	BGN 200 000 000	BGN 120 000 000	BGN 80 000 000
C4.I1 Support for the renovation of the building stock	BGN 1 807 159 233	BGN 1 722 159 233	BGN 85 000 000
C4.I5 Scheme to support pilot projects for production of green hydrogen and biogas	BGN 68 454 050	BGN 64 297 911	BGN 4 156 139
C4.I8: : National infrastructure for storage of electricity from RES (RESTORE)	BGN 1 562 815 000	BGN 1 154 550 000	BGN 408 265 000
C5.I2: Restoration of key ecosystems for the climate, in line with the EU Biodiversity Strategy for 2030 and the goals of the European Green Deal	BGN 62 479 000	BGN 0	BGN 62 479 000
C6.I1 Fund for Promotion of Technological and Ecological Transition of Agriculture	BGN 437 382 916	BGN 432 790 925	BGN 4 591 991
C7.I3 Digital transformation of Bulgarian Posts and provision of complex services	BGN 101 664 000	BGN 0	BGN 101 664 000
C8.I3. Digitization of the comprehensive TEN-T network through the implementation of ERTMS	BGN 205 860 000	BGN 0	BGN 205 860 000
C8.I4 Intermodal freight terminal in the region of Ruse	BGN 44 157 000	BGN 0	BGN 44 157 000
C9.I2 Digitalization for complex management, control and efficient use of water	BGN 112 571 000	BGN 0	BGN 112 571 000
C10.I5 : Introducing methods for alternative settlement of disputes in the court system of Bulgaria – pilot introducing of compulsory court	BGN 1 615 651	BGN 0	BGN 1 615 651
C10.I9 Digitize information arrays in the administration, containing register data, and e-certificates of registries	BGN 123 700 000	BGN 61 850 000	BGN 61 850 000
C12.I1 Modernisation of hospital facilities	BGN 349 128 000	BGN 191 684 581	BGN 157 443 419
<b>Total</b>	<b>BGN 5 443 478 850</b>	<b>BGN 4 068 803 104</b>	<b>BGN 1 374 675 746</b>





The updated information showcases that in the end of 2023, the following amendments in the investment projects have been made:

- total amended projects - 14, for a total value of BGN 5 443 478 850;
- total reduction - BGN 1 374 675 746 (25,25% of the total value of the projects);
- amended climate, energy and environment projects - 10, totalling BGN 4 602 542 199 (decrease of BGN 1 108 744 130 lv which **equals 81% of the total reduction**);
- reduction of climate, energy and environment projects - 5 projects with a decreased funding of BGN 582 013 130 (totalling 42.34% of the total reduction);
- climate, energy and environment projects dropped entirely - 5, for a total of BGN 526 731 000 (38.32% of the total reduction)

This information does not change our conclusion from the previous analysis:

*“In other words, the main fund reductions are at expense of the most important goal of the NRRP – the decarbonisation of the Bulgarian energy sector and the transition to a green economy.”<sup>1</sup>*



## THE NATIONAL ASSEMBLY'S DECISIONS - A CHALLENGE FOR THE IMPLEMENTATION OF THE NRRP

Between 2022 and 2023, the National Assembly began to act as a kind of operational tutor for the government in the field of energy and energy policy in particular. By adopting decisions usually tabled by climate sceptic parties but supported by everyone else, the NA effectively put the brakes on the successful implementation of policies related to the just energy transition and its instruments - the NRRP and the additional REPowerEU chapter, the Territorial Just Transition Plans (TJTPs), the National Energy and Climate Plan (NECP), the Long-Term Climate Change Mitigation Strategy 2050 (LTS), etc.

According to sources of Za Zemiata (Friends of the Earth Bulgaria), familiar with the way of negotiating with the EC, some of the decisions of the NA were recognised as obstacles to such an extent that on 16 September 2024, Prime Minister D. Glavchev submitted a letter to the NA with “a report to the National Assembly on the presentation of the proposed amendments of the National Recovery and Resilience Plan of the Republic of Bulgaria and the content of the REPowerEU chapter and **a discussion of the possibilities to amend the decisions of the National Assembly**”.

More specifically the report notes the following NA decisions:

1. The first decision is from 12 January 2023, obliging the Council of Ministers to amend the Recovery and Resilience Plan in the part concerning Energy.
2. The second decision of the NA is from 20 July 2023 to carry out certain actions of the state authorities in the Maritsa East Mines EAD territory.
3. The third decision is from 25 April 2024 to provide funds to Maritsa East Mines EAD for a period of four years (2024 - 2028) in order to secure the technical recultivation of degraded lands of the East Maritsa coal basin.

Here's what the author of this analysis wrote a while back in an analysis for the Green Laws Initiative<sup>9</sup> on these and other NA decisions concerning energy and climate, adopted in 2023:

*“In 2023 MPs continued to act like a Convention which has taken the energy sector on manual drive. The semi-official explanation is that this is how the “non-coalition” signalled to the cabinet that it supports one or another of its forthcoming decision, did not hold water. Our assessment is that several different objectives are involved:*

- *Attempts to boost the political image of the parties and coalitions which make up the “non-coalition”, especially against the growing reputation of pro-Russian populists (defending coal);*
- *Promotion of certain interests for the development of specific projects in the sector (Kozloduy NPP Units 7 and 8);*
- *Endorsement of actions of the Council of Ministers*
- *Investigation actions, related to the governance of the previous interim government.*

*The 48th National Assembly adopted two decisions (on the 12th of January), linked to the energy sector:*

---

<sup>9</sup> Green Laws Initiative, [ENERGY LEGISLATION THROUGH 2023: PATCH BY PATCH AND A HIT TO THE ENERGY PRODUCING CITIZEN](#), p. 1

1. *Decision to oblige the Council of Ministers to amend the Recovery and Resilience Plan in the part concerning the energy sector. The main purpose of the decision is to revoke the 40% reduction target for CO2 emissions by 2026 set in the NRRP.<sup>10</sup>*
2. *Decision to instruct the Council of Ministers to conduct negotiations with the Government of the United States of America on the conclusion of an Intergovernmental Agreement for the construction of new nuclear power capacity at Kozloduy NPP with AR1000 technology. In violation of the Safe Use of Nuclear Energy Act (SUNEA), the NA instructed the Council of Ministers to negotiate for a specific nuclear technology.*

*The next, 49th National Assembly continued this dangerous tradition with 9 decisions<sup>11</sup>:*

...

3. *Decision to carry out certain actions of the state authorities in the Maritsa East Mines EAD territory (20th July). Basically NA forbids the “state authorities” (sic!<sup>12</sup>) to carry out disposition transactions with property of the Maritsa East Mines and other state or municipal property on the territory of the mining concession.*

*This decision effectively blocks the implementation of any projects, linked to the construction of energy and industrial infrastructure on the territory of the Maritsa East complex. Allegedly this is justified by the aim to prevent corruption schemes, but in fact it conceals certain interests, including political interests, in the division of the complex, which has not been yet carried out.*

...

*While some of the decisions have merit (e.g. these under No. 6, 7 and 9 of the 49th National Assembly), most of them are not only hard to justify in terms of the separation of powers, but are also harmful for the country. Despite all of these decisions, however, the Assembly never found the opportunity to adopt the final version of the Roadmap to Climate Neutrality created the risk of blocking the funds under the NRRP’s second payment, as well as of the failure of the entire plan.*

*The decisions of the 48th National Assembly from 12th January 2023 rejecting the commitment in the NRRP concerning the 40% emission reduction target of emissions from thermal power plants (TPP) will someday be studied as an example of abuse of power on a particularly large scale and in a situation of impunity by democratically empowered people with little knowledge of the issues they are trying to address”.*

The harm of the NA’s decisions regarding the energy sector is partially confirmed by this request to the Parliament for amendments in three of them. It is likely that this has also

---

<sup>10</sup> Republic of Bulgaria, 48th National Assembly, [Decision obliges the Council of Ministers to amend the Recovery and Recovery Plan in its part concerning the energy sector](#), 12th January 2023

<sup>11</sup> Green Laws Initiative, [ENERGY LEGISLATION THROUGH 2023: PATCH BY PATCH AND A HIT TO THE ENERGY PRODUCING CITIZEN](#), p. 7

<sup>12</sup> Sic is a Latin word meaning “so”, as well as “thus”

become clear to the European Commission services with whom the government negotiated in 2024 the amendments to the NRRP. This, however, does not change the need for the complete reversal of these three decisions (and others relevant to the energy sector) which have severely blocked the processes of decarbonisation and just transition in Bulgaria.

## THE FAILURE OF THE ROADMAP TO CLIMATE NEUTRALITY

Having a realistic roadmap for achieving climate neutrality by 2050 is one of the important requirements for every EU member state in implementing the Union's climate policies. The development of the Bulgarian roadmap started in 2023. Its adoption is part of **Component 4. Low Carbon Economy, Reform 9 (C4.R9) - Roadmap to Climate Neutrality**.

These are the developments on this during the previous time period on the progress of the NRRP we analysed:

The first stage of this reform includes the establishment of the Energy Transition Commission (ETC). *“ETC is established by Decree No. 86 of 30.04.2020 of the Council of Ministers (CoM) for the establishment of the Consultative Council on the European Green Deal (CCEGD). The Commission is one of the eight portfolio committees of the CCEGD. There is a broad stakeholder representation which does not mean its work goes smoothly. In the autumn and especially in the winter of 2022, the caretaker government effectively suspended the work of the CCEGD and then disbanded the portfolio commissions. Their work was restored since the current government began its work in the summer of 2023. Thus, the first part (a key milestone for the first payment) of this reform can be considered as completed, and the ETC - functioning according to its aims and objectives<sup>1</sup>.”*

*By Decision of the Council of Ministers No. 588/31.08.2023, the Minister of Environment and Water, Mr. Julian Popov, has been appointed as the Chairman of the Consultative Council for the European Green Deal (CCEGD). On 05.09.2023, in violation of the Rules of Procedure of the CCEGD (Art. 6. p. 5, 6 and 8 of the Decree of the CoM 86), the Secretariat of the Council convened the first meeting in over a year of the CCEGD on 07.09.2023, 10:00 a.m. at the Boyana Complex. The purpose of the meeting is to **approve Bulgaria's Roadmap to Climate Neutrality under Reform 9 (C4.R9) of NRRP**, a key reform for Bulgaria that the National Assembly was due to approve in the third quarter of 2022. However, **no decision has been taken** at this meeting on the Roadmap to Climate Neutrality and the Report containing two decarbonisation scenarios presented by the ETC”*

What followed were the hot days and weeks of September and the first half of October 2023, in which - under pressure from striking miners and energy workers, roadblocks, trade union blackmail and political spins - instead of clear solutions, the National Assembly exacerbated the problems surrounding the NRRP and in particular those related to the Roadmap to Climate Neutrality (RCN).

**What actually happened?** At the meeting of the CCEGD on 7th September, the report and the Roadmap were not adopted. At its meeting (13th September 2023), the Council of Ministers adopted the Report containing the scenarios and recommendations for decarbonisation of the energy sector, developed by the Energy Transition Commission and **reviewed** by the Consultative Council for the European Green Deal, in implementation of Reform C4.R9 of the National Recovery and Resilience Plan, and proposes to the National Assembly the Roadmap to Climate Neutrality based on the Report under item 1. This roadmap also outlines the phase out of coal-fired power stations (2026 - 2900 MW, 2030 - 1600 MW, 2035 - 1000 MW, 2040 - 0 MW.) This does not sit well with the miners and energy workers, and with the support of their union leaders, they push for a review of these interim targets along with a review of the TJTPs. As a result, on the 5th of October 2023, the government revised the Roadmap and removed from it any interim targets concerning the energy from coal, replacing them with the useless text "Deployable coal capacities in transition". The next day, the National Assembly approved the "corrected" RCN by a resolution. And thus, this interim milestone to receive the second payment was met.

*It should be noted that the Energy Committee in the National Assembly also played a role in decreasing the targets in the Roadmap to Climate Neutrality. The EC delayed its adoption at its meeting on the 28th of September 2023. One of the motives for doing so was that the Members of Parliament have not read the contents of the Roadmap. It is surprising that this argument was put forward exactly two weeks after the Roadmap to Climate Neutrality (in its original version) was presented to the National Assembly and distributed to the attention of the Energy Committee and the Environment and Waters Committee (on the 14th of September 2023).*

After signing the Agreement (rather in the form of "capitulation") to the trade unions that were blackmailing it, **the government submitted to the European Commission a request for the second payment under the NRRP without having fulfilled the condition for clear milestones and deadlines for the closure of coal mines and coal-fired thermal power plants in the Roadmap to Climate Neutrality.** It was subsequently agreed that these milestones and targets would be written into the TJTPs, but when the territorial plans were also submitted without these, the EC blocked the payments under both the NRRP and the TJTPs.<sup>13</sup>

In 2024 the government restarted work on the Roadmap. On 26th of January the Council of Ministers adopted for the third time the "revised" Roadmap with Decision No. 59<sup>14</sup>. **However, the most important update - on the interim milestones for the phase out of coal capacities, retired capacities and the end dates - is missing.**

It seems that the EC did not yield to the caretaker government on this and on the 4th of July 2024, the Council of Ministers adopted its 4th Decision for another "revision"<sup>15</sup>. **Once again there is no update on the interim milestones for the phase out of coal capacities, retired capacities and the end dates.** Instead, some general talk is offered to show that something is being done and there is some thought behind it. In reality, in the timeline of the planned activities there is nothing specific with regards to the three important conditions - milestones, deadlines and retired capacities at each stage. Even the

---

<sup>13</sup> Without an official document, the de facto suspension of funds is in place.

<sup>14</sup> Council of Ministers of Republic of Bulgaria, [Decision 59/26.01.2024](#)

<sup>15</sup> Council of Ministers of Republic of Bulgaria, [Decision 482/4.07.2024](#)

end date of the energy produced from coal is stated evasively: "Based on the conclusions of the Report of the Energy Transition Commission, the final coal phase out date is 31 December 2038". The door is open for the sudden formation of another commission, which could come up with a different report...

But even these vague and essentially non-committal texts apparently proved suspicious to some of the MPs in the National Assembly.

*"Bulgaria is the only EU Member State that has received only one payment under the NRRP. The request for a second payment was submitted back in 2023 and has not been paid because it is linked to certain reforms that need to be adopted and the Roadmap is one of them. **The financial correction for not adopting it alone will be €266 million, which is more than 30% of the €653 million requested as a second payment.**"* This is what the Minister of Finance, Ms Lyudmila Petkova, said at a briefing in the Council of Ministers on 27 September 2024<sup>16</sup>. Finally, the request submitted to the EC for the second payment under the NRRP is for €724 million<sup>17</sup>, although the previous €653 million remains in the EUMIS - which is another confirmation of our conclusion on the failure of the system to communicate in a timely fashion the implementation of the NRRP.

In the ensuing debate on the 26th of September 2024, the attempt to have a plenary vote on the Roadmap to Climate Neutrality, the changes to Article 21 and the REPowerEU chapter - another attempt to "save" the second payment under the NRRP - failed in a very nasty way.

Many of the MPs do not seem to listen or understand what they are being told by the ministers that they themselves call to hearings, are unaware and do not familiarise themselves with the documents that are due to discuss and vote on, as well as with the rules of the EU which are in the core of the amendments and legislative initiatives concerning the NRRP reforms. Civil society has repeatedly witnessed poorly reasoned legislative proposals through which poor or insufficient decisions are being pushed through. However, all of this is an afterthought. It seems that what is leading here is the inherent ill-will, resistance and sabotage towards the Green Deal, decarbonisation, the just transition and the processes and decisions linked to it. As we can see, a significant number of MPs would rather Bulgaria lose grant funding amounting to billions of leva instead of making the envisaged changes. There is no other way to explain what happened on 26 September 2024 in the plenary hall of the Parliament<sup>18</sup>. If these people had read the RCN, they would have seen that **the Roadmap does not set out any firm**

---

<sup>16</sup> Republic of Bulgaria, Ministry of Finance, [Deputy Prime Minister and Minister of Finance Lyudmila Petkova: In order for Bulgaria not to lose funds this year, changes to the NRRP must be submitted to the EC by 20 October at the latest](#), 27 September 2024

<sup>17</sup> European Commission, Daily News, [Commission receives second payment request from Bulgaria for €724 million under the Recovery and Resilience Facility](#), 09 October 2023

<sup>18</sup> The agenda of the 26.09.2024 session of the National Assembly proposes new agenda items: a draft decision on the approval of the updated Roadmap to Climate Neutrality of the Republic of Bulgaria proposed by the Council of Ministers and a draft decision on the approval of the Report of the Deputy Prime Minister and Minister of Finance on the amendment of the National Recovery and Resilience Plan concerning Component 4 "Low Carbon Economy" and discussions on the REPowerEU chapter. With outrageous actions by some MPs, the consideration of these drafts has been thwarted. For details see <https://www.parliament.bg/bg/plenaryst/ns/55/ID/10939>

timelines, milestones or capacity for closure except one - the proposed coal end date of 31.12.2038.

## THE AMENDMENTS UNDER ARTICLE 21 AND THE REPowerEU CHAPTER

The amendments under Article 21 of Regulation (EU) 2021/241 in the NRRP discussed between the caretaker government and the European Commission concern **32 investments** and **14 reforms**.<sup>19</sup> However, it seems that the Bulgarian MPs are only interested in those related to the energy sector - **Component 4 "Low Carbon Economy"** and the **REPowerEU** chapter. Decarbonisation is the most unpleasant topic for Bulgarian politicians and the administration. The relationship with conventional energy and economics in terms of mentality, perceptions, misconceptions, illusions and, finally, the self-interest of some representatives of these two groups is so great that the phrases "low-carbon energy" and "low-carbon economy" provoke quite authentic resistance on their part. But they also bring, if not resistance, then visible distrust among wide sections of the population, irrespective of age, gender, education or work. Of course, all the objective weaknesses of Bulgaria as a country - the permanent political crisis that surfaced in 2021, the centralized state management, the sluggish and inefficient administrative machinery, the huge corruption in the operation of public funds, as well as external influences, preserve the status quo and prevent any serious breakthroughs for a real reduction of the proportion of carbon energy and economy. It should be made clear that so far successes in this direction have come mainly from private initiatives that do not rely on public funding. However, some of these involve severe clashes with the protection of valuable habitats and ecosystems - a traditional problem for biodiversity-rich countries.

In the current attempt to present the changes under Article 21 to the European Commission, Bulgaria is faced with the firm condition that these should be linked to the REPowerEU chapter.

The inclusion of REPowerEU as a separate chapter in the recovery and resilience plans of the member states took place through Regulation (EU) 2023/435 of 27.02.2023:

---

<sup>19</sup> National Assembly of the Republic of Bulgaria, Transcripts of plenary sittings, [FIFTIETH NATIONAL ASSEMBLY. SECOND EXTRAORDINARY SESSION](#), Sofia, Tuesday, 17 September 2024. Sitting at 1:01 p.m., Hearing of the caretaker Deputy Prime Minister and Minister of Finance Lyudmila Petkova and the caretaker Minister of Energy Vladimir Malinov in the National Assembly. Just as a fact, we note that in this case too Bulgaria refused to turn to the possibility of co-financing through loans, just as it did in the preparation of the NRRP.



*„To maximise complementarity, consistency and coherence of policies and actions taken by the Union and Member States to foster independence, security and sustainability of the Union’s energy supply, those energy-related reforms and investments should be established through a dedicated ‘REPowerEU chapter’ of the recovery and resilience plans.“ (Para. 5 of Regulation (EU) 2023/435)*

In doing so, the REPowerEU chapter should meet and comply with all requirements, conditions, constraints relevant to the NRRP as well as the National Energy and Climate Plans (NECP).

**Bulgaria is the only Member State that has not formally submitted its REPowerEU chapter and is therefore at risk of losing the additional EUR 479 million in grant funding.**<sup>19</sup>

Public information on the proposals for changes to Article 21 (p21) and the REPowerEU chapter as of the end of September 2024 and so to date is available only in several speeches by the Ministers of Finance, Lyudmila Petkova, and of Energy, Vladimir Malinov, as part of their hearing in the National Assembly on 17 September 2024.<sup>19</sup>

What can we find out from this limited information?

1. The requirement for interconnection is met in Art. 21 and REPowerEU. There is a transfer of amounts from Component 4 "Low Carbon Economy" to REPowerEU.
2. In her speech to the National Assembly on 31 July 2024, Ms Petkova presented in detail the discussions between the Government and the EC on the proposals for changes to Article 21 and REPowerEU. It is clearly shown which proposals the EC would and would not approve.
3. Even then, there was mention of changes in some decisions of the National Assembly concerning the NRRP and the energy sector, in particular the one from 12 January 2023.
4. It is important to clarify that, at that time, the government already deemed that there was no need to amend the 40% CO2 reduction target in the NRRP:

*„• Regarding the "Decarbonisation of the energy sector" - according to the Decision of the National Assembly, the Council of Ministers must propose the withdrawal of the commitment to reduce carbon emissions from electricity generation by 40% by the end of 2025, taking the baseline levels of 2019.*

*• In view of the statement received from the Ministry of Energy, substantial emission reductions have been achieved so far and the target set in the NRRP is expected to be exceeded under existing measures and policies, on a market basis, without additional administrative or legislative interventions. **This indicates that the targets set in the NRRP are achievable and it is therefore proposed to maintain them.***<sup>20</sup>

---

<sup>20</sup> National Assembly of the Republic of Bulgaria, Transcripts of plenary sittings, [FIFTIETH NATIONAL ASSEMBLY, EIGHTEENTH SESSION](#), Sofia, Wednesday, 31 July 2024 Sitting at 09:00. Hearing of the caretaker Prime Minister and Minister of Finance Lyudmila Petkova



5. Just two months after that, with the same argument - that "effective liberalisation" of the market is "the most significant contribution to the lasting decarbonisation of the electricity sector", the NA is informed through Ms Petkova's report that **the government and the EC have agreed to drop the 40% emissions reduction target by the end of 2025**. In our view, this may be an attempt by the EC to encourage the unblocking of the process and progress on the implementation of the NRRP, but **it is a very risky approach, and we see it as being problem should this requirement be dropped** - taking into account Bulgaria's other actions, mostly related to the lack of timelines and milestones for phasing out coal-fired capacities in the unadopted Roadmap to Climate Neutrality. The electricity price market should not be overly relied upon to regulate itself.
6. The statement from 31st July 2024 also showcases that the EC is willing to accept the proposals "not to limit the activity and the base capacities of coal-fired thermal power plants and other combustion plant operators if they operate fully on a market basis in accordance with European and national legislation", provided that "the Bulgarian side submits proposals, appropriate to market conditions, financial and economic measures in case the overall cap is exceeded, as well as information on how these can be laid out in legislation, including the timeframe for doing so. It is also necessary to suggest additional reforms under the REPowerEU chapter and to guarantee the efficient implementation of the liberalization of the energy market with concrete steps which will take action before 1st July 2025."<sup>20</sup> The **huge risk** is immediately apparent: in the context of continuing political instability and growing populism, it is unlikely that adequate financial and economic measures will be included in the regulatory framework or that effective steps will be taken to liberalise the electricity market. Here we take into account both the powerful sentiment against liberalisation of the energy prices for the population and the deepening economic and financial problems facing this population.
7. Regarding the proposals for improving the corporate governance of state-owned enterprises in the energy sector, the Commission does not agree to accept the NA Decision of 12 January 2023 to drop the removal of ESO EAD and Bulgartransgaz EAD from the Bulgarian Energy Holding nor the alternative proposal of the government to "commit to regulatory changes in BEH's governance framework, consisting in a ban on cross-subsidies between its subsidiaries in line with good governance principles and the OECD Guidelines on Corporate Governance of State-Owned Enterprises".<sup>20</sup>
8. "The EC made a strong recommendation to include in the REPowerEU chapter project ready investments which could be implemented by 2026, taking into account the Bulgarian RRP includes investments worth more than the country's allocation. The EC considers ineligible under the NRRP investments that cannot be implemented by the 2026 deadline."<sup>20</sup> This is clear - we should not be under any illusions about any continuation of the NRRP beyond 2026, thinking that this might save some of the funding we are late in receiving.

Information on which reforms and investments are suggested to be amended under Article 21 and on the proposal for the REPowerEU chapter can be found in the transcript from the session of the National Assembly on 17 September this year.<sup>19</sup> At the same time, details on most of them are insufficient to make accurate comments on them. It remains unclear how exactly the MPs who take decisions that oblige ministers on specific reforms and investments set out in the NRRP navigate this issue.

Our comments on the proposed amendments can be found in [chapter "CONCLUSIONS AND RECOMMENDATIONS"](#) in this report.

## PROGRESS ON KEY MILESTONES AND TARGETS

Despite all of the high-level issues associated with the NRRP, some work has been done during the period under review (October 2023 - October 2024) to meet key milestones and targets.<sup>21</sup> But even with it, the overall implementation ("absorption") of the funds is "about 5-6%", said Finance Minister Ms. Petkova on 27 September 2024.<sup>16</sup> In October 2024 the implementation of the main milestones and targets in the Bulgarian NRRP is 7% and only 3% from the green pillar have been met.<sup>3</sup> As we mentioned in the beginning, if everything was going according to plan, at the moment work under the sixth payment should be nearing completion. This is why here we will discuss what has been done and what has not been done from the third to the sixth payment.

**Table 2: Qualitative data on the implementation of key milestones and targets under the NRRP - by payment (10.2023 – 10.2024)**

Payment	Total targets	Fulfilled	Unfulfilled	Climate, energy, energy efficiency, environment targets	Fulfilled for climate, energy, EE and environment	Unfulfilled for climate, energy, EE and environment
3	46	16	30	20	6	14
4	37	9	28	20	3	17
5	26	2	24	13	1	12
6	36	0	36	11	0	11
<b>Total:</b>	<b>145</b>	<b>27</b>	<b>118</b>	<b>64</b>	<b>10</b>	<b>54</b>

\* For the purposes of this analysis, the climate, energy and energy efficiency milestones and targets under the NRRP include those identified by the author as having indirect contributions to these areas.

\*\* Source: author's calculations based on EUMIS data as of 06.10.2024

The distribution of the sixty four targets linked to climate, energy, energy efficiency and environment (including good governance) is as follows:

<sup>21</sup> Tables 2 and 3 in this report.

**Table 3: Qualitative data on the implementation of key milestones and targets under the NRRP - by ministries (10.2023 – 10.2024)**

Ministry	Total	Fulfilled	Unfulfilled
1	2	3	4
Ministry of Energy	19	3	16
Ministry of Regional Development and Public Works	9	1	8
Ministry of Transport and Communication	8	2	6
Ministry of Innovation and Growth	6	1	5
Ministry of Agriculture and Food	3	0	3
Ministry of Education and Science	3	0	3
Ministry of Finance	2	2	0
Ministry of Environment and Waters	1	0	1
Ministry of Health	1	0	1
Ministry of Justice	1	0	1
ME/State Agency of Energy Regulation	1	0	1
MOEW/ME	1	0	1
MOEW/Ministry of Interior	1	0	1
MRDPW/ME/State Agency of Energy Regulation	1	0	1
MRDPW/ME/Sustainable Energy Development Agency	1	1	0

MRDPW/MOEW/MTC/ME	1	0	1
MRDPW/State Agency Road Safety	1	0	1
State Agency Road Safety	2	0	2
Social Assistance Agency	1	0	1
Metropolitan AD	1	0	1
<b>Total:</b>	<b>64</b>	<b>10</b>	<b>54</b>

\* Column 1 - responsible institution; column 2 - total number of climate, energy and energy efficiency milestones for which the institution is responsible for the four advance payments; column 3 - number of climate, energy and energy efficiency milestones fulfilled; column 4 - number of climate, energy and energy efficiency milestones not fulfilled.

\*\* Source: author's calculations based on EUMIS data as of 06.10.2024

Within the two-year delay (payments 3-6), 145 milestones and targets had to be met<sup>22</sup>. Out of these, 27 or 18.62% have been met to date. Within these 145 milestones and targets, we have identified 64 that have a direct or indirect link to climate, energy and environmental policies. Of these 64, only 10 - 15.63% - have been met.

The 10 key milestones and targets are distributed as follows:

- Ministry of Energy 3
- Ministry of Transport and Communication 2
- Ministry of Finance 2
- Ministry of Regional Development and Public Works 1
- Ministry of Innovation and Growth 1
- MRDPW/ME/SEDA 1

Only half of these have a direct relevance to the topic we are interested in, while the rest have indirect contributions (improved governance, tackling corruption, etc.).

Some of the outstanding milestones and targets have a significant impact on delaying Bulgaria's transition to a low carbon economy and/or directly hindering the just energy transition in coal regions. These include:

<sup>22</sup> EUMIS, Interim milestones and targets <https://2020.eufunds.bg/bg/0/0/MilestonePayments>  
The data in this part of the text is from EUMIS and are as of 06 October 2024..

## **Third payment:**

- Entry into force of the Act establishing the National Decarbonisation Fund and its sub-funds and relevant secondary legislation
- Signing of contract(s) for the supply, installation, connection and commissioning of grid-level battery storage facilities with an energy capacity of at least 6000 MWh)
- Law on the Promotion of Electric Mobility
- Reduction of carbon emissions from the energy sector (I)
- Enacting legislation adopting the coal phase-out timeline and introducing a cap on CO2 emissions for coal-fired power plants.
- Entry into force of the implementing decision(s) for the imposition of the carbon dioxide emission cap for coal-fired power generation
- Water Supply and Sanitation Act
- Contract(s) for the supply of new zero emission rolling stock for suburban and inter-regional services and shunting locomotives

## **Fourth payment:**

- Establishment of a specialised laboratory for research and training in the field of geothermal energy
- Signing of contract(s) for the development of a pilot project for combined heat and power production from geothermal sources
- Launching a call for proposals for pilot projects for green hydrogen production.
- Procurement of contracts for 1) software solutions for an electronic information system in agriculture and 2) a communication network of field and rain sensors
- Development of site-specific environmental objectives and measures for Natura 2000 protected areas
- Contract signing for energy efficient renovation of non-residential buildings
- Contracts for new zero emission public transport vehicles
- Procurement of contracts for the design and construction of wastewater treatment plants and the water supply network

## **Fifth payment:**

- 600 MW increase in net cross-border transmission capacity
- Separation of ownership and control within the state of the transmission system operators Bulgartransgaz EAD and ESO EAD
- Signing of grant agreements for support under the Fund to promote the technological and environmental transition of the agricultural sector.
- Reduction of carbon emissions from the energy sector (II)
- Safe urban mobility infrastructure targeting vulnerable road users - pedestrians and cyclists
- A new regulatory framework for public transport

## **Sixth payment:**

- The National Decarbonisation Fund and its sub-funds are operational

- Technical conditions for the integration into the electricity system of 2500 MW of new renewable generation capacity (wind and solar)
- Charging stations for public transport vehicles
- Smart digital solutions for transport in municipalities
- New public service contract (PSC) for public rail transport services

It is obvious that the continuous political crisis is a key issue as instead of concerning itself with the adoption of the necessary legislation, the National Assembly is busy with unproductive political disputes. Successive caretaker governments have also kept out of this matter, for reasons we can only speculate on. In any case, their disregard of the topic debunks the notion that this type of government is made up of individuals with high expertise. In the same briefing of 27 September, the Minister of Finance says: "*The request for the third and fourth payments under the NRRP cannot be fulfilled because the second has not been completed.*" Given how far behind the implementation of the milestones for the third and fourth payments is, a request for the transfer of the corresponding amounts under them should not even be up for discussion.

In such an environment, the administration, used to being wary of taking any initiative, whether it is present in already adopted operational or strategic documents, also does not engage in actions that would advance the implementation of overdue milestones and targets.

But the main issue remains the lack of willingness and more so, the active opposition on behalf of the majority of politicians and a large part of the administration against the Green Deal, climate policies, the EU's environmental policies and the just transition.

# CONCLUSIONS AND RECOMMENDATIONS

As of the beginning of October 2024 work on the implementation of key milestones and targets under the Bulgarian NRRP has shown significant progress. The second payment which was due in the beginning of the year at latest (according to the updated schedule) has still not been received. It depends on the (non-)achievement of key milestones and targets, one of which is the most important for decarbonisation - the adoption of the Roadmap to Climate Neutrality. Its adoption by the National Assembly was thwarted by some unacceptable events played out by some MPs on the last working day of the 50th National Assembly. Thus, the risk of Bulgaria not receiving the second payment or receiving it with the corresponding financial corrections has not only not been eliminated, but looks even more likely.

On the other hand, the government is ready with its proposals under Article 21 of Regulation 2021/241 and the REPowerEU chapter, but despite the negotiations so far, it is clear it will not get everything it has asked for. An obstacle to this are some points of three decisions adopted by the last three National Assemblies, which the MPs also did not vote on, despite the government's proposal to do so. The time has come for ministers to wonder how to deal with the nationalist chaos in the energy sector created by the politicians.

From our perspective and based on the scarce public information available, not all the proposals in Component 4 "Low Carbon Economy" and in the REPowerEU chapter are well suited to achieving the country's climate goals.

## Comments and suggestions on the amendments under Article 21 and the REPowerEU chapter

On the amendments under Article 21:

- We believe that the changes in Reform C4.R10: Energy Sector Decarbonisation - dropping the commitment to a 40% reduction in greenhouse gas emissions from the energy sector by the end of 2025 from 2019 levels - should not be included in the government's proposal to the EC. We cannot agree that 'existing policies and measures' contribute to this target. Market forces are already at work to achieve this target, which is why our proposal is that this measure should remain as a safeguard against any future policy changes and/or anti-market actions taken by the institutions that lead to the target not being achieved.
- The separation of ESO EAD and Bulgartransgaz EAD from BEH is a step in the right direction. However, merging them into a new state holding "for network operation" is a mistake. The objective is clearly visible - cross-subsidisation depending on the potential losses of either company going forward in the future. The risk, of course, is greater for Bulgartransgaz because of the expected



gradual phase-out of fossil gas as a fuel and the uncertainty of converting the pipelines into "hydrogen pipelines".

- The new NRRP investment of €258.3 million to create a state-owned enterprise for the "Green Transition of the Coal Regions" seems to be a revival of the already rejected idea of an enterprise for the "Recultivation of Coal Terrains". Although the measure is being promoted as a supplement to the good corporate governance of state-owned enterprises in the energy sector, our expectation is that the opposite will happen - its direct subordination to the Ministry of Energy will dilute responsibilities and carry over bad practices, including concentrating in itself huge financial flows from the NRRP, the Just Transition Fund and the state budget intended for the effective recultivation and new life of coal sites. From the Minister of Energy's remarks to the National Assembly it is not clear how exactly the mining companies' land will be transferred and managed to the newly established enterprise. Referring to a prospective law that would settle all the controversial points, guided by the experience of Greece, is a risky proposal that is more likely to drag the issue into endless discussions and disputes, political populism and risks of delays and failure to meet the objectives of a just transition of coal regions.

The creation of this enterprise reduces the opportunities for local communities to participate in decisions about the future of currently disturbed lands - as much as these communities are currently dependent on the actions of local and regional political, economic and shadow actors. Moreover, the "green transition" of the three coal regions does not solely involve energy investments, after all, so designating the Ministry of Energy as the principal of such an enterprise is risky for the development of its capabilities and potential.

**Our proposal, if the business related to the "green transition" has to be brought under the state umbrella, is the following: *to create three separate companies based on the current coal mining companies. These would be under mixed ownership: state-owned and owned by the municipalities directly affected, with independent members with authority (according to certain criteria) included in the oversight. These companies should be under the umbrella of the reinstated Deputy Prime Minister for Climate in the Council of Ministers, but their headquarters and management should be in the regions themselves.***

- The dropping of investment C4.15 "Pilot projects for green hydrogen production" for the reasons mentioned and its transfer to the Modernisation Fund for funding is correct. From Za Zemiata (Friends of the Earth Bulgaria) we would recommend that the transfer should also include the possibility of pilot biogas production from waste materials from agriculture and livestock farming in particular, from separately collected biowaste from households, and in the last resort to exploit the landfill gas capture potential.

On the REPowerEU chapter:

- We believe that most of the proposed projects, including those that are being transferred from Component 4 "Low Carbon Economy", would contribute to the achievement of the ultimate climate objectives set out in the NRRP.
- We have serious doubts about achieving high efficiency in the revision of project C4.I7 "Pilot Project for Combined Heat and Power from Geothermal Sources". Its transformation into a grant scheme for funding heat pumps for natural and legal entities is an indirect signal of the high risk of creating another corruption scheme in the renewable energy sector in Bulgaria (there are too many peculiarities and differences in financing measures for natural and legal entities for them to be grouped in the same scheme). We would like to see a well-functioning grant scheme for heat pumps, which prioritises the energy poor.
- The nature of the three proposed reforms<sup>23</sup> remains unclear, for which funding is committed but there are no details.
- The proposal to fund the Black Sea Energy Security and Innovation Initiative with €3.6 million seems like a proposal for funding conference tourism in the Black Sea countries. In the light of the escalating war between Russia and Ukraine, this expenditure seems difficult to justify in the investment eligibility period until 31.08.2026. Rather, funding could be considered "in the last moment" if the war comes to a successful end, i.e. the return of Crimea and the occupied territories and the restoration of Ukraine's territorial integrity.

Whatever we might say, however, ***the big issue remains***: the amendments to Article 21 and the REPowerEU chapter were not presented to the Commission by the end of September this year, which means that the risk of them not being approved by the end of the year - or even not being approved at all - remains extremely high. Further confusion - including among MPs - on the deadlines is brought by the statements of the Minister of Finance, Ms Petkova, in which different deadlines for submission are indicated: once the end of September, the second time - "15-20 October". These deadlines seem to have been calculated for political use on the basis of the technical possibilities of the Commission's own response, but we should not forget that, even if they are approved, they are in a sense also dependent on solving the issue with the second payment.

---

<sup>23</sup> Зе-news.net, [Презентация на Министерство на енергетиката, Предложение за изменение на НПБУ чл. 21, Компонент 4 „Нисковъглеродна икономика“ и глава REPowerEU, Presentation of the Ministry of Energy. Proposal to amend the NRRP art. 21. Component 4 Low Carbon Economy and REPowerEU Chapter](#), 17 September 2024. Reforms in the direction of: 1. Improving balancing market transparency on connection 2. Improving the energy poverty reform 3. BEST Initiative

## General recommendations

1. In this situation it would make sense that Bulgaria would lose part of the second payment. This loss **should be accepted calmly, but** should serve as a lesson to all those who "contributed" to it. And there are many of them - MPs, ministers, advisors, experts, administration, trade unions, employers, mayors, local councillors, workers at Maritsa East Mines and TPP Maritsa East 2, journalists and the entire media. A detailed and honest analysis/assessment of these political and administrative factors should be made to assist politicians and the administration to prevent these issues in the future, in which money in exchange for reforms will be increasingly required.
2. All the institutions responsible for finalising the milestones and targets for the next payments which are delayed - the 3rd, 4th, 5th and 6th - must step up their work, and do it not only **efficiently, but also to do it well**. It is now clear that the EC is reluctant to extend the deadlines for the implementation of the NRRPs beyond August 2026, and rather tolerates the removal of those investments from the national plans that will not be able to be completed within that time frame. The actions of the National Assembly are crucial to respond to this speed:
  - i. On the one hand, it should prioritise - and work with speed and quality - these NRRP reforms, which require legislative initiatives and changes;
  - ii. On the other hand, the National Assembly **should stop playing the role of a Convention** by issuing decisions, motivated by nationalism, populism and the competition for the voters, which are harmful not only for the plan but also for the entire Bulgarian energy sector.
3. The previous recommendation predetermines this one: the government should immediately launch a **full assessment** of which investments are at high risk of not being completed within the specified timeframe. It should urgently propose replacing them with ones that could meet this requirement, **while also respecting the requirements** for decarbonisation, a just transition, support for the circular economy, biodiversity conservation, digitisation of the economy and support for the regions.
4. The government needs to establish and implement a **unified system for control and monitoring** of the NRRP and other instruments - the Modernization Fund, the Just Transition Fund, etc. This relates not only to the use of EUMIS, but also to the overall strategic management, to achieve synchrony with the goals and objectives of the relevant strategic documents, policies and work plans.
5. One useful option for improving the NRRP work was proposed by a group of NGOs in 2022: the establishment of a Monitoring Committee on the NRRP progress<sup>24</sup>. We

---

<sup>24</sup> Move.bg, [Становище относно: проект на Постановление за определяне на органите и структурите, отговорни за изпълнението на Плана за възстановяване и устойчивост на Република България и на Statement on: draft Decree on the designation of the authorities and structures responsible for the implementation of the Recovery and Resilience Plan of the Republic of Bulgaria and their main functions](#), 20th June 2022

believe that this idea has not lost its relevance and recommend that it be implemented urgently.

6. As usual, the recommendation for more **transparency and active provision of quality information** (not just PR) remains and should be done by all institutions involved in the implementation, reporting and monitoring of NRRP reforms and investments. In the current situation, which has demonstrated inadequate political and administrative intervention, public participation remains one of the few tools to improve the Plan and its implementation.
7. Additionally, an adequate communication strategy to key stakeholders on the NRRP and related strategic documents and plans, should come into play immediately. At present, each institution communicates its topics and its actions on them in a way that it finds appropriate, but without there being a common standard.
8. We believe it is **necessary** to make a thorough assessment of the quality of the reforms and projects implemented so far, at least with regard to the topics discussed here - climate, energy and energy efficiency, nature conservation and natural resources. The information and signs of poor quality results are everywhere - in reforms and investments, in energy, energy efficiency, transport, environment, agriculture.
9. The recommendation to check the **adequacy of public data on the EUMIS website** remains. This is, of course, also a commitment of the institutions, which must create and submit them on time and in the specified quantitative and qualitative parameters.

\*\*\*

Most likely in the end the European Commission will agree to apply the envisaged financial sanctions and will allocate part of the funds under the second NRRP payment. It will also likely agree with most of the suggested amendments in the NRRP, including under the REPowerEU chapter. This, however, is not a good signal. The opposite - we are witnessing efforts to formally rescue the NRRP and obtain the funds, but without any guarantees that the goals will be achieved in the end. There is a growing risk of the opposite happening - poor performance on reforms and investments and partially achieved or unmet targets. Such assistance from the EC would encourage precisely the backward-looking forces that hinder the reform and modernisation of the State and, on the other hand, would directly contradict what is set out in the EU-wide policies.

The worst thing in the whole situation is that the risks are provoked and amplified by the people who should work to minimise them - MPs, ministers, administration. The culmination of everything was what happened on 26.09.2024 in the National Assembly<sup>18</sup>. The political crisis is more likely to continue, but it is quite possible to reach a majority at least for the decisions related to the EU grant funding.

\*\*\*

On 26.06.2024, at the forum "Green Transformation 4.0. New Perspectives for Central and Eastern Europe", Ms Lyudmila Petkova repeated the mantra, which has become a favourite of many Bulgarian politicians, that the Bulgarian NRRP is the greenest in the EU.

However, the way things are going, by 2026 we may end up "bragging" about having the ***greenest unimplemented recovery and resilience plan in Europe***.

\*\*\*

**Editor's note:** While the analysis was under preparation for release, on 29th November 2024 the European Commission published a press release<sup>25</sup> announcing that it had finalised the preliminary assessment for Bulgaria's second payment request under the Recovery and Resilience Mechanism (RRF). The Commission also announced that a number of key milestones and targets are not considered satisfactorily met, which may result in a significant suspension in accordance with the Commission's methodology. In particular, the Commission found that eight milestones and one target have not been satisfactorily fulfilled at this stage. These concern important reforms regarding the liberalisation of the energy market (C4.R8/M91), boosting the electricity generation from renewable sources (C4.R6/M95), the Roadmap to Climate Neutrality (C4.R9/M114), anti-corruption (C10.R2/M217, C10.R2/M218 and C10.R2/M219), the introduction of mandatory judicial mediation (C10.R3/ M227), public procurement (C10.R10/T243) and entrepreneurship (C10.R11/M252).



This publication was prepared as part of the LIFE project „Together For 1.5“, co-funded by the European Union. The views and opinions expressed are solely those of the author(s) and do not necessarily reflect those of the European Union or CINEA. Neither the European Union nor the funding body can be held responsible for them.

---

<sup>25</sup> European Commission, [Комисията приема предварителна оценка на второто искане за плащане на България по линия на Механизма за възстановяване и устойчивост, Commission adopts preliminary assessment of Bulgaria's second payment request under the Recovery and Resilience Facility](#), Press corner 29 November 2024.