

# The National Trust EcoFund of Bulgaria

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## Major points

- History: the **debt-for-environment** swap
- Goal, structure and organization of NTEF
- Priority areas and selection criteria
- NTEF's 10-year experience in financing environment-protection projects
- Successes, difficulties, lessons learned

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## The Debt-for-Environment Swap between Bulgaria and Switzerland

- The **swap** is for **20 249 638 CHF**, representing approximately 20% of the total Bilateral Debt;
- Forgoing of debt by Switzerland is in **8** equal and successive semi-annual partial **cancellations** (the first one on 31 March, 1996, the last one – on 30 Sep, 1999);
- Upon each cancellation Bulgaria makes **payments** of the corresponding amounts in Bulgarian currency on the date of payment of each amount;
- The amounts are paid to a specially established for the purpose of the swap **independent National Trust EcoFund (NTEF)**, which shall manage the funds with the participation of Switzerland and use them for environmental protection projects.

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## Goal of the National Trust EcoFund (NTEF)

Managing funds provided under **debt-for-nature** and **debt-for-environment** swaps, as well as funds provided under other types of agreements with international, foreign or Bulgarian sources aimed at environmental protection in the Republic of Bulgaria.

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## Legal Grounds

**NTEF is a legal entity pursuant to:**

- The "Debt-for-Environment" Swap Agreement between the Governments of Switzerland and Bulgaria of 23 October, 1995;
- Articles 66, 67 and 68 of the Environment Protection Act (State Gazette No 91 / 25 September, 2002);
- The Regulation on Organization and Activities of the National Trust Ecofund, enacted by Decree No 96 of the Council of Ministers of 10 May, 2004 (St. Gazette No 41 / 18 May, 2004)

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## Management Bodies of the EcoFund:

- **Board of Directors (BD)**
- **Advisory Committee (AC)**
- **Executive Bureau (EB)**

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## The Board of Directors (BD)

The **BD** consists of **7** members, including:

**Chairman, 2 Deputy Chairmen and 4 regular members.**

- **The Chairman** is appointed by the Council of Ministers of Bulgaria (**upon preliminary consultation with the donors on the nomination**).
- **The First Deputy Chair** of the BD is an acting Deputy Minister of Environment.
- **The Second Deputy Chair** of the BD is a Representative of the Bulgarian Academy of Science.
- **The 4 regular members are:**
  - Deputy Minister of Finance
  - Deputy Minister of Agriculture and Forests
  - Representative of the National Association of Municipalities
  - Delegated representative of the environmental NGOs.

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## The Advisory Committee (AC)

The AC consists of representatives of foreign or international institutions which are Sources of Financing or which vigorously support the EcoFund's activities.

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## The Executive Bureau (EB)

The **Executive Bureau** organizes and ensures the implementation of BD's and AC's decisions and runs the internal administrative affairs of the EcoFund.

The EB consists of:

- **The EB Director**, nominated by the BD and approved by the AC;
- **Finance and Economic Division** headed by the Chief Economic Expert;
- **Technical Division** headed by the Chief Technical Expert;
- **Office Management and Coordination Division** headed by the Office Manager.

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## Project Feasibility Criteria

- Scope of the expected environmental effect
- Technological level and organizational provisions for project implementation
- Cost/Effect ratio
- Provided co-financing
- Provisions for successful post-implementation project operation for obtaining the environmental effect

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## Projects Financed by NTEF

- Total number of the NTEF-financed projects – **74**  
*Including:*
  - **59** completed projects
  - **15** projects under implementation
- Total amount of the NTEF financing – **EUR 12 250 000**
- Average percentage of the NTEF financing/contribution – **19%**

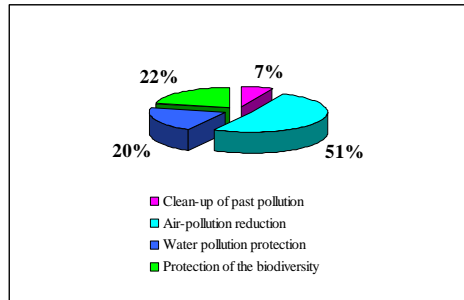
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## Classification of the NTEF-financed Projects

- **By Priority Area:**
  - Clean up of past pollution
  - Reduction of air pollution
  - Clean water protection
  - Protection of biodiversity

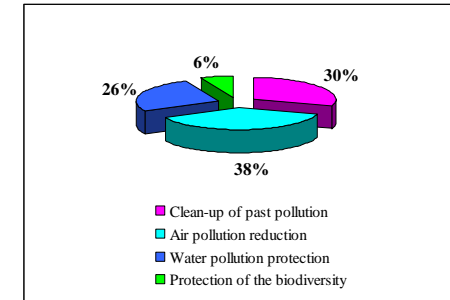
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### NTEF-financed Projects by Priority Area (by number of projects)



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### NTEF-financed Projects by Priority Area (by financing amount)



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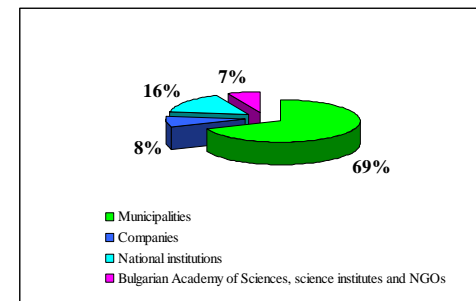
### Classification of the NTEF-financed Projects:

#### ■ By Type and Statute of the Applicant:

- Municipalities
- Companies
- National Institutions
- Bulgarian Academy of Science, National Institutes and NGOs

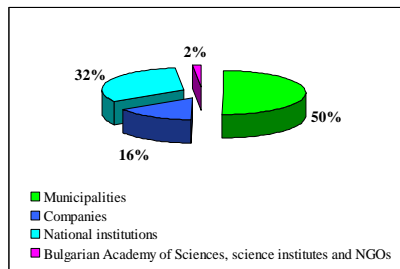
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### NTEF-financed Projects by Type and Statute of the Applicant (by number of projects)



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### NTEF-financed Projects by Type and Statute of the Applicant (by financing amount)



### NTEF Projects – examples

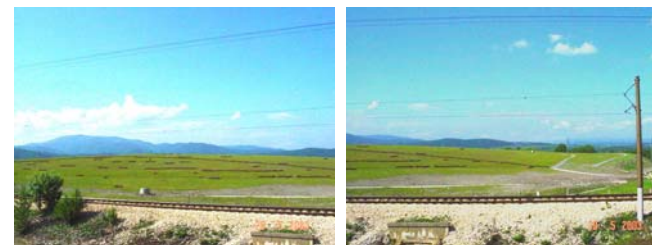
- *Recycling Installation for Lead Acid Batteries in "Monbat", J.S.Co.*
- *Landfill for solid domestic wastes in the town of Gotze Delchev – Reclamation of the existing landfill and correction of a Gully.*



### Environmental Remediation Pilot Project, Pirdop (ERPP)



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## NTEF Projects – examples

- *Flue-Gas Cleaning System for the Waste Incinerator at the Military Medical Academy - Sofia*



- *Geothermal heating of municipal buildings in the town of Sapareva Bania*



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## Installation of Low Nox Burners for Boilers No 5, 6 and 7 of “SOFIA-IZTOK” Thermal Power Plant



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## Municipalities with NTEF-Financed Gasification Projects:

1. Lovech
2. Sevlievo
3. Pazardjik
4. Peshtera
5. Stara Zagora
6. Yambol
7. Razgrad
8. Targovishte
9. Montana
10. General Toshevo
11. Bozhurishte
12. Popovo
13. Mezdra
14. Assenovgrad
15. Beloslav
16. Petrich
17. Kustendil
18. Gorna Oriahovica
19. Lyaskovetz
20. Novi Pazar
21. Veliko Tarnovo



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## Eco Trail “Byala Reka” in the “Central Balkan” National Park



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## Restoration of Alpine Habitats in the “Central Balkan” National Park



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## Reintroduction of the Balkan Chamois' population in the “Vitosha” Nature Park



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## Successes, Difficulties and Lessons Learned

### Re: Governance and Organization:

#### Donors' requirements:

- Strong commitment on behalf of the government to establish and effectively use a Trust Fund for financing projects for environmental protection;
- Willingness of the government to set the Fund as a politically independent entity and to continuously support its development;
- Acceptable balance among government representatives, public representatives and donor representatives in the managing bodies;
- Opportunities for the donors to have better control over the Funds' performance and to defend their interest as the sources of financing, in order to be comfortable about the appropriate utilization of funds;
- Ensuring transparency and impartiality of the Fund's operations, as well as its sustainability and continuity.

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## Successes, Difficulties and Lessons Learned - continued

### Re: Governance and Organization:

#### Prevailing vision of the recipient governments:

- Preference for centralized control and unwillingness to delegate powers to independent specialized entities;
- “Suspiciousness” towards independent entities, managing public funds;
- Preserve opportunities to use public funds for political purposes. This is one of the reasons for governments to interfere in the day-to-day management of many funds.

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## Successes, Difficulties and Lessons Learned - continued

### Re: Project Selection and Implementation - SUCCESSES:

- NTEF approved for financing and contributed to the successful implementation of 74 investment projects for protection of the environment in Bulgaria, most of them completed;
- NTEF has followed high standards in project selection and implementation, especially in the fields of procurement, supervision and disbursement, and has managed to "transfer" these standards to the recipients and other partners;
- NTEF contributed for attracting additional international financing for several priority projects from the World Bank and the Danish Environment Protection Agency (DEPA - now DANCEE);
- The Ecofund has gained the reputation in the country and among the donor community of a reliable and successful institution for financing environment-protection projects.

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## Successes, Difficulties and Lessons Learned - continued

### Re: Project Selection and Implementation - DIFFICULTIES:

- Difficulties for project implementation, resulting from deficiencies in the legal framework in the country;
- Lack of well prepared projects, applying for financing. The overwhelming majority of project proposals did not meet international donor standards and requirements. At the same time NTEF criteria and requirements for project approval were based on international donor standards;
- Lack of capacity among potential beneficiaries (applicants), both in the fields of project preparation and project implementation;
- Difficulties for the project applicants to ensure the required by NTEF co-financing for the proposed projects.

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## Successes, Difficulties and Lessons Learned - continued

### Re: Project Selection and Implementation – SOLUTIONS:

- Closer involvement of NTEF Executive Bureau in assisting for the preparation and/or improvement of project proposals in order to meet NTEF standards;
- Closer involvement of NTEF Executive Bureau in all stages of the project implementation process, including: procurement, contract preparation, construction supervision, etc.;
- Assistance by NTEF, or other involved international programs, in the capacity building among project applicants in the fields of project preparation and management.

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