

Summary of the Commission's assessment of the Bulgarian recovery and resilience plan

Grants: EUR 6 267 312 124

103 measures: 47 reforms and 56 investments divided into 12 components

Number of milestones and targets: 346

Climate target: 58.9 %

Digital target: 25.8 %

1. Summary of the Commission's assessment of the recovery and resilience plan

Criterion	Commission assessment	Rating A-C
2.1	<p>The RRP includes measures that contribute towards all six pillars, with almost all of its components addressing multiple pillars. Such an approach contributes to ensuring that each pillar is addressed comprehensively and in a coherent manner.</p> <p>The RRP includes important measures to accelerate the twin transition. In the area of climate action and energy transition, significant efforts are dedicated to accelerating and facilitating the deployment of renewable energy generation and storage, cutting the greenhouse gas emissions in the power sector by almost half, liberalising the wholesale and retail electricity markets, and boosting renovations of the building stock with a view to improving energy efficiency. Significant investments and reforms also aim at promoting low-emission mobility and use of less polluting modes of transport, notably rail transport.</p> <p>There is also a strong focus on the digital transformation of Bulgaria's economy and society, with measures to support the acquisition of digital skills across the whole population, the digitalisation of businesses, public administration, including the judiciary, as well as enhancing the connectivity and broadband deployment in remote and sparsely populated areas. Investments in areas like power storage capacities, digitalisation and sustainability of rail transport, and smart water management make an important contribution both to the green and digital objectives.</p> <p>Several components in the RRP are expected to contribute to the pillar on smart, sustainable, and inclusive growth, with a wide array of measures aiming to strengthen competitiveness and enhance research and development. The RRP contains investments to support businesses, especially SMEs via grants and financial instruments aimed at promoting digitalisation, circular economy, and use of renewables for own consumption to allow businesses to deal with the energy transition.</p> <p>The pillar on health, economic, social, and institutional resilience includes measures that are expected to contribute to improving access to education, lifelong learning and healthcare, and promoting social inclusion. With respect to social and territorial cohesion, the support of broadband roll-out in rural and remote areas is expected to help ensure that all citizens have access to high-speed connectivity, while social cohesion is expected to be fostered through the reform of the minimum income scheme benefitting adults and children, investment in the social economy, the modernisation of the social and</p>	A

	<p>employment services and the provision of telemedicine and e-government services in remote areas through a repurposing of the country's postal network.</p> <p>The Bulgarian RRP is expected to contribute to policies for the next generation with measures such as the mandatory inclusion of four-year olds in pre-school education and the modernisation and construction of educational infrastructures, including kindergartens and school laboratories, and the establishment of youth centres across the country.</p>	
2.2	<p>The RRP includes an extensive set of mutually reinforcing reforms and investments that contribute to effectively addressing all or a significant subset of the economic and social challenges outlined in the country-specific recommendations addressed to Bulgaria by the Council in the European Semester in 2019 and in 2020, notably in the areas of social inclusion, education and skills, healthcare, decarbonisation and digital transition and business environment.</p>	A
2.3	<p>Simulations by the Commission services show that the RRP, together with the rest of measures of the European Union Recovery Instrument, has the potential to increase the GDP of Bulgaria by 1.9% to 3% by 2026, not including the possible positive impact of structural reforms, which can be substantial. The most significant persistent positive effects on growth and productivity over the medium to long run are expected to stem from investments in decarbonisation of the economy, including the deployment of renewable energy generation and storage and increased energy efficiency, as well as from investments supporting businesses and measures expected to attract industrial investment and develop industrial ecosystems.</p>	A
2.4	<p>Bulgaria ensures that no significant harm is done to environmental objectives by selecting or designing measures complying with the DNSH principle, and by substantiating DNSH compliance as part of the DNSH assessment.</p> <p>By selecting measures that either contribute substantially to environmental objectives, or have no or an insignificant foreseeable impact on environmental objectives, many measures in Bulgaria's Plan can be considered DNSH compliant from the outset (e.g. certain measures in education and training, labour market, public administration and justice, and digitalisation). Other measures are designed to ensure compliance with DNSH, including broad support schemes (e.g. Economic Transformation Programme, the programme for industrial parks and the Fund for promoting the technological and ecological transition of agriculture). For measures requiring a 'substantive DNSH assessment' according to the DNSH Technical Guidance (e.g. sustainable mobility, energy efficiency and renewable energy investments), Bulgaria has provided evidence and assurances substantiating that the measures do not lead to significant harm to any of the six environmental objectives.</p>	A
2.5	<p>The Plan contributes to climate objectives for 58.9% (close to EUR 3.7 billion), thus over-achieving the climate target of 37% by a large margin. Reforms and investments in the Plan aim to accelerate the decarbonisation of the energy sector by setting out a clear commitment to approve by 2023 a calendar to phase out coal and lignite power generation as soon as possible and at the latest by 2038, as well as by facilitating the deployment of renewables and alternative energy sources, such as green hydrogen and biogas. The Plan also includes reforms aiming to establish competitive wholesale and retail markets through a gradual deregulation of electricity prices by 2025 and to strengthen the governance of energy state-owned enterprises.</p> <p>The biodiversity component of the Plan contains measures aiming at</p>	A

	<p>protecting and restoring ecosystems and natural habitats and species of European and national importance.</p> <p>The Plan is expected to enhance the sustainability of the transport sector by reforming the road and railways sectors, promoting zero-emission vehicles, enhancing road safety, and investing in railways, intermodal transport and sustainable urban mobility. This includes investments in the modernisation and digitalisation of railways, new zero-emission rolling stock, deployment of the European Rail Traffic Management System, a new intermodal terminal in Ruse and clean public transport (Sofia metro and a pilot programme for sustainable urban mobility).</p>	
2.6	<p>The recovery and resilience plan contributes to the digital objective for 25.8% (EUR 1.6 billion), thus achieving the digital target of 20%. Investments in digital connectivity include the roll-out of very high capacity networks in rural and sparsely populated areas, which are lagging behind in terms of digital inclusion. The reforms included in the Plan aim to contribute to the development and implementation of an effective policy and regulatory framework, the efficient use of the radio frequency spectrum for the development of 5G networks and services and the creation of a favourable investment environment. The Plan also includes a comprehensive package of reforms and investments to support the digitalisation of the public administration, including the judiciary, unlocking the potential in areas such as justice, health, agriculture, environment, culture, employment and social protection. The Plan includes measures to increase the level of digital skills of the population. The Plan also supports the digitalisation of the transport and energy sectors, thus contributing to their progressive decarbonisation. As regards the private sector, the investments in the digital transformation of the business processes and increased cybersecurity capabilities should contribute to improvements in their efficiency and productivity. Moreover, digital technologies and infrastructure are expected to enhance Bulgaria's innovation capacity, with a particular focus on green and digital technologies.</p>	A
2.7	<p>The implementation of the investments and reforms in the Plan is expected to have a lasting impact, primarily by strengthening the public institutions and by structural reforms in key policy areas. Ambitious reforms in the judiciary and anti-corruption bodies combined with administrative reforms in key areas such as research and innovation, green transition and digital transformation, aim to improve the quality of public services. In addition, policy changes to reduce existing barriers to business activity and reforms to address long-standing problems in education, healthcare and social protection complement investments in these areas. Overall, the Plan addresses many of the country's core problems in the areas of environmental sustainability, business environment, education and skills, healthcare, social and labour market. As a result, the implementation of the Plan is expected to lead to a faster, more sustainable and more inclusive economic growth.</p>	A
2.8	<p>The plan includes 206 milestones and 140 targets that appropriately reflect the implementation of the measures over the entire life-cycle of the Bulgarian recovery and resilience plan. The achievement of milestones and targets will be verified using a detailed set of indicators, which is sufficiently clear and comprehensive. The milestones and targets are relevant, well-defined, and balanced across the different measures.</p>	A
2.9	<p>Overall, the costing information and supporting documents provided appear to be reasonable and plausible. The Plan provides adequate explanations on the</p>	B

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	methodology used for establishing the cost estimates for the majority of measures. The justification provided by Bulgaria on the amount of the estimated total costs of the Plan is to a medium extent reasonable, plausible, and in line with the principle of cost-efficiency. The total cost is commensurate to the expected national economic and social impacts. For all measures, calculations behind the cost estimates are provided, and these are generally clear and understandable, though in certain cases, more details could have been provided to explain how the final budget was computed. The estimated cost of reforms and investments included in the Plan is in line with – and consistent with – existing information for similar reforms and investments, including those funded by other Union programmes, if available.	
2.10	The Plan adequately describes the system for the implementation of the audits and controls . The internal control system described in the Plan is based on robust processes and structures and clearly identifies actors and their roles and responsibilities for the performance of the internal control tasks. The internal control system and other relevant arrangements, including for the collection and publication of data on final recipients are expected to prevent, detect and correct corruption, fraud, conflicts of interest when using the funds under Regulation (EU) 2021/241 and to avoid double funding under that Regulation and other Union programmes. A repository system for monitoring of the implementation of the Plan is to be put in place and operational by the time of the first payment request. The proposed measures give assurance that there is an adequate level of control to prevent, detect, and correct irregularities identified when using RRF funds, provided that the pending points on the repository system and administrative capacity are addressed before the first payment request, as required by the dedicated milestones.	A
2.11	The Plan's twelve components represent a package of coherent reforms and investments . The Plan is structured around four coherent pillars supporting the recovery of the Bulgarian economy, the contribution to the green and digital transition, and the enhanced resilience towards more sustainable and inclusive growth. Each pillar is built around components which include overall consistent packages of mutually reinforcing and complementary reforms and investments. The measures in each of the individual components are mutually reinforcing, as investments are accompanied by reforms that aim to resolve structural underlying challenges.	A

2. Horizontal principles and additionality

Horizontal principle	Commission assessment
Complementarity with EU programmes 2021-2027	The Plan is structured so as to complement projects funded via other EU funds. The Bulgarian Plan describes complementarities and synergies with other EU funds, including ESF+, ERDF and Cohesion Fund. This is likely to have a significant potential impact on the Bulgarian economy, as Bulgaria is one of the main beneficiaries of EU funds, measured as share of GDP, over the financing period 2021-2027. Complementarities are particularly relevant in the field of research and innovation, business environment for small and medium enterprises, circular economy, waste and water management, energy, transport, education, labour market, social inclusion and healthcare.
Principle of additionality	The measures in the plan respect the principle of additionality.
Recurring costs	All costs are incurred after February 2020 and do not substitute

	recurring national budgetary expenditure, unless in a limited number of duly justified cases in which the Plan includes labour costs for temporarily recruited civil servants whose work is essential to the successful implementation of the measures.
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3. Reply to the European Parliament's questions

Contribution to equality and gender equality: The Plan contains measures that are expected to help Bulgaria address the challenges in the area of gender equality and equal opportunities for all and describes existing national challenges in the area of gender equality and inclusion of vulnerable groups, including Roma. The Plan also states that equal participation of men and women and non-discrimination based on sex, race, ethnicity, religion or belief, disability, age and sexual orientation will be respected in the implementation of the measures. To monitor the implementation of the Plan, data will be disaggregated by gender, age, disability and ethnic origin for reporting purposes, where possible. Measures in the Plan that contribute to addressing some of the national challenges on gender equality and access to equal opportunities for some groups cover the personal development of young people from vulnerable groups, including Roma, the mobility and opportunities for independent living of people with disabilities and the quality of life of older people. The Plan also covers investments in kindergartens, with implications for the labour market participation of women.

Contribution to high-quality employment creation: The Plan is designed to support economic growth and job creation through a number of investments and reforms. The main contributions to both economic growth and employment, as presented by the authorities, are expected to come from investments and reforms in the Low Carbon Economy and the Smart Industry components. In addition, the Business Environment component should also contribute to strengthen the economic growth through the improvement of the institutional framework, including the digitalisation of the public administration and the construction sector, and other reforms and investments aimed at increasing the efficiency and quality of processes in areas such as justice, the fight against corruption, the governance of state owned enterprises, anti-money laundering, insolvency procedures, public procurement, and audit and control mechanisms.

Contribution to the implementation of the European Pillar of Social Rights: The Plan is expected to improve access to education, adult learning and healthcare, and to promote social inclusion. Improved access to education will result from investments in education infrastructures, increased options for learning, including online classes, and the compulsory inclusion of 4-years-old in the education system, with implications for the labour market participation of women. On healthcare, broader access is expected to be achieved via the construction of outpatient care units, the enhancement of the provision of telemedicine services, the establishment of an air ambulance system, as well as through measures addressing shortages of healthcare professionals, including their unbalanced geographical distribution. As part of the Plan, Bulgaria plans to reform minimum income support, thus strengthening social safety nets, which, in combination with more effective activation, contribute to the efforts targeting the achievement of the 2030 EU headline target on poverty reduction. The figures of the Social Scoreboard also point at the need for strengthening the provision of more tailored employment and social services, particularly for vulnerable and under-represented groups (e.g. persons with disabilities and Roma). To foster social inclusion, the Plan also includes measures to improve the provision and integration of employment and social services and to modernize long-term care, with a focus on people with disabilities and older people.

Addressing regional disparities: The RRP should further contribute to reducing territorial disparities through reforms supporting a territorial, bottom-up approach as well as dedicated infrastructure investments in the water sector in regions outside of the capital city, and investments to secure better

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transport connections in the north of the country. Other investments in transport and digital connectivity across the country and increased availability of e-government and other administrative services in remote and sparsely populated areas are also expected to enhance territorial cohesion. Finally the reforms and investments towards decarbonisation of the economy should set the ground for investments under the Just Transition Fund to ensure that the coal regions are supported through the transition and that no one is left behind.

Contribution to upward economic and social convergence: The plan contains a number of measures across several policy areas that are expected to contribute to upward economic and social convergence. Policies related to education and skills largely aim at achieving the objectives of increasing socio-economic resilience and fostering productivity growth through the acquisition of skills, including digital. Key policies include, among others, the enhancement of higher education with the aim of addressing labour market shortages, the development of a platform for adult learning linked to the public employment services and the establishment of youth centres, which target the inclusion in the labour market of young people, with a focus on young people from vulnerable groups, including Roma. Those measures should contribute to strengthen the employability and productivity of the workforce, including of vulnerable groups, thus enhancing economic growth. The reforms in the healthcare and social services sectors target the long-standing issues of coverage and adequacy of services to improve the health and social status of the population. The policy changes in the business environment component are aimed at strengthening the growth potential and the resilience of the Bulgarian economy by addressing the existing barriers and inefficiencies. The ambitious reforms and investments in public procurement, whistle-blower protection, regulation of lobbying, e-government, digitalisation of the construction sector, and governance of state-owned enterprises would improve transparency and level the playing field for businesses.

Annex

Table 1: Illustration of the plan's contribution to the six policy pillars

	Green transition	Digital transformation	Smart, sustainable & inclusive growth	Social and territorial cohesion	Health, and economic, social and institutional resilience	Policies for the next generation
Component 1: Education and skills	○	○		○		●
Component 2: Research and innovation	○	○	●			
Component 3: Smart industry	○	○	●			
Component 4: Low-carbon economy	●	○	○		○	
Component 5: Biodiversity	●					
Component 6: Sustainable agriculture	●	○				
Component 7: Digital		●	○	○	○	

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connectivity						
Component 8: Sustainable transport	●	○	○	○		
Component 9: Local development	○	○				
Component 10: Business environment		●	○	○	●	
Component 11: Social inclusion		○	○	●	○	
Component 12: Healthcare.		○		○	●	

Key: “●” investments and reforms of the component significantly contribute to the pillar; “○” the component partially contributes to the pillar

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Table 2: Mapping of country challenges identified in 2019-20 country-specific recommendations and the Bulgarian RRP components

Country challenges (as identified in Section 2)	Associated CSR (2019-2020) and European Semester recommendations	Component 1- Education and skills	Component 2- Research and innovation	Component 3 - Smart industry	Component 4- Low-carbon economy	Component 5- Biodiversity	Component 6- Sustainable agriculture	Component 7- Digital connectivity	Component 8- Sustainable Transport	Component 9- Local development	Component 10- Business environment	Component 11- Social inclusion	Component 12- Healthcare
Accessibility, resilience and capacity of health services, including addressing shortages of healthcare workers and reducing out-of-pocket-payments	2019.4.5, 2020.1.2							○	○	○			○
Social protection and essential services for all, enhancing the improving of social and employment services	2019.4.3, 2020.2.1							○	○	○		●	
Strengthen active labour market policies	2020.2.2	●										○	
Improve access to distance working	2020.2.3							●		○			
Promote digital skills and access to education	2019.4.1, 2020.2.4 2019.4.2, 2020.2.5	●											
Shortcomings of the minimum income	2019.4.4, 2020.2.6											●	
Effective support to small and medium-sized enterprises and self-employed	2020.3.1			●									
investment on the green and digital transition, in particular on clean and efficient production and use of energy and resources	2019.3.3, 2020.3.5	○	○	●	●	○	○	●	○		●	○	○
Investment in environmental infrastructures	2019.3.3, 2020.3.6								●				
Investment in sustainable transport gradual decarbonisation of the economy, including in coal regions	2019.3.2, 2020.3.7			○	●			●					
Effectiveness of public administration and reinforcement of digital government, effective functioning of the insolvency framework and of supervision and enforcement of the anti-money laundering framework	2019.2.8, 2019.2.4, 2019.3.4,2020.4							○			●	○	
Corporate governance of State-owned enterprise	2019.1.2										●		
Focus investment-related economic policy on research and innovation	2019.3.1		●	○				○					

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Country challenges (as identified in Section 2)	Associated CSR (2019-2020) and European Semester recommendations	Component 1- Education and skills	Component 2- Research and innovation	Component 3 - Smart industry	Component 4- Low-carbon economy	Component 5- Biodiversity	Component 6- Sustainable agriculture	Component 7- Digital connectivity	Component 8- Sustainable Transport	Component 9- Local development	Component 10- Business environment	Component 11- Social inclusion	Component 12-Healthcare
Improve tax collection through targeted measures in areas such as fuel and labour taxes*	2019.1.1												

Key: “●” investments and reforms of the component significantly address the challenge; “○” the component partially addresses the challenge