# Project/Program Application Form Under the Recovery and Resilience Facility

**1. Project name.**

**Program for construction/further construction/reconstruction of water supply and sewerage systems, including waste water treatment plants for agglomerations between 2,000 and 10,000 PE**

**2. Description of the project (objectives, main activities).**

**Objective concerned:**

Increasing the compliance with the requirements of Directive 91/271/EEC for treatment of urban waste waters (Directive 91/271/EEC) through provision of infrastructure for disposal and treatment of waste water. Increasing the compliance with Directive 98/83/EC regarding quality of water intended for human consumption (Directive 98/83/EC) through renovation of the water supply system in order to protect the available water resource of drinkable quality, considering the condition of the existing WSS network. Provision of technical capacity to exercise remote control of the discharged waste water quality in order to establish diminishing of contamination in underground and surface waters for protection of human health, improvement of the quality of life, regional development and sustainability.

The shares of population, joined to the public sewerage and of provided waste water treatment increases, but as of 2020 Bulgaria still hasn't achieved compliance with the requirements of Directive 91/271/EEC. In relation to climate changes and occurring draught periods, a need has been established to take measures against the drinking quality water shortage through provision of new and/or backup water sources for the population. On the other hand, a large part of the population has average monthly income per person in the household, therefore the price of services in the WSS sector must remain socially bearable and in this relation the necessary financial resource to implement the required measures can't be provided through increasing the price of the services. The limited funds also restrict the renovation and development of the WSS infrastructure, which also reflects on the progress regarding the compliance with Directives 91/271/EEC and 98/83/EC.

The need to provide collection and treatment of waste waters of the population and to protect water resources increases also in relation to the new threat of the COVID-19 virus spread. At the same time the access to reliable water supply guarantees good sanitary and hygienic conditions, which are directly related to the people's health.

As of 31.12.2018, the indicative financial resource, required to achieve compliance

with the requirements of Directive 91/271/EEC and to provide contemporary life standard for the population regarding waste waters amounts to over 5,8 billion BGN, where the resource required for agglomerations between 2,000 and 10,000 PE is around 3,9 billion BGN. The European funds provided so far are directed with priority to the agglomerations with over 10,000 PE load, where the provided funds are spent not only for achieving compliance with the requirements of Directive 91/271/EEC, but also with the requirements of Directive 98/83/EC for drinking water, as well as for identified other priority activities regarding renovation of the existing sewerage and water supply system, related to the protection of the used drinking quality water.

In this relation we propose a Program for construction/further construction/reconstruction of sewerage systems, including waste water treatment plants for agglomerations between 2,000 and 10,000 PE.

In order to provide effective and constant control of the production sites ad sewerage systems in the settlements, the Program proposes providing technical capacities for remote control of the quality of discharged waste water. The threat of the COVID-19 virus spread requires taking measures for protecting the health of the experts, who are controlling potential water contaminating sites, and on the other hand this will provide the collection of the required information for control and protection of natural resources and people's health. The constant monitoring may also support the capacity to track the presence of viruses in the waste water, including COVID-19, which will allow analysis and prognosis of viral outbreak spread.

At the moment, Regional Feasibility Studies (RFS) for WSS for 16 regions have been developed and another six are under development. The RFS review the scope of the agglomerations in order to include the areas with sufficient concentration and define the technically and economically applicable solutions for implementing measures for achieving compliance with Directive 91/271/EEC and guaranteeing reliability of water supply. The developed RFS for 16 regions cover 187 agglomerations and by the end of 2023 the RFS will cover another 66 agglomerations between 2,000 and 10,000 PE.

Considering the need for a significant financial resource in the sector, **the introduction of investment prioritisation criteria** is foreseen based on criteria directed towards **decreasing the impact on the environment and achieving compliance with Directive 91/271/EEC as fast as possible**.

The prioritised sites, subject to the project proposal, include agglomerations and their settlements, which are between 5,000 and 10,000 PE, and are reviewed in the scope of the prepared RFS, with contracting authority the Ministry of Regional Development and Public Works, as the responsible Ministry for the policy for operation, reconstruction and development of the water supply and sewerage systems (for the administrative regions Burgas, Varna, Dobrich, Kardzhali, Plovdiv, Silistra, Stara Zagora, Yambol, Smolyan and Sofia-City). The designated agglomerations are Devnya, General Toshevo, Pavel Banya, Dulovo, Ahtopol, Krumovgrad, Devin, Galabovo, Straldzha, Botunets, Kremikovtsi-Seslavtsi (Sofia), Pancharevo-Kokalyane, Voluyak and Rogosh – Skutare. All values for establishing the indicators for design

and implementation of construction works are in accordance with the prepared Regional Feasibility Studies (RFS) for WSS on the territory of the respective administrative regions. The studies are assigned to contractors who have proven capacity with experts with design qualifications. The RFSs contain an update of the situation of the water supply and sewerage systems within the territory of the WSS operator and identify the need for implementation of activities for achieving compliance with Directive 91/271 / EEC and Directive 98/83 / EC and reduction of losses in the water supply network. As a result of the development of the studies, a technical -economic comparison of options was performed and an option for implementation was selected, presenting both quantity and value accounts and expected costs for their implementation, using pre-set maximum allowable unit values set according to the requirements of the Operational Program "Environment".

**Main activities:**

**Activity 1: Construction, reconstruction, modernization of water supply and sewerage systems for agglomerations between 2,000 and 10,000 PE**

**Sub-activity 1.1:** Preparation and/or update of project documents for construction, reconstruction, modernization of sewerage and water supply systems for agglomerations between 2,000 and 10,000 PE

**Sub-activity 1.2.** CAW for construction, reconstruction, modernization of WWTP including equipment for control and monitoring of waste waters

**Sub-activity 1.3** CAW for construction, reconstruction, modernization of the sewerage network

**Sub-activity 1.4** CAW for construction, reconstruction, modernization of the water supply network

**Sub-activity 1.5.** Design of an automated and remote control and monitoring system for waste waters, including connection to the GISWMR of the MoEW and the IS for WSS infrastructure of the MRDPW for sending the relevant information and data processing.

*Description*

This activity will include contracting fulfilment of investment projects based on the completed Regional Feasibility Studies, developed with the financial support of the 2014-2020 programming period, for the agglomerations between 5,000 and 10,000 PE. Activities for sewerage and water supply systems according to the measures foreseen in the RFS will be implemented for the settlements in the scope of these agglomerations.

The implementation will be realized through public procurement, as follows:

- from Bulgarian Water and Sewerage Holding Ltd (Bulgarian WSS Holding Ltd) for agglomerations (and the settlements included in them) Devnya, General Toshevo, Pavel Banya, Dulovo, Ahtopol, Krumovgrad, Devin, Galabovo, Straldzha and Rogosh – Skutare
- from Sofia municipality for agglomerations Botunets, Kremikovtsi-Seslavtsi (Sofia), Pancharevo-Kokalyane and Voluyak.

The activity will achieve full compliance with Articles 3, 4 and 5 of Directive 91/271/EEC regarding collection, disposal and treatment of waste water from 14 agglomerations and will decrease the losses along the water supply network; regarding the discovered permanent discrepancies in the drinking water quality - measures will be implemented for construction of drinking water treatment plants or construction of water extraction facilities and design and construction of sanitary and protection zones for these water sources.

The concluded 14 engineering contracts will be awarded, controlled and completed and all activities for design, CAW, removal of defects and transfer of the site to the Employer under said contracts will be completed, achieving the set project indicators. The public procurements will identify separate positions for the design and construction for the water and waste water treatment plants and for the water supply and sewerage network.

*Method for implementation*

The investment measures are organized in 14 public procurements according to the territorial scope of investments, the similarity of sites and the capacity for simultaneous implementation. The implementation of the activity will be by contractors external for the Beneficiary, who will be selected pursuant to the Public Procurement Act.

The activity will be implemented through:

Preparation and/or update of project documents, construction, reconstruction, modernization of sewerage and water supply systems for 14 agglomerations between 2,000 and 10,000 PE, including:

- Collection, disposal and treatment of waste waters
  - Sewerage networks;
  - Waste water treatment plants (WWTPs);
  - Design, delivery and installation of an automated and remote control and monitoring system for waste waters;
- Reconstruction and modernization of water supply systems for the settlements where sewerage systems are being constructed, reconstructed, modernized under this project, including
  - Water mains networks,
  - Drinking water treatment plants,
  - construction of water withdrawal facilities for drinking water, including design and construction of sanitary and protection zones of such withdrawal facilities for drinking water supply;

The value of preparing project documents, given the specifics and the volume of work, may be assumed as 2-4% of the CAW with author's supervision included. An average value of 3% of the CAW is assumed for forming the budget.

It was assumed a value for contingency in the amount of 2.2% from the construction and installation works value.

The estimated budget for activities 1.1 - 1.4 is a total of BGN 572,755,157, including

design and construction, author's supervision and contingency.

Sub-activity 1.5. Design of an automated and remote control and monitoring system for waste waters, including connection to the GISWMR of the MoEW and the IS for WSS infrastructure of the MRDPW for sending the relevant information and data processing will include the following main stages:

- Stage 1: Design and connection to the GISWMR of the MoEW and the IS for WSS infrastructure of the MRDPW for sending the relevant information and data processing.
- Stage 2: Testing in actual operation for system acceptance;
- Stage 3: Development of a procedural handbook and training of experts;
- Stage 4: Warranty maintenance.

The public procurement will be contracted by Bulgarian WSS Holding Ltd

*Outcome*

- Achieving full compliance with Articles 3, 4 and 5 of Directive 91/271/EEC regarding collection, disposal and treatment of waste water from 14 agglomerations.
- Decreased losses of drinking water.
- Designed and constructed modern, up-to-date, tested and maintained system for automated and remote control and monitoring of waste waters for all newly built or reconstructed under the project waste water treatment plants;
- Remote control of the discharged waste water;
- Awarded and completed contract for supply of hardware infrastructure and basic software;
- A system designed and connected to the GISWMR of the MoEW and the IS for WSS infrastructure of the MRDPW;
- Awarded and completed 14 engineering contracts;
- Completed all activities for design, construction and assembly works (CAW), removed defects and transferred site to the Employer, and achieved project set indicators.

**The budget of the activity 1.5 is 1 500 000 leva.**

**Activity 2**Provision of Construction Supervision

*Description*

The activity's goal is to provide construction supervision during the implementation of the investment measures. A total of 14 contracts will be completed.

The public procurements will be awarded by the beneficiary of the project - Bulgarian WSS Holding Ltd for agglomerations (and the settlements included in them) Devnya, General Toshevo, Pavel Banya, Dulovo, Ahtopol, Krumovgrad, Devin, Galabovo, Straldzha, and Rogosh - Skutare, and Sofia Municipality for the agglomerations on the territory of Sofia Municipality - Botunets, Kremikovtsi-Seslavtsi (Sofia), Pancharevo-Kokalyane and Voluyak

The value for provision of construction supervision is 3-5% of the CAW on average.

In the developed RPIP for the specific agglomerations are accepted values 3%, 3.5%, 4% for the different types of activities WWTP, sewerage network or water supply network for the respective separate areas. An average value of 3.5% has been assumed for the formation of the budget.

*Method for implementation*

The activity will be implemented by contractors, external for the Beneficiary, who will be selected pursuant to the PPA. A Contractor controlling the implementation of the respective Sites will be selected for each agglomeration. A requirement for the organization structure of the construction supervision will be to provide separate managers/resident engineers for the separate construction sites.

*Outcome*

The outcomes of the implemented activity will be prepared Compliance Reports for technical projects, Data Sheets for the Sites, Final Reports for commissioning of the construction sites etc., as well as successfully commissioned 14 sites, issued Certificate of Completion after removing eventual defects and proving the facilities' parameters, prepared Final Reports for the contracts

The budget of the activity 2 is 20 046 430 leva.

**Activity 3** Project management and organization and holding of procedures for selecting a Contractor and communication and publicity of the project pursuant to the Public Procurement Act.

**Sub-activity 3.1.** Project management

**Sub-activity 3.2.** Procurement of sub-activity 1.1 to 1.4 (Design and CAW)

**Sub-activity 3.3.** Procurement of sub-activity 1.5 (Connection in information system)

**Sub-activity 3.4.** Procurement of activity 2 (Construction supervision)

**Sub-activity 3.5.** Procurement of activity 3.7 (Publicity)

**Sub-activity 3.6.** Coordinating and accepting the implementation of public procurement

Description

The main part of the project management is the organization and holding of procedures pursuant to the Public Procurement Act to select Contractors for activities, which will not be implemented by the Beneficiary, as well as all other activities for issuing permits, required for completion of construction. For that purpose, the required documents for choosing contractors will be prepared pursuant to the PPA, the holding of the procedures will be organized, including provision of members for the assessment commissions for the received bids. In relation to the issue of Construction Permit and the implementation of CAW, the conceptual designs must be coordinated with the operator companies, the competent WSSA and municipality and a preliminary assessment for compliance of the conceptual designs included in the project proposal must be completed.

Within the implementation of the activity, the Beneficiary will take all necessary steps

to prepare flawless implementation of the investment measures.

*Method for implementation*

The project management will be executed by a Project Management Unit in the Beneficiary's structure. Within the activity, the Beneficiary will complete the following:

- Preparation of an invitation for tender
- Announcement of public procurements and collection of implementation bids
- Conclusion of public procurement contracts
- Coordination of the public procurement implementation for preparation and/or update of the project documents and construction and assembly works (CAW)
- Coordination of the implementation of public procurement with subject „Design of an automated and remote control and monitoring system for waste waters“
- Provision of execution of obligations arising from the grant award agreement;
- Maintenance of the compliance with the conditions and requirements of the grant award agreement and of the controlling body;
- Full administrative, financial and technical implementation of the project according to the grant award agreement in order to achieve the goals and indicators of the project;
- Grant award agreement administration by presenting interim and final technical and financial reports for the completion before the controlling body of the agreement;
- Provision of the execution of the instructions and recommendations of the controlling body of the grant award agreement, as well as of other competent verifying/auditing/controlling bodies;

*Outcome*

Established functioning Project Management Unit; successful completion of the project within the set budget, terms and indicators; efficient and effective financial management of the project; organized and held procedures pursuant to the Public Procurement Act for selecting contractors for the activities, which will not be implemented by the Beneficiary.

Selected contractor(s) for preparing the tender documents for public procurements. Prepared 30 sets of documents. Provided required documents in connection with the applicable legislation.

30 public procurements held and a contractor selected for each of them.

Finished procedures for coordination of conceptual designs with the WSS operators, the WSSA and the competent municipality; prepared documents, calculated and paid fees, issued Construction Permits

Completed correct and timely assessment of the affected plots; regulated material rights.

Updated data and prepared tender documents for public procurements

**Sub-activity 3.7** Project communication and publicity

*Description*

The activity will be implemented through public procurement award in the sense of Art.3(1)(3) of the PPA - provision of services. The subject of the public procurement is the implementation of various information and communication measures in order to inform the public for the support of the European Union received by the Beneficiary during project realisation. The aim of the contract is to achieve quality and professional implementation of the measures for information and communication with the general public set in the respective project.

When reporting the project implementation, as well as during on site checks, the Beneficiary will provide proof for implemented information and communication measures.

*Method for implementation*

This Activity will be awarded to an external contractor through a public procurement, whose announcement is foreseen the month before concluding the grant award agreement.

Until the planned conclusion of a contract with a contractor for the activity, the activities will be implemented by the Project Preparation Unit - at the Beneficiary's expense for the period from the conclusion of the grant award agreement to the conclusion of a contract with the selected contractor.

The activity will be implemented by a selected external contractor, but they will coordinate their work with the Project Management Unit. A communications expert will work in close relation with the construction contractors, preparing a time schedule for all necessary measures and tasks, and will control the quality and deadlines for their implementation.

The selected contractor for this Activity, after conclusion of the contract and preparation of the schedule, will have the task of following it and in case of irreversible changes to it - of notifying the PMU on time.

*Outcome*

Provided information and publicity during the whole term of physical implementation of the project activities;

The budget of the activity 3 is 11 856 032 leva.

**3. Beneficiary.**

Bulgarian WSS Holding Ltd, Sofia municipality, partners of Bulgarian WSS Holding Ltd - WSS operators,

**4. Time schedule for project implementation, incl. activities, stages[1].**

The time schedule is presented in **Annex 1**.

[1] The time schedule will be relevant for setting intermediate objectives under the Recovery and Resilience Plan and is directly related to the release of tranches of financial support from the Recovery and Resilience Fund.

**4.1. When can the project implementation start at the earliest after its approval?**

2 months

**5. Indicative financial resource by activity, incl. sources of financing (national budget, European funding, private funding, IFIs).**

**Indicative financial resource**:

**Total BGN 606 250 000**

**RRP - 80% (**BGN 485 000 000)

**Co-financing - 20% (BGN 121 250 000) provided by the Beneficiary -** Bulgarian WSS Holding Ltd for agglomerations (and the settlements included in them) Devnya, General Toshevo, Pavel Banya, Dulovo, Ahtopol, Krumovgrad, Devin, Galabovo, Straldzha, and Rogosh - Skutare, and Sofia Municipality for the agglomerations on the territory of Sofia Municipality - Botunets, Kremikovtsi-Seslavtsi (Sofia), Pancharevo-Kokalyane and Voluyak

Indicative financial resource by activities:

Activity 1.1-1.4 Construction, reconstruction, modernization of water supply and sewerage systems for agglomerations between 2,000 and 10,000 PE 572 755 157 leva

Activity 1.5 Design of an automated and remote control and monitoring system for waste waters, including connection to the GISWMR of the MoEW and the IS for WSS infrastructure of the MRDPW for sending the relevant information and data processing 1 500 000 leva

Activity 2 Provision of Construction Supervision 20 046 430 leva

Activity 3 Project management and organization and holding of procedures for selection of a contractor pursuant to the Public Procurement Act and project communication and publicity 11 856 032 leva

Total Value 606 157 619 leva

Annex 2 Summary budget

Annex №3, 3.1-3.14 Summary values for construction and assembly works by agglomerations

Annex №4.1-4.14 Informationfrom the RFS for the values by agglomerations

Annex 5 Unit prices for preparation of the RFS for operational programme 2014-2020

Annex 6 Flat rate size for financing activities for organization and management of projects

**5.1. Indicative allocation of the financial resource, depending on the type of**

**expense:**

- Construction/rehabilitation of infrastructure – 89,8%
- Labour (wage costs, consulting services, etc.) – 8,2% including
  - Preparation and/or update of project documents – 2,8%
  - Design of an automated and remote control and monitoring system - 0.3%
  - Project management and communication and publicity – 1,8%
  - Provision of construction supervision – 3.3%
- Contingencies - 2 %

## 6. Indicators

### 6.1. Result indicator/s

Agreed financial resource

- Initial value – 0 pieces 30.06.2021 [year]
- Final value – BGN 606 250 000 31.12.2021 [year]

The agreed financial resource will be reported by publishing information on the website of the beneficiary and by presenting a Contract for assignment between WSS Holding and Sofia Municipality.

Announced public procurement procedures

- Initial value – 0 pieces 30.06.2021 [year]
- Interim value – 15 pieces 31.12.2021 [year]
- Interim value – 16 pieces 30.06.2022 [year]
- Final value – 30 pieces 30.06.2023 [year]

Accepted project documents for site

- Initial value – 0 pieces 30.06.2021 [year]
- Final value – 14 pieces 30.06.2022 [year]

Opened construction site

- Initial value – 0 pieces 30.06.2021 [year]
- Final value – 14 pieces 31.12.2022 [year]

Constructed sewerage network, km

- Initial value – 0 pieces 30.06.2021 [year]
- Interim value – 50 km 30.06.2023 [year]

- Interim value - 160 km 31.12.2023 [year]
- Interim value - 270 km 30.06.2024 [year]
- Interim value - 380 km 31.12.2024 [year]
- Final value - 470 km 30.06.2025 [year]

Information on the physical progress for the objectives of the indicator is reported by publishing information on the website of the beneficiary

Constructed water mains network, including distribution network, supply water mains, km

- Initial value – 0 pieces 30.06.2021 [year]
- Interim value - 35 km 30.06.2023 [year]
- Interim value - 105 km 31.12.2023 [year]
- Interim value - 175 km 30.06.2024 [year]
- Interim value - 200 km 31.12.2024 [year]
- Final value - 238 km 30.06.2025 [year]

Information on the physical progress for the objectives of the indicator is reported by publishing information on the website of the beneficiary

Number of newly constructed / reconstructed / modernized waste water treatment plants (WWTPs)

- Initial value – 0 pieces 30.06.2021 [year]
- Final value – .....13 pieces 31.12.2025 [year]

Number of newly constructed / reconstructed / modernized drinking water treatment plants (DWTPs) or constructed new water source

- Initial value – 0 pieces 30.06.2021 [year]
- Final value – 2 piece 31.12.2025 [year]

Number of settlements, in which part of the water supply network has been reconstructed

- Initial value – 0 pieces 30.06.2021 [year]
- Final value – .....14 pieces 31.12.2025 [year]

Number of agglomerations, in which compliance with the requirements of Directive 91/271/EEC on construction of infrastructure has been achieved

- Initial value – 0 pieces 30.06.2021 [year]
- Final value – .....14 pieces 31.12.2025 [year]

Number of purchased and installed devices for remote measuring of waste water quality

- Initial value – 0 pieces 30.06.2021 [year]
- Final value – 13 pieces 31.12.2025 [year]

**6.2. Effect indicator/s**

Settlement, for which waste water treatment is provided pursuant to the requirements of Directive 91/271/EEC for provision of waste water treatment

- Initial value – 0 pieces 30.06.2021 [year]
- Final value – .....14 pieces 31.12.2025 [year]

Amount of pollution load that receives full collection and treatment in full compliance, in PE

(OPE 2014-2020 indicators)

- Initial value – 0 PE 30.06.2021 [year]
- Final value – 96 022 PE 31.12.2025 [year]

Agglomerations with achieved at least 98% connection of the load in the WWTP, in number of agglomerations

- Initial value – 0 pieces 30.06.2021 [year]
- Final value – .....14 pieces 31.12.2025 [year]

Persons with access to improved water supply, inhabitants

(OPE 2014-2020 indicators)

- Initial value – 0 pieces 30.06.2021 [year]
- Final value – ..... 87 989 31.12.2025 [year]

Settlements with 20% decrease in total water loss

(OPE 2014-2020 indicators)

- Initial value – 0 settlements 30.06.2021 [year]
- Final value – .....14 settlements 31.12.2025 [year]

Number of sites with constructed remote control of the discharged waste water -

- Initial value - 0 30.06.2021 [year]
- Final value - 13 31.12.2025 [year]

**7. Does the project require the opening of a procedure pursuant to the Public Procurement Act /PPA/?**

Yes

**7.1. If a procedure under the Public Procurement Act is required, what part of the activities and financial resources will be subject of the public procurement?**

Activity 1:

Sub-activities 1.1-1.4: After concluding a contract for funding, the Beneficiary must open public procurement procedures for selecting contractors for construction and services in order to build the necessary WSS infrastructure and commission the sites – 90.5%.

Sub-activity 1.5 Design of an automated and remote control and monitoring system for waste waters, including connection to the GISWMR of the MoEW and the IS for WSS infrastructure of the MRDPW for sending the relevant information and data processing – 0.3%.

Activity 2 Ensuring construction supervision during construction - 3.3%

Sub-activity 3.7 Communication and publicity of the project - 0.08%

**7.2. If a procedure under the Public Procurement Act is required, what is the indicative schedule for its implementation?**

Sub-activities 1.1-1.4:

- 60 days to prepare an invitation for tender and to announce the public procurement;
- 30 days to collect tender bids
- 90 days for the assessment commission to work
- 14 days to enforce the decision for selecting a contractor,
- 30 days for conclusion of contracts
- 15 days for unforeseen delays (questions to the Tenderers, the Employer etc.)
- 45 months for implementation of the concluded contracts

Sub-activity 1.5:

- 30 days to prepare an invitation for tender and to announce the public procurement;

- 30 days to collect tender bids

- 30 days for the assessment commission to work

- 14 days to enforce the decision for selecting a contractor,

- 30 days for conclusion of contracts

- 15 days for unforeseen delays (questions to Tenderers etc.)

- 30 months for implementation of the concluded contract

Activity 2:

- 30 days to prepare an invitation for tender and to announce the public procurement;

- 30 days to collect tender bids

- 30 days for the assessment commission to work

- 14 days to enforce the decision for selecting a contractor,

- 30 days for conclusion of contracts

- 15 days for unforeseen delays (questions to Tenderers etc.)

- 45 months for implementation of the concluded contract

Activity 3, sub-activity 3.7:

- 30 days to prepare an invitation for tender and to announce the public procurement;

- 30 days to collect tender bids

- 30 days for the assessment commission to work

- 14 days to enforce the decision for selecting a contractor,

- 30 days for conclusion of contracts

- 15 days for unforeseen delays (questions to Tenderers etc.)

- 60 months for implementation of the concluded contract

**8. Demarcation and complementarity.**

**8.1. If similar projects have been implemented (regardless of their source of funding), describe how this project builds on/complements what has been achieved with previous projects.**

The Programme will be the tool to implement the consistent policy of the country for integrated and sustainable water management: protection and improvement of the water condition; achievement and support of good quantitive, chemical and ecological condition of the water bodies on the territory of Bulgaria and good condition of the environment in seawaters.

Each specific project for construction/further construction/reconstruction of sewerage systems, including waste water treatment plants for agglomerations between 2,000 and 10,000 PE, will contribute to decreasing the contamination of underground and surface waters with untreated waste waters and to improving the ecological and chemical condition of the specific surface water body, where the waste water is discharged.

The investments in water supply infrastructure will contribute to more efficient use of the water resource, to decreasing the possibility of diffusive contamination of drinking water in the water mains from depreciated and often breaking down network, as well as will aid for providing reliability and quality of the drinking water supplied to the consumers.

The funds for the water sector, necessary to achieve compliance with the European

requirements, are significant and it's a challenge to provide the respective funding for the whole sector.

A significant resource for construction and reconstruction of WSS infrastructure is provided by Operational Programme Environment within the programming period 2007-2013 and 2014-2020. Currently investments are made with priority in agglomerations over 10,000 PE. The following principle is adopted in order to provide sustainability when implementing the investments in WSS infrastructure in the current programming period: one specific area - one RFS - one Beneficiary - the WSS Operator in the specific area.

Apart from the projects, continuing from the previous reporting period, funding is provided for the construction of WSS infrastructure in the agglomerations over 10,000 PE on the territory of 16 WSS Operators, for which RFS have been prepared in the period 2014-2020. The investment projects are implemented with help from the EU facilities and national co-financing.

In addition to the aid from the EU facilities, the construction and renovation of the existing WSS network is supported with the provision of funds from collected fees for water withdrawal and contamination through the company for management of environment protection activities. Some of these funds are available from the state budget.

RFS are currently being developed also for the six newly consolidated areas, which, after their completion in 2023, to be the foundation of the investment proposals for construction of WSS infrastructure in these territories.

**8.2. If similar projects are envisaged to be implemented under the Partnership Agreement programs, the centrally managed facilities of EU or the Just Transition Fund, outline the demarcation with this project.**

Financial aid for investments in WSS infrastructure is foreseen in the Partnership Agreement of the Republic for Bulgaria for the period 2021-2027.

The Operational Programme Environment foresees financing agglomerations over 10,000 PE as agglomerations with the biggest impact on the environment. The application of the adopted principle for financial aid for investments in WSS infrastructure based on RFS for specific areas, serviced by a consolidated WSS Operator, continues with focus on agglomerations over 10,000 PE. Currently RFS are being developed for 6 newly consolidated areas An option for funding through OPE is envisaged also for agglomerations between 2,000 and 10,000 PE in the presence of residual resources, only for the new RFS for these 6 newly consolidated territories.

Given that the established funds, required to achieve compliance for these agglomerations, are significant, but the investments in projects in these agglomerations have been minimal so far, the funding through the Recovery and Resilience Facility provides the necessary addition to the investments in the sector.

Funding is foreseen for activities in agglomeration with developed RFS, which will ensure starting the projects at the earliest stage.

It is envisaged that the implementation of projects for agglomerations, defined as priorities in the National Investment Plan - a key condition for the Partnership Agreement for agglomerations with developed RFS, within the allocated funds, namely agglomerations are Devnya, General Toshevo, Pavel Banya, Dulovo, Ahtopol, Krumovgrad, Devin, Galabovo, Straldzha, Botunets, Kremikovtsi-Seslavtsi (Sofia), Pancharevo-Kokalyane, Voluyak and Rogosh – Skutare (within the regions which have developed RFSs by the Ministry of Regional Development and Public Works, as the responsible Ministry for the policy for operation, reconstruction and development of the water supply and sewerage systems (for the administrative regions Burgas, Varna, Dobrich, Kardzhali, Plovdiv, Silistra, Stara Zagora, Yambol, Smolyan and Sofia-City). The designated. In this relation and given the priorities of OPE 2021-2027, double funding will not be allowed.

The provision of funds within the Partnership Agreement of the Republic of Bulgaria for the period 2021-2027 in the presence of residual resources after negotiating the activities for agglomerations over 10,000 PE will be done by invitation to certain candidates, only for agglomerations in newly consolidated territories after the development of the new 6 RFS, which will not allow double funding with the Recovery and Resilience Facility .

The construction of infrastructure in rural areas with the current financial aid for rural areas foresees funding WSS infrastructure projects only for settlements under 2,000 PE.

The activities envisaged under this project and related costs are not funded by other projects of the European Union and / or the national budget, as well as other donor programs and are not planned for future funding.

The costs of the activities envisaged under this project are complementary and do not overlap with those projects and activities that are financed from other sources.

**9. Does the project directly contribute to the implementation of any of the Council's Specific Recommendations addressed to Bulgaria in the framework of the European Semester in the period 2017-2020? Please describe how.**

The report of the European Commission on Bulgaria for 2020, in the part "Environment and Climate", concludes that the needs for investments in the water sector are large, and considering this Bulgaria is looking for various sources of funding in order to provide the main measures for water protection, so that it retains the sustainability of the WSS sector and the constructed sites. Another conclusion of the EC is that regarding economic risks related to climate change, Bulgaria is among the EU countries, which are the most vulnerable to consequences of climate changes, as well as that currently Bulgaria is not prepared enough to react to said consequences.

Regarding the tendency for drought and deficiency of water resource with the required quality and/or quantity of drinking water, the Program will help to improve the conditions for providing drinking quality water by replacing the existing highly depreciated water supply networks and will achieve decreased leaks, which on its part will lead to increased efficiency in the use of the water resource and its protection.

The Program will contribute for achieving Specific Recommendation 3 of the Council of the EC, given to Bulgaria within the European Semester of 2020 - to concentrate investments in the area of green and digital transition, more specifically in the area of clean and effective production and use of energy and resources. Section 26 of the Recommendations states that *"Bulgaria is among the Member States with the largest incidence of pollution-related deaths, and waste management and compliance with urban waste water collection and treatment obligations continue to be a challenge."*

The Program will also contribute to achieving Specific Recommendation 3 for 2019, according to which *"focus investment-related economic policy on research and innovation, transport, notably on its sustainability, water, waste and energy infrastructure and energy efficiency, taking into account regional disparities, and improving the business environment".* Section 14 of the Recommendation states that *"Bulgaria has low connection and treatment rates for urban waste water, high air pollution levels and land filling rates for municipal waste and a recycling rate, considerably lower than the EU average. Investments to promote sustainable water management, resource efficiency and the transition to a circular economy are necessary. In addition, investment needs in the fields of energy and climate change mitigation and adaptation are significant."*

**10. Does the project contribute to the implementation of reform in a given sector? Please describe how.**

The conducted in recent years reform in the WSS sector in Bulgaria laid good foundations for its long term development and at the same time discovered a number of challenges, one of which is the need to introduce a sustainable model for investment funding and sector management.

Among the main deficiencies of the sector are the highly depreciated and not entirely constructed WSS infrastructure for disposal and treatment of waste water and for water supply, the need to construct new, reconstruct and modernize exiting treatment plants, challenges for the work of the systems in the more and more permanent consequences of climate changes. An addition to those are the constant growth of the WSSA costs with limited capacity to compensate them through the price of the WSS services due to their social importance and the regulations of the national body - Energy and Water Regulatory Commission.

In the past year a centralized structure was created in the face of "Balgarski ViK

Holding" EAD, which to fully control the representation of the WSSAs and at the same time to operate with public funds and direct them in a structured and planned manner to WSS investments by the associations. This structure is brought by the Minister of Regional Development and Public Works given his functional competences and powers, stated in Article 10a(4)(1) and Article 106 of the Water Act.

The Holding provides to its affiliate companies general services for management and control in the area of public procurements, technical assistance, consulting, participation and financing of their investment activities in the Structural and Investment Funds of the EU, provision of guarantees etc.

The aim is to provide a long term sustainable model for financing the WSS sector and its related strategic goals, to guarantee quality and reliable WSS service with a price of the public service, provided by the WSSO, acceptable for the consumers. The foundation of the Holding is also pursuant to the regulations of Article 5 of the Public Enterprises Act.

The Program contributes to implementing the reform in the Water Supply and Sanitation sector, since it provides funds for implementation of projects in the water supply and sewerage infrastructure for agglomerations between 2,000 and 10,000 PE. The financial facilities and funds used so far did not provide funds for supporting the construction of WSS infrastructure for agglomerations between 2,000 and 10,000 PE.

The implementation of the Program will improve and modernize to a significant extent the living conditions of citizens in settlements with interventions and will provide decrease or termination of water contamination and prevent the worsening of the water condition, which will result in protection of the human health.

The increased control through constant monitoring in the reconstructed or newly built WWTP will lead to decreasing the unregulated discharge of waste water without treatment.

The activity contributes to the completion of the ambition to provide zero contamination.

At the same time, the use of modern technologies helps adapting our country to the new reality through decreasing the risk for human health for the employees controlling the site and at the same time extending the application of the options provided by the digital connectivity.

The digitalization of information will modernize the methods for control of the environment and will develop further the possibilities to enter information in the active geographic information system for water management and reporting.

**11. Does the project contribute to the development of any aspect of sustainable economic development? Please describe how.**

The Program contributes to achieving the goals for sustainable development of the

settlements and to the strive for decreasing the emissions in the environment to zero and more specifically Goal 6 Clear water and treatment.

Decreasing the losses of drinking water protects the quantity of the valuable drinking resource and providing waste water treatment before its discharge in surface waters ensures decreasing the risk for people's health and for the water ecosystems, not risking the capacity of future generations to meet their own needs.

The provision of remote monitoring and control of waste waters decreases the risk of threat to the habitats and human health. Supporting the construction of the required infrastructure also has a social aspect, since according to the analyses the costs for said construction cannot be ensured through the price of water. The lack of financial aid in this sector would lead to significant increase in the WSS services and respectively risking the health of specific vulnerable groups of the population. In this relation, the provision of a financial resource through the Development and Sustainability Program aims to meet the current needs of the population and the business without risking the capacity of the future generations to meet their own needs. This is based on a complete approach, uniting economic, social and ecological considerations, which are mutually strengthening.

All assets under applicable law should become Public Assets. They become the property of the respective member of the WSS Association - the state or the municipalities on the date of their commissioning, in case of newly built ones.

The WSS Operator is obliged to manage, maintain and operate all Assets, which are located in the separate territory and are actually subject to operation by the Operator. Also if they are connected to users of water supply and / or sewerage services.

In the process of preparing the next Business Plans, future operating costs for the newly built facilities will be set.

**12. Does the project contribute to the implementation of the objectives of the National Development Program BULGARIA 2030? Please describe how.**

The Program will contribute to the implementation of the objectives of the National Development Program BULGARIA 2030 - Development Axis 3: "Connected and Integrated Bulgaria", Priority 9 "Local Development", since the waste water management activities are related to increasing the population's connectivity to waste water treatment plants and to improving the degree of treatment and providing local development also in the smaller settlements between 2,000 and 10,000 PE.

The sustainable water management is one of the main aspects of the strategic documents for Bulgaria. The National Development Plan for Bulgaria 2030 has a leading role for the provision of urban waste water treatment and drinking quality water for the population. But water is addressed through other provisions. Water is part of the innovations leading to circular and low carbon economy, the innovations supporting agriculture in regions with natural or other type of deficiency, the

innovations and green practices in rural areas. Measures are also foreseen for development of infrastructure for better quality of life in rural areas, infrastructure for water supply and sewerage and other measures for water resource management and for natural disasters such as floods, protection of the water related ecosystems etc.

The proposed investments in the infrastructure for waste and drinking waters for agglomerations between 2,000 and 10,000 PE are made within the water reform, whose implementation grants financial aid to matured projects, namely there are developed Regional Feasibility Studies (RFS) on the territory of the whole area, which is managed by one WSS Operator. These studies review the agglomerations for sufficient concentration and define measures for solving the needs of WSS infrastructure regarding the requirements of the Directive for UWWTP, the Directive for drinking water, as well as for achieving good condition of the water bodies according to the Framework Water Directive.

**13. Does the project contribute to the implementation of the objectives and priorities set out in the Integrated National Energy and Climate Plan? If yes, please describe how.**