



National Medium-Term Fiscal-Structural Plan

2025–2028



REPUBLIC OF BULGARIA
Ministry of Finance

**NATIONAL
MEDIUM-TERM
FISCAL-STRUCTURAL PLAN
2025–2028**

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List of abbreviations

BEH EAD	Bulgarian Energy Holding EAD
CITA	Corporate Income Tax Act
CoMA	Council of Ministers Administration
CSRs	Specific recommendations
EA	Employment Agency
EAEGI	Executive Agency e-Government Infrastructure
EC	European Commission
ECB	European Central Bank
EE	Energy efficiency
EFS	European shared management funds
EPSR	European Pillar for Social Rights
ESA 2010	European System of Accounts 2010
EU	European Union
EUR	Euro
GDP	Gross Domestic Product
HICP	Harmonised Index of Consumer Prices
ICT	Information and communication technologies
MAF	Ministry of Agriculture and Food
MC	Ministry of Culture
MD	Ministry of Defence
ME	Ministry of Energy
MEI	Ministry of Economy and Industry
MES	Ministry of Education and Science
MEW	Ministry of Environment and Water
MF	Ministry of Finance
MH	Ministry of Health
MIG	Ministry of Innovation and Growth
MLSP	Ministry of Labour and Social Policy
MoI	Ministry of the Interior
MoJ	Ministry of Justice
MRDPW	Ministry of regional development and public works
MTC	Ministry of Transport and Communications
MTFSP	National medium-term fiscal-structural plan
MYS	Ministry of Youth and Sport
MEG	Ministry of e-Government
NHIF	National Health Insurance Fund
NPP	Nuclear power plant
NRA	National Revenue Agency
NRRP	National recovery and resilience plan
NSI	National Statistical Institute
OECD	Organisation for Economic Co-operation and Development
p. p.	percentage point
PART	Pump-accumulating hydropower plant

PFA	Public Finance Act
PIT	Personal Income Tax
PITA	Personal Income Tax Act
PPA	Public Procurement Agency
RES	Renewable energy sources
RRF	Recovery and resilience facility
SBRBA	State Budget of the Republic of Bulgaria Act
SGP	Stability and Growth Pact
SMEs	Small and medium enterprises
SSA	Social Support Agency
UGSF	Underground gas storage facility
UN	United Nations
USD	US dollar
VAT	Value Added Tax
WSS	Water supply and sanitation

1 INTRODUCTION

The national fiscal-structural plan – the cornerstone of the new economic governance framework

On 30 April 2024 regulatory changes to the economic governance framework of the European Union (EU) known as the Stability and Growth Pact (SGP) entered into force. The reformed framework aims to promote the maintenance of sound public finances coupled with reforms and investments to achieve sustainable and inclusive growth in individual Member States and in the EU as a whole.

The amendments to the SGP do not change Member States' deficit and debt levels. Both indicators should remain below the reference values, 3% of GDP for budget deficit and 60% of GDP for debt respectively.

In the event of an observed deviation from these rules or projected deviation over the medium-term, countries need to take corrective measures. The new addition under the reformed economic governance framework is that the definition of fiscal adjustment commitments clearly distinguishes between Member States in terms of their government debt and economic difficulties. The medium- and long-term challenges that Member States face and that require reforms and investments such as the demographic crisis, the need to strengthen social and economic sustainability and convergence, to achieve a just digital and green transition, etc., as well as growth prospects, are already taken into account. In particular the accounting of the specificities of individual countries when defining their fiscal policy requirements should lead to a better ownership and enforcement of fiscal policy by national authorities.

For the purpose of monitoring the implementation of national commitments in the area of economic and fiscal governance, Member States should submit information to the European Commission (EC) in the form of medium-term fiscal structural plans covering a period of four or five years, depending on the normal length of the legislative cycle of the country concerned. In order to ensure a more gradual reduction of debt, the implementation period of the plan may be extended by three years if the Member State commits to a set of time-bound reforms and investments aimed at enhancing economic growth and fiscal sustainability, the implementation of which can be verified by means of certain indicators.

The national medium-term fiscal-structural plan is the cornerstone of the Union's reformed economic governance framework. In this document, each Member State should present its fiscal plan as well as priority public reforms and investments that together ensure sustainable and gradual debt reduction and inclusive growth.

The national medium-term fiscal-structural plan replaces the Convergence Programme (the Stability Programme, respectively for the Euro area) and the National Reform Programme, which Member States were required to send to the European Commission by the end of April of each year.

First National Medium-Term Fiscal-Structural Plan of the Republic of Bulgaria

The current National Medium-Term Fiscal-Structural Plan of the Republic of Bulgaria has been developed with a four-year horizon and covers the 2025–2028 period.

The Guidelines for Member States on the information requirements for Medium-term fiscal-structural plans and annual progress reports have been taken into account in the preparation of the document¹.

The National Medium-Term Fiscal-Structural Plan of the Republic of Bulgaria for the period 2025–2028 sets a fiscal plan in the form **of a limit on the net public expenditure growth** to ensure that the deficit is kept below 3% and the debt below 60% in the medium-term. The calculation of the maximum allowed growth follows a methodology approved by the EC based on the debt sustainability analysis. In this analysis, due to the use of the EC theoretical model (including a fixed fiscal multiplier), some assumptions may differ from the official macroeconomic forecast underlying the budgetary planning.

In addition, the Plan also presents priority public reforms and investments that together will ensure sustainable finance and growth over the next four years.

Fiscal policy is geared towards compliance with the deficit and debt reference values under EU law and the Public Finance Act. Preserving the sustainability of the budgetary framework in the context of Bulgaria's commitments under both the SGP and its euro area membership objective also remains a priority for fiscal policy in the medium-term. The long-term sustainability of public finances is also aimed at enhancing confidence and creating a predictable investment and business environment.

The reforms and investments set out in the Plan address key recommendations of the EU Council on Bulgaria's economic, social, labour, environmental and energy policy from 2019 to 2024, and reflect the priorities set out in the Recovery and Resilience Plan of the Republic of Bulgaria and the Partnership Agreement. These reforms and investments will also contribute to the implementation and common EU priorities, in particular: for a just green and digital transition, for social and economic resilience, for energy and defence security.

The preparation of Bulgaria's medium-term fiscal-structural plan for 2025–2028 started in challenging times both internally and externally. Given the scheduled extraordinary parliamentary elections at the end of October 2024 and the requirement that the commitments in the Plan be politically known on the one hand, and the need for consistency between the Plan and the main national budget documents for the current year and the following years, the caretaker government requested an extension until the end of February 2025 of the deadline for sending the Plan to the EC, which deadline was formally 20 September 2024.

The National Medium-Term Fiscal-Structural Plan of the Republic of Bulgaria for the period 2025–2028 was prepared by the Ministry of Finance (MF), in close cooperation and coordination with the competent institutions within two working groups – Working Group No. 11 on Economic and Monetary Union and Working Group No. 31 on the European Semester of the Council on European Affairs. The plan has been developed at the same time

¹ Official Journal of the European Union (C/2024/3975), https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:C_202403975

as the draft Budget of the Republic of Bulgaria for 2025 Act and the Updated Medium-Term Budgetary Forecast for the period 2025–2028.

The plan was also prepared on the basis of the Governance Programme of the Republic of Bulgaria for the period 2025–2029 (Governance Programme) of the regular government, elected by the National Assembly on 16 January 2025, presenting the main priorities, objectives and measures in key governance areas. The Governance Programme prioritises the country's financial stability and economic competitiveness, and all policies will be tailored to the need to preserve macroeconomic stability, the sustainability of public finances and the needs of society. The government will work to create a favourable environment for growth, cutting red tape, stimulate entrepreneurship and promote economic activity. Bulgaria's integration into the European economic and financial architecture remains a key priority.

The selection of key reforms and investments involved all ministries in view of the need to address the country's main economic challenges and their implementation will also contribute to achieving the priorities and objectives set out in the Governance Programme.

In the process of preparing the Plan, highly fruitful technical dialogues with the European Commission have taken place to ensure that the document complies with the requirements of the European legal framework.

The plan has been coordinated with the social partners, civil society representatives, academia, business organisations and non-governmental organisations in the framework of the extended Working Group No. 31 on the European Semester.

The fiscal-structural plan was adopted by the Council of Ministers and sent to the 51st National Assembly of the Republic of Bulgaria.

A reformed EU economic governance framework

Review of the EU economic governance framework – process

In February 2020, the Commission presented a Communication on the review of the EU's economic governance, which addressed the strengths and weaknesses of the current economic governance framework, and launched a public debate on a possible change of the fiscal rules. The discussion on the issue was temporarily suspended shortly thereafter, due to the need for the EU to focus on the immediate challenges posed by the COVID-19 pandemic. The Commission was committed to re-launch the debate following a return to economic growth.

This happened in October 2021, when the Commission relaunched the public debate, inviting also other institutions and all key stakeholders to engage.

Building on these discussions, the Commission published a Communication on the economic governance framework on 9 November 2022, setting out its vision for a reform of the economic governance framework. On the basis of this Communication, EU Council conclusions were also adopted on 14 March 2023.

Subsequently, the European Commission published on 26 April 2023 proposals for legislative changes to the Stability and Growth Pact (SGP), in line with the common understanding reached in the above-mentioned Commission Communication and Council conclusions. The Commission has proposed to replace the regulation defining the preventive arm of the SGP, namely Regulation 1466/97, as well as to amend the Regulation on the corrective arm of the SGP, Regulation 1467/97 and the Budgetary Framework Directive 2011/85.

Following in-depth discussions and negotiations between the European institutions and Member States, an agreement was reached on the reform of the SGP, with the regulatory changes entering into force on 30 April 2024.

Preventive arm

Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on the effective coordination of economic policy and on multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97 lays down the preventive arm of the SGP.

The cornerstone of the new EU economic governance framework is the national medium-term fiscal-structural plan. It outlines each Member State's fiscal plan, as well as the priority public investments and reforms over four or five years, depending on the usual length of the respective legislative cycle. These policies need to ensure sustainable and gradual debt reduction, as well as sustainable and inclusive growth, while avoiding pro-cyclical fiscal policy. The plans should also include reforms and investments, including for addressing the common EU priorities.

In their plans Member States shall present their commitments on their annual growth net expenditure over a period of at least four years and a maximum of seven years. Net expenditure is defined as General Government expenditure net of interest expenditure, discretionary revenue measures, expenditure on Union programmes fully matched by revenue from Union funds, national expenditure on co-financing of programmes funded by the Union, cyclical elements of unemployment benefit expenditure as well as one-off and other temporary measures.

The net expenditure path should ensure that, by the end of the adjustment period, government debt follows a downward trajectory or remains at prudent levels, even in adverse scenarios. In addition, it should ensure that the government deficit is reduced and kept below 3% of GDP, while also taking into account that additional expenditure may arise for Member States after the end of the adjustment period, for example in relation to ageing populations.

In order to support Member States with deficits and debt exceeding the reference values of 3% and 60% of GDP respectively, the Commission shall send a risk-based and differentiated reference trajectory, expressed as multi-annual net expenditure, when preparing their net expenditure plans. The trajectory ensures that, after a period of fiscal adjustment, Member States' government debt follows a downward trajectory or remains at prudent levels below 60% of GDP

in the medium-term. It also aims to ensure that any government deficit is brought down and kept below 3% of GDP.

Member States respecting the deficit and debt reference values may request guidance from the Commission in the form of technical information regarding the structural primary balance necessary to ensure that their headline deficit remains below 3% of GDP.

In order to forecast the General Government debt as a percentage of GDP over the adjustment period and the medium-term, and to determine the adjustment of the structural primary balance that is in line with the net expenditure path and the reference trajectory, the EC Methodology for assessing debt sustainability is used. For the first national medium-term fiscal-structural plans, the reduction of government debt over the medium-term should be based on the methodology described in the European Commission's 2023 Debt Sustainability Monitor published in March 2024 (recital 21 of Regulation (EU) 2024/1263).

The formula for determining the net expenditure plan/reference trajectory is as follows:

Net nationally financed primary expenditure = potential GDP growth + GDP deflator – adjustment of the structural primary balance/ primary expenditure to GDP ratio.

A methodology developed by the EC is used to calculate potential GDP for all EU countries, i.e. the so-called Commonly Agreed Methodology.

Corrective part

The revisions to the corrective arm of the SGP are made by Council Regulation (EU) 2024/1264 of 29 April 2024 amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure.

The reform of the economic governance framework kept the excessive deficit procedure, which was opened on the basis of the deficit-based deficit criterion as defined in Regulation 1467/97, unchanged.

For Member States exceeding the 3% of GDP deficit threshold, a new (corrective) net expenditure plan is established. The corrective plan for these countries is defined as net expenditure growth, with a minimum annual improvement in the structural balance of at least 0.5% of GDP. The deadline to correct the excessive deficit is set as soon as the deficit is to be brought below the 3% of GDP threshold. If the Member State brings its deficit below 3% of GDP by the set deadline, the procedure may be terminated early on condition that the adjustment is permanent.

Should the Member State fail to meet the deficit target by the deadline, despite effective action taken, the Commission may propose an extension of the deadline for correcting the excessive deficit.

The excessive deficit procedure opened on the basis of the debt criterion ("debt-based EDP") is in essence a new element in Regulation 1467/97 based on

different implementation modalities. The debt-based EDP would be triggered by deviations from the net expenditure path agreed by the Council for Member States with government debt above 60% of GDP.

The corrective plan, similar to that of the preventive arm, must ensure that the debt is on a downward trajectory and that the deficit is brought below the 3% of GDP threshold. The corrective plan also aims at correcting the cumulated deviations recorded in the control account, which tracks any past deviations from the planned net expenditure growth. These deviations should be corrected within the time limits set by the Council, ensuring that the debt level remains on a downward path and bringing the deficit below the 3% of GDP threshold.

As in the deficit-based EDP, the debt-based EDP can be brought to an end early if the Member State has brought its deficit permanently below 3% and its debt below 60% of GDP. Early termination is possible on the basis of proven compliance over several years, although reducing debt below 60% of GDP is not indispensable for an early abrogation of the EDP.

Budgetary Framework Directive

Amendments to the Budgetary Framework Directive are made by Council Directive (EU) 2024/1265 of 29 April 2024 amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States.

Changes to the Budgetary Framework Directive focus mainly on achieving consistency with the new preventive arm and strengthening the multi-annual perspective of national budgetary planning. In addition, the amendments include provisions related to strengthening independent fiscal institutions and broadening accountability requirements. Changes in European fiscal legislation will also require amendments to national legislation, which should happen by the end of 2025.

2 OVERVIEW OF THE FISCAL COMMITMENT AND SUMMARY OF MAIN MACROECONOMIC AND BUDGETARY VARIABLES

2.1 Fiscal commitment of Bulgaria

According to the changes to the Stability and Growth Pact, the main focus of the National Medium-Term Fiscal-Structural Plan of the Republic of Bulgaria for the period 2025–2028 should be the fiscal commitment made by the Bulgarian authorities in the form of **a plan to limit the growth of nationally financed net primary expenditure** (short “net expenditure”) for the year of submission of the Plan and the following three years. After its approval by the Council of the EU, this commitment will represent a budgetary expenditure constraint which will guide national fiscal policy over a four-year horizon. The net expenditure path for each of the years 2025–2028 will also be the only operational benchmark for fiscal surveillance in the implementation of Bulgaria’s Fiscal-structural plan.

Net² nationally financed expenditure represent the General Government expenditure net of interest expenditure, discretionary revenue measures, expenditure on Union programmes fully matched by Union funds revenue, national expenditure on co-financing of Union funded programmes, cyclical elements of unemployment benefit expenditure as well as one-off and other temporary measures. The idea of the thus calculated indicator is not to be affected by automatic stabilisers and other fluctuations which are outside the direct control of the Government.

The maximum growth rate of net expenditure is calculated according to a specific formula³ defined by the EC and presented in the Debt Sustainability Monitor published in March 2024⁴.

The change in net expenditure in the forecast horizon is driven by potential GDP growth and GDP deflator (projected in the Autumn macroeconomic forecast of the MF, 2024)⁵, as well as by the necessary adjustment in the structural primary balance to comply with the fiscal requirements of Article 16(2) of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024, namely to ensure the maintenance of a deficit below 3% and debt below 60% in the medium-term⁶.

With its fiscal commitment, each country should ensure that its net expenditure path over the medium-term does not exceed the maximum growth set by the above-mentioned formula. Table 1a presents the fiscal commitment of Bulgaria for the period 2025–2028 as an upper limit to the growth of net nationally financed primary expenditure.

² In accordance with Article 2 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024

³ Growth of net primary expenditure financed at national level = potential GDP growth + GDP deflator – required change in structural primary balance/primary expenditure ratio to GDP. The structural primary balance is the cyclically adjusted General Government budget balance net of interest expenditure, one-off and other temporary measures.

⁴ https://economy-finance.ec.europa.eu/document/download/e3a23fba-1402-4cc9-b571-7473b5e7842a_en?filename=ip271_en.pdf

⁵ The Autumn macroeconomic forecast of the MF, 2024, is available at: <https://www.minfin.bg/en/866>

⁶ For the purposes of MTFSP, the medium-term is the 10 years after the adjustment period, i.e. until 2038.

Table 1a: Fiscal commitment

Commitments			2023	2024	2025	2026	2027	2028
1	Net nationally financed primary expenditure	growth rate	X	11.2	6.2	4.9	4.4	4.0
2		cumulative growth rate	X		18.1	23.9	29.3	34.6

In determining the maximum growth of net expenditure, the EC supported the Member States by providing country-specific guidance⁷ depending on the country's debt and deficit levels. For Member States such as Bulgaria with government debt and deficit within the reference limits under EU law (debt below 60% of GDP and deficit not exceeding 3% of GDP), the Commission has transmitted guidance in the form of technical information.

Technical information is presented as the structural primary balance to be reached at the end of the implementation period of the Plan. This balance ensures that debt remains below 60% of GDP and that the headline deficit is kept below 3% of GDP in the medium-term at unchanged policy⁸. Technical information indicates whether the achievement of the structural primary balance implies a need for a fiscal adjustment. The technical information for Bulgaria is provided in Annex 1.

Although for countries like Bulgaria, the EC guidance do not contain a reference trajectory, i.e. the maximum growth rate of net expenditure during the implementation of the Plan, the EC provides excel files that allow the recalculation of the technical information in the form of expenditure growth. In the Plan references are made to the assumptions used by the EC for preparing this calculation.

The EC's methodology for assessing debt sustainability, as described in the above-mentioned Debt Sustainability Monitor, is used to determine the need for an adjustment in the structural primary balance and the size of the adjustment. Under the methodology, the debt projections depend on the initial debt level, along with economic growth prospects and future budgetary burdens, for example related to ageing-related costs and interest payments.

In the baseline scenario the long-term debt projection includes the assumption that the structural primary balance from 2024 remains unchanged over the entire forecast horizon up until 2038 (the 4-year period of the Plan followed by a 10-year period in which sustainability is to be ensured under no-policy-change scenario). Then ageing costs⁹ and interest payments are added to the structural primary balance¹⁰ and a theoretical estimate of the total budget balance is obtained.

⁷ For Member States with a government deficit above 3% of GDP or General Government debt above 60% of GDP, the Commission presents a country-specific "reference trajectory". This trajectory provides guidance in the preparation of the national plans and ensures that the debt will follow a credible downward trend or remain at prudent levels, and that the deficit will be brought and kept below 3% of GDP in the medium-term. The approach includes additional safeguards to ensure debt sustainability (i.e. a minimum debt reduction step) and to ensure the sustainability of a deficit (implying a minimum fiscal adjustment step until a structural deficit of maximum 1.5% of GDP is reached).

⁸ For countries with technical information, there is no requirement to comply with the debt safeguard and deficit resilience safeguard and they are not applied in the structural primary balance calculations for Bulgaria

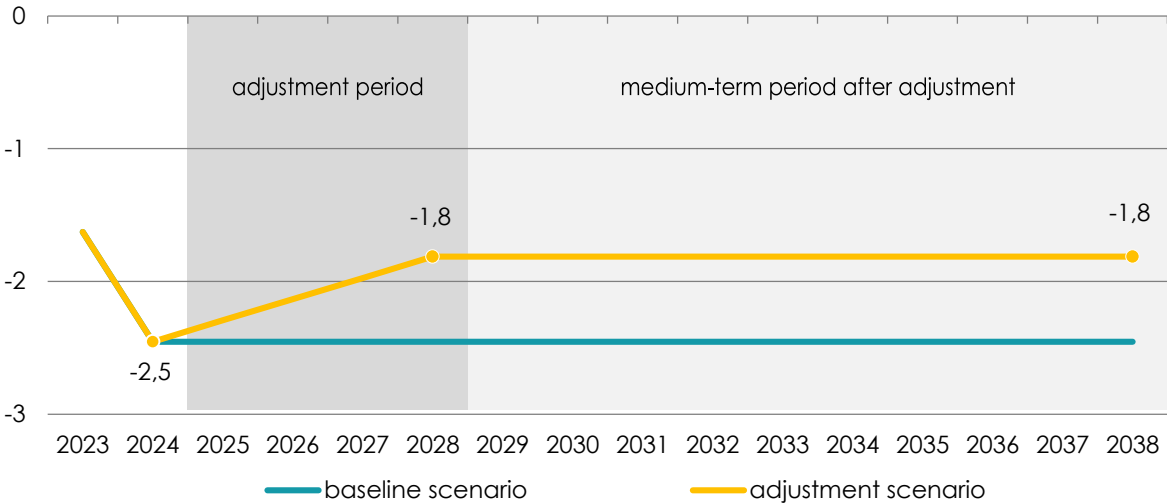
⁹ The ageing costs projected in the 2024 Ageing Report (Ageing report 2024) are used

¹⁰ According to EC methodology, forward-looking implicit interest rates and debt levels are used as of 2024. A detailed description of interest rates for individual periods is provided in Chapter 5 "Debt sustainability analysis".

The baseline scenario for Bulgaria shows that the government debt is well below 60% of GDP and thus fully meets the condition to maintain debt at prudent levels throughout the projection horizon. Under the theoretical assumptions made in the baseline scenario, including no-policy-change scenario, the outcome for the overall budgetary balance points to a need for a fiscal adjustment over the time of implementation of the Plan to ensure the deficit is brought and maintained below the 3% of GDP reference value. The calculation, based on the Commission’s methodology, shows that an annual improvement in the structural primary balance of 0.16 p.p. during the implementation of the Plan will ensure the government deficit is kept below 3% of GDP by 2038.

At the end of the adjustment period, the primary structural deficit is projected at 1.8% of GDP, which is a better balance than presented in the Technical Information.

Graph 1: Structural primary balance (% of GDP) in the baseline scenario and in the adjustment scenario



Nationally financed net primary expenditure increase by 6.2% in 2025, before gradually declining to 4.0% at the end of the plan. On average, over the period 2025–2028, the net expenditure growth is 4.9%.

Graph 2: Growth of net primary expenditure financed at national level

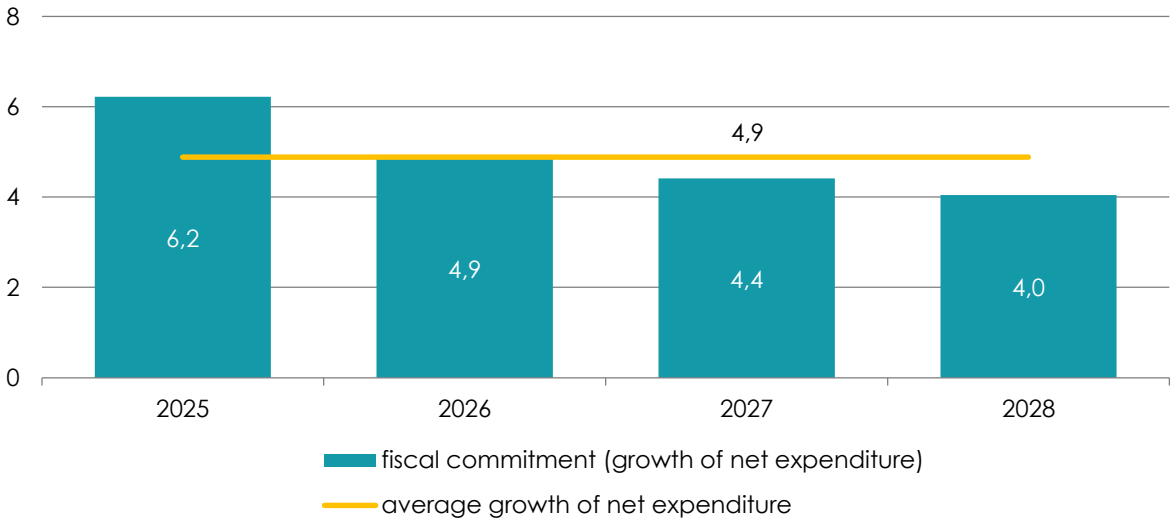


Table 1b provides a summary of the main macroeconomic and fiscal variables used in the calculation of the net expenditure growth. Data in the projection horizon correspond to the results in the adjustment scenario prepared according to the common methodology for all Member States. The figures for the budgetary variables that would theoretically result in a scenario with a reduction in the structural primary balance and the corresponding net expenditure growth are also presented. The scenario should not be considered as a forecast or target for macroeconomic and budgetary indicators. This is the theoretical dynamics of public finances that could be expected when achieving the structural primary balance in line with the EU's methodological framework.

Table 1b: Main variables¹¹

			2023	2024	2025	2026	2027	2028
			% growth rate	% growth rate	% growth rate	% growth rate	% growth rate	% growth rate
1	Potential GDP	Table. 2, row 26	3.1	2.5	2.8	2.6	2.5	2.4
2	GDP deflator	Table. 2, row 2	8.0	6.4	3.9	2.6	2.3	2.1
			% of GDP	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP
3	Net lending/borrowing	Table. 4, row 31	-2.0	-3.0	-3.0	-2.9	-2.9	-2.9
4	Structural balance	Table. 4, row 33	-2.1	-3.1	-3.0	-3.0	-3.0	-2.9
5	Structural primary balance	Table. 4, row 34	-1.6	-2.5	-2.3	-2.1	-2.0	-1.8
6	Gross debt	Table. 4, row 35	22.9	24.2	25.8	27.4	29.1	30.8
7	Change in gross debt	Table. 4, row 36	0.4	1.4	1.5	1.6	1.7	1.7

¹¹ The data for 2023 is outturn, the 2024 data provides the latest available estimate, the data for the 2025-2028 period present the results for the macroeconomic and budgetary variables in the adjustment scenario in accordance with the EU methodological framework.

3 MACROECONOMIC ASSUMPTIONS

The baseline macroeconomic scenario in the Plan is based on the Ministry of Finance's Autumn forecast prepared with data as of mid-November 2024.

The external environment is expected to improve moderately over the projection horizon. The pace of economic growth in the EU remains subdued in 2024 and is expected to accelerate to between 1.5% and 1.8% in 2025 and 2026. At the same time, the global economy is projected to continue growing by around 3.2% over the medium-term. Both in the EU and globally, rates remain below pre-pandemic averages.

The average price of Brent crude oil is estimated at USD 81.2 per barrel for 2024, which is 1.8% lower than in the previous year. This trend is expected to be sustained until the end of the projection horizon, with the average price of the commodity gradually declining to USD 69.1 per barrel in 2028. Following an expected fall in natural gas prices in Europe by 22%, to EUR 33.9 in 2024, the price of natural gas will rise to EUR 40 in 2025 and then also follow a downward trend to EUR 25.6 in 2028. For non-energy commodities, an increase of 4% in 2024 and a modest depreciation in the years thereafter.

The technical assumption¹² for the USD/EUR exchange rate, with daily data as at 8.11.2024, is for an average annual value of USD 1.086 per euro in 2024 and 1.081 for 2025. Thus, the euro is expected to appreciate nominally by 0.4% in 2024, before depreciating by 0.5% in 2025 and remain unchanged until the end of the projection horizon.

3.1 Economic Development in 2024

GDP growth for January-September 2024 was 2.3%, driven by consumption and changes in inventories, while gross fixed capital formation and net export had a negative contribution. For the year, real GDP growth is projected at 2.2%, with export and public capital expenditure projected to increase in the last quarter.

The number of employed in the economy rose by 1.1% between January and September and the growth was entirely driven by the construction and services sectors. The unemployment rate for the age group 15-64 averaged 4.4% in the nine months of 2024. The number of employed is expected to increase by 0.6% in 2024, while the unemployment rate is expected to decrease to 4.2%.

In the first nine months of 2024, the nominal growth of compensation per employee was 12.8%, with industry posing the highest increase. A growth rate of 14.3% is expected for the year.

The annual inflation rate in Bulgaria continued to decelerate in 2024. Among the factors behind this were the downward dynamics of international commodity prices, as well as the favourable base effects. Average annual inflation (HICP) in 2024 was expected to reach 2.6%, with reported data confirming this figure. The increase in consumer prices was 2.1% at the end of the year.

3.2 Expectations for the period 2025–2028

In the baseline scenario, economic growth is expected to accelerate to 2.8% in 2025 supported by public expenditure. In 2026 the improvement in external demand will support

¹² An average USD/EUR rate is calculated with daily data for the last ten working days as of the cut-off date of the assumptions, which is fixed for days until the end of the projection horizon.

acceleration in export growth and the overall GDP growth will speed up to 3%. In the period 2027–2028 GDP growth will slow down to 2% due to the depletion of the positive effect of investments under the National Recovery and Resilience Plan (NRRP), a slowdown in household consumption growth in line with income growth and slowing export growth in line with external demand.

In 2025, employment is expected to grow by 0.5%. Due to the relatively low unemployment rates in the country, the employment growth is expected to be mostly driven by persons who have so far been out of the labour force. The unemployment rate will decline marginally to 4.1%, and in the next three years (until 2028) it will fluctuate around 4%. The unfavourable demographic dynamics in the country and the increasingly scarce opportunities for increasing labour supply determine the gradual decline in employment growth between 2026 and 2028.

The growth in compensation per employee is expected to reach 9.1% in 2025, with the increase in the minimum wage since the beginning of the year and the increase in wages in some public activities contributing most. Growth in labour income will slow more significantly in 2026 to 5.0%, alongside the expected acceleration in real productivity growth. Between 2027 and 2028 the nominal growth of compensation per employee is expected to slow down to 4.0% and 3.5% respectively.

Average annual inflation is expected to slow down to 2.4% in 2025. The increase in services prices, influenced by the rise in labour costs in the economy, will contribute positively to the formation of inflation. The annual average inflation will continue to slow down to 2% in 2028 in line with the expected decrease in international commodity prices.

The need for fiscal adjustment over the implementation of the Plan is reflected in a smaller fiscal stimulus to economic growth and, consequently, lower real GDP growth rates in the adjustment scenario compared to the baseline scenario. Accordingly, with a fiscal multiplier¹³ of 0.75, GDP growth has been reduced by around 0.1 p.p. compared to the baseline scenario in the period 2025–2026 (row 1 Table 2).

The GDP deflator is projected to be 3.9% in 2025, with the main contribution of the consumption deflator. Over the remainder of the period, the deflator will gradually slow down from 2.6% in 2026 to 2.1% in 2028, above expected inflation due to projected positive terms of trade. According to the assumptions used for international commodity prices, which are based on information on futures as of 8 November 2024, the export deflator will exceed that of imports throughout the forecast period.

Potential GDP growth for the period is calculated using the EC methodology (EUCAM¹⁴) and the MF baseline macroeconomic scenario. Potential growth is expected to slow down to 2.5% in 2024 (from 3.1% in 2023) due to a fall in investment and a weaker increase in employment. Between 2025 and 2028 potential growth will be between 2.8% and 2.4%. The contribution of total factor productivity (TFP) will be a key factor for growth, with its contribution decreasing since 2021. The contribution of the TFP is expected to be 1.6 p.p. in 2024 and to decrease over the projection horizon to 1.4 p.p. in 2028. With investment growth between 2025 and 2028, the contribution of capital to potential growth is expected to increase and be within 0.8–1 p.p. Over the forecast horizon, the contribution of labour to potential growth will gradually decline but remain positive, as the increase in the labour force participation rate will compensate for the decrease in the working-age population.

¹³ The value of the multiplier is part of the EC methodology and uniform for all EU countries

¹⁴ https://circabc.europa.eu/ui/group/671d465b-0752-4a2e-906c-3effd2340ba/library/4e205fca-6484-4303-b8d9-79384eea76d9?p=1&n=10&sort=modified_DESC

Lower unemployment rates and an increase in hours worked will also have a positive impact on growth.

The output gap in 2024 is positive at 0.1%. An increase is expected up to 2026, after which the gap will close by 2028.

The European Commission's Spring 2024 estimates for Bulgaria's potential growth between 2025 and 2028, were for an average of 2.1%. In the European Commission's Autumn forecast, this estimate was revised to 2.4%, 0.13 p.p. below the MF estimates. The reason for the difference is higher investment growth in the MF's forecast, mainly driven by public investment, as well as expectations of higher participation rate.

Table. 2: Macroeconomic scenario

			2023	2023	2024	2025	2026	2027	2028
	GDP	ESA 2010 code	Level (BGN million)	Rate of change, %	Rate of change, %	Rate of change, %	Rate of change, %	Rate of change, %	Rate of change, %
1	Real GDP	B1*g	X	1.9	2.2	2.7	2.9	2.3	2.2
2	GDP deflator		X	8.0	6.4	3.9	2.6	2.3	2.1
3	Nominal GDP	B1*g	185.2	10.0	8.8	6.7	5.6	4.6	4.3
	Components of real GDP	ESA 2010 code	Level (BGN million)	Rate of change, %	Rate of change, %	Rate of change, %	Rate of change, %	Rate of change, %	Rate of change, %
4	Private consumption	P.3	X	1.4	5.0				
5	Government consumption	P.3	X	1.1	0.6				
6	Gross fixed capital formation	P.51	X	10.2	-2.7				
7	Change in inventories and net acquisition of valuables (% of GDP)	P.52+P.53	X	1.1	1.9				
8	Exports of goods and services	P.6	X	0.0	0.2				
9	Imports of goods and services	P.7	X	-5.5	2.2				
	Contributions to real GDP growth								
10	Final domestic demand		X	2.8	2.5				
11	Changes in inventories and net acquisition of value	P.52+P.53	X	-4.6	0.9				
12	External balance of goods and services	B.11	X	3.8	-1.1				

		2023	2023	2024	2025	2026	2027	2028
	Deflators and the HICP		Level (BGN million)	Rate of change, %	Rate of change, %	Rate of change, %	Rate of change, %	Rate of change, %
13	Private consumption deflator		X	8.1	5.0			
14	HICP		X	8.6	2.6			
15	Government consumption deflator		X	9.7	12.6			
16	Investment deflator		X	9.8	7.0			
17	Export price deflator (goods and services)		X	-2.7	1.3			
18	Import price deflator (goods and services)		X	-2.4	1.8			
	Labour market		Level	Rate of change, %	Rate of change, %	Rate of change, %	Rate of change, %	Rate of change, %
19	Domestic employment (thousand people)		3 481	1.1	0.6			
20	Annual average hours worked per person employed		1 659	2.5	-1.9			
21	Real GDP per person employed		X	0.8	1.6			
22	Real GDP of hour worked		X	-1.6	3.6			
23	Compensation of employees (BGN billions)	D.1	80.9	15.1	15.1			
24	Compensation per employee		30.6	13.4	14.3			
				%	%	%	%	%
25	Unemployment rate		X	4.3	4.2			
	Potential GDP and components			Rate of change, %	Rate of change, %	Rate of change, %	Rate of change, %	Rate of change, %
26	Potential GDP		X	3.1	2.5	2.8	2.6	2.5
	Contributions:		X					
27	Labour		X	0.4	0.2	0.4	0.2	0.2
28	Capital		X	1.1	0.7	0.8	0.9	0.9
29	Total factor productivity		X	1.7	1.6	1.5	1.5	1.4
30	Output gap		X	0.4	0.1	0.1	0.4	0.2

Table 3: External assumptions

			2023	2024	2025	2026	2027	2028
1	Short-term interest rate	(annual average),%	2.8	2.9	1.4	1.4	1.5	1.7
2	Long-term interest rate	(annual average),%	3.8	4.0	4.1	4.2	4.3	4.4
3	USD/EUR exchange rate	(annual average)	1.081	1.086	1.081	1.081	1.081	1.081
4	BGN/EUR exchange rate	(annual average)	1.956	1.956	1.956	1.956	1.956	1.956
5	World economy GDP	Rate of change, %	3.3	3.2	3.2	3.3	3.2	3.1
6	EU Real GDP	Rate of change, %	0.4	0.9	1.5	1.8	1.6	1.6
7	World import volumes (excluding EU)	Rate of change, %	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8	Oil prices	Brent (USD/barrel)	82.6	81.2	70.8	69.8	69.3	69.1

4 BUDGETARY DEVELOPMENTS AND FORECASTS

4.1 Budgetary developments in 2023

Compared with the previous three years, when the financial shocks of the COVID-19 pandemic and the outbreak of the war in Ukraine manifested themselves, in 2023 the General Government deficit decreased to 2.0% of GDP.

Total revenue as a relative share of GDP reached 36.8% in 2023, down 1.5 p.p. from the 2022 level. The contraction was due to a decrease in revenues from the targeted budget contributions from electricity producers specifically introduced in 2021 and 2022, which were used to pay compensation to non-household electricity consumers outside the regulated market under government-approved support programmes due to high electricity prices. Accordingly, this reflected in lower revenues from taxes on production and imports, where the revenues from targeted contributions were accounted. Revenues from taxes on production and imports represented 14.6% of GDP in 2023, down by 1.5 p.p. from the previous year, while remaining broadly unchanged in nominal terms. In addition to the mentioned effects of the reduction in the targeted contributions, VAT receipts in domestic and intra-Community acquisitions was observed a steady increase, while receipts from VAT on imports showed a decrease. Regarding excise duties there was an increase in revenue as a result of the recovery in consumption and increased rates on tobacco products.

Current taxes on income, wealth, etc. increased by 0.2 p.p. to 6.4% of GDP, which in nominal terms was close to BGN 1.4 billion. The nominal increase was reported in all taxes in the group, with personal income tax (PIT) having the largest contribution.

Receipts from social and health insurance contributions (8.5% of GDP) increased nominally by almost BGN 1.9 billion, while as a share to GDP reported an increase of 0.3 p.p. compared with 2022. Similar to the PIT the main factor contributing to this was incomes growth, including minimum wages and minimum social security thresholds, among others.

Nominal growth of close to BGN 1.3 billion and an increase in the share of GDP by 0.6 p.p. to 1.4% of GDP was recorded in property income. This was mostly due to significant dividends received from state-owned enterprises (including an interim dividend for the 2023 financial year), mainly from the energy sector.

Total General Government expenditure in 2023 increased nominally by BGN 2.5 billion and amounted to 38.8% of GDP, which was 2.4 p.p. lower than the level reported in 2022. An increase as a share of GDP compared to the 2022 level was reported in the compensation of employees, social payments and gross fixed capital formation, while intermediate consumption, subsidies and other expenditure showed a decrease in the ratio to GDP.

The compensation of employees as a share of GDP increased by 0.5 p.p. to 10.5% of GDP compared to 2022. The main reason for this was the increase in public sector wages, including the increase in the minimum wage.

Intermediate consumption expenditure, which includes mainly maintenance increased nominally by BGN 0.3 billion, and as a relative share of GDP (4.9%) was reported a 0.3 p.p. decrease compared to the previous year.

The amount of social transfers as a relative share of GDP rose by 0.4 p.p. to 15.0% of GDP, amounting to BGN 3.2 billion in nominal terms. The main reason was the increase in social payments on pensions, benefits and household benefits.

Subsidy expenditure registered the largest fall compared to 2022 both nominally by BGN 4.4 billion and as a share of GDP – by 2.9 p.p. to 2.4% of GDP.

In gross fixed capital formation nominal growth was BGN 3.2 billion and as a share of GDP by 1.5 p.p. to 3.8% of GDP, while capital transfers (0.3% of GDP) fell by BGN 0.3 billion or 0.2 p.p. of GDP. The high growth of capital expenditure on EU funds accounts related to the closure of projects under the Operational Programmes for the 2014-2020 programming period and the increase in investment expenditure under the national budget were among the factors behind the significant increase reported for this indicator.

In 2023 interest expenditure increased by almost BGN 0.3 billion, their share in GDP increasing by 0.1 p.p. from 2022 to 0.5%.

4.2 Budgetary developments in 2024

Fiscal developments in 2024 were dominated by a multiple factors affecting budgetary indicators. On the one hand, the return to the normal budgetary process and the adoption of the budget law before the beginning of the budgetary year increased predictability for the economy. The slowing inflation trend continued throughout the year and unemployment remained at a low level. On the other hand, however, the country returned to a period of political instability, leading to increased uncertainty among economic actors on policies and priorities in the short and medium-term. Fiscal performance continued to be affected by prices at international commodity and energy markets, supply chain disruptions, sanctions imposed due to the war in Ukraine, etc.

In the context of a tight budget, considerable efforts were made to improve revenue collection, improve tax compliance, prevent and counter tax fraud and evasion. A decisive effort was put on measures to strengthen fiscal control of goods with high fiscal risk, leading to more effective prevention and to the combat with tax frauds and attempts for tax evasion and non-taxation. The exchange of information on cross-border payments originating from Member States and the recipients of these cross-border payments has also been intensified in order to properly report and tax e-commerce VAT in the EU; control of excise warehouses, etc., has been strengthened. The results of the work of revenue administrations in this respect are confirmed by both the over performance of annual targets from the main taxes and social-security contributions and the reported nominal growth rate compared to the previous year, which exceeds GDP growth and the annual inflation.

According to the preliminary estimates, the deficit of the General Government sector is expected at 3.0% of the projected GDP, which is within the deficit reference value of the Stability and Growth Pact.

Total revenue for 2024 as a relative share of GDP is estimated at 36.7%, close to the level in 2023. It is expected to report a negligible decline (by 0.1 p.p.) due to a base effect in 2023 of higher current and capital transfers from the EU due to the fact that 2023 was the last eligible year for expenditure under the Operational Programmes of the previous programming period (2014-2020). Accordingly, this resulted in higher than usual spending on EU programmes and funds in 2023, correspondingly higher current and capital transfers from the EU. Lower revenues from dividend in 2024 due to interim dividends paid by some state-owned enterprises in 2023 also contribute to lower earnings. The majority of the other revenue indicators are expected to increase or remain unchanged their relative share of GDP.

Taxes on production and imports are expected to amount to 14.9% of GDP in 2024, up 0.3 p.p. to the previous year. VAT revenue performance is good, with VAT receipts for domestic and intra-Community acquisitions growing steadily (including due to the removal of some preferential tax regimes), while receipts from VAT on imports have experienced some delays

due to decline in volumes and prices of certain raw materials and energy goods. There were increase in revenues from excise duties as a result of reimbursement of excise goods consumption and increased rates, and increased rates of excise duty-based tobacco products.

It is expected a slight increase in the relative share of current taxes on income, wealth, etc. as a % of projected GDP by 0.2 p.p. to 6.6%, driven mainly by personal and corporate income tax. The main reasons for increased revenues were stable wage growth in both the private and public sectors.

Revenue from social and health insurance contributions is expected to increase by 0.6 p.p. to 9.1% as a share of GDP compared to 2023. The main contributing factor, as well as for PIT, is income growth, including minimal wage, increased minimum and maximum social security thresholds.

Other current revenue, which includes property income and other current transfers, is expected to decrease as a share of projected GDP by 0.6 p.p. to 5.3% of projected GDP. This results, on the one hand, from the decrease in current EU transfers and, on the other hand, an interim dividend for the current financial year paid in 2023, resulting in a lower dividend payment in 2024.

Other capital revenue (capital transfers received) fell as a relative share of GDP by 0.6 p.p. to 0.5% compared to the previous year. This reflects the EU programmes and funds received and, as already indicated, a base effect in 2023 was observed.

Total expenditure of General Government sector in 2024 is projected at 39.7% of the projected GDP, which is 0.9 p.p. higher than the level reported in 2023. An increase as a share of GDP compared to the level in 2023 is expected in compensation of employees, social benefits and interest payments, while gross fixed capital formation and intermediate consumption are expected to decrease.

Compensation of employees expenditure is expected to have an increase as a share of GDP by 0.8 p.p. to 11.4% compared to 2023. The main reason for this is the increase in wages in the public sector, including from the full year effect of the increase in remuneration in some budgetary organisations by the State Budget of the Republic of Bulgaria Act for 2023 (adopted July 2023), the increase in the minimum wage, the implementation of the policy to maintain the wages in the school education sector at 125% of the average wage; the increase in salaries of the academic staff in higher education following amendments of the Higher Education Act; measures adopted by the Council of Ministers to address wage imbalances in different budget sectors, which had not received increases in previous years and others.

The intermediate consumption expenditure, which includes mainly maintenance, the relative share of GDP is expected to decrease by 0.3 p.p. to 4.6%.

The amount of social transfers as a relative share of GDP is expected to increase by 1.0 p.p. to 16.0%. The social transfers in kind, where payments to medical providers are reported, the share in GDP is expected to increase by 0.3 p.p. compared to 2023. This reflects the increase in prices for some clinical pathways and an increase in part of the payments to other medical care contractors provided for by the Budget of the National Health Insurance Fund Act for 2024. The other category of social transfers other than in kind reflects social benefits for pensions, social benefits to households etc., with their share in GDP rising by 0.7 p.p. The main reason for the increase is the annual indexation of pensions according to the so called "Swiss rule" (by 12% as of 1 July 2023 having full-year effect in 2024 and by 11% as of 1 July 2024) and the adopted top-up to the pensions under the 'Poverty line' in April and December 2024. The expenditure on social transfers and benefits for households, an increase in the amounts of benefits for temporary incapacity for work due to a general

illness is reported due to the abolition of the obligation for insurers to pay compensation to insured persons for the third working day of temporary incapacity for work and its assumption by the National Social Security Institute; an increase in the maximum daily amount of unemployment benefits; an increase in benefits for people with disabilities that are related to the poverty line; an increase in social assistance support, including heating benefits; increase in family allowances for children.

Subsidy expenditure remained close to the one reported in 2023, with their share in GDP decreasing by 0.1 p.p.

Gross fixed capital formation decreases by 1.0 p.p. to 2.9%, and in the case of capital transfers a minimum increase of 0.1 p.p. is expected. As already indicated in 2023, an increase in expenditure on EU programmes and funds was observed due to the finalisation of projects under the previous programming period. In 2024, expenditure on accounts for EU funds is significantly lower due to the implementation phase of projects for the 2021–2027 programming period as well as lower than planned implementation of NRRP funds.

In 2024 interest expenditure is projected to increase by 0.1 p.p. and its share of GDP will be 0.6%.

4.3 Budgetary policies for the period 2025–2028

Adherence to a coherent and predictable fiscal policy remains a top priority of the government, ensuring fiscal and macroeconomic stability, as well as compliance with the rules and limits of European and national legislation, despite external and internal risks and challenges.

In the context of preserving macroeconomic stability and ERM II participation, Bulgaria ensured that it would maintain the currency board arrangement at the current level of the fixed exchange rate of BGN 1.95583 per euro until the country joins the euro area.

The introduction of the euro is one of the main priorities of the Government of the Republic of Bulgaria, chosen by the National Assembly on 16 January 2025. This priority is recorded in the Governance Agreement between the three parties forming the current regular cabinet, as well as in the Government Governance Programme. Bulgaria is in the final stage in the process of joining the euro area, and intensive work on preparing the country for the introduction of the euro will continue until its successful completion.

In the period 2025–2028, fiscal policy will be oriented towards macroeconomic and budgetary stability in the medium and long-term and provide the necessary financial resources to implement expenditure policies and promote investment and innovation conducive to economic growth and improve citizens' lives.

The government debt management policy over the projection horizon follows the outlined fiscal policy objectives and will be geared towards meeting the strategic objective of ensuring the resources needed to refinance the debt outstanding, financing the planned government deficit levels and ensuring the liquidity position of the fiscal reserve.

According to the budgetary projections underlying the Updated Medium-term Budgetary Forecast for the period 2025–2028, the General Government deficit is expected to amount to 2.9% of GDP for 2025 and to reach 1.9% of GDP in 2028, averaging 2.8% of GDP, i.e. to remain within the limits under the Stability and Growth Pact. In the medium-term, cash-based expenditure (national methodology) is within the 40% rule of the Public Finance Act (excluding expenditure from EU funds accounts and other international programmes and contracts equated to them, including related national co-financing), ranging between 39.5–40.0% of GDP over the period 2025–2028.

Fiscal policy will be implemented over the projection horizon through a number of measures on both the revenue and expenditure side of the budget.

Revenue policies

The revenue projected in the Updated Medium-term Budgetary Forecast for the period 2025–2028 is based on key indicators of the Autumn macroeconomic forecast of the Ministry of Finance, existing legislation and planned legislative amendments to tax laws and on the results of planned measures by revenue agencies to improve collection.

On the revenue side, sustainable nominal growth is expected. The main objectives of the tax policy for the period of the Plan are to sustain economic growth, improve the business environment, combat tax abuse and increase fiscal sustainability in the long run. The main priorities related to improving revenue collection, preventing tax evasion and non-taxation and insurance, and reducing administrative burdens and costs for businesses and citizens remain. Achieving better effectiveness in the implementation of the measures is directly linked to strengthening inter-institutional cooperation, coordination and effective exchange of information at both national and EU and third countries.

To raise budget revenues and fight tax fraud, measures to improve compliance, prevent and counter tax fraud and evasion, including in the area of fiscal control of goods with high fiscal risk, are implemented. Many of the tax policy measures to improve revenue collection are of a permanent nature, ensuring their sustainability and structural positive impact in the medium-term, and are also included in the strategy papers that each of the responsible institutions develop and implement and will continue to be implemented over the period 2025–2028.

Internationally, the country's tax policy aims to support the functioning of the EU's single market, the successful implementation of the digital transformation of Europe's society and economy, and activities to tackle climate change and protect the environment. In this respect, significant economic benefits are expected for all citizens and businesses as a result of Bulgaria's admission to the Schengen area as a full member of the Schengen area from 1 January 2025. During the forecast period, the MF will continue to be actively involved in the discussion, analysis and impact assessment of the measures planned by the Organisation for Economic Co-operation and Development (OECD) in various tax policy areas.

The increase in revenue from taxes on income and wealth on an annual basis relates to the effects of the increase in the compensation of employees set out in the macroeconomic forecast; the increase in wages of pedagogical staff, the Defence and Security Sector and the income policy in the Public Sector in 2025. In the case of taxes paid by firms, growth over the projection horizon is due to the projected increase of the tax base for profits in the macroeconomic forecast.

As regards VAT, a limited application of differentiated rates is imposed, as the uniform standard rate of VAT is a guarantee of neutrality and avoidance of economic distortions linked to the application of reduced VAT rates to certain sectors or categories of goods and services. It is envisaged to continue the practice of a balanced step-by-step increase in excise duties on tobacco and tobacco products, which will have a positive revenue effect.

The implementation of a Standard Tax Audit File in Bulgaria (SAF-T), which is an international standard for the electronic exchange of data between taxpayers and tax authorities, developed by the OECD, is intended to achieve three key objectives: ensuring more effective control of fiscal policy risk management by tax administration by carrying out thorough and qualitative analyses, reducing the administrative burden for business and increasing voluntary tax compliance among taxpayers. The standard is a leading model for the submission of accounting information in developed tax administrations and its

implementation in Bulgaria will allow for in-depth and qualitative analyses leading to more effective control by the tax administration. In addition, the administrative burden for obligated persons will be reduced due to the possibility to identify possible risks to be communicated with them in a timely manner and addressed in a timely manner. This will incentivise individuals to comply on a voluntary basis. Also, the revenue authorities will not request information on the data already submitted with the file, which would reduce the administrative burden in the course of the control procedures carried out. An initial standard audit file is envisaged to submit large taxpayers and, in subsequent stages, medium-sized taxpayers, small businesses and micro-enterprises.

In order to ensure greater stability of the social security system, a gradual increase in the social security contribution to the public social security is envisaged in the medium-term, a gradual increase in the maximum insurance income, as well as an increase in the retirement age and length of service period for all categories of insured persons during the implementation period of the Plan.

Expenditure policies

In the medium-term, government expenditure is expected to have a downward trend as a share of GDP, i.e. a reduction in the role of the state, but at the same time it foresees a relative preservation of investment as a share of GDP. The latter meets the requirements of the new fiscal governance framework.

Nominal expenditure growth is projected over the medium-term subject to unchanged policies. Growth is expected mainly due to an increase in pension expenditure and increases in benefits incl. those for households, as well as in the public sector's income policy. Capital expenditure also had an effect on total expenditure during the period of the Plan.

With a view to increasing disposable income, increasing the attractiveness for professional development in the field of security and defence, providing funds to preserve border security and ensuring the safety of citizens, an increase in personnel costs in the Defence and Security sector is estimated. The government also plans to increase staff expenditure for budget organisations for which no other increases are foreseen in the implementation of adopted regulations and existing policies with a view to attracting and retaining young and highly qualified staff in the public administration. An increase in salaries of pedagogical staff is envisaged to reach a level of 125% of the average wage for the previous year in order to stimulate entry and retention of young and skilled pedagogies in the pre-school and school education system.

In view of continuing income policies, the compensation of employees increases in 2025 and then follows a gradual downward path (as a % of GDP) towards the end of the projection horizon.

In the area of the pension system, a continuation of the pension reform is envisaged through a step-by-step increase in the required length of service for all labour categories. The policy of pension indexation in application of the rule of Article 100 of the Social Security Code continues, namely by a percentage defined as the sum of 50% of the increase in social security income and 50% of the consumer price index for the previous year.

The health sector provides for improving the attractiveness of professions in the sector, including through more places of specialisation and a more even distribution of the human resources available on the territory of the country with a view to better and better service provision. In addition, the policy focus remains to improve outpatient care as well as increased prevention, including through new and improved screening programmes for the population.

In the field of defence, significant resources are foreseen for the maintenance and development of national defence capabilities and capabilities related to collective defence,

including the means of implementing investment projects approved by the National Assembly: delivery of F-16 Block 70 Phase I and Phase II aircraft, ground handling and training, armament and training facilities; acquisition of a multifunctional modular patrol ship for the navy; acquisition of major battle equipment for the construction of Battle groups; acquisition of ground terminals from a multifunctional information dissemination system and building security systems for the storage of classified equipment and armaments.

In the medium-term, the implementation of the capital investment programme will continue at the national and municipal level, including projects funded by the state budget, European Union programmes and mechanisms and other international programmes and treaties.

Table 4: Budget projections¹⁵

			2023	2023	2024	2025	2026	2027	2028
	Revenue	ESA 2010 code	Level (BGN billions)	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP
1	Taxes on production and imports	D.2	27.0	14.6	14.9	X	X	X	X
2	Current taxes on income, wealth, etc.	D.5	11.8	6.4	6.6	X	X	X	X
3	Social contributions	D.61	15.8	8.5	9.1	X	X	X	X
4	Other current revenue	(P.11+ P.12+P.131) + D.39 + D.4 + D.7	11.0	5.9	5.3	X	X	X	X
5	Capital taxes	D.91	0.5	0.3	0.3	X	X	X	X
6	Other capital revenue	D.92+ D.99	2.1	1.1	0.5	X	X	X	X
7	Total revenue (=1+ 2+ 3+ 4+ 5+ 6)	TR	68.1	36.8	36.7	X	X	X	X
8	Of which: transfers from the EU (accrued revenue)	D.7EU+ D.9EU	2.6	1.4	0.79	X	X	X	X
9	Total revenue other than transfers from the EU (=7-8)		65.5	35.4	35.9	X	X	X	X
10	Revenue measures (increments, excluding EU-funded measures)		-1.8	-1.0	0.7	X	X	X	X
11	One-off revenue included in the projections (levels, excluding EU-funded measures)		0.0	0.0	0.0	X	X	X	X

¹⁵ All data in rows 14, 30 to 44 for the period 2025-2028 reflect the values obtained in the adjustment scenario in accordance with the theoretical model according to the EC methodology.

			2023	2023	2024	2025	2026	2027	2028
	Expenditure	ESA 2010 code				% of GDP	% of GDP	% of GDP	% of GDP
12	Compensation of employees	D.1	19.5	10.5	11.4	X	X	X	X
13	Intermediate consumption	P.2	9.0	4.9	4.6	X	X	X	X
14	Interest expenditure	EDP D.41	0.9	0.5	0.6	0.8	0.9	1.0	1.1
15	Social transfers other than social transfers in kind	D.62	23.0	12.4	13.1	X	X	X	X
16	Social transfers in kind	D.632	4.8	2.6	2.9	X	X	X	X
17	Subsidies	D.3	4.5	2.4	2.3	X	X	X	X
18	Other current expenditure	D.29 + (D.4-D.41) + D.5 + D.7 + D.8	2.5	1.4	1.6	X	X	X	X
19	Gross fixed capital formation	P.51	7.1	3.8	2.9	X	X	X	X
20	Of which: Nationally financed public investment		5.5	3.0	2.4	3.5	2.3	4.6	3.3
21	Capital transfers	D.9	0.6	0.3	0.4	X	X	X	X
22	Other capital expenditure	P.52+P.53+NP	0.0	0.0	0.1	X	X	X	X
23	Total expenditure (=12+ 13+ 14+ 15+ 16+ 17+ 18+ 19+ 21 + 22)	THEY	71.9	38.8	39.7	X	X	X	X
24	Of which: Expenditure funded by transfers from the EU(= 8)	D.7EU+ D.9EU	2.6	1.4	0.8	X	X	X	X
25	Nationally financed expenditure (=23-24)		69.2	37.4	38.9	X	X	X	X
26	National co-financing of programmes funded by the Union		0.6	0.3	0.3	X	X	X	X
27	Cyclical component of unemployment benefits		0.01	0.00	0.00	X	X	X	X
28	One-off expenditure included in the projections (levels, excluding EU funded measures))		0.0	0.0	0.0	X	X	X	X
29	Net nationally financed primary expenditure (before revenue measures) (=25-26-27-28)		67.7	36.6	38.0	X	X	X	X

			2023	2023	2024	2025	2026	2027	2028
	Net nationally financed primary expenditure				Rate of Change	Rate of Change	Rate of Change	Rate of Change	Rate of Change
30	Net nationally financed primary expenditure	Table 1a, row 1	X	X	11.2	6.2	4.9	4.4	4.0
	Balances	ESA 2010 code	Level (BGN billions)	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP
31	Net lending/borrowing (=7-23)	EDP B.9	-3.7	-2.0	-3.0	-3.0	-2.9	-2.9	-2.9
32	Primary balance (=31-14)	EDP B.9 - EDP D.41	-2.8	-1.5	-2.4	-2.3	-2.0	-1.9	-1.8
	Cyclical adjustment			% of GDP	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP
33	Structural balance		X	-2.1	-3.1	-3.0	-3.0	-3.0	-2.9
34	Structural primary balance		X	-1.6	-2.5	-2.3	-2.1	-2.0	-1.8
	Debt		Level (BGN billions)	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP
35	Gross debt		42.4	22.9	24.2	25.8	27.4	29.1	30.8
36	Change in gross debt			0.4	1.4	1.5	1.6	1.7	1.7
37	Contributions to changes in gross debt								
38	Primary balance (= -32)		X	1.5	2.4	2.3	2.0	1.9	1.8
39	Snowball effect ¹⁶		X	-1.6	-1.2	-0.8	-0.5	-0.2	-0.1
40	Interest expenditure (= -14)		X	0.5	0.6	0.8	0.9	1.0	1.1
41	Growth		X	-0.4	-0.5	-0.6	-0.7	-0.6	-0.6
42	Inflation		X	-1.7	-1.4	-0.9	-0.7	-0.6	-0.6
43	Stock-flow adjustment (=36-38-39)		X	0.4	0.2	0.0	0.1	0.0	0.0
			X	%	%	%	%	%	%
44	Implicit interest rate on debt (=14/Debt (T-1))		X	2.4	3.0	3.3	3.7	3.8	3.9

Discretionary revenue measures for 2023 and 2024

Discretionary revenue measures have an effect of a net revenue reduction of 0.96% of GDP in 2023 and a total net revenue increase of 0.65% of GDP in 2024.

The following discretionary measures have the most significant revenue-increasing impact:

¹⁶ The combined effect, known as the snowball effect, is shown to reflect the change caused by an increase in real GDP, prices and interest rates.

- measures for improving revenue collection, including in the area of fiscal control of goods with high fiscal risk, aimed at more effective prevention and counteraction against tax fraud and evasion and non-payment;
- the amendment to the parameters of the dividend policy (in 2023, a 100% rate for deductions from profits/dividend was set out, excluding healthcare institutions, mental health centres, budget organisations, National Company Industrial Zones, WSS sector from the scope of the disposition. BEH also pays an interim 6-month dividend for 2023. In 2024 no interim dividend was deducted from BEH);
- Revenue from social contributions as a result of the increased maximum insurance income;
- Revenue from social contributions as a result of the change in income policy (including the increased minimum social security thresholds; minimum insurance income of self-insurers and the minimum insurance income of farmers and tobacco producers);
- A step-by-step increase in the excise duty rate for tobacco and tobacco products;
- Introduction of a domestic top-up tax in accordance with Council Directive (EU) 2022/2523 to ensure a global minimum level of taxation for multinational enterprise groups (MNEs) and large local groups in the Union.

Table 5: Effect of discretionary revenue measures for 2023 and 2024 – incremental value

	Name/Description of the measure	One-off measure	Exp/ Revenue	Sector	ESA 2010 code	2023	2024
		yes/No				% of GDP	% of GDP
1	A package of measures to improve revenue collection, including in the area of fiscal control of goods with high fiscal risk, aimed at more effective prevention and counteraction against tax fraud and tax evasion and non-payment	No	revenue	S.13	D.2	0.29%	0.37%
2	Change in the parameters of dividend policy	No	revenue	S.13	D.42	0.58%	-0.24%
3	Revenue from social contributions from the increase in the maximum insurance income	No	revenue	S.13	D.61	0.04%	0.15%
4	Positive effect of VAT and excise duty from an increase in the excise duty rate on tobacco and tobacco products	No	revenue	S.13	D.2	0.08%	0.12%
5	Introduction of a domestic top-up tax in accordance with Council Directive (EU) 2022/2523 to ensure a global minimum level of taxation for MNEs and large local groups in the Union (entry into force of the measure of 1 January 2024). Effect manifests in 2026.	No	revenue	S.13	D.5	0.00%	0.20%
6	Revenue from social contributions from income policy (incl. increase in minimum social security	no	revenue	S.13	D.61	0.14%	0.00%

	Name/Description of the measure	One-off measure	Exp/ Revenue	Sector	ESA 2010 code	2023	2024
	thresholds and minimum social security income of self-employed persons and minimum insurance income of farmers and tobacco producers)						
7	Revenues from the operation of the toll system	No	revenue	S.13	P.131	0.12%	0.01%
8	Effects of excise duty exemptions on electricity, natural gas and LNG (LPG), including changes in the period of application (until 31.7.2023)	No	revenue	S.13	D.2	-0.02%	0.05%
9	Legislative amendments in the area of gambling related to the taxation of this type of activity (from 01.01.2024)	No	revenue	S.13	D.2	0.00%	0.02%
10	Reduced VAT rate for district heating, natural gas, tourist and restaurant services, bread and flour	No	revenue	S.13	D.2	-0.07%	0.02%
11	Effect of VAT on exemption from excise duty on electricity, natural gas and LPG, including changes in the period of application (until 31.7.2023)	No	revenue	S.13	D.2	0.00%	0.01%
12	Benefit from choice of insurance, from social contributions from an increase in the length of service; Increased by 40% of statutory costs of lawyers' income; Introduction of statutory expenses under Personal Income Tax Act – deduction of 10% statutory expenses in determining taxable income from the sale or exchange of financial assets, including virtual currencies, and from trading in foreign currency; Exemption from (waste) income under Personal Income Tax Act, from selling or replacing movable property transferred to persons entitled to collect, transport, recovery or disposal of waste in accordance with the Waste Management Act; Regional development State aid – corporate tax relief	No	revenue	S.13	D.5./ D.61	0.00%	-0.01%
13	Abolishing fees for the use of nurseries and kindergartens	No	revenue	S.13	P.131	-0.01%	0.00%
14	Increased turnover threshold for application of patent tax	No	revenue	S.13	D.5	0.00%	-0.01%
15	Waiver of the obligation for insurers to pay compensation to insured persons for the third working day of temporary incapacity to work (from 01.01.2024)	No	revenue		D.61	0.00%	-0.01%

	Name/Description of the measure	One-off measure	Exp/ Revenue	Sector	ESA 2010 code	2023	2024
16	Tax revenue resulting from an increase in the maximum insurance income	No	revenue	S.13	D.5	0.00%	-0.01%
17	Negative effect on import VAT revenue due to the adoption of the Act on Control of the Implementation of Restrictive Measures in view of Russia's actions destabilising the situation in Ukraine	No	revenue	S.13	D.2	-0.05%	0.02%
18	Temporary solidarity contribution under Council Regulation (EU) 2022/1854 of 6 October 2022 on emergency intervention to address high energy prices by companies in the oil, natural gas, coal mining and oil refining activities	No	revenue	S.13	D.2	0.07%	-0.11%
19	Raising the threshold of turnover for registration under the VAT Act from BGN 50 000 to BGN 100 000	No	revenue	S.13	D.2	-0.06%	0.00%
20	Programmes to mitigate the economic effects of electricity and gas price volatility	No	revenue	S.13	D.2	-2.07%	0.06%
21	TOTAL					-0.96%	0.65%

5 DEBT SUSTAINABILITY ANALYSIS

The EU's new economic governance framework focuses on ensuring the sustainability of government debt in the medium-term, taking into account the economic growth prospects of each country and the potential need for fiscal effort relative to the initial budgetary position. The medium-term analysis of government debt sustainability is an essential element of the new fiscal governance framework and is based on a common methodology for all Member States described in the Debt Sustainability Monitor 2023. For countries such as Bulgaria whose government debt and fiscal balance are within the reference levels, sustainability requirements are limited to maintaining fiscal indicators for debt below 60% of GDP and deficit below 3% of GDP in the medium-term. In comparison, for countries experiencing a deviation from the reference values¹⁷, the debt sustainability analysis assesses the medium-term debt projection under different scenarios (applying deterministic and stochastic stress tests).

In line with the debt sustainability methodology used by the European Commission, a baseline scenario for debt dynamics until 2038 and a fiscal adjustment scenario (structural primary balance adjustment) have been prepared. Bulgaria's debt remains below 60% of GDP in both scenarios.

The forecast for the debt-to-GDP ratio is based on a standard debt dynamics equation:

$$d_t = d_{t-1} \frac{(1 + i_t)}{(1 + g_t)} - pb_t + f_t$$

d_t – government debt as% of GDP in year t ;

i_t – implicit interest rate%;

g_t – nominal GDP growth;

pb_t – primary balance as% of GDP;

f_t – stock-flow adjustment.

Debt dynamics depend on the initial debt position (in 2024), the change in GDP, interest rates and the budgetary balance (treated as initial budgetary position plus annual ageing costs), in line with the assumptions in the methodology. The projection includes two sub-periods. The first covers the implementation period of the Plan (2025–2028) and the second – the ten years after the implementation of the Plan (2029–2038), when sustainability of the fiscal indicators under a no-fiscal-policy-change assumption (i.e. maintaining the structural primary balance at the level of 2028) must be ensured. Along with following a common methodology, some national assumptions have been used for the calculations presented, mainly in the period up to 2028.

5.1 Baseline scenario

As regards fiscal policy, the adjustment is assumed to start as of 2025, with the fiscal stance in 2024 being the starting point. There is a difference from the Commission's assumptions for the starting position in 2024 as Bulgaria uses an estimate of a deficit of 3% and debt of 24.2% of projected GDP. Both figures are based on the latest available information from the MF as of February 2025. The difference in assumptions compared to the European Commission (deficit of 2.6% and debt of 24.5% of GDP in the EC Autumn forecast) represents a marginally lower debt ratio and a worse fiscal balance. This deviation implies the need for a larger adjustment over the projection horizon than the one presented by the European Commission.

¹⁷ These are the countries for which the EC presents a "reference trajectory"

In the baseline scenario (Table 6c), nominal GDP growth rates are calculated from real GDP growth rates, according to the MF forecast, and an assumption for the deflator. In the period 2025–2028, the GDP deflator is in line with the MF’s forecast and thereafter converges linearly from the 2028 rate to 2.4% in 2034¹⁸ and to 2% in 2054¹⁹. Based on these assumptions, the deflator used by the MF exceeds that of the EC in 2025; in the period 2026–2033 it is converging and is lower than the EC, and in the period 2034–2038 is equal to the one used by the EC. The average MF deflator for 2025–2038 is 0.04 p.p. higher than the one used by the EC in preparing the technical information.

As regards the budgetary balance, the assumption is fully in line with the debt sustainability methodology – the structurally adjusted primary balance from 2024 remains unchanged throughout the forecast period until 2038 and the primary balance is mainly affected by ageing costs²⁰.

Interest rates on debt for the period 2025-2026 are based on the latest estimates of the MF for the debt financing cost and include information from the latest realized issues. After this period, interest rates converge linearly from the projected value for 2026 to the expected market interest rates in 2034²¹ and to the long-term levels in 2054.²² Compared to the levels proposed by the EC, in the baseline scenario, the interest rates estimates of the MF are higher, which also implies a need for a larger adjustment to maintain a sustainable budget balance.

The stock-flow adjustment represents the difference between the change in government debt and the budget balance. This indicator is affected by various factors and tends to be highly variable, making it difficult to forecast and it is traditionally assumed to tend to zero. Accordingly, the Plan’s baseline scenario assumes zero stock-flow adjustment – the change in debt during the projection horizon is determined solely by changes in the budget balance. To the extent that a negative adjustment is included in the EC forecast in 2025, the MF assumption leads to a higher level of government debt in the baseline scenario. It should be noted that in the budget planning, government debt may be issued to secure the necessary funds for refinance the debt outstanding, to finance the planned budget deficits and not least to ensure the liquidity position of the fiscal reserve, including providing the possibility to finance specific investment programmes, as well as assigned public policies, and for capitalization of public enterprises.

In accordance with Article 16(2) of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024, government debt is to be kept below 60% of GDP, and the government deficit is to be maintained below 3% of GDP over the medium-term. The baseline scenario for Bulgaria shows that the government debt is below 60% of GDP and fully complies with the requirement that prudent debt levels are maintained throughout the projection horizon.

In the baseline scenario, an adjustment in the structural primary balance of 0.16 p.p. per annum between 2025 and 2028 is required in order to comply with²³ the fiscal deficit requirement.

¹⁸ Based on assumptions for convergence in the short-term according to EC methodology and Bloomberg data on inflation swaps as at 2034 (10 years period)

¹⁹ Long-term convergence (T+30) towards the ECB’s monetary target for inflation.

²⁰ The ageing costs projected in the 2024 Ageing Report (Ageing report 2024) are used

²¹ The estimated interest rates are based on a common EU methodology, based on Bloomberg data on country-specific forward market rates over a 10-year horizon.

²² Long-term interest rates of convergence are in line with those published in the Ageing Report 2024.

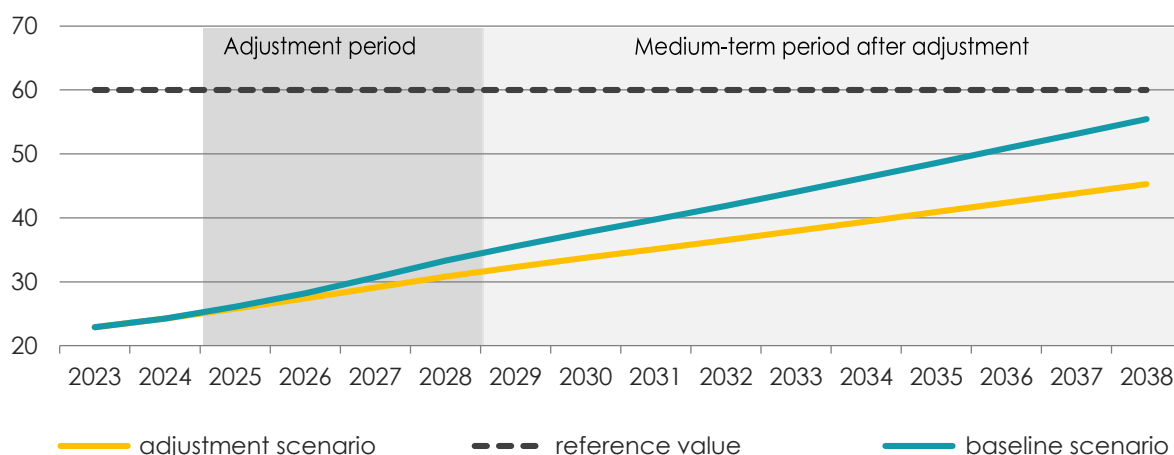
²³ The calculation is made under the assumption of a linear adjustment of the primary structural balance over the whole plan period. No implementation of the deficit resilience safeguard is foreseen.

5.2 Fiscal adjustment scenario

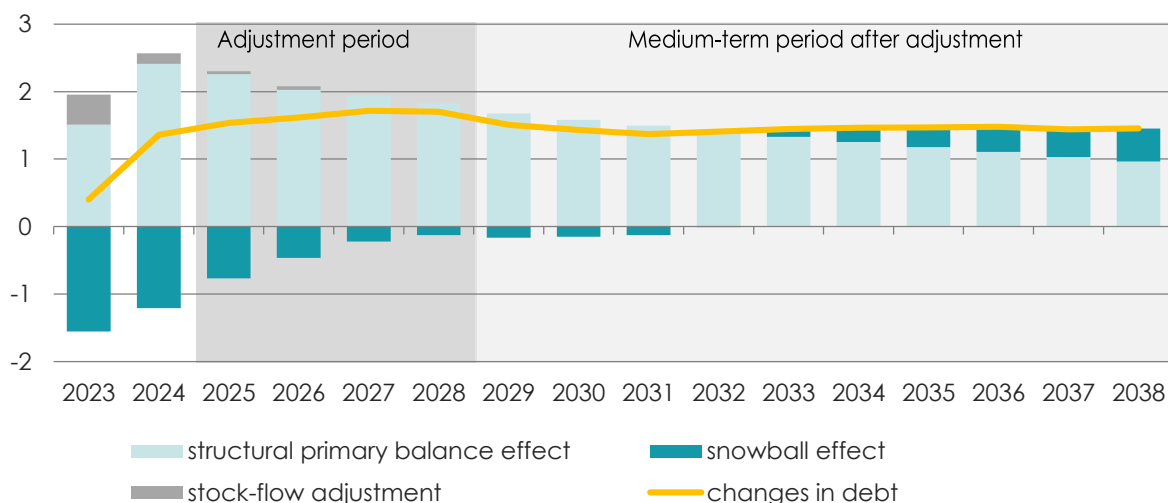
In the fiscal adjustment scenario, the budget deficit does not exceed 3% over the whole period considered (row 2 Table 6a). Government debt is 30.8% of GDP in 2028 (end of the adjustment period) and 45.3% of GDP in 2038. Both values are below the 60% limit. The increase in debt is due to the build-up of budget deficits. At the same time, economic growth and moderate price increases (GDP deflator), with relatively low interest payments, have a positive impact on the debt-to-GDP ratio.

With a multiplier of 0.75, the adjustment in the structural primary balance weighs on GDP growth rates in the adjustment scenario (row 12 Table 6a). Potential GDP is unchanged.

Graph 3: General Government debt (percentage of GDP)



Graf.4: Contributions to the debt change in the adjustment scenario



Based on a formula approved by the EC, the required adjustment of the structural primary balance to comply with the fiscal rules has been transformed to net expenditure growth. According to the MF forecast, the growth rate is the highest in the first year of the Plan (6.2%) and gradually decreased to 4.0% in 2028. The average rate of change over the adjustment period is 4.9%, while the calculated by the EC is 5.1%.

Table 6a: Debt projections and headline balances and key assumptions

				2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
1	Gross debt	Table. 4, row 35	% GDP	22.9	24.2	25.8	27.4	29.1	30.8	32.3	33.8	35.1	36.5	38.0	39.4	40.9	42.4	43.8	45.3
2	Net lending/borrowing	Table. 4, row 31	% GDP	-2.0	-3.0	-3.0	-2.9	-2.9	-2.9	-2.8	-2.8	-2.8	-2.9	-2.9	-2.9	-2.9	-2.9	-2.9	-2.9
3	Structural primary balance	Table. 4, row 34	% Potential GDP	-1.6	-2.5	-2.3	-2.1	-2.0	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8
4	Cyclical component		% Potential GDP	-0.1	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	One-off measures		% GDP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Interest expenditure	Table. 4, row 14	% GDP	0.5	0.6	0.8	0.9	1.0	1.1	1.2	1.3	1.4	1.4	1.5	1.6	1.7	1.8	1.9	2.0
7	Long-term interest rate	Table. 3, row 1	%	3.8	4.0	4.1	4.2	4.3	4.4	4.5	4.6	4.7	4.9	5.0	5.1	5.0	5.0	4.9	4.9
8	Short-term interest rate	Table. 3, row 2	%	2.8	2.9	1.4	1.4	1.5	1.7	1.9	2.1	2.2	2.4	2.6	2.8	2.7	2.7	2.6	2.6
9	Implicit interest rate on debt	Table. 4, row 44	%	2.4	3.0	3.3	3.7	3.8	3.9	4.0	4.1	4.2	4.3	4.4	4.5	4.5	4.6	4.6	4.7
10	Stock-flow adjustment	Table. 4, row 43	% GDP	0.4	0.2	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	Potential GDP	Table. 2, row 26	Rate of Change	3.1	2.5	2.8	2.6	2.5	2.4	2.4	2.3	2.3	2.0	1.7	1.5	1.4	1.3	1.3	1.2
12	Real GDP	Table. 2, row 1	Rate of Change	1.9	2.2	2.7	2.9	2.3	2.2	2.4	2.3	2.3	2.0	1.7	1.5	1.4	1.3	1.3	1.2
13	GDP deflator	Table. 2, row 2	Rate of Change	8.0	6.4	3.9	2.6	2.3	2.1	2.1	2.2	2.2	2.3	2.3	2.4	2.3	2.3	2.3	2.3
14	Nominal GDP	Table 2, row 3	Rate of Change	10.0	8.8	6.7	5.6	4.6	4.3	4.5	4.6	4.6	4.3	4.0	3.9	3.8	3.6	3.6	3.5

Table 6b: Debt projections and headline balances and key assumptions (no fiscal policy change basis scenario)

			2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
1	Gross debt	% GDP	22.9	24.2	26.1	28.2	30.7	33.3	35.6	37.7	39.7	41.9	44.1	46.3	48.6	50.9	53.1	55.4
2	Net lending/borrowing	% GDP	-2.0	-3.0	-3.4	-3.4	-3.7	-3.8	-3.7	-3.7	-3.7	-3.8	-3.8	-3.9	-3.9	-4.0	-4.0	-4.1
3	Structural primary balance	% Potential GDP	-1.6	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5
4	Cyclical component	% Potential GDP	-0.1	0.0	-0.1	-0.2	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	Interest expenditure	% GDP	0.5	0.6	0.8	0.9	1.0	1.2	1.3	1.4	1.5	1.6	1.8	1.9	2.0	2.2	2.3	2.4
6	Long-term interest rate	%	3.8	4.0	4.1	4.2	4.3	4.4	4.5	4.6	4.7	4.9	5.0	5.1	5.0	5.0	4.9	4.9
7	Short-term interest rate	%	2.8	2.9	1.4	1.4	1.5	1.7	1.9	2.1	2.2	2.4	2.6	2.8	2.7	2.7	2.6	2.6
8	Implicit interest rate on debt	%	2.4	3.0	3.3	3.7	3.8	3.9	4.0	4.1	4.2	4.3	4.4	4.5	4.6	4.6	4.7	4.7
9	Potential GDP	Rate of Change	3.1	2.5	2.8	2.6	2.5	2.4	2.4	2.3	2.3	2.0	1.7	1.5	1.4	1.3	1.3	1.2
10	Real GDP	Rate of Change	1.9	2.2	2.8	3.0	2.0	2.0	2.5	2.5	2.4	2.0	1.7	1.5	1.4	1.3	1.3	1.2
11	GDP deflator	Rate of Change	8.0	6.4	3.9	2.6	2.3	2.1	2.1	2.2	2.2	2.3	2.3	2.4	2.3	2.3	2.3	2.3
12	Nominal GDP	Rate of Change	10.0	8.8	6.8	5.7	4.3	4.1	4.7	4.7	4.7	4.3	4.0	3.9	3.8	3.6	3.6	3.5
13	Fiscal multiplier	%	0.75															

Table 6c: Debt projections and additional assumptions

				2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
1	Gross debt	Table. 4, row 35	% GDP	22.9	24.2	25.8	27.4	29.1	30.8	32.3	33.8	35.1	36.5	38.0	39.4	40.9	42.4	43.8	45.3
2	Rolled over long-term debt			1.5	1.7	1.8	1.9	1.9	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.2	2.2	2.3	2.4
3	Rolled over short-term debt			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1
4	New long-term debt			2.5	3.2	3.1	3.0	2.9	2.9	2.8	2.8	2.8	2.9	2.9	2.9	2.9	2.9	2.9	2.9
5	New short-term debt			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

6 INFORMATION ON IMPLICIT AND CONTINGENT LIABILITIES

Contingent liabilities of General Government include liabilities arising from the activity of state-owned and municipal enterprises; General Government guaranteed debt; non-performing loans; obligations relating to public-private partnerships²⁴.

Table 7: General Government contingent liabilities

Share of GDP	2018	2019	2020	2021	2022	2023
Liabilities arising from the activities of state-owned and municipal enterprises outside the General Government sector	9.6%	10.5%	12.8%	11.6%	10.7%	9.3%
General Government guaranteed debt	0.2%	0.1%	0.2%	0.4%	0.4%	0.4%

Source: NSI

General Government contingent liabilities for 2023 amount to 9.71% of GDP, with the highest level of liabilities stemming from the activities of state-owned and municipal enterprises. They amounted to 9.32% of GDP (BGN 17.26 billion), with financial corporations accounting for only 1.06% and non-financial corporations accounting for 8.25% of GDP. Monitored, in relation to a potentially significant impact on contingent liabilities, are all state-owned and municipal enterprises with total liabilities as at 31 December 2022 above 0.1% of GDP. For the period 2024–2028, a 22.24% reduction in the liabilities of those undertakings is forecast.

At the end of 2024 the guaranteed General Government debt amounted to BGN 1 068 million or 0.5% of GDP, and is growing in nominal terms of BGN 372 million compared to the level reported at the end of 2023 (BGN 66.3 million and a share of GDP 0.4%) as a result of disbursements under government guarantees issued under loan agreements of the Bulgarian Development Bank EAD and Bulgargaz EAD. All guaranteed loans are serviced regularly and in accordance with the arrangements made. The General Government guaranteed debt is formed mainly by the guarantees issued by the Central government sub-sector, with a share of 99.9%. The Local government sub-sector occupied about 0.1% and Social security funds cannot issue guarantees under the Public Finance Act. Due to the fact that, for the most part, guaranteed loans are intended to finance strategic projects in the energy sector, at the end of 2024 the dominant share of 46% in the sectoral structure is occupied by the guarantees of the Energy sector. With a total share of 29%, they follow the guarantees linked to Bulgaria's participation in European Union instruments related to the COVID-19 pandemic and the provision of macro-financial assistance, support to Ukraine's economic and social resilience and finance its infrastructure in the form of aids and loans. The remaining 25% is the guarantees provided under loan agreements of the Bulgarian Development Bank EAD for energy efficiency and the green transition of SMEs and mid-cap companies, guarantees under the Student and Doctoral-Candidate Loans Act, under other international agreements and municipal guarantees.

In the coming years of the projection period 2025–2028, guaranteed debt is expected to increase mainly due to commitments already made under ratified guarantee agreements, as well as expectations to issue new state guarantees to support strategic energy projects, support SMEs, etc.

²⁴ As there are no public-private partnerships (PPPs) in Bulgaria that meet the ESA 2010 definition, such contingent liabilities are not reported.

Non-performing loans to General Government are only in the central government sector and remain below 0.1% of GDP over the last five years. This figure for 2023 is 0.02% of GDP, below the EU average of 0.62% of GDP.

7 INFORMATION ON REFORMS AND INVESTMENTS

The chapter presents reforms and investments in progress or planned in the period 2025–2028. They contribute to achieving the strategic objectives set in key policy areas and provide a response to the medium- and long-term challenges faced by Member States. Some of these challenges relate to the demographic crisis, the need to strengthen social and economic sustainability and convergence, to achieve a fair digital and green transition, etc.

The presented set of reforms and investments addresses the key elements of the Council of the EU Specific Recommendations to Bulgaria for the period 2019–2024, the common EU priorities set out in the EC Guidelines for the preparation of the Plan, as well as priorities set out in the National Development Programme BULGARIA 2030, which is a framework strategy paper of the highest order in the hierarchy of national programming documents setting out the vision and overall development policy objectives in all sectors of government, including their territorial dimensions.

Key reforms and investments envisaged include those from the National Recovery and Resilience Plan (NRRP) from various programmes financed by EU funds, as well as those to be implemented from the national budget.

The envisaged reforms and investments are divided into 11 key policy areas – sustainable public finances, the economy and business environment, strengthening justice, governance and financial integrity, transport and transport connectivity, energy, digitalisation, health and social inclusion, education, skills and employment, water and waste treatment, climate, environment and agriculture and defence. Their main objective is to accelerate Bulgaria’s real convergence process to the EU average, to ensure sustainable and equitable economic growth, and to make the country’s economy more resilient to new challenges.

For all reforms and investments, information is provided on the part of the Specific Recommendations of the Council for the period 2019–2024, which it addresses as required by Regulation (EU) 2024/1263. It should be noted that in some cases certain parts of the Specific Recommendations are not addressed. This relates to:

- the parts of the specific recommendations providing guidance on sustainable fiscal policies, including in the context of an effective handling of the Covid-19 pandemic²⁵, since, given the nature of the document, fiscal policy information is presented in the previous sections;
- the parts of specific the recommendations assessed by the EC as “fully” or “substantially” implemented in the Country Reports for Bulgaria²⁶;
- the specific recommendations addressed through the measures included in the Action Plan with measures to address subsequent commitments by the Republic of Bulgaria after accession in ERM II and other related policies, as they are subject to implementation in another process.

As regards reforms and investments, which are also part of the NRRP, the link with the parts of the specific Council recommendations they address is reflected with the European Commission.

²⁵ According to the European Commission’s Guidelines on NFSA preparation of 7 July 2024, parts of the fiscal-specific recommendations that do not affect structural elements are not applicable to the preparation of information on reforms and investments. Therefore, the following parts of specific recommendations were not addressed: 2019 – 1.2, 2020 – 1.1, 1.2, 2022 – 1.1, 1.3, 2023 – 1.1, 1.2, 1.4

²⁶ According to the assessment in the 2019-2024 Country Report, the following specific recommendations are considered fully or significantly implemented: 2019 – 2.1, 2.2, 2.5, 2.6, 2.7; 2020 – 3.1; 2022 – 1.1, 3.3; 2023 – 1.1.

7.1 Sustainable public finances

Reforms in this area aim at improving the systems and services of the revenue agencies, as well as improving control activities through planned and targeted control actions which will lead to optimisation and higher efficiency and revenue collection in the medium and long-term (2019 CSR 1.1, 2020 CSR 4.1, 2020 CSR 4.2). In addition, in order to stimulate economic recovery (2020 CSR 3.3) and improve the business environment (2019 CSR 3.4), efforts have started to improve the procedure for approving and prioritising public investment projects with national funding (2023 CSR 1.3).

Institutions responsible: MF, NaRA,

	Investment/Reform	Specific recommendations	RRF/MFF	General priorities
1	<p>Reform: Submission and approval of the National Medium-Term Fiscal Plan of the Republic of Bulgaria 2025–2028</p>	<p>2024 CSR 1.1 2024 CSR 1.2</p>	<p>Funding not needed</p>	
2	<p>Reform: Establishing a sustainable framework for planning and managing public investment with national funding in Bulgaria</p> <p>The aim of the reform is to optimise resource allocation and increase transparency in decision-making on the approval and implementation of public capital investment programmes and projects financed by national funds from the State budget of the Republic of Bulgaria.</p> <p>A sustainable legal basis for public investment management in Bulgaria is envisaged to address various regulatory, policy and process issues determining how public funds are allocated, managed and used for investment purposes, contributing to the long-term fiscal sustainability of the country. In this regard, the development of a regulatory act on the assessment method and the approval procedure for public investment projects with national financing and a uniform methodology for assessing and prioritising public investment projects with national funding will support the activity of the newly established unit “Strategical and Capital Investment Management, State Participation and Concessions” at the Ministry of Finance as regards the task of coordinating the preparation, approval and financial implementation of public capital investment programmes and projects with national funding from the State budget of the Republic of Bulgaria.</p> <p>In addition, pre-selected for approval and funding through the Technical Support Instrument of the EC is a project “<i>Supporting the reform to improve the efficiency and quality of public investment in Bulgaria</i>” “The implementation of which will provide support in the process.</p>	<p>2020 CSR 3.3 2023 CSR 1.3</p>	<p>National funding MFF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>3 Reform: Increase voluntary tax compliance by implementing a Standard Audit File for Tax Purposes in Bulgaria</p> <p>The aim of the reform is to achieve more effective control by the tax administration by carrying out in-depth and qualitative analyses.</p> <p>By implementing a Standard Tax Audit File, an automatic extraction of accounting and commercial data from the accounting software and business systems of persons will take place, i.e. its purpose and concept are intended to be prepared and submitted by persons who have the obligation to keep accounts in the country. The possibility of automatically extracting this information from the company's accounts in a pre-specified format should also be a facilitation for taxpayers.</p>	2019 CSR 1.1	National funding	Social and economic resilience, including the European Pillar of Social Rights (EPSR)

7.2 Economy and business environment

Investments and reforms in the economic and business environment focus on boosting economic activity, improving the environment (2019 CSR 3.4) through investments in business and entrepreneurship infrastructure and supporting economic diversification, as well as improving the environment for research and innovation (2019 CSR 3.1). The envisaged promotion of the country's high-tech sector by improving access to capital and talent (2023 CSR 3.8), improving the business administration environment and promoting entrepreneurship aim at improving competitiveness (2024CSR3.6), eGovernment (2020 CSR 4.3), public procurement and digitalisation. Moreover, it aims at attracting industrial investment with high added value and developing industrial ecosystems, as well as effectively strengthening the potential for sustainable growth and increasing the resilience of the Bulgarian economy by addressing disincentives to the business environment (2020 CSR 3.1; 2020 CSR 3.2; 2020 CSR 3.3; 2020 CSR 3.4; 2020 CSR 3.5) leading not only to economic transformation but also to accelerating the energy transition (2023 CSR 3.1; 2023 CSR 3.2; 2024 CSR 4.1). Reforms are planned to develop and maintain administrative capacity to meet strategic objectives in key policy areas in Bulgaria, and to increase the efficiency of public administration in implementing key reforms and investments (2020 CSR 4.2 2023 CSR 2.1 2024 CSR 2.2).

Institutions responsible: MEI, MIG, MoJ, MLSP,MEG, MES, MRDPW, CoMA, RA, MF, PPA, MAF

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>1 Investment C3.I1: Public support programme for the development of industrial areas, parks and similar territories and for attracting investment ('AttractInvestBG')</p> <p>The main objective of this investment is to help stimulate economic growth, create new jobs and increase the country's export capacity by creating favourable conditions</p>	2019 CSR 3.1 2019 CSR 3.4	RRF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>for investors in industrial parks (RRPs). The investment is a grant scheme to provide physical, research and digital infrastructure in industrial parks. The Ministry of Innovation and Growth will support at least five industrial parks or areas (new, under construction or existing) and their operators through grants. Grants support the construction, for the benefit of all tenants in the park or area, of infrastructure: technical infrastructure (roads, water and sanitation) and environmental and innovative infrastructure (solar battery recharging stations or buildings for laboratories that fleet tenants or the area will renew).</p>			
<p>2 Investment C3.I2: Economic transformation programme²⁷</p> <p>The Economic Transformation Programme aims to support innovation and growth of Bulgarian enterprises, in particular by promoting their green transition and digital deployment. The programme supports Bulgarian small and medium-sized enterprises and mid-caps through financial instruments and grants. The programme consists of three funds: 1) Fund 1 – Growth and innovation, 2) Fund 2 – Green and circular economy transition, 3) Fund 3 – Climate neutrality and digital transformation.</p>	<p>2019 CSR 3.1 2020 CSR 3.2 2022 CSR 1.2 2022 CSR 3.4 2023 CSR 3.1 2023 CSR 3.2 2024 CSR 4.1 2024 CSR 4.2</p>	RRF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)
<p>3 Investment: Boosting economic activity – Business and Entrepreneurship infrastructure (incl. buildings), business and industrial parks, etc. infrastructure for innovation and SME development</p> <p>Investments are supported under the Regions Development Programme 2021–2027 (RDP) and aim at economic growth and job creation. This should be achieved by supporting measures to refurbish or develop new technical infrastructure related to business and entrepreneurship, including the construction, reconstruction or renovation of business and industrial areas, including public or commercial buildings, cultivating/roads (communication connections), connections to the main gas, electricity and water supply network, cleaning, recreation, reclamation, decontamination and other activities to prepare existing contaminated and outdated industrial, etc. areas where economic activity, lands, recreational spaces, cycling paths, parking for bicycles and cars for those working in the economic areas are developing. The investment may also include all other types of measures eligible for programme financing – housing, nurseries and schools, public transport to provide connectivity according to local needs.</p>	2019 CSR 3.4	MFF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)

²⁷ The investment is in the process of renegotiation with the Commission under Article 21 of the RRF Regulation.

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>4 Investments under the Regions Development Programme 2021–2027 (RIP), Preventive Transition</p> <p>The envisaged investments aim to shift to new jobs following the cessation of mining and coal-based energy sector and to establish regional transport links for the future development of the economy, based on the territorial plans for the just transition of the areas of Pernik, Kyustendil and Stara Zagora. Support will be provided for economic diversification, the development of new economic sectors, the creation of new jobs and start-ups and business development, including research and development.</p>	<p>2019 CSR 3.4 2020 CSR 3.1</p>	<p>MFF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>
<p>5 Reform C10.R11: Expansion Bulgaria</p> <p>The aim of this reform is to foster the development of the country’s high-tech sector by improving access to capital and talent, improving the environment for business administration and promoting entrepreneurship.</p> <p>The main elements of the reform are the introduction of a procedure and requirements for issuing visas for start-up companies, the adoption of a law on personal bankruptcy, the introduction of a new business company of a more flexible type in the Commerce Act, the adoption of a legal framework to achieve an accelerated liquidation of legal persons and to provide more flexibility in the regulatory conditions for ‘remote work’.</p>	<p>2019 CSR 2.8 2019 CSR 3.4 2020 CSR 2.3</p>	<p>RRF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>
<p>6 Investment Programme Technical Assistance, Project BG16RFTA001 –1.002 Development of the Academy of EU Funds with a specific beneficiary, Institute for Public Administration (IOA)</p> <p>The aim is to strengthen the capacity of authorities, beneficiaries and partners by developing the Academy of EU Funds. The Academy is implemented by the Institute of Public Administration, with the involvement of the horizontal structures/units of the EFS Management and Control System and aims to transfer their accumulated knowledge and experience in horizontal/cross-sectoral areas.</p> <p>The specific activities, for the development of the Academy are:</p> <ul style="list-style-type: none"> - Collecting and structuring information on training content through analyses, surveys, data aggregation, good practice examples, etc.; - Develop horizontal training modules, based on an assessment of the baseline competencies of the target groups, and provision of lecturers from relevant administrations responsible for key horizontal topics such as: financial instruments, public procurement, reduction of the number and severity of irregularities, including fraud and corruption, audit, coordination of EU funds, aid regimes, etc.; 	<p>2020 CSR 4.2 2023 CSR 2.1 2024 CSR 2.2</p>	<p>MFF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>

	Investment/Reform	Specific recommendations	RRF/MFF	General priorities
	<ul style="list-style-type: none"> - Conducting training and ex post evaluation in a specialised electronic environment at the level of competence. 			
7	<p>Reform C2.R1: <i>A common research and innovation development policy</i></p> <p>The aim of this reform is to contribute to the effective coordination of actions at all stages of research and innovation and to increase innovation in Bulgaria. This will be achieved by creating an environment for research and innovation that provides close links between academia and the business sphere.</p> <p>The reform includes the following elements: 1) entry into force of the Research and Innovation Act and related legislation. 2) The establishment of an Innovation Council as an advisory body to the Ministry of Education and Science and the Ministry of Innovation and Growth, co-chaired by the two ministers. It will advise the Ministry of Education and Science and the Ministry of Innovation and Growth on all research and innovation policy issues.</p>	2019 CSR 3.1	RRF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)
8	<p>Investment C2.I1: <i>Programme to accelerate economic recovery and transformation through research and innovation</i></p> <p>The investment's objective is to enhance Bulgaria's research and innovation performance and the effectiveness of technology transfer and foster information-sharing among research universities in Bulgaria; The investment consists of putting in place an effective research and innovation funding system through the financing of selected projects offered by innovative small and medium-sized enterprises and higher education institutions. The investment shall include the following activities: (1) financing²⁸ of 12 projects by Bulgarian small and medium-sized enterprises awarded the quality label 'Horizon of Excellence under Horizon Europe'; (2) the funding of 3 projects by Bulgarian higher education institutions which have received a high score "above the threshold" (i.e. more than 10 points) by the European Commission but have not received funding from the European budget in the area of Horizon Europe Enlargement and Proliferance; 3) funding the implementation of innovation programmes by ten research higher education institutions in Bulgaria.</p>	2019 CSR 3.1 2022 CSR 1.2 2024 CSR 4.1	RRF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)
9	<p>Investment C2.I2: Enhancing the innovation capacity of the Bulgarian Academy of Sciences²⁹</p>	2019 CSR 3.1	RRF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)

²⁸ The investment is in the process of renegotiation with the Commission under Article 21 of the RRF Regulation.

²⁹ The investment is in the process of renegotiation with the Commission under Article 21 of the RRF Regulation.

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>The investment aims at strengthening the innovation capacity of the Bulgarian Academy of Sciences (BAN) and actively participating in the national research and innovation ecosystem to support and accelerate the country's economic transformation, with a key thematic focus in the twin transition areas. The investment will also finance research projects to increase the innovation capacity of BAN, in particular in environmental and digital technologies.</p> <p>The project envisages the creation of tools for an effective connection between BAN and the business to accelerate the implementation of innovation in the economy and its transformation into a knowledge economy; unleashing the research potential of BAN, by enhancing innovation skills and qualifications in the area of innovations and promoting an interdisciplinary, cross-sectoral and inter-national approach; modernisation of green and digital technology transfer infrastructure; the creation of innovative products and solutions from BAN scientific collections in response to specific business demands related to the green transition; creating sustainable long-term links with business in green and digital technologies through joint doctorates; strengthening the country's participation in R & D competitions launched by European and other institutions; protect BAN's intellectual property in green and digital technologies with a view to facilitating commercialisation of scientific outcomes and deepening the internationalisation of BAN R & D in green technologies. At the same time, the project also aims to consolidate human resources and share the use of scientific infrastructure in BAN by students and teachers from higher education institutions.</p>			
<p>10 Investment programme "Research, Innovation and Digitalisation for Smart Transformation" 2021-2027</p> <p>The main objective of the programme is to improve research and innovation capacity, stimulate cooperation between businesses and the academic sector, develop smart specialisation skills and foster regional specialisation of less developed regions through new technologies and innovation.</p> <p>The programme is structured along two main lines: Priority 1. 'Sustainable development of the Bulgarian research and innovation ecosystem', specific objective: 1.1. Developing and strengthening research and innovation capacities and the deployment of modern technologies;</p> <p>Procedure for granting Grant BG16RFPR002-1.014 'Sustainable development of Centers of Excellence and Centers of Competences, including specific infrastructures or their groupings from a National Roadmap for Scientific Infrastructure (NRSI)';</p>	<p>2019 CSR 3.1 2020 CSR 3.3 2020 CSR 3.4 2020 CSR 4.3 2023 CSR 3.1 2023 CSR 3.2 2023 CSR 3.8 2024 CSR 2.2 2024 CSR 3.6 2024 CSR 4.1</p>	<p>MFF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>Priority 2 "Digital transformation of the public sector", specific objective: 1.2. Reaping the benefits of digitalisation for citizens, companies, research organisations and public authorities.</p>			
<p>11 Investment programme "<i>Competitiveness and Innovation in Business</i>" 2021–2027</p> <p>The objective of the programme is directly aimed at achieving smart and sustainable growth of the Bulgarian economy, as well as the implementation of industrial and digital transformation. The programme supports Bulgarian companies through financial instruments and grants.</p> <p>The programme consists of two priorities, with the measures that most closely contribute to the areas of innovation, digitalisation and sustainable growth are as follows:</p> <p>Specific objective 1.1. Developing and strengthening research and innovation capacities and the deployment of modern technologies: activities related to increased innovation and investment activity of enterprises;</p> <p>Specific objective 1.2. Reaping the benefits of digitalisation for citizens, companies, research organisations and public authorities: increase the level of digitalisation of Bulgarian enterprises and their innovation capacity in Industry 4.0; and Priority 2, Specific Objective 2.6. Fostering the transition to a circular and resource-efficient economy: activities to increase innovation and investment activity in clean technologies, circular and low-carbon economy.</p>	<p>2019 CSR 3.1 2020 CSR 3.2 2020 CSR 1.2 2023 CSR 3.1 2023 CSR 3.2 2024 CSR 4.1</p>	<p>MFF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>
<p>12 Investment C10.I11: <i>Ensuring an adequate information and administrative environment for the implementation of the Recovery and Resilience Plan</i></p> <p>The aim of this investment is to improve information and administrative capacity for the implementation of key projects in the context of performance-based funding, with a focus on Bulgaria's Recovery and Resilience Plan. The implementation of the first three phases and one target was completed in 2022 and was reported under the first RRP payment request. All video guidance has been further updated to fully cover all work processes of the RRP IT system.</p> <p>Training of final recipients to obtain skills to implement the RRP is ongoing.</p>	<p>2023 CSR 2.1</p>	<p>RRF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>
<p>13 Reform C10.R6: <i>Register Reform to unleash the potential of eGovernment to improve the business environment</i></p>	<p>2019 CSR 3.4 2020 CSR 4.3</p>	<p>RRF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>The aim of this reform is to improve the organisation, quality and security of public administration registers, increase the potential of e-government and reduce the administrative burden for citizens.</p> <p>The reform establishes the necessary legal framework for the establishment, maintenance and use of electronic registers through amendments to the following laws: 1) The Electronic Governance Act; 2) The Cadastre and Property Register Act; 3) The Civil Registration Act.</p>			
<p>14 Reform C10.R10: Public Procurement³⁰</p> <p>The aim of this reform is to improve the transparency and increase competition in the public procurement process. Under the reform, an amendment to the Public Procurement Act was published in the State Gazette in 2023 to reduce the number of contracts based on negotiated procedure without prior publication and by only one tender, ensuring regular reporting, enhanced control by the relevant agencies and effective and dissuasive sanctions in case of breaches of the rules. The stages on the Update of the Control and Verification Methodology of the PPA and the introduction of new standard e-procurement forms are being finalized.</p> <p>The reform also aims to significantly reduce the share of negotiated procedures without prior publication, while also ensuring a reduction in the share of contracts by only one tender.</p>	<p>2019 CSR 3.4 2024 CSR 2.3</p>	<p>RRF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>
<p>15 Investment C6. I2: Digitalization of processes from farm to fork</p> <p>The objective of the measure is to facilitate the automated data exchange between the administration and farmers with a view to ensuring a more efficient and uniform flow of data and avoiding the need for maintaining redundant document formats. The investment is aimed at achieving the national targets stemming from the Green Deal and the Farm to Fork Strategy – reducing over-use of pesticides, fertilisers and veterinary medicinal products, sustainable resource management, ensuring food safety throughout the supply chain.</p> <p>The establishment of a single electronic information system in agriculture creates the conditions for a lasting improvement in the effectiveness of the agricultural policy implementation and of the public services provided, to reduce the administrative burden and to optimise the business environment.</p>	<p>2019 CSR 3.4</p>	<p>RRF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>

³⁰ The reform is in the process of renegotiation with the Commission under Article 21 of the RRF Regulation.

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>16 Investment C10.I6: <i>Supporting a pilot phase for the introduction of building information modelling</i></p> <p>The main objective of the investment is to increase the preparedness to introduce building information modelling (BIM) into investment design and construction at national level, as part of the digital reform of the construction sector. This will increase the competitiveness, productivity, sustainable growth and attractiveness of the construction sector in Bulgaria and create the conditions for attracting foreign investment. The objective will be achieved through the implementation of the activities foreseen in the project, with the following deliverables expected: 1. 300 public administration experts trained in BIM basics as well as to work with software that can review, mark and track changes for BIM models. The training will take into account the relevant specificities of the tasks related to the approval and coordination of investment projects. 2. Provide the necessary hardware to review, mark and track changes to BIM models for the 300 trained experts involved in the process of coordination and approval of investment projects. 3. A functioning web-based platform with published online trainings created, that would also include an interactive guide to the national BIM model, design and approval processes for BIM projects, opportunities to download resources such as libraries, templates and forms, and applications to check digital maturity for enterprises in the construction sector. 4. A national BIM model developed, which also includes legislation and manuals for the collection, management and sharing of information, security and access control to information based on EN ISO 19650 and CEN standards. 5. Developed and implemented in universities 2 BIM curricula. 6. A functioning software infrastructure established with the possibility of submitting BIM projects for approval and ensuring access to them is granted to contractors and control bodies during the construction, as well as to owners of the assets.</p>	<p>2019 CSR 3.4 2020 CSR 4.2</p>	<p>RRF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>
<p>17 Investment interventions from the Strategic Plan for Agriculture and Rural Development 2023-2027:</p> <ul style="list-style-type: none"> — Intervention ‘Investments in agricultural holdings’ — Intervention “Investments for the processing of agricultural products” <p>The aim of the two interventions is to increase competitiveness and market orientation, as well as to increase market access for farms and small and medium-sized enterprises processing agricultural production.</p> <p>The interventions provide public support for investments to expand, modernise and technologically upgrade the production, processing and marketing of agricultural products and food.</p>	<p>2020 CSR 3.3</p>	<p>MFF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>

	Investment/Reform	Specific recommendations	RRF/MFF	General priorities
18	<p>Investment support under European Maritime, Fisheries and Aquaculture Fund - Programme for Bulgaria 2021-2027 – the "Productive Investment and Innovation in Aquaculture" strand</p> <p>The investments aim at increasing competitiveness and achieving sustainable growth in aquaculture production. The jobs created and the higher qualifications of employees will support the economic development of the sector and its territories.</p>	<p>2020 CSR 3.3 2020 CSR 3.4 2020 CSR 3.5</p>	MFF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)
19	<p>Investment: Project "ECONOMIC ZONE DOBROSLAVTSI" PLC"</p> <p>In order to attract investors in the automotive sector and those with high added value, a positive trade balance and sustainable economic development, as well as to make the Republic of Bulgaria into a center of attraction for foreign investments, a modern economic space of a new type is envisaged.</p>	<p>2019 CSR 3.1 2019 CSR 3.4</p>	National funding	Social and economic resilience, including the European Pillar of Social Rights (EPSR)

7.3 Strengthening justice, governance and financial integrity

The government's efforts are aimed at completing the reform of the justice system that is conducive to its effectiveness and to ensure a qualitative, independent and efficient justice (2019 CSR 3.4; 2020 CSR 4.2), including through the construction of both the overall digitalisation of Bulgarian justice and the completion of infrastructure and the interconnection of separate electronic registers and the digitalisation of acts in the course of notarial proceedings (2020 CSR 4.1). Legislation is also envisaged to develop a robust secondary market for non-performing loans (2019 CSR 2.3), which is an additional prerequisite for creating a business and investment-friendly environment as it boosts confidence at each stage of the economic cycle. Last but not least, efforts are also being made to improve the process for the development and implementation of national strategy papers by adopting a legislative framework that would pave the way for improving the strategic planning process in the country (2023 CSR 2.2).

Institutions responsible: MoJ, ME, NSI, MF, CoMA, MRDPW, RA

	Investment/Reform	Specific recommendations	RRF/MFF	General priorities
1	<p>Reform C10.R1: Accessible, effective and predictable justice</p> <p>The aim of this reform is to improve the accessibility, efficiency and predictability of the judicial system.</p>	<p>2019 CSR 3.4 2020 CSR 4.2</p>	RRF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>The reform includes annual analyses of the application of the e-Justice rules provided for in the Civil Procedure Code and the Criminal Procedure Code; legislative amendments to the Administrative Procedure Code; enabling electronic submission of documents and remote holding of hearings; legislative measures to extend the scope of free legal assistance and exemption from court fees; and the adoption of a roadmap for the implementation of the judgments of the European Court of Human Rights, which sets out concrete measures, deadlines and responsible institutions.</p>			
<p>2 Investment C10.I1: <i>Strengthening, further developing and building on the Unified Information System of Courts</i></p> <p>The aim of this investment is to increase the digitalisation of the justice system by building on the Single Courts Information System (SCIS), which is a key instrument for the implementation of the reform efforts to introduce e-Justice. The system brings together all electronic cases and ensures their management, including random allocation of cases, reporting court workload and collecting and processing statistical information on court activity. The project provides for the creation of a module in the SCIS for centralised distribution and electronic handling of order for payment cases, as well as a module for the administration of case media; building on existing functionalities and creating new ones in view of regulatory developments; amendments to the internal administrative and management structure of courts, integration with new systems, new electronic services, etc.</p>	2020 CSR 4.2	RRF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)
<p>3 Investment C10.I2: <i>Digitalisation of key litigation processes in administrative justice</i></p> <p>The aim of this investment is to increase digitalisation in administrative courts by modernising the Single Case Management System.</p> <p>The main activities envisaged are: develop and implement an information system for the digitisation of administrative cases and the exchange of information between different administrative courts and between administrative courts and the Supreme Administrative Court, with modules for the implementation of electronic summons to the parties in administrative cases, to hold remote closed court meetings of court panels, to hold remote public hearings. Achieving the main objective of the project will allow for a faster and more transparent administration of justice, and reduce the administrative burden for business.</p>	2020 CSR 4.2	RRF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)
<p>4 Investment C10.I3: <i>Transformation of existing information and communication infrastructure in the Public Prosecutor's Office</i></p>	2020 CSR 4.2	RRF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>The aim of this investment is to increase the digitalisation and security of information exchange within the prosecution by modernising the internal information and communication infrastructure.</p> <p>The investment provides for the upgrading of the Information and Communication Infrastructure of the Bulgarian Public Prosecutor's Office to adequately address its specific needs in the context of COVID-19 and cybersecurity challenges. The specific objectives of the project are to achieve high fault-tolerance, protection and reservations of the internal electronic exchange of documents between units in the Public Prosecutor's Office, the technical implementation of policies for the protection of personal and sensitive data in its electronic datasets and the electronic identification of users of electronic systems in the Prosecutor's Office and the level of direct communication with operational authorities and inspectors within ministries. The project will provide for an automatic electronic exchange of information between the Prosecutor's Office and other anti-corruption authorities in the country, and the data from the relevant databases will be accessible and made available automated via secure electronic channels, without the risk of leakage of information and compromise of systems.</p>			
<p>5 Reform: Strengthening the strategic planning framework</p> <p>The aim of the reform is to improve the development and implementation of national strategic document, enabling sustainable development and accelerating economic growth. Common rules for strategic planning at national level will be regulated in order to overcome differences in specific laws governing types, structure, competent authorities, timing, accountability of the various strategic documents. To achieve the reform objective, a substantial contribution is expected from the implementation of the RRP investment C10.I10.</p> <p>Within a project under the Technical Support Instrument, recommendations have been prepared by the OECD to improve the coordination mechanisms, the allocation of functions and the regulatory framework of the strategic planning process. A draft Strategic Planning Methodology has been developed to introduce uniform methodological requirements for the content, development, monitoring and evaluation of strategic documents. All existing strategic documents have been reviewed with a view to formulating recommendations for their integration by policy area and improving their quality.</p>	<p>2020 CSR 4.2 2023 CSR 2.2</p>	<p>MFF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>
<p>6 Investment C10.I10: Upgraded strategic planning system</p> <p>The investment aims to create prerequisites for improving the strategic planning process in the country and will complement the implementation of the reform</p>	<p>2020 CSR 4.2</p>	<p>RRF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>intentions. To this end, the National Statistical Institute’s Information System “Monitorstat” will be upgraded to an instrument for strategic planning, as well as for monitoring the implementation and accountability of all central government strategic documents. As well as covering all existing strategic documents, the instrument will also monitor their relation with the UN Sustainable Development Goals.</p>			
<p>7 Investment C10.I7: Unified Information System for Spatial Planning, Investment Design and Construction Permitting</p> <p>The purpose of this investment is to reduce the building-related administrative burden for citizens and businesses by creating a platform for the provision of electronic administrative services on the ground and authorisation of construction.</p> <p>The aim is to create a single information system as a platform for the provision of electronic administrative services for spatial planning and authorisation of construction. Activities are also foreseen to prepare the necessary legal changes to enable the system to function effectively. The project will ease the administrative burden on citizens and businesses by significantly shortening technological time for planning services, investment design, authorisation of construction and operationalisation of completed constructions, creating opportunities for complex electronic administrative services.</p>	<p>2020 CSR 4.1 2020 CSR 4.2</p>	<p>RRF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>
<p>8 Reform: Adoption of the Credit servicers and credit purchasers Act (CSCPA).</p> <p>The aim of the reform is to address high levels of non-performing loans by developing a stable secondary market that allows credit institutions to absorb the surplus of NPLs, create better conditions for the cross-border transfer of non-performing credit claims, and ensure high levels of protection of borrowers’ interests. A draft law on credit servicers and credit purchasers will be adopted to implement it, transposing the requirements of Directive (EU) 2021/2167 concerning the conditions and procedures for the authorisation, conduct of business and supervision of NPL servicers acting on behalf of a credit purchaser; requirements for credit purchasers acquiring non-performing credit claims; liabilities of credit institutions operating on the territory of the Republic of Bulgaria in relation to the sale of non-performing loans claims.</p>	<p>2019 CSR 2.3</p>	<p>National funding</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>

7.4 Transport and transport connectivity

Transport investments and reforms aim at increasing the efficiency and competitiveness of the transport sector, improving transport connectivity and accessibility (internal and external), as well as limiting the negative effects of transport sector development. These objectives are intended to be met by improving the quality and extension of rail services, with an increase in the proportion of passengers and freight

transported (2023 CSR 3.4; 2023 CSR 3.7; 2024 CSR 4.5), effective maintenance, modernisation and development of transport infrastructure (2019 CSR 3.2; 2020 CSR 3.6; 2020 CSR 3.7); reducing fuel consumption and increasing transport energy efficiency (2023 CSR 3.1); improving the management of the transport system (2022 CSR 3.4); reducing noise pollution and harmful transport emissions.

Institutions responsible: MTC, MoI, CA, MRDPW

	Investment/Reform	Specific recommendations	RRF/MFF	General priorities
1	<p>Investment: <i>Modernisation of rail infrastructure:</i></p> <p>In order to improve reliability and intermodality, to create better conditions for the efficient use and combination of modes of transport in urban contexts, and to increase the capacity of rail transport, the following projects will be implemented:</p> <ul style="list-style-type: none"> - The scope of the Transport Connectivity Programme (TCP) covers the three phases of the railway projects Elin Pelin – Kostenets, Plovdiv – Burgas and Volujak – Dragoman: Through the overall modernisation of the Sofia-Plovdiv railway line (of which Elin Pelin – Kostenets is part), in addition to the modernisation of the Plovdiv-Burgas railway line, a speedy route will be ensured, with improved reliability and increased capacity in the section between the capital and the Black Sea. Also funding from the TCP will create a railway connection from Gyueshevo to the Republic of North Macedonia; - Railway connections to Plovdiv airport and Burgas airport: These investments, in addition to investments under priority 1 of the TCP, aim to improve intermodality and create better conditions for the efficient use and combination of modes of transport in urban contexts. Urban areas are particularly exposed to the negative effects of current mobility and transport patterns as well as sustainable dependence on private cars driven by fossil fuels, such as poor air quality, noise, road accidents, congestion and greenhouse gas emissions; - Restoration of the Ruse-Varna railway parameters; - The TCP also includes modernisation (double and electrification) of sections of the Karnobat-Sindel railway. The project has a horizontal priority and is a project of common interest in line with Article 7 of Regulation 1679/2024. 	<p>2019 CSR 3.2 2020 CSR 3.6</p>	<p>MFF National funding</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>
2	<p>Investment C8.I1 <i>Railway rolling stock</i> ³¹</p> <p>The investment aims at improving the competitiveness of rail transport and a significant transfer of passengers from road to rail.</p>	<p>2019 CSR 3.2 2020 CSR 3.6 2020 CSR 3.7</p>	<p>RRF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>

³¹ The investment is in the process of renegotiation with the Commission under Article 21 of the RRF Regulation.

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>The investment will contribute to a reform of rail passenger services in suburban and interregional strands, through the purchase of new rolling stock. With the successful implementation of the investment, the quality of rail services is planned to improve (increase the level of service to passengers, create opportunities to improve mobility of the population, reduce travelling time by rail), while aiming at reducing transport's carbon footprint on the environment (promoting the shift of travel from individual transport to public electric rail transport, digitalisation and reducing emissions when carrying out the railway magnetic activities in landfills).</p>	<p>2023 CSR 3.7 2024 CSR 4.5</p>		
<p>3 Investment: <i>Construction and modernisation of roads and motorways</i></p> <p>The investment shall aim at ensuring better connectivity of the transport network and improving links with neighbouring countries, ensuring consistency and continuity of transport flows.</p> <ul style="list-style-type: none"> - Construction of the Hemus Motorway; - Completion of the Struma Motorway. The project is part of the TCP and is essential for the development of road infrastructure along the Orient/East-Mediterranean Corridor, the investments under which started already in the 2007-2013 programming period and continued in 2014-2020. Over construction, reconstruction and rehabilitation of road connections to the Trans-European Transport Network and important economic centers (transport infrastructure entities, industrial areas, etc.) will increase investment efficiency and ensure consistency and continuity of transport flows; - Building the Ruse – Veliko Tarnovo Motorway. Part of the project will be financed by funds from the TCP. The project aims to ensure better connectivity of the transport network and improve links with neighbouring countries, ensuring a link with the Hemus motorway and Danube I bridge in Ruse (cross-border link with Romania); - Modernisation of Path I-1 (E79) Vidin – Botevgrad. 	<p>2024 CSR 4.5</p>	<p>MFF National funding</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>
<p>4 Investment: <i>Improving infrastructure and the normal operation of border crossing points (BCPs):</i></p> <p>Investments in improving infrastructure and the functioning of BCPs aim at increasing the capacity of border points and facilitating traffic, reducing costs and administrative burdens for business and improving the efficiency of administrations, as well as modernising the implementation of risk analysis in customs control activities.</p>	<p>2019 CSR 3.2 2023 CSR 3.4</p>	<p>National funding Financial support instrument for customs control equipment</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<ul style="list-style-type: none"> - Overall reconstruction and modernisation of the Stanke Lisichkovo BCP: The investment aims at increasing the capacity of BCPs in view of increasing traffic volumes; collecting in one line the customs control of goods customs clearance operations, mass measurement processes of road vehicles, authorisation procedure, vinette control, which will improve risk analysis and selection for further rental and physical checks; and reducing the distance between entry and exit routes, which will improve coordination between teams and make it easier for the shift manager to manage the processes. - Overall refurbishment and modernisation of the BCPs "Zlatarevo": The investment project aims at increasing the capacity of points, expanding routes, easing traffic, aligning the building stock. - Reconstruction of the Kapitan Andreevo BCP: The investment project aims at reducing the workload of the customs point, increasing vehicle lanes for freight cars of 'exit' and for DG Border Police verification of 'entry', building sites to perform 100% tenures and disinfection, improving the organisation of existing travel car lanes. It is necessary to set up new premises for the storage of detained goods, the construction of archival premises for the storage of documents. - Reconstruction of the Lesovo BCP: The investment aims at increasing the capacity of points by changing the location of the border services of existing freight car strips, freight traffic routes, doubling disinfection routes, increasing vehicle lanes, building new colds and customs and passport inspection facilities. - Equipment with specialised equipment and facilities at customs posts and customs laboratories: The investment aims to effectively fulfil the agency's assigned tasks with regard to improved revenue collection, control and fight against smuggling and drug trafficking. 		<p>Customs Control Equipment Instrument (CCEI)</p> <p>MFF</p>	
<p>5 <i>Investment under the INFREG Programme VI-A IPA Bulgaria-North Macedonia</i></p> <p>The investment aims at improving the connectivity of the cross-border region (communication links, extended access to core TEN-T) between the Republic of Bulgaria and the Republic of North Macedonia, by increasing the overall capacity of the border infrastructure for tourism development, cultural connections, small and medium-sized businesses.</p> <p>The construction of a new BCP Bervo ('Calpalo') between Bulgaria and North Macedonia, with key characteristics 'bilateral point, 24/7, to switch passenger cars and light weight vehicles up to 3.5 tones', provides: Building leading to the new BCP engineering infrastructure – electricity, fibre cable, water network; Building all</p>	<p>2019 CSR 3.2 2022 CSR 3.4 2023 CSR 3.4</p>	<p>National funding</p> <p>INTERREG programme</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>infrastructure from buildings and facilities and technology equipment on the territory of the BCP.</p> <p>The construction and technological equipment of the new BCP will be in line with the Schengen acquis and all legal and technical requirements applicable to border crossing points and external border management to the extent applicable to Bulgaria.</p>			
<p>6 <i>Investment: Construction, reconstruction and overhaul of technical and social infrastructure of municipalities:</i></p> <p>The implementation of the measure to finance municipal projects included in the Investment Programme for Municipal Projects aims to contribute to improving the infrastructure development of the regions and improving the public works environment in settlement places. The investment shall aim at the realisation of priority infrastructure projects of local communities by providing financial support for the design, construction, major renovation and reconstruction of:</p> <ul style="list-style-type: none"> - New and existing streets and sidewalks and facilities and accessories to them; - New and existing municipal roads and facilities and accessories thereto; - water supply and sewerage systems and facilities representing public municipal ownership; - buildings, public municipal property, where public services are provided, including those in which cultural activities are carried out, with the exception of sites representing immovable cultural values; - municipal sport infrastructure sites; and - public works and activities in local areas, including playgrounds, sidewalks and cycling areas, public car parks, green spaces for extensive public use and cemetery parks. 	<p>2019 CSR 3.2 2023 CSR 3.7</p>	<p>National funding</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>
<p>7 <i>Investment: Road infrastructure, functional links and road safety (Regional Development Programme 2021–2027)</i></p> <p>The envisaged implementing measures aim at:</p> <ul style="list-style-type: none"> - improving connectivity between territories through investments in I, II and III class roads of the Republic’s road network outside the TEN-T network throughout the country; - improving connectivity between territories and creating functional links by investing in local municipal roads in the territory of urban municipalities (based on a bottom-up approach, with a solid justification and proven need to achieve the objectives of social inclusion and economic development); 	<p>2019 CSR 3.2 2023 CSR 3.7</p>	<p>MFF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<ul style="list-style-type: none"> - the separation of lanes for bicycle transport, where appropriate; - reducing greenhouse gas emissions through measures to digitalise transport on the road network; - implementation of all types of road safety measures, ITS, prevention and awareness raising, etc. - infrastructure development for alternative fuels on newly built or upgraded roads. 			
<p>8 Reform C8.R3: Sustainable urban mobility</p> <p>The aim of the reform is to promote sustainable urban mobility through the use of sustainable urban mobility plans integrated in the NUTS 2 territorial development strategies and the municipal development plans, as well as an assessment of their implementation. As a result of the reform, 20 municipalities need to have approved plans for sustainable urban mobility and receive support through the purchase of clean, zero-emission public urban transport vehicles and the installation of charging infrastructure.</p>	2019 CSR 3.2 2023 CSR 3.7 2024 CSR 4.5	RRF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)
<p>9 Investment C8.I7: Green mobility – a pilot scheme to support sustainable urban mobility³²</p> <p>The objective of the investment is to contribute to the full deployment of conceptual policies to support urban growth and their sustainability by implementing integrated sustainable urban mobility measures. The pilot scheme aims to encourage partnerships to implement measures implementing sustainable urban mobility plans, thus facilitating the preparation and implementation of similar projects to be financed from the Regional Development Programme 2021–2027 (RDP). The expected outcomes include: 68 vehicles for zero-emission public transport (urban and interurban), 27 electric recharging stations for public transport vehicles, development of intelligent transport systems in 10 municipalities and integrated digital solutions to improve the efficiency and effectiveness of public transport, as well as infrastructure for safe urban mobility targeting vulnerable road users – pedestrians and cyclists.</p>	2020 CSR 3.7 2023 CSR 3.7 2024 CSR 4.5	RRF	A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119
<p>10 Investment: Sustainable mobility, including urban mobility (Regional Development Programme 2021–2027)</p>	2019 CSR 3.2 2023 CSR 3.7 2024 CSR 4.5	MFF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)

³² The investment is in the process of renegotiation with the Commission under Article 21 of the RRF Regulation.

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>Investment in sustainable mobility under the RDP aims to promote balanced territorial development by improving transport connectivity and accessibility, modernising and enhancing the quality of public transport and reducing the negative effects of road transport in cities. Eligible measures shall include all types of investment in infrastructure and equipment, including: development of Sustainable Urban Mobility Plans (SUMP), introduction of intelligent transport systems, etc. measures for the digitalisation of transport, replacement of the rolling stock of public transport by clean vehicles, bicycle and pedestrian network, transport infrastructure, including streets and facilities in connection with the development of an integrated public transport system, bicycle and pedestrian network, measures to improve transport accessibility and safety, improvement of connections between urban, interurban bus, rail, air, inland waterway and maritime transport, as part of the realisation of intermodal transport, etc.</p>			
<p>11 <i>Reform C8.R1: The strategic framework of the transport sector</i></p> <p>The reform aims at increasing transport sustainability by updating the national strategic framework in line with the National Development Programme BULGARIA 2030 and setting specific targets for its implementation.</p> <p>This reform includes the following sub-measures as main areas of intervention:</p> <ul style="list-style-type: none"> - Combined transport: a for the development of Combined Transport in the Republic of Bulgaria until 2030 needs to be developed, with the main objective of implementing a policy to stimulate and support the transfer of cargo to greener modes of transport. - The aim of the reform is to achieve higher quality, wider coverage and use of passenger rail services. <p>The reform should include a review of the existing public service contracts (PSCs) for the provision of rail passenger services, including a market assessment defining the scope of public service obligations and the award of public service contracts expiring between 2021 and the second quarter of 2026.</p> <p>The reform must also lead to greater technical capacity to prepare and implement TEN-T rail network projects.</p>	<p>2019 CSR 3.2 2023 CSR 3.7 2024 CSR 4.5</p>	<p>RRF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>
<p>12 <i>Reform C8.R4: Integrated public transport</i></p>	<p>2019 CSR 3.2 2023 CSR 3.7 2024 CSR 4.5</p>	<p>RRF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>The aim of the reform is to contribute to better integration of public transport and thus to increase the quality, connectivity, reliability and efficiency of the transport service provided.</p> <p>The reform includes the analysis of public transport system as well as the review of the existing regulatory framework. On the basis of the results, a new Public Transport Act has to be adopted to establish a clear legal framework defining public transport and the responsibilities and obligations of the entities carrying it out. A legal framework should also be established for the introduction of a single transport ticketing system by the first quarter of 2026 at the latest and a single integrated transport scheme aimed at improving the efficiency of public transport in Bulgaria.</p>			
<p>13 <i>Investment: Transport connectivity programme 2021–2027</i></p> <p>The aim of the programme is to build a stable, climate-resilient, smart, secure and intermodal trans-European transport network by: the construction of railways and roads in the core and comprehensive network, which are part of the trans-European transport network, including across cross-border sections; deployment of intelligent transport systems; improving the conditions for Danube Navigation; development of multimodal transport; reducing the current negative externalities of transport; taking safety measures; building sustainable multimodal urban transport systems and supporting sustainable and accessible urban and suburban transport.</p>	2023 CSR 3.1	MFF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)
<p>14 <i>Investment C8.I6: Line 3 of Sofia metro</i></p> <p>The investment concerns the construction of a section of line 3 of the metro in Sofia with a total length of 3 km and with 3 metro stations, which will provide a clean, fast and effective public service for the transport of passengers with intermodal connections. This aims to reduce greenhouse gases and air pollution in the city, the number of cars on the road in the city and improve public transport for the city's inhabitants.</p>	2024 CSR 4.5	RRF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)

7.5 Energy

Investments and reforms in the field of Energy aim at promoting market principles in the energy sector, ensuring energy independence by differentiating supply and improving connections with neighbouring countries (2022 CSR 3.3; 2023 CSR 3.4), towards a sustainable energy development of the country by stimulating the production and storage of renewable energy sources (2020 CSR 3.1; 2020 CSR 3.4; 2022 CSR 3.1; 2022 CSR 3.2; 2023 CSR 3.1; 2023 CSR 3.2; 2024 CSR 4.1; 2024 CSR 4.2) towards an efficient use of energy resources by improving

energy efficiency (2020 CSR 3.5; 2022 CSR 3.4; 2023 CSR 3.5) and to meet society’s electricity and heat needs (2022 CSR 3.4; 2023 CSR 3.6). The aim is to continue to decarbonise the energy sector effectively while ensuring the country’s energy security, by implementing the envisaged reforms and investments to promote the development of nuclear energy, in line with modern reliability, safety and economy requirements (2020 CSR 3.8), as well as to improve energy infrastructure (2019 CSR 3.3; 2020 CSR 3.3; 2020 CSR 3.4; 2020 CSR 3.6; 2020 CSR 3.7; 2022 CSR 1.2; 2023 CSR 3.3; 2024 CSR 4.3).

Institutions responsible: ME, MRDPW, MTC, MOEW, CoMA, MIG, MEI

	Investment/Reform	Specific recommendations	RRF/MFF	General priorities
1	<p>Reform C4.R6: Stimulating renewable electricity generation</p> <p>The aim of this reform is to reduce the administrative burden for investments in renewable sources in terms of installation, connection and exploitation.</p> <p>Amendments to relevant laws and/or regulations must: (I) simplify licensing and authorisation procedures for renewable energy sources; (II) allow for preferred areas in which ground wind parks will comply with environmental legislation; (III) simplify the procedure for RES installations for own use to 1 MW by excluding from the procedure technical approval by the distribution system operator and phasing out the obligation to declare excise duty for own production.</p> <p>In addition, amendments to the relevant laws and/or regulations remove barriers, introduce a specific regulatory and supporting framework for the construction, connection and operation of electricity storage facilities.</p>	<p>2019 CSR 3.3 2020 CSR 3.3 2020 CSR 3.5 2020 CSR 3.8 2022 CSR 3.3 2023 CSR 3.1 2023 CSR 3.2 2024 CSR 4.1 2024 CSR 4.2</p>	RRF	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p> <p>Energy security</p>
2	<p>Reform C4.R8: Liberalisation of the electricity market</p> <p>The aim of the reform is to complete the liberalisation of the electricity markets, including wholesale and retail markets. The reform includes three elements that are implemented through amendments to the Energy Act and to regulations.</p> <p>The first element aims at liberalising the wholesale electricity market by 2022, putting an end to the role of a public supplier of the National Electricity Company EAD (NEC) and removing quotas for the regulated market, as well as banning long-term power purchase contracts, with the exception of renewable electricity contracts or concluded on the energy exchange market. The second element must improve the balancing electricity market. The third element liberalises the retail electricity market, ensuring a gradual full deregulation of retail prices for households, alongside the full possibility of switching supplier. The phasing out of regulated prices for household customers shall take place in two successive stages 2023 and 2025, respectively, covering a significant share of the household market.</p>	<p>2019 CSR 3.3 2020 CSR 3.5 2020 CSR 3.4 2023 CSR 3.1 2023 CSR 3.2 2024 CSR 4.1 2024 CSR 4.2</p>	RRF	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p> <p>Energy security</p>

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>The legislative amendments to reform electricity markets were adopted by the Act amending and supplementing the Energy Act (EA), published. SG No 96 of 17.11.2023. With amendments and supplements in SG No 39 of 1.5.2024, in force as of 1.5.2024 the Act defers the proposed changes by one year from 1 July 2024 to 1 July 2025 and shortens the transitional period for household consumers within which they may receive compensation by one year.</p>			
<p>3 Reform C4.R7: <i>Unlocking the potential of hydrogen technologies and hydrogen production and supply</i></p> <p>The aim of this reform is to remove the main obstacles identified in the roadmap for the development of hydrogen technology and to implement the measures necessary for the development of the whole hydrogen value chain.</p>	<p>2019 CSR 3.1 2020 CSR 3.5 2020 CSR 3.8 2022 CSR 3.2 2023 CSR 3.1 2023 CSR 3.2 2024 CSR 4.1</p>	<p>RRF</p>	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p> <p>Energy security</p>
<p>4 Investment C4.I6: <i>Support for new capacities for electricity generation from renewable sources and electricity storage</i></p> <p>The aim of the investment is to contribute to Bulgaria’s objective of increasing the share of clean energy in its energy mix to achieve climate neutrality by supporting the installation of new renewable electricity generation capacity together with electricity storage through a technology-neutral competitive bidding process between different technologies.</p> <p>The investment shall consist of a grant for the construction of the selected installations, to install and operate at least 1 425 MW capacity for renewable electricity generation, in conjunction with at least 350 MW energy storage systems.</p>	<p>2019 CSR 3.3 2020 CSR 3.5 2020 CSR 3.8 2022 CSR 3.1 2022 CSR 3.2 2023 CSR 3.1 2023 CSR 3.2 2024 CSR 4.1 2024 CSR 4.2</p>	<p>RRF</p>	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p> <p>Energy security</p>
<p>5 Reform C4.R1: <i>Establishment of a National Fund for Decarbonisation</i></p> <p>The reform aims at establishing the National Decarbonisation Fund and its sub-funds. The measure consists of assessing the national regulatory framework for energy efficiency by an independent expert group to: (I) identifying barriers to energy efficiency investments and providing recommendations for changes to the national regulatory framework; (II) identifying options for the structure of the National Decarbonisation Fund, in particular with regard to governance and operational rules; and (iii) identifying potential sources for the capitalisation of the National Decarbonisation Fund, including for technical assistance and mechanisms for the use of the capital of the National Decarbonisation Fund for the transformation from grants to financial instruments.</p>	<p>2019 CSR 3.3 2023 CSR 3.5</p>	<p>RRF</p>	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p> <p>Energy security</p>

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>6 Reform C4.R5: One-stop shop for renewal</p> <p>The aim of the reform is to reduce the administrative burden associated with the renewal process by assisting citizens and businesses with information, technical assistance and advice on regulatory, technical and financial issues related to their energy efficiency improvement projects. The measure consists of an initial piloting and subsequent deployment of Operational Single Windows in all NUTS-3 regions in the country. The one-stop shop shall include all the necessary information and services necessary for energy renewal.</p>	<p>2019 CSR 3.3 2020 CSR 3.5 2022 CSR 3.4 2023 CSR 3.5</p>	<p>RRF</p>	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p> <p>Energy security</p>
<p>7 Investment C4.I1: Support for the renovation of building stock³³</p> <p>The objective of the measure is to improve the energy efficiency of the building stock by reducing primary energy consumption on average by at least 30%.</p> <p>The measure consists of investments for the renovation of buildings divided into three sub-measures: (I) energy-efficient renovation of residential buildings; (II) energy-efficient renovation of non-residential buildings, including public buildings, and (iii) energy-efficient renovation of non-residential buildings in manufacturing, trade and services as well as of buildings in the tourism sector.</p>	<p>2019 CSR 3.3 2020 CSR 3.5 2022 CSR 3.4 2023 CSR 3.5</p>	<p>RRF</p>	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p> <p>Energy security</p>
<p>8 Investment C4.I2: Support for renewable energy for households³⁴</p> <p>The objective of the measure is to increase the use of renewable energy in the final energy consumption of the household sector by financing the purchase of new best solar hot-water systems and photovoltaic systems.</p> <p>The measure consists of financing two types of measures for the use of renewable energy by households: (I) installation of solar heating systems and (ii) installation of photovoltaic systems up to 10 kWp, including storage of electricity.</p>	<p>2019 CSR 3.3 2020 CSR 3.5 2022 CSR 3.1 2022 CSR 3.2 2022 CSR 3.4 2023 CSR 3.2 2024 CSR 4.1</p>	<p>RRF</p>	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p> <p>Energy security</p>
<p>9 Investment C4.I3: Support for energy-efficient street lighting systems³⁵</p> <p>The objective of the measure is to increase energy efficiency, reduce energy costs for external artificial lighting and improve living conditions of the population in the country through technological renewal and modernisation of external artificial lighting systems. The measure consists of refurbishing and modernising municipal external</p>	<p>2019 CSR 3.3 2022 CSR 3.4</p>	<p>RRF</p>	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p> <p>Energy security</p>

³³ The investment is in the process of renegotiation with the Commission under Article 21 of the RRF Regulation.

³⁴ The investment is in the process of renegotiation with the Commission under Article 21 of the RRF Regulation.

³⁵ The investment is in the process of renegotiation with the Commission under Article 21 of the RRF Regulation.

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
lighting systems. The investment aims to achieve an average of at least 30% reduction in primary energy consumption when compared before and after the implementation of the measure.			
<p>10 Investment C4.I8: <i>National infrastructure for storage of electricity from RES (RESTORE)</i>³⁶</p> <p>The objective of the investment is to allow for a significant increase in the share of renewable energy (return and solar) in the energy mix and to ensure the security, stability and readiness of the Bulgarian electricity system. It will also contribute to the construction of smart grids, ensuring a high level of balancing and network congestion management, which is necessary to integrate electricity generated from renewable energy sources.</p>	<p>2019 CSR 3.3 2020 CSR 3.5 2020 CSR 3.1 2023 CSR 3.1 2023 CSR 3.2 2024 CSR 4.1 2024 CSR 4.2</p>	RRF	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p> <p>Energy security</p>
<p>11 Investments under the Competitiveness and Innovation Programme for Enterprises 2021–2027</p> <p>The aim of the projects implemented under the Competitiveness and Innovation Programme for Enterprises 2021–2027 (CIP) is to reduce the energy resources used and to support the processes of introducing circular models in enterprises, which is directly aimed at achieving smart and sustainable growth of the Bulgarian economy, as well as the implementation of industrial and digital transformation.</p> <p>The programme supports Bulgarian companies through financial instruments and grants. The CIP is composed of two priorities, with interventions directly contributing to energy efficiency investments and reforms, stimulating the production and storage of renewable energy sources most directly contribute interventions to the following specific objectives:</p> <p>Priority 2, specific objective 2.1. Promoting energy efficiency and reducing greenhouse gas emissions and specific objective 2.6. Fostering the transition to a circular and resource-efficient economy: measures aimed at improving energy efficiency and introducing circular models in enterprises through the use of grant and financial instruments.</p>	<p>2019 CSR 3.3 2022 CSR 3.2 2022 CSR 3.4 2023 CSR 3.5</p>	MFF	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p> <p>Energy security</p>
<p>12 Investment: <i>Building phase 2 of a National Repository for low and medium-active radioactive waste</i></p>	<p>2019 CSR 3.3 2020 CSR 3.6</p>	National funding	<p>A fair green transition, including the objective of climate neutrality</p>

³⁶ The investment is in the process of renegotiation with the Commission under Article 21 of the RRF Regulation.

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>The aim is to ensure safe isolation from the environment and human biosphere of radioactive waste (RAW) from the operational and planned development units of Kozloduy Nuclear Power Plant, RAW from the Permanent Repository for Radioactive Waste (PRRAW)-Novi Han, the remaining RAW from decommissioning units 1-4, which has an economic impact on Kozloduy nuclear power plant and the country, and social for the population and ecological for the environment.</p>		Kozloduy International Fund	<p>by 2050 set out in regulation (EU) 2021/1119</p> <p>Energy security</p>
<p>13 Reform C4.R3: <i>Definition of 'energy poverty' and criteria for identifying households in energy poverty and vulnerable consumers</i></p> <p>The aim of this reform is to contribute to tackling energy poverty and protecting vulnerable consumers by introducing in the Energy Act and regulations a definition of "energy poverty" and criteria for identifying households in energy poverty and vulnerable consumers. The reform addresses the Commission's recommendation to regulate the phenomenon of energy poverty as well as the use of the definition for priority treatment of households covered by the definition of energy efficiency measures and projects.</p>	2024 CSR 4.4	RRF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)
<p>14 Investment: <i>Energy efficiency and sustainable renovation of residential and public buildings, including student and university dormitories (Regional Development Programme 2021–2027)</i></p> <p>The investments aim to promote sustainable growth and better quality of life in the regions, through efficient use of energy resources, improving energy efficiency and reducing carbon emissions from heating buildings. Awareness-raising campaigns and all types of EE measures in buildings will be supported in the territory of urban municipalities in the country, including constructive (and seismic) strengthening, heating and air conditioning systems, integrated renewable energy installations on the ground, electric vehicle recharging equipment, digitalisation of buildings, green infrastructure, etc.</p>	<p>2019 CSR 3.3</p> <p>2020 CSR 3.5</p> <p>2022 CSR 3.4</p> <p>2023 CSR 3.5</p> <p>2024 CSR 4.1</p>	MFF	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p> <p>Energy security</p>
<p>15 Investment: <i>Just transition (Regional Development Programme 2021–2027)</i></p> <p>The main objective is to support the most affected regions in adapting to a low-carbon economy by providing opportunities for sustainable economic transformation and social stability. It also supports the process of decarbonising the energy sector and contributes to sustainable energy development through efficient use of energy resources, improving energy efficiency and stimulating renewable energy production and storage. Based on the Territorial Just Transition Plans for Pernik, Küstakil and Stara Zagora, measures and investments related to recultivation of coal careers will be supported; supporting hydrogen value chain capacity creation; creation of clean technology industrial parks (zero emissions); supporting the utilization of green</p>	<p>2019 CSR 3.3</p> <p>2020 CSR 3.4</p> <p>2022 CSR 3.1</p> <p>2022 CSR 3.2</p> <p>2022 CSR 3.4</p> <p>2022 CSR 3.5</p> <p>2023 CSR 3.1</p> <p>2023 CSR 3.2</p> <p>2023 CSR 3.3</p> <p>2023 CSR 3.5</p>	MFF	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p> <p>Energy security</p>

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
hydrogen; supporting the production and distribution of biomethane and wind energy; supporting SMEs to produce renewable energy facilities, research, design and installation of photovoltaic panels, biogas installations (biomethane); photovoltaic parks and the production and use of green hydrogen, including energy storage; support the use of geothermal energy for commercial and heating purposes; support for energy efficiency and RES measures, with a focus on energy poverty.	2023 CSR 3.6 2024 CSR 4.1 2024 CSR 4.2 2024 CSR 4.3 2024 CSR 4.4		
<p>16 Investment <i>Building of the vertical gas corridor (North-South)</i></p> <p>The aim is to ensure connectivity of the South East European countries with other EU Member States and achieve diversification of energy sources and routes and ensure security of supply for the country and region.</p>	2023 CSR 3.4 2024 CSR 4.3	State guarantee	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p> <p>Energy security</p>
<p>17 Investment <i>Increasing the capital of BEH EAD</i></p> <p>An increase of the capital of BEH EAD with the aim of increasing the capital of mini Marica East EAD by BGN 1 000 000 000/in the period 2025–2028 by BGN 250 000 000 per year/- Decision of the National Assembly (published in SG No 38, dated 30.4.2024) to provide funds to mini Marica-Easterland – EAD for a four-year period (2024 – 2028) in order to provide technical recreation of the disrupted deposit terrain to the “Eastern Marica coal basin”</p>	2020 CSR 3.4 2020 CSR 3.6 2020 CSR 3.8	National funding	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p> <p>Energy security</p>
<p>18 Investment <i>New nuclear capacity on the site of Kozloduy nuclear power plant</i></p> <p>The investment is a strategic objective for our country, as nuclear power plants provide a baseline that ensures the reliable supply of non-emission electricity and plays an important role in achieving a high level of energy security. As a matter of priority, building new nuclear capacities on the site of Kozloduy nuclear power plant of 2 400 MW. (realisation of Block 7 and Block 8 on the Kozloduy NPP site through AR1000 technology – adaptation of the Westinghaus project).</p>	2020 CSR 3.8 2022 CSR 1.2 2022 CSR 3.1 2023 CSR 3.1 2024 CSR 4.1	State guarantee	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p> <p>Energy security</p>
<p>19 Investment <i>Increase the operational potential of the Capest PART</i></p> <p>The objective of the investment is to ensure the balance and flexibility of the system, to strengthen Bulgaria’s exporting position and to ensure cross-border flexibility of the system. The project will also facilitate the further development of renewable electricity production and their integration into the national energy system, given the volatility of such energy sources. Increasing the operational potential of the Capest PART through the construction of the Yadenica dams, which will make it possible to optimise the generation structure.</p>	2020 CSR 3.4 2020 CSR 3.6 2020 CSR 3.8 2022 CSR 1.2 2022 CSR 3.1 2022 CSR 3.2 2023 CSR 3.1 2023 CSR 3.2 2024 CSR 4.1	State guarantee	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p> <p>Energy security</p>

	Investment/Reform	Specific recommendations	RRF/MFF	General priorities
20	<p>Batak and Dospat hydropower investment</p> <p>The implementation of this project under the Connecting Europe Facility will achieve the objective of providing a long-term sustainable energy solution and improving the possibilities of balancing the energy system allowing flexible 24-hour and weekly management, rapid replacement of emergency capacity and additional balancing services. The investment is for the construction of Batak and Dospat pump-accumulating hydropower plants, in the case of already built "Batak waterway cascade", each of which will add to the system around 800 MW a new installed capacity in the generator and pump mode of storage by connecting and using as an upper reserve of Golam Beglik and "Shiroka polyana" and as a lower reserve dam "Batak".</p>	<p>2020 CSR 3.4 2020 CSR 3.6 2020 CSR 3.8 2022 CSR 1.2 2022 CSR 3.1 2022 CSR 3.2 2023 CSR 3.1 2023 CSR 3.2 2024 CSR 4.1</p>	<p>MFF Connecting Europe Facility</p>	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p> <p>Energy security</p>
21	<p>Investment Expansion of underground gas storage facility Chiren (UGSF Chiren)</p> <p>The CRI 6.20.2 Extension project envisages a step-by-step increase in the capacity of the only gas storage facility within the territory of Bulgaria, with a view to achieving higher volumes of storage of gas, including increased pressure in gas reserves, as well as higher average day-to-day debits for extraction and disposal.</p> <p>The project aims:</p> <ul style="list-style-type: none"> - increase in the volumes of active gas to 1 billion m³ (now 550 million m²); - increase in the daily production capacity to 10 million m³/d and loading to 8 million m³/d (the maximum daily production capacity is now 3.82 m² and the maximum daily absorption capacity is 3.2 million m²). - These objectives will be achieved through the construction of new above-ground facilities, 10 new high-productive operational wells and 3 new surveillance wells, as well as the necessary connecting infrastructure. <p><i>The project of common interest is in the process of being implemented.</i></p> <p><i>In 2022, the project for the extension of UGSF Chiren was approved for Connecting Europe Facility (CEF) funding. The construction works to expand the capacity of the Chiren underground gas storage site are carried out in three separate sub-projects: an above-ground part, a well-running fund and a new pledging pipeline.</i></p> <p><i>The contract for the construction of above-ground facilities was signed in January 2023, the construction works were launched in July 2023. Construction ended in December 2024, it is expected that above-ground installations will be put into operation by the end of March 2025.</i></p> <p><i>The gas pipeline linking UGSF Chiren with the existing gas network of Bulgartransgaz EAD in the area of Bhutan village, was built and put into operation on 22 November</i></p>	<p>2023 CSR 3.2 2024 CSR 4.2</p>	<p>State guarantee Connecting Europe Facility</p>	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p> <p>Energy security</p>

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>2024. The handling of the new infrastructure is located on the territory of the municipalities of Vraza, Krivodol, Borovan, Mizia, Kozloduy and Hairedin, Vratsa region and has a length of 41.5 km.</p> <p>A planning and well building contract was signed with a selected contractor in April 2023. In 2024 the contract was terminated. As of January 2025 Bulgartransgaz EAD is preparing the documentation for launching a new public contract for the selection of a well fund contractor.</p>			
<p>22 Investments under the Connecting Europe Facility, included in the list of projects of common interest (PCI) and projects of mutual interest, pursuant to the revised Regulation (EU) 2022/869 of the European Parliament and of the Council on guidelines for trans-European energy infrastructure adopted by the EC on 25/11/2023:</p> <ul style="list-style-type: none"> - Project 10.3.2 Internal hydrogen infrastructure in Bulgaria towards the border with Greece <p>The objective of the investment is the realisation of the south-eastern priority corridor, which will provide a route for the transmission of green hydrogen from south-east to central Europe, from both domestic production and imports. In addition, the construction of hydrogen transmission infrastructure in Bulgaria will have a catalytic effect for the accomplishment of large-scale investments, including in relation to projects set out in the National Roadmap to improve the conditions for unlocking hydrogen technology development potential and hydrogen production and supply mechanisms. The planned H2 infrastructure is expected to contribute to sustainable economic growth, the decarbonisation of the economy and energy, employment and industrial competitiveness in Bulgaria and the region.</p> <p>This is the first hydrogen project for Bulgaria, which is key to the accomplishment of the concept of transport of clean hydrogen, with Bulgartransgaz EAD as organiser, with domestic hydrogen infrastructure targeting the border with Greece. A similar project in Greece included in the same group is also targeted at the Bulgarian border.</p> <p>The planned infrastructure consists of a new pipeline with a length of about 250 km and two compression stations in the Dupnitsa and Kulata area. The creation of a hydrogen point of interconnection with the network of the Greek DESFA gas operator in the Kulata/Sidirokastor area is envisaged. The new infrastructure will allow a two-way transmission of both hydrogen produced in the country and hydrogen from Greece.</p> <p>The project represents the first phase of the implementation of the concept of the development of new clean hydrogen transmission infrastructure on the territory of the Republic of Bulgaria, including within the country and connectivity with neighbouring</p>	<p>2019 CSR 3.1 2019 CSR 3.3 2020 CSR 3.2 2020 CSR 3.3 2020 CSR 3.4 2020 CSR 3.7 2022 CSR 1.2 2022 CSR 3.1 2022 CSR 3.2 2023 CSR 3.1 2023 CSR 3.2 2023 CSR 3.3 2023 CSR 3.4 2024 CSR 3.6 2024 CSR 4.1 2024 CSR 4.2 2024 CSR 4.3</p>	<p>MFF</p>	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p> <p>Energy security</p>

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>countries. As a next step, it is envisaged to continue expanding both within Bulgaria and cross-border interconnection points with neighbouring countries. The project represents an important milestone in the development of H2 network in the region. The planned infrastructure is intended to stimulate the process of large-scale deployment of hydrogen in both Bulgaria and South East Europe.;</p> <ul style="list-style-type: none"> - Project 12.2 Carmen/Carmen (Bulgaria, Romania) - "Carmen 2" is a joint project between the Bulgarian 'Electricity System Operator' EAD and the Romanian Trans-electric transmission operator and the distribution company Delgaz Grid S.A. The project focuses on the digitalisation and expansion of the electricity grid of Bulgaria and Romania in order to modernise and increase its transmission capabilities for the accession of the emerging RES capacities. <p>Under the project, which includes 20 sub-projects, ESO EAD will implement activities to modernise the electricity grid and increase its capacity in North-East Bulgaria to tap into the high renewable electricity generation potential of over 8 000 MW, including in the form of green hydrogen. The construction of new fully digitised sub-operations 400/110 kV, reconstruction and modernisation of existing substations and increased capacity, through a transformation from stress level 220/110kV to 400/110 kV, is envisaged. The Bulgarian Electronic Operator also plans the construction of 222 km of new digitalised electricity pipelines 400 kV.</p>			

7.6 Digitalisation

Digitalisation is a necessary process for technological development in Bulgaria since it creates the conditions for innovation and business growth, increases the efficiency of the workforce, the competitiveness of the digital economy, ensures that public administration is open to the public and promotes high standards of living for citizens. The rapid development of digital technologies makes the economy more competitive and profitable, thus changing many sectors, optimising manufacturing and creating opportunities for new products and services.

The objectives of the undertaken measures are aimed at improving skills (2019 CSR 4.1; 2024 CSR 3.1; 2024 CSR 3.2) and addressing territorial imbalances related to broadband penetration. This will also favour the exploitation of the economic and social benefits of information and communication technologies (ICT) (such as the possibility of teleworking – 2020 CSR 2.3) related to overcoming obstacles in distance and development, especially in lagging regions. Efforts will be made to support digital connectivity in remote and poorly populated areas as well as in social life centres. The digitalisation process also affects other sectors, helping to improve the efficiency of the administration (2020 CSR 4.3), reducing harmful emissions and promoting efficient use of energy and resources (2020 CSR 3.4; 2020 CSR 3.5; 2020 CSR 3.8; 2023 CSR 3.3; 2023 CSR 3.4; 2024 CSR 4.2; 2024 CSR 4.3).

Institutions responsible: MLSP, MTC, ME, CA, MoI, EAEGI

	Investment/Reform	Specific recommendations	RRF/MFF	General priorities
1	<p>Investment C4.I4: <i>Digital transformation of the electricity transmission grid</i></p> <p>The investment aims at increasing the uptake of renewable energy sources, flexibility in the operational management and monitoring of the electricity system and net cross-border transmission capacity at borders with Member States (i.e. Romania and Greece).</p>	<p>2020 CSR 3.5 2020 CSR 3.8 2023 CSR 3.3 2023 CSR 3.4 2024 CSR 4.2 2024 CSR 4.3</p>	RRF	A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119
2	<p>Investment C7.I1: <i>Large-scale deployment of digital infrastructure</i>³⁷</p> <p>Actions under this investment shall aim to: (1) The development of the national backbone network (the Unified Electronic Communications Network of the State Administration - 'UECN') by increasing its transmission capacity and ensuring connectivity with all municipal centers, modernizing the UECN of public administration and expanding the network to an additional 185 municipal centers and establishing secure, cyberattack-resistant communications and "clean pipe" protected internet for government and national security needs, as well as providing optical transmission capacity to municipal centers and villages in 'white areas', where broadband services for citizens and businesses are unavailable due to "market inefficiency; 2) Ensuring ultra-speed internet connectivity for universities and research organisations; 3) Supporting the deployment of very high capacity networks ('VHCNs') in rural and sparsely populated areas, by creating conditions for VNCH implementation in regions with proven market inefficiencies, in which commercial operators would not invest due to a lack of economic viability.</p>	<p>2020 CSR 2.3 2020 CSR 3.4 2020 CSR 4.3</p>	RRF	A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119
3	<p>Investment C7.I2: <i>Construction, development and optimisation of the digital TETRA system and radio relay network</i></p> <p>The investment aims to ensure national coverage of the TETRA system of the Ministry of Interior, it will increase the number of subscribers to the system from all state institutions and improve the capacity and quality of services. The planned radio coverage of the TETRA communication system shall reach 90% for TETRA port radiolines and 95% for TETRA mobile radio terminals in Bulgaria.</p> <p>A major objective of the project is to upgrade and modernise the TETRA system as a single radio communication system to provide an encrypted and secure communication environment for government management, interaction and coordination. The</p>	2020 CSR 4.3	RRF	A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119

³⁷ The investment is in the process of renegotiation with the EC under Article 21 of the RRF Regulation

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>implementation of the project will allow effective operational interaction at national and regional level in the event of crises and circumstances, with a view to consolidating resources and optimising the financial means to build and maintain radio communications for the needs of the responsible national institutions.</p>			
<p>4 Reform: <i>Transforming the customs administration into a digital administration through integration of information processes, building IT systems to improve the functioning of BCPs, increasing the effectiveness of customs controls, increasing the capacity of BCPs and preventing corruption events.</i></p> <p>The aim of the reform is to implement Union and national functional requirements for the IT systems of the Customs Agency for the purpose of providing secure authorised access to customs electronic systems to economic operators and other persons within the meaning of Article 6 of Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (UCC).</p>	<p>2019 CSR 1.1 2019 CSR 3.4 2020 CSR 4.1 2020 CSR 4.2</p>	<p>National funding MFF</p>	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p>

7.7 Health and social inclusion

The planned measures should contribute to improving the health system’s ability to steer public health activities, increasing the resilience of the health system to shocks, and increasing the population’s access to timely and better quality healthcare, with a greater focus on strengthening health promotion and disease prevention measures. The implementation of activities will contribute to improving the quality of life, limiting the burden of chronic diseases, allowing early diagnostics of diseases and better health management (2019 CSR 4.3; 2020 CSR 2.1).

To address the problems of insufficient general practitioners and the uneven distribution of medical practices, investments will be made in building new practices in remote and hard-to-access areas, as well as for the purchase of new, modern medical equipment enabling the provision of a wider range of medical services. The provision of emergency air medical assistance will operate in a model similar to those of other EU Member States, taking into account the global experience and specificities of our national limitations and requirements. It will be based on the Helicopter Emergency Medical Service (HEMS) practice and provide qualified emergency air medical assistance (2020 CSR 1.3).

Social inclusion investments and reforms aim at improving the quality of life of vulnerable groups in Bulgarian society and creating the conditions for their full implementation through adequate income support, including the labour market and access to quality services, with targeted support for disadvantaged people in the labour market, including people with disabilities, representatives of marginalised communities such as Roma, etc., who, through an integrated approach, gain access to services and activities aimed at labour market activation (training, inclusion in subsidised employment, etc.) and social inclusion services and activities aimed at promoting and supporting

active participation in the socio-economic life of vulnerable groups. The implementation of the commitments will contribute to the achievement of the agreed national targets for the reduction of poverty and social exclusion by 2030 in the context of the implementation of the European Pillar of Social Rights and the European objective of reducing poverty by 2030. In view of the complexity of poverty and social exclusion leading in implementation, the integrated approach and the implementation of interrelated measures in the fields of the various sectoral policies – employment, education, health, social services, social transfers, housing, accessible environment, etc. (2019 CSR 4.4; 2019 CSR 4.5; 2020 CSR 2.6). Improving access to and provision of quality social services, including long-term care, is among the objectives of the ongoing reform of social services in Bulgaria. The implementation of the reform aims at providing support in the home environment, developing quality and accessible social and integrated health-social services, closing approximately 60% of existing disability homes by the end of 2027 and reforming homes for old people, making the long-term care system more efficient and building the necessary infrastructure to provide the services.

Institutions responsible: MH, MLSP, SSA, MoI, ME, MRDPW

	Investment/Reform	Specific recommendations	RRF/MFF	General priorities
1	<p>Investment: <i>Support for the development of the emergency medical care system</i></p> <p>The objective of the investment is to provide quality, equal and timely access to emergency medical assistance (EMA) services for citizens of the Republic of Bulgaria and residing on its territory in pursuit of the strategic guidelines and objectives of the National Health Strategy 2020, the Concept for the Development of the Emergency Medical Assistance System in the Republic of Bulgaria 2014-2020 and the National Healthcare Map. The project includes renovation and modernisation of the building stock and equipment in the emergency assistance system throughout the country.</p>	2019 CSR 4.5	MFF National funding	Social and economic resilience, including the European Pillar of Social Rights (EPSR)
2	<p>Investment C12.I4: <i>Establishment of an air ambulance system</i></p> <p>The objective of the investment is to set up an air emergency medical assistance system. This includes the purchase of helicopters for the provision of emergency medical care when immediate and rapid transport is needed, as well as the construction of work sites with helicopters. This air emergency medical system provides the transport of people affected by an emergency to medical personnel, as well as medical equipment and consumables.</p>	2019 CSR 4.5 2020 CSR 1.3	RRF National funding	Social and economic resilience, including the European Pillar of Social Rights (EPSR)

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>3 Investment: <i>Building a 'National multi- disciplinary hospital for active child treatment' in Sofia</i></p> <p>The construction of the National multi- disciplinary children’s hospital will create the opportunity to implement the recommendations of the UN Convention on Child Rights. The implementation of the project also relates to the EU recommendations expressed in the European Strategy "Child and Adolescent Health and Development" issued in 2005. In the context of the European Child Health Strategy, the proposal focuses on providing mainly medical care to meet diagnostic and treatment needs in different age periods of childhood. The proposal is also in line with European standards for chronic diseases at child age, children with disabilities, children with specific needs, rare diseases, genetic diseases and prejudices, etc.</p> <p>The construction of a National Child hospital will ensure the development of childcare and a way of reorganising child health in order to be accessible, timely and offering high-quality medical services.</p>	2019 CSR 4.5	National financing (through an increase in the capital of the Health Investment Company for a child hospital EAD in MH)	Social and economic resilience, including the European Pillar of Social Rights (EPSR)
<p>4 Reform C11.R2: <i>Reform of social services</i></p> <p>The aim of the reform is to improve the provision of social services, including long-term care, in Bulgaria, in line with the Common European Guidelines for the transition from institutional care to community care, the European Disability Strategy 2021-2030 and the UN CRPD, in particular the principles of freedom of choice and independent living.</p> <p>The reform includes the adoption of a National Social Services Map as well as a new regulation on the quality of social services. It also sets the maximum number of users for each establishment providing social services.</p>	2019 CSR 4.3 2020 CSR 2.1	RRF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)
<p>5 Investment C11.I4: <i>Modernisation of the Social Assistance Agency</i></p> <p>The investment aims to increase the efficiency and quality of administrative services provided in the social assistance and child protection system. It will provide an opportunity and environment for the implementation of the envisaged reforms in the area of social support and problem solving, creating a safe environment, protecting citizens’ data, as well as ensuring equal access to social support for people with physical disabilities. Another focus will be the updating, the availability, where not yet available, and the modernisation of the material base of the territorial structures of the Social Assistance Agency. The implementation of activities will provide quality services to the population throughout the country, provided in an accessible and safe environment, as well as overall optimisation of the Agency’s expenditure. The implementation of the</p>	2020 CSR 2.1	RRF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>project will also strengthen the sustainability of the social system as well as increase access for more people in need of support, regardless of their specific differences caused by physical or sensory disabilities. The Agency's strengthened IT infrastructure will provide a technical opportunity to plan and implement future joint initiatives to provide integrated employment services and services without risk of loss of data.</p>			
<p>6 Investment C11.I1: Modernising long-term care ³⁸</p> <p>The implementation of the investment aims at building and equipping new social and integrated health-social services for resident care and accompanying specialised and advisory social services for persons with disabilities, as well as reforming existing homes for old people. The project has a distinct component to increase the energy efficiency of social infrastructure. The development, construction and equipment of new, flexible and demand-oriented target groups and tailored social and integrated health-social services will contribute directly to supporting and promoting the social inclusion of persons with disabilities and elderly people dependent on care. In addition to the direct effects related to the improvement of the physical environment, new equipment and furniture are also associated with an increase in the quality of services and their effectiveness in terms of the results achieved for those who use them in response to their needs.</p>	2019 CSR 4.3	RRF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)
<p>7 Investment C11.I3: Development of the social economy</p> <p>The aim of these investments is to boost the social economy by supporting the development of enterprises and organisations in the social and solidarity economy. The implementation of the investment envisages expanding and modernising the possibilities of supporting social and solidarity economy entities by reforming the policy and applying a tailor-made approach to the needs of each individual social and solidarity economy entity by creating focus points with territorial coverage in the six regions of the country. The focus of the support will be the transformation of social and solidarity economy entities in the context of the twin (green and digital) transitions. A digital platform (network) of social and solidarity economy policy actors is also envisaged.</p>	2019 CSR 4.3 2020 CSR 2.1	RRF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)

³⁸ The investment is in the process of renegotiation with the EC under Article 21 of the RRF Regulation

	Investment/Reform	Specific recommendations	RRF/MFF	General priorities
8	<p>Investments under the Human Resources Development Programme 2021–2027 (ESF+)</p> <p>Investments under Priority 2 ‘Social Inclusion and Equal Opportunities’ shall aim at: 1. promoting social inclusion, enhancing the quality of life of adults, people with disabilities, people with special needs and other vulnerable and marginalised groups, as well as active inclusion and equal opportunities for better employability and the development of social and integrated health-social services; 2. promote social inclusion and the development of social and integrated health-social services, with a focus on deinstitutionalisation of elderly people and support the reform of homes for elderly people, support for people with disabilities and adults with a failure to care independently, ensure equal access to quality social services and support for full life in the community, develop early child development services and secure children’s well-being.</p> <p>Support for newly created and reformed services as well as the care provided to the most vulnerable will reduce poverty rates and increase their chances of better integration in society.</p>	<p>2019 CSR 4.3 2020 CSR 2.1</p>	<p>MFF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>
9	<p>Reform C12.R3: Making health professions more attractive and promoting a more balanced distribution of health professionals across the country³⁹</p> <p>The aim of the reform is to address the shortage of healthcare professionals and their uneven distribution across the country. The reform includes the development, adoption and entry into force of a legislative package and other actions that: allow healthcare professionals to create their own practice; ensure reimbursement by the National Health Insurance System of expenditure on services provided by healthcare professionals; increase the number of university specialisation places for nurses; promote a more balanced distribution of health workers; and strengthen the representation of health professionals in the regular negotiation process with the National Health Insurance Fund.</p>	<p>2019 CSR 4.5 2020 CSR 1.3</p>	<p>RRF National funding</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>
10	<p>Reform C12.R4: Strategic framework and plan to increase the availability of primary and outpatient care</p> <p>The aim of the reform is to provide a basis for strengthening the provision of primary and outpatient care throughout the country. The reform includes the adoption of a National Strategy to improve the accessibility and capacity of primary non-hospital medical care and ensuring a balanced territorial distribution</p>	<p>2019 CSR 4.5</p>	<p>RRF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>

³⁹ The reform is in the process of renegotiation with the EC under Article 21 of the RRF Regulation

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>of medical assistance and healthcare in the Republic of Bulgaria and the action plan for its implementation. The strategy sets out recommendations to ensure a balanced distribution of primary and outpatient care in Bulgaria and sets out measures to address the recommendations of the strategy.</p>			
<p>11 Reform C12.R5: <i>Support to better ensure preventive screening activities</i></p> <p>The aim of the reform is to support the effectiveness of healthcare by developing a plan to promote health and disease screening activities across Bulgaria. The reform includes the development and adoption of a National Plan for the Development of a comprehensive prenatal and neonatal screening and the screening of socially significant diseases 2027, which will underpin the establishment of screening centres throughout the territory, including a National Interdisciplinary Centre.</p>	2019 CSR 4.5	RRF National funding	Social and economic resilience, including the European Pillar of Social Rights (EPSR)
<p>12 Investment C12.I1: <i>Modernisation of hospital facilities</i></p> <p>The investment complements the reform "Update the strategic framework of the Health sector". The aim is to improve the provision of pediatric and oncological assistance.</p> <p>The investment is envisaged to improve access to health services as well as sustainability, accessibility and capacity of the Bulgarian health system. The investment includes the provision of equipment to hospitals providing pediatric and oncological assistance. Investments are foreseen in several different directions combined in the overall objective of increasing the availability and capacity of the health system and improving the health indicators of the country's population. The objectives to be implemented are consistent, on the one hand, with national priorities and, on the other hand, will also take into account the regional priorities of the different NUTS2 planning areas, bringing together the needs of the individual NUTS 3 areas of health care, in line with the current apparatus and staffing arrangements, as well as in view of potential opportunities for future development and expansion of activities. The provision of state-of-the-art diagnostic and treatment medical equipment will contribute to the satisfaction of medical personnel with their work, which is a key factor in reducing the processes for the departure of physicians and nurses from the country.</p> <p>The implementation of the project will achieve a comprehensive optimisation of hospital care expenditure, provide new highly specialised medical services to the population throughout the country and support the hospital reform process.</p>	2019 CSR 4.5 2020 CSR 1.3	RRF National funding	Social and economic resilience, including the European Pillar of Social Rights (EPSR)

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>13 Investment C12.I3: Modernisation of psychiatric care⁴⁰</p> <p>The investment complements the reform “update the strategic framework of the Health sector”, in particular the “National Strategy for Mental Health of the citizens of Bulgaria 2021-2030” and the corresponding Action Plan. The objective of the investment is to improve the conditions for hospitalised patients, improve outdated equipment and infrastructures of some of the psychiatric aid facilities.</p> <p>The investment is envisaged to improve access to health services and capacity of the Bulgarian health system. The investment is aimed at improving the material and technical basis in the structures of the psychiatric assistance system for providing a quality health service, providing up-to-date treatment and rehabilitation opportunities for patients, as well as developing opportunities for their inclusion in society. The project aims to intervene in the infrastructure of at least 18 medical institutions providing mental assistance. At the same time, the project also envisages actions to provide modern medical equipment for health institutions from the Psychiatric assistance system, tailored to the individual needs of each structure. The activities set out in the investment are implemented in accordance with the Action Plan to the National Strategy for Mental Health of the citizens of the Republic of Bulgaria 2021-2030 and its deinstitutionalisation of psychiatric assistance.</p>	2019 CSR 4.5	RRF National funding	Social and economic resilience, including the European Pillar of Social Rights (EPSR)
<p>14 Investment C12.I5: National Digital Platform for Medical Diagnostics</p> <p>The project aims to cover digital diagnostics in all medical specialities and to enable the generation of a database of digital images and its secondary processing through validated machine learning algorithms, non-nuclear networks, etc. in accordance with European and national legislation on the protection of personal data and relevant information and network security standards. This platform will be integrated with the National Health Information System (NHIS). The National Medical Diagnostics Digital Platform will be dedicated to all health lines, but the scope of the project will cover the four strands: oncology, diagnostic radiology, dermatology and pathology.</p>	2019 CSR 4.5	RRF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)
<p>15 Investment C12.I6: Improving the 112 national emergency communication system</p> <p>The project aims to provide a European quality service Single European Number 112 to assist citizens in need of help and improve the scope of the service provided</p>	2019 CSR 4.5	RRF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)

⁴⁰ The investment is in the process of renegotiation with the Commission under Article 21 of the RRF Regulation.

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>in line with technological progress and development, by creating an evolving single communication platform, a security guarantee and citizens' trust. Emergency response should be stepped up. The necessary legislative changes will be made to optimise coordination, integration and process management through the national system.</p>			
<p>16 Investment C12.I7: Development of outpatient care⁴¹</p> <p>The objective of the investment is to promote preventive and outpatient care. The investment consists of constructing or refurbishing at least 300 outpatient clinics in underserved areas in Bulgaria and setting up a National Interdisciplinary Centre. Outpatient clinics shall be equipped and in each of them at least one medical professional shall establish a practice in order to provide health services.</p> <p>By improving access to health care and increasing the budget of the NHIF on an annual basis, including by extending the scope for domestic care products fully paid by the NHIF, a reduction in out-of-pocket payment will be achieved, addressing shortages of healthcare professionals. Health institutions and their healthcare professionals may carry out remote medical assistance. Regulatory and mobile profiling and screening activities are regulated in hardly accessible and remote areas through mobile structures.</p>	<p>2019 CSR 4.5 2020 CSR 1.3</p>	<p>RRF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>
<p>17 Investment C12.I2: Centers for interventional diagnosis and endovascular treatment of cerebrovascular diseases⁴²</p> <p>The objective of the investment is to strengthen the provision of health care for cerebrovascular diseases. The investment shall set up specialised medical centres in hospitals. Centres will be equipped for intervention diagnostics and treatment of cerebrovascular diseases.</p>	<p>2019 CSR 4.5</p>	<p>RRF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>
<p>18 Human Resources Development Programme 2021–2027 (ESF+)</p> <p>Part of the investments under the Health Programme are aimed at financing the professional development of trainees in the healthcare system, and this support aims to increase certain specialisations with the highest current or expected shortage of professionals, as well as to increase the number of specialists in areas</p>	<p>2019 CSR 4.5</p>	<p>MFF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>

⁴¹ The investment is in the process of renegotiation with the Commission under Article 21 of the RRF Regulation.

⁴² The investment is in the process of renegotiation with the Commission under Article 21 of the RRF Regulation.

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
in the country with identified shortages of healthcare professionals. (Operation "specialisation in health +")			
<p>19 Investment Programme "Development of the Regions" 2021–2027:</p> <p>Investments aim at balanced territorial development and improving quality of life in regions by increasing access to quality health and social services. Priority 1 Integrated Urban Development and Priority 2 Integrated Territorial Development of the Regions supports measures to modernise health and social infrastructure and equipment for the provision of health, integrated health-social and social services in the community. The measures will contribute to early diagnostic and disease prevention, improve access to health care and quality social services, reduce poverty and social exclusion.</p>	<p>2019 CSR 4.3 2019 CSR 4.5 2020 CSR 2.1</p>	MFF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)
<p>20 Human Resources Development Programme 2021–2027 (ESF+)</p> <p>Under Priority 1 "Promotion of employment and skills development", the programme aims to support the development of human resources in the field of health by providing for the financing of short-term trainings to enhance the knowledge and competences of a wide range of professionals and non-experts from the healthcare system. HRDP support aims also to support the implementation of activities related to the promotion of geographical mobility of medical personnel in order to create outpatient clinics in places where there is no access to medical services and the provision of personnel in hospitals outside the regional cities by providing funding to medical personnel in these places.</p>	2020 CSR 1.3	MFF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)
<p>21 Reform C11.R1: Reform of the minimum income scheme⁴³</p> <p>The minimum income scheme reform aims to improve the adequacy and coverage of the minimum income scheme. The reform covers the entry into force of amendments to the Social Assistance Act and secondary legislation to: establishing a mechanism for automatic annual update of the minimum income scheme based on the at-risk-of-poverty threshold and amend the eligibility criteria to the minimum income scheme. The payment of the minimum income is financed by the Bulgarian state budget.</p>	<p>2019 CSR 4.4 2020 CSR 2.6</p>	RRF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)

⁴³ The reform is in the process of renegotiation with the EC under Article 21 of the RRF Regulation

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>The reform also amends the Employment Promotion Act by introducing a definition of “economically inactive” and a set of activities aimed at activating inactive people.</p>			
<p>22 Reform C12R1 ‘Updating the strategic framework for the Health sector’</p> <p>The reform aims to improve access to health services, including by reducing out-of-pocket payments and addressing shortages of healthcare professionals. A measure to implement the reform is to establish policies to approve access to medicinal products and medical devices. The measures planned to address the growing challenges will focus on ensuring the financial sustainability of the system and will put patient safety first, ensure their financial protection by reducing direct payments and ensuring equal access for all communities.</p>	2019 CSR 4	RRF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)
<p>23 Investments Programme “Food and Basic Material Assistance” 2021–2027 (ESF+)</p> <p>The programme aims to support people living at risk of poverty and social exclusion, complementing national measures to provide adequate social protection to vulnerable groups of people through targeted support to address identified food deprivation and basic material needs for people living in extreme poverty, experience severe household deprivation and living in social exclusion. In addition to food support and the provision of material assistance in the form of essential goods, the programme also implements accompanying support tailored to the needs and problems of beneficiaries. The accompanying support delivered is a connecting element ensuring complementarity with other programmes and measures implemented in the country to find long-term and sustainable solutions to reduce poverty and its intergenerational transmission.</p> <p>The reform of the minimum income scheme implemented through the amendments to the Social Assistance Act allowed for a wider coverage of the representatives of vulnerable groups receiving support from food and commodities of primary necessity under the programme, thus bringing measures to address material deprivation to a wider range of people living in poverty.</p>	2020 CSR 2.1	MFF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)

7.8 Education, skills and employment

Investment in education and skills is aimed at supporting and increasing the motivation for learning. Investments are directed towards the development and qualification of pedagogical professionals (2024 CSR 3.3) and investments in the facilities base (2024 CSR 3.1; 2024 CSR 3.2). The aim is to improve the status of the teaching profession in the medium and long-term to provide the system with prepared and motivated teachers, as well as making educational institutions more attractive. The measures aim to increase the income of educators, provide modern facilities and improve the overall environment by including activities of interest, sports, etc., for the creation and development of school centres, integrated learning environments and technologies, greening activities of education infrastructure and creating a comprehensive transformation of educational institutions, as well as to modernise and stimulate an innovative education environment ensuring the acquisition of skills and competences, through the construction of STEM Cabinets and digital rooms, to provide specialised equipment for experimental work and vocational education and training, as well as an accessible architectural environment (2019 CSR 4.1: 2019 CSR 4.2; 2020 CSR 2.4; 2020 CSR 2.5; 2023 CSR 3.8; 2024 CSR 3.2; 2024 CSR 3.4).

Investment and employment reforms aim to increase economic activity and employment of the population by activating economically inactive people, providing job placement intermediation services, including unemployed people in active labour market measures; providing intermediary services to ensure higher and quality employment for inactive and unemployed persons.; and upskilling and skills of the workforce to better match labour market developments and employers' needs (2020 CSR 2.2; 2024 CSR 3.6).

Institutions responsible: MES, MLSP, EA, MoC, MYS, MRDPW

	Investment/Reform	Specific recommendations	RRF/MFF	General priorities
1	<p>Reform C1.R1: <i>Reform of pre-school and school education and lifelong learning</i></p> <p>The aim of this reform is to increase the quality and access to education and training. The reform consists of the entry into force of a legislative package, which includes: 1) Amendments to the Pre-school and School Education Act as well as secondary legislation; 2) Amendments to the Employment Promotion Act, which facilitates access to training and introduces new training opportunities and qualification certification; 3) Amendments to the Vocational Education and Training (VET) regulatory framework, which introduce changes to the list of VET professions and their programmes according to qualification needs. The reform also includes the adoption of an action plan with measures in view of the recommendations in the Strategic Framework for the Development of Education, Training and Learning in the Republic of Bulgaria (2021-2030).</p>	2019 CSR 4.2 2020 CSR 2.2 2020 CSR 2.4 2020 CSR 2.5 2023 CSR 3.8 2024 CSR 3.1 2024 CSR 3.6	RRF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)
2	<p>Investment: <i>Improving infrastructure in primary and secondary education:</i></p> <p>The objective of the investment is to build and renew the facilities to ensure health and quality training conditions in the pre-school and school education system. Building</p>	2020 CSR 2.5	National funding	Social and economic resilience, including the European Pillar of Social Rights (EPSR)

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>new buildings for nurseries and kindergartens, as well as the reconstruction of existing ones, aims at addressing the shortage of vacancies in them. In school education a single shift organisation of school-day is envisaged, which identifies the need for phasing-in of new schools and the expansion and reconstruction of existing schools where there are no conditions created for such an organisation as a matter of priority. The measures for building and major renovation of sports grounds and gyms aim at building, expanding and modernising the sports facilities of schools, which will create conditions for improving sports culture and attitudes towards healthy lifestyles.</p>			
<p>3 Investment C1.I1: STEM centres and innovation in education⁴⁴</p> <p>The aim of the investment is to modernise the pedagogical toolbox and improve training on science, technology, engineering and mathematics (STEM) in the Bulgarian schools through the construction and/or renewal of one national and three regional STEM centres, as well as the creation of more STEM laboratories in schools, including high-tech classrooms. STEM laboratories in schools, including high-tech classrooms, will improve knowledge of digital technologies and the methodology of teaching STEM objects. The three regional hubs are intended to support teacher and pupils' training, as well as to organise conferences, congresses and seminars.</p>	<p>2019 CSR 4.1 2020 CSR 2.2 2020 CSR 2.4 2020 CSR 2.5 2024 CSR 3.1</p>	<p>RRF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>
<p>4 Investment C1.I2: Modernisation of educational infrastructure⁴⁵</p> <p>The objective of the investment is to create conditions for equal access to education by creating a favourable, innovative, energy-efficient, supportive and motivational educational environment that helps to increase motivation for learning and improve educational outcomes of children, pupils and students. Activities for building and renewing education infrastructure will be carried out: kindergartens, schools, including technical schools , student dormitories and university complexes</p>	<p>2019 CSR 4.1 2024 CSR 3.1</p>	<p>RRF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>
<p>5 Investment C1.I3: Provision of digital skills trainings and set-up of a platform for adult learning</p> <p>The investment aims to upskill and re-skill the workforce by providing training on the use of digital technologies.</p> <p>This investment complements reform 1 "Reform of pre-school and school education and lifelong learning". It also aims to upskill and re-skill the workforce by providing</p>	<p>2019 CSR 4.1 2019 CSR 4.2 2020 CSR 2.2 2020 CSR 2.4 2024 CSR 3.1 2024 CSR 3.6</p>	<p>RRF</p>	<p>Social and economic resilience, including EPSR; A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p>

⁴⁴ The investment is in the process of renegotiation with the EC under Article 21 of the RRF Regulation

⁴⁵ The investment is in the process of renegotiation with the EC under Article 21 of the RRF Regulation

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
trainings to handle digital technologies. This will be achieved by creating a digital platform and electronic resources to encourage adults to take part in remote trainings.			
<p>6 Investment C1.I4: Youth centres⁴⁶</p> <p>The objective of the investment is to promote youth education, including those belonging to vulnerable groups such as Roma, in the field of digital technologies, entrepreneurship and finance, and hence their social inclusion and qualifications. This investment includes: 1) building youth centres in the country; 2) a national coordination centre will also be set up to coordinate the work of youth centres and set relevant objectives.</p>	<p>2019 CSR 4.1 2019 CSR 4.2 2020 CSR 2.2 2020 CSR 2.4 2024 CSR 3.1 2024 CSR 3.6</p>	RRF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)
<p>7 Investment C11.I5– Modernisation of the Employment Agency</p> <p>The investment aims at increasing the efficiency and quality of the services provided by the Employment Agency by developing and/or improving existing electronic platforms and systems. The investment also contributes to the further integration of the Agency’s electronic systems with those of other institutions, including social services. The new and updated tools aim to promote a more effective matching between those looking for work and job vacancies, including by modernising research software and improved data storage systems.</p>	2020 CSR 2.2	RRF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)
<p>8 Human Resources Development Programme 2021–2027 (ESF+)</p> <p>Priority 1 “Promotion of employment and skills development” and Priority 3 “Promotion of youth employment” actively support labour market policy priorities, including those aimed at improving the skills of the workforce, for unemployed, inactive and employed, with a strong focus on training.</p>	<p>2019 CSR 4.1 2020 CSR 2.2 2020 CSR 2.4 2023 CSR 3.8</p>	MFF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)
<p>9 Investments Programme Education 2021-2027</p> <p>Under the Education Programme, horizontal support is foreseen in all priorities to enhance knowledge and create skills for the green transition in all levels of general education, including vocational education and training (VET) and all higher education levels. The aim is to create a skilled workforce fit for the digital, green and circular economy by focusing on the topic in supporting activities based on the interests of children and pupils in pre-school and school education; in supporting VET and higher education, including for activities to update curricula and programmes and in upskilling</p>	<p>2019 CSR 4.2 2020 CSR 2.5 2024 CSR 3.1 2024 CSR 3.2</p>	MFF	Social and economic resilience, including the European Pillar of Social Rights (EPSR)

⁴⁶ The investment is in the process of renegotiation with the EC under Article 21 of the RRF Regulation

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>of pedagogical staff. The dual VET training system supports traineeships with a focus on digital, green economy, blue growth, Industry 5.0 and IPIS. The programme consists of three priorities for supporting the development of green skills:</p> <p>1 Inclusive education and education integration – investments are fully targeted at disadvantaged groups.</p> <p>Priority 2 “Modernisation and quality of education”;</p> <p>Priority 3 ‘Linking education to the labour market’.</p>			
<p>10 Investments Programme Education 2021-2027</p> <p>The main objective is to invest in activities to enhance the skills and capacity of pedagogical specialists.</p>	<p>2024 CSR 3.3 2024 CSR 3.4</p>	<p>MFF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>
<p>11 Investment: <i>Educational infrastructure (Regional Development Programme 2021–2027)</i></p> <p>Investments under <i>the Regional Development Programme 2021–2027</i> in education infrastructure aim to create an attractive, accessible and innovative learning environment that enhances motivation for learning, supports the acquisition of labour-market skills and contributes to balanced territorial development and sustainable growth. Investment in the renovation and modernisation of pre-school, school and higher education sites, as well as nurses and kindergardens, including the construction of new ones and the supply of equipment for the purpose of the educational process, including school buses, is supported.</p>	<p>2020 CSR 2.5 2024 CSR 3.1 2024 CSR 3.2</p>	<p>MFF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>
<p>12 Investment: <i>Just transition (Regional Development Programme 2021–2027)</i></p> <p>Based on the Territorial Just Transition Plans for Pernik, Kyustendil and Stara Zagora, social transition will be supported. This includes support for vocational education and training aimed at ensuring the process of upskilling and reskilling existing labour and moving towards alternative, better jobs.</p>	<p>2020 CSR 2.4 2024 CSR 3.6</p>	<p>MFF</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>
<p>13 Investment: <i>Improving energy efficiency and upgrading sport infrastructure</i></p> <p><i>The objective of the investment is to renew sport infrastructure sites as well as to create opportunities for the construction of new ones through the implementation of the National Programme for Shared Financing of Investment Sport Projects. The programme aims to support the development of physical activity, physical education</i></p>	<p>2019 CSR 4.1 2024 CSR 3.1</p>	<p>National funding</p>	<p>Social and economic resilience, including the European Pillar of Social Rights (EPSR)</p>

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p><i>and sport, by improving the quality of available sports sites, as well as the creation of new ones. The expected results of the programme's implementation are to provide the community with opportunities for a meaningful and healthy lifestyle through the construction and repair of sports sites and facilities, and to meet the public policy objectives in the areas of physical activity, physical livelihoods and sports. The programme shall support licensed sports federations within the meaning of the Physical Education and Sport Act (licensed sport federations within the meaning of the PESA; sports clubs – members of a licensed sport federation who are entered in the register referred to in Article 9(1)(1) of the PESA; offices and municipalities.</i></p> <p><i>The objective of the investment to improve the energy efficiency of sport infrastructure is to achieve energy savings in final energy consumption, focusing on improving the energy performance of sport buildings. The aim is to achieve reductions in energy costs, improve the environment of sport buildings when operating, improving air quality and reducing emissions, by introducing certain energy sources. In this context, it is important to introduce measures to refurbish the existing sport infrastructure building stock with a view to increasing the number of sports buildings with a higher energy efficiency class.</i></p> <ul style="list-style-type: none"> – projects under the National Programme for shared financing of investment sports projects and for rhythmic gymnastics, Rakovski Stadium, Sofia – modernisation of the Women Palace of Sport, Fastvalna Hall, Academic Stadium 			

7.9 Water supply and wastewater treatment

The Government's vision for the WSS sector is to achieve, through investments and reforms, a financially, technically and environmentally sustainable water sector providing services with a high quality of socially affordable prices for consumers (2019 CSR 3.3). To this end, optimisation of water supply and sewerage services, reducing losses and costs related to maintenance and repair of infrastructure, is essential. Optimal water management in agriculture can increase agricultural yields while reducing irrigation costs. This will lead to an increase in the extraction production and income of farmers and an increase in agricultural exports. The improvement of the technical state of dam walls and facilities of complex and important dams is essential to minimise the risk of disasters involving settlements, agricultural land and infrastructure and accidents resulting in unpredictable effects. Many energy industries, such as hydroelectric stations, rely on water resources. Clean waters and well-maintained water resources are important for tourism development.

Institutions responsible: MOEW, MRBB, MAF

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>1 Reform C9.R2: <i>Continuing the reform of the water sector</i></p> <p>The reform aims to enable the sustainable development of the sector, while respecting the principles of accessibility, reliability, security, improvement of the quality and efficiency of water supply and sewerage (WSS) services as well as to protect the health of the population, to preserve and protect water resources, to comply with the rules of European poultry water legislation, the release and treatment of waste water and the development and maintenance of WSS systems. A new law on WSS is envisaged to define the conditions for consolidation in the provision of WSS services and introduce uniform conditions as regards the criteria for quality and performance of services to be met by water operators. The legislation needs to specify the mechanisms for setting tariffs and ensuring cost-orientated pricing for the use of systems and services, while also ensuring the financial sustainability of operators. The draft Act on WSS creates a single framework to cover and improve the overall normative framework governing the activities in the WSS sector in the Republic of Bulgaria.</p>	2019 CSR 3.3	RRF	A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119
<p>2 Investment C9.I1: <i>Programme for construction/completion/reconstruction of WSS systems, including wastewater treatment plants for agglomerations between 5000 and 10000 population equivalents</i></p> <p>The aim is to ensure effective and sustainable water use in accordance with EU and national water legislation through the construction, reconstruction and modernisation of WSS systems and waste and drinking water treatment plants in 13 agglomerations and their populations of size between 5 000 and 10 000 population equivalents.</p>	2019 CSR 3.3	RRF MFF	A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119
<p>3 Investments <i>under the Programme "Environment" 2021-2027: Construction, rehabilitation and modernisation of WSS infrastructure for agglomerations of over 10 000 population equivalents</i></p> <p>The aim is to build the necessary sewerage networks and wastewater treatment plants (WWTP) to increase the compliance rate of agglomerations with the requirements of Directive 91/271/EEC, while investing in the renewal of water supply systems and increasing the number of inhabitants associated with improved public water supply. Priority 1 "Water" finances infrastructure measures for collection, disposal and treatment of wastewater, for water supply, with a contribution to reducing water losses on the water supply network and improving the quality of drinking water. Support is envisaged to develop Regional Feasibility Studies (RFSs) for future funding for newly consolidated regions, river basin management plans, as well as measures for monitoring and assessment of the quality of the water intended</p>	2019 CSR 3.3 2023 CSR 3.1 2024 CSR 4.5	MFF	A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>for human consumption. Thanks to the interventions, it is expected approx. 1.7 million inhabitants to have improved public water supply and another around 209 thousand inhabitants to be connected to at least secondary waste water treatment.</p>			
<p>4 Reform for an efficient and sustainable use of the country's water resources, by reducing water losses in hydro-ameliorative facilities, which in turn will have a positive effect on the environment and adaptation to the effects of climate change. The activities proposed to be carried out on irrigation channels, irrigation fields, derivations, pump stations, pipelines, equalizers, water catchments, dams are related to the preparation of work projects and the subsequent realisation of the construction.</p> <p>The implementation of reconstruction, rehabilitation and modernisation activities of sites from the existing state hydro-ameliorative fund will lead to an efficient and sustainable use of water resources in the country, by reducing water losses, meeting irrigation needs, through the possibility of increasing the serviced areas, as well as adaptation to the effects of climate change.</p>	2019 CSR 3.3	National funding	A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119
<p>5 Investment: Bringing complex and significant dams into good operational status</p> <p>The investment foresees construction and repair activities on dam walls and facilities of complex and significant dams - part of the overall process of reconstruction, rehabilitation and modernization of sites from the existing state hydro-ameliorative fund. The improvement of the technical condition of dams and their facilities minimises the risk of disasters related to flooding of settlements, agricultural land and infrastructure and accidents leading to unpredictable consequences. The implementation of the activities also aims to improve the conditions for irrigation and minimise water losses as part of the efficient and sustainable use of water resources in the country.</p>	2019 CSR 3.3	National funding	A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119

7.10 Climate, environment and agriculture

Agriculture is an important industry that is heavily affected by environmental changes. The European Green Deal puts agriculture among the sectors where meaningful ambitions have been made to contribute to the objectives of preserving natural resources and protecting people's health and well-being. Agricultural production is expected to produce enough quality and clean food, but at the same time to do so with more resource efficiency and to minimise harmful effects on the environment, climate and biodiversity. The planned measures aim at striking a balance between the economic and environmental sustainability of the sector through accelerated technological upgrades and the widespread

uptake of digital technologies in agricultural practices (2019 CSR 3.4; 2020 CSR 3.5). The implementation of the envisaged reforms will improve competitiveness in the agricultural sector and farm viability, preservation of ecosystems and sustainable use of natural resources in agriculture, and contribute to the economic and social development of rural areas. This contributes to job creation in rural areas, reducing poverty, improving social inclusion and quality of life.

Reforms and investments aimed at protecting the environment and achieving climate neutrality will contribute to reducing dependence on fossil fuels and progressively decarbonising the economy (2019 CSR 3.3; 2020 CSR 3.4; 2020 CSR 3.8; 2022 CSR 1.2; 2022 CSR 3.1; 2023 CSR 1.3; 2023 CSR 3.1; 2024 CSR 4.1).

Institutions responsible: MOEW, MAF, MRDPW, ME

	Investment/Reform	Specific recommendations	RRF/MFF	General priorities
1	<p>Investment interventions from the Strategic Plan for Agriculture and Rural Development 2023-2027:</p> <p>The implementation of environmental investment interventions under the Strategic Plan aims to accelerate the environmental transformation of farms and small and medium-sized enterprises processing agricultural production. Interventions provide public support for the realisation of investments related to the protection of environmental components and the introduction of the principles of the circular economy, in particular:</p> <ul style="list-style-type: none"> - The intervention "Investments in agricultural holdings aimed at protecting environmental components" supports tangible and intangible investments related to the application of accurate/smart/digital farming technologies, deployment of water-saving technologies and automated water management systems, use of effective manure management systems, stimulate the implementation of organic production methods, etc. - The intervention 'Investments for the processing of agricultural products aimed at protecting environmental components' stimulates investments in equipment for storage or recovery of various waste raw materials from agricultural products resulting from the processing being carried out; equipment of wastewater storage facilities; acquisition of tangible and intangible assets for bio-production processing, etc. 	2020 CSR 3.4 2020 CSR 3.5	MFF	A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119
2	<p>Reform C4.R9: A roadmap for climate neutrality</p> <p>The aim of the reform is to provide an updated strategic framework for the decarbonisation of the economy. The reform covers two main measures: the establishment of an Energy Transition Commission to prepare scenarios and</p>	2019 CSR 3.3 2020 CSR 3.5 2020 CSR 3.8 2022 CSR 3.1	RRF	A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
recommendations for a roadmap for climate neutrality and the adoption of a parliamentary resolution.	2023 CSR 3.1 2024 CSR 4.1		
<p>3 Reform C6.R1: Updating the strategic framework of the agricultural sector⁴⁷</p> <p>The aim of the reform is to adapt the strategic framework of the Bulgarian agricultural sector to be compatible with the country's commitments stemming from the United Nations Sustainable Development Goals and the European Green Deal. The reform consists of the adoption of the National Action Programme contributing to objectives of the Farm to Fork Strategy 2030 , aimed at promoting green investments, sustainable management of natural resources (water, soil, air), adaptation to and mitigation of climate change. The programme sets out a framework for the management and protection of the environment and natural resources in the field of agriculture.</p>	2020 CSR 3.5	RRF	A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119
<p>4 Investment C6.I1: Fund to promote the technological and ecological transition of agriculture⁴⁸</p> <p>The main objective of the Fund is to address issues that hamper the competitiveness and resilience of the agricultural sector and accelerate its adaptation to climate change, the greening of production and its digital transformation. The Fund provides support to farmers with a full focus on making green and digital investments that will allow farms to adapt to climate change, introduction of environmentally conscious production practices, more resource efficiency. The Fund will promote investment in 2 strands: technological and environmental modernisation and preparation centres for marketing and storage of fruit and vegetables.</p>	2020 CSR 3.5	RRF	A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119
<p>5 Investments under the Programme "Environment" 2021-2027: Putting in place facilities, systems and business models to use waste as resources to support the circular economy and provide the necessary infrastructure for the treatment of household waste generated in the country.</p> <p>In order to promote resource efficiency and the circular economy by sustainable waste management under Priority 2 "Waste" are financed measures aimed at: construction, extension and/or upgrade of municipal/regional systems for separate collection and recycling of biodegradable waste; construction of systems/centers for separate collection and preparation for re-use and repair; waste recycling – eligible in</p>	2019 CSR 3.4 2020 CSR 3.5 2022 CSR 1.2 2023 CSR 1.3	MFF	A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119

⁴⁷ The reform is in the process of renegotiation with the EC under Article 21 of the RRF Regulation

⁴⁸ The investment is in the process of renegotiation with the EC under Article 21 of the RRF Regulation

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>combination with separate collection and pre-treatment of separately collected waste; optimizing the process of household waste management; raising awareness on sustainable consumption practices and behaviour and the circular economy; recultivation of landfills and/or ensuring safety of existing landfills without increasing their capacity, etc. With the implementation of the projects it is envisaged to be provided additional waste recycling capacity up to 330 000 t/year as well as collection of the same volume.</p>			
<p>6 <i>Investments under the Programme "Environment" 2021-2027: Effective protection of natural habitats and species of European and national relevance in the National Environmental Network and beyond.</i></p> <p>In order to protect, maintain and restore ecosystems and their intrinsic biodiversity under Priority 3 "Biodiversity" are financed measures aimed at: development of Natura 2000 network; improving the conservation status of natural habitats and species subject to conservation in the Natura 2000 network; protection/restoration of ecosystems and their inherent biodiversity outside Natura 2000; measures from management plans for protected territories and action plans for species, etc. The area of Natura 2000 sites covered by conservation and restoration measures is envisaged to reach 59 770 ha, as well as to provide 14.7% habitats with improved conservation status (or with improvement trend) and 10.8% species with improved conservation status (or with improvement trend).</p>	<p>2022 CSR 1.2</p> <p>2023 CSR 1.3</p>	<p>MFF</p>	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p>
<p>7 <i>Investments under the Programme "Environment" 2021-2027: Adaptation to climate change through disaster risk prevention and management.</i></p> <p>In order to promote adaptation to climate change, disaster risk prevention and resilience, taking into account ecosystem approaches, under Priority 4 "Risk and climate change" are funded measures for prevention and management of the risk of flood and drought , adverse geo-dynamic processes – landslides, erosion, abrasion, collapsible soils, increase the preparedness of the population to respond adequately and improve resilience by providing ground capacities to fight forest fires, building new and optimising and/or expanding existing warning, monitoring, reporting, forecasting and alarming systems, developing digital models, analyses and forecasts related to climate change, etc. It is envisaged over 2.5 million inhabitants to benefit from flood protection measures, as well as 280 hectares green infrastructure to be built up or upgraded to adapt to climate change.</p>	<p>2022 CSR 1.2</p> <p>2023 CSR 1.3</p>	<p>MFF</p>	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p>
<p>8 <i>Investments under the Programme "Environment" 2021-2027: Reducing the levels of pollutants and reaching established norms in air quality affected areas.</i></p>	<p>2022 CSR 1.2</p> <p>2023 CSR 1.3</p>	<p>MFF</p>	<p>A fair green transition, including the objective of climate neutrality</p>

Investment/Reform	Specific recommendations	RRF/MFF	General priorities
<p>The main objective is to improve the cleanliness of ambient air by addressing the two main sources of pollution – domestic heating and transport, including addressing secondary dusting – green infrastructure in urban environments, improving the monitoring of ambient air quality (AAQ), etc. Priority 5 “Air” interventions are envisaged to cover: a small pilot procedure to promote the use of RES, green hydrogen and other innovative alternatives; reducing air pollution from transport – introducing low-emission zones; tackling secondary dusting – green infrastructure in urban areas; improving the AAQ monitoring, upgrade of the National AAQ Real Time Monitoring System and the Information AAQ Data Reporting System, etc. Replacement of solid fuel (coal and wood) heaters with environmentally friendly alternatives (with priority to energy efficient homes) is supported, given the high efficiency and expected fastest direct result in reducing particulate matter emissions (PMs). Alternative heating explicitly excludes fossil fuels. As a result of the interventions, more than 2.7 million inhabitants are expected to benefit from AAQ measures, the savings of PM10 emissions are estimated to be 1 435 g/year and to be replaced solid fuel heating devices of over 88 thousand dwellings.</p>	<p>2023 CSR 3.1 2024 CSR 4.1</p>		<p>by 2050 set out in regulation (EU) 2021/1119</p>
<p>9 <i>Investment C5.I1: Integration the ecosystem approach and application of nature based solutions in the protection of Natura 2000 protected sites.</i></p> <p>The main objective is to ensure quality and modern management of biodiversity and Natura 2000 in Bulgaria by completing the process of defining specific objectives and measures of Natura 2000 protected sites. The project foresees that for all 340 Natura 2000 sites in Bulgaria there will be site-specific conservation objectives and measures in line with the EU Nature Conservation Directives (Directive 92/43/EEC on habitats and Directive 2009/147/EC on birds. This includes developing site-specific conservation objectives and measures for 250 protected sites and conservation measures for an additional 90 protected sites for which site-specific objectives are already under development. In parallel to this investment, the designation of areas of Community interest as special protected sites in accordance with the Habitats Directive 92/43/EEC will be completed. As a result, all 340 Natura 2000 protected sites in Bulgaria will be designated. The project also provides for the restoration of 150 habitats through nature-based solutions in line with the approved technical afforestation plans.</p>	<p>2022 CSR 1.2 2023 CSR 1.3</p>	<p>RRF MFF</p>	<p>A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119</p>

7.11 Defence

Defence investments focus on the implementation of modernisation projects for defence forces by building/acquisition of priority defence capabilities. The focus is on building a tangible component to achieve modern, high-tech and interoperable armed forces with our allies by forming a single integrated framework of capital expenditure and the main long-term strands of modernisation and/or conversion.

Institutions responsible: MoD

	Investment/Reform	Specific recommendations	RRF/MFF	General priorities
1	<p>Investment: <i>Modernisation and acquisition of new capabilities by the armed forces of the Republic of Bulgaria</i></p> <p>Following a decision by the 48th National Assembly, a Defence Investment Programme was developed in 2023 by 2032, with the aim of implementing the modernisation and armament of our armed forces (SIs), the establishment of a single integrated framework for capital expenditure and the main long-term strands of modernisation of aircraft by 2032, as well as introduce, predictability and transparency in the spending of capital.</p> <p>The projects set out in the Defence Investment Programme until 2032 provide the material component for the construction and development of national defence capabilities. At the same time, they provide guidance for modernisation/revision and consequently the overall development of the CS, responding to the state-of-the-art realities.</p>	X	National funding	Building defence capabilities

Table 8: Investment needs

	General priorities	Description of investment needs
1a	A fair green transition, including the objective of climate neutrality by 2050 set out in regulation (EU) 2021/1119	<p>In relation to achieving a just green transition, Bulgaria prioritises investment efforts in the policies and measures embedded in the 5 dimensions of the Integrated Plan “Energy and Climate” (IPEC), namely:</p> <p>decarbonisation (increase in the share of renewable energy (RES) in gross final energy consumption and reduction of greenhouse gas emissions), energy efficiency (support for renovation of public and private buildings to achieve almost zero energy consumption; the implementation of the most efficient energy solution in all economic sectors), energy security (diversification of sources and routes for natural gas supply, enhancement of FGH capacity and interconnection points, participation in projects for new LNG terminals in the region, efficient use of local energy resources and development of energy infrastructure), an internal energy market (competitive market), taking action to fully liberalise the market and integrate it into the regional and pan-European markets), research, innovation and competitiveness (promoting research progress in innovative energy technologies, including clean energy production).</p> <p>Decarbonising Bulgaria’s economy by 2050 and the energy sector in particular will improve air quality and reduce the concentration of polluting substances in the atmosphere, contributing to a more environmentally friendly clean environment for life. Further efforts are also needed to decarbonise domestic heating and the transport sector, which remain one of the main sources of contamination with fine particulate matter. Continuing the significant investments so far, building on what has been achieved is needed to address the understated air quality. In the transport sector, investments focus on the transition to alternative fuels and new technologies such as hybrid and electric cars, measures for infrastructure planning of publicly accessible electric vehicle recharging stations, recharging stations and hydrogen recharging infrastructure and the construction of alternative fuels infrastructure on the Republic of road network (MRS) as well as in public transport ports.</p> <p>The development of the Trans-European Transport Network (TEN-T) is a priority and, for its implementation, investment is needed to complete and modernise the network in line with the requirements of Regulation (EU) 2024/1679 of the European Parliament and of the Council of 13 June 2024 on Union guidelines for the development of the trans-European transport network, amending Regulations (EU) 2021/1153 and (EU) No 913/2010 and repealing Regulation (EU) No 1315/2013.</p> <p>Preserving biodiversity and life diversity in the country, as well as the efficient use of available resources, requires the introduction of a circular production and consumption model that minimises waste. In this respect, part of the investments foreseen for the period are aimed at sewage treatment achieving the targets for recycling and recovery of projected quantities of municipal waste, development and improvement of municipal waste management systems at regional level.</p> <p>Investments in rural and fisheries areas are needed to create employment, improve living conditions and provide basic services to the population, as well as investments in hydro-ameliorative infrastructure for irrigation and to protect against the harmful impact of water.</p> <p>Given that Bulgaria is located in one of the regions that are particularly vulnerable to climate change and the increasing frequency of associated extreme events, the focus is on building a comprehensive system to address the risk of disasters focused on prevention and prevention.</p> <p>Efforts are also focused on the modernisation of existing production equipment and the deployment of new models, which is extremely pressing as Bulgarian companies consume large quantities of electricity per unit of production, limiting their productivity and competitiveness. High levels of consumption of natural raw materials and energy in production are driven by physical and obsolete technologies and equipment, systems and production patterns.</p>

General priorities		Description of investment needs
		In the period until 2030, investments are also planned in the field of industrial policy, aimed at reducing the carbon footprint of industry, increasing the digitalization of production, improving resource and energy efficiency, introducing circular production models, promoting the construction of modern industrial infrastructure and accelerating reforms by improving investor service.
1b	Fair digital transition	<p>The digital transformation is aimed at achieving sustainable and inclusive economic growth, ensuring the maximum utilization of information technology potential by preparing Bulgarian citizens to acquire the necessary digital skills and competences.</p> <p>The National Roadmap for Digital Transformation, an annex to the updated Strategy Document 'Digital Transformation of Bulgaria 2024-2030'⁴⁹, fully aligns with the structure and objectives of the European Digital Decade Programme 2030. It focuses on the four essential areas: digital skills, digital infrastructures, digitalisation of businesses and digitalisation of public services, additionally two more critical topics have been identified – data as a key resource for the economy and society and cybersecurity. Significant efforts need to be made to improve digital skills, as their current level hinders the adoption of digital technologies by small and medium-sized enterprises (SMEs) and individuals, thereby limiting the overall potential for digital transformation in the country.</p> <p>Despite relatively good digital connectivity, Bulgaria still faces a disparity in internet access and quality between urban areas and rural, remote and sparsely populated regions. Investments in high-quality and sustainable digital infrastructure and improvements, equally accessible to all citizens and users, are essential not only for the effective use of digital services, but also for the adoption and development of technologies and various innovative solutions.</p> <p>To ensure a secure and sustainable digital transformation, it is necessary to implement projects focused on cybersecurity, enhancing trust in e-services and ensuring real access to them.</p> <p>The pace of digital transformation of businesses outside the ICT sector remains low, compounded with a shortage of qualified technical personnel in SMEs, limited resources and a lack of incentives for employers to hire ICT specialists and to integrate digital technologies in businesses.</p> <p>Digital connectivity is of strategic importance for growth and innovation across all sectors of the economy, for social and territorial cohesion, and for enhancing the EU's competitiveness. To achieve this, significant investments in digital infrastructure and digital connectivity, including 5G and 6G networks, are required.</p>
2	Social and economic resilience, including the European Pillar of Social Rights (EPSR)	<p>To enhance social and economic resilience in Bulgaria, significant investments are needed in the areas of education, skills, employment, measures to improve access to social services and long-term care, gender equality and the implementation of the European Child Guarantee.</p> <p>Ensuring investment to unlock the potential of the social economy, social entrepreneurship and social innovation will help to promote a sustainable, fair economic and social model. Investing in the creation of clusters and networks in the social economy is essential to build a sustainable social and solidarity economy.</p> <p>Investment in active labour market policies and social services is crucial to reduce unemployment and social inequalities. Structural challenges remain, especially for vulnerable groups. Education and skills development are vital components of Bulgaria's strategy to increase the economic resilience of the workforce. Commitments focus on improving basic skills, which is challenging given the continuing shortage of teachers, especially in rural areas. Public investment will focus on rising levels of</p>

⁴⁹ <https://egov.government.bg/wps/portal/ministry-meu/strategies-policies/digital.transformation/itis-national-strategic-documents/national.strategic.document.digital.transformation>

	General priorities	Description of investment needs
		<p>poverty and income inequality that are present in some minority groups. Given the demographic trend of population ageing and the need to acquire new knowledge and skills to meet and address economic challenges, reforms and investments are aimed at improving access to social services for vulnerable groups, but also on active labour market measures and school education reform.</p> <p>Necessary investments include the creation of new social and integrated health-social services for resident care and specialised social services, as well as to enhance the quality of social services provided to consumers in implementation of the National Strategy for Long-Term Care and its 2022-2027 Action Plan. Improving access to social services for vulnerable groups is crucial for social justice and integration. These measures will reduce social inequalities and increase the quality of life of the most vulnerable sections of society.</p> <p>Investment in health infrastructure and in the modernisation of hospitals and health centres will provide better treatment conditions and better services for the population. In addition, the integration of digital technologies in the health sector will optimise processes and improve the efficiency of the system. The introduction of electronic health records and telemedicine will facilitate access to medical care and reduce the workload for health establishments. Investments in these directions will have a long-term impact on the country's economic and social stability.</p>
3	Energy security	<p>Achieving the climate neutrality of Bulgarian energy by 2050 is a key objective that requires a profound transformation of the national energy balance towards low greenhouse gas emitters. The high energy intensity of the economy is due to the specific profile of major industries in Bulgaria and measures should be directed towards them to support their competitiveness.</p> <p>The future development of the energy sector is underpinned by the efficient use of conventional and alternative energy resources, the development of the energy market and smart systems, the direct involvement of citizens and society in the energy transition, and the active participation of consumers in the electricity market. The key challenge of the upcoming energy transformation is the successful implementation of reforms in carbon-intensive regions. The transition of these areas requires complex horizontal measures, a high level of investment and, last but not least, active social policy. The sustainable shift towards low-carbon energy will be phased in by a smooth replacement of fossil fuels with new low-emission technologies in such a way that systemic adequacy is not compromised.</p> <p>In order to support the process of transition to a climate-neutral economy, reforms and investments, including the gradual reduction of coal use as primary fuel by 2038 at the latest, need to be combined with retrenchment of the country's RES capacity supported by new energy storage systems and support for green hydrogen pilot projects.</p> <p>Bulgaria's key priority to ensure energy security is to diversify sources and routes for natural gas supply, increase gas storage capacities and interconnection points, participation in projects for new LNG terminals in the region, efficient use of local energy resources and development of energy infrastructure.</p> <p>To achieve the renewable energy (RES) targets, significant funds need to be invested in the development of renewable energy capacity in the electricity and heat production sectors.</p> <p>Bulgaria has significant investment needs in the areas of energy and climate change that are closely linked to the achievement of the targets.</p> <p>As regards the development of the electricity generated by the R & D, Bulgaria plans to invest more in HPP and FPP, as well as to increase the use of biomass for electricity production.</p>

	General priorities	Description of investment needs
		<p>Bulgaria plans to develop several electricity storage projects to ensure balance and flexibility of the system, strengthen Bulgaria's exporting position and ensure cross-border flexibility of the system. These projects will also facilitate the further development of the ROs and their integration into the national energy system, given the volatility of such energy sources.</p>
4	Building defence capabilities as necessary	<p>Given the dramatically changed security environment, the focus of Bulgarian defence policy is to strengthen European and national security as an integral part of NATO's collective defence and the EU Common Security and Defence Policy. This requires an accelerated modernisation of the country's armed forces. As a result of the strategic review of the national security protection system, the strategy papers "Agreed Forces Development Programme by 2032" and the "Defence Investment Programme until 2032" have been prepared and adopted by the National Assembly. Their preparation takes into account the NATO defence planning process and the development of the EU's military capabilities. A process of reshaping and upgrading all types of armed forces in the different operational domains is ongoing.</p> <p>Making the EU defence industry more self-sufficient, through the European Union Defence Industry Support Programme (EDIRPA), the European Defence Fund (EDF), the EU Permanent Structured Cooperation (PESCO) initiative is a logical step towards addressing future security threats. This requires supporting actions and joint projects that would strengthen the European defence industry in developing more effective common defence capabilities, including through research and innovation.</p> <p>In addition, strengthening the deterrent and defence potential of NATO's eastern flag, notably in the Black Sea region, is a top priority for Bulgaria. Our contribution to this strand will be strengthened, especially as regards the development of Union structures and formations of our territory, the development of military mobility with the necessary infrastructure projects and the national maintenance capabilities of the host country, including the maintenance of stocks of armament and ammunition in our territory. In this regard, military mobility infrastructure projects are of high priority.</p>

8 ANNEX

8.1 Technical information

On 24 January 2025, the European Commission provided Bulgaria with technical information in application of Article 9 (3) of Regulation (EU) 2024/1263.⁵⁰

Table 9: Technical information for Bulgaria on a four-year plan

Plan without extension (4 years) Bulgaria	With the deficit resilience safeguard ⁵¹	Without the deficit resilience safeguard
Minimum structural primary balance level in 2028 (% of GDP)	-0.9	-2.1
Difference with structural primary balance in 2024 (pp of GDP)	1.2	0.0

Bulgaria's plan presents results without deficit resilience safeguard and the structural primary deficit in 2028 reaches 1.8% of GDP, with a difference of 0.6 p.p. compared to 2024.

⁵⁰ For Member States that have a General Government deficit not exceeding 3% of GDP and General Government debt not exceeding 60% of GDP, the Commission shall provide, at the request of the Member State, technical information regarding the structural primary balance necessary to ensure that the headline deficit is maintained below 3% of GDP assuming that there are no additional policy measures over the medium and long-term and indicating whether that implies fiscal adjustment needs. Such technical information shall also be consistent with the deficit resilience safeguard referred to Article 8 of Regulation (EU) 2024/1263.

⁵¹ Article 8 of Regulation (EU) 2024/1263 Deficit resilience safeguard:

- The reference trajectory shall ensure that fiscal adjustment continues, where needed, until the Member State concerned reaches a deficit level that provides a common resilience margin in structural terms of 1.5% of GDP relative to the deficit reference value of 3% of GDP
- The annual improvement in the structural primary balance to achieve the required margin shall be 0.4 p.p. of GDP, which shall be reduced to 0.25 p.p. of GDP in the case of an extension of the adjustment period referred to in Article 14.