**PARTNERSHIP AGREEMENT**

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<td>Title</td>
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**Selection of policy objectives and the JTF specific objective**

**Table 1: Selection of policy objective and the JTF specific objective with rationale**

<table>
<thead>
<tr>
<th>Selected policy objective</th>
<th>Programme</th>
<th>Fund</th>
<th>Rationale for the selection of policy objective</th>
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</table>
| PO 1                      | Programme Competitiveness and Innovation in Enterprises | ERDF | Low productivity and unsatisfactory performance of the Bulgarian research and innovation system, both in terms of scientific organizations and business separately, and in terms of the interaction between them. Fragmentation of politics, need to continue reforms in both areas, to overcome underfunding and develop a sustainable national ecosystem:  
  - Bulgaria is in the group of "modest" innovators" with a total innovation performance of 49% of the European average\(^1\);  
  - Insufficient financing of the sector - in 27th place in the EU in terms of the share of public expenditure on R&D - 0.76% of GDP \(^2\);  
  - Despite some positive trends, data on enterprise innovation activity and company investment show: a drop of 2% (2019 compared to 2012) in SMEs with non-technological (marketing and organizational) innovations; a drop of 14% in the sale of new-to-the-market and new-to-the-company products as a share of turnover; and a drop of 30% in enterprises with access to ICT training;  
  - Unsatisfactory results of the functioning of the research system, including weak internationalization (relatively small number of joint publications with leading foreign organizations, international doctoral student exchange programs, patents implemented in a real environment);  
  - Inefficient cooperation between research organizations and enterprises, leading to low levels of technology transfer, joint R&D developments, work with intellectual property rights and commercialization of research results; |

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\(^1\) European Innovation Scoreboard 2020  
\(^2\) European Innovation Scoreboard 2020
- Slow rates of modernization of higher education, weak relations with research organizations and business and insufficient joint activities and research programs;
- Disadvantages related to the availability, quality, use and re-use of data for the absorption of scientific research and the development of innovation, the cooperation between research organizations and enterprises and for the transformation to a smart economy;
- Low results in the field of human capital, research and innovation activity. Keeping a low share of researchers, regardless of the annual growth of more than 10% in 2019. The share of business in the institutional structure according to the indicator reaches nearly 46%;
- Keeping a low potential to retain talent (43rd in the world, 22nd in Europe) and to attract talent (91st in the world and 25th in Europe);
- Fragmented, under-equipped and unevenly distributed research and innovation infrastructure and potential (human, technological, design) with a lack of strategic focus and insufficient workload.

Unexploited growth potential of SMEs due to still low levels of technological achievements, insufficient entrepreneurial activity, low degree of digitization and internationalization:
- Predominant export of low and medium low technology products;
- Low entrepreneurial activity and skills, causing an underdeveloped entrepreneurial ecosystem (possibility of realizing additional potential in accordance with the indicator Entrepreneurial activity in the initial phase (EAIP) - TEA of GEM, which in 2018 for Bulgaria was 6%);
- Only 8.6% of entrepreneurs indicate that their products are new to consumers;
- A very small part of Bulgarian entrepreneurs (6.5%) use public funding under national programmes to promote entrepreneurship and small business;
- Need to increase support for FinTech companies;
- The lowest levels of productivity among MS despite the serious growth of added value (60.5% for SMEs and 83.9% for micro-enterprises);
- Need to continue support for increasing the share of added value generated by SMEs in high-tech manufacturing sectors and knowledge-intensive and service sectors;
- Low average share of companies with state-of-the-art machinery and equipment - 32% against an average of 44% for the EU in 2019;
- The degree of internationalization of the activity of SMEs continues to lag behind the average level in the EU in all its dimensions - export, exchange of know-how and participation in international projects. The relative share

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2Global Innovation Index 2020
3European Investment Bank, 2019
of enterprises exporting to the EU was 5.9% for 2018, compared to an average of 17.9% for the EU;
- Relative share of 7.9% for 2017 of the enterprises exporting to the EU with an average of 10% for the EU;
- Low level of entrepreneurial skills.

Lagging behind the pace of digitization in the economy, public administration and society:
- Second to last in the EU for 2021 according to Digital Economy and Society Index (DESI), with only 33% of SMEs having at least a basic level of digital intensity, compared to 60% for the EU;
- Ranked 44th place in 2020 according to the UN E-Government Development Index;
- Ranked 21st in DESI’s 2021 Digital Public Services dimension;
- Lack of digital connectivity of universities and research organizations and conditions for storage and open access of data and research results;
- Low levels of specialized digital skills related to enterprise development;
- Insufficient security and continuous complication of the situation in cyberspace with an increase in registered violations in and from the Bulgarian Internet space;
- A sharp increase in incidents with a significant damaging impact in network and information security, such as incidents due to fraud (fishing) and malicious code (malware);
- Insufficient expert and technical capacity to actively and efficiently counter cyber threats;
- Fragmented, insufficiently structured and non-interoperable data;

Contribution to national goals and priorities
- Contribution to national priorities of development axes 2 and 3 and national priority 10 of development axis 4 of Bulgaria 2030;
- Contribution to the implementation of the 2019 Council specific recommendation 3 (focusing investment-related economic policy on research and innovation) and specific recommendations 2 (improving access to remote work and promoting digital skills) and 3 (providing effective support to SMEs and the self-employed; prioritizing ready-to-implement public investment projects and stimulating private investment to accelerate economic recovery; focusing investments in green and digital transition) for 2020;
- Contribution to the implementation of individual aspects of Goals 8, 9 and 16 of the UN Sustainable Development Goals.
- Achieving a transition to an innovative and smart economy based on innovation and the application of knowledge in real business is also fundamental to the development of a sustainable blue economy.
<table>
<thead>
<tr>
<th>Innovation in Enterprises Environment Programme</th>
<th>CF EMFAF</th>
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<tr>
<td>Transport Connectivity Programme</td>
<td>production of GDP than the average energy consumption in the EU;</td>
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<tr>
<td>Maritime, Fisheries and Aquaculture Programme</td>
<td>- The most carbon-intensive EU member state. The intensity of greenhouse gas emissions in the production of electricity in 2010 was 1.6 times higher than the average for the EU, and in 2020 1.8 times;</td>
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<td>- The most resource-intensive economy in the EU, with consumption of 6.5 times more raw materials for the production of a unit of GDP than the average raw material consumption in the EU;</td>
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<td>- There is not a sufficiently high activity of enterprises in order to increase their energy efficiency;</td>
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<td>- Lag behind in the process of transforming the economy from linear to circular - last place in the EU in terms of resource productivity;</td>
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<td>- Last in the EU in 2019 in terms of eco-innovation implementation according to the European Eco-Innovation Index. Bulgaria's index is only 34, with an average value for the EU of 100; Strong amortization of the water supply network;</td>
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<td>- Low degree of compliance with the requirements of the urban waste water treatment directive;</td>
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<td>- Need to reduce the share of landfilled waste - the level in 2017 of 61.8% was more than 2.5 times higher than the EU average;</td>
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<td>- Need to improve the quality of atmospheric air due to the problem of the concentration of fine dust particles - the main factors for pollution with fine dust particles (dust) are domestic heating with solid fuel and transport;</td>
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<td>- Need for a horizontal approach and implementation of environmental policies in all sectoral policies;</td>
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<td>- Bulgaria is located in a region particularly vulnerable to climate change - additional efforts are needed to complete the development of a comprehensive risk prevention system;</td>
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<td>- Need to modernize the aging fishing fleet and port infrastructure, and restructure the fishing sector to provide conditions for more responsible and sustainable fishing based on the conservation of biological resources through selectivity, innovation, low pollution from fishing and increasing social and economic benefits of employed operators in accordance with the CFP rules.</td>
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<td>- Need to improve monitoring, control enforcement and data collection, biodiversity conservation and tackling overfishing in the Black Sea;</td>
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<td>- Need to modernize aging aquaculture assets and develop sustainable and organic aquaculture systems, support algae cultivation, local production of aquatic organisms and derived products and promote local sustainable catches. Need to modernize existing and build new processing plants; introduction of circular economy models for the blue economy sectors, including fisheries, to achieve the objectives of the</td>
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5 Bulgaria 2030, Annex No 2, 2019
European Green Deal, the implementation of the strategy From Farm to Fork, as well as to contribute to the Multiannual Aquaculture Plan of Bulgaria, on the EU Guidelines on aquaculture and on the Biodiversity Strategy in the light of fisheries and aquaculture, and the further development of the Black Sea International Cooperation Framework, and on the implementation of the EU Common Fisheries Policy and the GFCM 2030 strategy;

- Growing demand in the country and increase in average annual per capita consumption of fish and fish products - support for the development of a sustainable marketing system for fishery and aquaculture products through labeling and tracking systems, value addition, processing of fishing and aquaculture waste into high market value products;

- Need to raise public awareness about sustainable fisheries and aquaculture products


- Contribution to the implementation of the National Programme for Improving Air Quality 2018-2024, the National Programme for Air Pollution Control 2020-2030; the National Strategy for Adaptation to Climate Change; the National Priority Framework for Natura 2000 action; the Biodiversity Strategy; the National Plan for the Protection and Sustainable Use of Biological Diversity and Genetic Resources 2020-2024; the National Strategy for Disaster Risk Reduction 2018 – 2030; the National Waste Management Plan for the period 2021-2028; Strategy and action plan for the transition to a circular economy of the Republic of Bulgaria for the period 2021-2027;

- Contribution to the national goals until 2030 of the Integrated National Energy-Climate Plan for the period 2021-2030: share of RES energy in gross final energy consumption – 27.09%; share of electric energy from RES in the gross final consumption of electric energy - 30.33%; share of heat energy and cooling energy from RES in the gross final consumption of heat energy and cooling energy – 42.60%; share of RES energy in final energy consumption in the transport sector – 14.20%;

- Contribution to national priorities 4, 5 and 6 of development axis 2 and national priority 9 of development axis 3 of the Bulgaria 2030 strategy;

- Contribution to the implementation of Council Specific Recommendation 3 2019 (targeting investment-related economic policy towards water, waste and energy infrastructure and energy efficiency) and Council Specific Recommendation 3 2020 (focusing investment on the green and digital transition, in particular in the area of clean and efficient production and use of energy and resources, ecological infrastructure, contributing to the gradual decarbonization of the economy, including in coal-mining regions);

- Contribution to Goals 3, 6, 7, 8, 11, 12, 13, 14 and 15 of the UN Sustainable Development Goals.
<table>
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<th><strong>PO 3</strong></th>
<th><strong>Transport Connectivity Programme</strong></th>
<th><strong>ERDF CF</strong></th>
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</table>

- An acceptable level of construction and electrification of the railway infrastructure, but a deteriorated general condition - low average technical speed and a high degree of depreciation of the rolling stock, which are reflected in the continued outflow of users of the offered service in the passenger segment; the share of rail transport in passenger land transport is 2.1%, which is well below the EU 27 average (7.8%). Infrastructure investments in rail transport are very limited and are among the three lowest in the EU per capita (source Rail Market Monitoring report, data for 2018);

- The increase in the share of motorways in the last few years is insufficient to overcome the substantial lag in motorway coverage compared to the EU – motorway and expressway coverage is only 0.006 km/km², premium roads are 14.7% and motorways are only 3.7% from the total length of the republican road network;

- About 1/3 of the national road network remains of poor road surface quality with a significant impact on regional connectivity as well as road safety;

- Insufficiently developed water transport in the country - the main problems remain the deteriorated technical condition of the port terminals, the poor condition of infrastructure connections with the national road and railway system and the remaining navigation problems in the Bulgarian section of the Danube River; Need to implement a sustainable blue economy in maritime transport and ports;

- As of 2016, the degree of completion of sections of the main TEN-T railway network in the country amounted to only 11%, which is the seventh lowest result within the EU (out of 26 Member States); the degree of completion of sections of the main road TEN-T network amounts to 50%, which is the fifth lowest result within the EU (out of 28 Member States);

- Lack of adequate information systems, which leads to non-fulfillment of interoperability requirements and impossibility of applying modern information technologies in transport planning and management of the transport process;

- Contribution to the implementation of the objectives of the Strategy for smart and sustainable mobility of the EC;

- Contribution to the implementation of the work plans of the corridors of the Trans-European Transport Network and the implementation plans of the European Railway Traffic Management System (ERTMS);

- Contribution to the implementation of the goals of the "Prepared for Goal 55" package, as well as the National Policy Framework for the development of the alternative fuels market in the transport sector and the deployment of the relevant infrastructure;

- Contribution to the implementation of the Integrated Transport Strategy for the period up to 2030;
- Contribution to national priorities 7 and 8 of development axis 3 of the "Bulgaria 2030" strategy;
- Contribution to the implementation of Council Specific Recommendation 3 2019 (focusing investment-related economic policy on transport, in particular its sustainability) and Council Specific Recommendation 3 2020 (focusing investments on green and digital transition, in particular in the field of sustainable transport);
- Contribution to the implementation of Goal 3, Goal 9 and Goal 11 of the UN Sustainable Development Goals.
- Implementing a sustainable blue economy policy through increased digitalisation, improved waste management, promoted “green shipping” and “eco-ports”, improved rail and road access to ports etc. will also improve mobility and opportunities for more faster and more seamless interconnection between the economy and citizens through sea transport and ports.

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<th>PO 4</th>
<th>Human Resource Development Programme</th>
<th>ESF</th>
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<td></td>
<td>Education Programme</td>
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<td>Food and Basic Material Assistance Programme</td>
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47% of 15-year-olds are functionally illiterate, 46.5% have achievements below the critical threshold in the field of science, and 44.4% have an insufficient level of skills in mathematics, with the lag compared to the EU more than double in all areas of the PISA 2018 study;

the share of early school leavers reached 13.9% in 2019 compared to 10.6% on average for the EU due to the lack of a mechanism to track the migration of children of compulsory preschool and school age outside the country; participation in lifelong learning covers 2% of people aged 25-64 in 2019 against an EU average of 11.3%;

according to the DESI 2020 report, only 29% of the population has at least basic digital skills (vs. 58% EU average), 64% of citizens use the Internet (83% EU average), while 27% have never used it (highest rate in the EU);

the low level of education and the lack of professional qualifications remains a major obstacle to the inclusion in employment of the unemployed and inactive persons, especially the long-term unemployed (23.9% of all unemployed, according to EA data), a large number of whom are Roma;

44.5% of disabled people do not have a qualification or educational specialty;

a large proportion of all young NEETs aged 15-29 (48%) have primary education or less

in 2018, the employment rate of VET graduates was 66.4% and, although rising, it remains significantly below the EU average of 79.5%.

in 2020, the share of university graduates among persons aged 30-34 reached 33.3%, but is still below the national target under the Europe 2020 strategy of 36%.

in 2018, participation in adult learning was at a level of 2.5%, which is significantly below the EU average of 11.1%, with the share of participants in low-skilled adult learning amounting to a quarter of the population share as whole.

According to the Report on Bulgaria 2019, more than half of people with disabilities stop their education prematurely and only 34% have a job; the percentage of university graduates among them is 13.5%.

one of the Member States with the highest share of young people between the ages of 15 and 29 who are neither in education, nor in training, nor in employment - 18.1% for Bulgaria against an average level of 12.8% for the EU in 2020;

relative share of the poor – 22.6% for 2019 compared to 16.5% on average for the EU and 27.5% for children aged 0-17, with poverty being particularly high among the most vulnerable groups;

the highest relative share of the population living in severe material deprivation, nearly three times higher than the EU average (19.9% for 2019);

high relative share of children living in material deprivation (38.5% for 2020)

the highest inequality in the distribution of income in the EU - 8.1 times the difference between the income of
the poorest and the richest 20% of households compared to an average of 5 times in the EU;
- the share of children at risk of poverty (after social transfers) is higher than the average poverty level for the country's population - 28.3% in 2020 (at 23.8% for the country); 26th place in the EU according to government social protection expenditure - 12.4% of GDP on average for the last ten years against an EU average of 18.9% of GDP;
- poor health status and poor mental health indicators compared to other EU Member States;
- uneven distribution of available care services;
- low levels of labor mobility of the workforce, compared to EU countries;
- health care spending of 7.1% of GDP against 9.9% EU average for 2019, with only 51% coming from public sources;
- contribution to national priority 1 of development axis 1 and national priority 11 of development axis 4 of Bulgaria 2030;
- contribution to the implementation of Council Specific Recommendation 4 (improving employability by strengthening skills, including digital skills; increasing the quality, labor market applicability and inclusiveness of education and training, in particular for Roma and other disadvantaged groups; taking measures for social inclusion by improving access to integrated social and employment services and more effectively supporting minimum income; improving access to health services) for 2019 and Specific Recommendations 1 (taking all necessary measures to effectively deal with the pandemic, sustain the economy and support the subsequent recovery; mobilizing sufficient financial resources to strengthen the resilience, accessibility and capacity of the health system and to ensure a balanced geographical distribution of health workers) and 2 (ensuring adequate social protection and basic services for all and strengthening active labor market policies) for 2020;
- contribution to the implementation of Goals 1, 2, 4, 5, 8 and 10 of the UN Sustainable Development Goals.
- providing conditions for increasing knowledge, opportunities for retraining, investment in education in the long term in the context of the blue economy.

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<th>PO 5</th>
<th>Regional Development Programme</th>
<th>ERDF EMFAF</th>
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<tr>
<td></td>
<td>Maritime, Fisheries and Aquaculture Programme</td>
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- Continued deepening of regional disparities - both between regions at the NUTS II level and at a lower territorial level, and also along the urban-rural axis;
- The Southwestern region, which includes the main economic center of the country - the capital Sofia, formed 50.6% of the country's GDP in 2020, increasing its contribution by 2.6% in the last 10 years;
- According to the GDP per capita indicator, the regions of Bulgaria are significantly behind the average level, as well as the leading regions in the EU - the North-West region continues to occupy the last place in the ranking of regions in the EU according to this indicator with 29%
of the average level for the EU, followed by from North Central region;
 the difference between the most developed (Sofia-city) and the most economically backward (Vidin) region of NUTS III level increased from 4 times in 2010 to 5.5 times in 2020;
 the trend of urbanization continues, with the concentration of the population in cities in 2020 reaching 73% compared to 71.6% in 2010 and 69.6% in 2002;
 the main problems facing the development of cities remain the unsatisfactory (in places) state of the educational, health, cultural, sports and technical infrastructure, the state of the physical environment and public works, the low energy efficiency of residential and public buildings, excessive amounts of emissions of fine dust particles, result of solid fuel domestic heating and transport;
 the outdated rolling stock of public transport, the lack of appropriate connections between individual modes of transport and the not well-developed infrastructure for alternative modes of transport are one of the main factors determining poor air quality in cities;
 the poor quality of class I-III roads and especially those of the municipal road network hinders the connectivity between cities and settlements, and hence the development of functional areas;
 faster rural depopulation, continuing disparities in access to basic services and untapped potential of rural areas, agricultural settlements and rural-type settlements;
 growing disparities due to the automatic division of settlements into urban and rural types without taking into account their location, proximity to large cities and first-class infrastructure and services;
 untapped potential for development in the various cities and territories of the country, which requires targeted impact and an integrated approach of investments - for example in the field of economic development, infrastructural provision, environmental quality, development of health care, education, sports, culture, cultural heritage and tourism;
 need to make full use of the opportunities offered by the sustainable blue economy and turn them into a basis for the development of environmental, cultural, social and human resources through local fisheries and aquaculture communities;
 in the majority of territories dependent on fishing and aquaculture activities, it is important to maintain local community ties and ensure the maintenance and improvement of the socio-economic status of residents by providing livelihoods and maintaining sustainable local businesses. The willingness and capacity of residents in these regions to engage in long-term multi-sectoral partnerships is still unevenly distributed and underdeveloped;
<table>
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<tr>
<th>Special goal of the Just Transition Mechanism</th>
<th>Regional Development Programme</th>
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| • need to support and develop activities at local level, aimed at protection and popularization/socialization of natural and cultural heritage and sustainable development of local community;  
  • contribution to the implementation of Council Specific Recommendations 3 (guidance of investment-related economic policy, taking into account regional differences and improving the business environment) and 4 (undertaking measures for social inclusion by improving access to integrated social and employment services, improving access to health services) for 2019 and Specific Recommendation 1 (mobilizing sufficient financial resources to strengthen the sustainability, accessibility and capacity of the health system) for 2020;  
  • contribution to national priority 6 of development axis 2, national priority 9 of development axis 3 and national priorities 12 and 13 of development axis 5 of the "Bulgaria 2030" strategy;  
  • contribution to the implementation of Goal 3, Goal 8, Goal 11 and Goal 12 of the UN Sustainable Development Goals |
| • Highly dependent on solid fuels and greenhouse gas intensive industrial activities, need to phase them out or adapt for the transition to climate neutrality;  
  • One of the highest shares of solid fossil fuels in the final energy consumption of households;  
  • The most energy-intensive economy in the EU, consuming over 3.6 times more energy resources for the production of GDP than the average energy consumption in the EU;  
  • MS with the greatest carbon intensity, with 4.3 times higher intensity of greenhouse gas emissions compared to the EU average for 2016:  
  - carbon intensity of sector D "Supply of electricity, gas, steam and air-conditioning installations" - 3.3 times higher than the EU27 average;  
  - Carbon intensity of the processing industry (sector B - 2.6 times above the EU average;  
  - Carbon intensity of the transport sector - 3.4 times above the EU average.  
  • The most resource-intensive economy in the EU, consuming 6.5 times more raw materials per unit of GDP than the average raw material consumption in the EU;  
  • Production technologies generate 420 kg of waste for the production of 1,000 euros against 66 kg on average for the EU;  
  • Disproportionate impact on enterprises in the Bulgarian economy and industry, in particular compared to most EU countries, due to the significant share of energy-intensive industry and the small contribution to the total amount of emissions in the European Union;  
  • Negative effects on employment from the closure of coal-fired power generation facilities, incl. direct effect of mass layoffs in these enterprises and secondary effect coming from coal mining activities; |
• Carbon-intensive sectors and regions are at risk of losing their prosperity and employment;
• Need for support for territories and economies facing serious socio-economic challenges related to the transition process to a climate-neutral economy of the Union by 2050;
• Contribution to the mitigation of the impact of the transition by financing the diversification and modernization of the local economy and by mitigating the negative consequences for employment;

2. Policy solutions, coordination and complementarity

Summary of policy solutions and main results expected for each of the Funds covered by the Partnership Agreement — Article 11(1)(b)(i) of the CPR

<table>
<thead>
<tr>
<th>Investments across all policy objectives will ensure respect for fundamental rights and compliance with the Charter of Fundamental Rights of the European Union, with the horizontal principles of gender equality, non-discrimination (based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation) and accessibility at all stages of programming and implementation.</th>
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<tr>
<td><strong>Policy objective 1: A smarter Europe by promoting an innovative and smart economic transition</strong></td>
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<tr>
<td>The planned investments are aligned with the priorities of the new European Research Area for research and innovation, the priorities of the European Green Deal, the Strategy for the place of SMEs in a sustainable and digital Europe, the European policy on Digital Europe and digital transformation and the Council recommendations from 2019 and 2020 within the framework of the European Semester.</td>
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<tr>
<td>The European Green Deal is adopted as Europe's new growth strategy, aiming to build a modern, resource-efficient and competitive economy that does not put at risk the protection, preservation and increase of natural capital. The European Green Deal has put the emphasis on the green and digital transformation of the European economy. Bulgaria will use the funds to mobilize scientific research and promote innovation for economic growth and sustainable development with a view to reducing regional differences and creating conditions for attracting investments.</td>
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<tr>
<td>The annual strategy for sustainable growth further develops these ideas in the concept of competitive sustainability, based on four fundamental principles: macroeconomic stability, social justice, a sustainable environment and increased productivity. The strategy reaffirms that among the main goals of the European Union will continue to be technological leadership and technological sovereignty, achieved through widespread innovation and access to financial resources.</td>
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<tr>
<td>At national level, the starting point for the interventions are the priorities of the National Development Programme &quot;Bulgaria 2030&quot; under the &quot;Innovative and Intelligent Bulgaria&quot; axis, the Innovation Strategy for Intelligent Specialization 2021-2027, the National Strategy for the Development of Scientific Research in Bulgaria 2017-2030, the National Strategy for SMEs 2021-2027, the National Roadmap for Research Infrastructure, the National Concept for Digital Transformation of Industry (Industry 4.0), the National Concept for Artificial Intelligence, the national strategic document &quot;Digital Transformation of Bulgaria for the period 2020-2030&quot; and the National Reform Programme and the Convergent Programme.</td>
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<tr>
<td>Policy in this area focuses on economic development by modernizing and improving the quality, results and productivity of the scientific and innovation system, developing them into an ecosystem and creating favorable conditions for higher technological development, attracting leading scientists and developing young personnel, sustainable enterprise growth and digital transformation in their interdependence and synergy.</td>
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6 The total length of the text in the three text boxes above must be between 10,000 and 30,000 characters.
The COVID-19 pandemic has created a severe emergency that has affected citizens, societies and economies. As well as putting national health systems under severe pressure, it has caused disruptions in global supply chains, instability in financial markets and shocks in consumer demand. Bulgaria's economy was hit hard by the crisis, affecting both the service sector and the manufacturing sector. The crisis has highlighted the importance of research, technology, innovation and digitization as crucial factors in any crisis exit scenario, economic recovery and the strategic importance of effective public administration and well-functioning governance.

The following policy priorities have been identified to address development deficits:

- increasing the quality, capacity and productivity of the research and innovation ecosystem;
- sustainable growth of enterprises and development of the entrepreneurial ecosystem and business environment;
- increasing the rates of digitization of enterprises and digitization of the public sector for the benefit of citizens, scientific organizations and businesses;
- ensuring a high level of cyber security.

The leading approach in the implementation of these priorities is to ensure complementarity, synergy and interdependence of the policies and planned measures within the framework of the Structural Funds and national investments. The planned investments will build on a clear action plan, an integral part of the Innovation Strategy for Smart Specialization in synergy with other sectoral national plans and strategies, including the Integrated Energy and Climate Plan. The analyzes prepared by the World Bank were also used of the research and innovation ecosystem in Bulgaria, the report of the Joint Research Center on centers of excellence and centers of competence and analyzes of the implementation of programmes from the period 2014-2020 in this area, and the updated National Roadmap for Research Infrastructure.

A horizontal priority for all interventions is the transition to a green, blue and circular economy, as well as the digital transition. The cross-cutting policy between research, innovation and technology will be developed jointly by the Ministry of Education and Science (MES) and the Ministry of Innovation and Growth (MIG). They retain their leading role in relation to specific sectors and the strategic documents guiding them, namely the National Strategy for Research Development 2017-2030 (MES) and the Innovation Strategy for Smart Specialization 2021-2027 (MIG).

Legal securing of the research, innovation and technology policy will be ensured through the development and adoption of a new Law on the Promotion of Scientific Research and Innovation, which will replace the current Law on the Promotion of Scientific Research. The Law will determine the bodies and the procedure for forming the national policy for promoting research and innovation, will regulate the role of each of the institutions involved in the process of creating, implementing, monitoring and evaluating the policy, will indicate the ways of financing the policy.

Additionally, with the aim of effective coordination, an Innovation Board will be established. The Board will be an advisory body to the ministers of education and science and of innovation and growth. Its members will be leading experts in various scientific fields from the country and abroad, from public and private scientific organizations, innovators and business leaders. They will be determined after applying a transparent selection procedure. The Board will be permanent and will meet at least once a year. It will propose long-term policies for the development of innovation and related research. The Board will support coordination with other national or sectoral strategies, such as the Integrated Energy and Climate Plan, the Higher Education Strategy, the National Roadmap to improve the conditions for unlocking the potential of hydrogen technologies, the Industry 4.0 Strategy, etc.

Based on the Action Plan for the Innovation Strategy for Smart Specialization, coordination of specific proposals, provision of business support, focusing on the needs of the circular and blue economy, incl. bioeconomy, SMEs and start-ups. The established practice of coordinating support with financial instruments from different sources and avoiding overlapping between them will be continued and further refined. Seeking complementarities and synergies at sectoral and regional level, as well as with the EU's Horizon Europe Framework Programme for Research and Innovation, will ensure the effectiveness of funds.

A flexible approach to the framework of the normative documents will be sought in order to provide a toolkit for reflecting the current economic processes at the beginning of the new program period. Such an approach will provide an opportunity for the effective use of financial instruments in sectors and forms outside the classical ones - for example in R&D, as well as for more diverse quasi-equity investments supporting enterprises exposed to highly negative economic influences.

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8 Bulgaria: Country Needs and STI Policy Mix Assessment; Bulgaria Functional and Governance Analysis; Enhancing the Contribution of Bulgaria’s Public Research to Innovation: A Survey-based Diagnostic

9 The strategic assessment and recommendations of the European Commission’s Joint Research Center (JRC) report on the future development of Centers of Excellence (CEx) and Competence Centers (CC).
Increasing the quality, capacity and productivity of the research and innovation system

Interventions under this priority are programmed in the context of state efforts to increase the effectiveness and applicability of the results of scientific research activities and increase innovation and technology in the economy, which directly helps to increase competitiveness and increase the share of products with high added value. The main aim is to overcome the fragmentation of scientific potential in the development of these areas by applying policies and measures planned jointly and contributing to shortening the path from the results of scientific research to innovation and technology, creating the necessary incentives and facilitations for business to develop and implement new products and services, development of national capacity for technology transfer and commercialization of knowledge, strengthening the strategic focus of investments and increasing their contribution to the development of an economy based on knowledge and technology.

In the context of the economic and health crisis caused by Covid-19 and overcoming its negative effects, the country needs to consolidate the efforts of all participants in the R&D system, maximize their potential and effectively use the existing research and innovation resources, in response to the needs and demand of the economy and society.

The remaining elements of the reform include the development and adoption of a Law on Scientific Research and Innovation based on the current legislation in this area, expanding its scope and parameters, incl. regulation of emerging scientific research centers, such as the CEx and CC, technological parks and others with the priorities of the new policy.

These institutional and legislative measures are complemented by continuing efforts to increase the share of project-based and result-oriented funding of research organizations and higher education institutions (HEIs), creation and development of research universities (under the National Recovery and Resilience Plan), stimulation of the connections between applied science and business and ensuring their full participation and integration in the national research and innovation ecosystem, development of an effective national system for technology transfer and commercialization. The development of the innovative and applied research capacity of the Bulgarian Academy of Sciences and the thematic specialization along the lines of the green and digital transition will be stimulated. The development of the potential and capacity of human resources in the field of R&D together with internationalization activities are considered as a horizontal element of each of the mentioned elements of the reform. The lessons learned during the two program periods are the starting point for defining and upgrading the new investments. The results show:

- Lack of effective coordination in the implementation of policies and the realization of investments for the development of R&D. For years, the country has been receiving recommendations in this regard, which clearly emphasize the need for both a common policy and common tools in these areas. Therefore, in the architecture of the Partnership Agreement, a new program is proposed, aimed at the implementation of the objectives and priorities of the common policy for the development of scientific research, innovation and technology, in the context of enhanced digitization.
- The underfunding of the field of R&D, with the European Structural and Investment Funds provide the largest share of public funding in this area.
- Need for measures for the purposeful development of the national research and innovation ecosystem, which would create conditions for sustainable interaction and communication between the various participants.
- Creation of conditions for long-term development, sustainable management of scientific research and innovation infrastructure aimed at using its full potential.
- Bringing human resources to the fore as one of the growth factors.
- There are deepening regional imbalances in the development of regional research and innovation potential.
- It is necessary to strengthen the cooperation of academia and higher education institutions with business, and use its results.
- Creation of conditions and development of a sustainable system for the transfer of knowledge and technology and a developed policy in the field of intellectual property rights, including sustainable development of an innovative start-up system and innovation clusters.
- Continue internationalization of research and innovation activity.

Key to overcome the problems identified above is overcoming scientific fragmentation through consolidation of the scientific community and shared use of resources. The following actions have already been taken or will be taken:

(1) Designation of research universities. In implementation of the Strategy for the Development of Higher Education in the Republic of Bulgaria for the period 2021-2030, in 2021, 7 research universities
were identified and 2 with a high potential to become such. Through the Recovery and Resilience Plan, these universities will receive funding to implement Strategic Research Development Programmes. The implementation of the programmes will create and test a model for the development of research universities, including a new way of financing them. The funding model for universities and higher schools will be based on an assessment of their scientific activity;

(2) CEx and CC have been established, which represent consortia of universities and scientific organizations working in one or similar thematic areas. The establishment of CEx and CC took place during the last program period. This will support the implementation of their development and resilience programmes with business plans;

(3) The implementation of the national scientific programs will continue to be implemented through support for scientific collectives/consortia.

Considering all this, the **new investments are aimed at:**

- Building and developing a national research and innovation ecosystem for the benefit of the country’s smart economic transition at national and regional level. Efforts will be focused on **strengthening the interaction with business and the applicability of scientific developments for the benefit of the economic development of the country** by creating incentives and programs for the effective use of available knowledge and infrastructure at national and regional level; consolidating resources and capacities of research organizations and universities together with efforts and incentives for a gradual transition to thematic specialization. These measures are complemented by the development of research universities as a missing part of the ecosystem and efforts to increase the innovation capacity of the Bulgarian Academy of Sciences (BAS) and its specialization in key areas of development such as green and digital technologies under the Recovery and Resilience Plan (RRP);

- **Full development and use of the capacity of research and innovation infrastructure** and its further development and modernization, change in the functioning model by introducing various forms of project and result-oriented financing, promotion of commercialization, creation of conditions for access of SMEs to services and equipment for conducting high-tech and scientific research, incl. through voucher schemes, and building databases for re-use; ensuring conditions for the sustainability of scientific centers for development in priority areas of intelligent specialization, including centers of excellence, centers of competence and development of other units in the regional R&D ecosystem;

- **Building a functioning system for the transfer of technologies and innovations.** Efforts will be aimed at introducing a new model based on successful European models and national practices, enabling fruitful exchange of experts, knowledge, products and services, joint developments, European public-private partnerships and stimulation of private investments in R&D; collaboration with the public sector to integrate results and data into the public policy formulation process. World Bank reports and World Intellectual Property Organization studies serve as a starting point for the design and implementation of the new model for promoting technology transfer and intellectual property policy;

- **Building connections between the main actors in the ecosystem** in order to exchange knowledge and information by using the opportunities provided by digital innovation hubs and other platforms; working in networks with shared resources; inclusion in international networks for the exchange of knowledge, practices and technologies; continuation of the activities for the development of the existing e-infrastructures of horizontal importance and digitization of the services provided by the scientific centers and the scientific research infrastructure;

- **Building capacity and developing human resources to increase the quality, productivity and applicability of scientific research and innovation** - creating conditions for attracting leading scientists and developing young staff, retaining and developing specialists engaged in the scientific area, as well as attracting new ones through focused programs, participation in start-up companies, cross-sectoral mobility of scientists, doctoral students and students between research organizations, universities and businesses to accelerate the transfer of knowledge and scientific results and optimal workload of the infrastructure; improving the development of skills for smart specialization and entrepreneurship in research organizations and higher schools; providing open access to scientific results and scientific data, storage conditions and optimal reuse for the benefit of the economy and society;

- **Accelerated integration and more effective participation in European and international scientific and innovation programmes, initiatives and networks** and fuller use of the opportunities they offer, incl. using the opportunities for synergy between the ERDF and the Horizon Europe Framework
Programme by financing projects that have received "Seal of Excellence" certificates and/or passed the evaluation threshold, as well as providing co-financing for participation in European partnerships; complementarity and synergy with the initiative for interregional innovation investments (I3) under the European programme INTERREG, aimed at helping participants in smart specialization strategies (S3) to bring innovations to the European market, in projects of common European interest in the field of hydrogen technologies, microelectronics and others for the inclusion of the Bulgarian industry in the value chains included in the new EU Industrial Strategy. Support for Seal of Excellence projects is aligned with ISSS areas and covers the period 2024-2026. The support for the period 2021-2023 is covered by funds under the NRRP;

- **Internationalization of the Bulgarian research and innovation ecosystem** by promoting the attraction and appointment of highly qualified foreign specialists and leading researchers; facilitating the reintegration of leading specialists from the Bulgarian diaspora in the world; support for enterprises and cluster associations to participate in interregional partnerships, networks and cooperation platforms; where appropriate, promoting cooperation with the Common Maritime Programme for the Black Sea and its scientific pillar - the Strategic Programme for Scientific Research and Innovation for the Black Sea, the European Union Strategy for the Danube River Region and others;

- **Increasing the innovation and investment activity of enterprises** through continued support for the development and implementation of innovations with a focus on internal R&D innovations that are not the result of R&D. Support for the creation of industrial start-ups aimed at the development of technology transfer and commercialization of scientific results.

Sustainable growth of enterprises and development of the entrepreneurial ecosystem and business

**The experience and results** of the support for enterprises provided by European funds during the previous and current program periods lead to the following conclusions:

- **In macroeconomic terms, the support contributes mostly to the promotion of private investment**, followed by the effects on private consumption, imports and exports. At the individual enterprise level, the effects of production expansion, productivity growth and export growth are accounted for. In order to maintain this positive trend, it is necessary to maintain targeted support for priority economic sectors with high added value;

- Despite the ascertained positive effects of the applied **tools to support cooperation and clustering of enterprises**, there is still potential for their better exploitation and for further development and increase of their impact on the country's economy;

- **Weak internationalization of enterprises** continues to be one of the main obstacles to the development of the SME sector. This requires additional targeting of efforts and resources, taking into account the specifics of individual groups of enterprises (medium, small, micro) and individual economic sectors and in cooperation with their organizations;

- To address **low entrepreneurial activity and an underdeveloped entrepreneurial ecosystem**, it is necessary to continue support for the creation of new enterprises in the field of high-tech and medium-high-tech industries, as well as in knowledge-intensive services;

- **Improving access to financing** - for the period 2011-2020, an overall improvement in access to financing is observed in all Bulgarian regions at the NUTS 2 level. The line should continue in accordance with the current deficits and difficulties faced by enterprises;

- **SMEs remain particularly sensitive to the impact of the business environment** - a large number of them are not informed or find it difficult to sift through essential information that would enable them to develop and expand their business; the value of the data generated is underestimated, which makes it difficult to find solutions for the transition to sustainable business practices, take advantage of the opportunities of the digital economy and adapt the business to changes along the value chain. All this suggests the need to support the development of the entrepreneurial ecosystem and improve the elements of the business environment that are barriers to the growth of SMEs.

- In recent years, with the changes that have occurred in the labor market, **SMEs report the lack of skills and access to specialized personnel as a leading problem**;

- **The application of a regional approach** (bonification of enterprises in lagging regions) in the provision of support in the current period has shown that the step is correct, but insufficient. In order to achieve greater investment efficiency and balance the differences in the economic development of the regions, additional incentives are needed not only at the level of an individual enterprise, but also to improve the overall business environment at local and regional level, including and provision of highly qualified human resources.
• **Increasing the effectiveness of investments** requires more targeted efforts also in terms of combining, synchronizing and complementarity both between individual instruments and within operational programmes;

• Given the limited available financial means and the huge needs of the enterprises, as well as to increase the effectiveness of the planned measures, all forms of support will be used, and where necessary, the combination of them.

The new investments will be aimed at:

• **creation of a suitable environment for the development of enterprises** - incentives for the implementation of technological products and services with high added value and contribution to economic growth;

• **applying individualized approaches to meet the needs of enterprises** depending on the stages of their life cycle with the aim of promoting companies in the growth phase and focusing on fast-growing enterprises;

• **creation and development of various forms of cooperation, exchange of information and consultations to benefit SMEs**: support for complex services for the benefit of SMEs on the principle of "one-stop service"; activities related to attracting foreign investment and promoting internationalization; support for the participation of SMEs in promotional activities in the country and abroad; activities towards proactive investment marketing; support for the participation of SMEs in European networks;

• **entrepreneurship** - promotion of the entrepreneurial spirit and creation of new enterprises in priority sectors; creation and development of elements of the entrepreneurial ecosystem; support for the various subgroups of entrepreneurship – start-up enterprises in priority sectors, family enterprises, cultural and creative industries, artisans, fast-growing enterprises and others;

• **full participation of innovation clusters in the research and innovation ecosystem** in the direction of more effective support of regional economy, enterprise growth and smart specialization.

In order to ensure greater effectiveness of public sector intervention in these areas and to determine the appropriate toolkit, new balance models between grant funding and financial instruments will be applied based on clear criteria and the experience gained from previous program periods. The combination of financial instruments with grants in one operation will be more widely advocated. This will allow the financing of projects with a high expected development effect from the public intervention, but with a higher risk of failure and/or expected return. Such an approach is suitable for projects in sectors for which there is no significant investment history, such as Industry 4.0, circular economy, etc.

The good practice of coordinating support from financial instruments provided by different sources and avoiding overlap between them, established during the 2014-2020 programming period, will continue. In this regard, financial instruments under the cohesion policy will be aimed at supporting the development of the young innovation and startup ecosystem in Bulgaria and preparation of “tailor made” interventions on the credit market in order to address specific needs that remain outside the scope of pan-European guarantee solutions. The financial instruments under the RRP, in turn, will ensure a more complete integration of the Bulgarian entrepreneurial ecosystem into the European one, as well as providing support for the long-term growth of small businesses in the post-pandemic environment and the transition to the low-carbon economy.

A flexible approach to the framework of the normative documents will be sought in order to provide a toolkit for reflecting the current economic processes, both at the beginning of the new program period and in its maturity. Such an approach will provide an opportunity for the effective use of financial instruments in sectors and forms outside of the classical ones applied so far - for example in R&D, as well as for more diverse quasi-equity investments supporting enterprises exposed to highly negative economic influences. Additionally, in the structuring of the financial instruments and in the course of their implementation, a mechanism of interaction between the main structures responsible for their management and control will be sought, with the aim of achieving the maximum effect of their application and easing the administrative burden during inspections.

**Territorial aspect of priorities**

The analysis of the experience and what has been achieved so far with the investments from the European funds shows a clear need to stimulate the regional industrial development through larger-scale initiatives around which the territorial potential will be developed. Regional investments are aimed at:

• **creating conditions for the development of the regional dimensions of the scientific research and innovation ecosystem** - supporting open innovation and encouraging experimental activities in the regions of the country; promotion of innovation processes in accordance with regional priorities for smart specialization; ongoing modernization and utilization of R&D infrastructure with a focus on
underdeveloped and missing elements of the regional ecosystem, creating linkages, attracting talent and building capacity;

- **creating conditions for accelerated construction of modern industrial infrastructure** throughout the country with a view to overcoming the identified territorial imbalances in investment activity by developing specialized scientific and innovation infrastructure in industrial parks as a prerequisite for attracting investors in sectors with high added value, attracting start-up companies and/or SMEs development;

- **promoting entrepreneurial activity** and developing a stable ecosystem for startups with a specific regional focus; development of entrepreneurial culture and skills.

Investments in support of industrial parks are planned as a key element in the planning and use of European funds at regional level, complementing the support under the NRRP and national efforts. Industrial parks identified as being of strategic national importance are expected to receive support under the Recovery and Resilience Plan. Industrial parks with a focus on the development of the regional economy will be supported under Policy Objective 1 for measures for specialized research and innovation infrastructure to support enterprises, as well as for investments to develop innovation capacity and growth supporting enterprises in the parks or in functional proximity next to them.

The planned regional investments will be realized through the application of the approach for integrated territorial investments and/or the tool for Community-Led Local Development and will cover the entire territory of the country.

**Increasing the pace of digitization of enterprises and digitization of public services for the benefit of citizens and businesses**

The COVID-19 pandemic has challenged the functioning of both business and public systems and exposed some of their weaknesses and shortcomings. The insufficient level of digitization was one of them and with a significant effect, since the response could be much faster and more effective if the economy was characterized by a higher level of digitization. One of the main lessons of the crisis is that massive investments in digitization of business and the public sector are needed.

**Digitization of enterprises:**

Investments are aimed at the development/introduction of digital technologies, digital solutions and Industry 4.0 programs in enterprises in accordance with RAMI 4 standards, support for improving SMEs access to AI-based technologies, computing capacity and cloud platforms; training in digital skills related to the introduction of digital technologies; investments in cyber security and data protection in enterprises, creating a network of digital innovation hubs to support the digital transformation of businesses.

**Digitization of the public sector for the benefit of citizens and businesses**

Forced physical distancing as a result of the spread of COVID-19 has highlighted the importance of building an information society actively taking advantage of the opportunities that digital technologies provide. This brings to the fore the need to accelerate and finalize the digitization of public services and promote and maintain an adequate digital environment for conducting business and social life.

In accordance with the European Data Strategy, in the next period, Bulgaria will make a transition to governance based on the potential of data. It is the effective creation, storage and use of data, linked data, big data arrays as a basis for data-driven management and economy, and as a basis for making informed decisions in every sphere of public life, including the circular economy, intelligent mobility, energy integration, health care, education, justice, social services, transport, water (for bathing, drinking and wastewater treatment), environmental protection, scientific and development activities, innovation, etc. The data created in the public, private, scientific and non-governmental sectors is becoming a key capital and an inexhaustible resource for the development of society and the digital economy.

Information collected and processed by the public sector should be used and reused and create additional economic and social benefits for society, science and business. It is therefore important to take further action to stimulate the collection/creation, storage and highly efficient processing of data and its efficient and re-use. The main emphasis is on expanding the volume and quality of public data generated and processed by government institutions, the scientific community and business, and facilitating their sharing including through support for the construction of data spaces in the sense of the European data strategy, as well as through the construction of a strategic framework and standardized conditions and mechanisms for data access. This would allow environmental data from different sources to be used in a secure way to create added value and research opportunities, as well as to improve the quality of the administration’s strategic planning through analysis of performance data and policy outcomes. Efforts will also be focused on building, strengthening and developing digital capacity in the field of data, artificial intelligence and infrastructure for digital transformation through better use of data, incl. data sharing, data processing, GDPR and other activities.
set out in the new regulations. Where possible, data will be provided in an open machine-readable format under the terms of Directive (EU) 2019/1024 of the European Parliament and of the Council of 20 June 2019 on open data and the re-use of public sector information. In order to achieve the maximum effect, the approach of synergy of the planned structural funds measures with the investments in ensuring connectivity through high-capacity networks, foreseen within the framework of the RAP, has been adopted.

High-quality public services have a direct effect on the competitiveness of the Bulgarian economy and the attraction of investments. Improving the interoperability, quality and accessibility of data will stimulate, on the one hand, the use of services by a wider range of interested parties, as well as informed decision-making in all areas of socio-economic life, and on the other hand, conditions will be created for the transition to active end-to-end services, applying the principles established in the European e-Government Action Plan and declarations adopted at European level, including "digital by default", "collect data only once and create and reuse data", "privacy", "inclusivity and accessibility", "openness and transparency", "interoperability by default", "reliability and security", "cross-border by default". Cross-border services are at the heart of the efficient functioning of the single market, and their implementation requires the availability of machine-readable and interoperable data. Therefore, attention will be paid to the development of cross-border services to facilitate the cross-border use of data, which will support both the integration with the European Data Spaces and the implementation of Regulation (EU) 2018/1724 on the Single Digital Platform.

An important part of the effort is aimed at ensuring equal access to information, services and products for all population groups, including the disadvantaged. In this regard, initiatives for the digitization of the public sector will continue to be fully compliant with Directive (EU) 2016/2102 on the accessibility of websites and mobile applications of public sector organizations, which has been transposed into Bulgarian legislation with the Law on e-Government.

The opportunities of the centers of excellence, competence centers and Sofia Tech Park created within the program period 2014-2020 will be actively used, as scientific and scientific-applied hubs for the creation, use and promotion of modern tools for processing large datasets and process optimization, including through high performance computing (HPC). Opportunities for specialization and close cooperation of these centers in the fields of artificial intelligence, machine learning, Internet of Things, virtual and augmented reality, cyber security will be sought.

Maximizing the benefits for society, business and science from capacity building and the deployment of new digital technologies requires targeted investment in providing reliable, secure and accessible shared infrastructure, as well as ensuring the effective and efficient use of information resources and processes through centralized and horizontal e-governance solutions that will contribute to an easier transition to a data-driven economy, creating added value and building an inclusive information society.

Taking all this into account, the new investments will be aimed at:

- building a strategic, organizational and technical framework for data management (personal, non-personal, sensitive, open, spatial, big, linked data) and practical mechanisms for implementing the FAIR (findability, accessibility, interoperability and reuse of data) principles, including improving the availability, quality and semantic interoperability of data;
- support for the construction of data spaces by public sector actors, from business and research teams, of technological means and solutions for their infrastructure, management and functioning, as well as the creation and implementation of infrastructures for digital services;
- creation of a unified national data ecosystem, including a technological platform for organizing, managing and providing access to data generated by the public sector and third parties, including a toolkit for data processing and analysis and technological tools for depersonalizing sensitive data;
- implementation of intelligent management tools based on data analysis by developing technological solutions and advanced applications based on open source (in the field of artificial intelligence, machine learning, supercomputers, virtual and augmented reality) and applying mathematical models for prediction and assessment of the situation; expert systems and systems with artificial intelligence to support decision-making; coordinated planning systems, etc.;
- development of a toolkit, a single web-based platform (one stop-shop) and a national data ecosystem, incl. data processing tools and technological tools for depersonalizing sensitive data;
- capacity development of competent authorities and organizations providing access to shared data (including state-of-the-art techniques and methods, training, equipment, legal regulation), promotion of data sharing and altruism;
- facilitating cross-border data access and sharing, as well as providing cross-border digital services based on interoperable data;
- strategic communications, dissemination, raising awareness and building trust by promoting the possibilities and potential of data to create added value for the economy and society, as well as conducting large-scale campaigns, implementing various events and initiatives to develop the
necessary digital skills for using electronic public services, sharing data and promoting the possibilities and potential for using and reusing data to create innovation and added value for the economy and society;

**Ensuring a high level of cyber security**

Digital infrastructures and processes are becoming a fundamental and critical factor for the management and normal functioning of all resources and systems of national importance, for the development of a competitive and innovative economy, transparent governance and a modern democratic civil society. Internet connectivity and the speed of information channels are constantly growing, which provides new opportunities for remote and cloud services, but also new opportunities for large-scale and malicious use, unregulated penetration and manipulation or extraction of data and information. The ways to timely, effectively and efficiently detect and/or stop these attacks are not traditional and require a new culture of interaction between actors in cyberspace.

The modern economy not only depends on, but also develops in new directions related to the intensive use of information technologies, data exchange, software management systems, as well as efficient processes based on digital infrastructures. Supply chains (or value chains) operate through information systems and the Internet. Thus, new, key cyber risks are added to the business risks, the ignoring of which can lead to catastrophic results. In order for citizens and businesses to take full advantage of the global digital world and single market, cyberspace must be reliable and secure, resistant to destructive impacts and malicious action.

Security in cyberspace is a challenge for the country, as this was also reported in the EC Report for Bulgaria from 2019. The number of incidents in 2021 increased significantly compared to 2019 (by approximately 44%, while the increase in 2019 compared to 2017 was by 35%). In 2021, 2,099 incidents were registered, and despite the drastic drop in affected IP addresses (for 2021, there were about 277,000, compared to over 2,288,000 for 2019), the received cyber threat signals increased by nearly 44% compared to 2019. The increase of cyber threats and recent examples of cyber attacks in the context of hostilities between two countries make it imperative to focus public attention on this issue through information, advice and education initiatives to promote vigilance and build sustainable cyber threat prevention habits. Research shows that 80% of cyber-attacks can be overcome by measures to build specific habits to increase cyber security in society with the use of digital technologies in everyday life, so as to minimize the risk of malicious interference in personal and corporate cyberspace.

Bulgaria has adopted the necessary regulatory framework for the transposition of Directive (EU) 2016/1148 on measures for a high general level of security of networks and information systems in the EU with the Cybersecurity Act. A comprehensive system of coordination and interaction between administrations has been established, as well as rules for reporting cyber security incidents affecting administrative bodies and digital service providers at national and European level. The national cybersecurity policy implies development in several key areas: development of the national cybersecurity and resilience system; network and information security; strengthening the fight against cybercrime; cyber defense and national security protection; raising awareness, knowledge and competences and developing a stimulating environment for research and innovation in the field of cybersecurity and international cooperation. Critical infrastructures are defined, representing a particularly important part of the national economy and society and the main environment of cyber security activities. Achieving cyber resilience requires security and reliability of hardware and software devices, technology, information, people, connectivity and interoperability of communication channels, systems and services and specific requirements for their design and implementation.

During the period 2021-2027, the development and improvement of mechanisms and tools for reliable protection of data, public services and national cyber space will continue. The safe and widespread use of data-based products and services will depend on the implementation of the highest cybersecurity standards. Cybersecurity is a set of many complex measures - technological, organizational, legal, which also include the dissemination of good practices, security policies, qualified personnel in both the public and private sectors. The new investments will be focused on:

- building a collaborative environment to promote trust and cooperation among cybersecurity partners at national level, including effective exchange of operational information;
- expanding the capabilities and functions of the national and sectoral Computer Security Incident Response Teams (CSIRT);
- building technological and organizational capacity to ensure cybersecurity and provide services for centralized monitoring and protection of specific and critical organizations;
- building a secure shared information space of e-government.
In qualitative terms, the ambitions at the end of the program period are related to:

- improved research and innovation capacity and productivity for development and integration of high technologies in industry, supporting SMEs, creation of new products, markets and development of regions;
- a built research and innovation ecosystem, part of the pan-European research and innovation network with high-quality human resources, services and products; increased scale of the ecosystem of innovative start-ups;
- modernized academic structures, restructured in directions with growing potential, national and international connectivity and potential for generating new knowledge and technologies;
- an increased share of effective collaborations between enterprises and scientific organizations and higher schools and a developed system of technology transfer and commercialization;
- reduced regional and intra-regional imbalances by using the full potential of the regions and better connectivity and use of the resources of universities, scientific organizations and businesses;
- improved international visibility, competitiveness and efficiency of the research and innovation system, including SMEs;
- developed and trained highly qualified specialists with interdisciplinary and digital skills, entrepreneurial skills and smart specialization, project competence;
- increasing the internationalization / export potential of enterprises;
- an increased share of start-up enterprises that create high added value for the economy and for Bulgarian exports;
- increased share of SMEs reached and supported in the growth phase, including fast-growing enterprises;
- proactive, adaptive and open digital public administration;
- secure, easily accessible, personalized and mobile-by-default e-services for the benefit of citizens and businesses;
- a fully functioning, freely accessible information system for scientific results, data and services achieved with public funding;
- reliable, available, accessible, secure and interoperable public data and related data as a source of growth and innovation in society;
- a fully integrated national cybersecurity system with the ability to adapt to the dynamics of global cyber threats and to react to large-scale attacks against Bulgarian information resources;

In quantitative terms, the ambitions towards the end of the program period are for:

- increasing the innovation performance of the country and moving from an "emerging" innovator to a "moderate" innovator;
- increase in the share of innovative enterprises from the total number of enterprises from 27.2 (2016) to 32 (2026);
- increase in the share of high-tech exports in total exports (%, normalized index) from 0.27 to 0.45;
- increase in the share of SMEs with market and organizational innovations from 18% to 25%;
- increase in international scientific publications co-authored with scientists from abroad (normalized index) from 0.1 to 0.35;
- increase in patent applications to the European Patent Office per 1 million population from 4.13 to 10;
- increase in the number of researchers per 1 million population from 1,827 to 2,500;
- reaching the EU average level of the Index for the penetration of digital technologies in the economy and society (DESI) of 36.2 at the moment;
- reaching a level of 50 on DESI's Implementation of Digital Technologies dimension of 18 to date;
- reaching a level of 70 on DESI's Digital Public Services dimension of 51.5 to date;
- reaching a level of 75 on the World Bank Good Governance Indicator of 59.84 (2017);
- reaching the EU average on the Online Services Index (OSI) Pillar of the UN e-Government Development Index (EGDI) of 0.7639 to date

With ERDF investments, complementarity of implemented policies with national funds will be ensured, as follows:

- building and maintaining the scientific research infrastructure according to the National Road Map for Scientific Infrastructure;
- developing the Bulgarian cloud for open science, upgrading the national repository for open science, building institutional repositories in all regions and connecting them to the European cloud for open science;
Policy objective 2: A greener, low-carbon transition to a net-zero carbon economy and a sustainable Europe by promoting a clean and fair energy transition, green and blue investments, circular economy, climate change mitigation and adaptation, risk prevention and management and sustainable urban mobility

Interventions under this policy objective (PO) will contribute to the sustainable management and use of natural resources, enabling the satisfaction of the needs of the economy and society, while preserving environmental sustainability. The implementation of the planned interventions will be of critical importance for the country's contribution to the implementation of the ambitious goals at European level, set with the Green Deal.

The European Green Deal sets an ambitious goal to transform the EU economy for a sustainable future and sets the framework for formulating ways to achieve a climate-neutral and circular economy by 2050 at the latest. In this context, Bulgaria is committed to use the funds of the partnership agreement in a way that guarantees maximum impact for: supply of clean, affordable and secure energy; accelerating the transition to sustainable and smart mobility; mobilizing industry for a clean, circular and blue economy; renovation wave - construction and renovation in an energy and resource efficient manner; zero-pollution ambition for a toxic-free environment; preserving and restoring ecosystems and biodiversity, regions and cities resilient to the impacts of climate change and others, in line with specific initiatives under the Green Deal. In addition, Bulgaria will use the funds to mobilize scientific research and promote innovation in the field of sustainability.

Bulgaria is committed to take into account the principle of "do no significant harm" in its investments under all policy objectives.

Considering that the objectives of the European Green Deal can only be achieved without leaving anyone behind and in a fair and inclusive way, Bulgaria will support the most vulnerable to the social and economic consequences of the transition, e.g. through retraining and upskilling.

National priorities for addressing environmental challenges are in the areas of circular and blue economy, energy efficiency, water supply and sanitation, clean air, disaster risk prevention and biodiversity.

The sustainable use and management of resources is a condition for supporting the transition to a circular economy in order to comply with the needs identified in the Strategy and Action Plan for the transition to a circular economy 2021-2027 and other relevant strategic documents, including within the New European Bauhaus initiative. The transition to circular economy models for blue economy sectors, in all sectors including fisheries, aims to ensure the protection and sustainability of the marine ecosystem, to promote the production, management and sharing of knowledge about the marine and coastal environment for effective monitoring and surveillance of environment to tackle marine pollution and plastic waste in line with the objectives of the Green Deal.

Cooperation with the Common Maritime Programme for the Black Sea is very important, in particular the adoption of circular economy models for blue economy sectors, not only for fisheries, to ensure the protection and sustainability of the marine ecosystem, to promote production, management and sharing marine and coastal environmental information for effective environmental monitoring and surveillance and to tackle marine pollution and plastic litter to contribute to the objectives of the Green Deal.

In accordance with the Marine Strategy Framework Directive, Bulgaria is committed to achieve a good ecological status of the Black Sea waters. In this regard, Bulgaria will use EMFAF funds to carry out operations to collect waste and lost fishing gear. These actions will be supported by raising awareness among public authorities and citizens through campaigns and will include actions to prevent and reduce marine pollution from fishing and aquaculture. To preserve marine biodiversity, Bulgaria is planning actions aimed at protecting the ecological state of the marine environment.

In terms of resource efficiency, in the periods 2007-2013 and 2014-2020, support is provided to achieve the 2020 targets on household waste management and regional waste management. During the program period 2007-2013, the construction of 19 integrated waste management systems was supported, and in 2014-2020, financial resources were provided for investments in 17 more regions. For part of the regional systems defined in the National Waste Management Plan, improvement of the existing infrastructure is required with a view to achieve the goals by 2030. Support for this goal will be provided in the period 2021-2027 in accordance with the principle of regional waste management, which is a good practice from both program periods.
Measures leading to “closing the loop” of the product life cycle - from production and consumption to waste management - will also be funded to support the transition to a circular economy to meet the needs identified in the Strategy and Action Plan for Circular Economy Transition 2021-2027 and other relevant strategic documents. The main product life cycle support is aimed at SMEs. In terms of waste management, municipalities will improve their household waste management systems, incl. regarding waste recycling. Support for achieving recycling targets is also planned for companies that only carry out recycling activities. Investments to improve waste management in enterprises generated by own production will also be supported. In addition, support is provided to waste pre-treatment enterprises as part of the recycling sector. The ex-ante evaluation explored the possibilities of using financial instruments in this area and concluded that the activities are suitable for the implementation of the FI, thus improving the uptake of the funds.

Measures in the area of circular economy and efficient use of resources will be implemented in accordance with the needs identified in the Strategy and Action Plan for Circular Economy Transition 2021-2027, while waste management measures will be in accordance with the National Waste Management Plan 2021-2028. The development and implementation of circular economy innovations will be supported in accordance with the Innovation Strategy for Smart Specialization 2021-2027. The support will focus on measures such as:

- Promoting the efficient use of resources during the entire life cycle of products – design, production, consumption, waste management;
- Support for enterprises to introduce low-carbon, resource- and energy-efficient technologies, including waste-free technologies, reduction of the amount of waste generated in the production process, development of industrial symbiosis, the use of alternative raw materials, recycled materials as raw materials, repair and reuse of products, etc.;
- Preventing the formation of household waste - measures regarding the formation of waste and those related to the phase of consumption and use;
- Improving recycling rates, incl. by ensuring mandatory separate collection of recyclable fractions;
- Development and promotion of products, materials and services that are more sustainable and suitable for long-term use and easier to recycle, as well as modernization of production in relation to new product requirements;
- Investments in the development of infrastructure, primarily related to household waste management with a focus on recycling and separate collection, to achieve the 2030 goals for recycling and reducing the amount of household waste landfilled;
- Raising awareness of practices and behaviors related to sustainable consumption, circular economy and resource efficiency, incl. promoting the idea of a clean, health-safe and plastic-free Black Sea.

Efforts will continue to reduce the energy intensity of the economy through the implementation of measures aimed at improving energy efficiency in enterprises. The interventions will be tailored and will contribute to the implementation of the strategic goals and priorities according to the Integrated Plan in the field of energy and climate of Bulgaria for 2021-2030. The main interventions for the enterprises will cover:

- Energy efficiency measures in enterprises based on energy audit recommendations;
- Introduction and certification of systems for energy management and monitoring and control of energy consumption;
- Encouraging businesses to use electricity, heating and cooling energy produced from renewable sources for their own consumption;
- Ensuring an integrated approach for focused and coordinated implementation of energy efficiency measures in all economic sectors;
- Measures to improve the conditions for the development of hydrogen technologies and the mechanisms for the production and supply of green (renewable) hydrogen.

The measures are complemented by interventions within PO 5 regarding the energy efficiency of the building stock, in particular of public and residential buildings. They will be supplemented by the measures under PO 2, directed against atmospheric air pollution and, more specifically, the replacement of solid fuel heating devices with alternative sources of heating, which, in addition to improving the quality of the atmospheric air, will also contribute to an increase in energy efficiency of Bulgarian homes.

In the field of environmental policies, the main place is occupied by the integrated water management, aimed at protecting and improving the state of the waters and achieving and maintaining a good quantitative, chemical and ecological state of the water bodies in Bulgaria and the environment in the sea waters. As of 2020, there are 332 agglomerations in Bulgaria, 99 of which have over 10,000 inhabitants. During the program periods 2007-2013 and 2014-2020, interventions were aimed at developing the water supply infrastructure in order to achieve compliance with Directive 91/271/EEC (regarding waste water collection and treatment) and Directive 98/93/EC (regarding water supply). River basin management measures were supported according to the developed River Basin Management Plans (RBMPs) and this approach will also be applied in the period
2021-2027. The progress achieved is due to the active cooperation within the project to create a Common Environment for information exchange (Common Information Sharing Environment - CISE). CISE will enable the collection of data on the marine environment as well as data to promote monitoring and cooperation. Investments in the period 2021-2027 are determined within the framework of the National Investment Plan for Water Supply and Sewerage and in order to improve the results achieved in the period 2014-2020, they will be aimed at:

- Improvement of water supply and waste water collection and treatment, and investments will be made in accordance with the developed regional feasibility studies in compliance with the principle "one consolidated region - one regional water operator - one RFS - one project";
- Construction and reconstruction of infrastructure for the collection and treatment of waste water with a focus on agglomerations with over 10,000 eq.r., in order to achieve compliance with the requirements of Directive 91/271/EEC;
- Construction and reconstruction of water supply infrastructure to achieve compliance with Directive 98/83/EC and Directive (EU) 2020/2184, contributing to the reduction of water losses in the water supply network;

Based on the lessons learned from the period 2014-2020 and taking into account the financial capacity of the beneficiaries, as measures to contribute to the support, it is planned to: promote the implementation of financial instruments (FI) alongside grants, taking into account the nature of "revenue-generating" projects, and to ensure equal access to environmental infrastructure; recycled funds from the application of financial instruments during the 2014-2020 program period.

Regarding air pollution, the focus will be on pollution with fine dust particles, which will be addressed at the two main sources of pollution - domestic heating and transport. The measures will also contribute to meeting the target levels for polyaromatic hydrocarbons. In 2014-2020, the pilot nature of the measures and the limited financial resources required interventions in a limited number of municipalities related to the replacement of solid fuel heating devices and the replacement of public transport vehicles with environmentally friendly vehicles. In order to achieve compliance with the norms for FP10 and FP2.5 according to the requirements of Directive 2008/50/EC, after 2021 the implementation of measures to reduce the amount of pollutants and deal with the main sources of pollution will continue. Main areas of intervention will be:

- Replacement of individual solid fuel heating devices with alternative heating sources.
- Introduction of "Low Emission Zones". The focus will be on municipalities with impaired air quality.

Measures related to reducing air pollution levels will build on and complement the interventions within the project LIFE17 IPE/BG/000012 - LIFE IP CLEAN AIR "Bulgarian municipalities work together to improve the quality of atmospheric air". The results achieved under this project and under OP "Environment 2014-2020" for replacement of solid fuel heating devices, are an incentive for residents in municipalities with impaired atmospheric air quality to switch to alternative sources of heating. The accumulated experience and lessons learned will be used for more effective planning and implementation of measures in the program period 2021-2027. In addition, replacement of heating devices with solid fuel will contribute to the reduction of CO2 emissions. Alternative heating excludes fossil fuels. The measure will also contribute to the energy efficiency of homes. In addition, these measures will be combined with PO 5 interventions related to energy efficiency and green infrastructure in cities, as well as measures to improve ambient air quality.

Regarding transport pollution, the focus will be on reducing the use of high-emission motor vehicles. Contribution to this policy will be made on the basis of integrated territorial development strategies within the framework of the integrated territorial approach under PO 5 measures to promote multimodal sustainable urban mobility and development of the urban environment, including replacement of the composition of public transport, development of infrastructure for alternative modes of transport, construction/installation of charging stations for electric vehicles, traffic management systems in order to reduce traffic jams. These measures, implemented in accordance with Sustainable Urban Mobility Plans (SUMPs), will encourage the use of public transport at the expense of private cars.

Disaster risk management will remain a focus of the interventions. In 2014-2020, the financial resource is focused entirely on the risk of floods and landslides. Measures from Flood Risk Management Plans are supported, and investments in landslides are limited to the most urgent. During the period 2021-2027, it is planned to build on what has been achieved so far by continuing the implementation of measures related to flood prevention, protection and response. Priority will be given to measures for the construction of green infrastructure in order to ensure a high degree of protection of the population by applying environmentally friendly vehicles.
friendly measures that protect the environment and offer alternatives to standard solutions. Where this is not applicable, a holistic approach will be encouraged through investment in similar ecosystem-based solutions in combination with gray infrastructure. In accordance with the national strategic documents (Flood Risk Management Plans), the focus will be on areas with significant potential flood risk identified in the programs of measures at national level. The implementation of infrastructural measures contributing to the management of the risks of adverse geodynamic processes (landslide, collapse, erosion, abrasion) will continue. Funding will be provided for actions aimed at increasing the protection of human life, incl. in relation to road safety that address adverse geodynamic processes in and outside urban areas and along road monitoring systems. Taking into account the analyzes at national level (National Strategy for Adaptation to Climate Change and its Action Plan and National Strategy for Disaster Risk Reduction 2018-2030), considering an increased risk of natural disasters of different nature, after 2021 support for measures to prevent the risks of forest fires is planned. In addition, the measures will also be oriented towards the identified key risks (assessed in accordance with Article 6, Paragraph 1 of Decision No 1313/2013/EU of the European Parliament and of the Council of 17 December 2013 on the Union Civil Protection Mechanism). The main areas of intervention should correspond to the analysis and needs identified in the National Disaster Risk Management Plan and will focus on:

- Improving the prevention of the risk of extreme events through early forecasting, modeling and warning – ensuring the availability of analyses, data and models identifying the needs and future threats as a result of climate change; increasing the proportion of the population with access to early warning and information that improves the level of preparedness to respond;
- Improving the management of the risk of natural disasters (floods, respectively droughts, forest fires) - improving resilience by ensuring the technical capacity of the responsible forces at national level to respond on the spot in case of risk of natural disasters; increase the awareness and preparedness of the population to respond to the risk of disaster; encouraging the conduct of information and training campaigns.
- promoting the implementation of green measures and ecosystem-based solutions aimed at flood prevention and protection with priority to those identified in national strategic documents;
- introduction of modern methods and technologies to support the management of the risk of natural disasters - promoting the use of methods and technologies for remote monitoring and recognition of these risks, management of adverse geodynamic processes.

Measures to protect, maintain and restore ecosystems and their inherent biological diversity will continue. In the period 2014-2020, ESIF funds in the sector are directed entirely to the Natura 2000 network. Given the delay generated when introducing the management approach, in 2021-2027 efforts to ensure effective management of protected areas must continue. With the adoption of the amendments to the Law on Biological Diversity by the National Assembly of the Republic of Bulgaria, the prerequisites for the legislative establishment of the governing bodies will be ensured. The authorities will be responsible for the development of territorial plans for the management of protected areas, with the active participation of all involved parties (owners, administration, scientific community, non-governmental sector and others). The detail in the plans will ensure better planning and implementation of the actual conservation measures set out in the National Priority Action Framework for Natura 2000. In this regard, the main areas of intervention will be:

- Implementation of conservation / restoration measures to improve / maintain the nature protection status of species and types of natural habitats targeted at the Natura 2000 network;
- Ensuring the effective and efficient management of the "Natura 2000" network by building the capacity of the involved parties for effective participation in this process, developing Management Plans for protected areas;
- Measures to protect/conserve/rehabilitate ecosystems and their inherent biodiversity outside Natura;
- Scientific support of biodiversity activities.

Part of the environmental priorities, aimed at addressing specific needs at local level (identified in the regional territorial strategies) and implying a partnership approach to achieve comprehensive results, will be implemented through integrated territorial development.

The types of activities under the EMFAF should contribute to the achievement of the objectives set out in the Common Fisheries Policy by building a modern, resource-efficient and responsible fisheries sector in relation to the commitments under the Green Deal, the Biodiversity Strategy and the Strategy "From the farm to fork", and their implementation will be directed in several directions:

- Promotion of sustainable fisheries and conservation of aquatic biological resources in the Black Sea in accordance with the EU CFP and the GFCM through:
- strengthening economically, socially and ecologically sustainable fishing activities and structuring the sector;
- implementation of actions in the context of achieving the objectives set out in the strategy for biological diversity of the marine environment, ensuring sustainable use of fishing resources, more specifically in Natura 2000 intervention areas;
- promoting the adaptation of fishing capacity to fishing opportunities and contributing to the achievement of a fair standard of living in the event of a given temporary suspension of fishing activities;
- promoting effective fisheries control and reliable data for knowledge-based decision-making;
- contributing to the protection and restoration of aquatic ecosystems, including monitoring and preservation of sensitive species, incl. and environmental interventions in Natura 2000 marine areas;
- Preferential approach to the small-scale coastal fleet.
- Activities to raise awareness of practices related to sustainable consumption, circular economy and resource activities, incl. promoting the idea of a clean, health-safe and plastic-free Black Sea. Developing skills to use renewable marine resources (including algae or seafood waste) for innovative products and circular economy approaches.
- Training of aquaculture producers, specifically for rearing low trophic level species, conversion to organic aquaculture, aquaculture production methods with low environmental and animal welfare impacts and better efficiency

- Promotion of sustainable activities related to aquaculture, processing and marketing of fishery and aquaculture products through:
  - supporting the implementation of the EU Aquaculture Guidelines to help the aquaculture sector become more competitive, innovative and sustainable and to improve environmental and climate performance.
  - Promoting sustainable aquaculture activities, including aquaculture providing environmental services, as well as protecting animal health and animal welfare, in line with the Water Framework Directive and achieving good environmental status; Promoting marketing, the quality and added value of fisheries and aquaculture products, as well as the processing of these products, including the achievement of the objectives of the CFP as provided for in Article 35 of Regulation (EU) No 1380/2013, including production plans and marketing described in Article 28 of Regulation (EU) No 1379/2013.

- Strengthening the management of the Black Sea and creating prerequisites for its safety, security and cleanliness. The support will be aimed at the sustainable management of the sea by promoting knowledge of the marine environment, marine surveillance and cooperation. Bulgaria is an active participant in the project to create a Common Information Sharing Environment. - CISE). This project will be useful to collect environmental data in marine waters and to promote monitoring and cooperation.

The interventions are expected to contribute to achieve the following outcomes:

- increase in the share of enterprises with introduced low-carbon, energy- and resource-efficient technologies;
- contribution to the achievement of the overall cumulative goal for energy savings for the period 2021-2030 and the interim goal for 2027 of 562.5 ktoe (according to IECP);
- contribution to achieving at least a 27.09% share of renewable energy in gross final energy consumption by 2030;
- contribution to increase by 2030 the share of preparation for reuse and recycling of household waste to at least 60%;
- contribution to achieving the goal of recycling at least 70% by weight of all packaging waste;
- increase in the proportion of the population connected to at least secondary wastewater treatment, up to 78%;
- a 15% increase in compliance with the requirements of the Urban Wastewater Treatment Directive;
- reducing the share of the population living at levels of pollution with FP10 and FP2.5 above the permissible norms, by at least 50% compared to 2017;¹⁰
- 92 assessments showing preserved or improved nature protection status of the species and types of natural habitats subject to protection in the Natura 2000 network;¹¹

¹⁰ The indicator will be further refined in relation to the base year.
¹¹ The indicator is indicatively valued based on the working project of the National Prioritized Framework for Action, notified to the EC in August 2020 for the start of technical negotiations on the approval of the document.
- reducing the share of the population living at risk of disasters (floods, fires, adverse geodynamic processes) by at least 35%;
- Contribution to economically sustainable fisheries based on blue economy and sustainable exploitation of fish resources in the Black Sea;
- support in achieving the objectives of the Biodiversity Strategy and Farm to Fork in relation to blue economy sectors;
- support in achieving the objectives of the Biodiversity Strategy and in particular the 30% target of marine protected areas;
- sustainable and economically viable aquaculture, processing and marketing activities;
- contribution to achieve the goals of the Common Maritime Programme for the Black Sea;

Climate change adaptation policies will be complemented by PO 3 interventions in the field of transport connectivity, aimed at increasing the share of rail transport, modernizing road infrastructure to ensure optimal traffic speeds in the optimal driving mode of car engines, implementation of innovations in the materials and technologies used in construction, development and increase of the share of environmentally friendly modes of transport, promotion of the optimal balance in the use of the potential of different modes of transport, by transferring transport to more ecological modes (rail, water), construction and improvement of the quality of green infrastructure and green passages.

ERDF and CF investments will be complemented by interventions financed with national funds for:
- improving the collection of geographically related information on diffuse sources of pollution, with the aim of effective planning of measures at the source of pollution, as well as more correct application of the “polluter pays” principle to the various sources of pollution in agriculture;
- water sources for drinking water from underground water;
- measures to reduce water pollution from pesticides and other chemicals used in agriculture;
- foreseeing measures to change cultivated crops to more drought-loving ones in areas with water shortages and risk of drought, introduction of water-saving irrigation technologies, reduction of water losses from water transfer for irrigation through the constructed HMS and others;
- specific measures to improve water status aimed at restoring the natural state of the river bed and improving the longitudinal connectivity of the river course and water-related ecosystems in surface water bodies that have been found to be of less than good ecological status due to disturbance the hydromorphological conditions;
- reducing/ceasing discharges of pollutants from current and past industrial and mining activities, emerging pollutants, pharmaceutical substances, including conducting studies to fill data gaps regarding pollution from both industrial wastewater and municipal sewage systems;
- support for measures aimed at reducing atmospheric air pollution from industrial sources, taking into account the “polluter pays” principle by applying the best available techniques and fulfilling the conditions in the complex permit or in the EIA decision;

**Policy objective 3: A better connected Europe by improving ICT mobility and regional connectivity**

Investments under this policy goal will be aimed at providing prerequisites for increasing the competitiveness of the economy by improving transport connectivity and accessibility, as well as providing adequate transport infrastructure as a key element of the business environment. Through the planned investments, it will contribute to the achievement of an integrated, competitive and sustainably developed transport system, meeting economic, social and environmental needs, which will create the necessary prerequisites for improving the mobility of people and goods, which in turn will encourage the development of the internal market and competitiveness, as well as territorial, economic and social cohesion and environmental protection. Interventions will be implemented using lessons learned from the past and current programming period to ensure sufficient project maturity, including through advisory assistance, for example from JASPERS, and preparation of alternative projects that contribute to the achievement of national and European policy objectives in the sector.

These intentions will be achieved through the implementation of specific priorities for the period 2027/2030, namely:
- modernization of the infrastructure with a focus on the Trans-European transport network and in particular the "Orient/Eastern Mediterranean" corridor, as well as on reducing the differences in the development of the regions in Bulgaria through the implementation of projects in Northern Bulgaria. The interventions are based on an economic assessment of the planned investments, supported by an up-to-date analysis of demand and a transport model, taking into account the expected impact of the opening of the rail services market.
Reducing the harmful effects of transport on the environment and human health - the Green Deal outlines the main areas contributing to the decarbonisation of transport, namely:
- Railway transport - with a focus on digitization in the sector, increasing energy efficiency, purchasing new rolling stock with high environmental performance, implementing safety and security systems;
- Intermodal transport – by implementing a package of measures to support the development of intermodal transport chains, in which ecological types of transport prevail (combined transport);
- Water transport - not only through the development of the port infrastructure and the construction of effective connections with the country's road and railway system, but also through the continued implementation of safety systems, reducing pollution and improving navigation, as well as providing conditions for year-round shipping on Danube. This action will also contribute to sustainable blue economy policies by improving mobility and opportunities for faster and more seamless interconnection between the economy and citizens through maritime transport and ports;
- Cooperation within the framework of the Common Maritime Programme for the Black Sea through activities to reduce emissions from maritime transport, multimodal transport, etc.;
- Electromobility - promoting the development of charging infrastructure for electric vehicles;
- Horizontal measures to fairly reflect the environmental impact of individual modes of transport - with an emphasis on more effective application of the "polluter/consumer pays" principle and restoration of the initial levels of fees in the Toll system; preferences for the use of combined transport, creating favorable conditions for the purchase and use of electric cars, etc. Rail and intermodal transport must compete equally with road transport. Implementation of innovations in the materials and technologies used in construction; development and increase of the share of environmentally friendly modes of transport; building and improving the quality of green infrastructure and green passages.

Improving road safety through the implementation of measures arising from the thematic directions and objectives of the National Road Safety Strategy in the Republic of Bulgaria for the period 2021-2030, mainly in the field of the human factor, road infrastructure, vehicles and control.

In terms of railway infrastructure, efforts will continue to build an integrated and interoperable railway network on the territory of the country as part of the Trans-European railway network, according to the standards provided for in Regulation 1315/2013 on Union guidelines for the development of the trans-European transport network. The operational parameters of the railway infrastructure will be improved in accordance with the service demand in the country and the safety requirements. In order to achieve a higher quality of railway services and increase the share of transported passengers and freight, these measures will be complemented by activities to improve the technical parameters of the rolling stock, including by purchasing new energy-efficient and low-emission rolling stock for the needs of passenger rail transport. By building connections with the railway transport networks of neighboring countries, the existing insufficient integration of the national railway network into the European railway system will also be addressed, which opens up opportunities for the country’s economic development, including cross-border cooperation. The planned directions of interventions are the Bulgarian-Serbian border - Sofia - Plovdiv, which will completely complete the railway corridor from the Turkish border to the Serbian border; Sofia - Radomir - Gueshevo - border with North Macedonia; border with Romania - Vidin - Sofia, border with Romania - Ruse - Kaspichan, Karnobat - Sindel, Sofia - Kulata - border with Greece. Efforts to improve the quality of road infrastructure in the country, as well as to provide more efficient transport services, will be continued. The priority will be the timely construction of the Trans-European road network, including the completion of highways along the most important directions of the country. In the coming years, the focus will be on the completion of the motorway connections in Northern Bulgaria, with a view to increasing road safety in this part of the country and providing conditions for the passage of traffic from/to Varna (AM Hemus) and in the north-south direction Danube Bridge 1 – Ruse – Veliko Tarnovo – tunnel under Shipka – Southern Bulgaria and Danube Bridge 2 – Vidin – Sofia – Southern Bulgaria. Interventions will also be aimed at improving road quality, with a focus on top-class roads, as well as improving connectivity and accessibility to the Trans-European Transport Network and important economic centers (transport infrastructure facilities, industrial zones, etc.), through construction, reconstruction and rehabilitation of road connections. The development of water transport will continue with the implementation of projects for green ports and green shipping, improving access, digitizing services and modernizing existing infrastructure (mainly through public private partnership schemes). Improved port connections with the road and rail network and
of common logistics chains. The regional and international transport hubs in the port of Burgas and port of Varna, as well as the infrastructure for combined transport, which does not meet the requirements for carrying out modern transhipment and transport activities. Measures will also be taken to build effective direct operational/logistic connections between rail, river and sea transport with the main industrial zones and along the main transit road routes, as well as improving the technical condition of the railway lines and facilities. The preparation of intermodal terminals, equipped with equipment according to the requirements for carrying out combined transport, will contribute to the overall development of transport and trade in the country and will have a favorable impact on the environment, allowing an increase in the share of transported cargo by rail at the expense of the share of the automobile. The modernization of railway stations along the lines being built will also continue.

In addition to modernizing the infrastructure, efforts will be made to improve the connectivity of the Bulgarian transport system with the single European transport space in terms of network interoperability. Investments in Intelligent Transport Systems (ITS) are essential. In rail transport, significant progress is expected to be made in terms of equipment with the ERTMS system. To a large extent, ITS will be implemented to serve traffic on the main transit road directions (motorways), work will be done to introduce digital transmission of information on freight transport, which will contribute to reducing the administrative burden and improving logistics operations. The upgrading of intelligent systems to improve transport services in water transport will also continue. Efforts will be focused on the improvement and development of services for users - ITS, traffic management systems, coverage with Wi-Fi connectivity, network for alternative fuels. The implementation of modern information systems for the management and control of traffic in cities will allow reducing traffic jams, noise levels and the harmful impact on the environment, while increasing transport safety.

The wider development of electromobility will contribute to the sustainability of transport. Efforts will be focused on the introduction of norms for energy consumption during movement and emission norms for road vehicles (applicable not only at the initial registration, but also at the subsequent sale/registration of the vehicles); introduction of access zones (especially in central city areas) with only energy-efficient and low-emission vehicles; access to bus lanes for zero-emission vehicles at points of use; stimulating the introduction of services for the shared use of vehicles with zero emissions, etc. These measures are in accordance with the National Policy Framework for the development of the market of alternative fuels in the transport sector and for the deployment of the relevant infrastructure. Under the Transport Connectivity Programme 2021-2027, projects will be implemented for the construction of charging infrastructure along the first-class road network along the main and wide-ranging TEN-T network, as well as charging infrastructure along sea and inland water ports for public transport along the main and broad TEN-T. Measures for sustainable urban mobility within PO 5, and in particular, the construction of charging stations, will also support the development of electromobility.

Another horizontal area of investment for all modes of transport is transport safety and security, with particular attention to road safety. In accordance with the National Road Traffic Safety Strategy in the Republic of Bulgaria for the period 2021-2030 and the Action Plan 2021-2023, efforts will be aimed at: integrity-based management; socially responsible behavior; effective and preventive control; eco-friendly road infrastructure; vehicles, in human protection; life preserver lifeline.

In addition to the development of sustainable urban mobility, the interventions will be aimed at the construction of the railway junctions, key station complexes, as well as connections with the regional and national road and rail network.

The interventions are expected to lead to the following results:

- reaching 50% completion of the main TEN-T rail network (at 11% at present);
- reaching 100% completion of the main TEN-T road network (at 50% at present);
- Reducing the number of people killed in traffic accidents by 25% compared to the data for 2018 (8.7 per 100,000 inhabitants) to no more than 6.5 per 100,000 inhabitants;
- Reducing the number of seriously injured people in traffic accidents by 30% compared to the data for 2018 (28 per 100,000 inhabitants) to no more than 20 per 100,000 inhabitants;
- Increase in the share of rail transport to 22% of the total transported cargo compared to 15.5% in 2019;
- 100% high-speed connectivity of municipal centers.

ERDF and CF investments will be complemented by investments from national and other EU funds for:
- development of port and airport infrastructure through public-private partnership;
- completion and maintenance of the built road and railway networks - the built highways are located mainly in the southern part of the country, which is why the completion of the “Hemus” highway is extremely important for the development of the economy of Northern Bulgaria and the entire transport sector. Toll revenues will continue to be invested in the development and maintenance of road infrastructure. In this regard, the revenue from the introduction of tolls for heavy goods vehicles will contribute to the completion of the main Trans-European road network in Bulgaria;
- maintenance in water transport (dredging activities, strengthening of quay walls and others);
- in order to improve local and regional cross-border mobility and connectivity between Bulgaria and Romania, within the framework of the Romania-Bulgaria Cross-Border Cooperation Programme 2021-2027, support is provided for operations of strategic importance under PO 3;
- financing of projects and measures mainly in green transport (rail and water), ensuring interoperability of the networks as well as jointly solving with Romania the problems in the free-flowing section of the Lower Danube through the implementation of engineering measures under the Connecting Europe Facility;
- measures to support the wider implementation of digitization and intelligent rail transport systems, increasing transport connectivity, including through the purchase of energy-efficient and convenient rolling stock.

**Policy objective 4: A more social Europe by implementing the European Pillar of Social Rights**

Interventions under this policy objective will be aimed at ensuring the development of human capital as a key factor for economic development. A higher quality of human capital will be achieved through better education, secure employment, social inclusion, equality and participation of all citizens. In close cooperation with social partners and civil organizations, the active inclusion of vulnerable groups and the promotion of their social inclusion will be supported, by increasing their opportunities to start work, improving skills, qualification and retraining, promoting their socio-economic integration, improving their access to quality social and integrated services, intermediary services for finding a job, overcoming severe material deprivation and poor housing conditions, including through individualized support. High priority investments will address education development to improve quality, effectiveness, labor market applicability and promote equal access to inclusive education and lifelong learning. The high uncertainty related to potential next waves of COVID-19 is an argument for continuing efforts to digitize the learning process, building on what has been achieved and started during the current program period by providing appropriate equipment, infrastructure and skills of teachers.

All interventions under PO 4, implemented through the funds financed by the ESF+ in Bulgaria, contribute to the implementation of the principles of the European Pillar of Social Rights. Chapter 1 "Equal opportunities and access to the labor market" is supported by measures for active inclusion, equal opportunities for employment, education, social assistance and access to services, training opportunities and lifelong learning. Chapter 2 "Equal working conditions" is focused on programs supporting the improvement of health and working conditions, incl. jobs of the future and better working conditions for specific groups (women, elderly people, etc.), promotion of entrepreneurship and self-employment, measures for a better reconciliation of professional and private life and support for good social dialogue and joint activities of the social partners. The rights in Chapter 3 "Social protection and inclusion" are addressed with measures in the area of social inclusion for all vulnerable groups, long-term care, childcare, as well as measures to support the health system and to facilitate access to better health care. The support of human resources in the health system will continue with interventions to increase the competencies and skills of medical and non-medical staff in key sectors of the health system. The ESF+ will finance the specializations of doctors and medical specialists, which will support the state policy of providing the necessary specialists for the country. Support for lay and non-medical staff in the healthcare system will also be available through various labor market measures. Access to various services (financial, social, administrative, information) will be facilitated through digitization and the development of new skills for digital outreach.

A main focus of the adopted Education Framework will be to implement new policies for successful inclusion and inclusion in the educational process and to increase the quality and applicability of education, for value-oriented and lifelong education, conceived through digital transformation, competences, innovation and sustainable development. The development of the education system with all its elements will be focused on the validation of the competence approach. An important emphasis is also placed on providing the educational system with qualified teachers, as well as on providing a modern, inclusive, secure and safe educational environment. The curriculum reform, which began with the entry into force of the Education Law in 2016, will be fully completed in 2022, and the first graduates will take matriculation at two levels. By then, students’ reading and math skills at the end of grades 4, 7, and 10 will have been assessed at least twice, and on this basis, some improvements to curricula, assessment, and the organization of the learning process could be proposed. The ambition is to reverse the negative trend and rapidly reduce the proportion of students who do not perform well in reading, maths and science, as well as accelerate the digital transformation of education with opportunities to extend the reach of blended and distance learning and promote of inclusion in education and training in order to increase people’s ability to adapt in a timely manner to technological transformation and subsequent changes in the labor market. The role of the educational system will be reconsidered in the conditions of an information society, characterized by quick access to all kinds of information. Support measures will be aimed at increasing the attractiveness, quality and applicability of vocational training programs and at encouraging participation in adult learning, including investments in the modernization of the teaching environment and in laboratory equipment. Reform of the education sector will continue with improvements in quality assurance, teaching, assessment models, with an emphasis on skill building and support for the development of creative thinking. To this end, the professional development of teachers and trainers will be supported through the improvement of skills, capacity and continuous improvement of qualifications, together with the promotion of innovative teaching methods and content development.

**A road map for teacher policy development and reform**

Under the Structural Reforms Support Programme, a policy support project for teachers in Bulgaria 19BG04 - Support for the preparation of a road map with specific measures to address the shortage of teachers in school education has been implemented. The roadmap includes specific measures to address a number of challenges related to the pedagogical workforce in Bulgaria, such as creating a unified approach for qualification, monitoring and tracking the progress and professional development of pedagogical specialists; creating a results-oriented data collection and analysis methodology; development and implementation of competency models for the work of teachers, principals and other pedagogical specialists.

**Improving the inclusive nature of the education system**

Efforts will be concentrated on expanding the scope of the education system, especially at the basic level, while ensuring conditions for equal access to educational services and more flexible mobility between educational stages. A significant focus in this regard will be placed on early childhood development policies. Effective inter-institutional cooperation will be implemented to increase the coverage of preschool and early education stages for all children, focusing on children from vulnerable groups. Targeted measures will be implemented to ensure quality early childhood education and care to develop key competencies and form the basis for developing values, including by promoting educational innovations in preschool education.

Special emphasis will be placed on the prevention of early school leaving through a more targeted approach, continuous development of new models, including the promotion of flexible second chance programs through measures and mechanisms targeting specific groups and regions. Policies for general and additional support for personal development will be implemented, but with more focus on their effectiveness and increasing access to and completion of education and training at all levels (from preschool to higher education), including measures to remove socio-economic barriers for vulnerable groups – scholarships and grants, as well as support for innovative actions in the field of inclusive education. For children at risk of dropping out of school, good practices will continue to be developed and implemented, according to which different institutions interact in order to implement a complex of measures in accordance with the individual needs of children and students.

It will continue to improve inclusive, accessible and quality early childhood education and care and healthy lifestyles for children and students, through additional activities of interest, including physical education and sports. Civic competences, competences for sustainable development, environmental protection, care for people’s health, literacy, personal and social competences, including risk prevention for children and students by optimizing road safety education. Talented children and students will also be supported, and support for children and students with special educational needs and inclusive education will continue according to the individual needs for personal development of each child and student. Under the “Education” Programme, the necessary resource has been programmed through measures to directly support equal access to early childhood care and education to achieve the thematic concentration of at least 5% at the national level for
Improving quality and outcomes at all levels of education

Weaknesses in terms of the quality of education provided will be addressed by improving the measurement of learning outcomes; intensifying the processes of introducing modern technologies for teaching and learning in the educational process, improving the material base and the educational environment; increasing the qualifications of the teaching staff, for working with digital technologies, introducing learning in a digital environment, for applying innovative methods and for attracting and retaining young staff in the field of education. The upgrading of the educational cloud environment and the creation of resources and skills to use the full potential of digital technologies to increase the interest in learning, the level of acquired skills, the adaptability to the environment and the labor market and the inclusion of every child in the learning process will continue, including by monitoring results and providing personalized support. A particularly strong emphasis will be placed on the development of innovative schools and a school model where modern learning environments and technological equipment promote new educational programs, increasing STEM skills and learning outcomes, as well as teacher qualifications. At all levels of education and training, policies for the development of key competences will be implemented, including by supporting and promoting different approaches and environments for learning, for creating and applying modern assessment and self-assessment methods, for developing and evaluating educational resources.

International cooperation and mobility of learners and teachers will be supported to increase the capacity of organizations providing education and training, from early childhood education and care to completion of education, including organizations providing adult education. The mobility of teachers and their adaptation to a working environment in different areas with a concentration of children and students from vulnerable groups will also be supported. Measures will be supported to create adequate opportunities for qualification and retraining, for inclusion and retention in the labor market, in order to achieve compliance of the education and training systems with the needs of the labor market.

Adaptation of VET to the dynamics of the labor market

Efforts to increase the applicability of school education to achieve professional and personal fulfillment will continue. In this regard, the key importance will be the expansion of the geographic scope of systematic training in a real working environment and an increase in the opportunities for its implementation in various professions, which is tailored to the needs of business at the regional and local level. The focus will be on appropriate vocational education and training (including a dual training system) so that graduates of vocational education and training (VET) are prepared for the challenges associated with the transition to a carbon neutral and blue economy.

In order to ensure a better match between the required and offered skills, with the active participation of the social partners, the qualification system in VET will be updated and a sectoral approach will be applied in the updating of the educational content, the curriculum, the training of teachers in the field of vocational training and the training of mentors in the dual education system. A system will be implemented to monitor the realization of VET graduates. The interventions will also be aimed at increasing the coherence between the needs of business, on the one hand, and curricula and programs in higher education and VET, on the other hand, by stimulating cooperation and communication between the public and private sectors within the learning process through various advisory forms, sectoral advice on skills, incl. by creating centers of excellence in VET.

Improving the applicability of the labor market and the quality of higher education

The system of higher education is regulated by two main laws - the Law on Higher Education (LHE), updated in 2020, and the Law on the Development of the Academic Staff in the Republic of Bulgaria. The strategic framework document that defines the vision and general priorities of the policy for the development of higher education is the Strategy for the Development of Higher Education in the Republic of Bulgaria for the period 2021-2030. The amendments to LHE, adopted in 2020, aim to ensure the sustainable development of the higher education system, including the professional development of teachers. Policies for the development of 33 state HEIs have been approved, containing strategic goals, objectives, target values and indicators for their implementation. Each policy is developed in direct dialogue with the leadership of the relevant HEIs, who participate in defining and specifying all the elements contained in the policy.

Measures will be aimed at improving the quality and labor market applicability of higher education, including joint internships in enterprises. A special emphasis in this area will be interdisciplinarity and promotion of innovation in higher education. The capacity and career development of the academic staff will be supported. Significant emphasis will be placed on the development of the higher education system, including through the connectivity of universities in national and European networks. Measures will be proposed in the direction of improving the realization and connection with the labor market, as they promote the entrepreneurial and creative skills and knowledge of the graduates with a view to their future realization in the labor market.
Special emphasis will be placed on adapting curricula and programs to the challenges of artificial intelligence, working with big data and Industry 4.0. The measures in the field of higher education laid down in the "Education" Programme will be supplemented by the foreseen management and control systems in higher schools in RIDPET, as well as in the project to increase the pace of economic recovery and transformation through science and innovation in RRP through investments to create a network of research universities, support for expanding Bulgaria's participation in the framework program "Horizon Europe" and support for the process of creation of centers for digital innovation on a regional basis, with the support of researchers in higher education institutions and the establishment of universities as research centers.

A special focus in the field of increasing the skills of the working-age population will be placed on the effective provision of opportunities for LLL, including keeping applied social competences up-to-date. Effective mechanisms will be sought to introduce an individual approach to training, based on the establishment and validation of competences acquired as a result of previous compulsory and optional training or professional experience. Guidance and support will be put in place to finalize a comprehensive qualification to upgrade acquired vocational skills to enable the reintegration into the labor market of unemployed persons, including long-term unemployed, economically inactive, low-skilled workers and illiterate persons. Upskilling them and getting them into employment will help increase labor productivity, while playing the role of a tool for social inclusion of vulnerable groups. Investments will continue in purposeful improvement of the professional qualification of the workforce and the acquisition of specific professional competencies related to the real demand for qualified workforce by employers. Steps will be taken to provide adequate incentives and flexibility to training providers in response to different needs of the labor market, but while strengthening control over the effectiveness of the training provided and the methods used, including by introducing an adequate system for certification of the received knowledge, skills and competences from a specialized body.

**Improving students' digital and STEM skills, incl. providing appropriate digital content for all levels of education for e-learning**

The subject of broad interventions at all levels of the education system, as well as the system of qualification and retraining, will be to overcome the low level of computer and digital skills of human resources in the country, which hinders the wide use of information and communication technologies and those based on them services and achieving digital growth. STEM skills, transferable competencies and foundational skills will also be developed. These measures, although embedded in the strategic intentions of the government even before the spread of the COVID-19 pandemic, have acquired particular relevance and necessity in the light of the development of socio-economic relations in conditions of physical isolation and efforts for the complete digitization of services and processes.

With regard to distance learning during the epidemic emergency, digital technologies and, accordingly, the skills of teachers and learners to use them, are the adequate way to maintain the educational process and ensure access to education for learners from vulnerable groups. It is planned to support activities for digital transformation of education and promotion of educational innovations in preschool and school education. Participants in the educational process will be encouraged to acquire and improve digital skills and the use of innovative teaching and learning methods, including by supporting and promoting the LLL process. In this regard, priority will be given to the qualification of pedagogical specialists and teachers in higher education for working with digital technologies in order to introduce digital forms of teaching in subjects and interactive courses, as well as introducing innovative teaching methods, and also the possibility of further education, distance learning, networking and LLL. This is also related to the need to provide software or ICT equipment necessary for the development and implementation of digital learning content and programs. Interventions will target learners from vulnerable groups experiencing difficulties using technology in distance learning in an e-environment during the COVID-19 pandemic to prevent them from dropping out of the education system. Emphasis will be placed on improving the skills of educators for distance learning in an electronic environment and improving their digital skills. Distance learning has deepened educational inequalities, degraded the knowledge of a large proportion of students and threatens to increase the number of dropouts from the education system. This happened despite the efforts and quick adaptation of teachers and principals, urgent regulatory changes and the provision of electronic devices and the Internet with funds from the state, school budgets, municipalities and numerous donors. The gap between students is also increased by the lack of sufficient devices and/or Internet, as well as an adult in the family to help with e-learning. Distance learning also has positive effects. Bulgaria managed to organize the educational process in such a way that there is no missed learning time. This distinguishes our country from many European countries, whose students were left out of the educational process for months. In addition, teachers and students are now using new technologies much more actively. Educators apply innovative teaching methods and customize lessons according to the needs of individual students. Educational mediators are also very actively involved in the process. The organization of distance learning in higher education also helped the active introduction of information technologies and innovative methods in teaching.
In the process of digital transformation of the economy and in particular of education, a growing need to build an educational STEM environment has been identified. In this regard, efforts will be made to improve the educational environment and student achievement, to implement new teaching methods and acquire new skills. STEM skills, transferable competencies and foundational skills will be developed. Complementarity of ESF+ with the provision of educational STEM environments in schools under the National Programme “Building a school STEM environment” and RRP is foreseen. This will ensure sustainability, as through ESF+ students will be trained to acquire digital skills by representatives of business, science and technology, pedagogical specialists will be qualified to teach in a STEM environment. This will provide interactions between these programs.

A key tool in building the necessary digital skills will be the deployment of partnerships with the private sector and the creation of a system for validating competencies. The National Programme "Digital Bulgaria 2025" and the Roadmap to it set the strategic framework for the interventions aimed at the development of digital skills.

**Applying systems approach and bottom-up approaches**

The implementation of education reforms will take into account the lessons learned from the 2014-2020 programming period, such as the implementation of policies for the coverage and inclusion of children and students in the system of pre-school and school education through a systemic approach, which has proven essential impact on reducing the share of early school leavers.

The systems approach will not be applied to operations that are aimed, for example, at stimulating the introduction of new or innovative approaches to education or encouraging activity, participation and competition to generate better ideas among beneficiaries, as such operations would by definition give more good results in competitive selection. At the same time, operations that target specific needs at territorial level, to overcome local barriers to access to education or to promote partnership between educational institutions, social and economic partners and civil society at local level will also not apply a systemic approach, but will be carried out through the instruments for territorial development, such as ITI and CLLD, or competitive procedures at the national level, and the measures for socio-economic integration of Roma will be in accordance with an approved strategic document/municipal/district plan.

Measures to improve the monitoring and evaluation of education and training will be supported, including through capacity building for data collection and decision-making, such as graduate tracking measures. In this regard, emphasis will also be placed on measures aimed at increasing the institutional capacity and responsibility of educational institutions from the system of preschool, school and higher education to carry out autonomous institutional policies for the implementation of reforms.

**Complementarity of investments in education under the ESF+ with investments in educational infrastructure through other instruments**

Investments in educational infrastructure will be supported within the framework of PO 5 under the RDP, as well as through projects under the RRP and NPDARA. The ERDF will support investments in educational infrastructure that complement investments in other policy objectives, based on integrated concepts implemented in coordination with the planned ESF+ measures. This will ensure synergies with ESF+ interventions for modernisation, digital transformation and promoting educational innovation in pre-school and school education. They will also be complemented by the measures in the National Recovery and Sustainability Plan aimed at improving access to a quality educational environment and building an integrated STEM environment.

Active measures on the labor market, implemented jointly and with the active participation of the social partners, will continue to be aimed at increasing the quality of the workforce, taking into account the different types of characteristics of the participants. When programming the measures, the most effective approaches will be used to support target groups with multiple characteristics for their permanent entry into the labor market. The measures will mainly address the existing labor reserves in the economy, which are out of employment, and simultaneous support will be provided for different groups, if possible - the low-skilled and unskilled workers, the long-term unemployed, the youth, the disabled, the people of pre-retirement age, as well as economically inactive persons, incl. marginalized communities such as the Roma. The activation of inactive persons for their inclusion in the labor market, including by applying an individual approach, will increase their motivation and allow their inclusion in measures for better employability and starting work. A special emphasis will be placed on the realization of the labor market of young people, through support for a quick transition from school to work and successful inclusion in an active economic life, including by providing intermediary services for finding work, apprenticeships, traineeships, vocational, non-formal and independent training, development of key skills, transfer of knowledge and skills from the older to the younger generation of workers, subsidized employment and entrepreneurship, including social. As of March 2022, with the support of the ESF for Youth Employment, 29,901 unemployed young people up to 29 have completed an apprenticeship or on-the-job training, with 53% staying with the same employer after completion and being
given the option of permanent inclusion on the labor market. According to data from the Labor Force Monitoring, unemployed young people aged 15-24 in 2021 exceed 18.7 thousand and represent 15.9% of the unemployed in the country, and those aged 25-34 are the most numerous age group (36.0% of all unemployed). According to Eurostat data, in 2020 for Bulgaria, the average level of young people from the group of NEETs (not working and not engaged in any form of education or training) aged 15-24 is 18.2%, compared to an average for the EU-28 – 14%.

In an effort to increase the level of economic activity and employment of people with mobility difficulties or living in rural, mountainous or remote areas, innovative practices, self-employment, entrepreneurship and mobility will be encouraged. In the current environment of low and declining demographic replacement rates, interventions to increase the employability and adaptability of older people in order to stay longer in the labor market will continue to be supported. Measures will also be implemented to promote flexible work organization for this age group.

Continuing decline of the working-age population and the aging of the workforce have and will continue to have an adverse impact on the labor market. They determine the ever-decreasing labor supply. Thus, the demographic processes have a negative impact on the potential GDP and economic growth of Bulgaria in the long term. Preliminary figures from the 2021 census show a population decline of approximately 844,000 people. The distribution of the population by age groups shows a deepening of the aging process. The share of persons aged 65 and over increased by 5.4 percentage points, compared to 2011 and by 9.6 percentage points compared to 1992. The number and relative share of persons of active age is decreasing. These processes are expected to lead to an imbalance between labor supply and demand in the labor market. In order to counteract these processes, the employment of various currently inactive groups or groups with low levels of employment will be actively promoted and supported, including through ESF+ funded measures and activities of employment services.

Measures will be supported to create jobs in sectors with high added value and transition to a low-carbon economy, and to develop alternative employment and self-employment, as a form of support for individual and social entrepreneurship. Initiatives and measures to facilitate access to work, improve working conditions for a healthier working environment and reduce work accidents and increase the quality of jobs and combine family and professional life will remain the subject of targeted support. With a view to achieving a just transition to a climate-neutral circular economy in the context of the European Green Deal, training opportunities and alternative employment for those working in the affected sectors will play a key role. For this purpose, a study will be carried out to anticipate the possible changes that will accompany the transition to a green economy, the activities that make up the blue economy, the expected changes in the labor market and employment, the definition of "green" jobs and the transformation of existing jobs in greener, incl. in light of the good practices outlined in the New European Bauhaus, identifying the "green" skills that will be needed to live and develop a society and economy that conserves resources and the environment. The closure of coal-fired power generation facilities would have a direct effect in releasing the persons employed in these enterprises, as well as an indirect effect along the line of related activities. The multiplier effects calculated on the basis of the "input-output" tables for Bulgaria for 2015 12show that a possible loss of 1 job in the energy products extraction sector will lead to 1.5 fewer jobs in the other sectors of the economy. The estimated multiplier for the electricity generation sector amounts to 2.2. Given that the European Green Deal emphasizes that its goals can only be achieved if "no one is left behind" and only in a fair and inclusive way, Bulgaria will support the most vulnerable and most exposed to social and economic impacts of transition people, for example through retraining and upskilling. Research and analysis of the economic sectors that will be affected by the transition to a clean, circular economy will be carried out to establish the socio-demographic profiles of the people that will be directly and indirectly affected by the transition to a green economy, and to determine the needs for new skills and support needs. On the basis of this information and on the basis of the priorities for the economically developed and developed regions, regional development plans will be developed, containing activities for inclusion in training for the acquisition of knowledge and skills in demand on the labor market, assessment tools will be applied and validation of competences with a view to inclusion in employment. The training of the workforce will be mainly directed in two directions - providing basic transferable knowledge and skills for resource use and environmental and climate protection, which are the basis for employability and flexibility to changes throughout life, and providing specific knowledge and skills related to the successful practice of occupations, emerging green jobs or transformed jobs. Curricula will be redesigned to ensure the skills and knowledge needed for a "green" economy, training for teachers and mentors will be provided to acquire up-to-date knowledge of technologies and processes that protect resources and the environment. Opportunities and access to relevant measures for training and employment

in a "green" economy will be created, as well as measures to raise awareness of greener business opportunities and a better link between new jobs and new skills, incl. "blue" ones. To provide access to training for the acquisition of skills in demand in the labor market, forecasting of labor force needs in the short and long term will continue to be used. The developed system for forecasting the needs of the labor market will also be used to identify the shortage of qualified labor force. According to the updated long-term forecasts for the period 2020–2034, as a result of the higher technological development of the economy, the demand for highly qualified specialists is expected to increase. Demand is expected to increase for occupations for which the age structure of employment has worsened and a large proportion of the employed are close to retirement age, e.g. in education and health care. This information will be used to develop education, income and employment policies aimed at overcoming the shortage of skilled workers and specialists in key economic activities.

Improving the skills, competences and qualifications of human resources will help to increase employment levels and labor productivity, while playing the role of a tool to support the social inclusion of vulnerable groups. Investments in the targeted improvement of the professional qualification of the workforce and the acquisition of specific professional competences related to the real demand of employers will continue. Emphasis in the field of increasing the skills of the working-age population will also be placed on the effective provision of opportunities for LLL. Effective mechanisms for establishing and validating competences acquired as a result of non-formal education or professional experience will be sought. Measures to acquire or change qualifications, to upgrade acquired or new professional and specific skills and transferable competences will be financed to enable reintegration into the labor market of unemployed persons, including long-term unemployed, economically inactive, low-skilled workers and other persons employed in enterprises, to improve their opportunities for remaining in employment or occupying better jobs.

Digital skills acquisition measures will target young people, the unemployed, the employed, the economically inactive and the representatives of disadvantaged groups to address economic effects and social inclusion. Basic and specific digital skills will be developed. ESF+ investments will be used to equip employed people and citizens in general with the digital skills they need for their jobs as well as their everyday lives. The DigComp European Competence Framework will be used to define training for citizens to acquire basic digital skills. Based on an analysis of economic sectors, workforce intervention needs will be determined to identify key occupations and jobs that require digital skills and their respective levels. Both types of measures – basic skills for citizens and specific skills for the workforce – will build on the basic digital skills acquired in the education system and overcome the existing deficits in digital skills of different groups in society and in the labor market.

It is planned to continue the support for labor market institutions for increasingly high-quality service to the unemployed, jobseekers and employers, including by strengthening their administrative capacity, and the design of tools, information security, monitoring and evaluation of the policies they carry out, in order to ensure an increase in the effectiveness of public services in the field of employment and an adequate response to structural changes in the labor market and cyclical changes in economic development. The capacity of the social partners to implement policies through joint action will be strengthened to contribute to a faster adaptation of the employed to the changes and challenges of new workplaces. Based on an analysis of the expected changes in the organization of work and employment in Bulgaria, carried out under the project "The Future of Work" of the Ministry of Education and Culture with funding from the OP HRD 2014-2020, during the new program period opportunities will be sought to support the expected emerging new forms of labor, incl. employee and workplace sharing, casual work, mobile work, voucher work, portfolio work, online platform work, etc.

Opportunities will be provided for the creation and development of social enterprises, for the improvement of entrepreneurial skills and training of staff and their management capacity. The envisaged support will lead to the creation of jobs for vulnerable groups and reduce the risk of poverty and social isolation of disadvantaged people. Social and solidarity economy actors will be further supported to expand their market orientation, engage in collaborative activities with colleagues and commercial businesses, and upgrade through digitization and improved digital skills.

Efforts will be made to promote the social inclusion of vulnerable groups as the most appropriate way to reduce the effects of social inequalities. The subject of targeted interventions will be ensuring equal access to specialized health and long-term care and generally increasing the quality and expanding the range of services provided, introducing integrated approaches in the provision of social services, as well as developing integrated services. Within the 2014-2020 program period, nearly 70,000 disadvantaged persons have received support with improved access to social and health services, but there is still a need for these types of services. Support for the deinstitutionalization of care for children and the elderly will continue, including and people with disabilities. Targeted investments will continue in connection with the finalization of the process of deinstitutionalization of childcare and ensuring the monitoring of services with a view to continuing and preserving their quality and efficiency. As a result of the targeted policy and the efforts of all involved
parties, significant results have been achieved from the implementation of the childcare reform, namely a reduction of the number of children in specialized institutions by over 97% (from 7,587 children in 2010 to 198 children at the end of February 2022) and a reduction of specialized institutions for children by over 97% (from 137 specialized institutions in 2010 to only 4 homes for medical and social care for children, which are managed by the Ministry of healthcare, as they are due to close by 31 December 2022). The number of social services for children and families has grown significantly. In 2010, there were 241 functioning social services for children, while at the end of February 2022, 643 social services in the community for children were functioning in the country, which are a state-delegated activity for 14,802 users.

Support for expanding the network of early childhood development services will be aimed at preventing social exclusion and reducing poverty among children from vulnerable groups, incl. children with disabilities and their families, as well as future parents. In connection with investments in policies related to increasing the well-being of children and young people, synchronization and focus on the principles of the European initiative "Child Guarantee" will be sought, so that every child can lead a safe and dignified life: free healthcare, free education and childcare, adequate nutrition and acceptable housing. The support will include an integrated and coordinated approach with the participation of various institutions at national and local level in the provision of services for early childhood development, development of the network of supportive social, health and integrated health and social services for prevention, early intervention and support of children and families in order to prevent risks and provide services in the community, as well as mobile ones. New integrated services will be provided, complementing and building on those created and funded in the period 2014-2020, which have produced extremely good results so far: by mid-2020, integrated services have been provided to over 42,300 children and families: individual and group work, support in order to be ready to attend kindergarten; work for children with disabilities to increase school readiness; early disability intervention; direct work with disabled children and their families, incl. rehabilitation and counseling activities, training, work at home; provision of children's health consultation and disease prevention; psychological support and counseling of future and current parents, etc. The HRDP 2021-2027 will contribute to the achievement of the thematic concentration of 5% for the implementation of the Guarantee, together with the "Education" Programme.

To ensure a dignified life for older people, their access to integrated social and health services will be improved by providing wider home and community support for care-dependent older people, and by increasing the effectiveness of the long-term care system.

Policy in the field of social services is determined by the objectives of the Law on Social Services (LSS), in force from 01.07.2020. The law implementing the reform in the field of social services regulates all key issues of importance to the sector, as well as the commitments of the state, municipalities, private providers and other interested parties in the processes of planning, provision, financing, control and monitoring of social services. In order to support the processes of deinstitutionalization of the elderly and people with disabilities, the implementation of the National Long-Term Care Strategy and the related action plans will continue. With its implementation, the reform of institutions for people with disabilities (people with mental disorders, with intellectual disabilities, with different forms of dementia and elderly people who cannot take care of themselves) received targeted support. In the context of the Action Plan for the period 2018-2021 for the National Strategy for Long-Term Care, with investments from the ESF+ after evaluation and prioritization, the reform of the remaining institutions will continue, as well as the removal of the persons from them. Investments related to deinstitutionalization, incl. measures related to persons with disabilities will be in accordance with the UN Convention on the Rights of Persons with Disabilities. In the period 2021-2027, measures to continue the process of deinstitutionalization of care for the elderly and people with disabilities will be implemented with funding from various instruments, incl. national budget and European funding, and the demarcation of the support from the individual funds will be ensured, as well as the complementarity of the measures and their effect. In the period 2021-2027, it is envisaged that the reform of long-term care and services will enter its main phase and about 60% of the remaining specialized institutions for people with disabilities will be closed, and the existing institutions for the elderly will be reformed according to the new criteria for quality.

Synchronization and complementarity will be sought between the programs financed by the ESF+ and the ERDF, as well as the RRP. The infrastructure and facilities in the field of providing long-term care services will be financed with funds from the ERDF and the RRP, and the "soft" measures - social services and staff training, as well as support in the newly created infrastructure - will be financed mainly with funds from the ESF+. Investments under the RRP and RDP, related to construction and purchase of equipment and furnishings, are a condition for the implementation of the soft measures under the HRDP. Close coordination of activities will take place for all investments to ensure timely alignment of the entire process. The capacity to provide quality social services will be strengthened - in coordination and with the aim of complementarity of the measures to improve the social infrastructure, under PO 4 resources will be provided for the analysis of the needs and
requirements of the employees/social workers in the relevant social services, institutions and organizations and actions to increase their capacity will be financed in order to improve the quality of social work and social services for those in need, and at the same time control and monitoring will be carried out to ensure and maintain high quality of social services.

Municipalities, which are the main providers and managers of social services at the local level, are of particular importance for the provision of social and integrated services. During the period 2021-2027, investments will be provided to ensure equal access to services, including for long-term care and improving the quality and expanding the scope of provided social services, introducing integrated approaches to their provision, as well as developing integrated support provision and implementation of integrated health and social services. ESF + funds will finance interventions aimed at strengthening the capacity of the system - both of the employees in the services and of the municipalities. It is planned to continue the commitments of the local authorities, including in the implementation of the National Strategy for Long-Term Care and in accordance with the future National Map of Social Services in Bulgaria.

Taking timely measures aimed at marginalized groups, incl. the Roma, is extremely important for their inclusion not only in the labor market, but also in a social aspect. For this reason, they will continue to be a focus in the 2021-2027 programming period as a target group at a horizontal level. The key factors for the integration process are laid down in the National Strategy of the Republic of Bulgaria for equality, inclusion and participation of the Roma 2021-2030. The strategy contains a vision, goals and priorities for establishing an integrated approach in implementing the policies for the inclusion and participation of the Roma; contributes to achieving coherence and complementarity between sectoral policies and strategies that help promote equality, inclusion and participation. The strategy sets out three horizontal goals in the field of equality, inclusion and participation and four sectoral goals in the fields of education, employment, housing and health.

The experience so far within the framework of the previous program periods has shown that the horizontal approach gives much better results and achieves the set goals in a greater entirety than only the targeted measures in support of the socio-economic integration of the Roma. In addition to the support provided through the horizontal approach, the socio-economic integration of communities such as the Roma will be further targeted supported in individual areas where large distinct groups facing integration problems emerge. The measures in the period 2021-2027 will be implemented on a territorial basis, through ITI and CLLD, and will guarantee achieving a specific impact and solving problems specific to the territory. In this way, opportunities will be provided for the inclusion of marginalized communities to a greater extent in the labor market, access to services will be provided, incl. specialized in responding to the needs of particular communities and aimed at preventing and overcoming poverty and health problems. Measures to overcome stigmatization and prejudice towards these groups of society will also be supported with a view to their better integration, and promoting their active inclusion in the socio-economic life of the country. This is expected to have a positive effect on overcoming segregation and discrimination. The implementation of measures aimed at desegregation and non-discrimination of the Roma will be supported. The support that will be provided through complex and integrated measures will also contribute to overcoming the transmission of marginalization and vulnerability from generation to generation.

The results will be monitored in the course of the implementation and in the case of insufficiently high effectiveness of the territorial measures, measures will be taken at the national level as well. The representatives of marginalized communities such as the Roma will be supported throughout the program period on a horizontal principle within the framework of the other interventions in the ESF+ areas as part of the disadvantaged.

The mechanism for coordination, monitoring and reporting on the implementation of the measures included in the National Strategy of the Republic of Bulgaria for inclusion and participation of the Roma 2021-2030 (and the Action Plan for it, as well as the municipal action plans) is a continuation of the previous program period. The National Contact Unit (NCU) is the unit that coordinates, monitors and reports on the implementation of the National Strategy for Roma Inclusion and Participation 2021-2030. At the operational level, the NCU interacts with the established interagency mechanism, composed primarily of representatives of the horizontal ministries and the governing bodies. This mechanism plans and takes into account the objectives and measures of the national strategy and the national action plan. At a consultative level, coordination is carried out by the National Council for Cooperation on Ethnic and Integration Issues, which includes deputy ministers and representatives of a wide range of NGOs. With regard to European funds and financing, the staff of the NCU are members of the monitoring committees and sub-committees where such have been established. Within the project T.E.A.M. a National Roma Platform was created at DG Justice and Consumers. It has a national scope and includes representatives of: local NGOs, relevant services at the regional and municipal level, local activists, mediators, regional councils on ethnic and integration issues.
In connection with possible risks of declaring a state of emergency or a specific emergency caused by force majeure circumstances, epidemics, pandemics and others similar to the spread of the COVID-19 pandemic, and in order to overcome their negative consequences on the labor market and in the social sphere, investments from the ESF+ will be provided for specific measures. Such, for example, can be measures aimed at strengthening and stimulating economic activity, as well as fighting against social exclusion, the risks of poverty and ensuring social protection for vulnerable groups. The focus will be placed on the recovery process largely in the area of the labor market, where measures will be needed to prevent and overcome unemployment and other negative effects, while the social aspect will be strengthened through an organized process between institutions in the social and health spheres, incl. and through activities to support those affected. Emphasis will be placed on youth employment as it is most sensitive to a sharp change in the economic cycle, while tackling child poverty to ensure that no child is left behind during and after crises such as the one caused from COVID-19. Emergencies will trigger the need for different skill sets that can be funded through the ESF+ to adapt to new labor market conditions and needs and prevent social exclusion.

Unfavorable demographic trends, high mortality rates and the reduction of the working-age population necessitate reforms in the health care system. That is why the strategic goals for healthcare until 2030 are:

- Promoting a healthy lifestyle and disease prevention, strengthening the capacity of public health care;
- Quality and affordable outpatient, hospital, emergency and psychiatric medical care;
- Adequate medical assistance and care for specific and vulnerable groups of the population;
- Highly effective control of medical activities;
- Effective drug and medical device policy;
- Built electronic health care and national health information system;
- Sufficient and qualified human resources in health care and improved conditions for training and work;
- Financial sustainability of the national healthcare system;
- Innovative medical science and practice.

Ensuring health for all through effective promotion of healthy lifestyles and disease prevention, conditions for healthy lifestyles, accessible and quality health services requires targeted investments.

In order to improve the quality of health care management and predict the direction of the necessary changes to meet the health needs of society, a map of health care needs will be prepared, containing demographic and epidemiological data, data on the services provided, as well as the human resources used, infrastructure and equipment. On their basis, the forecast for needs in the field of health services for individual regions, districts and the entire country will be prepared.

As part of efforts to increase the quality of human capital, interventions aimed at improving the health characteristics of the population and the workforce in particular will be implemented. The main focus will be addressing the high levels of risk factors endangering the health of the population, such as smoking, alcohol use, obesity, unbalanced nutrition, low physical activity, traffic accidents. In order to reduce premature and preventable mortality, new tools will be developed to increase the effectiveness of efforts to strengthen health promotion and increase health culture, especially among minority groups - stimulating managerial responsibility to prevent health risks at work, including regarding road safety. The strengthening of human resources in the health sector will continue through interventions to increase the competencies and skills of medical and non-medical personnel in key areas of the health system, such as emergency care, psychiatric care, primary care, medical care in schools, kindergartens and nurseries, etc. Support for increasing the professional capacity of trainees in the healthcare system to acquire skills specific to this sector will continue.

The ESF+ will finance the specializations of doctors and medical specialists, which will support the state policy of providing the necessary specialists for the country. Special focus will be placed on the qualification of medical and health care staff in outpatient care and long-term care staff. Support for lay and non-medical staff in the healthcare system will also be provided through various measures related to the labor market, especially training opportunities.

ESF+ investments will also be targeted at supporting staff mobility in the health system to improve access to health care and support a balanced geographical distribution of health workers. Medical professionals will be encouraged to start their outpatient practices providing outpatient medical care and medical services and primary care in remote areas where there is a shortage of specialists. There will also be incentives for GPs to hire medical specialists. Medical professionals in certain specialties who are mostly in general need will also be supported to open their outpatient facilities for specialized outpatient care or to join existing outpatient facilities in remote and understaffed areas or smaller regional hospitals, where there is a shortage of specialists. In this way, support will be provided for the reform aimed at creating mechanisms to attract and retain personnel from the health system in certain regions with a shortage of personnel to serve the population of these regions.
In the field of health care, NRRP will finance activities to modernize the pediatric care system in the country by providing new, modern medical equipment, as well as creating a National Center for Proton Therapy with a focus on the treatment of children. Activities related to the delivery of equipment for the treatment of oncological diseases in state and municipal medical institutions will also be financed. The HRDP will support training in the field of pediatric care. A project to strengthen the sustainability of the psychiatric care system, aimed at increasing its accessibility and capacity to meet the needs of the population, will be implemented under the NRRP. The activities of the project are related to the renovation and modernization of the building stock and the provision of modern medical equipment for the medical facilities. ESF+ measures will support the system with training for its employees. The National 112 system will be developed within the NRRP and a new system for receiving emergency communications and management will be built. For its part, ESF+ will support the system with specialized training for emergency workers. Activities to build health care clinics in hard-to-reach and remote areas will also be financed. In order to provide staff for these outpatient clinics, the financial incentives that will be presented during the HRDP 2021-2027 by the ESF+ are provided. The activities under the NRRP are mainly related to the purchase of equipment and construction and installation works, which are not eligible for financing under the ESF+.

The policy of basic material support will continue to overcome identified deprivations (of wholesome food and basic material products) among the most vulnerable part of the population in the country - people living in poverty and social isolation, homeless persons, etc. The focus on the provision of food and material support will be expanded, which will contribute to the active inclusion of assisted persons and families according to their specific needs. Early childhood development and overcoming child poverty will also be supported through measures to provide food and basic material assistance, including basic, necessary products for newborn children from disadvantaged families, as well as development of children's/dairy kitchens. Assistance will be determined on a case-by-case basis for support needs. The provision of accompanying measures will be the connecting element between other national and EU-funded measures to reduce poverty and social exclusion. Measures for the most vulnerable groups will be implemented in cooperation between the Programme for Human Resources Development, the Programme for Food and/or Basic Material Assistance and the Education Programme. The strategic objective of the Programme for Food and Basic Material Assistance is to add contribution to the overall national policy to reduce poverty and to overcome social exclusion. The program measures will address the satisfaction of the basic/existential needs of the most deprived persons who live in extreme poverty, experiencing severe material deprivation, and are the first step towards undertaking complex and sustainable social inclusion measures based on the integrated approach. It is expected to reach the level of 600,000 persons living at risk of poverty who received food and material support under the program. A database will be created with information about the persons supported by the program, including information about their specific social profile. Beneficiaries of the aid under the program will be addressed as a target group of various specific measures and projects implemented with support from the ESF+ under other programmes, where the achieved results will be subsequently tracked. With a view to overcoming social isolation and reducing dependence on the social system, persons of working age subject to assistance will be directed to measures for inclusion in employment and improvement of skills. Older people will be directed to appropriate integrated social and health services, and people with disabilities to adequate socio-economic support. The provision of food for the children will be a connecting element for targeting locally implemented comprehensive measures for support and development of parenting skills, family counseling and support, and where possible, for finding work for parents as a means of overcoming poverty, isolation and dependence on the social assistance system. Feedback on the results of the support provided after targeting the target groups will be an element of the information exchange mechanism between the programmes. About 5 percent of the beneficiaries of assistance under the program are expected to receive support through various services to overcome poverty and social isolation.

Under the "Asylum, Migration and Integration" fund, complementarity will be ensured through investments aimed at effective and coordinated management of migration in the EU with the aim of replacing insecure and illegal routes of access to the Union with safe and legal ones. Investments will be aimed at supporting a robust reception system for third-country nationals seeking international protection, legal migration of third-country nationals, as well as effective return of persons who do not meet/no longer meet the conditions for staying in the EU. Investments in the field of integration will include the initial phases of the process up to the moment of inclusion in the education, labor market and health systems. AMIF funds will support measures tailored to the needs of third-country nationals implemented during the early stages of integration. Support includes, for example, language courses, orientation and support for inclusion in the labor market, various types of support such as psychological, social, legal assistance, translation services, etc.

Ensuring a high level of security is a cross-cutting policy objective requiring targeted and coordinated measures across home affairs instruments. Each of them will contribute to addressing it by focusing on a specific policy area - Instrument for Financial Support for Border Management and Visa Policy (BVMI) - in the
area of border management, Internal Security Fund (ISF) - in the field of prevention and counteraction of cross-border, serious and organized crime, AMIF in the field of migration. In particular, the ISF will support actions related to the prevention, detection and investigation of serious and organized crime, including terrorism, including with an emphasis on transnational cooperation. BMVI will be aimed at ensuring effective border control by supporting actions related to border checks and surveillance. AMIF will be directed towards actions to strengthen systems for granting asylum, reception, return and provision of services to third-country nationals.

The "International Projects" Directorate in the Ministry of Internal Affairs will be the managing body for the three programs and in this regard the necessary coordination mechanism is provided. The external actions under the FMU, BMVI and ISF can complement the Neighbourhood, Development Cooperation and International Cooperation Instrument (NDCICI) and the Instrument for Pre-Accession Assistance (IPAA), which are and will remain a major instrument in support of the external dimension of EU policy. migration and security of the Union. In parallel, national home affairs fund programs can promote and implement cooperation initiatives that complement and reinforce actions taken at EU level.

In quantitative terms, the ambitions towards the end of the program period are:
- reaching a level of 60 on the DESI Human Capital dimension compared to 28.5 in DESI 2019;
- reaching a level of 60 on DESI Use of Internet Services dimension compared to 32.5 in DESI 2019;
- reaching the level of 600,000 persons living at risk of poverty who received food and material support under the Programme for Food and Basic Material Assistance;
- reaching a level of 7% of the relative share of the population (between the ages of 25 and 64) participating in education and training compared to 2.5% in 2018;
- reducing the proportion of students scoring below critical, averaged across the three PISA domains, from 46% in 2018 to 25%;
- An increase in the relative share of people aged between 20 and 24 who have completed at least the second high school stage of secondary education from 84.4% in 2019 to 92% in 2030;
- an increase in the net enrollment ratio of children from 3 years to entering first grade, included in organized early childhood development groups, to 86.3% compared to 82.4% in 2018;
- increase in the share of 30-34-year-olds with completed higher education to 40% compared to 32.7% in 2019;
- an increase in the net enrollment ratio in higher education of 19-23 year olds to 50% compared to 42.1% in 2019;
- an increase in the proportion of teachers who feel prepared to use ICT for teaching to 84% compared to 77.4% in 2018;
- reaching a level of 80% of the employment rate of recent VET graduates (1-3 years) who do not continue their education compared to 68.6% in 2018;
- reaching the relative share of the population aged 25-64 participating in formal and informal education (12 months before the survey) to 35.4% compared to 24.6% as of 2016;
- reaching a level of 79% of the employment rate for the population aged 20-64 compared to 73.2% for 2021;
- reaching a level of 4% of the unemployment rate of the population aged 15-74 compared to 4.2% in 2019;
- reaching a level of 75% of the economic activity rate of the population aged 15-64 from 73.2% in 2019;
- reducing the share of youth aged 15-29 who do not work or study to 15% compared to 16.7% in 2019;
- reducing the share of the population at risk of poverty and social exclusion to 23.6% compared to 33.2% in 2019;
- reducing the share of working people aged 18-67 at risk of poverty from 10.1% in 2019 to the EU average;
- reducing the share of children aged 0-17 at risk of poverty and social exclusion from 36.1% in 2019 to 21%;
- reducing the share of children aged 0-17 living in material deprivation from 18.9% in 2019 to the EU average;
- Early leavers from education and training (relative share of persons aged 18 - 24 who have completed primary education and not participating in education and training, of the population of the same age) - from 12.8% in 2020 to 7% in 2030;
- by 2030, at least 60% of Roma have a paid job (with a current share of paid employment among Roma of 43%, compared to 73.1% for the general population);
by 2030, less than one in three Roma youth are NEETs - not in education, training or employment (with current values of 62% Roma youth NEETs, compared to 10.1% for the general population;

- 800 health professionals who have started work elsewhere in hard-to-reach and remote areas as a result of labor mobility measures supported by the ESF+;

- 400 supported personnel who specialize in the health care system, including doctors, dentists, nurses and midwives;

- increasing the knowledge and competences of 5,000 medical specialists in the country through the implementation of LLL measures.

The education indicators presented reflect the national goals in the education sector, which will be achieved with joint financing with European and national funds. They are influenced by various external factors and the contribution of PE and RRP will be measured through evaluations during their implementation. The funds from the Cohesion Policy will contribute to the achievement of the goals (in accordance with the National Strategy of the Republic of Bulgaria for equality, inclusion and participation of the Roma (2021-2030)) related to the access and participation of the Roma to education.

Policy objective 5: Europe closer to citizens by promoting sustainable and integrated development of urban, rural and coastal areas and local initiatives

During the last program period, within the OPRD 2014-2020, investments were financed in the implementation of integrated plans for urban development of 39 municipalities, and the experience of the implementation of the program showed both the benefits and some weaknesses of the chosen approach. The presence of pre-allocated budgets for each municipality, within which local authorities can plan their investments according to the specific needs and priorities of the municipality, is considered an indisputable advantage. At the same time, a major drawback was the requirement for the thematic distribution of funds, which proved to be highly restrictive in terms of the implementation of urban strategies and hindered the implementation of the "bottom-up" approach. As a weakness of the applied approach to urban development, the fact that the financing of urban strategies is provided with guaranteed budgets only within the OPRD, which finances a limited set of infrastructural measures, is considered. The lack of functioning mechanisms for financing integrated projects significantly reduces the effect of the implementation of urban strategies.

At the same time, in relation to the areas outside the OPRD-supported cities, the nationally adopted approach to defining urban and rural areas left a large part of the country's territory without access to European funding and led to unhealthy competition between municipalities and a deepening of inter-regional, intra-regional and even of municipal differences and imbalances.

Therefore, the overall attitude, views and perspectives towards regional development are being revised, both in terms of the synergies between the interventions of the various programs and at the level at which the investments will be made (municipality, district, region). More site-specific policies are needed, matching the local needs and specific potentials of each territory

As a response to the identified weaknesses and strengths, significant investments are envisaged under policy objective 5. Emphasis will be placed on the utilization and capitalization of local endowments and opportunities in addressing the specific needs of the respective territories and overcoming intra-regional disparities. To address local problems and utilize local potential, integrated approaches and tools for territorial development will be used primarily to realize synergistic effects. Interventions within the framework of the integrated territorial approach are planned to be carried out on the basis of strategies for territorial development in two directions: (1) urban development on the territory of 10 municipalities of large cities of the first and second hierarchical level according to the Update of the National Concept for Spatial Development 2013-2025 and (2) territorial development of the six planning regions in the country (NUTS 2 regions) according to the specifics of each of the regions described in the respective territorial strategies.

Investments for the development of NUTS 2 planning regions, given their larger territorial scope, will be implemented through packages of interconnected and complementary integrated projects (ITI concepts for the contribution of EU funds to the implementation of integrated territorial strategies for the development of regions – one ITI concept per region). Each region will have an indicative budget set aside, within which it will prepare its concept, which defines the most appropriate combination of resources and measures that address the common needs of the specific territories within its scope or use their potential so as to promote development of the entire region. The lists of approved projects to the concepts will be periodically updated.

With regard to the urban direction, the mutual dependence and complementarity of the investments will be implemented on the basis of the integrated territorial strategy of each city (Plan for integrated development of a municipality). In support of the integrated territorial development of the six regions, each of the programs co-financed by ESF+, ERDF and CF, with the exception of the Transport Connectivity Programme, and the Food and Basic Material Assistance Program and the Technical Assistance Program, will allocate a minimum of 10% of their financial allocation for the implementation of integrated territorial investments.
The ITI concepts for the contribution of EU funds to ITDS will include a combination of infrastructure investment projects combined with appropriate "soft" measures, aiming for complementarity of investments under the various programs co-financed by ERDF, CF and ESF+, the Strategic CAP plan, EMFAF as well as the national budget. With regard to investments in the field of education, the Programme for the Development of the Regions lays down an indicative distribution by thematic area based on objective criteria for the distribution in order to achieve effective implementation of PO 4 and for complementarity of investments from ESF+ and ERDF. Investments in educational infrastructure through the ERDF will be complemented by investments in educational infrastructure through the NRRP, with a clear distinction of the educational institutions covered.

The intended interventions aim to stimulate the implementation of the "bottom-up" approach (by financing projects initiated by local communities enjoying high public support), but also envisage the combination of local initiatives with the "top-down" approach, with which will support measures in implementation of the national sector strategies, which at the same time address specific problems or potentials of the respective territory. More specifically, in the sectors of road infrastructure, education, health care, social policy and culture, it is planned to finance only investments that correspond to a mapping of the needs in advance developed by the relevant department compliance with the approved national strategic documents in the sector. In this way, the necessary coordination and compliance between integrated territorial strategies and national priorities will be ensured. Investments in infrastructure under PO 5 will take place subject to the fulfillment of the applicable enabling conditions for the relevant measures (ie the enabling conditions for PO 3 and PO 4).

The decision on the priority investments for funding in the specific territory is taken by the territorial authorities at the regional or municipal level through the approval of lists of project ideas (at the municipal level - for urban development) and ITI concepts for the contribution of EU funds to ITDS (containing lists with project ideas - for the ITI instrument). Territorial authorities will carry out a preliminary selection of project ideas, in which they are the leaders the partnership, the integrated nature of the investments and the contribution of the project ideas to the implementation of the relevant territorial strategies – the plans for the integrated development of the municipalities and the integrated territorial strategies for the development of the NUTS 2 planning regions, which in turn correspond to the sectoral policies. Specific actions will be implemented to ensure sufficient administrative capacity at the regional and local level, in line with the implementation of the new approach. External assistance from the Commission, OECD, EBRD will be used, which will be the basis for the planning and implementation of these measures, including The Pilot Project to Accelerate Administrative Capacity Building in Preparation for the Post-2020 Program Period (OECD, EC), "Multilevel Governance Review - Making Multilevel Governance and Decentralization Work for Regional Development in Bulgaria" (based on an agreement between MRRD and OECD), The expected concrete results developed under the Agreement for analytical and consulting services between MRRD and IMBR, "Diffusion of innovations in cities and regions: Toolkit for national, regional and local authorities" (OECD), "The transition to a circular economy of regional level - current status and potential regional pilot projects for circular economy in support of the cohesion policy in Bulgaria in the period 2021-2027" (EC, OECD).

It is planned that investments for urban development on the territory of 10 municipalities of large cities will be financed with funds from the "Regional Development" program 2021-2027 (RDP), and territorial development at the regional level will be supported with funds from all programs, including from The CAP and EMFAF Strategic Plan. EMFAF will support territorial development only in communities at NUTS level 3 that are linked to fisheries and aquaculture as a livelihood, where there are Local Initiative Groups (LIGs). The LIGs will implement their strategies, which will also contribute to the implementation of the local strategies of these communities.

The distribution of financial resources for sustainable urban development of the target urban areas is in accordance with the ERDF/CF Regulation and is in the amount of 8% of the ERDF resources at the national level in the form of "another territorial instrument developed by the Member States with a view to investments " (Art. 22, letter "c" of the new General Provisions Regulation (GPR)). It is planned that the RDP and the CAP Strategic Plan will finance mirror infrastructure measures, with the demarcation between the two being on a territorial basis: CAPSP will support 215 rural municipalities, and the RDP the remaining 50 municipalities . At the same time, the RDP will support interventions throughout the country for measures that fall outside the scope of the SPDARA, such as health infrastructure, public transport, roads from I to III class, energy efficiency of residential buildings, tourism and infrastructure for promotion of economic activity with the aim of developing industrial zones. Thus, the entire territory of the country will have access to financing for other making integrated territorial investments in accordance with the integrated territorial strategies of NUTS level 2 regions. On the territory of rural municipalities, measures that contribute to the development of stronger, connected, sustainable and prosperous rural areas and communities will be promoted in accordance with the Long-term a vision for EU rural areas.
The integrated territorial strategies for each of the two directions (urban and territorial) will take into account the specifics of the respective territories and will foresee specific measures for their development in relation to the identified weaknesses or potentials. For the implementation of the strategies of the NUTS2 level regions, there will be a dedicated budget, which is determined on the basis of a methodology that also takes into account the differences and specificities of the respective regions. The ten large urban municipalities will be grouped into clusters and will be able to finance projects in accordance with their strategies within the funds allocated to the respective cluster. The distribution of funds for the ten urban municipalities is based on indicators of population, territory, gross added value and infrastructure. The allocation of the budgets of the six planning regions takes into account the same indicators, but at the same time takes into account the dimensions of the regional competitiveness index in terms of innovation, institutions, higher education and lifelong learning, labor market efficiency, population connected to the systems of wastewater treatment. In accordance with the planned additional funding under the support for less developed regions, priority support will be provided to the North-West and North-Central regions.

The "Community-Led Local Development" approach will be applied for the third program period on a territorial basis and at the sub-regional level - the level of a municipality, part of a municipality or a group of neighboring municipalities with a population between 10,000 and 150,000 inhabitants. The approach will be applied throughout the country (including rural areas and areas with specific characteristics defined in the National Spatial Development Concept 2013-2025), except for cities with a population of more than 30,000 inhabitants, within their building boundaries. Demarcation of investments is applied to settlements on whose territory the CLLD approach is applied and which receive support under the Regional Development Programme 2021-2027. For the programming period 2021 – 2027, the lead fund for the implementation of the CLLD is the EAFRD. Funds from ESF+ and ERDF will finance the implementation of operations selected within the framework of local development strategies. 10% of the Strategic Plan for the Development of Agriculture and Rural Areas (EAFRD) will be set aside for the implementation of the CLLD approach. Funds from ESF+ and ERDF for the implementation of the VOMR approach will be in the amount of 2% of the allocated funds under the programs "Competitiveness and innovation in enterprises", "Human resources development", "Education" and "Environment". The CLLD approach will be implemented from the bottom up through local initiative groups, so that local municipalities formulate, select and approve the priorities and strategies for integrated development of territories and communities, as well as funding from one or more of the ESI funds, and this assessment will determine needs and potential in the respective territory. For the successful implementation of the approach, a Managing Authority of the Strategic Plan for the Development of Rural Areas was established in the Ministry of Agriculture, Food and Forestry. The Directorate "CLLD" was established in the Governing Body of the Strategic Plan for the Development of Rural Areas. The application of the CLLD approach will be carried out according to the rules of the EAFRD, with the managing authorities of the operational programs included in the financing of the approach relying on the decisions of the MA of the EAFRD Programme. The EMFAF-funded approach applies only to areas linked to fisheries or aquaculture in order to stimulate the growth of a sustainable blue economy and promote the development of fishing and aquaculture communities in coastal and inland areas.

Balanced territorial development will be achieved by creating a polycentric network of cities and promoting economic growth by using the specific potential of the territories. In parallel, negative demographic trends will be overcome by promoting economic activity and creating an attractive living environment with opportunities for education, culture, entertainment, sports, work and recreation. Investments under PO 5 will aim to support the development of local economic potential and, in this regard, the participation of economic operators in ITI concepts will be encouraged. Measures to promote economic activity will be an integral part of ITI concepts and, where necessary and applicable, will be supported by financial instruments. Financial instruments under the Regional Development Program 2021-2027 (RDP) will support investments in infrastructure measures to stimulate economic activity, energy efficiency and renovation of residential and public building stock, taking into account the principles of the renovation wave, sustainable urban mobility, educational, health and social infrastructure, sports, culture and cultural heritage, tourism. Intersection between the RDP and support for marginalized groups, incl. Roma, are infrastructure projects for housing, urban environment projects (with a focus on city territories with specific characteristics) and energy efficiency projects in residential buildings. In areas with a significant community of marginalized persons, including Roma, ITI and CLLD should include actions targeting the needs and development potential of this community. Within the framework of the integrated territorial approach, it will be sought to improve the connectivity of the northern and southern territories of the country and create functional connections that will promote the development of the economic potential of the regions and settlements by providing appropriate infrastructure, including transport connectivity, green and blue investment and economic zones. Investments in the field of transport will mainly cover roads of the I-III class of the republican road network on the territory of the entire country, in accordance with the mapping of needs prepared at the national level. At the same
time, in order to support social inclusion and economic development, investments in fourth-class roads in the territory of urban municipalities can be financed on the basis of justified and solid need. This creates the prerequisites for the absence of white spots in terms of interventions in the road infrastructure. In order to effectively manage funds, investments in the network of fourth-class roads will be made on the basis of criteria that take into account the size of the population, the presence of structure-determining economic activity, the lack of access to health care, education and social services for the specific territory within the scope of the relevant ITI concept. In addition, investments in road infrastructure will necessarily be combined with road safety measures.

In this direction, the role of cities as engines for growth, creativity and innovation will be essential: the creation of innovative networks between cities and functional links between cities and rural areas will be supported. Efforts will be made to create smart cities, where digital and telecommunication technologies will increase the efficiency of traditional networks and services such as urban transport (including clean modes of transport), urban environment and traffic safety, administrative services and access to culture and sports. A special focus of the investments will be the promotion of sustainable urban mobility through the development of integrated multimodal transport systems in cities, including new environmentally friendly rolling stock, based on integrated territorial strategies that include elements of sustainable urban mobility plans. Measures for sustainable urban mobility will be supported in accordance with Sustainable Urban Mobility Plans of municipalities, relevant national sector policies, local strategic documents, including Municipal plans for air quality. Sustainable urban mobility measures will also include intelligent transport systems (ITS) and digital solutions, as well as infrastructure for alternative forms of transport (e.g. cycling) and will be supported both under urban investments and within the scope of ITIs in the regions for level 2 development, which will be aimed at the development of specific functional areas in order to facilitate the labor mobility of the population. In addition to measures under PO 3, investments under PO 5 will promote the construction of charging stations as an element of the public transport system in cities, as well as the replacement of public urban and interurban transport vehicles with low-emission ones, again in line with measures for sustainable mobility provided for in the relevant integrated territorial strategies. In the field of sport, interventions will focus on building and modernizing sustainable and inclusive infrastructure, both for grassroots and professional sport in the regions, taking into account the role of organizing major sporting events and opportunities for sport and physical activity for the development of cities and for tourism.

Within this policy objective, it is envisaged to support investments for the implementation of infrastructural measures to improve the energy efficiency of the building stock, especially in relation to public and residential buildings, in accordance with the objectives set by the Long-term National Strategy to support the renovation of the national building stock of residential and non-residential buildings until 2050. The EE measures will be realized by applying the principle "Energy efficiency first" as a leading requirement for all investments in buildings to achieve the highest possible energy consumption class. In addition, wherever possible, the use of renewable energy sources and the introduction of innovative technologies will be encouraged.

According to the Long-term National Strategy, more than 33% of households in Bulgaria are unable to keep their homes sufficiently heated, and more than 31% of them cannot pay their housing costs on time. In addition, the financial capabilities of households vary depending on the region in which they are located, as respectively those living in the underdeveloped regions - North-West and North-Central experience more serious difficulties. In this regard, the data from the National Programme for EE of multi-family residential buildings show that 25.6% of the concluded contracts for targeted financing are for residential buildings located in the northern regions of level 2. The remaining 74.4% are for residential buildings located in southern Bulgaria. Regarding public buildings, a serious problem is poor energy performance and the resulting high energy costs, which have a serious impact on public budgets. At the moment, only 4.2% of multi-family residential buildings have been renovated, representing 7.6% of the residential buildings' TA. In terms of non-residential buildings, a total of 9.6% of the country's TA has been renovated, which includes 1.7% of the area of administrative buildings and only 2.1% of cultural infrastructure buildings. The needs for renovation of residential and non-residential buildings are significant and far exceed what has been achieved to date.

The goals set in the Long-term National Strategy until 2030 envisage the achievement of a total of 2,917 GWh/y of energy savings (2,477 GWh/y for residential and 440 GWh/y for non-residential buildings), 22,203,509 m² of renewed area (19,026,656 m² residential and 3,176,852 m² non-residential buildings), as well as 1,306,435 tons of CO2 emission savings (1,065,184 tons for residential and 241,251 tons for non-residential buildings). The analyzes show that in order to achieve the set goals, renovation policies must to be focused as a priority on buildings with an energy consumption indicator at the moment of classes E, F and G for all categories of buildings.

Increasing the energy efficiency of households leads to a number of benefits, including reflects positively on household incomes and people's health due to the reduction of harmful emissions in the atmosphere. It also
leads to a permanent improvement in the quality of life of households in the renovated buildings, and also permanently increases the value of the properties.

All energy efficiency measures will be implemented in accordance with the demarcation between the different funds and instruments supporting similar types of measures at the national level – measures under the Program for Energy Efficiency in the Building Fund as part of the RRP, measures under the ERDF and measures under the Just Transition Fund (JTF). The RRP has a horizontal character and focuses on the energy reform and the achievement of the global goals of the Green Deal. The Programme for Energy Efficiency of Buildings will support measures to improve energy efficiency in residential, state and municipal buildings (administrative, sports and cultural), production/industrial, commercial and service buildings. The energy efficiency measures that will be implemented with funding from the JTF are based entirely on the territorial approach in accordance with local specifics and needs and are reflected in the relevant territorial plans for a just transition. JTF measures will focus on renewable sources, upgrading existing investments to achieve a high energy class and use of green technologies. Energy efficiency measures financed under POS within the RDP will include projects determined entirely by the bottom-up approach and reflected in the relevant territorial strategies at the municipal level and at the level of NUTS2 regions. Support will be provided taking into account territorial differences and the specific development needs of specific regions/territories. In large urban municipalities, significantly more multi-family residential buildings are concentrated than in small municipalities, where small blocks and single-family residential buildings predominate. The same concentration dependence exists in relation to public buildings, which are mainly concentrated in large urban municipalities. Investments in building stock under POS will include renovation of existing public and residential buildings to increase their energy performance, provide better access to adequate housing conditions for the population and support to reduce energy poverty. Where possible, the implementation of these measures will be guided by the approach introduced by the New European Bauhaus initiative, which combines the principles of sustainability, aesthetics and stakeholder involvement in the process. Based on the lessons learned from the period 2014-2020, it was found that energy efficiency projects show potential for the use of financial instruments, as they are aimed at realizing energy savings and reducing consumer costs that can provide investment payback. Within the RDP 2021-2027, it is planned for individual owners to use Fi mainly in combination with grants, with a differentiated approach and giving priority to households at risk of energy poverty. Opportunities in the form of credit lines and portfolio guarantees to companies implementing EE projects in the residential and public sector are also foreseen in order to stimulate the market for the implementation of ESCO contracts.

In addition, these measures will be combined with interventions under PO 2 and in this regard will contribute to its achievement, namely measures for green infrastructure in cities and measures to improve atmospheric air quality through priority replacement of solid fuel heating appliances in energy efficient buildings and will cumulatively contribute to PO 2. The rationale for the interventions is the findings in the National Programme for Improving Ambient Air Quality (2018-2024) that “Measures to improve the energy efficiency of the building stock - both new and existing buildings - would contribute significantly to saving energy, ... and reduction of air pollutant emissions”. Investments in green infrastructure in cities under the RDP will be complemented and/or upgraded by the measures to build green systems/belts under the Environment Program - specific plant species with a high degree of retention of FP from secondary dusting, which will lead to a synergistic effect in terms of the urban environment and air cleanliness in cities with impaired air pollution control.

A specific focus of this policy objective, both at city/municipal and regional level, will be interventions in the fields of health, tourism and culture.

With regard to health care, PO 5 will support the continued implementation of the reform policy in the sector through investments in outpatient and hospital care related to the creation of equal opportunities for the population in individual regions to access both prevention and timely and quality hospital treatment. Priority will be given to disease prevention, as well as support for the treatment of cardiovascular, oncological and neurological diseases, which, according to the analysis, have the greatest concentration of needs and requirements for improving services. At the same time, cardiovascular and oncological diseases are the main cause of mortality in the country (respectively 64.4% and 16.9% of deaths). Within the priority directions, measures such as the development of telemedicine, mobile offices, supplies of specialized equipment for hospitals (including for air transport) will also be supported. Investments in long-term treatment and rehabilitation facilities, provision of non-residential support services for families and in the community will be prioritized. ERDF does not provide support for residential care.

In the field of tourism, interventions will be focused on the preservation, development and promotion of public tourism assets and related tourism services. Emphasis will be placed on specialized products and new niches in accordance with the potential of the specific territory, following the strategic approach for specialization of the nine tourist regions in the country. The measures aimed at the preservation and development of the natural heritage aimed at the preservation and development will continue, incl. through investments in alternative tourism (e.g. improving the conditions and resource efficiency of huts and shelters).
The use of the economic potential will be carried out in the most environmentally friendly way - through the development of sustainable forms of tourism, including sustainable coastal and marine tourism, which not only do not harm the natural environment, but also contribute to the economic development and well-being of cities and local communities. The development and renovation of publicly accessible small-scale infrastructure and soft measures to promote the development of local landmarks and attractions will be encouraged, including the promotion of sustainable forms of tourism that do not harm wildlife and the environment. Sustainable tourism satisfies not only the requirements of tourists and the local population in the target regions, but also guarantees the improvement of opportunities for their future development. Resources must be used in such a way that economic, social and aesthetic needs are met and, at the same time, cultural integrity, significant ecological processes and biological diversity are preserved. The development of, for example, ecotourism (responsible travel to natural places without affecting wildlife), rural tourism (promoting alternative employment in rural areas), cultural tourism (development of cultural sights and attractions protecting cultural heritage, as well as active experience and participation in cultural events and creative processes), gastronomic tourism, health tourism, etc. Combinations of the listed and other types of tourism will also be promoted if they are in line with the pillars of sustainable development. When carrying out interventions related to the preservation, development and promotion of culture and cultural heritage, strategic approaches will be followed. Support will be focused on predetermined sites of national and global importance, having the greatest potential to attract tourists and, accordingly, to generate growth, alternative employment and reduce the process of depopulation in the regions, especially in those where the cultural heritage is the only resource. Focus will also be placed on the role of culture as a factor of sustainability, identity and cohesion, to improve the quality of life and stimulate socio-economic development. In addition, actions will be taken for the sustainable management of culture and cultural heritage through the development of Plans for the protection and management of immovable cultural heritage sites and the construction of the necessary material and technical infrastructure for the creation of key registers and digitization of cultural values.

The types of activities under this objective financed through the EMFAF will support the creation of preconditions for the growth of a sustainable blue economy and stimulate the development of fisheries and aquaculture communities in coastal and inland areas. With the support of the strategies for CLLD under EMFAF, the aim is for local communities to make fuller use of their opportunities offered by the sustainable blue economy, turning them into a basis for the development of ecological, cultural, social and human resources and the achievement of the objectives of the Common Policy in the area of fisheries. Strategies can be fisheries-focused and linked to Smart Specialization Strategies, but broader strategies aimed at diversifying fishing areas are also eligible.

The expected results under PO 5 include sustainable development of the regions based on local needs, specifics and resources.

In the qualitative dimension, the ambitions towards the end of the program period are related to:

- sustainable development of fisheries and aquaculture areas and diversification of their activities into other blue economy sectors
- good spatial integration of I-III class roads and municipal roads in the TEN-T network and increase of road safety;
- building sustainability of local business by creating conditions for better development of the local economy and utilization of the tourist and cultural potential;
- providing the population with more ecological and energy-saving transport;
- better access to quality public, health, social, cultural, sports and educational services.

Interventions are expected to add value to the following outcomes:

- reaching a value of the indicator variation of GDP per capita by region (%) from 34% to 37.5% for 2017;
- reaching a European Regional Competitiveness Index value (median) of 20 at 9.8 for 2016;
- increase in GDP per capita in predominantly urban areas to 135% of the EU average compared to 106% in 2018;
- annual primary energy consumption (of which: residences, public buildings, enterprises and others) – 179,710 MWh / year;
- expected CO2 emissions – 41,823 tons CO2eq / year;
- annual number of users of health services – 670,433 persons/year;
- capacity of new or modernized health facilities – 659,409 persons / year;
- visitors to the supported cultural and tourist sites – 482,610 persons/year.

ERDF and EMFAF investments will be complementary with the interventions financed with national funds for:

- promotion of digitalization and smart specialization at regional and local level;
- promoting sustainable and multimodal mobility;
- supporting labor mobility and adaptation to the needs of the labor market;
- stimulation of economic activity and the use of local potentials;
- sustainable development of fisheries and aquaculture communities in coastal and inland regions;
- development of ecological, cultural, social and human resources in fishing areas;
- measures to support the sustainable development of aquaculture, implementation of the Multi-Year Aquaculture Plan of Bulgaria in accordance with the EU Aquaculture Guidelines;

**Specific objective of the Just Transition Fund: To enable regions and people to deal with the social, economic and environmental impacts of the transition towards the Union’s 2030 climate target and to achieve a climate neutral economy by 2050 based on the Paris Agreement**

The assessment of Bulgaria’s Integrated National Energy-Climate Plan states that “the country needs to develop a more comprehensive assessment of the impact of planned objectives, policies and measures on society, employment and skills. This applies in particular to coal mining areas, carbon intensive and related industries.’

For sectors outside the scope of the European Emissions Trading Scheme (ETS), NPEC sets a target of 0% reduction in greenhouse gas emissions by 2030 compared to 2005, despite the need to catch up in terms of economic development, and in sector “Land use, land use change and forestry” provides that greenhouse gas emissions do not exceed removals. The results of the model under the scenario with additional measures in the NPEC show that the levels of greenhouse gas emissions in the energy sector will decrease by 19% by 2030 compared to the base year of the model - 2015. This can be explained by the significant decline in the production of primary energy from solid fuels, the continued role of primary energy production from nuclear fuel, the use of natural gas and the increase in the share of renewable energy sources (RES) (such as solar energy, wind energy and biomass), combined with increased energy efficiency of the sectors housing, industry and energy.

According to forecasts, through the policies and measures under the NPEC, with the implementation of additional measures, Bulgaria will achieve a reduction of greenhouse gas emissions by 49% by 2030 compared to 1990, which will significantly exceed the pan-European goal on the way to decarbonization. Decarbonisation is not limited to energy alone, but has a strong impact on sectors such as industry, transport, agriculture and the environment, each of which will undergo transformation. The enterprises in the Bulgarian economy and in particular in the industry are affected due to the significant share of the energy-intensive industry.

The burden of the transition to a carbon-neutral economy is greatest in the regions identified by the Commission in Annex D to the Country Report, which are home to the five largest coal/lignite power plants that continue to operate in the Bulgarian energy market. Coal is the leading and only conventional energy source in the country. At the same time, the coal mined in Bulgaria is of low quality and emits more greenhouse gases when burned. The intensity of carbon emissions in Bulgaria is the highest in the EU. The eventual closure of mining activities and coal-fired power generation will deprive the national power system of key baseload capacity, posing a risk to security of supply and national security as a whole.

Apart from the requirements for energy transformation, the Bulgarian coal mining and thermal power plants regions are facing a profound structural transition. According to the Commission’s assessment in the 2020 Bulgaria Report (Box 4.5.1: Coal Mining Regions in Transition, p. 63), potential decommissioning under competitive pressure in a carbon-constrained world could result in the loss of around 20,900 direct jobs concentrated in two regions at NUTS2 level. Taking into account the secondary effects on employment, the number of affected workers will increase by another 35.3 thousand, reaching a total of 56.2 thousand. The number of affected persons is estimated at 123.6 thousand people, taking into account that the incomes in the affected sectors are among the highest in the economy.

The Bulgaria 2020 report provides guidelines for investments from the Just Transition Fund for the two most affected regions of the NUTS3 level in terms of coal mining and coal-fired power generation - the Mariska basin in Stara Zagora district and the area of Bobov Dol municipality in Kyustendil district, which are located respectively in the South-East and South-West regions of the NUTS2 level of Bulgaria. The majority of coal-fired capacity and coal production in Bulgaria is believed to be located in these two areas, and they are supported by the full range of operations eligible under the Just Transition Fund, including investments in production activities in the Stara Zagora region.

In accordance with Bulgaria’s decarbonisation policy, a gradual reduction in electricity production from lignite is envisaged. Carbon dioxide emissions from all coal- or lignite-fired power plants must be reduced by at least 8,455,000 tonnes by the end of 2025 compared to 2019 levels.

The scale of the economic and social impact of this transition will be highest in the regions where the economy is based on coal mining and electricity production - Stara Zagora, Kyustendil and Pernik. These three regions / districts will face a profound economic transformation in the coming decades and, unless adequate plans for
Coal mining regions in Europe have traditionally used workers who are not residents of the district and municipality where the mines and power plants are located, but this workforce will also be potentially affected in the context of transition. The same applies to Bulgaria. Direct and indirect jobs are part of a complex productivity value chain and a source of economic growth and living standards. For evaluation purposes, a more in-depth analysis should be done at the municipal level, since municipalities are donors to the commuting labor fund. Municipalities should also provide for a more detailed territorial identification of the impact of the transition. It should be noted that the removal of coal mines and thermal power plants will affect a larger area, going beyond the boundaries of the individual municipalities where these enterprises are located. While in Kyustendil and Pernik the impact is more localized, in the case of Stara Zagora, both the territorial and socio-economic impacts are much wider and dispersed, affecting the municipalities of four oblasts, namely Stara Zagora, Sliven, Yambol and Haskovo. Therefore, it is planned through the JTF to support the labor force-affected municipalities adjacent to the Stara Zagora region, which are considered to bear the socio-economic costs of the transition, in order to lay the foundations for a just transition in a socially and economically sustainable manner.

Two of the 3 coal regions - Stara Zagora and Kyustendil - have already been recognized as eligible under the JTF. Following the subsequent recognition of Pernik's eligibility, territorial plans for a just transition of the three districts are in the process of being drawn up. In addition, an agreement was reached for inclusion in the eligible areas and 10 municipalities related to the Mariška basin in terms of employment and labor force mobility - Nova Zagora, Yambol, Simeonovgrad, Harmanli, Topolovgrad, Dimitrovgrad, Haskovo, Elhovo, Sliven and Tundzha.

Based on the internal analysis of the effects of the European Green Deal and the corresponding green transition, Bulgaria has identified an additional eight areas that are highly affected socially in terms of carbon intensity and energy intensity, as well as within related industries (incl. Haskovo, Sliven and Yambol) - Varna, Burgas, Lovech, Gabrovo and Targovishte.

Territorial plans for a just transition for the most energy-intensive regions are being prepared with the support of the World Bank. Irrespective of the results of the negotiations regarding the eligibility under the JTF of the additional proposed areas, they will be supported within the framework of the relevant territorial plans. The territorial plans for a just transition will be linked to the integrated territorial investments through the integrated territorial strategies for the development of the regions and thus will be taken into account and included in the preparation and implementation of the programs for the period 2021-2027.

The JTF and its specific purpose will be planned under the Regional Development Programme. The specific challenges faced by the affected areas, the priorities and the measures/projects to address them, as well as the intermediate stages to assess the progress towards the goals set, will be addressed in the territorial just transition plans. Synergies with the other pillars of the Just Transition Mechanism and other European and national funds and instruments should also be described in the relevant plans. Nevertheless, the activities will cover the whole range of the eligible scope of support under the JTF.

In relation to these coal-mining areas, the Just Transition Fund will provide investments for land reclamation to enable their subsequent use for RES. The public support program for the development of industrial parks and improvement of their infrastructural connectivity provided for in the RRP is aimed at providing opportunities for alternative economic orientation and employment, including in coal mining areas, and will contribute to the construction of green energy production capacities for the needs of enterprises. The RRP project provides a key opportunity for coal-mining areas to secure access to appropriate infrastructure to enable them to change their fuel base. The aim is to create an opportunity to phase out the use of coal for the production of electricity and gradually replace the fuel base in power plants by using alternative ecological energy sources. This will lead to a reduction and subsequent elimination of greenhouse gas emissions from the production of electricity from solid fuels in these areas.

The final territorial and thematic scope of support under the JTF will be determined during the assessment and approval of the relevant territorial plans for a just transition as part of the 2021-2027 RDP or program amendment. They will outline a clear transition process at national level, including a timetable with key steps to achieve the 2030 climate and energy targets and towards the goal of climate neutrality by 2050, with demonstrated impact at the level of selected territories by 2030. or before that. Territorial just transition plans should also demonstrate that the selected regions are most negatively affected by the transition process based on the economic and social impacts resulting from the transition, and explain clearly the contribution of the planned activities.
Ensuring complementarity and synergy at the sectoral and regional level ensures the effectiveness of the funds invested through the Partnership Agreement funds. Flexible approaches will be sought within the regulatory framework to provide tools to reflect current economic processes at the start of the new programming period as well as in its maturity. Such an approach will ensure efficient use of funds. At the same time, the complementarity and avoidance of double funding with the NRRP will be ensured through appropriate demarcation.

Investments in infrastructure to support sectoral policies will be made based on prior mapping of needs on the ground. The packages will include a combination of infrastructure investment projects combined with appropriate "soft" measures seeking complementarity with other co-financed ERDF, CF and ESF programmes, the CAP Strategic Plan and the national budget.

Within PO 5, infrastructure investments will be primarily supported, which will complement investments under the other policy objectives, seeking the intersection between national sector strategies and local needs and priorities through compliance with maps of relevant service needs. The measures will be aimed at improving and developing health and social services, education, vocational training, culture, sports and tourism, sustainable urban mobility, digital and safe transport connectivity, circular economy, energy efficiency, access to adequate housing conditions, access to quality public services, measures to improve the quality of the environment (including green infrastructure), measures to promote economic activity (including investments in technical infrastructure for the development of industrial zones or other infrastructure for the development of economic activities and support for innovation and the development of SMEs) and to create conditions for the growth of the blue economy, promotion of coastal communities, sustainable use of marine resources, diversification of income in coastal areas.

Appropriate demarcation and complementarity between programs and the absence of double funding will be ensured at the stage of project idea selection and additionally during the project evaluation process. For energy efficiency measures, the demarcation between RDP and NRRP will be done on a project basis.

The same approach will be applied to sustainable urban mobility as the NRRP scheme will be piloted and will be launched before the implementation of the RDP measures is envisaged to serve as a pilot initiative to help build experience and practice in the formation of partnerships for the implementation of integrated projects for sustainable urban mobility, to be upgraded and continued with the projects for sustainable urban mobility under the RDP.

The road infrastructure will be implemented with the following demarcation: RDP will finance I, II, III roads on the territory of the entire country and IV class on the territory of urban municipalities outside the Trans-European road network, PTS will finance road infrastructure development projects along the Trans-European road network, and SPDARA – measures to maintain and build municipal road infrastructure in rural municipalities in the country.

The financing of measures for educational infrastructure will be carried out in clear coordination with the measures laid down in the NRRP, as the RDP will support objects identified by the Ministry of Education and Culture in the approved map of needs. The activities under the NRRP are scheduled to start before those under the RDP, as at the stage of announcing procedures for funding under the program, it is expected that there will be clarity about the objects that received support.

The main objective of the proposed integrated approach is to create vital, strong and sustainable regions by supporting balanced territorial development. It is planned that the RDP and the CAP Strategic Plan will finance mirror infrastructure measures, with the demarcation between the two being on a territorial basis: CAPSP will support 215 rural municipalities, and the RDP the remaining 50 municipalities. In this way, the entire territory of the country will have access to financing for the realization of integrated territorial investments in accordance with the integrated territorial strategies of the regions at the NUTS 2 level.

Complementarity and synergies between the Funds covered by the Partnership Agreement, the AMIF, ISF, BMVI and other Union instruments — Article 11(1)(b)(iii) of the CPR

Investments from ERDF, CF and ESF+ will ensure complementarity of policies implemented with funds from other EU funds and instruments:

- AMIF, ISF, BMVI
  - measures to create, develop, modernize and maintain information systems in the field of preventing and countering terrorism and radicalization, serious and organized crime, cybercrime, border management
and common visa policy, including the interoperability of these information systems and their communication infrastructure, on funds in the field of internal affairs;
- supporting measures aimed at protecting people, public spaces and critical infrastructure from security-related incidents, as well as the effective management of security-related risks and crises under the Internal Security Fund 2021-2027. Risk management and response to natural disasters and crises are outside the scope of Home Affairs instruments;
- measures in the field of protection of public spaces and critical infrastructure in line with cross-border, serious and organized crime and terrorism, including preparedness and countermeasures against threats from CBRN (chemical, biological, radiological, nuclear and explosive substances), financed by the ISF 2021-2027. Measures related to the prevention of conventional crime and the protection and maintenance of public order at the national level are outside the scope of the ISF;
- measures in the field of security-related aspects of the policy on drugs, victim protection and radicalization, funded by the ISF 2021-2027 - will mainly support the enhancement of the prevention, detection, investigation, prosecution of crimes (in particular in the field of serious, cross-border and organized crime), while community-led local development strategies such as awareness-raising campaigns and social prevention and integration are covered by other financial instruments;
- measures in the area of Home Affairs will be implemented in coherence and complementarity with actions in the area of border crossing management and mobility and migration management, including protection of migrants, which will be supported under the specific objective "Safer and more secure Europe" of INTERREG;
- The ESF+ will complement the AMIF for all measures related to medium and long-term integration, in particular measures related to labor market integration of third-country nationals, provided they have access to the labor market. AMIF is the main instrument for providing support for the reception of third-country nationals. Inclusion measures, in particular the building, expansion and access to quality, mainstream, non-segregated, inclusive and sustainable services in education, employment, housing, social, health and childcare should be funded by the ESF+ (Education, Inclusion and Market labor measures) and ERDF. Under Erasmus+, there is potential for action to improve the education system and adapt it to the special needs of migrants. Long-term capacity-building actions can be a useful complement and build on actions supported by AMIF funds, mainly targeting early education and integration measures, in particular in the reception phase. Measures related to the labor market under the ESF+ will be aimed at migrants who have acquired relevant labor rights in Bulgaria.

• Strategic plan for the development of agriculture and rural areas and EMFAF
  - measures to share knowledge, innovation and digitization in agriculture and rural areas and promote their implementation;
  - measures from the Strategic Plan for the Development of Agriculture and Rural Areas for the construction and reconstruction of water supply infrastructure in rural areas, the priority will be activities aimed at improving the quality of water supply, including studies for new water sources, construction of water storage facilities;
  - measures to implement the rules of good agricultural practice in agriculture aimed at reducing emissions of ammonia, nitrogen oxides and non-methane volatile organic compounds;
  - measures to introduce risk management tools in agriculture in order to protect the income of agricultural producers in adverse climatic conditions, diseases and natural disasters;
  - supporting actions led by the Farm to Fork and Biodiversity strategies through EMFAF eligible operations;
  - healthy marine and coastal ecosystems, a competitive, innovative and sustainable blue economy in line with the Common Maritime Programme for the Black Sea through activities at local level contributing to a clean, plastic-free, healthy and productive Black Sea in sync with EU Mission Horizon Europe "Restore our ocean and waters by 2030";
  - Developing a sustainable blue economy in the context of fisheries and aquaculture and supporting food security by supporting the development of sustainable aquaculture.

• National Recovery and Resilience Plan
  - accelerating economic recovery and transformation through research and development; development of industrial parks and their infrastructure connectivity;
  - large-scale deployment of digital infrastructure, including the collection/creation, storage, processing and provision of capacity for data use and reuse;
  - digitization of key processes in administrative justice;
  - economic transformation through targeted support for enterprises;
- measures to improve water supply and wastewater treatment in agglomerations between 2,000 and 10,000 EE;
- digitization for complex management, control and efficient use of water;
- integration of the ecosystem approach and application of nature-based solutions in the conservation of Natura 2000 protected areas;
- measures to increase resource efficiency and the capacity to produce electricity from renewable sources combined with local energy storage.

**Other**
- projects under the EU Framework Programme for Research and Innovation, the European Innovation Council and Widening;
- projects under the Interreg Europe programme, the initiative for interregional investment in innovation (I3), aimed at helping actors involved in smart specialization strategies (S3) to join, expand and bring innovation to the European market
- new and recycled funds from the application of financial instruments in previous program periods (2007-2013 and 2014-2020 – managed by the EIB, the National Guarantee Fund and the Fund of Funds);
- measures included in the Just Transition Plans at NUTS 3 level funded under the Just Transition Mechanism.
- in order to improve the transport connectivity between Bulgaria and Romania, it is planned under the Romania-Bulgaria Cross-Border Cooperation Programme 2021-2027 to implement strategic projects within the framework of PO 3. The plans are to support activities to improve the transport connectivity between the regions, incl. modernization/rehabilitation and expansion of existing and construction of new connections between the Republic of Bulgaria and Romania;
- Mechanism for connecting Europe - modernization of the Vidin-Sofia railway line along the Orient-Eastern Mediterranean corridor; projects in the “Telecommunications” sector; projects for the implementation of intelligent transport systems outside the scope of PTS, including intelligent transport systems in the field of air transport; projects to improve navigation on the Danube;
- measures and projects for digital technologies and cyber security under the Digital Europe Programme;
- financing projects and measures mainly in green transport (rail and water), ensuring interoperability of networks, as well as joint solutions with Romania for the free-flow sectors of the Lower Danube through engineering measures under the Connecting Europe Facility;
- measures to support the wider implementation of digitization and intelligent rail transport systems, increasing transport connectivity, including through the purchase of energy-efficient and convenient rolling stock.
### 3. Contribution to the InvestEU budget guarantee with justification

#### Table 2A: Contribution to InvestEU (breakdown by year)

<table>
<thead>
<tr>
<th>Contribution by</th>
<th>Contribution to InvestEU component(s.)</th>
<th>Breakdown by year</th>
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<td>EMFAF</td>
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#### Table 2B: Contribution to InvestEU (summary)

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<th>Category regions*</th>
<th>Component 1 Sustainable infrastructure</th>
<th>Component 2 Research, innovation and digitisation</th>
<th>Component 3 SMEs</th>
<th>Component 4 Social investment and skills</th>
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<td><strong>ERDF</strong></td>
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<td></td>
<td></td>
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<td>(f)=(a)+(b)+(c)+(d)</td>
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<tr>
<td>More developed</td>
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<td>16,700,000</td>
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<td>Transition</td>
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<td><strong>CF</strong></td>
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</table>
The contribution under the Member States Section of the InvestEU Programme will contribute to policy objectives 1 and 2. The section will address specific cases of market failure or under-efficient investment situations to achieve the policy objectives of shared management funds in terms of their contribution through the following components:

**Component 1 - sustainable infrastructure.** The instrument will contribute to PO 2 by supporting financing and investment operations that contribute to the sustainability of the economy and its environmental and climate dimension, including by contributing to sustainable water management, the transition to a circular economy and the efficient use of resources and the objectives of reducing and avoiding pollution. The support focuses in a complementary way on areas with a significant financial gap that could not be covered by the funds of the programs alone. For PO 2 products, for example in the water and sanitation sector, the needs are over 2.88 billion euros to achieve compliance with the drinking water and waste water directives, only for agglomerations over 10,000 eq.g. and significantly exceed the funding available through the European Funds. Taking into account the needs of 2.96 billion euros - for agglomerations between 2,000 and 10,000 eq.r., without the support under InvestEU and the attraction of additional resources, it would be difficult to cover the investment plans of the water supply operators (e.g. investments in green and renewable energy) falling outside their most urgent investment needs. In the waste and air quality sectors, intervention through InvestEU would enable projects outside the focus areas of the programs to be supported.

**Component 3 – SMEs.** Product investments in enterprises will be supported under this instrument, as a continuation of the Fund for Technological Modernization under RRP. It falls within the scope of PO 1 and the priorities aimed at sustainable growth of enterprises. It will also help to increase the competitiveness of SMEs and small mid-caps, including by helping to improve their digitalisation, innovation and green transition capacity. Despite the registered positive effect of the implemented tools supporting enterprises, there is still potential for better exploitation and further development and increasing the impact on the domestic economy.

Arguments in favor of contributing to InvestEU include:

- Through InvestEU, specific market inefficiencies for Bulgaria in the areas of PO 1 and PO 2 will be overcome by providing more efficiently functioning support to final recipients by integrating and simplifying the financing offered under a single budget guarantee scheme, thus improving the impact of Union support;
- The ability to achieve ERDF and CF policy objectives, to differentiate geographical coverage and at the same time to cover key areas of Union policy that would otherwise be unfunded or underfunded;
- Enhanced leverage (depending on product design and market conditions), including by adding fulfillment partner resources;
- Mobilization of a large volume of private resources for the final recipients, including through the visibility of the InvestEU programme;
- Improvement of the local system for sustainable financing and reorientation of private capital towards sustainable investments;
- Achieving a lower administrative burden, incl. through a single set of specialists in the field of forms and rules for support, including the financial instruments, and streamlining the rules for reporting, monitoring and auditing carried out within the responsibility of the implementing partner and the Commission;
- Ability to pool risks and resources and thus cover a wide range of sectors and regions, while avoiding excessive sectoral or geographical concentration, which is expected to facilitate and optimize access to finance for future project promoters, incentivize them to invest in sustainable banking projects and promote the structuring of specialized sustainable financial products and the construction of new portfolios with a higher level of risk or an increase in the volume of activities that are classified as high risk by credit institutions;
- Cost-effectiveness, as no national co-financing is required, and management costs and fees will be avoided;
- Contingent liability calibrated on the basis of risks;
- Simplified state aid rules providing for a seamless mix of shared management, EU funds and private funds;
- Improving national expertise through close cooperation with Commission services;
- Ability to prioritize areas of underinvestment with a view to maximizing the impact and added value of Union funding support through a streamlined investment process that enables project cycle visibility;
- A single set of rules for budgetary guarantees supported by centrally managed funds and funds under shared management, which would make it easier to combine them.

4. Transfer of funds

| MS requires | ☒ transfer between region categories | ☐ Transfer to instruments under direct or indirect control | ☐ transfer between the ERDF, the ESF+, the Cohesion Fund or to another fund or funds | ☐ transfer of ERDF and ESF+ resources as additional support to the Just Transition Fund | ☐ transfers from the European territorial cooperation program to the "Investments for jobs and growth" goal |

4.1 Transfer between Region Categories

Table 3A: Transfers between categories region (breakdown by year)

<table>
<thead>
<tr>
<th>Transfer from</th>
<th>Transfer to</th>
<th>Breakdown by year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category region</td>
<td>Category region</td>
<td>2021</td>
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<td>More developed</td>
<td>Transition</td>
<td></td>
</tr>
<tr>
<td>Transition</td>
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<td></td>
</tr>
<tr>
<td>Less developed</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 3B. Transfer between categories region (summary)

<table>
<thead>
<tr>
<th>Category regions</th>
<th>Allocation of funds by categories of regions</th>
<th>Transfer to:</th>
<th>Amount to transfer</th>
<th>Share of originally allocated funds transferred</th>
<th>Distribution by category of regions after the transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less developed regions</td>
<td></td>
<td>More developed regions</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Regions in transition</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>More developed regions</td>
<td></td>
<td>Regions in transition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Less developed regions</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Regions in transition</td>
<td></td>
<td>More developed regions</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Less developed regions</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Justification

[3,500]

The Southwest Planning Region (SWPR) is classified for the first time as a region in transition, and this is mainly due to the "phenomenon" of the capital city (Sofia) in it. In the event that Sofia (the capital), which significantly distorts the state of the region according to the considered indicators, is excluded from these statistics, the South-West region would be positioned only ahead of the North-West and North-Central regions and could clearly be classified as less developed.

The current recapitulation of program figures shows that the resources needed and planned for HRD in Bulgaria amount to EUR 1,036.8 million. According to the base allocation for the transition region provided by the Commission, this figure would require a transfer of EUR 378.4 million or 4.9% of the ERDF and ESF+ allocation for the less developed regions to the transition region. This transfer is within the threshold set out in Article 111(1)(a) of the new CPR. Bulgaria undertakes that the transferred resources from the distribution of less developed regions to the region in transition will benefit the regions at the level of NUTS 3 in the SSR, with the exception of Sofia-city.

The data on aid intensity per capita show that without transfers to the region in transition, the aid intensity per capita for SEE is EUR 315.8, and for the other 5 less developed regions it is an average of EUR 1,595.4. In the event that Sofia (the capital) is excluded from the calculations, the aid intensity for SZR is estimated at 847.8 euros. Under the EUR 378.4 million transfer scenario, aid intensity per capita for the transition region would increase to EUR 497.3, while the remaining regions would see a slight decrease to EUR 1,517. These figures show the significant gap between resources for the South African region and the rest of the regions, which will be mitigated to some extent by the transfer of resources to the transition region, while the reduction in aid intensity per capita for the less developed regions is insignificant.
5. The form of the Union’s contribution to technical assistance

Reference: Article 11, paragraph 1, letter f) of the CPR

<table>
<thead>
<tr>
<th>Choice of format for the Union contribution to technical assistance</th>
<th>❌ Technical assistance under Article 36(4)*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>☐ Technical assistance under Article 36(5)**</td>
</tr>
</tbody>
</table>

* When choosing this option, fill in table 1 of section 8.
** When choosing this option, fill in table 2 of section 8.

6. Thematic concentration

6.1
Reference: Article 4(3) of the ERDF and CF Regulation

<table>
<thead>
<tr>
<th>MS decides to</th>
<th>☑ conform to the thematic concentration at national level</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>☐ conform to the thematic concentration at category region level</td>
</tr>
<tr>
<td></td>
<td>☐ take into account Cohesion Fund resources for thematic concentration purposes</td>
</tr>
</tbody>
</table>

6.2.
Reference: Article 11(1)(c) of the CPR and Article 7 of the ESF+ Regulation

<table>
<thead>
<tr>
<th>The Member State complies with the requirements for thematic concentration</th>
<th>25 % social inclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned programs under ESF+</td>
<td>Programmed according to specific objectives h) — l) of Article 4 of the ESF+ Regulation</td>
</tr>
<tr>
<td>1. Human Resources Development</td>
<td>2. Education Programme</td>
</tr>
<tr>
<td>7.14% support for the most deprived persons</td>
<td></td>
</tr>
<tr>
<td>Programmed for specific objectives m) and in duly justified cases l) of Article 4 of the ESF+ Regulation</td>
<td></td>
</tr>
<tr>
<td>Planned programs under ESF+</td>
<td></td>
</tr>
<tr>
<td><strong>Food and Basic Material Assistance Programme</strong></td>
<td></td>
</tr>
</tbody>
</table>

| 12.50% support for youth employment |
| Programmed under specific objectives a), f) and l) of Article 4 of the ESF+ Regulation |
| Planned programs under ESF+ |
| **Human Resources Development** |

| 5.42% support to tackle child poverty |
| Programmed according to specific objectives f), h) — l) of Article 4 of the ESF+ Regulation |
| Planned programs under ESF+ |
| **1. Human Resources Development** |
| **2. Education** |

| 0.88% capacity building of social partners and NGOs |
| Programmed under all specific objectives, except m) of Article 4 of the ESF+ Regulation |
| Planned programs under ESF+ |
| **Human Resources Development** |

7. Pre-allocation of financial resources from each of the funds covered by the partnership agreement by policy objectives, specific objective of the JTF and technical assistance at the national and, where appropriate, at the regional level*

Reference: Article 11, paragraph 1, letter c) of the CPR

Table 8: Initial financial allocation from ERDF, CF, FSP, ESF+, EMFF by policy objective, specific objective under the JTF and technical assistance* EUR million
<table>
<thead>
<tr>
<th>technical assistance</th>
<th>More developed</th>
<th>Transition</th>
<th>Less developed</th>
<th>Most remote and northern sparsely populated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy Objective 1</td>
<td>1,595.060</td>
<td>355.70</td>
<td>1,239.36</td>
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</tr>
<tr>
<td>Policy Objective 2</td>
<td>1,599.648</td>
<td>125.78</td>
<td>1,473.868</td>
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</tr>
<tr>
<td>Policy Objective</td>
<td>Development Level</td>
<td>2011</td>
<td>2015</td>
<td>2019</td>
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</tr>
<tr>
<td>Objective 3</td>
<td>More developed</td>
<td>734.610</td>
<td></td>
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<td></td>
<td>Transition</td>
<td></td>
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<tr>
<td></td>
<td>Less developed</td>
<td>734.610</td>
<td>810.350</td>
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<tr>
<td></td>
<td>Most remote and northern sparsely populated</td>
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<tr>
<td>Objective 4</td>
<td>More developed</td>
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<td>Transition</td>
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<tr>
<td></td>
<td>Less developed</td>
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<td></td>
<td>2,234.676</td>
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<tr>
<td></td>
<td>Most remote and northern sparsely populated</td>
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</tr>
<tr>
<td>Objective 5</td>
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<tr>
<td>Special goal of the Just Transition Mechanism</td>
<td>More developed</td>
<td>Transition</td>
<td>Less developed</td>
<td>Most remote and northern sparsely populated</td>
</tr>
<tr>
<td>---------------------------------------------</td>
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<td>---------------------------------------------</td>
</tr>
<tr>
<td>Technical assistance under Article 36(4) CPR (where applicable)</td>
<td>191.029</td>
<td>More developed</td>
<td>39.03</td>
<td>151.998</td>
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<tr>
<td>Technical assistance under Article 36(5) CPR (where applicable)</td>
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<td>More developed</td>
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<td>Transition</td>
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<tr>
<td>Less developed</td>
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<tr>
<td>Most remote and northern sparsely populated</td>
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<table>
<thead>
<tr>
<th>Technical assistance under Article 37, CPR (where applicable)</th>
<th>More developed</th>
<th>Less developed</th>
<th>Most remote and northern sparsely populated</th>
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<tbody>
<tr>
<td>22.290</td>
<td>22.290</td>
<td>84.95</td>
<td>10,887.74</td>
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<table>
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<tr>
<th>Total</th>
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<tbody>
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<td>1,241.170</td>
<td>1,295.009</td>
<td>2,625.192</td>
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<tr>
<td>Article 3, letter &quot;d&quot;&lt;br&gt;Resources of the JTF, in conjunction with Article 3 Resources of the JTF</td>
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<td>Article 3a, letter &quot;d&quot;&lt;br&gt;Resources of the JTF, in conjunction with Article 3, letter &quot;a&quot; Resources of the JTF</td>
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</tbody>
</table>

*The amount should include the pre-distributed flexible amounts in accordance with Article 14, CPR. The actual allocation of flexi-sums will only be confirmed at the mid-term review.

** If necessary, according to Art. 8, letter "c", the preliminary distribution at the regional level should be indicated.
8. List of the planned programs under the funds covered by the Partnership Agreement, with the corresponding preliminary funds per fund and the corresponding national contribution by category of region

Reference: Article 11, paragraph 1, letter h) of the CPR Article 110 of the CPR

Table 9A. List of planned programs with advance allocation of funds*

<table>
<thead>
<tr>
<th>Title [255]</th>
<th>Fund</th>
<th>Category regions</th>
<th>Contribution of the Union</th>
<th>National contribution</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme 1 Competitiveness and innovation in enterprises</td>
<td>ERDF</td>
<td>More developed</td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Transition</td>
<td>217,020,407</td>
<td>93,008,746</td>
<td>310,029,153</td>
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<tr>
<td></td>
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<td>Less developed</td>
<td>1,011,129,593</td>
<td>178,434,634</td>
<td>1,189,564,226</td>
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<tr>
<td></td>
<td></td>
<td>Most remote and northern sparsely populated</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Programme 2 Research, Innovation and Digitization for Smart Transformation</td>
<td>ERDF</td>
<td>More developed</td>
<td></td>
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<tr>
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<td>Transition</td>
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<td>87,838,390</td>
<td>292,794,634</td>
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<td></td>
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<td>680,553,756</td>
<td>120,097,722</td>
<td>800,651,478</td>
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<td>Most remote and northern sparsely populated</td>
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<td></td>
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</tr>
<tr>
<td>Programme 3 Technical assistance</td>
<td>ERDF</td>
<td>More developed</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Transition</td>
<td>13,901,013</td>
<td>5,957,577</td>
<td>19,858,590</td>
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<tr>
<td></td>
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<td>Less developed</td>
<td>86,378,487</td>
<td>15,243,262</td>
<td>101,621,749</td>
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<tr>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>

*In the event that technical assistance is selected under Article 36, paragraph 4 of the CPR.
<table>
<thead>
<tr>
<th>Programme</th>
<th>Category</th>
<th>More developed</th>
<th>Transition</th>
<th>Less developed</th>
<th>Most remote and northern sparsely populated</th>
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<tbody>
<tr>
<td>Programme 4 Environment</td>
<td>Transition</td>
<td>84,631,084</td>
<td>36,270,466</td>
<td>120,901,550</td>
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<td>191,853,125</td>
<td>1,279,020,818</td>
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<tr>
<td></td>
<td>CF</td>
<td>359,791,316</td>
<td>63,492,586</td>
<td>423,283,902</td>
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</tr>
<tr>
<td>Programme 5 Transport connectivity</td>
<td>ERDF</td>
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<td></td>
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<td></td>
<td>More developed</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transition</td>
<td>734,610,000</td>
<td>129,637,059</td>
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<td></td>
<td>Less developed</td>
<td>1,534,158,080</td>
<td>269,610,267</td>
<td>1,803,768,347</td>
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</tr>
<tr>
<td></td>
<td>Most remote and northern sparsely populated</td>
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<td>CF</td>
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<td>1,036,916,470</td>
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<tr>
<td>Programme 6 Development of human resources</td>
<td>ESF+</td>
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<td></td>
<td>More developed</td>
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</tr>
<tr>
<td></td>
<td>Transition</td>
<td>114,789,631</td>
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<td>163,743,719</td>
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<tr>
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<td>Less developed</td>
<td>1,534,158,080</td>
<td>269,610,267</td>
<td>1,803,768,347</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Most remote and northern sparsely populated</td>
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<tr>
<td>Programme 7 Education</td>
<td>ESF+</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td></td>
<td>Transition</td>
<td>155,805,145</td>
<td>66,773,630</td>
<td>222,578,775</td>
<td></td>
</tr>
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<td>111,351,154</td>
<td>742,341,009</td>
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</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Programme 8 Food and/or basic material assistance</td>
<td>ESF+</td>
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<tr>
<td></td>
<td>More developed</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Transition</td>
<td>31,575,000</td>
<td>3,508,333</td>
<td>35,083,333</td>
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</tr>
<tr>
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<td>Less developed</td>
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<td>175,416,667</td>
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</tr>
<tr>
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<td>Most remote and northern sparsely populated</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Programme 9 Development of the regions</td>
<td>ERDF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>More developed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transition</td>
<td>214,200,000</td>
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<td>306,000,000</td>
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<td></td>
<td>Less developed</td>
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<td>230,624,118</td>
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<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Allocation under JTF (Article 3, JTF)</td>
<td>1,295,009,351</td>
<td>228,531,061</td>
<td>1,523,540,412</td>
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</tr>
<tr>
<td></td>
<td>Allocation under JTF (Article 3a, JTF)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>ERDF, CF, JTF, ESF+</td>
<td>10,802,790,655</td>
<td>2,188,399,240</td>
<td>12,991,189,895</td>
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</tr>
<tr>
<td>Programme 10 Maritime, fisheries and aquaculture</td>
<td>EMFAF</td>
<td>84,944 698</td>
<td>36,404 870</td>
<td>121,349 568</td>
<td></td>
</tr>
</tbody>
</table>

* The amount should include the pre-distributed flexible amounts in accordance with Article 14, CPR. The actual allocation of flexi-sums will only be confirmed at the mid-term review.

** The programs may be multi-fund according to Art. 20(1) CPR (as priorities may be multi-fund under Art. 17(2) CPR) Whenever the JTF contributes under a programme, the allocation under the JTF must include additional transfers and be divided by current amounts in accordance with Article 3 and 3a, JTF.
Table 10: List of INTERREG programmes

| Programme 1   | (Interreg VI-A) IPA Bulgaria—Serbia |
| Programme 2   | (Interreg VI-A) IPA Bulgaria—Turkey |
| Programme 3   | (Interreg VI-A) IPA Bulgaria—North Macedonia |
| Programme 4   | (Interreg VI-A) Greece—Bulgaria |
| Programme 5   | (Interreg VI-A) Romania—Bulgaria |
| Programme 6   | (Interreg VI-B) NEXT "Black Sea Basin" |
| Programme 7   | (Interreg V-B) "Danube" |
| Programme 8   | (Interreg VI-B) Euro-Mediterranean (EURO MED) |
| Programme 9   | (Interreg VI-C) "INTERREG Europe" |
| Programme 10  | (Interreg VI-B) "INTERACT" |
| Programme 11  | Cooperation Program (Interreg VI-B) "ESPON 2030" |
| Programme 12  | (Interreg VI-B) "URBACT IV" |

9. Summary of the planned actions to increase the administrative capacity to implement the funds covered by the partnership agreement

In order to ensure effective and efficient implementation of the EU’s cohesion policy and increase the overall impact of investments, the Bulgarian authorities are developing a Roadmap for building national administrative capacity. The roadmap is intended to serve as a comprehensive document outlining Bulgaria's overall capacity building strategy for the 2021-2027 program period.

The objectives to be set in the roadmap are organized into 3 main pillars:

1. Strategic planning, coordination and implementation

This pillar will aim to strengthen the strategic coordination, programming, planning, implementation, monitoring, evaluation and control of the cohesion policy and of the sectoral policies within its funding. The main objectives to be achieved under this pillar are related to:

- improving the delivery of policies and strategies that serve as the basis for program implementation. Achieving this objective will be pursued by supporting the establishment of strategic planning units (where such units do not yet exist), developing and implementing a targeted training program for strategic planning and policy making, and facilitating the reform of some key policies in within the scope of funding under the Cohesion Policy in order to achieve a higher added value of investments;
- ensuring a regional and local perspective in policy and program development by providing targeted support to develop strategies to address specific regional/local challenges or imbalances;
- ensuring the sustainability of strategic planning and policy making by helping to monitor the implementation of policies and strategies (also in the context of enabling conditions);
- enhancing the role of evaluations as a tool to improve program effectiveness and efficiency. Achieving this objective will be pursued through a combination of measures related to enhanced coordination of evaluations at national level, strengthening capacity for planning and commissioning evaluations, introducing evaluation quality standards, strengthening knowledge exchange and networking, incl. with academia and researchers, providing the data needed for evaluation purposes (including at regional level) and feeding evaluation results into future policy cycles. The implementation of these measures also aims to contribute to fostering the development of an evaluation culture within the EU funds management system and to address the underdevelopment of the evaluation market;
- using horizontal coordination to take advantage of thematic synergies between sectors, programs and interventions to promote higher added value of investments and improve their overall effectiveness and efficiency;
- effective and efficient management and coordination of the integrated approach to territorial development, incl. by developing mechanisms to include all interested parties and to ensure an active civil dialogue;
- more effective application of the principle of partnership and support for the participation of civil society, social partners and other stakeholders in policy formation and program development, monitoring, implementation and evaluation through active civil dialogue and public consultations.

To implement the measures under this pillar, the opportunities for support from international institutions with proven experience in the field of strategic planning, policy development and evaluations (WB, SIC, OECD,
etc.) will be used, which will complement the support that will be provided within the TA of cohesion policy programs and the Recovery and Resilience Mechanism.

2. People and organizational management

This pillar will aim to further strengthen the administrative capacity of the authorities responsible for managing EU funds, the main partners and beneficiaries. The main objectives to be achieved under this pillar are related to:

- increasing the overall effectiveness and efficiency of the bodies in the system for management and control of EU funds;
- ensuring the sustainability of the capacity in the system for the management and control of EU funds and the necessary levels of motivation and commitment of the personnel involved in the system;
- strengthening the capacity and increasing the expertise of the employees in the system through the implementation of training programs developed on the basis of a thorough needs analysis. Specific topics will be: valuation, data collection and processing, financial instruments, conflict of interest, detection and reporting of irregularities and fraud, use of simplified costs, communication and visibility, environmental policies, green procurement, application of horizontal policies and principles and etc.;
- strengthening the methodological functions related to the management and control of the EU funds of the horizontal bodies, including in the fields of public procurement, state aid, environmental impact assessments, etc.;
- building partnerships and developing and implementing integrated projects for territorial development;
- facilitating the smooth implementation of the project by further strengthening the capacity of beneficiaries and final recipients based on an analysis of key capacity weaknesses/gaps by beneficiary type. Specific topics will be: public procurement, irregularities and financial corrections, fraud, conflict of interest, financial instruments, visibility of results, environmental policies, green procurement, etc.;
- capacity building of key beneficiaries of sectoral importance, in particular, to those whose projects proved challenging in the period 2014-2020 and to new to a program group of beneficiaries.

3. Framework conditions

This pillar will aim to improve the implementation environment by further streamlining the rules and procedures for the management and control of EU funds and minimizing the administrative burden. The main objectives to be achieved under this pillar are related to:

- carrying out a comprehensive review of the rules and procedures for the implementation of EU-funded programs with a view to their optimization and simplification and elimination of gold plating;
- upgrade of ISUN in order to further reduce the administrative burden, improve the exchange of information between administrations, including introduction of interfaces with the Information System "Electronic Public Procurement" (CAIS EPP) and with GIS, additional use of the system for obtaining structured data for submitting analyzes and assessments at different levels;
- implementation of complex measures (rationalization of rules and internal procedures, provision of methodological support, development of standard documents/checklists, etc.) aimed at improving the execution of public procurement, promoting strategic procurement and reducing the number and severity of irregularities, related to public procurement and corresponding financial corrections based on a thorough analysis of the detected irregularities;
- ensuring compliance with state aid rules and better use of different state aid regimes by increasing the capacity of the MA and state aid administrators with funds from the programs, improving the effectiveness and efficiency of the State Aid Unit and its cooperation with MA;
- stimulating the wider use of financial instruments by promoting the financing possibilities, the potential benefits for the final recipients and the effects of the use of the instruments;
- stimulating the wider use of simplified costs, incl. by providing methodological guidelines and horizontal support for their implementation, systematic analysis of benchmarks from other Member States, transfer of good practices, incl. among MAs and, if necessary, introduction of by-laws;
- strengthening the capacity to detect, report and follow up on conflicts of interest, irregularities and fraud affecting the Funds, including through regular reporting to IMS of any detected irregularity or fraud, updating the NAFS to integrate the new additional risks that the outbreak of COVID-19 can bring; full use of available data mining tools such as Arachne;
- promoting the implementation of Integrity Pacts in the planning, awarding and execution of public procurement contracts of high public interest and with a significant corruption risk in order to ensure the good financial management of European and national funds;
- ensuring publicity and ensuring equal access to information and funding opportunities through further development of the Unified Information Portal www.eufunds.bg, development and coordination of the Network of 27 regional information centers, coordination of the National Network of Communication Officers for the programs ESIF, organization of information and advertising campaigns and cooperation with the media. The coordinator of visibility, transparency and communication activities is the head of the "Information and Communications" department in the Central Coordination Unit;
- providing methodological guidance and strengthening the exchange of knowledge and experience to ensure better visibility of the results of cohesion policy interventions.

The objectives of each of the three pillars will be achieved through a comprehensive set of capacity-building actions that will be set out in the Roadmap. The authorities responsible for the coordination, management and control of EU funds, organizations implementing financial instruments, partners and beneficiaries will benefit from the actions envisaged in each of these pillars.

10. An integrated approach to address demographic challenges and/or the specific needs of regions and districts (when appropriate);

Reference: Article 11(1)(j) of the CPR and Article 10 of the ERDF and CF Regulation

<table>
<thead>
<tr>
<th>The main objective of the regional development policy in Bulgaria is to create vibrant, economically strong and sustainable regions in response to unfavorable demographic trends and the deepening of inter-regional and intra-regional differences. Specific objectives include:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Dealing with negative demographic trends and reducing regional differences in the population;</td>
</tr>
<tr>
<td>- Increasing the economic growth of the Bulgarian regions;</td>
</tr>
<tr>
<td>- Promotion of balanced territorial development through a polycentric network of cities supported by integrated investments.</td>
</tr>
</tbody>
</table>

In parallel with the progress achieved in some areas, mainly in the South-West region, all other NUTS 2 regions have not achieved average values of important indicators of demographic and socio-economic development. Bulgaria is in the group of the last 10 countries in terms of GDP, life expectancy, total and infant mortality, scientific research, technology and innovation and regional competitiveness. The general conclusions regarding inter-regional differences are as follows:

- Regional policy objectives in each level 2 area will be determined by the impact required to improve their potential, accelerate socio-economic growth and eliminate acute regional disparities. The effectiveness of the regional development policy and the reduction of interregional differences can be achieved through a territorial approach and better territorial coordination of the policies of the sector ministries.
- The dynamics of interregional differences in the demographic and socio-economic development of NUTS 2 regions show that they persist or increase during the analyzed period. In the prevailing cases, their amplitude is formed by the values of the indicators in the North-West and South-West regions, which form the minimum and maximum levels of their values.
- There is a trend of cross-regional convergence in terms of access and use of the Internet by the population, but with a significant deviation from the European average, especially for those with basic digital skills.
- The main difference, which deepened in the years after the transition to a market economy, is the differentiation in the demographic and socio-economic development of the regions in Northern and Southern Bulgaria.
- Northwest is the least developed region in Bulgaria. Assessments show that its internal development potentials have been exhausted/destroyed and the need for significant
external impacts, which in the long term will contribute to accelerating its development and increasing its competitiveness.

- Support for less developed regions requires a systematic and integrated focus by creating appropriate schemes and instruments in demographic, educational, economic, innovation, digital, social, cultural and housing policies. In response to this, and in line with additional funding earmarked to support less developed regions, priority support will be provided to the North West and North Central regions in 2021-2027.

Regional policy instruments must overcome or mitigate the most acute of them, which have a negative impact on living standards and socio-economic growth. In the context of catch-up economic growth, regional disparities will remain significant in the coming years and decades, but regional development policy must have an impact on the backwardness and even depopulation of certain regions using different instruments.

Overcoming serious demographic problems requires specific policies and a long period of time. In Bulgaria, the demographic challenges manifest themselves in accumulated forms. The continuous population decline in recent decades has played a decisive role in national demographic processes. High mortality and lower life expectancy and significant emigration of the young population are complemented by relatively high levels of inactivity and spatial exclusion of certain social strata. These problems have national and regional specificities, which creates serious challenges in certain regions where targeted action is needed. The need to shift the focus from supporting settlements to supporting territories and from sector-oriented investments to integrated territorial investments.

Sectoral policy objectives as part of an integrated territorial approach include:

- Economic measures to build a strong and competitive economy of the Bulgarian regions with an emphasis on income-generating investments, including the construction of industrial parks as an important tool for conducting a balanced economic and regional policy;
- Investments in education. Education must be a leading and permanent national priority. Existing regional disparities and skilled workforce needs should be addressed through support for increasing the flexibility of the education and training system. The stimulation of vocational training in the professions demanded by the labor market and the level of qualification, consistent with the level of development of the regional economy and the declared investment intentions, will increase the effectiveness of education and the opportunities for young people.;
- In order to improve the functioning of the labor market and improve access to jobs for the low-skilled population living in rural and peripheral areas, on which the overall economic development also depends, additional measures in the field of education, retraining and social protection are needed;
- Support for health care enabling the improvement of life expectancy in good health through a developed health system that functions satisfactorily and ensures equal access to health care;
- Support for social inclusion to reduce social inequalities, including investments in early childhood development;
- Continuation of structural changes driven by local potential and their development, as well as support for new industrial development. This implies the acceleration of research and development, innovation, digitalisation, economic change and support for small and medium-sized enterprises and requires systematic and consistent support and increased funding through the diversification of applied schemes and instruments. Such a policy must also take into account a number of other economic circumstances, but these two prerequisites — the presence of comparative regional advantages and the possibility of developing high-tech industries — must be decisive for its shaping;
- To increase the competitiveness of the regional economy and positive structural changes, the construction of strategic transport and digital networks and infrastructure for technological research and innovation is imperative;
• Development of basic infrastructure and provision of access to adequate housing, contributing to raising the standard of living of the population in all regions and supporting regional economic growth.

Investments in regional development will be concentrated through a more personalized approach, taking into account the achieved level of development and well-being. They need to be better connected to the local context, potential and issues to support both developed and peripheral and lagging areas to create better connections between settlements and cities.

Bulgaria is committed to allocate 50% of the total European funding (excluding the funds for technical assistance and the Fund for European Assistance to the Most Deprived) to all less developed regions of the country under ERDF, ESF + and CF for the three regions in Northern Bulgaria - North-West, North-Central and North-East planning regions. In this framework, the indicative allocation should be at least EUR 4,157 million, and the corresponding aid intensity will be an average of EUR 1,727 per capita in these regions.

Monitoring and reporting on the implementation of this commitment will be provided through the Unified Management Information System (including its public module) and the Monitoring Committee of the Partnership Agreement.

Continuation and expansion of the bonus system will be ensured with prioritization of the northern regions, where appropriate, in calls for project proposals at the stage of actual implementation of the programs. Based on the experience gained from the 2014-2020 program period, the system will be optimized and rationalized, incl. in the light of stricter and more precise conditions for bonuses in the project selection procedure.

Administrative capacity measures for the beneficiaries will give priority to less developed regions in Northern Bulgaria. The aim is to strengthen the capacity of regional and local stakeholders for planning, cooperation and active participation in the implementation of the programs.

11. Summary of the assessment of the fulfillment of the relevant triggering conditions set out in Article 15 and Annexes III and IV (optional)

<table>
<thead>
<tr>
<th>Trigger condition</th>
<th>Fund</th>
<th>Selected specific objective (not applicable to EMFAF)</th>
<th>Assessment Summary</th>
</tr>
</thead>
<tbody>
<tr>
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</table>

12. Preliminary climate contribution target

Reference: Article 6(2) and Article 11(1)(d) of the CPR

<table>
<thead>
<tr>
<th>Fund</th>
<th>Prior Climate Contribution 14</th>
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<tbody>
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<td>ERDF</td>
<td>1,733,311,893</td>
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<tr>
<td>Cohesion Fund</td>
<td>631,993,383</td>
</tr>
</tbody>
</table>

15 Corresponding to the information included or to be included in the programs as a result of the types of interventions and the indicative financial breakdown pursuant to Article 22(3)(d)(viii) of the CPR.