

## ANNEX 1

### Services of General Economic Interest: Guidance for report to be submitted following the 2012 SGEI Decision and the 2012 SGEI Framework

The **reporting obligations** are set out in Article 9 of the 2012 SGEI Decision:

*Each Member State shall submit a report on the implementation of this Decision to the Commission every 2 years. The reports shall provide a detailed overview of the application of this Decision for the different categories of services referred to in Article 2(1), including:*

- a) a description of the application of this Decision to the services falling within its scope, including in-house activities;*
- b) the total amount of aid granted in accordance with this Decision, with a breakdown by the economic sector of the beneficiaries;*
- c) an indication of whether, for a particular type of service, the application of this Decision has given rise to difficulties or complaints by third parties; and*
- d) any other information concerning the application of this Decision required by the Commission and to be specified in due time before the report is to be submitted.*

Paragraph 62 of the 2012 SGEI Framework sets in principle identical reporting obligations for aid granted under the 2012 SGEI Framework.

Please structure your report as follows:

#### **1. EXPENDITURE OVERVIEW**

Please complete the following table:

| <b>Total SGEI government expenditure by legal basis (millions EUR)</b> |                        |                        |
|--|------------------------|------------------------|
|  | Year 2018***           | Year 2019***           |
| <i>Compensation for Services of General Economic Interest (1+2)</i>    | <b>48.168624****</b>   | <b>58.584488****</b>   |
|  | Section 2.1 - 0.891624 | Section 2.1 - 0.984488 |
|  | Section 2.2(d) - 1.823 | Section 2.2(d) - 3.222 |
| (1) Total compensation granted on the basis of the SGEI Decision       | -                      | Section 2.2(e) -       |

|   |   |  |
|---|---|--|
|   |   | 4.09   |
|   | Section 2.5(a) - 8.98                             | Section 2.5(a) - 10.97                           |
|   | Section 2.5(c) - 12.812                           | Section 2.1(c) - 14.104                          |
|   | Section 2.5.(g) - Bulgarian Post Pensions - 14.99 | Section 2.5(g) - Bulgarian Post Pensions - 14.99 |
|   | Section 2.5(g) - Irrigation systems - 8.692*      | Section 2.5(g) Irrigation systems - 9.715**      |
|   | -   | Section 2.5(g) - 0.509                           |
| (2) Total compensation granted on the basis of the SGEI Framework | -   | -  |

**Notes:**

\* The values reported include VAT.

\*\* The funds were advanced in accordance with the State Budget Act for 2018 and 2019. Following the submission of the report on factual findings by the auditor, the Committee will meet, examine and decide on the amount of compensation due to Napoitelni Sistemi EAD for the provision of a public service in 2019.

\*\*\*The fixed exchange rate EUR 1 = BGN 1.95583 was used for the calculation of the amount.

\* \* \* \* The differences between the total expenditure figures for 2018 and 2019 provided in this document and in the Excel file are due to the conversion of the expenditure values from EUR into millions EUR and their corresponding rounding.

## 2. Description of the Application of the 2012 SGEI Decision

**Please structure this part of your report by the following sections:**

- 1) Hospitals providing medical care, including, where applicable, emergency services (Art. 2(1)(b))
- 2) Social services (Art. 2(1)(c))
  - a) Health and long-term care;
  - b) Childcare;
  - c) Access to and reintegration into the labour market;
  - d) Social housing;
  - e) Care and social inclusion of vulnerable groups
  - f) Other social services (if applicable).

- 3) Air or maritime links to islands with average annual traffic not exceeding the limit set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e)
- 5) SGEI compensation not exceeding an annual amount EUR 15 million (Art. 2(1)(a))

a) Postal services

*Funds from the 2018 and 2019 central budget of the Republic of Bulgaria to compensate for the unfair financial burden for the provision of the universal postal service in 2016 and 2017, respectively, were granted to the postal operator obliged to provide the universal postal service (Bulgarian Post EAD) in accordance with Article 29 of the Postal Services Act. National laws in the field of postal services are in line with Directive 2008/6/EC. The compensation for the year concerned does not exceed EUR 15 million and falls under Article 2(1)(a) of Commission Decision of 20 December 2011 (Decision 2012/21/EU) on the application of Article 106(2) TFEU on State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest — OJ L 7, 11.1.2012 (SGEI Decision).*

b) Energy

c) Waste collection

d) Water supply

e) Culture

f) Financial services

g) Other sectors (please specify)

*Paying out pensions at post offices - For 2018 and 2019, the funds from the central budget of Bulgaria to compensate for the unfair financial burden for the public service of paying out pensions at post offices in 2017 and 2018 were granted to Bulgarian Post EAD on the basis of Article 92(5) of the Regulation on Pensions and Contribution Periods (NPOS). The compensation for the year concerned does not exceed EUR 15 million and falls under Article 2(1)(a) of the SGEI Decision.*

*A SGEI not exceeding EUR 15 million has been formulated in the agriculture sector which is provided pursuant to Article 2(1)(a) of the SGEI Decision and related to reducing the adverse effects of floods.*

*In the livestock farming sector, in line with Contract No RD 5058/04.10.2019 between the Ministry of Agriculture, Food and Forestry and the SOE 'Kabiyuk' and approved by Order No RD 09-983/22.10.2019 of the Minister for Agriculture, Food and Forestry, Methodology for determining the amount of the unfair financial burden borne by SOE 'Kabiyuk'. The company is entrusted with a public service obligation to maintain indigenous and other valuable breeds from the National Livestock Fund and preserve them as a national treasure, receiving compensation from the state budget through the budget of the Ministry of Agriculture, Food and Forestry.*

For each of the items outlined above please provide information in the form of the following table:

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Section (for example 1, hospitals or 2b, childcare)

Section 2.1 - Hospitals

Section 2.2(d) - Social housing under Operational Programme 'Regions in Growth' (OPRG)

Section 2.2(e) - Patronage care for the elderly and people with disabilities under Operational Programme Human Resources Development (OPHRD)

Section 2.5(a) - Universal postal service

Section 2.5(c) — Waste collection

Section 2.5(g) - Paying out pensions at post offices

Section 2.5(g) — for Napoitelni Sistemi EAD in the agricultural sector — SGEI compensation not exceeding the annual amount of EUR 15 million and aimed at the protection against the harmful effects of floods;

Section 2.5(g) - for SOE 'Kabiyuk' in the livestock farming sector

**Clear and comprehensive description of how the respective services are organized in your Member State<sup>1</sup>**

Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the **contents of the services entrusted as SGEI** as clearly as possible.

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<sup>1</sup> If in a certain sector only a small number of individual SGEIs exist, a detailed description of those services is needed. If a large number of services are entrusted in a specific sector (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial.

## **Section 2.1 - Hospitals**

*Medical activities outside the scope of mandatory health insurance performed by municipal medical institutions are*

*medical activities listed in the Decision on the Operation of Medical Institutions, issued by the Minister for Health, which are outside the scope of the mandatory health insurance and which are in line with the approved medical standards and the rules of good medical practice. They are listed in a separate annex to the agreement concluded with each healthcare establishment.*

## **Section 2.2(d) - Social housing under Operational Programme 'Regions in Growth'**

*Under the Guidelines for grant applicants in a grant award procedure (BG 16RFOP001-1.001-039 'Implementation of the Integrated Plans for Urban Regeneration and Development 2014-2020' under the Operational Programme 'Regions in Growth' 2014-2020, municipalities award the provision of accommodation in social housing financed under the OP in line with the requirements of the Commission Decision of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest ('the Decision'), and this obligation is to be respected throughout the economically useful life of the assets. The development of the entrustment act in line with the requirements of the Decision is a commitment of the municipalities which they undertake with the conclusion of the grant agreement. With regard to this type of social infrastructure, grants are provided to the beneficiary municipalities as public bodies responsible for social policy at local level and providing basic services to the population in the territory concerned. The Local Government and Local Administration Act (ZMSMA) defines the municipality as the basic administrative- territorial unit where local self-government is exercised. According to Article 17(1) ZMSMA, local self-government consists in the right and opportunity for citizens and their elected bodies to independently resolve all local matters which fall within their competence, as defined by law, including those in the area of social services (point 7 of the aforementioned provision). The local self-government authorities are the municipal council and the mayor. One of the main activities and responsibilities of the municipality (implemented through the local self-government authorities) is to put in place adequate social infrastructure which is also a priority in any short, medium or long term plan or programme. Social infrastructure is used to provide social services, including the provision of shelter to the most deprived. In this connection, the provision of social housing is a service entirely within the competence of the municipality. Organising this service, the municipality fulfils its obligations to society and acts in the public interest, namely through the provision of shelter and normal living conditions to vulnerable, minority and socially disadvantaged groups of the population and other disadvantaged groups who cannot afford to buy or rent property at market prices and for whom no other alternatives exist in practice, as there is no supply of housing for this kind of users. Social housing, whatever the specific nature of this term used for the purposes of this procedure, is essentially municipal dwellings and as such is subject to the Municipal Property Act (ZOS). Pursuant to the explicit legislative authorisation laid down in Article 45a ZOS, the determination of housing needs and the provision of social housing is subject to the regulatory procedure laid down by the municipal council in an ordinance. According to the case-law of the Supreme Administrative Court, 'municipal housing is a management and administrative activity in which an authority authorised by law is*

vested with public authority' (Order N9 5124/12.04.2011 of the Supreme Administrative Court in Administrative Case No 4246/2011).

*The beneficiary municipalities of procedure BG16ROP001-1.001-039 'Implementation of integrated plans for urban rehabilitation and development 2014-2020' are the owner of the infrastructure. Given that the municipality (through its bodies), being the owner of the infrastructure, determines who and how to manage the infrastructure, it is the contracting authority of the social housing service and the administrator of the aid to the service operator (the municipality provides the means to carry out the service activities and these funds, together with the infrastructure funded by the project, constitute SGEI compensation). In order to ensure that the compensation complies with the State aid rules, the municipality must award the service in accordance with the requirements of the SGEI Decision. The provision of the service and, as the case may be, the operation of the infrastructure may be assigned both to a person external to the municipality (for example, a commercial company) and to a municipal undertaking, a second-tier budget authority or a department/directorate within the municipal administration itself. In any event, the infrastructure operator, even where it is not a separate legal entity but a part of the municipal administration, is regarded as a recipient of compensation for the provision of social housing services.*

*In addition, unlike in the case of other municipal dwellings, the period of accommodation in social housing under the OPRG is limited to 3 years. According to the Guidelines for grant applicants, the contract concluded with the users of the housing must include a 'social clause' linked to the use of the social housing, in conjunction with a social package: a package of social services provided to persons accommodated in social housing according to their individual needs. It is precisely this integrated nature of the support that characterises social housing under the OPRG as a social service of general economic interest (SSGI).*

*One grant agreement was completed for the reporting period: BG16RFOP001-1.008-0002-C01 'Construction of social housing in district IV', dated 21.11.2016, with the municipality of Blagoevgrad as beneficiary. In accordance with the requirements set out in the Guidelines for applicants, the beneficiary has submitted an amendment to the Ordinance laying down the procedures for establishing the residential needs of citizens, the use and management of municipal housing, and the internal rules on the provision of the social housing service, adopted by Decision No 231/27.09.2019 of the Blagoevgrad Municipal Council.*

*According to the decision of the Blagoevgrad Municipal Council, accommodation in social housing is entrusted to the housing policy unit of the municipality of Blagoevgrad. Compensations are regulated in accordance with Commission Decision of 20 December 2011 (OJ L 7 of 11 January 2012) and the Internal rules for the operation of the housing policy unit of the municipality of Blagoevgrad for a period of ten years.*

**Section 2.2(e) - Patronage care for the elderly and people with disabilities under OPHRD:**

*In its capacity as the Managing Authority of OPHRD 2014-2020, the Directorate-General for European Funds, International Programmes and Projects of the Ministry of Labour and Social Policy implements a procedure through the direct award of grants BG05M9OP001-2.040 'Patronage care for the elderly and persons with disabilities — Component 2'. This procedure is conducted under:*

- *Priority axis No 2 ‘Poverty reduction and promotion of social inclusion’;*
- *Investment Priority No 3 ‘Improving access to affordable, sustainable and high-quality services, including health and social services of general interest’;*
- *Specific objective 2 of the IP 3 ‘Reducing the number of adults and persons with disabilities in institutions through the provision of social and health services in the community, including long-term care services’.*

*The general objective of the procedure is to improve the quality of life and the opportunities for social inclusion of people with disabilities and the elderly by providing a network of services in the home environment and building suitable (material and personnel) capacity for their delivery.*

*The specific objective of the procedure is to build a patronage care model for the elderly and persons with disabilities, including chronic diseases and permanent disabilities, in order to ensure hourly mobile integrated health care services at home.*

*Procedure BG05M90P001-2.0.040 ‘Patronage care for the elderly and the disabled — Component 2’ is being implemented in accordance with the Commission Decision of 20 December 2011 (the Decision) on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest (OJ L 7 of 11 January 2012).*

*Specific beneficiaries and partners in the procedure are the municipalities in Bulgaria, in line with the criteria approved by the OPRHR 2014-2020 Monitoring Committee for the selection of the operation.*

*The number of beneficiaries and partners is 125 and 31 respectively.*

*The beneficiaries and the partner municipalities are local government public bodies and the basic administrative-territorial units where local self-government is exercised. The municipalities are set up as regional executive bodies for the implementation of state policy of local importance in the interest of the local community. State policies in the field of social assistance, including social integration of vulnerable groups are implemented in cooperation with public authorities, local authorities and others which create conditions and facilitate the implementation of programmes and projects in this field. In the implementation of local policies, municipalities support the activities of the central executive, exercising its public powers, in the field of social policy on the integration of vulnerable groups.*

*According to Article 17(1) ZMSMA, local self-government consists in the right and opportunity for citizens and their elected bodies to independently resolve all local matters which fall within their competence, as defined by law, including those in the area of social services (point 7 of the aforementioned provision). Local self-government authorities are the municipal council and the mayor. One of the main activities and responsibilities of the municipality (implemented through the local self-government) is to put in place adequate social services which is also a priority in any short, medium or long term plan or programme.*

*Under the Social Assistance Act, social services are carried out by the state, municipalities, etc., with the mayor of the municipality managing social services on the territory of the municipality, which are activities delegated by the State and local*

activities. The mayor is responsible for meeting the criteria and standards for the provision of social services and is the employer of the managers of these services. As such, they have an obligation to plan, manage and determine the social services to be provided on their territory at local level (in accordance with the Social Assistance Act and its Implementing Rules) and to ensure that they are provided in accordance with national priorities. The provision of social services guarantees the right of citizens in Bulgaria to receive social assistance.

Patronage care is not included in the list of activities delegated by the State which are financed by funds from the State budget. The municipalities maintain some of the services as a local activity, but the capacity of these local activities cannot meet the needs of people in need of home health care services. Except for the municipalities, no one else provides this service on the market or, if it is provided, the price is not affordable for the target groups and the territorial scope is insufficient. Given the target group, a pressing need for integrated health and social services at home (patronage care) has been identified. The market, in so far as it exists, cannot offer these services at prices accessible to the target group, while maintaining the required quality. In other cases, while there is a proven need for them, such services are not offered in the municipalities, i.e. there is no market and the public authorities decide to organise the provision of such services under certain rules.

The activities under the procedure focus exclusively on people over 65 with restricted ability or functional dependence or people with disabilities and their families, people who are socially isolated and who have a social need for hourly services, thus protecting the public interest and responding to the needs of the population. The procedure is in accordance with Measure 2 (Operation 6): Ensuring patronage care by provision of hourly mobile integrated healthcare and social services for people with disabilities and the elderly in the 2018-2021 Action Plan for the implementation of the National Strategy on Long-Term Care adopted by Decision of the Council of Ministers No 28/19.01.2018, and is part of the overall process of deinstitutionalisation of the care of persons with disabilities and of the elderly and the building of alternative community-based assistance through the provision of affordable, quality long-term care services. The implementation of the procedure results in an improvement of the quality of life and the opportunities for social inclusion of people with disabilities and the elderly by providing a network of services in the home environment and building suitable (material and personnel) capacity for their delivery.

Grants are provided to the municipalities, specific beneficiaries and partners in their capacity as public bodies responsible for the implementation of social policies at local level and the provision of basic services to the population in the territory concerned. Where public authorities at national, regional or local level organise, entrust or perform services/activities to meet the needs of society, they are generally classified as services of general (public) interest. The Communication 'Implementing the Community Lisbon Programme: social services of general interest in the European Union' (COM (2006)177) identifies, in addition to healthcare services, two main groups of social services of general economic interest (SGEIs), one of these groups of services covering, among others, 'care for the social inclusion of vulnerable groups'.

The care and social inclusion of vulnerable groups is also listed as a social service in the Commission SGEI Decision (OJ L 7 of 11 January 2012). In this regard, the provision of integrated healthcare and social services for disabled and elderly people in need (patronage care) is regarded as an SGEI.



*According to the Commission SGEI Decision, one of the main criteria to be met is that the amount of compensation must not exceed what is necessary to cover the net cost incurred in discharging the public service obligations, including a reasonable profit. According to the provisions of Article 125(4) of Regulation 966/2012 and Article 192(1) of Regulation 2018/1046 grants must not have the purpose or effect of producing a profit within the framework of the action or the work programme of the beneficiary ('no-profit principle'). Therefore, the procedure does not allow a profit to be made in the performance of the SGEI and only the net costs incurred in discharging the public service obligation are taken into account in determining the amount of the compensation. 'Patronage care' is defined as an SGEI, and a grant in connection with the provision of a 'patronage care for the elderly and the disabled' service constitutes a public service compensation for the operator of that service (the provider), which is compatible with the internal market and excluded from the notification requirement laid down in Article 108(3) of the Treaty on the Functioning of the European Union. The activities covered by this procedure fall within the scope of the services referred to in Article 2(1)(c) of the Commission SGEI Decision: 'compensation for the provision of services of general economic interest meeting social needs as regards health and long term care, childcare, access to and reintegration into the labour market, social housing and the care and social inclusion of vulnerable groups;'*

*The Commission SGEI Decision applies to state aid in the form of public service compensation granted to undertakings entrusted with the operation of services of general economic interest (SGEI), as referred to in Article 106(2) TFEU.*

*Taking into account the specificities of patronage care, in accordance with the Commission Notice on the notion of State aid as referred to in Article 107(1) of the Treaty on the Functioning of the European Union (2016/C 262/01), European rules require an assessment of the applicability of State aid rules at three levels: owner (municipality), supplier and end-user.*

*At the level of the user of the service, given that these are natural persons who do not carry out an economic activity, the existence of State aid is excluded as such may exist only when the recipient is an undertaking.*

*The municipalities which are beneficiaries/partners in the procedure 'Patronage care for the elderly and the disabled' are the owner. With the signature of the administrative contract, the OPHRD MA provides municipalities (specific beneficiaries and partners) with grants to implement a project proposal for the provision of hourly integrated home health care services: patronage care. The municipality is also the owner of the furnishing and equipment purchased with project funds, including the means of transport (if applicable) for their entire economically useful life. The acquired assets are entered in the assets of the municipality in accordance with the rules in force, while the costs of depreciation arise for the owner (municipality) and not for the SGEI provider (irrespective of the fact that a supplier may be an administrative unit of the municipality itself). The furnishing and equipment acquired with grant funds may not be used for the economic activity of the municipality at the end of the project, unless it is granted for use in connection with the operation of an SGEI entrusted in accordance with the respective procedure, in line with the rules on State aid. As regards the applicable State aid rules, despite the fact that it does not have separate legal personality, the municipal undertaking or the unit responsible for the provision of the service is regarded as a separate/independent part of the remaining municipal administration, since the revenue and expenditure relating to the activities carried out by the municipal undertaking/unit*

*concerned are to be separated from the other revenue and expenditure of the municipality. That separation is a necessary condition for the purposes of the State aid rules and the award of the service.*

*The activities for implementing measures for the social inclusion and integration of persons with disabilities and, in particular, the provision of hourly mobile social and healthcare services to persons over 65 with functional dependence or to disabled people, are an integral part of the powers of the municipalities as a local authority and cannot be separated from the exercise of public powers, as they have been entrusted to them by the State. The mayor of the municipality is an executive body. In view of this, it can be concluded that, at the level of the owner, the grant provided to municipalities by the OPHRD MA falls outside the scope of the State aid rules, as it is a transfer between the budgets of the executive branch of government.*

*At the operator (service provider) level, the economic nature of patronage care cannot be excluded as the operator operates under the conditions of an existing social services market. The fact that the prices of these social services on the free market are unacceptable/unaffordable to a large part of those in need and that there is no private interest in the provision of this type of services proves the need for State intervention, but does not rule out the existence of an economic activity. As mentioned above, patronage care is defined as a service of general economic interest and, in this respect, for a grant to be compatible with the common market the rules on State aid should apply: the procedure is governed by the rules of the Commission SGEI Decision.*

*Given that the municipality (through its authorities), being the owner, determines who is to provide social services for the population and how those social services are to be provided, it constitutes a contracting authority for the service and an administrator of the grant to the service provider (the operator). The municipality provides the means to carry out the activities of providing the patronage care and those means constitute the SGEI compensation.*

*The following components are taken into account in the calculation of the compensation itself:*

- wage costs under the Labour Code, the remuneration under the Civil Servant Act and the remuneration arising from service contracts or contracts under the Obligations and Contracts Act for persons directly involved in the performance of direct actions, including the employer's social security contributions and all the adjustments made under national law;*
  - expenditure on working clothes;*
  - cost of occupational medicine;*
  - training and supervision costs;*
  - official travel expenses (transport expenses) during the performance of the duties;*
  - costs of materials and supplies for the provision of the service;*
  - overhead costs and maintenance costs of the premises where the service is provided (if applicable). The costs are eligible, provided that they are not included in the value of the right to use/lease the premises, equipment and means of transport (if applicable) and if there is a methodology developed by the beneficiary showing how they are calculated. The methodology is presented to the Managing Authority in the reporting of these costs;*
  - rental costs/ costs for right to use the premises, equipment and means of transport.*
- The costs for the purchase of furniture and equipment, including means of transport, the costs of fixed intangible assets, construction works and the indirect costs (costs of organisation and management and the costs of information and communication) are not*

*included in the amount of the compensation.*

*The fees collected from the users, as well as any other revenue (if applicable), are deducted in the calculation of the compensation for the service. The aid administrator (the municipality) ensures compliance with the applicable State aid rules with regard to the suppliers of patronage care, in accordance with the requirements of the Commission SGEI Decision, including the introduction and application of mechanisms to monitor compliance with the requirements of the Decision.*

#### **Section 2.5(a)** - Universal postal service

*The scope and characteristics of the UPS are regulated by the Postal Services Act (ZPU). The UPS is a service of specified quality uniformly performed within set working hours at affordable prices and accessible to all users throughout Bulgaria.*

*The UPS includes the following types of postal services:*

*1. Clearance, transport and distribution of the following domestic and cross-border mail:*

- a) items of correspondence up to 2 kg;*
- b) small packages up to 2 kg;*
- c) print products up to 5 kg;*
- e) postal items for blind and partially sighted persons.*

*2. Clearance, transport and distribution of the domestic and cross-border postal packages up to 20 kg. The weight limit for packages from other countries may be higher;*

*3. Additional services for 'registered items' and 'insured items'.*

#### **Section 2.5(c)** — Waste collection

*Waste treatment and disposal services, operation and maintenance of waste treatment facilities acquired under the project 'Integrated system of municipal waste treatment facilities for Sofia Municipality'.*

#### **Section 2.5(g)** - Paying out pensions at post offices

*Under Article 51(1) NPOS, pensions and supplements are paid out at post offices competent for the permanent or current address of pensioners in accordance with the procedure set out in the Regulation.*

*Pensioners may receive their pension at home at their permanent or current address if they are entitled to a long-term disability pension or are 68 years of age or older (Article 62(1) of the Regulation).*

*The service of paying out pensions at post offices is defined in national law as an SGEI. By paying out pensions at post offices and allowing for receiving pensions at home, the State is helping to protect the most vulnerable social group: the pensioners.*

#### **Section 2.5(g)** -

*For Napoitelni Sistemi EAD in the agricultural sector, the service of general economic interest related to reducing the adverse effects of floods is provided in accordance with Article 2(1)(a) of Commission Decision 2012/21/EU of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest. It is provided by Napoitelni sistemi EAD, which is a 100 % state- owned commercial company within the*

system of the Ministry of Agriculture, Food and Forestry (MAFF), on the basis of a contract concluded between the Ministry and Napoitelni sistemi EAD. The activities related to reducing the adverse effects of floods are set out in the Contract and include the following:

- > Visits and monitoring for the purpose of identifying the technical and operational condition of dikes on the Danube and protective dikes, corrections of rivers and gullies, drainage fields and related systems and facilities as well as retention dams;
- > Maintaining the capacity of river and gully corrections, including their cleaning from construction waste, domestic waste and sediment deposits, removal of trees growing along the water course, trunks, bushes and all trees which have fallen or are at risk of falling;
- > Measurements and maintenance of the design parameters of dikes on the Danube and protective dikes, river and gully corrections, removal of grass, shrubs and trees, restoration of degraded profiles;
- > Maintenance and ongoing repair works of the open and closed drainage network and facilities of drainage fields and systems;
- > Operation and maintenance of the good working order of drainage pumping stations and related facilities;
- > Rectification of any faults which might impair the constructive and technological security of retention dams;

Carrying out of emergency repair works of the facilities to reduce the adverse effects of floods in case of accidents posing a threat to the personnel and population, engineering infrastructure and populated areas.

#### **Section 2.5(g) -**

For SOE 'Kabiyuk', in the livestock farming sector, in line with Contract No RD 50-58/04.10.2019 between the Ministry of Agriculture, Food and Forestry and the SOE 'Kabiyuk' and approved by Order No RD 09-983/22.10.2019 of the Minister for Agriculture, Food and Forestry. Methodology for determining the amount of the unfair financial burden borne by SOE 'Kabiyuk'. The company is entrusted with a public service obligation to maintain indigenous and other valuable breeds from the National Livestock Fund and preserve them as a national treasure, receiving compensation from the state budget through the budget of the Ministry of Agriculture, Food and Forestry. Species breeds: Horse breeding — East Bulgarian, Pleven horse, Shagiya Arabian breeds;' Sheep breeding - Caucasian, Askanian, the copper-red Shumen and Karakachan breeds; Cattle breeding - grey Iskar cattle.

Explanation of the (typical) **forms of entrustment**. If standardised templates for entrustments are used for a certain sector, please attach them.

#### **Section 2(1) - Hospitals**

Contract for the execution of medical activities pursuant to Article 106(1) and (2) of the Medical Institutions Act concluded between the respective municipality and the medical

establishment.

**Section 2.2(d)** - Social housing under Operational Programme ‘Regions in Growth’

*The social housing service is awarded by the municipality in accordance with the requirements of the SGEI Decision, and the obligation to award applies to the entire economically useful life of the assets financed by the OP. The award of the service is effected by an act of entrustment which may take the form of a legislative or regulatory instrument or contract (legally binding document under national law which provides the legal basis for the financing of the specific service and for its definition as an SGEI). The service may also be entrusted by means of several instruments which, in their entirety, must contain all the necessary elements required by Article 4 of the SGEI Decision. In order to determine the type of document or documents that constitute an act of entrustment, it is necessary to specify which municipal body is authorised to entrust the execution of the service and therefore constitutes a ‘contracting authority’ and who is the ‘contractor’ of the service. The existence of a contracting entity and a contractor, regardless of their legal status, is a necessary condition for ensuring compliance with the SGEI rules. The term ‘contracting authority’ refers to the competent authority, which, by means of a specific act, may entrust a municipal unit (in the form of a municipal enterprise or other municipal unit) or the mayor of the municipality with the operation of social housing, may determine the terms and conditions thereof and may monitor compliance with the rules which it has adopted. This authority is the municipal council.*

*The municipal council’s competence under the applicable national legislation covers the determination of the housing needs and housing in municipal dwellings by virtue of a regulatory procedure laid down by the municipal council in an ordinance pursuant to the explicit authorisation set out in Article 45a ZOS. This is also the body responsible for deciding which municipal housing should serve as SGEI housing as a form of administration and/or management of municipal property — Article 21(1)(8) ZMSMA. In the light of the above, the municipal council is the competent authority which, by means of a specific act (decision of the municipal council), can determine how, and through which units, the municipality will operate social housing and control compliance with the rules adopted by that authority (in conjunction with the ordinance adopted for this purpose). The municipal council is the body that will entrust the implementation of the SGEI and will supervise the provision of the service jointly with the mayor of the municipality. The municipal council’s remit also covers the setting of the rental price of the municipal dwellings. The municipal council may decide that the social housing units financed under the OPRG are to be used by the representatives of vulnerable groups living there without payment of rent. Taking into account the status of social housing users and the impossibility for them to obtain adequate accommodation at market prices, where the municipal council decides that rent is to be paid for the housing, it should set a rent that does not exceed the cost of maintaining and ensuring the functioning of the buildings and their surrounding areas. At the application stage, the fulfilment of this condition is evidenced by a financial analysis.*

**Section 2.2(e)** - Patronage care for the elderly and people with disabilities under OPHRD:

*Under the applicable national legislation, the municipal council has competence for determining the types of social services within the territory of the municipality as well as a plan for the development of social services at municipal level. It also decides which*

*municipal services should be defined as an SGEI. In the light of the above, the municipal council is the competent authority which, by means of a specific act (decision of the municipal council), can determine how, and through which units, the municipality will provide patronage care and control compliance with the rules adopted by that authority (in conjunction with the ordinance adopted for this purpose). The municipal council is the body entrusting the implementation of the SGEI and supervising the provision of the service jointly with the mayor of the municipality. The municipal council's remit also covers setting the fee to be paid by the users of patronage care. The municipal council may decide that the patronage care service funded under the OPHR be free of charge. Should it decide that patronage care will be provided against payment of a fee, the municipal council must determine the amount of the fee so that it does not exceed the costs of the provision of the patronage care. The condition concerning the amount of the fee should be met throughout the period of the provision of patronage care. Under Article 44(1)(1) and (2) ZMSMA, the mayor manages all implementation work of the municipality, directs and coordinates the activities of the specialised implementing bodies. Article 44(1)(5) ZMSMA also establishes the power of the mayor of the municipality to organise the implementation of the municipal budget, and subparagraph 7 imposes an obligation on the mayor to organise the implementation and the acts of the municipal council. The power of the mayor of the municipality to issue penalty orders in case of a violation of the Municipal Council regulations is laid down in Article 22 (5) ZMSMA. As can be seen from the above, the provision of the patronage care service for the elderly and the disabled is entrusted by the municipal council though the mayor of the municipality.*

*In order to ensure that project proposals comply with the State aid rules in the grant contracts, the OPHRD MA sets out a requirement for beneficiaries and partners (municipalities), following the creation of the necessary conditions to provide the patronage care to those in need (for example, if there is a need for the repair and fitting-out of premises or the purchase of a car) to entrust the provision of services in line with the requirements of the Commission SGEI Decision.*

*The entrustment of an SGEI by the municipalities is carried out by means of an entrustment act, which contains the mandatory elements set out in Article 4 of the Commission SGEI Decision. The development of the entrustment act in line with the requirements of the Decision is a commitment of the municipalities which they undertake with the conclusion of the grant agreement. In order to make it easier for the beneficiaries and partners, the OPHRD MA has developed guidelines (Annex 1.1) for the content of the acts and a model entrustment act (Annex 1.2), in line with the Commission SGEI Decision.*

*State aid in the form of public service compensation fulfilling the conditions laid down in the Commission SGEI Decision is compatible with the internal market and exempted from the prior notification obligation laid down in Article 108(3) TFEU.*

*Patronage care for elderly persons and persons with disabilities is carried out by the beneficiaries and their partners under the procedure, entrusting the provision of the service of general economic interest in accordance with the rules of the Commission SGEI Decision.*

*Where the beneficiary and/or the partner entrust the implementation of the mobile integrated social and healthcare service (the patronage care for the elderly and disabled persons) to a social service provider (including a municipal undertaking set up under*

*Article 52 ZOS, a second-tier budget authority or a unit/directorate within the municipal administration itself) or medical and healthcare establishments, the beneficiary/partner acquires the status of a contracting authority of the SGEI within the meaning of the Commission SGEI Decision. Each of the municipalities (beneficiary or partner) independently assigns the implementation of the mobile integrated social and healthcare service (the patronage for the elderly and disabled persons) on its territory under the Decision. The service provider entrusted with the obligation to provide the service should be selected in a transparent and public manner.*

*The provision of an SGEI is entrusted by an act of entrustment, which must include:*

- the content and duration of the public service obligations;*
- the undertaking and, where applicable, the territory concerned;*
- the nature of any exclusive or special rights assigned to the undertaking by the granting authority;*
- a description of the compensation mechanism and the parameters for calculating, controlling and reviewing the compensation;*
- the arrangements for avoiding and recovering any overcompensation; and*
- refers to Commission Decision of 20 December 2011.*

*In case providers subcontract part of the activities (for example: procurement of stationery), the rules of the Public Procurement Act/Council of Ministers Decree No 160/2016 should be respected.*

#### **Section 2.5(a)** - Universal postal service

*The obligation to perform the UPS is entrusted under the Postal Service Act and an individual licence is issued by the national regulatory authority, the Communications Regulation Commission (KRS).*

*The obligation to provide the UPS includes:*

- Provision of the UPS throughout the country, ensuring that it is available to all users regardless of their geographic location;*
- Provision of the UPS at the operator's points of access to the postal network on all working days, at least five days a week, with at least one collection of post every working day and one delivery to recipients, except in settlements and residential areas with difficult access;*
- Provision of the UPS at a level of quality that meets the standards adopted by the regulator.*
- Provision of the UPS by type of service at affordable prices that are the same for the entire country and are established in accordance with the requirements of the Ordinance on determining rules for setting and implementing the price of the UPS and the Methodology for determining the affordability of the UPS, adopted by the Council of Ministers;*
- Provision of the UPS free of charge in the cases specified in the Postal Services Act.*

#### **Section 2.5(c)** — Waste collection

*The service is entrusted to a specially created municipal enterprise under the Municipal Property Act and the entrustment was effected by Decision 223/16.05.2013 of the Sofia*

## Municipal Council.

### **Section 2.5(g)** - *Paying out pensions at post offices*

*The provision of the public service of paying out pensions at post offices was entrusted by the Council of Ministers to Bulgarian Post EAD - the postal operator with the densest own network of offices in the country including offices in sparsely populated areas and difficult to access areas (Article 926(1) NPOS)*

### **Section 2.5(g)** -

*For Napoitelni sistemi EAD: a service of general economic interest related to reducing the adverse effects of floods is provided on the basis of a public service contract concluded between Napoitelni Sistemi EAD and the MAFF in accordance with §4a(1) of the Transitional and Final Provisions of the Water Act, in line with the provisions of the SGEI Decision. The funds to compensate for the unfair financial burden for the public service of reducing the adverse effects of floods are granted to Napoitelni Sistemi EAD. An unfair financial burden in providing the public service of reducing the effect of floods arises where the performance of the contract results in a net cost for the company.*

### **Section 2.5(g)** -

*For SOE 'Kabiyuk' — the form of the award is Contract No RD 50 5058/04.10.2019 concluded between the SOE 'Kabiyuk' and the Ministry of Agriculture, Food and Forestry*

**Average duration of the entrustment (in years)** and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified.

### **Section 2.1-** *Hospitals*

*One-year period.*

### **Section 2.2(d)** - *Social housing under Operational Programme 'Regions in Growth'*

*See the information provided on social housing under the OPRG in the two sections above.*

### **Section 2.2(e)** - *Patronage care for the elderly and people with disabilities under OPHRD:*

*The provision of integrated healthcare services under the procedure is for a period of 12 months.*

*As regards the requirement that the implementation of the activities under the procedure should be completed by 31.12.2023, the period for the entrustment of an SGEI will not go beyond 10 years.*



### **Section 2.5.(a)** - Universal postal service

*Pursuant to § 70 of the Transitional and Final Provisions of the Act Amending the Postal Services Act, in force since 30 December 2010, the postal operator entrusted by law with the operation of the UPS is the commercial company Bulgarian Post EAD, for a period of 15 years starting on 30 December 2010. In the postal services sector the share of entrustment for more than 10 years is 100 %.*

*At the end of each five-year period from the entrustment of the UPS, the Communications Regulation Commission draws up a report on the implementation of this obligation with a view to maintaining, amending or revoking it. The National Assembly is the body empowered by the Bulgarian Constitution to amend or revoke such an obligation through amendments to the Postal Services Act.*

*The entrusted obligation for the operation of the UPS for a period of 15 years starting on 30 December 2010 does not contradict Article 2(2) of Decision 2012/21/EC. This period is determined on the basis of the significant investment made (and which needs to be depreciated over a longer period) for the organisation and maintenance of the postal network of the operator entrusted with the operation of the UPS, built on the entire territory of the country, including sparsely populated and hard-to-reach areas.*

### **Section 2.5(c)** — Waste collection

*The period of entrustment is 15 years since the average period of operation of such facilities is 15 years and, under the project, replacement of facilities is foreseen after 15 years of operation.*

### **Section 2.5(g)** - Paying out pensions at post offices

*The public service obligation to pay out pensions at post offices is for a period of 10 years starting on 1 July 2016.*

### **Section 2.5(g)** -

*For Napoitelni sistemi EAD - The public service contract is concluded for a definite period of time (5 years and enters into force as of the date of signing) within the limits specified in Article 2(2) of the Decision and it covers the years 2018 - 2019.*

### **Section 2.5(g)** -

*For SOE 'Kabiuk', the duration of entrustment of activities is three years; the contract concluded is for the period 1.1.2019-31.12.2021.*

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| Explanation whether (typically) <b>exclusive or special rights</b> are assigned to the undertakings. |
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### **Section 2.1 - Hospitals**

*No exclusive or special rights are granted. The rights granted are only with regard to specific medical activities, as listed in the annex which is an integral part of the contract for medical activities outside the scope of the mandatory health insurance.*

### **Section 2.2(d)** - Social housing under Operational Programme 'Regions in Growth'

*A clause with a description of any exclusive or special rights granted to the undertaking*

*must be included in the public service contract where the service is outsourced to an entity external to the municipality. An example of such a right is the entity's right to receive the rental income.*

**Section 2.2(e) - Patronage care for the elderly and people with disabilities under OPHRD:**

*Any exclusive or special rights (if applicable) assigned to the undertaking by the granting authority are set out in the individual entrustment acts of the respective municipalities.*

**Section 2.5(a) - Universal postal service (UPS)**

*No exclusive or special rights are granted for the operation of the UPS by the obliged postal operator.*

**Section 2.5(c) — Waste collection**

*Under ZOS, a municipal enterprise is a specialised unit of the municipality for the implementation of local activities and services financed from a municipal budget. A municipal enterprise is created, transformed and wound up by a decision of the municipal council. The municipal undertaking carries out its activities on the basis of rules adopted by the municipal council. The rules define the scope of activities of the company, the structure, the administration, the staff headcount and the rights and obligations of the undertaking in respect of the municipal property granted to it. In this context, the municipal enterprise Metropolitan Waste Treatment Company has been granted rights and obligations to effectively manage the operational activity and day-to-day maintenance of the waste treatment facilities installed under the project 'Integrated system of municipal waste treatment facilities for Sofia Municipality'. The municipal enterprise is not an independent legal entity within the meaning of the Commerce Act.*

**Section 2.5(g) - Paying out pensions at post offices**

*No exclusive or special rights were granted to the company responsible for providing the payment of pensions service.*

**Section 2.5(g) -**

*For Napoitelni sistemi EAD: Responsibility for activities to reduce the adverse effects of floods lies with the Minister for Agriculture, Food and Forestry and, within the meaning of Article 10(1)(2) of the Water Act, Napoitelni Sistemi EAD has been entrusted with the operation and management of this service.*

**Section 2.5(g) -**

*SOE 'Kabiyuk': pursuant to § 54(3) of the Transitional and Final Provisions of the Act amending the Livestock Farming Act, the assets of the state-owned enterprise 'Kabiyuk' may not be the subject of enforcement and consist of the property assigned to it by type, volume and value by the Minister for Agriculture and Forestry and the property it has acquired as a result of its activities.*

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| Which aid instruments have been used (direct subsidies, guarantees, etc.)? |
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## **Section 2.1 -Hospitals**

*Subsidy*

### **Section 2.2(d)** - Social housing under Operational Programme ‘Regions in Growth’

*Grant*

**Section 2.2(e)** - Patronage care for the elderly and people with disabilities under OPHRD:

*Grant*

### **Section 2.5.(a)** - Universal postal service (UPS)

*Subsidy*

### **Section 2.5(c)** — Waste collection

*An annual compensation is paid for the purpose of covering the operating costs related to the operation and maintenance of the facilities of the municipally-owned undertaking Metropolitan Waste Treatment Company. The company is supported by budget funds and is a second-tier budget authority. Budget formation is cost-based.*

### **Section 2.5(g)** - Paying out pensions at post offices - Subsidy

### **Section 2.5(g)** - For Napoitelni sistemi EAD - Subsidy

### **Section 2.5(g)** - For SOE ‘Kabiyuk’ – Subsidy

Typical **compensation mechanism** as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.

## **Section 2.1 - Hospitals**

*The compensation funds for the medical activities performed outside the scope of the mandatory health insurance are determined using a non-standardised methodology approved by the mayor and developed on the basis of the specific internal rules on the operations and organisation of the corresponding municipality. The methodology is based on the net avoided cost. The allocation of funds by healthcare establishments is made following the adoption and publication of the State Budget Act of the Republic of Bulgaria for the respective year and in accordance with provisions enacted by the Ministry of Finance associated with the budgetary procedure, and based on the budget of the respective municipality. After determining the amount of funds provided in the municipalities’ approved budgets for the year appropriated for financing the municipal healthcare establishments, the Committee develops funding options for the healthcare establishments using the historical cost method by analysing their funding and operations during the previous three years, their current scope of activities, the licence issued by the Ministry of Health for medical care (types of medical activities, specialisations and structures with levels of competence); the medical and social importance of the services provided to citizens. The compensation funds are in line with the laws and regulations and the national rules and regulations for financing medical activities approved by the Ministry of Health and the National Health Insurance Fund.*

**Section 2.2(d)** - Social housing under Operational Programme ‘Regions in Growth’

*The compensation for the public service is calculated in accordance with the requirements of Article 5 of the SGEI Decision which stipulates that the amount of compensation does not exceed what is necessary to cover the net cost incurred in discharging the public service obligation, including a reasonable profit. In the event that social housing services are provided directly by the municipality, the municipality covers all the costs related to the provision of the social housing service with municipal funds and it must ensure that rental income and any other revenues from the operation of the infrastructure (if any) do not exceed the cost of providing the service. The municipality maintains separate accounting records for all revenue and expenditure related to the social housing service and to the infrastructure financed, so that all revenue and expenditure can be traced and compared. The compensation may not exceed an amount corresponding to the net financial effect equivalent to the total of the effects, positive or negative, of compliance with the public service obligation on the costs and revenue of the public service operator. The effects shall be assessed by comparing the situation where the public service obligation is met with the situation which would have existed if the obligation had not been met.*

**Section 2.2(e)** - Patronage care for the elderly and people with disabilities under OPHRD:

*The cost of providing healthcare and social services (compensation) includes all the costs necessary for the provision of the integrated healthcare and social service (patronage care): the maximum value of the service per person (customer/user of the service) does not exceed BGN 2 016.00 per year.*

*Municipalities (beneficiaries and partners) take local measures to define the services of patronage care as a service which is part of the social inclusion policy of the municipality, in accordance with the requirements for the measures under the procedure. This can be done by adopting relevant ordinances or other acts/documents from the municipal councils regulating the way the service is provided and the relevant requirements. The requirements laid down in the ordinances must be set in accordance with the programme developed by the Ministry of Health (methodology) for the provision of patronage care and quality of service standards under Component 1 of the procedure. The ordinance should lay down the specific conditions for the municipality to award the service, in accordance with the requirements of the Commission SGEI Decision, which are assigned as an obligation for the mayor of the municipality to comply with and to carry out checks.*

*One of the basic principles applicable to granting of State aid under the procedure is the principle of proportionality and effectiveness. In accordance with Article 5(1) of the SGEI Decision, the amount of State aid in the form of compensation for the provision of an SGEI may not exceed the amount needed to reimburse the net costs incurred in discharging the public service obligation. According to the provisions of Article 192(1) of Regulation 1046/2018 ‘the grant [may] not have the purpose or effect of making a profit within the framework of the action or work programme of the beneficiary.’ Therefore, the procedure does not allow a profit to be made in the performance of the SGEI and only the net costs incurred in discharging the public service obligation are taken into account in determining the amount of the compensation.*

*The amount of compensation should not exceed what is necessary to cover the net cost incurred in discharging the public service obligations. The net cost is calculated as the difference between costs and revenues. Revenue from the provision of patronage care is*

*considered to be the fees payable to the service provider as well as any other revenue of the supplier (the operator) resulting from the provision of an SGEI, regardless of whether or not they are classified as State aid within the meaning of Article 107 TFEU. The level of fees to be charged to consumers is set by the municipal council concerned in accordance with the Local Taxes and Fees Act.*

#### **Section 2.5(a)** - Universal postal service (UPS)

*The compensation mechanism for the unfair financial burden resulting from the provision of the UPS is regulated in the Act Amending the Postal Services Act in effect since 30 December 2010.*

*This Act transposed Directive 2008/6/EC of the European Parliament and of the Council of 20 February 2008 amending Directive 97/67/EC with regard to the full accomplishment of the internal market of Community postal services (OJ L 52/3 of 20 February 2008) in connection with the financing of the universal postal service after the abolishment of the reserved area as of 1 January 2011.*

*Pursuant to the Postal Services Act, the postal operator obliged to provide the UPS receives compensation from the state budget where the UPS obligation results in net costs and constitutes an unfair financial burden on it. The amount of the unfair financial burden resulting from the UPS is determined on the basis of the net costs. The compensation is determined in the State Budget of the Republic of Bulgaria Act for the corresponding year and may not exceed the amount of the unfair financial burden resulting from the provision of the universal postal service. Net costs resulting from the provision of the UPS are calculated using a methodology prepared by the Communications Regulation Commission and approved by the Council of Ministers (Council of Ministers Decree No 199 of 11 July 2011, published in SG No 55 of 19 July 2011). The methodology is based on the net avoided cost method.*

*The methodology defines the procedure and manner in which the postal operator obliged to provide the UPS in the entire territory of the country via the postal network organised and managed by it, calculates and substantiates the net costs resulting from the obligation to provide the service. The methodology has been developed in accordance with Part B: Calculation of net cost in Annex I 'Guidance on calculating the net cost, if any, of universal service' to Directive 2008/6/EC.*

#### **Section 2.5(c)** — Waste collection

*The compensation is calculated on the basis of cost allocation.*

#### **Section 2.5(g)** - Paying out pensions at post offices

*The compensation mechanism for the provision of the public service of paying out pensions through post offices nationwide is set out in an annex to Article 92(3) of the NPOS. The mechanism is applied in compliance with the requirements of Decision 2012/21/EU. The mechanism is based on the net avoided cost approach. Where the net costs incurred in paying out pensions at post offices nationwide exceed those incurred in carrying out business without having to meet such an obligation to provide this public service, an unfair financial burden arises which is eligible for compensation. The compensation amount is the amount of the net cost for the year concerned constituting an unfair financial burden.*

## **Section 2.5(g) -**

*For Napoitelni sistemi EAD:*

*Pursuant to §4b of the Transitional and Final Provisions of the Water Act:*

*“(1) The company obligated to provide the public service related to reducing the harmful effects of floods shall submit to a committee appointed by order of the Minister for Agriculture, Food and Forestry a report for the previous year on the costs incurred in the provision of the public service, along with the required evidence, by 31 March of the current year.*

*(2) The documents pertaining to calculation of net costs resulting from the provision of the public service for the protection against the adverse effects of floods shall be submitted to the Committee under paragraph 1 and shall be inspected by an auditor appointed by the same committee.*

*(3) Within a period of three months following the submission of the report under paragraph 1, the committee shall announce their decision on :*

*1. the presence of an unfair financial burden resulting from the provision of the public service related to reducing the adverse effects of floods;*

*2. the amount of the compensation payable to the company obligated to provide the public service related to reducing the adverse effects of floods for the preceding year;*

*3. a comparison between the unfair financial burden and the funds provided in advance for the respective period.*

*(4) Within the period specified in paragraph 3 the committee may demand from the applicant to present additional information and evidence within a seven-day period.*

*(5) The Minister for Agriculture, Food and Forestry shall, in the course of the budget procedure, present to the Minister for Finance the decision under paragraph 3 and the relevant materials thereto.'*

*The amount of the unfair financial burden is determined based on the net costs calculated using the Methodology adopted by the Council of Ministers:*

*Article 4 (1) The amount of the unfair financial burden is the compensation necessary to cover the sum of the net costs incurred by Napoitelni Sistemi EAD in the fulfilment of their obligations under the contract, including a reasonable profit.*

*(2) The annual compensation under paragraph 1 shall not exceed the amount in BGN which equals EUR 15 million. For the term of the Contract, the annual amount shall be calculated as an arithmetic mean of the annual amounts of the compensation expected to be received in the period of entrustment, and the investment costs for the period.*

*Article 5 The net costs are the difference between the costs incurred for the provision of the service of general economic interest and the earnings from the service of general economic interest.*

*Article 15 To ensure the transparency and traceability of the funds spent for the public service, Napoitelni Sistemi EAD shall carry out separate analytical accounting for the cost items and activities under Article 9.'*

*Article 17 (2) The annual statement of expenditure incurred in the provision of the public service for reducing the adverse effects of floods in the previous year, together with the necessary evidence, shall be submitted by 31 March of the current year to the committee and shall be reviewed by an auditor on the basis of § 46(2) of the Transitional and Final Provisions of the Water Act.*

*In fulfilment of the Rules of Procedure of the Committee, the following decisions were adopted*

*in 2018:*

*- The amount of funds granted in advance to Napoitelni Sistemi EAD for 2017 is*

*BGN 15 000 000 including VAT, in line with Article 23(4) of the State Budget Act of the Republic of Bulgaria for 2017 (ZDBRB for 2017).*

- Amount of the compensation payable to Napoitelni Sistemi EAD for the provision of the public service for 2017 - BGN 17 632 748 including VAT;*
- The amount of the compensation payable to Napoitelni Sistemi EAD for the provision of the public service for 2017 exceeds the advance payment granted by BGN 2 632 748 including VAT.*

*On the basis of Article 20(5) of the Methodology used to determine the unfair financial burden and Article 3(4) of the Rules of Procedure of the Committee, Report No 93-2677/12.07.2018 on the compensation exceeding advance payment granted for 2017 was drawn up and approved by the Minister for Agriculture, Food and Forestry.*

*In execution of Contract No RD 50-43/3.4.2014 between Napoitelni Sistemi EAD and the Ministry of Agriculture, Food and Forestry and Article 17(2) of the Methodology used to determine the unfair financial burden, Napoitelni Sistemi EAD submitted by 31 March 2019 to the Committee established by an order of the Minister for Agriculture, Food and Forestry the annual report on the costs incurred in the provision of the public service related to reducing the adverse effects of floods for 2018, along with the required evidence. The report, together with the additional information, has been submitted for an audit and an Auditor's Report of Factual Findings is being drawn up.*

*In fulfilment of the Rules of Procedure of the Committee, the following decisions were adopted in 2019:*

- The amount of funds granted in advance to Napoitelni Sistemi EAD for 2018 is BGN 17 000 000 including VAT, pursuant to Article 23(4) ZDBRB for 2018 (including the compensation due to Napoitelni Sistemi EAD for the provision of the public service in 2016 in the amount of BGN 2 675 237 including VAT);*
- Amount of the compensation payable to Napoitelni Sistemi EAD for the provision of the public service for 2018 - BGN 22 499 206 including VAT;*
- The amount of the compensation payable to Napoitelni Sistemi EAD for the provision of the public service for 2018 exceeds the advance payment granted by BGN 3 174 443 including VAT.*

*The Committee decided that the amount of compensation due for 2018, BGN 3 174 443, was to be reduced by the amount of over-compensation of BGN 1 678 245 and that the amount of BGN 1 496 198 should be made available to Napoitelni Sistemi EAD.*

*On the basis of Article 20(3) and (5) of the Methodology used to determine the unfair financial burden and Article 3(4) of the Rules of Procedure of the Committee, Report No 93-8529/19.12.2019 on the compensation exceeding advance payment granted for 2018 was drawn up and approved by the Minister for Agriculture, Food and Forestry.*

*In execution of Contract No RD 50-43/3.4.2014 and Article 17(2) of the Methodology used to determine the unfair financial burden, Napoitelni Sistemi EAD has submitted by 31 March 2020 to the Committee the annual report on the costs incurred in the provision of the public service related to reducing the adverse effects of floods for 2019, along with the required evidence. The report, together with the additional information, has been submitted for an audit and an Auditor's Report of Factual Findings is being drawn up.*



*The amount of funds granted in advance to Napoitelni Sistemi EAD for 2019 is BGN 19 000 000 including VAT (including the compensation due to Napoitelni Sistemi EAD for the provision of the public service in 2017 in the amount of BGN 2 632 748 including VAT);*

*Following the submission of the report on factual findings by the auditor, the committee will examine and decide on the amount of compensation due to Napoitelni Sistemi EAD for the provision of the public service in 2019.*

**Section 2.5 (g) -**

*For SOE 'Kabiyuk':*

*The funds under the Contract are provided in advance according to a schedule in view of the planned annual value, and are adjusted on a quarterly basis according to the works completed by SOE 'Kabiyuk'. Provided that the compensation fixed by the Committee under Article 4(2) exceeds the advance funds received, the excess is paid back by the end of the year in which it is established. The amount of the compensation for the accounting year covers the net costs of the SOEs 'Kabiyuk' for the public service. They may not take into account recoverable taxes — VAT, excise duties, etc. The net cost of the SOEs 'Kabiyuk' includes all the reported and audited expenditure for the provision of the public service in accordance with the principles of Article 12 and the annual report submitted by the enterprise, according to the separate accounting of expenditure for the public service activities reduced by the revenue received from the public service.*

**Typical arrangements for avoiding and repaying any overcompensation.**

***Section 2.1) - Hospitals***

*Medical activities performed by medical institutions outside the scope of the mandatory health insurance are not financed with additional funds.*

**Section 2.2(d) - Social housing under Operational Programme 'Regions in Growth'**

*With a view to avoiding overcompensation, at the end of the financial year, the municipality calculates the net financial effect for the entire preceding year on the operator, on the basis of the annual accounts. Where it is established that funds made available to the operator in excess of what is required, the excess is refunded by the operator at the latest within one month of the finding of the excess.*

*The parameters for calculating the compensation are updated accordingly in the future. Where the amount of overcompensation (excess of the amount required) does not exceed 10 % of the amount of the average annual compensation, such overcompensation may be carried forward to the next period and deducted from the amount of compensation payable in respect of that period. The control of over-compensation is carried out by the municipality every year, throughout the period of entrustment and at the end of the entrustment period. The way in which over-compensation controls can be carried out is described in the entrustment act.*

***Section 2.2(e) - Patronage care for the elderly and people with disabilities under OPHRD:***

*The fees collected from the users, as well as any other revenue (if applicable), are*



*deducted in the calculation of the compensation for the service.*

*For the purposes of control of the amount of the compensation and the checks for overcompensation, the service provider (the operator) submits to the administrator (the municipality) quarterly and annual financial statements for its activities, indicating those constituting SGEIs.*

*When checking for overcompensation, the administrator takes into account the following activities of the SGEI provider:*

- a) the provision of hourly mobile integrated health care services for people with disabilities and the elderly in the territory of the municipality concerned;*
- b) provision of psychological support, counselling;*
- c) training and supervision of staff.*

*The control on overcompensation includes a verification by the municipality of the actual costs and revenues associated with the service, the performance of the service entrusted within the defined quality parameters and, where appropriate, the imposition of penalties. A check of reasonable profit is not performed as profit is not foreseen.*

*The checks to avoid overcompensation are carried out on a quarterly basis, annually and at the end of the period of entrustment.*

*Where the check reveals that the net cost is exceeded (overcompensation), the supplier is required to refund any overcompensation received. Where the amount of overcompensation does not exceed 10 % of the amount of the average annual compensation, such overcompensation may be carried forward to the next period and deducted from the amount of compensation payable in respect of that period.*

*The aid administrator (the municipality) ensures compliance with the applicable State aid rules with regard to the suppliers of patronage care, in accordance with the requirements of the Commission SGEI Decision, including the introduction and application of mechanisms to monitor compliance with the requirements of the Commission SGEI Decision.*

*In accordance with Article 8 of the Commission SGEI Decision, for the duration of the entrustment and for at least 10 years from the end of the entrustment period, the administrator is required to keep all the information necessary to determine the compatibility of the compensation granted with the Decision and this information must be available for checks by the OPHRD MA, the Minister for Finance, inspection and audit bodies and made available to the European Commission upon request.*

*In the event that the OPHRD MA, an inspection or audit authority identifies infringements or the granting of unlawful or incompatible State aid by the beneficiary/partner (municipality), the MA has the right to require the beneficiary to recover any sums paid together with the statutory interest. Recovery of unlawful and incompatible State aid is carried out in accordance with the procedure laid down in Chapter Six of the State Aid Act.*

*Under Article 44 of the State Aid Act, the aid administrator must not grant new State aid to an undertaking which has not complied with a decision of the European Commission*

*on recovery of the aid and has not fully recovered unlawful and incompatible State aid or misused State aid.*

#### **Section 2.5(a)** - Universal postal service (UPS)

*Pursuant to the Postal Services Act, the amount of the compensation is determined in the State Budget of the Republic of Bulgaria Act and may not exceed the amount of the unfair financial burden resulting from the provision of the UPS, calculated in accordance with the Methodology for calculating the net costs resulting from the obligation to provide the UPS. The documents relating to the calculation of the net costs and the unfair financial burden resulting from the provision of the UPS, and the implementation of the cost allocation system by the postal operator obliged to provide UPS are subject to an annual examination by an independent auditor. The cost allocation system is approved by the KRS and uses an objective approach to calculate costs by type of service — ABC method (Activity Based Costing).*

*Based on the results of the calculation of net costs and the auditor's assessment, KRS issues a ruling regarding:*

- the existence of an unfair financial burden resulting from the provision of the UPS;*
- the amount of the compensation due to the postal operator with the obligation to provide the UPS.*

*Pursuant to the procedure envisaged in the Postal Services Act for the calculation of net costs (based on the previous year's data), proving an unfair financial burden and determining the amount of the compensation, the postal operator obliged to provide the UPS receives compensation at the earliest during the second year after the year for which net costs were calculated. The legal arrangements for calculating the net costs resulting from the obligation to provide the UPS, for determining the amount of the unfair financial burden and the amount of compensation eliminate, in practice, any possibility of overcompensation.*

#### **Section 2.5(c)** — Waste collection

*The budget of the municipally-owned undertaking 'Metropolitan Waste Treatment Company' is planned on an annual basis by entering the quantities of waste to be treated by the facilities and calculating the staff, electricity, water, fuel and mechanization costs, the administrative costs, etc. by facility.*

#### **Section 2.5(g)** - Paying out pensions at post offices

*Under national law, pensioners are exempt from paying for the service and the supplier does not generate any operational revenue from this activity.*

*In this connection, pursuant to Article 92(2) of the Regulation on Pensions and Contribution Periods (NPOS) concerning the compensation of the costs of paying out pensions at post offices, the National Social Security Institute (NSSI) transfers in advance, by the 7th day of the month, to the company entrusted with the operation of the public service on the territory of the entire country an amount equal to 1/12 of the compensation allocated for that year. Each year the obliged company draws up and submits to the Minister for Transport, Information Technologies and Communications a summary of the annual report on the net expenditure incurred and the investment costs involved in carrying out the public service of paying out pensions during the previous year. The report also includes the amount requested to compensate for the net costs that constitute an unfair financial burden calculated in line with the mechanism defined in the*

regulation.

The documents relating to the calculation of the net costs and the determination of the compensation amount, as well as the application of the cost allocation system by the obliged company, are subject to an annual inspection by an independent auditor. The cost allocation system is approved by the KRS and uses an objective approach to calculate costs by type of service — ABC method (Activity Based Costing). Based on the results of the calculation of the net costs and of the auditor's assessment, the Minister for Transport, Information Technologies and Communications determines by order the amount of the compensation due for performing the public service relating to the payment of pensions at post offices over the preceding year. The final amount of the compensation is set by the State Budget Act for the following year.

The compensation for performing this service of general economic interest is exempt from value added tax and may not exceed the amount specified in Article 2(1)(a) of the SGEI Decision, the BGN equivalent of EUR 15 million. In the event of the amount being set at more than the BGN equivalent of EUR 15 million, the compensation is notifiable as State aid and is not to be paid until a positive decision has been received from the European Commission.

If the amounts received in advance for a given year exceed the set amount of the annual compensation by up to 10 %, the excess amount is deducted from the amount of the compensation for the following period.

If the amounts received in advance for a given year exceed the set amount of the annual compensation by more than 10 %, the full amount of the excess is refunded by the obliged company to the National Social Security Institute, within one month of issuing the order which determines the amount of compensation.

The Minister for Transport, Information Technologies and Communications oversees the entire compensation process, carrying out checks at least every three years during the period of entrustment and at the end of that period so as to ensure that the company is not overcompensated, and in the event of inconsistencies issues relevant instructions.

#### **Section 2.5(g) :** For Napoitelni sistemi EAD

Pursuant to Article 20 of the Methodology used to determine the unfair financial burden:

'Article 20 (1) The funds under the Contract shall be provided in advance according to a schedule approved by the Minister for Agriculture, Food and Forestry in view of the planned annual value, and shall be adjusted on a quarterly basis according to the works completed by Napoitelni Sistemi EAD.

(2) The adjustment to reflect the real costs, including the investment costs and real income, shall be made as of 31 December of each budget year pursuant to the provisions of § 46 of the Transitional and Final Provisions of the Water Act within the time limits for financial closure of the relevant year and without exceeding the amount determined in Article 2(1)(a) of Decision 2012/21 /EU – EUR 15 million.

(3) In case the compensation determined by the committee exceeds the advance funds received, the amount of the difference shall be included in the estimated advance funds for the following year.

(4) Where the advance funds received exceed the amount of the compensation due, the amount of the overcompensation, if not exceeding ten per cent of the average annual compensation, shall be carried over to the following year and shall be deducted from the compensation for the following year.

(5) Where the amount of overcompensation exceeds 10 per cent of the average annual compensation, it shall be repaid to the budget of the Ministry of Agriculture, Food and Forestry.'

**Section 2.5(g) -**

*For SOE 'Kabiyuk': if the amount of advance funds exceeds the compensation due, the amount of overcompensation is recovered to the budget of the Ministry of Agriculture, Food and Forestry by the end of the year in which it is established. Where the overcompensation referred to in paragraph 3 has not been recovered from the SOE 'Kabiyuk', the Ministry of Agriculture, Food and Forestry offsets the amount of overcompensation.*

A short explanation of how the **transparency requirements** (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

**Under all sections:**

*Not applicable.*

| <b>Amount of aid granted</b>  |                         |
|---|-------------------------|
| <b>Total amount of aid granted (in millions EUR).<sup>2</sup> This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)</b> |                         |
| <b>Year 2018</b>  | <b>Year 2019</b>        |
| Section 2.1 - 0.891624  | Section 2.1 - 0.984488  |
| Section 2.2(d) - 1.823  | Section 2.2(d) - 3.222  |
| -   | Section 2.2(e) - 4.09   |
| Section 2.5(a) - 8.98   | Section 2.5(a) - 10.97  |
| Section 2.5(c) - 12.812   | Section 2.1(c) - 14.104 |
| Section 2.5(g) - 23.662   | Section 2.5(g) - 25.214 |
| <b>Total: 48.168624</b>   | <b>Total: 58.584488</b> |

<sup>2</sup> As stipulated in Article 9(b) of the 2012 SGEI Decision.

| <b>A: Total amount of aid granted (in millions EUR) paid by national central authorities<sup>3</sup></b> |                         |
|--|-------------------------|
| <b>Year 2018</b>   | <b>Year 2019</b>        |
| Section 2.2(d) - 1.823   | Section 2.2(d) - 3.222  |
| Section 2.5(a) - 8.98  | Section 2.5(a) - 10.97  |
| Section 2.1(c) - 12.812  | Section 2.1(c) - 14.104 |
| Section 2.5(g) - 23.662  | Section 2.5(g) - 25.214 |
| <b>Total: 47.277</b>   | <b>Total: 53.51</b>     |

**B: Total amount of aid granted (in millions EUR) paid by regional authorities<sup>4</sup>**

| <b>Year 2018</b> | <b>Year 2019</b> |
|------------------|------------------|
| -                | -                |

**C: Total amount of aid granted (in millions EUR) paid by local authorities<sup>5</sup>**

| <b>Year 2018</b>       | <b>Year 2019</b>       |
|------------------------|------------------------|
| Section 2.1 - 0.891624 | Section 2.1 - 0.984488 |
|                        | Section 2.2(e) - 4.09  |
| <b>Total: 0.891624</b> | <b>Total: 5.074488</b> |

**Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)**

| <b>Year 2018</b> | <b>Year 2019</b> |
|------------------|------------------|
|------------------|------------------|

<sup>3</sup> If the aid amount cannot be split between central, regional and local authorities, only the total amount of aid granted for all authorities should be reported.

<sup>4</sup> See footnote 3.

<sup>5</sup> See footnote 3.

|   |  |
|---|--|
| Section 2.5(c) - Waste collection - 100 % budget funds  | Section 2.5(c) - Waste collection - 100 % budget funds   |
| Section 2.5(g) - Irrigation systems - direct subsidy - 8.692  | Section 2.5(g) - Irrigation systems - direct subsidy - 9.715   |
| <b>Additional quantitative information</b> (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) <sup>6</sup>   |  |
| <b>Year 2018</b>  | <b>Year 2019</b>   |
| Section 2.5(c) - Waste collection - 1 beneficiary — Municipal enterprise ‘Sofia Municipal Waste Treatment Plant’  | Section 2.5(c) - Waste collection - 1 beneficiary — Municipal enterprise ‘Sofia Municipal Waste Treatment Plant’   |
| Section 2.5(g) — 1 Beneficiary — Irrigation Systems   | Section 2.5(g) — 1 Beneficiary — Irrigation Systems<br><br>Section 2.2(e) - Patronage care - number of beneficiaries 156; average aid amount: EUR 0.03 million |
| <p><i>Section 2.5(g) -</i></p> <p><i>Napoitelni Sistemi EAD is a 100% state-owned company commercial company within the system of the Ministry of Agriculture and Food. The main activities of the company comprise:</i></p> <ul style="list-style-type: none"> <li><i>&gt; Management, operation, repair, maintenance, expansion, investment, study and design; research, development and engineering activities for the comprehensive use of the irrigation fund;</i></li> <li><i>&gt; Water supply for irrigation and industrial water supply, amelioration and agricultural development;</i></li> <li><i>&gt; Carrying out of specialised works and provision of specialised services in the field</i></li> </ul> |  |

**Also fill out Annex 2 BG (file 2020-006854-LMS-HT.2807-Annex 2 BG.XLSX“, sheet ‘Reshenie’) with the total amounts per section for the whole Member State**

**(not per region, local authority or municipality).**

<sup>6</sup> The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Decision, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

### 3. Description of the Application of the 2012 SGEI Decision

*The SGEI Framework has not been applied in Bulgaria in the period 2018-2019.*

**Please structure this part of your report by the following sections:**

SGEI compensation exceeding EUR 15 million, falling outside the SGEI Decision (please specify the Commission decision approving each measure if applicable):

- i. Postal services
- ii. Energy
- iii. Waste collection
- iv. Water supply
- v. Air or maritime links to islands with average annual traffic above the limits set in Art. 2(1)(d)
- vi. Airports and ports with average annual traffic above the limit set in Art. 2(1)(e)
- vii. Culture
- viii. Financial services
- ix. Other sectors (please specify)

**For each of the items outlined above please provide information in the form of the following table:**

| Section (for example iii. Waste collection or viii. Financial services)   |
|---|
|   |
| Clear and comprehensive description of how the respective services are organized in your Member State <sup>7</sup>  |
| Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the <b>contents of the services entrusted as SGEI</b> as clearly as possible. |
|   |

<sup>7</sup> If in a certain sector only a small number of individual SGEIs exist, a detailed description of those services is needed. If a large number of services are entrusted in a specific sector (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial. Since cases falling under the SGEI Framework will be limited in number, the Commission expects a detailed description of each concrete measure.

|  |
|--|
| Explanation of the (typical) <b>forms of entrustment</b> . If standardised templates for entrustments are used for a certain sector, please attach them.   |
|  |
| <b>Average duration of the entrustment (in years)</b> and the proportion of entrustments that are <b>longer than 10 years</b> (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified.   |
|  |
| Explanation whether (typically) <b>exclusive or special rights</b> are assigned to the undertakings.   |
|  |
| Which <b>aid instruments</b> have been used (direct subsidies, guarantees, etc.)?  |
|  |
| Typical <b>compensation mechanism</b> as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.   |
|  |
| Typical <b>arrangements for avoiding and repaying any overcompensation</b> .   |
|  |
| A short explanation of how the <b>transparency requirements</b> (see Paragraph 60 of the 2012 SGEI Framework) are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level). |
|  |



## Amount of aid granted

**Total amount of aid granted (in millions EUR)<sup>8</sup>. This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)**

| Year 2018 | Year 2019 |
|-----------|-----------|
|           |           |

**A: Total amount of aid granted (in millions EUR) paid by national central authorities.<sup>9</sup>**

| Year 2018 | Year 2019 |
|-----------|-----------|
|           |           |

**B: Total amount of aid granted (in millions EUR) paid by regional authorities<sup>10</sup>**

| Year 2018 | Year 2019 |
|-----------|-----------|
|           |           |

**C: Total amount of aid granted (in millions EUR) paid by local authorities<sup>11</sup>**

| Year 2018 | Year 2019 |
|-----------|-----------|
|           |           |

**Share of expenditure per aid instrument** (direct subsidy, guarantees etc.) (if available)

| Year 2018 | Year 2019 |
|-----------|-----------|
|           |           |

**Additional quantitative information** (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)<sup>12</sup>

| Year 2018 | Year 2019 |
|-----------|-----------|
|           |           |

**Also fill out Annex 2 BG (file 2020-006854-LMS-HT.2807-Annex 2 BG.XLSX“, sheet ‘Ramka’) with the total amounts per section for the whole Member State**

**(not per region, local authority or municipality).**

## 4. Complaints by third parties

Please provide an overview of complaints by third parties, in particular litigation before

<sup>8</sup> As stipulated in Paragraph 62(b) of the 2012 SGEI Framework.

<sup>9</sup> If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

<sup>10</sup> See footnote 9

<sup>11</sup> See footnote 9

<sup>12</sup> The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Framework, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

national courts, regarding measures in the scope of the 2012 SGEI Decision or 2012 SGEI Framework. Please be as specific as possible in your reply and include the sector for which you have received the complaints, the contents of the complaints and the possible follow-up by your authorities or the likely outcome of the court proceedings.

*No complaints by third parties regarding the provided SGEI have been received in the period 2018-2019 in Bulgaria.*

## **5. Miscellaneous Questions**

a. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Decision and ask you to in particular consider the following issues:

- drawing up an entrustment act that complies with Article 4 of the SGEI Decision;
- specifying the amount of compensation in line with Article 5 of the SGEI Decision;
- determining the reasonable profit level in line with Article 5(5)-(8) of the SGEI Decision;

regularly checking overcompensation as required by Article 6 of the SGEI Decision;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

b. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Framework and ask you to in particular consider the following issues:

- carrying out a public consultation in line with paragraph 14 of the SGEI Framework;
- complying with public procurement rules in line with paragraph 19 of the SGEI Framework;
- determining the net avoided cost as required by paras 25-27 of the SGEI Framework;
- determining the reasonable profit level in line with paras 33-38 of the SGEI Framework;

Please be as specific as possible in your reply, include relevant examples and, if applicable,

the sector for which the difficulties are (most) relevant.

- c. If you have any other comments on the application of the SGEI Decision and the SGEI Framework on issues other than the ones covered in the previous questions please feel free to provide them within your report.

| SGEI Decision in your Member State                     |  | Total amount for whole Member State (in EUR) |                   |
|--|--|--|-------------------|
|  |  | Year 2018                                    | Year 2019         |
| Article 2(1)(b)  | Hospitals providing medical care, including, where applicable emergency services | EUR 890 437.00                               | EUR 984 677.00    |
| Article 2(1)(c)  | Health and long term care  |  |                   |
|  | Childcare  |  |                   |
|  | Access to and reintegration into the labour market                               |  |                   |
|  | Access to and reintegration into the labour market                               |  |                   |
|  | Social housing   | EUR 1 822 722.62                             | EUR 3 222 388.05  |
|  | Care and social inclusion of vulnerable groups                                   |  | EUR 4 085 900.00  |
|  | Other social services  |  |                   |
| Article 2(1)(d)  | Air or maritime links  |  |                   |
| Article 2(1)(e)  | Airports and ports   |  |                   |
| Article 2(1)(a), not exceeding EUR 15 million per year | Post   | EUR 8 980 000.00                             | EUR 10 970 000.00 |
|  | Energy   |  |                   |
|  | Waste collection   | EUR 12 812 000.00                            | EUR 14 104 000.00 |
|  | Water supply   |  |                   |
|  | Culture  |  |                   |
|  | Financial services   |  |                   |
|  | Others   | EUR 23 662 000.00                            | EUR 25 213 973.68 |
| Total:   |  | EUR 48 167 159.62                            | EUR 58 580 938.73 |

| SGEI Decision in your Member State | Total amount for whole Member State |                |
|------------------------------------|-------------------------------------|----------------|
|                                    | Year 2018                           | Year 2019      |
| Post                               | not applicable                      | not applicable |
| Energy                             | not applicable                      | not applicable |
| Waste collection                   | not applicable                      | not applicable |
| Water supply                       | not applicable                      | not applicable |
| Air or maritime links              | not applicable                      | not applicable |
| Airports and ports                 | not applicable                      | not applicable |
| Culture                            | not applicable                      | not applicable |
| Financial services                 | not applicable                      | not applicable |
| Others                             | not applicable                      | not applicable |