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INTERNATIONAL FINANCE CORPORATION  
MULTILATERAL INVESTMENT GUARANTEE AGENCY  
PERFORMANCE AND LEARNING REVIEW  
OF THE COUNTRY PARTNERSHIP FRAMEWORK**

**FOR  
BULGARIA  
FOR THE PERIOD FY17-FY22**

**May 2, 2019**

**Europe: Central, South & Baltics Country Management Unit  
Europe and Central Asia**

**The International Finance Corporation  
Europe and Central Asia**

**The Multilateral Investment Guarantee Agency**

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**The Country Partnership Framework was discussed by the Board on May 19, 2016.**

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**ABBREVIATIONS AND ACRONYMS**

ASA	Advisory Services and Analytics	IMF	International Monetary Fund
BBB	Long Term Credit Rating	IPF	Investment Project Financing
BGN	Bulgarian Lev	IT/Tech	Information Technologies
BDIF	Bulgarian deposit Insurance Fund	MIGA	Multilateral Investment Guarantee Agency
CPF	Country Partnership Framework	MoES	Ministry of Education and Science
DRM	Disaster Risk Management	MoEW	Ministry of Environment and Water
EBRD	European Bank for Reconstruction and Development	MoTITC	Ministry of Transport, Information Technology and Communications
EIB	European Investment Bank	MRDPW	Ministry of Regional development and Public Works
EC	European Commission	PLR	Program and Learning Review
ECD	Early Childhood Development	PPP	Public Private Partnership
ERMII	Exchange Rate Mechanism II	PPA	Public Procurement Agency
EU	European Union	PSIA	Program for International Student Assessment
FRMP	Flood Risk Management Plan	RAS	Reimbursable Advisory Services
FSAP	Financial Sector Assessment Program	RBMP	River Basin Management Plan
GDI	Gross Domestic Income	RIA	Road Infrastructure Agency
GDP	Gross Domestic Product	ROSC	Review of Service of Standards and Codes
GNI	Gross National Income	SCD	Systematic Country Diagnostic
GoB	Government of Bulgaria	SOE	State Owned Enterprise
IBRD	International Bank for Reconstruction and Development	SPI	School Performance Indicators
ICR	Implementation Completion Report	SRSS	Structural Reform Support Service
IFC	International Finance Corporation	SVAM	School Value Added Measures
IFIs	International Finance Institutions	WBG	The World Bank Group
		WSS	Water Supply and Sanitation Sector
		WW	Waste water

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## BULGARIA

### PERFORMANCE AND LEARNING REVIEW OF THE COUNTRY PARTNERSHIP FRAMEWORK

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## I. INTRODUCTION

1. **The Bulgaria Country Partnership Framework (CPF) FY17-22 was discussed by the Board on May 19, 2016.** The CPF proposed to cover a six-year period, with Progress and Learning Reviews (PLRs) every two years to ensure close alignment with the country-led strategy. The main program areas remain relevant and the World Bank Group (WBG) engagement has not required significant modifications. As a result, this PLR proposes to serve as the single mid-point review of progress, with the length of the CPF period remaining unchanged.

2. **The main program areas of the CPF remain relevant.** The CPF proposed to support Bulgaria in two broad areas: (i) strengthening institutions for sustainable growth; and (ii) investing in people. Engagement with the Government has deepened over the CPF period in both areas. For example: (i) in the financial sector, additional support for institutional strengthening of the deposit insurance scheme; (ii) on public procurement effectiveness and developing innovative solutions for the transition towards a shared services model, including pilots in the health ministry and the food safety agency; and (iii) for air quality and water management, including a significant Reimbursable Advisory Service (RAS) engagement to support the management of River Basins and Flood Risks. Similarly, the engagement in the second area featured a program that exceeded expectations. In the absence of strong government demand for lending or new advisory services, the CPF proposed a program of analytical work to support this area of engagement. However, most recently, dialogue has led to a renewed demand, particularly to support the effectiveness of the education model. This has culminated in requests for several RAS-financed engagements, including a spending review on science, technology, and innovation and support to the elaboration of the Education Strategy 2030.

3. **The CPF engagement has evolved to feature less IBRD lending and a growing portfolio of Reimbursable Advisory Services.** The lending program proposed as part of the CPF did not materialize as expected. However, the number and size of RAS engagements grew significantly and has successfully deepened WBG engagement across several CPF objectives. In addition, the close partnership with the EU has also strengthened during CPF implementation. The WBG is supporting institutional capacity building efforts to accelerate convergence with EU peers, and to meet commitments with respect to strengthening institutional frameworks. Building strong institutions will also position the country well in terms of its goal of accession to the Eurozone.

4. **The CPF featured a strong focus on institutions that is consistent for a country with a GNI per capita above the Graduation Discussion Income (GDI) threshold.<sup>1</sup>** The Systematic Country Diagnostic (SCD) identified the quality of Bulgarian institutions as the *sine qua non* for faster, more inclusive, and more sustainable growth. Institutional weaknesses, particularly the lack of formulating and consistently implementing medium-term policies, have undermined Bulgaria's economic progress and improvements in shared prosperity. The SCD selected three priority areas with the potential to have a transformational impact on the Bulgarian economy: 1) the modernization of public administration and management of public investment to enhance the effectiveness, transparency, and accountability of the public funds; 2) the improvement of the court system and 3) the strengthening of State Owned Enterprise (SOE) governance in energy, railways, as well as of state regulatory bodies, including banking and non-banking supervision. The next SCD will be prepared as part of the forthcoming CPF cycle and would include a comprehensive institutional assessment.

5. **The CPF included a high degree of selectivity focusing engagement on supporting Bulgaria's EU agenda to accelerate the pace of convergence.** The CPF applied two key principles for

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<sup>1</sup> With a GNI per capita in 2017 of US\$7,760, IBRD classifies Bulgaria as above the threshold for initiating a discussion on IBRD Graduation (over US\$6,795).

engagement: (i) realism, recognizing the WBG can play a selective role and contribute most effectively by being strategic and catalytic, and (ii) scalability, to create opportunities to engage in dialogue and analytical work that may create space for engagement in areas with the potential for transformational impact, including IFC's selective initiatives to further accelerate private sector development.

6. **This PLR proposes to maintain the objective of a highly selective WBG program, including through the introduction of additional selectivity principles for new IBRD financing.** First, all new IBRD financing would have a primary focus of building essential institutional capacity. In addition, at least one of the following criteria would also have to be met for financing: (i) providing innovative solutions that benefit the marginalized, poor and vulnerable; (ii) catalyzing private sector investment or leveraging additional resources, including access to and efficient utilization of EU grants; and/or (iii) contributing to regional and global public goods. The WBG will continue to support the EU agenda, including Bulgaria's progressive efforts to join the Eurozone. Consistent with IFC 3.0, IFC will focus on delivering innovative private sector solutions across areas of engagement and in close coordination with the Bank maximize opportunities for WBG synergies.

## II. MAIN CHANGES IN COUNTRY CONTEXT

7. **The early part of the WBG FY17-22 CPF was characterized by a dynamic political environment.** Following the resignation of the Government at the end of January 2017, a caretaker government was appointed for three months with a new Government elected in May 2017. In January 2018, Bulgaria took for the first time the rotating presidency of the Council of the EU with an ambitious agenda to strengthen security and solidarity, boost connectivity, and a special focus on the integration of the Western Balkan countries with the EU. The political uncertainties early in the CPF period did not have major impact on WBG program implementation, although uncertainty around the operational program did create some delays.

8. **During the first half of CPF implementation, a vibrant private sector has helped improve economic performance beyond expectations.** GDP growth accelerated to 3.7 percent in 2016-18, due in part to a dynamic export sector which took advantage of improving external conditions and an expanded share in global trade. Bulgaria features a young, energetic local private sector which successfully competes internationally in areas such as machine building, automotive parts, IT, and outsourced business activities. Together with the real estate sector, this dynamism has contributed to better growth prospects than expected at the time of CPF preparation.

9. **The environment for growth has also been supported by improvements in the fiscal position.** Fiscal accounts ran a surplus in 2016-18 due to improved revenue collection and slower implementation of EU funded public investment. Total revenues from both taxes and social contributions, on accrual basis, reached 29.7 percent of GDP in 2018, up by 0.8 percentage point of GDP compared to 2015 thanks to strong economic activity, better compliance, and higher minimum wages.<sup>2</sup> Prudent fiscal policy contributed to substantial reduction in public debt levels, and an upgrading by S&P at the end of 2017 of Bulgaria's long-term credit rating to investment grade (BBB-). Fitch raised the credit rating from BBB- to BBB+. The external environment remains a risk given the economy's significant dependence on external demand from markets in the EU and Turkey.

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<sup>2</sup> From the European System of National and Regional Accounts – ESA.

**Table 1. Key Macroeconomic Indicators and Projections**

	2012	2013	2014	2015	2016	2017	2018 F	2019F	2020F
<b>Real Economy</b>									
	Annual percentage change, unless otherwise indicated								
Real GDP	0.0	0.5	1.8	3.5	3.9	3.8	3.3	3.1	3.0
Real GDP per capita	0.6	1.0	2.4	4.1	4.7	4.6	4.1	3.9	3.8
GDP per capita (US\$, nominal)	7,378	7,647	7,865	6,994	7,469	8,228	9,252	9,567	10,109
Contribution to GDP growth (in percentage points)									
Consumption	1.6	-1.5	1.7	3.0	2.6	3.3	4.0	2.8	2.7
Investment	0.5	-1.0	1.4	0.3	-1.0	1.3	2.1	1.2	1.3
Net exports	-2.0	3.1	-1.4	0.1	2.3	-0.8	-2.9	-0.9	-0.8
<b>MONEY AND PRICES</b>									
GDP deflator	1.6	-0.7	0.5	2.2	2.2	3.4	3.1	2.6	1.8
CPI average, harmonized	3.0	0.4	-1.6	-1.1	-1.3	1.2	3.0	2.8	3.0
M2 (% of GDP)	75.1	82.0	81.1	83.4	84.5	84.8	88.9	89.1	89.3
Domestic Credit to the Private Sector (% of GDP)	68.0	68.3	61.6	57.3	54.9	53.5	54.4	54.5	54.5
Domestic Credit to the Private Sector (annual percentage change)	2.8	0.3	-7.7	-1.6	1.8	4.5	7.9	5.9	4.9
Nominal Exchange Rate (average, BGN per USD)	1.5	1.5	1.5	1.8	1.8	1.7			
<b>Fiscal Accounts (ESA2010)</b>									
	Percent of GDP								
Revenue (% of GDP)	34.1	37.3	37.7	38.8	35.3	36.2	36.3	36.4	37.1
Expenditure (% of GDP)	34.5	37.7	43.1	40.5	35.1	35.1	36.1	36.4	36.7
Overall Fiscal Balance (% of GDP)	-0.3	-0.4	-5.4	-1.7	0.2	1.1	0.2	0.0	0.4
General Government Debt (% of GDP)	16.7	17.1	27.1	26.2	29.6	25.6	23.7	22.4	20.9
<b>External Accounts (BPM6)</b>									
	Percent of GDP, unless otherwise indicated								
Current account balance	-0.9	1.3	1.2	0.0	2.6	6.5	3.7	2.5	0.6
Merchandise exports	46.9	50.7	49.1	48.4	48.0	52.2	51.1	51.5	51.8
Merchandise imports	56.4	57.7	55.6	54.2	50.0	53.6	55.6	57.8	59.1
Services, net	6.2	6.3	5.9	6.6	6.4	5.4	6.0	6.3	6.1
Foreign Direct Investment in Bulgaria	3.1	3.3	0.8	5.3	2.1	2.7	2.7	2.5	2.5
External debt, total (% of GDP) <sup>2</sup>	89.9	88.2	91.9	74.0	71.1	64.6	64.7	..	..
External Public Debt (% of GDP) <sup>2</sup>	10.9	9.7	15.3	13.2	15.0	12.5	11.7	..	..
Gross Reserves (in US\$ million, eop)	20,503	19,883	20,106	22,164	25,191	31,423	35,201	..	..
in months of imports GNFS	6.9	6.3	6.8	8.4	10.0	8.7	8.5	..	..
<b>Population, Employment, and Poverty</b>									
Population, total (millions)	7.3	7.3	7.2	7.2	7.1	7.1	7.0	7.0	6.9
Unemployment Rate (15-64)	12.4	13.0	11.5	9.2	7.7	6.2	5.3	5.0	4.9
Upper middle-income poverty rate (\$5.5 in 2011 PPP) <sup>2</sup>	..	..	..	8.5	7.9	7.5	7.1	6.8	6.4
<b>Other</b>									
GDP (current LCU, millions)	82,040	81,866	83,756	88,575	94,130	101,043	107,165	113,317	118,817
GDP (current US\$, millions)	53,901	55,557	56,815	50,201	53,238	58,223	64,949	66,657	69,893

Sources: World Bank, NSI, BNB, Eurostat

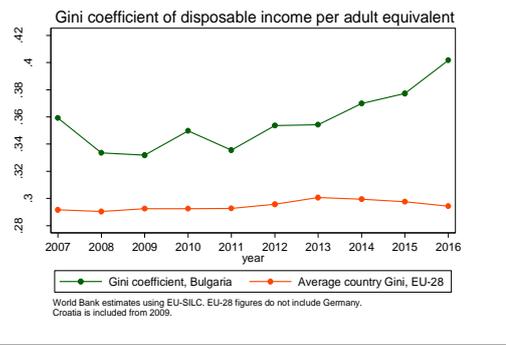
Note: <sup>2</sup>World Bank staff estimates for 2018 debt data and 2015-2020 for upper middle-income poverty rate

**10. Bulgaria has full access to international capital markets with relatively good financing terms over the last four years.** Bulgaria regained investment grade status in 2017 from S&P, while the other two major rating agencies have kept the country in investment grade status since the mid-2000s, supported by sound external and public finances, a credible policy framework aimed towards gradual accession to eurozone membership and stable growth prospects. General Government gross debt levels remain far lower than most other EU member states. Although foreign currency debt represents nearly 80 percent of General government gross debt, virtually all of it is denominated in euro, which, given a credible currency board arrangement, significantly reduces exchange rate risks. Bulgaria did not tap the debt markets in 2018, but it has six outstanding international issuances (issued between 2014 and 2016), with no major debt redemptions until 2022. Over the last two years, the five-year CDS spread has fallen from around 150 basis points to just below 80 basis points. The last transaction on international markets took place in March 2016 when the Republic of Bulgaria placed a dual tranche of bonds with a total nominal value of EUR 1.994 billion.<sup>3</sup>

<sup>3</sup> The transaction included a tranche of 7-year bonds in the amount of EUR 1.144 billion. with yield of 2.156 percent and a tranche of 12-year bonds in the amount of EUR 850 million, with yield of 3.179 percent.

11. **A stable political environment and improvements in economic fundamentals have facilitated a renewed convergence with the EU, however, the pace of poverty reduction is a concern.** Improvements in labor market conditions, including low unemployment, wage and income growth supported a return in 2015 of poverty rates to pre-crisis levels. Poverty measured using the Upper Middle-Income Class line of US\$5.5 per day (in 2011 PPP terms) is projected to have declined further from 8.5 percent in 2015 to 7.1 percent in 2018. However, Bulgaria has the most unequal distribution of disposable income in the EU, and inequality has been increasing since 2013 with an accelerated pace during CPF implementation. The high level of inequality reflects the relatively low redistributive impact of Bulgaria’s fiscal system. When inequality is seen through the lens of market income, before taxes and transfers are paid, Bulgaria’s inequality is close to EU averages. However, Bulgaria’s system of taxes and transfers is relatively less redistributive than in other countries, contributing to Bulgaria’s Gini coefficient of disposable income being 40 percent higher than the average in the EU-28 in 2016. Minimum wages have increased by 10 percent annually since 2015 and unemployment has declined significantly, but regional variations and long-term and youth unemployment remain high. Inactivity among certain groups of the population persists and many citizens – including the elderly, those living in rural areas, and the Roma – are excluded from economic opportunities (Box 1 provides further information on the status of Roma inclusion in the country).

**Figure 1: Gini coefficient of disposable income per adult equivalent**



**BOX 1: Roma Inclusion: Education is a Priority**

Bulgaria has one of the largest Roma populations in Europe, and the challenges faced by its Roma community are representative of the difficulties that the Roma community contends with in the rest of Europe. Though Roma constitute approximately 5 percent of Bulgaria’s population, about 86 percent of them are at risk of poverty compared with 22 percent of the general population.

Making progress on Roma inclusion in Bulgaria has been challenging, particularly regarding access and quality of education. Only 38 percent of Roma children aged 3–5 years are in preschool, which is less than half the rate for non-Roma (82 percent), and 23.2 percent of Roma children aged 7–15 years have never attended school, compared to 5.6 percent of ethnic Bulgarians. In addition, the regions in Bulgaria with the highest share of Roma population have the lowest preschool enrollment rates, and data from the 2011 Census for Bulgaria show that about 93 percent of ethnic Roma do not complete upper secondary education, compared to 30 percent of ethnic Bulgarians. Among the several, multi-faceted barriers to the inclusion of Roma children in education, one of the key challenges is their limited access to sanitary, safe and sustainable living conditions: 30 percent of Romani children aged 0-3 years’ experience growth delays compared to 8 percent of ethnic Bulgarians. This has had an adverse and lasting impact on school attendance, particularly for preschool children (aged 4-6 years) resulting in an attendance rate of 66 percent for Roma children compared to 89 percent of the general population (European Union Agency for Fundamental Rights, 2017). A removal of kindergarten fees is expected to improve this trend.

In addition, the World Bank is providing technical assistance to design and pilot diversity trainings for kindergarten teachers in Bulgaria. These trainings aim to address the issue of diversity in the classroom, including promoting inclusive preschool environments, while equipping parents with the skills to foster the intellectual and emotional development of their preschool-age children. The results of this initiative, and the impact of diversity training on educational outcomes for children from ethnic minorities will be tested through randomized trials. The World Bank is also providing support to address the issue of discrimination, stereotyping and unpreparedness of stakeholders to manage diversity, which have been identified as critical binding constraints to mainstream Roma inclusion in the provision of social services. To this end the World Bank is piloting an innovative methodology, Transformative Scenario Planning, which enables Roma stakeholders to generate improved inclusion outcomes at the municipal level. A select number of municipalities have been identified for this pilot, where it is hoped that the resultant learning will contribute to the Bank’s sectoral engagement around the provision of social services in general and specifically in early education. This will include support for strengthening institutions at the local level.

12. **The Government approved the action plan to enable Bulgaria to participate in the Exchange Rate Mechanism II and join the European Banking Union.** The Action Plan includes measures to strengthen the stability of the financial sector, including by improving legislation and supervision, carrying out a comprehensive assessment of six major banks, and introducing macroprudential instruments allowing imposition of requirements to borrowers. Other measures in the action plan are: reform of the existing insolvency framework; modernization of the state enterprises governance framework; and improvement of the anti-money laundering framework. Strengthening institutions will be critical for Bulgaria's real convergence and maximizing the gains of a future euro adoption.

13. **The new EU funding program 2021-2027, including the introduction of Enabling Conditions, will require continued strengthening of the state and its institutions, including through better management and institutional settings.** With the introduction of the new Enabling Conditions (former ex ante conditionalities) defined by the EC, Bulgaria has expressed interest in WBG support to strengthen its institutional capacity, particularly in the areas of water resource management and disaster risk mitigation.

### III. SUMMARY OF PROGRAM IMPLEMENTATION

14. **The program for the first two years of the CPF is on track to achieve its objectives.** The CPF has two focus areas, which are aligned with the SCD priorities: (i) strengthening institutions for sustainable growth; and (ii) investing in people. Progress towards the delivery of all CPF objectives and results within these areas is on track, except for one objective which was linked to a proposed lending engagement in the energy sector which did not materialize. The PLR proposes to replace this objective with one that reflects new WBG engagements not anticipated at the time of the CPF. Additional outcomes have been included to reflect where the scope of work has expanded.

15. **IFC's committed investment portfolio in Bulgaria as of March 2019 stands at US\$202.9 million in 9 projects, diversified across infrastructure, agribusiness, manufacturing, health and retail sectors and is performing well.** During the PLR period IFC expanded its scope of sector engagements by investing in the health sector to improve access to and quality of health services in the country. Furthermore, and to improve cross-border connectivity, IFC is helping the Government, together with EBRD, to structure and implement a concession for the operations, maintenance and further development of Sofia Airport. To facilitate trade, and since the beginning of the CPF, IFC's Global Trade Finance Program provided trade guarantees to three Bulgarian banks, supporting total trade flows of US\$144.4 million.

16. **During CPF implementation, the WBG has leveraged its impact through enhanced partnerships that have helped support the strengthening of institutions.** The Government preferred to limit new IBRD lending but requested an expanded RAS engagement particularly in the water, environment and transport sectors. In response to these requests, the Bank has provided analytical and advisory services through such engagements that support Bulgaria's EU agenda, including supporting the Government in implementing key sector reforms, and addressing ex-ante conditionalities. Through partnership with key ministries and the EU, the WBG supported government efforts to increase the availability of EU funding for water, climate change and air quality. For example, the recent River Basin and Flood Management Initiative (a reimbursable advisory service) illustrates how Bulgaria, with the support of the World Bank, will be able to utilize EUR 17 million to provide the required data, to undertake the necessary evaluation and planning of measures for improving the status of water bodies in the country and minimize the adverse effect of flooding.

17. **The Bank continued working with other development partners.** With the European Bank for Reconstruction and Development (EBRD), the Bank maximized financing for development to

strengthen the resilience and soundness of the financial sector by supporting the recapitalization of the Bulgarian Deposit Insurance Fund (BDIF) with a EUR 300 million operation that leveraged additional EUR 300 million EBRD resources. With the European Investment Bank (EIB), the Bank worked in close coordination to develop the country's water and sanitation financing strategy. In the human development sector, the Bank has been working with UNICEF to strengthen human capital policies, such as social support, early childhood development, and quality of education.

### **AREA 1: Strengthening Institutions for Sustainable Growth**

#### **Objective 1: Improved resilience and stability of the financial sector.**

18. **Progress toward achieving objective 1 is on track.** Specifically, the CPF outcome indicator of ratio of BDIF reserves to covered deposits is expected to meet the end target of 1.5 percent. The supplementary progress indicator of long-term loan funding facility mobilization has been achieved, with the BDIF entering into a loan agreement with the EBRD, which was declared effective in September 2016. The WBG operation supported the strengthening of institutional and financial capacity of the BDIF in the aftermath of KTB<sup>4</sup> failure in 2014. The WBG also provided a comprehensive sector financial sector diagnostic through the IMF/WB Financial Sector Assessment Program Update (FSAP) conducted in 2016. FSAP recommendations underpinned the recent efforts by Bulgarian National Bank and Financial Supervision Commission to strengthen the regulatory and institutional framework for supervision of banks and non-bank financial institutions. The WBG also provided technical assistance for improving the financial sector's ability to recover debt through the Insolvency and Creditor Rights Review of Observance of Standards and Codes (ICR ROSC).

19. **IFC had built a platform of interventions in the financial sector since the time of the CPF initiation, including trade finance, and advisory services to improve the governance and risk management practices in the banking system.** Considering the efforts of the Government of Bulgaria (GoB) to fulfill the requirements for adoption of the euro (EUR) as national currency in the medium term, and entering the ERMII mechanism in the short term, IFC is keen to help with strengthening further the banking system, in particular through continuous support to secondary market transactions for NPLs and to strengthen further corporate governance and risk management.

20. **The objective of strengthening the resilience and stability of the financial sector remains highly relevant, particularly given Bulgaria's request for entry into the ERM-II.** The authorities have expressed interest in a contingent financing operation with IBRD aimed at strengthening the institutional safety net for bank depositors through ensuring that BDIF has access to back-up funding at a relatively low cost in case of need. Given still nascent efforts to create a pan-European Deposit Insurance Mechanism, having prompt access to contingent financing will make the institutional underpinnings of the financial sector more robust, making it less reliant on a public bailout in case of events (such as that of 2014).

#### **Objective 2: Strengthening electricity sector and improved energy efficiency.**

21. **One CPF outcome indicator for this objective has been achieved.** Two Power Sector RAS tasks informed the formulation and implementation of a comprehensive reform program and roadmap for the financial stabilization and transition to a competitive power market. While these tasks closed in 2017, their recommendations are now being implemented by the Government, which has resulted in the stabilization of the National Electricity Company's financial position.

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<sup>4</sup> Corporate Commercial Bank.

22. **The energy efficiency loan envisaged at the time of the CPF has not materialized.** The planned project to generate energy efficiencies in multifamily buildings was financed with Government resources based on the design and recommendations prepared with Bank support. While further WBG engagement on this agenda may materialize in the future, at this time no WBG financing or technical support is envisioned.

23. **Following several years of regulatory uncertainty in the electricity sector, most of the renewable energy producers experienced difficulties to prove economic sustainability of their investments.** As a major lender to the largest international renewable energy producers, IFC managed to successfully restructure its exposures and put the troubled projects on more solid economic ground, avoiding legal disputes between the private sector and state-owned counterparts.

### **Objective 3: Better protected natural assets and improved efficiency in use of resources.**

24. **Progress toward achieving Objective 3 is on track.** Preserving the environment has been a theme in WBG planned interventions in water, forestry and climate change. All three CPF outcome indicators and one supplementary progress indicator are on track for completion by the end of the period. The Municipal Infrastructure Development Project has experienced some delays; however, approximately 170,000 people are expected to benefit from clean water by the end of the CPF period. Regarding energy efficiency, the Government has elaborated a housing strategy based on WBG analysis.

25. **Additional CPF outcome indicators reflect WBG support for Bulgaria's environmental efforts by meeting EU Directives related to Global Public Goods (air quality, climate change and the water sector).** The Government has prepared a roadmap to achieve compliance with EU air quality directives, for which the procedure has been initiated, with inter-ministerial consultations underway, and a draft National Air Pollution Control Program is being prepared. A Climate Change Adaptation RAS supported the development of the proposal for National Climate Change Adaptation Strategy and Action Plan, of which many actions will inform future investments. Since the CPF was approved, the Ministry of Environment and Water requested Bank support through a large RAS-financed engagement to support the development of River Basin Management Plans and Flood Risk Management Plans, strengthening the focus on resilience against climate change.

26. **IFC's outstanding portfolio in Bulgaria has a strong focus on climate mitigation volume-wise in dollar terms: 73 percent of the portfolio is contributing to the climate agenda.** The estimated ex ante GHG reductions total approximately 300,147 tons of CO<sub>2</sub> equivalent per year primarily through renewable energy generation. An IFC sponsored manufacturing project in glass production is also contributing to the reduced GHG emissions via energy efficient production practices. Furthermore, the renewable energy generated by two portfolio companies in 2017 is at 435 GWh in solar and wind power projects. IFC is also currently working with a major European retail chain to certify 100 percent of their facilities in Bulgaria under the Excellence in Design for Greater Efficiencies (EDGE) green building certification program, based on energy, water and materials efficiency standards. This work, coupled with earlier EDGE certifications of another IFC client, is expected to create a strong demonstration effect and promote more green buildings certifications in the country. Depending on the progress made in advancing reforms in the energy sector, IFC could consider expanding support to help private sector participation.

## AREA 2: Investing in People

### Objective 4: Strengthen government capacity to enhance school outcomes.

27. **Both CPF outcome indicator targets have been achieved for this objective.** The recommendations of a first Education RAS are under implementation and contribute to both outcome indicators which monitor the quality and equity of service provision: (i) development of a system of School Performance Indicators (SPI) to measure aspects of school performance, and (ii) estimation of School Value Added Measures (SVAM) in two cohorts of students. As a next step, MoES has expressed interest in Bank support to pilot SPIs and advisory services for implementation of a program to support school performance and focusing on poorly-performing schools.

28. **This objective remains highly relevant for WBG engagement and increasing participation in education is a priority.** Recent Bank analytical work has informed policy decisions, with the potential to have a transformational impact. The Bank's Early Childhood Development (ECD) impact evaluation showed that removing the fees for preschool participation is the most effective way to increase participation for vulnerable children. Following this evidence, MoES launched a special project in preschool education where one of the priority interventions is the provision of free access to preschool for vulnerable children. This program will be co-funded by the EU social fund and will inform the national policy plans. In addition, the Impact Evaluation on Access to Preschool of Roma Children contributed to a fruitful policy dialogue, and the Government has indicated its intent to implement recommendations with EU resources.

### Objective 5: Improved access to essential services (housing, water, ECD, long-term care) including for bottom 40 and marginalized groups.

29. **Progress is mostly on track, with targets for water, wastewater services, and education either achieved or expected to be achieved.** The outcome indicator for access to water services is on track. The target is 170,000 beneficiaries. One of the 3 dams (Plovdivtsi) is in a remote area and it is estimated that 30,000 people in poverty will benefit from the project. The outcome indicator for access to wastewater services has been achieved: as of end 2017, 76 percent of the population is connected to wastewater collection and 64 percent of the population is connected to wastewater treatment services (surpassing end targets of 70 percent and 55 percent respectively). On education, while the net enrollment rate<sup>5</sup> of children in kindergartens has declined (from a baseline of 82.8 percent in 2015/16 to 79.8 percent in 2017/18, with worsening regional disparities), the MoES has recently implemented policies to boost enrollment and it is expected that this outcome will be achieved by the end of the CPF period.

30. **Three additional outcome indicators for objective 5 were supported by an Energy Efficiency operation that did not materialize, as the Government decided to finance the first phase with its own resources.** However, the Bank has undertaken analytical and technical work to help inform the Government's planning on a second phase of energy efficiency and housing. The Government has also expressed interest in a spending review on disability, and further engagement may develop in this area.

31. **During the PLR period, IFC supported increased access to high quality health care by supporting the entry of a well-established health care management company.** Through this investment IFC (i) improves the quality of services and standards in the healthcare sector in Bulgaria, dominated by public providers, by enabling the establishment of the largest private player focused on care for all groups of citizens and operating within country's universal health insurance system; (ii)

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<sup>5</sup> <http://nsi.bg/en/content/4786/net-enrolment-rate-population-educational-system>

supports a strategic large acquisition facilitating the creation of the country's first integrated healthcare provider with a significant regional presence (Turkey, North Macedonia, and now Bulgaria), creating a center of excellence; (iii) helps the private sector participant improve further its corporate governance to align with best practices, thus establishing a benchmark for other sector players; and (iv) enhances environment and social management system and practices contributing to better risk mitigation in the sector.

## VI. EMERGING LESSONS

32. **During CPF implementation, the Government expressed its intention to minimize IBRD lending and grow its RAS engagement.** Despite a different mix of instruments than envisaged, the WBG program has made progress across most objectives, helping to strengthen institutional capacity, including in water and transportation. Going forward, Bulgaria expects to be extremely selective in exploring opportunities for WBG financing, and any future operation would need to demonstrate clear value addition. As a result, the PLR proposes to add filters that support rigorous selectivity criteria. These include, first and foremost, that all new IBRD financing is aimed at building essential institutional capacity. In addition, at least one of the following criteria would also have to be met for financing: (i) providing innovative solutions that benefit the marginalized, poor and vulnerable; (ii) catalyzing private sector investment or leveraging additional resources, including access to and efficient utilization of EU grants; and/or (iii) contributing to regional and global public goods.

33. **The knowledge created in Bulgaria has been informing the Bank's activity in other countries in the region.** The air quality RAS, for example, informed activities in Slovakia, Poland as well as in Western Balkan countries. The project to strengthen the financial resilience of the Bulgarian deposit insurance cross-fertilized a similar reform in Belarus. These engagements offer an opportunity to learn from implementing innovative reforms and efforts could be made to better structure and improve monitoring of knowledge transfers for the benefit of other WBG clients.

34. **IFC has not achieved the expected level of engagement and impact at the municipal level because many of the needs are already being met through EU related IFIs and funds.** Looking ahead, IFC will examine selectively opportunities for engagement with municipalities with a focus on district heating and smart city development. The cooperation between IFC and IBRD has been effective and brought tangible results, particularly in the transport infrastructure sector. IFC's advisory activities supporting the concession of the Sofia airport have informed IBRD's PPP advisory work and jointly with the E-Tolling RAS have generated solid complementarities in the transport agenda. Going forward, both institutions will continue exploiting synergies in the transport sector and, possibly, in the area of environmental sustainability as well.

## V. ADJUSTMENTS TO COUNTRY PARTNERSHIP FRAMEWORK

35. **The CPF areas of engagement remain unchanged; however, some adjustments to objectives and indicators are presented below.** The PLR proposes some modest adjustments to reflect where engagement has deepened, and to modify or drop indicators where the engagement has not materialized as expected. Adjustments reflect a sharper focus on institutional strengthening, as well exploring potential opportunities for Maximizing Finance for Development (MFD). The Results Framework has been amended to reflect the marked shift towards RAS engagements. This includes the introduction of a new objective which is described in detail below.

## **AREA 1: Strengthening Institutions for Sustainable Growth**

### **Objective 1: Improved resilience and stability of the financial sector**

36. No change.

### **Objective 2: Strengthening electricity sector and improved energy efficiency – to be dropped**

37. The relevant authorities are undergoing an internal process of analysis of the energy sector and definition of the energy matrix which preclude an immediate engagement. As a result, the envisaged Energy Efficiency operation did not materialize. While the Bank maintains a dynamic dialogue in this sector, this objective will be dropped, along with corresponding indicators. Activities and indicators relating to energy efficiency will be reflected instead under objective 3.

### **Replace Objective 2 with the following:**

### **Objective 2: Strengthen the institutional framework for transport infrastructure financing with a growing private sector participation**

38. This objective reflects new engagements that were not foreseen at the time of the CPF presentation, with a primary focus on modernizing institutions. This includes to achieve better value for money, financial sustainability and integrity in the use of public resources, to improve the use of public funds for better delivery of public goods and services, and to successfully mobilize private capital and know-how to supplement public resources through PPPs/concessions. Equipping public institutions to better attract and structure private sector participation in infrastructure investments is especially relevant at this time, given budgetary restrictions and increased pressure on the Government to identify new ways for obtaining the best possible procurement results for resources available. Accordingly, activities within this objective support (i) strengthening the capacity of public contracting agencies and economic operators in moving to evidence-based decision making in public procurement,<sup>6</sup> (ii) ensuring effective implementation of Bulgaria's PPP/concessions framework,<sup>7</sup> and (iii) advising the Bulgarian Road Infrastructure Agency (RIA) for implementing E-Tolling of national highways<sup>8</sup>, and advising Ministry of Transport, Information Technology and Communications(MoTITC) for structuring private sector participation in Sofia airport.

39. IFC is currently assisting the Ministry of Transport of Bulgaria (MoTITC), in structuring and tendering a long-term concession for the Sofia Airport. The winning concessionaire will be responsible for the operation and maintenance and, if required, expansion of the airport in order to provide improved services to the growing number of travelers. The concession of Sofia airport is one of the key pillars of the 2020 National Strategy aiming to improve infrastructure in the transport sector, increasing connectivity and Sofia's integration into global markets. A successful concession will improve the operational efficiency of the airport, ultimately increasing its profitability and financial return to the GoB. IFC is the lead transaction advisor to the MoTITC in structuring and tendering the

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<sup>6</sup> A RAS with the Public Procurement Agency (PPA) supports the transformation of public procurement into a strategic function, including through the meaningful use of state-of-the-art technology in managing the procurement and implementation of public contracts.

<sup>7</sup> A TF on PPP Framework Reform supports the implementation of the country's public-private partnership (PPP)/concessions framework reform, which is expected to contribute to a more efficient allocation of public money.

<sup>8</sup> A RAS on E-Tolling is providing technical, institutional and legal support to the Bulgarian Road Infrastructure Agency (RIA) to build capacity and ensure an efficient network operation and maintenance as well as to expedite the implementation of the required infrastructure investments needed to support economic growth. This will substantially improve the efficiency of the transport sector and accrue economic benefits.

project through an open and competitive tender process. The transaction is the first major project under the new Concessions Act, which would open the door for further participation of the private sector in the country's infrastructure investments. IFC may also consider financing the private sponsor of the concession, after the competitive tender process has taken place.

40. Proposed CPF outcome indicators for this new objective 2 are as follows:

- Spending on the road sector (enabled by the e-tolling revenues) increased to BGN 1.0<sup>9</sup> billion by 2022;
- E-vignette and e-tolling system go live by January 1, 2019 and August 16, 2019 respectively (supplementary indicator);
- Number of people receiving access to improved airport services: baseline 0 (2017), target: 850,000 (2020).

### **Objective 3: Better protected natural assets and improved efficiency in use of resources.**

41. Two outcome indicators will be added. Since CPF approval, the Bank signed a four-year RAS to support the Ministry of Environment and Water (MoEW) in the preparation the next cycle (2021-2027) of River Basin Management Plans and Flood Risk Management plans which supports the Government to: (i) Development of a River Basin Management Plan (RBMP) and Flood Risk Management Plan (FRMP), through the provision of required information, methodology and evaluations, implementation of the requirements of EU legislation and substantiation of a set of measures for improvement of water quality and flood risks mitigation for 2022-2027, and (ii) define the country's ability to ensure a water secure development path. 4 RBMPs and 4 FRMPs approved by the Government, including a set of measures for the period 2022-2027 has been added to capture this engagement. In addition, a new outcome indicator "Government approval of the Climate Change Adaptation Strategy" has been added to reflect WBG support for the climate change agenda. Our past engagement on Disaster Risk management (DRM) has prompted the Government to request support to meet EU enabling conditions and to develop national and regional plans as required under the DRM Law.

42. Activities relating to energy efficiency under the original objective 2, which is dropped, will continue to be reflected instead under objective 3. However, this does not imply any changes to the matrix (the corresponding indicator, Government adoption of a housing strategy, was already an outcome indicator for objective 3 as well as for the original objective 2).

## **AREA 2: Investing in People**

**Revise Objective 4 to the following:**

### **Objective 4: Strengthen institutional capacity for managing school performance.**

43. Some adjustments are proposed to this objective to better reflect the ongoing support in the Education sector. The objective title is adjusted as follows: ***Strengthen institutional capacity for managing school performance.*** The objective will be revised to be more realistic and better aligned with World Bank's support. Two new CPF outcome indicators will focus on improving school outcomes under the current advisory support. In light of the strengthened partnership with the Ministry of Education, the Bank has also been asked to support the strategic framework in the field of education

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<sup>9</sup> This target represents the optimal annual expenditure in the road sector (including rehabilitation, modernization/upgrade and regular maintenance of existing roads, and the construction of new roads), as estimated by the World Bank 2015 RNET Study. Target will depend on the collection of revenues from the e-tolling.

and science through: 1) a public expenditure review for science, technology, and innovation, and 2) advisory work for the 2030 Education Strategy, including institutional development, which will cover pre-school, school education (including inclusive and vocational education), and higher education.

**Revise Objective 5 to the following:**

**Objective 5: Improve access to essential services, including bottom 40.**

44. The following adjustments are proposed to the results framework for this objective: the objective will be simplified and streamlined to be better aligned with World Bank’s support, and the three outcome indicators linked to a potential Energy Efficiency operation will be dropped. The recommendations from the World Bank Residential Energy Efficiency Program Plan ASA provides the basis to design a potential second phase of the National Program for Residential Energy Efficiency if the Government chooses to move forward.

45. Additionally, the phrasing of several outcome indicators is slightly revised to highlight the focus on the bottom 40 or introduce a baseline (see Annex 2 for details).

**Implementation of the Program**

46. **As part of the PLR preparation process, the Bank discussed Bulgaria’s path towards IBRD Graduation with several stakeholders, who expressed interest in maintaining WBG support.** The Government has preferred to limit new IBRD lending, but requested an expanded RAS engagement, with an initial focus in water, environment, transport and most recently the education sector (See Table 2). To meet this demand, the Bank and the Government have designed large and complex RAS engagements with a primary focus to strengthen the institutional framework of the country and, in some cases, to also support harmonization with EU legislation. These developments represent important contributions to Global Public Goods, including the climate change agenda, as well as to investing in Bulgaria’s human capital to improve opportunities for all citizens.

**Table 2 - Lending and RAS – Planned and Actual**

Planned in the CPF	Actual	Added/not planned
<b>LEN</b>		
Deposit Insurance Strengthening Project (Euro 300m)	Deposit Insurance Strengthening Project (Euro 300m)	Deposit Insurance Contingency Financing Project (amt to be confirmed)
Energy Efficiency Loan (operation, FY17, Euro 250m)		
<b>RAS</b>		
Education RAS	Education RAS (Euro 0.25 m)	Education RAS follow-up (under preparation) (est. Euro 1.8m)
Air Quality Management RAS	Air Quality Management RAS (Euro 2.074 m)	
Climate Change Adaptation RAS	Climate Change Adaptation RAS (Euro 1.503 m)	
Forestry RAS	Forestry RAS (Euro 1 m)	
Hydro-melioration follow-up RAS	Did not materialize	Shared Services RAS (Euro 1.22m)
		Public Procurement RAS (Euro 0.79m)
		E-Tolling Capacity Building, Institutional design and support (Euro 3.016m)
		River Basin and Flood Risk Management (Euro 17.639m)
		Regional Development RAS (Euro 0.98m)
<b>Other/ Structural Reform Support Service (SRSS) trust fund financed</b>		
		PPP Framework Reform Project (Euro 0.576 m)

47. Going forward, the WBG engagement will continue to be selective with focus on advisory services and limited financing only in areas with clear government demand that meet the selectivity filters (see paragraph 6 and 7). Close coordination with other EC and other EU partners will continue to be critical.

48. **IFC's strategy in Bulgaria will focus on sectors and projects where private financing remains limited, including addressing environmental and social issues and improving corporate governance practices.** IFC will also aim to continue to facilitate the development of Public Private Partnerships (PPPs), where appropriate, and in support of infrastructure modernization and increased access to services. Moreover, IFC will selectively support modernization and technology upgrades of the real sector and pay attention to improving energy efficiency across a variety of industries, thus enabling innovation, improved standards of operation across industries, job creation and increased competitiveness. During the past several years Bulgaria's IT/Tech industry developed substantially, resulting in the creation of a vibrant and effective ecosystem, increasingly contributing to economic growth. While availability of venture capital is in place, the sector requires further financial and advisory support, which is not always available through typical banking services providers. IFC is staying close to this new industry and would consider relevant engagement. Furthermore, and in light of the effort of the GoB to fulfill requirements for adoption of EUR as national currency in medium term (expected 2023), IFC remains keen to help further strengthen the financial sector through both investment and advisory services.

**Box 2. How the Bulgaria E-tolling Scheme Supports the MFD and Climate Change Agenda**

As part of an EU funded RAS, the World Bank supported the Bulgarian Government to develop a strategy and business plan for the national road sector, including an assessment of its financial sustainability. Recommendations included an equitable cost recovery mechanism, through a road user charging mechanism based on the principle of "the heaviest and the dirtiest users pay their fair share", in line with EU requirements.

A subsequent Bank e-tolling framework study further developed the concept and recommended maintaining the existing time-based Vignette system for light vehicles (weight below 3.5 tonnes) and switching to distance-based tolling for heavy vehicles (weight above 3.5 tonnes), where the collection and enforcement will be fully electronic, based on advanced satellite-based technology and compliant with EC directives. The proposal was approved by the Bulgarian Council of Ministers in 2015 and a firm to provide the system was selected and the implementation and operation, to be managed by the Bulgarian Road Infrastructure Agency (RIA), effectively began in early 2018, with plans to deliver an e-vignette system by Jan of 2019 and an e-tolling system by mid-August 2019. Once fully operational, the e-tolling scheme will generate significant revenues and improve the financial sustainability of the road sector.

In line with the MFD agenda, the increased future revenues from the road sector will open up unique opportunities for leveraging private sector funding and know how through public private partnerships for timely upgrading and modernization of the existing road network and expedited roll out of future investment plans. Through the emissions pricing of toll, the Government will also create a much greater incentive to truck and coach industry to renew their fleet by modern, lower emission, and more fuel-efficient vehicles, which in addition to curbing emissions, will reduce transport costs and improve safety.

49. **MIGA is continuing to look at ways to support Bulgarian investors abroad.**

**VI. MANAGING RISKS TO ACHIEVE CPF OBJECTIVES**

50. **Overall risk remains moderate.** Ratings of individual risks categories are still valid, however macroeconomic risk is reduced to Moderate.

51. **Improved macroeconomic fundamentals and government commitment to join the ERM-II justify upgrading the macroeconomic risks.** Prudent fiscal management and large buffers, accumulated in the fiscal account and in the banking sector, reduce risk and have increased economic resilience. In early 2018, and later in March 2019, the EC acknowledged Bulgaria's progress in

addressing macroeconomic imbalances and concluded that Bulgaria was no longer experiencing excessive imbalances.<sup>10</sup>

52. **Political and governance risks remain substantial and could adversely affect CPF development outcomes.** Low confidence in institutions and high aspirations for reaching EU income, combined with concerns about increasing inequality, have fostered dissatisfaction among some groups of the population. Delays in key reforms, particularly on the governance of the SOEs and the strengthening of the courts system could also impact the investment climate in Bulgaria and will be monitored over the remainder of the CPF period. Finally, upcoming elections for EU Parliament (May 2019) and local elections (October 2019) may limit Government’s focus on reforms that require broad consensus or are otherwise politically difficult.

**Table 3. Revised Systematic Operations Risk-Rating Tool**

<b>Risk Categories</b>	<b>CPF Original Ratings</b>	<b>PLR revised Ratings</b>
Political and governance	S	S
Macroeconomic	S	M
Sector strategies and policies	M	M
Technical design of project or program	M	M
Institutional capacity for implementation and sustainability	M	M
Fiduciary	M	M
Environment and social	M	M
Stakeholders	L	L
<b>Overall</b>	<b>Moderate</b>	<b>Moderate</b>

<sup>10</sup> 2019 European Semester: Assessment of progress on structural reforms, prevention and correction of macroeconomic imbalances, and results of in-depth reviews under Regulation (EU) No 1176/2011, February 2019, Brussels

ANNEXES<sup>11</sup>

Annex 1. Updated CPF Results Matrix FY17 – FY22

CPF Goals, Objectives and Indicators	WBG Program
<b>Area 1: Strengthening Institutions for Sustainable Growth</b>	
<p><b>CPF Objective 1: Improve resilience and stability of the financial sector</b>  <i>CPF Outcome Indicators:</i></p> <ul style="list-style-type: none"> <li>Ratio of BDIF reserves to covered deposits:                      Baseline: 0.75 percent for end-2015                      Target: 1.5 percent by the end of the measuring period</li> </ul> <p><i>Supplementary Progress Indicators:</i></p> <ul style="list-style-type: none"> <li>Long-term loan or back-stop funding facility mobilized by BDIF</li> </ul>	<p><b>WBG completed activities</b>                      Insolvency and Creditor Rights Review of Observance of Standards and Codes (ICR ROSC)                      Financial Sector Assessment Program (FSAP)                      Support to Financial Supervision Commission                      IFC - investments in the financial sector</p> <p><b>WBG ongoing activities</b>                      Deposit Insurance Strengthening Project                      IFC investments in the financial sector</p> <p><b>WBG pipeline activities</b>  <a href="#">BDIF contingent operation (FY20)</a></p>
<p><b>CPF Objective 2. Strengthening the institutional framework for transport infrastructure financing with a growing private sector participation (NEW)</b>  <i>CPF Outcome Indicators (NEW):</i></p> <ul style="list-style-type: none"> <li>E-vignette and e-tolling system go live by January 1, 2019 and August 16, 2019 respectively</li> <li>Spending on the road sector (enabled by the e-tolling revenues) increased to BGN 1.0 billion by 2022.                      Baseline: 600 million (2018)                      Target: BGN 1.0<sup>12</sup> billion (2022)</li> <li>Number of people receiving access to improved airport services                      Baseline 0 (2017)                      Target: 850,000 (2020)<sup>13</sup></li> </ul>	<p><b>WBG completed activities</b>  <a href="#">Subnational Doing Business (EU funded)</a>  <a href="#">Public Procurement RAS</a></p> <p><b>WBG ongoing activities</b>  <a href="#">E-Tolling RAS</a>  <a href="#">PPP Framework Reform (SRSS funded)</a>  <a href="#">IFC - Sofia Airport</a>  <a href="#">Regional Development RAS</a></p>
<p><b>CPF Objective 3: Better protected natural assets and improved efficiency in use of resources</b>  <i>CPF Outcome Indicators:</i></p> <ul style="list-style-type: none"> <li>Number of people benefitting from reliable water supply</li> </ul>	<p><b>WBG completed activities</b>  <a href="#">Water RAS 3</a>  <a href="#">Forestry RAS</a>  <a href="#">Residential Energy Efficiency Program Plan ASA</a></p>

<sup>11</sup> New indicators and activities are marked in blue.

<sup>12</sup> This target represents the optimal annual expenditure in the road sector (including rehabilitation, modernization/upgrade and regular maintenance of existing roads, and the construction of new roads), as estimated by the World Bank 2015 RNET Study. Target will depend on the collection of revenues from the e-tolling.

<sup>13</sup> This target was calculated using IFC PPP Advisory's standard methodology for airport PPP projects as the actual annual number of passengers (4,970,000 in 2016), times a coefficient of 0.17 for non-tourist airports.

CPF Goals, Objectives and Indicators	WBG Program
<p>Target: 170,000 people</p> <ul style="list-style-type: none"> <li>Government develops a roadmap to achieve compliance with air quality directives</li> <li>Government adopts an energy efficiency housing strategy</li> <li>Government approves Climate Change Adaptation Strategy</li> <li>4 RBMPs and 4 FRMPs adopted by the Government consistent with the requirements of EU legislation, including measures for institutional integration, improvement of the condition of surface and ground water, risk assessment and mapping of flood risks for the period 2022-2027</li> </ul> <p><i>Supplementary Progress Indicators:</i></p> <ul style="list-style-type: none"> <li>Increased efficiency of WSS services at affordable WSS prices and a national financing strategy for the WSS sector<sup>14</sup>: <ul style="list-style-type: none"> <li>Revenue Collection Efficiency: Baseline 87.5% Target 95%</li> <li>Employees per 1000 connections: Baseline 7 Target 4</li> </ul> </li> </ul>	<p><b>WBG ongoing activities</b></p> <p>Municipal Infrastructure Development Project  Climate Change Adaptation RAS  Air Quality RAS  River Basin and Flood Risk Management Plans RAS  DRM TF</p> <p><b>WBG pipeline activities</b></p>
<b>Area 2 Investing in People</b>	
<p><b>CPF Objective 4: Strengthen institutional capacity for managing school performance (REVISED)</b></p> <p><i>CPF Outcome Indicators:</i></p> <ul style="list-style-type: none"> <li>Development of system of School Performance Indicators (SPI) to measure multiple aspects of school performance in Bulgaria to inform future government interventions  Baseline: No indicators  Outcome: Indicators developed</li> <li>Developed methodology for estimation of school-value-added measures reflecting the socio-economic status of students</li> <li>Updated model for School Inspection applied  Baseline: Pilot inspection model as of 2018/19 school year  Outcome: Improved school inspection model applied</li> </ul>	<p><b>WBG completed activities</b></p> <p>Education RAS  Education ASA  Early Childhood Development ASA  Impact evaluation on access to preschool of Roma children ASA</p> <p><b>WBG ongoing activities</b></p> <p>Support for planning and implementing quality focused education policies ASA  IFC investment in consolidation project in universal private health services, supporting entry of established service provider and creating a center of excellence</p> <p><b>WBG pipeline activities</b></p> <p>Education RAS follow-up  SRSS: Bulgaria Teacher Policy Support</p>
<p><b>CPF Objective 5: Improve access to essential services, including bottom 40 (REVISED)</b></p> <p><i>CPF Outcome indicators:</i></p> <ul style="list-style-type: none"> <li>Number of poor people benefitting from reliable water supply</li> </ul>	<p><b>WBG completed activities</b></p> <p>Water RAS 3  Poverty and Social Impact Assessment (PSIA) of energy efficiency in multifamily buildings ASA  Housing Sector Assessment ASA</p>

<sup>14</sup> Sources: Baseline: EWRC 2017 Annual Report. Target: Long Term Levels of WSS services, COM Ordinance.

CPF Goals, Objectives and Indicators	WBG Program
<p>Baseline: 0 Target 30,000</p> <ul style="list-style-type: none"> <li>Increased access to improved wastewater (WW) collection and treatment services (at national level) Baseline 60 percent of population connected to WW collection network Target: 70 percent of population connected to WW collection network Baseline: 48 percent connected to WW treatment services Target: 55 percent of population connected to WW treatment</li> <li>Increase in children (3-6 year old) enrolled in kindergarten: Baseline<sup>15</sup>: 82.8 percent (2015/16) Target: 87.8 percent</li> <li>No of patients served (total inpatient and outpatient) Target: 1,579,500 per year (2020) Baseline: 450,000 per year (2018)</li> </ul>	<p>Integrated Social Services ASA Early Childhood Development ASA Spending Reviews ASA Impact evaluation on access to preschool of Roma children ASA Addressing Biases, Social Expectations and Norms to Train, Educate and Empower Roma Girls in Bulgaria (ABSENTEE) EU poverty mapping Supporting Reform Efforts in the Health Sector ASA</p> <p><b>WBG ongoing activities</b> Municipal Infrastructure Development Project Engaging Effectively on the Roma Inclusion Agenda ASA</p> <p><b>WBG pipeline activities</b> <a href="#">IFC investment in consolidation project in universal private health services</a> <a href="#">Spending Review on disability (potential)</a> <a href="#">Health reform support ASA (potential)</a></p>

## Annex 2. Changes to the Original CPF Results Matrix FY17 – FY22

CPF Areas, Objectives and Indicators	Proposed Revisions to CPF Objectives and Indicators
<b>Area 1: Strengthening Institutions for Sustainable Growth</b>	
<p><b>CPF Objective 1: Improve resilience and stability of the financial sector</b></p> <p><i>CPF Outcome Indicators:</i></p> <ul style="list-style-type: none"> <li>Ratio of BDIF reserves to covered deposits: baseline of 0.75 percent for end-2015, and 1.5 percent by the end of the measuring period</li> </ul>	<p><b>No change</b></p>
<p><b>CPF Objective 2: Strengthened electricity sector and improved energy efficiency</b></p>	<p><b>Dropped.</b> WBG engagement in support of this objective did not materialize. Replaced with: <b>Strengthening the institutional framework for transport infrastructure financing with a growing private sector participation</b></p>
<p><i>CPF Outcome Indicators:</i></p> <ul style="list-style-type: none"> <li>Projected lifetime energy savings in renovated multi-family buildings Baseline: 0 Target: 2.9 TWh</li> <li>Percent of beneficiaries reporting satisfaction with the Energy Efficiency in Multifamily Building program and socioeconomic co-benefits.</li> </ul>	<p><b>Dropped.</b> The planned WBG lending - National Program for Residential Energy Efficiency operation – did not materialize. Instead, at the request of MRDPW the Bank provided analytical support to enhance the second phase of the program.</p>
<ul style="list-style-type: none"> <li>Government adopts a roadmap for achieving financial sustainability and liberalization of the electricity sector</li> </ul>	<p><b>Achieved (but indicator will be dropped).</b> It is a step towards the financial stabilization and transition to a competitive power market.</p>
	<p><b><u>New CPF Outcome Indicators:</u></b></p> <ul style="list-style-type: none"> <li>Spending on the road sector (enabled by the e-tolling revenues) increased to BGN 1.0 billion by 2022. Baseline: 600 million (2018) Target: BGN 1.0<sup>16</sup> billion (2022)</li> <li>E-vignette and e-tolling system go live by January 1, 2019 and August 16, 2019 respectively</li> <li>Number of people receiving access to improved airport services Baseline 0 (2017) Target: 850,000 (2020)</li> </ul> <p><b>WBG completed activities:</b> Subnational Doing Business (EU funded) Public Procurement RAS</p> <p><b>WBG ongoing activities:</b></p>

<sup>16</sup> This target represents the optimal annual expenditure in the road sector (including rehabilitation, modernization/upgrade and regular maintenance of existing roads, and the construction of new roads), as estimated by the World Bank 2015 RNET Study. Target will depend on the collection of revenues from the e-tolling.

CPF Areas, Objectives and Indicators	Proposed Revisions to CPF Objectives and Indicators
	<a href="#">E-Tolling RAS</a> <a href="#">PPP Framework Reform (SRSS funded)</a> <a href="#">IFC - Sofia Airport</a> <a href="#">MIGA guarantees - AES-3C Maritza East 1 EOOD</a>
<b>CPF Objective 3: Better protected natural assets and improved efficiency in use of resources</b>	<b>No change</b>
<i>CPF Outcome Indicators:</i> <ul style="list-style-type: none"> <li>Number of people benefitting from reliable water supply – target 170,000 people</li> </ul>	<b>No change</b>
<ul style="list-style-type: none"> <li>Government develops a roadmap to achieve compliance with air quality directives</li> </ul>	<b>No change</b>
<ul style="list-style-type: none"> <li>Government adopts an energy efficiency housing strategy</li> </ul>	<b>No change</b>
<ul style="list-style-type: none"> <li><a href="#">Government approves Climate Change Adaptation Strategy</a></li> </ul>	<b>New</b>
<ul style="list-style-type: none"> <li><a href="#">Set of measures (institutional integration, quality of surface and ground water, and risk assessment of floods) associated with 4 RBMPs and 4 FRMPs approved by the Government</a></li> </ul>	<b>New</b>
<i>Supplementary Progress Indicators:</i> <ul style="list-style-type: none"> <li><a href="#">Increased efficiency of WSS services at affordable WSS prices and a national financing strategy for the WSS sector:</a> <sup>17</sup> <ul style="list-style-type: none"> <li>- Revenue Collection Efficiency: Baseline 87.5% Target 95%</li> <li>- Employees per 1000 connections: Baseline 7 Target 4</li> </ul> </li> </ul>	<b>New</b>
<b>Area 2 Investing in People</b>	
<b>CPF Objective 4: Enhanced school outcomes for better employability</b> <i>CPF Outcome Indicators:</i>	<b>Revised to CPF Objective 4: Strengthen institutional capacity for managing school performance</b> Objective was revised to be more realistic and better aligned with World Bank’s support.
<ul style="list-style-type: none"> <li>Development of system of School Performance Indicators (SPI) to measure multiple aspects of school performance in Bulgaria to inform future government interventions  Baseline: No indicators  Outcome: Indicators developed</li> </ul>	<b>No change</b>
<ul style="list-style-type: none"> <li><a href="#">Developed methodology</a> for estimation of school-value-added measures <a href="#">reflecting the socio-economic status of students</a></li> </ul>	<b>Revised</b> The indicator was revised to make it clearer.
<i>Supplementary Progress Indicators:</i> <ul style="list-style-type: none"> <li><a href="#">Updated model for School Inspection applied</a></li> </ul>	<b>New indicator:</b> WBG will support National inspectorate for Education to strengthen the school inspection model

<sup>17</sup> Sources: Baseline: EWRC 2017 Annual Report. Target: Long Term Levels of WSS services, COM Ordinance.

CPF Areas, Objectives and Indicators	Proposed Revisions to CPF Objectives and Indicators
<p>Baseline: pilot inspection model as of 2018/19 school year Outcome: Improved school inspection model applied</p>	
<b>CPF Objective 5: Improve access to essential services including bottom 40</b>	<b>Revised to:</b> <b>Improve access to essential services, including bottom 40</b> Objective simplified and streamlined to be better aligned with World Bank's support
<p><i>CPF Outcome indicators:</i></p> <ul style="list-style-type: none"> <li>Number of <b>poor</b> people benefitting from reliable water supply – target <b>30,000</b></li> </ul>	<b>Revised.</b> The indicator was revised to highlight the focus on the bottom 40.
<ul style="list-style-type: none"> <li>Increased access to improved wastewater (WW) collection and treatment services (<b>at national level</b>) – 70 percent of population connected to WW collection network, <b>baseline 60 percent</b>; 55 percent of population connected to WW treatment services, <b>baseline 48 percent</b>.</li> </ul>	<b>Revised.</b> The indicator was updated to include the baseline.
<ul style="list-style-type: none"> <li>Share of female beneficiaries benefitting from upgraded housing.</li> </ul>	<b>Dropped.</b> The supporting Energy Efficiency operation did not materialize; no other instrument supports the achievement of this indicator thus it is proposed to be removed.
<ul style="list-style-type: none"> <li>Increase in children (<b>3-6 year old</b>) enrolled in kindergarten (<b>baseline 82.8 percent<sup>18</sup> 2015/16; target: 87.8 percent</b>)</li> </ul>	<b>Revised.</b> The indicator was updated to include the baseline and target.
<ul style="list-style-type: none"> <li>Number of households in the bottom 40 percent benefitting from renovated energy efficient dwellings (Baseline 0; Target: TBD with results from PSIA conducted for the Energy Efficiency PforR)</li> </ul>	<b>Dropped.</b> The PSIA could not address this issue as the database of multifamily buildings and residents was not accessible at the time of PSIA preparation. In addition, National Program for Residential Energy Efficiency operation did not materialize.
<ul style="list-style-type: none"> <li>Renovated buildings meeting national building code for safety: Baseline: 5 Target: 1250 buildings by 2019</li> </ul>	<b>Dropped.</b> As there was no immediate financing need, the planned WBG lending associated with this indicator - National Program for Residential Energy Efficiency operation – did not materialize. Instead, at the request of MRDPW the Bank provided analytical support to enhance the second phase of the program.
<ul style="list-style-type: none"> <li>No of patients served (total inpatient and outpatient) Target: 1,579,500 per year (2020) Baseline: 450,000 per year (2018)</li> </ul>	<b>New indicator:</b> IFC investment in consolidation project in universal private health services, supporting entry of established service provider and creating a center of excellence

<sup>18</sup> <http://nsi.bg/en/content/4786/net-enrolment-rate-population-educational-system>

### Annex 3. Matrix Summarizing Progress toward CPF Objectives FY17 – FY22

CPF Objectives and Indicators	Progress to date <sup>19</sup>	WBG Program updated
<b>Area 1: Strengthening Institutions for Sustainable Growth</b>		
<p><b>CPF Objective 1: Improved resilience and stability of the financial sector</b></p> <p><i>CPF Outcome Indicators:</i></p> <p>i. Ratio of BDIF reserves to covered deposits: baseline of 0.75 percent for end-2015, and 1.5 percent by the end of the measuring period</p> <p><i>Supplementary Progress Indicators:</i></p> <p>ii. Long-term loan or back-stop funding facility mobilized by BDIF</p>	<p><i>CPF Outcome Indicators:</i></p> <ul style="list-style-type: none"> <li>• <b>On track</b> CPF Outcome Indicator Ratio of BDIF reserves to covered deposits is on track to be met by the end of the measuring period: 1.26% in end 2018 (baseline: 0.75% in Dec. 2015). The authorities are in the process of implementing FSAP recommendations related to banking, insurance and pensions supervision and regulation.</li> </ul> <p><i>Supplementary Progress Indicators:</i></p> <ul style="list-style-type: none"> <li>• <b>Achieved</b> BDIF has entered into an agreement with the European Bank of Reconstruction and Development (EBRD); the loan agreement was declared effective by EBRD on September 16, 2016.</li> </ul>	<p><b>WBG completed activities</b></p> <p>Insolvency and Creditor Rights Review of Observance of Standards and Codes (ICR ROSC) Financial Sector Assessment Program (FSAP) Support to Financial Supervision Commission IFC – Short term financing to systemic banks to support trade activities as well as advisory program for improvement of corporate governance and risk management</p> <p><b>WBG ongoing activities</b></p> <p>Deposit Insurance Strengthening Project</p> <p><b>WBG pipeline activities</b></p> <p>BDIF contingent operation (FY20)</p>
<p><b>CPF Objective 2: Strengthened electricity sector and improved energy efficiency</b></p> <p><i>CPF Outcome Indicator:</i></p> <p>i. Projected lifetime energy savings in renovated multi-family buildings Baseline: 0 Target: 2.9 TWh</p> <p>ii. Percent of beneficiaries reporting satisfaction with the Energy Efficiency in Multifamily Building program and socioeconomic co-benefits.</p> <p>iii. Government adopts a roadmap for achieving financial sustainability and liberalization of the electricity sector</p>	<p><i>CPF Outcome Indicators:</i></p> <ul style="list-style-type: none"> <li>• i &amp; ii <b>Dropped</b> The first two indicators are no longer valid as the supporting operation did not materialize; proposed to be removed.</li> <li>• <b>Achieved</b> The two Power Sector RAS tasks informed the formulation and implementation of a comprehensive reform program and roadmap for the financial stabilization and transition to a competitive power market. The Government has taken on key RAS recommendations and stabilized National Electricity Company’s financial position.</li> </ul>	<p><b>WBG dropped activity:</b></p> <p>National Program for Residential Energy Efficiency operation</p> <p><b>WBG completed activities</b></p> <p>Power Sector Financial Stabilization and Market Liberalization RAS Power Sector Strategic Planning Support RAS Residential Energy Efficiency Program Plan ASA Poverty and Social Impact Assessment (PSIA) of energy efficiency in multifamily buildings</p> <p><b>WBG ongoing activities</b></p> <p>IFC &amp; MIGA Ongoing Support to Power Producers</p> <p><b>WBG pipeline activities</b></p> <p>n/a</p>

<sup>19</sup> As of November 2018.

CPF Objectives and Indicators	Progress to date <sup>19</sup>	WBG Program updated
<p><b>CPF Objective 3: Better protected natural assets and improved efficiency in use of resources</b></p> <p><i>CPF Outcome Indicators:</i></p> <ul style="list-style-type: none"> <li>i. Number of people benefitting from reliable water supply – target 170,000 people</li> <li>ii. Government develops a roadmap to achieve compliance with air quality directives</li> <li>iii. Government adopts an energy efficiency housing strategy</li> </ul> <p><i>Supplementary Progress Indicators:</i></p> <ul style="list-style-type: none"> <li>iv. Increased efficiency of WSS services at affordable WSS prices and a national financing strategy for the WSS sector (water RAS)</li> <li>v. Pilot of strategic information system for forestry launched/completed in 2 districts</li> </ul>	<p><i>CPF Outcome Indicators:</i></p> <ul style="list-style-type: none"> <li>• <b>In progress:</b> Infrastructure is on track to be completed well before the end of the CPF period. The World Bank is supporting the construction of two dams (Plovdivtisi and Luda Yana) and the rehabilitation of a third one (Studena), all of which are expected to be fully completed by end 2019, providing access to reliable water supply of good quality to 40,000 people, 100,000 people, and 40,000 people respectively. Of these, Plovdivtisi is already completed.</li> <li>• <b>On track:</b> National Program for Air Quality Management and Action Plan - which lays out a program of measures and a timeframe to achieve compliance with the EU Air Quality standards – Procedure initiated, inter-ministerial consultations underway. National Air Pollution Control Program is under preparation in consultation with GoB; draft to be presented to EC in April 2019.</li> <li>• <b>On track:</b> The Government, based on the input of the World Bank’s housing report, elaborated a housing strategy, to be adopted by the Council of Ministers.</li> </ul> <p><i>Supplementary Progress Indicators:</i></p> <ul style="list-style-type: none"> <li>• <b>On track.</b> The financing strategy for the WSS sector was developed and approved by MRDPW and key recommendations are already under implementation. Overall efficiency of WSS operators is improving though slowly. The only pending task relates to implementation of measures related to affordability of WSS prices (e.g. measures for social support for vulnerable households, compliance tariff component).</li> <li>• <b>Dropped</b> Only 1<sup>st</sup> phase of the Forestry RAS completed by the project’s closing date. The Client decided not to proceed with the implementation of the NFI methodology and the pilot testing. Indicator proposed to be dropped.</li> </ul>	<p><b>WBG dropped activity:</b> National Program for Residential Energy Efficiency operation</p> <p><b>WBG completed activities</b> Water RAS 3 Forestry RAS Residential Energy Efficiency Program Plan ASA</p> <p><b>WBG ongoing activities</b> Municipal Infrastructure Development Project (MIDP) Climate Change Adaptation RAS Air Quality RAS <a href="#">River Basin and Flood Risk Management RAS</a></p> <p><b>WBG pipeline activities</b> n/a</p>

CPF Objectives and Indicators	Progress to date <sup>19</sup>	WBG Program updated
<b>Area 2 Investing in People</b>		
<p><b>CPF Objective 4: Enhanced school outcomes for better employability</b></p> <p><i>CPF Outcome Indicators:</i></p> <p>i.i. Development of system of School Performance Indicators (SPI) to measure multiple aspects of school performance in Bulgaria to inform future government interventions  Baseline: No indicators  Outcome: Indicators developed</p> <p>ii. Estimation of school value added measures of two cohorts of students, belonging to lower secondary education (based on test results after grades 4 and 7) and to upper secondary education (based on test results after grades 7 and Matura)  Baseline: No indicators  Outcome: Indicators developed</p>	<p><i>CPF Outcome Indicators:</i></p> <p><b>Achieved</b> Both CPF Outcome Indicators are achieved: School Performance Indicators (SPI) and School Value Added Measures (SVAM) tools were developed under the Education RAS. As a next step, MoES with Bank support will pilot SPIs and advisory services for implementation of a program to support poorly performing schools.</p>	<p><b>WBG completed activities</b></p> <p>Education RAS  Education ASA  Early Childhood Development ASA  Impact evaluation on access to preschool of Roma children ASA</p> <p><b>WBG ongoing activities</b></p> <p><a href="#">Support for planning and implementing quality focused education policies ASA</a></p> <p><b>WBG pipeline activities</b></p> <p><a href="#">Education RAS follow-up</a>  SRSS: Bulgaria Teacher Policy Support</p>
<p><b>CPF Objective 5: Improved access to essential services (housing, water, ECD, long-term care) for bottom 40 and marginalized groups</b></p> <p><i>CPF Outcome indicators:</i></p> <p>i. Number of people benefitting from reliable water supply – target 170,000</p> <p>ii. Increased access to improved wastewater (WW) collection and treatment services – 70 percent of population connected to WW collection network; 55 percent of population connected to WW treatment services.</p> <p>iii. Share of female beneficiaries benefitting from upgraded housing.</p> <p>iv. Increase in children enrolled in kindergarten (baseline 83 percent)</p> <p>v. Number of households in the bottom 40 percent benefitting from renovated energy</p>	<p><i>CPF Outcome Indicators:</i></p> <ul style="list-style-type: none"> <li>• <b>On track.</b> Approx. 30,000 poor people (of the target total 170,000) will benefit from reliable water supply when the construction and rehabilitation of the three dams is completed. In spring 2019 about 40 000 people will be provided with reliable water supply of good quality from Plovdivtzi dam. More than 100 000 citizens of Pernik will benefit from the rehabilitation of Studena dam, to be completed by end September 2019. And 40 000 people will benefit from secure water supply when the construction of Luda Yana dam is completed by end 2019.</li> <li>• <b>Achieved.</b> As of end 2017, 76 percent of the population is connected to WW collection and 64 percent of the population is connected to WW treatment services (<i>National Statistical Institute data</i>).</li> <li>• <b>Dropped</b> The supporting Energy Efficiency</li> </ul>	<p><b>WBG dropped activity:</b></p> <p>National Program for Residential Energy Efficiency operation</p> <p><b>WBG completed activities</b></p> <p>Water RAS 3  Poverty and Social Impact Assessment (PSIA) of energy efficiency in multifamily buildings ASA  Housing Sector Assessment ASA  Integrated Social Services ASA  Early Childhood Development ASA  Spending Reviews ASA  Impact evaluation on access to preschool of Roma children ASA  Addressing Biases, Social Expectations and Norms to Train, Educate and Empower Roma Girls in Bulgaria (ABSENTEE)  EU poverty mapping  Supporting Reform Efforts in the Health Sector ASA</p> <p><b>WBG ongoing activities</b></p>

CPF Objectives and Indicators	Progress to date <sup>19</sup>	WBG Program updated
<p>efficient dwellings (Baseline 0; Target: TBD with results from PSIA conducted for the Energy Efficiency operation)</p> <p>vi. Renovated buildings meeting national building code for safety:  Baseline: 5  Target: 1250 buildings by 2019</p>	<p>operation operation did not materialize; no other instrument supports the achievement of this indicator thus it is proposed to be removed.</p> <ul style="list-style-type: none"> <li>• <b>Not Achieved</b> The net enrollment rate of children in kindergartens is declining—from 83% in 2015/16 to 78% in 2017/18 with worsening regional disparities—in some districts the rate is below 70% while in others, it is exceeding the target of 83%.</li> <li>• <b>Dropped</b> The supporting Energy Efficiency operation operation did not materialize; proposed to be removed. In addition, the database of multifamily buildings and residents was not accessible at the time of the PSIA preparation.</li> <li>• <b>Dropped</b> The supporting Energy Efficiency operation operation did not materialize; proposed to be removed.</li> </ul>	<p>Municipal Infrastructure Development Project Engaging Effectively on the Roma Inclusion Agenda ASA</p> <p><b>WBG pipeline activities</b>  <a href="#">Spending Review on disability (potential)</a>  <a href="#">Health reform support ASA (potential)</a></p>

#### Annex 4. Selected Indicators of Bank Portfolio Performance and Management (as of April 22, 2019)

Indicator*	FY16	FY17	FY18	FY19
<b>Portfolio Assessment</b>				
Number of Projects Under Implementation <sup>a</sup>	2.0	2.0	2.0	2.0
Average Implementation Period (years) <sup>b</sup>	3.4	4.4	5.4	6.3
Percent of Problem Projects by Number <sup>a, c</sup>	50.0	0.0	0.0	50.0
Percent of Problem Projects by Amount <sup>a, c</sup>	23.9	0.0	0.0	23.9
Percent of Projects at Risk by Number <sup>a, d</sup>	50.0	0.0	0.0	50.0
Percent of Projects at Risk by Amount <sup>a, d</sup>	23.9	0.0	0.0	23.9
Disbursement Ratio (%) <sup>e</sup>	2.4	71.3	62.9	30.9
<b>Portfolio Management</b>				
CPPR during the year (yes/no)				
Supervision Resources (total US\$)				
Average Supervision (US\$/project)				

Memorandum Item	Since FY80	Last Five FYs
Proj Eval by IEG by Number	42	1
Proj Eval by IEG by Amt (US\$ millions)	2,588.9	30.6
% of IEG Projects Rated U or HU by Number	21.4	0.0
% of IEG Projects Rated U or HU by Amt	24.8	0.0

a. As shown in the Annual Report on Portfolio Performance (except for current FY).

b. Average age of projects in the Bank's country portfolio.

c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).

d. As defined under the Portfolio Improvement Program.

e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.

\* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

## Annex 5. Operations Portfolio (IBRD/IDA and Grants) (as of April 22, 2019)

**Closed Projects** **42**

### IBRD/IDA\*

Total Disbursed (Active)	381.68
of which has been repaid(1)	6.80
Total Disbursed (Closed)	2,588.91
of which has been repaid	2,241.39
Total Disbursed (Active + Closed)	2,970.59
of which has been repaid	2,248.19
Total Undisbursed (Active)	26.50
Total Undisbursed (Closed)	
Total Undisbursed (Active + Closed)	26.49940864

### Active Projects

Project ID	Project Name	Last PSR		Fiscal Year	Original Amount in US\$ Millions				Difference Between Expected and Actual Disbursements <sup>a</sup>		
		Development	Implementation Progress		IBRD	IDA	Grants	Cancel.	Undisb.	Orig.	Frm Rev'd
P154219	Deposit Insurance Strengthening Project	S	S	2016	327.5	0.0		0.0	0.0	0.0	6.2
P099895	MUNICIPAL INFRASTRUCT DEVT	MU	MU	2010	118.7	0.0		16.1	26.5	56.8	30.1
<b>Overall Result</b>					<b>446.2</b>	<b>0.0</b>		<b>16.1</b>	<b>26.5</b>	<b>56.8</b>	<b>36.2</b>

\* Disbursement data is updated at the end of the first week of the month.

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

## Annex 6. IFC Committed and Disbursed Outstanding Investment Portfolio (in US\$ million)

Commitment Fiscal Year	Institution Short Name	LN Cmt'd - IFC	LN Repayment - IFC	ET Cmt'd - IFC	QL + QE Cmt'd - IFC	GT Cmt'd - IFC	RM Cmt'd - IFC	ALL Cmt'd - IFC	ALL Cmt'd - Part	LN Out - IFC	ET Out - IFC	QL + QE Out - IFC	GT Out - IFC	RM Out - IFC	ALL Out - IFC	ALL Out - Part
2005/2009/2004/2016	Trakya Bulgaria	5.72	52.71	0	0	0	0	5.72	1.91	5.72	0	0	0	0	5.72	1.91
2005/2010/2013/2018/2004	Schwarz Group	15.48	114.66	0	0	0	0	15.48	0	15.48	0	0	0	0	15.48	0
2006/2011/2004	Stomana	3.25	53.37	0	7.17	0	0	10.42	0	3.25	0	7.17	0	0	10.42	0
2008	Atera	0	0	22.17	0	0	0	22.17	0	0	22.17	0	0	0	22.17	0
2009	AES Geo Energy	18.89	18.75	0	0	0	0	18.89	15.11	18.89	0	0	0	0	18.89	15.11
2012	ZBE Partners	33.48	15.51	0	0	0	0	33.48	29.87	33.48	0	0	0	0	33.48	29.87
2013/2018/2014/2017/2019/2015/2016/2012	Eurobank BG	0	0	0	0	1.46	0	1.46	0	0	0	0	1.46	0	1.46	0
2016	Kaufland Bul	78.93	11.29	0	0	0	0	78.93	0	78.93	0	0	0	0	78.93	0
2017	Acibadem Bulgaria	0	0	16.31	0	0	0	16.31	0	0	16.31	0	0	0	16.31	0
<b>Grand Total:</b>		<b>155.75</b>	<b>266.29</b>	<b>38.49</b>	<b>7.17</b>	<b>1.46</b>	<b>0</b>	<b>202.86</b>	<b>46.90</b>	<b>155.75</b>	<b>38.49</b>	<b>7.17</b>	<b>1.46</b>	<b>0</b>	<b>202.86</b>	<b>46.90</b>