

Green and efficient Danube fleet

“Towards modernisation & greening of Danube inland waterborne sector and strengthening its competitiveness”

Output 5.3 – Draft State Aid Scheme developed based on a model

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The current deliverable is based on the model state aid scheme developed in the framework of the GRENDEL project.

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1. Abbreviations

Abbreviation	Explanation
CESNI	Comité uropéen pour l'Élaboration de Standards dans le domain de Navigation Intérieur
DG COMP	Directorate General for Competition
EA	Executive Agency
EAFA	Executive Agency of Fisheries and Aquaculture
EAMA	Executive Administration Maritime Administration
EC	European Commission
EEA	European Economic Area
EEAG	Environmental and Energy Guidelines
EIBIP	European Inland Barging Innovation Platform
ERDF	European Regional Development Fund
ES-TRIN	European Standard laying down Technical Requirements for Inland Navigation vessels
EU	European Union
GBER	General Block Exemption Regulation (COMMISSION REGULATION (EU) No 651/2014)
GHG	Greenhouse Gases
IPA	Instrument for Pre-Accession Assistance
IWT	Inland Waterway Transport
LNG	Liquefied natural gas
MA	Managing Authority
MAFF	Ministry of Agriculture, Food and Forestry
MS	Member State
MTITC	Ministry of Transport, Information Technology and Communications
NRMM	Non-Road Mobile Machinery
OP	Operational Programme
OPIC	Operational Programme Innovation and Competitiveness
PAMI	Plan d'Aide à la Modernisation et à l'Innovation (French modernisation and innovation fleet grant scheme)
PPs	Project Partners
R&D	Research and development
RIS	River Information Services
SA	State aid
SME	Small and Medium Enterprises
TFEU	Treaty on the Functioning of the European Union

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Implementation Guidelines

Programme promoting sustainable modernisation and innovation of inland waterway vessels in the river waterways in Bulgaria

4. Executive summary

Inland waterway transport (IWT) is the most environmentally friendly mode of transport in terms of transported tonne-kilometres. To keep the leadership and label of being environmentally friendly, there is a high urgency for the IWT sector to develop measures facilitating the transition towards zero-emission and thus address urgent climate challenges the world is facing nowadays. Currently the vessel operators take all risks and high investments when deploying greening technologies. It is therefore necessary, in addition to other measures, to support them in greening by initiating targeted funding schemes.

This document compiles the information gained during the implementation of the DTP funded project “GRENDEL-Green and efficient Danube fleet” and is based on the Model State Aid Scheme, one of the key outputs of the project. One of the main goals of GRENDEL is to trigger innovation uptake in the IWT sector within the Danube region by establishing and promoting a wide framework of public support measures going beyond national borders. The project also pays a contribution to national governments in view of assisting them to prepare well-designed and targeted support schemes.

The proposed measures for public support within the Bulgarian State Aid Scheme are in line with the European policies and contributes to the new Cohesion Policy 2021-2027. The ambitious European Green Deal striving for Europe being the first climate-neutral continent was presented by the President of the European Commission as part of the Political Guidelines for the next European Commission 2019-2024. Inland waterway transport significantly contributes to the objectives of the European Green Deal and supports the internationalization of the regional economies to the European market.

The river transport in Bulgaria during the last years has decreased its integration in the delivery chains due to restructuring and the economic crisis in 2009. The new requirements for the energy efficiency and greening of the transport challenges its development. At the same time there is still unused potential for attracting new goods to be transported and for inclusion of river transport in the intermodal chains. The insufficient maintenance of the fairway and poor effects of the climate change are prerequisites for the low investments in the fleet and losing its market position in the transport segment. Another important obstacle before the inland waterborne transport is the scarce possibility to invest own resources, lack of bank products and general exclusion from the public support schemes.

The identified good practices in EU countries show successful model for directing national or structural funding towards private entities in IWT. The elaborated catalogues with measures supporting greening of the fleet became a base for a discussion in the sector. The catalogue was translated into Bulgarian and actively was communicated with the stakeholders on several meetings and conducted surveys. Discussion has been initiated with the Bulgarian maritime authorities, and the government bodies in Bulgaria, responsible for the development of the strategic framework for the multiannual financial period 2021-2027. The Catalogue and the Bulgarian country report for fleet investment needs and its annexes were sent to the competent bodies: Deputy-prime Minister of European funds – responsible for the strategic framework document; the Minister of Transport, Information Technologies and Communication – obtaining specialised expertise in the field and the Bulgarian Small and Medium Enterprises Promotion Agency-regarding elaboration of the Strategy for SME development, which are the potential applicants.

Currently there is no relevant support provided to the sector in Bulgaria and given the wide scope of the measures of the model State Aid Scheme, promoting sustainable modernisation of inland waterway vessels in the Danube region, it is proposed the priorities enlisted below to be integrated into several Bulgarian Programmes, e.g.: Innovation and Competitiveness, Human Resource Development, The National Research Fund, The Programme for Scientific Research, Innovation and Digitalisation for Intelligent Transformation (2021-2027) and the National Fund for Safety Work Conditions:

- **Priority 1: Improving Environmental Performance**
- **Priority 2 Better integration of IWT into logistic chains to increase multimodality of freight transport**
- **Priority 3 Modernisation of vessels leading to increased safety of inland water transport**
- **Priority 4 Promote the emergence of innovative solutions**

The legal bases and procedures for each priority include de minimis and GBER, proposed in the description of each measure. If selected by the MAs of the proposed funds and programmes, the respective administrator of the aid should follow the respective procedure and report its intention to the Minister of Finance of Bulgaria in order to obtain approval.

This document is intended to become a model for the competent public authorities for their decision to design a measure/measures to support the IWT sector in Bulgaria. A catalogue of measures directed toward ship owners for retrofitting and renewal of vessels was elaborated within the project. After its finalisation the Bulgarian-Romanian Chamber of Commerce and Industry will present the Model to the competent public authorities.

5. Purpose and legal basis

5.1 Definitions

The following definitions are used in the guidelines:

- “aid” means any measure fulfilling all the criteria laid down in Article 107(1) of the Treaty;
- “aid intensity” means the gross aid amount expressed as a percentage of the eligible costs, before any deduction of tax or other charge.
- “aid scheme” means any act on the basis of which, without further implementing measures being required, individual aid awards may be made to undertakings defined within the act in a general and abstract manner and any act on the basis of which aid which is not linked to a specific project may be granted to one or several undertakings – for an indefinite period of time and/or for an indefinite amount;
- “the beneficiary” designates the inland waterway transport operator / user interested in applying to the Programme
- “inland waterway vessel” means a vessel intended solely or mainly for navigation on inland waterways in the scope of Directive (EU) 2016/1629¹;
- “the Programme” refers to Programme promoting sustainable modernisation and innovation of river waterway vessels in Bulgaria

¹ Directive (EU) 2016/1629 of the European Parliament and of the Council of 14 September 2016 laying down technical requirements for inland waterway vessels, amending Directive 2009/100/EC and repealing Directive 2006/87/EC.

- “small and medium-sized enterprises” or “SMEs” means undertakings fulfilling the criteria laid down in Annex I of GBER².

5.2 Background

Overview of the Bulgarian IWT sector

Inland waterway transport is the most environmentally friendly mode of transport in terms of transported volumes (tonne-kilometre). Shipping more goods on water reduces Greenhouse Gases (GHG), traffic congestions and accidents. Inland vessels offer an enormous carrying capacity per transport unit and inland waterways dispose of ample unused infrastructure capacity. However, there is significant potential for reducing energy use and pollutant emissions, regarding existing vessels as well as a large potential for modal shift by improved services. There is a high urgency for the inland waterway transport sector in Europe to develop measures to facilitate the transition towards zero-emission and thus address urgent climate challenges the world is facing nowadays.

Long service life of inland vessels, high investment costs, low re-investment capacity of the Danube fleet operators together with knowledge deficits about green technologies as well as the lack of public actions & incentives impose severe barriers for the adaptation of the Danube IWT fleet to forthcoming European IWT and environmental policy objectives.

Due to the generally difficult economic situation in most Danube countries, including Bulgaria, re-investment, or even- general overhaul over several years have been subordinated to day-to-day maintenance and essential repairs of the vessels. Therefore, a significant number of vessels has reached or passed its commercial and/or technical lifetime. The situation has aggravated due to the decrease in transport volumes and reduced profitability as consequence of the global financial crisis in parallel with the severe financial losses caused by the shortcomings in waterway maintenance.

In Bulgaria, the IWT sector has long traditions mainly related to the Danube as it is the single navigable river in the country. The recent transformations of the sector are reviewed in the period after 2008 when the Bulgarian River Shipping company has been privatized and the country became a member of EU. The economic development of the Bulgarian river ports has registered sharp reduction in the total freight turnover, where only in one year (2009) it declined with 25%. A similar drop in the freight turnover was also observed later in 2013 and 2014. In 2015 the freight turnover has decreased 2.45 times compared to 2008. This was mainly due to changes in the structure of the Bulgarian economy, which was no more predominantly oriented to Russia and the ex- Soviet Union countries.

The cargo flows and the current structure of the Bulgarian cargo fleet are illustrated below. The tendency follows to some extent the freight needs. The biggest number of dry cargo inland vessels, of which non-propelled barges are the majority, coming from the type of cargo, usually transported in long convoys. The shift from river transport to other means thus the sector never managed to regain position.

² Commission regulation (UE) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty - General Block Exemption Regulation (GBER)

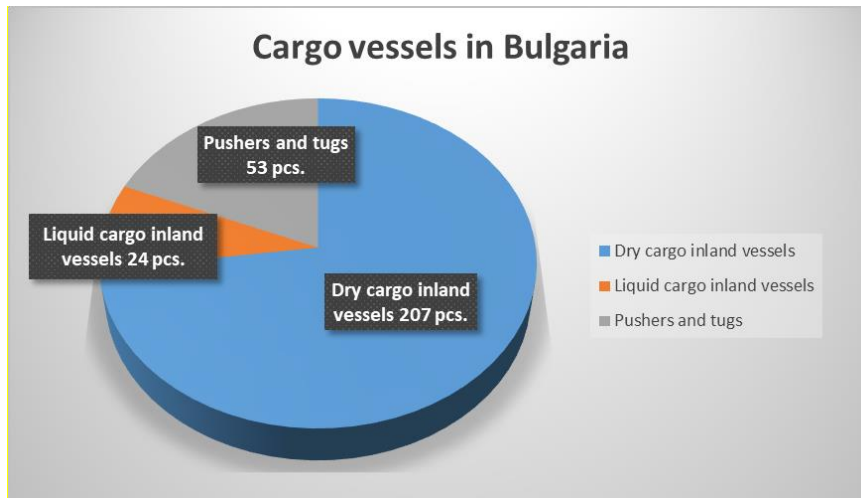


Figure 1: Structure of the cargo inland vessels in Bulgaria. Source: EAMA. Data as of August 2019.

Today the Bulgarian IWT operators use the Danube river predominantly for international transportation of cargo (and to some small extent - of passengers). This tendency is demonstrated by the number of cargo ships exceeding the number of passenger ships 20 times, which is partly due to the possibility of older vessels to still carry out cargo transportation, while passenger vessels require investment in order to achieve the standards for offering the tourist product mainly on international markets.

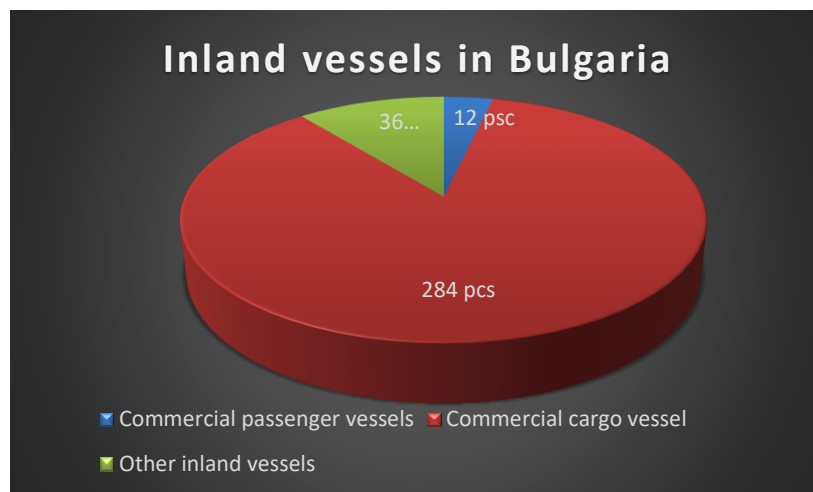


Figure 2: Inland vessels in Bulgaria according to their purpose. Source: EAMA. Data as of August 20193.

Of overall 45 owners of river ships, according to data obtained from the EA Maritime administration's register, at least 2 companies are considered as medium (employing less than 250 people, and turnover less than 50 mils. euro, balance sheet 43 mil. euro), 43 would qualify as being small enterprises (employing less than 50 people, with turnover and balance less than 2 mln. euro). As the

³ The total number of the Bulgarian river fleet shown, excludes the specialized vessels, purchased in the last three years, which execute exploration, rescue, and border protection functions.

information regarding the Bulgarian river fleet is not publicly available, the respective Programme's Managing authority should obtain more detailed information about the legal entity (potential beneficiary) from EAMA's registry.

The financial data analyzed by BRCCI shows that very few Bulgarian companies have registered growth and can be considered competitive on the international IWT market in the recent years. To large extent the situation is becoming more difficult for the sector due low volumes of domestic cargo shrinking after the 2009 economic crisis and the unstable fairway challenges and aging of the fleet vessels. The above-mentioned obstacles reduce Bulgarian IWT cargo fleet's effectiveness and challenges its inclusion in the intermodal transport chains along the Danube. Regarding the passenger river transport in Bulgaria the data shows that before the Corona lockdown, its growth has stimulated the renovation of passenger ships and there are several new white fleet vessels built after 2010 meeting all recent standards.

The following tables describes the specific dynamics of the Bulgarian vessels' registration. The majority of old vessels have been decommissioned while investments in new ones are scarce.

Country	Before 1941	1941-1960	1961-1970	1971-1980	1981-1990	1991-2000	2001-2010	After 2010	Un-known	TOTAL
Bulgaria (2019)	20	21	73	68	103	31	10	6	0	332

Table 1: Summary data on Bulgarian Danube fleet by years of construction (as of 30 August 2019), info provided by EAMA.

The old vessels, uncertain fairway conditions, outdated port infrastructure, missing skilled personnel and last, but not least, the lack of focused government policy and support for the IWT are the main obstacles to be overcome in order to boost future sector developments.

Challenges of the sector development

One of the biggest challenges for greening of the inland vessels is the development of a business case for a vessel owner or a vessel operator. This is needed to justify the investment in greening technologies and alternative fuels. A major barrier is that there is no internalisation of external costs of air pollution and greenhouse gas emissions in IWT.

The engines have a lifetime of around 20+ years and the retrofitting is quite expensive.

The obligation towards the reduction of pollutant emissions is installed through the NRMM⁴. However, this addresses only new engines and creates no pressure or incentive on the existing fleet. Only a relatively small number of new engines is sold each year to the IWT sector.

⁴ (Regulation (EU) 2016/1628 of the European Parliament and of the Council of 14 September 2016 on requirements relating to gaseous and particulate pollutant emission limits and type-approval for internal

Investments in new logistic and vessel concepts need stable long-term partnerships between the transport contractors and the shippers. Diversification of goods transported by IWT should be sought. The challenge is to bring actors together and to have a facilitator to support the innovation discussions, such as logistic and vessel concepts. An asset of IWT is the available transport capacity, low congestion levels and a low carbon footprint. These assets are becoming more and more relevant in future and can be exploited.

Various research and innovation projects (LNG Masterplan, PROMINENT, PLATINA, EIBIP) as well as the policy initiatives (NAIADES) investigated modernisation of inland vessels.

EU-Wide Strategy for Innovation Uptake in Inland Waterway Transport (elaborated by EIBIP consortium, May 2018) defined topics related to the modernisation and innovation uptake when considering the inland vessels sailing European waterways. It addresses the innovations concerning the inland vessels fleet and concerning logistics services. New technologies require trained staff with digital skills to be integrated in the multimodal chains. The aim is to improve the environmental footprint (reduction of air pollutant and greenhouse gas emissions) and to improve the position and performance of inland navigation in the overall transport system in Europe. The Strategy identified following areas:

- Environmental aspects & greening the fleet: (1.a) use of alternative fuels, (1.b) air pollutant emission reduction, (1.c) energy consumption reduction
- Position of IWT in the overall transport system: (2.a) new logistics concepts, (2.b) new cargo flows, (2.c) new vessel concepts.

For definition of possible relevant measures for state aid as well the legislation was considered, the European Standard laying down Technical Requirements for Inland Navigation vessels (ES-TRIN) and the European Agreement concerning the International Carriage of Dangerous Goods by Inland Waterways (ADN) and Regulation (EU) 2016/1628 called as well Non-Road Mobile Machinery (NRMM) among others.

Lessons learned from the preparation of the new state aid schemes in various EU Member States (Czech Republic, Germany, Croatia, France, etc.) and results of analysis as well as outcomes of discussion with experts were assessed. The past and current schemes were analysed by GRENDEL project Consortium and a catalogue was delivered. The gathered measures were discussed with stakeholders: during several work meetings initiated by BRCCI in 2018 and 2020. A survey was conducted preliminary in 2018 and later in fuller extent in April 2020 to prioritise the inventory of measures and selection of the appropriate ones for pilot implementation in Bulgaria. All findings were officially communicated to the Bulgarian Deputy-prime Minister of European funds, the Bulgarian Minister of Transport, Information Technologies, and Communications and the Bulgarian Small and Medium Enterprises Promotion Agency.

combustion engines for non-road mobile machinery, amending Regulations (EU) No 1024/2012 and (EU) No 167/2013, and amending and repealing Directive 97/68/EC, with the goal to decrease air pollution from emitted carbon oxide (CO), hydrocarbons (HC), nitrogen oxides (NOx) and particulate matter.

In addition to the information provided, there should be noted that surveys and interactions with the sector, clearly showed the interest of the Bulgarian IWT companies in enhancing the environmental performance of the fleet via acquisition of lower emission engines, improving the energy efficiency, and reducing the waste. Multimodality is another area of interest of the Bulgarian companies including adaptation of vessels to attract new freight in combination with modern software for operation. All proposed measures concerning safety on board are considered important including manoeuvring, protection systems and workstations. Innovative solutions and designs in line with fleet's needs are also considered important. Some of the proposed investments seem very low and not in line with the market prices, which means that actions are considered important for the normal operation of the fleet, but no plan nor market researches were performed as the investment could not be undertaken. Fleet operators do not plan investments but realise the need to change according to new requirements and market demands, therefore support for the sector should be considered. Some of the good opportunities for development could be provided by the proven successful in the EU state aid schemes for the IWT sector. They should be directed towards environmental performance, multimodality solutions, safety on board and tailor-made technologies for the sector. The key element could be the support to multimodal transport where IWT sector could unlock its potential with immediate effects on decrease of the road traffic and improved safety, adding the effect of cleaner environment in North Bulgaria. Properly targeted state aid can stimulate sustainable development of the Bulgarian transport sector, improved European connectivity with diverse modalities. The lack of alternatives for the delivery chains in this part of EU has become obvious in the last critical situation in Europe. Therefore, public support should be considered to facilitate the development of competitiveness of the Bulgarian IWT sector.

5.3 Objectives and purpose of the Draft State Aid Scheme developed based on a model (support measures with public funds)

The overall objective of the Draft State Aid Scheme is to encourage the development of Bulgarian IWT and to efficiently integrate it in the European intermodal transport and logistics chains.

The specific objective is to raise the competitiveness of the Bulgarian IWT sector by providing financial support targeted at:

- modernisation of the fleet in view of achieving energy efficiency and reaching the European sectoral standards
- greening of the fleet for higher environmental friendliness of the sector and contribution for the EU environmental legislation and goals
- investments in HR development and health and safety measures for equipping of the sector with the necessary human resources to drive the development forward

The funding will provide targeted incentives to fleet operators to invest fuel-saving technologies and measures, low-emission engines, emissions-abatement technologies, noise abatement measures, etc.

It is expected that such renovation will have a direct impact on the energy efficiency and climate and environmental friendliness of the inland waterway vessels in order to achieve the European (and world-wide) climate protection and environmental standards. This will also make the sector more competitive as a prerequisite for shifting cargo transportation from road to inland waterway.

The proposed measures are well balanced so that they can improve the economic situation of the sector, based on the feedback of the targeted stakeholders on one hand, and on the other, in helping them meet the standards and environmental requirements for the IWT in Europe.

The new 2021-2027 programming period is an excellent opportunity to implement the first support measures for the water transport in Bulgaria as a pilot phase. In this way valuable experience and expertise will be gained, and the capacity of the beneficiaries to participate in future larger projects will be built.

The proposed measures are fully in line with the European development objectives for the period 2021-2027.

5.4 Legal basis

5.4.1 TFEU compliance

State aid is in principle prohibited as incompatible with the common market. Article 107 (1) of the Treaty on the Functioning of the European Union (TFEU) states: "Save as otherwise provided in this Treaty, any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the common market." This article provides the four constitutive elements of a state aid.

In order to determine whether the notified measure contains state aid elements within the meaning of Article 107 (1) TFEU, it must be established:

- 1) whether the measure confers a selective economic advantage to the undertakings concerned,
- 2) whether this advantage has been financed through State resources,
- 3) whether this advantage distorts or threatens to distort competition and, finally,
- 4) whether the measure affects trade between Member States (Support granted under the de minimis Regulation (Commission Regulation 1407/2013) is not regarded as state aid if no more than EUR 200 000 is granted to a single undertaking over a period of three years and the other conditions laid down in the de minimis Regulation are also respected (transparency, cumulation rules).

A state aid in the meaning of article 107(1) TFEU is unlawful unless:

- it is notified to the European Commission according to Article 108(3) TFEU and the Commission approves the aid on the grounds that it is compatible with the internal market,
- or it falls within an exemption set out in EU legislation, as it is considered to be compatible with the internal market. Indeed, according to Article 109 of the Treaty, the Council may determine categories of aid that are exempted from this notification requirement

When Member States notify state aid to the Commission for IWT, two legal bases are possible:

- Article 107(3)(c) TFEU, as legal basis for declaring aid to facilitate the development of certain economic activities or of certain economic areas compatible with the internal market (greening among others) & Guidelines on State aid for environmental protection and energy 2014-2020 (The current Guidelines on State aid for environmental protection and energy 2014-2020 apply until 31.12.2020) for aid for energy and environment under Article 107(3)(c) TFEU.

- Article 93 TFEU, as legal basis for establishing the compatibility of aid for the coordination of freight transport.

GBER

The reference to the General Block Exemption Regulation (GBER) is made by reviewing its current content at the moment of the elaboration of this document. Some changes of the GBER are expected for the Programming period 2021-2027, which could affect the legal references of proposed measures.

Using the General Block Exemption Regulation (GBER) - Commission Regulation (EU) No 651/2014 of 17 June 2014 determining the compatibility of certain categories of aid with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union, allows to grant state aid without notification to the Commission if the respective conditions are observed. Categories of aid that are exempted from the notification requirement and can be used in IWT are for example: aid in favour of research and development and innovation, aid for environmental protection, training aid. The current GBER applies until 31.12.2020. A new GBER shall be adopted. It cannot yet be assessed if the GBER related framework described in the present document will stay unchanged or will be amended. Nevertheless, it should also be considered as an option for the hereby presented measures.

De minimis

Support granted under the de minimis Regulation (Commission Regulation 1407/2013) is not regarded as State aid. It is deemed too small to affect trade or distort competition and thus not fulfilling all the criteria of Article 107(1) TFEU. De minimis conditions are as follows: no more than EUR 200,000.00 is granted to a single undertaking over a period of three fiscal years (road transport: EUR 100,000) and the other conditions laid down in the de minimis Regulation are also respected (in particular the fact that the aid is a “transparent aid”, i.e. it is possible to calculate precisely the gross grant equivalent of the aid ex ante without any need to undertake a risk assessment, respect of the cumulation rules).

There is a very well-developed mechanism including reliable reporting procedure in Bulgaria in applying “de minimis” rule. It does not have the character of state aid, although there are public funds provided. It is considered a good instrument to develop capacity of beneficiaries and to address measures that have limitation of cost. This rule does not require the kind of specific expertise that companies could not access and provides affordable operational conditions for potential applicants.

Since there is a large national experience in application of “de minimis” regime, it seems suitable to be proposed – especially for many of the drafted measures. In addition, it is well managed with reliable reporting structure, the beneficiaries are familiar with it and could cover small scale investment, safety, and training issues. This approach requires limited resources, and it is also appropriate for placing it even for pilot implementation in larger funding programmes dedicated to private entity support.

In conclusion, the measures proposed in this document could be summarised as follows:

- Measures that fall under the GBER (block exempted categories of measures)

- De minimis aid (is not regarded as state aid)

5.4.2 Sectoral legislation

The NRMM Regulation (Regulation (EU) 2016/1628) sets emission limits for several pollutants from combustion engines covering the non-road sector, ranging from small gardening and handheld equipment over agricultural and construction machinery to locomotives and inland vessels. It also lays down the procedures that engine manufacturers must follow to obtain type-approval of their engines – which is a prerequisite for placing their engines on the EU market.

With a view to inland navigation, the regulation introduces very stringent emission limits (“Stage V”) requiring exhaust aftertreatment systems (e.g. DPF (Diesel particulate filters), SCR (Selective catalytic reduction)) for nearly all power ranges. These additional technical equipment leads to significantly higher costs per kW engine power compared to the preceding standard Stage IIIA. Furthermore, the industry is still in the process of developing and type-testing engines, thus, now only a very limited number of engines conforming to Stage V requirements is available on the market.

The technical standard ES-TRIN (European Standard for Technical Requirements for Inland Waterways Vessels) is a standard jointly developed by the Member States of the European Union and the Central Commission for Navigation of the Rhine within the CESNI framework. It has been introduced as the applicable set of technical provisions for inland navigation vessels on the EU waterways by way of Annex II of Directive (EU) 2016/1629. The currently applicable edition is ES-TRIN 2019/1. With a view to the greening of inland navigation, ES-TRIN already covers a couple of relevant issues. The 2017 edition introduced the requirement that for new vessels as well as for the replacement of engines, only engines in conformity with the requirements of the NRMM-regulation are permitted. However, ES-TRIN does so far not contain deadlines for the substitution of existing engines in conformity with emission stages lower than V if they are maintained in proper working order. In addition, the 2017 edition introduced a set of requirements for vessels using LNG for propulsion or auxiliary purposes. The 2019 edition for the first time introduced specific requirements for inland navigation vessels with electric propulsion.

The RIS Directive⁵ establishes a framework for the deployment and use of harmonised, interoperable, and open River Information Services (RIS). It requires Member States to develop and implement RIS in an efficient, expandable, and interoperable way and to provide interfaces with transport management systems and commercial activities. Member States must provide RIS users with the data necessary for voyage planning, electronic navigational charts for waterways and notices to skippers shall be provided as standardised, coded, and downloadable messages. In line with the RIS Directive, the Commission laid down technical guidelines and specifications for RIS through five implementing acts.⁶

⁵ Directive 2005/44/EC of the European Parliament and of the Council of 7 September 2005 on harmonised river information services (RIS) on inland waterways in the Community

⁶ Commission Regulation (EC) No 414/2007 concerning the technical guidelines for the planning, implementation and operational use of RIS; Commission Implementing Regulation (EU) No 909/2013 on the technical specifications for the electronic chart display and information system for inland navigation (Inland

The Directive 2017/2397 of the European Parliament and of the Council on the recognition of professional qualifications in inland navigation⁷ lays down the conditions and procedures for the certification of the qualifications of persons involved in the operation of a craft navigating on Union inland waterways, as well as for the recognition of such qualifications in the Member States. By providing the common standards across the Union necessary to achieve the internal market for workers in IWT, the Directive 2017/2397 streamlines the legal framework related to professional qualifications in the European IWT sector, which is currently fragmented. The Directive will replace a complex set of regional requirements with multilateral and bilateral agreements by a simpler and, more importantly, EU-wide framework for certification and mutual recognition. CESNI adopted in 2018 the first version of the European Standards for Qualifications in Inland Navigation (ES-QIN).

The list of standards represents the standards required by the Directive concerning the competences and corresponding knowledge and skills, for the practical examinations, for the approval of simulators and for the medical fitness, approved by Commission Delegated Directive (EU) 2020/12.

5.4.3 Transition towards zero-emission and climate neutral economy

Adopted by the new European Commission in December 2019, the European Green Deal provides a roadmap with concrete actions to stop climate change. It covers all sections of the economy. With transport being a massive polluter, the document makes a plea to encourage the development of IWT in Europe and to efficiently integrate it in the intermodal transport and logistics chains. Inland waterway transport will therefore play a major role in overcoming the massive challenges Europe will face in the long run.

Transition towards zero-emission and climate neutral economy is already longer on the agenda of European Union with visions elaborated on the Union level, policy declarations and calls to improve the sustainability of transport modes. Relevant policy guidelines and strategies are summarised below:

- Communication (COM/2018/773 final, 28 November 2018) “A Clean Planet for All”- a European strategic long-term vision for a prosperous, modern, competitive, and climate-neutral economy by 2050.
- Communication (COM/2018/330 final) “A Europe that protects: Clean air for all” from the European Commission provides the policy framework for reduction of air pollutant emissions such as NO_x and Particulate Matter.

ECDIS); Commission Regulation (EU) No 415/2007 concerning the technical specifications for vessel tracking and tracing systems (as amended by Commission Implementing Regulation (EU) No 689/2012); Commission Regulation (EU) No 164/2010 on the technical specifications for electronic ship reporting in inland navigation (as amended by Commission Implementing Regulation (EU) 2019/1744); Commission Regulation (EC) No 416/2007 concerning the technical specifications for Notices to Skippers (as amended by Commission Implementing Regulation (EU) 2018/2032.

⁷ Directive (EU) 2017/2397 of the European Parliament and of the Council of 12 December 2017 on the recognition of professional qualifications in inland navigation and repealing Council Directives 91/672/EEC and 96/50/EC

- Council of Transport Ministers in December 2018 and the European Parliament in February 2019 called for improvement of sustainability of inland waterway transport in view of contributing to Paris agreement objectives (COP21).
- The Central Commission for Navigation of the Rhine (CCNR) stated, in the Mannheim declaration of October 2018, to develop a roadmap to largely eliminate greenhouse gases and other pollutants by 2050. Moreover, the Waterborne Technology Platform recently launched its vision regarding zero emission waterborne transport in 2050. In addition, an emerging number of ship-owners set net-zero CO2 emissions in 2050 or earlier as their target.

5.4.4 National policies and legal basis

The priorities of the Bulgarian government in the last years favour the development of maritime transport without respecting the IWT specifics. In general, the support is granted only to state-owned organisations and allocated mainly to infrastructure and fairway maintenance. The existing policy support documents currently plan investments until 2030 exclusively for river ports and related infrastructure.

The main strategic document relevant to the field of transport in Bulgaria is the Integrated Transport Strategy 2030. Small part of envisaged measures is directed towards IWT. Mainly these are modernisation of port infrastructure, improvement of navigation and quality of fairway as well as increasing the role of digitalisation for better monitoring of traffic and quality of services. Private ship owners are not eligible beneficiaries.

Considering the limited public resources, the aim regarding the port infrastructure is attracting private investments for modernization and development. Main approach here is the concession of port terminals.

In the spring of 2020 has started the preparation of the draft of the National plan for development of combined transport in Bulgaria until 2030, which is still not finalised. During the survey process which has been actively supported by BRCCI, a promotion of IWT was performed alternatively to the automotive transport and important part of the intermodal chain that are going to be developed.

The future development of IWT sector in Bulgaria is part of the Programme “Transport Connectivity”⁸ for the period 2021-2027. Specific activities are envisaged in Target policy: „Better connected Europe via improvement of mobility and regional connectivity of ICT“, priority 4 “Innovations in transport, modernized systems for traffic management, improvement of transport safety”. There will be funded delivery of multifunctional vessels and equipment aimed at improvement of conditions for navigation on Danube and applying mechanisms and procedures to sustain and provide safe conditions of the fairway in the periods of shallow waters. Specialised equipment will be delivered and an upgrade of the information system in order to be improved the quality of provided information to users is envisaged (functioning of river information system BULRIS and Single-window service). The focus is on enlarging the opportunities of the already installed information systems, connecting them to the

⁸ <https://www.nextgeneration.bg/#modal-three> [current status on 18.11.2020:draft]

other community port systems. Delivery of rescue multipurpose and patrol ships as well as specialised equipment for ensuring the safety of Bulgarian water area is envisaged. Better control of pollution of waters by ships is also one of priorities of the action. Port infrastructure facilities are planned for renovation and construction, such as key walls, key facilities, flood prevention, breakwaters, specialized quays for emergency rescue and patrol activities for safe, effective, and secure inland waterway and sea transport. All enlisted measures have specific beneficiaries: public bodies or public companies. The planned funding for interventions is approximately 8 410 000 euro.

Aspects of the IWT development are also relevant to support by other national strategic documents for the period 2021-2027 among which are the Draft of Programme Environment⁹, Draft Programme Innovation and Competitiveness¹⁰ and Draft of Programme Human Resource Development¹¹.

For the improvement of transport connectivity between Bulgaria and Romania in the period 2021-2027 a strategic project for pre-feasibility study for utilization of the potentials of the Danube River is considered for implementation. It is envisaged that the project will include, on the one hand, activities for analysis of the economic potential for development of the territories on both sides of the border, existing and prognosis traffic, the potential for interconnection between the regions, and on the other hand - a full pre-project study in the field of transport connectivity by modes of transport and planning, modernisation / rehabilitation and expansion of existing and building new connections between the Republic of Bulgaria and Romania. Such could be financed within the cross-border cooperation program, operational programs for regional development and transport in both countries and other sources. Other projects and measures for funding will be directed towards green transport (railway and water), providing operative compatibility of networks as well as joint solutions with Romania of the issues with free flow of Lower Danube via engineering measures according to Connecting Europe mechanism.

Another step in this direction is the EU Transport Ministers' meeting in Opatia, Croatia, held in March 2020, followed by the Bulgarian government approval and acceptance of the joint declaration "Water transport in EU-future perspectives". It will provide guidelines for the Member States for the development of maritime policy by 2030 in the context of the protection of the marine environment, with a focus on supporting the fight to reduce greenhouse gas emissions from ships and further digitization in maritime and inland navigation.

All proposed measures in this Draft State Aid Scheme for Bulgaria are in line with the Objectives of the draft of the Partnership agreement¹², which is going to be signed between the Government and the European Commission for management of EU funds in the period 2021-2027. The prepared in the framework of the GRENDEL project (consulted with EC's DG COMP) scheme constitutes a model. It includes background information, legal basis and measures for public support using state aid or de minimis regime addressing IWT fleet modernisation in Bulgaria. This document is intended to support

⁹ <https://www.nextgeneration.bg/#modal-three> [current status on 18.11.2020:draft]

¹⁰ <https://www.nextgeneration.bg/#modal-three> [current status on 18.11.2020:draft]

¹¹ <https://www.nextgeneration.bg/#modal-three> [current status on 18.11.2020:draft]

¹² <http://www.strategy.bg/PublicConsultations/View.aspx?lang=bg-BG&Id=5540> [current status on 18.11.2020:draft]

the public authorities should they decide to design a measure/measures to support the IWT sector in Bulgaria.

Private transport operators in Bulgaria in general, and IWT companies, are almost fully excluded from the locally managed EU-funded grant schemes, aimed at modernisation and innovation of the Bulgarian enterprises. National state aid schemes for the sector are not available.

In the implementation of the abovementioned priorities are provided means from different financial sources – private investments for port infrastructure and EU and national funds for information systems and maintenance. At this stage, the Ministry of Transport, Information Technologies, and Communication does not apply State Aid Schemes and support of ship owners and operators.

The Bulgarian administration has gained experience in the application of State Aid regimes as well as in design of funding schemes. In the period 2014 – 2020 to private bodies were used different instruments: loans, guarantees, grants, etc. A popular aid applied in different fields is the Regional one. Due to restriction of non-application to ship construction, in IWT support measures it could not be relevant.

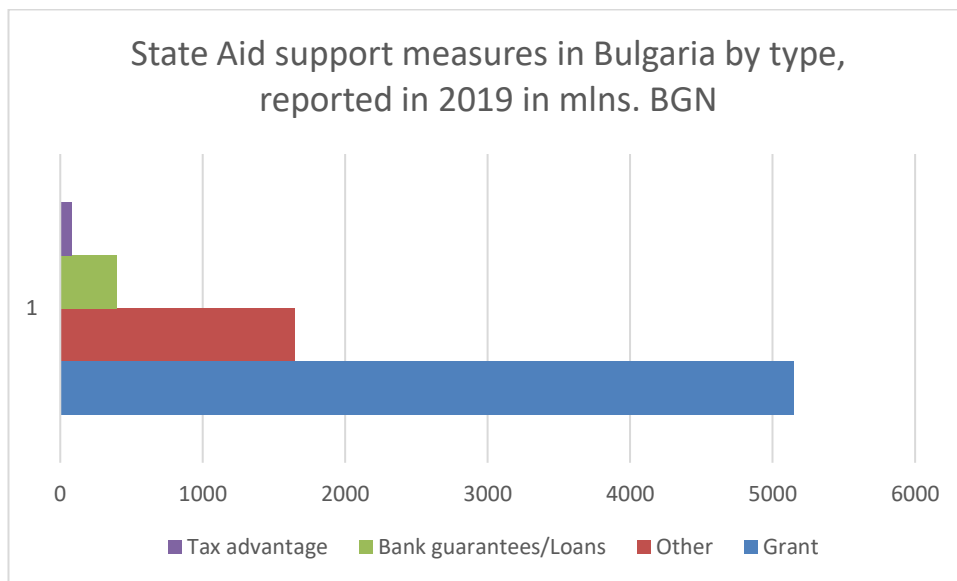


Figure 3: State Aid support measures in Bulgaria by type, reported in 2019 in mln. BGN

The public information on the website of the Ministry of finance regarding reported State Aid in 2019 shows provision of different types of funding on various policies:

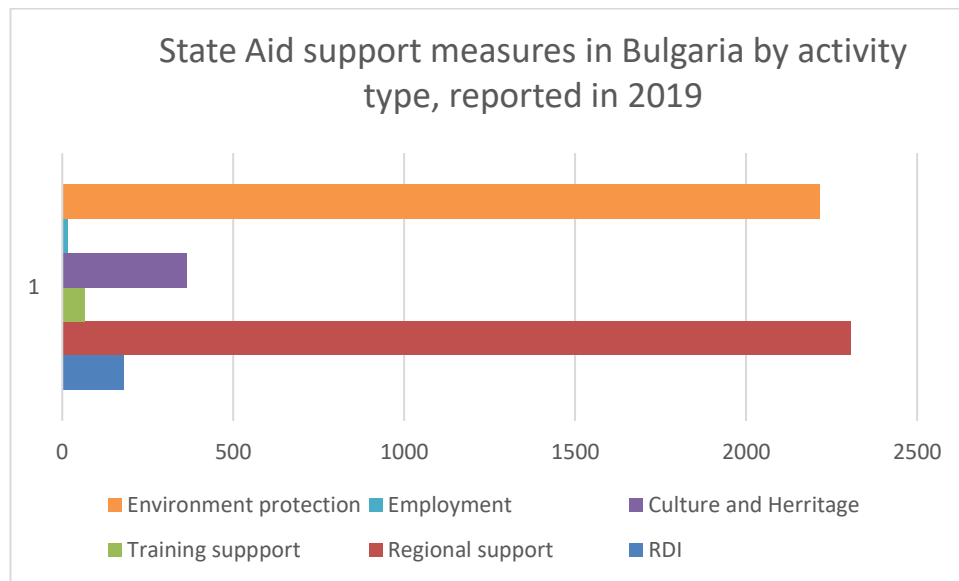


Figure 4: State Aid support measures in Bulgaria by activity type, reported in 2019

The legal basis for the Multiannual Financial Framework 2021-2027 in Bulgaria includes:

- The Partnership agreement presenting the strategic approach of Bulgaria for the period 2021-2027 and setting the framework for management of European union funds.
- Decision of the Council of Ministers 196/11.04.2019 adopting analysis of the socio-economic development of Bulgaria 2007-2017, national priorities for the period 2021-2027, list of Programmes and appointing MA for each.
- Decision of the Council of Ministers № 335/07.06.2019 regarding the indicative financial dividing of funds from ESF+, ERDF and CF for Programme period 2021-2027 on objectives of the policy and Programmes.
- Ordinance of the Council of Ministers 142/07.06.2019 on development of strategic and Programme documents and establishment of thematic work groups.
- Decision of the Council of Ministers № 368/25.06.2019 – implementation of horizontal and thematic unlocking conditions.

With regards to State Aid, with the following national legislation applies:

- State Aid Act, SG No. 85/24.10.2017 <http://stateaid.minfin.bg/bg/page/427>
- ORDINANCE № H-10 of 23.11.2018 on the terms and procedure for notification to the Minister of Finance before granting new state aid
- ORDINANCE N-4/22.07.2016

Regarding the proper management of EU funds and application of national rules, the following acts should be taken into consideration:

- The Law on Management of ESIF
- Council of Ministers Decree 118/20.05.2014
- Council of Ministers Decree 189/28.07.2016 on setting national rules for eligibility of expenses on Programmes cofounded by the European Structure and Investment Funds for the Programme period 2014-2020

Regarding safety on the workplace there should be taken into consideration the following national acts:

- Ordinance No.3/9.04.2001 for minimal requirements for safety and protection of employees' health in using personal protection aids on workplace
- Ordinance No RD-07-2/16.12.2009 on conditions and performance of periodic training and instructing workers and employees on rules for provision of health and safety work conditions
- Ordinance on employment and directly related relations between members of crew and ship owner / 8.04.2014 revised 12.11.2019
- Ordinance 22/22.12.2008 for technical requirements for ships navigating on inland waterways.
- Environment Protection Act.

6. Supported measures

The table below provides details on priorities and measures included into the model state aid scheme. Only measures under the priorities 1 and 4 could be part of GBER. The measures under priorities 1, 2, 3, 4 could be implemented via “de minimis”-type of funding.

Measure	Fund	Framework
Priority 1. Improving environmental performance		
1.1. Acquisition (purchase and replacement) of lower emission engines	PIC	Article 36 GBER ¹³
1.2. Measures to reduce air pollutant emissions (other than through lower emission engines)	PIC	De minimis ¹⁴ /Article 36 GBER
1.3. Measures to improve energy efficiency and optimise energy management on board	PIC	De minimis/ Articles 38 ¹⁵ and 41 ¹⁶
1.4. Measures to reduce noise emissions	PIC/P Human Resource Development National Fund Safety	De minimis/ Article 36 GBER

¹³ Investment aid enabling undertakings to go beyond Union standards for environmental protection or to increase the level of environmental protection in the absence of Union standards

¹⁴ Budget estimations were made based on suggested sums for activities by the participants (IWT stakeholders) in the survey conducted by BRCCI in April 2020

¹⁵ Investment aid for energy efficiency measures

¹⁶ Investment aid for the promotion of energy from renewable sources GBER

		Work Conditions	
1.5. Measures to reduce and treat releases to water or waste		PIC	De minimis/Article 36 GBER
1.6 Promotion of education and training in inland navigation		P Human Resource Development	De minimis
	Priority 2. Better integration of inland water transport into logistic chains to increase multimodality of freight transport		
2.1. Adaptation of vessels to attract new traffic or freight or perpetuate existing traffic or freight		PIC	De minimis
2.2. Acquisition of instruments and software to help the navigation or operation of vessels / fleet		PIC	De minimis
	Priority 3. Modernisation of vessels leading to increased safety of inland water transport		
3.1. Measures to adapt equipment used for maneuvering of inland vessel and related indicating and monitoring devices		PIC	De minimis
3.2. Measures addressing vessel's safety equipment and fire protection systems		P Human Resource Development National Fund Safety Work Conditions	De minimis
3.3. Measures addressing safety at workstations and crew safety		P Human Resource Development National Fund Safety Work Conditions	De Minimis
3.4 Measures addressing other safety related issues		P Human Resource Development National Fund Safety Work Conditions	De Minimis
	Priority 4. Promote the emergence of innovative solutions		
4.1 Development of innovative solution and experimentation with innovations		PIC P Science and education National fund scientific research	De Minimis

		Articles 25 ¹⁷ and 49 ¹⁸ GBER
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Table 2: Summary of the supported measures

6.1. Priority 1 Improving environmental performance

6.1 Priority 1 Improving environmental performance			
Priority 1. Improving environmental performance			
GBER if applicable	Investment aid enabling undertakings to go beyond Union standards for environmental protection or to increase the level of environmental protection in the absence of Union standards (Art 36)		
Intensity of aid	Maximum	Medium enterprises	Small enterprises
Art 36 GBER	40%	↑ by 10%	↑ by 20%
<p>To apply under GBER the intensity of aid shall be as described in GBER.</p> <ul style="list-style-type: none"> Aid for undertakings which go beyond Union standards or which increase the level of environmental protection in the absence of Union standards <p>Only works or equipment which are not compulsory according to Union standards (and therefore go beyond the current Union standards) are eligible for support under state aid. If the installation of certain equipment or features is made mandatory in the period of the state aid, the corresponding works or equipment will no longer be eligible.</p>			
Objective ►►► Environmental protection			
<p>The measures addressed by the aid aim at reducing the environmental impacts of waterway transport by reducing emissions of gaseous and particulate pollutants from internal combustion engines and auxiliary motors installed on vessels and by implementing other measures with direct environmental benefits. These measures aim to protect health and the environment from the adverse effects of emissions from the transport sector, contribute to energy efficiency and lower levels of CO2 emissions, in line with the EU environmental objectives and the EU climate change goals. Following measures can be eligible under this priority:</p> <ol style="list-style-type: none"> 1.1. Acquisition (purchase and replacement) of lower emission engines 1.2. Measures to reduce air pollutant emissions (other than through lower emission engines) 1.3. Measures to improve energy efficiency and optimise energy management on board 1.4. Measures to reduce noise emissions 1.5. Measures to reduce and treat releases to water or waste 1.6. Promotion of education and training in inland navigation 			
1.1. Acquisition (purchase and replacement) of lower emission engines			

¹⁷ Aid for research and development projects

¹⁸ Aid for environmental studies

<p>Acquisition and replacement of lower emission engines aimed at reducing emissions. Investments may relate to following:</p> <ul style="list-style-type: none"> ▶ Acquisition of lower-emission engines ▶ Acquisition of lower-emission auxiliary engines, including installation ▶ Acquisition of directly subsequent components (e.g. gearbox), including installation ▶ Replacement of the previously used conventional diesel engine with a lower emission engine (removal & installation) ▶ In case of gas engine, the associated gas storage and supply system <p>Terms of application</p> <p>The aid covers equipment/technologies/systems and works carried out on existing vessels</p> <p>The installed equipment and technology shall enable to achieve performance exceeding the standards in force at the time of application.</p> <p>Calculations supported by document proofs and certificates should be provided for the planned improvements¹⁹.</p>
<p>Assessment basis for the grant</p> <p>Proven expenditure for the acquisition of the technology and the implementation of the measure (alternative with capping per vessel).</p> <p>Legislation / Standard</p> <ul style="list-style-type: none"> • Regulation 2016/1628 on pollutant emissions from non-road Mobile Machinery (NRMM) <p>While new engines have to conform to the Regulation 2016/1628 (<300kW from 1.1.2019 and >300kW from 1.1.2020), such Regulation does not oblige the owners of vessels operating with old engines to replace them. Therefore, the aid is granted in order to incentivise such owners to go beyond their environmental obligations.</p>
<p>1.2. Measures to reduce air pollutant emissions (other than through lower emission engines)</p> <p>Installation of equipment and technologies as well as procedures aimed at reducing emissions, other than through the acquisition and installation of lower emission engines. To fulfil these limits different exhaust gas after-treatment technologies and processes can be used. Investments may relate to following:</p> <ul style="list-style-type: none"> ▶ Installation of (re)processing technologies and equipment for emitted gases – these include in particular catalytic converters, particulate filters, unless they are part of the lower emission engine, as well as combined exhaust gas reduction systems and other pollution control systems. ▶ Installation of fuel water emulsion technology / plant <p>Terms of application</p> <p>The aid covers equipment/technologies/systems and works carried out on existing vessels</p> <p>The installed equipment and technology shall enable to achieve performance exceeding the standards in force at the time of application.</p> <p>Detailing the eligibility of measures</p> <p>The measures are eligible in the following cases:</p>

¹⁹ Article 36 GBER: *Aid shall not be granted where investments are undertaken to ensure that undertakings comply with Union standards already adopted and not yet in force. "By way of derogation from paragraph 3, aid may be granted for (b) retrofitting of existing transport vehicles for road, railway, inland waterway and maritime transport, provided that the Union standards were not yet in force at the date of entry into operation of those vehicles and that, once mandatory, they do not apply retroactively to those vehicles."*

(a) if the particulate matter (PM) reduction is at least 90% and this is evidenced by a manufacturer's declaration or by metrological verification by a certified inspection body, or

(b) if the reduction in nitrogen oxide emissions (NOx) is at least 70% and this is evidenced by a manufacturer's declaration or by metrological verification by a certified inspection body, or

(c) if equivalent combined reduction of particulate and nitrogen oxide emissions of the engine as specified in points (a) and (b) is substantiated by the manufacturer's declaration or by metrological evidence. The equivalent combined reduction is given by the following formula: $(\Delta \text{NOx} [\%] / 70 + \Delta \text{PM} [\%] / 90) * 100 \geq 100\%$

Assessment basis for the grant

- In case of installation of (re)processing technologies and equipment for emitted gases, the proven expenditure for acquisition of the technology and implementation of the measure

Legislation / Standard

- Regulation 2016/1628 on pollutant emissions from non-road Mobile Machinery (NRMM) While new engines have to conform to the Regulation 2016/1628 (<300kW from 01.01.2019 and >300kW from 01.01.2020), such Regulation does not oblige the owners of vessels operating with old engines to replace them. Therefore, the aid is granted in order to incentivise such owners to go beyond their environmental obligations.

1.3. Measures to improve energy efficiency and optimise energy management on board

Installation of equipment and technologies as well as procedures aimed to improve onboard energy management by limiting energy consumption and promoting renewable energies. Encouraged are on one hand measures to reduce fuel consumption and on the other hand installation of systems reducing the amount of energy used and exploiting more environmentally friendly energy sources. Investments may relate to following:

- ▶ Installation of energy reduction systems on board (e.g. energy management automat, eco-pilot, generator)
- ▶ Installation of renewable energy production systems (e.g. solar panels for domestic use)
- ▶ Adaptations of vessels energy supply wiring / network resulting from installations above (e.g. overhaul of electrical or hydraulic circuits)

Terms of application

The aid covers equipment/technologies/systems and works carried out on **existing vessels**

The installed equipment and technology shall enable to achieve **performance exceeding the standards in force at the time of application**. (in particular measures to reduce fuel consumption, shall be eligible provided that a saving of at least 10% in fuel consumption compared to the installed engine is achieved by inland waterway vessels in service. The proof shall be provided in a suitable form, for example by a comparative calculation for the representative areas of operation (including representative load profiles) where the inland waterway vessel is expected to operate or by means of model / simulation results.)

Assessment basis for the grant

Proven expenditure for the acquisition of the technology and the implementation of the measure (alternative with capping per vessel).

1.4. Measures to reduce noise emissions

Measures to reduce noise emissions are those leading to a reduction of airborne or structure-borne noise emissions by limiting noise values for occupational health and safety as set in the Union standards, which is in this case ES-TRIN. Investments may relate to following:

- ▶ Installations and adaptations to reduce noise emissions and vibrations in engine rooms (Art 3.04, paragraph 7)
- ▶ Installations and adaptations measures to reduce noise emissions and vibrations in a wheelhouse (Art 7.01 (2))

► Installations and adaptations measures to reduce noise emissions and vibrations in accommodation spaces, both communal living quarters and sleeping cabins (Art 15.02 (5))

Terms of application

The aid covers equipment/technologies/systems and works carried out on **existing vessels**

The equipment and technology installed shall enable to achieve performance exceeding the standards in force at the time of application.

Assessment basis for the grant

Proven expenditure for the acquisition of the technology and the implementation of the measure (alternative with capping per vessel).

Legislation / Standard

- European Standard laying down Technical Requirements for Inland Navigation vessels (ES-TRIN) - Edition 2019/1, in particular Art 3.04 (7), Art 7.01 (2), Art 14.09 and Art 15.02 (5) of ES-TRIN.

1.5. Measures to reduce and treat releases to water or waste

Installation of equipment and technologies as well as procedures aimed at reducing volumes of waste generated, improving conditions for waste storage on board and facilitate waste reprocessing. Investments may relate to following:

- waste storage systems (e.g. storage tanks)
- waste reprocessing systems (e.g. reprocessing station, adaptation of piping)
- equipment to limit the waste generated (e.g. propeller shaft limiting grease)

Terms of application

The aid covers equipment/technologies/systems and works carried out on **existing vessels**

The equipment and technology installed shall enable to achieve performance exceeding the standards in force at the time of application.

Assessment basis for the grant & aid intensity

Proven expenditure for the acquisition of the technology and the implementation of the measure.

Legislation / Standard

Commercial Navigation Code in Bulgaria; Environment Protection Act.

1.6 Promotion of education and training in inland navigation

The measure aims to increase the qualification of the employees in the IWT sector in correspondence to the increased requirements on safe and environmentally friendly technologies applied in IWT. It should require participation of the staff in suitable training courses providing certificates of obtained skills and knowledge in subjects as: inland navigation, GHG decrease technologies, safety of navigation, digitalisation of activities, economics, etc. The measure intends to contribute significantly to increasing of the safety of navigation and greening of activities. Support may relate to the following actions:

- provide the mandatory competences (knowledge and skills) for the operation of an inland waterway vessel.
- provide the knowledge in the use of electronic data processing.
- prepare to a specific qualification to be used in inland navigation.

Terms of application

Voucher for training (fixed sum for training services from certified training institutions) provided for employers.

Legislation

<p>Directive (EU) 2017/2397 of the European Parliament and of the Council of 12 December 2017 on the recognition of professional qualifications in inland navigation and repealing Council Directives 91/672/EEC and 96/50/EC European Standard for Qualifications in Inland Navigation (ES-QIN) - Edition 2019 (available under https://www.cesni.eu/wp-content/uploads/2020/03/ES-QIN_2019_en.pdf), adopted by Delegated Directive (EU) 2020/12</p>
<p>Definitions</p> <p>“conventional diesel engine” - an engine of an inland waterway vessel that does not meet the following standards of the European Union or the equivalent national standards:</p> <p>(a) the exhaust emission limit values set out in Annex II to NRMM (Regulation (EU) 2016/1628)</p> <p>(b) the noise emission limits set out in Article 8.10 of ES-TRIN</p> <p>“lower emission engine” - shall mean an engine for an inland waterway vessel meeting the following standards of the European Union or the equivalent national standards:</p> <p>(a) the exhaust emissions comply with the exhaust emission limit values set out in Annex II to NRMM (Regulation (EU) 2016/1628), with the provision that one of these limits will be undercut by 5%.</p> <p>(b) the noise emissions are below the limits specified in Article 8.10 of ES-TRIN²⁰</p>

Table 3: Supported measures under Priority 1

6.2. Priority 2 Better integration of IWT into logistic chains to increase multimodality of freight transport

Priority 2. Better integration of inland water transport into logistic chains to increase multimodality of freight transport			
GBER if applicable	N/A		
Intensity of aid	Maximum	Medium enterprises	Small enterprises
<i>De minimis</i>	100%	100 %	100 %
Objective ►►► Sectoral development			
<p>The measure is aimed at increasing the involvement of waterway transport in the multimodal transport chains by making the vessels more competitive, operationally flexible and secure in the context of multimodal transport chain.</p> <p>Following measures can be eligible under this priority:</p> <p>2.1. Adaptation of vessels to attract new traffic or freight or perpetuate existing traffic or freight</p> <p>2.2. Acquisition of instruments and software to help the navigation or operation of vessels / fleet</p>			
2.1. Adaptation of vessels to attract new traffic or freight or perpetuate existing traffic or freight			

²⁰ (Article 8.10 Noise emitted by vessels:

1. The noise produced by a vessel under way, and in particular the engine air intake and exhaust noises, shall be damped by using appropriate means.
2. The noise generated by a vessel under way shall not exceed 75 dB(A) at a lateral distance of 25 m from the ship's side.
3. Apart from transshipment operations the noise generated by a stationary vessel shall not exceed 65 dB(A) at a lateral distance of 25 m from the ship's side.)

<p>The measure aims to support the adaptation of existing vessel to attract new cargo and further develop their activity. It also plans to help carriers to make the necessary adjustments to sustain transport activities already in place. Investments may relate to following:</p> <ul style="list-style-type: none"> ▶ adaptations of the vessel's equipment (e.g. bottom or deck reinforcement, acquisition and installation of stacking covers, raising the hatchways, extending hatchways, ...) ▶ adaptations of the dimensions of the vessel (e.g. lengthening, shortening, broadening) ▶ adaptations related to handling or transport (e.g. on-board handling equipment, hazardous material transfer systems, acquisition transportation frames for cars) <p>Terms of application</p> <p>Interventions concern work carried out on existing vessels and intended to respond to specific (new or existing) transport/cargo related adaptations.</p> <p>The applicant will specify the description of cargo/transport business case (traffic), new or to be secured, targeted by the investment (tonnage, origin destination, nature, transport constraints, shipper).</p> <p>Assessment basis for the grant</p> <p>Proven expenditure for the acquisition of the technology and the implementation of the measure (alternative with capping per vessel).</p>
<p>2.2 Acquisition of instruments and software to help the navigation or operation of vessels / fleet</p> <p>Measure aims to modernise the management of vessels and their loads by carriers and to improve their productivity. Investments may relate to following:</p> <ul style="list-style-type: none"> ▶ navigation aids (e.g. GPS, anemometer, Inland AIS interfaced radars, Inland ECDIS chart, tempomat, autopilot) when their acquisition is not an obligation from the regulatory framework provided in particular in the specific regulations corresponding to the zone in which the vessel navigates ▶ software (e.g. logistics planning software, loading plan optimisation software, enterprise resource planning and fleet management software, interfaces with other transport modes and port community systems). <p>Terms of application</p> <p>The funding covers equipment/technologies/systems and works carried out on existing vessels.</p> <p>Assessment basis for the grant</p> <p>Proven expenditure for the acquisition of the technology and the implementation of the measure (alternative with capping per vessel).</p>

Table 4: Supported measures under Priority 2

6.3. Priority 3 Modernisation of vessels leading to increased safety of inland water transport

Priority 3. Modernisation of vessels leading to increased safety of inland water transport			
GBER if applicable	N/A		
Intensity of aid	Maximum	Medium enterprises	Small enterprises
<i>De minimis</i>	100 %	100 %	100 %
<i>The activities towards the compliance with the Standards and legislation in force are not eligible, with exception of activities that will ensure the compliance before the defined transitional period.</i>			

Only works or equipment which are not compulsory according to Union standards (and therefore go beyond the current Union standards) are eligible for support under state aid. If the installation of certain equipment or features are made mandatory in the period of the state aid, the corresponding works or equipment will no longer be eligible.

Objective ►►► Sectoral development

The measures are aimed at modernisation of inland waterway vessels in terms of safety equipment, safety at work, adaptations to wheelhouse, steering system and maneuverability of a vessel, all to support the crewmembers in navigational and operational aspects and thus enhancing the safety of inland waterway transport.

Following measures can be eligible under this priority:

- 3.1. Measures to adapt equipment used for maneuvering of inland vessel and related indicating and monitoring devices
- 3.2. Measures addressing vessel's safety equipment and fire protection systems
- 3.3. Measures addressing safety at workstations and crew safety
- 3.4 Measures addressing other safety related issues

3.1 Measures to adapt equipment used for maneuvering of inland vessel and related indicating and monitoring devices

Installation of equipment and technologies to enhance maneuverability of inland waterway vessels (such as steering system and rudders) and to ensure the proper signaling indicating any problem.

Investments may relate to following:

- Installations and adaptations related to control, indicating and monitoring devices and equipment (e.g. automatic switch of indicating and monitoring devices to alternative power source²¹, control for main engines by a single lever²², display of operational status of devices and equipment)²³
- Installations and adaptations related to wheelhouse (measures to ensure unobstructed view²⁴, installation of independent alarm system²⁵, measures enabling lifting and lowering the wheelhouse²⁶),
- Installations and adaptations related to steering system (measures related to steering system like presence of second independent drive unit, hydraulic steering apparatus and related tanks, pipework as well as alarm

²¹ ES-TRIN Chapter 7 Wheelhouse, Art 7.03 General requirements concerning control, indicating and monitoring equipment (8) [depending on transitional provisions]

²² ES-TRIN Chapter 7 Wheelhouse, Art 7.04 Specific requirements concerning control, indicating and monitoring equipment of main engines and steering system (2) and (9) [depending on transitional provisions]

²³ The state aid shall be notified to the European Commission and go through the whole notification and assessment process. The intensity can differ for each measure. ES-TRIN Chapter 7 Wheelhouse, Art 7.03 General requirements concerning control, indicating and monitoring equipment (8) [depending on transitional provisions] ES-TRIN Chapter 7 Wheelhouse, Art 7.04 Specific requirements concerning control, indicating and monitoring equipment of main engines and steering system (2) and (9) [depending on transitional provisions] ES-TRIN Chapter 7 Wheelhouse, Art 7.04 Specific requirements concerning control, indicating and monitoring equipment of main engines and steering system (3) [depending on transitional provisions]

²⁴ ES-TRIN Chapter 7 Wheelhouse, Art 7.02 Unobstructed view (2) to (6) [depending on transitional provisions]

²⁵ ES-TRIN Chapter 7 Wheelhouse, Art 7.09 Alarm system [depending on transitional provisions]

²⁶ ES-TRIN Chapter 7 Wheelhouse, Art 7.12 Elevating wheelhouses [depending on transitional provisions]

and monitoring²⁷, other measures to ensure required maneuverability of steering system, temperatures, design of rudder stocks or manual drive²⁸)

Assessment basis for the grant

Proven expenditure for the acquisition of the technology and the implementation of the measure (alternative with capping per vessel).

Legislation / Standard

ES-TRIN

3.2 Measures addressing vessel's safety equipment and fire protection systems

Installation and adaptations to safety equipment on-board of inland vessels aimed to enhance the safety of operation of inland vessels. Investments may relate to following:

- ▶ Installations and adaptations related to safety measures of engines and engine equipment (e.g. securing engines against unintentional starting, protecting fuel and oil pipeline connections against leakage, jacketed piping system for external high-pressure fuel delivery pipes of diesel engines, monitoring devices used to monitor propulsion systems, switch off and indication of automatic device for reduction of engine speed from helmsman's position)
- ▶ Installations and adaptations related to anchor equipment
- ▶ Installations and adaptations related to mooring equipment (replacement of mooring and other cables)
- ▶ Installations and adaptations related to firefighting system (permanently installed firefighting systems for general cargo vessels without dangerous goods)

Assessment basis for the grant

Proven expenditure for the acquisition of the technology and the implementation of the measure (alternative with capping per vessel).

Legislation / Standard

ES-TRIN

3.3 Measures addressing safety at workstations and crew safety

Installation and adaptations to the inland vessel and working areas aimed to enhance the safety of operations and crew safety. Investments may relate to following:

- ▶ Installations and adaptations to (completing of) deck cover & deck equipment (e.g. hatch covers²⁹, winches³⁰) and other protection against falling³¹, or safety equipment like inflatable lifejackets³²

Assessment basis for the grant

Proven expenditure for the acquisition of the technology and the implementation of the measure (alternative with capping per vessel).

²⁷ ES-TRIN Chapter 6 Steering system, Art 6.02 Steering apparatus drive unit (1), (2) and (3), Art 6.03 Hydraulic steering apparatus drive unit (1), Art 6.07 Indicators and monitoring devices (2a) and (2e) [depending on transitional provisions]

²⁸ ES-TRIN Chapter 6 Steering system, Art 6.01 General requirements (1), (3) and (7) [depending on transitional provisions]. Art 6.05 Manual drive (1) [depending on transitional provisions]

²⁹ ES-TRIN Chapter 14 Safety at work stations, Art 14.10 Hatch covers [depending on transitional provisions]

³⁰ ES-TRIN Chapter 14 Safety at work stations, Art 14.11 Winches [depending on transitional provisions]

³¹ ES-TRIN Chapter 14 Safety at work stations, Art 14.02 Protection against falling. [depending on transitional provisions]

³² ES-TRIN Chapter 13 Equipment, Art 13.08 Lifebuoys and lifejackets (2) [transitional period]

<p>Legislation / Standard</p> <p>ES-TRIN</p>
<p>3.4 Measures addressing other safety related issues</p> <p>Installation of other equipment or adaptations to inland vessels to support the crewmembers in navigational and operational aspects and thus enhancing the safety of inland waterway transport.</p> <p>Investments may relate to following:</p> <ul style="list-style-type: none"> ▶ Installation of equipment that increases the safety of navigation and support crewmembers in (difficult) navigational/operational aspects and situations (e.g. cameras, CCTV on board, upgraded lights, stability monitor ...) ▶ Acquisition of equipment for abatement and/or containment of cargo spills (e.g. skimmer pump, inflatable dam and related equipment for tank barges) <p>Assessment basis for the grant</p> <p>Proven expenditure for the acquisition of the technology and the implementation of the measure (alternative with capping per vessel).</p> <p>Legislation / Standard</p> <p>Not applicable, however ES-TRIN shall be considered in case of any technical requirements for inland waterway vessels.</p>
<p>Terms of application</p> <p>The aid covers equipment/technologies/systems and works carried out on existing vessels</p> <p>Eligibility of the measures given as examples above is subject to transitional provisions of ES-TRIN and has to be assessed on a case by case basis for every individual vessel.</p> <p>The installed equipment and technology shall enable to achieve performance exceeding the standards in force at the time of application.</p>

Table 5: Supported measures under Priority 3

6.4. Priority 4 Promote the emergence of innovative solutions

Priority 4. Promote the emergence of innovative solutions			
GBER if applicable	Aid for research and development projects (Art 25)		
Intensity of aid	Maximum	Medium enterprises	Small enterprises
<i>Art 25 GBER</i>	(a) 100% fundamental research (b) 50% industrial research for Large enterprises (c) 25% experimental development (d) 50% feasibility studies		
<i>The activities towards the compliance with the Standards and legislation in force are not eligible.</i>			

Objective ▶▶▶ Sectoral development The measure is dedicated to development and experimentation with innovative solutions. Eligible projects may relate to the following activities:

- ▶ Experimentation of existing or new technology, unproven in the specific context of inland water transport
- ▶ Research and development related to design of new technologies to respond to specific needs of inland water sector
- ▶ Elaboration of feasibility studies

Assessment basis for the grant

The intensity is 100% for small and medium sized enterprises.

Table 6: Supported measures under Priority 4

7. Form of aid

The aid shall be granted in the form of non-reimbursable direct grant.

8. Beneficiaries

PRIORITIES 1, 2, 3

The potential beneficiaries will be all owners or operators of fleets of inland waterway vessels whose vessels are recorded in the national vessel register of Bulgaria, regardless of the nationality of the operator having its registered office, branch or subsidiary in Bulgaria and carrying goods or passengers by inland waterways in Bulgaria.

Priority 4

Funding under Priority 4 shall be accessible to any natural person who is a national of a European Union Member State or any legal person registered in a European Union Member State with its registered office, branch, or subsidiary in Bulgaria.

Priority 4 is designed to benefit also other companies that can potentially initiate innovative projects: universities, design offices, architects or shipyards, equipment manufacturers, other technical service providers, etc.

However, the economic interest of the projects for inland waterway transport operators (end users) shall be verified, with the dual objective of improving the environmental or logistical performance of inland waterway transport.

ALL PRIORITIES

The estimated number of beneficiaries in Bulgaria will be between 11 and 50.

PRIORITIES 1 (APPLYING GBER)

The overall allocated budget of the aid for the part of the Programme under GBER, could be considered by each respective Managing Authority/Fund Operator in Bulgaria accordance with the funds availability.

ALL PRIORITIES

The actual budget can change based on the number of projects selected and the aid amount to be granted.

Based on the decision of Bulgaria, the State Aid Scheme/de minimis funding might be (back) financed from the Programme Innovation and Competitiveness, Programme Human Resource Development, Programme Science and Education, National Research Fund or National Fund Safety Work Conditions.

The maximum aid intensity will amount to 60% or 100% of de minimis of the eligible costs for the priority 1.

The maximum aid intensity can be different for small enterprises/medium-sized enterprises.

The measures can be cumulated with each other, within the limits of the aid ceilings per priority, for the whole duration of the state aid scheme.

The scope of the operations may include small and medium-sized as well as large enterprises.

Further specifications and detailisation can be made by the Managing authorities/Fund operators of Bulgaria, responsible for the development of concrete state aid scheme measures.

9. Duration

The budgetary period is from 1 January 2021 until 31 December 2027.

PRIORITIES 1 and 4 (APPLYING GBER)

The aid may be granted for a period of 7 years, from 1 January 2021 until 31 December 2027.

10. Procedure for implementation in the national legal framework

This section only considers the procedure towards the European Commission and related to EU state aid rules, not internal procedures at national level.

The procedure that Bulgaria has to follow for the implementation of the state aid scheme depends on the legal basis of the measure. For the aid measures falling within GBER, there is exemption of prior

notification and approval of the European Commission which could concern the priority 1 of the presented model state aid scheme.

10.1. Exemption of prior notification and EC approval for measures under GBER

The GBER exempts Member States from the notification obligation, as long as all the GBER criteria are fulfilled³³. (One of these criteria is the incentive effect of the aid (Article 6 (1) GBER). For measures under the GBER, the aid is deemed to have an incentive effect if the beneficiary has submitted a written application for the aid to the Member State concerned before work on the project or activity starts (Article 6 (2) GBER).

The measures which are exempted under the GBER only need to be published and reported to the Commission:

- As a member state, Bulgaria shall ensure the publication on a state aid website of summary information of the state aid as required in Article 9 (1) GBER.
- Bulgaria shall transmit to the Commission via the Commission's electronic notification system summary information about each aid measure exempted under the GBER, together with a link providing access to the full text of the aid measure, including its amendments, within 20 working days following its entry into force (Article 11 (1) (a) GBER)
- Bulgaria shall transmit to the Commission an annual report, in electronic form, on the application of this Regulation, in respect of each whole year or each part of the year during which this Regulation applies, as requested in Article 11 (1)(b) GBER.
- Bulgaria shall maintain detailed records with the information and supporting documentation necessary to establish that all the conditions laid down in the GBER are fulfilled. Further information on the monitoring is available in Article 12 GBER.

10.2 Compatibility assessment for the measures notified to the European Commission

This document does not propose measures that could be a subject of notification to the European Commission. However, if the availability of funds for implementation of any of described measures allows in the future investments in larger scale, the framework for provision of public aid to the IWT sector could be changed to such requiring notification. In order to provide guidelines covering all potential options for public support to private entities, the next part proposed in the model for State Aid scheme is also included here.

As a general rule, state aid must be notified to and cleared by the Commission before it is granted. The notification forms made available by the European Commission shall be used at this occasion³⁴. A compatibility assessment of the Commission will take place. The objective of the present section is to provide examples in this regard.

³³ Article 3 GBER

³⁴ Form on general information and supplementary information sheets when necessary.

In case that the priorities 1 would finally also need to be notified due to the choice not to follow all the mandatory provisions of the GBER, they are also mentioned in the following developments.

Two legal bases are possible in the framework of a notification:

- Article 93 TFEU, as legal basis for establishing the compatibility of aid for the coordination of freight transport. Priority 4 falls under article 93 TFEU.
- Article 107(3)(c) TFEU, as legal basis for declaring aid to facilitate the development of certain economic activities or of certain economic areas compatible with the internal market (greening among others) & Guidelines on State aid for environmental protection and energy 2014-2020 for aid for energy and environment under Article 107(3)(c) TFEU. Priority 1 shall fall under this category if it is notified.

For the measures falling under Art 93 TFEU

For measures contributing to a shift of freight transport from road to inland waterways, the compatibility has to be assessed on the basis of Article 93 TFEU. The use of this article implies, according to a constant decisional practice, that aid for the coordination of transport will be deemed compatible with the internal market if the conditions below are met.

1 Contribution to a well-defined objective of common interest
<ul style="list-style-type: none"> ➤ Promoting a shift from road to inland waterway transport ➤ 2011 White Paper on Transport ➤ NAIADES action Programmes (I and II)
2 Necessity (market failure) and incentive effect of the aid/funding
<ul style="list-style-type: none"> ➤ Beneficiaries would not have carried out the aided activities without the granting of the aid ➤ The limited modal share of inland waterways and, conversely, the potential of the waterway network ➤ The market failure resulting from structural constraints in the sector. ➤ The necessity to adapt technically the vessels to develop the inland waterway freight market and to maintain inland waterway transport's head start as an efficient, safe, and environmentally friendly mode of transport. ➤ The fact that the cost of the transformations under Subprograms 2 and 3 is high relative to the size of the beneficiaries.
3 Proportionality of the aid
<p>Aid limited to the minimum necessary and therefore considered as proportionate</p> <ul style="list-style-type: none"> ➤ The limited available amount under the scheme and the number of potential beneficiaries were considered. ➤ The aid/funding will be awarded on the basis of a bidding process. ➤ The fact that individual aid is only granted after its necessity has been demonstrated in a detailed counterfactual analysis.
4 Open and non-discriminatory access to the aid measure
<ul style="list-style-type: none"> ➤ The scheme relates to all SME operators whose vessels are recorded in the Waterways Register of Bulgaria regardless of the nationality of the operator.

➤ The aid will be granted provided that the applicant fulfils the conditions foreseen. The procedure of granting the aid imposes the same obligations on all potential beneficiaries and envisages objective rules for calculating the costs and amount of aid.

5 No distortion of competition contrary to the common interest

Addresses a well-defined market failure

- The Programme aims to limit to a certain extent the competitive imbalance between inland waterway transport and road transport resulting in part from the age of the transport equipment.
- The Programme has a limited budget which will be disbursed over a six-year period to a relatively large number of potential recipients (could be as many as 50).

11. Aid scheme conditions for the assessment of applications at national level

The aid scheme/de minimis regime support shall be part of a Programme, explaining the purpose, contribution to national priorities, the conditions to receive the grant, the applicable procedure, and the aid/funding granting authorities. This will be organised in a call for proposal.

Some of the conditions that have to be taken into consideration are:

- Investment projects must not have started prior to the grant application submitted by the beneficiary to the granting authority.
- Aid is granted under a competitive bidding process.
- Sample structure of the projects application forms:
 - description of the beneficiary and the company’s current situation,
 - justification for the need for investment and proof that without the aid the investment would not be realized,
 - assessment of the effectiveness of and economic return on such investment,
 - technical description of the purchased asset and assessment of its expected use,
 - technical documentation approved by an entity duly authorised to carry out
 - technical inspections of vessels, or by a classification society recognised under EU legislation, etc.
- Project applications shall be subject to detailed assessment. The evaluation criteria and prioritization will be detailed in the Programme’s documentation.