



The National Trust Ecofund

Experience in the Clean Up of Historic Pollution

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What is The National Trust Ecofund (NTEF)?

NTEF is a legal entity pursuant to:

- The “Debt-for-Environment“ Swap Agreement between the Governments of Switzerland and Bulgaria of 23 October, 1995;
- Articles 66, 67 and 68 of the Environment Protection Act (State Gazette No 91 / 25 September, 2002);
- The Regulation on Organization and Activities of the National Trust Ecofund, enacted by Decree No 96 of the Council of Ministers of 10 May, 2004 (St. Gazette No 41 / 18 May, 2004)



Goal of the **National Trust EcoFund**

- Managing funds provided under ***debt-for-nature*** and ***debt-for-environment*** swaps, as well as funds provided under other types of agreements with international, foreign or Bulgarian sources aimed at environmental protection in the Republic of Bulgaria;
- NTEF acts as a local financing mechanism (intermediary) for supporting environmental projects in Bulgaria.



Management Bodies of the NTEF

- **Board of Directors (BD)**
- **Advisory Committee (AC)**
- **Executive Bureau (EB)**



The Board of Directors (BD)

The **BD** consists of **7** members, including:

Chairman, 2 Deputy Chairmen and 4 regular members.

- **The Chairman** is appointed by the Council of Ministers of Bulgaria (**upon preliminary consultation with the donors on the nomination**).
- **The First Deputy Chair** of the BD is an acting Deputy Minister of Environment.
- **The Second Deputy Chair** of the BD is a Representative of the Bulgarian Academy of Science.
- **The 4 regular members are:**
 - Deputy Minister of Finance
 - Deputy Minister of Agriculture and Forests
 - Representative of the National Association of Municipalities
 - Delegated representative of the environmental NGOs.



Priority areas of **NTEF**

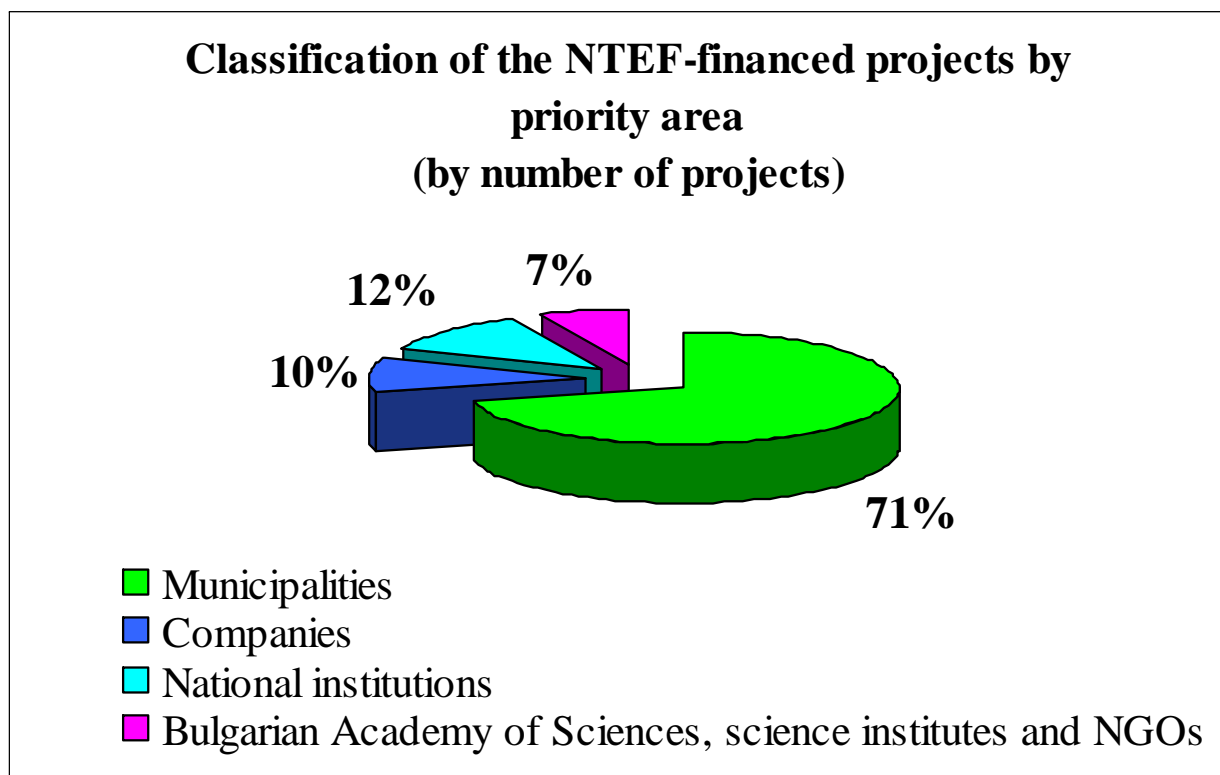
- **Clean up of historic pollution**
- **Reduction of air pollution**
- **Clean water protection**
- **Protection of biodiversity**



Projects financed by NTEF

- Total number of the NTEF-financed projects – **67**
Including:
 - **54** completed projects
 - **13** projects under implementation
- Total amount of the NTEF financing –
about **CHF 19 million**
- Average percentage of the NTEF financing/contribution –
19%

NTEF-financed Projects by Type and Statute of the Applicant (by number of projects)





Environmental Remediation Pilot Project, Pirdop (ERPP)

- A **Public Private Partnership** project on the territory of Bulgaria;
- The purpose: **Clean up of Historic Pollution**, caused by a 40 year old copper smelter (refinery) in Pirdop;
- Major stakeholders:
 - The Government of Bulgaria (GOB);
 - Union Miniere Pirdop Copper (UMICORE Med);
 - The World Bank (through IBRD);
 - National Trust Ecofund (NTEF)



Environmental Remediation Pilot Project, Pirdop (ERPP)

- The ERPP is a complex program, including 14 different sub-projects;
- Projects divided into two parts:
 - *Part A*
 - *Part B*



Part A - Components:

- 1. Dam Reinforcement and Increasing of the Crest of the Slime Pond (“The Blue Lagoon”)**
- 2. Modifying of the Effluent Treatment Process (Construction of a Temporary Effluent Treatment Plant)**
- 3. Construction of a Storage for Dewatered Sludge (“Small Lagoon”)**



Part B – Components:

- 1. Old Site Clean-up**
- 2. Slime Pond (“Blue Lagoon”) Encapsulation**
- 3. Fayalite Tailings Disposal**
- 4. Residue Storage Area**



Part B – Components

/Detailed Presentation/:

1. Old Site Clean-up

- Demolition of buildings and site clean-up of the old sulfuric acid plant
- Dispose of solid waste, incl. demolition of buildings, excavation of solid waste
- Excavation of contaminated ground remediation
- Construction of site storage with drainage system

2. Slime Pond (“Blue Lagoon”) Encapsulation

- Encapsulation of the slime pond
- Drainage of ground waters and construction of monitoring and collecting wells

3. Fayalite Tailings Disposal

- Closing and modifying of the existing fayalite tailings pond

4. Residue Storage Area

- Reconstruction and reinforcement of the residue storage area
- Closing of the old slag dump
- Final backfilling and revegetation of the Blue lagoon, the fayalite tailings pond and the slag dump



ERPP Pirdop - Financing

- **Total Project Cost: USD 25 000 000**
- **Financing:**
 - **NTEF: USD 3 300 000 (Part A)**
 - **IBRD: USD 16 000 000 (Part B)**
 - **GOB: USD 5 700 000 (Parts A and B)**

ERPP – an Exercise in Environmental Excellence



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Underlying Agreements

- **Share Purchase Agreement** (Privatization Agency – n.v. Union Miniere S.A., Belgium /Umicore/, September 1997)
- **Escrow Agreement** (Privatization Agency –n.v. Union Miniere S.A., Belgium /Umicore/ and BNP, Paris, September 1997)
- **Loan Agreement** (Government of Bulgaria – IBRD, July 1998)



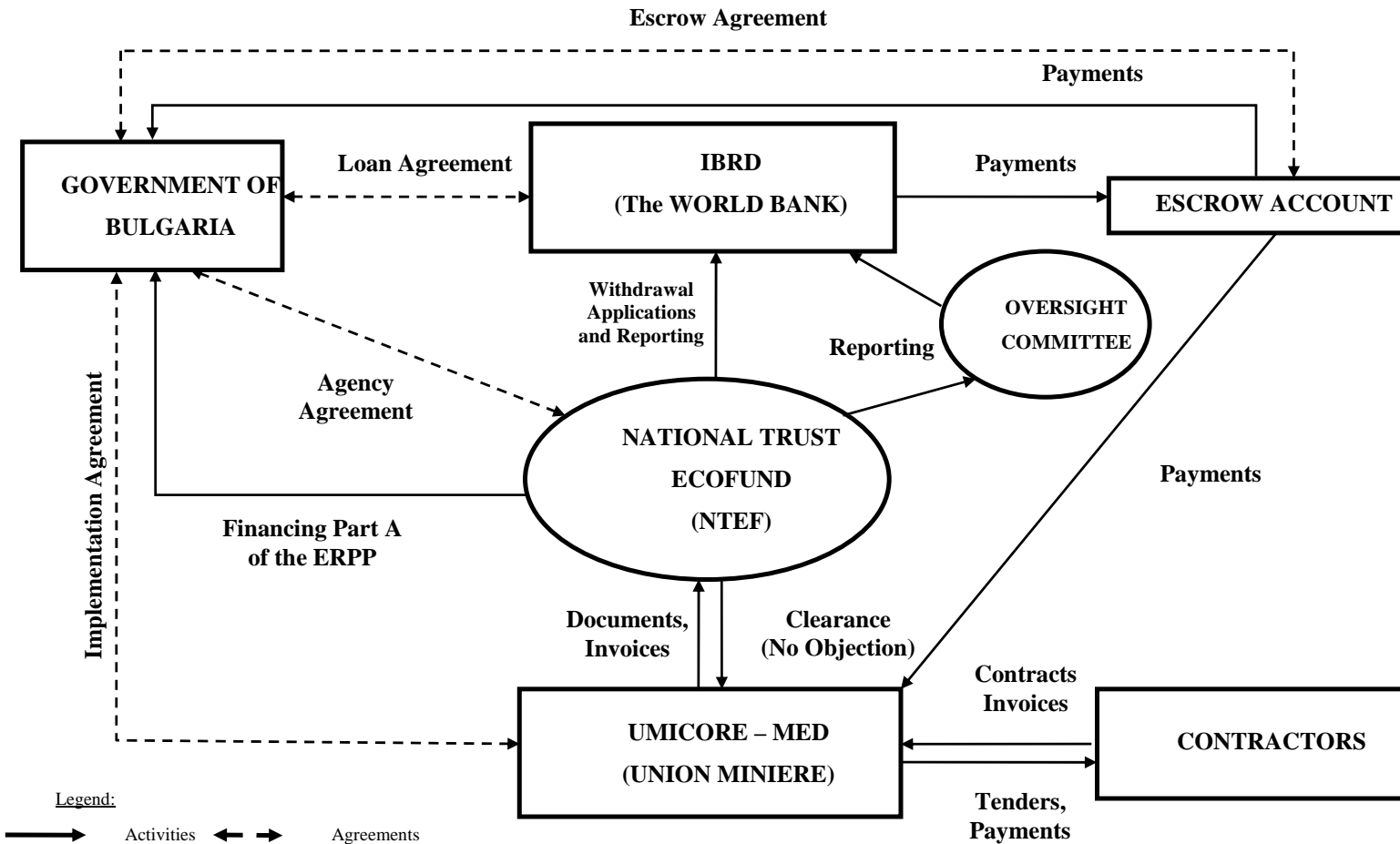
Project Implementation Arrangements

- **Implementing Agency: Union Miniere Pirdop Copper (UMICORE Med)** – according to the Implementation Agreement between UMPC and the Republic of Bulgaria.
- **Coordination Agency: National Trust Ecofund** – according to the Agency Agreement between NTEF and the Republic of Bulgaria.

ENVIRONMENTAL REMEDIATION PILOT PROGRAMME (ERPP)

Loan No. 4321 BUL

Organigram of Project Implementation





Major problems in the course of project implementation

- Finding the balance of interests of different stakeholders;
- Different parties have different priorities, approaches and procedures;
- Mutual trust was not high enough at least in the early stages of the process;
- Allocation of costs and risk burden among stakeholders;
- The delegation of competence for the responsible governmental officials, with regard to decision-making, was not well defined and elaborated;
- The parties did not reach consensus on all matters during negotiation phase. Some outstanding issues had to be resolved in the course of project implementation.



Some important outcomes of the ERPP

- A very big environmental problem, with high risks for people's health, was successfully resolved;
- The local community gained from the improved environment in the neighborhood, from the successful development of the company and from the jobs created during project implementation;
- The whole project was implemented in a clear and transparent way, including regular briefings and consultations with environmental NGOs and local authorities;
- The GOB resolved the problem with its responsibilities for historic pollution on the site at a reasonable cost and by utilizing the management capacity of a large international company;
- The company raised its image both locally and internationally as a pioneer in resolving environmental problems and as a company with socially responsible management style.



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