



Good practices in providing financing for energy efficiency of public sector buildings

Iva Petkova, Director department, Fund FLAG

26.09.2024



**FUND
FLAG**

RESULTS 2009–2024

- 1500 loan contracts with municipalities and public entities;
- Supported 220 out of 265 municipalities;
- 35% share in municipal debt;
- Total loans of EUR 1.150 bn.;
- Supported projects for EUR 4.2 bn. ;
- No loans in default.

- Non-banking financial institution;
- 100% state-owned by the MRDPW;
- Established 2007 with a Decree of the Council of Ministers upon Bulgaria's accession in EU;
- Targeted at supporting regional development and local authorities;
- Providing short- and long-term loan financing for project implementation;
- Aimed at leveraging private co-financing to public funds;
- Provided certain regulatory advantages to FLAG's financing;





FUND FOR
SUSTAINABLE
URBAN
DEVELOPMENT



Fund FLAG

- bridge loans for grant funded projects;
- loans for own contribution under grant projects

FUND FOR
SUSTAINABLE URBAN
DEVELOPMENT/JESSICA
BUDGET: EUR 25 m.
(50% OPRD funds)

- Long-term investment loans with improved conditions



SUSTAINABLE CITIES FUND

BUDGET: EUR 170 m.
(59% OPRD funds)

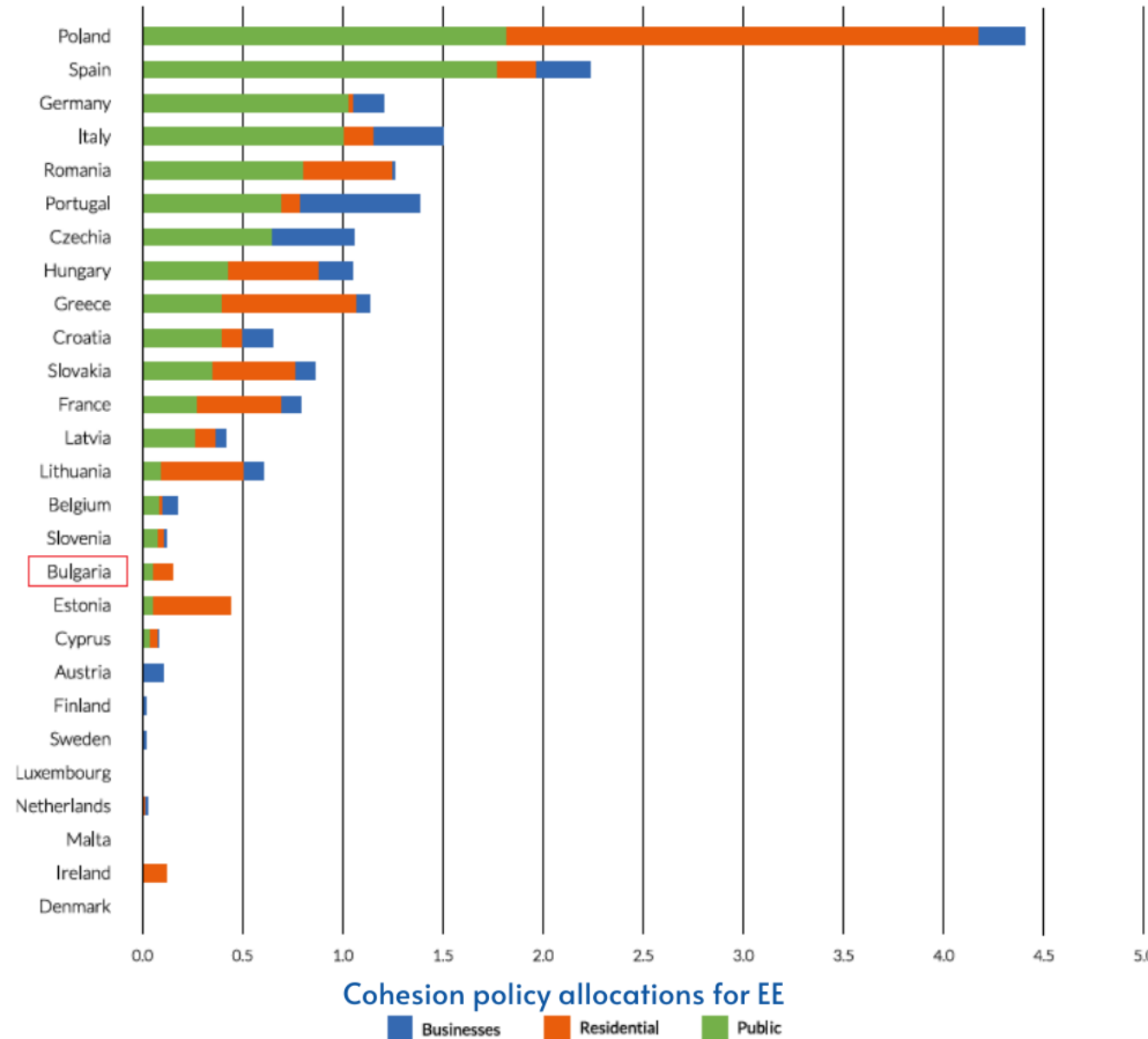
- Long-term investment loans
- Working capital loans;
- Retail product for EE in single-family buildings

BULGARIAN
INVESTMENT AND
ADVISORY PLATFORM

BUDGET: EUR 65 m.
(50% EIB funds)

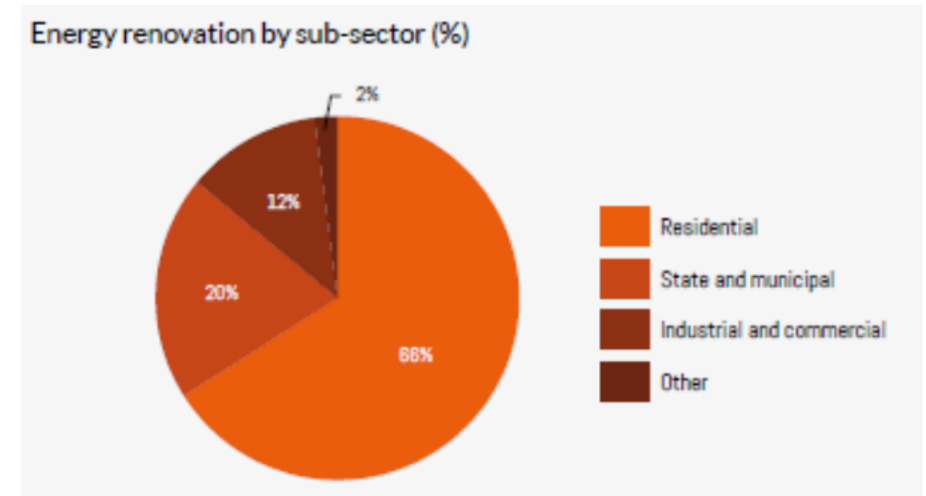
- Long-term investment loans with improved conditions

Cohesion policy 2021-2027 and RRF funding for renovation and EE



BG RRF for EE – €1.4bn of which €947m from the Recovery Facility (14.6%), €318 m national financing, €129 m private financing. By subsector: Multifamily residential buildings (€627m), followed by state and municipal buildings (€185m), and industrial and commercial buildings (€118m).

Around €1.6m are in place for four reforms: one stop shop; quality of the energy efficiency certificates; digital system for management of the process; and assessment of the sustainability of projects. Major reform: establishment of a National Decarbonization Fund that relies on cost savings from the public and commercial sectors under NRRP programme to gather finance.



Source: Renovate Europe reports (www.renovate-europe.eu)

Main challenges

- Ongoing Grant-dominated schemes under RRP and national budget - crowding out FI and banks;
- Lack of coordination and synergies of the public funding for EE - no consistent approach;
- Lack of long-term framework for financing EE investments - delay of reforms under RRP (Decarbonization fund, one-stop-shops, etc.);
- Lack of ambition for deep (or staged deep) renovations, going well beyond the 30% minimum energy savings;

Opportunities

- Less than 3% of Cohesion policy funding (EUR 150 m) is for EE, mainly for residential - using of blended finance;
- Projects in previous programming periods have already demonstrated successful use of financial instruments - attracting private resources;
- Combination in I operation for UDFs 2021-2027 for public and residential - incentivizing the investments, incl. deep renovation;



01. Financing of EE of public buildings via Urban Development Funds (Sustainable Cities Fund) 2014-2020



EE of student dormitories – 2 projects

Final recipients: universities;
Financing – 100% financial instrument
Min. class C



Renovation of cultural infrastructure with compulsory EE measures – 20 projects

Final recipients: eligible municipalities;
Financing – combination of support in 2 operations – grant (up to 85%) and loan
Min. class C



EE measures in public buildings – reinvestment phase (2024-2031)

Final recipients: public entities;
Financing – 100% financial instrument
Min. class B

02. Financing of EE projects via Investment platform of Fund FLAG – complementary to UDFs 2014–2020 with the support of EIB



Restoration of a Mineral Bath in the city of Yagoda, municipality of Maglizh

Final recipient: Municipality of Maglizh
FLAG financing – EUR 0.95 m.



Implementation of EE measures in 2 schools in Stara Zagora

Final recipient: Municipality of Stara Zagora
FLAG financing – EUR 3.25 m.



Implementation of EE measures in municipal hospital in Botevgrad

Final recipient: Municipality of Botevgrad
FLAG financing – EUR 1.25 m

01

Supporting Bulgarian municipalities in clean energy transition investments (EE/Renewables/Thermal mineral waters) by providing free TA for project preparation and financial resource for supporting public CET investments – 15X leverage – EUR 22.5 m.

02

Building capacity in the Bulgarian Fund FLAG for development, assessment and financing of municipal CET projects – Climate Financing Unit

03

Verification of green investments – EIB Green Eligibility Checker

04

Research of good European practices and experience in implementation of CET financial instruments – IFRRU 2020 – a robust system for project monitoring and aggregation of data to measure impact

05

Establishment of a working model for coordination and consultation with a wide range of stakeholders regarding CET projects of local authorities

LIFE-2021-CET-PDA





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