



European Investment Bank

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BULGARIAN NATIONAL DECARBONISATION FUND Advisory support – scope and objectives

National Round Table on "Financing EE Investments"

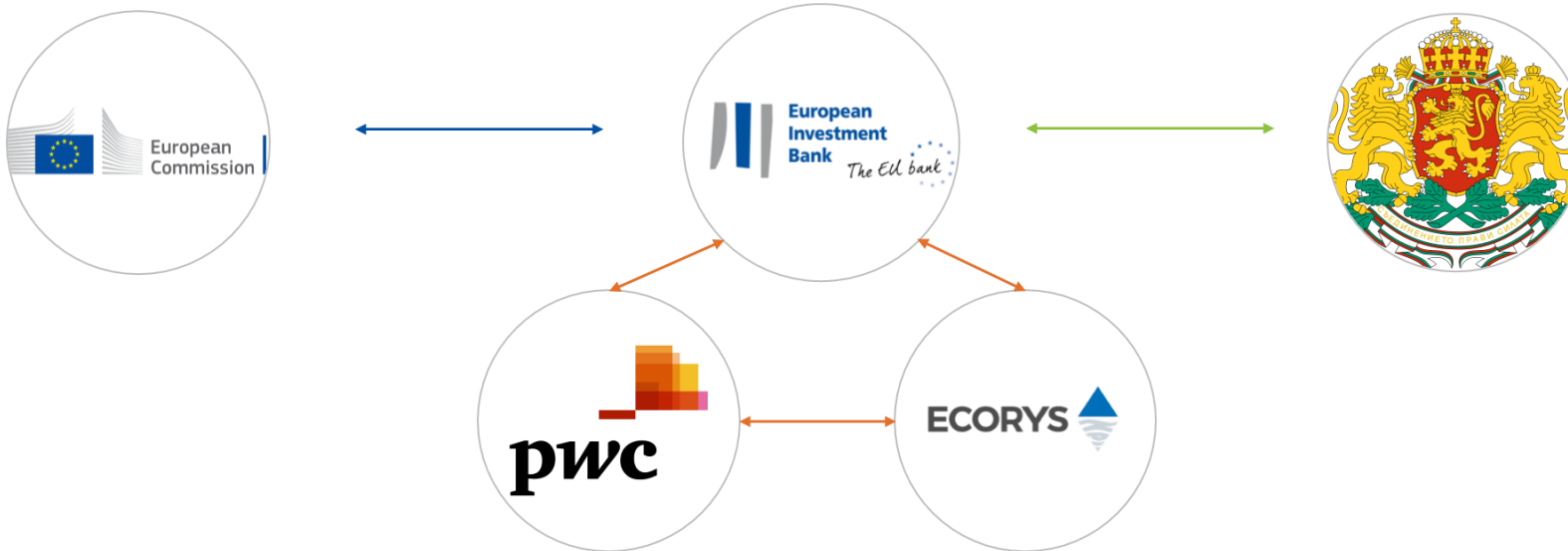
02.06.2022 | Burgas

Background

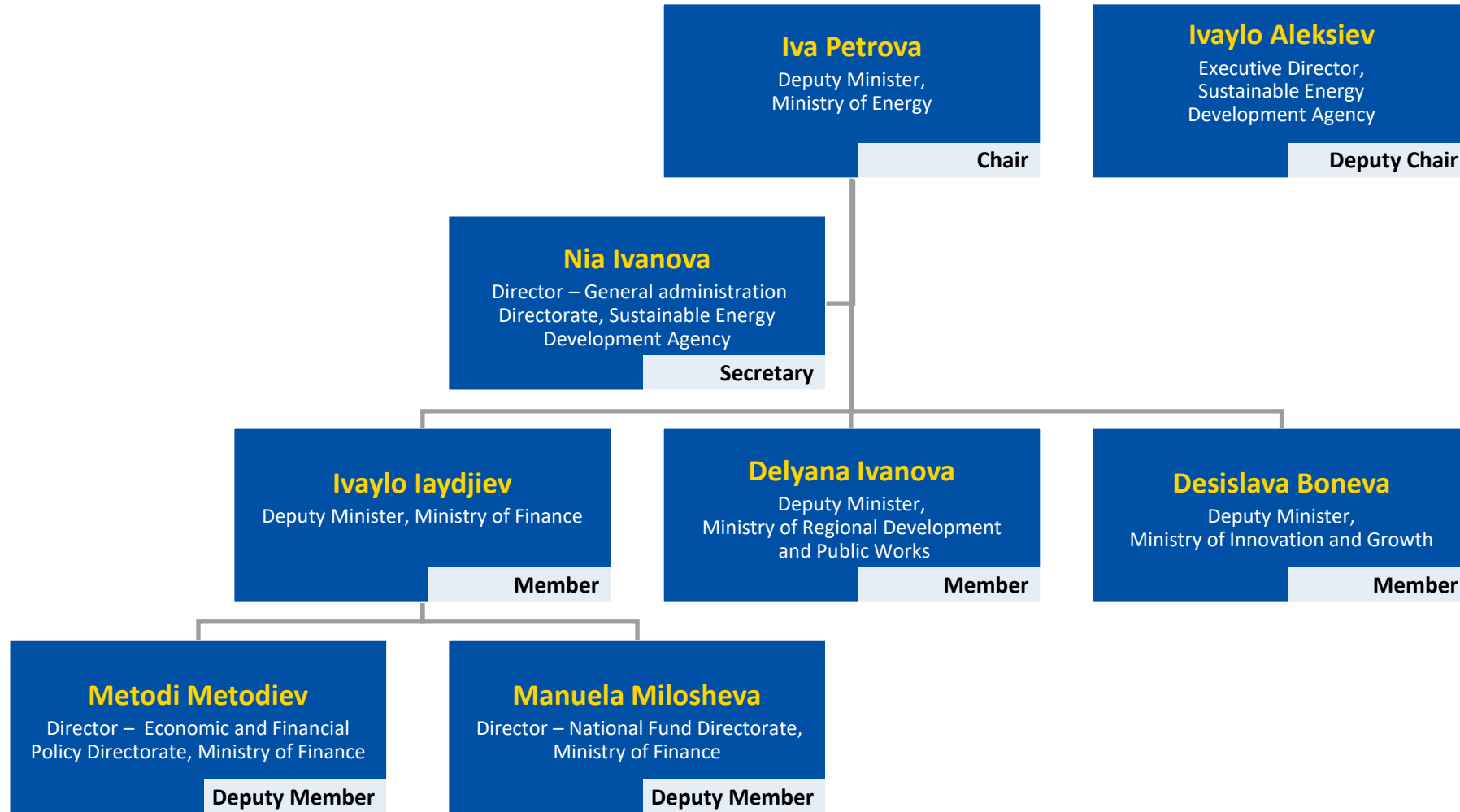
- The NDF is identified as a key financial instrument to deliver the country's **Long Term Renovation Strategy**.
- The creation of the NDF is one of the policy reform milestones included in the Bulgaria's **Resilience and Recovery Plan** (RRP):
 - Technical support for the establishment of NDF: Q3/2022
 - analysis of barriers to investment in energy efficiency, recommendations for changes in the national regulatory framework , proposal for structuring the fund, project of investment strategy and financing models
 - Preparation of proposals for regulations introducing the rules for structuring and functioning of the NDF: Q1/2023
 - **Creation of the NDF: Q3/2024**

Background

- The TA for the establishment of the NDF is supported by the **Technical Support Instrument of the DG Reform of the European Commission** (EC). The Ministry of Energy, represented by SEDA, is the beneficiary of the TA.
- A **Framework Partnership Agreement has been put in place by EC DG Reform and the EIB**. EIB AS has set up an internal team of advisors/experts (OPS/AS and PJ/EE) and has selected a PwC-led consortium of external consultants specialized in the EE sector.



Steering Committee Diagram



EIBG Green Investments: 27.6 billion in 2021

€1.3 billion CLIMATE CHANGE ADAPTATION

€5.7 billion RENEWABLE ENERGY

€1.6 billion RESEARCH, DEVELOPMENT AND INNOVATION

€9.1 billion LOWER CARBON TRANSPORT

€4.7 billion ENERGY EFFICIENCY

€4.0 billion OTHER CLIMATE CHANGE MITIGATION

€1.1 billion OTHER ENVIRONMENTAL SUSTAINABILITY FINANCING*

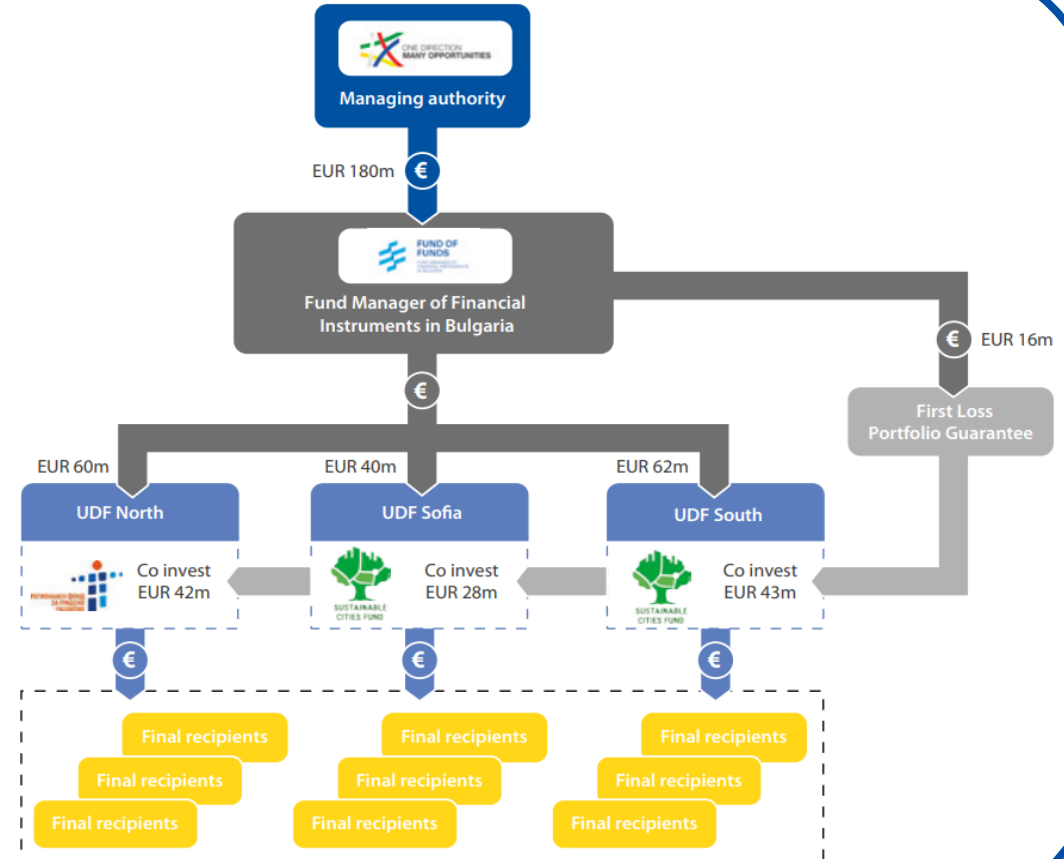
* Total dual-benefit contributing to both climate action and environmental sustainability objectives reached €9.5 billion.

EIB support to 2014-2020 urban financial

Bulgarian Investment and Advisory Platform

In July 2020, the EIB and Fund FLAG, member of the Sustainable Cities Fund consortium, have signed a EUR 25 million finance contract to promote urban regeneration and rehabilitation in cities across Bulgaria.

Lending operation is a part of a wider collaboration to increase the firepower of cohesion funding for urban development.



Source: FLAG, fi-compass

Key segments to approach

Residential buildings

Public buildings



28-30 million m2

Multi-family houses



90-100 million m2
+70,000 buildings

Single-family houses



90-100 million m2
+1.6 million houses

Commercial buildings



70-72 million m2

NDF Advisory mission objectives

Kick-off: Dec. 21



Methodology – market assessment

- Assessment of market demand for funding on a yearly basis until 2030, to adequately scale the NDF.
- Analyse current national legislation and regulations relating to the decarbonisation of the building stock, as well as financing and grant schemes in the country, including national legislation on homeowners associations.
- Define impacts of the recent regulatory changes at the EU level, namely EU Taxonomy for Sustainable Financing and Fit For 55 package.
- Quantify investment gaps as a first step towards quantifying the allocation of resources to the NDF
- High level recommendations regarding necessary regulatory evolutions



Methodology – Investment Strategy

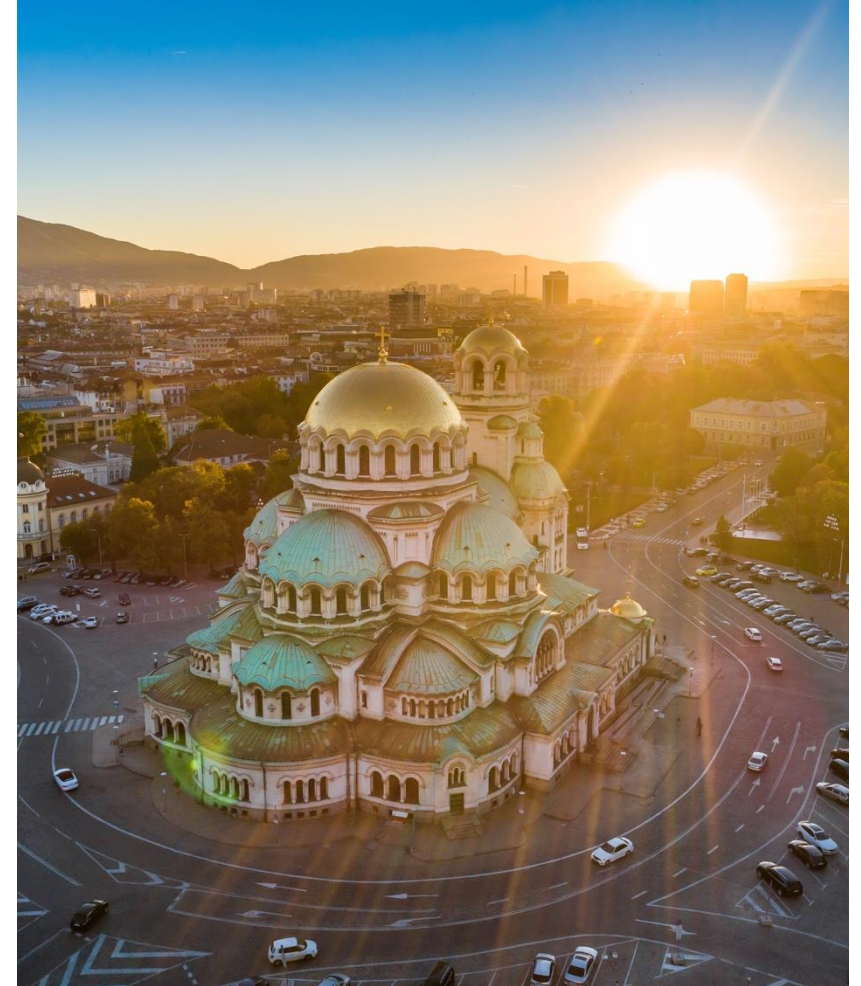


- In-depth assessment of similar funding schemes in EU Member States with similar political, social and environmental backgrounds and provide a set of measures suitable for the Bulgarian environment
- Identification of the most suitable financial products, incl. combinations of grants and financial instruments
- Identification of State and EU funding sources (e.g., Cohesion Policy funds, RRF, InvestEU, ETS allowances, Modernisation Fund)
- Identification of potential co-investors / financiers and analysing the conditions for their involvement

Methodology – NDF design

Five pillars in the NDF design will be covered:

1. Options for the legal, technical and financial aspects of the functioning of the NDF
2. Ownership and governance structure
3. Operational structure of the potential sub-funds
4. Scope of technical assistance provided by the NDF in the form of a one-stop shop
5. Functions and organizational chart showing the relationships

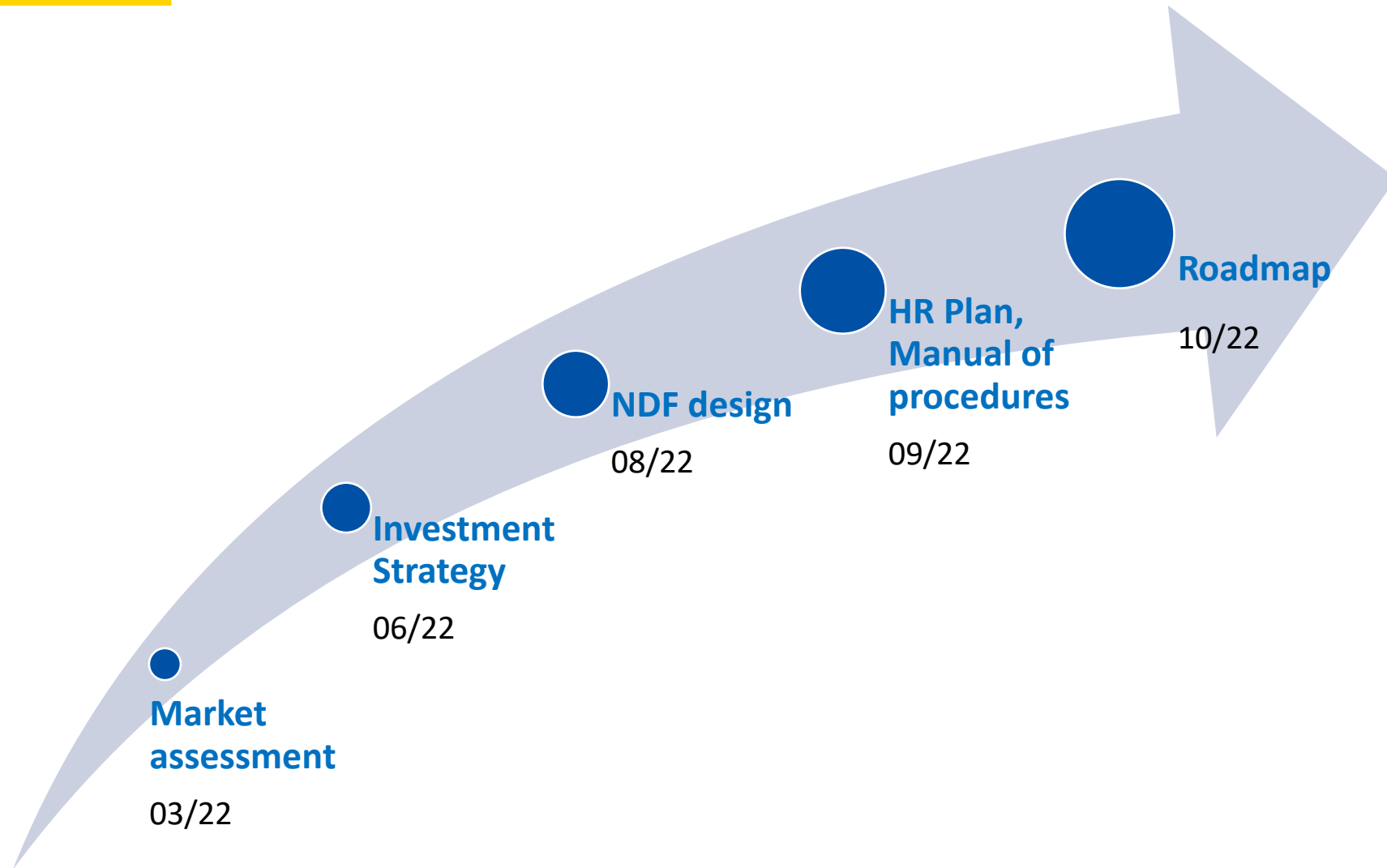


Methodology – Human Resources Plan / Manual of procedures/Roadmap

These tasks are directly linked to the findings and recommendations from the first three tasks.

- Establish the structural organisation of the fund and define key experts / staff, including work hierarchy and employees scheme
- Guidelines for beneficiaries who can apply (e.g. eligibility rules)
- Compliance with national and EU policies (e.g. procurement rules)
- Financial rationale (e.g. eligible costs)
- Communication Plan
- Identify concrete steps and timeline in the Roadmap for:
 - ✓ Capacity building and upskilling for NDF staff
 - ✓ Regulation changes and timeline to be adopted at the governmental and if necessary parliamentary level
 - ✓ First call for eligible applicants and selection of projects

Timeline – next steps





THANK YOU