



INSPIRENOV

FINANCIAL SCHEMES FOR PROVIDING INNOVATION IN THE ENERGY RENOVATION

INSPIRENOV INSIGHTS FOR HOUSING ASSOCIATIONS AND HOMEOWNERS:
PUTTING BLENDED FINANCING TOOLS INTO PRACTICE



Funded by
the European Union

This project has received funding from the European Union's Programme for the Environment and Climate Action (LIFE 2014–2020), under grant agreement No 101120723

National Framework for Building Renovation in Bulgaria

Renovation of the building stock is a national priority because buildings in Bulgaria are a key source of energy consumption, emissions and energy poverty, directly affecting households, the economy and energy security.

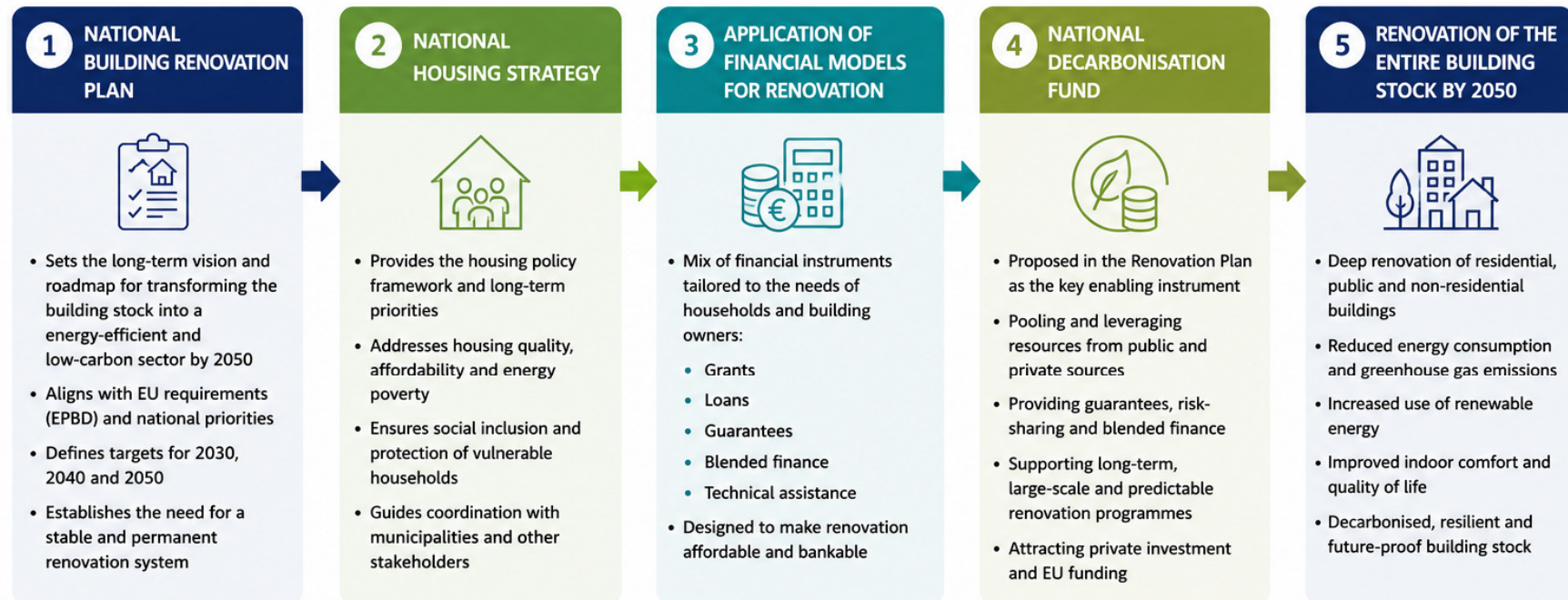
Bulgaria's **National Building Renovation Plan** sets the long-term framework for transforming the national building stock into an energy-efficient and low-carbon sector by 2050.

The Ministry is in the process of developing a **National Housing Strategy**. It will serve as a foundational framework document for the development of the housing sector in Bulgaria, outlining the long-term vision and priorities in the field of housing policy. The strategy will include a comprehensive set of national housing policy objectives, the necessary instruments for achieving them, as well as a clear division of responsibilities among all stakeholders—government institutions, municipalities, the private sector, and non-governmental organizations



Pathway towards a Decarbonised Building Stock by 2050

From strategic planning to large-scale renovation through sustainable financing



NATIONAL DECARBONISATION FUND – THE ENABLING MECHANISM



Provides guarantees and risk-sharing



Leverages public and private finance



Supports households, municipalities, HOAs and businesses



Ensures technical assistance and capacity building



Ensures transparency, monitoring and long-term sustainability

STRONG STAKEHOLDER ENGAGEMENT AT EVERY STEP: HOUSEHOLDS • MUNICIPALITIES • FINANCIAL SECTOR • INDUSTRY • CIVIL SOCIETY

Together towards a sustainable, efficient and climate-neutral built environment by 2050.

Bulgaria's Building Stock: Why renovation is crucial

Bulgaria's building stock has specific structural challenges:

- A large share of buildings were constructed before modern energy efficiency standards;
- Significant portion of multi-family residential buildings with collective ownership;
- High energy use for heating and low thermal performance;
- Ageing housing and administrative building stock;
- Strong link between poor building performance and energy poverty;

These issues make deep renovation both an energy and a social necessity.



What was done?

After the **National Energy Efficiency Program for Multi-Family Residential Buildings** during which more than 2000 building were renovated, the Recovery and resilience plan has started.

Recovery and resilience plan

Support for sustainable energy renovation of residential buildings – Stage I and Stage II

Two stages were envisaged, one involving 100 percent grant funding and the other involving 80 percent grant funding and 20 percent co-financing from the Homeowners' association.

Stage I: Very high number of applications. 3061 project proposals

Stage II: Strong drop in demand. 309 project proposals

People felt insecurity and preferred to wait for the New National renovation program for multifamily buildings

585 buildings remained under the management of the Ministry of Regional Development and Public Works, while the remaining approved buildings and buildings from the list of reserved were transferred to the management of the Bulgarian Development Bank with 100 percent of grant. This will ensure more time for selecting a contractor, technical control, and supervision.

What should be done?



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Before ↑

After ↓



1. Registration of an Homeowners' Association

Legal establishment & official registration
(legal entity registered in the municipality and the Bulstat Registry)



2. Application for Funding / Project

Preparation and submission of project proposal
(Funding request / documentation)



3. Role of the Municipality



Administrative support, approvals & coordination
Acts as an intermediary between the Ministry and the association, submitting and managing the application process on behalf of the applicants.
Provides administrative support, ensures proper documentation, and facilitates communication with the financing body.
Also responsible for approvals, coordination, and monitoring to ensure compliance with regulations and project requirements.



4. Building Renovation by Contractor



Selection of contractor by the municipality with a procurement & execution of works
(Construction and renovation phase)

5. Energy Audit (Post-Implementation)

Conducted after the renovation works are completed to evaluate the building's energy performance.
Assesses whether the implemented measures achieve the expected efficiency improvements and compliance with energy standards.
Provides official verification of results and recommendations for further optimization if needed.

1. NATIONAL ENERGY EFFICIENCY PROGRAMME for Multi-Family Residential Buildings

The largest energy efficiency initiative in Bulgaria to date



More than
100
buildings
renovated



Significant
energy savings
for households



100% grant
financing



Improved living
conditions and
reduced energy
poverty



Strong foundation for scaling up renovation
and building trust with homeowners
and stakeholders

2. RECOVERY AND RESILIENCE PLAN (RRP) Support for Sustainable Energy Renovation of Residential Buildings

Two-stage scheme providing full grant support for homeowners

STAGE
I

Stage I
100% grant
financing

STAGE
II

Stage II
Initially 80% grant
+ 20% co-financing
by homeowners'
associations



Current
developments
585 buildings remain
with the Ministry
(MRDPW)



Buildings transferred
to Bulgaria
Development
receive 100%
financing



Ensures continuity, more time for procurement,
technical control and supervision

RESULTS ACHIEVED AND IMPACT CREATED

Lower energy
consumption
and utility bills



Reduced
greenhouse gas
emissions



Improved
energy efficiency
of buildings



Better living
conditions and
health



Increased resilience
and long-term value
of the building stock

Long-Term direction
for renovation in
Bulgaria

The National Decarbonisation Fund

It is a public-private financial instrument established under The Recovery and Resilience Plan.

The Fund provides financing, co-financing, and guarantees for projects implemented by households, businesses, and municipalities. It also offers technical assistance to support project development and implementation. By combining public and private resources, the Fund aims to create a sustainable market for energy efficiency investments and improve access to long-term financing for decarbonisation projects in Bulgaria.

Renovation Plan in Bulgaria

The Plan aims to gradually change the building sector by:

- using **less energy in buildings**;
- increasing the **use of renewable energy** (like solar energy);
- slowly replacing fossil fuels in **heating and cooling**;
- improving the **energy quality and standards of buildings**

These changes will happen step by step, with key targets for **2030, 2040 and 2050**.



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The Plan aims to gradually change the building sector



Using less energy
in buildings



Increasing the use
of renewable energy
(like solar energy)



Slowly replacing
fossil fuels in
heating and cooling



Improving the energy
quality and standards
of buildings

These changes will happen step by step, with key targets for:

2030

Strengthen the foundations
and accelerate renovation
and clean energy use

2040

Deepen decarbonisation
and achieve high energy
performance in buildings

2050

A fully decarbonised
and climate-neutral
building sector



Problems and possible solutions for financial remodeling the process of energy renovation of residential buildings

Problem Identified in Bulgaria	Solution Proposed in the Plan
HOAs seen as high-risk borrowers — no business activity, unstable payment flows	Creation of a National Decarbonisation Fund to provide guarantees, blended finance and risk-sharing mechanisms
Unclear creditworthiness — repayment depends on individual owners	Use of public guarantees and grant components to lower the financial burden and improve bank confidence
Complex collective decision-making in multi-apartment buildings	Development of standardised procedures, model contracts and technical assistance for HOAs
Lack of collateral — HOAs usually own no assets	Introduction of guarantee schemes and public risk-absorption instruments instead of traditional collateral
Low financial capacity of households	Combination of grants + loans to keep monthly repayment affordable
Administrative and technical burden on HOAs	Establishment of more efficient one-stop-shops and technical support structures to guide associations through the renovation process



Remodeling the process of energy-efficiency renovation of residential buildings

Model for Financing Energy Efficiency Renovation Projects

During the implementation of current programmes for energy efficiency in multifamily residential buildings, which provide 100% grant funding, a new co-financing model is proposed through pilot projects.

- Homeowners' associations or individual owners will contribute **10%–20% co-financing** during the **2027–2029 pilot phase**.
- Depending on interest and available financial resources, the co-financing share may **gradually increase up to 60%**.

The reform of the renovation process and the financing model aims to **accelerate the renovation of the national housing stock**, in line with the Long-Term National Strategy for supporting residential and non-residential buildings.

- Target: **at least 60% renovated building stock by 2050**.



The role of INSPIRenov project

As a partner in the INSPIRenov project, the Ministry considers the progress achieved so far to be highly relevant and valuable in the context of national energy efficiency and decarbonisation priorities.

The analyses conducted within the project, as well as the identified key challenges in the sector, provide a solid evidence base that can inform the future development of national policy instruments and support mechanisms.

In addition, the progress made in engaging with the banking sector on the development of suitable financial products for residential energy renovation is viewed as a particularly important achievement, as it lays the groundwork for more effective mobilisation of private financing in this area.



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