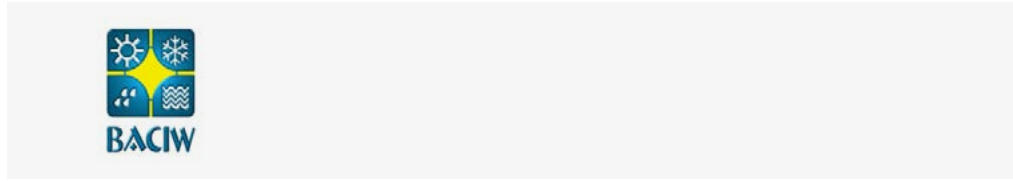


RENOVATE2RECOVER: HOW TRANSFORMATIONAL ARE THE NATIONAL RECOVERY PLANS FOR BUILDINGS RENOVATION?

NATIONAL PARTNER:



COUNTRY:



OVERVIEW:



Bulgaria's Country Profile is based on information provided by Renovate Europe's Bulgarian National Partner: the [Bulgarian Association for Construction, Insulation and Waterproofing](#) (BACIW). This Country Profile focuses on the buildings elements of the Bulgarian National Recovery and Resilience Plan draft from July 2021.

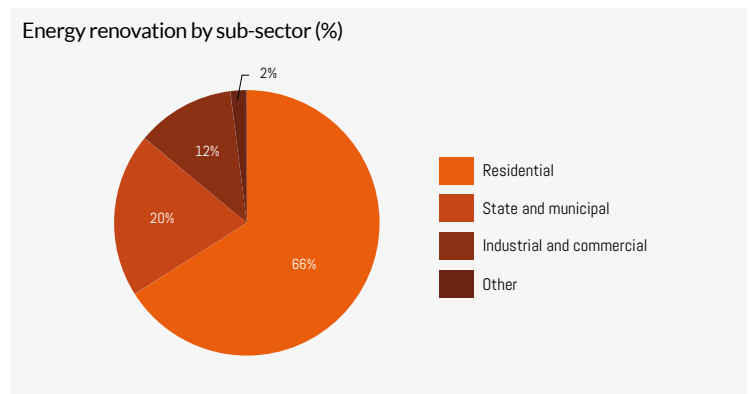
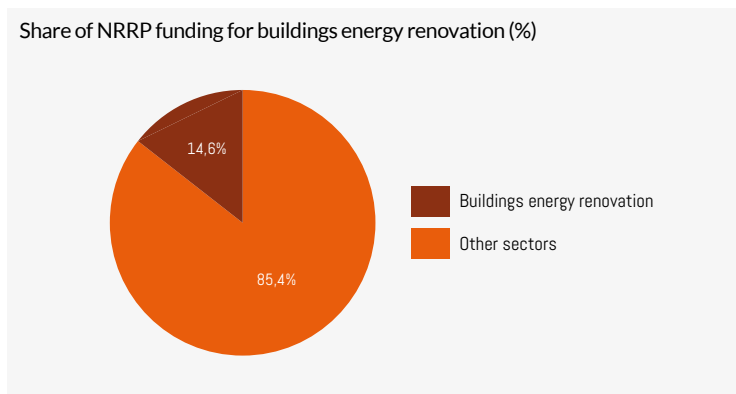
The Plan allocates significant resources for energy efficiency improvements especially for multifamily residential buildings and sets clear delivery milestones, which are however not aligned to the national targets defined in the LTRS. It can benefit from strengthening delivery through private capital mobilisation and setting a strong basis for supply chain and project support.



BUILDINGS IN THE CONTEXT OF THE PLAN



Bulgaria's draft NRRP comprised measures worth €10bn of which €6.5bn from the EU Recovery and Resilience Facility. It allocates a relatively high share of funding to energy efficiency – nearly €1.4bn of which €947m from the Recovery Facility (14.6%), €318 m national financing, and €129 m private financing. The largest share of energy efficiency measures targets 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. Around €3m are set aside for administrative capacity investment, and €7.5m for programme management and information campaigns. €4m are foreseen for a pilot project for rolling out building information modelling (BIM) and €1.5m for the creation of a unified information system for spatial planning, investment design and construction permitting.



National Challenges

A [study for the EC](#)¹ based on 2012-2016 data estimates that only 1.3% of energy renovations in the residential sector were medium depth and 0.1% deep renovations. For non-residential buildings 5.3% were medium, and 0.6% deep renovations. One of the main challenges to accelerate multifamily buildings renovation and increase reach and ambition is the transition from a mechanism of 100% grant financing which currently dominates the National Programme for Energy Efficiency to a gradual increase of homeowners' participation. Addressing energy poverty is another key issue, with [a third of the population unable to adequately warm their home](#). Other challenges include financial resources, the need for regulatory reform along with information and training campaigns.

¹ [Comprehensive study of building energy renovation activities and the uptake of nearly zero-energy buildings in the EU - Publications Office of the EU \(europa.eu\)](#)

Renovation plan details

CLARITY AND DEPTH OF AMBITION



The NRRP makes direct reference to Bulgaria's LTRS, although it would, on its own, be unlikely to meet national objectives in terms of reach and energy savings. BAWIC estimates that the funding would cover only 35% of the renovation targets in terms of area until 2030, and reach only 2% of multifamily buildings, while single family homes, which host nearly half of the Bulgarian population, are not targeted for support. Energy efficiency targets are set in terms of EPC improvement: class B for residential buildings, class A for state-owned and municipal buildings, and at least 30% primary energy savings for residential, industrial, and commercial buildings. Energy efficiency audits will be used to validate realised savings in the non-domestic (public and commercial) sectors. There are no established mechanisms for monitoring realised savings in residential properties. Delivery milestones are nevertheless clearly set in terms of renovated area, broken down by buildings segment. Expectations for energy savings are modest in the public sector - 1.3% annual primary energy demand reduction (37.9 GWh/y savings by 2026), and significant for multifamily buildings - 1,070 GWh/y by 2026 (compared to 976 GWh/y achieved in the period 2016-20). The target in the LTRS however is much higher - 2,477 GWh/y until 2030. For multi-family buildings the focus is on envelope measures, without explicit reference to the Energy Efficiency First principle.

FINANCIAL LANDSCAPE AND PERSPECTIVE



According to Bulgaria's Long-Term Renovation Strategy (LTRS), energy efficiency funding provided through Operational Programmes until 2020 covers 8% of total financing necessary for the non-domestic sector, and 9% in the residential sector. The estimated investment needed in the period 2021-2025 is €162m per year, rising to €314m per year in the period 2026-2030 - resulting in a total of €1.1 bn until 2026. This is in line with overall funding allocated to renovation in the NRRP, but its distribution appears misaligned - falling short of the planned amounts in the residential sector and exceeding those in the public sector. Interactions with other programmes for residential and public sector remain unclear. For the residential sector financing takes the form of grants with higher grant intensity for less efficient energy properties - 85% for class D, and 100% for class E, F, G. This approach raised strong reactions within the expert community, with stakeholders arguing that without any parallel support instruments available, there will be no uptake of the programme for class D, and this potential failure would doom further efforts to decrease the grant component. In the commercial and public sector grants can be combined with financial instruments or ESCO services. The NRRP currently envisages to attract only €129 m private finance. There's a proposal to create a 'National Decarbonisation Fund' to combine different financial instruments and grants, expected to be operational from 2023 at the earliest. Initial supply of funds is not foreseen for the fund, which would instead rely on cost savings from the public and commercial sectors under NRRP programme to gather finance.

MULTIPLE BENEFITS AND INTEGRATION



The NRRP includes reforms to develop a definition of energy poverty for households to help identify vulnerable owners. At present, NRRP-funded energy efficiency grants are not explicitly targeting low-income or energy poor households as the multifamily properties class E, F, G represent 90% of remaining stock that requires renovation, and there are no specific requirements linked to income or other social or economic criteria. There are measures linked to energy system decarbonisation at household level, including solar thermal and power systems and heat pump installations, but they are not linked to the energy efficiency of buildings. Two projects focus on digitalisation in the buildings sector: the creation of a unified information system for spatial planning, investment design and construction permits, and a pilot for building information modelling in investment design and construction. Further opportunities to drive a clean and resilient economy through renovation activity such as just transition, health, air pollution, adaptation, urban regeneration, and mobility, are not explicitly addressed.

SUPPLY CHAIN AND PROJECT SUPPORT

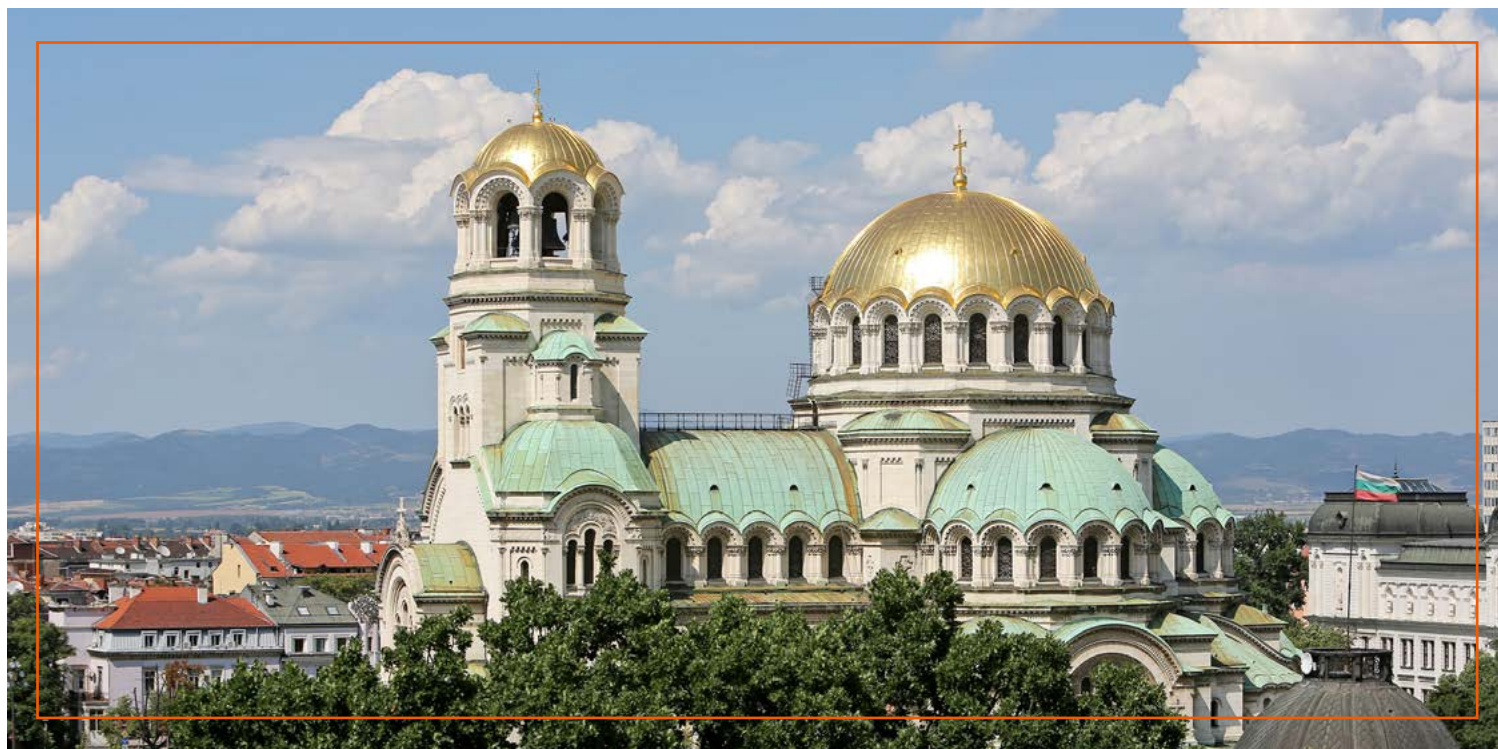


Bulgaria foresees reforms to pilot and scale regional one-stop-shops with funding from the national budget. The aim is to create initially 6 and later a total of 28 regional centres, mainly focused on providing advice and technical assistance. Further details on services are to be defined through working groups. Further administrative and technical support is foreseen for local administrations as part of individual renovation programmes. The NRRP includes the creation of two programmes for the development of building information management skills expected to form part of university education. Programmes for the wider upskilling of energy and construction professionals are not part of the plan.

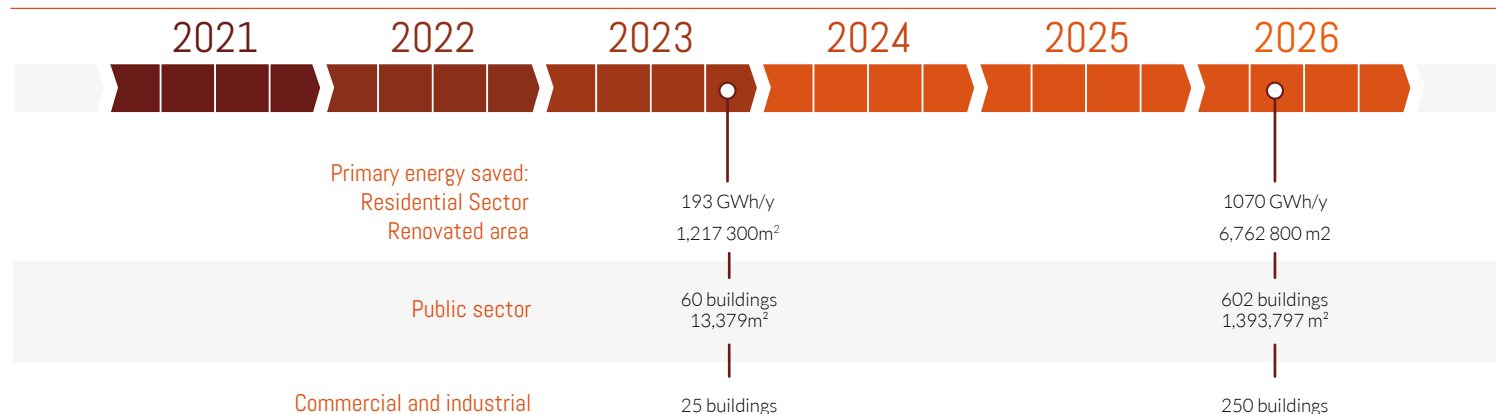
IMPLEMENTATION FRAMEWORK



The NRRP sets milestones and targets for 2023 and 2026. The expectation is for the majority of savings to be realised in the second half of the period post 2023, which highlights the need for adequate monitoring and tracking of progress to ensure programmes are on track. The Ministry of Regional Development and Public Works is responsible for monitoring implementation. Existing reporting mechanisms tend to be published on an annual basis and include information about total area renovated, investment, number of beneficiaries, calculated savings in terms of GWh per year, broken down by administrative region. There is no monitoring mechanism envisaged for the actual performance of the buildings after renovation.



TRACKING/ TIMELINE TO 2026 (2030/2050)



RECOMMENDATIONS FOR IMPROVEMENT DURING IMPLEMENTATION

While Bulgaria's NRRP makes important steps towards further energy renovation in the country, the plan can be streamlined further to meet LTRS objectives. There is untapped potential to leverage private finance to increase the overall volume of investment, which would present an opportunity to drive forward other strategic priorities alongside renovation. The Plan offers an opportunity to establish a strong foundation for key elements of the renovation ecosystem and to scale up and sustain the rate of deep renovations to 2030. To do this, further steps should be taken to:

- ▶ For the residential sector, consider the inclusion of single family buildings within the scope of the programme and support the development of parallel financing mechanisms to enable access to financing for homeowners' contributions. Ensure separate aspects of the plan (National Fund for Decarbonisation, energy poverty definition for the purposes of undertaking renovation programmes, on-bill financing) are well integrated with investment measures.
- ▶ Ensure one-stop-shops are established based on best practice and monitor whether they are sufficient and adequate to the challenges; act promptly to scale technical advice capacity as required to ensure measures have sufficient geographical reach and positively impact fuel poverty.
- ▶ Improve measurement and verification procedures to ensure that measures funded under the plan deliver stated objectives (e.g. EPC rank A or B) and support the management of the renovation process by supporting upskilling (e.g. professional renovation managers).

NOTE

The survey was complemented with a targeted desk-based review of Bulgaria's Long-Term Renovation Strategy (LTRS) to place its NRRP in context.

EXPLANATORY DOCUMENT TO ACCOMPANY COUNTRY PROFILES

READ THE FULL STUDY ON WWW.RENOVATE-EUROPE.EU

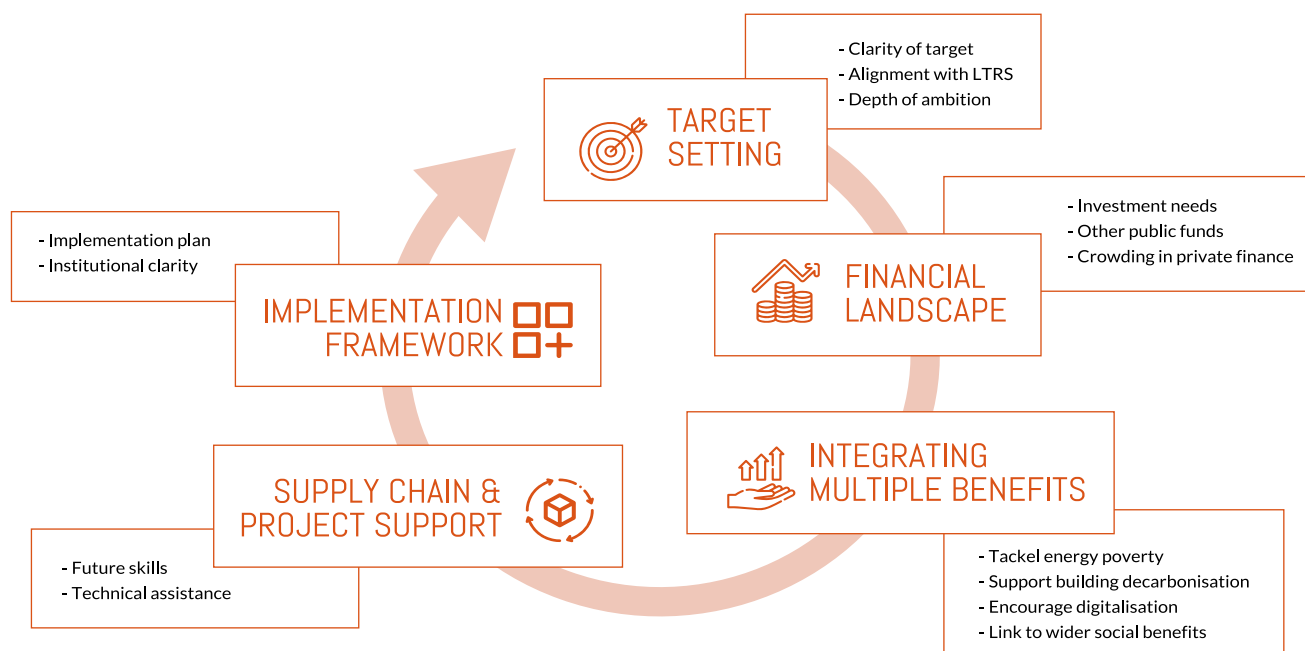
ABOUT THIS STUDY

This Study assesses the buildings-related elements of the National Recovery and Resilience Plans (NRRPs) in 18 Member States¹: Austria, Belgium, Bulgaria, Croatia, Czechia, Denmark, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Poland, Romania, Slovakia, Slovenia and Spain². The aim is to understand whether NRRPs position countries to achieve longer-term targets for more and deeper renovation, and whether NRRPs have the potential to be **'transformational'** on the path to achieving national goals set out in Long Term Renovation Strategies and EU goals set out in the Renovation Wave strategy.

The Country Profiles in this Study centre on the **investment measures** for energy renovation in the NRRPs. The aim is to identify where investments will flow, what types of energy renovation will be supported, and to offer guidance to support and improve the quality of investments to maximise their impact and scalability. The Study does not assess the reform measures included in NRRPs due to their uniqueness for individual countries.

ASSESSMENT METHODOLOGY AND SCOREBOARD

The Study was developed by E3G, bringing its experience of working on the Green Recovery Tracker, and was delivered in close cooperation with Renovate Europe's National Partners and Campaign Office. In each Country Profile, the Plans are assessed against five overarching criteria, each comprising several sub-criteria (summarised below). The assessment is **qualitative**. Each Country Profile is accompanied by an annex that sets out, in more detail, the various programmes and reforms that each Member State includes in its NRRP with extracts drawn from the European Commission's assessment of the NRRPs and the European Council's Implementing Decision for each NRRP.



1 Note: summary data here excludes Greece as the study is not complete yet

2 Renovate Europe has National Partners in 17 of these Member States, and cooperated on a separate basis with Mur Manteau and Renovons initiative in France. Renovate Europe's 18th National Partner (in the Netherlands) was unable to participate in this Study as the Dutch NRRP has not yet been published.

SCORING METHODOLOGY

For each of the five criteria, the NRRPs are provided with an aggregate score. The aggregate score is based on the sum of points of individual sub-criteria. The points were allocated as follows: 1 point - not addressed; 2 points – needs improvement; 3 points – strong; 4 points - transformational. The aggregated score is reflected in the ‘play button’ infographic for each of the criteria at the top of the country profiles. Those are summarised below.

Normalised* points range	Score	“Play button” Infographic
2.5 – 4.0	“Not addressed”	
4.1 – 6.3	“Needs improvement”	
6.4 – 8.5	“Strong”	
8.6 – 10	“Transformational”	

* The five criteria have a different set of sub-criteria, and as a result have different minimum and maximum points. The scores have been normalised to a base of 10 points. This still leaves some variation within the ranges, so comparison between criteria and countries should be treated with caution.

A UNIQUE OPPORTUNITY TO GET RENOVATION ON TRACK

National Recovery and Resilience Plans (NRRPs) present a unique opportunity to accelerate the delivery of deep renovation across the EU. The analysis of the NRRPs in this Study demonstrates that significant renovation activity is planned and will be made possible through the successive disbursements of the Recovery Funding. But these renovations must be done properly, and the money must be spent well. This unprecedented additional injection of public funds must set the EU building stock firmly on the path to achieving its Renovation Wave goals to 2030 and meeting the 2050 climate targets.

For NRRPs to be transformational towards achieving these goals, two key aspects need to be strengthened:

- 1. Ensure funding delivers a step change towards realising deep (or staged deep) renovations, going well beyond the 30% minimum energy saving recommendation set by the European Commission.**
- 2. Invest in the right enabling framework, including leverage of private finance, to create sustainable renovation markets that will grow beyond 2026**

UNDERPINNING A STRONG FIT-FOR-55 PACKAGE FOR BUILDINGS

This Study demonstrates significant interest in investing in building renovation, which can contribute to a strong outcome for the **Fit-for-55 legislative proposals**, all of which would enter into force while NRRP funding is being invested. The strength of the overall package is critical for delivering on renovation, with individual elements playing pivotal roles. For example, the introduction of mandatory **Minimum Energy Performance Standards (MEPS)** under the EPBD would send a strong signal to the whole renovation value chain, from institutional investors to building users.

Done right, NRRP investment can ease agreement on, and the implementation of, a more ambitious legislative package for buildings – a virtuous cycle between ambition and deliverability that can drive the creation, investment in, and sustained growth of renovation markets across the EU. To unlock this, it will be critical to establish a positive feedback loop between EU institutions (in supporting effective deployment of NRRP funds) and Member States (in backing a strong legislative outcome from Fit-for-55 negotiations) that delivers a significantly improved building stock for citizens. Informed by the assessment below, Renovate Europe and its National Partners will work to support this outcome.

RENOVATE² RECOVER

NINE RECOMMENDATIONS TO MEMBER STATES TO MAKE THEIR RECOVERY PLANS TRANSFORMATIVE

AMBITION

1. Prioritise deep renovations and scalability in the design and implementation of schemes
2. Accompany each funded building project with a Renovation Roadmap to 2050

3. Improve scheme longevity and impact by crowding in private finance

FINANCING

MULTIPLE BENEFITS

4. Integrate renovation with heat decarbonisation and apply Energy Efficiency First Principle consistently
5. Embed renovation alongside wider political and socio-economic priorities

6. Strengthen Technical Assistance at regional and local levels
7. Fund further One-Stop-Shops and information centres to support customers, exchange best practice
8. Upskill the workforce through reliable accreditation systems

SUPPORT

IMPLEMENTATION

9. Engage in better monitoring and aggregation of data to measure impact