

## Working Group III:

Recommendations to the Recovery and Resilience Plan (HEU) to achieve sustainable renovation of the building stock (residential and non-residential).  
Opportunities and Challenges for the Industrial Sector

# Policy proposal

Alignment of EE projects with the international framework for investments with social impact<sup>1</sup>

### *Summary*

*The transposition and establishment of international financial frameworks for investments with societal impact in the programming of financial instruments and EE mechanisms will ensure long-term access to cheap financial resources of Bulgarian financial institutions and agencies in the implementation of EE projects. This proposal aims to structure an initial framework for the evaluation and screening of an EE project, as well as a link to the UN Sustainable Development Goals (SDGs).*

*Last but not least, the adoption of societal impact criteria would put emphasis on EE projects implemented by NGOs that have traditionally difficult access to finance.*

The main regulations developed at international level - such as the Principles for Responsible Investment, the Sustainable Development Goals (SDGs) in terms of equity investments and bonds, the European Taxonomy for Sustainable Activities and the Principles for Sustainable Bonds - provide clear guidance on the need to establish criteria for public impact assessment, with the possibility of embedding in financial instruments, national programmes and other EE financing mechanisms. The aim is to contribute positively to sustainable development and achieve the Sustainable Development Goals (SDGs), while offering different ways to achieve these goals.

Strengthening cross-sectoral cooperation at national and international level

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<sup>1</sup> The policy was developed using the H2020 SER Hub project: received funding from the European Union's Horizon 2020 research and innovation programme under Grant Agreement No. 101024254

## Sustainable Development | Goals Specific Objectives

SDG 1: No Poverty Saving financial resources (crucial for socially vulnerable groups)

SDG 3: Good Health and Well-being Creating a healthier environment through energy renovation interventions

SDG 4: Quality Education Improving the skills and knowledge of building users/beneficiaries

SDG 7: Affordable and Clean Energy Promoting the use of clean and affordable energy solutions

SDG 8: Decent Work and Economic Growth Supporting economic growth

SDG 10: Reduced Inequalities Focusing on the renovation of buildings used by organizations working with vulnerable groups

SDG 11: Sustainable Cities and Communities Promoting community well-being through energy renovation

SDG 12: Responsible Consumption and Production Improving the circular economy and reducing waste by promoting best practices

SDG 13: Climate Action Promoting energy-efficient projects and sustainable energy practices

SDG 15: Life on Land Contributing to the sustainable use of natural resources and the conservation of biodiversity

SDG 16: Peace, Justice, and Strong Institutions Strengthening institutions

SDG 17: Partnerships for the Goals Enhancing cross-sectoral cooperation at national and international levels

The ultimate objective is to facilitate the financial analysis of EE projects/programming of EE mechanisms in the decision-making process to establish screening criteria for potential recipients of funding based on their ability to generate social and environmental benefits. In this regard, it is key to carry out a preliminary impact assessment of potential investments in order to (i) assess a potential material effect, (ii) make an informed choice between different investment options, (iii) optimize the impact results in accordance with the Impact Goals/SDG.

As part of the study and evaluation, a framework for assessing the capacity to generate positive social and environmental impact can be developed to guide the selection of EE projects. The evaluation framework can be upgraded on the basis of 5 impact strands, namely:

- Environmental impact
- Economic impact
- Community development
- Prosperity

- Awareness

## Indicator | Measurement Unit

### *Environment*

Delta energy consumption | Difference in energy consumption before and after the intervention | kWh

Delta greenhouse gas emissions (scope 1 and 2) | Difference in greenhouse gas emissions before and after the intervention | tCO<sub>2</sub>

Indoor air quality Indoor air quality index (without indoor pollution) after the intervention index

### *Economic*

Annual energy bill savings | Annual costs for natural gas and electricity consumed by the building | €/BGN

Savings invested in core services/EE projects | Percentage of savings generated from management costs reinvested in activities or projects on an annual basis | €/BGN

# new employment contracts resulting from new services/increased number of beneficiaries | New part-time and full-time positions created on an annual basis | number

# new services/projects activated as a result of retrofitting | New project or services initiated related to the project (total number) | number

### *Community*

# new beneficiaries attracted | Number of new beneficiaries reached compared to actual capacity | number

Opportunities for working with partner network | Number of established relationships with local organizations (e.g., collaboration, partnership, etc.) | number

Participation of the local community | Number of community members participating in the organization's activities on an annual basis | number

Sense of community belonging | Perception of a sense of community belonging (mutual recognition) | scale

### *Well-being*

Psychological effects due to a healthier environment | Perception of psychological effects by people living in the building | scale

Perceived indoor comfort | Perception of indoor thermal comfort | scale



Well-being of occupants | Perception of the overall level of well-being by people living in the building  
| scale

*Awareness*

Knowledge of sustainability | Increased knowledge of sustainability | scale

Awareness related to sustainable behavior | Increased awareness of sustainable behavior | scale

Awareness related to energy efficiency intervention | Increased awareness of energy efficiency  
intervention | scale



## Briefly about BeSmart

### *The Bulgarian Forum for Financing Energy Efficiency Projects:*

The transition to a low-carbon economy requires higher energy efficiency and better energy management, the introduction of new specialised services and the development of financial mechanisms. This exceptional challenge is particularly relevant in the building sector, where the currently used 100% grant mechanism for the renovation of multi-family residential buildings needs to be reformed into a more sustainable financing scheme that is socially acceptable, ensures the participation of vulnerable consumers and at the same time sets higher criteria for energy efficiency and environmental benefits.

### *What are we aiming for?*

To help develop and implement policies and financial mechanisms to support investment in energy efficiency and to support the implementation of European sustainable energy development initiatives at national and local level.

### *How will we achieve it?*

- Involving all stakeholders in an open dialogue
- Dissemination of good practices, initiatives and tools
- By building an online communication platform for sharing knowledge and experience
- With nine national roundtables with extensive media coverage
- With specific recommendations for the development of financial instruments to support energy efficiency

### *Target groups:*

- Banks, other financing institutions and ESCOs
- Representatives of the central government, mainly from the ministries of finance, economy, energy, regional development and public works and the executive agencies belonging to them.
- Local and regional authorities
- National associations - construction, SMEs and industry associations, consumer associations and various service providers
- Think tanks and academia
- The general public and citizens
- Media.



*Main benefits:*

- Involving all stakeholders in an open dialogue
- Dissemination of good practices, initiatives and tools
- By building an online communication platform for sharing knowledge and experience
- With nine national roundtables with extensive media coverage
- With specific recommendations for the development of financial instruments to support energy efficiency



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