Better Funding Dialogues- BULGARIA SERIES

This project has received funding from the H2020 Research and Innovation Programme under grant agreement n°101036519.

Why We Are Here

- We are not launching a standalone event.
- We are inviting Bulgaria into a structured national dialogue on financing climate transition.
- This builds on initial consultations with Sofia and Gabrovo earlier this month.

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What is a Better Funding Dialogue?

Focus: Concentrates on structures of funding and financing from the city's perspective as well as complements other activities in the 100 Climate Neutral City Mission

Work Hypothesis: Current financing structures are suboptimal or malfunctioning for climate neutrality transformation.

Nature of Task: Addresses stable and slow-transitioning structures, processes, and routines. Mid-term.

Implementation Requirements:

- Depends on stakeholder willingness and interest.
- Requires out-of-the-box thinking to address existing structural flaws.
- Needs openness to specific national contexts and framework conditions.

Opportunities for Stakeholders:

- Drive thinking and discussions beyond routine approaches.
- Implement changes in perspectives for NetZero transition at required scale and pace.

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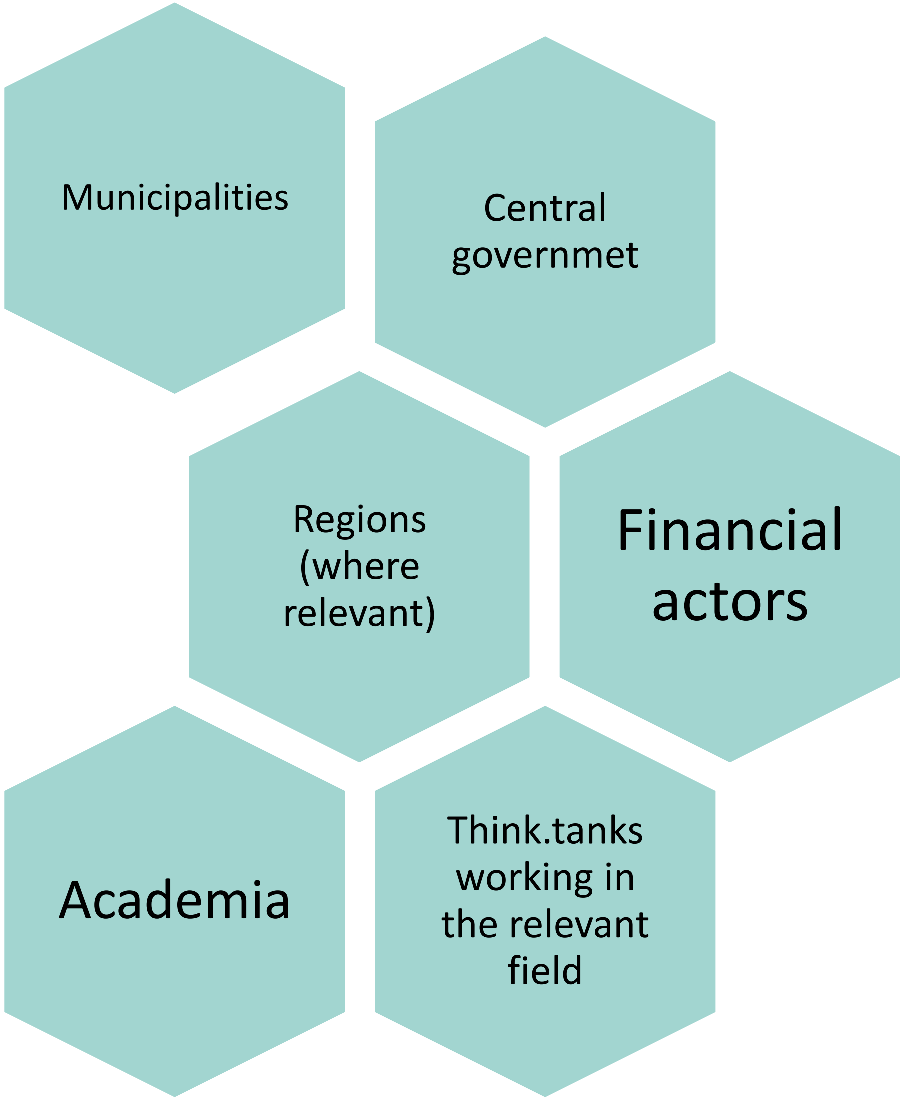
BFD format in a nutshell

- Multi-level and multi-actor dialogue
- Involves the financial actors and the respective ministries
- Designed as a series of the interconnected political dialogues on financing.



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National dialogues – what is the ambition

27

EU countries

4

Facilitated workshops

4

Years of project duration (2024-2027)

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Sneak peek of selected BFD

Focus: Public-Private Partnerships
First Dialogue: 30 October 2024
Second Dialogue: 4 March 2025, Online exchange on PPP projects between Polish and Romanian cities

Topic: In what way public agencies can support climate action and how to make financing more accessible for cities
First Dialogue: December 2024

Topic: Funding renovation in the housing sector
First Dialogue: 06 May 2025

Topic: Financial Perspective beyond 2027. EU funds for local governments in MFF 2028-2034 and less traditional forms of financing.
First Dialogue: 11 April 2025
Second Dialogue: 20 May 2025

Topic: Increasing access to financing of smaller municipalities, building competencies in PPPs
First Dialogue: 22 May 2025

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Better Funding Dialogue – Process Overview

Financial Ecosystem Review	Consultation with Local Actors (NZC)	Interviews	Co-creation of Final Concept & Agenda
Desktop research to map funding, finance, and governance structures, identify barriers and opportunities, and pinpoint key stakeholders influencing city decarbonisation.	Validation of findings with National Platforms, City Advisors, and Financial Specialists to uncover real-world challenges, policy misalignments, and priority dialogue topics.	Co-creation of priorities, barriers, and solutions through direct engagement, refining the concept and agenda collaboratively.	Joint development of the Better Funding Dialogue framework, objectives, agenda, and case studies, producing actionable insights to inform national and EU policy and funding design.

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Why Bulgaria? Why Now?

- Highly centralized fiscal system
- Municipal dependence on transfers
- Strict debt limits (15% own revenue cap)
- PPP complexity
- EU funds dominate climate investments
- Capacity gaps in smaller municipalities

The issue is often not lack of funding, but how the system is structured.

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What We Heard from Sofia & Gabrovo

1. Financing Structure Constraints

- Dependence on central transfers
- Political instability affects funding continuity
- Debt caps restrict long-term investments
- PPP legislation restrictive

2. Energy Efficiency & Renovation

- 84+ buildings under agreement
- Multi-storey ownership = major financial barrier
- Banks reluctant beyond small buildings
- Need for ESCOs / revolving facilities

3. Energy Communities

- Legal impediments
- Need for enabling framework

4. Transport & Smart Systems

- E-buses, cycling, traffic management
- Lack of real-time data infrastructure
- Limited municipal technical capacity

5. Adaptation & Risk

- Adaptation financing difficult
- Low insurance culture
- Need risk-sharing mechanisms

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How the Dialogue Series Would Work

1. Financial ecosystem mapping (ongoing)
2. Targeted stakeholder consultations
3. Thematic multi-level dialogues
4. Joint recommendations
5. Feeding results into EU + national funding design

Format options

- Thematic roundtables
- Stakeholder-specific sessions (e.g., Ministries only)
- Sector-specific sessions (energy, transport)

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