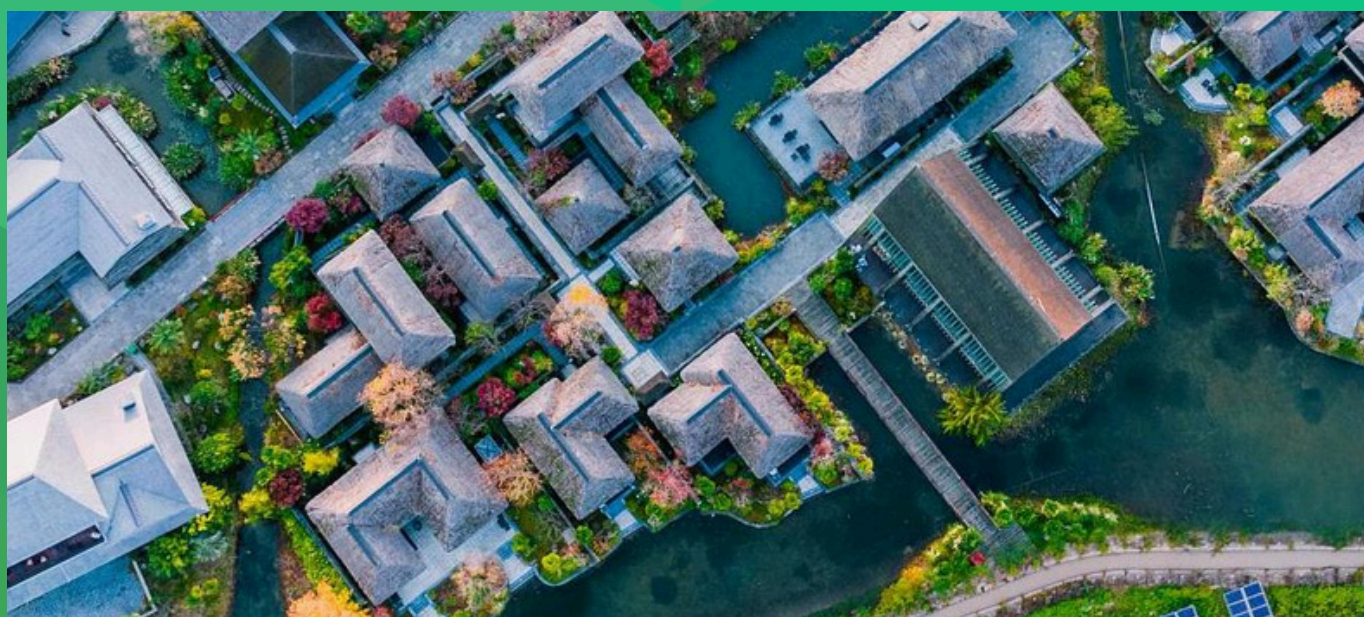


AFTER LIFE PLAN

**SUSTAINABILITY
PLAN**



**FINANCIAL INSTRUMENT FOR
CLEAN ENERGY TRANSITION –
FLAG-FICET**



FINANCIAL INSTRUMENT FOR CLEAN ENERGY TRANSITION – FLAG-FICET



Acronym: FLAG-FICET

LIFE project number: LIFE21-CET-PDA-FLAG-FICET (Ref. 101076662)

Start date: 1 October 2022

End date: 30 September 2025

Coordinator: Fund FLAG

Partners:

- Club “Economika 2000”
- Institute of Economic Studies at BAS

Total budget: €1,499,142

LIFE co-financing: €1,424,184



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INTRODUCTION AFTER LIFE PLAN FLAG-FICET

The present After Life Plan /Sustainability Plan/ has been developed as a result of Task T.5.4 Elaboration of the After Life Action Plan under Work Package 5: Sustainability, replication and exploitation of project results of the project “FLAG – Financial Instrument for Clean Energy Transition”, funded under the LIFE Programme.

The After Life Plan /Sustainability Plan/ after the completion of the project is a tool to ensure and monitor:

- the progress in achieving sustainability, replication, and exploitation of the project results in the five-year period following the project's completion (1.10.2025 – 1.10.2030);
- the achievement of the key project indicators (KPIs) set out in the Grant Agreement at the end of the five-year period.

The Plan includes:

- An overview of the project “FLAG – Financial Instrument for Clean Energy Transition” and its status at completion, achieved results, and a SWOT analysis;
- Planned activities after the end of implementation (five-year horizon);
- The Sustainability Plan;
- A monitoring and reporting system for the implementation of the Sustainability Plan and the achievement of the key project indicators.



GENERAL OVERVIEW OF FLAG-FICET IMPLEMENTATION

ABOUT FLAG-FICET

The project “**FLAG – Financial Instrument for Clean Energy Transition**” (**FLAG-FICET**) was implemented in the period 1 October 2022 – 30 September 2025. The project was funded under the EU LIFE Programme, sub-programme Clean Energy Transition (CET), scheme LIFE-2021-CET-PDA: Disruptive PDA – Technical Assistance to advance market boundaries for sustainable energy investments. The total project budget amounts to EUR 1,499,142, of which EUR 1,424,184 is provided as a grant from the EU LIFE Programme.

GENERAL PROJECT OBJECTIVES

- to support municipalities in Bulgaria in preparing to meet the challenges of climate change mitigation and adaptation over the next decade through investments in clean energy;
- to mobilise financial resources to support investments for the green transition of Bulgarian municipalities;
- to build capacity within Fund FLAG for the development, assessment, and financing of municipal projects for the clean energy transition;
- to raise awareness among Bulgarian municipalities on the clean energy transition and the opportunities for financing green investments.

SPECIFIC PROJECT OBJECTIVES

- Structuring and launching an innovative financial instrument within FLAG to support investments for the clean energy transition in Bulgaria, building on the Fund's existing experience and good practices in the country and across the European Union;
- Enhancing the capacity of Fund FLAG in three areas:
 - structuring financial instruments in entirely new sectors where the Fund has not previously operated;
 - administering financial instruments targeted at green financing;
 - providing technical assistance for the development of investment projects in the field of clean energy transition;
- Strengthening inter-institutional coordination in the development of financial instruments for climate change mitigation and adaptation;
- Preparing municipal investment projects for the clean energy transition in Bulgaria.

PROJECT WORK PACKAGES

Work Package 1: Project Management and Coordination

- Activity T.1.1: Establishment of a project management and implementation framework
- Activity T.1.2: Operational project management
- Activity T.1.3: Public information and dissemination of results

Work Package 2: Analysis of Supply and Demand for Financing Clean Energy Transition Projects

- Activity T.2.1: Analysis of Fund FLAG's activities regarding the implementation of financial instruments
- Activity T.2.2: Market study on financing clean energy transition projects in Bulgaria
- Activity T.2.3: Review of good European practices and experience in applying financial instruments for clean energy transition
- Activity T.2.4: Assessment of the needs and readiness of Bulgarian municipalities to implement clean energy transition projects
- Activity T.2.5: Development of a methodology for evaluating green projects and improving Fund FLAG's methodology for assessing municipal creditworthiness

Work Package 3: Structuring and Launching the Financial Instrument

- Activity T.3.1: Preparation and consultation of a detailed financial instrument design
- Activity T.3.2: Preparation of a set of application documents required to launch the financial instrument and publication of the first call
- Activity T.3.3: Submission of applications and evaluation of pilot projects, including an official ceremony for signing the first contracts under the financial instrument

Work Package 4: Technical Assistance for the Development of Project Proposals under the Financial Instrument

- Activity T.4.1: Review of existing documentation and collection of additional information for pilot projects
- Activity T.4.2: Development of technical and financial documentation for pilot projects
- Activity T.4.3: Preparation of complete application packages for pilot projects

Work Package 5: Sustainability, Replication, and Exploitation of Project Results

- Activity T.5.1: Ensuring institutional sustainability of the innovative financial instrument
- Activity T.5.2: Ensuring financial sustainability of the innovative financial instrument
- Activity T.5.3: Promotion of the financial instrument
- Activity T.5.4: Development of the After LIFE Plan


CLEAN ENERGY TRANSITION SCHEMES

Within the project, a new **Financial Instrument for Clean Energy Transition - FLAG-FICET** was structured under the framework of Fund FLAG. Its objective is to provide financing for sustainable clean energy transition projects of local authorities in Bulgaria through a combination of investment loans and free-of-charge technical assistance for project preparation. The instrument allows blended financing of the project investment with grants from other sources (e.g., OPs, EU programmes, NEF, etc.).

The eligible support schemes cover four areas, as follows:




- * Energy Efficiency (EE) in public buildings (schools, health centres, administrative buildings, etc.) and residential buildings (for municipally owned properties).
- * The implementation of EE measures should achieve a minimum energy efficiency standard corresponding to at least class “B” for energy consumption, as well as a reduction in primary energy demand of no less than 30%.

 ENERGY EFFICIENCY	Projects	Total financing
	39	€60M



- * Development of photovoltaic (PV) systems/parks, including on reclaimed municipal landfills. A pilot project was implemented in the Municipality of Kresna for the construction of a 3 MW photovoltaic power plant.
- * Development of battery storage facilities and the purchase and installation of batteries for storing energy from already installed solar capacities.

 RENEWABLES	Project	Total financing
	1	€1.83M

CLEAN ENERGY TRANSITION SCHEMES



* Utilisation of the potential of thermal mineral waters – for the extraction of thermal energy and other purposes related to the clean energy transition and energy efficiency.

* A pilot project in the Municipality of Sapareva Banya for the construction of a main water pipeline and a 500 m³ collection reservoir with a pumping station for mineral water. Financing is provided by Fund FLAG and the NEF under the “Mineral Waters” Investment Programme.



THERMO-MINERAL WATERS

Project

1

Total financing

€0.65M



* Purchase of zero-emission public transport vehicles, installation of charging stations for public transport needs, and related measures.

* Through the implementation of a joint project with the Municipality of Montana, co-financed by the OPs and FLAG under FLAG-FICET, Vratsa will become the first municipality in the Balkans with 100% electric municipal transport – both urban and intercity.



ECO-MOBILITY

Projects

4

Total financing

€7.76M

Fund FLAG launched the **Call for projects for the FLAG-FICET financial instrument for clean energy in June 2024**, with the publication of the First Call for the provision of technical assistance and financing of clean energy projects by local authorities. In December 2024, a Second Call was published, including a new sector – Eco-mobility. The Third Call, announced on 1 July 2025, covered the period up to 15 September 2025.

ACHIEVED RESULTS

Total investments

€70M

FLAG Financing

€24M

Required leverage

X15

Through the implementation of the FLAG-FICET project, Fund FLAG established the first specialized green financial instrument for municipalities and state- and municipally-owned companies, combining technical assistance, blended financing, and capacity building.

Between November 2024 and the end of the project in September 2025, Fund FLAG concluded Framework Agreements and Financing Contracts with 14 municipalities for the implementation of a total of 45 clean energy transition projects, which received technical support under FLAG-FICET.

The total investment exceeds BGN 140 million / EUR 70 million, of which over BGN 47 million / EUR 24 million was provided by Fund FLAG. The strongest interest was shown in financing projects for energy efficiency of public buildings.

Technical assistance was provided for the structuring of nearly 65 clean energy transition projects by local authorities. Some of these projects plan to use financing during the five-year sustainability period of the instrument.



**IVAN GAVALYUGOV, MAYOR OF
BOTEVGRAD MUNICIPALITY**



**CONTRACT SIGNATURE WITH
MONTANA MUNICIPALITY**

ACHIEVED RESULTS



In 2025 a FLAG-FICET informational and training campaign was conducted targeting municipal experts, with the participation of representatives from the project partners. Over 150 municipal representatives – mayors, deputy mayors, and experts – took part in two practical seminars organized under FLAG-FICET, focused on the financing opportunities for clean energy transition projects. The events were held on 27 March 2025 in Vratsa and 21 May 2025 in Stara Zagora.

SWOT ANALYSIS



ACTIVITIES AFTER PROJECT COMPLETION

According to the requirements of the LIFE Programme, the main results of completed projects must be exploited, further developed, and replicated during the five-year period following their completion. Taking into account the SWOT analysis at the end of the FLAG-FICET project, Fund FLAG will work towards the sustainable development of the financial instrument over the next five years, ensuring it effectively meets the needs of local authorities and contributes to the achievement of the Key Project Indicators and the European decarbonisation goals.

➤ DEVELOPMENT OF FLAG-FICET INSTRUMENT

During the five-year period following the completion of the FLAG-FICET project, Fund FLAG has committed to continue promoting the financial instrument.

Depending on the investment needs of local authorities, at least one additional scheme will be launched alongside the existing four schemes – Energy Efficiency/RES/Thermal Mineral Waters/Eco-mobility.

The expected mobilized investments for this period amount to a minimum of EUR 22.5 million. The planned primary energy savings are 6.39 GWh/year, while the energy generated from RES is expected to reach 4.16 GWh/year.

➤ TECHNICAL ASSISTANCE

To ensure the sustainability of the instrument over the five-year period, Fund FLAG plans to continue providing technical assistance, either fully or partially, depending on the availability of funding sources for such support.

There are two main options for provision of resources for technical assistance related to the FLAG-FICET financial instrument: internal funds or external sources.

One sustainable approach to securing internal funds for future initiatives could be the targeted allocation of a portion of the interest income generated from the loan portfolio created during the pilot phase of the instrument.



**STUDY VISIT,
IFRUU 2020, PORTUGAL**

This approach could provide a source of funds for technical assistance to support projects promoting the clean energy transition, subject to approval by FLAG's Board of Directors.

Potential external sources of technical assistance include the ELENA initiative (European Local Energy Assistance), LIFE-CET-PDA, Horizon Europe, and others. Combining internal financing mechanisms with external EU instruments can ensure the sustainable and effective provision of support for the preparation and implementation of clean energy transition projects.

ACTIVITIES AFTER PROJECT COMPLETION

➤ FINANCIAL SUSTAINABILITY

Fund FLAG secures resources for its activities from commercial banks and international financial institutions, such as the European Investment Bank. The signing of new financing agreements with commercial banks is carried out following a procedure for selecting financing institutions.

Through FLAG-FICET, banks can invest in green products with clear sustainable qualities, accelerating the growing trend towards climate investments while reducing the risk for such projects.

In order to continue the process of providing resources for the financial instrument, a selection procedure for financing institutions was conducted between June and August 2025. As a result, Fund FLAG secured the necessary resources for the implementation of the next cycle of the FLAG-FICET instrument.

➤ INSTITUTIONAL SUSTAINABILITY

Within the project, an Expert Centre (Central Finance Unit – CFU) was established within Fund FLAG, consisting of two units: “Development” and “Operations”. These units are directly involved in the design, launch, and implementation of FLAG-FICET, as well as in providing technical assistance for the preparation of clean energy transition projects.

In 2024, the Development unit of the Expert Centre was institutionalized as the new Department for Development, Green Financing, and Communications, responsible for the structuring and preparation of subsequent cycles of the financial instrument. The Operations unit continues to operate within the Lending and Monitoring Department of Fund FLAG, providing consulting and technical support to the final beneficiaries.



The enhanced capacity of Fund FLAG for administering financial instruments, providing technical assistance, and verifying green financing will be utilized in the implementation of the next cycle of the FLAG-FICET instrument.

In addition, the accumulated experience will be applied by Fund FLAG in managing new financial instruments with European funds, either independently or within the framework of the Sustainable Cities Fund:

- Financial instrument under the “Water” priority of the Environment Programme 2021–2027
- Urban Development Funds under the Regional Development Programme 2021–2027 and the Competitiveness and Innovation in Enterprises Programme (CIEP) 2021–2027
- Guarantee instrument for the Circular Economy under CIEP 2021–2027

ACTIVITIES AFTER PROJECT COMPLETION

➤ AWARENESS RAISING FOR CLEAN ENERGY TRANSITION

Good awareness is key for municipalities to make active and strategic decisions that provide not only environmental but also economic and social benefits to local communities.

Fund FLAG will continue to work purposefully to raise awareness among Bulgarian municipalities regarding opportunities to develop and finance investment projects in the field of clean energy transition.

Through training sessions, information campaigns, and participation in specialized forums, the Fund will help local authorities understand the concrete benefits of these projects – lower energy costs, improved quality of services for citizens, and a contribution to the sustainable development of their regions.

➤ PARTICIPATION IN THE EUROPEAN ENERGY EFFICIENCY FINANCING COALITION

In October 2024, Fund FLAG was accepted among the first 49 institutions to join the European Energy Efficiency Financing Coalition. The coalition is a new mechanism for enhanced cooperation between the European Commission and the 27 EU Member States, established following the Joint Declaration on Energy Efficiency Financing of 19 December 2023.

The main objective of the coalition is to stimulate private investment in energy efficiency projects through the active involvement of financial institutions from the Member States. FLAG plans to be an active participant in the future National Hub of the Coalition, serving as a potential framework for cooperation that encourages market participation in the implementation of energy efficiency policies.



➤ STAKEHOLDER ENGAGEMENT

A sustainable stakeholder engagement model was established within the FLAG-FICET project. Partnerships were established with financial institutions, including the National Trust EcoFund (NTEF), with which FLAG announces joint support schemes under FLAG-FICET. The combination of grant and loan financing, structured within a clear framework with defined responsibilities among the parties, creates incentives for municipalities to implement investments in the clean energy transition.

Collaboration has been consolidated with organizations in the fields of energy efficiency, mineral waters, and financial instruments. The Fund actively participates in numerous national and European events and forums dedicated to the energy transition of local authorities.

SUSTAINABILITY PLAN

(1.10.2025 - 1.10.2030)

ACTIONS (MEASURES)	BUDGET (EUR)	EXPECTED RESULTS	PERFORMANCE INDICATORS	METHOD OF VERIFICATION	RESPONSIBLE INSTITUTIONS
1. Development and implementation of the financial instrument FLAG-FICET 2025-2030	22,500,000	Continued implementation of FLAG-FICET, including the established Key Project Indicators (KPIs)	Key Project Indicators: 1. Primary energy savings triggered by the project – 6.39 GWh/year 2. Energy generated from renewable sources (RES) – 4.16 GWh/year 3. Triggered cumulative investments in clean energy transition projects – €22.5 million	Signed financing agreements under FLAG-FICET, energy audits, and other	Fund FLAG
2. Institutional sustainability	n/a	Sustaining the project-established units within Fund FLAG's organizational structure	Two units established under the project and institutionalized within the FLAG structure – the new Department for Development, Green Financing and Communications, and the existing Lending and Monitoring Department	In the event of changes affecting the two units – FLAG's organizational documents	Fund FLAG
3. Financial sustainability	depending on the needs	Funding secured to ensure the ongoing implementation of FLAG-FICET	Number of signed financing agreements/annexes to financing agreements	Financing agreements signed with banks under FLAG-FICET	Fund FLAG
4. Stakeholder engagement and coordination	depending on the needs	Ongoing engagement and coordination with stakeholders	Number of meetings held with stakeholders, number of joint schemes with NTEF	Attendance lists, letters, MoUs, joint financing schemes	Fund FLAG

SUSTAINABILITY PLAN

(1.10.2025 - 1.10.2030)

ACTIONS (MEASURES)	BUDGET (EUR)	EXPECTED RESULTS	PERFORMANCE INDICATORS	METHOD OF VERIFICATION	RESPONSIBLE INSTITUTIONS
5. Communication, visibility and promotion	30 000	Participation in trainings, information campaigns, and specialized forums; publication of news; branding of promotional materials	Number of publications/participations presenting FLAG-FICET; branding of promotional materials, etc.	Publications on the FLAG-FICET website / participations presenting FLAG-FICET; branded promotional materials, etc.	Fund FLAG
6. Participation in the European Energy Efficiency Financing Coalition	depending on the needs	Engagement in Coalition meetings and working groups; involvement in the National Hub	Number of participations in Coalition meetings and working groups	Invitations, travel orders, and other documentation	Fund FLAG
7. Reporting	n/a	Annual monitoring reports on the implementation of the activities from the After-LIFE Plan and the Key Project Indicators	Five annual monitoring reports	Annual monitoring reports	Fund FLAG
8. Monitoring	n/a	The Coordination Group will meet once a year to review and approve the annual reports and, if necessary, update the activities of the Plan.	Five meetings of the Coordination Group	Minutes of the Coordination Group meetings	Coordination Group for monitoring the implementation of the After-LIFE Plan



MONITORING AND CONTROL SYSTEM

Monitoring and control of the implementation of the Sustainability Plan are key stages of the overall planning process, aimed at ensuring timely actions to address any issues arising during the execution of planned activities and the achievement of Key Project Indicators. If necessary, corrective actions may be undertaken to update the Plan.

The monitoring and control system is a process of collecting, monitoring, and analyzing information related to the implementation of the Plan's activities. Exercising control over the execution of the Plan and the achievement of the target values for Key Project Indicators requires the establishment of a designated body responsible for reporting on implementation and having the authority to approve corrective actions if an update of the Plan becomes necessary.

STRUCTURE OF MONITORING AND CONTROL SYSTEM:

- Information on the implementation of the Plan's activities and the achieved values of the Key Project Indicators will be collected by the Department for Development, Green Financing, and Communications and the Lending and Monitoring of Fund FLAG. Based on the collected information, annual monitoring reports on the implementation of the Plan's activities and Key Project Indicators will be prepared by the Department for Development, Green Financing, and Communications, which is responsible for the implementation of subsequent cycles of the financial instrument. The annual monitoring reports will be submitted to the Coordination Group for monitoring the implementation of the After-LIFE Plan.
- The Coordination Group for monitoring the implementation of the After-LIFE Plan will succeed the Project Executive Committee of FLAG-FICET project and will have six members: three representatives from Fund FLAG, two representatives from Club "Economika 2000," and one representative from the Institute of Economic Research at the Bulgarian Academy of Sciences (BAS).
- The first meeting of the Coordination Group will be held in May 2026, after the project reporting is completed and the final payment from CINEA is received. The Coordination Group will meet once a year to review and approve the annual monitoring reports and, if necessary, update the activities of the Plan.

FINANCIAL INSTRUMENT FOR CLEAN ENERGY TRANSITION – FLAG-FICET

**Coordinator:****Fund FLAG**

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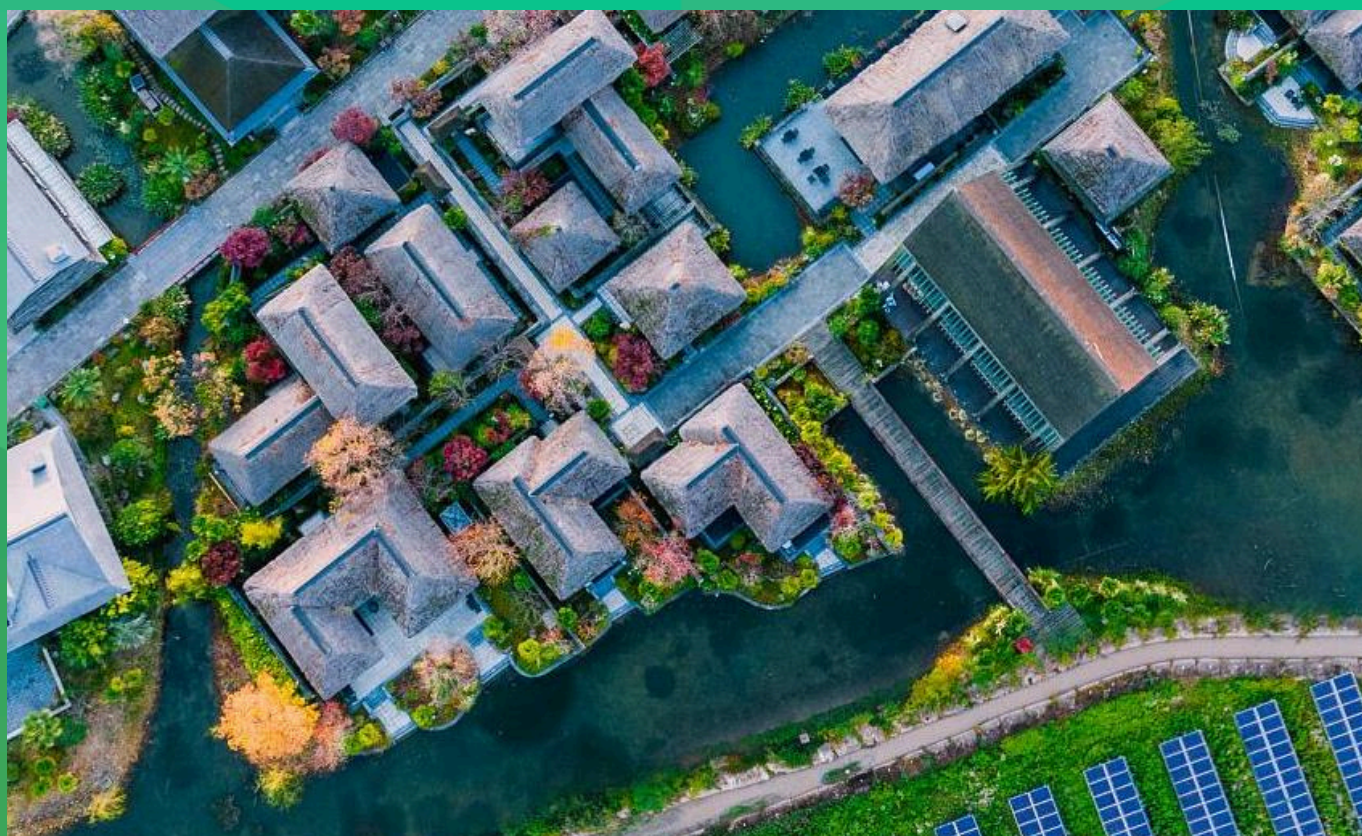
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