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EU POLICY FOR THE PROMOTION OF GREEN BUSINESS AND SUSTAINABLE DEVELOPMENT. "GREENING" VERSUS COMPETITIVENESS

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Abstract: Competitiveness is not a new concept, but in the last year it has become frequently mentioned in Brussels. This change of priorities is a logical result of the overstretching of green goals in recent years and the clear understanding that Europe is losing the global race. The paper analyses the EU policy for the promotion of competitiveness and the achievement of accelerated growth through sustainable development. It reveals the main principles of the EU green policy and its implications for business and municipalities.

The framework of the EU environmental policy is disclosed through a review of documents, mainly of the EC, as well as a survey of several case studies that highlight the key achievements of the EU policy on sustainability. The authors discuss the greening of the economy in an age of political and economic disruption delving into the dilemma climate neutrality versus competitiveness.

The results clearly indicate that re-discovering the EU's competitiveness does not contradict sustainable investment opportunities. Engaging the potential of the AI for innovations, introducing lower taxes, more flexible regulations on business and the labour market and more reasonable social programs can become an effective mechanism to maintain a cleaner and resilient world. The authors give recommendations to the businesses, state administration and EU institutions on how to optimize "green policies", develop new business models and rapidly implement sustainable development goals.

Key words: *competitiveness, green business, green policy.*

1. INTRODUCTION

Environmental protection, innovation and digitalisation help to create new business and employment opportunities, which stimulate further investment and economic growth. The European Union (EU) plays a key role in promoting sustainable development at a global level. Green growth has been at the heart of EU policy on sustainability for many years. Over the last two decades, however, Europe has not kept pace with other major economies (the USA, China) due to a persistent lag in productivity growth. Large gaps and a slow pace of convergence in Sustainable Development Goals (SDG) outcomes across European countries, including on SDG9 i.e. industry, innovation and infrastructure (Lafortune & Fuller, 2025). The EU tries to seek a new path and emerge from the state of low-level growth, endless regulations and high debts. In the beginning of 2025, the European Commission (EC) adopted the Competitiveness Compass - a new plan to regain competitiveness and secure sustainable prosperity.

The aim of this article is to analyse the EU policy for the promotion of competitiveness not versus but together with sustainable development. The methodology includes desk and field research through which the framework of the EU environmental policy is disclosed. Documents, mainly of the EC, have been examined, as well as a survey of several case studies that highlight the key achievements of the EU policy on sustainability, has been made. Bringing competitiveness in the focus of attention of the Member States as a priority is a good signal, but we cannot expect that the turn will be taken quickly, nor that the direction will be bold enough. The discussion gives a new look at green targets, and in no case cancels them.

2. EU POLICY ON SUSTAINABILITY

2.1. Main principles of EU environmental policy

The EU environment policy is governed by Article 191 of the Treaty on the Functioning of the European Union (previously that was Article 174 of Treaty establishing the European Community and before that it was Article 130r of The Treaty on European Union (Maastricht Treaty)). The environmental policy is pursuing the following: preserving, protecting and improving the quality of the environment; protecting human health; prudent and rational utilisation of natural resources; and promoting measures at international level to deal with regional or worldwide environmental problems, and in particular combating climate change. This environmental policy is based on the following four principles: 1. the precautionary principle; 2. the principle that preventive action should be taken; 3. environmental damage should as a priority be rectified at source; and 4. notwithstanding those principals, when preparing the policy of the Union on the environment, the following should be considered: availa-

ble scientific and technical data; environmental conditions in the various regions of the Union; the potential benefits and costs of action or lack of action; and the economic and social development of the Union as a whole and the balanced development of its regions (EU, 2025).

If we look at those four principals in more detail we will establish that the precautionary principle has been interpreted in different ways and there is an academic debate on its particular meaning. A working definition we can use is that from the 1992 Rio declaration where it is defined as: "where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environment degradation" (Parliament, 2025). The preventive principle is "intended to prevent, rather than react to, environmental harm from unregulated action." The rectification at source principle "seeks to prevent pollution at its source rather than remedy its effects" (Parliament, 2025). And finally, the polluter pays principle "which requires polluters to bear the financial cost of their actions".

The actual EU Environmental policy is conveyed through environment action programmes (EAP) (EU, 2025). There have been eight different programmes since 1973. The current 8th EAP entered into force on the 2nd of May 2022 (EC, 2025b). It is the "legally agreed common agenda for environment policy until 2030". It has six priority objectives to be achieved by 2030. The agenda prioritizes accomplishing the "2030 greenhouse gas emission reduction target" and "climate neutrality by 2050". Furthermore, on the agenda, there is the aim to enhance the adaptive capacity, which will lead to "strengthening resilience and reducing vulnerability to climate change". The third priority of the legally agreed common agenda is for the EU to advance "towards a regenerative growth model", by "decoupling economic growth from resource use and environmental degradation and accelerating the transition to a circular economy". Next on the agenda is the goal to pursue a "zero-pollution ambition, including for air, water and soil and protecting the health and well-being of Europeans". The 5th priority is to protect, preserve and restore biodiversity, and "enhancing natural capital". Last but not least, the EU's common agenda for environment policy prioritizes "reducing environmental and climate pressures related to production and consumption".

The 8th EAP also stresses the need for "enabling conditions" in order to achieve its six priority objectives. This is the "enabling framework" that will enable the achievement of the goals set out. Among them we can highlight some key "enabling conditions" that are necessary for the progress of the EAP. For example, "boosting sustainable finance" is one of the areas where the EU can use to achieve its goals. Another one is the "use of economic and tax incentives to facilitate the sustainability transition". We have to mention as well the "harnessing the potential of digitalisation, as an area that would be of great value for achieving the ambitions of the 8th EAP.

As part of the progress the Commission has adopted indicators "to monitor progress towards the EU's environment and climate goals, as foreseen in the 8th EAP".

From 2023 there are annual reports published every December. Furthermore, a mid-term report was published on the 13th of March 2024. The multi-levelled structure of the EU's environment policy could be overwhelming for some small businesses and municipalities.

2.2. The European Green Deal

The European Green Deal, which is the core of the EU's environmental policy, was launched by President von der Leyen in 2019 as the world's first public state-led commitment to climate neutrality. It sets out a plan to transform Europe's economy, energy, transport, and industries for a more sustainable future. According to the European Commission (EC), the European Green Deal aims to reduce EU net domestic production of greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels and attain climate neutrality by 2050 (EC, 2019). For the European Commission, the Green Deal is "... Europe's structural response and new growth strategy that sets out ambitions to transform the EU into a modern, resource-efficient, and competitive economy" (EC, 2019). The plan covers an array of policies, premised on the common goal of boosting 'green' economic growth, and its commitment for decarbonization, dematerialization and decoupling economic growth from carbon emissions and other ecological impacts. Above all, the Green Deal is about forging a more resource-efficient and technologically advanced EU economy that not only reinforces its position as a global economic leader, but also better distinguishes the bloc geopolitically from competing actors in a globalized world.

The Green Deal had its supporters and opponents. The claim that the EU Green Deal favours richer nations is a complex issue, as there are arguments both for and against it, and the impacts are debated. Some authors however argue (Hickel & Kallis, 2020; Almeida et al., 2023) that "green growth is likely to be a misguided objective, and that policymakers need to look toward alternative strategies". They refute with solid explanation the reports on green growth published by the three major institutional proponents of green growth theory around the time of the Rio+ 20 Conference: the OECD, the United Nations Environment Program, and the World Bank. The framing of climate change as a long-term crisis, and its mitigation has changed over time. Recently the COVID-19 crisis acted as a critical event altering the climate change discourse, including the effects of green recovery (Vassileva & Simic, 2021; Vassileva & Atanasov, 2024) and parallel crises (mainly military) with similar causes related to unsustainable human intervention in the natural world (Stoddart et al., 2021). Six years later other opinions (Fazi, 2025) are more extreme in their assessments and believe that the Green Deal is unravelling. Despite massive spending – \$680 billion allocated between 2021 and 2027, or more than a third of the European Union's total budget – the Green Deal has delivered negligible climate results. EU emissions rose in the last quarter of 2024 compared to 2023, and the longer-term reductions over the past 15 years largely reflect economic stagnation, pandemic lockdowns, and the economic shock from the war in Ukraine – not the fruits of green policy (Fazi, 2025). It is

very likely that the EU is lagging in the competitive race compared to the USA and China. The EU's share of the global economy contracted from 25.8% in 2004 to 17.6% in 2024 (IMF, 2024). While the United States and China have been pursuing green industrial policy through massive subsidies, public investment, and targeted research and development in strategic sectors like electric vehicles, solar panels, and batteries, the European Union's model is based on punitive taxation and regulatory overreach. There are many signs that Europe's purported “green revolution” is in retreat, so the Commission has quietly but decisively begun to roll back many of the Green Deal's key provisions and changed the priorities of its policy. Competitiveness became the highlight of the EC and the new modern word in Brussels.

3. COMPETITION COMPASS OF THE EU. “GREENING” V COMPETITIVENESS?

In January 2025, the European Commission presented a Competitiveness Compass, a new roadmap to restore Europe's dynamism and boost its economic growth. It was based on a series of recommendations made by Mario Draghi, the economist and former Prime Minister of Italy and identified the framework, and the priority actions needed to boost the EU's competitive standing on the global stage. The Draghi Report, prepared at the request of Commission President von der Leyen, has provided a sharp analysis of Europe's predicament. The Report warns that Europe will no longer be able to rely on many of the factors that have supported growth in the past: strong external demand driven by an open global trade system, access to cheap and abundant fossil fuel energy, and the “peace dividend” provided by a period of relative geopolitical stability, which allowed EU governments to spend on other priorities. Europe is losing its growth engines at the very moment when it faces massive investment needs for modernising its economy, financing the green and digital transition, and ensuring its security. The Draghi Report lays out a clear diagnosis and provides concrete recommendations to put Europe onto a different trajectory. (EC, 2025a) It identifies three necessities for the EU to boost its competitiveness: closing the innovation gap, decarbonising our economy and reducing dependencies. The compass sets out an approach to translate these necessities into reality.

The compass adopts the basic pillars from Draghi report and turns them into the three transformational imperatives to strengthen competitiveness. The report shows that innovation must be at the heart of European renewal, while removing other constraints holding back growth (EC, 2025a). In order to close the innovation gap, the compass spells out how the European Union will boost innovation by creating a friendly environment for young companies to start and expand, helping big companies adopt and develop new technologies such as artificial intelligence (AI) and robotics and making it easier for companies to operate across the EU by simplifying rules and laws. Companies should use AI to improve their competitiveness. Digitalisation

and diffusion of advanced technologies across the European economy are seen as a very important ingredient to lift Europe's productivity growth. Overall, 70% of the new value created in the global economy in the next 10 years will be digitally enabled (WEF, 2025).

The compass designates how to decarbonise economy by putting forward the Clean Industrial Deal, to help reduce carbon emissions, especially for energy intensive companies, and facilitate their transition to low carbon technologies and develop an affordable energy action plan to bring down energy prices and costs. Europe is aiming to create a single market for waste, secondary and reusable materials, to increase efficiency and expand recycling. Resource efficiency and boosting circular use of materials helps decarbonisation, competitiveness and economic security. Tapping the potential of the circular economy can help drive sustainable development (Vassileva & Ivanović, 2021).

The EU already has the largest and fastest growing network of trade agreements in the world, covering 76 countries. The compass identifies how to reduce independencies through further diversifying and strengthening the supply chains by developing a new range of clean trade and investment partnerships. A review of the public procurement rules has been planned to allow for the introduction of a European preference in public procurement for critical sectors and technologies, incl. the defence industry and security sector. The security environment is a precondition for EU firms' economic success and competitiveness (EC, 2025a).

These cardinal points are complemented by action on horizontal enablers, which are necessary to underpin competitiveness across all sectors:

- simplifying the regulatory environment, cutting red tape and reducing burden and favouring speed and flexibility.
- The omnibus proposals will simplify EU sustainability reporting obligations to create a favourable business environment where European companies can thrive.
- fully exploiting benefits of scale offered by the Single Market by removing barriers.
- The horizontal single market strategy will modernise the single market's rules removing barriers and preventing the creation of new ones.
- enabling more efficient financing through a Savings and Investments Union and a refocused EU budget.
- The savings and investments union will create new savings and investment products, provide incentives for risk capital, and ensure investments flow seamlessly across the EU.
- promoting skills and quality jobs while ensuring social fairness.
- The union of skills will ensure high quality education, training and lifelong learning to fill the skills and labour gaps that are holding us back.
- ensuring better coordination.

The competitiveness coordination tool is expected to ensure implementation at EU and national level of shared EU policy objectives. It is expected to be supported by the competitiveness fund, which replaces multiple existing EU financial instruments with similar objectives (EC. 2025a).

The Compass reveals that the future of Europe's competitiveness is not about more public spending and subsidies, new green targets and regulations, or more state aid and coordination of economic policies. The global race can be won with an aggressive policy in support of the freedoms of the single market, a clear commitment to removing barriers and regulations, withdrawing the state from key sectors and reducing the tax burden on labour and capital, as well as embracing innovation and free competition. Economic policy in Europe is visibly taking a turn towards taming green goals and putting competitiveness first (Vassileva & Atanasov, 2025). The latest documents adopted by the EC give a new look at green targets, but in no case cancel them. Greening of business can get along together with innovations and support competitiveness.

4. GOOD PRACTICES

Case study 1: *Foodscale Hub – tech-enabled agri-food sector*

Foodscale Hub, headquartered at the Faculty of Agriculture of the Novi Sad University in Vojvodina, Serbia, is a good example of how innovation and digitalization can work for a greener and more sustainable future. The motto of the Foodscale Hub is "Bridging Science and Society to Build a Smarter, Greener World". Foodscale Hub is "a non-governmental organization operating as an impact venture studio working to accelerate the shift towards tech-enabled innovations in the agri-food sector" (Economists, 2025).

One of their completed projects is the "FoodSHare" platform. Launched in 2020 it offers "a secure and convenient way for food businesses to connect with frontline charities and community groups to streamline surplus food donations" (Hub, 2025). Another completed project is the "TITAN Business Support Programme". The objective of this project is to "support SMEs and startups in Food-Tech and Agri-Tech in driving innovation in food sustainability, transparency, and safety through scale up, refinement of business models, and new market entry" (Hub, 2025).

Currently, there are 20 ongoing projects and 8 closed (completed) projects (Hub, 2025). The completed projects are: "ROBS4CROPS", "PLOUTOS", "MPowerBIO", "FARMER", "CoRoSect", "BioeconomyVentures", "dRural", and "STELAR".

The ROBS4CROPS or Cultivating Robotics and AI for Sustainable Farming project completed on December 31, 2024 after 4 years of ambitious and innovative work was aimed at "delivering a labor-saving, autonomous robotic system for spraying and mechanical weeding, supported by an ecosystem ready for wide-scale adoption" (Research, 2025). The PLOUTOS (A Sustainable Innovation Framework to Rebalance Agri-Food

Value Chains) project aims to use sustainability-oriented innovation to “create opportunities for changes that can rebalance the value chain in the agri-food system towards a more environmentally, socially and economically sustainable system” (Hub, 25). The MPowerBIO was focused on helping small and medium-sized enterprises (SMEs) to “overcome the ‘valley of death’ i.e. the difficult task of finding sufficient investment to get from idea to business” by offering practical support and providing insights “to help participants access financing” (Hub, 2025).

The FARMER or Business Resilience and Risk Management for Farmers project goals were to enhance “target groups’ resilience, productivity, and competitiveness through the evolution of their risk management competence and capabilities in relation to their business operations and management” and to utilize “digital modern tools and technology to identify, assess, evaluate, monitor and control risks (FARMER, 2025)”.

The CoRoSect (Cognitive Robotic System for Digitalized and Networked (Automated) Insect Farms) project aimed at “combining research on insect biology and life cycles with new robotic tools for automating insect farming. This initiative was targeted to replace labor-intensive tasks with automated processes, improving efficiency while optimizing the biological, technical, and economic aspects of insect rearing (Hub, 2025).” Furthermore, it “introduced a digitalized, integrated robotic solution to support all insect life cycle phases (University, 2025).”

The BioeconomyVentures project was seeking to “build the reference platform for bioeconomy-based start-ups and spin-offs seeking to gain access to finance, becoming the main meeting point in the European bioeconomy” (Foundation, 2025). The Foodscale Hub helped the project in four main ways. It “established and implemented a Capacity Building Programme for bio-based SME clusters”, it “offered practical support to cluster managers and innovation intermediaries”, it “provided insights to help participants access financing and supported SMEs in enhancing their skills to scale up their businesses and secure investments” and finally it “delivered the Business Support Programme in collaboration with partners” (Hub, 25).

The dRural project sought to develop European rural areas by co-creating and launching a digital marketplace of services in 11 regions to enhance economic growth, job creation, and quality of life. Foodscale Hub contributed by co-leading Open Call management, overseeing financial matters as Treasurer, supporting regional demonstrators in launching the Open Call to attract innovative SMEs and entrepreneurs, preparing application guidelines, and managing external evaluators to assess applications. The STELAR (Spatio-TEmporal Linked data tools for the AgRi-food data space) was a three years project aimed at “designing, developing and evaluating a Knowledge Lake Management System (KLMS) – a platform and set of tools that aim to enable simple and intelligent data discovery, AI-ready data, and semantic interoperability in smart agriculture and food safety applications” (Institute, 2025).

The ongoing projects are: “SMART Researchers”, “RIA4FOOD”, “PLANTOMYC”, “SUNFUSION”, “WiseFood”, “FarmBioNet”, “ENAG”, “Digi4Live”, “CRACKSENSE”, “FARM-

TOPIA", "FUELPHORIA", "INCiTIS-FOOD", "InPlasTwin", "IPMorama", "OpenAgri", "RefreSCAR", "STEP UP", "VALPRO Path", "TALLHEDA", and "TITAN".

The SMART Researchers or Strategic Micro-Credentialing and Skills Recognition for a Dynamic ESRs Talent Ecosystem, is an ongoing project trying to "connect research with real-world opportunities" (Hub, 2025) by collaborating with universities, companies, and public institutions to give early-stage researchers (ESRs) the key skills and tools "they need to succeed in both academic and professional settings". The RIA4FOOD is an ongoing project is trying to use machine learning and innovative processing techniques to set "new standard for functional food design" (Hub, 2025). The PLAN-TOMYC project is trying to become a "near-zero waste process" in developing a "minimally processed hybrid meat alternatives" by "combining the benefits of plant-based proteins with the taste and texture advantages of mycelial protein biomass" (Hub, 2025). The SUNFUSION project is trying to "address the conversion of microalgae and oleaginous yeasts into aviation and shipping biofuels" (Hub, 2025).

The WiseFood (moto: Leveraging data and AI to empower citizens to make healthier and more sustainable food choices) is a current Foodscale Hub supported programme that strives to develop "3 digital applications – FoodScholar, RecipeWrangler and FoodChat" in order to "provide sustainable food alternatives, reduce food waste and support healthier food choices". The FarmBioNet is trying to "stimulate and foster knowledge exchange and the integration of research findings" as to "halt and reverse biodiversity decline" (Hub, 2025). The ENAG (Enhancing the quality of education for agripreneurs in the Hungarian-Serbian border area) is an ongoing project addressing the economic and social challenges, especially for women aged 15-29 not in education, employment, or training, who lack skills and opportunities in agribusiness, in the rural areas of the Hungary-Serbia border by creating a cross-border digital ecosystem offering training, mentorship, innovation camps, and support to scale women-owned agricultural enterprises while updating vocational methodologies and fostering sustainable business networks. The Digi4Live project is exploring the potentials of digital, data-driven solutions to "create better ways to track and manage livestock" (Hub, 2025).

The other projects have different objectives, for example, the CRACKSENSE is trying to create high throughput real-time monitoring and prediction of fruit cracking by utilizing and upscaling sensing and digital data technologies. The FUELPHORIA project tries to solve the challenges of smaller farms access to cost-effective digital agriculture technologies by "developing reusable software modules, business and governance models, and scalable infrastructure" for Agricultural Digital Solutions (ADS). The FUELPHORIA project is supported by the Foodscale Hub, which will be "co-designing and developing sustainable business models" (Hub, 2025) for them, so that a "sustainable, competitive, and secure value chains for advanced biofuels and renewable fuels of non-biological origin" (Hellas, 2025). The INCiTIS-FOOD project "is a four-year initiative dedicated to enhancing food and nutrition security in African city regions". The InPlasTwin project goal is to "strengthen the research and innovation

capacity in the field of micro- and nanoplastics (MNPs) analysis” (Hub, 2025). The IPMorama aims to “mitigate disease vulnerability and enhance crop resilience” by “advancing Integrated Pest Management (IPM) solutions” (Hub, 2025). The OpenAgri project is “creating open-source software and hardware-based Agricultural Digital Solutions (ADSs) that are cost-effective, energy-efficient, and accessible even in the most remote areas” (Hub, 2025). The RefreSCAR project wants to strengthen the Standing Committee on Agricultural Research (SCAR) Working Groups by “providing scientific support, offering administrative assistance” and “SCAR-Engage Program to enhance participation from under-represented countries” (Hub, 2025).

The STEP UP initiative endeavors to create a “more sustainable and informed future for European livestock farming” while the VALPRO Path hopes to “turn food-chain actors towards sustainable plant protein production”. The TALLHEDA initiative wants to elevate agricultural Higher Education Institutions in order to bridge the gap in research and innovation in the domain of digital agriculture to countries, such as Greece and Serbia. The TITAN project is trying to “restore the consumers’ broken trust in the food systems by increasing the transparency within the food value chain and provide the consumers with healthy and sustainable food choices” (Hub, 2025).

Case study 2: Climate policies of a municipality with a human face

Garbovo is a town, situated in the central northern part of Bulgaria with a population of approximately 67 000 inhabitants. Historically known as “The Bulgarian Manchester”, Gabrovo has been at the forefront of Bulgarian industrial development for over 150 years, initiating modern factory production during the 19th century. This legacy of innovation and entrepreneurship remains a cornerstone of Gabrovo’s identity, supporting its strategic ambitions today. The main contribution to the local economy is made by the manufacturing sector including enterprises in the field of machine building, production of tools, lifting machines, instrument making, sanitary fittings, textile, clothing, and knitwear industry (Tsonkov, 2021).

For over a decade, Gabrovo’s local government has been one of the leading Bulgarian local authorities involved in the implementation of energy efficiency and clean technologies and has created partnerships and joint initiatives with local businesses, the local Technical University, and the civic sector. Gabrovo is recognised as a frontrunner in climate and energy initiatives in Bulgaria and received the European Green Leaf Award in 2021 (EC, 2021).

In 2022 Gabrovo became one of the two Bulgarian cities, along with Sofia, included in the most ambitious European initiative in the field of sustainable energy - the Mission for 100 climate-neutral and smart cities. In 2025, the city signed its Climate Contract, updating its vision for reducing emissions by 2030 and identifying new goals, measures and partnerships aimed at sustainable urban development. The pact outlines the priorities for Gabrovo in key areas - renovation of the public and residential building stock, development of renewable sources, introduction of digital energy management systems, improvement of urban mobility and conservation of resour-

ces. Each of these areas is tied to an investment framework and implementation schedule (Climate City Contract, 2025).

The good green practices of the city start in 1996, when Gabrovo became part of the Municipal Energy Efficiency Network “EcoEnergy”, uniting the most active Bulgarian municipalities in energy policy. In 2008, with the launch of the “Covenant of Mayors” initiative by the European Commission, Gabrovo was among the first Bulgarian cities to sign it and one of the few that have consistently updated and implemented its energy and climate plans since 2012. Energy efficiency programs in multi-family residential buildings continue, new projects for energy communities are being prepared, and the renewed waste and water management strategy includes measures for increased efficiency and reduction of the ecological footprint. The administration is also working on introducing new forms of financing that will make sustainable investments more accessible to citizens and businesses, as well as on better working conditions for small and medium-sized enterprises by modernizing existing and developing new industrial parks.

The NetZeroHero is another project, implemented with the support of EnEffect, whose aim is to demonstrate how the entire transition to climate neutrality can start from a specific urban district. A series of interconnected activities are being implemented in selected pilot area – from energy audits and conceptual designs for local heating and cooling networks, through improving the energy efficiency of residential and public buildings, to the introduction of smart consumption management systems and the creation of energy communities. All these measures are implemented in close cooperation with the local community, providing not only technical but also social support. What distinguishes NetZeroHero is its integration – activities are not considered separately, but as elements of a comprehensive transformation of the neighbourhood. In this way, both economic efficiency and a greater impact on the quality of life is sought. Additional aspects are included such as improving the urban environment, access to green spaces, participation of schools and local businesses. All actions are tied to clear indicators for tracking progress and fit into the commitments set out in the city’s Climate Pact.

One of the most courageous and innovative steps of the municipality of Gabrovo is related to the creation of the first two energy communities in Bulgaria as pilot projects. This process does not stop within the city limits – the Gabrovo team actively supports other municipalities interested in creating energy communities. The knowledge and tools developed under international projects such as TANDEM, LIFE LOOP, POWER-E-COM and NetZeroHero are now being shared within the framework of the “EcoEnergy” network, where Gabrovo plays a leading role (Lifetandems, 2023). This creates not only a new form of energy solidarity, but also a practical basis for more accessible and democratic energy throughout the country. The collaboration with citizens, business and education institutions is built with daily meetings, conversations, direct assistance for applications under current programs. This is also supported by European projects such as SHEERenov+ and BARRIO, which finance joint initiatives

with schools and universities, the organization of meetings with citizens and direct consultations.

A One-Stop-Shop for energy renovation and RES is now operating within the municipal structure, which provides assistance for the implementation of projects for both households and businesses. With concrete actions, the municipality improves everyday life – warmer homes, lower bills, a cleaner environment. The UrbanCOOP is another project which will continue to foster innovation and good governance in urban development, with Gabrovo remaining a committed partner – demonstrating that successful cities are built through vision, collaboration, and strong leadership (UrbanCOOP, 2025).

Case study 3: UNWE as an institution committed to a sustainable future

The University of National and World Economy /UNWE/, Sofia, is the oldest and the largest business university in Bulgaria and Southeast Europe. It has a history of 105 years. In 2023 the UNWE was awarded by the National Evaluation and Accreditation Agency the topmost score among all the universities in the country. It is the Bulgarian university with the highest degree of digitalization of educational, research and administrative activities. It is an institution whose mission is not only to educate young people (20 000 students every year), but also to create sustainable habits for environmental protection.

The university has executed plenty of green projects, so no wonder in 2023 it became the coordinator of the National Sustainable Development Solutions Network – SDSN Bulgaria, established by the UN to promote the implementation of the Sustainable Development Goals of the world organization. SDSN reported on the contribution of the UNWE to the implementation of the UN Sustainable Development Goals in its newsletter for 2023.

Since 2016, the UNWE has been among the first institutions in Bulgaria to join global initiatives for social responsibility and sustainable development and has become a member of the UN Global Compact as one of the four Bulgarian universities that are members of the organization. Within the framework of this initiative, the university conducts a number of activities and various events that promote a sustainable economy while protecting the workforce and the environment (UNWE, 2024).

The UNWE is one of the first universities in Bulgaria to pay serious attention to the implementation of green energy and the first to sign a contract for the construction of a photovoltaic park for the production of cheaper energy (Petrunova, 2023). The construction of a system for renewable energy sources is part of the policy of the university and a step towards its transformation into a green university. The UNWE has two photovoltaic parks, built on the roof and on the newly built parking lot of the university. This makes it the first Bulgarian energy-independent university with a “Smart Home” system for resource management. The photovoltaic parks are part of the UNWE program for energy efficiency and the sustainable development policy. The new facilities are a natural continuation of the efforts towards energy independence and a green economy, providing added value for both the university and the

environment and society. The productivity of the parking lot facility is 293 MW/h per year, and of the plant on the roof is 657 MW/h per year, or the total productivity of the two plants is 950 MW/h per year (UNWE, 2023). The project is carried out by Bulgarian engineering company Prostream Group under an ESCO contract, which allows funding for energy upgrades from cost reductions. The investment costs 1.5 million euro, which will be recovered through electricity savings (Gray, 2023).

At the same time, the Smart Home and Smart Lighting for Energy Saving projects are being implemented, contributing to a sustainable green environment through energy efficiency and energy and cost savings. The monitors, which are part of the Smart Home system, report the saved energy in real time. Over 50% of the required electricity on an annual basis is produced by the two photovoltaic parks, saving 630 tons of CO₂ emissions annually (UNWE, 2023).

In general, the Smart Home system creates opportunities for remote, automated control of the available devices in the relevant environment (lighting, heat transfer, air conditioning, etc.). The system is an element of the university's energy resource management and is an integral part of the program for increasing energy efficiency at the UNWE. The main features of the system provide savings of up to 40% of electricity and heat at the UNWE, direct and remote monitoring of the system through the established Control Centre, remote shutdown, activation and regulation of the activity of energy consumers and temperature regulation in the premises, visualization of the system's activity on a detailed map of the university.

Smart Lighting and Energy Efficiency System were also installed at the Sports Complex of the university whose implementation helps energy saving and transition to a healthy planet and a new digital world.

Five electric vehicle charging stations and five energy-saving charging stations for phones and tablets on a stand with LED light have been placed as an integral part of the photovoltaic park system built in the central parking lot and are protected from all weather conditions. They are available to all students, faculty and staff.

5. CONCLUSION

The green agenda is a positive concept but very often bureaucracy and too many regulations stifle innovation and competitiveness. For multinationals with huge legal departments and global supply chains compliance has become a manageable cost for doing business. They can afford consultants, audits and certifications. For the rest, it is an existential burden - from packaging restrictions to carbon footprints. And the cumulative effect can be devastating. Small and medium-sized enterprises (SME) account for 99% of businesses in the EU and provide two-thirds of private employment. Yet their interests are consistently sacrificed in favour of green goals and social agendas. So, reducing drastically the regulatory and administrative obstacles is crucial for them. The EU lacks an efficient capital market that turns savings into investments.

Creating new savings and investment products, providing financial support and incentives for risk capital can be very helpful for the competitiveness of the SME. A re-focused EU budget with access to EU funds envisaged in the Compass is in line with EU priorities. To scale up investments in clean energy and digital technologies in the EU and strengthen pro-social measures can contribute significantly to increasing its competitiveness.

Analysing the relationships between greening of business and competitiveness is challenging due to the expanding and increasingly blurred border areas of both themes. As seen from the cases described in the paper, they can go together and stimulate the development of the companies, municipalities and non-profit institutions. Climate change and competitiveness are often represented as opposing forces or incompatible concepts. However, with the rising discourse around green growth, these perspectives are increasingly portrayed not just in opposition but also as potential partners in fostering a sustainable economy.

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