

# THE EBRD IN BULGARIA



European Bank  
for Reconstruction and Development

## Results snapshot

#EBRDImpact

The EBRD has been active in Bulgaria since 1992 and has invested around €4.4 billion in various sectors of the economy to date. The Bank's strategic focus in Bulgaria is on:

- ▶ the green economy transition
- ▶ a competitive private sector
- ▶ a resilient financial sector
- ▶ sustainable infrastructure and public utilities

The EBRD has also been engaged in significant policy reform, for example, with regard to non-performing loans, the energy sector, capital market development and covered bonds. Throughout the Covid-19 pandemic, the Bank supported Bulgaria's resilience and recovery and is currently providing support in response to the effects of Russia's war on Ukraine. In 2022, the EBRD signed a memorandum of understanding with the Bulgarian government on technical support for European Union (EU)-funded projects, including the country's Resilience and Recovery Plan 2021-26.

## EBRD results highlights for Bulgaria, 2017-22

**More sustainable infrastructure:** The EBRD supported the transformation and decarbonisation of Sofia Airport by providing €125 million of funding (loan and equity) and by helping the government to prepare and tender the airport concession. The Bank also provided funds for green urban transport in Sofia and Burgas and flood resilience investments in Varna.

**A stronger financial sector:** The EBRD supported Bulgaria's Deposit Insurance Fund in replenishing its reserves (via a €300 million loan), optimising its funding structure and implementing EU directives on deposit guarantees and bank recovery and resolution.

**Improvements to the water sector:** The EBRD facilitated the absorption of EU grants in the local water sector through co-investment with European structural and investment funds (ESIF) for a total investment of €184 million.

**Energy sector reform:** The EBRD invested almost €200 million in the energy sector to promote renewable sources and digitalisation. The Bank provided a multi-year advisory support programme to the state energy and water commission to boost its capacity and implement the third EU energy package.

**SME growth:** Sixty per cent of small and medium-sized enterprises (SMEs) advised by the EBRD became more productive within a year of the advisory's end. In total, these SMEs created 620 new jobs and a total of €86 million in additional turnover.

The EBRD in Bulgaria*	
Total	2017-22
€4.38 billion	€715 million
Net cumulative investment	
279	49
Number of projects	
58%	
Private-sector share of portfolio	
€907 million	€193 million
Green economy financing commitments	
25%	
Equity share of portfolio	

## Our policy engagement

- ▶ Introduction of a legal and regulatory framework for covered bonds, the transposition of the EU Covered Bond Directive to diversify funding sources for banks, and contributing to capital market development
- ▶ Green Cities Action Plans for Sofia and Varna as part of the EBRD Green Cities framework
- ▶ Electricity sector reform and the strengthening of administrative capacity through the Bank's work with the Bulgarian energy regulator.



[Read](#) the latest country strategy for Bulgaria

## Bulgaria in context

Between 2017 and 2022, Bulgaria's economy remained quite resilient, driven by strong inventory building and government consumption. Private consumption also expanded, but momentum has waned amid rising inflation and decreasing consumer confidence.

Manufacturing has remained resilient despite Russian gas shutdowns. Inflation has climbed, reaching 14 per cent in December 2022. The government's main measure to combat rising energy costs was to compensate firms for their electricity bills above a certain level. Due to the economy's robust performance in the first half of the year, we have revised up our 2022 gross domestic product (GDP) growth forecast to 3 per cent, but uncertainty over gas supplies, weakening domestic and foreign demand amid high inflation, as well as political uncertainty, could translate into modest growth of 1.5 per cent in 2023.



### Key economic indicators

	Bulgaria (2017)	Bulgaria (2022)*	OECD (2022)*
GDP per capita, PPP (constant 2017 international \$)	20,700	24,400	44,559
Unemployment, total (% of total labour force)	7.6	5.4	6.5
Non-performing bank loans to total gross loans (%)	13.2	5.8	1.4

## Our approach and operational delivery

The EBRD supports the development of the private sector through a combination of investment, policy dialogue, technical assistance and business advice. We offer a range of financial instruments, both directly and through partner financial institutions. We provide business advisory services and technical assistance to help improve the institutional capacity and enhance the competitiveness of our clients. In our policy engagement work, we address a range of factors to help shape initiatives that create favourable conditions for sustainable and inclusive economic growth.

In Bulgaria, we focus on supporting the competitiveness of local companies by helping to improve their governance, enhance value chains, promote the knowledge economy and assist in adaptation to demographic challenges. We also finance infrastructure projects that enhance regional connectivity, provide green solutions to urban challenges for municipalities, and promote decarbonisation and resource efficiency. The Bank also strengthens the resilience of financial intermediation.

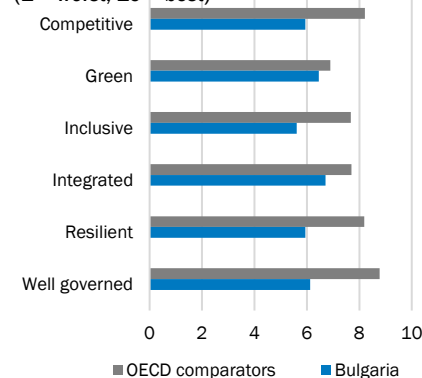
We seek to help countries transition towards democratic and sustainable market economies. We finance projects that strengthen the private sector in economies undergoing transition to a well-functioning market system. Our investment decisions are guided by six "transition qualities", which focus on making economies competitive, well-governed, green, inclusive, resilient and integrated.



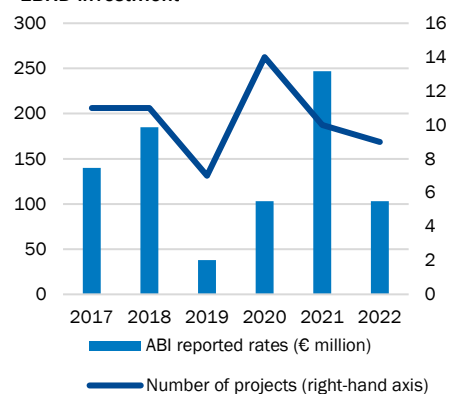
For more detail on our transition qualities visit [www.ebrd.com/qualities](http://www.ebrd.com/qualities)



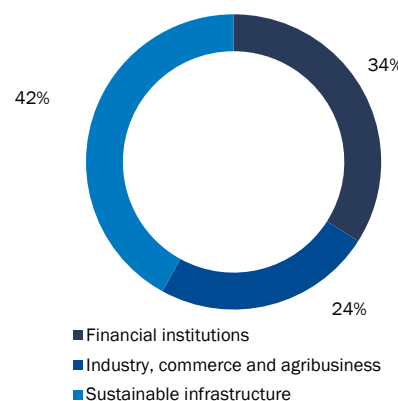
### EBRD score (1 = worst, 10 = best)



### EBRD investment



### Portfolio by sector



\* Or latest available World Development Indicators.

# The EBRD in BULGARIA



## Green economy transition

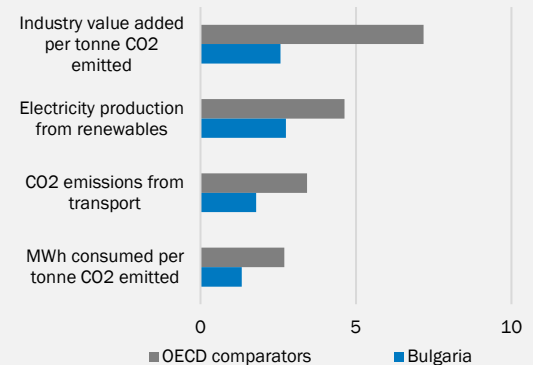
### SDG contribution



#EBRDimpact

Bulgaria's energy and carbon intensity are among the highest in the EU-27 despite a relatively rapid improvement since the 1990s. Most (85 per cent) of the CO<sub>2</sub> emissions from fuel combustion are due to electricity and heat generation and transport. Air quality remains a serious cause for concern. The increased use of energy from renewable energy sources – mostly hydro, but increasingly solar photovoltaic (PV) and wind – is a positive trend. Renewable energy capacity additions had almost stalled after the abolition of the country's feed-in tariff scheme in 2013, but investment sentiment as regards renewables has turned around completely of late. The approved Resilience and Recovery Plan for Bulgaria sets ambitious targets in terms of energy sector decarbonisation and allocates significant grant funding to promote renewable projects, a national energy storage facility and the modernisation and digitalisation of the grid.

EBRD score (1 = worst, 10 = best)



### How we work

The EBRD is helping Bulgaria to build a green, low-carbon and resilient economy through investment, reform and policy dialogue. Our approach takes into account the impact of Covid-19, highlighting areas of opportunity to support a green recovery. The Bank has provided credit lines via local partner banks through a number of Green Economy Financing Facilities (GEFFs) and other funding and risk-sharing instruments, combining technical knowledge with finance to help clients invest in high-performing technologies and foster positive demonstration effects. The adoption of green technologies by SMEs is also supported by EBRD business advisory projects, mostly focused on energy and resource efficiency.

### The EBRD in Bulgaria

Total	2017-22
<b>€692 million</b>	<b>€197 million</b>
Net cumulative investment in the energy sector	
<b>€907 million</b>	<b>€193 million</b>
Net cumulative investment in the green economy transition	

### Quick links

► [Green Economy Transition](#)



The [GEFF in Bulgaria](#) helped businesses and households invest in high-performing technologies by providing financing through local participating financial institutions.

# EBRD achievements and results in Bulgaria: Green economy transition

## We promote energy sector decarbonisation by:

- ▶ Supporting renewable energy, for example, by financing private investors, such as Akuo (France) and AES (United States of America). Whereas lenders were previously reliant on state feed-in tariffs, these loans were structured based on partial merchant revenues, helping to expand borrowing opportunities for renewable investors.
- ▶ Supporting the modernisation and digitalisation of the electricity distribution networks, for example, through a €60 million loan to Eurohold to support the €335 million acquisition of power company CEZ.
- ▶ Supporting the financial resilience of Bulgarian Energy Holding (BEH), which generates half of Bulgaria's electricity, by participating as anchor investor in two BEH bond issues.

## We promote the green economy transition by:

- ▶ promoting energy efficiency, for example, indirectly through GEF credit lines or directly by providing financing for energy-efficiency renovations in public buildings
- ▶ providing technical assistance to the Bulgarian state-owned water holding company to prioritise energy efficiency and renewable energy investments for seven regional water operators
- ▶ supporting local copper fabricator Sofia Med's capex plan, in parallel with developing and implementing a low-carbon pathway, to align its operations with the goals of the Paris Agreement on climate change
- ▶ supporting large cement manufacturers with technical assistance to develop and implement a low-carbon pathway to align operations with the goals of the Paris Agreement on climate change
- ▶ providing €50 million in guarantees to commercial banks for investment and working capital to support the expansion of electric bicycle production by the leading Bulgarian manufacturer in Plovdiv
- ▶ providing a €60 million loan to Procredit Bank, of which 20 per cent will be on-lent to SMEs to finance green investments.

## Energy sector reform

The Bank provided advisory support to the state energy and water commission to boost its capacity and implement the third EU energy package.

**“The comprehensive cooperation agreement with the EBRD facilitates the implementation of key investments in Bulgaria in areas such as decarbonisation and energy security, sustainable infrastructure and public-sector reform”**

**Assen Vassilev, Bulgarian Deputy Prime Minister for EU Funds and Minister of Finance, 2022**

## Quality of electricity

The EBRD helped improve the quality and efficiency of the electricity distribution of the CEZ network and supported the digitalisation of the network to enable further integration of renewables.

## Better skills

The EBRD helped its clients AES and Eurohold to enhance access to market-relevant skills and employment opportunities for young people by establishing accredited university courses related to green energy.

## Greater energy efficiency

The EBRD has been working with local banks to promote lending to service providers (house management companies, energy servicing companies and construction companies) to demonstrate new channels of energy efficiency improvements in residential buildings.

## Restoring market confidence

By investing in BEH bonds, the Bank enabled the payment of arrears to renewable generators, restoring confidence in the renewable energy market. Subsequent investment in a 2018 BEH bond further reinforced BEH's balance sheet and improved the sustainability of Bulgaria's power sector.

## Improved governance

The Bank supported the country's energy distributor in building its climate governance and reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures.



[See](#) how the EBRD has supported the liberalisation of the electricity sector in Bulgaria, by investing €100 million in a bond issue by BEH.



[Watch](#) how the EBRD supported a new plasma melting facility at the Kozloduy nuclear power plant site. The investment brought significant benefits, as it significantly reduces the volume of radioactive waste from the Kozloduy reactors.



[Read](#) how the EBRD supported the upgrade and digitalisation of a local Bulgarian energy distributor, enhanced governance standards and supported youth education



[Read](#) how the EBRD boosted Bulgaria's renewable energy sector by committing funds to the 156 MW Saint Nikola wind farm. In anticipation of the phase-out of coal in Bulgaria, Saint Nikola committed to participating in a renewable energy studies programme at the Technical University of Varna.



[Read](#) how the EBRD is cooperating with Bulgaria on the decarbonisation and reform of the energy sector.

# The EBRD in BULGARIA



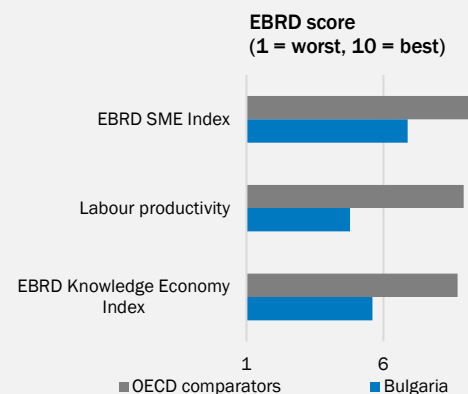
## A competitive private sector

#EBRDimpact

### SDG contribution



The Bulgarian economy could be developed by increasing companies' capacity to generate value added and fostering innovation. Economic performance is being hampered by labour and skills shortages, resulting from population ageing, strong outward migration and skills mismatches. The state remains present in key industries. In Bulgaria, SMEs account for the vast majority of private companies and employment and more than 60 per cent of total value added. However, as the war on Ukraine continues to disrupt the global economy, Bulgarian SMEs are facing energy-security and supply-chain issues and need financial support to sustain and expand their businesses. To make positive improvements and consolidate capacity in this time of crisis, there is a need to boost private-sector competitiveness to generate sustainable growth and increase the country's resilience.



### How we work

The EBRD works to enhance competitiveness by supporting private-sector growth through advice and finance. We finance and cooperate with leading companies and help improve private-sector productivity by providing debt and equity financing, credit lines or risk-sharing. Our work includes programmes such as Advice for Small Business (ASB), the EBRD Venture Capital Investment Programme and the prestigious EBRD Blue Ribbon programme, which in 2018 welcomed its first Bulgarian client. We also promote European standards and regional integration by investing in projects that help Bulgaria develop value-added exports.

### The EBRD in Bulgaria

Total	2017-22
<b>€606 million</b> Net direct investment in local SMEs	<b>€90 million</b>
<b>€464 million</b> Net investment in manufacturing and services	<b>€90 million</b>
<b>€203 million</b> Net investment in local equity funds	<b>€35 million</b>

### Quick links

- ▶ [Venture Capital Investment Programme \(VCIP\)](#)
- ▶ [Blue Ribbon Programme](#)
- ▶ [The EBRD's Star Venture](#)

[EBRD Advice for Small Business](#) provides SMEs with finance, business advice, training and mentoring.



# EBRD achievements and results in Bulgaria: A competitive private sector

## We enhance private-sector competitiveness by:

- ▶ working with leading corporates, such as Bulsatcom (leading provider of pay-TV services), Oliva (sunflower oil producer), TEKLAS (automotive components supplier); or Boni Holding (a leading pig breeding and meat processing company).
- ▶ promoting innovation through financing in-house R&D capabilities (e.g. Sofia Med, and Teklas Group).
- ▶ supporting foreign investment by leading international food retailers. The Bank supported Lidl Bulgaria's expansion across the country with a specific focus on sustainable operations via the rolling-out of green concept stores.

## We promote SME growth by:

- ▶ improving access to finance through direct EBRD financing to local SMEs and indirect financing through various credit lines or risk sharing through local banks
- ▶ fuelling the growth of local SMEs, such as Biomashin, a family-owned producer of technological equipment for food processing, pharma and chemicals (for example, under the Blue Ribbon programme).

## We help create a more inclusive and well-governed business environment by:

- ▶ introducing corporate governance reforms, such as the independence of corporate governing bodies and the publication of corporate governance regulations for all employees and management bodies
- ▶ strengthening local supply chains and the vertical integration of local agribusiness firms (such as Boni Holding and Bella Bulgaria)
- ▶ supporting the expansion of food-processing companies; for instance, the Bank financed Bella Bulgaria's strategic capex programme and its acquisition of the Greek Lakoniki Trofimon food processor
- ▶ supporting the international expansion of Bulgarian companies; for example, the Bank engaged with lead-acid battery producer Monbat AD, listed on the Bulgarian Stock Exchange, through a convertible bond issue, with the proceeds used for cross-border expansion.

## Better skills

More than 700 workers have been trained in the new automotive production plant in South Bulgaria (Kardjali), co-financed by the EBRD.

## SME growth

Sixty per cent of small and medium-sized enterprises (SMEs) advised by the EBRD became more productive within a year of the advisory's end. In total, these SMEs created 620 new jobs and a total of €86 million in additional turnover.\*

## More exports

41% per cent of SMEs advised by the EBRD grew their exports, creating a total of €12 million in exports.\*

## More R&D

The Bank supported an increase in the R&D capacity of Sofia Med that allowed the company to move to the technological frontier by setting up its own R&D centre and developing a new, globally relevant product under a knowledge-sharing partnership with a technological leader in special alloys.

## Private-sector development

The EBRD helped Biomashinostroene transform from a state-owned enterprise into a modern, privately owned company offering cutting-edge technology to global players in the food and pharma sectors.

## Higher quality of production

The EBRD's support for Bella Bulgaria resulted in higher-quality production and enhanced distribution channels.

## Better-quality production

The EBRD helped a local agribusiness producer improve its production quality to produce better meat than typically available on the market

## Higher business standards

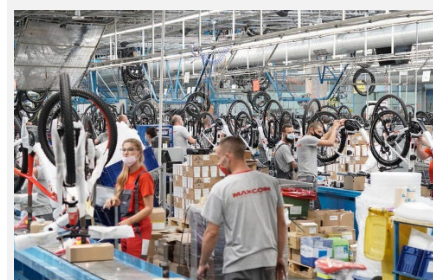
The EBRD financed improvements in local farms to bring them in line with EU animal welfare regulations. The introduction of an extensive feed monitoring system was new to Bulgaria.

## Market expansion

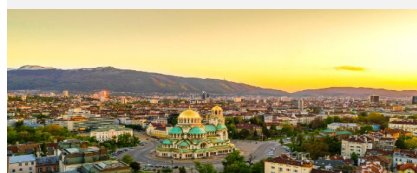
The Bank supported an agribusiness client to promote backward linkages and increase the number of local sunflower seeds suppliers by more than 15 per cent.



[Read](#) how a small business from Bulgaria painted its way out of crisis with EBRD support.



[See](#) how the EBRD and DSK Bank are strengthening the competitiveness of firms in Bulgaria.



[Read](#) how the EBRD is supporting Bulgarian firms affected by the war on Ukraine. The Bank provided €60 million to Bulgaria's ProCredit Bank to strengthen the resilience of SMEs battling the effects of the conflict.

**"We are pleased by the financial support of the EBRD – we see this as a positive appraisal of our vision for the company. The cooperation with the EBRD has enabled us to enter new markets, increase market share and strengthen competitiveness."**

Angel Dzhumerov, Executive Director of EBRD client Biomashin



[Read](#) how the EBRD is supporting Bulgaria's reform agenda and the implementation of EU-funded projects, as well as helping with the implementation of the country's Recovery and Resilience Plan focused on private-sector competitiveness, energy and public-sector reforms.

# EBRD in BULGARIA



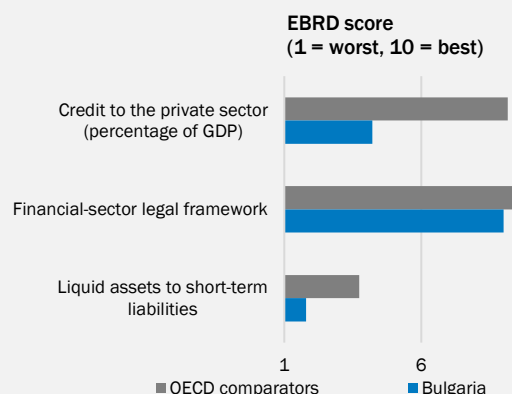
## Resilient financial sector

#EBRDImpact

## SDG contribution



The financial system in Bulgaria is dominated by banks, which account for 83 per cent of total financial-sector assets. Other financial institutions, such as insurance and leasing companies and investment funds, account for only 17 per cent. Bulgaria still faces the challenges of limited financial inclusion and an underdeveloped capital market. The capital market remains relatively small, with the market capitalisation of the Bulgarian Stock Exchange at about 10 per cent of GDP. While the capital market is shallow, the Bulgarian banking sector is quite stable and subject to EU-standard regulation and supervision. Although there is a large number of banks (25), the five largest control around 60 per cent of banking-system assets. In July 2020, Bulgaria joined the European Banking Union, meaning that the European Central Bank (ECB) now supervises them directly. Further reforms and actions are needed to promote the diversification of financial services, the performance of the capital market and stability of the financial sector.



### How we work

The EBRD helps to strengthen the resilience of the financial sector, including through improved governance standards in the banking sector, enterprise restructuring and introducing new sustainable economic activities. We provide direct and indirect financing, risk sharing and equity investments, and engage in policy dialogue with the government and market participants. To support trade, the EBRD Trade Facilitation Programme (TFP) provides guarantees covering political and commercial payment risk. The EBRD also provides trade finance expertise to local banks through the optimisation of banking procedures and the structuring of trade finance.

### The EBRD in Bulgaria

Total	2017-22
<b>€1.15 billion</b>	<b>€92 million</b>
Net cumulative investment in the local banking sector	
<b>€72 million</b>	<b>€32 million</b>
Net investment in insurance, pensions and mutual funds	

### Quick links

- ▶ Local-currency and capital market development
- ▶ Direct financing framework
- ▶ Trade Facilitation Programme
- ▶ NPL resolution framework

[The European Bank Coordination "Vienna" Initiative](#) is a framework for safeguarding the financial stability of emerging Europe. It brings together relevant public- and private-sector stakeholders of EU-based cross-border banks active in emerging Europe.



# EBRD achievements and results in Bulgaria: A resilient financial sector

## We support the local banking sector by:

- ▶ strengthening financial-sector resilience by helping the Bulgarian Deposit Insurance Fund (BDIF) to replenish its reserves (via a €300 million EBRD loan), optimise its funding structure and implement EU directives on deposit guarantees and bank recovery and resolution
- ▶ facilitating the resolution of 6.5 million dormant accounts worth a total of €500 million through technical assistance for the local Financial Supervision Commission and Ministry of Finance
- ▶ sharing partner banks' exposures to large capex projects (for example, a greenfield circular economy project involving the recycling of plastics and manufacture of recycled fabric).

## We promote capital market development by:

- ▶ being an anchor investor for large bond issues, including a €500 million bond issue by BEH
- ▶ bringing local legislation in line with the EU Covered Bonds Framework, thus enhancing market standards and the investment environment
- ▶ undertaking a diagnostic of the state of development of the Bulgarian capital market.

## We promote the increased variety and sophistication of financial services by:

- ▶ providing €30 million in equity to Euro Insurance Group to expand its operations in European markets, improve its capital base and strengthen corporate governance
- ▶ supporting the introduction of new financial instruments to the market, such as covered bonds and MREL-eligible bonds, through investment and ongoing policy dialogue.
- ▶ Supporting SMEs by providing unfunded risk-sharing guarantees on individual loans provided by local partner banks.

## Higher competitiveness

The EBRD and Bulgaria's DSK Bank joined forces under a risk-sharing agreement to strengthen the competitiveness of Bulgarian companies through improved access to finance.

## More resilient banking sector

The EBRD's support for the BDIF promoted the long-term sustainability of the local financial sector and increased public confidence in the banking sector.

**“ProCredit and the EBRD have been partners for many years, sharing the common principle that the development of SMEs – our main customer focus – relies on the provision of adequate funding and financial services. The new loan agreement is further proof of our commitment to supporting SMEs in their role of sustaining the development of the Bulgarian economy.”**

Rumyana Todorova, Executive Director of ProCredit Bank Bulgaria on signing a €60 million loan for on-lending to SMEs impacted by Russia's war on Ukraine, green investments and supporting ProCredit Bank's resilience, 2022

## Lower credit risk

Through its risk-sharing facility, the EBRD shares the risk on loans to private-sector companies extended by Bulgarian banks, allowing them to meet the financial needs of clients in a more efficient way.

## New financing methods

The EBRD helped a client to achieve the minimum bond issuance amount of US\$ 500 million required for the bond to be included in the JP Morgan Emerging Market Bond Index, an important index tracked by global bond investors.

## Better regulation

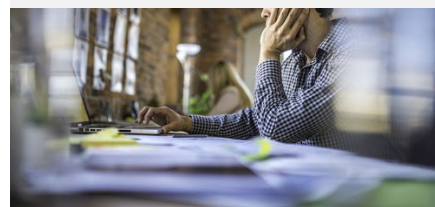
The EBRD helped to bring local legislation in line with the EU Covered Bonds Framework and international best practice, thus enhancing the country's investment environment.



[Read](#) how the EBRD is promoting financial resilience by signing €75 million in risk-sharing facilities with UniCredit Bulbank and DSK Bank.



[Read](#) how the EBRD launched an SME equity research programme in Bulgaria. The aim is to produce free, publicly available, high-quality research reports to overcome information barriers that depress market liquidity.



[Read](#) how the EBRD's investment helped Euroins, one of the largest independent non-life insurance groups in central and eastern Europe (CEE), create value through enhanced corporate governance, digitalisation and product diversification.

**“We are glad to welcome the EBRD, one of the major international financial institutions, as a shareholder in EIG. The participation of the Bank will further strengthen EIG's solvency position and support its growth in markets where both EIG and the EBRD have been focusing.”**

Kiril Boshov, EIG CEO, 2021



# The EBRD in BULGARIA



## Sustainable infrastructure and public utilities

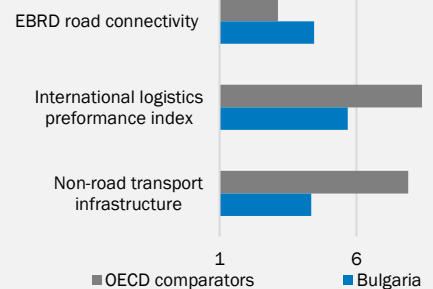
#EBRDImpact

### SDG contribution



Bulgaria's infrastructure lags that of other countries in the EU. The country needs good transport links to fully develop its economic potential. The relatively low coverage of modern transport infrastructure, low absorption of EU funds and slow implementation of large transport projects (rail and roads), part of the European core network, are hindering the country's economic growth and affecting its capacity to attract foreign direct investment. Moreover, a key challenge in Bulgaria is the disparity between rural and urban areas. Access to adequate infrastructure services, such as potable water, transportation services and district heating, varies widely between cities and rural regions. The development of modern central and municipal infrastructure is a prerequisite to improving the quality of life, the environment and fostering economic growth.

### EBRD score (1 = worst, 10 = best)



### How we work

EBRD investments in municipal and environmental infrastructure lead to cleaner air, better waste collection and safer drinking water, a more reliable supply of heating, improved urban mobility and increased access to modern hospital care. We help utility companies to modernise infrastructure after decades of underinvestment. The EBRD Green Cities framework offers more than €3 billion of EBRD and donor support to cities to address their environmental challenges through targeted infrastructure investments, policy actions and capacity building. In 2018, Sofia joined EBRD Green Cities, while Varna joined in 2019.

### The EBRD in Bulgaria

Total	2017-22
<b>€ 1.22 billion</b>	<b>€ 361 million</b>
Net cumulative investment in sustainable infrastructure	
<b>€ 315 million</b>	<b>€ 40 million</b>
Net cumulative investment in municipal and environmental infrastructure	

### Quick links

- ▶ Municipal and environmental infrastructure
- ▶ Infrastructure Project Preparation Facility
- ▶ EBRD Green Cities

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The [EBRD Green Cities](#) programme strives to build a better and more sustainable future for cities and their

residents. It achieves this by connecting cities' environmental challenges with sustainable infrastructure investments and policy measures.

# EBRD achievements and results in Bulgaria: Sustainable infrastructure and public utilities

## We promote better water infrastructure by:

- ▶ working with water operators across Bulgaria (Rousse, Burgas, Smolyan, Stara Zagora and Vratsa) and committing €34 million under the ESIF Water Framework
- ▶ improving sanitation infrastructure in large agglomerations through co-financing the EU's ESIF investment and helping to accommodate the absorption of more than €150 million in EU grants.

## We promote better transport by:

- ▶ supporting the transformation of Sofia Airport by providing €124.3 million in funding (loans and equity), as well as assistance to the Bulgarian government to prepare and tender the airport concession
- ▶ supporting the City of Varna in the upgrade of climate-resilient infrastructure and the procurement and deployment of 31 electric vehicle charging stations
- ▶ financing greener public transport in Sofia (for example, 15 electric buses and 6 electric charging stations).

## We promote greener cities by:

- ▶ welcoming Varna and Sofia into the EBRD Green Cities programme, which combines sustainable infrastructure investment and advisory
- ▶ developing a Green City Action Plan for Sofia and Varna to map out a systematic approach to addressing their urban environmental challenges, such as growth in road transportation, increasing fuel consumption and cutting carbon emissions.

## Lower emissions

By replacing diesel buses with EBRD-financed electric transport, the City of Sofia is expected to reduce the CO<sub>2</sub> emissions of its fleet by about 54 per cent.

## Climate resilience

The EBRD supported the city of Varna in increasing the flood resilience of its roads and reducing air pollution.

**“The Bulgarian water sector has been undergoing a major transformation in the past few years and the collaboration with EBRD provides a great opportunity for Bulgarian water operators and other stakeholders to share their experiences and learn.”**

Ivan Ivanov, President of the Bulgarian Water Association

## Better governance

In Sofia, the EBRD helped the local authority to prepare and sign EU-compliant public service contracts with all urban transport operators.

## Improved water and wastewater services

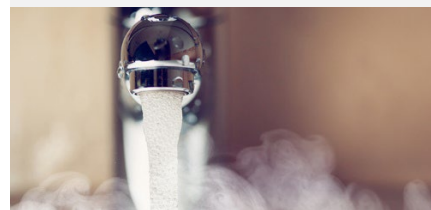
More than 1.2 million people are estimated to have benefited from access to improved water and wastewater services thanks to EBRD investments combined with EU funds. This includes projects in Rousse (250,000 people), Vratsa (170,000), Stara Zagora (300,000) and Burgas (420,000) and Smolyan (100,000).

## Water saved

EBRD projects under the ESIF framework are estimated to save 19.2 million m<sup>3</sup> of water annually, equivalent to saving the volume of 7,680 Olympic-sized swimming pools every year.



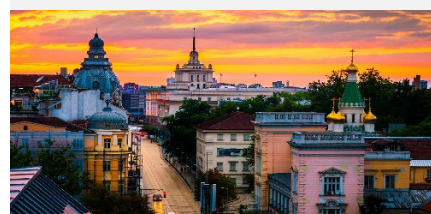
[Read](#) how the EBRD is supporting the development of Sofia airport with an indirect equity investment in SOF Connect, the company operating and managing the airport, through a concession agreement with the Bulgarian government.



[Read](#) how the EBRD is supporting better water services to comply with EU directives and increase hygiene standards.



[Read](#) how Varna, Bulgaria's port city and seaside resort, joined EBRD Green Cities in 2019. Varna is subject to intense road traffic and congestion, resulting in air and noise pollution that impacts the city. By joining EBRD Green Cities and adopting a Green City Action Plan, Varna will be able to address these environmental issues.



[Sofia](#), Bulgaria's capital, cultural and economic centre, joined EBRD Green Cities in May 2018 with the goal of transforming the city into a greener place to live for its inhabitants.

# The EBRD in Bulgaria: Selected achievements and results

## Serving as an anchor Investor in the energy sector:

The EBRD served as an anchor investor for large bond issues, including a €500 million bond issue by the Bulgarian Energy Holding BEH.

## Promoting innovation in Sofia (1) and Kardzali (2):

The EBRD promoted innovation with €50 million to finance the in-house R&D capabilities of Sofia Med (a copper processor in Sofia) and Teklas Group (an automotive manufacturer in Kardzali).

## Supporting transformation of the Sofia Airport (1):

The EBRD supported the transformation of Sofia Airport by providing €125 million in funding (loan and equity) and helping the Bulgarian government to prepare and tender the airport concession. The airport committed to a green action plan envisaging a reduction in CO2 emissions and the implementation of a low-carbon pathway.

## Improving water and wastewater services:

More than 1.2 million people in Bulgaria are estimated to be benefitting from access to improved water and wastewater services thanks to €184 million in investments of EU grants and EBRD & ESIF funds. These include investments in Ruse (4), Vratsa (5), Stara Zagora (6), Burgas (7) and Smolyan (8).



## Promoting foreign direct investments and their integration with local suppliers:

The EBRD supported Lidl Bulgaria's expansion across the country, with a specific focus on sustainable operations via the rollout of green concept stores and the integration of local suppliers into its supply chain.

## Supporting the largest wind farm in Bulgaria:

The EBRD helped boost Bulgaria's renewable energy sector by committing new funds to the 156 MW Saint Nikola wind farm, developed by AES. Part of the project included the development of a renewable energy studies programme at the Technical University of Varna (3).

## Supporting the resilience of the financial sector:

The Bank provided a €300 million loan to the BDIF to replenish its reserves, optimise its funding structure and implement EU directives on deposit guarantees and bank recovery and resolution.

## Addressing urban environmental challenges in Sofia (1) and Varna (3):

Through the EBRD Green Cities programme, the Bank developed Green City Action Plans for Sofia and Varna, prioritising green investments in municipal infrastructure to diminish environmental impact.

# Partnerships

The EBRD supports the transition process by taking a holistic approach that combines investment, risk mitigation, capacity building and policy dialogue with local and central governments, regulators, financial institutions and representatives of civil society. Partnership with donors is critical in this process to address transition

challenges and affordability constraints, improve market outcomes in the presence of significant externalities, and steer investments towards improved sustainability and transition impact across the EBRD's regions. With a focus on sustainable and inclusive private-sector development, donor funds also play a key role in building low-carbon

economies and mitigating climate risks. The EBRD has worked with donors since its creation and currently manages relations with a broad and varied donor community of up to 50 different partners, primarily governments and multi-lateral organisations.

## Our partnerships in action

- ▶ working with the Green Energy Special Fund to provide cleaner and more comfortable urban transport
- ▶ co-investing with EU structural funds in regional water operators in Bulgaria (€80 million programme)
- ▶ working with the European Investment Bank (EIB) and the EU (Horizon 2020) on the Advice for Small Business programme
- ▶ co-investing with the European Investment Fund (EIF) in three regional private equity funds operating in Bulgaria
- ▶ working with local commercial banks on syndications, A/B loans and risk-sharing facilities using €3 million of technical cooperation funds and €22 million of co-investment funds (2016-21)
- ▶ Invest EU guarantees available for Bulgaria in 2023-24 through an agreement with the EU
- ▶ Cooperating with the World Bank, EIB and EIF on supporting the implementation of Bulgaria's Resilience and Recovery Plan.



## Work with us

### Financing

Loans

Equity

Guarantees (including to local banks for trade finance)

### Advice

Expand

Improve processes and governance

Meet standards

Navigate regulatory environment

Train workers

### Goods and services

Procurement

Careers

### Participate

NGO roundtable

Have your say on EBRD policies and strategies

## Contacts

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### New business enquiries

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Email: [newbusiness@ebrd.com](mailto:newbusiness@ebrd.com)

## Shareholding

### 28 March 1991

Joined the EBRD

### 1992

EBRD started investing

### €237.11 million

Bulgaria's capital subscription

### Wioletta Barwicka-Lofthouse

EBRD Board Director for Bulgaria

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[www.ebrd.com/what-we-do/country-results-snapshots](http://www.ebrd.com/what-we-do/country-results-snapshots)

