

ESF financial instruments in Bulgaria

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 #ficompass



ESIF Financial Instruments in Bulgaria

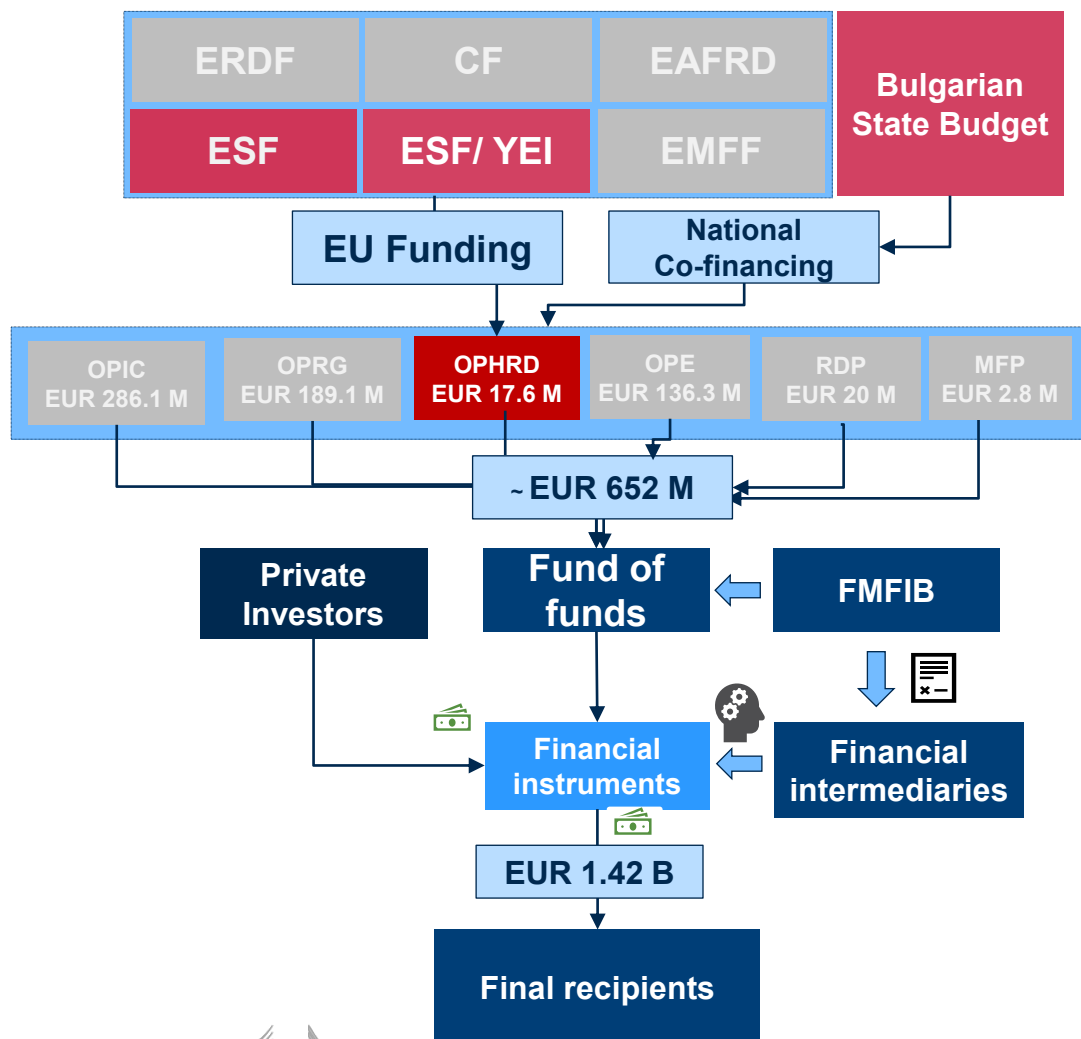


Fund Manager of Financial Instruments in Bulgaria:

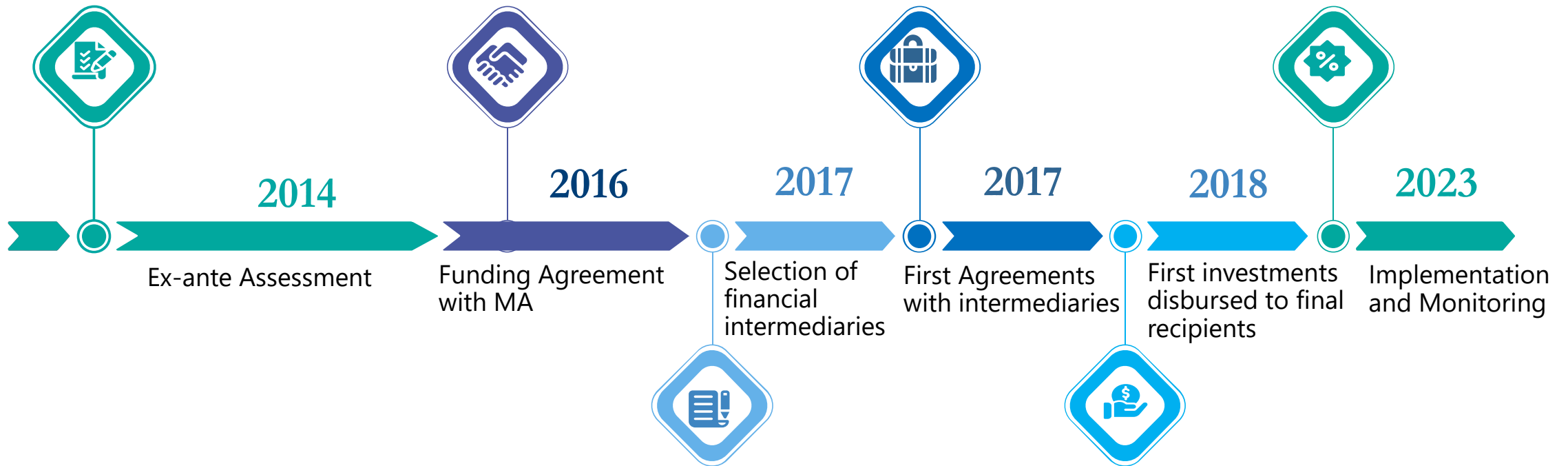
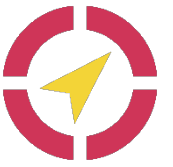
- ... is the FoF manager...
- ... corporate mission to implement effectively and efficiently FIs in Bulgaria;
- ... manage EUR 652 M under 6 ESIF Programmes;
- ... financial products for loans, guarantees and equity
- ... EUR 1.42 B to support SMEs, start ups, municipalities, etc.

Progress achieved:

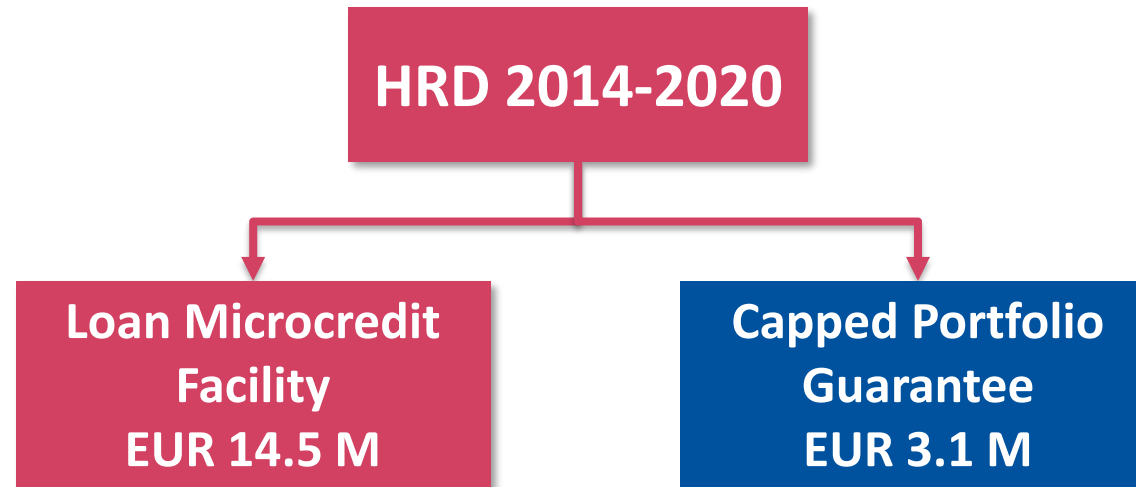
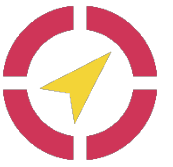
- 36 agreements with financial intermediaries signed;
- EUR 605 M public money contracted with financial intermediaries;
- EUR 575,5 M private co-financing attracted;
- 1681 final recipients supported with EUR 596,7 M.



Design and set up of FIs under ESF



Human Resources Development 2014-2020

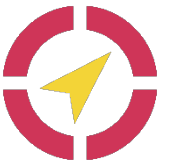


Thematic objectives

- FIs under TO 8 - to support self-employment and start-up microenterprises
- FIs under TO 9 - to boost the social economy (support for social enterprises)

Final recipients

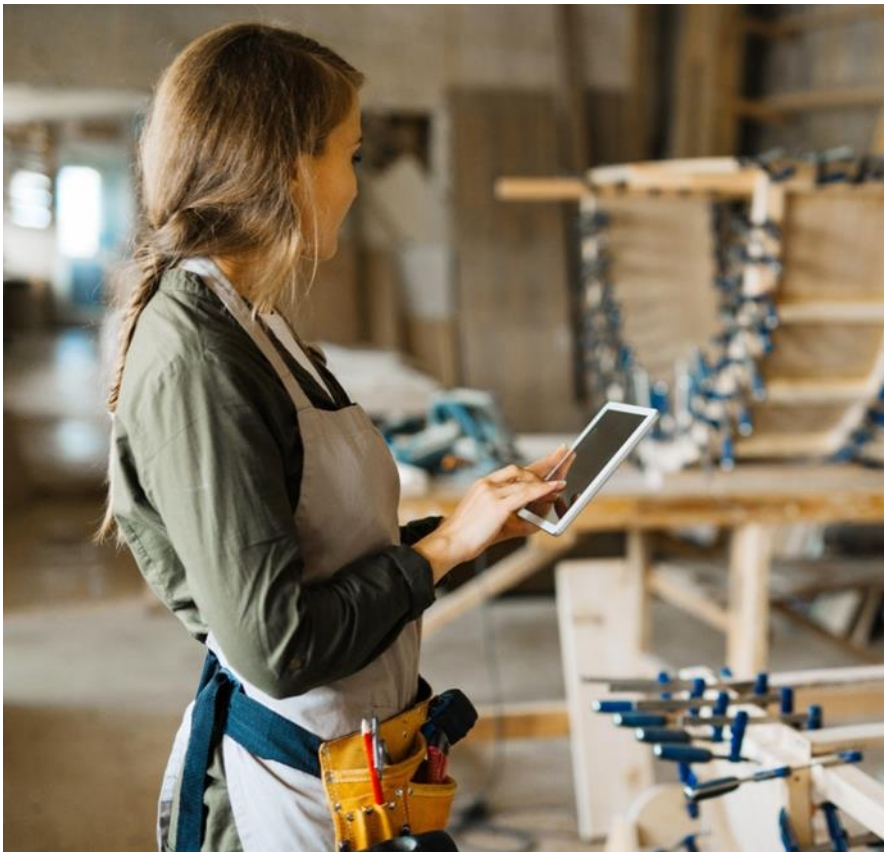
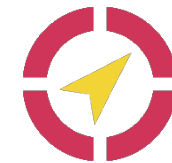
- Start-ups, owned and managed by unemployed people; youths under 29; people with disabilities;
- Social enterprises;
- Start-ups owned and managed by people starting their first enterprise or self-employment.



Loan Microcredit Facility

- Provides access to financing of the OPHRD target groups for starting business, job creation and self-employment
- Preferential sub market conditions

Loan Microcredit Facility



Financial Product

- up to EUR 25 000;
- Investment loan and/or working capital;
- Maturity: up to 10 years;
- Grace period: up to 3 years;
- Interest-free public money: up to 90 % in each loan;
- Private co-financing: 10 % to 25 % in each loan;
- Aggregate interest lowered by 75 % to 90 % compared to market interest rate for same final recipient;
- Under de minimis aid rules.



Capped Portfolio Guarantee



- Facilitate provision of financing to final recipients by banks and financial institutions
- Low collateral requirements
- Partial risk coverage

Capped Portfolio Guarantee

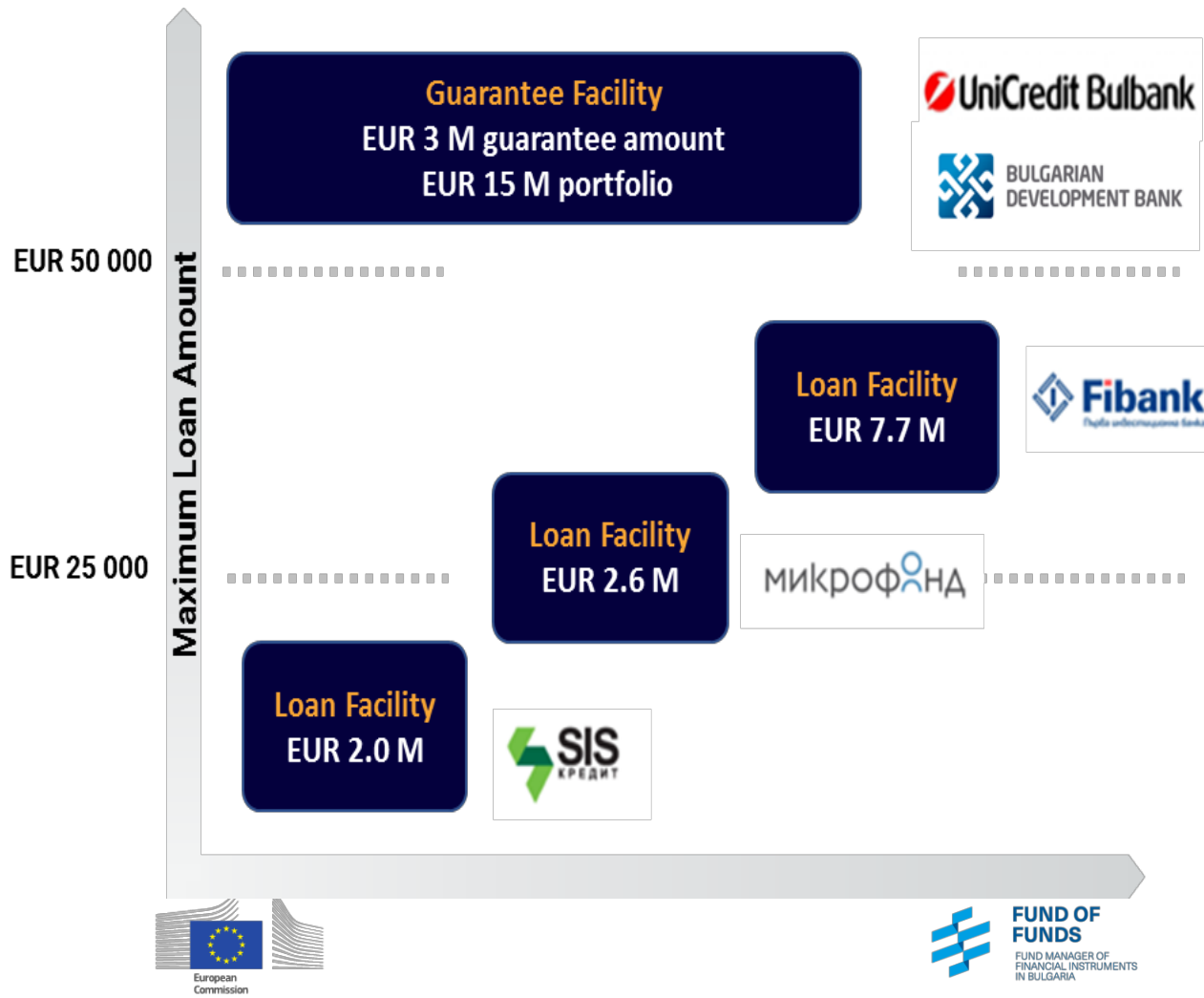
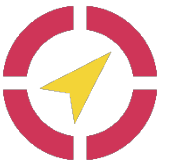


Financial Product

- Amount: up to EUR 50 000;
- low collateral requirements;
- lower interest rate;
- Investment loans and/or working capital;
- Guarantee rate: 80 %;
- Portfolio cap rate: 25 %;
- Maturity: up to 10 years;
- Grace period: up to 3 years;
- Under de minimis aid rules.

ESF Financial Instruments in Bulgaria

Progress achieved



- 5 tender procedures for selection of financial intermediaries;
- 7 agreements with financial intermediaries signed under Loan Facility;
- 2 agreements signed under Guarantee Facility;
- **EUR 15.3 M contracted** between FoF and financial intermediaries;
- **575 final recipients** already supported with **EUR 9.55 M** out of which **EUR 6.71 M** public money and **EUR 2.84 M** private co-financing;
- **561 new job places** created.

Lessons Learnt



Success factors:

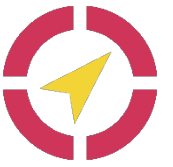
- Partnership among all stakeholders;
- Flexible approach respecting market realities and ESIF rules;
- Reduce administrative burden;
- Adaptation during implementation stage;
- Promotion and awareness raising toward potential final recipients;
- Avoid cannibalization of FIs by grants.

What about ESF+ ?

- Ex-ante assessment elaborated;
- FIs supporting start-ups and social enterprises as well as loans for improvement of working environment;
- Combination of grants and financial instruments under single operation.

ESF Financial Instruments in Bulgaria

575 projects already supported:



Deaf Now

- Loan: EUR 25 000;
- Social enterprise;
- Online translation helping people with disabilities through sign language and text subtitles.



Robo Solutions

- Loan: EUR 12783;
- Start-up;
- STEM oriented training: Math courses and robotics courses.



Yeabere

- Loan: EUR 24 951;
- Start-up established by youth under 29;
- physical activity, prevention of diseases and the consequences of a sedentary lifestyle



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