



MINISTRY OF REGIONAL DEVELOPMENT AND PUBLIC WORKS
PROGRAMMING OF REGIONAL DEVELOPMENT GENERAL DIRECTORATE

JESSICA Implementation in Bulgaria: Challenges and Success Stories

Financial instruments delivering ESI Funds

6 October 2015, Sofia





Start of the JESSICA Initiative in Bulgaria

- **27 May 2009** - Memorandum of Understanding between the Government of Republic of Bulgaria and the European Investment Bank.
- **29 July 2010** - Funding Agreement between the Government of Republic of Bulgaria and the EIB for the set-up of the JESSICA Holding Fund.
- JESSICA Holding Fund is organized as a “separate block of finance” within EIB with allocation of BGN **61,5 mln.** under Priority Axis 1 Sustainable and Integrated Urban Development from Operational Programme Regional Development 2007-2013;
- JESSICA Holding Fund Investment Board.





Start of the JESSICA Initiative in Bulgaria

➤ **31 March 2011** - EIB launches a **Call for Expression of Interest** for the selection of Urban Development Funds as follows:

- 1 Fund for the city of Sofia;
- 1 Fund for the 6 biggest cities in Bulgaria: Plovdiv, Varna, Bourgas, Rousse, Stara Zagora and Pleven.

➤ Selected Funds:

- Fund for Sustainable Urban Development for Sofia – Operational Agreement with the EIB - **30 May 2012**
- Regional Urban Development Fund for the 6 biggest cities Operational Agreement with the EIB - **27 December 2011**



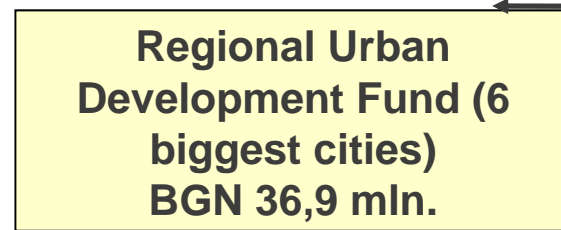


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Implementation Structure-Key Actors



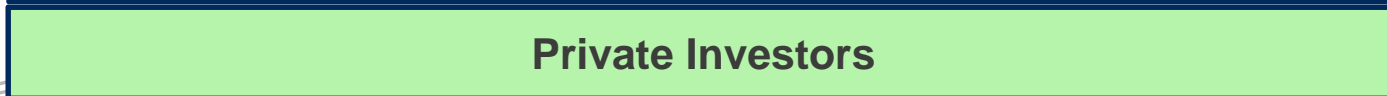
Total allocation
BGN 61,5 mln.



Loans



Loans



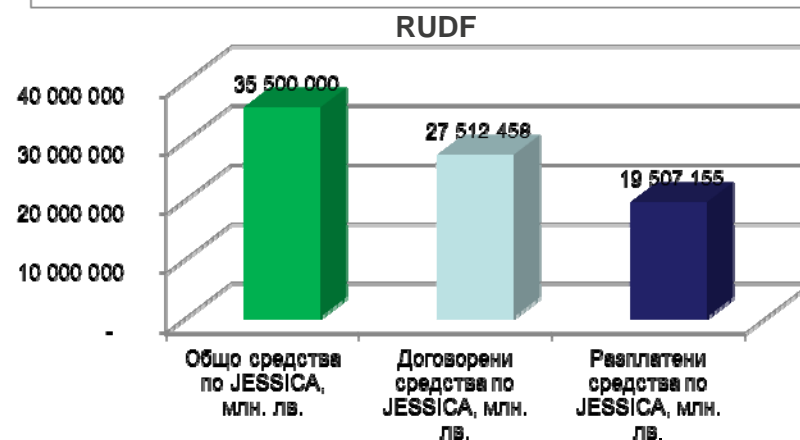
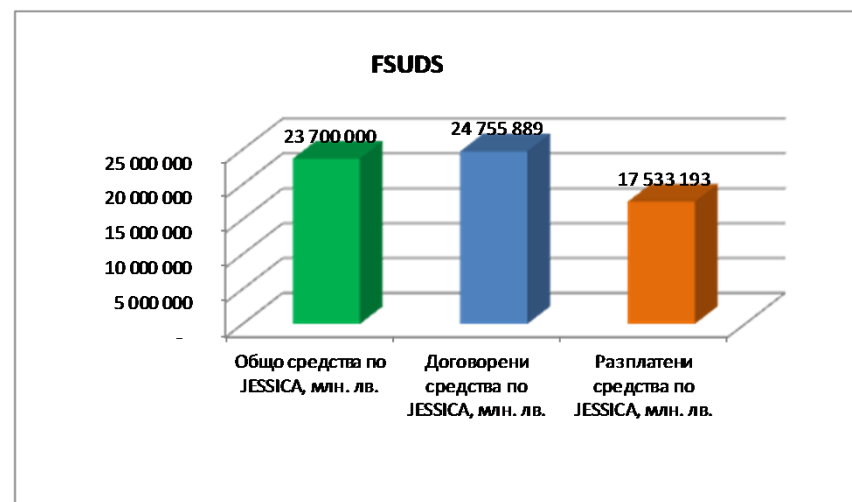
REVENUES





Progress achieved by the UDFs under JESSICA

- **Fund for Sustainable Urban Development for Sofia (FSUDS)**- 13 projects totaling at BGN 79 mln., incl.:
 - **BGN 24,8 mln.** from OPRD
 - **BGN 24,9 mln.** co-financing by the Fund
 - **BGN 29,5 mln.** own co-financing of the project promoters
 - **Contracted OPRD: 104,6%; Disbursed: 78%**
- **Regional Urban Development Fund (RUDF)** - 20 projects totaling at BGN 111 mln., incl.:
 - **BGN 27,5 mln.** from OPRD
 - **BGN 54,7 mln.** co-financing by the Fund
 - **BGN 28,5 mln.** own co-financing of the project promoters
 - **Contracted OPRD : 77,4%; Disbursed 56%**





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Examples for Urban Development Projects RUDF



Reconstruction of Central municipal Market in Stara Zagora

- Total: **BGN 2,8 mln.**
- OPRD: **BGN 886 370**
- RUDF: **BGN 1,8 mln.**
- Project promoter: **BGN 119 306**



Rehabilitation of the industrial zone in Rousse

- Total : **BGN 30,4 mln.**
- OPRD: **6,3 mln.**
- RUDF: **11,3 mln.**
- Project promoter: **12,8 mln.**





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Examples for Urban Development Projects FSUDS

Reconstruction of the Women's Municipal Market

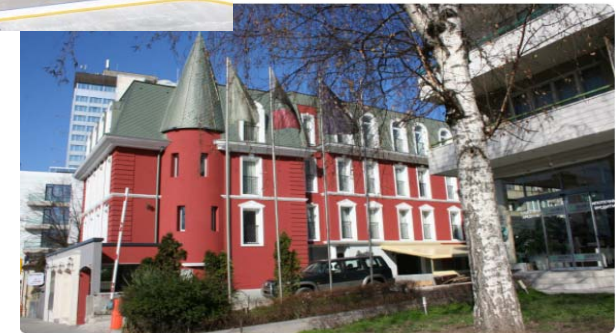
- Total: **BGN 8,2 mln.**
- OPRD: **BGN 3,2 mln.**
- FSUDS: **BGN 3,3 mln.**
- Project promoter: **BGN 1,7 mln.**

Construction of a multifunctional sports complex „Vazrajidane“

- Total: **BGN 3,3 mln.**
- OPRD: **BGN 1,5 mln.**
- FSUDS: **BGN 1,5 mln.**
- Project promoter: **BGN 273 205**

Magical Castle in Sofia

- Total : **BGN 3 mln.**
- OPRD: **BGN 150 000**
- FSUDS: **BGN 150 000**
- Project promoter : **BGN 2,7 mln.**





Key Challenges and Lessons Learned

- Lack of **specific legislation** on financial instruments;
- The selection of UDFs can be done for **10 years** in accordance with the Public Procurement Act;
- The criteria for selection of the UDFs **should not be restrictive**, but they have to ensure that the selected financial intermediaries are sufficiently reliable;
- Lack of legal framework for the provision of combination of grants and financial instruments **at national level**.





Key Challenges and Lessons Learned

- Opportunities for **PPPs** through FIs should be explored in more detail;
- Lengthily procedure for notification and approval of **State Aid** by the European Commission;
- It should be assessed whether the FIs fall under the **GBER** and how state aid should be reported in 2014-2020;
- During the period 2007-2013 independent experts define only **interest rates and FRR**;
- In the programming period 2014-2020 independent experts have to define the necessary **funding and combination of grants and FIs**.





Key Challenges and Lessons Learned

Experience in the implementation of financial instruments through public/private Fund for Urban Development;

- **FSUDS** invests predominantly into public projects;
- **RUDF** invests predominantly into private projects;
- Funding depends on the eligible territory - limitation within IPSURD;
- Clear Guidelines for the elaboration of business plans.

Support for the preparation of business plans is a key factor for success.

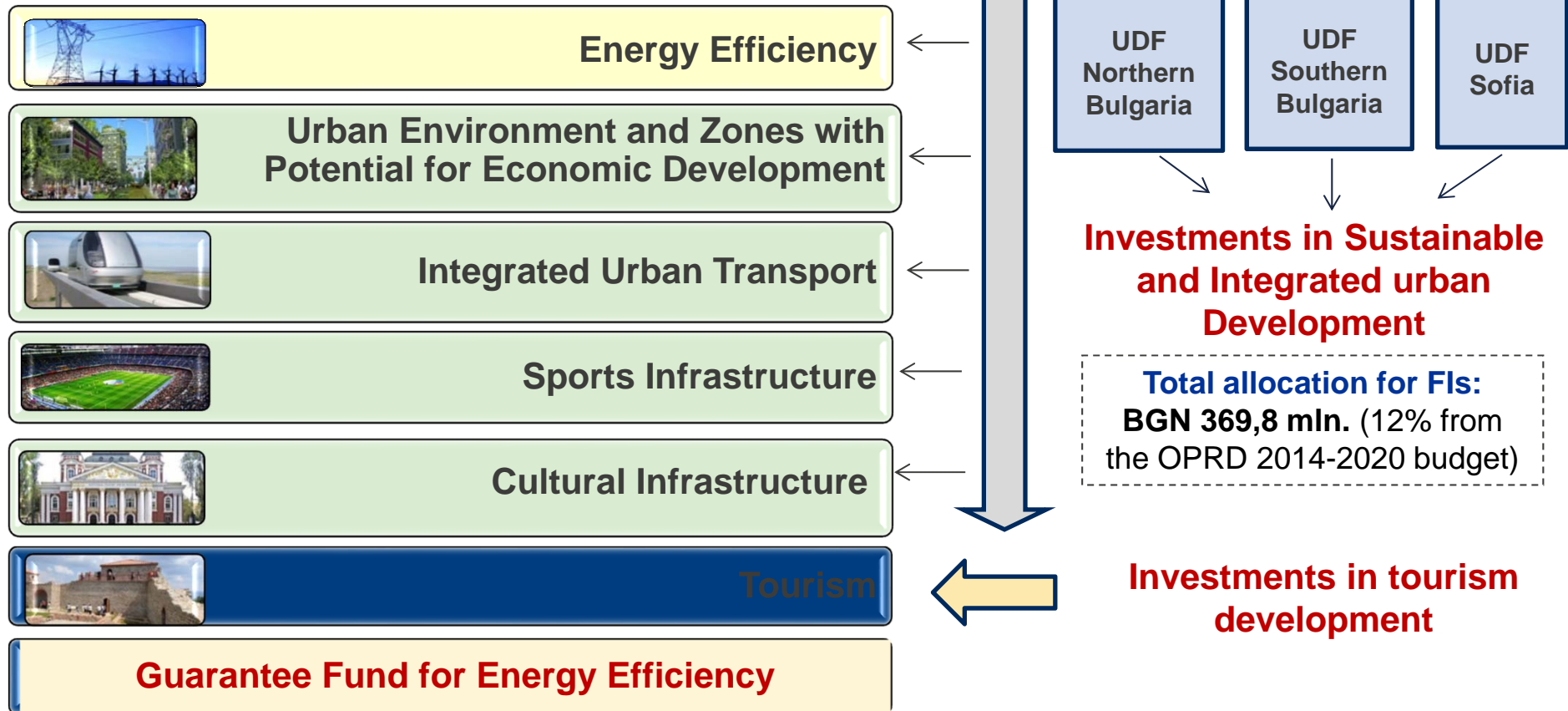




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Financial Instruments for Sustainable Investments 2014-2020

Main areas of support through financial instruments:





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GENERAL**

THANK YOU FOR YOUR ATTENTION!

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