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# **EXPECTED IMPACT OF THE NEW GEF/UNEP/UNECE PROJECT ON THE BULGARIAN FINANCIING PRACTICES**

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## **Current energy efficiency financing environment in Bulgaria**

### **Barriers to EE project financing**

**Some critical barriers to energy efficiency project financing have been surmounted**

Lack of energy efficiency project financing

Search of big projects

Monopolies in financing



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## Current EE financing environment in Bulgaria

### **Various financing instruments in use**

Bank loans, municipal bonds, leasing of EE equipment, ESCOs, Kyoto flexible mechanisms

#### Specialized EE credit lines and funds:

EIB / Raifeisen bank credit line for municipal infrastructure development

EBRD / Kozlodui Fund for EE and RES

Bulgaria Energy Efficiency Fund (GEF/WB)



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## Current EE financing environment in Bulgaria

### **EIB / Raifeisen bank credit line**

(Oriented to finance municipal infrastructure)

#### Volume:

€ 20 mln (from European Investment Bank)

€ 20 mln (from Raifeisen bank)

EIB finance up to 50% of project cost

Raifaizen Bank finance the rest of the project cost

Project size: € 40 000 - € 5 mln

Grants: 2,5 – 5% over project cost (PHARE programme)



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## Current EE financing environment in Bulgaria

### **Kozloduy / EBRD Fund**

(Established by an agreement with the EU)

Objective: To soften the consequences of the decommissioning of the Kozloduy reactors

Market based interest rate

Subsidies:

- 7.5% for energy efficiency projects
- 20% for RES projects

Volume: € 50 mln



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## Current EE financing environment in Bulgaria

### **Bulgaria Energy Efficiency Fund (BEEF)**

(Established by the Energy Efficiency Act, 2004)

Main sponsors: GEF/World bank, Bulgarian government, Austrian government, private donors / public-private partnership

Based on market competitive conditions

Financial products: loans, partial credit guarantees, technical assistance for project development

Project size: € 15 000 - € 1,5 mln



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## Current EE financing environment in Bulgaria

### **Still existing barriers**

Insufficient capacity to develop bankable projects

Underdeveloped ESCO market

Lack of equity financing

Lack of experience for partnership in financing

**Basis for partnership in the framework of the  
new GEF/UNEP/UNECE project**



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## **Expected impact of the project for the improvement of the financial environment for energy efficiency investments in Bulgaria**

Direct impact of the new EE21 fund towards EE  
market development

Equity financing - a new financing option

Partnerships and co-financing with the existing  
funds

Critical technical assistance



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Expected impact of the project

## **Direct impact of the new EE21 fund towards available financing for EE**

### **Needs vs available financing**

Needs calculated at several billions of US dollars

BEE Fund (GEF / WB)	12 - 25 mln USD
EBRD / Kozlodui Fund	100 mln USD
EIB / Reifaisen Bank credit line	100 mln USD

**Acute long-term shortage of financial  
resources for EE investments still exists**



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Expected impact of the project

## **Direct impact of the new EE21 fund towards EE market development**

100-250 mln USD for all countries is not a big facility when distributed among the countries

However the fund will offer specialized investment opportunities which will have positive complementary effect on the local markets development

**The new Fund will improve the investment opportunities in Bulgaria providing a new financing option**



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Expected impact of the project

## **Equity financing – a new financing option**

There is no interest for equity financing in energy efficiency improvement in Bulgaria – the new GEF/UNEP/UNECE fund may offer this opportunity

Equity financing may serve as a tool for overcoming the limited borrowing capacity

Equity financing is a good opportunity for project co-financing with BEEF and other specialized funds and credit lines



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Expected impact of the project

## **Partnerships and co-financing with the existing funds and credit lines**

Co-financing with BEE Fund

Partnership with fund EBRD / Kozlodui

Other innovative partnerships

**Co-financing reduces the risks and increases  
the volume of investments**



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Expected impact of the project

## **Critical technical assistance**

Build local capacity on project development and use of innovative financing schemes and instruments

Support the establishment of partnerships of the new EE21 fund with the local specialized funds and credit lines for financing of energy efficiency investment projects



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Expected impact of the project

## **Critical technical assistance**

### **Possible capacity building initiatives:**

Training seminars for fund managers (EE circles in France – excellent model of effective information exchange and training)

Training tools for distance learning and distance learning training sessions

Directories of successful practices in financing of EE projects may serve as guidelines for potential clients of the new EE21 fund



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Expected impact of the project

## **Critical technical assistance**

### **Information dissemination:**

Use of the Internet websites, supported by EE21 project, for the dissemination of successful practices

Periodical electronic newsletter and printed publications on financing practices and project outcomes



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