

Conclusions

Framework Operation #23 for Sustainability Guarantee – Bulgaria InvestEU Member State Compartment (Capped Guarantee)

**INVEU-ICR-0027-2023 – Sustainable Investment and Small and Medium Sized
Enterprises Windows**

Short description of the financing or investment operation and its objectives

Type of the final recipients	Natural persons SMEs (including Micro Enterprise) Mid-Caps (Small Mid-Caps) Housing associations
Countries of implementation	Bulgaria
Implementing partner	European Investment Fund (EIF)

Under the Bulgaria Member State Compartment, the EU will provide to the EIF an EU guarantee to cover financing operations and implementation costs of Member State Compartment in Bulgaria. Such guarantee is underpinned by the resources of the Bulgaria Recovery and Resilience Facility that have been made available to the EC based on the contribution agreement signed between Bulgaria and EU. The purpose of using the Member State Compartment is to enable both the Member State and EIF to streamline the implementation by relying on the already set product terms under the InvestEU EU Compartment (in this case the Sustainability Guarantee) as well as to benefit from the overall deployment framework already operational at InvestEU.

This Framework Operation builds on the successful implementation of the guarantee programmes managed by EIF, such as SME Initiative Bulgaria and COSME Loan Guarantee Facility, SME Guarantee Facility, EGF. The Framework Operation will cover Sub-Projects which in turn will aim to enhance access to finance for sustainable enterprises and support investments contributing to the green and sustainable transformation of the Bulgarian economy by supporting access to debt financing to final recipients.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the EU guarantee on 27 April 2023 for the above-mentioned Framework Operation.

The Framework Operation addresses a number of market failures, with regards to product novelty, externalities, information asymmetries and perceived higher risk. The Sustainability Guarantee will support investments in energy efficiency, including in the building sector, one of the biggest energy consumption sectors in Bulgaria, and can play a fundamental role in the decarbonisation of the economy.

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In terms of additionality, EIF will support financial intermediaries in originating final recipient debt transactions which meet the enhanced access to finance measures described in the InvestEU Call for Expression of Interest published on the EIF's website. These measures ensure that the debt financing support provided to target final recipients is made with more favourable terms, compared to the standard credit and collection policies of financial intermediaries.

The Sustainability Guarantee Product implemented under the InvestEU Member State Compartment will enable the EIF to support this growing ecosystem at a scale in Bulgaria that would not be possible or not to same extent out of the EU Compartment of InvestEU nor other EIF-managed resources for that purpose.