



REPUBLIC OF BULGARIA
MINISTRY OF FINANCE

Public Investment Reform in Bulgaria

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NATIONAL CONTEXT

❑ Overview of Challenges

- **Key Issues:** Social, economic, and environmental challenges.
- **Goal:** Address interconnected challenges to improve quality of life, fiscal sustainability, and build trust in institutions.

❑ Strategic Public Investment Approach

- **Objective:** Foster sustainable development while ensuring efficient use of resources.
- **Alignment:** Public investment policies aligned with Bulgaria's fiscal constraints and long-term development goals (UN 2030 Agenda, EU priorities, NDP 2030, etc.)

❑ Identified Need of Development of Sustainable Legal Base for Public Investment Management

CAPITAL INVESTMENTS BACKGROUND

- ☐ Public Finance Act;
- ☐ Medium-Term Budget Framework;
- ☐ Annual State Budget Act.



- ☐ No single legislation, but separate laws/bylaws/strategic documents that regulates different areas of public investments;
- ☐ Decentralized budget management;
- ☐ Inconsistent project evaluation criteria;
- ☐ Difficulty in comparing proposals;
- ☐ Uncertainty in achieving strategic goals.

IMPROVING PUBLIC INVESTMENT EFFICIENCY AND EFFECTIVENESS (TSI PROJECT)

- **Participants:** Ministry of Finance, DG REFORM, OECD

- **Objectives:**

- ☐ Analyze current state of PIM in Bulgaria
- ☐ Propose specific measures for improvement

- **Recommendation Areas:**

- 1) Long-term strategic vision and planning
- 2) Coordination across sectors and between levels of government
- 3) Project selection, prioritization and appraisal processes
- 4) Capital budgeting and fiscal sustainability
- 5) Value for money for public and private investment in infrastructure
- 6) Integrating stakeholder engagement into planning and decision-making

WHAT HAVE BEEN DONE IN 2024

- ❑ Introducing an **Investment Program for National Projects** (Annex to the 2024 State Budget Law);
- ❑ **New funding mechanism** - capital expenditures funds have been allocated to the budget users on a monthly basis by an act of the Council of Ministers;
- ❑ **Council of Ministers Approval for providing capital expenditures to the budget users based on a motivated proposal;**
- ❑ Establishing of MoF's **Strategic Planning and Management of Capital Investments, State Participation and Concessions Directorate** (2 departments);
- ❑ MoF issued **Guidelines for Determining Priority Objectives and Areas for Auditing for 2025** focused on planning and implementation of investment projects.

2025 STATE BUDGET PROCEDURE

- **Step 1: Categorization** of investment projects:
 - ✓ Projects related to **administrative activities**;
 - ✓ Projects in the field of **electronic governance and ICT**;
 - ✓ **Strategic investment projects** - projects with high public value, corresponding to the objectives and priorities set out in the strategic documents at the national and European level.
- **Step 2:** Ranking is based on common criteria based on the project's strategic importance (alignment with national and EU priorities, economic efficiency, social necessity, environmental impact, and sustainability).
- **Step 3: Allocation and Distribution**

Program for Priority Strategic Investment Projects funded by the state budget for the Period 2025-2028 – Annex to the Draft 2025 State Budget Law

Criteria for Prioritizing Strategic Investment Projects

I. Strategic Alignment Criteria

II. Socio-economic Criteria

III. Project Readiness

IV. Environmental Protection Criteria



THE WAY FORWARD

- A proposal for a bylaw on the assessment method and approval procedure of investment projects;
- A proposal of a methodology for assessing and prioritizing investment projects;
- **Capacity-building** in and out of the Strategic Planning and Management of Capital Investments, State Participation and Concessions Directorate.



Expected Impact

- ❑ Improved public investment efficiency;
- ❑ Enhanced accountability and transparency;
- ❑ Sustainable development outcomes in line with global and national priorities;
- ❑ Robust capacity building and knowledge sharing;
- ❑ Strengthened foreign investment attraction;
- ❑ Increased economic growth.



Lessons learned as part of public investment reform process

- ❑ Building Sustainable Legal Base for PIM and Strengthening Institutional Frameworks are Crucial;
- ❑ Focus on Long-term Planning and Sustainability;
- ❑ Importance of Comprehensive Planning and Prioritization;
- ❑ Straightening Monitoring and Evaluation is Essential.

Key remaining reform challenges for Bulgaria

- ❑ Coordination and Fragmentation Across Government Levels;
- ❑ Weak Capacity for Project Preparation and Management;
- ❑ Public Trust Challenge;
- ❑ The Need for Strong Political Will and Long-Term Commitment.



Thank you for your attention!

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