Sofia Airport is the main international airport of Bulgaria, serving the capital city and fostering business connectivity and integration to the global markets. Increasing traffic has put a strain on the capacity and service quality of the airport. The GIF is assisting the government of Bulgaria in attracting a private sector partner to upgrade the facility and improve service as part of the country’s strategy to develop a modern, safe and reliable transport system that is in line with EU standards.

**EXPECTED PROJECT OUTCOMES**

- Improve the service quality to the passengers of Sofia Airport with more facilities for better service and modernized infrastructure.
- Mobilize an estimated $250 million of private investment for the expansion of existing facilities.
- Provide a positive fiscal impact to the Government of Bulgaria from the annual concession fees and upfront payment expected from the concessionaire.
- Spur PPP activity in other sectors in the country, and set the example for both the public and private sector.
BACKGROUND

Sofia Airport is the main international airport of Bulgaria, located 10km from the city center of Sofia and owned by a state-owned enterprise under the Ministry of Transport, Information Technology and Communications (MTITC). The airport has been experiencing a steady growth in passengers traffic, with a compounded growth rate of 14.3% in 2014-2016 and 7% in 2012-2016, triggering capacity constraints and decreasing quality of service. Despite the growing traffic levels, Sofia Airport has had marginal net profits and has suffered from chronic mismanagement and frequent change of Board Directors in recent years. To upgrade the Airport and ensure it can withstand the projected yearly growth of 2.5% in passengers traffic for the next 20 years, the Ministry launched a first concession procedure in 2016 to attract private investors. However, due to the poor structure of the process and limited ability to propose changes to the project documents, there was weak investor interest so the Ministry cancelled the tender in April 2017. The government approached the EBRD and the IFC to relaunch the concession of Sofia Airport with the goal of attracting a committed private partner to undertake the infrastructure upgrades. Transport infrastructure projects to date in Bulgaria has been heavily reliant on sovereign borrowing from International Financial Institutions, and the Airport concession will be the first PPP project in transport infrastructure in the country.

PROJECT FEATURES

IFC will act as the transaction advisor in association with EBRD to support MTITC with the preparation and delivery of the Sofia Airport concession. A two-step process will be used to foster dialogue with the private sector and incorporate their views into the project documents. The support to MTITC will be delivered in two Phases:

- Phase 1 – Transaction Structuring Support, to bring the concession agreement to international standards.
- Phase 2 – Tender Implementation, supporting MTITC up to the signing of the concession agreement.

The selected concessionaire will be responsible for operation, maintenance, and expansion of the terminal facilities and airside infrastructure, when traffic reaches predetermined threshold levels, to ensure consistently good service to the airport passengers. GIF resources will cover the full costs of the technical, environmental and social consultants, local legal consultants, as well as 50% of the costs of the international legal and vendor due diligence consultant.

WHY GIF

The GIF is providing financial and technical support for the collaboration of local authorities with international financial intuitions in preparing and structuring this project. GIF’s funding will be used to incorporate the feedback of the first concession attempt from investors and lenders to bring the concession to international standards, including: detailed concession analysis with traffic studies, a tender structure that is in line with international best practices of competition and dialogue with the private sector, and comprehensive project documentation outlining the key bankability requirements. GIF will add value by providing the financial and internationally recognized technical resources necessary to implement the concession under the new EU Concession Act in a way that provides the Government of Bulgaria with the ability to then continue implementing the new concession act across other infrastructure sectors.