

Environmental and Social Data Sheet

Overview

Project Name:	<i>FLAG DFI COMPLEMENTARY URBAN FACILITY</i>
Project Number:	<i>2019-0773</i>
Country:	Bulgaria
Project Description:	The Project comprises a loan to the “Fund for Local Authorities and Governments” (FLAG) in order to leverage its funds to support investments in urban regeneration and rehabilitation in cities across Bulgaria.
EIA required:	This is a multi-scheme Framework Loan operation. Some of the schemes may fall under Annex II of the EIA Directive and have to be screened in.
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

Environmental Assessment

The Project comprises a loan to FLAG in order to leverage its funds to support investments in urban regeneration and rehabilitation in cities across Bulgaria. FLAG is going to channel its funds to final beneficiaries who are expected to be municipalities, municipal enterprises and other institutions responsible for provision of public services. Final beneficiaries will be responsible for the execution of their own investments. FLAG will be monitoring technical and financial developments of the operations.

Eligible investments will include: i) upgrading urban green areas and open public spaces, ii) improving sustainable urban transport, iii) renovation and reconstruction of public buildings (schools, health centres, administrative buildings etc.), iv) upgrading small-scale basic municipal infrastructure (street network, drinking water, sewer, etc.) v) climate change adaptation measures and v) area based integrated urban regeneration actions.

Investments in urban regeneration and rehabilitation, as well as energy efficiency, are considered essential in the national and regional policy framework, being identified as priority areas in the EU Partnership Agreement and the Regional Operational Programmes. All projects to be supported by FLAG will be in accordance with the applicable urban development strategies. For each Regional Operational Programme, the relevant Strategic Environmental Assessment (SEA) has been carried out in line with the SEA Directive 2001/42/EC.

Relevant EU Directives have been transposed into the national legislation (EIA Directive, Birds and Habitat Directive, Energy Performance of Buildings Directive). The investments will comply with environmental standards and energy efficient (re)construction will lead to low energy consumption in building stock.

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.

Social Assessment, where applicable

No separate social impact assessment has been carried out for the Project. However, in the context of this FL it is expected that the social impacts of the project will be overall positive, supporting the Bank's involvement.

Municipalities define their urban regeneration strategies through the delimitation of urban renewal areas using different instruments. These instruments describe priority urban areas where there are clear issues of physical, social and economic degradation, which require action to be carried out in an integrated approach. The interventions to be financed by FLAG include the rehabilitation of public spaces, public or private buildings, as well as actions related to promotion of social inclusion, culture and economic activities, which are expected to result in an increased quality of life for residents as well as increased attractiveness for businesses and tourists.

Public Consultation and Stakeholder Engagement

The individual investments will form part of specific local integrated urban development plans for which public consultation is carried out.

Conclusions and Recommendations

Prior to disbursement against any specific scheme, the Promoter is to provide to the Bank the evidence that schemes comply with relevant provisions of the environmental EU Directives, including EIA (2014/52/EU amending 2011/92/EU), Habitats (92/43/EEC) and Birds (2009/147/EC) Directives as transposed into the national law. In addition, the Promoter will be requested to deliver EIAs (if applicable) to the Bank before the Bank funds are disbursed. Upon the Bank's request, the Promoter will be requested to provide selected Energy Performance Certificates obtained in line with the EU Directive 2010/31/EU during implementation or after completion of works.

Overall, the net environmental impact is expected to be positive. In addition, the Project should bring about social benefits by regenerating affected urban areas and helping to improve the quality of building stock as well as the quality of life of residents. The investments to be financed will significantly contribute to the improvement of the urban environment.

The institutional capacity of the promoter to manage the environmental and social issues is deemed good. Therefore, subject to the conditions described above, the project is acceptable for the Bank in environmental and social terms.