



Luxembourg, 3 November 2022

Environmental and Social Data Sheet

Overview

Project Name:	FLAG DFI FL FOR URBAN AND GREEN PRIORITIES
Project Number:	2022-0482
Country:	Bulgaria
Project Description:	Loan to Fund FLAG to support urban renewal and rehabilitation investments in cities across Bulgaria.
EIA required:	This is multi-scheme Framework Loan operation. Some of the schemes may fall under Annex II of the EIA Directive and may 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 the Fund FLAG (FLAG) in order to leverage its funds to support investments in urban regeneration and rehabilitation in cities across Bulgaria. FLAG is going to channel the funds to final beneficiaries, which are expected to be municipalities, municipal enterprises and other institutions responsible for the provision of public services. FLAG is a public entity affiliated to the Ministry of Regional Development and Public Works.

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.) and vi) area based integrated urban regeneration. Investments will be in accordance with the applicable urban development strategies.

FLAG will be responsible for the coordination of the investment programme, investment selection process and monitoring of the investments (schemes). Investment selection criteria will include environmental due-diligence as well as the consistency between the schemes and the urban planning/development framework of the concerned area. Final beneficiaries will be responsible for the implementation of their own investments.

This is multi-scheme framework loan operation. Some of the schemes may require an Environmental Impact Assessment (EIA) under Annex II of the EIA Directive (2014/52/EU amending 2011/92/EU), and in such cases the FLAG will be required to

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.



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act according to the provisions of the EIA Directive which has been transposed into the national legislation.

The Regional Environmental Agencies are the competent authority regarding EIA screening decisions. The Agency competent for each scheme decides if it requires an EIA or not. Screening is carried out prior to issuing the construction permits. The decision of the Agency is requested by the FLAG from the final beneficiaries as part of the project application documentation.

Some of the schemes under the categories of improving sustainable urban transport and renovation and reconstruction of public buildings will potentially contribute to climate change mitigation.

National Climate Change Adaptation Strategy and Action Plan was approved by the Council of Ministers on 25 October 2019. The Plan has a dedicated assessment for urban development sector. Climate change impacts have been integrated in the national regulation for EIA. Spatial/urban planning at the sub-national level takes into account these potential impacts.

Social Assessment, where applicable

The Project's overall social benefit is expected to be positive resulting from the implementation of individual schemes with a high social and economic impact given their potential to provide better quality urban infrastructure and more liveable neighbourhoods. The Project will contribute to an improvement in the provision of education, public sports and recreation facilities, enabling the improvement of the well-being of citizens.

Public Consultation and Stakeholder Engagement

The individual investments are expected to form part of urban development plans for which public consultation is carried out.

Other Environmental and Social Aspects

The institutional capacity of the promoter to manage and monitor the environmental and social issues is deemed good.

Conclusions and Recommendations

Prior to disbursement against any specific scheme, the Promoter is to provide to the Bank evidence that the schemes comply with the 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 and social impact is expected to be positive. The institutional capacity of the promoter to manage and monitor the environmental and social issues is deemed good.



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Therefore, subject to the conditions described above, the project is acceptable for the Bank in environmental and social terms.