

# EIB and Fund FLAG agree €25 million loan for cities across Bulgaria



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- **20% of investment for energy efficiency and climate adaptation**
- **Supported projects expected to create 1 500 construction jobs**
- **Linked with advisory and technical assistance from European Investment Advisory Hub**

The European Investment Bank (EIB) and Fund FLAG have signed a €25 million loan to promote urban regeneration and rehabilitation in cities across Bulgaria. Fund FLAG will match the loan amount with €25 million of its own resources and channel the total €50 million to municipalities, municipal enterprises and other institutions responsible for providing public services.

Fund FLAG will support investments for upgrading urban green areas and open public spaces, improving sustainable urban transport and renovating and reconstructing public buildings (schools, health centres and administrative buildings). In addition, it will focus on upgrading small-scale basic municipal infrastructure (road network, drinking water and sewers) and climate change adaptation measures.

This operation forms part of a wider collaboration to increase the firepower of cohesion funding for urban development. Earlier this year, the EIB, the Fund of Funds (Fund Manager of Financial Instruments in Bulgaria) and Fund

FLAG [established the Bulgarian Urban Investment and Advisory Platform](#).

Financed by the European Investment Advisory Hub, this platform aims to benefit Bulgarian municipalities by coordinating the efforts of funding and advisory partners, both at EU and national level, and bringing together EU cohesion funding with EIB lending and advice via dedicated urban development financial instruments and intermediaries.

*“As we rebuild our economies following the COVID-19 crisis, we must pay special attention to urban development and make sure we build cities that will prosper today and far into the future,” said EIB Vice President Lilyana Pavlova. “The loan we signed today marks an important step in the EIB’s support for Bulgarian cities. It will make a positive contribution to economic growth and job creation, reducing energy bills for consumers and increasing the attractiveness of urban areas as business locations and tourism destinations. The EIB’s support for Fund FLAG will also play an important role in its facilitation capacity so that additional EU structural funds can be absorbed by the respective beneficiaries with the goal of supporting urban development. As the EU bank, we are committed to continuing to play our key role in supporting cohesion and climate action projects across Bulgaria through our lending and advisory activities.”*

*“The financing contract with the EIB is another step forward for Fund FLAG and financial instruments for urban development. By pursuing its mission to support the Bulgarian local authorities in their efforts to build sustainable, green and dynamically developing Bulgarian cities and regions for the last 13 years, FLAG has established itself as a reliable and preferred partner,” said FLAG Executive Director Nadia Dankinova. “We are confident that the implementation of the platform will fill a financing gap for important investment projects arising from municipal investment programmes. The partnership with the EU bank and the Bulgarian Fund of Funds is strategic and we are confident that it will be a long-term and very successful one. We are fully ready to start offering the product, structured with this financing contract, and to contribute to speeding up the economic recovery and the sustainable development of Bulgarian municipalities and regions.”*

## **Background information**

The [European Investment Advisory Hub](#) (EIAH) is a partnership between the EIB Group and the European Commission under the Investment Plan for Europe. The EIAH is designed to act as a single access point to various types of advisory and technical assistance services. It supports the identification, preparation and development of investment projects across the European Union. The EIAH is helping project promoters active in the urban development sector identify, prepare and implement more investments to increase the attractiveness and resilience of European cities. Today, the Hub’s partner network includes more than 40 local institutions, with almost 30 formal agreements signed with national promotional banks and institutions (NPBIs) and other partners. Through a dedicated call for proposals, the Hub made funding and technical support available to NPBI partners to develop their capacity to deliver advisory services locally and boost investments on the ground. Watch a short video on the [Advisory Hub’s support in Bulgaria here](#).

**Fund FLAG** is a state policy-driven instrument aimed at Bulgarian municipalities and their financing needs for investment projects implemented using grants under the Operational programmes or other European schemes. Fund FLAG provides bridge financing and long-term loans for the provision of own contributions. For the past 10 years, Fund FLAG has supported 220 out of the 265 municipalities in Bulgaria, allocating over €0.7 billion in loans.