



May 23, 2024

Environmental Minister Peter Dimitrov
cabinet.minister@moew.government.bg
cabinet.nedina@moew.government.bg
Bulgaria

Dear Minister Peter Dimitrov:

The U.S. Development Finance Corporation (“DFC”) is proposing to provide a loan guarantee of a Citibank-issued loan to Bulgartransgaz EAD (“BTG” and “the Borrower”) to support the expansion and operations of its Chiren natural gas storage facility (“the Project”).

DFC is an agency of the United States Government with a mandate to encourage and support U.S. private sector investments in developing countries and emerging economies. All DFC-supported projects must be economically, environmentally, and socially sound. DFC is required by U.S. law to notify appropriate governmental authorities of investments under consideration for DFC assistance that have the potential to pose significant impacts to the environment and/or surrounding communities.

DFC also is required by U.S. law to provide your government with information about standards and guidelines that have been developed by international organizations and by federal environmental regulatory authorities of the United States and that are applicable to such projects. DFC applies guidelines and standards established by the World Bank Group and other similar international organizations. The web site links to these relevant guidelines are attached to this letter.

According to the documentation submitted by BTG and reviewed by DFC, the major environmental and social issues associated with the Project include the need for appropriate health and safety measures and a robust environmental and social management system for day-to-day aspects of the Project’s construction and operations. Potential risks are associated with the handling of hazardous materials, fire, explosion, air emissions and their impact on ambient air quality, effluent discharges, waste (including hazardous waste) disposal, noise, releases to surface water and groundwater, occupational, health and safety (OHS), labor management, traffic management, community health, safety, and security, land acquisition and involuntary resettlement, biodiversity, and cultural heritage.

Our analysis confirms that the Project has been designed to minimize social and environmental impacts. The Project will use internationally accepted environmental and social management practices to mitigate potential impacts to acceptable levels and the Project will be properly managed so that it does not pose a significant hazard to the environment, public health, and worker safety.

We understand, of course, that the Project will be subject to the laws of Bulgaria with regard to the protection of the environment, public health, and safety.

If you have any questions about DFC's environmental and social assessment of this Project, you may contact Kate Dunbar, Assistant Vice President, Environmental and Social Analysis Group, at Katherine.Dunbar@DFC.gov.

Respectfully yours,

Elizabeth Boggs Davidsen
Vice President for Office of Development Policy

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Attachment

Applicable U.S. and International Standards and Guidelines

- (1) International Finance Corporation's Performance Standards:
<https://www.ifc.org/content/dam/ifc/doc/2023/ifc-performance-standards-2012-en.pdf>
- (2) International Finance Corporation's Environmental, Health and Safety Guidelines for Natural Gas Processing: <https://www.ifc.org/content/dam/ifc/doc/2000/2007-natural-gas-processing-ehs-guidelines-en.pdf>
- (3) International Finance Corporation's Environmental, Health and Safety Guidelines for Gas Distribution Systems: <https://www.ifc.org/content/dam/ifc/doc/2000/2007-gas-distribution-systems-ehs-guidelines-en.pdf>
- (4) International Finance Corporation's Environmental, Health and Safety Guidelines for Crude Oil and Petroleum Product Terminals: <https://www.ifc.org/content/dam/ifc/doc/2000/2007-crude-petroleum-products-terminals-ehs-guidelines-en.pdf>
- (5) International Finance Corporation's General Environmental, Health and Safety Guidelines: <https://www.ifc.org/content/dam/ifc/doc/2023/ifc-general-ehs-guidelines.pdf>