



ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACT OF SUSTAINABLE BONDS

**Allocation and impact of the Sustainable Bonds 2020
– First and Second issue**

December 2022



CONTENTS

1. Introduction	1
1.1. Background	1
1.2. Objectives of the project	2
2. Sustainable bonds in the Basque Country	3
3. Economic, environmental and social impacts	7
3.1. Allocation of the bond	7
3.2. Description of the projects and impact analysis	10
3.2.1. Social programmes and projects	10
3.2.1. Green programmes and projects	27
3.3. Summary of results	41
4. References	42

TABLES

Table 1: Allocation and impact of the Sustainable Bonds 2020 in the category of Affordable Housing	13
Table 2: Allocation and impact of the sustainable bond 2020 in the category of Education	16
Table 3: Allocation and impact of the sustainable bond 2020 in the category of Healthcare	19
Table 4: Allocation and impact of the sustainable bond 2020 in the category of Socioeconomic Advancement.....	22
Table 5. Beneficiaries of Social Emergency Benefits (AES) by province and items	23
Table 6: Allocation and impact of the sustainable bond 2020 in the category of Employment Generation.....	26
Table 7: Allocation and impact of the sustainable bond 2020 in the category of Renewable Energy	28
Table 8: Allocation and impact of the sustainable bond 2020 in the category of Clean Transport	31
Table 9: Allocation and impact of the sustainable bond 2020 in the category of Pollution Prevention and Control, Biodiversity Conservation and Climate Change Adaptation	34
Table 10: Allocation and impact of the sustainable bond 2020 in the category of Sustainable Water and Wastewater Management	37
Table 11: Summary of social programmes and projects financed	39
Table 12: Summary of green programmes and projects financed.....	40

FIGURES

Figure 1: Types of projects most commonly financed through the social bonds	1
Figure 2: Types of projects most commonly financed through the green bonds	1
Figure 3: The 17 Sustainable Development Goals.....	3
Figure 4: Alignment of the Euskadi Basque Country Agenda 2030 with the United Nations 2030 Agenda for Sustainable Development.....	4
Figure 5: Issues of sustainable bonds.....	5
Figure 6: Rates of contribution to the SDGs of the Basque municipalities (2020).....	6
Figure 7. Eligible projects, budget executed, total amount of the bond and proportion of green and social projects funded with the Euskadi sustainable bond	8
Figure 8: Relationship between some of the main objectives of the Government Programme and the SDGs	9

1. INTRODUCTION

1.1. Background

The **bond market** can play a fundamental role in funding projects which contribute to social and environmental sustainability. Development of the **green bond, social bond and sustainable bond** market is key to this.

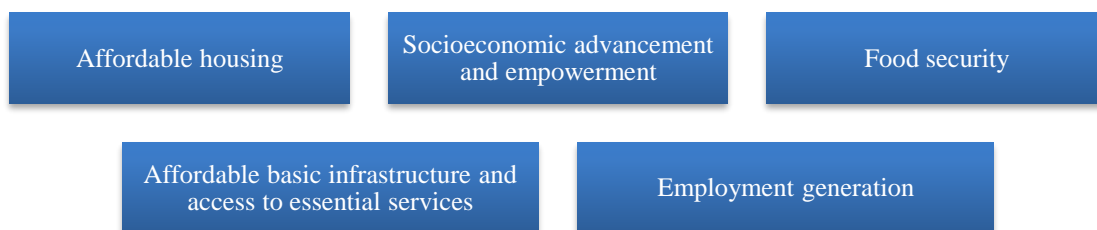
The first **green bond** came onto the market in 2008 as the result of a joint initiative between the World Bank and the Swedish financial group *Skandinaviska Enskilda Banken (SEB)*¹. Since then, increasingly more investors allocate part of their portfolios to supporting environmental, social and good governance projects. Green bonds guarantee that the money associated to their purchase is used to fund projects with a positive environmental impact.

Over the years, the concept of green bond has extended to bonds in other areas, such as **social bonds** (to support social causes), **blue bonds** (to support sustainable fishing and marine projects) and **sustainable bonds** (to support social and environmental projects). Sustainable bonds are any kind of debt issued by public and private institutions whose income is exclusively used to finance or refinance, partially or totally, new and/or existing green and social projects that contribute to achieving the Sustainable Development Goals.

The **issue** of green bonds, social bonds and sustainable bonds follows the **Green Bond Principles (GBP)** and the **Social Bond Principles (SBP)** established by the International Capital Market Association (2017-2018).

Principle 1: Use of proceeds. The proceeds must be used for projects with clear environmental benefits, which will be assessed and, where feasible, quantified by the issuer. In the event that all or a proportion of the proceeds are used for refinancing, it is recommended that the issuers provide an estimate of the percentage of financing vs. re-financing. The types of projects most commonly funded by social bonds are:

Figure 1: Types of projects most commonly financed through social bonds

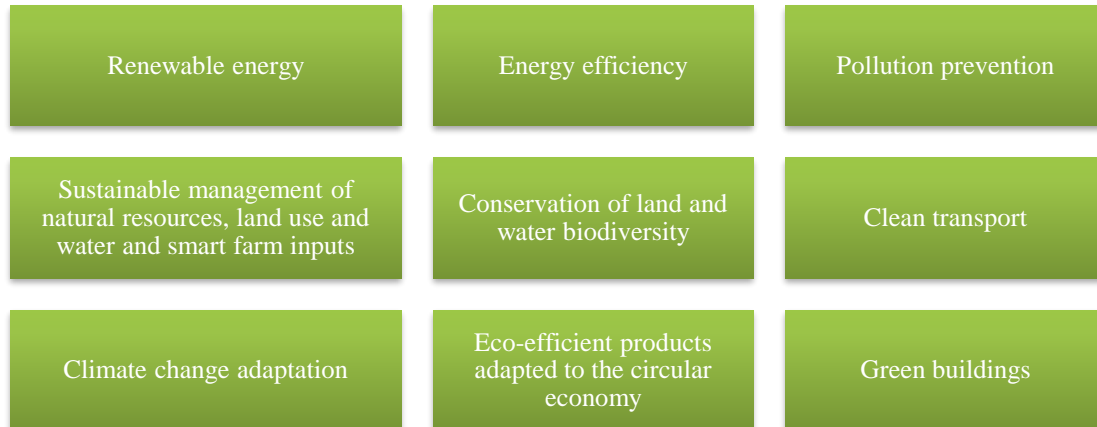


Source: own compilation

As far as green bonds are concerned, the most commonly financed projects are:

¹ <https://sebgroup.com/>

Figure 2: Types of projects most commonly financed through the green bonds



Source: own compilation

Principle 2: Project evaluation and selection process. Green bond issuers must clearly inform investors of the sustainability goals, the process determining how the projects fit within the above categories and the eligibility criteria, including, if applicable, exclusion criteria or any other process serving to manage risks and costs associated to the projects. They must therefore be transparent and allow the external evaluation of the review to proceed.

Principle 3: Management of proceeds. The proceeds must be tracked by the issuer in an appropriate and transparent manner, and formally attested to by the issuer. The issuer must also allow an auditor, or other third party, to verify the tracking method.

Principle 4: Reporting. The issuer must produce and keep annually updated information on the use made of the sustainability proceeds obtained. The report must include a list of projects to which the funds have been allocated, as well as a brief description of the projects and the amount allocated. It is **recommended that qualitative (and quantitative where possible) indicators be used** with regard to the bond performance.

1.2. Objectives of the project

The objective of this document is to present the **report on allocation and economic, environmental and social impact of the Basque Country Sustainable Bonds 2020**. This year there were two issues, the first in April, for the sum of 500 million euros, and the second in November, for 600 million euros. In this respect, an evaluation has been made of the individual impact of each project financed using economic, social and environmental impact indicators.

2. SUSTAINABLE BONDS IN THE BASQUE COUNTRY

In 2015, the **United Nations** General Assembly adopted the **2030 Agenda** for Sustainable Development which redeploys the Sustainable Development Goals (SDGs) for 2000-2015². Committed to adapting this Agenda to local scale, in 2018 the **Basque Government** presented the **Euskadi Basque Country Agenda 2030**, which reflects the commitment and contribution

² Agenda 2030 seeks to promote commitment to achieving 17 SDGs (and the 169 goals they develop) focused on 5 areas of special importance for humankind and the planet: People, Planet, Peace, Prosperity and Partnerships.

of the Government Programme for the XII Parliamentary term (2020-2024) to achieving the 17 SDGs indicated in Figure 3.






Figure 3: The 17 Sustainable Development Goals



Source: Basque Government (2018a)

The commitment to the SDGs is reflected through the country's 15 goals, 15 strategic plans, 54 sectoral plans, 28 legislative initiatives, 175 commitments, 650 initiatives and 100 indicators (see Figure 4).

Figure 4: Alignment of the Euskadi Basque Country Agenda 2030 with the United Nations 2030 Agenda for Sustainable Development

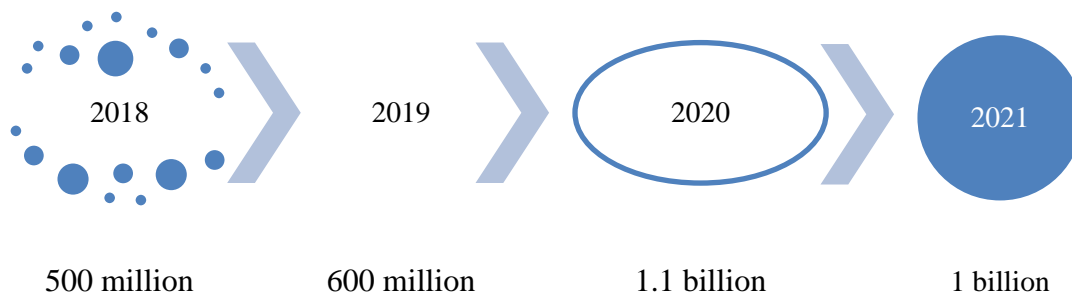
OBJETIVOS DESARROLLO SOSTENIBLE (ODS)	ESFERAS DE IMPORTANCIA	OBJETIVOS DE PAÍS	COMPROMISOS	INICIATIVAS	INDICADORES	PLANES ESTRATÉGICOS	PLANES SECTORIALES	LEYES
17	5	15	175	650	100	15	54	28
<ul style="list-style-type: none"> Fin de la pobreza Fin del hambre/ alimentación Vida Sana Educación Inclusiva Igualdad de género 	 PERSONAS	Reducir 20% tasa de pobreza Aumento de la esperanza de vida Aumentar la natalidad Abandono escolar <8% 75% de la población <25 años vascohablante Entre los primeros 4 países en igualdad de género	65	225	33	Plan Estratégico de Servicios Sociales Plan de Salud V Plan de Formación Profesional IV Plan Universitario VII Plan de Igualdad Agenda Estratégica del Euskera	18	10
<ul style="list-style-type: none"> Agua y saneamiento Consumo y producción sostenibles Cambio climático Recursos marinos Ecosistemas 	 PLANETA	Reducir 20% emisiones CO2	10	35	11	IV Programa Marco Medioambiental	11	3
<ul style="list-style-type: none"> Crecimiento económico y empleo Infraestructuras e innovación Energía Reducir la desigualdad Ciudades y asentamientos urbanos 	 PROSPERIDAD	Paro <10% 20.000 jóvenes con experiencia laboral 125% PIB de la UE 25% PIB Industrial 100 proyectos estratégicos de innovación Liderazgo en los índices de transparencia	64	278	51	Plan Estratégico de Empleo Plan de Industrialización Basque Industry 4.0 Plan Vasco de Ciencia y Tecnología Plan de Turismo, Comercio y Consumo 2017-2020 Plan de Gobernanza e Innovación Pública	16	13
<ul style="list-style-type: none"> Paz y Justicia 	 PAZ	Desarme y disolución de ETA	24	80	3	Plan Convivencia y Derechos Humanos Plan de Seguridad Pública	6	2
<ul style="list-style-type: none"> Allianzas / Cooperación al desarrollo 	 PARTENARIADO	Nuevo estatus político	12	32	2	Estrategia de Internacionalización "Euskadi Basque Country"	3	

Source: Basque Government (2018a)

In this context, the **Basque Government** has developed a **Framework of Sustainable Bonds** (Basque Government, 2018b) for both green and social projects. This framework is aligned with the four Green Bond Principles and Social Bond Principles mentioned above: (a) use of proceeds; (b) project evaluation and selection; (3) management of proceeds; and (4) the drawing up of **annual reports on allocation and environmental, economic and social impact**.

The Basque Government has issued six sustainable bonds to date. Figure 5 gives a graphic overview of the bonds issued to date and their amounts.

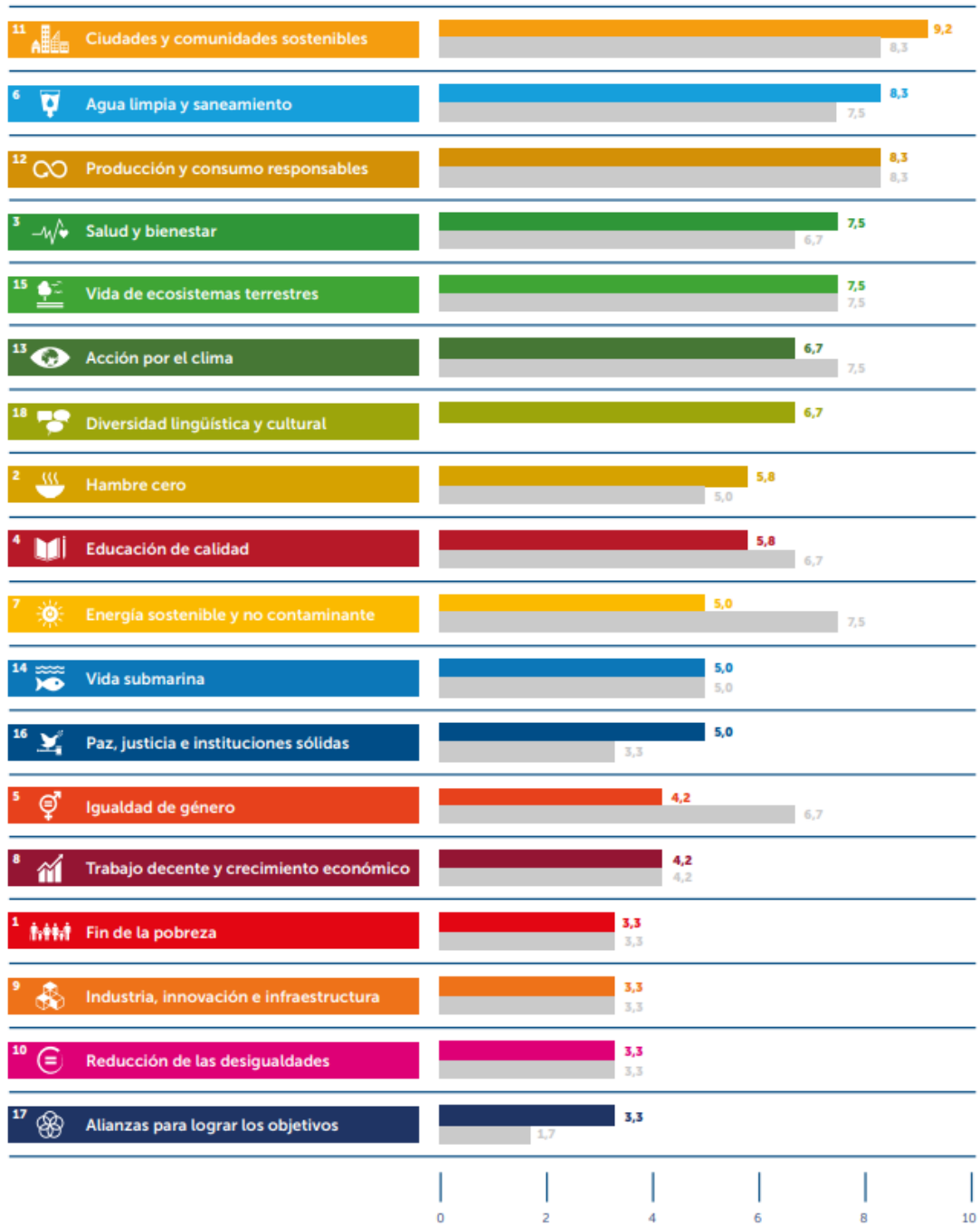
Figure 5: Issues of sustainable bonds



Source: own compilation

As was the case for the 2018, 2019, and the two 2020 issues, the Issue of Sustainable Bonds 2020 has been used to fund projects aligned with the Euskadi Agenda 2030 and the SDGs. The objective is still to keep the Basque Country among the pioneering regions in its commitments and progress made towards fulfilment of the SDGs. According to the latest report published by the Basque Network of Sustainable Municipalities (Ihobe, 2021a) for the year 2020, regarding the Contribution of Basque municipalities to the Sustainable Development Goals, the greatest achievements obtained by local sustainability policies in the Basque Country have been observed in Sustainable Cities and Communities (SDG 11), Good Health and Well-being (SDG 3), Responsible Production and Consumption (SDG 12) and Climate Action (SDG 13). On the other hand, numerous challenges remain in place on the local 2030 Agendas in relation to the goals on Affordable and Green Energy (SDG 7), Gender Equality (SDG 5), Decent Work and Economic Growth (SDG 8), No Poverty (SDG 1), Reduced Inequalities (SDG 10), Life Below Water (SDG 14) and Partnerships for the Goals (SDG 17). Figure 6 shows the contribution rate to each SDG based on (i) the available information, (ii) the level of intervention, and (iii) the achievements obtained by the Local Sustainability Action Plans of the Basque municipalities, with the comparative rates of the previous report (corresponding to 2015) appearing below these.

Figure 6: Rates of contribution to the SDGs by the Basque municipalities (2020)



Source: Ihobe (2021a)

3. ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS

This section includes the allocation and impact report on the Issue of Sustainable Bonds 2020. It includes (1) a description of the projects, their objectives and their relationship with the United Nations Sustainable Development Goals, and (2) the impact of the Sustainable Financing instruments broken down into eligible categories. For this second point, account has been taken of *the proportion of financing represented by Sustainable Bonds with respect to the total executed by the Basque Government*.

The Issue of Sustainable Bonds 2020 yields environmental and social benefits. The social impacts are generally measured in terms of number of beneficiaries (for example, students who receive grants, people awarded different kinds of allowances for housing, or people with difficulties of inclusion in regard to employment). The environmental impacts are generally measured taking account of physical improvements (for example, energy savings, restored land surface, material savings or the reduction in greenhouse gas emissions).

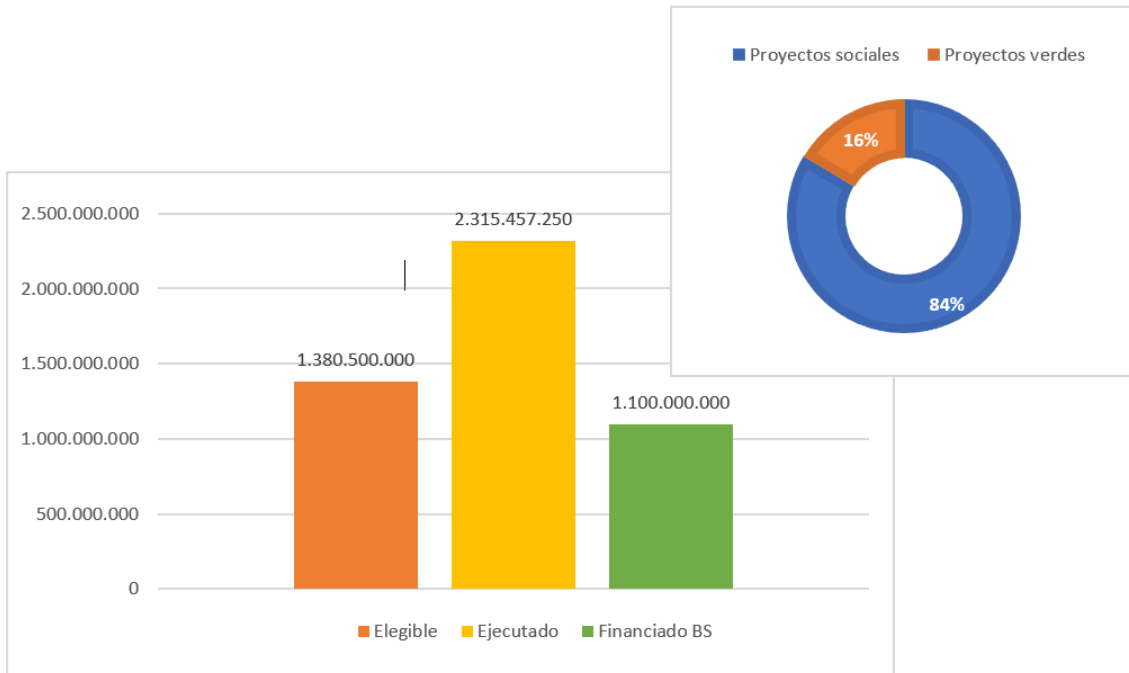
3.1. Allocation of the bond

In 2020, the Basque Government **executed** a budget of **€2,315,457,251** (a reduction of 18% with respect to the amount executed in 2019) in social (€2,091,050,524; 90%) and green projects (€224,406,727; 10%). The sum of the **eligible assets** selected for the Issue of Sustainable Bonds 2020 came to €1,380,500,000, of which €1,187,500,000 (86%) correspond to eligible social projects³ and €193,000,000 (14%) to eligible green projects⁴. The amount of the **Sustainable Bonds** (or sustainable financing instruments) allocated to eligible green projects came to €180,763,187 (94% of eligible green projects). With respect to eligible social projects, the amount financed with the sustainable financing instruments came to €919,236,814 (77% of eligible social projects). The growing interest of the Basque Government itself in developing green projects has meant that the amount finally allocated to executing projects in this category was higher than the eligible amount initially envisaged for this type of projects.

³ Affordable housing; Education; Healthcare; Socioeconomic advancement; Employment generation and economic inclusion

⁴ Renewable energies; Clean transport; Environmental protection; Water management.

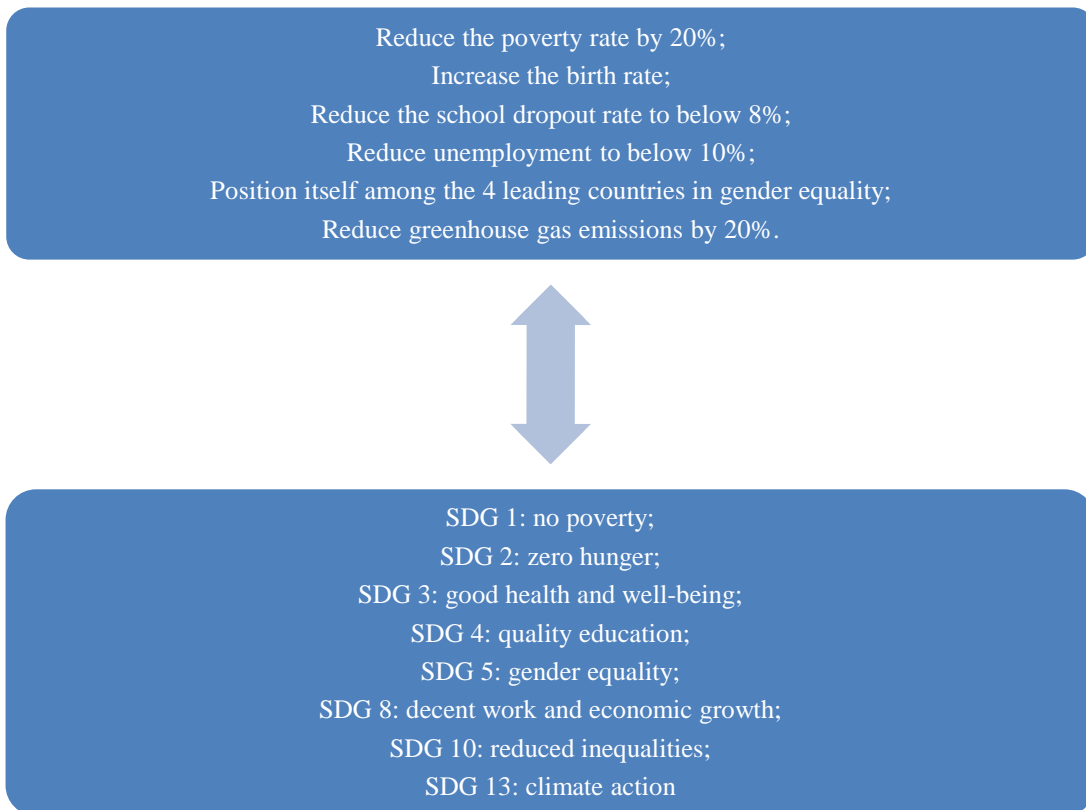
Figure 7. Budget executed, eligible projects, total amount of the bond and proportion of green and social projects financed with the Euskadi sustainable bond



Source: own compilation

The selection of programmes to be financed was decided by the **Basque Government Sustainable Bonds Committee**, made up of four representatives of the Ministry of Treasury and Economy, and one representative each of the Ministries of Economic Development and Infrastructures (Environment, Land Use Planning and Housing; Employment and Social Policies; Healthcare; and Education). To select the projects and the proportions of each one to be funded with the bond, account has been taken of the extent of their alignment with the SDGs and, therefore, with the objectives of the Government Programme (see **¡Error! No se encuentra el origen de la referencia.:** Relationship between some of the main objectives of the Government Programme and the SDGs).

Figure 8: Relationship between some of the main objectives of the Government Programme and the SDGs



Source: Metroeconomica

Social projects: priority has been placed on fostering investment rather than expenditure and, within the investments made, priority has been given to projects corresponding to the following objectives of the Government Programme; Reduce the poverty rate by 20%; Increase the birth rate; Reduce the school dropout rate to below 8%; Reduce unemployment to below 10%; Position itself among the 4 leading countries in gender equality. These objectives are in turn aligned with the following SDGs: SDG 1 (no poverty); SDG 2 (zero hunger); SDG 3 (good health and well-being); SDG 4 (quality education); and SDG 5 (gender equality).

Socioeconomic advancement

- Guaranteed Minimum Income (RGI) associated to wage supplements. This part of the RGI is very closely related to improving quality of life in general and to improving the quality of life of women in particular (a high percentage of women receive no wage top-up), an objective aligned both with SDG 5 and with the Basque Government objective to achieve gender equality.
- Programmes of social emergency allowance packages and benefits to help families aligned with SDG 1 and SDG 10, and with the Government objective to increase the birth rate.

Employment generation

- Job insertion. These projects are aligned with SDG 8 and with the Government Programme to reduce unemployment to below 10%.

Education

- Non-university and university grants. These projects are aligned with SDG 4 and with the Government objective to reduce the school dropout rate to 8%.

With respect to green projects, the greatest support has been given to the environmental aspect. This means that almost all of the budget executed in eligible green projects has been financed with the sustainable bond: €180,763,187 of the €224,406,727 executed. The priority assigned to this type of projects is aligned with the Government objective of reducing greenhouse gas emissions by 20%.

3.2. Project description and impact analysis

3.2.1. Social programmes and projects

AFFORDABLE HOUSING: €116,211,929

Context

In 2018 the Basque Government approved the **Housing Master Plan 2018-2020** with the aim of guaranteeing a housing policy that would enable **access to affordable housing by disadvantaged people**, thus responding to the subjective right to housing and favouring access to rented housing. To promote and increase availability and access to housing, the Basque Government provides **subsidies** through a number of **eligible projects**:

- **Top-up Housing Allowance (PCV)** for people with a monthly income lower than the amount of the Guaranteed Minimum Income (RGI) to which they may have the right depending on the number of members in their cohabitation unit.
- **Housing Allowance (PEV)** for those who do not have sufficient economic resources or means to access a house and whose annual income is lower than €9,000, €12,000 or €15,000 depending on whether they live in units of 1, 2, 3 or more members, respectively. The Law stipulates a maximum allowance of €250/month.
- **Construction of new subsidised rental housing** and of new Rental Housing for Temporary Occupancy (ADA). This programme responds to the stipulations of the Housing Law 3/2015, of 18th June, establishing that available resources must be primarily allocated to the rental system, meaning that fostering rental is a core initiative of the housing policy. Said preference for rental means that, except in the case of those earmarked for renovation, 80% of housing resources will be allocated to rental policies by 2020.
- **BIZIGUNE Programme** to encourage privately-owned uninhabited houses to be made available on the rental market, offering advantages both to the owners of said houses, and to current and future tenants. The owners benefit from the guarantee of receiving income from rental and the tenants benefit from a rent allowance to ensure that the cost of rental comes to no more than 30% of their income. The commitments and resources are also intensified.

- **GAZTELAGUN Programme**, which provides a rent allowance to young people between the ages of 23 and 34. This allowance, for maximum rents of 600 and 750 euros in towns and cities respectively, covers up to 50% of the monthly cost of rental during a period of three years. The beneficiaries must have a regular source of income earning them a gross annual income higher than the limits in place at any given time for receiving the RGI and equal to or lower than €12,000, €15,000 and €18,000, depending on whether there are 1, 2 or 3 residents.
- **Renovation and/or restoration of houses and buildings**, to improve the access and mobility of persons, including materials and labour costs.

These projects are aligned with the target defined in the Euskadi Basque Country Agenda 2030 to **develop the subjective right to housing** and will contribute to achieving the objective of **reducing the poverty rate by 20%** in the Basque Country. Furthermore, it will help the Basque Country to advance in the fulfilment of SDG 1 (no poverty) and SDG 11 (sustainable cities and communities).

Allocation and impact

In 2020, a total of €116,211,929 (10.56% of the bond total and 83.01% of the eligible amount associated to this project category) of the Sustainable Financing instrument funds were allocated to financing subsidies related to the **affordable housing** programme. The sum of €109,711,929 (9.97% of the bond total) was allocated to financing the **PCV, PEV and BIZIGUNE** programme allowances, benefitting an approximate total of 38,500 homes: 32,520 received the PCV and 1,110 the PEV, while 4,870 were recipients under the BIZIGUNE programme.

Another part of the amount corresponding to the Sustainable Financing instrument funds allocated to the Affordable housing programme were used to **build housing for rental**, a project on which the Basque Government has spent a total of €6,500,000 (0.59% of the bond total and 54% of the eligible total for this project category) of the Sustainable Financing instruments. The number of families to receive **direct allowances** towards their rental stands at 35,490 (PEV, PCV and the Gaztelagun programme) in 2020. The total amount of these allowances has been financed by the Sustainable Bonds. On the other hand, the number of homes available for public rental managed by Alokabide in the same year stands at 14,929, 92% of which (13,687) have been rented out.

Assuming that the total sum of the bond was allocated in 2020 to the construction of new homes and based on the Basque Government estimates that, for every million euros invested in the construction of new homes some 35 jobs are created (Basque Government Ministry of Housing, Transport and Public Works, 2010), it is estimated that the amount of the sustainable bond allocated to financing the building of homes for rental created a total of **228 jobs**.

Regarding the grants for the **restoration and/or renovation of houses and buildings**, in 2020 there were a total of 9,298 beneficiaries: 7,519 homes and 1,779 communities. However, these figures are not attributed to Sustainable Financing, given that the bonds were not used for this item in the budget. Its contribution is, therefore, zero. The same situation applies to the GAZTELAGUN programme, where all of the young people who applied for the allowance (1,620 in total) received it. However, these allowances were not financed by the Sustainable Bonds and their impact in this category is therefore zero.

Table 1 shows the financing, both of the programme and of the projects making it up, and the indicators used to assess the economic impact.

Table 1: Allocation and impact of the First Issue of Sustainable Bonds 2020 in the category of Affordable Housing

Projects	Related SDG	Executed	Eligible	Bond allocation	% compared to the bond total	Impact indicators			
						Indicator	Number	Indicator	Number
AFFORDABLE HOUSING		120,955,095	140,000,000	116,211,929	10.56%				
PCV and PEV financing	SDG 1: No poverty SDG 11: Sustainable cities and communities	79,750,590	68,000,000	79,184,655	7.20%	No. beneficiary households	38,740		
BIZIGUNE programme financing		30,527,274	30,000,000	30,527,274	2.78%				
GAZTELAGUN programme		2,941,676	7,500,000	0	0.0%	No. young beneficiaries	-	% of beneficiary young people with respect to applicants who meet the requirements	-
Construction of homes for rental		6,500,000	12,000,000	6,500,000	0.59%	Public homes available for rental	14,929	% public homes actually rented out	91.7
						Jobs created	228		
Grants for the restoration and/or renovation of housing and buildings		1,235,555	22,500,000	0	0.0%	No. beneficiary households	-	% beneficiary households with respect to applicants who meet the requirements	-
	No. beneficiary communities					-	% beneficiary communities with respect to applicants who meet the requirements	-	

Source: own compilation, with data provided by the Basque Government

EDUCATION: €139,343,696

Context

Education is essential in order to promote equal opportunities and build democratic, socially oriented, caring and responsible cohabitation, as well as to generate economic progress and well-being. Strategic planning with respect to education in the Basque Country is defined in the HEZIBERRI Plan 2020, the Basque University System Plan 2019-2022 and the V Basque Vocational Education Plan 2018-2021.

The **HEZIBERRI Plan 2020** defines the framework of the pedagogy and education model. The **Basque University System Plan 2019-2022** seeks to strengthen the Basque University System based on specialised strategies and plans developed in five areas: research in excellence, university-business relations, education based on innovative methodologies, internationalisation and the university community. For its part, the **V Basque Vocational Education Plan 2018-2021** develops the framework for strategic planning in professional training with the ultimate aim of empowering the Basque human resources and their employability by means of improving their skills and knowhow while making a determined commitment to specialisation and the development of new sectors.

Eligible projects include the following:

- Setting up of nurseries.
- The Bidelaguna, Hamaika Esku, Specific Education Support and Supplementary Education Programmes (Ostatuz / Bideratuz), as well as territorial programmes to eradicate absenteeism and the lack of schooling.
- Programmes guaranteeing adequate education for immigrant pupils in the framework of the inclusive and intercultural school, introducing language support needs to schools with immigrant pupils who don't know the languages used at the school, specific intervention programmes, etc.
- Access by young people in the most vulnerable situations to professional training and the fostering of their transition into employment.
- Construction, restoration and maintenance of public schools and vocational education centres.
- Financing of the development and maintenance of public universities.
- Acquisition of equipment to guarantee quality tuition in schools providing public education.

These projects support the needs identified in the strategic plan and are aligned with the objectives indicated in the Euskadi Basque Country Agenda 2030 of reducing the school dropout rate to below 8%. They also help to progress towards fulfilment of SDG 4 (quality education), attracting research talent to join the Basque University System by means of hiring research professors.

Allocation and impact

In 2020, a total of **€139,343,696** (12.67% of the bond total and 83% of the eligible total associated to this category) of the Sustainable Financing instruments were allocated to

education. These funds were dedicated to supporting educational programmes for young people between the ages of 14 and 25 years and to supporting the successful integration of disadvantaged groups⁵ to the education system. The subsidies were issued in the shape of **non-university grants** (€51,867,569; 4.72% of the bond total) and **university grants** (€26,975,000; 2.45% of the bond total).

The **non-university grants** financed with the Sustainable Financing instruments contributed to reducing the economic barriers representing an obstacle for their access to education in the case of 121,835 students from disadvantaged families. The Sustainable Financing awarded grants and enabled the access to education by 30% of non-university students.

The **university grants** financed with Sustainable Financing instruments covered the transport costs of 13,055 students at university and other higher education options with special and/or high dependency needs.

Furthermore, of the amount invested in education, €12,785,657 (1.16% of the bond total and 41.21% of the eligible total) went to **building work and equipment for nursery and primary schools**, and €20,911,564 (1.90% of the bond total and 51% of the eligible total) to **secondary schools** for the same purposes. Examples of these investments are the purchase of didactic material, renovation and building work at schools and the purchase of office furniture and equipment. Lastly, €13,512,440 (1.23% of the bond total and 96% of the corresponding eligible total), went to **financing development and maintenance of the University of the Basque Country (UPV/EHU)**.

Added to this is the financing issued to deal with the crisis caused by the **covid-19 pandemic**. The sum of €3,510,000 was therefore allocated to hiring additional staff to cover those who were on sick leave (0.32% of the total and 14% of the corresponding eligible total). Furthermore, non-university and university grants were eventually increased by €4,000,000 (0.36% of the bond total) and €4,324,430 (0.39% of the bond total) respectively to provide economic support to students during the crisis. Lastly, €1,457,036 (0.13% of the total and 10% of the corresponding eligible total) was allocated to renovating schools.

Table 2 shows both the total financing of the programme and the projects that make it up, as well as the indicators used to assess the economic impact on education.

⁵ Disadvantaged groups are understood to be young people in situations of greater vulnerability due to not having completed their Compulsory Higher Education (ESO).

Table 2: Allocation and impact of the sustainable bond 2020 in the category of Education

Projects	Related SDG	Executed	Eligible	Bond allocation	% compared to the bond total	Impact indicators	
						Indicator	Number
EDUCATION		159,477,761	213,500,000	139,343,696	12.67%		
Building and fitting out of nursery and primary schools	SDG 4: Quality education	24,919,722	31,000,000	12,785,657	1.16%	No. actions to build and fit out nursery and primary schools	104
Building and fitting out of secondary schools and vocational education centres		20,911,564	41,000,000	20,911,564	1.90%	No. actions to build and fit out secondary schools and vocational education centres	198
Public procurement contract and UPV investment		13,512,440	14,000,000	13,512,440	1.23%		
Non-university grants		51,867,569	57,000,000	51,867,569	4.72%	No. disadvantaged non-university students with grants	121,835
University grants		26,975,000	26,500,000	26,975,000	2.45%	No. special needs university students with grant	13,055
Additional COVID staff		11,510,000	25,000,000	3,510,000	0.32%		
Increase in non-university grants		4,000,000	4,000,000	4,000,000	0.36%		
Increase in university grants		4,324,430	-	4,324,430	0.39%		
Renovation of schools, COVID		1,457,036	15,000,000	1,457,036	0.13%		

Source: own compilation, with data provided by the Basque Government

HEALTHCARE: €300,000,000

Context

In the Basque Country, healthcare is conceived as a cross-discipline, interdepartmental, interinstitutional and inter-sectoral priority. The integral priority and nature of healthcare is reflected in the multiplicity of government plans (seven in total) and departments (twenty-three in total) which address the complexity inherent to many healthcare problems whose unclear borders make them difficult to solve with isolated initiatives. The **Healthcare Plan 2013-2020**, which defines the lines to be followed and priorities to be attended to in the coming years, has safeguarded and reinforced the principles that inspire the Basque Public Health System: universality, fairness, solidarity, quality services, sustainability and citizen participation.

The funds corresponding to the Sustainable Financing instruments can be used for the following **eligible projects** which will guarantee universal access to a quality public healthcare service for the citizens of the Basque Country (including, but not limited to, vulnerable groups), contribute to the Country objective as defined in the Euskadi Basque Country Agenda of raising the life expectancy of those born in the Basque Country and will enable advancement towards SDG 3 (good health and well-being):

- Development, maintenance and modernisation of the facilities (infrastructure) belonging to the Public Health System (hospitals, health centres, mental health centres, etc.).
- Financing of the RENOVE plan for health centres (renovation of public buildings and centres).
- Providing of medical care in areas not sufficiently attended to or to vulnerable populations, guaranteeing universal access to health services by removing the barriers represented by physical aspects and transport for people with functional diversity, gender barriers, barriers due to the social stigma caused by certain diseases and disorders, and social, cultural and economic barriers.
- Financing of medical equipment or the provision of diagnostic services for public health and mental health centres and hospitals.
- Financing of programmes and plans to promote healthcare and to prevent and treat specific diseases.
- Financing activities to prevent and treat addictions.

Allocation and impact

In 2020, a total of €300,000,000 (27.27% of the total bond, and the full eligible total) of the Sustainable Financing instrument funds were allocated to financing **healthcare**. Within this programme, the entire amount of available funds was once again allocated to **investments to modernise the Health Service**.

Part of the total amount went to financing the cost of **hospital and non-hospital pharmacy** services as follows: €4,000,000 (3.64% of the total bond) and €87,245,717 (7.93% of the total bond) respectively, amounting to a total of €127,245,717 between both areas (11.57% of the total bond). This sum was greater than the eligible total for the two categories combined (€75m) as a result of the pandemic, which led to an increase in the financing. Thanks to

Sustainable Financing, 5,468,549 prescriptions were issued and 204,265 people received chronic medical treatment, while 285,320 tests to detect Covid-19 were carried out. In addition, 70,996 were treated for more than one ailment thanks to the bonds.

Another part of the total was used to make **investments in healthcare**, such as extensions of existing hospitals and health centres and investment in facilities, amounting to €51,777,302 (4.71% of the bond total and 94.14% of the eligible total for this category). Thanks to this, work was carried out to build 6 new health centres and to renovate others.

In addition, several expenses arising from the COVID-19 pandemic were financed. €40,605,261 (3.69% of the bond total and 100% of the eligible total in this category) went to hiring staff to handle the consequences of the pandemic. On the other hand, €52,834,791 (4.80% of the total bond and 61.16% of the corresponding eligible total) were allocated to purchasing medical equipment and €26,426,653 (2.74% of the bond total and 88.1% of the eligible total) to conditioning a total of 11 hospitals and medical centres.

Table 3 shows both the total financing of the programme and the projects that make it up, as well as the indicators used to assess the economic impact on health.

Table 3: Allocation and impact of the sustainable bond 2020 in the category of Healthcare

Projects	Related SDG	Executed	Eligible	Bond allocation	% compared to the bond total	Impact indicators			
						Indicator	Number	Indicator	Number
HEALTHCARE		1,201,341,330	300,000,000	300,000,000	27.27%				
Financing of hospital and non-hospital pharmacy costs	SDG 3: Good health and well-being	830,687,047	75,000,000	127,245,717	11.57%	No. polymedicated people	70,996	No. prescriptions	5,468,549
Healthcare investments		60,477,302	55,000,000	51,777,302	4.71%	No. people with chronic treatment	204,265		
Additional pharmacy expenses		1,110,276	5,000,000	1,110,276	0.10%	Work to construct and renovate health centres	6		
COVID staff costs		140,605,261	50,000,000	40,605,261	3.69%				
COVID medical equipment		139,634,791	85,000,000	52,834,791	4.80%	No. COVID tests carried out	285,320		
Conditioning of hospitals and medical centres		28,826,653	30,000,000	26,426,653	2.40%	No. hospitals and medical centres reconditioned	11		

Source: own compilation, with data provided by the Basque Government

SOCIOECONOMIC ADVANCEMENT: €249,636,041

Context

The **IV Basque Inclusion Plan 2017-2021** is the principal instrument for articulating and structuring Basque policies to promote social inclusion and prevent occurrence of the risk factors of exclusion and/or vulnerability that may lead to situations of social exclusion.

Regarding guaranteed income and social inclusion, the plan establishes the need to *“Preserve and improve the Basque model of guaranteed income, guaranteeing its social legitimacy and financial sustainability in coming years”* in order that it may continue to help keep the poverty and exclusion rates of the Basque Country below the EU average and consolidate the Autonomous Basque Country as one of the societies with the lowest levels of inequality in Europe. To do this, it establishes the following objectives: (1) Consolidate the Guaranteed Minimum Income (RGI), keeping it at the forefront of social policies within Europe; (2) Guarantee Social Emergency Benefits (AES) to enable improved adjustment of the allowances system to the new needs; (3) Foster the redesign of passive employment policies corresponding to the state; and (4) Improve and rationalise the system of providing financial allowances to families with children.

The Sustainable Financing instrument funds will be allocated to financing projects which maintain and foster the Basque model of Guaranteed Income and promote social inclusion, thereby contributing to the objectives of **reducing the poverty rate by 20%** and **positioning the Basque Country among the leading 4 countries in gender equality**, and, at the same time, advancing with SDG 1 and SDG 10. The eligible projects include:

- Financing of the **Guaranteed Minimum Income** (RGI), a financial allowance intended to cover the basic needs of its beneficiaries. The allowance comes in two types: (1) Basic Income for Inclusion and Social Protection, for people who have no working income, when their monthly level of accountable income is lower than that of the Basic Income for Inclusion and Social Protection to which they may have the right; (2) Top-up Allowance intended to top up the level of resources of cohabitation units which, although they do receive income from work, have a monthly income lower than the amount of the Basic Income for Inclusion and Social Protection to which they may have the right.
- Financing of the **Social emergency allowance** (AES) programmes. Non-periodical financial allowances for people whose resources are insufficient to meet the specific ordinary and extraordinary expenses required to prevent, avoid or relieve situations of social marginalisation. These allowances cover emergency financial situations arising due to an unexpected occurrence or to the scarcity of financial resources obtained from periodical economic allowances. These situations may occur as a result of a specific circumstance, or at different times during extensive periods of peoples' lives. The AES is used as a palliative resource to avoid situations which may imply hardships and the inability to meet basic needs.
- Financing of **family support allowances** (PAF). The Basque Government Ministry of Employment and Social Policies has different kinds of allowances to enable families to achieve a work-life balance, and to support the co-responsibility of men and women in the family setting: (1) allowances for workers on leave of absence or with reduced working hours in order to care for their children; (2) allowances for workers on leave of absence or

with reduced working hours in order to care for family members in a situation of dependency or extremely poor health; (3) Allowances for replacing workers on leave of absence or with reduced working hours in order to care for children or for family members in a situation of dependency or extremely poor health; (4) allowances to hire workers to care for underage children.

- Financing of Programmes to guarantee equal opportunities from birth and guarantee their well-being.
- Financing of expenses related to the providing of goods and services to support the victims of gender-based violence.

Allocation and impact

In 2020, 22.69% (€249,636,041) of the Sustainable Financing instrument funds were allocated to financing part of the Basque Guaranteed Income and Social Inclusion System allowances, namely RGI, AES and PAF. A total of €170,750,000 (15,52% of the bond) were allocated to paying the **RGI** to **24,412 people**, of whom 3,769 are new recipients. Priority was given to the part of the RGI related to the Income Top-up Allowance (4,397 beneficiaries), closely linked to improved quality of life and especially requested by **women**.

The Sustainable Financing instrument funds allocated to financing **AES** amounted to €27,376,533 (2.49% of the bond total and 99.55% of the eligible total in this category). This investment brought the total number of beneficiaries to 63,276 people with insufficient resources to cover specific costs in the BAC (10,183 in Araba, 35,123 in Bizkaia and 17,979 in Gipuzkoa). Within this total number of beneficiaries are 33,304 cohabitation units (4,582 in Araba, 19,859 in Bizkaia and 8,863 in Gipuzkoa). In relation to COVID, financing of the AES programme in 2020 finally rose by €15,359,067, representing a total of €42,771,600, translating into 3.89% of the bond total and 98.3% of the eligible total.

€29,122,343 (2.65% of the bond and 72.80% of the amount established as eligible for this purpose) were allocated to **family support allowances** . A total of €14,890,100 were allocated to **financial allowances to support families** with children, benefitting **17,949 people**. The remaining €14,232,243 were allocated to financing the **financial allowances to achieve work-life balance**, received by **9,365 people**.

In 2020, a contribution of €2,996,601 (0.27% of the bond total and 30% of the associated eligible total) went towards creating a social exclusion fund linked to COVID. On the other hand, an allowances programme was launched to help families struggling from the effects of the pandemic. The financing of this item by means of the sustainable bonds was €3,995,498 (0.36% of the bond total and 21% of the corresponding eligible total), associated to a total of 1,592 allowances.

Table 4 shows the funding, divided into the total financing of the programme and the projects making it up, as well as the indicators used to evaluate the economic impact in the socioeconomic advancement programme.

Table 4: Allocation and impact of the sustainable bond 2020 in the category of Socioeconomic Advancement

Projects	Related SDG	Executed	Eligible	Bond allocation	% compared to the bond total	Impact indicators			
						Indicator	Number	Indicator	Number
AVANCE SOCIOECONÓMICO		489,181,191	370,000,000	249,636,041	22.69%				
Financing of RGI	SDG 1: No poverty SDG 10: Reduced inequalities	382,933,359	157,500,000	170,750,000	15.52%	No. RGI recipients	24,412	New RGI recipients	3.769
						Recipients of RGI to supplement income from work	4,397		
Financing of AES programmes		43,376,533	43,500,000	42,771,600	3.89%	No. AES beneficiaries*	63,276	% people with insufficient resources who receive AES over total applicants	100
Financing of family allowances		43,879,201	40,000,000	14,890,100	1.35%	No. families with children receiving allowances	17,949		
				14,232,243	1.29%	No. work-life balance allowance recipients	9,365		
COVID social exclusion fund		2,996,601	10,000,000	2,996,601	0.27%				
Subsidies to the self-employed and independent entrepreneurs	15,995,498	19,000,000	3,995,498	0.36%	No. subsidies awarded	1,592			

Source: own compilation, with data provided by the Basque Government

* Below is a breakdown of the number of AES benefits by province and purpose:

Table 5. Beneficiaries of AES benefits by province and purpose

	ARABA	BIZKAIA	GIPUZKOA	BAC
Purpose	No. of benefits			
Rental	2,171	6,755	3,402	12,328
Loan payment interests	251	2,523	1,033	3,807
Other maintenance costs	4,287	11,170	4,985	20,442
Furniture and household appliances	69	802	110	981
Repairs	11	497	173	681
Basic needs	355	6,613	3,032	10,000
Debt repayment	1,495	1,612	1,401	4,508
Energy	1,544	10,821	3,815	16,180

Source: own compilation, with data provided by the Basque Government

EMPLOYMENT GENERATION: €114,045,148

Context

The Basque Government provides incentives for public policies of an economic and social nature with the direct objective to create more and better quality jobs in the framework of sustainable growth.

The response to this commitment to employment and economic reactivation is the “Framework-Programme for Employment and Economic Reactivation: Euskadi 2020”. This framework programme has an agglutinating nature and is constituted with a Country-wide strategy, developed and divided into five strategic plans: **Strategic Employment Plan 2020**, **Industrialisation Plan 2017-2020**, **Science-Technology and Innovation Plan 2020 (PCTI 2020)**, **“Basque Country” Internationalisation Strategy 2020** and the **Tourism, Trade and Consumption Plan 2017-2020**.

In this context, **Eligible Projects** are defined as those that support the generation of employment in the different economic sectors and finance programmes which support unemployed people in their training and education, aiming to **bring the unemployment rate down to below 10%** at the end of the parliamentary term and to ensure that 20,000 young people acquire work experience. These projects also help to achieve progress in the fulfilment of SDG 8 (decent work and economic growth). They include the following:

- Support of programmes for employment in local commerce, in the local primary sector and in the tourist sector, including training courses.
- Support of programmes that foster social economy, innovative entrepreneurship and self-employment.
- Support to the development of Regional Employment Plans in areas of the Basque Country with an unemployment rate of more than 12.4% (the average in the Basque Country currently stands at 11.1%).
- Financing of the LEHEN AUKERA Programme (a programme to foster the employability of young or unemployed people by means of a work contract enabling them to have their first work experience).
- Financing of the dual training programme to support the transition from education to work, including programmes to develop employment plans for young people.
- Takeover/renovation programmes.
- Financing of programmes for employment including, but not limited to, programmes for the return of young people to the education/job market and training for employment.

Allocation and impact

In 2020, 10.37% (€114,045,148) of the total Sustainable Financing instrument funds were allocated to financing **local employment plans** (including subsidies for regions and municipalities especially affected by unemployment) for the purposes of hiring unemployed people registered as job seekers with Lanbide.

Of said amount, €24,516,053 (2.23% of the total bond and 65.38% of the corresponding eligible total) were allocated to local development and employment projects. These projects focus on stimulating employment, on enabling the hiring of unemployed people and on promoting Local Development actions. The **number of people hired** by local bodies charged

to Sustainable Financing in 2020 was 4,562. The **Lehen Aukera Programme**, which, as already mentioned, is a programme to foster the employability of young people or the unemployed, is another project financed by the fund. A sum of €369,293 (0.03% of the total fund and 12.3% of the corresponding eligible total) was allocated to financing this programme, related to the hiring of 50 young people.

In addition, a further €47,857,188 (4.35% of the bond total and 76% of the eligible total) were allocated to the **Employment Promotion programme**. These are subsidies to promote the obtaining of jobs by people with disability in special employment centres and subsidies to create and maintain job insertion companies. On the one hand, the amount allocated to the first type of subsidies was €41,702,626 (3.79% of the total bond and 75.8% of the eligible total for this type of subsidies). As a result of this initiative, 9,318 people with disability were hired. On the other hand, €6,154,562 (0.56% of the bond total and 76.9% of the eligible total for this type of subsidies) were allocated to sustaining insertion companies, meaning that 27,723 people were able to benefit from the professional guidance system.

Another project financed by the Sustainable Financing funds was the **Training programme for young and unemployed people**, which was financed with €19,130,497 (1.74% of the bond total and 53.9% of the eligible total for this programme), of which 149 young people were beneficiaries. Lastly, €22,172,117 (2.02% of the total and 88.7% of the corresponding eligible total) went to the financing of SMEs and the self-employed to help deal with the crisis sparked by the pandemic. This latter amount went to 7,863 companies.

Table 6 shows the financing, both of the programme and of the projects making it up, and the indicators used to assess the economic impact in Employment generation.

Table 6: Allocation and impact of the sustainable bond 2020 in the category of Employment Generation

Projects	Related SDG	Executed	Eligible	Bond allocation	% compared to the bond total	Impact indicators			
						Indicator	Number	Indicator	Number
EMPLOYMENT GENERATION		120,095,148	164,000,000	114,045,148	10.37%				
Projects to develop and support local employment	SDG 8: Decent work and economic growth	24,516,053	37,500,000	24,516,053	2.23%	No. people hired	4,562		
Financing of the LEHEN AUKERA programme		2,369,293	3,000,000	369,293	0.03%	No. young people hired	50		
Financing of programmes to foster employment		47,857,188	63,000,000	47,857,188	4.35%	No. people with disability employed	9,318	No. beneficiaries of the professional guidance programme	27,723
Financing of training programmes		23,180,497	35,500,000	19,130,497	1.74%	No. young beneficiaries	149		
Financing of liquidity to SMEs and entrepreneurs. COVID 19		22,172,117	25,000,000	22,172,117		No. beneficiary companies	7,863		

Source: own compilation, with data provided by the Basque Government

3.2.1. Green Programmes and Projects

RENEWABLE ENERGY: €35,000,000

Context

Eligible Projects include, but are not limited to:

- Supporting the use of biomass (using the energy generated by waste from agroforestry resources) for public services.
- Fostering the use of renewable energy in homes, public and private buildings and industry (solar, wind and geothermal).
- Financing measures and implementation programmes which increase the availability of renewable energy, including investments in facilities using biomass energy (waste-to-energy), investments in facilities using geothermal energy and investment to demonstrate and validate emerging marine renewable energy technologies.
- Financing of new low-power facilities, including the installation and renovation of onshore and offshore wind parks and use of biomass (waste-to-energy).
- Programmes to promote the use of renewables in the primary sector.

Allocation and impact

In 2020, the Sustainable Financing instrument funds for this category of projects were allocated to **grants to promote energy efficiency (EE) and renewable energies (RE)** in the Basque Country. The grants issued amounted to a total of €35,000,000 (3.18% of the bond), with which **15,843 EE projects** were funded (the number of RE projects is unknown), and is expected to prevent the emission of **16,460 tCO₂e/year** (16,094 tCO₂e linked to EE projects and 367 tCO₂e to RE projects), equivalent to 0.9% of GHG emissions in the Basque Country in 2019⁶. The installed capacity associated to the subsidised RE projects is 2,091 MW, which is expected to produce 2,395 MWh of energy/year.

The grants are aligned with the Basque Country Energy Strategy 2030 (3E2030) and with the Country's objective as defined in the Euskadi Basque Country 2030 Agenda to reduce CO₂ emissions by 20%. They also contribute to advancing towards SDG 7 (Affordable and clean energy) and SDG 9 (Industry, innovation and infrastructure).

Among the energy efficiency projects are **green ecodesign and manufacturing**, which seek to improve the environmental performance of products throughout their life cycle. This area received a part of Sustainable Financing allocated to training 72 young people in ecodesign and promoting the development of 18 projects, with which 17 jobs have been created. If the technical, economic, environmental and commercial viability of these projects is confirmed, in a period of 3 years savings of 24,008 tons/year in materials and a reduction of 10,308 in greenhouse gases (GHG) will have been achieved.

Table 7 shows the financing, both of the programme and of the projects making it up, and the indicators used to assess the economic impact in Renewable energy.

⁶ Total GHG emissions in the Basque Country amounted to 18,553 thousands of tCo₂e in 2019 (Ihobe, 2021b).

Table 7: Allocation and impact of the sustainable bond 2020 in the category of Renewable Energy

Projects	Related SDG	Executed	Eligible	Bond allocation	% compared to the bond total	Impact indicators			
						Indicator	Number	Indicator	Number
RENEWABLE ENERGIES		51,746,926	35,000,000	35,000,000	3.18%				
Programme of grants to EE and ER	SDG 7: Affordable and clean energy	51,746,926	35,000,000	35,000,000	3.18%	No. EE and RE projects subsidised	15,843	Emissions prevented (tCO ₂ e/year)	16,460
						Expected renewable production (MWh)	2,395	Renewable installed power (MW)	2,091
No. projects financed	18								
Ecodesign and green manufacturing	SDG 9: Industry, innovation and infrastructures					No. jobs created	17	Material savings (tons)	24,008
		No. young people trained	72	GHG emissions prevented (tCO ₂ e)	10,308				

Source: own compilation, with data provided by the Basque Government

CLEAN TRANSPORT: €127,000,000

Context

Eligible projects include, but are not limited to:

- Programmes that promote the **progressive decarbonisation of transport**.
- Financing development and implementation of the **Integral Electric Mobility Plan**.
- Programmes that foster **sustainable mobility** and the use of **more efficient modes of transport** (electric buses, trams, trains, etc.).
- Programmes to foster **renewal of the vehicle fleet**, both light and heavy, by hybrids with direct emissions of less than 50 gCO₂e / km and electric vehicles until 2025.
- Grant programmes providing incentive to projects on **energy savings and energy efficiency in transport**, promoting the increased use of electric vehicles.

This programme is aligned with the lines of action envisaged in the Basque Country's Sustainable Transport Master Plan 2030 and with the Euskadi Basque Country 2030 Agenda goal to reduce CO₂ emissions by 20%. It also helps to meet SDG 9 (Industry, innovation and infrastructure) and SDG 11 (Sustainable cities and communities).

Allocation and impact

In 2020, €127,000,000 (11.55% of the bond) of the Sustainable Financing instrument funds financed eligible products to reduce dependence on transport running on fossil fuels.

Of the eligible projects, €7,000,000 (0.64% of the bond and 100% of the eligible total) were allocated to the **capital budget of Eusko Trenbideak-Ferrocarriles Vascos, S.A.** for trams. This enabled the acquisition of 2 new trams to run in Vitoria-Gasteiz. As far as CO₂ emissions are concerned, both the new and former trams run on electricity coming 100% from renewable energy and/or high-efficiency co-generation sources, meaning that their emissions are considered to be zero.

Furthermore, €64,000,000 (5.82% of the bond and 91.4% of the associated eligible total) were allocated to the building of **new railway infrastructures**, as well as to the widening of railway tracks, station renovations, and infrastructures for the 'Topo' in Donostia-San Sebastián and for the tramways in Bilbao and Vitoria-Gasteiz. Thanks to all of this, in 2020, the total number of Euskotren passengers stood at 19,013,891 and the number of kilometres travelled per passenger at 303,999,078. The figure corresponding to the energy intensity of the Vitoria-Gasteiz tram in 2020 is 347 Kwh/mVkm, indicating the energy consumption expressed in thousands of travellers per km transported.

Added to this is the €56,000,000 (5.09% of the sustainable financing) allocated to financing **railway operators** in order to continue progressing towards universal accessibility and sustainable mobility in the Basque Autonomous Community (BAC). Construction of the new infrastructure is expected to prevent the emission of 5.41 tons of equivalent annual CO₂, of which 4.7 tons are attributed to Sustainable Financing.

If we also assume that the improved railway infrastructures brought about a change in travel mode from the private vehicle to the railway by 10,000 passengers/kilometre between 2019

and 2020, this translates into an additional reduction in emissions (which must be added to the previous 4.7 tons) of 0.91 tons of CO₂⁷.

Table 8 shows the financing, both of the programme and of the projects making it up, and the indicators used to assess the economic impact in Clean Transport.

⁷ This estimate has been taken as a reference to calculate the estimated emission factors by Adif (2018) for the conventional railway (0.0057 kg CO₂ per passenger and km) and for private vehicles (1.1061 kg CO₂ per passenger and km).

Table 8: Allocation and impact of the sustainable bond 2020 in the category of Clean Transport

Projects	Related SDG	Executed	Eligible	Bond allocation	% compared to the bond total	Impact indicators			
						Indicator	Number	Indicator	Number
CLEAN TRANSPORT		153,896,614	127,000,000	127,000,000	11.55%				
Supply of new train units	SDG 9: Industry, innovation and infrastructure SDG 11: Sustainable cities and communities	7,194,614	7,000,000	7,000,000	0.64%	No. trams acquired	2*		
Construction of new infrastructures		74,252,000	70,000,000	64,000,000	5.82%	No. Euskotren passengers	22,059,679	Emissions prevented (tCO2e/year)	5,61
						No. km travelled per Euskotren passenger	303,999,078	Energy intensity (Kwh/mVkm)	347
Financing of railway operators		72,450,000	50,000,000	56,000,000	5.09%				

* The acquisition of these new trains does not come with an associated additional reduction in emissions due to the fact that they do not replace old trains

Source: own compilation, with data provided by the Basque Government

POLLUTION PREVENTION AND CONTROL, CONSERVATION OF LAND AND WATER BIODIVERSITY, AND CLIMATE CHANGE ADAPTATION: €14,604,628

Context

The Sustainable Financing instrument funds will be used to **improve water, air and soil quality**, manage environmental risks and reduce diseases in people related to environmental determinants, in keeping with the lines of action anticipated in the Environment Framework Programme 2020 and the Basque Country Biodiversity Strategy 2030.

Eligible projects include, but are not limited to:

- Programmes to promote the protection and restoration of ecosystems.
- Development, construction and maintenance of the water management infrastructure, including wastewater treatment, etc.
- Introduction of a smart territorial plan which places priority on higher population densities, promotes combined uses (work, leisure, housing) and the optimisation of land consumption, placing priority on its reuse and regeneration.
- Guaranteeing air quality and improving the management of contaminated land.
- Programmes to promote ecosystemic services in the restoring of degraded areas.
- Fostering the prevention and reuse and recycling of urban waste by establishing alternatives to dumping at the tip. The reuse and recycling of urban waste must demonstrate that secondary raw materials are suitable for replacing virgin materials in production processes.
- Programmes that promote the circular economy by means of projects that contribute to the creation of business opportunities based on said economy by establishing new recycling solutions for secondary materials, manufacturing products from secondary materials, repairing and remanufacturing parts or components, products and equipment, as stipulated in the Basque Country Waste Prevention and Management Plan 2020.
- Activities and equipment to monitor, prevent and manage environmental risks, such as the carrying out of environmental impact studies.

These projects provide a response to SDG 11 (Sustainable cities and communities) and SDG 12 (Ensure sustainable consumption and production patterns).

On the other hand, part of this amount will go to **conserving land and water biodiversity**. The bond funds will be allocated to projects and programmes for promoting the protection and restoration of ecosystems in the Basque Country, as stipulated in the Basque Country Biodiversity Strategy 2030. Here **Eligible Projects** include, but are not limited to:

- Studies to improve knowledge of wild flora and fauna, update the Basque Catalogue of Threatened Species and improve their conservation.
- Monitoring and evaluating the Natural Heritage of the Basque Country (including the “Natura 2000 Network”).
- Financing of educational activities and actions to improve and promote community participation, awareness and knowledge of the culture of nature.

Lastly, regarding **climate change adaptation**, in view of the current importance assigned globally to the resilience of regions, financing will go to action plans and activities focused on reducing the impacts of extreme climate events in vulnerable areas. In this case, Eligible Projects include, but are not limited to:

- Financing action plans and activities focused on reducing the impacts of extreme climate events in vulnerable areas such as the prevention of floods, landslides, impact on coastal areas, etc.

Allocation and impact

In 2020 a total of €14,604,628 (1.33% of the bond) of the Sustainable Financing instruments were allocated to pollution prevention and control, biodiversity conservation and climate change adaptation. Firstly, the financing corresponding to pollution prevention and control was used to deal with a number of areas, such as air and land quality, environmental protection and waste management.

To **improve the air quality**, 9 measuring initiatives were carried out. Furthermore, work continued to provide daily information on the Air Quality Network to all 2,193,199 inhabitants of the BAC. Investment was also allocated to **improving land quality**, developing planning and land protection policy instruments and supporting the application of Law 4/2015. Thanks to said investment, it was possible to respond to 1,156 contaminated land proceedings (165.1% more than the annual objective of 700).

Sustainable Financing of the pollution prevention and control programme was finally used to subsidise 66 projects fostering **environmental protection**. These projects enabled 45 companies to make investments in environmental and eco-innovative initiatives. Lastly, as regards **waste management**, 991,002 tons of waste (equivalent to 100% of the waste generated) were managed, of which 444,459 tons had been selectively collected. Finally, 190,047 tons were taken to rubbish dumps.

Secondly, part of the funds were used to promote the protection and restoration of land and water ecosystems in the Basque Country, as indicated in the Basque Country Biodiversity Strategy 2030, while also contributing to advancing towards SDG 14 (Life below water) and SDG 15 (Life on Land). Part of this amount was allocated to **managing the EKOETXE Environment Centre network**, a key instrument in raising awareness among Basque society on the value of sustainability through experiences helping them to discover and enjoy a natural setting, to understand its value and to engage in looking after it. The impact of the bond can be measured based on the number of people who visited and participated in the activities organised by the 4 Ekoetxeak, which in 2020 came to a total of 54,130. Another indicator making it possible to measure protection of the natural capital is the number of technical studies on habitat and biodiversity financed, 46 in total. On the other hand, cleaning and maintenance work has been carried out on 57 ha of the Urdaibai Biosphere Reserve and maintenance and/or improvement work has been performed on 34 km of footpaths.

Lastly, part of the amount was allocated to improving the **adaptation to climate change**. Thanks to this contribution, funding went to 65 plans and activities for reducing vulnerability to extreme climate events.

Table 9 shows the financing, both of the programme and of the projects making it up, as well as the indicators used to assess the economic impact.

Table 9: Allocation and impact of the sustainable bond 2020 in the category of Pollution Prevention and Control, Biodiversity Conservation and Climate Change Adaptation

Projects	Related SDG	Executed	Eligible	Bond allocation	% compared to the bond total	Impact indicators			
						Indicator	Number	Indicator	Number
POLLUTION PREVENTION AND CONTROL	SDG 11: Sustainable cities and communities	14,604,628	18,000,000	14,604,628	1.33%				
Air quality						No. measuring campaigns	9		
Land quality						No. pollution reports	1,156		
Environmental protection, including subsidies to companies						No. companies subsidised	45	No. projects subsidised	66
						Waste generated, collected and managed (tons)	991,002	Waste selectively collected (tons)	444,459
Waste management						Waste taken to rubbish dump (tons)	190,047		
CONSERVATION OF LAND AND WATER BIODIVERSITY									
Management of the Ekoetxea Environment Centre Network						No. visitors to the Ekoetxea Network	54,130		
Protection of the natural capital						No. technical studies	46		
Urdaibai Biosphere Reserve						No. ha. with maintenance	57	Km of footpaths improved and/or maintained	34
CLIMATE CHANGE ADAPTATION									
Financing of action plans and activities for reducing the impacts of extreme climate events in vulnerable areas						No. plans and activities financed	65		

Source: own compilation, with data provided by the Basque Government

SUSTAINABLE MANAGEMENT OF WATER AND WASTEWATER: €4,158,558

Context

The Sustainable Financing instrument funds must be allocated to projects and programmes that help to protect and improve the ecological status of water masses; projects and programmes to reinforce both the quality of water and its supply, as well as the cleaning and treatment of urban wastewater. They must also help to solve water scarcity, minimise the amount of water wasted and recycling to relieve the generation of wastewater. Eligible projects are therefore:

- Maintenance and restoration work on water courses to improve water quality.
- Achieving the good condition of surface and underground water masses by means of controlling spillages and dumps, for example.
- Monitoring the state of water masses in order to guarantee their quality.
- Collaboration with the bodies responsible for managing services related to water supply, sanitation and treatment.
- Programmes to guarantee long-term water supply and quality and implement instruments enabling the management of demand.

Allocation and impact

In 2020, €4,158,558 (0.38% of the bond) of the Sustainable Financing instruments were allocated to projects related to the **sustainable management of water and wastewater** which contributed to advancing towards *SDG 6 (Ensure availability and sustainable management of water and sanitation for all)*. In particular, part of the Sustainable Financing instruments were allocated to the **provision, sanitation and treatment** of a supply system thanks to which 2,199,530 people had access to 126,870,519 m³ of drinking water while guaranteeing the required environmental flows thanks to a gross annual volume of 376,842,169 m³ of wastewater which had been treated, reused or prevented. Considering that for every million euros spent in the energy and water sector a total of 11.54 jobs are generated (Ansuategi et al. 2014) and assuming that 100% of the Sustainable Financing allocated to the supply, sanitation and treatment of water was allocated to financing civil works in the sector, it is estimated that **45 jobs were created** with the Sustainable Financing.

A further part of the contribution was allocated to the **maintenance, conservation, recovery, restoration and environmental improvement of the beds and banks of rivers and streams in the BAC**, thereby helping to achieve the environmental objectives for water masses. Sustainable Financing made it possible to proceed with **853 actions** to actively conserve and environmentally improve rivers in the Basque Country, including the planting of native species on and around river banks, taking action against invasive species, restoring or environmentally improving the morphological conditions of river beds in altered areas, cleaning waste and other actions. The surface preserved or conserved by means of these actions was **261.4 hectares**.

The project of a **national network to control and monitor water masses in the BAC** also received financing. This budget was used to evaluate 202 water masses⁸ (rivers, lakes and wetlands, reservoirs, underground waters, estuaries and coastal waters) according to the monitoring requirements established by the Water Framework Directive (WFD).

⁸ The evaluation of water masses made it possible to obtain the necessary information for correct hydrological planning.

Table 10 shows the financing, both of the programme and of the projects making it up, as well as the indicators used to assess the economic impact in the sustainable management of water and wastewater.

Table 10: Allocation and impact of the sustainable bond 2020 in the category of the Sustainable Management of Water and Wastewater

Projects	Related SDG	Executed	Eligible	Bond allocation	% compared to the bond total	Impact indicators			
						Indicator	Number	Indicator	Number
SUSTAINABLE MANAGEMENT OF WATER AND WASTEWATER									
Water supply, sanitation and treatment	SDG 6: Clean water and sanitation	4,158,558	13,000,000	4,158,558	0.38%	No. people with access to drinking water	2.199.530	Drinking water supplied (m3)	126,870,519
Restoration and conservation of beds and banks						Wastewater treated, reused or prevented (m3)	376.842.169	Jobs created	45
Network monitoring the status of water masses						No. conservation actions	853	Surface conserved (ha)	261.4
						No. water masses evaluated	202		

Source: own compilation, with data provided by the Basque Government

3.3. Summary of results

In 2020, the Basque Government executed a budget of €2,315,457,251 in projects corresponding to the eligible project categories and which were therefore susceptible to being financed with the Sustainable Financing instruments. A total of €2,091,050,524 were allocated to social projects, and the remaining €224,406,727 to green projects. Of the total budget executed, projects meeting the eligibility criteria and amounting to €1 billion have been charged to Sustainable Financing. Of these, €919,236,814 (83.50%) were allocated to social projects and the remaining €180,763,187 (16.5%) to green projects.

Tables 11 and 12 summarise the **social and green projects** financed with the **2020 sustainable bond**, the eligible amount of each one in both years and the amount finally financed by and charged to the sustainable bond, as well as the impact indicators. In 2020, the Socioeconomic Advancement programme was the one to receive most financing from the Sustainable Financing instruments (27.27% of the total), followed very closely by Healthcare (22.69% of the total). Within the Socioeconomic Advancement programme, the Guaranteed Minimum Income was the project to which the largest part of the funds were allocated: 41.12% of the programme funds (equivalent to 11.21% of the total 2020 bond). In the Socioeconomic Advance Sustainable Financing is largely In Healthcare, Sustainable Financing largely went to the Guaranteed Minimum Income (68.8% of the programme).

Renewable energy, the sustainable management of water and wastewater and the programme encompassing pollution prevention and control, the conservation of land and water biodiversity and climate change adaptation were the areas to receive the least Sustainable Financing instrument funds. All received less than 3.5% of the total amount of the 2020 sustainable bond. Individually, the remaining categories, including Affordable Housing, Education, Employment Generation and Clean Transport represent between 10% and 15% of the bond total, depending on the case.

The Sustainable Financing instruments make it possible to advance towards greater fulfilment of the Sustainable Development Goals, an area in which the Basque Country performs with relative satisfaction if compared with the neighbouring Autonomous Communities (OS et al., 2019). With respect to future issues, the criterion will be maintained of continuing to allocate green funds to the fight against climate change and the promotion of sustainable energies, the two SDGs in which the Basque Country displays the poorest relative performance.



Table 11: Summary of social programmes and projects financed

Categories y Projects	Related SDG	Executed	Eligible	Bond allocation	% compared to the bond total	Impact indicators			
						Indicator	Number	Indicator	Number
AFFORDABLE HOUSING	SDG 11	120,955,095	140,000,000	116,211,929	10.56%	No. households to receive the (PCV + PEV + BIZIGUNE) allowance	38,500	No. of rented public houses	14,929
						Jobs created	228		
EDUCATION	SDG 4	159,477,761	213,500,000	139,343,696	12.67%	No. disadvantaged non-university student with grants	121,835		
						No. special needs university students with grants	13,055		
HEALTHCARE	SDG 3	1,201,341,330	300,000,000	300,000,000	27.27%	No. people receiving chronic treatment	204,265	Work to build and renovate Health Centres	6
						No. polymedicated people	70,996	No. Covid tests carried out	285,320
						No. reconditioned hospitals and medical centres	11	No. prescriptions	5,468,549
SOCIOECONOMIC ADVANCEMENT	SDG 1 SDG 10	489,181,191	370,000,000	249,636,041	22.69%	No. RGI recipients	24,412	New RGI recipients	3,769
						No. family allowance beneficiaries ⁹	27,314	People to receive RGI as work income top-up	4,397
						No. AES beneficiaries	63,276	No. grants awarded to the self-employed and independent companies	6,375
EMPLOYMENT GENERATION	SDG 8	120,095,148	164,000,000	114,045,148	10.37%	No. people hired	4,562	Company beneficiaries	7,863
						No. young people hired – LEHEN AUKERA	50	No. employed people with disability	9,318
						No. young beneficiaries of the training programme	149	No. beneficiaries of the professional guidance programme	27,723
SUB-TOTAL SOCIAL PROJECTS		2,091,050,524	1,187,500,000	919,236,814	83.57%				

⁹ Includes families with children who receive the allowance (17,949) and recipients of the work-life balance allowance (9,365)

Table 12: Summary of green programmes and projects financed

Projects	Related SDG	Executed	Eligible	Bond allocation	% compared to the bond total	Impact indicators			
						Indicator	Number	Indicator	Number
RENEWABLE ENERGY	SDG 7	51,746,926	35,000,000	35,000,000	3.18%	No. EE and RE projects subsidised	15,843	Emissions prevented with EE and RE projects (tCO2e/year)	16,460
								Installed renewable capacity (MW)	2,091
								Expected renewable production (MWh)	2,395
						No. jobs created with EE projects	17	No. ecodesign and green manufacturing projects	18
						No. young people trained	72	Material savings (tons/year)	24,008
GHG emissions prevented with the ecodesign and green manufacturing projects (tCO2/e)	10,308								
CLEAN TRANSPORT	SDG 9 SDG 11	153,896,614	127,000,000	127,000,000	11.55%	No. tramways acquired	2	Emissions prevented (tCO2e/year)	5,61
						No. Euskotren passengers	22,059,679	No. km travelled per Euskotren passenger	303,999,078
						Energy intensity (Kwh/mVkm)	347		
SUSTAINABLE MANAGEMENT OF WATER AND WASTEWATER	SDG 6	4,158,558	13,000,000	4,158,558	0.38%	No. people with access to drinking water	2,199,530	Volume of drinking water supplied (m3/year)	126,870,519
								Wastewater treated (m3)	376,842,169
								Conserved surface (ha)	261,4
								No. water masses evaluated	202
								No. maintenance actions on beds and rivers	853
POLLUTION PREVENTION AND CONTROL	SDG 11	14,604,628	18,000,000	14,604,628	1.33%	No. people informed	2,188,017	No. measuring campaigns	9
						No. companies subsidised	45	No. pollution reports	1,156
								Waste collected (Mt/year)	991,002
						No. projects subsidised	66	Selective waste collection (Mt/year)	444,459
								Waste taken to rubbish dumps (Mt/year)	190,047

CONSERVATION OF LAND AND WATER BIODIVERSITY	SDG 14 SDG 15					No. visitors to centres in the Ekoetxea Network	54,130	No. technical studies	46
						Km footpaths improved and/or maintained in the Urdaibai Reserve	34	No. ha. with maintenance in the Urdaibai Reserve	57
CLIMATE CHANGE ADAPTATION	SDG 13					No. plans and activities financed	65		
SUB-TOTAL GREEN PROJECTS		224,406,727	193,000,000	180,763,187	16.43%				
TOTAL PROJECTS		2,315,457,251	1,380,500,000	1,100,000	100.00%				

Source: own compilation, with data provided by the Basque Government



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