



ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACT OF SUSTAINABLE BONDS

Allocation and impact of the issue of the Sustainable Bonds 2021

December 2022



CONTENTS

1. Introduction	1
1.1. Background	;Error! Marcador no definido.
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	____ ;Error! Marcador no definido.
3.2.1. Social programmes and projects	10
3.2.1. Green programmes and projects	26
3.3. Summary of results	____ ;Error! Marcador no definido.
4. References	42

TABLES

Table 1: Allocation and impact of the First Issue of Sustainable Bonds 2021 in the category of Affordable Housing.....	12
Table 2: Allocation and impact of the sustainable bond 2021 in the category of Education	15
Table 3: Allocation and impact of the sustainable bond 2021 in the category of Healthcare	18
Table 4: Allocation and impact of the sustainable bond 2021 in the category of Socioeconomic Advancement.....	21
Table 5. Beneficiaries of Social Emergency Allowances (AES) by province and items	22
Table 6: Allocation and impact of the sustainable bond 2021 in the category of Employment Generation	25
Table 7: Allocation and impact of the sustainable bond 2021 in the category of Renewable Energy	27
Table 8: Allocation and impact of the sustainable bond 2021 in the category of Clean Transport	30
Table 9: Allocation and impact of the sustainable bond 2021 in the category of Pollution Prevention and Control, Biodiversity Conservation and Climate Change Adaptation	34
Table 10: Allocation and impact of the sustainable bond 2021 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	2
Figure 3: The 17 Sustainable Development Goals.....	3
Figure 4: Alignment of the Euskadi Basque Country 2030 Agenda 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).....	5
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.

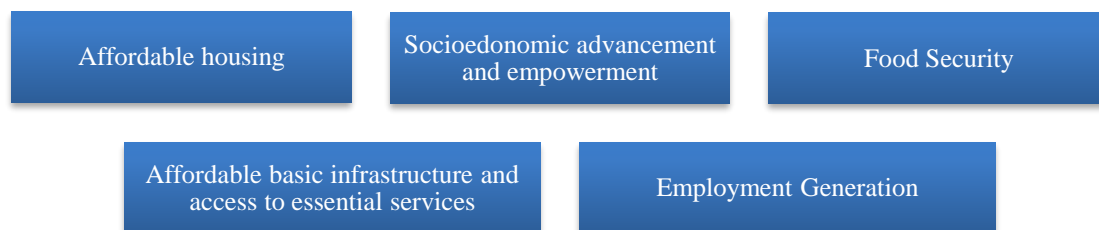
The first **green bond** came onto the market in 2008 as the result of a joint initiative between the World Bank and the Swedish financial group *Skandinaviska Enskilda Banken (SEB)*¹. Since then, increasingly more investors allocate part of their portfolios to supporting environmental, social and good 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.

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 can be seen in Figure 1:

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

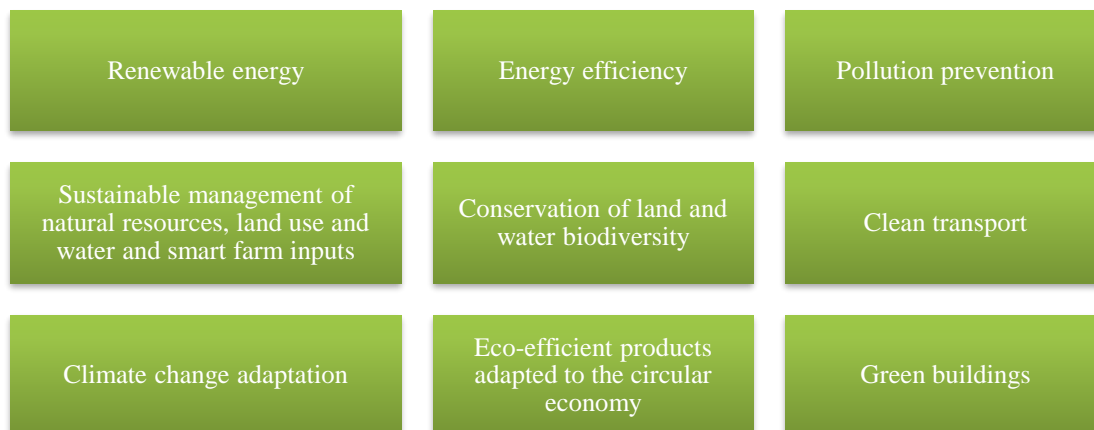


Source: own compilation

As far as green bonds are concerned, the most commonly financed projects can be seen in Figure 2:

¹ <https://sebgrou.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 2021 Issue of Sustainable Bonds** for the sum of 1 billion euros. In this respect, an evaluation has been made of the individual impact 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 2030 Agenda**, which reflects the commitment and contribution 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).

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.

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

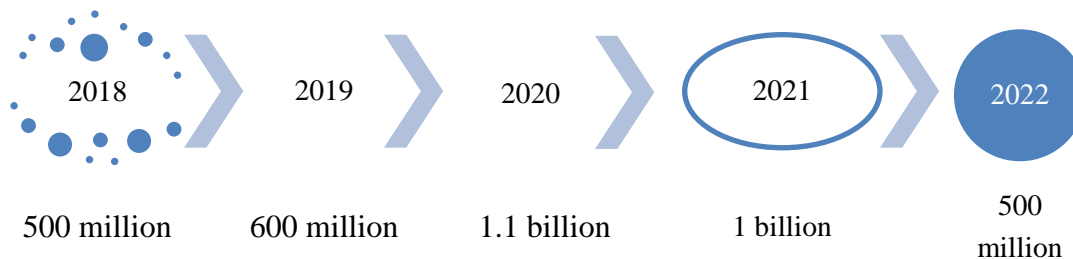
OBJETIVOS DESARROLLO SOSTENIBLE (ODS)	ESFERAS DE IMPORTANCIA	OBJETIVOS DE PAÍS	COMPROMISOS	INICIATIVAS	INDICADORES	PLANES ESTRATÉGICOS	PLANES SECTORIALES	LEYES
17	5	15	175	650	100	15	54	28
<ul style="list-style-type: none"> Fin de la pobreza Fin del hambre/ alimentación Vida Sana Educación inclusiva 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"> Alianzas / Cooperación al desarrollo 	 PARTENARIADO	Nuevo estatus político	12	32	2	Estrategia de Internacionalización "Euskadi Basque Country"	3	

 Source: Basque Government (2018^a)

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.

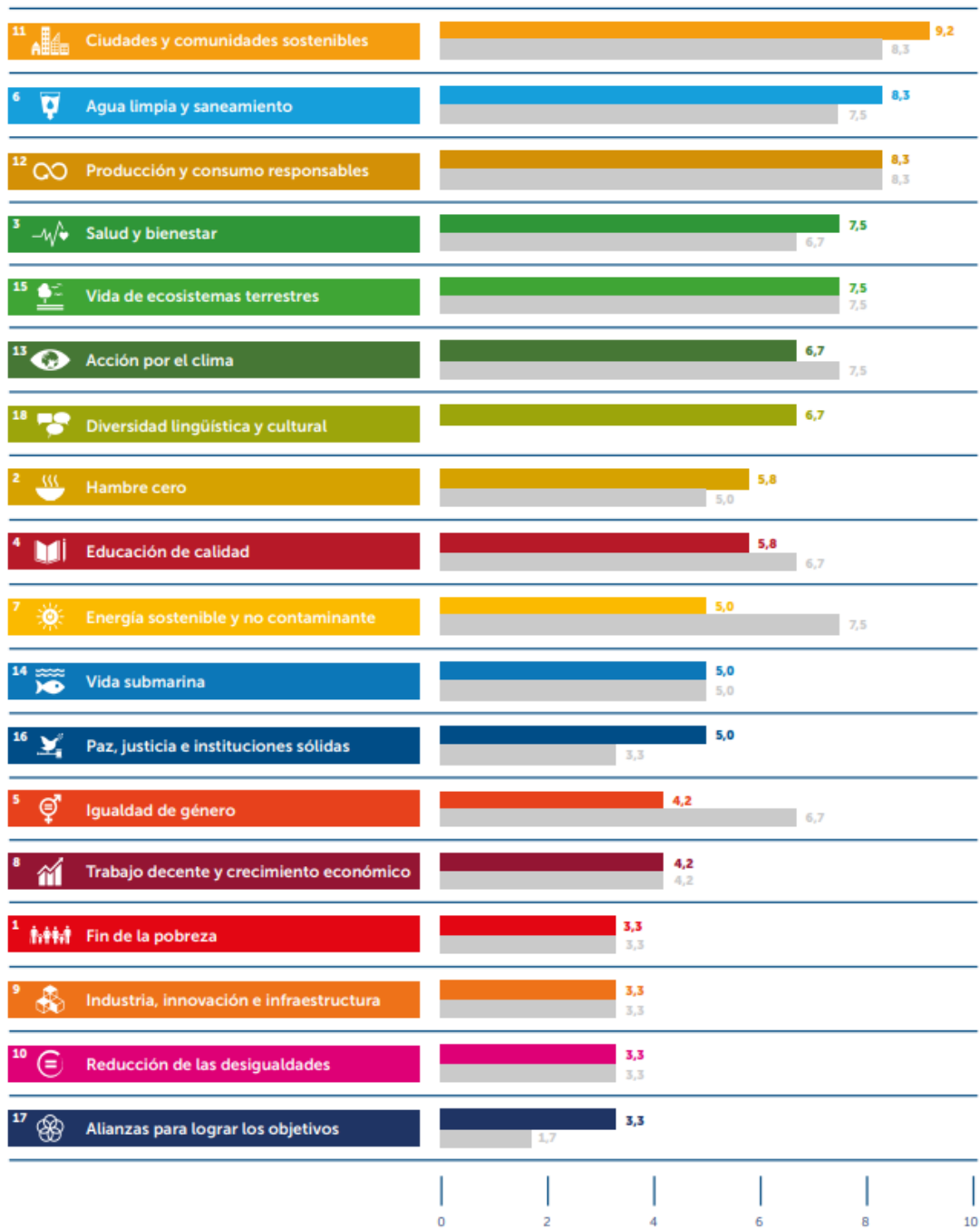
Figure 5: Issues of sustainable bonds



Source: own compilation

As was the case for the 2018, 2019, and the two 2020 issues, the Issue of Sustainable Bonds 2021 has been used to fund projects aligned with the Euskadi 2030 Agenda 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, 2021) 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, mainly related to 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). Below is an indication of 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 (2021)

3. ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS

This section includes the allocation and impact report on the Issue of Sustainable Bonds 2021. 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.

The Issue of Sustainable Bonds 2021 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).

The report includes indicators that make it possible to measure practically all of the projects financed with the sustainable bond. To quantify these, account has been taken of *the proportion of financing represented by Sustainable Bonds with respect to the total executed by the Basque Government*.

3.1. Allocation of the bond

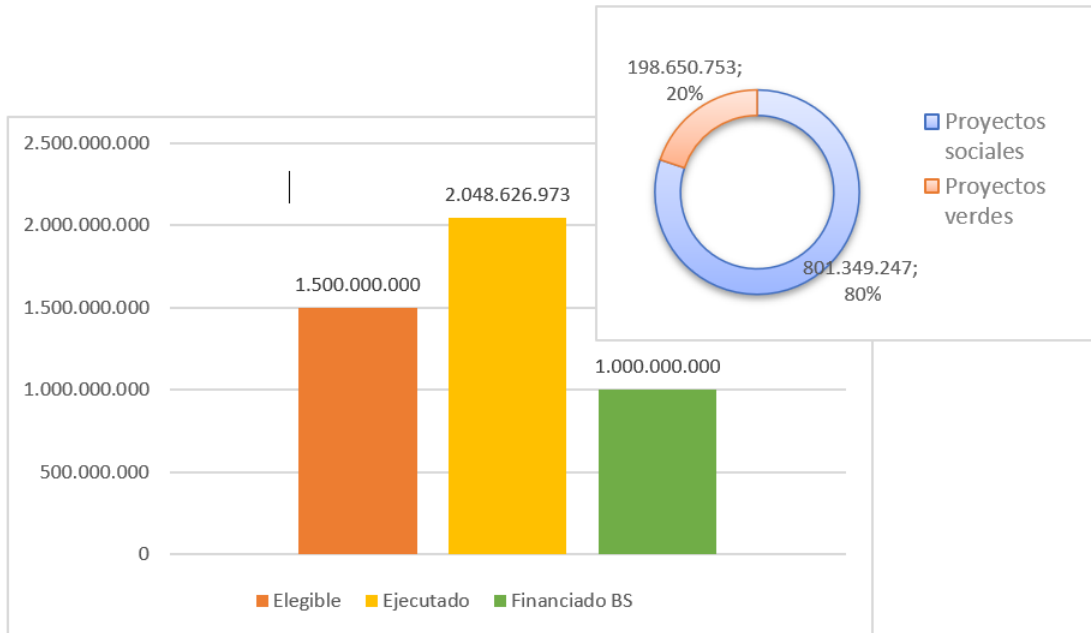
In 2021, the Basque Government **executed** a budget of **€2,048,626,973** (a reduction of 12% with respect to the amount executed in 2020) in social (€1.834.776.220; 90%) and green projects (€213,850,753; 10%). The sum of the **eligible assets** selected for the Issue of Sustainable Bonds 2021 came to 1.5 billion, of which €1,238,500,000 (83%) correspond to eligible social projects³ and €261,500,000 (17%) to eligible green projects⁴. The amount of the Sustainable Bonds (or sustainable financing instruments) allocated to Eligible green projects came to €198,650,753 (76% of eligible green projects). With respect to eligible social projects, the amount financed with the sustainable financing instruments came to €801,349,247 (65% of eligible social projects).

Figure 7 shows the budget executed in the eligible project categories, the eligible total and the amount finally financed with the sustainable bond. Within the projects financed with the bond, it shows the proportion of green projects and social projects financed.

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

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

Figure 7: Eligible projects, budget executed, 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 Figure 8).

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: €198,650,753 of the €213,850,753 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: €110,000,000

Context

In 2021 the Basque Government approved the **Housing Master Plan 2021-2023** with the aim of guaranteeing a comprehensive response to people in need of a decent, adequate home, increasing the offer of resources assigned both to affordable rental and to improving the habitability and sustainability conditions of currently available housing. The allowances associated to programmes corresponding to the former Housing Master Plan therefore remain in place:

- **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.
- **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 (€7,734 in 2018) 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 2030 Agenda 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 2021, a total of €110,000,000 (11% of the total bond and 63.4% of the eligible amount) of the Sustainable Financing instrument funds were allocated to financing subsidies related to the **affordable housing** programme. The sum of €87,067,829 (8.71% of the bond) was allocated to financing the **PCV**, **PEV** and **BIZIGUNE** programme allowances, benefitting a total of 41,535 homes: 34,511 received the PCV and 1,573 the PEV, while 5,451 were recipients under the BIZIGUNE programme.

Table 1: Allocation and impact of the First Issue of Sustainable Bonds 2021 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		147,085,866	173,500,000	110,000,000	11,00%				
PCV and PEV financing	SDG 11: Sustainable cities and communities	81,090,555	84,500,000	61,090,555	6.11%	No. beneficiary homes (PCV + PEV + BIZIGUNE)	41,535		
BIZIGUNE Programme financing		35,977,274	33,000,000	25,977,274	2.60%				
GAZTELAGUN Programme		5,471,756	6,900,000	5,471,756	0.55%	No. beneficiary young people	2,469	% of beneficiary young people with respect to applicants who meet the requirements	100
Grants for the renovation and/or restoration of housing and buildings		No. beneficiary households	9,894	% of beneficiary households with respect to applicants that meet the requirements	100				
		No. beneficiary communities	2,625	% of beneficiary communities compared to applicants who meet the requirements	100				

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

EDUCATION: €130,345,576

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 2030 Agenda 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 2021, a total of €130,345,576 (13.03% of the total bond and 71.7% of the eligible total in 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** (€52,444,242; 5.24% of the bond total, representing 87.55% of that eligible for this project) and **university grants** (€26,632,694; 2.66% of the total bond, representing 90.28% of that eligible for this project).

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 117,829 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 12,650 students at university and other higher education options with special and/or high dependency needs.

In addition, of the amount assigned to education, €9,237,355 (0.92% of the bond total and 44% of the eligible total) went to building work and equipment for nursery and primary schools, and €18,606,860 (1.86% of the bond total and 50.2% 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, €23,424,425 (2.34% of the bond total and 67.9% of the corresponding eligible total), went to financing development and maintenance of the University of the Basque Country (UPV/EHU).

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 in 2021 in the category of Education

Projects	Related SDG	Executed	Eligible	Bond allocation	% with respect to bond total	Impact indicators	
						Indicator	Number
EDUCATION		137.045.577	181.900.000	130.345.576	13,03%		
Building and fitting out of nursery and primary schools	SDG 4: Quality education	9,237,355	21,000,000	9,237,355	0.92%	No. actions to build and fit out nursery and primary schools	234
Building and fitting out of secondary schools and vocational education centres		25,306,860	37,000,000	18,606,860	1.86%	No. actions to build and fit out secondary schools and vocational education centres	207
Public procurement contract and UPV investment		23,424,425	34,500,000	23,424,425	2.34%		
Non-university grants		52,444,242	59,900,000	52,444,242	5.24%	No. disadvantaged university students with grant	117,829
University grants		26,632,694	29,500,000	26,632,694	2.66%	No. special needs university students with grant	12,650

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

HEALTHCARE: €225,000,000

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 previous years, has safeguarded and reinforced the principles that inspire the Basque Public Health System: universality, fairness, solidarity, quality services, sustainability and citizen participation. Work is currently underway on drawing up the new **Healthcare Plan 2021-2028**.

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 2021, a total of €225,000,000 (23.50% of the total bond, and 93% of the 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 System**.

Part of the total amount went to financing the cost of **hospital and non-hospital pharmacy** services as follows: €12,321,400 (1.23% of the total bond) and €98,402,938 (9.84% of the total bond) respectively, amounting to a total of €110,724,338 between both areas (11.07% of the total bond and 98.42% of the associated eligible total). Thanks to said Sustainable

Financing, 13,609,125 prescriptions were issued and 508.336 people received chronic medical treatment, while 1,155,139 tests to detect Covid-19 were carried out. In addition, 176,683 were treated for more than one ailment.

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 €56,275,662 (5.63% of the bond total and 80.97% of the eligible total for this project). Thanks to this, 7 new health centre were built, while 15 hospitals and health centres were reconditioned.

In addition, €58,000,000 (5.80% of the total bond and 96.67% of the corresponding eligible total) were allocated to covering additional costs associated to pharmacy and COVID supplies.

Table 3: Allocation and impact of the sustainable bond in 2021 in the category of Healthcare

Projects	Related SDG	Executed	Eligible	Bond allocation	% with respect to the bond total	Impact indicators			
						Indicator	Number	Indicator	Number
HEALTHCARE		958,243,528	242,000,000	225,000,000	22.50%				
Financing of hospital and non-hospital pharmacy costs	SDG 3: Healthcare and well-being	771,467,866	112,500,000	12,321,400	1.23%	No. people treated for several ailments	176,683	No. prescriptions	13,609,125
				98,402,938	9.84%	No. people with chronic treatments	508,336		
Healthcare investments		98,775,662	69,500,000	56,275,662	5.63%	Building and renovation of health centres	7	No. hospitals and medical centres reconditioned	15
Additional cost of pharmacy and COVID supplies		88,000,000	60,000,000	58,000,000	5.80%	No. Covid tests carried out	1,155,139		

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

SOCIOECONOMIC ADVANCEMENT: €234,303,670

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 Allowances (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 2021, 23.43% (€234,303,670) 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 €131,539,349 (13.15% of the bond, which represents 34.62% of the eligible amount for this project) were allocated to paying the **RGI to 19,200 people**, of whom **2,844** are **new recipients**. Priority was given to the part of the RGI related to the Income Top-up Allowance (3,023 beneficiaries), closely linked to improved quality of life and especially requested by **women**.

The Sustainable Financing instrument funds allocated to financing **AES** amounted to €26,418,872 (2.64% of the bond total and 96.07% of the eligible total). This investment brought the total number of beneficiaries to 57,882 people with insufficient resources to cover specific costs in the BAC (9,778 in Araba, 31,046 in Bizkaia and 17,058 in Gipuzkoa). Within this total number of beneficiaries are 29,475 cohabitation units (4,591 in Araba, 16,507 in Bizkaia and 8,377 in Gipuzkoa). In relation to COVID, final financing of the AES programme in 2021 rose by €15m, coming to €41,418,872, 4.14% of the bond total and 97.5% of the eligible total.

€50,326,473 were allocated to **family support allowances** (5.03% of the bond and 72.94% of the amount established as eligible for this purpose). A total of €21,960,800 were allocated to **financial allowances to support families** with children, benefitting **28,462 people**. The remaining €28,365,673 were allocated to financing the **financial allowances to achieve work-life balance**, received by **15,801 people**.

In 2021, a contribution of €10,371,652 (1.04% of the bond total and 100% 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 €647,324 (0.06% of the bond total).

Table 4: Allocation and impact of the sustainable bond in 2021 in the category of Socioeconomic Advancement

Projects	Related SDG	Executed	Eligible	Bond allocation	% with respect to the bond total	Impact indicators			
						Indicator	Number	Indicator	Number
SOCIOECONOMIC ADVANCEMENT		463,976,250	500,100,000	234,303,670	23,43%				
Financing of RGI	SDG 1: No poverty	361,211,929	380,000,000	131,539,349	13.15%	No. RGI recipients	19,200	% people at risk of exclusion receiving RGI over total applicants	100
						Recipients of RGI to supplement income from work	3,023	New RGI recipients	2,844
Financing of AES programmes	SDG 10: Reduced inequalities	41,418,872	42,500,000	41,418,872	4.14%	No. AES beneficiaries*	57,882	% people with insufficient resources who receive AES over total applicants	100
Financing of family allowances		50,973,797	69,000,000	21,960,800	2.20%	No. families with children receiving allowances	28,462		
				28,365,673	2.84%	No. work-life balance allowance recipients	15,801		
				647,324	0.06%				
COVID social exclusion fund		10,371,652	8,600,000	10,371,652	1.04%				

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	2,281	4,843	3,195	10,319
Loan payment interests	253	2,152	996	3,401
Other maintenance costs	2,785	10,421	4,922	18,128
Furniture and household appliances	72	1,625	126	1,823
Repairs	21	1,149	229	1,399
Basic needs	559	7,854	2,996	11,409
Debt repayment	1,450	949	785	3,184
Energy	2,929	10,822	3,751	17,502

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

EMPLOYMENT GENERATION: €101,700,000

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.

Among the latest initiatives carried out by the Basque Government in this area is the “**Strategic Employment Plan 2021-2024**”, intended to boost the socioeconomic relaunch following the pandemic, to introduce three transitions (digital, energy-climate and demographic) and to promote inclusive and quality employment for a new social contract. Other complementary strategies and plans are: the Basque Employment Strategy 2030, the Government Programme 2020-2024 – XII Parliamentary Term: “Euskadi en Marcha”, the Berpiztu Programme for economic reactivation and employment in the Basque Country 2020-2024, and other departmental plans and programmes. 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 2021, 10.17% (€101,700,000) 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, €27,896,986 (2.79% of the total bond and 77.5% 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 2021 was 3,014.

In addition, a further €53,754,982 (5.38% of the bond total and 75.18% 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 €46,902,141 (4.69% of the total bond and 91.4% of the eligible total for this type of subsidies). As a result of this initiative, 9,157 people with disability were hired. On the other hand, €6,852,841 (0.69% of the bond total and 91.4% of the eligible total for this type of subsidies) were allocated to sustaining insertion companies, meaning that 27,353 people were able to benefit from the professional guidance system.

Lastly, €20,048,032 (2% of the total bond and 59.8% of the eligible value) went to the Training Programme for young and unemployed people, under which a total of 195 unemployed young people received training courses.

Table 6: Allocation and impact of the sustainable bond in 2021 in the category of Employment Generation

Projects	Related SDG	Executed	Eligible	Bond allocation	% with respect to the bond total	Impact indicators			
						Indicator	Number	Indicator	Number
EMPLOYMENT GENERATION		128,424,999	141,000,000	101,700,000	10,17%				
Projects to develop and support local employment	SDG 8: Decent work and economic growth	37,896,986	36,000,000	27,896,986	2.79%	No. people hired	3,014		
Financing of programmes to foster employment		57,300,382	71,500,000	53,754,982	5.38%	No. people with disability hired	9,157	No. beneficiaries of the professional guidance programme	27,353
Financing of training programmes		33,227,631	33,500,000	20,048,032	2.00%	No. young beneficiaries	195		

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

3.2.1. Green Programmes and Projects

RENEWABLE ENERGY: €18,982,499

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 2021, 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 €18,982,499 (1.90% of the bond), with which **1,986 EE projects** were funded (the number of RE projects is unknown), and is expected to prevent the emission of **26,401 tCO₂e/year** (22,517 tCO₂e linked to EE projects and 3,884 tCO₂e to RE projects), equivalent to 0.16% of GHG emissions in the Basque Country in 2020⁶. The installed capacity associated to the subsidised RE projects is 25,100 MW, which is expected to produce 27,471 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 110 young people in ecodesign and promoting the development of 58 projects (46 Circular Eco-innovation and 12 Circular SME projects), with which 34 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 55,794 tons/year in materials and a reduction of 65,537 in greenhouse gases (GHG) will have been achieved.

⁶ Total GHG emissions in the Basque Country amounted to 16.329 thousand tCO₂e in 2020 (Ihobe, 2022)

Table 7: Allocation and impact of the sustainable bond in 2021 in the category of Renewable Energy

Projects	Related SDG	Executed	Eligible	Bond allocation	% with respect to the bond total	Impact indicators			
						Indicator	Number	Indicator	Number
RENEWABLE ENERGY		18,982,499	53,000,000	18,982,499	1.90%				
Programme of grants to EE and RE	SDG 7: Affordable and clean energy	18,982,499	53,000,000	18,982,499	1.90%	No. EE and RE projects subsidised	1.986	Emissions prevented (tCO ₂ e/year)	26,401
Expected renewable production (MWh)						27.471	Renewable installed power (MW)	25,100	
No. projects financed						58	Savings in materials (tons)	55,794	
No. jobs created						34	GHG emissions prevented (tCO ₂ e)	65,537	
No. young people trained						110			
Green ecodesign and manufacturing									

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

CLEAN TRANSPORT: €136,498,942

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 2021, €136,498,942 (13.65% of the fund and 85.3% of the eligible total) of the Sustainable Financing instrument funds financed eligible products to reduce dependence on transport running on fossil fuels.

Of the eligible projects, €9,806,250 (0.98% of the bond and 69% of the associated eligible total) were allocated to the **capital budget of Eusko Trenbideak-Ferrocarriles Vascos, S.A.** for trams. This enabled the acquisition of 1 new tram for the city of Vitoria-Gasteiz. The figure corresponding to the energy intensity of the Vitoria-Gasteiz tram in 2021 is 303 Kwh/mVkm, indicating the energy consumption expressed in thousands of travellers per km transported. This represents an improvement of 12.8% compared to the value for 2020. 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.

In addition, €56,942,692 (5.69% of the bond and 69.6% of the eligible total) were allocated to the building of **new railway infrastructures**, as well as to the widening of railway tracks, station renovations, the building of new tracks for the trams in Vitoria-Gasteiz, Bilbao and for the train in Donostia-San Sebastián, better known as the Topo. As a result, in 2021, the number of Euskotren passengers stood at 27,598,629 and the number of kilometres travelled per passenger at 380,872,870.

On the other hand, €69,750,000 (6.98% of the sustainable financing) has been allocated to **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 prompted a change in travel mode from the private vehicle to the

railway by 10,000 passengers/kilometre between 2020 and 2021, this translates into an additional reduction in emissions (which must be added to the previous 4.7 tons) of 0.91 tons of CO₂⁷.

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 in 2021 in the category of Clean Transport

Projects	Related SDG	Executed	Eligible	Bond allocation	% with respect to the bond total	Impact indicators			
						Indicator	Number	Indicator	Number
CLEAN TRANSPORT		136,498,942	160,000,000	136,498,942	13.65%				
Eusko Trenbideak-Ferrocarriles Vascos, S.A. capital budget for trams	SDG 9: Industry, innovation and infrastructure SDG 11: Sustainable cities and communities	9,806,250	14,200,000	9,806,250	0.98%	No. trams acquired	1*		
Construction of new infrastructures		56,942,692	81,800,000	56,942,692	5.69%	No. Euskotren passengers	27,598,629	tCO ₂ emissions prevented	5.61
						No. km travelled per Euskotren passenger	380,672,870	Energy intensity (Kwh/mVkm)	303
Financing of railway operators		69,750,000	64,000,000	69,750,000	6.98%				

* 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: €20,307,287

Context

Part of the Sustainable Financing instrument funds will be allocated to pollution prevention and control, the conservation of land and water biodiversity, and climate change adaptation.

On the one hand, financing the **pollution prevention and control** has the objective of improving water, air and land quality, managing environmental risks and reducing illness in people related with environmental determinants, in accordance with the lines of action anticipated in the Environment Framework Programme 2020, which will be replaced by the new 2030 Programme (currently being drawn up) 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 infrastructure for managing water, including the treatment of wastewater, 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 2030.
- 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 2021 a total of €20,307,287 (2.03% 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**, 11 measuring initiatives were carried out and a new measuring station was authorised in order to continue making progress with the improvement of data traceability and precision. 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 1,158 contaminated land proceedings (165.5% more than the annual objective of 700).

Sustainable Financing of the pollution prevention and control programme was finally used to subsidise 90 projects fostering **environmental protection**. These projects enabled 77 companies to make investments in environmental and eco-innovative initiatives. Lastly, as regards **waste management**, 1,016,278 tons of waste (equivalent to 100% of the waste generated) were managed, of which 455,689 tons had been selectively collected. Finally, 190,923 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 2021 came to a total of 120,116 (65,986 more than in

2020 and 20,046 more than in 2019). Another indicator making it possible to measure protection of the natural capital is the number of technical studies on habitat and biodiversity financed, 40 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, while work to eradicate invasive species (IS) has been carried out on 5 ha.

Lastly, part of the amount was allocated to improving the **adaptation to climate change**. Thanks to this contribution, funding went to 71 plans and activities for reducing vulnerability to extreme climate events.

Table 9: Allocation and impact of the sustainable bond in 2021 in the category of Pollution Prevention and Control, Biodiversity Conservation and Climate Change Adaptation

Projects	Related SDG	Executed	Eligible	Bond allocation	% with respect to the bond total	Impact indicators			
						Indicator	Number	Indicator	Number
POLLUTION PREVENTION AND CONTROL	SDG 11: Sustainable cities and communities	20,307,287	15,500,000	20,307,287	1.33%				
Air quality						No. new stations authorised	1	No. measuring initiatives	11
Land quality						No. pollution reports	1,558		
Environmental protection, including subsidies to companies						No. companies subsidised	77	No. projects subsidised	90
Waste management						Waste generated, collected and managed (tons)	1,016,278	Waste selectively collected (tons)	455,689
						Waste taken to rubbish dump (tons)	190,923		
CONSERVATION OF LAND AND WATER BIODIVERSITY									
Management of the Ekoetxea Environment Centre Network						No. visitors to the Ekoetxea Network	120,116		
Protection of the natural capital						No. technical studies	40		
Restoration and improvement of ecosystems						Ha. with IS actions	5		
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	71							

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

SUSTAINABLE MANAGEMENT OF WATER AND WASTEWATER: €22,862,025

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 2021, €22,862,025 (2.29% 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 1,317,349 people (61% of the population of the Basque Country in 2021) had access to 74,289,677 m³ of drinking water while guaranteeing the required environmental flows thanks to a gross annual volume of 227,744,096 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 **264 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 **498 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 **198 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 121 water masses⁸ (rivers, lakes and

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

wetlands, reservoirs, underground waters, estuaries and coastal waters) according to the monitoring requirements established by the Water Framework Directive (WFD).

Table 10: Allocation and impact of the sustainable bond in 2021 in the category of the Sustainable Management of Water and Wastewater

Projects	Related SDG	Executed	Eligible	Bond allocation	% with respect 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	38,062,025	33,000,000	22,862,025	2.29%	No. people with access to drinking water	1,317,349	Drinking water supplied (m3)	74,289,677
Jobs created						264	Wastewater treated, reused or prevented (m3)	277,744,096	
Restoration and conservation of beds and banks						No. conservation actions	498	Surface conserved (ha)	198
Network monitoring the status of water masses						No. water masses evaluated	121		

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

3.3. Summary of results

In 2021, the Basque Government executed a budget of €2,048,626,973 in projects corresponding to the eligible project categories and which were therefore susceptible to being financed with the Sustainable Financing instruments. A total of €1,834,776,220 were allocated to social projects, and the remaining €213,850,753 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, €801,349,247 (80.13%) were allocated to social projects and the remaining €198,650,753 (19.87%) to green projects.

Tables 11 and 12 summarise the **social and green projects** financed with the **2021 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 2021, the Socioeconomic Advancement programme was the one to receive most financing from the Sustainable Financing instruments (23.43% of the total), followed very closely by Healthcare (22.50% 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: 56.14% of the programme funds (equivalent to 13.15% of the total 2021 bond). In Healthcare, Sustainable Financing was largely distributed between hospital and non-hospital expenditure.

The sustainable management of water and wastewater, renewable energy 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 2.5% of the total amount of the 2021 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 the social programmes and projects financed

Categories and projects	Related SDG	Executed	Eligible	Bond allocation	% with respect to the bond total	Impact indicators			
						Indicator	Number	Indicator	Number
AFFORDABLE HOUSING	SDG 11	147,085,866	173,500,000	110,000,000	11.00%	No. households to receive the (PCV + PEV + BIZIGUNE) allowance	41,535		
						No. young GAZTELAGUN beneficiaries	2,469	Total beneficiaries of rehabilitation and/or renovation grants	12,519
EDUCATION	SDG 4	137,045,577	181,900,000	130,345,576	13.03%	No. disadvantaged non-university students with grants	117,829		
						No. special needs university students with grants	12,650		
HEALTH	SDG 3	958,243,528	242,000,000	225,000,000	22.50%	No. polymedicated people	176,683	No. prescriptions	13,609,125
						No. people receiving chronic treatment	508,336	Work to build and renovate Health Centres	7
						No. reconditioned hospitals and medical centres	15	No. COVID tests carried out	1,155,139
SOCIOECONOMIC ADVANCEMENT	SDG 1 SDG 10	463,976,250	500,100,000	234,303,670	23.43%	No. RGI recipients	19,200	New RGI recipients	2,844
								People receiving RGI as work income top-up	3,023
						No. AES beneficiaries	57,882		
		No. families with children to receive allowance	28,462	No. recipients of work-life balance grant	15,801				
EMPLOYMENT GENERATION	SDG 8	128,424,999	141,000,000	101,700,000	10.17%	No. people hired	3,014	No. young beneficiaries of the training programme	118
						No. employed people with disability	9,157	No. beneficiaries of the professional guidance programme	27,353
SUB-TOTAL SOCIAL PROJECTS		1,834,776,200	1,238,500,000	801,349,247	80.13%				

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

Table 12: Summary of green programmes and projects financed

Projects	Related SDG	Executed	Eligible	Bond allocation	% with respect to the bond total	Impact indicators			
						Indicator	Number	Indicator	Number
RENEWABLE ENERGY	SDG 7	18,982,499	53,000,000	18,982,499	1.90%	No. EE and RE projects subsidised	1,986	Emissions prevented with EE and RE projects (tCO2e/year)	26,401
								Installed renewable capacity (MW)	25,099
								Expected renewable production (MWh)	27,471
						No. jobs created with EE projects	34	No. ecodesign and green manufacturing projects	58
						No. young people trained	110	Material savings (tons/year)	55,794
GHG emissions prevented with the ecodesign and green manufacturing projects (tCO2/e)	65,537								
CLEAN TRANSPORT	SDG 9 SDG 11	136,498,942	160,000,000	136,498,942	13.65%	No. trams acquired	1	Emissions prevented (tCO2e/year)	5,61
						No. Euskotren passengers	27,598,629	No. km travelled per Euskotren passenger	380,672,870
						Energy intensity (Kwh/mVkm)	303		
SUSTAINBLE MANAGEMENT OF WATER AND WASTEWATER	SDG 6	38,062,025	33,000,000	22,862,025	2.29%	No. people with access to drinking water	1,317,349	Volume of drinking water supplied (m3/year)	74,289,677
								Wastewater treated (m3)	227,744,096
								Conserved surface (ha)	198
								No. water masses evaluated	121
								No. maintenance actions on beds and rivers	498
POLLUTION PREVENTION AND CONTROL	SDG 11	20,307,287	15,500,000	20,307,287	2.03 %	No. people informed	2,193,199	No. measuring campaigns	11
						No. companies subsidised	77	No. pollution reports	1,158
								Waste collected (Mt/year)	1,016,278
						No. projects subsidised	90	Selective waste collection (Mt/year)	455,689
								Waste taken to rubbish dumps (Mt/year)	190,923

CONSERVATION OF LAND AND WATER BIODIVERSITY	SDG 14 SDG 15					No. visitors to centres in the Ekoetxea Network	120,116	No. technical studies	40
						Ha with actions on Invasive Species	5	No. ha with maintenance in the Urdaibai Reserve	57
								Km footpaths improved and/or maintained in the Urdaibai Reserve	34
CLIMATE CHANGE ADAPTATION	SDG 13					No. plans and activities financed	71		
SUB-TOTAL GREEN PROJECTS		213,850,753	261,500,000	198,650,753	19.87%				
TOTAL PROJECTS		2,048,626,973	1,500,000,000	1,000,000,000	100.00%				

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



4. REFERENCES

Adif, (2018) Green Bonds Annual Report 2018

Ansuategi, A., Escapa, M., Galarraga, I., González-Eguino, M., (2014) Economic impact of eco-innovation in the Basque Country. A quantitative approach. *Ekonomiaz*, 86: 247-273

Basque Government (2018a) *Euskadi Basque Country 2030 Agenda*.

Basque Government (2018b) *Framework for the issue of Sustainable Bonds*.

Ihobe (2021) Contribution of the Basque municipalities to the Sustainable Development Goals. 2nd Voluntary Monitoring Report on Udalsarea 2030. 2020

Ihobe (2022) Inventory of greenhouse gas emissions in the Basque Country. 2020.

International Capital Market Association (2017) *Los Principios de los Bonos Sociales 2017 – Social Bond Principles (SBP)*.

International Capital Market Association (2018) *Los Principios de los Bonos Verdes 2018 – Green Bond Principles (GBP)*.

Sustainability Observatory (OS), AIS Group and Fundación Ciudadanía, (2019) SOS 17X17 Analysis of sustainability in Spain 2019 in the 17 autonomous communities.