

Sustainability Bond #2
State of North Rhine-Westphalia



Use of Proceeds

Eligible Assets

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Introduction

The second Sustainability Bond of the State of North Rhine-Westphalia (NRW) focuses on the issue of sustainable development. An amount equal to net issue proceeds of the State Treasury Notes will be used to cover expenditures of the fiscal year 2015 and will thereby substitute short-term funding. Projects were selected in accordance with the categories and specification set out in the "Sustainability Bond Framework" (annex 1 of the Second Party Opinion provided by oekom research, 24 February 2016). Main criterion is a clear environmental and/or social benefit. The selected projects are part of the State's discretionary spending. Projects prescribed by federal law are excluded. Only the State's own expenditures (net of EU grants, federal grants or other revenues earmarked for specific purposes) are taken into account. The State's personnel costs are excluded. Budget figures shown are preliminary results for the fiscal year 2015. The original budget plan figures are provided in brackets. Budget results may exceed budget plans due to specific permission (as provided for the specific item). The 2015 budget closes around the end of the first quarter of 2016.

A **Education and Sustainability Research EUR 678.4m**

- **Enlargement of universities EUR 601.5m**

Expansion of universities of applied sciences

budget item # 06 025 TG 73

EUR 144.4m (budget 154.0 Mio.)

Bund-Länder-Covenant for the expansion of universities

budget item # 06 100 TG 70

EUR 457.1m (budget 714.5 Mio.)

The group of universities of applied sciences in the State of NRW will be expanded. Additional places to study, especially in the fields of mathematics, computer sciences, natural sciences and technology (so-called MINT subjects) will help maintain the State's ability to provide innovative solutions for businesses and the society. 11,000 new places to study will be created, of which 7,500 belong to three new facilities (Hamm-Lippstadt, Rhein-Waal and Ruhr West). The other 3,500 places are created at eight existing universities of applied sciences and at Germany's first university for healthcare professions in Bochum (www.wissenschaft.nrw.de/hochschule/hochschulen-in-nrw/fachhochschulen-in-nrw-staerken/ausbau-der-fachhochschullandschaft/?L).

In December 2014, federal and state governments reached an agreement concerning the extension of the Bund-Länder-Covenant for the enlargement of universities (Hochschulpakt 2020). The goal is to provide further places of study with regard to an ongoing increase in demand for college education. Through this effort, a larger number of students get the opportunity to receive a high quality university education (www.wissenschaft.nrw.de/hochschule/finanzierung/hochschulpakt/gemeinsame-wissenschaftskonferenz-einigt-sich-auf-hochschulpakt-2020).

- **Support for best in class universities EUR 29.8m**

budget item # 06 100 686 55

EUR 29.8m (budget 31.0m)

The Initiative of excellence ([Exzellenzinitiative](http://www.wissenschaft.nrw.de/forschung/einrichtungen/exzellenzinitiative/)) is a joint effort by federal and state governments designed to promote top level research as well as strengthen the overall quality of universities. In the current period, extending through 2017, two elite universities, ten clusters of excellence and five graduate colleges are being sponsored in North Rhine-Westphalia (<http://www.wissenschaft.nrw.de/forschung/einrichtungen/exzellenzinitiative/>).

- **Innovation and sustainable development EUR 32.4m**

Promotion of innovation

budget item # 06 026 TG 61 EUR 6.6m (budget 6.7m)

Wuppertal Institute

budget items # 06 042 686 11, 892 11 EUR 4.0m (budget 4.0m)

Research initiative "Progress for NRW"

budget item # 06 100 TG 75 EUR 19.0m (budget 20.1m)

Sustainable Development

budget item # 10 020 TG 66 EUR 0.8m (budget 1.3m)

Foundation for nature and sustainable development

budget item # 10 020 TG 686 72 EUR 2.0m (budget 2.0m)

The State's innovation strategy focuses on the major challenges of our time such as climate change, demographic change, preservation of health and food safety, scarceness of resources, energy supply and access to information technology and mobility. Solutions for these challenges cannot purely rely on technological optimization, but must imply social and environmental implications, to provide sustainable progress for citizens and the community. Specific research projects supported here are carried out by universities, research institutes and private enterprises.

The [Wuppertal Institute](#) undertakes research and develops models, strategies and instruments for transitions to a sustainable development at local, national and international level. Sustainability research at the Wuppertal Institute focuses on the resources, climate and energy related challenges and their relation to economy and society. Special emphasis is put on analyzing and stimulating innovations that decouple economic growth and wealth from natural resource use.

The research initiative "Progress for NRW" ([Fortschritt NRW](#)) promotes research and innovation as well as related teaching in the area of sustainable development. The goal is to enhance the universities' contributions to solutions for major global challenges such as climate change, reliable energy supply, resource efficiency, mobility, health, demographic change and public safety.

The project „Sustainable Development“ focuses on the promulgation of sustainability strategies (see [Nachhaltigkeitsstrategie NRW](#)) and the links between education and sustainable development ([Bildung für nachhaltige Entwicklung](#)).

The Foundation for Nature and Sustainable Development ([Stiftung Umwelt und Entwicklung Nordrhein-Westfalen](#)) was founded in 2001 by the State in order to increase awareness for activities concerning nature and sustainable development. The Foundation supports projects of various organisations relating to dialogue between citizens of the northern and southern hemisphere, protection of environment and nature, intercultural exchange and sustainable development within the State. The project's website www.sue-nrw.de features sponsoring guidelines as well as examples of supported projects.

In all programmes of this category, research projects relating to armaments, crude oil and coal as fossil resources, nuclear power or tobacco are not being sponsored.

- **Consumer protection EUR 14.7m**

budget items # 10 040 684 10, 686 10 EUR 14.7m (budget 16.1m)

The State provides financial support for projects focusing on consumer education and for the works of the consumers' association of North Rhine-Westphalia ([Verbraucherzentrale NRW e.V.](#)). One of the most important current issues relates to how consumers are affected by the ongoing energy transition. Further topics include the promotion of a healthy, balanced and sustainable nutrition especially for children and young people, and the integration of such measures into life at school and day care facilities.

B Inclusion and social coherence EUR 146.5m• **Inclusion, integration and qualification EUR 48.1m***Education for teachers with regard to inclusive education*

budget item # 06 100 685 40

EUR 9.2m (budget 9.2m)

Social inclusion of persons with disabilities

budget item # 11 050 TG 80

EUR 2.5m (budget 3.6m)

Employment opportunities for persons with disabilities

budget item # 11 050 TG 86

EUR 7.4m (budget 7.4m)

Prevention of homelessness

budget item # 11 042 TG 96

EUR 0.4m (budget 1.0m)

Fight against poverty and social exclusion

budget item # 11 042 TG 99

EUR 1.9m (budget 4.0m)

Integration of migrants

budget item # 11 060 TG 68

EUR 21.7m (budget 22.8m)

European Social Fund 2014-2020

budget item # 11 032 TG 71

EUR 5.0m (budget 15.0m)

Inclusion is a cornerstone of the UN Convention on the rights of persons with disabilities. To strengthen inclusion in schools, teachers must be provided with additional skills. Four universities have been selected to provide 2.300 additional places to study. Programmes include undergraduate as well as graduate programmes.

The programme "NRW – One society for all" ([Eine Gesellschaft für alle – NRW inklusiv](#)) is a comprehensive set of measures adopted by the State to implement the UN Convention on the rights of persons with disabilities. The projects and initiatives shall create opportunities for the participation for persons with disabilities in society.

The State provides grants for construction and equipment of workshops for persons with disabilities. The State also provides financial support to cover expenses for construction, equipment and other measures necessary to create jobs for persons with disabilities in so-called integration companies (Integrationsfirmen). Integration companies are independent companies which hire their staff in the regular labour market and have to compete on market economy terms. These companies permanently employ severely disabled persons, who make up at least 25 per cent, in most cases 50 per cent of their staff, with full coverage under the system of social security. The goal is to create 250 new employment opportunities in integration companies per year.

The State's initiative to prevent homelessness ([Aktionsprogramm Hilfen in Wohnungsnotfällen](#)) supports appropriate projects at the municipal level, with a focus on knowledge transfer, consulting, evaluation and reporting.

The State's initiative to fight poverty ([Handlungskonzept Gegen Armut und soziale Ausgrenzung](#)) provides funds for various projects focusing on children from low-income families or disadvantaged local communities.

The State supports municipal agencies for integration, which strive to help migrants integrate into society. Integration agencies focus on migrants who have been living in the State for some time. The State also supports Centers for intercultural exchange. Sponsored projects at these centers include various forms of education and community organisation.

The European Social Fund ([Europäischer Sozialfonds](#)) promotes education and employment opportunities. Core issues are competitiveness of small and medium-sized companies and employees, the employability of young people and migrants, the transition from school to employment, and human capital. The current programme for North-Rhine Westphalia ([Operationelle Programm 2014-2020](#)) also focuses on fighting poverty.

- **Language skills in early childhood education, support and advice for families EUR 55.5m**

Language courses at child care facilities

budget item # 07 040 TG 91

EUR 24.9m (budget 25.0m)

Support for family centres

budget item # 07 040 TG 92

EUR 30.6m (budget 33.1m)

The State sponsors language courses at child care facilities, in particular for children from low-income families or disadvantaged local communities and for children whose first language is not German.

Selected child care facilities are accredited as family centers ([Familienzentren](#)). Family centers provide information and consulting for parents with regard to child care and financial support. Family centers located in disadvantaged local communities receive additional funds.

- **School social work EUR 42.9m**

budget item # 11 029 633 20

EUR 42.9m (budget 47.7m)

The initiative School social work ([Soziale Arbeit an Schulen](#)) promotes education and participation for disadvantaged children. Supported projects target at regular school attendance and improved school performance of their clients in order to strengthen their personal development and employability.

C Public Transportation and Local Mobility EUR 179.8m

- **Public transportation for low-income citizens**

budget item # 09 110 TG 60

EUR 29.8m (budget 30.0m)

The State provides grants for municipalities and regions which offer public transport at subsidized rates for low-income citizens. So-called social tickets (Sozialtickets) enhance the participation of all social classes in a society which is increasingly characterized by mobility. At the same time, the system of public transport is being strengthened.

- **Public transportation for pupils and students**

budget item # 09 110 TG 74

EUR 130.0m (budget 130.0m)

According to section 11a of the State's law relating to public transport in North Rhine-Westphalia (ÖPNVG NRW), municipalities and regions get reimbursed for lost income due to reduced fares for pupils, students and trainees. The State also covers additional costs for the improvement of supply and quality in educational traffic ("Ausbildungsverkehr").

- **Transportation infrastructure for cyclists and pedestrians EUR 20.0m**

Local mobility

budget item # 09 140 TG 61

EUR 10.5m (budget 11.8m)

Improvement and expansion of bicycle lanes

budget item # 09 150 777 14

EUR 9.5m (budget 9.4m)

The State provides financial support for projects which improve conditions for cyclists and pedestrians, particularly on short-haul routes (local mobility, see [Aktionsplan Nahmobilität](#)). Major projects with regard to cycling relate to the construction of a bicycle road infrastructure and bicycle parking facilities as well as construction of bicycle paths on abandoned railway lines. Supported projects also include the websites of "Radroutenplaner NRW" (Bicycle Route Planner, available at www.radroutenplaner.nrw.de), "Wanderrouutenplaner NRW" (Hiking Route Planner, available at www.wanderrouutenplaner.nrw.de) and "Radverkehrsnetz NRW" (Bicycle Route Network, available at www.radverkehrsnetz.nrw.de).

D Climate protection and energy transition EUR 49.4m

- **Climate protection and renewable energies EUR 44.7 Mio.**

Renewable energies and energy efficiency

budget item # 10 060 TG 63

EUR 13.6m (budget 17.2m)

European Fund for Regional Development (ERDF)

budget item # 10 090 TG 75

EUR 21.1m (budget 15.9m)

budget item # 10 090 TG 82

EUR 10.0m (budget 29.5m)

A central element of the State's approach to energy transition and climate protection is the Climate protection law North Rhine-Westphalia (Klimaschutzgesetz NRW), which provides binding commitments with regard to climate protection objectives. Specific measures to achieve these goals will be laid out in a plan of campaign (Klimaschutzplan NRW, see www.klimaschutz.nrw.de).

A significant contribution to the State's climate protection efforts is provided through the programme for rational energy consumption, renewable energies and energy saving "progres.nrw" (progres.nrw). Core elements of the programme focus on innovation, market launch and combined heat and power. In the context of innovation, the State provides financial support for projects of research and development (including prototypes) with regard to climate protection and energy consumption. Supported projects focus on biomass, fuels and engines, solar and geothermal energy. Projects relating to energy production from fossil fuels or projects targeted at replacing existing plants without improving energy efficiency are not eligible. In the context of market launch, the State promotes the distribution of technologies for the use of renewable energies and energy conservation measures (including local and district heating). Eligible are, inter alia, projects relating to the construction of thermal solar systems, photovoltaic systems (limited eligibility) and water turbines or biomass plants connected to a solar thermal system (www.bezreg-arnsberg.nrw.de/themen/f/foerderpro_progres_nrw/broschuere_foerderprogramme.pdf).

The State provides financial support for environmental initiatives carried out within the framework of the European Regional Development Fund (ERDF). Supported projects focus on climate protection and renewable energies, combined heat and power, energy efficiency and resource efficiency, decentralization of energy consumption, soil protection and remediation of land as well as reduction of noise. In the current period, reduction of greenhouse gas emissions has a particularly high priority (www.efre.nrw.de/fileadmin/user_upload/3_Factsheet_EFRE_NRW_final.pdf). Projects relating to armaments, crude oil and coal as fossil resources, nuclear power or tobacco are not being sponsored.

- **Resource efficiency**

budget item # 10 020 TG 68

EUR 4.7m (budget 4.5m)

The State sponsors the Efficiency agency North Rhine-Westphalia (Effizienz-Agentur NRW). The agency supports municipalities as well as small and medium-sized manufacturing enterprises in the State with regard to policies and strategies enhancing their resource efficiency, thereby creating clear benefits for their businesses as well as for the environment. Supported projects focus on the efficient use of raw materials and energy, climate protection measures and promotion of renewable energies (www.ressourceneffizienz.de). Projects targeted at power generation from fossil fuels or relating to shale gas/fracking are not eligible. For further information, see www.umwelt.nrw.de/umweltschutz-umweltwirtschaft/umwelt-wirtschaft-und-ressourcenschutz/ressourceneffizientes-wirtschaften.

E Protection of natural resources EUR 61.7m

- **Protection of nature, landscape and biodiversity EUR 30.1m**

Waste management and soil protection

budget item # 10 020 883 11

EUR 3.0m (budget 3.0m)

Protection of nature

budget item # 10 030 TG 82

EUR 27.1m (budget 36.0m)

The State provides financial support for soil protection efforts at the municipal level, with a focus on risk assessment. The goal is to protect the environment, mitigate hazards for public health, support regional planning and zoning regulation and allow for remediation of abandoned landfills or industrial sites ("land recycling"). For further information, see www.umwelt.nrw.de/umweltschutz-umweltwirtschaft/umwelt-wirtschaft-und-ressourcenschutz/boden-und-flaechen/altlastensanierung-und-flaechenrecycling.

With almost 18m inhabitants, North Rhine-Westphalia is the most densely populated area in Germany. At the same time the State features a diverse and unique natural heritage. However, almost 45 per cent of the examined species are endangered, threatened with extinction or already extinct. The central objective of conservation policy in North Rhine-Westphalia is to avoid loss of biodiversity and to increase population of endangered species. The great dangers for habitats and species are reflected in the so-called red lists and in the unfavourable conservation conditions. Even in some of the areas with enhanced environmental protection ("Schutzgebiete"), favourable conditions have not yet been reached. At the national level, the federal government has submitted the National Biodiversity Strategy (NBS) in 2007. The NBS contains around 330 goals and 430 measures for protection and sustainable use of nature in Germany with a time frame from 2010 to 2050. The Biodiversity Strategy of the State of NRW supplements and specifies the NBS with regard to the specific conditions of North Rhine-Westphalia. For further information see www.umwelt.nrw.de/fileadmin/redaktion/PDFs/naturschutz/15_01_15_BiodiversitaetsstrategieNRW_mit_Titelbild.pdf.

Additionally, the State provides financial support for private environmental protection facilities ("Biologische Stationen") and for land acquisitions for conservation purposes. The "Biologische Stationen" in North Rhine-Westphalia are rooted in private initiatives for the conservation of nature. Today, these facilities serve as an important link between private and official efforts. The network of "Biologische Stationen" in North Rhine-Westphalia is unique nationwide and plays an important role in the implementation of the conservation work on site. Cooperation with agriculture, forestry and official authorities provides comprehensive support for the existing network of protection areas. Eligible activities also include voluntary conservation projects on site, implementation and support of wildlife conservation projects and education with regard to issues of environmental protection. Through land acquisitions for conservation purposes, highly valuable areas are protected from intensive economic exploitation in order to allow for a more environment-friendly development (e.g., heath or moorland, grassland, arable, and forest land in protection areas). These parcels of land can serve as "Stepping stone habitat areas", allowing for unimpaired wildlife and strengthening the network of areas with favorable conservation conditions.

- **Flood protection and river restoration**

budget item # 10 050 TG 66

EUR 19.4m (budget 30.0m)

Early and environment-friendly flood control is essential in the densely populated and highly industrialized State of NRW, especially for the river Rhine, but also for many other waters. The flood prevention concept of the State ([Hochwasserschutzkonzept](#)) offers solutions for a wide range of possible flood events on large or small waters. The State's approach features concepts of technical assistance and water retention as well as planning instruments for flood prevention purposes, e.g. designation of floodplains. Natural watercourses and their floodplains can cache sprawling water, thus reducing the wave crest. Ecological restoration of streams and rivers can restore this property and thus contribute to flood prevention.

- **Responsible agriculture and rural development EUR 12.2m**

Responsible agriculture

budget item # 10 080 683 11, 683 31

EUR 3.0m (budget 3.5m)

European Agricultural Fund for Rural Development

budget item # 10 090 TG 60

EUR 9.2m (budget 33.3m)

The European Agricultural Fund for Rural Development offers a broad variety of support measures for agriculture, forestry and rural areas. In North Rhine-Westphalia, implementation is carried out through the "NRW programme for Rural Areas 2014-2020" ([NRW-Programm Ländlicher Raum](#)). The programme puts emphasis on funding programmes that are dedicated to the European priority for restoration, conservation and enhancement of biodiversity, for cultivation of land with high nature value and for conservation of European landscapes. The State promotes efforts towards a more sustainable, GMO free farming practice, which contribute to livable rural communities. The programme strives to improve living conditions for endangered species in North Rhine-Westphalia, to reduce fertilizer and pesticide use and to protect soil, water and permanent pastures. Further objectives relate to preservation of the cultivated landscape, proper animal housing and expansion of organic farming in order to meet growing demand for organic food.

F Sustainable Urban Development EUR 62.4m

The urban development programme promotes social cohesion, cultural diversity and the quality of life in cities across the state. The programme strives to create and conserve "Homeland outside the front door". Other goals are the development of new forms of mobility, the renewal of urban infrastructure and the environment-friendly reconstruction of buildings and neighborhoods ([www.mbwsv.nrw.de/stadtentwicklung/pdf_container/Staedtebaufoerderprogramm_NRW_2015.pdf](#)). The sub-programmes "Stadtumbau West" (Urban Reconstruction in the West) and "Soziale Stadt" (Social City) were selected for the Sustainability Bond.

- **Urban Reconstruction in the West**

budget item # 09 500 883 11

EUR 29.6m (budget 20.6m)

The programme "Stadtumbau West" focuses on the effects of a shrinking population and a stagnating economic development, in order to stipulate new initiatives for sustainable urban development. Issues of urban planning and housing, economic development and social as well as environmental policies are taken into account. Urban districts with a severe loss of functions or a high degree of abandoned or vacant property (residential, commercial, military or railway) are eligible for support under this programme.

- **Social City**

budget item # 09 500 883 11

EUR 32.8m (budget 34.7m)

The programme "Soziale Stadt" tackles various challenges for local communities with regard to urban renewal, labor market development, economic structure and growth, housing, social and cultural infrastructure, integration and inclusion, schools, promotion of health, prevention of crime and public relations. Most comprehensive projects in this programme start with concrete measures to improve conditions of living and the social environment, such as renewal of playgrounds, schoolyards and parks.

G Modernisation of educational and public health facilities EUR 411.7m

• **Modernisation of university buildings EUR 116.7m**

budget item # 06 110 685 20, 894 20 EUR 37.7m (budget 61.3m)

budget item # 06 100 TG 891 20 EUR 79.0m (budget 80.0m)

The programmes for the modernisation of university buildings provide renovation and technical upgrades for various university facilities. Current standards for energy efficiency and accessibility are being obeyed.

• **Modernisation of university medical clinics EUR 295.0m**

budget items # 06 103-108 891 20 EUR 96.8m (budget 96.8m)

budget items # 06 103-108 891 30 EUR 198.2m (budget 175.0m)

The programmes for the modernisation of university medical clinics focus on measures to improve energy and resource efficiency of existing facilities, reduce emissions and remove hazardous materials from older buildings. Current standards for energy efficiency and accessibility are being obeyed. Larger projects include renewal and enlargement of existing clinics. A detailed description of the specific projects is set out in the budget available on the internet (www.haushalt.fm.nrw.de/daten/hh2015.ges/daten/html/hp_06.html).