

**Inaugural Sustainability Bond**  
**State of North Rhine-Westphalia**



**Use of Proceeds**

**Eligible Assets**

**Düsseldorf, February 2015**

Ministry of Finance of the State of North Rhine-Westphalia  
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## Introduction

The inaugural 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 2014 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, 12<sup>th</sup> February 2015).

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 2014, which closes at the end of the first quarter of 2015.

### A. Education and Sustainability Research: EUR 430.4m

- Expansion of universities of applied sciences

Budget item # 06 025 TG 73

EUR 166.0m (of which capital expenditures EUR 35.4m)

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 (Hochschule für Gesundheit).

- Bund-Länder-Covenant for the expansion of universities

Budget item # 06 100 TG 70

EUR 207.8m (of which capital expenditures EUR 146.3m)

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, third phase). 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.

- Research initiative "Progress for NRW"

Budget item # 06 100 TG 75

EUR 15.9m (of which capital expenditures EUR 0.4m)

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. Projects relating to nuclear energy, tobacco, weapons or the use of pesticides are not being sponsored.

- Modernisation of universities

Budget item # 06 110 TG 20  
EUR 24.4m (of which capital expenditures EUR 11.6m)

The programme for the modernisation of universities (Hochschulmodernisierungsprogramm) provides renovation and technical upgrades for various university facilities. Current standards for energy efficiency and accessibility are obeyed.

- Consumer protection

Budget items # 10 040 684 10 and # 10 040 686 10  
EUR 13.8m

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 daycare facilities.

- Sustainable development

Budget item # 10 020 TG 66  
EUR 0.5m

The State provides financial support for projects that promote sustainable development in the State of NRW and focus on the environment, with an interdisciplinary approach. Key issues include sustainability strategies and the concept of education for sustainable development (Bildung für nachhaltige Entwicklung). For further information, please visit

[www.bne-portal.de/un-dekade/un-dekade-deutschland/akteure/uebersicht-der-akteure-im-portal/agentur-bildung-fuer-nachhaltige-entwicklung](http://www.bne-portal.de/un-dekade/un-dekade-deutschland/akteure/uebersicht-der-akteure-im-portal/agentur-bildung-fuer-nachhaltige-entwicklung) and [www.zukunft-lernen-nrw.de](http://www.zukunft-lernen-nrw.de).

- Foundation for Nature and Sustainable Development

Budget item # 10 020 TG 72  
EUR 2.0m

The Foundation for Nature and Sustainable Development in North Rhine-Westphalia (Stiftung Umwelt und Entwicklung NRW) was founded in 2001 by the State in order to increase awareness for activities concerning nature and sustainable development. The Foundation supports projects by 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. For more information, please visit [www.sue-nrw.de](http://www.sue-nrw.de) (the website features sponsoring guidelines as well as examples of supported projects).

## **B. Inclusion and Social Coherence: EUR 28.3m**

- European Social Fund

Budget item # 11 032 TG 61  
EUR 17.8m

The State provides financial support for initiatives which promote education and employment opportunities within the framework of the European Social Fund (ESF). Projects from the programme phase 2007-2013 can be extended through 2014 and 2015.

The specific projects focus on three core issues:

1. Enhancing employability
2. Dealing with interim periods
3. Improving human capital / Youth and employment

For further information on the current programmes, please visit

[www.arbeit.nrw.de/pdf/esf/esf\\_programm\\_nrw\\_2007\\_2013.pdf](http://www.arbeit.nrw.de/pdf/esf/esf_programm_nrw_2007_2013.pdf).

- Inclusion of persons with disabilities

Budget item # 11 050 TG 80

EUR 3.9m

The programme "NRW – One Society for All" ("NRW inklusiv – Eine Gesellschaft für alle") 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 of persons with disabilities in society.

For further information, please visit [www.mais.nrw.de/08\\_PDF/003/121115\\_endfassung\\_nrw-inklusive.pdf](http://www.mais.nrw.de/08_PDF/003/121115_endfassung_nrw-inklusive.pdf).

- Support for sheltered workshops for persons with disabilities

Budget item # 11 050 TG 85

EUR 5.0m (of which capital expenditures EUR 5.0m)

The State provides grants for construction and equipment of workshops for persons with disabilities. The State's share of construction costs is 25 to 50 per cent of eligible expenses.

- Employment opportunities for persons with disabilities

Budget item # 11 050 TG 86

EUR 1.6m (of which capital expenditures EUR 1.6m)

The State 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). The focus is on companies where employees with and without disabilities work together.

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.

### **C. Public Transport and Local Mobility: EUR 169.5m**

- Public transport for low-income citizens

Budget item # 09 110 TG 60

EUR 29.3m

The State provides grants for municipalities and regions which offer public transport at subsidized rates for low-income citizens. So-called "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 transport for pupils and students

Budget item # 09 110 TG 74

EUR 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").

- Transport infrastructure for cyclists and pedestrians

Budget item # 09 140 TG 61

EUR 10.2m (of which capital expenditures EUR 10.1m)

The State provides financial support for projects which improve conditions for cyclists and pedestrians, particularly on short-haul routes (local mobility). A shift to non-motorized traffic significantly enhances air quality and contributes to the protection of natural resources as well as to the revitalization of inner city centres. Additionally, a shift to non-motorized traffic has positive effects on public health. Because it offers such a great variety of beneficial effects to society, promoting local mobility is an important goal of transport policy.

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. Other supported projects include publications, events, expert studies, public relations activities and the websites of "Radroutenplaner NRW" (Bicycle Route Planner, at [www.radroutenplaner.nrw.de](http://www.radroutenplaner.nrw.de)), "Wanderrouutenplaner NRW" (Hiking Route Planner, at [www.wanderrouutenplaner.nrw.de](http://www.wanderrouutenplaner.nrw.de)) and "Radverkehrsnetz NRW" (Bicycle Route Network, at [www.radverkehrsnetz.nrw.de](http://www.radverkehrsnetz.nrw.de)).

The State cooperates with municipalities committed to improving local mobility.

For further information, please visit [www.fahrradfreundlich.de](http://www.fahrradfreundlich.de).

#### **D. Climate Protection and Energy Transition: EUR 49.2m**

- Resource efficiency

Budget item # 10 020 TG 68

EUR 4.6m

The State sponsors the Efficiency Agency North Rhine-Westphalia (EFA NRW). EFA NRW 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 energy. Projects targeted at power generation from fossil fuels or relating to shale gas/fracking are not eligible. For further information on EFA NRW, a best practice database and examples for projects, please visit [www.ressourceneffizienz.de](http://www.ressourceneffizienz.de).

- Renewable energies

Budget item # 10 060 TG 63

EUR 12.6m (of which capital expenditures EUR 8.6m)

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). A significant contribution to the State's climate protection efforts will be provided by a programme for rational energy consumption, renewable energies and energy saving ("progres.nrw"). Core elements of the programme focus on innovation and market launch.

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.

For more information on eligible projects, please visit

[www.bezreg-arnsberg.nrw.de/themen/f/foerderpro\\_progres\\_nrw/broschuere\\_foerderprogramme.pdf](http://www.bezreg-arnsberg.nrw.de/themen/f/foerderpro_progres_nrw/broschuere_foerderprogramme.pdf).

For more information on progres.nrw, please visit [www.progres.nrw.de](http://www.progres.nrw.de).

- **European Regional Development Fund**

Budget item # 10 090 TG 75

EUR 32.0m (of which capital expenditures EUR 7.0m)

The State provides financial support for environmental initiatives carried out within the framework of the European Regional Development Fund (ERDF). Projects from the programme phase 2007-2013 can be extended through 2014 and 2015.

Supported projects focus on the following core issues:

- Climate protection and renewable energies
- Energy efficiency and resource efficiency
- Decentralization of energy consumption in the State
- Soil protection and remediation of land
- Reduction of noise

Projects relating to nuclear energy, tobacco, weapons or the use of pesticides are not eligible.

## **E. Protection of Natural Resources: EUR 52.1m**

- **Soil protection**

Budget item # 10 020 883 11

EUR 3.6m (of which capital expenditures EUR 3.6m)

The State provides financial support for urgent efforts of cities and municipalities with regard to soil protection, with a focus on risk assessment. Risk assessment relates to all examinations and assessments necessary to evaluate the risk of a specific, potentially contaminated site.

The most important tasks with regard to soil protection are risk assessment of potentially hazardous sites and appropriate measures of decontamination, where necessary. 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, please visit

[www.umwelt.nrw.de/umweltschutz-umweltwirtschaft/umwelt-wirtschaft-und-ressourcenschutz/boden-und-flaechen/altlastensanierung-und-flaechenrecycling](http://www.umwelt.nrw.de/umweltschutz-umweltwirtschaft/umwelt-wirtschaft-und-ressourcenschutz/boden-und-flaechen/altlastensanierung-und-flaechenrecycling).

- **Protection of Nature**

Budget item # 10 030 TG 82

EUR 24.2m (of which capital expenditures EUR 6.1m)

In the context of implementing the principle of sustainable development, the Biodiversity Strategy of the State of North Rhine-Westphalia (Biodiversitätsstrategie NRW) is one of the core elements.

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. More than 43,000 different plants and animals can be found in the region between Eifel and Weserbergland. 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 unfavorable conservation conditions. Even in some of the areas with enhanced environmental protection ("Schutzgebiete"), favorable 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, please visit

[www.umwelt.nrw.de/fileadmin/redaktion/PDFs/naturschutz/15\\_01\\_15\\_BiodiversitaetsstrategieNRW\\_mit\\_Titelbild.pdf](http://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 ("Biotopverbund").

- Flood protection and river restoration

Budget item # 10 050 TG 66

EUR 13.5m (of which capital expenditures EUR 11.3m)

The State provides financial support for flood protection projects, restoration of natural waterflows, water projects in the Emscher-Lippe area and compensatory measures according to section 2 of the State Act for Protection of the Ecological Balance and Development of the Landscape (Landscape Act).

Since 1995, the State has been committed to early and sustainable flood prevention in North Rhine-Westphalia, according to the principle "Upstream riparians protect downstream riparians". No flood prevention measure may leave the downstream riparian worse off. The concept is based on a triad of measures: reliable dykes, relocation of dykes to areas farther away from the waterline and managed retention areas. In case of renewal of dykes, space for rivers is enlarged wherever it is possible.

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 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. Such planning raises awareness for the remaining risks in vulnerable areas.

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. For further information, please visit

[www.umwelt.nrw.de/fileadmin/redaktion/PDFs/umwelt/broschuere\\_mit\\_dem\\_wasser\\_leben.pdf](http://www.umwelt.nrw.de/fileadmin/redaktion/PDFs/umwelt/broschuere_mit_dem_wasser_leben.pdf).



- European Agricultural Fund for Rural Development

Budget item # 10 090 TG 60

EUR 10.8m (of which capital expenditures EUR 1.0m)

The European Agricultural Fund for Rural Development (EAFRD) offers a broad variety of support measures for agriculture, forestry and rural areas in general. In North Rhine-Westphalia, implementation is carried out through the "NRW programme for Rural Areas 2014-2020". 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 contributes 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.

For further information, please visit [www.umwelt.nrw.de/pressebereich/detail/news/id180](http://www.umwelt.nrw.de/pressebereich/detail/news/id180).

## **F. Sustainable Urban Development: EUR 54.9m**

- Urban renewal

Budget item # 09 500 883 11

EUR 54.9m (of which capital expenditures EUR 54.9m)

Through the urban development programme, the State of NRW 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.

For purposes of the Sustainability Bond, only the sub-programmes "Stadtumbau West" (Urban Reconstruction in the West) and "Soziale Stadt" (Social City) are eligible.

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.

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.

For further information, please visit

[www.mbwsv.nrw.de/stadtentwicklung/pdf\\_container/Staedtebaufoerderprogramm NRW 2014.pdf](http://www.mbwsv.nrw.de/stadtentwicklung/pdf_container/Staedtebaufoerderprogramm NRW 2014.pdf).