



**BUDGET ALLOCATION REPORT &  
IMPACT REPORT**  
September 2020

**SUSTAINABILITY BOND**

**2019**



**Wallonie  
service public  
SPW**

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## 1. EXECUTIVE SUMMARY

Wallonia has made the structural choice to issue green, social and / or sustainability bonds to finance of part of its environmental and socio-economic projects over the coming years, while respecting the 2030 Agenda for sustainable development.

Encouraged by an extra-financial rating in 2018 which places the Region 4th out of the 30 European local authorities analysed, Wallonia launched its inaugural sustainability bond on April 25th 2019.

This transaction raised an amount of EUR one billion to finance or refinance, in whole or in part, regional projects which contribute to environmental protection objectives and / or which aim to obtain positive socio-economic results for target populations.

In view of the success of this first sustainability bond, Wallonia decided to renew this operation in 2020, with a second sustainability issue on April 1st (net proceeds of € 700 million) and an inaugural social issue on May 28th (net proceeds of € 1 billion). With regard to the health and socio-economic consequences linked to the COVID-19 pandemic, this inaugural social bond notably enabled to finance a significant part of the exceptional expenses that Wallonia has decided to mobilise in response to the crisis.

With the publication of this first report, I have the pleasure of informing in full transparency investors, as well as public and private entities in Wallonia, about the use of funds raised by our inaugural sustainability bond issued in 2019, together with an assessment of the related environmental and social impacts. In order to illustrate the use of proceeds, this report includes a selection of six green spending programmes and three social spending programmes, all emblematic of Wallonia's ambitions in terms of sustainable development.

As you will see, green programmes explicitly contribute to the environmental objectives of Wallonia through their activities focused on energy efficiency and the transition to renewable energy sources, on the challenges of sustainable mobility and on the fight against climate change and its repercussions.

On their side, social programmes respond directly to the socio-economic challenges of Wallonia in order to ensure inclusive training and quality jobs, but also to protect the weakest or most vulnerable populations by ensuring access for all to essential services and basic public infrastructures.

This report also aims to demonstrate Wallonia's commitment to having reliable and transparent tools to measure the effectiveness of its budgetary expenditures. At the same time, Wallonia is committed to closely monitoring the adoption of the next coming European Taxonomy and its new Green Bonds Standards, with the objective of adapting its Framework and incorporating recommendations in terms of budget allocation and impact reporting.

I would like to thank once again all the investors who placed their trust in Wallonia by supporting its inaugural sustainability issue. I am sure that this first report will testify to the credibility of the green and social projects financed in Wallonia, and that it will encourage them, but also other investors, to participate in the financing of our upcoming bonds.



Sylvie MARIQUE, President of the College of Executive Public Officials

## 2. PRESENTATION OF WALLONIA INAUGURAL SUSTAINABILITY BOND 2019

### WALLONIA'S CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

On 12 March 2020, the Walloon Government adopted the [\*Assessment of Wallonia's progress towards the 17 Sustainable Development Goals\*](#) defined by the United Nations. Using 80 relevant and reliable indicators, this new report aims to identify the main issues and challenges Wallonia is facing in its transition towards sustainable development and the objectives it has undertaken to achieve on its territory by 2030. The dashboard in this report makes it possible to measure the progress of the efforts undertaken by Wallonia.

In order to strengthen its ability to finance and to contribute to the Sustainable Development Goals, Wallonia decided in 2019 to adopt an additional financing instrument by issuing sustainability, green and/or social bonds.

The introduction of these issuances aims to explicitly ensure the financing of environmental and social investments, selected for their effective contribution to Wallonia's Sustainable Development Goals. They are characterised by:

- Meticulous selection of eligible investments, within the areas falling into the competences of Wallonia;
- Traceability of the use of proceeds and production of a budget allocation report;
- Identification and measure of the benefits

produced by these investments in terms of environmental and social impacts, with production of periodic impact reports.

For the 2019 inaugural issuance, the choice was made to set up a process for ex-post monitoring of investments to which funds are allocated during the reference period of the issuance (expenditures incurred in 2018 and 2019).

The portfolio of eligible green and social investments was constructed by identifying and qualifying activities over **€ 1 billion**, composed of investments incurred during the period of the issuance (respecting the principle of annuity) and financed by Wallonia's equity, ensuring to exclude amounts liquidated through other sources of funding also used by Wallonia (principle of segregation of investments).

To support the publication of its annual reports and ensure the authentication of the information, Wallonia has decided to commission an external audit company in order to attest to the efficiency and quality of the budget allocation process.

Over the coming years, Wallonia intends to become a recurring issuer and considers the possibility of issuing sustainability, green or social bonds, according to the evolution of its investment plan to fulfil its priority missions: employment, social protection, health, social housing, sustainable

mobility, energy, fight against climate change and environmental protection.

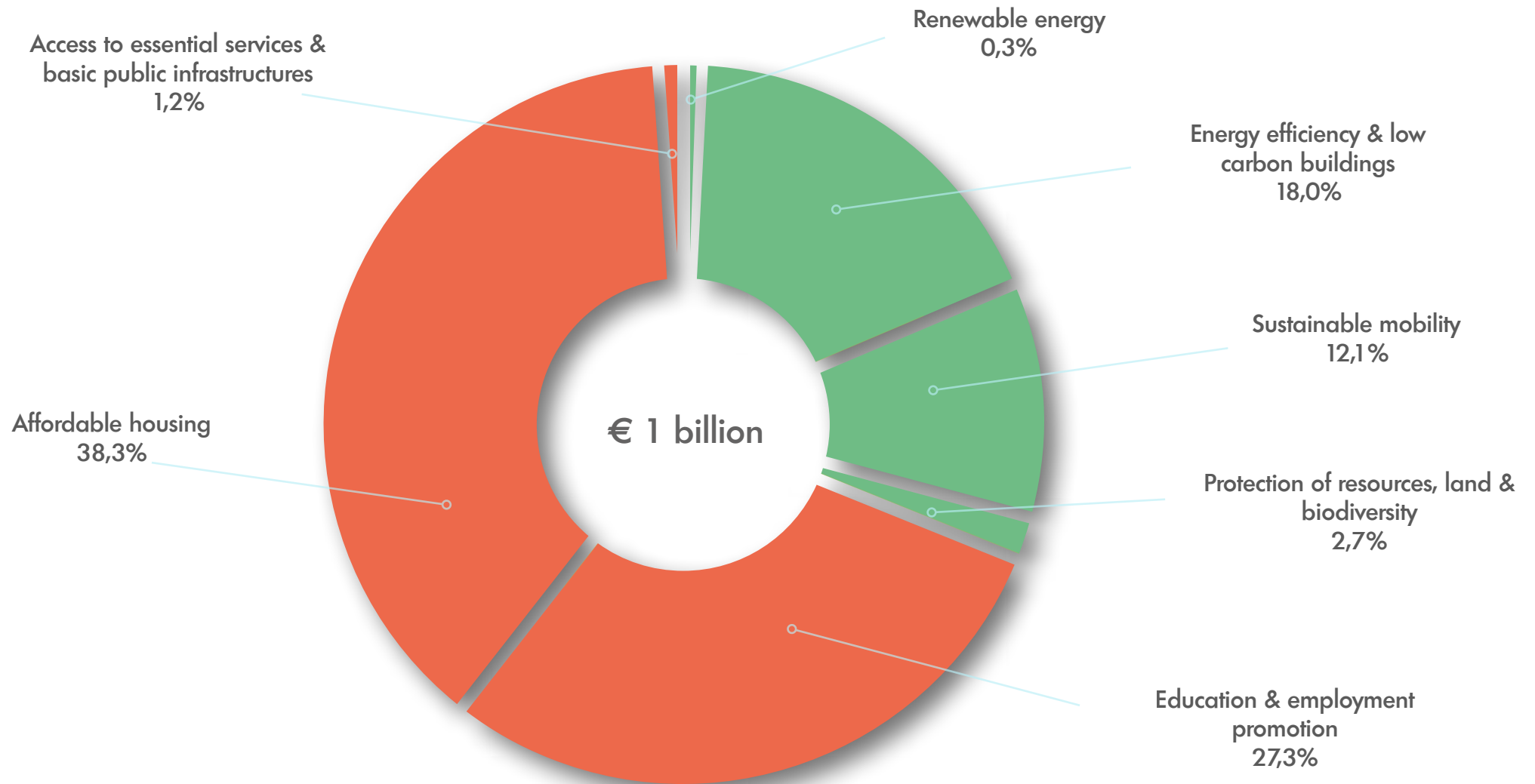
## KEY DATES



## BUDGET ALLOCATION DISTRIBUTION BY INVESTMENT CATEGORIES

67 % SOCIAL

33 % GREEN



## FEEDBACK FROM THE 2019 INAUGURAL ISSUE

### Syndication

On 25 April 2019, Wallonia issued an **inaugural sustainability bond (green and social)**. The operation resulted in a **fundraising of € 1 billion** in two tranches of € 500 million, one with a 7-year maturity and the other with a 15-year maturity.

Following a roadshow in Belgium, the Netherlands, Germany, the United Kingdom and France, Wallonia received very positive feedbacks and opted for a double bond tranche for this issue. After announcing

the transaction on Wednesday 24 April with IPTs around OLO + 35bps (7Y) and OLO + 40bps (15Y) zone, the books opened on Thursday 25 April with official indications at OLO + 33bps (7Y) and OLO + 38bps (15Y). As a result of a strong investor demand, the combined books were exceeding € 3.4 billion and the spreads were hence fixed at OLO + 30bps (7Y) and OLO + 36bps (15Y), with books consequently closing at 11.30 CET.

Wallonia thus made a striking entry into the public EURO market with this double sustainability bond tranche (green and social), managing to issue below its private placement level and attracting strong interest from a diversified base of investors who were able to identify Wallonia in their portfolio in the category of SSA issuers (Sovereign, Supranational & Agency).

### CHARACTERISTICS OF THE ISSUE

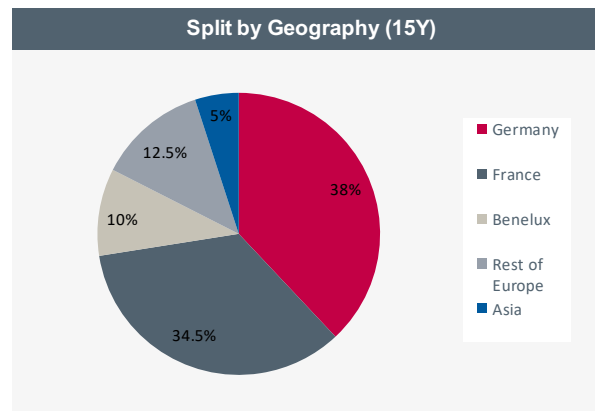
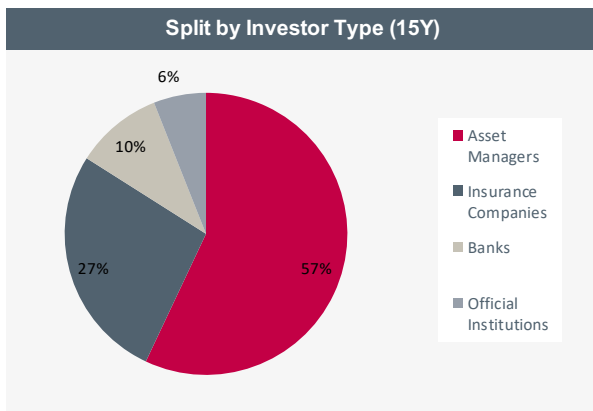
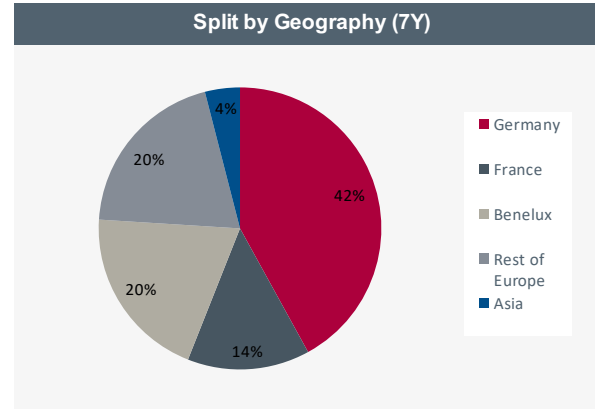
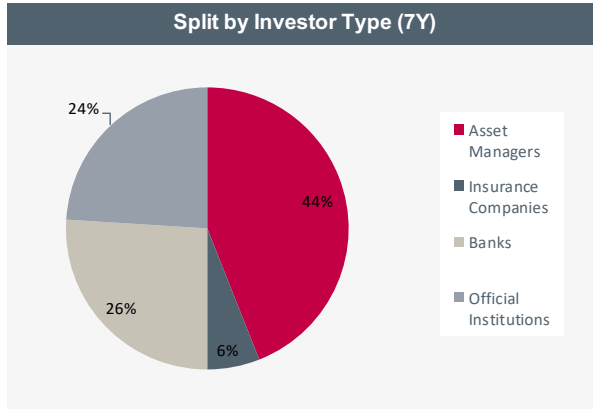
	Sustainability bond 2026 (7 years)	Sustainability bond 2034 (15 years)
Format	Senior / unsecured / unsubordinated notes	
Rating	A2, stable outlook (Moody's)	
Notional amount	€ 500 million	€ 500 million
Start date	25 April 2019	25 April 2019
Settlement date	3 May 2019	3 May 2019
Maturity date	3 May 2026	3 May 2034
Coupon	0,25 %	1,25 %
Documentation	EMTN Programme dated June 28, 2018	
Listing	Luxembourg Stock Exchange	
Governing law	Belgian laws, with reference to the EMTN programme	
Structuring advisors & book runners	Belfius Bank, BNP Paribas Fortis, HSBC, LBBW, Natixis	
Use of Proceeds	An amount equal to the net issuance value will be used to finance/refinance, in whole or in part, existing or new environmental and social investments in the following categories: Renewable Energy, Energy Efficiency and Low CO <sup>2</sup> Buildings, Sustainable Mobility, Pollution Prevention & Control, Sustainable Food Production and Consumption, Protection of Resources, Land and Biodiversity, Education and Employment Promotion, Socio-Economic Inclusion and Empowerment, Affordable Housing, Access to Essential Services and Basic Public Infrastructures.	

## ORIGIN OF FUNDS

Regarding the breakdown by investor type, demand from asset managers was strong for both tranches (44 % at 7 years; 57 % at 15 years), with insurers (44 % at 7 years; 27 % at 15 years), with insurers showing a preference for 15 years (6 % at 7 years;

27% at 15 years) as opposed to banks (26% at 7 years; 10% at 15 years) and official institutions (24% at 7 years; 6% at 15 years). The geographical investors breakdown, in order of importance, ranked

between Germany, France, the rest of Europe, Benelux and Asia.



## AWARD

On 17 September 2019, Wallonia's inaugural sustainability issuance was ranked 3rd at the Global Capital SRI Awards, in the category: **Most Impressive Local Government Green/SRI Bond Issuer of the year.**





## ALIGNMENT WITH MARKET STANDARDS

With regard to its issuances of green, social or sustainability bonds on the financial markets, Wallonia fully complies with the principles defined by the International Capital Market Association (ICMA). For its 2019 inaugural sustainability issuance, reference was made to the June 2018 edition and more particularly to the [Green Bond principles](#) (GBP), the [Social Bond principles](#) (SBP) and the [Sustainability Bond guidelines](#) (SBG).

The Framework adopted by Wallonia in April 2019 ([Sustainability Bond Framework](#)) is built on a programme-based approach, taking care from the outset to reference the majority of the social and environmental investments in Wallonia and which can claim to comply with the best market practices in these various fields.

Furthermore, with a view to upgrading its Framework in 2021, Wallonia is closely following the definition of the EU [Taxonomy for sustainable finance](#) as well as the implementation of a reference framework for green issuances ([EU Green Bond Standard](#)), aimed at promoting the use of green bonds in EU countries in accordance with the principles of transparency and integrity.

## FOUR GUIDING PRINCIPLES

In accordance with these standards, Wallonia committed in its Sustainability Bond Framework to comply with the four main principles:

### 1. USE OF PROCEEDS

- Definition of eligible projects (previous and current year) and indication of the objectives and desired environmental and social benefits;
- Indication of the projects' contribution to the Sustainable Development Goals, within the scope of the various regional programmes.

### 2. PROJECT EVALUATION AND SELECTION

- Transparency, governance and efficiency of the project evaluation and selection process (control and traceability of financial data);
- Identification and management of ESG (environmental, social and governance) risks.

### 3. MANAGEMENT OF PROCEEDS

- Establishment of rules for the management of funds received: financing projects from previous year (liquidated budgets) and from current year (liquidated credits), formalisation, visibility, monitoring system, segregation of funds (eligible investments financed solely by regional budget source).

### 4. REPORTING

- Establishment of rules for data collection, monitoring and reporting;
- Relevant indicators used for reporting (transparency, completeness and effectiveness);
- Annual publication of a budget allocation report (with figures attested by an independent audit firm), as well as an environmental and social impact report.

## GOVERNANCE STRUCTURE - SUSTAINABILITY BOND COMMITTEE

The Walloon Government is the initiator and the main sponsor of the sustainability bond issuance programme. In order to manage this programme, Wallonia has set up an appropriate governance structure, namely the Sustainable Bond Committee.

The Sustainability Bond Committee is chaired by the Minister in charge of Budget and Finance of Wallonia. It is composed of the following permanent members:

- The Minister in charge of the Budget and Finance, or his representative;
- The General Secretary who represents the Strategic Committee of the Public Service of Wallonia (SPW) and the College of Executive Public Officials (PAU), or her representative;
- The General Director of the SPW in charge of budget and finance, or his representative;
- The senior expert in charge of the Debt Cell , or his representative;
- The coordinator of the Sustainability Development Directorate within the SPW General Secretariat, or her representative.

The role of the Sustainability Bond Committee is to:

### 1. MOBILISE

- the General Directorates of the SPW in charge of missions involving the implementation of

sustainable investments (budget officers - project officers);

- the Public Administration Units (PAU) whose missions involve the implementation of sustainable investments, with support of the Ministerial Cabinets and the Financial Information Unit (in French Cellule d'Information Financière - CIF).

### 2. FACILITATE

- the implementation of budget monitoring procedures to validate the allocated amounts with respect to eligible investments at the end of each fiscal year, as well as to publish the annual budget allocation report;
- the implementation of impact assessment tools and procedures to produce the annual environmental and social impact analysis report.

### 3. VALIDATE

- the alignment of eligible investments with the Sustainable Development Goals (SDGs);
- the selection of eligible environmental and social investments in the categories defined within the Sustainability Bond Framework;
- the annual allocation and impact reports prior to publication and communication to investors.

### 4. DECIDE

- the update, if deemed necessary, of the Framework in accordance with market standards and recommended good practices but also the changes made by Wallonia to its sustainable development strategies and initiatives;
- the launch of new sustainability, green and/or social emissions covered by the Framework.

The Sustainability Bond Committee entrusts an operational structure within the administration of the SPW with the general coordination and daily management of bond issues, this structure being staffed by the Debt Cell and the Sustainability Development Department.

In 2020, the Sustainability Bond Committee met on the following dates: February 17th, 2020 – July 10th, 2020.

## REFERENCE FRAMEWORK FOR THE USE OF PROCEEDS

As specified in the Framework, an amount equal to the net proceeds of the issuance is used to finance and/or refinance eligible green and social investments falling into one of the following ten categories defined in the Framework. In full compliance with Wallonia’s regional policies (see chapter “Summary of eligible investments”), each selected investment is contextualised in relation to the Sustainable Development Goals implemented by Wallonia.

## EVOLUTION: EU TAXONOMY - EU GREEN BOND STANDARDS

The Wallonia Framework and the eligible green investments categories were defined in the first quarter of 2019 to frame the inaugural sustainable bond issued on 25 April 2019.

In the meantime, Wallonia is following the discussions on the implementation by EU of its taxonomy and new green bonds standards.

In order to integrate the European recommendations and adapt its investments categories, the objective defined by the Sustainability Bond Committee is to get a new version of the Framework to guide all new issuances in Wallonia from 2021.

## SIX ELIGIBLE GREEN CATEGORIES

Eligible categories	Types of Investments
Renewable Energy	Production and/or use of renewable energy sources
Energy efficiency & low carbon buildings	Reduction of energy consumption of <ul style="list-style-type: none"> <li>- New or existing facilities / buildings (public, residential, commercial)</li> <li>- Renovation of heating systems</li> <li>- Public lighting and street signals</li> </ul>
Sustainable mobility	Development and improvement of public transport services
	Development and improvement of modal shift for freight transport to reduce CO <sup>2</sup> emission
Sustainable food & consumption	Development of soft transport modes and low-carbon energy transport, as well as associated public infrastructures
	Development of short-circuits for local food production and distribution
Pollution prevention and control	Development of sustainable / organic agriculture and environmentally friendly products
	Waste prevention, reduction, collection, recycling and sustainable treatment
Protection of resources, land and biodiversity	Sustainable water management
	Land and biodiversity conservation
	Soil decontamination
	Reducing impacts of climate change, including in developing countries

## FOUR ELIGIBLE SOCIAL CATEGORIES

Eligible categories	Types of Investments
Education & Employment Promotion	Education and Training Programmes Target populations: unemployed people – young people
Socio-economic advancement and empowerment	Programmes and initiatives dedicated to the promotion of job creations, return to employment and labour market entry opportunities Target populations: unemployed people  Programmes and initiatives acting against poverty and exclusion and at reducing inequalities. Target populations: - Low-income people - Indebted people - Elderly people - People with disabilities - Young people - Homeless people - Single-parent families
Affordable housing	Financing investments made by public social housing agencies Target populations: low-income people  Financial assistance to low-income families and/or individuals for housing purpose (social loans and low-cost rental housing for access to property, rental offering or renovation) Target populations: low-income people (including, but not limited to, people with no or limited access to bank loans)
Access to essential services and basic public infrastructures	Programmes, initiatives and projects aiming at developing and/or modernising public healthcare infrastructures, medical equipment and health services Target populations: all citizens - people with disabilities - elderly

## **FINANCING EXCEPTIONAL EXPENSES RELATED TO THE COVID-19 CRISIS**

Wallonia, like all regions, has been hit by the health and socio-economic crisis resulting from the COVID-19 pandemic.

In this context, Wallonia launched on 28 May 2020 an inaugural issuance entirely of social nature, to cover recurrent social expenses, but also and above all to finance exceptional expenses incurred by Wallonia in response to the socio-economic crisis linked to the COVID-19 pandemic.

The expenses that have been retained for this issuance are generally in line with the categories of social investments initially defined in the Framework. However, in view of the publication in September 2021 of the inaugural social bond report, the Sustainability Bond Committee has agreed to update the Framework. This should make it possible to confirm the compliance of the exceptional expenses selected in accordance with the Framework's eligibility criteria, by making the necessary and sufficient modifications to the Framework's social categories. This update will also include a precise description of the types of investments covered and the definition of output, outcome and impact indicators that will be measured and documented in the annual report to be published in 2021.

## INDEPENDENT OPINION OF VIGEO EIRIS

Vigeo Eiris was commissioned to provide an independent opinion (Second Party Opinion) on Wallonia as an issuer as well as on its inaugural sustainability issuance.

[Vigeo Eiris' opinion](#) was drawn up in accordance with their exclusive environmental, social and governance (ESG) assessment methodology and the voluntary guidelines of ICMA's Sustainable Bond Principles (SBP).

Their opinion is based on a due diligence assessment, carried out between February 7th and April 5th 2019, and includes an examination of the following two components:

- Issuer: Wallonia's ESG performance and management of ESG controversies related to potential stakeholders were assessed;
- Issuance: the consistency between the bond and the issuer's sustainability strategy, the alignment of the bond with the SBP, its contribution to sustainability and the responsible management of eligible project categories were examined.

Vigeo Eiris is of the opinion that the bond issued by Wallonia is broadly in line with the guidelines of the Sustainable Bond Principles. Vigeo Eiris provides reasonable assurance (their highest level of assurance) on the issuer's commitments and on the bond's contribution to sustainability.

In addition, Vigeo Eiris considers that the eligible investments described by Wallonia would effectively contribute to 13 of the 17 Sustainable Development Goals adopted by the United Nations, namely:



### 3. BUDGET ALLOCATION REPORT – SUSTAINABILITY BOND 2019

#### METHODOLOGY

##### SELECTION OF ELIGIBLE INVESTMENTS

The selection of eligible investments is supervised on a yearly basis by the Sustainability Bond Committee.

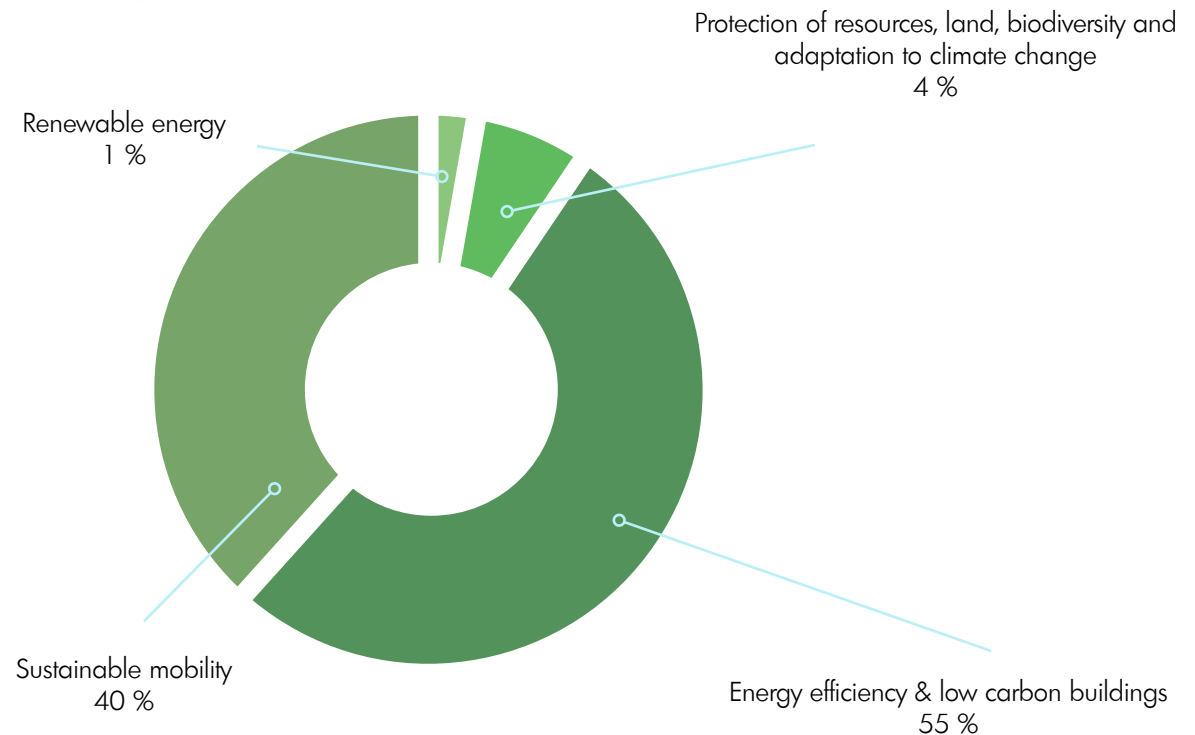
In practice, each General Directorate of the Public Service of Wallonia (SPW) identifies the eligible investments within its areas of competences. In addition, Wallonia also identifies the investments incurred by the Public Administration Units (PAU) based on budgets allocated in the form of grants, subsidies or premiums to some categories of beneficiaries.

The selection is carried out in strict compliance with the eligibility criteria, as defined by Wallonia in the Sustainability Bond Framework. When approved, it is transferred to the operational structure for the management of bond issuances, responsible within the SPW for consolidating the data related to the issuance and verifying that each investment complies with the segregation principles for financing means.

##### TYPES OF ELIGIBLE GREEN INVESTMENTS

For the 2019 inaugural issuance, nineteen eligible investment items have been selected, referring to four of the six green categories of the Framework, in the proportions as illustrated in the following figure:

For each category or type of investment, the eligible amounts are identifiable and traceable in the budgetary management systems of Wallonia.



## TYPES OF ELIGIBLE SOCIAL INVESTMENTS

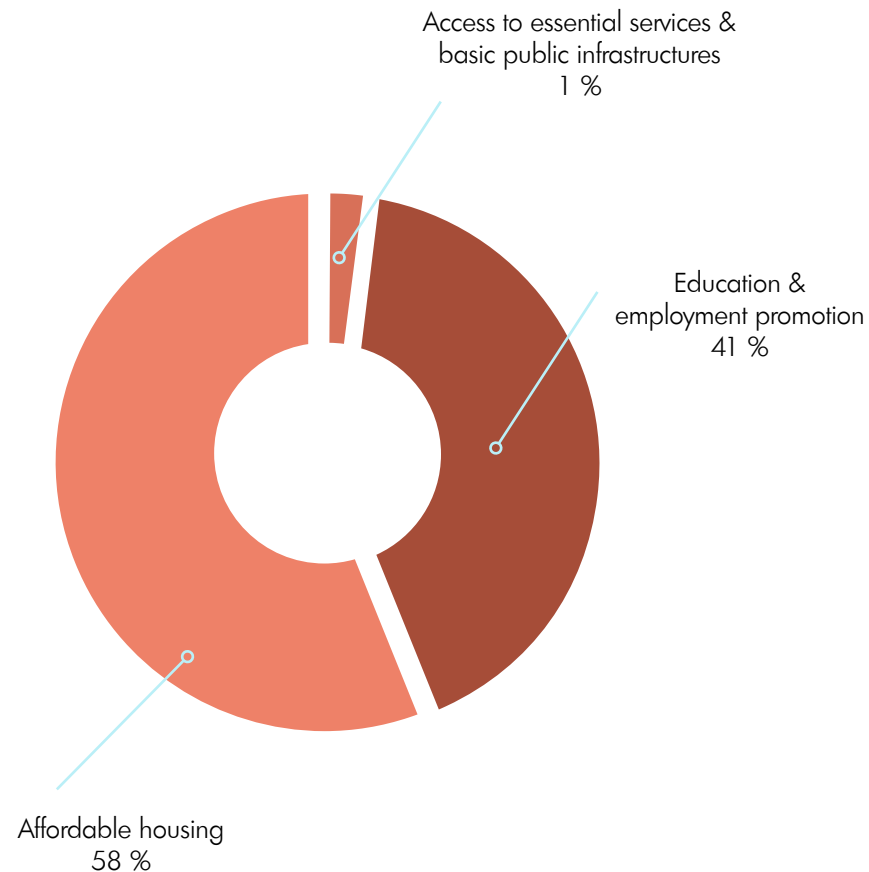
For the inaugural issuance, fifteen eligible social investment items were selected, relating to three of the four social categories of the Framework, in the proportions as illustrated in the following figure.

For each category or type of investment, the eligible amounts are identifiable and traceable in the budgetary management systems of Wallonia.

The following section provides an overall definition of the 19 lines of green type investments and of the 15 lines of social type expenditures eligible to the SB 2019 (sustainability bond), classified by category

In this inaugural report, Wallonia decided not to detail each of the 34 investment items, but rather to illustrate with nine projects the detailed budget allocation calculations and the methodology implementation (or in the process of being implemented) to produce the necessary data and to measure the impact of the investments.

These nine project sheets are grouped together in Annexe I (Green) and Annexe II (Social).



## ***DIRECT AND INDIRECT INVESTMENTS***

Investments eligible for funds raised by sustainability bonds in Wallonia are classified as direct investments and/or indirect investments, depending on the nature of the control exercised by Wallonia on the budget allocation process, the proper execution of the works and/or activities financed, and the liquidation of the spendings.

### ***DIRECT INVESTMENTS***

Wallonia is the "contracting authority" for the investments and is directly responsible for its financing and monitoring, whether the activities are carried out by its own staff or are subcontracted to third party organisations through a public tender procedure. For the SB 2019, the allocation of funds is measured as a percentage of the total eligible budget envelope for the fiscal years covered by the issue (in this case 2018 and 2019).

### ***INDIRECT INVESTMENTS***

Wallonia is not directly responsible for the investments but is allocating budgets in different forms (subsidies / premiums / ...) to autonomous Public Administration Units (PAU) which are responsible for managing eligible investments and liquidating the funds allocated by Wallonia. For the 2019 sustainability bond, the allocation of funds is measured as a percentage of the total eligible budget envelope allocated by Wallonia for the financial years covered by the issue (in this case 2018 and 2019).

### ***SEGREGATION OF FUNDING SOURCES***

In cases of eligible investments (direct or indirect) being subject of funding by other financial means than the regional budgets, the budget allocation is measured ***strictly in proportion to the percentage*** of the total eligible budget envelope that is ***100% funded by Wallonia*** for the budget years covered by the issue (in this case 2018 and 2019).

For the eligible investments financed partly by a financial source other than the regional budget, the data from this other source is documented (name of the organisation and percentage of financing of the investments) to enable the virtual annual calculation of indicators and the production of environmental and/or social impact analysis.



## SUMMARY OF ELIGIBLE INVESTMENTS FOR THE 2019 ISSUE

### ENVIRONMENTAL INVESTMENTS

#### RENEWABLE ENERGY

The SPW Energy and the Walloon Air and Climate Agency (AWAC), in collaboration with the SPW's relevant administrations, have been working on the development of a new Air Climate Energy Plan to meet the 2030 climate and air quality objectives.

Regarding renewable energy, the policies and measures planned by Wallonia should lead to a total proportion of renewable energy sources of 23.5% in 2030 (compared to 12.1% in 2016). In this context, Wallonia will support initiatives aimed at increasing the proportion of renewable energy produced on its territory, notably by participating in the financing of these projects.

For the SB 2019, the Sustainability Bond Committee selected 2 types of direct investments:

#### **GEOTHERWALL - heating network located in Mons (Province of Hainaut):**

- This is a geothermal power generation project, with a new phase aiming to dig 2 new wells over a 7-year period (2014-2020).
- The project has been selected under the European ERDF programme. The proceeds from the SB 2019 only cover the financing granted by Wallonia, equal to 50% of the project's budget for the years 2018 and 2019.

#### **Cogeneration project located in Herstal (Province of Liège):**

- This project aims to implement a district heating distribution network using a biomass plant to produce heat. The first phase of the project ended in 2019. From 2020, a new phase will start.
- The project was selected under the European ERDF programme. The proceeds from the 2019 sustainability bond only cover a part of the financing granted by Wallonia, equal to 50% of the project budget for the years 2018 and 2019.

Renewable energy	2018	2019
Total for the 2 eligible direct investments (€ million)	1.9	1.9

## ENERGY EFFICIENCY & LOW CARBON BUILDINGS

In the framework of the new [Air Climate Energy Plan](#) (in French PACE), Wallonia aims to improve its energy profile by reducing its overall consumption by 11% compared to the reference scenario (2020-2030), and by 23% compared to 2005, to reach 115 TWh per year for all sectors.

In this context, Wallonia adopted a strategy for the energy renovation of its building portfolio, both in the field of public housing and public infrastructures.

### *Social housing*

Regarding the management of regional public social housing, Wallonia has delegated this responsibility to three social housing agencies:

- FLWFN (Walloon Housing Fund for Large Families): manages aid for large Walloon families (3 or more children), by renting out buildings and social apartments, as well as granting premiums and interest-free loans to large families.
- SWCS (Walloon Social Credit Company): manages the granting of premiums and interest-free loans to its target beneficiaries (owners of social housing, except for large Walloon families treated by FLWFN).
- SWL (Walloon Housing Company): manages the vast majority of public housing in Wallonia (in 2020, this represents a portfolio of more than 10000 housing units, i.e. approximately 85% of total regional social housing), offered for renting to its target population (social housing beneficiaries, with the exception of large families treated by the FLWFN).

For the SB 2019, the Sustainability Bond Committee selected 2 types of indirect investments:

**PIVERT Programme (Green Investment Plan):** financing energy renovation work carried out by SWL; the budget allocation only considers funds granted by Wallonia, with the exception of any other source of funding used by SWL.

**ECOPACK Programme:** financing of aid granted by SWCS and by FLWFN to social housing owners. This aid is composed, on the one hand, of renovation premiums and, on the other hand, of interest-free loans used to finance the renovation. The granting of these premiums and loans is conditional on the production of a certificate attesting the results of an energy audit carried out by a certified agent (accredited by the Walloon administration) prior to the grant application by the beneficiary.

<b>Energy efficiency in social housing</b>	<b>2018</b>	<b>2019</b>
Total for the 2 eligible indirect investments (€ million)	71	83.1

## Buildings & Public Infrastructures

For the SB 2019, the Sustainability Bond Committee selected 4 types of direct investments:

**UREBA Programme (Rational Use of Energy in Public Buildings):**

funding allocated by Wallonia to local authorities to undertake renovation projects for reducing energy consumption in public buildings and non-market services (e.g. schools - administrations - sports facilities).

**AMUR Programme:**

subsidies granted to SMEs, self-employed and liberal professions for carrying out energy audits prior to applying for energy-saving projects that may give entitlement to tax credits.

**Low-Carbon Economy Programme:**

as part of the ERDF programmes, Wallonia provides partial financing (60%) of the investment premiums and capital granted to SMEs for the use of sustainable energy in businesses.

**Road Lighting Renovation Programme:**

financing projects to replace public lighting on the public road network (municipal and regional, excluding highways) with digital LED technology to reduce electricity consumption by 80%.

Energy efficiency of public infrastructures	2018	2019
Total for the 4 eligible direct investments (€ million)	15.7	28.1

## SUSTAINABLE MOBILITY

The [Regional Mobility Strategy](#) (FAST Vision 2030) defined by Wallonia, in particular through the implementation of sustainable mobility solutions, aims to guarantee accessibility to goods and services as well as to jobs for all people (inhabitants from both urban and rural areas), while at the same time drastically and simultaneously reducing the number of road accidents, the number of kilometers of traffic jams and the volume of greenhouse gas emitted by the transport sector (objective: reduction of around 40% by 2030 compared to 2017 figures).

By choosing the multimodality model, Wallonia favours the search for efficient alternatives in the transport of people and goods, according to the global principle "Avoid-Shift-Improve":

- Axis 1: Rationalise mobility needs (Avoid)
- Axis 2: Encourage modal shifts (Shift)
- Axis 3: Improve vehicle performance (Improve)

Finally, Wallonia's management of a mobility dashboard, using statistics via a dedicated portal, helps to establish knowledge of the subjects treated and to ensure the evaluation of progress made towards the achievement of its strategic objectives.

For the SB 2019, the Sustainability Bond Committee selected investments related to the transport of goods by waterways, as well as to passenger transport (public transport & multimodality).

### *Inland waterways (transport of goods)*

Wallonia's objective is to make inland waterway transport more competitive in order to encourage modal shift from roads to railways and/or waterways (in this case more specifically the transfer of a significant portion of transported freight from trucks to waterways), by increasing the navigable capacity in Wallonia. With the development and renovation of infrastructures and equipments, this modal transport shift aims to increase the tonnage of goods transported on water and thus contributes to reducing CO<sup>2</sup> emissions from road traffic. The aim is to achieve the following modal distribution in 2030 (expressed as a percentage of tonnes/km travelled):

Status 2017	Objective 2030
Rail: 4 %	Rail: 7 %
Water: 14 %	Water: 18 %
Road: 82 %	Road: 75 %

For the SB 2019, the Sustainability Bond Committee selected 3 types of direct investments:

#### **TEN-T Programme (European Transport Network):**

Under the ERDF programmes, Wallonia provides direct funding up to 62% of the total budget for the development of the Lys - Escaut - Sambre - Meuse waterways network in Wallonia.

#### **Waterways and Canals Dredging Programme:**

100% direct financing maintenance works necessary to boost the competitiveness of river traffic.

#### **Rehabilitation of the inclined plane of Ronquières:**

100% direct financing works to strengthen the competitiveness of the Charleroi-Brussels-Antwerp canal connection.

#### **Development of autonomous harbours:**

100% direct financing multimodal infrastructures enabling road/rail/waterway freight transfers.

Sustainable mobility - Waterways	2018	2019
Total for the 4 eligible direct investments (€ million)	34.3	58.1

### Public Transport & Multimodality

Wallonia’s objective is to increase the modal share of alternative mobility in order to reduce the production of CO<sup>2</sup> and greenhouse gas emissions by private cars. The measures taken are aimed at:

- Increasing the supply of public transport offering: metro - tram - buses with electric/hybrid propulsion;
- Promoting (with incentives to Walloon citizens) the use of all forms of soft mobility (pedestrians - cyclists);
- Developing infrastructures to encourage multimodal mobility (cycle paths - stops and stations, multimodal nodes);
- Supporting the purchase of electric vehicles for professional use (bicycles & cars).

The purpose of these measures is to change the distribution of modal transport distribution (in km travelled) for individual mobility:

Status 2017	Objective 2030
Walk: 3%	Walk: 5%
Bike: 1%	Bike: 5%
Bus: 4%	Bus: 10 %
Train: 9 %	Train: 15 %
Car: 83 %	Car: 60 %
Car sharing: average load 1.3 passengers	Car sharing: average load 1.8 passengers

For the SB 2019, the Sustainability Bond Committee selected 4 types of indirect investments, 100% financed by Wallonia through the Walloon Transport Operator (OTW), responsible for the investments and associated services:

**Transport Infrastructure Access Programme for Rural Communities and PRMs:** financing projects to facilitate access and use of public transport in rural areas as well as specific facilities for people with reduced mobility (PRMs).

**Charleroi light metro extension Programme:** financing the extension of the network to the city’s suburbs (Gilly - Lodelinsart - Gosselies), in particular to allow access to brand new hospital infrastructures (CHU Marie Curie - Grand Hôpital de Charleroi)

**Multimodal station construction Programme:** co-financing the development of Namur and Mons stations to organize multimodal train/bus/soft mobility services, with segregation between the investments financed 100% by Wallonia and the investments financed by SNCB, the Belgian Railway Company (competence endorsed at Belgian federal level, in charge of railway transportation).

**Infrastructure investment Programme for Walloon buses:** financing the development of own sites for buses, stop zones and transfer areas.

Sustainable Mobility - Public Transport & Multimodality	2018	2019
Total for the 4 eligible direct investments (€ million)	29.5	31.3

## PROTECTION OF RESOURCES, LAND AND BIODIVERSITY - ADAPTATION TO CLIMATE CHANGE

Wallonia's environmental competences can be grouped into two main themes:

- The protection of the environment (protection of environmental components, noise reduction, waste policy...);
- The rural development and the protection of natural areas (green areas, forests, hunting zones, fishing zones, non-navigable watercourses, etc.).

### *Protection of biodiversity*

As part of its Biodiversity 360° strategy, Wallonia protects threatened areas in a targeted manner and improves the protection of declining species by strengthening areas of ecological interest under the new Walloon rural development programme. The projects aim to develop solutions to enable the reintroduction and viability of species such as salmon and eels in watercourses of Wallonia.

For the SB 2019, the Sustainability Bond Committee selected 1 type of direct investment:

#### ***Mosan Basin Fish Passage Development Programme:***

100% financing construction and/or renovation of infrastructures for the passage of salmon and eels, i.e. fish ladders installed at the level of infrastructures (locks, dams) needed to regulate the course and flow of waterways.

<b>Protection of biodiversity</b>	<b>2018</b>	<b>2019</b>
Total for 1 direct investment (€ million)	1.7	1.5

### *Adaptation to climate change*

Wallonia is particularly sensitive to the adoption of policies aiming at countering climate change, including the struggle against flood risks, in accordance with the European Floods Directive (2007/60/EC).

Wallonia has developed flood risk management plans focusing on flood prevention, protection and forecasting through early warning systems, considering the specific characteristics of its river basins (Escaut, Meuse, Seine, Rhine) and sub-basins.

For the SB 2019, the Sustainability Bond Committee selected 2 types of direct investments:

#### ***Rehabilitation Programme for the Monsin barrage (Province of Liège):***

100% financing renovation works on the barrage on the Meuse, built as a result of the 1926 secular floods.

#### ***Modernisation Programme for the Herinnes barrage (Province of Hainaut):***

100% financing renovation works on the lock and barrage for flood management on the Seine-Escaut waterway.

<b>Adaptation to climate change</b>	<b>2018</b>	<b>2019</b>
Total for the 2 eligible direct investments (€ million)	5.2	18.9

## SOCIAL INVESTMENTS

### EDUCATION AND EMPLOYMENT PROMOTION

Wallonia has an unemployment rate higher than the national average.

Adopted in 2015 by the Walloon Government, the [Walloon Anti-Poverty Plan](#) aims primarily to efficiently mobilise all the regional levers that have a direct effect on reducing inequalities and de facto poverty situations. In 2018, the Plan was enhanced and redeployed with various elements, particularly with regard to education and employment promotion.

Policies linked to training, qualification, research and job creation are therefore among Wallonia's top priorities, resulting in the funding of specific programmes to employ young people (first job), job seekers (unemployment, reintegration, retraining) and aged workers.

For the SB 2019, the Sustainability Bond Committee selected 8 types of indirect investments, 100% financed by Wallonia through FOREM (Service Public de Wallonie pour la Formation et l'Emploi) and IFAPME (Institut wallon de Formation en Alternance des Indépendants et des Petites et Moyennes Entreprises), which are responsible for investments and associated services.

The funding concerns 7 programs managed by FOREM:

***CISP Programme (Centre d'Insertion Socio-Professionnelle):***

financing basic/professional training for jobseekers through 157 centres all around Wallonia.

***CDC Programme (Centre de Compétence):***

financing worker training infrastructures in the 13 strategic fields of activity (DAS) defined as a priority by Wallonia, i.e.: Agri-food, Transport and logistics, Cultural and creative industry, Environment and Sustainable Development, Design, Space and Aeronautics, Tourism, Construction and Wood, Chemistry and Biotechnology, Mechanical and Industrial Engineering (automotive), Mechanical and industrial engineering (technological industry), Management & Commerce, ICT/digitals.

***Training vouchers Programme:***

financing aids in the form of vouchers granted to workers who register to train in approved training centres in Wallonia.

***MIRE Programme (Mission Régionale pour l'Emploi):***

financing integration/support actions towards and in employment.

***Reconversion and reintegration unit Programme:***

financing support units for workers being victims of collective dismissals.

***Airbag Programme:***

funding for unemployed workers who decide to launch a self-employed activity (start-up phase).

***CEFO Programme (Carrefour Emploi Formation):***

financing infrastructures making available documentation centres and advice services to jobseekers.

The funding also concerns one programme managed by IFAPME:

***Investment Programme in training centres:***

financing construction/upgrade of IFAPME training centres for the organisation of training in specific jobs facing skills shortage.

Education and employment support	2018	2019
Total for the 8 eligible indirect investments (€ million)	145.2	137.3

## AFFORDABLE HOUSING

Housing is the most important source of spending for Wallonia's household. In addition, the people with the lowest incomes devote to it the largest share of their budget: 39% of the income for the poorest people compared to 23% of the income of the wealthier people.

In the context of its [Anti-Poverty Plan](#), Wallonia focuses on access to housing by fighting mainly against inequality of access to home ownership, the increasing cost of rents and even sometimes the difficult access to public social housing. The Plan also fights for better quality housing, particularly regarding sanitation and safety of properties but also for poor energy performances, very often linked to the age of Wallonia's houses. Indeed, in 2017, 25.2% of citizens in Wallonia were living in buildings constructed before 1900 and 17.9% in buildings constructed between 1919 and 1945.

### *Funding the social housing supply*

For the SB 2019, the Sustainability Bond Committee selected 3 types of indirect investments:

**Structural Programme for the purchase of social housing:** subsidies granted to SWL for the acquisition and maintenance of public social housing in Wallonia.

**Exceptional Investment Programme:** subsidies granted to SWL to increase the supply of public social housing in Wallonia.

**FLWFN investment financing Programme:** subsidies for investments financed by FLWFN, as well as loans and housing vouchers granted to large families.

<b>Funding the supply for social housing</b>	<b>2018</b>	<b>2019</b>
Total for 3 indirect investments (€ million)	16.7	17.9

### *Support for the renovation of social housing*

Wallonia finances the RENOPACK Programme, which aims to help social housing owners to renovate their homes. This programme is financed through FLWFN and SWCS, which offer premiums as well as interest-free loans, for which the amounts are degressive according to the taxable income category of the beneficiaries.

For the SB 2019, the Sustainability Bond Committee selected the investments to finance the RENOPACK Programme that benefits households/citizens who are eligible for social housing and at the same time belong to the two lowest taxable income categories, i.e.:

- Category 1: income below € 23,000 / year;
- Category 2: income below € 32,700 / year.

<b>Support for the renovation of social housing</b>	<b>2018</b>	<b>2019</b>
Total for eligible indirect investments (€ million)	39.9	46.4



## ACCESS TO ESSENTIAL SERVICES AND BASIC PUBLIC INFRASTRUCTURES

Wallonia commits to guarantee access to essential services and basic public infrastructures to all Walloon citizens even more to more fragile or dependent categories of people, such as people with disabilities or elderly.

These services clearly include access to health services and healthcare infrastructures located in Wallonia.

The management of these services is entrusted by the Walloon Government to a Public Administration Unit (PAU), called the Agency for Quality of Life (AViQ). The role of AViQ is mainly to implement three major policies in Wallonia:

- Well-being and health (including management of nursing and care homes, home care, health prevention and promotion, financing of healthcare infrastructures as well as reception and accommodation infrastructures for fragile or dependent people);
- Disability in general;
- Family (including granting of family allowances)

For the SB 2019, the Sustainability Bond Committee selected 3 types of indirect investments:

### ***Transport services for people with reduced mobility:***

subsidies 100% financed by Wallonia and granted to the OTW for the implementation (infrastructure - vehicles) and the organisation of transport for people with reduced mobility.

### ***Local Health Centres (Centres Locaux de Promotion de la Santé, CLPS):***

100% financing the costs of setting up and running the 9 CLPS (Local Health Promotion Centres) approved across Wallonia.

### ***Cancers screening programme:***

100% financing the approved reference centres which coordinate the breast cancer screening programme and the colorectal cancer screening programme in Wallonia.

Access to basic services and public infrastructures	2018	2019
Total for 3 eligible investments (€ million)	3.8	8.4

## INVESTMENTS ALLOCATION FOR THE 2019 SUSTAINABILITY ISSUE

CLASSIFICATION BY CATEGORY OF INVESTMENT	2018			2019			Budget Allocations SB 2019			
	Eligible investment (€M)	Executed investment (€M)	Ratio	Eligible investment (€M)	Executed investment (€M)	Ratio	Direct expenses (€M)	Indirect expenses (€M)	Total expenses (€M)	SB 2019 %
<b>RENEWABLE ENERGY</b>	1.9	1.9	98.2 %	1.9	0.8	41.4 %	2.7		2.7	0.3 %
<b>ENERGY EFFICIENCY &amp; LOW CARBON BUILDINGS</b>										
Accommodations	71	67.8	95.5 %	83.1	78.6	94.6 %	135.1	11.3	146.4	14.6 %
Public buildings & infrastructures	15.7	15.7	100 %	28.1	18.4	65.5 %	25.9	8.2	34.1	3.4 %
<b>SUSTAINABLE MOBILITY</b>										
Waterways	34.3	34.1	99.4 %	58.1	26.8	46.1 %	60.9		60.9	6.1 %
Public transport - Multimodality	29.5	29.3	99.4 %	31.3	31.2	99.7 %		60.5	60.5	6.1 %
<b>"PROTECTION OF RESOURCES, LAND &amp; BIODIVERSITY - ADAPTATION TO CLIMATE CHANGE</b>										
Protection of biodiversity	1.7	1.7	100%	1.5	1.5	100 %	3.2		3.2	0.3 %
Adaptation to climate change	5.2	5.2	100%	18.9	18.5	97.9 %	23.7		23.7	2.4 %
<b>TOTAL GREEN INVESTMENT</b>	159.3	155.7	97.7 %	222.9	175.8	78.9 %	251.5	80	331.5	33.2 %
<b>EDUCATION &amp; EMPLOYMENT PROMOTION</b>										
	145.2	138.7	95.6 %	137.3	134.3	97.8 %		27.3	27.3	27.3 %
<b>AFFORDABLE HOUSING</b>										
Financing the supply of social housing	167.7	149.9	89.4 %	179	159.1	88.9 %		30.9	30.9	30.9 %
Aid for the renovation of social housing	39.9	39	97.6 %	46.4	35.4	76.3 %		74.4	74.4	7.4 %
<b>ACCESS TO SERVICES &amp; BASIC PUBLIC INFRASTRUCTURES</b>										
	3.8	3.8	100 %	8.4	8.4	100 %		12.2	12.2	1.2 %
<b>TOTAL SOCIAL INVESTMENT</b>	356.6	331.4	92.9 %	371.1	337.2	90.9 %	0	668.5	668.5	66.8 %
<b>TOTAL SB 2019</b>	515.9	487.1	94.4 %	594	513	86.4 %	251.5	748.5	1000	100 %

## 4. IMPACT REPORT - 2019 SUSTAINABILITY BOND

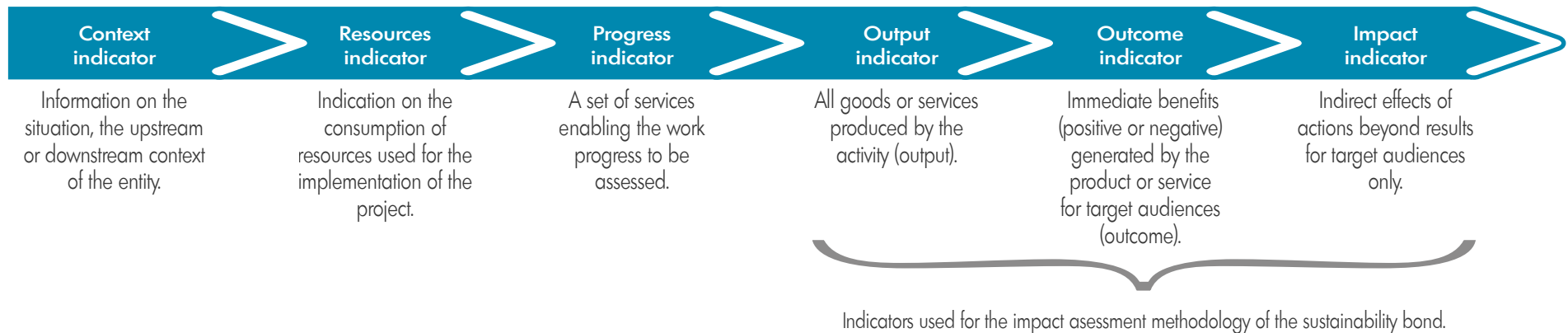
### METHODOLOGY

The methodology used to assess the impact of the projects financed by this inaugural sustainability bond has been developed with respect to the following steps:



### 1. CHOICE OF COMMON INDICATORS FOR THE ASSESSMENT OF PUBLIC PROJECTS

Typically, the evaluation of public policies, programmes or projects, is based on six types of indicators:



As part of the inaugural sustainability bond, we decided to use the last three types of quantitative indicators (output, outcome and impact indicators) to report on the monitoring of the financed projects and to measure the achievement of the objectives assigned to these projects, as well as their environmental or social benefits.

## 2. CHOICE OF SECTOR-SPECIFIC INDICATORS

Once the three categories of results were identified, a limited number of indicators (specific to each financed category) were selected, as presented in the summary table. The choice to rely on general indicators allows us to compare the results of the

different projects while maintaining the possibility to specify some characteristics directly related to them.

A methodology note is included in Annexe III of this report and presents the methodology used

to calculate the results and impact indicators corresponding to each category of eligible investments. This methodology note aims to facilitate the reading of the indicators used for the 9 project sheets illustrating this inaugural report.

INDICATORS BY CATEGORIES DEFINED IN THE FRAMEWORK	Output Indicator	Outcome Indicator	Impact Indicator
<b>GREEN CATEGORIES</b>			
<b>RENEWABLE ENERGY</b>	Renewable energy production capacity	Number of beneficiaries	CO <sup>2</sup> emissions avoided
<b>ENERGY EFFICIENCY &amp; LOW CARBON BUILDINGS</b>			
Accommodations Public buildings & infrastructures	Number of infrastructures renovated	Number of beneficiaries	CO <sup>2</sup> emissions avoided
<b>SUSTAINABLE MOBILITY</b>			
Waterways Public transport - multimodality	Number of kilometers equipped	Number of tonnes of additional goods transported Number of beneficiaries	CO <sup>2</sup> emissions avoided
<b>PROTECTION OF RESOURCES, LAND AND BIODIVERSITY - ADAPTATION TO CLIMATE CHANGE</b>			
Protection of biodiversity Adaptation to climate change	Number of facilities renovated	Number of beneficiaries	Preservation of the ecological continuity Strengthening social cohesion
<b>SOCIAL CATEGORIES</b>			
<b>EDUCATION &amp; EMPLOYMENT PROMOTION</b>	Number of training courses	Number of beneficiaries	Strengthening social cohesion
<b>AFFORDABLE HOUSING</b>			
Financing the supply of social housing Aid for the renovation of social housing	Number of aids granted	Number of beneficiaries by target category	Strengthening social cohesion
<b>ACCESS TO ESSENTIAL SERVICES &amp; BASIC PUBLIC INFRASTRUCTURES</b>	Number of additional services	Number of beneficiaries by target category	Strengthening social cohesion

### 3. LINK WITH SUSTAINABLE DEVELOPMENT OBJECTIVES

On 25 September 2015, the Heads of States and Governments adopted the Programme for Sustainable Development (2030 Agenda) at the UN-level, entitled [Transforming Our World](#). In order to meet Belgium's international commitments, Wallonia is committed to contributing to the 17 Sustainable Development Goals and to achieving them by 2030.

As the SB 2019 is directly contributing to the evolution of these objectives, we decided to integrate into our methodology a chart showing the financed projects from the perspective of these 17 Sustainable Development Goals (SDGs), in order to align them with national and international objectives.

In accordance with ["High-Level Mapping to the Sustainable Development Goals"](#) published by the International Capital Market Association (ICMA) in June 2020, a correspondence is therefore established between the eligible categories of the 2019 sustainability bond and the SDGs<sup>1</sup>.

Looking to the work carried out by Vigeo Eris ([Second Party Opinion](#)), it results that the categories eligible for the inaugural 2019 sustainability issue contribute to 11 of the 17 Sustainable Development Goals. In fact, Objective 2 ("Zero Hunger"), 5 ("Gender Equality"), 6 ("Clean Water and Sanitation"), 16

("Peace, Justice and Strong Institutions") and 17 ("Partnerships for the Goals") are more in line with Wallonia's social responsibility than with the purpose of the investments supported by this financing programme. As well Goal 14 ("Aquatic Life") does not apply to any Walloon project (preservation of fresh water falls under SDG 15).

Each eligible category contributes on average to 3 Sustainable Development Goals.

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<sup>1</sup> This work has been carried out during the development of the [Sustainability Bond Framework](#). You may find in Annexe IV of this report a correspondence table between the Framework (containing all the categories potentially eligible for Wallonia's sustainability issues) and the SDGs.

CLASSIFICATION OF INVESTMENT BY CATEGORY



RENEWABLE ENERGY

			*				●	●	●	
--	--	--	---	--	--	--	---	---	---	--

ENERGY EFFICIENCY & LOW CARBON BUILDINGS

Accommodations			*		*			●	●	
Public buildings & infrastructures			*		*			●	●	

SUSTAINABLE MOBILITY

Waterways							*		●	
Public transport - multimodality							*		●	

PROTECTION OF RESOURCES, LAND AND BIODIVERSITY - ADAPTATION TO CLIMATE CHANGE

Protection of biodiversity							●			*
Adaptation to climate change							●		*	

EDUCATION & EMPLOYMENT PROMOTION

		●		*		●				
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AFFORDABLE HOUSING

Financing the supply of social housing	●						●	*		
Aid for the renovation of social housing	●						●	*		

ACCESS TO ESSENTIAL SERVICES & BASIC PUBLIC INFRASTRUCTURES

	*						●			
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\* Priority Objectives/ ● Secondary Objectives

#### 4. ESTIMATION OF EXPECTED IMPACTS

As suggested in the ICMA handbook ([Harmonized Framework for Impact Reporting](#)), the data provided on generated impacts are based on ex-ante estimates (i.e. established before project implementation) of the annual results expected for a representative year, once the project has been completed and is operating at normal capacity.

As some projects are still in construction or implementation phase, it is important to stress that there is no guarantee that these results will ultimately be completed. Indeed, while technical experts attempt to formulate sound and prudent assumptions based on the information available to them, the actual impact of projects may differ from initial forecasts. For example, social, economic, technical, political and/or legal changes may result in deviations from forecasts.

Wherever possible, results are estimated over the lifetime of the project (calculated in years) in order to provide users with a basic understanding of the impact of each project throughout its existence.

Wallonia plans to make every possible effort to carry out an ex-post assessment of the results produced by the investments incurred, in order to verify the assumptions made upstream. This verification will be carried out in full transparency. As soon as the results are available, they will be included in the annual reports published for next coming bonds that Wallonia will issue in the future.

It should be noted that this methodology (evolution of forecast and actual indicators) cannot be applied to all projects financed by the sustainability bond. Indeed, in case of expenditures falling into social categories, the eligible amounts are linked to public programmes with budgets annually renewed by Wallonia, and not to an investment amount as such. Technically, the evaluation of the impacts of these projects can therefore only be subject to an ex-post assessment of the indicators. This particularity is specified in the impact assessment of the projects.

## PROJECTS IMPACT ASSESSMENT

Once the methodology was established, Wallonia began an initial extra-financial assessment of the investments financed by its inaugural sustainability bond. This work involved several challenges, particularly in terms of collecting data from the entities in charge of the various eligible investments. Indeed, these entities are not always familiar with the impact assessment of their activities. Several ways are envisaged to improve the approach in the future:

- Continue the methodological work on the indicators adopted in the methodology for impact assessment of the sustainability bond;
- Determine in concrete terms the objectives to be achieved in order to reach the most complete ex-post assessment of the investments.

In order to illustrate these considerations, the summary table below provides an overview of the work so far carried out and still in progress through the 9 project sheets presented in this report (Annexes I and II). Particular attention is drawn to the following points:

- **Availability of data (√) related to output, outcome and impact indicators**  
Indicators currently not available (×) are being assessed and will be included in future reports as soon as data are made available.
- **Type of data estimates (ex-ante or ex-post)**  
When an ex-ante estimation is possible, the objective is to be able to monitor the ex-post evolution (\*) of the projects achievements and impacts (direct and indirect) in order to get the long term overview on the social and/or environmental performance of the allocated budgets.
- **Percentage of completeness**  
For some capital investments (ex-ante estimates) for which overall amount is estimated over the lifecycle of the project, the percentage of completeness gives an idea of the proportion of the results/impacts covered over the period of the sustainability bond issued in 2019 (i.e. period 2018-2019). Calculation: Ratio (amount of the 2019 sustainability bond allocated to the project / total project amount).

### - **Budget allocation**

The budget allocation refers to the percentage of investments currently allocated to the project. Calculation: Ratio (allocated amounts/committed amounts).

### - **Next steps (work in progress)**

These are objectives identified in order to reach a comprehensive assessment of the various indicators. As mentioned before, progress in terms of measuring the impact of the investment portfolio will be documented in future annual reports. Wallonia is making every effort to align and systematise the methodology within the various financed projects.

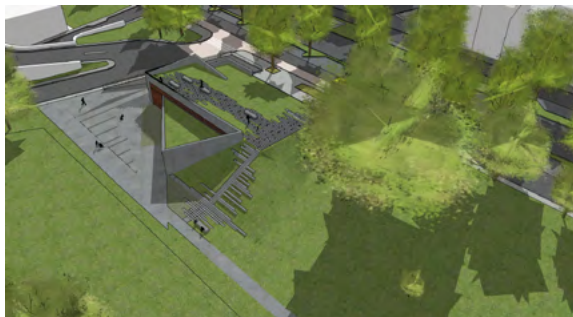


INDICATORS BY CATEGORY DEFINED IN THE FRAMEWORK	Impact assesment			Type of estimate		Financial indicators						Next steps - Work in progress
	Output Indicator	Outcome Indicator	Impact Indicator	Ex-ante	Ex-post	Total amount	Financing by RW (%)	Committed amounts in M € (2)	Alocated amounts in M € (3)	% of completeness (3/1)	% of Budget Allocation (3/2)	
<b>GREEN CATEGORIES</b>												
<b>RENEWABLE ENERGY</b>												
Geotherwall heating network	✓	✓	✓	✓	*	16	50 %	2	1.4	8.8 %	70 %	Ex-post impact assessment
<b>ENERGY EFFICIENCY &amp; LOW CARBON BUILDINGS</b>												
ECOPACK Programme	✓	x	x	/	✓	Annual budget	100 %	109.4	101.7	n.d	93 %	Ex-post evaluation : - of the number of beneficiaries who have benefited from the ECOPACK programme - the reduction of CO <sup>2</sup> emissions linked to the installed infrastructures
<b>SUSTAINABLE MOBILITY</b>												
Program RTE-T Lys / Haut-Escaut / Dorsale wallonne	✓	✓	✓	✓	*	515.2	62 %	31.2	11.1	2.2 %	35.6 %	Ex-post impact assessment
Extension of the Charleroi light rail system	x	x	x	✓	*	50	100 %	18.4	18.1	36.2 %	98.4 %	Search on : - the number of beneficiaries who will be able to benefit from this extension - energy reductions linked to the extension of the line + ex-post impact assessment
<b>PROTECTION OF RESOURCES, LAND AND BIODIVERSITY - ADAPTATION TO CLIMATE CHANGE</b>												
Development of fish passes in the Mosan Basin	✓	x	x	✓	*	15	100 %	3.2	3.2	21.3 %	100 %	Search on : - the number of km of rivers made accessible to endemic species - the impact of this development on the fish population concerned + ex-post impact assessment
Rehabilitation of the Monsin dam	✓	x	x	✓	*	32.8	100 %	21.9	21.5	65.5 %	98.2 %	Search on : - the number of inhabitants protected from flood hazards - protected areas in flood zones + ex-post impact assessment
<b>SOCIAL CATEGORIES</b>												
<b>EDUCATION &amp; EMPLOYMENT PROMOTION</b>												
Program CISP (Centre d'Insertion Socio-Professionnelle)	✓	✓	x	/	✓	Annual budget	100 %	160.7	159.4	n.d	99.2 %	Ex-post evaluation: - of the number of beneficiaries returned to employment
<b>AFFORDABLE HOUSING</b>												
Program RENOPACK	✓	✓	x	/	✓	Annual budget	100 %	86.3	74.4	n.d	86.2 %	Ex-post impact assessment
<b>ACCESS TO ESSENTIAL SERVICES &amp; BASIC PUBLIC INFRASTRUCTURES</b>												
PRM transport service outsourced to OTW	x	x	x	/	✓	Annual budget	100 %	4.2	4.2	n.d	100 %	Ex-post evaluation: - of the number of TEC buses adapted for PRMs - the percentage of the RMC population using these new services



**ANNEXE**  
DESCRIPTION OF SIX GREEN PROJECTS

# RENEWABLE ENERGY



## Project presentation

The GEOTHERWALL heating network is a heat production network using geothermal energy. GEOTHERWALL includes the creation of five heating networks as well as the consolidation and perpetuation of the use of the three existing wells: Saint-Ghislain, Douvrain (Baudour) and Ghlin.

## Objective

Energy supply from a local and renewable energy source stored underground as heat in the subsoil, combining the advantage of low CO<sup>2</sup> emissions with the diversification of urban energy supply.



## GEOTHERWALL HEATING NETWORK

- city of Mons (province of Hainaut)
- 2014 – end estimated in 2023
- EUR 16 million
- Air Climate Energy Plan

## Financing



50 %



European Union  
European Regional  
Development Fund

50 %

## Budget allocation

Use of proceeds	Committed amounts	Allocated amounts	% allocation
Financing of expenditures 2018	€1 million	€1 million	100%
Financing of expenditures 2019	€1 million	€0.4 million	40%
Amount financed by SB 2019	€2 million	€1.4 million	70%

## Project Impact Indicators

Type of indicator	Indicators	Data	Methodology note
Output indicator	Renewable energy generation capacity	7MW	/
Outcome indicator	Number of beneficiaries	1,610	A-7
Impact indicator	CO <sup>2</sup> emissions avoided by the project	3,514 teq.CO <sup>2</sup> /year	C-2

# BUILDING ENERGY EFFICIENCY



## Presentation of the project

Financing the total cost of renovations and energy savings in private dwellings, including a premium (the amount of which depends on the type of work undertaken and the applicant's income class) and an interest-free loan (for the part of financing of the works not covered by the premium).

## Objective

Stimulate demand for the renovation of private buildings in order to improve energy performance of these dwellings.



[BROCHURE ECOPACK](#)

## ECOPACK PROGRAMME

- all around Walloon territory
- 2011
- budget renewed annually by Wallonia
- Air Climate Energy Plan

## Financing



100 %

## Budget allocation

Use of proceeds	Committed amounts	Allocated amounts	% allocation
Financing of expenditures 2018	€48.6 million	€45.4 million	93.4%
Financing of expenditures 2019	€60.8 million	€56.3 million	92.6%
Amount financed by SB 2019	€109.4 million	€101.7 million	93%

## Project Impact Indicators

Type of indicator	Indicators	Data	Methodology note
Output indicators	Number of works carried out	12,988 files accepted	/
	Amounts of premiums granted		/
	Amounts of loans granted	€17,194 million	/
Outcome indicator	Number of beneficiaries	€30,693 million	A-2
Impact indicator	Avoided CO <sup>2</sup> emissions by the project	n.d. *	n.d. *

(\*Measures being in implementation phase – numbers not available at the time of publication)

# SUSTAINABLE MOBILITY - WATERWAYS



## Presentation of the project

Investment in waterways infrastructures of the Lys, Haut-Escaut and the Walloon water backbone (Sambre - Meuse).

## Objective

Encourage and optimise the modal shift of goods from roads to waterways by improving infrastructure and creating the necessary gauges for the passage of larger capacity barges.



## TEN-T PROGRAMME LYS / HAUT-ESCAUT / WALLOON BACKBONE



provinces of Hainaut, Namur, Liège

2007 – estimated completion in 2027

EUR 515,2 million

Regional Mobility Strategy (Vision FAST 2030)

### Financing



62 %



European Union  
European Regional  
Development Fund

38 %

## Budget allocation

Use of proceeds	Committed amounts	Allocated amounts	% allocation
Financing of expenditures 2018	€10.6 million	€10.4 million	98.1%
Financing of expenditures 2019	€20.6 million	€0.7 million	3.4%
Amount financed by SB 2019	€31.2 million	€11.1 million	35.6%

## Project Impact Indicators

Type of Indicator	Indicator	Data	Methodology note
Output indicator	Length of waterways concerned	Haut-Escaut: 92 km Lys: 63 km Walloon backbone: 169 km	/
Outcome indicator	Number of tonnes of additional goods transported by waterway	20,5 (Mt) / an	B-1
Impact indicator	Avoided CO <sup>2</sup> emissions by the project	323,920.5 teq. CO <sub>2</sub> /year	C-1

# SUSTAINABLE MOBILITY – PUBLIC TRANSPORT & MULTIMODALITY



## Presentation of the project

Extension of South and East lines of the Charleroi Light Metro in particular to serve the city's new hospitals (CHU Marie Curie in Lodeninsart – GHdC in Gilly).

## Objective

Optimise urban multimodal transport to minimise car travel in order to contain all the nuisances caused by mobility in an integrated and coherent manner.



## EXTENSION OF THE CHARLEROI LIGHT METRO

- city of Charleroi (province of Hainaut)
- 2018 – estimated completion in 2022
- EUR 50 million
- Regional Mobility Strategy (FAST 2030 Vision)

## Financing



100 %

## Budget allocation

Use of proceeds	Committed amounts	Allocated amounts	% allocation
Financing of expenditures 2018	€9.4 million	€9.2 million	97.9 %
Financing of expenditures 2019	€9.0 million	€8.9 million	98.9 %
Amount financed by SB 2019	€18.4 million	€18.1 million	98.4 %

## Project Impact Indicators

Type of indicator	Indicators	Data	Methodology note
Output indicator	Length of section by extension	n. d. *	/
Outcome indicator	Number of beneficiaries	n.d. *	A-3
Impact indicator	CO <sup>2</sup> emissions avoided by the project	n.d. *	n.d. *

(\*Measures being in implementation phase – figures not available at time of publication)

# PROTECTION OF BIODIVERSITY



## Presentation of the project

Construction, maintenance and renewal of fish passes in the Mosan Basin.

## Objective

Allow fish to overcome obstacles on waterways (dams and locks) to restore ecological continuity (facilitate the reproductive migrations of salmon and eels).



## NEW FISHWAYS IN THE BASSIN MOSAN

- provinces of Namur, Liège, Luxembourg (Mosan Basin)
- 2017 – estimated completion in 2024
- EUR 15 million
- Biodiversity 360°

## Financing



100 %

## Budget allocation

Use of proceeds	Committed amounts	Allocated amounts	% allocation
Financing of expenditures 2018	€1.7 million	€1.7 million	100%
Financing of expenditures 2019	€1.5 million	€1.5 million	100%
Amount financed by SB 2019	€3.2 million	€3.2 million	100%

## Project Impact Indicators

Type of indicator	Indicators	Data	Methodology note
Output indicator	Number of works concerned	17 equipped obstacles out of 60 (28%)	/
Outcome indicator	Number of beneficiaries	n.d. *	A-6
Impact indicator	Preservation of ecological continuity	n.d. *	D-1

(\*Measures being in implementation phase – figures not available at time of publication)



# ADAPTATION TO CLIMATE CHANGE



## Presentation of the project

Rehabilitation of the Monsin dam to prevent the risk of floods that will be stronger and more frequent as a result of global warming.

## Objective

Prevent and reduce the consequences of floods on human health, the environment, cultural heritage and economic activity in the Meuse basin around Liège.

## REHABILITATION OF THE MONSIN DAM

-  agglomeration of Liège (province of Liège)
-  2018 – estimated completion in 2023
-  EUR 32.8 million
-  Walloon flood risk management plan  
(application of European Directive 2007/60/EC)

## Financing



100 %

## Budget allocation

Use of proceeds	Committed amounts	Allocated amounts	% allocation
Financing of expenditures 2018	€3.0 million	€3.0 million	100 %
Financing of expenditures 2019	€18.9 million	€18.5 million	97.9 %
Amount financed by SB 2019	€21.9 million	€21.5 million	98.2 %

## Project Impact Indicators

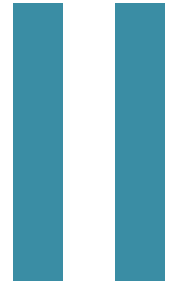
Type of indicator	Indicators	Data	Methodology note
Output indicator	Number of valves replaced	2 valves in 2018 2 valves in 2019	/
Outcome indicator	Number of beneficiaries	n.d.*	A-5
Impact indicator	Strengthening social cohesion	n.d.*	E-1

(\*Measures being in implementation phase – figures not available at time of publication)





**ANNEXE**  
**DESCRIPTION OF THREE SOCIAL PROJECTS**



# EDUCATION & EMPLOYMENT PROMOTION



## Presentation of the project

The socio-professional integration centres provide pre-qualification training to job seekers in the following areas: literacy, refresher courses, personal development, construction, catering, green trades, human services, secretariat and trade. Wallonia currently has 157 accredited CISP.

## Objective

facilitate access to pre-qualifying training or employment.

## Target audience

Job seekers removed from the job market (unemployed people registered at FOREM with low education, unemployed people for at least 18 months in the 24 months preceding training, people with disabilities, people deprived of liberty, people of foreign origin residing legally in the territory, beneficiaries of social integration income).



## PROGRAMME CISP (SOCIO-PROFESSIONAL INTEGRATION CENTRE)



the entire Walloon territory



budget renewed annually by Wallonia



Walloon poverty reduction plan

## Financing



100 %

## Budget allocation

Use of proceeds	Committed amounts	Allocated amounts	% allocation
Financing of expenditures 2018	€75.6 million	€75.6 million	100%
Financing of expenditures 2019	€85.1 million	€82.0 million	96.4%
Amount financed by SB 2019	€160.7 million	€159.4 million	99.2%

## Project Impact Indicators

Type of indicator	Indicators	Data	Methodology note
Output indicator	Number of training hours	6.15 million hours in 2018; 5.5 million hours in 2019	/
Outcome indicator	Number of beneficiaries	15 700 (2018) 16 000 (2019)	A-4
Impact indicator	Strengthening social cohesion	n.d.*	F-1

(\*Measures being in implementation phase – figures not available at time of publication)

# AID FOR THE RENOVATION OF SOCIAL HOUSING



## Presentation of the project

Interest-free instalment loan with a maximum term of 15 years and a maximum amount of € 30,000 per household for renovation work and/ or energy-saving work

## Objective

Stimulation of demand for renovation of private buildings intended for household-dwelling (with special attention to people belonging to the two lowest net taxable income categories).

## Target audience

The accommodation must be occupied by the applicant with a maximum of 2 dependent children (SWCS) or for landlords / tenants of an accommodation with 3 or more dependent children (FLWFN).



## RENOPACK PROGRAMME



the entire Walloon territory



budget renewed annually by Wallonia



Walloon poverty reduction plan (PLCP)

## Financing



100 %

## Budget allocation

Use of proceeds	Committed amounts	Allocated amounts	% allocation
Financing of expenditures 2018	€ 39.9 million	€ 39.0 million	97.7 %
Financing of expenditures 2019	€ 46.4 million	€ 35.4 million	76.3 %
Amount financed by SB 2019	€ 86.3 million	€ 74.4 million	86.2 %

## Project Impact Indicators

Type of Indicator	Indicator	Data	Methodology note
Output Indicator	Amounts of loans granted (2018 + 2019) by the SWCS	€ 50 645,236 intended for income categories C1 and C2	/
	Amounts of bonuses granted (2018 + 2019) by the SWCS	€ 12 301 796 intended for income categories C1 and C2	/
Outcome Indicator	Number of beneficiaries	4 050	A-2
Impact Indicator	Strengthening social cohesion	n.d.*	n.d.*

(\*Measures being in implementation phase – figures not available at time of publication)

# ACCESS TO ESSENTIAL SERVICES AND BASIC PUBLIC INFRASTRUCTURES



## Presentation of the project

Arrangement of stop areas for people with reduced mobility (PRM) and / or lay-out of buses (access ramps, adequate platform, low and flat floor, audible sound signal, light signal, etc.).

## Objective

Improve the accessibility of regular lines in urban areas and offer a dedicated transport service on demand (door to door) for people with reduced mobility (PRM) in rural areas.



the entire Walloon territory  
budget renewed annually by Wallonia  
Walloon poverty reduction plan (PLCP)

Financing



100 %

## Budget allocation

Use of proceeds	Committed amounts	Allocated amounts	% allocation
Financing of expenditures 2018	/	/	/
Financing of expenditures 2019	€ 4.2 million	€ 4.2 million	100 %
Amount financed by SB 2019	€ 4.2 million	€ 4.2 million	100 %

## Project Impact Indicators

Type of Indicator	Indicator	Data	Methodology note
Output Indicator	Number of TEC buses adapted for PRM	n.d.*	/
Outcome Indicator	Number of PRM beneficiaries using TEC services	n.d.*	A-1
Impact Indicator	Strengthening social cohesion	n.d.*	n.d.*

(\*Measures being in implementation phase – figures not available at time of publication)

**ANNEXE**



**METHODOLOGY NOTICE**

This methodology notice constitutes a first working basis for the methodology used for the results and impact indicators specific to each type of investment. Based on the 9 examples illustrated in this first report, this notice is subject to change and should become more precise in the coming months.

## METHODOLOGIES RELATING TO OUTPUT INDICATORS

### Number of beneficiaries concerned by the project

Methodological note	Types of beneficiaries
A-1	Number of people with reduced mobility (wheelchair users, blind people, hearing, intellectuals, people leaning on canes, the elderly, people of unusual size (children, overweight people...), mothers-to-be, parents with prams, people with a heart condition, people with respiratory insufficiency.. are all people with reduced mobility).
A-2	Number of persons in the two lowest taxable income categories, i.e.: from - Category 1: income below EUR 23,000.00/year ; - Category 2: income less than 32,700.00 EUR/year
A-3	Estimated number of users of the South and East lines of the Charleroi Metro
A-4	Number of trainees who have received training (vocational guidance, basic training, vocational training)
A-5	Number of inhabitants protected from flood hazards
A-6	Estimation of the number of endemic species concerned
A-7	Number of dwellings supported by the project, multiplied by the average size of households in Wallonia (2.3 per dwelling, source IWEPS)

### Number of tonnes of additional goods transported

B-1	Estimation of the modal shift according to the objectives defined by the Walloon Region (33.9 Mt for 2050 against 13.4 Mt in 2007)
-----	--

## METHODOLOGIES RELATING TO IMPACT INDICATORS

### CO<sup>2</sup> emissions avoided by the project

C-1	Subtraction between the projected CO <sup>2</sup> emissions in a reference scenario and the emissions of projected CO <sup>2</sup> emissions in a scenario with commissioning of the project
C-2	Data provided by the client

### Preservation of ecological continuity

D-1	Estimation of the impact of the project on migratory fish populations
-----	---

### Preservation of social continuity

E-1	Estimated area of protected flood zones
-----	---

### Strengthening social cohesion

F-1	Number of beneficiaries returned to employment
-----	--



# ANNEXE IV

## TABLE DE CORRESPONDANCE FRAMEWORK & ODD

Aligned with the [“High-Level Mapping to the Sustainable Development Goals”](#) published by the International Capital Market Association (ICMA) in June 2018, a correspondence was established between the eligible categories of the Framework and the Sustainable Development Goals (SDGs) adopted by the United Nations in September 2015.

PROJECT CATEGORY	ODD CONCERNED AND TARGETED AUDIANCE
RENEWABLE ENERGY	SDG 7 - Clean and affordable energy (target 7.2) SDG 11 - Sustainable cities & communities (target 11B) SDG 12 - Sustainable consumption and production (target 12.2) SDG 13 - Measures relating to the fight against climate change (target 13.1)
ENERGY EFFICIENCY AND LOW-CARBON BUILDINGS	SDG 07- Clean and affordable energy (target 7.3) SDG 09 - Industry, innovation and infrastructure (target 9.4) SDG 12 - Sustainable consumption and production (target 12.2) SDG 13 - Measures relating to the fight against climate change (target 13.1)
SUSTAINABLE MOBILITY	SDG 11 - Sustainable cities & communities (targets 11.2 and 11.6) SDG 13 - Measures relating to the fight against climate change (target 13.1)
POLLUTION PREVENTION AND CONTROL	SDG 3 - Good health and well-being (target 3.9) SDG 11 - Sustainable cities & communities (target 11.6) SDG 12 - Sustainable consumption and production (targets 12.4 and 12.5)
SUSTAINABLE FOOD & CONSUMPTION	SDG 2 - Zero hunger (target 2.4) SDG 12 - Sustainable consumption and production (targets 12.2 and 12.8)
PROTECTION OF RESSOURCES, LAND & BIODIVERSITY	<i>SUSTAINABLE WATER MANAGEMENT</i> SDG 6- Clean water and sanitation (targets 6.1 and 6.3) SDG 12 - Sustainable consumption and production (target 12.2)
	<i>SOIL CONSERVATION AND BIODIVERSITY</i> SDG 6 - Clean water and sanitation (target 6.6) SDG 11 - Sustainable cities & communities (target 11.7) SDG 15 - Life on land (target 15.1)
	<i>SOIL DECONTAMINATION</i> SDG 11 - Sustainable cities & communities (target 11.6) SDG 15 - Life on land (target 15.3)
	<i>ADAPTATION TO CLIMATE CHANGE</i> SDG 11 - Sustainable cities & communities (target 11.5) SDG 13 - Measures relating to the fight against climate change (target 13.1)
EDUCATION & EMPLOYMENT PROMOTION	SDG 4 - Quality education (target 4.4) SDG 8 - Decent work and economic growth (target 8.5) SDG 10 - Reduced inequalities (targets 10.2 and 10.3)
SOCIO-ECONOMIC EMPOWERMENT	SDG 1 - No poverty (target 1.5) SDG 8 - Decent work and economic growth (target 8.5) SDG 10 - Reduced inequalities (target 10.2) SDG 11 - Sustainable cities & communities (target 11A)
AFFORDABLE HOUSING	SDG 1 - No poverty (target 11.5) SDG 10 - Reduced inequalities (target 10.2) SDG 11 - Sustainable cities & communities
ACCESS TO ESSENTIAL SERVICES AND BASIC PUBLIC INFRASTRUCTURES	SDG 3 - Good health and well-being (targets 3.8, 3B) SDG 10 - Reduced inequalities (target 10.2)



ANNEXE  
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- Vigeo Eris, 2019, [Second party opinion on the sustainability of the Walloon Region's Sustainable Bond](#), 22 p.

## INTERNET LINKS

ICMA's website : <https://www.icmagroup.org>

Sustainable Department's website : <http://developpementdurable.wallonie.be>

## 6. ATTESTATION BY AN INDEPENDENT EXTERNAL AUDIT FIRM



EY Bedrijfsrevisoren  
EY Réviseurs d'Entreprises  
De Kleetlaan 2  
B-1831 Diegem

Tel: +32 (0)2 774 91 11  
ey.com

### Limited Assurance report of the Independent Auditor

#### To the Sustainability Bond Committee of the Walloon Region on the Budget allocation report and impact report - Sustainability bond 2019

#### Introduction

We were engaged by the Sustainability Bond Committee of the Walloon Region (hereafter 'the Committee') to provide a limited assurance conclusion on the investments allocation for the 2019 sustainability issue table on page 26 of the budget allocation report and impact report on the sustainability bond 2019 ('the Selected Information').

#### Conclusion

Based on our procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Selected Information is not prepared, in all material respects, in accordance with the applied criteria of proceeds allocation to Eligible Green and Social Expenditures disclosed in section 1 of the Sustainability Bonds Framework published in April 2019 on [https://www.wallonie.be/sites/default/files/201906/rw\\_sustainability\\_bond\\_framework\\_april\\_2019.pdf](https://www.wallonie.be/sites/default/files/201906/rw_sustainability_bond_framework_april_2019.pdf) (hereafter 'the Criteria').

#### Basis for our conclusion

We have carried out our limited assurance engagement on the Selected Information in accordance with the International Standard on Assurance

Engagements (ISAE) 3000: "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board.

Our responsibilities under this standard are further described in the section 'Our responsibilities' of our report.

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### Responsibilities of the Committee for the Selected Information

The Committee is responsible for the preparation of the Sustainability Bonds Allocation Report 2019 and the Selected Information contained herein in accordance with the Criteria.

This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the Sustainability Bonds Allocation Report 2019 and the Selected Information contained herein that is free from material misstatement, whether due to fraud or error.

It also includes developing the Criteria, selecting and applying policies, making judgments and estimates that are reasonable in the circumstances and maintaining adequate records in relation to the Sustainability Bonds Allocation Report 2019 and the Selected Information contained herein.

Besloten Vennootschap  
Société à responsabilité limitée  
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**Limited Assurance report of the Independent Auditor  
To the Sustainability Bond Committee of the Walloon Region on the Budget  
allocation report and impact report - Sustainability bond 2019**

### Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed in relation to the Selected Information. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement.

Procedures performed in an assurance engagement to obtain a limited level of assurance are aimed to determine the plausibility of information and are less extensive than a reasonable assurance engagement. The level of assurance obtained in limited assurance engagements is therefore substantially less than the level of assurance obtained in a reasonable assurance engagement.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the Selected Information. The materiality affects the nature, timing and extent of our review procedures and the evaluation of the effect of identified misstatements on our conclusion.

We apply the International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the International Standard on Assurance Engagements (ISAE) 3000, ethical requirements and independence requirements.

Our limited assurance conclusion relates solely to the Selected Information and not to the "Budget allocation report and impact report - Sustainable emission Report 2019" taken as a whole. Also it is not our responsibility to provide any form of assurance on:

- The suitability of the Criteria in relation to the 2018 Green Bond Principles and the 2018 Social Bond Principles of the International Capital Markets Association which was assessed by the 'Second Party Opinion' published in April 2019 by Vigeos Eiris on [https://www.wallonie.be/sites/default/files/202003/20200330\\_vigeo\\_eiris\\_spo\\_walloon\\_region\\_vf.pdf](https://www.wallonie.be/sites/default/files/202003/20200330_vigeo_eiris_spo_walloon_region_vf.pdf) ;
- The impact of the allocated proceeds following the Criteria which will be assessed on the basis of the Sustainability Bonds Framework published in April 2019;
- The accuracy of the allocation of the Sustainability Bonds proceeds by type of expenditure, entity, sector or environmental / social related challenge or goal;



- ▶ The management of the proceeds from the Sustainability Bonds prior to their allocation or the use of these proceeds after their allocation.

#### Procedures performed

Our limited assurance engagement on the Selected Information consists of making inquiries, primarily of persons responsible for the preparation of the Selected Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included, among others:

- ▶ Identifying areas of the Selected Information where material misstatements, whether due to fraud or error, are likely to arise, designing and performing limited assurance procedures responsive to those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;
- ▶ Developing an understanding of internal control relevant to the limited assurance engagement in order to design limited assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of the Committee's internal control;
- ▶ Evaluating the appropriateness of the reporting Criteria used and their consistent application, including the reasonableness of estimates made by the Committee and related disclosures to the Selected information;

#### Limited Assurance report of the Independent Auditor To the Sustainability Bond Committee of the Walloon Region on the Budget allocation report and impact report - Sustainability bond 2019

- ▶ Interviewing relevant persons responsible for providing the Selected Information, for carrying out internal control procedures on and consolidating the Selected Information;
- ▶ Reviewing relevant internal and external documentation, on a limited test basis, in order to determine the reliability of the Selected Information;
- ▶ Analytical review procedures to confirm our understanding of evolutions in the Selected Information.

Brussels, 30 September 2020

EY Réviseurs d'Entreprises SRL  
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jean-francois  
hubin

Digitaal ondertekend door jean-francois.hubin  
DN: cn=jean-francois.hubin,  
email=jean-francois.hubin@be.ey.com  
Datum: 2020.09.30 11:28:33 +02'00'

Jean-François Hubin\*  
Partner  
\* Acting on behalf of a SRL

21JFH0078

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SPW-SG/DIP

### Contacts for more information

Debt Cell

Boulevard du Nord 8

5000 Namur

[financement@spw.wallonie.be](mailto:financement@spw.wallonie.be)

Sustainable Development Department

Place Joséphine Charlotte 2

5100 Namur

[developpement.durable@spw.wallonie.be](mailto:developpement.durable@spw.wallonie.be)

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