

General Directorate of Economy-Next Generation

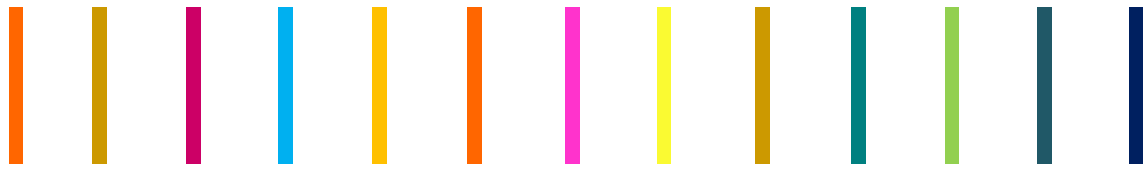
Economy and Finance Service

https://www.navarra.es/home_es/Gobierno+de+Navarra/Presupuesto/Deuda+Publica/

April 2024

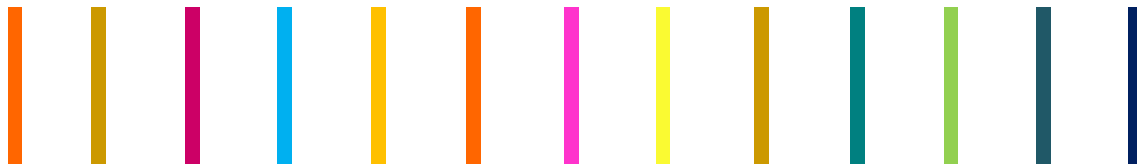
Gobierno de Navarra  Nafarroako Gobernua





Contents

1.Introduction.....	Page. 3
2.Allocation report.....	Page. 4
3.Impact report.....	Page. 7
3.1. Social, economic and environmental impact.....	Page. 7
3.2. Input-output analysis.....	Page.14
4.Conclusions.....	Page.17
5.Bibliography.....	Page.18



1. Introducción

From its initiation, the Government of Navarre has shown a firm commitment to the implementation of the 2030 Agenda for Sustainable Development approved by UN members in September 2015.

At a meeting held on November 3, 2016, the Parliament of Navarre urged the Government to prepare a study to assess how the challenges of the 2030 Agenda were being addressed through the various plans and programs. For this purpose, an Interdepartmental Commission was set up, with a high representation of the departments and the autonomous bodies. This Commission drew up an Action Plan for the implementation of 2030 Agenda in those public policies which are the competency of the Government of Navarra and, in the framework of this plan, it was agreed to develop a Sustainable Development Strategy for Navarra with 2030 in mind, approved by the Government of Navarra on 4th October 2023.

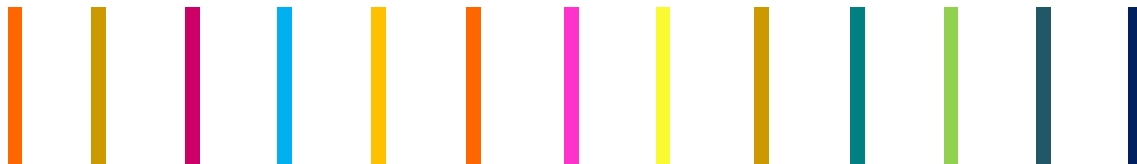
In this context, in 2019, the Government of Navarre took a step further linking its financial policy with the 2030 Agenda, opting for sustainable financing and developing a valid Sustainable Financing Framework¹ for the issuance of instruments whose income will be earmarked for environmental and social projects with a positive impact on the region.

The debut of this new type of green and social financing took place on April 30, 2019, with the issue of a sustainable bond of EUR 50 million, valid for 25 years and with an interest rate of 2.1 percent. In 2020, the second Navarra sustainable issue was formalized for EUR 75 million, with a maturity of 20 years, at an interest rate of 1.45% and in 2022, the third issuance, for EUR 125 millions, with a maturity of 20 years and an interest rate of 1.8%. The funds raised from these bonds were allocated to 2019, 2020 and 2022 projects carried out by the Interdepartmental Commission on Sustainable Financing and are included in the allocation and impact reports published on the website: navarra.es.

In 2023, the fourth operation took place for a value of EUR 50 million, with the formalisation of two sustainable loans, for EUR 33 and 17 millions, valid for four years and at an annual interest rate of 3.06% and 3.09% respectively.

This document presents the allocation and impact report for both sustainable loans, with projects chosen by the aforementioned Commission from the eligible programs of the General Budget of Navarra 2023, following the guidelines of Sustainable Financing Framework.

¹ http://www.navarra.es/NR/rdonlyres/40C27B6A-75E6-4B80-A39F-A4A909B2EDCE/460641/SustainabilityBondNavarra2019_framework.pdf













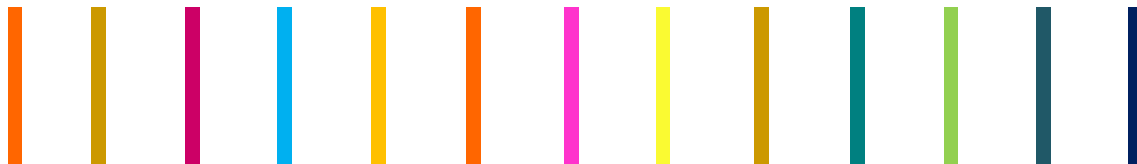
2. Allocation report

Below is a description of the projects chosen, with the categories of the Sustainable Finance Framework and the SDGs to which they relate.

The Interdepartmental Commission on Sustainable Financing set up by the government of Navarra for the selection of the eligible projects according to the criteria of the Framework has identified a volume of EUR 436,905,732 in programs that can be financed by the 2023 sustainable loans, of which EUR 410,431,632 (93.8 percent of the total) correspond to social categories and EUR 26,474,100 to green categories (6.1 percent of the total).

Based on this list, the Commission has selected the projects allocated to the loans based on the degree of alignment with the eligible categories and with the SDGs, and their impact indicators.

	Eligible Categories	Execution eligible Budget 2023	% assigned to sustainable loans	Execution Budget 2023 assigned to the loans €50,000,000
	Affordable Housing	29,991,621.2	63%	18,996,274.2
	Environmentally sustainable management	4,093,839.3	86%	3,501,932.5
	Energy efficiency	16,596,897.1	100%	16,596,897.1
	Education	98,197,770.3	6%	6,044,405.4
	Sustainable management of water and wastewater	1,117,275.6	19%	208,615.9
	Clean transportation	2,168,849.2	100%	2,168,849.2
	Healthcare	1,062,317.5	100%	1,062,317.5
	Renewable Energy	1,187,176.0	100%	1,187,176.0
	Pollution prevention and control	1,117,308.7	21%	233,532.0










	Socio-economic progress	270,125,179.0	0%	0.0
	Climate Adaptation	192,753.7	0%	0.0
	Employment generation	11,054,744.00	0%	0.0

Given the distribution of competencies within the national framework, social actions in regional Public Administration always carry more weight than green ones. In recent years it is also true that many green label investments are financed using other incomes or subsidies, for example Next Generation funds. These circumstances condition which projects are eligible for sustainable finance.

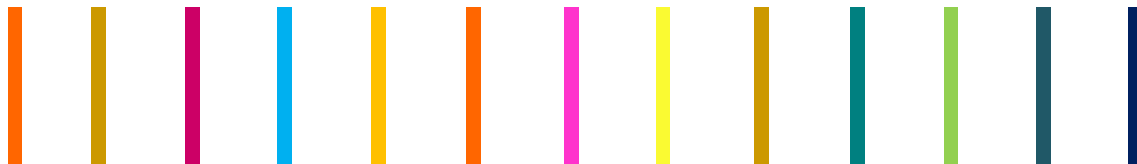
The following table lists the projects financed by eligible category and includes a summary of the 2023 budget implementation for these projects, net of other project related income. Of the total amount of EUR 50,000,000 that has been financed by the sustainable loans, 52.2 percent has been allocated to social projects and the remaining 47.8 percent to green projects.

	Eligible Categories	Allocated Projects Items of the 2023 GENERAL BUDGET OF NAVARRA	Execution Budget 2023 assigned to the loans €50,000,000
	Affordable Housing	Protected housing promotion, social rental purposes 320000/32100/7800/261400 Subsidies for house building and reform	8,901,324.7
		Aid for the acquisition of protected housing 320000/32100/7800/261400 Subsidies for house building and reform	2,303,457.5
		Rehabilitation of houses and buildings 320000/32100/7800/261400 Subsidies for house building and reform	7,791,491.9
	Environmentally sustainable management	Forest fire prevention 740002/74200/6019/456500 PDR FEADER 2014-2020. Forest fire prevention	104,879.9
		Land restoration 740002/74200/6019/456706 PDR FEADER 2014-2020. Restoration of destroyed forests.	90,907.8
		Forest management 740002/74200/6092/456703 PDR FEADER 2014-2020. Forest management	44,059.0
		Improvement of forests and forest infrastructure 740002/74200/7609/456702 PDR FEADER 2014-2020. Forest work subsidies to local entities	982,600.6
		740002/74200/7709/456700 PDR FEADER 2014-2020. Forest work subsidies to private agents	300,868.1
		740002/74200/7609/456703 PDR FEADER 2014-2020. Forest infrastructure subsidies to local entities	310,032.8

		Investments in forest products 740002/74200/7709/456703 PDR FEADER 2014-2020. Subsidies to private agents. Forest industry	319,747.5
		River ecosystems: restoration and protection 740003/74300/6019/452300 Restoration of riverbanks and protection of ecosystems	347,861.5
		Investments in Biodiversity Protection 740003/74300/6019/456300 Investments in Natura 2000	145,715.4
		Aids to R+D projects G20001/G2100/7819/467300 Subsidies to R+D projects of Agents of SINAI	855,259.9
	Energy efficiency	Housing rehabilitation: energy efficiency 320000/32100/7800/261400 Subsidies for housing actions	7,920,009.1
		UPNA. Health Sciences Faculty G10001 G1100 7455 322302 Capital transfers to UPNA	8,676,888.0
	Education	Construction and rehabilitation of state sector schools 410001 41800 6020 325100 Construction of new centres and building works. Plan for school centres 410001 41800 6020 325103 Construction of new centres and building works. Plan for school centres 410001 41800 6020 325112 Maintenance work in school centres 410001 41800 7609 325100 Works in educational centres, municipal property	6,044,405.4
	Sustainable management of water and wastewater	Technical studies and projects on water 740001 74100 6092 452100 Technical studies and projects on water: water forum of the Ebro, flood risk, nitrates and others.	93,731.6
		Studies and projects on water resources and flooding 740001 74100 6092 452102 Contract GAN: Studies and projects on water resources and flooding	114,884.3
	Clean transportation	Aids to R+D projects G20001/G2100/7819/467300 Subsidies to R+D projects of Agents of SINAI	927,342.7
		Aids to local entities for cycling infrastructures 230000/23200/7609/441112 Call for aids to cycling infrastructures	1,241,506.5
	Healthcare	Aids to R+D projects G20001/G2100/7819/467300 Subsidies to R+D projects of Agents of SINAI	1,062,317.5
	Renewable Energy	Aids to R+D projects G20001/G2100/7819/467300 Subsidies to R+D projects of Agents of SINAI	1,187,176.0
	Pollution prevention and control	Action Plans Agenda 21 740001/74100/7609/456202 Subsidies to local entities for Agenda 21	233,532.0

More budgetary information can be found at:

http://www.navarra.es/home_es/Gobierno+de+Navarra/Presupuesto/



3. Impact report

3.1 Social, economic and environmental impact

Below is a more detailed description of each project/program, with its impact indicators.

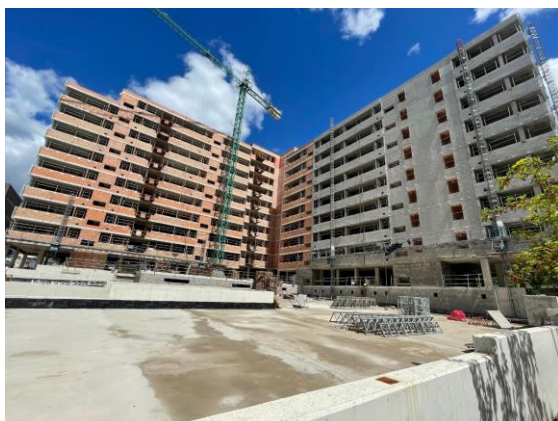


Affordable housing EUR 18,996,274.1



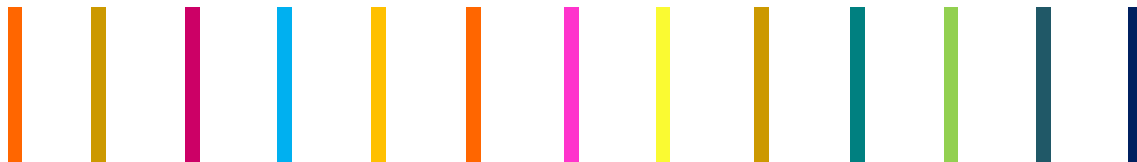
Related Sustainable Development Goals:

This category deals with finance for the rehabilitation of housing, subsidies for the promotion of protected housing for social rental purposes, and grants for the promotion and acquisition of protected housing, all managed by the Department of Housing, Youth and Migration Policy.



The indicator used refers to the number of promoted houses for social rental purposes, the number of dwellings favoured by protected housing acquisition and subsidised rehabilitation work on finished homes.

Indicator	Impact
Protected houses for social rental purposes	435
Protected houses for purchase	140
Number of housing units rehabilitated	3,721



Health EUR 1,062,317.5



Related Sustainable Development Goals

In this category are included aids to 5 R+D projects in the Health sector, aimed at businesses, technology centres, research organisations and agents of the Sistema Navarra de I+D+i (SINAI). These subsidies finance research in health and specialised medicine.

Indicador

Impacto

Number of projects

5



Environmentally sustainable management EUR 3,501,932.5



Related Sustainable Development Goals:

Most of the activities are aimed at managing forest land, and in particular, forest land use, forest fire prevention, forest management and subsidies to local entities and private actors in the field of forestry.

In total, 161 public and private agents for the improvement of 265 hectares of forested land and 25 kms of infrastructures. Five projects have been carried out related to forest fire prevention, six actions carried out on mountains affected by diseases or fire, five mountains have been regulated by forest planning instruments. Additionally, nine forest industries have received support for investments in technology, transformation, and the commercialization of forestry products.

This also includes restoration actions on riverbanks, fluvial ecosystem protection and investments in biodiversity conservation in the framework of Red Natura 2000. By amount, the most notable action in the restoration of the right bank of the Salazar river following the demolition of the Molino de Oronz dam.

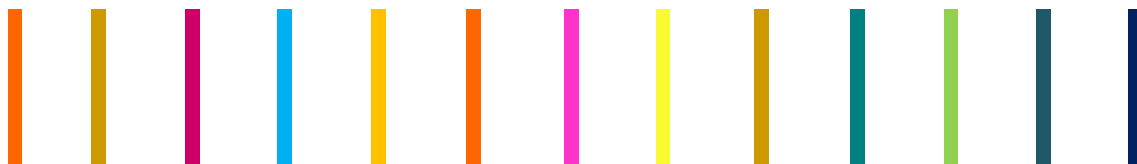


Photo: Project for the restoration of the right bank of the Salazar river following the demolition of the Molino de Oronz dam.

In total, 20 actions have been financed for the improvement of riverbanks, fluvial connectivity, revegetation etc.

Lastly, in this category are included 7 R&D projects aimed at businesses, technology centres, research organisations and agents of the Sistema Navarra de I+D+i (SINAI) within the framework of priorities identified by the Smart Specialisation Strategy of Navarra (S4) and linked directly with sustainable management of resources, such as health, sustainable food and the food chain.

Indicator	Impact
Forest restoration actions	6
Projects for the prevention of forest fires	5
Number of mountains regulated	5
Beneficiaries, local and private entities	161
Surface area of improved forest in hectares	265
Improvements in forest infrastructures in km ²	25
Number of beneficiary forestry companies	9
Number of actions on riverbanks, fluvial ecosystems and investments in Natura 2000	20
Number of projects	7

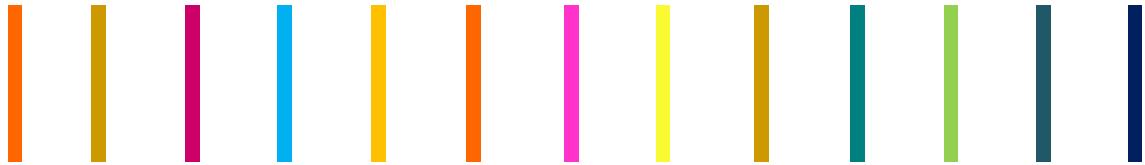


Energy efficiency EUR 16,596,897.1



Related Sustainable Development Goals:

This includes aid granted for the rehabilitation of 1,233 housing units by the Department of Housing, Youth and Migration Policy, for new thermal envelopes. In concrete terms, the actions financed include insulation of building facades, patios and balconies; dressing and changing of windows, floor insulation and PVC carpentry, among others.



The energy impact achieved in rehabilitated buildings is usually good, and often notable. Carbon dioxide emission reductions in the buildings pictured below are over 60% after rehabilitation, with a similar fall in the consumption of primary non-renewable energy. The fall in demand for central heating is even more notable with reductions of 80%.



Photo: Before and after images of rehabilitated buildings in Pamplona.

Additionally, in this category is included the construction of the Health Sciences Faculty building which will house the newly implemented UPNA School of Medicine.

This building has the particularity of being positive in energy terms. It produces more energy than it consumes (an estimated saving of 84 tons of CO₂ per year) and is equipped with systems to provide excellent air quality. During its construction, the DNSH protocol will be observed, and emissions savings will be achieved, for instance by the reuse of demolition waste, the substitution of concrete for wood etc.

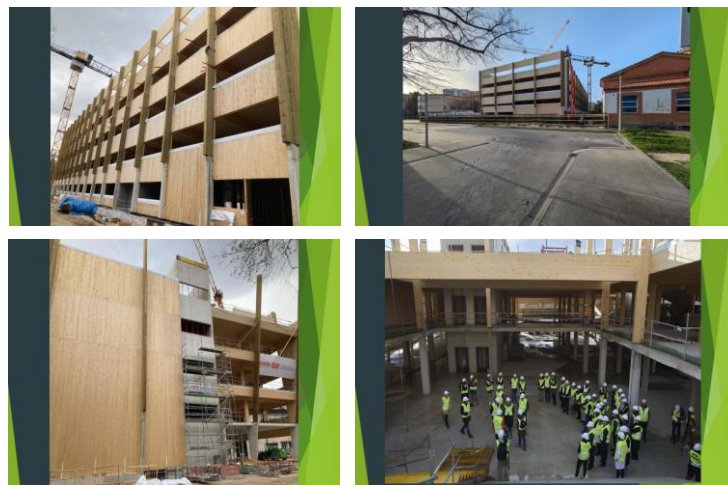
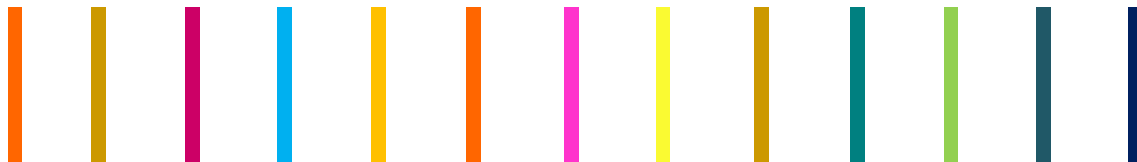



Photo: Health Sciences Faculty. UPNA.



Indicador	Impacto
Houses rehabilitated with energy improvements	1,233
Number of students enrolled on Undergraduate and Masters courses 2022/2023	1,171


Education: EUR 6,044,405.4

Related Sustainable Development Goals:
 

The budgeted programs selected in education include the construction and rehabilitation of state sector schools.



Photos: CI Donibane, ATECA classroom and roof of CI Mariana Sanz.

More than 65 000 people have benefitted, including students, teaching and non-teaching staff, from the construction and maintenance of schools.

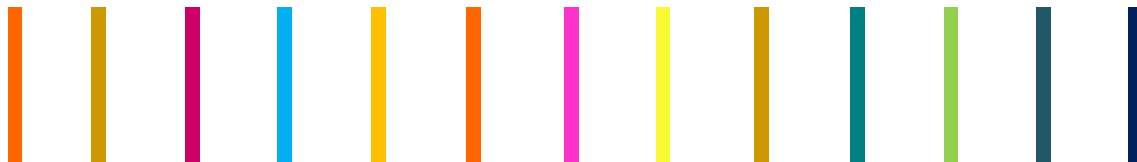
Indicador	Impact
Number of beneficiaries in rehabilitated/new state sector schools	65,474


Clean transportation EUR 2,168,849.2

Related Sustainable Development Goals:
 


Clean transport includes aids to local entities for cycling infrastructures, aids to R&D in the auto-motion and mechatronic sectors, and connected electric mobility.

Seven cycle routes have been asphalted and four research projects have been financed.



Indicator	Impact
Number of cycling infrastructure projects financed	7
Number of projects of clean transportation	4




Renewable Energy EUR 1,187,176.0

Related Sustainable Development Goals:





This category includes subsidies aimed at businesses, technology centres, research organisations and agents of the Sistema Navarra de I+D+i (SINAI) for 6 R&D projects in renewable energies and green industrial and energy resources.

Indicator	Impact
Number of projects	6



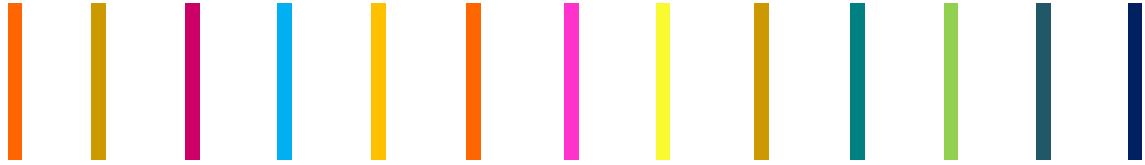
Pollution prevention and control EUR 223,532.0

Related Sustainable Development Goals:



Within this category are 23 actions included in the Local Action Plans for the 2030 Local Agenda (previously Agenda Local 21). The plans are a municipal (or group of municipalities) strategic instrument developed by local entities with the aim of increasing sustainability by improving participatory and integrative local management. The projects and actions financed include, among others, climate change adaptation and mitigation, landscape restoration, valuing of natural spaces, greening of urban areas, and water management.

Indicator	Impact
Number of financed actions	23



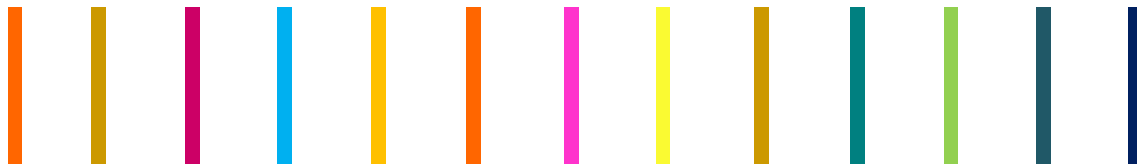
Sustainable management of water and wastewater **EUR 208,615.9**



Related Sustainable Development Goals:

Within the programs designed to improve water quality are included seven technical studies, six of which are in the area of hydro resource management, such as the Foro de Agua del Ebro or projects controlling flood risk and nitrate levels, and another, run by Gestión Ambiental de Navarra (GAN-NIK), related to the restoration of river sources and flood risk protection.

Indicator	Impact
Number of studies	7



3.2 Input-output analysis

Besides evaluating economic social and environmental impact of each project, the global impact of the sustainable loans on production, income and employment in Navarra has been calculated via input-output analysis.

The IOT describe the economic structure of a region through a comprehensive detail of the flows of goods and services that occur between the different branches of production.

In this way, using the IOT and applying the Leontief model, the impact of variation in final demand (in this case, the quantity assigned to the sustainable loans) on production (sales) income (gross added value) and employment in Navarra, can be quantified.

In this way, three types of impact can be discussed:

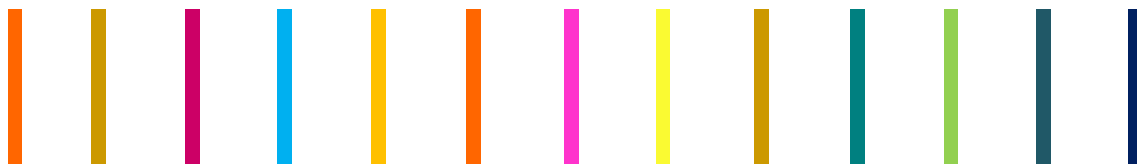
1. Direct impact. This is the production, income and employment generated in the areas of production that directly receive the investment or expenditure.
2. Indirect impact. This is the production, income and employment generated in the areas of production that supply the directly affected sectors with the goods and services they require for their activity.
3. Induced impact. This is the production, income and employment generated by the consumption of goods and services by employees in the areas of production that directly or indirectly benefit from the investment or expenditure.

The direct impact is obtained through the information contained in the table itself and the gross value added (GVA) and employment against production coefficients, while the indirect and induced impacts require the use of multipliers of the Leontief model. There is a vast bibliography on the input-output tables, as well as numerous studies and published articles which assess the economic impact. Please consult this bibliography, of which several references are cited at the end of this document, if you wish to learn more about the methodological details.

To evaluate the economic impact derived from the sustainable loans issued by the Foral Community of Navarra, the 2010 Input-Output Tables of the Economic Accounts of Navarra, prepared by the Institute of Statistics of Navarra (Nastat) have been used.

The study begins with the allocation of the budget of each of the projects financed with the loans to the different areas of production of the IOT, in order to obtain the demand vector. For this purpose, the type of expenditure or investment included in each project has been analysed in advance, and then distributed to the corresponding areas according to their economic nature.

Once the demand vector is obtained, the direct effects on income and employment are obtained simply by applying the GVA and employment coefficients to this vector.



In order to calculate the indirect and induced impacts, however, the production, income and employment multipliers must be obtained beforehand, which will allow to transfer to the productive areas the direct impact of the investment/spending realised.

Table 1 shows in summary the total impact on the Navarrese economy of the projects financed by the sustainable loans, in production, income and employment terms, distinguishing at the same time between direct and indirect and induced impacts. Also included are the multipliers which measure the total impact in relation with the quantity of investment/spending (€50M).

As can be observed, the sustainable loans have generated an increase in production in Navarra of €80.3M. To the €50M of direct investment/spending must be added €23.9M generated by the drag effect in the totality of productive sectors (indirect impact) and another €6.4M due to the increase in consumption because of increased income (induced impact) .

Sustainable projects have also generated €41.3M in income (gross added value), 63% in a direct way, while the remainder corresponds to indirect and induced effects. In addition, 574 full time equivalent (FTE) jobs have been created, the majority, 61%, in a direct way.

If the drag effect of the sustainable loans is calculated using the multipliers each euro invested/spent has generated a production of €1.61 and an income of €0.83, while for each million euros have been created 11.49 full time equivalent (FTE) jobs.

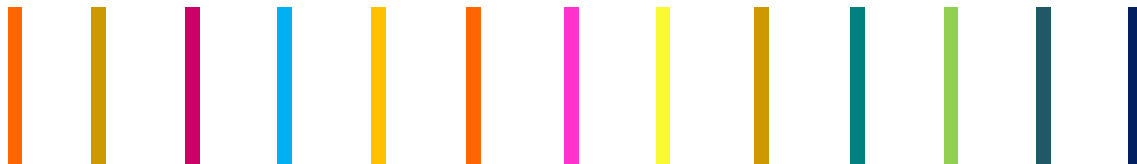
Table 1. Impact on production, income and employment

	Impact				Multiplier
	Direct	Indirect	Induced	TOTAL	
Production (€)	50,000,000	23,954,959	6,370,456	80,325,415	1.61
Income (€)	26,154,351	11,499,140	3,662,024	41,315,515	0.83
Employment (FTE)	350	171	54	574	11.49

Source: Economic Policy Section, Government of Navarra.

Table 2 shows the detailed breakdown of total impacts on production, income and employment by areas of production. Although the 2010 Navarra IOT includes 68 branches of activity, they have been grouped into 18 to simplify and facilitate the interpretation of the results, which coincide with the disaggregation used by the Annual Economic Accounts of Navarra.

As can be observed the most favoured area is “Construction”, which accounts for more than 60% of total production, income and employment generated. An explanation for this is that a significant part of the €50M has been destined to building and/or rehabilitation, some in dwellings, but principally in educational and health facilities.



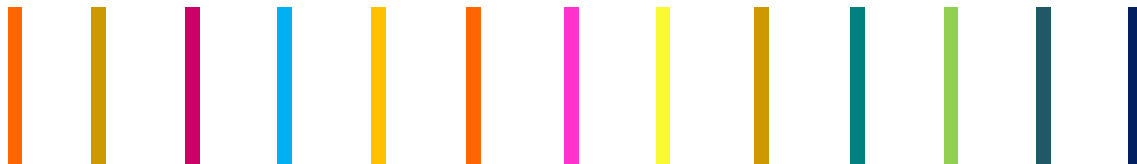
Remarkable too is the impact in “Professional, Scientific and Technical Activities” given the quantity targeted at R&D projects.

The impact of the sustainable loans on “Commerce”, “Manufacturing Industry” and “Agriculture, Farming, Hunting and related services” is also significant, albeit less so than in the other two areas.

Table 2. Impact on production, income and employment by areas of production

	Production (€)	Income (€)	Employment (FTE)
Agriculture, Farming, Hunting and related services	3,433,151	1,828,558	41
Energy	1,557,104	583,359	2
Manufacturing	4,637,748	1,591,783	26
Construction	52,669,517	25,792,488	371
Commerce	4,474,762	2,285,082	43
Transportation, storage and postal service	1,497,909	477,980	12
Accommodation services, food and drink	1,037,138	542,251	10
Information and Communication services	489,108	260,256	2
Financial services, Insurance and others	1,108,553	708,324	5
Real Estate activities	1,052,951	973,192	1
Professional, scientific and technical	5,925,977	4,549,128	25
Administrative activities and auxiliary services	976,269	681,758	16
Public Administration and Defence; compulsory Social Security	0	0	0
Education	207,732	156,317	3
Health and Social Services activities	678,953	485,134	6
Artistic, Leisure and Entertainment activities	262,551	159,691	2
Other services	221,947	146,170	4
Households as employers of domestic personnel and a producers for personal use	94,045	94,045	3
TOTAL AREAS	80,325,415	41,315,515	574

Source: Economic Policy Section, Government of Navarra.



4. Conclusions

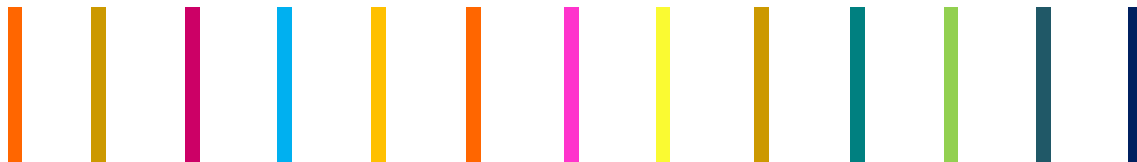
The issue of the fourth sustainable operation has enabled the Government of Navarra to finance a total of 21 actions for a paid amount of EUR 50,000,000, with 52.2 percent dedicated to social projects and 47.8 percent dedicated to green projects.

The availability of indicators for each action has enabled assessment of the impact that the actions have had, for example on the environment, or the coverage that certain activities have achieved on their target population.

Similarly, based on the input-output methodology, it has been possible to estimate the impact on the regional economy of projects financed by this fourth sustainable operation, quantified at EUR 80.3 million in production, EUR 41.3 million in income and 574 full-time equivalent jobs.

The Government of Navarra is responsible for the information and documentation related to the projects financed. It oversees the expenditure records of these projects, which are subsequently audited by the “Cámara de Comptos”². (chamber of Audit).

² <https://camaradecomptos.navarra.es/es>



5. Bibliography

1. COBO FERNÁNDEZ, M.I., GONZÁLEZ MALDONADO, A., RUIZ DEL RÍO, C. (2016). *“Impacto económico de la Renta Social Básica. Cantabria 2011-2015”*. Instituto Cántabro de Estadística. Documento técnico nº4/2016
2. DELOITTE CONSULTING, S.L.U. (2016). *“Evaluación del Impacto económico de los centros de la UNAV en Pamplona. Resultados curso 2014-2015”*
3. GOVERNMENT OF NAVARRA (2022). *“Presupuestos Generales de Navarra 2022”*
https://www.navarra.es/home_es/Gobierno+de+Navarra/Presupuesto/presupuestos/
4. INSTITUTO DE ESTADÍSTICA DE NAVARRA. *“Marco Input-Output de Navarra 2010. Metodología”*
<https://administracionelectronica.navarra.es/GN.InstitutoEstadistica.Web/informacionestadistica.aspx?R=1&E=4>
5. LEONTIEF, W. (1993). *“Análisis económico input-output”*. Editorial Planeta de Agostini.
6. MUÑOZ CIUDAD, C. (1994). *“Las cuentas de la nación”*. Editorial Cívitas. Colección Economía. Madrid.
7. PULIDO, A. y FONTELA, E. (1993). *“Análisis Input-Output. Modelos, datos y aplicaciones”*. Editorial Pirámide. Madrid.
8. MERIDIANO ZERO (2016). *“Estudio de impacto económico del turismo médico en Pamplona”*.
9. TARANCÓN MORÁN, M.A. (2003). *“Técnicas de análisis económico input-output”*. ECU. Editorial Club Universitario.