

# SLOVENIAN SUSTAINABILITY BOND REPORT

June 2022



REPUBLIC OF SLOVENIA  
MINISTRY OF FINANCE



# Contents

<b>1. Foreword</b>	<b>3</b>
<b>2. Alignment with standards</b>	<b>7</b>
2.1. Alignment with ICMA principles and guidelines	7
2.2. Alignment with the EU Taxonomy	7
2.3. Independent review	10
2.4. ICMA Harmonized Framework for impact reporting	10
2.5. Sustainable Development Goals (SDGs)	10
<b>3. Allocation report 2020-2021</b>	<b>12</b>
3.1. Introduction	12
3.2. Content of the Allocation report	13
3.3. Allocation per category	13
3.4. Control of the allocated eligible expenses	17
3.5. Identification and selection of eligible expenditures	17
3.6. Eligible projects and activities	19
3.6.1. Low Carbon Transport	19
3.6.2. Access to Essential Services - Education	20
3.6.3. Access to Essential Services - Healthcare	21
3.6.4. Access to Essential Services - Social inclusion	23
3.6.5. Employment Generation and Socio-economic Advancement and Empowerment	23
<b>4. Impact report 2020-2021</b>	<b>25</b>
4.1. Introduction	25
4.2. Impact metrics	25
4.3. GHG emission reductions calculation methodology	26
4.4. Impact tables	27
<b>5. Case studies</b>	<b>29</b>
5.1. ZIM Stara Gora	29
5.2. Activate yourself in Novo mesto and Črnomelj	31
5.3. Portfolio of projects nr. 179 – Tržaška cesta – Arrangement of the cycling network in Ljubljana	33
5.4. Second track Divača - Koper	35

# 1. Foreword

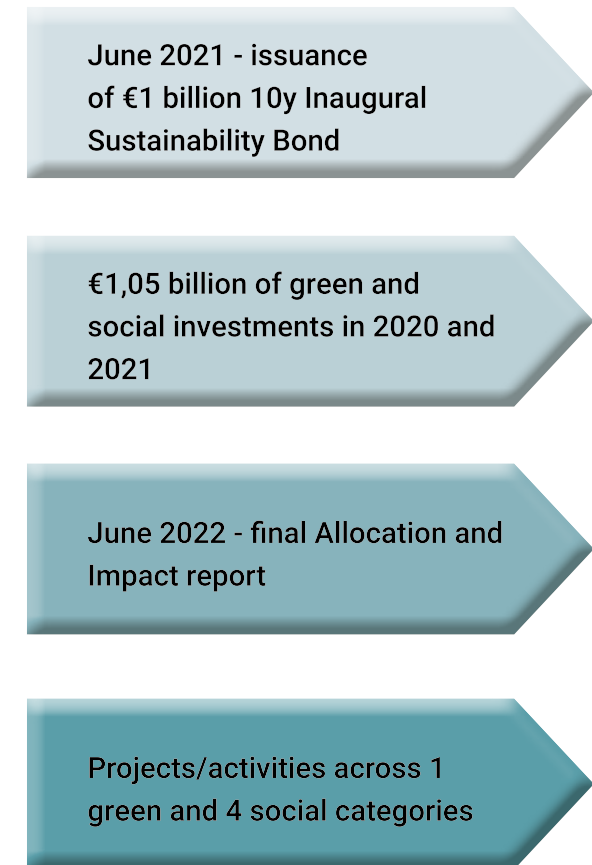
Since attaining independence in 1991, Slovenia has achieved numerous development goals. It has been a part of some of the most significant international integration processes and become an active international partner in global efforts towards peace and security, respect for human rights, cultural diversity, rule of law, conscientious response to global challenges and the creation of trends. Slovenia is fully committed to the **Paris Climate Agreement** and to the achievement of **the United Nations' 17 Sustainable Development Goals** («SDGs»).

A **high quality of life for all**, the primary objective of the **Slovenian Development Strategy 2030** («Strategy»), can be achieved through balanced economic, social, and environmental development which takes account of the planet's limitations and creates conditions and opportunities for present and future generations. At the level of an individual, a high quality of life is manifested in good opportunities for employment, education, and creativity, in a dignified, safe, and active life, a healthy and clean environment and inclusion in democratic decision-making and participation in social management.

Slovenia issued the **inaugural sustainability bond** in June 2021 to operationalize the Strategy. The original issuance via syndication amounted to 1 billion euros and was well received by investors, as shown by the large order book of 8,4 billion euros and with 210 investors participating. The sustainability bond was subsequently tapped for additional 50 million euros in 2022, so the total issuance amounts to **1.050 billion** euros.

The inaugural sustainability bond issuance was based on the Slovenian Sovereign Sustainability Bond Framework («Framework»).

**Figure:** The inaugural Sustainability Bond Highlights



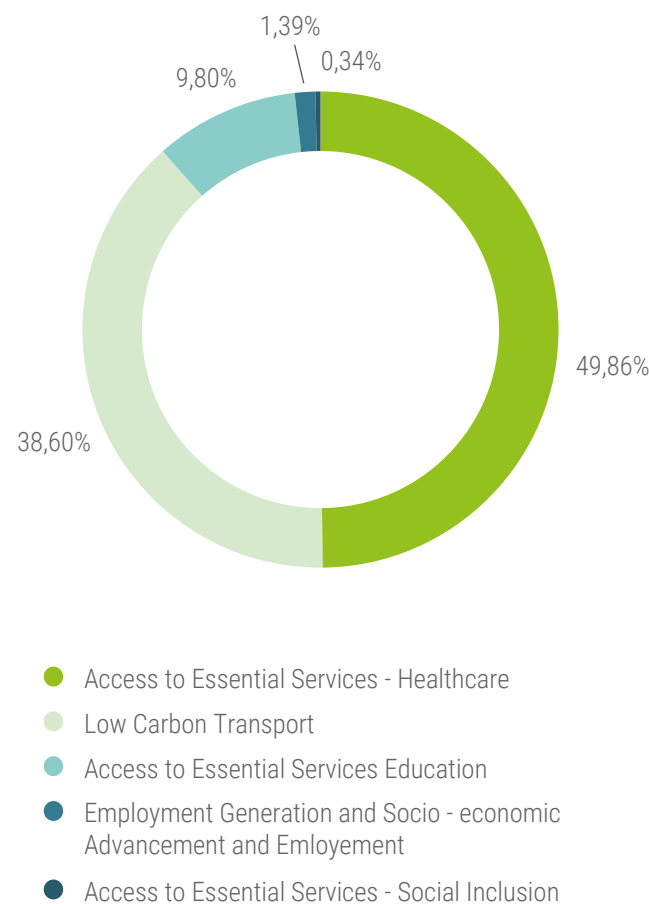


The framework was prepared in accordance with the ICMA Green Bond Principles 2021, Social Bond Principles 2021 and Sustainability Bond Guidelines 2021, and is consequently presented through four core components (use of proceeds, process for project evaluation and selection, management of proceeds, reporting) and includes two key recommendations (framework publication and external review).

The purpose of this **Allocation and Impact Report** (the »Report«) is to justify the trust of investors with transparency and disclosure of details. The Report combines the allocation and impact reporting for the budget years 2020 and 2021 and provides information on the allocation of slightly over 1.050 million EUR worth of environmental and social eligible expenditures. It brings together the contributions from the members of the Sustainability Bond Working Group and all the ministries involved.

In accordance with the evaluation and selection process described in the Framework, the proceeds from the inaugural sustainability bond issuance have been linked to expenditures in the central government budget that contribute to fulfilling Slovenia's environmental and climate objectives, the UN Sustainable Development Goals (SDGs) and the Paris Agreement.

**Figure:** Inaugural sustainability bond allocation by project category





## The inaugural Sustainability Bond enabled:

### Low Carbon Transport

- ▶ 23 low carbon trains in 2021,
- ▶ expected 20.387.075 additional passenger kilometers per year by 2030,
- ▶ expected 471.030.000 additional tonne kilometers per year by 2030,
- ▶ expected 16.080 tonnes of annual CO2 reduction by 2030,
- ▶ 335 km of new cycling routes.

### Access to Essential Services – Education

- ▶ subsidy for 18,5 % children in kindergarten in 2021,
- ▶ co-financing for 53% of primary school pupils lunches in 2021,
- ▶ co-financing for 63% of secondary school students lunches in 2021,
- ▶ construction of two educational institutions.

### Access to Essential Services – Healthcare

- ▶ investments in 16 healthcare institutions,
- ▶ investments in medical equipment,
- ▶ conditions for qualification of 6.059 health care workers and associates,
- ▶ numerous COVID 19 campaigns, activities, and tests.

### Access to Essential Services – Social Inclusion

- ▶ vulnerable groups social activation programs for around 1.384 people in 2020 and 1.579 people in 2021,
- ▶ additional 244 activities in 2020 and 188 in 2021 with the aim of providing interconnection with other social-security, health and employment programmes. The aim of project activities is to build-up social and working competences of persons from target groups.

### Employment Generation and Socio-economic Advancement and Empowerment

- ▶ employment initiatives and educational training for 9.654 people in 2020 and 29.920 in 2021.

The impact share of the Slovenian Inaugural Sustainability Bond is a share of the above statements, corresponding to the Slovenian Sustainability Bond financing contribution to the total project financing. This impact share is listed for each project in the chapter of this report which separately and in a detailed manner presents the impacts of the Slovenian Inaugural Sustainability Bond.









## 2. Alignment with standards

### 2.1. Alignment with ICMA principles and guidelines

Slovenia has prepared its **Framework** in accordance with the:

- ▶ ICMA Green Bond Principles 2021,
- ▶ ICMA Social Bond Principles 2021, and
- ▶ ICMA Sustainability Bond Guidelines 2021.

In line with ICMA Sustainability Bond Guidelines, the Framework is presented along the following key pillars:

- ▶ use of proceeds,
- ▶ process for project evaluation and selection,
- ▶ management of proceeds, and
- ▶ reporting and external review.

### 2.2. Alignment with the EU Taxonomy

Furthermore, the eligibility criteria of green categories comply, when applicable, with the EU Taxonomy, on a best effort basis. To qualify as sustainable and align with the EU Taxonomy, a project/activity:

- ▶ must make a substantial contribution to one of the six environmental objectives,
- ▶ do no significant harm to the other environmental objectives (»DNSH«), and
- ▶ comply with minimum social safeguards (»MSS«).

The only green category addressed in this report is **Low Carbon Transport**. Most activities and projects within this category relate to the purchase and financing of electric railway rolling stocks as well as construction and upgrade of mainline and interurban networks and railways.

According to **own estimation** the activities and projects relating to the purchase and financing of electric railway rolling stocks are considered to make substantial contribution to **climate change mitigation**, in line with »6.1. passenger interurban rail transport« and »6.2. freight rail transport« **EU taxonomy technical screening criteria**:

- ▶ the trains, passenger coaches and wagons have **zero direct tailpipe CO<sub>2</sub> emissions**,
- ▶ the trains, passenger coaches and wagons have zero direct (tailpipe) CO<sub>2</sub> emission when operated on a track with necessary



infrastructure, and use a conventional engine where such infrastructure is not available (bimode), and

- ▶ the trains and wagons are not dedicated to the transport of fossil fuels.

The advanced and reliable railway system is fundamental to shift transport of passengers and freight from road to rail. Consequently, the railway infrastructure is an essential part of a national energy-efficient transport system and therefore important to enabling fulfilment of the climate objectives.

According to own estimation projects of construction, modernisation, operation and maintenance of railways as well as bridges and tunnels, stations, terminals, rail service facilities, safety and traffic management systems are considered to make substantial contribution to climate change mitigation, in line with **»6.14. Infrastructure for rail transport« EU taxonomy technical screening criteria:**

- ▶ the infrastructure is either:
  - electrified trackside infrastructure and associated subsystems: infrastructure, energy, on-board control-command and signalling,

and trackside control-command and signalling subsystems as defined in Annex II.2 to Directive (EU)2016/797;

- new and existing trackside infrastructure and associated subsystems where there is a plan for electrification as regards line tracks, and, to the extent necessary for electric train operations, as regards sidings, or where the infrastructure will be fit for use by zero tailpipe CO<sub>2</sub> emission trains within 10 years from the beginning of the activity: infrastructure, energy, on-board control-command and signalling, and trackside control-command and signalling subsystems as defined in Annex II.2 to Directive (EU)2016/797;
- until 2030, existing trackside infrastructure and associated subsystems that are not part of the TEN-T network and its indicative extensions to third countries, nor any nationally, supranationally or internationally defined network of major rail lines: infrastructure, energy, on-board control-command and signalling, and trackside control-command and signalling subsystems

as defined in Annex II.2 to Directive (EU) 2016/797;

- ▶ the infrastructure and installations are dedicated to transshipping freight between the modes: terminal infrastructure and superstructures for loading, unloading and transshipment of goods;
- ▶ infrastructure and installations are dedicated to the transfer of passengers from rail to rail or from other modes to rail.

Other projects and activities within this category involve the financing and implementation of measures for promoting low-carbon strategies in all types of areas, especially in urban areas. Most of these investments, addressed in this Report, consist of bicycle routes. These projects are considered to make substantial contribution to **climate change mitigation**, as they meet the following **substantial contribution criterion** in line with **»6.13. Infrastructure for personal mobility, cycle logistics« EU taxonomy technical screening criteria:**

- ▶ propulsion of personal mobility devices comes from the physical activity of the user, from a zero-emissions motor, or a mix of zero-emissions motor and physical activity.





For all activities and projects within the Low Carbon Transport category the environmental legislation was considered. The projects considered to have significant effect on the environment were subject to **Environmental Impact Assessments** (the »EIAs«), which were carried out in accordance with the relevant EU Directives and equivalent national provisions:

- ▶ Directive 2014/52/EU of the European Parliament and of the Council of 16 April 2014 amending Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment (»EIA Directive«),
- ▶ Spatial Management Act, Environmental Protection Act, Nature Conservation Act, Water Act, Cultural Heritage Protection Act, etc.,
- ▶ Decree on activities affecting the environment that require an environmental impact assessment.

Given the performed EIAs and the fulfilment of the thresholds set in the EIA Directive and in the local legislation, the projects obtained the consent of the competent authorities and are reducing any potential impact on the environment and climate change by following the national Decree on green public procurement. Accordingly, it is our **own estimation** that the projects within the Low Carbon Transport category **meet the DNSH criteria** relating to:

- ▶ Climate change adaptation > the investments do not increase temperature, wind, water and solid mass-related hazards,
- ▶ Sustainable use and protection of water and marine resources > good water status as defined in Article 2, points 22 and 23 of Regulation (EU) 2020/852 is preserved,
- ▶ Transition to a circular economy > measures are in place to manage waste in accordance with the waste hierarchy, in particular during use phase (maintenance) and the end of life,

and to promote the recycling of waste materials that would allow its reuse (e.g. recycled asphalt granulate in road construction),

- ▶ Pollution prevention and control > engines for the propulsion of railway locomotives (RLL) comply with emission limits set out in Annex II to Regulation (EU) 2016/1628 of the European Parliament and of the Council,
- ▶ Protection and restoration of biodiversity and ecosystems > the measures comply with the Habitats and EIA Directive and local legislation, which provides long-term conditions for human health, well-being and quality of life, as well as the conservation of biodiversity.

Alignment with the EU Taxonomy's **MSS** requires that the Issuer has put in place a set of policies or regulations, as well as supporting management systems and processes, which provide assurance that the activities financed by a bond are carried out in a manner that meets OECD and other international guidelines

for responsible business conduct. According to our assessment, the Slovenian regulations and enforcement regimes (including its adherence to EU regulations and directives) are sufficient to demonstrate that the activities and projects financed under the Framework are carried out **in alignment with the EU Taxonomy's MSS**.

All assessments regarding the alignment with the EU Taxonomy are our own, as no assessments from external verifiers have been obtained.

### 2.3. Independent review

Sustainalytics performed a review of the Framework to confirm it is in line with the 2021 ICMA Sustainability Bond Guidelines and expressed a view that the Framework is robust and transparent. In June 2022, Sustainalytics additionally performed a **review of this Allocation report** and concluded that the Allocation report is in line with the above-mentioned ICMA guidelines.

### 2.4. ICMA Harmonized Framework for impact reporting

For the sake of harmonization and to provide investors with standardized references, as they develop their own reporting, this Impact report has been prepared considering the ICMA Harmonised Framework for impact reporting (June 2021) to the largest extent feasible.

### 2.5. Sustainable Development Goals (SDGs)

To streamline the impact report and to provide investors with relevant references as they develop their own reporting, the investments have been mapped to the SDGs as much as possible, bearing in mind that the SDGs are interlinked, and the mapping is consequently not exhaustive.









## 3. Allocation report 2020-2021

### 3.1. Introduction

The **Framework** distinguishes between seven green and five social categories.

The seven green categories are:



The five social categories are:





The **Inaugural Slovenian Sustainability Bond** focuses on **(re)financing expenditures** in the following **green and four social categories**:



### 3.2. Content of the Allocation report

In the Framework the Republic of Slovenia committed to make an **annual allocation report** until full allocation of an amount equal to the net proceeds of the relevant green, social or sustainability bond. The annual allocation report may include the following details:

- ▶ total amount allocated to eligible projects,
- ▶ total amount allocated per eligible green and/or social category,
- ▶ the remaining unallocated total amount and
- ▶ the amount of financing vs refinancing.

### 3.3. Allocation per category

The table »Inaugural Sustainability Bond Allocation amounts in 2020 and 2021« shows the allocation of funds, obtained through the issuance of sustainability bond, on the green and social categories in the budget years 2020 and 2021. The total allocation amounts slightly above € 1,05 billion, and so covers the full amount of the inaugural sustainability bond funds.

**Table: Inaugural Sustainability Bond** Allocation amounts in 2020 and 2021

Category	SDGs	Allocated in 2020 (€)	Allocated in 2021(€)	Total (€)	Share (%)
Low Carbon Transport	 	163.177.999	242.544.630	405.722.629	38,60
Access to Essential Services - Education	 	48.821.588	54.135.083	102.956.672	9,80
Employment Generation and Socio-economic Advancement and Empowerment	   	6.696.095	7.954.192	14.650.287	1,39
Access to Essential Services - Social Inclusion		1.591.257	2.033.457	3.624.714	0,34
Access to Essential Services - Healthcare		220.573.404	303.496.468	524.069.874	49,86
Total green and social categories:		440.860.344	610.163.831	1.051.024.175	100,00

Source: Ministry of Finance



The following tables breaks down allocation amounts according to the different areas of spending within each category.

**Tables:** Allocation amounts in 2020 and 2021

Project Category	Sub-category	Year		Total 2020-21 (€)
		2020 (€)	2021 (€)	
Low Carbon Transport	Rolling stocks	14.001.000	14.001.000	28.002.000
	Railway infrastructure	147.262.791	225.687.967	372.950.758
	Cycling infrastructure	1.849.982	2.747.045	4.597.027
	Soft measures	64.226	108.618	172.844
		<b>163.177.999</b>	<b>242.544.630</b>	<b>405.722.629</b>

Project Category	Sub-category	Year		Total 2020-21 (€)
		2020 (€)	2021 (€)	
Access to Essential Services - Education	Pre-school	18.828.681	24.915.768	43.744.449
	Primary school	22.043.421	24.496.372	46.539.793
	Secondary school	4.532.849	4.564.222	9.097.071
	Construction projects	3.416.637	158.721	3.575.358
		<b>48.821.588</b>	<b>54.135.083</b>	<b>102.956.672</b>

Project Category	Sub-category	Year		Total 2020-21 (€)
		2020 (€)	2021 (€)	
Access to Essential Services - Social Inclusion	Social activation	1.591.257	2.033.457	3.624.714
		<b>1.591.257</b>	<b>2.033.457</b>	<b>3.624.714</b>

Project Category	Sub-category	Year		Total 2020-21 (€)
		2020 (€)	2021 (€)	
Access to Essential Services - Health	Health institutins construction, renovation and equipping	10.186.531	35.560.994	45.747.526
	Health care system development	9.583.956	2.549.950	12.133.906
	Health services	23.521.912	5.092.151	28.614.064
	Health professionals training	80.000.000	87.168.965	167.168.965
	Covid 19 related measures	97.281.005	173.124.408	270.405.413
		<b>220.573.405</b>	<b>303.496.469</b>	<b>524.069.874</b>

Project Category	Sub-category	Year		Total 2020-21 (€)
		2020 (€)	2021 (€)	
Employment Generation and Socio-economic Advancement and Empowerment	Employment promotion and job training	6.696.095	7.954.192	14.650.287
		<b>6.696.095</b>	<b>7.954.192</b>	<b>14.650.287</b>

**Source:** Ministry of Finance

The allocation tables on project by project basis can be found on the following [LINK](#).



### 3.4. *Control of the allocated eligible expenses*

All allocated amounts for the years 2020 and 2021 have been submitted by the respective line ministries. The amounts have been additionally verified by the Budget Directorate of the Ministry of Finance, using the state's budgetary accounting system »MFERAC«.

The MFERAC provides the data to track each project according to the institutional (budget users), functional (policy and program) and economic (accounts) classification. For each project, the following items are evident from the application: budgeted amounts for the project in the current yearly government budget, preloads (signed contracts), unpaid and paid amounts and more detailed elements of the project from which the payment obligations arise.

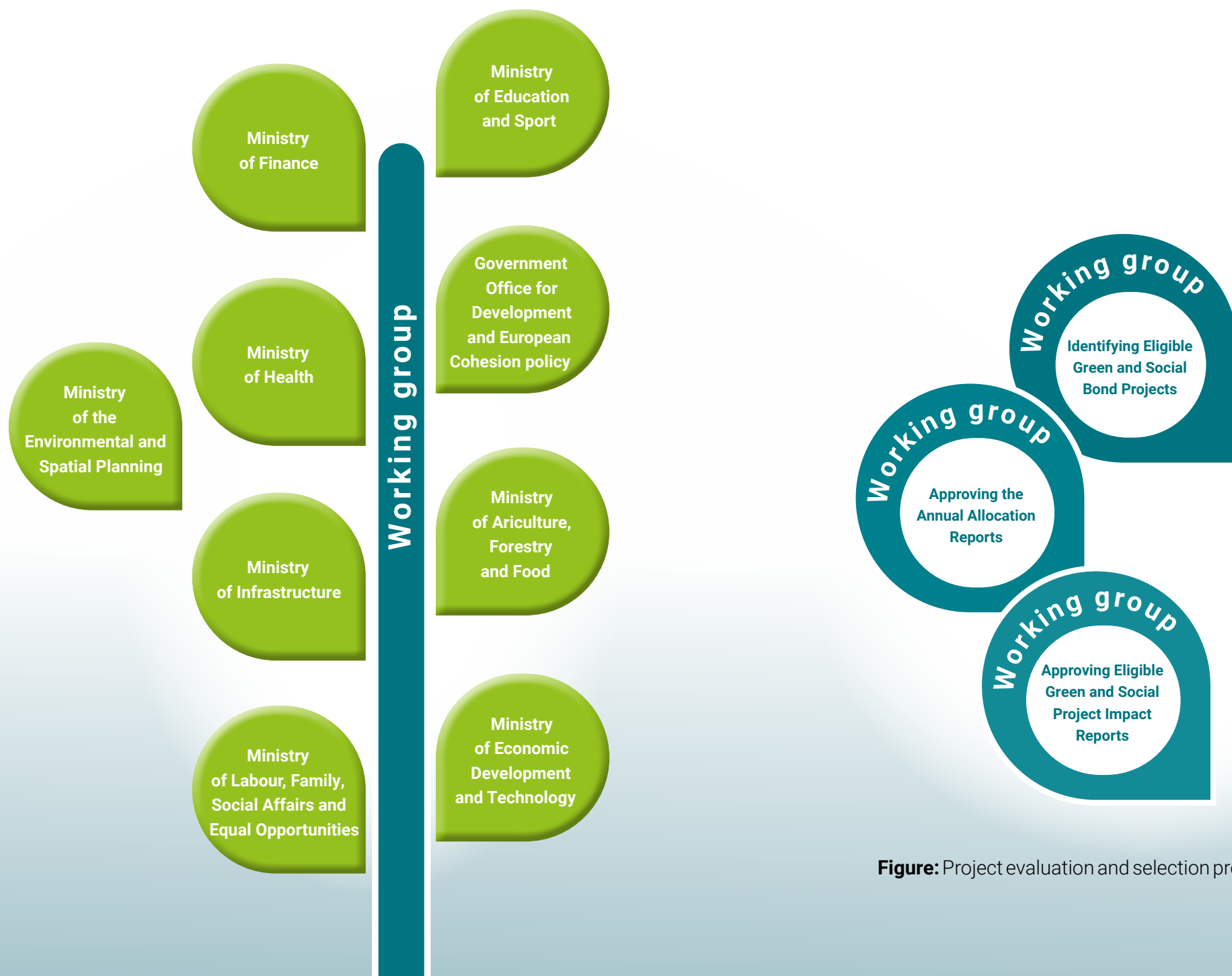
### 3.5. *Identification and selection of eligible expenditures*

**A Sustainability Bond Working Group** (the »SSSBs Working Group«), comprised of representatives of nine line ministries was established to oversee the full implementation of the Framework, including the allocation of funds raised under each sovereign green, social or sustainability bond to eligible green and social projects. The SSSBs Working Group verifies that the expenditures meet the criteria and objectives of the use of proceeds set out in the Framework and approves the selected expenditures to be included in the Sustainability Bond.

Eligible expenditures exclude:

- ▶ expenditures already financed via a dedicated funding source, in order to avoid any »double counting,
- ▶ expenditures that support or promote the following activities:
  - burning of fossil fuel for power generation and transportation,
  - rail infrastructure dedicated for transportation of fossil fuels,
  - nuclear power generation,
  - weapons, tobacco, gaming, or palm oil industries.





**Figure:** Project evaluation and selection process

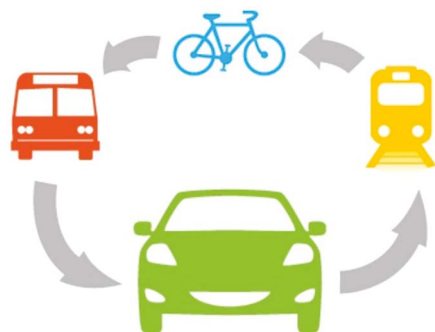


### 3.6. Eligible projects and activities

#### 3.6.1. Low Carbon Transport

##### The challenge

Mobility has been an important topic in Slovenia for decades. However, despite a significant increase of efforts and investments over the last few years, around 33% of GHG emissions or 5635.18 kilotons of CO<sub>2</sub> equivalent in Slovenia come from the transport sector<sup>1</sup>, and around 84% of journeys in passenger transport are still undertaken in cars, causing congestion and pollution<sup>2</sup>.



Source: Shared Mobility

Hence, the government is strongly committed to reducing emissions linked to transport by promoting public transportation, electromobility and other types of mobility that mitigate climate change.

Investments in this category aim to reduce GHG emissions by offering affordable and equitable climate-friendly modes of transportation for both passengers and goods, thereby mitigating climate change, maximizing economic opportunities, and improving overall quality of life.

##### The approach

The key orientation of the state in the field of sustainable mobility and transport policy is an integrated approach to transport and mobility planning with a view to solving the related challenges faced not only by the state but also by the regions and the local communities.

The **Transport Development Strategy** (the »Transport strategy«) aims to solve transport-related challenges of municipalities until 2030, thus helping them achieve their key development potentials. It is oriented towards promoting walking, cycling, public passenger transport and other alternative forms of sustainable mobility while limiting private motorized vehicle traffic. The Transport strategy deals with the transport system in a comprehensive manner,



<sup>1</sup> ARSO GHG Report  
<sup>2</sup> Eurostat Data

thus enabling greater synergies in achieving the objectives of transport and spatial policies on the national level and of other policies, and greater control of the impact of transport on the environment and the economy.

Sustainable mobility is an important factor contributing to the reduction of greenhouse gas emissions, cleaner air in urban areas, a higher quality of living, public health, and social justice.

#### Investments of Sustainability Bond's proceeds

The proceeds of the Inaugural Sustainability Bond have been allocated in activities/projects in the following areas within the Low Carbon Transport category:



### **3.6.2. Access to Essential Services - Education**

#### The challenge

Schooling is compulsory in Slovenia, which means that every child has an obligation to attend school. However, Slovenia still faces challenges in relation to education, mainly due to the heterogeneity of social conditions. In 2020,

one in eight people in Slovenia was below the at-risk-of-poverty or social exclusion threshold. This means that in 2020 about 254,000 people in Slovenia were living below the at-risk-of-poverty threshold.

As a result, Slovenian schools and kindergartens have the task to help pre-school children, pupils, and students to integrate and acquire the necessary competencies to pursue their education.

#### The approach

The primary goal of the education system in Slovenia is to provide optimal development of the individual, irrespective of gender, social and cultural background, religion, racial, ethnic, or national origin, and regardless of their physical and mental constitution or physical and mental disability.

Right to free education is enshrined in the **Constitution of the Republic of Slovenia**. The education system is organized mainly as a public service rendered by public and private institutions and private providers holding a concession, who implement officially recognised or accredited programmes.



The school system in Slovenia is divided into **three sections of education**:

- ▶ **primary education** is provided by public and private kindergartens, basic schools, basic schools with an adapted education programme, music schools and educational institutions for children with special educational needs;
- ▶ **secondary education** is provided by upper secondary schools and secondary schools. It is classified as general or vocational technical and secondary professional or technical education;
- ▶ **tertiary education** is provided by both public and private institutions. It consists of higher post-secondary vocational education and higher education. Higher post-secondary vocational education is provided by higher vocational colleges, while higher education is provided by faculties, academies and independent higher education institutions.

Concerning the governance of public institutions, the state and the local communities have several roles given that they are the regulators, founders, main financiers, and supervisors.

#### Investments of Sustainability Bond's proceeds

The proceeds of the Inaugural Sustainability Bond have been allocated to three activities and two projects in the following areas:



#### **3.6.3. Access to Essential Services – Healthcare**

##### The challenge

Focus on health promotion and disease prevention is a key strategy for achieving the mental and physical well-being of the individual and society. Through public health and prevention measures, we successfully contribute to the sustainable development of society, ensure a sustainable workforce, reduce the cost of treatment and sick leave, and reduce risk factors for chronic non-communicable diseases.

The pace of improving health and reducing health inequalities in most countries depends on investment in the health and social system, changes of access to health services, and health prevention and promotion in the country.

Comparing to EU-27 countries, Slovenia ranks close to the average in most indicators, it is very successful in some health indicators (e.g., infant mortality), and remains at the tail end of the EU-27 in others (e.g., suicide mortality rate).

### The approach

Slovenia wishes to maintain and strengthen public health, with service providers acting in the public interest in a non-profit way. According to assessments by the **World Health Organization** and **Organization for Economic Cooperation and Development**, the healthcare system in Slovenia is among the best functioning systems in Europe.

Public healthcare activities are carried out within a public healthcare network. This includes primary healthcare centres, hospitals, social assistance institutions, pharmacies, and other institutions. When carrying out and planning their activities, they are obliged to provide conditions for fulfilling healthcare and tasks related to promoting, preserving, and restoring health. Public healthcare institutions are established by the state and municipalities.

Healthcare services can also be carried out by private healthcare providers, but only based on a license or a decision regarding entry into

a register of private healthcare workers issued by the Ministry of Health. Private healthcare providers can be given a concession at the primary or secondary level, but such a concession is only granted if a public healthcare institute cannot provide sufficient access to healthcare services. At the primary level, it is granted by the municipality with the consent of the Ministry of Health, and at the secondary level it is granted by the Ministry of Health.

Healthcare consists of the primary, secondary, and tertiary level. The primary level encompasses primary healthcare centers and pharmacies, the secondary level encompasses specialist ambulatory outpatient and hospital inpatient care, and the tertiary level encompasses activities at clinics, clinical institutes, or clinical departments and other authorized healthcare institutions.

### Investments of Sustainability Bond's proceeds

The proceeds of the Inaugural Sustainability Bond have been allocated to activities or projects in the following areas:





### 3.6.4. Access to Essential Services – Social inclusion

#### The challenge

The concept of social inclusion generally refers to a strategic goal »high quality of life for all« that leaves no one behind, and in which every individual has an active role to play. Certain groups of people face barriers that keep them from fully participating in social, economic and political life. Resulting disadvantages are often based on social identity, age, gender, location, occupation, race, ethnicity, religion, citizenship status, disability, and sexual orientation and gender identity, among other factors.

#### The approach

Individuals in Slovenia are protected from discrimination regardless of their gender, nationality, race, ethnic background, language, religion, convictions, age, sexual orientation, gender identity, education, financial situation, or social position. The **principle of equality** is a fundamental human right and freedom, so Slovenia makes efforts to ensure equal opportunities for

individuals in various areas of existence and coexistence, such as:



- ▶ **gender equality** > equality between women and men combines legal and formal equality as well as the equality that refers to actual everyday situations,
- ▶ **discrimination** > protecting people from discrimination or unequal treatment depending on race, ethnic background, religion, age, disability, and other factors,
- ▶ **employment** > labour is one of the fundamental freedoms defined by the **Constitution of the Republic of Slovenia**. Citizens can freely choose employment and jobs must be accessible under the same conditions,
- ▶ **family** > a holistic and inclusive approach to family policy, including in it all types of family set-ups,

- ▶ **social security** > ensured by several measures in various areas, including aspects such as health, labour law, housing and education.

#### Investments of Sustainability Bond's proceeds

The proceeds of the Inaugural Sustainability Bond have been allocated to activities or projects in the area of social activation.

### 3.6.5. Employment Generation and Socio-economic Advancement and Empowerment

#### The challenge

The biggest challenges in this field are the ageing population and the subsequent need to extend the working lives of older persons and enabling early access to the labour market for young people immediately after the end of their schooling.

#### The approach

Active employment programmes play an increasingly prominent role in the development

of the labour market, with substantial benefits not only for the general population but also for the business sector. Currently, active employment measures and other labour market services are targeting the most vulnerable population groups in the labour market as older persons and young people.

Active employment measures and other labour market incentives generate motivation for unemployed persons and offer them additional training to upgrade their competences, which increases their employability and brings them closer to employers. It is a fact that only qualified individuals can have productive jobs that bring higher added value and boost the competitiveness of the Slovenian economy.

#### Investments of Sustainability Bond's proceeds

The proceeds of the Inaugural Sustainability Bond have been allocated to activities or projects in employment promotion and job training.





## 4. Impact report 2020-2021

### 4.1. Introduction

In the Framework Slovenia committed to report to investors on the environmental and/or social output and impact indicators of the allocated proceeds on at least biennial basis until the full allocation of the bond's proceeds, subject to the availability of relevant data. The Impact report has been prepared in direct interaction with the different ministries and project managers.

The Impact report is aligned with the following standards to the extent possible:

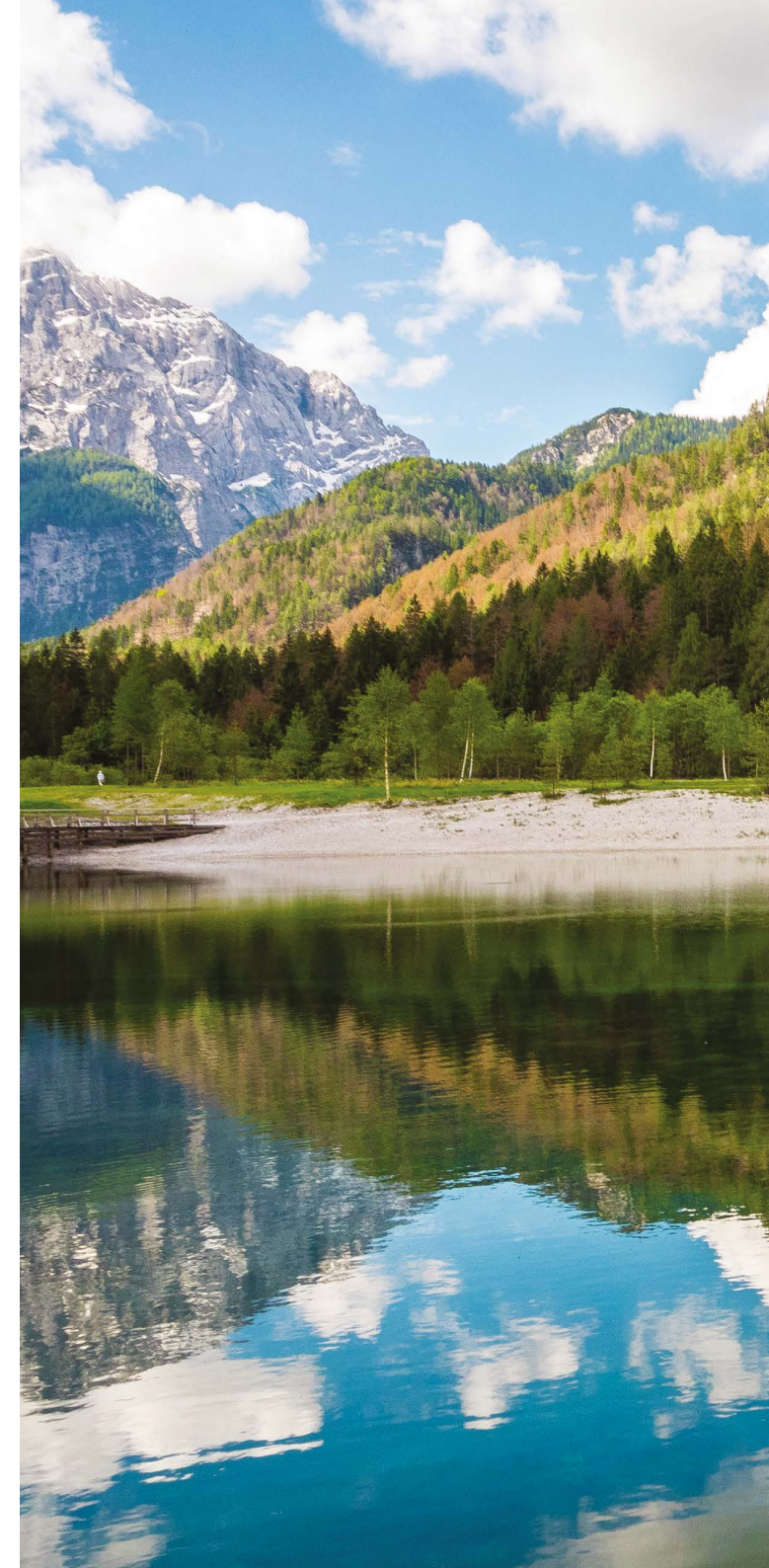
- ▶ ICMA Harmonized Framework on Impact Reporting,
- ▶ the Sustainable Development Goals (SDGs).

The purpose of the Impact report is to provide investors with a better understanding of the possible environmental and social impacts of the eligible projects/activities.

### 4.2. Impact metrics

The analysis uses several **key impact indicators** for the purpose of impact measurement. However, there are inherent limitations in the data presented. Available quantitative indicators are presented for all projects/activities. To better understand the impacts, all projects/activities also contain a brief description.

The underlying assumptions are based on the information available at the start of the projects, while the actual impact of the projects may diverge from the quantified expected result.



**Table:** Impact indicators

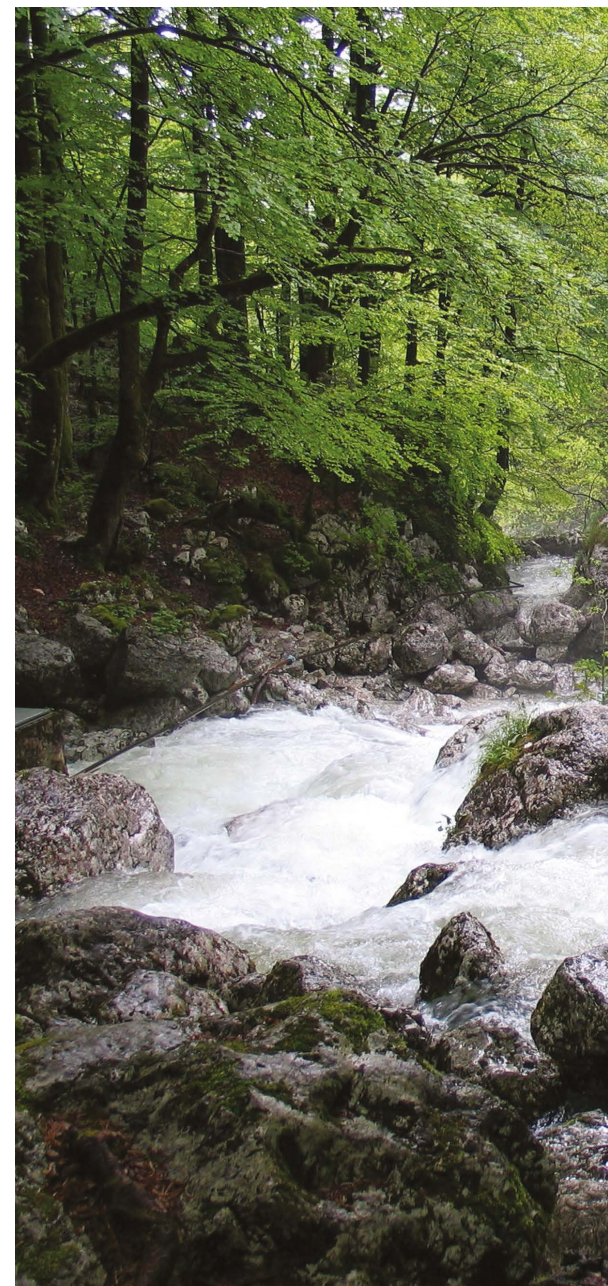
Category	Impact indicators
<b>Low Carbon Transport</b>	<ul style="list-style-type: none"> <li>▶ Number of rolling stocks,</li> <li>▶ Passenger/tonne kilometers per year</li> <li>▶ Tonnes of annual CO<sub>2</sub> reduction</li> </ul>
<b>Access to Essential Services - Education</b>	<ul style="list-style-type: none"> <li>▶ Share of children with subsidy for kindergarten</li> <li>▶ Share of pupils/students with co-financed lunches</li> <li>▶ Number of educational institutions receiving the funds</li> </ul>
<b>Access to Essential Services - Healthcare</b>	<ul style="list-style-type: none"> <li>▶ Number of healthcare institutions receiving the funds,</li> <li>▶ Number of people benefiting from the programmes/activities</li> <li>▶ Number of activities performed</li> <li>▶ Number of new beds</li> </ul>
<b>Access to Essential Services - Social Inclusion</b>	<ul style="list-style-type: none"> <li>▶ Number of people benefiting from the programmes/activities</li> </ul>
<b>Employment Generation and Socio-economic Advancement and Empowerment</b>	<ul style="list-style-type: none"> <li>▶ Number of people benefiting from the programmes/activities</li> </ul>

The emphasis in the green category Low Carbon Transport is on the projections of avoided carbon emissions.

### 4.3. GHG emission reductions calculation methodology

The Impact report relies on the **EIB carbon footprinting methodology 2022** (the »Methodology«) emission factors to assess reductions of GHG emissions<sup>3</sup>.

<sup>3</sup> EIB Project Carbon Footprint Methodologies





The emission reductions **for railway projects** are calculated as the difference of emissions of annual railway pkm and tkm between year 2030 and 2019. For the reductions it is assumed to be achieved by the railway projects in this report. Only direct emissions (Tank To Wheel) are taken into account, using the transport emission factors in the table A1.7 of the Methodology<sup>4</sup>.

The input data in the calculation of the GHG reductions are sourced by the Ministry of Infrastructure. The following data are used in the calculation:

- ▶ an estimate of the additional annual railway passenger and ton-kilometers (pkm/tkm) to be realized,
- ▶ the ratio between diesel and electric trains, which will realize additional pkm and tkm,
- ▶ an estimate of the type of transport which would carry out the additional pkm and tkm in the absence of additional railway transport.

The determination of CO<sub>2</sub> reductions of investments in **railway infrastructure** considers:

- ▶ change of annual railway pkm and tkm in Slovenia between 2030 and 2019 as provided by the relevant ministry,
- ▶ average car emissions of 128 gCO<sub>2</sub>e/pkm; average urban bus emissions of 97 gCO<sub>2</sub>e/pkm and average HGV emissions of 77 gCO<sub>2</sub>e/tkm (table A1.7 of the Methodology).

Please refer to the following [LINK](#) for a detailed impact calculation.

The determination of CO<sub>2</sub> reductions of **additional cycle paths** considers:

- ▶ annual cycling pkm in Slovenia in 2017 amounts to 183.030.236,
- ▶ 1% increase in cycling trips due to the new cycling paths,

- ▶ average car emissions 128 gCO<sub>2</sub>e/pkm (table A1.7 of the Methodology).

#### 4.4. Impact tables

The tables below show an overview of the impacts of allocated amounts in budget years 2020 and 2021. A more detailed breakdown on a project by project basis is available at the following [LINK](#).

The CO<sub>2</sub> reductions relate to the joint impact of all the expenditures and investments of all actors for the underlying projects.

<sup>4</sup> EIB Project Carbon Footprint Methodologies

Project Category	Passenger-kilometers or tonne-kilometers and/or tonnes		Annual GHG reduced / avoided	Number of new rolling stocks	Length of new routes/ tracks
	Passenger kilometers/ year 2030	Tonne kilometers/year 2030 (mio)	in tonnes of CO <sub>2</sub> equivalent p.a	absolute number for 2021	Km
Low Carbon Transport	20.387.075	471	16.080	23	362

Project category	The proportion of pupils with subsidized meals	The number of children with a subsidy for kindergarten	Number of education infrastructures benefiting from the eligible projects	m2
Access to Essential Services - Education	Lunch subsidy: 53% of registered pupils (or 52% of enrolled pupils); Lunch subsidy: 63% of registered students (or 40% of enrolled students) received a subsidy.	In year 2021: 16.682 children with a subsidy; about 18,5% of children received a subsidy.	2	13.563

Project Category	Year -Number of participants/beneficiaries	Year - Number of counsellors	Year - Number of activities
Acces to Essential Services - Social Inclusion	2020 - 1384	2020 - 0	2020 - 244
	2021 - 1579	2021 - 0	2021 - 188

Project Category	Number of institutions benefiting from the investments	Expected increase of bed capacity	Number of new medical equipments	kWh of energy efficiency	Number of trained health-care professionals	Number of beneficiaries benefiting from programme	Number of public tenders/campaigns/ activities/ COVID test
Access to Essential Services - Health	40	39	18	3.037.505	6.059	511.823	10.189.657

Project Category	Year -Number of participants/beneficiaries	Year - Number of counsellors	Year - Number of activities
Employment Generation and Socio-economic Advancement and Empowerment	2020 - 9624	2020 - 20	2020 - 0
	2021 - 29920	2021 - 20	2021 - 0



# 5. Case studies

## 5.1. ZIM Stara Gora

The Nova Gorica General Hospital is at the top among Slovenian hospitals in terms of the share of care for the population and at the same time it achieves the highest recognition in neighbouring countries (Italy). The Department for Disabled Youth and Rehabilitation Stara Gora is part of the organizational structures of the General Hospital Nova Gorica.

Investment includes construction, craft and installation works, as well as the purchase and installation of furniture equipment, which will provide premises with a total area of 1,500 m².



Project	Category	SDGs	Total value (€)	Total value of EU funding(€)	Total value of RoS funding (€)
Construction of new premises for the implementation of medical activities	Access to Essintial Services - Healthcare	<div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div><div></div></div>	6.583.953	3.656.602	1.826.632

The Stara Gora Department for Disabled Youth and Rehabilitation treats and rehabilitates children with movement disorders and other defects of the central nervous system, spinal cord and peripheral nervous system. Part of the department is intended for the most severely affected patients who need special medical care and intensive neuro-physiotherapy.

The contribution of the investment will be reflected in the achievements:

- ▶ 50 new beds,
- ▶ energy savings,
- ▶ adapted rooms for patients,
- ▶ removal of harmless materials and inclusion of natural materials,
- ▶ green surroundings.

The investment is expected to be completed in July 2022.

**Picture:** The Department for Disabled Youth and Rehabilitation Stara Gora



**Source:** regionalne-novice/obala-kras-in-notranjska



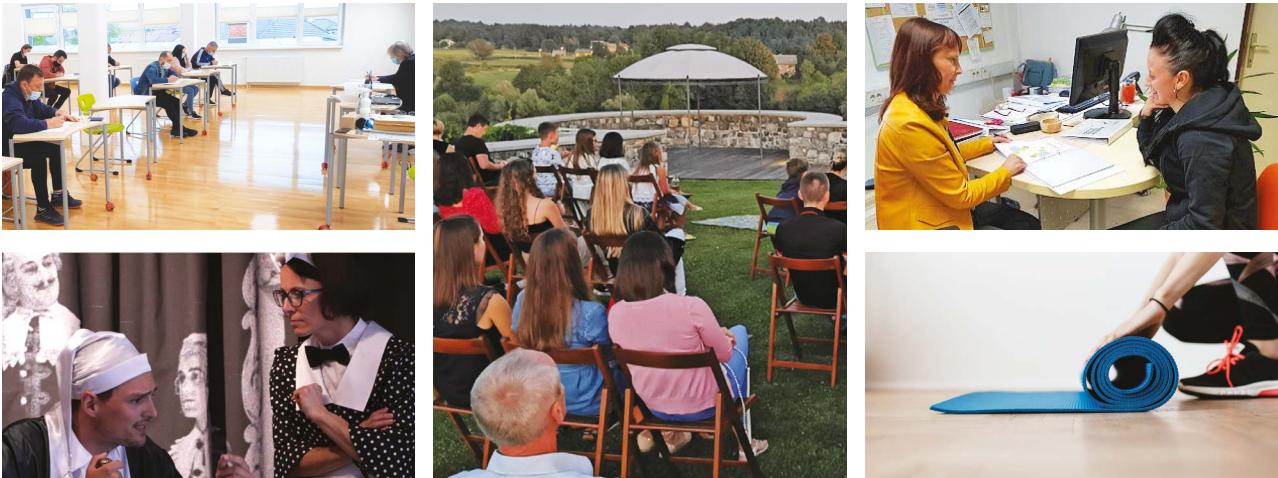
5.2. Activate yourself  
in Novo mesto and Črnomelj

The Institute for Education and Culture Črnomelj (the Institute) is implementing the project of social activation »Motivation - Responsibility - Changes - Sustainability« in the area of Dolenjska and Bela Krajina. In these areas the unemployment rate is higher than the Slovenian average.

The Institute provides quality social activation programs, which are designed to solve the problems of social exclusion, the risks of poverty and to improve the employment opportunities. The Institute carries out the following activities:

Picture: Institute activities

Source: zik-crnomelj.eu



Project	Category	SDGs				Total value (€)	Total value of EU funding(€)	Total value of RoS funding (€)
Providing interconnection with other social-security, health and employment programmes	Access to Essential Services - Social Inclusion	<div><div>4</div><div>QUALITY EDUCATION</div><div></div></div>	<div><div>5</div><div>GENDER EQUALITY</div><div></div></div>	<div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div><div></div></div>	<div><div>10</div><div>REDUCED INEQUALITIES</div><div></div></div>	687.078	549.662	137.416

- ▶ to raise social competencies - assertiveness training, acceptance of responsibility, active approach, communication skills, conflict management, stress management techniques,
- ▶ to motivate participants and enable personal growth - motivational workshops, self-esteem workshops, content in the field of personal values, healthy lifestyle, organization of time,
- ▶ to get to know the labour market - local labour market, volunteering, potential employers, meetings with representatives of various organizations,
- ▶ to raise functional competencies - financial literacy, computer literacy, knowledge for dealing with formalities,
- ▶ to acquire competencies to entry the labour market – evaluation of own competencies,

set realistic and achievable goals, plan of activities, career guidance workshops,

- ▶ to gain practical experience for the labour market.

To date, the Institute has successfully implemented eight social activation programs within the project »Motivation - Responsibility - Changes - Sustainability« (four in the place of implementation Črnomelj and four in the place of implementation Novo Mesto). As part of the implementation of all eight social activation programs, it enabled participants to be included in training with various external employers, according to their individual wishes, professional interests and abilities.





5.3. Portfolio of projects nr. 179 –  
Tržaška cesta – Arrangement  
of the cycling network in Ljubljana

Tržaška cesta is one of the key traffic routes in Ljubljana. The road is a four-lane road with mutually arranged areas for pedestrians and cyclists. Some sections of the cycling infrastructure were in poor condition, uneven, unconnected or interrupted with incorrectly placed traffic signalization. Some parts of the cycling infrastructure were led through other neighbouring streets, rather than Tržaška cesta itself, which represents the shortest connection from P+R node Dolgi most to the center of the City of Ljubljana. The purpose of the project is to promote sustainable multimodal urban mobility

Source: ljubljana.si



Project	Category	SDGs	Total value (€)	Total value of EU funding(€)	Total value of RoS funding (€)
Arrangement of the cycling network in Ljubljana	Low Carbon Transport	<div><div>11</div><div>SUSTAINABLE CITIES AND COMMUNITIES</div></div> <div><div>13</div><div>CLIMATE ACTION</div></div>	6.072.176	1.616.772	285.313



in the City of Ljubljana. The investment in cycling and pedestrian infrastructure provides dedicated, comfortable, safe and connected cycling routes and pedestrian walkways, which contribute to the development of sustainable mobility, better connectivity of different parts of the city, improving air quality in the city, improving the quality of living space in urban areas, increasing traffic safety and consequently to the attractiveness of the space for both citizens and visitors to the city.

The main objectives of the project are:

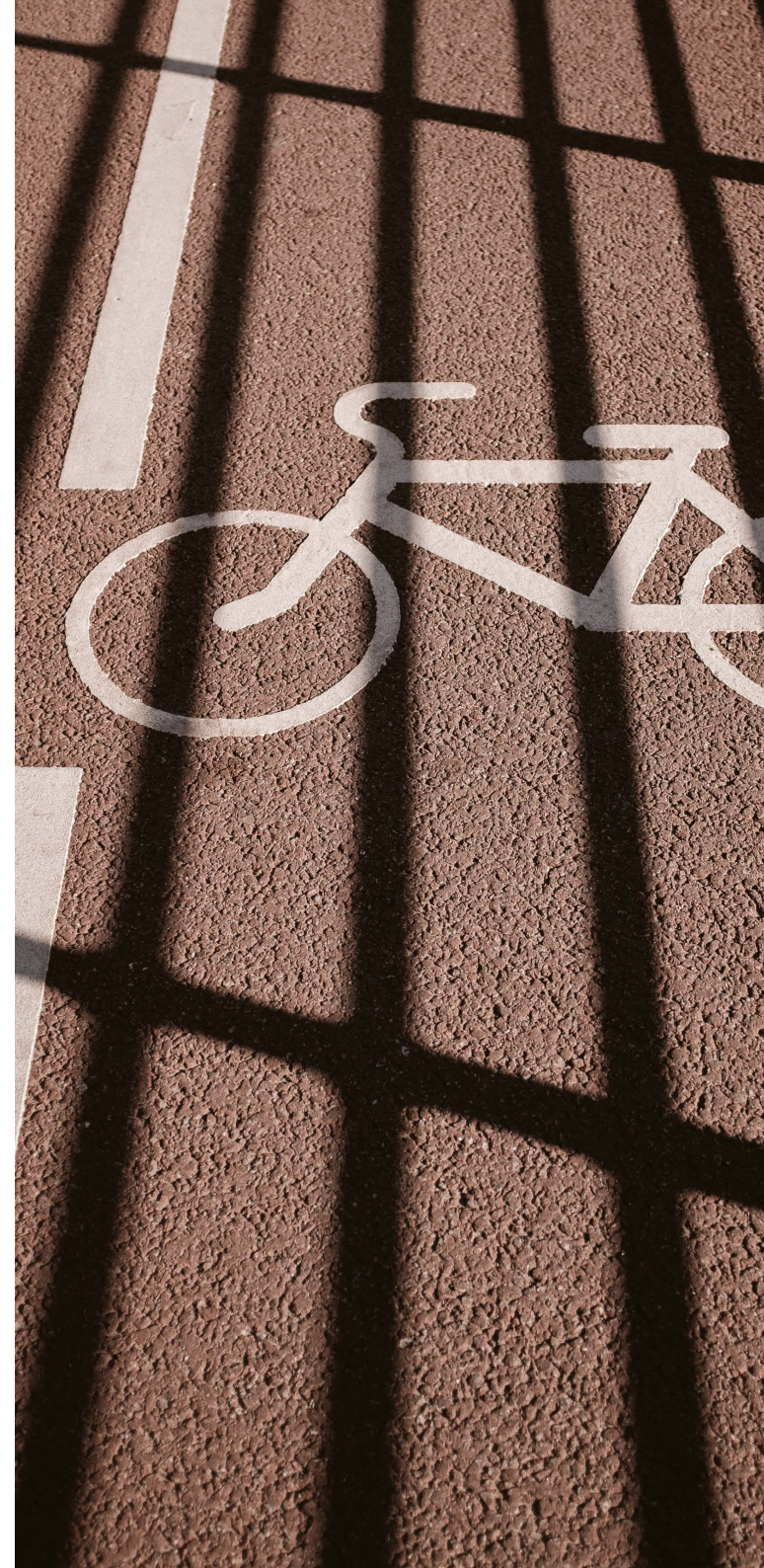
- ▶ achieving greater share of cyclists and pedestrians in modal split within the municipality,
- ▶ reduction of the number of traffic accidents,
- ▶ promotion of sustainable mobility and public transport,

- ▶ improving air quality in the city, reducing GHG emissions and particular matter emissions and
- ▶ better connection of urban areas with peripheral areas.

The key project results/indicators are the following:

- ▶ construction of 4,85 km new/improved two-way cycling route,
- ▶ construction of 4,85 km of sidewalk on both sides of the roads,
- ▶ reconstruction of 11 bus stops for urban passenger transport.

The project is in its final phase and the constructed infrastructure is already in use.





5.4. Second track Divača - Koper

Estimated value of the entire project of construction of the Second track Divača-Koper (the Second track) is set at EUR **0,997 billion**. Construction time **7 years**. Funding will come from several sources, with the Republic of Slovenia capital share as the highest among all. The remaining funds will come from EU grants, loans by financial institutions, SID bank and other commercial banks.

The story of the Second track began over 20 years ago. It has been heavily advocated



Project	Category	SDGs	Total value (€)	Total value of EU funding(€)	Total value of RoS funding (€)
Construction of the Second track Divača-Koper	Low Carbon Transport	<div><div>11SUSTAINABLE CITIES AND COMMUNITIES</div><div>13CLIMATE ACTION</div></div>	997.000.000	248.000.000	398.800.000

for ever since. Planning one of Slovenia's largest projects is a good practice example. The first version of the track was proposed in 1996. After studying 17 different versions, the current tunnel track was chosen according to the highest criteria regarding the environmental impact, safety, speed, and traffic flow.

The Second track will be a **27.1-kilometer-long new railway line from Divača to Koper**, including **seven tunnels and three viaducts. 20.5 km or 75 %** of the line will consist of tunnels.

The existing Divača – Koper railway line was built over half a century ago. The line capacity is currently stretched to its limits. Subsequently the second track will increase throughout capacity from Port of Koper. It will take freight

trains 25 to 35 minutes to cover the distance from Divača to Koper. The route will be used for scheduled passenger trains as well.

The Second track is part of the Trans European Transport Network. The territory of the Republic of Slovenia is crossed by two corridors of the core network, an integral part of which is also the Divača – Koper line.

The Second track will reduce environmental impacts and risks. Railway is an environmentally friendly mode of transport in respect of lower energy consumption, air pollution and CO<sub>2</sub> emissions. The second track will divert transport from roads to railways, in line with green EU transport policy's guideline.

Source: drugitir.si

