

# City of Helsingborg Sustainability Bond Framework

April 2023



HELSINGBORG

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# 1. Introduction

## 1.1. Helsingborg - One of Europe's most innovative and climate-smart municipalities

Helsingborg is located in the south of Sweden, just across the bay from Denmark. The municipality has more than 150 000 inhabitants making it the eighth largest in Sweden. In this framework, "Helsingborg" refers to the geographical area, "City of Helsingborg" refers to the municipal departments, and "the Helsingborg City group" refers to the whole group including municipally owned companies.

The City of Helsingborg has been working strategically with sustainability, as an overarching theme, for many years. One of our focus areas, at the core of this framework, is the breadth of climate and environmental work. We collaborate both within and outside the group to develop a sustainable society with increased quality of life, together with the citizens, civil society, businesses and academia of Helsingborg. Another strength is how the City of Helsingborg encourages innovation in relation to sustainability. Both in terms of the development of new technical solutions but also by finding a different approach to one's daily work.

For four years in total, Helsingborg has been ranked as one of Sweden's most environmentally friendly municipalities and in May 2021, we were announced as one of the finalists to become the Green Capital of Europe 2023. Helsingborg has worked long-term and methodically to tackle environmental challenges associated with air, water, and noise pollution, waste management, energy efficiency and climate change mitigation. Furthermore, the City is engaged in a multitude of concrete initiatives linked to the increase of resource efficiency, renewable energy generation, sustainable consumption and circularity.

Apart from environmental sustainability, some of the City of Helsingborg's primary challenges going forward are found within the realm of social sustainability.

This involves reducing the health inequality between different socioeconomic groups, establishing a prioritised integration process for newcomers, and bolstering the perceived sense of safety and security in the city. Our ambitions require giving all those who work in the city the tools needed to measure and monitor, the methods for engaging and enabling, and the support and permission required to think and work in new ways.

## VISION 2035

In 2035, Helsingborg is a vibrant, energy-neutral and attractive city that exists in harmony with man and in balance with nature.

## 1.2 Quality-of-life Programme

In 2016, The City of Helsingborg has established its **Quality-of-Life programme**, a city-wide instrument and steering document relating to sustainable development, environment, and public health. The policy context of Sustainable Development in Helsingborg incorporates several strategic documents adopted by the City Council. Our strategy is to create and improve structures in society that strengthen the opportunities of our citizens to live a good and healthy life. We also encourage and enable citizens to make sustainable choices in their everyday lives and strive to create the right conditions for innovative and climate-smart solutions to emerge.

The Quality-of-Life Programme is our plan to contribute to the UN Sustainable Development Goals (SDGs) and it consists of politically set ambitions or directions. These describe which changes the city needs to make to ensure everyone in Helsingborg has access to a high quality of life. The directions each have three focus areas that define what the city wants to do. The focus areas are based on Helsingborg's biggest challenges and are connected to the 2030 Agenda for Sustainable Development, as well as Sweden's national health and sustainability goals. Our ambition is to create a Helsingborg where people can enjoy a high quality of life but with a low environmental impact, within our planet's resource boundaries.

### Sustainable growth - Climate and energy plan

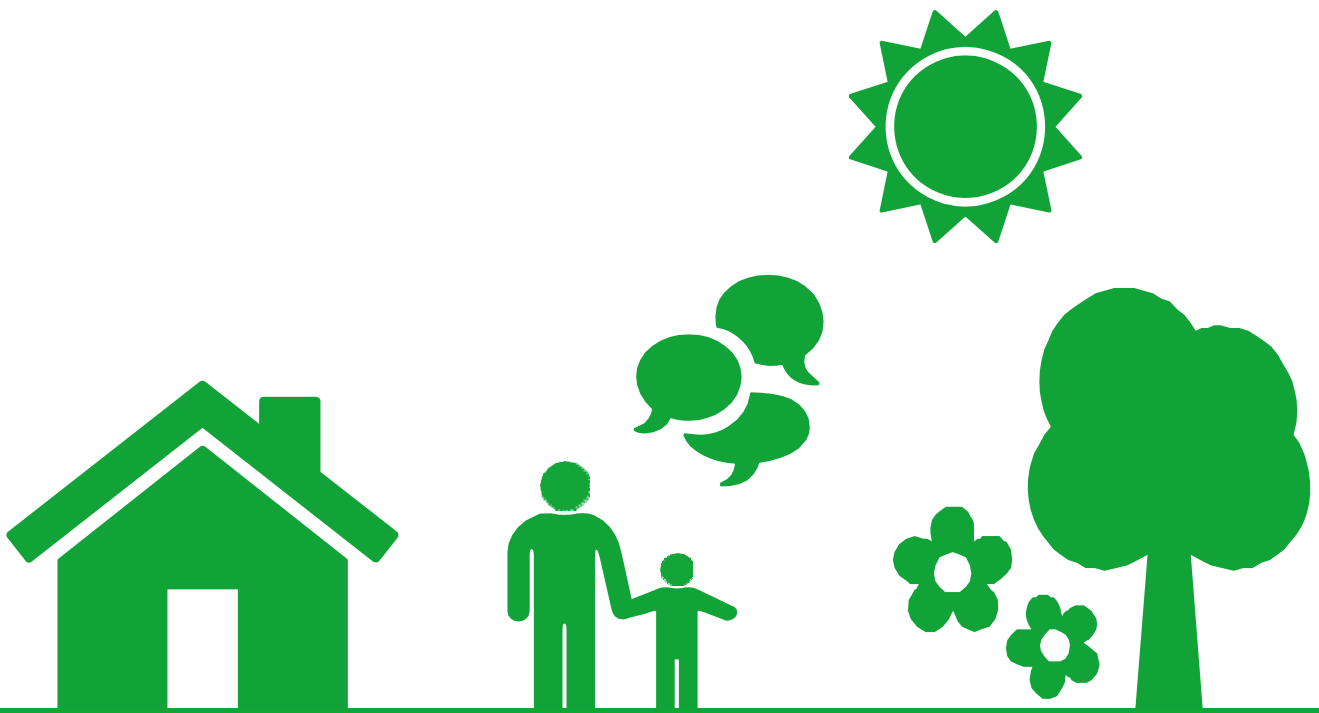
As part of Helsingborg City group's environmental ambitions connected to the quality-of-life programme, the climate and energy plan sets a direction for our stakeholder's collaboration around climate and energy sustainability. While the actions

of Helsingborg City group are important, our success is also highly reliant on the behaviour of the residents, visitors, and businesses in the City – something the Helsingborg City group cannot control. However, the departments and companies have an important task in creating the prerequisites for making sustainable choices and to promote sustainable behaviours.

With existing legislation, as well as national and international resolutions, Helsingborg's climate and energy plan shows how the Helsingborg City group should work with relevant areas during the projection period. Our foremost challenges in Helsingborg have been identified, ambitions have been set, and actions have been put into words. The work has resulted in six prioritized areas, within which we primarily are to act:

- Greenhouse gas emissions and resources: Long-term ambitions for a sustainable future.
- Transports and travel: Break the reliance on fossil fuels within the transportation sector and increase both sustainable transports and travel.
- Consumption: Create alternatives to consumption of resource-heavy food, goods, and services.
- Energy: Use energy efficiently and wisely. Renewable energy (sun and wind power) as well as recycled energy should be developed as far as possible.
- Financial management: Facilitate a sustainable municipal finance market.
- Carbon sinks: Increase the amount of carbon stored in the ground and vegetation.

Different initiatives, such as the Helsingborg Declaration, the transport sectors equivalent to the Paris Agreement, are aiding the Helsingborg City Group to advance on the six priority areas.



## **Biodiversity at Land and Sea – The Green structure programme and the Coastal control programme**

For the City of Helsingborg, environmental sustainability is not limited to climate impact. The extinction of species is a natural process, but today it happens many times faster than normal, which threatens biodiversity. In Helsingborg, cultivation began on a larger scale during the 19th century and then a large part of the wetlands, meadows and pastures disappeared. In addition, the city is constantly growing and being built on, which also leads to reduced and fragmented nature areas. This, together with the spread of environmental toxins and climate change, has a negative effect on biological diversity in Helsingborg. In the [Green structure programme](#), we have outlined challenges with regards to biodiversity, and various strategies have been identified to improve the conditions. The programme indicates that the green structure should be developed so that it enhances biodiversity.

This means, among other things, that Helsingborg's ambition is to increase areas with wooded and grazed land as well as wetlands throughout the municipality.

Additionally, to the City's programme for protection of natural resources at land, Helsingborg's scenic coastal location, makes the protection of our marine resources a priority. It is important that we have as little impact on the sea as possible, so that we and future generations can enjoy a living sea. It is also important that we can eat fish from the Öresund without risking our health. Therefore, Helsingborg has set up the [Coastal control programme](#) to ensure a reduction of water pollution, sustainable fishing and the protection of aquatic diversity. As part of the programme *The Sea is Your Neighbour*, the City of Helsingborg is looking into new ways to increase marine biodiversity and residents awareness of the sea through creating "blue spaces" such as stone reefs and structural plates for marine life to thrive on.



## An equal Helsingborg - Plan for equal opportunities

Just a few years ago, the environmental discussion was more distinctly separated from discussions concerning social sustainability. Today we know that environment and public health are closely linked, and that social and environmental sustainability are prerequisites for a sustainable economy in the long term.

A cornerstone of the Quality-of-Life programme is an equal society where everyone has equal opportunities to live a good life with a good quality of life. In Helsingborg, neither gender, gender identity, gender expression, ethnicity, religion,

disability, sexual orientation, age or socio-economics should determine people's opportunities. To create a more equal Helsingborg, the city needs to focus on increasing integration and gender equality and improving the conditions for children and young people to grow up. The [Plan for equal opportunities](#) is the city's overall tool towards preventing discrimination and to further human rights. The plan covers all seven grounds of discrimination and socioeconomics and the wider ambition to create an equal Helsingborg rests on improving integration, increasing gender equality and creating good conditions for all children to grow up.

## 1.3 Sustainability targets – Vision 2035

In 2035, Helsingborg should be a creative, pulsating, global, community-centred, and balanced city, for both people and businesses. The city should be exciting, attractive, and sustainable. In order to realise the city's vision of a smart city, we need innovative thinking and responsible action, with ecological, social, and financial aspects all taken into account. Therefore, Helsingborg is part of the City Hub Alliance and other smart city pilot projects.

Not only do we want to show responsibility leadership locally, we also want to set a global example. In accordance with the Paris Agreement, we will work to limit the global warming to 1.5 degrees Celsius, compared to pre-industrial levels, while simultaneously adapting the use of the planet's resources. As a result, in 2022 Helsingborg has increased its' ambition become a climate-neutral city by 2030 and is one of 100 European cities part of the EU Climate-neutral and smart [Mission Cities](#) as well as being part of Sweden's [Viable Cities](#). Since 1990, the emissions in Helsingborg have decreased by 55 percent. This can be compared to the emission reduction in Sweden that corresponds to 32 percent since 1990.

## 1.4 City of Helsingborg's Sustainability Governance

The [Quality of Life programme](#) provides the foundation to the City of Helsingborg's sustainability governance and the three policy plans outlined above, the [Climate and energy plan](#), the [Green structure programme](#) and the [Plan for equal opportunities](#) represent just a selection of the various steering documents the City works with, to advance sustainable development.

The governing documents together cover most of the environmental and social areas we want to work towards. They also exist so that everyone can work actively and consistently towards the same sustainable goals in the development of the City of Helsingborg.

In addition to the above, the municipality-owned companies have their own governance procedures within sustainability where they have structures in place to make sure that sustainability is incorporated into the overall decision making and investment processes.

A selection of the municipality-owned companies financing projects through this Framework are:

- Helsingborgs Hamn AB
- Helsingborgshem AB
- Nordvästra Skånes renhållnings AB (NSR)
- Öresundskraft AB

## 1.5 The City of Helsingborg's commitment to sustainable finance

As part of the City's ambitions to drive the transition to an eco-friendly and socially sustainable society, the City of Helsingborg has established a [Sustainability-linked bond framework](#) in October 2021. Now, the City of Helsingborg is extending the scope of sustainable financing with a Sustainability Bond Framework to create a sustainable financing platform for all types of sustainable investments, by combining commitments to the municipality's sustainability strategy and agenda with dedicated investments in green and social projects.

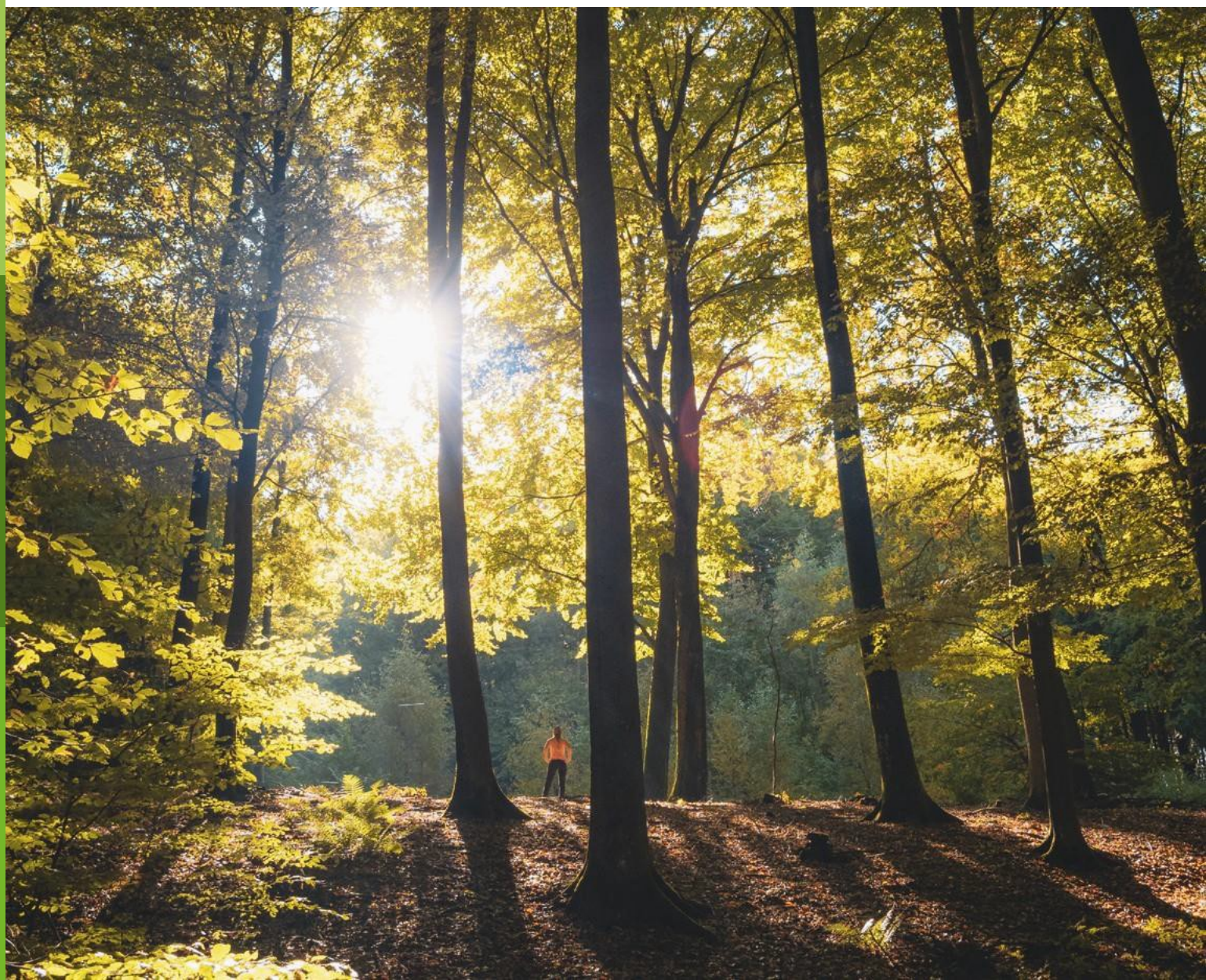
## 2. Sustainability Bond Framework

This Framework has been established to support the issuance of Green, Social or Sustainability Bonds and has been developed in alignment with the International Capital Market Association (ICMA) Green Bond Principles 2021, Social Bond Principles 2021 and the Sustainability Bond Guidelines 2021.

The Eligible Projects will consist of a selected pool of projects that promote Helsingborg's path towards Sweden's most environmentally friendly and socially sustainable municipality in line with targets defined by the City of Helsingborg.

The City of Helsingborg will not finance nuclear or fossil fuel projects through its Green, Social or Sustainability Bonds. The Green, Social or Sustainability Bonds can be used to finance new projects and to refinance Eligible Projects in accordance with this Sustainability Bond Framework.






The below table shows eligible projects financed under this framework. The projects have been mapped to the corresponding Green Bond Principle and Social Bond Principle categories as well as the UN SDG and the EU Environmental Objective where their largest contribution lies.





## 2.1. Use of Proceeds




### Green eligible projects

Green Bond Principle category	Project types	SDG and EU environmental objective
<b>Renewable energy</b>	<ul style="list-style-type: none"> <li> <b>Solar power</b>            Financing or refinancing of the installation, acquisition, expansion or upgrades/modifications of solar energy generation technologies, such as Photovoltaic systems (PV) and Concentrated Solar Power (CSP)         </li> <li> <b>Wind</b>            Financing or refinancing of the installation, acquisition, expansion or upgrades/modifications of onshore and offshore wind energy generation facilities         </li> <li> <b>Bio energy</b>            Financing or refinancing of the installation, acquisition, expansion or upgrades/modifications of:           <ul style="list-style-type: none"> <li>Facilities producing biofuel, biochar and/or biomass such as biofuel preparation, pre-treatment, biorefinery and pyrolysis facilities</li> <li>Facilities for electricity generation or district heating/cooling, as well as the combination (CHP), that use biofuel or biomass as fuel, such as waste-based energy facilities</li> </ul> </li> <li> <b>Transmission of renewable energy</b>            Transmission of electricity produced out of renewable sources from production site to the electricity grid         </li> </ul>	 <p>Climate change mitigation</p>
<b>Energy efficiency</b>	<ul style="list-style-type: none"> <li> <b>Energy system efficiency, storage and reduction of power peaks</b>            Investments that support the conditions for production and use of renewable energy by improving the stability of the electricity system. Such as facilities for storing electricity, interactive energy and power monitoring systems, systems to optimize regenerated breaking energy, storage, reduction of power peaks, smart distribution systems, metering systems and other intelligent energy systems managing the intermittency of renewable energy         </li> <li> <b>Infrastructure for fibre optic networks</b>            Infrastructure for connecting residents and companies to the fibre optic network to increase connectivity of Helsingborg City. Connectivity is a prerequisite for modern community building leading to innovation, energy efficiency and smart use of resources         </li> <li> <b>Internet of things (IOT)</b> <ul style="list-style-type: none"> <li>Wireless network for IOT in Helsingborg City. The energy efficient wireless infrastructure uses the radio technique LoRaWan and gives an opportunity for the municipality and companies to place sensors for collection of data. The sensors can measure air quality, motions, humidity, temperature, light and sounds and contributes to climate and energy efficient solutions for the municipality and companies</li> </ul> </li> <li> <b>Energy efficient smart-city infrastructure</b> <ul style="list-style-type: none"> <li>Energy-efficient equipment, such as light sources, rated in the highest two populated classes of energy efficiency</li> </ul> </li> <li> <b>Digitalization and automatization</b>            Port infrastructure with the aim to decrease handling time and increase competitiveness as opposed to more polluting forms of transport. The measures will decrease handling time and increase energy efficiency, resulting in pollution reduction         </li> </ul>	  <p>Climate change mitigation</p>
<b>Green buildings</b>	<ul style="list-style-type: none"> <li> <b>New and existing residential buildings</b>            The financing or refinancing of the establishment, acquisition, expansion and upgrade of buildings with the following requirements           <ul style="list-style-type: none"> <li>a maximum amount of CO2e in building materials 270 kg/m<sup>2</sup> BTA according to the climate declarations at construction and upon completion or</li> <li>a 40% lower total climate impact than compared to a business as usual building project and one of the below criteria</li> <li>with an EPC label of at least B or</li> <li>an energy performance at least 25% lower than the national building regulation (BBR) requirement.</li> </ul> </li> </ul>	  <p>Climate change mitigation</p>

Green Bond Principle category	Project types	SDG and EU environmental objective
<b>Green buildings</b> <i>cont.</i>	<ul style="list-style-type: none"> <li>• <b>New and existing non-residential buildings</b>  The financing or refinancing of the establishment, acquisition, expansion and upgrade of buildings with the following requirements <ul style="list-style-type: none"> <li>- an energy performance at least 25% lower than the national building regulation (BBR) requirement at the time of construction.</li> <li>- a maximum amount of CO<sub>2</sub>e in building materials 270 kg/m<sup>2</sup> BTA according to the climate declarations at construction and upon completion.</li> </ul> </li> </ul>	  Climate change mitigation
<b>Clean transportation</b>	<ul style="list-style-type: none"> <li>• <b>Land based low carbon transport</b>  Financing or refinancing of the construction, acquisition, expansion, or upgrades of fossil free public and non-public transportation systems and infrastructure, such as infrastructure for electric buses and charging stations for heavy vehicles and passenger cars</li> <li>• <b>Water based low carbon transport and operations</b>  Financing or refinancing of the construction, acquisition, expansion, or upgrades of infrastructure including charging points and energy storage where the vessels have zero direct (tailpipe) CO<sub>2</sub> emissions</li> <li>• <b>Low carbon municipal vehicles fleet</b>  Financing or refinancing of the construction, acquisition, expansion, or upgrades of fossil free vehicles fleet and related infrastructure owned by the Helsingborg City Group such as electric vehicles for freight, port operation and waste-collection operation and transportation.</li> <li>• <b>Infrastructure for active mobility</b>  Financing or refinancing of the construction, acquisition, expansion, or upgrades of infrastructure for active mobility such as walking, cycling, e-bikes and e-scooters</li> <li>• <b>Climate change adaptation</b>  Measures to strengthen an asset or activity to withstand identified long term physical climate risks such as adaptation of port level to adjust for rising sea levels</li> </ul>	 Climate change mitigation  Climate change adaptation
<b>Pollution prevention and control</b>	<ul style="list-style-type: none"> <li>• <b>Waste management</b>  Financing or refinancing of the construction, acquisition, expansion, or upgrades of recycling facilities and related infrastructure, including treatment and processing of all types of waste, for the purpose of minimizing the amount of waste to landfill and bring back valuable raw material to the market</li> <li>• <b>Carbon capture and storage (CCS)</b>  Financing or refinancing of the construction, acquisition, expansion, or upgrades of CO<sub>2</sub> storage projects with the aim of mitigating climate change</li> </ul>	 Pollution prevention and control  Climate change mitigation
<b>Sustainable water and wastewater management</b>	<ul style="list-style-type: none"> <li>• <b>Water and wastewater management</b>  Including wastewater treatment facilities and technologies and the protection of freshwater sources, such as measures to secure groundwater levels and to prevent the discharging of pollutants into water and land Improvement of water-use efficiency, such as re-use of water and to reduce leakage in networks</li> </ul>	 Pollution prevention and control
<b>Environmentally sustainable management of living natural resources and land use</b>	<ul style="list-style-type: none"> <li>• <b>Biodiversity projects and green spaces</b> <ul style="list-style-type: none"> <li>- Investments in urban green spaces and natural recreational areas such as gardens and parks</li> <li>- Wetland creation and restoration in new nature reserve areas for increased biodiversity and recreational value</li> </ul> </li> </ul>	  The sustainable use and protection of water and marine resources  The protection and restoration of biodiversity and ecosystems

Earliest version of national regulation applicable is BFS 2017:5 BBR 25.

## Social eligible projects

Social Bond Principles category	Project types	Target group	SDG contribution
Access to essential services	<ul style="list-style-type: none"> <li> <b>Housing adapted for special needs</b>            Financing or refinancing of the construction, acquisition, expansion, or upgrades of housing adapted for persons with physical or mental disabilities (SW: LSS housing) or nursing homes         </li> </ul>	<ul style="list-style-type: none"> <li>Persons with physical/mental disabilities or needs</li> <li>Elderly people</li> </ul>	
	<ul style="list-style-type: none"> <li> <b>Welfare projects</b>            Financing or refinancing of the construction, acquisition, expansion, or upgrades of sport facilities and culture facilities such as public gyms or training centers, ice rinks, theatres, libraries and similar projects         </li> </ul>	<ul style="list-style-type: none"> <li>Socio-economically weak areas as defined by the Swedish Police</li> </ul>	
	<ul style="list-style-type: none"> <li> <b>Education projects</b>            Financing or refinancing of the construction, acquisition, expansion, or upgrades of education facilities (incl. day care centres, pre-primary education, primary and secondary schools, upper secondary schools, higher education campuses and education centres) and education hardware         </li> </ul>	<ul style="list-style-type: none"> <li>Socio-economically weak areas as defined by the Swedish Police</li> </ul>	

## 2.2 Evaluation and selection of eligible projects

The City of Helsingborg has designed and implemented a process to ensure that only projects aligned with the criteria set out above will be selected as eligible assets and projects for its green, social and sustainability bonds. To oversee this process, a Sustainable Finance Committee has been established including members from Treasury and the Sustainability Department. The treasury representative is the chair of the committee and the representative from the Sustainability Department holds a veto. The Sustainable Finance Committee will meet at least annually.

When conducting investment projects, the Helsingborg City Group takes account of Environmental, Social and Governance issues and this will also be part of the selection process of projects financed under this Framework.

The process of including projects and assets into the pool of eligible sustainable projects follows a 3-step process:

1. The relevant project manager representative from Helsingborg City Group identifies potential eligible projects and suggest these to the Sustainable Finance Committee,
2. The Sustainable Finance Committee screens all projects on their alignment with prevailing eligibility criteria,
3. Eligible sustainable projects will be included in the Sustainable Finance Register which is managed by treasury and re-assessed at least annually. Projects that have ceased to align with the eligibility criteria will be removed from the Sustainable Finance Register.

## 2.3 Management of proceeds

The City of Helsingborg will establish a Sustainable Finance Register for green, social and sustainability bonds issued by the municipality for the purpose of monitoring the Eligible Assets and Projects and the allocation of net proceeds from bonds to Eligible Assets and Projects.

All green, social and sustainability bonds issued by City of Helsingborg will be managed on a portfolio basis. This means that eligible assets and projects will be managed on an aggregated basis in the sustainable asset register and that proceeds will be allocated to the overall portfolio rather than to specific investments.

City of Helsingborg will have a volume of eligible assets and projects which will match or exceed the balance of net proceeds from its outstanding green, social and sustainability bonds. Additional eligible assets and projects will be added to the portfolio to the extent required to ensure that an amount equal to the net proceeds from outstanding bonds will be covered. During the life of the green, social and sustainability bonds, should an asset or project cease to fulfil the eligibility definitions, City of Helsingborg will remove and replace the assets and projects as soon as reasonably possible.

If, at any time, the total proceeds from outstanding bonds exceed the total value of the portfolio, the excess liquidity will be invested according to City of Helsingborg's liability management activities.

## 2.4 Reporting

To enable investors to follow the development and provide insight to prioritised areas, the City of Helsingborg will provide an annual Sustainable Bond Impact Report to investors including:

- A summary of eligible assets and projects, including allocated amount, the distribution between eligible project categories and expected impacts
- A list of eligible projects financed during the reporting year including a brief project description
- A selection of project examples
- A summary of City of Helsingborg's sustainable bond development
- The distribution between new financing and refinancing

The City of Helsingborg will take inspiration from established market practice when reporting on green, social and sustainability bonds. Examples of this are *Nordic Public Sector Issuers: Position paper on Green Bond Impact Reporting* as well as *ICMA's Handbook: Harmonised Framework for Impact Reporting*.

The Sustainable Bond Impact Report will be assured by an independent external auditor. The opinion of the internal auditor and the Impact Report will be made publicly available on the City of Helsingborg's web page.

## 2.5 External review

The City of Helsingborg has engaged Sustainalytics to act as an external verifier of this Sustainability Bond Framework. The Second Party Opinion as well as supporting material is publicly available on the City of Helsingborg's website.

An independent external party, appointed by the City of Helsingborg will on an annual basis provide a review, confirming that an amount equal to the Green, Social and Sustainability Bond net proceeds has been allocated to Eligible Projects.

### Examples of impact reporting metrics

Green Bond Principles category	Project types
<b>Renewable energy</b>	<ul style="list-style-type: none"> <li>Renewable energy generation (MWh per year)</li> <li>Installed renewable energy capacity (MW)</li> <li>Reduced/avoided GHG emissions (tonnes of CO2e per year)</li> </ul>
<b>Energy efficiency</b>	<ul style="list-style-type: none"> <li>Annual energy reduced/avoided (MWh)</li> <li>Reduced/avoided GHG emissions (tonnes of CO2e per year)</li> <li>Infrastructure for Fibre optic networks: Number of connected households/companies</li> <li>Internet of things: Number of new sensors installed</li> </ul>
<b>Green buildings</b>	<ul style="list-style-type: none"> <li>Buildings with at least EPC B</li> <li>Annual energy reduced/avoided (MWh)</li> <li>Reduced/avoided GHG emissions (tonnes of CO2e per year)</li> </ul>
<b>Clean transportation</b>	<ul style="list-style-type: none"> <li>Number of electric vehicles financed</li> <li>Number of charging points of electricity installed</li> <li>Passenger km in new means of low carbon public transport, if applicable</li> <li>Reduced/avoided GHG emissions (tonnes of CO2e per year)</li> <li>Physical climate risk addressed and expected adaptation-related outcome (quantified if possible)</li> </ul>
<b>Pollution prevention and control</b>	<ul style="list-style-type: none"> <li>Quantity of waste that is prevented, minimised, reused or recycled before and after project (tonnes or % of total waste per year), if applicable</li> <li>Reduced/avoided GHG emissions (tonnes of CO2e per year)</li> <li>Carbon dioxide captured or capacity of CCS plant (tonnes), if applicable</li> </ul>
<b>Sustainable water and wastewater management</b>	<ul style="list-style-type: none"> <li>Water withdrawals or treatment capacity (m3/day or tonnes/day)</li> </ul>

Social Bond Principles category	Project types
<b>Access to essential services</b>	<ul style="list-style-type: none"> <li>Numbers of projects initiated within housing adapted for special needs</li> <li>Number of additional available housing for persons with special needs enabled</li> <li>Numbers of projects initiated within welfare</li> <li>Additional capacity for sports centres or culture facilities (number of individuals benefitted)</li> <li>Numbers of projects initiated within education</li> <li>Additional capacity within education (number of individuals benefitted)</li> </ul>

