



Green, Social and Sustainability Bond Framework



September 2026

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1. Introduction

1.1. Andorra's national strategic framework for sustainable development

Building on the foundations laid by its 2020-2023 Action Plan, an overarching government roadmap structured around the cross-cutting themes of sustainability and innovation, the Government of Andorra has progressively consolidated its national strategic vision into a comprehensive and forward-looking policy framework centred on sustainable development, economic diversification and climate resilience. A landmark step in this trajectory was the conclusion, in December 2023, of negotiations on the Association Agreement with the European Union, following almost a decade of negotiations. In July 2026, the Council of the European Union authorised the signature and provisional application of the Agreement, paving the way for its signature on 19 October 2026. Once in force, the Agreement will provide the framework for Andorra's progressive integration into the EU internal market and alignment with the relevant EU regulatory and policy framework, including in the area of sustainable finance, while preserving the Principality's constitutional sovereignty.

The three pillars of the 2020–2023 Action Plan, namely welfare and cohesion, economy and innovation, and alliances for change, continue to inform the Government's approach to sustainable development. The priorities are now embedded in a series of sectoral strategies with explicit goals extending to 2030 and 2050: the National Innovation and Entrepreneurship Strategy 2021–2030, the National Circular Economy Strategy (ENEC) and its National Waste Plan Horizon 2035, and the Digital Transformation Strategy 2030 – all oriented towards Andorra's commitments under the Paris Agreement and the UN Sustainable Development Goals framework.

1.2. Social commitments and inclusive development agenda

Recognising that sustainable development must be fundamentally inclusive and people-centred, the Government of Andorra has placed social cohesion and human development at the core of its sustainable development framework. Andorra benefits from a robust welfare state, with among the highest life expectancy and the lowest poverty rates in Europe, yet the Government remains attentive to emerging socioeconomic pressures, including housing affordability, demographic aging and labour market inclusion:

- **Housing affordability has emerged as a central policy priority:** The landmark Law 5/2025 on Sustainable Growth and the Right to Housing introduced a comprehensive set of measures to expand the supply of affordable housing, regulate the rental market and support first-time homebuyers. Building on this foundation, the Law 2/2026 on the Continuity and Consolidation of Sustainable Growth Measures extended and refined these reforms, establishing multi-year housing supply targets and earmarking revenues from foreign real estate investment for social housing construction. The Government is actively expanding the public affordable housing stock across the country's parishes through ongoing acquisition and development programmes, with the Institut Nacional de l'Habitatge (INH) managing and overseeing this growing public housing portfolio.
- **Social inclusion and protection are equally central to the Government's agenda:** The Ministry of Social Affairs is advancing a revised Law on the Rights of Persons with Disabilities, incorporating the recommendations of the UN Committee, to be submitted to parliamentary procedure in 2026, building on the 2025 Universal Accessibility Law. In response to rising life expectancy, the Government has expanded subsidised residential and day-care capacity nationwide, while strengthening home-care services and launching the 'Radars Project' to combat unwanted loneliness among the elderly. A 2025 agreement with ONCE¹ and a new disability accreditation card

¹ ONCE (Organización Nacional de Ciegos Españoles): the Spanish National Organisation of the Blind is a public-law corporation dedicated to the social inclusion of persons with visual impairments. In May 2025, the

have improved support for persons with visual and other disabilities. For children and adolescents, construction of the 'Barnahus' facility began in 2026, bringing judicial, law enforcement and healthcare professionals under one roof to prevent the secondary revictimization of minors in judicial proceedings.

- **Healthcare is also undergoing strategic modernisation**, with the Ministry of Health driving investment in surgical technology, oncology and mental health services, and energy efficiency across healthcare infrastructure, with the aim of delivering more innovative, sustainable and people-centred care.

Taken together, these commitments reflect Andorra's determination to uphold social cohesion, protect its most vulnerable populations and ensure that economic prosperity translates into tangible improvements in quality of life for all residents.

1.3. Climate and energy strategy— strengthened commitment

Andorra's climate ambition is anchored in its Long-Term Strategy on Energy and Climate Change 2020–2050 and the Law 21/2018 on the promotion of the energy transition and climate change (Litecc), which together define the country's pathway towards a low-carbon and climate-resilient economy. Against this legislative backdrop, Andorra has further strengthened its international commitments as illustrated by the following milestones:

- **Updated Nationally Determined Contributions (NDCs):** Andorra has consistently raised its climate ambition under the Paris Agreement. Having progressively raised its target from 37% to 55% by 2030 in line with the EU's "Fit for 55" package, Andorra submitted its NDC 3.0 in February 2025, becoming one of the first countries globally to do so. This updated contribution established a target of a 63% reduction in net GHG emissions by 2035 compared to 2005 levels, while maintaining the long-term commitment to carbon neutrality by 2050.
- **Net Zero Government Initiative:** In October 2023, Andorra joined the Net Zero Government Initiative under the COP Presidency, committing to develop a concrete roadmap to achieve net-zero emissions from public operations by 2050.
- **FEDA's investment programme:** Forces Elèctriques d'Andorra, Andorra's public electricity company is implementing an ambitious energy transition strategy aimed at achieving 33% energy self-sufficiency by 2030. In March 2026, the European Investment Bank approved a landmark €60 million framework loan, its first-ever lending operation in Andorra to finance renewable energy generation, electricity transmission and distribution, as well as district heating and cooling networks. These investments support Andorra's broader goal of reducing dependence on energy imports while modernising and digitalising its energy infrastructure by 2028.
- **Climate vulnerability and urgency:** As a high-altitude mountainous territory, Andorra is acutely exposed to the physical impacts of climate change. With winter tourism accounting for approximately one-third of its GDP, the country faces direct economic risks from shorter ski seasons and reduced snowfall. In January 2020, the Andorran Parliament approved a Declaration of Climate and Ecological State of Emergency, committing the Government to pursue carbon neutrality in accordance with SDG 13. The Pyrenean Climate Change Observatory, a cross-border initiative involving Andorra, France and Spain provides the scientific backbone underpinning Andorra's adaptation strategy.

Government of Andorra and ONCE signed a cooperation agreement granting Andorran residents access to ONCE's social, educational and rehabilitation services on the same terms as its members in Spain.

2. Andorra's commitment to Sustainable Finance

2.1. Rationale for Andorra's Green, Social and Sustainability Bond issuance

Andorra's decision to establish a Green, Social and Sustainability Bond Framework ("Framework") reflects the Government's conviction that capital markets can play a decisive role in financing the transition to a more sustainable, resilient and inclusive economy. In this context of strengthened climate commitments and evolving social priorities, the Government of Andorra identified sustainable finance as a natural complement to its domestic policy toolkit, enabling it to mobilize long-term capital towards eligible environmental and social expenditures, while broadening its investor base.

Sustainable debt forms a strategic pillar of Andorra's debt management approach. The Principality's inaugural Framework was published in 2021 and was followed by a first Sustainable Bond issuance of €500 million. The Framework was subsequently updated in 2022, primarily to expand the perimeter of eligible expenditures to include indirect financing channelled through state-owned entities, most notably FEDA, and was followed by a second €500 million issuance.

2.2. Purpose of the update

The present 2026 update reaffirms the Government's commitment to maintaining a Framework that evolves in step with market standards and policy developments. It incorporates three key changes:

- **Strengthening EU Taxonomy alignment:** Eligible green categories have been progressively assessed against the EU Taxonomy (EU 2020/852), the EU Taxonomy Delegated Acts on climate change mitigation and adaptation (EU 2021/2139) and the EU Taxonomy Delegated Acts on the remaining four environmental objectives (EU 2023/2486). Where feasible, this review draws on the Substantial Contribution Criteria, leveraging its science-based approach to enhance market credibility. Going forward, Andorra commits to providing within its allocation reporting, a qualitative assessment on the degree of alignment of allocated proceeds with the EU Taxonomy.
- **Revising the allocation timeline:** The look-back period for eligible expenditure has been reduced from three years to one year, while the forward-looking allocation window has been extended to three years. This adjustment better reflects Andorra's budget cycle and investment planning horizon.
- **Streamlining the Use of Proceeds:** The presentation of eligible expenditure categories has been refined to improve clarity and alignment with current ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines, focusing on the features most relevant to investors.

This Framework may be updated from time to time, and any such update will only apply to Green, Social and/or Sustainability Bonds issued by Andorra following the date of publication of the updated Framework.

3. Andorra's Green, Social and Sustainability Bond Framework

Andorra's Green, Social and Sustainability Bond Framework has been drafted in accordance with the International Capital Markets Association's (ICMA) 2025 Green Bond Principles (GBP), 2025 Social Bond Principles (SBP) and 2021 Sustainability Bond Guidelines (SBG) (together the "ICMA Principles")² and their four core components:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

3.1. Use of Proceeds

An amount equal to the net proceeds of each Green, Social and/or Sustainability Bond issuance ("Sustainable Bonds") will be allocated to the financing and/or refinancing of expenditures within Andorra's government budgetary programmes or those of any entity fully owned by Andorra, meeting the eligibility criteria defined in the Eligible Social and Green Expenditures categories outlined hereafter ("Eligible Expenditures"). Eligible Expenditures may include investment expenditures, current expenditures, subsidies and transfers, and exclude expenditures already financed through other sources such as the European Union or any other earmarked funding.

Each Sustainable Bond issuance will be allocated to Eligible Expenditures incurred in:

- the year preceding the issuance;
- the same year as the issuance; or
- future voted expenditures, up to three years succeeding the year of issuance.

Each eligible category outlines its respective eligibility criteria and the social or environmental objectives it contributes to. The examples of associated Eligible Expenditures are for illustrative purposes only and are not exhaustive. A mapping against the UN Sustainable Development Goals has been carried out for each category. Where relevant and feasible, green categories consider the Substantial Contribution Criteria from the EU Taxonomy Delegated Acts and associated Economic Activities under the EU Taxonomy have also been identified. Andorra will explore the feasibility of incorporating the Do No Significant Harm (DNSH) and Minimum Safeguards assessments in future Sustainable Bonds reporting.

² [The Principles, Guidelines and Handbooks » ICMA - International Capital Market Association \(icmagroup.org\)](#)

Eligible Green Expenditures categories

Renewable energy

Use of proceeds: Expenditures for the development, construction, acquisition, operation, maintenance and integration of renewable energy generation, storage and grid infrastructure. These expenditures shall be aligned, where feasible, with EU Taxonomy Substantial Contribution Criteria for the relevant activities or, alternatively, meet recognized performance thresholds set out below: - Renewable heat systems: Heat pumps shall comply with Andorra's Energy Regulation in Buildings (Annex 6)³; biomass feedstock shall meet the sustainability criteria of Article 29 of the Renewable Energy Directive (EU) 2018/2001 - Electricity storage: Systems shall be connected to renewable energy installations - Carbon intensity of electricity transmitted or distributed $\leq 100 \text{ gCO}_2\text{e/kWh}$.	
Mapping to eligible EU Taxonomy objectives and activities	Climate Change Mitigation: Activities eligible under Annex I of the Climate Delegated Act (EU 2021/2139) 4.1 Electricity generation using solar photovoltaic technology 4.3 Electricity generation from wind power 4.5 Electricity generation from hydropower 4.9 Transmission and distribution of electricity 4.10 Storage of electricity 4.16 Installation and operation of electric heat pumps 4.24 Production of heat/cool from bioenergy 7.6 Installation, maintenance and repair of renewable energy technologies
Examples of eligible budget expenditures	The Renova programme (Llei 16/2022 and Decret 100/2025), Andorra's national subsidy scheme supporting: - Acquisition of electric heat pumps including aerothermal and geothermal systems - Acquisition of biomass boilers systems - Acquisition of solar photovoltaic panels and small-scale wind turbines - Acquisition of electricity storage systems - Reinforcement and modernization of electricity distribution networks to connect renewable sources and improve grid efficiency - Development of a high voltage electricity interconnection with Spain, including the construction of a distribution transformer substation, to increase cross-border transmission capacity and strengthen electricity supply security - Maià wind farm⁴ - Pumped storage hydroelectricity plant at Ôpitalet-près-de-l'Andorre⁴.
UN SDGs contribution	 

Energy efficiency

Use of proceeds: Expenditures aimed at promoting energy savings and efficiency improvements in both public and private sectors. These expenditures shall be aligned, where feasible, with EU Taxonomy Substantial Contribution Criteria for the relevant activities or, alternatively, meet performance thresholds below: - Achieve a minimum 30% reduction in energy consumption or primary energy demand compared to baseline performance - Achieve an Energy Performance Certificate (EPC) rating of class A - For new buildings, comply with Nearly Zero-Energy Building (NZEB) standards (Edificis de Consum d'Energia Quasi Nul, EEQN), as required under Andorra's Llei 21/2018 de l'impuls de la transició energètica i del canvi climàtic (LITECC) for all buildings receiving a construction permit from 1 January 2020 onwards - For existing building renovations, comply with the energy performance improvement thresholds established under the Renova programme.
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³ Annex 6, Section 7: compliance with EU Ecodesign Regulations 813/2013 and 814/2013; Section 8.2: refrigerants with zero ozone depletion potential (ODP) and lowest possible global warming potential (GWP).

⁴ Planned expenditures not yet initiated.

Energy efficiency

Mapping to eligible EU Taxonomy objectives and activities	Climate Change Mitigation: Activities eligible under Annex I of the Climate Delegated Act (EU 2021/2139) 4.15 District heating/ cooling distribution 7.1 Construction of new buildings 7.2 Renovation of existing buildings 7.3 Installation, maintenance and repair of energy efficiency equipment 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings 7.6 Installation, maintenance and repair of renewable energy technologies 7.7 Acquisition and ownership of buildings
Mapping to eligible EU Taxonomy objectives and activities	
Examples of eligible budget expenditures	- Andorra's national building renovation and energy efficiency subsidy scheme for residential and commercial buildings, including enhanced support for dwellings destined for affordable rentals - Energy efficiency renovation of public buildings - Development of biomass-powered district heating networks in Pas de la Casa and Canillo, as planned under the Plan Sectorial de Infraestructuras Energéticas de Andorra - Expansion of the Central Valley district heating network and creation of a heating and cooling network in Escaldes-Engordany.
UN SDGs contribution	  

Clean transportation

Use of proceeds: Expenditures aimed at deploying low-carbon public transportation and promoting low-carbon individual transportation. These expenditures shall be aligned with EU Taxonomy Substantial Contribution Criteria for the relevant activities ⁵ .	
Mapping to eligible EU Taxonomy objectives and activities	Climate Change Mitigation: Activities eligible under Annex I of the Climate Delegated Act (EU 2021/2139) 6.1. Passenger interurban rail transport 6.3 Urban and suburban transport, road passenger transport 6.4 Operation of personal mobility devices, cycle logistics 6.5 Transport by motorbikes, passenger cars and light commercial vehicles 6.6 Freight transport services by road 6.13. Infrastructure for personal mobility, cycle logistics 6.15 Infrastructure enabling low-carbon road transport and public transport
Examples of eligible budget expenditures	- e-Engaga plan: direct financial subsidies for electric vehicles aiming at accelerating the adoption of zero-emission transportation in Andorra - Tramvalira cross-border tram project: Costs associated with the design, engineering, regulatory development, urban and sectoral planning, infrastructure development, and construction works of the segregated light-rail system connecting Andorra with La Seu d'Urgell (Spain) - Cicland free public electric bicycle scheme: infrastructure, fleet acquisition, operation and maintenance costs.
UN SDGs contribution	  

⁵ Eligible vehicles and related infrastructure must not be dedicated to the transport or storage of fossil fuels.

Sustainable water and wastewater management	
Use of proceeds: Expenditures aimed at developing, constructing, operating and maintaining sustainable water and wastewater infrastructure and projects that contribute to improved water quality, wastewater collection and treatment systems and enhanced climate resilience through flood prevention and mitigation measures. These expenditures shall be aligned, where feasible, with EU Taxonomy Substantial Contribution Criteria for the relevant activities or, alternatively, with recognized market practices in sustainable water management, as defined below: - Construction, renewal and operation of wastewater collection and treatment systems, including urban wastewater treatment plants, sewer networks, sewer separation infrastructure, and water recycling and reuse systems - Sustainable urban drainage systems, retention basins, stormwater collection and controlled discharge infrastructure, aimed at reducing combined sewer overflow events, mitigating urban flood risk, and strengthening the climate resilience of urban water systems - Water resource management and water quality monitoring.	
Mapping to eligible EU Taxonomy objectives and activities	Climate Change Mitigation: Activities eligible under Annex I of the Climate Delegated Act (EU 2021/2139) 5.3 Construction, extension and operation of wastewater collection and treatment 5.4 Renewal of wastewater collection and treatment Sustainable use and protection of water and marine resources: Activities eligible under Annex I of the Climate Delegated Act (EU 2023/2486) 2.2 Urban wastewater treatment 2.3 Sustainable urban drainage systems (SUDS)
Examples of eligible budget expenditures	- Operation and maintenance of wastewater treatment plants under the Andorra Water Sanitation Plan, including the four strategically located facilities (North-East, North-West, South, and Pas de la Casa), ensuring effective wastewater treatment and the prevention of waterway pollution in line with stringent environmental performance standards - Construction and/or extension of centralised wastewater systems, including collection infrastructure (sewer networks), treatment facilities and discharge systems, contributing to the preservation and enhancement of Andorra's natural water resources and the protection of public health and biodiversity.
UN SDGs contribution	 

Pollution prevention and control and circular economy	
Use of proceeds: Expenditures aimed at developing, constructing, operating and maintaining sustainable waste treatment infrastructure and projects. These expenditures shall be aligned, where feasible, with EU Taxonomy Substantial Contribution Criteria for the relevant activities or, alternatively, with recognized market practices in sustainable waste management, as defined below: - Support waste management and prevention including waste reception, sorting, treatment, recovery as well as the increase of recycling and/or reuse of waste materials - Expenditures to prevent waste generation, ensure proper waste management and implement measures to encourage the circular economy.	
Mapping to eligible EU Taxonomy objectives and activities	Climate Change Mitigation: Activities eligible under Annex I of the Climate Delegated Act (EU 2021/2139) 5.7 Anaerobic digestion of bio-waste 5.8 Composting of bio-waste Transition to a Circular Economy: Activities eligible under Annex II of the Climate Delegated Act (EU 2023/2486) 2.3 Collection and transport of non-hazardous and hazardous waste 2.4 Treatment of hazardous waste 2.5 Recovery of bio-waste by anaerobic digestion or composting 2.6 Depollution and dismantling of end-of-life products 2.7 Sorting and material recovery of non-hazardous waste

Pollution prevention and control and circular economy	
	Pollution Prevention and Control: Activities eligible under Annex III of the Environmental Delegated Act (EU 2023/2486) 2.1 Collection and transport of hazardous waste 2.2 Treatment of hazardous waste 2.4 Remediation of contaminated sites and areas
Examples of eligible budget expenditures	- Circular Economy Programme financing Andorra's full waste management chain from household collection and source-segregated sorting to composting plants and anaerobic digestion units that recover bio-waste as compost or biogas - Transfers to municipal waste operators serving as the primary vehicle for implementing the National Circular Economy Strategy (ENEC) and National Waste Plan Horizon 2035.
UN SDGs contribution	  

Sustainable management of living natural resources, land use and biodiversity protection	
Use of proceeds: Expenditures relating to the development of sustainable agriculture or projects that contribute to the preservation and restoration of natural landscapes. These expenditures shall be aligned, where feasible, with EU Taxonomy Substantial Contribution Criteria for the relevant activities or, alternatively, with recognized market practices such as certified agriculture under the EU Organic label or forestry practices including FSC, PEFC or equivalent standard.	
Mapping to eligible EU Taxonomy objectives and activities	Protection and Restoration of Biodiversity and Ecosystems: Activities eligible under the Annex IV of the Climate Delegated Act (EU 2023/2486) 1.1 Conservation, including restoration, of habitats, ecosystems and species
Examples of eligible budget expenditures	- Wildlife rescue, rehabilitation and habitat enforcement across Andorra's protected natural areas, delivered through a fauna recovery centre and the Forest Ranger Corps (Cos de Banders) - Field operations for monitoring, maintenance and protection of rivers, lakes and wetlands, including biotic water quality assessments - Maintenance and upkeep of Andorra's mountain trail and refuge network, preventing biodiversity deterioration by concentrating visitor access along designated routes and preserving the natural composition of alpine landscapes - Scientific monitoring of species populations and habitat quality, generating the evidence base for Andorra's conservation and ecosystem management strategies.
UN SDGs contribution	 

Climate change adaptation	
Use of proceeds: Expenditures for the improvement of resilience and adaptive capacities with the goal of facing climate change consequences. These expenditures shall be aligned, where feasible, with EU Taxonomy Substantial Contribution Criteria for the relevant activities or, alternatively, with recognized market practices such as: - Development and operation of climate observation systems and meteorological services, including early warning infrastructure, to strengthen adaptive capacities against extreme weather events and climate-related hazards - Air quality monitoring, environmental risk prevention and compliance enforcement activities supporting territorial resilience to climate change consequences - Policy coordination, awareness-raising and technical programmes implementing national climate adaptation commitments, including Andorra's NDC under the Paris Agreement.	
Mapping to eligible EU Taxonomy objectives and activities	Climate Change Adaptation: Activities eligible under Annex II of the Climate Delegated Act (EU 2021/2139) 8.4 Software enabling physical climate risk management and adaptation 9.1 Engineering activities and related technical consultancy dedicated to adaptation to climate change 10.1 Non-life insurance: underwriting of climate-related perils 14.1 Emergency services Sustainable use and protection of water and marine resources: Activities eligible under Annex I of the Climate Delegated Act (EU 2023/2486) 3.1 Nature-based solutions for flood and drought risk prevention and protection
Examples of eligible budget expenditures	- Operation of Andorra's National Meteorological Service, providing weather observation, forecasting and early warning infrastructure for climate risk management and disaster preparedness - Operational expenditures for climate adaptation policy coordination, energy transition promotion and public awareness, implementing Andorra's NDC 3.0 commitments - Air quality monitoring and environmental compliance enforcement, operating atmospheric stations and deploying inspection personnel to support evidence-based climate risk management - Expenditures related to the Study of Climate Change Impact and Vulnerability (EVICC), including the development of an updated climate adaptation roadmap covering key sectors (energy, tourism, health, and agriculture), conducted in partnership with Andorra Recerca + Innovació - Expenditures related to the development of a methodology for nature-based solutions to reduce hydrological risks, based on the results of the Claror pilot project and defining a replicable framework for future implementation in other vulnerable areas - Development of a National Emergency Management Centre with early warning systems, for climate-related disasters including coordination infrastructure and capacity-building - Operation and maintenance of the hydrological and climatic river flow measurement stations, including data acquisition, transmission and management systems, to support flood risk monitoring and early warning infrastructure for climate risk management and disaster preparedness - ARGOS multi-risk platform, a software system that integrates real-time environmental data to support emergency prevention, monitoring, and rapid response to physical climate hazards affecting people, property, and nature.
UN SDGs contribution	

Eligible Social Expenditures categories

Access to essential services – health and healthcare	
Use of proceeds: Expenditures relating to provision, modernization and operation of public and subsidised healthcare infrastructures and services.	
Target population	Including but not limited to the general resident population of Andorra population covered under the CASS mandatory health insurance scheme, low-income and economically vulnerable individuals benefiting from non-contributory coverage, persons with disabilities, persons with mental health conditions and addiction disorders.
Examples of eligible budget expenditures	- Construction, renovation, equipment and operation of public healthcare facilities, including the national hospital (SAAS⁶, primary care units, oncology units, digital anatomy infrastructure and isolation rooms) - Public financing of healthcare through transfers to the CASS and other public mechanisms aimed at ensuring broad, equitable and affordable access to healthcare, including non-contributory coverage for persons meeting the applicable legal and socioeconomic eligibility criteria; and public financing of healthcare and rehabilitation services provided to persons with disabilities, including eligible services delivered by the Fundació Privada Nostra Senyora de Meritxell - Prevention, public health promotion, vaccination programmes, food safety monitoring, mental health and addictions programmes, and drug abuse prevention and treatment - Development and implementation of digital health information systems, integrated care models and telemedicine services to improve healthcare delivery, accessibility and continuity of care - Funding of public health laboratory activities, epidemiological surveillance and analytical services, together with the provision of specific medicines and diagnostic tests made available directly through public health programmes - Creation of the Institut de Recerca d'Andorra, integration of the National Epidemiology Laboratory, and R&D for new treatments and improved health outcomes.
Social objectives	Improve access to quality, affordable healthcare services for all.
UN SDGs contribution	

Access to essential services – education	
Use of proceeds: Expenditures relating to the provision, modernization and operation of public education infrastructures and services.	
Target population	Students from early childhood through vocational education, students from low-income or disadvantaged households, university students, researchers and academics, and the general public.
Examples of eligible budget expenditures	- Construction, extension, renovation, equipment, operation and maintenance of education facilities supporting Andorra's three public education systems (Andorran, French and Spanish), from early childhood to secondary and vocational education, including publicly funded congregational schools, providing education free of charge to students. - Investment and operational expenditures supporting the French and Spanish public education systems, in accordance with the bilateral agreements between Andorra and the respective States. - Construction, extension, renovation, equipment, operation and maintenance of public university facilities - Dissemination and promotion of research including grants and academic programmes supporting access to education, as well as financial support to early-stage researchers and research trainees at public universities.

⁶ Servei Andorrà d'Atenció Sanitària: Andorra's national public hospital and healthcare service provider.

Access to essential services – education	
	- Public and national libraries - Scholarship and financial aid programmes supporting access to education, including student mobility grants and international exchange programmes - Subsidies for school transportation services benefiting students from nursery through vocational training levels. Households meeting defined socioeconomic eligibility criteria, including income, assets, household composition, and personal circumstances such as disability or special need - Investment in digital learning platforms and e-education infrastructure to expand access to quality education.
Social objectives	Access to education for all.
UN SDGs contribution	 

Employment generation	
Use of proceeds: Expenditures supporting stable employment creation and preservation including support for MSME ⁷ , professional integration of persons with disabilities and reintegration of unemployed individuals.	
Target population	MSMEs, unemployed individuals and persons with disabilities facing barriers to labour market participation.
Examples of eligible budget expenditures	- Programmes supporting the professional insertion of persons with disabilities - Reintegration and reskilling schemes for unemployed individuals.
Social objectives	Support inclusive job creation and preservation, reduce structural unemployment and promote equal access to the labour market.
UN SDGs contribution	

⁷ Aligned with the MSME definition by the European Commission: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32003H0361>

Affordable housing

Use of proceeds: Expenditures relating to the production, financing and allocation of access to affordable housing.	
Target population	Households with a legally recognised housing need ⁸ who are legal residents in Andorra and whose gross annual income does not exceed the applicable thresholds established according to household composition ⁹ .
Examples of eligible budget expenditures	▪ Acquisition and leasing of residential buildings for incorporation into the public affordable housing stock ▪ Acquisition of land for the development of residential buildings dedicated to the public affordable housing stock ▪ Construction of new affordable housing developments to expand the supply of public affordable housing ▪ Housing rental assistance programmes aimed at improving housing affordability for eligible households ▪ Financial support schemes for private developers to promote the development of affordable housing projects ▪ Renovation, refurbishment and conversion of existing buildings for their incorporation into the affordable housing stock ▪ Homeownership support programmes for first-time buyers, including public guarantee schemes and interest rate subsidies, aimed at improving access to homeownership ▪ Capital contributions to public or public-private affordable housing funds or entities established to finance, develop or manage affordable housing projects. ▪ Transitional and supported housing programmes such as Hogar Primero for individuals with psychosocial vulnerabilities and income below the minimum wage ▪ Provision and operation of emergency housing units for households facing eviction or involuntary loss of their primary residence, providing temporary accommodation pending access to permanent housing in the public or private market.
Social objectives	Expand the supply of affordable, adequate and energy-efficient housing, improve access to affordable housing for eligible households, address housing exclusion and reduce affordability pressures, and catalyse public and private investment to strengthen the long-term supply and sustainability of affordable housing.
UN SDGs contribution	 

⁸ Households in which neither the applicant nor any household member owns or has access to adequate housing, and who allocate more than 30% of net income to housing costs (Decree 210/2026, Art. 6).

⁹ Thresholds are set by reference to the national minimum wage: 2.2× (single person), 2.5× (couples/single-parent families), 2.9× (couples with 2+ dependent minors). A minimum income above the annual minimum wage is also required (Decree 210/2026, Art. 6(e)), except for retired persons receiving a CASS retirement pension with at least 180 months of contributions, persons receiving a lifelong widowhood pension with no additional income, and persons receiving a CASS invalidity pension incompatible with any work activity, all of whom are exempt but must demonstrate a legally recognised housing need.

Socioeconomic advancement and empowerment	
Use of proceeds: Expenditures aimed at reducing social and economic inequalities and promoting social inclusion, autonomy, equal opportunities and resilience against serious social and environmental risks.	
Target population	Children, adolescents and young people in vulnerable situations, non-profit organisations, people with disabilities, elderly people, people in situations of social risk, exclusion or emergency.
Examples of eligible budget expenditures	- Support programmes for young people in or leaving care, aimed at achieving personal autonomy and social integration - Emergency shelters for homeless people or those in situations of social risk including Residential educational Action Centres (CRAE) and Intensive Education Residential Centres (CREI) - Social rehabilitation programmes for young people at risk - Facilities to prevent the secondary victimisation of children and adolescents who are victims or potential victims of sexual assault and/or abuse (Barnahus-type service) - Grants to non-profit organisations developing social promotion programmes, projects and community initiatives - Solidarity pension programmes for people with disabilities and elderly people - Support for sports organisations promoting physical activity and social inclusion of people with disabilities - International cooperation programmes supporting associations, non-profit entities and United Nations bodies in the promotion of inclusive socioeconomic development - Civil protection emergency operations and disaster relief, including activities carried out with the Red Cross and equivalent bodies, targeting people in situations of social vulnerability or affected by natural disasters - Preparedness and response measures for natural disasters.
Social objectives	Foster socioeconomic inclusion and reduce inequalities through entrepreneurship, access to financial resources equal opportunities.
UN SDGs contribution	  

Exclusion criteria:

Any expenditure related to the following activities (but not limited to) will be excluded from the Eligible Expenditures:

- Spirits, tobacco, gaming
- Armament and defense sector
- Deforestation, degradation of forest
- Fossil fuel production and power generation
- Palm oil industries
- Production, development or marketing of prohibited weapons.

Andorra will not finance the activities excluded by the EU Paris-aligned Benchmarks and EU Climate Transition Benchmarks, in accordance with Articles 10 and 12 of Commission Delegated Regulation (EU) 2020/1818.

3.2. Process for Project Evaluation and Selection

To oversee the implementation and governance of this Framework, including the evaluation and selection of Eligible Green and Social Expenditures, a two-fold process has been established and is performed on annual basis:

- As a first step, an Inter-Ministerial Working Group (IMWG) coordinated by the Ministry of Finance is in charge of ensuring that each relevant ministry prepares and submits a preliminary list of Eligible Green and Social Expenditures and collects the necessary data to demonstrate their alignment with the definitions set out in the Use of Proceeds section.
- The IMWG includes representatives of the following Ministries:
 - The Ministry of Environment, Agriculture and Livestock
 - The Ministry of Territorial Planning and Urban Development
 - The Ministry of Presidency, Economy, Work and Housing
 - The Ministry of Health
 - The Ministry of Social Affairs
 - The Ministry of Institutional Affairs, Education and Universities
 - The Ministry of Culture, Youth and Sports
 - The Ministry of Civil Service and Digital Transformation
- As a second step, a Steering Committee, comprised of representatives from the Ministry of Finance, is then in charge of validating the final list of Eligible Expenditures to be financed by Andorra's Sustainable Bond issuances.
- In this context, the Steering Committee's responsibilities include:
 - Confirming the alignment of Eligible Green and Social Expenditures with the environmental and social objectives and eligibility criteria described in the Use of Proceeds section for the relevant Green and Social Category
 - Replacing expenditures that have become ineligible
 - Verifying that there is no other financing channel for the same expenditure items.
- Upon identifying a legal controversy related to an eligible expenditure, the IMWG will assess the situation and determine whether to maintain or remove the expenditure from the portfolio.
- The Steering Committee, under the supervision of the Ministry of Finance, will oversee the allocation and tracking process on an annual basis, ensuring that: (i) no expenditure is funded by more than one Bond; (ii) no double counting takes place; and (iii) on a best-efforts basis, the amount of Eligible Green Projects always meets or exceeds the sum of the proceeds of outstanding Bonds.

3.3. Management of Proceeds

The net proceeds raised from Andorra's Green, Social and Sustainability Bonds issuance will be deposited into the Central Government Treasury and managed alongside the Government's other financial resources, in line with Andorra's standard treasury and liquidity policy.

To ensure transparency and traceability, proceeds and their corresponding Eligible Green and Social Expenditures will be tracked through a dedicated internal register maintained by the Ministry responsible for Finance. This register will be credited with an amount equal to the net proceeds at issuance and progressively drawn down as Eligible Expenditures are identified and allocated.

Upon approval by the Steering Committee, an amount equal to the net proceeds will be allocated to Eligible Green and Social Expenditures on a nominal equivalence basis within 36 months of the relevant issuance date. Pending full allocation, unallocated proceeds will be managed in accordance with the Government of Andorra's treasury management practices and the exclusion criteria set out in the Use of Proceeds section of this Framework.

Should any Eligible Expenditure cease to meet the eligibility criteria defined in this Framework, the Steering Committee will endeavour to substitute it with another qualifying expenditure as soon as reasonably practicable and, where possible, within 12 months of identifying such circumstance. It is Andorra's intention to identify Eligible Expenditures in excess of the total amount of Sustainable Bonds outstanding under this Framework.

The allocation process will be subject to periodic reconciliation to ensure that cumulative allocations do not exceed the net proceeds raised. This approach guarantees full traceability and alignment with the commitments set out in this Framework.

3.4. Reporting

The Government of Andorra is committed to provide investors with an annual Sustainable Bond Reporting until full allocation of the proceeds, or more frequently as the Government of Andorra deems necessary, in case of material change. The reporting will include information on:

- the allocation of proceeds towards Eligible Green and Social Expenditures ("Allocation Reporting")
- the environmental and/or social impact of those expenditures ("Impact Reporting").

Each relevant ministry will be requested to provide a list of the Eligible Expenditures to which Andorra's Sustainable Bonds proceeds have been allocated to, as well as draft a description of the projects financed and their environmental and/or social impacts.

The Inter-Ministerial Working Group is then responsible for reviewing each section of the report and the final validation is performed by the Steering Committee.

The Green, Social and Sustainability reporting will be available on the Government of Andorra's website.

3.4.1. Allocation reporting

The allocation reporting will provide, for each Sustainable Bond, on an aggregated basis, information such as:

- the total amount of Green, Social and Sustainability Bonds issued
- the breakdown of allocated proceeds by Eligible Green and Social Expenditures categories as well as the description of emblematic projects and/or expenditures
- the amount of new financing versus refinancing
- the share of co-financing of the Eligible Expenditures (i.e. in case of joint investments)
- the balance (if any) of unallocated proceeds
- relevant case studies
- the degree and share of EU Taxonomy-aligned expenditures allocated annually, subject to data availability
- the breakdown of EU Taxonomy-aligned expenditures per category.

3.4.2. Impact reporting

The impact reporting will provide, where feasible for each Sustainable Bond, information on the impact of the Eligible Expenditures. Andorra intends to align, on a best effort basis, with the recommendation set out in the ICMA Harmonized Framework for impact reporting.

A list of potential indicators is presented below.

Eligible Green Expenditures categories – examples of reporting metrics

Eligible categories	Output indicators	Impact indicators
Renewable energy	- Number of projects - Total renewable energy capacity (in MW)	- Expected annual energy production (in MWh/year) - Estimated annual GHG emissions avoidance (tCO₂e/year) - Additional capacity of renewable energy plants constructed (in MW)
Energy efficiency	- Number of buildings built/refurbished - Number of dwellings by type of certification	- Estimated ex-ante annual energy savings (in MWh/year) - Estimated annual GHG emissions reduction/avoidance (tCO₂e/year)
Clean transportation	- Number of zero-emission vehicles subsidised - Number of beneficiaries - Kilometres of new light-rail/tram infrastructure built - Number of passengers served - Number of electric bicycles deployed - Number of users served	- Estimated annual GHG emissions avoidance (tCO₂e/year) - Reduction in air pollutants (NO_x, PM)
Sustainable water and wastewater management	Annual volume of water, waste, wastewater treated (% or m³/year)	- Annual amount of sewage sludge that is treated and disposed of (in %) - Annual amount of wastewater treated, reused or avoided before and after the project (in m³/year) - Reduction in linear water losses (in %)
Pollution prevention and control & circular economy	- Annual amount of material recovered/recycled (tons/year) - Number of projects supported by type	- Annual amount of waste that is separated and/or collected, and treated (in tonnes or % of total waste) - Tons of waste reduced - Amount of virgin material use avoided through the use of recycled or recovered materials (in tonnes) - Reduction of NO_x or SO_x or particulates (PM_{2.5} and PM₁₀) or VOC - Reduction in contaminant levels in mg contaminant kg⁻¹ soil - Reduction in lifecycle GHG emissions of materials through reuse, recycling or composting
Sustainable management of living natural resources, land use and biodiversity protection	- Number of projects supported by type - Hectares brought under active forest management - Hectares with measures to improve ecosystem services, biodiversity, soil protection or the water cycle - Hectares covered by forest fire prevention measures - Number of forestry personnel trained in biodiversity conservation	- Increase in area under sustainable forest management - Reduction of GHG emissions as a result of soil conservation measures and land use change (tCO₂e/ha) - Estimated tonnes of CO₂ captured - Increase in agricultural land set aside for biodiversity conservation (ha and % of acreage farmed)
Climate change adaptation	Number of projects supported by type	- Estimated increase in water retention capacity (m³) in treated watershed areas - Reduction in average time between climate disaster event and emergency response activation (hours)

Eligible Social Expenditures categories – examples of reporting metrics

Eligible Categories	Output indicators	Impact indicators
Access to essential services – health	- Number of healthcare infrastructures financed - Estimated number of beneficiaries of non-contributory health coverage and CASS-financed services	% increase in population with access to essential health services - Reduction in waiting times for specialist care or diagnostic services - Reduction in rural/underserved area disparity in travel time and service utilization - Increase in the rate of early detection of chronic diseases (e.g. diabetes, cardiovascular conditions) among covered populations % of population with non-contributory coverage accessing primary care services
Access to essential services – education	- Number of education infrastructures financed - Number of equipment/supplies installed (€m) - Estimated number of beneficiaries of education support programmes - Amount granted or amount per beneficiary of scholarship	- Increase in completion /graduation rates % of graduates employed/in apprenticeships or enrolled in further education - Change in transition/enrolment rates from primary, secondary, tertiary etc. - Reduction in the performance/completion gap between vulnerable groups (low-income, rural, disability, gender) and the overall student population
Employment generation	Number of jobs created and/ or maintained	- Reduction in unemployment duration, reduction in poverty rate among beneficiary households - Change in local SME revenues or local employment rate in the targeted area % of beneficiaries employed [6-12] months after intervention (or jobs maintained beyond a threshold)
Affordable Housing	Estimated number of beneficiaries	- Reduction in % of households spending on income on housing (cost-burden rate) - Reduction in homelessness entries or repeat shelter use
Socioeconomic advancement and empowerment	Estimated number of beneficiaries	- Reduction in % of households spending on income on housing (cost-burden rate) - Reduction in homelessness entries or repeat shelter use

4. External review

4.1. Second-Party Opinion

The Government of Andorra has mandated Sustainable Fitch to provide an independent Second Party Opinion on this Green, Social and Sustainability Bond Framework. The Second Party Opinion will be publicly available on the Government's website.

4.2. Post-issuance verification

The Government of Andorra will appoint an independent external reviewer to provide third party assurance on the allocation report and its conformity with this Framework until full allocation. The audit report will be made publicly available on the Government's website.