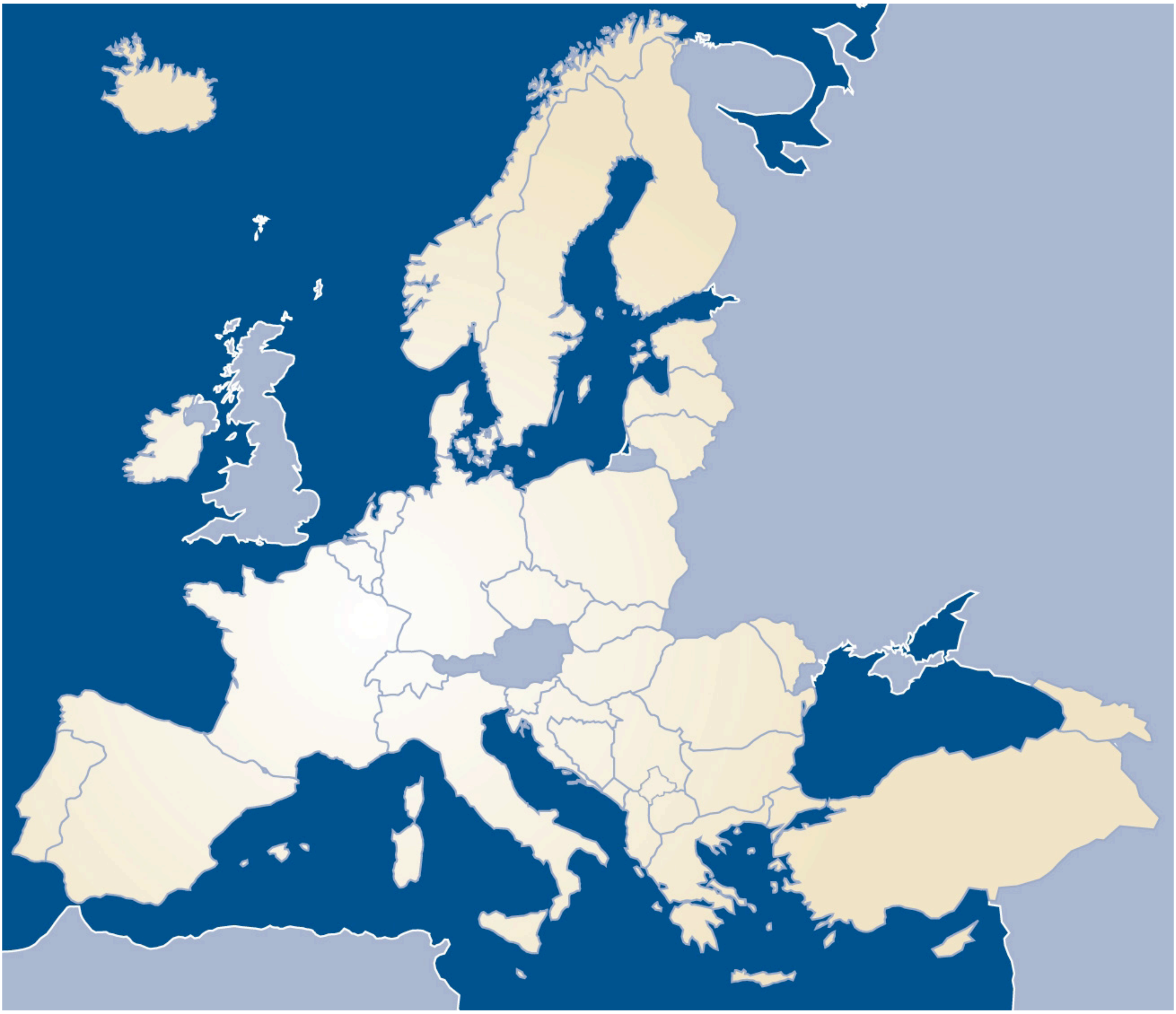
CEB

COUNCIL OF EUROPE DEVELOPMENT BANK
BANQUE DE DEVELOPPEMENT DU CONSEIL DE L'EUROPE



Development Plan 2014-2016

Important notices:

The Development Plan 2014-2016 was unanimously approved by the Governing Board of the CEB at its meeting of 22 November 2013, upon recommendation of the Administrative Council.

Attention is drawn to the fact that some editing adjustments were made to the text - Memorandum by the Governor dated 25 October 2013 - approved by the Governing Board.

Appendices intended for internal use have been removed from this publication.

November 2013

CONTENTS

PURPOSE

The primary purpose of the Bank is to help in solving the social problems with which European countries are or may be faced as a result of the presence of refugees, displaced persons or migrants consequent upon movements of refugees or other forced movements of populations and as a result of the presence of victims of natural or ecological disasters.

The investment projects to which the Bank contributes may be intended either to help such people in the country in which they find themselves or to enable them to return to their countries of origin when the conditions for return are met or, where applicable, to settle in another host country. These projects must be approved by a Member of the Bank.

The Bank may also contribute to the realisation of investment projects approved by a Member of the Bank which enable jobs to be created in disadvantaged regions, people in low income groups to be housed or social infrastructure to be created.

Article II of the Articles of Agreement
of the Council of Europe Development Bank (CEB)

Chapter 1

General framework of considerations

THE CEB – THE SOCIAL DEVELOPMENT BANK IN EUROPE

The Council of Europe Development Bank (CEB) is a multilateral financial institution with a social mandate. Established on 16 April 1956 by eight Member States of the Council of Europe* in order to bring solutions to the problems of refugees, the Bank has progressively widened its scope of action to other sectors directly contributing to strengthening social cohesion in Europe.

The CEB has its own legal personality and is financially independent while being attached to the Council of Europe and administered under its supreme authority. It contributes to the accomplishment of investment projects in conformity with the political and social aims of the Council of Europe and therefore supports its principles and values.

The Council of Europe Development Bank (CEB) is a multilateral financial institution with a social mandate

The CEB today enjoys a unique and original position in Europe, on account of the nature of the projects it finances, the sectors in which it engages and the scope of its shareholding base.

With its 41 Member States the CEB represents a major instrument of solidarity policy in Europe: it participates in the financing of social projects, responds to emergency situations and thereby contributes to improving the living conditions of the least favoured populations On 4 November 2013, Kosovo became officially the 41st Bank's Member State.

The CEB contributes to the implementation of socially oriented investment projects in favour of social cohesion in Europe through four sectorial lines of action, namely:

- Strengthening social integration
- Managing the environment
- Supporting public infrastructure with a social vocation
- Supporting Micro-, Small and Medium Sized Enterprises**.

The CEB bases its activity on its own funds and reserves and receives no financial support, guarantee or subsidy from its Member States. Thanks to its excellent rating, the Bank raises its funds in the international capital markets on the best possible terms, thus enabling its borrowers to significantly reduce their cost for financing social projects.

In terms of operating procedures, the Bank's distinctive characteristics are:

- Flexible functioning, thanks to lean procedures and a flat structure, adapted to borrowers' expectations and the (social) nature of the financed projects.
- Constant efforts to enhance project quality both upstream, during project preparation, and downstream, during implementation and monitoring.
- Emphasis placed on the prudence of its financial policies, the rigour of its risk management and the wide scope of its internal/external control mechanisms.

* Belgium, France, Germany, Greece, Iceland, Italy, Luxembourg and Turkey.

** Additional sectorial line of action set up within the framework of the new Plan.

DEVELOPMENT PLAN 2010-2014 – KEY FEATURES AND ACHIEVEMENTS

Since 1996, the CEB has based its activities on Development Plans adopted by its organs. Preparation of the CEB's Development Plan 2010-2014 started in January 2009. It was approved in November 2009 in a macro-economic environment characterized by the expectation of a fragile global economic recovery and a significant increase in unemployment resulting in greater vulnerability, both economic and social, of the emerging countries of Central, Eastern and South-Eastern Europe that were already weakened by the drought in financing supply in the aftermath of the financial crisis.

In this context, the CEB was encouraged to provide increased support to the Target Group countries*, as defined in 2004. In an effort of solidarity among CEB Member States, the key objective set in terms of volume was to achieve up to 60% of the CEB's loans outstanding** in these countries by end 2014, even though they contributed only 16.9% of the CEB's capital.

Besides the accrued support to the Target Group countries, the Development Plan 2010-2014 also envisaged:

- a 15% increase in the lending volume compared to the 2005-2009 period
- strengthened collaboration with the European Union and donor countries to optimise project implementation conditions
- increased support for the financing of infrastructure projects with a social vocation.

By end 2012 the share of loans in favour of Target Group countries had already reached 61% of the total loans outstanding

These strategic and operational "orientations" were based on the assumptions of a stabilisation of the Bank's risk profile and of a limited increase in loans outstanding to below investment-grade counterparties, which were not to exceed € 3 billion by end 2014. Under these assumptions, the estimated amount of loans outstanding at the end of the implementation period (i.e. at end 2014) was expected to reach between € 14 and € 14.4 billion.

The economic crisis continued to pose major challenges in CEB countries after 2010 and has led to a significant deterioration in the social situation in several of the Bank's Member States. The weakening of the financial soundness of the CEB's borrowers started to be particularly pronounced from 2009/2010 onwards. However, despite these developments and the persistently negative trends generated by the on-going and indeed worsening crisis, the CEB continued to implement the orientations of the Development Plan.

By end 2012 the share of loans in favour of Target Group countries had already reached 61% of the total loans outstanding. Indeed, the loans outstanding in favour of the Target Group countries increased by 25%, from € 5.87 billion at end 2009 to € 7.35 billion at end 2012. Moreover, at the end of the first quarter 2013, 63% of the stock of projects – i.e. approved operations for which loan disbursements are to be made in the coming months and years – was dedicated to Target Group countries.

An increase in the overall lending volumes in comparison with 2005-2009 is also noticeable: as a matter of fact, disbursements have increased from € 1.62 billion on average per year during the 2005-2009 period to € 1.74 billion during the Development Plan 2010-2014.

The Bank also engaged in new projects in line with Council of Europe objectives, for example it started to finance penitentiary infrastructure on a larger scale, in particular in the Target Group countries. The CEB remains the only IFI active in this sector.

As of the date of this publication:

* Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Georgia, Hungary, Kosovo, Latvia, Lithuania, Malta, Montenegro, Moldova (Republic of), Poland, Slovak Republic, Romania, Serbia, Slovenia, "the former Yugoslav Republic of Macedonia" and Turkey.

** From 40% at year-end 2008.

The Bank has been the second largest IFI lender, after the European Investment Bank (EIB), to contribute to job creation projects via support to micro-, small and medium-sized enterprises in most East European countries. From 2010 to 2012, CEB financing in favour of job creation and preservation amounted to € 1.8 billion, representing 29% of its total lending activities.

The Bank has strongly supported several initiatives developed by the European Union including through, for instance, active participation in the Western Balkans Investment Framework (WBIF)*. Financial support provided by the CEB under the WBIF has leveraged total project investments of about € 990 million.

The Bank has also participated in the co-financing of other programmes with EU Funds. By end 2012, cooperation with the EU had enabled the CEB to blend a total of € 951 million in loans with € 262 million in EU grant contributions.

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Concerning the CEB's partnership with the EU and donor countries, specific mention should be made of the Bank's role in the **Regional Housing Programme (RHP)**** where it has assumed a new fiduciary role, in line with its social mandate in the fields of aid to refugees, migrants and displaced persons and social housing, to help provide a lasting housing solution for close to 74 000 people. Within the framework of the RHP, the CEB plays three specific roles: (i) Fund Manager of the RHP multi-donor Fund: managing and reporting on contributions from Donors; (ii) Assistance to Partner Countries: providing strong support in preparing and implementing the country housing projects, monitoring the use of grants disbursed, and supervising technical assistance, and (iii) RHP Secretariat: facilitating coordination between RHP stakeholders.

In the context of its support for Council of Europe programmes, the Bank also established and now manages the Human Rights Trust Fund in order to provide funding for efforts undertaken by States to meet their commitments under the European Convention on Human Rights and other Council of Europe human rights standards.

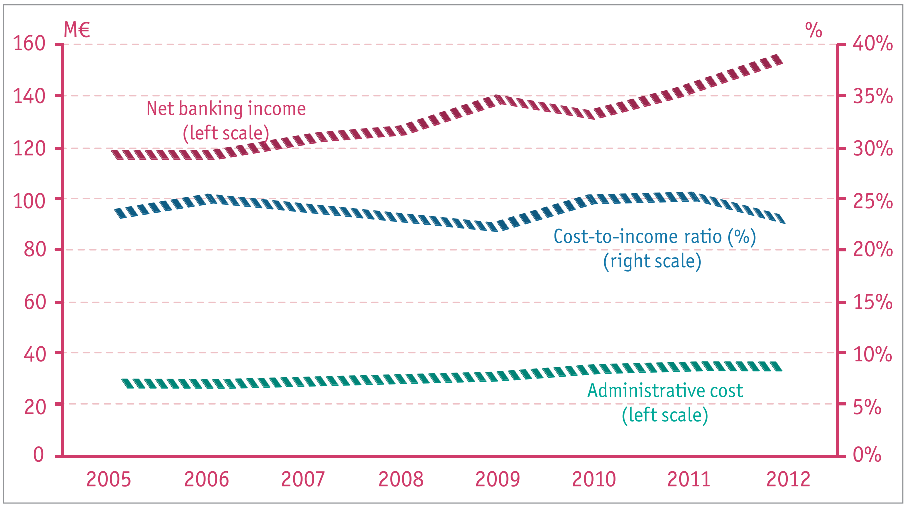
The **reform of the CEB's Social Dividend Account,** formerly referred to as "Selective Trust Account", was approved in March 2013. This has enabled the Bank to diversify the use of grants so as to enhance the added value of the projects it finances and to undertake important project-related initiatives. In parallel, as of 2012, new impetus was given by the Bank's management to increasing the added value of its operations by introducing screening instruments ("two-pronged approach") to assess more incisively the social value of projects and make better use of the lessons learned. This comprehensive approach is now systematically applied to all CEB loans, in both Target and non-Target Group countries (see appendix).

Despite increasingly complex challenges in project preparation and monitoring, since 2009, the CEB has managed to maintain its cost-to-income ratio within the 25%-30% range, which is below the range established by the Development Plan 2010-2014. Indeed, at year-end 2012 the cost-to-income ratio stood at 23.1%.

* The WBIF is an instrument intended to facilitate access to European sources of financing for the countries of the Western Balkans in order to support them in their accession process to the European Union. The facility was set up in December 2009 by the European Commission, the CEB, the EIB and the EBRD. The grants allocated by the WBIF are used to finance the cost of technical assistance and investments in relation to projects. The CEB has financed around € 350 million in loans blended with € 57 million in WBIF grants.

** Regional initiative to provide lasting housing solutions for refugees and displaced persons in Bosnia and Herzegovina, Croatia, Montenegro and Serbia.

Diagram 1: **Evolution of the CEB's Cost-to-income Ratio**



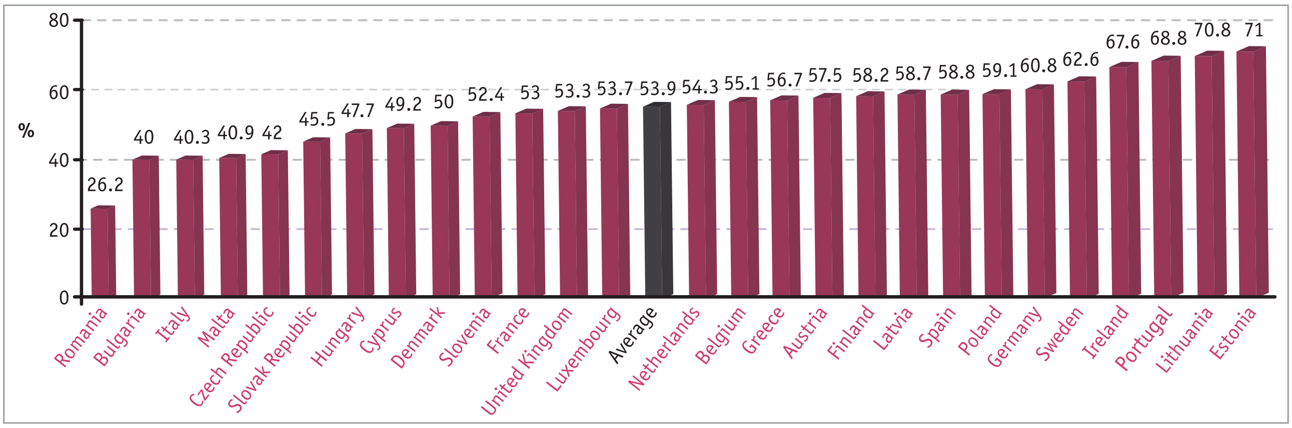
The **above diagram** presents the trends in the net banking income (net interest margin and other banking income/expenses), the administrative costs (including the depreciation of fixed assets) and the resulting cost-to-income ratio, monitoring the share of the net banking income consumed by administrative costs.

THE CHANGING ENVIRONMENT

Europe has entered, in 2013, the fifth year of a deep financial and economic crisis that led to dramatic changes in the Bank's external environment, which have affected the Bank in several important ways.

Firstly, through the impact of severe economic distress and an increase of debt-levels: despite fiscal consolidation efforts, in the EU-27* the general government debt-to-GDP ratio increased from 83.1% at end 2011 to 86.9% at end 2012, and in the euro area from 88% to 92.7%. In 2013, the projections are expected to further increase to 89.8% in the EU-27 and 95.5% in the euro area**. In 2012, fourteen CEB Member States had gross government debt ratios higher than 60% of GDP, and four of those countries, all in the euro area, saw their debt burdens rise to over 110%***.

Diagram 2: **Evolution of the CEB's Cost-to-income Ratio**



Note: CEB graph reflecting the percentage of total funds allocated per EU Member State that has been paid by the Commission on the basis of claims submitted and including payments for territorial cooperation. Source: http://insideurope.eu/taxonomy/term/186

The weakened financial soundness of a number of CEB borrowers and their more limited access to financing led them to adopt tight fiscal consolidation policies; these comprised the reduction, postponement or outright elimination of social investments, despiteincreased social needs.

Secondly, the economic deterioration led to a significant weakening in the ratings of CEB borrowers, which had a detrimental impact on the average rating of the CEB's loan portfolio.

With few exceptions, governments now concentrate their reform efforts in social sectors on macro or sectorial restructurings, on refinancing their debt (to obtain better rates and longer terms), on sustainable completion (to finish the investments already started) and on efficiency improvements (to lower running costs) rather than on new investments.

In those countries eligible for EU Structural Funds, efforts are also focused on increasing the use of EU Funds in the last years of the current programming period, extended until 2016 to facilitate absorption. As at June 2013, the average absorption rate of structural and cohesion funds allocated to EU-27 amounted to only 54%, with important differences between the Member States (see **Diagram 2**).

Meanwhile, unemployment is at historically high levels in Europe. In 2012, the total unemployment rate for workers aged 15-64 registered unprecedented averages of 10.5% in the EU-27 and 11.4% in the euro area (see **Diagram 3** on next page). The situation has been more precarious for young workers aged 15-24 for whom the average unemployment rate is over 20%, twice as high as the rate for adults in general. In 2013, unemployment is expected to further rise in many CEB Member States. The total unemployment rate could increase by almost 1 pp to 12.2% in the euro area and reach 11.1% in the EU-27, with continuing Member State variance.

It is precisely for this reason that "job creation and preservation" is by far the CEB's sector of action with the highest demand for financing from Member States within the context of the structural deleveraging in the banking sector. This trend is set to continue due to the need for capital consolidation.

With few exceptions, governments now concentrate their reform efforts in social sectors on macro or sectorial restructurings, on refinancing their debt, on sustainable completion and on efficiency improvements rather than on new investments

Internal CEB projections assume that these trends, which impact the CEB's portfolio in terms of both the stock and the pipeline of projects, will persist for at least the next few years. It is thus clear that several of the fundamental determinants of the 2010-2014 Development Plan have changed completely. In particular, the expected higher demand for CEB loans for the financing of public social infrastructure projects from target countries failed to materialize, and is unlikely to resume soon given the narrow fiscal space[****] that most countries are now facing. The general economic situation is forecast to remain characterized by low growth, with a consequent continued need for budgetary consolidation and tighter debt control.

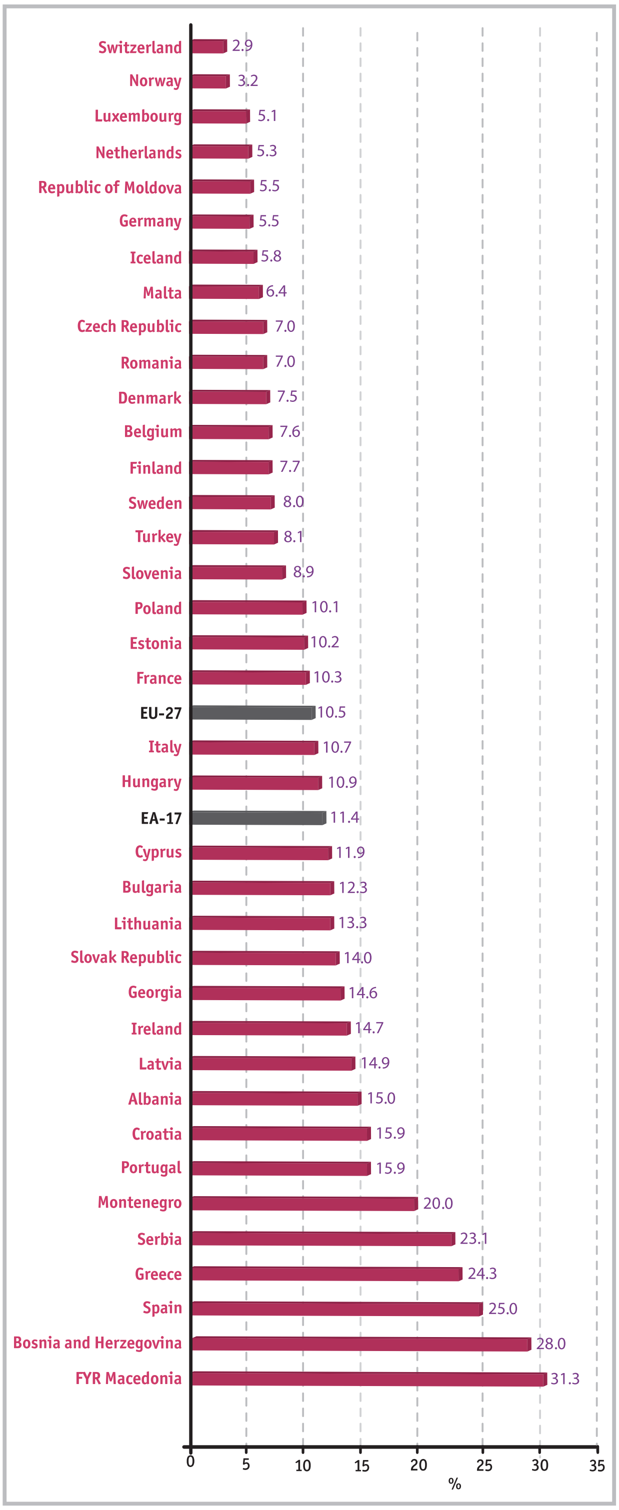
* Before the accession of Croatia, on 1 July 2013.

** Sources: The EC's European Economic Forecast Spring 2013 and the IMF World Economic Outlook April 2013.

*** Source: Eurostat: http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/2-22042013-AP/EN/2-22042013-AP-EN.PDF

**** "Fiscal Space" here means the difference between a nation's sovereign debt-to-GDP ratio and the limit beyond which it will default unless policymakers take reform measures and fiscal steps.

Diagram 3: **Total Unemployment Rates in CEB Member States in 2012 (yearly averages)**



Source: EC's European Economic Forecast Spring 2013 and the IMF World Economic Outlook April 2013.

The present imperative of major fiscal adjustment and the difficulties associated with austerity programmes require a flexible approach and new instruments, adapted country by country

The Member States are passing through the crisis in different ways. Some non-target countries are even more affected than the target countries, and the unitary character of the Target Group's needs as defined in 2004 no longer holds true. The present imperative of major fiscal adjustment and the difficulties associated with austerity programmes require a flexible approach and new instruments, adapted country by country. The CEB is called upon to cope with these challenges. In other words, due to the change in the nature and scope of the demand, the Strategic Orientations and lending instruments as defined four years ago in the Development Plan and the Loan Policy might be hampering the CEB's capacity to respond appropriately and in time to the needs of its borrowers. Moreover in 2014, those CEB Member States that are also members of the EU will be faced with a new regulatory framework for the use of EU Structural Funds.

Chapter 2

Strategic Orientations and Operational Benchmarks

STRATEGIC ORIENTATIONS

In this challenging environment, the CEB must continue to fulfil its traditional role to support the social investments now under threat and maintain its status and role as a major instrument of solidarity policy on the continent, promoting the values of the Council of Europe. Therefore, to respond to the changing environment and different demand, by way of a case by case approach seeking country and/or sector level solutions where feasible, the CEB will:

- Increase the added value of its loans in the financing of social investments
- Provide increased support to Member States in the absorption of EU funds in the social sectors with new types of loans
- Enhance its response to circumstances of sub-optimal financing in the social sectors through more customised loans
- Direct more focus towards enhancing support for job creation and preservation
- Place increased emphasis on innovation, in reaction to shareholder demand, by continuing to seek new ways to finance the strengthening of social cohesion and, in the meantime, assume an increased fiduciary role in the social sectors through non-lending activities.

Five Strategic Orientations have been identified to respond to the challenges mentioned above.

Enhanced support for social investments

As mentioned above, the CEB has already taken measures to enhance the quality and social added value of its loans. To further increase the sustainability of CEB investments, the new Development Plan should aim to improve the quality of the Bank's Project and Programme Loans, both within and outside the EU.

In this context:

- Additional added value will be brought by CEB technical assistance and monitoring instruments, especially in those countries with a high Country Index (as determined by the CEB's screening methodology*). Notably, the Social Dividend Account should play an increased role in helping to strengthen institutional capacity during appraisal and implementation and increase the financial sustainability of social projects in eligible countries. The CEB should seek to integrate the lessons learned from previous projects in the same sector and/or, when relevant, with the same intermediary. In particular, the lessons learned during the recent years of crisis will systematically be taken into account in the project preparation and appraisal stages and will be reflected in project design.

To further increase the sustainability of CEB investments, the new Development Plan should aim to improve the quality of the Bank's Project and Programme Loans, both within and outside the EU

- The Bank should consider the possibility of increasing its participation in a project's financing plan above the present 50% limit, with the possibility of going on a case by case basis up to 90%, especially in the Target Group countries. The rationale for such an increase includes: (i) considerations such as the expected (high) social

* Currently countries scored 3 and 4 according to the "two-pronged approach" methodology.

impact of a project, (ii) the scarcity of alternative financing sources, (iii) the extent to which the CEB plays a key role in guiding project preparation and implementation, and (iv) the financial situation of the borrower country and its ability to proceed with a priority social investment given the lack of affordable financing.

Supporting countries' absorption of EU funds in social sectors

The Bank should develop **EU Co-financing Facility (ECF) loans,** to take into account (i) the preponderance of EU Funds in financing the social investment needs of CEB Member States, (ii) disruptions in the disbursement of such funds and (iii) the lack of counterparty funds, which seriously impacted the implementation of these programmes. These ECF loans, which would be harmonized with the respective EU programmes, will facilitate better absorption of EU Funds in these countries in CEB sectors of action and thus enable the CEB to play a catalytic role by facilitating the absorption and use of available EU grants.

Co-financing Facility (ECF) loans will be developed at country level in conjunction with different EU financing instruments directly supporting current EU objectives, both within and outside the EU

Therefore, under the new Development Plan, ECF loans will be developed at country level in conjunction with different EU financing instruments directly supporting current EU objectives, both within and outside the EU.

Within the EU

- The CEB should facilitate absorption of EU Funds in the social sectors by providing ex-ante and/or short-term bridge and long term financing with a sectorial approach with respect to operational programmes at the national level, or with a project approach at the local level.
- The ECFs will be developed and monitored on a macro-basis, based on the lessons learned in the Development Plan 2010-2014, on the new EU models and requirements and on the architecture of operational programmes at country level. On a case-by-case basis, at country level, a regional development approach might be considered.

Outside the EU

The CEB will continue its support to EU accession countries and Neighbourhood Policies, country by country. Cooperation with specific EU instruments such as the WBIF will be continued and the creation of specific social instruments such as the Regional Housing Programme could be considered, depending on needs and available resources.

Appropriate response to inadequate sectorial financing

To alleviate the consequences of the crisis in the public social sectors and to facilitate further investments and reform programmes, the CEB will develop new, innovative, instruments that provide flexible financing to public agencies.

These new types of Programme Loans, to be called **Public Sector Financing Facilities (PFF),** will provide financing in CEB sectors of action with sub-optimal financing levels and may, on an exceptional basis, cover not only investment costs but also the expenditures needed to maintain the viability and sustainability of public services. Such expenditures could include on-going investment contracts, critical maintenance and spare parts, rebalancing investments, etc., but would not cover staff costs (salaries, wages and other related benefits e.g. pension payments), financial charges or taxes and non-cash elements (e.g. depreciation).

PFFs will be developed at country level, "on spot", to solve well-determined temporary, actual or anticipated treasury financing gaps and remain available for the first disbursement on the CEB stock of projects for two budgetary years with the aim of upholding investments and reform programmes in CEB sectors during the crisis. The approach will be based on solid operational and financial projections and, therefore, the PFFs will provide critical mass, predictability and ensure continuity in financing to line ministries and public agencies during the implementation period. PFFs are expected to bring important added value by ensuring uninterrupted financing with positive consequences on the functioning and, depending on the case, even the modernisation of public services in areas of high social relevance.

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Enhanced support for job creation and preservation

Taking into account the unemployment situation in many of its Member States, the CEB will give new impetus to its action in this sector. Via loans to Micro-, Small and Medium Size Enterprises (MSMEs), the CEB will underpin its support for job creation and preservation by using specialized intermediaries, screened to respond to the CEB's socially oriented requirements (target micro- and small enterprises, etc.) in line with the "two-pronged approach" methodology introduced in 2012. The CEB prioritizes the smallest SMEs and start-ups, i.e. those enterprises with limited, less favourable, or even no access to credit, by encouraging the financial intermediaries to lend to this sector. The challenge today is high due to the banking sector's on-going structural deleveraging and uncertain prospects for growth in the forthcoming years.

The CEB will give priority to the initiatives driven by governments in this sector via apex structures developed with State-owned banks and to those implemented by other financial intermediaries – commercial banks or leasing companies. CEB-supported intermediaries will need to demonstrate upfront a clear commitment and ability to on-lend to the target MSMEs on a commercially sound and economically sustainable basis.

It is expected that the CEB's role in the sector will remain two-fold. Firstly, at the small firm level, it will provide long-term financing for investment purposes. Such financing is scarce not only in most target countries, given their still shallow financial systems, but also now, with the economic crisis, in several non-target countries. Secondly, at the intermediary and financial system level, the CEB will continue to act as a catalyst by providing stable financial ballast that will incite the intermediary itself to increase its support for MSMEs, beyond what it would otherwise have done, using its deposit base and capital - a key raison d'être of deposit-taking institutions.

Continuous innovation and non-lending activities

In addition to improving its existing financial products and the development of new ones mentioned in the above Strategic Orientations, the CEB will continue to innovate on its current activities. The main lines of innovation that could be followed to increase the added value of CEB financing would be: cooperation with the private sector (public-private partnerships, equity participation, etc.), risk sharing mechanisms (especially in support of micro-credit) and improving the non-lending offer.

In addition to improving its existing financial products and the development of new ones mentioned in the Strategic Orientations, the CEB will continue to innovate on its current activities

Fiscal retrenchment by Governments has, in many countries, been accompanied by a much more acute recognition of the current and potential role of the **private sector** in supporting social infrastructure projects, easing fiscal constraints and improving the efficiency and delivery of the basic services to the general population in sectors such as education, health and the judiciary. For this reason the CEB needs and intends to explore ways of increasing its role in supporting such investment activity, including through new ways of involvement in public – private partnerships (PPPs) and through equity participation. The two will be considered in the light of their respective benefits, especially in terms of their ability to reach categories of beneficiaries not accessible through ordinary CEB loans and of the added value brought by the CEB in such projects.

The CEB will consider **micro-credit** as a tool to reach the categories of beneficiaries that are not bankable and hence excluded from the formal financial sector (e.g., low-income people, migrants, etc.). Micro-entrepreneurs are often not able to borrow small amounts as many banks see microcredit as a high-risk activity with high operational costs. Although the term 'microcredit' is most commonly used in relation to developing countries (i.e., CEB target countries), CEB non-target countries are increasingly interested in improving the availability of microloans for small businesses and for people wanting to become self-employed. The CEB will explore its possible role and potential value-added in this area.

Reflections regarding CEB participation in PPPs, equity structures and micro-credit will be submitted to the Administrative Council for debate in the course of the new Development Plan, evaluating the pros and cons together with the budgetary implications for the Bank.

Other financial instruments in the social sectors, especially **risk sharing mechanisms** – also already considered by CEB, on the model of its SDA Guarantee Window – are to be explored with different partners, including the EU.

Meanwhile the Bank will improve its **non-lending offer** by strengthening its technical assistance capacity as well as its new roles, such as that of a fiduciary institution for managing funds with a social purpose, and it will improve its instruments in that prospective.

Based on the experience gained over the years in its lending role in the social sector, together with the more recent experience in fiduciary activities (e.g. management of Member States' trust accounts* or of EU and donors' grants**) the challenge of the forthcoming Plan will lie in combining the two by blending more and more CEB loans with grant resources administrated directly by the Bank.

* Several Trust Accounts have been created and are administered by the CEB: Human Rights Trust Fund (HRTF), Norway Trust Account (NTA), Special Account Sweden (State Prison in Bosnia and Herzegovina), Spanish Social Cohesion Account (SSCA).

** As in the case of the Regional Housing Programme.

OPERATIONAL BENCHMARKS

The CEB remains determined and will continue to respond in an ambitious way to Member States' needs in the social sectors. Despite the important challenges, the CEB Development Plan 2014-2016 will seek to reach a volume of € 5.4 billion disbursed during the next three years and will maintain its focus on the Target Group countries with an expected level of € 3 billion to be disbursed with a flexibility of 10% justified by the unpredictability of market parameters.

These expectations assume a stabilisation of the risk profile and do not consider the accession of new Member States with considerable impact on the CEB's capital. Meanwhile, the ultimate achievement of the Development Plan's overall operational objectives remains heavily dependent on Member States' investment plans in the social sectors as well as on the stability of the banking environment and on the CEB's position in relation to its peers.

Disbursements

Therefore, the Development Plan foresees a disbursement level of € 1.8 billion +/- 10% per year. This objective would allow the Bank to mark the change with qualitative improvements and project financing instruments better adapted to social

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sector needs and to ensure continuity, in terms of volumes, with the previous Plans, given that the forecast for 2010-2013 stands at € 1.7* billion per year and during the previous Plan, in 2005-2009, the average amount disbursed per year was € 1.6 billion. Moreover, in terms of geographic distribution the CEB aims at maintaining the 60/40 ratio of disbursements between the Target and non-Target Group of countries, on condition that the Bank preserves its financial soundness. Therefore:

- The volume disbursed in favour of the Target Group countries is set at around 1 billion +/- 10% disbursed per year, and the amount could go up or down depending upon national priorities and the use of the newly created financing instruments, namely the EU Co-financing Facilities (ECF) and the Public Sector Financing Facilities (PFF), especially by the countries under fiscal distress.
- The amount disbursed in the non-Target Group may vary depending on needs in CEB sectors, especially those related to sub-optimal financing from market sources. Thus, the Bank will make efforts to facilitate access to financing for the most socially oriented projects, especially for those rated high on Social Impact according to the CEB's screening methodology, in order to respond to the most acute needs in non-Target Group countries.

Approvals

In terms of approvals, the amount is expected to be in the range of € 1.9 to 2.3 billion per year, depending on stock turnover, with the ultimate aim of reaching the objectives in terms of disbursements mentioned above. As in the case of volumes disbursed, the amount could go up or down depending upon national priorities and the use of the newly created financing instruments, namely the EU Co-financing Facilities (ECF) and the Public Sector Financing Facilities (PFF).

* Estimated amount for 2013: € 1.8 billion.

Chapter 3

Means of implementation

REVISION OF THE LOAN POLICY*

Lending is the Bank's main and core activity, therefore the Loan Policy has to be revised to reflect the Strategic Orientations of the new Plan. While the CEB's unique mandate and sectors of action are preserved in the Loan Policy, the preparation of a project for financing, its presentation and its financing with CEB loans will be modified to reflect the progress made in the recent years and the further changes required by the Plan's Strategic Orientations.

Lending is the Bank's main and core activity, therefore the Loan Policy has been revised to reflect the Strategic Orientations of the new Plan

Therefore, the Loan Policy provisions incorporate the following essentials:

- **Increased technical assistance support** during appraisal and implementation with resources from the Social Dividend Account or different donors. The CEB will deploy efforts to ensure that its expertise and financing of social investments carries clear added value, so that its participation increasingly represents a "must have" for beneficiary institutions as well as for donors.
- An appropriate response to needs so as to increase the **sustainability** of the financial package.
- **Improved screening of projects** with emphasis on social added value and lessons learned from previous projects, in line with the "two-pronged approach" screening methodology.
- **Disbursement mechanisms** (number of tranches, eligible costs, content and frequency of monitoring reports) **adapted to the needs of the project** as determined during appraisal and in line with the lessons learned during the previous Development Plan.
- **Flexibility** in the financing structures to match borrowers' treasury needs and, as far as possible, facilitate revolving and/or blending with grants from other international organisations, especially the EU, so as to increase the leverage effect of CEB loans.

In line with the emphasis stipulated in the Strategic Orientations, the importance of job creation and preservation as a CEB sector of action is underlined through the creation of a dedicated sectorial line of action. Therefore, under the new Plan, the CEB lines of action are: (i) strengthening social integration; (ii) managing the environment; (iii) supporting public infrastructure with a social vocation and (iv) supporting Micro-, Small and Medium Sized Enterprises (MSMEs). The format of CEB reporting will be modified accordingly.

SOCIAL DIVIDEND ACCOUNT AND OTHER TRUST ACCOUNTS

The SDA as well as the other trust accounts created with different donors will reinforce the new Plan's Strategic Orientations. In addition to the important Technical Assistance role mentioned above, the CEB will strive to innovate by using the other SDA instruments for the creation of new models of CEB financing.

In the meantime, on the current basis and the experience gained, efforts to attract grant resources in support of the Strategic Orientations under the CEB's strengthened "social label" will be continued and if possible reinforced, through cooperation with the EU and other potential donors.

* The CEB Loan Policy renamed "Loan and Project Financing Policy" and its Loan Regulations

ADEQUATE RISK – CAPITAL BALANCE

While the CEB managed to maintain an excellently performing asset portfolio, the challenging economic and financial environment (see The changing environment above) led to an increase in credit risk as evidenced by the multi-notch downgrades of several borrowing and shareholder countries over the last few years.

In the new Development Plan, the Bank will pursue rigorous and conservative risk management policies, maintaining the highest standards in assessing and monitoring all the risks involved and therefore decisively contributing to the stability and sustainability of CEB activities.

The new Basel III rules, calling for strengthened capital requirements, combined with the methodology changes for IFI assessment adopted by the credit rating agencies, prompted an in-depth review of the efficiency and sustainability of the Bank's prudential framework in the current environment. This review has been conducted in parallel with the Development Plan with the aim of aligning the needs of the latter to the risk absorption capacity.

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Different stress tests carried out under the new framework support the feasibility of the Development Plan, assuming the economic environment will not significantly deteriorate. However, it is paramount to preserve current capital adequacy levels and carefully monitor the concentration risk which arises from a small number of borrowers accounting for a very significant share in the total portfolio exposure (compared to equity).

COOPERATION WITH THE COUNCIL OF EUROPE

The Bank's special link to the Council of Europe provides it with some of its most specific and defining areas of action: refugees, inclusion of vulnerable populations, judiciary infrastructure. In these areas of action the CEB holds a clear comparative advantage: it is close to the institution that is broadly accepted as the standard setter and also as one of the main monitoring bodies in these areas. This closeness has been wisely exploited as far as prison standards are concerned. The experience in this sector might be extended to some of the other aforementioned areas. Cooperation with the Council of Europe could be explored beyond the standard-setting issues.

The two institutions have different mandates in the same sectors, which offers potential for cooperation with substantial synergies, once their respective roles and responsibilities are clearly defined and correctly understood. Roma Inclusion and Cultural Heritage are examples of areas where both institutions are seeking paths of collaboration.

COOPERATION WITH THE EU, DONORS AND INTERNATIONAL ORGANISATIONS

Among the CEB's 41 members, 26 are EU members and 8 are current or possible accession countries to the EU, creating a common field of action for the CEB and the EU. The EU therefore remains the CEB's natural partner in achieving its social mandate both in terms of types of objectives and of leverage effects on the new Plan's Strategic Orientations.

On the manifold experience achieved in the implementation of the current Development Plan, the CEB aims to prioritize its cooperation with the EU by focusing on the most relevant initiatives in CEB sectors at country level

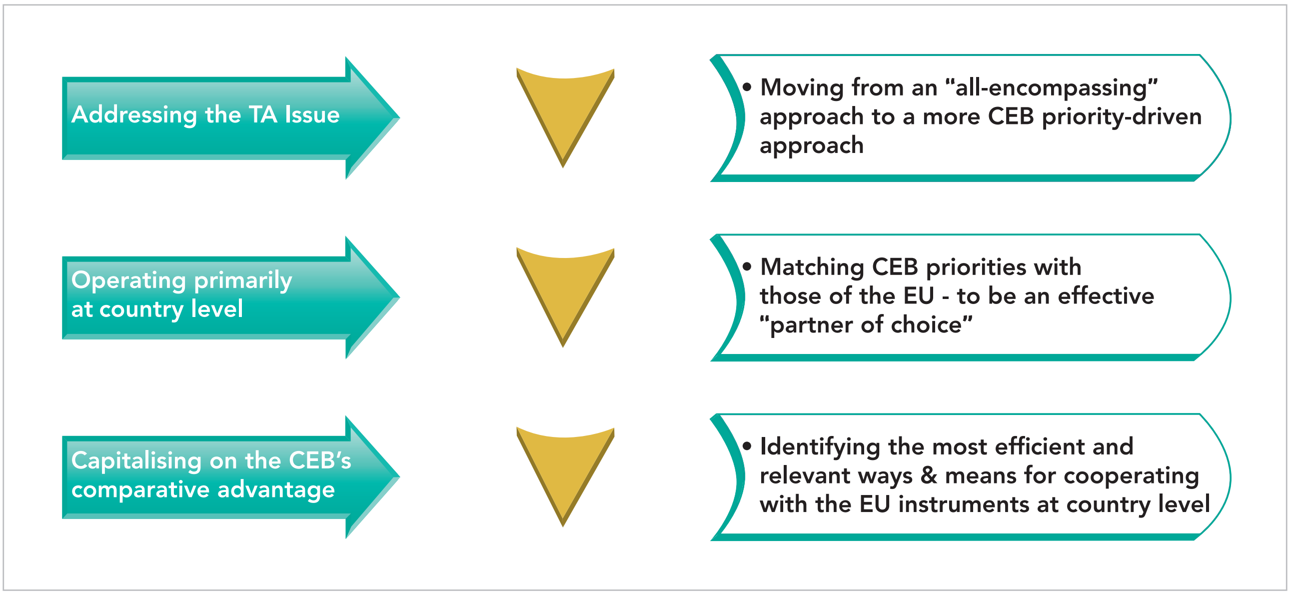
On the manifold experience achieved in the implementation of the current Development Plan, the CEB aims to prioritize its cooperation with the EU by focusing on the most relevant initiatives in CEB sectors at country level by matching EU areas and instruments with those where the CEB's added value is needed.Therefore, by capitalizing on the CEB's comparative advantage (e.g. experience in social sectors, flexibility of its lending instruments with catalytic effect, recognition at country level) and, in parallel, addressing the technical assistance and capital investment needs, the Bank should increase the leverage effect of its loans and facilitate social sector financing in the Member States.

At the same time, the CEB will be proactive in pursuing certain underlying principles:

- Remaining open to new developments under way at country level (e.g. EU financial instruments), which should also be seen as leverage opportunities.
- Better promoting the CEB's successful experiences and comparative advantages.
- Building upon its past experience. Not only has the CEB enhanced its institutional visibility and credibility as a "partner of choice", but it has also improved its learning curve in the management of TA and fiduciary accounts.

The **diagram below** presents CEB objectives in better operationalizing its existing cooperation with EU:

Diagram 4: CEB – EU cooperation



While the EU is the main source of contributions for the CEB, cooperation with other donors is nevertheless crucial. For the CEB, contributions from other donors represent a key source of funding for technical assistance and investment grants. By funding this technical and financial support, donors enable the

Bank to finance more high value projects, especially in Target Group countries. In light of this, the CEB will continue in the coming years to reach out to donors other than the EU for contributions.

In the framework of cooperation with OECD, the CEB recently initiated collaboration with the OECD Development Assistance Directorate (DAC) to advance the process of including the CEB on the "List of ODA*- Eligible International Organisations". ODA qualification would reflect the strong commitment of CEB member countries and donors to fostering social development in the Bank's vulnerable countries, notably in the 9 ODA countries listed by the OECD DAC for reporting on 2012 and 2013 flows**.

Furthermore, the CEB is a natural partner to other peer IFIs (e.g. the EIB, the EBRD, the World Bank Group, the NIB as well as other regional MDBs) and international institutions active in the social field, in particular several United Nations specialised agencies such as the UNHCR, UNICEF and the UNDP. The CEB has already woven a network of close partnerships and signed a number of framework cooperation agreements (Memoranda of Understanding) on both bilateral and multilateral bases. The CEB will seek to pursue and develop this policy of cooperation by focusing primarily on additional financing and complementary areas of expertise.

* Official Development Assistance

** Albania, Bosnia and Herzegovina, Georgia, Kosovo, Republic of Moldova, Montenegro, Serbia, "the former Yugoslav Republic of Macedonia" and Turkey

RESOURCE FRAMEWORK

Over the past years, the CEB has successively developed its operational structure, in order to adapt to changing activity prospects and to ensure sound internal functioning. These adjustments were guided by the overall objective of institutional leanness, keeping expenses in a sustainable relation to banking income. In 2013, the resource framework globally fits to the current activity level with punctual adjustments yet to be made, whereas reaching the targets of this 2014-2016 Development Plan will require more substantial enhancements.

Cost pressure on the budget will arise from two areas:

The Bank's services must adapt to the Development Plan's Strategic Orientations:

- New types of loans will require cooperation, especially at country level, with other international institutions and public agencies as well as the appraisal and financing of projects with more complex mechanisms. These activities are particularly resource binding, since the need for dialogue and exchange of information tends to increase substantially along with the number of interlocutors.
- The improvement of existing project and programme loans, especially via the development of technical assistance and monitoring, may require further specialized internal resources.
- Innovation and diversification of the financial offer (micro-credits, private-public partnerships, equity participations, etc.) and the development of non-lending activities will require dedicated teams with particular professional backgrounds. Consequently, the CEB will have to strengthen its structure in this domain, particularly for its fiduciary role.
- The new Plan also implies associated costs for "strengthening the CEB label", increased visibility for the Bank, through conferences, publications and enhanced institutional communication.

The Bank must keep up with the rapidly tightening regulatory framework:

- Basle III / IFRS standards continue to evolve, demanding regular adjustments to monitoring and reporting instruments, handled by highly specialised staff.
- Continuously increasing requirements by the Bank's stakeholders in terms of "best practice" will burden the resource framework in various areas (legal, risk management, internal audit, compliance, etc.).

These challenges imply targeted reinforcement of the CEB's resources, spread over the period 2014-2016 in order to ensure diligent and high-quality staffing.

In 2013, the resource framework globally fits to the current activity level with punctual adjustments yet to be made, whereas reaching the targets of this 2014-2016 Development Plan will require more substantial enhancements

As presented in the *Development Plan 2010-2014 - Key features and achievements* above, the CEB's cost-income ratio, the most aggregate indicator for banking efficiency, has shown sustainable results in recent years, since cost increases were compensated by regular growth in profitability. A performance standard of 25-30% was set for this ratio in the Bank's performance assessment system. To date, the ratio has not significantly exceeded the lower end of the target range, and the forecast development of budgets for 2014-2016 should make it possible to respect the current performance standard.

Appendices

THE CEB'S MEMBER STATES

	Date of accession	Participation in capital as at 30.11.2013 (figures non audited)
Albania	24 June 1999	0.245%
Belgium	16 April 1956	3.003%
Bosnia and Herzegovina	18 December 2003	0.177%
Bulgaria	28 May 1994	1.141%
Croatia	24 June 1997	0.391%
Cyprus	18 November 1962	0.363%
Czech Republic	12 February 1999	0.786%
Denmark	1 April 1978	1.639%
Estonia	3 April 1998	0.233%
Finland	13 May 1991	1.275%
France	16 April 1956	16.735%
Georgia	10 January 2007	0.180%
Germany	16 April 1956	16.735%
Greece	16 April 1956	3.003%
Holy See	4 September 1973	0.003%
Hungary	10 March 1998	0.818%
Iceland	16 April 1956	0.185%
Ireland	30 November 2004	0.883%
Italy	16 April 1956	16.735%
Kosovo	4 November 2013	0.120%
Latvia	14 September 1998	0.234%
Liechtenstein	1 January 1976	0.053%
Lithuania	8 January 1996	0.230%
Luxembourg	16 April 1956	0.635%
Malta	1 March 1973	0.185%
Republic of Moldova	1 April 1998	0.100%
Montenegro	19 November 2007	0.120%
Netherlands	1 January 1978	3.633%
Norway	1 January 1978	1.275%
Poland	17 August 1998	2.344%
Portugal	1 August 1976	2.543%
Romania	5 March 1996	1.095%
San Marino	27 April 1989	0.089%
Serbia	23 April 2004	0.472%
Slovak Republic	22 December 1998	0.346%
Spain	1 January 1978	10.914%
Slovenia	1 February 1994	0.225%
Sweden	1 July 1977	2.543%
Switzerland	1 January 1974	0.984%
"the former Yugoslav Republic of Macedonia"	15 December 1997	0.233%
Turkey	16 April 1956	7.096%

The "two pronged approach" methodology is systematically used by the CEB since 2012 for the screening of projects. The methodology developed based on the experience achieved by CEB internal committees after many years of projects' appraisal, looking for the identification of those with the most significant social value and where the Bank has a manifest and recognisable added value. Hence, the methodology rationalizes, synthesizes and formalizes the screening criteria for CEB projects in a comprehensive approach that focuses on the social value of projects.

The underlying premise of "the two-pronged approach" is that the social added value of a CEB loan depends on both the intrinsic characteristics of the "project" and the context in which it is implemented, i.e. the "country" parameters. Taken together, these two dimensions provide a yardstick for measuring the additionality of the CEB financing via two equally weighted factors, the project score and the country score:

Project score

The intrinsic value of a project includes, amongst others, clear identification of project objectives and final beneficiaries, solid project design including suitable indicators, conducive institutional and policy framework, sound project management and implementation procedures, satisfactory costing and appropriate financing plans, and accounting, audit and monitoring arrangements, they should be organized around several set of criteria:

- Sector Context, i.e. the extent to which the project is suited to the priorities of the targeted beneficiaries in the recipient country: (i). Addresses sector priorities, including identified market or institutional imperfections through analysis of sector and related needs and the estimated viability of proposed approaches or interventions; (ii). Helps improve institutional framework (if necessary), policies and infrastructure so that the project meets its social and other aims set by CEB; and (iii). Addresses specific high social value added issues and other interventions in line with the CEB mandate (e.g. refugees, migrants and displaced populations, priority environmental issues, immediate aftermath of ecological or natural catastrophes).
- Social Impact, namely the clarity of the final beneficiaries' definition and of the modalities for reaching them, with emphasis on the clarity of the mechanism for social targeting and the intensity of social targeting. This is a key issue considered by the CEB services during appraisal to ensure that the implementation arrangements, monitoring and reporting modalities, etc., are appropriate so as to ensure that the project results in the expected social outcomes.
- Institutional and Organizational Aspects: Evaluation of whether the borrower, and/or implementing agency have in place the management arrangements, staffing, policies and procedures etc. to get a project underway soon after its approval by CEB. Management of environmental aspects and convergence with the CEB Environmental Policy is also considered here.
- Soundness of Costing and Financing Plans: This is critical, as experience shows that poor costing and incomplete financing plans are an important reason for delays in implementation (and in the delivery of expected social and economic outcomes), and for increased costs and diminished viability. The existence of ownership and availability of financing resources represents key elements of the project appraisal.
- Expected Financial Impact: the CEB funding provides added value in terms of not only covering a financing gap or addressing market imperfections with consequences on a social sector, but also (i). Identifies (or catalyses) other funding for the project (or sector); (ii). Improves the structure and soundness of the financing package for the project/programme overall; and (iii). Improves the terms of the financing.
- Sustainability: This implies an ex-ante judicious assessment of the likely sustainability of the project once the CEB's financial support has come to an end. It includes an evaluation of whether the financing package (including Operation and Maintenance), the institutional and policy underpinnings exist for the purpose. While in some instances (e.g. immediate natural catastrophe situations or financing that can only be done on a grant basis) the sustainability considerations may be of less importance, they are in general key to the value added of a proposed operation.

- **CEB Capacity Impact:** Extent to which the CEB is expected to improve project governance and fiduciary aspects (procurement, audit, and transparency, etc.) through direct input or technical assistance external services provided during appraisal and/or implementation. The CEB capacity to provide assistance within the framework of EU dedicated instruments would also be considered.

Regarding **the criteria for the selection of the CEB financial intermediaries,** consideration will be given to ensure that these have:

- **Mandates** and business strategies that are compatible with the CEB social objectives
- **Sound and Transparent Governance** as well as the requisite arrangements for execution of fiduciary responsibilities (e.g. Money Laundering etc.)
- The requisite **Institutional Capacity** and willingness to reach specific final beneficiaries (i.e. appropriate operating policies, procedures and systems)
- Clear **Mechanisms** to reach final beneficiaries and, especially in the case of public intermediaries (e.g. public agencies, development banks), a reliable outlook for financial sustainability of investments
- **Compliance with the monitoring modalities** allowing the CEB to evaluate the social outcomes of the Project.

The assessment of the **convergence with the Standards** of the Council of Europe is reviewed by the CEB services to identify, from the early stages of project appraisal, the project's convergence aspects with applicable Standards as well as the potential impediments which might arise throughout project's financing implementation.

The project score is calculated as a judicious assessment of the scores assigned to the above criteria. The projects which do not reach minimum scores are removed from the stock of projects.

The assessment criteria are systematically monitored throughout the life cycle of a project and included in the CEB project monitoring methodology and could be referred to in the ex-post project evaluations.

Country Score

The country assessment is based on the aggregate income level (GNI/capita at PPP*) with high income countries scoring low and low income countries rated high. GNI per capita is the main criterion applied by the World Bank to divide economies into income groups**. It gives an indication of the population's material well-being and is the basic way of measuring the average standard of living for the inhabitants of a country.

The dispersion in GNI/capita at PPP across the CEB member countries is significant: Luxembourg has the highest GNI/capita at PPP at almost twice the EU-27*** level, while the Republic of Moldova registers the lowest income level, at 1/8th of the EU-27 average. All CEB "target group" countries have a GNI/capita at PPP below the EU-27 average. CEB "non-target" group countries generally have higher or marginally lower levels in comparison with the EU-27 average, with the exception of Portugal and Greece which are at 20-25% below the EU-27 level. Reflecting the current economic context across Europe, and including the effects of the financial and economic crisis, GNI/capita at PPP is a readily available indicator pertinent to assess the context in which a project is being carried out, i.e. the country context.

* GNI, PPP, is gross national income (GNI) converted to international dollars using purchasing power parity rates. An international dollar has the same purchasing power over GNI as a U.S. dollar has in the United States. GNI is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. Source: World Bank

** GNI per capita calculated using the World Bank Atlas Method is used to classify economies in four groups of countries: low income, lower middle income, upper middle income, and high income.

*** The GNI/capita, PPP, for EU-27 was USD $32 754 in 2011. Source: World Bank.

GLOSSARY

Title - CEB
Since its creation in 1956, the Bank has been known successively under three different titles. Since 1 November 1999, it has been known as the CEB-Council of Europe Development Bank.

Council of Europe
Established under the Treaty of London on 5 May 1949, is the continent's leading human rights organisation. It includes 47 Member States, 28 of which are members of the European Union. All Council of Europe Member States have signed up to the European Convention on Human Rights, a treaty designed to protect human rights, democracy and the rule of law.

CEB Articles of Agreement
Establish the Bank, its purpose, membership and means of action. They set down its governance, organisation, administration and supervision. The first Articles of Agreement were adopted by the Committee of Ministers of the Council of Europe on 16 April 1956 under Resolution (56)9. New Articles of Agreement, adopted by the Committee of Ministers on 16 June 1993 under Resolution (93)22, came into force on 18 March 1997 following their ratification by all the Member States.

Member States
As at 4 November 2013, the CEB had 41 Member States: Albania, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Holy See, Hungary, Iceland, Ireland, Italy, Kosovo, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Moldova (Republic of) Montenegro, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, "the former Yugoslav Republic of Macedonia" and Turkey.

Target Group countries
As at 4 November 2013, 22 Central, Eastern and South Eastern European countries, forming the CEB Target Group countries, are listed among the Member States, namely: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Georgia, Hungary, Kosovo, Latvia, Lithuania, Malta, Moldova (Republic of), Montenegro, Poland, Romania, Serbia, Slovak Republic, Slovenia, "the former Yugoslav Republic of Macedonia" and Turkey.

Appraisal
Is the process of identification and assessment of potential Projects prior to their submission for approval by the CEB Administrative Council. Appraisal process includes both an assessment of all relevant aspects of the project as well as a credit risk evaluation of the Borrower.

Approval (Project approved)
A project that has been submitted to the Administrative Council and approved for funding.

Borrower
May be a CEB Member State, a central or local government entity, a financial institution or any other public or private entity approved to borrow from CEB.

Loan Policy ("Loan and Project Financing Policy")
Defines the basic principles for the selection and implementation of the Bank's investment projects. In particular, it sets forth the guidelines given in matters of project financing, successively defining (i) the CEB sectors of action, (ii) the Bank's financial means of action, (iii) the mechanisms for approving loan applications and for managing the stock of projects, (iv) the financing and monitoring of projects. These provisions are completed by different implementation documents, namely the "Handbook for the Preparation and Monitoring of Projects" and the "Loan Regulations".

Loan Regulations
Lay down the general conditions governing loans granted by the Bank and guarantees thereof. Loan Regulations are attached to the Framework Loan Agreement signed by the CEB and the Borrower.

Disbursement (Loan disbursed)
A loan that has actually been paid to the borrower.

European Co-financing Facility (ECF)

Is a loan instrument developed by the CEB in order to assist CEB Member States in taking full advantage of different EU financing instruments available for addressing their social investment needs and directly supporting current EU objectives, both within the EU and in other CEB Member States eligible for EU funds' support. To facilitate the absorption and use of the available EU grants in CEB sectors of intervention, ECF loans take into account the planned implementation framework and the likely funding gaps.

Loans outstanding

Total amount of loans disbursed and not yet repaid.

Public Sector Finance Facility (PFF)

Is a loan instrument developed by the CEB and conceived to enable the provision of flexible financing in CEB sectors of action exclusively destined for investment programmes of the Bank's Member States or their primarily budget-financed public entities with sub-optimal funding levels. PFFs aim to safeguard the viability of social investments faced with the lack of stable budget funding over time.

Programme Loan

Is made to intermediary institutions in order to finance a programme of diverse investments (smaller individual sub-projects) and multi-project programmes in one or several CEB sectors of intervention.

Social Dividend Account (SDA)

Funded mainly by earmarked portion of shareholder-approved annual results of the Bank, is used to finance grants in favour of high social impact projects. These grants may take the form of interest-rate subsidies, technical assistance grants, loan guarantees or donations.

Two-pronged approach to project screening ("Two-pronged approach")

Developed by CEB in order to guide Project appraisal recognises that the social added value of a project depends both on its intrinsic characteristics ("Project Rating") and on the context in which the project is carried out ("Country Rating").

ABBREVIATIONS AND ACRONYMS

CEB
Council of Europe Development Bank

DAC
(OECD) Development Assistance Committee

EBRD
European Bank for Reconstruction and Development

ECF
(CEB) European Co-financing Facility

EIB
European Investment Bank

EU
European Union

IFIs
International financial institutions

MDBs
Multilateral development banks

MSMEs
Micro-, small and medium-sized enterprises

NIB
Nordic Investment Bank

ODA
Official development assistance

OECD
Organisation for Economic Co-operation and Development

PFF
(CEB) Public Sector Finance Facility

PPPs
Public-private partnerships

RHP
Regional Housing Programme

SDA
(CEB) Social Dividend Account

UNDP
United Nations Development Programme

UNHCR
United Nations High Commissioner for Refugees

UNICEF
United Nations Children's Fund

WBIF
Western Balkans Investment Framework

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