



CEB Support for Vulnerable Populations

ABSTRACT

This Abstract is a brief summary of the study “CEB Support for Vulnerable Populations”, prepared by Lucia Athenosy (Senior Economist) under the supervision of Jérôme Halb (Director of Corporate Responsibility & Studies Department, Deputy Director for European Cooperation & Strategy).

The study presents an overview of the CEB’s long-standing experience in improving the living conditions of vulnerable populations in Europe. It also assesses recent trends in and sources of vulnerability across CEB member states and their implications for the Bank’s role in addressing these trends and challenges.

The full report is available on the CEB Publications webpage.

I. The complex, multifaceted and elusive concept of vulnerability

Vulnerability is a complex and multifaceted phenomenon. It results from the interrelation between an individual's means, their communities and the life challenges they face. These challenges include economic hardship, disadvantaged social status or social exclusion, poor physical and/or mental health, inadequacy or lack of interpersonal networks and support, degraded neighbourhoods and environments. Although vulnerability is strongly correlated with poverty, not all the poor are socially excluded, and not all the socially excluded are poor.

The many sources and drivers of vulnerability

Insufficient and unstable income is the most common trigger of financial hardship that can lead to vulnerability. Income limitations create a situation in which individuals, living alone or in a household, have to make decisions on a day-to-day basis to meet their most pressing needs such as food, housing, transport, utilities and care. Job loss is one of the key sources of financial vulnerability and housing instability is one of its basic manifestations.

Additional risk factors related to age, ethnicity, illness and disability can cause vulnerability or worsen an already existing vulnerability. One important finding is that these groups are generally affected by financial hardship, which either exacerbates their vulnerability or can contribute to developing the risk of vulnerability later in their lifecycle and/or to transmitting (the risk of) vulnerability to next generations. These dimensions are neither exhaustive (others may exist) nor mutually exclusive (since the different risk factors can work together to create cumulative situations of vulnerability, thus compromising people's resilience).

Migrants are a particularly vulnerable group. They can be at a greater risk of vulnerability than non-migrants for various reasons: access or eligibility to social security benefits available in the host country when they become unemployed or experience poverty; access to healthcare; lack of appropriate documentation; lack of family or other social support in the country where they experience poverty; discrimination in housing and employment markets; lack of information regarding the services and support available in the host country; language; and pre-existing vulnerabilities that may have led them to leave their country of origin.

In the climate change context, the assessment of vulnerability takes on a more specifically forward-looking approach, using information from the present to point to weaknesses that could potentially have an impact on a given context in the future. The long-term climate challenges, such as extreme weather events, may expose larger portions of the population to vulnerability, including groups which until now may never have experienced vulnerability. Responding to current and future climate change impacts and vulnerabilities via adaptation measures means not only protecting against the negative impacts of climate change, but also building resilience and taking advantage of the benefits it can bring.

Vulnerability is not a static concept, but rather an evolving phenomenon.

On the one hand, the complex interactions of the various economic, social and environmental risk factors during a person's life can exacerbate existing vulnerabilities, contribute to developing vulnerability later and/or to transmitting (the risk of) vulnerability to next generations. Vulnerabilities can therefore be temporary, stressing individuals or groups during particular life crises such as unemployment, acute illness, family breakup, disasters or other severe losses. "Temporary" means that the individuals or groups have the resources and resilience to cope once they overcome a particular adversity that overburdened their capacities. In contrast, other people face permanent vulnerabilities because of a long-term pattern of severe and persistent illness and disability, persistent poverty (even from one generation to the next) and chronic unemployment. This distinction is important for developing short-term (emergency) and longer-term (integration or prevention) services and support.

On the other hand, the nature of vulnerability has evolved over the past years and so must our understanding in capturing the diversity of risks and factors that generate vulnerability in its many forms. This has implications for providing support to vulnerable populations. Building resilience and reducing the risk of future vulnerability are essential factors to achieving – as both a process and an outcome – the successful and sustainable integration of vulnerable populations.

One of the key **lessons learned** from the CEB's experience in financing projects targeting vulnerable populations is that these projects are extremely complex and that it is vital to ensure the long-term sustainability of successful results.

II. CEB financing and its social value

Since its creation in 1956, the CEB has contributed to financing social investment projects in response to the needs and challenges of vulnerable populations in European societies. Within its exclusively social mandate, the CEB takes action in favour of various population groups regarded as vulnerable through several of its sectors of action. Depending on the type of assistance needed, the CEB can provide loans and/or grants.

Scope of CEB action

In statutory terms, the CEB has a priority mission to provide assistance to “refugees, migrants and displaced persons” and “victims of natural or ecological disasters”. Furthermore, the CEB contributes to responding to the needs and thus to improving the living conditions of other vulnerable population groups across its member states, including persons living below the poverty threshold, ethnic minorities, persons with disabilities and children in vulnerable situations. The CEB’s action in favour of vulnerable populations covers several sectors. Projects related to affordable and sustainable housing, local infrastructure, health and education, job creation, energy efficiency and climate change all provide solutions to alleviating vulnerability situations and to supporting the resilience of individuals and local economies.

Experience to date: Examples of projects financed by the CEB¹

The study illustrates the diverse nature of CEB investments in the field of vulnerability with the Case Studies:

▪ From emergency response to longer-term migrant integration

As a social development bank, the CEB assists its member countries upon request with “emergency projects”, financed in the event of crisis situations (such as refugee sheltering and post-conflict assistance) and with longer-term “integration projects”, aimed at the social inclusion of migrants and other vulnerable populations. With the roots of the Bank’s financing in favour of refugees, migrants and displaced persons dating back to 1956, the total volume of projects approved in this field amounts to more than € 3 billion.

Serbia (2015)	The provision of full-time aid delivery system to address the most urgent needs of migrant populations residing in three reception centres in Belgrade, Preševo and Šid <i>CEB grant support from MRF: € 2.3 million, covering 100% of the total cost</i>
Germany (2016)	The construction, renovation, refurbishing and conversion of buildings and related infrastructure for rented social housing throughout Hesse, especially in high-rent regions, for the benefit of low-income households, including migrants and refugees <i>CEB loan: € 230 million, covering 32% of the total cost of € 715.5 million</i>

The CEB’s “Migrant and Refugee Fund”

The Migrant and Refugee Fund (MRF) is a trust fund, set up by the CEB in October 2015, to help its member states deal with migrant and refugee flows. The MRF’s resources assist CEB member states in setting up and operating reception and transit centres. Other types of projects that facilitate the integration of migrants and refugees are also eligible. All projects must comply with the European Convention on Human Rights and the European Social Charter.

The CEB endowed the MRF with € 5 million in seed money, targeting additional grant contributions of € 20-25 million from the Bank’s member countries and other donors. As of October 2016, additional contributions of close to € 14 million have been pledged. Between October 2015 and October 2016, the CEB mobilised € 18 million for MRF emergency projects located in Croatia, Greece, Portugal, Serbia, Slovenia and “the former Yugoslav Republic of Macedonia” to assist the countries in meeting the most urgent needs of migrants and refugees arriving on their territory.

¹ The Case Studies make no distinction between projects directly targeting vulnerable populations and projects more broadly targeted to socio-economically disadvantaged, vulnerable or diverse populations within multi-sector programmes. In each project, the year of its approval is indicated in brackets. Many of these projects can be categorised under more than one sector of action. For example, post-disaster housing reconstruction can be labelled not only as aid to victims of natural disasters and the provision of housing for vulnerable populations but also as adaptation measures in order to reduce vulnerability and strengthen resilience to future climate events. Because of the cross-cutting nature of the CEB’s action in this field, the estimated amounts below may overlap and therefore cannot be aggregated.

▪ From reconstruction to disaster risk management

From the Bank's creation to date, lending devoted to aid to victims of natural or ecological disasters has totalled € 6 billion across CEB member countries for projects involving both post-disaster reconstruction and preventive measures.

Turkey (1999)	The reconstruction of 17,700 housing units either destroyed or seriously damaged by the earthquake that occurred in the Marmara region in August 1999 <i>CEB loan: US\$ 324 million, covering 70% of the total cost of US\$ 465 million</i>
Spain (2011)	Fire prevention in Castilla y León <i>CEB loan: € 100 million, covering 48% of the total cost of € 208 million</i>

▪ Housing for vulnerable populations

The CEB contributes to the provision of decent and affordable housing to socially or physically vulnerable groups with specific needs and/or lacking in special-purpose housing. Since 1956, lending devoted to housing for vulnerable populations has totalled € 10 billion.

Denmark (2002, 2005-2007)	The construction and rehabilitation of some 6,500 public state-subsidised rental housing units for the elderly <i>CEB loan: € 400 million approved in four loans (€ 100 million each), covering 32% of the total cost of € 1.27 billion (based on aggregate amounts)</i>
"The former Yugoslav Republic of Macedonia" (2009)	The construction of around 1,700 public rental housing units for specific vulnerable persons, i.e. economically weak households, socially endangered or having dependent household members, living on low incomes <i>CEB loan: € 25.35 million, covering 50% of the total cost of € 50.7 million</i>

▪ Access to education and healthcare infrastructure

The CEB's investments in education and healthcare infrastructure – also contributing to the social inclusion of vulnerable groups – have represented € 2.5 billion since 1956. This amount includes projects directly targeting children in vulnerable situations, dependent elderly persons in need of permanent assistance, physically and mentally handicapped persons and those suffering from ill-health.

France (2007-2015)	The modernisation and increased accessibility of public infrastructure, including social care infrastructure and facilities, for children, young people and the elderly <i>CEB loan: € 500 million approved in five loans in 2007, 2009, 2010, 2013 and 2015, covering 50% of the total cost of € 1 billion (based on aggregate amounts)</i>
Lithuania (1999)	The rehabilitation of 10 community-based centres for disabled people, the elderly, abandoned or abused children <i>CEB loan: € 2.3 million, covering 50% of the total cost of € 4.6 million</i>

▪ Financial inclusion of vulnerable groups

Job creation and self-employment via access to microcredit for vulnerable individuals and households with limited or no access to the formal banking sector represent an important element in their financial and therefore social inclusion. Funding for such microcredit schemes reached € 610 million.

Italy (2013)	Business lending to micro-firms, mostly of migrant origin and excluded from traditional banking channels, for the purpose of creating jobs and helping financial inclusion <i>CEB loan: € 6 million, covering 24% of the total cost of € 25 million</i>
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▪ Labour market inclusion of vulnerable groups

With the objective of enhancing employability and labour insertion capacity for vulnerable persons with particular difficulties in finding a job, vocational training programmes have represented around € 200 million in the CEB's portfolio since 1956.

Romania (2013)	Better education outcomes and better employability and insertion in labour markets for Roma youths in Romania in order to facilitate their social integration <i>CEB loan: € 1.5 million, covering 63% of the total cost of € 2.4 million</i>
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III. CEB investment for inclusive growth: the way forward

In order to provide an effective **response to the increasingly complex and cross-cutting needs of vulnerable populations**, the CEB is currently adapting its support for vulnerable populations and analysing their operational implications. Standing ready to respond to the requests of its member countries, the CEB will continue to provide financing for hard and soft investments in this field, in particular in line with its approach to inclusive growth as defined in the Development Plan 2017-2019.

The CEB is now looking beyond traditional sectoral silos and adopting a more **holistic approach**. This implies recognising the interrelated implications of a range of life domains such as employment, health and long-term care, education and housing. Therefore, initiatives to promote social inclusion need to take place on various fronts and at multiple levels. Depending on the local context and the targeted population, comprehensive responses can provide more focused support and thus deliver greater inclusiveness.

As a multi-dimensional process to create conditions that enable full and active participation in all aspects of life, social inclusion is a concept with universal appeal. The core issue for the CEB as a project financier is how to operationalise the concept of inclusion through social investment in a relevant and effective manner. Considering the current challenges facing Europe, the Bank's core mandate today appears more relevant than ever, thereby making the CEB a unique player in the social field in Europe. From strategic to operational levels, the Bank's activity is underpinned by **new sectoral lines of action** (Sustainable and inclusive growth; Integration of refugees, displaced persons and migrants; Climate action) reflecting the overarching goal of socially inclusive and environmentally sustainable development. While mirroring the core long-term challenges facing Europe today, the three sectoral lines of action also take account of the current and evolving context, making it possible to improve and adapt the CEB's instruments to ensure the Bank can provide an effective response to borrowers and thus make a valuable contribution to social development.

The CEB's contribution to the United Nations 2030 Agenda for Sustainable Development

The CEB's action falls naturally within the lines of the new United Nations post-2015 development Agenda. This new, ambitious and universal development framework aims to meet the dual challenge of eradicating poverty and achieving sustainable development by 2030. Structured around inclusive development, climate action and assistance to migrants and refugees, the CEB's new Development Plan 2017-2019 defines the Bank's participation in the global effort and its contribution to addressing the key long-term challenges reflected in the ambitious set of 17 Sustainable Development Goals (SDGs) contained in the Agenda. The Development Plan also underlines the specificity of the Bank's institutional label and position as the "social" development Bank in Europe and the social added value of the Bank's projects.

The most substantial development spending happens at national level in the form of public resources, while the largest potential is from private sector business, finance and investment. For the CEB, an Official Development Assistance (ODA) eligible organisation, this implies helping its most vulnerable countries by focusing the operations on financial leveraging – from grants to "blended" concessional finance (ODA) and co-financing – attracting and mobilising private capital, and providing technical expertise for developing local markets.

In so doing, the CEB will be taking a cross-cutting rather than purely sector-based approach given the multi-dimensional nature of the new Agenda. The Bank's new Development Plan recognises this cross-cutting character of challenges and therefore of investment needs at country level. To enable the CEB to better respond to such needs and to enhance the cross-sector nature of its action, the Bank will be using new financing instruments and, where needed, the blending of loans and grants on a larger scale than in the past.

Cooperation with various organisations to achieve greater impact and more efficient resource mobilisation has already become and will remain the CEB's approach in dealing with important development needs. Over the coming years, the CEB will be striving towards **strengthened cooperation** with European institutions and within EU funding mechanisms and facilities. The CEB also intends to intensify its relations, in terms of financing and expertise, with other international financial institutions and UN agencies in areas of common interest. In parallel, the CEB will be striving to raise more donor funding and develop its fiduciary activities. At the same time, the CEB will also be seeking to enhance its visibility and to promote its specific know-how among social development stakeholders in Europe.



CEB

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