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

Info

THE QUARTERLY MAGAZINE OF THE COUNCIL OF EUROPE DEVELOPMENT BANK #4 2021



Spotlight on...

Investing in our future: Linking social and climate agendas

Info *talks to CEB Governor, Rolf Wenzel*
p06

Dear reader,



The COVID-19 pandemic, which is still weighing on us, has revealed both the fragility of our societies and our economies and their capacity for resilience. It has also highlighted the extent to which social investment in health, education, housing, decent jobs, inclusion of the most vulnerable and collective well-being, far from being a cost, is an opportunity and a priority for the future. The needs are so great that, with AFD, we are actively promoting a Coalition for Social Investment that brings together public development banks, with the support of sponsors such as WHO, ILO and UNDP.

At the same time, as COP26 opens, the terrible floods and fires of this summer, and the stark conclusions of the latest IPCC report, remind us of the vital threat posed by climate change and the need to act without delay. The CEB is convinced that sustainable, inclusive and resilient development must necessarily combine the social, environmental and economic dimensions, and that the social-climate nexus is at the heart of the challenges ahead and of our mission. This is what we are already doing as a social development bank for Europe when we finance the renovation of multi-apartment buildings in Lithuania or when we set up an instrument such as the Green Social Investment Fund.

As the CEB celebrates its 65th anniversary this year, I agree with the President of the Parliamentary Assembly of the Council of Europe who speaks of the Bank's huge potential for growth. I am also aware of how far we have come. As my two terms of office draw to a close, our Bank is doing well, it is even stronger and ever more useful and relevant. All this has been made possible thanks to the continuing support of its member states and of course the commitment of a dedicated and highly professional staff. This bodes well for the future.



Rolf Wenzel
Governor, CEB

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About the CEB...

Set up in 1956, the CEB (Council of Europe Development Bank) has 42 member states. As a major instrument of the policy of solidarity in Europe, the Bank finances social projects by making available resources raised in conditions reflecting the quality of its rating. It thus grants loans to its member states, to financial institutions and to local authorities for the financing of projects in the social sector, in accordance with its Articles of Agreement.


Credit: ©Council of Europe

Marking a 65-year partnership

As the CEB marks its 65th anniversary, Rik Daems, President of the Parliamentary Assembly of the Council of Europe (PACE), analyses the Bank's achievements and changing mission over the decades.

As Europe slowly emerges from the COVID-19 pandemic, its vision and development strategy for the future face tough challenges. Europeans want to see a stronger, healthier, greener and more social Europe. Our member states have a unique opportunity and a moral duty to refocus their priorities and invest more in human-centred development.

A social mandate

This is a tall order, but policy makers know they can count on solid institutional partners and European solidarity. The CEB has been our privileged partner for 65 years – with shared values and a social mandate at the heart of its work. The successive crises of the past have tested its capacity to adapt to the changing world and evolving needs of member states. The Bank resisted the storms, grew stronger and found new paths for its fieldwork.

I wish to pay tribute to this creative, discreet force that the Bank has in helping its members progress and build greater prosperity, brick by brick, for all, together. I am impressed by the Bank's efforts to coordinate and pilot complex regional housing schemes, the Migrant and Refugee Fund, healthcare centres, emergency relief and disaster prevention projects, as well as multiple job creation or preservation programmes and the 'greening' of public services.

Expertise in an emergency

The Bank also responded quickly to emergency needs during the COVID-19 pandemic by supporting the continuity of essential public services (the health sector, civic protection measures and education systems). This has been possible thanks to the experienced professionals who work for the Bank.

PACE attentively follows the Bank's endeavours and offers its full support for the future expansion of both the Bank's membership and project funding capacity. We believe that the Bank still has a huge





> **We believe that the Bank still has a huge potential for growth – the social needs and sustainable development aspirations of our member states are immense."**

potential for growth – the social needs and sustainable development aspirations of our member states are immense. So, we trust that the Bank's shareholders will rise to the challenge.

In this context, I recall our Assembly's Resolution 2302 (2019) which encourages the Bank's stakeholders to consider 'keeping the door open to a new increase in the CEB's capital, replenishing more substantively the existing trust accounts and mobilising additional support from donors and partner institutions'. There is no doubt that all states are facing an uphill battle to honour their commitments under the UN 2030 Agenda for Sustainable Development and its Sustainable Development Goals, and the Bank can assist them to this end, in line with its latest strategic development plan. Yet to do more, it needs an enhanced capital basis.

Moreover, I appreciate the Bank representative's contribution to our Assembly's hearing on 'Overcoming the socio-economic crisis sparked by the COVID-19 pandemic' last year, when we discussed together several hard questions against the backdrop of looming uncertainties in member states. Our dialogue helped the Assembly's rapporteur to make tangible policy recommendations to member states, with emphasis on long-term investment and a vision of a more sustainable future.

Supporting social investment efforts

We believe it is time to turn our back on austerity and bank on expansive, sustainable and socially inclusive development, with public investment leading the way to 'reclaim strategically important economic sectors for future prosperity, well-being and social equality'[1]. I trust that the CEB will continue contributing its fair share to the social investment efforts by the member states, with due regard also to project proposals emanating directly from local authorities, and new challenges linked to the climate crisis.

My final words seek to encourage both the member states and the Bank to increasingly prioritise green investment, so that we can build together our collective resilience to the climate crisis and act massively against the environmental degradation due to the commercial exploitation of our living space. We owe this to current and future generations. Let us hear expert warnings and waste no time – tipping points are too near and will undermine our prosperity if we do not rise to the challenge.

Thus, on its 65th birthday, I wish the Bank further growth, and determination to help its members become more socially inclusive, more innovative and more sustainable.



Rik Daems

- Current President of PACE. He was appointed Chairperson of the Belgian delegation in 2015, and designated as leader of the Alliance of Liberals and Democrats for Europe (ALDE) in 2017. He became a member of the Belgian delegation to the PACE in 2007.
- Became a member of the Belgian Parliament in 1987. Initially elected to the Chamber of Representatives, since 2014 he has been a member of the Belgian Senate, where he has also chaired the Foreign Affairs Committee and the Committee on Alternate Financing of Public Investment.
- 1999-2003 served as Belgian Minister for State-owned enterprises, Public Holdings, Telecom and SME.
- 2000 elected Chairperson of the European Council of Ministers for Telecommunication.
- 1989-1995: Mayor of the City of Aarschot.
- Started his career as associate expert for the UN in Central America. Served as financial and economic advisor to the Belgian Minister of Small and Medium-sized Enterprises.
- Graduated from Brussels Solvay Business School; holds a Masters' degree in Industrial Location & Development from the Free University in Brussels.
- Interests include contemporary art and winemaking.

[1] PACE Resolution 2384 (2021) on "Overcoming the socio-economic crisis sparked by the Covid-19 pandemic".

In discussion with Governor Wenzel

Info talks to the CEB's Governor, Rolf Wenzel, about his reflections on the Bank's anniversary and highlights from his ten years in office.



Info: Governor Wenzel, this year it is 65 years since the CEB was established. What are your thoughts about this?
RW: Sixty-five years is an important milestone for the Bank. We are indeed the oldest multilateral financial institution in Europe! Unfortunately, the pandemic has prevented us from marking the occasion the way we would have liked to, but we have nevertheless used this opportunity to take stock of recent developments, while also looking at the bigger picture, and reflect on what lies ahead in the years to come.

The CEB has come a long way since 1956. I don't think that any of those involved in the establishment of the then Resettlement Fund could have imagined where the Bank would be 65 years later. Over the decades, the CEB responded to challenges, grew, and adapted to change. Throughout this time, the Bank has always been there for its members.

During the period of major change in Europe in the 1990s, the CEB expanded its membership and actively supported social infrastructure in its new members from Eastern Europe. More recently, during the migrant and refugee crisis, and last year when the COVID-19 crisis broke out, the CEB moved swiftly to provide maximum support to its members during exceptionally difficult times. These are a source of pride for me as Governor of this institution.

Info: For ten of those 65 years you have been Governor of the CEB. How do you see this ten-year period?
RW: After ten years at the helm of the CEB, I am pleased to see that the Bank today is a much stronger institution than the one I joined in December 2011. Stronger, not only financially, but also in many other respects: more active in many more sectors and countries; enjoying greater visibility on many fronts;

maintaining strong partnerships; and benefiting from the expertise of highly skilled and committed staff.

During these ten years, we have also strengthened our relations with our shareholders, with whom we have been engaging in regular dialogue about how to sharpen the impact of our social projects and enhance further our transparency and accountability as an institution, vis-à-vis not only our shareholders but also our borrowers, investors and other stakeholders.

The numbers speak for themselves. Our lending activity has almost tripled, our stock of projects has nearly doubled, and our disbursements have increased twofold, as have our annual issuances. We have expanded our operations and also our membership with two new members, Kosovo and Andorra. And despite operating in a very challenging environment marked by consecutive crises over the past ten years, nevertheless we have managed to maintain a good level of profitability.

I am very pleased to see that that our work and efforts have not gone unnoticed by rating agencies, both financial and ESG (Environmental, Social and Governance). Financial rating agencies have restored our excellent ratings which had been challenged ten years ago because of the global financial crisis, and ESG agencies consistently rate us highly. All of these developments, along with our shareholders' continuing support, have contributed to making the Bank stronger.

Info: What are the highlights of your two mandates as CEB Governor?

RW: There are so many to choose from! During this time, the CEB demonstrated a high degree of proactiveness and responsiveness at crucial moments for Europe. I mentioned earlier the migrant and refugee crisis back in 2015. The CEB was the first institution to mobilise resources and support its members, not only with the immediate emergency situation but also in order to help them prepare for the socio-economic integration of migrants later on.





This is when we established the Migrant and Refugee Fund (MRF), consistent with the social mandate of the Bank and its original mission as a "Refugee Fund". Similarly, during the COVID-19 pandemic, we adapted our procedures and financial instruments to support our members during a period of unprecedented challenges. And more recently, as the entire world is grappling with climate change and its consequences, we established a Green Social Investment Fund to reinforce the CEB's environmental action.

Another highlight during this time is the issuance of Social Inclusion Bonds on an annual basis since 2017, and of two COVID-19 Response Bonds issued last year. All of these have proved popular with the international investor community and have strengthened further the Bank's contribution to social cohesion and inclusive growth across Europe in the most transparent of ways.

In terms of partnerships, over the past ten years we strengthened our cooperation with important partners such as the European Commission, the ESM or the EBRD, and we also joined the Group of Heads of MDBs, on a par with our international peers. In this context, the senior management of the Bank participates in regular meetings and is an active part of numerous initiatives, for example on climate change.

> **"After ten years at the helm of the CEB, I am pleased to see that the Bank today is a much stronger institution than the one I joined in December 2011."**
>
> Governor Rolf Wenzel

I would also mention here the CEB Award for Social Cohesion, which we established in 2020. Its two first editions have proved very successful and the Award looks set to continue its important work of encouraging and rewarding innovative social cohesion projects all around Europe. As a positive side effect of this initiative, many more people have become acquainted with the CEB and its activities.

Overall, I am delighted to see the Bank doing so well. The combination of a sound balance sheet with the dedicated and highly professional staff that the CEB has bodes well for the future.



Part of the Scottish Event Campus, where COP26 will be held

On the road to COP26

On the eve of the 26th UN Climate Change Conference (Conference of Parties - COP26), we look at the role the CEB will be playing at the event to champion commitments that put social inclusion at the heart of climate-friendly policies.

The recovery from the global pandemic is very likely to be marked by the issue of inequalities, as these have tended to increase despite the importance of welfare measures. It is therefore expected that the interaction of social inclusion and climate change will play an important role at this COP.

A unique urgency

Countries' delay in curbing greenhouse gas (GHG) emissions has made meeting the temperature ceiling goals of the Paris Agreement increasingly difficult and costly, so COP26 has a unique urgency. This is supported by the scientific findings presented in the latest Intergovernmental Panel on Climate Change (IPCC) Working Group I report, which shows very significant efforts to reduce GHG emissions must be made without delay.

The actual emission trajectory since COP21, as well as the commitments made in 2015 in the form of Intended Nationally Determined Contributions, fall well short of the goal to limit global warming to below 2°C and even 1.5°C above pre-industrial levels. This is despite the increasingly ambitious medium and long-term targets to 'make up' for the delay.

Hopeful signs

However, awareness of the issues has considerably increased. The USA is back at the table, and the EU continues to show strong leadership. To help implement the European Green Deal, the Commission has adopted proposals to make the EU's climate, energy, transport and taxation policies fit for reducing net GHG emissions by at least 55% by 2030, compared to 1990 levels.

There is also increasing importance being given to the social dimension of climate action. The EU is promoting a socially fair transition via a Just Transition Mechanism and a new Social Climate Fund. The latter will provide funding to EU member states to support vulnerable European citizens.

Our role at COP26

The intersection of two of the CEB's key areas of focus – social inclusion and climate change – at COP26 make this event particularly relevant to the Bank. We have observer status with the UN Framework Convention on Climate Change (UNFCCC) and participated in the previous COP, and will be taking part in COP26 in Glasgow.

Our presence at the MDB Pavilion will reflect our increasing involvement in the multilateral development bank community at strategic and operational levels. COP26 will also enable us to highlight our role as a social development bank, and the importance of social investment in tackling the climate crisis.

What's more, taking part in COP26 will allow us to give additional impetus to the Coalition for Social Investment, which we initiated in collaboration with the *Agence Française de Développement*. A virtual event in the IDFC Pavilion will address the connection between climate action and social investment, in line with the integrated approach to sustainability that is at the heart of the 2030 Agenda.

Coalition for Social Investment

Joining forces for social investment

We look at the CEB's active role in the 2021 Finance in Common Summit which took place in Rome and virtually on 19-20 October.

Just days ago, the world's Public Development Banks (PDBs) gathered for a second time at the Finance in Common Summit (FiCS) to affirm and renew their commitments in support of common actions for climate and sustainable development.

Uniting leaders

Carlo Monticelli, Governor-elect of the CEB, addressed the Summit on 20 October at the Leaders's Dialogue – alongside Heads of State and Government, Presidents of peer MDBs, the IMF Managing Director and Leaders of international organisations, including the the Secretary-General of the OECD and the UN Secretary-General. Carlo Monticelli underlined the overarching objective of leaving no one behind, and its close links to inclusive growth, shared prosperity, women empowerment, climate action and sustainable development. He pointed out that the CEB can leverage its unique expertise in social investment to contribute to the common effort. He also commended the Finance in Common initiative, an instrumental platform to unite all PDBs and make the whole greater than the sum of its parts, and assured it of the CEB's continued support in the coming years.

Coalition for Social Investment

While the focus of this year's summit was the contribution of PDBs to the transformation of agriculture and agribusiness for food security, adaptation to climate change, and biodiversity preservation, social investment was an underlying theme. Indeed, social investment is recognised as instrumental for meeting the Sustainable Development Goals (SDGs) and to enhance our societies' resilience to current and future crises and promote wellbeing for all.

At last year's FiCS the CEB and *Agence Française de Développement* (AFD) launched the Coalition for Social Investment, which called on all PDBs to join forces and increase the centrality and financing of social investment.

As part of its joint leadership of the Coalition, the CEB convened a thematic session on day one of FiCS, entitled 'Do more, do better! Partnering for social investment'. It was moderated by Monica Scatasta, Director of the Technical Assessment & Monitoring Directorate at the CEB, with high-level speakers, including Katarina Mathernová, Deputy Director-General of the European Commission's Directorate General for Neighbourhood and Enlargement Negotiations (NEAR), Usha Rao-Monari, Undersecretary and Associate Administrator of the United Nations Development Programme (UNDP), Masood Ahmed, President of the Center for Global Development and Ece Börü, CEO of the Industrial Development Bank of Turkey (TSKB) and Vice-Chair of the International Development Finance Club (IDFC). The discussion focused on the importance and challenges of investing in the social sectors, the nexus between social and climate/environment-related issues, and the role of PDBs in supporting social investment.

The session was an opportunity to provide an update on the work of the Coalition for Social Investment. TSKB, the African Association of Development and Finance Institutions (AADFI) and the World Federation of Development Financing Institutions (WFDFI) were confirmed as new members of the Coalition, and the UNDP announced it agreed to become a sponsor, alongside the ILO and the WHO, so as to provide guidance and share its expertise.



Carlo Monticelli takes part in the Leaders Dialogue at the Finance in Common Summit



Left: Katarína Mathernová, Deputy Director-General of the European Commission's Directorate General for Neighbourhood and Enlargement Negotiations; right: Monica Scatasta, Director of the CEB's Technical Assessment & Monitoring Directorate

Insulate Renovate Innovate



A CEB loan valued €167.5 million is enhancing living conditions and reducing energy costs for residents of multi-apartment buildings across Lithuania. The investment is also supporting the country to protect the environment and achieve its climate change targets.



The CEB loan, which was approved in January 2019 for €100 million, was complemented by an additional €67.5 million in funding from the Bank in November 2020. The investment aims to lower energy consumption and reduce heating costs for apartment residents across Lithuania. More than 9,000 households are set to benefit from the programme.

The CEB funding has been channelled to Public Investment Development Agency (VIPA), which is managing Lithuania's Apartment Building Renovation Fund (ABRF). The ABRF was established in 2015 by an agreement between Lithuania's Ministry of Finance, its Ministry of Environment and VIPA.

Initial challenges

A large number of the many renovation sub-projects being supported by the CEB financing are focused in Jonava, in central Lithuania, and in Varėna, in the south of the country. In Jonava, 154 multi-apartment buildings have either been, or are in the process of being, renovated.

Initially there was scepticism among residents about the programme – they were concerned about the possible quality of the work and what funds they would be expected to contribute. VIPA worked closely with residents on steering groups, giving residents greater control of the process and building their trust.

A tried and trusted approach

Contractors used reliable and effective methods to update buildings, including external wall insulation, roof and foundation insulation, the replacement of exterior doors and windows, balcony glazing and the replacement of old heating systems.

As renovations were completed successfully, and residents in other buildings could see the quality of the work, more people were keen to join the programme. The onset of cold winter weather also demonstrated the benefits of insulation and renovation work as residents in the updated apartments were warmer and their heating bills dropped drastically.

Reda Ramaškienė, who chaired the apartment owners' association of Pūkelis, one of the renovated multi-apartment buildings in Varėna, says, "All the residents realised that it was important to invest in their property. They wanted better places to live and were encouraged by positive stories from neighbours in buildings nearby. They approved of the renovation without much discussion.

"The only issue that caused debate was deciding on the type of heating system to use," Reda continues. "A solid fuel boiler had been used in the building for many years. Should we connect to the city heating system or opt for renewable energy sources? We compared investment and heating costs, and opted 100% for installing geothermal heating and solar panels on the roof."

Balanced financing mechanisms

State support was also an important factor in gaining residents' buy-in to the renovation process, as was the availability of long-term credit at a low, fixed interest rate of 3%. As long as it was possible to obtain a renovation credit from VIPA, many residents chose this institution.

Reda Ramaškienė says, "Without state support and CEB financing via VIPA, the renovation of the multi-apartment buildings would have been impossible. Many residents would have found an investment into the building renovation an unbearable financial burden.

"Crucially, VIPA allows borrowers to choose the method of loan repayment – linear or annuity, a possibility for partial loan repayment or early repayment – and offers other useful contractual conditions."

Renovated apartments are in demand

Residents have already noticed additional benefits of the renovations: renovated apartments are much more in demand on

How VIPA made the multi-apartment renovation project happen

CHALLENGES	SOLUTIONS
• Long renovation payback period • Owners unwilling to change current situation • Commercial banks reluctant to provide financing • Many owners on fixed low income • Many low-income people eligible for government support with energy bills, so no incentive to join programme	• Provide long-term financing and technical support financing • Provide additional grants to final beneficiaries, including for RES instalment (results based, funded from Climate Change fund and state budget) • Provide interest rate subsidies (result based) • Cover monthly instalments for low-income households (from the municipality's funds)



Buildings were upgraded with new insulation; exterior doors and windows were added and heating systems were replaced.



Financial solutions for a changing world

Info talks to Gvidas Dargužas, CEO of Lithuania's Public Investment Development Agency (VIPA), about how it facilitates innovative ways to fund green and infrastructure projects.

Info: How would you define the Public Investment Development Agency (VIPA)?
GD: We are a team of 72 experts in finance, public sector administration, law, risk management, engineering and other fields, operating as a National Promotional Institution. VIPA is a financial institution established by the Government of the Republic of Lithuania in 2013. It aims to provide financial services to implement and administer financial instruments intended for public sector investments, the development of public infrastructure, public services and developing projects in the areas of public interest. Since 2013 we have created and managed 11 active target funds and initiatives covering green investments and infrastructure investments.

VIPA has demonstrated leadership in using opportunities offered by the 2014-2020 EU Multiannual Financial Framework.

- We were among the first to perform ex-ante evaluation.
- We established the first funds of funds and financial instruments.
- We created the first repayable support measure in the EU.
- We created one of the first measures for combining a financial instrument and a subsidy within a single fund.

By combining public and private financing sources in sectors with a lack of funding, VIPA has created sustainable financial mechanisms to ensure the long-term funding of strategic programmes and use of reflows. We also actively participate in seven international cooperation projects and programmes, we share our experience with partners from the European Long-Term Investors Association (ELTI) and watch global trends and innovations in financial market development.

> **"This CEB loan makes a significant and beneficial contribution to the Lithuanian people, enabling many to reduce home maintenance costs and improve the condition of multi-apartment buildings."**
> Gvidas Dargužas

We believe that public sources of financing, without competition with private ones, create a favourable climate for attracting private investment.

Info: What is the mission of VIPA as a financial institution?
GD: Our mission is to promote a sustainable financial market, which, through balanced investment, ensures non-cyclical financing in areas of strategic importance to the state of Lithuania.

Info: Are you focused purely on financing energy efficiency projects or are you involved in other sectors too?
GD: Most of the financing pooled by VIPA is intended namely for funding green projects, but we do provide funding for improving public services and development of projects in other areas of public interest such as the renovation of cultural heritage sites or loans to higher education and vocational training infrastructure.

The global pandemic, climate change, globalization, population ageing, and technological developments are changing Lithuania and the wider world faster than ever, and the COVID-19 pandemic



Bio

- CEO, Chairman of the Board of Management of the Public Investment Development Agency (VIPA) since May 2013
- 2011–2013, Deputy Director of the EU Structural Support Management Department of Lithuania's Ministry of Finance
- 2007–2011, Head of the Cohesion Promotion Action Programme Management Division of the Action Programmes Management Department of the Ministry of Finance



has forced the transformation of economies throughout the world, including Lithuania. These global changes pose challenges to us, and create preconditions for new opportunities. They allow us to reprioritise sectors.

The areas of VIPA's activities correspond to the priorities of the EU and the Government of Lithuania, that is, using our experience to actively develop current and new financial instruments for green projects and increase the volume of existing funds and instruments, ensuring a sustainable and long-term financing mechanism. We have already pooled over €757 million of funds and financed more than 1,100 projects in areas of public interest in our country, and we're not going to stop there.

Info: What is your experience in dealing with the CEB?

GD: As outlined in this feature, the CEB loan for €167.5 million has helped to finance multi-apartment building modernisation projects via the ABRF, which is managed by VIPA. This work is a priority energy efficiency measure in Lithuania, directly affecting much of the country's population. Therefore, this CEB loan makes a significant and beneficial contribution to the Lithuanian people, enabling many to reduce home maintenance costs and improve the condition of multi-apartment buildings.

The benefits of the funding were witnessed by CEB representatives who were able to visit us in September and see the ongoing building modernisation process taking place in Jonava. We hope that the experience gained with partners such as the CEB will further allow us to successfully cooperate in financing other projects important for Lithuania.



Project facts:

- CEB loan approved - **25 January 2019**
- Loan amount - **€100 million**; later increased to **€167.5 million**
- No. of beneficiaries – at least **9,000** households across Lithuania
- Average energy consumption reduction – **70%**

the real estate market than those that have yet to be modernised. In Jonava, the value of a renovated apartment, on average, has increased by the full value of its renovation. Municipalities often pay more attention to renovated buildings too. For example, the Jonava District Municipality prioritises renovated apartment buildings when upgrading outside spaces and pavements.

Commenting on the project, Diana Bertjē, the CEB's Country Manager for Lithuania, says, "This multi-apartment renovation project involved the CEB direct lending to the Government, with resources then being on-lent to VIPA, a national promotional institution. VIPA has a clear mandate at state level, and definitely proved its 'ownership' during the project's implementation: we saw great results and swift implementation.

"I believe such schemes can be replicated on other types of project, such as public buildings, health, and more. CEB funding at favourable conditions provides wider investment opportunities, especially where long-term funding structures are required."

Seeing the bigger picture

There's now an increasing awareness across the country, both from public authorities and residents, that the benefits of renovating homes are more than local – it helps to save energy, reduce environmental pollution and supports the economy.

Vaida Česnulevičiūtė, Vice-minister of Lithuania's Ministry of Finance, says, "Renovating multi-apartment buildings is one of the most important measures we can do to promote energy efficiency. There are about 40,000 multi-apartment buildings in Lithuania, about 80% of which are in the lowest class of energy efficiency.



"We are happy to have worked with the CEB, and appreciate the opportunities this has created for Lithuania. This project is an excellent example of fast and efficient investment. The Bank's investment ensures long-term benefits – reducing energy poverty and people's energy costs, creating a sustainable and high quality living environment, and enabling us to achieve the objectives of the transition to the green economy and mitigate climate change."

Seal of approval

In its April 2020 special report 'Energy efficiency in buildings', the European Court of Auditors, the guardians of the EU's finances, highlighted Lithuania as an example of good practice. It says, 'Only Lithuania put in place a successful EU financial instrument which provided preferential loans to help renovated some 4,000 multi-apartment buildings. So far only Lithuania has used EU funds to put in place such an instrument for residential buildings.'

"All the residents realised that it was important to invest in their property. They wanted better places to live and were encouraged by positive stories from neighbours in buildings nearby."

Reda Ramaškienė



Funding climate-resilient social development

The CEB's Green Social Investment Fund (GSIF) supports CEB member countries to accelerate their transition towards low-carbon and climate-resilient development. Lately, the Czech Republic contributed to the Fund, supporting the Bank to continue implementing projects with a positive social and environmental impact.

For some years the CEB has financed projects focused on climate mitigation and adaptation measures. A broad portfolio of projects across Europe supports energy efficiency, clean mobility, renewable energy, flood protection and water management.

Going further, the GSIF, which was launched in March 2020, is designed to incentivise borrowers to step up climate mitigation and adaptation measures while supporting and protecting vulnerable groups.

More precisely, the Fund aims to achieve two key objectives:

- To scale up the de-carbonisation and climate proofing of social infrastructure
- To make climate action measures more socially affordable and accessible to vulnerable groups.

Speaking at the GSIF launch, Governor Wenzel said, "Climate change has, and will continue to have, a negative impact on the health, safety and economic conditions of all segments of society, with vulnerable groups most affected. The CEB has an important role to play in ensuring that climate action programmes maximise social outcomes and climate action measures form an important part of social projects."

How does the GSIF work?

The GSIF is funded from CEB contributions as well as by donor contributions. These may



Governor Wenzel (left) and Petr Válek

"The CEB has an important role to play in ensuring that climate action programmes maximise social outcomes and climate action measures form an important part of social projects."

Governor Wenzel

be CEB member states, non-member states and international institutions.

GSIF resources are used to complement CEB loans with grants, including for:

- **Technical assistance:**
  - To assist project designers to better identify and integrate opportunities for increasing resilience to climate change and to reduce greenhouse gas emissions, enhance project alignment with the Paris Agreement, and maximise their transitional impact.
  - To optimise the social impact of CEB investments (i.e. to include the most vulnerable population as project beneficiaries).
  - To support project identification and preparation (e.g. studies, business plans, energy audits), and implementation (e.g. delivering expertise on energy efficiency investments).
- **Investment grants:** combined with CEB loans, investments that integrate climate change mitigation measures (while optimising social impact) become more affordable and attractive for borrowers.
- **Capacity building and training.**
- **Communication and visibility.**

Who can apply for a grant from the GSIF?

There is no minimum or maximum amount set for a grant. However, the amount of support requested must be in line with the total cost of the project and the size of the CEB loan.

To receive a grant from the GSIF a project must demonstrate a tangible contribution to offsetting the negative consequences of climate change and be aligned with the commitments undertaken under the 2030 Agenda for Sustainable Development and the Paris Agreement.

Projects in all CEB member countries are eligible for GSIF funding but preference is given to those in CEB target countries in Central, Eastern and South-Eastern Europe. Projects should also have gone beyond an initial identification (pre-feasibility) study stage. Grant applications can be made at any time.

Focus on a donor

The Czech Republic joined the CEB in February 1999. As well as receiving loans from the Bank, it has contributed to the Regional Housing Programme and the Migrant and Refugee Fund. In 2020, when grant activities were impacted by the COVID-19 pandemic, it emerged as the Bank's second largest individual fund donor.

> **"Our contribution to the GSIF, which is intended both to offset the negative consequences of climate change and to stimulate the economic recovery in the context of COVID-19, fits perfectly into the Czech government's 'Country for the Future'."**
>
> Petr Válek, Ambassador of the Czech Republic to the Council of Europe

The Czech Republic's support has continued this year with the signing, in mid-September, of a GSIF donor contribution agreement worth CZK1.2 million (€47,264).

Commenting on the Czech Republic's contribution, CEB Governor Rolf Wenzel said, "The agreement affirms the Czech Republic's commitment to increasing cooperation and driving progress towards the achievement of the 2030 Agenda for Sustainable Development and the Paris Agreement."

Petr Válek, Ambassador of the Czech Republic to the Council of Europe, added, "Our contribution to the GSIF, which is intended both to offset the negative consequences of climate change and to stimulate the economic recovery in the context of COVID-19, fits perfectly into the Czech government's 'Country for the Future'."

For more on the GSIF, visit the CEB website and search 'GSIF'.



PAGE 19 LEARNING LESSONS FROM THE COVID-19 PANDEMIC

Examining social infrastructure in the Western Balkans

A new report from the CEB's Studies Unit examines the vital role of social infrastructure in helping the Western Balkan region achieve economic resilience, develop human capital and counteract the effects of brain drain.



The countries of the Western Balkans have made considerable strides in improving their citizens' economic and social prospects; however, the region still faces many institutional, regulatory, and infrastructure and social investment challenges that hamper economic and human capital competitiveness. These issues affect the region's potential to achieve higher economic growth and also create the conditions that motivate many people to migrate abroad, including highly educated individuals and skilled professionals. This brain drain reduces the region's human capital base and prospects of economic development.

An important component for the region's countries to flourish will be improving social infrastructure. This will help boost their human capital base and competitiveness and aid their transition to higher-value-added and knowledge-based economies.

Focusing on the social

This CEB report shows that the region's social infrastructure – education, health and housing - are not sufficiently contributing to increasing and improving the human capital base, in turn hindering the speed of economic convergence to the European Union.

The inability of the region's social infrastructure to ensure a better-skilled and healthier population may diminish the likelihood of achieving durable long-term economic gains and socio-economic progress. Furthermore, more people may be motivated to move abroad, where social infrastructure works to build the necessary foundations to help people and their families achieve a higher quality of life. This in turn exacerbates the insufficient human capital in the region, making it more difficult for countries to achieve structural changes, technologically progress and bring about sustained economic growth.

The report examines how increased investment in three key social infrastructure areas – education, health and housing – may help strengthen human capital, counteract the effects of brain drain and increase the economic resilience and competitiveness of the region.

Education

Education systems face funding, material availability, and skilled staff issues, which hampers the ability to educate students with the adequate knowledge and skills demanded in modern jobs. Educational outcomes in the region's countries are below what is observed in EU countries. Access to early childhood education is limited in some parts of the region, creating long-term implications for educational inequality. Vocational education and training are inadequately developed to help young people and existing workers obtain new and upgrade existing skills in a fast-evolving and technologically oriented global economy.

Health

Healthcare systems in the region are often under-resourced and, in turn, result in the inability to offer quality care, leading to long-term effects on individuals' economic productivity and wellbeing. In the Western Balkans, poor health outcomes and high rates of non-communicable disease can lead to the loss of economically productivity years (due to premature deaths) and early exits out of the labour force due to ill-health.

> **"There is a need for more inclusive and comprehensive social infrastructure systems to increase and strengthen human capital formation of the Western Balkan countries."**
>
> Edo Omic, Economist, CEB



Migration from the Western Balkans

- On average, **155,000** people per year left to go to an OECD country between 2012 and 2018; in 2018 it was **175,000** people
- Over **71%** of young people in the Western Balkans want to live and work abroad
- In 2020, **35%** of people were dissatisfied with the availability/affordability of housing; **43%** were dissatisfied with key social services; **29%** were dissatisfied with the education system

Worryingly, a significant outflow of medical professionals abroad and severe shortfalls in primary care and preventative measures may contribute to the long-term inadequacy of health systems and citizens' health outcomes. The region's poor health outcomes are a burden on its economic activity as people prematurely leave the labour market. This contrasts with the typically more inclusive healthcare systems in the destination countries of migrants, where healthcare works to sustain people's capabilities to be productive and healthy.

Housing

Housing has become an increasingly pressing issue that underscores the wider socio-economic problems contributing to insufficient human capital development and emigration. While housing access and affordability are an issue in almost all countries in Europe, in the Western Balkans, the burden of high housing costs and low-quality dwellings are considerably high, impacting people's wellbeing and damaging human capital development potential.

Already stretched household budgets are disproportionately spent on meeting the costs of maintaining existing homes and keeping them warm. An inadequate supply and rising prices of homes make it difficult to access the housing market (especially for the vulnerable and young). A limited supply of social housing further exacerbates issues faced by the most vulnerable.

Finding answers and locating support

There is a need for more inclusive and comprehensive social infrastructure systems to increase and strengthen human capital formation of the Western Balkan countries.

Historically, investments priorities have focused on more traditional infrastructure projects in the transportation and energy sectors. In addition, limited fiscal space, aggravated by the economic effects of the COVID-19 pandemic, often means a sub-optimal allocation of funding to social sectors, with an undersupply of quality capital investments.

The region could benefit from complementing traditional infrastructure investment with broader investment policies that include an increased focus on key social infrastructure – education, health and housing. Supportive efforts are being initiated on this front. The EU's investment agenda in the region is placing greater importance on allocating EU funding support to help develop social infrastructure. Combined with support from the Western Balkan Investment Framework, International Financial Institutions, and multilateral and bilateral donors, the Western Balkan countries may be able to leverage funds to improve and to increase their social infrastructure systems.

Investing in social infrastructure alone will not be sufficient to transition the region's economies towards higher value-added activities, but these sectors are fundamental components to achieving overarching economic and social development objectives. Better quality, more inclusive social infrastructure may also motivate some people to stay in the region and contribute to its economic and social growth.

PAGES 22 HOW ETHICAL INVESTORS VALUE SUSTAINABLE BONDS

Sharing knowledge, driving solutions

The latest CEB technical brief 'Investing in Effective, Inclusive and Resilient Health and Social Care Systems in Europe' looks at how investment in five key areas could enable Europe's healthcare systems to support people to live longer, healthier lives.

The COVID-19 pandemic has put healthcare systems at the forefront of everyday social and economic life in Europe and across the globe. When healthcare facilities were overburdened with an unprecedentedly high influx of COVID-19 patients, the majority of Europeans had to adapt to living under lockdowns. Indeed, protecting healthcare systems from collapse became one of the primary objectives for most countries.

However, prior to the pandemic, European healthcare systems were facing intensifying structural weaknesses related to ageing populations, changing lifestyles and environmental degradation. In recent decades, the growing prevalence of non-communicable diseases (NCDs), such as cancer, diabetes and cardiovascular diseases, and multimorbidity have been threatening progress achieved in terms of life expectancy. Healthcare systems have also become increasingly unsustainable financially as populations have higher needs for health and social care services while public budgets remain constrained.

Intensifying inequalities in healthcare

The pandemic revealed and intensified inequalities in resources and healthcare access that existed between and within European countries. Many vulnerable social groups still struggle to access adequate healthcare services while growing gaps in physical healthcare infrastructure and medical staff across European regions continue to threaten social cohesion. Against this background, COVID-19 proved more destructive for communities that were already underserved in terms of access and quality of healthcare.

How can health systems become more inclusive?

This technical brief prepared by Kristina Maslauskaite and Thomas Kergall from the CEB's Technical Assessment & Monitoring Directorate, argues that a more integrated approach to healthcare investments would increase the effectiveness, inclusiveness and resilience of European healthcare systems.



Investment in the five areas below would help tackle the challenges facing European healthcare systems.

1. Multidisciplinary provision of primary healthcare in local health centres with a focus on person-centred care and disease prevention. These centres would be cheaper to build and operate than hospitals or clinics, ensuring more financially sustainable and inclusive access.
2. Community-based long-term care and support that is integrated with primary healthcare. Such services would promote promote autonomous life for persons in need and would enable many informal carers, who are typically women, to (re) join the labour market or access higher income employment opportunities.
3. Hospitals that are smarter, more flexible, more inclusive, greener and primarily focused on delivering specialist care for acute conditions.
4. Digitalisation of healthcare as well as more investment in health surveillance and research.
5. Increased support to ensure availability of health and social care workforces with the right skills and in the right places.

Creating better health outcomes for all

Well-integrated healthcare systems based on the principles of wellbeing, solidarity and sustainability would allow more Europeans to enjoy longer and healthier lives. However, the investments and approaches outlined in this technical brief will only yield the desired outcomes if they if they are environmentally sustainable, inclusive and accompanied by changes in modern lifestyles.



Read the technical brief now

'Investing in Effective, Inclusive and Resilient Health and Social Care Systems in Europe' is available for download from the CEB's home page, under 'publications.'

Learning lessons from COVID-19

On 30 September the CEB hosted a webinar on 'Investing in more and better social infrastructure for inclusive, resilient and sustainable societies'. This is the third in a series of CEB events on the theme of an inclusive, sustainable and resilient recovery from COVID-19.

Growing social inequalities and chronic underinvestment in public infrastructure reinforce each other in increasing the vulnerability of societies and economies to unexpected shocks. The COVID-19 crisis has clearly shown how the impacts of these two issues interact with the accelerating climate and environmental crises in weakening the resilience and inclusiveness of European economies.

Earlier this year, at the Porto Social Summit, European leaders reaffirmed that the recovery must be sustainable, inclusive and fair. Infrastructure is also currently a top priority of the G20. Scaling up social infrastructure to ensure equitable access to high-quality and affordable essential services for all is therefore one of the most effective ways to promote social cohesion and integration.

This session hosted by the CEB looked at the social infrastructure gap, with a special focus on Europe, and made the case for the prioritisation and increase of financing in support of social sustainability objectives.

Each panellist was asked a question about this social sector gap, and possible challenges and solutions to this. They also looked at how closer partnerships between public institutions and with private enterprises can help to advance the social investment agenda.

Panellists

- **Monica Scatasta**, Technical Assessment & Monitoring Director from the CEB
- **Yngve Engstroem**, Head of Cooperation at the EU Delegation in Montenegro
- **Anuela Ristani**, Deputy Mayor of the City of Tirana
- **Antonella Baldino**, Chief Developmental Finance Officer, Cassa Depositi e Prestiti
- **Gerd Trogemann**, Manager at the United Nations Development Programme, Regional Hub for Europe and Central Asia



"The findings of the COVID-19 impact assessments confirm that pre-pandemic development trends and patterns of investment are not sustainable, and if not addressed, they would regress rather than progress the achievement of the SDGs."

Gerd Trogemann



"In Europe alone, estimates suggest that closing the social infrastructure gap requires €100-150 billion of additional investment per year for an estimated total of €1.5 trillion, in the period of 2018-2030."

Antonella Baldino



"Public development banks are a piece of a much more complex puzzle. Public funding alone cannot do it; we therefore need to think of new ways of how we can leverage private finance."

Monica Scatasta



"If you don't invest in trade growth, there will be no space for social investments. If you don't create a green transition, those who are already vulnerable will suffer the most. It is all interlinked."

Yngve Engstroem

Growing together

Eco-Răzeni Association, the winner of this year's CEB Award for Social Cohesion, provides on-the-job training and employment opportunities for young adults from disadvantaged backgrounds in the Republic of Moldova, particularly addressing people with disabilities. Info profiles Eco-Răzeni and talks to its CEO, Sergiu Gurău, about what the win means to the NGO.

"Nobody hires people with disabilities." "Who do I turn to and who can help me find a job or learn a trade if I have a disability?" These are just some of the issues faced by marginalised young people, and which Eco-Răzeni Association has been helping to address since 2012, when it created the social enterprise *Floare de cires* (which means 'Cherry Blossom' in English).

Răzeni is a village in Ialoveni district in the centre of the Republic of Moldova. The village has 7,000 inhabitants including some 45 young disabled people aged 16 to 35. Two thirds of them have no education or primary education at all, while the remainder have very little education or work experience. These young people mostly live in socially vulnerable families with very low average monthly incomes and are excluded in their community because of their disability.

Getting started

Since 1998, Eco-Răzeni Association has been nurturing the power of disadvantaged youth through transformative training and professional programmes designed to reinforce their independent living skills. Just under a decade ago, Eco-Răzeni launched Cherry Blossom, the first catering social integration enterprise in the Republic of Moldova, in collaboration with the Austrian Federal Ministry of Labour, Social Affairs and Consumer Protection (BMASK), the Association 'Volkshilfe Solidarität' and WienWork from Austria. The Association aimed to provide an innovative approach to solve the challenges of poverty and social exclusion of at-risk groups, improving their life quality. And in early 2014, it launched its own greenhouse, where team members grow organic vegetables for use in its catering services.

Cherry Blossom has recently opened a new 511 sq m social bakery and catering facility, called 'Hope has an address' which is providing modern catering facilities, excellent training resources and additional employment opportunities for young people with disabilities.

An empowering opportunity

Sergiu Gurău, CEO of Eco-Răzeni says, "The idea that we can help people to solve their problems is what motivates us every day to continue our mission. It is crucial for social cohesion to understand and empathise with people. So when we heard about the CEB Award for Social Cohesion, we were keen to apply. We saw it as a way of empowering more people in need."

Since its launch, Eco-Răzeni has enabled over 130 young marginalised people to benefit from employment and vocational training. Cherry Blossom is a supportive and safe space where they can learn to grow,







Eco-Răzeni in numbers

- **36:** the number of elderly and poor single people who receive lunches from Cherry Blossom three times a week.
- **130:** the number of young people with disabilities who have benefitted from training at Eco-Răzeni since 2013.
- **160,000:** the number of free lunches served to **210** beneficiaries between 2013-2020.

prepare and serve food, while learning more general skills, such as teamwork. Irina Nepotu, who works at Cherry Blossom, says. "I like working here a lot and I've made many friends. We still keep in touch with graduates from the training programme."

Being part of the social enterprise also helps the young people to develop their confidence, self-esteem and communication/ interpersonal skills. Larisa Platon, Head of Training at Eco-Răzeni, says of the enterprise: "Young men and women join us who have disabilities, who come from disadvantaged families, and who have few opportunities. Here they obtain a profession, a path in life."

> **"The idea that we can help people to solve their problems is what motivates us every day to continue our mission."**
>
> Sergiu Gurău, CEO, Eco-Răzeni

In essence, Eco-Răzeni is supporting those young people who are a long way from the labour market to move towards, and into, sustainable, meaningful employment. However, the benefits extend to the wider community too. Maria Gangan is a former teacher and one of the beneficiaries of the Cherry Blossom canteen. Commenting on her experience of Eco-Răzeni Maria says, "When they came for the first time with warm food, I was so touched that I cried. The meal was even brought to me by my former pupil, Serghei, one of the employees at the enterprise."

Growing inclusive communities

What does winning the CEB Award for Social Cohesion mean for the enterprise? Mr Gurău says, "The €25,000 prize itself will help us to fulfil various roles: to develop new initiatives, including our new social bakery, which offers an important new training and workspace. It will also enable us to continue to promote diversity and the recognition of the rights of people with disabilities so that more inclusive and cohesive communities can be created across the Republic of Moldova."

"Everyone at Eco-Răzeni was absolutely delighted to win the CEB Award," continues Mr Gurău. "It was wonderful for our staff, trainee teachers and beneficiaries, including their families, to have our work recognised in this way. It has reinforced our confidence in our ability to strengthen social cohesion in our community."

Raising profiles

The win also brings with it invaluable opportunities to raise the profile of Eco-Răzeni and its work. "Winning the CEB Award for Social Cohesion has been an incredible talking point for us and the whole community," concludes Mr Gurău. "We've received many good will messages and have been interviewed by various TV stations. All of this enables us to add value to our work – illustrating our impact to funders and decision-makers. In the difficult times caused by the pandemic this is enabling us to plan and build support across marginalised groups so we can address shared challenges."



How ethical investors value sustainable bonds

Sustainable bonds are enjoying growing popularity in the market. More and more companies and supranational institutions or states are issuing bonds supporting climate protection or social justice. But not every bond delivers what it promises, as Marieke Knußmann, from GLS Investment Management GmbH, explains.

Info: GLS Investment Management invests in the sustainable bond market through the GLS Bank Climate Fund. What are your reasons for being active in the market?

MK: We are a wholly owned subsidiary of GLS Bank, the pioneer of social-ecological banking in Germany. We see it as our mission to direct capital to where it will have a positive impact - both for the environment and for society. This is precisely the promise made by issuers of sustainable bonds. The funds raised go to green bonds, which support renewable energy or sustainable mobility, for example, or to social bonds,



which finance affordable housing. These are exciting projects that we consider to be very attractive.

Info: How do you proceed when a sustainable bond comes to market?
MK: We have installed our own review process internally for bond issues, which is based on several stages. In this process, it is important that both the issuer and the bond are sustainable and meet our strict criteria. That is why we check certain standards at both levels. We see this as a mandate from our customers. In our view, we act more rigorously here than many competitors in the market.

Info: Where do you start?
MK: First, we look at the issuer. We want to understand how credible it is. Is sustainability deeply embedded in the business model or is it just more of an advertising tool? We take a very close look at how the issuer does business. If we discover sales that result from fossil fuels, weapons, controversial business practices, or child labour, we don't invest. Only when we are sure that the issuer is not active in these areas do we look at the bond itself.

> **"The funds raised go to green bonds, which support renewable energy or sustainable mobility, for example, or to social bonds, which finance affordable housing. These are exciting projects that we consider to be very attractive."**
> Marieke Knußmann

Info: What criteria are decisive for the bond?
MK: Initially, we look at what the issuer wants to finance with the bond proceeds. Does the capital flow into projects that meet our understanding of sustainability? In the case of green bonds, we prefer projects that support climate-friendly transportation, energy efficiency of buildings or water treatment in emerging markets. For social bonds, we are guided by the ICMA's Social Bond Principles. It's about affordable housing, microfinance or food supply. Recently, however, other aspects, such as diversity or gender equity have also become much more important to us.

Info: If this is the case, how do you proceed?
MK: If we are convinced by the financed projects, we check the processes and transparency of the issuer. We look very closely at the second party opinion. We want to be sure there is ring fencing. Issuers should have a framework where they make their criteria public. It is equally important that issuers describe their selection process for the projects they finance in detail. We don't put money into a blind pool.

Our work doesn't end there. We look very closely at impact reporting. We want to know: Did the money really go to the projects? What are the positive effects of the funding? How was this measured? Is there an additional benefit?

Info: Then nothing stands in the way of an investment, right?
MK: We are an ethical investor. Sustainability cannot be expressed in numbers alone. That's why we go one step further: Even if most of the signs look good, but we still have concerns, then we have set up a veto right. Of course, analysts have to justify this. But it is important to us not to rely only on cold facts and figures, but also on common sense. There are always blind spots that even a comprehensive valuation process cannot cover. Being able to express these concerns openly greatly enriches our work.



Marieke Knußmann

- Senior Research Analyst in the Sustainability Research department of GLS Investment Management GmbH, focused on issuer reviews in mobility, and mechanical and electrical engineering; responsible for green bonds, monitoring and GLS's Climate Fund.
- Studied political science and international studies/peace and conflict research at Darmstadt, Aberystwyth and Frankfurt am Main universities.
- Previous roles include in the secretariat of the Germany Extractive Industries Transparency Initiative and as an ESG Corporate Rating Analyst with ESG rating agency ISS ESG, where she was in charge of Aerospace & Defence and SDG Solutions Assessment.

Info: When it comes to bond issues, things have to move quickly. Sometimes there is not enough time for a detailed analysis. How do you review your decision?
MK: Constant review is very important for us as one of the quality leaders in the industry. Our GLS Investment Committee validates all the investments we make once more after the fact. The committee is a decision-making body of sustainability experts that meets several times a year. It takes another very close look at whether we have made the right decision. This gives us, but also our investors, further assurance.

News, events and publications

Official visits of CEB Governor

In **September** CEB Governor, Rolf Wenzel, paid official visits to Turkey and Latvia.

In **Latvia** Governor Wenzel met with high level government officials as well as the Mayor of Riga Mārtiņš Staķis and emphasised the importance of partnering with cities to support social investment at the local level. The CEB delegation also visited the University of Latvia (UL) and the Ķīpsala campus of the Riga Technical University (RTU), both recipients of CEB loans.

In **Turkey**, Governor Wenzel met with government representatives and highlighted the importance of the CEB's continued support for the Istanbul Seismic Risk Mitigation and Emergency Preparedness Project (ISMEP), one of the largest single city seismic risk mitigation programmes in the world. The Governor and the Representative of the Ministry of Treasury and Finance signed the third loan agreement supporting ISMEP, worth €100 million.

At the CEB's project office in Ankara, Governor Wenzel looked at progress in the implementation of Strengthening Health Care Infrastructure for All (SHIFA) programme, which aims to make healthcare services in Turkey more accessible to refugees and strengthen health infrastructure. The Governor and the Representative of the Ministry of Health signed two EU grant agreements valued at €80.6 million to support refugee healthcare investments.

October saw Governor Wenzel attend a ceremony in **Leipzig, Germany**, to mark the construction of social housing units in the city. The CEB has approved an additional loan of €100 million to Leipziger Wohnungs and Baugesellschaft MBH, one of Germany's largest municipal housing companies, to finance the construction and renovation of homes for vulnerable people and those on low incomes.

Later in the month, Governor Wenzel also visited Finland and Slovenia. In **Finland**, he met with high-level government officials, Mayor of Helsinki Juhana Vartiainen, Mayor of Tampere Anna-Kaisa Ikonen, and CEO of Pirkan Opiskelija-asunnot (POAS), Timo Jokinen, and visited projects financed through CEB loans. Governor Wenzel and the Director of Tampere City Group, Juha Yli-Rajala signed a €60 million framework loan agreement. The agreement will support the construction, restoration and extension of municipal infrastructure in the City of Tampere.

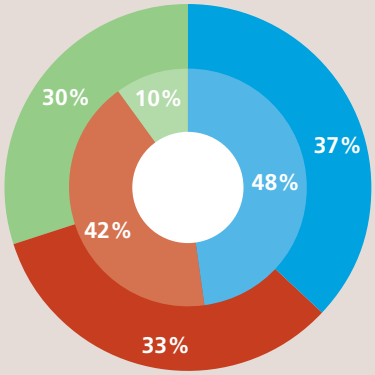
In **Slovenia**, he attended the opening ceremony of the Novo Brdo housing complex in Ljubljana, which is partially financed through a CEB loan worth €50 million. The Governor visited other projects financed by CEB loans, and discussed current and future cooperation with Minister of the Environment and Spatial Planning, Andrej Vizjak, Minister of Finance Andrej Šircelj, Deputy Mayor of Ljubljana Aleš Čerin, and Director of the Housing Fund of the Republic of Slovenia, Črtomir Remec. He also met representatives of the Slovene Export and Development Bank (SID Banka) to finalise a new €50 million loan for municipal investments in infrastructure, energy efficiency, and the environment.

A positive outlook

Fitch Ratings confirmed the Bank's AA+ rating and revised its outlook from 'stable' to 'positive'. Fitch Ratings underlined the Bank's enhanced public mandate owing to its strong role supporting member states throughout the migrant crisis and COVID-19 pandemic. Standard & Poor's (S&P) affirmed the CEB's AAA rating (stable outlook). The S&P rating is the highest rating possible and reflects the agency's 'extremely strong' assessment of the CEB's enterprise risk profile and financial risk profile.

CEB ISSUES ITS LARGEST USD BENCHMARK OF 2021

The CEB issued its largest USD benchmark transaction of 2021, following the $500m Social Inclusion Bond 3-year issued in June. The orderbook attracted a number of high-quality investors. The new $1bn 5-year benchmark is due 22 September 2026.

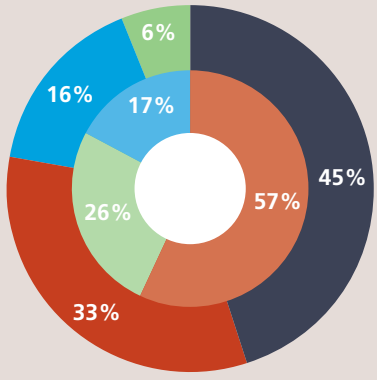


By Geography
- Asia
- EMEA
- Americas

By investor type
- Central banks/official institutions
- Banks & Bank Treasuries
- FM/Ins/PF

NEW A$300M KANGAROO TRANSACTION

The Bank priced a new A$300m three-year Kangaroo transaction due 8 October 2024, representing the CEB's first Kangaroo benchmark since 2010. The transaction attracted a wide range of investors.



By Geography
- Domestic investors
- EMEA
- Asia
- Americas

By investor type
- Banks & Bank Treasuries
- FM/Ins/PF
- Central banks/official institutions

What's on
November 2021 - January 2022
Forthcoming meetings and conferences at the CEB and beyond

MORE AT **COEBANK.ORG**



18-19 November (hybrid format)

CEB Administrative Council meeting
The final Administrative Council meeting for 2021. Representatives of each member state will approve new investment projects.
More at: coebank.org/en/about/structure-management/administrative-council/

3 December (Paris)

CEB Governing Board meeting
The final meeting of the Bank's Governing Board for 2021. The Governing Board oversees the general direction of the CEB.
More at: coebank.org/en/about/structure-management/governing-board/

31 October - 12 November

COP26 - Glasgow
The CEB will be hosting an event at this landmark conference.
More at: https://ukcop26.org/

Read our latest publications

You can download all CEB publications from our website. Visit coebank.org and click on 'All publications'.

TECHNICAL BRIEF: INVESTING IN EFFECTIVE, INCLUSIVE AND RESILIENT HEALTH AND SOCIAL CARE SYSTEMS IN EUROPE

This brief, from the CEB's Technical Assessment & Monitoring Directorate, argues that an integrated approach to healthcare investments would enhance Europe's healthcare systems.
Download the report at https://coebank.org/media/documents/TB_Investing_in_Effective_Inclusive_and_Resilient_Health__Social_Care_Systems__dwpHC2Z.pdf



SOCIAL INFRASTRUCTURE IN THE WESTERN BALKANS

This report, from the CEB's Studies Unit, looks at how improving human capital and strengthening economic competitiveness in the six countries of the Western Balkans could combat the brain drain they are experiencing.
Download the report at https://coebank.org/fr/news-and-publications/ceb-publications/?type=study



LOOK OUT FOR THE NEXT ISSUE OF **Info** OUT IN JANUARY 2022

Projects in focus

Our website features CEB news and publications as well as updates about CEB-funded projects. Visit **coebank.org**

New CEB loan approvals
Nouvelles approbations de prêts de la CEB

Seven new loans totalling almost €628 million were approved by the CEB's Administrative Council in September.
Sept nouveaux prêts d'un montant total de près de 628 millions d'euros ont été approuvés par le Conseil d'administration de la CEB en septembre.

The new financing, in the form of five Programme Loans and two Public Sector Financing Facilities, will support healthcare, social infrastructure, education and environmental projects. The loans will also improve access to funding for micro, small and medium-sized enterprises (MSMEs).
Les nouveaux financements, sous la forme de cinq prêts-programmes et de deux facilités de financement du secteur public, soutiendront des projets dans les domaines de la santé, des infrastructures sociales, de l'éducation et de l'environnement. Les prêts amélioreront également l'accès au financement des micros, petites et moyennes entreprises (TPE-PME).

1 Cyprus / Chypre

Loan size: €65.5 million
Borrower: Government
Aim: To support the development of education facilities at pre-primary, primary and secondary levels.
Montant du prêt : 65,5 millions d'euros
Emprunteur : Gouvernement
Objectif : Soutenir le développement d'infrastructures éducatives aux niveaux pré-primaire, primaire et secondaire.

5 Poland / Pologne

Loan size: €200 million
Borrower: PKO Leasing
Aim: To support and strengthen MSMEs, including preserving existing, and creating new jobs.
Montant du prêt : 200 millions d'euros
Emprunteur : PKO Leasing
Objectif : Soutenir et renforcer les TPE-PME, notamment en préservant les emplois existants et en en créant de nouveaux.

6 Portugal / Portugal

Loan size: €158.7 million
Borrower: Autonomous region of Madeira
Aim: To finance a new hospital for Madeira, serving the island's inhabitants and visitors.
Montant du prêt : 158,7 millions d'euros
Emprunteur : Région autonome de Madère
Objectif : Financer un nouvel hôpital pour Madère, au service des habitants et des visiteurs de l'île.



Derniers prêts approuvés par la CEB

2 Czech Republic / République tchèque

Loan size: €50 million
Borrower: Národní rozvojová banka (NRB)
Aim: To improve urban and rural infrastructure and protect the environment.
Montant du prêt : 50 millions d'euros
Emprunteur : Národní rozvojová banka (NRB)
Objectif : Améliorer les infrastructures urbaines et rurales et protéger l'environnement.

3 Germany / Allemagne

Loan size: €100 million
Borrower: Leipziger Wohnungs- und Baugesellschaft mbH
Aim: To finance the construction of new rental housing and renovate existing buildings.
Montant du prêt : 100 millions d'euros
Emprunteur : Leipziger Wohnungs- und Baugesellschaft mbH
Objectif : Financer la construction de nouveaux logements locatifs et la rénovation de bâtiments existants.

4 Lithuania / Lituanie

Loan size: €4 million
Borrower: Lithuanian Central Credit Union
Aim: To enhance access to financing for MSMEs, fostering growth and entrepreneurship.
Montant du prêt : 4 millions d'euros
Emprunteur : Union centrale de crédit de Lituanie
Objectif : Améliorer l'accès au financement des TPE-PME, en favorisant la croissance et l'esprit d'entreprise.

7 Spain / Espagne

Loan size: €50 million
Borrower: Sociedad Pública de Infrastructuras y Medio Ambiente de Castilla y León S.A.
Aim: To strengthen environmental protection and provide drinking water to the 2.4 million inhabitants of the Castilla y León region.
Montant du prêt : 50 millions d'euros
Emprunteur : Sociedad Pública de Infrastructuras y Medio Ambiente de Castilla y León S.A.
Objectif : Renforcer la protection de l'environnement et fournir de l'eau potable aux 2,4 millions d'habitants de la région de Castilla y León.

