

2021 Social Inclusion Bond Report

The CEB's Social Inclusion Bonds – 2021 Issuance Highlights

KEY DEAL CHARACTERISTICS

Issue date	15 April 2021	10 June 2021
Amount	500 €M	500 \$M*
Maturity	15 April 2028 (7 years)	10 June 2024 (3 years)
Rating	Aa1/AAA/AA+	Aa1/AAA/AA+
Coupon	0.000%	0.375%
Second Party Opinion	Sustainalytics	Sustainalytics

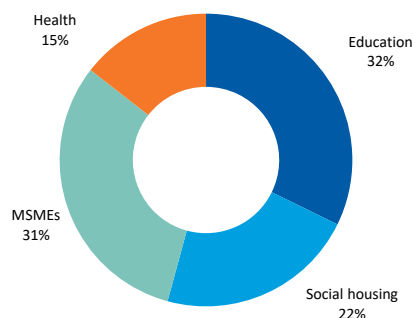
*eq. 410 €M

- The Council of Europe Development Bank (CEB) has an explicitly social mandate and strong track record of promoting social investments in its member states across Europe and has been a pioneering issuer of social bonds.
- The CEB has continued to further strengthen its role in the social bond market with two new Social Inclusion Bond (SIB) benchmarks in 2021.
- In April 2021, the CEB issued a €500 million seven-year SIB attracting strong demand from European investors, predominately from the DACH region (Germany, Austria, Switzerland) taking 40%, Benelux 27%, Asia 10% and Italy 10%. In June 2021, CEB issued its second USD denominated SIB, a \$500 million three-year Global SIB, which saw strong demand, especially from central banks and official institutions who bought 63% of the bond.
- The cumulative volume raised from CEB's SIBs has grown to over €3.8 billion equivalent since the first CEB SIB in 2017.

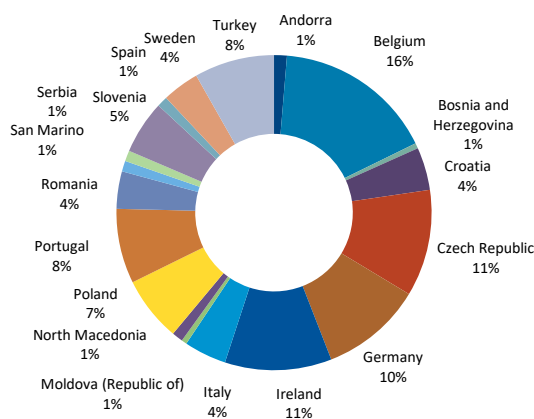
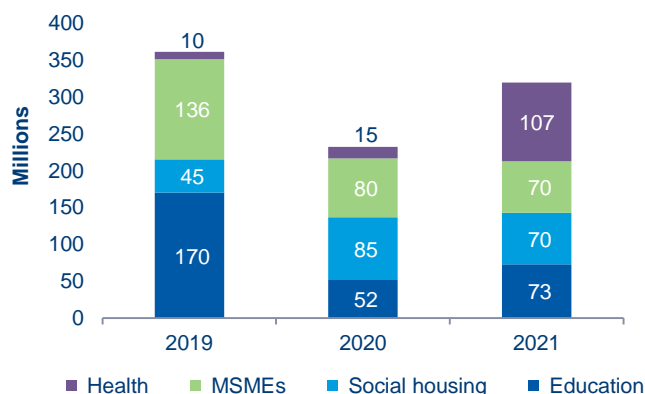
Use of Bond Proceeds

ALLOCATION OF DISBURSEMENTS

Amount of loans disbursed	912.7 €M
# of projects	21
Sectors	Health, MSMEs, Social Housing and Education
# of countries	19



YEAR OF DISBURSEMENT



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Eligibility Criteria

- **Social housing for low-income persons:** housing renovation, construction or refurbishing and conversion of buildings into housing.
- **Education and vocational training:** projects concerning education, including vocational training, and related basic infrastructure with the aim to provide access to education and vocational training.
- **Health:** projects concerning health and related infrastructure with the aim to improve and protect public health, in particular providing assistance to vulnerable populations.
- **Supporting MSMEs for the creation and preservation of viable jobs:** projects facilitating access to credit for MSMEs for the primary purpose of promoting the creation and preservation of viable jobs.
- Additional information on CEB's Social Inclusion Bonds can be found on our [website](#).

Methodology





- The impact reported by the CEB concerns the project expenditure. The CEB usually finances a portion of such projects and therefore contributes financially to only a share of the benefits.
- The proceeds from the two Social Inclusion Bonds issued in 2021 have been allocated equally to the 37 tranches of the 21 eligible social loans listed in this report.
- The reporting is based on ex post impact data reported by the projects, companies or other organisations.
- The CEB requested EY as external auditors to perform agreed-upon procedures related to the disbursement of the amounts mentioned in this report to the relevant projects. EY was also requested to confirm the compliance of the projects with the relevant framework loan agreements. EY reviewed the disbursements for the 37 tranches of the 21 eligible social loans mentioned in this Social Inclusion Bond Report and noted no discrepancies between these disbursements and the relevant framework loan agreements.

CEB's new Social Inclusion Bond Framework (2022)

- CEB has updated its Social Inclusion Bond Framework in 2022 to align with the latest market standards and practices.
- The Use of Proceeds categories in the framework remain unchanged. In line with best practice in the social bond market, the framework clarifies the target population for each category. The section detailing the process for project evaluation and selection has been updated to reflect the robust internal project selection processes at the CEB, which take into account the social value added of proposed projects, environmental criteria as well as a formalised monitoring process throughout the lifecycle of the project. CEB has also updated its approach to the management of proceeds, in line with market practice, to a portfolio approach to reflect the dynamic nature of our loan portfolio.
- The CEB is committed to transparently report on the allocation and impact of eligible social loans that are financed by Social Inclusion Bonds. In 2023, the CEB will commence reporting on the entire portfolio of social bonds and eligible social loans (per ICMA Social Bond Principles categories). The CEB will be transparent in its reporting on the new loans disbursed in the reporting year to show the proportion of financed / refinanced loans. CEB will report on the portfolio of eligible social loans. For more information on our reporting commitment, please see the new Social Inclusion Bond Framework (2022) on our [website](#).

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Harmonised Impact Report for 2021 Social Inclusion Bonds

Project Category			Target Population	Allocation information				Social Indicators	
SBP Category	Sub-category	SDG Addressed (as relevant)	Target Group	Signed amount	Share of Total Financing	Eligibility of Social Bond	Allocated amount	Indicator 1	Indicator 2
a/	b/	c/	d/	e/	f/	g/	h/	i/	i/
				EUR	%	% of signed amount	EUR	Number of beneficiaries	Number of infrastructure
Social housing	New constructed and renovated housing for rental housing	 	Low income persons and vulnerable groups	670,745,157	30%	100%	200,642,500	9,356 residents	3,957 dwellings
Education	Kindergarten, Primary, Secondary Schools	 	Students, unemployed, persons with reduced mobility and general population	3,290,404,336	9%	100%	294,339,081	827,719 students	1,157 schools
Health	COVID emergency aid Construction and modernization of health infrastructure	 	General population	783,432,544	17%	100%	132,000,000	1,715 beds 555,195 patients served	31 healthcare facilities
Employment generation including through the potential effect of SME financing and microfinance	COVID emergency aid Micro, small and medium enterprise financing	   	Unemployed	639,021,218	45%	100%	285,709,174	123,885 jobs preserved 1,869 jobs created	15,213 MSMEs
Total	-	-	-	5,383,603,255	100%	-	912,690,755	-	-

Notes:

a/ Eligible category pursuant to Social Bond Principles (SBP)

b/ Eligible sub-category

c/ Eligible Sustainable Development Goals (SDG) which are addressed by the financed portfolio / project and fit to the chosen SBP (sub)category

d/ Eligible target populations include:

- 1) Living below poverty line
- 2) Vulnerable groups
- 3) Undereducated
- 4) Unemployed

e/ Signed / budgeted amount committed by the issuer for the portfolio or portfolio components eligible for Social Inclusion Bond financing

f/ Share of the total portfolio/project cost that is financed by the issuer

g/ Percentage of signed amount eligible for Social Inclusion Bond financing

h/ Amount allocated by the issuer to the portfolio or portfolio components eligible for Social Inclusion Bond financing

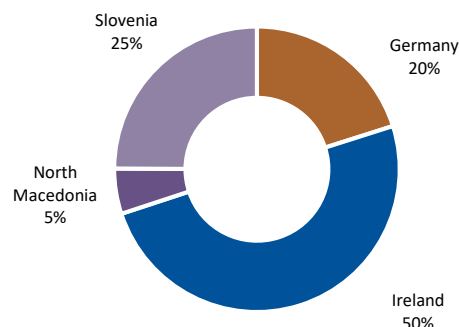
i/ Indicators include number of jobs, people, schools, dwellings etc. benefiting from the total project

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Social Impact of Loans Granted for Social Housing

Social Housing

Total project cost	670.7 €M
2021 CEB amount of loans disbursed	200.6 €M
# of countries	4
# of constructed dwellings	3,299
# of residents	9,356
# of renovated dwellings	658



Eligible Project List

Country	Borrower	First disbursement date	Total project cost	Number of constructed dwellings	Number of renovated dwellings	Number of residents
Slovenia	The Housing Fund of the Republic of Slovenia	Apr 2020	129,675,996	819	-	1,799
Ireland	Housing Finance Agency PLC	Jul 2020	340,766,563	1,172	-	3,885
Germany	Investitionsbank Berlin	Nov 2019	74,147,060	388	-	1,200
Germany	Wi Bank	Apr 2019	75,455,538	189	100	694
North Macedonia	North Macedonia	Jun 2019	50,700,000	731	558	1,778

Example: Affordable housing for low to middle income households in Slovenia

- In November 2018, the CEB approved a € 50 million loan to the Housing Fund of Slovenia for the partial financing of the construction of rental housing units located in Ljubljana and Maribor. The project is in line with the National Housing Strategy 2015-2025, which aims to increase the social and affordable rental housing stock for households that cannot solve their housing needs in the market conditions. Priority is given to socioeconomically vulnerable groups such as young families, elderly and young under the age of 29. With this loan, the CEB has been able to provide 819 rental dwellings below market rent for some 1,800 low- and middle-income beneficiaries. The project is expected to have a substantial positive impact on the beneficiaries' quality of living and respond to their housing needs in coherence with requirements of their professional career, family status or point in the life cycle.

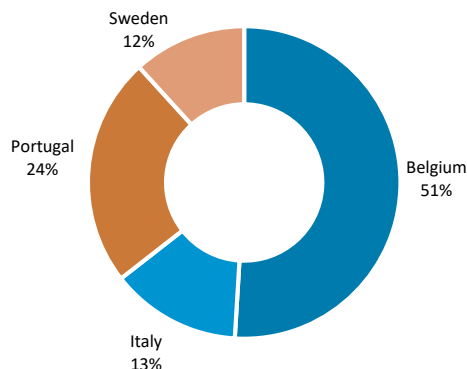


Total project cost	CEB disbursements	CEB share (% of total cost)	# of dwellings	# of direct beneficiaries	Disbursement date(s)
130 M€	50 €M	39%	819	1,799	09/04/2020 12/11/2020 12/11/2021

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Social Impact of Loans Granted for Education

Education	
Total project cost	3,290 €M
2021 CEB amount of loans disbursed	294.3 €M
# of countries	4
# of schools	1,157
# of students	827,719



Eligible Project List

Country	Borrower	First disbursement date	Total project cost	Number of schools	Number of students
Portugal	Parque Escolar E.P.E.	Jun 2019	2,455,718,281	173	204,000
Sweden	City of Gothenburg	Jun 2021	241,430,192	130	24,470
Italy	Cassa Depositi E Prestiti Societa Per Azioni	Jul 2020	178,458,611	142	590,000
Belgium	Communauté Francaise de Belgique	Jun 2019	414,797,252	712	9,249

Example: Modernising Portugal's Secondary Schools

- The CEB loan, granted to Parque Escolar, E.P.E., the governmental entity responsible for the implementation of the project, aims to partially finance the planning, rehabilitation, extension and equipping of secondary school buildings within the comprehensive national investment Programme to Modernise Public-Secondary Schools Facilities throughout the country. The project is of significant importance to Portugal for achieving the objectives of its education infrastructure reform. The main beneficiaries of this project are the current and future school communities of the rehabilitated schools. Alongside other financing sources of this large, € 2.5 billion investment programme, the CEB's loan provides the necessary balance in funds to bring about important social and educational effects as the modernisation of public schools requires major upgrades in terms of physical, environmental and functional quality of the facilities. This CEB par-financed project is expected to make a significant contribution to improving the student population's educational experience and achievement.



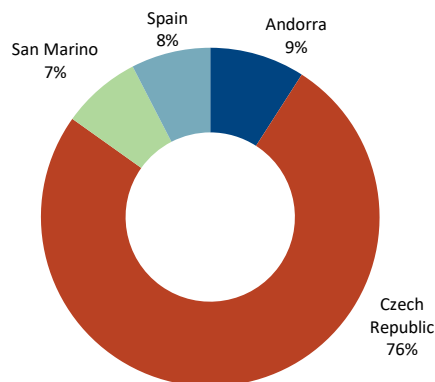
Total project cost	CEB disbursements	CEB share (% of total cost)	# of schools	# of students	Disbursement date(s)
2,456 €M	70 €M	3%	173	204,000	20/06/2019 08/05/2020 12/03/2021

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Social Impact of Loans Granted for Health

HEALTH

Total project cost	783.4 €M
2021 CEB amount of loans disbursed	132.0 €M
# of countries	4
# of beds	1,715
# of patients	555,195
# of COVID tests provided	2,293,232
# of masks distributed	211,515,959
# of vaccine doses	77,000



Eligible Project List

Country	Borrower	First disbursement date	Total project cost	Number of beds	Number of COVID tests provided	Number of masks distributed	Number of vaccine doses
Andorra	Andorra	Oct 2020	15,827,902	20	413,147	1,870,569	77,000
Czech Republic	Czech Republic	Jul 2021	361,771,741	-	1,871,701	208,691,450	-
Spain	Comunidad Autonoma de Castilla Y Leon	Jul 2019	374,680,000	1,695	-	-	-
San Marino	Republic of San Marino	Dec 2020	31,152,901	-	8,384	953,940	-

Example: Supporting Andorra's efforts to manage the Covid-19 pandemic

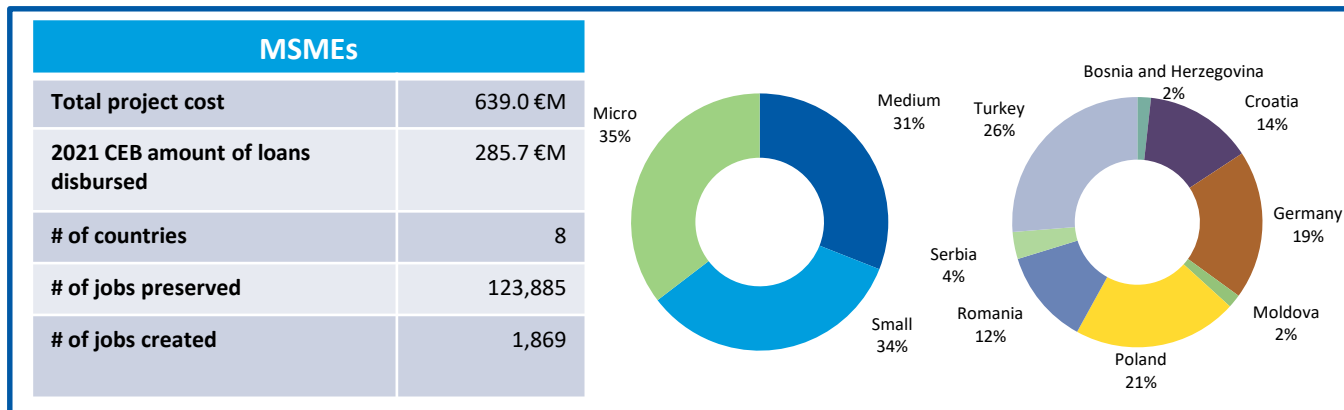
- In September 2020, the CEB approved a € 12 million loan to support Andorra's response to contain the spread of COVID-19 and mitigate the socio-economic impact of the health pandemic. It is the first CEB loan for Andorra since the country officially became the 42nd state to join the Bank in May 2020. The CEB loan was used to finance COVID-19 extraordinary expenditure incurred in the health sector. The expenditures mainly include the acquisition of specialised medical equipment and intensive care beds, personal protective equipment and other emergency supplies and consumables (incl. vaccines, laboratory material, COVID-19 test kits), the remuneration of exceptional and temporary medical staff as well as the provision of related services (cleaning and disinfection, logistics, call centres, IT, communication, etc.).



Total project cost	CEB disbursements	CEB share (% of total cost)	Major COVID-19 expenditure items	Disbursement date(s)
15.8 €M	12 €M	76%	Medical equipment, supplies, consumables and services, salaries	27/10/2020 05/07/2021

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Social Impact of Loans Granted for MSMEs



Eligible Project List

Country	Borrower	First disbursement date	Total project cost	Number of MSMEs	Jobs preserved	Jobs created
Croatia	HBOR	Dec 2020	170,715,290	328	5,144	1,353
Germany	Investitionsbank des Landes Brandenburg	Jan 2021	110,000,093	8,943	57,366	-
Moldova	B.C. Procredit Bank S.A.	May 2020	10,281,413	38	1,250	32
Romania	Raiffeisen Leasing Romania IFN SA	May 2020	44,084,815	929	19,624	90
Serbia	Procredit Bank a.d.	Nov 2020	20,099,505	208	6,353	-
Turkey	Türkiye İhracat Kredi Bankası A.Ş. (Türk Eximbank)	Aug 2019	150,036,655	161	16,090	-
Bosnia and Herzegovina	Procredit Bank D.D. Sarajevo	Dec 2020	12,383,460	53	1,270	85
Poland	Santander Leasing S.A.	Jun 2019	121,419,987	4,553	16,788	309

Example: Preserving jobs in the Republic of Moldova during the Covid-19 crisis

- In May 2020, the CEB decided to add COVID-19 targeted response to the already existing MSME programme of € 10 million, approved with ProCredit Bank Moldova in November 2019, so as to support business continuity in the COVID-19 pandemic context. Within this component, the CEB loan partially financed working capital and investment needs of MSMEs affected by the crisis, helping them to maintain viable jobs. With its tranche of € 5 million (representing 50% of the loan amount), the CEB has been able to reach 38 MSMEs and help them preserve 1,250 jobs, out of which almost one third are occupied by women.



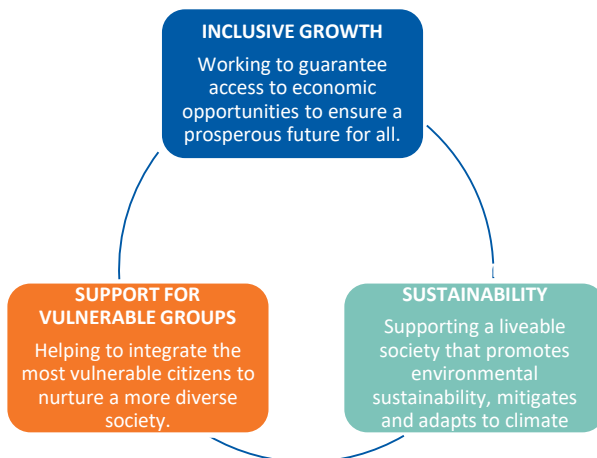
Total project cost	CEB disbursements	CEB share (% of total cost)	# of MSMEs	# of jobs preserved	Disbursement date(s)
10.3 M€	5 €M	49%	38	1,250	18/05/2020

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The CEB at a glance

PROMOTING SOCIAL COHESION - OUR LINES OF ACTION

The CEB is a multilateral development bank whose mission is to promote social cohesion and strengthen social integration in Europe through the provision of financing and technical expertise for projects with a high social impact in its member states. It participates in financing social projects, responding to emergency situations and contributes to improving the living conditions of the most vulnerable population groups (among others, children, pregnant women, homeless or disabled persons, migrants, refugees and ethnic minorities), depicted through the diagram (right).



KEY MILESTONES

- **1956:** establishment of the CEB in the aftermath of World War II, in the form of a Resettlement Fund with a capital of less than 7 million US dollars.
- **1960s-1980s:** steady increase of its membership, financial resources and scope of action in line with changes in social priorities.
- **1993:** following the Vienna Summit, a wave of new members from the countries of Central, Eastern, and then South-Eastern Europe joined the Bank (which at the time was still a Fund).
- **1997:** the Strasbourg Summit widened the CEB's mandate to include strengthening social cohesion, alongside the existing priorities set out in its Articles of Agreement.
- **2005:** the Warsaw Summit, whilst continuing to support the Bank's traditional mission, also invited the CEB to contribute in its own way to the development of a free, democratic and more inclusive European society.
- **Since 2008,** the protracted crisis in Europe and its impact on the lives of populations have made the CEB's mandate and action as a social development bank more relevant than ever.
- **2017:** the CEB launched its inaugural Social Inclusion Bond issue (€ 500 million size). This landmark issuance was a major step towards promoting social cohesion in Europe.
- **2020:** The year was dominated by the global COVID-19 pandemic. The Bank provided over € 3 billion to support member states to fund emergency healthcare and vaccinations, to restart their economies and promote their sustainable recovery.

CEB ACTIVITIES AND KEY UN SDGs

Alignment with CEB's social mandate



Cross-cutting issues, screening of all CEB projects



Project-specific, sector-based relevance



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