Strategic Framework 2023-2027

CEB

COUNCIL OF EUROPE DEVELOPMENT BANK

BANQUE DE DEVELOPPEMENT DU CONSEIL DE L'EUROPE



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Abbreviations

ADI-ROM	Committee of Experts on Roma and Traveller Issues
AFD	French Development Agency
CEB	Council of Europe Development Bank
CEE	Central and Eastern Europe
CPT	European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment
DG NEAR	Directorate-General for Neighbourhood and Enlargement Negotiations
EC	European Commission
EFSD+	European Fund for Sustainable Development Plus
EIB	European Investment Bank
ELTI	European Long-Term Investors Association
EPOCH	European Platform on Combatting Homelessness
ESG	Environmental, social and governance
EU	European Union
FEANTSA	European Federation of National Organisations Working with the Homeless
FiC	Finance in Common
FRiT	Facility for Refugees in Turkey
GCFF	Global Concessional Financing Facility
GDP	Gross domestic product
GRECO	Group of States against Corruption
HERO	Housing and Empowerment for Roma
ICLEI	International Council for Local Environmental Initiatives
ICMA	International Capital Market Association
IDP	internally displaced person
IFI	International Financial Institution
IOM	International Organization for Migration
MDB	Multilateral development bank
MFI	Microfinance institution
MONEYVAL	Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism
MRF	Migrant and Refugee Fund
MSMEs	Micro, small and medium-sized enterprises
OECD	Organisation for Economic Co-operation and Development
PAFMI	Partnerships and Financing for Migrant Inclusion
PFF	Public Sector Financing Facility
RHP	Regional Housing Programme
RRF	Resilience and Recovery Facility
SDA	Social Dividend Account
SDG	Sustainable Development Goal
SHIFA	Strengthening Healthcare Infrastructure for All
UN	United Nations
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
WBIF	Western Balkans Investment Framework

Executive summary

The mission of the Council of Europe Development Bank (CEB) is more relevant than ever. The CEB shares the values and principles of the Council of Europe and finances projects that promote social cohesion in Europe. In the past three years, Europe has been hit by two successive crises of historic proportions: the COVID-19 pandemic and the Russian aggression against Ukraine. The climate crisis has also been accelerating. These crises compound to the detriment of the most vulnerable, adding to an unfinished social inclusion agenda and a jeopardised social fabric.

The demand for CEB support is expected to remain high. Member states have been increasingly turning to the CEB to finance their social investment needs. The accession of Ukraine and growing social needs in current member states, including in response to refugee[1] inflows, will result in additional requests for CEB support going forward.

In the next five years, the CEB will remain focused on its mission and pursue three overarching goals:
I. Respond to evolving social development and inclusion challenges in a flexible manner;
II. Invest in the assistance to and integration of refugees and migrants, in their host communities, and in preparedness for future migratory dynamics;
III. Support the reconstruction and rehabilitation needs of Ukraine's social sectors.

To achieve these goals, the CEB will be selective, while maintaining its engagement in all its sectors of operation. Sectors receiving particular focus will include: health and social care; education and vocational training; social and affordable housing; urban, rural and regional development; micro, small and medium-sized enterprise (MSME) financing; and microfinance. In addition, cross-cutting considerations related to climate action, gender equality and the digital transition will help shape and inform all CEB activities.

The CEB will sharpen its focus on serving vulnerable groups. The CEB will systematically apply a vulnerability lens to its lending operations to identify the specific sources of vulnerability each project aims to address so as to design better solutions and further boost social cohesion.

In the period 2023-2027, the average annual volume of loan approvals is set at EUR 4.3 billion. The proposal incorporates a cautious, gradual path of activity in Ukraine, considering multiple risks and uncertainties. Irrespective of the actual engagement in Ukraine, the proposed lending volume is attainable in light of the observed demand in current member states.

Over the next five years, the CEB commits to strengthen its focus on Target Group Countries[2], in particular where needs and CEB additionality are higher. The CEB's support in these countries is instrumental to helping build a credible social and economic perspective for the wider European region over the long term.

The CEB will also strive to strengthen its co-operation with sub-sovereign entities, diversify its client base and further improve its financing tools to better meet borrowers' needs. The ability to engage with a diverse set of clients and provide tailor-made financing solutions is one of the recognised features of

the CEB's added value and a key strength of its business model. Further broadening its client base and the menu of available financing instruments and innovating its approach to social investment financing, especially for underserved borrowers and communities, are key actions that will allow the CEB to deliver on its overarching goals.

The CEB will continue to build on its existing partnerships and selectively forge new ones. Partnerships are at the heart of the CEB's business model. Mindful of its small size, the CEB co-operates with relevant development partners to maximise synergies and avoid overlap. The CEB will continue to closely co-operate with the EU on common strategic areas, including through InvestEU, with peer multilateral development banks (MDBs), in particular, with the European Investment Bank (EIB), and with other relevant actors in the international development finance architecture.

The CEB will remain efficient, specifically by maintaining a low administrative cost per million euro of disbursements through a tight budget and a small staff size. Increases in other resources will be limited to the necessary strengthening of key areas and to respond to evolving regulatory requirements and best practices in line with peers.

The CEB will pursue its objectives with flexibility. In light of the high level of uncertainty in the operating environment, including related to Ukraine, and the evolving needs of member states, the CEB will stand ready to adjust its course of action as appropriate, including through a thorough mid-term review of this Strategic Framework.

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[1] In this document, the term "refugee" in reference to Ukraine is used to refer to all conflict-affected individuals including third-country nationals – who have fled the country following the Russian aggression.

[2] The Target Group Country classification was introduced in 2004 with the Development Plan 2005-2009. As of 2022, the Target Group Countries include: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Georgia, Hungary, Kosovo, Latvia, Lithuania, North Macedonia, Malta, the Republic of Moldova, Montenegro, Poland, Romania, Serbia, the Slovak Republic, Slovenia, and Türkiye.

1. Introduction

The mission of the Council of Europe Development Bank (CEB) is to promote social cohesion in Europe. The CEB is the oldest European multilateral development bank (MDB), established in 1956 by eight member states of the Council of Europe with the objective of alleviating the plight of refugees and other vulnerable groups, as well as contributing to reconstruction efforts in the aftermath of the Second World War. In 1997, the Strasbourg Summit reaffirmed and strengthened the CEB's social mandate, centring it on the promotion of social cohesion. Today, the CEB represents a major instrument of the policy of solidarity in Europe. It finances social projects, responds to emergency situations and contributes to improving the living conditions of the most disadvantaged population groups. The CEB's membership base has gradually expanded and now includes 42 member states.

The CEB shares the values and principles of the Council of Europe and helps translate them into reality. While it exists as a separate, financially independent entity, the CEB maintains strong institutional ties with the Council of Europe. In particular, the CEB works to promote the Council of Europe's guiding values and principles of human rights, democracy and rule of law across all its activities.

The CEB's activities are fully aligned with the 2030 Sustainable Development Goals (SDGs) agenda. Despite significant progress achieved, efforts are still being made by many CEB member states to meet the SDGs by 2030. The CEB is committed to sustainable social development and inclusion, and has prioritised the SDGs that are closest to its mandate and sectors of operation. In its capacity as a social development financier, the CEB supports its member states in financing social investments that are instrumental to achieving the SDGs.

The new Strategic Framework sets the CEB's strategic orientation for the next five years. The Strategic Framework illustrates how the CEB plans to support its member states in their efforts to preserve and strengthen social cohesion over the period 2023-2027 by identifying overarching goals, lines of action and implementation plans.

The remainder of the document is structured as follows: Chapter 2 describes the CEB's current operating environment and future outlook; Chapter 3 illustrates the CEB's overarching goals and strategic directions for the next five years; Chapter 4 describes how the CEB will work with clients to achieve these goals; Chapter 5 discusses the lending activity volumes in the next five years; Chapter 6 outlines how the CEB co-ordinates and collaborates with relevant partners; and lastly, Chapter 7 describes how the CEB will ensure that it remains fit for purpose to successfully implement the Strategic Framework.



2. The CEB's operating environment

CEB member states are facing new and unforeseen challenges, and their social development and inclusion needs are intensifying. In the three years that have elapsed since the elaboration of the Development Plan 2020-2022, the environment in which the CEB operates has drastically changed, and the social development needs of its member states are evolving and deepening.

2.1. The war in Ukraine

Europe is facing the largest human displacement crisis in the world today. Since February 2022, millions of people residing in Ukraine have been forced to leave their homes and have sought refuge in CEB member states. While the conflict is ongoing, the refugee outflows from Ukraine have already surpassed those of the Syrian and Balkan wars. The pace at which refugees and internally displaced persons (IDPs) might be able to safely return and rebuild their lives is highly uncertain.

Host countries are incurring high expenses to meet the basic needs of refugees. Refugees from Ukraine are mostly women, children and elderly persons who had to leave everything behind without warning. Neighbouring countries and other European countries have shown solidarity in providing shelter and emergency assistance to the millions in dire need of support.

Going forward, integrating millions of refugees and managing the impact of temporary displacement will require sustained investment. While the cost of hosting refugees and migrants declines over time, and ultimately tends to turn into a net gain for host communities, significant investment is required in the short and medium terms to preserve and build up refugees' human capital and integrate them, particularly in labour markets, so that they can fully take part in the social and economic life of host communities or prepare for their return when conditions allow. Investment in essential services and affordable housing thus needs to be ramped up in host communities to accommodate the pressure generated by new members.

In addition to the human toll, the war in Ukraine carries a devastating economic cost. Ukraine's economy shrunk by over a third in 2022[3] and one in two Ukrainians have been pushed into poverty. Russian bombings have caused extensive destruction of vital infrastructure across the country, causing widespread interruption or disruption of economic activity.

The reconstruction phase will require colossal investments over a long period of time. As of September 2022, the recovery and reconstruction needs in Ukraine across social, productive and infrastructure sectors were estimated at approximately USD 350 billion, equivalent to more than 1.5 times the country's 2021 GDP.[4] Around USD 105 billion is urgently required to address immediate needs, including in social sectors such as housing, health and education, which are critical to prevent a further deterioration of living conditions and an increase in poverty. These numbers will increase significantly, as the conflict is still ongoing.

The war and the protracted uncertainty surrounding its evolution are also generating adverse spillover effects outside Ukraine. GDP growth forecasts for 2023 in Europe have been revised downwards as the effects of the war ripple through commodity and financial markets, affect trade and migration flows, and erode business and consumer confidence. Inflation across CEB member states has risen to its highest level in decades despite tightening monetary policies. While inflationary pressures began prior to the Russian aggression against Ukraine, its impacts have significantly accelerated price increases.

The poorest and most vulnerable segments of the population are bearing the brunt of the economic repercussions of the war. Higher energy and food prices have not only widened current account deficits in import-dependent countries, but also placed heavy burdens on household budgets, especially for lower income groups. Inflationary pressures are further eroding incomes, with workers in many CEB member states having already registered sharp declines in their salaries in real terms.

[3] International Monetary Fund (2022), World Economic Outlook: Countering the Cost-of-Living Crisis. Washington, DC. October.
[4] World Bank, Government of Ukraine and European Commission (2022), *Ukraine rapid damage and needs assessment: August 2022*

2.2. Cascading and interlinked crises

The war in Ukraine has come on top of other crises, such as the COVID-19 crisis, which have been affecting vulnerable groups the most. In the COVID-19 pandemic's acute phase, the effects in terms of excess mortality were devastating. As we move to a post-acute phase, the pandemic continues to affect the way in which European societies function and disproportionately impacts vulnerable groups, despite the cushioning effect of public measures. Vulnerable groups have been most at risk not only of adverse health outcomes, but also from the broader fallout from the crisis, including income losses and poverty. On the employment front, it was generally women, the young, the lower educated and migrants who were affected the most. Young people and children were also significantly impacted by prolonged school closures; students with fewer resources at home were left at a significant disadvantage.

Our societies are also increasingly affected by the accelerating impacts of climate change. Global commitments continue to fall short of the efforts needed to meet the goals of the Paris Agreement. The rapid acceleration of climate change and the increased likelihood of irreversible changes and "tipping points" will likely have devastating impacts. In Europe, climate hazards have directly affected 50 million people and caused losses of trillions of euros in recent decades. The region is warming faster than global averages, and the associated human and economic costs are expected to increase rapidly over time.

The climate crisis exacerbates inequalities, both across and within countries. Developing and emerging economies, including some CEB member states, are disproportionally affected by climate-related impacts as a share of their economy and may endure more persistent impacts. This is due to a combination of higher exposure to climate hazards and endogenous factors affecting resilience, such as institutional capacity to manage risks. Within countries, the share of low-income household wealth lost to disasters can be two to three times that of higher-income groups, and climate hazards can have significant cumulative impacts on health, property value and livelihoods, among others. The climate crisis is thus also a social crisis, which deepens inequality and maintains vulnerable people in a cycle of underdevelopment.

As one of the many repercussions of climate change and other macro trends, **migration is set to become a structural fixture of our societies.** Migration has emerged as a core adaptation strategy to climate change impacts. In the near future, increasingly large-scale migration from vulnerable regions is expected to take place as a consequence of water scarcity, extreme weather events, sea level rise and other climate impacts. In addition, low-income individuals who wish to migrate may be increasingly unable to do so due to rising costs and lack of resources – a dynamic that will further reinforce the marginalisation of poor and vulnerable groups already induced by climate change.

In the context of a "new normal" characterised by cascading and interlocking crises, **building up societal resilience has become a crucial concern.** The COVID-19 pandemic and the war in Ukraine caught European societies unprepared. The climate crisis is accelerating, and the collective response has so far been inadequate. The effects of these crises converge to the detriment of large parts of society, but especially the most vulnerable, jeopardising progress on social development and inclusion, and requiring costly solutions. Going forward, safeguarding and strengthening social cohesion will necessarily require building up preparedness for and resilience to the new, unforeseen threats of the next global crises.

2.3. An unfinished social development and inclusion agenda

Against this backdrop, CEB member states are also faced with long-standing social development and inclusion challenges that pre-date the COVID-19 and Ukraine crises. Progress has stalled or slowed down in key areas of the 2030 Agenda, including for eminently "social" SDGs.[5] Despite positive developments in the past decade, one in five Europeans remains at risk of poverty or social exclusion.[6] Some groups of people are particularly affected

[5] Sachs, Jeffrey, et al. (2022), *Sustainable Development Report 2022– From crisis to sustainable development: The SDGs as roadmap to 2030 and beyond*, Cambridge University Press

[6] Data for 2020 and for EU countries only. Eurostat (2021), "One in five people in the EU at risk of poverty or social exclusion".

– especially those that are young, unemployed, of migrant origin, with disabilities or with low education levels.[7] Many European regions are suffering from economic stagnation or decline, while flourishing cities are facing growing polarisation between and within communities.[8]

Equal access to public services remains a challenge in many CEB member states, with negative consequences for health, safety, environmental protection, social inclusion and the capacity to face crises. Many Europeans still lack access to good quality education, healthcare, housing, water and sanitation and this increases their vulnerability.[9]

Access to healthcare, as well as its affordability and quality, are not evenly distributed across or within countries. Healthcare investment needs remain high and are expected to grow as the European population ages. Non-communicable diseases are posing an increasing threat to European life expectancy and quality of life, especially for low-income and vulnerable groups. Unmet healthcare needs are much higher among low-income households, particularly in countries with greater reliance on out-of-pocket payments.[10] Although the number of health and care workers has increased over the past decade, shortages persist in many countries, becoming particularly apparent during the COVID-19 crisis. Long-term care needs, in particular, are projected to continue to increase due to population ageing – further intensifying the burden of unpaid care falling mostly on women, unless solutions are found.

The need for new social and affordable housing units will continue to increase in Europe due to rising prices, a looming economic downturn and migratory dynamics. Social and affordable housing needs are rising rapidly across Europe, as growing numbers of people are priced out of housing markets and live in substandard, overcrowded and sometimes dangerous conditions. This situation is likely to worsen with inflationary pressures, especially in some CEB Target Group Countries. In addition, a large share of the existing social housing stock needs renovation interventions to meet quality and energy efficiency standards.

Gender equality has yet to be achieved, and existing disparities generate significant costs for society. Despite advancements in recent decades, European women still have more limited access to financial resources, exhibit lower labour force participation overall and in quality jobs in particular, are paid less for equal work, earn less over their lifetime, and find themselves at higher risk of poverty than men.[11] This also limits their access to basic services, including health and social care for disabled and elderly women. Bias and discrimination also affect women in less-visible yet sometimes deadly ways, as demonstrated by an increasing body of evidence of gender bias in healthcare – from lower investment in research on women's health, to misdiagnoses linked with "disbelief in symptoms". Improving gender equality could boost European GDP by up to an additional 10% by 2050.[12]

The rapid evolution of digital technologies and their increasing use in the delivery of social services generate both opportunities and risks. At present, access to digital opportunities is not universally available or affordable, and the digital divide affects some population groups more than others. Europe still shows high digital gender gaps and a persistent urban-rural divide. This has adverse effects on the employment, education, health, social services, and socio-economic development of digitally excluded people. Fostering digital inclusion is emerging as a key cross-cutting priority among CEB member states.

In this context, the CEB's social mandate is more relevant than ever. Overall, the crises that Europe is experiencing are converging to the detriment of the most vulnerable, adding to an unfinished social agenda, and hampering social cohesion. A "new normal" is emerging, in which the effects of cascading and interlocking crises compound pre-existing gaps and further erode social development and inclusion gains. Investment to preserve and boost social cohesion is thus more needed than ever.

[7] Eurostat (2022), *Sustainable development in the European Union*.
[8] European Commission (2022), *The 8th cohesion report*.
[9] CEB. (2021), *Investing in effective, inclusive and resilient health and social care systems in Europe*, Technical Brief.
[10] OECD/European Union (2020), Health at a Glance: *Europe 2020: State of health in the EU cycle*, OECD Publishing, Paris.
[11] In the EU27, the *gender employment gap* was 11.6% in 2020, with 62.2% of women across the EU being employed compared to with 72.8% of men (EU27 data), and the gender pay gap stood at 13%, having decreased only slightly over the last decade. A more meaningful indicator is the gender overall earning gap, which combines the impact of the gaps in average hourly pay, in monthly average number of hours paid (before adjustment for part time work and in employment rates. The gender overall earning gap stood at a staggering 36.7% in 2018.
[12] European Institute for Gender Equality (2017), "Economic benefits of gender equality in the EU".

3. Overarching goals and strategic directions

The CEB's mission is to promote social cohesion in Europe, defined as "the capacity of a society to ensure the well-being of all its members, minimising disparities and avoiding marginalisation".[13]

The CEB pursues its mission by financing projects that serve vulnerable people. Vulnerability – the susceptibility to harm – results from interactions among the characteristics of individuals and communities, their living environments, their resources, and the life challenges they face. Vulnerability may be temporary, affecting individuals and groups during a crisis, or it can be persistent and permanent. Serving vulnerable people and enhancing their resilience are key for boosting social cohesion and ensuring that no one is left behind.

The CEB's activity is articulated across lines of action and sectors. The updated lines of action presented in Figure 1 reflect the different channels through which the CEB's engagement in its different sectors of operation contribute to promoting social cohesion.

In the next five years, the CEB will remain focused on its mission and pursue three overarching goals, identified by considering the operational context and outlook described in Chapter 2 and the expected accession of Ukraine to the CEB:

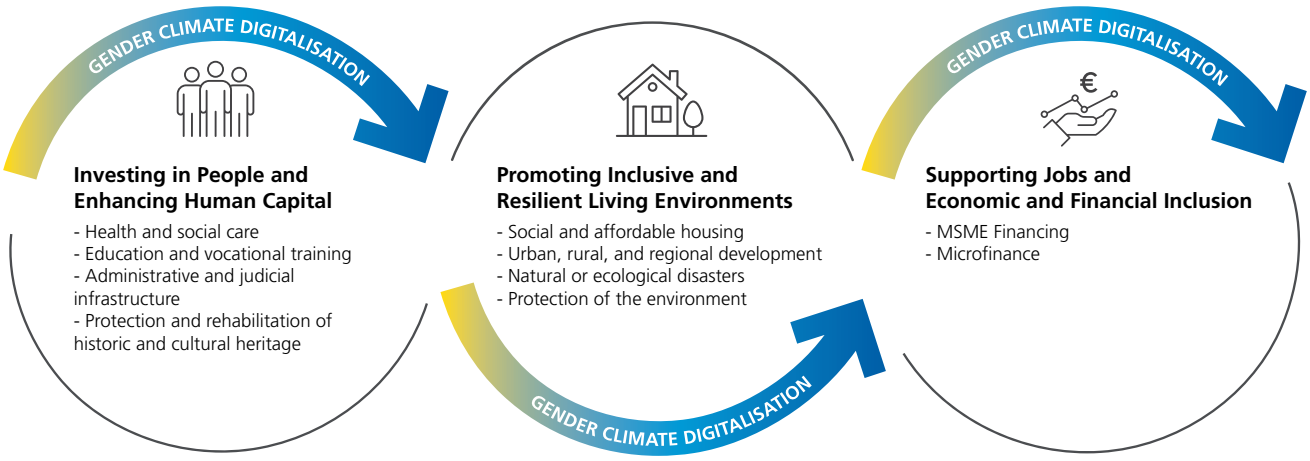
I. Respond to evolving social development and inclusion challenges in a flexible manner;
II. Invest in the assistance and integration of refugees and migrants, in their host communities, and in preparedness for future migratory dynamics;
III. Support the reconstruction and rehabilitation needs of Ukraine's social sectors.

To achieve these goals, the CEB will sharpen its approach to vulnerability and give prominence to interventions in selected sectors, for each line of action, while maintaining its engagement in all core areas of operation in line with its mandate, statutory priorities, and member states' evolving needs and demands. In addition, cross-cutting considerations on climate action, gender equality and the digital transition will help shape and inform all CEB activities.

The CEB will also start operating in Ukraine. The CEB's engagement in Ukraine is contingent upon the country's accession to the CEB. Ukraine has made substantial progress with the necessary internal accession procedures. While uncertainty remains, the process could be completed in early 2023.

The CEB will remain flexible, nimble and agile. Due to the high level of uncertainty surrounding the evolution and impacts of the war in Ukraine, the duration of the recovery following the COVID-19 crisis, and future challenges, the CEB will pursue its goals with flexibility. In 2025, a mid-term review will be carried out to ensure the continued relevance of the Strategic Framework and adapt it, if necessary.

Figure 1. Lines of action and sectors



[13] Council of Europe (2008), *Towards a new social vision for 21st century Europe – Report of the High-Level Task Force on Social Cohesion in the 21st Century*, p. 14.

3.1. Vulnerability lens

The focus on vulnerable groups defines the CEB's commitment to social cohesion. The CEB fulfils its mandate by financing operations that serve vulnerable groups and increase the well-being of the most disadvantaged and marginalised members of society, thus achieving greater social cohesion for all.

The CEB adopts an integrated approach to assessing vulnerability. The CEB's vulnerability lens looks at the factors that increase the exposure and/or sensitivity of individuals and communities to shocks and stresses, or diminish their capacity to cope, adapt and thrive. While shocks are typically characterised as sudden and acute events (such as a pandemic outbreak), stresses are longer-term trends with a slow onset and a protracted duration (for instance, population ageing or some climate-related hazards such as droughts or sea-level rise).

The CEB looks at three sets of vulnerability factors, related to: 1) living environment; 2) economic status; and 3) individual characteristics. The interaction of these factors, among themselves and with shocks and stresses, exerts a compounded effect on the overall vulnerability of individuals and communities.

Going forward, the CEB will systematically apply the vulnerability lens to its lending activities to enhance their social cohesion value. By identifying the specific sources of vulnerability that each project aims to address, the vulnerability lens can help design better solutions, adapted to the needs of the targeted beneficiaries. The vulnerability lens can also be instrumental to understanding how vulnerability factors may generate risks or constraints to the achievement of a project's objectives, so that project design and implementation can be tailored to overcome such obstacles. The outcomes of the vulnerability lens screening will be integrated in the CEB's loan documents as part of the systematic project screening.

3.2. Sectoral directions

The CEB will enhance selectivity at the sectoral level to deploy its limited resources where they can contribute the most to the pursuit of the overarching strategic goals. To this end, the CEB has identified six "focus sectors" across its lines of action.

3.2.1. Investing in people and enhancing human capital

Health and social care

The CEB's financing for health aims to foster healthy lives and well-being by ensuring access to high-quality, affordable healthcare for all.[14] In 2023-2027 the CEB will seek to address the disparities in access to and quality of healthcare across European territories, the challenges of an ageing population, and the continued threat of non-communicable diseases (particularly for low-income and vulnerable groups), as well as growing challenges such as the health impacts of climate change, the need to increase focus on women's health, and the threat of pandemics.

The CEB will strive to promote investments in line with a more integrated approach to healthcare.[15] The CEB's financing will therefore focus on (i) multidisciplinary primary healthcare centres providing person-centred care and preventive services, while ensuring inclusive and affordable access, particularly for those most in need; (ii) selected hospitals that focus on specialised care and are more inclusive and adapted to future climate conditions; and (iii) community-based long-term care and social care that can enable the elderly as well as people with disabilities or other vulnerabilities to lead more independent and happier lives in the community.

Financing for the care economy will also contribute to gender equality and women's economic empowerment by creating jobs in an area where employment of women is prevalent and by providing solutions to reduce the share of unpaid care falling on women, which affects their unemployment or underemployment. Future activities will also strive to support investment to address gender-specific health challenges.

Health financing will contribute to better living conditions for refugees and migrants, who often suffer worse health outcomes than native communities and face difficulties in accessing health services. Many refugees and migrants arrive with acute healthcare needs due to traumatic events experienced in home countries, hardships of the migration process and breaks in continuity of care.[16] The most vulnerable refugees and migrants, including women, children and people with disabilities, may struggle to access healthcare services

[14] In line with SDG 3: "Ensure healthy lives and promote well-being for all at all ages".
[15] CEB (2021), *Investing in effective, inclusive and resilient health and social care systems in Europe*, Technical Brief.

after arrival due to lack of information, limited means to pay out of pocket, language and legal barriers, and discrimination. In addition, health facilities and services face high pressure when large inflows of refugees and migrants result in a rapid unforeseen increase in population. An integrated approach to healthcare, based on proximity and individual needs, can better support access to healthcare for refugees and migrants. As part of this approach, the CEB could consider supporting – either directly or through specialised financial intermediaries – social economy organisations (e.g. non-governmental organisations, non-profits, social enterprises) providing targeted health services to vulnerable migrant and refugee populations.

Education and vocational training

The CEB's financing for education aims to support inclusive, equitable, high-quality education that fosters better learning outcomes and social cohesion through environmentally sustainable and climate-adapted solutions.[17] The CEB will continue to support the expansion, rehabilitation and modernisation of education infrastructure and its efficient use, to enable innovative teaching and learning methods, boost energy efficiency and strengthen resilience to a changing climate. It will also invest in school design that can increase overall community resilience.

The CEB has developed a *Constructing Education* framework to turn (re)constructed buildings into enabling environments for effective learning and well-being with the strong participation of local authorities, teachers, and other users and stakeholders.[18] The approach has been endorsed by other international institutions, including key European partners, such as the European Commission (EC) and the European Investment Bank (EIB), as well as by other MDBs. The framework will be further disseminated and implemented in 2023-2027.

The CEB's activities in the education sector will also aim at embedding digital technologies in the ways schools operate and deliver education. This can contribute to enhancing learning outcomes and support continuous schooling in times of crises, provided the existing gap in access to and literacy in the use of digital solutions is addressed – as was clearly highlighted by the COVID-19 pandemic.

By financing education and vocational training, the CEB could accompany the most vulnerable, low-skilled workers whose jobs are threatened by global trends and challenges. This area is of growing importance in the context of the changing nature of work, labour force shortages, longer working lives, stagnating European productivity growth and the transition to a green economy.

By promoting mixed, inclusive learning solutions, CEB-financed education projects foster the integration of refugees and migrants, as well as cultural awareness and positive interactions. Refugee and migrant children need prompt access to quality education as well as language, culture and psychological support, tailored to their individual needs. Teachers also require support to better understand and respond to children's needs. The integration of refugee and migrant adults into labour markets will also entail significant investment in adult education, including support to learn the local language, acquire new skills or develop a business. Access to and tailoring of such training for women will also be crucial to support gender equality and women's economic empowerment.

3.2.2. Promoting inclusive and resilient living environments

Social and affordable housing

The CEB will continue to finance social and affordable housing for vulnerable populations to reduce housing poverty and support inclusive mixed neighbourhoods. The CEB successfully works with public sector entities (relevant ministries, public housing companies, housing funds) as well as non-profit organisations (such as housing associations and co-operatives)[19] that provide social and affordable rental

[16] Lebano, Adèle, et al. (2020), "Migrants' and refugees' health status and healthcare in Europe: A scoping literature review", BMC Public Health Vol 20, 1039 (2020). https://doi.org/10.1186/s12889-020-08749-8.

[17] In line with SDG 4: "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all".

[18] To that end, the CEB has developed Architectural Design Guidelines for Early Childhood Education and a framework to support better learning environments.

housing for people who have difficulty accessing housing or can do so only under extreme hardship. This includes vulnerable populations, as defined by national authorities, and an increasing number of people facing "housing cost overburden".[20, 21]

The CEB will continue to strive to mobilise private investors in support of social as well as affordable housing. Some CEB-financed housing projects in the EU will be supported by the InvestEU guarantee, and CEB loans can help EU member states to finance their national contributions or provide bridge financing for the renovation of social housing stock to facilitate the absorption of EU funding, e.g. the Resilience and Recovery Facility (RRF).

The CEB will also continue to finance housing for students and elderly people. The investments in student housing not only facilitate access to affordable housing for students with no or low income but also free up standard rental apartments in saturated cities for other residents. Another area with significant social benefits is the provision of housing solutions for the elderly, including innovative shared living solutions. Attention will be given to designing and implementing projects that are adapted to a changing climate.

Fighting homelessness in Europe is a growing priority area for the CEB, which will continue to work with the EC under the European Platform on Combatting Homelessness (EPOCH). The CEB will help member states implement integrated strategies to provide more permanent housing, rather than continuing to focus on emergency accommodation.

Meeting the housing needs of migrants and refugees has been the CEB's priority since its establishment; these groups are among the most disadvantaged in terms of access to high-quality housing. This challenge will be aggravated given the expected increase in migratory flows both within and across borders in Europe, often drawn to areas with the highest demand for workers (and, in the future, areas with more favourable climatic conditions), but where housing markets are or will become tight.

The housing needs of refugees and migrants can be separated in two categories, both of which will continue to be supported by the CEB. Short-term accommodation upon arrival is often crucial to absorb surges in migration flows and swiftly provide adequate living conditions. To this end, the CEB has been providing funds to its member states through its Migrant and Refugee Fund (MRF). However, emergency housing should not become a de facto long-term solution, as this creates obstacles for integration in host communities. Refugees and migrants should therefore have access to long-term social and affordable housing solutions that are of good quality, sustainable, resilient, and part of inclusive and mixed neighbourhoods.

Urban, rural and regional development

The CEB finances investments that strengthen resilience and address vulnerability factors in communities of all sizes – from metropolitan areas to small towns and semi-rural areas. The CEB will continue to contribute to sustainable and inclusive territorial development by co-financing the implementation of multi-sectoral investment plans in line with cities' and regions' development strategies. The CEB has been expanding its support for subnational authorities, with a particular focus on social cohesion in cities, and paying increased attention to resilience and environmental sustainability aspects, especially where social inequalities and exposure to environmental degradation and climate-related risks are mutually reinforcing.[22]

In 2023-2027 it is expected that CEB loans to cities will progressively include support for more transformative initiatives. Cities are taking steps to develop transformative programmes (citywide or at the level of neighbourhood/community for later scale-up) that strengthen resilience to multiple shocks and stresses in close collaboration with local communities.[23] These can be part, for instance, of cities' urban regeneration efforts. Such projects aim to reimagine cities' neighbourhoods to enhance resilience by improving the quality of the environment, social cohesion and economic inclusion, and strengthening local institutions.

The CEB will continue to be a key partner of EU cities for the effective deployment of EU funding, such as RRF resources, by co-financing cities' own contributions

[19] CEB (2019), *Social and affordable housing provided by non-profit private organisations in Europe*, Technical Brief.
[20] The housing cost overburden rate is the percentage of the population living in households where the total housing costs represent more than 40% of disposable income (net of housing allowances).
[21] Council of Europe (2020), "The right to affordable housing: Europe's neglected duty", see www.coe.int
[22] CEB (2020), *Investing in inclusive, resilient and sustainable social infrastructure in Europe: The CEB's experience.* Technical Brief
[23] CEB (2022), From community vulnerability to resilience: The experience of European cities, Technical Brief.

and providing bridge financing. In EU countries, the implementation of the RRF will provide an opportunity for cities to develop integrated initiatives to support a just and inclusive green transition and COVID-19 recovery.

The CEB objective to create mixed inclusive neighbourhoods will contribute to the well-being of all, including migrants and refugees. The CEB will continue to support projects in this sector that pay special attention to the needs of migrants and refugees to improve their living conditions and social integration, in turn strengthening resilience by making communities more diverse.

3.2.3. Supporting jobs, and economic and financial inclusion

Financing micro, small and medium-sized enterprise (MSME)

The CEB will continue to provide financing for investment and working capital needs of MSMEs through intermediary financial institutions. These operations aim to create and preserve jobs, support vibrant and inclusive local economies, and foster financial inclusion. Even before COVID-19, many European MSMEs, which rely primarily on bank credit for their financing, struggled to access sufficient finance to start up or scale up their business despite the abundant market liquidity.[24] In most European countries, the situation deteriorated with the pandemic, and fiscal and monetary support was introduced to avoid a credit crunch. While this helped improve the situation (albeit unevenly) in 2020-2021, market constraints are likely to tighten going forward due to interest rates hikes. At the same time, the demand for credit could increase, particularly in the event of an economic downturn that would slow down MSMEs' internal revenue generation capacity.[25]

The CEB will continue to be selective in its operations with financial intermediaries. Specifically, the CEB will prioritise financial intermediaries that support the financial inclusion of women and vulnerable groups or, more generally, are attentive to the social impact of their operations. The CEB will continue to support MSME lending for energy efficiency and climate adaptation. These operations will include the provision of incentives to ensure sufficient uptake by financial intermediaries and their clients, and the definition of metrics to measure energy efficiency benefits with minimal transaction costs. Finally, the CEB will aim to reach underserved regions and contribute to territorial cohesion by working more with smaller, local co-operative banks and providing incentives to commercial banks to operate in these areas.

Microfinance[26]

The CEB expects to increase its support for microfinance institutions (MFIs), which are facing a financing gap close to EUR 12.9 billion[27] that is expected to widen in the coming years. CEB financing can support business microloans (for investment and working capital) and personal microloans with a social purpose, including housing improvements. The CEB's loans to MFIs often require guarantees to cover their high risk, and this limits the lending room for the sector. To overcome this obstacle, the CEB is working towards accessing InvestEU guarantees for its operations within the EU, while reorienting the resources of the Social Dividend Account (SDA) towards operations in non-EU countries.

The CEB considers microfinance as an important tool for facilitating the long-term integration of migrants and refugees, who generally suffer from financial exclusion. As a client segment, refugees and migrants may carry higher (real or perceived) credit risk for MFIs. For this reason, MFIs working with these populations require additional support in terms of grants and guarantees to ensure the long-term sustainability of their operations as well as the affordability of microcredit.

To increase the social impact of its intervention, the CEB will also consider working with smaller, specialised MFIs that do not have access to the resources of other MDBs due to the cost-intensive nature of loans, which tend to be very small, and the high risk of these operations.

[24] Rodríguez-Pose, Andrés, et al. (2020), "Credit constraints, labor productivity, and the role of regional institutions: Evidence from manufacturing firms in Europe", *Journal of Regional Science*, Vol.61(2), pp. 299-328.
[25] OECD (2022), *Financing SMEs and entrepreneurs 2022: An OECD scoreboard*, OECD Publishing, Paris. ECB, (2022), *Survey on the access to finance of enterprises in the euro area: October 2021 to March 2022*.
[26] Considering its importance, "microfinance" is proposed as a separate sector in the Strategic Framework 2023-2027.
[27] EC (2020), Microfinance in the European Union: Market analysis and recommendations for delivery options in 2021-2027.

3.3. Cross-cutting themes

The Strategic Framework 2023-2027 identifies three cross-cutting themes that interact with the CEB's core sectors of activity and are instrumental to achieving progress on social cohesion:

I. Climate action
II. Gender equality
III. Digitalisation

While not listed as separate areas of intervention, the cross-cutting themes will guide the way in which CEB activities in all sectors are designed and implemented. A more explicit and systematic focus on these themes is expected to further boost the social cohesion value of all CEB projects.

3.3.1. The climate crisis as a social crisis

The climate crisis is one of the key challenges facing Europe, threatening its social, economic and territorial cohesion and maintaining vulnerable people in a vicious cycle of underdevelopment. Addressing the climate crisis can leverage positive social transformation, provided climate responses are based on an inclusive approach that explicitly addresses the needs and constraints of vulnerable groups.

To address climate considerations as part of its Strategic Framework 2023-2027, the CEB will:

- **Align its activities with the Paris Agreement and ensure compatibility with climate goals**

The CEB has defined a Paris Alignment Approach and Roadmap, both endorsed by the Administrative Council in November 2021, which it will progressively apply to all activities. As part of this exercise, the due diligence during appraisal will be reinforced. Projects will not be eligible for CEB financing if deemed not aligned. This will start in 2023 for direct lending operations with pre-identified use of proceeds and be extended to other CEB instruments in 2024.

- **Apply the climate-social nexus approach to social investment to achieve greater impact**

The CEB will systematically consider climate-related issues in the design and implementation of its social investments, with the objective of addressing the vicious cycle between social vulnerability and the climate crisis. Project due diligence will focus, among others, on the interaction between the vulnerability dimensions of project-affected persons and relevant climate-related risks and impacts.

In addition, given the significant social impacts of climate-related hazards, such as heatwaves, wildfires, droughts and floods, **the CEB will focus on financing activities that enhance the climate resilience of vulnerable populations** and support communities' responses to climate-related and other disasters. This is fully in line with the CEB's social mandate and responds to the global call to MDBs to increase support for climate adaptation, which receives far less international attention and financing than climate mitigation. While acknowledging the comparative advantage of other MDBs in climate mitigation, the CEB can be complementary in this area by supporting investment with significant social benefits for the most vulnerable, such as energy efficiency, addressing energy poverty, and improving living conditions. As part of its support for local authorities, the CEB will also help them support a just and inclusive transition, to address the challenges of vulnerable groups that may be less able to reap the benefits or more exposed to adverse impacts of the green transition.

3.3.2. Gender equality

Equality between women and men is a matter of fundamental rights. Gender inequality reduces the capacity for women and girls to achieve their full personal, professional and social potential, with important negative impacts for the economy and society as a whole. While gender discrimination also affects men and boys, women and girls are still overwhelmingly more exposed to gender-based discrimination and violence in all areas of public and private life, including in Europe. The impact of gender inequality is exacerbated by poverty, broader economic

fragility, and other vulnerability factors, including age, disabilities, or status as a migrant or refugee. Protecting the rights of migrant, refugee and asylum-seeking women and girls is a new objective of the Council of Europe's Gender Equality Strategy 2018-2023.

To address these considerations as part of its Strategic Framework 2023-2027, the CEB will:

- **Mainstream gender consideration across all activities to protect the rights of women and girls**

The CEB will systematically assess the potential impacts of CEB-financed activities on gender equality. This will enable the CEB to ascertain that its financing does not contribute to gender inequality.

- **Enhance positive impacts for all, including women and girls**

Working with clients throughout the project cycle, systematically on every project, the CEB will help enhance project design and implementation for the benefit of all, including women and girls. Among other things, special attention will be paid to enhance positive impacts for refugee and migrant women.

As highlighted in previous sections on sectoral directions, the CEB will continue to pursue opportunities to finance activities that enhance gender equality and empower women and girls, including by enhancing their access to finance.

3.3.3. The digital transformation

The role and importance of access to digital technologies became very clear during the COVID-19 pandemic. In the social domain, digital technologies may benefit individuals and communities if they allow for an equitable delivery of services of a higher quality and/or at a lower cost. For example, digital technologies can reduce administrative costs and help free up resources for the actual provision of services.[28]

Nevertheless, digital divides persist and affect some population groups more than others, limiting their capacity to benefit from digital opportunities. The divide concerns both the access to technologies and the capacity to use them. Moreover, increased digitalisation of services comes with risks, including to workers who may be displaced due to automation or to users in terms of data protection.[29]

To address these considerations as part of its Strategic Framework 2023-2027, the CEB will:

- **Enhance positive impacts by including digitalisation components to reduce the digital divide**

The CEB will work with clients to support the adoption of digital technologies when they contribute to increase social impact and are designed to meet the need of the most vulnerable. For example, geographical inequity in health services may decrease if digital technologies are deployed to compensate for deficiencies in the healthcare systems in specific areas, e.g. providing telemedicine options in rural areas.

The CEB will not finance investment in digital networks, an area where peer institutions have a clear comparative advantage. It may, however, support selected investment in "last mile" infrastructure to enable people to connect to existing networks. The CEB may also support: 1) the acquisition and training in the use of digital equipment for the delivery of education, healthcare, social care and other social services; and 2) initiatives to enhance digital skills, with a special focus on closing the digital gender gap and the gap of vulnerable groups (e.g. the elderly, ethnic minorities).

[28] OECD (2016), *OECD comparative study: Digital government strategies for transforming public services in the welfare areas*, OECD Publishing, Paris.
[29] OECD (2019), *Recommendation of the Council on Health Data Governance*, OECD Publishing, Paris; Eurofound (2020), *Impact of digitalisation on social services*, Publications Office of the European Union, Luxembourg.

3.4. The CEB's engagement in Ukraine

The CEB's activities in Ukraine are set to develop gradually. The high degree of uncertainty and risk, as well as the need to build up the CEB's capacity to operate in the country, require a cautious approach.

The CEB's intervention in Ukraine will be selective and in line with the priorities of the Ukrainian authorities. The CEB will focus on its sectors of expertise and on serving vulnerable groups, coordinating with authorities to identify the most urgent needs. During the implementation period of the Strategic Framework, the CEB intends to provide lending to Ukraine exclusively at the sovereign level and does not envisage lending to commercial entities or using intermediated lending channels. At the same time, the CEB will continue to monitor whether any opportunities to broaden the borrower pool will materialise.

The CEB will also consider grant-management activities funded by donors, as currently carried out on behalf of the Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR) in the housing sector (in Bosnia and Herzegovina, Croatia, Montenegro, and Serbia), and in the health sector (in Türkiye). In addition, grants from donors could greatly support the operations of the CEB in Ukraine, allowing the CEB to offer blended products, which reduce the financial burden for the country and technical assistance for project preparation and implementation.

The CEB will operate in co-ordination with other development partners. The CEB will maintain close contact with the Council of Europe Office in Ukraine and align its actions with the Council of Europe's Revised Action Plan for Ukraine 2023-2026. In addition, the CEB will strengthen its co-operation with peer MDBs, including through participation in the MDBs working group on Ukraine, and in dialogue with all relevant partners, notably the EU, to define the right international architecture to deliver a more co-ordinated and predictable support to Ukraine and to firmly embed Ukraine's reconstruction efforts in its path towards the EU.

Assuming membership is formalised within the expected time frame, the CEB might be able to deliver the first operation in Ukraine in the second half of 2023. The preparation of the actual project pipeline will depend on progress in the dialogue with the authorities and on the ability to organise staff missions in the field. Operations are more likely to be developed for Western and Central regions in the first phase, considering the concentration of IDPs, and safety risks. Financing of projects in Eastern Ukraine could realistically start only after the end of the hostilities. The CEB will seek opportunities to finance operations in Ukraine together with other MDBs to ensure complementarity and higher impact on the ground.

For its direct activity in Ukraine, the CEB has envisaged short-term and long-term approaches, with a focus on supporting displaced persons. In the short term, emergency loan facilities and grants will primarily be used to finance actions in favour of displaced persons, including the protection of human rights and the provision of essential services.

The CEB's grant funding in Ukraine will be similar in scope to the one deployed in other member states hosting displaced persons from Ukraine and will be contingent upon the availability of funds. It may be used to finance registration, emergency helplines, transportation, accommodation, counselling, medical assistance and other essential services. Grants could also fund the provision of legal and technical expertise related to the protection of IDPs and conflict-affected people, and other activities undertaken by Ukrainian authorities such as gender-sensitive reception services. Such activities would be in line with the Council of Europe's Revised Action Plan for Ukraine; joint actions could be envisaged, thus reinforcing the CEB's collaboration with the Council of Europe.

Emergency loan facilities are expected to account for the bulk of the CEB's support to Ukraine in the short term**.** These loans could finance direct support to families or municipalities for temporary accommodation

and coverage of living costs, including through the use of the CEB's Public Sector Financing Facilities (PFFs). Based on its experience with similar initiatives during the COVID-19 crisis, the CEB could also support online learning platforms to ensure continuity of education. Emergency support to sustain the provision of essential health services could also be financed. In light of the CEB's track record of timely and targeted responses to crises, bridging loan facilities could also be envisaged ahead of the receipt of grant support or availability of other facilities from major international donors. Blending CEB loans with donor funds would also help in lowering the overall financing cost for the Ukrainian authorities.

Over the longer term, CEB loans, blended instruments and technical assistance to support reconstruction would mostly be utilised for social investment financing. Leveraging its existing experience in post-conflict settings, the CEB would focus on social infrastructure and the provision of essential services for IDPs and other vulnerable groups. This is consistent with the priorities recently highlighted by the Ukrainian authorities for the engagement of the CEB in the country.

Housing is set to be one of the most daunting challenges facing Ukraine in the coming years, and the CEB is well-placed to help. The need for high-quality, long-term housing solutions is projected to be immense in the recovery phase.[30] This will entail the rehabilitation and upgrade of the existing housing stock, as well as the construction of new housing – including social rental housing and related infrastructure.

Beyond housing and related basic services, investing in Ukraine's human capital will be key. A healthy, educated, productive population is a key pillar of sustainable, inclusive, smart growth. In this respect, Ukraine will have to rebuild and rehabilitate the essential social infrastructure underpinning the provision of services that are instrumental for human development. In particular, education and health will be key sectors of focus for the CEB.

The risks of operating in Ukraine are high and will be carefully assessed and mitigated whenever possible through enhanced appraisal and monitoring. The CEB will adhere to the principles of transparency, accountability and rule of law – as for all its activities. The CEB's procedures for credit, financial and project risk assessment, including technical specifications, tendering procedures, absorption capacity, etc., will continue to be applied. The application of appropriate project management mechanisms will contribute to minimising the risks associated with project implementation, including budget overruns, litigation and reputational risk. Throughout the life cycle of projects, the CEB will strive to reinforce, where relevant, its monitoring and oversight, counting on the expertise of its dedicated services and the experience acquired in similar contexts. Moreover, the CEB will continue to provide expert advice as well as technical assistance through its various trust funds to remove bottlenecks and support implementation. Collaboration with other MDBs and development partners in Ukraine will also help in mitigating the risks. Credit enhancements with support from donors could also reduce the risks of operating in Ukraine.

[30] Preliminary needs assessment by the World Bank Group and the European Commission is likely to show a housing gap of EUR 70 billion, affecting mostly the occupied territories, but in excess of EUR 10 billion for Kyiv alone.

4. Working with clients

The ability to engage with a diverse set of clients and provide tailor-made financing solutions is one of the recognised features of the CEB's added value and a key strength of its business model. Continuing to diversify the client pool, broadening the menu of available financing instruments and innovating its approach to social investment financing, especially for underserved borrowers and communities, are key actions that will allow the CEB to deliver on its overarching goals in the next five years.

4.1. A diverse pool of clients, close to final beneficiaries

The CEB will continue to serve different types of borrowers that contribute to promoting social cohesion in Europe. Over the past decades, the CEB has identified and increasingly engaged with a diverse set of clients, including regional and local authorities, municipal companies, non-profit actors and financial institutions, in addition to national authorities. The progressive enlargement of the borrower pool has been driven by the CEB's efforts to maximise the social value of its loans by getting closer to the final beneficiaries, especially the most vulnerable ones.

The CEB will further strengthen its co-operation with subnational governments, including regional and local authorities. Across CEB member states, growing responsibilities are placed on subnational governments to provide social services and investments, including in the CEB's core sectors. Cities, especially those receiving migratory inflows, are also increasingly responsible for providing vital infrastructure and services for reception and integration of migrants. The CEB will continue to mobilise its resources to support cities and other local actors in dealing with social challenges and crises and increasing their resilience.

As highlighted in previous sections, the CEB will be more selective in working with financial counterparts. To increase the social impact of its interventions, the CEB will consider working with small, specialised MFIs and with smaller, local co-operative banks. It will seek to entice commercial banks to develop products that foster territorial cohesion in less vibrant regions. The CEB will also continue to address the financing gaps of small cities and towns by providing financing to commercial banks, national development banks, and other public development banks for on-lending to cities for municipal infrastructure investments.

The CEB expects to ramp up its support to social economy actors that are focused on pursuing social objectives and investing in people. The CEB has progressively enlarged its pool of borrowers and implementing entities to include associations, mutual societies, co-operatives, non-governmental organisations and, most recently, foundations, charities, social enterprises and the voluntary sector. These organisations work across the CEB's sectors of activity, including housing, education, and health and long-term care, and have the capacity to directly reach those most in need. The financing of the social economy, while very close to the CEB's mandate, is still sorely underserved by the banking sector in a majority of member states. Social economy actors were among the most significantly affected by the COVID-19 pandemic in terms of reduced access to funds, despite playing an important role in ensuring the continuation of critical service delivery to local communities. The CEB will therefore continue to explore effective ways to broaden access to credit for social economy actors.

4.2. Tailored instruments to meet client needs

The CEB will continue to provide effective, tailor-made financing solutions to its increasingly diverse client base. The CEB can provide loans, grants or guarantee-type instruments to co-finance projects. Identifying the most appropriate financing solutions for social investments is key because, often, these investments have high upfront costs and low financial returns that reduce the attractiveness for exclusively profit-oriented investors, notwithstanding their high societal benefits. The CEB's action can help to overcome this market failure. To enhance its additionality and further consolidate its role as a social bank of choice in Europe, the CEB will continue to innovate and adapt its financing instruments.

The CEB's wide range of financing instruments has evolved over time. Traditionally, the CEB has provided financing for social infrastructure primarily through Project Loans or Programme Loans. While Project Loans usually finance predefined individual infrastructure investments, Programme Loans are used for funding multi-project programmes, mostly in support of MSMEs and municipal investments and often disbursed via the CEB's financial intermediary partners, including national development banks. Cross-Sectoral Loans (CSLs) allow the financing of eligible projects in multiple CEB sectors of action within a single operation. To meet evolving borrower needs, the CEB has progressively introduced new instruments, such as the EU Co-financing Facility (ECF), which allows for co-financing and/or ex-ante financing of EU-funded investment activities, and the PFF.

The CEB plans to adapt the PFF for emergency situations. The PFF has proven to be a particularly useful instrument for delivering the CEB's response to consequences of the COVID-19 pandemic, as demonstrated by its use in over 80% of all COVID-19-related loans approved over the 2020-2021 period. Based on the experience gained so far, specific PFFs for emergency situations will be developed to provide more adaptable support to budgetary needs.
The CEB also plans to adapt the PFF to meet the needs of subnational governments and local public companies. The CEB already offers flexible financing instruments to these borrowers. At the same time, the PFF instrument can be further adapted to better respond to needs by making it available on the basis of contracts signed rather than expenditures incurred, thus enabling the borrowers to avoid advance payments. Complementing the financing provision with advisory services or knowledge-sharing initiatives, including through the organisation of exchanges across local authorities, is increasingly seen as an important aspect of CEB activity and an opportunity to disseminate lessons learned and best practices.

The CEB will consider reintroducing inter-country transfer financing instruments. The accession of Ukraine may offer the possibility to introduce a revised concept of inter-country transfer financing instrument along the lines of the Transit Loans, which were developed following the accession to the CEB of a number of Central and Eastern European (CEE) countries. Contracted by a country for the benefit of another, usually a Target Group Country from CEE, Transit Loans have allowed for the prompt financing of projects with high social value in the beneficiary countries while maintaining an adequate credit risk profile of the CEB's operations. Inter-country transfer financing could become once more an instrument of solidarity among CEB member states.

Access to InvestEU guarantees will enable the CEB to provide adapted financial instruments to more MFIs and social economy actors. Under the InvestEU framework, the CEB has defined a pipeline of around EUR 1 billion in total project volume to be submitted over the EC budgeting period ending in 2027, with the majority of projects concerning housing for vulnerable people as well as microfinance initiatives with partners carrying higher than usual credit risk.

5. Lending activity volumes and funding strategy

The CEB's mandate is more relevant than ever, and demand for CEB financing is high. As outlined in Chapter 2, Europe is experiencing a structural shift, with severe and unforeseen crises compounding existing challenges such as climate change and eroding social development and inclusion gains. Thus, investment to build resilience and promote social cohesion is more needed than ever. In addition, following the expected accession of Ukraine, the CEB is set to gradually start operating in the country to finance the rehabilitation and reconstruction of its social infrastructure and the provision of social services.

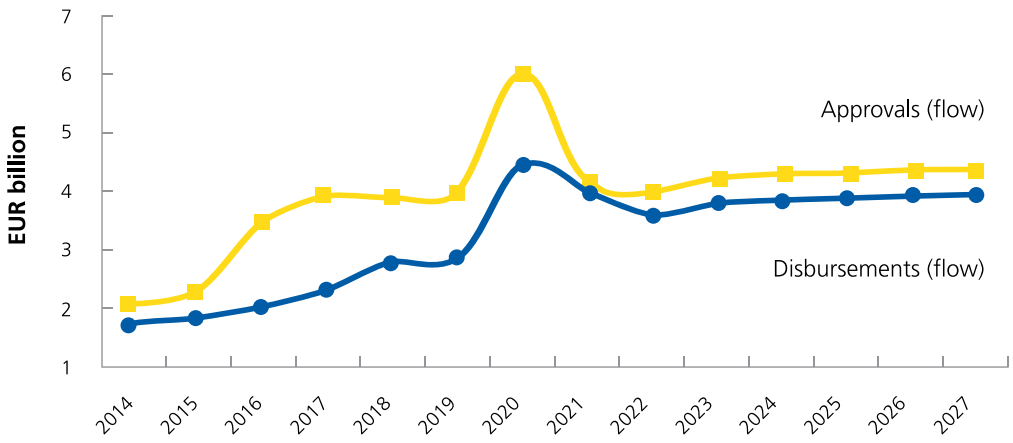
To pursue the goals of the Strategic Framework, **the average volume of loan approvals is set at EUR 4.3 billion per year over the period 2023-2027** (Figure 2). The activity level will maintain a prudent approach to credit risk, acknowledging the high degree of uncertainty at the macroeconomic, financial and geopolitical levels. In particular, exposure to Ukraine will be commensurate with the CEB's risk absorption capacity.

In the next five years, the CEB will strengthen its focus on Target Group Countries through the provision of more grants (subject to availability), technical assistance, capacity building and support to develop high-impact complex social projects, in co-operation with other International Financial Institutions (IFIs) where appropriate.

I**n addition, the CEB will aim to increase its lending support in relative terms to Target Group Countries,** compared with the period 2020-2022, including to lower-rated ones where social needs tend to be higher. In this regard, it is worth mentioning the strong correlation between the rating of countries and the level of economic development as measured by the GDP per capita (Figure 3). As a reference, between 2020 and 2022, half of the approved loan amounts and disbursements benefited Target Group Countries. The shift in lending volume towards Target Group Countries must be consistent with the CEB's prudential ratios and will depend on the rating distribution of these countries. The CEB's support in these countries is instrumental to helping build a credible social and economic perspective for the wider European region over the long term.

To ensure the ability to finance its lending activity on competitive terms, the CEB will continue to follow its successful funding strategy of hinging on a very broad investor base and a diversification of markets. The necessary financial resources are raised on the

Figure 2. Annual approvals and disbursements (EUR billion) (2014-2027)

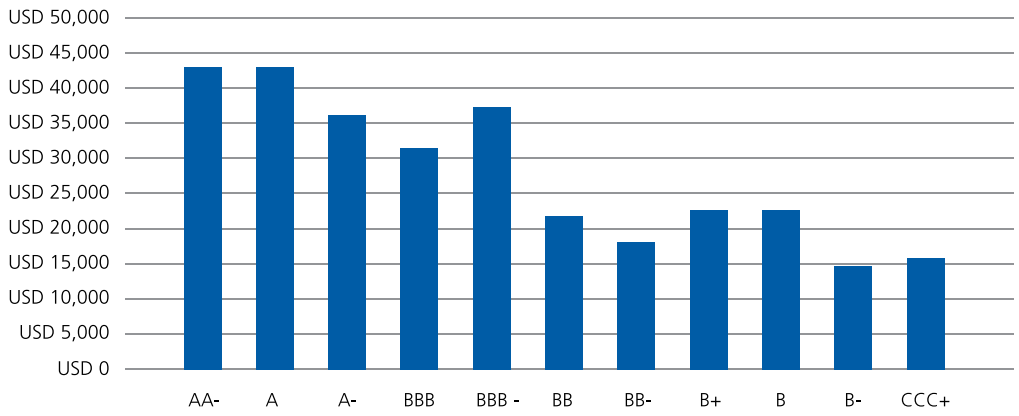


international capital markets by issuing bonds of varying maturities and denominated in different currencies, while not bearing any exchange rate risk. In addition to financing new loans, the CEB's funding activity also ensures the repayment of maturing debt and the necessary funds to maintain sufficient liquidity. The CEB adopts a flexible funding strategy where diversification of its funding sources is a key element allowing to minimise the cost of funds while maintaining a resilient market access. Such a diversification is based on three pillars: benchmark issuances in major currencies on a regular basis, small transactions responding to specific investor demand and a trailblazing Social Inclusion Bond franchise.

The CEB's funding strategy will continue to include regular benchmark-size operations and debt issuances to meet specific investor demand. The benchmark operations target a broad range of institutional investors, especially in the core US dollar and euro markets in which the CEB has "built benchmark curves". Other strategic markets, such as Sterling and Australian dollar, are of interest, depending on market conditions, in terms of benchmark transactions allowing further diversification in terms of currency, geography and investor type. This activity is complemented with debt issuance designed to meet specific investor demand in terms of smaller markets, reopening of existing transactions, or private placements answering particular requests of size, currencies, maturities and structures.

The CEB will continue with its Social Inclusion Bond issuance programme and may expand it to new currencies. To complement its traditional funding activity, since 2017, the CEB has been developing a market leader position as a pioneering issuer on the social bond market, in both euro and US dollars. Pursuing the objective of providing to market participants a recognisably CEB fixed-income sustainable product, the bonds issued by the CEB under its social bond framework are specifically named as Social Inclusion Bonds. The issuance of social bonds has allowed a broadening of the CEB's investor base and of the market for raising funds that are so central to its social mandate. In 2020 the CEB issued COVID-19 Response Social Inclusion Bonds, and in 2022, Social Inclusion Bond issuance was refugee-related. The CEB may issue future Social Inclusion Bonds with a targeted purpose, if and when they are cost-effective, on specific topics pertaining to its social mandate, as a means to raise the visibility of the CEB's social mandate and operations.

Figure 3. Average GDP per capita by credit rating, Target Group Countries, 2021



Source: Internal calculations using IMF data. Country ratings as of 27 July 2022 (second-best rating as per Basel criteria).

6. Building on partnerships

Partnerships are at the heart of the CEB's business model. The CEB, mindful of its small size, co-operates with relevant development partners to maximise synergies and deliver higher social impact. The CEB works closely with the EU, other international organisations, bilateral and multilateral donors, the United Nations (UN) system, and peer MDBs, both directly and through associations and networks.

Partnerships provide added value to CEB operations in three ways. First, they facilitate projects and other activities that the CEB may not be able to undertake on its own, encourage knowledge-sharing, and enable the exchange of information on policies, best practices and lessons learned. Second, partnerships are essential to leveraging resources, including through co-financing, blending, technical assistance and risk sharing. Third, working with partners continuously strengthens the CEB's profile and positioning as the social development bank of choice in Europe and consolidates the CEB's place within the IFI community.

The CEB will build on existing partnerships and strive to selectively grow new ones. Today, more than ever, effective co-ordination among development partners is needed to respond to the complex and interrelated social challenges facing Europe and the world.

6.1. The Council of Europe

The CEB and the Council of Europe enjoy a special relationship by virtue of the institutional links between the two institutions. In addition to the many institutional interactions resulting from the CEB's Articles of Agreement, the Council of Europe Committees provide important thematic guidance to the CEB. The CEB will consider intensifying its participation in selected Committees, as appropriate, to ensure continued alignment. The focus will be on migrants and refugees, Roma and other vulnerable groups, and gender equality.

Interactions with other Council of Europe bodies add significant value and will continue to be pursued. The Council of Europe's field presence has supported the CEB's activities – including in Sarajevo and Ankara. The Council of Europe Office in Ukraine could likewise be instrumental for the CEB operations in the country. The CEB also co-operates intensively with two Council of Europe intergovernmental bodies: i) the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) and ii) the Group of States against Corruption (GRECO). Evaluations, peer reviews, best implementation standards and effectiveness reports prepared by these bodies inform due diligence checks on all CEB projects. Going forward, the CEB will focus on country evaluations and recommendations prepared by MONEYVAL and GRECO to optimise the management of financial and non-financial reputational risks, as appropriate.

Co-operation with the Council of Europe at the operational level, particularly on judiciary infrastructure and Roma integration, has been fruitful and will remain valuable. Regular dialogue has been developed with the European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment (CPT), and this will be maintained and strengthened as necessary. On Roma integration, the CEB participates as an observer in the Committee of Experts on Roma and Traveller Issues (ADI-ROM). The Council of Europe and the CEB will continue to collaborate with relevant partners through projects such as Housing and Empowerment for Roma (HERO), which is set to be implemented over the next two years in three member states. ROMACT[31] lessons learned and general Council of Europe best practices will continue to influence the design of projects, so as to promote and protect the rights of the Roma and Travellers and to foster equal opportunities, diversity and social inclusion.

6.2. CEB's partners

The European Union

The CEB's relationship with EU institutions is multifaceted and wide-ranging relative to the CEB's size. The CEB's unique social mandate, its proven track record in leveraging EU grants, and its expertise in segments such as low-income housing and health have been the basis for intensive interactions with the EC, the CEB's largest donor.

[31] Since 2013, the CEB and EC have been implementing a Joint Programme – ROMACT – "Building up political will and understanding of Roma inclusion at local and regional level", set on the existing European and national policy frameworks for Roma inclusion, which acknowledges the fact that measures at local and regional level are decisive for generating improvement in the Roma communities, across key areas such as education, housing, employment and health. The ROMACT programme's aim is to build the capacity of local authorities to develop and implement plans and projects for Roma inclusion, based on local marginalised Roma communities' concrete needs and priorities.

The CEB will continue to closely co-operate with EC Directorate-Generals on common strategic areas: with DG NEAR on the Western Balkans and the Neighbourhood countries, in particular on housing; with the Directorate-General for Migration and Home Affairs on migrant integration and the Roma; and with the Directorate-General for Employment, Social Affairs and Inclusion on homelessness and microfinance. This co-operation is poised to further intensify and expand, in particular in the context of the CEB's future engagement in Ukraine.

The CEB will build on existing partnerships with the EU and strive to selectively grow new ones. Existing initiatives include: the Instrument for Pre-Accession Assistance (IPA) for Türkiye and the Western Balkans, the Western Balkans Investment Framework (WBIF), the Facility for Refugees in Turkey (FRiT), and the Regional Housing Programme (RHP) (which will end in 2023). The CEB projects in EU member states have also benefited from funding through the Structural and Cohesion Funds, European Structural and Investment Funds, the Structural Reform Support Programme and the Horizon 2020 programme. These funds and programmes will continue, albeit under slightly different names and regulations in the 2021-2027 period.

New platforms and instruments will offer new opportunities for collaboration. Notably, the InvestEU guarantee scheme is now entering the implementation phase. The CEB has defined a project pipeline of around EUR 1 billion which will benefit from the InvestEU guarantee up to 2027, and an EUR 8 million grant from the Advisory Hub. The CEB signed the InvestEU guarantee agreement in November 2022, becoming the second MDB implementing partner other than the EIB.

Further opportunities, **although likely of smaller volumes, might arise under other guarantee,** blending or grant funding schemes. In view of the potential for additional co-operation opportunities, the CEB will remain strategically selective – mindful of its size, human resources and lending power, as well as of the operational costs associated with such activities.

Multilateral and bilateral donors

While the EU is by far the largest donor, member and non-member states and multilateral financial institutions are also important donors for the CEB. For instance, donors other than the EU have contributed EUR 56 million to the RHP, an initiative that provides housing to vulnerable persons displaced during the 1990s conflicts in the former Yugoslavia. Member states have also provided EUR 15 million in contributions to the MRF, along with EUR 5 million from the EIB. In addition, some member states, i.e. Norway, Spain, the Slovak Republic and Italy, have established bilateral trust funds to finance technical assistance in support of CEB projects.

Member states also fund CEB grant operations by periodically allocating part of the CEB's earnings to trust funds. For example, to date, member states have allocated EUR 118 million in CEB earnings to the SDA, a trust fund that supports highly social CEB projects. They have also allocated EUR 18 million to the MRF and EUR 5 million as seed financing to the Green Social Investment Fund, a trust fund established by the CEB to accelerate the green transition of its member states.

Co-operation with donors is instrumental to achieve the CEB's mission. Resources provided by donors enable the CEB to support more projects in favour of vulnerable populations or disadvantaged regions. For instance, it is expected that the funding provided by donors for the RHP will enable the provision of accommodation to an additional 6,700 persons, bringing the total number of RHP beneficiaries to 34 000 by the end of the programme in 2023. Similarly, the CEB's SDA has subsidised EUR 2 billion and guaranteed EUR 57 million in CEB loans. It also disbursed EUR 21 million in grants.

The CEB will seek to further enhance its co-operation with donors. A key focus will be on migrants and displaced persons, in line with the CEB's core mandate. In this context, during the CEB's Joint Meeting in July 2022, Ireland pledged a seed contribution of EUR 1 million to set up a trust fund – the Ukraine Solidarity Fund – that will support CEB activities addressing social needs created by the war, and provide assistance to displaced persons in and from Ukraine. Over time, the CEB will strive to identify other areas of common interest with donors to be able to increase the blending of its loans with investment and technical assistance grants.

MDBs and other multilateral institutions

Joining forces with other MDBs is another cornerstone of the CEB's outreach strategy. The CEB will continue to pursue co-financing and parallel financing opportunities, in particular with the EIB, due to a geographical and thematic overlap, but also with the European Bank for Reconstruction and Development, the World Bank Group and others, in line with respective mandates.

The CEB is a member of the heads of MDBs group and several MDB working groups that facilitate a co-ordinated response on themes of common interest. In particular, the CEB experts will continue to participate in technical and strategic working groups, including the joint MDB Climate Coordination Group and the MFI Working Group on Environmental and Social Standards, aiming to harmonise approaches, standards and practices.

The CEB is also considering joining the MDB Platform on Economic Migration and Forced Displacement and the Global Concessional Financing Facility (GCFF). While the Migration Platform serves as a tool for knowledge exchange, the GCFF deploys grants to support countries welcoming migrants and refugees.

The CEB is an active member in several other networks, such as the European Long-Term Investors Association (ELTI), a Europe-wide network of 31 European MDBs and national promotional banks and institutions that promotes long-term investment in close alignment with the objectives and initiatives developed by the EC in order to foster sustainable, smart and inclusive growth and job creation. In addition, the CEB is a founding member of the Social Bond Working Group of the International Capital Market Association (ICMA), as well as an active participant in its various subgroups, and helped develop the Social Bond Principles, among other activities.

The CEB intends to remain an active member of Finance in Common (FiC) – a global coalition launched in 2020 to enhance the co-operation across public development banks worldwide to achieve the objectives of Agenda 2030 SDGs and the Paris Agreement. In this context, the CEB will continue to lead the Coalition for Social Investment, jointly with the French Development Agency (AFD). The CEB also contributes to other FiC coalitions, including the Coalition on Resilient Cities and Regions, recently launched by the Global Fund for Cities Development.

UN system/UN agencies

The CEB maintains strategic partnerships with a number of UN agencies, leveraging the UN's global convening power and expertise. The CEB will further continue and strengthen its co-operation with the UN agencies, such as the United Nations Development Programme (UNDP), the United Nations High Commissioner for Refugees (UNHCR), UN Habitat, the United Nations Children's Fund (UNICEF) and the United Nations Economic Commission for Europe (UNECE).

On migration, the CEB will continue to partner with the International Organization for Migration (IOM). This partnership became especially important during the 2015-16 Syrian refugee crisis, in light of IOM field presence and staffing, as well as advanced data collection capacity. In the current Ukrainian refugee crisis, co-operation with the IOM enabled the CEB to act rapidly and channel the MRF grant funds to vulnerable populations fleeing the country. Given the current context, joint work with the IOM is strategic for CEB operations, and will continue to meet the needs of migrants and refugees.

Other partners

The CEB and the Organisation for Economic Co-operation and Development (OECD) are taking steps to strengthen their co-operation in strategic priority areas such as sustainable and inclusive development; migrants and refugees; co-operation on regions and cities; public and corporate governance; and climate finance, just transition and the climate-social nexus.

The CEB is also strengthening its exchanges with the wider European think tank and advocacy community working on social cohesion and social investment as well as international city networks. This includes co-operation with Bruegel, the Vienna Institute for International Economic Studies, Eurocities, the International Council for Local Environmental Initiatives (ICLEI), the Resilient Cities Network, the European Federation of National Organisations Working with the Homeless (FEANTSA) and Housing Europe. This co-operation will aim to solidify the CEB's knowledge production and sharing, as well as its role as a provider of technical assistance for its clients. More broadly, the CEB will endeavour to engage further with civil society organisations, progressively and on a targeted basis.

7. Implementing the Strategic Framework

To deliver on the Strategic Framework, the CEB must be fit for purpose in terms of organisation, people, tools and processes. In the next five years, the CEB will need to adapt to evolving client needs and a changing operating environment to meet its overarching goals. To succeed, it will build on the strengths of its operating model, while also undertaking selected actions to improve upon it where needed.

7.1. An agile and highly skilled workforce

The CEB will remain a small and efficient organisation. It relies on committed and highly skilled staff. At a headcount of just 217, the CEB's staff enable it to deliver high value for money. The ability of the CEB to deliver on its Strategic Framework is largely dependent on having the right competencies in the right places, supported by adequate tools, processes and management practices.

In the next five years, the CEB does not plan to increase staff size significantly. The CEB will nevertheless continue to adapt its human resource strategy to facilitate the implementation of the Strategic Framework, including through a careful approach to workforce planning to reflect the increasing complexity of work and the envisaged operations in Ukraine.

The CEB will strive to attract and retain talent, and invest in the professional development of staff. As a small specialised institution, the CEB seeks to fill each vacancy strategically. To achieve this, the CEB continuously strives to align its recruitment and assessment processes with best practices, and to proactively advertise its openings in the broader development finance community.

The CEB will strengthen efforts on competency development to assure that the skill sets meet the needs to fulfil the strategic objectives. The workforce planning process will help in orienting the training and development efforts. The recently launched online training platform will allow greater flexibility in introducing new training options targeted to needs.

The CEB has a strong commitment to diversity and inclusion, which it will strive to strengthen in the next five years. Also due to its small size, the CEB's diversity focus, while broad, will primarily aim at gender equality and a more balanced representation of staff nationalities. With respect to gender balance, the CEB will seek to reach the goal of 40% of women in grades A4 and above (senior roles), having moved from 30% in 2020 to 32% in 2021. In terms of nationality, the CEB's objective is to recruit its staff from the widest possible geographical base. Currently, 34 out of the 42 member states are represented among the 217 employees. The CEB will continue to develop dedicated outreach initiatives for the recruitment of nationals from under- or non-represented member states.

Collaborative work and telework will remain crucial elements of the CEB's operating model in the "new normal", and capacities will be strengthened. Working across directorates and in close collaboration with external partners will be key to delivering on the CEB's objectives. Similarly, empowering staff to continue to deliver via remote and hybrid ways will be crucial and will need to be bolstered by appropriate investments in information technology. Investment in state-of-the-art IT tools and technical equipment, coupled with training and new policies, will ensure that CEB staff remain connected and become empowered to work in more flexible ways.

The CEB is also taking important steps to increase effectiveness in the use of external expertise. To enhance deployment speed and value for money of consulting services, the CEB is setting up framework contracts for consultancy services covering multiple sectors, cross-cutting themes and due diligence areas. Partnerships can also play a key role in complementing CEB's expertise. As mentioned in Chapter 6, ongoing work with other MDBs/IFIs, international organisations such as the OECD, and think tanks and specialised networks will continue to be selectively pursued with this objective.

7.2. Investing in technology for the future

Modernising the CEB's technological capabilities will continue to enable the CEB to deliver in an increasingly digitalised world. The CEB will continue the ongoing automatisation and digitalisation of key processes, in both core banking and support functions. The use of new technologies will increase productivity and staff engagement in higher value-added activities. In an increasingly digitalised operating environment, IT security will continue to be a high priority and the CEB will enhance the internal resources dedicated to cybersecurity, complemented by external expert services that can assist with the prevention of and reaction to cyber incidents.

Reaping technological opportunities will help boost efficiency and agility, including by streamlining and enhancing internal processes. A gradual move to cloud-based services will enable access to applications that are inherently mobile, collaborative, analytical and integrated, reducing the operational burden of running and maintaining hardware and software. The implementation of an enterprise resource planning system, in line with best practices in peer institutions, and further automation of the investment project cycle system will strengthen internal business processes as part of digitalisation of key banking operations, enhancing collaboration and supporting an increasingly mobile workforce in decision-making.

The CEB will strive to build a connected and digitally empowered workforce, fit for remote and hybrid working. The CEB aims to instil a culture of flexible, efficient teamwork, with cross-directorate teams able to work simultaneously, from anywhere. Staff are now equipped for mobile and remote work, remaining fully connected in and out of the physical office space. Further upgrading of the video conferencing facilities of meeting rooms in the CEB building in order to support hybrid meetings will further increase efficiency, and reduce the amount of travel and dependency on in-house presence.

7.3. Policies, practices and processes fit for purpose

Relevant CEB policies will be revised to align with the orientations laid out in the Strategic Framework 2023-2027. As was the case with the previous development plans, the CEB Policy for Loan and Project Financing has been updated to reflect the aggregation of the sectors of activity along the new lines of action. The key change consists of the recognition that the support for refugees, migrants and vulnerable groups is not a vertical sector but rather a key element of the CEB's mission and overarching goals. The CEB will also consider an update of its Environmental and Social Safeguards Policy, in particular to reflect relevant Paris Alignment commitments, also in consideration of updates of analogous policies by other MDBs active in the CEB's countries of operation. In parallel, the CEB will launch a reflection on the possible development of a CEB Sustainability Framework with the goal to further mainstream sustainability in both its internal operations and financing activities in the years to come.

The CEB will continue to adapt its due diligence practices, in line with its mandate and business model, so as to remain nimble while responding to the demands of its clients as well as external stakeholders. On the one hand, the CEB will consider the possibility of enhancing elements of due diligence practices, in line with evolving commitments, regulatory requirements and peers' best practices, e.g. by updating climate change-related scores, as foreseen in the CEB's Paris Alignment roadmap. In particular, a tailored approach will be developed to identify, assess and address the specific vulnerability dimensions of project-affected people, with the goal of clarifying how each operation contributes to addressing and enhancing resilience. On the other hand, the CEB will continue to explore opportunities to streamline due diligence modalities for emergency-related operations.

To remain agile, the CEB will continue to improve its processes. In a context of increasingly complex business activities, the CEB will continue to look for improvements in its processes. Through permanent innovation, rearranging interactions between services and empowering dedicated, multidisciplinary horizontal teams, the CEB may further increase its productivity and capacity to respond to current market challenges.

The CEB will further develop its financial, technical support and due diligence instruments in support of the social economy. This will enable the CEB to identify and overcome barriers to increasing financing to the diverse array of actors in the social economy, including regulatory framework gaps in some countries, differing legal definitions across countries, lagging capacity and other asymmetries. Specific due diligence and advisory support instruments may also be developed as needed.

7.4. Transparency and accountability

The CEB will continue to enhance its reporting, including on sustainability-related issues that cover environmental, social and governance (ESG) criteria, SDGs and climate change in particular. For instance, in its Paris Alignment roadmap, the CEB has considered adding a Task Force on Climate-Related Financial Disclosures report as part of its sustainability reporting. This will also regularly update the public about the advancements in the implementation of the CEB's Paris Alignment framework.

The CEB will continue to engage meaningfully with external stakeholders. Among others, the CEB will continue to engage with ESG rating agencies with the aim of managing ESG risks and opportunities, as well as ensuring the CEB's standing as a transparent, reliable and impactful institution. The CEB will also seek to further engage with civil society organisations to strengthen mutual knowledge and understanding. This will help further clarify stakeholders' expectations towards the CEB, particularly as regards key sustainability topics.

7.5. Learning and evaluation

Learning and evaluation activities enable the CEB to capitalise on its experience and deliver higher-quality results. The CEB's evaluation function plays a critical role in assessing the efficiency and effectiveness of CEB-financed operations in achieving sustainable development results in line with the CEB's social development objectives and mandate. Evaluation contributes to accountability and learning by independently assessing the performance of selected operations and by drawing lessons that can help improve the CEB's project financing activities.

Strengthening learning and evaluation practices will continue to be important in the next five years so as to foster a continuous enhancement of project financing activities. The CEB's evaluation practices will continue to be updated and enhanced to remain aligned with internationally recognised principles and standards, including through the adoption of a CEB Evaluation Policy.

7.6. Communication

Effective implementation of the Strategic Framework will be underpinned by enhanced communications. The Strategic Framework 2023-2027 sets ambitious goals. In addition, the CEB will continue to invest in areas that are likely to be at the centre of heightened public scrutiny, such as the integration of refugees and migrants in their host communities, especially when it starts to operate in Ukraine. Scaled-up communication can help deepen the understanding of the CEB's operations and goals, including its specific value-added vis-à-vis other MDBs, with a variety of stakeholders and the public opinion at large, thereby contributing to its operational success.

The CEB will strive to build on and strengthen its narrative with the objective of furthering visibility. Communications will be strategic and adapted to different audiences – authorities, borrowers, think tanks, civil society and the general public – and communications platforms, including through the participation of the CEB's leadership in high-level events and engagement with media including social media. The CEB will upgrade its communications activities in line with new developments, leveraging its best available resources for this endeavour.

About the CEB

The Council of Europe Development Bank (CEB) is a multilateral development bank with a unique mission to promote social cohesion throughout Europe. The CEB finances investment in social sectors, including education, health and affordable housing, with a focus on the needs of vulnerable people. Borrowers include governments, local and regional authorities, public and private banks, non-profit organisations and others. As a multilateral bank with an excellent credit rating, the CEB funds itself on the international capital markets. It approves projects according to strict social, environmental and governance criteria, and provides technical assistance. In addition, the CEB receives funds from donors to complement its activities.

The CEB has 42 members states. It was established as a partial agreement of the Council of Europe, but is legally and financially separate from it. The CEB is Europe's oldest multilateral development bank, having started out as a refugee resettlement fund in 1956.

For more about CEB, visit coebank.org/en/about/
See also coebank.org/en/investor-relations/funding/

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A full list of sources and references is available on request at info@coebank.org

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