

# 2023 Social Inclusion Bond Report

March 2024

# The Social Development Bank for Europe

The Council of Europe Development Bank (CEB) is a multilateral development bank with an exclusively social mission. The CEB finances investments 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 43 member states. It was established originally as a resettlement fund in 1956 by eight of the 15 member states that made up the Council of Europe at the time. The CEB is Europe's oldest multilateral development bank, and is legally and financially separate from the Council of Europe.

Albania*	Latvia*
Andorra	Liechtenstein
Belgium	Lithuania*
Bosnia and Herzegovina*	Luxembourg
Bulgaria*	Malta*
Croatia*	Republic of Moldova*
Cyprus*	Montenegro*
Czech Republic*	Netherlands
Denmark	North Macedonia*
Estonia*	Norway
Finland	Poland*
France	Portugal
Georgia*	Romania*
Germany	San Marino
Greece	Serbia*
Holy See	Slovak Republic*
Hungary*	Slovenia*
Iceland	Spain
Ireland	Sweden
Italy	Switzerland
Kosovo*	Türkiye*
	Ukraine*

★ Target Group Country



# CEB 2023 Highlights

- Crises like the COVID-19 pandemic and Russia's aggression against Ukraine have ramped up the importance of the Council of Europe Development Bank (CEB), whose unique mission is to promote social cohesion in Europe through the financing of social investment that bolsters inclusiveness and serves vulnerable people.
- Since the onset of the war in Ukraine, the CEB had been providing support to refugees from the country, hosted in CEB member states.
- On 15 June 2023, Ukraine completed the accession process and became the CEB's 43<sup>rd</sup> member, allowing the Bank to operate on the ground:
  - ✓ First EUR 2 million grant for financing urgent home repairs benefitting over 500 vulnerable households (September).
  - ✓ EUR 100 million loan approved to finance the restoration of health infrastructure damaged by the war and meet urgent health needs (November).
- The CEB has continued to respond quickly to new needs of its members countries. Shortly after the devastating earthquakes in February 2023, the CEB approved a EUR 250 million loan to Türkiye to support the recovery and reconstruction of the country's critical health services and infrastructure.
- After over a decade, the CEB regained Triple A rating, which allows the Bank to raise funds at even more favourable terms for the benefit of its borrowers.

**MOODY'S**

**Aaa (Stable)**

**S&P Global**  
Ratings

**AAA (Stable)**

**FitchRatings**

**AAA (Stable)**



**AAA\* (Stable)**

# Social Inclusion Bonds in Review

- 2023 was another record-breaking year for the CEB’s Social Inclusion Bond (SIB) issuance, which reached EUR 2.3 billion equivalent or one third of the total funding programme in 2023.
- Since the pioneering SIB in 2017, the CEB has issued sixteen SIBs, for a total volume of over EUR 8 billion (*see Figure 1*) and built a full EUR curve by issuing the seventh 7-year benchmark.
- “Social Bond of the Year – Supranational” award by Environmental Finance.
- Also in 2023, the CEB continued to be a leader in the Social Bond market, supplementing the EUR and USD denominated SIB benchmarks by diversifying issuance into three additional currencies: SEK, CAD and AUD. This diversification strategy allows the CEB to meet specific investors requests in different regions, while providing further growth to the social bond market.

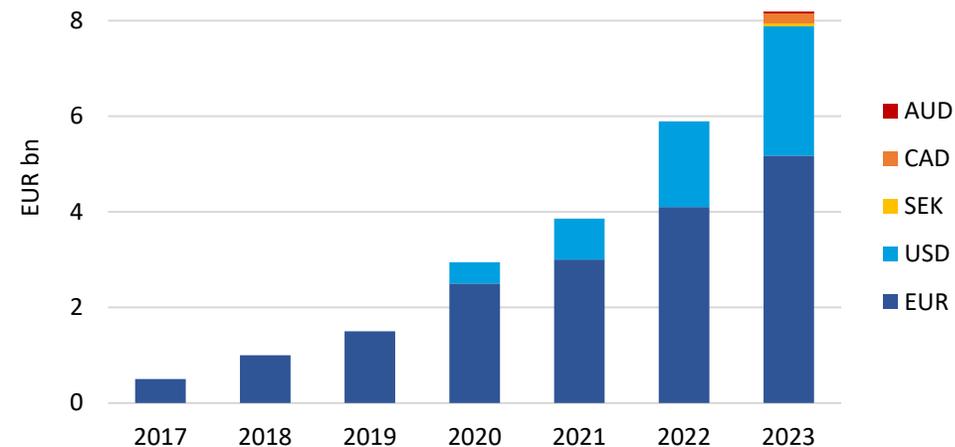


Figure 1: Cumulative SIB Issuances

SIB Transaction Details*						
Amount	EUR 75m tap	EUR 1bn	SEK 650m	USD 1bn	CAD 300m	AUD 40m
Issue Date	9 February 2023	13 April 2023	05 May 2023	25 May 2023	13 July 2023	12 October 2023
Maturity	9 April 2027	13 April 2030	05 May 2028	25 May 2026	13 January 2027	12 October 2023
Coupon	0.000%	2.875%	3.160%	3.750%	4.570%	5.137%

\* Issued in 2023 under CEB’s Social Inclusion Bond Framework (last updated in March 2022). Second Party Opinion from Sustainalytics (March 2022) and SIB Framework available [here](#), together with previous SIB reports.

# Allocation Report

## Eligible Social Loan Portfolio as of 31 December 2023

Eligible Social Loan Portfolio		Social Inclusion Bond Portfolio					
Eligible Lines of Action	Outstanding Amount (EUR m eq.)*	ISIN	Issue Year	Maturity	Currency	Outstanding Amount (local CCY, m)	Outstanding Amount (EUR m eq.)*
Social housing	2,563	XS1594302868	2017	April 2024	EUR	500	500
Education and vocational training	2,769	US222213AX87	2021	June 2024	USD	500	410
Health and social care	4,515	XS1799045197	2018	March 2025	EUR	500	500
Supporting MSMEs	2,096	US222213BA75	2022	June 2025	USD	1,000	937
		XS1979512578	2019	April 2026	EUR	500	500
		US222213BC32	2023	May 2026	USD	1,000	918
		US222213BD15	2023	January 2027	CAD	300	207
		XS2154343623	2020	April 2027	EUR	1,075	1,075
		XS2332184212	2021	April 2028	EUR	500	500
		XS2619353092	2023	May 2028	SEK	650	57
		XS2468525451	2022	April 2029	EUR	1,100	1,100
		XS2610236528	2023	April 2030	EUR	1,000	1,000
		AU3CB0303055	2023	October 2038	AUD	40	24
<b>Total Amount</b>	<b>EUR 11,943</b>	<b>Total Amount</b>					<b>EUR 7,728</b>

% of Eligible Social Loan Portfolio allocated to net proceeds of Social Inclusion Bond funding (usage): 64.7%

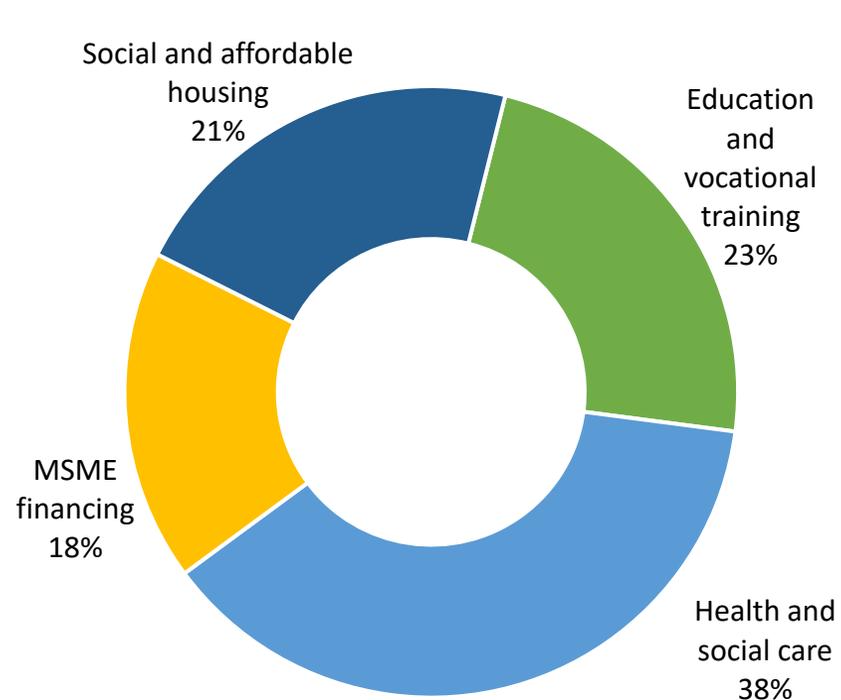
% of net proceeds of Social Inclusion Bond funding allocated to Eligible Social Loan Portfolio: 100%

New financing of Eligible Loans since 31 December 2022: 17.0%

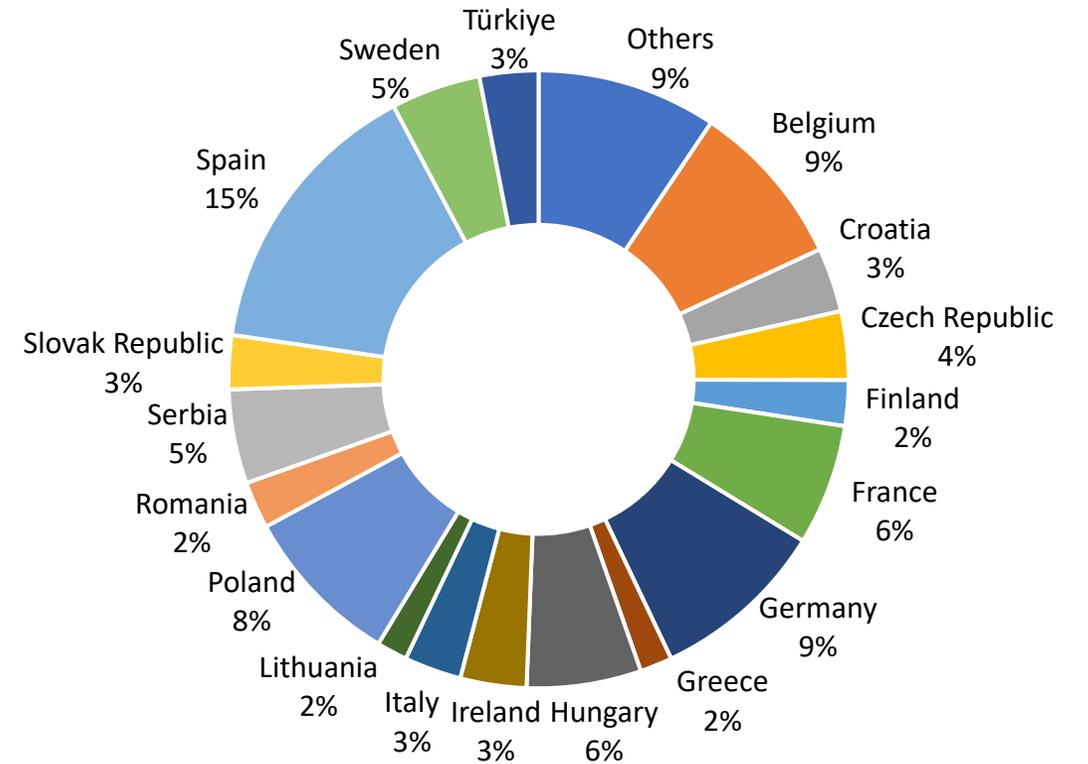
\* EUR equivalent amount based on FX rates prevalent at issuance date

# Eligible Social Loan Portfolio as of 31 December 2023

Eligible Social Loan Portfolio Breakdown by Project Category (by volume)



Eligible Social Loan Portfolio Breakdown by Country (by volume)



# Reporting Principles

## Methodology

- The CEB's Social Inclusion Bond Report strives to adhere to the principles and guidelines of the 2023 edition of the Harmonised Framework for Impact Reporting for Social Bonds issued by the International Capital Markets Association (ICMA).
- **Signed Amount:** Signed or budgeted amount committed by the issuer for the portfolio or portfolio components eligible for Social Inclusion Bond financing.
- **Share of Eligible Social Loan Portfolio:** Share of the total eligible social loan portfolio per Social Bond Principles (SBP) sub-category.
- **Eligibility for Social Bond:** Percentage of signed amount eligible for Social Inclusion Bond financing.
- **Impact indicators:** Indicators include number of jobs, people, schools, dwellings etc. benefiting from entire project. The CEB usually finances up to 50% of such projects and therefore contributes financially to only that share of the benefits.
- The CEB's reporting is based on ex-post impact data reported on the projects financed by the Social Inclusion Bonds on an aggregated basis per SBP category.
- The impact data included above may be incomplete due to some data on recent loans not yet available and therefore a conservative approach has been taken. The CEB intends to provide updated impact data, once available, in future impact reports.

## External Review

- The CEB requested EY as external auditors to perform agreed-upon procedures related to the disbursement of the amounts mentioned in this report to the relevant projects. EY was also requested to confirm the compliance of the projects with the relevant framework loan agreements.
- EY reviewed disbursements from the Eligible Social Loan Portfolio in 2023, as included in the CEB Social Inclusion Bond Allocation Report dated 31 December 2023, and has not found any discrepancies.

# Impact Report

## Eligible Social Loan Portfolio as of 31 December 2023\*

Project Category			Target Population	Allocation Information			Social Indicators	
ICMA SBP Category	Sub-Category	SDGs Addressed	Target Group**	Outstanding Amount	Share of Eligible Social Loan Portfolio	Eligibility for Social Bond	Indicator 1	Indicator 2
				EUR m eq.	%	% of signed amount	Number of people benefitting	Other
Affordable Housing	Social housing	 	Living below poverty line Vulnerable groups	2,563	21%	100%	364,674 residents	142,762 dwellings
Access to Essential Services	Education and vocational training	 	Undereducated	2,769	23%	100%	3,689,608 students	6,493 establishments
	Health and social care	 	General public	4,515	38%	100%	81,034 beds	1,878 establishments
Employment Generation including through the potential effect of SMEs financing and microfinance	Supporting MSMEs	   	Unemployed	2,096	18%	100%	1,430,755 jobs maintained 63,453 jobs created	178,094 MSMEs
				<b>11,943</b>	<b>100 %</b>			

\* In accordance with the ICMA Harmonised Framework for Impact Reporting (June 2023 edition)

\*\* Further information on target population with regards to CEB's eligible social loan portfolio is available in CEB's Social Inclusion Bond Framework (March 2022) [here](#).

# Examples of Loans Granted from the Eligible Social Loan Portfolio

## Example 1: Helping Montenegro meet the affordable housing challenge

Since 2010, the CEB has been supporting the Government of Montenegro with the implementation of the so-called “1,000 Plus” programme to help households with limited affordability to become homeowners through subsidised housing mortgage schemes.

Beneficiaries of this project are households without access to housing under existing market conditions and financing mechanisms, and are eligible under the selection criteria established by the Montenegrin Law on Social Housing. Priority target groups include young couples, single parents, households with disabled persons, civil servants and low-income households. The eligible beneficiaries can purchase newly constructed apartments from the selected construction companies or any eligible apartment on the real estate market thanks to subsidised mortgages provided by local commercial banks.

Between 2010 and 2022, the CEB provided EUR 37.7m in four loans to the Government of Montenegro for the provision of more than 1,500 affordable housing units to some 4,000 vulnerable and low-to-medium income beneficiaries. The project is estimated to have had a highly positive impact on the beneficiaries’ quality of living and to have indirectly boosted the construction industry and the local economy.

CEB total loan	Project cost	CEB disbursements (% of cost)	# of dwellings	# of direct beneficiaries	Implementation period
EUR 37.7m	EUR 75.8m	EUR 37.7m (50%)	1,540	3,975	2010-2022



## Example 2: Responding to the needs for increased demand capacity in schools in Stockholm

The CEB and City of Stockholm signed a EUR 200m loan in June 2019 to part-finance investments in the City’s education infrastructure through the construction of 38 new pre-school, compulsory and upper schools as well as the renovation and extension of 24 existing ones in the budgetary years 2018 to 2021. The main driver for the investments and expansion of the number of pre-schools and schools during the next two decades has been the rapid population increase in Stockholm, due to both increased nativity and increased influx of population from other parts of Sweden, as well as the inflow of migrants from other countries. The funds provided by the CEB financed investments in 29 preschools, 12 primary schools (age 6-15), 17 mixed (primary/secondary) schools and 4 upper secondary schools located in 13 districts of Stockholm, where the share of foreign-born schoolchildren enrolled in schools ranges from 8% to 86%. 26 of the schools are located in districts where the share of foreign-born residents is above 30%. The reconstructed and newly built facilities respond to the needs for increased capacity resulting from demographic and immigration trends. In total, more than 19,154 additional places are expected to be created: 3,757 places in preschools and 15,397 in primary and upper secondary schools, once the 62 schools will be completed by 2030. This number exceeds the target of 18,000 new places identified as target upon approval of the loan and represents 38% of the City’s target of 50,000 places until year 2040.

CEB total loan	Project cost	CEB disbursements (% of cost)	# of schools	# of students	Implementation period
EUR 200m	EUR 409m	EUR 200m (49%)	62	34,356	2018-2021



# Examples of Loans Granted from the Eligible Social Loan Portfolio (Cont'd)

## Example 3: Supporting entrepreneurs in Bosnia and Herzegovina

The CEB and ProCredit Bank Bosnia and Herzegovina signed a EUR 10m loan in April 2020 to promote job creation and preservation by supporting micro, small and medium-sized enterprises (MSMEs) in the country in the COVID-19 pandemic context. The CEB loan was fully allocated in 2020 and 2021 for financing 132 eligible investments undertaken by 116 MSMEs, with a total cost of EUR 25.5m. The CEB loan financed 39% of the total costs of the investments. The loan was used for partial financing of investments for purchase and construction of business premises (50%); working capital (25%); purchase of machinery/equipment (20%) and purchase of vehicles (5%). The end borrowers were located in three regions: Sarajevo (64%), Banja Luka (23%) and Mostar (13%). Most of the end borrowers were small enterprises (59%) and micro enterprises (29%). Close to one third of supported enterprises were start-ups and young enterprises and 16% were female-owned. It is estimated that the financing of these investments contributed to the preservation of 2,682 jobs and creation of 159 new jobs mainly in the manufacturing sector (34%), wholesale and retail trade (23%), construction (10%) and transportation and storage sectors (9%).

CEB total loan	Project cost	CEB disbursements (% of cost)	# of MSMEs supported	# of jobs created	# of jobs preserved	Implementation period
EUR 10m	EUR 25.5m	EUR 10m (39%)	116 MSMEs	159	2,682	2020-2021



## Example 4: The Institut Jules Bordet - a pioneering centre in fight against cancer

Established in 1939, the Institut Jules Bordet is an integrated, multidisciplinary centre, unique in Belgium and internationally renowned, entirely dedicated to all types of adult cancer and welcoming patients not only from Belgium but also from other European countries. Around 33,000 patients are admitted in classic and day hospitalisation every year. After more than 80 years of activity in the heart of Brussels, the institute moved to its new site in Anderlecht on the campus of the Université Libre de Bruxelles (ULB) in November 2021. The new building meets all quality standards, particularly in terms of patient health and safety. Its construction was partly financed by a EUR 110m CEB loan signed in 2015 and implemented over the 2017-2021 period. An additional CEB loan envelope of EUR 89m, signed in 2022, was used to partly finance the acquisition and installation of equipment in 2022-2023. The new building increases the hospital's treatment capacity, its space for cutting-edge prevention, diagnostic and therapeutic technology and its research laboratories by more than 50%. With more than 80,000 sq. m of floor space and an increase in hospital capacity from 160 to 250 inpatient care beds, together with additional 43 outpatient care places, the new institute will also reaffirm its European influence in the fight against cancer. The 10,000 sq. m dedicated to oncology research will enable between 100 and 120 research projects to be carried out each year. As many doctors and members of the staff teach at the ULB, the institute also welcomes hundreds of medical students on training every year.

CEB total loan	Project cost	CEB disbursements (% of cost)	# of medical staff	# of beds	Implementation period
EUR 199m	EUR 398m	EUR 199m (50%)	1,242	250 (inpatient) 43 (outpatient)	2017-2023



# EU Social Taxonomy (EUST): High-level Alignment Assessment\*

SBP category	SBP Sub-category	EUST Core Objective	EUST Sub-Objective	EUST Substantial Contribution	'AAAQ' Analysis	Do No Significant Harm (DNSH) & Minimum Safeguards considerations
<b>Social &amp; Affordable Housing</b> 	<b>Social housing</b>	2. Adequate living standards and wellbeing for end-users  3. Inclusive and sustainable communities and societies	<ul style="list-style-type: none"> <li>Improving access to good-quality housing</li> <li>Improving access for target populations and/or areas to basic economic infrastructure</li> </ul>	1. Enhancing inherent positive impact of social goods and services and basic economic infrastructure  2. Avoiding and addressing negative impact	Availability 	<u>Environmental &amp; Social Safeguards Policy:</u> <ul style="list-style-type: none"> <li>Defines the principles and requirements that projects and borrowers are expected to meet</li> <li>CEB draws upon the principles in the Convention for the Protection of Human Rights and Fundamental Freedoms and in the European Social Charter</li> </ul> <u>Social Inclusion Bond Framework:</u> <ul style="list-style-type: none"> <li>Compliance with Social Inclusion Bond eligibility criteria</li> <li>Social Inclusion Bond exclusion list</li> <li>Robust governance procedure</li> <li>Founding member of the ICMA Social Bond Working Group</li> </ul> <u>International and local norms &amp; standards:</u> <ul style="list-style-type: none"> <li>Compliance of borrowers/projects with official and international environmental and social standards and local laws and regulation</li> </ul> <u>Environmental considerations - CEB commits to:</u> <ul style="list-style-type: none"> <li>Integrate climate action components in all project proposals, such as the potential for reducing greenhouse gas emissions or opportunities for improving climate change resilience</li> <li>Continue to implement its stringent Environmental and Social Safeguards Policy</li> <li>Progressively operationalise its commitment to align lending activities with the Paris Agreement on climate change as per the CEB's Paris Alignment framework and roadmap</li> </ul>
					Accessibility 	
					Acceptability 	
					Quality 	
<b>Access to Essential Services (e.g. health, education and vocational training, healthcare financing)</b> 	<b>Health and social care</b>	2. Adequate living standards and wellbeing for end-users  3. Inclusive and sustainable communities and societies	<ul style="list-style-type: none"> <li>Ensuring access to quality healthcare products and services including care services</li> <li>Inclusion of people with disabilities</li> </ul>	1. Enhancing inherent positive impact  2. Avoiding and addressing negative impact	Availability 	
					Accessibility 	
	Acceptability 					
	Quality 					
<b>Education and vocational training</b>	<b>Education and vocational training</b>	2. Adequate living standards and wellbeing for end-users	<ul style="list-style-type: none"> <li>Improving access to education and lifelong learning</li> </ul>	1. Enhancing inherent positive impact	Availability 	
					Accessibility 	
					Acceptability 	
					Quality 	
<b>SMEs Financing</b> 	<b>Supporting MSMEs</b>	1. Decent work  3. Inclusive and sustainable communities and societies	<ul style="list-style-type: none"> <li>Living wages that guarantee decent lives to workers and their families</li> <li>Creating and preserving decent jobs</li> <li>Preserving employment levels and hiring local workers</li> </ul>	1. Enhancing inherent positive impact  2. Avoiding and addressing negative impact	Availability 	
					Accessibility 	
					Acceptability 	
					Quality 	

\*Based on the Final Report on Social Taxonomy (February 2022) by the Platform on Sustainable Finance

# CEB's ESG Ratings

The CEB's overall sustainability performance is periodically assessed by ESG (Environmental, Social and Governance) rating agencies, unsolicited:



**"Prime"; "B-"**  
Transparency Level: **"Very High"**  
**1<sup>st</sup> Decile** Rank within its industry  
*July 2023*

ISS ESG's Prime status being awarded to companies with an ESG performance above the sector-specific Prime threshold, which means that they fulfil ambitious absolute performance requirements.



**"Advanced"**: score 65/100  
Ranked 6/12 in the sector  
*October 2022*

Moody's ESG Solutions ranks CEB in the best performance category.



**"Leader"**  
Rating: **AAA**  
*September 2023*

MSCI ESG's assessment shows that CEB is leading in its industry in managing most significant ESG risks and opportunities. MSCI assessed that CEB has strong financial inclusion initiatives and ESG due diligence mechanisms.



**"Negligible ESG Risk"**:  
Rank 5/95 in Development banks  
*July 2023*

Sustainalytics concludes that CEB's overall management of material ESG issues is "Strong" with an overall exposure score considered as "Low".

# CEB at a Glance

## Overarching Priorities

The CEB invests in social projects that foster inclusion and improve the living conditions of the most vulnerable populations. The CEB finances projects that promote social cohesion by:



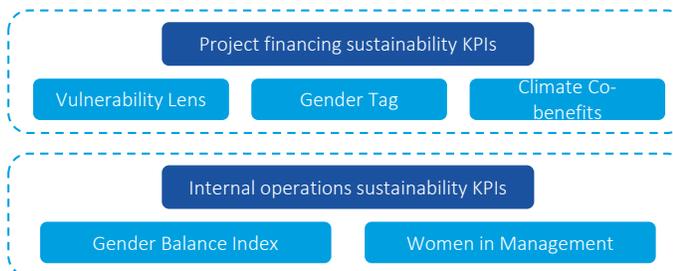
## Strategic Framework 2023-2027

The CEB is committed to its mission while pursuing three overarching goals:

- Respond to challenges of European social development and inclusion
- Assist and integrate refugees and migrants within their host communities
- Support the reconstruction and rehabilitation needs of Ukraine’s social sector

Cross-cutting considerations on climate action, gender equality and digital transition

To achieve the goals of the Strategic Framework 2023-2027, the CEB monitors 17 Key Performance Indicators, of which 5 specifically underpin the CEB’s strong commitment to sustainability:



## CEB Activities and Key UN SDGs

### Alignment with the CEB’s social mandate



### Cross-cutting issues, screening of all CEB projects



### Project-specific, sector-based relevance



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