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CEB
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Dear reader,



The present issue of **Info** focuses on education, which has long been recognised not only as a fundamental human right in itself, but also as a tool which enables the promotion and protection of other human rights.

Governments have the primary obligation to fulfil the right of all citizens to education, without discrimination. Because it empowers people, gives them a perspective in life and the opportunity to succeed and thrive, and contributes to social and economic development.

International financial institutions, for their part, can also ensure that the right to education is promoted and protected. The CEB is proud to have been supporting education projects in its member countries at all levels, from pre-school and primary education to university and lifelong learning programmes.

In light of the recent migration flows into Europe, we attach particular importance to providing marginalised groups, including children of migrant background, with access to education. It is often these people who, because of their vulnerability, find themselves discriminated against and have difficulty realising their right to education. And yet it is precisely these people who are most in need of support when it comes to ensuring their full integration into the society of the receiving country.

In this issue you can read more about CEB-funded education projects in Montenegro and Finland. You will also find more information about the CEB's new funding instrument, the Cross-Sectoral Loan Programme (CSL) and ways in which our Technical Assistance and Monitoring (TAM) Directorate contributes to the CEB's work to promote social cohesion in Europe.

Rolf Wenzel
Governor, CEB



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About the CEB...

Set up in 1956, the CEB (Council of Europe Development Bank) has 41 member states.
As a major instrument of the policy of solidarity in Europe, the Bank finances social projects by making available resources raised in conditions reflecting the quality of its rating. It thus grants loans to its member states, to financial institutions and to local authorities for the financing of projects in the social sector, in accordance with its Articles of Agreement.

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FIND OUT MORE ONLINE **www.coebank.org**

REGIONAL HOUSING PROGRAMME MAKING GOOD PROGRESS

Two new projects worth a total of €31 million were approved for Serbia and Bosnia and Herzegovina at the recent 14th meeting of the Regional Housing Programme (RHP) Fund Assembly of Donors in Belgrade.

The Assembly also reviewed the RHP, concluding it was making good progress, with over 1,000 housing solutions already delivered to beneficiaries and 2,000 supplementary housing units scheduled for completion by the end of 2017.

This summer, U.S. Vice President, Mike Pence, announced that the U.S. will make a third contribution to the RHP Fund of $10 million, bringing the total contribution from the U.S. to $30 million (€24 million). This makes it the second biggest RHP Donor after the European Union.

So far a total of €271 million has been pledged to the RHP, with €232 million coming from the European Union. The RHP's projects will improve the living conditions of over 21,500 vulnerable people in the partner countries of Bosnia and Herzegovina, Croatia, Montenegro and Serbia.



Family Gnjatović Marić from Pančevo received keys to the RHP pre-fabricated house



The line up of speakers at the conference

Tackling social infrastructure challenges

The Caisse des Dépôts (CDC) and the CEB co-hosted a conference in July on 'Financing social infrastructure'. Stressing the importance of finding innovative financing for education, health and social housing in the EU, the conference drew high level speakers, including former European Commission President Romano Prodi and former French Economy and Finance Minister Christian Sautter.

Pierre-René Lemas, Director General of CDC, opened the conference in Paris by highlighting the part his organisation plays in financing social infrastructure. He said, "The role of the Caisse des Dépôts is to fund the necessary equipment so essential for the daily life of all citizens: social housing, hospitals, universities, public buildings."

In his speech to 100-plus delegates, CEB Governor Rolf Wenzel said: "Promoting inclusive growth through the financing of social infrastructure projects is one of the CEB's priority areas of operation, and I am pleased that the conference addresses this important issue."

He continued, "In recent years we have stepped up our cooperation with central governments, regional authorities and municipalities in our member countries in order to lend our full support to their social investments."

Concluding the conference, Laurent Zylberberg, President of the European Association of Long-Term Investors (ELTI), drew attention to the important contribution that European public financial institutions can make to the financing of social infrastructure.

He said, "By taking the initiative to launch a reflection on the financing of social infrastructure, and with the support of prominent figures like Romano Prodi and Christian Sautter, our association affirms the social relevance of the economic model of long-term investors."

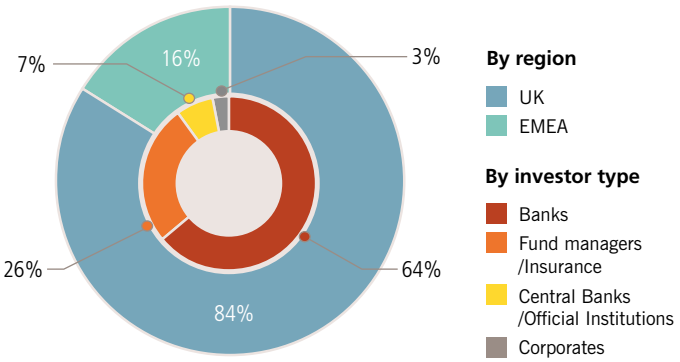
CEB issues a £500m five-year benchmark

On 7th September the CEB successfully priced a new £500m benchmark via Barclays, RBC Capital Markets and TD Securities.

The high quality of the orderbook set the spread at Gilts +41bps and the closing size of £500m made this the largest ever sterling new issue for the CEB. The final size of the orderbook was £625m from over 30 accounts.

The transaction carries an annual coupon of 0.625% and a reoffer price of 99.580%, equating to a reoffer yield of 0.714%.

Investor breakdown



Credit rating agencies revise CEB rating outlook

On 30 June Standard & Poor's (S&P), revised the CEB's rating outlook to 'positive' from 'stable', meaning that the Bank's credit rating may be raised within 6 to 24 months.

The revised outlook was mainly due to the CEB's increased lending activity, in response to the CEB's strengthened role as a favoured funding contributor to social investments, as well as its sustained funding relevance.

S&P also affirmed the Bank's excellent 'AA+' long-term and 'A-1+'short-term issuer credit ratings as well as assessing the CEB's business and financial profiles as being very strong.

At the same time, Fitch Ratings and Moody's affirmed the CEB's long-term issuer rating, the senior unsecured bond programme and shelf ratings at Aa1, and outlook stable. The drivers for Moody's ratings were cited as strong liquidity levels, a moderate level of shareholder support, with signs of increased relevance of the CEB following the migrants and refugee crisis in Europe, and declining leverage.

http://www.coebank.org/en/news-and-publications/news

Governor and Vice-Governor at Western Balkans Summit

Governor Wenzel, and the CEB's Vice-Governor for Financial Strategy, Carlo Monticelli, attended the fourth Western Balkans Summit as part of the Berlin Process initiative for the European integration of Western Balkan states, namely Albania, Bosnia and Herzegovina, Kosovo, Montenegro, Serbia, and "the former Yugoslav Republic of Macedonia".

The CEB is a founding member of the Western Balkans Investment Framework which supports economic, social and environmental infrastructure investments in the region. Addressing the delegation, Governor Wenzel said that, while investments in roads and energy infrastructure were important, economic and social cohesion could only be achieved by ensuring that social needs were met, in education, health and housing.

Vice-Governor Monticelli presented the CEB's activities supporting small and medium-sized businesses (SMEs) in the region, which promote job creation and generate income.

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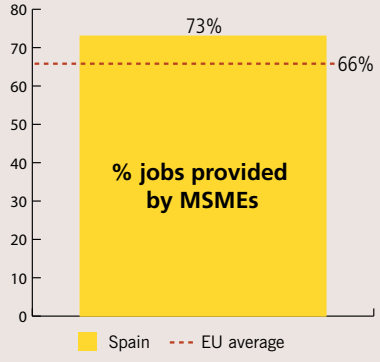
Governor Wenzel and Pablo Zalba Bidegain after signing the loan agreement

€300 million loan to support Spanish MSMEs

Governor Wenzel and the President of Instituto de Crédito Oficial (ICO), Pablo Zalba Bidegain, have signed an agreement for a €300 million loan to continue supporting micro, small and medium-sized enterprises (MSMEs) in Spain.

MSMEs in Spain employ the majority of the workforce, so the loan will provide cost-effective funding, strengthening the competitiveness of small businesses and supporting job creation and preservation.

This loan is the fourth made to the ICO, a Spanish state-owned bank, since 2013.



Other CEB loans to the ICO

2013 = €300 million

2014 = €280 million

2016 = €300 million

PAGE 16 INFO ASKS MONICA BREZZI, CEB'S DIRECTOR OF TECHNICAL ASSESSMENT, ABOUT THE CHALLENGES AHEAD

Latest loans for social projects

Seven new loans were approved by the CEB's Administrative Council in September. The loans range from €59 million to €350 million and total over €1.2 billion.

NETHERLANDS

Loan size: €300 million
Borrower: Dutch Municipal Bank (BNG)
Aims: To improve living conditions for populations in urban and rural areas.



BELGIUM

Loan size: €200 million
Borrower: Belfius Bank
Aims: These funds will help to finance a range of multi-sectoral projects.



SPAIN

Loan size: €59 million
Borrower: Municipal Housing Board of Barcelona
Aims: To finance social housing for people in the city who are on low incomes.



The loans will fund a range of projects, from financing social housing and disaster relief, to supporting micro, small and medium-sized enterprises (MSMEs).

POLAND
Loan size: €100 million
Borrower: Europejski Fundusz Leasingowy
Aims: To help finance the MSME sector, promoting job creation and maintenance.





POLAND

SLOVAK REPUBLIC
Loan size: €100 million
Borrower: Unicredit Leasing Slovakia
Aims: To finance various multi-sectoral projects.



SLOVAK REPUBLIC

TURKEY
Loan size: €150 million
Borrower: Turk Eximbank
Aims: To support MSMEs, helping to create and maintain jobs.



TURKEY



ITALY
Loan size: €350 million
Borrower: Cassa Depositi e Prestiti
Aims: To finance vital natural and ecological disaster relief work.

At the forefront of knowledge and inclusion



While Finland is globally renowned for the quality of its schooling, recent reforms aim to further raise its level of competence, expertise and education, adapting to a changing society and an increasingly globalised world. To help maximise opportunities for the young, the CEB is funding education projects in key cities.

The commitment to education and to the well-being of children has deep roots in Finnish culture. Basic education is free and Finnish schools offer much more than instruction. They provide a hot meal for every student, health and dental care and a wide range of services for children and families, at no cost. If the school is not near their home, pupils also get free school transportation.

In 1972, Finland implemented a sweeping reform of its education system and introduced comprehensive schools – institutions that bring together children from all walks of life and all levels of ability from the age of 7-16. The underlying belief behind the creation of the comprehensive school was that all children could be expected to achieve at high levels; family situation or living in a remote area should not be allowed to limit the educational opportunities open to young learners. The vision of a more equitable and inclusive society was at the heart of the school reform.

"What Finland did 40 years ago was quite radical. There was a great vision of offering equal opportunities to every child, irrespective of their background," explains Marjo Kyllönen, Head of Education Development Services for the city of Helsinki, in a recent TED talk entitled 'Redesigning education for the future'.

Changing times

The Finnish school system is a success: as an evidence of this, Finnish students achieve high scores in all subjects in the OECD's Programme for International Student Assessment (PISA) surveys.

"Education is of vital importance to Finland: seen from a global perspective, we are remotely located and possess few natural resources. Thus, education is our only means of reaching success in today's world," says Ilkka Kalo, Director of Basic Education in the City of Vantaa.

However, Finnish society is undergoing major changes, which are also shaping the environment for education and learning. Finnish cities are becoming increasingly international and multicultural, while demographic trends such as urbanisation and immigration are putting pressure on school capacities to respond to increases in population.

Moreover, the share of students with immigrant background has been steadily rising. In the last ten years it has more than doubled in the capital city of Helsinki, and by 2030 it is expected to be around 25%. In Vantaa, which is







"Finland is among the first nations to write into national guidelines an explicit requirement for schools to rethink how, where and why students learn."

Education, Finland and the CEB

€310 million
Value of loans approved by the CEB to Finland since 2013 for education-related projects.

The CEB has approved loans for education-related projects to Finland's four biggest municipalities. These cover over

1.3 million
people in a country of 5.5 million.

2013
the CEB approved a €110 million loan for Helsinki.

€60 million
The value of a loan approved in 2014 for Vantaa.

2016
The Bank approved loans worth €60 million and €80 million to Tampere and Espoo respectively.

part of the Helsinki metropolitan area, some schools have as many as 50% foreign-born students, and these numbers continue to grow. The trend is replicated in other big cities, such as Tampere and Espoo.

The growing population translates into an increasing demand for school places beyond the current capacities. To exacerbate the problem, the existing infrastructure has been deteriorating, while spending on education has been affected by the 2008 crisis. In Helsinki, for example, about half of the school buildings need refurbishment as they were mostly built in the 1970s, during a period of mass migration from rural to urban areas. Many of these facilities have severe indoor air quality problems, which can affect the health of students and teachers.

Partnering with the CEB

In the decentralised Finnish system, the provision of schooling is the responsibility of 311 different municipalities, while the Ministry of Education sets a national framework for education policy.

Municipalities provide around 75% of the funding for schools, with the remainder coming from the government. Around 99% of schools at the basic education level are publicly funded and there are few private schools.

It is of utmost importance for Finnish municipalities to provide all children with education that builds vital future skills while giving them a sense of dignity, and full and complete inclusion in society. This necessitates considerable investments in education, and the CEB has proven a trusted partner to deliver stable financing.

In recent years the CEB has collaborated with some of Finland's most populous cities and regions – including Helsinki, Vantaa, Tampere and Espoo – to primarily fund education-related projects. Since 2013 the CEB has approved €310 million in loans to finance the construction, renovation and modernisation of day care centres, comprehensive schools, secondary schools and vocational institutes in these four municipalities with a combined population of 1.3 million.

The ambitious investment programmes undertaken by the municipalities help address the challenges of urbanisation by alleviating pressure on existing facilities and meeting the growing demand for schools. They also create safer, healthier facilities both for students and teachers.

"Public high-quality investments are exceptionally important in providing support for areas that run a high risk for marginalisation, and in this respect the Council of Europe Development Bank has provided excellent support and aid to the city of Vantaa. This support has been crucial in enabling the city of Vantaa to carry out necessary school premise construction projects," says Kalo.

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New vision for learning

CEB's investments in education are not just making sure there are enough places in schools for all Finnish children, regardless of their origin. The financial support is also helping municipalities implement the new educational reform that the country is undergoing. In 2016 Finland adopted a new curriculum which focuses on the need for continuous improvement of the education system in order adapt to the changes in the wider world.

"At the moment, we stand at an educational crossroads, as new curricula are being introduced in Finland. A new educational concept is New Pedagogy, the key terms of which are transferable competences, the active role of the student, and shared learning and construction of knowledge. This necessitates a significant shift in the traditional learning culture for teachers and students alike; in order for the reform to take place we need novel learning environments," says Kalo.

Learning takes place everywhere

Finland is among the first nations to write into national guidelines an explicit requirement for schools to rethink how, where and why students learn. It is guided by the principle that learning is inseparable from the physical environment and it takes place not just in the classroom, but the whole school and surrounding environment.



The physical environment plays an important part in learning

With the support from the CEB, municipalities are building not just new, but better schools, introducing modern design ideas to help stimulate learning.

Corridors, halls and stairs are conceived to be part of the learning process. They are furnished with pillows, tables and reading tents that foster exchanges among children or provide space for special projects.

The space is conceived to be flexible, with sliding walls that can be folded to create learning areas of different sizes and furniture that can be moved around. These non-traditional classrooms provide opportunities to experience new ways of learning, with emphasis on collaboration.

Striving for excellence in Espoo

Case study



Espoo's vision is of a city of skilled people able to adapt and flourish

Espoo is the second largest city in Finland, and is expected to grow by more than 20,000 by 2020. More than 12% of the population – not counting migrants and refugees – has a foreign mother tongue, and this number is expected to double by 2025.

Espoo tops Finland's education results, making its schools among the best in the world. Yet this has not made the city authorities complacent: investment in education is given high priority.

In response to increased urbanisation and immigration, the city has set up a Local Development Plan for Education 2020 to support kindergartens, schools and educational institutions to educate 21st century learners. The city is also keen to promote new technology in learning. The ultimate goal of the plan is to achieve high quality living for all citizens in a way that advances sustainable development. Espoo's vision is to be the most competent municipality, with competent residents – creative and skilled people who can adapt and flourish in the world of the future.

In 2016 the CEB approved a €80 million loan to the city of Espoo to part-finance the construction of new educational facilities and the renovation of existing ones. The project will directly benefit more than 1,500 children in day care and more than 6,000 school children.

PAGE 12 DISCOVER HOW MONTENEGRO IS BUILDING INNOVATIVE DESIGN INTO EARLY EDUCATION PROJECTS

"In order for our young people to succeed, we need to invest massively in their education"

The Council of Europe Development Bank (CEB) and the County (*Département*) of Seine-Saint-Denis have signed a loan agreement worth 200 million euros to finance multi-annual investments in education. This is the first direct loan the CEB has granted to a local authority in France. **Info** met with Stéphane Troussel, President of the county of Seine-Saint-Denis.

info : The county of Seine-Saint-Denis is not only the youngest county in France but it is also one of those hardest hit by social and economic difficulties. How is the county facing up to these challenges?

ST : Seine-Saint-Denis is a county of great contrasts faced with significant social and economic problems, but which is bubbling over with initiatives. Already today, Seine-Saint-Denis is the most dynamic area of Greater Paris, and will be all the more so tomorrow with the hosting of the 2024 Olympic Games. The young people of Seine-Saint-Denis must represent an opportunity, a force and an asset for the whole county. However, in order for our young people to succeed, we need to invest massively in their education. And this has been the county's number one priority for several years now.

info : You have launched an ambitious programme for secondary schools "School Development Plan 2020" ("Plan ambition collèges 2020"). What do you aim to achieve through this initiative?

ST : By investing 640 million euros between now and 2020, we intend to provide pupils in Seine-Saint-Denis with the best possible conditions of study. We plan to build 8 new secondary schools and to carry out in-depth renovation work on over 80 others. The other challenge we would also like to highlight is that of digitalisation (ultra-fast broad-band connection, collective and individual new technology and digital equipment), to enable young people to master the new techniques and practices.

info : The CEB and the county of Seine-Saint-Denis have signed a loan agreement worth 200 million euros for multi-annual investments in education and families. How would you evaluate this collaboration with the CEB?

ST : Given our budgetary constraints, our collaboration with the CEB has been vital in enabling us to secure funding for our major programme of investments in education and in our nursery facilities. With the CEB, we have an interlocutor who listens to our needs and who is able to understand the general interest approach underpinning all our investments. This makes it a quality partnership that we hope to develop and pursue.

STÉPHANE TROUSSEL

President of the County Council (Conseil départemental) of Seine-Saint-Denis since September 2012

County Councillor for the canton of La Courneuve since 2004

National Secretary of the Socialist Party in charge of decentralisation and modernisation of the State since June 2015



Stéphane Troussel, President of the County Council of Seine-Saint-Denis

" The CEB listens to our needs... It's a quality partnership we hope to develop and pursue."

Inspiring spaces for enquiring minds

A combined approach from the CEB and the government of Montenegro is bringing innovation and efficiency into new preschool facilities in the country.

Preschool education provides children with basic skills that help them acquire a solid knowledge basis for later. This age is crucial for the overall development of a child's abilities – evidence shows that neurological development is most intensive in children up to five years of age, indicating the importance of stimulating learning in young children.

There are substantial positive social and economic benefits of preschool education to society. Investing in early education has a much greater impact than any subsequent investment during a lifetime. Studies also show a link between preschool attendance and subsequent school attainment.

The challenge in Montenegro

According to the Ministry of Education, the enrollment rate for preschool facilities in Montenegro is 53% for children aged 3-6 – low by European and international standards. By comparison, the European Union, which identifies early learning as one of its priorities, has a goal of 95% of children aged 3 up to compulsory school age to be covered by early childhood education. Montenegro aspires to join the European Union and is involved in ongoing EU accession negotiations.

Montenegro's enrollment figures mask significant regional differences in preschool attendance. In the capital Podgorica and in coastal areas there's a lack of facilities to meet the needs of children. In the less developed north of the country, the demand for preschool education is low.

A strategy for change

The government recognises that these figures represent a lost opportunity and has committed to bringing the enrolment rate up to the European standard. In order to provide early learning to children from all groups in Montenegrin society the government adopted a 'Strategy for Early and Preschool Education 2016-2020', which includes the latest evidence-based findings and best practice in early childhood education.

"The main goal of the strategy is to increase the coverage of children by preschool education in line with international standards", explains Arijana Nikolić, General Director for Preschool Education at the Ministry of Education of Montenegro. "Two other goals – to ensure the quality and sustainability of the system of preschool education – are as important."

"We are fully aware of the challenges ahead and we want to make sure that the strategy is implemented according to the timelines and in line with the principles of quality and equity. We want all children in Montenegro to have access to a quality, functional and equitable system of preschool education."



> **"We want all children in Montenegro to have access to a quality, functional and equitable system of preschool education."**
>
> Arijana Nikolić, General Director for Preschool Education, Ministry of Education of Montenegro

The CEB's involvement

In 2013, the CEB approved a €10 million loan to co-finance construction of seven new preschool units as well as the refurbishment of all existing preschool facilities in four municipalities. The project aims to improve the physical environment and create better learning conditions to enable all children to develop their full potential.

Yet there is much more to this project than bricks and mortar. One of the project's key ambitions is to improve the design of kindergartens across Montenegro in keeping with modern education trends, creating more efficient, flexible and child-friendly preschool facilities. A more efficient use of spaces also contributes to lower construction and maintenance costs.

"Kindergartens are moving from a very strict, institutional structure to becoming open environments, which can be closed when necessary," says Jure Kotnik, a renowned architect who collaborated with the CEB on the project. "There is a lot of self-learning now, with big emphasis on social interaction. You need a space to meet but, at the same time, you need spaces to retreat to and relax. Spaces need to offer dynamic areas and quiet areas."

Inspiring great design

To develop capacity both at the Ministry of Education of Montenegro and within the wider community of architects and engineers in the country, the CEB supported the development of a database of design solutions for building or renovating high quality educational facilities based on an open, innovative and flexible approach to design.



"It's not about the space, but how you use it. It's vital to leave options to the kids to influence the space they have. In an open kindergarten, children move to spaces that trigger their interest."

Jure Kotnik, architect

"We focus on the re-use of spaces: for example, stairs can be a small amphitheatre. We have suggested the most durable solutions, made of natural materials. We avoid complexity and emphasise functionality," says Kotnik.

"It's often not about the space, but how you use it," he adds. "And it's vital to leave options to the kids to influence the space they have. It's not like sitting on a bench in school. Now you are trying to do things as smoothly as possible, learning through play. In an open kindergarten, children move to spaces that trigger their interest."

New facilities are based on an innovative and flexible design approach

The database in action – Zagorič, Podgorica

The database of design ideas is proving its effectiveness – the new pre-school designs are cost-efficient and provide a more flexible use of learning and play areas.

Zagorič is the first kindergarten co-financed by the CEB's loan that demonstrates the benefits of the new approach. Its playrooms are spacious, there is direct access from the ground floor rooms to the playground outside, and foldable doors between rooms provide flexible space. The building itself, following the guidelines, is 400 sqm smaller than other kindergartens of similar capacity, making it more cost-effective and cheaper to maintain.

Commenting on the CEB's involvement, Arijana Nikolić says, "The key strength of this project is the combination of the recognition and responsiveness of the CEB to the needs of the education system in Montenegro, and the commitment of the Ministry of Education to implement the project as an integral part of our comprehensive reforms of the preschool education sector.

These are the main factors of the success of any project and, despite the challenges involved, we're certain it will be conducted in the way that will most benefit the children of Montenegro."

PAGE 08 HOW THE CEB IS MAXIMISING OPPORTUNITIES FOR THE YOUNG IN FINLAND

53%
Current enrollment rate for preschool facilities in Montenegro



95%
EU goal of preschool-age children in early childhood education

€10 million
Size of loan approved by the CEB in 2013 to co-finance construction of seven new preschool units and the refurbishment of 15 existing facilities.

Flexible funding for social projects

The new Cross-sectoral Loan Programme gives public authorities greater flexibility to finance social infrastructure in overlapping sectors.

The CEB's strategy for 2017-2019 introduces the Cross-sectoral Loan Programme (CSL) – an innovative funding instrument that responds to the evolving needs of the Bank's clients.

How does the CSL work?

The CSL is designed to cover eligible costs related to the development of social infrastructure in several sectors which are linked through a set of related aims and objectives. These will have been defined as a cross-sectoral element during the appraisal process. Such element will define the project's social added value and should be quantifiable and measurable in its various vectors, for example the likely number of beneficiaries from a vulnerable group, energy savings, etc.

"Cross-sectoral loans respond to the fact that vectors for sustainable development are increasingly innovative and interconnected," says Cristian Tabacaru, Director of Projects Department at the CEB. "Public entities across Europe, for example, are designing and investing to create entirely new, inclusive, environmentally friendly mixed-use neighbourhoods. In the process, conceptually distinct but mutually reinforcing investment themes are carried out to achieve set priority objectives."

What are its benefits?

- The CSL provides flexibility in the use of funds for all purposes, so it will suit smaller municipalities. It will be particularly suitable for urban renewal projects with many interdependent components that aren't easily boxed into neatly defined sectors.
- Ultimately, CSLs will facilitate access to the financing of socially oriented projects, boosting public investments in these areas.

How will the CSL be used?

Whether a CSL is used as a funding mechanism will depend on the specific country's situation and social priorities. Priority will be given to disadvantaged areas, social and solidarity economy services, national or local priority programmes in social sectors and to communities hosting refugees and migrants.

CSLs will be available directly to public authorities – national, regional or municipal – and through state-owned development banks and other intermediating financial institutions in parallel with the other CEB lending instruments.

> **"Cross-sectoral loans respond to the fact that vectors for sustainable development are increasingly innovative and interconnected."**
>
> Cristian Tabacaru, Director of Projects Department at the CEB

Meeting the needs of member countries

The CSL is the latest addition to the Bank's suite of financing options which are designed to help the CEB to maximise its contribution to strengthening social cohesion in member countries.

All of these instruments are designed to give borrowers flexibility to best address their needs. They include:

- **EU Co-financing Facility (ECF)**: allows for co-financing and/or ex-ante financing of EU-funded investment activities at the country level.
- **Public Sector Financing Facility (PFF):** covers temporary financing gaps in the public sector and facilitates the continuation of investments and reform programmes.

Since 2014 the Bank has approved more than €1 billion in loans using these two instruments.

- **Project loans:** usually used to finance predefined individual infrastructure investments.
- **Programme loans:** used for funding multi-project programmes, mostly in support of MSME and municipal investment programmes. These are often disbursed via the CEB's commercial banking partners.



PAGE 06 FIND OUT WHICH MEMBER COUNTRIES WILL BENEFIT FROM THE LATEST CEB LOAN APPROVALS



Felix Grote (back row, left) with the team at the ESM

Forging ties. Sharing expertise

Through a recent high level secondment to the European Stability Mechanism, the Bank was able to share its USD issuance expertise.

The CEB's partnerships with other institutions allow it to increase its visibility and promote its expertise among all relevant development stakeholders in Europe. It is no coincidence that the Bank's medium-term strategy calls for intensifying and deepening its relations, in terms of financing and expertise, with other international financial institutions (IFIs).

Joining forces

The European Stability Mechanism (ESM) is one of the many organisations with which the CEB has a bilateral cooperation agreement. In December 2014, CEB Governor, Rolf Wenzel, and ESM Managing Director, Klaus Regling, signed a Memorandum of Understanding (MoU). This created a framework for collaboration through informal consultation, information sharing around planned activities, as well as the provision of technical assistance and staff exchanges through secondment.

In late 2016, when the ESM was embarking upon a major capital markets project, they turned to the CEB for advice. As a result the CEB's Senior Funding Officer, Felix Grote, joined the ESM's team for an eight-month assignment.

About the ESM

- Set up in 2012, at the height of the euro crisis to provide financial assistance to struggling economies.
- It is a permanent agency to replace the European Financial Stability Facility (EFSF).
- The ESM can lend to governments and banks. Its first loan was to Spain in 2012. It has also provided loans to Cyprus and Greece.
- Together the ESM and the EFSF have a funding programme of more than €60 billion this year.

> **"Now back at the CEB, there is so much that I can share with my colleagues. It is in this spirit that I can recommend such a project-based secondment."**
>
> Felix Grote, Senior Funding Officer, CEB

Finding a solution

As the euro area's crisis resolution mechanism, the ESM needs to be able to raise huge funding volumes at all times, in all market conditions. To help diversify its investor base, the ESM decided to add USD issuance activity to its existing EUR funding toolbox. Already a big decision on paper, this created even greater challenges in practice, from documentation to risk management, financial applications, operational set-up, reporting and investor relations.

As a long-standing USD benchmark bond issuer, the CEB Funding team was a partner of choice, providing some of the technical 'everyday operating experience' to the ESM.

"We were looking for USD experience and knew the CEB had been doing this successfully for many years, so this was the perfect match", said Siegfried Ruhl, Head of Funding at the ESM. Grote helped across the various project workstreams, sharing the CEB's strong track record of USD issuing experience. In particular, he contributed to the ESM's new USD Funding Strategy.

A win-win situation

"There was so much to learn for both sides", adds Grote. For him, the most important aspect was understanding how best to organise and run such a vast project. The ESM is used to tackling many projects simultaneously. Its internal Project Management function ensures that projects are delivered on time and budget, and carefully steers the participants and departments through the process.

"The beauty of the secondment was that I was constantly pushed out of my comfort zone," Grote says. "Now back at the CEB, there is so much that I can share with my colleagues. It is in this spirit that I can recommend such a project-based secondment."

Sharing knowledge in a more systematic way

Monica Brezzi is the new Director of Technical Assessment and Monitoring at the CEB. **Info** met up with her to find out more about her directorate and her views on delivering social cohesion.

Info: How do you see the role of your directorate and its priorities?
MB: The first priority for this directorate remains technical assessment of projects. I must say that I was lucky because I found an excellent team of very committed and engaged professionals. I also believe there are ways to extract additional value and knowledge from the work we already do - for example, by developing standards and tools to support countries in conducting diagnosis and meet the challenges of everything from climate change adaptation to reduction of economic inequality.

I believe the way we design projects – health systems, schools, social infrastructure – will determine the way we fight exclusion and vulnerability. We are already tracking the progress of individual projects but we want the best ways to use this information to improve design and implementation to achieve social change.

We also want to start analysing and sharing, in a more systematic way, the results from our monitoring to both help the Bank make future decisions and offer knowledge for other policy makers.

Info: How can the CEB better support countries in delivering social cohesion and reducing inequalities?
MB: Inequalities are not just wrong, they are inefficient and they harm economic growth and sustainable development. Being able to support countries with a diagnosis of where they are is very helpful – it starts a conversation, and provides a good basis of knowledge.

To remain competitive, the Bank needs to look at the package it can provide: shaping and improving projects, ensuring that implications and risks are taken into account and that measures are in place to mitigate the risks.

Info: The Bank increasingly works in changing landscapes. How should it adapt?
MB: We have to recognise that there are new actors on the ground and we should anticipate possible partnerships with a wide range of organisations. The nature of public policy is changing and we need to understand how the governance works and who we must engage and work with.

The Bank has a clear mandate and a recognised brand but, like any organisation, big or small, it is important to be part of a network, to exchange knowledge and forge partnerships with other institutions.



MONICA BREZZI

Former Head of the Territorial Analysis and Statistics Unit in the OECD's Directorate for Public Governance and Territorial Development.

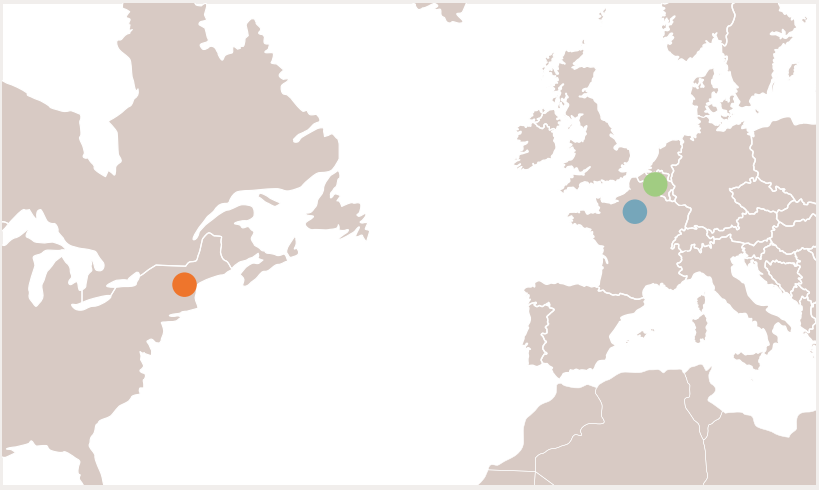
Led the OECD work on measuring well-being in regions and cities. This has delivered an innovative tool for assessing well-being in the 395 OECD sub-national regions, plus specific case studies with a policy component.

Prior to joining the OECD in 2008, she worked at the Ministry of Economic Development in Italy. She led the design and launch of a performance-based policy to improve the quality of local public services for underserved populations.

> "I believe the way we design projects – health systems, schools, social infrastructure – will determine the way we fight exclusion and vulnerability."

What's on October-December 2017

The last quarter of the year sees key international and European finance and housing meetings. Find out what's happening, plus the latest publications from the CEB.



13th-15th October, Washington DC:

World Bank Group (WBG) & International Monetary Fund (IMF) annual meetings

These annual meetings will see central bankers, finance and development ministers, academics and private sector executives join together to discuss global issues and the world economic outlook.

More at: https://www.imf.org/external/am/2017

16th-17th November, Paris:

Meeting of the CEB's Administrative Council

This is the last of this year's Administrative Council meetings.

More at: coebank.org/en/about/structure-management/administrative-council

23rd November, Brussels:

'Financing Innovative Housing Solutions' Conference

This seminar, jointly organised by the CEB, Friends of Europe, FEANTSA and Housing Europe, will bring together housing experts from different sectors in the context of a new European Housing Solutions Platform. It will be a forum to connect, debate, exchange and generate solutions to Europe's housing crisis.

1st December, Paris:

Meeting of the CEB's Governing Board

The third, and final, meeting of the Governing Board for 2017. The Governing Board sets out the general direction of the Bank's activity, among other duties.

More at: coebank.org/en/about/structure-management/governing-board

LOOK OUT FOR THE NEXT ISSUE OF **info** OUT IN JANUARY

Read our latest publications

All CEB publications can be downloaded from our website. Visit coebank.org and click on news and publications.



COUNCIL OF EUROPE DEVELOPMENT BANK BROCHURE

This is an update of our short introductory brochure, highlighting the work of the bank and the type of projects it funds.

Did you know?

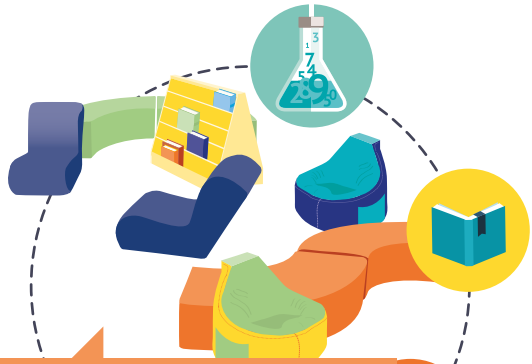
Working to strengthen social cohesion in accordance with its mandate, through its lending activity the Bank promotes the values and principles of the Council of Europe. It is nevertheless a separate legal entity and financially independent.

DOWNLOAD CEB PUBLICATIONS **http://www.coebank.org/en/news-and-publications/ceb-publications/**

Putting learning first
Priorité à l'apprentissage

The CEB is supporting a range of exciting education initiatives in member countries, all aimed at enhancing outcomes for learners.

La CEB soutient une série d'initiatives prometteuses dans ses pays membres, qui visent toutes à améliorer les résultats de l'apprentissage.



Open, flexible, innovative designs for learning spaces to help stimulate learning.
Des espaces de formation conçus de manière ouverte, souple et innovante pour stimuler l'apprentissage

Early learning identified as a priority.
L'apprentissage précoce identifié comme une priorité



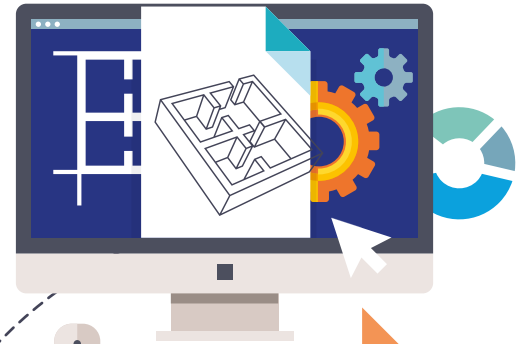


Redress increasing demand for school places
Traiter la demande croissante pour les places en classe



Construction, refurbishment & modernisation
Construire, rénover et moderniser



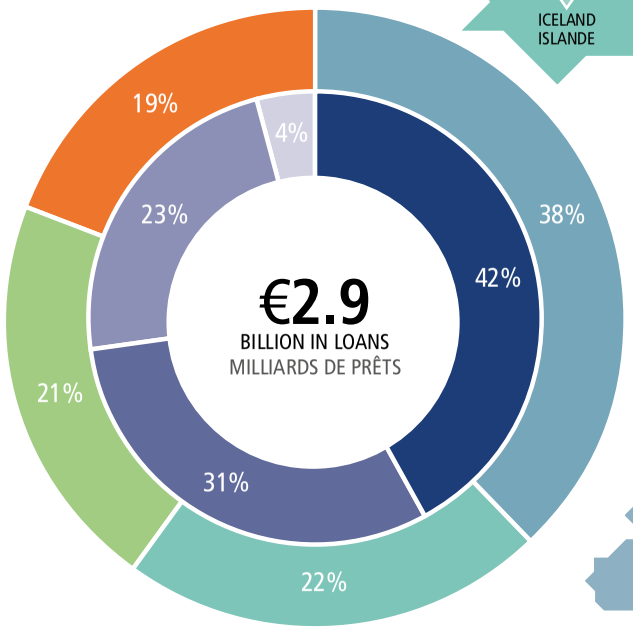


The CEB supported the development of a database of design solutions
La CEB a soutenu le développement d'une base de données de solutions de conception



Re-use existing spaces and emphasise functionality
Réutiliser les espaces existants et mettre l'accent sur la fonctionnalité

CEB LENDING TO EDUCATION
PRÊTS DE LA CEB EN FAVEUR DE L'ÉDUCATION
(2007-2016)

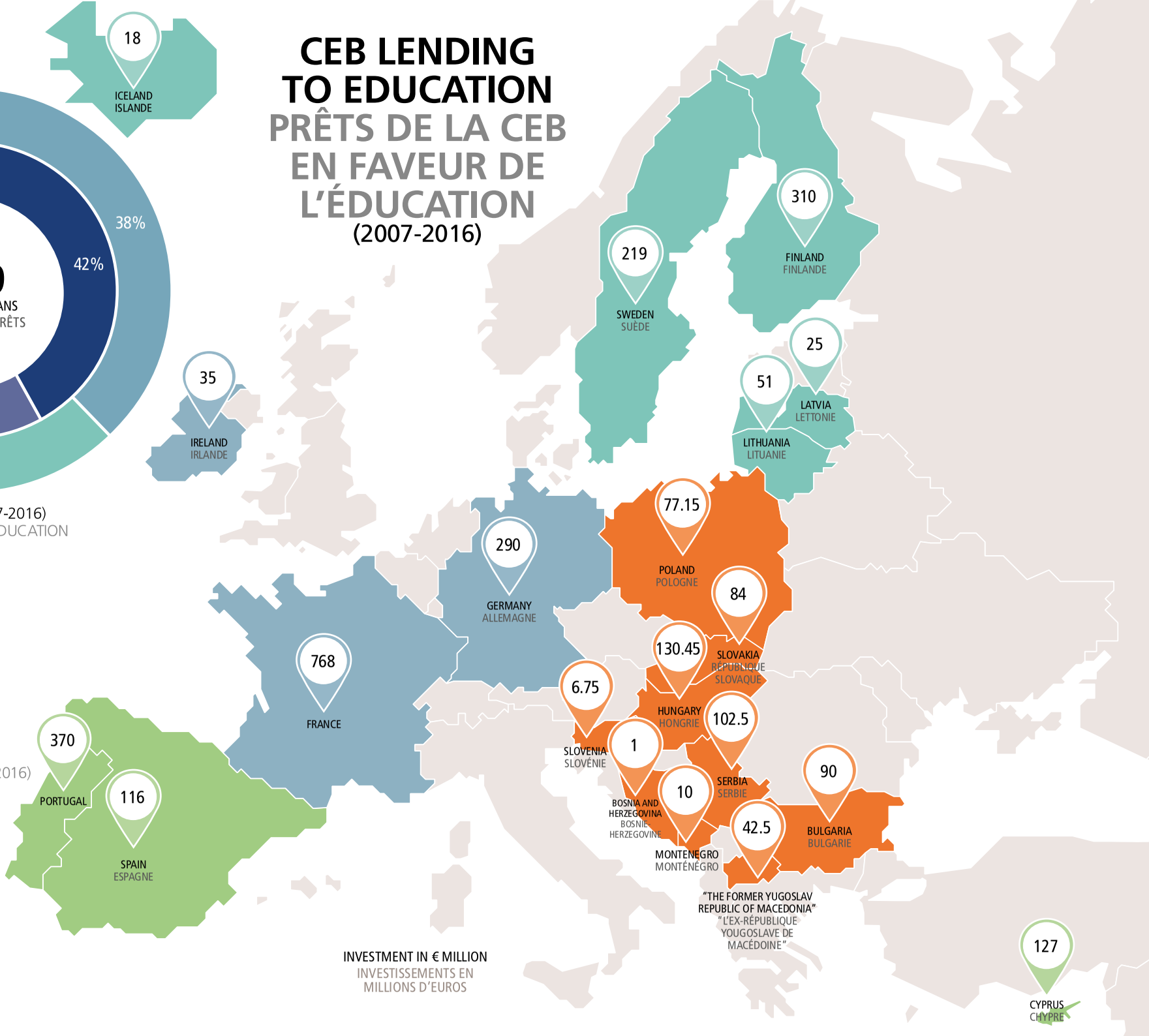


CEB LENDING TO EDUCATION (2007-2016)
PRÊTS DE LA CEB EN FAVEUR DE L'ÉDUCATION (2007-2016)

- Western Europe
  Europe de l'Ouest
- Northern Europe
  Europe du Nord
- Southern Europe
  Europe du Sud
- Eastern Europe
  Europe de l'Est

CEB BORROWERS IN THE EDUCATION SECTOR (2007-2016)
EMPRUNTEURS DE LA CEB DANS LE DOMAINE DE L'ÉDUCATION (2007-2016)

- Regional/Local authorities
  Autorités régionales/locales
- Commercial banks
  Banques commerciales
- Central governments
  Gouvernement
- Public financial institutions operating for local governments
  Institutions financières publiques agissant pour le compte de gouvernements locaux



INVESTMENT IN € MILLION
INVESTISSEMENTS EN MILLIONS D'EUROS

Priorité à l'apprentissage