CEB

STRATEGY 2020 - 2022

AT A GLANCE



CEB

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

OUR VISION FOR SOCIAL DEVELOPMENT

The social mandate of the Council of Europe Development Bank (CEB) centres on a firm belief that the right investments in the social sector can have profoundly positive economic and social impacts on society at large and in particular on the most vulnerable, making sure that no one is left behind.

The Bank's long-standing lending activity in vital areas such as social housing, education, healthcare, MSMEs, aid to migrants and refugees, and protection of the environment, has contributed to the improvement of people's everyday lives; has reduced material and non-material inequalities; has helped people to integrate into more inclusive societies; and has worked towards a more sustainable Europe.

In recent years, CEB's investments have become more comprehensive and cross-sectorial, as the social issues that countries face are increasingly interconnected, and the Bank has adapted its financing instruments accordingly. In the coming years, the Bank will also place increased emphasis on its co-operation with sub-national governments, since in many CEB member states a vast decentralisation process has occurred in which sub-national governments have taken on the bulk of responsibility for implementing social policies.

The CEB's resolve is to continue to play its part in helping Europe to meet the formidable social challenges facing it and to develop and safeguard a more economically and socially inclusive future.

The **Development Plan 2020-2022** charts the CEB's mid-term strategy to strengthen social cohesion and help to build thriving and resilient communities in its member states.



CHALLENGES AHEAD

Even though Europe seems to have largely overcome the financial and economic crisis, the medium-term economic outlook remains weak. This is due to various external and internal factors, including global trade tensions, a depressed manufacturing sector, the Brexit process, and changing European policies.

EUROPE'S CHANGING FUTURE

More than a decade after the onset of the financial crisis, its negative consequences continue to linger. The job market has yet to fully recover in all countries while income inequality and the at-risk-of-poverty rate remain high. Government financing in key public sectors (such as education, health, and housing) is on the decline, and the 2015 migrant and refugee crisis further stretched the already limited resources and capacities.

Europe is facing long-term challenges compounded by climate change that will need to be addressed with sound social investment policies in the coming decades. Such challenges include an ageing population, growing urbanisation and migration pressure, and the impact of technology on the labour market.

Against this backdrop, Europe appears to be shifting its policy focus towards the social sector. For instance, the EU's 2021-2027 Multiannual Financial Framework (MFF) will include new investment mechanisms which may help promote social investments.

A MORE DEMANDING OPERATIONAL ENVIRONMENT

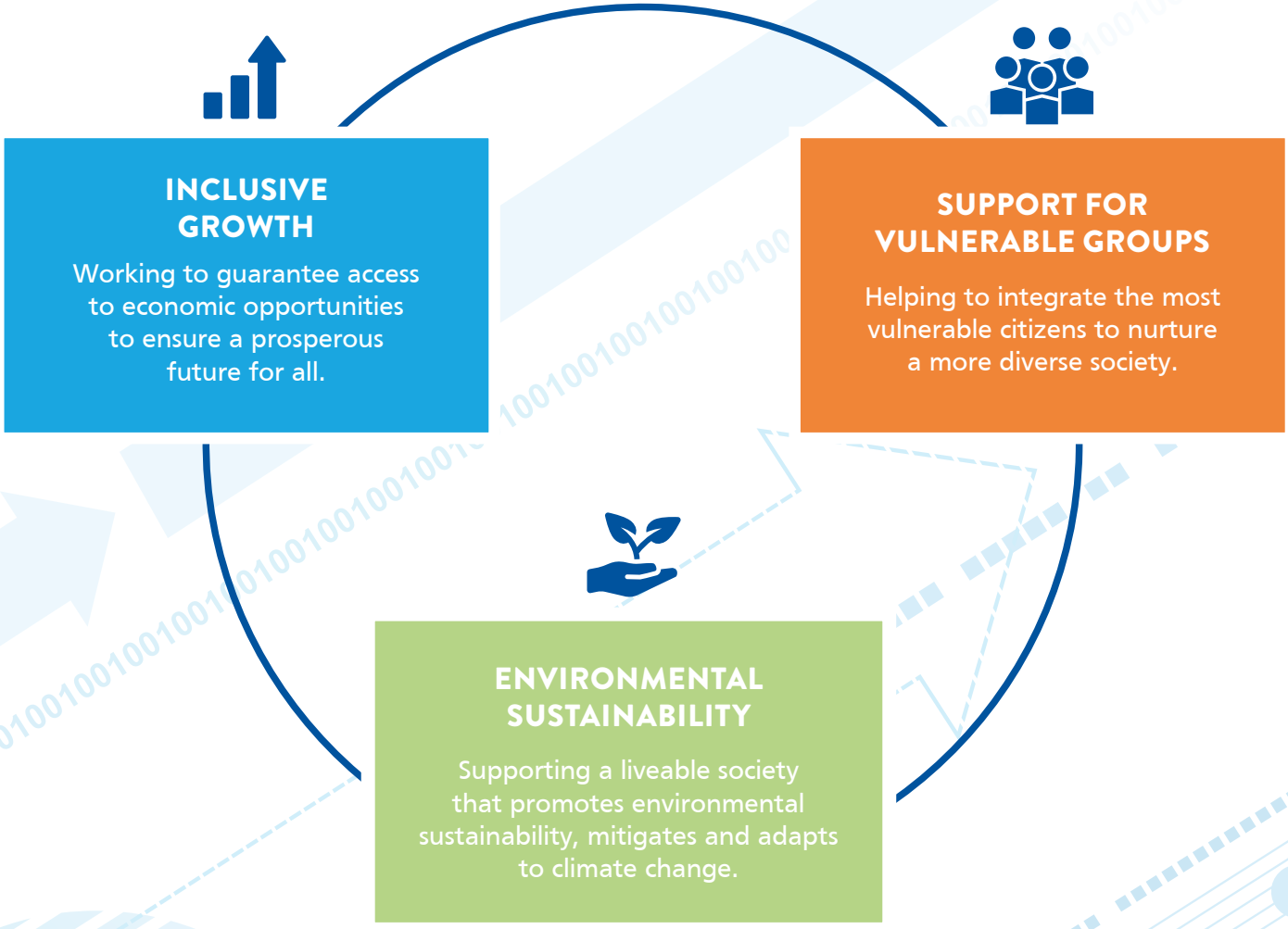
The fragile macroeconomic recovery in Europe and the prospect of a prolonged period of low or even negative interest rates will require the CEB to pursue its current efforts to generate new business opportunities and lending operations in a highly competitive environment.

In addition, the growing number of projects in the CEB's portfolio has increased the Bank's participation in various complex financing structures and risk-sharing schemes. This will translate into the Bank's strengthening its lending operations with further advances in project preparation, legal structuring, and risk assessment.

THE STRATEGIC COURSE

OUR LINES OF ACTION

The CEB's lines of action reflect the Bank's social mandate and provide the basis for its operations. For the period 2020-2022, the focus is on promoting **inclusive growth** and providing **support for vulnerable groups**, while integrating **environmental sustainability** as a cross-cutting line of action.



OUR RESPONSE TO GLOBAL ISSUES

The CEB's operations will support two priorities:

Sustainable Development Goals (SDGs)

The global community's implementation of the UN Sustainable Development Goals (SDGs) has resulted in a number of CEB countries already beginning the process of assessing how to incorporate relevant SDGs into their policy and investment frameworks. The CEB will work with its member countries to help them achieve their SDG-related objectives.

Tackling climate change

Climate change is already impacting our societies. The adverse effects will be felt mostly by vulnerable populations living in regions that are subject to more volatile and extreme weather conditions. European countries have taken strong steps towards reducing greenhouse gas emissions by investing more in renewable energy supplies, improving energy efficiency, and enacting adaptation strategies to enhance climate change resilience. Within its social remit, the CEB intends to help its member countries transition to more sustainable and green economies.

KEY PARTNERS

Council of Europe

Since the Bank's inception, relations with the Council of Europe have been at the core of the CEB's identity and have contributed to its distinctive social mission within the community of international financial institutions. The Bank will continue to endorse, and align with, the Council of Europe's mandate and mission.

European and international cooperation

The CEB will seek to leverage its financing and technical expertise by further strengthening European and international cooperation. This will include partnering with the European Union, other international financial institutions (IFIs), national promotional banks (NPBs), and multilateral organisations.

Corporate Social Responsibility (CSR)

The CEB embeds CSR and sustainability in all its operations, and its financing activities are aligned with international standards and best practices, especially those followed by its peer IFIs, while ensuring they meet the ever-increasing requirements of ESG rating agencies and socially-responsible investors.



OUR OPERATIONAL APPROACH

FOCUS ON TARGET COUNTRIES

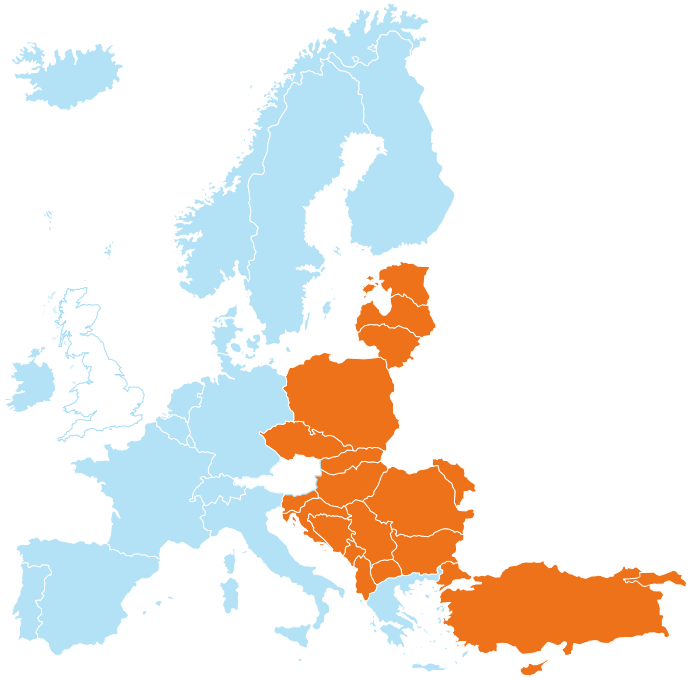
The CEB will continue to focus on its target countries and finance projects with a high social impact. Moreover, the lending will be complemented by increased grant funding which will cover the technical assistance needed to enhance these countries' absorption capacities.

EXPANSION OF SUB-NATIONAL STRATEGIC PARTNERSHIPS

The CEB will further engage with sub-national governments, including on innovative financing solutions that allow for new financing mechanisms, the leveraging of EU funds and/or the participation of the private sector.

MORE FUNDING TO NATIONAL PROMOTIONAL BANKS

The Bank will expand its existing partnership network with national and regional development and promotional banks. This will further boost the CEB's financing operations in support of strategic national policy and investment goals in the social and economic sectors.



22 target countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Georgia, Hungary, Kosovo, Latvia, Lithuania, Malta, Moldova (Republic of), Montenegro, North Macedonia, Poland, Romania, Serbia, Slovak Republic, Slovenia, and Turkey.

19 non-target countries

ADEQUATE RESOURCES FOR CAPACITY BUILDING

The CEB will continue to develop partnerships with public and private institutions in order to leverage resources, expertise and technical assistance, so as to strengthen institutional capacity, to help better measure the impact of social investments and to encourage private sector participation. The Bank will achieve this goal by combining its loans with more grants, to cover technical assistance (including via its Social Dividend Account grant facility) and to enhance "soft measures" (such as funding for teacher training alongside the construction of a school).

FINANCIAL INSTRUMENTS IN TUNE WITH OUR PARTNERS' NEEDS

The CEB's increased engagement with sub-national authorities, including municipalities, will work to facilitate access to financial resources, upgrade and reduce gaps in social infrastructure, and increase access to and/or the ability to absorb EU Funds. The Bank's instruments are predicated on efficiency gains and flexibility. They also allow for our partners' investments to be carried out on a project or programme, sector, multi-sector, or cross-sectoral basis, as well as for the blending of grants and loans or the bridge-financing of EU-funded investments. The stronger focus on sub-national authorities will complement the Bank's partnerships with central governments to support the implementation of national strategies and policies for inclusive growth.

ENHANCED ROLE FOR THE SDGS

The Bank aims to integrate the UN Sustainable Development Goals (SDGs) into its operational activity. At a strategic level, the Bank will prioritise a set of key SDGs that focus on goals that are most relevant to the Bank's mandate and lines of action. At operational level, the CEB's potential contribution to the SDGs will be identified at the project appraisal phase and then regularly assessed at portfolio level.

SOCIAL INCLUSION BONDS

To complement its traditional funding methods, the CEB has developed a leader position on the social bond market. The issuance of social inclusion bonds has allowed the Bank to broaden its investor base and to raise funds that are key to its social mandate. The CEB plans to pursue its social inclusion bond issuance programme and to further expand it with 'theme-based' bonds, if conditions are met.

GREEN SOCIAL INVESTMENTS

The Bank will continue to place emphasis on the green dimension of the projects it selects to finance. It will strengthen its capacity to seek out environmental sustainability components in its socially-oriented investments. Moreover, the CEB is committed to ensuring that no lending will be directed to projects that violate the 2015 Paris Agreement on climate change. A review of the Bank's green investments and operational activity will be carried out on an annual basis.

CEB activities and key SDGs

Alignment with CEB's social mandate



Cross-cutting issues, screening of all CEB projects

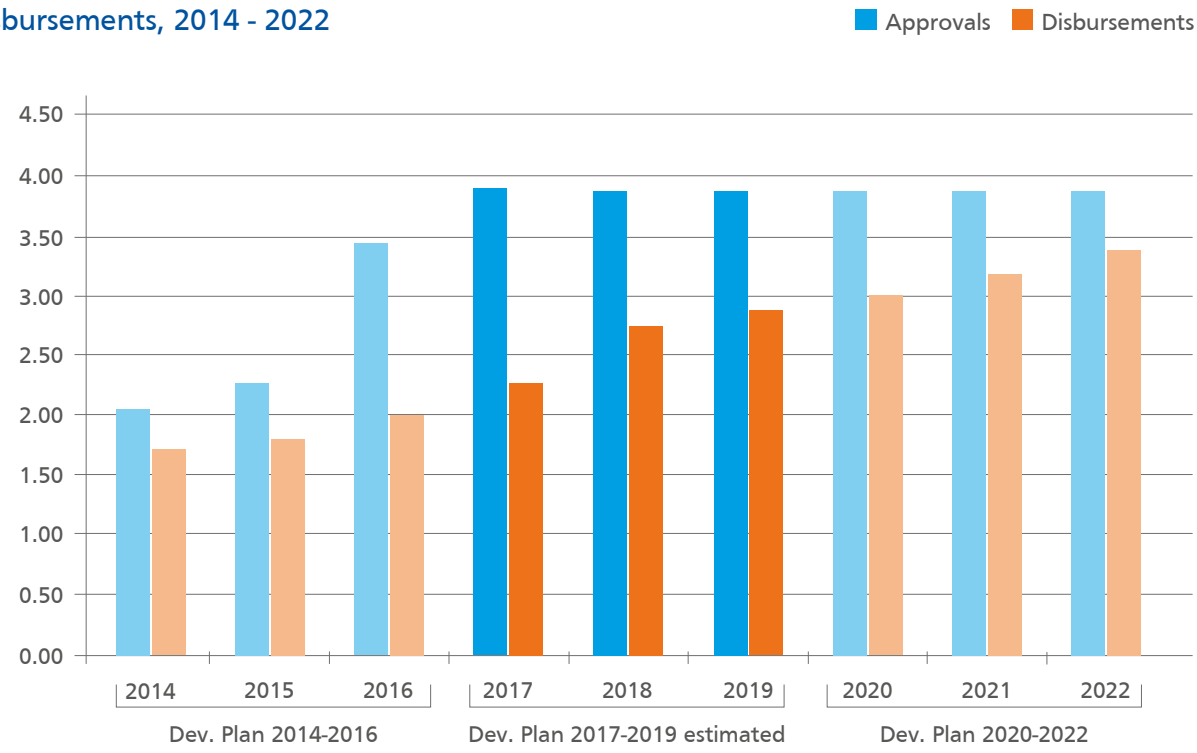


Project-specific, sector-based relevancea



PROJECTED LEVELS OF LENDING

Past and future loan approvals
and disbursements, 2014 - 2022



ABOUT THE CEB

The Council of Europe Development Bank (CEB) is a multilateral financial institution with a social mandate. Founded by eight member states of the Council of Europe in 1956 in order to bring solutions to the problems of refugees, it is the oldest multilateral development institution in Europe. The CEB invests in social projects that foster inclusion and contribute to improving the living conditions of the most vulnerable populations across Europe.

The CEB provides loans and guarantees to its 41 member states to finance projects meeting a certain number of criteria. Potential borrowers include governments, local or regional authorities, and financial institutions. Loan applications are rigorously reviewed and related projects are designed and implemented within national sectoral policies, when applicable.

The CEB is based on a Partial Agreement among member states of the Council of Europe, but has its own legal personality and is financially independent of the Council of Europe. The Bank supports the principles and values of the Council of Europe, which stands for the defence and promotion of human rights, democracy and the rule of law.

Our resources

The CEB raises funds for its financing on the international capital markets. It also receives resources entrusted to it by various member and non-member donors. Thanks to its excellent rating, the Bank raises its funds on competitive terms, thus enabling its borrowers to significantly reduce the cost of the loans they take out to finance social projects.

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