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

Info

THE QUARTERLY MAGAZINE OF THE COUNCIL OF EUROPE DEVELOPMENT BANK #3 2020

Focus on…

Addressing the crisis: the CEB's response to COVID-19

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A shared resolve: *the CEB and the Council of Europe*

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Dear reader,



This issue of CEB **info** provides you with an overview of the CEB´s response to the COVID-19 pandemic. As the imperatives of the crisis unfolded and lockdown conditions were imposed, the CEB took swift action to put contingency plans into effect in order to remain operational. With CEB staff distance-working, the Bank adapted its loan instruments and approved by fast-track procedure support for the financing of health expenditures and MSMEs. In just two months, we put together and negotiated new financing related to COVID-19 projects worth almost €3 billion. Beneficiaries of this support are governments, national development banks as well as municipal institutions such as hospitals.

In order to increase our firepower, we successfully issued a EUR 1 billion COVID-19 Response Social Inclusion Bond in early June, followed by a USD 500 million COVID-19 Response Social Inclusion Bond earlier this month. The proceeds of both of these are earmarked for projects aimed at mitigating the social and economic impact of the pandemic in CEB member countries. You will find details about theese transactions in this issue.

You can also read more about the measures that the CEB has taken in response to the crisis, both internally and in terms of its operations; the role of institutions such as the CEB and the Council of Europe during this unprecedented crisis, and how CEB funds are supporting the health sector in countries hit by the pandemic.

Moreover, you will read a story about the CEB and Ireland, the country that was going to host the CEB´s annual Joint Meeting 2020. Unfortunately, the pandemic left us no choice but to postpone the event and hold the meeting by videoconference.

Last but not least, I take this opportunity to extend a very warm welcome to Andorra, which joined the CEB on 26 May as its 42nd member.

Enjoy the read and stay safe!



Rolf Wenzel
Governor, CEB

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About the CEB...

Set up in 1956, the CEB (Council of Europe Development Bank) has 42 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.



A shared resolve

With Europe particularly hard hit by the COVID-19 pandemic, Info talks to the Secretary General of the Council of Europe, Marija Pejčinović Burić, and to the Governor of the CEB, Rolf Wenzel, about how the two organisations have supported European countries to cope with the crisis.

Info: **Secretary General and Governor Wenzel, what steps have your organisations taken in response to the pandemic?**

Secretary General: Our societies have been facing unprecedented medical, social and economic challenges due to the COVID-19 crisis. The Council of Europe's task is to assist member states to ensure that the measures they take to fight the pandemic do not risk the protection of our common European values of democracy, the rule of law and human rights.

That is why I issued a "toolkit" with guidance to governments to help ensure that the measures they take during the crisis remain proportional to the threat posed by the virus, and are time-limited.

The document covers four key areas:

- Derogation from the European Convention on Human Rights in times of emergency;
- Respect for the rule of law and democratic principles in times of emergency, including limits on the scope and duration of emergency measures;
- Fundamental human rights standards including freedom of expression, privacy and data protection, the protection of vulnerable groups from discrimination and the right to education;
- Protection from crime and the protection of victims of crime, in particular regarding gender-based violence.

We have been quick to adapt our working methods to ensure business continuity. Meetings of the Committee of Ministers have taken place by video conference. Our work has also remained visible through proactive communication. As we move out of this crisis, I believe that our organisation will be a leading voice in the European debate on lessons to be learned for our governments and societies.

It is already clear that the crisis has exacerbated the inequalities faced by disadvantaged groups in society. We have gained substantial experience on the rule of law, domestic violence, the situation in prisons, counterfeit medicines, social rights

“As we move out of this crisis, I believe that our organisation will be a leading voice on lessons to be learned for European governments and societies.”
Secretary General of the Council of Europe, Marija Pejčinović Burić

and other key issues in 2020, the year that marks the 70th anniversary of the European Convention on Human Rights.

Governor: As lockdown conditions were imposed, the CEB moved swiftly to ensure that our critical banking operations continued uninterrupted. We adapted our loan policies and offered financing for crucial sectors such as health and MSMEs. Our aim was two-fold: first, to remain fully operational without compromising the welfare of our staff, which is a priority for the CEB, and, second, to support our member countries in the fastest and most efficient way possible.

The COVID-19 health crisis may be a major challenge in itself, but its social and economic effects are expected to be equally massive and lasting. The CEB, as a social development bank, has an important role to play in supporting its members during the crisis and in the recovery period.

In just a couple of months, and with our staff remote working and making full use of videoconferencing, we managed to put together project proposals and approve by a fast-track procedure loans worth almost €3 billion for COVID-19 projects alone. These are to national governments, local authorities, national development banks, and institutions such as hospitals. They provide financing for health expenditures and MSMEs, since health and employment are the two areas where there are increased needs.

In April we also successfully issued a €1 billion COVID-19 Response Social Inclusion Bond, the proceeds of which are earmarked for projects in areas affected by the pandemic. Of course, the CEB has been successfully issuing social inclusion bonds since 2017, but this one is specifically aimed at mitigating the social and economic impact of the pandemic in member countries. I am pleased to say that investor interest exceeded our expectations many times over. The issuance was oversubscribed



Marija Pejčinović Burić

- Elected 14th Secretary General of the Council of Europe in June 2019.
- Has over twenty years’ service in the political and public sectors, including serving as Croatia’s Deputy Prime Minister.
- Key roles include State Secretary in the Ministry of Foreign Affairs and European Integration, and negotiating the accession of Croatia to the EU..

and we achieved favourable financing conditions, which, in turn, will benefit our member countries.*

Info: Secretary General, how do you see the role of the CEB in these exceptional circumstances and in the future?

Secretary General: Our Bank has taken rapid action, providing financial assistance to member states facing extreme emergencies. As Governor Wenzel says, thanks to the special fast-track procedure introduced, specific loans have been approved to finance health projects to help cope with the pandemic. And the €1 billion COVID-19 Response Social Inclusion Bond is the largest bond in the Bank’s history!

Over the last decade, our Bank has become more efficient and more respected for its expertise and social mandate. It is now well-known internationally and has even been referred to as “Europe’s Social Bank”.

“The CEB will continue to do its utmost to support its members... working to build a better, stronger, more resilient Europe.”
CEB Governor, Rolf Wenzel

The CEB’s support to vulnerable groups fits perfectly within the role of the Council of Europe’s mandate to promote human rights, democracy and the rule of law. I believe its role will continue to grow and benefit social cohesion and integration in Europe.

Info: Governor, how do you see the situation developing in the coming months?

Governor: The outlook for the European economies remains bleak despite the recovery expected in the second half of this year and despite the announcement of considerable financial support packages. So there will be an increased need to support small businesses, maintain jobs and create new ones, and cushion the impact of the crisis on social cohesion. At the same time, there will continue to be a need for social investments in areas such as social housing, education, migrant integration, and public infrastructure.

The CEB will continue to do its utmost to support its members, actively promoting the values of the Council of Europe, and working to build a better, stronger, more resilient Europe.

*Correct at time of interview. In June 2020 the CEB issued a second COVID-19 Response Social Inclusion Bond.



Rolf Wenzel

- Governor of the Council of Europe Development Bank, elected in 2011 and re-elected in 2016.
- Previously Director General of the Financial Policy Department of Germany’s Federal Ministry of Finance.
- Has represented Germany in international fora such as G20.

‘It all comes down to people’



Simon Bond, Director of Responsible Investment Portfolio Management at Columbia Threadneedle Investments, talks to **Info** about the CEB’s COVID-19 Response Social Inclusion Bond*, and the impact of the crisis on the bond market.

Info: CEB’s COVID-19 Response Social Inclusion Bond attracted record interest. How do you explain that?

SB: What I was impressed by was the speed of response, not only from an institution such as the CEB but from the market generally. We’ve seen something like €36.5 billion issuances so far to date addressing this. There has been a tremendous focus on the social, in a way that has never been seen before. And what I see is the bond market standing ready to respond to a social crisis.

Info: The CEB was one of the first movers when the social bond market was created and has been quick to adapt to the new situation by updating its framework. When you look at a potential investment what is most important to you?

SB: We are looking to follow the money through to its impact on society: where the money is going, the good it’s doing, the effect this will have on people. Reporting is also very important. That, to us, is impact, particularly through a new issue because that’s the time when the borrower spends the money in society. It’s when the impact occurs.

Info: Was the COVID-19 impact on the social bond market similar to the impact of the Paris Agreement on the green bond market?

SB: The Paris Climate Agreement is a longer-term strategy, addressing a specific issue that society and the environment faces. COVID-19 is an immediate danger that has come without any warning; addressing those issues requires quicker responses. COVID-19 has focused people’s minds on social issues in a way that has never happened before, and widening their focus from purely looking at the environment. As well as finding a vaccine,



there are economic and social implications that need our focus. The pandemic has affected social cohesion, education and employment.

Info: What are your views on COVID-19-related issuances that are not aligned with ICMA social bond principles and the role of the social bond principles in supporting the growth of the market?
SB: We are big advocates of the social bond principles – we sit on the working party to help develop them. This gives us a set of parameters to see the subsequent growth in the market. In 2014 when we had the green bond principles we saw green bonds take off. In 2017 with the social bond principles, we saw a real taking off of social bonds. We now have a tremendous increase in the social bond issuance to the extent that it's almost matching the green bond issuance in the year to date.



Simon Bond

- Has over 30 years' experience in fund management and corporate credit.
- Joined Columbia Threadneedle Investments in 2003. Has been the portfolio manager of the Threadneedle UK Social Bond Fund since 2013, as well as the Threadneedle (Lux) European Social Bond Fund, launched in 2017.
- Managed £6 billion in his role as Senior UK Credit Fund Manager for AXA; also worked for GE Insurance as a Portfolio Manager, for Provident Mutual as a Fixed Income Analyst and for Hambros Bank as an Investment Accountant and Pension Fund Investment Administrator.
- Fellow of the Chartered Institute for Securities and Investment; holds the Investment Management Certificate and the General Registered Representatives Certificate.

"There has been a tremendous focus on the social, in a way that has never been seen before. And what I see is the bond market standing ready to respond to a social crisis."

Impact reporting is particularly important to us. That's what makes the bonds that conform to the social bond principles stand out. Therefore we would always recommend that an issuer was conforming to the social bond principles.

Info: What is your analysis of social bond reporting and how do you view CEB social inclusion bond reports?
SB: The reporting is critical to show the evidence of the good that the bond proceeds are doing for society. And it's quite different to measure social impact as opposed to environmental impact. For example, how do you measure the value of education to society? Or the importance of health to society? But these things can be reported upon and you can have these impact statistics.

When I look at the CEB's three annual social inclusion bond reports, some of the things I'm looking at the measurements that relate to society and ultimately to people. I look at 4,000 jobs created or the preservation of 40,000 jobs. Or it could be the number of housing tenants or university students who are benefiting from better facilities, but it all comes down to people.

Info: What role will the UN's sustainable development goals (SDGs) play going forward? How do you include them in your own reporting?
SB: We think the UN's SDGs are really useful and important: they're a common language that we can use. We can use the 17 SDGs in a similar way as the Sharpe ratio, a concept which investors use to understand the return of an investment compared to its risk. A Sharpe ratio enables you to compare equity portfolio with a fixed income portfolio, and you can do the same with the SDGs – comparing direct lending, bond portfolios, property portfolios and equity portfolios.

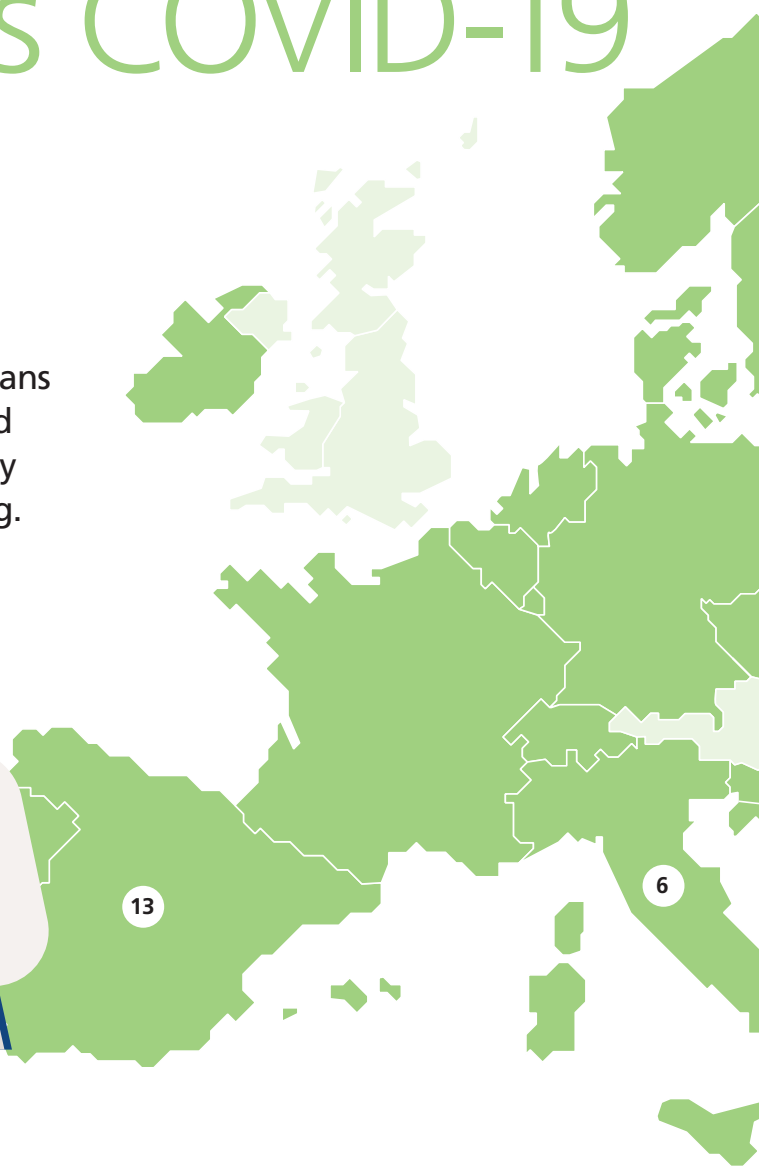
We aim to map each one of the bonds that we buy to the primary SDG; in fact we actually map to the 169 targets that underlie the 17 SDGs. It's vital that everything is mapped correctly and there's clear evidence.

*This refers to the first CEB COVID-19 Response Social Inclusion Bond, issued in April. The Bank issued a second COVID-19 bond in June 2020.

CEB approves COVID-19 project loans

Fifteen new loans have been approved by the CEB via a fast-track procedure for projects responding to the COVID-19 pandemic. The loans total €2.9 billion and the majority are provided under the Bank's public sector financing facility (PFF), which allows for flexible use of financing.





1 Croatia

Loan size: €200 million
Borrower: Government
Aim: To finance additional medical supplies and equipment, safeguard the availability of medical services, and help to alleviate the impact of the crisis on local authorities.

2 Czech Republic

Loan size: €300 million
Borrower: Government
Aim: To mitigate the spread and consequences of COVID-19 by ensuring the availability of medical materials and personal protective equipment (PPE).

3 Estonia

Loan size: €200 million
Borrower: Government
Aim: To mitigate the impact of the crisis, maintain the viability of businesses, encourage investment, drive demand in the economy, and support essential public services.

4 Greece

Loan size: €200 million
Borrower: Government
Aim: To enable the recruitment of additional medical staff for hospitals and the acquisition of medical supplies and equipment.

5 Hungary

Loan size: €175 million
Borrower: Government
Aim: To support the provision of medical services and to partially finance extraordinary expenditures resulting from the COVID-19 crisis.

6 Italy

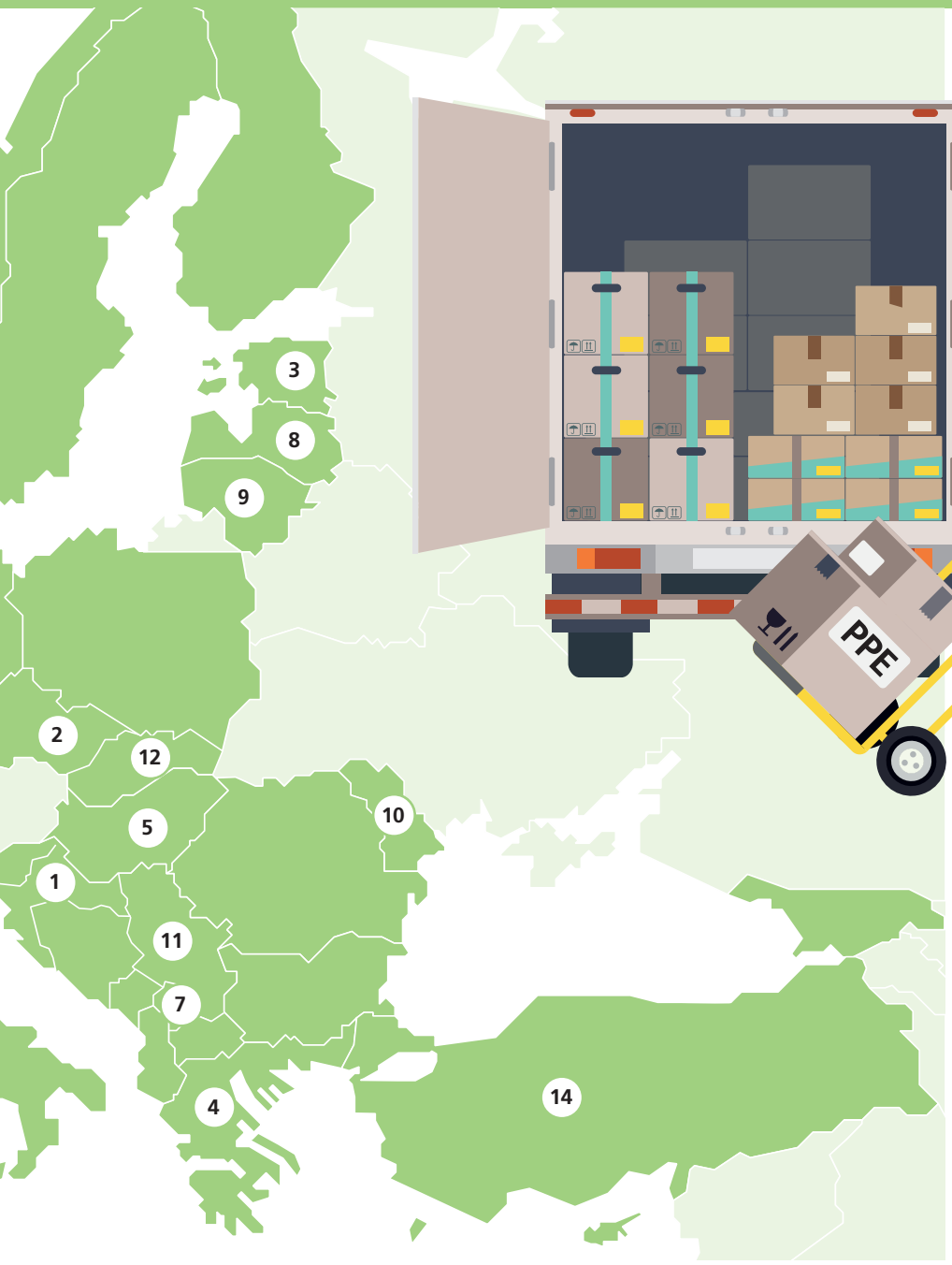
Loan size: €300 million
Borrower: Government
Aim: To support the country's efforts to manage the pandemic and ensure the health and safety of the entire population.

7 Kosovo

Loan size: €35 million
Borrower: Government
Aim: To strengthen the capacity of Kosovo's health care system and provide incentives to medical staff fighting COVID-19.

8 Latvia

Loan size: €150 million
Borrower: Government
Aim: To support the Government in its implementation of various measures related to the pandemic.





9 Lithuania

Loan size: €100 million
Borrower: Government
Aim: To support the implementation of measures to ensure that the health network and public institutions can cope with the COVID-19 crisis.

10 Republic of Moldova

Loan size: €70 million
Borrower: Government
Aim: To finance the provision of medical services and to help alleviate the impact of the crisis on micro, small and medium-sized enterprises (MSMEs).

11 Serbia

Loan size: €200 million
Borrower: Government
Aim: To support the health sector, in particular with the acquisition of medical supplies, PPE and medical consumables.

12 Slovak Republic

Loan size: €300 million
Borrower: Government
Aim: To support the country to mitigate the spread of COVID-19 and its economic and social consequences.

13 Spain

Loan size: €200 million
Borrower: Comunidad Autónoma de Madrid
Aim: To support Madrid's efforts to provide medical services to those affected by the pandemic.

Loan size: €300 million
Borrower: Instituto de Crédito Oficial
Aim: To support the Spanish government's efforts to mitigate the economic impact of the COVID-19 lockdown on MSMEs.

14 Turkey

Loan size: €200 million
Borrower: Government
Aim: To support the Turkish health system to cope with the spread and consequences of COVID-19 and ensure the availability of medical services and equipment.

Making Europe safe: launching a care strategy



Luca Jahier, President of the European Economic and Social Committee, looks at how the COVID-19 pandemic is making it clear that we need to make Europe safe. Companies, workers, social and health systems must become the core of a new care strategy.

The European Union is facing unprecedented challenges, on which will depend not only its future, but the future of the whole world. This time there is every chance that we shall return a little less quickly to business as usual. We see a widespread demand, and new political energy, to make significant changes.

Renewing Europe's focus

In the space of a few weeks, decisions were taken in Europe that had had no precedent in scope, volume, and in their departure from the rules, since the post-war recovery. Other changes are needed and desired if we want to make use of this incredible transformative experience.

I believe that what we are going through is hammering home one very clear message: the need to make Europe safe. Our companies, our workers, our social and health systems must become the core of a new care strategy.

This is why a Europe focused on health must become the key priority of recovery. The EU must give itself the tools and resources, and also the necessary rules and frameworks, to be able to deal with similar pandemic crises. It must be able to prevent them, to act with resolve and coordination in crises that are systemic and, in reality, highly interconnected and pervasive, as never before. This is no longer the time for sterile debates on shared, complementary or exclusive powers.

Forging a new strategy

A Europe focused on health will be the first real step towards making Europe safe and drawing a key lesson from this crisis: protecting one another to protect ourselves. This must start with measures to manage the post-peak period, which will certainly not be brief.

Since it will be possible – after a short phase of helicopter handouts in various forms where needed - to move towards an investment rationale of creating long term wealth and cohesion over the long term, a strategy needs to be set out based on five key points: health, work, business, digital and sustainability. This is a mix that was already largely included in the strategic guidelines of the current EU Commission, with the exception of health, and which should be strengthened with a major overhaul of the overall European long-term budget.

The European exit strategy must – and can – become an accelerator of the transition to more sustainable production and consumption patterns, respecting the commitment to leave no one behind.

Time to think differently

We need to manage this stage with the courage to think in a new way about core issues such as:

- burden-sharing, the creation of EU-own resources to maintain these big policies of the future
- debt management, which is the fruit of disparities and of the failings of some national systems in addressing them
- introducing the right instruments for common debt, targeted at recovery and planning for the future.

The only alternative to this scenario, which fortunately has already been taking solid shape in the joint and swift action of the EU institutions these past weeks, is the implosion of Europe, new and devastating conflicts between those who lose first and most and those who lose later, and the end of many of the democratic achievements of which we are proud.

> **"A Europe focused on health will be the first real step towards making Europe safe and drawing a key lesson from this crisis: protecting one another to protect ourselves."**
>
> Lucas Jahier

A vision of hope

Making Europe safe, based on a vision deeply rooted in the European tradition of 'caring', is even now the route to a possible new renaissance. Turning fears into hope puts the role of powers and politics very much at the centre of things.

Seventy years ago, a group of visionaries laid the foundations for the economic, social and moral reconstruction of the post-war period, giving birth to the greatest project for progress in the history of mankind. Today, Europe still needs the strength of this vision and the practical nature of this community method. But it also needs imagination, daring, empathy and compassion, emotional intelligence, the ability to take risks together and to dare to hope in a common destiny.

We should not waste the opportunity to heal and protect, rebuild and relaunch a solidarity-based, entrepreneurial and sustainable Europe. At all costs, for the rebirth of Europe and of the world.



Luca Jahier

- President of the European Economic and Social Committee (EESC) since April 2018, and a member of the EESC since 2002.
- Has worked extensively on the EU's social and cohesion policies, and on international issues.
- President of ACLI's National Council (Associazioni Cristiane Lavoratori Italiani) 2008-2012. President of FOCSIV, the Italian Federation of non-Governmental Organization for the International Voluntary Service, 1994-1999.
- Previously worked with the CISV (Comunità Impegno Servizio Volontariato) and other Italian and European NGOs active in the field of international cooperation.
- Former journalist and international political analyst with many years' experience in social advancement development programmes in developing countries, mainly in Africa.

Timely. Flexible. Targeted.

The CEB is committed to providing timely, flexible and targeted financing to its member countries, both during the COVID-19 crisis and on the road to recovery.

A timely response

The CEB has always provided a swift response to emergency situations, helping member states to counter the effects of the global financial crisis or massive migrant and refugee flows. Now, as the coronavirus sweeps through countries, rapid and decisive action is crucial.

Identifying needs

The CEB is in constant dialogue with its member countries which have been severely impacted by the pandemic, identifying specific needs and taking appropriate action. Project teams have been working together to translate borrowers' needs into projects eligible for CEB financing, and define the best financing solution.

Putting procedures on a fast-track

We have been quick to implement mechanisms that will help to reduce the fallout from the pandemic on CEB borrowers. In March and April, all requests for COVID-19 funding have been appraised weekly and put to the Administrative Council for approval, which made funding decisions in April and May. Fifteen new loans have been approved in this way, totalling €2.9 billion. See page 8.

Raising funds on capital markets

The CEB has issued two COVID-19 Response Social Inclusion Bonds: the first, issued in April, was for €1 billion with 7-year maturity. The second, issued in June, was for $500 million. The proceeds will provide financial support for CEB member countries struggling with the crisis. Page 6 has more about the rise of social bonds.

A flexible response

Adapting financial instruments

In response to the challenges posed to Europe's public health systems, the Bank has adapted its Public sector Financing Facility (PFF), an instrument aimed at national and sub-national public sector partners. This can fund any action in any eligible sector which aims to reduce the impact of the crisis.
See 'Taking action in Madrid' on page 18.

Facilitating access to finance

The Bank has introduced waivers on the proportion of the total cost of projects that can be financed from a CEB loan, and the possibility for the first disbursement tranche to exceed the usual ceiling of 50% of the total loan amount.

Under COVID-19 emergency financing for MSMEs, the Bank will also fund working capital needs, without the usual sub-loan limits, for 12 months following approval. A number of existing projects are also being restructured to allow them to be rapidly deployed as emergency support.

Taking a long-term view

We seek to provide timely funding to help strengthen service delivery and business continuity during the COVID-19 emergency. We are preparing to scale up financing as needed, promoting recovery and enhancing longer-term preparedness, risk management and resilience.

A targeted response

Bolstering healthcare

The pandemic is severely testing Europe's healthcare systems. The CEB is partially financing extraordinary expenditures designed to help healthcare systems cope, as well as broader civil protection measures.

These can include financing the provision of medical services to people affected by Covid-19, support for healthcare institutions and medical staff, or expenses to strengthen social care services. See page 22.

Preserving jobs

The pandemic has hit small European businesses hard, prompting fears of massive job losses. The CEB is engaging with governments and national promotional banks so that they will continue to support MSMEs and municipal companies, helping to preserve jobs and support ongoing investments.



The roadmap to a sustained, green, inclusive and resilient recovery

Info talks to Monica Scatasta, Director of the CEB's Technical Assessment and Monitoring Directorate (TAM) about the impacts of the COVID-19 pandemic and how the CEB's member countries can build resilience into their recovery strategies.



Info: What ongoing challenges will CEB member countries face after COVID19 emergency?

MS: First, we will have to live with the health emergency for a while longer until a safe, affordable vaccine is rolled out worldwide, possibly with multiple contagion waves. Emergency management and recovery strategies will therefore need to coexist.

The COVID-19 crisis showed that both public and private sector systems were unprepared to deal with a large-scale emergency - a strong warning as we will face even more severe impacts from climate change. What we do next is crucial.

We face multiple, intertwined emergencies and longer-term crises – health-related, economic, social and environmental, including the climate crisis. The COVID-19 crisis was partly caused by human activities' encroachment on natural habitats. Impacts on human health were worsened by the debilitating effects of air pollution. And climate change compounds the risk of new pandemics and their impacts. Heatwaves could wreak havoc during confinement and the health emergency increases the difficulty of dealing with severe storms or floods, as we saw in India and Bangladesh. Social inequalities increase the impact of health emergencies on lower income, marginalised and vulnerable groups. COVID-19 shone a stark light on inequalities in Europe. Addressing them is key, as societies are only as resilient as their most vulnerable elements.

> **"We need to support a green, inclusive and resilient recovery […] Member countries now have a real opportunity to transform their economies, societies and landscapes. The CEB can support them in this transition and help them to ensure that no one is left behind in the process."**

Unfortunately, the pandemic's impact on the economy is likely to worsen social inequalities and may reduce the fiscal and political space to support the SDG and climate agenda - a dangerous vicious cycle. As CEB member countries design their stimulus packages, they may find it difficult to identify solutions that address the interconnections between multiple crises. Yet lowering the



Monica Scatasta

- Joined the CEB on 1 March 2020 as Director of the Technical Assessment & Monitoring Directorate
- Over 20 years' policy advisory and project finance experience in institutions such as the EIB, the OECD and the World Bank
- As Head of Environmental, Social and Climate Policy at the EIB, Monica contributed to its transformation into the 'EU Climate Bank'
- Headed the EIB Water and Waste Management Division; as a sector economist, she contributed to around 100 projects worldwide
- Holds advanced degrees in economics, finance, environmental policy and engineering from the University of Bologna and the Johns Hopkins University.

efforts to reach the SDGs and achieve climate goals would set the stage for a much deeper socio-economic crisis, undermining the resilience of the recovery.

We cannot "reboot to January 2020" – and should not try to. The pandemic hit an already fragile system. GDP growth and total factor productivity had been decreasing for some time in many of our member countries. Some had not yet fully recovered since the 2008 crisis. Many economic activities will no longer be viable in a post-COVID world or may need thoroughly revised business models, potentially leading to a structural reduction in employment in some sectors and geographies. Economic stimulus packages need to take this into consideration, supporting households when their source of revenue is no longer viable and retraining programmes that prepare workers for new opportunities.

As difficult as it may be to see it, there is a silver lining in all this. We seem to be turning the page on austerity policies in favour of the view that we have to grow out of this crisis. Debt to GDP ratios will grow, as will the indebtedness of companies and households. Investment will have to ensure short term employment creation and long term efficiency and productivity gains. Simultaneously addressing the climate and environmental crises and making our societies more inclusive is possible and may in fact generate more sustained growth and employment than returning to a fossil-based, unequal economy.

> **"Improved governance will be key to a sustainable, resilient recovery. Making the right policy choices will be crucial."**

It is encouraging to see that the EU Recovery Package proposed by the European Commission recognises this by calling for investment and reforms in line with the Green Deal.

Info: What can European countries do to better respond to these challenges?
MS: We need to support a green, inclusive and resilient recovery. Our member countries have an opportunity to transform their economies, societies and landscapes. The CEB can support this transition and help them ensure that no one is left behind in the process.

Ample investment opportunities exist that could rapidly create new jobs and spur sustained growth, while delivering substantial environmental and social benefits.

Much needs to be done to improve the accessibility, quality and resilience in the provision of all basic services, including health, education or water and sanitation. In the health sector, for instance, primary and preventative care are key in making health systems and people more resilient, including by addressing conditions, such as hypertension, that aggravated COVID-19 mortality and also increase preventable deaths and healthcare costs.

For over a decade, many member countries have underinvested in infrastructure. It is time to launch infrastructure investment programmes that also reduce their carbon dependency and increase their resilience to a broad spectrum of risks, first and foremost climate-related risks.

Investing in the transition to low carbon and climate-smart productive systems, for instance in the energy or agri-food sectors, can lead to more sustainable supply chains and create new employment.

Cities will have a key role to play. Rethinking urban spaces can generate multiple benefits for human well-being and the environment – including the creation of more green areas, modal shift in urban mobility, the design of multi-centric cities with local accessibility to employment, commerce and basic service, or revamping the role of smaller centres while strengthening their integration with large cities. Improved spatial planning and related investment can increase our landscapes' resilience and may help revamp economic depressed areas.

Finally, there is also a need to increase investment in environmental protection and in the enhancement of natural capital.

Improved governance will be key to a sustainable, resilient recovery. Making the right policy choices will be crucial. These will have to be clearly communicated to citizens. Many solutions will require coordination across sectors, geographies and levels of government. In this context, the capacity for multilateral institutions to rapidly mobilise support and to show results, like the CEB did, can be very important.

Info: What part will your Directorate play in the recovery?
MS: The CEB is ideally positioned to support member countries' recovery, and we've shown that we can respond quickly, flexibly and creatively to meet client needs.

My team houses the Bank's sector and thematic experts. We quickly mobilised to support this rapid response, including by streamlining procedures for emergency projects.

Looking ahead, we will continue to assess how the COVID-19 crisis may impact the CEB's areas of activity to help address challenges and identify opportunities. We are ready to work with clients and beneficiaries to design and implement their recovery strategies and to strengthen their overall resilience, enabling them to "bounce back better" from the crisis as EC President von der Leyen aptly put it.

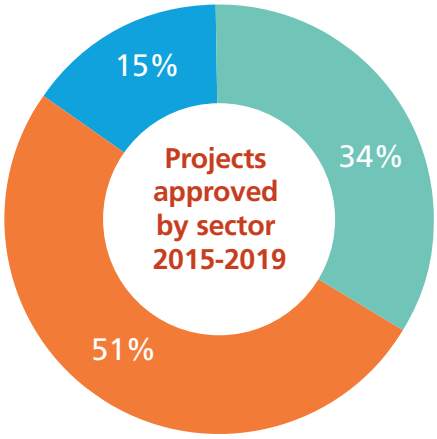
Ireland and the CEB



Ireland became a member of the CEB in 2004. We showcase how the Bank has worked with the Government of Ireland and other key stakeholders to meet the challenges facing the country during this economically volatile period.

CEB lending for projects in Ireland began in earnest after the financial crisis and its devastating effects on the country's financial sector. Initially, cooperation focused on government projects in the prison sector, but, over time, collaboration has extended to supporting agencies active in ensuring financial access: firstly, for the country's non-profit housebuilders. This remains a politically vital sector and is currently the largest CEB engagement in the country.

The CEB's partnership with Ireland now extends to financing micro, small and medium-sized enterprises. The Bank also works with the country's local authorities/councils, mainly supporting them to improve urban and rural infrastructure.



CASE STUDY:

Investing in growth



By 2040, it is estimated that there will be an additional one million people living in the Republic of Ireland. Project Ireland 2040, the Government's long-term strategy, aims to accommodate this growth by investing in public infrastructure and facilities, businesses and communities across the country.

Reinforced by the Project Ireland 2040 strategy, Cork County Council has developed a Social Sustainability Investment Programme (SSIP) for 2019-2029 which aims to maximise the potential for growth while ensuring sustainability.

A cross-sectorial loan (CSL) of €33.7 million is the first between the CEB and Cork County Council and will part-finance up to 52sproposed projects in nine town centres across the county. These locations all have socio-economic challenges but play a key role in providing employment and services for their wider rural catchment areas. The CSL is expected to benefit some 60,000 people, providing employment opportunities and upgraded infrastructure and amenities.

The aim of the loan is for approximately:

- 77% of the total project volume being used to improve living conditions in urban and rural areas, including road networks, sport and leisure facilities and rural work hubs
- 14% to go towards the protection and rehabilitation of historic and cultural heritage and the development of tourism
- 4% to be used for environmental protection and energy efficiency projects
- 3% to be used for health projects
- 2% to protect against natural and ecological disasters

Creating thriving towns

Commenting on the vision for County Cork, Tim Lucey, Chief Executive of Cork County Council, says, "Cork has been targeted with delivering around 23% of Ireland's overall population growth by 2040. The future success of County Cork is contingent on a sustainable foundation, with a network of thriving towns supporting their hinterlands and providing for sustainable growth."

Bandon and Mallow are two of those towns, and among those set to benefit from the CEB loan. Bandon has a population of 7,000, is the gateway to the West Cork region and serves a wide catchment area. Mallow is the administrative centre for the north of the county and has a population of over 12,500. It lies at the heart of the milk-producing Blackwater Valley.

Tim Lucey continues, "Cork County Council's Development Plan aims to promote Bandon as a premier market town by creating a unique sense of place, embracing its rich built heritage, and encouraging continued expansion of its employment and service function."

A vision for Bandon

In 2015 Cork County Council commissioned a study to facilitate an integrated approach to public realm enhancement and transportation for the future development of Bandon. Extensive consultation took place to define the problems and agree a vision for the town which, at that time, had deprivation levels below both the state and county averages.

In 2017 the Bandon Transport and Public Realm Enhancement Plan (Bandon TPREP) was published, and included proposals to improve streets, traffic circulation, public transport and a broad range of public realm improvement works. These works aim to broaden pedestrian access and enhance public spaces in the town centre to increase footfall and boost retail viability.



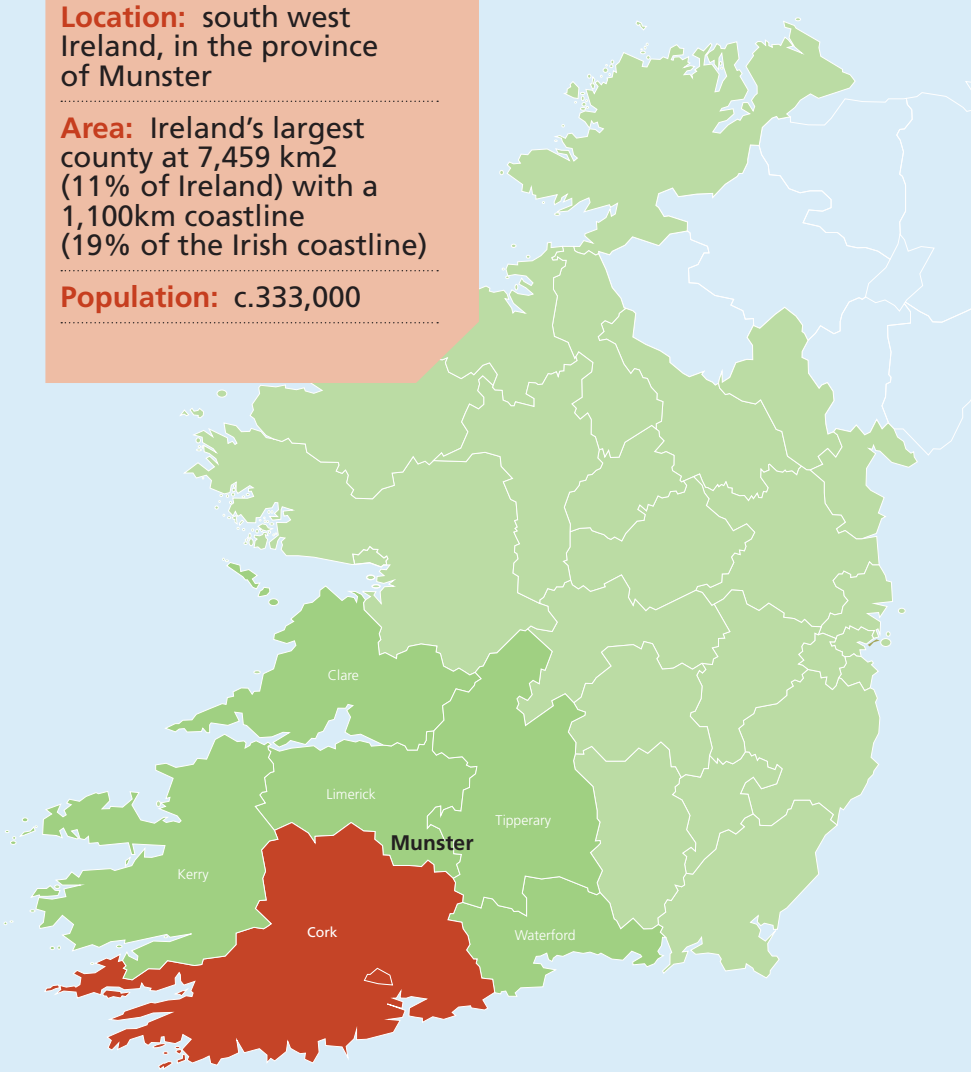
"Our plan is committed to delivering quality places for people to live, work and visit. This requires coordinated, strategic planning and investment. The partial financing provided by the CEB loan is pivotal to its success."
Tim Lucey, Chief Executive of Cork County Council

County Cork

Location: south west Ireland, in the province of Munster

Area: Ireland's largest county at 7,459 km2 (11% of Ireland) with a 1,100km coastline (19% of the Irish coastline)

Population: c.333,000



Ongoing CEB projects in Ireland

SOCIAL INVESTMENT IN LIMERICK (2017)

- **CEB financing:** €85 million
- **Partner:** Limerick City and County Council
- **Aim:** To support social projects in the city, which is Ireland's third largest urban centre. The loan is contributing to Limerick's cross-cutting social development strategy, 'Limerick 2030'.

SUPPORTING SOCIAL HOUSING (2019)

- **CEB financing:** €150 million
- **Partner:** Housing Finance Agency
- **Aim:** To help fund the retrofitting of existing housing, and the onstruction of new energy-efficient social housing across Ireland – supporting at least 8,000 people on low incomes.

FUNDING SOCIAL INVESTMENT IN CORK (2020)

- **CEB financing:** €33.7 million
- **Partner:** Cork County Council
- **Aim:** To part-finance a range of investments within Cork County Council's Social Sustainability Investment Programme, including social, education, economic and leisure infrastructure.

Reviving Mallow Town Hall

Mallow Town Hall was built in 1930 as a theatre and subsequently housed the town's library and council offices. Owned by Cork County Council, it has remained largely unused for years. Now, a project inspired by the medieval traboules of Lyon in France, is set to reimagine its role. Covered passageways through the building will connect different parts of the town, and the town hall itself will regain various public uses, including performance and gallery spaces, a tourist information office, and a café bar. Consequently the town hall will once again become Mallow's cultural and social heart.

Tim Lucey says, "Cork County Council's Development Plan is committed to delivering quality places for people to live, work and visit. This requires coordinated, strategic planning and investment. The part-financing provided by the CEB loan is pivotal to its success."

Commenting on the benefits of the CEB-funded projects to the two towns, County Cork's Mayor, Councillor Ian Doyle, says, "The Bandon TPREP will deliver inclusive economic growth and improved accessibility for vulnerable groups, while the Mallow Town Hall design is an exciting and important social project. With support and investment from Cork County Council and the CEB, the people of Bandon and Mallow can look forward to a prosperous, sustainable and inclusive future."







Taking action in Madrid

Spain has been among the hardest hit nations in the COVID-19 crisis, with the autonomous community of Madrid accounting for almost one third of Spain's confirmed cases. A €200 million public sector financing facility (PFF) from the CEB is helping to minimise loss of life and improve citizens' health.

The autonomous community of Madrid has almost seven million inhabitants who are served by 34 public, and 48 private, hospitals. As a result of the COVID-19 pandemic, the region's health and social care systems have come under tremendous strain, resulting in increased needs for medical facilities, equipment and staff. In fact, Madrid expects to spend over €2 billion in extraordinary expenditure on health and social services related to COVID-19.

Support from the CEB

In March the regional government launched a COVID-19 Action Plan, which included a range of measures to cope with the influx of patients, and in mid-April the CEB approved a PFF loan. This was done by written procedure as part of a fast-track mechanism established by the Bank in response to the coronavirus crisis.

The PFF was the first loan agreement signed between the CEB and a European region during the pandemic, and will be

"This project is a perfect example of the CEB's commitment to providing flexible and timely financing in the emergency response to the COVID-19 outbreak. Thanks to the CEB project team's hard work, the loan to Comunidad de Madrid was quickly approved and signed."

Maria Siguenza, CEB Country Manager for Spain

“In this unprecedented crisis, there is an immediate need to strengthen the health capacity of CEB member countries to help them manage the COVID-19 pandemic. The loan agreement signed with Comunidad de Madrid will alleviate the strain on the health sector and mitigate the effects of the crisis on the local population.”

CEB Governor Rolf Wenzel

used to part-finance Madrid’s extraordinary expenditure on health and social services related to COVID-19 such as:

- Hiring of additional medical staff such as doctors, nurses and auxiliary nurses as well as overtime expenses
- Hiring of 400 new COVID-19 hotline operators (the hotline has seen daily calls surge from around 70 to 7,000)
- Additional medical and pharmaceutical supplies, such as medicines or diagnostic tests
- Specialist equipment needed for COVID-19 patients such as additional intensive care beds, ventilators, face masks, gloves, and hand sanitiser
- Strengthening of services in care homes for the disabled and elderly.



Funding the conversion of IFEMA

CEB funds will also be used to part-finance the conversion of Madrid’s conference centre, IFEMA, into the biggest hospital in Spain. This field hospital became operational on 23 March and has treated more than 4,000 patients with mild symptoms to prevent the spread of the virus and reduce the pressure on hospitals. It had a capacity of up to 5,000 beds and was closed on 1 May.



Javier Fernández Lasquetty, Regional Finance Minister

Info: How has the Madrid region responded to the COVID-19 crisis?
JFL: The Madrid region began to take measures to protect the population before the Spanish Government decreed the state of emergency. Among many other measures, we approved the closing of educational centres and centres for the elderly, and facilitated teleworking among public servants.

In the health sector, the largest field hospital in Spain was created in barely two days at IFEMA, and was recognised by the WHO as ‘extraordinary’. Our health workforce has been reinforced with the recruitment of 10,000 people. In addition, we have managed to bring ten aircraft with medical supplies/equipment to the region, which have brought more than 500 tons of necessary resources for our hospitals and medical centres.

We have also implemented economic and fiscal measures to help companies and the self-employed, so that they have liquidity and can maintain their activity. We have also approved the postponement of the payment of taxes managed by the region of Madrid while the state of emergency is maintained.

In short, we have adopted preventative measures, we have made, and we are making, a very important effort at the health level to combat the pandemic and we have designed a package of measures so that companies and the self-employed in the region are affected as little as possible.

Info: What are the priorities covered by the loan?
JFL: The loan signed with the CEB has a specific purpose: to finance the health expenditure arising from COVID-19. We are talking about the purchase, among other things, of equipment and materials to treat patients with coronavirus and to protect our health workers, and to set up health infrastructure, such as IFEMA. In addition, we have expanded the health workforce with the hiring of 10,000 people, who we will keep on staff throughout 2020. All this requires financial support as it is generating extraordinary expenses that we estimate at €2 billion.

Info: What difference has it made to the region to be able to obtain this funding rapidly?
JFL: We are very grateful for the CEB’s support. We are the only European region that has received funding from the Bank. This reflects, on the one hand, the sensitivity of the CEB in the fight against COVID-19 and, on the other, the trust in the region of Madrid and its ability to meet its obligations. We are the Spanish region with the lowest debt (14%), together with the Canary Islands, and we have managed to meet the deficit target for 2019.

“We have managed to bring ten aircraft with medical supplies/equipment to the region, which have brought more than 500 tons of necessary resource for our hospitals and medical centres.”



Funding Serbia's life-saving supplies



This year, Serbian authorities expect to have to fund more than €1 billion in extraordinary expenditure on health support linked to COVID-19. A CEB public sector financing facility (PFF) loan has supported Serbia to acquire medical supplies and equipment during the critical onset phase of the COVID-19 crisis.



Rising to the challenge of COVID-19

The Serbian government has been swift to implement a range of measures, including the purchase of emergency equipment and supplies, to help contain the spread of COVID-19.

By the end of March, the Serbian Ministry of Health had announced that four hospitals, in Belgrade, Novi Sad and Niš, would be reserved only for COVID-19 patients. It had converted Hall 1 at the Belgrade Fair complex into a hospital for a potential 3,000 coronavirus patients, and it had established an emergency coronavirus hotline and website. Community hospitals and medical care centres throughout Serbia had also opened COVID-19 clinics.

Bridging the gap

The CEB loan, in the form of a PFF, will cover gaps in the extraordinary budget lines created for COVID-19 mitigation measures. It will support the provision of health services and ensure the stability of the health sector, including the protection of medical staff. It will also allow Serbia to finance the cost of medical and pharmaceutical supplies, medical equipment, patient monitors and coronavirus tests.

A key focus of the PFF is to improve the supply of personal protective equipment in hospitals such as epidemiological and surgical masks, alcohol disinfectants and protective clothing.

Commenting on the loan, CEB Governor, Rolf Wenzel says, "Health is a priority area for CEB financing. The COVID-19 outbreak has necessitated additional investments in this area, so the CEB has moved quickly to support its member countries. The loan to Serbia is part of our efforts to forge ahead united in our fight against this pandemic."

Siniša Mali, Serbia's Minister of Finance, says, "We are very grateful to the CEB for this support. The funds will be used to ensure that our medics are well equipped. With decisive and timely measures we are managing to combat this crisis with as few consequences as possible."

PAGE 26 WHAT'S BEEN THE IMPACT OF THE BANK'S FIRST THREE SOCIAL INCLUSION BONDS?











CEB funds will be used to ensure that our medics are well equipped. With decisive and timely measures we are managing to combat this crisis with as few consequences as possible."

Siniša Mali, Serbia Minister of Finance

At a glance

- The latest loan brings ongoing CEB investments in Serbia to almost **€1Bn**
- **€54M** loan to part-finance construction of a new building for the University Children's Hospital in Belgrade
- **€200M** to refurbish and equip some 20 general hospitals across the country
- **1.3M** people are likely to benefit from Pan-Serbian health infrastructure projects
- **Loznica General Hospital** reconstruction project to be completed by the end of 2020.

Proven support for Serbia

The latest loan brings the ongoing CEB investments in Serbia to almost €1 billion.

The CEB already supports Serbia's health sector through established projects that aim to modernise the country's healthcare facilities, improve equipment and services and support an ageing population.

University Children's Hospital – Tirsova

The CEB recently approved a €54 million loan to part-finance the construction of a new building for this hospital in Belgrade. The funds will be used to increase its capacity and include new diagnostic and treatment technologies, robotic surgery facilities, more sophisticated patient monitoring and new fields of therapeutic diagnosis.

Pan-Serbian health infrastructure projects

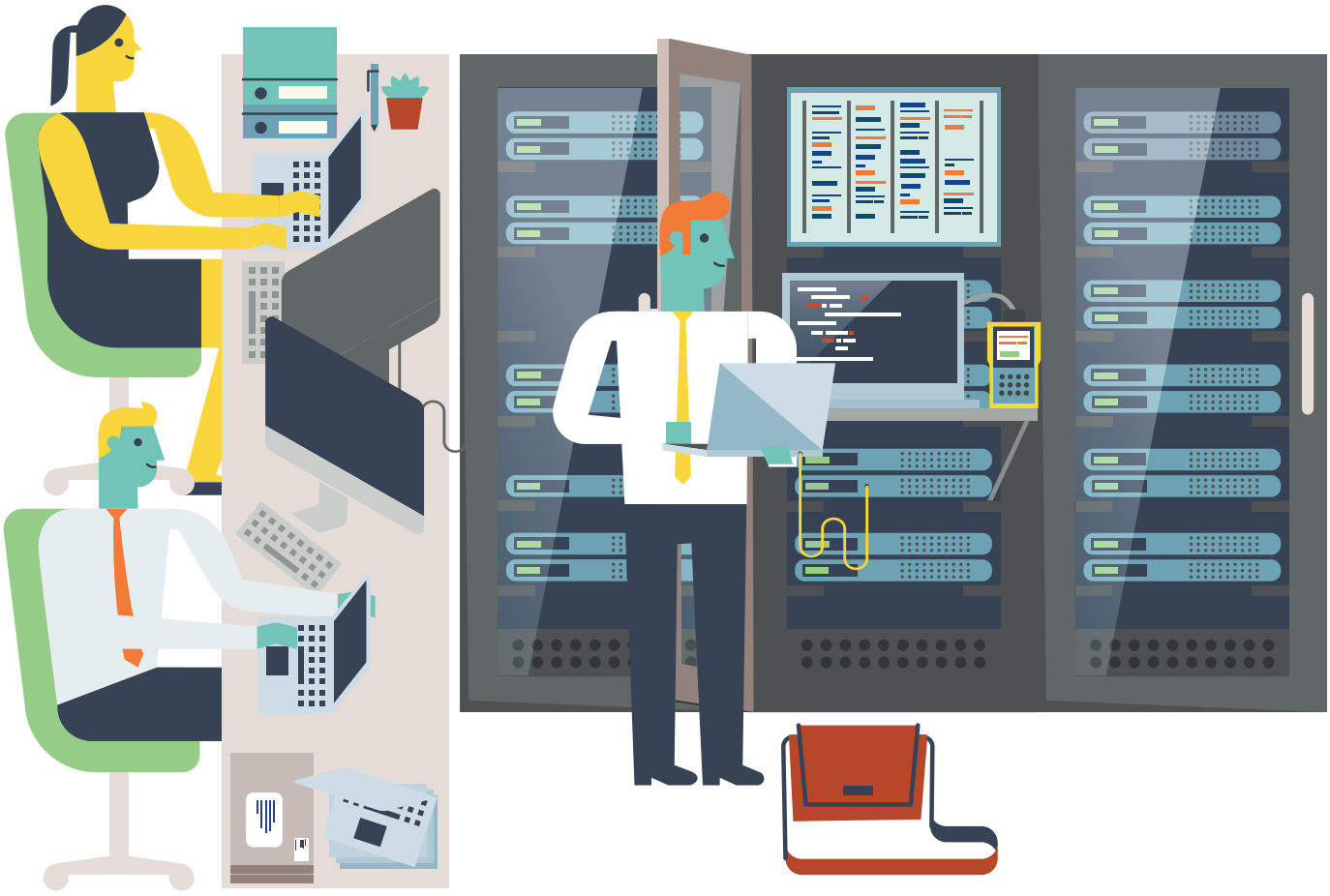
A €200 million PFF from the CEB is being used to refurbish and equip some 20 general hospitals across the country, while improving energy efficiency and accessibility. Close to 20% of the Serbian population (1.3 million people) are likely to benefit from this large-scale project.

In October 2018, Governor Wenzel officially opened the Dragiša Mišović Hospital in Belgrade, one of seven medical institutions in the Serbian capital that has been co-financed by the PFF. In late 2019 a CEB technical mission visited three of the facilities being supported by the Bank's PFF: Loznica's General Hospital, a health centre in Despotovac, and the Institute for Infectious Diseases at the University Clinical Centre in Belgrade.

Loznica General Hospital

For many years, the hospital facilities at Loznica received no investment. Its buildings were dilapidated and out-of-date. Thanks to a huge reconstruction project, the hospital is being rebuilt to include fully accessible state-of-the-art facilities, including thoracic, psychiatric, cardiology and neurosurgery departments. When the works are completed by the end of 2020, Loznica and its surrounding area will have a modern healthcare facility offering high quality services.

Construction has even continued during the COVID-19 pandemic, as Hospital Chief, Dr Milan Todorovic, explains. "It was extremely difficult [to work] in such adverse conditions. We took care and adhered to all the rules while having great assistance from the municipal Crisis HQ. We only had one infected staff member, and no infected doctors or nurses."



Ensuring a resilient Bank

Robust business continuity planning ensured that, when the COVID-19 crisis hit, the CEB was able to continue focusing on its core business, disbursing loans for social projects, supporting borrowers and issuing bonds on capital markets, including a COVID-19 Response Social Inclusion Bond. We look at how the Bank has adapted to the 'new normal' of business during the pandemic.

The COVID-19 pandemic spread at overwhelming speed and enormous scale. The CEB, like most organisations, switched overnight to remote working for all required by the emergency health response to the pandemic taken by the French authorities mid-March. In fact, prior to the lockdown, fewer than half of CEB staff regularly worked remotely.

Early action

From the beginning of the COVID-19 outbreak in Asia, the CEB's Business Continuity Management (BCM) actors – its Operational Risk, IT and HR divisions, and critical business lines – worked together to enhance the Bank's resilience and prepare for outbreak possdible spread in France and Europe.

While the initial focus was on equipping and supporting staff involved in critical operational functions, this was followed by ensuring that robust health and safety measures were in place. These ranged from enhancing hygiene in common areas, to travel restrictions, and continuous monitoring and communication. All business lines updated and adapted their pandemic plan to respond to the new BCM scenario. This focused on a rapidly evolving pandemic, a higher-than-usual contamination rate, and the risk of premises and key people being unavailable for a sustained period.

> **Being able to adapt to drastic change in such a short time reflects the ability of Bank staff to rapidly change their mindset."**



Crucial business continuity testing

The Bank's strategy during recent years has been to perform intensive testing of business continuity plans, which has included quarterly tests for the most critical users. This has been accompanied by progressive improvements in IT infrastructure resilience, using virtual servers and implementing a solid network of independent data centres.

Important investments to renew the Bank's IT infrastructure and to deploy modern end-user equipment were also already in progress when the COVID-19 crisis hit. A substantial programme of IT investment implemented only a few years ago meant that key IT infrastructure elements which allowed secure remote connections were already in place too.

Engagement, expertise and collaboration

"In reacting to the abrupt transition to all staff working remotely, we were fortunate to rely on the full engagement and level of expertise of the IT teams and the high level of collaboration between IT and other key functions of the Bank, in particular Operational Risk and HR," says Marco Minchillo, Head of IT Division.

The Bank worked with IT service partners to source additional IT equipment and a dashboard of staff ready to work remotely was created as a priority. In the first two weeks of lockdown the IT Service Desk worked relentlessly to configure and deliver new laptops, and to arrange for equipment to be delivered to staff with specific operational needs.

A bank-wide video conferencing tool, Zoom, was rolled out in record time to support decision-making and ensure ongoing communication and collaboration among staff and with external parties. Keeping clear and coordinated communication flowing was key. The Bank's Corporate Services Directory helped to coordinate all messages via email and the Bank's internal communications portal, Mosaic.

Being able to adapt to drastic change in such a short time reflects the ability of Bank staff to rapidly change their mindset. Each person quickly accepted and adapted to the situation. Process simplifications and digital workarounds – elements that would normally take time to gain consensus – were quickly identified and implemented due to the pressing need to find new ways of working.

Safeguarding against cyber attack

The Bank has increased the use of external resources in some areas such as IT security and monitoring to ensure the resilience of IT operations and to protect the Bank's information systems from an increased risk of cyber attacks. IT, in collaboration with the Chief Information Security Officer, issued guidelines to staff and reinforced some of the Bank's IT security platforms.

Teams paid particular attention to ensuring an adequate internal control framework, while using workaround solutions, maintaining staff morale, and ensuring the health and safety of all staff. Key person risk was managed by close health monitoring, enhancing multi-skilling and identifying alternative sources of competencies.

Next steps

Marco Minchillo says, "The outbreak has brought digital transformation to the top of the business agenda, demonstrating that it is an operational necessity, not just a 'nice to have'. The Bank's IT strategic objectives and work plan already reflected the ambition to create a digital workplace, facilitating mobility and collaboration. This has a strong focus on the automation of the Bank's project cycle to enhance project quality, operational efficiency and monitoring. We will continue to pursue these goals."

Based on a detailed scenario analysis, which takes into account both external and internal parameters and the best practice of the Bank's peer institutions, there are now plans for a progressive, phased return to work on CEB premises.

Terje Hagen, Director of Corporate Services, concludes, "It has been impressive to see how the Bank has adapted to the dramatic changes imposed by the Covid-19 crisis. It's one thing to quickly put all in place so that work can continue, but even more important is the personal adaptation that is needed.

"I find it remarkable how well colleagues have handled the new environment and carried on working, enabling us to continue to focus on our core business. But we also need to prepare for a return to normal. We continue to develop scenarios so that we are as prepared as possible for a change of direction, hopefully towards a recovery in the not-too-distant future."

PAGE 25 THE CEB'S LATEST CORPORATE REPORTS ARE NOW AVAILABLE

News update

CEB issues COVID-19 Social Inclusion Bonds

The CEB has issued two new Social Inclusion Bonds specifically in response to the COVID-19 crisis. In April the Bank issued a €1 billion 7-year maturity COVID-19 Response Social Inclusion Bond, followed by a US$500 million bond in June. The funding of both will be used to support CEB member countries impacted by the COVID-19 crisis.

The COVID-19 Response Social Inclusion Bonds were issued within the CEB Social Inclusion Bond framework which has been adapted to enable financing to be extended to the health sector. The proceeds raised will also finance new or existing social projects which support micro, small and medium-sized enterprises to create and preserve jobs.

Launch of Green Social Investment Fund



In late March the CEB launched a new Green Social Investment Fund (GSIF) to strengthen the social impact of CEB investments and reinforce their environmental sustainability. The Fund aims to facilitate climate action measures for the benefit of vulnerable groups and will support projects which demonstrate a positive social impact and contribute to climate action.

The GSIF will provide a source of additional funding, aimed at incentivising CEB borrowers to step up climate mitigation and adaptation measures while supporting vulnerable groups.



INVESTING IN ITALY'S WATER SUPPLY

On 6 May, the CEB and Italy's multi-utility company, IREN S.p.A., signed a Public sector Finance Facility (PFF) for €80 million which will be used to partially finance IREN's integrated water services plan, with a cost of €290 million, in the provinces of Genoa and Parma.
The investments will target the expansion and improvement of aqueduct, sewage, and purification facilities. Over one million people across 75 municipalities are expected to benefit from an improved and secure water supply.

CEB WELCOMES ANDORRA

On 11 June Andorra became the CEB's 42nd member state. CEB Governor, Rolf Wenzel, said: "In the spirit of solidarity which characterises the CEB and its work, all its members are united in their concerted efforts to build a better, stronger Europe. I am delighted that Andorra is joining these efforts as the 42nd member of the CEB."

Entries for CEB Award reach almost 100

The inaugural CEB Award for Social Cohesion has received nearly 100 applications from more than 15 countries.

The Award was launched by the Bank to acknowledge and reward outstanding social projects in Europe. The Award has attracted interest from diverse organisations, from civil society to academia and local governments, as well as social entrepreneurs and individuals from CEB member countries. Many of the projects focus on women, migrants, people with disabilities and other vulnerable groups, and several include ideas in response to the COVID-19 pandemic.

The winner will be announced on 15 June, and will receive a €25,000 prize.

Publications from the CEB

The CEB has released its key corporate publications for 2019 and all of them can be downloaded from our website. Visit coebank.org and click on 'all publications'.



ACTIVITY REPORT 2019

This year's Report of the Governor highlights the Bank's success in achieving its objectives during the final year of the Development Plan 2017-2019. Some €4.0 billion in loans was approved for 24 member countries, which is expected to leverage €13.9 billion in total investments across Europe.

The report outlines the CEB's strategy for 2020-2022 and includes chapters on project financing, investments with an impact, and advancing social sector knowledge.



REPORT ON CEB AND DONORS 2019

The CEB's 2019 Donor Report provides a snapshot of the cooperation between the CEB and its donors with the aim of making Europe more inclusive and resilient. Overall, in 2019 the Bank allocated a total of €54 million in grants, while additional contributions of €4.4 million were committed from the Slovak Republic, Switzerland, and Germany.

The report includes chapters on standing by migrants, refugees and displaced persons, and on supporting sustainable and inclusive growth.



FINANCIAL REPORT 2019

The CEB's Financial Report 2019 showcases how the CEB generated solid results and a very dynamic level of activity across the year. The net profit for the financial year 2019 amounted to €104.7 million, up by 7.4% compared to 2018 (€97.5 million). The volume of projects approved – 46 new projects – reached €4.0 billion, contributing to a record level in the stock of projects awaiting financing. The report includes full financial statements.



CORPORATE SOCIAL RESPONSIBILITY REPORT 2019

2019 saw the CEB publish an 'Environmental Statement' to showcase the Bank's plan to minimise its environmental footprint. The Bank financed climate actions worth €1 billion, helping to avoid some 130,000 tonnes of CO2 emissions. It also issued its third Social Inclusion Bond, levelling up its total financing obtained through sustainable finance to €1.5 billion. Other highlights include the implementation of the Bank's Gender Programme and staff wellbeing initiatives.



TECHNICAL BRIEF - Public Private Partnerships for Schools: Experience from Seine-Saint-Denis, France

Public and private partnerships (PPPs) are a popular means of building infrastructure and providing services. Advantages for public authorities include faster infrastructure delivery, predictable long-term cost management, and the opportunity to share risk. The CEB has provided financing for the construction and renovation of lower secondary schools in the French Department of Seine-Saint-Denis. The Department signed PPP contracts for much of this work. This Technical Brief presents the Department's experience for any organisations considering this approach.

LOOK OUT FOR THE NEXT ISSUE OF **Info** OUT IN NOVEMBER 2020

An update on the CEB's Social Inclusion Bonds

Mise à jour sur les obligations d'inclusion sociale de la CEB

The CEB has now issued five Social Inclusion Bonds since 2017, with the latest launched in April and June to support member countries to mitigate the social, health and economic impacts of the COVID-19 crisis. The impact assessment for the latest bonds will be available in 2021.

Here we show the cumulative impact of the three Social Inclusion Bonds issued between 2017 and 2019, the proceeds of which go towards projects that support micro, small and medium-sized enterprises (MSMEs), social housing, education and vocational training.

La CEB a désormais émis cinq obligations d'inclusion sociale depuis 2017, les dernières ayant été lancées en avril et juin 2020 pour aider les pays membres à atténuer les conséquences sociales, sanitaires et économiques de la crise du COVID-19. L'analyse d'impact des obligations récentes sera disponible en 2021.

Nous présentons ici les effets cumulés des trois obligations émises entre 2017 et 2019, dont les produits sont affectés à des projets de soutien aux micros, petites et moyennes entreprises (TPE-PME), au logement social, à l'éducation et à la formation professionnelle.



TOTAL SIZE OF BONDS (IN €)
MONTANT TOTAL DES OBLIGATIONS (EN €)

1.5 billion
1,5 milliards

NUMBER OF PROJECTS
NOMBRE DE PROJETS

45

TOTAL PROJECT FINANCING LEVERAGED (IN €)
TOTAL DES FINANCEMENTS DE PROJETS MOBILISÉS (EN €)

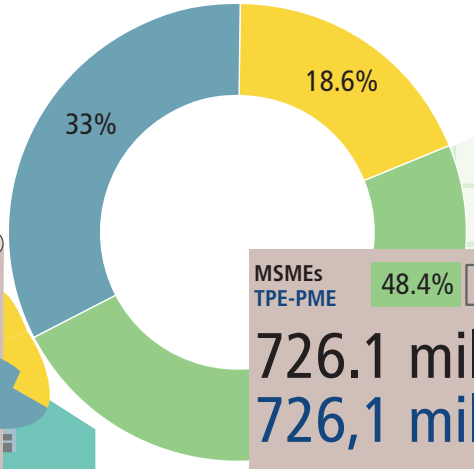
4.3 billion
4,3 milliards

SECTOR ALLOCATION (IN € DISBURSED
SECTEUR D'AFFECTATION (EN € DÉCAISSÉS)

SOCIAL HOUSING
LOGEMENTS SOCIAL

495.4 million
495,4 millions





EDUCATION
ÉDUCATION

278.4 million
278,4 millions



MSMEs
TPE-PME
48.4%

726.1 million
726,1 millions



Obligations d'inclusion sociale

IMPACT

NUMBER OF COUNTRIES
NOMBRE DE PAYS

19



224 504
STUDENTS AFFECTED
ÉLÈVES BÉNÉFICIAIRES

7.7% 7,7%
IRELAND
IRLANDE



1 495
SCHOOLS SUPPORTED
ÉCOLES BÉNÉFICIAIRES



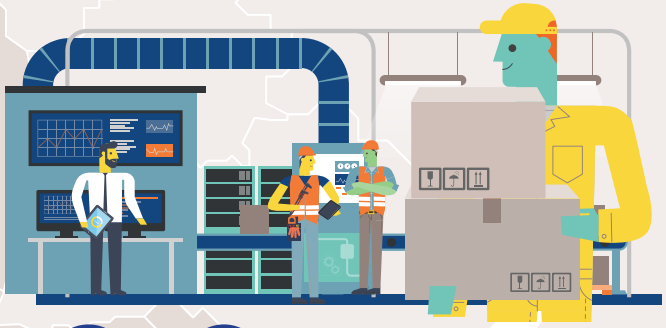


10 638
DWELLING UNITS BUILT AND RENOVATED
CONTRUCTION ET RÉNOVATION DE LOGEMENTS

4.3% 4,3%
FINLAND
FINLANDE



21 740
MSME RECIPIENTS
TPE-PME BENEFICIARES



218 354
JOBS PRESERVED
EMPLOIS SAUVEGARDÉS

11 334
JOBS CREATED
EMPLOIS CRÉÉS



1.1% 1,1%
CYPRUS
CHYPRE

8.0% 8,0%
BELGIUM
BELGIQUE

11.2% 11,2%
GERMANY
ALLEMAGNE

3.3% 3,3%
POLAND
POLOGNE

5.0% 5,0%
SLOVAK REPUBLIC
RÉPUBLIQUE SLOVAQUE

7.3% 7,3%
FRANCE

1.3% 1,3%
SLOVENIA
SLOVÉNIE

2.6% 2,6%
HUNGARY
HONGRIE

1.6% 1,6%
ROMANIA
ROUMANIE

0.1% 0,1%
REPUBLIC OF MOLDOVA
RÉPUBLIQUE DE MOLDOVA

5.3% 5,3%
CROATIA
CROATIE

18.7% 18,7%
ITALY
ITALIE

0.2% 0,2%
BOSNIA AND HERZEGOVINA
BOSNIE-HERZEGOVINE

2.0% 2,0%
SERBIA
SERBIE

1.2% 1,2%
MONTENEGRO
MONTÉNÉGRO

2.0% 2,0%
PORTUGAL

17.0% 17,0%
SPAIN
ESPAGNE