Report of the Governor — 2018
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 associated projects are designed and implemented according to national sectoral policies, when applicable.

The CEB is based on a Partial Agreement among member states of the Council of Europe, but has a separate legal personality and is financially independent from 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.

Projects and loans

The CEB pays particular attention to the quality of the projects it finances, with a view to enhancing their social impact. Technical assistance and monitoring throughout the whole project cycle constitute key factors in the effective preparation and implementation of all projects.

Rigorous monitoring and on-site visits, once a project’s financing has started, serve to verify the physical progress of the works, compliance with cost estimates and procurement procedures, and the attainment of the anticipated social objectives. A final report is drawn up when the project is concluded. Selected projects are independently evaluated after completion.

Resources

The CEB raises the 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 (AAA with Standard & Poor’s outlook stable*, AA+ with Fitch Ratings, outlook stable and Aa1 with Moody’s, outlook stable), 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.

* On 15 February 2019, Standard & Poor’s upgraded the CEB’s rating from ‘AA+, outlook positive’ to ‘AAA, outlook stable’.

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2018 at a glance

Ensuring continued robust level of activity and meeting the Development Plan objectives

- €2.8 billion in disbursements
- +20.5% compared to 2017

Placing increased emphasis on working with local (municipal) and regional authorities

- €14.6 billion in loans outstanding
- €3.9 billion in loans approved to raise
- €10.9 billion in total investments in 20 member states across Europe

Expanding partnerships and outreach

- €4.9 billion in funds raised on international capital markets, including €500 million as a Social Inclusion Bond

- Standard & Poor’s: AAA, outlook stable*
- Fitch Ratings: AA+, outlook stable
- Moody’s: Aa1, outlook stable
- ISS-oekom: B- (‘Prime’)  
- Sustainalytics: ‘Outperformer’

Promoting a gender-balanced environment, including EDGE certification

- 206 staff
- 55% women
- 33 nationalities
- 45% men

* On 15 February 2019, Standard & Poor’s upgraded the CEB’s rating from ‘AA+, outlook positive’ to ‘AAA, outlook stable’.
I am pleased to share with you this annual report which provides an overview of the CEB’s activities for 2018, a year of high impact for the Bank.

Maintaining the previous year’s record numbers in lending, the CEB approved new loans for social projects worth €3.9 billion to leverage €10 billion in total investments across Europe. It also increased its disbursements by over 20% compared with the year before, and raised €4.9 billion on the international capital markets. Responding to a strong demand for sustainable finance, in 2018 the CEB issued its second Social Inclusion Bond, which attracted substantial interest.

All this demonstrates the CEB’s resilience and ability to deliver strong outcomes, even in a difficult environment with continuing challenges in CEB member countries.

In 2018, the emphasis of our project activities remained on the social sectors which are the key focus of our current Development Plan: strengthening employment, not least through the provision of financing to small, medium-sized and micro businesses; supporting public infrastructure development, especially in vital areas such as health, education and housing; and supporting climate action, through projects aimed at reducing carbon emissions and making communities more resilient to climate change.

Support for migrants, refugees and displaced persons remains an important area of operation for the CEB. 2018 saw the Regional Housing Programme (RHP) and the Migrant and Refugee Fund (MRF) continue to deliver good results, thanks to the ongoing support from donors and excellent cooperation with CEB partners.

In the course of 2018, the CEB further expanded its cooperation with other international organisations and financial institutions, through joining initiatives such as ‘100 Resilient Cities’, the European Partnership for the Integration of Migrants and Refugees, and the Harmonized Indicators for Private Sector Operations (HIPSO), to mention but a few. It also obtained a permanent observer status to the UN Framework Convention on Climate Change (UN FCCC), and organised a conference on ‘Social Investment for a Resilient and Prosperous Europe’ in Paris with the collaboration of the Caisse des Dépôts Group.

Internal CEB reform continued apace, with significant progress made on numerous fronts, such as the reorganisation of our internal structure to enhance efficiency, the recruitment of staff to fill key posts in the institution, and the steps taken to foster and promote internal cohesion, diversity and gender equality.

The CEB and its staff attach great importance to all aspects of corporate social responsibility. Environmental concerns not only form part of the strict selection and monitoring criteria that the Bank employs in its operations, but they are also given serious consideration in all aspects of CEB activities. For example, the CEB closely monitors its carbon footprint and makes every effort to minimise it. I am pleased to see that our efforts continue to receive recognition. In 2018, ISS-oekom and Sustainalytics renewed their confidence in us, with the former maintaining our ‘Prime’ status and upgrading our rating, and the latter affirming our ‘Outperformer’ status. You can read more about this in the CEB Corporate Social Responsibility Report 2018.

As the CEB remains fully committed to its social mission in Europe, I look forward to another year of strong results in 2019.

Paris, 27 February 2019
Rolf WENZEL
Project financing

* The full list of CEB member countries can be found in the Notes for the reader on page 43.
Highlights

In 2018, the CEB approved €3.9 billion in loans for 20 member countries. These loans will pull together €10.9 billion in total investments across Europe.

45 projects in 20 countries*

€10.9 billion total project investments

€3.9 billion total CEB loans approved
CEB investments aim at sustainable and inclusive growth and at the equitable sharing of economic gains among all citizens. The projects financed by the Bank under this line of action focus on developing public infrastructure with a social vocation, creating and maintaining jobs, ensuring access to the labour market, providing affordable housing solutions, and assisting with the long-term integration of vulnerable groups.

Within this framework, CEB loans increasingly support integrated solutions, whereby climate mitigation and adaptation measures are intertwined with infrastructure and municipal services development plans and with specific actions targeting migrants, refugees, and displaced persons. There is therefore a certain degree of overlap between some of the loans approved under this line of action (Sustainable and Inclusive Growth) and those associated with the other two lines of action (Integration of Refugees, Displaced Persons and Migrants; and Climate Action).

In 2018, the CEB approved 40 loans in full or partial support of sustainable and inclusive growth. Several of these loans concern first-time borrowers, including municipalities and regions facing complex, long-term social issues. The increase in new borrowers attests to the Bank’s commitment to support the development of inclusive and sustainable cities and regions in Europe, with a focus on enabling economic and social inclusion, improving living conditions, and enhancing diversity.

CEB financing under this line of action enables:

- **Access to affordable financing solutions for MSMEs:** In 2018, the CEB approved €1.1 billion for MSME financing. The funding will enable the beneficiaries to start up new or expand existing businesses by capitalising on new technologies, innovation and process optimisation, including energy efficiency improvements. As in 2017, the financing solutions supported by the CEB loans include leasing, with 6 loans approved last year in favour of leasing institutions in Europe. Moreover, the financing approved in 2018 will particularly target micro-enterprises and low-income households that would not otherwise have access to other formal credit facilities.
Expanding employment opportunities
Spain

Loan: € 100 million
Borrower: Nuevo MicroBank
Target beneficiaries: Entrepreneurs, self-employed professionals, microenterprises, and individuals/families in a vulnerable situation

Spain still currently faces an unemployment rate that is well above the EU-28 average. The same applies to youth unemployment. MSMEs, which ensure about three-quarters of overall employment opportunities in Spain, are yet to fully recover from the 2008-2009 financial crisis. This loan will help Spain address its employment issues by mobilising the financial resources needed to start-up, consolidate, or expand businesses and thus generate or maintain jobs. The loan will double previous credit facilities extended to Nuevo MicroBank in 2017 and will focus, in particular, on vulnerable individuals and families with no access to a formal credit system. The loan is expected to deliver on a par with the 2017 loan, which has created and preserved more than 6,600 jobs to date, while 37% of the beneficiaries are women and migrants.
- **Improvement of municipal infrastructure and services:** 12 loans were approved in 2018 in support of national, regional, and municipal development strategies. Most of these cover multi-sectoral actions focused on developing urban and regional public transport, sustainable mobility solutions, resilient waste management, water supply and wastewater collection systems, and affordable housing for low-income persons.

- **Construction of hospitals, permanent care facilities for the elderly and disabled, and the purchase of modern medical equipment and ambulances:** In 2018, the CEB approved 9 loans, worth €0.5 billion, to support the construction and rehabilitation/expansion of existing healthcare facilities, the purchase of performant equipment, and state-of-the-art cancer treatment research.

- **Environments conducive to quality education:** The loans approved by the CEB in 2018 for the education sector amounted to €0.5 billion and are expected to raise more than double this amount in terms of investments. The Bank’s financing will enable the expansion of school and day-care facilities to meet current and future needs and support cutting-edge medical, science, and engineering research for universities in Hungary (Budapest and Pécs) and Latvia (Riga). More than 30,000 students and university staff will capitalise on these investments in the near future and thus improve the competitiveness of their economies.

- **Development of sports and cultural facilities and expanding community services:** 6 loans approved in 2018 entail the construction and rehabilitation of sports and cultural facilities and the expansion of community services. These investments are expected to contribute to the well-being of the local populations with a focus on the integration of vulnerable population groups, including migrants and refugees.

- **Dignified detention conditions** by enforcing European Prison Rule (EPR)-compliant infrastructure and adequate training for relevant personnel. The 2018 loan approved in this sector will add 1,900 places to the currently over-crowded Romanian detention facilities and provide EPR training for more than 1,300 prison staff.
Improving regional connectivity and living standards

**Poland**

**Loan:** € 43 million

**Borrower:** Region of Subcarpathia

**Target beneficiaries:** Citizens, businesses, and tourists in the region

Subcarpathia (Podkarpackie) is one of the least well-off provinces in Poland, with entrenched intra-regional inequalities and poor connectivity to international and national markets. This loan aims to address these inequalities and support the Region’s 2020 development strategy.

It will finance the upgrade and expansion of regional road network and railway infrastructure, cultural heritage protection measures, and the development of comprehensive healthcare facilities, including a regional oncology centre. These multi-sectoral investments will trigger new opportunities for growth for the 2.1 million people living in the region and provide better living conditions for vulnerable people, such as the chronically ill. The CEB financing complements EU grant support.
CEB investments aim at sustainable and inclusive growth and at the equitable sharing of economic gains among all citizens.

**Upgrading education and sports facilities**

**Finland**

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**Loan:** € 60 million  
**Borrower:** City of Tampere  
**Target beneficiaries:** Children and their parents, teachers, and the elderly

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Tampere is Finland’s third largest city with a growing population of almost a quarter of a million inhabitants, including an increasing number of migrants and refugees. This loan will support local authorities in implementing the 2025 municipal investment strategy, with a focus on the construction or renovation of infrastructure in the area of education, particularly schools and day-care facilities. The loan will also finance community services and sports facilities. It will capitalise on a previous agreement with Tampere for the same purpose and benefit more than 230,000 people.

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Integration of refugees, displaced persons, and migrants

Aid to refugees, migrants and displaced persons is one of the CEB’s statutory priorities. The Bank’s support under this line of action includes emergency assistance, such as accommodation facilities, as well as longer-term financing for local infrastructure, decent and affordable housing, language acquisition, skills development and job creation.

The long-term actions are often part of multi-sector integrated programmes. In 2018, the CEB approved several loans that will contribute, fully or partially, to the integration of refugees, migrants, and vulnerable groups, such as Roma, Sinti, Caminanti, the homeless and long-term unemployed, victims of gender violence or people with disabilities. The funding will provide for the construction of adequate infrastructure, equal access to education and vocational training, improvement of entrepreneurship skills, and affordable financing for MSMEs. Target beneficiaries in Germany, Italy, Romania, and Spain will thus be given the chance to contribute, to their full potential, to society.

Two loans approved in 2018 materialised thanks to a partial guarantee from the CEB Social Dividend Account and the allocation of additional grant support from CEB-managed donor accounts, such as the Slovak Inclusive Growth Account. Loans under this line of action complement activities undertaken with grant funding from the EU, European Economic Area (EEA) and Norway, as well as from the CEB-managed Migrant and Refugee Fund (MRF).

Infrastructure upgrades in support of quality and inclusive education

Germany

Loan: € 80 million
Borrower: City of Nuremberg
Target beneficiaries: Pupils and teachers in the City of Nuremberg

This CEB loan will help the City of Nuremberg to address constant increases in population, recent changes in education requirements, and the need to rehabilitate ageing education infrastructure. It will result in the construction and rehabilitation of 50 schools and early childhood facilities, including modern IT infrastructure and tools. The investments will create additional classrooms, respond to the demand for ‘full-day’ schools by creating cafeterias and other common areas, and provide quality and inclusive education to an increasing number of pupils and students. A significant part of the investments will benefit EU and non-EU migrant families as well as refugees and asylum seekers from Syria and Iraq.

Loan activities will be complemented by a € 600 000 MRF grant, approved by the CEB in 2018 in favour of Nuremberg’s municipal employment agency Noris-Arbeit. The grant will cover the cost of training courses, including language and skills development, for migrants, refugees and long-term unemployed persons with basic education needs. The courses will be provided in informal and mobile locations so as to facilitate the participants’ access and ease their integration into community life.
Microcredit facilities for vulnerable groups

Italy

Loan: € 7 million
Borrower: PerMicro S.p.A.
Target beneficiaries: 500 MSMEs and vulnerable families

MSMEs provide about 70% of the total employment opportunities in Italy, while micro-enterprises (companies with less than 10 employees) account for almost half of the labour force in the non-financial business sector. This CEB loan supports PerMicro by extending credit facilities to businesses and families that have limited or no access to the standard banking system. These beneficiaries will thus be able to start up a new business or expand an existing one. Loans can also cover health, housing and education expenditures for vulnerable families, particularly migrants and refugees. This loan benefits from a € 2 million guarantee from the CEB’s Social Dividend Account.

The Social Dividend Account is funded mainly with earmarked contributions from the CEB’s annual results, as decided by the Bank’s member states. It is used to support projects with a high social impact, through technical assistance, loan guarantees, interest-rate subsidies, and investment grants. At end 2018, the resources available amounted to € 18.4 million.

In addition to its 2018 lending activities under this line of action, the CEB continued to assist vulnerable persons displaced during the 1990s conflicts in the former Yugoslavia in obtaining suitable housing solutions, through the multi-donor funded Regional Housing Programme (RHP).

More details on the RHP and on Migrant and Refugee Fund (MRF) activities in 2018 are provided in the Donor section of this report.
Support to Roma education programmes

Romania

Loan: € 2 million
Borrower: Roma Education Fund
Target beneficiaries: Roma as well as non-Roma children and youth from disadvantaged communities, their parents and teachers

Approximately 1.85 million Roma live in Romania. Less than 40% of Roma children and youth are enrolled in an education programme, while early leavers represent more than 70%, which is more than three times the rate for the same age span among the mainstream population. The CEB loan, raised against a partial guarantee from the Bank’s Social Dividend Account, will finance three formal and non-formal education programmes aimed at reducing and preventing early dropouts and improving access to quality learning. The programmes will be implemented between 2018 and 2023 in several disadvantaged communities in Romania. They will benefit 1400 Roma children and youth, 2000 parents, and 450 teachers involved in the education programmes. The CEB financing complements EU and EEA/Norway grant funding to these programmes.
Climate action: developing mitigation and adaptation measures

The CEB supports projects that reduce carbon emissions and make communities more resilient to climate change. It also works with its partners to mainstream climate considerations into the design and implementation of all other projects. For this purpose, and to enable the alignment of the Banks’ operations with the Paris Agreement, the CEB has put in place a project screening and monitoring system that promotes the following principles:

• ensure that projects are in line with national low-emission pathways;
• identify physical climate risks and make projects more resilient to climate change;
• prioritise, target and report on climate finance;
• screen, monitor and report on climate change indicators.

Floating solar plants in support of irrigation systems

**Portugal**

**Loan:** € 45 million  
**Borrower:** Empresa de Desenvolvimento e Infra-estruturas do Alqueva S.A (EDIA)  
**Target beneficiaries:** Farmers in south-eastern Portugal

This project entails the installation of 10 floating solar plants on the water surfaces of several reservoirs around Alqueva Lake. The plants will power a corresponding number of pumping stations which feed EDIA’s irrigation system in south-eastern Portugal, an area which currently faces irregular rain distribution, desertification following climate change, and population ageing. In addition to reducing EDIA’s carbon footprint by using renewable energy sources, the plants will decrease EDIA’s energy costs by at least € 24 million over a period of 25 years. These cost reductions and more efficient use of existing water resources will allow for more diversified, competitive and sustainable agricultural activities in the region. It will thus create job opportunities and slow down current depopulation.
Water and wastewater services with a smaller carbon footprint

Slovak Republic

Loan: € 50 million
Borrower: Bratislava Water Company
Target beneficiaries: 721,000 people connected to the systems

This CEB loan will finance the gradual replacement of 1970s water mains and the renewal of the water company’s treatment facilities. These improvements will reduce water supply losses, prevent disruptions in water supply, and decrease current energy use by approximately 30%.

The loan represents the CEB’s first direct sub-sovereign financing of a public water company in Europe and its first water sector programme in the Slovak Republic. It will bring the water company’s service area and standards to the same levels as those of other capital city regions in Europe. The project will also enable the Slovak Republic to reach its water quality targets in accordance with the objectives of the EU Water Framework Directive. The project will benefit from grant support under the Spanish Social Cohesion Account, which will cover the cost of developing a financial model and a multi-annual investment and financing plan with social and environmental targets.
Given its exclusively social mandate, the CEB aims to support climate action goals which are socially inclusive.

Given its specific social mandate, the CEB aims to support climate action projects that are socially inclusive. This means that the Bank seeks to optimise the social benefits when financing climate change mitigation and adaptation projects.

The CEB approved close to €1 billion in loans in 2018 under this line of action, of which €629 million was earmarked for climate financing. A significant part of this financing is dedicated to energy efficiency measures in the residential, industrial, and municipal infrastructure sectors, or is part of wider infrastructure investment programmes undertaken by regions and municipalities in order to improve infrastructure capacities and overall living conditions in urban and rural areas.

Three loans under this line of action focus on MSMEs that, by reducing their energy costs, plan to become more competitive and expand their businesses.

**Energy efficiency improvements in residential properties the Netherlands**

- **Loan:** €100 million
- **Borrower:** Nationaal Energiebespaarfonds (National Energy Saving Fund Foundation)
- **Target beneficiaries:** Home owners and home-owner associations

The built environment accounts for 30% of total energy consumption in the Netherlands. This CEB loan will provide low-interest loans for home owners and home-owner associations who wish to undertake energy efficiency improvements. These improvements may vary from retrofitting to the installation of heat-recovery systems and solar panels. The CEB financing will help leverage €300 million in investments in the field and contribute to achieving the energy efficiency targets set by the Netherlands, currently an average 1.5% annual reduction in energy consumption by 2022.
Measuring and enhancing social impact

The CEB finances bankable projects that are thoroughly assessed against social, environmental, technical, and governance criteria. With on-site visits during appraisal, the CEB supports borrowers and project implementing authorities in optimising the investments in order to better achieve the expected social outcomes. This assessment typically covers project rationale (coherence with development policies and identified needs), design and engineering aspects, conformity with the relevant technical standards, sector-specific costs, and financing aspects.

Following the approval of the CEB’s Environmental Social Safeguards Policy (ESSP) in 2016, an environmental and social screening matrix is applied to each CEB project upon application for a loan. The matrix reflects a number of principles such as: protection of vulnerable groups, labour conditions, gender equality, protection of livelihoods and housing, community health and safety, and stakeholder information. The loan application review process thus enhances the impact of the Bank’s activities by identifying and managing technical, social, and environmental risks and benefits, from the early stages of the project.

Leasing for MSMEs
Poland

Leasing is often the only form of financing available for micro- and small-sized enterprises to obtain the capital required to maintain or expand their businesses. The CEB concluded three loans with PKO Leasing from Poland in support of MSMEs. The completion report on the most recent loan, worth €100 million and approved in 2017, concluded that the CEB financing helped create about 400 new jobs and maintain more than 10,600.
In addition to the standard identification of technical, environmental, and social risks, the loan application reviews undertaken in 2018 led to improvements in project design for health sector investments, and to specific recommendations for enhancing the social and environmental outcomes of projects. Examples of such improvements include: enlarging the scope of education projects to include migrant and refugee-specific activities, incorporating social purpose lending in microfinance loans, and enhancing water access and affordability for the final beneficiaries.

As part of the consistent efforts undertaken to expand its climate finance activities, the CEB increasingly assists in the initiation of climate action projects and in the identification of climate adaptation and mitigation components in its project proposals.

Once approved, projects are monitored throughout their implementation to review risks and opportunities, help identify mitigation and optimisation measures, steer their development, and measure results. While most of the monitoring is desk-based, each project is reviewed on site at least once during its life-cycle and with several visits in the case of complex projects.

During 2018, 71 individual projects in 28 countries were reviewed with on-site visits, either at the loan application stage, or during implementation. 12 of these projects had recently been completed or were nearing completion at end 2018.

In addition to advising on specific projects, the CEB identifies and promotes best practices, sector developments, and international standards for project stakeholders in order to optimise ongoing and future projects and thus maximise the social and environmental impact of the Bank’s financing. These best practices are reflected in the presentations delivered by CEB experts at international events, in the evaluation reports carried out by the Evaluation Department and the publications produced by the Technical Assessment & Monitoring Directorate (technical briefs, thematic reviews, and other sector-specific publications), and are also discussed with other international financing institutions (IFIs) and pertinent organisations in the field.

In 2018, the CEB capitalised on several years of experience in education investments and set up a network with other IFIs to develop a comprehensive approach to education infrastructure that can better contribute to learning outcomes.

CEB publications are available online at: https://coebank.org/en/news-and-publications/ceb-publications/
A graphic illustration of the standard CEB project cycle, along with key data on a selection of activities undertaken by the Bank in 2018, is provided in the figure below.

Additional information on how to access CEB financing is provided on the CEB website, in the Project Financing section.
Partnerships and Donors
Partnerships

In 2018, the CEB continued to strengthen its cooperation with peer multilateral financial institutions and other international organisations of relevance to the Bank's core activities.

The European Union (EU)

The European Union remained a privileged partner for the CEB as well as its main donor. The partnership with the EU aims to promote sustainable and inclusive growth in Europe, with a focus on actions that contribute to the social inclusion of the most vulnerable and support employment, education and training, gender equality, protection of the environment and sustainable development.

The blending of loans and grants remains a key instrument for such purposes. It creates a leverage effect and enables the financing of larger or more complex projects. Several of the 2018 CEB loans are blended with EU grant support and estimated to leverage more than €1.1 billion total investments.

The European Commission has proposed the CEB as an implementing partner in the InvestEU Fund, which is to replace the European Fund for Strategic Investments ("Junker Plan") from 2021 onwards. The CEB also closely monitored the new proposed funding architecture for the EU's external action and, in particular the new Neighbourhood, Development and International Cooperation Instrument (NDICI). Both InvestEU and NDICI yet need to be formally decided by EU Institutions.

100 Resilient Cities - Pioneered by The Rockefeller Foundation (100RC)

100RC was created by the Rockefeller Foundation in 2013 for the purpose of helping cities around the world become more resilient to the physical, social and economic challenges that are a growing part of the twenty-first century. Specifically, it supports the adoption and incorporation of a view of resilience that includes not just the shocks – earthquakes, fires, floods, etc. – but also the stresses that weaken the fabric of a city on a day-to-day or cyclical basis, such as high unemployment, endemic violence, and chronic water shortages.

The CEB and 100RC signed a Memorandum of Understanding in July 2018 to combine the two institutions’ organisational strengths to develop and implement city-focused initiatives with a stronger social orientation. The Bank’s historical knowledge of and experience in addressing social challenges in Europe as well as its technical assistance and funding resources will complement 100RC’s work on developing holistic resilience strategies with cities in Europe.

The CEB – 100RC agreement is the first important partnership between the Bank and a major philanthropic initiative.

UN Framework Convention on Climate Change

In 2018, the CEB obtained permanent observer status to the UN Framework Convention on Climate Change (UN FCCC). With over 120 intergovernmental organisations admitted as observers, the CEB was in good company at the 2018 Conference of the Parties (COP 24) in Katowice, Poland. The Bank took the opportunity to endorse the multilateral development banks initiative to align project portfolios with the goals of the Paris Agreement. The CEB’s participation in COP24 builds on previous partnerships with other financial institutions, such as the Climate Action in Financial Institutions, aimed at supporting low-emissions and climate resilient development.

Partnership for Migrant and Refugee Inclusion

The CEB joined the European Partnership for the Integration of Migrants and Refugees in May 2018. Established in 2015, under the Dutch presidency of the European Union and within the framework of the ‘Urban Agenda for the EU’ policy initiative, this Partnership is a platform bringing together five major European cities (Amsterdam, Athens, Barcelona, Berlin, Helsinki), five member states (Denmark, Greece, Italy, Portugal and the Netherlands), the European Commission (DG Migration and Home Affairs, DG Regional and Urban Policy), the Council of European Municipalities and Regions, the European Committee of the Regions, the EIB, and the CEB.

The CEB – 100RC agreement is the first important partnership between the Bank and a major philanthropic initiative.
The Partnership’s mission is to exchange good practices and make policy recommendations to the European Commission regarding the inclusion of migrants and refugees. One key proposal put forward by the Partnership is for the establishment of a loan-and-grant blending mechanism to facilitate the integration of migrants and refugees in cities.

**Harmonized Indicators for Private Sector Operations**

The Harmonized Indicators for Private Sector Operations (HIPSO) initiative comprises 26 multilateral finance institutions, including the IFC, EIB, EBRD, and several national development banks. It aims to establish a set of harmonised result indicators which can be used by all participating financial institutions. This harmonised framework will reduce the borrowers’ reporting burden and increase the capacity of the financing institutions to learn from one another.

The CEB participated in HIPSO’s annual meeting in October 2018 and contributed with information on the Bank’s experience with MSME monitoring and how monitoring data can structure new operations to be better adapted to end-beneficiary needs.

**Health and Social Care Partnerships**

The Social Health Protection Network (P4H) is a global network for health financing and social health protection, initiated by the World Health Organisation (WHO). The European Association of Service Providers for Persons with Disabilities (EASPD) is a not-for-profit organisation which promotes equal opportunities for people with disabilities. Its members include some 17,000 social services and their umbrella associations.

In 2018, the Bank contributed with expert knowledge on health and social care systems in Europe and explained our view on how to make capital investments deliver adequate social services and infrastructure.

**An IFI Network for Education Investments**

In April 2018, the CEB spearheaded and organised the first ‘Meeting of Education Experts from Development Agencies’ involved in the financing of education infrastructure in Europe. Representatives from the European Investment Bank (EIB), the French Agency for Development (AFD), the KfW, and the World Bank attended and agreed to develop a common, comprehensive approach to education investments, with a special focus on learning outcomes.

In April 2018, the CEB spearheaded and organised the first ‘Meeting of Education Experts from Development Agencies’ involved in the financing of education infrastructure in Europe.

**Conference on ‘Social Investment for a Resilient and Prosperous Europe’**

The CEB and the Caisse des Dépôts Group (CDC) organised a high-level conference on 7 December 2018 to discuss the role of social investment in creating a prosperous and resilient Europe. Organised in three panels, with closing remarks by the entrepreneur and philanthropist Alexandre Mars, the conference brought together twenty speakers and nearly one hundred and fifty participants from across Europe. Debates focused on the increase in social and economic inequalities, existing and future social infrastructure investment gaps, and potential solutions to such challenges.
Donors

The CEB uses funds raised from donors to support projects for the benefit of vulnerable groups and disadvantaged regions. In 2018, the CEB raised more than €41 million from donors.

The Regional Housing Programme (RHP)

The Regional Housing Programme is a joint initiative of Bosnia and Herzegovina, Croatia, Montenegro, and Serbia. Its purpose is to provide durable housing solutions for the most vulnerable persons who were displaced during the 1990s conflicts in the Western Balkans. The Programme is supported by the international community and managed by the CEB.

The Regional Housing Programme accounted for most of the funds raised in 2018. The EU committed €39.5 million to the Programme while Germany provided €1.5 million. These contributions brought their funding to the RHP to €234 million and €9 million, respectively. The funds will finance additional homes in Bosnia and Herzegovina and Serbia.

In 2018, approximately 4000 vulnerable beneficiaries moved into new RHP-financed homes. This includes 51 families who were still living in the Konik Camp, in Montenegro.

The camp, located close to Podgorica, was Europe’s longest operating refugee settlement. For more than a decade, it provided a place to stay, mostly for Roma and Balkan Egyptians who had fled the 1990s violence in Kosovo. The EU, through a separate project, and the RHP started to relocate families in modern apartments in 2015. The handing-over of the 51 flats in December 2018 marked Konik’s closure.

2018 RHP Highlights

- €41 million contributed
- 4000 families accessed new homes

Sebastian K: “I arrived with my family, from Kosovo, in 1999. With help from the Red Cross, I managed to finish school and become a car technician. Now I am married and have 6 children. Today I’m happy like a child – my dream to provide a home for my family has come true.”
The Spanish Social Cohesion Account (SCA)

In 2018, Spain increased its contribution to the RHP to over €200,000 to finance technical assistance for RHP projects in Croatia. Spain’s contribution to the RHP originates from the Spanish Social Cohesion Account – a trust fund set up by Spain in 2009 and managed by the CEB. The purpose of the Account is to finance technical assistance for highly social CEB projects. Spain replenished the Account in 2017 with €2 million, bringing its total endowment to €4 million.

In 2018, SCA grant support was also instrumental in assisting the Bratislava Water Company, a new borrower, in structuring their investment needs to include climate action considerations. More broadly, it continued to play a key role in ensuring that CEB projects are implemented in accordance with best practice.

The Migrant and Refugee Fund (MRF)

The MRF is a trust fund set up by the CEB to help its member states address the challenges linked to migrants and refugees. Since its establishment in 2015, twenty-two CEB member states have contributed to the MRF, the latest being Bulgaria at end 2018. The CEB and the European Investment Bank (EIB) have also provided funding.

In 2018, the CEB member states contributed an additional €3 million to the Migrant and Refugee Fund (MRF), from the Bank’s Social Dividend Account. To date, the CEB has awarded €26 million in MRF grants benefiting migrants and refugees.

The Slovak Inclusive Growth Account (SIGA)

A grant was approved from the Slovak Inclusive Growth Account (SIGA) in 2018 for a housing project in Serbia. The technical assistance, in an amount of €100,000, supports Serbian authorities in providing housing to families whose dwellings were damaged by earthquake in 2010, and who have been living in inadequate conditions ever since. The project is partially financed by an €8 million CEB loan, approved in 2014.

The SIGA was set up by the Slovak authorities in 2016 to support the CEB’s initiatives in favour of inclusive growth and environmental sustainability. It finances technical assistance for CEB projects and is endowed with €2 million.

The Italian Fund for Innovative Projects (IFIP)

A grant was approved from the Italian Fund for Innovative Projects (IFIP) in 2018 to support the Ministry of Education and Science in Montenegro with improving preschool education access for children aged 0 to 6 and creating better learning conditions. The IFIP grant, which complements a CEB loan, will be implemented by UNICEF and is being reviewed for signature.

The IFIP was set up by Italy in 2017. The IFIP helps the Bank develop innovative social projects. It finances technical assistance for projects located in countries of the Western Balkan region which are eligible to Official Development Assistance (ODA), as well as Georgia and the Republic of Moldova.

MRF Contributions by Donor

<table>
<thead>
<tr>
<th>Donor</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>€5 million</td>
</tr>
<tr>
<td>France</td>
<td>€3 million</td>
</tr>
<tr>
<td>Italy</td>
<td>€3 million</td>
</tr>
<tr>
<td>Spain</td>
<td>€1.5 million</td>
</tr>
<tr>
<td>Sweden</td>
<td>€540k</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>€500k</td>
</tr>
<tr>
<td>Norway</td>
<td>€500k</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>€300k</td>
</tr>
<tr>
<td>Ireland</td>
<td>€250k</td>
</tr>
<tr>
<td>Lithuania</td>
<td>€150k</td>
</tr>
<tr>
<td>Poland</td>
<td>€101k</td>
</tr>
<tr>
<td>Cyprus</td>
<td>€100k</td>
</tr>
<tr>
<td>Albania</td>
<td>€100k</td>
</tr>
<tr>
<td>Hungary</td>
<td>€100k</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>€92k</td>
</tr>
<tr>
<td>Malta</td>
<td>€50k</td>
</tr>
<tr>
<td>Holy See</td>
<td>€50k</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>€31k</td>
</tr>
<tr>
<td>San Marino</td>
<td>€20k</td>
</tr>
<tr>
<td>Iceland</td>
<td>€15k</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>€10k</td>
</tr>
<tr>
<td>Liechtenstein</td>
<td>€6k</td>
</tr>
<tr>
<td>EIB</td>
<td>€5 million</td>
</tr>
<tr>
<td>CEB</td>
<td>€8 million</td>
</tr>
<tr>
<td>Total contributed</td>
<td>€28.4 million</td>
</tr>
</tbody>
</table>

Closure of Collective Centres

Bosnia and Herzegovina

Project purpose: Deliver 2,600 apartments and 180 places in social care institutions for more than 7,200 people displaced during the 1990s conflicts in former Yugoslavia, who are currently living in collective centres and alternative accommodation throughout Bosnia and Herzegovina.

SCA grant support: €300,000

Activities covered by the grant: Project implementation support.

Grant implementation period: 2013-2018

Grant impact: Works completed in 2 locations and ongoing in another 9. Tendering to start in at least 6 other locations.

The Spanish Social Cohesion Account (SCA)

The Migrant and Refugee Fund (MRF)

The Slovak Inclusive Growth Account (SIGA)

The Italian Fund for Innovative Projects (IFIP)
The Western Balkans Investment Framework (WBIF)

A CEB project was awarded a €1.2 million grant by the EU through the Western Balkans Investment Framework. The grant will finance technical assistance to the Government in Montenegro for the construction of new detention facilities in Mojvac.

The new facilities will be built in line with European Prison Rules and European best practices and will help Montenegro with reforming its justice sector in view of EU accession. The investment will capitalise on the CEB's previous experience in implementing similar projects in the region.

The project is expected to benefit from a €15 million loan from the CEB.

Urgent Care for Unaccompanied Migrant Children stranded in Greece (U-CARE)

Greece

Project purpose: Provide emergency care to unaccompanied migrant children in Greece, through secure accommodation and assistance tailored to their specific needs

MRF grant support: €2.9 million

Activities covered by the grant: Improvement of accommodation facilities and provision of protection services for unaccompanied migrant children on the islands of Lesbos and Chios; support to two shelters run by the Hellenic Red Cross in Athens and Kalavrita

Grant implementation period: December 2017-June 2019

Grant impact: 237 children living in adequate conditions

Pancevo Prison

Serbia

Purpose: Construction of adequate detention facilities, with a capacity of 500 places

WBIF grant support: €3 million
€1.6 million from the EU and €1.4 million from WBIF Bilateral Donors

Activities covered by the grants: Project preparation and supervision; training of prison staff

Grant implementation period: 2012-2018

Grant impact: Pancevo Prison completed (500 places)

“We are impressed with the efforts of all stakeholders. The cooperation with the Ministry of Justice was very efficient and, to be honest, I did not believe the prison would be built in just two years.”

— CEB Governor

The WBIF is a blending facility established in 2009 as a joint initiative of the European Commission, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, and several bilateral donors. The Framework provides financing and technical assistance to strategic investments in the energy, environment, social, transport, and digital infrastructure sectors. It also supports private sector development initiatives. The World Bank Group, KfW, and AFD have subsequently joined the Framework.

The CEB has benefitted from more than €25 million in technical assistance and investment grants from the WBIF; €15 million constitute EU support, while the remainder represents contributions from WBIF Bilateral Donors and participating IFIs.
Financial activities in 2018
Treasury portfolios

The Bank’s balance-sheet assets include four Treasury Portfolios, including one Monetary Portfolio and three Securities Portfolios:

- **The Treasury Monetary Portfolio consists of short-term placements with maturities of up to 1 year.**

The strategic objective of this portfolio is to manage day-to-day cash flows in all required currencies.

Short-term placements with maturities of up to three months must have a minimum rating of BBB+ at the time of purchase. Short-term placements with maturities between three months and one year must have at least an A- rating at the time of purchase.

At 31 December 2018, the total value of short-term placements in this portfolio amounted to €1 358 million.

- **The Short-Term Liquidity Securities Portfolio consists of short-term securities with maturities of up to 1 year.**

These securities represent an alternative to bank deposits and complement the Treasury Monetary Portfolio in strengthening the Bank’s short-term liquidity position.

At the time of purchase, short-term sovereign bonds with maturities of up to three months must have a minimum rating of BBB, and short-term securities with maturities between three months and one year must have a minimum rating of A-.

At 31 December 2018, the total value of short-term securities in this portfolio amounted to €1 944 million.

- **The Medium-Term Liquidity Securities Portfolio consists of securities investments with maturities from 1 year up to 15 years.**

The strategic objective of this portfolio is to strengthen the Bank’s liquidity position, while achieving a satisfactory return.

Medium-Term Securities must have a minimum rating of A+ at the time of purchase.

At 31 December 2018, the total value of securities in this portfolio amounted to €1 991 million.

- **The Long-Term Liquidity Securities Portfolio consists of securities investments with maturities from 1 year up to 30 years.**

Securities in this portfolio are required to have a minimum rating of A+ at the time of purchase.

At 31 December 2018, the total value of securities in this portfolio amounted to €2 033 million.

Derivatives

In accordance with the Financial and Risk Policy adopted by the CEB’s Administrative Council, the Bank uses derivatives in an effort to hedge the market risks resulting from its lending, investment and financing transactions. As an end user, the Bank employs derivatives solely for hedging purposes.

At 31 December 2018, the breakdown of derivatives by type of hedge was 63% for bond issuances, 31% for loans and 6% for securities held by the Bank.

To guard against the risks inherent in these financial instruments, the Bank implements a strict management policy, the principles of which are described in Note B to the 2018 financial statements.

To limit credit risk, the Bank has signed collateral agreements with all of its swap counterparties. Thus, at 31 December 2018, all the CEB’s swap contracts were collateralised. The residual credit risk, calculated as the amount of positive market value not covered by collateral received, remained marginal.
Funding in 2018

Debt issuance

Subject to the annual borrowing authorisation set by the Administrative Council, the CEB issues debt in the international capital markets. In 2018, the Bank borrowed a total of €4.91 billion in eleven financing operations, including six re-opening transactions of existing issues, with maturities of one year or more. This amount is higher than the volume of financing in 2017, which stood at €2.99 billion and consisted of five funding operations including one re-opening of an existing issue. The 2018 funding programme fulfilled three main objectives:

• to cover the requirements arising from the Bank’s lending activity;
• to enable the Bank to honour its debt maturities;
• to enable the Bank to maintain liquidity at the level set by the Administrative Council.

To ensure the necessary funding to finance its activities, the Bank continues to combine benchmark transaction in major currencies targeting a broad range of institutional investors with debt issues in a given currency or with a more specific structure designed to meet specific investor demands.

In 2018, 73.3% of the funds raised by the Bank were denominated in Euros, 16.4% in US dollars and 9.4% in British pounds. These transactions enabled the Bank to diversify the markets in which its activities are financed while at the same time allowing for a broadening of its investor base.

In EUR, seven transactions were priced: A EUR 1 billion ten-year benchmark in January, the Bank’s second EUR 500 million seven-year Social Inclusion Bond in March, a new EUR 1 billion five-year benchmark in May and, between January and September, one EUR 250 million re-opening of the October 2022 benchmark and three re-openings totalling EUR 850 million of the August 2021 benchmark. As a result, the EUR market was the most important in terms of funding volumes in 2018.

In other currencies, one new three-year GBP 300 million issue was priced in late July and subsequently re-opened twice, for a combined amount of GBP 150 million, to bring the total amount to GBP 450 million.

After taking swaps into account, the total amount of funds borrowed was denominated in euros.

The average maturity of the issues launched in 2018 was 5.7 years, compared with 3.7 years in 2017. The table below shows funds raised in their original currencies.

Debt issued in 2018

<table>
<thead>
<tr>
<th>Payment</th>
<th>Maturity Date</th>
<th>Currency</th>
<th>Term (in years)</th>
<th>Nominal amount (in millions)</th>
<th>Lead manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>24/01/2018</td>
<td>24/01/2028</td>
<td>EUR</td>
<td>10.00</td>
<td>1000</td>
<td>Barc/BNP/CACIB/DB</td>
</tr>
<tr>
<td>05/02/2018</td>
<td>27/10/2022</td>
<td>EUR</td>
<td>4.72 (*)</td>
<td>250</td>
<td>Barc/Commerz</td>
</tr>
<tr>
<td>13/02/2018</td>
<td>12/02/2023</td>
<td>USD</td>
<td>5.00</td>
<td>1000</td>
<td>GS/HSBC/Nomura/TD</td>
</tr>
<tr>
<td>27/03/2018</td>
<td>27/03/2025</td>
<td>EUR</td>
<td>7.00</td>
<td>500</td>
<td>CACIB/DZ/GS/Rabo</td>
</tr>
<tr>
<td>24/05/2018</td>
<td>24/05/2023</td>
<td>EUR</td>
<td>5.00</td>
<td>1000</td>
<td>Commerz/JP/M/Natix/S/G</td>
</tr>
<tr>
<td>05/07/2018</td>
<td>31/08/2021</td>
<td>EUR</td>
<td>3.16 (*)</td>
<td>250</td>
<td>DZ Bank</td>
</tr>
<tr>
<td>25/07/2018</td>
<td>31/08/2021</td>
<td>EUR</td>
<td>3.10 (*)</td>
<td>350</td>
<td>TD/UniCredit</td>
</tr>
<tr>
<td>07/08/2018</td>
<td>15/12/2021</td>
<td>GBP</td>
<td>3.36</td>
<td>300</td>
<td>Barc/RBC/TD</td>
</tr>
<tr>
<td>25/09/2018</td>
<td>31/08/2021</td>
<td>EUR</td>
<td>2.93 (*)</td>
<td>250</td>
<td>BoA/HSBC</td>
</tr>
<tr>
<td>09/10/2018</td>
<td>15/12/2021</td>
<td>GBP</td>
<td>3.18 (*)</td>
<td>100</td>
<td>NatWest/Nomura</td>
</tr>
<tr>
<td>05/12/2018</td>
<td>12/12/2021</td>
<td>GBP</td>
<td>3.02 (*)</td>
<td>50</td>
<td>HSBC</td>
</tr>
</tbody>
</table>

(*) Re-opening of existing bonds
In 2018, in order to ensure the refinancing of the Bank’s loans and avoid cash gaps in the coming years, 72.4% of the issues carried out under the borrowing programme had final maturities of close to five years or more, compared with 37.8% in 2017.

The multi-currency EMTN programme was updated in December 2018. The Australian and New Zealand Dollar MTN (Australian programme) was last updated in September 2015 to adapt the legal framework of the Bank’s issues to changes in financial market regulations. The CEB’s Euro-Commercial Paper Programme was updated in December 2017.

**Trend in debt position**

At 31 December 2018, the outstanding debt represented by securities, excluding interest payable, amounted to € 18.9 billion, up from € 18.2 billion at the end of the previous year.

In 2018, the Bank did not repurchase any of its long-term debt and did not make any early repayments. The breakdown of debt by maturity is shown in the graph below.

**Debt outstanding by maturity as at 31 December 2018**

in million euros

<table>
<thead>
<tr>
<th>Year</th>
<th>Debt (in million euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>1000</td>
</tr>
<tr>
<td>2020</td>
<td>2000</td>
</tr>
<tr>
<td>2021</td>
<td>3000</td>
</tr>
<tr>
<td>2022</td>
<td>4000</td>
</tr>
<tr>
<td>2023</td>
<td>2000</td>
</tr>
<tr>
<td>2024</td>
<td>1000</td>
</tr>
<tr>
<td>2025</td>
<td>0</td>
</tr>
<tr>
<td>2026</td>
<td>0</td>
</tr>
<tr>
<td>2027</td>
<td>0</td>
</tr>
<tr>
<td>2028</td>
<td>0</td>
</tr>
<tr>
<td>2029 &amp; +</td>
<td>0</td>
</tr>
</tbody>
</table>
Governance and Human resources
Governing structure

The Bank is organised, administered and controlled by the following organs: Governing Board, Administrative Council, Governor, and Auditing Board.

Governing Board
The Governing Board consists of a Chairperson (Dominique Lamiot) and one representative from each member state.

The Governing Board sets out the general direction for the Bank’s activity, lays down the conditions for Bank membership, decides on capital increases and approves the annual report, the accounts and the Bank’s general balance sheet. It elects its own Chairperson and the Chairperson of the Administrative Council and appoints the Governor and the members of the Auditing Board.

Administrative Council
The Administrative Council consists of a Chairperson (Miglė Tuskiene) and one representative from each member state.

The Administrative Council exercises the powers delegated to it by the Governing Board, including establishing and supervising operational policies and approving investment projects submitted by the governments of the Bank’s member states. It also votes on the Bank’s operating budget.

Governor
The Governor is the Bank’s legal representative. He is the head of the Bank’s operations and responsible for the Bank’s staff (under the general supervision of the Administrative Council).

The Governor directs the Bank’s financial policy, in accordance with Administrative Council guidelines, and represents the Bank in all its transactions. He examines the technical and financial aspects of the requests for financing submitted to the Bank and refers them to the Administrative Council.

The Governor is Rolf Wenzel. He is assisted by two Vice-Governors: Carlo Monticelli (Financial Strategy) and Rosa María Sánchez-Yebra Alonso (Social Development Strategy).

Auditing Board
The Auditing Board is composed of three members appointed by the Governing Board. It checks the accuracy of the annual accounts after they have been examined by an external auditor.

The secretariat of the CEB’s governing, administrative and control organs is provided by the Secretariat of the Partial Agreement of the Council of Europe Development Bank (Head of the Secretariat of the Partial Agreement: Giusi Pajardi; Executive Secretary to the Organs: György Bergou).
Following a comprehensive external institutional review and internal consultations, the CEB restructured its organisation in order to strengthen efficiency while providing for better talent management and enhanced business development.

The new organisation structure enters into force on 1 March 2019.

From left to right
First row: Jérôme HAMILUUS, Director for European Cooperation & Strategy; Rosa María SÁNCHEZ-YEBRA ALONSO, Vice-Governor Social Development Strategy; Rolf WENZEL, Governor; Carlo MONTICELLI, Vice-Governor Financial Strategy.
Second row: Jan DE BEL, General Counsel; Rachel MEGHIR, Director for Evaluation; Thierry POREL, Director for Loans & Social Development; Monica BREZZI, Director for Technical Assessment & Monitoring; Katherine DELJOURA, Chief Compliance Officer; Carlo MANGOSI, Director for Internal Audit.
Third row: Arnaud VIOLETTE, Director for Risk & Control; Jacques MIRANTE-PÉRE, Chief Financial Officer; Terje HAGEN, Director of Corporate Services; Johannes M. BÖHMER, Executive Director.
Compliance

The Office of the Chief Compliance Officer (OCCO) ensures that the CEB’s commitment to integrity, anti-fraud and anti-corruption, high standards of ethics, and dedication to the prevention of money laundering and terrorist financing is integrated into all phases of the Bank’s project cycle. OCCO’s work is underpinned by an internal framework of rules and practices that cover all the key segments of compliance in an international financial institution, including internal procurement, investigations and complaint handling.

Over the past year, OCCO further advanced in the risk-based approach to the portfolio concerning Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) risks and integrity risks. In addition to an annual AML/CFT portfolio risk assessment, individual counterparties are screened and rated for a broad range of compliance risks.

Moreover, the CEB has introduced specific rules and guidelines on Market Abuse and has upgraded the processes against Non-Compliant and Non-Cooperative Jurisdictions, following established international standards set by reference bodies such as the EU, FATF, GRECO, MONEYVAL and the OECD Global Forum on transparency and exchange of information for tax purposes.

In line with our peer group in implementing the current data protection regulatory framework, OCCO has embarked on a data discovery and mapping exercise aimed at identifying and appropriately handling personal data.

In order to maintain a high level of compliance awareness among CEB staff and to ensure sharing of the latest developments and current affairs in the compliance sector, OCCO organises induction classes, annual training sessions, corporate games, and awareness events, and publishes regular newsletters.

In addition to this, the role of ‘compliance liaison officer’ in each Directorate was recently set up, as a means of promoting compliance horizontally within the organisation, and to ensure efficient awareness-raising and communication.

Internal Audit

Internal Audit (IA) is a permanent, autonomous high-level function in the CEB’s internal control system. IA aims to provide the Governor and the CEB’s controlling bodies with the assurance of effective and controlled businesses and operations.

The Internal Audit Charter articulates the purpose, standing and authority of the IA function. In an effort to ensure that its reviews are carried out independently and objectively, IA does not take part in any of the Bank’s operational activities.

IA examines whether the CEB’s activities are performed in conformity with existing policies, procedures and best practices, and assesses their associated risks. It also proposes recommendations for potential improvements.

Audit missions are conducted according to an annual work programme that is derived from a rolling multi-year risk-based audit plan.
Evaluation

Established in 2002, the Evaluation Department (EVD) continually strives to serve the Bank’s learning and accountability needs to the highest standards of professional integrity and independence. To this end, the year 2018 has been a period of innovation and transformation for EVD, in terms of subjects/sectors, products, and tools/processes.

Alongside the closure of an important evaluation cycle dealing with CEB housing operations targeted to specific vulnerable groups (returnees, migrants and Roma), the department initiated evaluation analyses in other sectors of high relevance and interest to the CEB, in particular, the Bank’s engagement in programmes targeting migrants and refugees, as well as financing of judicial infrastructure. Under its 2018 Work Programme, EVD thus prepared and conducted its first ever corporate-level evaluation of the Migrant and Refugee Fund, combining analysis of institutional processes with assessment of social results on the ground and their sustainability.

Evaluation findings and knowledge are regularly provided for the development and appraisal of new CEB-funded operations for the purpose of making use of lessons learned and improving applicable monitoring frameworks. To this end, a new process was developed and launched by EVD in 2018 – on a pilot basis – with the aim of enriching and reinforcing the dialogue on evaluation recommendations with the CEB’s operational directorates and promoting a participatory approach to identifying potential follow-up actions.

In parallel to its core evaluation work, the department has also been actively engaged in outreach activities, particularly in the housing sector. Thanks to the partnerships established and knowledge gained over the last few years, EVD has been repeatedly solicited by professional associations, international organisations and national governments to share its experience and the lessons learned from evaluated operations in the housing sector. Partaking in such initiatives contributes to the Bank’s visibility as an institution that is committed to social development goals in its member countries.

Corporate social responsibility (CSR)

ISS-oekom and Sustainalytics have renewed their sustainability assessments for CEB with the former upgrading the Bank’s rating to B- (‘Prime’) and the latter affirming the rating as ‘Outperformer’.

The CEB is a purpose-driven organisation that embeds CSR in all its activities. As a social development bank, the CEB seeks to promote, in particular the social dimension of sustainability. At the same time, the Bank is acutely aware of the numerous and pressing environmental challenges societies are facing, and therefore strives to address these, as well, through both its functioning and its financing activities. In practice, this means minimising the Bank’s own environmental footprint, strengthening employee engagement, and ensuring that CEB-funded projects improve people’s living conditions in Europe, while contributing positively to meeting environmental challenges.

All the Bank’s directorates and relevant departments are represented in an in-house network of CSR correspondents under the coordination of the Director of the Corporate Responsibility and Studies Department and the CSR Officer. The correspondents meet on a regular basis and discuss all sustainability-related topics.

The Bank’s performance is regularly assessed and measured by ESG (Environmental, Social and Governance) rating agencies. In late 2018, the CEB was upgraded by one notch to B-, a very solid rating, and had its ‘Prime’ status affirmed, following a comprehensive review of its corporate social responsibility performance by ISS-oekom, a major ESG rating agency. Sustainalytics, another well-known non-financial rating agency, also reviewed its assessment over the course of 2018. Sustainalytics affirmed its ‘Outperformer’ rating for the CEB.

Internal consultations commenced in 2018 on how to incorporate the UN Sustainable Development Goals (SDGs) into the Bank’s strategic framework and operations, as appropriate.

The CEB’s overall contribution to socially and environmentally sustainable development is reflected in the 2018 CSR Report, including the Global Reporting Initiative Index (GRI).
Human resources

Workforce
The CEB employs 206 permanent staff, 45% are men and 55% are women. There are 140 professional staff (44% are women and 56% are men) and 66 support staff (77% women and 23% men).

The average age of CEB staff is 48 years, with an average tenure of 11 years. Through its enhanced and streamlined recruitment process, the Bank hired 18 new staff members in 2018 – 11 women (1 at managerial level and 5 at professional level) and 7 men (6 at professional level). The Bank received 1,529 applications in response to the vacancies opened in 2018 – 772 from women and 757 from men.

The Bank continues to rely on high levels of expertise among its staff, which go beyond the traditional banking areas of finance, economics and risk management to include civil engineering, education, housing, and project management.

Gender strategy and programme
Over the years, as an international organisation, the Bank has fostered a culture of diversity and cohesion while striving to promote the rights and principles set out in the revised European Social Charter. Staff members are therefore entitled to equal treatment without direct or indirect discrimination, in particular on grounds of racial, ethnic or social origin, colour, nationality, disability, age, marital or parental status, sex or sexual orientation, and political, philosophical or religious opinions.

Moreover, in January 2018, the CEB launched its gender equality strategy. Essential input for the strategy was obtained through an employee survey, examining attitudes towards key areas including equal pay, recruitment and promotion opportunities, leadership development, and flexible working.

The CEB’s strategy outlines five objectives that it must meet if gender equality is to be achieved:
1. Strive to achieve at least 40% female representation at expert, middle and higher management levels.
2. Maintain the objective of a minimum of 50% female recruitments for higher management over the coming years with emphasis on the recruitment and internal promotion of women at expert, middle and higher management levels.
3. Improving awareness, e.g. senior management training on gender equality and diversity.
4. Provide women with opportunities for external coaching and in-house mentoring.
5. Mainstream gender into the CEB’s internal policies and processes.

EDGE certification
Another strategic action for 2018 was to embark on EDGE, a global assessment methodology and three-level business certification standard for gender equality. The CEB worked with EDGE to understand where it stands in terms of gender balance and equality, and where it needs to focus in order to achieve best practice in gender equality.

An audit report, including a peer benchmark, was prepared and served as a basis for an action plan as well as the first level of the EDGE certification. HR aims to reach the second level of EDGE Certification in 2020.
## Appendices: projects and loans

### Projects approved (per country)

In thousand euros

<table>
<thead>
<tr>
<th>Country</th>
<th>2018</th>
<th>2017</th>
<th>Accumulated total 2014-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014-2018 %</td>
<td>Amounts</td>
<td>%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Albania</td>
<td>44 630</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td>285 000</td>
<td>7.3</td>
<td>591 400</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>4 500</td>
<td>0.1</td>
<td>23 000</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>20 000</td>
<td>0.5</td>
<td>405 000</td>
</tr>
<tr>
<td>Croatia</td>
<td>100 000</td>
<td>2.6</td>
<td>190 000</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>300 000</td>
<td>7.7</td>
<td>970 000</td>
</tr>
<tr>
<td>Croatia</td>
<td>300 000</td>
<td>7.7</td>
<td>970 000</td>
</tr>
<tr>
<td>Croatia</td>
<td>255 000</td>
<td>6.5</td>
<td>1 252 400</td>
</tr>
<tr>
<td>Georgia</td>
<td>21 500</td>
<td>0.1</td>
<td>1 232 000</td>
</tr>
<tr>
<td>Croatia</td>
<td>10 000</td>
<td>0.3</td>
<td>282 700</td>
</tr>
<tr>
<td>Iceland</td>
<td>10 000</td>
<td>0.3</td>
<td>10 000</td>
</tr>
<tr>
<td>Ireland</td>
<td>85 000</td>
<td>2.2</td>
<td>518 000</td>
</tr>
<tr>
<td>Italy</td>
<td>447 000</td>
<td>11.5</td>
<td>947 000</td>
</tr>
<tr>
<td>Latvia</td>
<td>12 000</td>
<td>0.3</td>
<td>77 000</td>
</tr>
<tr>
<td>Lithuania</td>
<td>35 000</td>
<td>0.9</td>
<td>150 000</td>
</tr>
<tr>
<td>Malta</td>
<td>29 000</td>
<td>0.7</td>
<td>29 000</td>
</tr>
<tr>
<td>Moldova (Republic of)</td>
<td>22 000</td>
<td>0.1</td>
<td></td>
</tr>
<tr>
<td>Montenegro</td>
<td>58 000</td>
<td>0.4</td>
<td></td>
</tr>
<tr>
<td>Netherlands</td>
<td>40 000</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td>366 600</td>
<td>9.4</td>
<td>866 600</td>
</tr>
<tr>
<td>Portugal</td>
<td>550 000</td>
<td>14.1</td>
<td>2 302 475</td>
</tr>
<tr>
<td>Romania</td>
<td>80 000</td>
<td>2.0</td>
<td>320 000</td>
</tr>
<tr>
<td>Serbia</td>
<td>50 000</td>
<td>1.3</td>
<td>100 000</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>112 000</td>
<td>2.9</td>
<td>849 500</td>
</tr>
<tr>
<td>Slovenia</td>
<td>50 000</td>
<td>1.3</td>
<td>300 000</td>
</tr>
<tr>
<td>Spain</td>
<td>628 000</td>
<td>16.1</td>
<td>2 027 000</td>
</tr>
<tr>
<td>Sweden</td>
<td>200 000</td>
<td>5.1</td>
<td>360 000</td>
</tr>
<tr>
<td>“the former Yugoslav Republic of Macedonia”</td>
<td>107 000</td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>700 000</td>
<td>4.5</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>3 897 929</td>
<td>100.0</td>
<td>3 907 600</td>
</tr>
<tr>
<td></td>
<td>15 622 205</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

TOTAL: 3 897 929

100.0

3 907 600

100.0

15 622 205

100.0
## Loans disbursed (per country)

In thousand euros

<table>
<thead>
<tr>
<th>Country</th>
<th>2018</th>
<th>2017</th>
<th>Accumulated total 2014-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>13 800</td>
<td>0.5%</td>
<td>8 600</td>
</tr>
<tr>
<td>Belgium</td>
<td>42 500</td>
<td>1.5%</td>
<td>30 000</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>13 737</td>
<td>0.5%</td>
<td>10 500</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>60 000</td>
<td>2.1%</td>
<td>105 000</td>
</tr>
<tr>
<td>Croatia</td>
<td>37 776</td>
<td>1.3%</td>
<td>39 266</td>
</tr>
<tr>
<td>Cyprus</td>
<td>14 500</td>
<td>0.5%</td>
<td>23 000</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>150 000</td>
<td>5.4%</td>
<td>135 000</td>
</tr>
<tr>
<td>Finland</td>
<td>110 000</td>
<td>4%</td>
<td>90 000</td>
</tr>
<tr>
<td>France</td>
<td>121 830</td>
<td>4.4%</td>
<td>219 770</td>
</tr>
<tr>
<td>Georgia</td>
<td>1 323</td>
<td>0.05%</td>
<td>1 177</td>
</tr>
<tr>
<td>Germany</td>
<td>163 701</td>
<td>5.9%</td>
<td>333 151</td>
</tr>
<tr>
<td>Hungary</td>
<td>73 287</td>
<td>2.6%</td>
<td>73 050</td>
</tr>
<tr>
<td>Iceland</td>
<td>5 000</td>
<td>0.2%</td>
<td>5 000</td>
</tr>
<tr>
<td>Ireland</td>
<td>85 000</td>
<td>3.1%</td>
<td>30 000</td>
</tr>
<tr>
<td>Italy</td>
<td>212 000</td>
<td>7.6%</td>
<td>75 000</td>
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<tr>
<td>Lithuania</td>
<td>30 000</td>
<td>1.1%</td>
<td>30 000</td>
</tr>
<tr>
<td>Moldova (Republic of)</td>
<td>6 999</td>
<td>0.3%</td>
<td>6 616</td>
</tr>
<tr>
<td>Montenegro</td>
<td>8 467</td>
<td>0.3%</td>
<td>10 850</td>
</tr>
<tr>
<td>Netherlands</td>
<td>544 517</td>
<td>19.6%</td>
<td>50 000</td>
</tr>
<tr>
<td>Poland</td>
<td>550 405</td>
<td>19.8%</td>
<td>335 933</td>
</tr>
<tr>
<td>Portugal</td>
<td>5 000</td>
<td>0.2%</td>
<td>5 000</td>
</tr>
<tr>
<td>Romania</td>
<td>20 851</td>
<td>0.7%</td>
<td>49 266</td>
</tr>
<tr>
<td>Serbia</td>
<td>26 000</td>
<td>0.9%</td>
<td>37 000</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>3 963</td>
<td>0.1%</td>
<td>70 500</td>
</tr>
<tr>
<td>Slovenia</td>
<td>25 000</td>
<td>0.9%</td>
<td>30 000</td>
</tr>
<tr>
<td>Spain</td>
<td>197 000</td>
<td>7.1%</td>
<td>314 500</td>
</tr>
<tr>
<td>Sweden</td>
<td>48 280</td>
<td>1.7%</td>
<td>48 280</td>
</tr>
<tr>
<td>“the former Yugoslav Republic of Macedonia”</td>
<td>7 393</td>
<td>0.3%</td>
<td>24 722</td>
</tr>
<tr>
<td>Turkey</td>
<td>205 000</td>
<td>7.4%</td>
<td>159 289</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2 773 329</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>2 302 192</strong></td>
</tr>
</tbody>
</table>
## Projects approved (per counterparty)

<table>
<thead>
<tr>
<th>Country</th>
<th>Borrower</th>
<th>Project description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bosnia and Herzegovina</td>
<td>Partner Microcredit Foundation</td>
<td>Providing financing to private households, farmers and micro and small sized enterprises for energy efficiency projects, in order to help them reduce energy consumption.</td>
<td>2 500</td>
</tr>
<tr>
<td></td>
<td>MI-BOSPO</td>
<td>Partial financing of productive investment sub-loans for micro-enterprises, farmers and private households throughout Bosnia and Herzegovina, predominantly targeting women.</td>
<td>2 000</td>
</tr>
<tr>
<td>Croatia</td>
<td>HBOR</td>
<td>Construction of new premises for the gynaecology and paediatric services of the Rijeka clinical hospital centre and ancillary services.</td>
<td>50 000</td>
</tr>
<tr>
<td></td>
<td>Komerční banka, A.S.</td>
<td>Investment financing for the rehabilitation of rural and urban public infrastructure, improvement of the environmental quality and increase of energy efficiency through the provision of bridge, medium- and long-term financing to entities operating in the environmental domain.</td>
<td>100 000</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>SG Equipment Finance Czech Republic s.r.o.</td>
<td>Improvement of competitiveness of MSMEs and employment in the Czech Republic and the Slovak Republic by partial financing of fixed productive assets; and revitalisation and modernisation of public infrastructure through partial financing of public, private or mixed-ownership companies operating in the sector of public transport.</td>
<td>100 000</td>
</tr>
<tr>
<td></td>
<td>UniCredit Leasing CZ, A.S.</td>
<td>Productive investments in MSMEs to support job creation and preservation. The loan will also improve living conditions in urban and rural areas through part-financing of investments related to the revitalisation and modernisation of local public transportation.</td>
<td>100 000</td>
</tr>
<tr>
<td></td>
<td>City of Kuopio</td>
<td>Partial financing of municipal investments which include the renovation, refurbishment and extension of existing facilities, and the construction of new structures, such as several cultural sites or children day-care centres. Implemented investments will help the City of Kuopio to ease access to facilities and services, introduce energy-efficient solutions in the construction and use of facilities, bring new technologies across the city, and to promote more efficient and more shared use of facilities and take into account sustainable economy principles.</td>
<td>50 000</td>
</tr>
<tr>
<td>Finland</td>
<td>City of Tampere</td>
<td>Implementation of municipality investments reaching a large number of end beneficiaries with focus on children, pupils, young people and the elderly. Beneficiaries will also include persons from foreign cultural backgrounds, including refugees and/or migrants. Modern solutions will be brought to the living environment, such as better health treatment, accessible education and day care, modern sports and cultural life.</td>
<td>60 000</td>
</tr>
<tr>
<td></td>
<td>City of Turku</td>
<td>Renovation, refurbishment and extension of existing facilities, and the construction of new buildings in the City of Turku. Final beneficiaries will be children, young people, families, students, teaching staff, residents using municipal premises, the elderly, as well as people with disabilities and senior citizens living in serviced apartments.</td>
<td>50 000</td>
</tr>
<tr>
<td></td>
<td>City of Vantaa</td>
<td>Investments in municipal social infrastructure of the City of Vantaa, comprising both the construction of new structures and the restoration, renovation or extension of existing facilities, taking into account the increased foreign language speaking population. A significant share of the investments to be financed are located in areas with over 20% of foreign-born students.</td>
<td>60 000</td>
</tr>
<tr>
<td>France</td>
<td>SAS CYCLHAD</td>
<td>New phase of an earlier project approved in 2013 to part-finance the acquisition of a cancer treatment prototype system based on hadrontherapy technology, a new form of cancer treatment especially indicated for tumors resistant to chemotherapy and radiotherapy, or inoperable due to their localisation in vital organs.</td>
<td>42 000</td>
</tr>
<tr>
<td>Georgia</td>
<td>JSC Credo Bank</td>
<td>Partial financing of investment undertaken by MSMEs in rural and urban areas to support the creation and preservation of income generating activities, selfemployment and the creation and development of micro-enterprises.</td>
<td>5 000</td>
</tr>
<tr>
<td>Germany</td>
<td>City of Nuremberg</td>
<td>Construction and renovation of schools and early childhood facilities and the corresponding IT investments to digitalise schools.</td>
<td>80 000</td>
</tr>
<tr>
<td></td>
<td>Investitions-und Förderbank des Landes Niedersachsen - NBANK</td>
<td>Financing of municipal infrastructure credit in Lower Saxony, which will provide subsidised loans to municipalities and municipal enterprises for investments in municipal and social infrastructure. Subprojects are expected to cover the most pressing investment needs at municipal level, including for schools, daycare centres and retirement/nursing homes for elderly. The investments in social services’ provision capacity will also contribute to the long term integration of refugees, migrants and asylum seekers.</td>
<td>50 000</td>
</tr>
<tr>
<td></td>
<td>NRW Bank</td>
<td>Construction, rehabilitation and modernisation of municipal school infrastructure throughout North Rhine-Westphalia. Among others, the programme will respond to the need for capacity increase due to newly arrived refugee pupils with focus on the retention and development of the necessary foundations for inclusion, integration and successful school education.</td>
<td>200 000</td>
</tr>
<tr>
<td></td>
<td>Thüringer Aufbaubank</td>
<td>Modernisation of urban and rural infrastructure, including in energy efficiency, and support to job creation in MSMEs in order to promote the attractiveness and the development of the Land of Thuringa.</td>
<td>50 000</td>
</tr>
</tbody>
</table>
### Project Financing

<table>
<thead>
<tr>
<th>Country</th>
<th>Borrower</th>
<th>Project description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hungary</td>
<td>Magyar Fejlesztési Bank (MFB)</td>
<td>Support MSMEs for the creation and preservation of jobs via the enhancement of innovation and supplier activity and investments in environmental protection, health and rural development. Living conditions will be improved through the development of municipal infrastructure. As for protecting the environment, the loan will contribute to the funding of renewable energy production. Moreover, the loan will part-finance the activities of the Student Loan Centre, facilitating access to preferential funding for students in Hungary.</td>
<td>75 000</td>
</tr>
<tr>
<td></td>
<td>Government</td>
<td>Campus modernisation and rationalisation at the University of Physical Education in Budapest and at the University of Pécs.</td>
<td>92 000</td>
</tr>
<tr>
<td>Italy</td>
<td>Cassa Depositi e Prestiti S.p.A.</td>
<td>Partial financing of the construction, extension and rehabilitation of sports facilities and equipment at municipal level. The final beneficiaries will include local populations throughout the country, including young people and the elderly.</td>
<td>150 000</td>
</tr>
<tr>
<td></td>
<td>Istituto per il Credito Sportivo</td>
<td>Sub-projects will include (i) business lending to support microenterprises in the purchase of equipment and goods for their start-up or for the development of their businesses and (ii) family loans to assist vulnerable groups in responding to urgent and temporary financial needs in the fields of healthcare and education. Final beneficiaries will be aspiring entrepreneurs, vulnerable groups and, especially, migrants and refugees, who have little or no access to the standard banking system.</td>
<td>7 000</td>
</tr>
<tr>
<td></td>
<td>Permicro S.p.A.</td>
<td>The Phase II of Riga Technical University Education Infrastructure Programme includes renovation, rehabilitation and extension of existing structures and the construction of new buildings to modernise and extend university facilities.</td>
<td>15 000</td>
</tr>
<tr>
<td>Latvia</td>
<td>Rigas Tehniska Universitate</td>
<td>Improvement and renovation of municipal infrastructure, with a particular focus on energy-efficiency measures in the sectors of education, culture and health. Final beneficiaries will be the inhabitants of the concerned municipalities who will benefit from improved municipal buildings and public services at the lowest possible cost.</td>
<td>15 000</td>
</tr>
<tr>
<td>Lithuania</td>
<td>Sauluų Bankas</td>
<td>Partial financing, in the form of leases, of eligible investments undertaken by MSMEs operating in a wide range of sectors including construction, wholesale and retail or agriculture.</td>
<td>10 000</td>
</tr>
<tr>
<td></td>
<td>Santander Leasing S.A.</td>
<td>To improve the quality and access of population to pre-hospital emergency care services by upgrading the National Centre for Pre-Hospital Emergency Care’s fleet of ambulances.</td>
<td>12 000</td>
</tr>
<tr>
<td></td>
<td>Nationaal Energiebesparfonds</td>
<td>Energy-efficient investment projects for private home-owners and home-owner associations through the provision of low-interest rate loans.</td>
<td>100 000</td>
</tr>
<tr>
<td></td>
<td>Nederlandse Waterschapsbank N.V. (NWB Bank)</td>
<td>Financing of local authorities and government-backed institutions with activities related to social housing, health care, education, water and energy efficiency. The principal target groups are low-income households and vulnerable groups who are unable to find suitable housing on the market such as elderly and disabled persons, refugees and homeless persons.</td>
<td>300 000</td>
</tr>
<tr>
<td></td>
<td>Europejski Fundusz Leasingowy S.A.</td>
<td>Partial financing, in the form of leases, of eligible investment projects undertaken by MSMEs operating in a wide range of sectors including construction, wholesale trade, industry and manufacturing or retail throughout the country.</td>
<td>150 000</td>
</tr>
<tr>
<td>Poland</td>
<td>Pekao Leasing Sp. Zo.o.</td>
<td>Support to eligible investments undertaken by MSMEs operating in a wide range of sectors including construction, wholesale trade, industry and manufacturing, retail or agriculture.</td>
<td>150 000</td>
</tr>
<tr>
<td></td>
<td>Region of Podkarpackie</td>
<td>Partial financing of regional investment projects which include the renovation, refurbishment and extension of existing facilities, and the construction of new structures. Final beneficiaries include the inhabitants of the Region of Podkarpackie who will benefit from upgraded road and regional railway networks, equal and universal access to the cultural offer, and improved healthcare infrastructure throughout the region.</td>
<td>42 857</td>
</tr>
<tr>
<td></td>
<td>Region of Podlaski</td>
<td>Partial financing of investment projects for the construction of new roads and the renovation of existing ones, replacement of the fleet of regional diesel-engine buses and the modernisation, extension and improvement of regional hospital facilities and specialised units.</td>
<td>66 667</td>
</tr>
<tr>
<td></td>
<td>Region of Pomerania</td>
<td>Partial financing of regional investment projects which include the renovation, refurbishment and extension of existing facilities, and the construction of new structures (upgraded road network and improved healthcare infrastructure).</td>
<td>36 905</td>
</tr>
</tbody>
</table>
## Country | Borrower | Project description | Amount
--- | --- | --- | ---
**Portugal** | Empresa de Desenvolvimento e Infra-Estruturas do Alqueva S.A. (EDIA) | Investments foresee the installation of floating solar plants to power water pumping stations in the south east of Portugal, with the aim of reducing energy costs and the environmental footprint of EDIA’s irrigation systems. | 45 000
| Instituição Financeira de Desenvolvimento, S.A. | To provide access to financing for eligible MSMEs throughout Portugal for productive investments and working capital in view of supporting their sustainability, including energy efficiency, growth and the creation and maintenance of viable jobs. | 100 000
**Romania** | Roma Education Fund Romania | Loan proceeds will cover the bridge financing needs of the Roma Education Fund necessary for the implementation of programmes funded by EU and EEA / Norway grants. The programme will contribute to improving Roma access to quality education, reducing early school leaving and modernising and adapting the teaching methods. | 2 000
| Government | Partial financing of the construction of a medium and high security prison in the locality of Unguriu. In addition, there are plans for the construction of a penitentiary staff training facility in the town of Pantelimon and a centre for prison officer work capacity recovery in the locality of Rodbav. | 177 000
**Serbia** | Procredit Bank A.D. | Programme Loan is to promote job creation and economic growth by supporting small and medium-sized enterprises in Serbia. | 30 000
| Raiffeisen Leasing Serbia d.o.o. | Investments undertaken by MSMEs to support job creation and preservation throughout Serbia. Final beneficiaries will be the employees of MSMEs and job seekers. | 20 000
| Government | Improvement of healthcare infrastructure and upgrade of medical and non-medical equipment in public health institutions in around 20 towns throughout the country. | 200 000
**Slovak Republic** | Bratislava Water Company, Inc. | Long-term investments in water production and distribution, waste water collection and treatment to comply with water quality targets consistent with the EU Water Framework Directive. Investments will include those for further reduction of leakages as well as climate change mitigation measures. Final beneficiaries will be the inhabitants of the Bratislava region and parts of the Trnava and Trenčín regions. | 50 000
**Slovenia** | The Housing Fund of Slovenia | Part-financing of investments including apartment units for young people under the age of 30 in the proximity of the University of Ljubljana Student Housing compound as well as apartment units for low to middle income families and for the elderly in Ljubljana and Maribor. | 50 000
| Autonomous Community of Madrid | Partial financing of public budgetary expenses related to social care health programmes for vulnerable people such as the elderly, victims of gender violence and mentally and/or physically disabled. | 200 000
| Banco Santander S.A. | Partial financing of the construction of renewable energy plants such as photovoltaic, wind and biomass power plants aimed at improving protection of the environment and reducing CO2 emissions. | 200 000
**Spain** | City of Barcelona | Construction/reconstruction and upgrading of municipal infrastructure such as health care and senior centres, public schools, nurseries, local roads, public spaces, sport facilities, cultural heritage and public transport. Beneficiaries are the city of Barcelona’s 1.6 million residents including over 250,000 migrants who will benefit from higher quality public services and a better environment with fewer CO2 emissions. | 100 000
| Nuevo MicroBank | Partial financing of MicroBank’s lending to microbusinesses and individuals, such as immigrants and other persons with limited access to credit, with the aim of promoting job creation and enhancing social cohesion. | 100 000
**TOTAL** | | | 3 897 929
Notes for the reader

Title
Since its creation in 1956, the Bank has been known successively under three different names. Since 1 November 1999, it is known as the CEB-Council of Europe Development Bank.

Member states
At 31 December 2018, the Bank had 41 member states: Albania, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Holy See, Hungary, Iceland, Ireland, Italy, Kosovo, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Moldova (Republic of), Montenegro, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, "the former Yugoslav Republic of Macedonia"* and Turkey.

Articles of Agreement
The first Articles of Agreement were adopted by the Committee of Ministers of the Council of Europe on 16 April 1956 under Resolution (56)9. New Articles of Agreement, adopted by the Committee of Ministers on 16 June 1993 under Resolution (93)22, came into force on 18 March 1997 following their ratification by all the member states.

Target countries
Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Georgia, Hungary, Kosovo, Latvia, Lithuania, Malta, Moldova (Republic of), Montenegro, Poland, Romania, Serbia, Slovak Republic, Slovenia, "the former Yugoslav Republic of Macedonia"* and Turkey.

Project approved
A project that has been submitted to the Administrative Council and approved for funding.

Loan disbursed
A loan that has actually been disbursed to the borrower.

Loan tranche
Loans are disbursed in tranches, depending on the progress of the work, up to the maximum amount approved by the Administrative Council.

Financing commitment
Projects still awaiting financing and for which a framework loan agreement has been signed.

Social Dividend Account (SDA)
Funded mainly by the earmarked portion of the Bank’s shareholder approved annual results and used to finance grants in favour of high social impact projects. These grants may take the form of interest rate subsidies, technical assistance grants, loan guarantees or grant contributions.

Loans outstanding
Total amount of loans disbursed and not yet repaid.

Subscribed capital
Participating certificates issued by the CEB and subscribed by its members.

Called capital
Total capital paid in and to be paid in.

Uncalled capital
Difference between the subscribed capital and the called capital.

* further to the Agreement of 17 June 2018 which entered into force on 12 February 2019, as notified to international organisations on 14 February 2019, “the former Yugoslav Republic of Macedonia” became the Republic of North Macedonia - short name North Macedonia

Photo credits: