



**CEB**

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

# **Report on CEB and Donors**

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**2018**

# About the CEB

The Council of Europe Development Bank (CEB) is the only European multilateral development bank with a social mandate.

The CEB invests in social projects to improve the lives of the most vulnerable populations across Europe. Vulnerable populations often lack access to education, healthcare and decent housing. The Bank finances social infrastructure such as schools, hospitals and affordable housing. They also often face difficulties finding steady work; hence, the Bank also finances micro-enterprises and SMEs, which create jobs.

By promoting inclusive and sustainable growth, the Bank contributes to stability and shared prosperity across Europe.

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# 2018 at a glance

€ 1.5 million  
from Germany

€ 39.5 million  
from the European Union



€ 41 million  
in donor contributions  
to CEB trust funds

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The European Union is the largest donor  
to the CEB and a privileged partner

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More than **5000**  
vulnerable persons benefitted from grant-financed operations

# Foreword by the Governor



*Governor Wenzel visiting a donor-funded housing project for Roma families in Montenegro in October 2018*

The present report provides information on donor relations for 2018, which was yet another active year for the CEB in that respect.

In the course of 2018, the CEB continued to work closely with donors to make Europe more inclusive and resilient. During the year, donors provided once again substantial funding for the Bank's operations. In total, they contributed more than € 40 million.

Donors support the CEB because the Bank is a reliable partner who has a clearly-defined social mandate and consistently delivers strong results. Donors can be assured that their contributions to the CEB will benefit those most in need in a targeted way.

At the same time, donor support to the CEB is crucial for the Bank's activities. Thanks to donor contributions, the CEB has more resources at its disposal in order to address key social issues. For example, partnerships with donors enable the CEB to better help its member states cope with migrant and refugee inflows, in line with its core mandate.

The CEB looks forward to strengthening its collaboration with donors in the future.

Paris, 27 February 2019  
**Rolf WENZEL**

***“Together we are fostering robust and inclusive growth and improving people's lives across Europe.”***

## Donors and the CEB

Donors are key partners for the CEB. They help the Bank fulfil its social mandate by enabling the implementation of highly social projects.

Their grants, which the CEB often provides in conjunction with its loans, have a high social impact. The Bank uses donor funds to support projects that target those most in need, such as migrants and refugees. Donor grants finance both technical assistance and investment works. The technical assistance grants facilitate the design and implementation of projects, thus improving their viability. Investment grants finance part of the cost of projects, making them more affordable for borrowers.

Donors who contribute to CEB trust funds enjoy a number of benefits. Their contributions effectively help disadvantaged population groups and their support is widely publicised.

In terms of visibility, the Bank devotes a whole section of its website to donors. It also ensures that beneficiaries are made aware of the donor support received through billboards, plaques, and visibility events on project sites.

Donors can report their contributions as official development assistance (ODA), since the Bank is recognised by the Organisation for Economic Co-operation and Development (OECD) as eligible for ODA. Thus, donor funds provided for ODA purposes may be reported as such to the OECD.



**Donor contributions to date**

**1996**

Establishment of the first CEB trust fund, the Social Dividend Account

**23 years**

of donor support for the CEB's mandate

**€ 728**

million contributed by donors to CEB trust funds

**€ 520**

million made available by the European Union, the largest contributor to CEB trust funds

**€ 461**

million disbursed from CEB trust funds

*Inauguration of housing financed by the Regional Housing Programme in Montenegro, December 2018.*

*From left to right: Roberta Montecchi, UNHCR Representative in Montenegro; Judy Kuo, Deputy Chief of Mission, U.S. Embassy in Montenegro; Aivo Orav, EU Ambassador and Head of EU Delegation to Montenegro; Kemal Purisic, Minister of Labour and Social Welfare of Montenegro; Semiha Borovac, Minister for Human Rights and Refugees of Bosnia and Herzegovina; Robert Weber, Ambassador of Germany to Montenegro.*





Mira K. and her family in their new home provided by the Regional Housing Programme, in March 2018.

## At long last, a decent home

In 1995, Mira and Jovo K. and their six children fled their home in Raduc, Croatia. After crossing on foot through Bosnia and Herzegovina, they arrived in Belgrade, Serbia, only to be sent to Kosovo soon thereafter, together with other refugee families from Croatia. Faced with dire living conditions there, they decided to return to Serbia and settled, for seven years, in a half-destroyed house near the village of Bogatic. Eventually, Mira and Jovo found a job in Belgrade and were able to rent a house there.

In March 2018, Mira and Jovo moved into a new home in Ovca, a neighbourhood of Belgrade, together with their son Milos, his wife and their three daughters, alongside 234 other families. "This will mean a completely new and much better life for us as two of our daughters have arthritis, caused by the humidity in our previous home. I hope they will recover in our new, dry and sunny apartment," said Milos.

Their new home is provided by the Regional Housing Programme, a joint initiative of Bosnia and Herzegovina, Croatia, Montenegro, and Serbia. The Programme provides durable housing solutions for vulnerable persons who were displaced during the 1990s conflicts in the Western Balkans. It is managed by the CEB and is supported by the international community.

In 2018, approximately 4 000 vulnerable beneficiaries moved into new homes provided by the Regional Housing Programme. By the time the Programme is completed in 2021, it is expected that 34 000 persons will have a new home.

### Regional Housing Programme 2018 Highlights

€ 41

million raised from donors

4 000

beneficiaries accessed new homes

## The European Union, the main donor to the CEB

The European Union is the Bank's largest donor. 2018 confirmed this status: of the € 41 million raised by the Bank during the year, € 39.5 million or more than 95% come from the European Union.

The European Union and the CEB have a wide ranging cooperation. For instance, they collaborate on the construction of a hospital in Turkey. Financed by the Facility for Refugees in Turkey, this new facility will offer Syrian refugees and their host community better access to healthcare. They also work together on the Regional Housing Programme. This initiative provides homes to vulnerable persons who were displaced during the armed conflicts in the Western Balkans in the 1990s.

The partnership between the European Union and the CEB brings strong synergies. The Commission has policy expertise, while the CEB has experience in developing and implementing social projects. The Commission can provide subsidies, which the CEB can complement with loans.

One of the hallmarks of this partnership is that the European Union provides substantial funding for investments. For instance, the European Union provided € 193 million to finance housing in the framework of the Regional Housing Programme. These investment grants play a decisive role. By lowering the costs for beneficiaries, they enable the implementation of projects which may otherwise not take place.



Johannes Hahn

**Referring to the Regional Housing Programme, Johannes Hahn, Commissioner for European Neighbourhood Policy & Enlargement Negotiations, states: “The programme changes people’s lives. People who have lived for over twenty years often in dire conditions, now enjoy decent homes and can reintegrate in their former communities, or build new lives elsewhere.”**

## Donor countries, key partners for the CEB

Contributions made directly by donor countries are also crucial for the CEB. Over the last four years, twenty-two member states of the Bank, or more than half of all member states, have contributed to the Migrant and Refugee Fund. Thanks to their support, the Bank has financed twenty-four initiatives across Europe to ensure that displaced persons enjoy basic human rights. And support to the Bank is not limited to member countries. The Bank also has partnerships with non-member states, such as the United States of America.

In recent years, several member states also set up or replenished trust funds dedicated to technical assistance. In 2016, the Slovak Republic established the Slovak Inclusive Growth Account. In 2017, Italy set up the Italian Fund for Innovative Projects and Spain replenished the Spanish Social Cohesion Account. This funding enables the Bank to enhance the capacity of its borrowers to implement projects according to best practice.

The impact of technical assistance grants is exemplified by a project in Bosnia and Herzegovina in favour of internally displaced persons. As a result of the 1992-1995 conflict, almost half of the country's population were forced to leave their homes. Some of the most vulnerable displaced persons, namely the elderly, the chronically ill, physically or mentally disabled, unemployed, homeless persons and Roma, were unable to return home. They live in collective centres in dire conditions.

In 2013, the Bank approved a € 60 million loan to provide decent housing solutions to these persons and close the collective centers. To support the authorities of Bosnia and Herzegovina in implementing the project, several technical assistance grants were awarded, including two financed by Spain via the Spanish Social Cohesion Account. Thanks to this technical assistance, the implementation of the project is making significant progress. Works are now completed in two locations and ongoing in nine others. Once the project is completed in 2022, 8 500 persons will have decent living conditions.



*Beneficiary receiving the key to his new home in Bosnia and Herzegovina, in December 2018.*

## Support for justice sector reforms



In line with its core mandate of assisting migrants and refugees, the Bank allocates most of its grants to projects benefitting this population. However, it also uses donor funds to support other vulnerable groups.

In compliance with the core values of human rights and rule of law of the Council of Europe, the Bank helps several of its member states reform their judiciary sectors and improve the detention conditions of inmates.

Donor partnerships enable the Bank to do more in this field. In 2018, the CEB raised € 1.2 million from the European Union to help Montenegro reform its justice sector. The grant will finance technical assistance for the construction of new detention facilities in the city of Mojkovac. The new facilities will be built in line with European Prison Rules and best practices. They will also mark an important milestone in the justice sector reforms initiated by Montenegro in view of its accession to the European Union.

The project will capitalise on CEB's previous experience in implementing similar projects in the region. It is expected to benefit from a € 15 million loan from the CEB.

The grant is financed under the Western Balkans Investment Framework (WBIF). The CEB has benefitted from more than € 25 million in technical assistance and investment grants from the WBIF. € 14 million constitute European Union support, while the remaining originate in WBIF bilateral donors' and contributions from participating international financial institutions. Almost a third of the grants have supported judicial sector reforms in Bosnia and Herzegovina, North Macedonia and Serbia.

### Modern Detention Facilities Pancevo, Serbia

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

**WBIF grant support:** € 3 million

**Activities covered by the grants:**

Project preparation and supervision;  
training of prison staff

**Grant implementation period:** 2012-2018

**Grant impact:** Detention facilities were designed and implemented according to European Prison Rules in less than six years, local stakeholders have an enhanced capacity to build and operate prison facilities in line with the Rules

*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 Agence française de développement subsequently joined the Framework.*

# Migrants and Refugees: from reception to integration

The CEB was established more than sixty years ago to provide assistance to persons displaced during the aftermath of the second world war. Over the past sixty years, the Bank has gradually broadened its mandate. Nowadays, the Bank strives to make Europe more inclusive. Yet, assisting migrants and refugees remains a priority mission.

Therefore, the Bank reacted quickly in 2015 when refugees and migrants started crossing into Europe in large numbers. It set up a dedicated trust fund, the Migrant and Refugee Fund, and has since raised more than € 28 million. At the same time, it began awarding grants to its member states to build up their capacity to accommodate the migrants and refugees transiting through their territory.

Since then, the number of migrants and refugees crossing into Europe has significantly decreased. In 2018, they numbered 143 000, compared to one million in 2015. Yet, a sizable share of the migrants and refugees who have arrived in destination countries are expected to remain there. As a result, the Bank has gradually broadened its support: the CEB now also provides grants from the Migrant and Refugee Fund to help its member states integrate this population into their society.



## Reception project Sarajevo, Bosnia and Herzegovina

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**Purpose:** Improve access of migrants and refugees to food, water, sanitation and hygiene and shelter

**MRF grant support:** € 1 million

**Activities covered by the grant:** Setting up and operating for four months an additional reception/transit facility in the area of Sarajevo. The center will then be financed by the European Union

**Grant implementation period:** July 2018 - May 2019

**Grant impact:** The center will accommodate up to 550 persons





## Integration project Malmö, Sweden

**Purpose:** Foster educational achievement and social integration among students of migrant and refugee background

**MRF grant support:** € 500 000

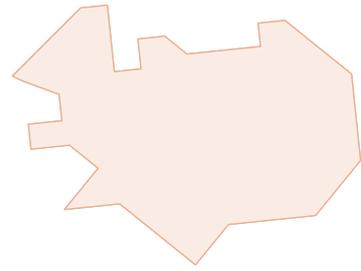
Activities covered by the grant: Supplementary education, cultural activities, coordination of work experience, study and career guidance, and citizen training workshops

**Grant implementation period:** January 2019 - December 2020

**Grant impact:** The project will involve 700 children per year over two years



# Key Data



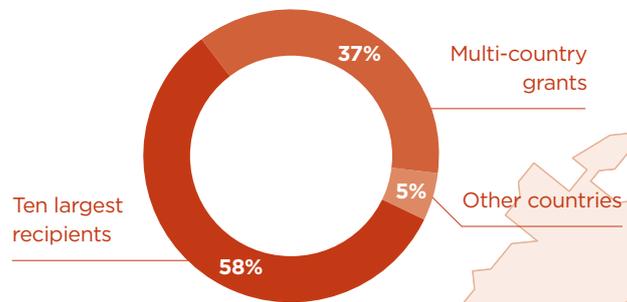
In 2018, the CEB raised € 41 million in donor contributions to CEB trust funds. All of the funds raised are earmarked for assistance to migrants and refugees.

As of December 2018, the Bank managed 26 trust funds, representing a total balance of € 169 million. During the year, the Bank disbursed € 49 million in grants.

## Donors

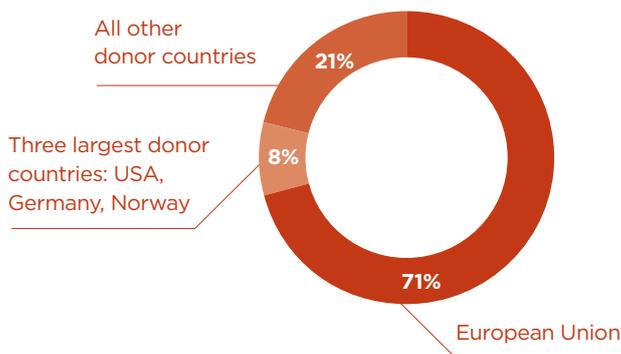
- European Union
- USA
- Germany
- Norway
- Western Balkans Investment Framework
- Italy
- Eastern Europe Energy Efficiency and Environment Partnership
- Switzerland
- Spain
- European Investment Bank
- France
- Sweden
- Slovak Republic
- Netherlands
- Denmark
- Finland
- Turkey
- Luxembourg
- United Kingdom
- Ireland
- Lithuania
- Cyprus
- Czech Republic
- Hungary
- Poland
- Albania
- Neighbourhood Investment Facility
- Romania
- Malta
- Holy See
- Bosnia and Herzegovina
- San Marino
- Iceland
- Bulgaria
- Liechtenstein

## Grants by country



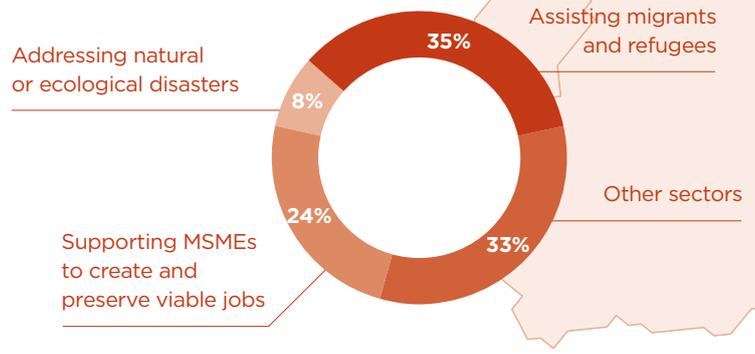
## Contributions by donor

**€ 728 million** since 1996

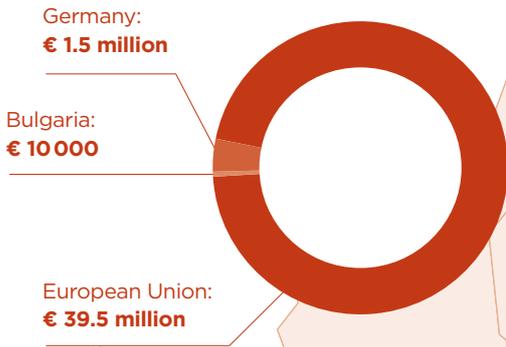


## Grants by sector

**€ 461 million** since 1996



### Contributions by donor in 2018



**10**  
largest recipients





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