

# The CEB and social integration

## About the CEB

The Council of Europe Development Bank (CEB) is a multilateral development bank with 39 member states. Placed under the Council of Europe's authority, its overall objective is to foster social cohesion, and it uses its resources and collaborates with other organisations to help its member states achieve sustainable and equitable growth.

The CEB offers customised services to its member states, including loans and technical assistance. Since its inception in 1956, the CEB has granted € 25 billion in loans. In 2006, the CEB approved loans worth € 2.5 billion for 37 projects spread over 18 countries, including 9 in Central and Eastern Europe.



Turkey

This brochure describes the CEB's work to strengthen social integration in all its countries of operation. It outlines its areas of expertise and main achievements to date in this field.

### ■ CEB's guiding principles for action

**S**trengthening social integration is one of the CEB's three sectoral lines of action, together with the development of human capital and the management of the environment.

The CEB seeks to strengthen social integration by tackling the roots of exclusion through the financing of projects related to:

- refugees, migrants and displaced populations
- housing for low-income persons
- creation and preservation of viable jobs
- improving living conditions in urban and rural areas
- improving infrastructure for administrative and judicial public services.

#### Refugees, migrants and displaced persons

Ever since its inception in 1956, the CEB has financed projects aimed at solving the problems faced by refugees, migrants and displaced populations in Europe.

The CEB also finances projects in favour of

populations regarded as vulnerable, such as:

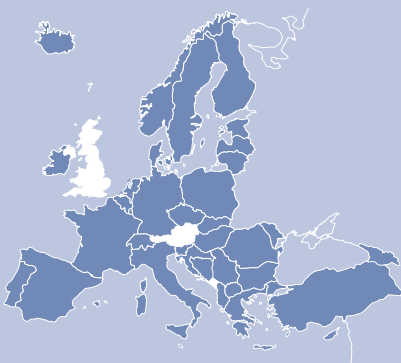
- persons living below the poverty threshold
- abandoned children, children at risk of marginalisation/social exclusion
- persons with disabilities
- ethnic minorities.

Eligible projects in this sector include:

- the construction and repair of reception structures (such as reception centres, temporary and permanent social housing)
- programmes of preventive and curative medicine
- education and vocational training
- technical infrastructure and basic equipment necessary to meet the immediate needs of victims of exceptional situations.

#### Housing for low-income persons

The CEB finances projects aimed at providing adequate housing for low-income population groups.



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Croatia

Eligible projects include access to property ownership, rental housing or related infrastructure (such as water mains, electricity and gas supplies, collection and treatment of waste water and solid waste, commercial premises, playgrounds), and can also cover rural housing needs (limited to the main home within the framework of family-run farming businesses).

The criteria that the CEB takes into account are income, the physical characteristics of the housing and the purchase and/or lease conditions applicable in each member country or in the region of the member country hosting the project, in compliance with legal and regulatory provisions in force.

## Creation and preservation of viable jobs

The CEB seeks to promote the creation and preservation of viable jobs by facilitating enterprises' access to credit for productive investment purposes. Eligible beneficiaries of CEB financing in this sector include micro-, small- and medium-sized enterprises (SMEs), as well as the craft industry or family-run businesses engaged in regular economic activity as their primary source of income.

The CEB adopts the SME definition that is applicable in the member state hosting the project. In the absence thereof, the EU definition is applied (i.e. fewer than 250 salaried employees; annual turnover below or equal to € 50 million; annual balance-sheet total below or equal to € 43 million; the share of capital held by a non-SME set-up to 25% maximum of the total capital of the SME).

To be eligible for CEB financing, the investments must involve the purchase of fixed assets or productive equipment, or the leasing thereof, allowing the creation and/or preservation of permanent and/or seasonal jobs. Micro-credit programmes targeting micro-enterprises are also eligible.

## Improving living conditions in urban and rural areas

The CEB seeks to contribute to improving the quality of life in urban and rural areas in disadvantaged regions. The CEB favours an integrated approach to urban and rural renewal and development strategies, for example those that combine social

housing projects with investments in related public and social infrastructure.

In urban areas	Projects related to rundown neighbourhoods or urban areas lacking in urban infrastructure or in social and cultural amenities.
In rural areas	Projects involving regions: <ul style="list-style-type: none"><li>• with a low population density, or</li><li>• where agriculture, forestry, aquaculture and fishing, as defined by national legislation, are the primary economic activity.</li></ul>

The CEB may finance projects, via national- or local-level public entities, involving the construction or rehabilitation of infrastructure related to urban rehabilitation and rural modernisation, such as:

- development of industrial estates
- utilities such as water mains, electricity and gas supplies, sewers, treatment of solid and liquid waste
- road network infrastructure and maintenance
- local transportation networks in rural areas
- basic educational and medical facilities
- socio-cultural or sports centres such as playgrounds, green spaces, exhibition sites, theatres and libraries
- irrigation networks in rural areas.

## Infrastructure for administrative and judicial public services

Since June 2006, the CEB may also finance projects for the construction or rehabilitation of infrastructure as well as the conversion of buildings into premises intended for public service use, in particular administrative and judicial public services.

Projects in this sector must exclusively concern buildings intended to remain under the aegis of national, regional or local government, or of technical agencies in which the aforementioned have a majority interest.

"The former Yugoslav Republic of Macedonia"

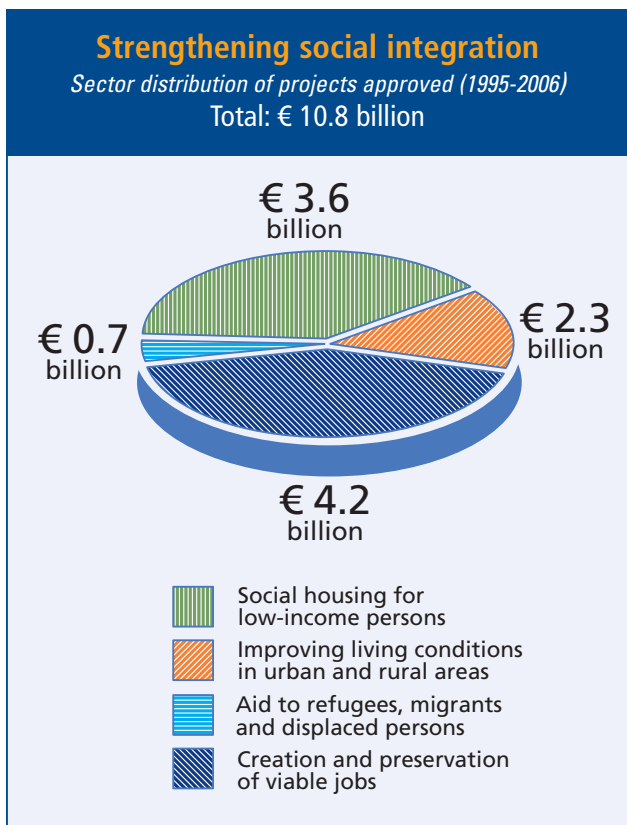


## ■ Achievements to date

By 2006, the CEB had approved a cumulative amount of **€ 21 billion** in loans for projects aimed at strengthening social integration, accounting for 59% of the total amount of approved loans since the CEB's inception.

Between 1995 and 2006, the cumulative amount of loans approved under this sectoral line of action was **€ 10.8 billion** (representing 46% of total loans approved in the same period) of which **€ 8.2 billion** have been disbursed.

In 2006 alone, loan approvals reached a total of **€ 1.4 billion**.



## ■ CEB financing

In order to respond to the specific nature of each project to which it contributes, the CEB offers flexible long-term financing solutions to its 39 member states, their regional or local authorities and public or private financial institutions. In this respect, the CEB grants long-term loans of up to 20 years, at attractive interest rates and usually carrying a deferred repayment period, reflecting the CEB's status as a non-profit institution.

The CEB finances up to 50% of the total eligible cost of projects. However, for Central and South Eastern European countries, this proportion may be higher in the case of public borrowers and for projects with particularly marked social effects. Investment costs not financed by CEB can be covered by public budgets, loans from other financial institutions, EU Structural or Cohesion Funds, grants, subsidies or end-beneficiary own funds.

Loans are granted in accordance with specific technical and social criteria and in strict compliance with public procurement rules. The CEB stands ready to assist the borrowers in preparing the project and loan applications, when needed.

## ■ The CEB's complementary activities

In addition to its traditional project financing operations, the CEB seeks to improve the quality of ongoing and future projects through ex post evaluation, whereby the social impact of its projects is assessed following completion.

Recent publications in the field of social housing issues include:

- In 2004, a sector report on Social housing in South Eastern Europe - Solving a puzzle of challenges was published in co-operation with the World Bank.
- In 2005, a report study on Trends and progress in social housing reforms in South Eastern Europe was published in co-operation with the United Nations Economic Commission for Europe (UNECE) and the Council of Europe.



Italy



Finland



Romania



# The CEB and social integration

## ■ Strengthening social integration: examples of CEB projects

The following projects illustrate the diversity of the CEB's intervention in this sectoral line of action to date:

### REFUGEES, MIGRANTS AND DISPLACED PERSONS

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- Bosnia and Herzegovina** Rehabilitation of some 1 100 houses damaged during the war to facilitate the return of almost 4 500 internally displaced persons now living in collective centres and alternative accommodations, thus contributing to the stabilisation of the return process.
- Hungary** Project for the social integration of Roma (social housing and education). The objective is to improve social housing conditions, promote education and social mobilisation and thus enable sustainable integration of Roma families currently living in segregated slum-type environments.
- Spain** Credit programmes aimed at strengthening social cohesion by facilitating access to housing credit for legal immigrant populations.

### SOCIAL HOUSING AND RELATED INFRASTRUCTURE

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- Denmark** Project implemented by Danish local authorities for the construction and renovation of public social housing for the elderly throughout the country.
- Poland** Construction and modernisation of approximately 12 500 social housing units intended for low-income families. This will enable over 40 000 people to gain access to rented social housing.
- Portugal** Construction of social housing and renovation of existing units by social housing providers (towns, municipal agencies, co-operatives and associations), and by private developers.
- Romania** Large scale social housing programme -targeting young people and low-income families- for the provision of around 22 000 social housing units.

### CREATION AND PRESERVATION OF VIABLE JOBS

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- Baltic countries** Credit programmes in support of women's entrepreneurship in the Baltic countries.
- New EU member states** Micro-credits to SMEs through assistance to credit institutions in eight of the new EU member states in developing their loan operations with SMEs.
- Turkey** Financing of productive investments carried out by either already existing or newly created SMEs throughout the country.

### IMPROVING LIVING CONDITIONS IN URBAN AND RURAL AREAS

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- Finland, Norway and Sweden** Several credit programmes for investments in municipal infrastructure, carried out by municipalities or federations of municipalities and businesses under municipal control.
- Hungary** Financing of municipal investments in order to improve the quality of life for the inhabitants.
- Poland** Construction and/or rehabilitation of urban public infrastructure in the Municipality of Warsaw and its 18 districts.
- Romania** Project co-financed with the World Bank to foster the implementation of small-scale sub-projects aimed at poverty alleviation and community-driven development in poor rural communities.

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