

40 member states

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Increased CEB support for public social infrastructure in the Central and South Eastern European countries

Paris, 3 March 2009

The CEB has to date contributed to the implementation and financing of around 10 billion euros worth of projects in the Central and South Eastern European countries. In the spirit of the declaration of the Conference of the Ministers of the Council of Europe responsible for social cohesion (Moscow, 27 February 2009), the CEB is anxious to reaffirm its full involvement as an international financial institution in the financing of projects in the region. In the current crisis situation, in particular, the CEB intends to play its full role, based on its mandate and its specific qualities, in coordination with the other multilateral development banks and the IMF.

- Faced with the impact of the crisis in the Central and South Eastern European countries, the CEB recently significantly intensified its role in the financing of social infrastructure, that is to say in support of projects whose social and economic impact can prove decisive in this period of crisis. In 2008, the Bank therefore determinedly maintained the level of its activity by intensifying its action, at geographical level, in the Baltic countries and in the Central and South Eastern European countries and, at sectoral level, in support of SMEs.
 - In terms of disbursements, the CEB operated an increase of **+ 58%** in the level of its financings for projects in the Baltic countries and the Central and South Eastern European countries in comparison with 2007, representing 1 billion euros in favour of these countries against 671 million euros in 2007: the disbursements in these countries thus represented 70% of all loans granted in 2008.
 - Moreover, the Bank played its full share in limiting the effects of the credit crunch by providing support for programmes in favour of SMEs: 900 million euros were thus approved in 2008 for SME financing, against 400 million euros the previous year, representing a more than substantial increase from one year to the next.
- These figures show the Bank's commitment in 2008, but the spreading crisis requires renewed efforts.
 - In effect, during the second semester 2008, it became increasingly apparent that the crisis was transferring from the financial sector to the real economy, resulting in a slowdown in economic activity and an increase in unemployment and precarity. The Bank's Management therefore wishes to propose to its member states to enhance support in the Baltic countries and in the Central and South Eastern European countries in order to strengthen the CEB's action in favour of investment projects by Governments aimed at creating public social infrastructure, thereby contributing to sustaining global dwindling demand and limiting the spread of the crisis.

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- In particular, within the framework of the Bank's mandate, this means enhancing its participation in investment programmes in the social housing, education, health and municipal infrastructure sectors. The project in Latvia (for the financing of projects concerned with education and urban and rural modernisation), approved at the Administrative Council meeting on 30 January last, comes within this framework. Numerous other projects corresponding to these different sectors are currently in preparation.
- These actions, which are focussed on strengthening social cohesion but which are of direct benefit to the real economy, thus come as a complement to the action undertaken in support of employment and SMEs.
- This is also what the Bank is striving to achieve within the framework of:
 - its co-financing of Operational Programmes with the European Union (such as those set up in Hungary and in Poland) or within the framework of the new dispositions concerning the promotion of energy efficient social housing
 - its enhanced coordination with European project support mechanisms such as the Neighbourhood Investment Fund (NIF) and the Infrastructure Project Facility (IPF)
 - and its increased coordination with the other multilateral development banks that take action in Europe on the basis of their respective comparative advantages (for example within the « Western Balkans Investment Framework »).
- All this will demand an increased effort in the coming years on the part of the CEB, which is counting on the support of its member states in this perspective. This is the prospect underpinning the reflection process currently underway with the Bank's shareholders within the framework of preparation of the next Development Plan for the years 2010-2014 that will be the subject of discussions during 2009.

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Set up in 1956, the **CEB** (Council of Europe Development Bank) has **40 member states**. 18 Central and Eastern European countries are listed among the member states.

As a major instrument of the policy of solidarity in Europe, the Bank finances social projects by making available to them resources raised in conditions reflecting the quality of its rating (**AAA** with Standard & Poor's, Fitch Ratings and Moody's). It thus grants loans to its member states, to financial institutions and to local authorities for the financing of projects in the social sector, in accordance with its Articles of Agreement.