

Resolution 2302 (2019)¹

The Council of Europe Development Bank: contributing to building a more inclusive society

Parliamentary Assembly

1. The Council of Europe Development Bank (“the CEB” or “the bank”), set up in 1956 as a partial agreement of the Council of Europe, serves its 41 member States by supporting social investment. Ties with the Council of Europe are at the heart of the CEB’s corporate identity and distinctive social mission in the global family of international financial institutions. Those ties have inspired thousands of field projects in the member States, whilst also underpinning the CEB’s evolving mandate and strategic vision.
2. Despite complexities in its economic, financial and regulatory environment, its relatively small size and certain structural rigidities, the CEB has shown a remarkable capacity to manage risks and support social investment with high added value in its member States. Over more than six decades of work, the bank has accumulated unique know-how and comprehensive experience in handling projects across countries with very different levels of development, institutional capacity and social needs. The Parliamentary Assembly encourages the CEB to keep scaling up its investment in countries which require more technical assistance and support for institutional capacity building.
3. The Assembly fully supports the CEB’s continued efforts to bolster sustainable and inclusive growth, the integration of refugees, displaced persons and migrants, as well as its emphasis on “green investment” in the light of the United Nations 2030 Agenda for Sustainable Development and the Paris Agreement on Climate Change. The Assembly believes that the ongoing discussions on the CEB’s next development plan for 2020-2022 represent the opportunity to highlight more explicitly the role the CEB can play in the collective mobilisation of its stakeholders towards the achievement of the United Nations Sustainable Development Goals.
4. Moreover, considering the growing emphasis on social rights within the Council of Europe, the Secretary General’s report to the Committee of Ministers (Helsinki, 16-17 May 2019) and the stated goal of building a more inclusive society, the Assembly believes that national policy makers together with the CEB should focus on the needs of the most disadvantaged population groups in both urban and rural areas. The Assembly appreciates that the bank’s thematic studies on the challenge of socio-economic inequalities in Europe could guide policy decisions and help structure future projects in this domain, with due attention to addressing the causes and effects of growing inequalities that lead to poverty.
5. The Assembly regrets that certain member States of the Council of Europe (Andorra, Armenia, Austria, Azerbaijan, Monaco, the Russian Federation, Ukraine and the United Kingdom) have not yet joined the CEB and encourages these eight States to reconsider their position in the interest of their populations.
6. The Assembly commends the CEB’s increased use of innovative financial instruments, direct financing to local authorities in its member States and public-private partnerships for social and sustainable development projects. Regarding the former, the Assembly notes that, in 2017, the CEB launched its first cross-sectoral loan aimed at giving local authorities greater flexibility to fund social infrastructure across overlapping sectors; and issued its first social inclusion bond, thus boosting its own capacity to fund priority

1. *Assembly debate* on 2 October 2019 (32nd Sitting) (see [Doc. 14961](#), report of the Committee on Social Affairs, Health and Sustainable Development, rapporteur: Ms Nicole Trisse). *Text adopted by the Assembly* on 2 October 2019 (32nd Sitting).



projects in the field of social housing, education and vocational training, as well as job creation. As a result, local and regional authorities were direct beneficiaries of CEB funding for about 33% of loans approved in 2018.

7. The Assembly welcomes the CEB's prudent management of capital resources and reserves. It notes that a regular allocation of annual profits to the reserves enables the bank to gradually increase its capacity to co-finance more projects with high social value. This capacity could increase even more significantly if the bank's stakeholders would consider keeping the door open to a new increase in the CEB's capital, replenishing more substantively the existing trust accounts and mobilising additional support from donors and partner institutions.

8. The Assembly appreciates the gradual reform progress with regard to the governance of the CEB in order to continue improving its efficiency as expressed in Resolution 434 (2018) of the bank's Governing Board, in particular concerning the review of the competencies, functions and number of vice-governors in due course. The Assembly encourages the Governing Board to persevere in this direction, notably in relation to the most consensual reform proposals, including those put forward in the last *CEB Strategic Review*.

9. The Assembly pays tribute to the devoted, professional and efficient staff of the CEB who are committed to the bank's mission and essential to the pursuit of its ambitions for the future in the smoothest way. This internal force based on "talent pools" with a sound gender balance, work experience and national diversity should be cultivated further by providing staff, both current and freshly recruited, with adequate personal development opportunities through training and mobility geared towards the mastering of new skills and competences such as in the areas of artificial intelligence and foresight.

10. In view of the above considerations, the Assembly recommends that the CEB's Governing Board:

10.1. continue to rationalise the bank's governance so as to optimise its internal structures and procedures towards more flexible and rapid decision making and a lighter voting system so as to update them in accordance with modern management practice of peer organisations;

10.2. use the ongoing discussions on the CEB's next development plan for 2020-2022 to:

10.2.1. align the bank's activities more closely with the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals to enable institutional capacity building in member States;

10.2.2. strengthen the bank's strategy towards assisting its member States to:

10.2.2.1. tackle more effectively the causes and consequences of socio-economic inequalities;

10.2.2.2. achieve greater territorial cohesion in the delivery of public services in both urban and rural areas, notably as regards access to education, health care, housing, mobility and employment;

10.2.3. support the bank's commitment to facilitating long-term integration of migrants and refugees, in particular through labour markets, educational and health-care facilities, as well as social housing;

10.2.4. consider enhancing loan activities aimed at developing multidimensional youth centres that provide vocational counselling and social care, promote civic engagement, cultural diversity and equal opportunities, and can offer child-care support for families in poverty or at risk of poverty, based on Recommendation CM/Rec(2015)3 on access of young people from disadvantaged neighbourhoods to social rights;

10.2.5. enhance support for the bank's efforts to generate new business opportunities in a challenging low-interest-rate environment, to raise funds via "thematic" bonds with specific social objectives and to develop further the internal environmental, social and governance screening/evaluation tools to help transform risks into opportunities;

10.2.6. ensure that, when screening projects for social impact, the CEB also refers, where relevant, to the annual conclusions of the European Committee of Social Rights (ECSR) in respect of individual countries;

10.2.7. foster the CEB's outreach to the Congress of Local and Regional Authorities of the Council of Europe in order to tap into opportunities to identify potential projects at local level and optimise the implementation of projects already approved;

10.3. consider reviewing the pertinence of the current criteria for defining the CEB's target countries and possibly update them in the light of progress in these countries' development;

10.4. strengthen links with the Council of Europe and explore options for improving the visibility of the CEB, such as through common communication channels, and attracting new States to join the bank;

10.5. exploit opportunities to use more extensively the know-how generated by various research institutions and think tanks, in particular the Organisation for Economic Co-operation and Development (OECD).

11. The Assembly looks forward to receiving the written reply of the Governing Board of the CEB to the above recommendations.