Social economy financing at the CEB

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The history of the CEB

• Development bank founded in 1956 to address WWII refugee issues
• **41 Member States**
• Investments geared towards social inclusion
• It provides loans and guarantees to member countries to finance projects to **meet social, economic and territorial cohesion** objectives:
  - Education and vocational training
  - Housing
  - Environment
  - Support job creation via MSMEs
Society’s pressing issues

- Social infrastructure gap + Post-crisis challenges (lack of fiscal space for investments) – around 60% of public investment in the OECD area is carried out by subnational governments

Investment needs to take into account the changing environment and the adaptation of welfare systems:

- Demographic changes
- Increasing inequalities and migrant crisis
- Future of work and high level of unemployment

At the same time, **diversity of needs** and **evolving priorities** in CEB member countries

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Responses

1. Respond to backlog of social investment: **not only infrastructure and new stakeholders**
2. Focus to support **vulnerable groups**
3. Widen the **product offer** further - social inclusion bond
4. Strengthen **social screening** and upgrade capacity to measure **social impact**
1. Evolving needs of social investment

• Respond to backlog of social investment: change in the service offer in traditional social sectors (health, education, housing)

• Service providers (non-profit organizations, housing associations, etc.) and role of social enterprises access to jobs and finance, and increase social cohesion

Italy: €6 mln to PerMicro which provides microloans to both micro-businesses and individuals. Role of community representatives and free mentorship.

Spain: €280 mln to Microbank (CaixaBank group) lending to both micro-firms and individuals, including immigrants and refugees, with limited access to credit.

France: €100 mln to Credit Agricole to support foundations, non-profit organizations and territorial authorities projects for social care, sport, health and education.

Bosnia and Herzegovina: €2.5 mln to non-profit Partner Foundation for microloans to low income households to improve efficiency in energy use in residential buildings. Technical Assistance to build Foundation capacity to measure impact.

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2. CEB activities to support vulnerable groups, including migrants

- **Rapid response** to the crisis situation in 2015
- **Addressing** long-term issues of refugees and displaced persons in the Balkans
- **Long-term integration** of migrants and other vulnerable populations

- **Migrant and Refugee Fund**
- **Regional Housing Programme**
- **Loan activity, blending (grant/loan) instruments**

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**German Federal States:** € 625 million approved in loans for social housing to socially-vulnerable groups and local infrastructure projects.

**City of Paris, France:** € 200 million loan to facilitate aid to refugees, migrants and displaced persons, including education infrastructure and vocational training.

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3. Widen product offer

**Borrowers**
- National government
- Regional/Local governments
- Promotional Banks (eg. KfW, CDP)
- Commercial banks

**Sectors of activities**
- Education and training
- Medical facilities
- MSMEs
- Local public transport and utilities
- Affordable housing
- Culture/sport/social welfare
- Integration of migrants
- ….

**Instruments**
- Programme /Project loans
- Cross-sectoral loan programs
- Public Sector Financing Facility
- EU Co-financing Facility
- Guarantees
- SPVs

**Social inclusion bond** (EUR 500 mln) to support job creation and preservation in MSMEs, social housing, education and vocational training

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4. Improve social screening, monitoring and impact measurement

- Methodology to assess E&S risks of projects in 2017 (coordinated with other MDBs)
- CEB technical support at project design to enhance social value of projects and mitigate implementation risks.
- Dialogue with Borrowers
- Surveys, studies and social impact evaluation

Environmental and Social Safeguards Policy (Nov. 2016)

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Thank you for your attention

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