



Doc. 11306
15 June 2007

Activities and orientations of the Council of Europe Development Bank

Report
Committee on Economic Affairs and Development
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Summary:

The report reviews the activities of the Council of Europe Development Bank (CEB) over the 2004-2006 period and notes the sound overall performance of the Bank, in keeping with its mission to assist vulnerable populations and to respond to development and reconstruction needs in disadvantaged regions, especially as a result of natural disasters and forced population movements. The CEB's social vocation is what distinguishes it from other banks and furthers the Council of Europe's values in building a more just and harmonious society in Europe.

As the action of the CEB and the Council of Europe is complementary and mutually beneficial, this relationship could be further strengthened regarding the identification and preparation of worthy projects. Thus, the Action Plan of the 3rd Council of Europe Summit in Warsaw in 2005, the Council of Europe's 2004 Strategy for Social Cohesion and the Action Plan 2006-2015 for People with Disabilities lay out a vast field of action for member states and the two institutions. A number of Council of Europe countries (Andorra, Armenia, Austria, Azerbaijan, Monaco, Montenegro, the Russian Federation, Ukraine and the United Kingdom) are strongly encouraged to join the Bank at the earliest opportunity.

The report welcomes an intensified geographical redeployment of CEB funding towards the target group of countries in central, eastern and south-eastern Europe over the past few years, from 48% of projects approved in 2004 to 80% in 2006. It expresses hope that this trend will be sustained in the future and that the CEB will further focus its funding on its *non*-European Union member states. The report also advocates closer contacts with the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) with a view to taking advantage of their country presence and expertise as well as co-financing projects in the CEB's target countries.

A. Draft recommendation

1. The Parliamentary Assembly has examined the activities of the Council of Europe Development Bank (CEB) over the 2004-2006 period. It has noted the sound overall performance of the Bank in keeping with its mission to assist vulnerable populations and to respond to development and reconstruction needs in disadvantaged regions, especially as a result of natural disasters and forced population movements. The CEB's social vocation is what distinguishes it from other banks and furthers the Council of Europe's values in building a more just and harmonious society in Europe.

2. The Assembly welcomes the recent accession of Ireland and Georgia to the CEB and an intensified geographical redeployment of CEB funding towards the target group of countries in central, eastern and south-eastern Europe over the past few years from 48% of projects approved in 2004 to 80% in 2006. It hopes that this trend will be sustained in the future, thus allowing the CEB to concentrate an even larger share of resources on its *non*-European Union member states, in particular Albania, Bosnia and Herzegovina, Moldova, Serbia, "the Former Yugoslav Republic of Macedonia" and Georgia, that face specific development problems and difficulties in accessing international financial markets on favourable terms.

3. The action of the CEB and the Council of Europe is complementary and mutually beneficial. This relationship could be further enhanced, especially as regards the identification and preparation of worthy projects. The Assembly, in this context, recalls the Council of Europe's 2004 Strategy for Social Cohesion pointing out that there has to be a special commitment of the governments of member states to protect the human rights of people who are at risk of becoming vulnerable, such as children, the young, migrants, ethnic minorities, people with disabilities and the elderly. This responsibility needs to translate into specific actions at national level by making the best possible use of national resources and, where appropriate, benefiting from the CEB and Council of Europe experience and capacities in this domain.

4. The recently published Council of Europe Action Plan 2006-2015 for people with disabilities opens up a vast field of action for member states as the estimated proportion of persons with disabilities – due to disease, accidents and disabling conditions among the elderly – in Europe is 10-15%, and that number is expected to grow steadily as a result of increasing life expectancy and population aging. Council of Europe member states should accordingly intensify co-operation with the CEB and present more bankable projects aimed at implementing this Action Plan at national level.

5. Further to the Action Plan of the Warsaw (3rd Council of Europe) Summit of 16-17 May 2005, new activities for the training of magistrates, justice system managers, administrators, civil servants and government officials, as well as support for administrative and judicial public services, will widen the Bank's scope of work. They can contribute to improved functioning of the justice systems in member states, facilitate co-operation with the European Court of Human Rights and prevent repeated violations of human rights. Countries like the Russian Federation, Ukraine, Armenia and Azerbaijan could gain particularly from these new areas of activity but they first and foremost need to join the Bank. The Assembly hopes that the CEB will soon be in a position to co-finance the first projects in this domain.

6. The Assembly welcomes the CEB's reinforced project evaluation capacity through the creation of the Ex Post Evaluation Department thus enabling the Bank to better assess its own performance, evaluate the efforts of its partners, optimise its administrative capacities, adjust operational management and draw lessons for more ambitious and targeted future action. The CEB's technical assistance, including through interest rate subsidies and donations, and the monitoring throughout the project cycle could also be strengthened. Towards this end, it seems necessary to increase the human resources of the Bank.

7. As the CEB has no field presence in its member states, closer contacts with the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB), with a view to taking advantage of their regional presence and expertise, could prove highly useful, not least in the framework of bilateral co-operation agreements and the co-financing of projects with these institutions, especially in the CEB's target countries.

8. In conclusion, the Assembly recommends that the Committee of Ministers:
 - 8.1. consider ways of enhancing Council of Europe-CEB co-operation on identifying and preparing projects in the target group of countries in central, eastern and south-eastern Europe;
 - 8.2. strongly encourage Council of Europe member states that are not yet members of the CEB (Andorra, Armenia, Austria, Azerbaijan, Monaco, Montenegro, the Russian Federation, Ukraine and the United Kingdom) to join the Bank at the earliest opportunity;
 - 8.3. urge the CEB's member states to:
 - 8.3.1. accelerate the identification and preparation of projects under national programmes for social cohesion and action plans for people with disabilities, with a view to presenting projects for CEB financing;
 - 8.3.2. on the example of the Norwegian Trust Account, consider allocating additional resources for enhanced CEB activity in eastern and south-eastern Europe, especially as regards project preparation, feasibility studies, technical assistance and micro-loans;
 - 8.3.3. support the strengthening of the CEB's project evaluation and follow-up capacities with an adequate increase in human resources;
 - 8.3.4. strengthen the action of the CEB's Auditing Board with a view to supervising more closely the use of representational expenditure;
 - 8.4. propose that the CEB:
 - 8.4.1. enhance project co-ordination with international financial institutions and seek working synergies with the EBRD and the EIB in target countries;
 - 8.4.2. pay increasing attention to the co-financing of projects in non European Union member states;
 - 8.4.3. reinforce staff resources in order to strengthen the monitoring of projects, including more frequent random spot checks, especially with regard to the indirect loan programmes;
 - 8.4.4. consider publishing more information on its mission, projects and operating principles for the attention of the general public in the languages of the target group of countries;
 - 8.4.5. enhance technical assistance, where appropriate with the Council of Europe, for project pre-feasibility, feasibility and needs assessment studies in target countries and support measures for projects approved in these countries in order to improve their fund management and absorption capacity, and to accelerate project implementation;
 - 8.4.6. gradually phase out indirect loans through intermediary banks and in the meantime to increase its control over the financing conditions applied by the intermediaries to the final borrowers;
 - 8.4.7. promote increased geographical diversification of its staff, especially as regards senior management positions.

B. Explanatory memorandum by Mr Márton Braun, Rapporteur

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I. Introduction: background and general overview

1. The Council of Europe Development Bank¹ (the CEB or the 'Bank' in short) - the longest standing bank in Europe - is nearly as old as the Council of Europe itself. Set up in 1956 by the Council of Europe's Committee of Ministers as a Partial Agreement to assist the resettlement of refugees and displaced persons in post-war western Europe, last year it celebrated its 50th anniversary.

2. Starting with just 8 founding members and modest means (equivalent to € 5.7 million), the CEB has gradually expanded to cover 39 countries² and new areas of activity. Thus, over the 1976-1989 period the first increase in capital and new members gave the Bank impetus for enhanced involvement in the continent's South while the years since 1989, marked by the reunification of Europe's East and West, brought in a new focus on vast development needs in the eastern new member states of the CEB. The latest Bank's development plan accentuates social development projects in these latter countries, deeming social rights inseparable from human rights and also explicitly recognising a compromise needed between economic growth and environmental protection.

3. We should note that Andorra, Armenia, Austria, Azerbaijan, Monaco, Montenegro, the Russian Federation, Ukraine and the United Kingdom are not yet members of the CEB and therefore neither contribute to, nor benefit from its action.

4. The PACE has closely followed the work of the Bank ever since its inception: first, through its Committee on Migration, Refugees and Population, and, since 2000, through its Committee on Economic Affairs and Development. In July 2005, Mr Schreiner and others tabled a motion for a resolution on the 'activities and orientations of the Council of Europe Development Bank' (Doc. 10633) which was subsequently referred to the Economic Committee for report. The Committee's Rapporteur intends to present a report for debate in the Assembly in June 2007, hopefully in conjunction with the debate on the European Bank for Reconstruction and Development (EBRD).

¹ Called 'the Council of Europe Social Development Fund' until 1999 and originally 'the Resettlement Fund'.

² Albania, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany Greece, Holy See (an observer state of the Council of Europe), Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Moldova, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, "the former Yugoslav Republic of Macedonia" and Turkey.

5. In his motion for a resolution Mr Schreiner recalled the value of the Assembly in ensuring the parliamentary oversight of several international organisations which do not have a parliamentary branch (giving ECMT, OECD and EBRD as examples) through regular debates on their activities and future orientations. He regretted that the Council of Europe's own Bank received less attention and proposed that the CEB work be considered during a debate which could be modelled on the annual debate on the contribution of the EBRD to economic development in central and eastern Europe.

6. This report will review the Bank's performance over the past few years (mainly 2004-2006), follow-up given to earlier recommendations of the Assembly and to the 3rd Council of Europe Summit, and cooperation with partner institutions. The Committee on Migration, Refugees and Population will for its part provide a contribution in its opinion on the refugee-related aspects of the Bank's work. The Rapporteur is grateful to the representatives of the Bank, especially Mr Lars Kolte, Chairman of the Governing Board, and Mr Apolonio Ruiz-Ligero, Vice-Governor, as well as the Secretariat of the Partial Agreement on the CEB, for all the information and assistance provided in the preparation of this report.

II. The Bank's mission, resources and functioning

Mission and activities

7. The CEB is a multilateral development bank with a social vocation. Its mission – financing social development and reconstruction projects in favour of disadvantaged populations and regions – includes social cohesion as a priority following the 2nd Council of Europe Summit (Strasbourg, 10-11 October 1997) and, following a call contained in the Action Plan of the Warsaw (3rd Council of Europe) Summit of 16-17 May 2005, is on the point of further widening towards the implementation of policies aimed at the consolidation of democracy, rule of law and respect for human rights (such as through the training of magistrates, civil servants and other participants in public life, as well as the organisation, operation and infrastructure of administrative and judicial public services).

8. The Bank's activities span various sectors: education, vocational training, public health, social housing, and job creation (especially in SMEs), as well as urban and rural development, environmental protection and heritage conservation. Its projects aim to improve living standards in the less favoured and disaster-stricken regions of member states, with an increasing emphasis on central and south-eastern Europe. Now that 10 out of 17 so-called 'transition countries' have joined the EU and have privileged access to the EU's financing instruments, there are compelling reasons for the CEB to seek synergies with the EU for the co-financing of development projects in these countries and to further concentrate its own financing on the non-EU countries with the greatest development needs.

Resources

9. Preserving the right balance between sound banking and social purpose is vital for the CEB's ability to provide 'good value for money' loans for socially oriented projects in the framework of its mission. As the Bank receives no annual contributions from its member states, its lending relies on its own resources – that is, paid-up capital, reserves and profits – and capital raised on financial markets. The Bank's *own assets* (equity) currently stand at € 4.7 billion (i.e. €3.4 billion in *subscribed capital* and € 1.3 billion in *reserves*). In addition to the last formal capital increase in 1999, the CEB's financial basis is strengthened each year by the accumulation of reserves through the allocation from the Bank's annual profits (equivalent to about € 75 million per year as foreseen in the medium-term Development Plan) and occasionally the subscriptions of capital by new members.

10. The CEB is rated as the *top* 'AAA' with Standard & Poor's, Fitch Ratings and Moody's. This enables the Bank to access international financial markets on the best possible terms and thereby to minimise the cost of loans to its clients. The Bank has enhanced conformity with international prudential standards and its profit (€ 88.5 million in 2005 and € 88.1 million in 2006) has been generally steady, principally due to high net banking income, moderate increases in operating expenses and relatively low releases from provisions. Such stable performance has enabled the CEB to build up massive reserves and has placed it among the best performing multilateral financial institutions in terms of return on equity.

Functioning and management

11. The Bank operates by issuing **long-term loans to its members, local or regional authorities and financial institutions** (public or private), but not to private persons or enterprises. Loans are processed in accordance with a set of precise criteria from a sectorial, geographic and social point of view, and all requests for project financing must be endorsed³ by the national authorities of the country concerned, be backed by sufficient guarantees⁴ and be submitted via the Secretary General of the Council of Europe. Although it is the applicant's responsibility to prepare the application, the Bank increasingly assists its clients in the preparation of their projects.

12. The rates for lending, whether fixed or variable, are based on the Bank's cost of funds – currently at advantageous 'AAA' conditions (comparable to the **London Inter-Bank Offer Rate** or **LIBOR**) – plus a modest margin which under certain circumstances can be further lowered through an interest rate subsidy facility called the *Selective Trust Account* (see description below). The duration of credit may extend to 15 years, with a possible grace period of up to 5 years. At present the Bank is two to four times more competitive in terms of a margin on the cost of funds (on average 0.2% - 0.25%) when compared to similar institutions – such as the World Bank and the European Bank for Reconstruction and Development – that provide loans with, respectively, 0.57% and 1% margins.

13. Following examination from the financial and technical angles by the Bank's staff, **loan applications** are examined by the Bank's Administrative Council, with the Secretary General of the Council of Europe giving an opinion as to the project's admissibility from the political and social points of view. The CEB finances up to 50% of the total eligible cost of projects but may go up to 90% in the countries of central and south-eastern Europe and the priority fields of action. Projects selected must be subject to tenders in accordance with the relevant regulations⁵.

14. Although the CEB mainly issues loans, it can exceptionally grant interest rate subsidies and donations through **the Selective Trust Account** for certain loans concerning high priority projects or in order to respond to financing needs in situations of extreme emergency in eligible countries. The Account is fed through allocations from the Bank's profits and by voluntary contributions from member states (any country and international institutions can also contribute to this account).

15. In 2006, the Bank started the process of adjustment in its rules and provisions on project financing policies as a follow-up to the **recommendations of the 3rd Council of Europe Summit**. This process is also aimed at enhancing the coherence of the Bank's framework for action and streamlining its capacity of financing.

16. The CEB's management consists of the following bodies: the **Governing Board**, currently chaired by Mr Lars Kolte and comprising one representative per member state (ambassadors and representatives to the Council of Europe); the **Administrative Council**, at present chaired by Mr Rainer Steckhan and also comprising one representative per member state (usually from a national ministry of finance or a central bank); the **Governor**, Mr Raphaël Alomar, assisted by three Vice-Governors; and the **Auditing Board**, consisting of three members chosen from among the member states in turn. Staff members of the Council of Europe provide the Secretariat of this Partial Agreement. In addition, 141 permanent staff members from 24 countries (at the end of 2006) were working for the Bank's administration under the authority of the Governor.

³ Both the project and the applicant need to have such support.

⁴ The CEB normally accepts guarantees offered by the member state government, local authority or a first class financial institution.

⁵ For a complete set of eligibility criteria, the processing of loan applications and the monitoring of project implementation see the CEB Policy for Loan and Project Financing of June 2006 on www.coebank.org.

17. The Bank's headquarters are located in Strasbourg while the administration is based in Paris. Although it is attached to the Council of Europe and subject to its supreme authority, the Bank enjoys full autonomy in decision-making and management.

III. The Bank's activities in 2004-2006

18. The last three years of the CEB's work were marked by a number of milestone events. **In 2004**, the CEB was the first international financial institution to implement **a new prudential system** – in line with the Basle Committee recommendations on measuring solvency, strengthening the liquidity level and capacity building through improved risk control. This led to a moderation in the volume of loans portfolio and significantly increased profit (up by € 28 million or 33% from € 87 million in 2003) and assets. Another welcome outcome was a hike in operations in the transition countries, which was also no doubt facilitated by the accession of ten countries of central and eastern Europe to the EU and corresponding upgrades in their ratings. That year the Bank also enlarged with first Serbia and Montenegro then Ireland joining as **new members**. Moreover, in January 2007 Georgia became a CEB member.

19. Following the successful conclusion of its 1999-2004 Development Plan, the Bank's steering bodies adopted **a new medium-term plan for the 2005-2009 period**. This new activity framework clearly anchored as principle objective a further increase in the CEB's operations for social development in central, eastern and south-eastern Europe with a view to devoting at least half of new loans to a target group of countries (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Moldova, Poland, Slovak Republic, Romania, Serbia and Montenegro⁶, Slovenia, "the former Yugoslav Republic of Macedonia", Turkey and, lately, Georgia) which altogether represent less than 17% of the CEB's subscribed capital.

20. To that end, **the CEB's partnerships with other financial institutions and international organisations** (such as the European Union, the EBRD and the United Nations specialised agencies) would be tightened to enhance visibility of multilateral expertise and risk sharing, and complementarity through co-financing. The evolving action plan also foresees **increased recourse to the resources of trust accounts**, especially in favour of projects in Balkan countries, and greater CEB involvement in assistance and monitoring regarding policy dialogue and project preparation, as well as ex post evaluation. Further to recommendations put forward by the 3rd Summit of Heads of State and Government of the Council of Europe, the Bank has undertaken **to adjust its rules concerning project financing** (see chapters below).

21. The CEB's balance sheet and accounts for 2005 were presented for the first time **in compliance with International Financial Reporting Standards (IFRS)** as adopted for use by the European Union. Some figures for 2004 have also been aligned to IFRS methodology (see table 1 in the appendix). Judging from the reports of the external auditor (PricewaterhouseCoopers Audit) and the CEB's Auditing Board, the CEB accounts are fully in conformity with high standards of transparency, accuracy and risk management.

22. The Bank's activity intensified considerably **in 2005** as record high project financing was approved. At the end of the year, the CEB was active in 32 of its 38 member states with 42 new projects, worth € 2.52 billion (compared to € 1.75 billion in 2004), allocated as follows:

€ 1.411 billion – for strengthening integration (including aid to refugees, migrants and displaced populations, social housing, job creation and preservation in SMEs, vocational training, urban and rural modernisation) (€ 781 million in 2004);

€ 768 million – for socially responsible management of the environment (including the prevention of natural or ecological disasters, protection of the environment and protection of historic and cultural heritage) (€ 712 million in 2004);

⁶ Until separation in 2006; thereafter only Serbia remained CEB member.

€ 338 million – for developing human capital (including education and health) (€ 258 million in 2004).

23. 53% of loans approved in 2005 (compared to 48% in 2004) were in favour of the priority countries in central and south-eastern Europe. The volume of loans disbursed the same year amounted to € 1.56 billion – an increase of 1.8% over 2004 (with € 1.53 billion). This covered 66 projects in 21 countries.

24. A useful tool for enhanced CEB activity in western Balkan countries is the **Norwegian Trust Account**. Set up in 2003 and endowed with € 2 million, it provided (by the end of 2005) most valuable support (via feasibility studies, technical assistance, micro-scale investment and a student grant programme) for 19 projects in Albania, Bosnia and Herzegovina, Serbia and Montenegro, and “the former Yugoslav Republic of Macedonia”, as well as several projects with regional coverage. The projects in question enabled the realisation of social housing units for refugees and migrants, job creation in micro-enterprises for vulnerable population groups, upgrading of training centres and a regional study on social housing reforms in south-eastern Europe. This Account was renewed in 2006 as the Norwegian authorities replenished it with an additional € 1 million.

25. The Bank’s own **Selective Trust Account** was used for financing interest rate subsidies on loans (€ 2.92 million to 9 projects in 2004, € 4.4 million in 2005 and € 7.1 million in 2006), making donations for humanitarian purposes (to several projects in Bosnia and Herzegovina, Serbia and Montenegro, Estonia, Moldova and Bulgaria, worth altogether € 0.82 million in 2004 and € 1.28 million in 2005) and setting up projects in south-eastern Europe.

26. To illustrate the Bank’s sectoral and geographical action (see tables 2 and 3 in the appendix) your Rapporteur has chosen to review key financing decisions in 2005. Thus, under the ‘*aid to refugees, migrants and displaced populations*’ line of action, the CEB attributed most of its financing to a large-scale programme (€ 300 million) of support to housing credits for immigrants in regular situation in Spain; two smaller projects were approved in Serbia and Montenegro (€ 20 million for the construction and rehabilitation of houses for refugees and vulnerable persons in Serbia) and Hungary (€ 5 million in support of social housing, education and vocational training for Roma populations).

27. In the field of *social housing*, the largest projects were approved in Romania (€ 140 million), Denmark (€ 100 million) and Finland (€ 70 million) in favour of low-income population. Moreover, under a complementary line of action, *aid to urban and rural modernisation* yielded € 224 million for projects meant to rehabilitate run-down infrastructures and improve social services in Poland, Hungary, Serbia and Montenegro, Finland, Bulgaria, Croatia, Romania and Turkey.

28. Efforts in support of *job creation and preservation in SMEs* remained the largest beneficiary of CEB financing in 2005 (22% of all projects approved and 31% of all disbursements). These funds were channelled to eight new EU member states via German and Italian partners under the CEB-EU joint programmes and as direct loans to Turkey (€ 200 million), Finland (€ 60 million), Hungary (€ 65 million), Slovenia (€ 30 million), Bulgaria (€ 14.5 million), “the former Yugoslav Republic of Macedonia” (€ 10 million), as well as a € 20 million credit line to Serbia and Montenegro and another € 100 million to Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Poland, Romania, Slovakia and Turkey.

29. In 2005, the CEB undertook several large projects in matters of *reconstruction and preventive action relating to natural or ecological disasters*. It agreed to finance major projects for improved flood control in Poland (€ 251 million) and rehabilitation works in Romania (€ 60 million) and Serbia and Montenegro (€ 9.6 million). In addition, important funds were earmarked for energy saving and pollution-reducing investment in the eastern Länder of Germany (€ 200 million), Latvia (€ 100 million), Portugal (€70 million) and the Czech Republic (€ 20 million).

30. Finally, significant resources were attributed to projects aimed at improvements in educational and medical infrastructure, healthcare services and care institutions for the elderly (in Albania, Bosnia and Herzegovina, Spain and the eastern Länder of Germany).

31. From audited figures on *project approvals in 2006* (€ 2.46 billion in 37 projects), we should note an **unprecedented growth in lending to the target group of countries** in central, eastern and south-eastern Europe – from 53% of total approvals in 2005 to 80% in 2006, even though the overall volume of activity was kept stable. The lion's share – a third of all funds attributed that year – was earmarked, via the central government, for 8 projects in Romania. Half of this funding will serve to rehabilitate water management systems (including post-flood reconstruction, water supply, wastewater treatment and flood-control measures) while the rest will be used for the rehabilitation of socio-cultural buildings and historic monuments, as well as the reinforcement of educational facilities and social centres for children and families at risk.

32. The volume of *loan disbursements* in 2006 totalled € 1.64 billion (for 76 projects), of which funds for the target countries reached 49%, whilst the loans outstanding amounted to nearly € 12 billion spread across 33 countries. As in previous years, the share of financing in favour of social projects (including aid to vulnerable population groups, small-scale entrepreneurs and rural and urban modernisation) grew in terms of both loans approved and disbursed. It concerned well over half of the lending activity (see Table 2 in the appendix) since 2002.

33. In addition to substantial direct financing, especially in the case of Romania, Hungary and Poland, the countries of central and eastern Europe will be the end beneficiaries of all funding (a total of € 667.5 million) allocated by the CEB via German⁷, Italian and Swedish banks. These so-called 'transit loans' are intended essentially for use in job creation and preservation, as well as social and municipal infrastructure. Over a half of these transit loans will specifically go to south-eastern Europe, as will two grants (of € 0.5 million each) to Serbia and Bosnia and Herzegovina to finance, respectively, housing micro-loans for refugees and accommodation for returning internally displaced persons. Several new projects totalling € 150 million aim to provide housing for immigrant populations in Spain and another € 200 million will be allocated to Albania, Denmark, Finland, Moldova, Estonia, Latvia and Lithuania in social housing.

34. In 2006, the Bank finished a programme of ex post evaluations on 11 of its projects relating to natural disasters. The results of evaluations are largely positive, indicating that all projects achieved their objectives and were implemented effectively. The evaluation, however, recommended that, in order to increase the CEB's added value in this field, the Bank should build up its technical capacity by strengthening its human resources and having more recourse to external specialists. Overall, environmental action projects concerned about a third of the CEB's financing between 2002 and 2006. Because managing the environment remains central to its action, the CEB reaffirmed its attachment to sustainable development by signing the European Principles for the Environment Charter promoting a common approach on the matter among European financial institutions including the EBRD and the EIB.

35. Overall, it could be said that the CEB activities over 2004-2006 were fully in line with the Bank's social mission and marked a turning point due to a spectacular increase in financing as regards target countries in central and eastern Europe. The Rapporteur hopes that the momentum will also be preserved in future and that the Bank will further shift its focus on the neediest of its non-EU members.

IV. Follow-up to the 3rd Council of Europe Summit: widening the Bank's role

36. In response to the Action Plan of the Warsaw (3rd Council of Europe) Summit of 16-17 May 2005, the CEB launched an internal discussion on steps to facilitate the implementation of policies aimed at the consolidation of democracy, rule of law and respect for human rights (such as through the training of magistrates, civil servants and other participants in public life, as well as the provision of administrative and judicial public services) in its member states.

37. It appears that the Bank can accommodate these proposals by making minor modifications in its statute, as decided at the CEB's Annual Joint Meeting in June 2006. New activities in the field of training

⁷ Projects via German banks will be realised in the framework of co-operation with the EU's multi-country SME Finance Facility, the Preparatory Action Programme and the SELP II Programme (specifically targeting Turkey).

programmes for magistrates, justice system managers, administrators, civil servants and government officials will be progressively integrated into the Bank's mainstream activities in the framework of human capital development, while support for the infrastructure of administrative and judicial public services will benefit more from construction and rehabilitation works, especially with regard to prison buildings. Countries like Russia, Ukraine, Armenia and Azerbaijan could gain particularly from these new areas of activity but they first and foremost need to join the Bank.

38. Accordingly, the Bank has undertaken adjustments to its rules concerning project financing. The Rapporteur welcomes a new temporary provision, in these rules, for the increased share of financing – up to 90% of the project cost (i.e. beyond the usual threshold of 50%) – to be considered for projects in favour of disadvantaged populations (refugees, migrants and displaced persons) and regions (as a result of natural or ecological disasters and preventive measures), as well as the CEB's target group of countries. In this way the value-added, impact and visibility of the CEB's action can be considerably enhanced.

V. Follow-up to earlier Assembly texts

39. Over the 2004-2006 period, the Assembly has frequently referred to the CEB in its adopted texts. A series of its texts urged greater member state involvement in identifying projects to support vulnerable populations, human development and solidarity mechanisms with a view to making better use of the financing possibilities offered by the CEB. These Assembly initiatives concerned the following areas:

- improving the situation of refugees, asylum seekers, displaced persons, migrants and the families of missing persons in south-eastern Europe, the Caucasus and the CIS countries (Resolutions 1404 (2004), 1414 (2004), 1428 (2005), 1429 (2005), 1497 (2006), 1521 (2006), Recommendations 1645 (2004), 1667 (2004), 1718 (2005), 1767 (2006)), especially as regards reception structures, housing facilities, data management, co-development policies and post-conflict reconstruction efforts;
- country-specific recommendations inviting Ukraine, the Caucasian states, and the Russian Federation to join the CEB (Resolutions 1404 (2004), 1428 (2005), 1497 (2006), 1499 (2006), Recommendation 1667 (2004)) and encouraging countries of south-eastern Europe to take full advantage of their membership in the CEB (Recommendations 1664 (2004), 1721 (2004), Resolution 1383 (2004));
- widening the scope of CEB activities in the light of proposals put forward at the 3rd Council of Europe Summit (Recommendation 1712 (2005), Resolution 1516 (2006));
- institutional co-operation with the European Commission, the European Investment Bank, the European Bank for Reconstruction and Development and the Office of the United Nations High Commissioner for Refugees (Resolution 1365 (2004), 1451 (2005), Recommendation 1729 (2005));
- Appeal to CEB member countries to support the Bank's activities in the field of social housing, notably by submitting investment projects for financing (Resolution 1486 (2006));
- Proposal for a donor conference, under the auspices of the CEB, in order to raise funds for the implementation of regional action plans for the preservation of water resources (Recommendation 1669 (2004)).

40. As the earlier sections of this report show, there was no shortage of CEB projects in the priority field of aid to 'people on the move' (refugees, migrants, internally displaced persons, Roma population) and vulnerable population groups, and the Bank is stepping up efforts in favour of human capital development. However your Rapporteur would like to turn to the newer member states of the CEB, such as those from south-eastern Europe⁸, and exhort them to generate more project proposals in the latter fields. Clearly, countries like Armenia, Azerbaijan, the Russian Federation and Ukraine should reactivate and accelerate the process for their eventual accession to the CEB.

⁸ Including Moldova and Georgia.

VI. The Bank's co-operation with other institutions

41. As was highlighted earlier, the CEB pays considerable – and growing – attention to developing partnerships with other financial institutions and international organisations, especially the European Union, the EBRD and the United Nations specialised agencies. Such co-operation allows the CEB to broaden the scope of its action while keeping the investment risk under control and to optimise project development for the greater benefit of recipient countries. Ultimately, this relationship could also enhance the visibility of the Bank's action.

42. Under bilateral and multilateral memoranda of understanding concluded since 1999, the CEB pursues co-operation programmes with the **European Commission**, the **EIB** (European Investment Bank), the **EBRD** (European Bank for Reconstruction and Development), the **NIB** (Nordic Investment Bank), the **IFC** (International Financial Corporation) and the **World Bank**. Together with these institutions, the CEB is a full partner in the Stability Pact for South-Eastern Europe which is currently undergoing transformation into a Regional Co-operation Council.

43. A special tripartite partnership agreement with the European Commission and the **Kreditanstalt für Wiederaufbau** (KfW) enables the CEB to enhance project financing and co-financing in favour of SME development and municipal authorities in central and eastern Europe. In 2006, an additional co-operation agreement was signed with the European Commission in order to establish a framework for the co-financing of urban development projects – together with the EIB – through a combination of loans and subsidies, as foreseen in the JESSICA (Joint European Support for Sustainable Investment in City Areas) initiative.

44. In pursuit of their co-operation, the CEB's Ex Post Evaluation Department and the World Bank's Independent Evaluation Group jointly organised, in 2006, a major conference on "Disaster Risk Management: Taking Lessons from Evaluation" with the participation of representatives from multilateral, bilateral and non-governmental organisations. While noting significant complementarity of their action, participants recognised a better aptitude of humanitarian organisations to provide emergency help whereas the international financial institutions clearly appeared as best adapted for providing long-term support to reconstruction and development efforts, as well as financing risk prevention and reduction projects. In addition to strengthening multilateral co-ordination among the funding organisations, an action plan of this conference might further lead to undertaking joint evaluation programmes in order to enhance the impact of their work. Moreover, the CEB also carried out a joint evaluation of a multi-project job creation programme together with the EBRD, thus opening up prospects for more effective and complementary action within the limits of the mandates of each institution.

45. The CEB also has working contacts with non-financial international organisations, in particular the United Nations specialised agencies such as the **UNHCR** (Office of the United Nations High Commissioner for Refugees), the **IOM** (International Organization for Migration), the **UNDP** (United Nations Development Programme), **UNICEF** (United Nations Children's Fund), the **UNECE** (United Nations Economic Commission for Europe) and the **WHO** (World Health Organisation). Further to its experience of one-off joint projects, the Bank intends to strengthen its co-operation with UNICEF and the UNDP through the signing of bilateral co-operation agreements in 2007.

46. A more structured relationship with the UNHCR based on a memorandum of understanding signed in 2005 projects a more intensive use of the CEB's Selective Trust Account for making donations, especially for displaced populations in south-eastern Europe, and the facilitation of project preparation and monitoring. In 2004 the UNHCR assisted in setting up a project (worth € 8 million) in Bosnia and Herzegovina and in 2005 another project (worth € 20 million) in favour of Serbia. CEB grants accorded to these countries in the 2004-2006 period were administered with the UNHCR.

47. In the context of the **Stability Pact for South-Eastern Europe**, the CEB approved some 40 projects worth € 1.6 billion and offered 9 grants totalling € 3.3 million over the 2004-2006 period. Five of those projects were co-financed together with the World Bank (including one project with the participation of the EIB and the International Development Agency) and one more project involved also the EIB and

the EBRD. Given the complementary mandates of the CEB and the EBRD, their co-operation could be enhanced, especially in south-eastern Europe. The Rapporteur believes that the CEB could thus take better advantage of the EBRD's local expertise and contacts, especially its regional offices, for project development in the region.

VII. Challenges for future work

48. Set up five decades ago, the Council of Europe Development Bank is the longest-standing European multilateral financial institution. On behalf of its 39 member states, it promotes the values of solidarity, social cohesion and sustainable development through investment projects with high social added value. The action of the CEB and the Council of Europe is complementary and mutually beneficial.

49. The Rapporteur wishes in this context to recall the Council of Europe's 2004 Strategy for Social Cohesion which points out that there has to be a special commitment of the governments of member states to protect the human rights of people who are at risk of becoming vulnerable, such as children, the young, migrants, ethnic minorities, people with disabilities and the elderly. This responsibility should translate into specific actions at national level by making the best possible use of national resources and, where appropriate, benefiting from the CEB experience and capacities in this domain.

50. Moreover, the recently published Council of Europe Action Plan 2006-2015 for people with disabilities opens up a vast field of action for member states as the estimated proportion of persons with disabilities – due to disease, accidents and disabling conditions among the elderly – in Europe is 10-15%, and that number is expected to grow steadily as a result of increasing life expectancy and population aging. This strategic document calls on the Council of Europe member states to intensify co-operation with the CEB and “present bankable projects aimed at implementing the Action Plan at national level”.

51. Although pockets of poverty and social exclusion exist in all Council of Europe member states, the countries of central, eastern and south-eastern Europe have particularly high needs but modest means. The CEB's enhanced attention to this region should persist and further deepen, especially with regard to Albania, Bosnia and Herzegovina, Moldova, Serbia and “the former Yugoslav Republic of Macedonia”, that are covered by Poverty Reduction Strategy Papers elaborated in co-operation with the World Bank and the International Monetary Fund, and Georgia.

52. Further to the Action Plan of the Warsaw (3rd Council of Europe) Summit of 16-17 May 2005, new activities for the training of magistrates, justice system managers, administrators, civil servants and government officials, as well as support for administrative and judicial public services, will widen the Bank's scope of work. They can contribute to improved functioning of the justice systems in member states, facilitate co-operation with the European Court of Human Rights and prevent repeated violations of human rights. Countries like Russia, Ukraine, Armenia and Azerbaijan could benefit particularly from these new areas of activity but they first and foremost need to join the Bank. The Rapporteur hopes that the CEB will soon be in a position to co-finance the first projects in this domain. Moreover, the prospect of financing projects linked to the protection of human rights and the rule of law offers new reasons for the United Kingdom and Austria to consider joining the CEB.

53. We should welcome the CEB's reinforced project evaluation capacity through the creation, in 2004, of the Ex Post Evaluation Department enabling the Bank to better assess its own performance, evaluate the efforts of its partners, optimise its administrative capacities, adjust operational management and draw lessons for more ambitious and targeted future action. After the completion of the first evaluation cycle on environmental disaster recovery projects in 2006, the next evaluation programmes in the field of job creation and social housing started the same year and two more programmes in the health and education sectors will be launched in 2007. Because for multiple reasons the CEB has virtually no field presence in its member states, closer contacts with the EBRD and the EIB with a view to taking advantage of their regional offices and local expertise could prove highly useful in initiating joint projects and throughout the CEB's project cycle.

54. The Rapporteur believes that the CEB could gradually diminish the share of indirect financing in its loan portfolio in order to strengthen control over the financing conditions applied by the intermediaries to the final borrowers and thus enhance the added value of its action in member states with a higher risk profile, especially the non-EU countries in the target group. He trusts that such a move would underpin the CEB's ambition to be *the* social development bank in Europe while preserving a fair balance between sound financial performance and social vocation.

55. Visibility of the CEB and its action in member states remains a challenge. Building on the CEB's 2006 Communication Strategy, all interested parties – including government representatives, parliamentarians, local authorities, the Council of Europe and its institutional partners – should contribute to this task more actively by, for instance, using every opportunity to make reference to the Bank's work and potential for action in the national context. The Bank, for its part, could consider making more information on its mission, projects and operating principles available to the general public in the languages of the target group of countries, as well as publishing more detailed background information through its website.

56. During the discussions in the Committee on this report, one member suggested that this Committee could 'take the pulse' of the CEB activities on a more frequent basis. The Rapporteur therefore proposes that the Committee invite CEB representatives for an exchange of views on the Bank's work on an annual basis.

Appendix

Table 1: Key figures on CEB activities, in million euros

	2003	2004	2005**	2006**
Loans disbursed during the year	1 589	1 530	1 559	1640.2
• of which in target countries	380	586	798.3	803.7
Projects approved during the year (volume)	2 149	1 751	2 517	2 460
• of which in target countries	526	840	1334	1968
Loans disbursed since inception	20 303	21 833	23 392	25 032
Loans outstanding	9 903	10 765	11 483	11 965
Own assets (after allocation of results)	4 358	4 529*	4 610	4 698
Subscribed capital (as of 31 December)	3 249	3 294*	3 294	3 294
Paid-in capital (as of 31 December)	363	368.6	368.6	368.6
General reserve (as of 31 December)	877	1 125	1 236	1 316
Profit	86.9	121.0*	88.5	88.1
Selective Trust Account (available at 31/12)	33.7	37.7	24.8	23.2

*Restated in accordance with IFRS; ** In accordance with IFRS.

Table 2: CEB projects approved by sector (2004-2006), in million euros

Sector	2004, amount and %		2005, amount and %		2006, amount and %	
	amount	%	amount	%	amount	%
Social cohesion						
- Aid to refugees, migrants and displaced populations	26.0	1.5	325.0	12.9	150.0	6.1
- Social housing	100.0	5.7	310.0	12.3	199.9	8.1
- Job creation in SMEs	416.0	23.8	552.0	22.0	786.0	32.0
- Urban and rural modernisation	239.2	13.6	224.0	8.9	293.7	11.9
Sub-total	781.2	44.6	1 411.0	56.1	1429.6	58.1
Managing the environment						
- Aid to regions affected by natural disasters and preventive action	399.4	22.8	320.6	12.7	109.2	4.5
- Protection of the environment	282.1	16.1	412.3	16.4	536.6	21.8
- Protection of historic heritage	30.4	1.8	35.2	1.4	108.2	4.4
Sub-total	712.0	40.7	768.0	30.5	754.0	30.7
Developing human capital						
- Education and vocational training	145.1	8.3	80.4	3.2	121.4	4.9
- Health	112.6	6.4	257.3	10.2	154.8	6.3
Sub-total	257.6	14.7	337.8	13.4	276.2	11.2
Total	1 750.8	100	2 516.8	100	2459.8	100

Table 3: CEB loans approved by country (2003-2006), in thousand euros; target countries in grey

Country	2003, amount and %		2004, amount and %		2005, amount and %		2006, amount and %	
Albania	-	-	-	-	23 169	0.9	29 000	1.2
Bosnia & Herzegovina	-	-	8 000 +200*	0.5	11 834 + 400*	0.5	406.5*	...
Bulgaria	20 000	0.9	20 000	1.1	15 000 +150*	0.6	20 000	0.8
Croatia	38 632	1.8	79 367	4.5	22 662	0.9	45 232	1.8
Cyprus	200 000	9.3	17 054	1.0	-	-	-	-
Czech Rep.	-	-	20 000	1.1	20 000	0.8	-	-
Denmark	-	-	-	-	100 000	4.0	100 000	4.1
Estonia	150*	...	-	-	-	-	-	-
Finland	50 000	2.3	50 000	2.9	225 000	8.9	200 000	8.1
France	50 000	2.3	-	-	-	-	-	-
Germany	145 000 ¹	6.7	60 000 ³	3.4	458 500⁶	18.2	92 500 ³	3.8
Hungary	-	-	369 221	21.1	185 000	7.3	200 000	8.1
Iceland	-	-	-	-	-	-	40 000	1.6
Ireland	-	-	100 000 ⁴	5.7	-	-	-	-
Italy	600 000²	27.9	330 200⁵	18.9	160 000 ⁷	6.4	475 000³	19.3
Latvia	2 000	0.1	5 000	0.3	100 000	4.0	21 000	0.9
Lithuania	6 292	0.3	-	-	2 500	0.1	-	-
Malta	152 182	7.1	-	-	-	-	-	-
Moldova	6 000	0.3	166*	-	-	-	4 900	0.2
Norway	-	-	119 000	6.8	-	-	-	-
Poland	110 000	5.1	75 000	4.3	326 000	13.0	120 000	4.9
Portugal	100 000	4.8	204 660	11.7	70 000	2.8	3 165.2	0.1
Romania	140 450	6.6	23 300	1.3	200 000	7.9	829 000	33.7
Serbia & Montenegro**	-	-	-	-	29 600	1.2	10 000 + 406.5*	0.4
Slovakia	4 859	0.2	-	-	-	-	-	-
Slovenia	-	-	20 000	1.1	30 000	1.2	20 000	0.8
Spain	214 852	10.0	250 000	14.3	327 500	13.0	150 000	6.1
Sweden	108 257	5.0	-	-	-	-	100 000 ⁸	4.1
"the former Yugoslav Rep. of Macedonia"	US\$872*	...	-	-	10 000	0.4	-	-
Turkey	200 000	9.3	-	-	200 000	7.9	-	-
Total	2 148 524	100	1 750 802	100	2 516 765	100	2 459 797	100

* Grants ; ** Until separation in 2006; thereafter only Serbia remained CEB member

¹ including € 77.5 million for the final benefit of target countries² including € 120 million for the final benefit of target countries³ for the final benefit of target countries⁴ including € 50 million for the final benefit of target countries⁵ including € 100 million for the final benefit of target countries⁶ including € 62.5 million for the final benefit of target countries⁷ including € 100 million for the final benefit of target countries⁸ for social infrastructure in the Baltic States (Estonia, Latvia and Lithuania)

Some examples of CEB-supported projects

Albania

The CEB is involved in providing financial and technical support, through a four-year programme, for the implementation of the country's national strategy **for education** with the emphasis on pre-university education. Under this framework, the CEB approved, in 2005, a project (worth **€ 12.4 million**) for the rehabilitation of schools in Tirana and, in 2006, another project (worth **€ 14 million**) – in co-operation with the World Bank – meant to contribute to improving pupils' learning conditions, increasing the school attendance rate in general secondary education, especially among the disadvantaged population groups, and allowing access of a large number of teachers to training programmes. The first project will not only provide resources for the construction of seven schools and the rehabilitation of twelve others for the benefit of about 17 000 schoolchildren and 1 000 teachers, but also create some 100 teaching posts and 250 jobs in the building sector, as well as ensuring the removal of dangerous materials (asbestos) from the buildings concerned.

In addition, a **€ 15 million** project **for social housing** was approved in 2006 (to build 1100 social rental apartments in favour of vulnerable population groups, such as low income persons, victims of violence, people with disabilities and orphans) and a **€ 10.8 million** project was approved in 2005 in favour of **improvements in the health sector**. The latter project earmarked support for the renovation works at the Tirana University Hospital (Shkodra Hospital) comprising the construction of a new building and rehabilitation of three others, with a view to improving the quality of healthcare services provided to some 6 000 patients each year.

Bosnia and Herzegovina

CEB-supported projects in Bosnia and Herzegovina focus on **refugee return projects** (notably with emergency medical assistance and social housing), primary health care, education and job creation. Thus, in 2004, the Bank allocated an **€ 8 million loan** for the reconstruction of housing units and return support to 4500 persons. It also granted **donations of \$ 1.3 million** (together with the UNHCR) to enable internally displaced families to return home by moving from collective centres to permanent accommodation. In 2005, two projects totalling **€ 11.8 million** were approved to co-finance the setting up of **primary healthcare system**, including the construction, renovation and refurbishing of medical centres throughout the country, and the completion of the **reconstruction of the Mostar Gymnasium**. In 2006, **€ 15 million** were allocated through Italian Banca Intesa to implement investment projects in SMEs aimed at **preserving employment and creating new jobs**.

Bulgaria

In Bulgaria, the CEB supported a series of projects in favour of the social integration of the Roma community, the protection of the environment (reinforcing the coastline of the Black Sea) and the health sector (improving the quality of primary healthcare, reorganisation of the emergency services and the restructuring of the blood transfusion sector). Over the 2004-2006 period it focused essentially on **job creation and preservation projects** (totalling **€ 55 million**) through existing and start-up SMEs and micro enterprises. In 2005, the Bank also **granted € 150 000** for improving access to formal education for Roma children in the municipality of Nova Zagora.

Croatia

Further to its earlier support for the return and resettlement of refugees, the CEB concentrated, over the 2004-2006 years, on reconstruction projects. In 2004, it approved **€ 53.8 million** for completing the **reconstruction of war-damaged schools** and allocated **€ 25.5 million** to multi-sector projects aimed at improvements in **health, education and environmental protection in island regions**. Several more projects were financed through Banca Intesa (Italy) in favour of **municipal social projects** (including **€ 25.1 million** for education facilities, environment and rural and urban modernisation) and **investment in SMEs (€ 8.4 million)**. A **€ 22.7 million** project was approved in 2005 in order to finance the **restoration of three cultural-historical sites** severely damaged during the war of the early 1990s in Vukovar-

Srijemska county. Moreover, a major health sector project worth **€ 45.2 million** was approved in 2006 in order to renovate seven war-damaged **healthcare facilities** and to modernise the medical equipment of several regional hospitals.

Romania

Romania has been a key beneficiary of CEB funding in the past few years. Over 2004-2006 projects totalling € 1.52 billion (including € 829 million in 2006 alone) were approved in favour of social housing, healthcare, educational and environmental sectors, as well as job creation and cultural programmes.

We should note in particular efforts aimed at supporting

- **structural reform in the country's housing sector** (€ 140 million allocated in 2005 for the construction and renovation of nearly 9500 social housing units for low-income persons),
- **child protection** (a € 3.3 million project, in 2004, to help abandoned street children through the creation of 20 specialised centres providing accommodation and counselling; another € 10 million project, in 2006, for preventing the abandonment of children and promoting the reintegration of abandoned children; and a € 66.8 million project, in 2006, for the creation and rehabilitation of childcare facilities across the country),
- **reconstruction and natural disaster prevention works** (€ 457.7 million, in 2005-2006, to restore and consolidate roads, hydro-technical installations and coastal areas damaged by the floods; and € 160 million project, in 2006, to upgrade drinking water and wastewater networks and treatment facilities in small communities for the benefit of about 820 000 people),
- **SME investment programme** (€ 20 million in 2004 and € 50.4 million in 2005 via Unicredito Italiano) and
- **the rehabilitation of cultural-historical monuments** (a € 116.2 million project for refurbishing major public cultural buildings, such as museums and theatres, and € 78.2 million in 2006 for 14 cultural sites that are expected to generate about 1000 new jobs).

Moldova

The CEB's support for Moldova's development translated into a **healthcare sector** project (€ 6 million approved in 2003) and the financing (€ 4.9 million in 2006) for **social housing** projects in selected municipalities throughout Moldova. It is estimated that about 1500 persons from the socially vulnerable segments of population, including registered refugee families from Transnistria, will benefit from this housing support. A € 166 000 donation in 2004 served to implement, together with UNICEF, a project for **assisting children in precarious situations**.

"The Former Yugoslav Republic of Macedonia"

Together with the Macedonian Bank for Development Promotion, the CEB approved, in 2005, a € 10 million project aimed at **job creation and preservation through SMEs**.

Serbia

In 2005, the CEB financed several projects aimed at facilitating **access to housing for refugees, former refugees and vulnerable population groups** (€ 10 million loan and € 1 million in grants over 2004-2005), the reconstruction and **rehabilitation of housing destroyed by floods** in the Vojvodina region (€ 9.6 million), multi-sector package in favour of **municipal social projects** (€ 60 million channelled via foreign banks, of which € 40 million for health, education, protection of the environment, rural and urban modernisation, as well as the protection of historical heritage) and **SME investment** (€ 20 million via Banca Intesa).

In 2006, a € 10 million project was approved with a view to financing **repairs to housing and infrastructure** after a series of landslides in central Serbia (an estimated 1000 households and 21 municipalities should benefit from this support). Moreover, a **donation of € 0.4 million** will finance, together with the UNHCR, **housing micro-loans for the integration of refugees**.

Doc. 11306

Reporting committee: Committee on Economic Affairs and Development

Reference to committee: Doc. 10633; Reference No. 3131 of 1 September 2005

Draft recommendation adopted by the Committee on 31 May 2007

Members of the Committee: Mr Konstantinos Vrettos (Chairperson), Mrs Antigoni **Papadopoulos** (Vice-Chairperson), Mr Márton **Braun** (Vice-Chairperson), Mrs Doris **Barnett** (Vice-Chairperson), MM. Ruhi Açıkgöz, Ulrich Adam, Hans Ager, Mrs Edita Angyalova, Mr Abdülkadir Ateş, Mrs Veronika Bellmann, MM. Radu Mircea **Berceanu**, Akhmed Bilalov (alternate: Mrs Tatiana **Popova**), Vidar **Bjørnstad**, Jaime Blanco, Luuk Blom, Luc Van den Brande, Patrick Breen, Gianpiero Carlo Cantoni, Mrs Cornelia Cazacu, MM. Erol Aslan Cebeci, Ivané Chkhartishvili, Valeriu Cosarciuc, Ignacio **Cosidó**, Ioannis Dragassakis, Joan Albert Farré Santuré, Relu **Fenechiu**, Mrs Urszula Gacek, MM. Carles Gasóliba, Zahari Georgiev, Francis Grignon, Nick Harvey, Norbert Hauptert, Željko Ivanji, Ivan Ivanov, Mrs Danuta **Jazłowiecka**, Mr Miloš Jeftić, Ms Dagný Jónsdóttir, MM. Karen Karapetyan, Albrecht Konecny, Anatoliy **Korobeynikov**, Oleksiy Kunchenko, Serhiy Klyuev, Jean-Marie Le Guen, Harald Leibrecht, Ms Anna **Lilliehöök**, MM. Arthur Loepfe, Rune Lund, David Marshall, Jean-Pierre Masseret, Ruzhdi Matoshi, Miloš **Melčák**, José Mendes Bota, Mircea **Mereuță**, Attila Mesterházy, Mrs Ljiljana Milićević, MM. Neven Mimica, Gebhard Negele, Bujar Nishani, Mrs Ganira Pashayeva, MM. Manfred Pinzger, Mrs Liudmila **Pirozhnikova**, MM. Claudio Podeschi, Jakob Presečnik, Jeffrey Pullicino Orlando, Maximilian Reimann, Mrs Maria de Belém Roseira, MM. Kimmo Sasi, Bernard Schreiner, Samad Seyidov, Mrs Sabina Siniscalchi, MM. Giannicola Sinisi, Leonid Slutsky, Ms Geraldine Smith, Mr Christophe Spiliotis-Saquet, Mrs Aldona Staponkienė, MM. Stanislav Stashevskiy, Vjaceslavs Stepanenko, Ms Ester Tuiksoo, MM. Han Ten Broeke, Frans Björn von Sydow, Oldřich Vojř, Robert Walter, Paul **Wille**, Tadeusz **Wita**.

N.B: The names of the members who took part in the meeting are printed in **bold**

Head of Secretariat: Mr Newman

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