



**STATEMENT BY Mr LARS KOLTE,  
CHAIRMAN OF THE GOVERNING BOARD OF THE  
COUNCIL OF EUROPE DEVELOPMENT BANK**

**COUNCIL OF EUROPE CONFERENCE OF MINISTERS  
RESPONSIBLE FOR SOCIAL COHESION**

**“INVESTING IN SOCIAL COHESION;  
INVESTING IN STABILITY AND THE WELL-BEING OF SOCIETY”**

**MOSCOW 26-27 FEBRUARY 2009**

Chairman, Ministers, Excellencies, Ladies and Gentlemen,

It is with great pleasure that I accepted the invitation to come to Moscow and address this Conference. The theme of your discussions concerns an area of particular interest for the Council of Europe Development Bank: Strengthening social integration is one of the CEB's main lines of action – together with the development of human capital and the management of the environment.

Since its inception in 1956, the CEB's mandate has been to aid refugees, displaced persons and migrants. However, the CEB's mandate has steadily widened to other vulnerable population groups. These include: persons living below the poverty threshold, abandoned children as well as children in vulnerable situations, persons with disabilities and ethnic minorities. Over the past decades the CEB, by financing projects through long-term loans at favourable rates, has made an important contribution to tackling the roots of exclusion throughout Europe.

Projects to be financed by the Bank should meet several criteria:

- They should be in conformity with the political and social aims of the Council of Europe, in particular with the European Convention for Human Rights and the European Social Charter;
- They should create added value in that they expand access to social rights for the population concerned, and
- They must satisfy sound banking principles - economic and financial sustainability.

For the Bank, Social Cohesion means:

- Strengthening Social Integration: which includes projects in the fields of:
  - Housing for low income families (The CEB has financed the construction and renovation of social housing facilities for example in Poland, Portugal, Romania and Moldova);
  - Job Creation and preservation (The CEB, aiming at promoting equal opportunities between men and woman, has financed numerous projects promoting woman entrepreneurship in the Baltic countries);
  - Improving living conditions - in urban as well as rural areas (the CEB has approved projects for municipal investments in Hungary, urban public infrastructure in Poland and small-scale rural development projects in Romania)
  - Supporting refugees, migrants and displaced persons (projects approved in this field include housing for displaced persons in Bosnia and Herzegovina and a programme of housing credits for immigrants in Spain)

Social cohesion also means:

- Developing Human Capital including investments in the fields of:
  - Health (the CEB has approved projects such as the renovation of the School for Public Health in Zagreb and the Tirana University Hospital);
  - Education and vocational training (the CEB has financed vocational training projects in Bosnia and Herzegovina and in Germany. It has also financed the modernisation of science or higher education infrastructures in Albania, Croatia, Iceland, Lithuania, Poland, Portugal and Romania).

The CEB seeks to play a complementary role and, as a rule, finances projects up to a maximum of 50 % of the eligible project costs. It thus increases its financial leverage by attracting additional sources of financing, public or private that contribute to social development. In terms of project implementation, it actively seeks partnerships with institutions that have a proven ability to present quality projects.

For the CEB, with its specific niche and social profile, this co-operation with other international financial and non-financial institutions is of utmost importance, especially in the context of the current crisis in financial markets.

Finally, a few words on the challenges of the present situation:

The financial crisis is rapidly becoming an economic crisis. The economic crisis threatens to become a social crisis in many countries. In the international response to previous crises, mistakes were made when budgets were shifted away from investments in the social sectors, most notably health, education and social protection. Many countries are still suffering the legacy of these errors.

Inevitably, it is the most vulnerable who suffer the most; the poor, the marginalized, children, women, the elderly and people with disabilities. Stronger social safety nets are urgently needed to protect the most vulnerable in rich and poor countries. It is essential, therefore, to learn from past mistakes and counter this period of economic downturn by sustaining investments in the social sector.

I would like to conclude by stressing that in this period of turmoil, the CEB has managed to maintain its excellent financial standing and its AAA rating. This allows the Bank to continue financing social projects on favourable conditions. The Bank stands ready to assess projects which member states would wish to present for financing, to strengthen social integration and the development of human capital. In line with the policy priorities of the Council of Europe.

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