Chapter 5

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THE COUNCIL OF EUROPE DEVELOPMENT BANK AND COVID-19

The Council of Europe Development Bank (CEB) responded rapidly to Covid-19, approving just over €3 billion in emergency financing to 15 countries in the three months from the start of the spread of the pandemic in Europe in March 2020. As a small bank with a social mandate and a well-established programme of lending to the public sector, it amended its rules to 'fast track' public funding to health systems and small businesses that were under strain. CEB funding covered a broader range of operational costs (including emergency equipment and staffing) than multilateral banks typically offer. CEB's high credit rating meant it could borrow cheaply from international capital markets, and as a non-profit lender it was able to pass on favourable rates to the national and regional governments that it serves.

INTRODUCTION

This chapter examines CEB's Covid-19 response through a brief survey of its emergency lending to 15 countries, which mostly involved loans to governments through the Bank's Public sector Financing

Facility (PFF). CEB's concessional lending to health systems, which included covering emergency operating costs, offered a cost-effective alternative to government bond issues and helped regional and national governments to diversify their funding portfolio.

The first section of this chapter looks at how CEB was able to fill gaps in funding for public sector responses to the pandemic through a look at the three key features of the institution that are relatively little known. First, as a small institution with a relatively flexible governance structure, the Bank was able to quickly implement emergency lending rules to speed up lending decisions and disbursements, and waive the usual co-financing requirement that borrowers need to source 50% of the funding for a specified activity from other sources.

Second, CEB was able to raise additional funds for its Covid-19 response using its 'social bonds' programme to borrow from international capital markets. The Bank's high credit rating and track record of socially responsible lending meant that its bond issues in April and June raised €1.5 billion at very favourable rates. As a non-profit public institution, it could directly pass on the benefit of this cheap financing to its member governments. Third, CEB has established lending schemes for public health services, and micro- and small-scale businesses, so it could use its experience and contacts in these areas to act rapidly. This is shown in the section on the Covid-19 emergency response, which first outlines the extent of CEB lending, then focusses more closely on the PFF that was used to channel emergency support to health services.

The chapter then offers two brief case studies detailing CEB's Covid-19 lending to Spain, which involved a €200 million loan to the Comunidad de Madrid, and a €300m loan to the Instituto de Crédito Oficial (ICO) to support micro- and small-sized companies. The impact of CEB lending cannot easily be disaggregated from that of state financing, and it is too soon to directly establish what was achieved. The Madrid region is also facing systemic problems in its health and social care systems that finance alone cannot solve. Nevertheless, CEB demonstrated the ability to provide rapid financial support for one of the countries that was hardest hit by the pandemic in Europe.

WHAT IS THE COUNCIL OF EUROPE DEVELOPMENT BANK?

The Council of Europe Development Bank (CEB) is a multilateral development bank with an exclusively social mandate. It was established in 1999 as the successor institution to the Council of Europe Social Development Fund, which was originally formed in 1956 as the Council of Europe's Resettlement Fund for National Refugees and Over-Population in Europe (Hummer 2015; PACE 2019). CEB is financially and legally independent of the Council of Europe, although it continues to be guided by the mandate and priorities of that institution (CEB 2020i, 26).

There are 42 CEB Member States, which are joint owners of the bank.[1] CEB financing is restricted to projects in its Member States, and it holds just over €26 billion in total assets as of 31 December 2019, including €15.6 billion in outstanding loans (CEB 2020d, 2). The bank approved €4 billion in new lending in 2019, distributed across 46 projects and programmes (CEB 2020d, 3).

Funding priorities

CEB currently has three core priorities: fostering "inclusive growth"; offering "support to vulnerable groups"; and enhancing "environmental stability" (CEB 2020i, 15). Its core focus is providing "flexible, long-term loans to finance projects of major social benefit" (Hummer 2015, 3), including for social housing, education

[1] The 42 Member States consist of 40 that are Council of Europe (COE) members: Albania, Andorra, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Republic of Moldova, Montenegro, Netherlands, North Macedonia, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovak Republic, Slovenia, Spain, Sweden, Switzerland and Turkey) plus The Holy See (an observer State of the Council of Europe) and Kosovo.

and healthcare. It also offers programmatic support for public sector investment and job creation through micro-, small- and medium-sized enterprises (MSMEs) (CEB 2020m, 6).

In keeping with its social mandate, CEB aims to target lending towards "vulnerable people", including migrants and refugees (CEB 2020i, 15). This was not specifically reflected in most of CEB's emergency Covid-19 funding, although the health services that received support included the social care sector, such as nursing homes that were facing severe crises and equipment shortages.

Any CEB member can apply for funding, but the bank also specifies 22 Target Countries, a list comprising poorer members of the bank in Southern and Eastern Europe. CEB intends to increase lending to these countries, with a Target of €1 billion in dispersals per year out of a total of €3.5 billion in approved funding per year (CEB 2020i, 8). In fact, CEB regularly exceeds this target, with disbursements of €1.25 billion in 2018, €1.15 billion in 2017 and an estimate of up to €1.35 billion in 2019 – which may suggest the goal is not sufficiently ambitious. The majority of CEB lending is still concentrated in the richer 20 member countries (CEB 2020k, 23).

Governance

CEB is overseen by a Governing Board which "sets the general orientations of CEB work and conditions for membership, elects the CEB's highest officials and approves the annual report, the accounts and the balance sheet" (PACE 2019, 9). The Governing Board directly correlates voting rights to countries' shares in the bank's capital (PACE 2019, 10). There is ongoing discussion on how to give greater weight to smaller and medium-sized countries, "although 'perfect equality' in the sense of 'one country, one vote' – as in the case of the Committee of Ministers – would probably be unrealistic" (PACE 2019, 10). An Administrative Council, which is mostly comprised of representatives of national ministries of finance, "manages all the financial aspects, approves projects and the budget" (PACE 2019, 9). Two extra, online meetings of this Council were held to process Covid-19 emergency loan requests.

Although CEB is legally independent of the Council of Europe, it must ensure that its social objectives are in line with those of the Council, and it cannot change its statutory purposes except with the approval of the Council of Europe's Committee of Ministers (CEB 2020k). CEB must also regularly inform the Council of Europe of its activities and respond to any guidance and recommendations made by the Council of Ministers and the Parliamentary Assembly of the Council of Europe (CEB 2020k). CEB lending rules include a fairly standard suite of policies governing transparency, anti-corruption, fiduciary duties, and environmental and social safeguards (CEB 2020h).

Funding sources

- Share capital: The CEB is owned by its 42 Member States, whose shares in the Bank are directly related to their relative share of the Council of Europe budget. The three largest Member States (France, Germany and Italy, 16.7% each) together hold more than 50% of these shares (CEB 2020a, 15). The CEB has share capital of €5.4 billion (CEB 2020d, 20).
- Profits and recapitalization: As a non-profit institution, any profits made by CEB are reincorporated as part of the Bank's reserves, increasing its overall capital so that it can engage in more lending (PACE 2019, 10). The bank's net profit in 2019 was €105 million (compared to €98 million in 2018 (CEB 2020d, 3). CEB pays no dividends but transfers profits to the bank's reserves. It is likely that "in the coming years the CEB will likely hit the ceiling on the volume of financing it can offer to member States" (PACE 2019, 10). To increase lending beyond this point, CEB would need a capital increase from its Member States. CEB has requested capital increases six times in its history, the last of which came in 2011 (PACE 2019; CEB 2020k).
- Bonds: Unlike many multilateral banks and agencies, CEB receives no financial assistance or other financial subsidies from

its Member States. It raises funds by issuing bonds on international capital markets, which amounted to €4.5 billion in 2019 (compared to €4.9 billion in 2018 and €3 billion in 2017) (CEB 2020l; PACE 2019, 6). CEB is able to raise funds on very competitive terms because it has high credit ratings from the three main agencies: AAA by Standard & Poor's; Aa1 (stable outlook) by Moody's; and AA+ (stable outlook) by Fitch (CEB 2020e). These ratings are strong on account of the quality of CEB's lending track record and risk management policies.

- CEB's public lending is not subject to an explicit sovereign guarantee from its Member States, but if the Bank were to become indebted it would be able to call upon "subscribed and unpaid capital" to meet its obligations or call for a capital increase from its members – a significant backstop that reduces its perceived riskiness (CEB 2020k). The scope of the bank's lending is also tightly controlled. It only lends to Member States, sub-national public bodies or via intermediary financial institutions, such as private banks (CEB 2020g, 3). When the borrower is a non-state institution, the Member State must provide a letter indicating its "ability and willingness... to guarantee the loan" (CEB 2020g, 4). As such, CEB's members have a strong interest in maintaining CEB's creditworthiness (Hummer 2015).
- CEB's longstanding social mandate has also helped it to capitalize on recent trends in international capital markets, where investors are increasingly looking for socially responsible investments. (CEB 2020a; CEB 2020c, 6-7). Since 2017, CEB has issued almost €3 billion in "social inclusion bonds", which are aligned with the International Capital Markets' Association's social bonds principles (ICMA 2020; CEB 2020c, 6-7). These are used to raise funds for four of CEB's target sectors: social housing for low-income persons; education and vocational training; supporting MSMEs; and health (CEB 2020a, 12). The health sector was added to this scope in 2020 in response to the Covid-19 pandemic (CEB 2020d, 24).

Loan portfolio

CEB approved €4 billion in new loans in 2019, and currently has a €15.4 billion loan portfolio (CEB 2020d, 2). Recently, support for MSMEs has formed the largest share of the CEB loan portfolio, with the stated aim of creating and preserving jobs. MSME support, which is provided via governments and financial intermediaries, accounted for 37% of CEB's 2019 lending. Other major areas of funding include measures "improving living conditions in urban and rural areas" (much of which is dedicated for social housing projects), which accounts for 17% of the loan portfolio in 2019, and 16% for "education and vocational training" (CEB 2020a, 4-5). These loans are often made to municipal and regional governments. In 2019, 8% of the financing approved was targeted towards "health and social care" (CEB 2020a, 5. This is consistent with the pattern of lending in previous years (PACE 2019, 6), although the proportion of health financing in CEB's lending is likely to have increased significantly as a result of the Covid-19 pandemic.

Distribution by recipient country

Thirty-four of CEB's members are currently borrowing from the bank (PACE 2019, 6).[2] Many of the major users of CEB loans are also big contributors to its capital. The largest share of outstanding loans is currently held by France (€1.9 billion) and Spain (€1.8 billion), followed by Poland, Turkey and Belgium (CEB 2020k, 22). The concentration of lending in a handful of countries suggests that CEB should work to further diversify its portfolio, although this is partly offset by the fact that lending to major countries is often to regional governments and municipalities.

Just over half of loan recipients (51%) are Member States, with a further 27% of loans distributed to local, municipal and regional public authorities, and 22% to commercial banks and public fi-

[2] This figure has been adjusted to reflect the fact that San Marino and Andorra were added to the list of loanees in 2020.

nancial institutions (CEB 2020a, 4). The vast majority of Covid-19 emergency financing has been allocated directly to CEB member governments.

Types of lending

CEB can provide loans and loan guarantees to co-finance projects in any of its 42 Member States. Its main financial instruments include project loans, which usually provide finance for a predefined individual infrastructure investment, and programme loans, which fund multi-project programmes – usually municipal investment plans (EASPD 2018, 2). Programme loans are also often implemented through private commercial bank partners.

CEB usually sets a 50% ceiling on the proportion of total project or programme costs that it can finance, although on a case by case basis, this can be increased to up to 90% for lending to poorer Member States (CEB Target Group Countries) (CEB 2020g, 6). A broader waiver of the rule on funding a maximum of 50% project costs was introduced for Covid-19 emergency financing (CEB 2020c, 12).

Programmatic financing facilities are used to support social infrastructure expenditure. Public sector Financing Facilities (PFF), which represent the bulk of Covid-19 emergency lending, are intended to "address temporary financing gaps", as well as facilitating underlying investments in public services (CEB 2020g, 6). The fact that CEB can offer public sector financing under this broad scope, rather than having to restrict its lending to infrastructure costs, enabled it to offer rapid support for overburdened health sectors in response to Covid-19.

As a non-profit institution, CEB applies only a limited margin to its loans and charges no fees, passing on most of the favourable borrowing terms that it receives as a result of its high credit ratings to the social projects that it finances (EASPD 2018; CEB 2020m). CEB loan terms vary considerably in terms of disbursement amounts, maturity, currency and interest-rate structures or capital and interest payment dates (EASPD 2018, 2).

COVID-19 EMERGENCY RESPONSE

CEB responded rapidly to the spread of the Covid-19 pandemic, issuing close to €1.5 billion[3] in "social inclusion bonds" in April and June 2020 to raise additional funds for its crisis response, and approving 17 emergency loans worth just over €3 billion in 15 countries by 3 July 2020 (CEB 2020b). CEB's emergency response included adaptations to lending rules alongside operational changes to enable remote working (CEB 2020c 1, 5). A 'fast track' approvals process was put in place to respond to Covid-19, which saw the first emergency loan agreements signed in just one month (rather than the typical six to nine months). The new process involved additional meetings of the Bank's administrative council, a written procedure for approvals, and a reduction (from two to one) in the number of internal appraisal committees prior to approving the funding (M. Siguenza, CEB country manager Albania, Andorra and Spain, personal communication, September 4, 2020).

Covid-19 emergency loans

From April 17 to July 3, 2020, CEB approved 17 new loans (plus two loan increases) in 15 countries in response to the Covid-19 pandemic, as shown in Table 5.1.

CEB adapted its loan terms to ensure that it could respond rapidly to the coronavirus emergency. It introduced waivers on the proportion of the total cost of projects that can be financed from Covid-19 emergency loans (it usually caps its lending at 50% of the total), and the possibility for a first disbursement tranche to exceed the usual ceiling of 50% of the total loan amount (2020c, 12; CEB 2020h, 4.1). The eligibility criteria for lending were also changed to include covering salary costs for additional medical staff during the

[3] CEB issued €1 billion in Covid-19 Response Social Inclusion Bonds in April 2020, and a further US$500 billion in June 2020.

Table 5.1: ***CEB Covid-19 emergency response loans***			
Country	**Loan size (€ million)**	**Borrower**	**Purpose of loan**
Croatia	200	Government	Healthcare, including medical supplies and equipment
Czech Republic	300	Government	Healthcare, including medical supplies and equipment
Estonia	200	Government	Support for MSMEs
Greece	200	Government	Healthcare, including medical supplies, staffing and equipment
Hungary	175	Government	Healthcare, including medical supplies, staffing and equipment
Italy	300	Government	Healthcare, including medical supplies and equipment
Kosovo	35	Government	Healthcare, including medical supplies, staffing and equipment
Latvia	150	Government	Healthcare, including medical supplies and equipment
Lithuania	200	Government	Healthcare, including medical supplies and equipment
Republic of Moldova	70	Government	Healthcare, including medical supplies, staffing and equipment; support for MSMEs
San Marino	10	Government	Healthcare, including medical supplies and equipment
Serbia	200	Government	Healthcare, including medical supplies and equipment
Serbia	20	Pro-Credit Bank	Support for MSMEs. Extension of existing loan

Slovak Republic	300	Government	Healthcare, including medical supplies, staffing and equipment; support for MSMEs
Spain	200	Comunidad Autónoma de Madrid	Healthcare, including medical supplies, staffing and equipment
Spain	300	Instituto de Crédito Oficial	Support for MSMEs
Turkey	200	Government	Healthcare, including medical supplies, staffing and equipment
Total	**3,060**		

Source: CEB 2020b.

pandemic (M. Siguenza, CEB country manager Albania, Andorra and Spain, personal communication, September 4, 2020).

Public sector Finance Facility

The majority of CEB's emergency Covid-19 lending (15 new loans) is drawn from its Public sector Finance Facility (PFF), which is aimed at national and sub-national public sector partners. The scope of this lending was expanded to include the emergency acquisition of medical material and equipment, including tests, ventilators and respirators as well as protective equipment for frontline staff, employment of temporary medical staff, the construction and conversion of temporary emergency facilities, medical units and hospitals to meet current emergency healthcare needs (Council of Europe 2020b; CEB 2020c, 18-19).

The extension of the PFF has allowed it to offer rapid finance at concessional rates. For example, a €200 million public sector financing facility loan to Serbia, approved in May 2020, has covered significant gaps in "the extraordinary budget lines created for Covid-19 mitigation measures," with a key focus on improving the supply of personal protective equipment and pharmaceutical supplies in hospitals, as well as additional medical equipment, patient monitors and coronavirus tests (Council of Europe 2020a). By way of comparison, the European Union made available €97 million to Serbia in response to the coronavirus crisis but only €20 million of this was designated for medical equipment purchases, with the rest of its emergency funding reserved for broader economic recovery measures (OECD 2020, 7). The responses of the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD) have also focused on announcing plans for future funding increases to support economic recovery over a longer time scale.

A similar story can be told of the €300m PFF loan to the Czech Republic, which was projected to cover 90% of the immediate, short-term costs of addressing the pandemic at the time of its approval in mid-April 2020 (Council of Europe 2020b). CEB was able to offer the loan "under very generous conditions", according to the Czech Government, which states that the first tranche of the emergency loan was offered at 0% interest rates for a loan period of up to nine years. These terms were more generous than could be achieved by the Czech Government directly issuing additional government bonds (Ministry of Finance, Czech Republic 2020). This, in turn, was made possible by the fact that CEB can borrow at favourable terms on international bond markets and, as a non-profit public institution, it can directly pass on the benefit to its member governments.

The PFF emergency response also included CEB's first ever loan to San Marino, which reported that CEB offered concessional lending at a rate of less than 0.5% for up to 15 years to cover emergency medical supplies, diagnostic tests and to finance the reorganization and expansion of critical care capacity in the country's only public hospital (Ministry of Foreign Affairs, San Marino, 2020; CEB 2020n).

CASE STUDY 1: COMUNIDAD DE MADRID

On April 17, 2020 CEB approved a €200 million loan via its PFF to the Comunidad de Madrid regional government, to partly fund an estimated €2 billion in extraordinary expenditure on health and social services related to Covid-19 (CEB 2020c, 18). Management of health and social services is devolved to regional governments in Spain.

Madrid is Spain's third most populous region, with almost 7 million inhabitants, and was one of the hardest hit regions by Covid-19. Madrid reported 8,500 Covid-19 deaths in the three-month period from March 8, 2020, when the spread of the virus was at its most severe, although other estimates and figures including care homes put the total at closer to 15,000 (Gacetín Madrid 2020; Romero 2020). The Madrid region accounted for almost one-third of all cases in Spain at the time when the loan was approved (CEB 2020c, 18).

As with other PFF loans, CEB lending offers an alternative to borrowing on international capital markets. This has the advantage of diversifying funding sources as well as providing cheaper financing than would be available through bond issues, since CEB has a far better credit rating than the Madrid region.

The emergency loan to Madrid is being used to partly fund the hire of additional medical staff, phone line operations and payment of additional overtime expenses; to provide additional medical and pharmaceutical supplies, including diagnostic tests and ventilators; to purchase personal protective equipment; and to strengthen services in care homes for the disabled and elderly (CEB 2020c, 18-19). CEB funds were also used to part-finance the conversion of Madrid's conference centre, IFEMA, into the biggest hospital in Spain.

CEB's rapid response may well have helped to avert a far greater disaster in the Madrid region, but such financial provisions obviously cannot correct for structural failings in the region's partially privatized medical system. The IFEMA hospital helped to ease the pressure on other parts of Madrid's overwhelmed hospital system, but its operation was far from smooth. Medical staff and trade unions criticized a severe lack of personal protective equipment and poor sanitary standards, forcing the temporary closure of parts of the site (Asuar 2020; Cadenas and Valdes 2020).

Neither could CEB's support for social care in Madrid overcome the "structural and systemic problems in relation to the Spanish model of nursing homes", three-quarters of which are privately run (Médecins Sans Frontières 2020, 3). Almost 6,000 people died at care homes in the Madrid region in the three months from March 8, 2020, when the Covid-19 crisis was at its most severe, with 88% of those deaths occurring in the period before April 17, 2020, when the region's overflowing hospitals were denying admissions to some patients (Santa Eulalia et al. 2020). The situation was compounded by the severe pressure facing ICU units in Madrid, and controversial triage protocols that excluded many care home residents (Herreros et al. 2020; Sendles-White 2020).

A further €200 million loan for social care in the Madrid region was approved on September 25, 2020, building on an existing €200 million programme for the maintenance and upgrade of residential care homes, day care and support services that was approved in 2018 (CEB 2020b). While this loan is not explicitly part of CEB's Covid-19 emergency response measures, it will nevertheless increase support for the sector that has been hit hardest by the pandemic. At the same meeting of the CEB Administrative Council, a further €50 million loan for social care was approved to the Government of Navarra, another of the Spanish regions hit hardest by Covid-19.

CASE STUDY 2: INSTITUTO DE CREDITO OFICIAL

A €300 million loan to the Instituto de Crédito Oficial (ICO), a national state-owned public bank that finances MSMEs and self-employed people in Spain, was approved on April 17, 2020. Emergency funding for MSMEs was offered as a core priority for job preservation since, according to European Commission data, Spain's small businesses account for 72% of employment in the country (EIB 2020).

The CEB loan is for the provision of "second-floor facilities", a phrase referring to the fact that ICO acts as an intermediary for funds that are actually distributed to MSMEs via private commercial banks. ICO determines the loan terms and provides loans or risk guarantees to the private banks, which are responsible for actually making funding approvals.

The exact distribution of the CEB lending is left to ICO, which had not requested a disbursement of funds as of the first week of September (M. Siguenza, personal communication, September 4, 2020). However, an example of this type of "second-floor facility" is the €400 million credit line that ICO arranged with BBVA, Bankinter, Cajamar and Santander banks on March 23, 2020 to help MSMEs and self-employed people in the tourist sector cope with liquidity problems arising from the Covid-19 shutdown (Bolsamania 2020). The recipients include hotels, restaurants, taxi and vehicle hire companies, as well as workers and business in related entertainment and leisure industries.

Lending decisions are administered by the private banks, but it is ICO that fixes the financial terms available through this credit line, which offers loans of up to four years' duration at a fixed interest rate of 1.5%, with an initial grace period on repayments and no opening commission (Bolsamania 2020). ICO provides a guarantee for 50% of the financing.

CEB is not the only multilateral lender to ICO, which will also receive up to €1.5 billion for its Covid-19 emergency response from the European Investment Bank (EIB 2020). Unlike EIB, however, CEB support is specifically targeted at micro- and small-scale companies (M. Siguenza, personal communication, September 4, 2020).

The emergency MSME funding builds on a long record of cooperation between CEB and ICO, and it is the fifth agreement signed between the two institutions. ICO has previously received over €2.3 billion from CEB to support MSMEs and the self-employed

(CEB 2020f).

It is too soon to measure the impact of CEB lending via ICO, but this will be calculated in terms of the number of loan awards and metrics on the size and needs of the businesses supported, to ensure a focus on micro- and smaller-scale companies has been maintained. With emergency lending distributed to provide these companies with working capital during the pandemic, it can be assumed that CEB has contributed to job savings, although it would be difficult to disaggregate its contribution from Spanish Government and EIB support to calculate the scale of this impact.

CONCLUSION

The Council of Europe Development Bank (CEB) responded rapidly to Covid-19, offering 19 emergency loans worth €3 billion in the three months following the widespread shutdown of European economies. This represents two-thirds of the lending that the bank regularly offers on an annual basis. CEB was able to scale up its lending in response to Covid-19 because it had a well-established programme of funding for public health systems and small businesses, and the flexibility to amend loan rules to offer 'fast track' approvals for government support to these sectors. CEB was also able to borrow €1.5 billion in additional funds on international capital markets in April and June 2020 and, as a non-profit institution, can directly pass on the benefit of this cheap financing to its member governments.

CEB was able to rapidly step up its operations in response to a health emergency that rapidly ushered in a severe economic downturn. This is consistent with the behaviour of other public banks, which tend to act 'countercyclically', lending more in order to stimulate the economy at times of crisis, while in the same moments private banks tend to become more conservative and risk-averse (Griffith-Jones et al. 2018).

As a public development bank, CEB is able to offer lending on concessional terms that cannot be matched by private banks, which are required to make a profit. CEB has a strong track record of financing the public sector, in particular, as well as social sectors that are not well catered for by private, for-profit institutions. CEB financing is mainly attractive as an alternative to raising funds on international bond markets, where its high credit ratings enable it to borrow more cheaply than many of its Member States, and the regional and municipal governments that it serves.

To date, the only external examination of CEB's emergency lending has been offered by credit ratings agencies. Moody's found that "CEB's involvement in the coronavirus crisis response, and the associated increase in lending, further supports the importance of its mandate for its shareholders [Member States]" (CEB 2020e). Fitch reached a similar conclusion, taking the view that a strong Covid-19 response had increased CEB's "importance for its member states" (CEB 2020e).

It is not possible to independently verify how effective CEB's emergency lending was, in the absence of any means to disaggregate its impact from that of emergency financing raised by governments through bond issues, or subsequently offered as a result of EU funds. Likewise, while CEB has a 'social mandate' that emphasizes support to disadvantaged populations, there is no clear metric against which to assess this, although it should be noted that CEB adopted a broad definition of vulnerability for its emergency financing on the grounds that healthcare workers and older populations should be considered vulnerable in the face of the pandemic. Working to develop performance indicators for public banks, including measures of their social impact, should be a priority for future research.

What can be clearly established, however, is that CEB was able to offer cheap lending to public health authorities and (via intermediaries) to micro- and small businesses; CEB lending supported emergency staffing for public health and short-term working capital costs for small business; CEB offered concessional loan terms that could not be achieved by private lenders; and CEB lending helped Member States and regions to receive cheap and rapid finance at a time when the Covid-19 pandemic had put significant strain on their finances. In this way, CEB has likely helped to protect numerous lives and livelihoods in the face of Covid-19.

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