

40 Member States

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Albania

Belgium

Bosnia and Herzegovina

Bulgaria

Croatia

Cyprus

Czech Republic

Denmark

Estonia

Finland

France

Georgia

Germany

Greece

Holy See

Hungary

Iceland

Ireland

Italy

Latvia

Liechtenstein

Lithuania

Luxembourg

Malta

Moldova

Montenegro

Netherlands

Norway

Poland

Portugal

Romania

San Marino

Serbia

Slovak Republic

Slovenia

Spain

Sweden

Switzerland

"the former Yugoslav
Republic of Macedonia"

Turkey

**Working for the implementation of the rule of law throughout Europe:
Financing of a prison infrastructure project in Bosnia and Herzegovina**

Paris, 19 November 2009: the CEB's Administrative Council today approved a loan of €19.3 million to Bosnia and Herzegovina (BiH) to construct, equip and make operational a 350-inmate high security prison to be located in Istocna Ilidza, near Sarajevo. The Administrative Council also agreed to an interest rate subsidy of €2 million for the loan, which will reduce the amount of interest payments due to the Bank over the life span of the loan. A loan agreement is expected to be negotiated with BiH in the upcoming period, before it is submitted to the country's State Parliament for final consent.

This is the first prison construction project approved by the CEB, following the Third Council of Europe Summit (Warsaw, 2005), where the Bank was asked by the Heads of State and Government to assist its Member States in improving their judicial public service infrastructure. "We intend to do more in this sector in the years to come, and are reviewing prison projects in several other countries for possible co-financing," said Governor Raphaël Alomar. "We hope this project in Bosnia and Herzegovina will help the country strengthen its capacity in the area of the rule of law that is so crucial for its internal reconciliation and integration into Europe, and also, to serve as a model for these types of facilities that are now being considered in the region of Southeast Europe for the first time," he added.

The project was appraised with a specific view to the compatibility of the design to the European Prison Rules standard set up by the Council of Europe, such as minimum space for prisoners and appropriate health care facilities. The Bank also recommended the inclusion in the project of additional components such as staff training, prisoner programs, and waste water treatment, among others.

BiH accepted the CEB recommendation to update the project on these issues. The update process has been ongoing since mid-2008 through technical assistance financed by the European Commission Infrastructure Projects Facility for the Western Balkans (IPF). The update process is scheduled to be finalized by end-2010 with the publication of the Tender for Works. The construction phase would commence in early 2011, with completion two years later.

In addition to the CEB loan, the project will be funded by substantial grants from the European Commission's Instrument for Pre-Accession (IPA) fund, the Kingdom of Sweden, and the United States. Other European Union member countries are also considering grants.

The CEB has recently financed projects in Bosnia and Herzegovina in the health, education, and low income housing sectors, with total exposure of €21 million. In addition, it has provided €85 million to local banks to promote job creation through the SME sector, and the development of public infrastructure in small municipalities.

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Set up in 1956, the **CEB** (Council of Europe Development Bank) has **40 Member States**. As a major instrument of the policy of solidarity in Europe, the Bank finances social projects by making available to them resources raised in conditions reflecting the quality of its rating (**AAA** with Standard & Poor's, Fitch Ratings and Moody's). It thus grants loans to its member states, to financial institutions and to local authorities for the financing of projects in the social sector, in accordance with its Articles of Agreement.