Resolution 1002 (1993)[1]

European Bank for Reconstruction and Development - Achievements, activities and priorities

Parliamentary Assembly

1. The Assembly welcomes the creation of the European Bank for Reconstruction and Development (EBRD), whose purpose is to foster the democratic and economic transition process in the countries of central and eastern Europe, and to promote private and entrepreneurial initiative.

2. The Assembly welcomes the complementary functions of the Council of Europe and the Bank, and in particular the Bank's statutory commitment to promoting democracy and human rights on the one hand, and balanced social and economic development on the other, and calls on both institutions to co-operate closely, wherever appropriate, notably through joint projects.

3. In this connection, the Assembly welcomes the Agreement of Co-operation between the Council of Europe and the EBRD, signed on 14 April 1992, and in particular the arrangement between the Assembly and the Bank providing, inter alia, for annual Assembly debates on the activities of the Bank, with the participation of its President, and giving the Assembly a significant role in carrying out its parliamentary supervisory function.

4. The Bank's statutory commitment to private sector development in central and eastern Europe should be respected. While projects directed toward the public sector, for instance in infrastructure improvement, can play an important role in building the foundation for market economy development, the Bank should focus increasingly on direct support for the private sector.

5. The Bank is still in the process of developing its activities and of gaining experience from its two years of activity (1991-93). It has committed more than 2 thousand million ecus for projects totalling approximately 8 thousand million ecus.

6. The Bank must now resolutely embark on its main task - that of fostering the development of the private sector in the transition economies in a responsible way - thus ensuring good use of the public funds with which it is entrusted.

7. Aware of the difficulties of promoting private enterprise and investment in a still fragile economic and political environment in most of the countries of operation, the Assembly encourages the Bank: i.to try to shorten the often long lead-time between the planning and implementation of projects it helps finance and to increase disbursements in the countries of operation, while nevertheless observing due financial prudence;

> 7.1. to try to shorten the often long lead-time between the planning and implementation of projects it helps finance and to increase disbursements in the countries of operation, while nevertheless observing due financial prudence;
>
> 7.2. to combine strictly, in co-ordination with all other forms of multilateral and bilateral assistance, the lending and investment operations of the Bank with technical assistance programmes for the recipients (both the public and the private sector), with a view to ensuring the sound management of the public funds entrusted to it;

1. Assembly debate on 30 June 1993 (40th Sitting) (see Doc.6861, report of the Committee on Economic Affairs and Development, Rapporteur: Mr Schwimmer; and Doc.6878, opinion of the Social, Health and Family Affairs Committee, Rapporteur: Mr Gusenbauer). Text adopted by the Assembly on 30 June 1993 (40th Sitting).

7.3. to help establish, or strengthen, the financial infrastructure in the countries of operation, as well as the agreements or financial instruments foreseen for the restoration of trade in central and eastern Europe;

7.4. to help the growth of private banking institutions in central and eastern Europe capable of lending to emerging small- and medium-sized enterprises in particular;

7.5. to assume a larger role in assisting the restructuring and privatisation of enterprises, thus providing a "demonstration effect" for other lenders, through various types of restructuring programmes, focusing on business entities of key importance for employment and economic recovery _ and on a larger number of medium-sized enterprises which have the potential to survive if given proper assistance, and which have demonstrated an ability and will to change;

7.6. to stimulate a more efficient use of energy by modernising the sectors concerned towards more sustainable production, to promote, towards this end, access by its countries of operation to environmentally-friendly technologies and to repair environmental damage already incurred;

7.7. to devise a more streamlined organisational structure of the Bank, more adapted to the diversity among its countries of operation, and better focused on their individual characteristics and needs, and to this end, intensify efforts to establish full-time representation in all countries of operation.

8. The Assembly welcomes the setting up within the Bank of a Multilateral Nuclear Safety Fund, through which it would be possible to reduce the risks posed by unsafe nuclear plants, or, where necessary, to close them, and encourages all Council of Europe and EBRD member states to support this fund.

9. This Multilateral Nuclear Safety Fund could be used to help to facilitate the programme of the Council of Europe's Open Partial Agreement on the Prevention of, Protection against, and Organisation of Relief in Major Natural and Technological Disasters, and to help to set up emergency plans for the benefit of the population groups concerned by the nuclear risk, to be drawn up under this agreement.

10. The Assembly calls on the governments of Council of Europe member states, and on the European Community, to do their utmost to enhance access to their markets for the exports of the new democracies in central and eastern Europe, including their agricultural products. The Assembly simultaneously urges the governments of central and eastern Europe not to overlook the prospects for increased trade and economic co-operation among their countries, and calls for the strengthening of regional initiatives to this effect. On the basis of progress in both these directions, the Assembly welcomes the Bank's proposal to establish a clear time-table for a European multilateral trading framework that could eventually lead to a "Europe-wide common market" favouring political co-operation and stable economic development.

11. Bearing in mind that the integration of the Russian Federation into Europe is of vital importance for the long-term stability of the continent, the Assembly:

11.1. welcomes the creation within the Bank of an Enterprise Fund to provide capital for small- and medium-sized companies in that country, and hopes that similar funds can be established for all countries of operation;

11.2. invites the Bank to go beyond investments in the energy and minerals sector, and foster investment also for the conversion from military to civilian production and for the agro-industrial sector;

11.3. encourages the Bank to focus increasingly on regional development in the Russian Federation, and to concentrate on those regions where local authorities have shown the strongest commitment to market reform. The Bank should therefore contribute to the diversification of the industrial structure of selected cities or regions which depend on only a few enterprises or industries.

12. The Assembly questions the need for the Bank to have such an expensive and prestigious headquarters. In order to ensure proper use of taxpayers' money and to avoid the creation of a negative public image prejudicial to the Bank's work and the very cause for which it was established, the Assembly urges the Bank to observe strict standards of cost-effectiveness in its internal administration, to abstain from conspicuous forms of representation, and to establish tighter budget controls and auditing of all its operations. The Assembly asks that the auditors' report following their investigation into allegedly extravagant expenditure by the Bank be made available to its Committee on Economic Affairs and Development.

13. The Assembly takes note of the announced resignation of the current President of the Bank, and calls on the responsible bodies of the EBRD to appoint his successor very carefully. In the opinion of the Assembly, primarily European candidates with great experience in banking and economics, preferably in respect of central and eastern Europe, should be considered.