



## Recommendation 1378 (1998)<sup>1</sup>

# Council of Europe Social Development Fund: activities and outlook

Parliamentary Assembly

1. The Parliamentary Assembly welcomes the decision by the heads of state and government of the Council of Europe member states, taken at their second summit in Strasbourg on 10 and 11 October 1997, to promote, reinforce and make full use of the Social Development Fund, the Council of Europe's instrument for making social loans. The Assembly also endorses the summit's appeal to the Fund to participate actively in the Council of Europe's action to promote social cohesion, and to increase its investment effort in the social field and in job creation.
2. The Assembly stresses that the summit guidelines should in no way detract from, but rather reinforce, the primary purpose of the Fund as defined in its new Articles of Agreement adopted on 18 March 1997, namely "to help in solving the social problems with which European countries are or may be faced as a result of the presence of refugees, displaced persons or migrants consequent upon movements of refugees or other forced movements of populations and as a result of the presence of the victims of natural or ecological disasters".
3. The Assembly notes that from 1987 to 1996 aid for refugees and migrants and for regions hit by natural disasters represented less than 19% of loans disbursed by the Fund, while in 1997 just over 22% of projects approved corresponded to these priority objectives. Moreover, only 0.78% concerned aid for refugees in 1997, down from 0.94% in 1996. The Assembly believes that the Fund has the potential to do much more to help refugees and displaced persons, not only in Fund member states but also in the central and east European non-member states which are those most in need.
4. The Assembly therefore welcomes the Fund's threefold strategy for its future development, namely refocusing activity on its priority objectives; striving for a better geographical and financial distribution of its loans portfolio; and extending its operations in central and eastern European countries.
5. The Assembly welcomes the fact that nine of these countries have joined the Fund so far, namely Bulgaria, Croatia, Estonia, Hungary, Lithuania, Moldova, Romania, Slovenia and "the former Yugoslav Republic of Macedonia", while the Czech Republic, Poland and Slovakia are in the process of joining.
6. The Assembly believes that, in central and eastern Europe in particular, there is considerable potential for the Fund to intensify its co-operation with other major international financial institutions and intergovernmental organisations.
7. The Assembly therefore recommends that the Committee of Ministers:
  - 7.1. urge those member states of the Council of Europe which have not yet done so to join the Fund at the earliest opportunity;
  - 7.2. invite the European Union to join the Fund;

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1. Assembly debate on 25 June 1998 (23rd Sitting) (see [Doc. 8124](#), report of the Committee on Migration, Refugees and Demography, rapporteur: Mr Gross). Text adopted by the Assembly on 25 June 1998 (23rd Sitting).



7.3. invite the Fund member states:

- a. to pay up a greater proportion of the subscribed capital so as to permit an increase in the volume of the Fund's activities;
- b. to increase the subscribed capital;
- c. to give their guarantee, either unilaterally or on the basis of consortia, for projects to be implemented in other European states whose financial situation does not permit them to guarantee these projects;
- d. to use national development aid funds to guarantee projects submitted to the Fund;
- e. to furnish information on a systematic basis to local authorities, banks and other concerned bodies in their countries about the financing possibilities offered by the Fund and to approve projects presented by the aforementioned;
- f. to co-operate with international humanitarian organisations, especially the Office of the United Nations High Commissioner for Refugees (UNHCR) and the International Organisation for Migration (IOM), in preparing projects and to approve projects so prepared;
- g. to contribute to the Selective Trust Account so as to allow the interest rate on loans to be subsidised, and to make specific payments into this account for the implementation of particular projects;
- h. to use the Social Development Fund to implement their national development assistance programmes;
- i. to review, where necessary, their national law concerning international loans in order to remove administrative impediments to the speedy disbursement of approved loans;
- j. to ensure, through systematic monitoring and assessment procedures, that loans are used effectively and in accordance with proposals, and in particular that citizens benefit fully from them; the relevant Assembly committee or committees could be involved in such operations;
- k. to support an increase in the Fund's staff to allow greater involvement in project preparation in the field;
- l. to use Fund loans to finance projects to assist the Roma/Gypsy population;
- m. to study the possibility of using Fund financing for mine clearance programmes;

7.4. invite the Fund organs:

- a. to take a more active part in project preparation, including a stronger presence of technical advisers in the field;
- b. to establish a permanent mechanism for providing technical assistance to states wishing to submit projects to the Fund;
- c. to allow the Selective Trust Account to be used to guarantee loans;
- d. to intensify co-operation with other financial institutions, especially the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and the World Bank, and to give consideration to the conclusion of co-operation agreements with these institutions with a view to greater technical co-operation in project preparation and co-financing;
- e. to intensify co-operation with international humanitarian organisations, especially the UNHCR and the IOM, in order in particular to prepare, jointly with Fund member states, projects in the field of aid for refugees and migrants;
- f. to continue and intensify efforts to raise awareness of the Fund's potential for action;
- g. to treat projects to aid the Roma/Gypsy population as falling within the Fund's priority fields of action;
- h. to encourage exchanges of views with the relevant Assembly committees, which could draw up opinions on the activities of the Social Development Fund and, more specifically, proposals concerning the destination and use of loans;

7.5. invite the Secretary General and the competent bodies of the Council of Europe, in their contacts with the member states, the European Union and other international organisations, constantly to draw attention to the Fund's potential for action and to the recommendations herein.

8. The Assembly urges its members to take action at national level to encourage their governments to implement the measures set out in this recommendation.