Parliamentary Assembly
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COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

Resolution 1382 (2004)[1]

Contribution of the European Bank for Reconstruction and Development (EBRD) to economic development in central and eastern Europe

Parliamentary Assembly

1. The Parliamentary Assembly, which has been acting as a parliamentary forum for the European Bank for Reconstruction and Development (EBRD) since 1992 via annual reports on its activities, welcomes the recent enlargement of the European Union from fifteen to twenty-five member states, of which eight are among the EBRD's "countries of operations".

2. The Assembly sees this historic event as vindication of the major contribution made by the EBRD to European democracy, economic development and integration. It looks forward to the Bank's continued mission on behalf not only of the new EU member states from central and eastern Europe but also – and to a growing extent as this mission nears completion – on behalf of its other countries of operations, in particular those countries which are even less developed which include the "early transition countries" which the Bank has singled out for special attention.

3. The Assembly notes with satisfaction the high growth rates of several of its countries of operations as these continue to outpace both the global economic development and the still hesitant growth in a number of major EU economies. It counts on the steadfast economic integration, within the EU and between it and other European countries, to help overcome these differences through mutual positive influences within the World Trade Organization (WTO) framework leading to increasingly open trade and investment.

4. Various impediments continue, however, to keep economic development well below potential in a number of countries of operations. These obstacles include:

a. insufficient private investment due to inhospitable institutional conditions and democratic shortcomings;

b. insufficiencies in terms of the rule of law, as well as corruption and economic crime;

c. unbalanced public finances;

d. unstable macroeconomic conditions;

e. excessive dependence on natural resources such as oil and gas, thus delaying balanced economic development;

f. insufficient trade and investment with neighbouring countries who ought to be privileged partners.

5. The Assembly welcomes the Bank's increased emphasis on these problem areas, without which its operations risk falling on barren ground, and calls on the countries of operations concerned to intensify their efforts in these sectors.

6. The EBRD is to be particularly commended on its growing emphasis on the causality that exists between democracy, human rights and the rule of law on the one hand and economic development on the other. The Assembly welcomes the introduction of a "Constitutional Liberalism Index" to measure progress in individual countries and fully supports efforts by the Bank and the governments of the countries concerned to

1. Assembly debate on 22 June 2004 (19th Sitting) (see Doc. 10198, report of the Committee on Economic Affairs and Development, rapporteur: Ms Griffiths). Text adopted by the Assembly on 22 June 2004 (19th Sitting).

advance constitutional liberalism and market reforms. It deplores developments in countries at the bottom of this index – such as Uzbekistan, Turkmenistan and Belarus. It calls upon the Government of Uzbekistan to comply with the benchmarks it has agreed with the Bank. As regards Belarus, the Assembly recalls its Resolution 1372 (2004) on persecution of the press in the Republic of Belarus, adopted in April 2004, in which it states that "fundamental rights and freedoms are systematically violated in Belarus with the sole aim of keeping a non-democratic regime in power [that] bases its existence on repression, intimidation and fear".

7. The Assembly is aware of the concerns in certain more developed European countries over so-called "out-sourcing" of economic activities towards the new EU member states or other EBRD countries of operations and of parallel fears of the possible migration of labour towards the more wealthy countries. It recalls, however, the impressive economic and political development of numerous EBRD countries of operations that has been made possible precisely by this natural process of continental integration. Furthermore, it expresses the hope that no new trade or other barriers will be raised in Europe as a result of such fears. This holds also for the new external borders of the European Union where particular vigilance is called for to ensure that trade relations between new members of the European Union and other countries do not suffer as a result of the EU customs union.

8. The Assembly supports the Bank's involvement in the energy sector in its countries of operations, where major improvements in energy efficiency are urgently needed. Such improvements are all the more important in view of Europe's growing energy scarcity and the likely long-term tightening of world energy supplies, especially of oil and gas. Countries of operations concerned are encouraged to assist the Bank's projects in this sector via appropriate policies.

9. The Assembly welcomes the Bank's efforts to assist in the development of utilities in countries in transition, while realising that the quality and price of services do not always favour consumers. It therefore recommends that the Bank make additional efforts to assist in the raising of the quality of management in utility companies

10. The Assembly views with concern the deepening social disparities in some of the EBRD countries of operations. It asks the Bank and the governments concerned to do their utmost to reduce them by devoting greater resources to social protection, especially for the more vulnerable segments of the population, and to build on the Council of Europe's considerable experience in this field via its Social Cohesion Programme and its European Social Charter.

11. The Assembly once again draws the attention of the EBRD and the governments of the donor countries to the need to intensify the efforts to fund operations dealing with the aftermath of the Chornobyl disaster under the Memorandum of Understanding between the governments of the G-7 countries, the European Commission and the Government of Ukraine on the closure of the Chornobyl nuclear power plant.

12. The Assembly welcomes the Bank's efforts to constantly adapt its assistance to changing realities on the ground with a view to maximising the impact of its activities. The Bank is to be particularly commended on its new approach to promoting home-grown development through companies investing in their own or neighbouring countries.