**Recommendation 1672 (2004)**[1]

# Council of Europe Development Bank: a voice for solidarity

Parliamentary Assembly

1. The Parliamentary Assembly has reviewed the activities of the Council of Europe Development Bank (CEB) over the 2001-2003 period. It is satisfied with the overall performance of the bank which it finds in keeping with its mission to respond to emergency situations, such as forced population movements and natural catastrophes, and to promote social cohesion in its member states via support for social assistance and development projects. Through skilful management of its limited resources, the CEB has mobilised funds several times larger than its own and has, jointly with its member states, achieved a significant multiplier effect in its operations

2. Real solidarity is shown by action. As a token of that solidarity in favour of underprivileged people, the bank should be able to draw on the synergy and resources of all Council of Europe member states. The Assembly notes, however, that the CEB's membership is incomplete in that only thirty-six out of the Council of Europe's forty-five member states have so far joined. It welcomes the recent accession of Bosnia and Herzegovina and Serbia and Montenegro to the bank and looks forward to Ireland joining in the near future. It deeply regrets that Andorra, Armenia, Austria, Azerbaijan, Georgia, the Russian Federation, Ukraine and the United Kingdom are not yet members of the CEB and therefore neither contribute to nor benefit from its action.

3. The Assembly welcomes the positive dynamics of lending in favour of the sixteen countries in central, eastern and South-eastern Europe that have joined the bank since 1994 and in which social needs are greatest. Lending in these countries can and must be further increased from the current quarter towards a fifty-fifty proportion of loans approved between countries rated higher on international lending markets and those rated lower, in addition to the bank's otherwise commendable effort to preserve its top "AAA" credit rating.

4. The establishment of a Selective Trust Account in 1995 should be a useful additional tool for boosting the level of financing operations in central, eastern and South-eastern Europe. More than €34 million from this account were used to subsidise interest rates associated with about €500 million worth of loans over the 1995-2003 period in favour of countries in central, eastern and South-eastern Europe.

5. The Assembly notes that the CEB maintains a relatively small staff in order to keep operating costs down, a situation which makes co-operation with other institutions, including the Council of Europe, all the more important. It believes that Council of Europe capacities and expert networks could be better exploited by the bank in that direction through a joint undertaking

6. The Assembly in this connection notes the decision of the CEB Administrative Council to discontinue the joint CEB-Council of Europe programme and trusts that discussions are under way to restructure and improve co-operation.

7. The Assembly reaffirms its support for the bank's contribution to strengthening social integration by acting in favour of refugees, migrants and displaced populations. It reiterates its Recommendation 1655 (2004) to create a European migration observatory/agency, which could be the bank's partner for the

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1. Text adopted by the Standing Committee, acting on behalf of the Assembly, on 7 September 2004 (see Doc. 10204, report of the Committee on Economic Affairs and Development, rapporteur: Lord Russell-Johnston; and Doc. 10246, opinion of the Committee on Migration, Refugees and Population, rapporteur: Mr Braun).

generation of projects in this field. In this context, it also welcomes the bank's co-operation with the United Nations High Commissioner for Refugees (UNHCR) and the International Organization for Migration (IOM), hoping that similar co-operation can be developed with the International Committee of the Red Cross (ICRC).

8. The Assembly in conclusion recommends that the Committee of Ministers:

*a.* urge Council of Europe member states that are not yet members of the CEB to consider joining the bank at their earliest opportunity;

*b.* to encourage the involvement of respective Council of Europe intergovernmental committees in the identification of projects for the bank's activities in the field of migration with a special focus on the countries of central, eastern and South-eastern Europe;

*c.* invite the bank's member states to:

 *a.* speed up the negotiations on a new inter-institutional arrangement with the CEB

 *b.* explore the possibility of setting up a joint committee to serve as an advisory instrument between the two institutions, with a view to shaping a common strategy for the promotion of Council of Europe aims and policies;

 *c.* consider, following the examples set by Finland and Norway, the creation of additional trust accounts to boost the bank's activities in central, eastern and South-eastern Europe;

 *d.* support the development of partnership programmes with member states of the Council of Europe who are not members of the bank, and demonstrate political will in facilitating the accession of those countries which are not able to pay their membership contribution;

 *e.* permit an increase in the bank's staff in order to allow for improved project preparation and evaluation;

*d.* invite the bank to

 1. further enhance lending and practical assistance to new member countries and to ensure a more even distribution of the loan portfolio among countries of different levels of wealth;

 2. make more extensive use of trust accounts, including for the preparation and realisation of pilot projects also in less wealthy Council of Europe member states that have not yet joined the CEB;

 3. intensify and enhance co-operation with other international financial institutions and international organisations, with a view to project preparation, co-financing and evaluation, especially in central, eastern and South-eastern Europe;

 4. strengthen project evaluation capacities and make impact studies public, along the lines followed by other international institutions.