



Resolution 2017 (2014)¹

Final version

The activities of the European Bank for Reconstruction and Development (EBRD) in 2013-2014

Parliamentary Assembly

1. The Parliamentary Assembly has reviewed the activities of the European Bank for Reconstruction and Development (EBRD) for the period 2013-14 in the light of the reports by the Bank. In line with the last report, the Assembly has sought to make the debate more political and to focus more on a political assessment of the work of the Bank.
2. The Assembly recalls that the Agreement Establishing the European Bank for Reconstruction and Development includes a significant political element, in that it specifies that the Bank may conduct its operations in countries of central and eastern Europe which are not only proceeding in their transition towards market-oriented economies, but are also committed to and applying principles of multiparty democracy and pluralism.
3. According to the preamble to the agreement, the successful transition of member countries to market-oriented economies is closely linked to parallel progress towards democracy and the rule of law. Thus, the political aspect of the Bank's mandate extends to all elements of its objectives and should be monitored and promoted by the Bank as part of the process of assisting the transition of its countries of operations to market economies.
4. In the co-operation agreement concluded between the Council of Europe and the EBRD in 1992, the two organisations agreed to exchange information, particularly regarding the monitoring and assessment of the development of democracy in central and eastern Europe. The Assembly supports the activities of the EBRD by providing a parliamentary oversight of the EBRD's operations.
5. The time period covered by the current overview of the activities of the EBRD (2013-2014) has witnessed the beginning of recovery from the financial crisis which had hit especially hard in Europe. The sovereign debt crisis in a number of European States is now under control, but confidence in the single currency of the eurozone has not been fully restored. Austerity programmes have continued to be implemented throughout the review period and the economic slowdown in the euro area, and western Europe in general, has had a negative impact on the countries of the transition region.
6. Political uncertainty is a key factor affecting growth, and the outlook for economic growth in 2014 and 2015 in the transition region has been negatively affected by economic factors and the geopolitical tensions between Ukraine and Russia. While in Russia economic growth is forecast to come to a halt in 2014, and to remain low in 2015, Ukraine is expected to suffer from severe output losses in 2014 and stagnate in 2015. Increased geopolitical tensions between Russia and Ukraine could also impact upon neighbouring countries and no doubt the effect of the latest sanctions on Russia and of Russian sanctions on western economies will figure largely in the next report.
7. The prolonged period of slower growth that has followed the global financial crisis has affected the prospects of the EBRD transition region in achieving convergence with the living standards of advanced market economies. On the other hand, the increase in long-term unemployment brought about by the crisis

1. *Assembly debate* on 2 October 2014 (35th Sitting) (see [Doc. 13594](#), report of the Committee on Political Affairs and Democracy, rapporteur: Mrs Cheryl Gillan). *Text adopted by the Assembly* on 2 October 2014 (35th Sitting).



and the prolonged period of fiscal austerity, often recommended by supranational bodies, is eroding public support for market-oriented reforms and some of the most advanced countries in the transition region have even experienced reform reversals. It is possible that support for democracy may also suffer as opposition to the effects of the austerity programmes on growth and jobs mounts.

8. The Assembly welcomes the expansion of the EBRD's activities to the countries of the southern and eastern Mediterranean (SEMED) in the past two years, with Jordan, Morocco and Tunisia becoming full countries of operations and Egypt being a potential country of operations. Although the situation in these countries is very different from that in central and eastern Europe twenty-five years ago, the Assembly believes that the experience of the EBRD in helping countries make the transition to open market economies can be of valuable assistance also in the countries of the SEMED.

9. The EBRD should seek to share its experience and expertise in supporting transition with other countries as well, including outside its current region of operations. At the same time, regardless of continuing expansion to the south and the east, the EBRD should maintain strong support for economies of its "old region".

10. The Assembly took note of the revision and updating by the EBRD of the methodology to assess the compliance of its countries of operations with the political aspects of the EBRD's mandate, notably on the basis of: representative and accountable government; civil society, media and participation; rule of law and access to justice; and civil and political rights. It regrets, however, that many of the EBRD's countries of operations do not seem to be committed to, and are not applying, principles of multiparty democracy and pluralism.

11. The Assembly looks forward to the effective implementation of this new methodology and encourages the EBRD to strengthen its co-operation with the Council of Europe – and in particular with the Assembly – in making and monitoring its assessments.

12. Finally, the Assembly notes the recent criticism concerning the lack of transparency of the EBRD and encourages it to start publishing more comprehensive information in line with international standards and to inform it of the measures it takes to this effect.