



Resolution 1162 (1998)¹

Activities of the European Bank for Reconstruction and Development in 1997

Parliamentary Assembly

1. The Assembly has taken note of the report prepared by its Committee on Economic Affairs and Development on the activities of the European Bank for Reconstruction and Development (EBRD). It welcomes the bank's continued progress in promoting, through loans and technical advice, the transition process in central and eastern Europe. It considers such assistance particularly important at a time when many of the countries in question are approaching the crucial stage of large-scale privatisation of major public enterprises, financial institutions and other strategic sectors of their economies. The doubling of the bank's capital from 10 to 20 billion ecus in 1996, strongly supported by the Assembly, is thereby proving of the greatest value to a region whose difficulties are not yet over.

2. The Assembly calls on all its member states to pursue their efforts to achieve a Europe united in open trade and ever closer economic co-operation in all fields. It recalls its many initiatives toward this goal, such as its 1996 Warsaw Conference on the progress of economic reform in central and eastern Europe, the final declaration of which called for the realisation of the continent's "enormous potential for long-term, pan-European growth and prosperity, as a basis for social progress, democracy and regional security".

3. The Assembly notes that the bank has surpassed its statutory target of having 60% of its lending portfolio directed towards the private sector, that projects span many fields and are carefully selected according to criteria respectful of the bank's mandate. The Assembly observes, however, that the bank also has an important mission to fulfil in the public sector, where investments in the environment, energy, nuclear safety and waste disposal, transport and communications are vital for lasting economic development, yet they tend to be overlooked by private investors. The Assembly in this context recalls the major efforts still needed in many countries of operation in the fields of public health, social protection and education.

4. The Assembly more specifically commends the bank on its efforts to find a satisfactory solution to the debt problems of many companies as they restructure their operations to meet new challenges. It hopes that the bank will thereby be able to improve further corporate governance and financial management in the companies concerned, an area which has become a core part of its mission.

5. The Assembly supports the bank's policy of gradually shifting its attention to the less advanced countries of operation, and the prudent policies it observes in order to cover itself against possible future losses resulting from that policy. It hopes that the bank's increased capital base will permit it nevertheless to continue to assist also the more advanced transition countries, especially in view of their importance as economic partners to less advanced neighbours.

6. The Assembly supports the bank's observance of the "additionality principle" in its lending – that is, to complement rather than replace other investments – and its increasing emphasis on equity financing and co-operation with credit institutions which promote small and medium-sized enterprises. It stresses the need for effective co-operation between the EBRD and the Council of Europe's Social Development Fund, whose membership has recently been enlarged to include several countries in central and eastern Europe, as well as with other institutions towards this end, such as the World Bank and the European Investment Bank.

1. Assembly debate on 23 June 1998 (19th Sitting) (see [Doc. 8132](#), report of the Committee on Economic Affairs and Development, rapporteur: Mr Gylys). Text adopted by the Assembly on 23 June 1998 (19th Sitting).



7. The Assembly notes with satisfaction the recent increase in trade and investment between EBRD countries of operation and other parts of the continent, including the European Union. It commends the EBRD on its strenuous efforts to facilitate this process – both by enabling imports of goods and services vital to further economic growth in countries of operation, and by facilitating trade and investment among transition countries. It observes, however, that many countries of operation still face considerable obstacles exporting to western Europe, including the European Union, and believes that special attention should be given to this issue, not least in view of future European Union enlargement.

8. Finally, the Assembly attaches great importance to the close co-operation between the bank and the Council of Europe in realising its statutory mandate of fostering democracy, human rights and the rule of law in its countries of operation. In view of the financial crisis in Southeast Asia in particular, the Assembly believes that these principles, which presuppose transparency in public and economic life, are necessary for lasting development in any country, including countries which have so recently shed the vestiges of a command economy.