European Bank for Reconstruction and Development (EBRD): subscription by the EU to additional shares in the capital

2011/0014(COD) - 13/10/2011 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 573 votes to 64 with 9 abstentions, a legislative resolution on the proposal for a decision of the European Parliament and of the Council concerning the subscription by the European Union to additional shares in the capital of the European Bank for Reconstruction and Development (EBRD) as a result of the decision to increase this capital.

Parliament adopted its position in first reading following the ordinary legislative procedure. The amendments adopted in plenary are the result of a compromise negotiated between Parliament and Council. The Commission proposal is amended as follows:

The amended text stipulates that the Governor of the EBRD for the Union shall report annually to the European Parliament on the use of capital, on measures to ensure transparency of operations of the EBRD through financial intermediaries, on how the EBRD has contributed to the Union's objectives, on risk taking and effectiveness in leveraging additional financing from the private sector, and on cooperation between the European Investment Bank and the EBRD outside the Union.

The amendments stipulate that the representatives of the Union in the governing bodies of the EBRD should encourage the EBRD:

- to continue implementing the best prudential banking practices in order to further preserve its very strong capital position;
- to intervene in areas consistent with the key objectives of the Europe 2020 Strategy in order to enhance the overall coherence of the Union's external action policy;
- to further develop financial instruments, based on co-financing between the budgets of the Union and of the EBRD, contributing to the achievement of the Union's objectives, while taking into account that such cooperation should be accompanied by effective control over, and visibility of, the Union's public funds;
- to provide, on its website, appropriate information about the beneficiaries, the impact of its financial intermediary operations and the evaluations of projects.

The representatives of the Union in the governing bodies of the EBRD should also use their best endeavours to avoid any activity by the EBRD implemented in its countries of operation:

- through a foreign non-cooperative jurisdiction characterised notably by no or nominal taxes, a lack of effective exchange of information with foreign tax authorities and a lack of transparency in legislative, legal or administrative provisions, or
- a foreign non-cooperative jurisdiction as identified by the Organisation for Economic Cooperation and Development or the Financial Action Task Force,

The Commission should present to the European Parliament and the Council, by the end of the CRR4 period, a report assessing the effectiveness of the existing system of European public financing institutions promoting investment in Europe and its neighbourhood. That report should include recommendations on

the cooperation between the respective banks and the optimisation and coordination of their activities as called for by the European Parliament in its resolution of 25 March 2009on the 2007 Annual Reports of the European Investment Bank and the European Bank for Reconstruction and Development.