European Bank for Reconstruction and Development (EBRD): extending the geographic scope of operations to the Southern and Eastern Mediterranean

2011/0442(COD) - 13/06/2012 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 565 votes to 83, with 31 abstentions, a legislative resolution on the proposal for a decision of the European Parliament and of the Council on amendments to the Agreement Establishing the European Bank for Reconstruction and Development (EBRD) extending the geographic scope of EBRD operations to the Southern and Eastern Mediterranean.

Parliament adopted its position at first reading following the ordinary legislative procedure. The amendments adopted in plenary are the result of a compromise negotiated between the European Parliament and the Council.

Under the compromise, the amendments to Articles 1 and 18 of the Agreement on establishing the European Bank for Reconstruction and Development which extends the geographic scope of EBRD operations have been approved on behalf of the European Union.

Role of the Governor: as part of the annual report to the European Parliament, the Governor of the EBRD representing the Union shall also report on the EBRD's activities and operations in the Southern and Eastern Mediterranean.

Transition: in the recitals, it is highlighted that the expansion of EBRD operations to the Southern and Eastern Mediterranean reflects support by the Union and the international community for the hope, encouraged by the Arab Spring, for a transition in that region towards market economies and pluralistic democratic societies.

Bearing in mind the fragility of the economies in the EBRD's new countries of operation and the social inequalities which were one of the root causes of the turmoil of the Arab Spring, the representatives of the Union in the governing bodies of the EBRD should encourage the EBRD to:

- **broaden its focus on private-sector development**, in order also to contribute, through its financing, to the achievement of socially and environmentally sustainable societies, as elaborated in the relevant Millennium Development Goals, and in line with Article 3(5) and Article 21 of the Treaty on European Union;
- **contribute to the transition towards energy-efficient, socially inclusive, open market economies** while taking into account the social, poverty, civil and human rights context.

Monitoring operations: the representatives of the Union in the governing bodies of the EBRD should use their best endeavours to encourage the EBRD to monitor its operations closely, particularly in countries where there is a lack of political accountability, where civil and human rights are infringed or where high levels of corruption persist.

Furthermore, the representatives of the Union in the governing bodies of the EBRD should use their best endeavours to ensure that the principles of prudential banking, transparency and anti-fraud are taken into account in the activities of the EBRD in the new countries of operation.

Approval of new countries: before the EBRD approves a potential new country of operation, it should make a detailed technical assessment of the economic and political conditions existing in the country concerned, including: an assessment of that country's commitment to principles of multi-party democracy, pluralism and market economics, as enshrined in Article 1 of the Agreement, an assessment of transition gaps, and a review of activities of other international financing institutions in that country and of the priorities in relation to which the EBRD could best make use of its unique knowledge and skills. In discussing those assessments, the representatives of the Union in the governing bodies of the EBRD should encourage the EBRD to take full account of the views of the Union.