The activities of the European Bank for Reconstruction and Development EBRD

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The committee adopted the own-initiative report by Helmuth MARKOV (EUL/NGL, D) on the activities of the European Bank for Reconstruction and Development (EBRD). It praised the Bank's work over the past 10 years and in particular its contribution towards promoting private enterprise and medium- and small-sized projects (as explicitly provided for in its mandate) in Central and Eastern Europe, rather than large-scale, politically-motivated prestige projects. The report emphasised the special role of SMEs in job creation and wanted to see the EBRD step up its involvement with such firms. The committee also appreciated the EBRD·s willingness to take risks and to back projects normally considered too risky by private banks. It pointed out that the technical expertise and competence of EBRD staff were widely acknowledged and valued and that the Bank had always received the highest rating (AAA) from rating agencies. For the future, however, the committee would like the Bank to shift focus gradually towards more equity investment and pursue an integrated approach designed to help entire value-added chains - from the processing of raw materials to the sale of the product at local level - get established. It also wanted to see increased funding for local authorities with a view to improving basic services and for the development of technical innovation relevant to industry. The Bank was also urged to help upgrade nuclear plants to EU standards and support alternative energy projects as a way of helping the countries in transition to diversify from nuclear energy. Among its recommendations, the committee stressed that the EBRD should respect political decisions taken by democratically-elected governments and therefore should not influence the division between the public and private sectors in each country. It also said that, in connection with projects leading to rationalisation measures, the EBRD should check whether local social security systems were sufficiently well-developed to provide for large numbers of temporary unemployed. Moreover, the Bank should include effects on employment as an additional criterion in project assessment. Other points raised in the report included the need to reform tax systems to create a solid tax base in the countries in transition and a call for the freezing of current investment plans in countries where the human rights situation is worrying. It nevertheless wanted micro-financing projects to be implemented in those countries to help independent SMEs.