


Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) 2011/0442(COD) Decision</p>	Procedure completed
<p>European Bank for Reconstruction and Development (EBRD): extending the geographic scope of operations to the Southern and Eastern Mediterranean</p> <p>Subject 6.40.13 Relations with/in the context of international organisations: UN, OSCE, OECD, Council of Europe, EBRD 6.40.15 European neighbourhood policy 8.40.07 European Investment Bank (EIB)</p> <p>Geographical area Mediterranean Sea area</p>	

Key players	
European Parliament	
Council of the European Union	

Key events			
17/01/2012	Committee referral announced in Parliament, 1st reading		
17/04/2012	Vote in committee, 1st reading		
13/06/2012	Results of vote in Parliament		
13/06/2012	Decision by Parliament, 1st reading	T7-0244/2012	Summary
26/06/2012	Act adopted by Council after Parliament's 1st reading		
04/07/2012	Final act signed		
04/07/2012	End of procedure in Parliament		
07/07/2012	Final act published in Official Journal		

Technical information	
Procedure reference	2011/0442(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Decision
Stage reached in procedure	Procedure completed

Documentation gateway					
Legislative proposal		COM(2011)0905	21/12/2011	EC	Summary
Committee draft report		PE483.759	01/03/2012	EP	
Committee report tabled for plenary, 1st reading/single reading		A7-0142/2012	24/04/2012	EP	
Text adopted by Parliament, 1st reading/single reading		T7-0244/2012	13/06/2012	EP	Summary
Draft final act		00024/2012/LEX	04/07/2012	CSL	
Commission response to text adopted in plenary		SP(2012)540	12/07/2012	EC	
Follow-up document		COM(2013)0927	20/12/2013	EC	Summary

Additional information	
National parliaments	IPEX
European Commission	EUR-Lex

Final act
Decision 2012/602 OJ L 177 07.07.2012, p. 0001 Summary

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

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

PROPOSED ACT: Decision of the European Parliament and of the Council.

BACKGROUND: the European Bank for Reconstruction and Development (EBRD) was established in 1990 to support the development of market economies from central Europe to central Asia following the widespread collapse of communist regimes.

- In response to the 2011 events in the Southern and Eastern Mediterranean region, in March 2011, the Commission and the High Representative presented a [Joint Communication](#) signalling the strong political and economic support of the EU to the region that included an option for extending the EBRD's mandate to cover the countries of the Southern Neighbourhood, building on its experience over the last 20 years.
- The European Council of 24/25 March 2011 broadly endorsed the contents of this Joint Communication. In its [Resolution of 7 April 2011](#) on the review of the European Neighbourhood Policy Southern Dimension, the European Parliament invited the EBRD to change its statute in order to participate in the financial assistance process.
- In May 2011, G8 leaders launched the Deauville Partnership to help Southern and Eastern Mediterranean countries in their transition towards free, democratic and tolerant societies and called on the EBRD to extend its geographic scope in order to leverage its experience and support the transition of these countries to embrace the principles of multiparty democracy, pluralism and market economies.

By Resolutions 137 and 138 adopted on 30 September 2011, the Board of Governors of the EBRD voted in favour of the necessary amendments to the Agreement Establishing the EBRD, enabling it to expand the EBRD's region of operations to the Southern and Eastern Mediterranean: (a) Resolution 137 which proposes amendments to Article 1 of the Agreement Establishing the Bank (AEB) to extend the region of EBRD's operations to the Southern and Eastern Mediterranean, and (b) Resolution 138 which proposes amendments to Article 18 of the AEB to allow the use of Special Funds in potential recipient countries.

IMPACT ASSESSMENT: the EBRD has assessed the impact on its capital adequacy of expanding its activities into the new region of operations. During the first two phases of intervention (see below), the EBRD activity will be carried out through the allocation of part of the Bank's net income. During the first phase, EUR 20 million will be allocated by the EBRD to the Cooperation Funds, and a further EUR 1 billion is expected to be allocated by the EBRD to the Special Fund set up during the second phase.

The assessment concluded that, on the basis of the current level of financial risk and economic capital, the EBRD will be able to stay within its statutory and economic capital requirements during the Capital Resources Review (CRR) period 2011-2015 without any further capital increase. Moreover, the EBRD has confirmed that the extension will have no impact on the activities in the current countries of operations.

LEGAL BASIS: Article 212 of the TFEU. This Article provides the legal basis to the EU for carrying out economic, financial and technical cooperation measures, in particular assistance to third countries.

CONTENT: the proposal concerns the approval by the EU of the amendments to Articles 1 and 18 of the AEB which extend the scope of the EBRD's operations to the countries of the Southern and Eastern Mediterranean region.

The proposal for two resolutions to change these two Articles was to allow the EBRD to engage in the Southern and Eastern Mediterranean region in three phases:

1. first phase: following the request of the international community to quick start operations in the Mediterranean region, the EBRD will use Cooperation Funds, which will focus on technical cooperation and project preparation;
2. second phase: the EBRD will allocate its own resources to Special Funds, which can deliver a full range of EBRD investment operations in the Southern and Eastern Mediterranean region. This phase will start once the amendments to Article 18 of the AEB have been ratified by a sufficient number of EBRD members, in accordance with Article 56 of the AEB;
3. third and final phase: the Southern and Eastern Mediterranean countries will become fully fledged countries of operations. This phase will commence once the amendments to Article 1 of the AEB have been ratified by the EBRD members, in accordance with Article 56 of the AEB.

A wide range of donors are being approached by the Bank to supplement both the Cooperation Funds and Special Funds. Cooperation Funds are targeted to reach a total volume of EUR 100 million, with monies likely to come from both current donors (including the EU through the Neighbourhood Investment Facility) and possibly non-traditional contributors, such as from the Arab world. No figure is presently anticipated to be set for donor contributions to Special Funds.

Before the EBRD engages in any of its potential new countries of operations, it performs a detailed technical assessment of the economic and political conditions existing in the country, including an assessment of that country's commitment to the AEB principles of multi-party democracy, pluralism and market economics, an assessment of transition gaps, what other International Financial Institutions are doing in the country, and the priorities where the EBRD can best make use of its unique knowledge and skills. In preparing these assessments, the EBRD will fully take into account the views of the EU and the wider international community.

Assessments have recently been carried out for Egypt, Tunisia, Morocco and Jordan. These assessments will be updated at each phase of EBRD engagement, and the requirements get progressively more demanding.

BUDGETARY IMPLICATION: by its nature, the present proposal has no direct financial impact on the budget of the Union. The acceptance by the EU of the expansion of the EBRD to the Southern and Eastern Mediterranean region does not require any operational expenditure.

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

The Committee on Economic and Monetary Affairs adopted the report by Slavi BINEV (NI, BG) 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.

The committee recommends that the position of the European Parliament in first reading following the ordinary legislative procedure should be to amend the Commission proposal. The main amendments are as follows:

The report stresses that the EBRD's expansion to the Southern and Eastern Mediterranean is an expression of the Union's and the international community's support for the hopes, encouraged by the Arab Spring, of a transition in that region towards market economies and pluralistic democratic societies.

Members ask that the Governor of the EBRD representing the Union report annually to the European Parliament on the expansion of EBRD operations to the countries of the Southern and Eastern Mediterranean, in particular as regards the EBRD's contribution to the transition towards energy-efficient, socially-inclusive market economies whilst taking into account the civic and human rights context, as well as any new agreements signed with donors for cooperation funds or special funds in favour of those countries.

Furthermore, the representatives of the Union in the governing bodies of the EBRD shall encourage the EBRD to:

- make a detailed technical assessment of the economic and political conditions existing in the country concerned;
- provide its assistance only in compliance with Article 1 of the Agreement and not undertake activities that conflict with Union policies on civic and human rights;
- focus on areas consistent with the key objectives of Union external policies and support projects that promote sustainable development;
- adopt a strategy by 2013 with a concrete timeline to increase the use of renewable energy and energy-efficient technologies;
- continue implementing the best prudential banking practices in order to further preserve its very strong capital position,
- strengthen the work of the Audit Committee of the EBRD and the Office of the Chief Compliance Officer and tighten control to prevent secrecy by the beneficiaries or the use of tax havens;
- adopt a clear plan on how to finance its activities relating to the Southern and Eastern Mediterranean, and provide a public statement of its priorities within that area,
- provide on the EBRD's website appropriate information about beneficiaries of its funds, the impact of its financial intermediary operations and evaluations of projects.

Lastly, with respect of the approval of potential recipient or recipient country status of the countries of the Southern and Eastern Mediterranean, the Commission shall carry out an inter-service consultation and shall consult civil society in an appropriate manner prior to the Board of Governors' vote on country compliance with EBRD conditions.

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

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.

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

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

LEGISLATIVE ACT: Decision No 602/2012/EU 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.

CONTENT: following agreement reached in first reading, the European Parliament and the Council adopted amendments to Articles 1 and 18 of the Agreement Establishing the European Bank for Reconstruction and Development (EBRD) which extend the geographical scope of EBRD operations to the Southern and Eastern Mediterranean.

Extension of operations to the southern and eastern Mediterranean reflects support from the EU and international community for a transition in the region towards market economies and pluralistic democratic societies.

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.

ENTRY INTO FORCE: 10/07/2012.