



Resolution 2007 (2014)¹

Final version

Challenges for the Council of Europe Development Bank

Parliamentary Assembly

1. As the financial and economic crisis still haunts Europe, many countries are struggling to restore growth, employment and living standards to pre-crisis levels. With austerity measures and chronic underinvestment becoming entrenched, social suffering has reached unprecedented levels. In these harsh times, multilateral development banks – such as the Council of Europe Development Bank (hereinafter “CEB” or “the bank”) – are key partners in sustaining public, social and economic investments, notably in areas where the private sector alone would not venture.
2. The extremely uncertain economic situation and new regulatory constraints have prompted the CEB to adapt, as necessary, its priorities, working methods, internal structures and governance in order to deliver “more with less”. The Parliamentary Assembly welcomes the bank’s capital increase (effective from the end of 2011), efforts to expand its membership and to boost the social added value of projects, as well as steps to adjust internal structures and strategies. The implementation of the Development Plan for 2010-2014 and the adoption of a new Development Plan for 2014-2016 are crucial to the CEB’s continued success.
3. The Assembly notes the bank’s continued commitment to preserving the level of lending to the neediest countries (notably those outside the European Union) without undermining its own risk profile, stable performance and profitability. It appreciates the fact that, despite the grim economic situation, no member State has failed to pay back loans, helped by the bank’s willingness to and assistance in redesigning some ongoing projects to help countries in budgetary difficulty. Although the demand for CEB loans temporarily decreased between 2011 and 2013, the interest in new projects is picking up again, with a strong emphasis on employment-support measures.
4. The Assembly believes that there is still much room for strengthening the CEB’s ties with the Council of Europe, with a view to maximising its impact and its comparative advantage. Niche activities with high social value should be further expanded. They concern in particular sectoral priorities – such as investment in administrative and judicial public services, small-scale health-care projects, social housing and asylum centres – and a geographical focus on countries in South-Eastern Europe.
5. Noting the bank’s increased emphasis on employment-related support, and its intention to launch innovative financing for essential public services, the Assembly considers that the CEB could expand its participation in underpinning public-private undertakings for vocational training, skills development, professional counselling and job placement for young people. As appropriate, this support might usefully be extended to other vulnerable groups, such as persons with disabilities, minorities and displaced or migrant persons.
6. The Assembly stresses the importance of direct contacts between the bank and the parliamentary representatives of European States for enhancing the visibility of the CEB’s work and potential. National parliaments can play a highly valuable role in promoting project initiatives for potential financing by the CEB in

1. *Assembly debate* on 26 June 2014 (26th Sitting) (see [Doc. 13513](#), report of the Committee on Social Affairs, Health and Sustainable Development, rapporteur: Mr Tuur Elzinga). *Text adopted by the Assembly* on 26 June 2014 (26th Sitting).

their countries. The Assembly also invites the parliaments of Andorra, Armenia, Austria, Azerbaijan, Monaco, the Russian Federation, Ukraine and the United Kingdom to press their respective national governments to consider joining the CEB at the earliest opportunity.

7. In the light of the above considerations, the Assembly recommends that the Governing Board of the Council of Europe Development Bank:

7.1. with a view to continued rationalisation of the CEB's governance:

7.1.1. urge member States to enhance the co-ordination of national positions taken by their representatives on the bank's collegial bodies (Administrative Council and Governing Board) and strive to reach consensus within the Governing Board by actively looking for compromise solutions;

7.1.2. build a graduated approach to tackling pending governance issues by organising informal consultations among the members on various reform options and a timetable;

7.1.3. in line with recommendations in the CEB Strategic Review of 2008, adjust statutory provisions or agree on their interpretation in a more flexible way so as to streamline decision-making structures;

7.1.4. simplify the voting system in the Governing Board, including for decisions on the appointment of top officials;

7.1.5. entrust the Governor of the bank, seconded by Vice-Governors whenever necessary, to chair the meetings of the Administrative Council after the mandate of the latter's current chair expires;

7.1.6. make the Governor of the bank the CEB's external representative;

7.1.7. in addition to the Secretary General of the Council of Europe, associate closely and invite the Council of Europe Commissioner for Human Rights and the President of the Parliamentary Assembly, as well as the parliamentary rapporteur on the CEB, to the annual meetings of the Governing Board and the joint meetings of the collegial bodies;

7.1.8. consider holding one of its meetings each year in Strasbourg;

7.2. in order to further increase project quality and the pertinence of project proposals emanating from member States, ask the CEB's Governor to ensure that the bank:

7.2.1. strengthens its links with the Office of the Commissioner for Human Rights and systematically takes into account the findings of the commissioner's country visits;

7.2.2. fully exploits complementarities and synergies with the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and, whenever appropriate, other international financial institutions;

7.2.3. assists member States concerned in building their capacity to absorb European Union structural funds, in particular for developing projects in priority sectors such as the judiciary, small-scale health-care projects, social housing, asylum facilities, Roma integration and employment-related services for young people, people with disabilities, minorities and migrants;

7.2.4. enhances recourse to the combination of loans and grants for the support of projects with the highest social-impact potential;

7.2.5. strengthens the monitoring and evaluation of the impact of the projects financed in the field of employment in terms of real and sustainable job creation or preservation in the countries concerned;

7.2.6. in line with the strategic objectives of its Development Plan for 2014-2016, enhances the direct financing of projects, in particular in favour of public bodies, without relying on the intermediation of private banks, where appropriate;

7.2.7. supports member States' loan projects aimed at implementing the recommendations set out in the 2014 report by the Council of Europe Secretary General, "State of democracy, human rights and the rule of law in Europe", notably as regards social rights and the Disability Action Plan 2006-2015;

7.2.8. perseveres in boosting its visibility both among non-member countries and those member States that are not active borrowers;

7.2.9. enhances the transparency of its activities.

8. The Assembly looks forward to receiving the written replies of the Governing Board and the Governor of the CEB to the above recommendations.