

**THE TWENTIETH PLENARY SESSION OF THE PABSEC GENERAL ASSEMBLY**  
**RECOMMENDATION 65/2002\***  
**ON “BLACK SEA TRADE AND DEVELOPMENT BANK: THE FINANCIAL PILLAR OF**  
**COOPERATION IN THE BLACK SEA REGION”**

1. **The Parliamentary Assembly of the Black Sea Economic Cooperation** reiterates its strong stand that the establishment of the Black Sea Trade and Development Bank (BSTDB) has been a major step in introducing the financial dimension of the BSEC process, aimed at undertaking intra-regional projects with a view to promoting sustainable economic development and closer integration of the BSEC countries.
2. Since the beginning, the Assembly addressed through its Recommendations the issue of finance and banking development in the BSEC region and rendered its support to the establishment and well functioning of the BSTDB. It particularly recalls the PABSEC Recommendations 9/1995 and 33/1999 on banking and finance and the BSTDB respectively.
3. Recognising the ever increasing work load due to the reconstruction of the economies of its members, the Assembly welcomes the bank’s expanding range of activities in terms of geography, sectors and instruments which are provided in favour of the social and economic development of the BSEC countries.
4. The Assembly notes the satisfactory financial results of and the overall performance by the bank since the commencement of its operations in June 1999 and welcomes with great satisfaction the bank’s increasing close co-operation with other financial institutions in particular the European Bank for Reconstruction and Development (EBRD) as regards project co-financing.
5. The Assembly renders its support for the Banks’s strategy for the future, namely to focus on its priority objectives aimed at a better geographical and financial distribution of its loan portofolio and intensify operations and hopes that the stepping up of the bank’s operations will progress further. It recognises the central role of the BSTDB in the realisation of the common goals of the BSEC countries as expressed among others in the BSEC Economic Agenda.

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\* Rapporteur: **Mr. Dan Nicolae RAHAU** (Chairman of the Economic, Commercial, Technological & Environmental Affairs Committee, Romania)

Assembly debate on 27 November 2002 (see Doc.GA20/EC19/REP/02, Report of the Economic, Commercial, Technological and Environmental Affairs Committee on “BLACK SEA TRADE AND DEVELOPMENT BANK: THE FINANCIAL PILLAR OF COOPERATION IN THE BLACK SEA REGION”, discussed in Chisinau on 11 September 2002; Rapporteur: Mr. Eugeniu GIRLA, (Moldova).

*Text adopted by the 20<sup>th</sup> General Assembly in Athens, on 27 November 2002*

**I. The Parliamentary Assembly therefore calls on** the National Parliaments and the Governments of the BSEC Member States:

i. *to expedite* market – oriented legislation efforts, regulatory and administrative reforms in the fields of privatisation, investments protection, banking and finance with a view not only to facilitating the operation of the bank but more important to promoting the BSEC region as a promising business destination;

ii. *to sustain* the momentum of macro-economic stability and progress and speed up institution – building initiatives and the strengthening of rule of law as a prerequisite for the well functioning of the financial markets and banking institutions in the whole region;

iii. *to improve* national legislation and exchange experience at regional level with a view of developing healthy financial and banking sectors that stimulate and facilitate capital flows necessary for the overall economic development of the region;

iv. to remove administrative and other impediments to the timely use of BSTDB financing opportunities;

v. *to actively mobilise* the appropriate sources of capital, credit and funding at the public and private level as well as through international financial institutions required for the realisation of projects which demonstrate positive economic impact;

vi. *to cooperate* more closely with the bank in the BSTDB's shaping of sectoral and country strategies;

vii. *to provide* sovereign guarantee wherever this is possible in order to facilitate bank's financing of public projects particularly in the field of infrastructure which provide high value added;

viii. *to undertake* or support initiatives to draw the general public's as well as the private sector's attention to the bank's activities and disseminate information about the BSTDB's role and potential to assist in the economic development of the region;

ix. *to follow* the time schedule of their corresponding financial obligations by which the capital stock of the Bank is realised.

**II. The Parliamentary Assembly therefore recommends** to the Black Sea Trade and Development Bank:

i. *to place* particular emphasis on implementing priority projects of common interest that generate employment opportunities in the region and to secure geographic and financial balance in the implementation of projects and trade finance activities among its members; a balance should be established between the financing of the projects and the contribution of the BSTDB share holders;

ii. *to focus* on private sector financing, especially on small and medium sized enterprises which are the backbone of domestic private sector in all BSEC countries and account for the bulk of existing employment;

iii. *to increase* its attention on identifying project opportunities in under-represented countries and creatively tailoring financial solutions to meet local conditions in a prudent but innovative manner;

iv. *to strengthen* as an integral component of its objectives, environmental sustainability and soundness and clearer technologies in line with its commitment to financing environmental sound projects and adding environmental value within the primary sectors of investment;

v. *to seek* strategic partnerships to provide financial instruments and products that are currently in short supply and place emphasis on identifying and initiating more region – wide, multi-country projects and programs that create positive regional cooperation impact;

vi. *to mobilise* know-how, access to information and technical capacity that meet specific regional needs beyond the scope of regular project finance and trade finance operations and with this aim to continue establishing Special Funds for priority areas such as environment, technical cooperation, export promotion;

vii. *to extend* financing of energy projects that interlink the countries of the region, taking into consideration the increasing needs of the BSEC countries for energy which result from the continuous development of the regional economy;

viii. *to continue* its initiatives to cement a financial linkage between the EU and the BSEC region given the existing institutional links between the EU and the PABSEC member countries, the undertaken obligations of several PABSEC countries vis-à-vis adherence to the *aquis communautaire* and the increasing economic interaction between the EU and the BSEC region with plenty of additional room for growth; *to foster* cooperation in the region concentrating on concrete, practical business initiatives to be developed by BSTDB in collaboration and joint implementation with the relevant services of the EC;

ix. *to step up* cooperation with multilateral financial institutions such as the World Bank, the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) as well as with international organisations such as the United Nations specialised agencies for the purpose of preparing, co-financing and evaluating projects, contributing to attracting investments in the region;

x. *to intensify* cooperation in a well - structured manner with the Organisation of the BSEC and its Related Bodies in particular the BSEC Business Council in the identification, elaboration and materialisation of specific project ideas which have positive economic development impact;

**III. The Parliamentary Assembly invites** the Council of Ministers of Foreign Affairs of the Organisation of the BSEC to consider this Recommendation.