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Enabling poor rural people
to overcome poverty

Cooperation agreement with the Council of Europe Development Bank

Executive Board — Ninety-second Session
Rome, 11-13 December 2007

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session:

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Recommendation for approval

The Executive Board is invited to authorize the President of IFAD to negotiate and finalize a cooperation agreement with the Council of Europe Development Bank (CEB). The purpose of said cooperation agreement would be to provide a general orientation document for future cooperative efforts aimed at capitalizing on IFAD's and CEB's respective comparative advantages in the realms of rural development and the improvement of the living conditions of the rural poor in the least privileged areas of south-eastern Europe.

Cooperation agreement with the Council of Europe Development Bank

1. The Executive Board is invited to note that IFAD intends to enter into a cooperation agreement with the Council of Europe Development Bank (CEB).
2. In accordance with article 8, section 2, of the Agreement Establishing IFAD, the Board is requested to authorize the President of IFAD to negotiate and finalize a cooperation agreement with CEB along the lines of similar agreements signed by IFAD with other institutions. The text of the agreement as negotiated and concluded will be submitted to the Board for information at a subsequent session.
3. Relevant information on CEB is provided in the annex.

Council of Europe Development Bank

Establishment

1. The CEB was established in 1956 as a multilateral development bank, under the supreme authority of the Council of Europe. CEB is legally and financially independent. Its administrative headquarters are in Paris.

Member states

2. CEB has 39 member states: Albania, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Holy See, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Moldova, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, the Former Yugoslav Republic of Macedonia, and Turkey.

Activities

3. CEB provides loans and guarantees to its member states, to local authorities and to financial institutions. The bank receives no annual contributions from its members and its financial activity is based on its paid-up capital and reserves and the resources it raises on the financial markets. The bank's fields of action are aimed at strengthening social cohesion in Europe along three sectoral action lines:
(i) strengthening of social integration and the fight against exclusion;
(ii) development of human capital; and (iii) responsible management of the environment. The scope of its activities includes: improvement of living conditions in disadvantaged urban areas and rural modernization; creation and preservation of viable jobs; education and vocational training; aid to refugees, migrants and displaced persons; health; social housing for low-income groups; infrastructure for administrative and judicial public services; protection of the environment; and preservation of historic and cultural heritage. Furthermore, through joint operations and an active partnership policy, CEB's action supports and complements the interventions of numerous financial institutions, both national and multilateral, as well as those of United Nations specialized agencies.

Operating principles

4. In order to obtain CEB financing, the projects presented must meet the following general criteria: compliance with Council of Europe conventions; respect for the environment on the basis of international conventions and compliance with standards of quality; and compliance with bidding procedures using national and international standards. Financing of projects may not exceed 50 per cent of the total eligible cost; the balance may be cofinanced by other international institutions.

Governance

5. CEB is organized, administered and controlled by the following organs: the governing board, the administrative council, the governor and the auditing board. The governing board consists of a chairperson and one representative for each member state. The board specifies the general orientation for the Bank's activities; lays down the conditions for bank membership; decides on capital increases; and approves the annual report, the accounts and the Bank's general balance sheet. The present chairperson is Mr Lars Kolte. The administrative council consists of a chairperson and one representative for each member state. The council exercises the powers delegated to it by the governing board; establishes and supervises operational policies; approves investment projects submitted by governments; and votes on the Bank's operating budget. The governor is the bank's legal representative and the head of operational services and has responsibility for the bank's staff under the general supervision of the administrative council. The governor also guides the bank's financial policy and represents the bank in all its transactions. The present governor is Mr Raphaël Alomar. The auditing board checks

the accuracy of the annual accounts, after they have been examined by an external auditor. As an independent supervising body of the bank's activities, the board is entitled to examine specific projects financed by the Bank, separately from other controlling entities. The auditing board is composed of three members appointed by the governing board.