



BS/BF/WG/R(2002)2

**REPORT OF THE
MEETING OF THE WORKING GROUP
ON BANKING AND FINANCE**

Istanbul, BSEC Headquarters, 11-12 December 2002

1. The Meeting of the Working Group on Banking and Finance was held on 11-12 December 2002 at the BSEC Headquarters in Istanbul.

2. The Meeting was attended by the representatives of the following BSEC Member States :

Republic of Armenia
Republic of Azerbaijan
Republic of Bulgaria
Georgia
Hellenic Republic
Republic of Moldova
Romania
Russian Federation
Republic of Turkey
Ukraine

3. The representative of Israel attended the Meeting as BSEC Observer.

4. The representatives of the Parliamentary Assembly of the BSEC, BSEC Business Council and Black Sea Trade and Development Bank attended the Meeting in the capacity of the BSEC Related Bodies.

5. The Meeting was chaired by Mr. Arsen AVAGYAN, Permanent Representative of the Republic of Armenia to the BSEC.

The list of participants of the Meeting is attached as Annex I.

6. The draft agenda of the Meeting was discussed and adopted. The agenda, as adopted, is attached as Annex II.

EVALUATION REPORT ON THE LATEST ACTIVITIES OF THE WORKING GROUP ON BANKING AND FINANCE

7. The International Secretariat of the BSEC provided a brief information on the record of activities of the Working Group on Banking and Finance. Particular emphasis was made on matters deliberated at the last meeting of the WG on Banking and Finance (15-16 January 2002) and respective follow up measures. Furthermore, a detailed reference has been made to the latest resolutions of the BSEC Council of Ministers of Foreign Affairs relating to the field of cooperation of the said Working Group.

CONSIDERATION OF THE PROPOSAL OF ESTABLISHING A CONSOLIDATED BUDGET OF THE BSEC ORGANIZATION TO INTEGRATE INTO A SINGLE WHOLE THE EXISTING BUDGETS OF THE BSEC INTERNATIONAL SECRETARIAT, THE RESERVE FUND AND THE BSEC PROJECT DEVELOPMENT FUND

8. The proposal was submitted by the BSEC PERMIS with an aim to launch an exchange of views on steps, which eventually may be required, to bring the already existing financial instruments of the BSEC into conformity with the article 25 the BSEC Charter. The Delegations took note in detail and exchanged views on the ideas expressed by the Secretariat to further update the organizational framework of the BSEC. However, the prevailing opinion was that the relevant proposal requires further investigation and any steps in this direction might prove to be premature at this stage, especially taking into account that the Project Development Fund has not started yet its operations. In view of the abovementioned, the Delegations agreed to return to this exercise at a later stage.

IMPLEMENTATION OF THE PROVISIONS OF THE BSEC PROJECT DEVELOPMENT FUND

9. Guided by the resolution of the BSEC Council of Ministers of Foreign Affairs (Tirana, 25 October 2002), by which the “Regulations and Rules of the BSEC Project Development Fund” have been adopted, the Working Group elaborated a set of Recommendations to be submitted to the Committee of Senior Officials in order that appropriate steps be undertaken to activate the BSEC Project Development Fund. The text as agreed by the Delegations is attached as Annex III to the Report.

10. Furthermore, the participants agreed on the provisions of the Standard Application for funding a BSEC Project, attached as Annex IV to the Report.

11. The Delegations commended the pledges made by the Republic of Azerbaijan, the Hellenic Republic, Romania and the Republic of Turkey to contribute to the Fund in the new budgetary year and according to the Article 7 of Regulations and Rules of the BSEC Project Development Fund invited the other Member States to inform on their intents in this respect.

ANY OTHER BUSINESS

12. Under this agenda item, a proposal was tabled by the BSEC Business Council that the Working Group on Banking and Finance include into its further activities the consideration of issues relating to capital market liberalization, financial management and international aspects of budgetary practices.

DATE AND VENUE OF THE NEXT MEETING

13. The date and venue for the next WG Meeting will be communicated to the Member States in due course through the PERMIS.

ADOPTION OF THE REPORT OF THE MEETING

14. The Report was adopted for submission to the BSEC Committee of Senior Officials and/or BSEC Council of Ministers of Foreign Affairs, to be held in Yerevan on 18 April 2003.