

India to join multilateral lender EBRD

Big step: Move will allow the EBRD to build on already close ties with India, says Suma Chakrabarti. Kamal Narang

India has got the go-ahead to join the European Bank of Reconstruction and Development (EBRD), after shareholders of the London-based multilateral lender agreed to the country becoming its 69th member, enabling Indian companies to undertake joint investments in regions in which the EBRD operates.

“This is an important step in the relationship between the EBRD and India, allowing us to build further on already very close ties,” said the development finance institution’s President Suma Chakrabarti.

Set up in 1991, based on a proposal by former French President Francois Mitterand, the bank’s initial focus was helping central and Eastern European nations reconstruct their economies in the post-Cold War era.

It remains committed to furthering the development of “market-orientated economies and the promotion of private and entrepreneurial initiative.” Other members who receive investments include Mongolia, Turkey, Egypt, Cyprus, Greece and Lebanon, among a total of 38 member states. Others including China, Russia, the U.S., U.K., and France are stakeholders, whose companies are able to invest in EBRD projects, but do not receive financing for domestic projects.

While Indian businesses have already cooperated on EBRD projects worth some €982 million, the hope is that the membership, which will see India take up a small stake in the bank, would spur further investment by Indian firms in a range of sectors from solar to utilities, providing them access to fast growing markets. It will also enable Indian citizens to work for the organisation.

India’s stake will also give it a say in the direction of the EBRD’s future work. The EBRD’s largest shareholder is currently the U.S., while other G7 nations also hold significant stakes.

Following the approval of Indian membership, India is expected to join EBRD within the first half of the year.

Quick processing

The process for India’s approval moved swiftly: from its formal application on December 18, to the decision going to the board of directors in late January.

The EBRD works with the private sector and also local governments in the provision of services and infrastructure across 38 nations – with projects ranging from transport provision to agribusiness, heating, waste management, to renewable energy.

In 2017, the EBRD signed a pact with the International Solar Alliance, which was unveiled in 2015 in Paris.

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