

Chapter I

PURPOSE, FUNCTIONS AND MEMBERSHIP

Article 1

PURPOSE

In contributing to economic progress and reconstruction, the purpose of the Bank shall be to foster the transition towards open market oriented economies and to promote private and entrepreneurial initiative in the Central and Eastern European countries committed to and applying the principles of multiparty democracy, pluralism and market economics.

Article 2

FUNCTIONS

1. To fulfil on a long-term basis its purpose of fostering the transition of Central and Eastern European countries towards open market-oriented economies and the promotion of private and entrepreneurial initiative, the Bank shall assist the recipient member countries to implement structural and sectoral economic reforms, including demonopolization, decentralization and privatization, to help their economies become fully integrated into the international economy by measures :

(i) to promote, through private and other interested investors, the establishment, improvement and expansion of productive, competitive and private sector activity, in particular small and medium sized enterprises ;

(ii) to mobilize domestic and foreign capital and experienced management to the end described in (i) ;

(iii) to foster productive investment, including in the service and financial sectors, and in related infrastructure where that is necessary to support private and entrepreneurial initiative, thereby assisting in making a competitive environment and raising productivity, the standard of living and conditions of labour ;

(iv) to provide technical assistance for the preparation, financing and implementation of relevant projects, whether individual or in the context of specific investment programmes ;

(v) to stimulate and encourage the development of capital markets ;

(vi) to give support to sound and economically viable projects involving more than one recipient member country ;

(vii) to promote in the full range of its activities environmentally sound and sustainable development ; and

(viii) to undertake such other activities and provide such other services as may further these functions.