

Care Urged In EBRD Arab Move

By [The Moscow Times](#)

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ASTANA, Kazakhstan — The European Bank for Reconstruction and Development should tread carefully in expanding lending into North Africa and the Middle East, Deputy Finance Minister Sergei Storchak said Saturday.

The EBRD, created in 1991 to help fund development in the ex-communist countries of Eastern and Central Europe and the former Soviet Union, agreed earlier in the day to expand into the Middle East and North Africa following popular revolts in the Arab world.

The expansion has been supported by the United States and Germany.

Storchak said that Russia, while supporting the expansion of the EBRD, believed that the development bank should not "force the process."

"Keeping in mind the development level of civil society in many of the countries where expansion is taking place, we could be creating big problems for ourselves from the start," he told reporters on the sidelines of the EBRD's annual meeting, held in Kazakhstan's capital,

Astana. "As far as I know, we are not alone in this position."

He said expansion should be gradual and best done through the creation of a specific fund.

The EBRD intends to explore how to direct funds to Egypt, where President Hosni Mubarak was toppled in February, and other Arab states in the same way it supported former Communist countries after the fall of the Iron Curtain more than two decades ago.

"We are witness to extraordinary times, and this calls for extraordinary measures," EBRD EU alternate governor Vassili Lelakis said.

EBRD president Thomas Mirow said he was confident the bank's activities in the new region could begin in spring next year.

Separately, the EBRD said in a report Friday that emerging Europe and Central Asia would grow slightly faster this year than previously expected, but the euro-zone crisis and rising commodity prices posed risks to the recovery.

Growth will be driven by a rise in domestic demand across most of emerging Europe, while high oil and gas prices will benefit Russia and Kazakhstan, which are set to see economic growth of 4.6 and 7 percent, respectively, this year.

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