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PROPOSAL

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Subject: Proposal for a decision of the European Parliament and of the Council on amendments to the Agreement Establishing the European Bank for Reconstruction and Development (EBRD) extending the geographic scope of EBRD operations to the Southern and Eastern Mediterranean

Delegations will find attached a proposal from the Commission, submitted under a covering letter from Mr Jordi AYET PUIGARNAU, Director to Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union.

Encl.: COM(2011) 905 final



EUROPEAN COMMISSION

Brussels, 21.12.2011
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Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on amendments to the Agreement Establishing the European Bank for Reconstruction and Development (EBRD) extending the geographic scope of EBRD operations to the Southern and Eastern Mediterranean

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

Introduction

The European Bank for Reconstruction and Development (EBRD) was established in 1990 to support the development of market economies from central Europe to central Asia following the widespread collapse of communist regimes. The European Union, together with the European Investment Bank (EIB) and all EU Member states at that time were founding members. The EBRD is currently owned by 61 countries, the EU and the EIB. The EBRD supports projects in 29 countries of operations, primarily in the private sector, that cannot be fully financed by the market. The EBRD promotes entrepreneurship and fosters transition towards open and democratic market economies.

The 2011 events in our partner Mediterranean countries call for a robust policy response from the EU. In March, the Commission and the High Representative presented a Joint Communication¹ signalling the strong political and economic support of the EU to the region that included an option for extending the EBRD's mandate to cover the countries of the Southern Neighbourhood, building on its experience fostering transition towards open market-oriented economies over the last 20 years. The European Council of 24/25 March 2011 broadly endorsed the contents of this Joint Communication. In its Resolution of 7 April 2011 on the review of the European Neighbourhood Policy – Southern Dimension, the European Parliament invited the EBRD to change its statute in order to participate in the financial assistance process. At their May 2011 meeting in Deauville, G8 leaders also called on the EBRD to extend its geographic scope in order to leverage its experience and support the transition of the Southern and Eastern Mediterranean countries to embrace the principles of multiparty democracy, pluralism and market economies.

In response to fast moving events, EBRD's Governors called on the EBRD to examine the case for a regional extension of the geographic scope of its mandate. Governors set the parameters for this work at the EBRD's Annual Meeting in May 2011. The EBRD Board of Directors submitted to the Governors a report on the Geographic Expansion of the EBRD's operations to the Southern and Eastern Mediterranean, notably proposing two Resolutions:

- (a) Resolution 137 which proposes amendments to Article 1 of the Agreement Establishing the Bank (AEB) to extend the region of EBRD's operations to the Southern and Eastern Mediterranean, and
- (b) Resolution 138 which proposes amendments to Article 18 of the AEB to allow the use of Special Funds in potential recipient countries.

EBRD's calibrated approach in the new region

The proposal for two resolutions to change these two Articles was to allow the EBRD to engage in the Southern and Eastern Mediterranean region in three phases:

¹ Joint Communication "A Partnership for Democracy and Shared Prosperity with the Southern Mediterranean", COM(2011)200 of 8 March 2011. The extension of the EBRD mandate to Southern Eastern Neighbours was also supported by the Commission and the EEAS in the Joint Communication "A new response to a changing Neighbourhood", COM(2011)303 of 25 May 2011.

- Under the first phase, following the request of the international community to quick start operations in the Mediterranean region, the EBRD will use Cooperation Funds, which will focus on technical cooperation and project preparation.
- Under the second phase, the EBRD will allocate its own resources to Special Funds, which can deliver a full range of EBRD investment operations in the Southern and Eastern Mediterranean region. This phase will start once the amendments to Article 18 of the AEB have been ratified by a sufficient number of EBRD members, in accordance with Article 56 of the AEB.
- Under the final phase, the Southern and Eastern Mediterranean countries will become fully fledged countries of operations. This phase will commence once the amendments to Article 1 of the AEB have been ratified by the EBRD members, in accordance with Article 56 of the AEB.

Article 1 of the AEB currently defines the region in which the Bank is to pursue its purpose as the countries of Central and Eastern Europe as well as Mongolia. As the prospective new recipient countries are outside that region, Article 1 of the AEB will need to be amended before the EBRD is entitled to carry out full operations there using its ordinary resources. The text of the amendment is attached to the legislative proposal. Article 1 of the AEB needs to be amended to extend the scope of the Bank's operations to include the member countries of the Southern and Eastern Mediterranean, and to provide that a member can become a recipient country with the approval of a qualified majority of no less than 2/3 of Governors, representing no less than 75% of the total voting power.

The EBRD's Board of Directors Report stated that the Southern and Eastern Mediterranean region "comprises the countries that have a shoreline on the Mediterranean as well as Jordan which is closely integrated into this region" which are considered to be the EU Southern Neighbourhood countries. Egypt and Morocco are already EBRD's members. Tunisia's and Jordan's memberships have been approved by the EBRD Board of Governors respectively in September 2011 and in November 2011².

Whilst awaiting the entry into force of Article 1 of the AEB (as amended), and in order to allow for an earlier involvement of the EBRD in the Southern and Eastern Mediterranean, the proposed amendment of Article 18 of the AEB would allow the EBRD to carry out operations financed from Special Fund resources in selected member countries of the extended region.

Article 18 of the AEB needs to be amended to permit Special Funds to be used in the EBRD's potential recipient countries and to provide that a member of the EBRD should be designated as a potential recipient country with the approval of a qualified majority of no less than 2/3 of Governors, representing no less than 75% of the total voting power. In addition, when the Board of Governors decides that a member should be a potential recipient country, it should also decide the length of time for which that member may be able to have access to the relevant Special Funds.

The EU Governor of the EBRD and all EU Member States' Governors voted in favour of Resolutions 137 and 138 at the Board of Governors on 30 September 2011 approving the necessary amendments to Articles 1 and 18 of the AEB. According to Article 56 of the AEB, thereafter the members of the EBRD need to accept them. Therefore, a Decision of the

² Israel is also a member of the EBRD but it is not expected to become an EBRD country of operations.

European Parliament and of the Council is necessary to allow these amendments to enter into force thereby enabling the EBRD to operate in countries of the Southern and Eastern Mediterranean and in order to allow the use of special funds in recipient countries and potential recipient countries.

The amendments will enter into force seven days after the date of formal communication by the EBRD when the requirements for accepting the amendments have been met in accordance with Article 56 of the AEB.

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

The international community, including all Member States, the Commission and the other EU institutions, has urged the EBRD to become part of the economic response to the political events in the Southern and Eastern Mediterranean region building on its experience in supporting the economic transformation of countries in Central and Eastern Europe, as well as Central Asia, after the collapse of communism.

The EU and the G8 also encouraged the EBRD to support engagement in the region and pledged to work with the Bank towards the creation of a 'dedicated transitional facility', to allow the Bank's operations in countries of the extended region to start as early as possible.

The EBRD Board of Governors observed the historic and dynamic changes occurring in the extended region and considered the urgent need to express support to those countries of the region determined to build a new and democratic order. The amendments to the AEB reflect the need for the EBRD to expand its operations to the Southern and Eastern Mediterranean countries by supporting effectively the political and economic changes in the region. EBRD's shareholders (which include all EU Member States, the EIB and the Commission representing the EU) were actively involved in the process.

The EBRD has assessed the impact on its capital adequacy of expanding its activities into the new region of operations. During the first two phases of intervention identified in section (1) of this explanatory memorandum, the EBRD activity will be carried out through the allocation of part of the Bank's net income. During the first phase, EUR 20 million will be allocated by the EBRD to the Cooperation Funds, and a further EUR 1 billion is expected to be allocated by the EBRD to the Special Fund set up during the second phase. The assessment concluded that, on the basis of the current level of financial risk and economic capital, the EBRD will be able to stay within its statutory and economic capital requirements during the Capital Resources Review (CRR) period 2011-2015 without any further capital increase. Moreover, the EBRD has confirmed that the extension will have no impact on the activities in the current countries of operations.

A wide range of donors are being approached by the Bank to supplement both the Cooperation Funds and Special Funds. Cooperation Funds are targeted to reach a total volume of EUR 100 million, with monies likely to come from both current donors (including the EU through the Neighbourhood Investment Facility) and possibly non-traditional contributors, such as from the Arab world. No figure is presently anticipated to be set for donor contributions to Special Funds. Before the EBRD engages in any of its potential new countries of operations, it performs a detailed technical assessment of the economic and

political conditions existing in the country, including an assessment of that country's commitment to the Article 1 of the AEB principles of multi-party democracy, pluralism and market economics, an assessment of transition gaps, what other International Financial Institutions are doing in the country, and the priorities where the EBRD can best make use of its unique knowledge and skills. In preparing these assessments, the EBRD will fully take into account the views of the EU and the wider international community.

Assessments have recently been carried out for Egypt, Tunisia, Morocco and Jordan. These assessments will be updated at each phase of EBRD engagement, and the requirements get progressively more demanding. In addition, the EBRD has committed to monitor economic and political developments in each country closely, in order to calibrate the EBRD's engagement in line with the direction and pace of developments, whilst ensuring that the views of the EU and the wider international community are fully taken into account.

3. LEGAL ELEMENTS OF THE PROPOSAL

The proposed Decision relates to the geographic expansion of the EBRD's region of operations to the Southern and Eastern Mediterranean region. Since the entry into force of the Treaty on the Functioning of the European Union, Article 212 provides the legal basis to the EU for carrying out economic, financial and technical cooperation measures, in particular assistance to third countries and is proposed as the legal basis for the present legislative proposal.

4. BUDGETARY IMPLICATION

By its nature, the present proposal has no direct financial impact on the budget of the Union.

5. DETAILED EXPLANATION OF THE PROPOSAL

Article 1

This Article concerns the approval by the EU of the amendments to Articles 1 and 18 of the AEB which extend the scope of the EBRD's operations to the countries of the Southern and Eastern Mediterranean region.

Article 2

This Article will allow the Governor of the EBRD representing the EU to communicate formally to the Bank the instrument of acceptance of the above amendments.

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on amendments to the Agreement Establishing the European Bank for Reconstruction and Development (EBRD) extending the geographic scope of EBRD operations to the Southern and Eastern Mediterranean

THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 212 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national Parliaments,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) In response to the 2011 events in the Southern and Eastern Mediterranean region, in March 2011, the Commission and the High Representative presented a Joint Communication³ signalling the strong political and economic support of the EU to the region that included an option for extending the EBRD's mandate to cover the countries of the Southern Neighbourhood, building on its experience over the last 20 years. The European Council of 24/25 March 2011 broadly endorsed the contents of this Joint Communication. In its Resolution of 7 April 2011 on the review of the European Neighbourhood Policy – Southern Dimension, the European Parliament invited the EBRD to change its statute in order to participate in the financial assistance process.
- (2) In May 2011, G8 leaders launched the Deauville Partnership to help Southern and Eastern Mediterranean countries in their transition towards free, democratic and tolerant societies and called on the EBRD to extend its geographic scope in order to leverage its experience and support the transition of these countries to embrace the principles of multiparty democracy, pluralism and market economies.
- (3) By Resolutions 137 and 138 adopted on 30 September 2011, the Board of Governors of the EBRD voted in favour of the necessary amendments to the Agreement Establishing the EBRD, enabling it to expand the EBRD's region of operations to the

³ Joint Communication "A Partnership for Democracy and Shared Prosperity with the Southern Mediterranean", COM(2011)200 of 8 March 2011. The extension of the EBRD mandate to Southern Eastern Neighbours was also supported by the Commission and the EEAS in the Joint Communication "A new response to a changing Neighbourhood", COM(2011)303 of 25 May 2011.

Southern and Eastern Mediterranean. All EU Governors of the EBRD voted in favour of these amendments, including the Governor representing the European Union.

- (4) According to Article 56 of the Agreement Establishing the EBRD, the EBRD shall ask all members whether they accept the proposed amendments. This acceptance should be given on behalf of the EU.
- (5) In carrying out its activities in the Southern and Eastern Mediterranean region, the EBRD should be encouraged to continue its close engagement with the EU and to develop a close cooperation with the EIB and other European and international public financing institutions.

HAVE ADOPTED THIS DECISION:

Article 1

The amendments to Articles 1 and 18 of the Agreement Establishing the EBRD attached to this Decision are hereby approved on behalf of the European Union.

Article 2

The Governor of the EBRD representing the European Union shall communicate to the EBRD the Declaration of Acceptance of the amendments on behalf of the European Union.

Article 3

This Decision shall enter into force on the third day following that of its publication in the *Official Journal of the European Union*.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

**ANNEX: Amendments to the Agreement Establishing the European Bank for
Reconstruction and Development**

Article 1 of the Agreement Establishing the Bank shall be replaced by the following:

"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. Subject to the same conditions, the purpose of the Bank may also be carried out in Mongolia and in member countries of the Southern and Eastern Mediterranean as determined by the Bank upon the affirmative vote of not less than two-thirds of the Governors, representing not less than three-fourths of the total voting power of the members. Accordingly, any reference in this Agreement and its annexes to "Central and Eastern European countries", "countries from Central and Eastern Europe", "recipient country (or countries)" or "recipient member country (or countries)" shall refer to Mongolia and each of such countries of the Southern and Eastern Mediterranean as well."

Article 18 of the Agreement Establishing the Bank shall be replaced by the following:

"Article 18

SPECIAL FUNDS

1. (i) The Bank may accept the administration of Special Funds which are designed to serve the purpose and come within the functions of the Bank in its recipient countries and potential recipient countries. The full cost of administering any such Special Fund shall be charged to that Special Fund.

(ii) For the purposes of subparagraph (i), the Board of Governors may, at the request of a member which is not a recipient country, decide that such member qualifies as a potential recipient country for such limited period and under such terms as may seem advisable. Such decision shall be taken by the affirmative vote of not less than two-thirds of the Governors, representing not less than three-fourths of the total voting power of the members.

(iii) The decision to allow a member to qualify as a potential recipient country can only be made if such member is able to meet the requirements for becoming a recipient country. Such requirements are those set out in Article 1 of this Agreement, as it reads at the time of such decision or as it will read upon the entry into force of an amendment that has already been approved by the Board of Governors at the time of such decision.

(iv) If a potential recipient country has not become a recipient country at the end of the period referred to in subparagraph (ii), the Bank shall forthwith cease any special operations in that country, except those incident to the orderly realization, conservation and preservation of the assets of the Special Fund and settlement of obligations that have arisen in connection therewith.

2. Special Funds accepted by the Bank may be used in its recipient countries and potential recipient countries in any manner and on any terms and conditions consistent with the purpose and functions of the Bank, with the other applicable provisions of this Agreement, and with the agreement or agreements relating to such Funds.

3. The Bank shall adopt such rules and regulations as may be required for the establishment, administration and use of each Special Fund. Such rules and regulations shall be consistent

with the provisions of this Agreement, except for those provisions expressly applicable only to ordinary operations of the Bank."

LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSALS

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Proposal for Decision of the European Parliament and of the Council on amendments to the Agreement Establishing the European Bank for Reconstruction and Development (EBRD) expanding the geographic scope of EBRD operations to the Southern and Eastern Mediterranean.

1.2. Policy area(s) concerned in the ABM/ABB structure⁴

Title 01 – Economic and Financial Affairs

1.3. Nature of the proposal/initiative

- The proposal/initiative relates to **a new action**
- The proposal/initiative relates to **a new action following a pilot project/preparatory action**⁵
- The proposal/initiative relates to **the extension of an existing action**
- The proposal/initiative relates to **an action redirected towards a new action**

1.4. Objectives

1.4.1. *The Commission's multiannual strategic objective(s) targeted by the proposal/initiative*

Objective "To promote prosperity beyond the EU"

1.4.2. *Specific objective(s) and ABM/ABB activity(ies) concerned*

Specific objective No. 2. "To improve the EU profile, external representation and liaison with the EIB and EBRD, other international financial institutions, and relevant economic fora aiming at strengthening convergence between their strategies and operations and EU external priorities"

ABM/ABB activity concerned

Title 01.03 – International Economic and Financial Affairs

⁴ ABM: Activity-Based Management – ABB: Activity-Based Budgeting.

⁵ As referred to in Article 49(6)(a) or (b) of the Financial Regulation.

1.4.3. *Expected result(s) and impact*

The main objective of the amendments to Articles 1 and 18 of the Agreement Establishing the European Bank for Reconstruction and Development (AEB) is to extend the geographic scope of the EBRD's mandate in the Southern and Eastern Mediterranean region of operations and allow for an earlier involvement of the EBRD through Special Fund in the new countries of operations while awaiting the entry into force of Article 1 of the AEB.

1.4.4. *Indicators of results and impact*

The attainment of objectives will be measured in accordance with the EBRD's own reporting on financing operations in the Southern and Eastern Mediterranean region.

1.5. Grounds for the proposal/initiative

1.5.1. *Requirement(s) to be met in the short or long term*

The Board of Governors adopted Resolutions 137 and 138 on 30 September 2011 approving the necessary amendments to Articles 1 and 18 of the AEB with unanimous support from the EU Governors.

The Resolutions as approved by EBRD's Governors need to be accepted by EBRD's members, including by the European Union, in accordance with Article 56 of the AEB. Each member of the EBRD shall deposit with the EBRD an instrument stating that it has accepted the amendments to Articles 1 and 18 of the AEB. A decision of the European Parliament and of the Council is necessary for the EU to state its formal acceptance of these amendments.

1.5.2. *Added value of EU involvement*

As stated in the explanatory memorandum, the EU Member States and the EU institutions are supportive of the expansion of EBRD activities to Southern and Eastern Mediterranean region. The EU is a member of the EBRD.

1.5.3. *Lessons learned from similar experiences in the past*

The EBRD has accumulated unique experience in supporting public and financial sector reform, promoting small and medium sized enterprises, and the privatisation of state companies in its current countries of operations. The countries in the Southern and Eastern Mediterranean region face similar challenges of economic modernisation, growth and job creation as did the countries of Central and Eastern Europe after the fall of Communism. Support for investments in infrastructure and for the private sector is badly needed, and the EBRD can use and deploy its expertise in these and other areas to help bring economic benefits in this new region of operations.

1.5.4. *Coherence and possible synergy with other relevant instruments*

The Commission systematically promotes close cooperation and joint initiatives with the EBRD, the EIB and other IFIs as efficient donor/IFI concerted actions are increasingly

necessary to sustain recovery in a fragile and fiscally constrained economic environment. Close cooperation with the EBRD also underpins the achievement of EU objectives in the field of economic external relations activities.

Against this background, the Commission supports, in particular, its cooperation with the EIB and the EBRD in the framework of tripartite (EU-EIB-EBRD) Memorandum of Understanding, as well as within grant and loan blending mechanisms, such as the Western Balkans Investment Framework and the Neighbourhood Investment Facility. The Commission, the EIB and the EBRD will extend the tripartite Memorandum of Understanding to cover the Southern and Eastern Mediterranean region. The cooperation between the Commission and the EBRD, as well as between the EBRD, the EIB and other multilateral and bilateral financial institutions, will be pursued in the Southern and Eastern Mediterranean region. As in its current region of operations, the EBRD activity in the Southern and Eastern Mediterranean can benefit from the Neighbourhood Investment Facility (NIF) support.

1.6. Duration and financial impact

Proposal/initiative of **limited duration**

– Proposal/initiative in effect from [DD/MM]YYYY to [DD/MM]YYYY

– Financial impact from YYYY to YYYY

Proposal/initiative of **unlimited duration**

1.7. Management mode(s) envisaged⁶

Centralised direct management by the Commission

Centralised indirect management with the delegation of implementation tasks to:

– executive agencies

– bodies set up by the Communities⁷

– national public-sector bodies/bodies with public-service mission

– persons entrusted with the implementation of specific actions pursuant to Title V of the Treaty on European Union and identified in the relevant basic act within the meaning of Article 49 of the Financial Regulation

Shared management with the Member States

Decentralised management with third countries

Joint management with international organisations

Comments

N/A

⁶ Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html

⁷ As referred to in Article 185 of the Financial Regulation.

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

EBRD Financing Operations will be managed in accordance with the EBRD's own rules and procedures, including appropriate audit, control and monitoring measures. As foreseen in the AEB, the Audit Committee of the EBRD, which is supported by external auditors, assists the EBRD Board of Directors and is responsible for verifying the regularity of the EBRD operations and accounts. The Board of Directors, where the EU, represented by the Commission, has a Director, submits the audited accounts for each financial year for approval of the Board of Governors at each annual meeting and approves the budget of the EBRD. The Board of Governors approves, after reviewing the auditor's report, the general balance sheet and the statement of profit and loss of the EBRD.

Furthermore, the Board of Directors establishes policies and takes decisions concerning loans, guarantees, investment in equity capital, borrowing by the EBRD, the furnishing of technical assistance and other operations of the EBRD in conformity with the general directions of the Board of Governors.

Finally, the Board of Directors has established three Board Committees to assist it in its work: the Audit Committee mentioned above, the Budget and Administrative Affairs Committee and the Financial and Operations Policies Committee. The EU Director (or his alternate) attends all these Boards Committees.

The Governor of the EBRD for the Union will report annually to the European Parliament on EBRD related matters in accordance with Decision No 1219/2011/EU of the European Parliament and of the Council concerning the subscription by the European Union to additional shares in the capital of the EBRD.

2.2. Management and control system

2.2.1. Risk(s) identified

The EU risk attached to this Decision is linked to its participation in the EBRD.

2.2.2. Control method(s) envisaged

EBRD operations in the Southern and Eastern region will be carried out according to EBRD standard rules of procedure and sound banking practice. See also 2.1.

2.3. Measures to prevent fraud and irregularities

The EBRD has an independent Office of the Chief Compliance Officer (OCCO), which is headed by a Chief Compliance Officer (CCO) reporting directly to the President, and annually, or as necessary, to the Audit Committee. The OCCO's mandate is to promote good governance and to ensure the highest standards of integrity are applied throughout all of the activities of the EBRD in accordance with international best practice. The responsibilities of the OCCO include dealing with issues of integrity, due diligence, confidentiality, conflicts of

interest, corporate governance, accountability, ethics, anti-money laundering, counter-terrorist financing and the prevention of fraudulent and corrupt practices. The OCCO is responsible for investigating allegations of fraud, corruption and misconduct. It also trains and advises, as necessary, EBRD staff members who are appointed as directors to the boards of companies in which the EBRD holds an equity interest. Financial and integrity due diligence are integrated into the Bank's normal approval of new business and the monitoring of its existing transactions. The EBRD publishes the OCCO's anti-corruption report on its web site.

Moreover, the OCCO has the specific responsibility for administering the EBRD's accountability mechanism, currently the Independent Recourse Mechanism soon to be replaced with the Project Complaint Mechanism, which assesses and reviews complaints about projects financed by the EBRD and provides, where warranted, a determination as to whether in approving a particular project, the EBRD acted in compliance with its relevant policies.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing expenditure budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Description.....]	DA/NDA ⁽⁸⁾	from EFTA ⁹ countries	from candidate countries ¹⁰	from third countries	within the meaning of Article 18(1)(aa) of the Financial Regulation
4	-	-	NO	NO	NO	NO

⁸ DA= Differentiated appropriations / DNA= Non-Differentiated Appropriations

⁹ EFTA: European Free Trade Association.

¹⁰ Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

3.2. Estimated impact on expenditure

3.2.1. Summary of estimated impact on expenditure

The acceptance by the EU of the expansion of the EBRD to the Southern and Eastern Mediterranean region does not require any operational expenditure.

Heading of multiannual financial framework:		5		" Administrative expenditure "				
		EUR million (to 3 decimal places)						
		Year 2011	Year 2012	Year 2013	Year 2014	... enter as many years as necessary to show the duration of the impact (see point 1.6)	TOTAL	
DG: ECFIN								
• Human resources		0.127	0.064					0.191
• Other administrative expenditure								
TOTAL DG ECFIN	Appropriations	0.127	0.064					0.191
TOTAL appropriations under HEADING 5 of the multiannual financial framework		(Total commitments = Total payments)	0.127	0.064				0.191
TOTAL appropriations		Commitments	0.127	0.064				0.191

3.2.2. *Estimated impact on operational appropriations*

- The proposal/initiative does not require the use of operational appropriations

3.2.3. Estimated impact on appropriations of an administrative nature

3.2.3.1. Summary

- The proposal/initiative does not require the use of administrative appropriations
- The proposal/initiative requires the use of administrative appropriations, as explained below:

EUR million (to 3 decimal places)

	Year 2011	Year 2012	Year 2013	Year 2014	... enter as many years as necessary to show the duration of the impact (see point 1.6)			TOTAL
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HEADING 5 of the multiannual financial framework								
Human resources	0.127	0.064	0.000	0.000				0.191
Other administrative expenditure								
Subtotal HEADING 5 of the multiannual financial framework	0.127	0.064	0.000	0.000				0.191

Outside HEADING 5¹¹ of the multiannual financial framework								
Human resources								
Other expenditure of an administrative nature								
Subtotal outside HEADING 5 of the multiannual financial framework								

TOTAL	0.127	0.064	0.000	0.000				0.191
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¹¹ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former "BA" lines), indirect research, direct research.

3.2.3.2. Estimated requirements of human resources

- The proposal/initiative does not require the use of human resources
- The proposal/initiative requires the use of human resources, as explained below:

Estimate to be expressed in full time equivalent units (or at most to one decimal place)

	Year 2011	Year 2012	Year 2013	Year 2014	... enter as many years as necessary to show the duration of the impact (see point 1.6)		
• Establishment plan posts (officials and temporary agents)							
01 01 01 01 (Headquarters and Commission's Representation Offices)	1.0	0.5	0	0			
XX 01 01 02 (Delegations)							
XX 01 05 01 (Indirect research)							
10 01 05 01 (Direct research)							
• External personnel (in Full Time Equivalent unit: FTE)¹²							
XX 01 02 01 (CA, INT, SNE from the "global envelope")							
XX 01 02 02 (CA, INT, JED, LA and SNE in the delegations)							
XX 01 04 yy ¹³	- at Headquarters ¹⁴						
	- in delegations						
XX 01 05 02 (CA, INT, SNE – Indirect research)							
10 01 05 02 (CA, INT, SNE – Direct research)							
Other budget lines (specify)							
TOTAL	1.0	0.5	0	0			

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG.

Description of tasks to be carried out:

¹² CA= Contract Agent; INT= agency staff ("*Intérimaire*"); JED= "*Jeune Expert en Délégation*" (Young Experts in Delegations); LA= Local Agent; SNE= Seconded National Expert;
¹³ Under the ceiling for external personnel from operational appropriations (former "BA" lines).
¹⁴ Essentially for Structural Funds, European Agricultural Fund for Rural Development (EAFRD) and European Fisheries Fund (EFF).

Officials and temporary agents	<p>The main tasks arising from the proposal are the following:</p> <ul style="list-style-type: none"> - Preparation of legislative proposal - Follow up of the legislative procedure with the European Parliament and the Council; - Relations and communication with EBRD management.
External personnel	

3.2.4. *Compatibility with the current multiannual financial framework*

- Proposal/initiative is compatible the current multiannual financial framework.
- The proposal is compatible with existing financial programming.

3.2.5. *Third-party contributions*

- The proposal/initiative does not provide for co-financing by third parties

3.3. Estimated impact on revenue

- Proposal/initiative has no financial impact on revenue.