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Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

concerning the subscription by the European Union to additional shares in the capital of the European Bank for Reconstruction and Development (EBRD) and amending the Agreement establishing the EBRD as regards the extension of the geographic scope of EBRD operations to sub-Saharan Africa and Iraq in a limited and incremental manner, and removing the statutory capital limitation on ordinary operations

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

Reasons for and objectives of the proposal

The European Bank for Reconstruction and Development (EBRD) was founded in 1991 to support the transition towards market-oriented economies in Central and Eastern European countries following the collapse of communist regimes. The European Union, together with the European Investment Bank (EIB) and 40 countries (including all Member States of the Union at that time), were founding members. Currently¹ the EBRD is owned by 72 countries, the Union, and the EIB. Following two extensions of its original geographical scope, the EBRD today supports investments in 38 countries of operation² that are committed to and applying the principles of multiparty democracy, pluralism and market economics, with the aim to develop private and entrepreneurial initiative.³

The proposed Decision is intended to allow the Union to subscribe for additional paid-in shares in the EBRD in the capital increase decided by its Board of Governors on 15 December 2023 to ensure the Bank's support for resilience and reconstruction in Ukraine beyond 2023, and the continued support in all of its countries of operations in addressing the most pressing transition challenges, aligned with the EBRD's mandate and strategic direction.

The proposed Decision is also intended to approve amendments to the Agreement establishing the EBRD, which (i) enable the limited and incremental expansion of the geographic scope of the EBRD's operations to sub-Saharan Africa and Iraq and (ii) remove the statutory capital limitation on ordinary operations and entrust the EBRD Board of Directors to establish and maintain any appropriate limits with respect to capital adequacy metrics.

The proposed Decision authorises the Governor representing the Union in the EBRD to deposit the requisite instrument of subscription of new shares as well as communicate to the EBRD the declaration of acceptance of the above-described amendments to the Agreement establishing the EBRD.

The Union became a member of the EBRD subsequent to Council Decision 90/674/EEC⁴ of 19 November 1990 on the conclusion of the Agreement establishing the EBRD⁵. The initial capital of the EBRD was fixed at ECU 10 billion, of which the Union subscribed 3%.

In 1996, the Governors of the EBRD decided to double the authorised capital of the EBRD for which the Union subscribed an additional 30 000 shares of EUR 10 000 each, bringing the subscribed capital by the Union at EUR 600 million⁶. The Union share in the EBRD total authorised capital was maintained. The subscription of additional shares followed Council

¹ At the end of 2023

² Albania, Armenia, Azerbaijan, Belarus (Access to EBRD resources suspended since March 2022), Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Egypt, Estonia, Georgia, Greece, Hungary, Jordan, Kazakhstan, Kosovo, Kyrgyz Republic, Latvia, Lebanon, Lithuania, Moldova, Mongolia, Montenegro, Morocco, North Macedonia, Poland, Romania, Russia (no new operations since 2014 and access to EBRD resources suspended since March 2022), Serbia, Slovak Republic, Slovenia, Tajikistan, Tunisia, Turkmenistan, Türkiye, Ukraine, Uzbekistan

³ Pursuant to Article 8.3 of the Agreement Establishing the EBRD, access to EBRD resources by the Russian Federation and Belarus was suspended on 1 April 2022.

⁴ OJ L 372, 31.12.1990, p. 1.

⁵ According to Council Decision 90/674/EEC of 19 November 1990, the Union is represented by the Commission in the EBRD.

⁶ This amount was composed of EUR 157.5 million paid-in capital and EUR 442.5 million callable capital.

Decision 97/135/EC⁷ adopted on 17 February 1997 providing that *"the European Community should subscribe for extra shares as a result of the Decision to double the capital of the EBRD"*. In 2010, the EBRD decided to increase its authorised capital stock by EUR 10 billion, consisting of 100 000 paid-in shares and 900 000 callable shares in order to maintain enough capital to sustain over the medium term a reasonable level of activity in its countries of operations. The Union accordingly subscribed to additional shares following Decision 1219/2011/EU adopted on 16 November 2011⁸.

During its Annual Governors' Meeting in Samarkand on 18 May 2023, the EBRD's Board of Governors took three strategic decisions, which will shape the EBRD's future:

First, the Board of Governors adopted Resolution No. 258, which stipulates that further shareholder support will be needed to enable the EBRD to fulfil its mission in Ukraine by ensuring continuous support beyond 2023. The resolution came in the light of the February 2022 Russia's war of aggression against Ukraine, supported by the government of Belarus. The EBRD has been the largest institutional investor and committed partner to Ukraine since the Ukrainian independence in August 1991.

Due to its unique mandate and comparative advantages, shareholders have been clear that the EBRD must continue playing a critical part in the international effort - working in close cooperation with the Union and other International Financial Institutions (IFIs) - to support Ukraine's real economy in wartime and in post-war reconstruction, whilst maintaining its financial strength. The Board of Governors has consequently established support for Ukraine now and in the future as the EBRD's highest priority.

The Board of Governors have also stated that the EBRD must continue supporting all of its countries of operation. Many of those continue to be negatively affected by the war, including those accepting refugees, and whose economies have been largely dependent on Russia.

The Board of Governors further concluded that paid-in capital is the most efficient form of shareholder support and that it aimed to take a final decision on the amount and timing of the capital increase by the end of 2023. The capital increase is meant to give the EBRD the necessary means to continue supporting Ukraine while protecting its financial strength and AAA-rating. Specifically, this is needed to ensure a sustained level of activity in wartime and high levels of investment in Ukraine's reconstruction phase.

Accordingly, on 15 December 2023 the Board of Governors adopted Resolution No. 265,⁹ which authorises the EBRD to increase its number of shares by 400 000 new shares priced at EUR 10 000 each, totalling EUR 4 billion, with an effective date of 31 December 2024.

The Union's participation in the capital increase will ensure that the Union maintains its 3% direct share of the total subscribed capital of the EBRD. The EIB (3%) and the Member States individually (EU27, ca. 48.4%) are also shareholders in the EBRD, which currently give the Union a combined majority shareholding of 54.4%.

The Union will be able to subscribe in a proportional manner for 12 102 new shares, each share having a par value of EUR 10 000 increasing the number of paid-in shares of the Union to 102 146. The shares would be paid for over five years in equal instalments.

⁷ OJ L 57, 26.2.1997, p. 4.

⁸ OJ L 313, 26.11.2011, p. 1.

⁹ [Resolution 265](#)

Table 1: Union shareholding in the EBRD following the capital increase

Existing no. of Shares	No. of new shares	No. of shares after capital increase	Amount in EUR of new paid-in capital	Amount in EUR of each payment instalment
90 044	12 102	102 146	121 020 000	24 204 000

Second, in May 2023 the Board of Governors decided in Resolution No. 259¹⁰ to proceed with a limited and incremental expansion to sub-Saharan Africa and Iraq, by amending the geographical scope of EBRD operations, which is defined in Article 1 of the Agreement establishing the EBRD. The report of the EBRD Board of Directors to the Board of Governors concluded that the EBRD's mandate and business model would fit most appropriately in six countries in sub-Saharan Africa, namely Benin, Côte d'Ivoire, Ghana, Kenya, Nigeria, and Senegal, with the first investments envisaged to take place from 2025 onwards, subject to these countries applying for the EBRD's membership and country of operation status and subsequent approval thereof by the EBRD Board of Governors. The decision reflects the growing economic links between the EBRD's current countries of operations and sub-Saharan Africa and Iraq and its potential for developing the private sector in those economies in line with Bank's transition mandate. This is all the more important due to the destabilizing role played by Russia in the region.

The analysis performed by the EBRD confirms that a limited and incremental expansion to the above mentioned six countries in sub-Saharan Africa and Iraq will not 1) impair its ability to support its existing countries of operations, 2) compromise its triple-A credit rating, or 3) lead to a request for additional capital contributions. Moreover, such a limited and incremental expansion of the geographic scope of its operations will be enabled through an amendment of Article 1 of the Agreement establishing the EBRD. The Board of Governors has been clear that the implementation of the expansion must be carried out in a way that will not dilute the focus of the EBRD in supporting its existing countries of operation, including Ukraine and other countries affected by Russia's war.

Under the terms of the resolution adopted, any applications for recipient country status will be considered after the ratification and entry into force of the relevant amendment to Article 1 of the Agreement establishing the EBRD.¹¹ All applications received will be assessed in accordance with the EBRD's established governance procedures.

The EBRD does not envisage making any investments in these countries before 2025.

Third, in line with the G20 Capital Adequacy Framework Review recommendations, the Board of Governors in May 2023 decided in Resolution No. 260¹² to remove from Article 12.1 of the Agreement establishing the EBRD the statutory capital limitation on ordinary operations and to delegate to the Board of Directors all aspects of the EBRD's capital adequacy framework.¹³ This paves the way for more flexible and dynamic capital management, while ensuring continuous control of the main capital metrics by shareholders.

¹⁰ [Resolution 259](#)

¹¹ For the amendment of Article 1 to take effect, 3/4 of EBRD Members, including at least two recipient countries, representing 4/5 Total Voting Power in the EBRD will need to support it.

¹² [Resolution 260](#)

¹³ For the amendment of Art. 12.1 to take effect, at least 3/5 of EBRD Members, representing at least 85% of Total Voting Power in the EBRD would need to support it.

Article 12.1 of the Agreement establishing the EBRD currently places a formal limitation on the nominal value of the ordinary capital obligations that the EBRD can assume. This provision is similar to that found in the foundational documents of other Multilateral Development Banks (MDBs).

However, over the past decade, shareholders have attached increasing importance to MDBs being innovative in the use of their capital, with the objective to use their capital capacity in an optimal way and to be in a position to maximise their impact. The latest and most comprehensive set of proposals to support this goal was put forward by the G20 Independent Review of MDB's Capital Adequacy Frameworks. This Review made wide-ranging recommendations, which the EBRD and its Board of Governors have carefully considered. Notably, the Review recommended that MDBs should relocate specific numeric leverage targets – such as that set out under Article 12.1 – from MDB statutes to their capital adequacy frameworks. Taking this action would increase flexibility by enabling the EBRD to make necessary future adjustments to the targets without the need to amend its basic documents.

- **Consistency with existing policy provisions in the policy area**

The Union partnership with the EBRD is stronger than ever. The EBRD is involved in implementation of the Union budget under indirect management (grants, financial instruments, and budgetary guarantees) thus supporting the achievement of policy objectives of the EU Multiannual Financial Framework. EBRD is also a key contributor to Global Gateway implementation. The Union accounts for 40 % of total donor funds since the EBRD's inception, thus being the largest donor to the Bank. In 2022, the Union contributed to the EBRD's support for its countries of operation by providing EUR 998 million of donor funding and guarantees to support joint priorities, inside and outside the Union.

In 2022 alone, the Union and EBRD signed important forward-looking agreements, such as the Financial Framework Partnership Agreement, the InvestEU Guarantee Agreement and two Guarantee Agreements under the European Fund for Sustainable Development Plus (EFSD+). When implementing EU funds the EBRD should continue adhere to the rules and procedures as laid down in the Financial Regulation.¹⁴

The EBRD has been the largest institutional investor in Ukraine and has supported the country's transition to a sustainable market economy for the past thirty years. Following the Russia's war of aggression against Ukraine, the EBRD has worked closely with the Union and other international partners, such as the IMF, to promote common objectives in Ukraine. The scale of the support needed in the long run in Ukraine makes efficient and effective coordination with the other players, including the MDBs and IFIs, essential to maximise the impact of finite resources. The common goals are provided by the commitment of the Government of Ukraine to restoring and maintaining macroeconomic stability and progressing towards membership of the Union.

In this context the Union objectives regarding the EBRD are: (i) at least maintaining its voting share at the current level, in order to continue realising EU policy priorities in Ukraine, as well other EBRD countries of operation; (ii) amending the Agreement establishing the EBRD to a) extend the EBRD's geographical scope, in a limited and incremental way, to certain countries in sub-Saharan Africa and Iraq; and b) to remove the statutory capital limitation on ordinary operations and delegate to the Board of Directors all aspects of the EBRD's capital adequacy framework, in line with the G20 Independent Review recommendations, to allow

¹⁴ *OJ L 193, 30.7.2018, p. 1–222*

for a flexible and dynamic capital management, while ensuring continuous control of the main capital metrics by shareholders.

- **Consistency with other Union policies**

The EBRD was established with a mandate to “foster transition towards open market-oriented economies and to promote private and entrepreneurial initiative in the countries committed to applying the principles of multilateral democracy, pluralism and market economics” across Central and Eastern Europe, Central Asia, since 2006 in Mongolia and, since 2012, the southern and eastern Mediterranean region. The EBRD generally applies and promotes Union standards and policies in its operations. Through its projects, the EBRD uses policy dialogue and the application of conditionalities (e.g., transition impact, corporate governance standards, procurement, environmental standards, etc.) to meet Union requirements in areas such as environmental and social policies.

The EBRD’s response to Russia’s war of aggression against Ukraine has been strong and in line with the Union policy, as the Bank quickly announced a comprehensive package targeting the deployment of EUR 3 billion of investment in 2022-23 in support of Ukraine.¹⁵ The EBRD’s response has also comprised significant support for the Bank’s other countries of operation affected by the war through its resilience and livelihood framework. The EBRD is an active participant in the Steering Committee of the Donor Coordination Platform, which is comprised of senior officials from Ukraine, the G7 and the Union. This Platform coordinates financing for Ukraine’s immediate needs as well as for its economic recovery and reconstruction efforts. Participating in the paid-in capital increase of the EBRD is the most effective and efficient instrument to provide the greatest leverage and a stable basis for the EBRD’s continued investment in Ukraine.

In candidate countries, the EBRD’s pursuit of transition objectives dovetails well with the goal of progressing towards accession to the Union. The Commission’s preliminary analysis of Ukraine’s status as a candidate country for membership of the Union shows that significant reform will be needed across the board to bring Ukraine in line with the Union standards. The efforts of the EBRD – and the conditionalities which will surround that effort – will be consistent with successfully attaining these reforms in order to support Ukraine’s membership objectives.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

The EBRD’s capital was increased twice before, in 1996 and in 2011.¹⁶ The Union subscribed to additional capital on both occasions according to its share in the capital.

Following the entry into force of the Treaty on the Functioning of the European Union (TFEU), the 2011 decision to participate in the capital increase was taken by co-decision with Article 212 TFEU as legal basis which provides for the Union to carrying out economic, financial, and technical cooperation measures, in particular assistance with third countries.

¹⁵ On 23 October 2023, the EBRD announced that the target of deploying EUR 3bn of financing in the Ukrainian real economy had been reached.

¹⁶ The EBRD’s capital was increased in 1996 in order to allow for the increase of the Bank’s operations in its original regions of operation in line with its transition mandate, whereas the capital increase in 2011 was agreed in response to the 2008 financial crisis and the recognised need by the Bank’s shareholders to step up its activity to help promote and support recovery in its region.

Decision 602/2012/EU on the amendment of the Agreement establishing the EBRD to allow for the expansion of EBRD operations into the Southern and Eastern Mediterranean region was also based on Article 212 TFEU.

Considering the above precedents and that the purpose of the capital increase is to allow the EBRD to support the resilience and reconstruction of Ukraine, it seems appropriate to base the proposed Decision on Article 212 TFEU, including the ancillary amendment of Article 12.1.

- **Subsidiarity (for non-exclusive competence)**

The proposed Decision pertains to the Union's direct membership of and shareholding in the EBRD.

- **Proportionality**

Not applicable

- **Choice of the instrument**

The purpose can only be achieved through a Decision by the Council and the Parliament.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Stakeholder consultations**

Between 2021-2023, the EBRD undertook an in-depth analysis on its future strategic direction. EBRD shareholders (which include, among others, all Member States, the EIB and the Commission representing the Union) have been actively involved in the process. In this framework, the EBRD carried out an analysis of capital enhancement options, based on its internal capital needs, the maintenance of its Triple-A credit rating, as well as the effective and efficient use of shareholders' capital. The current decision on the EBRD capital increase, the expansion of operations to sub-Saharan Africa and Iraq and the removal of the capital utilisation as a statutory limit, reflects in-depth analysis, discussions and negotiations among the EBRD's shareholders.

- **Collection and use of expertise**

Capital increase!

The EBRD Board of Governors has reviewed the evolution of the EBRD's work in Ukraine regularly since the start of the war. A series of reports by the EBRD's Board of Directors have assessed the role which the EBRD can play both in sustaining Ukraine's resilience in wartime and stepping up to significantly support reconstruction over the long term, while ensuring its continuous support to all of its countries of operation. These reports have examined the potential nature and scale of the EBRD's activity, bearing in mind its particular institutional and operational strengths, its distinctive position in Ukraine and the work of others in support of the country. The reports have also systematically considered what shareholder measures might be needed to enable Ukraine to be best supported by the EBRD. This work resulted in the approval by the Board of Governors of Resolution No. 258 on EBRD's Support for Resilience and Reconstruction in Ukraine of 18 May 2023, which instructed the EBRD Board of Directors to develop a concrete proposal for a paid-in capital increase for approval before the end of 2023.

Amendment of Article 1 of the Agreement establishing the EBRD

In May 2022, the Board of Governors approved Resolution No. 248 entitled “Toward a Limited and Incremental Expansion of the Geographic Scope of the EBRD’s Operations to sub-Saharan Africa and Iraq”. The Resolution, which was based on an in-depth assessment of the EBRD’s potential value added in the region and the capital and financial impact on the EBRD of a limited and incremental expansion, approved, in principle, a limited and incremental expansion of the geographic scope of the EBRD’s operations to sub-Saharan Africa and Iraq.

The Board of Directors subsequently reassessed the capital and financial implications of a limited and incremental expansion to sub-Saharan Africa and Iraq, in the context of the overall assessment of the EBRD’s financial standing. The reassessment showed that within the period of the current Strategic and Capital Framework until 2025 and thereafter until the end of 2030, the impact of any expansion on the EBRD’s capital position would be limited and would not, in itself, impair the EBRD’s ability to support its existing countries of operations, jeopardise the EBRD’s triple-A credit rating or lead to a need for another capital increase.

Amendment of Article 12.1 of the Agreement establishing the EBRD

The main reason for amending Article 12.1 of the Agreement establishing the EBRD to remove the statutory capital limit is to relocate nominal capital utilisation limits to the capital adequacy framework, managed at the level of the Board of Directors, in order to increase efficiency and flexibility in the use of the EBRD’s capital. As the G20 Independent Review of MDB’s Capital Adequacy Frameworks recognised, in the long run there is the risk that the nominal statutory limit will become a binding constraint, which could prevent the EBRD from supporting its recipient countries even where additional risk-bearing capacity is available. The EBRD analysis has showed that the theoretical maximum level of operating assets which could be reached under the Capital Adequacy Framework was higher than under the nominal ratio. Removing the statutory limit and allowing the Board of Directors to consider the appropriate levels of nominal capital utilisation as part of its capital adequacy framework policies would allow a holistic assessment of the EBRD’s capital position to guide its lending activities.

- **Impact assessment**

Against the background laid out in the previous two sections, in accordance with the proportionality principle and past practice, the Commission has not developed a formal impact assessment.

- **Fundamental rights**

The proposal has no consequences for the protection of fundamental rights.

4. BUDGETARY IMPLICATIONS

The Union share in the EBRD subscribed capital equals to ca 3.03%, hence the Union would increase its subscribed capital by EUR 121 020 000, in the form of paid-in shares priced at EUR 10 000 per share. EBRD members can subscribe, on or before 30 June 2025, or such subsequent date not later than 31 December 2025 as the Board of Directors may determine on or before 30 June 2025.

The first instalment shall be paid by each member of the EBRD by the later of (i) 30 April 2025; or (ii) 60 days after its instrument of subscription has become effective. The remaining

four instalments shall be paid by 30 April 2026; 30 April 2027; 30 April 2028 and 30 April 2029, respectively.

This initiative requires the use of the unallocated margin under Heading 6, or the use of the special instruments as defined in the MFF Regulation. This will be determined at the time of establishment of the Commission's proposal for Draft Budget 2025 and subject to negotiations between Council and European Parliament.

The amendments to the Agreement Establishing the EBRD have no implications on the Union budget.

5. OTHER ELEMENTS

• Implementation plans and monitoring, evaluation and reporting arrangements

The Governor of the EBRD representing the Union reports annually to the Parliament and the Council on:

- the promotion of the EU's objectives;
- the use of EBRD capital;
- measures to ensure transparency of EBRD operations via financial intermediaries;
- the EBRD's contributions to risk-taking and effectiveness in leveraging additional financing from the private sector;
- cooperation between the EIB and the EBRD outside the Union.

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

concerning the subscription by the European Union to additional shares in the capital of the European Bank for Reconstruction and Development (EBRD) and amending the Agreement establishing the EBRD as regards the extension of the geographic scope of EBRD operations to sub-Saharan Africa and Iraq in a limited and incremental manner, and removing the statutory capital limitation on ordinary operations

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

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) Pursuant to Article 4(3) of the Agreement Establishing the European Bank for Reconstruction and Development ('EBRD'), the Board of Governors of the EBRD, on 15 December 2023, decided in their Resolution No. 265¹⁷ to increase by EUR 4 000 000 000 the authorised capital stock of the EBRD in order to maintain enough capital to sustain, over the medium term, a reasonable level of activity in the EBRD countries of operation within statutory limits.
- (2) Prior to that capital increase, the Union holds 90 044 shares, each share having a par value of EUR 10 000.
- (3) Pursuant to Resolution 265, the authorised capital stock of the EBRD is increased by 400 000 paid-in shares, and EBRD members can subscribe, on or before 30 June 2025, or such subsequent date not later than 31 December 2025 as the Board of Directors of the EBRD may determine on or before 30 June 2025, to a number of whole shares, pro rata to their existing shareholding. The capital increase is to be paid in five instalments, which shall be paid by each member by the later of (i) 30 April 2025; or (ii) 60 days after its instrument of subscription has become effective. The remaining four instalments shall be paid by 30 April 2026, by 30 April 2027, by 30 April 2028 and by 30 April 2029, respectively. Accordingly, the Union will be allowed to subscribe to 12 102 new shares, each having a par value of EUR 10 000 for a total of EUR 121 020 000 increasing the number of paid-in shares of the Union to 102 146.
- (4) The capital increase is necessary to enable the EBRD's continued activities and investments in Ukraine during war and in particular post-war period to support Ukraine's reconstruction. In supporting those activities, the capital increase also ensures that this effort does not restrict the capacity of the EBRD to meet needs in its

¹⁷ [Resolution 265](#)

other countries of operations. It is consistent with the requirement in Article 13.v) of the Agreement establishing the EBRD that the Bank shall seek to maintain reasonable diversification in all its investments. As a consequence, a paid-in capital increase sustains a financially strong EBRD able to pursue its mandate and meet shareholders' objectives in all of its countries of operations.

- (5) It is appropriate for the Union to subscribe to those additional shares in order to achieve the Union's objectives in the field of economic external relations and preserve its relative voting power within the EBRD.
- (6) Pursuant to Resolution 259¹⁸, adopted on 18 May 2023, the Board of Governors of the EBRD voted in favour of the necessary amendments to the Agreement establishing the EBRD, enabling the EBRD to expand in a limited and incremental way the geographical scope of its operations to sub-Saharan Africa and Iraq while maintaining its full commitment to Ukraine and its existing countries of operation. That Resolution confirmed that the extension of the EBRD's mandate should be achieved without requiring additional capital contributions from its shareholders.
- (7) The geographic scope of EBRD operations should be extended in a limited and incremental way to sub-Saharan Africa and Iraq and be fully compliant with the EBRD's values of supporting those countries that are committed to and apply principles of multiparty democracy, rule of law, respect for human rights, pluralism, and market economics. The EBRD has developed a phased approach to starting its activities in the concerned regions, which will take into consideration the regional and national specificities. First investments in sub-Saharan Africa are envisaged to take place in selected countries from 2025 onwards¹⁹. Taking into account the EBRD's focus on private sector development and its transition mandate, the value that the bank can add in sub-Saharan Africa and Iraq is substantial and of geostrategic importance for the Union.
- (8) The representatives of the Union in the governing bodies of the EBRD should encourage the EBRD to continue its close engagement with the Union and collaboration with civil society, as well as to develop further its close cooperation with other European and international public financing institutions, in order to make full use of their comparative advantages, when extending its operations to sub-Saharan Africa and Iraq.
- (9) In line with the existing practice, before the EBRD approves a new country of operation, it should make a detailed technical assessment of the economic and political conditions existing in the country concerned, including: an assessment of that country's commitment to principles of multi-party democracy, pluralism and market economics, as enshrined in Article 1 of the Agreement establishing the EBRD, an assessment of transition gaps, and a review of activities of other international financing institutions in that country and of the priorities in relation to which the EBRD could best make use of its unique knowledge and skills. Such an assessment should, be undertaken subject to any new country applying for the EBRD's membership and country of operation status and subsequent approval thereof by the EBRD Board of Governors.

¹⁸ [Resolution 259](#)

¹⁹ Benin, Côte d'Ivoire, Ghana, Kenya, Nigeria, and Senegal, subject to their application and approval as EBRD recipient countries.

- (10) By Resolution 260²⁰, the Board of Governors of the EBRD recognised the essential role of the EBRD in addressing pressing global challenges and the recommendations of the G20 Independent Review of Capital Adequacy Frameworks. In order to enable the optimal use of the EBRD's capital capacity to achieve the maximum potential impact in its recipient countries an amendment to Article 12.1 of the Agreement Establishing the EBRD removing the statutory capital limitation is necessary.
- (11) Pursuant to Article 56 of the Agreement establishing the EBRD, the Board of Governors of the EBRD has asked all Members whether they accept the proposed amendments.
- (12) The capital increase and the amendments to the Agreement establishing the EBRD should therefore be approved on behalf of the Union,

HAVE ADOPTED THIS DECISION:

Article 1

The Union shall subscribe to 12 102 additional shares of EUR 10 000 each in the EBRD pursuant to Resolution 265 of the Board of Governors of the EBRD on or before 30 June 2025, or such subsequent date not later than 31 December 2025 as the Board of Directors of the EBRD may determine on or before 30 June 2025.

The subscription shall be paid in five instalments, the first of which shall be paid by the later of (i) 30 April 2025; or (ii) 60 days after the instrument of subscription by the Union has become effective. The remaining four instalments shall be paid by 30 April 2026, by 30 April 2027, by 30 April 2028 and by 30 April 2029, respectively.

Article 2

The Governor of the EBRD representing the Union shall deposit the requisite instrument of subscription on behalf of the Union.

Article 3

The amendments to Article 1 of the Agreement establishing the EBRD to allow the limited and incremental extension of the geographic scope of its operations to sub-Saharan Africa and Iraq and to Article 12.1 thereof to remove the statutory capital limitation are approved on behalf of the Union.

Article 4

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

Article 5

As part of the annual report to the European Parliament the Governor of the EBRD representing the Union shall also report on the EBRD's activities and operations in the sub-Saharan Africa and Iraq.

²⁰ [Resolution 260](#)

Article 6

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

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

1.2. Policy area(s) concerned

1.3. The proposal/initiative relates to:

1.4. Objective(s)

1.4.1. General objective(s)

1.4.2. Specific objective(s)

1.4.3. Expected result(s) and impact

1.4.4. Indicators of performance

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative

1.5.2. Added value of Union involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this point 'added value of Union involvement' is the value resulting from Union intervention, which is additional to the value that would have been otherwise created by Member States alone.

1.5.3. Lessons learned from similar experiences in the past

1.5.4. Compatibility with the Multiannual Financial Framework and possible synergies with other appropriate instruments

1.5.5. Assessment of the different available financing options, including scope for redeployment

1.6. Duration and financial impact of the proposal/initiative

1.7. Method(s) of budget implementation planned

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

2.2. Management and control system(s)

2.2.1. Justification of the management mode(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed

2.2.2. Information concerning the risks identified and the internal control system(s) set up to mitigate them

2.2.3. Estimation and justification of the cost-effectiveness of the controls (ratio of "control costs ÷ value of the related funds managed"), and assessment of the expected levels of risk of error (at payment & at closure)

2.3. Measures to prevent fraud and irregularities

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

- 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected**
- 3.2. Estimated financial impact of the proposal on appropriations**
 - 3.2.1. Summary of estimated impact on operational appropriations*
 - 3.2.2. Estimated output funded with operational appropriations*
 - 3.2.3. Summary of estimated impact on administrative appropriations*
 - 3.2.3.1. Estimated requirements of human resources*
 - 3.2.4. Compatibility with the current multiannual financial framework*
 - 3.2.5. Third-party contributions*
- 3.3. Estimated impact on revenue**

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Decision of the European Parliament and of the Council concerning the subscription by the European Union to additional shares in the capital of the European Bank for Reconstruction and Development (EBRD) as a result of the decision by the EBRD to increase its capital and the amendments to the Agreement Establishing the EBRD extending the geographic scope of its operations to sub-Saharan Africa and Iraq in a limited and incremental manner and removing the statutory capital limitation on ordinary operations.

1.2. Policy area(s) concerned

Heading 6. Neighbourhood and the World
Title 14. External Action

1.3. The proposal/initiative relates to:

☒ a new action

☐ a new action following a pilot project/preparatory action²¹

☐ the extension of an existing action

☐ a merger or redirection of one or more actions towards another/a new action

1.4. Objective(s)

1.4.1. General objective(s)

Aid the EU's external action through investment in its neighbourhood, in developing countries and the rest of the world, including assistance for countries preparing for accession to the EU.

1.4.2. Specific objective(s)

Enable the EBRD, through subscribing to new paid-in shares, to continue playing a critical part in the international effort working in close cooperation with the Union and other institutions to support Ukraine's real economy in wartime and in post-war reconstruction, whilst maintaining its financial strength.

Approve that the EBRD proceeds with a limited and incremental expansion to sub-Saharan Africa and Iraq, by amending the geographical scope of EBRD operations.

In line with the G20 Capital Adequacy Framework review recommendations, pave the way for more flexible and dynamic capital management by the EBRD, by delegating to the Board of Directors all aspects of the EBRD's capital adequacy framework, while ensuring continuous control of the main capital metric by shareholders.

²¹ As referred to in Article 58(2)(a) or (b) of the Financial Regulation.

1.4.3. *Expected result(s) and impact*

The capital increase would substantially strengthen the EBRD both through the tangible financial impact and as a confirmation of shareholders' confidence in the EBRD's mission and activity across all its countries of operations. The EBRD would be sufficiently strong both to undertake additional investment in Ukraine, both during wartime and in its reconstruction, and continue to fully support other countries of operations in addressing their transition challenges, as well as the regional and global implications of the war in Ukraine.

A capital increase will ensure that in the future the EBRD will be able to support both Ukraine in exceptional times and allow high and sustained support for all of its countries of operations – including other countries affected by Russia's war – to close their transition gaps.

In doing so, the EBRD will continue to pursue its 2021-2025 current strategic and capital Framework in all its work, including in Ukraine, in line with its mandate to facilitate transition to green, inclusive, resilient, integrated, well-governed, competitive market-oriented economy- with a strong focus on the private sector development and concentrating its efforts where its operations are most additional and have highest transition impact.

1.4.4. *Indicators of performance*

The attainment of objectives will be measured by the volume of EBRD financing operations by regions, especially in Ukraine and other countries of operations affected by Russia's war, by sectors and by the volume of EBRD financing operations co-financed with other IFIs and/or Commission programmes, as well as by other indicators set out in the EBRD impact framework.

1.5. **Grounds for the proposal/initiative**

1.5.1. *Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative*

On 15 December 2023, the Board of Governors of the EBRD adopted their Resolution No. 265, which authorises the EBRD to increase its number of shares by 400 000 new shares priced at EUR 10 000 each, totalling EUR 4 billion, with an effective date of 31 December 2024. The Union's participation in the capital increase will ensure that the Union maintains its 3% direct share of the total subscribed capital of the EBRD. The European Investment Bank (EIB) (3.%) and the Member States individually (EU27, ca. 48.4%) are also shareholders in the EBRD, which currently give the Union a combined majority shareholding of 54.4%.

Pursuant to the above-mentioned Resolution, EBRD members can subscribe, on or before 30 June 2025, or such subsequent date not later than 31 December 2025 as the Board of Directors may determine on or before 30 June 2025, to a number of whole shares, pro rata to their existing shareholding. Accordingly, the Union will be allowed to subscribe to 12 102 new shares, each having a par value of EUR 10 000 for a total of EUR 121 020 000 increasing the number of paid-in shares of the Union to 102 146. The first instalment shall be paid by each member by the later of (i) 30 April 2025; or (ii) 60 days after its instrument of subscription has become effective. The remaining four instalments shall be paid by 30 April 2026; 30 April 2027; 30 April 2028 and 30 April 2029, respectively.

- 1.5.2. *Added value of Union involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this point 'added value of Union involvement' is the value resulting from Union intervention, which is additional to the value that would have been otherwise created by Member States alone.*

The proposal concerns the Union's direct subscription to new shares in the EBRD, since the EBRD has invited all its direct shareholders to subscribe pro-rata to their current shareholding in accordance with the EBRD Board of Governors resolution 265. Hence, in order to maintain the current share of Union shareholding, action at the Union level is required.

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

In 1996, the Governors of the EBRD decided to double the authorised capital of the EBRD for which the Union subscribed an additional 30 000 shares of EUR 10 000 each, bringing the Union's subscribed capital at EUR 600 million. The Union share in the EBRD total authorised capital was maintained. The Union subscription of additional shares followed Council Decision 97/135/EC.

In 2010, the Governors of the EBRD decided to increase the authorised capital stock by EUR 10 billion, consisting of 100 000 paid-in shares and 900 000 callable shares in order to maintain enough capital to sustain a reasonable level of activity in its countries of operations. The Union accordingly subscribed to additional shares following Decision 1219/2011/EU.

- 1.5.4. *Compatibility with the Multiannual Financial Framework and possible synergies with other appropriate instruments*

The mandate of the EBRD is to “foster transition towards open market-oriented economies and to promote private and entrepreneurial initiative in the [...] countries committed to and applying the principles of multilateral democracy, pluralism and market economics” across Central and Eastern Europe, Central Asia and, since 2012, the Southern and Eastern Mediterranean region. The Union in total, including the Union's direct share (3.03%), EIB (3.03%) and Member States' individual shares (EU27, ca. 48.4%), has a combined majority shareholding of 54.4% of EBRD's capital. Each shareholder is represented in the EBRD's resident Board of Directors. The EBRD generally applies and promotes Union standards and policies in its operations. Through its projects, the EBRD uses policy dialogue and the application of conditionalities (e.g. transition impact, corporate governance standards, procurement, environmental standards, etc.) to reach Union requirements in areas such as environmental and social policies.

- 1.5.5. *Assessment of the different available financing options, including scope for redeployment*

The European Union subscription of additional 12 102 shares pursuant to Resolution 265 of the EBRD Board of Governors requires the necessary appropriations to be committed in the first half of financial year 2025. For this purpose, the dedicated budget line under Heading 6 (Neighbourhood and the World), specifically *Item 14 20 03 04 - European Bank for Reconstruction and Development — Provision of paid-up shares of subscribed capital*, will need to cater for an amount of commitment

appropriations equivalent to the full size of the EU participation in the EBRD paid-in capital increase, i.e. EUR 121 020 000.

Considering that the action cannot be fully financed through redeployment, it would require the use of the unallocated margin under Heading 6 and/or use of the special instruments as defined in the MFF Regulation. This remains to be determined at the time of establishment of the Commission's proposal for Draft Budget 2025 and subject to negotiations between Council and European Parliament.

Any budgetary implications under the MFF post 2027 will depend on the availability of the funding, without pre-empting the proposal and the agreement of the MFF and programmes.

1.6. Duration and financial impact of the proposal/initiative

☒ limited duration

- ☐ in effect from [DD/MM]YYYY to [DD/MM]YYYY
- ☒ Financial impact in 2025 for commitment appropriations and from 2025 to 2029²² for payment appropriations.

☐ unlimited duration

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

1.7. Method(s) of budget implementation planned²³

☒ Direct management by the Commission

- ☒ by its departments, including by its staff in the Union delegations;
- ☐ by the executive agencies

☐ Shared management with the Member States

☐ Indirect management by entrusting budget implementation tasks to:

- ☐ third countries or the bodies they have designated;
- ☐ international organisations and their agencies (to be specified);
- ☐ the EIB and the European Investment Fund;
- ☐ bodies referred to in Articles 70 and 71 of the Financial Regulation;
- ☐ public law bodies;
- ☐ bodies governed by private law with a public service mission to the extent that they are provided with adequate financial guarantees;
- ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that are provided with adequate financial guarantees;
- ☐ bodies or persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.

Comments

N/A

²² Possible financial implications for the years post 2027 are without prejudice to the Multi-Annual Financial Framework Regulation post 2027.

²³ Details of budget implementation methods and references to the Financial Regulation may be found on the BUDGpedia site.

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

EBRD operations will be managed in accordance with the EBRD's own monitoring and reporting procedures. The EBRD reports on its operations, the attainment of its policy objectives as well as on its audited accounts for each financial year to its Board of Governors. 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.

The Governor of the EBRD representing the Union reports annually to the European Parliament on:

- the promotion of the Union's objectives;
- the use of EBRD capital;
- measures to ensure transparency of EBRD operations via financial intermediaries;
- the EBRD's contributions to risk-taking and effectiveness in leveraging additional financing from the private sector;
- cooperation between the EIB and the EBRD outside the Union.

2.2. Management and control system(s)

2.2.1. *Justification of the management mode(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed*

The action will be implemented in direct management by the Commission, which will subscribe, on behalf of the Union, to 12 102 new shares, each having a par value of EUR 10 000 for a total of EUR 121 020 000. The first instalment shall be paid by the later of (i) 30 April 2025; or (ii) 60 days after its instrument of subscription has become effective. The remaining four instalments shall be paid by 30 April 2026; 30 April 2027; 30 April 2028 and 30 April 2029, respectively.

EBRD 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 Agreement Establishing the EBRD, the Audit Committee of the EBRD, which is supported by external auditors, assists the Board of Directors of the EBRD and is responsible for verifying the regularity of the EBRD operations and accounts. The Board of Directors, where the Union, 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.

An independent Evaluation Department evaluates the performance of the EBRD's completed projects and programmes relative to objectives. It systematically analyses the results of both individual projects and wider themes defined in the EBRD's policies. The core objective of evaluation is to contribute to the EBRD's legitimacy, relevance and to superior institutional performance.

The EBRD's Internal Audit Department, is set up in accordance with the Institute of Internal Auditors' International Professional Practices Framework and is responsible for providing independent and objective assurance to executive management and the

Board of Directors on the adequacy and effectiveness of internal controls, governance, and risk management processes to mitigate the Bank's key risks.

The EBRD also has an Independent Project Accountability Mechanism, which is the grievance mechanism of the Bank. It deals with complaints about environmental, social and disclosure matters related to the Bank's investments. The Mechanism is independent from EBRD management and undertakes fact-finding investigations to determine if the Bank has complied with the environmental, social and disclosure standards.

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.

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 Director (or his alternate) representing the Union attends all these Boards Committees. Finally, the EBRD Board of Governors has established an Ethics Committee, which interpret and safeguard the codes of Conduct applicable for EBRD staff and board officials.

2.2.2. *Information concerning the risks identified and the internal control system(s) set up to mitigate them*

Article 5.3 of the Agreement Establishing the EBRD stipulates that the Board of Governors shall review the capital stock of the EBRD at intervals of not more than five years. The EBRD are subject to its own control systems.

In addition, as regards the EBRD implementing EU programmes, its internal control systems have been found equivalent to the Commission ones in the pillar assessment conducted in line with the Financial Regulation.

2.2.3. *Estimation and justification of the cost-effectiveness of the controls (ratio of "control costs ÷ value of the related funds managed"), and assessment of the expected levels of risk of error (at payment & at closure)*

See reply above in 2.2.2.

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 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 EBRD'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 independent project accountability mechanism, which reviews environmental, social, and transparency-related issues raised by project-affected people and civil society organisations. It issues, 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 budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff. ²⁴	from EFTA countries ²⁵	from candidate countries and potential candidates ²⁶	from other third countries	other assigned revenue
6	14 20 03 04 European Bank for Reconstruction and Development — Provision of paid-up shares of subscribed capital	Diff	NO	NO	NO	NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.	from EFTA countries	from candidate countries and potential candidates	from other third countries	other assigned revenue
	n/a	n/a				

²⁴ Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

²⁵ EFTA: European Free Trade Association.

²⁶ Candidate countries and, where applicable, potential candidates from the Western Balkans.

3.2. Estimated financial impact of the proposal on appropriations

3.2.1. Summary of estimated impact on operational appropriations

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

EUR million (to three decimal places)

Heading of multiannual financial framework	Number	6
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DG: ECFIN			Year 2025 ²⁷	Year 2026	Year 2027	Year 2028	Enter as many years as necessary to show the duration of the impact (see point 1.6)			TOTAL
• Operational appropriations			2025	2026	2027	2028 ²⁸	2029 ²⁸			
14 20 03 04 ²⁹	Commitments	(1a)	121.020							121.020
	Payments	(2a)	24.204	24.204	24.204	24.204	24.204			121.020
Budget line	Commitments	(1b)								
	Payments	(2b)								
Appropriations of an administrative nature financed from the envelope of specific programmes ³⁰										
Budget line		(3)								
TOTAL appropriations	Commitments	=1a+1b +3	121.020							121.020

²⁷ Year N is the year in which implementation of the proposal/initiative starts. Please replace "N" by the expected first year of implementation (for instance: 2021). The same for the following years.

²⁸ Possible budgetary implications for the years post 2027 are indicative and presented for information purposes only without pre-empting the agreement on the Multi-Annual Financial Framework Regulation post 2027.

²⁹ According to the official budget nomenclature.

³⁰ 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.

for DG ECFIN	Payments	=2a+2b +3	24.204	24.204	24.204	24.204	24.204			121.020
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• TOTAL operational appropriations	Commitments	(4)	121.020							121.020
	Payments	(5)	24.204	24.204	24.204	24.204	24.204			121.020
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)								
TOTAL appropriations under HEADING 6 of the multiannual financial framework	Commitments	=4+ 6	121.020							121.020
	Payments	=5+ 6	24.204	24.204	24.204	24.204	24.204			121.020

If more than one operational heading is affected by the proposal / initiative, repeat the section above:

• TOTAL operational appropriations (all operational headings)	Commitments	(4)	121.020							121.020
	Payments	(5)	24.204	24.204	24.204	24.204	24.204			121.020
TOTAL appropriations of an administrative nature financed from the envelope for specific programmes (all operational headings)		(6)								
TOTAL appropriations under HEADINGS 1 to 6 of the multiannual financial framework (Reference amount)	Commitments	=4+ 6	121.020							121.020
	Payments	=5+ 6	24.204	24.204	24.204	24.204	24.204			121.020

Heading of multiannual financial framework	7	‘Administrative expenditure’
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This section should be filled in using the 'budget data of an administrative nature' to be firstly introduced in the [Annex to the Legislative Financial Statement](#) (Annex 5 to the Commission decision on the internal rules for the implementation of the Commission section of the general budget of the European Union), which is uploaded to DECIDE for interservice consultation purposes.

EUR million (to three decimal places)

		Year 2025	Year 2026	Year 2027		Enter as many years as necessary to show the duration of the impact (see point 1.6)	TOTAL
DG: <ECFIN>z							
• Human resources							
• Other administrative expenditure							
TOTAL DG <ECFIN>	Appropriations						

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)									
--	---	--	--	--	--	--	--	--	--	--

EUR million (to three decimal places)

		Year 2025 ³¹	Year 2026	Year 2027		Enter as many years as necessary to show the duration of the impact (see point 1.6)	TOTAL
TOTAL appropriations	Commitments						

³¹ Year N is the year in which implementation of the proposal/initiative starts. Please replace "N" by the expected first year of implementation (for instance: 2021). The same for the following years.

under HEADINGS 1 to 7 of the multiannual financial framework	Payments								
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3.2.2. Estimated output funded with operational appropriations

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs ↓			2025		2026		2027		2028		2029		2030		2031		TOTAL	
	OUTPUTS																	
	Type	Average cost	Annual investment	Cost	Annual investment	Cost	Annual investment	Cost	Annual investment	Cost	Annual investment	Cost	Annual investment	Cost	Annual investment	Cost	Total Investment	Total cost
SPECIFIC OBJECTIVE No 1 ³³ ...																		
Annual EBRD Invesment in Ukrainet [EUR m]	t		2,500	121.200	2,500		3,000		3,000		3,000		3,000	0	3,000	0	20,000	121.020
- Output																		
- Output																		
Subtotal for specific objective No 1			2,500	121.020	2,500		3,000		3,000		3,000		3,000	0	3,000	0		
TOTALS			2,500	121.020	2,500		3,000		3,000		3,000		3,000	0	3,000	0	20,000	121.020

³² Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).

³³ As described in point 1.4.2. 'Specific objective(s)...'

3.2.3. Summary of estimated impact on administrative appropriations

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

EUR million (to three decimal places)

	2025	2026	2027	2028	Enter as many years as necessary to show the duration of the impact (see point 1.6)	TOTAL
--	------	------	------	------	---	-------

HEADING 7 of the multiannual financial framework								
Human resources								
Other administrative expenditure								
Subtotal HEADING 7 of the multiannual financial framework								

Outside HEADING 7³⁴ of the multiannual financial framework								
Human resources								
Other expenditure of an administrative nature								
Subtotal outside HEADING 7 of the multiannual financial framework								

TOTAL								
--------------	--	--	--	--	--	--	--	--

The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG

³⁴ 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.

3.2.3.1. 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

	2025	2026	2027	2028	Enter as many years as necessary to show the duration of the impact (see point 1.6)		
• Establishment plan posts (officials and temporary staff)							
20 01 02 01 (Headquarters and Commission’s Representation Offices)							
20 01 02 03 (Delegations)							
01 01 01 01 (Indirect research)							
01 01 01 11 (Direct research)							
Other budget lines (specify)							
• External staff (in Full Time Equivalent unit: FTE) ³⁵							
20 02 01 (AC, END, INT from the ‘global envelope’)							
20 02 03 (AC, AL, END, INT and JPD in the delegations)							
XX 01 xx yy zz ³⁶	- at Headquarters						
	- in Delegations						
01 01 01 02 (AC, END, INT - Indirect research)							
01 01 01 12 (AC, END, INT - Direct research)							
Other budget lines (specify)							
TOTAL							

06 is the policy area or budget title concerned.

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:

Officials and temporary staff	.
External staff	

³⁵ AC= Contract Staff; AL = Local Staff; END= Seconded National Expert; INT = agency staff; JPD= Junior Professionals in Delegations.

³⁶ Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

3.2.4. *Compatibility with the current multiannual financial framework*

The proposal/initiative:

- ☐ can be fully financed through redeployment within the relevant heading of the Multiannual Financial Framework (MFF).
- ☒ requires use of the unallocated margin under the relevant heading of the MFF and/or use of the special instruments as defined in the MFF Regulation.
- To be determined at the time of establishment of the Commission's proposal for Draft Budget 2025 and subject to negotiations between Council and European Parliament.
- ☐ requires a revision of the MFF.

3.2.5. *Third-party contributions*

The proposal/initiative:

- ☒ does not provide for co-financing by third parties
- ☐ provides for the co-financing by third parties estimated below:

3.3. **Estimated impact on revenue**

- ☒ The proposal/initiative has no financial impact on revenue.
- ☐ The proposal/initiative has the following financial impact:
 - ☐ on own resources
 - ☐ on other revenueplease indicate, if the revenue is assigned to expenditure lines ☐