

Procedure file

Basic information			
COD - Ordinary legislative procedure (ex-codecision procedure) Decision		Awaiting Parliament's position in 1st reading	
European Bank for Reconstruction and Development (EBRD): subscription by the European Union to additional shares in the capital; 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			
Subject 6.20.05 Multilateral and plurilateral economic and trade agreements and relations 6.40.13 Relations with/in the context of international organisations: UN, OSCE, OECD, Council of Europe, EBRD 8.40.07 European Investment Bank (EIB) 8.70.40 Basic budgetary texts			
Geographical area Senegal Kenya Ghana Côte d'Ivoire Benin Nigeria Iraq			
Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs		
	Committee for opinion	Rapporteur for opinion	Appointed
	AFET Foreign Affairs DEVE Development BUDG Budgets		
Council of the European Union		The committee decided not to give an opinion.	
Key events			
22/01/2024	Legislative proposal published	COM(2024)0042	Summary
08/02/2024	Committee referral announced in Parliament, 1st reading		
14/03/2024	Decision by committee, without report		
Technical information			

Procedure reference	2024/0019(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Decision
Legal basis	Rules of Procedure EP 163; Treaty on the Functioning of the EU TFEU 212
Stage reached in procedure	Awaiting Parliament's position in 1st reading
Committee dossier	ECON/9/14028

Documentation gateway					
Legislative proposal		COM(2024)0042	22/01/2024	EC	Summary

European Bank for Reconstruction and Development (EBRD): subscription by the European Union to additional shares in the capital; 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

PURPOSE: to subscribe to additional shares in the capital of the European Bank for Reconstruction and Development (EBRD) and to extend the geographic scope of EBRD operations to sub-Saharan Africa and Iraq.

PROPOSED ACT: Decision of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: in accordance with the agreement establishing the European Bank for Reconstruction and Development (EBRD), the Board of Governors of the EBRD adopted, on 15 December 2023, 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 capital increase is necessary to enable the EBRDs continued activities and investments in Ukraine during war and in particular post-war period to support Ukraines reconstruction.

In May 2023, the Board of Governors decided, in Resolution No. 259, to proceed with a limited and incremental expansion to sub-Saharan Africa and Iraq, by amending the geographical scope of EBRD operations. This decision reflects the growing economic links between the EBRDs current countries of operations and sub-Saharan Africa and Iraq and its potential for developing the private sector in those economies in line with Banks transition mandate. This is all the more important due to the destabilizing role played by Russia in the region.

Lastly, the Board of Governors in May 2023 decided in Resolution No. 260, 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 EBRDs capital adequacy framework.

CONTENT: 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 Banks 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 EBRDs mandate and strategic direction;
- approve amendments to the Agreement establishing the EBRD, which (i) enable the limited and incremental expansion of the geographic scope of the EBRDs 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.

In addition, 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.

Monitoring and reporting

EBRD operations will be managed in accordance with the EBRD's own monitoring and reporting procedures. 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.

Budgetary implications

The Union share in the EBRD subscribed capital equals to around 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 should be paid by each member of the EBRD by the later of:

- 30 April 2025;
- 60 days after its instrument of subscription has become effective.

The remaining four instalments should 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 Commissions 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.