PART 2

Documents submitted to the Board of Governors

ANNUAL MEETING OF THE BOARD OF GOVERNORS
WEDNESDAY 15 MAY AND THURSDAY 16 MAY 2024

(DRAFT) AGENDA

Election of the President: Hearing with the Candidate *(closed session)*
(Wednesday 15 May: 14:00-15:30)

The Hearing will be held in the Dvin Music Hall. Attendance is open to two Delegates per member, EBRD Directors and Alternate Directors, and nominated EBRD management.

The candidate will have an opportunity to make their presentation and answer Governors' questions.

Opening Session (Wednesday 15 May: 17:00-18:00)

The Opening Session will be held in the Alexander Spendiaryan National Academic Opera and Ballet Theatre. Attendance is open to all registered Delegation representatives and Annual Meeting participants.

1. Opening of the Meeting
   The Chair will formally open the Annual Meeting of the Board of Governors

2. Adoption of the Agenda (BG33/1 (Rev 1)) and approval of the Report of the Procedures Committee (BG33/2)
   Governors will be invited to adopt the Agenda and approve the provisions relating to the conduct of the Meeting

3. Opening Statement by the Guest of Honour for Armenia

4. Opening Statement by the Chair of the Board of Governors

5. Opening Statement by the President of the EBRD

[Immediately following the Opening Session, the Host Country Cultural Event will take place in the same venue (18:00-18:45)]

Election of the President: Voting and Declaration of Outcome *(closed session)*
(Thursday 16 May: 09:00-10:30)

The Election will be held in the Dvin Music Hall. Attendance is open to Governors, Alternate Governors, and Temporary Alternate Governors acting for a Governor, EBRD Directors and Alternate Directors, and nominated EBRD management. Votes are cast in-person only.

6. Election of the President: Resolution (BG33/3)
Governors will be invited to adopt the Resolution, after the voting has concluded

[Following the Election of the President, the High-Level Panel on MDBs Working as a System will be held in the Tornik Event Room (11:00-12:00)]

Plenary Session (Thursday 16 May: 13:30-17:30)

The Plenary Session will be held in the Dvin Music Hall. Attendance is open to Governors and Alternate Governors, registered Delegation representatives, EBRD Directors and Alternate Directors, and nominated EBRD management.

7. Roundtable Discussion *(closed session)*
Review of the Implementation of the Strategic and Capital Framework 2021-2025: Report of the Board of Directors (BG33/4)
Questions to Governors: Preparing the next Strategic and Capital Framework (BG33/5)
Governors will be invited to provide their views

8. Membership of Kenya: Report of the Board of Directors and Resolution (BG33/13)
Governors will be invited to take note of the Report and adopt the Resolution

9. Membership of Nigeria: Report of the Board of Directors and Resolution (BG33/14)
Governors will be invited to take note of the Report and adopt the Resolution

10. Annual Review 2023 (BG33/6)
Governors will be invited to take note of the Annual Review

11. Financial Report 2023 (BG33/7)
Financial Statements and Independent Auditors' Reports for 2023: Report of the Board of Directors and Resolution (BG33/8)
Governors will be invited to take note of the Reports and adopt the Resolution

12. Special Funds' Financial Statements 2023: Report of the Board of Directors and Resolution (BG33/9)
Governors will be invited to take note of the Report and adopt the Resolution

13. Strategy Implementation Plan 2024-2026: Report of the Board of Directors (BG33/10)
Governors will be invited to take note of the Report

14. Diversity and Inclusion in the EBRD Board of Directors 2023: Report of the Board of Directors (BG33/11)
Governors will be invited to take note of the Report

15. Annual Meeting Cycle 2026-2027: Report of the Board of Directors and Resolution (BG33/12)
    Governors will be invited to take note of the Report and adopt the Resolution

16. Election of the Chair and Vice Chairs for 2024-2025
    Governors will be invited to elect the Chair and Vice Chairs as outlined in the Procedures Committee Report (BG33/2)

17. Closing Statement by the President of the EBRD

18. Closing Statement by the Chair of the Board of Governors

19. Closing of the Meeting
    The Chair will formally close the Annual Meeting of the Board of Governors

(DRAFT) PROGRAMME OVERVIEW

Please note that the Programme and respective timings are tentative and subject to change

Time *(local time)*	**Event**
Tuesday 14 May 2024	
All day	CSO Programme
All day	Business Forum Programme
09:30 – 15:30	EBRD Annual Donor Meeting Programme *(by invitation only)*
12:30 – 14:00	Networking Lunch
15:30 – 17:30	Contributors to the Small Business Impact Fund Annual Assembly *(by invitation only)*
Wednesday 15 May 2024	
All day	CSO Programme
All day	Business Forum Programme
09:30 – 12:30	Donor Project Site Visits *(by invitation only)*
11:30 – 13:00	Host Country Investment Outlook Session
12:30 – 14:00	Networking Lunch
14:00 – 15:30	**Election of the EBRD President: Hearing with Candidate**
17:00 – 18:00	**Board of Governors' Opening Session**
18:00 – 21:00	Host Country Cultural Event
	Reception for All Participants
20:00 – 22:00	Governors' Dinner
Thursday 16 May 2024	
All day	CSO Programme
All day	Business Forum Programme
09:00 – 10:30	**Election of the EBRD President**
11:00 – 12:00	High-Level Panel on MDBs Working as a System
12:30 – 14:00	Networking Lunch
13:30 – 17:30	**Board of Governors' Plenary Session**
17:30 – 18:00	EBRD President's Press Briefing
18:00 – 20:00	Host Country Closing Reception

EBRD Annual Meeting
Yerevan 2024

Document: BG33/2

REPORT OF THE PROCEDURES COMMITTEE 2023-2024

The Procedures Committee is composed of the Chair and Vice Chairs of the Board of Governors, or their nominated representatives as Temporary Alternate Governors, and is tasked with preparing a Report for approval by the Board of Governors on the conduct of the Annual Meeting. The Secretary General, as Secretary to the Board of Governors, provides the Secretariat to the Procedures Committee.

The Procedures Committee for 2023-2024 comprises of the Governor for the Netherlands as the Chair and the Governors for Egypt and Lithuania as the Vice Chairs, each of whom have duly appointed their EBRD Board representatives as Temporary Alternate Governors for this purpose.

In accordance with its terms of reference, set forth in Resolution No.3 of the Board of Governors adopted on 15 April 1991, the Procedures Committee submits the following Report, including recommendations relating to the provisions for the conduct of the 2024 Annual Meeting of the Board of Governors which will be held on 14-16 May in Yerevan, Armenia.

Election of the President - Hearing with the Candidate: Wednesday 15 May, 14:00-15:30 (local time)

The Hearing with the candidate for President will be chaired by the Vice Chair of the Board of Governors and held in the Dvin Music Hall in closed session.

Attendance is restricted to no more than one representative of each member of the Bank (namely the Governor, or their Alternate or a Temporary Alternate Governor duly appointed by the Governor for the purpose), who may be joined by one other person. In addition, EBRD Board Directors and Alternate Directors may also attend.

Opening Session: Wednesday 15 May, 17:00-18:00 (local time)

The Opening Session will be held in the Alexander Spendiaryan National Academic Opera and Ballet Theatre. Attendance is open to all registered Delegation representatives and Annual Meeting participants.

The Vice Chair of the Board of Governors will formally open the Meeting.

The Committee recommends that the Board of Governors consider for adoption the *Agenda for the Board of Governors Meeting* (Document BG33/1 (Rev1)), and with such changes as the Chair may announce in the course of the Meeting.

Opening speeches will be delivered by the Guest of Honour for Armenia, the Vice Chair of the Board of Governors and the President of the EBRD.

The Opening Session will also be broadcast live on the dedicated Annual Meeting streaming site, www.ebrd.com/am and on EBRD social media channels. Simultaneous interpretation in English, French, German and Russian, as well as in Armenian, will be available via headsets for participants attending in person, and via the *Interactio App* for participants joining virtually. International Sign Language interpretation will also be provided.

Election of the President: Thursday 16 May, 09:00-10:30 (local time)

The Election of the President will be held in accordance with the *Rules for the Election of the President (Resolution No.232)*. The election will be chaired by the Chair of the Board of Governors and held in the Dvin Music Hall in closed session.

Attendance is restricted to the Governor and Alternate Governor of each member only. In the absence of both, one Temporary Alternate Governor duly appointed by the Governor for the purpose may attend. EBRD Board Directors and Alternate Directors may also attend.

Voting will be conducted in person only, with one person representing each member as notified to the Office of the Secretary General prior to the election. Only a Governor, or Alternate Governor or Temporary Alternate Governor acting for a Governor, may cast their vote by secret ballot.

Following the election, the Board of Governors will consider for adoption the Draft Resolution on the *Election of the President* (Document BG33/3).

Plenary Session: Thursday 16 May, 13:30-17:30 (local time)

The Plenary Session will take place in the Dvin Music Hall. Attendance is open to Governors and Alternate Governors, registered Delegation representatives, EBRD Board Directors and Alternate Directors, and nominated EBRD management.

Three seats per each Delegation will be reserved in the Hall (Governor at the main table plus two registered Delegation representatives seated behind). Additional seating for a limited number of registered Delegation representatives will also be available in the Hall.

Participants joining the Session by connecting virtually will be able to do so via WebEx (connection details will be included in the AM registration confirmation email).

Simultaneous interpretation into English, French, German and Russian will be available via headsets for participants attending in person, and via the *Interactio App* for participants joining virtually (connection details will be communicated prior to the Session).

Governors may intervene on any item on the Agenda, if desired.

Part 1: Roundtable Discussion (closed session)

The Committee recommends that the Board of Governors take note of the Report of the Board of Directors on the *Review of the Implementation of the Strategic and Capital Framework 2021-2025* (BG33/4).

Governors are invited to take an active part in the Roundtable Discussion and to provide their views on the *Questions to Governors: Preparing the next Strategic and Capital Framework* (BG33/5).

Following brief introductory remarks from the Chair of the Board of Governors and the President of the EBRD, the Chair will first invite the Governors for Egypt and Lithuania as Vice Chairs of the Board of Governors to open the Roundtable Discussion, followed by the Host Governor for Armenia.

Governors will then be invited to speak as confirmed by the pre-determined Speakers' List, followed by interventions from any remaining Governors who have not spoken.

Part 2: Institutional and Financial Matters (open session)

The Committee recommends that the Board of Governors consider for adoption the draft Resolution attached to the Report of the Board of Directors on the *Membership of Kenya* (BG33/13).

The Committee recommends that the Board of Governors consider for adoption the draft Resolution attached to the Report of the Board of Directors on the *Membership of Nigeria* (BG33/14).

The Committee recommends that the Board of Governors take note of the Report of the Board of Directors on the *Annual Review 2023* (BG33/6).

The Committee recommends that the Board of Governors take note of the Report of the Board of Directors on the *Financial Report 2023* (BG33/7).

The Committee recommends that the Board of Governors consider for adoption the draft Resolution attached to the Report of the Board of Directors on the *Financial Statements and Independent Auditors' Report for 2023* (BG33/8).

The Committee recommends that the Board of Governors take note of the Report of the Board of Directors on the *Special Funds' Financial Statements 2023* (BG33/9).

The Committee recommends that the Board of Governors take note of the Report of the Board of Directors on the *Strategy Implementation Plan 2024-2026* (BG33/10).

The Committee recommends that the Board of Governors take note of the Report of the Board of Directors on the *Diversity and Inclusion in the EBRD Board of Directors 2023* (BG33/11).

The Committee recommends that the Board of Governors consider for adoption the draft Resolution attached to the Report of the Board of Directors on the *Annual Meeting Cycle 2026-2027* (BG33/12).

Election of the Chair and Vice Chairs for 2024-2025

The Committee recommends that the Governor for Slovenia be elected Chair and that the Governor for Iceland and the Governor for Türkiye be elected Vice Chairs of the Board of Governors for 2024-2025. The Chair and Vice Chairs will take up office following the closure of the 2024 Annual Meeting.

The Chair and Vice Chairs will constitute the Procedures Committee for 2024-2025, and the Governors' Committee for 2024-2025, and act in that capacity until the end of the 2025 Annual Meeting.

Closing of the Meeting

Statements will be delivered by the President of the EBRD and the Chair of the Board of Governors, following which the Chair of the Board of Governors will close the Meeting.

Social Media Interaction

Governors and members of Delegations are free to communicate their own views on the issues under discussion at the Annual Meeting. However, they are asked to respect the closed nature of the Plenary Session and in particular to refrain from commenting externally on the positions taken by other members during the Session. Governors are also asked to refrain from commenting externally on the final outcome of the closed Plenary Session until after the closing press conference.

Governors' Statements

Governors are strongly encouraged to submit formal written statements that provide guidance to the Bank on the items on the agenda and on the year ahead. The statements will be posted on the Bank's website after the end of the Opening Session and ahead of the Plenary Session, and therefore it is not necessary to read out the statements in the Plenary Session. The statements will also be included in the formal Proceedings of the Meeting and form part of the official record.

Mr Jan Willem van den Wall Bake
Temporary Alternate Governor for the Netherlands
on behalf of the Chair of the Board of Governors

2 May 2024

(DRAFT)
RESOLUTION NO.___

ELECTION OF THE PRESIDENT

THE BOARD OF GOVERNORS RESOLVES THAT:

1. In accordance with the provisions of paragraphs 1 and 2 of Article 30 of the Agreement Establishing the Bank, the person elected as President of the Bank at the 2024 Annual Meeting be appointed for a term of office of four (4) years commencing on 2 November 2024, or a date to be otherwise mutually agreed.

2. The Chair of the Board of Governors be hereby authorised to execute a contract of service between the Bank and the person elected as President on substantially the same terms and conditions as those applicable to their predecessor and in accordance with the terms of Resolution No.271.

(Adopted _________ 2024)

REPORT OF THE BOARD OF DIRECTORS TO THE BOARD OF GOVERNORS

**REVIEW OF IMPLEMENTATION OF THE
STRATEGIC AND CAPITAL FRAMEWORK 2021-2025**

Table of Contents

Executive Summary

The EBRD's Strategic and Capital Framework 2021-25 was approved in October 2020 at the height of the Covid-19 pandemic setting the strategic directions to be pursued by the Bank in the period. The first three years of its implementation have been characterised both by chronic challenges – including the climate crisis – and unanticipated global, regional and national shocks which have deeply affected the Bank's countries of operations. In particular, the Russian invasion of Ukraine and continuing conflict has fundamentally altered the Bank's context and shareholders' objectives.

Supporting Ukraine has been identified by the Board of Governors the Bank's most important objective for the last two years of the current SCF period. Whilst pursuing this objective the Bank's activity has risen in other countries of operations and the strategic directions set out in the SCF2021-25 maintained. In this respect, the implementation of the current SCF has shown the value of the flexibility inherent in the Bank's strategic planning architecture.

The review considers the progress which has been made against the specific strategic aspirations identified in the SCF2021-25. It shows that the Bank's transition impact as measured through its projects has risen over the period. However, continuing to make progress on the SCF aspiration to improve the system of result measurement and impact assessment remains essential to capturing fully the Bank's impact, strengthening learning and improving communication. More work will be undertaken in the remainder of the period.

The Bank's impact is achieved through the combination of the Bank's own and mobilised investment, policy engagement and targeted use of donor resources. Operationally, the Bank has addressed transition challenges through the highest annual levels of direct investment in nominal and real terms. The same is true of investment mobilised from third parties, reflecting initial progress in the long-term goal of boosting significantly the flow of private finance to support transition and development impact. Within this, the Bank has responded with flexibility and agility in crisis situations stemming from both conflict and natural disasters through dedicated facilities and approaches.

Qualitatively, more than 75 per cent of the Bank's investment has been in the private sector, meeting the goal set in the SCF, although the goal of increasing the proportion of investment levels in the group of countries identified as least developed in transition has not been met. This is partly the result of unexpected growth in investment in countries of operations affected directly and indirectly by the war on Ukraine.

With respect to the three strategic themes highlighted in the SCF:

- **Transition to a low carbon economy** where the goal that 50 per cent of the Bank's investment should be green projects by 2025 has instead been met in each year in the SCF period. As importantly, through aligning all its projects with the goals of the Paris Agreements since the beginning 2023 and a growing range of policy approaches and instruments, the Bank is promoting the systemic change needed for to meet the challenge of the transition to a low carbon economy. Overall, the vast majority of the Bank's green investment has addressed climate mitigation with only a relatively low level of projects focussed on adaptation.
- **Equality of opportunity and gender equality** where **t**he Bank has also met its quantitative operational goals in the areas of gender equality and equality of opportunity early with the

newly established priority of supporting human resilience proving particularly valuable for maintaining lives and livelihoods in crisis situations.
- **Digital transition** where the Bank will not meet fully the ambitious aspiration set in this area within this SCF period. However, important progress has been made in developing and identifying clearly the areas in which the Bank is best placed to ensure that the potential of digital technology to support transition impact is realised.

Progress has been made in taking forward the Bank's strategic interest in a limited and incremental expansion into sub-Saharan Africa and Iraq through the approval by Governors of an amendment to the Bank's geographic scope. The change will enter into force once it has been formally accepted by a sufficient number of members and is expected to allow the Bank to become operational in new countries of operations in 2025. The aspiration to enhance the support available to any country which chooses to graduate through revision of the Post Graduation Operational Approach was met in 2021.

The SCF set a wide-ranging aspiration for the Bank to strengthen the operational platform which underpins its activities through investment in staff and systems. In the SCF period, the Bank's approach to training has been strengthened, as well as its capacity to manage the workforce more strategically. The Bank is in the midst of a major transformation programme which complements high levels of investment with extensive reform of processes with a view to enhancing the Bank's 'offer' to clients and staff, as well as reducing high levels of operational risk. The programme has also begun to yield cost savings through increasing efficiency, complementing the more general strengthened focus on cost consciousness in the SCF period.

This review looks back over the implementation of the first three years of the SCF. In the course of 2023, shareholders concluded that the Bank required additional support in order to be able to operate fully in all its countries of operations, notably Ukraine in the remainder of the SCF period and beyond. To this end, a paid in capital increase of €4 billion was approved at the end of the year. The approval also provided the Bank with objectives for its work in Ukraine and as an institution for the remainder of the SCF period which are explicitly additional to those originally included in the SCF.

Looking forward, in approving the capital increase shareholders highlighted a number of specific strategic areas for deeper examination in the context of the preparation of the next SCF which will be considered by the Board of Governors are the EBRD's 2025 Annual Meeting.

Report of the Board of Directors to the Board of Governors

Review of the Implementation of the Strategic and Capital Framework

2021-2025

1. Introduction

The EBRD sets the medium-term strategic goals to be pursued in delivering on its mandate to support the transition to well-functioning market economies and the means for achieving them in a Strategic and Capital Framework for a five-year period. Following approval by the Board of Governors, operational plans for achieving these goals are set out in successive three-year rolling Strategy Implementation Plans.

The current Strategic and Capital Framework 2021-2025 (SCF) was approved in October 2020 and began implementation from the beginning of 2021. In the light of the uncertainties created by the Covid-19 pandemic, an early review of the implementation and appropriateness of the SCF was planned and as a result a report was submitted to the Board of Governors at the time of the EBRD's 2022 Annual Meeting. In that context it was agreed that a further report on the Bank's progress in implementation would be submitted at the time of the 2024 Annual Meeting as a backdrop to the preparation of the next SCF. That process of preparation will also be informed by an evaluation of SCF implementation currently being undertaken by the Bank's Independent Evaluation Department (IEvD).

The Bank's approach to strategic planning aims to ensure that the high-level strategic direction provided in the SCF can be pursued flexibly in response to evolving circumstances. The value of this approach has been seen as the Bank's countries of operations have confronted some of the most challenging circumstances since 1991. Nevertheless, the overall strategic objectives have remained relevant and have been pursued even as the full-scale invasion by Russia of Ukraine in February 2022 – above all - fundamentally altered the operating environment testing the Bank's capacity to balance crisis response with strategic consistency.

Reflecting the conditions created by the Covid-19 global pandemic, the SCF presumed - for planning purposes - that the strategy period would be composed of two phases. In the first phase exceptional disruption to economic activity would require an ongoing crisis response from citizens, firms and policy makers. In the second phase it was assumed that the focus would shift to longer term investment with a view to fostering recovery and renewal. It was not expected that there would be clear delineation between these two periods, but rather that the Bank's activity would move over time from an emphasis on crisis response to long term investment. This was anticipated to widen the opportunities to pursue transition objectives.

This pattern was entirely disrupted by the physical, human and economic impact of the invasion of Ukraine and its spillovers. The invasion damaged regional supply chains, altered perceptions of risk across emerging markets, caused food and fuel prices to spike and led to the largest displacement of people in Europe since the Second World War. Compounding the aftermath of the supply shocks caused by Covid, the policy making focus has been on responding to the immediate humanitarian and practical consequences of conflict, tackling higher levels of inflation and alleviating cost of living pressures.

War on a country of operations with one of the Bank's largest portfolios and deepest engagement has inevitably had repercussions on the Bank's work. The Board of Governors quickly established support for Ukraine as the highest priority for the Bank. In doing so, it also recognised that the Bank needed to invest in all other countries of operations to both address existing transition needs, as well as tackling the direct and indirect consequences of the war.

Further, although the invasion of Ukraine has been the largest and most extensive exogenous shock in the Bank's region, other countries of operations have also experienced natural disasters and conflicts which have had profound regional and national consequences, notably the devastating earthquakes in Turkiye and Morocco and the displacement of Armenian people. The Bank's response to repeated crises is a running theme for the current SCF period.

Within the Bank, shareholders responded to the war on Ukraine through two channels. First, Governors used the provisions of Article 8.3 of the AEB to suspend the Bank's activities in Russia and Belarus for acting inconsistently with the principles set out in Article 1 of the AEB which defines the Bank's purpose and mandate, including its unique political aspects. Subsequently, the Bank has worked actively to reduce its pre-existing portfolio in both countries.

Secondly, the Bank's shareholders established supporting Ukraine as the Bank's most important objective. They have shown their desire from the outset of the war on Ukraine for the Bank to play a consequential and distinctive role in the time of war and long-term recovery. In setting the Bank this objective, shareholders considered what further shareholder support would be needed to enable achievement of this goal whilst continuing to increase its impact in other countries of operations. As a result of this reflection, shareholders approved a €4 billion increase in the Bank's paid-in capital stock at the end of 2023. They also set a number of additional specific objectives to be achieved in the current SCF period relating to the Bank's investment and policy activity in Ukraine, as well as in a number of important institutional levels including procurement, mobilising private sector finance and climate change adaptation. These goals will be regularly reviewed and monitored by the Board of Directors through the Bank's reporting and planning processes as set out in the Report of the Board of Directors proposing the capital increase.[1]

The approval of the paid-in capital increase and the response to the war on Ukraine have provided an unanticipated focus to the Bank's work. However, while adding new objectives to reflect the changed context shareholders reiterated the continuing importance of the overall strategic orientation contained in the SCF. Given this, the underpinning for this review of implementation is provided by the set of strategic aspirations contained in 'Box 1' of the SCF2021-25 which together describe the specific desired features of the Bank by 2025 (see Annex 1).

This paper is structured as follows:

- Section 2 presents the nature and direction of the Bank's impact as measured through its own transition impact monitoring system. It also provides an outline of the work being undertaken with a view to strengthening the Bank's impact measurement, project design and lesson learning over the remainder of the SCF period.
- Section 3 describes how the Bank's principal tools - direct and mobilised investment; policy engagement and donor resources – have been used to deliver this impact and assesses the extent to which the aspirations of the SCF are being met.
- Section 4 provides a description and assessment of progress with respect to the three areas of strategic emphasis – supporting the transition to a low carbon economy; enhancing equality of opportunity and enabling the digital transition – in the SCF period.
- Section 5 considers progress with respect to the Bank's developments in the Bank's geographic orientation.

[1] Details of the rationale for the Bank's 2023 capital increase and commitments are contained in *Report of the Board of Directors to the Board of Governors: Proposal for a Paid-in Capital Increase (BDS23-116(F))*.

- Section 6 highlights the steps taken to ensure the Bank has staff with the right skills to achieve shareholders' goals and the stable and sustainable operational platform to support long term delivery.

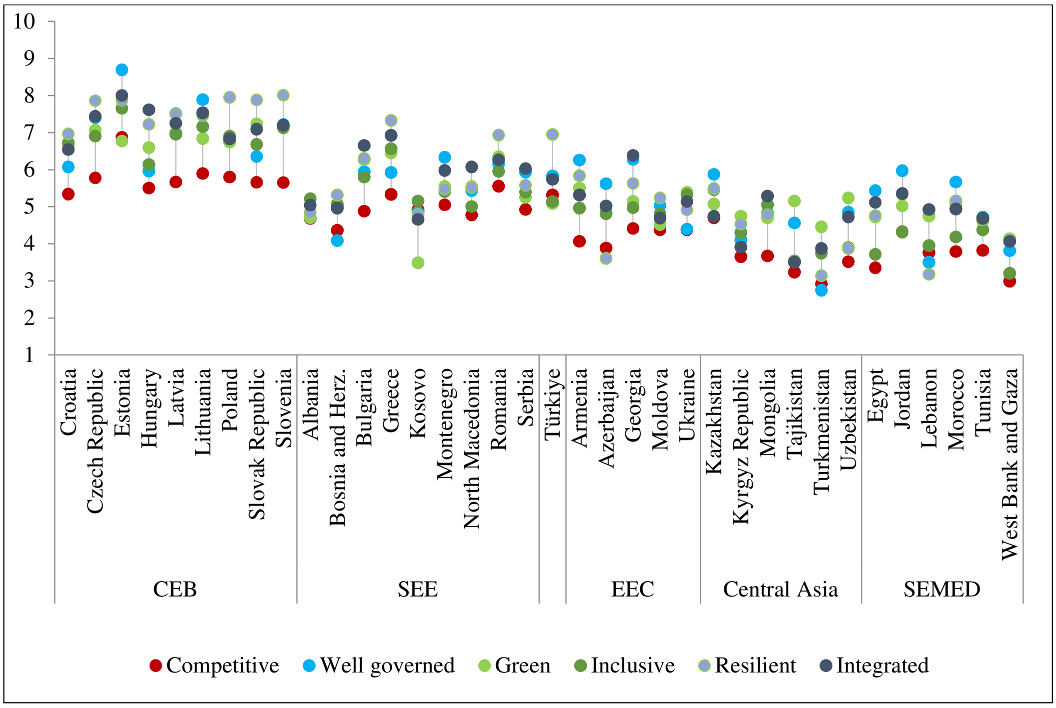
2. The Bank's Impact

In order to advance this transition the Bank promotes changes in the way in which the market functions, that is it pursues transition impact through aiming for systemic change. This section first considers the Bank's planned and realised impact in the SCF period through its projects as measured and monitored through its internal systems in the context of changes in transition in its countries of operation. The second part of the section highlights the improvements which are being made to the Bank's results management, monitoring and learning to enhance impact now and in the future.

2.1. The Transition context

The uniqueness of the Bank's transition mandate has meant that the way in which this impact is defined and measured has varied over time. Since 2016 the Bank has defined its goal as supporting countries of operations in progressing against six key qualities of a market economy. That is, a well-functioning market economy is one which is green, well governed, inclusive, competitive, resilient and integrated.

Chart 1: Assessment of Transition Qualities 2023



The Bank assesses progress against these transition qualities at the national level throughthe Assessment of Transition Qualities (ATQs) and uses this analysis to guide operational priorities and activities. Chart 1 provides a snapshot of the current situation in countries of operations. Each quality is measured on a scale of 10, where 10 is the level for the quality that would exist in a constructed 'perfect' market economy. Although the pattern varies by country, it is notable that in very many countries the level of the competitive quality is low relative to others. At a regional level, transition is most advanced in the countries of Central Europe and the Baltics (CEB) and generally least advanced in Central Asia and the Southern and Eastern Mediterranean region (SEMED). EU member states in South Eastern Europe (SEE) and Turkiye are more advanced in transition than other countries in the Western Balkans where transition is at a similar level to the countries of Eastern Europe and the Caucasus (EEC).

2.2. Impact in the SCF period

The Bank's mandate and objective is to contribute to the transition of its countries of operations through its activities. However, identifying plausible attribution of causality to the Bank's role in this economy wide performance is a conceptual and practical challenge. The Bank is currently building the internal infrastructure to be able to provide a fuller account of its impact and to present a compelling case for its work as described in section 2.2.

Chart 2: Number of projects by region and transition quality in SCF period

	Quality					
Region	Competitive	Green	Inclusive	Integrated	Resilient	Well-Governed
Central Asia	149 88	81 69	61 36	8 6	94 23	33 10
Central Europe and Baltics	40 28	90 40	18 9	7 3	75 50	18 3
Eastern Europe and Caucasus	115 97	54 31	57 10	8 3	124 47	19 5
Greece	10 7	11 1	2 1	2 0	18 15	5 0
South-Eastern Europe	199 131	119 82	53 26	9 3	158 45	41 11
Southern and Eastern Mediterranean	52 30	53 42	26 9	3 2	32 14	13 5
Türkiye	54 31	55 38	45 26	15 7	38 14	21 1

Reflecting the current position, chart 2 considers the nature and geographical focus of the transition objectives which the Bank has addressed through its projects over the current SCF period. The first number in each cell of the chart is the total number of projects in a particular region which have objectives for a particular transition quality and the second number shows the number of those projects where the quality is the primary one. The shading of the circles shows the level of the ATQs with red shading indicating larger gaps and green narrower ones.

Most of the Bank's projects are undertaken in areas where the gaps are large or medium in size. However, the size of the need is not the only determinant of the direction of the Bank's work. The ability of the Bank to address areas where transition is least advanced depends also on finding appropriate transition business opportunities including a conducive business and reform environment. This accounts for the focus which the Bank places on supplementing and complementing its investment activity with policy engagement to promote these positive preconditions for pursuing transition. Investment does take place in areas where ATQs are relatively advanced, either as a result of addressing transition objectives in specific subsectors within a particular quality (such as in Green in particular) or responding to crisis. Annex 2 provides a high-level sketch of the Bank's activity and impact by quality in the SCF period.

By quality, the number of projects which address competitive objectives remains the highest closely followed by those addressing the green quality. The assessment of the resilient quality focuses on the strength of a country's financial systems and its level of energy security. Demand for the Bank's finance to address the consequences and implications of the war on Ukraine in both areas has increased in the SCF period, including in countries with relatively advanced financial systems. However, the Bank's work in supporting resilience, especially in emergencies, is broader. As described in section 4.2, the number of projects tackling the inclusive quality has risen significantly in the period. Although the number of projects shown with objectives targeting the integrated quality is low, this quality is addressed by primarily through the Trade Facilitation Programme whose transactions do not appear in overall project numbers. Section 4.4 outlines the Bank's approach in the SCF to addressing economic governance overall. However, the chart clearly shows that this has proved the most difficult quality to address directly through financing.

The remainder of this section gives further detail on the areas in which the Bank has been advancing transition in the current SCF period together with its geographical and sectoral distribution. The Bank has a rigorous internal process for assessing the transition impact of its projects at approval which is measured through the Expected Transition Impact (ETI). In summary, any project rated at over 60 is considered a project aimed at achieving strong transition impact. Higher ratings point to greater transition relevance and ambition The control framework for the SCF requires the Bank to maintain an overall level of ETI of at least 60.

The average ETI for projects in the current SCF period has been well above this level at 67.7, compared to 66.7 in the previous SCF period which is partially explained by the positive ratings given to projects targeted at crisis response under specific facilities. The geographic pattern of the level of ETI is roughly correlated with extent of a country's progress in transition. Reflecting this, the transition impact targeted in Central Asia and Eastern Europe and the Caucasus (EEC) – which contain all the Bank's Early Transition Countries (ETCs) – are above the Bank average; those for Turkiye and South and Eastern Mediterranean region (SEMED) are at the Bank average and other regions (South Eastern Europe (SEE) and Central Europe and the Baltics (CEB)) below average although the levels in CEB have increased in the past two years, reflecting the exacerbation of transition challenges by the war on Ukraine.

Considering the characteristics of projects, there is limited variability in ETI by sector. Further, ETI for private and state sector projects is also almost identical. However, equity projects are assessed to have greater transition potential than those which consist of debt finance, since they tend to have more ambitious (and more risky) transition objectives, including important corporate governance reform. Although the variation is limited, small and medium sized projects (all those less than €10 million) have higher ETI than larger projects. Small projects are particularly important in the EEC and Central Asia regions with high overall ETI. It is also the case that many small projects are undertaken under frameworks to achieve the critical mass to create impact when combined with capacity building and policy engagement.

The Bank monitors the delivery of transition impact over the lifetime of its projects and uses a measure called Portfolio Transition Impact (PTI) which reflects progress in the achievement of benchmarks for monitoring transition impact at the outset of the project. PTI tends to rise as impact becomes concrete and the risks to future delivery of impact reduces. The SCF sets the floor for the average level of PTI at 65. The Bank's projects deliver impact over time and many of the projects captured through the PTI measurement were initiated before the SCF period began, but currently PTI stands at 75.4, rising significantly above the level of 70.4 by the end of the previous SCF period. Given the time lag, this increase reflects a higher starting point as the ETI also rose in the first SCF period. Qualitatively, it may also reflect the greater attention paid to managing all aspects of the Bank's portfolio in the recent past.

The geographic pattern of PTI varies from that of ETI with SEMED and SEE above the Bank average in addition to Central Asia and EEC. Variation emerges amongst sectors with ICA markedly lower in PTI than others as a result of higher risks to transition achievement in the corporate sector stemming particularly from higher commercial risks. The realised impact of private and state sector projects also diverge with greater impact achieved on average by projects in the private sector. Unlike the pattern for ETI, small (less than €5 million) and very large projects achieve higher PTI and the differential between debt and equity reverses as some of the more ambitious objectives targeted by the latter are not achieved.

As a summary, of projects which have been completed in the current SCF period 85 per cent fully achieved their expected transition objectives, less than 5 per cent did not achieve any of their objectives with the rest being partially successful. Although these measures have limitations they do indicate that the Bank continues to undertake and implement projects which both aim for and achieve strong levels of transition impact.

Transition impact is best measured and identified at the country level. Internally country strategy delivery is reviewed annually. Country Results Snapshots were introduced just before the start of the current SCF period in order to improve identification and communication of impact and are published and provide a clear picture of the Bank's impact in delivering specific transition objectives in individual countries typically over a period of five years. Currently, 27 snapshots have been completed.

2.3. Strengthening impact

As section 2.1 shows the Bank has robust internal systems for assessing and monitoring the impact of its work on its transition objectives at the project level. By this internal measure, the Bank's impact as defined by its mandate has been rising over the SCF period. However, this internal metric does not express easily or fully the extent of the Bank's impact. Although the Bank has been working to strengthen its measurement and communication of impact throughout the SCF period, further progress is necessary to be able to assess fully the Bank's impact. The importance of this work is heightened by the growing focus on the transparent and consistent reporting of impact by MDBs and should support learning within the Bank about the effectiveness of its delivery.

Reflecting recommendations stemming from a number of IEvD studies as well as the findings of the Independent External Evaluation of the EBRD's Evaluation System, the conceptual work needed for a strong impact management system is being undertaken. To this end, theories of change describing how the Bank's impact is achieved have been developed for all transition qualities. By providing a clear framework for identifying and measuring results, this work will anchor the system of defining transition objectives at the project level and improve project design, as well as strengthening monitoring and measurement. This foundational work will be further developed over the SCF period with a view to supporting aggregation across the Bank's work at sector and country level and support an evidence-based narrative on impact to be reflected in the Bank's first public impact report scheduled for publication in 2025. All of these are objectives captured by policy commitments made in the context of the 2023 capital increase and will bring the EBRD into line with the practice in other MDBs. Together they will represent significant progress towards the SCF aspiration that the Bank will **strengthen its overall results framework to improve the design and impact of operations**.

In order to widen communication and to allow greater cross institutional comparability, a methodology has been developed for assessing the alignment of projects to the attainment of the Sustainable Development Goals (SDGs). This assessment is being incorporated in the Bank's systems for each project and will be generated automatically in future and reported in common with the practice in other MDBs. Similar work is ongoing to address the issue of the Bank's contribution to the achievement of the SDGs.

The Bank has undertaken a number of internal steps to strengthen its lesson learning on delivering impact which respond to the SCF aspiration to strengthen **knowledge management and the use of evaluation findings**. The Bank's knowledge management function has been strengthened and focussed through a new internal strategy. Work has been undertaken over the long term to fundamentally reform the self-evaluation in the Bank as an essential foundation to effective results measurement and lesson learning. The system of project based evaluation aims to be fully operational in the course of 2024. This will complement the important lesson learning and recommendations for improvement provided by IEvD reporting directly to the Board of Directors. Finally, an Impact Assessment and Foresights team has been established and is undertaking a number of thematic impact assessments on different aspects of the Bank's work including the Green Cities programme, support to the water sector and small business advice. These assessments will feed into results measurement and lesson learning to enhance future impact.

3. Achieving impact

Section 2 considered 'what' transition impact the EBRD had achieved and targeted in its activity in the SCF period. This section outlines 'how' that impact has been pursued. The framework for this section is provided by the distinctive approach the Bank takes to delivering its mandate. In summary, this approach is characterised by:

- A focus on the **private sector** and the conditions for **private sector development;**
- Targeted and selective investment in the **public sector** to strengthen markets and enable growth in the private sector.
- A commercial approach geared to **complementing, mobilising and crowding in private finance.**
- **Practical policy engagement** combined with investment.
- A **focused and disciplined use of donor resources** to extend transition impact and support progress to sustainable markets.
- Extensive in-depth local market knowledge derived from **local and locally employed presence** and deep sectoral expertise.

At its centre, the ability to achieve impact is through providing tailored solutions for clients through the combination of finance, advice, policy engagement and – where appropriate – donor resources. The flexibility this toolkit offers is rare in the MDB landscape. This section considers how each of these elements have been implemented over the course of the SCF period and progress towards achieving the aspirations of the SCF.

3.1. Direct Finance

The Bank's countries of operations have experienced a series of challenging exogenous shocks in recent years. The SCF set the Bank with the aspiration of **providing timely and effective support to countries of operations to preserve and accelerate transition in the context of the economic crisis caused by the Covid-19 pandemic**. In this context, the first year of the SCF period was also the second of the Bank's Solidarity Package through which the entirety of the Bank's €21 billion investment for 2020 and 2021 was considered to be addressing the consequences of the Covid-19 pandemic. However, the change in circumstances precipitated by the war on Ukraine and its direct and indirect consequences for all countries of operation has meant that the focus of the Bank's work has been broader than the statement in the SCF implies. As a result, the Bank's aspiration is to invest to fulfil its mandate to the fullest possible extent at all times.

Table 1: Operational statistics[2]

€ billion	SCF 2016-2020	SCF 2021-2023	Change
ABI (average)	9.9	12.2	23%
Portfolio (end period)	48.4	55.9	15%
Operating Assets (end period)	33.3	39.1	17%

Table 1 provides the headline figures for the Bank's direct investment in the previous and current SCF period. The table shows that the average level of Annual Bank Investment (ABI over the three years of the SCF period has been 23 per cent in nominal terms above the level seen in 2016-20, reflecting new high levels of over €13 billion in both 2022 and 2023. As a result, the Bank's portfolio has also reached its highest level. The same is true for operating assets, reflecting a concerted focus on disbursement. Both these stock measures have grown less than ABI as a proportion of the Bank's finance – especially that targeting emergency liquidity support for clients – was short term and was repaid within the period. As section 2 showed these levels of investment have been accompanied by high levels of expected impact.

This overall performance shows the Bank strongly supporting all its countries of operations in their transition journeys. The geographical composition of ABI is shown at the regional level in table 2.

Table 2: Regional composition

	Average ABI (€ bn)		Change	Share of Average ABI	
	2016-20	2021-23		2016-20	2021-23
Central Asia	1.2	1.3	14%	12%	11%
Central Europe and Baltics	1.3	2.0	50%	14%	17%
Cyprus and Greece	0.7	0.7	-8%	7%	6%
Eastern Europe and Caucasus	1.7	2.1	22%	17%	17%
South-Eastern Europe	1.6	2.1	29%	16%	17%
Southern and Eastern Mediterranean	1.9	1.9	2%	19%	16%
Türkiye	1.4	2.0	43%	14%	17%
Total	9.9	12.2	23%		
o/w Least advanced countries	4.4	4.9	12%	44.5%	40.4%

The table shows that growth in absolute and relative terms has been highest in the CEB region and Turkiye. In CEB, this unanticipated growth is a consequence of the Bank working to mitigate the impact of the war on Ukraine on the region. In direct response to the impact of the war the Bank has provided €330 million of investment in Affected Countries – most of which are in the region - under the dedicated Resilience and Livelihoods Framework. More widely, the negative sentiment towards risk in the region has caused the EBRD to be additional in market segments – especially in the financial sector – where previously there was an

[2] In all tables percentage changes are shown in nominal terms. Inflation has been significant over the period with consumer price inflation in the eurozone standing at 12.8 per cent cumulatively between the mid-points of the two respective SCF periods.

adequate supply of external private finance. Tighter domestic credit conditions caused by greater caution in lending by banks has led to a similar of increased demand in ICA. Beyond these, three other regions – SEE, EEC and Central Asia – show growth in real terms with SEMED and Greece remaining broadly static in nominal terms and consequently lower when inflation is taken into account. At a country level, twelve countries of operations with at least one from each of the Bank's regions have had their highest level of nominal ABI in the SCF period. This group includes Ukraine, Turkiye, five Affected Countries, two countries in the Western Balkans and one from each of SEMED, Central Asia and EEC.

Within this overall picture of heightened investment, responding to crisis through pursuit of its mandate and deploying its particular skills has been a feature of the SCF period. Ukraine and Turkiye were two of the countries establishing a new high level of ABI in 2023 as support was channelled in response to crisis through specific financing frameworks. In Ukraine and the surrounding region the Resilience and Livelihoods Framework was established soon after the invasion of Ukraine with dedicated headroom of €2 billion to support both Ukraine and Neighbouring Countries.[3] The headroom was raised by an additional €1 billion in the middle of 2023 focussed exclusively on Ukraine. In Turkiye, a Disaster Response Framework has been established following the earthquake in south-east of the country channelling €600 million through partner banks in the region. More recently, the Bank has developed integrated responses to the crises in Morocco and Armenia caused by earthquake and the displacement of people without the need for dedicated funding facilities. In all of these cases the Bank has drawn harnessed its skills to support the functioning of the private economy and supporting human resilience in times of human and natural disaster, learning and applying lessons learned in each case. As a result, the Bank's approach to crisis has become increasingly refined and standardised as experience has accumulated.

Overall, for the geographic direction of the Bank's work, the SCF contained an aspiration to **support those of its countries of operations less advanced in transition through enhanced investment and policy activity**. Subsequently, an ambitious goal was set by the Board of Directors at the beginning of the SCF period that investment in the less advanced economies – defined as Bank's Early Transition Countries (ETCs) together with those countries in the Western Balkans and SEMED – should be at least 48 per cent of overall ABI.

Table 3 provides a breakdown of the headline information presented in table 2 for the least advanced countries. It shows that on average the Bank invested €500 million more annually – a 12 per cent increase in nominal terms - in the current SCF period than previously. However, the share of the Bank's activity has been below both the defined floor each year and the average share over the whole of the previous SCF period as shown in table 3.

[3] Defined as Bulgaria, Croatia, Czech Republic*, Estonia*, Hungary*, Latvia*, Lithuania*, Moldova, Poland*, Romania, Slovakia* and Slovenia* (where * denotes a member of the CEB region). Not all countries saw investment undertaken through the framework.

Table 3: Investment in the countries least advanced in transition

	2016-20	2021	2022	2023
Least advanced country ABI *(€ billion)*	4.4	3.9	5.6	5.2
Shares in total ABI				
Early Transition Countries	15%	13%	15%	13%
Western Balkans	10%	10%	10%	12%
SEMED	19%	14%	18%	15%
All least advanced	44.5%	37.6%	43.2%	40.0%

This outcome is partially the counterpart to higher levels of lending in other countries as a result of the war on Ukraine. In addition, for the past two years the Bank has undertaken no new investment in Belarus which in the previous SCF period accounted for nearly 6 per cent of the average ABI in these countries between 2016 and 2020 and 2.5 per cent of total ABI in the period.

Structurally, this group is composed mostly of countries with relatively small economies which limits the size of potential projects, especially in the private sector. In such cases, the number of projects often provides a fuller picture of the Bank's activity and impact as there similar fixed costs to project preparation irrespective of value. By this measure, 57 per cent of all projects have been undertaken in these countries. Further, the Bank's commitment to increasing its support has been shown in resourcing decisions which has seen RO staffing strengthened with between a third and half of incremental budget resources concentrated on these countries over years. Finally, the Bank has continued to pursue a substantial policy agenda.

The sectoral composition of investment is shown in table 4. It shows how the pattern of activity has changed in the current SCF as challenges have evolved. The growth in overall ABI has been driven by high levels of investment in the Financial Institutions (FI) reflecting growing demand for the Bank's finance given high levels of uncertainty and risk aversion in financial markets. This growth has taken place in all the Bank's regions with the highest proportionate growth seen in Turkiye and Central Asia where average FI ABI in the current SCF period is double the level in the previous one. Turkiye has also shown the highest absolute growth in average ABI followed by the Southern and Eastern Mediterranean (SEMED) region. Nominal annual investment levels have also grown in the Industry, Commerce and Agribusiness (ICA) sector with levels flat in real terms whilst there has been a real reduction in average ABI in Sustainable Infrastructure (SI). However, the share of SI in the Bank's portfolio remains near 50 per cent reflecting the fact that the average tenor of all SI loans in the portfolio is over twice as a long at 14 years than that in FI.

Table 4: Sectoral composition

	Average ABI (€ bn)			Share of average ABI		Share of portfolio	
	2016-2020	2021-2023	Change	2016-2020	2021-2023	2016-2020	2021-2023
FI	3.4	5.2	54%	34%	43%	22%	25%
ICA	2.8	3.2	12%	28%	26%	31%	28%
SI	3.7	3.8	3%	37%	31%	47%	47%

In this context, the final aspiration set for the Bank's own investment activity is that **more than three-quarters of the Bank's total investment in the SCF period should be in the private sector.** Table 5 shows the annual average private sector share in ABI in each SCF period with the annual average level rising to 76 per cent. Although the public sector focus of the Bank's initial support for Ukraine in wartime brings down the overall average, the return of the share of private sector investment in Ukraine to close to historical levels in 2023 supported the Bank's highest private sector share in total ABI since 2012. The relatively high level of private sector investment also reflects a selective approach to investment in the state sector with a focus on those projects with both the highest impact and the strongest prospect of delivery. Table 5 also shows the share of the Bank's portfolio at the end of the first SCF period and at the end of 2023. This level fell sharply from 68 per cent from 2016, but has stabilised in the current SCF period. As highlighted in the Board of Directors report on the 2023 paid-in capital increase, fulfilling shareholders' objectives, especially – but not only – in Ukraine is likely to lead higher levels of investment in the state sector than in the recent past.

Table 5: Private shares in ABI and portfolio

	2016-2020	2021-23
Private sector share in ABI *(Annual average)*	73.4%	76.5%
Private sector share in portfolio *(End period)*	63.9%	64.0%

The SCF2016-20 highlighted the importance of the Bank's support for the small and medium sized enterprise (SME) sector. The EBRD is the only Multilateral Development Bank (MDB) to invest and advise SMEs directly, complemented by indirect investment through partner financial institutions (PFIs). Box 1 summarises the progress made by the Bank in delivering and developing its support to SMEs in the SCF period.

Box 1: Supporting SMEs

Support for SMEs has been at the centre of the EBRD's work from its beginning. From pioneering work supporting the first private businesses the Bank's unique approach has matured into a comprehensive programme combining direct and indirect investment in SMEs, technical assistance and advice to SMEs and Partner Financial Institutions, as well as appropriate policy engagement. The outcome of the programme is to widen sustainable access for SMEs at all stages of maturity to finance and advice, improved competitiveness through increased efficiency and skills and the spreading of best business practice. The ultimate impact is seen in a more prosperous SME sector supporting sustainable and inclusive economies, as well as jobs and livelihoods. The impact of the Bank's advisory services is constantly assessed and over the SCF period each of turnover, employment and productivity have risen over 50 per cent for client firms.

Overall, the Bank has provided finance to SMEs of around €1.3 billion annually over the SCF period, just over 10 per cent of total ABI and accounting for just over 40 per cent of total projects. This investment has supported progress towards transition against all qualities and integrated within that the three cross cutting themes of the SCF promoting sustainable practices, supporting women and youth entrepreneurs and using digital channels to multiply impact. Over 90 per cent of advisory projects contribute to at least one of the themes. Donor support for the Bank's work has been strong throughout the period with an inflow of resources for this sector of €150 million annually.

As foreseen in the SCF, the toolkit to support SMEs has continued to develop. Supply Chain Solutions is a new product in the SCF period through which the Bank scales up its provision of working capital to SMEs and achieves improvements such as more sustainable production methods. The product has been successfully piloted and implemented in Turkiye and Poland and there is strong market demand in other countries of operations. In addition, SMEs are especially vulnerable to the impact of crisis and the Bank has moved quickly to adapt its support in response to the effects of the pandemic, conflict and natural disasters.

Looking forward, in the remainder of the SCF period the Bank's goal is to continue to expand and deepen its support for the SME sector through all its products and programmes, including advisory work and products focussed on achieving scale and impact, such as the new supply chain finance, and integrating further the cross cutting themes into its work. In the past, the Bank's SME support has been at the forefront of initial activity when beginning operations in new countries. This is anticipated to be the case as the Bank becomes operational in new countries of operations within its expanded geographic scope.

3.2. Mobilised Finance

The Bank promotes transition impact through not only its own direct investment but also the investment it mobilises from third parties. This mobilisation increases the flow of resources designed to support the growth of sustainable market economies. The SCF reaffirmed the mobilisation of private finance as a core strategic objective of the EBRD and this is reflected in the SCF aspiration that the Bank **will increase the levels of private capital it mobilises for countries of operations through a widened and deepened scope of activities.** This aspiration has been pursued through the implementation of the Bank's first formally approved Mobilisation Approach. The approach set the headline goal of doubling the baseline level of the Bank's mobilisation as measured by the internal metric of Annual Mobilised Investment (AMI) by 2025 and within that to double the level of AMI for climate finance. It also provided a range of qualitative objectives through which the Bank would proactively seek to increase the flow of resources to countries of operations through product innovation, investor education and enhanced communication, within the Bank and outside.

Table 6 shows the level and composition of AMI in the current SCF period in comparison with the previous period. The growth in AMI itself reflects the greater role played by the Bank in in certain areas, for example through the mobilisation of private domestic balance sheets as a complement to investment in bond issuances or through the use of guarantees. This second instrument has been of particular value in enabling partner banks in Ukraine to supply finance to the real economy in wartime. New products have been developed through a dedicated unit created to take forward the Bank's goals in this area.

Table 6: Level and composition of AMI

	€ billion	Average 2016-20	Average 2021-23	Change
	AMI total	1,360	2,105	55%
composed of:	B-Loans	626	407	-35%
	Parallel Loans	250	230	-8%
	Unfunded Risk Participations	287	581	103%
	Non Payment Insurance	n/a	42	
	Mobilisation by structuring[a]	197	846	329%
	GET share	*47%*	*54%*	

Non-Payment Insurance was introduced for the first time in 2023 amounting to €126 million. The Bank has also developed targeted blended mobilisation products through the use of guarantees under the European Fund for Sustainable Development Plus (EFSD+) and through an agreement with the German government's International Climate Initiative (IKI) to provide €30 million of blending co-finance. Although a declining proportion of AMI, the Bank has continued to develop through B-loans including through a €150 million partnership with the fund ILX. The table also shows that the AMI through GET projects has risen faster than the overall level and now constitutes more than half of the total. The progress in promoting AMI has seen the goal for the end of SCF period revised upwards.

AMI is an internal measure which consists of that subset of mobilised finance which is verifiably attributable directly to specific actions by the Bank either through co-financing or catalysing investment by other parties. It is an important goal for the Bank as it enables the building of close relationships with existing and new investors as well as providing a market test for the pricing and structuring of transactions. It also enables the Bank to actively manage country and client exposures as required.

However, a fuller picture of the impact which is achieved by the Bank's mobilisation of third party finance comes from considering the total value of the financing in a project whether directly or indirectly mobilised by the Bank. Table 7 shows the average level of Private Indirect Mobilisation over successive SCF periods on the basis of the common MDB definition showing the higher and increasing levels of impact that the Bank has supported through this flow of finance.

Table 7: Private Indirect Mobilisation

	Average 2017-21[a]	Average 2021-23	Change
Private Indirect Mobilisation (€ million)	10,128	17,657	74%
o/w GET share	*28%*	*77%*	

[a] Common definition introduced 2017

The Mobilisation Approach stressed the need for greater promotion of the Bank's region as an investment destination through strengthening awareness in the market. The Bank is pursuing an active communication plan to raise awareness and build relationships with institutional investors. This is complemented by a proactive approach to data disclosure both through the EBRD's own reporting and working in concert with other institutions through the GEMS project, the purpose of which is to demonstrate the financial returns achieved by the Bank to attract future investors.

In addition to continuing with these activities in the remainder of the SCF period, the Bank is actively preparing two further mobilisation initiatives. First, a proposal is under development for a Significant Risk Transfer transaction through which part of the Bank's portfolio would be securitised in the market. The timing of any SRT is dependent on further assessment of the costs and benefits. Secondly, the legal and financial design of a Debt Co-financing Facility is ongoing though market conditions for the launch of such a fund are not currently conducive.

The goals of the Mobilisation Approach are intended to be a first step in strengthening the evolution of the Bank's ability to mobilise private finance. The refocussing and refreshing of the internal organisation has been an important step in enhancing the Bank's work and results in this area. The next phase in the Bank's mobilisation journey is to continue to widen understanding of the importance and value of mobilisation in achieving transition objectives. Further work is needed to provide the incentives and culture in which the Bank is able to mobilise private finance to the fullest possible extent.

3.3. Policy engagement

The EBRD has been developing and enhancing its approach to policy work since the middle of the last decade. The experience of the financial crisis of the early years of the century showed the importance to a sustainable market economy of well-designed regulation, a strong and predictable business environment, sound economic governance and effective market supporting institutions. Recognising the potential of systematic policy engagement to enable transition impact, the Bank has made it a key part of its overall policy approach rooted firmly in experience and practical expertise.

This section focuses on two aspects of the specific aspiration in the SCF2021-25 relating to policy work starting with the aim of **further integrating policy and investment activity** in the SCF period. The Bank has focussed on a number of areas to link use its policy engagement to support and enable its own investment and – as importantly – support the creation of functioning markets in order to crowd in the investment of others, especially from the private sector. In this area the Bank has supported, for example:

- The **development of effective renewable energy auctions**. In Albania this enabled the lowest ever bid price for electricity generated by wind power providing over 200 MW of new capacity. Similarly, in Serbia the Bank's support for legislation to enable the integration of renewable energy and design of power auctions has facilitated the first auction for 450 MW of wind and solar generating capacity.
- **Local capital market development** through a combination of legal and regulatory reforms to bring standards to an acceptable level through enhancing transparency. As a result, covered bond markets have been developed in a number of countries of operations with their development enhanced by the participation of EBRD in early issuances on the exchanges (Box 2 provides further detail on support for fostering local currency lending and capital market development).
- **Local financial market development** for example in the Western Balkans where olicy engagement and investment are being combined to support regulatory convergence with the EU through the Bank's long standing Vienna initiative. It is complemented by innovative products such as the 'Guarantee for Growth' facility which provides capital relief to EU based partner financial institutions and will support the convergence process. In 2023, this Bank provided Reifeissen Bank in Albania with an unfunded guarantee of €65 million which enabled new lending to SMEs in the country.

Box 2: Supporting local currency lending and local capital market development

Deep and liquid financial markets are vital to support an efficient financial system which lies at the heart of a sustainable and prosperous economy. The EBRD has long recognised the importance of supporting the development of local currency lending and local capital markets in enabling transition in its countries of operations.

Over the current SCF period the proportion of projects in local currency or supporting local capital market development rose to 38 per cent compared to the previous level of 33 per cent from 2016 to 2020. Both areas illustrate the way in which the Bank's policy and investment work are used in tandem to achieve sustainable outcomes. The Bank's Treasury has developed a unique approach to promoting local currency lending by proactively combining the EBRD's own local currency funding needs as a means of developing domestic liquidity pools with a range of policy activity including through the Money Market Diagnostic Framework to identify gaps, supporting stakeholder groups in addressing those gaps and providing specific advice to central banks to foster trust in local currencies and specific technical assistance to develop key market instruments. As a result of this work, the Bank's own portfolio includes investments denominated in the currency of the majority of countries of operations.

The importance of MDBs in promoting and enabling local currency lending has been recognised in the G20 and the EBRD is actively engaged with partner MDBs to advance this agenda through providing incentives MDBs to take and manage more local currency financial risk as well as supporting the development of instruments by the local financial system develop instruments to do the same. Through these workstreams both MDBs and domestic banks' capacity to increase and improve the products offered to clients in local currency in a sustainable manner will be strengthened.

The Bank has supported a wide range of policy activities which provide the foundations for capital market development including legal reform for securities and derivatives and new products such as covered bonds. The Bank has been particularly active in supporting the creation of markets for boosting financing of the green transition: working with authorities in the design of regulations for Green and Sustainability linked bonds in, for example, Azerbaijan, Turkiye and Ukraine and supporting the updating of sustainability reporting guidelines in some EU countries of operations.

The Bank's multidimensional approach is well illustrated by its work through the EU-EBRD Capital Markets Support Programme in Georgia the Bank. Under this programme, the Bank provided capacity building and other assistance to the authorities enabling the launch of the first green bond in the local market and the first social bonds in the Bank's region, in both of which the Bank invested. The Bank has also supported the advance of the digital transition in this area through a range of projects including the digitalisation of payment systems in Armenia, digital corporate reporting in Uzbekistan, accelerator programmes for FinTech firms across the Bank's countries of operations, as well as e-learning on capital markets and ESG practices.

Section 4 considers the way in which investment and policy engagement interact in supporting firms in accessing the skills they need and bolstering the resilience of human capital. It also highlights the use of the same approach in promoting strengthened economic governance.

The strengthening of the Bank's policy function in the current SCF period has also been supported by a number of organisational and practical initiatives. Structurally, the Vice Presidency for Policy and Partnerships has been reconfigured with the view to bringing greater consistency and coherence across the whole of the Bank's policy work. At the operational level, enhanced diagnostic work supports the design of specific policy interventions to support the achievement of the transition objectives agreed in country strategies. The implementation and oversight of policy activity has been reinforced through the introduction of 'policy compacts' which provide a country specific management tool for prioritising and coordinating the Bank's policy portfolio. These compacts are derived from country strategy objectives and are reviewed and updated regularly to enable the dynamic management of policy work.

The SCF2021-25 also expressed the aspiration that the Bank would work to **reinforce its ability to measure the effectiveness of policy engagement**. It is closely linked with – and dependent on – the Bank's wider work programme on the result and impact definition, measurement and management. In particular, the completion of work on defining theories of change for each of the transition qualities should provide a solid basis for assessing the impact of policy specifically. A successful pilot project has been undertaken to use a theory of change in the annual reporting on the Bank's Legal Transition Programme. Technological improvements are planned as part of the consolidation of the Bank's disparate IT systems under a common platform through the Monarch project. Integration of the Bank's current system for monitoring the implementation of the Bank's policy work through technical cooperation into the Monarch system will be designed to capture the outcomes and impacts of policy work and provide the basis for measuring effectiveness in parallel with strengthening the measurement of impact. In addition, a policy platform has recently been established through the results achieved through policy work are disseminated and used.

3.4. Donor resources

The use of donor resources for furthering the achievement of transition objectives is integral to delivering on the Bank's mandate. In line with the MDB principles on the use of blended finance in the private sector, donor funding is used selectively and with the minimum levels of concessionality to support – and not undermine – the development of markets. Donor resources are used to facilitate and complement investment through supporting project preparation and implementation in the infrastructure sector; to provide grants to address affordability challenges for uses of public services; to fund advisory and other services in the context of targeted credit lines to Partner Financial Institutions and to give First Loss Risk Cover to allow greater reach by the Bank. In additional to direct support for transactions donor resources support the provision of stand-alone advisory services, especially to small business, and much of the Bank's policy work.

The use of donor resources has supported the Bank's impact across all the transition qualities, although the balance amongst them has changed over the SCF period. In the previous SCF period and in 2021, half of earmarked donor resources supported the achievement of objectives for the green quality. In 2022 and 2023, largest share (around 40 per cent) was accounted for the resilient quality in response to the war on Ukraine with the share for the green quality falling to around 25 per cent. In parallel, the depth and breadth of the Bank's overall relationship with its donors has strengthened substantially. The response to the twin crises of the pandemic and war on Ukraine has been important in this context, but the period has seen a broader increase in support with new instruments, platforms and partnerships developing in a number of areas.

The average annual inflow of donor resources to the Bank has risen to €1.7 billion in the current SCF period from €800 million previously. Although the exceptional support from donors for Ukraine has boosted this total, the annual average inflow for other activities has risen by 50 per cent to €1.2 billion. With respect to Ukraine, the innovative partnership between donors and the Bank led to the inflow of €1.4 billion throughout 2022 and 2023 supporting the Bank's impact through risk sharing. This form of support is no longer required having been superseded by the permanent shareholder support provided through the Bank's capital increase. The Bank has also been a conduit through which some bilateral donors have been able to channel additional grant support to essential service providers, notably in the energy sector. As a result of this the use of donor resources in Ukraine rose from 11 per cent in the first SCF period to 31 per cent in the current one. Outside Ukraine the Bank's use of risk sharing instruments has grown substantially from a minimal amount in the previous SCF period and is expected to continue to play this greater role in future.

Support for Ukraine led to a sharp increase in the proportion of bilateral contributions to the Bank's donor resources more than doubling the 20 per cent share of the previous SCF. Nevertheless, the EU has remained the most significant individual donor accounting for just under half of all inflows over the period. Amongst the most significant inflows has been a combined total of €1.3 billion provided for use in the Western Balkans and in support of Greece's post Covid Recovery and Resilience Plan, as well as support through the InvestEU.

Over the SCF period progress the Bank's donor base has grown and diversified with the total number of donors has risen to 51 in 2023. This now includes 11 countries of operations and a number of new partners such as the OPEC Fund, IKI and Adaptation Fund. As importantly, the period as seen the revival of a number of existing bilateral donor relationships which had been dormant in the recent past.

The bulk of contributions are being channelled through thematic multi-donor structures increasing flexibility and the efficiency of the Bank's deployment of donor resources. These funds encompass existing vehicles for the support of small business and provision of sustainable infrastructure with new structures in the SCF period such as the High Impact Partnership for Climate Action, Action for Equality of Opportunity and the Crisis Response Special Fund for Ukraine. Over 90 per cent of total donor inflows in the most in 2022 and 2023 have been to multi-donor funds or platforms. The consolidation of the Bank's donor resources has been a long-standing goal which increases the efficiency of deploying these resources maximising timeliness and impact.

4. Strategic themes

In the context of supporting countries of operations in their progress towards the transition qualities, the SCF identified three cross cutting strategic themes. The purpose was to put particular emphasis on these issues as the Bank pursued transition, acknowledging their relevance for the Bank. Accordingly, the theme of supporting the transition to a low carbon economy addressed the global public good of tackling the environmental degradation and especially the causes and consequences of climate change. The theme of promoting equality of opportunity and gender equality addresses the social and market failures which limit options for particular groups. Finally, in enabling the digital transition the Bank aimed to harness more fully the transition and economic potential stemming from the use of technology. This section assesses impact and progress.

4.1. Green, low carbon transition

The aspiration of the SCF2021-25 is for the Bank by 2025 to have **directly supported progress towards green, low carbon economies through higher levels of investment in the Green Economy Transition**. At a summary level, delivery on this goal has meant that the Bank's investment to date in the SCF period is estimated to have led to an annual reduction in carbon emissions of 30 million tonnes of CO_2 roughly equal to the yearly emissions of Slovakia.

Table 8 shows the Bank's overall financing for the green economic transition. The breakdown of climate finance – which accounts for well over 90 per cent of this investment – is also shown. Overall, the Bank has been able to reach the goal set that GET finance should form half of total investment by 2025 in each of the first three years of the SCF period even as the Bank's total investment has risen significantly. The largest level of sectoral investment takes place in Sustainable Infrastructure (42 per cent) followed by Financial Institutions (32 per cent) and Industry, Commerce and Agribusiness (26 per cent). Importantly, as shown in section 3.2 the Bank has increased its levels of indirect private mobilisation from third parties for green objectives to three-quarters of all mobilised amounts in the SCF period at €13.5 billion, more than double the average level of the Bank's own investment. A further €2.8 has come on average annually from a combination of private direct mobilisation and public co-financing.

Table 8: GET and climate financing

Indicators (€ bn)	**2021**	**2022**	**2023**
GET financing	5.4	6	7
GET ABI share	51%	50%	50%
Private sector share of GET finance	63%	75%	79%
Climate funance	5.2	6.1	6.4
of which			
Mitigation finance	*4.9*	*5.9*	*6.2*
Adaptation finance	*0.3*	*0.3*	*0.4*

The GET approach recognised that whilst the Bank could make an important direct contribution to addressing the need for finance, the scale of the challenge is such that only systemic change will enable countries of operations to transition to low carbon and resilient economies in line with the goals of the Paris Agreement. As a result, the substantial absolute increase in GET finance has been accompanied by a reshaping of the Bank's activities.

Central to that effort has been implementing the 2021 commitment that all the EBRD's activities, including investment, policy engagement and internal, should be aligned with the goals of the Paris Agreement from the beginning of 2023. The scope and impact of this commitment is broad placing every activity of the Bank under scrutiny for consistency with a world which delivers on the Paris Agreement's ambitions for both limiting the global temperature rise and ensuring resilience and adaptation to that rise. Amongst the most important implications of this engagement is the progressive adoption by the Bank's partner financial institutions, through which it delivers indirect finance, of transition plans under which, with EBRD support, those PFIs themselves align their activities with the goals of the Paris Agreement.

In line with the objectives set in the SCF, the Bank has expanded its green policy efforts with a focus on systemic engagements to create economic frameworks which in turn stimulate investment. This has included supporting the development of low carbon pathways (LCPs) in hard to abate industrial sectors in Turkiye, Egypt and Uzbekistan and implementing competitive renewable auctions that accelerate the pace of renewable penetration while also reducing the costs. In recognition of the scale of the challenge for countries of operation, the EBRD collaborates actively with other MDBs and financiers to develop country platforms designed to support ambitious decarbonisation efforts such as that through the Energy Pillar of Egypt's Nexus-Water-Food-Energy programme and the Just Energy Transition Investment Platform in North Macedonia launched at COP 28 in 2023.

Cities are an important source of carbon emissions globally, as well as the locations of residence of over half of humanity. Complementing its capacity to invest in the private sector, over the SCF period the Bank has continued to expand its flagship Green Cities programme launched initially in 2016. This combines the Bank's long standing strengths in investment in the municipal and sub sovereign sector with targeted policy engagement and support. Now operating in over 50 cities, over 75 per cent of total Bank financing under the programme have taken place in the current SCF period. Investment supports achievement of enhanced environmental impact through a comprehensive framework set out in an agreed Green City

Action Plan and together with complementary donor finance over €5 billion has been deployed over the programme's lifetime.

Internally – as anticipated in the 2020 GET approach – the Bank has put in place Monitoring, Recording and Verification system covering ex post impacts. This is necessary to ensure that projects achieve their initial goals and that the impact of the Bank's work can be fully recognised and substantiated.

Looking forward, the challenge of achieving the international community's goals to tackle the causes and consequences of climate change remains considerable. The Bank's focus on achieving the systemic change essential to catalyse the necessary finance is a long term and difficult process which will be further developed in the preparation of the next SCF. In the current SCF period, as table 8 highlights, investment in climate change adaptation has been low primarily reflecting the low level of such investment in the private sector and the limited number of financially viable adaptation projects. Nevertheless, the need for such finance will grow as the impact of global heating inevitably increases in any scenario and is likely to be particularly important in future countries of operations in the Bank's expanded geographic scope. In the short term, will propose enhancements to the existing Climate Change Adaptation Action Plan 2023-25 reflecting the commitments contained in the 2023 capital increase.

4.2. Equality of opportunity and gender equality

Securing equality of opportunity was fully recognised as an integral transition objective for the EBRD initially in the middle of the last decade. The identification of equality of opportunity as a particular focus in the SCF2021-25 reflected a desire to further scale up the Bank's distinctive and effective approach to promoting inclusion and gender equality through the private sector.

As a consequence, the SCF period has seen a step change in the Bank's work in these areas, to fulfil the aspiration of **promoting equality of opportunity and deepening the mainstreaming of gender considerations in projects and through targeted policy engagement**. The Equality of Opportunity Strategy 2021-25 (EOS) and the Strategy for the Promotion of Gender Equality 2021-25 (SPGE) were approved in November 2021 and set out the Bank's expanded operational approaches in both areas. These distinct but interlinked strategies converge on three impact areas:

- Building inclusive and gender-responsive financial systems;
- Broadening access to skills, employment and sustainable livelihoods; and
- Creating inclusive and gender-responsive services and public goods.

In promoting gender equality in these areas of impact, the SPGE addresses additional challenges such as those caused by climate change, digitalisation and war and fragility. It also established additional priorities of creating a more effective care economy and tackling of gender based violence and harassment. The SPGE set a new target of integrating gender measures into at least 40 per cent of the Bank's operations by 2025. Progress towards this goal has been supported by the introduction of a gender SMART process and tagging system, the launch of a Gender Academy covering a growing number of priority themes, the ongoing support of the network of Gender Champions and other bespoke training.

As a result, the number of gender SMART tagged projects has already risen above the 2025 goal with 44 per cent of all projects in 2023 ABI. Progress has also been made across all the thematic priority areas of the SPGE. The Bank has been particularly successful in integrating gender into climate finance and policy engagement, for example in, the majority of the Bank's

Green Cities programmes, GEFFs and Renewable Energy Frameworks - such as in Egypt or Kazakhstan. This has been supported by the launch of a gender SMART climate investment guide (jointly with other MDBs), and, at a policy level, the Bank's new Gender Equality in Climate Action accelerator, a tool launched at the COP27, to enable the integration of gender into climate governance.

In the financial sector, the Bank's Women in Business programmes in Central Asia and the SEMED region is complemented by policy programmes to promote regulatory reforms that remove barriers for women to start up and grow their businesses. Through the collection of sex-disaggregated data based on standardised national definitions of women SMEs, the Bank built the capacity and commitment of regulators to devise evidence based policy reforms. Finally, as part of the Bank's Ukraine response, EBRD worked in close partnership with the Ukrainian authorities and clients to enhance measures to tackle GBVH and promote investments in the care sector.

The Equality of Opportunity Strategy recognised that inequality of opportunity is shaped not only by circumstances such as gender or parental background, but also by exogenous factors throughout a person's life. These include effects such as those of climate change or digitalisation on livelihoods, as well as large scale shocks such as natural disasters. Reflecting these overlapping challenges, the EOS introduced a focus on human capital which enables the Bank to support clients, communities and individuals to their specific challenges. This has been a critical element of the Bank's response to the war on Ukraine, with almost all projects in the country specifically supporting human capital resilience by protecting jobs and livelihoods and, maintaining access to finance and vital services. For example, the Bank has started supporting clients in enabling the reintegration of wounded ex-soldiers into the workforce. The same human capital focused approach was applied following in the crisis situations in Turkiye, Morocco and Armenia in 2023.

As envisaged in the SCF, the Bank has supported the development of needed skills at both the firm and sector level, combining investment and policy engagement. Examples have included the development of Sector Skills Councils across countries in the SEMED region and the Western Balkans. These shape national skills and human capital policies in response to the specific needs of employers. Inclusive procurement programmes have been expanded across the Bank's countries of operation, creating routes into training for people across transport and construction sectors. Youth in Business programmes have been expanded across the Bank's countries of operations notably in the SEMED, Western Balkans and Central Asian regions where populations are particularly young. Finally, reflecting the importance of tackling inequality as a means to accelerate climate action, the Bank has stepped up its Just Transition programmes,' by supporting workers and communities in industries affected through the shift to a low carbon economy.

Looking forward, both the impact of the implementation of the SPGE and the EOS will be assessed in concert with the IEvD in the course of 2024 against the detailed results framework contained in each strategy. This will inform the mid-term reviews of both strategies in 2024 and their implementation to the end of 2025. It will also form the basis for the development of future strategies in these areas.

4.3. Digital transition

EBRD's emphasis on supporting countries of operations and clients to exploit the benefits of digital technology had two chief motivations. First, analysis in the Bank's Transition Report 'Work in Transition' 2018/19 showed that whilst some countries of operations were highly digitally advanced many others were significantly behind other countries in the application of digital technology. Secondly, that a more focussed approach was needed for the Bank to be in a position to realise the growing and changing potential of digital technology across all the transition qualities. In both cases, the Bank's objective is not to support the digital transition as an end itself, but rather to harness the potential of technology to achieve transition objectives.

At the outset of the SCF period, the Bank had considerably less experience in this area than for the other strategic themes and consequently less clarity on its areas of comparative advantage. As a result, implementation in this area has necessarily been slower and involved a greater degree of experimentation. The Bank's first digital approach set the framework for implementation in three focus areas:

- The **foundations** of the digital economy where activities aim to put in place the soft and hard infrastructure to enable digital transformation and entrepreneurship;
- **Adaptation** supporting organisations to fully leverage the benefits of the digital economy; and
- **Innovation** through undertaking activities with digital-first firms to support new products and services.

In addition, cybersecurity was identified as key to delivery in all these areas.

The approach is implemented through Banking teams and coordinated by a Digital Hub which maintains an overview of Bank-wide activity, provides advice on projects, works on new product development and fosters digital learning.

Overall, projects with a digital component accounted for 10 per cent of total projects with examples in nearly all countries of operations and impact across all transition qualities. Amongst the flagship products has been the launch of a new Digital Transformation Financing Framework (DTFF) in Turkiye combining finance and advisory services with a view to being rolled out in other countries of operations in the remainder of the SCF period. Investment activity has been complemented by a set of advisory and diagnostic tools through which clients are supported in identifying the opportunities for applying digital technology. These include Cybersecurity Assessment tools for Bankers, Digital Maturity Assessments for municipalities to complement the Bank's Green Cities programme and similar assessments for SMEs. Through its work to date a number of areas for further development and scaling up have been identified including in cyber security and policy engagement to support development of regulatory frameworks. From the development of these products and approaches the Bank is establishing areas of expertise which can be further built upon in future.

The SCF2021-25 aspiration is that the Bank would by 2025 have **launched comprehensive and coherent activities to help countries of operations leverage the digital transition**. In reviewing the implementation of the Digital Approach to date, the Bank's Internal Audit Department recognised the progress that had been made in the initial phase. However, it also stressed that a clearer definition of the Bank's objectives, roles and responsibilities, as well as strengthened monitoring and reporting was essential for future development in this area. The recommendations are in the process of being implemented and further work on the Bank's future role and objectives in this area will take place in the development of the next SCF.

4.4. Economic Governance

In addition to the three core strategic themes, the SCF identified economic governance as an overarching theme. The pursuit of good economic governance and the EBRD's transition mandate with its unique political aspects are intimately linked, most recently captured operationally by the well-governed transition quality. The focus in the SCF2021-25 period was strengthened in response to analysis of the impact of persistent governance gaps analysed in the Transition Report 2019/20 'The State strikes Back' and the acceleration of that trend in the policy response to the Covid pandemic.

In this SCF period, the Bank has developed a focussed and effective approach to promoting economic governance drawing on its core strengths pursuing three high level objectives.

First, the Bank tackles inefficiency and lack of competition through improving the governance of state-owned enterprises (SOEs) and supports the development of markets in state dominated sectors. In doing this the Bank is able to use the strong relationships developed through investment in SOEs with national authorities and clients. Since 2022 this objective has been pursued through the SOE Management Assistance Reform and Transformation (SMART) programme. The programme embeds policy engagement in transactions with SOEs to target both corporate governance weaknesses at the individual firm level as well as market distorting behaviours and inadequate regulation within sectors as a whole. The programme has been deployed through investment projects in the water sectors in Morocco, Tajikistan and Uzbekistan, food supply in Tunisia and the rail sector in Serbia. A comprehensive SMART programme is in place for Ukraine supporting the SOE corporate governance reform as well as stronger procurement practices and anti-corruption efforts at the Restoration Agency. This capacity to combine investment in important state companies with targeted reform is a distinguishing feature of the EBRD.

In addition, the SCF period the Bank has continued its well established and distinctive approach to supporting more efficient and better quality service delivery at the sub-sovereign level through its investment through municipalities. This activity both has economic benefits through enhancing value for money and increases the confidence of citizens in local institutions.

Secondly, the Bank supports a thriving private sector through enhancing the business environment, increase private sector competitiveness and strengthen competition. In this area the Bank provides advice and support on long term sectoral strategies, such as the Egyptian automotive sector and advice on SME support schemes and policy. At the national level, the Bank supports ten Investment Councils mainly in countries less advanced in transition which play an important role in improving the business environment through dialogue between the public and private sectors. In addition, the Bank has supported the Business Ombuds to provide the private sector with a route for redress against unfair or illegal official actions in Ukraine and the Kyrgyz Republic leading to substantial compensation for many firms.

Thirdly, the Bank contributes to the expansion of government capability in order to undertake reform and promote improvements in service delivery to support economic activity. The latter has seen the Bank build on its ongoing experience of supporting reform in Ukraine, with a substantial programme of technical assistance to increase the capacity of the Government of Moldova to accelerate reform to stimulate economic growth and progress to integration with the EU. Finally, the Bank has a supported a number of countries of operations in the delivery of services through digitalisation and e-governance projects including e-notary services for businesses in the Kyrgyz Republic, automating customs declarations in Armenia and digital Port Community System to increase efficiency of trade through Georgia.

As the importance of working to support open markets and fair competition grows, identifying further targeted approaches to promoting efficient economic governance will also be necessary in the remainder of the SCF period and beyond.

5. Geographical orientation

In addition to the aspirations set for the Bank's work in countries less advanced in transition discussed in section 3, the SCF outlined three other aspirations relating to the Bank's geographical orientation. Two focussed on the possibility of the Bank becoming operational in new countries of operations should Governors approve such a move, the third considered the support the Bank might provide to a country which chose to graduate from the use of the Bank's resources. This section reviews progress in each area.

5.1. Within the Bank's geographical scope

The SCF noted that there were three countries in its defined region of SEMED which could potentially become countries of operations. Under the then prevailing circumstances the SCF set the aspiration that the Bank would have **successfully begun operations in new countries of operations within the Bank's existing region, such as Algeria, subject to the approval of Governors**. In this SCF period Algeria became a member of the Bank and shareholder in October 2021. Over the period the Algerian authorities and the Bank have engaged in discussions about future cooperation and continue to do so.

5.2. Extending the Bank's geographical scope

The SCF stated the EBRD's strategic interest in a limited and incremental expansion of the Bank's scope to sub-Saharan Africa and Iraq. It also set the specific aspiration that the Bank would **if approved by the Board of Governors, have taken steps to begin operations in a limited number of countries beyond the Bank's current region**. In the first part of the SCF period the Board of Directors continued to examine the question of whether, and if so how, the EBRD's geographic scope should be amended and a limited expansion of the Bank's countries of operations conducted. Particular scrutiny was made of the extent to which the EBRD had the skills and attributes to add value to the extensive efforts of existing development partners in sub-Saharan Africa and Iraq. It was also axiomatic that the Bank's work in current countries of operations should not be adversely affected in the event an expansion of the Bank's geographic footprint.

Following exhaustive analysis, the first formal step to fulfil the SCF aspiration was taken at the Bank's 2023 Annual Meeting where an amendment to the Bank's geographic scope contained in Article 1 of the Agreement Establishing the Bank was a approved by the Board of Governors in order to enable a limited and incremental expansion of the Bank's countries of operations to sub-Saharan Africa and Iraq to be undertaken. It will only be possible for the new countries of operations to be approved once three-quarters of members constituting four-fifths of the voting power have formally accepted the amendment. In preparation, Benin, Cote d'Ivoire, Ghana and Senegal have joined Iraq in becoming shareholders in the Bank. Work is ongoing on the necessary internal steps for the Bank to operate in new countries, once approved.

5.3. Update on Graduation

The SCF2016-20 reaffirmed the continuing relevance of the Bank's 1996 Graduation Policy which sees a country of operations decision to graduate from the use of the Bank's financial resources as the natural end to the process of country's widening access to other sources of finance as transition advances. The SCF set the specific aspiration of the Bank providing **strengthened support for any country that chooses to graduate from the use of the Bank's resources through an enhanced Post Graduation Operational Approach** (PGOA)**.** The Board of Directors approved an enhanced PGOA in 2021 through which the trajectory for any graduating country would be smoothed by a time limited continuation of investment and non investment activity and provided the possibility of a resumption of Bank activity in the event of a crisis which met pre-defined criteria.

The war on Ukraine – a neighbour to a number of countries advanced in transition – has changed the perspective on graduation from that at the time of approval of the SCF. As shown in section 3, the effect of the war was to increase the Bank's additionality in a number of these countries and raise levels of lending to unexpectedly high levels in 2022 and 2023. The decision of the Board of Governors to reallocate the resources of the Post Graduation Special Fund to the Ukraine Multi-donor Fund was emblematic of recognition by shareholders of the altered circumstances. The SCF had anticipated that the country strategies of countries advanced in transition might be scrutinised in the middle of the SCF period to confirm the relevance of their objectives set in the midst of the exceptional Covid-19 crisis. Country strategy progress for the Baltic States and Hungary was considered through the Country Strategy Delivery Review process in 2023 and seen as appropriate in the prevailing circumstances. These reviews also examined market level additionality for the Bank reflecting the content of the 1996 Graduation Policy and envisaged the SCF2021-25.

6. Strengthening the operational platform

The SCF acknowledged the continuing need to increase efficiency, impact and cost effectiveness as well as reduce operational risk by investing in **staffing, skills processes and IT upgrades.**

In this context, the SCF put particular emphasis on strengthening the Bank's skills and culture of learning. Accordingly, the Bank's first comprehensive skills audit was undertaken in 2022 to support overall delivery of the wider aspirations in the SCF. This audit has been used to identify skill gaps relative to the Bank's needs with a particular focus on those required to deliver on the Bank's aspirations for its cross-cutting themes. Tailored programmes have been developed to support the mainstreaming of each theme open to all across the Bank. For each theme between a quarter and third of the Bank has participated voluntarily and feedback has been positive. The impact of this training is measured through both self-assessment at the beginning and end of the course and surveys. The Bank's overall training offer has been expanded and its accessibility increased through the introduction of a new comprehensive learning and management system.

On other people planning priorities, work is continuing on optimal decentralisation of functions and responsibilities which is particularly relevant as the Bank's geographic reach expands. Interchange through Short Term assignments has increased over the SCF period with a strong rise in the number of assignments of staff from Resident Offices to London. Looking forward, in the short term the HR department is using AI to improve its service delivery and fundamental reform of both internal process and IT systems is underway.

The SCF also acknowledged the vital importance of investment in **processes, systems and IT upgrades** in order to build the stable operational platform to support the Bank's work effectively. During the SCF period, the EBRD has undertaken a significant multi-year Investment Plan (MYIP) to address the acknowledged under-investment in the Bank's IT estate, simplifying and digitalising core business processes and innovating to ensure the Bank remains relevant. Investment under MYIP is being delivered through four phases, the first of which is nearing completion, with a total budget of just over £200 million. Highlights of the investment to date include the move to a new headquarters, reduction in risks from outdated legacy systems, improved connectivity through tools such as Microsoft365, deployment of resilient data centres and simplification of the Bank's project preparation and management processes.

Building on this momentum the Bank's wider Transformation agenda has the aim to enable the EBRD to be the development partner of choice for clients, donors and all stakeholders, as well as the employer of choice for staff. More specifically this agenda is intended to make the EBRD an institution that is digitally-enabled and adds value through technology, equipped with an expert workforce enabled to make decisions based on data analytics, and well-connected across all of its locations and empowered to collaborate efficiently and effectively with clients and stakeholders. Upon completion it is expected that – in addition to enhancing capabilities and reducing risk materially - the programme will lead to annual savings of £10 million and in 2023 it already lowered costs by £1.5 million.

The SCF acknowledged that optimising the use of the Bank's resources through **increasing efficiency and reallocation** was essential. Over the course of the SCF period, strong efforts have been made to embed a culture of continuous cost consciousness into the Bank's work. In each of the past two years of the SCF period, savings of roughly 1.5 per cent of the annual budget have been made through this activity. The sources of savings are systematically identified falling under a number of categories – changing organisational structure; changing priorities, including stopping activities; making commercial savings and taking tactical advantage of staff turnover - and reported transparently to the Board of Directors in the annual SIP process. Further enhancements to cost analytics, especially of the main cost drivers, are being implemented.

Outside the formal aspirations contained in Box 1, the SCF did signal the Bank's intention to '…explore ways in which it could leverage its capital even more efficiently to further increase its available headroom, including through the use of new structures and instruments or adapting its policies'. In practice, this intention has been subsumed within the wider cross MDB programme response to the recommendations of the G20 commissioned Independent Review of MDBs' Capital Adequacy Frameworks (CAF). The EBRD had already taken some steps which were recommended by the CAF and materially enhanced the Bank's risk bearing capacity. At the 2023 Annual Meeting the Board of Governors approved the removal of the statutory limitation on the use of capital from the AEB, allowing capital to managed more flexibly in future as recommended by the CAF. The Bank is an active participant in a number of initiatives stemming from the CAF including examining ways of enhancing the use of callable capital, increasing disclosure and data accessibility bilaterally and through the cross MDB GEMs database and coordinating with the World Bank a benchmarking exercise for MDB capital adequacy frameworks. In addition, the Bank is making necessary preparations to launch structures and instruments which are new to the Bank when conditions are conducive, including the issuance of hybrid capital drawing on the experience of other institutions.

7. Conclusion

The global and regional repercussions of the Covid-19 pandemic and the war on Ukraine mean that the first three years of the SCF2021-25 have been amongst the most challenging for countries of operations in the Bank's lifetime. As widely acknowledged by shareholders, the Bank – with their support – has shown resilience and agility in playing its full role in assisting countries of operations in addressing these exogenous shocks. This review shows that this responsiveness has neither eclipsed the strategic aspirations set out in the SCF2021-25 nor been hampered by them. One of the most important lessons learned from this experience is that the approach of setting of clear strategic directions in the SCF combined with flexibility in how those directions are pursued is well suited to the current turbulent conjuncture. The period has also shown that the Bank's transition mandate and the philosophy which it represents are as relevant as ever.

This flexibility has proved most useful in tailoring the Bank's operational response to unanticipated circumstances. As a result, more projects have been undertaken with higher transition impact as assessed at the project level than in the previous SCF period. More broadly, ABI levels have risen to new highs in real terms. In doing so, the focus on private sector investment has intensified and goals set for the end of the SCF period for investment in the specific areas of green, equality of opportunity and gender met early. Broader progress has been made on all strategic themes, including the overarching theme of economic governance. Defining next steps and clear medium term goals in all these areas will be a key part of the discussions in preparation of the next SCF. In many cases, the challenges faced in all these areas by countries of operations have intensified rather than diminished.,

A number of areas remain work in progress. There are a number of governance steps to be taken before the Bank can become operational in countries in its expanded geographic region. As a result, this is not expected before 2025. The mobilisation of private finance is a global imperative and the Bank will need to build on its progress in the current SCF period in response. Intellectual and practical progress has been made in putting in place the basis for clear assessment of the Bank's overall impact in the pursuit of its unique mandate building on the existing robust systems for measuring impact at the project level. Completing that work is an imperative in order to provide solid foundations for lesson learning to increase future impact, as well as supporting effective communication of the Bank's activity. Finally, the Bank continues to refine its business model – especially the interaction between its policy and investment activity – to maximise the impact and effectiveness of its work. This final element is particularly important since the SCF period has shown that whilst the EBRD – in common with all MDBs – can and should strive to support the global development agenda, the levels of investment needed to address them in full can only come from the private sector. That in turn requires the deeper systemic change which the Bank is able to promote through the full range of its activities.

Despite committed efforts, the specific quantified goals for investment in countries less advanced in transition have not been met, but the radically changed context in countries of operations not in that group has played a significant role. It will be important to identify how the Bank's efforts can be further enhanced in these countries for the next SCF period. The Bank remains ready to make progress on becoming operational in additional countries of operations in the SEMED region in the event that applications are approved.

Considerable progress has been made in modernising the Bank's systems, internal infrastructure and processes which has substantially reduced the very high levels of operational risk which existed at the start of the SCF period. This investment in the operational platform and the reinforcement of the Bank's financial strength through the approval of the paid in capital increase provide a springboard for increasing the Bank's effectiveness and impact in the remainder of the SCF period and beyond in the spirit of the call of the G20 for 'bigger, better, and more effective' MDBs.

Annex 1: Strategic and Capital Framework 2021-25 – Aspirations

Based on the strategic directions of the SCF, by 2025, the Bank will have:

- Provided timely and effective support to countries of operations to preserve and accelerate transition in the context of the economic crisis caused by the Covid-19 pandemic.
- Demonstrably focused its efforts on supporting those of its countries of operations less advanced in transition, including the Early Transition Countries (ETCs), SEMED and the Western Balkans, through enhanced investment and policy activity.
- Reinforced its private sector focus by ensuring that more than three-quarters of the Bank's total investment in the SCF period is in the private sector.
- Directly supported progress towards green, low-carbon economies through higher levels of investment in the Green Economy Transition.
- Promoted equality of opportunity for disadvantaged groups and deepened the mainstreaming of gender considerations in projects through strengthened capacity for investment and policy engagement.
- Launched comprehensive and coherent activities to help countries of operations leverage the digital transition as an enabler of transition across all sectors.
- Successfully begun operations in new countries of operations within the Bank's existing region, such as Algeria, subject to the approval of Governors.
- If approved by the Board of Governors, taken steps to begin operations in a limited number of countries beyond the Bank's current geographic region.
- Strengthened support for any country that chooses to graduate from the use of the Bank's resources through an enhanced Post-Graduation Operational Approach.
- Increased the levels of private capital it mobilises for countries of operations through a widened and deepened scope of activities.
- Achieved greater transition impact by further integrating policy engagement and investment activity and reinforced its ability to measure its effectiveness
- Strengthened its overall results framework, knowledge management and the use of evaluation findings to improve the design and impact of operations.
- Enabled cost effective delivery of the SCF through investment in staffing, skills, processes, systems and IT upgrades, as well as increased efficiency and reallocation.

The priorities will be implemented through future annual SIPs with continued efforts to manage both existing projects and new commitments to pursue transition impact whilst balancing, at the portfolio level, risks, returns and costs to ensure financial sustainability.

Annex 2: Snapshot of activity by transition quality

Competitive

From 2021 to 2023, strengthening competitiveness was the most commonly targeted objective across the Bank's investments. The vast majority (over 85 per cent of total) of new projects signed in this period supporting competitiveness came under frameworks. While the scope of support within this quality is broad, many of such projects support SMEs either through finance for on-lending by financial intermediaries or directly under dedicated frameworks, as described in Box 1. The projects under this quality also supported the digitalisation efforts of corporate companies. Ambitious projects include those supporting innovative technology under Venture Capital Investment Programme, entry of private players in state dominated markets in Central Asia, and introduction of EU standards by Ukrainian and Moldovan SMEs.

The Bank's delivered strong support to improve access to finance, with over €2.3 billion in sub-loans disbursed to SMEs via partner banks between 2021-2023. Around 4,000 advisory projects were also delivered, showing strong results in increased turnover, productivity and employment for companies receiving support from the Advice to Small Business programme. The Bank's policy work in this area contributed to important progress in digitalisation of services, creation of e-commerce platforms, reforms in telecoms sector and improved dialogue between authorities and SMEs.

Well-governed

Around 12 per cent of projects signed in 2021-2023 target improvements related to well-governed economies and firms, mostly as a secondary quality. These projects support corporate governance improvements for both state and private clients, such as introduction of disclosure and transparency standards, independent Board function and corporate climate governance. In infrastructure, the projects under this quality also target public service contract implementation and tariff reforms (including under Green Cities programme), as well as legal changes and market liberalization initiatives to enable greater private sector involvement in service provision.

Bank's policy engagement is an important channel of supporting institutional governance improvements in COOs. In 2021-2023, the EBRD provided significant policy support to, inter alia, improve the governance of SOEs, introduce regulatory improvements and support absorption capacity (including under re-purposed Ukraine Reform Architecture), as well as e-governance reforms in response to challenges presented by Covid pandemic.

Green

The EBRD has delivered a strong performance in Green finance commitments in 2021-2023, both in numbers and volumes with the GET share around 50 percent each year. The high level of commitments is associated with a high estimated annual reduction in CO_2 emissions, a total of 30,600 kt/y from 2021 to 2023. Ambitious projects supporting the green transition include Green Energy Financing Facility (GEFF) credit lines for improved residential energy efficiency in the Western Balkans, development and operation of solar power plants in Jordan and investing in climate resilience of four ports in Morocco that are vulnerable from severe storms. Since 2021 the Bank has also expanded the GEFF programme in the Western Balkans, Central Asia and SEMED regions leading to around 24,700 sub loans (totalling some €875 million) disbursed under the frameworks. During the period, the Bank has also increased its focus on climate adaptation.

In the context of fostering a green transition and reflecting ongoing challenges, the Bank focused policy engagement on supporting countries develop necessary legislation and legal frameworks for scaling renewable energy capacity (including auctions), decarbonisation and climate adaptation across COOs.

Inclusive

In 2021-2023, the Bank has significantly scaled up its activities to support gender-equal, inclusive economies. Compared to 2021, the Bank has more than doubled the number of investment projects targeting the inclusive quality in 2022, with 2023 seeing a further 20 per cent year on year increase. Inclusive investments target improved employability as well as support for livelihoods affected by the war on Ukraine. Both the Women in Business and Youth in Business programmes have expanded into new countries (in particular in SEMED and Central Asia regions). Over 81,000 subloans under Women in Business programmes have been extended in 2021-2023 and over 2,100 advisory projects provided to companies with a female director.

During the period, the Bank continued to provide support for important policy initiatives promoting human capital development, such as legal and regulatory framework supporting women entrepreneurship and employment. The Bank also made important steps to help ensure an inclusive and gender-conscious response to the war on Ukraine, as well as supporting inclusive recovery from effects of Covid crisis.

Resilient

Supporting the resilience of economies in countries of operations has been one of defining themes for the Bank in 2021-2023. Almost half of projects signed in this period targeted this transition quality – from the Bank's strong liquidity and resilience-building support for banks, businesses and infrastructure service providers affected by Covid, to providing vital financial and advisory support to new and existing clients in Ukraine and affected countries (incl. under Resilience and Livelihood framework) in the wake of the war on Ukraine. In addition, the Bank has also continued to work to build resilience of financial sector, notably in Turkiye, CEB and SEE through equity and debt support to financial institutions and development of capital market instruments. Important support has been provided to enhance energy resilience, notably in the context of the war on Ukraine. Investments have been complemented by strong policy engagements, from deployment of Rapid Advisory Response to help governments address important needs during Covid to building financial resilience and energy security in Ukraine, to continued work on creating a conducive environment for capital markets development.

Crisis-related support has yielded important results, with our clients weathering consequences of Covid better than other market actors, on average. Initial results from our support to Ukraine and affected countries also show that the Bank's assistance has been instrumental in maintaining the provision of vital infrastructure services and providing important financial and advisory help to affected businesses and Internally Displaced People.

Integrated

The Bank's activities related to building well-integrated connected markets in 2021-2023 continued to be centre on three main elements – providing trade finance, improving physical infrastructure connectivity, and expanding exports of corporate clients. Support under the Trade Facilitation Programme (TFP) has grown over this period contributing €6.5 billion in ABI (measured as the stock of TFP finance in the Bank's portfolio outstanding at the end of a given year). The majority of TFP is short term with tenors of less than a year. The total turnover of TFP – a better measure of the amount of support provided – has been €11.3 billion in the last three years with almost 5,500 TFP transactions. The programme has been particularly valuation in continued trade flows in the wake of Covid and the war on Ukraine. Under this quality, the Bank's support to building and rehabilitating transport and municipal infrastructure capacity is estimated to benefit over 15.5 million people with better services.

Policy engagements the Bank has been involved in 2021-2023 to promote integration included development of legal frameworks and capacity for PPPs across multiple countries, supporting North Macedonia in WTO discussions, and regulatory and institutional improvements for effective assets management.

QUESTIONS TO GOVERNORS:
PREPARING THE NEXT STRATEGIC AND CAPITAL FRAMEWORK

The Board of Governors will consider the Bank's third Strategic and Capital Framework (SCF) at the EBRD's 2025 Annual Meeting in London. This note sets out preliminary considerations for this process drawing on the report *Review of Implementation of the Strategic and Capital Framework (BG33/4)* submitted for this meeting; the commitments made in the Bank's 2023 capital increase and subsequent discussion within the Board of Directors. The document concludes with Issues for Governors' consideration and feedback.

Context

The EBRD's approach to strategic planning is designed to be flexible. It provides clear long-term orientations without restricting the ability of the Bank to respond to unanticipated events. This approach has been severely stress tested since 2020 as a succession of global, regional and national shocks have affected the Bank's countries of operations. The review of implementation of the current SCF shows that through this period the Bank has been able to maintain a consistency of purpose whilst stepping up to support countries of operations tackle these shocks and their implications.

The important decisions taken by the Board of Governors in 2023 illustrate this combination of characteristics clearly. The approval of a €4 billion paid-in capital increase has equipped the Bank to meet the unanticipated catastrophe in Ukraine stemming from the unprovoked invasion of the country by the Russian Federation and continue to increase its support for other countries of operations. By contrast, the decision to expand the Bank's geographical scope to sub-Saharan Africa and Iraq and enable a limited and incremental expansion of the Bank's countries of operations reflected the Bank's established strategic interest. Both reflect shareholders' judgement that the Bank has skills and attributes which are valuable and distinctive within the international system and can be brought to bear to advance their objectives within the wider MDB evolution agenda.

Both decisions will be integral to the next SCF. The approval of the capital increase equipped the Bank to scale up its investment and set clear goals for the size and nature of the Bank's work in Ukraine currently and in the future, together with the goal of increasing impact in other countries of operations. It also provided wider guidance on the content of the next SCF through the commitments made within which the successful launch of operations in new countries of operations in the Bank's expanded geographic region is a key objective. Together these decisions enable an increase in the scale of the Bank's activities and widening of its geographic reach and equips the Bank to **deepen the transition to a sustainable market economy** in all its countries of operations – current and future – in the next SCF period.

The Bank's transition mandate

The experience of recent years has demonstrated that the EBRD's unique transition mandate, including its political aspects is more relevant than ever and delivering on it more important.

The Bank has a holistic approach with the objective to achieve systemic change through which countries of operations make progress towards sustainable market economies which have the qualities of being competitive, well-governed, green, inclusive, resilient and integrated. These qualities are comprehensive and mutually reinforcing.

In fostering the transition to sustainable market economies the Bank is also mandated to promote private and entrepreneurial initiative. This focus on the private sector and the enabling environment for private sector development is at the core of the Bank's work. In doing this the Bank has a characteristic and distinctive approach featuring:

- A commercial approach geared to **complementing, mobilising and crowding in private finance.**
- Promoting efficiency, governance and strengthening markets through targeted and selective investment in the **public sector** to enable growth in the private sector.
- **Practical policy engagement** combined with investment.
- A **focused and disciplined use of donor resources** to extend transition impact and support progress to sustainable markets.
- Extensive in-depth local market knowledge derived from **local and locally employed presence** and deep sectoral expertise.

The preparation of the SCF provides an opportunity to consider how the Bank's approach may be sharpened in order to maintain effectiveness and distinctiveness.

The future transition focus

In supporting countries of operations in strengthening their progress against the transition qualities, the current SCF emphasised three cross cutting themes – transition to a low carbon economy, equality of opportunity and digital transition. It also highlighted the strengthening of economic governance as an overarching goal and the mobilisation of private finance as a core strategic objective. The guidance provided by shareholders through the 2023 capital increase is that the Bank should continue to evolve its activities in each of these areas to advance transition.

These latter two areas have become of increasing importance. The global development agenda cannot be achieved without a step-change in the level of private investment to support it and all MDBs are seeking to reinforce their effectiveness in supporting this goal. In addition, the direct and indirect consequences of the war on Ukraine including through the displacement of people, disruption of supply chains, increased energy and food insecurity have shown both that good economic governance is foundational for efficient and resilient economies and that the EBRD is well placed to promote it.

In addition to the growing prominence of mobilisation and economic governance, the challenges to which the current cross cutting themes are a response remain important. There is an existential global imperative to address the broad-based crisis in the natural world, including through promoting biodiversity as well as mitigating and adapting to climate change. Regionally, the necessity to address equality of opportunity broadly to strengthen human – as well as economic – resilience has been highlighted by the need to safeguard lives and livelihoods in responding to the consequences of the multiple recent crises in the Bank's countries of operations. Finally, the importance, potential and risks of digital technology continue to grow.

Given the differing natures of these issues, it is proposed that the next SCF will identify Bank's work on the green transition, equality of opportunity and gender equality and economic governance as **strategic themes.** These goals are clearly, if not exclusively, associated with the individual transition qualities of green, inclusive and well-governed respectively. The mobilisation of private finance and the Bank's work on digital transition support progress across all transition qualities and will form **strategic enablers**.

Maximising transition impact in the SCF period

A key determinant of the volume of impact which the Bank is able to achieve is the scale and management of its financial resources. The importance of continuing to optimise the use of the

Bank's balance sheet is increased rather than diminished by the recent approval of a capital increase. A new capital adequacy framework reflecting the removal of the nominal statutory capital limitation from the Agreement Establishing the Bank will underpin the delivery of the next SCF. Other enhancements to capital management will continue to be actively explored.

Over time, the Bank's profitability – stemming from the pursuit of sound banking - has contributed significantly to increasing financial capacity, as has ongoing implementation of the recommendations of the CAF review. Continued capital growth is essential to enable increasing transition impact across all countries of operations, as envisaged through the commitments embedded in the 2023 capital increase, as is the efficient use and adequate provision of budgetary resources.

The ability to measure and maximise transition impact is crucial to supporting the enhancement of the Bank's effectiveness. The Bank is committed to improving its results measurement approach in the remainder of the current SCF period with a view to strengthening the learning of lessons and through this improving future project design and impact delivery. The next SCF will show how this work will be developed further.

Responding to emerging challenges

As the world changes, institutions evolve. The Bank's approach to delivering its transition mandate has developed as circumstances have changed, knowledge has increased and experience has been gained. Expectations of Multilateral Development Banks individually and working as a system are high and the EBRD must continue to evolve to meet them.

The current SCF is being implemented against an uncertain and turbulent backdrop with ongoing conflict in Europe and the Middle East. The Bank has been agile and flexible to help countries of operations navigate these uncertainties, especially in crisis. As a result, the Bank has a range of experiences to learn lessons from so as to be prepared to respond efficiently and effectively to shocks in future. In addition, the next SCF will address how transition impact can best be achieved to promote high standards, maintain resilience in countries of operations and tackle fragility.

Areas in which the Bank may further evolve include geographical priorities; the modernisation of procurement policies and practices and continuing the transformation of systems and processes to best serve clients and shareholders.

Next steps

The Board of Directors will work over the course of the next twelve months to prepare the next SCF for consideration and approval at the 2025 Annual Meeting and will shortly put in place a timetable for the initial phase of that work. In addition to preparing the SCF the Board of Directors will also assess the feasibility and desirability of advancing its formal implementation from the default timing of the beginning of 2026 to a time in 2025.

Issues for discussion

The next SCF will see the Bank maintaining its strategic focus and deepening transition impact within a sustainable financial framework. In this context, Governors are asked:

- Whether they agree with the proposed strategic themes of green, gender(equality of opportunity) and governance supported by the strategic enablers mobilisation and digital?
- How the Bank's private sector focus can be further reinforced?
- How the Bank should further evolve to increase impact in countries of operations in the face of increasing fragility and mounting global challenges?

**REPORT OF THE BOARD OF DIRECTORS
TO THE BOARD OF GOVERNORS**

MEMBERSHIP OF KENYA

The Government of the Republic of Kenya ("Kenya") has requested that Kenya become a member of the EBRD, and further a Recipient Country of the EBRD subject to the entry into force of the amendment to Article 1 of the Agreement Establishing the Bank adopted by the Board of Governors in Resolution No.259. A letter dated 25 March 2024 was received from the National Treasury concerning this request.

This Report is limited to consideration of the request for Kenya to become a member of the Bank. In this context, the Board of Directors has noted:

- That, as a non-European country, which is a member of the International Monetary Fund, Kenya is eligible for membership of the EBRD under Article 3.1(i) of the Agreement Establishing the Bank; and
- That Kenya understands that, on becoming a member of the EBRD, it will be bound by the provisions of the Agreement Establishing the Bank, and the obligations thereunder.

Accordingly, the Board of Directors recommends that the Board of Governors approve that Kenya be admitted to membership of the Bank on the terms set out in the attached draft Resolution. As required by the provisions of Article 3.2 of the Agreement Establishing the Bank, the decision of the Board of Governors shall be taken by an 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.

Consideration of the request for Recipient Country status will be subject to a separate proposal and procedure, once the amendment to Article 1 of the Agreement Establishing the Bank enters into force.

(DRAFT)
RESOLUTION NO. ___

MEMBERSHIP OF KENYA

WHEREAS:

The Republic of Kenya has applied for membership of the EBRD;

As a non-European country which is a member of the International Monetary Fund, the Republic of Kenya is eligible for membership of the Bank in accordance with Article 3, paragraph 1, of the Agreement Establishing the Bank;

The proposed capital subscription by the Republic of Kenya is permissible under the provisions of Article 5, paragraph 2, of the Agreement;

Shares for the proposed capital subscription can be made available from the existing capital stock of the Bank; and

The Board of Directors, in a Report submitted to the Board of Governors, has recommended that the Republic of Kenya be admitted to membership of the Bank.

NOW THEREFORE THE BOARD OF GOVERNORS RESOLVES:

That the Republic of Kenya be admitted to membership of the Bank as a non-European country member on the following terms and conditions:

Subscription to Capital Stock

1. The Republic of Kenya shall subscribe to 203 shares of the capital stock of the Bank as follows: (i) 37 shares are paid-in; and (ii) 166 shares are callable.

Payment for Paid-in Shares

2. The Republic of Kenya shall make payment for its paid-in shares in the amount of EUR 370,000, which shall be due or payable on or before 31 May 2025, or such later date as the Board of Directors may determine.

Conditions Precedent to Membership

3. The Republic of Kenya shall become a member of the Bank only if on or before 31 May 2025, or such later date as the Board of Directors may determine, the following conditions precedent to membership shall have been satisfied:

(i) The Republic of Kenya shall have deposited with the Bank an **Instrument of Accession** stating that it accepts, in accordance with its law, the Agreement Establishing the Bank and all the terms and conditions of membership set forth in this Resolution, and that all necessary steps have been taken to enable it to carry out its obligations under the Agreement Establishing the Bank and this Resolution;
(ii) The Republic of Kenya shall have deposited with the Bank an **Instrument of Subscription** stating that Kenya subscribes to the paid in and callable shares of the capital stock of the Bank allocated to it pursuant to section 1 above;
(iii) The Republic of Kenya shall have furnished to the Bank evidence in the form of a **legal opinion**, satisfactory to the Bank, that the Instruments referred to in (i) and (ii) above have been duly executed and deposited in accordance with its law; and
(iv) The Republic of Kenya shall have **paid all amounts due** in respect of the paid-in shares to which it has subscribed.

Effective Date of Membership

4. The Republic of Kenya shall become a member of the Bank on the date on which the Secretary General of the Bank certifies in writing that the conditions precedent to membership specified in paragraph 3 of this Resolution have been satisfied.

(Adopted __________ 2024)

REPORT OF THE BOARD OF DIRECTORS TO THE BOARD OF GOVERNORS

MEMBERSHIP OF NIGERIA

The Government of the Federal Republic of Nigeria ("Nigeria") has requested that Nigeria become a member of the EBRD, and further a Recipient Country of the EBRD subject to the entry into force of the amendment to Article 1 of the Agreement Establishing the Bank adopted by the Board of Governors in Resolution No.259. A letter dated 12 April 2024 was received from the Ministry of Finance concerning this request.

This Report is limited to consideration of the request for Nigeria to become a member of the Bank. In this context, the Board of Directors has noted that:

- As a non-European country, which is a member of the International Monetary Fund, Nigeria is eligible for membership of the EBRD under Article 3.1(i) of the Agreement Establishing the Bank; and
- Nigeria understands that, on becoming a member of the EBRD, it will be bound by the provisions of the Agreement Establishing the Bank, and the obligations thereunder.

Accordingly, the Board of Directors recommends that the Board of Governors approve that Nigeria be admitted to membership of the Bank on the terms set out in the attached draft Resolution. As required by the provisions of Article 3.2 of the Agreement Establishing the Bank, the decision of the Board of Governors shall be taken by an 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.

Consideration of the request for Recipient Country status will be subject to a separate proposal and procedure, once the amendment to Article 1 of the Agreement Establishing the Bank enters into force.

(DRAFT)
RESOLUTION NO. ___

MEMBERSHIP OF NIGERIA

WHEREAS:

The Federal Republic of Nigeria has applied for membership of the EBRD;

As a non-European country which is a member of the International Monetary Fund, the Federal Republic of Nigeria is eligible for membership of the Bank in accordance with Article 3, paragraph 1, of the Agreement Establishing the Bank;

The proposed capital subscription by the Federal Republic of Nigeria is permissible under the provisions of Article 5, paragraph 2, of the Agreement;

Shares for the proposed capital subscription can be made available from the existing capital stock of the Bank; and

The Board of Directors, in a Report submitted to the Board of Governors, has recommended that the Federal Republic of Nigeria be admitted to membership of the Bank.

NOW THEREFORE THE BOARD OF GOVERNORS RESOLVES:

That the Federal Republic of Nigeria be admitted to membership of the Bank as a non-European country member on the following terms and conditions:

Subscription to Capital Stock

1. The Federal Republic of Nigeria shall subscribe to 522 shares of the capital stock of the Bank as follows: (i) 95 shares are paid-in; and (ii) 427 shares are callable.

Payment for Paid-in Shares

2. The Federal Republic of Nigeria shall make payment for its paid-in shares in the amount of EUR 950,000, which shall be due or payable on or before 31 May 2025, or such later date as the Board of Directors may determine.

Conditions Precedent to Membership

3. The Federal Republic of Nigeria shall become a member of the Bank only if on or before 31 May 2025, or such later date as the Board of Directors may determine, the following conditions precedent to membership shall have been satisfied:

   (i) The Federal Republic of Nigeria shall have deposited with the Bank an **Instrument of Accession** stating that it accepts, in accordance with its law, the Agreement Establishing the Bank and all the terms and conditions of membership set forth in this Resolution, and that all necessary steps have been taken to enable it to carry out its obligations under the Agreement Establishing the Bank and this Resolution;

   (ii) The Federal Republic of Nigeria shall have deposited with the Bank an **Instrument of Subscription** stating that Nigeria subscribes to the paid in and callable shares of the capital stock of the Bank allocated to it pursuant to section 1 above;

   (iii) The Federal Republic of Nigeria shall have furnished to the Bank evidence in the form of a **legal opinion**, satisfactory to the Bank, that the Instruments referred to in (i) and (ii) above have been duly executed and deposited in accordance with its law; and

   (iv) The Federal Republic of Nigeria shall have **paid all amounts due** in respect of the paid-in shares to which it has subscribed.

Effective Date of Membership

4. The Federal Republic of Nigeria shall become a member of the Bank on the date on which the Secretary General of the Bank certifies in writing that the conditions precedent to membership specified in paragraph 3 of this Resolution have been satisfied.

(Adopted __________ 2024)

**REPORT OF THE BOARD OF DIRECTORS
TO THE BOARD OF GOVERNORS**

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR 2023

In accordance with Article 27(iii) of the Agreement Establishing the Bank and Section 13(a) of the By-Laws, the Annual Financial Report 2023, including the audited Financial Statements of the Bank for 2023 and the Independent Auditors' Report, is submitted to the Board of Governors for approval.

A draft Resolution is attached for consideration by the Board of Governors.

(DRAFT)
RESOLUTION NO.___

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR 2023

THE BOARD OF GOVERNORS

Having reviewed the Independent Auditors' Report on the Financial Statements of the Bank for 2023

RESOLVES THAT:

The audited Financial Statements are approved.

(Adopted ________ 2024)

REPORT OF THE BOARD OF DIRECTORS
TO THE BOARD OF GOVERNORS

SPECIAL FUNDS' FINANCIAL STATEMENTS 2023

In accordance with Article 27(iii) of the Agreement Establishing the Bank and Section 13(a) of the By-Laws the audited Special Funds' Financial Statements for 2023 are submitted to the Board of Governors for approval.

A draft Resolution is attached for consideration of the Board of Governors.

(DRAFT)
RESOLUTION NO.___

SPECIAL FUNDS' FINANCIAL STATEMENTS 2023

THE BOARD OF GOVERNORS

Having reviewed the Special Funds' Financial Statements 2023

RESOLVES THAT:

The audited Special Funds' Financial Statements are approved.

(Adopted ________ 2024)

Special Funds' Financial Statements 2023 Summary

Attached are the financial statements for the 15 Special Funds and 2 Trust Funds administered by the Bank. A complete list of funds and extracts from the financial statements are included in the attached highlights.

All of the Funds' financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. The basis of preparation is the historical cost convention modified, where appropriate, by the revaluation of financial assets and financial liabilities measure at fair value through profit or loss, together with all derivative contracts. The funds listed below are an exception to this as they are in the process of termination or have ceased operating and are therefore reported at net realisable value rather than historical cost.

- The Baltic Investment Special Fund
- The Russia Small Business Investment Special Fund

The external auditors have issued an unqualified (clean) audit opinion on each of the 17 financial statements.

The Special Funds' financial statements show that the majority of the funds incurred losses during the year. These losses predominately reflect the Funds' objectives to use donor money to support activities aligned with the Bank's mission. Such support includes the provision of technical assistance, performance and incentive fees, concessional lending and risk sharing.

Additional information on projects supported and financed by donor funds, including Special Funds, can be found in the annual Donor Report.

2023 Special Fund Financial Statements

1. The Balkan Region Special Fund
2. The Baltic Investment Special Fund
3. The Central Asia Risk Sharing Special Fund
4. The EBRD CIF Special Fund
5. The EBRD Community Special Fund
6. The EBRD Crisis Response Special Fund
7. The EBRD-EU Special Fund
8. The EBRD GEF Investment Special Fund
9. The EBRD Green Climate Fund Special Fund
10. The Special Fund for the High Impact Partnership on Climate Action
11. The EBRD Shareholder Special Fund
12. The EBRD SME Special Fund
13. The Italian Investment Special Fund
14. The Russia Small Business Investment Special Fund
15. The SME Local Currency Special Fund
16. The Trust Fund for West Bank and Gaza
17. The Multi donor Trust Fund for West Bank and Gaza

Special Fund Highlights 2023

	Balkan Region Special Fund	Baltic Investment Special Fund	Central Asia Risk Sharing Special Fund	EBRD CIF Special Fund	EBRD Community Special Fund	EBRD-EU Special Fund	EBRD GEF Investment Special Fund	EBRD Green Climate Fund Special Fund	The Special Fund for the High Impact Partnership on Climate Action	EBRD Shareholder Special Fund	EBRD SME Special Fund
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Extract from the statement of comprehensive income for the year ended 31 December 2023											
Profit/(loss) for the year	225	(58)	157	11,000	(1,637)	(1,951)	(190)	(9,000)	(472)	(73,000)	216,000
Other comprehensive income/(expense)	-	-	-	(7,000)	-	-	(1,044)	(12,000)	-	-	(270,000)
Total comprehensive income/(expense)	225	(58)	157	4,000	(1,637)	(1,951)	(1,234)	(21,000)	(472)	(73,000)	(54,000)
Extract from the balance sheet at 31 December 2023											
Loans	-	-	-	138,000	-	121,317	654	172,000	45,796	-	-
Provisions for impairment	-	-	-	(17,000)	-	(389)	(19)	(1,000)	(1,182)	-	-
	-	-	-	121,000	-	120,928	635	171,000	44,614	-	-
Share investments	-	-	-	-	-	5,717	-	-	-	53,000	-
	-	-	-	-	-	5,717	-	-	-	53,000	-
Placements and other financial assets	8,045	653	7,293	104,000	969	82,233	27,312	226,000	356,381	536,000	8,268
Contributions receivable	-	-	-	30,000	3,000	-	-	1,000	-	105,000	-
Total assets	8,045	653	7,293	255,000	3,969	208,878	27,947	398,000	400,995	694,000	8,268
Other financial liabilities	26	22	44	15,000	152	324	359	29,000	3,665	42,000	26
Contributors' Resources	8,019	631	7,249	240,000	3,817	208,554	27,588	369,000	397,330	652,000	8,242
Total liabilities and contributors' resources	8,045	653	7,293	255,000	3,969	208,878	27,947	398,000	400,995	694,000	8,268
Undrawn loan, share, guarantee and other legal commitments	7,827	-	3,611	40,000	-	24,475	1,010	111,000	10,154	141,000	-

ml17946-0

Special Fund Highlights 2023

	The EBRD Crisis Response Special Fund*	Italian Investment Special Fund	Russia Small Business Investment Special Fund	The SME Local Currency Special Fund	Trust Fund for the West Bank and Gaza	Multi Donor Trust Fund for the West Bank and Gaza	Aggregated Investment Special Funds
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Extract from the statement of comprehensive income for the year ended 31 December 2023							
Profit/(loss) for the year	(336,733)	998	(62)	2,082	(1,663)	(88)	**(194,392)**
Other comprehensive income/(expense)	-	-	(46)	(2,167)	-	-	**(292,257)**
Total comprehensive income/(expense)	(336,733)	998	(108)	(85)	(1,663)	(88)	**(486,649)**
Extract from the balance sheet at 31 December 2023							
Loans	27,608	251	-	-	18,573	-	**524,199**
Provisions for impairment	(7,679)	(29)	-	-	(452)	-	**(27,750)**
	19,929	222	-	-	18,121	-	**496,449**
Share investments	-	2,684	225	-	108	-	**61,734**
	-	2,684	225	-	108	-	**61,734**
Placements and other financial assets	897,088	7,630	1,276	72,698	100,277	1,411	**2,437,534**
Contributions receivable	-	-	-	-	19,400	-	**158,400**
Total assets	917,017	10,536	1,501	72,698	137,906	1,411	**3,154,117**
Other financial liabilities	190,580	483	22	13,928	939	250	**296,820**
Contributors' Resources	726,437	10,053	1,479	58,770	136,967	1,161	**2,857,297**
Total liabilities and contributors' resources	917,017	10,536	1,501	72,698	137,906	1,411	**3,154,117**
Undrawn loan, share, guarantee and other legal commitments	556,173	1,620	820	185,913	28,530	-	**1,112,133**

*The EBRD Crisis Response Special Fund (previously known as The Financial Intermediary and Private Enterprises Investment Special Fund)

ml17946-0

EBRD Annual Meeting
Yerevan 2024

Document: BG33/10

**REPORT OF THE BOARD OF DIRECTORS
TO THE BOARD OF GOVERNORS**

STRATEGY IMPLEMENTATION PLAN 2024–2026

The Strategy Implementation Plan (SIP) 2024-2026 supports ambitious business objectives in Ukraine and on climate finance, while focusing on quality and efficiency of delivery.

Further support for Ukraine and countries affected by the war forms a critical part of EBRD's delivery programme in 2024 and beyond. Since the war began on 24th February 2022, the EBRD, in partnership with donors, has deployed over €3 billion of financing in Ukraine to meet urgent funding needs of many private companies and support energy and other critical infrastructure.

Annual business investment (ABI) in Ukraine is expected to be maintained at a rate of €1.5 billion in 2024, subject to developments in the war, rising to €2.5 billion per year from 2025. This is a very significant increase, and is underpinned by a €4 billion paid-in capital increase (GCI), allowing the Bank to support Ukraine through the war and during the eventual reconstruction.

The EBRD is not only strengthening its response in Ukraine, but is setting progressively more ambitious business goals for the overall volume of its projects, as well as for the quality of their delivery and the effectiveness of related policy engagements. The Bank is thus raising the range for ABI by €1 billion in 2024 to €11.5 to €12.5 billion. Despite anaemic growth in EBRD regions, demand for the Bank's finance remains strong. Country strategies will be an important vehicle for deciding on needs and tackling development gaps via investments, targeted policy advice and sector support, and will drive up the quality of the Bank's response and engagements.

The Bank has also heeded the call by the G20 for better leveraging of MDB balance sheets and the mobilisation of private finance for development. Next year the Bank is raising its private direct mobilisation target (AMI) to €2 billion. This is 40 per cent higher than the 2023 target and meets the SCF goal a year ahead of schedule. Policy commitments made as part of the GCI will increase EBRD's mobilisation target to €2.5 billion per annum by end-2025.

In total, own account and directly mobilised EBRD financing in 2024 is planned to be between €13.5 and €14.5 billion. Furthermore, the amount of financing made available to countries of operations once private indirect mobilised finance is included would be significantly higher, given €13.8 billion of indirect private mobilisation by the EBRD in 2022.

At least half of the mobilisation of private finance will be for Green Economy Transition (GET) projects. This matches the declared SCF aim of being a majority green bank by 2025, a position reached last year whereby EBRD financed more than €6 billion, or 50 per cent of ABI, in GET projects using its own finance, another record amount. The Bank is on track to achieve similar volume this year. In 2024 and beyond, the Bank will scale up its systemic green impact to develop country sector platforms, build on its Adaptation Plan, expand renewable energy and green capital markets and enhance the Green Cities programme.

To reflect the importance of climate finance in the EBRD's business plans, the Bank proposes to bring forward the SCF end-goal of at least 50 per cent of ABI devoted to GET by one year. In 2024 therefore, the Bank will aim for at least 50 per cent of business volume (ABI) and annual mobilised finance (AMI) to be GET finance. In addition, all EBRD projects are Paris Aligned and considerable resources are devoted to compliance and measurement issues, reflecting the increasing pressures in this area which are expected to grow with the forthcoming sustainability reporting requirements under the International Sustainability Standards Board (ISSB) and the EU Corporate Sustainability Reporting Directive (CSRD).

Scaling up gender smart climate investments and Just Transition, which form part of the Equality of Opportunity and Gender Strategies, also contribute to the green agenda. Implementation of these strategies over the rest of the SCF period will provide further support for human capital resilience in Ukraine, expand green and digital skills programmes and deploy help to communities hit by disasters such as the recent earthquakes in Türkiye and Morocco.

In 2024, the Bank will expand the coverage and mainstreaming of gender and equality of opportunity activities and pursue a higher target for gender-tagged operations of 35 per cent of operations (up from 30 per cent in 2023), building steadily towards the 40 per cent aim by 2025 advocated in the SCF. Elsewhere, among other scorecard targets, the private sector share objective of 75 per cent is unchanged.

Higher business volumes could not be achieved without the generous actions of donors. In a generally difficult fund-raising environment, indicative donor funding plans for use in 2024 and beyond look healthy, helped by important and sizeable support from the EU. Calculations based on expected investments and their geographic distribution show the need for donor funding to leverage the impact of EBRD's own activities in 2024 remains at over €2 billion.

Donor support is particularly important in countries which are less advanced in their transition towards sustainable market economies. The Bank will keep its focus on helping these countries and retain its target of allocating 48 per cent of ABI to ETCs, the Western Balkans and SEMED in line with its long term vision. Reaching it in 2024, given the substantial investment effort outside these regions, including in Ukraine and other countries affected by the war, will nevertheless once again be challenging. However, more than half the number of projects committed to by the Bank in 2024 are expected to be made in these countries. These are typically much smaller and more labour-intensive than projects elsewhere, and thus costly to manage, implying that a majority of operational resources is expected be devoted to this group of countries.

Digitalisation offers both opportunities and challenges for economic development and the Bank itself. On the transactions side, the 'digital hub' will continue to coordinate and promote Bank activities in the digital space in 2024 through new products and advice to clients, for example on SME use of cloud computing and improving cybersecurity. Internally, digitalisation is changing how the Bank manages itself as it modernises its processes and capabilities. This is primarily through the Multi-Year Investment Plan (MYIP) and the Transformation Agenda, which promise further improvements in 2024 and beyond.

The increasing complexity of EBRD's business, including compliance with a raft of evolving external practices and disclosures, requires significant investments in less glamorous but important back-office and related support activities. Efforts on integrity and screening issues, financial and data management, reporting requirements, internal investigations, and so on, grow with the higher volume of business and to meet accountability needs. The Bank is investing in many of these areas, alongside MYIP, to reinforce its delivery capacity and improve operational sustainability.

The MYIP programme was introduced to address legacy problems from outdated operating systems and platforms. The Transformation Office, in managing MYIP, is helping to bring forward modernisation initiatives to improve a swathe of internal Bank processes and procedures as well as enhance the experience of users. Now in its third phase, improvements from MYIP such as Monarch, the introduction of MS 365 and other initiatives, are yielding dividends through greater cost and process efficiencies, and resulting in a moderation of the Bank's high operational risk profile. Plans are in place for Phase 4 to start next year, which is designed to improve user experience and enhance knowledge management. SIP 2024-26 confirms Phase 4 capex of £16.2 million with up to £3.8 million of investment proposed in 2024.

Financial projections based on planned business volumes – including the proposed acceleration of investments in Ukraine and limited and incremental expansion to sub-Saharan Africa and Iraq from 2025 - and related financial assumptions show that the EBRD's finances are sustainable over the SIP period but not without risk in the event of a severe downturn.

Members' equity after income allocations is expected to grow steadily, capital utilisation (under the Bank's statutory policy) rises modestly and the Bank's financial metrics generally remain within key rating agency thresholds. However, under simulated downside scenarios, the level of risk accepted under the business plan is the highest since formal stress testing of the SIP began and several key financial metrics would be breached under the Severe stress test scenario. In such circumstances and in the absence of shareholder support, the Bank's triple-A rating might have come under significant pressure. However, the approval of the €4 billion paid-in capital increase significantly improves this balance of risks.

After a substantial loss of €1.1 billion in 2022, the EBRD returned to strong profitability in 2023. A more moderate performance (a return of 7.1 per cent) is expected next year and means the three-year rolling average rate for return on required capital (RoRC) is projected to be 5.9 per cent in 2024. This is above the long run average minimum return of 3.5 per cent set in the corporate scorecard. Annual returns are projected to remain above 3.5 per cent in 2025 (6.4 per cent) and 2026 (5.6 per cent). The target for the debt return on required capital, which focuses on the more stable part of Bank income, is set at a minimum of 9 per cent for 2024.

After last year's moderate Borrowing Programme, planned activity is higher in 2024, reflecting increased business needs and larger debt servicing requirements, with a proposed Borrowing Programme of up to €13.5 billion, of which €12.5 billion is expected to be used under the base case plan. Liquidity ratios maintain a comfortable buffer above required minimum levels, meeting the relevant stress tests, and net cash requirements are well covered.

SCF resource control parameters are projected to be met throughout SIP 2024-26. The cost to debt income ratio is expected to rise to 63 per cent in 2024 (from 59 per cent this year) as inflation and MYIP investments push up costs more quickly than the growth of debt income. A further small increase to 66 per cent in 2026 is projected due to MYIP and costs associated with the start of operations in sub-Saharan Africa and Iraq. The ratio remains below the 70 per cent SCF control parameter limit throughout. The SCF control parameter on the five-year average of the staff cost to total cost ratio is projected to decline to 66 per cent by the end of the SIP period (from an estimated 69 per cent in 2023) and also remains below the 70 per cent threshold. Other cost control metrics, such as cost to income and costs to operating assets, are stable and the profitability of the Bank is expected to remain strong over the remainder of the SCF period.

Nevertheless, the Bank continues to operate in a difficult environment. The effects of inflationary impacts on the cost of living from Covid-19-related pent-up demand, supply chain disruptions and Russia's invasion of Ukraine have persisted longer than expected. In the UK, consumer price inflation, the key yardstick for the Bank's budget, has been the highest among G7 countries, peaking at 11.1 per cent last October and recorded as 6.7 per cent in August 2023.

An inflationary background - with many price increases breaching an annual rate of 10 per cent – is a difficult one for setting budgets. Price rises for many items are unavoidable and other cost increases are hard to contain. Salary pressures intensify as the cost of living rises – a notable feature in the UK – and as employers respond to keep key staff in the face of general labour shortages. The EBRD is not immune from these pressures.

The proposed budget for SIP 2024-26 is mostly driven by these underlying cost pressures. At the same time, and commensurate with the high ambitions of the Bank as it supports Ukraine and delivers the SCF agenda, there are large resource needs. It is only by management's continuing commitment to contain the growth of costs through efficiency measures and the reallocation of resources that it has been possible to present a modest request for resources in this SIP.

The SIP 2024-26 Budget Proposal is a Core Administrative Expense Budget of £479.3 million for 2024 and represents an increase of 6.9 per cent. This is close to both the UK (August 2023) inflation rate and Bank-wide inflation, and implies a small real terms increase of 0.2 per cent. This is against a backdrop of significantly more ambitious targets in 2024 for ABI and AMI (a 13 per cent increase taken together), on gender focused projects (up by five percentage points) and the green economy transition (a majority green Bank one year ahead of schedule).

The budget is made up of a 2.1 per cent (£9.5 million) increase in non-discretionary costs arising from inflation impacts, a below inflation rise in compensation and benefits of 3.8 per cent (£17.2 million), and a small allocation of 1.0 per cent (£4.4 million) for net new resources which includes a significant component for Ukraine related delivery.

The effective management of resources has played an important part in containing the net resource request. This has been helped by a continued cultural shift, encouraged by the Transformation Agenda, to embrace digitalisation and efficiency across the Bank. All departments have been vigilant in contributing to efficiencies and reducing asks. In particular, the Client Services Group (CSG), which accounts for about half of EBRD's direct costs has resourced all its staff needs, or 63 positions, through reallocations and by exploiting further efficiencies.

Overall resource needs of £12.3 million have been substantially funded by offsetting efficiencies and reallocations of £7.8 million. The effort to achieve higher efficiency has involved workload re-evaluation, reassessment of spans and layers, repurposing of vacancies, as well as decommissioning legacy IT systems, and includes £1.5 million of savings from MYIP. A total request for 106 headcount positions was reduced to a net of 23, cutting costs by £6.3 million, with budget reallocations reducing non-staff cost asks by £1.5 million.

Of the £4.4 million net new funding requested, £2.4 million, including 10 FTEs, is to facilitate continued response to the War on Ukraine, to support corporate recovery, sanctions compliance, donor engagement and security expenses; £1.4 million is for Green Transition and Digitalisation, taking on five new FTEs; and £0.6 million reinforces the Bank's delivery capabilities, including eight FTEs.

The Total Administrative Expense Budget for 2024 is £515.9 million, and includes £36.6 million for MYIP operating expenses and depreciation. The requests made in SIP 2024-26 reflect a disciplined approach to budgeting under elevated inflation and one which imposes tight constraints on the resources needed to deliver vital support to Ukraine and meet SCF goals in a complex and challenging operating environment.

The Bank's operational plan is ambitious. Planning business under turbulent economic and political conditions is fraught with uncertainties. But one thing is clear. The EBRD remains steadfast in its support for Ukraine in its time of crisis. And, with the need to tackle climate change increasingly urgent by the day, the Bank will continue its vigorous pursuit of green transition as well as working hard to meet other SCF objectives.

In conclusion, SIP 2024-26, and its budget, is designed to support ambitious business objectives in Ukraine and on climate finance while also maintaining a strong focus on quality and efficiency to reinforce the Bank's delivery.

ANNEX 1:
PROJECTED TOTAL ADMINISTRATIVE EXPENSE BUDGET 2024-2026

Projected Total Administrative Expense Budget 2024-26 (£ million)

	2023 Budget	2024 Budget	2025 Projection	2026 Projection
Core Administrative Expenses, GBP	**448.2**	**479.3**	**515.0**	**544.8**
o/w Staff Costs	319.2	339.2	357.7	375.9
Non-Staff Costs	129.0	140.1	157.2	168.9
Extraordinary Budget Items GBP	**34.4**	**36.6**	**42.2**	**53.5**
LIBOR Transition	2.7	-	-	-
MYIP (opex and depreciation) - Phase 1	22.9	22.2	23.4	24.5
MYIP (opex and depreciation) - Phase 2	8.5	11	12.8	15.6
MYIP (opex and depreciation) - Phase 3	0.2	2.1	3.7	10.3
MYIP (opex and depreciation) - Phase 4	-	1.3	2.3	3.1
Total Administrative Expense Budget, GBP	**482.6**	**515.9**	**557.2**	**598.2**
GBP/EUR rate	1.14	1.17	1.17	1.17
Core Administrative Expenses, EUR	**510.9**	**560.8**	**602.5**	**637.4**
o/w Staff Costs	363.9	396.9	418.6	439.8
Non-Staff Costs	147.0	163.9	184.0	197.6
Extraordinary Budget Items EUR	**39.2**	**42.8**	**49.4**	**62.6**
LIBOR Transition	3.1	-	-	-
MYIP (opex and depreciation) - Phase 1	26.1	25.9	27.4	28.6
MYIP (opex and depreciation) - Phase 2	9.7	12.9	15.0	18.3
MYIP (opex and depreciation) - Phase 3	0.3	2.5	4.3	12.0
MYIP (opex and depreciation) - Phase 4	-	1.5	2.7	3.7
Total Administrative Expense Budget, EUR	**550.2**	**603.6**	**651.9**	**699.9**

Note: The total expense budget in 2024 does not include non-budgeted items related to pension amortisation, estimated at €18 million.

ANNEX 2: CORPORATE SCORECARD 2024

	2024	30/09/2023		2023	2022	
	BP and Budget	Actual	Plan rate	BP and Budget	Actual	Plan rate
TRANSITION IMPACT						
Expected Transition Impact	63 – 69	68.3		63 – 69	67.0	
Portfolio Transition Impact	Min 68	75.4		Min 68	76.4	
Transition Qualities						
Competitive, innovative economies	CPA*	CPA*		CPA*	Good	
Well-governed economies and firms	CPA*	CPA*		CPA*	Good	
Environmentally sustainable, green economies	CPA*	CPA*		CPA*	Very Good	
Inclusive, gender-equal economies	CPA*	CPA*		CPA*	Very Good	
Resilient economies and firms	CPA*	CPA*		CPA*	Good	
Well-integrated, connected markets	CPA*	CPA*		CPA*	Good	
Green Economy Transition (% ABI)	50%	53%		45%	50%	
Gender-tagged Operations (% No. of ops)	min 35%	41%		min 30%	37%	
OPERATIONAL PERFORMANCE						
Number of operations	395 – 435	317		395 – 435	431	
Annual Bank investment (€ billion)	11.5–12.5	8.4	8.4	10.5-11.5	13.1	12.8
Annual mobilised investment (€ billion)	Min 2.0	1.6		Min 1.4	1.7	
Private Sector Share (% ABI)	Min 75%	80%		Min 75%	74%	
Disbursements (€ billion)	8.0-9.0	7.1	7.1	7.0 – 8.0	8.8	8.7
Activity in Early Transition Countries, Western Balkans and SEMED (% ABI)	Min 48%	37%		Min 48%	43%	
FINANCIAL PERFORMANCE						
Return on Required Capital (3 year rolling average)	Min 3.5%	11.3%		Min 3.5%	3.30%	
Debt Return on Required Capital before Costs	Min 9%	14.7%		Min 12%	-10.50%	
INSTITUTIONAL PERFORMANCE						
Productivity (number of operations based)	1.2-1.4	Annual		1.3-1.5	1.5	-
Cost to Debt Income Ratio (12 months rolling avg)	Max 65%	61.4%		Max 63%	60.5%	
Staff Engagement Ratio	tracked	Annual		tracked	7.0	
Operational Risk Assessment	tracked	Annual		tracked	Adequate	
RESOURCE FRAMEWORK						
EXPENDITURE						
Administrative Expense Budget						
Euro (million)	603.6	371.1		510.9	478.5	
Pound Sterling (million)	515.9	326.2		448.4	407.8	

*Composite Performance Assessment

Report of the Board of Directors to the Board of Governors

Diversity and Inclusion in the EBRD Board of Directors 2023

Executive summary

This is the European Bank for Reconstruction and Development's (EBRD) first report on diversity within its Board of Directors, with a focus on assessing future developments in Board representation. It aims to increase awareness of diversity and inclusion among Board Officials and to start aligning the practices of the Board of Directors with the ambitious diversity and inclusion measures already in place at the EBRD.

The EBRD Board of Directors affirms that diversity and inclusion are, both in our institution and in the regions where we operate, central to cohesion, innovation and promoting economic growth.

This first annual report to the Board of Governors on EBRD Board diversity and inclusion (D&I) aims to help ground our Governors' decisions on representation in a sound understanding of the diversity of the Board. The ultimate goal – for which the Board established its own Diversity, Equity and Inclusion (DEI) Working Group in September 2023 – is to foster a Board that affirms and celebrates difference.

While the Board shows some diversity on all of the demographic dimensions captured, it faces similar challenges to peer international financial institutions (IFIs) in reflecting the societies that Board Officials represent. The representation of women on the Board has increased significantly since the Bank's inception, doubling over the past 15 years at Director level. However, the trend line has not shown a steady rise. The EBRD has an internal target of increasing female representation to parity at Corporate Leadership Group level by 2030, but the Board has yet to reach or, indeed, target gender parity at Director and Alternate Director level, and there remains, on average, an inverse relationship between female representation and level of responsibility.

Recognising that diversity encompasses much more than gender, this report also seeks to examine other aspects of Board diversity, to facilitate our efforts to drive inclusion from the top.

The Board has a responsibility to lead by example on D&I and has committed to developing a deeper, qualitative understanding of Board diversity challenges in future annual assessments of Board demographics and long-term trends. The Board also pledges to put its commitment to D&I into practice in Board Committee leadership selection, Board training regimens and broader institutional policies, in coordination with Management.

"Diversity and inclusion are at the heart of the EBRD's mission, and the economic development of our countries of operation depends on greater inclusion. It is important for international organisations such as the EBRD to set an example in their own governance, and I commend the work of the Board in promoting diversity within its ranks."

Odile Renaud-Basso, EBRD President

Board diversity: putting it in context

Understanding Board diversity data is more meaningful in context. The Board affirms the principle that gender parity remains a relevant long-term benchmark for gender equity,[1] as recognised in the international system since the 1995 Beijing Declaration and consistent with numerous United Nations General Assembly resolutions. Women make up a consistent 51 per cent or so of the population in the European Union, the United States of America, Japan, the United Kingdom, Canada and the economies in which the EBRD operates, so gender parity remains a relevant issue. EBRD Management has internal targets of increasing female representation at Corporate Leadership Group level to 45 per cent by 2025 and 50 per cent by 2030.

In the short term, we can look to external benchmarks for institutional leadership to calibrate our progress. In recognition of the Bank's strong and continued commitment and action towards workplace gender equity, the EBRD has earned certification under the Economic Dividends for Gender Equality (EDGE) gender-binary standard since 2017 and achieved "Move" level since 2021. For the EBRD to progress to the next and top level of EDGE certification, one of the remaining requirements is to have female representation of at least 30 per cent at Board level.[2]

In 2023, the EBRD achieved EDGEplus Certification. According to the EDGE website[3], "EDGEplus Certification (gender and intersectionality) is an add-on to EDGE (gender-binary) Certification, offering organisations the possibility to analyse data and information related to women and men as diversified groups, to deepen their understanding of, and to measure the intersectionality of gender and other aspects of diversity, such as non-binary gender identity and LGBTQ+, race/ethnicity, nationality, age, and working with a disability." Data on some of these aspects of diversity vary across the economies where the Bank works and benchmarks remain unfeasible on such broad dimensions at present. Recognising the collection of diversity data as the first step in understanding strengths and opportunities, the EBRD has initiated a voluntary and confidential staff data campaign to build understanding of a number of broader diversity aspects.[4] The Board has aligned with Management's initiative to promote a broadly inclusive workplace by embarking on voluntary diversity data collection for Board members, detailed later in this report, and engaging with staff networks to understand and uplift key diversity and inclusion initiatives across the Bank.

The Board also recognises that the EBRD is only one part of the broader ecosystem of IFIs, and shareholders have the right to make decisions about how to allocate talent across the institutions of which they are members, with different factors coming into consideration. This report, therefore, serves as a useful companion to similar reports at peer institutions.

[1] Statistics overlaying non-binary or intersex gender identification are difficult to triage across the EBRD's regions. The Working Group is considering how to address gender identity data collection in a meaningful way for the Board.
[2] The EBRD is EDGE certified biannually and the data snapshot is taken from a one-year certification period. The next year that will be considered will be 1 May 2024 to 30 April 2025.
[3] https://www.edge-cert.org/dei-framework/#edgeplus-certification-gender-and-intersectionality
[4] Although not formally applicable to the EBRD's data-collection efforts, in some EBRD shareholders' jurisdictions, local law does not permit the use or collection of such data.

In their words

Drawing on their experience, a number of female Board members shared their views on the importance of gender diversity at Board level.

Gender diversity incorporates different points of view

"The balanced participation of women and men in decision-making bodies is an essential imperative for all organisations, particularly for multilateral development banks, so they can better represent and deliver on the expectations of our stakeholders. Gender-diverse boards tend to have a wider range of backgrounds, experience, perspectives and skills that contribute to the better exercise of the Board's roles in strategic guidance and supervision. This is particularly important for MDBs. which have public missions and public ownership, as well as a role in demonstrating best practice in corporate governance."

Maria Shaw-Barragan, EBRD Board Director for the European Investment Bank

Fosters innovation and strengthens decision-making

"As a dedicated female director with several years of experience at the EBRD, I proudly embrace the positive trend of increasing gender diversity on our Board of Directors. This remarkable transformation not only reflects our commitment to inclusivity, but also underscores the intrinsic value of diverse perspectives. When women hold leadership positions, they bring unique insights, fresh ideas and a different set of experiences to the table. This diversity fosters innovation, strengthens decision-making and, ultimately, enhances the effectiveness of our esteemed institution. The growth in female Directors is not just a numerical achievement; it is testament to our shared belief in harnessing the power of diversity to drive forward the EBRD's mission. Let us continue to champion equality, inclusivity and progress for the benefit of our organisation and the communities we serve."

Klára Król, EBRD Board Director for Czechia, Hungary, the Slovak Republic, Croatia and Georgia

Maximises impact and builds consensus...

"I joined the Bank in the middle of my career, becoming part of a heavily male-dominated group, where the majority of members had already had long and senior careers, often coming from highest ministerial and diplomatic positions in their respective countries. The limitations on diversity and inclusion at that time related not only to gender, but also age and background. I grew up in Poland under a communist regime and started my career in a society undergoing rapid transformation to an open market economy, so I inherently understood the challenges faced by most of the economies in which the EBRD operates. I must say that, by and large, I felt greatly supported by my male Board colleagues, who were prepared to listen to constructive arguments and were ready to deliver change. Over the years, I observed an evolution on the Board with the arrival of younger shareholder representatives and more women being nominated to these roles. In my view, to have more balance in terms of the gender, age, seniority and background of the Board of Directors is beneficial to an organisation. A more diverse and inclusive composition corresponds well with the EBRD's mandate and values, and is instrumental in building a consensus among shareholders. Women are more likely to challenge the status quo and to take a more direct approach. Women have proved to be very efficient in leading committees, as well as overseeing the Bank's operational and strategic matters, with great attention to detail. While shareholders are actively enabling more inclusive policies, it may be the case that the Bank could do more to enhance this trend by reviewing relevant policies. The shareholders could, for example, be encouraged to rotate Board positions equally between women and men, where possible."

Wioletta Barwicka-Lofthouse, Board Director for Poland, Bulgaria, Albania 2017-23

Gender diversity: unsteady progress over time

Female representation has gradually improved across all Board Official positions since the EBRD was established in 1991. At end December 2023, the proportion of women serving as Directors and Alternate Directors was noticeably higher than the historical average. Female representation at Director and Alternate Director level is currently close to the EDGE top-level benchmark and, at Adviser level, the Board comes close to gender parity. We note in this context that over the past 15 years, women have filled 100 per cent of Board Assistant positions (EBRD staff supporting Board Officials).

Given the size of the Board, these ratios remain vulnerable to individual departures and new hires. As Board Officials in most positions are appointed for terms of 3-4 years, on average, each individual appointment has a significant impact on the level of gender parity within the Board. Even when higher levels of gender diversity are reached, a new wave of appointments can quickly reverse a strong trend.

Consequently, we can see that the trend line has not been rising steadily. Female representation among Directors declined markedly in 2016, to 9 per cent, and remained at this very low level for four years (2016-19). The number of female Directors did not recover to 2015 levels until 2021. While the positive uptick of 2021 has continued in the following two years, the Board of Directors is, as at end 2023, just over halfway to achieving gender parity. At the Alternate Director level, gender diversity has fluctuated more, with female representation at this level peaking at 35 per cent in 2019.

Figure 1: Gender breakdown of EBRD Board Officials, observed data as of 31 December 2023[5]

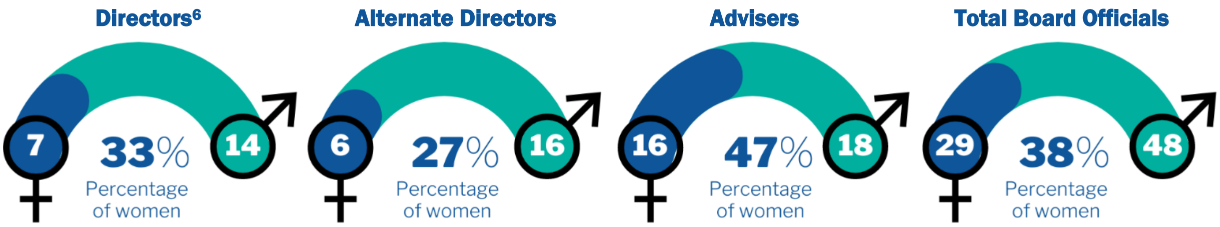
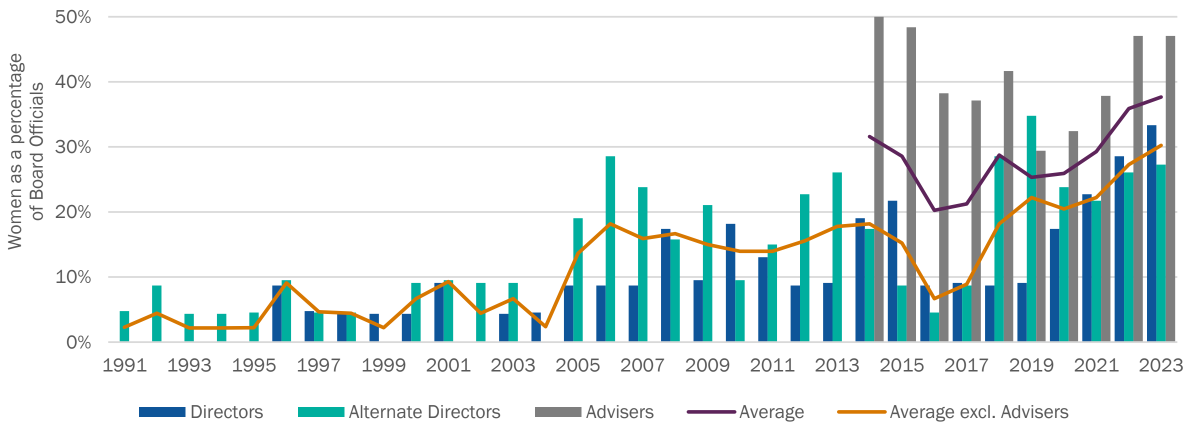


Figure 2: Gender diversity among EBRD Board Officials
(percentage female; observed data as of each December)



Note: Data are as at December of each year. Data at Adviser level are not readily available prior to 2014.

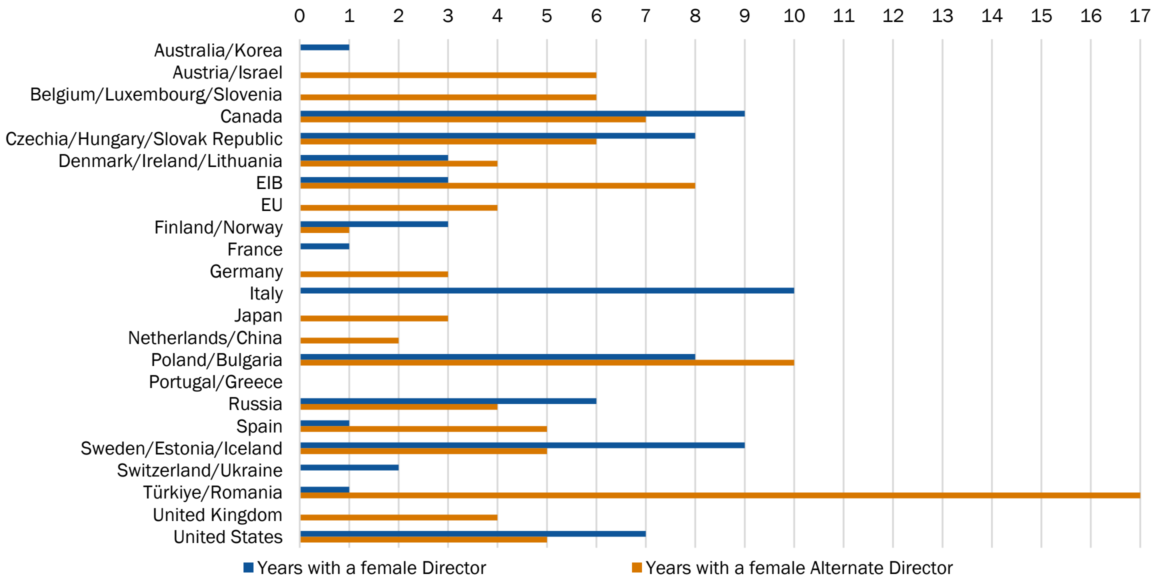
[5] As the first Board-wide diversity survey was only conducted in 2023, data in this section are observed, not self-reported. Data are therefore reported on a strictly binary (male/female) basis and may not accurately reflect the identities of former Board Members. Continued diversity surveys will allow for more granular reporting on gender identity.
[6] Two vacant Director positions, in which Alternate Directors (one of whom is a woman) are serving in an acting role, bring the total Board constituency number to 23.

Constituency trends[7]

The track record of appointing women to EBRD Board positions varies among constituency offices. Some constituency offices have a strong trend of appointing women to all three roles, whereas eight offices have never had a female Board Director at the EBRD. As of December 2023, four constituencies had their first female Board Director in the Bank's history: Australia, Spain, Switzerland and Türkiye.

While these data focus on Directors and Alternate Directors, there are constituencies who otherwise have strong records of appointing women as Advisers

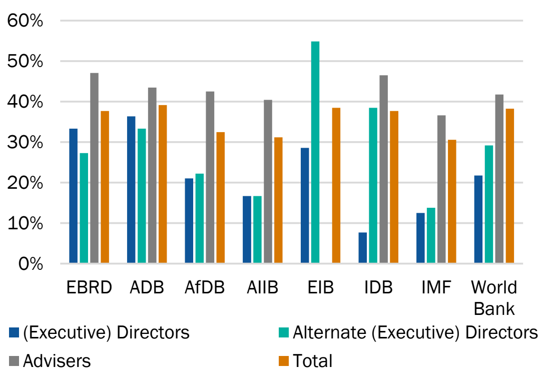
Figure 3: Number of years with a female Director and Alternate Director (1991-2023)



IFI trends

The EBRD's gender diversity is largely in line with that of its peer institutions.[8] Other institutions also come closest to gender parity at Adviser level, with the EBRD modestly in the lead (47 per cent). Among IFIs, the EBRD also had the second-highest share of women Directors at end 2023 after the Asian Development Bank.

Figure 4: Share of female representation of the Board of Directors and Advisers at IFIs



[7] These statistics do not necessarily reflect the status of gender inclusion in the economies or governments these officials represent and Governors may want to consider the data in light of their own domestic regulatory frameworks. For example, a number of shareholders have specific national laws requiring gender diversity in leadership positions of public service bodies, including specific quotas for gender representation.

[8] IFIs: the Asian Development Bank, African Development Bank, Asian Infrastructure Investment Bank, EBRD, European Investment Bank (EIB), Inter-American Development Bank, International Monetary Fund and the World Bank.

Board diversity: more than gender

It is the Board's view that diversity is not limited to male/female ratios. By recognising other dimensions of diversity, the Board wishes to demonstrate to Governors our dedication to an inclusive approach internally and to leading by example in the Bank and in the economies where we operate.

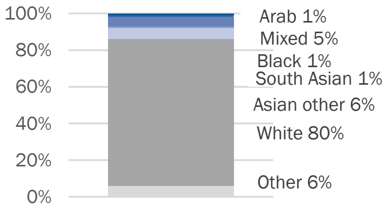
In line with EBRD Management's efforts to understand and address diversity on a broader basis, the EBRD Board recognises that diversity data collection is the first step to understanding, analysing and addressing inclusion beyond gender.

A respectable 86.2 per cent of Board constituency members responded to the inaugural confidential and voluntary Board D&I data survey conducted in Q4 2023 to collect additional demographic diversity data. The survey collected data anonymously from Directors, Alternate Directors, Advisers and Board Assistants, and the results cannot be disaggregated by role. These data will inform the Working Group's efforts to affirm and celebrate diverse Board representation, advance an inclusive working environment and track future trends. The Board may also consider whether to expand its voluntary data collection to additional aspects of diversity. Recognising that our members have a variety of domestic legal regimes in place to uphold equal opportunity, this data transparency will not necessarily drive individual hiring decisions.

Despite female underrepresentation at Director and Alternate Director level, a number of Board offices showed diversity in other ways. The following are visual representations of the results of the Q4 2023 Board D&I data survey.

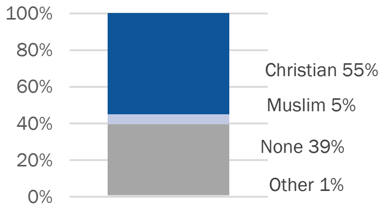
It would benefit the EBRD for all of its leaders to be mindful of this wider diversity, consistent with the Bank's EDGEplus certification.

Figure 5: Ethnicity and race – EBRD Directors, Alternate Directors, Advisers and Board Assistants



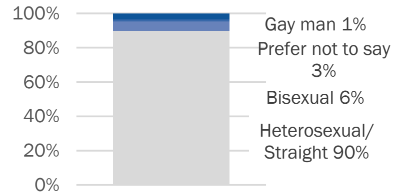
Note: The survey distinguished between "White European" (68 per cent) and "White other" (12 per cent). All of the categories in Figure 4 encompass numerous different ethnic backgrounds, which have not been disaggregated for the purpose of this survey.

Figure 6: Religious beliefs – EBRD Directors, Alternate Directors, Advisers and Board Assistants



Note: The survey distinguished between Roman Catholics (27.1 per cent), Protestants (24.9 per cent), Orthodox (2 per cent) and Other Christians (1 per cent).

Figure 7: Sexual orientation – EBRD Directors, Alternate Directors, Advisers and Board Assistants



Note: Zero responses were recorded for the following categories: "Gay woman", "Prefer to self-describe" and "Other".

Figure 8: Disability and neurodivergence[9] – Directors, Alternate Directors, Advisers and Board Assistants

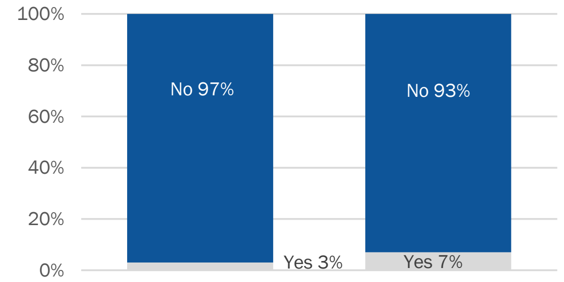
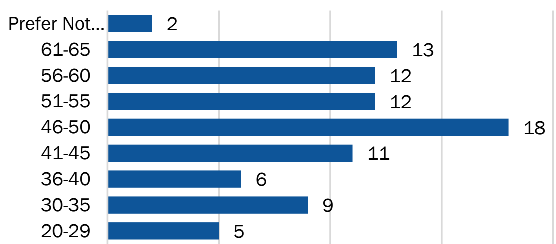


Figure 9: Age of Directors, Alternate Directors, Advisers and Board Assistants



[9] Oxford Languages defines neurodivergence as a divergence in mental or neurological function from what is considered typical or normal (frequently used with reference to autistic spectrum disorders).

Inclusion: stepping up

The Board also recognises that maintaining an inclusive workplace does not rest on diversity statistics alone. A resident Board must lead by example, to entrench a mindset of respect and inclusion into the institution. In the first year of the Board DEI Working Group's planning, we have taken steps to broaden Board awareness of inclusion challenges, including through professional development opportunities and deeper engagement with staff networks.

Training and professional development
As an international organisation that promotes inclusion and equality of opportunity, the EBRD expects its leaders and managers to stay current on best practices on promoting inclusion, nurture self-awareness and encourage sensitive interpersonal and intercultural communication. The professional development resources available to the organisation include topics such as managing cultural differences, uncovering unconscious bias and promoting good mental health.

All members of the Board DEI Working Group undertook inclusion training courses and provided recommendations to the rest of the Board. The full Board also engaged in an inclusion exercise in early 2024, in which it considered how to handle with tact and compassion several real-life inclusion situations, for example, for autistic, transgender or menopausal staff.

Cooperation with the staff D&I steering group and employee networks
As part of its commitment to leading on inclusion, the Board DEI Working Group sought to better understand the priorities and challenges of these employee groups. We have established working relationships with EBRD Management's Diversity and Inclusion Steering Group, as well as each of the Bank's employee diversity networks: African-Caribbean, Asian, DisAbility, EBRDconnect, EBRD Family, Spectrum (LGBTQ+) and Young Professionals. Based on common inclusion themes across these groups, the Board DEI Working Group plans further dialogue and engagement to facilitate greater awareness of these employee groups among the Board.

Regularising our responsibility

It is evident that the EBRD Board has a responsibility to raise awareness about the impact of leading by example on diversity and inclusion in the Bank.

The EBRD Board commits to updating its authorities on Board diversity, encouraging self-awareness about the implications of recruitment decisions and promoting diverse selection.

As we look forward to 2024-25, the Board DEI Working Group will sustain the EBRD Board's momentum in visibly leading on D&I issues. We will aim to:

1. build on this report and, with the objective of establishing ongoing data-driven baselines, continue to refine our scope and definition of diversity at the Board, as needed, and how best to collect the necessary data and statistics (including through self-identification rather than observation)
2. develop greater qualitative understanding of a) barriers to increasing gender diversity in nomination and recruitment processes for Board Officials and b) inclusion challenges faced by the current Board
3. consider diversity aspects, among other factors, in the selection of Board Committee Chairs and Vice-chairs working together with the Chair of the Board Steering Group
4. elevate the institutional conversation about diversity and inclusion on the Board by implementing a mandatory curriculum of training for all Board Officials and by using our platform to amplify staff inclusion priorities, such as by hosting events
5. work with Management to develop a greater qualitative understanding of diversity and inclusion barriers at the EBRD.

Annex 1. List of EBRD constituencies as of December 2023

Director	Alternate Director	Other constituency members
Australia	South Korea	New Zealand, Egypt
Austria	Israel	Cyprus, Malta, Kazakhstan, Bosnia and Herzegovina
Belgium	Slovenia	Luxembourg
Canada	Canada	Morocco, Jordan, Tunisia
Czechia	Hungary	Slovak Republic, Croatia, Georgia
Denmark	Lithuania	Ireland, Kosovo
European Investment Bank	EIB	
European Union	EU	
Finland	Norway	Latvia, Lebanon
France	France	
Germany	Germany	
Greece	Portugal	San Marino, India
Italy	Italy	
Japan	Japan	
Netherlands	Netherlands *(vacant)*	China, Mongolia, North Macedonia, Armenia
Poland	Bulgaria	Albania
Russian Federation*(vacant)*	Russian Federation	Belarus, Tajikistan
Spain	Spain	Mexico, United Arab Emirates
Sweden	Sweden	Iceland, Estonia
Switzerland	Ukraine	Liechtenstein, Turkmenistan, Serbia, Montenegro, Uzbekistan
Türkiye	Romania	Azerbaijan, Moldova, Kyrgyz Republic, Algeria
United Kingdom	United Kingdom	
United States of America *(vacant)*	United States of America	

Annex 2. The Board DEI Working Group

The EBRD Board DEI Working Group was established in September 2023 with the aim of raising awareness of EBRD Board diversity and promoting Board leadership on D&I issues. The work programme of the Board DEI Working Group for September 2023 to July 2024 includes multiple workstreams: (i) drafting the Bank's first-ever Board of Directors report to the Board of Governors on the Board's diversity and inclusion, (ii) organising DEI events, (iii) liaising with the EBRD employee diversity networks and (iii) facilitating DEI-related training among Board Officials.

The DEI Working Group has 22 members in total. We are 68 per cent female and 32 per cent male, and we cross categories of seniority (5 Directors, 5 Alternate Directors, 10 Advisers, 1 Board Assistant and 1 staff member from the Bank's Office of the Secretary General). We represent 15 of the 23 Board constituencies and 18 different nationalities: American, British, Bulgarian, Czech, Canadian, Finnish, French, Italian, Irish, Israeli, Japanese, Latvian, Lithuanian, Portuguese, Romanian, Slovak, Spanish and Swedish.

1743: Report of the Board of Directors to the Board of Governors: Diversity and Inclusion in the EBRD Board of Directors 2023

**REPORT OF THE BOARD OF DIRECTORS
TO THE BOARD OF GOVERNORS**

ANNUAL MEETING CYCLE 2026-2027

The current Annual Meeting cycle is about to conclude with London 2025 and it is customary at this stage to decide on subsequent Annual Meeting locations in order to enable prospective host countries to engage in preparations accordingly.

Bearing in mind the geographical balance, management considered Latvia and Egypt as future host countries, both of which expressed official interest in hosting an EBRD Annual Meeting.

The Office of the Secretary General engaged in exploratory missions respectively to Riga and the New Administrative Capital, Cairo (NAC) to consider feasibility.

The Riga mission was conducted in cooperation with the authorities in February 2024. The visit was successful, and a preliminary scenario has been identified to stage the event. This will be the second Annual Meeting in Riga but differently from 2000, the 2026 Annual Meeting will embrace a pan-Baltic dimension and preliminary discussions with all relevant authorities have been initiated in this respect.

The reconnaissance visit to NAC, undertaken in November 2023 with the strong support of the authorities, was not fully satisfactory in terms of the overall balance with meeting space and the lack of hotels nearby. In agreement with the authorities, the Annual Meeting location will most likely be Sharm El-Sheikh, where a final reconnaissance mission will be undertaken in the second part of 2024. Sharm El-Sheikh is a renowned location for high-level international events (including COP27 in 2022) and no doubt the facilities are fully meeting the requirements for an Annual Meeting delivery.

Both cities also satisfy connectivity (flights) requirements and overall hotel capacity.

Based on the above, the Board of Directors recommends that the 2026 Annual Meeting take place in Latvia and that the 2027 Annual Meeting take place in Egypt.

The Board of Directors wishes to express appreciation to the authorities of Latvia and Egypt for their invitations and flexibility to host these Annual Meetings of the Board of Governors.

The Board of Directors also recommends that the authority to determine the precise dates of the 2026 and 2027 Annual Meetings be delegated to the Board of Directors, so that they can be determined closer to the time.

The Board of Directors recommends that the Board of Governors adopt the attached draft Resolution.

(DRAFT)
RESOLUTION NO. ___

ANNUAL MEETING CYCLE 2026-2027

THE BOARD OF GOVERNORS RESOLVES THAT:

The 2026 Annual Meeting of the Board of Governors of the European Bank for Reconstruction and Development take place in Latvia;

The 2027 Annual Meeting of the Board of Governors of the European Bank for Reconstruction and Development take place in Egypt;

The authority to determine the precise dates of the 2026 and 2027 Annual Meetings be delegated to the Board of Directors.

(Adopted __________ 2024)

Resolutions adopted since the Thirty-second Annual Meeting

RESOLUTION NO.263

MEMBERSHIP OF BENIN

WHEREAS:

The Republic of Benin has applied for membership of the EBRD;

As a non-European country which is a member of the International Monetary Fund, the Republic of Benin is eligible for membership of the Bank in accordance with Article 3, paragraph 1, of the Agreement Establishing the Bank;

The proposed capital subscription by the Republic of Benin is permissible under the provisions of Article 5, paragraph 2, of the Agreement Establishing the Bank;

Shares for the proposed capital subscription can be made available from the existing capital stock of the Bank; and

The Board of Directors, in a Report submitted to the Board of Governors, has recommended that the Republic of Benin be admitted to membership of the Bank.

NOW THEREFORE THE BOARD OF GOVERNORS RESOLVES:

That the Republic of Benin be admitted to membership of the Bank as a non-European country member on the following terms and conditions:

Subscription to Capital Stock

1. The Republic of Benin shall subscribe to 203 shares of the capital stock of the Bank as follows: (i) 37 shares are paid-in; and (ii) 166 shares are callable.

Payment for Paid-in Shares

2. The Republic of Benin shall make payment for its paid-in shares in the amount of EUR 370,000, which shall be due or payable on or before 31 October 2024, or such later date as the Board of Directors may determine.

Conditions Precedent to Membership

3. The Republic of Benin shall become a member of the Bank only if, on or before 31 October 2024, or such later date as the Board of Directors may determine, the following conditions precedent to membership shall have been satisfied:

    (i) The Republic of Benin shall have deposited with the Bank an **Instrument of Accession** stating that it accepts, in accordance with its law, the Agreement Establishing the Bank and all the terms and conditions of membership set forth in this Resolution, and that all necessary steps have been taken to enable it to carry out its obligations under the Agreement Establishing the Bank and this Resolution;

    (ii) The Republic of Benin shall have deposited with the Bank an **Instrument of Subscription** stating that Benin subscribes to the paid in and callable shares of the capital stock of the Bank allocated to it pursuant to section 1 above;

(iii) The Republic of Benin shall have furnished to the Bank evidence in the form of a **legal opinion**, satisfactory to the Bank, that the Instruments referred to in (i) and (ii) above have been duly executed and deposited in accordance with its law; and

(iv) The Republic of Benin shall have **paid all amounts due** in respect of the paid-in shares to which it has subscribed.

Effective Date of Membership

4. The Republic of Benin shall become a member of the Bank on the date on which the Secretary General of the Bank certifies in writing that the conditions precedent to membership specified in paragraph 3 of this Resolution have been satisfied.

(Adopted 20 October 2023)

RESOLUTION NO.264

MEMBERSHIP OF CÔTE D'IVOIRE

WHEREAS:

The Republic of Côte d'Ivoire has applied for membership of the EBRD;

As a non-European country which is a member of the International Monetary Fund, the Republic of Côte d'Ivoire is eligible for membership of the Bank in accordance with Article 3, paragraph 1, of the Agreement Establishing the Bank;

The proposed capital subscription by the Republic of Côte d'Ivoire is permissible under the provisions of Article 5, paragraph 2, of the Agreement;

Shares for the proposed capital subscription can be made available from the existing capital stock of the Bank; and

The Board of Directors, in a Report submitted to the Board of Governors, has recommended that the Republic of Côte d'Ivoire be admitted to membership of the Bank.

NOW THEREFORE THE BOARD OF GOVERNORS RESOLVES:

That the Republic of Côte d'Ivoire be admitted to membership of the Bank as a non-European country member on the following terms and conditions:

Subscription to Capital Stock

1. The Republic of Côte d'Ivoire shall subscribe to 203 shares of the capital stock of the Bank as follows: (i) 37 shares are paid-in; and (ii) 166 shares are callable.

Payment for Paid-in Shares

2. The Republic of Côte d'Ivoire shall make payment for its paid-in shares in the amount of EUR 370,000, which shall be due or payable on or before 31 October 2024, or such later date as the Board of Directors may determine.

Conditions Precedent to Membership

3. The Republic of Côte d'Ivoire shall become a member of the Bank only if on or before 31 October 2024, or such later date as the Board of Directors may determine, the following conditions precedent to membership shall have been satisfied:

   (i) The Republic of Côte d'Ivoire shall have deposited with the Bank an **Instrument of Accession** stating that it accepts, in accordance with its law, the Agreement Establishing the Bank and all the terms and conditions of membership set forth in this Resolution, and that all necessary steps have been taken to enable it to carry out its obligations under the Agreement Establishing the Bank and this Resolution;

   (ii) The Republic of Côte d'Ivoire shall have deposited with the Bank an **Instrument of Subscription** stating that Côte d'Ivoire subscribes to the paid in and callable shares of the capital stock of the Bank allocated to it pursuant to section 1 above;

(iii) The Republic of Côte d'Ivoire shall have furnished to the Bank evidence in the form of a **legal opinion**, satisfactory to the Bank, that the Instruments referred to in (i) and (ii) above have been duly executed and deposited in accordance with its law; and

(iv) The Republic of Côte d'Ivoire shall have **paid all amounts due** in respect of the paid-in shares to which it has subscribed.

Effective Date of Membership

4. The Republic of Côte d'Ivoire shall become a member of the Bank on the date on which the Secretary General of the Bank certifies in writing that the conditions precedent to membership specified in paragraph 3 of this Resolution have been satisfied.

(Adopted 20 October 2023)

RESOLUTION NO. 265

INCREASE IN AUTHORISED CAPITAL STOCK AND SUBSCRIPTIONS THERETO

THE BOARD OF GOVERNORS:

Reaffirming the commitment of shareholders to support Ukraine in response to the military invasion by the Russian Federation;

Recalling Resolution No. 258 '*EBRD's Support for Resilience and Reconstruction in Ukraine: The Way Forward*' calling on the Board of Directors to submit a concrete proposal on the scope of the Bank's support for Ukraine and a potential paid-in capital increase;

Having carefully considered the Report of the Board of Directors *'Proposal for a Paid-in Capital Increase'* (the 'Report');

Endorsing the scope envisaged for the Bank in collaboration with other partners of Ukraine and as part of a well-coordinated international effort to support Ukraine, maintaining and applying the Bank's unique mandate and business model;

Stressing the importance of the Bank's role in continuing to support all of its countries of operations in addressing the most pressing transition challenges, aligned with the Bank's strategic direction;

Being in agreement that a paid-in increase to the Bank's authorised capital stock is required to enable it to play its role in Ukraine while continuing to fully support all of its countries of operations;

Welcoming and endorsing the Bank's specific ambitions for its work in Ukraine, as well as the short- and long-term commitments for the Bank's continuing evolution, as elaborated in the Report; and

Noting the Bank's commitment to the efficient use of its capital resources and the continuing implementation of the G20 Capital Adequacy Framework review recommendations, as elaborated in the Report.

HEREBY RESOLVES THAT:

1. Increase in Authorised Capital Stock

The authorised capital stock of the Bank shall, effective on 31 December 2024 (the "Effective Date"), be increased by 400,000 paid-in shares, each share having a par value of EUR 10,000.

2. Subscriptions

(a) In accordance with Article 5.3 of the Agreement Establishing the Bank (the 'Agreement'), each member as at the date this Resolution is adopted shall be entitled to subscribe, at par, to a proportion of the increase in stock equivalent to the proportion which its stock subscribed bears to the total subscribed capital stock held by the Bank immediately prior to the date this Resolution is adopted rounded downwards to the nearest share. Each such subscription shall be on the terms and conditions set forth in this Resolution.

(b) 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, each member wishing to subscribe pursuant to this Resolution shall deposit with the Bank the following documents in a form acceptable to the Bank:

(i) an instrument of subscription whereby the member subscribes to the number of paid-in shares specified in such instrument;

(ii) a representation that the member has duly taken all legislative and other internal action necessary to enable it to make such subscription; and

(iii) an undertaking that the member will furnish such information as the Bank may request concerning such action.

(c) Each instrument of subscription shall become effective and the subscription thereunder shall be deemed to have been made on the Effective Date, or on the date on which the Bank notifies the subscribing member that the documents deposited by such member pursuant to paragraph (b) above are satisfactory to the Bank, whichever is the later.

(d) The shares authorised by this Resolution which shall not have been subscribed to in accordance with this Resolution by the time that the deadline for subscription has expired shall be retained by the Bank and reserved for initial subscriptions by new members and for special increases in the subscriptions of individual members, as may be determined by the Board of Governors pursuant to Articles 5.2 and 5.4 of the Agreement.

(e) On 1 May 2033, any shares subscribed to pursuant to this Resolution that have not been paid for, notwithstanding the application of the payment terms below, shall automatically be surrendered to the Bank at no consideration, with the shareholding of the relevant member(s) reduced accordingly. Any such surrendered shares shall also be retained by the Bank and reserved for initial subscriptions by new members and for special increases in the subscriptions of individual members, as may be determined by the Board of Governors pursuant to Articles 5.2 and 5.4 of the Agreement.

3. Payment Terms

(a) Payment for the paid-in shares subscribed pursuant to this Resolution shall be made in five equal annual instalments. 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. A member may, after consultation with the Bank, make payments on terms more favourable to the Bank than those stipulated in the foregoing provisions of this paragraph. A member may satisfy all or part of its payment obligations in non-negotiable, non-interest-bearing promissory notes, encashable by the Bank at par value upon demand on a schedule aligned with the foregoing instalment due dates.

(b) All payment obligations of a member in respect of subscription to shares in accordance with this Resolution shall be settled in Euro (EUR), in United States Dollars (USD) or in Japanese Yen (JPY), in the latter two cases on the basis of the average exchange rate of the relevant currency in terms of Euro for the period from 1 July 2023 to 30 September 2023, inclusive, quoted by the European Central Bank, specifically 1 EUR : 1.0844 USD and 1 EUR : 157.25 JPY. Members wishing to settle their payment obligations in United States Dollars or in Japanese Yen shall make an irrevocable election to such effect as part of their instrument of subscription, applicable to all payments.

(Adopted 15 December 2023)

RESOLUTION NO.266

NET INCOME REALLOCATION

THE BOARD OF GOVERNORS

Having considered and being in agreement with the '*Report of the Board of Directors to the Board of Governors: Net Income Reallocation*' (the "Report");

Acknowledging that the net income allocation proposals are made in due consideration of the framework of a set of principles approved by the Board of Directors that aim to balance the demands on the Bank's net income with the importance of the Bank retaining capital to support financial sustainability and to pursue its strategic objectives;

Recognising that the impact of the Bank's operational activity on the transition process in its countries of operations has been substantial and that it was achieved with the aid of technical assistance and other support;

Further recognising the importance of the EBRD Shareholder Special Fund in supporting the Bank's strategic priorities; and the role it can play in supporting the Bank's interventions in Ukraine, alongside the donor financial support that the Bank is able to mobilise for this aim;

Considerate of the difficult situation on the ground, recognising the Bank's impactful engagement in the West Bank highlighted in the Report of the Board of Directors to the Board of Governors, acknowledging the importance of the Bank's long term commitment to foster development and transition in the West Bank and Gaza, and recognising that a net income allocation to the EBRD Trust Fund for West Bank and Gaza is necessary in order to ensure sustainable resourcing of its operations and activities;

Further recognising the importance of the EBRD Community Initiative; and

Noting that the Bank's reserves and capital adequacy, as of the date of this Resolution, would allow the Bank to allocate to other purposes, from income previously allocated to surplus, in accordance with Article 36.1 of the Agreement Establishing the Bank,

RESOLVES THAT:

In accordance with Article 36.1 of the EBRD Agreement, an amount of EUR 131 million previously allocated to surplus shall be reallocated to other purposes, namely as a contribution of:

(a) EUR 108 million to the EBRD Shareholder Special Fund, out of which up to EUR 20 million is expected to be allocated to support activities in Ukraine. From the overall amount allocated to the EBRD Shareholder Special Fund and any returns, recoveries, reflows, reimbursements, and income deriving from such allocated amount, not less than 95% shall be used to support ODA countries;

(b) EUR 20 million to the EBRD Trust Fund for West Bank and Gaza; and

(c) EUR 3 million to the EBRD Community Special Fund.

(Adopted 15 December 2023)

RESOLUTION NO. 267

MEMBERSHIP OF GHANA

WHEREAS:

The Republic of Ghana has applied for membership of the EBRD;

As a non-European country which is a member of the International Monetary Fund, the Republic of Ghana is eligible for membership of the Bank in accordance with Article 3, paragraph 1, of the Agreement Establishing the Bank;

The proposed capital subscription by the Republic of Ghana is permissible under the provisions of Article 5, paragraph 2, of the Agreement;

Shares for the proposed capital subscription can be made available from the existing capital stock of the Bank; and

The Board of Directors, in a Report submitted to the Board of Governors, has recommended that the Republic of Ghana be admitted to membership of the Bank.

NOW THEREFORE THE BOARD OF GOVERNORS RESOLVES:

That the Republic of Ghana be admitted to membership of the Bank as a non-European country member on the following terms and conditions:

Subscription to Capital Stock

1. The Republic of Ghana shall subscribe to 522 shares of the capital stock of the Bank as follows: (i) 95 shares are paid-in; and (ii) 427 shares are callable.

Payment for Paid-in Shares

2. The Republic of Ghana shall make payment for its paid-in shares in the amount of EUR 950,000, which shall be due or payable on or before 31 December 2024, or such later date as the Board of Directors may determine.

Conditions Precedent to Membership

3. The Republic of Ghana shall become a member of the Bank only if on or before 31 December 2024, or such later date as the Board of Directors may determine, the following conditions precedent to membership shall have been satisfied:

(i) The Republic of Ghana shall have deposited with the Bank an **Instrument of Accession** stating that it accepts, in accordance with its law, the Agreement Establishing the Bank and all the terms and conditions of membership set forth in this Resolution, and that all necessary steps have been taken to enable it to carry out its obligations under the Agreement Establishing the Bank and this Resolution;

(ii) The Republic of Ghana shall have deposited with the Bank an **Instrument of Subscription** stating that Ghana subscribes to the paid in and callable shares of the capital stock of the Bank allocated to it pursuant to section 1 above;

(iii) The Republic of Ghana shall have furnished to the Bank evidence in the form of a **legal opinion**, satisfactory to the Bank, that the Instruments referred to in (i) and (ii) above have been duly executed and deposited in accordance with its law; and

(iv) The Republic of Ghana shall have **paid all amounts due** in respect of the paid-in shares to which it has subscribed.

Effective Date of Membership

4. The Republic of Ghana shall become a member of the Bank on the date on which the Secretary General of the Bank certifies in writing that the conditions precedent to membership specified in paragraph 3 of this Resolution have been satisfied.

(Adopted 9 February 2024)

RESOLUTION NO. 268

MEMBERSHIP OF SENEGAL

WHEREAS:

The Republic of Senegal has applied for membership of the EBRD;

As a non-European country which is a member of the International Monetary Fund, the Republic of Senegal is eligible for membership of the Bank in accordance with Article 3, paragraph 1, of the Agreement Establishing the Bank;

The proposed capital subscription by the Republic of Senegal is permissible under the provisions of Article 5, paragraph 2, of the Agreement;

Shares for the proposed capital subscription can be made available from the existing capital stock of the Bank; and

The Board of Directors, in a Report submitted to the Board of Governors, has recommended that the Republic of Senegal be admitted to membership of the Bank.

NOW THEREFORE THE BOARD OF GOVERNORS RESOLVES:

That the Republic of Senegal be admitted to membership of the Bank as a non-European country member on the following terms and conditions:

Subscription to Capital Stock

1. The Republic of Senegal shall subscribe to 203 shares of the capital stock of the Bank as follows: (i) 37 shares are paid-in; and (ii) 166 shares are callable.

Payment for Paid-in Shares

2. The Republic of Senegal shall make payment for its paid-in shares in the amount of EUR 370,000, which shall be due or payable on or before 31 December 2024, or such later date as the Board of Directors may determine.

Conditions Precedent to Membership

3. The Republic of Senegal shall become a member of the Bank only if on or before 31 December 2024, or such later date as the Board of Directors may determine, the following conditions precedent to membership shall have been satisfied:

(i) The Republic of Senegal shall have deposited with the Bank an **Instrument of Accession** stating that it accepts, in accordance with its law, the Agreement Establishing the Bank and all the terms and conditions of membership set forth in this Resolution, and that all necessary steps have been taken to enable it to carry out its obligations under the Agreement Establishing the Bank and this Resolution;

(ii) The Republic of Senegal shall have deposited with the Bank an **Instrument of Subscription** stating that Senegal subscribes to the paid in and callable shares of the capital stock of the Bank allocated to it pursuant to section 1 above;

(iii) The Republic of Senegal shall have furnished to the Bank evidence in the form of a **legal opinion**, satisfactory to the Bank, that the Instruments referred to in (i) and (ii) above have been duly executed and deposited in accordance with its law; and

(iv) The Republic of Senegal shall have **paid all amounts due** in respect of the paid-in shares to which it has subscribed.

Effective Date of Membership

4. The Republic of Senegal shall become a member of the Bank on the date on which the Secretary General of the Bank certifies in writing that the conditions precedent to membership specified in paragraph 3 of this Resolution have been satisfied.

(Adopted 9 February 2024)

RESOLUTION NO.269

SALARY OF THE PRESIDENT: 2024 ADJUSTMENT

THE BOARD OF GOVERNORS

Having considered and being in agreement with the recommendations set forth in the Report of the Board of Directors concerning the *Salary of the President: 2024 Adjustment*;

RESOLVES THAT:

The gross annual salary of the President be increased by 5.5 per cent, which shall have effect from 1 January 2024.

(Adopted 23 February 2024)

RESOLUTION NO.270

REMUNERATION OF DIRECTORS AND ALTERNATE DIRECTORS: 2024 ADJUSTMENT

THE BOARD OF GOVERNORS

Having considered and being in agreement with the recommendation set forth in the Report of the Committee on the Remuneration of Directors and Alternate Directors;

RESOLVES THAT:

The gross salaries of Directors and Alternate Directors be increased by 5.5% per cent with effect from 1 January 2024 and, accordingly, that the EBRD gross annual salary of a Director be changed to £183,354 and the gross annual salary of an Alternate Director be changed to £152,184.

(Adopted 23 February 2024)

RESOLUTION NO.271

REMUNERATION OF THE PRESIDENT

THE BOARD OF GOVERNORS

Having considered and being in agreement with the recommendations set forth in the Report of the Board of Directors concerning the Remuneration of the President to be elected at the 2024 Annual Meeting.

RESOLVES THAT

The President's gross annual salary be £433,448.

In each subsequent year, and in the absence of an alternative recommendation being approved by the Board of Governors, the President's gross annual salary shall be increased by the UK CPI (Consumer Price Index) of August of the preceding year, or by such other index as may be used by the Bank as the primary reference for the budget and staff remuneration proposal.

Any increase to the gross annual salary of the President will have effect from 1 January each year.

The President shall be entitled to benefits on the same basis as staff. Should the President be eligible for benefits applicable to individuals appointed with Internationally Hired Status (IHS), no phasing-down will apply during the course of the four-year term.

The President shall be entitled to: the use of a chauffeured car; reimbursement of travelling expenses for a partner when accompanying the President on official travel undertaken in the interests of the Bank; and a termination allowance equivalent to one year of gross salary on the same conditions as those currently provided.

(Adopted 15 March 2024)

Resolutions adopted at the Thirty-third Annual Meeting

RESOLUTION NO.272

ELECTION OF THE PRESIDENT

THE BOARD OF GOVERNORS RESOLVES THAT:

1 In accordance with the provisions of paragraphs 1 and 2 of Article 30 of the Agreement Establishing the Bank, the person elected as President of the Bank at the 2024 Annual Meeting be appointed for a term of office of four (4) years commencing on 2 November 2024, or a date to be otherwise mutually agreed.

2. The Chair of the Board of Governors be hereby authorised to execute a contract of service between the Bank and the person elected as President on substantially the same terms and conditions as those applicable to their predecessor and in accordance with the terms of Resolution No.271.

(Adopted 16 May 2024)

RESOLUTION NO.273

MEMBERSHIP OF KENYA

WHEREAS:

The Republic of Kenya has applied for membership of the EBRD;

As a non-European country which is a member of the International Monetary Fund, the Republic of Kenya is eligible for membership of the Bank in accordance with Article 3, paragraph 1, of the Agreement Establishing the Bank;

The proposed capital subscription by the Republic of Kenya is permissible under the provisions of Article 5, paragraph 2, of the Agreement;

Shares for the proposed capital subscription can be made available from the existing capital stock of the Bank; and

The Board of Directors, in a Report submitted to the Board of Governors, has recommended that the Republic of Kenya be admitted to membership of the Bank.

NOW THEREFORE THE BOARD OF GOVERNORS RESOLVES:

That the Republic of Kenya be admitted to membership of the Bank as a non-European country member on the following terms and conditions:

Subscription to Capital Stock

1. The Republic of Kenya shall subscribe to 203 shares of the capital stock of the Bank as follows: (i) 37 shares are paid-in; and (ii) 166 shares are callable.

Payment for Paid-in Shares

2. The Republic of Kenya shall make payment for its paid-in shares in the amount of EUR 370,000, which shall be due or payable on or before 31 May 2025, or such later date as the Board of Directors may determine.

Conditions Precedent to Membership

3. The Republic of Kenya shall become a member of the Bank only if on or before 31 May 2025, or such later date as the Board of Directors may determine, the following conditions precedent to membership shall have been satisfied:

   (i) The Republic of Kenya shall have deposited with the Bank an **Instrument of Accession** stating that it accepts, in accordance with its law, the Agreement Establishing the Bank and all the terms and conditions of membership set forth in this Resolution, and that all necessary steps have been taken to enable it to carry out its obligations under the Agreement Establishing the Bank and this Resolution;
   (ii) The Republic of Kenya shall have deposited with the Bank an **Instrument of Subscription** stating that Kenya subscribes to the paid in and callable shares of the capital stock of the Bank allocated to it pursuant to section 1 above;
   (iii) The Republic of Kenya shall have furnished to the Bank evidence in the form of a **legal opinion**, satisfactory to the Bank, that the Instruments referred to in (i) and (ii) above have been duly executed and deposited in accordance with its law; and
   (iv) The Republic of Kenya shall have **paid all amounts due** in respect of the paid-in shares to which it has subscribed.

Effective Date of Membership

4. The Republic of Kenya shall become a member of the Bank on the date on which the Secretary General of the Bank certifies in writing that the conditions precedent to membership specified in paragraph 3 of this Resolution have been satisfied.

(Adopted 16 May 2024)

RESOLUTION NO.274

MEMBERSHIP OF NIGERIA

WHEREAS:

The Federal Republic of Nigeria has applied for membership of the EBRD;

As a non-European country which is a member of the International Monetary Fund, the Federal Republic of Nigeria is eligible for membership of the Bank in accordance with Article 3, paragraph 1, of the Agreement Establishing the Bank;

The proposed capital subscription by the Federal Republic of Nigeria is permissible under the provisions of Article 5, paragraph 2, of the Agreement;

Shares for the proposed capital subscription can be made available from the existing capital stock of the Bank; and

The Board of Directors, in a Report submitted to the Board of Governors, has recommended that the Federal Republic of Nigeria be admitted to membership of the Bank.

NOW THEREFORE THE BOARD OF GOVERNORS RESOLVES:

That the Federal Republic of Nigeria be admitted to membership of the Bank as a non-European country member on the following terms and conditions:

Subscription to Capital Stock

1. The Federal Republic of Nigeria shall subscribe to 522 shares of the capital stock of the Bank as follows: (i) 95 shares are paid-in; and (ii) 427 shares are callable.

Payment for Paid-in Shares

2. The Federal Republic of Nigeria shall make payment for its paid-in shares in the amount of EUR 950,000, which shall be due or payable on or before 31 May 2025, or such later date as the Board of Directors may determine.

Conditions Precedent to Membership

3. The Federal Republic of Nigeria shall become a member of the Bank only if on or before 31 May 2025, or such later date as the Board of Directors may determine, the following conditions precedent to membership shall have been satisfied:

   (i) The Federal Republic of Nigeria shall have deposited with the Bank an **Instrument of Accession** stating that it accepts, in accordance with its law, the Agreement Establishing the Bank and all the terms and conditions of membership set forth in this Resolution, and that all necessary steps have been taken to enable it to carry out its obligations under the Agreement Establishing the Bank and this Resolution;
   (ii) The Federal Republic of Nigeria shall have deposited with the Bank an **Instrument of Subscription** stating that Nigeria subscribes to the paid in and callable shares of the capital stock of the Bank allocated to it pursuant to section 1 above;
   (iii) The Federal Republic of Nigeria shall have furnished to the Bank evidence in the form of a **legal opinion**, satisfactory to the Bank, that the Instruments referred to in (i) and (ii) above have been duly executed and deposited in accordance with its law; and
   (iv) The Federal Republic of Nigeria shall have **paid all amounts due** in respect of the paid-in shares to which it has subscribed.

Effective Date of Membership

4. The Federal Republic of Nigeria shall become a member of the Bank on the date on which the Secretary General of the Bank certifies in writing that the conditions precedent to membership specified in paragraph 3 of this Resolution have been satisfied.

(Adopted 16 May 2024)

RESOLUTION NO.275

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR 2023

THE BOARD OF GOVERNORS

Having reviewed the Independent Auditors' Report on the Financial Statements of the Bank for 2023

RESOLVES THAT:

The audited Financial Statements are approved.

(Adopted 16 May 2024)

RESOLUTION NO.276

SPECIAL FUNDS' FINANCIAL STATEMENTS 2023

THE BOARD OF GOVERNORS

Having reviewed the Special Funds' Financial Statements 2023

RESOLVES THAT:

The audited Special Funds' Financial Statements are approved.

(Adopted 16 May 2024)

RESOLUTION NO.277

ANNUAL MEETING CYCLE 2026-2027

THE BOARD OF GOVERNORS RESOLVES THAT:

The 2026 Annual Meeting of the Board of Governors of the European Bank for Reconstruction and Development take place in Latvia;

The 2027 Annual Meeting of the Board of Governors of the European Bank for Reconstruction and Development take place in Egypt;

The authority to determine the precise dates of the 2026 and 2027 Annual Meetings be delegated to the Board of Directors.

(Adopted 16 May 2024)