EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT

PROCEEDINGS OF THE THIRTY-FIRST
ANNUAL MEETING OF THE BOARD OF GOVERNORS

MARRAKECH
11 MAY 2022

CONTENTS

[1] Document not included in the Proceedings

RECORD OF THE PROCEEDINGS

The Thirty-first Annual Meeting of the Board of Governors was held in Marrakech, Morocco on 11 May 2022, under the High Patronage of His Majesty King Mohammed VI. Participants took part in person from the Palais des Congrès, and in virtual format from a variety of locations via video link.

The Governor for Portugal, Mr Fernando Medina, was the Chair of the Board of Governors. As he could not attend the Annual Meeting, he designated Ms Keit Pentus-Rosimannus, a Vice Chair of the Board of Governors and the Governor for Estonia, to act in his place. The Governor for Morocco, Ms Nadia Fettah, served as Vice Chair.

1. Procedures Committee

The Procedures Committee for 2021-2022 submitted to the Board of Governors a report concerning the draft Agenda of the Annual Meeting and other matters in its terms of reference, including recommendations on the Chair and Vice Chairs of the Board for 2022-2023, who would also serve as the Procedures Committee for that period.

2. Opening session

The Acting Chair of the Board of Governors called the Meeting to order. The Board adopted the Agenda, and approved the provisions relating to the conduct of the Meeting, which were included in the Report of the Procedures Committee

The Board was then addressed by: Mr Aziz Akhannouch, Head of Government of Morocco; Ms Keit Pentus-Rosimannus, Acting Chair of the Board of Governors; and Ms Odile Renaud-Basso, President of the EBRD. Governors provided guidance to the Bank in the form of written statements, which were distributed during the Meeting and are incorporated in the Proceedings.

Following the Opening Session, there was a high-level discussion on the impact of the war on Ukraine moderated by Mr Jonathan Charles (Managing Director for Communications) and led by: Ms Beata Javorcik (EBRD Chief Economist), Mr Valdis Dombrovskis (EBRD Governor for the EU and Executive Vice President of the European Commission), Mr Sergiu Gaibu (EBRD Governor for Moldova and Moldovan Minister of Economy) and Mr Sergii Marchenko (EBRD Governor for Ukraine and Ukrainian Minister of Finance).

3. Plenary session

a. Governors' Roundtable

After considering a report of the Board of Directors and draft Resolution about the war on Ukraine, Governors provided their views, including on the implications of the war for the Bank's countries of operations and what the Bank's response should be. The Board of Governors then adopted Resolution 247, *In support of the EBRD's response to the war on Ukraine.*

Governors also considered a report of the Board of Directors and draft Resolution on the Bank's possible, limited and incremental expansion to sub-Saharan Africa and Iraq, on which they also gave their views. The Board of Governors then adopted Resolution 248, *Toward a limited and incremental expansion of the geographic scope of the EBRD's operations to sub-Saharan Africa and Iraq.*

b. Institutional and financial matters

i. Amendment of the rules regarding the use of resources of the Post-Graduation Special Fund

The Board of Governors adopted Resolution 249, *Amendment of the rules regarding the use of resources of the Post-Graduation Special Fund.*

ii. Financial Statements and Independent Auditors' Report for 2021

The Board of Governors adopted Resolution 250, *Financial Statements and Independent Auditors' Report for 2021.* The Board also took note of the Financial Report 2021.

iii. Special funds' financial statements 2021

The Board of Governors adopted Resolution 251, *Special Funds' Financial Statements 2021*.

iv. Net income allocation to the Community Special Fund

The Board of Governors adopted Resolution 252, *2021 Net Income Allocation to the Community Special Fund*.

v. Date and place of the 2023 Annual Meeting

The Board of Governors adopted Resolution 253, *Date of the 2023 Annual Meeting.*

vi. Annual Review 2021

The Board of Governors took note of the Annual Review 2021.

vii. Strategy implementation plan 2022-2024

The Board of Governors took note of the Strategy Implementation Plan 2022-2024.

c. Election of Chair and Vice Chairs for 2022-2023

At the end of the plenary session, the Board elected the Governor for Austria as Chair of the Board of Governors and the Governor for Georgia and the Governor for Jordan as Vice Chairs, to hold office until the close of the 2023 Annual Meeting. The Board appointed a Procedures Committee for 2022-2023 composed of the Chair and the two Vice Chairs, to be available until the end of the 2023 Annual Meeting for consultation at the discretion of the Chair, and also to meet immediately before the 2023 Annual Meeting if required.

4. Appreciation

Governors expressed their appreciation for the generous hospitality of the city of Marrakech and the Government and people of Morocco during the Thirty-first Annual Meeting.

ADDRESS BY MR AZIZ AKHANNOUCH, HEAD OF GOVERNMENT OF MOROCCO

(Translated from Arabic) In the name of God, the merciful, the compassionate

Your Excellencies the Governors
Your Excellency the President of the European Bank for Reconstruction and Development
Ministers

Peace be upon you.

Today, I am pleased to open the 2022 Annual Meeting of the European Bank for Reconstruction and Development (EBRD), which His Majesty King Mohammed VI, God watch over him, is officially patronising as a gesture of His Majesty's appreciation of the Bank's role in laying the foundations of sustainable economic and social development, and strengthening cooperation and integration among nations.

At the outset, I would like to welcome you all to the Kingdom of Morocco, and the ancient city of Marrakech. This year, it has the honour of hosting this important meeting, just as it has previously hosted significant international events, particularly the creation of the World Trade Organization, and COP 22. In 2023, Marrakech will also have the honour of organising the annual meetings of the World Bank Group and the International Monetary Fund.

On this occasion, I would like to congratulate the EBRD President, Ms Odile Renaud-Basso, for her intensive efforts to develop the performance and services of this organisation, strengthen it, and increase its role in economic and social development.

Ladies and gentlemen

The Annual Meeting of the EBRD Board of Governors, which begins its sessions today, is being held under unprecedented international circumstances. Here I commend the apposite choice of the meeting's title – *Responding to challenges in a turbulent world* – as the meeting is an opportunity for consultation and dialogue on the economic and social repercussions of current developments, and for contemplating future prospects.

As you know, since 2020, the world has been experiencing successive crises, beginning with Covid-19, which has led to an unprecedented economic recession. As hopes for a better health situation and a global economic recovery began to rise, a new crisis emerged, related to higher raw materials prices due to greater demand. At the beginning of this year, inflation rose against the backdrop of geostrategic unrest and the eruption of the crisis in Ukraine, which came as a shock to the global economy.

To address these challenges, we cannot just talk about a difficult period and discuss its negative impact. All key international players need to unify their efforts and work in a spirit of common responsibility to find solutions that lead the world out of this crisis and mitigate its impact on national economies, especially on medium and low-income countries. Developing countries in particular are suffering deficits with regard to the supply-and-demand balance of imported raw materials. The continuation of this situation is leading to a rise in unsustainable practices. Does it make sense, for example, to use farmland as sources of alternative energy when the world needs basic food products at reasonable prices? Is it sustainable for countries to burden themselves with debts that they use to pay for increasingly expensive imports and that disrupt their development priorities?

This external crisis has cast its shadow over our economy, just like all other national economies. Under the prudent leadership of His Majesty King Mohammed VI, God watch over him, Morocco took a set of targeted pre-emptive measures that were unanimously endorsed and praised both nationally and internationally. We note with satisfaction that the Moroccan economy is returning to pre-pandemic growth levels, with a growth rate of more than 7.6 per cent against an international forecast of around 5 per cent in 2021. However, current circumstances find our country facing major challenges with national and international dimensions, and we are called upon to respond to them in the turbulent world to which the theme of this Annual Meeting alludes.

For this purpose, our country has embarked on activating an ambitious economic recovery plan. It essentially seeks to achieve a quantum leap in the structuring of the national economy by: encouraging promising sectors with high added value; stimulating the green and digital economies; increasing the integration of women into the labour market; and speeding up the recovery of production sectors in line with the strategic directions of the market economy and a private initiative policy that Morocco has been pursuing for decades.

To ensure the success of these efforts, our country is turning particular attention to creating an attractive business environment to enhance both local and international private investment. We are also making significant efforts to streamline administrative procedures, support the financial sector, and boost private investment – especially through reforming the law on investment – so that private investment can reach two thirds of total investment by 2035.

The Mohammed VI Fund for Investment has also been established to accelerate economic recovery efforts by contributing to the financing and supervision of major national and regional investment projects while giving international corporate partners the opportunity to invest in the Fund.

These efforts reflect our country's confidence in the scale of its significant investment potential, as well as its ambition – as a country enjoying political stability and its strategic geographic location – to position itself as a regional production and export platform, in line with our strategic direction to boost economic openness and accelerate integration into global value chains, while continuing our efforts to support and establish the democratic process and entrench both rights and the rule of law in our country.

I will not forget to thank the EBRD for continuously following up on Morocco's development efforts. I also take this opportunity to invite the Bank, and through it, all Morocco's economic partners, to invest in supporting our development efforts under the prudent leadership of His Majesty King Mohammed VI, God watch over him. I also call on all our economic partners, particularly overseas investors, to take advantage of the geographic proximity and the intensive economic and historical relations that we enjoy with the countries of our African continent, so as to increase their investments in this promising and leading developing country. We will offer them all the support they need to deliver their investment projects out of Morocco.

Finally, I am glad to welcome you once more, and I wish you a pleasant stay in Morocco.

Peace be upon you.

OPENING STATEMENT BY MS KEIT PENTUS-ROSIMANNUS, ACTING CHAIR OF THE BOARD OF GOVERNORS

Your Excellencies, distinguished Governors, President, ladies and gentlemen

It is truly an honour to address you as Acting Chair of the Board of Governors, and to welcome you all, and especially you, *Monsieur le Chef du Gouvernement*, to this, the Thirty-first Annual Meeting of the EBRD. It is really wonderful that after two years of mainly virtual events, so many of you are attending in person.

We are really fortunate to be here in this beautiful place, which is steeped in such rich history. We are honoured to have received the High Patronage that His Majesty the King has granted to this event. I would like to thank you, *Monsieur le Chef du Gouvernement*, and all the Moroccan authorities for hosting us here in this vibrant city.

I would also like to welcome Algeria and the United Arab Emirates, who are two new Members that have joined the Bank since we last met. We look forward to cooperating closely with both of you in the future. I would like to particularly welcome the delegation of the United Arab Emirates to their first Annual Meeting.

From our own Estonian experience, I can testify that the EBRD has been a unique partner in delivering a successful and private-sector-driven development model of the Estonian economy. This will remain relevant for our green transition challenge in years to come.

The EBRD offering, its focus on the private sector, combined with the Article 1 imperative of democracy, has been hugely successful. Sadly, today we also witness – in extreme – the result of countries failing in respect of EBRD core values. There are difficult lessons here for us all.

Before turning to the focus of our discussions today, it is important to recall the Bank's achievements since our last Annual Meeting in July 2021.

Under your leadership, President, the Bank has continued to deliver strong results within the current Strategic and Capital Framework, which we, as Governors, approved in 2020.

The Implementation Report on our agenda later today shows the great work that has been done on the key pillars of digital transition, gender, equality of opportunity, and of course, the mobilisation of private finance.

Crucially, the Bank has met its goal of investing more than half of its total annual investment in Green Economy Transition projects last year.

However, 2021 will feel very distant for the people of Ukraine and those in many of Ukraine's neighbouring countries. This is a direct result of the senseless aggression by the Russian Federation, supported and facilitated by Belarus.

The war has radically altered the global context, and notably so for the EBRD, which over the last 30 years, became the largest institutional investor in Ukraine. The EBRD is also a key partner in Ukrainian reforms. And it has made Chernobyl safe.

Millions of people have fled their homes, more than a million have been forcefully deported, many thousands of civilians have been tortured and killed. The economic and political consequences of this war will be long lasting and profound. Many EBRD staff have also been directly affected, and I truly commend the work undertaken by the Bank to safeguard their security and wellbeing.

To emphasise these impacts, there will be a high-level ministerial panel after this Opening Session, which will include the Governors for Ukraine, Moldova and the European Union. The EBRD Chief Economist Beata Javorcik will outline the war's economic implications for the Bank's countries of operations.

As Governors, we have already acted.

Our decision to suspend operations in the Russian Federation and Belarus under Article 8.3 of the Agreement Establishing the Bank reaffirms the enduring importance of our values and the objectives that the Bank was created to support. We stand in full solidarity with the people of Ukraine. The EBRD will be there to help reconstruct Ukraine, so that it can be free and prosperous.

The Bank has also acted.

The approval of the resilience package for Ukraine and affected countries means that financial support is being provided now, and a reconstruction programme is ready for the future.

The continued delivery of this support depends on us – as shareholders and donors. The Annual Donor Meeting yesterday helped develop a shared understanding of the most pressing needs and priorities. It is clear that we all need to work together on this.

At our Plenary Session this afternoon, I will be asking you, as Governors, to provide strategic guidance to the EBRD, so that it can build on its track record of delivery, and continue to make a real-world difference to people's lives.

Beyond these immediate issues, however, we also need to recall the long-term challenges – such as green transition – which of course remain a key priority.

Governors, you will also be asked to approve an in-principle decision on a limited and incremental expansion of the geographic scope of the EBRD's operations to countries in sub-Saharan Africa and Iraq.

It seems only appropriate that we are taking this decision here in Marrakech, at the first Annual Meeting on the African continent. Our ties with Morocco and other North African countries are strong, and the Bank has proven it can deliver in this region.

To conclude: we face many challenges.

But the EBRD continues to step up in order to tackle them head on.

The Bank is blessed with many qualities:

- The agility, professionalism and commitment of its staff;
- Its resilient and sustainable financial position;
- Its core operating principles of sound banking, transition impact, and additionality;
- And finally, its mandate to support the transition to sustainable market economies in countries committed to, and applying, the principles of multiparty democracy, pluralism and market economics.

These qualities endure and have never been more relevant.

All of us – Governors, the Board of Directors, and all the staff – should be really proud of the Bank's track record and recent achievements.

I offer heartfelt congratulations to you, President Renaud-Basso, and your team on your record of success in responding to challenges in a turbulent world, as the theme of our Meeting very correctly describes it.

Ladies and gentlemen, thank you.

OPENING STATEMENT BY MS ODILE RENAUD-BASSO, PRESIDENT OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

In French

Your Excellency
Governors
Colleagues
Ladies and gentlemen

Welcome to the EBRD's first Annual Meeting to be held on the continent of Africa.

And welcome to Morocco, the westernmost country of all our countries of operations.

What we have achieved in Morocco over the past ten years is the result of a very strong partnership with our Moroccan friends; and I applaud that partnership's energy and spirit of enterprise.

Our work here also bears witness to the confidence of our shareholders who, ten years ago, expressed their desire to extend the EBRD's mandate to a new region of operations south of the Mediterranean.

It also reveals the Bank's agility and capacity to deliver exceptional results, as demonstrated by the €16 billion invested in this region over the last ten years.

In English

I am so happy that we can, at last, hold our Annual Meeting in person, rather than on line.

Thank you to our hosts for their incredible hospitality and all the hard work that has gone into organising this event.

It is a great honour too that it is taking place under the High Patronage of His Majesty King Mohammed VI.

We are meeting in Marrakech, at the foothills of the Atlas Mountains, not far from the Atlantic Ocean.

But today we are also of course thinking of our friends and partners in the east, in Ukraine and countries nearby.

My own thoughts often return to my trip to Kyiv last spring and the very warm welcome I received there.

I had a very lively discussion with President Zelenskyy about the reform agenda, and his vision for the country.

That was, in fact, my first visit to an EBRD country after my election as President, when we were still in the midst of the pandemic.

Now, the events of the last few months have proved the sternest test of the EBRD, and our mission to date.

And they will shape much of what we do for years to come.

We strongly condemned Russia's war on Ukraine – within hours of the invasion.

Such aggression against one of our shareholders, and the destruction and loss of life it has unleashed, are a direct attack on everything we stand for.

This is why the Bank has suspended access to its resources for both Russia and Belarus.

This crisis follows another – the pandemic – which put the whole world, the Bank, and all our staff, under huge stress and strain, and which is why our results for last year are even more impressive than they appear at first glance.

They include record investment of €5.4 billion in the green economy – more than half our business volume – and record profits of €2.5 billion.

Although we must expect a different picture in 2022.

Yes, this year, the landscape looks very different.

The economic damage from this war will be severe and long lasting.

It will affect every EBRD region, including this one, by increasing energy and food prices, undermining energy and food security, increasing inflation, and weakening growth.

The EBRD will deploy the full range of its instruments, investments and policy work to counteract the impact of this conflict on all our countries.

Time after time, the EBRD has shown its true character during a crisis.

And we're demonstrating that character again today.

Soon after the invasion, we prepared an initial €2 billion Resilience and Livelihoods Package to help Ukraine and countries affected by the war.

We've continued to disburse – and we've increased – our Trade Facilitation Programme limits, in part to boost global food security.

We've proposed reallocating donor resources to help with the crisis.

We repurposed existing projects to provide liquidity to clients in Ukraine.

And with the support of our donors and shareholders, we will be able to do much more to keep the economy afloat, focusing on the private sector and key infrastructure.

As soon as it is possible, we will help Ukraine to rebuild livelihoods, jobs and businesses; to improve governance; and to revive access to services.

I'd like to take this moment to praise our Ukrainian staff.

Their safety and security have been a priority for us.

It was very moving to meet so many of them on my trip to Poland in March – and again last week.

I was deeply impressed by the generosity of local staff there, and the kindness shown across the Bank.

Thank you to everyone who has supported our Ukrainian staff so far.

And let's also remember the work that has gone into ensuring the safety and security of our colleagues from Russia and Belarus.

Alongside our commitment to Ukraine, we continue to advance our strategic objectives.

These, as set out in our Strategic and Capital Framework, are now more relevant than ever.

First – Green. At our last Annual Meeting, we committed to aligning all our activities with the goals of the Paris Agreement from the end of this year.

These goals are even more urgent now, as emissions continue to rise.

We've made real progress with this commitment.

And we're confident that we will reach that alignment target, becoming the first multilateral development bank to do so, on time.

If our countries are to boost their energy security, they will need to focus, even more than previously, on renewables, energy efficiency and the shift to green overall.

We'll mobilise the private sector to help achieve this – while continuing to support the countries ourselves.

Second – Equality of opportunity and gender equality remain crucial for us.

In November, we launched strategies setting out our ambition to integrate gender into at least 40 per cent of our operations by 2025, and to promote equality of opportunity through at least a quarter of our projects.

We're approaching that target already: a third of our projects signed last year had a strong gender component.

Third – Our digital approach, also launched in November, focuses our investments and policy work on laying the foundations for digital transformation and helping our partners to adapt to it and innovate.

At the same time, our work in Ukraine, and all our countries of operations, along with the three priorities I have just listed, must not obscure our long-term vision for investing in sub-Saharan Africa too.

We are ready to start work further into Africa on the basis of the phased approach submitted for your consideration at this Annual Meeting.

In the meantime, the EBRD will continue:

To invest in changing lives across all our regions,

To address the many challenges we face.

And it will continue to make history.

Ladies and gentlemen, at last year's Annual Meeting, when we were marking our 30th birthday, I told you that, for the EBRD, the time for making history was not yet over.

The last few months confirm this.

These recent dreadful events are not the kind any of us want to live through.

But I am convinced that our response is the right one; and that, despite the very hard work which surely lies ahead, and with your support, we will prevail.

Thank you.

STATEMENTS BY GOVERNORS

STATEMENT BY MR PHILIP LINDSAY, TEMPORARY ALTERNATE GOVERNOR FOR AUSTRALIA

It is my pleasure to make this statement at the Thirty-first Annual Meeting of the EBRD. Because the Australian Government is currently in caretaker mode pending the outcome of the federal election, I am representing the Australian Treasurer, who by convention, is not able to be with us at this important meeting.

It is unfortunate that Australia is compelled to open our statement by condemning, in the strongest possible terms, Russia's unprovoked and unjustified attack on Ukraine, a fellow shareholder of all of us in the Bank. Russia's invasion of Ukraine is not only a gross violation of international law and the United Nations Charter, it also directly contravenes the rules-based order and the values that define international institutions such as the EBRD. Australia stands in staunch support of Ukraine's sovereignty, its territorial integrity and its people.

Australia congratulates the EBRD on its significant support to Ukraine and its neighbours, and the unprecedented approval of the Resolutions under Article 8.3 of the Agreement Establishing the Bank, taking action against Russia and Belarus in the exceptional circumstances of the war. I encourage the EBRD to uphold its mandate, which is particularly relevant to this crisis, and play a lead role of coordination among multilateral development banks in the reconstruction of Ukraine. The EBRD should draw on its expertise and experience in the region and utilise its favourable financial position.

It is appropriate on the occasion of the Annual Meeting to acknowledge the Bank's exceptional financial performance in 2021. Among others, a few key metrics may be noted:

- the share of Annual Bank Investment in the private sector was 76 per cent;
- gender-tagged projects accounted for 35 per cent of projects; and
- investment in the green economy was a record 51 per cent of Annual Bank Investment.

Australia expresses its gratitude to all concerned for their outstanding work, in Resident Offices and Headquarters.

Australia is supportive of additional ways to assist Ukraine and its neighbours while avoiding a capital increase, such as redirecting funds from the Post-Graduation Special Fund and allowing more Shareholder Special Fund resources to be temporarily used in non-ODA-affected countries. Australia also supports the possibility of using net income allocations in support of the EBRD's reconstruction operations and activities in Ukraine.

Australia welcomes the EBRD's focus on providing relief and assistance to Ukraine and its neighbours and preparing for reconstruction, represented by the objective of investing up to €1 billion in Ukraine in 2022. During this period of conflict and destruction of life and property, Ukraine should continue to be the EBRD's priority, with the Bank also recognising the significant energy and food security needs of affected neighbouring countries hosting refugees.

Indeed, the Bank should also endeavour to continue its investment in other countries of operations that require help in coping with the uncertain economic climate, supply chain disruption and inflationary pressure. Due to these vital, competing needs, the Bank should focus on its ability to fulfil its core mandate and deliver on the needs of its existing membership.

Thank you to the Government of Morocco for hosting this year's Annual Meeting in person after two years of meeting virtually due to Covid-19. The pandemic continues and Australia encourages the Bank to maintain its efforts while looking for additional ways to deliver support to countries of operations over the next year. I would also like to thank the members of our constituency – the Republic of Korea, New Zealand and Egypt – for their cooperation and support over the past year.

To conclude, I would like to reiterate Australia's support for the critical role the EBRD is playing to help the people of Ukraine, and I hope that next year, we can meet under more positive conditions.

STATEMENT BY MR HARALD WAIGLEIN, ALTERNATE GOVERNOR FOR AUSTRIA

First of all, we would like to thank Morocco for hosting this Thirty-first Annual Meeting of the EBRD and express our gratitude and compliments to all involved in making this happen. We are delighted that with this year's event in Marrakesh, we have not only returned to in-person gatherings after two years of virtual Annual Meetings, but that the SEMED region has also become the host of this occasion for the second time in the history of the EBRD. While being the Bank's newest region, where operations only started ten years ago, the choice of location clearly reflects the region's importance and underscores the EBRD's strong commitment to it.

Let me start by commending you, President Renaud-Basso, and your whole team for the excellent work of the EBRD in this truly global crisis. Looking back at the past year, we are happy to note that – despite the very challenging circumstances – the Bank has had a decidedly successful year, even reaching its highest ever level of financial results with a €2.5 billion net income and a €10.4 billion Annual Bank Investment across 413 projects, with a private-sector share of 76 per cent. Particularly in light of this protracted period of economic and political uncertainty and crisis created by the impact of the Covid-19 pandemic, we commend the Bank's achievements in 2021. In this context, the EBRD's Solidarity Package, which successfully provided much needed support for the Bank's client countries in their economic crisis response, deserves a mention, as it clearly demonstrated the EBRD's effective counter-cyclical role over the last year.

Austria also recognises the solid progress made within the Bank's Strategic and Capital Framework 2021-2025 in its first year. Among the priorities set out in the Framework, we especially welcome the Bank's commitment to transition to a green, low-carbon economy through its Green Economy Transition approach, and commend the EBRD for reaching its highest ever share (51 per cent) for activities supporting this transition. This is a reassuring interim result in the EBRD's path to fully align all of its projects with the goals of the Paris Agreement by the end of 2022. As a signatory to the Paris Agreement, Austria fully supports this ambition, urges the EBRD to keep up the good work over the next years and encourages the Bank to further increase its climate-financing efforts to foster a low-carbon and climate-resilient economic transition in its countries of operations.

We also very much welcome the emphasis on promoting equality of opportunity and equality of gender, and the significant scale up of investments in these areas over the past year. Austria applauds the Bank for the formulation and implementation of new strategies for these two areas, as they will contribute to strengthening the delivery of the Bank's inclusion goals.

Lastly, Austria also welcomes the EBRD's decision to include digital transition as one of its strategic priorities. The digitalisation process is destined to continue and will remain one of the key forces shaping developments around the world – including in the EBRD regions.

For us as a shareholder, it was important to see Fitch Ratings confirm the EBRD's AAA-rating and revise the outlook of its long-term issuer default rating from negative to stable. Still, the latest developments of the war in Ukraine, and its impact and backlashes, have reminded us of continuing and new financial and political risks. Looking ahead, it will be no easy feat to keep this AAA-rating under these emerging and extremely challenging economic and financial circumstances. Nevertheless, we believe it is vital to remain vigilant and adequately prudent to avoid a downgrade, which would increase the cost of funding and could, in the worst case, render the EBRD unable to lend to borrower countries in need of support.

The consequences of the ongoing war in Ukraine are already reverberating across the world. As a result, the challenges for the EBRD's countries of operations are likely going to be daunting over the next couple of years, and there will undoubtedly be continued demand for the Bank as a strong partner, capable of delivering. Not losing focus on its longstanding client countries, while at the same time delivering support to Ukraine, which requires urgent assistance, will be a tremendous challenge for the EBRD that will require joint and coordinated efforts by a multitude of stakeholders. The Herculean task of adequately supporting Ukraine can only be successful if it is closely coordinated with and complementary to other multilateral development banks, development finance institutions and the European Union. Austria fully supports the steps already taken by the EBRD in immediate response to Russia's invasion, including the suspension of access for Russia and Belarus to the resources of the Bank, the closure of its offices in Moscow and Minsk, the winding down of the existing portfolio in the two countries and the launch of an initial €2 billion resilience package of measures to help citizens, companies and countries affected by the war on Ukraine. We also stand ready to support further measures and initiatives, and agree with the repurposing of available funds of the Graduation Fund for supporting operations in Ukraine.

When it comes to the Bank's future operations, we believe the reassessment of the agenda of the Annual Meeting, from the originally envisioned discussion on a possible limited and incremental expansion into sub-Saharan Africa and Iraq to the impact of the Russian invasion of Ukraine, was the right decision. Given that the course, duration and, ultimately, the consequences of the war are still unknown, Austria supports the suggested approval of an in-principle expansion to sub-Saharan Africa and Iraq, while delaying the timing for the amendment to the EBRD's geographic scope under Article 1 of the Agreement Establishing the Bank. We trust management to pick up this discussion again when the time is right and stand ready to re-evaluate the situation at the 2023 Annual Meeting. Austria stresses that any expansion should neither impede nor put in question the EBRD's ability to support Ukraine, nor impair support to existing countries of operations. In this context, we also encourage management to strive to achieve the widest possible consensus among shareholders, as unity on the subject will be crucial for further decisions.

Finally, we would like to extend our warm welcome to Kazuhiko Koguchi, who joined the Bank as Secretary General, Dina Matta, who took up the role of first Vice President and Chief Transformation Officer, Bernd Träxler, who recently became Managing Director and Chief Compliance Officer, and Carlos San Basilio, who joined the EBRD as Managing Director Corporate Strategy. Your expertise will certainly serve the Bank during this challenging period of crisis.

Let me close by reiterating our confidence in the Bank and thanking management and the entire staff for their excellent work this past year and the consistently high quality of operations, despite an overall difficult global environment. This is undoubtedly a testament to the dedication and reliability of the Bank, and we look forward to continuing our close collaboration in what will most likely be challenging years to come.

STATEMENT BY MR DMITRY YAROSHEVICH, ALTERNATE GOVERNOR FOR BELARUS

(Translated from Russian) Allow me to greet all participants and to thank the Bank's management for their endeavours in organising the Annual Meeting of the EBRD Board of Governors, which affords us the opportunity to gather together to discuss the current state of world affairs and to share our vision of the future strategy for the Bank's activities.

The whole world has just begun to recover from a prolonged pandemic, which claimed the lives of many people and undermined the sustainable growth of the world economy.

Today, however, this process is more complicated, because contradictions are being exacerbated in relation to the inequality of global development, and increased competition for resources, market access and control over transport routes.

Against this background, certain states are attempting to impose their own set of values, their point of view on global processes. This will eventually lead to intolerance and conflict in international affairs and ultimately to chaos, and international relations becoming impossible to manage.

International financial institutions each have their own individual mandate, and are tasked with assisting states in: bridging the "gaps" in international relations; strengthening peace across the world; and ensuring global security and stability in order to establish a fair international system based on collective foundations for resolving international issues.

In an endeavour to achieve lasting change in the regions of operations where it invests, and throughout its entire existence of more than 30 years, the EBRD has shown that it can operate under difficult conditions on the global stage and can deliver major results.

In Belarus, the EBRD's activities have had an impact on every area of Belarusians' lives for many years, and have resonated not only in the country's economic development, but also in its social order. The Bank has gained a reputation as a reliable partner, not only for the Belarus Government, but also for private business and the country's entire population.

Thanks to the EBRD's investments in Belarusian industry, jobs have been created for thousands of people, while business activity and entrepreneurial initiative in the country have reached a new level of quality, thereby creating new opportunities for the private sector to develop.

For its part, Belarus has always fulfilled the obligations it has assumed in a conscientious and timely manner, while also making every effort to use EBRD loan funds effectively.

Unfortunately, the EBRD's reputation as a reliable partner has now become tarnished in the eyes of the Belarus business sector and the country's citizens because of the Bank's hasty and unprecedented decisions.

The Bank has now forgotten its primary goals, which are to foster transition towards open, market-oriented economies, promote private and entrepreneurial initiatives and ultimately, improve the population's well-being by contributing to economic progress.

As a result of a frenzied media landscape, and biased opinions and emotions portraying a distorted and exaggerated picture of events, a hasty decision has been made to restrict Belarus's access to EBRD resources.

It is currently impossible to justify the Bank's termination of funding for seven infrastructure projects in Belarus intended to provide communities with clean water, create a safer environment and establish a high-quality, reliable transport infrastructure. The Bank has effectively abandoned these projects just as they were being actively implemented. As a result, bridges have been left dismantled, while water treatment facilities and iron-removal stations remain unfinished.

In this regard, all projects are very important, as they guarantee a decent, good quality of life for ordinary citizens, which, again, is an objective both for us and the Bank.

When it comes to such a significant role, nobody should jump to conclusions or make any rash decisions. This is a time when restraint and impartiality are needed. But in the present case, emotions in the political arena have crossed the line into incivility.

Ironically, while issuing strong statements about the need to keep channels open for dialogue, the international community is taking steps to reduce the number of these forums for negotiation, such as the closure of the EBRD Resident Office in Belarus.

Without having worked through the issues, the Bank has made unprecedented decisions.

Even our opponents have been forced to acknowledge that, in terms of international humanitarian law, Belarus is not a party to the conflict in Ukraine. This is explicitly and unequivocally stated in one of the recent reports from OSCE experts on the topic. However, this position does not seem to reflect the logic of States' actions designed to keep up the pressure of sanctions on Belarus; and in this respect, it is a position that is being deliberately ignored.

With this in mind, Belarus expects that our partners will still show good judgement and impartiality, and retract their hasty assessments and conclusions.

For its part, Belarus is continuing its sustained efforts to normalise the situation in the region, which includes providing the fullest assistance in facilitating peace negotiations.

We firmly believe that, despite the current circumstances, full cooperation with the Bank will be resumed, and the joint implementation of projects with the EBRD in Belarus will continue.

The only key to defusing tensions and reaching mutual understanding is equitable and respectful dialogue. Only if we combine our efforts will we be able to devise guidelines on how the situation should evolve in the period ahead, based on universal human values.

We should recall that, in any situation, the essential thing is to remain pragmatic and make balanced decisions.

We are confident that we have every chance of returning to constructive and mutually beneficial cooperation.

STATEMENT BY MR DADO ŠARIĆ, TEMPORARY ALTERNATE GOVERNOR FOR BOSNIA AND HERZEGOVINA

First, we would like to thank Morocco for hosting the Thirty-first Annual Meeting of the EBRD and express our gratitude and highest compliments to everyone involved in making this happen. The EBRD is one of the key partners in the economic development of Bosnia and Herzegovina (BiH). Up to this day, the EBRD has financed 200 projects in BiH and invested €2.834 million in different sectors. This includes not only the construction of road and communal infrastructure, but also restructuring and expanding the private sector and connecting with regional markets while promoting more effective use of resources. At the same time, the EBRD coordinates its activities with the EU and partner international financial institutions, thus contributing to the total economic development of the country and its path towards the EU.

The EBRD is well positioned to offer support to BiH in overcoming complex reform processes and successfully tackling the challenges of transition. At the same time, the EBRD positioned itself successfully and in a timely way in the recovery of BiH following the Covid-19 pandemic crisis. The country is still recovering at a rather slow pace, conditioned by domestic and foreign financial and geostrategic aspects in neighbouring countries, directly resulting in new challenges, such as the continuous growth of energy-generating products and commodities. Continuous investments represent the elementary precondition based on which a real foundation for the in-depth recovery of the country, and therefore the potential for growth, may be laid. The reform processes BiH is facing in the complex and demanding period of transition represent an additional burden, and slow down the economic growth and sustainability of revenues.

Such an environment is made even more demanding by complex legal frameworks and different forms of corruption, and becomes a significant obstacle to avoid in terms of business activities in the country.

The BiH energy sector heavily relies on coal, and this has direct adverse consequences in terms of environmental protection, health and climate change. Therefore, it is necessary to address this primary global problem as soon as possible, and start the transition to other modern and sustainable energy sources to prevent even more damage to the economy. BiH supports all objectives of the Paris Agreement and the activities envisaged by the EBRD in this view, but we also believe that it is necessary to find a transitional solution for countries in transition, such as BiH, to use natural gas as the transition fuel up to the moment when the transition to green fuels and total decarbonisation are possible.

In view of the expansion of EBRD operations, the position of BiH is to enable a limited expansion of the Bank's operations to sub-Saharan Africa and Iraq.

In view of the EBRD's support to Ukraine during the war, BiH supports the Resolution on the total suspension of financing projects in the Russian Federation and Belarus, and directing those funds to Ukraine. We likewise agree with the EBRD's intention to invest €1 billion in Ukraine, and we agree to keep all options open for mobilising donor funds to support Ukraine.

We also support the Resolution enabling the repurposing of the remaining funds in the Post-Graduation Fund and the use of those funds to support operations in Ukraine.

In terms of personnel appointments, we acknowledge the appointment of the new Secretary General, Vice Presidents and Managing Director, and wish them all the best and success in their new positions.

STATEMENT BY MR PATRICK HALLEY, TEMPORARY ALTERNATE GOVERNOR FOR CANADA

Canada condemns in the strongest possible terms Russia's war on Ukraine and stands in solidarity with the brave people of Ukraine who have sought nothing but the ability to live free and peaceful lives. We commend the EBRD's swift action and strong commitment to supporting Ukraine and its people. We welcome the announcement that the EBRD will provide €2 billion over two years in support for Ukraine and other affected countries in the region.

We support the unprecedented passing of Governors' Resolutions to invoke Article 8.3 of the EBRD Agreement, suspending Russia's and Belarus's access to EBRD resources. We also welcome the EBRD's steps to swiftly wind down its existing operations and activities in Russia and Belarus, including divesting from its investment portfolios in these countries. We call on management and other shareholders to consider further actions, given these countries' egregious acts against Ukraine, a fellow EBRD member.

There will be significant support required to help Ukraine rebuild, and Canada encourages the EBRD to prepare to play a leading role in supporting reconstruction efforts. This should be done in partnership with other multilateral development banks, with a particular focus on supporting the real economy and the private sector, given the Bank's unique mandate and expertise.

The EBRD was created to contribute to economic progress and reconstruction in central and eastern European countries. We therefore encourage the EBRD to continue prioritising investments in countries within its existing scope of operations, focusing on areas with the greatest need, such as food and energy security, and where the Bank can achieve the greatest positive impact. We also encourage the EBRD to seek complementarity and compatibility with other multilateral development banks in order to maximise their collective development impact.

It is crucial that the EBRD not lose sight of the Covid-19 pandemic. We acknowledge the substantial work the EBRD has done on this front, notably through its important Solidarity Package.

The EBRD's strategic priorities in support of the green transition, equality of opportunity, and digital transformation position the Bank as an effective development partner, helping tackle the most pressing challenges of our time. Further, the EBRD's unwavering commitment to its founding principles of multiparty democracy, the rule of law, and respect for human rights make it an essential partner at a time when these very principles are under attack.

The world's ability to avoid catastrophic climate change hinges on a rapid and just transition to climate resilient, efficient, low-carbon energy systems. We therefore applaud the EBRD for its climate ambitions and in fully aligning its operations to the goals of the Paris Agreement by the end of this year.

Canada also supports the EBRD's continued work to reduce inequality, including its efforts to increase women's access to finance and entrepreneurship, employment, and skills development opportunities. We urge the Bank to continue its efforts to emphasise gender equality in all EBRD operations.

STATEMENT BY MR YULU CHEN, ALTERNATE GOVERNOR FOR CHINA

It has been a great pleasure for me to join the discussions of the 2022 EBRD Annual Meeting, and establish our response to regional security and stability, as well as the reconstruction, transition and development of countries of operations, with the purpose of addressing the common emerging challenges jointly. I would like to extend my sincere thanks to the Moroccan Government and the EBRD team for the excellent organisation of this annual event.

The current global economy faces multiple risks, including Covid-19, geopolitical tensions, inflationary pressures, and security of food supply. The global economic recovery is at a critical juncture, as vaccination has accelerated and countries gradually normalise monetary policies. Advanced economies are choosing to tighten their policies at a faster pace than expected, while most emerging market economies are wrestling with the dilemma of taming inflation while boosting the recovery. Many policymakers have found themselves in enormous difficulties, and economies have become increasingly vulnerable to structural fragilities. The EBRD has put forward timely financing packages for Ukraine and neighbouring countries, by providing support for infrastructure reconstruction, daily necessities and essentials, severely affected SMEs, and humanitarian assistance for refugees, especially women and children.

The EBRD's actions have received positive responses from Members.

China stands ready to work with the EBRD to reduce the negative impact of the crisis, and provide humanitarian assistance to Ukrainian people. In the meanwhile, we encourage the EBRD to focus on the development of sustainable security and development in Europe, and contribute to the stability of global finance, energy, food and supply chains. The EBRD's timely and firm response to these challenges is vital for countries of operations to carry out structural reforms, address infrastructure weaknesses, and boost green recovery. China and the EBRD will continue to deepen cooperation in policy coordination, food security, energy supply, green and low-carbon development, digital transition, and inclusive growth, with the aim of contributing to regional economic transition and development.

To this end, we would like to make the following suggestions on the EBRD's development strategies:

First, we call for strengthened multilateral coordination, to foster a secure and stable environment for regional recovery. The world economy is facing the worst recession since the Second World War, with international trade and investment witnessing a significant contraction, and industrial and supply chains widely disrupted. Last year, Chinese President Xi Jinping's proposal of the Global Development Initiative delivered a blueprint of international joint efforts to advance strong, green and healthy global development, in line with the UN 2030 Agenda. It is desirable for all of us to focus on a secure and stable development environment, and to return our business, our production, our work and life to normal. The world needs to prioritise its efforts towards narrowing gaps in public health and infrastructure to ensure a more sustainable, inclusive and stronger recovery. We commend the EBRD's actions to provide humanitarian assistance to Ukraine. Such efforts have contributed significantly to mitigating the impact of the conflict, and bolstering economic development and infrastructure construction in Ukraine. We support the EBRD in efforts to better coordinate, cooperate and pool resources with other multilateral development banks, so as to improve the efficiency of the international development financing system, and help Central Asia, Central and Eastern Europe, and North Africa to recover and rebuild better and sooner.

Second, greater efforts are needed to tackle the food and energy crisis and extend the EBRD's operations in sub-Saharan Africa. Against the backdrop of surging global inflation, Africa is significantly affected with a severe food crisis, struggling with hard challenges around economic recovery, and needs more than ever to bridge the financing gap. The EBRD is certainly part of the key international institutions that can provide support to Africa. As long as the EBRD can fulfil the precondition that current countries of operations, the existing business model and the AAA rating remain intact, we support the EBRD in exploring further geographic expansion into new areas, including sub-Saharan Africa and Iraq. Meanwhile, we also support the EBRD in strengthening cooperation with international development peers in order to facilitate the transition and development of the EBRD's region.

Third, we encourage the EBRD to accelerate the transition of the green economy and address climate change. The international community has formed a broad consensus on addressing climate change. We commend the EBRD's commitment to fully meet the Paris Agreement goals by the end of 2022, and support the EBRD's climate ambitions and energy strategies. Solar PV systems form a key clean energy source for green transition. China has always taken the initiative to shoulder international responsibilities, promote the implementation of commitments along with the Paris Agreement, and actively participate in climate change cooperation under the existing international framework. In 2020, China announced the "30/60" strategic goal of peaking carbon dioxide emissions before 2030 and achieving carbon neutrality before 2060, which requires a comprehensive and systematic transition of the Chinese economy, and green finance will be an accelerator to this transition. Last year, China released the "1N" policy system to achieve carbon neutrality. Looking forward, China will remain committed to green and sustainable development, and work with relevant parties to better align the EBRD's strategy with the Paris Agreement.

Fourth, we support the EBRD's role in leading Fintech innovation and accelerating digital transition. The EBRD is committed to developing innovative ways to foster transition and promote private and entrepreneurial initiative in its countries of operations. Rapid development of Fintech has made financial services more accessible to borrowers from the agriculture, energy and infrastructure sectors, and Covid-19 highlights the importance of digital development in inclusive transition. In recent years, the countries of operations have seen a rise in digitalisation, but paces of development have diverged. To achieve digital transition, countries of operations need to put in place sound institutional arrangements and a sound business environment, and narrow down the digital divide by building digital infrastructure. We support the EBRD in strengthening investment in such fields, making better use of Fintech's comparative advantages to help enterprises enhance productivity, and upgrading Members' industrial structure. China has some experience in applying Fintech to reduce the cost of financial services and promote financial inclusion, and we are willing to share such experience with Members.

Fifth, we welcome the EBRD's initiatives to innovate investment channels to support SMEs. Currently, about 76 per cent of EBRD projects went to SMEs in the countries of operations, thereby playing an important role in economic transition in Central Asia, Eastern Europe, the Caucasus and the Balkans. Covid-19 hit SMEs harder. To add fresh impetus for countries of operations to improve economic structure and achieve post-Covid recovery, we expect the EBRD to honour its time-honoured investment principles and tap its advantage in working with the private sector, so as to provide more innovative financial products, make its financial services more accessible, and channel a larger share of investment to SMEs while maintaining stable aggregate investment.

STATEMENT BY MR KYRIAKOS KAKOURIS, TEMPORARY ALTERNATE GOVERNOR FOR CYPRUS

It is with great pleasure that I address the 2022 EBRD Annual Meeting in person. And allow me to extend my appreciation to the authorities of Morocco for inviting us to the beautiful city of Marrakech and the management and staff of the EBRD for their excellent organisational arrangements, and to wish all participants in this Meeting every success and fruitful discussions. Reflecting back on the year 2021, we can safely state that it has been a very challenging but successful period for the EBRD, in terms of operational and financial results. And it is quite encouraging that the Bank continues to deliver its transition impact, combining high levels of investment with an immediate response to the pandemic.

We would like to congratulate the EBRD management and staff for the excellent 2021 results and the exemplary support that it has provided in such unprecedented and difficult times that we are all facing. It is worth highlighting that, in 2021, the EBRD had the highest financial results in its history, with a €2.5 billion net income from a €10.4 billion Annual Bank Investment. Moreover, in 2021 the Bank had a 123 per cent increase in gender-SMART investments since 2020, and a 19 per cent increase in inclusive projects across sectors and regions, with a new approach to disability inclusion, and an increase to Just Transition projects. The EBRD mobilised approximately €1.2 billion in concessional finance and grants, which is a significant increase from 2020.

We also note with satisfaction the Bank's highest ever Green Economy Transition ratio at 51 per cent, the 35 per cent ratio of gender-tagged projects, the access to EU donor support (as is evident from the success of the Bank regarding the EU Pillar assessment), and the upgrade of the EBRD's Long-Term Issuer Default Rating from Negative to Stable by Fitch Ratings.

We are very pleased with the EBRD's timely and coordinated response, along with other international financial institutions, to the war in Ukraine through deployment of its various financing products, and especially its Trade Facilitation Programme and project finance expertise, in an effort to mitigate the direct and indirect devastating effects of the war on the people and the economy. We also support repurposing the available post-graduation funds for supporting operations in Ukraine. We remain convinced that, through the dedication of the management and staff, the EBRD will continue to provide support to all countries in which it operates in these challenging and highly uncertain times. We are fully aware that the Strategic and Capital Framework, which was approved in October 2020, will be reviewed because of the uncertainty created by the pandemic.

We do welcome the progress made by the Bank and can strongly support the key priorities of the Strategic and Capital Framework (green, inclusion and digital), aiming at aiding the EBRD to improve its performance and assist recipient countries to become sustainable market economies. These priorities, which are clearly reflected in the implementation plan by the Bank, indicate, among others, that the Bank aims at aligning all its activities with the Paris Agreement and ramping up the Green Economy Transition agenda to provide innovative climate finance and ambitious low-carbon pathways, in addition to strengthening the delivery of the EBRD's inclusion goals on access to finance, skills and services. And we do hope the Strategic and Capital Framework will double the annual mobilisation goal to €2 billion by 2025, as envisaged.

We very much welcome the Bank's Strategy Implementation Plan, which fosters continued implementation of the EBRD's mandate to assist recipient countries to become sustainable market economies and core principles of transition impact, sound banking and additionality. We have no doubt the Bank has sufficient capital to support this activity and withstand challenges to the Bank's capital adequacy, such as the pandemic and the war in Ukraine, recognising and emphasising at the same time that its AAA status remains.

Furthermore, regarding the EBRD's possible expansion, we note that the limited and incremental geographical expansion to sub-Saharan Africa and Iraq – given the current geopolitical crisis – would not: impair the Bank's ability to support its current countries of operations; compromise the Bank's AAA rating; lead to a request for additional capital contributions; or deviate from the Bank's mandate to support transition and its operating principles of additionality and sound banking. Also, we note that this expansion, even though limited, should not be overlapping, but be complementary with actions by other international financial institutions, the EU and other development banks and institutions.

We would like to congratulate the Secretary General Kazuhiko Koguchi, the Vice President Dina Matta, and the Managing Director and Chief Compliance Officer Bernd Träxler on their appointments. I would also like to thank Mr Leander Treppel for representing Cyprus in the Board of Directors, and the effective way he leads our constituency and keeps us constantly informed of the latest developments concerning the policies and business of the Bank.

Before concluding, once again we would like to thank the EBRD's President, management and staff for their excellent efforts in these highly challenging and uncertain times. With the strong cooperation and support of its shareholders, the Bank will no doubt see further achievements in the coming years. Bearing in mind the EBRD's capacity to adapt its policies, operations and products, we are sure it will continue with optimism to achieve its ambitious objectives, especially in Ukraine. We are confident that the EBRD is in a sound position to deliver results and foster transition in its countries of operations.

STATEMENT BY MR ZBYNĚK STANJURA, GOVERNOR FOR THE CZECH REPUBLIC

Since 24 February, we have been witnessing shocking events that should not have a place in the 21st century. If it were not for the self-interested decision of a single Member of this organisation, we would not be dealing with one of the greatest breaches of international order today. Instead, we would be focusing on promoting the EBRD's principles of multiparty democracy, pluralism and market economics. The Russian invasion of the territory of a sovereign and independent state has resulted in the inhuman suffering of the Ukrainian people and extensive physical damage. This invasion is an attack on fundamental social and moral values and has led to a huge economic crisis.

The Czech Republic expresses the highest support to Ukraine, its freedom and independence. From the beginning, we have supported Ukraine by all means possible. We have sent financial and humanitarian aid, and military defence equipment, and our politicians have visited Kyiv. In addition, we immediately took on hundreds of thousands of refugees who were forced to leave their homes to save their lives.

I am pleased that the EBRD has joined in, and I welcome today's Resolution of the Board of Governors. The Resilience and Livelihoods Framework has our full support. Assistance to Ukraine in all areas is essential, and I highly appreciate the EBRD's commitment to invest €1 billion in this assistance in 2022. We are aware of the challenges that this situation poses for the Bank, which has gone from record profits in 2021 to huge losses in the first quarter of 2022. That is why the possible measures needed to secure these operations should be analysed and discussed with the Bank's shareholders. In this regard, we consider it essential to coordinate donor support across the international financial institution network, with the EBRD taking the lead as the main international stakeholder in Ukraine.

Together with the major undertaking in Ukraine, we also appreciate the Resilience Framework's assistance to countries that have been inadvertently affected by this unnecessary war. In this case, each country will need to communicate with the Bank to find the best approach. All three of the Framework's priorities are important, but for us, the main added value is in supporting capital market liquidity. The expected post-pandemic economic recovery came to a halt, inflation has risen rapidly and overall economic growth needs to be reassessed. Any help from the EBRD wherever possible will therefore be greatly appreciated.

In conclusion, I would like to reaffirm our support for the EBRD's actions to help Ukraine. I am convinced that the Bank will stay committed to acting strategically and boldly when it comes to implementing the Resilience Framework.

STATEMENT BY MR JENS LUNDSGAARD, TEMPORARY ALTERNATE GOVERNOR FOR DENMARK

On behalf of Denmark, I have the honour of presenting the Governor's written statement ahead of the 2022 Annual Meeting.

The Russian war on Ukraine has underlined that the EBRD is as relevant today as it was when it was founded in the early 1990s.

The war has brought horrible losses for the people of Ukraine. In addition, the scale of destruction of buildings, homes and civil infrastructure is growing every day.

As a shareholder, Denmark strongly supports the extraordinary efforts by the EBRD to support Ukraine and the affected neighbouring countries. We must continue to offer our support, both with short-term solutions to stabilise the affected countries, and also in the medium and long term, when reconstruction can fully take off.

The role of international organisations like the EBRD is key, and underscores the unity with which we must meet the unjustified aggression against Ukraine. In the coming years, supporting Ukraine, the affected neighbouring countries and our other countries of operations must remain a key priority of the EBRD.

Foreign private investors have left Ukraine in large numbers. The EBRD should remain. As soon as the situation allows, the EBRD, as part of the international community, must support the reconstruction of Ukraine and its economy. Mobilising private investments will be crucial, and the EBRD will have an important role to play.

Denmark supports the proposed Resolution on sub-Saharan Africa and Iraq on the basis of the conditions outlined. New efforts must match the financial capacity of the Bank, taking into account the important role the EBRD should be able to play in both Ukraine and its neighbouring countries also affected by the war. Any expansion to new countries of operations can only be concluded if there are firm analyses supporting that this can be done without compromising efforts in Ukraine and neighbouring countries, and without compromising the AAA rating or bringing the Bank to a situation where a capital increase must be foreseen.

We look forward to receiving the report from the Board of Directors next year, including a thorough and realistic assessment of the consequences on the Bank's finances of the war in Ukraine and its effect on the Bank's capital position. We reserve our final judgement on any changes to Article 1 until after the report has been received and thoroughly assessed.

Looking beyond the current difficulties in Ukraine, we must also maintain our focus and reserve resources to manage other relevant challenges.

The current war in Ukraine has underlined the already urgent need to speed up the transition away from fossil energy sources, both to combat climate change and to make ourselves independent from imports of fossil fuels from the Russian Federation as quickly as possible. The EBRD must actively support our countries of operations in the green transition.

We recognise that the EBRD countries of operations have different starting points, and that some still need to find a sustainable path to higher incomes without the historical levels of pollution. The Bank should support each country with policy dialogue to speed up reforms, by engaging with the private sector to develop sustainable business models, and by financing specific investments in green solutions.

STATEMENT BY MS RANIA AL-MASHAT, GOVERNOR FOR EGYPT

At the outset, I would like to express my gratitude to the Kingdom of Morocco as well as the people and the Moroccan authorities for hosting the Annual Meeting. I would also like to extend my utmost respect and full appreciation to President Odile Renaud-Basso and the hardworking EBRD Egypt team for their continuous dedication and commitment to support Egypt's development journey.

Together with fellow Governors, we convene this year at the Annual Meeting to forge stronger development partnerships, and create a sense of urgency and hope about the significant opportunities ahead of us.

Collective response to global contexts

This year, we are at a very critical juncture, with an ongoing pandemic and a cascade of evolving shocks on the back of the war in Europe and the unfolding geopolitical tensions. The growing macro uncertainty, the repercussions on the flow of trade, the increase in food and fuel prices, and the consequent monetary and financial tightening will inevitably hamper investment and exacerbate output losses in emerging markets.

There is a need to turn this moment of crisis into a moment for global cooperation and collective decision-making, building strategic foresight that goes beyond immediate gain, but simultaneously reflects the long-term impact of the current global context. Therefore, stepping up collective action around the three main priority areas of concern – food, energy and finance – is key to hedge against the economic risks.

In this context, it is imperative to strengthen multilateral dialogue to find solutions and innovative modalities to support countries in these unprecedented times and ensure that years of reforms are not erased. Progress is needed in fulfilling financial commitments to help bridge financing gaps as needed.

New country strategy

For international development partners to be more aware of shifting local conditions and pressures, a country-led multi-stakeholder engagement framework is crucial to help emerging economies realign their national strategies with global agendas, and ensure that national priorities are achieved through a global lens that considers environmental, social and economic concerns.

Egypt is sparing no efforts to build up strategic foresight that is more attuned to risk and global concerns. The Ministry thus created a country-led multi-stakeholder engagement framework that is based on a holistic scheme of an inclusive-green-growth nexus, which complements Egypt’s role as a regional leader in its transition to a green economy.

This year, after completing a comprehensive and inclusive process with extensive consultations including multiple stakeholders, we have launched our new Country Strategy (2022-2027). At the core of the new Country Strategy is a combination of green and inclusive growth objectives, which enables Egypt to embark on the path towards more effective sustainable development. It is focused on three strategic priorities: promoting a more inclusive economy for Egyptian businesses, women and youth; accelerating Egypt’s green economy transition; and enhancing the country’s competitiveness by supporting private-sector growth and strengthening governance.

Egypt is also analysing its current strength as a labour-intensive economy in parallel with the value addition of shifting to an innovative economy, which is why the Country Strategy is also focused on skills development for women and youth, launching the first sector skills platform in Egypt for training and work-based learning opportunities.

Egypt is a founding Member of the EBRD, and during the years 2018, 2019, 2020 and 2021, Egypt has been the largest country of operations in the EBRD in the Southern and Eastern Mediterranean region, and the total investments of the Bank since the beginning of its operations in 2012 amount to about €8.6 billion in 145 projects at the state level, of which 76 per cent were to finance the private sector and 24 per cent were for the public sector.

Structural reforms for resilience

Global events will provide further incentives for reform. The Covid-19 pandemic was a lesson for policymakers on how to respond effectively to a global crisis that centered on structural reforms as a key pillar for a strong recovery, and continues to be relevant in designing effective responses for the Ukraine conflict today.

Between 2016 and 2019, Egypt adopted its own home-grown economic reform programme supported by the IMF stand-by agreement. This created fiscal and monetary buffers that cushioned the economy during the Covid-19 pandemic. As a result, Egypt's economy was one of the few in the world to escape recession.

An important lesson to take from Egypt's reform experience is its ability to create a predictive policy environment, which helped pave the way for a more transparent macroeconomic framework, and in return, create a stable environment for the private sector and private-public dialogue.

The Government's reforms continued to evolve with the global context, with the launch of the National Structural Reform Program (NSRP) in April 2021. The NSRP has a focus on structural reforms in the manufacturing, agriculture, communication and information technology sectors. It aims to enhance the adaptability, flexibility, resilience and productivity of the economy.

To mitigate the socioeconomic challenges of the Covid-19 crisis, Egypt responded swiftly with the "Respond and Rebuild" strategy, which helped protect the population from the spread of the virus, provided easier access to credit to help households smooth consumption, and provided liquidity for firms to survive the disruption.

Egypt also adopted the Covid-19 Socio-Economic Recovery and Response Plan in partnership with the UN office in Egypt. More recently, and in response to the war in Ukraine, the Government of Egypt announced a social mitigation package worth LE 130 billion to help alleviate the impact of associated rises in price by increasing public-sector wages and pensions, expanding coverage of the cash transfer programmes (Takaful and Karama) to an additional 450,000 households, and introducing reforms to the food subsidy programme. These measures are intended to promote inclusiveness, build the resilience of households against shocks, and promote food security.

Egypt: a regional energy hub

The world is set to turn the focus to renewable and affordable energy, which comes as a result of the implosion of an energy crisis due to the Ukraine conflict. Since the conflict began,the price for crude oil has twice soared as high as US$ 105 a barrel.

Sun-drenched and rich in potential power-generation capacity, particularly in the area of renewables, Egypt's renewable energy potential unlocks greater financing and development cooperation opportunities. Bolstered by its strategic location, Egypt can also act as the main interlocutor between Europe, Africa and Asia in energy exports.

Egypt's efforts to diversify its energy sources helped it to become one of the region's leading countries in renewable energy, as stated in the recent 2020 Solar Outlook Report. Egypt recently launched the 2035 Integrated Sustainable Energy Strategy, which crafts a strategy that emphasises the importance of renewable energy and plans to increase the supply of electricity generated from renewable sources to 20 per cent by 2022 and 42 per cent by 2035, with wind providing 14 per cent, hydro power 2 per cent, and solar 25 per cent by 2035. Additionally, the Government plans to cooperate closely with the private sector to deliver this capacity.

The private sector plays a key role in delivering innovative solutions to this key sector. The Renewable Energy Law (Decree Law 203/2014) helped encourage the private sector to produce electricity from renewable energy sources, and the Electricity Law No. 87/2015 allows the activecontribution of private businesses in the sector, creating a competitive market where private investors can use local distribution networks to sell at negotiated prices.

Egypt's partnership with the EBRD helped the Government develop a tender for the Kom Ombo solar power plant, which is the largest private-sector power plant in Egypt. The project increased private-sector investment in renewable energy, boosted solar capacity by 200 MW and reduced Egypt's reliance on hydrocarbons. The partnership also helped finance a 252 MW onshore wind farm in the Gulf of Suez, which is one of the best locations in the world in terms of wind speed. The privately-owned facility is expected to avoid more than 450,000 tonnes of CO_2 emissions annually.

Sustainable infrastructure for green transformation

The key to unlocking further finance for sustainable infrastructure lies in the ability for decision-makers to mobilise collective action around private capital, and create effective data and transparency tools to strengthen trust and communication between the private sector, international development partners and the Government, and to move Egypt's sustainable infrastructure strategy forward. Egypt has pushed the envelope in transparency through its novel approach to ODA-SDG mapping, which is the first model of its kind to revise ODA in the era of SDGs and ensure that private investors have greater confidence in the value and impact of their contribution.

The Government of Egypt views the private sector as the key driver of economic growth, with private-sector-led investment and technology expected to play a critical role in increasing the Egyptian economy's competitiveness. We are keen to bring the innovative and technologically advanced expertise of private entities into the public sector and development agenda in the hope of pushing towards national and global sustainability targets.

Egypt's 6th of October Dry Port, the EBRD's first Green Cities Programme in Egypt, was recently awarded the IJGlobal Transport Deal of the Year in the Middle East and North Africa region. The project transfers part of the container traffic from road to railway, thus realising many social, environmental and economic benefits, such as reduced road congestion, accidents and environmental emissions. The project will also lead to significant greenhouse gas savings and air pollutant reductions, and is therefore consistent with the Green Economy Transition (GET) approach, and is 100 per cent GET.

Egypt: a start-up nation

We believe in the concept of the 'start-up nation' – a nation that not only supports start-ups, but also thinks and acts like a start-up. In 2021, we will be elevating entrepreneurship as a priority through private-sector engagement in every policy discussion in Egypt, implementing significant and continued reforms to rejuvenate the heart of our economy. Entrepreneurship and youth lie at the heart of development in the digital economy. It epitomises the beauty of the human spirit in its creativity, innovation and intelligence, and opens the door to various beneficial outcomes, whether material, cultural, technological or environmental. Egypt has the fastest growing entrepreneurship ecosystem in the MENA region.

To drive recovery, Egypt's burgeoning young population and communities will need support from all levels – the public and private sector, development partners and civil society groups, which is where our role falls as Ministry of International Cooperation. Egypt Ventures, established in 2017, aims to cultivate and foster a start-up culture in the Egyptian economy, catalyse the development of the entrepreneurship ecosystem, and build economic competitiveness leading to GDP growth. Egypt Ventures and its subsidiary enablers, including, but not limited to, Falak Startups and EFG-EV Fintech, invested in over 150 companies in Egyptian growth-stage start-ups and scale-ups. There are also various start-up accelerators and programmes, such as Flat6Labs, which offers a wide range of services that include mentoring, training and financing, and which has grown to be the leading business accelerator in Egypt, supporting 106 businesses and creating 7,450 jobs of which 6,293 are for women.

Egypt as the gateway to Africa

Egypt's private sector has prioritised several African markets – some of which are EBRD clients – in their international expansion strategies. Egypt's growing domestic market, as well as its geographic location as a gateway to the wider African continent, make the country an attractive investment destination, as the Bank can assist exporters looking for new markets. Therefore, Egypt can become the Bank's gateway to expanding into the wider African continent, as the Egyptian private sector has experience and skills in working in the region. This will help decrease the risk to the Bank and increase efficiency in its endeavour of expansion into the continent.

Moreover, Egypt supports efforts exerted to boost South-South Cooperation, which can facilitate the exchange of experiences and bring about new governance standards across the region. The Cairo Communiqué, issued at the end of the Egypt International Cooperation Forum in 2021, provides a set of recommendations outlining the importance of multilateralism, as well as South-South and Triangular Cooperation to ensure multilateral cooperation, especially among African countries, to achieve the 2030 Sustainable Development Goals and the African Union's Agenda 2063.

In that context, Egypt supports the EBRD's expansion into sub-Saharan Africa and Iraq. We endorse the Board of Directors report and approve a limited and incremental expansion of the geographic scope of the Bank's operations to sub-Saharan Africa and Iraq. And accordingly, we are looking forward to the Board of Directors submitting for decision by the Board of Governors an amendment to Article 1 of the Agreement by next year's Annual Meeting.

From pledges to implementation at COP27

No issue looms larger on the global stage than climate change, and in that light, Egypt's central message at COP27 this year in Sharm El Sheikh will be to move from pledges to implementation.

The OECD estimates that US$ 6.9 trillion a year is required up to 2030 to meet climate objectives, which means that delivering these financing targets will rely on blended finance tools and stronger public-private partnerships. Going forward, COP27 aims to discuss closing the financing gap on climate and to fulfil global commitments.

In line with the global sentiment for a cooperative financial governance framework, Egypt is developing an international framework for innovative finance, titled the *Sharm El Sheikh Guidebook for Just Financing* in the run-up to COP27. This framework aims to move global commitments to action through drawing out a realistic vision in which developing and emerging countries can de-risk green projects, attract private-sector investments and blend with public-sector resources.

Creating a clear pipeline for investment, the framework will be based on a multi-stakeholder approach that includes governments, the private sector, civil society, local communities, and multilateral development banks to increase the share of concessional resources aiming for greater ambition over the longer term.

Currently, through our cooperation with development partners, Egypt has been capable of demonstrating many successful experiences across different sectors that reflect the country's commitment to advancing the climate agenda via adaptation and mitigation projects. This is reflected in our portfolio of ongoing projects, including 85 projects worth US$ 11.9 billion, directly and indirectly contributing to the achievement of SDG 13 (climate action), whether by mitigation or adaptation measures in the energy, agriculture, transportation, infrastructure and housing sectors, among many others.

STATEMENT BY MR THOMAS ÖSTROS, GOVERNOR FOR THE EUROPEAN INVESTMENT BANK

First of all, I would like to express how glad I am that we can meet again in person. This event is an important step back to normality. And I would like to thank the Kingdom of Morocco, but also EBRD management and staff, for their excellent work in organising the Meeting.

Before I come to the questions raised by the Agenda, I would like to highlight the excellent cooperation between our banks, which has further improved since our last meeting.

> Firstly, co-financed operations have increased, and the project pipeline has grown significantly.
>
> Secondly, our working group, chaired by Vice-President Rigterink and me, has produced excellent results. Our joint reports to the ECOFIN Council have been welcomed by Member States.

Dear Madam President, I would like to thank you for the cooperation, and can promise that we will continue to reach out to you, to serve our joint clients and stakeholders.

Dear colleagues, I can only agree with previous speakers and strongly condemn the attack on Ukraine. This unjustified war brings suffering, misery and destruction to Ukraine, and also affects other countries in the region.

It requires joint efforts and close cooperation of the multilateral development bank community to strengthen resilience and support recovery. The EIB therefore welcomes that the EBRD is stepping up its efforts for Ukraine and affected countries, as they concern its core region. We must not forget that, 30 years ago, the EBRD was founded to facilitate transition in exactly this region. It is tragic that the Russian aggression has undone a substantial part of the progress achieved so far. As a consequence, transition in eastern Europe will remain the EBRD's core objective, and the EBRD will have to focus on this region for a long time. The EIB has therefore supported the resilience and recovery package. We strongly encourage the EBRD to proceed with its implementation and the deployment of an additional €1 billion in Ukraine by year-end.

We do of course see the financial risk that the war brings for the EBRD, which has started to materialise through losses. We appreciate the Bank's awareness of this problem and the efforts to cover risks through donor funds. The EBRD's support in the region will be needed for a very long time and will require financial strength. The EBRD's AAA rating is thus a valuable asset that needs to be preserved.

With regard to the second topic of our discussion – the potential expansion to sub-Saharan Africa and Iraq – I would like to be very brief, as these days, support for Ukraine is the EBRD's and all our main concern.

The Resolution foresees that a final decision shall be taken at the 2023 Annual Meeting – subject, however, to a positive capital assessment by the Directors. It is clear that, until a final decision in 2023, the war against Ukraine will bring significant operational and financial challenges to the EBRD. Thus, I appreciate that the Board of Directors will reassess these implications before the 2023 Annual Meeting. A difficult year lies ahead of us. It could bring further losses and the need to further increase support for Ukraine. This will have to be considered before the decision to expand can be taken by the Governors.

STATEMENT BY MR VALDIS DOMBROVSKIS, GOVERNOR FOR THE EUROPEAN UNION

1. The European Union (EU) is grateful to the Moroccan authorities for hosting the 2022 Annual Meeting of the EBRD, and for the hard work of the staff, management and Board of Directors of the Bank for preparing the meeting.
2. This meeting takes place at a pivotal moment in the Bank's history. The principles of multiparty democracy, the rule of law, respect for human rights and market economics are founding principles in the EBRD's Articles, and are more important today than ever.
3. These principles are being systemically undermined by Russia's brutal invasion of Ukraine, with active support from Belarus.
4. The EU strongly condemns Russia's unprovoked and unjustified military aggression against Ukraine, which violates international law and the UN Charter, and undermines international security and stability.
5. The EU welcomes the EBRD's Governors' decision to formally suspend access for the Russian Federation and Belarus to the resources of the Bank, and welcomes the Bank's decision to close its Resident Offices in both Moscow and Minsk.
6. The impact of the Russian aggression against Ukraine on the EBRD's countries of operations, but also the global economy, is significant. The key drivers for this are higher energy and food prices, and increasing food insecurity, which – along with supply chain

disruptions – reduce growth and add inflationary pressures. Such spillovers will hit the most exposed and vulnerable countries and their citizens the most.

7. The EBRD has an important role to play and, being the major institutional investor and having more than 30 years of experience in Ukraine, is well placed to provide its support now and in the reconstruction. The EU calls on the EBRD to draw on its local knowledge, unique mandate and private-sector focus, to mobilise support for Ukraine and other affected countries of operations as they tackle the direct and indirect impacts of the Russian aggression against Ukraine.

8. Ukraine is fighting for all democracies. It is fighting for its own freedom, but also for the security of us all against tyranny. This should be clear to all. This is why the global community has to do whatever it takes to step up and provide support to Ukraine in its hour of need.

9. In this context, the EU is already doing a great deal to assist Ukraine, including by providing: emergency macro-financial assistance of €1.2 billion, with the next programme in the pipeline; a pledge of €1 billion at the "Stand up for Ukraine" global donor campaign; and hundreds of millions more in humanitarian assistance and refugee support. The EU has also proposed unprecedented trade facilitation measures to support Ukrainian producers and exporters.

10. Ukraine's needs are immense. To complement the financial support being provided by the EU and other international institutions, the EBRD's support to the economy will also be crucial.

11. The EU welcomes the initial response of the EBRD through the €2 billion Resilience and Livelihoods Framework, and the focus and priority being given to supporting the economy in Ukraine in areas including: (i) trade finance for essential goods; (ii) energy security; (iii) vital infrastructure and the provision of liquidity to municipalities; (iv) food security, including support to farmers, agribusiness companies and food retailers; and (v) pharmaceuticals. The EU encourages swift implementation and disbursements under this package.

12. Beyond Ukraine, many EBRD countries of operations will be severely impacted by the Russian aggression. Millions of Ukrainian refugees have moved to neighbouring countries. Therefore, the EU welcomes the EBRD's response through its Resilience and Livelihoods Framework to support neighbouring countries in areas including: (i) energy security; (ii) municipal services and livelihoods for displaced persons; (iii) trade finance; and (iv) provision of liquidity for small and medium-sized enterprises.

13. The consequences will be felt by those countries accepting refugees, as well as those who have been dependent on trade with Russia and whose economies are still integrated with the Russian economy, including some countries in Central Asia, the Southern and Eastern Mediterranean, and the Western Balkans. The EBRD's additional support will be needed in these countries too.

14. In this situation, coordination with all actors, including on the sequencing, priorities and approach to practical implementation of the support, is of utmost importance to maximise support to Ukraine and affected countries. The EU encourages the EBRD to work closely with the European Commission, other international financial institutions, and national authorities to ensure a coherent response.

15. The EBRD enters the crisis in a position of strength, with the Bank having a strong capital base and liquidity cushion against the current financial shock, as well as the capacity to support ongoing business in Ukraine and other countries of operations. The EU reaffirms its strong support to the EBRD as a shareholder, donor and partner to the Bank, and supports the dual objective of the Bank stepping up its support to Ukraine and preserving the Bank's sound capitalisation and AAA rating, which are two sides of the same coin.

16. The EU remained the Bank's largest donor in 2021, providing nearly €300 million to support the EBRD's activities. The EU is already actively supporting several EBRD operations in Ukraine and the EU's Southern and Eastern neighbouring countries. This support includes a signed guarantee capacity of €150 million, with a recently increased guarantee coverage to back the provision of liquidity in favour of public utilities in Ukraine severely affected by the invasion. An additional €200 million in new guarantees and further amendments to existing ones are currently under negotiation. In addition, the recent launch of the European Fund for Sustainable Development, plus a call for proposals, with a tentative allocation of €6 billion, will allow the EU to support a substantial pipeline of projects, including a range of EBRD investments and initiatives.

17. The EU encourages the EBRD to explore options to further increase the Bank's activity in Ukraine and support the Bank's participation in the reconstruction phase. The EU is committed to playing a leading role in reconstruction efforts and expects all partners to coordinate closely, including the EBRD. The EBRD should play an important role within the system of international institutions to prepare concrete plans for the reconstruction of Ukraine as soon as conditions allow.

18. The EU welcomes the EBRD's strong performance in 2021, during which the Bank met its transition objectives, strengthened its capital base, and produced a strong year of investment, despite significant challenges resulting from the Covid-19 pandemic. The EU supports the EBRD's progress in implementing the Strategic and Capital Framework 2021-2025, including the adoption in 2021 of: the Strategy for the Promotion of Gender Equality, the Equality of Opportunity Strategy, the Digital Transition Approach, the mobilisation approach, and the ongoing work to fully align all the Bank's activities with the objectives of the Paris Agreement by the end of 2022.

19. The EU invites the EBRD to continue the systematic deepening of its coordination with other international financial institutions, and in particular the EIB. We expect the EBRD to build on the EBRD-EIB Framework Cooperation Agreement (FCA) and to take further steps towards higher efficiency and policy impact of joint projects in order to further facilitate joint due diligence, information-sharing, missions and optimising resources in joint projects.

20. The EU encourages the EBRD, to the extent possible, to extend the approach of the FCA to include other European development finance institutions, so as to ensure the open architecture principle embedded in the European financial architecture for development.

21. The EU supports the decision to approve, in principle, a limited and incremental expansion of the geographic scope of the Bank's operations to sub-Saharan Africa and Iraq. It is important not to lose sight of broader strategic interests for the Bank. Any decision on a change to the Bank's statutes should be proposed to the Governors only once the Board of Directors, taking into consideration the impact of the war on Ukraine and the Bank's response, has reconfirmed that any limited and incremental expansion to sub-Saharan Africa and Iraq would not in itself impair the Bank's ability to support its existing countries of operations, compromise the Bank's AAA credit rating, or lead to a request for additional capital contributions.

22. The Bank must, in the meantime, put its full resources into supporting Ukraine and other countries affected by the Russian invasion. It is important, now more than ever, for the Bank to focus its efforts on supporting those countries that are committed to and applying the principles of multiparty democracy and pluralism. The EU stands fully behind the EBRD in contributing to this goal.

STATEMENT BY MS NINA VASKUNLAHTI, ALTERNATE GOVERNOR FOR FINLAND

Let me start by thanking the President, Madame Odile Renaud-Basso, the secretariat of the Bank and the Moroccan authorities for all the hard work for the Annual Meeting of 2022, with such a comprehensive agenda despite difficult geopolitical circumstances. We would like to congratulate the Bank for reaching an impressive financial and operational result in 2021. I would also like to congratulate the President for her very successful running of business. My congratulations extend to all staff in the EBRD.

This spring, we have heard news and seen images of the devastating events ongoing in Ukraine. Contrary to all of our wishes, war and destruction have returned to the European continent on a scale no one wanted to believe possible. Finland strongly condemns Russia's unprovoked and unjustified acts of aggression against Ukraine, which grossly violate international law and the UN Charter. Russia's invasion is also an attack against the entire European security order. We declare our solidarity with the Ukrainian people who are fighting for their country.

Finland has provided various forms of assistance to Ukraine, and remains committed to continuing its support also in the future. Finland has increased both funding for humanitarian assistance and material support based on requests by Ukraine. After the war, the need for reconstruction in Ukraine will be substantial. Finland is preparing to participate in the reconstruction of Ukraine in various ways.

In these difficult times we are very grateful to have an operator like the EBRD with a political mandate to assist those countries that are not only proceeding in their transition towards market-oriented economies, but are also applying principles of multiparty democracy and pluralism. Current circumstances make it even harder for the EBRD to navigate the difficult operational environment in implementing the mission its shareholders set out in the Strategic and Capital Framework 2021-2025, and to reach good financial results. Responding to both short and longer-term impacts of the war across its countries of operations is a daunting task.

We welcome the Bank's swift action to suspend access for the Russian Federation and Belarus to the resources of the Bank. The initial €2 billion resilience package of measures to help citizens, companies and municipalities affected by the war in Ukraine and in neighbouring countries is an important crisis-response measure. In this difficult situation, the Bank should use its strengths, and aim to use its resources in carefully selected operations where the value added is the greatest. According to the EBRD's mandate, the Bank should emphasise planning how best to support sustainable and resilient reconstruction.

War in Ukraine has brought green transition even more firmly to the epicentre of policy priorities in Europe. The time to push for the transformation from a fossil-fuel-based economy to a green, climate-neutral and circular economy is now. We gladly noted 51 per cent of the Bank's operations in 2021 were green. Although this share might diminish this year due to special circumstances, we urge the Bank to put a continuous emphasis on green investments.

European transformation from dependency on oil and gas towards fossil-free energy needs to be strengthened. This spring has made it clear that this is also a security policy choice in more than one way. Security includes not only energy security in a traditional sense but also security from the devastating consequences of climate change. The EBRD's wide-ranging programme of policy and investment activities support this goal. Engagement in political advisory work is a prerequisite for ensuring inclusive growth in green transition.

In the coming years, we can expect to see hundreds of billions of euros of investments globally into green transition and digitalisation. Rebuilding the economy after the pandemic offers us the possibility to do things differently – to build back better and greener. Many areas where we need to build green while strengthening sustainability and resilience are in the realm of the public domain. Key sectors like education, health and energy efficiency can be seen as public goods. Concessional funding is integral to achieving green goals. Hence, the EBRD's current business model will meet many future challenges in this regard. We encourage the Bank to explore more ways to integrate climate change mitigation and adaptation, and a circular economy approach, as well as biodiversity and nature-based solutions into its operations.

A lot of work is being done to develop decarbonisation policies and strategies by the Coalition of Finance Ministers for Climate Action. The multilateral development banks already support this work in many concrete ways, including the EBRD. These banks are particularly important for the Coalition when it comes to regional work. Finland is in transition to a carbon neutral economy by 2035.

The EBRD must be constantly ready and agile to engage with all relevant partners, most importantly with the EIB and the other potential EU partners. A better division of labour, coordination and synergies can make better use of the capital already available to European financial institutions, thereby increasing investment volumes and enhancing the development impact of operations.

Standard-setting and knowledge-sharing within and between the European financial institutions are prerequisites for building capacity to reach our shared green goals. The European financial architecture for development is designed to offer new opportunities for cooperation. From a shareholders' perspective, we urge all parties to push real efforts to further integrate and systemise this cooperation.

The European financial architecture for development is open, collaborative and inclusive, aimed at incentivising and engaging all European development banks and financial institutions of various sizes. It must build on their comparative advantage, value-added and resources. European development banks and financial institutions need to work together more effectively and efficiently, building on their complementarities. We need to ensure a level playing field for all, and crowd in private investments.

We consider the political significance of the EBRD's limited and incremental geographical expansion to sub-Saharan Africa and Iraq important. Offering the Bank's expertise in supporting the private sector of selected countries of operations in sub-Saharan Africa and Iraq can create the additional value needed, and speed up the transformation of the selected countries of operations towards market-oriented economies.

However, given the current geopolitical circumstances and the need to finance current countries of operations, we would prefer to leave open the timeline for finalising the respective legal work of the expansion. Although some of the financial consequences of the attack of the Russian Federation on Ukraine are already visible, others remain unclear. Before committing to operations in new countries of operations, we expect the Bank to carefully assess and clearly communicate its financial situation. We want to reiterate that the potential expansion should not generate additional costs for shareholders and cannot under any conditions jeopardise the EBRD's AAA status, transition mandate and sound banking, nor lead to a capital increase, even in the longer term.

The EBRD is by definition specialised in thriving on change, and I have no doubt this will be the case once more. To conclude, I wish the Bank every success in guiding and financially supporting still more countries of operations in their journeys towards sustainable transition in the 2020s. We hope for brighter times to come soon.

JOINT STATEMENT BY MR CARSTEN PILLATH, ALTERNATE GOVERNOR FOR GERMANY AND MR WILLIAM ROOS, TEMPORARY ALTERNATE GOVERNOR FOR FRANCE

EBRD Governors are gathering on 11 May 2022 on the occasion of the Bank's Annual Meeting, about two months after Russia launched a military invasion of Ukraine. This ongoing war constitutes the single most important geopolitical challenge in the EBRD's region of operations since the creation of the Bank.

Our thoughts go to the Ukrainian people affected by the military aggression – victims of the war, women, men, and children, the very young and the very old, enduring the war in their homes, as displaced persons in their own country, or as refugees abroad.

The French and German Governments have condemned this unjustifiable military aggression in the strongest possible terms. As stated in Article 1 of the Agreement Establishing the Bank, we recall the EBRD's mandate to contribute to economic progress and reconstruction and that its members are committed to the principles of multiparty democracy and pluralism. We also reiterate the reference to the Final Act of the Helsinki Conference on Security and Co-operation in Europe (in particular its Declaration on Principles) set out in the Preamble to the EBRD Agreement. The war on Ukraine goes against the historical background, values and aspirations that have presided over the creation of the EBRD. Because of this attack on Ukraine led by the Russian Federation and facilitated by Belarus, we have supported the decision by the EBRD's Board of Governors, set out in Resolutions 245 and 246, to suspend access to the EBRD's resources for these two countries.

The tragic events call for an ambitious response. With its unique geographic mandate and expertise, the EBRD has a key role in supporting Ukraine and other affected countries. We express our determination to support the Ukrainian people and its economy. We therefore see a continuum between the indispensable efforts and investments of today to secure the resilience of both Ukraine's economy and its society, and our future ability to lead the reconstruction of Ukraine.

Together with the vital support to Ukraine's budgetary needs, we consider that the EBRD's support to the Ukrainian economy constitutes a fundamental element of the resilience of the country itself. It is also crucial, among others, to maintain: the vital services delivered by state-owned enterprises and municipalities to the population; the wide availability of indispensable goods and services on the whole Ukrainian territory; the continuity of supply chains, agricultural and manufacturing production, and the ability of Ukrainian companies to engage in trade.

We commend the Resilience Package put in place by the EBRD to respond to the economic consequences of the war on Ukraine and on directly affected countries, with an initial value of €2 billion, targeting priorities such as energy security, municipal services, vital infrastructure, trade finance for essential goods, food security and pharmaceutical companies. We further welcome the concrete projects by the EBRD to support areas such as the financing of Ukrainian SMEs, liquidity provision to state-owned enterprises, the energy supply needs of Ukraine and Moldova, the food supply chain, and food security. As the economic and financial consequences of the war on Ukraine propagate beyond directly affected countries, in particular through financial, trade, and labour-market channels, we also praise the EBRD's intention to provide the support needed to all its countries of operations, based on the already available financing instruments of the Bank.

We believe that tomorrow, the EBRD will have to play an important role in the physical, economic and social reconstruction of Ukraine and in supporting an ambitious medium-term reform agenda for a socially just transition to a well-functioning sustainable market economy.

As the large-scale, EBRD-led, multi-donor-funded Chernobyl project illustrates, the EBRD has already proved, in the past, its ability to position itself, not only as the first institutional investor in Ukraine but also as a major bilateral and multilateral fund manager in the country. This experience, together with an impactful intervention by the EBRD in support of the resilience of the Ukrainian economy during wartime, could pave the way for an equally important role in the reconstruction phase. While encouraging the Bank to provide an ambitious response to the war on Ukraine, and commending its commitment to mobilise substantial resources on its balance sheet, we acknowledge that the Bank would not be able to act in a sufficiently substantial and impactful manner without additional support.

We are ready to contribute to that endeavour as well as to the realisation of concrete projects, critical for the functioning of the Ukrainian real economy. In addition, we are willing to explore, together with the EBRD's management, a range of options that could enable shareholders to provide additional support for the Bank's increased activity in Ukraine, and the Bank's participation in the reconstruction phase.

With particular attention, in the current context, to the situation in Moldova, we reiterate our full support to Moldova and its people. We commend, in particular, the activities developed by the EBRD to strengthen Moldova's economic security, stability and prosperity.

Beyond the ambitious response set up by the EBRD in support of the resilience of Ukraine and the directly affected countries, we reiterate the importance of the strategic directions outlined in the EBRD's Strategic and Capital Framework 2021-2025, which frames the Bank's intervention in all its countries of operations.

We are satisfied that the Bank's instruments developed and offered to its existing clients during the Covid-19 crisis, and the continued efforts of the Bank since then, have successfully supported those clients in coping with the economic consequences of the pandemic.

We consider that the Bank's Strategic and Capital Framework priorities, in particular transition to a green economy, gender equality and digitalisation, continue to be highly relevant, both in the context of the war, and in the perspective of *building back better* the economies as they address Covid-19 crisis-recovery challenges.

As unprecedented geopolitical events are taking place in the EBRD's region of operations, we note the increased concerns and needs for energy security in many countries of operations. Beyond the immediate support measures to ensure greater flexibility of energy supply (with potential derogations to the Bank's policies in exceptional circumstances), we are satisfied that green and low-carbon development trajectories continue to constitute the most relevant and powerful direction for economic, energy, and climate transition. We welcome the intense efforts undertaken by the EBRD to develop and strengthen, in conjunction with other development institutions, the *Paris-alignment methodology*, and look forward to actual alignment, by year-end, of all EBRD activities (direct and indirect financing) to the objectives of the Paris Agreement. We encourage the strengthening of the EBRD's green (including biodiversity) and climate ambition in all its sectoral strategies and activities.

We further welcome the verified value proposition of the EBRD in sub-Saharan Africa, ensuring that the EBRD's intervention would enhance the impact of the development system as a whole. We support a limited and incremental expansion to sub-Saharan Africa, compatible with the Bank's ability to support its current countries of operations and its financial soundness. Moreover, we believe the expansion will send a strong signal of support to the EBRD's strategic ambition, and will give confidence that the Bank can play an important role in stabilisation and economic prosperity regarding all its countries of operations. Consistent with the strategic interest underlined in the Strategic and Capital Framework 2021-2025, we support the EBRD Governors' decision to approve, in principle, a limited and incremental expansion to sub-Saharan Africa and Iraq.

Finally, we commend the leadership of the EBRD for its ability to pursue, at the same time, specific and ambitious responses to the unprecedented challenges faced by its countries of operations, and the important strategic orientations taken by the Bank during the Strategic and Capital Framework period. We convey our appreciation to all the staff of the EBRD for their strong dedication, and wish to express our particular sympathy and gratitude to the staff of the EBRD Ukraine office.

STATEMENT BY MR LASHA KHUTSISHVILI, GOVERNOR FOR GEORGIA

It is my pleasure to represent Georgia and participate at the Annual Meeting and Business Forum of the EBRD.

I am grateful to the dedicated team of the EBRD and the Government of Morocco for organising the event in this challenging environment, especially in this difficult period of time.

First, I would like to extend Georgia's support to Ukraine and the brave Ukrainian people in the completely unprovoked war caused by the Russian invasion. Georgian people feel and know the sufferings of the Ukrainian people the most, and we stand by them, by its sovereignty and territorial integrity. We have joined the international efforts to support Ukraine, and our country is committed to implementing all internationally imposed sanctions, including in the financial sector.

Despite the V-shaped recovery in 2021 and promising start of 2022, the new geopolitical turmoil that emerged in the region threatens the outlook of 2022 and adds uncertainty to the medium-term stance. We expect that the crisis will reduce our growth in 2022 from close to the 6 per cent we anticipated previously to around 3.2 per cent. Inflation remains high, reaching an average of 9.6 per cent in 2021 (year-on-year) – much higher than our 3 per cent target. It is expected that inflation will stay even at a high level in 2022 as well. As Russia and Ukraine represented significant trading partners of Georgia, regardless of the transmission channels, the magnitude of the shock is more uncertain. In the baseline scenario, we expect more than a US$ 1 billion loss in current account revenues (5 per cent of GDP).

Following the theme of the 2022 EBRD Annual Meeting and Business Forum – *Responding to Challenges in a Turbulent World* – it is important that the EBRD response should be focused on supporting Ukraine's economy and infrastructure, as well as other countries impacted. In this regard, it is important to highlight the EBRD Resilience Package endorsed by the Board of Directors to finance a framework for private companies, municipalities and other organisations in Ukraine and neighbouring countries to help them to meet emergency needs, with a strong focus on trade finance, energy, food security and vital infrastructure, together with other activities to support refugees.

Within the context of responding to the challenges caused by the war in Ukraine, I would like to highlight some areas where the EBRD should enhance its focus and take decisive actions to achieve its mandate and goals:

- Recent developments have shown energy independence and energy security have become a priority worldwide. Georgia has the potential of generating green energy through its water, solar and wind resources. We are committed to developing a framework, which encourages investments in renewables. The EU flagship project on Black Sea connectivity (an undersea electricity cable), the feasibility considerations for which are ongoing at the World Bank, could have a very important role in connecting with the European grid. We hope that more resources will be available going forward, and we are sure that many interesting projects will be implemented in the future with EBRD support in the direction of the green economy.
- Further, it is important to continue, and even increase, our focus on economic and structural reforms. Recent developments in the region have really showed the significance of the path of structural reforms we had been following: state-owned-enterprise reform and capital market reforms are aimed at strengthening the fundamentals of our economies and facilitating resilience to shocks.

Having said that, I trust we will work very closely as always. And I am confident that, with close and effective collaboration, we will recover and emerge stronger!

STATEMENT BY MR IOANNIS TSAKIRIS, ALTERNATE GOVERNOR FOR GREECE

Given the highly uncertain times ahead in a region, which is central to the Bank's institutional mission, firstly I would like to reaffirm our long-term support and commitment to the EBRD in delivering a meaningful and impactful response to the crisis triggered by Russia's unprovoked military attacks on Ukraine.

We therefore fully support the EBRD's immediate and medium-term response to the war, followed by a reconstruction programme in Ukraine when the conditions permit, primarily to rebuild critical infrastructure and access to services.

Although 2021 seems so long ago, it would be inappropriate not to praise the EBRD's management and staff for their performance last year in a difficult set of market conditions due to the Covid-19-induced crisis.

Naturally, the war on Ukraine has implications also on the process regarding the contemplated expansion to sub-Saharan Africa and Iraq. Our approval of such an expansion, even with implementation deferred in time, indeed will confirm the long-term mission of the Bank in meeting global policy priorities beyond the immediate crisis.

However, such an expansion should in no way jeopardise the EBRD's ability to support Ukraine and the existing countries of operations, which is the immediate priority for the Bank.

That said, there is still uncertainty as to the precise scale of the impact of the war. Therefore, it is important to commit to sound banking practices, to protect the AAA-rating of the Bank, and to refrain from extraordinary business activity that could place further pressure on the Bank's solvency strength.

Finally, I would like to acknowledge the Bank's commitment to continue to support and cooperate with the Greek Government for the benefit of our country. We highly appreciate the EBRD's engagement in Greece in line with its mandate, and we encourage management to further promote the development of the local private equity ecosystem, including via initiatives focused on renewables and energy efficiency investments.

STATEMENT BY MR BJARNI BENEDIKTSSON, GOVERNOR FOR ICELAND

Iceland condemns in the strongest possible terms Russia's unprovoked and unjustified act of aggression against Ukraine, which grossly violates international law and the UN Charter, and undermines international security and stability. We declare our solidarity with the Ukrainian people who are fighting for their country, their cities, their homes, their families, their lives. We demand that Russia immediately cease its military actions, withdraw all its troops from the entire territory of Ukraine, and fully respect Ukraine's territorial integrity, sovereignty and independence within its internationally recognised borders. The Nordic-Baltic countries are working in close cooperation with international partners to implement strong, far-reaching and effective sanctions with severe impacts on Russia and its accomplice Belarus, as part of broader efforts of further isolation.

I applaud the Bank's swift response with the EBRD resilience package for Ukraine. I call on the Bank to continue to coordinate with Ukraine and development partners, to ensure a robust response to help the Ukrainian people during this difficult period. Reconstruction efforts will require significant amounts of financial resources, and we urge the Bank to explore all possible options for resource mobilisation.

I urge the Bank to remain focused on the recovery from the Covid-19 crisis. The pandemic is continuously challenging global health and development, and its repercussions have hit low-income countries with the weakest health systems the hardest. In particular, the most vulnerable people are facing the worst consequences of the pandemic, with limited access to health and social services.

Iceland welcomes the significant progress that the EBRD has made over the last years, and I would like to congratulate the EBRD staff on the favourable operational and financial results achieved in 2021.

Iceland supports further work regarding the expansion of the Bank's geographic scope. Needless to say, it should be underpinned by the principles that any expansion should not impair the Bank's ability to support its current countries of operations or deviate from the Bank's mandate to support transition. The case for expanding operations into areas where the Bank can, without any doubt, be an important vehicle for green and equitable change is urgent, and should not be delayed unnecessarily. Indeed, as geographic delimitations become increasingly challenged by rapid technological advances and economic integration, we will need to revisit the concept of geography in the EBRD's operations.

However, the utmost priority of the Bank is currently supporting Ukraine and other countries of operations in the face of the deep and widespread consequences and the destabilising impact of the war on Ukraine; and consequently, it would be prudent to reconfirm that any limited and incremental expansion to sub-Saharan Africa and Iraq would not in itself impair the Bank's ability to support its existing countries of operations.

Iceland welcomes the increased emphasis on renewables in the Bank's strategy and, on the flipside, the clear commitment not to finance coal projects. Iceland leads Europe in terms of renewables as a share of total energy production and consumption, and we are eager to assist EBRD countries using our experience and highly developed expertise, especially in hydropower and geothermal power.

In light of the above emphasis, we fully support the strategy put forward to align all projects with the goals of the Paris Agreement from 2023, and enhancing support for countries' decarbonisation strategies. In the coming years, we need to ensure that the Bank develops its capacity and efforts to address climate change by accelerating low-carbon transition, promoting sustainable and smart cities, and applying and deploying new technologies in that field.

Finally, the past year has been trying and testing for the whole world. Allow me again to thank the President, the Board, management and staff for their good service during these times. I wish them and their families good health going forward, and firmly support them in their endeavours for the Bank.

STATEMENT BY MR PAUL RYAN, TEMPORARY ALTERNATE GOVERNOR FOR IRELAND

At the outset, Ireland would like to thank our Moroccan hosts and the Bank management for their hard work and efforts in organising this meeting, our first in-person engagement since 2019.

We would like to congratulate the President on her leadership of the Bank, in particular the strong and quick stance taken on the unprovoked Russian invasion of Ukraine. We specifically commend the swift decision of the Bank under Article 8.3 to suspend access by Russia and Belarus to the resources of the Bank. This decisive action sent a strong and very necessary message to the Russian and Belarusian authorities. We strongly condemn the Russian invasion and the assistance provided by Belarus to these actions.

The Russian invasion of Ukraine has brought into stark focus the need for, and continued relevance of, the EBRD. International organisations such as the Bank are vital players in ensuring that Ukraine gets all of the required support it needs to keep vital services functioning in these difficult times facing the country. In this regard, Ireland encourages the Bank and fellow shareholders to do everything it can to support Ukraine.

We want the EBRD to demonstrate its additionality by playing to its strengths in the mobilisation of the private sector towards supporting vital infrastructure and essential supplies. This will be even more important when we enter the reconstruction phase once hostilities cease.

The Russian invasion of Ukraine is driving up prices for essential food and agricultural commodities. The worst impacts will be felt by the poorest people and the poorest countries, especially those who are reliant on imports for their food security. This is a major global challenge for the coming months and possibly years.

Against this background, we note the ongoing debate on expansion to sub-Saharan Africa and Iraq. We maintain our long-held view that any expansion must be supported by a rational business case, capable of attracting the widest possible support of shareholders. In addition, this expansion must not adversely impact on the countries of operations and the Bank's financial stability. On this basis, we can support an incremental expansion subject to a further examination of its potential impact on the Bank's ongoing business and response to the current severe challenges facing Ukraine and neighbouring countries. If this situation worsens, the Bank will need to reconsider the expansion, and the issue must be revised before a final decision is taken. This measured and considered approach was the hallmark of previous expansions that Ireland supported. It needs to be repeated for this future expansion.

Since we last met, the Bank has taken decisive and tailored action in response to Covid-19. We welcome the progress achieved in this area, especially in countries of operations. The Bank's interventions in areas such as short-term liquidity, working capital and trade finance were important financial supports to help mitigate the long-term impact of the pandemic. Given the current problems facing countries of operations, these instruments will also be very necessary in helping Ukraine and neighbouring countries, as well as countries in Central Asia and the Southern and Eastern Mediterranean. As we move forward, it will be essential that the Bank maintains focus on the post-Covid response, and continues to work closely and successfully with the public and private sectors in the countries of operations – including Lithuania and Kosovo, our fellow constituency partners – to ensure that its products meet local market needs and build the foundations for future growth.

We also welcome the Bank's action on the green agenda. Since deciding to align its climate ambitions with the Paris Agreement by December 2022, the Bank has continued its commitment to support action on climate change. With full alignment to Paris, the Bank's value-added work on climate will clearly exemplify how it can help countries of operations in their transition to low-carbon sustainable economies.

As a strong supporter of multilateralism, we see the level of engagement and cooperation as envisaged in the European financial architecture for development as absolutely critical for the future. Duplication and overlapping of scarce resources must be eliminated in order to allow full, effective, efficient and economic impact of this work.

Finally, I would like to reiterate that Ireland strongly stands with Ukraine and supports the Bank in protecting the democratic aspirations behind the original establishment of this institution.

STATEMENT BY MR ALON MESSER, TEMPORARY ALTERNATE GOVERNOR FOR ISRAEL

I am honoured to take part in this year's EBRD Annual Meeting on behalf of the State of Israel. I would like to take this opportunity to thank the authorities of our host country, the Kingdom of Morocco, for their gracious hospitality and expert organisation of this Annual Meeting.

I would also like to thank the President of the EBRD, Ms Odile Renaud-Basso, and all Bank staff and management, in London and in the Resident Offices, for their leadership and efforts throughout this challenging period.

We welcome the Bank's strong financial position and results achieved in 2021 – investing €10.4 billion in more than 400 projects, all while maintaining strong financial sustainability and generating a record profit of more than €2.5 billion. Additionally, we applaud the Bank's record operational and transition impact results, which are at the core of its business. We are confident that, despite the ongoing challenges, the strength of the Bank's capital and liquidity positions will allow it to continue to provide the necessary support to countries of operations and clients throughout 2022 and beyond.

We are encouraged by the progress reported in the review of the implementation of the Strategic and Capital Framework 2021-2025, particularly on the three cross-cutting themes – the green economy transition, equality of opportunity and the digital transition. The Framework, along with its complementary and supportive Strategy Implementation Plan 2022-2024, serves as a roadmap for the EBRD's assistance to countries of operations in building sustainable market economies and adherence to the core principles outlined in its mandate.

On the Green Economy Transition, the Bank made promising progress, reaching its 2025 goal of being a majority green bank, with over half of its investments in green finance. We applaud this feat, and look forward to the Bank making further progress towards its green goals by achieving Paris alignment by the year's end, and continuing to support countries of operations and clients in strengthening their decarbonisation strategies.

We were also delighted by the Bank's increased focus on equality of opportunity and gender equality, with two new strategies and a more than doubling of inclusive and gender-tagged projects over the past year.

Going hand-in-hand with the Bank's promotion of equality of opportunity is its Approach to accelerating the digital transition. Israel believes that digitalisation is a key to making progress towards many development and transition goals, including boosting inclusion among women, and minority and vulnerable populations. We strongly support the Approach’s focus on providing countries of operations with the tools and financing needed to establish the necessary supportive digital infrastructures, build enabling ecosystems, and promote adaptation among enterprises and governments – each of these elements being crucial to the development of a modern and resilient digital market economy. We look forward to supporting the Bank's implementation of the Approach, and sharing from Israel's expertise and experience.

We must note our concern over the lack of growth in the Bank's business across early transition countries, the Western Balkans and the Southern and Eastern Mediterranean region. It is of the utmost importance that the Bank be committed to these countries, which have the greatest transition needs and the most to gain from the Bank’s support in building greener, more inclusive and digitalised economies. We look forward to the Bank's increased focus on these countries in 2022.

In light of the events of the past two-and-a-half months, we feel it is important to emphasise that the Bank's duty is, first and foremost, to its current countries of operations. However, we continue to support the EBRD's proposed expansion into new markets, in which the Bank's unique expertise, experience and attributes can serve to fill knowledge and investment gaps, and complement the work of other international financial institutions and development actors. We believe that the Bank can offer significant added value in the proposed markets, particularly in regards to private-sector development through upstream engagement and resource mobilisation.

Such an expansion should be undertaken under the condition that the EBRD’s ability to support current countries of operations is not in any way impaired, especially in light of expected increases in demand for Bank support in the near and medium terms stemming from the war in Ukraine. We are encouraged to see this emphasised in the Board of Directors report to Governors, in addition to the affirmation of the principles that expansion should not: compromise the Bank’s AAA rating; lead to a request for additional capital contributions; or deviate from the Bank's mandate to support transition and the principles of additionality and sound banking. We are pleased to support the in-principle limited and incremental expansion, and look forward to the decision at next year’s Annual Meeting regarding the amendment to Article 1.

I would like to close by reaffirming the State of Israel's strong support for the EBRD's work across all of its countries of operations, and thanking the EBRD staff and leadership for their unwavering commitment to the Bank's mission of fostering transition, especially in these challenging times.

Once again, I would like to thank the Kingdom of Morocco and the EBRD staff for organising this successful Annual Meeting, and I look forward to our next meeting in Uzbekistan.

STATEMENT BY MS FRANCESCA UTILI, ALTERNATE GOVERNOR FOR ITALY

We warmly thank the Kingdom of Morocco for hosting the 2022 Annual Meeting of the EBRD in beautiful Marrakech. Unfortunately, the meeting is very sadly marked by Russia's unprovoked and unjustifiable war of aggression against Ukraine, facilitated by Belarus.

The Italian Government stands in full solidarity with Ukraine and neighbouring countries, and commends the Ukrainian people for their firmness in preserving the sovereignty and territorial integrity of their country.

We are deeply shocked and saddened by the devastating human and economic toll caused by the war, and we condemn Russia's military aggression, especially for the suffering and loss of lives it continues to cause.

We stand firmly behind the sanctions against the Russian Federation put in place in coordination with our partners and the European Union, and appreciate those decided by international organisations and the broader international community; we are ready to sustain and increase our pressure for as long as necessary.

As such, we fully supported the recourse to Article 8.3 of the Agreement Establishing the Bank, and the official suspension of operations in the Russian Federation and in Belarus.

The economic consequences of the invasion will be enormous and still unpredictable in their entirety; they relate not only to the direct impact on Ukraine first, and on neighbouring countries, but also include the spillovers to countries economically linked to Russia.

As a result, the whole current EBRD geography is impacted by this crisis, and in the months and years ahead, the Bank will be able to be as important for its countries of operations as it was when originally established.

We appreciate the measures envisaged by the EBRD to support Ukraine and neighbouring countries affected by the war, especially with the flow of refugees. In this latter respect, we welcome the support to affected municipalities to secure the provision of essential services, especially to internally displaced people but also to those outside Ukraine.

We strongly support the general focus on vital needs, starting with food security; this is an already widespread challenge outside the area of direct war impact. Energy security and support to SMEs are also of paramount importance to keep the economy alive and ready to rebound when the war is over.

We see the EBRD model, coupling investments with technical assistance, as a perfect fit for the circumstances.

We agree that recourse to additional donors' funding might be needed to reduce risks on the Bank's balance sheet and preserve financial soundness, according to the principles characterising our business model. Shareholders are already showing support.

Nevertheless, we urge further steps to increase the share of EBRD resources in the exercise. Any possible stretch in the use of the Bank's capital will be vital, especially in view of the reconstruction needs in Ukraine.

Considering its unique position in the region and its distinctive business model, the EBRD has an historic opportunity to play a key role in such a phase.

Constructive coordination among international financial institutions is crucial in this phase, but a joint effort will be even more critical in the reconstruction, when a clear division of labour should be pursued to maximise financing and impact.

In the early days of the war, the Italian Government provided around €110 million of grants for direct budget support to Ukraine, directed at funding the functioning of the Administration and the provision of essential services to the population.

At the Washington DC ministerial roundtable in support of Ukraine, our Finance Minister announced the disbursement of an additional bilateral loan of €200 million to further assist the Ukrainian Government and support the population.

We have allocated around €500 million to support Ukrainian refugees arriving in Italy and internally displaced people in Ukraine. We have also contributed €26 million to international organisations assisting civilians in Ukraine (UNICEF – Red Cross – UNHCR).

We are ready to accompany the EBRD's stake in these efforts with our own contribution, on the basis of a structured programme and pipeline.

On the expansion of the Bank's geographical scope to sub-Saharan Africa, we remain convinced that, under clear conditions and constraints, this could have value for the targeted region, and the institution.

Nevertheless, especially in view of the risk of posing additional operational strain on the institution, we do not expect the discussion to resume before the 2023 Annual Meeting, when hopefully, some of the uncertainties around the situation in Ukraine will be cleared.

STATEMENT BY MR SATOSHI OIE, TEMPORARY ALTERNATE GOVERNOR FOR JAPAN

1. Introduction

On behalf of the Government of Japan, I would like to express my sincere gratitude for the warm welcome extended by the Government of Morocco and by the people of Marrakech at the Thirty-first Annual Meeting of the EBRD. This Annual Meeting is being held in a hybrid format, providing the first face-to-face meeting opportunity after two years of fully virtual meetings. It is also the first Annual Meeting in North Africa. Japan highly appreciates the EBRD staff for their efforts in preparing for this year's challenging Annual Meeting.

Russia's aggression against Ukraine is a unilateral attempt to change the status quo by force, and a blatant violation of international law that undermines the foundation of the international order. Moreover, atrocities against civilians are breaches of international humanitarian law and war crimes. Maintaining peace is indispensable for international economic and social cooperation, including development assistance for developing countries; and therefore, Russia's acts in violation of this are absolutely intolerable. Japan vehemently condemns these acts.

For more than 30 years, the EBRD has been supporting the transition towards open market-oriented economies in eastern European countries and former Soviet Union countries. As clearly articulated in the Preamble and Article 1 of the Agreement Establishing the EBRD, universal values such as multiparty democracy, the rule of law, respect for human rights and pluralism have been the core principles of the EBRD's activities. From this perspective, Japan welcomes that the EBRD's Board of Governors swiftly decided to suspend and modify access to Bank resources for Russia and Belarus under Article 8.3 of the Agreement.

2. Support for Ukraine and affected countries

The international community must urgently provide support for Ukraine. Japan welcomes the EBRD's immediate announcement of the Resilience Package, and the decision on the Resilience and Livelihoods Framework with an initial value of up to €2 billion. The impacts of Russia's aggression against Ukraine have not been confined only to Ukraine, but have also spread to surrounding countries (notably through the displacement of evacuees) and further to the entire world (including the EBRD's countries of operations) through rises in energy and food prices, and through trade and financial channels. It is important to deliver support to those people suffering from such impacts as soon as possible.

From this standpoint, the EBRD should focus on responding to urgent needs in Ukraine and affected countries, and provide support for future reconstruction needs when conditions allow. Given that this general direction is reflected in the draft Resolution of the Board of Governors, Japan supports the Resolution.

To support these EBRD initiatives, I am pleased to announce that Japan has decided to transfer grant resources of US$ 27.5 million, currently in the Russia Small Business Fund, to be utilised for the response to Ukraine. We will proactively consider further assistance for Ukraine and affected countries via the Japan-EBRD Cooperation Fund.

3. EBRD's possible limited and incremental expansion to sub-Saharan Africa and Iraq

Regarding the potential expansion of countries of operations, Japan has been constructively engaged in the discussion, based on our agreement in the Strategic and Capital Framework 2021-2025. While we are open to further discussion on potential expansion to sub-Saharan Africa and Iraq in the near future, the EBRD should focus its support on the response to urgent needs in Ukraine and affected countries as its top priority at this point. It would be more sensible to consider and make a concrete decision on potential expansion when we have a clearer perspective on the situation in Ukraine and related future needs.

When considering any potential expansion, given that it would be made possible by utilising the EBRD's surplus resources, it is essential that the current countries of operations should not be affected, and that any expansion should not lead to a capital increase. Japan supports the draft Resolution of the Board of Governors, which calls on the Board of Directors to reconfirm that any limited and incremental expansion to sub-Saharan Africa and Iraq would not in itself impair the Bank's ability to support its existing countries of operations, compromise the Bank's AAA credit rating, or lead to a request for additional capital contributions, taking into consideration the impact of the war on Ukraine and the Bank's response.

4. Japan's contributions to the EBRD

The EBRD is a global institution that includes non-European countries in its membership. Japan appreciates that Madam President is striving to reflect the voices of non-European members in the Bank's institutional management. As one of the second largest shareholders, Japan is willing and ready to proactively participate in the discussion of the EBRD's important policies, and is actively involved in the EBRD's governance.

In order for the EBRD to respond flexibly and effectively to the increasingly diversified and complex needs of its countries of operations, the EBRD should further promote diversity among its staff, including nationality diversity. Japan will further contribute to the Bank in this endeavour through qualified Japanese staff.

Under the cooperation between Japan and the EBRD, the EBRD Tokyo Representative Office has moved to a new location, while strengthening its structure with additional human resources and functions. In addition to the Representative Office contributing to business development by engaging Japanese companies, Japan expects that the Office will play an important role in further enhancing the visibility of the EBRD in Japan and promoting the recruitment of Japanese nationals. In order for the Office to play an even more active role in mobilising Japan's knowledge and skills for the EBRD's operations, Japan is ready to give its utmost support to the Office.

5. Conclusion

More than a year and a half has passed since Madam President took office. Under her strong leadership, Japan expects the EBRD to continue to actively and flexibly address various pressing challenges, and to draw on its expertise to play a leading role, including through its responses to the Covid-19 crisis and to urgent needs in Ukraine and affected countries.

Japan is determined to proactively contribute to the EBRD, so that the Bank can keep adding value as a transition bank.

STATEMENT BY MR MARWAN AL-REFAI, ALTERNATE GOVERNOR FOR JORDAN

Allow me to start by thanking the Kingdom of Morocco for hosting this year's Annual Meeting.

I must commend the achievements of the Bank for 2021, despite the challenging worldwide economic and financial environment as a result of the pandemic.

Jordan continues to be vulnerable to external regional and international shocks and has still been paying a high price on behalf of the international community since 2011 as a result of the Syrian crisis, which added significant strain on Jordan's infrastructure and the economy in all sectors. Moreover, the impact of the Russian-Ukrainian crisis is adding further pressure, resulting from increases in the price of energy, basic commodities and transportation, in addition to disruptions in supply chains.

In this context, Jordan has done what it could in sending humanitarian assistance and allowing unrestricted entry by Ukrainians to the Kingdom. The resources needed to ensure Ukrainian refugees live in dignity must be provided. And it also remains essential to ensure that Syrians in need in Syria, and refugees in neighbouring countries, continue to receive the much-needed attention and aid that enables them not just to survive but to live in dignity.

Despite these challenges, Jordan is pursuing a transformative and ambitious reform agenda inspired by His Majesty King Abdullah II's outlook for the future. We are currently drawing up a ten-year comprehensive roadmap for advancing into the future and unleashing economic potential.

Here, future work with the Bank becomes essential. We are supportive of the themes of the Bank's **Strategic and Capital Framework** for 2021-2025 (green and digital transitions; equality of opportunity and increasing economic inclusion; private capital mobilisation for countries of operations), which offer good opportunities for exploiting untapped potential and attracting investment.

We also see that the **Bank's incremental and limited expansion towards sub-Saharan Africa and Iraq** provides good opportunities to increase and diversify investments, while at the same time, the Bank continues to support its current countries of operations. Jordan pays specific attention to the expansion towards Iraq, which will contribute to the efforts of deepening South-South Cooperation and promoting regional stability.

I would like to thank the Bank for its continued investment in the development of the economic priorities articulated in the Bank's Jordan Strategy. Also, I would like to express the appreciation of the Government of Jordan for the support that was announced during the pledging conference on the **Aqaba – Amman water desalination and conveyance project.** This project is of the utmost importance to our country in order to address the severe drinking water shortage.

Moving forward, I hope that the Bank continues to be agile in its response. Delivering and providing flexible and innovative financing tools is an integral part of this process.

STATEMENT BY MR DAUREN KENGBEIL, ALTERNATE GOVERNOR FOR KAZAKHSTAN

(Translated from Russian) On behalf of the delegation of the Republic of Kazakhstan, I would like to thank the Government of the Kingdom of Morocco and the authorities of the city of Marrakech for their hospitality and wonderful organisation of the Annual Meeting of the EBRD.

We greatly appreciate the strategic nature of our cooperation with the EBRD.

This year marks 30 years of cooperation between Kazakhstan and the Bank. Throughout these years, we have managed to build up mutually beneficial cooperation, and we greatly appreciate the contribution that the Bank has made to the development of Kazakhstan.

Over the three decades of our partnership, we have successfully implemented about 300 projects amounting to more than US$ 10 billion in various sectors of the economy, including SMEs, finance, housing and communal services, energy, agriculture and information technology. In fact, in 2021 alone, Kazakhstan signed 18 new projects with the EBRD worth €558 million in the most promising areas, such as transport infrastructure, renewable energy and SMEs.

Economic situation in Kazakhstan

Last year was characterised by movements towards recovery after an unprecedented economic contraction during the pandemic (*by 2.5 per cent in 2020*).

For instance, the services sector saw a revival in business activity, achieving high and stable growth rates (*up 3.9 per cent*).

The real economy made a significant positive contribution to this trend of economic growth (*up 3.5 per cent*).

Investments in non-mining sectors have increased.

In spite of the disruption to logistics chains and the introduction of quarantine measures, Kazakhstan's exports have seen high rates of growth.

As a result, economic output last year managed to reach pre-pandemic levels. GDP growth for the year was 4 per cent.

Between January and March this year, Kazakhstan's economic growth rate accelerated to 4.4 per cent.

Despite the consequences of the "January events", the main trends are showing an acceleration of growth in the real economy, an incremental increase in export volumes, and a steady performance in the services sector.

The Government is taking measures to support the population and the business sector, ensure macroeconomic stability and prevent unreasonable price increases (Joint Action Plan of the Government and the National Bank; package of measures to control and reduce inflation).

At the same time, the current situation in the world has significantly changed the global economic backdrop.

This is due to an abrupt change of circumstances on the commodity markets, and disruption to production, transport and logistics chains.

Russia is one of Kazakhstan's main trading partners and is among the top five foreign direct investors.

This has resulted in a direct impact on the socioeconomic situation in Kazakhstan, manifested by an increased volatility of the national currency and a rise in inflation (*from 8.7 per cent in February to 12 per cent in March*).

It is therefore expected that the lower growth trajectory of Kazakhstan's economy (compared to previous assumptions) due to the geopolitical crisis will be bolstered by high commodity prices, a potential increase in budget expenditures, and an improved epidemiological situation.

In general, the Government has all the necessary tools and resources to overcome any potential crises.

With a view to stabilising the socioeconomic and political situation across the country in keeping with a mandate from the Head of State, the Executive has devised a Government

Action Programme, *The New Economic Course. Phase One. 2022*.

The programme provides for around 500 actions in the medium term, and is designed to chart a new economic course for the country based on macroeconomic stability, economic diversification, developing entrepreneurship and human capital.

STATEMENT BY MR SEAN LEE, TEMPORARY ALTERNATE GOVERNOR FOR THE REPUBLIC OF KOREA

It is an honour to make this statement on behalf of the Government of Korea at the Thirty-first Annual Meeting of the EBRD. It is my great pleasure to be able to finally see the Annual Meeting held in person after weathering the two-year-long pandemic. I would like to express my gratitude to EBRD staff and all those involved in the preparations for today's event under the leadership of President Odile Renaud-Basso. My appreciation also goes to Morocco, the host country of this year's Annual Meeting.

Let me begin by expressing the Korean Government's deepest condolences to the Ukrainian Government and its people, who are suffering. Korea, as a responsible member of the international community, is actively engaging in the efforts to help Ukraine. As a country that has experienced a war, Korea, too, recognises Ukraine's dire need of help from the international community in overcoming and recovering from the war.

In this light, the Korean Government highly commends the EBRD's swift response to the war on Ukraine. We hope the EBRD's initial €2 billion resilience package is promptly delivered to give practical assistance to the areas in need. It is also noteworthy that discussions in this year's Annual Meeting are highly relevant regarding assistance to help Ukraine and the affected countries overcome the damage wrought by the war. As the war is being prolonged, many countries, not to mention Ukraine and its neighbouring countries, are directly and indirectly suffering difficulties. Korea fully agrees that, going forward, the EBRD's utmost priority for the time being should be supporting Ukraine and the countries impacted by the war.

When it comes to overcoming the current crisis and assisting in recovery, an approach that sets the EBRD apart from other international institutions is desirable; one that harnesses the EBRD's strengths and unique attributes.

First, the Bank's expertise in supporting the private sector. The war-induced price hike of commodities, disruption of the supply chain, and rise in the uncertainty of financial and capital markets are rattling the global economy. In particular, the private sector is in a more vulnerable state due to the fall in cross-border trade and the financing difficulties of SMEs, among others. Support for the private sector has been central to the EBRD since its creation, and the Bank has the ability to spur private-sector-led economic recovery. The Bank should continue investment focused on the private sector, while at the same time creating an enabling environment to boost investment that has been in decline. A deep understanding of Ukraine, which has been the hardest-hit, and of its neighbouring markets, would help to that end.

Second, the Bank's policy advisory capacity built by supporting transition economies. Successfully rebuilding Ukraine does not mean restoring Ukraine back to where it was; it means building back better, which is impossible with economic aid alone. The EBRD was founded with the objective of supporting transition economies, and has been assisting in their reform for the past three decades. Knowledge amassed through such endeavours has been shared, spread and regenerated through the knowledge-management system. This is the Bank's unique and useful resource, which can, if effectively harnessed, contribute to the successful restoration and rebuilding of Ukraine in the wake of the war.

Third, the Bank's experience as a leading green transition institution. The world is facing the threat of energy insecurity as the war has driven up energy prices. There is heightened interest and demand like no other for resilient, sustainable and eco-friendly energy. The EBRD devised a pioneering strategy titled Green Economy Transition 2.1, and as a result, the share of green transition projects reached 51 per cent last year. The Bank should draw on project experience and know-how from the past, and continue to help establish an efficient and green energy system in its countries of operations. By doing so, the current supply shock would be mitigated, achieving the long-term goal of carbon neutrality.

The Government of Korea hopes for an end to the war, and will actively strive towards that end. By leveraging various tools, including the bilateral trust fund, Korea will also work towards sharing our resources and experience through the EBRD.

With regard to widening the EBRD's geographic scope, the Government of Korea endorses the EBRD's endeavours to expand its countries of operations to sub-Saharan Africa and Iraq in accordance with the Strategic and Capital Framework 2021-2025. Korea supports the value proposition that the EBRD could deliver to the region, and looks forward to witnessing synergy through cooperation with other development actors. Meanwhile, bearing in mind the war's repercussions on the economy in the region and on the EBRD's capital capacity, the agreed-upon principles of not impairing the Bank's ability to support its existing countries of operations as well as not compromising the EBRD's AAA rating must be upheld. As stipulated in the Resolution, Korea hopes that we, as Governors, come to a conclusion before or during next year's Annual Meeting.

It is our hope that we overcome the crisis through international solidarity. And in the process, we ask for the EBRD to play an active role. The Korean Government will continue to give support, and work in cooperation with the EBRD for the Bank to take the lead in the economic recovery and development of the region.

STATEMENT BY MR HEKURAN MURATI, GOVERNOR FOR KOSOVO

Allow me to start this statement by thanking the host country for this year's successful Annual Meeting, and thanking the members of our constituency for their continued support.

We take note of Lithuania's call to invoke Article 38 of the EBRD's Agreement Establishing the Bank, regarding the suspension of membership of the Russian Federation and Belarus, and we share the same view. I must also bring to your attention the recent Russian parade held in Serbia's capital, Belgrade, in honour of 9 May. There, you could see ministers of the Serbian Government, and the speaker of parliament, participating alongside a cut-out picture of Putin, and banners with the letter "Z", the symbol that has become synonymous with the terrible scenes of destruction we see in Ukraine.

In a world where even traditionally neutral countries have taken a side, there should be no place for any Member that not only does not share our values, but even actively works against them. Tolerating such behaviour will only encourage other authoritarian regimes. There should be no European money without European values.

European values, such as democracy, pluralism and market economy, are the founding articles of the Bank, and Kosovo is proud to share these values. We strongly believe that a prosperous world is only possible if we adhere to these values, as the world does not know of any case where two truly free and democratic countries have attacked each other.

We must once again emphasise that Kosovo strongly condemns the unprovoked and unjustified attack of the Russian Federation on Ukraine. We feel for the suffering of the people in Ukraine, as we have experienced the same brutality and war crimes against the civilian population from the Serbian aggression in the war in Kosovo in 1999.

The consequences of the war in Ukraine are already being felt throughout the world, and while we individually deal with these consequences in our own countries, our collective attention must be turned to the suffering of the people in Ukraine. Therefore, we encourage the EBRD, as it has proved able to respond quickly and decisively in times of crisis, to continue its support to Ukraine in this difficult time. We believe that the Bank is well positioned to further support the reconstruction and redevelopment of Ukraine.

Please allow me to commend the management and staff for their agility in supporting our countries, especially through these unprecedented times. The crises we have endured have had a considerable impact on the world's economy and have proven that, for strong economic development, private-sector investment, green transition and the digital economy are crucial. The EBRD's distinctive position among its international financial institution peers has led to a high rate of private capital mobilisation through 2021, vast investments to enable the green transition, and a strong commitment to the digital economy and the usage of technology in the private sector. I will not go into further details with the hope that, for the next Annual Meeting, we will meet in better times and discuss these economic priorities further.

Building on the excellent cooperation of the past, let me conclude this statement by restating our strongest commitment to deepen our cooperation in order to address the challenges that lie ahead.

STATEMENT BY MR DANIIAR AMANGELDIEV, GOVERNOR FOR THE KYRGYZ REPUBLIC

(Translated from Russian) Let me begin by noting the effective implementation of the Bank's programme of investment and strategic engagement with partner countries, in spite of the difficult economic situation. The Bank makes a significant contribution to developing the private sector in partner countries, strengthening infrastructure, and supporting early transition countries towards sustainable development.

I would also like to express my gratitude to the Bank for its support to the Kyrgyz Republic in promoting market reforms, to recall the positive history of joint work between Kyrgyzstan and the EBRD from the moment we began our partnership, and to note the EBRD's importance as a catalyst for investment in the private sector. The Kyrgyz Republic has so far implemented together with the Bank 207 projects amounting to in excess of €800 million. The private sector accounts for 40 per cent of the total portfolio, while 66 per cent of projects are supporting the Green Economy Transition.

The Cabinet of Ministers of the Kyrgyz Republic, in line with the National Development Strategy for 2018-2040, is adopting measures designed to ensure sustainable economic development and social stability during periods of exposure to the strongest external and internal adverse factors. As a result, even though foreign direct inward investment decreased this year by 35 per cent worldwide, foreign investment in our country rose by 29.9 per cent in 2021.

For its part, the Bank is making a significant contribution to accelerating sustainable growth rates, creating conditions conducive to the development of small and medium-sized enterprises, strengthening the financial sector, and modernising the municipal infrastructure of the Kyrgyz Republic.

Currently, the number one task of the Cabinet of Ministers of the Kyrgyz Republic, as it looks to the future, is to create the conditions for fostering growth and development in the private sector, as well as to develop and promote exports.

Various measures are being taken to stimulate investment in the country, develop the private sector, eliminate administrative restrictions, reduce barriers hampering investors, improve legislation, and liberalise foreign and domestic trade arrangements – a sound prerequisite for the growth of foreign trade, exports and direct inward investment.

In addition, a particularly topical and important issue is the need to deliver regional environmental protection projects, climate change initiatives, renewable energy projects etc. As part of achieving sustainable development, the Kyrgyz Republic also highlights green economy principles as an approach to significantly easing the strain on natural resources.

Kyrgyzstan welcomes the EBRD's commitment to global climate goals.

Climate finance is vitally important for the Kyrgyz Republic in terms of the need to preserve the biodiversity of our country and to invest in climate-oriented infrastructure. Financial resources should be targeted at sectors such as energy, transport, agriculture etc. These are all sectors in which climate finance resources can offer a source of significant investment volumes so as to achieve climate-oriented results.

At the same time, the development of green financing should supplement existing instruments. It should be achieved through incentives and careful assessment of the real contribution that the full range of low-carbon technologies makes to reducing greenhouse gas emissions.

In light of this, we urge the EBRD to cooperate more actively with climate and green funds so that national and regional climate-oriented projects can be delivered.

As you are aware, the world is currently in a very difficult economic situation. Given the shortages and high prices of many energy resources, renewable energy is increasingly coming to the fore in comparison with conventional energy sources.

I would like to draw your attention to the fact that the economy of the Kyrgyz Republic is currently continuing to recover from the crisis caused by the spread of Covid-19. At the same time, the current global situation is the prevailing external negative factor at play within the country's economic processes, including current consumer price levels.

In this regard, the Crisis Recovery Plan of the Kyrgyz Republic Cabinet of Ministers has been devised to: maintain macroeconomic and social stability; ensure resilience against external challenges; deploy all monetary policy instruments available and the necessary resources to minimise foreign economic shocks; and curb additional inflation risk. The Plan provides for measures intended to:

- guarantee food security and stabilise the price of essential goods;
- provide social support and employment for the population;
- ensure financial stability;
- support commercial enterprises;
- attract investment;
- ensure a stable basis for the state budget.

Given the need to implement the Crisis Recovery Plan, the country had to reallocate budget funds earmarked for development to measures for supporting the population and ensuring food security.

The Kyrgyz Republic hopes that peace will be achieved by the parties as soon as possible, including through creating new formats and mechanisms for resolving the conflict at the negotiating table.

I would like to say to all of you attending this session that our country is ready to embrace mutually beneficial and multi-vector cooperation with each stakeholder in all areas, especially on the green agenda.

In conclusion, allow me to express my thanks once again to the Bank for supporting the efforts of the Kyrgyz Republic in its transition to sustainable economic development, and my hope for further mutually beneficial joint work.

STATEMENT BY MR JĀNIS REIRS, GOVERNOR FOR LATVIA

Let me start by thanking the authorities of Morocco for hosting the Thirty-first Annual Meeting of the Board of Governors of the EBRD. It is a pleasure to meet in person after two years of remote interactions.

War on Ukraine

Latvia condemns in the strongest possible terms the Russian Federation's unprovoked and unjustified war in Ukraine. It is an unacceptable violation of the rules-based global order, international law and the UN Charter, and it undermines international security and stability. I express solidarity and compassion with the Ukrainian people fighting for their lives from an unprovoked attack by the Russian Federation. The Baltic countries 32 years ago fought for freedom from the Soviet occupation. Today, Ukraine fights and stands for all of us.

The collapse of the Soviet Union and the fall of the Iron Curtain paved the way for establishing the EBRD to help the Central European and Baltic countries transform into market-based economies. Regretfully for Ukraine, this transition has been severely impaired, and the reconstruction needs are soaring again.

To help Ukraine to withstand the shock, the EBRD must continue supporting Ukraine's economy where it is possible, enabling private-sector companies and sub-sovereign entities to provide critical goods and services. Also, many countries of operations that are in close proximity to war-torn Ukraine need extended investments to support growing security concerns and economic challenges. This calls for a larger presence of the EBRD's capital and personnel in the region as a signal of security.

The EBRD was timely in its emergency response to Ukraine and war-affected EBRD countries of operations by adopting the *War on Ukraine – EBRD Resilience Package*. The announced support programme of €2 billion is a sign of solidarity, although it reflects present-day EBRD investment in these countries, but with more streamlined procedures. I therefore encourage the Bank to make every effort to increase support to Ukraine and, to the extent possible, to use internal resources for this purpose, in line with sound banking principles and maintaining the AAA credit rating.

When it comes to enhancing support to the war-affected countries through the Resilience and Livelihoods Framework, I prompt the Bank to keep up a close dialogue with counterparties on the demand side. We need to make sure that this support programme makes a real impact, and targets the individual needs of the countries in question.

Latvia principally supports the Resolution on the EBRD's response to the war on Ukraine.

Review of the implementation of the Strategic and Capital Framework 2021-2025 and the EBRD's possible, limited and incremental expansion to sub-Saharan Africa and Iraq

Latvia welcomes the progress on the Strategic and Capital Framework 2021-2025, albeit that the pandemic introduced some corrections to the results to be achieved. With the Russian invasion of Ukraine and its impact on EBRD countries of operations, the Bank faces more challenges in the implementation of strategic priorities.

Despite the Covid-19-induced crisis, the Bank's annual investment stands at €10.4 billion relative to 413 individual projects. Latvia endorses this result and applauds the historically largest annual net profit of €2.5 billion. We are aware that, due to the pandemic, the annual investment in less advanced transition countries reached only 38 per cent, falling short of the target of 48 per cent. Going forward, EBRD investments in these countries should increase, considering the looming food insecurity, rising oil prices, and supply chain disruptions. We also commend the Bank for reaching the share of green finance of 51 per cent, which is the target for 2025, illustrating the potential of the Bank to be even more ambitious in this area.

When it comes to geographical ambition within the EBRD's mandate, we recognise the progress of Algeria becoming a recipient country following the assessment process in 2022. We also take note that the Bank maintains its strategic interest to expand operations beyond the current geographic region to sub-Saharan Africa and Iraq. The progress report highlights potential risks of an economic and financial nature, as well as high integrity risks in terms of corruption, money laundering and terrorism financing, plus social risks, which for us, is a crucial point of concern. These aspirations for potential expansion must be viewed in the context of Russia's military invasion of Ukraine, which has caused a severe humanitarian crisis; and the economic consequences and security concerns are being felt in the heart of the EBRD region and beyond.

Against this background, the expansion of the EBRD's operations to a new region – which is uncharted territory for the Bank, implies additional risks, and may require donor contributions – should be postponed. The Bank should place its full attention on helping Ukraine mitigate the possible collapse of its economy, and address the increasing vulnerabilities in the Central European and Baltic countries. Graduation as a concept has lost its relevance: the EBRD must strengthen the presence of its capital and personnel in the region for the years to come. It must be well understood that international investments in the Central European and Baltic countries are a matter of national security. The EBRD plays an important role in this respect.

Latvia principally supports the Resolution, *Toward a limited and incremental expansion of the geographic scope of the EBRD's operations to sub-Saharan Africa and Iraq*.

Latvia and the EBRD

The EBRD's *Country Strategy for Latvia 2021-2026* was approved last year; it provides a solid base for investment growth in Latvia. We welcome the historically highest level of new investments in Latvia in 2021, amounting to €113 million relative to 11 projects. This confirms the significant role of EBRD personnel in Latvia, and we strongly encourage the Bank to make this a permanent position.

With the new reality at our doorstep, the role of the EBRD's presence in terms of investments and personnel has increased in relevance for Latvia. We thereby expect the Bank to intensify its capital investments in Latvia's private sector, and use its full potential to support Latvia in its efforts to secure energy independence. We call for an increased number of dedicated personnel to help Latvia strengthen international investments, adding to overall national security.

STATEMENT BY MS GINTARĖ SKAISTĖ, GOVERNOR FOR LITHUANIA

This EBRD Annual Meeting is taking place in times of great uncertainty and immense risks. Russia has brutally attacked Ukraine, causing devastation, and destroying the lives and livelihoods of civilians. This attack is a gross violation of international law and the UN Charter. Lithuania condemns in the strongest possible terms Russia's unprovoked and unjustified military invasion of Ukraine, which is further exacerbated by an extensive list of atrocities and war crimes. We admire the infinite courage of the Ukrainian people, the military and the Ukrainian Government, and wholeheartedly stand with Ukrainians in their resistance.

Besides the terrible destruction, humanitarian catastrophe and extremely negative effect on Ukraine's economy, Russia's war against Ukraine is disrupting livelihoods throughout the region and beyond, and has wider consequences for economic stability and prosperity. The effects are occurring through a variety of channels, including commodity and energy prices, financial markets, disruption of supply chains, steeper inflation, foreign trade, and the confidence effect. I am certain that most of the EBRD's countries are already experiencing – to different extents – these negative effects on their economies, especially those countries, which are welcoming the huge influx of Ukrainian refugees, and have rather close economic ties with Ukraine, Russia and Belarus.

With the fall of the Berlin Wall in 1989, the EBRD was set up to meet the challenges of an extraordinary moment in Europe's history in the 1990s. Since then, the EBRD has guided us through challenges, crises and change, and must continue to lead us now. We must remain committed to doing everything under our control to stop the aggressor, and continue working in close cooperation with international partners to implement strong, far-reaching and effective sanctions.

The aggressor – Russia and its accomplice Belarus – must be held accountable for this war and its consequences. Important steps have been taken by activating Article 8.3 of the EBRD's Agreement Establishing the Bank, and suspending Russia's and Belarus' access to the resources of the EBRD, cutting off disbursements on existing projects, and closing the Resident Offices in both Moscow and Minsk. However, further decisions need to be taken. We call for the suspension of Russia's and Belarus' membership of the EBRD under Article 38 of the EBRD's Agreement Establishing the Bank.

Needless to say, Ukraine requires enormous financial resources, and the speed of financial support is of the essence, as every day of the Russian brutal aggression brings additional losses. It is necessary to mobilise funds for Ukraine as quickly as possible, both for short-term needs and in the long run – to focus on Ukraine's speedy reconstruction and rebuilding, which has already started in the territories regained from the enemy, and which will continue after the war.

We are pleased to see the EBRD's efforts and readiness to intensify assistance by taking on more risk and being the leader in resource mobilisation efforts – this will be exactly the fulfilment of the EBRD's mission and mandate. Hence, we welcome the EBRD's Resilience and Livelihoods Support Package for Ukraine, its people and other affected countries, covering immediate needs in the areas of energy security, nuclear safety, municipal services, trade-finance support and liquidity for SMEs, as well as plans, once conditions permit, to prepare a restoration programme to rebuild livelihoods and businesses, and to restore vital infrastructure.

In this regard, the EBRD should continue to cooperate closely with other international financial institutions, as coordination is critical to avoid fragmented actions and to ensure better synergies. Therefore, the EBRD should further be swift in the implementation phase of supporting measures, and should continue to explore potential opportunities to step up its operations and investment activities in Ukraine, repurposing existing programmes or reallocating donors' funds to Ukraine's needs. The EBRD should find innovative and effective ways to support Ukraine and other affected countries.

Turning to the EBRD's possible geographical expansion, we believe that it is not the most appropriate time to take a concrete and detailed decision in this regard, considering the uncertainty around. However, having in mind the EBRD's long-term strategic interest in geographical expansion, as well as the EBRD's comprehensive analysis, which shows that the Bank is sufficiently resilient to both existing and new challenges, Lithuania could agree with the Resolution to take an in-principle decision, while noting that the utmost priority of the Bank in the upcoming months and years has to remain Ukraine and other affected countries. The geopolitical and economic situation reconfirms the importance of the EBRD's assistance in all its countries of operations, in particular, in Central Europe and the Baltic countries that are affected by Russia's military invasion of Ukraine.

We acknowledge that current shocks and challenges should not distract us from long-term strategic priorities, such as climate change. High energy prices and energy security concerns open the way for new opportunities, and highlight the need to accelerate the green transition and transformation of the energy sector. The most promising and sustainable way to green transition and energy independence is by improving energy and resource efficiency, and developing renewable energy infrastructure and power generation. However, the transition to a green economy requires a broad range of measures, innovations and technologies and, of course, enormous resources and investments. We must take into account that countries are in different positions and have different needs on their paths towards the green transition. In this regard, the EBRD's active role in mobilising both public and private funds, conducting policy dialogue, providing technical assistance to the public sector, and developing business models for the private sector will be particularly important.

In conclusion, let me express our appreciation to Madam President, and the Bank's management and staff for their work in these challenging times.

STATEMENT BY MR ARSÈNE JACOBY, ALTERNATE GOVERNOR FOR LUXEMBOURG

(Translated from French) We are witnessing a world in crisis, which is facing a series of hardships unseen since the end of the Second World War; a world that is more divided than ever, with very profound differences in terms of viewpoints and ideology, and with populations experiencing turmoil and suffering. It is our duty to address collectively and collegially the many urgent needs that lie ahead: the unending violence and armed conflicts on the European continent and beyond; greatly weakened economies after two years of the pandemic – a protracted health crisis, whose consequences continue to dampen the global recovery and create logistical bottlenecks and disruptions; public debt and inflation at barely manageable levels, which are rising at unprecedented speed; forecasts of severe short-term difficulties with the costs of supplying energy, raw materials and, above all, food, which will have a disproportionate impact on the most vulnerable and poorest populations, especially outside the European continent; not to mention the realities of climate change and the need to take urgent and vital measures to save our planet. How we will meaningfully act in response to this wide range of challenges is yet to be determined.

We must now find the ability to make a convincing and persuasive case that peace and cooperation are more beneficial than war and conflict. We believe that this is an integral part of the agenda for lasting, sustainable development. In a globalised world where interdependence is an everyday reality, the decisions and actions of some are bound to have repercussions for others. It is our responsibility to leverage multilateralism to devise, in cooperation with others, viable solutions to worldwide problems and difficulties. The raison d'être of diplomacy and international institutions is to maintain dialogue among all stakeholders, find solutions to resolve tensions, work towards making peace, and avoid deepening fractures and divisions. It is the shared values of prosperity and peace that are celebrated in Europe on 9 May, on the eve of the Bank's Annual Meeting, and which have led to the creation of what has become the European Union, a project that rose from the ashes of a continent immersed in blood and consumed by fire, and which, to this day, is the greatest success story of cooperation and fraternity between countries that had previously clashed for several centuries.

We condemn in the strongest terms the aggression against and invasion of Ukraine by Russian military forces, and call for an immediate end to hostilities. Luxembourg has experienced invasion and occupation on several occasions and the atrocities they entail for civilian communities. We therefore urge the parties involved to agree swiftly on a diplomatic solution, which is the only way to save human lives and guarantee stability. There is no winner in the current situation: everyone loses. And the longer the war goes on, the more the most vulnerable communities will suffer, and the greater the risk of instability and crisis in fragile countries. It is our duty to join our efforts to limit unnecessary suffering, and maintain the precarious balance that exists in many regions around the world.

We are confident that the Bank will completely fulfil its role as a key player during the period of Ukraine's reconstruction. In the meantime, the initial €2 billion resilience package clearly identifies the means of support that the Bank can offer to Ukraine and the countries affected by the conflict, and we endorse this. We acknowledge the high level of operational risk involved in implementing projects in Ukraine, and the potential for certain tenets to be looked at afresh. Nevertheless, we believe that maintaining the Bank's AAA credit rating is paramount to its sound operation, stability and financial integrity. Since the Bank's inception, Luxembourg has been one of its generous contributors and we are committed to exploring the various solutions for supporting the Bank's activities in the months ahead. In light of this, the Bank and Luxembourg formally agreed a few days ago on an additional contribution of €1 million to the Small Business Impact Fund to support projects involving small and medium-sized enterprises.

We also commend the excellent analytical work that the Bank has delivered in recent years on a possible geographic expansion to sub-Saharan Africa and Iraq. We firmly believe that the

Bank can play a complementary role supporting those in the region who are currently working on development, particularly for projects promoting the private sector. We can see definite merit in the limited, incremental approach to exploring opportunities for achieving such an expansion through a network – albeit an expensive one – of regional offices, one of the Bank's hallmarks of success. However, we recognise that the challenges of the African continent require a level of attention and investment that the Bank will not be in a position to provide until the situation in Ukraine has stabilised. In our view, geographic expansion deserves to be approved and celebrated at a meeting devoted to this important topic. We also believe that the conditions set out in Resolution 240 merit careful consideration before continuing any discussions on a possible future geographic expansion. We remain committed to continuing this dialogue constructively.

Finally, we would like to express our thanks to the Bank's staff who, against all odds, are tackling current events with dedication and perseverance. They deserve our deep gratitude and make us proud.

STATEMENT BY MR EDWARD SCICLUNA, GOVERNOR FOR MALTA

It is a privilege and honour for me to address the 2022 Annual Meeting of the EBRD. I take this opportunity to thank the Government of Morocco, the local authorities and all those involved in organising the Bank's first physical Annual Meeting in three years. I am certain that a return to this format is much appreciated by all participants.

I would first like to take the opportunity to express thanks and gratitude to President Odile Renaud-Basso and the entire EBRD staff for – in what has been yet another year replete with challenges on several fronts – showcasing once again the traits of perseverance, diligence and ingenuity that so imbue the Bank. I fully expect that these qualities will be called upon once more in the upcoming year. On a related note, I congratulate Mr Kazuhiko Koguchi on his appointment as Secretary General and Mr Jürgen Rigterink, Mr Mark Bowman and Ms Dina Matta on their appointments as Vice Presidents of the Bank. I am confident that they all represent a significant asset to the Bank.

The ongoing invasion of Ukraine has rightly dominated the discussion in the run-up to this year's Annual Meeting. On behalf of Malta, I wish to express my sympathy and solidarity with the people of Ukraine, who remain caught in the midst of an immense human tragedy. We remain united with our fellow EU member states in deploring Russia's unprovoked aggression towards Ukraine, and calling for a rapid resolution in the interests of averting further loss of life and destruction. Likewise, we greet positively the EBRD's own condemnation of Russia's invasion, its expression of 'unwavering support' for Ukraine, and the concrete measures it has already undertaken, including the suspension of Russia and Belarus from access to Bank resources and the approval of a €2 billion resilience package in support of Ukraine.

The consequences of the conflict in Ukraine are being felt worldwide. Heightened inflation expectations – already a source of rising concern due to Covid-19-induced supply chain disruptions – have now been additionally aggravated by soaring food and fuel prices. Many families will be confronted with financial difficulties in attempting to cope with cost-of-living increases and, as always, the impact on emerging-market and low-income countries – in which the pandemic has already driven tens of millions of people back into extreme poverty – will be disproportionately severe. We are certain that the EBRD, through both its ongoing and future projects, will be able to bring some measure of relief to its countries of operations.

Notwithstanding an unfavourable 2021, the EBRD has once again managed to set a high bar through its financial and operating results, and in so doing, post a record profit of €2.5 billion. In terms of activity, we are pleased to note that investment during the year reached €10.4 billion spread across over 400 projects. Covering diverse initiatives ranging from climate to digitalisation and equality, this investment will help to further the objectives set out in the Bank's Strategic and Capital Framework 2021-2025. Given Malta's strategic location in the Mediterranean, we are pleased to acknowledge the investment of €1.5 billion in the Southern and Eastern Mediterranean (SEMED) region, although we note that this figure represents a drop of over €500 million from the preceding year.

I am glad to welcome Algeria and the United Arab Emirates to the Bank's membership, and am confident that their addition represents yet another step forward in the EBRD's intentions of maintaining significant activity in the SEMED region, as well as affirming the limited and incremental expansion of strategic interests, as laid out in the 2021-2025 Strategic and Capital Framework.

The pandemic, though gradually retreating, remains a significant source of concern and uncertainty, inflicting a daily death toll and posing the ever-present threat of a fresh outbreak or new variant liable to wreak economic havoc. Ensuring high vaccination rates and the availability of sufficient vaccines to lower-income countries – in many of which over 80 per cent of the population is yet to receive a single dose – is an essential step on the road towards a global recovery. Diseases do not recognise borders and, in combatting them, we too should not feel constrained by such distinctions.

As always, our eyes must also remain firmly fixed on the unfolding climate change catastrophe, and the critical need for a transition towards a greener global economy. The time window available to reach the goals of the Paris Agreement is rapidly closing and additional efforts – above and beyond anything carried out thus far – are needed immediately from every sector of society. The opportunity provided in the wake of the pandemic to *build back better,* as well as the ongoing efforts in Europe to seek new energy sources, must be acted upon via the promotion of renewable energy and climate-friendly practices. In this task, the EBRD is playing a crucial role, working with governments and private-sector entities to channel financing into an array of such projects. In 2020, the Bank had promised to increase green financing to more than 50 per cent of its annual business volume by 2025 under the Green Economy Transition initiative. We applaud the fact that it has already achieved this goal in 2021. We fully trust that the Bank will continue to adhere to this goal going forward, and that it will make sufficient progress towards its other climate-related pledges, including full alignment with the terms of the Paris Agreement by 2023.

Allow me to conclude by once again thanking President Renaud-Basso, the Directors and all EBRD staff for their unstinting work during these trying times. Although such difficulties show little sign of abating in the uncertain future, I am confident that the EBRD will maintain its track record of success, and continue to find ways to remain an increasing force for support to those in need.

STATEMENT BY MR FELIPE MARTINEZ, TEMPORARY ALTERNATE GOVERNOR FOR MEXICO

1. Today, the Bank is under uncertainty and demanding circumstances that started during the Covid-19 pandemic, and have been exacerbated due to the unfortunate situation happening in Eastern Europe.

2. The lockdowns and the current war have caused economic repercussions on a global scale. As of today, we are experiencing supply shocks, which have reduced economic output and raised prices, and which we will need to continue addressing, as they are affecting the most vulnerable countries.

3. The EBRD must work on an agile strategy to address these challenges, but also to rebuild an economically strong Eastern Europe and its partners. For this, concrete plans will be required, especially for rebuilding destroyed infrastructure. Reconstruction will help refugees return, and economic growth to rebound. Integrating refugees, mostly women and children, into jobs and schools will be critical to the Bank's strategy.

4. In this sense, it should be a commitment from all those present today to promote and protect human rights. It is deeply urgent and necessary to keep working for alternatives that assure the future, respect and protection of all refugees and migrants.

5. We cannot solve our challenges without setting the human factor at the centre. We must be able to fit the correct policies to our population's needs. The implementation of measures that can evaluate social impact, such as social consultations, will, in the short-term, give us a better understanding of the solutions we have to apply, while in the long-term, they will, without a doubt, have economic and social benefits.

STATEMENT BY MR SERGIU GAIBU, GOVERNOR FOR MOLDOVA

On behalf of the Republic of Moldova, let me express our sincere gratitude and appreciation to Morocco for hosting the Thirty-first Annual Meeting of the EBRD and the exceptional hospitality extended to all delegates.

For more than 30 years, the EBRD has been leading the way on investing in changing lives, and this is also reflected in the theme of this year's forum in order to respond to the current crisis and its implications for the EBRD region.

After the Covid pandemic and the energy crisis, our world has had to face new challenges now the war in Ukraine has started. The war in Ukraine is not just a regional crisis; it has serious social, humanitarian and economic consequences for the entire world. Providing support to the countries directly affected by this war will ensure healing, and a quicker recovery of the global economy. Together, we can set the right steps for the best strategy to continue sustainable economic development towards greener, more inclusive and more digital economies.

As you know, the war in Ukraine is right on the border of our country, the Republic of Moldova. We strongly condemned the military aggression against Ukraine and called for peace from the first hour of the military action. We are a neutral country – a principle enshrined in the Constitution. But helping people directly affected by the war is the duty of each of us. More than 400,000 people have crossed the border between Ukraine and Moldova since the beginning of the war; a good part of them have remained in our country.

The challenges caused by the war also put great pressure on the Republic of Moldova in political and economic terms; however, our country will stay close to the Ukrainian people, and will put in all efforts to ensure assistance as long as necessary.

The regional crisis will have significant consequences for the economic policy of the Republic of Moldova, arising from the adverse supply shock triggered by the war, the rise in oil and gas prices, and changes in the architecture of foreign trade.

The assistance provided by the EBRD and EU partners continues to play an important role in this respect. Therefore, we are very grateful for all the assistance offered to Moldova to support us to face the challenges and difficulties of the crisis.

The Bank has already announced its commitment to help Moldova to address its energy security. The Bank will support Moldova to reduce its dependence on gas imports through the development of the renewable energy sector, and by boosting the energy efficiency of buildings and businesses.

In conclusion, let me express our thanks to the President and the Bank’s management and staff for their work in this challenging time.

STATEMENT BY MS NADIA FETTAH, GOVERNOR FOR MOROCCO

(Translated from French) In my role as Governor for Morocco and Vice Chair of the Board of Governors, I would first like to sincerely thank and express my deep respect and gratitude to His Majesty King Mohammed VI (may God strengthen and glorify him) who has seen fit to honour with his High Patronage our Thirty-first Annual Meeting of the Bank’s Board of Governors.

I am delighted that our Meeting is taking place for the first time in Africa, in the beautiful city of Marrakech, and in person after two Meetings in virtual format.

In that regard, I commend all the honourable Governors for having made this choice, and I congratulate both the Bank's teams and the Moroccan authorities for having organised this event so excellently.

I would also like to thank the Governors and the Members' delegations, who have shown willing in travelling to Marrakech and honouring us with their presence. I wish them all a pleasant stay in Morocco.

I would like to congratulate Ms Odile Renaud-Basso, President of the EBRD, members of the Board of Directors and all staff at the Bank for the pleasing results that they achieved in 2021 despite the pandemic-related disruptions and uncertainty.

I am pleased to note that, in spite of this difficult combination of events, the EBRD made the largest net profit in its entire history – €2.25 billion – a significant increase compared to the same figure for 2020.

I also congratulate the Bank on its successful investments. Although lower than the record-breaking levels reported for 2020, investments remain satisfactory against the backdrop of the pandemic.

In addition, I commend the Bank's increased commitment to fostering transition in its countries of operations towards open, inclusive and sustainable market economies.

I would particularly like to highlight the Bank's substantive advances in the green economy, through which it has reached its goal, four years ahead of schedule, of dedicating at least 50 per cent of its annual investment to green transition.

On economic inclusion, and encouraging gender equality and equality of opportunity, I welcome the EBRD's response to the digital divide in its region of operations. I encourage the Bank to invest even more in work that will allow it to leverage the digital transition and digitalisation more effectively.

I reiterate my congratulations to the EBRD Governors who, when they approved the 2021-2025 Strategic and Capital Framework in 2020, affirmed the Bank's interest in a limited and incremental expansion into sub-Saharan Africa and Iraq.

In that regard, I welcome what the Board of Directors and teams within the Bank have achieved since then through the preliminary analyses, the results of which confirm that the Bank's mandate and operational model are complementary to the activities of other development partners, and would be capable of adding value to the transition and development of countries in sub-Saharan Africa and Iraq.

In that regard, allow me to reconfirm that Morocco supports the incremental and limited expansion of the Bank's activities into sub-Saharan Africa and Iraq. This expansion is becoming all the more important and urgent due to the significant repercussions of recent crises in the region, which risk reversing by several decades the progress that these countries have made.

On that subject, I would highlight that this support is just one expression, among others, of the solid and growing partnerships that the Kingdom is nurturing with many countries in the region, and the priority that it gives to consolidating its relationships throughout Africa. Morocco is, in fact, committed to the continent, working to develop symmetrical and profitable south-south cooperative links for everyone, and to construct a shared and prosperous future.

Morocco is clear that it will continue transforming its commitment into tangible action, capitalising in particular on its privileged relationships with international partners and development agencies.

In that sense, and through its Africanness, its strategic geographical position at the crossroads of the continents, and its relationships with sub-Saharan African countries, Morocco will be able to add substantial value to delivering the EBRD's expanded range of activities in the region.

In view of the crisis between Russia and Ukraine, the Kingdom of Morocco "affirms its attachment to the principle of avoiding recourse to the use of force to settle disputes between States, and encourages all initiatives and actions that support the peaceful settlement of disputes." The Kingdom of Morocco affirms "its support for the territorial integrity and national unity of all Member States of the United Nations."

Morocco therefore maintains its position of neutrality.

STATEMENT BY MR LEON UYTERLINDE, TEMPORARY ALTERNATE GOVERNOR FOR THE NETHERLANDS

This year's Annual Meeting rightly focuses on the Russian war against Ukraine, which has a devastating and broad impact. The consequences of this unjustified and illegal Russian invasion are directly felt in the region and around the globe. The Netherlands condemns the Russian invasion of Ukraine in the strongest possible terms and welcomes the decision of the Board of Governors to suspend the access of the Russian Federation – and Belarus – to the resources of the Bank. The Netherlands once again calls on Russia to end its illegal aggression against Ukraine and unconditionally withdraw all her troops from Ukrainian territory. The Netherlands stands with the EBRD in its full solidarity with the people of Ukraine and the affected region.

We commend the Bank for its quick response and for making resources available to Ukraine and the broader region affected. Given the crucial importance of sustaining the real economy in Ukraine as well as cushioning the economic impact in the affected countries, we strongly support the Bank's efforts to use its unique mandate to the fullest extent possible for this challenging task. We fully support the Bank's resilience and livelihoods framework, and in particular its ambition to invest €1 billion in Ukraine in 2022. The Netherlands is of the opinion that the EBRD has a crucial role to play, not only now, but also and in particular, in the future reconstruction phase. It is important that it undertakes this task well prepared and in close cooperation with its partners and other relevant actors, drawing on the Bank's private-sector focus and regional knowledge. The international financial institutions, together with the European Union and United Nations, have a central role to play, as it is clear that this task will be large and will require a strong and well-coordinated effort. The Bank needs to pre-position itself for the reconstruction phase and has a natural coordinating role to fulfil in the field of supporting and mobilising the private sector.

We appreciate the Bank's proposals to help mitigate the risks of its new investments, while also taking a considerable but responsible stake in this itself. To allow for the EBRD to provide the utmost impact and mobilise adequate donor and shareholder support, clear communication and effective strategies and tools are required. Ideally, the donor requests of the various international financial institutions are conducted as a joint effort to maximise effectiveness, and with consideration for the different roles of each institution. We believe this would significantly add to our shared goal of supporting Ukraine and the affected countries in the most effective fashion.

Supporting Ukraine, countries affected by the war and the broader region, amongst which are many of our fellow constituency members, should be the priority focus of the EBRD at this moment. Going forward, the Netherlands is still in favour of a limited and incremental geographical expansion to sub-Saharan Africa, provided that this would not come at the expense of the efforts in the current countries of operations. The Netherlands concurs with the Bank's preparatory work showing that there is added value for the work of the EBRD in the region, as long as it maintains its specific private-sector-driven approach and adds to the stock of bankable projects in the region. The Netherlands therefore agrees, in principle, to submit the decision on the expansion of the Bank's geographical mandate to the Board of Governors no later than at the 2023 Annual Meeting. At the time of the actual expansion, complementarity and strong cooperation between the different actors in the region remain crucial in order to achieve maximum impact in sub-Saharan Africa.

Even though the war overshadows many of our regular discussions, it is important not to forget the other global challenges in which the Bank must play a role. Climate change is irrevocably harming the natural world. Food security is on the decline. Temperatures are on the rise. People are forced to flee their homes. The Bank has a vital role to play here. In this context, we look forward to continuing the Bank's leading role in formulating climate ambitions, improving energy efficiency and increasing the use of renewables in its region when circumstances allow. In many ways, the war has only reinforced the case for this central mission of the Bank. We therefore urge the Bank to deliver on its commitment to be fully aligned with the Paris Agreement by 31 December 2022.

To conclude, we would like to thank the EBRD's management and staff for its very hard work, first in the context of the Covid pandemic, and now in the unprecedented situation of the war. We realise that, in many cases, this has had a very personal impact on the life and work of staff. The results of the Bank are largely driven by the same staff. They are very strong and make a lasting impact on the transition of the economies of the countries of operations. After all, the Bank's mandate is to support the development of economies sustainably, and make sure that they have a well-established private sector in countries committed to the principles of multiparty democracy, pluralism and market economics. This mandate has never been more important.

STATEMENT BY MR FATMIR BESIMI, GOVERNOR FOR NORTH MACEDONIA

Please allow me to express sincere gratitude to the EBRD which, since 1993 and for almost three decades now, has been part of the process of building a modern, competitive, market-oriented economy, as the Republic of North Macedonia strives for. Today, with 158 approved projects, which have contributed and will contribute to the competitiveness of our economy, connecting with the region, EU accession and the green transition, we can rightly refer to the EBRD as our long-term and dedicated development partner.

Investments in the railway sector and road infrastructure, investments in energy infrastructure, investments in the modernisation of air navigation equipment, public transport, and wastewater treatment plants, are ongoing EBRD projects in the public sector in North Macedonia, as are projects to support the private sector, i.e. EBRD credit lines for supporting the competitiveness of small and medium-sized enterprises, energy efficiency, and renewable energy. All these projects and investments are of great importance for our economy, and have touched the lives of many citizens.

Improving the investment climate and encouraging international trade as well as cooperation with state-owned enterprises in the energy and infrastructure sector, all to the end of strengthening their corporate governance, are also part of our cooperation with the Bank. Moreover, by contributing to the development of our country and building a competitive economy, the EBRD provides significant support to our commitment and goal – becoming a fully-fledged member of the European family. Signing the Memorandum of Understanding with the EBRD speaks in favour thereof; it has been a significant step forward in our cooperation.

In times when the global and European economies confront the greatest ever challenges of the past few decades, starting with the Covid-19-induced crisis, and followed by the energy crisis, price pressures and the war in Ukraine, what we all must remain committed to, particularly developing economies such as ours, is continuing the realisation of the reform agenda and implementing the respective structural reforms. Creating better living conditions for our citizens, building more competitive economies – more resilient economies, which will be able to respond to climate-change-related challenges, – providing support for the private sector – in particular the small and medium-sized enterprises creating numerous jobs – and the inclusion of marginalised categories in the economy are already incorporated in our agenda.

Given the challenges that the world is facing, especially including climate change – a serious threat to society and the economy, – "green projects" and the orientation towards a green economy are high on our agenda. We are also oriented towards using the benefits of modern technology and digitalisation, thus creating synergy and enhancing productivity.

The strategic Growth Acceleration Plan is also aimed at boosting the economic development of the Republic of North Macedonia, thus striving to produce a multiplier effect as regards the reform agenda and support for it from our partners such as the EBRD, which is of vital importance.

Finally, I would like to stress that the EBRD, over the past 31 years, has implemented thousands of projects on three continents worth billions and billions of euros. However, despite the impressive numbers, I would like to hereby underline that what is most important is the fact that these projects provided for millions of lives to change for the better, in line with your motto: "We invest in changing lives". We should all keep changing people's lives for the better, in the future as well.

STATEMENT BY MR HALVARD INGEBRIGTSEN, ALTERNATE GOVERNOR FOR NORWAY

1. Norway would like to thank the EBRD and is grateful to Morocco for hosting the 2022 Annual Meeting.

2. Norway condemns Russia's unprovoked aggression against Ukraine. The invasion inflicts unspeakable suffering on the people of Ukraine and undermines global security, stability and prosperity. We expect the EBRD, with its deep knowledge of and history in Ukraine, and together with other international organisations, to do its utmost to support Ukraine in this situation. We expect the EBRD to play a key role in the reconstruction of the country.

3. We understand that continued activities in Ukraine will be in a higher risk environment than normal. Nevertheless, we back the Bank's policy to support Ukraine in these circumstances, while adhering to the Bank's principles of sound banking and maintaining the AAA rating. Norway supports the priorities and strategies outlined in the report and Resolution regarding the war in Ukraine. We see an imminent need to safeguard and prioritise the production of agricultural products.

4. Even if we are in the midst of a war, activity in EBRD countries of operations, especially in the poorest ones, has to be kept at a high level. Norway supports postponing a decision on further expansion to the south of the Sahara, and thereby focusing on the current EBRD countries in the year to come.

5. Investments in renewables, but also enablers that lead to more renewables, such as grid investments, are of the utmost importance to fight climate change. Reduced coal dependency is still necessary to reach Paris Agreement targets.

6. Norway expects the EBRD to continue to strive for the highest governance standards regarding transparency, corruption, money laundering, domiciliation/tax evasion, procurement procedures, and social and environmental standards.

7. Thanks again to the EBRD President, to the management and staff, and to the Board for all the good work, and to our host of this Annual Meeting. We believe that the EBRD contribution to economic growth and well-functioning markets in its countries of operations will be of great importance in the years to come.

STATEMENT BY MS MARTA KIGHTLEY, TEMPORARY ALTERNATE GOVERNOR FOR POLAND

I must admit that my contentment to be with you on this occasion is very much dampened by the sombre circumstances in the EBRD's region of operations and the gravity of the topics we have to deal with, which all stem from the unprovoked Russian military aggression against Ukraine. Yet, for that reason, it is even more crucial for us to meet and discuss in person the most pressing issues affecting all of our countries and the EBRD's activities. I would like to commend the efforts of the generous host authorities of the Kingdom of Morocco and the

EBRD staff involved in the preparations, who worked tirelessly to deliver this Annual Meeting in physical format for the first time in three years.

That being said, we were hoping to meet in sunny Marrakech with a very different mindset. It seemed as though we had managed to collectively weather the worst brunt of the Covid-19 crisis and could look to the future with optimism while deliberating on how to further strengthen our recovery and get back to implementing the key priorities of our Strategic and Capital Framework. We by no means expected it to be easy, but some reassurance could be found in a return to growth in line with the Bank's robust activity in 2021, with the second highest overall Annual Bank Investment in its history, near-record profits and strong performance in many key metrics, especially including Green Transition. The lion's share of the credit for these exceptional results should go to the Bank's staff, which went above and beyond to deliver under these extremely difficult conditions.

Unfortunately, the Russian military invasion of Ukraine has severely affected the global situation and confronted the EBRD with multiple challenges. As the war is still ongoing, it is difficult to fully grasp the breadth and depth of its consequences, not just for Ukraine, but also for its neighbours and for all countries of operations.

In this regard, we highly value that the EBRD was at the forefront of the unprecedented international response. The Bank acted swiftly to condemn the Russian aggressor and make it clear that such actions are a breach of the principles enshrined in its mandate. This was also reflected in the adoption of Resolutions suspending access to the Bank's resources for the Russian Federation, and Belarus, which aided the invasion. However, in our view this is just the first step. We strongly believe that what needs to follow is the suspension of membership of both countries in line with Article 38 of the Agreement Establishing the EBRD.

Of even more critical importance was the adoption by the EBRD of the comprehensive *War on Ukraine – EBRD Resilience Package*, with €2 billion earmarked for immediate assistance to strengthen the resilience of the Ukrainian economy, and support neighbouring countries in aiding Ukrainian refugees. We welcome and commend the Bank's flexible and proactive approach to addressing the new needs, as well as the pledge to increase the envelope if demand warrants it. The next envisaged step to follow after direct military action subsides and conditions on the ground permit will be a joint reconstruction effort, where the EBRD, the largest institutional investor in Ukraine, should play a leading role, and put its experience and expertise to good use.

As one of Ukraine's neighbours, Poland was and continues to be the most active country in responding to the Russian aggression, as well as providing assistance and mobilising international support for Ukraine. Most importantly, we opened our borders to a massive influx of Ukrainian refugees and people fleeing from the atrocities of the war, including staff from the EBRD's offices in Kyiv and other Ukrainian cities, as well as aiding the evacuation of the Minsk office.

Narodowy Bank Polski (NBP) plays an important role in the joint efforts to support Ukraine and the Ukrainian people. On the inter-institutional level, we are maintaining close day-to-day contact with representatives of the National Bank of Ukraine (NBU), and on 11 April 2022, the Governors of the NBU and NBP signed a Memorandum of Understanding as a confirmation of good relations and strong bonds between the two central banks. Taking into consideration the extraordinary circumstances related to Russia's aggression against Ukraine, which may adversely affect the stability of the financial system in Poland, on 21 March 2022, NBP provided the NBU with a USD/UAH currency-swap line of up to US$ 1 billion. Another crucial pillar of our assistance was the decision to enable Ukrainian citizens to exchange hryvnia cash for Polish zloty based on an agreement signed by the NBU and NBP in March 2022. Under this mechanism, adult citizens of Ukraine are able to exchange a total of up to 10,000 hryvnias in cash per person at a rate that is as close as possible to the official UAH/PLN rate. NBP is also helping the NBU in other areas and stands ready to continue to do so.

Numerous refugees from Ukraine who decide to stay in Poland receive comprehensive assistance from the Polish authorities, including child benefits and social assistance, as well as free access to public education and health care. At the same time, tremendous efforts continue to be made by thousands of Polish citizens hosting the refugees in their own houses, organising collections of necessary goods and offering all kinds of support to Ukrainians. However, the generous fiscal support poses substantial challenges for the Polish economy, as it is putting an increased burden on government financing for schooling, healthcare and housing, as well as on expenditure at the municipal level.

Additionally, this has come at a challenging time for the countries of our region. Already faced with soaring commodity prices, mounting inflationary pressures, fiscal burdens caused by the response to the Covid-19 crisis, and sustained disruptions to trade and supply chains, this assistance has further increased the strain on the economies of the current countries of operations. As a result, the EBRD’s additionality for its clients in the region has increased. Against this background, I welcome the Bank’s approach to also cover the so-called Affected Countries under its comprehensive resilience package.

There is no doubt that, in light of the recent unprecedented events and the scale of their short and long-term implications, the EBRD should focus on supporting the current countries of operations, with assistance to Ukraine as the main priority. Given the uncertain macroeconomic and geopolitical conditions, the Bank will need to maximise its efforts and resources towards that goal, which may require scaling up the EBRD’s risk appetite.

Consequently, in the current unprecedented circumstances, efforts towards the Bank’s expansion to sub-Saharan Africa and Iraq, while a worthwhile endeavour, need to give way to a more pressing priority. In this regard, as we safeguard the progress achieved so far on the strategic ambition of the Bank’s expansion, some more time to reflect will benefit this task.

Having barely recovered from severe disruptions caused by the Covid-19 pandemic, the EBRD finds itself facing one of the biggest challenges in its 30-year history, one that will shape its future for many years to come. Yet, I somehow feel a calm certainty that with the continued support of its shareholders, the EBRD can once again prove its resilience, emerge stronger from the crisis and lend its strength where it is most needed. It is not the first time that momentous historical developments have written the Bank’s strategies, and it has never failed to deliver on its mandate, transforming countries and changing lives for the better.

STATEMENT BY MR JOSÉ CARLOS PEREIRA, ALTERNATE GOVERNOR FOR PORTUGAL

It is a pleasure to attend the first Annual Meeting of the EBRD Board of Governors in North Africa, especially after two years of virtual meetings.

I would like to express my gratitude to the city of Marrakech and to the Government of Morocco for the warm welcome and hospitality.

Also, a word of appreciation to the Estonian Governor and to the Moroccan Governor for chairing this meeting.

Portugal strongly condemns the illegal and unprovoked aggression by the Russian Federation on Ukraine, and we call for an immediate ceasefire that allows meaningful diplomatic negotiations to resume.

This crisis is at the core of the EBRD’s region, and the Bank has shown agility and flexibility to adapt to the circumstances, putting forward a first support package of up to €2 billion, with the immediate purpose of preserving livelihoods by sustaining the provision of services and safeguarding business activities.

We see a pivotal role for the Bank to play in the immediate term, and also as a much needed long-term partner in the reconstruction efforts of Ukraine and its economy. We urge the EBRD to work in coordination with other international financial institutions, and especially within the framework of the European financial architecture for development.

The economic impacts in Ukraine, neighbouring countries, and globally are already being felt; and unfortunately are likely to become more acute.

We believe the EBRD should be ready to show its continued commitment to Ukraine and other countries on the long path towards recovery. With this in mind, we appreciate ongoing discussions on how to leverage the Bank's impact through its risk appetite, and we recognise the EBRD's willingness to commit own resources while keeping its sound financial footing and AAA rating.

On the sub-Saharan Africa expansion, we agree that the EBRD has a strong value proposition in these countries. This is a limited expansion and would not be detrimental to the Bank's capital position nor prevent the Bank from supporting its core region. We are of the opinion that this expansion is not an immediate priority, so we appreciate the proposed sequencing of events. We will continuously monitor this process, and call for caution regarding capital consumption and the budgetary and governance implications of expanding to a new set of countries.

We welcome the good operational results of the Bank achieved in 2021 and the work done to deliver on its mandate, in particular, in what concerns the green economy. We call on the Bank to remain committed to its objectives of promoting greener, more inclusive and digital economies in its countries of operations, while keeping a robust capital position.

Finally, I would like to congratulate President Odile Renaud-Basso who has been devoted to her mission at the EBRD during these difficult times.

STATEMENT BY MR ADRIAN CÂCIU, GOVERNOR FOR ROMANIA

The coronavirus crisis seems to have been forgotten, even though the effects of the pandemic are still being felt in most of the world's economies, with an increasingly real tendency for this virus to turn from pandemic to endemic.

In these difficult times when a medical crisis has overlapped with a European energy crisis, the outbreak of war in Ukraine has added another dramatic economic and humanitarian dimension to the contemporary world, and at the same time, has been triggering a potential future global food-supply crisis.

In addition, Ukraine is currently facing massive destruction by the Russian army in some regions, the loss of human life, and the phenomenon of depopulation as a result of migration waves (more than 5.2 million people, 90 per cent of whom are women and children).

This new reality into which Russia's war against Ukraine has thrown all of us requires even greater cooperation between EBRD Members (excepting Russia and Belarus), and mutual resilience against the future economic obstacles to be overcome.

We believe that the EBRD's efforts will be even more intense than the great efforts made so far. And we want to show our appreciation for this; and we also want to show our willingness to support the EBRD team in solving the challenges that lie ahead.

Romania remains consistent in its position on reaffirming and strengthening the EBRD's commitment to the current countries of operations according to the Bank's existing mandate, and on increasing investments and technical assistance packages that focus on green financing and digitalisation.

Romania is considering a future expansion of the EBRD to sub-Saharan Africa and Iraq in a context where the EBRD's future enlargement policy will not affect the Bank's ability to support its existing countries of operations, will not compromise the Bank's AAA credit rating, and does not lead to a request from the Bank for additional capital contributions from its shareholders.

However, at this difficult time in world history, we recognise the importance of prioritising all the efforts of the EBRD towards helping Ukraine, and the neighbouring countries facing a continuous influx of migrants from Ukraine.

We welcome the EBRD's initiative to approve the €2 billion support and financing package for Ukraine and neighbouring countries, as well as the EBRD's reassurance on the Bank's commitment to its mission and mandate, as set out in the Strategic and Capital Framework 2021-2025.

Romania is fully aware of the worsening effects of this war on European countries (and globally) in terms of: rising prices for food and other essential goods; the possibility of side effects on the financial and banking sectors related to the crisis of the payment system which the Russian Federation is facing nowadays; the existence of increased geopolitical risks that will eventually impact capital markets in the central European and Baltic region, among others, and will also put pressure on local currencies in the affected countries.

Romania also welcomes and acknowledges the need for a reconstruction plan for Ukraine once the war is over, and it is directly interested in recent and future developments on the International Chernobyl Cooperation Account.

The Prime Minister of Romania Nicolae Ciucă, during his visit to Ukraine on 26 April 2022, emphasised Romania's availability and interest in participating substantially in the post-conflict reconstruction process of Ukraine, depending on parameters and priorities defined by Ukraine's authorities. In this regard, a specific bilateral Romania–Ukraine dialogue dedicated to this topic will be established.

To conclude this statement, I would like to stress that Romania will fully support the EBRD team in taking both short-term and long-term measures to mitigate the considerable impact of the war on Ukraine and neighbouring countries affected by waves of war refugees.

STATEMENT BY MR MAKSIM RESHETNIKOV, GOVERNOR FOR THE RUSSIAN FEDERATION

(Translated from Russian) Traditionally, we try to make our annual statement a substantive assessment of the EBRD's achievements, focusing on the team's successes in each reporting period. In light of the current context, we are obliged to depart from the usual format and make a statement about alarming global trends that are directly affecting the EBRD's work.

The world economy is facing complex challenges. On top of the problems that the coronavirus pandemic triggered, new difficulties have sprung up, such as the disruption to market pricing mechanisms and global supply chains, the escalation of the food and energy crises, and the threat of stagflation in the largest economies. The impact of developed countries' monetary and fiscal policies, largely ineffective and occasionally overly optimistic, are becoming increasingly apparent. All this affects countries with lower income levels in the first instance.

The anti-Russian sanctions imposed by the collective West have dealt a further blow to economies in the EBRD region. Not only are the sanctions slowing down business activity in Eurasia; they are also harming those who actually instigated the restrictions, including the European Union.

Such turbulent conditions require the global community to coordinate their actions, primarily in sustainable development, debt relief for developing countries, and maintaining momentum towards inclusive growth and the stable operation of international financial institutions. Meanwhile, the so-called guarantors of the global order continue to pursue their personal interests, pulling purely economic forums, such as the EBRD, into a geopolitical agenda that they are not equipped for, and laying all the global economy's current and accumulated problems at Russia's door. This view is borne out by the Annual Meeting documentation and its extremely prejudiced statements, with which we fundamentally disagree.

As one of the founders of the EBRD and the largest country of operations, Russia is regretfully noticing irreversible negative changes in the work of this international organisation. Our longstanding calls not to politicise the Bank's work and not to use it as a conduit for illegitimate sanctions imposed by certain groups of states have not been heeded by either the previous or current management. As a result, this stance is damaging the Bank's image, and undermining its mandate and long-term prospects.

The EBRD's activities this year have maintained the very dividing lines that we have seen since 2014 in the context of the unofficially imposed "political guidance" that suspended operations in Russia. In order to increase the pressure on Russia and its closest partners, on 1 April 2022, the Board of Governors adopted Resolutions 245 and 246, which deny Russia and Belarus access to the Bank's resources. The Resolutions were highly politicised and did not accord with the Bank's Basic Documents. In the absence of any other justifications, the reason given for denying the two shareholders their legal rights and enforcing Article 8(3) of the Agreement Establishing the Bank was "exceptional circumstances".

Back in 2017, Russia formally proposed that the Board of Governors should declare that the 2014 suspension of the Bank's work with Russia had been made in accordance with the Agreement Establishing the Bank. However, this proposal, accompanied by an official legal opinion, was declined.

There is a whole raft of examples where the world's leading economies have taken part in armed conflicts, creating hotbeds of instability in the process, under the guise of spreading democracy and various freedoms. And yet, no large-scale sanctions campaigns, involving international financial and economic forums and specialist industry organisations, were rolled out against those states. This precedent from the EBRD is disappointing, as it not only highlights the resurgence of the "bloc" mentality within the Bank's management, but also sets a clearer course for the future infringement of individual Members' rights depending on the geopolitical situation. The willingness to abandon its contractual obligations without warning and withdraw from the banking portfolio, entailing significant damage to both itself and all its partners, speaks volumes about the EBRD's priorities.

This kind of approach will not boost the effectiveness or improve the reputation of the Bank. We have repeatedly warned our colleagues that transforming the EBRD's political mandate into a geopolitical one will not be able to guarantee its future relevance and yield long-term dividends in strategic or financial terms. In such circumstances, we have no reason to support the proposal to extend the Bank's mandate to the countries of sub-Saharan Africa and Iraq, which means that we will abstain on draft Resolution No. BG31/4.

Our country has already been living under sanctions for a long time. Despite this, our domestic market and international economic relations are successfully adapting to changing circumstances. At the moment, the Russian economy has withstood the initial blow of the sanctions – the financial markets have stabilised and inflation has pulled back. Our country has appropriate contingency reserves to continue transforming our economic development model.

All crises come to an end sooner or later; but it will not be easy for the Bank to return to the Russian market and restore lost confidence. Russia is therefore disappointed that the EBRD management has decided to close the Moscow office, which was a window on the region and also helped maintain opportunities for engaging on topics of mutual interest.

Russia has long been operating as a donor of funds and accumulated expertise in many international financial institutions. It is obvious that, as a result of the rash decisions of individual EBRD shareholders, who have forced the Bank to abandon what has been the most profitable and balancing for its entire regional portfolio, Russia will de facto take on a new status.

I would like to conclude by noting that our country has always been a reliable partner to the EBRD. When the Bank's management realises the counterproductive nature of its decisions, and that the Eurasian zone cannot be developed without involving Russia in the process, we will be ready to return to constructive dialogue.

Today, we do not endorse the main message being conveyed, the anti-Russian attacks and definitions contained in the report of the Board of Directors to the Board of Governors No. BG31/13, and we will vote against it.

STATEMENT BY MR ANDREJ ŠIRCELJ, GOVERNOR FOR SLOVENIA

Let me first thank the EBRD for organising the meeting and the Kingdom of Morocco for the hospitality.

I would like to join the previous speakers condemning the Russian aggression against Ukraine. I hoped that at this year's Annual Meeting, we would discuss the future of the Bank and strategic issues, but now, we need to focus on the severe consequences of unjustified violence instead.

Slovenia supported the Bank's rapid sanctions against Russia and Belarus. Even though we are aware that all sanctions taken will also have consequences for Europe, we believe that inaction would be more severe and a threat to European values and freedom.

We are facing tremendous global uncertainties, which will continue in future years. While I believe that we should remain committed to achieving the development and climate goals, we should first focus on the grave situation of the war that will first and foremost affect Ukraine.

While the first indications of a potential end to the pandemic started appearing in February, the war on Ukraine began. The war is causing tragic victims, loss of life and displacement – but it has other consequences as well. Among the most imminent ones are the rising prices of energy and food that significantly increase the risk of hunger and poverty. These are the issues that we need to address.

Slovenia stands with Ukraine, and we are providing all support we can, reaching around €85 million by now. We support the significant financial package of €2 billion for Ukraine and the affected countries announced by the EBRD. Yet, in light of that, I would like to stress that we need a clear vision of the disbursement of funds and projects most suitable for investment. Our actions need to be swift but also thought through.

We should keep in mind that the Bank can only serve its clients if it has a good financial stance and the full support of its shareholders, which will, in the coming years, be more important than ever. In light of that, let me also briefly address the geographical expansion to sub-Saharan Africa. In general, Slovenia can support the proposed Resolution on the incremental and limited geographical expansion, while also requesting further analysis. I believe that we need a clear picture of how the Bank would operate in different countries with different country policies. Cooperation with countries of sub-Saharan Africa is important, especially in terms of the effective implementation of projects that will help with the stability and sustainability of the region.

Here, let me add that by now, it is clear that the war in Ukraine will also affect the countries in sub-Saharan Africa that are dependent on the rapidly decreasing wheat supply from Ukraine. This will increase the risk of hunger and poverty and could increase migration flows and displacement. To find the solution to that, international institutions should join forces and incentivise projects that will reduce and eliminate the risks of the negative impacts of the war in Ukraine. It does, however, remain imperative that Ukraine is at the forefront of the focus of our help.

STATEMENT BY MS NADIA CALVIÑO, GOVERNOR FOR SPAIN

Spain conveys its solidarity with Ukraine and the Ukrainian people who are currently suffering the consequences of a completely unjustified aggression. A criminal war is destroying their lives and the most vital infrastructure of the country, and forcing a huge portion of its inhabitants to leave their homes, their jobs and all their possessions to immigrate to other countries in order to save their lives and those of their children and relatives. Thank you to the EBRD and its staff for all the work they are doing in constant and untiring support to maintain the life and economy of Ukrainian citizens. We are pleased to see that engagement with Ukraine and affected countries is an absolute priority for the Bank.

The war in the region has made the Bank's mandate to deliver transition in open, market-oriented economies even more relevant through the reconstruction and development of its countries of operations. The Bank is correctly focusing its engagement with Ukraine on projects complementing other multilateral financial institutions, which are concentrating on budgetary support. It is our view that coordination among international financial institutions is an absolute necessity in this case, to better identify needs and to deliver financing.

Spain reaffirms its commitment to the strategic path set out in the Strategic and Capital Framework 2021-2025. We support the Bank's institutional role in the development of a market economy, as a crucial instrument for advancing a democratic system that accommodates all citizens, their concerns and their plurality. The focus on a greener future, the special emphasis on inclusion, and the efforts to deploy the digital transition remain very relevant guidelines to deliver the Bank's activities in its countries of operations. We support the focus of the Bank on the early transition countries, and countries of operations located in the Western Balkans, Central Asia, and the entire Mediterranean and North African region, areas in which we support the EBRD's commitment to increase the share of its investment and policy activities.

Spain maintains its compromise to support the Bank's efforts to further explore opportunities for geographic risk diversification, respecting the EBRD's core mandate, resources and its balance sheet's capabilities. Even if deferred in time, we consider the limited and incremental expansion into sub-Saharan Africa and Iraq as a reaffirmation of the EBRD's long-term mission and its role in meeting global policy priorities beyond the immediate crisis.

STATEMENT BY MS MARI-GABRIELLE INEICHEN-FLEISCH, TEMPORARY ALTERNATE GOVERNOR FOR SWITZERLAND

On behalf of Switzerland, I commend the EBRD for its outstanding work and continued commitment to its recipient countries over the years, including by supporting them during the major crises of the Covid-19 pandemic and the War on Ukraine. The fact that the 2021 Annual Bank Investment reached €10.4 billion, the second highest level in the EBRD's history, is a demonstration of the Bank's capacity to provide strong support to its countries of operations. I also take the opportunity to welcome the United Arab Emirates and Algeria as new Members of the Bank.

Switzerland is deeply concerned about the War on Ukraine and its impact. Switzerland condemns the Russian aggression on Ukraine in the strongest possible terms, and calls on Russia to de-escalate the situation immediately, cease all hostilities, and withdraw its troops from Ukrainian territory without delay.

The priority for the EBRD is to provide immediate support to Ukraine and to the other countries of operations affected by the war, while at the same time ensuring continued implementation of programmes in the rest of its region. I am encouraged by the steps taken to maximise the use of available capital and approach donors to support Ukraine. Switzerland supports the Resolution submitted on the EBRD's response to the war on Ukraine. I am also pleased to announce that Switzerland is contributing 10 million Swiss francs to support the EBRD's activities in Ukraine.

Effective and well-coordinated multilateral cooperation will be critical to address the multiple consequences of this war as well as its spillover effects at the regional and global levels. It will also be a vital prerequisite for prompt and effective reconstruction once conditions allow. As the leading institutional investor in Ukraine, the EBRD is well placed to coordinate the multilateral reconstruction efforts.

Switzerland welcomes the EBRD's commitment to support affected countries under its Resilience and Livelihoods Framework. The war on Ukraine has a substantial impact well beyond Ukraine's borders. Millions of Ukrainian citizens have been displaced both within Ukraine and into neighbouring countries, many of which also fall within the EBRD's region. The war on Ukraine has underlined that the Bank's priority must be and should remain the Bank's current countries of operations as outlined in the EBRD's Strategic and Capital Framework 2021-2025.

The EBRD has been at the forefront of establishing policies and approaches towards advancing low-carbon transition in its countries of operations and aligning with the objectives of the Paris Agreement. The war on Ukraine has had significant repercussions for energy security across the EBRD's region and beyond. Rapidly escalating energy prices have increased the focus on the need for sustainable energy. The EBRD's climate ambition is reflected in the strong implementation of the Green Economy Transition approach, with over half of the Bank's investments being in green projects in the first year. Switzerland supports the EBRD's active engagement with other multilateral development banks and international partners, and reaffirms its expectation for the Bank to align its activities with the Paris Agreement by the end of 2022.

Switzerland is not in favour of the proposal of taking an in-principle decision on the expansion of EBRD activities to sub-Saharan Africa and Iraq. While I acknowledge the development needs of sub-Saharan Africa and Iraq, I strongly believe that the EBRD enhances its relevance and effectiveness in the international development architecture by prioritising its limited resources in support of its current region of operations, in complementarity with other development actors. Switzerland will continue to work closely with management and shareholders in the next steps of this process in the best interests of the EBRD and its Members.

In closing, I thank the EBRD President, Ms Odile Renaud-Basso, for her continued leadership, and the EBRD staff for their work and commitment, which make it possible for the EBRD to carry out its mandate and be recognised as a prime multilateral institution. I also thank the Moroccan authorities for hosting the Annual Meeting and for the warm hospitality, and the Government of Uzbekistan for offering to host next year's Annual Meeting in Samarkand.

STATEMENT BY MR NUREDDİN NEBATİ, GOVERNOR FOR TÜRKİYE

The war in Ukraine comes at a time when the region is already coping with the pandemic. The war is resulting in a tragic loss of life, human suffering and waves of refugees to neighbouring countries.

There is also a significant economic toll. This will not only be felt by Ukraine or Europe, but also will have global implications. The impact will be extensive, through rising food and energy prices, volatility in the markets and disruption in supply chains, thus hampering the post-pandemic recovery around the world.

The EBRD entered this crisis on a solid footing, on the back of robust financials and a sound business model. It has the capacity to provide impactful support to Ukraine and the affected countries at a time of hardship caused by the war.

It is commendable that the EBRD continued its strong support to countries of operations in 2021, with an Annual Bank Investment of €10.4 billion. Achieving this with the highest net profit in history clearly indicates its results-driven focus. The first-year results of the Strategic and Capital Framework clearly prove this success.

In this critical time, we are glad that the EBRD has moved fast to establish the crisis response package, namely the regional Resilience and Livelihoods Framework. Its strong capital position and continuous focus on comparative advantage have enabled the Bank to achieve this end. They are the elements that enabled the Bank to weather the challenges caused by the pandemic.

To this end, we welcome that the package is built upon the lessons learned from previous crises. We expect the EBRD to complement and collaborate with other donors and international financial institutions, and exercise flexibility in a temporary nature where needed. We invite the EBRD to benefit from the experience of Türkiye's private sector, which has a long-lasting successful track record in the region with regards to the reconstruction stage of the package.

While we welcome that the Bank will navigate its main focus towards the immediate needs of Ukraine and other impacted countries of operations, we also expect the Bank to prioritise supply chain investments, especially in the agriculture, food, logistics and energy sectors in the countries of operations. Considering that the pandemic-era inflation and supply chain distresses caused spikes in food and energy costs even before the war, the EBRD would have a critical role to play in the region with its instrumental investments.

In 2021, the Turkish economy grew by 11 per cent, positioning Türkiye as the fastest growing country in the G20. Leading indicators for the first quarter of 2022 indicate that economic growth continues, albeit at a slower pace. Meanwhile, inflation has become a significant concern in our country, due to the rise in global commodity prices, exchange rate developments and inflation expectations. Presently, our top economic priority is the fight against inflation.

Our economic model aims at achieving permanent macroeconomic stability via supporting production, exports and the labour market and by encouraging high value-added production. Carefully crafted social policies will help spread the growth for the benefit of the most vulnerable segments of society.

Today, a new refugee crisis evolved into an avalanche at the heart of Europe. We, as a leading country among refugee-hosting countries, believe that the responsibilities are multifaceted, and there is a clear need to work collectively and deploy sustainable burden-sharing mechanisms.

Türkiye supports Ukraine and the neighbouring countries with all means available. Since the humanitarian situation is a top priority for us, we are providing the affected countries with humanitarian aid. Türkiye wants a humanitarian ceasefire and the establishment of humanitarian corridors. We need to evacuate the people and deliver aid throughout the affected countries.

The fact that Türkiye has a strategic partnership with Ukraine and working relationship with Russia in various regions ensures that we are in a unique position. We are using this asset to open the way for peace and stability in our region. For this goal, we will continue our efforts to help Ukraine and Russia reach a viable political settlement.

The war in Ukraine remains a risk, slowing countries' energy transition efforts. The transition, while still happening, could be slower than expected.

Türkiye is among the countries adversely affected by the volatility in energy prices. We have carried out sizable investments in renewable energy, natural gas with international and domestic pipelines, and gas storage facilities.

Certainly, the immediate future will be difficult but in the long term, the successful realisation of energy transformation will help us address the challenges and strengthen energy security at the regional and global levels.

In the meantime, in order to overcome the current energy crisis, the EBRD should act in a more flexible manner to provide support to natural gas upstream investments that are feasible, while also engaging more in renewable energy investments.

We recognise that we have to ensure energy security in a manner compatible with climate objectives. We are glad that, as set out in its Strategic and Capital Framework, the EBRD is keen on advancing the green and low-carbon transition in its countries of operations. We congratulate the Bank on achieving its 2025 goal of green investments as of now. We expect this trend to continue through increased loans and policy dialogue activities. Considering Türkiye's ambition for green transition and huge needs for this, we would like to see the EBRD's increased engagement in this area.

The crisis will also have an operational result on the Bank's expansion to sub-Saharan Africa and Iraq. We share the view that the EBRD should prioritise supporting Ukraine and other countries affected by the war. In light of the crisis in the heart of the region, we support the proposal to postpone the final decision on the EBRD's expansion to sub-Saharan Africa and Iraq.

In conclusion, we have full confidence that the EBRD is capable of retaining its vital role as a leading development partner in its region. As always, Türkiye is fully committed to strong support and cooperation with the Bank.

STATEMENT BY MR SERGII MARCHENKO, GOVERNOR FOR UKRAINE

Last year in the EBRD Annual Meeting, we spoke about *building back better*, celebrating humanity's slow but certain success in fighting the pandemic.

We hoped that dealing with the post-Covid economic shock would be the major concern the world would be facing. For us, in Ukraine, any economic challenge for the past eight years since Russia's annexation of the Ukrainian Crimea and invasion of the Donbas has traditionally been a *bonus marks* exercise – demanding extra resilience, extra public effort and extra dedication from our people.

In this context, Covid recovery was promising to be another difficult task, which Ukraine was still prepared to deal with in a sustainable and committed way.

Unfortunately, on 24 February 2022, our plans were shattered by Russia's unprovoked illegal war that has been devastating our country for two and a half months now.

That attack on the civilised world, on the rule of law, on the sovereignty and territorial integrity of the largest European country immediately put its biggest institutional investor – the EBRD – in the spotlight. The Bank delivered record financial profits in 2021 and, as witnessed by the auditors, as a AAA-rated institution, the EBRD is extremely well capitalised. That is why it became so important that the EBRD's response to the Russian war on Ukraine should be most ambitious, reflecting the need to take drastic immediate action in Ukraine, matching the scope of the challenge that Europe and the world is presented with.

The war on Ukraine and its regional and global impact are likely to be a once-in-a-lifetime event for the EBRD and the region – exceeding the effects from previous major economic crises in the region and the global Covid pandemic, both in terms of the economic and financial impact on all the affected countries, and of course in terms of the human life and social cost.

After the start of the war, it rapidly became clear that, in addressing such a tremendous shock, it is irresponsible to deal with its effects within the constraints of existing capital frameworks, risk appetite and operational parameters. One could say that the EBRD has been prudently building its financial resilience and reserves specifically to be able to respond to this kind of an existential challenge.

Moreover, we felt that the prompt response to the war on Ukraine and the EBRD's support to Ukraine and the affected countries should be counter-cyclical in the economic sense – that is, our investments will allow us to avoid deeper crises and avert further risk contagion.

And now, we would like to commend the Bank's President and management, as well as the majority of its shareholders for the very intensive work of recent weeks that reflects all these considerations and challenges. The Report of the Board of Directors and the proposed Governors' Resolution on the response to the war on Ukraine demonstrate the ambitious approach that we came to expect. We welcome that it commits the Bank to a bolder risk appetite and highlights the role that the EBRD is expected to play in the immediate response, as well as in the reconstruction phase.

It is clear that such a response would not have been possible without support from donors, allowing the Bank to aspire to bigger investment and impact in Ukraine, whilst sharing substantial volumes of the inevitable risk. I would like to thank donors for that continued support.

On a related note, I would like to thank my fellow Governors for supporting, back in March, the historic vote to trigger Article 8.3 of the Agreement Establishing the Bank, suspending access to the Bank's resources for Russia and Belarus. We believe this vote showed that the Board of Governors believes that ethics do matter. We strongly feel that this means that no entities in any way connected to a sanctioned shareholder should benefit from any form of access to the EBRD's resources – directly or indirectly, through tendering or sub-contractual relationships, operational or budgetary funding.

Today we are happy to be in a position to support the proposed Governors' Resolution on the war on Ukraine – the document that sets the right tone in terms of the EBRD's approach to tackling such an extraordinary set of challenges presented by Russia's invasion of my country. We hope the Resolution's approval will put the EBRD firmly ahead of the curve in leading the war response effort in Ukraine, and we call on all stakeholders to work closely between themselves to ensure efficient coordination and collaboration in this endeavour.

Ukraine today is defending the civilised world against the rule of terror, the rule of brutal force. Economic and investment support that the EBRD can provide to Ukraine, and that is enabled by this Resolution, is an integral part of the global effort to stand with Ukraine in this fight.

STATEMENT BY MR MOHAMED AL HUSSAINI, GOVERNOR FOR THE UNITED ARAB EMIRATES

We thank the Kingdom of Morocco for hosting the Annual Meeting of the Board of Governors, and we extend our appreciation to the EBRD for their efforts in addressing some of the most critical current global challenges.

This is the first time the United Arab Emirates has participated in the EBRD Annual Meeting of the Board of Governors, and we are delighted to join these discussions. Unfortunately, I was not able to attend in person.

We can see that progress on the recovery is being challenged by the backdrop of rising geopolitical tensions. This manifests in two effects:

- Rising uncertainty where the global economy is now more volatile, being significantly impacted by the scale of rising geopolitical tensions causing supply shortages and price increases.
- Governments and economies have taken various measures to expedite the road to recovery. However, geopolitical tensions could potentially overturn the recovery gains made to date, especially regarding streamlining capital flows, investments, and global trade, among others.

Shocks of this magnitude could have detrimental global effects. As a result, addressing the pandemic's scarring effects, including uneven recovery, disproportionate impact, productivity, and unemployment, has now become more important.

The EBRD is in a vital position to alleviate some of the pressure as noted above.

From our side, the United Arab Emirates played a key role in supporting displaced Ukrainians in neighbouring countries through financial and healthcare aid packages, including tonnes of medical and relief supplies, and other humanitarian assistance to benefit civilians impacted by the situation.

Lastly, the United Arab Emirates is interested in sustainability as a strategic choice, to transform and evolve as a hub for global sustainability through innovation.

The EBRD's Green Economy Transition approach is part of the Bank's strategy, and reflects the needs of its countries of operations and the augmented focus on environmental sustainability. Furthermore, given that economic and sustainability backdrop, private and public-sector collaborations, cohesion and alignment are essential to achieve an effective green objective. We believe it is vital to activate dialogue and align efforts with the EBRD and other multilateral entities to integrate global efforts in this regard, as we prepare for COP28, which will be held in the United Arab Emirates in 2023.

STATEMENT BY MS LINDSEY WHYTE, TEMPORARY ALTERNATE GOVERNOR FOR THE UNITED KINGDOM

1. The UK thanks the Government of Morocco for hosting the EBRD's first in-person Annual Meeting since 2019. We would like to make four brief points.

2. First, on support for Ukraine. We would like to emphasise that the UK strongly endorses the focus of this Annual Meeting on Russia's war of aggression against Ukraine. We offer our full solidarity to the people of Ukraine and condemn in the strongest possible terms the unprovoked, premeditated attack of the Russian Federation. We endorse the Bank's draft Governors' Resolution setting out the EBRD's response to the war on Ukraine, and welcome the progress made so far in implementing the EBRD's resilience package.

3. However, the international community must do more. The EBRD should further prudently use its balance sheet and quickly repurpose internal resources to provide support for both Ukraine and the wider region. The UK welcomes proposals for the EBRD to return to Governors with options for further donor support by July. We encourage the Bank to accelerate this work. The UK will continue to actively consider all support options and, subject to the necessary approvals, to guarantee $50m of further EBRD financing for suitable projects that address the urgent needs in Ukraine.

4. We look forward to ambitious proposals for how the EBRD will play a leading role, working collaboratively with other multilateral development banks and the international community, to provide coordinated support for Ukraine's reconstruction.

5. Second, on sub-Saharan African expansion, the UK supports the excellent preparatory work undertaken since July 2021, as set out in the Directors' report to Governors.

6. The UK continues to believe there is a compelling strategic case for the Bank to expand into sub-Saharan Africa, and looks forward to all Governors taking a clear, informed decision on amending Article 1 next year. It is only right that the Bank allows time to enable the full implications of the war on Ukraine, both on Ukraine and affected countries, to become clear and fully understood ahead of this decision.

7. Third, on action on climate change. The EBRD played a leading role among the multilateral development banks on collective climate priorities at COP26 in Glasgow, but the months ahead will be critical for the Bank in finalising its Paris alignment methodologies ahead of COP27. We recognise the challenging circumstances faced by many members. However, it is vital that the Bank produces an ambitious energy strategy with further restrictions on fossil fuel projects – we must respond to Russian aggression by accelerating Eastern Europe's transition to clean and secure energy.

8. Finally, on EBRD performance. At the mid-term review of the EBRD Strategic and Capital Framework, the UK sees a multilateral development bank delivering its objectives despite unprecedented circumstances. We are confident this will continue. The EBRD secured record profits in 2021 while responding to global challenges and Members' needs. This demonstrates the effectiveness of the EBRD's operating model and value for shareholders. We would like to thank EBRD management and its staff for the EBRD's continued robust performance.

STATEMENT BY MR ANDY BAUKOL, GOVERNOR FOR THE UNITED STATES OF AMERICA

On behalf of the United States, I would like to thank the people and Government of Morocco for their warm hospitality in hosting these meetings. We are pleased that we are once again able to come together in person, while also offering our deepest sympathies to all those whose lives and livelihoods have been and continue to be affected by the Covid-19 pandemic.

The United States stands resolutely with the Ukrainian Government and the Ukrainian people. We condemn, in the strongest terms, Russia's illegal, unprovoked war against Ukraine. We demand that Russia immediately ceases its use of force against Ukraine. Russia's war against

Ukraine has massive humanitarian consequences, and detrimental repercussions for the global economy through direct and indirect channels.

Russia's actions are also in clear violation of the EBRD's mission – a commitment to open markets, entrepreneurship, multiparty democracy and pluralism. Russia's invasion of Ukraine is a direct affront to the principles that underpinned the very creation of the EBRD in 1991, and seeks to dismantle the progress the institution has painstakingly fostered. The EBRD's response has been immediate and strong. The United States joined the overwhelming majority of EBRD Governors in voting to suspend Russia's and Belarus's access to EBRD resources. The ideals of the EBRD's founders have been reaffirmed – the future belongs to open market economies. We strongly support EBRD management's decision to close its offices in Moscow and Minsk.

There is no escaping that Ukraine's economic needs are massive and urgent. Our resolve to come together and support Ukraine must be just as strong as our unprecedented and united international response against Russia. The EBRD is uniquely positioned – with its large presence on the ground, intimate knowledge of the country, and strong connections to the private sector – to support economic continuity and vital infrastructure in Ukraine.

The United States strongly supports the EBRD's Resilience and Livelihoods Framework for Ukraine and affected countries. We applaud countries that have opened up their homes and hearts to welcome the over seven million Ukrainian refugees. The EBRD also has a role in supporting them as they shoulder new responsibilities. We appreciate management's flexible approach and ability to take risk on the Bank's own balance sheet. We welcome the decision to adjust the ratio of risk coverage between the Bank and donors. We urge management to coordinate closely with key development partners given the immensity of Ukraine's needs, including on plans for reconstruction.

The Biden-Harris Administration has requested $8.5 billion from our Congress to provide further economic assistance to Ukraine, including $7.5 billion in direct budget support and $500 million to support EBRD interventions to counteract economic vulnerabilities caused by the war, including on the ground in Ukraine, now and for reconstruction. This request is a strong signal of our support to Ukraine and other countries affected by Russia's war on Ukraine, and of our confidence that the EBRD has a vital role in helping Ukraine's energy and food security, and bolstering the private sector.

Russia's war against Ukraine has also imperilled the global recovery from the pandemic and aggravated inflation, with vulnerable populations across the world feeling the effects of steeply rising commodity, energy and food prices. The EBRD must address the impact of Putin's war of choice on all countries of operations, including rising food insecurity. We urge the EBRD to work with other international financial institutions on an effective and coordinated action plan to tackle food insecurity.

We live in a world of multiple shocks and crises. So we ask the EBRD to do even more, on numerous fronts, building on the strong 2021 financial and operational results that have allowed the Bank to tackle the new challenges in 2022 head on. We look forward to the implementation of the new five-year Strategy for the Promotion of Gender Equality, the Equality of Opportunity Strategy, and the digital approach that is relevant across all the sectors in which the EBRD works.

We appreciate the EBRD's continued leadership on climate, and in particular welcome the commitment made to double total private capital mobilisation by 2025, with at least half of that going to climate finance. Now is the time to redouble efforts on our climate goals, particularly in the face of fossil fuel price spikes. The EBRD must remain committed to helping countries accelerate the achievement of energy security through renewable energy investments. As a leader in this area, it is critical for the EBRD to continue establishing an effective process for achieving alignment with the goals of the Paris Agreement, particularly in private sector operations and working through financial intermediaries.

Continued investments in infrastructure are critical to the economic recovery from Covid. We appreciate President Renaud-Basso's recent participation in a roundtable on scaling infrastructure investment that Secretary Yellen hosted. We look forward to the EBRD joining other multilateral development banks to support and amplify the high-quality infrastructure initiative launched by the United States and the G7. The EBRD has a strong role in advancing infrastructure investments in countries of operations in the areas of climate, health, digital technology, and gender equity. Such investments will connect people with opportunities, and contribute to economic growth, greater social inclusion, and climate resilience. We call on the EBRD to implement new ways to mobilise private finance, and to accelerate the use of innovative financing tools that leverage and crowd in significant amounts of private capital, while also working to improve countries' investment-enabling environments.

Building on its track record of bringing its distinct value proposition to new markets, we recognise the significant value the EBRD can bring to sub-Saharan Africa, including trade finance and lending to smaller businesses, quality infrastructure, green transitions, and policy work to improve business-enabling environments. We see this as clearly consistent with the Bank's transition mandate. We fully support Governors reviewing a proposal on an Article 1 amendment at the EBRD's 2023 Annual Meeting.

Ultimately, the EBRD's success will be clear when countries have made sufficient progress on their transition journey to rely on capital markets and on their own resources to continue their path, independent of investments from the Bank. We recognise that progress is not always linear and strongly supported the revisions to the post-graduation operational approach.

We thank EBRD staff and management for their commitment and professionalism during another trying year. We hope colleagues previously working in Ukraine will be able to return home soon. The United States remains committed as a strong partner with the EBRD as it extends private-sector-led economic opportunities and democratic values across its countries of operations during this time of continued challenges. Quite simply, the EBRD was made for this moment.

STATEMENT BY MR SARDOR UMURZAKOV, GOVERNOR FOR UZBEKISTAN

First of all, I would like to express my gratitude to the leadership of Morocco for hosting the EBRD Annual Meeting.

We are meeting at very challenging times for the Bank and its Members. Despite the impact of the pandemic, the EBRD has managed to deliver record financial results for the year 2021 and I highly commend Madam President and the whole Bank for this historic achievement.

I am grateful that Uzbekistan became the largest recipient in the region, being amongst the top five investment destinations for the Bank, with a record investment of over €600 million in 2021.

We value the EBRD's commitment and determination to deliver strong results in our country.

Uzbekistan has recently adopted a new five-year Development Strategy, which is based on a number of important pillars, such as: strengthening the role of civil society, ensuring the rule of law, sustainable and equitable economic growth, just social policy, acting as a responsible member of the global community, and conducting open and pragmatic foreign policy.

Many of the objectives of the Strategy correspond with the mandate of the EBRD, and we are looking forward to the expansion of our active engagement in the following priority areas.

First, we expect that the EBRD will continue supporting reforms in the transformation and privatisation of state-owned enterprises and state-owned banks.

We plan to reduce considerably the state's presence in the economy. The number of state enterprises will be reduced by at least three times. The share of private banks is set to grow to at least 60 per cent of the sector.

Second, we will also appreciate the Bank's continued engagement in the improvement of the investment climate, accelerated industrial development, introduction of blended finance, and promotion of youth and women's entrepreneurship.

Third, we highly regard the Bank's support for the transition to a low-carbon economy.

In our determination to reach the goals of the Paris Agreement, we have adopted a new renewable energy strategy, setting an interim objective to generate a minimum of 25 per cent of total energy using renewables by the year 2026.

We also welcome the launch of the EBRD Green Cities Programme in the cities of Samarkand, Andijan and Nukus in Uzbekistan.

A major challenge that we are currently facing are the recent developments in Ukraine, which are likely to have long-lasting consequences.

I would like to emphasise that Uzbekistan takes a balanced and neutral position on this matter.

We hope that both of the parties will soon find mutually acceptable ways to resolve the situation and prevent its further escalation.

As regards the two important topics of our discussion today, we should make sure that both emergency assistance to Ukraine and neighbouring countries, as well as any limited and incremental expansion to sub-Saharan Africa, should not impair the Bank's ability to support the existing countries of operations, nor undermine its financial stability.

The continuation of support provided to countries of operations, including the early transition countries, will be, in our view, crucial to preserving transition impact.

Lastly, in the coming year, Uzbekistan will be hosting the EBRD Annual Meeting, which will take place in the ancient city of Samarkand.

Our Government will put in every effort to make this important event very special and memorable. We are looking forward to hosting you all in Samarkand in 2023.

CLOSING STATEMENT BY MS ODILE RENAUD-BASSO, PRESIDENT OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

I want to really thank all Governors for your contributions and very fruitful interventions. I personally, together with the senior management team colleagues who are all in the room, have listened carefully to everything that has been said; and there is much that we will reflect on to inform our work over the next year. Above all, I am very grateful for the positive expression of appreciation and confidence in the Bank and its mission, and I am particularly thankful for your acknowledgement of the staff's involvement and commitment to delivering our mandate, and their role in achieving our very good results for 2021. This means a lot to me personally and also to all our staff, and I will make sure to convey the warmth of your support to them. It is very important for everyone in the Bank to feel supported by our shareholders in these challenging times.

As we end this Board of Governors meeting, I would like to highlight four key takeaways I draw from the discussion this afternoon.

The first is that there is a universal view that supporting Ukraine in the face of the Russian invasion and, in time, the reconstruction, is your highest priority for the Bank; and I can guarantee that this will be the case. The Bank has the skills, the experience and the focus which will bolster the private sector and the Ukrainian economy. I heard your call also to already start working on preparing the reconstruction phase, and mobilising our expertise; rest assured that we will do that. Actually, we have already started, and we will continue and speed up. And we will report back to you in due time.

I strongly welcome the support that you have shown, in both words today, and also deeds in recent weeks. It indeed shows a strong partnership between the Bank and its shareholders that we can maximise our support for Ukraine and its people. I want to particularly thank those of you who have made concrete and substantial pledges of financial support. There have been a number of figures articulated today, which are very important for the Bank. From the indications received so far – and having in mind that these commitments are under different processes at national level so this is really indicative – I draw that donor support at this point in time should go beyond an order of magnitude of €800–900 million, which is very substantial and will help us dramatically at the current juncture. It shows, at the same time, confidence in the Bank; and the challenge is now on our capacity to deliver; but we will deliver. As I was saying, we are completely committed to doing that, and our teams are fully focused on rising to the challenge, to maximise our impact at this important juncture in Ukraine and affected countries.

We will also work to report back to you, with the first report in July, on the different options of shareholder support to ensure that the additional risks we take will go hand in hand with continued financial strength.

I fully agree also with your focus on the importance of coordination and coherence among all the international institutions. We have very clear complementarity, and this will be even more important in the future, in the reconstruction phase. It is essential, and I am personally completely convinced about it, that multilateral development banks and their partners act as a system in responding to needs, and the EBRD will play its full part in achieving that.

The second key takeaway is that it is clear that the war on Ukraine and its wider economic and social impacts are creating challenges for all our countries of operations – including here in this part of the world on the African continent – and there is a role for the Bank in tackling them. These new challenges include contributing to managing the large influx of refugees in neighbouring countries, strengthening energy security and diversification, and tackling food security concerns. The Bank has the relevant tools and skills to reinforce the resilience of countries of operations in the face of this challenge. There also, you can count on our full mobilisation at the management and staff levels to support all our countries; and this will be a key priority for us in the coming months.

Third, in responding to these extraordinary times, the Bank must be innovative and agile; and, Madam Chair, you also expressed this objective. As you know, these are key themes I expressed when I was running as a candidate for the presidency of the Bank. And I see in my visits to our Resident Offices across the Bank's countries of operations the creativity of our staff in finding practical solutions for the clients they serve. Be assured that the Bank will continue to be imaginative to ensure its maximum possible impact in these challenging times.

Fourth and finally, there has been a very strong emphasis that, in all this work, the Bank's medium-term strategic directions remain fully relevant or even more relevant. The strategic themes of addressing equality of opportunity and gender equality, accelerating the digital transition, and particularly supporting progress to a low-carbon economy, address continuing global and national priorities. These will remain at the core of our action, and there also, we will deploy our full capacity, innovation and energy to deliver on this objective.

I am also pleased by the decision in principle on a limited and incremental expansion to sub-Saharan Africa and Iraq, being clear that this will be implemented when conditions are met. And the conditions are clearly set out in the Resolution you adopted today. This is also a signal of confidence in the Bank and its capacity to deliver on the priorities of shareholders.

With these four key takeaways, I think we have a lot of work ahead of us for the coming weeks and months, and a lot to report back to you in the coming months. I know that I can count on the support of the Board. We have built a very strong partnership and relationship, even stronger in the context of the Ukrainian war because of the challenges we had to deal with together. And I want just to thank you all on behalf of the Bank for your engagement, your encouragement and your support. Thank you very much.

CLOSING STATEMENT BY MS KEIT PENTUS-ROSIMANNUS, ACTING CHAIR OF THE BOARD OF GOVERNORS

Thank you for your lively contributions to today's significant discussion, which I will now try to summarise for inclusion in the formal record of proceedings.

The centrepiece of the Annual Meeting and the roundtable discussion has been the consequences of the Russian-led invasion of Ukraine. Both the EBRD as an organisation, and many of the shareholders represented here, have condemned this aggression unreservedly, and have called upon the Russian Federation to withdraw its troops and adhere to the principles enshrined in the Bank's foundational documents. As the Governor for France, joined by many others, reminded us, respect for a country's integrity is a fundamental tenet of the international law embodied in the Agreement Establishing the Bank. Emphatically, as a Board of Governors, we stand in solidarity with the people of Ukraine at this time.

We have heard this afternoon of the tragic implications on Ukraine itself – the loss of life, the loss of livelihoods and the displacement of millions from their homes. The commitment of many Governors here to support the people of Ukraine now and in any future reconstruction has been heartening.

All countries of operations are affected. Governors from neighbouring countries have pointed out the challenges of responding to the needs of displaced people and the uncertainties that creates. These concerns were highlighted earlier today by the Governor for Moldova, and we have seen the whole region – we have seen Europe – rising to the occasion in helping Ukraine.

Beyond this – and as also noted in the discussions this morning – Governors have stressed the extent of the economic shock from disrupted supply chains and trade, and rising fuel and food prices. The war has exacerbated the challenges which all finance ministries were already facing as a result of the Covid pandemic.

This has been the backdrop for our consideration of the EBRD's role and response to support Ukraine, and indeed all countries of operations, in navigating this turbulent time. There has been widespread acknowledgement that the Bank's long history and deep experience in Ukraine mean that tackling the implications of the war should be its highest priority at this current juncture.

We have welcomed the unprecedented suspension of Russian and Belarusian access to the Bank's resources, and the closing of the Bank's Resident Offices in Moscow and Minsk. As the Governor for Austria put it, the Bank should do what is necessary and what it can to demonstrate its values, the values of democracy and humanitarianism.

Governors recognise the specific role the EBRD plays, and is able to play going forwards, building upon its greatest strengths – a deep understanding of the economies in which it works, and a unique focus on support for the private sector – to complement the work of others. In this context, we welcomed the Bank's prompt formulation of the framework for its response, *War on Ukraine – EBRD Resilience Package*. We urged the Bank to continue to be innovative and agile in its implementation of the package, to ensure that it has the maximum impact on the ground.

We welcomed the commitment of the Bank to be in a position to invest €1 billion in Ukraine in 2022 with an emphasis on energy security, food security and vital infrastructure in particular. And we endorsed the need for an even stronger partnership between the Bank and its shareholders and donors to enable the Bank to take more risk and increase its impact, balancing the current and imminent needs of clients and countries of operations against sound banking principles and the need to maintain the Bank's AAA credit rating.

To support this, we have expressed our strong shareholder support for the Bank's aims in Ukraine. I welcome the significant concrete commitments made during today's discussion – and yesterday in donor meetings – to provide additional donor resources to support the Bank's work. This will equip the Bank to maximise its support to the people and economy of Ukraine.

There is also willingness to explore other forms of shareholder support, which could be implemented in future, as needed. We look forward to receiving a report on this exploration in July, and continuing the productive partnership between the Bank and its shareholders.

Looking forward, a number of Governors stressed the need for a well-coordinated and coherent international response to the reconstruction of Ukraine when the time is right. We have called on the Bank to take a prominent role in that effort, consistent with its mandate – indeed its name – as well as its experience and expertise in the country.

Governors have noted that the enhanced focus on Ukraine should not divert the Bank's attention from the enduring challenges faced globally and in our countries of operations. In particular, the need to continue to address the transition to a low-carbon economy remains imperative. As many said, the need to strengthen energy security in many places as a result of the war reinforces this theme. Other Governors have also stressed how the Bank's other strategic themes – increasing equality of opportunity, promoting gender equality, and advancing the digital transition – remain relevant in the current context.

Many Governors have also highlighted the importance of the update we received on the Bank's possible limited and incremental expansion to sub-Saharan Africa and Iraq. The conclusion of this work – especially that the Bank can add value to the existing development effort in these countries – was endorsed. As proposed in the Resolution, Governors made the in-principle decision to expand the Bank's geographical scope. The implementation of that decision will come following a further confirmation that this expansion will not, in itself, jeopardise the Bank's support for existing countries of operations, including Ukraine.

Many of you here and in your written statements have also stressed your admiration for the Bank's work in 2021 – the first year of the Strategic and Capital Framework – and expressed strong appreciation for the work of all Bank staff during that time. You have also recognised the uncertainty created by the impacts of the war on Ukraine.

Across all Governors there has been sincere and deep thanks to the Bank's staff for their commitment in meeting both the challenges posed by the war on Ukraine for all the countries of operations, and those posed by the ongoing Covid crisis as well. I would also like to echo and reaffirm my thanks to you, Odile, personally for your leadership through these truly turbulent times.

Many thanks again, fellow Governors, to all of you for your comments and contributions – for your determination to work together notwithstanding difficulties and uncertainties, and for volunteering reflections on your own experiences. The thoughts and reflections expressed today will no doubt provide strategic context, and guide the Bank's activities in coming months.

As Acting Chair of the Board of Governors, I will now make some brief closing remarks on the overall Annual Meeting of this year.

Your Excellencies, Governors, ladies and gentlemen, it has really been a great honour for me to serve as Acting Chair at this Thirty-first Annual Meeting of the Board of Governors of the EBRD. I am grateful for the active and constructive contributions, both from the EBRD management led by Odile, and from all of our Governors, both here at the Palais des Congrès in Marrakech, and also virtually from across the world. We have managed a fruitful and vibrant discussion, reiterating the breadth of issues in which the EBRD is involved, and establishing guidance from which Bank management and staff can draw direction in the years to come.

I will highlight only three things. First, Ukraine is at the heart of our concerns as Governors, and will be at the centre of the Bank's work. The Resolution we passed earlier reflects the solidarity of both the Bank and its shareholders with Ukraine and its people. And it also highlights the recognition of the unique role that the Bank is able to play within the international financial architecture. Using its existing local knowledge, private-sector focus and unique business model, the Bank is singularly placed to contribute meaningfully to this truly global effort.

Second, Governors have confirmed that the Bank's strategic objectives remain relevant, even in the face of the immediate crisis. We can see this in the emphasis placed on addressing climate change and in the approval of our decision in relation to a limited and incremental expansion to sub-Saharan Africa and Iraq.

Finally, I want to acknowledge and reiterate the many expressions of appreciation that Governors have made for the Bank's staff, who have really worked so effectively to respond to the challenging circumstances which exist in these turbulent times.

I would like to thank the Kingdom of Morocco for their very warm hospitality and generosity in allowing us to use this wonderful Palais des Congrès as the venue for our meetings. And I would also like to express my thanks to the people and the city of Marrakech for giving us such a warm welcome. Lastly, I want to thank you, Governors, for your engagement and your valuable comments.

Today's Annual Meeting has been seminal in many ways. It is the first in Africa, it is the first in hybrid mode, and the decisions we have taken are really substantive. I take huge pride in participating in the important work of this institution, and I hope that all those here in person and those connected virtually feel the same. I really look forward to continuing our important discussions with you all next year in Uzbekistan.

With this, we have now reached the end of the formal proceedings for today.

I now declare the Thirty-first Annual Meeting of the Board of Governors of the European Bank for Reconstruction and Development officially closed. I look forward to seeing you all again at our next Annual Meeting in May 2023 in Samarkand.

DOCUMENTS SUBMITTED TO THE BOARD OF GOVERNORS

AGENDA

11 MAY 2022

Opening Session

1. Opening of the Meeting

2. Adoption of the Agenda and approval of the Report of the Procedures Committee

3. Opening Statement by the Guest of Honour for Morocco

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

5. Opening Statement by the President of the EBRD

Please note that a High-Level Session on the impact of the war on Ukraine will follow-on from the Opening Session.

Plenary Session

[Items 6 and 7 to be considered together in a Roundtable discussion]

6. War on Ukraine: Impact for the EBRD's countries of operations and the EBRD's response: Report of the Board of Directors and draft Resolution

7. Review of the Implementation of the Strategic and Capital Framework 2021-2025 and the EBRD's Possible Limited and Incremental Expansion to Sub-Saharan Africa and Iraq: Report of the Board of Directors and draft Resolution

8. Amendment of the Rules of the Post-Graduation Special Fund: Report of the Board of Directors and draft Resolution

9. Annual Review 2021

10. Financial Report 2021: Financial Statements and Independent Auditors' Reports for 2021: Report of the Board of Directors and draft Resolution

11. Special Funds' Financial Statements 2021: Report of the Board of Directors and draft Resolution

12. Strategy Implementation Plan 2022-2024

13. 2021 Net Income Allocation to the Community Special Fund: Report of the Board of Directors and draft Resolution

14. Date of the 2023 Annual Meeting: Report of the Board of Directors and draft Resolution

15. Election of Chair and Vice Chairs for 2022-2023

PROGRAMME OVERVIEW

Time *(local time)*	**Event**
Tuesday, 10 May 2022	
09:00 – 13:00	EBRD Annual Donor Meetings *(by invitation only)*
10:30 – 13:00	Business Forum Programme
11:30 – 12:30	Regional Economic Prospects 2022
13:00 – 14:00	Networking Lunch
13:00 – 19:00	Trade Facilitation Programme
14:00 – 19:30	Business Forum Programme
15:30 – 16:30	CSO Programme
19:00 onwards	**Governors Gala Dinner**

Time ***(local time)***	**Event**
Wednesday, 11 May 2022	
09:00 – 09:45	**Board of Governors Opening Session**
09:45 – 10:30	**High-Level Session: Impact of the War on Ukraine**
11:00 – 12:00	CSO Programme
11:00 – 12:30	Business Forum Programme
12:00 – 13:00	**Governors and Alternate Governors Lunch**
12:00 – 13:30	Networking Lunch
13:30 – 17:30	Business Forum Programme
13:30 – 18:00	**Board of Governors Plenary Session** ***(closed session)***
15:30 – 16:30	CSO Programme
17:00 – 18:00	CSO Programme
19:30 onwards	Reception for All Participants

Time ***(local time)***	**Event**
Thursday, 12 May 2022	
09:00 – 10:30	Host Country Investment Outlook Session
10:30 – 11:00	EBRD President's Press Conference
12:00 – 13:00	CSO Meeting with EBRD President *(closed session)*
10:30 – 13:00	Business Forum Programme
13:00 – 14:00	Networking Lunch
14:00 – 15:30	Business Forum Programme
14:30 – 16:00	CSO Meeting with Board Directors *(closed session)*

REPORT OF THE PROCEDURES COMMITTEE 2021-2022

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 for 2021-2022 submits the following Report, including recommendations relating to the provisions for the conduct of the 2022 Annual Meeting of the Board of Governors which will be held in hybrid format on Wednesday 11 May in Marrakech, Morocco.

The Chair of the Board of Governors, Mr Fernando Medina, Governor for Portugal, cannot attend the Annual Meeting and in his absence has designated Ms Keit Pentus-Rosimannus, Vice Chair of the Board of Governors and Governor for Estonia, to act in his place.

Opening Session: 09:00-09:45 (local time)

The Session will be held in the Auditorium des Ministres in the Palais des Congrès.

Attendance is open to all registered Delegation representatives and Annual Meeting participants.

The Acting Chair will open the Meeting.

The Committee recommends that the Board of Governors consider for adoption the *Agenda for the Board of Governors Meeting* (Document BG31/1 (Rev 1)), and with such changes as the Acting Chair may announce in the course of the Meeting. The Committee also recommends that the Board of Governors take note of the *Programme Overview* (Document BG31/1A (Rev 1)).

Statements will be delivered by the Guest of Honour for Morocco, the Acting 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, Russian and Arabic will be available via headsets for participants attending in person, and via the "Interactio" App for participants joining virtually.

A High-Level Session on the impact of the war on Ukraine will follow-on from the Opening Session (09.45-10.30).

Plenary Session: 13:30-18:00 (local time)

The Session will be held in the Auditorium des Ministres in the Palais des Congrès.

Attendance will be open to Governors and Alternate Governors, registered Delegation representatives from each member, EBRD Directors and Alternate Directors, and nominated EBRD management.

Each Delegation will be reserved three seats in the front section of the Auditorium (Governor + two registered representatives). Additional seating in the higher tiers is available for the remaining Delegation representatives.

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

Simultaneous interpretation in 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)

Governors are invited to take an active part in the Roundtable Discussion, and to provide their views on the implications of the war on Ukraine for the EBRD's countries of operations and what the EBRD's response should be, and to provide guidance on the EBRD's possible limited and incremental expansion to Sub-Saharan Africa and Iraq.

The Acting Chair will first invite two Lead Speakers (the Governor for Ukraine and the Governor for Morocco as Vice Chair of the Board of Governors) to open the Roundtable Discussion. 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. The Speakers List will be circulated to all Delegations on Thursday 6 May.

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 *War on Ukraine: Impact for the EBRD's countries of operations and the EBRD's response* (BG31/13).

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,* which includes an update on graduation (BG31/3).

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 EBRD's Possible Limited and Incremental Expansion to Sub-Saharan Africa and Iraq* (BG31/4).

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 *Amendment of the Rules of the Post-Graduation Special Fund* (BG31/5).

The Committee recommends that the Board of Governors take note of the Report of the Board of Directors on the *Annual Review 2021* (BG31/6).

The Committee recommends that the Board of Governors take note of the Report of the Board of Directors on the *Financial Report 2021* (BG31/7).

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' Reports for 2021* (BG31/8).

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 *Special Funds' Financial Statements 2021* (BG31/9).

The Committee recommends that the Board of Governors take note of the Report of the Board of Directors on the *Strategy Implementation Plan 2022-2024* (BG31/10).

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 *2021 Net Income Allocation to the Community Special Fund* (BG31/11).

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 *Date of the 2023 Annual Meeting* (BG31/12).

Election of the Chair and Vice Chairs for 2022-2023

The Committee recommends that the Governor for Austria be elected Chair and that the Governor for Georgia and the Governor for Jordan be elected Vice Chairs of the Board of Governors for 2022-2023. The Chair and Vice Chairs will take up office following the closure of the 2022 Annual Meeting. The Chair and Vice Chairs will constitute the Procedures Committee for 2022-2023, and the Governors' Committee for 2022-2023, and will be available until the end of the 2023 Annual Meeting.

Closing of the Meeting

Statements will be delivered by the President of the EBRD and the Acting Chair of the Board of Governors, following which the Acting Chair of the Board of Governors will close the Meeting and an electronic message will be sent to all Annual Meeting participants.

Governors' Statements

Governors are invited 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 will also be included in the Proceedings of the Meeting.

Mr José Brito
Temporary Alternate Governor for Portugal
On behalf of the Chair of the Board of Governors
6 May 2022

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 Strategic and Capital Framework 202l-2025 (SCF) was approved by the EBRD's Board of Governors in October 2020 and began implementation from the beginning of 2021. Given the uncertainty created by the impact of the COVID-19 pandemic, provision was made for a review of the implementation of the SCF at the time of the EBRD Annual Meeting in 2022.

The Russian invasion of Ukraine in February 2022 has radically altered the context in which the Bank is working. The impact is being felt across all the Bank's countries of operations. Directly, the invasion is causing enormous displacement of people within Ukraine and to neighbouring countries. Indirectly, the economic effects are being felt globally through rising food and fuel prices. Regional supply chains are disrupted. The course and duration of the invasion is unknown. Governors will consider a preliminary assessment of the implications for the Bank and its activities as set out in the paper *War on Ukraine: Impact for the EBRD's countries of operations and the EBRD's response* (BG31/13).

This document fulfils the commitment to review the progress that has been made in the initial implementation of the SCF. Over the course of 2021, the Bank has made solid progress. In some areas the Bank's strategic course was well established and it has been possible move swiftly to full implementation. In a number of other areas, the first year of implementation of the SCF has been one of putting in place firm foundations for successful delivery over the remainder of the period to 2025. Given the relatively short period of time over which the SCF has been implemented to date, this review reports on the initial actions taken in 2021. It is proposed that an in-depth review of implementation of the SCF and performance against objectives will be undertaken later in the SCF period and presented at the 2024 Annual Meeting to provide Governors with an update on all the aspirations of the SCF. This will allow an assessment of lessons learned, as well as the longer term consequences of the war on Ukraine, and enable Governors to provide guidance to the preparation of the next SCF.

The remainder of the paper sets out the progress towards the achievement of each of the specific high level aspirations during 2021 described in 'Box 1' of the SCF which is reproduced in full in Annex 1.

2. The context

The SCF anticipated that the economic backdrop to its implementation would comprise two overlapping phases which would play out at varying times in different countries of operations. The first phase was expected to be that of crisis response supporting countries and clients to preserve transition and economic gains in the face of COVID-19. A second phase of recovery was foreseenanticipated in which Bank would seek to accelerate the process of transition through an enhanced and focussed set of activities. Across the whole of the SCF period the Bank's goal is to deliver its mandate to support its countries of operations in the progress towards becoming sustainable market economies which are competitive, well-governed, green, inclusive, resilient and integrated.

Looking back in 2021 economic activity across the Bank's countries of operations followed the broad pattern expected in the SCF. Following a contraction of 2.4 per cent in 2020, overall economic growth in the EBRD's region recovered to 5.5 per cent in 2021. However, foreign investment was well below pre-crisis levels in most regions in which the EBRD operates. In common with the global trend, inflation in EBRD countries of operations rose to levels not seen for at least a decade.

It had been expected that in the second year of the implementation of the SCF economic conditions will continue to stabilise and growth moderate with 3.8 per cent projected for 2022 at the beginning of the year which would have seen most countries of operations will regain their 2019 levels of income per head this year.

The invasion of Ukraine by Russia will mean that the pattern of growth envisaged in the SCF of near universal contraction followed by a relatively widespread differentiated recovery is fundamentally altered. The implications for the nature and direction of the Bank's work in the medium term are unclear at this early stage, but – as the SCF suggested in a different context – there will be a need for the Bank to adapt flexibly and with agility as needs and circumstances change.

3. Implementation of the SCF

This section outlines progress in the implementation of the SCF with reference to the strategic aspirations it contains. These aspirations are considered in four groups: operational, thematic, geographic and institutional.

a) Operational

Operational aspirations

The Bank in 2025 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.

* The group of priority countries is Armenia, Azerbaijan, Belarus, Georgia, Kyrgyz Republic, Moldova, Mongolia, Tajikistan, Turkmenistan and Uzbekistan (Early Transition Countries); Egypt, Jordan, Lebanon, Morocco and Tunisia (SEMED); Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia (Western Balkans). Since 1 April 2022, the Bank's operations in Belarus have been suspended and modified on the terms set out in the Board of Governors' Resolution No.246.

Supporting countries of operations

The Bank's operational results for 2021 are set out in detail for Governors in the EBRD Annual Review and Annual Financial Report. They show that the Bank has provided timely and effective support to countries of operations and been a reliable and consistent partner. This was the second year of the implementation of the Bank's Solidarity Package put in place at the beginning of the Covid-19 crisis. Under the package, two new facilities were established: the Resilience Framework and the Vital Infrastructure Support Programme (VISP) to provide, primarily, short term liquidity support to current clients and utility companies respectively. In addition, existing facilities for supporting small and medium enterprises were made more flexible and demand through the Bank's Trade Facilitation Programme reached new highs.

Overall, the entirety of the Bank's Annual Bank Investment (ABI) in 2020 and 2021 was dedicated to the Covid crisis response in some form. In 2021, ABI reached EUR 10.4 billion, the second highest level of ABI in the EBRD's history taking the total to just over EUR 21 billion – almost exactly the amount anticipated at the approval of the Solidarity Package.

Recognition of the value the Bank could add in supporting countries of operations in the context of the Covid-19 crisis and subsequent recovery was also seen in the specific case of the Czech Republic. In response to the pressures of the crisis, the Board of Directors approved the reactivation of the EBRD's operations in the country in March 2021 for a maximum of five years. The focus of the country strategy approved in September 2021 is on supporting a green and inclusive recovery from the Covid-19 crisis.

Over the course of the year, the pattern of the Bank's investment in 2021 reflected the evolution of the crisis. Demand for projects under Resilience Framework and VISP slowed considerably through the year as demand under the Bank's other facilities increased. As a result, both programmes lapsed at the end of their two year approval period at the end of 2021. The gradual return of a pre-crisis pattern of investment may be shown by an increase in the tenor of new project signings - to 8.7 years in 2021 to 7.8 years in 2020 - as the focus shifted away from addressing short-term crisis liquidity needs to longer term investment supporting the recovery in countries of operations.

The Bank has learned lessons from the implementation of the Solidarity Package, benefiting from an early assessment by Bank's Evaluation Department (EvD) and have been reflected in the design of the Bank's response to war on Ukraine. These lessons include: the need to support the wider private sector, not only existing clients; the need to put in place effective mechanisms for collaborating and co-ordinating with other IFIs and partners to maximise the effectiveness of the system as a whole and the need for clarity and focus in internal and external communication.

Focus on countries less advanced in transition

The SCF strategic aspiration to focus the Bank's efforts on supporting Early Transition Countries (ETCs), the Western Balkans and SEMED region is underpinned by a specific commitment to increase the proportion of its investment and policy activities in countries that are less advanced in transition. This goal is reflected directly in the Bank's Corporate Scorecard - the structure of which was revised to reflect the objectives of the SCF – which sets a minimum level for the share of the Bank's investment in these countries. This objective is set in such a way that the level of investment in the current SCF period is above that in the previous SCF period of 44 per cent.

In 2021, the share of this group of countries in ABI was 38 per cent against an ambitious target of 48 per cent. The proportion of projects in priority countries was greater at 55 per cent illustrating that average project size – especially in the private sector - is consistently lower than the Bank average. However, for both ABI and projects these shares are at the lowest level since 2016. Progress was not helped by the impact of the pandemic in ETCs, and smaller countries more generally, which reduced the ability to take forward larger infrastructure projects in particular. Further efforts will be made to increase investment in the private sector including working through local partner banks with risk sharing projects and building further on existing progress in local currency financing. This is essential given the strategic focus on investment in the private sector. Resources have been allocated to strengthen the Bank's delivery in the medium term, with more than one-third of net new resources in the Strategy Implementation Plan (SIP) 2022-24 expected to support these priority countries.

The Bank remains committed to its long-standing strategic goal to focus on the continuing needs of the countries least advanced in transition. However, the Bank's vital response to support Ukraine and affected countries of operations in response to the invasion by the Russian Federation may affect the achievement of this goal - at least in the short term - given the geographical focus of activity under the Ukraine Crisis Resilience Package and the Bank's rising additionality across all the Bank's countries of operations.

Measuring an increase in policy activity is less straightforward. Nevertheless the Bank has an extensive and active policy agenda in these countries. The majority of advisory projects under the Bank's crisis response Rapid Advisory Response Framework were in these countries. These activities had a particular emphasis on digital strategies and assessments, but also supported policies to enhance inclusivity and the resilience of energy sectors and SMEs. Beyond the crisis response, the Bank has supported a wide range of major policy initiatives in these countries such as skills councils in Jordan, Women Entrepreneurship Initiatives in Mongolia or corporate governance reform in North Macedonia amongst many others.

Private sector focus

The goal is for the Bank to achieve a private sector share of at least 75 per cent across the whole period between 2021 and 2025. In the first year of the implementation of the SCF, the private sector share of the Bank's activity was above that threshold at 76 per cent. This is the first time in four years that the ratio has been above 75 per cent. It reflects both market developments as the crisis has evolved and also a rigorous and selective approach to the Bank's investment in the public sector, especially with respect to sovereign projects.

It is expected that the Ukraine Crisis Resilience Package will lead to a greater proportion of lending in the public sector in the immediate future. The extent to which this will hamper achievement of the objective for the private sector share – which is measured across the whole of the SCF period - on the duration and evolution of the war on Ukraine.

Other SCF priorities

Other SCF priorities have also been implemented through the Bank's operational activity. The share of green finance in ABI reached 51 per cent in 2021, the SCF target level for 2025. This reflected a concerted effort following the crisis-induced fall in this ratio to 29 per cent in 2020 where the focus on short term investment restricted the ability to pursue green objectives. The share of projects with a gender component nearly doubled in 2021 from 18 per cent to 35 per cent against a goal for 2025 of 40 per cent. Further detail on the actions taken to implement the strategic themes of supporting the green, low carbon transition and reducing inequality of opportunity is provided in the next section.

In achieving these results the Bank's expected and achieved impact rose with the Bank's portfolio reaching the landmark level of EUR 50 billion at the end of 2021. Projects are assessed at entry for their potential to achieve transition impact (Expected Transition Impact) and assessed throughout their implementation for their achievement of impact (Portfolio Transition Impact). Both of these internal measures reached new highs in 2021 demonstrating that the Bank's support for countries of operations transition combined both quantity and quality in the first year of SCF implementation.

b) Thematic

Thematic aspirations

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

- 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.
- Increased the levels of private capital it mobilises for countries of operations through a widened and deepened scope of activities.

Three strategic themes are highlighted by the SCF: supporting the green, low carbon transition, promoting equality of opportunity and supporting the digital transition. This section discusses the actions taken in each area before considering the Bank's aspirations for the mobilisation of private capital.

Supporting low carbon transition

The Board of Directors approved the Green Economy Transition Approach (GET) 2021-25 in 2020 to deliver the Bank's SCF strategic aspiration to advance the green, low carbon transition in its countries of operations. The Approach seeks to strengthen the Bank's operational delivery; enhancing policy work, especially within countries of operations; and address sectoral decarbonisation challenges.

The first year of implementation was strong – as noted in section 3 a) – the Bank meeting its 2025 goal of having over half of its investment in green projects, investing a total of EUR 5.4 billion in 278 projects and reducing annual emissions by 7 million tonnes CO_2 equivalent. The Bank's flagship Green Cities programme – the Bank's biggest ever financing framework – was expanded to reach a total envelope of EUR 5 billion. Operationally, in 2021 a further nine cities joined the programme, bringing the total to 53 and EUR 1.6 billion invested under the facility, including the largest single green project – a €250 million investment in the Alexandria metro. In the corporate sector, work to strengthen corporate climate governance has been scaled up, supporting more than 20 clients. This work will be developed further in 2022 with the launch of a EUR 25 million Corporate Climate Governance Client Advisory Facility.

At the Bank's 2021 Annual Meeting, EBRD Governors set out the Bank's climate ambition by approving the commitment to align all the Bank's activities with the objectives of the Paris Agreement by the end of 2022. Working with other MDBs, a joint methodology for assessing Paris alignment in direct lending was developed and is now in use. Public consultation on a joint methodology has concluded and overall, the Bank is on track to meet the objective set by Governors. In addition, Governors acknowledged the Bank's narrowed and limited scope for fossil fuel financing. As a result, the Bank will no longer invest in the upstream oil or gas sectors and only in midstream or downstream sectors if they demonstrably contribute positively to the move towards low carbon economies. The war on Ukraine has increased the focus in many countries of operations to improve energy security and diversify energy supply. The Bank is well placed to support a long-term shift to more secure low carbon energy generation consistent with internationally agreed goals. Responding to the immediate imperatives may see a greater role for fossil fuel investment than had been previously been envisaged.

As noted above, a key element of the GET approach is the scaling up of the Bank's policy engagement. In 2021, the Bank increased its support for countries of operations to update their long-term decarbonisation strategies, including in Ukraine where the goal prior to the war was to achieve a 65 per cent emission reduction from 1990 levels by 2030 and carbon neutrality by 2060. To support sectoral decarbonisation, the Bank worked jointly with International Fertiliser Association and the International Energy Agency (IEA) to create a 2050 decarbonisation roadmap for the nitrogen fertiliser industry. These long term national and sectoral strategies are integral to supporting the Paris alignment process. In concert with other MDBs, the Bank aims to launch a dedicated Long Term Strategy facility in 2022 to support climate action at national, city and sectoral level.

EBRD played an important role at COP26. The Bank was instrumental in the ensuring that the group of MDBs made a strong and substantive commitment to increase their delivery of climate finance and strengthen their support for national decarbonisation commitments and strategies. The EBRD was highly engaged in the preparation and execution of COP26, leading ten separate events and participating in a further sixty. In the context of the COP, the Bank made important commitments on doubling its mobilisation of private sector climate finance, as detailed in the section on mobilisation below. In addition, the Bank launched the High Impact Partnership for Climate Action (HIPCA) – a multi-donor partnership to tackle climate change and environmental degradation – and the EBRD was the only MDB to sign the Global Methane pledge to reduce methane emissions by 30 per cent from 2020 levels by 2030. Looking forward, the EBRD is actively supporting Egypt as the incoming chair of COP27 in enhancing its own climate ambition.

Promoting Equality of Opportunity and Gender Equality

The EBRD implemented its SCF commitment to the promotion of equality of opportunity and gender equality through two channels. Firstly, the Board of Directors approved in November 2021 two new and complementary strategies which set out the Bank's vision and operational measures to step up its impact in this area throughout the SCF period, namely:

- **Strategy for the Promotion of Gender Equality** (SPGE) 2021-25 enhances the promotion of equality of opportunity for women by mainstreaming gender considerations across a broader set of the Bank's projects and policy priorities, including supporting women's participation in policy and corporate decision making, tackling gender-based violence and harassment and promoting the care economy. The SPGE targets 40 per cent of EBRD operations integrating gender equality measures by the end of 2025.
- **Equality of Opportunity Strategy** (EOS) 2021 builds on, strengthens and broadens the Bank's private sector-focused approach to promoting economic inclusion. It aims to strengthen the resilience of human capital by enabling communities, companies and countries to harness the opportunities and counteract the challenges resulting from issues such as climate change, digitalisation, urbanisation and regional decline, as well as sudden shocks. The strategy introduces an operational response focused on building inclusive and gender-responsive financial systems, business environments, services and public goods. The EOS aims to increase the share of inclusive Bank projects to 25 per cent by 2025.

Secondly, the strategies build on a successful year of implementation that saw the combined number of inclusive and gender operations more than double from 72 in 2020 to 146, supporting clients to tackle some of the key financial, economic and societal challenges emerging from the COVID-19 crisis. Innovative gender and inclusion products and instruments have been introduced, for example the first Just Transition project with a private renewable energy developer in Bulgaria, and the first digital accessibility project with a Greece-based EdTEch company. Finally, the Bank reinforced its commitment to inclusive policy dialogue, with milestones reached with the Jordanian Sector Skills Council on Hospitality and Tourism and changes in Kazakhstan's labour code.

The increase in gender operations noted in section 3a) was largely thanks to the rollout and institutionalisation of a new internal Gender SMART process. This seeks to incentivise and strengthen gender mainstreaming throughout the Bank's project cycle with a focus on the use of gender diagnostics and the adoption of specific gender indicators. Examples of the impact of the impact of the emphasis on mainstreaming includes raising the proportion of female clients reached through the Bank's Green Economy Financing Facilities to above 30 per cent in specific countries[1] including those where gender gaps in access to finance are particularly large. In policy work, the Bank led an expert working group on Inclusive and Socially Responsive Procurement which made recommendations to the Western Balkans Investment Framework to improve skills training and entrepreneurship opportunities in large infrastructure investments.

The Bank will implement its activities by scaling up existing inclusive investments and policy engagements and innovating. In addition, internal assessment mechanisms will be reviewed and updated to fully capture the breadth of interventions aligned with the EOS interventions, and the gender SMART processes enhanced through streamlining systems and standardising approaches.

The goals of the new strategies are reflected in the Bank's initial response to the war on Ukraine. For example, the EOS commitment to support people in the face of sudden shocks, including violence and conflict is reflected in supporting inclusive access to essential services to help protect the livelihoods of residents, refugees and internally displaced peoples in areas directly affected by violence. Similarly, the integration of measures to prevent gender-based violence and harassment (GBVH) reflects SPGE priorities and the experience of prior crises where fragility and conflict have emerged as major risk factors for an increase in GBVH, including in communities not directly affected by on-going violence.

Accelerating the digital transition

In order to mainstream support for countries of operations to take full advantage of the opportunities created by technological transformation, in November 2021, EBRD adopted its first Approach to Accelerating the Digital Transition. This sets out how the Bank will use its instruments – investment, policy engagement and advisory services – to support the digital transition.

The Digital Approach provides an overarching framework through which the Bank will deliver a comprehensive and coherent offer to countries of operations and employ digitalisation as a means to achieve transition across all sectors. Building on the Bank's experience, the Digital Approach will be implemented through activities in three key areas:

- **Establishing the foundations for digital transformation** by promoting appropriate policies and regulations, connectivity through digital infrastructure and a skilled workforce. The EBRD will develop enabling legal, regulatory and institutional frameworks, as well as implementation capacity. This includes promoting innovation, supporting healthy competition in digital markets, promoting cyber security, safeguarding energy and financial stability and ensuring appropriate data protection.

- **Promoting adaptation among enterprises and governments** by providing access to finance, technical cooperation and advisory services that support the digitalisation of services, assets, business processes and value chains. The EBRD will support investments enabling technology and knowledge transfer, the digitalisation of products and processes

[1] Armenia, Egypt, Georgia, Moldova, Mongolia, Morocco, Serbia and Tajikistan.

in local companies and the digitalisation of financial institutions through technical assistance and financing.

- **Supporting innovation and new market entrants** by fostering start-up friendly ecosystems through policy and advisory services, and deploying debt financing and equity investments to promote sustainable growth among digital-first companies. The EBRD's support could include regulatory sandboxes for start-ups and accompanying digital government services, an increase in Star Venture Programmes and bespoke advisory services for high-potential start-ups, accelerators and incubators over a wider geographical area. Venture Capital and Equity Funds will also be stepped up.

In January 2022, the EBRD established a 'hub and spoke' delivery model to support the implementation of this ambitious agenda in a coordinated yet tailored manner. The Digital Hub support the implementation of the Approach through advancing priority crosscutting investment and policy activities (such as cybersecurity and innovative digital transformation products), providing thought leadership, and strengthening partnerships in the digital realm. The central hub will also coordinate with sector-specific expertise tasked to develop and mainstream digital considerations within each of the Bank's sectors of operations.

In order to fully embed digital activity in the Bank's work, the Bank will establish systems and processes to track and monitor digital activities in its operations; secure talent into key digital design and delivery functions across departments and strengthening the Bank's overall digital knowledge; pilot and test innovative products in favour of banking operations; and deepen communication efforts both internally and externally. Early lessons learned from the above and further calibration of the delivery of the Accelerating the Digital Transition Approach will be assessed and reviewed in 2023.

Mobilisation

In addition to the three strategic themes, the mobilisation of private capital is also identified as a core strategic objectives for the SCF period. To achieve the direct mobilisation of increased amounts of private capital for countries of operations, the Bank has put in place its first comprehensive plan for mobilisation. Through the Mobilisation Approach – approved by the Board of Directors in December 2021 – the Bank has committed to an initial goal of raising the level of direct mobilisation (as measured by the Bank's internal definition of Annual Mobilised Investment (AMI)) to EUR 2 billion – a doubling of the current baseline level by 2025. In the context of doubling total AMI, the Bank aims to achieve a level of AMI in support of the projects which advance the Green Economy Transition of at least EUR 1 billion by the end of the SCF period. These higher levels of mobilised finance will reflect actions through a number of channels:

- Deepening the use of existing products: B loans, parallel loans and Unfunded Risk Participations (URPs);
- Introducing additional products such as Non-Payment Insurance (NPI) and a new unfunded mobilisation tool;
- Expanding mobilisation through the Bank's PPP and renewables auction advisory activities by developing large projects that are bankable for private co-financiers;
- Exploring the possibility of crowding in private investment through the creation of a debt co-investment fund.

This work will require clear communication about the EBRD's impact and risk/reward balance to market participants. The Approach marks the start of a longer process of culture change in the Bank to increase recognition of the value of mobilised finance in maximising the Bank's impact. Recognising this, progress against the Approach will be comprehensively reviewed annually by the Board of Directors and the goals strengthened during the cycle of successive Strategy Implementation Plans (SIP) if necessary.

In addition to the overall mobilisation approach, the EBRD launched at COP26 an Action Plan to Mobilise Climate Finance. The Action Plan covers both direct mobilisation which is the focus of the overall Mobilisation Approach and additional channels. As such, it aims to increase the level of private indirect mobilisation capturing the private financing in projects to which the EBRD contributes, but which was not actively mobilised by the Bank. In addition, the Plan seeks to increase the flow of private capital to climate finance by addressing the obstacles to developing financially viable projects, including improved regulation.

c) Geographic

Geographic Aspirations

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

- 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.

New countries of operations in the Bank's existing region

Algeria applied for both membership of the EBRD and recipient country status in March 2020. It became a member of the Bank in October 2021 and the process for considering the recipient country request has begun with a view to concluding assessment in the course of 2022.

New countries of operations beyond the Bank's existing region

Implementation of the strategic aspiration with respect to activity beyond the current geographic region is the subject of a separate report from the Board of Directors to the Board of Governors, *The EBRD's possible limited and incremental expansion to sub-Saharan Africa and Iraq (BG31/4)*.

Update on Graduation

In addition to the specific aspiration contained in Box 1, the SCF provides that 'An update on graduation based on a revised Post Graduation Operational Approach will be provided for further guidance by Governors…' at the Bank's 2022 Annual Meeting for guidance on future implementation. This section provides such an update.

A new Post-Graduation Operational Approach (PGOA) was approved unanimously by the Board of Directors in July 2021 reflecting the commitment made in the SCF to put in place an enhanced approach for implementing the Graduation Policy through a revision of the PGOA. The new Approach is fundamentally different from its predecessor. Under the PGOA a graduating country would agree an Action Plan for approval by the Board of Directors at the time of graduation. This Action Plan would set out a programme of:

- **Investment activity** to be available for three years after graduation. Previously, no lending was envisaged after a country had graduated, and

- **Non-investment activity** the precise nature of this activity is to be specified in the light of country circumstances, rather than restricted to a prescribed and modest set of advisory activities as under the previous PGOA.

The new provisions are intended to provide a smooth trajectory for a graduating country in moving away from Bank support.

In addition, the PGOA established a lower voting threshold for reactivation of Bank operations in graduated countries facing a severe economic crisis within ten years of graduation under certain pre-defined crisis circumstances. Specifically, where a request from a country for the reactivation of operations is received within the time limit, an assessment of the economic situation would be undertaken by the Bank to establish if technical criteria set out in the PGOA for identifying an extreme economic crisis are met. If the criteria were met, a reactivation of no longer than five years can be approved by the Board of Directors by a simple majority of votes cast. It remains open for the Board of Directors to approve reactivation requests in other circumstances at the double majority voting threshold set out under Article 11.2.i) of the AEB. The purpose of the new procedure is to provide clarity and increase the confidence of a graduating country about the likelihood of reactivation of Bank operations at a time of need.

The enhanced implementation of the Graduation Policy through the PGOA will be reviewed five years after its approval by the Board of Directors.

In addition to the revision of the PGOA the SCF highlighted a number of other steps which were to be taken later in the SCF period. These included a provision for country strategies' objectives to be reviewed and, if needed, revised in the later years of the strategy period through the Bank's regular Country Strategy Delivery Review process, reflecting the prevailing uncertainties created by the Covid-19 crisis at the time of approval of the SCF. It further states that these Reviews will be informed by analysis of market segments where the Bank's investments are likely to be additional. It was anticipated that the first of these reviews would take place in 2023. The war on Ukraine has introduced high levels of new uncertainty. The Bank's additionality has risen across its countries of operations, including in Central Europe and the Baltic States, and the political comfort it is able to provide is more important. This context will influence the consideration of graduation across the SCF period.

d) Institutional

Institutional Aspirations

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

- 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.

Policy

The importance of the Bank's policy engagement in supporting countries of operations in making the transition to sustainable market economies has been increasingly recognised over the past decade. As a result, the Bank introduced the Enhanced and Structured Approach to Policy Reform Dialogue in 2015. In addition, the Client Services Group was established in by bringing together the then Banking Department and the VP3 to support the effective combination of the Bank's policy and investment activity.

The Bank has an active policy agenda in all its countries of operations, supporting impact across each of the transition qualities. Previous sections have highlighted some of the Bank's policy delivery in 2021 such as the provision of rapid policy advice to countries to support the response to the pandemic both in the short term and support future resilience and the development of countries Nationally Determined Contributions. Demonstrating the long term nature of policy engagement, as a result of engagement since 2018, a major reform of Kazakhstan's labour code eliminated all restrictions on the employment of women, widening access to jobs. Policy has opened opportunities for Bank and other investment in a number of countries through reform of PPP legislation in the course of the year.

Internally a number of steps have been taken in the first year of implementation of the SCF to enhance both the way in which Bank is structured to deliver policy work and its operationalisation.

With respect to structure, the Bank's organisation of policy engagement is now consolidated, streamlined and clarified allowing the integration of policy planning, delivery and monitoring under a unified leadership with a view to enhancing the Bank's ability to achieve its SCF aspirations with respect to policy engagement.

In parallel, a thorough internal review of the Enhanced Approach has been undertaken. The review acknowledged that the Approach had allowed the Bank to be more focused, effective and have greater transition impact in its countries of operations. It also recognised that continuing to build on its unique strengths from combining policy with investments, knowledge of the real economy, and focusing on its comparative areas of expertise would enhance impact further in future.

To further support increased systemic impact, the review also identified specific areas for future focus including enhancing the process for setting policy priorities and coordinating policy work across the Bank, and improving the ability to capture policy knowledge and monitor and measure policy impact. In response, the planning and prioritisation of policy activity is being refined with a view to creating stronger synergies between the Bank's policy and investment activities. As part of this, policy engagement priorities will be sharpened through the country strategy development process and pursued with consistency as the strategies are implemented. In addition, improving the measurement of policy impact, as well as better capture policy-related knowledge and lessons learned from policy engagements and investment operations, is being taken forward as part of the process of strengthening the Bank's overall impact and results measurement processes.

Learning, Monitoring and Evaluation

The *Independent External Evaluation of the EBRD's Evaluation System* in 2019 found that the Bank's approach to Learning, Monitoring and Evaluation was lagging and produced wide ranging recommendations for a thoroughgoing reform of the Bank's evaluation, results and knowledge management approach. A comprehensive multi-year Joint Action Plan was put in place setting out work to be undertaken – for the most part - by Bank management, complemented by activities by the independent Evaluation Department (EvD). Progress against this Action Plan is reported regularly to the Board of Directors. Implementation in 2021 has included:

- **The approach to a new self-evaluation system** has been determined through analysis of the experience of other organisations and extensive internal consultation with all stakeholders in the Bank, including the Board of Directors and Evaluation Department.

The system will be wholly owned by Bank management and will be primarily focused on supporting and disseminating learning from the Bank's activities. It will also contribute to results management and accountability at the Bank and will provide input for EvD to carry out independent evaluations and validations. The design of the new system is on-going and is scheduled to be implemented in 2022-2023 with a central self-evaluation function to coordinate the new system as part of a comprehensive impact pillar established in 2022.

- **Improving evaluability** through the development of theories of change for each of the Bank's Transition Qualities to be used as a basis to better describe and measure pathways of change within the Bank's country and sector strategies and operations. It is being complemented by complex technical work to increase consistency of results setting, monitoring and evaluation. This work will help the Bank substantiate its impact supporting both communication of its impact and the ability to learn from experience.
- **Enhancing results management and communication** through the introduction of the first EBRD Results Snapshots series to highlight the Bank's delivery in individual countries of operations. In addition, an external panel has prepared a report to support the Bank to better measure and articulate externally its impact, especially recognising the increasing focus on assessing institution's contribution to the achievement of the Sustainable Development Goals. A bank-wide working group will be established to finalise mapping of EBRD activities to SDGs during 2022.
- **Strengthening Knowledge Management**: Improved knowledge management is part of the goal of the new self-evaluation system. EvD's Special Study *Learning and Knowledge Management at EBRD* found that there was considerable additional scope for the Bank to enhance its knowledge management practices. Currently, although there are some areas of good practice there is scope for a clearer strategy with support from senior leadership. Following the restructuring of VP3, knowledge management has been prioritised with senior management endorsement.

The Joint Action Plan will continue to be implemented in the second year of the SCF, including through a revision of the EBRD's Evaluation Policy and an external assessment of the Bank's effectiveness and efficiency by the Multilateral Organisation Performance Assessment Network (MOPAN).

Cost effective delivery

Significant action and investment has been undertaken in order to support operationally sustainable, efficient and cost effective delivery of the Bank's work. An important part of this effort is a major investment programme focussing on the Bank's IT systems. This programme has three broad purposes:

- Address the challenges caused by a sustained period of underinvestment in the Bank's systems which had led to rising operational risk, for example through the migration of the Bank's outdated data systems to a modern data centre and refreshing the support for the Bank's Regional Office Network.
- Making existing systems more effective and resilient to improve client and employee satisfaction and reduce risk. This includes allowing remote working at scale (a key constraint at the beginning of the pandemic), supporting the move to the Bank's new Headquarters and modernising key systems.
- Equipping the Bank to be able to adapt in the future to enhance its delivery with a view to ensuring its business model remains relevant.

The programme is being implemented in phases with GBP 78.3 million endorsed in the 2021 budget and a further GBP 47.1 million in the 2022 budget. Funds are released against individual value adding projects by management, and overall progress is regularly reported to the Board of Directors.

The SCF outlined goals for people planning over the SCF period in four areas which have been taken forward in 2021:

- Work on **skills** has focussed on auditing the Bank's existing skill set with a view to ensuring effective and deployment of those skills and also identifying areas where supplementary skills are needed, especially with respect to the Bank's strategic themes
- **Mobility** has been addressed through a Mobility Enhancement Programme implemented in two phases in 2021 with a view to increasing internal mobility, reallocate skills and experience and open career opportunities. Following a review, the Board of Directors approved changes to the Bank's overall Mobility Policy to take effect from April 2022. These changes will support decentralisation, increase support for staff with families and enhance the effective management of mobility in the Bank.
- The Bank has strengthened its **training offer** in particular for green, leadership and management skills. The focus in 2022 will be on designing new training activity to support deliver of the Bank's digital objectives.
- Extensive analytical work and consultation has been conducted on **decentralisation** with a view to developing a proposed approach in the course of 2022.

The Bank has worked in 2021 to embed a culture of continuous focus on resource efficiency and effectiveness. This has included an increased level of engagement from the members of the Bank's Executive Committee and the deployment of a range of tools including stopping low value activities and outsourcing. The first fruits of this effort were reflected in the Bank's 2022 budget which reflected a total of GBP 13.6 million of reallocations and savings which constitutes 3.3 per cent of the Bank's core budget.

4. Conclusion

This review shows that extensive work was undertaken within the Bank in the first year of the implementation of the SCF to take forward all its aspirations. By the end of the year a solid foundation for future delivery was in place.

However, the context in which the Bank is working is fundamentally different from that expected at the time of the approval of the SCF. The primary consequence of the Russian invasion of Ukraine is the devastating human catastrophe unfolding in the country and the forced displacement of people into neighbouring countries. But the war on Ukraine will also have an impact on the direction and focus of the activities of the Bank. At this stage, the Bank's chief focus is in addressing the immediate needs of Ukraine and other impacted countries of operations. As the consequence of the invasion evolves, the Bank will assess the extent to which the aspirations of the SCF remain relevant and valid and consider where adjustment may be necessary.

ANNEX 1
Strategic and Capital Framework: 'Box 1'

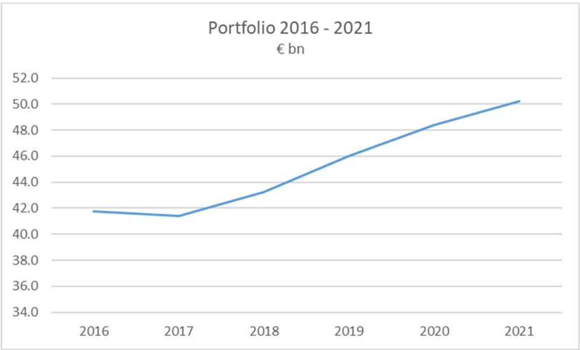
Based on the strategic directions of the SCF, by 2025, the Bank will have:

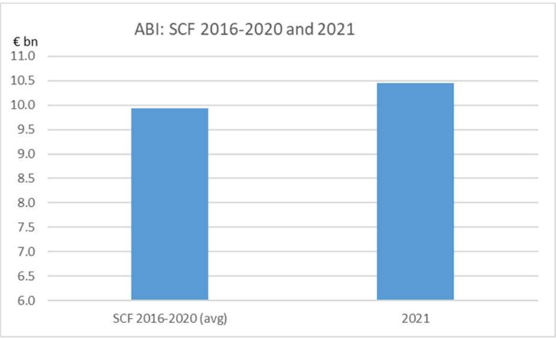
- Provided timely and effective support to countries of operations to preserve and accelerate transition in the context of the economic crisis caused by the COVID-19 pandemic.
- Demonstrably focused its efforts on supporting those of its countries of operations less advanced in transition, including the Early Transition Countries[2] (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.

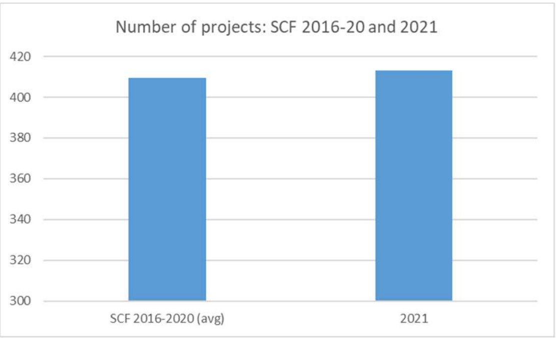
The priorities will be implemented through future annual SIPs with continued efforts to manage both existing projects and new commitments to pursue transition impact whilst balancing, at the portfolio level, risks, returns and costs to ensure financial sustainability.

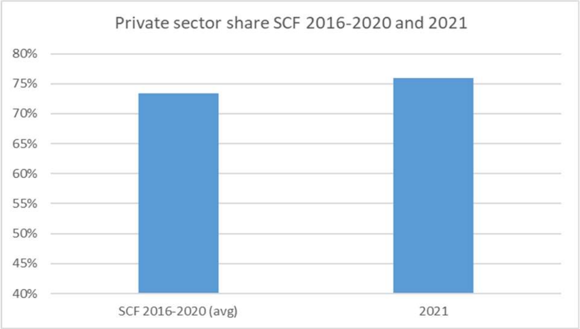
[2] Armenia, Azerbaijan, Belarus, Georgia, Kyrgyz Republic, Moldova, Mongolia, Tajikistan, Turkmenistan and Uzbekistan. Since 1 April 2022, the Bank's operations in Belarus have been suspended and modified on the terms set out in the Board of Governors' Resolution No. 246.

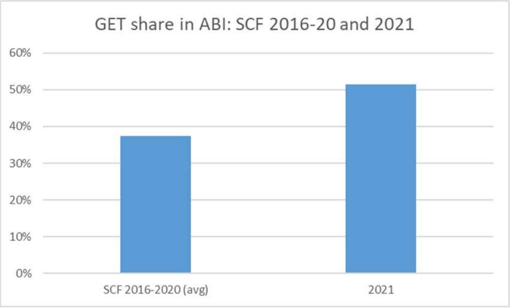
Annex 2: Selected charts

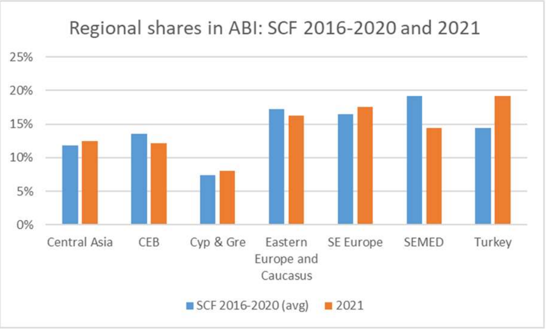












REPORT OF THE BOARD OF DIRECTORS TO THE BOARD OF GOVERNORS

THE EBRD'S POSSIBLE LIMITED AND INCREMENTAL EXPANSION TO SUB-SAHARAN AFRICA AND IRAQ

The Strategic and Capital Framework (SCF) 2021-2025 was approved unanimously by the Board of Governors at the EBRD's Annual Meeting in 2020. To support the building of sustainable and resilient economies, the SCF presents a number of sectoral, thematic and geographic strategic aspirations that are being actively pursued. In this context, the Bank affirmed its continued strategic interest in a limited and incremental expansion to sub-Saharan Africa and Iraq during the SCF period. In setting this aspiration, the SCF acknowledged the skills that the EBRD can apply to support the priority development and geopolitical objectives of the international community in sub-Saharan Africa and Iraq, as well as the growing links between many countries in sub-Saharan Africa and Iraq and current EBRD countries of operations.[1]

The SCF stipulated that an update would be provided on this strategic interest to Governors for further guidance at the Bank's Annual Meeting in 2022. The SCF also required that the Board of Governors give direction on preparatory work for this update. Accordingly, at the Bank's Annual Meeting in July 2021, the Board of Governors approved Resolution No. 240 entitled 'Preparatory work for an update on the EBRD's possible limited and incremental expansion to sub-Saharan Africa and Iraq – Governors' direction'. This Resolution set out that, to inform the further guidance and potential decisions on expansion by the Board of Governors, the update should address the following areas:

i. The potential implications and risks of any limited and incremental expansion for the EBRD in terms of capital, credit rating, budget and operations and governance over the period to the end of 2030;

ii. Clarification on how an amendment to the EBRD's geographic scope under Article 1 of the Agreement Establishing the Bank (AEB) could be formulated; and

iii. The EBRD's potential value proposition and the Bank's compatibility, complementarity, and additionality to other development actors, including potential modalities of cooperation and collaboration.

Importantly, Resolution No. 240 reaffirmed the principles that any possible limited and incremental expansion to sub-Saharan Africa and Iraq should not:

- Impair the Bank's ability to support its current countries of operations (CoOs);
- Compromise the Bank's triple-A rating;
- Lead to a request for additional capital contributions; or
- Deviate from the Bank's mandate to support transition and its operating principles of additionality and sound banking.

It also highlighted the need for such an expansion to be compatible, complementary and additional to the activities of other multilateral or bilateral development actors already active on the ground. These principles underpin the preparatory work for the update at the 2022 Annual Meeting.

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[1] This paper uses the terms "countries of operations" and "recipient countries" synonymously.

The Board of Directors has responded to Resolution No.240 by considering, in depth, the preparatory work undertaken, also bearing in mind that the most urgent priority of the EBRD is supporting Ukraine and other countries of operations in the face of the impact of the war on Ukraine. This report presents the outcomes and sets out the recommendations of the Board of Directors to the Board of Governors on the Bank's possible limited and incremental expansion to sub-Saharan Africa and Iraq. A draft Resolution of the Board of Governors is attached.

PART I – OUTPUT OF THE PREPARATORY WORK ON POSSIBLE LIMITED AND INCREMENTAL EXPANSION TO SUB-SAHARAN AFRICA AND IRAQ

1. Preparatory work – overview

The preparatory work for the update at the 2022 Annual Meeting had the objective of providing Governors with an adequate basis for giving clear guidance and taking potential decisions. The work was undertaken in a sequenced manner in close consultation with the Board of Directors:

- To address the Bank's potential value proposition, a set of country case studies were undertaken following approval by the Board of Directors of the scope and nature of engagement with relevant stakeholders. On the basis of analysis of eight sub-Saharan African countries and Iraq, an EBRD potential value proposition in sub-Saharan Africa and Iraq was presented to the Board of Directors for feedback and guidance in January 2022.
- The implications for the Bank's capital and finance were considered twice by Directors in September 2021 and February 2022. The second paper also considered the governance processes and implications associated with a possible expansion of the Bank's geographical scope to countries in sub-Saharan Africa and Iraq. In March 2022, Directors also considered a preliminary analysis undertaken to explore the impacts of the war on Ukraine on the Bank's capital capacity. This included an assessment of the ability of the Bank to support its existing countries of operations and accommodate all the objectives in the current SCF, including a limited and incremental expansion of the geographic scope of its operations to sub-Saharan Africa and Iraq.
- In connection with options for amending the geographic scope set out in Article 1, Directors first discussed such options in September 2021). Subsequent discussions were held in February 2022.

The remainder of Part I of this report summarises the content of this work.

2. The EBRD's potential value proposition in sub-Saharan Africa and Iraq

Building on prior analytical work undertaken in preparation of the SCF in 2019, the new analysis had the goal of providing an evidence-based assessment of whether and, if so, how, the Bank could support private sector development in a variety of sub-Saharan African countries and Iraq, as well as illustrating the practical challenges involved, in complementarity and collaboration with existing development actors.

Eight sub-Saharan Africa countries were selected to provide case studies: Benin, Burkina Faso, Côte d'Ivoire, Ghana, Kenya, Nigeria, Senegal, and Sudan. This list was established through a methodology using criteria relevant to EBRD's distinctive mandate and business model[2]. In-person visits were made to Côte d'Ivoire, Ghana, Kenya, and Senegal as well as Iraq. For other case studies, stakeholder engagement took place virtually. There was no engagement with national or local government or media.

[2] That included consistency with the political principles of the EBRD mandate as well as reform trajectory, existing levels of financial and private sector development and integration with existing countries of operations.

2.1. The EBRD's potential value proposition into sub-Saharan Africa

The study work highlighted that development challenges in sub-Saharan Africa are large, with transition levels comparable with the level found in some of the EBRD's countries of operations that are least advanced in transition. Tackling these needs requires a holistic approach combining the efforts of countries themselves – through policy reform and domestic resource mobilisation – and joint action by development partners. With a rapidly growing population and increasingly burdened public balance sheets, developing the private sector and stimulating both foreign and domestic investment is essential. The recent establishment of the African Continental Free Trade Area (ACFTA) is part of that momentum.

While the needs – and opportunities – are evidently large, it is equally clear that bankable projects are few. Many development finance institutions and partners are already active in sub-Saharan Africa. There remains scope for further support focussed on widening the range of investible deals and creating new markets through upstream engagement, while crowding in investors and other sources of financing. The key finding of the case study work is that there is scope for the EBRD to deploy its distinctive mandate, business model, skills and experience to add value in sub-Saharan Africa countries.

2.1.1. The EBRD's distinctiveness

The case study work highlighted that a number of features of the EBRD's transition mandate and business model could be particularly valuable in countries of the region. These include:

- An emphasis on local and locally employed presence on the ground, which is essential to support the necessary in-depth understanding of the opportunities and challenges of doing business and supporting policy engagement;
- The capacity to operate in both the public (including sub-sovereign) and private sectors, which could be leveraged to establish presence and credibility initially and open opportunities for pursuing policy reforms. This is directly relevant in African economies where the state continues to dominate key sectors and reflects the unique political aspects of the Bank's mandate;
- The ability and experience of engaging upstream via policy engagement as well as providing technical assistance and financing for project preparation work, to unlock investment opportunities and expand the pipeline of investments;
- A well-developed capacity to support capital markets development and, over time, access to local currency resources, which is a key success factor in the region;
- Experience with structuring, processing and managing small projects. Existing actors favour investments of relatively large amounts (over € 10 million) whereas currently over half of EBRD's projects have a value of less than € 10 million;
- An extensive suite of SME support instruments from advisory to various investment channels, which is relevant given the importance of these firms in the economies of the region.

These attributes have been built up over time and proved effective in re-orienting economic models in a number of different contexts amongst the Bank's existing countries of operations, initially in former communist economies in their transition, including Early Transition Countries (ETCs) and more recently in Turkey and countries in the Southern and Eastern Mediterranean (SEMED) region. The case studies found that in each of the features listed above, the EBRD would bring experience and attributes that are either absent from the region or present only to a limited extent.

2.1.2. The EBRD's value proposition

The analysis of the case studies supported the development of a value proposition for the EBRD which could add value to the development efforts in countries in sub-Saharan Africa. In line with those findings, the EBRD's proposed approach would be largely private sector-focussed, with the majority of investment and activity supporting private sector-led growth, thus responding to country needs, complementing the activities of other development actors. Public sector interventions would be undertaken selectively, targeted at addressing significant financing and transition gaps with a view to facilitating private and market enabling investments. This approach would take into account the high sovereign debt levels in several sub-Saharan Africa countries, with blended finance deployed where justified.

The case studies found that a fundamental need in sub-Saharan Africa is to increase the availability of bankable projects through upstream engagement and project preparation. The EBRD has long experience in combining policy engagement and investment to strengthen business environment and allow the development of a pipeline of new and additional projects. This upstream work would be complementary to that undertaken by others and done in close collaboration with these actors, an approach that has been beneficial in other regions, including SEMED. The EBRD can also promote additional investment directly by responding to the demand for its engagement from clients in existing countries of operations that would like to invest or expand in sub-Saharan Africa.

Operationally, the Bank's impact could widen and deepen over time as it gains experience and learning. The scope of activities would progress organically from an initial focus on technical cooperation and simpler, less risky financing products to a fuller deployment of the Bank's business model and instruments as knowledge increases and conditions evolve. In addition, the Bank would need to tailor its activity to country circumstances, as is already the case in existing countries of operations. Over time, a regional approach would also increase the Bank's ability to have impact, especially within economic or currency zones.

At an initial stage, the EBRD could achieve impact in a number of areas. The Bank's SME approach is more comprehensive than that taken currently by development partners and would be central in any initial phase of operation. In particular, the emphasis on the Bank's work on both advisory services for SMEs and developing lending skills in financial intermediaries is distinctive. This reflects both the needs identified through the case studies and the Bank's experience of previous expansions. Amongst other activities in the financial sector, there is potential demand for the Bank's Trade Facilitation Programme complementing the work of others. As highlighted previously, deep and wide policy engagement would be essential to support policy reform, create the conditions for private sector development, and increase the capacity for project preparation. Such activities would need to be front-loaded as a necessary investment to develop bankable projects for the EBRD and other investors.

The analysis undertaken has shown the EBRD's expertise and experience in the three crosscutting themes identified in the SCF 2021-2025 – supporting a low-carbon, green energy transition, promoting equality of opportunity and gender equality and accelerating the digital transition, would be relevant in the sub-Saharan African context. In particular, the Bank's private sector-focussed model for green investment would broaden support available for countries in the region. Beyond this, the conditions exist for deploying the Bank's experience to develop and implement successful public-private partnership (PPP) projects, supplementing the work of existing development partners in addressing the sizeable infrastructure gap in the region. These activities could grow over time.

2.1.3. Applying the value proposition

The pace and scale of activity would reflect country conditions. The work also considered the factors that would be most conducive to the Bank's effectiveness. In accordance with the Bank's mandate, any new country of operations would need to be judged to be committed to and applying the principles of multiparty democracy, pluralism and market economics. Beyond this, a sufficient level of private sector development, a strong reform trajectory and sufficient peace and security would also be particularly important.

Through the case studies, two broad categories of countries were identified in which the Bank's value proposition to deliver impact would differ.

- **Countries where development and economic structures are relatively more advanced**. In countries of this nature, there is scope for the Bank to deploy its full range of activities over time across a broad range of sectors with a similar model as in existing countries of operations, though the scale and pace of deployment would vary depending on the context. The existing structure and size of these economies would initially limit investment opportunities, but with potential for more activity as dynamic economic growth is resumed after the Covid-19 crisis. Governments in this type of countries are reported to be focussed on the promotion of private sector development, with concrete reform programmes in place. Early policy engagement could support higher levels of investment over time. Selective investment in the public sector could also build the relationships and credibility to support policy reform with authorities and unlock further private sector opportunities.
- **Countries with greater transition needs and less developed economic structures**. Investment opportunities in countries of this nature are more limited. As a result, the Bank's activities which add value to existing efforts would likely be more concentrated on SME support, with an even greater emphasis on policy engagement, supporting capacity building and smaller transactions, where possible.

In the first category of countries, the EBRD would deliver its value proposition through its established model, with a substantial in country and locally recruited presence, most probably in a capital city. Over time, this could be supplemented by regional offices in economic centres – as is today the case in larger existing countries of operations. Local presence in the second category of country would be of smaller scale, with skills tailored to the Bank's more limited activities in the country, focussed on policy engagement and providing SME advisory services. Other development partners often use regional arrangements with larger hubs in some countries supporting smaller presence elsewhere. These different models have implications for the assessment of both possible levels of operational activity – notably investment – and the cost structure of the Bank's activity.

Donor resource needs, from both bilateral and internal sources, would be expected to be greater in sub-Saharan Africa countries than in the Bank's existing region on average, given the emphasis on upstream/policy work, project preparation, capacity building, support for SMEs, higher levels of blended finance, and first loss and guarantees mechanisms. This holds for all countries, but even more so for the early transition ones where higher grant intensity in operations would be required. In the event of a limited and incremental expansion of the geographic scope of the EBRD's operations to sub-Saharan Africa, the availability of donor resources and opportunities for new donor relationships would be further explored, bearing in mind the demand for donor and internal funds supporting the Bank's engagement in its existing countries of operations, including in the context of the impacts of the war on Ukraine and possible reconstruction needs.

2.1.4. Complementarity to other development actors

The preparatory work addresses thoroughly the question of how the EBRD would collaborate with other institutions already active on the ground, notably the AfDB, EIB, IFC and bilateral DFIs, to ensure complementarity with the roles they are already playing. This section presents a wide range of collaboration actions and approaches that would be relevant in the event of an expansion of the Bank's geographic scope.

Central to EBRD's approach would be the development of a pipeline of new investments through upstream work, which would be done in a complementary and collaborative manner with other institutions, with a view to increasing the opportunities available to all. To this effect, the experience across all of EBRD's countries of operations shows the importance of close collaboration and institutions having greater leverage when speaking with a common voice.

The work undertaken confirmed that EBRD could have a complementary role to the work of others. The Bank's distinct contribution would be grounded in its focus on private sector development, combining investment, policy and technical assistance in a single management and incentive structure, with the ability to make selective interventions in the public sector. Strong local presence and deep sectoral knowledge, including through relatively small transaction sizes, would also support the Bank's delivery of transition impact. Complementarities exist in three categories of activity:

- When the EBRD operates in an area where others do not – or do very little – such as local currency and capital market development or lending to municipalities;
- In areas where other institutions already engage, but the EBRD brings a different and complementary approach, such as SME development and capacity building, value chain development, different instruments for financial sector support, or commercialisation of SOEs; and
- Areas where the EBRD has a similar approach, but the needs are so large that there is scope for additional actors to participate, such as in infrastructure and energy.

The judgement that EBRD can complement the work of others is confirmed by the Bank's successful track record in North Africa. For example, as part of the SEMED expansion, the EBRD began operating in North Africa (Egypt, Morocco and Tunisia) in 2012. Over nearly a decade since beginning operations in the three countries, the Bank has invested € 11.5 billion through to end 2021 in North Africa. In the same period, the AfDB, IFC and EIB have also increased their activities in these three countries. Lending by the AfDB, EIB and IFC jointly rose from just over € 1 billion in 2013 – the first full year of EBRD operations – to just over € 3.5 billion in 2020.

2.1.5. Collaboration with other development actors

The preparatory work highlighted that effective collaboration would be essential not only to gain insights on new countries in sub-Saharan Africa, but also to support delivery of the EBRD's value proposition and help to maximise the impact of the development finance system as a whole. This is a requirement set out in Article 2.2 of the AEB and is consistent with the Bank's approach in its existing countries of operations.

The EBRD recognises that well-functioning and effective collaboration is critical to:

- Develop a shared view of core challenges and opportunities, and align to country/client goals;
- Tackle problems that are too big or too complex for any single actor;
- Leverage the distinct strengths, expertise and instruments across the system, while targeting results and outcomes;
- Share knowledge across development actors; and
- Align around core principles, reducing the risk of actors in the system undermining each other on approaches to pricing, policy messages and standards while allowing for healthy competition based on ideas and expertise.

These principles would continue to guide the Bank's approach to collaboration in any new countries of operations.

There is already a wide range of existing collaboration and coordination platforms in sub-Saharan African countries, including some led by recipient countries. As a new entrant, the EBRD would need to integrate its policy and investment activity within these structures to ensure its alignment with key policy and operational priorities. The Bank could also help to enhance existing structures, promoting enhanced collaboration across the development finance ecosystem as well as building bilateral cooperation with sister institutions in specific projects or sectors.

Operationally, the study work identified three broad areas where opportunities for concrete collaboration could be envisaged:

- **Policy coordination –** Effective policy reform often requires strong collaboration to define shared priorities and key messages. A close partnership with the IFC, which recently committed significant resources to private sector focused 'upstream' work in sub-Saharan Africa, would be particularly important. There would also be scope for developing a systematic approach to policy collaboration through conducting joint diagnostics and missions to lay the foundation for a common strategy. The Bank would also seek to closely coordinate its technical assistance activities with those provided by other institutions in order to ensure focus, complementarity and increased impact.
- **Investment –** There is potential in both co-financing and joint project preparation and deal structuring with other private sector focused MDBs and DFIs. The Bank would aim to support deeper collaboration in this area through sharing intelligence on specific sectors, working together and co-financing larger projects, sharing appraisal work and where possible promote mutual reliance. Co-financing with other IFIs and DFIs enables institutions to share risks, bring a project to fruition that might not otherwise have been possible due to an individual institution's investment limits and in turn increase the pool of bankable projects. The EBRD's investment with partners would also allow it to reinforce the need for high standards and sound banking structures. More broadly, there are regional partners which provide potential opportunities for deepening collaboration and impact. In such cases, the EBRD might not only foster the transfer of knowledge and expertise but consider supporting such institutions financially, possibly even through becoming a shareholder (as other DFIs have done).
- **Regional and sectoral initiatives –** The Bank would look to build on its existing engagement with some of the flagship initiatives to promote private sector development in Africa. This includes the G20 Compact with Africa Initiative and the Alliance for Entrepreneurship in Africa (AforE), in which the EBRD is already active for Egypt, Morocco and Tunisia alongside the AfDB, IFC and World Bank among others. The EBRD has also been invited to join the Africa Resilience Investment Accelerator (ARIA) as an observer to share its know-how and experience. Other opportunities such as multi-stakeholder groupings where the Bank could share its experience, learn from others and seek synergies in its activities in a system-wide approach may open up should the Bank engage further in Africa.

At the institutional level, the EBRD could leverage its extensive existing partnerships with other multilateral development banks, development finance institutions, bilateral and multilateral donors and the United Nations system. Specifically, the EBRD would seek to establish partnership frameworks to support effective collaboration and maximise impact with sister institutions, notably with:

- **AfDB** – To support collaboration in pursuit of sustainable private sector development in the North African countries of SEMED, the EBRD and AfDB signed a partnership framework in May 2021. This framework would provide a strong basis for cooperation in sub-Saharan Africa. The Framework aims to strengthen coordination on existing and potential joint investment projects and policy initiatives, focussing on climate change finance, capital market development, improving the business environment, bolstering the real economy and private sector investment mobilisation. In this context, the EBRD and AfDB are actively working together to enhance joined efforts to support SMEs, PPPs and project finance. The EBRD and AfDB will also share country and sector knowledge and expertise and aim to streamline and adapt operational procedures and processes to facilitate more co-financing opportunities. This partnership framework could be extended to common countries of operations in sub-Saharan Africa.

- **EIB** – The EBRD would collaborate closely with the EIB, building on the positive experience at project and policy levels in existing common countries of operations. This is facilitated by institutional-level mechanisms, including the EBRD/EIB Memorandum of Understanding and the newly signed Cooperation Framework agreement, as well as the EBRD-EIB High-Level working group led by the two Vice-Presidents and the bi-annual senior management retreats. Where relevant, the EBRD would also be active in selected Team Europe Initiatives (TEI), as is already the case in the EU Neighbourhood region. TEI initiatives foster collaboration with the EIB, the Association of bilateral European Development Finance Institutions (EDFI), European DFIs (such as DEG, FMO, Proparco, and BIO) as well as the European Commission and co-finance transactions with those and other such institutions. This could be replicated in the sub-Saharan African context.

- **IFC and World Bank -** The IFC would be the partner which is most similar to the EBRD in sub-Saharan Africa, sharing a similar approach and standards with regards to support to the private sector. Building on experience of cooperation in North Africa, the EBRD is exploring with IFC ways of formalising collaboration in sub-Saharan Africa. That could possibly include a joined upstream approach to build a pipeline of bankable projects, facilitating mutual reliance between the two institutions when co-financing projects and relying on the "Blended Concessional Finance Principles for Private Sector Projects", a targeted approach already agreed and applied by the EBRD, IFC and other MDBs and DFIs to blend funds from concessional donor and commercial sources to avoid market distortion or crowding out other actors. The World Bank would also be an important partner, including for policy engagement and access to partial risk guarantees (e.g. in infrastructure projects).

On a practical level, dialogue would be of a structured, regular nature and involve headquarters as well as country offices. In line with the Bank's current practices, some limited staff exchanges to and from relevant development institutions on an ad-hoc basis could contribute to speeding up the EBRD's acquisition of region and country-specific expertise, while also enhancing opportunities for collaboration across institutions. The EBRD could also consider sharing office facilities in some new countries of operations during an initial period until it establishes its own office, if necessary.

2.1.6. Risk considerations

The preparatory work considers a number of key risks the EBRD would face, focusing on the risk environment, including country risk, security, integrity, environmental and social risks and other operational risks.

Economic and financial risks in the country case studies – with the exception of Burkina Faso and Sudan – is well within the range of existing countries of operations, although the business environment rankings tend to be lower. Integrity risks – especially from widespread corruption – are substantial. Significant risks of money-laundering and terrorist financing are present in the country case studies. The environmental and social risks are high, with human exploitation being an area of special concern. While most countries have policies and standards in place, it is common for institutional capacity and consequently enforcement to be weak. Finally, on the EBRD's own assessment scale, security risks range from low (such as Benin) to high (Burkina Faso and Sudan).

These risks would need to be effectively mitigated in the event that the Bank began operations in any sub-Sahara African country. The EBRD has the structures in place to manage most of the risks identified. The Bank would work closely with clients to ensure that appropriate mitigation and remedial measures are in place to comply with the Bank's policies and standards. The Bank would also engage with national governments and other stakeholders to develop capacities and systems to enhance their environmental, social and governance performance and achieve systemic impact. However, it is clear that thorough preparation, capacity strengthening and new partnerships would be needed to strengthen this ability further. Overall, this environment points to a higher cost of conducting business than in existing countries of operations.

There is also the crosscutting risk of the knowledge gap the Bank would face entering a new region with diverse countries and cultures. The EBRD has addressed similar risks from the SEMED expansion through a combination of approaches, including the hiring of local staff, working alongside existing institutions and well-known clients from other countries of operations, and enhanced due diligence.

2.2. The EBRD's potential value proposition in Iraq

Based on the EBRD's in-depth analysis and extensive outreach with the private sector, leading IFIs and DFIs, and donor agencies, the Bank's potential value-added is clear considering private sector development needs, as well as public sector investments that can facilitate private sector participation and improve service delivery.

Iraq's development challenges are significant, having faced an enormous amount of political and economic upheaval over the past few decades. This has led to fundamental economic issues, notably high unemployment especially among the large youth population. Iraq is an upper-middle income country due to its natural resources yet it has a high national average poverty rate. Iraq's dependence on oil revenues poses a major risk and the fiscal situation is fragile.

The state has largely focused on growth of the public sector for political reasons, stunting private sector development and economic growth. The private sector requires a much stronger enabling environment, access to credit and substantial investment to achieve higher levels of growth and job creation. Obstacles to tackle include political instability, corruption, political interference at various government levels, inconsistent implementation of legislation and a complicated tax system that leaves foreign companies vulnerable to arbitrary levies. As a result, Iraq performs below most of the EBRD countries of operations in the Assessment of Transition Qualities indices.

The country's reform trajectory depends on the implementation of the previous government's internationally supported wide-ranging reform programme.

2.2.1. The EBRD's value proposition

Taking into account Iraq's transition challenges and strategic priorities, EBRD's strengths and the activities of other IFIs and DFIs, the Bank's initial focus could be to:

- Promote the diversification and further industrialisation of the economy, support the expansion of the non-oil economy through investments and SME advisory, and improve access to finance through a more resilient financial sector;
- Support the reform and rehabilitation of the energy sector, including through the promotion of private renewable energy projects, more regionally interconnected and digital transmission infrastructure, and low carbon pathways; and

- Support the reconstruction and rehabilitation of infrastructure, with particular focus on water, wastewater treatment, transport and social infrastructure, and facilitate private sector participation and PPPs in such infrastructure.

Underlying these identified areas is the importance of the SCF priorities on green, inclusion and digital, all of which would be supported by the Bank's instruments. In particular, given the dominant role of fossil fuels in Iraq's economy, the EBRD could contribute significantly to Iraq's green economy transition in the context of the authorities' commitment to climate action under the Paris Agreement, through tailored green instruments based on the needs of clients combining concessional financing, policy engagement and technical support.

In terms of applying the value proposition, Iraq corresponds to those countries where development and economic structures are relatively more advanced and the Bank's engagement would match that described in section 2.1.3.

Donor and some internal funds would be needed for technical assistance to develop public and private projects, support upstream regulatory reforms to unlock private sector investments, advance the green agenda, provide risk mitigation and risk-sharing facilities to spur lending, support capital expenditure grants in limited cases, and develop the Advice for Small Business programme to help the large SME segment. Additional funds could be needed to enhance anti-money laundering and counter-terrorist financing capabilities for local banks and even the central bank and other regulators. More broadly, the cost of technical assistance could also be higher reflecting security costs. The availability of donor resources and opportunities for new donor relationships would be further explored, bearing in mind the demand for supporting the Bank's engagement in its existing countries of operations, including in the context of the impacts of the war on Ukraine and possible reconstruction needs.

2.2.2. The EBRD's complementarity and collaboration with other development actors

The donor landscape in Iraq is characterised by a strong multilateral humanitarian presence and several mechanisms for pooling resources through multi-donor vehicles and major bilateral pledges for reconstruction efforts. Following the improvement of the security situation with the defeat of ISIL in 2017, international assistance shifted towards comprehensive reconstruction efforts, largely public sector, including rehabilitation of vital infrastructure with special attention to humanitarian aspects. Few IFIs or DFIs have meaningful exposure in the private sector. Similarly, there has been limited support for public sector investments that bring in private sector elements. As a result – as confirmed by existing development partners in Iraq – there is scope for a new institution, particularly one focused on private sector development and with a strong local presence to complement current activities.

Consistent with the approach and principles outlined in section 2.1.5 the EBRD would ensure that its work complements and does not crowd out the work of existing IFIs and DFIs. To maximise impact and mitigate risk, the EBRD would collaborate closely with others, leveraging its existing relationships with the active IFIs and DFIs to learn from their experience, work collectively on policy reforms to unlock investments, conduct joint technical assistance, project preparation and co-finance investments where possible.

In addition, the EBRD would build upon existing relationships with clients from neighbouring countries, such as Jordan, Lebanon and Turkey, and partner with them in their expansion into Iraq. The EBRD also has established relationships with regional investors and Gulf Cooperation Council states, some of which are already operating in the country. In this regard, the EBRD would be responding to the demand for its engagement from these companies, something requested since the SEMED expansion.

2.2.3. Risk considerations

Iraq is a country with broad inherent risks following almost two decades of conflict and instability. Integrity risks – especially corruption and human exploitation – are significant and would need to be managed through appropriate due diligence approaches taking into account the experience in some other challenging countries of operations of the Bank. Environment and social risks are substantial with mitigation needed at the project and regulatory/national level.

The Bank assesses Iraq as a high-risk country in terms of security but EBRD operations could be conducted within an acceptable level of risk with strict compliance to EBRD and UN security standards and procedures for the country. The EBRD has experience working in complex security environments such as in countries where civil unrest or conflict has erupted. The Bank would build on this by increasing security measures to reflect the more acute security challenges in Iraq. Operating in Iraq would incur substantial costs for security measures.

3. Capital and profitability assessment

The analysis of the capital and financial aspects of a possible limited and incremental expansion of the EBRD's geographical scope to sub-Saharan Africa and Iraq was undertaken in two phases. In the first stage, the Bank's overall capital capacity and the levels of sustainable Annual Bank Investment (ABI) until 2030 was assessed to confirm the Bank's ability to support the strategic objectives set out in the SCF 2021-25. A second phase of analysis was undertaken of the potential financial and capital implications of a possible expansion building on the findings from the development of the EBRD's value proposition and the associated case studies as described in section 2. This assessment was made prior to the invasion of Ukraine by the Russian Federation. Subsequently, preliminary analysis was undertaken to explore the impacts of the war on Ukraine on the Bank's capital capacity and its ability to support its existing countries of operations and accommodate all the objectives in the current SCF, including a limited and incremental expansion of the geographic scope of its operations to sub-Saharan Africa and Iraq. This section reviews the outcome of this work at the time it was carried out.

3.1. Capital capacity

The Bank's capital capacity was assessed as part of the SCF in 2020. The analysis presented in that document stated that the Bank could reach a steady state annual lending capacity of €13 billion. On this basis, the SCF judged that: the level of capital capacity suggested in these projections will allow the Bank to support all the strategic aspirations outlined in this SCF, including supporting countries of operations throughout the crisis response and recovery phases and possible expansion to selected countries both within and outside the Bank's geographic scope.

The analysis undertaken for this work programme built on the work presented in the SCF to derive a possible range of capital capacity over the longer period to 2030, taking as given that no additional capital would be provided by shareholders. The methodological approach was the same as applied in the SCF. In this approach, long term growth rates for the Bank's capital base were derived to create a path for the level of capital over time. The binding constraint on the level of assets that the Bank can hold is provided by the limit on capital utilisation established by the non-risk adjusted statutory capital policy. Accordingly, the maximum level of operating assets that the capital of the Bank can support is determined by the limit under its statutory capital policy. The limit is currently 92 percent of the total statutory capital stock.

The Bank's long term historical experience of capital[3] growth was analysed and a range of 2 per cent and 3.5 percent was derived to estimate the possible evolution of the Bank's capital stock. This contrasts with the point estimate of 3 percent presented in the SCF, recognising the greater uncertainty over the longer period covered by this analysis and the need for prudence.

[3] Not including callable capital whose level is not influenced by profitability.

The result of this analysis was that the maximum level of operating assets the Bank could support by the end of the period was estimated to be between €43.3 billion and €46.6 billion.

A range for sustainable annual lending was calculated on the basis of establishing a relationship between the level of operating assets and ABI. This analysis concluded that the long term sustainable level of ABI until 2030 that its capital could support is €12.5 billion to €13.5 billion or – given the Bank's recent levels of lending – additional annual investment of between €2-3 billion. This range is consistent with that presented in the SCF and reaffirms the SCF conclusion that the level of capital capacity is sufficient to support all the strategic aspirations of the Bank.

The preliminary analysis undertaken of the potential negative impact of the invasion of Ukraine by the Russian Federation on the finances of the Bank showed that although the medium-term lending capacity is expected to be lower, the Bank would retain the capital capacity to support its existing countries of operations and accommodate all the objectives in the current SCF, including a limited and incremental expansion to sub-Saharan Africa and Iraq. However, the extent of the crisis impact on the Bank's financial position and the scale of reconstruction needs is uncertain.

3.2. Assessing a possible limited and incremental expansion

A key finding from the work on the Bank's value proposition was that country circumstances differ and the Bank's offer and balance of activities would have to be tailored to those conditions. This variation in activity has an important influence on the assessment of the impact of any possible limited and incremental expansion on the Bank's financial sustainability and capital consumption.

The value proposition found that for the Bank to be successful and to complement the work of existing development partners, a strong local and locally recruited presence would be essential. The scale and nature of that presence could vary by the extent to which conditions supported the effective deployment of the Bank's tools. The value proposition outlined the different categories of country which exist in sub-Saharan Africa. These differences have implications for the assessment of both possible levels of operational activity – notably investment – and the cost structure of the Bank's activity.

3.2.1. Country types

Reflecting the findings of the value proposition three different 'types' of countries were analysed and the results combined to support the assessment of different scenarios for limited and incremental expansion of the Bank's geographic scope. The three types of country are:

- Type 1 countries correspond to the least developed or 'early transition' African economies in SSA where the Bank's activities might be limited in the long run. Among the countries studied Benin, Burkina Faso and Sudan were examples of this type country.
- Both Type 2 and Type 3 countries correspond to the 'developing' African Economies identified in the value proposition analysis. The difference between the two is the potential scale of activities with markedly greater levels of activity expected in Type 3 than Type 2. Among the countries studied for the value proposition, Type 2 covers Côte d'Ivoire, Ghana, Senegal and Type 3 covers Kenya and Nigeria. Iraq is considered a Type 2 country.

Indicative estimates for total administrative expenses and staff resources were used in calculations. These estimates build on key underlying assumptions for total costs of a regional hub, local resident offices, HQ resources and other project related activities, mainly reflecting experience in the current SEMED region, preliminary benchmarking with peer IFIs and allowance for additional region specific costs.

From the results of the country case studies – including the experience of development partners already present in sub-Saharan Africa – and an assessment of the Bank's own experience, especially in countries less advanced in transition, two detailed profiles of investment activity and costs were built for each type of country:

- A **moderate** case where ABI was assumed to rise to a steady state level of €20 million in Type 1 countries; €100 million in Type 2 countries and €280 million in Type 3 countries. This steady state level was anticipated to be reached over seven years. Projections also took into account different product mixes and project sizes in different countries, as well as assumptions about the split of investment between the public and private sectors.
- An **accelerated** case in which the steady state level of ABI was taken to be 20 percent higher than the moderate case and the steady state level reached in five years.

In both cases, project numbers – the key driver of the Bank's costs – were assumed to be the same, although project size increased. Consequently, the detailed cost estimates are the same in both instances. For the purposes of the calculation, investment was assumed to start in 2023 with some preliminary costs incurred in the second half of 2022. In each case, the steady state of costs was assumed to be reached in five years. These two cases aim to provide a plausible range for the potential activity and costs in the event of a limited and incremental expansion.

Operational and financial projections for each country type are presented in Annex 1 for the 'moderate' case and Annex 2 for the 'accelerated' case. The projections show that on an annual basis in the period to 2030 costs would exceed revenues in Type 1 countries throughout in both cases. In Type 2 and Type 3 countries revenues exceed costs in the sixth and fifth year of operations respectively in the 'moderate' case and three years earlier in the 'accelerated' case. Across the whole period – which includes the significant one-off set up costs – Type 3 countries show a cumulative profit in the final year of the projection period in the 'moderate' case and one year earlier in the 'accelerated' case. Type 2 countries show a cumulative profit for the final two years of the projection period only in the 'accelerated' case.

3.2.2. Scenarios

On the basis of these detailed projections, a number of illustrative expansion scenarios composed of different numbers and combinations of types of countries were analysed. These are shown in Table 1.

Table 1: Illustrative Limited and Incremental Scenarios

Scenario	Type 1	Type 2	Type 3	Total
A: Minimum	0	5	1	6
B: Base	1	5	1	7
C: Large skew	0	5	2	7
D: Small skew	2	5	1	8
E: Maximum	2	6	2	10

Table 2 shows the operational impact of different expansion scenarios in the 'moderate' case with ABI, portfolio and the stock of operating assets shown for both 2025 and 2030. It also shows the financial impact by presenting the income, administrative costs and consequent net profit and loss for the two years. Cumulative profitability and cumulative capital utilisation under both the statutory capital policy – which provides the binding constraint – and the Bank's risk based capital adequacy policy (CAP) to the relevant year, are also shown.

Table 2: Scenario analysis – moderate level of activity

Scenario: type1-type 2-type 3	A: Min. 0-5-1		B: Base 1-5-1		C: Large skew 0-5-2		D: Small skew 2-5-1		E: Max. 2-6-2	
€million	**2025**	**2030**	**2025**	**2030**	**2025**	**2030**	**2025**	**2030**	**2025**	**2030**
ABI	484	812	500	833	620	1,098	516	854	722	1,245
Portfolio	672	3,233	692	3,325	864	4,329	711	3,416	999	4,939
Operating assets	281	1,723	288	1,763	366	2,316	294	1,802	418	2,621
No. of operations (#)	33	62	36	67	41	79	38	71	51	97
Operating income (after impairment)	10.6	44.9	10.9	45.7	13.2	58.4	11.1	46.4	15.3	66.1
Administrative costs	(19.3)	(31.6)	(20.3)	(33.1)	(22.8)	(38.4)	(21.3)	(34.7)	(27.0)	(45.1)
Net profit/(loss)	**(8.7)**	**13.3**	**(9.4)**	**12.5**	**(9.6)**	**20.0**	**(10.2)**	**11.7**	**(11.8)**	**21.1**
Cumulative net profit/(loss)	*(33.3)*	*(20.6)*	*(35.7)*	*(27.1)*	*(38.0)*	*(10.2)*	*(38.2)*	*(33.6)*	*(45.7)*	*(20.7)*
Capital impact:										
Impact on statutory capital utilisation	0.7%	4.1%	0.8%	4.3%	0.9%	5.5%	0.8%	4.4%	1.1%	6.3%
Impact on CAP utilisation	0.8%	2.6%	0.8%	2.6%	1.0%	3.6%	0.8%	2.6%	1.1%	3.9%

The table shows that within the period of the current SCF until 2025, the impact on the Bank's financial and capital position from any expansion is marginal, notwithstanding moderate levels of cumulative losses following the initial cost outlay.

By the end of the projection period in 2030, all scenarios begin to make a positive financial contribution by showing a net profit. From a purely financial perspective, a focus on larger countries improves the profitability dynamic due to the comparatively better cost-to-income ratio.

Table 3 shows the same results for the 'accelerated' case. As expected, the higher assumed ABI leads to higher operating assets, capital consumption and profitability.

Table 3: Scenario analysis – accelerated activities

Scenario: type1-type 2-type 3	A: Min. 0-5-1		B: Base 1-5-1		C: Large skew 0-5-2		D: Small skew 2-5-1		E: Max. 2-6-2	
€million	**2025**	**2030**	**2025**	**2030**	**2025**	**2030**	**2025**	**2030**	**2025**	**2030**
ABI	580	975	600	1,000	744	1,318	619	1,025	866	1,494
Portfolio	806	4,019	830	4,132	1,036	5,373	854	4,245	1,199	6,132
Operating assets	338	2,184	345	2,234	439	2,929	353	2,284	501	3,317
No. of operations (#)	33	62	36	67	41	79	38	71	51	97
Operating income (after impairment)	12.7	57.1	13.0	58.0	15.8	74.0	13.3	59.0	18.3	83.9
Administrative costs	(19.3)	(31.6)	(20.3)	(33.1)	(22.8)	(38.4)	(21.3)	(34.7)	(27.0)	(45.1)
Net profit/(loss)	**(6.6)**	**25.5**	**(7.3)**	**24.9**	**(7.0)**	**35.6**	**(8.0)**	**24.3**	**(8.7)**	**38.8**
Cumulative net profit/(loss)	*(30.0)*	*22.3*	*(32.3)*	*16.5*	*(33.8)*	*44.5*	*(34.6)*	*10.6*	*(40.9)*	*41.5*
Capital impact:										
Impact on statutory capital utilisation	0.9%	5.1%	0.9%	5.3%	1.1%	6.8%	0.9%	5.4%	1.3%	7.8%
Impact on CAP utilisation	0.9%	3.2%	0.9%	3.2%	1.2%	4.4%	0.9%	3.2%	1.3%	4.8%

3.3. Ratings agencies

Rating agency perspectives are dynamic and evolve. They also incorporate many aspects beyond the pure financial dimensions and ratios. No specific discussions have been held with different credit rating agencies regarding possible expansion. Nevertheless, quantitative analysis undertaken on the basis of the respective credit ratings agencies methodologies showed that – in the judgement of the Bank and from a purely quantitative perspective – a limited and incremental expansion would not in itself materially impact the equilibrium and compliance with the various rating agency perspectives. As a result, it would be consistent with the preservation of a triple-A rating.

Recognising that the expansion could put some pressure on average credit quality of the Bank's portfolio and the non-performing loan ratio, it would also send a strong message of confidence in the institution and its long-term strategic goals.

3.4. Summary

The preliminary operational and financial analysis showed that the Bank has the capital capacity to support a limited and incremental expansion of the Bank's geographical scope as well as all the other strategic aspirations set out in the SCF for the period to the end of 2030, although recognising that the impact of the war on Ukraine and the scale of reconstruction needs is uncertain.

Analysis of a range of scenarios based on a diversified set of possible countries of operation in sub-Saharan Africa and Iraq suggested that costs could exceed revenues in these countries in the short to medium term. However, these losses are modest in the context of the Bank's overall financial performance. In the long term, all illustrative scenarios are expected to make a positive contribution to the Bank's financial sustainability.

4. Amending the geographic scope in Article 1 of the Agreement Establishing the Bank

The preparatory work considered how an amendment to the EBRD's geographic scope under Article 1 of the AEB could be formulated. To this end, the Board of Directors requested options for an amendment to Article 1 for discussion. The options presented to the Board of Directors were designed to meet the requirement set out the SCF 2021-2025 and Resolution No. 240, namely that any potential expansion into sub-Saharan Africa and Iraq should be limited and incremental'.

This was understood to mean that possible amendments to Article 1 should provide for an expansion that is clearly limited, but not definitively closed, in scope, to allow for the controlled possibility of subsequent increments. Options for amendments to Article 1 were presented that would (a) be legally sound, so as to provide clarity of intent and purpose, (b) be palatable to the widest group of members, so as to assist in building consensus, and (c) provide for a degree of flexibility, so as to enable a fluid and effective expansion of the Bank's operations.

Taking into account the Bank's experience with previous amendments to the Bank's geographic scope under Article 1, two primary approaches were outlined.

- To specify a new 'sub-Saharan Africa region' within Article 1, with the definition of such region for the purposes of the Bank to be contained in the Board of Directors' Report for the amendment, following the approach taken at the time of the SEMED expansion. In addition, Iraq would be specified by name within Article 1, following the approach taken in the Mongolia expansion.
- To simplify Article 1 by removing the geographic scope and entrust control over the Bank's territorial reach to the Board of Governors. In this case, it was also proposed that the voting threshold for the approval of new countries of operations by the Board of Governors be raised to require the affirmative vote of not less than three-fourths of the Governors, representing not less than four-fifths of the total voting power of the members.

Feedback and guidance from the Board of Directors indicated that development of the first approach would be most consistent with the intention of achieving a limited and incremental expansion.

Subsequent discussion focussed on the specific articulation of an amendment to Article 1 along such regional lines. In that context, Directors considered not only options for defining a new Bank region but also accompanying mechanisms to ensure that, notwithstanding the regional definition, the roll out of Bank operations to sub-Saharan Africa would be carried out in a limited and predictable manner, which could be subsequently revisited by the Board of Governors at their discretion.

On limiting any expansion, a number of options were considered. Various factors were carefully weighed, amongst others: providing for efficiency, predictability and clarity of process, managing expectations and high levels of interest in the region, balancing supply and demand considerations with respect to the Bank's offer, and ensuring inclusivity and ownership by countries in the region. Further, it was broadly considered that the mechanism should be simple and should not ignore the extensive preparatory work carried out by the Bank on a potential expansion.

On the possibility of a further increment to the expansion, the guidance of the Board of Directors stressed the importance of not prejudging any decision by the Board of Governors or rushing any future expansion. The mechanism in this respect should therefore be limited to providing for a clear process through which the Board of Governors might consider the matter without the need to amend Article 1 again, but reflecting the need for members to retain adequate control over any further expansion of operations and the importance of a thorough review of lessons learned prior to any decisions.

On the basis of the strength of the proposed mechanisms as referred to above, it was considered that there would be no additional need to articulate a Bank-specific definition of the sub-Saharan Africa region, but rather that the Bank could rely on existing definitions used by other international organisations, particularly the World Bank.

With respect to the specific language of the amendment to Article 1, the guidance of the Board of Directors indicated the need to reflect that limits apply to the Bank's expansion into sub-Saharan Africa by including express language to such extent within Article 1 itself.

Finally, the guidance of the Board of Directors was that Iraq should be integrated into SEMED for the purposes of the AEB rather than introduced into Article 1 as a named country, particularly where Iraq, as opposed to Mongolia at the time, has not yet been determined by the Bank to be ready to become a recipient country.[4] This would involve a modification to the definition of SEMED established in 2011 to include Iraq, an approach made possible in the context of an amendment to the AEB.

Further feedback and guidance from the Board of Directors' discussions is reflected in the recommendation to the Board of Governors.

The process for an amendment to the AEB is set out under Article 56. While a proposal to amend can emanate from various sources, the Bank's practice has been to issue such proposals from the Board of Directors, upon their approval as a 'general policy decision' in accordance with Article 29.3. Upon receipt of a proposal, the Board of Governors may resolve to approve an amendment, such approval being by a majority of the voting power of the members voting in accordance with Article 29.2. After endorsement by the Board of Governors, members are requested to accept the proposed amendment in accordance with their law and internal procedures, and to inform the Bank of such by depositing an instrument of acceptance. The amendment becomes effective three months – or such shorter period stipulated in the Governors' Resolution – after the Bank has confirmed that the amendment has been accepted by members by the required majorities stipulated under Article 56.

[4] It is recalled that Mongolia became a recipient country of the Bank immediately upon the entry into force of the Mongolia amendment to Article 1, without any subsequent analysis and decision by the Board of Governors.

5. Governance considerations

The programme of preparatory work considered governance processes and implications associated with a possible limited and incremental expansion of the Bank's geographical scope. Five aspects of the process were covered.

5.1. Membership

Article 3.1 states that membership is open to:

i) (1) European countries and (2) non-European countries which are members of the International Monetary Fund; and
ii) to the European Economic Community and the European Investment Bank.

Following a positive recommendation from the Board of Directors to the Board of Governors for their decision, the voting threshold for approval of membership in the Bank by the Board of Governors is two-thirds of Governors (currently 49) and three-fourths (75 percent) of the total voting power.

Membership is certified once the new member has acceded to the AEB, subscribed to, and paid for, the allocated number of shares and provided legal confirmation that it has taken all necessary steps to give full effect to its obligations under the AEB.

5.2. Recipient country status

Following a formal application by a member country for recipient country status, the Bank would undertake an assessment intended to establish whether the applicant is eligible for recipient country status, including commitment to Article 1 principles and the degree to which the Bank can carry out its purpose and functions. Following a positive recommendation by the Board of Directors to the Board of Governors, the voting threshold for approval of recipient country status by the Board of Governors is two-thirds of Governors (currently 49) and three-fourths (75 percent) of the total voting power.

5.3. Shares

In order to become a member of the Bank, a country must subscribe to a number of shares in the Bank's capital stock and pay for the paid-in portion of those shares. Shares available for subscription currently constitute only 0.54 percent of the Bank's total capital stock.

There is no fixed formula for determining the number of shares to be subscribed by a new member, although the AEB requires that the shareholding should be at least 100. Recent new members have had relatively small shareholdings as has been the case for Iraq's membership process, which is ongoing. For illustration, there are sufficient shares to allow 18 additional members with the shareholding of the 986 shares or 87 countries with shareholdings of 203.

5.4. Representation

The Bank's governance structures and the role of members within them are set out in the AEB. This structure has been able to accommodate a number of changes and any limited and incremental expansion of the geographic scope of the Bank's operations and consequent increase in the number of members and recipient countries need not lead to changes in the Bank's current governance.

Each member is directly represented in the Board of Governors. In the Board of Directors, the AEB establishes a voting system for the election of Directors through Electoral Colleges composed of different country groupings. Countries may assign their votes to any elected Director who then represents them in the Board of Directors with the agreement of the Governors who have elected that Director.

5.5. Voice

The voting share of any additional countries of operations is determined by the shareholding in the subscribed capital stock. The small number of shares available will mean that this voting share will be small. At the Board of Governors level, the AEB reserves a number of matters to be decided by the Board of Governors by applicable double majorities of both voting power and number of Governors.

Voice of countries of operations can also be channelled (as currently) through arrangements within constituencies which enable the appointment of an Alternate Director from a particular country. Further, the role of Board Adviser was established early in the Bank's existence partly with a view to developing closer relations between member countries and the Bank. Many constituency arrangements accommodate Board Advisers from different members of the constituency. Currently, Board Adviser posts are not directly financed from the Bank's budget.

PART II – RECOMMENDATION

Part I presented the outcomes of the preparatory work on a possible limited and incremental expansion of the geographic scope of EBRD's operations to sub-Saharan Africa and Iraq, addressing the three key areas set out by the Board of Governors in Resolution No. 240 and recalled in the introduction to this report.

The work showed that the EBRD's mandate and business model can be deployed to complement the activities of existing development partners and increase development impact in countries in sub-Saharan Africa and Iraq. The analysis suggests that the scale of potential impact varies depending on country circumstances and will take time to build up as the Bank learns and adapts to meet new challenges.

The assessment of the capital capacity of the Bank suggests that all the objectives in the current SCF, including a limited and incremental expansion to sub-Saharan Africa and Iraq, can be accommodated by the current capital stock, even after an initial estimate of the potential negative impact of the war on Ukraine. However, the extent of the crisis impact and the scale of reconstruction needs is uncertain. Estimates of the financial impact of different scenarios for the expansion pointed to any expansion making a positive contribution to the Bank's financial sustainability in the long term, although modest losses would be recorded in the initial phase.

The utmost priority of the Bank is supporting Ukraine and other countries of operations in the face of deep and widespread consequences and of the destabilising impact of the war on Ukraine. The Board of Directors also recognises the positive potential role that the EBRD can play through applying skills and competencies to support the enduring priority development objectives of the international community in sub-Saharan Africa and Iraq and attaches importance to the growing linkages between these countries and the Bank's countries of operations. The Board of Directors acknowledges the importance to the EBRD of a clear display of shareholders confidence in the institution and its long-term strategic goals.

Recognising the uncertainty created by the war on Ukraine, the Board of Directors recommends that the Board of Governors approve the attached Resolution endorsing this Report and approving in principle a limited and incremental expansion of the geographic scope of the EBRD's operations to countries in sub-Saharan Africa and Iraq. The Resolution provides that the implementation of the in-principle approval is conditional on confirmation by the Board of Directors, taking into consideration the impact of the war on Ukraine and the Bank's response, that any limited and incremental expansion to sub-Saharan Africa and Iraq would not in itself impair the Bank's ability to support its existing countries of operations, compromise the Bank's triple-A credit rating, or lead to a request for additional capital contributions. Upon this reconfirmation, an amendment to Article 1 of the Agreement to enact the limited and incremental expansion would be submitted for decision by the Board of Governors no later than at the EBRD's 2023 Annual Meeting. This approach will ensure that the Bank's resources are focused on supporting Ukraine and its other countries of operations. The only additional work to be undertaken on the limited and incremental expansion would be that strictly necessary to prepare for any Governors' decision.

The recommended approach will ensure that if and when an expansion is undertaken, it would respect fully the key principles identified in Resolution No.240 that the expansion of itself should not impair the Bank's ability to support its current countries of operations; compromise the Bank's triple-A rating; lead to a request for additional capital contributions; or deviate from the Bank's mandate to support transition and its operating principles of additionality and sound banking, and that such expansion should be complementary and additional to the activities of other multilateral or bilateral development actors already present.

In making this recommendation, the Board of Directors emphasises strongly the importance that in the event an expansion of the geographic scope of the Bank's operations, practical steps are taken to ensure that the impact of the development system as a whole is enhanced through effective collaboration. The Board of Directors is confident in the relevance and applicability of the Bank's skills and competencies in additional countries of operations in sub-Saharan Africa and Iraq. However, it also recognises that the Bank would need to be able to learn and adapt to new circumstances and challenges, drawing on its own experience over time and the experience of others. Rigorous monitoring and a focus on results would be essential.

This section describes how a limited and incremental expansion in countries of sub-Saharan Africa and Iraq would be undertaken in the event of an approval; the necessary internal and external supporting actions for the Bank to become operational in these countries if necessary; and the approach to communication at the 2022 Annual Meeting.

1. A limited and incremental expansion

The Board of Directors recommends that if approved, a limited and incremental expansion would be implemented through a set of interrelated measures:

- A precise amendment to Article 1 to enable the EBRD to approve recipient countries in sub-Saharan Africa and the addition of Iraq to the Bank's definition of SEMED through provision in the Governors Resolution;
- A clear approach to limiting the number of new countries of operations within sub-Saharan Africa, and
- A provision through which an incremental expansion of the number of countries of operations in sub-Saharan Africa could be approved through a new decision by the Board of Governors only after consideration of a comprehensive review of the expansion and any additional analysis as necessary.

1.1. Amending Article 1 of the Agreement Establishing the Bank

The Board of Directors proposes that Article 1 would be amended to read as follows:

> *In contributing to economic progress and reconstruction, the purpose of the Bank shall be to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiative in the Central and Eastern European countries committed to and applying the principles of multiparty democracy, pluralism and market economics. Subject to the same conditions, the purpose of the Bank may also be carried out in* ***(i)*** *Mongolia****;*** ~~***and in***~~ ***(ii)*** *member countries of the Southern and Eastern Mediterranean;* ***and (iii) a limited number of member countries of sub-Saharan Africa; in each case under (ii) and (iii)*** *as determined by the Bank upon the affirmative vote of not less than*

two-thirds of the Governors, representing not less than three-fourths of the total voting power of the members. Accordingly, any reference in this Agreement and its annexes to "Central and Eastern European countries", "countries from Central and Eastern Europe", "recipient country (or countries)" or "recipient member country (or countries)" shall refer to Mongolia and each of such countries of the Southern and Eastern Mediterranean ***and sub-Saharan Africa*** *as well.*

The Board of Directors proposes that the sub-Saharan Africa region would, for the purposes of the Agreement Establishing the Bank, mean the region so categorised by the World Bank.[5] These countries are listed in Annex 3.

Iraq is closely integrated with the countries which form the Bank's SEMED region. The Board of Directors consequently proposes that the definition of the SEMED region would be revised to incorporate Iraq. As a result, the Southern and Eastern Mediterranean region would, for the purposes of the AEB, comprise of countries that have a shoreline on the Mediterranean, as well as Jordan and Iraq, which are closely integrated into this region.

Finally, the Board of Directors proposes that the limit on the number of member countries of sub-Saharan Africa in which the Bank may carry out its purpose shall be understood by reference to the mechanisms set out under this Part II, sections 1.2 and 1.3 below, to enable a limited and incremental expansion of the Bank's operations in sub-Saharan Africa and Iraq.

The foregoing understandings would establish special meanings for the terms set out under Article 1.[6]

1.2. A limited expansion in sub-Saharan Africa

In order to ensure that any approved expansion of the Bank's countries of operations is limited, the Board of Directors recommends that the EBRD only accept up to six countries in sub-Saharan Africa as new countries of operations over the five year period following approval of the amendment of Article 1 by the Board of Governors.

The Board of Directors considered a number of approaches to managing the process by which up to six countries might become countries of operations. In particular, discussion highlighted the need to balance country ownership and the demand driven nature of any application process with the need to avoid raising expectations which may be difficult to manage politically. In addition, the Board of Directors believes that in the event of an approved expansion, any potential countries of operations should meet a number of prerequisites. That is, that a country should:

- Be judged on a preliminary analysis to be committed to and applying the principles of multiparty democracy, pluralism and market economics as set out in Article 1;
- Have particular relevance and linkages to the Bank's existing countries of operations; and
- Have economic and political conditions which are supportive to the EBRD's mandate and business model.

[5] See https://datahelpdesk.worldbank.org/knowledgebase/articles/906519

[6] In accordance with Article 31 of the 1969 Vienna Convention on the Law of Treaties, a 'special meaning shall be given to a term if it is established that the parties so intended'.

These filters have been analysed[7] within the Bank and those countries which meet the criteria identified. This approach formed the methodology for selecting the case study countries for developing the EBRD's value proposition. Since that initial analysis was undertaken, political developments in two of the countries which previously passed the filters – Burkina Faso and Sudan – mean that they would not currently be suitable to seek recipient country status. The six other countries which continue to fit most appropriately with these prerequisites are: Benin, Côte d'Ivoire, Ghana, Kenya, Nigeria and Senegal. This group contains a diversity of country types, with at least one country from each of the types outlined in the typology presented in Part 1, section 3.2.1 offering a variety of combinations of levels of income per capita, sizes of economy, states of the business environment and depth of private sector development.

Financial and capital analysis of a case where all of these countries and Iraq become recipient countries on the assumptions is outlined in section 3.2.2 of Part I of this report. On a standalone basis the analysis shows a range for statutory capital consumption of between 5 and 6.3 percent with total costs expected to reach around €36 million eight years after the Bank begins operations. However, in both the cases of moderate and accelerated business growth an annual net profit is achieved by 2030, with a cumulative profit in the case of the higher accelerated case. Table 4 shows the standalone operational, financial and capital consequents of this case.

Table 4: Operational, financial and capital estimates for recommended scenario

	Moderate		**Accelerated**	
Scenario: type1-type 2-type 3	**1-4-2**		**1-4-2**	
€ million	**2025**	**2030**	**2025**	**2030**
ABI	567	1,014	680	1,217
Portfolio	787	3,993	945	4,954
Operating assets	333	2,130	399	2,691
No. of operations (#)	39	75	39	75
Operating income (after impairment)	11.8	52.8	14.2	66.9
Administrative costs	(21.2)	(35.6)	(21.2)	(35.6)
Net profit/(loss)	**(9.4)**	**17.2**	**(7.0)**	**31.3**
Cumulative net profit/(loss)	*(36.3)*	*(15.4)*	*(32.7)*	*33.7*
<u>Capital impact:</u>				
Impact on statutory capital utilisation	0.9%	5.0%	1.0%	6.3%
Impact on CAP utilisation	0.9%	3.2%	1.0%	4.0%

In the event that the Board of Governors approve an amendment to Article 1 of the Agreement, following such an approval, these six countries and Iraq would – as long as the filter criteria continued to be met- be formally notified by the President of the Bank of the Board of

[7] The preliminary assessment of Article 1 compliance provides a threshold condition for eligibility. Countries' linkages with existing countries of operations was assessed through an index which took into account geographic proximity, economic and financial linkages, and migration flows. The assessment of the political and economic conditions combined measures of: consistency with the political principles of Article 1; reform trajectory; existing levels of financial and private sector development; and risk profile (financing and security risk).

Governors' decision and the Board of Directors' assessment, with a view to enabling them to take a decision about whether or not they may wish to apply for recipient country status. Any applications received would be assessed through the Bank's established governance procedures.

It is envisaged that no applications for recipient country status from any other country in sub-Saharan Africa be considered for a period, which depending on timing, could be until the end of the current SCF period in 2025. It would be open to the Board of Directors to recommend to the Board of Governors that applications for recipient country status from other countries could be considered, provided that at that time those countries meet the filter criteria and fewer than six sub-Saharan countries had become countries of operations.

1.3. An incremental expansion

In the event that a limited and incremental expansion of the geographic scope of the Bank's operations to sub-Saharan Africa and Iraq is approved, the Board of Directors proposes to review comprehensively the Bank's expansion into sub-Saharan Africa, with a view to considering whether an additional increment of the expansion is warranted. This comprehensive review of the Bank's expansion into sub-Saharan Africa would be carried out five years after the approval by the Board of Governors of the amendment to Article 1.

Having considered the outcomes of the review and any conclusions and recommendations by the Board of Directors, the Board of Governors may, at its discretion, decide to approve an additional increment to the Bank's expansion into sub-Saharan Africa, on such terms and conditions as it may deem appropriate. For the avoidance of doubt, such terms and conditions could include different limits and conditions applicable to the selection of any further round of recipient countries in the region. This could include consideration of how to reflect within the processes the principles of potential recipient country agency and a demand led response.

To ensure that any incremental expansion is clearly controlled by shareholders and enjoys the widest possible support, it is proposed that any decision by the Board of Governors in this respect should be taken upon the affirmative vote of not less than three-fourths of the Governors, representing not less than four-fifths of the total voting power of the members.

The comprehensive review of the Bank's initial experience would be expected to consider the outcome and impact of the Bank's work and the lessons learned, the strength and effectiveness of its collaboration and partnership with other development actors, the feedback of stakeholders in the private and public sectors. It would also consider the efficiency and cost effectiveness of the Bank's expansion. If the timing is appropriate, further articulation as to the parameters of the review should be determined within the SCF2026-30 Board Paper, the preparation of which could also provide opportunity to assess any initial lessons from expansion to new countries of operations.

On the basis of the outcomes of this review, the Board of Directors might seek additional analysis to determine whether and, if so, how an incremental expansion to further additional countries operations in the region should be pursued by the Bank. This work could include analysis of the Bank's prevailing financial and capital position, governance arrangements, country examination and the management of the increment to the expansion. If the Board of Directors concludes to propose that the Bank undertake an additional increment of its expansion, to a further limited number of countries within sub-Saharan Africa a new decision by the Board of Governors would be required.

2. Supporting actions

The Board of Directors has identified a number of areas in which the Bank would need to act in order to ensure that any approved expansion to additional countries of operations in sub-Saharan Africa and Iraq is efficient and effective. These are discussed in this section.

2.1. Results and learning

The success of the limited and incremental expansion of the Bank's countries of operations would be judged by the transition and development impact it achieves. The precise goals for assessing success can only be defined when it is known which countries are to be countries of operations. The Bank is currently undertaking extensive work to strengthen its ability to measure, verify and communicate its impact internally and externally, including through developing theories of change for each of the Bank's Transition Qualities. This work is being integrated into the design of the Bank's strategies and operations and would be even more important and necessary in the context of a limited and incremental expansion. Country strategies form the centrepiece of the Bank's results architecture and assessment of their associated results frameworks would be integral to judging the Bank's impact and effectiveness.

The Board of Directors anticipates that in addition to these formal processes, the Bank would seek to learn actively as it gains experience in new countries. The Bank's business model is robust and has evolved over time. This has included tailoring its activities and innovating within its countries of operations, notably in Early Transition Countries. The model has also responded to new challenges encountered in previous expansions of the Bank's geographic scope, with the Bank's expansion into SEMED playing a significant part in increasing the Bank's engagement with tackling economic inclusion. Similar institutional and operational innovation would be likely to be needed in new countries of operations which would present a different context from existing countries of operations.

The Board of Directors would receive regular reporting on the Bank's initial activity in any new countries of operations through which progress in the Bank's learning and adaptation to any new countries of operations can be judged. This is a clear counterpart to the work already in train to strengthen monitoring, learning and evaluation in response to the *Independent External Evaluation of EBRD's Evaluation System (Kirk Report)*.

2.2. Collaborating with other development partners

The Board of Directors is committed to ensuring that the EBRD plays its full part in enhancing the overall impact of the development system in the event of a limited and incremental expansion. Effective collaboration would be essential to support delivery of the EBRD's value proposition and help to maximise the impact of the development finance system in any new countries of operations. Section 2.1.5 of Part I of this report described the principles which guide the EBRD's approach to collaboration with fellow development actors. It also described ongoing work to enhance collaboration concretely with the AfDB, the IFC and World Bank Group, the EIB and bilateral DFIs, which would provide a framework to support effective collaboration in new countries of operations.

Concrete proposals for collaboration and the application of agreed principles once in place would be reflected in country strategy documents. Examples could include complementing the AfDB's strong access and credibility with governments in the region with EBRD's private sector focus to address reform issues and building on IFC's growing focus on upstream work to develop joint policy agendas. In general, drawing on the experience and skills of existing development partners would be a fundamental part of the Bank's ongoing learning in any new countries of operations. More broadly, collaboration at the country level would need to be defined case by case, taking into account ongoing initiatives – such as a country platforms – and any pre-existing structures. As noted, in any approved expansion, the Bank would need to adopt a modest and humble approach when beginning operations in any new country.

Consequently, it would be difficult for the EBRD itself to drive radical change in existing approaches, although it may be able to act as a catalyst for others.

2.3. Cost efficiency

If a limited and incremental expansion in the Bank's countries of operations is approved, incremental budgetary and human resources would be needed to support the Bank's activities in new countries of operations. These resources would allow the Bank to be fully equipped to deliver in any new countries of operations, as well as ensuring that any activity does not come at the expense of existing countries of operations. The estimates of costs presented in this paper are based on plausible, but stylised, assumptions providing a sound indication of the order of magnitude of any costs. Precise cost estimates of working in new countries of operations would be a complement to the country assessment process undertaken in the event of an application for recipient country status and would be approved as part of the annual review by the Board of Directors of Bank's Strategic Implementation Plan. The Bank remains committed to continuing efforts to increase efficiency and rigorous prioritisation across all its activities and would ensure that processes are in place to allow assessment of the cost effectiveness and control of any approved expansion at the time of the comprehensive review of experience envisaged in part II, section 1.3.

2.4. Governance

Section 5 of Part I outlined a set of considerations concerning the Bank's governance in the context of a limited and incremental expansion of countries of operations. The Board of Directors concurs at this stage with the judgement that the proposed limited expansion can be accommodated within the existing structures. If approved, as the scale and nature of the expansion became clearer, it would be important to ensure that the perspective and voice of new countries of operations is heard and recognised within the institution. At the Board of Governors level, all members are represented individually and important decisions require a double majority based on the number of members as well as voting power. At the Board of Directors level, the scope for formal direct representation is more limited, especially as the voting share of any new members can only be small given the number of available shares. The Board of Directors notes the important role that Board Advisers can play as a two-way channel of communication between the Bank and countries of operations, and in gaining valuable experience of the Bank for future interactions. The Board of Directors would consider funding some Board Adviser positions from the Bank's administrative budget with a view to enhancing the voice of countries of operations.

3. Communication

The primary focus of the Bank's Annual Meeting and its highest operational priority is on the impact of the war on Ukraine within Ukraine and in affected countries of operations. A decision by Governors to undertake, in principle, and subject to future confirmation, a limited and incremental expansion of the geographic scope of the Bank's operations to sub-Saharan Africa and Iraq would be communicated in a way that does not dilute that focus. As such, endorsement of this report and the approval in principle would be presented as balancing appropriately the immediate priorities of the Bank with moving forward in a measured way with the strategic interest which the Bank and its shareholders have in addressing the long term development needs in sub-Saharan Africa and Iraq. It will be made clear that further steps will only be taken when it is reconfirmed by the Board of Directors that any expansion to new countries of operations will not impair the Bank's capital, operational and financial ability to support its existing countries of operations.

The Bank will actively monitor press reports of the Governors decision to be in a position to react if appropriate and will update the Board of Directors as appropriate.

4. Conclusion

The Board of Directors recommends that the Board of Governors approve the attached draft Resolution[*].

[*] The text of Resolution No. 248 as adopted by the Board of Governors is reproduced on page 164

Annex 1 - Operational and financial projections by country type for ‘moderate’ activities

TYPE 1

	Operational performance	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
	Annual Bank Investment (ABI)										
	Private	0	0	2	5	6	8	8	8	11	11
	Public	0	0	0	0	10	10	10	10	10	10
	Equity	0	0	0	0	0	0	0	0	0	0
	Total ABI (€m)	**0**	**0**	**2**	**5**	**16**	**18**	**18**	**18**	**21**	**21**
	Portfolio (€m)	0	0	2	6	20	35	49	62	77	91
	Operating assets (€m)	0	0	1	3	6	11	17	24	31	39
	Number of operations	0	0	1	2	3	4	4	4	5	5
	Donor resources	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
	Total donor funds (€m)	0.0	0.0	1.3	2.6	3.0	3.3	3.7	3.7	3.7	3.6
	Donor funds to ABI ratio	0%	0%	55%	56%	18%	18%	20%	20%	18%	18%
	Financial performance (€m)	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
A	Revenues	0.0	0.0	0.0	0.1	0.4	0.5	0.7	0.8	1.0	1.2
B	Administrative costs	0.0	0.3	1.1	1.5	1.5	1.8	1.8	1.9	2.2	2.2
C	Expected loss	0.0	0.0	0.0	0.1	0.1	0.2	0.2	0.3	0.4	0.5
	Net profit/(loss) (A - B - C)	**0.0**	**(0.3)**	**(1.0)**	**(1.5)**	**(1.3)**	**(1.5)**	**(1.4)**	**(1.4)**	**(1.6)**	**(1.5)**
D	*Cumulative profit/(loss)*	*0.0*	*(0.3)*	*(1.3)*	*(2.8)*	*(4.1)*	*(5.6)*	*(7.0)*	*(8.3)*	*(9.9)*	*(11.4)*
	Capital impact	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
	Impact on statutory capital utilisation	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
	Impact on CAP utilisation	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

TYPE 2

	Operational performance	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
	Annual Bank Investment (ABI)										
	Private	0	0	16	25	36	44	52	60	69	69
	Public	0	0	0	0	30	30	30	30	30	30
	Equity	0	0	2	2	3	4	5	6	6	6
	Total ABI (€m)	**0**	**0**	**18**	**27**	**69**	**78**	**87**	**96**	**105**	**105**
	Portfolio (€m)	0	0	17	38	96	157	222	290	361	427
	Operating assets (€m)	0	0	8	19	39	66	99	138	181	226
	Number of operations	0	0	2	3	5	6	7	8	9	9
	Donor resources	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
	Total donor funds (€m)	0.0	0.0	1.8	3.3	6.1	6.5	7.2	7.4	7.6	7.3
	Donor funds to ABI ratio	0%	0%	10%	12%	9%	8%	8%	8%	7%	7%
	Financial performance (€m)	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
A	Revenues	0.0	0.0	0.4	0.8	1.9	2.7	3.8	5.0	6.3	7.6
B	Administrative costs	0.0	0.4	1.8	2.2	2.7	2.9	3.2	3.8	4.2	4.3
C	Expected loss	0.0	0.0	0.1	0.2	0.3	0.4	0.6	0.9	1.1	1.3
	Net profit/(loss) (A - B - C)	**0.0**	**(0.4)**	**(1.4)**	**(1.6)**	**(1.1)**	**(0.6)**	**(0.0)**	**0.3**	**1.0**	**2.0**
D	*Cumulative profit/(loss)*	*0.0*	*(0.4)*	*(1.9)*	*(3.5)*	*(4.6)*	*(5.2)*	*(5.2)*	*(5.0)*	*(4.0)*	*(2.0)*
	Capital impact	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
	Impact on statutory capital utilisation	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.1%**	**0.2%**	**0.2%**	**0.3%**	**0.4%**	**0.5%**
	Impact on CAP utilisation	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.1%**	**0.1%**	**0.2%**	**0.2%**	**0.3%**	**0.3%**

TYPE 3

	Operational performance	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Annual Bank Investment (ABI)										
	Private	0	0	24	60	88	124	152	176	188	188
	Public	0	0	0	0	40	40	80	80	80	80
	Equity	0	0	2	6	8	12	14	17	18	18
	Total ABI (€m)	**0**	**0**	**26**	**66**	**136**	**176**	**246**	**273**	**286**	**286**
	Portfolio (€m)	0	0	25	79	192	329	519	718	914	1096
	Operating assets (€m)	0	0	12	38	84	153	244	352	471	593
	Number of operations	**0**	**0**	**2**	**5**	**8**	**11**	**14**	**16**	**17**	**17**
	Donor resources	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
	Total donor funds (€m)	0.0	0.0	1.8	3.9	8.7	11.1	15.1	16.3	17.2	17.1
	Donor funds to ABI ratio	0%	0%	7%	6%	6%	6%	6%	6%	6%	6%
	Financial performance (€m)	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
A	Revenues	0.0	0.0	0.6	1.8	4.1	6.8	10.6	14.5	18.6	22.8
B	Administrative costs	0.0	0.5	2.2	3.5	4.3	5.3	6.2	7.1	7.9	8.0
C	Expected loss	0.0	0.0	0.2	0.7	1.6	2.7	4.2	5.9	7.6	9.4
	Net profit/(loss) (A - B - C)	**0.0**	**(0.5)**	**(1.8)**	**(2.4)**	**(1.7)**	**(1.2)**	**0.2**	**1.5**	**3.1**	**5.4**
D	*Cumulative profit/(loss)*	*0.0*	*(0.5)*	*(2.3)*	*(4.7)*	*(6.5)*	*(7.7)*	*(7.5)*	*(6.0)*	*(2.9)*	*2.6*
	Capital impact	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
	Impact on statutory capital utilisation	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.2%**	**0.4%**	**0.6%**	**0.8%**	**1.1%**	**1.4%**
	Impact on CAP utilisation	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.2%**	**0.4%**	**0.5%**	**0.7%**	**0.9%**	**1.0%**

Annex 2 – Operational and financial projections by country type for 'accelerated' activities

TYPE 1

	Operational performance	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Annual Bank Investment (ABI)										
	Private debt	0	0	3	6	7	10	13	13	13	13
	Public debt	0	0	0	0	12	12	12	12	12	12
	Equity	0	0	0	0	0	0	0	0	0	0
	Total ABI (€m)	**0**	**0**	**3**	**6**	**19**	**22**	**25**	**25**	**25**	**25**
	Portfolio (€m)	0	0	3	7	24	42	61	79	97	113
	Operating assets (€m)	0	0	1	3	8	14	22	31	40	50
	Number of operations	**0**	**0**	**1**	**2**	**3**	**4**	**4**	**4**	**5**	**5**
	Financial performance (€m)	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
A	Revenues	0.0	0.0	0.1	0.2	0.4	0.6	0.8	1.1	1.3	1.6
B	Administrative costs	0.0	0.3	1.1	1.5	1.5	1.8	1.9	2.0	2.2	2.2
C	Expected loss	0.0	0.0	0.0	0.1	0.1	0.2	0.3	0.4	0.5	0.6
	Net profit/(loss) (A - B - C)	**0.0**	**(0.3)**	**(1.0)**	**(1.4)**	**(1.2)**	**(1.4)**	**(1.4)**	**(1.4)**	**(1.4)**	**(1.3)**
D	*Cumulative profit/(loss)*	*0.0*	*(0.3)*	*(1.3)*	*(2.8)*	*(4.0)*	*(5.4)*	*(6.8)*	*(8.1)*	*(9.5)*	*(10.8)*
	Capital impact	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
	Impact on statutory capital utilisation	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
	Impact on CAP utilisation	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

TYPE 2

	Operational performance	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Annual Bank Investment (ABI)										
	Private debt	0	0	20	29	43	53	82	82	82	82
	Public debt	0	0	0	0	36	36	36	36	36	36
	Equity	0	0	2	3	4	5	8	8	8	8
	Total ABI (€m)	**0**	**0**	**22**	**32**	**83**	**94**	**126**	**126**	**126**	**126**
	Portfolio (€m)	0	0	20	45	115	189	285	374	456	533
	Operating assets (€m)	0	0	10	23	47	79	126	179	234	288
	Number of operations	**0**	**0**	**2**	**3**	**5**	**6**	**9**	**9**	**9**	**9**
	Financial performance (€m)	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
A	Revenues	0.0	0.0	0.5	1.0	2.3	3.3	4.9	6.5	8.1	9.8
B	Administrative costs	0.0	0.4	1.8	2.2	2.7	2.9	3.3	3.9	4.2	4.3
C	Expected loss	0.0	0.0	0.1	0.2	0.3	0.5	0.8	1.1	1.4	1.7
	Net profit/(loss) (A - B - C)	**0.0**	**(0.4)**	**(1.4)**	**(1.4)**	**(0.8)**	**(0.2)**	**0.8**	**1.4**	**2.5**	**3.7**
D	*Cumulative profit/(loss)*	*0.0*	*(0.4)*	*(1.8)*	*(3.3)*	*(4.0)*	*(4.2)*	*(3.4)*	*(2.0)*	*0.5*	*4.2*
	Capital impact	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
	Impact on statutory capital utilisation	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.1%**	**0.2%**	**0.3%**	**0.4%**	**0.6%**	**0.7%**
	Impact on CAP utilisation	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.1%**	**0.2%**	**0.2%**	**0.3%**	**0.4%**	**0.4%**

TYPE 3

	Operational performance	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Annual Bank Investment (ABI)										
	Private debt	0	0	29	72	106	149	225	225	225	225
	Public debt	0	0	0	0	48	48	96	96	96	96
	Equity	0	0	3	7	10	14	22	22	22	22
	Total ABI (€m)	**0**	**0**	**32**	**79**	**164**	**211**	**343**	**343**	**343**	**343**
	Portfolio (€m)	0	0	30	95	230	395	664	912	1141	1355
	Operating assets (€m)	0	0	15	46	101	183	309	451	598	745
	Number of operations	**0**	**0**	**2**	**5**	**8**	**11**	**17**	**17**	**17**	**17**
	Financial performance (€m)	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
A	Revenues	0.0	0.0	0.7	2.2	4.9	8.1	13.6	18.5	23.6	28.7
B	Administrative costs	0.0	0.5	2.2	3.5	4.3	5.3	6.3	7.0	7.9	8.0
C	Expected loss	0.0	0.0	0.3	0.9	1.9	3.3	5.4	7.6	9.8	11.8
	Net profit/(loss) (A - B - C)	**0.0**	**(0.5)**	**(1.7)**	**(2.2)**	**(1.2)**	**(0.4)**	**2.0**	**3.9**	**6.0**	**8.9**
D	*Cumulative profit/(loss)*	*0.0*	*(0.5)*	*(2.2)*	*(4.5)*	*(5.7)*	*(6.1)*	*(4.1)*	*(0.2)*	*5.7*	*14.6*
	Capital impact	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
	Impact on statutory capital utilisation	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.2%**	**0.4%**	**0.7%**	**1.0%**	**1.4%**	**1.7%**
	Impact on CAP utilisation	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.3%**	**0.4%**	**0.7%**	**0.9%**	**1.1%**	**1.2%**

Annex 3: List of sub-Saharan African countries as used by the World Bank

Angola	Ethiopia	Niger
Benin	Gabon	Nigeria
Botswana	Gambia, The	Rwanda
Burkina Faso	Ghana	São Tomé and Principe
Burundi	Guinea	Senegal
Cabo Verde	Guinea-Bissau	Seychelles
Cameroon	Kenya	Sierra Leone
Central African Republic	Lesotho	Somalia
Chad	Liberia	South Africa
Comoros	Madagascar	South Sudan
Congo, Dem. Rep.	Malawi	Sudan
Congo, Rep	Mali	Tanzania
Côte d'Ivoire	Mauritania	Togo
Equatorial Guinea	Mauritius	Uganda
Eritrea	Mozambique	Zambia
Eswatini	Namibia	Zimbabwe

REPORT OF THE BOARD OF DIRECTORS TO THE BOARD OF GOVERNORS

AMENDMENT OF THE RULES REGARDING THE USE OF RESOURCES OF THE POST-GRADUATION SPECIAL FUND

Introduction

On 20 November 1996, the Board of Directors approved *A Policy on Graduation of EBRD Operations* (the Graduation Policy), which states that the "application of the principles of additionality, transition impact and sound banking embodies implicitly a concept of graduation".

EBRD Post-Graduation Special Fund (the Fund) was established in 2014 to support the suite of post-graduation activities under the Post-Graduation Operational Approach (2013 PGOA). Section 4.03 (*Amendments*) of the Fund's existing rules (the Existing Rules) states that "the Board of Directors may amend these Rules from time to time, provided however that Section 2.01 and this Section 4.03 may only be amended if the Board of Directors has been authorised to do so by a resolution of the Board of Governors adopted by the same majority as is applicable to decisions of allocating net income to other purposes pursuant to Article 36.1 of the Agreement".

At the Annual Meeting of 2014, the Fund received a net income allocation of EUR 10 million (Resolution No.172) (the 2013 Net Income Allocation), of which only EUR 218,000 has been spent to date, primarily in application to the post-graduation activities in the Czech Republic, as no countries have graduated since the approval of the 2013 PGOA and establishment of the Fund.

Subsequent to the approval of the Strategic and Capital Framework 2021-2025 (SCF), which reaffirmed the enduring validity of the principle of graduation as set out in Graduation Policy, in order to enhance the support available to any graduating country a revised Post-Graduation Operational Approach was approved by the Board of Directors at its meeting of 5 July 2021 (2021 PGOA).

The revised 2021 PGOA stipulates that an enhanced package of post-graduation activity would be available to a graduating country consisting of:

- a continued focussed investment for three years following graduation; and
- a broadened set of non-investment activity for five years following graduation, supported by the Post-Graduation Special Fund.

These investment and non-investment activities will be detailed in an action plan agreed in close consultation with the graduating country and approved by the Board of Directors together with the graduation decision (the Action Plan).

Management agreed to review the possibility of re-allocating the remainder of the funds provided to the Fund under the 2013 net income allocation (Resolution No.172 of the Board of Governors, the "2013 Net Income Allocation") to the Shareholder Special Fund (SSF) to support the EBRD's crisis response package for Ukraine. This draft Resolution covers the amendment of the Fund's Rules, and a proposal regarding the re-allocation of the 2013 Net Income Allocation to the SSF will be presented separately.

Amendment proposal

In order to align the purpose of the Rules of the Fund with the 2021 PGOA, it is necessary to amend the provision in the Rules governing the use of the Fund's resources. The draft Resolution* for adoption by the Board of Governors is attached.

* The text of Resolution No. 249 as adopted by the Board of Governors is reproduced on page 166

REPORT OF THE BOARD OF DIRECTORS TO THE BOARD OF GOVERNORS

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR 2021

In accordance with Article 27(iii) of the Agreement Establishing the Bank and Section 13(a) of the By-Laws, the Annual Financial Report 2021, including the audited Financial Statements of the Bank for 2021 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.

* The text of Resolution No. 250 as adopted by the Board of Governors is reproduced on page 168

REPORT OF THE BOARD OF DIRECTORS TO THE BOARD OF GOVERNORS

SPECIAL FUNDS' FINANCIAL STATEMENTS 2021

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 2021 are submitted to the Board of Governors for approval.

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

* The text of Resolution No. 251 as adopted by the Board of Governors is reproduced on page 169

Special Funds' Financial Statements 2021 Summary

Attached are the financial statements for the 17 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 exception to this is the Baltic Investment Special Fund which is in the process of termination and therefore reported at net realisable value rather than historical cost.

The external auditors have issued an unqualified (clean) audit opinion on each of the 19 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.

2021 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-EU Special Fund
7. The EBRD GEF Investment Special Fund
8. The EBRD Green Climate Fund Special Fund
9. The Special Fund for the High Impact Partnership on Climate Action
10. The EBRD Post-Graduation Special Fund
11. The EBRD Shareholder Special Fund
12. The EBRD SME Special Fund
13. The Financial Intermediary and Private Enterprises Investment Special Fund
14. The Italian Investment Special Fund
15. The Russia Small Business Investment Special Fund
16. The Russia Small Business Technical Cooperation Special Fund
17. The SME Local Currency Special Fund
18. The Trust Fund for West Bank and Gaza
19. The Multi donor Trust Fund for West Bank and Gaza

Special Fund Highlights 2021	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 Post - Graduation Special Fund	EBRD Shareholder Special Fund	EBRD SME Special Fund	Financial Intermediary and Private Enterprises Investment Special Fund	Italian Investment Special Fund	Russia Small Business Investment Special Fund	Russia Small Business Technical Cooperation 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	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Extract from the statement of comprehensive income for the year ended 31 December 2021																				
Profit/(loss) for the year	57	(19)	(25)	6,000	(770)	603	(2,062)	(14,671)	(803)	(71)	(66,000)	549	4,097	1,169	43	(17)	2,172	4,513	(561)	**(65,796)**
Other comprehensive income/(expense)	-	-	-	13,000	-	-	2,270	22,886	-	-	-	-	-	-	5,281	135	4,752	-	-	**48,324**
Total comprehensive income/(expense)	57	(19)	(25)	19,000	(770)	603	208	8,215	(803)	(71)	(66,000)	549	4,097	1,169	5,324	118	6,924	4,513	(561)	**(17,472)**
Extract from the balance sheet at 31 December 2021																				
Loans	-	-	-	136,000	-	776	533	165,999	28,371	-	-	-	31,266	651	12	-	-	24,280	-	**387,888**
Provisions for impairment	-	-	-	(12,000)	-	(30)	(14)	(860)	(2,682)	-	-	-	(8,377)	(337)	(12)	-	-	(557)	-	**(24,869)**
	-	-	-	124,000	-	746	519	165,139	25,689	-	-	-	22,889	314	-	-	-	23,723	-	**363,019**
Share investments	-	577	-	-	-	5,053	-	-	-	-	51,000	3,943	-	2,758	1,413	-	-	5	-	**64,749**
	-	577	-	-	-	5,053	-	-	-	-	51,000	3,943	-	2,758	1,413	-	-	5	-	**64,749**
Placements and other financial assets	7,864	22	7,110	72,000	503	37,609	27,757	181,760	83,514	9,937	470,000	4,425	24,714	7,639	67,186	1,715	67,742	73,506	1,757	**1,146,760**
Contributions receivable	-	-	-	32,000	-	100,000	-	4,654	-	-	110,000	-	-	-	-	-	-	-	-	**246,654**
Total assets	7,864	599	7,110	228,000	503	143,408	28,276	351,553	109,203	9,937	631,000	8,368	47,603	10,711	68,599	1,715	67,742	97,234	1,757	**1,821,182**
Other financial liabilities	21	-	19	12,000	63	3,180	238	19,160	4,538	6	53,000	88	2	960	677	-	4,543	1,030	459	**99,984**
Contributors' Resources	7,843	599	7,091	216,000	440	140,228	28,038	332,393	104,665	9,931	578,000	8,280	47,601	9,751	67,922	1,715	63,199	96,204	1,298	**1,721,198**
Total liabilities and contributors' resources	7,864	599	7,110	228,000	503	143,408	28,276	351,553	109,203	9,937	631,000	8,368	47,603	10,711	68,599	1,715	67,742	97,234	1,757	**1,821,182**
Undrawn loan, share, guarantee and other legal commitments	7,661	-	1,476	33,000	-	22,867	384	131,315	17,148	-	117,000	-	-	2,216	820	-	67,742	11,442	-	**413,071**

REPORT OF THE BOARD OF DIRECTORS
TO THE BOARD OF GOVERNORS

STRATEGY IMPLEMENTATION PLAN 2022–2024

The Strategy Implementation Plan (SIP) 2022-2024 supports the recovery and deepens the Bank's impact. It fosters continued implementation of the EBRD's mandate to assist recipient countries become sustainable market economies and its core principles of transition impact, sound banking and additionality. The EBRD is a reliable impact investor in regions and sectors where long-term commercial finance is scarce. By combining policy work with investments, focused on the private sector and systemic change, the EBRD offers a powerful development model that is equally adept at providing bespoke solutions or contributing to global goals. Each route has development impact. SIP 2022-24 makes room for both.

The SIP reflects the current environment of disruption and uncertainty. The past 18 months have been as dramatic as they have been difficult. Across the EBRD regions, output fell 2.4 per cent in 2020, at its steepest rate since the transition began, and then recovered much of the ground through 2021. More widely, costs are now rising and inflation is picking up, threatening to interrupt gains in output.

This roller-coaster ride – which appears to be far from over – sets the context for the present Business Plan. The EBRD was quick to respond to the crisis, developing new facilities and promising in March 2020 to provide up to EUR 21 billion of finance by the end of 2021. Clients made good use of the available funding, especially short-term finance. The EBRD is well on track to deliver its commitment.

But it cannot stop there. The EBRD must continue to support its countries of operations as they struggle to make the most of the recovery. Now that the immediate COVID-related effort is mostly done, the EBRD can return to its regular strengths.

The EBRD expects to supply more than EUR 10 billion of new business investment in 2022 under this SIP which, if achieved, would be a record compared with any other year bar 2020 and 2021. The EBRD will thereby support the recovery. Operational Plan projections indicate that the development focused portfolio will pass EUR 50 billion with operating assets continuing their upward trend.

SIP 2022-2024 builds on previous Plan by putting in place concrete means to deliver the SCF priorities: on Green, on Inclusion, on Digital and more. There is now a clear path, backed by dedicated resources, designed to fulfil the aspirations behind the SCF.

At the core of this SIP are proposals that deepen the EBRD's impact by increasing the quality of its investments and other interventions. There is a significant shift towards the SCF priorities, and a scaling up to meet them. There is an effort to underpin the EBRD's business model, both through internal reinforcement and from valuable external help from donors and other partners. SIP 2022-24 highlights the following:

- The EBRD's commitment to aligning all its activities with the Paris Agreement by the end of the first year of the SIP; and a ramping up of the Green Economic Transition agenda to provide innovative climate finance and ambitious low carbon pathways along the trajectory to become a majority green Bank by 2025. This SIP supports the EBRD as a vanguard MDB in the climate space.

- Two new Strategies, on Equality of Opportunity and Gender Equality, backed up by new resources, that will be implemented through 2022, strengthening the delivery of the EBRD's inclusion goals on access to finance, skills and services and aligning the EBRD with global efforts to promote SDG 5 on 'Women's equality and empowerment'.
- With a framework for accelerating the digital transition in place, the SIP provides the resources to start addressing this cross-cutting theme which touches on many sectors and is highly pertinent to inclusion and GET work. As with those areas, digital transition is likely to draw on donor resources, particularly for projects in less advanced transition countries.

These themes are attractive to donors, including the European Union which supplies a large portion of the EBRD's donor funds. Their contributions form an important input into this SIP. Further key SCF themes are developed in SIP 2022-24:

- The EBRD already mobilises significant sums of private finance to help close the finance gap many countries of operations face. The SCF aim is to double the annual mobilisation goal to EUR 2 billion by 2025. This SIP puts flesh on the bones of this ambition. New products, commitment to green mobilisation and a more than 15 per cent higher AMI target for 2022 mark important steps along this road.
- Management took note of the need to improve institutional performance through a more integrated and systematic self-evaluation process. This year's SIP identifies how this will be taken forward. A self-evaluation programme, dedicated unit and tailored products will produce better feedback loops and learning, ultimately improving new project quality. The Evaluation Department will be closely involved.

Reflecting the ambition to scale up activities on SCF priorities and deepen the EBRD's impact, the 2022 Corporate Scorecard sets higher targets on GET (45 per cent of ABI), gender-tagged operations (minimum 25 per cent of projects), AMI (minimum EUR 1.4 billion) and for the average ETI range (an increase in the upper bound to 69) and PTI (minimum floor increased to 68). It also includes a metric for operational risk for the first time.

Pressures from higher workloads arising from a range of factors – a growing portfolio, greater complexity of transactions including from increased reliance on EU and specialist donor funds, data demands, compliance and high regulatory standards – have increased the risks to the smooth running of the EBRD's operational platform. This SIP takes a number of steps to address these concerns, being careful to build extra capacity where it is most urgently needed. It is noted, however, that putting the EBRD's operational capacity onto a sustainable footing requires further work, to be considered in future SIPs.

A related dimension that is being addressed is the upgrading of the EBRD's IT systems under the Multi-Year Investment Plan (MYIP). Phase 1 has faced some challenges but is broadly on track. The EBRD is already benefitting from a number of improvements, from software upgrades of legacy systems to project-related tools like Monarch. Phase 2, which is due to start in 2022, will be pro-actively managed to focus on critical tasks, in particular to ensure the migration of systems to the EBRD's new data centres and the move to EBRD's new HQ are successful. Capex for Phase 2 is confirmed at £47.1 million, of which £19.9 million will be invested in 2022.

Projections based on planned business volumes and related financial assumptions show that the EBRD's finances are sustainable over the SIP period. Members' equity after income allocations is expected to grow further, capital utilisation should remain broadly stable and returns on required capital adequate (4.3 per cent is projected for 2022). Stress test results are within financial loss tolerance thresholds.

After a notable drop in 2021 the cost to debt income ratio is expected to increase in 2022, to 57 per cent, reflecting the impacts of GBP strengthening (increase of EUR denominated costs), MYIP and other Administrative Expense Budget costs. The ratio is projected to stay below the SCF control parameter limit of 70 per cent. By contrast, the debt rate of return on capital, at 14 per cent, is expected to be considerably higher in 2022 than in 2021.

After last year's large Borrowing Programme, planned activity is slightly lower in 2022, with a proposed Borrowing Programme of up to EUR 11 billion. Nonetheless, liquidity ratios maintain a comfortable buffer above required minimum levels, meeting the relevant stress tests, and net cash requirements are well covered.

Ambitions are nothing unless they are resourced properly and managed by staff with the right skills. SIP 2022-24 represents a turning-point in the way resources are managed. The substantial needs to deliver SCF ambitions have been found through reallocations and efficiencies.

Management have addressed resource effectiveness holistically and embarked on a continuous search to find better ways of doing things. As a result of these efforts, an additional £6.4 million has been allocated to SCF priorities while among other budgetary demands significant funds are devoted to capacity strengthening of front-line support services to ensure the EBRD maintains a robust delivery capability and can support the recovery reliably. Reviews of organisational structures, workload reallocations, RO optimisation and a range of other streamlining efforts have created capacity to make room for these improvements.

The Budget Proposal of a Core Administrative Expense Budget of £410.1 million for 2022 represents an increase of 3.97 per cent, below Bank-wide inflation of 4.05 per cent and equivalent to the increase in UK CPI (August) inflation plus 0.77 per cent. Staff costs account for the majority of the change, reflecting the full year impact of previous decisions and 2022 Compensation and Benefits proposals. A PBC accrual adjustment replaces a previous reliance on unidentified savings. £13.6 million savings and reallocations slated for 2022 create substantial space for incremental resources for business priorities, resulting in a net resource request of £4.8 million.

The Total Administrative Expense Budget for 2022 is £432.2 million, and includes £22.1 million for extraordinary items (LIBOR transition, £5.3 million; IT MYIP Phases 1 and 2 opex and depreciation, £11.3 million and £5.5 million respectively).

This SIP delivers the requirements to meet SCF priorities in the coming year and strengthens the EBRD's capacity to help its countries recover from the impact of the pandemic. It does so within a responsible financial envelope that protects the EBRD's financial standing, and has been achieved through a well-designed management effort on resource effectiveness and efficiency. SIP 2022-24 supports the recovery and deepens the EBRD's impact.

ANNEX 1:
PROJECTED TOTAL ADMINISTRATIVE EXPENSE BUDGET 2022-2024

	2021 Budget	2022 Budget	2023 Projection	2024 Projection
Core Administrative Expenses, GBP	**394.5**	**410.1**	**430.7**	**452.2**
Extraordinary Items, GBP	**11.6**	**22.1**	**29.3**	**38.4**
o/w LIBOR Transition	7.8	5.3	-	-
IT MYIP (opex and depreciation) - Phase 1	3.9	11.3	22.9	23.5
IT MYIP (opex and depreciation) - Phase 2	-	5.5	6.4	14.9
Total Administrative Expense Budget, GBP	**406.1**	**432.2**	**460.0**	**490.6**
GBP/EUR rate	1.12	1.17	1.17	1.17
Core Administrative Expenses, EUR	**441.8**	**479.9**	**503.9**	**529.1**
Extraordinary Items, EUR	**13.0**	**25.8**	**34.3**	**44.9**
o/w LIBOR Transition	8.7	6.2	-	-
IT MYIP (opex and depreciation) - Phase 1	4.3	13.2	26.8	27.5
IT MYIP (opex and depreciation) - Phase 2	-	6.4	7.5	17.4
Total Administrative Expense Budget, EUR	**454.9**	**505.7**	**538.2**	**574.0**

ANNEX 2:
CORPORATE SCORECARD 2022

	2022	30/09/2021		2021	2020	
	BP and Budget	Actual	Plan rate	BP and Budget	Actual	Plan rate
TRANSITION IMPACT						
Expected Transition Impact	63-69	69.2		63-67	66.9	
Portfolio Transition Impact	Min 68	71.7		Min 67	71.2	
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*	Req. Attention	
Inclusive, gender-equal economies	CPA*	CPA*		CPA*	Very Good	
Resilient economies and firms	CPA*	CPA*		CPA*	Very Good	
Well-integrated, connected markets	CPA*	CPA*		CPA*	Good	
Green Economy Transition (% ABI)	45%	49%		40%	29%	
Gender-tagged Operations (% No. of ops)	Min 25%	33%		Min 18%	15%	
OPERATIONAL PERFORMANCE						
Number of operations	395-435	248		395-435	411	
Annual Bank investment (€ billion)	10.0-10.5	6.3	3.3	10.0-11.0	11	11.3
Annual mobilised investment (€ billion)	Min 1.4	1.6		Min 1.2	1.2	
Private Sector Share (% ABI)	Min 75%	79%		Min 75%	72%	
Disbursements (€ billion)	7.0 – 8.0	5.0	3.3	7.0 – 8.0	7.6	7.8
Activity in Early Transition Countries, Western Balkans and SEMED (% ABI)	Min 48%	39%		Min 48%	48%	
FINANCIAL PERFORMANCE						
Return on Required Capital (3 year rolling average)	Min 3.5%	10.6%		Min 3.5%	5.90%	
Debt Return on Required Capital before Costs	Min 12%	19.2%		Min. 10.3%	7.10%	
INSTITUTIONAL PERFORMANCE						
Productivity (number of operations based)	1.4-1.6	Annual		1.5-1.7	1.7	-
Cost to Debt Income Ratio (12 mths rolling avg)	Max 60%	47.2%		Max.55%	52.3%	
Operational Risk	Assessment					
Staff Engagement Ratio	Tracked	Annual		Tracked	7.6	
RESOURCE FRAMEWORK						
EXPENDITURE						
Administrative Expense Budget						
Euro (million)	479.9	299.8		441.8	450.3	
Pound Sterling (million)	410.1	269.6		394.5	379.7	

* Composite Performance Assessment

REPORT OF THE BOARD OF DIRECTORS TO THE BOARD OF GOVERNORS

2021 NET INCOME ALLOCATION TO THE COMMUNITY SPECIAL FUND

1. Introduction

Net income allocation decisions are made by the Board of Governors at least annually in accordance with Article 36.1 of the Agreement Establishing the Bank.

It is proposed that that a small Allocation of 2021 Net Income to the Community Special Fund to finance the activities of the EBRD Community Initiative is brought to Governors for approval at the Annual Meeting in Marrakech in May 2022.

The allocation is in line with the EBRD Community Initiative Work Programme and Budget 2022-2024, already approved by the Board of Directors on 8 November 2021, which foresaw a EUR 2 million allocation to support the activities of the EBRD Community Initiative for the 2022-2024 period.

The replenishment of the Community Special Fund was foreseen to allow smooth continuation of the Community Initiative activities as per the adopted EBRD Community Initiative Work Programme.

The war on Ukraine has put an additional pressure on the resources of the Community Special Fund due to the support provided by the EBRD Community Initiative to staff members engaging in charitable activities in Ukraine.

As a consequence, if the Community Initiative does not receive funding in May 2022, this will have a significantly negative impact on the potential scope of its future activities.

Therefore, it is proposed to allocate a limited amount of EUR 750,000 to allow the continuation of the Community Initiative's activities until a wider set of NIA proposals is submitted to the Board of Governors for approval later this year.

As the NIA proposal for the Community Special Fund does not impact materially on the Bank's financial sustainability, an assessment of the NIA proposal under the "Framework for Net Income Allocation Proposals" will not be made at this stage.

2. Allocation to the EBRD Community Special Fund

It is proposed to allocate EUR 750,000 to finance the activities of the EBRD Community Initiative in 2022. In accordance with the Rules of the EBRD Community Special Fund, the resources of the Fund may be used for financing activities and covering costs related to the Community Initiative activities in the Bank's countries of operations.

The Rules of the Fund specify that not less than two-thirds of these funds must be used to support staff engagement and the remaining one-third should be used for Bank-led activities.

Details of the proposed use of funds are incorporated in the EBRD Community Initiative Work Programme and Budget for 2022–2024, approved by the Board of Directors in November 2021.

In 2022, it is expected that the Community Initiative will prioritise and mainly support staff engagement in charitable activities relating to Ukraine and other countries affected by the war on Ukraine.

3. Draft Resolution

The draft Resolution[*] proposed for adoption by the Board of Governors is attached.

[*] The text of Resolution No. 252 as adopted by the Board of Governors is reproduced on page 170

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

DATE OF THE 2023 ANNUAL MEETING

The Board of Directors wishes to express appreciation to the authorities of Uzbekistan for the invitation to hold the 2023 Annual Meeting of the Board of Governors.

The Board of Directors recommends that the 2023 Annual Meeting be held in Samarkand on Tuesday 16, Wednesday 17 and Thursday 18 May 2023.

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

* The text of Resolution No. 253 as adopted by the Board of Governors is reproduced on page 171

REPORT OF THE BOARD OF DIRECTORS
TO THE BOARD OF GOVERNORS

WAR ON UKRAINE: IMPACT ON EBRD'S COUNTRIES OF OPERATIONS AND THE EBRD'S RESPONSE

1. Introduction

The unjustified and unprovoked invasion of Ukraine by the Russian Federation is having devastating consequences for the people of Ukraine. Millions of people have left their homes seeking safety within the country and in neighbouring countries. The economic and political consequences will be long lasting and profound. For the EBRD and its shareholders, the invasion of a country of operations by another with the active support of a third is in fundamental opposition to the values and objectives that the Bank was created to support.

Shareholders have reaffirmed the enduring importance of those values through the decision suspend and modify access to Bank resources by the Russian Federation and Belarus under Article 8.3 of the Agreement Establishing the Bank through Governors' Resolutions No.245 and No.246. The Bank is moving swiftly and proactively to close its offices in Moscow and Minsk and will wind down its existing portfolio in the two countries in the most effective, swift and judicious manner.

The Bank's mandate - to support the transition to sustainable market economies in countries committed to, and applying, the principles of multiparty democracy, pluralism and market economics – has never been more relevant. The EBRD has been a steadfast and consistent partner to its countries of operations over the past thirty years. The Bank stands in full solidarity with the people of Ukraine. Its overwhelming priority in the face of the Russian aggression is to support Ukraine, countries most affected by refugee flows ('Affected Countries')[1] and all its countries of operations.

The war on Ukraine and its consequences are the most significant challenge that the Bank has ever faced. At this early stage, this paper assesses the immediate implications of the invasion for the EBRD's countries of operations. Within this context, it sets out the immediate operational response, preliminary considerations for the implications for the Bank's strategic priorities and the potential role of the Bank in future reconstruction. A final section presents the results of early analysis of the impact of the war on Ukraine on the Bank's financial and capital position (Governors Resolution for consideration and approval).

2. Impact on the EBRD's countries of operations

Ukraine
The impact of the invasion by the Russian Federation of Ukraine on economic and daily life in the country has been devastating. Data is scarce, but *ad hoc* survey evidence is that up to 85 per cent of business have been affected by the war and half of all employees have lost jobs and, consequently, income. Estimates of the likely contraction of the economy over the course of 2022 vary with assumptions about the length of the conflict. EBRD estimates a decline in GDP of around 25 per cent, even if a ceasefire comes by the middle of the year; the IMF projects a 35 per cent contraction in the event of protracted conflict. Tax revenue has plummeted to only 15 per cent of expected levels leading to a large and widening budget deficit. The worsening fiscal situation is accompanied by a substantial external deficit, covered in the short term by lending from IFIs. The human impact of war is shown by the greatest forced

[1] Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Moldova, Poland, Romania, Slovak Republic and Slovenia

displacement of people since the Second World War which saw – at the beginning of April - 7.1 million people displaced within Ukraine alone.

Affected Countries
In addition, the forced displacement resulted in - at the beginning of April - Affected Countries hosting 4.1 million people. The scale and rapidity of this population growth brings immediate fiscal and administrative challenges caused by the need to scale up essential services such as housing and health care. The Affected Countries are also particularly exposed to rising prices in the regional gas market which has pushed up inflation to double digit levels in some countries. This set of countries also tends to be more dependent on the Russian Federation for gas supply and concerns about energy security and the need to diversify supply have also increased sharply. In addition, economies in Central Europe are closely integrated with Ukraine through manufacturing supply chains with a number of car factories reducing production in the face of disruption.

General impact
More broadly, the Russian Federation's invasion of Ukraine has led to the greatest negative supply shock to the global economy in the last 50 years. The Russian Federation and Ukraine supply a disproportionately high share of commodities. As a result, prices of food, hydrocarbons and metals have increased sharply in anticipation of reduced supply. In addition, supply chains in industries as varied as aircraft manufacture, meat production and batteries have been disrupted, fuelling already rising inflation regionally and globally.

These impacts are felt most strongly in the EBRD's countries of operations, including those beyond Ukraine and Affected Countries. Although commodity exporting countries of operations – mainly in Central Asia - benefit from higher prices, a large majority of EBRD countries are negatively affected. In general, household spending on both utilities and food is higher than in more advanced economies leading to significant economic and social impacts strengthening the pressure for fiscal support, particularly in countries of operations in Central Asia and North Africa.

Further, on average, countries of operations are more highly dependent on Russian and Belarusian raw materials than others. The Russia Federation provides a significant export market for a range of countries of operations, notably in the Caucasus and the Baltics. Russian tourist spending is important in many countries including in South Eastern Europe – notably the Affected Countries of Bulgaria and Croatia, as well as the Caucasus and Turkey. Remittances from Russia accounts for between 5 to 30 per cent of GDP in Armenia, Kyrgyz Republic, Tajikistan and Uzbekistan. In the longer term, the Russian Federation may become a more closed and autarkic economy forcing neighbours to develop new wider trading relationships.

Markets have also been reassessing geopolitical risks, leading to pressures on the currencies in the Caucasus, parts of Central Asia – and beyond, as well as higher bond yields (and hence borrowing costs). The implications of war are well illustrated by the rising yields on Egypt's dollar-denominated government bonds reflecting the vulnerability of the Egyptian economy to steeply rising food and energy prices. These developments suggest increased additionality of EBRD transactions, both financial and non-financial.

Overall, in both its immediate and medium term impact the war on Ukraine is reshaping the economic geography of the Bank's region.

3. The Bank's response

Emergency support for Ukraine
The EBRD occupies a distinctive place in the international financial and development system reflecting its mandate and business model, characterised by its local knowledge and presence on the ground. As a result, while other IFIs have provided much needed budgetary assistance to the Ukrainian government - which lies beyond the Bank's mandate - the EBRD has a complementary focus on supporting the real economy and vital infrastructure in the short term. This is crucial to avoid a collapse of the Ukrainian economy and to support economic activity and livelihoods.

To this end, since the beginning of the war in Ukraine the EBRD taken a constructive approach to forbearance in the private and sub-sovereign sectors and disbursed in excess of €25 million to support the continuing activities of existing clients. The maximum risk able to be taken in Ukraine under the Trade Facilitation Programme (TFP) has been raised twice: first by €50 million entirely on the Bank's balance sheet and subsequently by a further €46 million with the support of donor resources. In addition, the Board of Directors has approved three projects with a total project value of €400 million, and subject to donor support, providing emergency financing for gas supplies; crucial liquidity to both Ukrainian Railways and Ukrainian electricity transmission company to support the maintenance of essential services. The latter were the first two projects to be undertaken under Resilience and Livelihoods Framework described below.

Overall, the Bank's operational response will evolve as the war on Ukraine develops with the structure for that response provided by the *War on Ukraine – EBRD Resilience Package*. The package has two components: an immediate Resilience and Livelihoods programme for Ukraine and Affected Countries and – when conditions allow – a substantial Reconstruction Programme for Ukraine.

The Resilience and Livelihoods Framework was approved by the Board of Directors on 6 April 2022 with an initial value of up to €2 billion. Through the Framework, the Bank aims to provide substantial and rapid support to Ukraine, Affected Countries for the benefit of Ukrainians most affected by the crisis, including those displaced, mostly women, children and the elderly. The overall objective is to preserve livelihoods by sustaining the provision of services and safeguarding business activities.

In addition to recognising the strengths of the Bank's business model, the design of the framework draws on its long experience and deep knowledge of the region and, particularly, its ability to combine investments with policy engagement. It also reflects the Bank's experience in previous crises – including the COVID-19 crisis – with a focus on simplicity, through deploying existing tools which the Bank knows will deliver impact efficiently and effectively. In the face of the considerable and continuing uncertainty, the framework will be deployed with flexibility and agility and the Bank's internal organisation is fully mobilised to allow swift and efficient support.

Through deploying its distinctive product suite – especially its Trade Facilitation Programme and project finance expertise – and building on its existing deep relationships the Bank is able to reach into the real economy. Immediate priority areas for transactions include:

(i) trade finance for essential goods;
(ii) energy security;
(iii) vital infrastructure and provision of liquidity to municipalities;
(iv) food security supporting farmers through partner banks for the crop campaign, agribusiness companies and food retailers; and
(v) supporting pharmaceutical companies.

The work in Ukraine is supported by active policy engagement with different dimensions. The work of the existing Ukrainian Reforms Architecture programme, which has been supporting administrative capacity building since 2014, and the Business Ombudsman Council is being redirected to address immediate challenges including coordination of humanitarian support and relocation of businesses from conflict areas.

To play its full part in supporting Ukraine immediately, the Bank is preparing to be in a position to invest €1 billion in 2022 to support in the Ukrainian economy in the face of the war. As described in section 3, the war on Ukraine has very significant financial implications for the Bank. Given the risk profile of probable counterparties, additional exposure could increase the Bank's losses further and put the Bank's triple-A credit rating under greater pressure. To balance the necessity of supporting Ukraine and maintaining the Bank's clear commitment to sound banking principles and appropriate risk management standards, donor and shareholder support is essential. Such support can mitigate potential losses, signal adherence to sound banking and demonstrate the alignment of shareholders with the Bank's objectives.

With a view to enabling the initial stage of the Bank's work around €250 million of existing donor resources and EU guarantees is being repurposed pending donor approvals. This includes donors redirecting bilateral funds provided to support activity in the Russian Federation and Belarus to Ukraine and consolidating the effort of the Shareholder Special Fund to channel more resources towards Ukraine. The existing unused resources in the Post-Graduation Special Fund will also be repurposed through the approval of the Resolution attached to this paper. When appropriate and necessary, this Fund will need to be replenished to fulfil its purpose

Beyond, to allow the Bank to be in a position to invest €1 billion in Ukraine, the Bank would need
(i) to mobilise an additional €250 million of donor support on top of the €250 million of existing donor resources being repurposed to blend with €500 million of exposure on the Bank's balance sheet and (ii) to receive additional clear and meaningful signal of shareholders' support for the Bank's increased activity in Ukraine in these challenging times and for the Bank's participation in the reconstruction phase in due time and preserve the Bank's credit rating.

Donors face competing demands on their scarce resources. In order to mobilise support for both the existing pipeline and additional investment, the Bank will engage with a wide range of donors to maximise the chances of gaining donor traction and also explore the funding vehicles most suitable for attracting support. To provide potential donors with the information required to allow them to take positive decisions, further detail will be provided to show the purposes for which additional resources will be used and the impact they will have accompanied by specific financial requests. This information will be discussed bilaterally and at the Annual Donor Meeting held in parallel with the 2022 Annual Meeting in Marrakech.

Affected Countries
Across the Affected Countries, the framework envisages bolstering livelihoods in three key areas:

- **Energy security** to address immediate needs to decouple energy supply systems from the Russian Federation and diversify energy supply sources including by accelerating the necessary transition to low carbon energy generation.
- **Municipal and state infrastructure** with a focus particularly on supporting the provision of services, affordably, for displaced people.
- **Capital markets and Financial Intermediaries** to address a range of challenges in the supply of credit to businesses, especially SMEs; supporting financial intermediaries in the face of rising risk and more restricted credit and strengthening capital markets where the war has exacerbated pre-existing challenges.

Collaboration
In all this work, the EBRD acts in concert with the international community in accordance with its skills and focus. The work through the Resilience and Livelihoods Framework complements, and is complemented by, the activities of others. A fast moving crisis demands that the international community and institutions act coherently and collaboratively. As such, the Bank collaborates with many actors and at many levels: there are political and operational level engagements with the EU as well as the EIB and EDFI, the G7, as well as the broader International Financial Institutions (IFI) network and other key International Organisations active in the region. In particular, the EBRD is leading the IFI-EU coordination platform on Ukraine with the participation of World Bank, IMF, IFC, EIB, European Commission and the Council of Europe Development Bank.

Reconstruction in Ukraine
It is already clear that the task of reconstruction following the war on Ukraine will be enormous from the restoration of damaged infrastructure to catalysing private investment. It will also be far beyond the capacity of any single institution or entity to satisfy. As a result, a well-coordinated and coherent multinational effort will be essential to maximise the efficiency and effectiveness of the necessary international support. The post war task of supporting democracy and freedom through developing sustainable markets to promote prosperity is core to the Bank's mandate. As a result, the Bank will play its full part in this work at the right time bringing to bear its distinctive skills and business model with a focus on restoring efficient functioning of the private sector and combining investment, policy engagement and technical assistance. This activity will build on the Bank's position as the largest institutional investor in Ukraine and where its presence on the ground over three decades has accumulated important knowledge and credibility in the country. In addition, the Bank's diverse and international shareholding makes it a natural vehicle for the international community to use in any multinational reconstruction effort.

Reflecting its particular strengths, the Bank's core operational role in reconstruction will be as an investor and policy partner to a Ukrainian owned reconstruction process. Investment would need to be adapted to the specific post war situation and priorities, but the goal would be for the Bank to continue to support the development of a sustainable market economy and – within that – pursue the existing strategic themes of low carbon transition, equality of opportunity and digitalisation. In addition, the Bank can play a wider role within its areas of expertise, for example building the work of the Ukraine Reform Architecture programme which is already assessing war damage to prepare for reconstruction. Activity through this programme could provide wider support for Ukraine in managing a well-governed reconstruction effort, supporting meaningful reforms in key sectors.

Support for all countries of operations
Beyond the Affected Countries, as highlighted in section 2, all countries of operations face greater challenges as a consequence of the economic disruption caused by the war on Ukraine. The nature and scale of the impact from effects such as higher energy and food prices, trade disruption, reduced remittances and reduced risk appetite from international investors differs depending on country circumstances. As the impact of the war grows an increasing proportion of the Bank's investment across all its countries of operations will be in support of addressing these needs derived from the war, which are likely to be particularly important in the areas of energy and food security and affordability.

4. The Bank's Strategic Agenda

The Bank's Strategic and Capital Framework (SCF) sets the EBRD's medium term strategic agenda and is designed to be flexible and responsive to changing circumstances. Nevertheless, it is clear that the war on Ukraine will have a profound and long lasting effect on the Bank's work. This section presents some initial considerations for the Bank's strategic approach.

The centrepiece of the SCF is the goal of maximising the Bank's support for countries of operations with a view to preserving and accelerating transition, applying its core principles of pursuing sound banking and being additional to sources of finance from the market. This continues to be the Bank's approach. Within this overall goal, the SCF identified three strategic themes to underpin the Bank's delivery of transition impact. Each of them has proved directly relevant in the design of the Bank's response in the short term and will remain pertinent in the longer term:

- **Low carbon transition** remains a global imperative. The war on Ukraine prompted a fundamental reassessment of energy security and in particular a recognition of the alignment of energy security with decarbonisation. In turn this is already prompting an acceleration of the energy transition towards greater energy efficiency and low carbon sources. The Bank is well placed to leverage this congruence of goals to build more sustainable and more resilient energy sectors in its countries of operations.
- **Equality of opportunity** runs through the Bank's Resilience and Livelihoods Framework including building on the Bank's emphasis on supporting people exposed to in the face of sudden shocks and addressing gender-based violence and harassment. Increasing access to employment, finance and services for all will remain a long term priority in all countries of operations.
- **Digital transition** supports the Bank's work as the war on Ukraine has highlighted the importance of strengthening cybersecurity by building cyber diligence, cyber care and cyber caution, as well as accelerating digitalisation to increase the resilience of energy systems, the private sector and municipalities. The long term trend to an increasingly digital future and digital connectivity continues.

However, while the underlying themes of the Bank's strategic direction are relevant, the context in which the Bank is working is no longer that envisaged in the SCF. As a result, depending on the duration and evolution of the war on Ukraine, there may be an impact on the specific direction and focus of the activities of the Bank in achieving its goals, as highlighted in the Annual Meeting document *Review of the Implementation of the Strategic and Capital Framework 2021-2025 (BG31/3)*. For example, rising risk perceptions in the short term may – at least temporarily - limit the opportunities for mobilising third party financing in line with the Bank's goals. In addition, necessary lending to public sector entities may make the goal of investing 75 per cent of the Bank's ABI in the private sector more challenging.

Conversely, the long term impacts of the war may open new needs for the Bank to address. In addition to energy security, this could include supporting the reorientation of regional supply chains and promoting diversification of raw material supplies. The flexibility in the SCF is designed to accommodate unanticipated shocks and allow for the emergence of new priorities. Currently, the broad thrust of the Bank's strategic agenda seems to remain relevant. The Board of Directors will monitor the implications of the war on Ukraine for the Bank's strategic direction closely and update the Board of Governors as appropriate. The longer term consequences of the war on the Bank's strategic direction will be an important part of the full review of the implementation of the SCF planned for consideration at the Bank's 2024 Annual Meeting.

5. The EBRD's finances

Financial sustainability underpins the EBRD's ability to achieve impact and deliver its mission. In 2021, the Bank achieved highest level of profitability in its history, leading to a €1.1 billion growth in statutory capital and the highest level of accumulated reserves, further strengthening the Bank's capitalisation at the end of the year.

Nevertheless, the Bank's total investment in Ukraine, as well as the Russian Federation and Belarus, is substantial. As a result, the war on Ukraine will have material adverse consequences for the finances of the Bank as defaults increase, equity valuations fall and credit risk deteriorates reflecting the more challenging business environment. The Bank's overall loss in the first quarter of 2022 is expected to be around €2.3 billion, as equity valuations have fallen with market and currency movements and provisions for expected credit losses have increased. This is expected to lead to a reduction of 12.5 per cent in the Bank's capital base and will exert downward pressure on the capitalisation ratios tracked by rating agencies. The long term losses and prospects for recovery in earnings depend on the duration and nature of the invasion.

Given the strengthened capital position of the Bank at the end of 2021, the Bank's capital continues to provide capacity both to absorb the financial shocks from the war on Ukraine and support on-going business, albeit with increased pressure on the key metrics supporting its triple-A rating. Before the invasion, capital utilisation was well below the limits set under both the statutory and the risk based capital policies. Reflecting the war on Ukraine, estimates have been made of the impact on the Bank's annual lending capacity in the extreme case where all existing investment in Ukraine, the Russian Federation and Belarus is lost. As noted in other papers[2] presented to Governors for discussion at the Annual Meeting, these estimates suggest that in this eventuality the level of the range of annual investment which the Bank could support within its internal capital policies would range between €11.5-12.5 billion. This remains above recent high levels of ABI and confirms that the level of capital capacity is sufficient to support all the Bank's strategic aspirations. However, additional investment in Ukraine come with heightened risks to the Bank's financial position given the ongoing war and uncertainty about its evolution and duration.

Ratings agencies are monitoring developments closely. The Bank's modelling also shows that whilst capitalisation ratios under the ratings agencies methodologies fall, they remain within the boundaries of triple-A levels. The modelling also shows that performance against other quantitative metrics comes under greater pressure. This applies particularly to the potential for a rapid rise in non-performing loans and leverage ratios applied by Fitch and Moody's, as well as the more qualitative assessment of the business environment and overall outlook for the Bank. In the light of the geographical location of the conflict and the magnitude of the likely losses, the judgemental assessment of shareholder support may come under heightened scrutiny making concrete demonstrations of support particularly valuable in this context. Given that rating assessments are based on a wide range of financial and non-financial metrics, it is too early to judge the degree to which such adverse movements could pose a risk to the outlook of the Bank's credit rating or the rating itself, especially in light of planned additional investments in Ukraine.

In the context of increasing exposure in Ukraine, as highlighted in section 3, it is particularly important that the Bank continues to adhere to sound banking principles and the prudent risk management and financial policies which together provide the foundations for the positive qualitative assessment which underpins the Bank's triple-A rating. That section also emphasises the important role which donor and shareholder support can play in supporting this goal. In order to reinforce the Bank's financial position while continuing to invest in Ukraine and provide a tangible signal of shareholder support, the Bank will explore and seek to develop proposals to enhance its financial strength

[2] Review of the Implementation of the Strategic and Capital Framework 2021-2025 (BG31/3) and update on the EBRD's Possible Limited and Incremental Expansion to Sub-Saharan Africa and Iraq: Report of the Board of Directors to the Board of Governors (BG31/4)

The uncertain context also makes it necessary to preserve the Bank's existing capital resources, including by refraining from material[3] Net Income Allocations while the full impact of the crisis remains unclear. This issue could be revisited once the implications of the war, its impact on the Bank's finances and overall prospects for reconstruction become clearer. In considering any future Net Income Allocation, the balance between whether the Bank' impact would be maximised by transferring funds to the Shareholder Special Fund or retaining them in the capital base to support future bank investment and the assets it can accommodate will need to be carefully assessed.

6. Recommendation

This is a defining moment for the EBRD. The war on Ukraine is an assault on the economic and political freedom the Bank was founded to promote. The immediate impact is seen in the loss of life and the destruction of livelihoods. For the longer term, the context in which the Bank will work is being reshaped.

This is a challenge the Bank must and will rise to. Its utmost immediate priority is to support Ukraine and all its countries of operations in preserving and enhancing their progress to sustainable and prosperous economies. In future, the Bank will be at the centre of the necessary reconstruction effort, working in coalition with shareholders and fellow international, regional and national development organisations.

The Board of Directors recommends that the Board of Governors approves the attached Resolution[*]. The resolution expresses Governors' solidarity with Ukraine in the face of Russian aggression. It goes on to signal strong shareholder support for the Bank, including through the willingness to provide donor resources and readiness to explore the full range of options to enhance the Bank's financial strength, as needed. It calls on the EBRD to mobilise fully to tackle the direct and indirect effects of the war and to provide a report on concrete plans to support the international reconstruction effort in Ukraine at an appropriate time. Finally, the Resolution provides for Governors' approval of the redirection of the resources currently allocated to the Post-Graduation Special Fund to the Shareholder Special Fund (SSF) to support Ukraine as highlighted in section 3 and an adjustment of the provisions governing the usage of the SSF to cater for the possibility that more SSF resources may be used in non ODA Affected Countries.

[3] Allocations from net income when the Bank has incurred (or is expected to incur) a substantial net loss are generally perceived as negative by rating agencies, as it is seen as prioritising shareholder interests over bondholders. The precise boundary size for what qualifies as material is undefined in this context, particularly when set against the judgement of three different rating agencies. To mitigate the increased risk of a negative assessment, any proposed allocations to 'other purposes' must be small in the context of the Bank's capital base.

[*] The text of Resolution No. 247 as adopted by the Board of Governors is reproduced on page 161

RESOLUTIONS ADOPTED SINCE THE THIRTIETH ANNUAL MEETING

RESOLUTION NO. 244

EBRD CODES OF CONDUCT

The Board of Governors

RESOLVES THAT:

1. The revised *Code of Conduct for Officials of the Board of Directors of the EBRD* be hereby adopted;

2. The revised *Code of Conduct for EBRD Personnel* be hereby adopted; and

3. The Ethics Committee is hereby established, as provided for in the revised *Code of Conduct for Officials of the Board of Directors of the EBRD*;

NOTES:

The approval of the Rules of Procedure for the Ethics Committee.

FURTHER NOTES THAT:

The aforementioned documents shall enter into force on the date on which the President confirms adoption of all changes in the relevant Bank policies, directives and procedures relating to the respective document(s).

(Adopted 3 September 2021)

RESOLUTION NO. 245

SUSPENSION AND MODIFICATION OF ACCESS TO BANK RESOURCES BY THE RUSSIAN FEDERATION PURSUANT TO ARTICLE 8.3 OF THE AGREEMENT ESTABLISHING THE BANK

THE BOARD OF GOVERNORS:

In light of the military invasion of the territory of Ukraine by the Russian Federation, which has also been supported and facilitated by Belarus, and recognising its impact on the Bank's ability to carry out its mandate and functions in the region.

Having regard to the commitment in the Preamble to the Agreement Establishing the Bank to the fundamental principles of multiparty democracy, the rule of law, respect for human rights and market economics.

Recalling, as set out in the Preamble to the Agreement Establishing the Bank, the Final Act of the Helsinki Conference on Security and Co-operation in Europe, and in particular its Declaration of Principles, in particular as regards the use of force.

Referring to the Board of Governors' authority under Article 8.3 of the Agreement Establishing the Bank to suspend or otherwise modify access by a member to Bank resources in exceptional circumstances.

Considering that the circumstances of the military invasion of the territory of Ukraine by the Russian Federation constitute such exceptional circumstances.

Having considered the Report from the Board of Directors on suspension and modification of access by the Russian Federation and Belarus to Bank resources.

NOW RESOLVES:

Pursuant to Article 8.3 of the AEB, access to Bank resources by the Russian Federation shall be suspended and modified on the following terms and effective from the date of adoption of this Resolution:

1) The Bank shall not assume any legal obligations that would result in the financing of new operations in the Russian Federation.

2) The Bank shall not implement any technical cooperation projects in the Russian Federation.

AND CALLS UPON THE BOARD OF DIRECTORS AND THE BANK'S MANAGEMENT to ensure that the Bank avail itself of all rights to suspend or cancel any future disbursements for investment purposes under existing operations in the Russian Federation pursuant to Article 8.3 of the AEB.

(Adopted 1 April 2022)

RESOLUTION NO. 246

SUSPENSION AND MODIFICATION OF ACCESS TO BANK RESOURCES BY BELARUS PURSUANT TO ARTICLE 8.3 OF THE AGREEMENT ESTABLISHING THE BANK

THE BOARD OF GOVERNORS:

In light of the military invasion of the territory of Ukraine by the Russian Federation and in particular considering that Belarus has supported and facilitated such invasion, and recognising its impact on the Bank's ability to carry out its mandate and functions in the region.

Having regard to the commitment in the Preamble to the Agreement Establishing the Bank to the fundamental principles of multiparty democracy, the rule of law, respect for human rights and market economics.

Recalling, as set out in the Preamble to the Agreement Establishing the Bank, the Final Act of the Helsinki Conference on Security and Co-operation in Europe, and in particular its Declaration of Principles, in particular as regards the use of force.

Referring to the Board of Governors' authority under Article 8.3 of the Agreement Establishing the Bank to suspend or otherwise modify access by a member to Bank resources in exceptional circumstances.

Considering that the circumstances of Belarus's support for, and facilitation of, the military invasion of the territory of Ukraine by the Russian Federation constitute exceptional circumstances.

Having considered the Report from the Board of Directors on suspension and modification of access by the Russian Federation and Belarus to Bank resources.

NOW RESOLVES:

Pursuant to Article 8.3 of the AEB, access to Bank resources by Belarus shall be suspended and modified on the following terms and effective from the date of adoption of this Resolution:

1) The Bank shall not assume any legal obligations that would result in the financing of new operations in Belarus.

2) The Bank shall not implement any technical cooperation projects in Belarus.

AND CALLS UPON THE BOARD OF DIRECTORS AND THE BANK'S MANAGEMENT to ensure that the Bank avail itself of all rights to suspend or cancel any future disbursements for investment purposes under existing operations in Belarus pursuant to Article 8.3 of the AEB.

(Adopted 1 April 2022)

RESOLUTIONS ADOPTED AT THE THIRTY-FIRST ANNUAL MEETING

RESOLUTION NO. 247

IN SUPPORT OF THE EBRD'S RESPONSE TO THE WAR ON UKRAINE

THE BOARD OF GOVERNORS

Having regard to the commitment set out the Preamble to the Agreement Establishing the EBRD (the "EBRD Agreement") to the fundamental principles of multiparty democracy, the rule of law and respect for human rights and market economics;

Recalling, as set out in the Preamble to the EBRD Agreement, the Final Act of the Helsinki Conference on Security and Co-operation in Europe, and in particular its Declaration on Principles, reflecting the commitment of the international community to peace, security and the continuing development of friendly relations and co-operation;

Strongly condemning the unprovoked and unjustified military invasion of Ukraine by the Russian Federation, supported and facilitated by Belarus, and alarmed by the resulting loss of life, physical destruction and humanitarian situation in Ukraine and its neighbouring region;

Recalling Governors' Resolutions No.245 and No.246, adopted on 1 April 2022, which set out the terms of the unprecedented decision to suspend and modify access to EBRD resources by the Russian Federation and Belarus pursuant to Article 8.3 of the EBRD Agreement;

Welcoming the steps taken by the EBRD to wind down its existing operations and activities in the Russian Federation and Belarus swiftly and judiciously, being in the process of closing its Resident Offices in Moscow and Minsk and of divesting from its investment portfolios;

Appreciating that the EBRD is well capitalised, and has a strong capital base and liquidity cushion against the current financial shock, as well as the capacity to support on-going business in Ukraine and other countries of operations;

Conscious of Ukraine's extensive needs as a result of the devastating impact of the invasion, and of the essential role which the EBRD can and should play to address such needs, by deploying its distinctive business model and pursuing its unique mandate to add value as part of as international effort, alongside and in coordination with its partners and other international actors;

Welcoming the initial response of the EBRD through the EUR 2 billion Resilience and Livelihoods Framework and the extensive work already carried out by the EBRD as part of its response to the war on Ukraine, as well as its intent to provide additional financing under the framework as needs evolve and capacity permits;

Endorsing that the EBRD's immediate focus and utmost priority under the Resilience and Livelihoods Framework and more generally must be Ukraine, particularly in supporting the real economy in the areas of: i) trade finance for essential goods; ii) energy security; iii) vital infrastructure and the provision of liquidity to municipalities; iv) food security, including support to farmers, agribusiness companies and food retailers; and v) pharmaceuticals;

Endorsing also the anticipated support to affected neighbouring countries of operations impacted by the flow of Ukrainian refugees, particularly in the areas of: i) energy security; ii) municipal and state infrastructure; and iii) capital markets and financial intermediaries;

Welcoming the objective of placing the Bank in a position to invest EUR 1 billion in Ukraine in 2022 and the dual goal of mobilising both Bank and donor resources to enable this investment, together with a clear and meaningful signal of shareholders support;

Acknowledging the mobilisation of around EUR 250 million of existing grant and concessional resources to support Ukraine, including by seeking donor consent to redirect funds that had initially been provided for use in the Russian Federation and Belarus, as well as to repurpose guarantee instruments, resources of the EBRD Shareholder Special Fund and other internal reallocations.

In this context, appreciating efforts to revise the ongoing 2021-2022 Work Plan of the EBRD Shareholder Special Fund with a view to making available crucial funding to address the needs of Ukraine and affected neighbouring countries, and welcoming the opportunity to support such efforts by:

(i) enabling the transfer of EBRD Post-Graduation Special Fund resources, which are not expected to be required in the current SCF 2021-2025 period, to the EBRD Shareholder Special Fund; and

(ii) easing the Official Development Assistance (ODA) restrictions applicable to the utilisation of EBRD Shareholder Special Fund resources until the end of 2022, from not less than 95% to not less than 90% to be used to support ODA countries, in recognition of the potential need to support the non-ODA-eligible countries neighbouring Ukraine;

Expressing its full commitment to support the EBRD in fulfilling its mission and mandate, and particularly in responding to the unfolding events of the war on Ukraine.

Stressing the necessity of preserving the financial strength and willing to provide strong shareholder support, including through seeking to provide additional donor funds and guarantees in response to clearly articulated needs and any other measures, as needed;

Expressing willingness to consider, pursuant to Article 36.1 of the EBRD Agreement, net income allocations for other purposes in support of the EBRD's reconstruction operations and activities in Ukraine, should the EBRD consider such allocations to be appropriate following a thorough assessment of the EBRD's prevailing financial position;

Considering the EBRD's important role in the delivery of financial support to Ukraine and affected neighbouring countries, in light of the EBRD's track record in the region, which places the EBRD in a key position in the overall resilience and reconstruction efforts;

and

In preparation for the moment when the EBRD can play a leading role in the reconstruction of Ukraine.

RESOLVES THAT:

1. The EBRD, drawing on its local knowledge, unique mandate and private sector focus, shall fully mobilise in support of Ukraine, as well as affected neighbouring countries and all of its other countries of operations as they tackle the direct and indirect impacts of the war on Ukraine, with the support of donor funds where needed.

2. The EBRD shall play a critical role within the system of international institutions to prepare concrete plans for the reconstruction of Ukraine, to be implemented when conditions

allow. The Board of Governors calls on the Board of Directors to provide an update on these plans by the end of 2022 at the latest.

3. The Board of Directors and Management explore concrete options that could enable shareholders to provide additional support for the Bank's increased activity in Ukraine in these challenging times and for the Bank's participation in the reconstruction phase in due time, as needed, bearing in mind shareholders' support for the Bank's strategy in Ukraine and their commitment to preserve the Bank's sound capitalisation and its triple-A rating. The Board of Governors calls on the Board of Directors to provide a first report on this work by end of July 2022.

AND FURTHER RESOLVES THAT:

4. The Board of Directors shall have authority to transfer the remaining balance of the resources of the EBRD Post-Graduation Special Fund to the EBRD Shareholder Special Fund, to be used in accordance with the Rules of the EBRD Shareholder Special Fund.

5. From the amounts allocated to the EBRD Shareholder Special Fund under Resolutions No. 234 and No. 241, and any amounts to be transferred from the EBRD Post-Graduation Special Fund, as well as from any returns, recoveries, reflows, reimbursements, and income deriving from such amounts, not less than 90% shall be used to support ODA countries.

(Adopted 11 May 2022)

RESOLUTION NO. 248

TOWARD A LIMITED AND INCREMENTAL EXPANSION OF THE GEOGRAPHIC SCOPE OF THE EBRD'S OPERATIONS TO SUB-SAHARAN AFRICA AND IRAQ

THE BOARD OF GOVERNORS

Mindful that the priority of the EBRD is supporting Ukraine and other countries of operations in the face of the deep and widespread consequences and the destabilising impact of the war on Ukraine;

Acknowledging the enduring priority objectives of the international community, the geopolitical and development priorities in sub-Saharan Africa and Iraq, as well as the growing links between many countries in sub-Saharan Africa and Iraq and current EBRD countries of operations;

Reaffirming the Bank's continued strategic interest in a limited and incremental expansion to sub-Saharan Africa and Iraq during the SCF period as previously affirmed in the Strategic and Capital Framework (SCF) 2021-2025;

Recalling Resolution No.240, by which the Board of Governors instructed the Board of Directors as to the contents of the update to be prepared for the 2022 Annual Meeting on a possible limited and incremental expansion, notably that such an update should elaborate upon the Bank's potential value proposition, the implications for the Bank's capital, finance and governance and consider an amendment to Article 1 of the Agreement Establishing the Bank (the "Agreement");

Stressing that any possible limited and incremental expansion to new countries of operations must not: impair the Bank's ability to support its current countries of operations, compromise the Bank's triple-A rating, lead to a request for additional capital contributions, or deviate from the Bank's mandate to support transition and its operating principles of additionality and sound banking;

Emphasising the importance of complementarity and collaboration amongst development partners; and

Having considered the report of the Board of Directors to the Board of Governors "*The EBRD's possible limited and incremental expansion to sub-Saharan Africa and Iraq*" and being in agreement with its conclusions, amongst others, that:

i. The value which the EBRD can add in sub-Saharan Africa and Iraq is validated. The EBRD's mandate and business model can be deployed to complement the activities of existing development partners and increase transition and development impact in countries in sub-Saharan Africa and Iraq, ensuring that the impact of the development system as a whole is enhanced;
ii. The assessment of the current capital capacity of the Bank suggests that the Bank retains the ability to support its existing countries of operations and accommodate all the objectives in the current SCF - including a limited and incremental expansion to sub-Saharan Africa and Iraq – noting however the current level of uncertainties concerning the crisis impact and the scale of reconstruction needs;

iii. Any expansion into sub-Saharan Africa and Iraq must be limited and incremental. The limited and incremental expansion of the geographic scope of the Bank's operations to sub-Saharan Africa and Iraq should be enabled through an amendment of Article 1 of the Agreement and supported by the mechanisms set out in the report of the Board of Directors; and

iv. The utmost priority of the Bank is currently supporting Ukraine and other countries of operations in the face of deep and widespread consequences and the destabilising impact of the war on Ukraine, and consequently it would be prudent to reconfirm that any limited and incremental expansion to sub-Saharan Africa and Iraq would not in itself impair the Bank's ability to support its existing countries of operations, compromise the Bank's triple-A credit rating, or lead to a request for additional capital contributions.

RESOLVES:

1. To endorse the Board of Directors report and to approve, in-principle, a limited and incremental expansion of the geographic scope of the Bank's operations to sub-Saharan Africa and Iraq.

2. To call on the Board of Directors, taking into consideration the impact of the war on Ukraine and the Bank's response, to reconfirm that any limited and incremental expansion to sub-Saharan Africa and Iraq would not in itself impair the Bank's ability to support its existing countries of operations, compromise the Bank's triple-A credit rating, or lead to a request for additional capital contributions.

3. To call on the Board of Directors, upon and subject to the reconfirmation described above, to submit for decision by the Board of Governors an amendment to Article 1 of the Agreement, generally consistent with the Report of the Board of Directors, no later than at the 2023 Annual Meeting.

(Adopted 11 May 2022)

RESOLUTION NO. 249

AMENDMENT OF THE RULES REGARDING THE USE OF RESOURCES OF THE POST-GRADUATION SPECIAL FUND

THE BOARD OF GOVERNORS

Having considered and being in agreement with the Report of the Board of Directors to the Board of Governors on the Amendment to the Rules of the EBRD Post-Graduation Special Fund (the "Rules" and the "Fund", respectively);

Having noted from the Report that the Board of Directors recommends the amendment to the Rules;

Acknowledging the Post-Graduation Operational Approach approved by the Board of Directors on 4 September 2013 (the "Approach") and the approval, consistent with such approach, granted by the Board of Directors in 2014 for the establishment of the Fund, and taking into account the Rules governing the management and administration of the resources of the Fund, as also approved by the Board of Directors;

Recognising that the Post-Graduation Operational Approach was revised by the Board of Directors on 5 July 2021 (the "Revised Approach") in order to enhance the implementation of the Policy on Graduation of EBRD Operations;

Acknowledging that the Revised Approach requires an amendment to the Rules in order to support the Revised Approach;

RESOLVES THAT:

In accordance with Section 5.04[1] (*Amendments*) of the Rules, Section 3.01[2] (*Use of the Resources of the Fund*) of the Rules shall read as follows:

"Section 3.01 Use of the Resources of the Fund

(a) Except as provided in Section 4.03[3] (*Investment*), the resources of the Fund may be used to finance one or more of the following purposes:

  (i) non-investment activities identified in a graduating country's Action Plan;
  (ii) administrative fees pursuant to Section 4.04[4] (*Administrative Fee*) of these Rules; and
  (iii) contingencies against, and meeting the costs in relation to, losses or liabilities arising out of the management of the resources of the Fund and out of any operations or activities financed with the resources of the Fund, including costs incurred in respect of the preservation, protection or recovery of the resources of the Fund.

[1,2,3,4] Note that numbering of sections in the original Rules has been changed in the revised Rules to accommodate the new section on receiving contributions from sources other than Net Income Allocations.

(b) Except as otherwise decided by the Board of Directors, or as allowed under these Rules, the use of the resources shall not be subject to any conditions, limitations or restrictions. The utilisation of the resources of the Fund shall in no way be restricted to a particular technology, product or sector."

(Adopted 11 May 2022)

RESOLUTION NO. 250

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR 2021

THE BOARD OF GOVERNORS

Having reviewed the Independent Auditors' Report on the Financial Statements of the Bank for 2021

RESOLVES THAT:

The audited Financial Statements are approved.

(Adopted 11 May 2022)

RESOLUTION NO. 251

SPECIAL FUNDS' FINANCIAL STATEMENTS 2021

THE BOARD OF GOVERNORS

Having reviewed the Special Funds' Financial Statements 2021

RESOLVES THAT:

The audited Special Funds' Financial Statements are approved.

(Adopted 11 May 2022)

RESOLUTION NO. 252

2021 NET INCOME ALLOCATION TO THE COMMUNITY SPECIAL FUND

THE BOARD OF GOVERNORS

Having considered and being in agreement with the Report of the Board of Directors to the Board of Governors: 2021 Net Income Allocation to the Community Special Fund Proposal (the "Report");

Acknowledging that the Net Income Allocation (NIA) proposal does not impact materially on the Bank's financial sustainability and is made within 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;

Acknowledging that a EUR 750,000 NIA is necessary to the pursuit of the activities of the Community Initiative in 2022;

Recognising the importance of the Bank's wider contributions to its region of operations through the EBRD Community Special Fund.

RESOLVES THAT:

In accordance with Article 36.1 of the EBRD Agreement, a net income allocation for other purposes from the Bank's net income for 2021 and after making provisions for reserves, and, if necessary, against possible losses under Article 17 of the EBRD Agreement, shall be made as follows:

(a) An amount of EUR 750,000 shall be allocated as a contribution to the EBRD Community Special Fund; and

(b) Without prejudice to any future decisions to allocate net income for other purposes, the balance of the Bank's net income for 2021 shall be allocated to surplus.

(Adopted 11 May 2022)

RESOLUTION NO. 253

DATE OF THE 2023 ANNUAL MEETING

THE BOARD OF GOVERNORS RESOLVES THAT:

The 2023 Annual Meeting of the Board of Governors of the European Bank for Reconstruction and Development be held in Samarkand, Uzbekistan, on Tuesday 16, Wednesday 17 and Thursday 18 May.

(Adopted 11 May 2022)

OFFICERS OF THE BOARD OF GOVERNORS AND OF THE PROCEDURES COMMITTEE FOR 2021-2022 AND 2022-2023

OFFICERS OF THE BOARD OF GOVERNORS AND OF THE PROCEDURES COMMITTEE FOR 2021-2022 AND 2022-2023

2021-2022

Board of Governors

Chair	Portugal
Vice Chairs	Estonia (Acting Chair), Morocco

Procedures Committee

Members	Portugal, Estonia, Morocco

2022-2023

Board of Governors

Chair	Austria
Vice Chairs	Georgia, Jordan

Procedures Committee

Members	Austria, Georgia, Jordan

MEMBERS OF DELEGATIONS*

* Information provided by Constituency Offices

MEMBERS OF DELEGATIONS

Armenia

Mr Tigran Khachatryan
Minister of Finance/Governor
Ministry of Finance
Armenia
Governor

Mr Hovhannes Khachatryan
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Ministry of Finance
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Uzbekistan
Governor
(Virtually)

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World Trade Organization	Marc Auboin

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as at 11 May 2022

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