



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Gareth Davies
House of Commons
London
SW1A 0AA

2 December 2024

Dear Gareth,

THE DELEGATED LEGISLATION COMMITTEE DEBATE ON THE DRAFT EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (FURTHER PAYMENTS TO CAPITAL STOCK) ORDER 2024 – 12TH NOVEMBER 2024

Thank you for your questions during the Draft European Bank for Reconstruction and Development (Further Payments to Capital Stock) Order 2024 debate. I committed to write on some of your questions during the debate to provide some additional detail on the EBRD's capital increase.

You asked whether other member countries would increase, decrease or maintain their share of stock in the bank.

Member countries, including the UK, will be entitled to subscribe to shares issued through the capital increase in proportion to their current shareholding. A member that does not participate would have its shareholding reduced accordingly.

The Governors of all other major shareholder countries of the bank affirmed the necessity of a capital increase and their intention to participate thereof in December 2023. Member countries become legally bound to participate in the capital increase when they deposit an instrument of subscription with the EBRD.

You also asked whether financing to Ukraine would be subject to the EBRD's target for 50% of investment to be green finance, and whether this would allow Ukraine's most urgent funding needs to be prioritised.

The EBRD's target for 50% of annual investment to be green finance by 2025 is in reference to the bank's aggregate financing and is not measured at a country level. The EBRD's investments in Ukraine will continue to support key sectors including energy, agribusiness, and critical national infrastructure.

Finally, you asked whether the capital increase would be sufficient to fulfil the bank's overall mandate, or whether we should expect further capital requests in the future.

The general capital increase has been agreed at a level which will ensure that the Bank will remain on a sound financial footing in the long-term as it responds to the exceptional circumstances in Ukraine. Capital increases are a rare event at the EBRD, and I do not anticipate a need for another capital increase for the bank in the foreseeable future.

I hope this information has been helpful in addressing your questions. I am depositing a copy of this letter in the Library of the House.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Tulip', with a horizontal line extending to the right.

TULIP SIDDIQ MP