



Number 3 of 2024

**Finance (State Guarantees, International Financial Institution Funds and
Miscellaneous Provisions) Act 2024**



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**FINANCE (STATE GUARANTEES, INTERNATIONAL FINANCIAL INSTITUTION
FUNDS AND MISCELLANEOUS PROVISIONS) ACT 2024**

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[2024.]

*Finance (State Guarantees, International Financial
Institution Funds and Miscellaneous Provisions) Act 2024.*

[No. 3.]

ACTS REFERRED TO

Council of Europe Development Bank Act 2004 (No. 37)

Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 (No. 6)

European Bank for Reconstruction and Development Act 1991 (No. 1)



Number 3 of 2024

FINANCE (STATE GUARANTEES, INTERNATIONAL FINANCIAL INSTITUTION FUNDS AND MISCELLANEOUS PROVISIONS) ACT 2024

An Act to enable the State to participate in certain donor or trust funds established by the European Investment Bank, the Council of Europe Development Bank or the European Bank for Reconstruction and Development, and, for that purpose, to enable the State to enter into certain contribution agreements related to those funds prescribed by the Minister for Finance, and for those and other purposes to amend the European Bank for Reconstruction and Development Act 1991 and the Council of Europe Development Bank Act 2004; to enable the State to participate in the provision of exceptional macro-financial assistance by the European Union to Ukraine and, for that purpose to enable the State to enter into the guarantee agreement provided for in Article 10 of Decision (EU) 2022/1628 of the European Parliament and of the Council of 20 September 2022¹ and a contribution agreement as provided for in Article 7(1) of Regulation (EU) 2022/2463 of the European Parliament and of the Council of 14 December 2022²; to amend section 38 of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010; and to provide for related matters. [14th February, 2024]

Be it enacted by the Oireachtas as follows:

PART 1

PRELIMINARY AND GENERAL

Short title and commencement

1. (1) This Act may be cited as the Finance (State Guarantees, International Financial Institution Funds and Miscellaneous Provisions) Act 2024.
- (2) This Act shall come into operation on such day or days as the Minister may, by order or orders either generally or with reference to any particular purpose or provision, appoint and different days may be so appointed for different purposes or different provisions.

¹ OJ No. L 245, 22.9.2022, p.1.

² OJ No. L 322, 16.12.2022, p. 1.

Definition

2. In this Act, “Minister” means the Minister for Finance.

PART 2

PRESCRIBED EUROPEAN INVESTMENT BANK CONTRIBUTION AGREEMENTS

Prescribed European Investment Bank Contribution Agreements

3. (1) The Minister may by order prescribe a contribution agreement between the State and the European Investment Bank (in this section referred to as a “prescribed EIB Contribution Agreement”) for the purposes of this section where—
- (a) the contribution agreement relates to a trust fund or other contribution-based financing mechanism established by the European Investment Bank for the purpose of granting finance in accordance with its Statute, and
 - (b) the contribution agreement specifies—
 - (i) the amount that the State agrees to contribute to the trust fund or other contribution-based financing mechanism concerned, and
 - (ii) the terms on which the contribution shall be made.
- (2) Where the Minister makes an order under *subsection (1)*, the terms of the prescribed EIB Contribution Agreement concerned shall be appended to the order.
- (3) The State may enter into a prescribed EIB Contribution Agreement.
- (4) For the purposes of *subsection (3)*, the Minister—
- (a) may execute the prescribed EIB Contribution Agreement concerned and enter into the commitments provided under that agreement, and
 - (b) shall have all such powers as may be required to do anything necessary or expedient to be done for the purposes of the performance by the State of its obligations under the agreement.
- (5) Subject to *subsection (6)*, the State may agree to an amendment being made to a prescribed EIB Contribution Agreement.
- (6) Where any amendment is proposed to be made to a prescribed EIB Contribution Agreement, a draft of the proposed agreement providing for the amendment and containing the text of the amendment shall be laid by the Minister before Dáil Éireann and the amendment shall not be made unless and until a resolution approving the amendment has been passed by that House.
- (7) Any amendment made to a prescribed EIB Contribution Agreement in accordance with *subsections (5) and (6)* shall be published in *Iris Oifigiúil* by or on behalf of the Minister.

- (8) A reference in this section to a prescribed EIB Contribution Agreement shall, where the context so admits, include a reference to that agreement as amended in accordance with *subsections (5) and (6)*.
- (9) There may be paid out of the Central Fund, or the growing produce thereof, such sums, not exceeding, in the aggregate—
- (a) in respect of a single prescribed EIB Contribution Agreement, the sum of €35,000,000, and
 - (b) in respect of all prescribed EIB Contribution Agreements, the sum of €175,000,000,
- as may be required to enable the State to comply with its obligations under each prescribed EIB Contribution Agreement.
- (10) All moneys received by or on behalf of the State by way of repayment of sums paid in accordance with a prescribed EIB Contribution Agreement shall be placed to the credit of the account of the Exchequer and shall form part of the Central Fund and be available in any manner in which that Fund is available.
- (11) For the purposes of the calculation of the aggregate amount of any payment that may be made by the Minister in accordance with *subsection (9)*, account shall be taken of any moneys received by or on behalf of the State in accordance with *subsection (10)*.
- (12) In respect of each reporting period the Minister shall, as soon as practicable after the end of the period, cause a report to be laid before Dáil Éireann which includes the following information:
- (a) the aggregate amount of payments (if any) made by the State to enable it to comply with its obligations under each prescribed EIB Contribution Agreement during the reporting period concerned;
 - (b) the aggregate amount of payments (if any) made by the State to enable it to comply with its obligations under each prescribed EIB Contribution Agreement from the date of the coming into operation of this section to the end of the reporting period concerned.
- (13) An order under *subsection (1)* shall be laid before each House of the Oireachtas as soon as may be after it is made and, if a resolution annulling the order is passed by either such House within the next 21 days on which that House sits after the order is laid before it, the order shall be annulled accordingly, but without prejudice to the validity of anything previously done thereunder.
- (14) In this section, “reporting period” means—
- (a) in the case of the first report made under *subsection (12)*, the period beginning on the date of the coming into operation of this section and ending on 31 December next following that date, and
 - (b) in the case of each subsequent report made under *subsection (12)*, the period beginning on 1 January and ending on 31 December next following the immediately preceding reporting period.

PART 3

AMENDMENT OF EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT ACT 1991

Definition (Part 3)

4. In this Part, “Act of 1991” means the European Bank for Reconstruction and Development Act 1991.

Amendment of section 1 of Act of 1991

5. Section 1 of the Act of 1991 is amended by the substitution of the following definition for the definition of “the Agreement”:

“ ‘the Agreement’ means the Agreement establishing the European Bank for Reconstruction and Development done at Paris on the 29th day of May 1990, as amended by resolutions adopted on the 30th day of January 2004 and the 30th day of September 2011, respectively, by the Board of Governors of the Bank (the text of which, in the English language, is, for convenience of reference, set out in the Schedule to this Act), and any further amendments to the Agreement approved by Dáil Éireann, whether pursuant to Article 29.5.2° of the Constitution or otherwise;”.

Prescribed European Bank for Reconstruction and Development Contribution Agreements

6. The Act of 1991 is amended by the insertion of the following section after section 3:

“**3A.** (1) The Minister may by order prescribe a contribution agreement between the State and the Bank (in this section referred to as a ‘prescribed EBRD Contribution Agreement’) for the purposes of this section where—

(a) the contribution agreement relates to a Special Fund of which the Bank has accepted administration pursuant to Article 18 of the Agreement,

(b) the contribution agreement specifies—

(i) the amount that the State agrees to contribute to the Special Fund concerned, and

(ii) the terms on which the contribution shall be made,

and

(c) the terms of the contribution agreement have been approved by Dáil Éireann pursuant to Article 29.5.2° of the Constitution.

(2) Where the Minister makes an order under subsection (1), the terms of the prescribed EBRD Contribution Agreement concerned shall be appended to the order.

- (3) The State may enter into a prescribed EBRD Contribution Agreement.
- (4) For the purposes of subsection (3), the Minister—
 - (a) may execute the prescribed EBRD Contribution Agreement concerned and enter into the commitments provided under that agreement, and
 - (b) shall have all such powers as may be required to do anything necessary or expedient to be done for the purposes of the performance by the State of its obligations under the agreement.
- (5) Subject to subsection (6), the State may agree to an amendment being made to a prescribed EBRD Contribution Agreement.
- (6) Where any amendment is proposed to be made to a prescribed EBRD Contribution Agreement, a draft of the proposed agreement providing for the amendment and containing the text of the amendment shall be laid by the Minister before Dáil Éireann and the amendment shall not be made unless and until a resolution approving the amendment has been passed by that House.
- (7) Any amendment made to a prescribed EBRD Contribution Agreement in accordance with subsections (5) and (6) shall be published in *Iris Oifigiúil* by or on behalf of the Minister.
- (8) A reference in this section to a prescribed EBRD Contribution Agreement shall, where the context so admits, include a reference to that agreement as amended in accordance with subsections (5) and (6).
- (9) There may be paid out of the Central Fund, or the growing produce thereof, such sums, not exceeding, in the aggregate—
 - (a) in respect of a single prescribed EBRD Contribution Agreement, the sum of €10,000,000, and
 - (b) in respect of all prescribed EBRD Contribution Agreements, the sum of €100,000,000,as may be required to enable the State to comply with its obligations under each prescribed EBRD Contribution Agreement.
- (10) All moneys received by or on behalf of the State by way of repayment of sums paid in accordance with a prescribed EBRD Contribution Agreement shall be placed to the credit of the account of the Exchequer and shall form part of the Central Fund and be available in any manner in which that Fund is available.
- (11) For the purpose of the calculation of the aggregate amount of any payment that may be made by the Minister in accordance with subsection (9), account shall be taken of any moneys received by or on behalf of the State in accordance with subsection (10).

- (12) In respect of each reporting period the Minister shall, as soon as practicable after the end of the period, cause a report to be laid before Dáil Éireann which includes the following information:
- (a) the aggregate amount of payments (if any) made by the State to enable it to comply with its obligations under each prescribed EBRD Contribution Agreement during the reporting period concerned;
 - (b) the aggregate amount of payments (if any) made by the State to enable it to comply with its obligations under each prescribed EBRD Contribution Agreement from the date of the coming into operation of *section 6* of the *Finance (State Guarantees, International Financial Institution Funds and Miscellaneous Provisions) Act 2024* to the end of the reporting period concerned.
- (13) An order under subsection (1) shall be laid before each House of the Oireachtas as soon as may be after it is made and, if a resolution annulling the order is passed by either such House within the next 21 days on which that House sits after the order is laid before it, the order shall be annulled accordingly, but without prejudice to the validity of anything previously done thereunder.
- (14) In this section, ‘reporting period’ means—
- (a) in the case of the first report under subsection (12), the period beginning on the date of the coming into operation of *section 6* of the *Finance (State Guarantees, International Financial Institution Funds and Miscellaneous Provisions) Act 2024* and ending on 31 December next following that date, and
 - (b) in the case of each subsequent report made under subsection (12), the period beginning on 1 January and ending on 31 December next following the immediately preceding reporting period.”.

Amendment of Schedule to Act of 1991

7. The Act of 1991 is amended by the substitution of the Schedule set out in *Schedule 1* to this Act for the Schedule to that Act.

PART 4

AMENDMENT OF COUNCIL OF EUROPE DEVELOPMENT BANK ACT 2004

Definition (*Part 4*)

8. In this Part, “Act of 2004” means the Council of Europe Development Bank Act 2004.

Amendment of section 1 of Act of 2004

9. Section 1 of the Act of 2004 is amended by the substitution of the following definition for the definition of “Agreement”:

“ ‘Agreement’ means the Articles of Agreement of the Council of Europe Development Bank adopted on 16 June 1993, as amended by resolutions adopted on 26 November 2010 and 25 November 2011, respectively, by the Governing Board of the Bank, the text of which is set out in Schedule 1 to this Act, and any further amendments to the Agreement approved by Dáil Éireann, whether pursuant to Article 29.5.2° of the Constitution or otherwise;”.

Prescribed Council of Europe Development Bank Contribution Agreements

10. The Act of 2004 is amended by the insertion of the following section after section 3:

“3A. (1) The Minister may by order prescribe a contribution agreement between the State and the Bank (in this section referred to as a ‘prescribed CEDB Contribution Agreement’) for the purposes of this section where—

- (a) the contribution agreement relates to the opening and management of a trust account by the Bank pursuant to section 3 of Article VII of the Agreement,
- (b) the contribution agreement specifies—
 - (i) the amount that the State agrees to contribute to the trust account concerned, and
 - (ii) the terms on which the contribution shall be made,and
- (c) the terms of the contribution agreement have been approved by Dáil Éireann pursuant to Article 29.5.2° of the Constitution.

(2) Where the Minister makes an order under subsection (1), the terms of the prescribed CEDB Contribution Agreement concerned shall be appended to the order.

(3) The State may enter into a prescribed CEDB Contribution Agreement.

(4) For the purposes of subsection (3), the Minister—

- (a) may execute the prescribed CEDB Contribution Agreement concerned and enter into the commitments provided under that agreement, and
- (b) shall have all such powers as may be required to do anything necessary or expedient to be done for the purposes of the performance by the State of its obligations under the agreement.

- (5) Subject to subsection (6), the State may agree to an amendment being made to a prescribed CEDB Contribution Agreement.
- (6) Where any amendment is proposed to be made to a prescribed CEDB Contribution Agreement, a draft of the proposed agreement providing for the amendment and containing the text of the amendment shall be laid by the Minister before Dáil Éireann and the amendment shall not be made unless and until a resolution approving the amendment has been passed by that House.
- (7) Any amendment made to a prescribed CEDB Contribution Agreement in accordance with subsections (5) and (6) shall be published in *Iris Oifigiúil* by or on behalf of the Minister.
- (8) A reference in this section to a prescribed CEDB Contribution Agreement shall, where the context so admits, include a reference to that agreement as amended in accordance with subsections (5) and (6).
- (9) There may be paid out of the Central Fund, or the growing produce thereof, such sums, not exceeding, in the aggregate—
 - (a) in respect of a single prescribed CEDB Contribution Agreement, the sum of €10,000,000, and
 - (b) in respect of all prescribed CEDB Contribution Agreements, the sum of €100,000,000,as may be required to enable the State to comply with its obligations under each prescribed CEDB Contribution Agreement.
- (10) All moneys received by or on behalf of the State by way of repayment of sums paid in accordance with a prescribed CEDB Contribution Agreement shall be placed to the credit of the account of the Exchequer and shall form part of the Central Fund and be available in any manner in which that Fund is available.
- (11) For the purpose of the calculation of the aggregate amount of any payment that may be made by the Minister in accordance with subsection (9), account shall be taken of any moneys received by or on behalf of the State in accordance with subsection (10).
- (12) In respect of each reporting period the Minister shall, as soon as practicable after the end of the period, cause a report to be laid before Dáil Éireann which includes the following information:
 - (a) the aggregate amount of payments (if any) made by the State to enable it to comply with its obligations under each prescribed CEDB Contribution Agreement during the reporting period concerned;
 - (b) the aggregate amount of payments (if any) made by the State to enable it to comply with its obligations under each prescribed

[2024.]

Finance (State Guarantees, International Financial Institution Funds and Miscellaneous Provisions) Act 2024. [No. 3.] Pt.4 S.10

CEDB Contribution Agreement from the date of the coming into operation of *section 10* of the *Finance (State Guarantees, International Financial Institution Funds and Miscellaneous Provisions) Act 2024* to the end of the reporting period concerned.

(13) An order under subsection (1) shall be laid before each House of the Oireachtas as soon as may be after it is made and, if a resolution annulling the order is passed by either such House within the next 21 days on which that House sits after the order is laid before it, the order shall be annulled accordingly, but without prejudice to the validity of anything previously done thereunder.

(14) In this section—

‘Minister’ means the Minister for Finance;

‘reporting period’ means—

(a) in the case of the first report made under subsection (12), the period beginning on the date of the coming into operation of *section 10* of the *Finance (State Guarantees, International Financial Institution Funds and Miscellaneous Provisions) Act 2024* and ending on 31 December next following that date, and

(b) in the case of each subsequent report made under subsection (12), the period beginning on 1 January and ending on 31 December next following the immediately preceding reporting period.”

Amendment of Schedule 1 to Act of 2004

11. The Act of 2004 is amended by the substitution of the Schedule set out in *Schedule 2* to this Act for Schedule 1 to that Act.

PART 5

GUARANTEE AGREEMENT

Definition (*Part 5*)

12. In this Part, “Guarantee Agreement” means the guarantee agreement as provided for in Article 10 of Decision (EU) 2022/1628 of the European Parliament and of the Council of 20 September 2022³, the terms of which are set out in *Schedule 3*, to be entered into between the State and the European Commission so as to provide the guarantee, on the part of the State, referred to in Article 9 of that Decision.

³ OJ No. L 245, 22.9.2022, p.1.

Guarantee Agreement may be entered into by State

13. (1) The State may enter into the Guarantee Agreement.
- (2) For the purpose of *subsection (1)*, the Minister—
- (a) may execute the Guarantee Agreement and enter into the commitments provided under that agreement, and
 - (b) shall have all such powers as may be required to do anything necessary or expedient to be done for the purposes of the performance by the State of its obligations under the Guarantee Agreement.
- (3) Subject to *subsection (4)*, the State may agree to an amendment being made to the Guarantee Agreement.
- (4) Where any amendment is proposed to be made to the Guarantee Agreement, a draft of the proposed agreement providing for the amendment and containing the text of the amendment shall be laid by the Minister before Dáil Éireann and the amendment shall not be made unless and until a resolution approving the amendment has been passed by that House.
- (5) Any amendment made to the Guarantee Agreement in accordance with *subsections (3) and (4)* shall be published in *Iris Oifigiúil* by or on behalf of the Minister.
- (6) A reference in this section or *section 14, 15 or 16* to the Guarantee Agreement shall, where the context so admits, include a reference to that agreement as amended in accordance with *subsections (3) and (4)*.

Payment out of Central Fund related to Guarantee Agreement

14. There may be paid out of the Central Fund, or the growing produce thereof, such sums, not exceeding, in the aggregate, the sum of €76,938,998, as may be required to enable the State to comply with its obligations under the Guarantee Agreement.

Payment into Exchequer related to Guarantee Agreement

15. All monies received by or on behalf of the State by way of repayment of sums paid in accordance with the Guarantee Agreement shall be placed to the credit of the account of the Exchequer and shall form part of the Central Fund and be available in any manner in which that Fund is available.

Reporting in relation to demands under Guarantee Agreement

16. (1) This section applies in the event of a demand, under the Guarantee Agreement, being made of the State to make a payment in accordance with the terms of that Agreement and a reference in any subsequent subsection of this section to a demand being made under the Guarantee Agreement is a reference to such a demand being made of the State.

- (2) On the first occasion of a demand being made under the Guarantee Agreement (in this section referred to as the “first demand”), the Minister shall cause to be laid before Dáil Éireann—
- (a) within one month from that occasion, a statement as provided under *subsection (3)(a)*, and
 - (b) within one month from each anniversary of that occasion, a further statement as provided under *subsection (3)(b)*.
- (3) A statement under *subsection (2)* shall—
- (a) in the case of the statement referred to in *paragraph (a)* of *subsection (2)*, specify—
 - (i) the sum the subject of the first demand (and, if such sum has been paid by the State by the time of the statement’s preparation, the sum paid by the State on foot of that demand pursuant to the Guarantee Agreement), and
 - (ii) any sums repaid to the State in accordance with the Guarantee Agreement during the period preceding the statement’s preparation,and
 - (b) in the case of a statement referred to in *paragraph (b)* of *subsection (2)*, specify—
 - (i) any sum paid by the State on foot of the first demand pursuant to the Guarantee Agreement, and
 - (ii) any sums repaid to the State in accordance with the Guarantee Agreement, during the period beginning on the preparation of the statement referred to in *subsection (2)(a)* and ending on the preparation of the statement referred to in *subsection (2)(b)* or, in the case of the second or any subsequent statement referred to in *subsection (2)(b)*, during the period of 12 months immediately preceding the preparation of the particular such statement.
- (4) (a) On the second or any subsequent occasion of a demand being made under the Guarantee Agreement, the Minister shall cause to be laid before Dáil Éireann, within one month from the occasion of that second or subsequent demand, a statement specifying the sum the subject of that second or subsequent demand.
- (b) The laying of any statement under *paragraph (a)* shall not relieve the obligation of the Minister to lay any statement required to be laid by *subsection (2)* (and any latter statement shall, in addition to the matters specified in *subsection (3)*, specify the sum, if any, paid by the State, on foot of the second or subsequent demand, pursuant to the Guarantee Agreement during the period to which that latter statement relates).
- (5) This section shall cease to apply on the date the State is released from its obligations under the Guarantee Agreement or when all sums paid by the State under the

Guarantee Agreement are repaid to the State in accordance with that Agreement's terms.

PART 6

MFA+ CONTRIBUTION AGREEMENT

Definition (Part 6)

17. In this Part, "MFA+ Contribution Agreement" means the contribution agreement as provided for in paragraph (1) of Article 7 of Regulation (EU) 2022/2463 of the European Parliament and of the Council of 14 December 2022⁴, the terms of which are set out in *Schedule 4*, to be entered into between the State and the European Commission so as to set the amount of the contribution, on the part of the State, referred to in that Article 7.

MFA+ Contribution Agreement may be entered into by State

18. (1) The State may enter into the MFA+ Contribution Agreement.
- (2) For the purpose of *subsection (1)*, the Minister—
- (a) may execute the MFA+ Contribution Agreement and enter into the commitments provided under that agreement, and
 - (b) shall have all such powers as may be required to do anything necessary or expedient to be done for the purposes of the performance by the State of its obligations under the MFA+ Contribution Agreement.
- (3) Subject to *subsection (4)*, the State may agree to an amendment being made to the MFA+ Contribution Agreement.
- (4) Where any amendment is proposed to be made to the MFA+ Contribution Agreement, a draft of the proposed agreement providing for the amendment and containing the text of the amendment shall be laid by the Minister before Dáil Éireann and the amendment shall not be made unless and until a resolution approving the amendment has been passed by that House.
- (5) Any amendment made to the MFA+ Contribution Agreement in accordance with *subsections (3) and (4)* shall be published in *Iris Oifigiúil* by or on behalf of the Minister.
- (6) A reference in this section or *section 19, 20 or 21* to the MFA+ Contribution Agreement shall, where the context so admits, include a reference to that agreement as amended in accordance with *subsections (3) and (4)*.

Payment out of Central Fund related to MFA+ Contribution Agreement

19. There may be paid out of the Central Fund, or the growing produce thereof, such sums,

⁴ OJ No. L 322, 16.12.2022, p.1.

not exceeding, in the aggregate, the sum of €63,625,172, as may be required to enable the State to comply with its obligations under the MFA+ Contribution Agreement.

Payment into Exchequer related to MFA+ Contribution Agreement

20. All moneys received by or on behalf of the State by way of repayment of sums paid in accordance with the MFA+ Contribution Agreement shall be placed to the credit of the account of the Exchequer and shall form part of the Central Fund and be available in any manner in which that Fund is available.

Reporting in relation to MFA+ Contribution Agreement

21. (1) In respect of each reporting period the Minister shall, as soon as practicable after the end of the period, cause a report to be laid before Dáil Éireann that includes the following information:
- (a) the aggregate amount of payments made by the State to enable it to comply with its obligations under the MFA+ Contribution Agreement during the reporting period concerned;
 - (b) the aggregate amount of payments made by the State to enable it to comply with its obligations under the MFA+ Contribution Agreement from the date of the coming into operation of this section to the end of the reporting period concerned.
- (2) In *subsection (1)*, “reporting period” means—
- (a) in the case of the first report made under *subsection (1)*, the period beginning on the date of the coming into operation of this section and ending on 31 December next following that date, and
 - (b) in the case of each subsequent report made under *subsection (1)*, the period beginning on 1 January and ending on 31 December next following the immediately preceding reporting period.

PART 7

AMENDMENT OF CRIMINAL JUSTICE (MONEY LAUNDERING AND TERRORIST FINANCING) ACT 2010

Amendment of section 38 of Criminal Justice (Money Laundering and Terrorist Financing) Act 2010

22. Section 38 of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 is amended, in subsection (1), by the deletion of “situated in a place other than a Member State”.

SCHEDULE 1

Section 7

AGREEMENT ESTABLISHING THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

“SCHEDULE

AGREEMENT ESTABLISHING THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

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Agreement Establishing the European Bank for Reconstruction and Development

The Contracting Parties,

Committed to the fundamental principles of multiparty democracy, the rule of law, respect for human rights and market economics;

Recalling the Final Act of the Helsinki Conference on Security and Co-operation in Europe, and in particular its Declaration on Principles;

Welcoming the intent of Central and Eastern European countries to further the practical implementation of multiparty democracy, strengthening democratic institutions, the rule of law and respect for human rights and their willingness to implement reforms in order to evolve towards market-oriented economies;

Considering the importance of close and co-ordinated co-operation in order to promote the economic progress of Central and Eastern European countries to help their economies become more internationally competitive and assist them in their reconstruction and development and thus to reduce, where appropriate, any risks related to the financing of their economies;

Convinced that the establishment of a multilateral financial institution which is European in its basic character and broadly international in its membership would help serve these ends and would constitute a new and unique structure of co-operation in Europe;

Have agreed to establish hereby the European Bank for Reconstruction and Development (hereinafter called “the Bank”) which shall operate in accordance with the following:

CHAPTER I

PURPOSE, FUNCTIONS AND MEMBERSHIP

Article 1

Purpose

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 Mongolia and in member countries of the Southern and Eastern Mediterranean 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 as well.

*Article 2***Functions**

1. To fulfil on a long-term basis its purpose of fostering the transition of Central and Eastern European countries towards open market-oriented economies and the promotion of private and entrepreneurial initiative, the Bank shall assist the recipient member countries to implement structural and sectoral economic reforms, including demonopolization, decentralization and privatization, to help their economies become fully integrated into the international economy by measures:
 - i) to promote, through private and other interested investors, the establishment, improvement and expansion of productive, competitive and private sector activity, in particular small and medium-sized enterprises;
 - ii) to mobilize domestic and foreign capital and experienced management to the end described in (i);
 - iii) to foster productive investment, including in the service and financial sectors, and in related infrastructure where that is necessary to support private and entrepreneurial initiatives, thereby assisting in making a competitive environment and raising productivity, the standard of living and conditions of labour;
 - iv) to provide technical assistance for the preparation, financing and implementation of relevant projects, whether individual or in the context of specific investment programmes;
 - v) to stimulate and encourage the development of capital markets;
 - vi) to give support to sound and economically viable projects involving more than one recipient member country;
 - vii) to promote in the full range of its activities environmentally sound and sustainable development; and
 - viii) to undertake such other activities and provide such other services as may further these functions.
2. In carrying out the functions referred to in paragraph 1 of this Article, the Bank shall work in close cooperation with all its members and, in such manner as it may deem appropriate within the terms of this Agreement, with the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the Multilateral Investment Guarantee Agency, and the Organisation for Economic Co-operation and Development, and shall cooperate with the United Nations and its Specialized Agencies and other related bodies, and any entity, whether public or private, concerned with the economic development of, and investment in, Central and Eastern European countries.

*Article 3***Membership**

1. Membership in the Bank shall be open:
 - i) to (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.
2. Countries eligible for membership under paragraph 1 of this Article, which do not become members in accordance with Article 61 of this Agreement, may be admitted, under such terms and conditions as the Bank may determine, to membership in 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.

CHAPTER II

CAPITAL*Article 4***Authorized capital stock**

1. The original authorized capital stock shall be ten thousand million (10,000,000,000) ECU. It shall be divided into one million (1,000,000) shares, having a par value of ten thousand (10,000) ECU each, which shall be available for subscription only by members in accordance with the provisions of Article 5 of this Agreement.
2. The original capital stock shall be divided into paid-in shares and callable shares. The initial total aggregate par value of paid-in shares shall be three thousand million (3,000,000,000) ECU.
3. The authorized capital stock may be increased at such time and under such terms as may seem advisable, by a vote of not less than two-thirds of the Governors, representing not less than three-fourths of the total voting power of the members.

*Article 5***Subscription of shares**

1. Each member shall subscribe to shares of the capital stock of the Bank, subject to fulfilment of the member's legal requirements. Each subscription to the original authorized capital stock shall be for paid-in shares and callable shares in the proportion of three (3) to seven (7). The initial number of shares available to be subscribed to by Signatories to this Agreement which become members in accordance with Article 61 or this Agreement shall be that set forth in Annex A. No member shall have an initial subscription of less than one hundred (100) shares.

2. The initial number of shares to be subscribed to by countries which are admitted to membership in accordance with paragraph 2 of Article 3 of this Agreement shall be determined by the Board of Governors; provided, however, that no such subscription shall be authorized which would have the effect of reducing the percentage of capital stock held by countries which are members of the European Economic Community, together with the European Economic Community and the European Investment Bank, below the majority of the total subscribed capital stock.
3. The Board of Governors shall at intervals of not more than five (5) years review the capital stock of the Bank. In case of an increase in the authorized capital stock, each member shall have a reasonable opportunity to subscribe, under such uniform terms and conditions as the Board of Governors shall determine, to a proportion of the increase in stock equivalent to the proportion which its stock subscribed bears to the total subscribed capital stock immediately prior to such increase. No member shall be obliged subscribe to any part of an increase of capital stock.
4. Subject to the provisions of paragraph 3 of this Article, the Board of Governors, may, at the request of a member, increase the subscription of that member, or allocate shares to that member within the authorized capital stock which are not taken up by other members; provided, however, that such increase shall not have the effect of reducing the percentage of capital stock held by countries which are members of the European Economic Community, together with the European Economic Community and the European Investment Bank, below the majority of the total subscribed capital stock.
5. Shares of stock initially subscribed to by members shall be issued at par. Other shares shall be issued at par unless the Board of Governors, by a vote of not less than two-thirds of the Governors, representing not less than two-thirds of the total voting power of the members, decides to issue them in special circumstances on other terms.
6. Shares of stock shall not be pledged or encumbered in any manner whatsoever, and they shall not be transferable except to the Bank in accordance with Chapter VII of this Agreement.
7. The liability of the members on shares shall be limited to the unpaid portion of their issue price. No member shall be liable, by reason of its membership, for obligations of the Bank.

Article 6

Payment of subscriptions

1. Payment of the paid-in shares of the amount initially subscribed to by each Signatory to this Agreement, which becomes a member in accordance with Article 61 of this Agreement, shall be made in five (5) instalments of twenty (20) per cent each of such amount. The first instalment shall be paid by each member within sixty (60) days after the date of entry into force of this Agreement, or after the date of deposit of its instrument of ratification, acceptance or approval in accordance with Article 61, if this latter is later than the date of entry into force. The remaining four (4) instalments shall each become due successively one year from the date on which the preceding instalment became due and shall each, subject to the legislative requirement of each member, be paid.

2. Fifty (50) per cent of payment of each instalment pursuant to paragraph 1 of this Article, or by a member admitted in accordance with paragraph 2 of Article 3 of this Agreement, may be made in promissory notes or other obligations issued by such member and denominated in ECU, in United States dollars or in Japanese yen, to be drawn down as the Bank needs funds for disbursement as a result of its operations. Such notes or obligations shall be non-negotiable, non-interest-bearing and payable to the Bank at par value upon demand. Demands upon such notes or obligations shall, over reasonable periods of time, be made so that the value of such demands in ECU at the time of demand from each member is proportional to the number of paid-in shares subscribed to and held by each such member depositing such notes of obligations.
3. All payment obligations of a member in respect of subscription to shares in the initial capital stock shall be settled either in ECU, in United States dollars or in Japanese yen on the basis of the average exchange rate of the relevant currency in terms of the ECU for the period from 30 September 1989 to 31 March 1990 inclusive.
4. Payment of the amount subscribed to the callable capital stock of the Bank shall be subject to call, taking account of Articles 17 and 42 of this Agreement, only as and when required by the Bank to meet its liabilities.
5. In the event of a call referred to in paragraph 4 of this Article, payment shall be made by the member in ECU, in United States dollars or in Japanese yen. Such calls shall be uniform in ECU value upon each callable share calculated at the time of the call.
6. The Bank shall determine the place for any payment under this Article not later than one month after the inaugural meeting of its Board of Governors, provided that, before such determination, the payment of the first instalment referred to in paragraph 1 of this Article shall be made to the European Investment Bank, as trustee for the Bank.
7. For subscriptions other than those described in paragraphs 1, 2 and 3 of this Article, payments by a member in respect of subscription to paid-in shares in the authorized capital stock shall be made in ECU, in United States dollars or in Japanese yen whether in cash or in promissory notes or in other obligations.
8. For the purpose of this Article, payment or denomination in ECU shall include payment or denomination in any fully convertible currency which is equivalent on the date of payment or encashment to the value of the relevant obligation in ECU.

Article 7

Ordinary capital resources

As used in this Agreement, the term “ordinary capital resources” of the Bank shall include the following:

- i) authorized capital stock of the Bank, including both paid-in and callable shares, subscribed to pursuant to Article 5 of this Agreement;
- ii) funds raised by borrowings of the Bank by virtue of powers conferred by sub paragraph (i) of Article 20 of this Agreement, to which the commitment to calls

provided for in paragraph 4 of Article 6 of this Agreement is applicable;

- iii) funds received in repayment of loans or guarantees and proceeds from the disposal of equity investment made with the resources indicated in sub paragraphs (i) and (ii) of this Article;
- iv) income derived from loans and equity investment, made from the resources indicated in sub paragraphs (i) and (ii) of this Article, and income derived from guarantees and underwriting not forming part of the special operations of the Bank; and
- v) any other funds or income received by the Bank which do not form part of its Special Funds resources referred to in Article 19 of this Agreement.

CHAPTER III

OPERATIONS

Article 8

Recipient countries and use of resources

1. The resources and facilities of the Bank shall be used exclusively to implement the purpose and carry out the functions set forth, respectively, in Articles 1 and 2 of this Agreement.
2. The Bank may conduct its operations in countries from Central and Eastern Europe which are proceeding steadily in the transition towards market-oriented economies and the promotion of private and entrepreneurial initiative, and which apply, by concrete steps and otherwise, the principles set forth in Article 1 of this Agreement.
3. In cases where a member might be implementing policies which are inconsistent with Article 1 of this Agreement, or in exceptional circumstances, the Board of Directors shall consider whether access by a member to Bank resources should be suspended or otherwise modified and may make recommendations accordingly to the Board of Governors. Any decision on these matters shall be taken by the Board of Governors by a majority of not less than two-thirds of the Governors, representing not less than three-fourths of the total voting power of the members.
4.
 - i) Any potential recipient country may request that the Bank provide access to its resources for limited purposes over a period of three (3) years beginning after the entry into force of this Agreement. Any such request shall be attached as an integral part of this Agreement as soon as it is made.
 - ii) During such a period:
 - a) the Bank shall provide to such a country, and to enterprises in its territory, upon their request, technical assistance and other types of assistance directed to finance its private sector, to facilitate the transition of state-owned enterprises to private ownership and control, and to help enterprises operating competitively and moving to participation in the market-oriented economy, subject to the proportion set forth in paragraph 3 of Article 11 of this Agreement.

- b) the total amount of any assistance thus provided shall not exceed the total amount of cash disbursed and promissory notes issued by that country for its shares.
- iii) At the end of this period, the decision to allow such a country access beyond the limits specified in sub paragraphs (a) and (b) shall be taken by the Board of Governors by a majority of not less than three-fourths of the Governors representing not less than eighty-five (85) per cent of the total voting power of the members.

Article 9

Ordinary and special operations

The operations of the Bank shall consist of ordinary operations financed from the ordinary capital resources of the Bank referred to in Article 7 of this Agreement and special operations financed from the Special Funds resources referred to in Article 19 of this Agreement. The two types of operations may be combined.

Article 10

Separation of operations

1. The ordinary capital resources and the Special Funds resources of the Bank shall at all times and in all respects be held, used, committed, invested or otherwise disposed of entirely separately from each other. The financial statements of the Bank shall show the reserves of the Bank, together with its ordinary operations and, separately, its special operations.
2. The ordinary capital resources of the Bank shall, under no circumstances, be charged with, or used to discharge, losses or liabilities arising out of special operations or other activities for which Special Funds resources were originally used or committed.
3. Expenses appertaining directly to ordinary operations shall be charged to the ordinary capital resources of the Bank. Expenses appertaining directly to the special operations shall be charged to Special Funds resources. Any other expenses shall, subject to paragraph 1 of Article 18 of this Agreement, be charged as the Bank shall determine.

Article 11

Methods of operation

1. The Bank shall carry out its operations in furtherance of its purpose and functions as set out in Articles 1 and 2 of this Agreement in any or all of the following ways:
 - i) by making or co-financing together with multilateral institutions, commercial banks or other interested sources, or participating in, loans to private sector enterprises, loans to any state-owned enterprise operating competitively and moving to participation in the market-oriented economy, and loans to any state-owned enterprise to facilitate its transition to private ownership and control; in particular, to

facilitate or enhance the participation of private and/or foreign capital in such enterprises;

- ii) a) by investment in the equity capital of private sector enterprises;
- b) by investment in the equity capital of any state-owned enterprise operating competitively and moving to participation in the market-oriented economy, and investment in the equity capital of any state-owned enterprise to facilitate its transition to private ownership and control; in particular to facilitate or enhance the participation of private and/or foreign capital in such enterprises; and
- (c) by underwriting, where other means of financing are not appropriate, the equity issue of securities by both private sector enterprises and such state-owned enterprises referred to in (b) above for the ends mentioned in that sub paragraph;
- iii) by facilitating access to domestic and international capital markets by private sector enterprises or by other enterprises referred to in sub paragraph (i) of this paragraph for the ends mentioned in that sub paragraph, through the provision of guarantees, where other means of financing are not appropriate, and through financial advice and other forms of assistance;
- iv) by deploying Special Funds resources in accordance with the agreements determining their use; and
- v) by making or participating in loans and providing technical assistance for the reconstruction or development of infrastructure, including environmental programmes, necessary for private sector development and the transition to a market-oriented economy.

For the purposes of this paragraph, a state-owned enterprise shall not be regarded as operating competitively unless it operated autonomously in a competitive market environment and unless it is subject to bankruptcy laws.

- 2. i) The Board of Directors shall review at least annually the Bank's operations and lending strategy in each recipient country to ensure that the purpose and functions of the Bank, as set out in Articles 1 and 2 of this Agreement, are fully served. Any decision pursuant to such a review shall be taken by a majority of not less than two-thirds of the Directors, representing not less than three-fourths of the total voting power of the members.
- ii) The said review shall involve the consideration of, inter alia, each recipient country's progress made on decentralization, demonopolization and privatization and the relative shares of the Bank's lending to private enterprises, to state-owned enterprises in the process of transition to participation in the market-oriented economy or privatization, for infrastructure, for technical assistance, and for other purposes.
- 3. i) Not more than forty (40) per cent of the amount of the Bank's total committed loans, guarantees and equity investments, without prejudice to its other operations referred to in this Article, shall be provided to the state sector. Such percentage limit shall apply initially over a two (2) year period, from the date of commencement of the

Bank's operations, taking one year with another, and thereafter in respect of each subsequent financial year.

- ii) For any country, not more than forty (40) per cent of the amount of the Bank's total committed loans, guarantees and equity investments over a period of five (5) years, taking one year with another, and without prejudice to the Bank's other operations referred to in this Article, shall be provided to the state sector.
- iii) For the purposes of this paragraph,
 - a) the state sector includes national and local Governments, their agencies, and enterprises owned or controlled by any of them;
 - b) a loan or guarantee to, or equity investment in, a state-owned enterprise which is implementing a programme to achieve private ownership and control shall not be considered as made to the state sector;
 - c) loans to a financial intermediary for onlending to the private sector shall not be considered as made to the state sector.

Article 12

Limitations on ordinary operations

1. The total amount of outstanding loans, equity investments and guarantees made by the Bank on its ordinary operations shall not be increased at any time, if by such increase the total amount of its unimpaired subscribed capital, reserves and surpluses included in its ordinary capital resources would be exceeded.
2. The amount of any equity investment shall not normally exceed such percentage of the equity capital of the enterprise concerned as shall be determined, by a general rule, to be appropriate by the Board of Directors. The Bank shall not seek to obtain by such an investment a controlling interest in the enterprise concerned and shall not exercise such control or assume direct responsibility for managing any enterprise in which it has an investment, except in the event of actual or threatened default on any of its investments, actual or threatened insolvency of the enterprise in which such investment shall have been made, or other situations which, in the opinion of the Bank, threaten to jeopardize such investment, in which case the Bank may take such action and exercise such rights as it may deem necessary for the protection of its interests.
3. The amount of the Bank's disbursed equity investments shall not at any time exceed an amount corresponding to its total unimpaired paid-in subscribed capital, surpluses and general reserve.
4. The Bank shall not issue guarantees for export credits nor undertake insurance activities.

Article 13

Operating principles

The Bank shall operate in accordance with the following principles:

- i) the Bank shall apply sound banking principles to all its operations;
- ii) the operations of the Bank shall provide for the financing of specific projects, whether individual or in the context of specific investment programmes, and for technical assistance, designed to fulfil its purpose and functions as set out in Articles 1 and 2 of this Agreement;
- iii) the Bank shall not finance any undertaking in the territory of a member if that member objects to such financing;
- iv) the Bank shall not allow a disproportionate amount of its resources to be used for the benefit of any member;
- v) the Bank shall seek to maintain reasonable diversification in all its investments;
- vi) before a loan, guarantee or equity investment is granted, the applicant shall have submitted an adequate proposal and the President of the Bank shall have presented to the Board of Directors a written report regarding the proposal, together with recommendations, on the basis of a staff study;
- vii) the Bank shall not undertake any financing, or provide any facilities, when the applicant is able to obtain sufficient financing or facilities elsewhere on terms and conditions that the Bank considers reasonable;
- viii) in providing or guaranteeing financing, the Bank shall pay due regard to the prospect that the borrower and its guarantor, if any, will be in a position to meet their obligations under the financing contract;
- ix) in case of a direct loan made by the Bank, the borrower shall be permitted by the Bank to draw its funds only to meet expenditure as it is actually incurred;
- x) the Bank shall seek to revolve its funds by selling its investments to private investors whenever it can appropriately do so on satisfactory terms;
- xi) in its investments in individual enterprises, the Bank shall undertake its financing on terms and conditions which it considers appropriate, taking into account the requirements of the enterprise, the risks being undertaken by the Bank, and the terms and conditions normally obtained by private investors for similar financing;
- xii) the Bank shall place no restriction upon the procurement of goods and services from any country from the proceeds of any loan, investment or other financing undertaken in the ordinary or special operations of the Bank, and shall, in all appropriate cases, make its loans and other operations conditional on international invitations to tender being arranged; and
- xiii) the Bank shall take the necessary measures to ensure that the proceeds of any loan made, guaranteed or participated in by the Bank, or any equity investment, are used only for the purposes for which the loan or the equity investment was granted and with due attention to considerations of economy and efficiency.

*Article 14***Terms and conditions for loans and guarantees**

1. In the case of loans made, participated in, or guaranteed by the Bank, the contract shall establish the terms and conditions for the loan or the guarantee concerned, including those relating to payment of principal, interest and other fees, charges, maturities and dates of payment in respect of the loan or the guarantee, respectively. In setting such terms and conditions, the Bank shall take fully into account the need to safeguard its income.
2. Where the recipient of loans or guarantees of loans is not itself a member, but is a state-owned enterprise, the Bank may, when it appears desirable, bearing in mind the different approaches appropriate to public and state-owned enterprises in transition to private ownership and control, require the member or members in whose territory the project concerned is to be carried out, or a public agency or any instrumentality of such member or members acceptable to the Bank, to guarantee the repayment of the principal and the payment of interest and other fees and charges of the loan in accordance with the terms thereof. The Board of Directors shall review annually the Bank's practice in this matter, paying due attention to the Bank's creditworthiness.
3. The loan or guarantee contract shall expressly state the currency or currencies, or ECU, in which all payments to the Bank thereunder shall be made.

*Article 15***Commission and fees**

1. The Bank shall charge, in addition to interest, a commission on loans made or participated in as part of its ordinary operations. The terms and conditions of this commission shall be determined by the Board of Directors.
2. In guaranteeing a loan as part of its ordinary operations, or in underwriting the sale of securities, the Bank shall charge fees, payable at rates and time determined by the Board of Directors, to provide suitable compensation for its risks.
3. The Board of Directors may determine any other charges of the Bank in its ordinary operations and any commission, fees or other charges in its special operations.

*Article 16***Special reserve**

1. The amount of commissions and fees received by the Bank pursuant to Article 15 of this Agreement shall be set aside as a special reserve which shall be kept for meeting the losses of the Bank in accordance with Article 17 of this Agreement. The special reserve shall be held in such liquid form as the Bank may decide.
2. If the Board of Directors determines that the size of the special reserve is adequate, it may decide that all or part of the said commission or fees shall henceforth form part of the

income of the Bank.

Article 17

Methods of meeting the losses of the Bank

1. In the Bank's ordinary operations, in cases of arrears of default on loans made, participated in, or guaranteed by the Bank, and in case of losses on underwriting and in equity investment, the Bank shall take such action as it deems appropriate. The Bank shall maintain appropriate provisions against possible losses.
2. Losses arising in the Bank's ordinary operations shall be charged:
 - i) first, to the provisions referred to in paragraph 1 of this Article;
 - ii) second, to net income;
 - iii) third, against the special reserve provided for in Article 16 of this Agreement;
 - iv) fourth, against its general reserve and surpluses;
 - v) fifth, against the unimpaired paid-in capital; and
 - vi) last, against an appropriate amount of the uncalled subscribed callable capital which shall be called in accordance with the provisions of paragraphs 4 and 5 of Article 6 of this Agreement.

Article 18

Special Funds

1.
 - i) The Bank may accept the administration of Special Funds which are designed to serve the purpose and come within the functions of the Bank in its recipient countries and potential recipient countries. The full cost of administering any such Special Fund shall be charged to that Special Fund.
 - ii) For the purposes of subparagraph (i), the Board of Governors may, at the request of a member which is not a recipient country, decide that such member qualifies as a potential recipient country for such limited period and under such terms as may seem advisable. Such decision shall be taken by 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.
 - iii) The decision to allow a member to qualify as a potential recipient country can only be made if such member is able to meet the requirements for becoming a recipient country. Such requirements are those set out in Article 1 of this Agreement, as it reads at the time of such decision or as it will read upon the entry into force of an amendment that has already been approved by the Board of Governors at the time of such decision.
 - iv) If a potential recipient country has not become a recipient country at the end of the period referred to in subparagraph (ii), the Bank shall forthwith cease any special

operations in that country, except those incident to the orderly realization, conservation and preservation of the assets of the Special Fund and settlement of obligations that have arisen in connection therewith.

2. Special Funds accepted by the Bank may be used in its recipient countries and potential recipient countries in any manner and on any terms and conditions consistent with the purpose and functions of the Bank, with the other applicable provisions of this Agreement, and with the agreement or agreements relating to such Funds.
3. The Bank shall adopt such rules and regulations as may be required for the establishment, administration and use of each Special Fund. Such rules and regulations shall be consistent with the provisions of this Agreement, except for those provisions expressly applicable only to ordinary operations of the Bank.

Article 19

Special Funds resources

The term “Special Funds resources” shall refer to the resources of any Special Fund and shall include:

- i) funds accepted by the Bank for inclusion in any Special Fund;
- ii) funds repaid in respect of loans or guarantees, and the proceeds of equity investments, financed from the resources of any Special Fund which, under the rules and regulations governing that Special Fund, are received by such Special Fund; and
- iii) income derived from investment of Special Funds resources.

CHAPTER IV

BORROWING AND OTHER MISCELLANEOUS POWERS

Article 20

General powers

1. The Bank shall have, in addition to the powers specified elsewhere in the Agreement, the power to:
 - i) borrow funds in member countries or elsewhere, provided always that:
 - a) before making a sale of its obligations in the territory of a country, the Bank shall have obtained its approval; and
 - b) where the obligations of the Bank are to be denominated in the currency of a member, the Bank shall have obtained its approvals;
 - ii) invest or deposit funds not needed in its operations;
 - iii) buy and sell securities, in the secondary market, which the Bank has issued or guaranteed or in which it has invested;

- iv) guarantee securities in which it has invested in order to facilitate their sale;
 - v) underwrite, or participate in the underwriting of, securities issued by any enterprise for purposes consistent with the purpose and functions of the Bank;
 - vi) provide technical advice and assistance which serve its purpose and come within its functions;
 - vii) exercise such powers and adopt such rules and regulations as may be necessary or appropriate in furtherance of its purpose and functions, consistent with the provisions of this Agreement; and,
 - viii) conclude agreements of cooperation with any public or private entity or entities.
2. Every security issued or guaranteed by the Bank shall bear on its face a conspicuous statement to the effect that it is not an obligation of any Government or member, unless it is in fact the obligation of a particular government or member, in which case it shall so state.

CHAPTER V

CURRENCIES

Article 21

Determination and use of currencies

1. Whenever it shall become necessary under this Agreement to determine whether any currency is fully convertible for the purposes of this Agreement, such determination shall be made by the Bank, taking into account the paramount need to preserve its own financial interests, after consultation, if necessary, with the International Monetary Fund.
2. Members shall not impose any restrictions on the receipt, holding, use or transfer by the Bank of the following:
 - i) currencies or ECU received by the Bank in payment of subscriptions to its capital stock, in accordance with Article 6 of this Agreement;
 - ii) currencies obtained by the Bank by borrowing;
 - iii) currencies and other resources administered by the Bank as contributions to Special Funds; and
 - iv) currencies received by the Bank in payment on account of principal interest, dividends or other charges in respect of loans or investments, or the proceeds of disposal of such investments made out of any of the funds referred to in sub paragraphs (i) to (iii) of this paragraph, or in payment of commission, fees or other charges.

CHAPTER VI

ORGANIZATION AND MANAGEMENT*Article 22***Structure**

The Bank shall have a Board of Governors, a Board of Directors, a President, one or more Vice-Presidents and such other officers and staff as may be considered necessary.

*Article 23***Board of Governors: Composition**

1. Each member shall be represented on the Board of Governors and shall appoint one Governor and one Alternate. Each Governor and Alternate shall serve at the pleasure of the appointing member. No Alternate may vote except in the absence of his or her principal. At each of its annual meetings, the Board shall elect one of the Governors as Chairman who shall hold office until the election of the next Chairman.
2. Governors and Alternates shall serve as such without remuneration from the Bank.

*Article 24***Board of Governors: Powers**

1. All the powers of the Bank shall be vested in the Board of Governors.
2. The Board of Governors may delegate to the Board of Directors any or all of its powers, except the power to:
 - i) admit new members and determine the conditions of their admission;
 - ii) increase or decrease the authorized capital stock of the Bank;
 - iii) suspend a member;
 - iv) decide appeals from interpretations or applications of this Agreement given by the Board of Directors;
 - v) authorize the conclusion of general agreements for co-operation with other international organizations;
 - vi) elect the Directors and the President of the Bank;
 - vii) determine the remuneration of the Directors and Alternate Directors and the salary and other terms of the contract of service of the President;
 - viii) approve, after reviewing the auditors' report, the general balance sheet and the statement of profit and loss of the Bank;
 - ix) determine the reserves and the allocation and distribution of the net profits of the

- Bank;
- x) amend this Agreement;
 - xi) decide to terminate the operations of the Bank and to distribute its assets; and
 - xii) exercise such other powers as are expressly assigned to the Board of Governors in this Agreement.
3. The Board of Governors shall retain full power to exercise authority over any matter delegated or assigned to the Board of Directors under paragraph 2 of this Article, or elsewhere in this Agreement.

Article 25

Board of Governors: Procedure

1. The Board of Governors shall hold an annual meeting and such other meetings as may be provided for by the Board or called by the Board of Directors. Meetings of the Board of Governors shall be called, by the Board of Directors, whenever requested by not less than five (5) members of the Bank or members holding not less than one quarter of the total voting power of the members.
2. Two-thirds of the Governors shall constitute a quorum for any meeting of the Board of Governors, provided such majority represents not less than two-thirds of the total voting power of the members.
3. The Board of Governors may by regulation establish a procedure whereby the Board of Directors may, when the latter deems such action advisable, obtain a vote of the Governors on a specific question without calling a meeting of the Board of Governors.
4. The Board of Governors, and the Board of Directors to the extent authorized, may adopt such rules and regulations and establish such subsidiary bodies as may be necessary or appropriate to conduct the business of the Bank.

Article 26

Board of Directors: Composition

1. The Board of Directors shall be composed of twenty-three (23) members who shall not be members of the Board of Governors, and of whom:
 - i) eleven (11) shall be elected by the Governors, representing Belgium, Denmark, France, the Federal Republic of Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, the United Kingdom, the European Economic Community and the European Investment Bank; and
 - ii) twelve (12) shall be elected by the Governors representing other members, of whom:
 - a) four (4), by the Governors representing those countries listed in Annex A as Central and Eastern European countries eligible for assistance from the Bank;

- b) four (4), by the Governors representing those countries listed in Annex A as other European countries;
- c) four (4), by the Governors representing those countries listed in Annex A as non-European countries.

Directors, as well as representing members whose Governors have elected them, may also represent members who assign their votes to them.

2. Directors shall be persons of high competence in economic and financial matters and shall be elected in accordance with Annex B.
3. The Board of Governors may increase or decrease the size, or revise the composition, of the Board of Directors, in order to take into account changes in the number of members of the Bank, by an affirmative vote of not less than two-thirds of the Governors, representing not less than three-fourths of the total voting power of the members. Without prejudice to the exercise of these powers for subsequent elections, the number and composition of the second Board of Directors shall be as set out in paragraph 1 of this Article.
4. Each Director shall appoint an Alternate with full power to act for him and her when he or she is not present. Directors and Alternates shall be nationals of member countries. No member shall be represented by more than one Director. An Alternate may participate in meetings of the Board but may vote only when he or she is acting on place of his or her principal.
5. Directors shall hold office for a term of three (3) years and may be re-elected; provided that the first Board of Directors shall be elected by the Board of Governors at its inaugural meeting, and shall hold office until the next immediately following annual meeting of the Board of Governors or, if that Board shall so decide at that annual meeting, until its next subsequent annual meeting. They shall continue in office until their successors shall have been chosen and assumed office. If the office of a Director becomes vacant more than one hundred and eighty (180) days before the end of his or her term, a successor shall be chosen in accordance with Annex B for the remainder of the term, by the Governors who elected the former Director. A majority of the votes cast by such Governors shall be required for such election. If the office of a Director becomes vacant one hundred and eighty (180) days or less before the end of his or her term, a successor may similarly be chosen for the remainder of the term, by the votes cast by such Governors who elected the former Director, in which election majority of the votes cast by such Governors shall be required. While the office remains vacant, the Alternate of the former Director shall exercise the powers of the latter, except that of appointing an Alternate.

*Article 27***Board of Directors: Powers**

Without prejudice to the powers of the Board of Governors as provided in Article 24 of this Agreement, the Board of Directors shall be responsible for the direction of the general operations of the Bank and, for this purpose, shall, in addition to the powers assigned to it expressly by this Agreement, exercise all the powers delegated to it by the Board of Governors, and in particular:

- i) prepare the work of the Board of Governors;
- ii) in conformity with the general directions of the Board of Governors, establish policies and take decisions concerning loans, guarantees, investment in equity capital, borrowing by the Bank, the furnishing of technical assistance and other operations of the Bank;
- iii) submit the audited accounts for each financial year for approval of the Board of Governors at each annual meeting; and
- iv) approve the budget of the Bank.

*Article 28***Board of Directors: Procedure**

1. The Board of Directors shall normally function at the principal office of the Bank and shall meet as often as the business of the Bank may require.
2. A majority of the Directors shall constitute a quorum for any meeting of the Board of Directors, provided such majority represents not less than two-thirds of the total voting power of the members.
3. The Board of Governors shall adopt regulations under which, if there is no Director of its nationality, a member may send a representative to attend, without right to vote, any meeting of the Board of Directors when a matter particularly affecting that member is under consideration.

*Article 29***Voting**

1. The voting power of each member shall be equal to the number of its subscribed shares in the capital stock of the Bank. In the event of any member failing to pay any part of the amount due in respect of its obligations in relation to paid-in shares under Article 6 of this Agreement, such member shall be unable for so long as such failure continues to exercise that percentage of its voting power which corresponds to the percentage which the amount due but unpaid bears to the total amount of paid-in shares subscribed to by that member in the capital stock of the Bank.

2. In voting in the Board of Governors, each Governor shall be entitled to cast the votes of the member he or she represents. Except as otherwise expressly provided in this Agreement, all matters before the Board of Governors shall be decided by a majority of the voting power of the members voting.
3. In voting in the Board of Directors, each Director shall be entitled to cast the number of votes to which the Governors who have elected him or her are entitled and those to which any Governors who have assigned their votes to him or her, pursuant to section D or Annex B, are entitled. A Director representing more than one member may cast separately the votes of the members he or she represents. Except as otherwise expressly provided in this Agreement, and except for general policy decisions in which cases such policy decisions shall be taken by a majority of not less than two-thirds of the total voting power of the members voting, all matters before the Board of Directors shall be decided by a majority of the voting power of the members voting.

Article 30

The President

1. The Board of Governors, by a vote of a majority of the total number of Governors, representing not less than a majority of the total voting power of the members, shall elect a President of the Bank. The President, while holding office, shall not be a Governor or a Director of an Alternate for either.
2. The term of office of the President shall be four (4) years. He or she may be re-elected. He or she shall, however, cease to hold office when the Board of Governors so decides by an affirmative vote of not less than two-thirds of the Governors, representing not less than two-thirds of the total voting power of the members. If the office of the President for any reason becomes vacant, the Board of Governors, in accordance with the provisions of paragraph 1 of this Article, shall elect a successor for up to four (4) years.
3. The President shall not vote, except that he or she may cast a deciding vote in case of an equal division. He or she may participate in meetings of the Board of Governors and shall chair the meetings of the Board of Directors.
4. The President shall be the legal representative of the Bank.
5. The President shall be chief of the staff of the Bank. He or she shall be responsible for the organization, appointment and dismissal of the officers and staff in accordance with regulations to be adopted by the Board of Directors. In appointing officers and staff, he or she shall, subject to the paramount importance of efficiency and technical competence, pay due regard to recruitment on a wide geographical basis among members of the Bank.
6. The President shall conduct, under the direction of the Board of Directors, the current business of the Bank.

*Article 31***Vice-President(s)**

1. One or more Vice-Presidents shall be appointed by the Board of Directors on the recommendation of the President. A Vice-President shall hold office for such term, exercise such authority and perform such functions in the administration of the Bank, as may be determined by the Board of Directors. In the absence or incapacity of the President, a Vice-President shall exercise the authority and perform the functions of the President.
2. A Vice-President may participate in meetings of the Board of Directors but shall have no vote at such meetings, except that he or she may cast the deciding vote when acting in place of the President.

*Article 32***International character of the Bank**

1. The Bank shall not accept Special Funds or other loans or assistance that may in any way prejudice, deflect or otherwise alter its purpose or functions.
2. The Bank, its President, Vice-President(s), officers and staff shall in their decisions take into account only considerations relevant to the Bank's purpose, functions and operations, as set out in this Agreement. Such considerations shall be weighed impartially in order to achieve and carry out the purpose and functions of the Bank.
3. The President, Vice-President(s), officers and staff of the Bank, in the discharge of their offices, shall owe their duty entirely to the Bank and to no other authority. Each member of the Bank shall respect the international character of this duty and shall refrain from all attempts to influence any of them in the discharge of their duties.

*Article 33***Location of offices**

1. The principal office of the Bank shall be located in London.
2. The Bank may establish agencies or branch offices in the territory of any member of the Bank.

*Article 34***Depositories and channels of communication**

1. Each member shall designate its central bank, or such other institution as may be agreed upon with the Bank, as a depository for all the Bank's holdings of its currency as well as other assets of the Bank.
2. Each member shall designate an appropriate official entity with which the Bank may communicate in connection with any matter arising under this Agreement.

*Article 35***Publication of reports and provision of information**

1. The Bank shall publish an annual report containing an audited statement of its accounts and shall circulate to members at intervals of three (3) months or less a summary statement of its financial position and a profit and loss statement showing the results of its operations. The financial accounts shall be kept in ECU.
2. The Bank shall report annually on the environmental impact of its activities and may publish such other reports as it deems desirable to advance its purpose.
3. Copies of all reports, statements and publications made under this Article shall be distributed to members.

*Article 36***Allocation and distribution of net income**

1. The Board of Governors shall determine at least annually what part of the Bank's net income, after making provisions for reserves and, if necessary, against possible losses under paragraph 1 of Article 17 of this Agreement, shall be allocated to surplus or other purposes and what part, if any, shall be distributed. Any such decision on the allocation of the Bank's net income to other purposes shall be taken by a majority of not less than two-thirds of the Governors, representing not less than two-thirds of the total voting power of the members. No such allocation, and no distribution, shall be made until the general reserve amounts to at least ten (10) per cent of the authorized capital stock.
2. Any distribution referred to in the preceding paragraph shall be made in proportion to the number of paid-in shares held by each member; provided that in calculating such number, account shall be taken only of payments received in cash and promissory notes encashed in respect of such shares on or before the end of the relevant fiscal year.
3. Payments to each member shall be made in such manner as the Board of Governors shall determine. Such payments and their use by the receiving country shall be without restriction by any member.

CHAPTER VII

WITHDRAWAL AND SUSPENSION OF MEMBERSHIP: TEMPORARY SUSPENSION AND TERMINATION OF OPERATION*Article 37***Right of members to withdraw**

1. Any member may withdraw from the Bank at any time by transmitting a notice in writing to the Bank at its principal office.
2. Withdrawal by a member shall become effective, and its membership shall cease, on the

date specified in its notice but in no event less than six (6) months after such notice is received by the Bank. However, at any time before the withdrawal becomes finally effective, the member may notify the Bank in writing of the cancellation of its notice of intention to withdraw.

Article 38

Suspension of membership

1. If a member fails to fulfil any of its obligations to the Bank, the Bank may suspend its membership by decision of a majority of not less than two-thirds of the Governors, representing not less than two-thirds of the total voting power of the members. The member so suspended shall automatically cease to be a member one year from the date of its suspension unless a decision is taken by not less than the same majority to restore the member to good standing.
2. While under suspension, a member shall not be entitled to exercise any rights under this Agreement, except the right of withdrawal, but shall remain subject to all its obligations.

Article 39

Settlement of accounts with former members

1. After the date on which a member ceases to be a member, such former member shall remain liable for its direct obligations to the Bank and for its contingent liabilities to the Bank so long as any part of the loans, equity investments or guarantees contracted before it ceased to be a member are outstanding; but it shall cease to incur such liabilities with respect to loans, equity investments and guarantees entered into thereafter by the Bank and to share either in the income or the expenses of the Bank.
2. At the time a member ceases to be a member, the Bank shall arrange for the repurchase of such former member's shares as a part of the settlement of accounts with such former member in accordance with the provisions of this Article. For this purpose, the purchase price of the shares shall be the value shown by the books of the Bank on the date of cessation of membership, with the original purchase price of each share being its maximum value.
3. The payment for shares repurchased by the Bank under this Article shall be governed by the following conditions:
 - i) any amount due to the former member for its shares shall be withheld so long as the former member, its central bank or any of its agencies or instrumentalities remains liable, as borrower or guarantor, to the Bank and such amount may, at the option of the Bank be applied on any such liability as it matures. No amount shall be withheld on account of the liability of the former member resulting from its subscription for shares in accordance with paragraphs 4, 5 and 7 of Article 6 of this Agreement. In any event, no amount due to a member for its shares shall be paid until six (6) months after the date upon which the member ceases to be a member;

- ii) payments for shares may be made from time to time, upon their surrender by the former member, to the extent by which the amount due as the repurchase price in accordance with paragraph 2 of this Article exceeds the aggregate amount of liabilities on loans, equity investments and guarantees in sub paragraph (i) of this paragraph until the former member has received the full repurchase price;
 - iii) payments shall be made on such conditions and in such fully convertible currencies, or ECU, and on such dates, as the Bank determines; and
 - iv) if losses are sustained by the Bank on any guarantees, participation in loans, or loans which were outstanding on the date when the member ceased to be a member, or if a net loss is sustained by the Bank on equity investments held by it on such date, and the amount of such losses exceeds the amount of the reserves provided against losses on the date when the member ceased to be a member, such former member shall repay, upon demand, the amount by which repurchase the price of its shares would have been reduced if the losses had been taken into account when the repurchase price was determined. In addition, the former member shall remain liable on any call for unpaid subscriptions under paragraph 4 of Article 6 of this Agreement, to the extent that it would have been required to respond if the impairment of capital had occurred and the call had been made at the time the repurchase price of its shares was determined.
4. If the Bank terminates its operations pursuant to Article 41 of this Agreement within six (6) months of the date upon which any member ceases to be a member, all rights of such former members shall be determined in accordance with the provisions of Articles 41 to 43 of this Agreement.

Article 40

Temporary suspension of operations

In an emergency, the Board of Directors may suspend temporarily operations in respect of new loans, guarantees, underwriting, technical assistance and equity investments pending an opportunity for further consideration and action by the Board of Governors.

Article 41

Termination of operations

The Bank may terminate its operations by 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. Upon such termination of operations the Bank shall forthwith cease all activities, except those incident to the orderly realization, conservation and preservation of its assets and settlement of its obligations.

*Article 42***Liability of members and payments of claims**

1. In the event of termination of the operations of the Bank, the liability of all members for all uncalled subscriptions to the capital stock of the Bank shall continue until all claims of creditors; including all contingent claims, shall have been discharged.
2. Creditors on ordinary operations holding direct claims shall be paid first out of the assets of the Bank, secondly out of the payments to be made to the Bank in respect of unpaid paid-in shares, and then out of payments to be made to the Bank in respect of callable capital stock. Before making any payments to creditors holding direct claims, the Board of Directors shall make such arrangements as are necessary, in its judgment, to ensure a pro rata distribution among holders of direct and holders of contingent claims.

*Article 43***Distribution of assets**

1. No distribution under this Chapter shall be made to members on account of their subscriptions to the capital stock of the Bank until:
 - i) all liabilities to creditors have been discharged or provided for; and
 - ii) the Board of Governors has decided by a vote of not less than two-thirds of the Governors, representing not less than three-fourths of the total voting power of the members, to make a distribution.
2. Any distribution of the assets of the Bank to the members shall be in proportion to the capital stock held by each member and shall be effected at such times and under such conditions as the Bank shall deem fair and equitable. The shares of assets distributed need not be uniform as to type of assets. No member shall be entitled to receive its share in such a distribution of assets until it has settled all of its obligations to the Bank.
3. Any member receiving assets distributed pursuant to this Article shall enjoy the same rights with respect to such assets as the Bank enjoyed prior to their distribution.

CHAPTER VIII

STATUS, IMMUNITIES, PRIVILEGES AND EXEMPTIONS*Article 44***Purposes of chapter**

To enable the Bank to fulfil its purpose and the functions with which it is entrusted, the status, immunities, privileges and exemptions set forth in this Chapter shall be accorded to the Bank in the territory of each member country.

*Article 45***Status of the Bank**

The Bank shall possess full legal personality and, in particular, the full legal capacity:

- i) to contract;
- ii) to acquire, and dispose of, immovable and movable property; and
- iii) to institute legal proceedings.

*Article 46***Position of the Bank with regard to judicial process**

Actions may be brought against the Bank only in a court of competent jurisdiction in the territory of a country in which the Bank has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities. No actions shall, however, be brought by members or persons acting for or deriving claims from members. The property and assets of the Bank shall, wheresoever located and by whomsoever held, be immune from all forms of seizure, attachment or execution before the delivery of final judgment against the Bank.

*Article 47***Immunity of assets from seizure**

Property and assets of the Bank, wheresoever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of taking or foreclosure by executive or legislative action.

*Article 48***Immunity of archives**

The archives of the Bank, and in general all documents belonging to it or held by it, shall be inviolable.

*Article 49***Freedom of assets from restrictions**

To the extent necessary to carry out the purpose and functions of the Bank and subject to the provisions of this Agreement, all property and assets of the Bank shall be free from restrictions, regulations, controls and moratoria of any nature.

*Article 50***Privilege for communications**

The official communications of the Bank shall be accorded by each member the same treatment that it accords to the official communications of any other member.

*Article 51***Immunities of officers and employees**

All Governors, Directors, Alternates, officers and employees of the Bank and experts performing missions for the Bank shall be immune from legal process with respect to acts performed by them in their official capacity, except when the Bank waives this immunity, and shall enjoy inviolability of all their official papers and documents. This immunity shall not apply, however, to civil liability in the case of damage arising from a road traffic accident caused by any such Governor, Director, Alternate, officer, employee or expert.

*Article 52***Privileges of officers and employees**

1. All Governors, Directors, Alternates, officers and employees of the Bank and experts of the Bank performing missions for the Bank:
 - i) not being local nationals, shall be accorded the same immunities from immigration restrictions, alien registration requirements and national service obligations, and the same facilities as regards exchange regulations, as are accorded by members to the representatives, officials, and employees of comparable rank of other members; and
 - ii) shall be granted the same treatment in respect of travelling facilities as is accorded by members to representatives, officials and employees of comparable rank of other members.
2. The spouses and immediate dependants of those Directors, Alternate Directors, officers, employees and experts of the Bank who are resident in the country in which the principal office of the Bank is located shall be accorded opportunity to take employment in that country. The spouses and immediate dependants of those Directors, Alternate Directors, officers, employees and experts of the Bank who are resident in a country in which any agency or branch office of the Bank is located should, wherever possible, in accordance with the national law of that country, be accorded similar opportunity in that country. The Bank shall negotiate specific agreements implementing the provisions of this paragraph with the country in which the principal office of the Bank is located and, as appropriate, with the other countries concerned.

*Article 53***Exemption from taxation**

1. Within the scope of its official activities the Bank, its assets, property, and income shall be exempt from all direct taxes.
2. When purchases or services of substantial value and necessary for the exercise of the official activities of the Bank are made or used by the Bank and when the price of such purchases or services includes taxes or duties, the member that has levied the taxes or duties shall, if they are identifiable, take appropriate measures to grant exemption from such taxes or duties or to provide for their reimbursement.
3. Goods imported by the Bank and necessary for the exercise of its official activities shall be exempt from all import duties and taxes, and from all import prohibitions and restrictions. Similarly goods exported by the Bank and necessary for the exercise of its official activities shall be exempt from all export duties and taxes, and from all export prohibitions and restrictions.
4. Goods acquired or imported and exempted under this Article shall not be sold, hired out, lent or given away against payment or free of charge, except in accordance with conditions laid down by the members which have granted exemptions or reimbursements.
5. The provisions of this Article shall not apply to taxes or duties which are no more than charges for public utility services.
6. Directors, Alternate Directors, officers and employees of the Bank shall be subject to an internal effective tax for the benefit of the Bank on salaries and emoluments paid by the Bank, subject to conditions to be laid down and rules to be adopted by the Board of Governors within a period of one year from the date of entry into force of this Agreement. From the date on which this tax is applied, such salaries and emoluments shall be exempt from national income tax. The members may, however, take into account the salaries and emoluments thus exempt when assessing the amount of tax to be applied to income from other sources.
7. Notwithstanding the provisions of paragraph 6 of this Article, a member may deposit, with its instrument of ratification, acceptance or approval, a declaration that such member retains for itself, its political subdivisions or its local authorities the right to tax salaries and emoluments paid by the Bank to citizens or nationals of such member. The Bank shall be exempt from any obligation for the payment, withholding or collection of such taxes. The bank shall not make any reimbursement for such taxes.
8. Paragraph 6 of this Article shall not apply to pensions and annuities paid by the Bank.
9. No tax of any kind shall be levied on any obligation or security issued by the Bank, including any dividend or interest thereon, by whomsoever held:
 - i) which discriminates against such obligation or security solely because it is issued by the Bank, or
 - ii) if the sole jurisdictional basis for such taxation is the place or currency in which it is

issued, made payable or paid, or the location of any office or place of business maintained by the Bank.

10. No tax of any kind shall be levied on any obligation or security guaranteed by the Bank, including any dividend or interest thereon, by whomsoever held:
 - i) which discriminates against such obligation or security solely because it is guaranteed by the Bank, or
 - ii) if the sole jurisdictional basis for such taxation is the location of any office; place of business maintained by the Bank.

Article 54

Implementation of Chapter

Each member shall promptly take such action as is necessary for the purpose of implementing the provisions of this Chapter and shall inform the Bank of the detailed action which it has taken.

Article 55

Waiver of immunities, privileges and exemptions

The immunities, privileges and exemptions conferred under this Chapter are granted in the interest of the Bank. The Board of Directors may waive to such extent and upon such conditions as it may determine any of the immunities, privileges and exemptions conferred under this Chapter in cases where such action would, in its opinion, be appropriate in the best interests of the Bank. The President shall have the right and the duty to waive any immunity, privilege or exemption in respect of any officer, employee or expert of the Bank, other than the President, Vice-President, where, in his or her opinion, the immunity, privilege or exemption would impede the course of justice and can be waived without prejudice to the interests of the Bank. In similar circumstances and under the same conditions, the Board of Directors shall have the right and the duty to waive any immunity, privilege or exemption in respect of the President and each Vice-President.

CHAPTER IX

AMENDMENTS, INTERPRETATION, ARBITRATION

Article 56

Amendments

1. Any proposal to amend this Agreement, whether emanating from a member, a Governor or the Board of Directors, shall be communicated to the Chairman of the Board of Governors who shall bring the proposal before that Board. If the proposed amendment is approved by the Board the Bank shall, by any rapid means of communication, ask all members whether they accept the proposed amendment. When not less than three-fourths of the members

(including at least two countries from Central and Eastern Europe listed in Annex A), having not less than four-fifths of the total voting power of the members, have accepted the proposed amendment, the Bank shall certify that fact by formal communication addressed to all members.

2. Notwithstanding paragraph 1 of this Article:

- i) acceptance by all members shall be required in the case of any amendment modifying:
 - a) the right to withdraw from the Bank;
 - b) the rights pertaining to purchase of capital stock provided for in paragraph 3 of Article 5 of this Agreement;
 - c) the limitations on liability provided for in paragraph 7 of Article 5 of this Agreement; and
 - d) the purpose and functions of the Bank defined by Articles 1 and 2 of this Agreement;
- ii) acceptance by not less than three-fourths of the members having not less than eighty-five (85) per cent of the total voting power of the members shall be required in the case of any amendment modifying paragraph 4 of Article 8 of this Agreement.

When the requirements for accepting any such proposed amendment have been met, the Bank shall certify that fact by formal communication addressed to all members.

3. Amendments shall enter into force for all members three (3) months after the date of the formal communication provided for in paragraphs 1 and 2 of this Article unless the Board of Governors specifies a different period.

Article 57

Interpretation and application

1. Any question of interpretation or application of the provisions of this Agreement arising between any member and the Bank, or between any members of the Bank, shall be submitted to the Board of Directors for its decision. If there is no Director of its nationality in that Board, a member particularly affected by the question under consideration shall be entitled to direct representation in the meeting of the Board of Directors during such consideration. The representative of such member shall, however, have no vote. Such right of representation shall be regulated by the Board of Governors.
2. In any case where the Board of Directors has given a decision under paragraph 1 of this Article, any member may require that the question be referred to the Board of Governors, whose decision shall be final. Pending the decision of the Board of Governors, the Bank may, so far as it deems it necessary, act on the basis of the decision of the Board of Directors.

*Article 58***Arbitration**

If a disagreement should arise between the Bank and a member which has ceased to be a member, or between the Bank and any member after adoption of a decision to terminate the operations of the Bank, such disagreement shall be submitted to arbitration by a tribunal of three (3) arbitrators, one appointed by the Bank, another by the member or former member concerned, and the third, unless the parties otherwise agree, by the President of the International Court of Justice or such other authority as may have been prescribed by regulations adopted by the Board of Governors. A majority vote of the arbitrators shall be sufficient to reach a decision which shall be final and binding upon the parties. The third arbitrator shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

*Article 59***Approval deemed given**

Whenever the approval or the acceptance of any member is required before any act may be done by the Bank, except under Article 56 of this Agreement, approval or acceptance shall be deemed to have been given unless the member presents an objection within such reasonable period as the Bank may fix in notifying the member of the proposed act.

CHAPTER X

FINAL PROVISIONS*Article 60***Signature and deposit**

1. This Agreement, deposited with the Government of the French Republic (hereinafter called "the Depository"), shall remain open until 31 December 1990 for signature by the prospective members whose names are set forth in Annex A to this Agreement.
2. The Depository shall communicate certified copies of this Agreement to all the Signatories.

*Article 61***Ratification, acceptance or approval**

1. The Agreement shall be subject to ratification, acceptance or approval by the Signatories. Instruments of ratification, acceptance or approval shall, subject to paragraph 2 of this Article, be deposited with the Depository not later than 31 March 1991. The Depository shall duly notify the other Signatories of each deposit and the date thereof.
2. Any Signatory may become a party to this Agreement by depositing an instrument of ratification, acceptance or approval until one year after the date of its entry into force or, if

necessary, until such later date as may be decided by a majority of Governors, representing a majority of the total voting power of the members.

3. A Signatory whose instrument referred to in paragraph 1 of this Article is deposited before the date on which this Agreement enters into force shall become a member of the Bank on that date. Any other Signatory which complies with the provisions of the preceding paragraph shall become a member of the Bank on the date on which its instrument of ratification, acceptance or approval is deposited.

Article 62

Entry into force

1. This Agreement shall enter into force when instruments of ratification, acceptance or approval have been deposited by Signatories whose initial subscriptions represent not less than two thirds of the total subscriptions set forth in Annex A, including at least two countries from Central and Eastern Europe listed in Annex A.
2. If this Agreement has not entered into force by 31 March 1991, the Depository may convene a conference of interested prospective members to determine the future course of action and decide a new date by which instruments of ratification, acceptance or approval shall be deposited.

Article 63

Inaugural meeting and commencement of operations

1. As soon as this Agreement enters into force under Article 62 of this Agreement, each member shall appoint a Governor. The Depository shall call the first meeting of the Board of Governors within sixty (60) days of entry into force of this Agreement under Article 62 or as soon as possible thereafter.
2. At its first meeting, the Board of Governors:
 - i) shall elect the President;
 - ii) shall elect the Directors of the Bank in accordance with Article 26 of this Agreement;
 - iii) shall make arrangements for determining the date of the commencement of the Bank's operations; and
 - iv) shall make such other arrangements as appear to it necessary to prepare for the commencement of the Bank's operations.
3. The Bank shall notify its members of the date of commencement of its operations.

Done at Paris on 29 May 1990 in a single original, whose English, French, German and Russian texts are equally authentic, which shall be deposited in the archives of the Depository which shall transmit a duly certified copy to each of the other prospective members whose names are set forth in Annex A.

Annex A

Initial subscriptions to the authorized capital stock for prospective members which may become members in accordance with Article 61

	Number of shares	Capital subscription (in million ECU)
A - European Communities		
(a)		
Belgium	22,800	228.00
Denmark	12,000	120.00
France	85,175	851.75
Germany, Federal Republic of	85,175	851.75
Greece	6,500	65.00
Ireland	3,000	30.00
Italy	85,175	851.75
Luxembourg	2,000	20.00
Netherlands	24,800	248.00
Portugal	4,200	42.00
Spain	34,000	340.00
United Kingdom	85,175	851.75
(b)		
European Economic Community	30,000	300.00
European Investment Bank	30,000	300.00
B - Other European countries		
Austria	22,800	228.00
Cyprus	1,000	10.00
Finland	12,500	125.00
Iceland	1,000	10.00
Israel	6,500	65.00
Liechtenstein	200	2.00
Malta	100	1.00
Norway	12,500	125.00
Sweden	22,800	228.00
Switzerland	22,800	228.00
Turkey	11,500	115.00

C - Recipient countries		
Bulgaria	7,900	79.00
Czechoslovakia	12,800	128.00
German Democratic Republic	15,500	155.00
Hungary	7,900	79.00
Poland	12,800	128.00
Romania	4,800	48.00
Union of Soviet Socialist Republics	60,000	600.00
Yugoslavia	12,800	128.00
D - Non-European countries		
Australia	10,000	100.00
Canada	34,000	340.00
Egypt	1,000	10.00
Japan	85,175	851.75
Korea, Republic of	6,500	65.00
Mexico	3,000	30.00
Morocco	1,000	10.00
New Zealand	1,000	10.00
E - Non allocated shares	125	1.25
Total	1,000,000	10,000.00

(*) Prospective members are listed under the above categories only for the purpose of this Agreement. Recipient countries are referred to elsewhere in this Agreement as Central and Eastern European countries.

Annex B

Section A - Election of Directors by Governors representing Belgium, Denmark, France, the Federal Republic of Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, the United Kingdom, the European Economic Community and the European Investment Bank (hereinafter referred to as Section A Governors)

1. The provisions set out below in this Section shall apply exclusively to this Section.
2. Candidates for the office of Director shall be nominated by Section A Governors, provided that a Governor may nominate only one person. The election of Directors shall be by ballot of Section A Governors.
3. Each Governor eligible to vote shall cast for one person all of the votes to which the member appointing him or her is entitled under paragraphs 1 and 2 of Article 29 of this Agreement.

4. Subject to paragraph 10 of this Section, the 11 persons receiving the highest number of votes shall be Directors, except that no person who receives less than 4.5 per cent of the total of the votes which can be cast (eligible votes) in Section A shall be considered elected.
5. Subject to paragraph 10 of this Section, if 11 persons are not elected on the first ballot, a second ballot shall be held in which, unless there were no more than 11 candidates, the person who received the lowest number of votes in the first ballot shall be ineligible for election and in which there shall vote only:
 - a) those Governors who voted in the first ballot for a person not elected, and
 - b) those Governors whose votes for a person elected are deemed under paragraphs 6 and 7 below of this Section to have raised the votes cast for that person above 5.5 per cent of the eligible votes.
6. In determining whether the votes cast by a Governor are deemed to have raised the total votes cast for any person above 5.5 per cent of the eligible votes, the 5.5 per cent shall be deemed to include, first, the votes of the Governor casting the largest number of votes for such person, then the votes of the Governor casting the next largest number and so on, until 5.5 per cent is reached.
7. Any Governor, part of whose votes must be counted in order to raise the total of votes cast for any person above 4.5 per cent shall be considered as casting all of his or her votes for such person, even if the total votes for such person thereby exceed 5.5 per cent and shall not be eligible to vote in a further ballot.
8. Subject to paragraph 10 of this Section, if, after the second ballot, 11 persons have not been elected, further ballots shall be held in conformity with the principles and procedures laid down in this Section, until 11 persons have been elected, provided that, if at any stage 10 persons are elected, notwithstanding the provisions of paragraph 4 of this Section, the eleventh may be elected by a simple majority of the remaining votes cast.
9. In the case of an increase or decrease in the number of Directors to be elected by Section A Governors, the minimum and maximum percentages specified in paragraphs 4, 5, 6 and 7 of this Section shall be appropriately adjusted by the Board of Governors.
10. So long as any Signatory, or group of Signatories, whose share of the total amount of capital subscriptions provided in Annex A is more than 2.4 per cent, has not deposited its instrument or their instruments of ratification, approval or acceptance, there shall be no election for one Director in respect of each such Signatory or group of Signatories. The Governor or Governors representing such a Signatory or group of Signatories shall elect a Director in respect of each Signatory or group of Signatories, immediately after the Signatory becomes a member of the group of Signatories become members. Such Director shall be deemed to have been elected by the Board of Governors at its inaugural meeting, in accordance with paragraph 3 of Article 26 of this Agreement, if he or she is elected during the period in which the first Board of Directors shall hold office.

Section B - Election of Directors by Governors representing other countries

Section B (i) - Election of Directors by Governors representing those countries listed in Annex A as Central and Eastern European Countries (recipient countries)(hereinafter referred to as Section B (i) Governors)

1. The provisions set out below in this Section shall apply exclusively to this Section.
2. Candidates for the office of Director shall be nominated by Section B (i) Governors provided that a Governor may nominate only one person. The election of Directors shall be by ballot of Section B (i) Governors.
3. Each Governor eligible to vote shall cast for one person all of the votes to which the member appointing him or her is entitled under paragraphs 1 and 2 of Article 29 of this Agreement.
4. Subject to paragraph 10 of this Section, the 4 persons receiving the highest number of votes shall be Directors, except that no person who receives less than 12 per cent of the total of the votes which can be cast (eligible votes) in Section B (i) shall be considered elected.
5. Subject to paragraph 10 of this Section, if 4 persons are not elected on the first ballot, a second ballot shall be held in which, unless there were no more than 4 candidates, the person who received the lowest number of votes in the first ballot shall be ineligible for election and in which there shall vote only:
 - a) those Governors who voted in the first ballot for a person not elected, and
 - b) those Governors whose votes for a person elected are deemed under paragraphs 6 and 7 below of this Section to have raised the votes cast for that person above 13 per cent of the eligible votes.
6. In determining whether the votes cast by a Governor are deemed to have raised the total votes cast for any person above 13 per cent of the eligible votes, the 13 per cent shall be deemed to include, first, the votes of the Governor casting the largest number of votes for such person, then the votes of the Governor casting the next largest number and so on, until 13 per cent is reached.
7. Any Governor, part of whose votes must be counted in order to raise the total of votes cast for any person above 12 per cent shall be considered as casting all of his or her votes for such person, even if the total votes for such person thereby exceed 13 per cent and shall not be eligible to vote in a further ballot.
8. Subject to paragraph 10 of this Section, if, after the second ballot, four persons have not been elected, further ballots shall be held in conformity with the principles and procedures laid down in this Section, until four persons have been elected, provided that, if at any stage three persons are elected, notwithstanding the provisions of paragraph 4 of this Section, the fourth may be elected by a simple majority of the remaining votes cast.
9. In the case of an increase or decrease in the number of Directors to be elected by Section B (i) Governors, the minimum and maximum percentages specified in paragraphs 4, 5, 6 and 7 of this Section shall be appropriately adjusted by the Board of Governors.

10. So long as any Signatory, or group of Signatories, whose share of the total amount of capital subscriptions provided in Annex A is more than 2.8 per cent, has not deposited its instrument or their instruments of ratification, approval or acceptance, there shall be no election for one Director in respect of each such Signatory or group of Signatories. The Governor or Governors representing such a Signatory or group of Signatories shall elect a Director in respect of each Signatory or group of Signatories, immediately after the Signatory becomes a member or the group of Signatories become members. Such Director shall be deemed to have been elected by the Board of Governors at its inaugural meeting, in accordance with paragraph 3 of Article 26 of this Agreement, if he or she is elected during the period in which the first Board of Directors shall hold office.

Section B (ii) - Election of Directors by Governors representing those countries listed in Annex A as other European countries (hereinafter referred to as Section B (ii) Governors)

1. The provisions set out below in this Section shall apply exclusively to this Section.
2. Candidates for the office of Director shall be nominated by Section B (ii) Governors provided that a Governor may nominate only one person. The election of Directors shall be by ballot of Section B (ii) Governors.
3. Each Governor eligible to vote shall cast for one person all the votes to which the member appointing him or her is entitled under paragraphs 1 and 2 of Article 29 of this Agreement.
4. Subject to paragraph 10 of this Section, the four persons receiving the highest number of votes shall be Directors, except that no person who receives less than 20.5 per cent of the votes which can be cast (eligible votes) in section B (ii) shall be considered elected.
5. Subject to paragraph 10 of this Section, if four persons are not elected on the first ballot, a second ballot shall be held in which, unless there were no more than four candidates, the person who received the lowest number of votes in the first ballot shall be ineligible for election and in which there shall vote only:
 - a) those Governors who voted in the first ballot for a person not elected, and
 - b) those Governors whose votes for a person elected are deemed under paragraphs 6 and 7 below of this Section to have raised the votes cast for that person above 21.5 per cent of the eligible votes.
6. In determining whether the votes cast by a Governor are deemed to have raised the total votes cast for any person above 21.5 per cent of the eligible votes, the 21.5 per cent shall be deemed to include, first, the votes of the Governor casting the largest number of votes for such person, then the votes of the Governor casting the next largest number and so on, until 21.5 per cent is reached.
7. Any Governor, part of whose votes must be counted in order to raise the total of votes cast for any person above 20.5 per cent shall be considered as casting all of his or her votes for such person, even if the total votes for such person thereby exceed 21.5 per cent and shall not be eligible to vote in a further ballot.
8. Subject to paragraph 10 of this Section, if, after the second ballot, four persons have not been elected, further ballots shall be held in conformity with the principles and procedures laid down in this Section, until four persons have been elected, provided that, if at any

stage three persons are elected, notwithstanding the provisions of paragraph 4 of this Section, the fourth may be elected by a simple majority of the remaining votes cast.

9. In the case of an increase or decrease in the number of Directors to be elected by Section B (ii) Governors, the minimum and maximum percentages specified in paragraphs 4, 5, 6 and 7 of this Section shall be appropriately adjusted by the Board of Governors.
10. So long as any Signatory, or group of Signatories, whose share of the total amount of capital subscriptions provided in Annex A is more than 2.8 per cent, has not deposited its instrument or their instruments of ratification, approval or acceptance, there shall be no election for one Director in respect of each such Signatory or group of Signatories. The Governor or Governors representing such a Signatory or group of Signatories shall elect a Director in respect of each Signatory or group of Signatories, immediately after the Signatory becomes a member or the group of Signatories become members. Such Director shall be deemed to have been elected by the Board of Governors at its inaugural meeting, in accordance with paragraph 3 of Article 26 of this Agreement, if he or she is elected during the period in which the first Board of Directors shall hold office.

Section B (iii) - Election of Directors by Governors representing those countries listed in Annex A as Non-European countries (hereinafter referred to as Section B (iii) Governors)

1. The provisions set out below in this Section shall apply exclusively to this Section.
2. Candidates for the office of Director shall be nominated by Section B (iii) Governors provided that a Governor may nominate only one person. The election of Directors shall be by ballot of Section B (iii) Governors.
3. Each Governor eligible to vote shall cast for one person all of the votes to which the member appointing him or her is entitled under paragraphs 1 and 2 of Article 29 of the Agreement.
4. Subject to paragraph 10 of this Section, the four persons receiving the highest number of votes shall be Directors, except that no person who receives less than 8 per cent of the total of the votes which can be cast (eligible votes) in Section B (iii) shall be considered elected.
5. Subject to paragraph 10 of this Section, if four persons are not elected on the first ballot, a second ballot shall be held in which, unless there were not more than four candidates, the person who received the lowest number of votes in the first ballot shall be ineligible for election and in which there shall vote only:
 - a) those Governors who voted in the first ballot for a person not elected, and
 - b) those Governors whose votes for a person elected are deemed under paragraphs 6 and 7 below of this Section to have raised the votes cast for that person above 9 per cent of the eligible votes.
6. In determining whether the votes cast by a Governor are deemed to have raised the total votes cast for any person above 9 per cent of the eligible votes, the 9 per cent shall be deemed to include, first, the votes of the Governor casting the largest number of votes for such person, then the votes of the Governor casting the next largest number and so on, until 9 per cent is reached.

7. Any Governor, part of whose votes must be counted in order to raise the total of votes cast for any person above 8 per cent shall be considered as casting all of his or her votes for such person, even if the total votes for such person thereby exceed 9 per cent and shall not be eligible to vote in a further ballot.
8. Subject to paragraph 10 of this Section, if, after the second ballot, four persons have not been elected, further ballots shall be held in conformity with the principles and procedures laid down in this Section, until four persons have been elected, provided that, if at any stage three persons are elected, notwithstanding the provisions of paragraph 4 of this Section, the fourth may be elected by a simple majority of the remaining votes cast.
9. In the case of an increase or decrease in the number of Directors to be elected by Section B (iii) Governors, the minimum and maximum percentages specified in paragraphs 4, 5, 6, and 7 of this Section shall be appropriately adjusted by the Board of Governors.
10. So long as any Signatory, or group of Signatories, whose share of the total amount of capital subscriptions provided in Annex A is more than 5 per cent, has not deposited its instrument or their instruments of ratification, approval or acceptance, there shall be no election for one Director in respect of each such Signatory or group of Signatories. The Governor or Governors representing such a Signatory or group of Signatories shall elect a Director in respect of each Signatory or group of Signatories, immediately after the Signatory becomes a member or the group of Signatories become members. Such Director shall be deemed to have been elected by the Board of Governors at its inaugural meeting, in accordance with paragraph 3 of Article 26 of this Agreement, if he or she is elected during the period in which the first Board of Directors shall hold office.

Section C - Arrangements for the election of Directors representing countries not listed in Annex A

If the Board of Governors decides, in accordance with paragraph 3 of Article 26 of this Agreement, to increase or decrease the size, or revise the composition, of the Board of Directors, in order to take into account changes in the number of members of the Bank, the Board of Governors shall first consider whether any amendments are required to this Annex and may make any such amendments as it deems necessary as part of such decision.

Section D - Assignment of votes

Any Governor who does not participate in voting for the election or whose vote does not contribute to the election of a Director under Section A or Section B (i) or Section B (ii) or Section B (iii) of this Annex may assign the votes to which he or she is entitled to as elected Director, provided that such Governor shall first have obtained the agreement of all those Governors who have elected that Director to such assignments.

A decision by any Governor not to participate in voting for the election of a Director shall not affect the calculation of the eligible votes to be made under Section A, Section B (i), Section B (ii) or Section B (iii) of this Annex.

Letter from the Head of the Soviet Delegation

To the Chairman of the Conference on the
Establishment of the European Bank
for Reconstruction and Development

Mr. Chairman,

As you know, the initiative of the President of France, M. F. Mitterrand, to establish the European Bank for Reconstruction and Development for the purpose of facilitating the transition of Central and Eastern European countries towards market-oriented economies has found understanding and support on behalf of the Soviet authorities. The Soviet delegation participated in the sessions of talks on drafting the constituent documents of the Bank. As a result the constituent countries have reached considerable progress in drawing up the Agreement establishing the European Bank for Reconstruction and Development.

At the same time, certain difficulties largely stem from fears of a number of countries that due to the size of its economy the Soviet Union may become the principal recipient of credits of the Bank and therefore will narrow its capacity to extend aid to other Central and Eastern European Countries.

In this connection I would like to assure you, dear Mr. Chairman, that the intentions of the Soviet Union to become an equal member of the Bank account primarily for its will to establish a new institution of multilateral cooperation so as to foster historical reforms on the European continent.

I would like to inform you that my government is prepared to limit its access to the Bank's resources, pursuant to paragraph 4 of Article 8 of the Articles of Agreement of the Bank, for a period of three years starting from the entry into force of the Articles of Agreement of the Bank.

During that period, the Soviet Union wishes that the Bank will provide technical assistance and other types of assistance directed to finance its private sector, to facilitate the transition of state-owned enterprises to private sector ownership and control and to help enterprises operating competitively and moving to participation in the market-oriented economy, subject to the proportion set forth in paragraph 3 of Article 11 of this Agreement. The total amount of any assistance thus provided by the Bank would not exceed the total amount of the cash disbursed and the promissory notes issued by the Soviet Union for its shares.

I am confident that continuing economic reforms in the Soviet Union will inevitably promote the expansion of the Bank's activities into the territory of the Soviet Union. However, the USSR, being interested in securing the multilateral character of the Bank, will not choose that at any time in future the Soviet borrowings will exceed an amount consistent with maintaining the necessary diversity in the Bank's operations and prudent limits on its exposure.

SCH.1 [No. 3.]

*Finance (State Guarantees, International Financial
Institution Funds and Miscellaneous Provisions) Act 2024.*

[2024.]

Please accept, Mr. Chairman, the assurance of my highest consideration.

Head of Soviet Delegation
Chairman of the Board
of the State Bank of the USSR
Victor V. GERASHCHENKO”.

SCHEDULE 2

Section II

ARTICLES OF AGREEMENT OF THE COUNCIL OF EUROPE DEVELOPMENT BANK

“SCHEDULE 1

ARTICLES OF AGREEMENT OF THE COUNCIL OF EUROPE DEVELOPMENT BANK

*Article I***Establishment of the Bank**

A Council of Europe Development Bank (hereinafter called “the Bank”) shall be established.

The Bank shall be attached to the Council of Europe and administered under its supreme authority.

*Article II¹***Purpose**

a. The primary purpose of the Bank is to help in solving the social problems with which European countries are or may be faced as a result of the presence of refugees, displaced persons or migrants consequent upon movements of refugees or other forced movements of populations and as a result of the presence of victims of natural or ecological disasters.

The investment projects to which the Bank contributes may be intended either to help such people in the country in which they find themselves or to enable them to return to their countries of origin when the conditions for return are met or, where applicable, to settle in another host country. These projects must be approved by a Member of the Bank.

b. The Bank may also contribute to the realisation of investment projects approved by a Member of the Bank which enable jobs to be created in disadvantaged regions, people in low income groups to be housed or social infrastructure to be created.

*Article III***Membership of the Bank**

a. Any Member State of the Council of Europe may become a Member of the Bank by addressing a declaration to the Secretary General. This declaration shall contain acceptance of the present Articles of Agreement by the Government of the State concerned and the subscription by that Government of the number of participating certificates fixed in agreement with the Governing Board, in pursuance of Article IX, Section 3, paragraph 1, *litt. a.* of the Articles of Agreement.

¹ The text of this Article was adopted by the Committee of Ministers at the 496th meeting of the Ministers' Deputies by resolution (93) 22.

- b. A European State which is not a member of the Council of Europe may:
- i. either be admitted as a Member of the Bank upon such special conditions as the Bank shall lay down in each case, in accordance with the provisions of Article IX, Section 3, paragraph 1, *litt* b. A State in respect of which such a decision on admission has been made shall be able to become a Member of the Bank by depositing with the Secretary General of the Council of Europe an instrument stating that it accepts the present Articles of Agreement, subscribes the number of participating certificates fixed in agreement with the Governing Board, has taken the measures necessary to enable it to meet all the obligations resulting from the Articles of Agreement and has met all the admission conditions laid down by the Governing Board;
 - ii. or conclude with the Bank an association agreement upon such special conditions as the Bank may lay down in each case.
- c. Upon the conditions laid down by the Governing Board, international institutions with a European focus may also become Members of the Bank or conclude an association agreement.
- d. Any State becoming a Member of the Bank shall confirm, in its declaration or its instrument of acceptance of the Articles of Agreement, its intention:
- i. to accede at the earliest opportunity to the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe;
 - ii. pending such accession, to apply the legal arrangements resulting from the Protocol to the property, assets and operations of the Bank and to grant to the organs and staff of the Bank the legal status resulting from the Protocol.

Article IV

Obligations of Members

Section 1 – Participating certificates

The Bank shall issue for subscription by its Members participating certificates, expressed in terms of euros (EUR). Each certificate shall have the same nominal value of EUR 1,000. Members shall pay their subscriptions in euros.

Section 2 – Apportionment and paying up of participating certificates

- a. The table appended to the present Articles of Agreement lays down the percentage apportionment of the participating certificates offered for subscription by each Member of the Bank.
- b. The number of participating certificates to be held by new Members of the Bank shall be fixed in agreement with the Governing Board of the Bank, in accordance with Article IX, Section 3, paragraph 1, *litt*. a. and b. of the present Articles of Agreement.
- c. The minimum percentage of subscribed participating certificates to be paid up, and the dates of the relevant payments, shall be fixed by the Governing Board.

d. When the Bank's capital is increased, the Governing Board shall determine, upon uniform conditions for all Members, the percentage to be paid up and the corresponding payment dates.

Section 3 – *Limitation of liability*

No Member shall be liable to third parties for any obligation of the Bank.

Article V

Borrowing operations and contributions

For uses consistent with its purpose, the Bank may make borrowings. It may also carry out any other financial transactions useful for the achievement of its purpose under conditions laid down by the Administrative Council.

The Bank is empowered to receive contributions offered for specific purposes which come within its stated aims.

Article VI

Investments

The Bank's liquid assets, capital and reserves may be invested upon conditions to be fixed by the Administrative Council in accordance with the principles of sound financial management.

Article VII

The Bank's means of action

Section 1 – *Loans*

Loans made by the Bank shall be in one of the following forms:

- a. loans to Members of the Bank;
- b. loans guaranteed by a Member of the Bank granted to any legal person approved by that Member;
- c. loans granted to any legal person approved by a Member of the Bank, when the Administrative Council is satisfied that the loan requested is covered by adequate guarantees.

Section 2 – *Guarantees*

Upon conditions to be fixed by the Administrative Council in each case, the Bank may grant its guarantee to financial institutions approved by a Member for loans to further the realisation of the purposes set out in Article II.

Section 3 – *Trust account*

The Bank may open and manage trust accounts for receiving voluntary contributions

from its Members, from the Bank and from the Council of Europe.

Section 4 – *Interest rebate*

Loans may be accompanied by a full or partial interest rebate.

A proportion of the profits realised by the Bank and voluntary contributions by Members shall be used to subsidise the interest rate on certain loans upon conditions decided by the Administrative Council.

Section 5 – *Conditions for granting loans - Information to be provided*

The Administrative Council shall lay down the general conditions for granting loans and shall determine what information a borrower shall be required to furnish in support of its application.

Section 6 – *Default*

The Bank's transactions in favour of a Member or of a legal person as referred to in Section 1 above shall be suspended if the borrower, or failing the latter, the guarantor defaults on payments due in respect of loans or guarantees granted to it by the Bank.

Article VIII

Organisation, administration and supervision of the Bank

The organisation, administration and supervision of the Bank shall be divided between the following:

- the Governing Board,
- the Administrative Council,
- the Governor,
- the Auditing Board,

as provided in the following Articles.

Article IX

Governing Board

Section 1

The Governing Board shall consist of a Chairperson and one representative appointed by each Member. Each Member may appoint a substitute. The Secretary General of the Council of Europe may participate in or be represented at the meetings.

Section 2

The Governing Board is the supreme organ of the Bank; it shall be vested with all powers in respect of the Bank, save the right to change its purposes as stipulated in Article II of the Articles of Agreement.

Section 3

1. The Governing Board shall
 - a. determine the conditions upon which Council of Europe Member States become Members of the Bank;
 - b. authorise European States not members of the Council of Europe and international institutions with a European focus to become Members of the Bank and lay down the conditions for such authorisation and the number of participating certificates to be subscribed by such members;
 - c. adjust the apportionment of the capital among Members as shown in the table appended to the present Articles of Agreement;
 - d. increase or reduce the authorised capital and fix the proportion of the subscribed shares to be paid up and the dates by which payment must be made;
 - e. ensure compliance with the aims stated in the Articles of Agreement;
approve the Bank's annual report, accounts and other financial statements;
provide general guidelines concerning the institution's activity;
 - f. suspend or terminate the Bank's operations and, in the event of liquidation, distribute its assets;
 - g. suspend a Member;
 - h. amend these Articles of Agreement, without, however, making any change in their stated aims;
 - i. interpret these Articles of Agreement and determine any appeals against decisions concerning the interpretation or application of the Articles of Agreement;
 - j. authorise the conclusion of general agreements on co-operation with other international organisations;
 - k. elect the Chairperson of the Governing Board and the Chairperson of the Administrative Council;
 - l. appoint the Governor and, as necessary, on a proposal by the Governor, one or more Vice-Governors, one of whom shall replace the Governor in the latter's absence, and remove them from their posts and accept their resignation;
 - m. appoint the members of the Auditing Board;
 - n. appoint the external auditor and lay down his terms of reference;
 - o. draw up its Rules of Procedure;
 - p. exercise such other powers as are expressly assigned to the Governing Board in these Articles of Agreement.
2. The Governing Board shall make its decisions regarding *litt.* d. and f. on a proposal by the Administrative Council, and on *litt.* c., m. and n., after hearing the latter. The Administrative

Council shall give its opinion on all other decisions with financial consequences.

3. All powers other than those set forth in Section 3 paragraph 1 above shall be delegated to the Administrative Council.

The powers delegated to the Administrative Council in these Articles of Agreement may be reassumed only in exceptional circumstances and for a specified period.

4. The Governing Board shall meet once a year. It may, if necessary, hold additional meetings.

5. The Governing Board may when necessary invite representatives of international organisations or any other interested person to participate in its proceedings without the right to vote.

Section 4

a. Decisions taken by the Governing Board at its meetings shall be valid only if two-thirds of its Members' representatives are present.

Decisions shall be taken by voting. Only votes in favour and against shall count for the purpose of calculating majorities.

b. Decisions may also be taken in writing between meetings.

c. Each Member of the Bank shall have one vote for each participating certificate held by it.

d. Any Member which has failed to pay on time the part of the capital falling due may not, for as long as such non-payment persists, exercise the voting rights corresponding to the sum due and not paid up.

e. Decisions shall be reached by a majority of the Members voting in favour or against and holding two-thirds of the votes cast.

f. A majority of three-quarters of the Members voting in favour or against and holding three quarters of the votes cast, shall be required for:

- the decision provided for in Section 3. paragraph 3. of this Article;
- adjustments to the apportionment table appended to these Articles of Agreement not resulting from the admission of new Members which are made pursuant to Section 3. paragraph 1. *litt. c.*

g. The decisions referred to in Section 3. paragraph 1. *litt. f.* and *h.* shall be taken by a unanimous vote of the Members casting a vote.

Section 5

a. The Governing Board shall be chaired by a Chairperson elected by it for a three-year term.

The outgoing Chairperson may be re-elected for a further three-year term. Each Member of the Bank is entitled to present a candidate.

The Chairperson shall be responsible for political relations with officials of the States,

the Council of Europe and other international institutions, in close co-operation with the Governor.

The Chairperson shall keep the Committee of Ministers and the Parliamentary Assembly regularly informed of the Bank's activities; he/she shall, inter alia, forward the Governor's report to the Committee of Ministers and maintain all other necessary contacts with the Council of Europe.

Article X

Administrative Council¹

Section 1

The Administrative Council is vested with all the powers delegated to it by the Governing Board in pursuance of Article IX.

Section 2

a. The Administrative Council shall consist of a Chairperson appointed by the Governing Board for a three-year term, renewable for a second three-year term, and one representative appointed by each Member. Each Member may appoint a substitute. The Secretary General of the Council of Europe may participate in or be represented at the meetings.

b. The Administrative Council shall be convened by its Chairperson or at the request of five of its members at least four times a year.

c. The Administrative Council may, when necessary, invite representatives of international organisations or any other interested person to participate in its proceedings without the right to vote.

Section 3

a. Decisions of the Administrative Council at its meetings shall be valid only if two-thirds of its Members' representatives are present.

b. Each Member shall have one vote for each participating certificate held by it.

Decisions shall be taken by a majority vote. Only votes in favour or against shall count for the purpose of calculating the majority or majorities.

c. Decisions may also be taken in writing between meetings.

d. Any Member which has failed to pay on time the part of the capital falling due may not, for as long as such non-payment persists, exercise the voting rights corresponding to the sum due and not paid up.

e. However, the Administrative Council shall adopt the following decisions by a majority of its members voting in favour or against and by a majority of votes cast:

- i) proposals and opinions addressed to the Governing Board in accordance with Article IX, Section 3. paragraph 1 litt. c., d., f., m. and n.;

¹ Modified by the Governing Board by its Resolution 384 adopted at the 196th meeting (Paris, 26 November 2010)

- ii) adoption or amendment of the Rules of Procedure of the Administrative Council;
- f. Furthermore, the Administrative Council shall take by a majority of Members voting in favour or against and holding two-thirds of the votes cast decisions relating to investment projects which have not received the opinion as to admissibility referred to in Article XIII, *litt. c.* of the Articles of Agreement.

Section 4

The Administrative Council may at any time appoint committees from among its members and delegate to such committees powers to be specified in each case.

Article XI

Governor¹

Section 1 – *Functions of the Governor*

- a. The Governor shall be the legal representative of the Bank. He/She shall be the head of the Bank's operational services and shall conduct day-to-day business on the instructions of the Administrative Council. In accordance with Articles V and VII, he/she shall not contract any financial obligations without the authorisation of the Administrative Council. Under the general supervision of the Administrative Council, he/she shall be responsible for the organisation of the operational services and for the appointment and dismissal of the staff of the Bank, within the framework of the regulations adopted by the Administrative Council.
- b. The Governor shall be appointed for a term of five years renewable once. The amount of his/her salary shall be fixed by the Administrative Council.
- c. In the performance of their duties, the Governor, the Vice-Governors and staff must devote themselves fully to the service of the Bank, to the exclusion of any other activity. Each Member shall respect the international character of the task of the Governor, Vice-Governors and staff of the Bank and refrain from any attempt to influence these persons.
- d. The Council of Europe Staff Regulations shall be applicable to the staff of the Bank in any matter not covered by a specific decision of the Administrative Council.

Section 2 – *Vice-Governor(s)*

- a. The Governor shall be assisted by one or more Vice-Governors. The Governor shall designate a Vice-Governor Delegate who shall replace him/her in case of absence or incapacity. The Governor shall determine the responsibilities of the Vice-Governors taking into account the post descriptions approved by the Administrative Council.
- b. The Vice-Governor(s) shall be appointed by the Governing Board on a proposal from the Governor, following an opinion on conformity from the Administrative Council and after consultations with the members of the Governing Board.
- c. On a proposal from the Governor, the Administrative Council shall approve the post description(s) of the Vice-Governor(s).

¹ Modified by the Governing Board by its Resolution 384 adopted at the 196th meeting (Paris, 26 November 2010)

d. The Vice-Governor(s) shall be appointed for a term of five years renewable once. The amount of their salary shall be fixed by the Administrative Council.

Section 3 – *Reports to the Administrative Council*

The Governor shall give his/her opinion to the Administrative Council on the technical and financial aspects of investment projects submitted to the Bank.

The Governor shall submit to the Administrative Council regular reports on the position of the Bank and on proposed transactions and shall supply it with any information it may request.

The Governor shall draw up a full annual report on all operations effected during the year. This report shall be accompanied by the balance sheet of the Bank and the operational accounts, together with the Auditing Board's report on these documents.

Article XII

Auditing Board

The Auditing Board shall consist of three members appointed pursuant to Article IX, Section 3. litt m. for their competence in economic and financial matters. They shall act completely independently.

The Auditing Board shall inspect the Bank's accounts and verify that the operational accounts and balance sheet are in order.

In its annual report, the Auditing Board shall certify that the balance sheet and operational accounts accord with the books, that they give an accurate and true picture of the state of the Bank's affairs as at the end of each financial period and that the Bank is being managed according to the principles of sound financial management.

The Board shall receive copies of any documents useful to it in its work, such as the reports of the external and internal auditors. At the request of the organs of the Bank, the Board shall perform any other task pertaining to the supervision of the Bank's financial activity.

Article XIII

Council of Europe

a. With a view to ensuring relations with the Council of Europe, the Committee of Ministers and Parliamentary Assembly of the Council of Europe shall be regularly informed of the Bank's activities. The Governing Board shall state a position on the recommendations and opinions of the Committee of Ministers and Parliamentary Assembly transmitted to it.

b. The Secretary General of the Council of Europe shall participate in, or may be represented at, meetings of the Governing Board and Administrative Council, without the right to vote.

He/She shall carry out any duty entrusted to him in pursuance of the present Articles of Agreement or of the Third Protocol to the General Agreement on Privileges and Immunities of

the Council of Europe. In this connection he/she shall place the requisite staff at the disposal of the Bank.

He/She may perform any other duty entrusted to him/her by the Organs of the Bank in accordance with the provisions of the Partial Agreement on the Council of Europe Development Bank.

c. Applications for loans or guarantees shall be submitted to the Administrative Council after receipt of the Secretary General's opinion as to admissibility based on the project's conformity with the political and social aims of the Council of Europe.

Article XIV

Headquarters

The principal office of the Bank shall be at Strasbourg, France. The headquarters of the operational services shall be in Paris and may be changed only by a decision of the Governing Board and an identically worded decision of the Administrative Council.

Article XV

Withdrawal of Members; Suspension of operations and liquidation of the Bank¹

Section 1 – Withdrawal of Members

Any Member may withdraw from the Bank on giving notice of six months prior to the end of the current calendar year. The withdrawal shall become effective on 31 December following the notice. Any notice given less than six months before the end of the current calendar year shall only become effective on 31 December of the subsequent calendar year. The Member may notify the Bank in writing of the cancellation of its notice of intention to withdraw at any time before the withdrawal becomes effective.

Section 2 – Settlement of accounts with former Members

a. After the date on which a Member ceases to be a Member, such former Member shall remain liable for its obligations to the Bank so long as any part of the loans or guarantees extended before it ceased to be a Member are outstanding; but it shall cease to incur such liabilities with respect to loans and guarantees entered into thereafter by the Bank and to share either in the income or expenses of the Bank.

b. At the time the Member ceases to be a Member, the Bank shall arrange for the repurchase of such former Members' participating certificates as a part of the settlement of accounts with such former Member in accordance with the provisions of this Article. For this purpose, the purchase price of the certificates shall correspond to the paid-up capital plus reserves as shown by the books of the Bank on the date of cessation of membership.

c. The payment for participating certificates repurchased by the Bank under this Article shall be governed by the following conditions:

i) any amount due to the former Member for its certificates shall be withheld so long as

¹ Modified by the Governing Board by its Resolution 394 adopted at the 200th meeting (Paris, 25 November 2011).

the former Member, any of its agencies or instrumentalities remains liable, as borrower or guarantor, to the Bank and such amount may, at the option of the Bank be applied on any such liability as it matures. In any event, no amount due to a Member for its certificates shall be paid until six (6) months after the date upon which the Member ceases to be a Member;

- ii) payments for certificates may be made from time to time until the former Member has received the full repurchase price, to the extent by which the amount due as the repurchase price, in accordance with paragraph b of this Section, exceeds the aggregate amount of liabilities on loans and guarantees as set forth in sub paragraph (i) above;
 - iii) payments shall be made in euros on such conditions and dates as the Governing Board determines; and
 - iv) if losses are sustained by the Bank on any loans or guarantees which were outstanding on the date the Member State's withdrawal becomes effective, and if the amount of such losses exceeds the amount, at that date, of the provisions provided against losses on the date the Member State's withdrawal becomes effective, such former Member shall repay, upon demand, the amount by which repurchase price of its certificates would have been reduced if the losses had been taken into account when the repurchase price was determined. In addition, the former Member shall remain liable on any call for unpaid subscriptions, to the extent that it would have been required to respond had the call been made at the latest on the date the repurchase price of its certificates was determined.
- d. if the Bank terminates its operations pursuant to Section 4 of this Article within six (6) months of the date upon which any Member ceases to be a Member, all rights of such former Members shall be determined in accordance with the provisions of this same Section.

Section 3 – *Suspension of operations*

Should the Governing Board decide upon the suspension of activities, the Bank shall cease all loan and guarantee operations.

Section 4 – *Liquidation of the Bank*

Should the Governing Board decide upon the termination of operations, the Bank shall forthwith cease all activities except those incidental to the settlement of its obligations and the realisation, conservation and preservation of its assets.

After all liabilities of the Bank, including satisfaction of rights upon distribution which may previously have been granted by the Bank upon accepting contributions under Article V, have been discharged or provided for, the Members of the Bank shall adopt a plan for the distribution of assets which shall be based on the following principles:

- a. No Member of the Bank against which the Bank has an unsatisfied claim shall be eligible to participate in the distribution under the plan until it has regularised its position;
- b. Priority shall be given to using the Bank's net assets to reimburse to Members the sums paid by them in pursuance of Article IV, in proportion to the number of certificates paid up.

Any excess of the Bank's net assets over the aggregate total of such distributed shares shall be allotted to all Members of the Bank in proportion to the number of participating certificates held by each;

c. Should there be net liabilities, they shall be distributed among the Members of the Bank in proportion to the number of participating certificates held by each. Each Member will be required to pay its share to the Bank, less the certificates paid up and up to a maximum of the certificates subscribed.

Article XVI

Interpretation of the present Articles of Agreement

Any decision of the Administrative Council involving the interpretation of the present Articles of Agreement may be referred to the Governing Board at the request of any Member. Until such time as the Governing Board has made a ruling, the Bank may, to the extent it deems it necessary, act on the basis of the decision of the Administrative Council.

Article XVII

Notifications

The Secretary General of the Council of Europe shall notify the Members of the Bank and the Governor of:

- a) the deposit of any declaration or instrument of acceptance of these Articles of Agreement;
- b) any document amending these Articles of Agreement.

The Secretary General of the Council of Europe shall forward a certified copy of these Articles of Agreement to each Member State of the Council of Europe and to every other Member of the Bank.

[2024.]

*Finance (State Guarantees, International Financial
Institution Funds and Miscellaneous Provisions) Act 2024.*

[No. 3.]

SCHEDULE 3

Section 12

GUARANTEE AGREEMENT TO BE ENTERED INTO BETWEEN THE STATE AND THE EUROPEAN COMMISSION PURSUANT
TO ARTICLE 10 OF DECISION 2022/1628 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 20
SEPTEMBER 2022

THE EUROPEAN COMMISSION

AND

IRELAND

**GUARANTEE AGREEMENT PURSUANT TO ARTICLE 10 OF EUROPEAN
PARLIAMENT AND COUNCIL DECISION (EU) 2022/1628**

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THIS GUARANTEE AGREEMENT is between

- (1) Ireland, (“**Guarantor**”); and
- (2) The European Commission (“**the Commission**”)

Respectively a Party to this agreement.

WHEREAS

- (A) Decision (EU) 2022/1201 of the European Parliament and of the Council of 12 July 2022 providing exceptional macro-financial assistance to Ukraine (“**Decision (EU) 2022/1201**”) permits the Union, under circumstances contained therein, to make available exceptional macro-financial assistance of a maximum amount of EUR 1 000 000 000 to Ukraine in the form of a loan.
- (B) Decision (EU) 2022/1628 of the European Parliament and of the Council of 20 September 2022 providing exceptional macro-financial assistance to Ukraine, reinforcing the common provisioning fund by guarantees by the Member States and by specific provisioning for some financial liabilities related to Ukraine guaranteed under Decision No 466/2014/EU, and amending Decision (EU) 2022/1201 (“**Decision (EU) 2022/1628**”) complements Decision (EU) 2022/1201 by permitting the Union, under circumstances contained therein, to make available further exceptional macro-financial assistance of a maximum amount of EUR 5 000 000 000 to Ukraine in the form of loans.
- (C) The detailed financial terms of the exceptional macro-financial assistance provided under Decision (EU) 2022/1201 and Decision (EU) 2022/1628 are laid down in the respective loan agreements concluded between the Commission and Ukraine (each one being a “**Loan Agreement**”).
- (D) Decision (EU) 2022/1201 and Decision (EU) 2022/1628 have empowered the Commission on behalf of the Union to borrow on the capital markets or from financial institutions in order to finance the exceptional macro-financial assistance to Ukraine (“**Borrowings**”).
- (E) In the event of a partial or total non-payment under a Loan Agreement, the Union risks not having sufficient resources under current budgetary planning to fulfil the payment obligations arising from the Borrowings.
- (F) Decision (EU) 2022/1628 provides that the Member States of the European Union (together called the “**Guarantors**”) may complement the provisioning in respect of macro-financial assistance kept in the Common Provisioning Fund, by providing guarantees up to the total amount of EUR 3 660 000 000 in respect of the Union’s exceptional macro-financial assistance to Ukraine under Article 1 of Decision (EU) 2022/1628 and under Decision (EU) 2022/1201. These guarantees shall be irrevocable, unconditional and on-demand. Article 9(2) of Decision (EU) 2022/1628 provides that the Commission is to conclude an agreement with a contributing Member State on the irrevocable, unconditional and on-demand guarantee (a “**Guarantee Agreement**”). Article 10 provides for the essential elements of those guarantee agreements.
- (G) Decision (EU) 2022/1628 provides that contributions by Member States in the form of guarantees are needed as an additional layer of protection for the Union budget in addition to 9% provisioning already foreseen in the budget. Analysis of the probability of default

and loss-given-default has identified an additional coverage of 61% of the value of the loans as a sound and conservative additional layer of protection for these loans. The share of each Member State in this additional guarantee corresponds to the relative share of that Member State in the total gross national income of the Union as resulting from the 2022 budget, and the nominal amounts of each Member State guarantee are set out in Schedule 1 to this agreement.

- (H) The ability to call resources from Member States for these amounts is needed to cater for a situation in which the Union would not receive a payment from Ukraine of the macro-financial assistance granted under Decision (EU) 2022/1201 and Decision (EU) 2022/1628 in time to meet the Union's financial obligations arising from bonds issued to finance the loans, or in case the payment schedule of the loans granted under this Decision and Decision (EU) 2022/1201 were to be modified. The Commission would call on a guarantee only if future losses on the new macro-financial assistance to Ukraine exceed the available provisioning set aside in respect of macro-financial assistance under Decision (EU) 2022/1201 and under Decision (EU) 2022/1628 once the overall amounts of initial provisioning set aside in the Common Provisioning Fund in respect of financial liability arising from the covered MFAs have been or are to be drawn down.
- (I) Decision (EU) 2022/1201 and Decision (EU) 2022/1628 provide that Ukraine may request an interest rate subsidy and coverage of the administrative costs by the Union in respect of the exceptional macro-financial assistance under that Decision, with an envelope being provided for the MFF 2021-27. Non-repayment of interest during this period will therefore not result in calls on the guarantees, as they are already covered by the budget, provided that Ukraine is granted the interest rate subsidy and coverage of the administrative costs by the Union.
- (J) The exceptional macro-financial assistance under the Loan Agreements and guaranteed under this Guarantee Agreement should be disbursed in instalments each of which may be disbursed in one or more tranches and funded by bonds issued with a range of long term maturities. The information, monitoring and reporting obligations under the Financial Regulation will apply in respect of the macro-financial assistance under the Loan Agreements and the related provisioning held in the Common Provisioning Fund.
- (K) Each Member State of the European Union remains fully and individually liable for the commitments that it has made under a Guarantee Agreement.

1. GUARANTEE AND INDEMNITY

1.1 Guarantee

The Guarantor hereby unconditionally and irrevocably guarantees to the Union the due and punctual payment on demand of up to 100 per cent of its contribution (the “**Guaranteed Contribution**”) and accordingly undertakes to pay to the Union, within 20 (twenty) Business Days of receiving a written demand from the Commission in accordance with this Guarantee Agreement (a “**Demand**”) up to 100 per cent of its Guaranteed Contribution.

- 1.2 This Guarantee Agreement is solely related to Borrowings, and the associated Loan Agreements, that are authorised by Decision (EU) 2022/1201 and Decision (EU) 2022/1628. Any other Union borrowings on capital markets and with financial institutions,

and other loan agreements, shall not give rise to any claim or liability under this Guarantee Agreement.

- 1.3 The Guaranteed Contribution of the Guarantor is equal to the value set out in column “Amount (EUR)” next to the Guarantor's name in the Schedule attached to this Guarantee Agreement. The Guarantee Contribution Key of the Guarantor is equal to the share indicated in the column “GNI Key” set out next to the Guarantor's name in the Schedule to this Guarantee Agreement.
- 1.4 The cumulative total value of any or all Demanded Amounts (as defined by Clause 1.6) on the Guarantor may never exceed the Guaranteed Contribution of the Guarantor. The Guarantor shall not be liable to pay an amount in excess of its Guaranteed Contribution.
- 1.5 The obligations of the Guarantor under this Guarantee Agreement and of other Guarantors under their respective Guarantee Agreements are several only.
- 1.6 A Demand under this Guarantee may be made by the Commission at any time before or after a principal payment, or where relevant, an interest payment or any other amount is due under Borrowings (together the “**Amount Due**”), if:
 - (i) the Union (for whatsoever reason) has not received in full a payment as and when due under a Loan Agreement or it is notified by Ukraine or becomes aware that Ukraine will not make or will not be able to make payment in full under such a Loan Agreement as and when such payment is due, or that the payment schedule established in a Loan Agreement has been or is to be modified for whatsoever reason; and
 - (ii) the Commission has informed or informs the Guarantor that the overall amounts of the initial, or subsequently replenished, provisioning set aside in the Common Provisioning Fund authorised under Decision (EU) 2022/1628 in respect of macro-financial assistance to Ukraine authorised under Decision (EU) 2022/1201 and Decision (EU) 2022/1628 has been or will be fully drawn down.

In such an event, the Commission shall at its sole discretion determine an amount to be called from the Guarantors (“**Amount of the Call**”), up to the total amount of the maximum Guaranteed Contributions, in order to ensure that the Union has sufficient resources to fulfil the payment obligations arising from the Borrowings, in accordance with the principle of sound financial management. In particular, in determining the Amount of the Call, the Commission shall aim at having sufficient resources to pay the Amount Due and at the replenishment of the Common Provisioning Fund to reach up to the level of paid in provisioning provided for under Article 11(1) second sentence of Decision (EU) 2022/1628.

The Commission shall make Demands on all Guarantors. The Demands shall be pro rata to the relative share of each Guarantor in the Guarantee Contribution Key.

Any Demand shall specify the Amount Due, the extent to which amounts set aside in the Common Provisioning Fund have been or will be drawn, and the Amount of the Call, and shall request in writing the Guarantor to transfer an amount equal to its Guarantee Contribution Key of the Amount of the Call (such amount being the “**Demanded Amount**”), in cleared funds to the account referred to in Clause 1.8. The Demanded

Amount shall comply with Clause 1.4. The Guarantor unconditionally and irrevocably guarantees to the Commission the due and punctual payment of the Demanded Amount on demand and the Guarantor shall transfer the Demanded Amount in accordance with the terms of such Demand. The transfer shall occur within 20 (twenty) Business Days of receiving the Demand from the Commission. The Guarantor, which failed to honour the Demand, shall remain liable to honour it.

- 1.7 The Commission shall reimburse the Guarantor from amount(s) recovered by the Commission in respect of the Loan Agreement(s) in a proportion to the Demanded Amounts paid by the Guarantor in the Amount(s) of Call(s). The sum of amounts reimbursed to the Guarantor shall not exceed the sum of Demanded Amounts paid by the Guarantor.

For the purposes of reimbursement, the Commission shall by notice request payment details of the Guarantor and upon their receipt reimburse the Guarantor within ten (10) Business Days for any amount provided under the respective Demand.

- 1.8 Payments under this Guarantee Agreement shall be made to the account as identified in each Demand.
- 1.9 The Guarantor is not entitled to set-off or deduct any amounts owed to it by the Union from any payments due by the Guarantor under this Guarantee Agreement.

2. PRESERVATION OF RIGHTS

2.1 Continuing obligations

The obligations of the Guarantor herein contained shall constitute and be continuing obligations notwithstanding any settlement of account or other matter or thing whatsoever and shall not be considered satisfied by any intermediate payment or satisfaction of all or any of the Union's obligations under or in respect of any Borrowings and shall continue in full force and effect for so long as and until all sums due from the Union in respect of the Borrowings have been paid, and all other actual or contingent obligations of the Union thereunder or in respect thereof have been satisfied, in full provided that each Guarantor shall only be liable for its Guaranteed Contribution.

2.2 Obligations not discharged

The obligations of the Guarantor herein contained shall not be discharged, impaired or otherwise affected by:

2.2.1 *Indulgence, Waivers or Consents*: time or other indulgence or any waiver or consent being granted or agreed to be granted to the Union or to the Commission in respect of any of its obligations under or in respect of any Borrowings and/or Loan Agreement; or

2.2.2 *Amendment*: any amendment, novation, supplement, extension, (whether of maturity or otherwise) or restatement (in each case, however fundamental and of whatsoever nature) or replacement, waiver or release of, any obligation of the Union under or in respect of any Borrowings or any security or other guarantee or indemnity in respect thereof including without limitation any extension of or any increase of the obligations of the Union in respect of any Borrowings or the addition of any new

obligations for the Union provided that none of the foregoing shall result in any increase of the Guarantor's liability under this Guarantee Agreement.

2.3 *Pari passu*

The Guarantor undertakes that its obligations hereunder will at all times rank *pari passu* with all other present and future, direct, unconditional, unsubordinated and unsecured obligations of such Guarantor.

2.4 Subrogation of Guarantor's Rights

Acknowledging that this Guarantee Agreement does not guarantee the repayment of the Loan Agreements, the Guarantor acknowledges that it is not entitled to any rights of subrogation.

3. INFORMATION UNDERTAKINGS

3.1 The Commission shall inform the General Secretariat of the Council of the European Union of the signature of the Guarantee Agreement.

3.2 The Commission shall immediately notify the Guarantors of becoming aware of any event that may reasonably be expected to result in a call under the Guarantee Agreement.

3.3 The Commission shall inform Guarantors on the outstanding claims under Loan Agreements and liabilities under Borrowings (including the planned interest and principal payments) in respect of macro-financial assistance under Decision (EU) 2022/1201 and under Decision (EU) 2022/1628 on a quarterly basis.

4. BENEFIT OF THE GUARANTEE AGREEMENT

4.1 Benefit

The Guarantor shall honour this Guarantee Agreement on demand.

4.2 Assignment

The Guarantor shall not be entitled to assign or transfer all or any of their rights, benefits and obligations hereunder.

5. EXPIRY OF THE GUARANTEE

5.1 Subject to Clause 5.2, this Guarantee Agreement shall expire on the date (the “**Expiration Date**”) which is the earlier of (i) the date when all Borrowings have been irrevocably paid in full, no further Borrowings may be issued under Decision (EU) 2022/1628, and any and all obligations of the Guarantor have been fully and irrevocably paid and (ii) 31 December 2058.

5.2 In the event of any Demand under this Guarantee Agreement, the obligation of the Commission to reimburse the Guarantor from amounts recovered in line with Clause 1.7 shall continue until there is a reimbursement in full notwithstanding the occurrence of the Expiration Date.

6. INTERPRETATION IN CONFORMITY AND PARTIAL INVALIDITY

All provisions hereof shall be interpreted, in case of doubt, so that they are in conformity

with the governing law. If at any time any provision hereof is or becomes illegal, invalid or unenforceable under the governing law, the legality, validity or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

7. NOTICES

7.1 Address for notices

All notices, demands and other communications to the Guarantor hereunder shall be made in writing (by letter, fax, or e-mail) and shall be sent to the Guarantor at:

[...]

[...]

[...]

Fax: [...]

E-mail: [...]

Attention: [...]

With a copy to: European Commission

Fax: BUDG-Fax-E2@ec.europa.eu

E-mail: budg-e-back-office@ec.europa.eu

Attention: BUDG E Back Office

or, in relation to the Guarantor, to such other address or fax number or for the attention of such other person or department as the Guarantor has notified to the Commission in the manner prescribed for the giving of notices.

7.2 Effectiveness

Every notice, demand or other communication sent in accordance with Clause 7.1 (*Address for notices*) shall be effective upon actual receipt by the Guarantor; *provided that* any such notice, demand or other communication which would otherwise take effect after 4.00 p.m. on any particular day or on a day which is not a Business Day shall not take effect until 10.00 a.m. on the immediately succeeding Business Day.

8. INTERPRETATION

8.1 Definitions

In this Guarantee Agreement:

“**Business Day**” shall mean a day on which the TARGET2 payment system is open for business.

8.2 Other agreements

All references in this Guarantee Agreement to an agreement, instrument or other document shall be construed as a reference to that agreement, instrument or other document as the same may be amended, supplemented, restated, extended, replaced or novated from time to time.

9. LAW AND JURISDICTION

9.1 Governing law

This Guarantee Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and shall be construed in accordance with European Union law, supplemented if necessary by the Luxembourgish law.

9.2 Exclusive Jurisdiction

The Court of Justice of the European Union, in accordance with Article 272 of the Treaty on the Functioning of the European Union, shall have exclusive jurisdiction to settle any dispute (a “**Dispute**”), arising out of or in connection with this Guarantee Agreement (including a dispute relating to the existence, validity or termination of this Guarantee Agreement or any non-contractual obligation arising out of or in connection with this Guarantee Agreement) or the consequences of its nullity.

All Clauses and terms stipulated herein have been duly noted and approved by the **Ireland** and the Commission. This Guarantee Agreement shall enter into force upon the date of signature by the last Party.

Done in two originals, one for the Guarantor and for the Commission.

EXECUTED as a guarantee

by Ireland

Represented by:

Mr Michael McGRATH, TD

Minister for Finance

Date:

EXECUTED as a guarantee

by the European Commission

Represented by:

SCHEDULE

GUARANTEED CONTRIBUTIONS

Member State	GNI Key	Amount (EUR)
Kingdom of Belgium	0,034000174878957	124 440 640
Republic of Bulgaria	0,004550449681350	16 654 646
Czech Republic	0,015687822964194	57 417 432
Kingdom of Denmark	0,023558303784917	86 223 392
Federal Republic of Germany	0,253247029326755	926 884 129
Republic of Estonia	0,002022510226741	7 402 387
Ireland	0,021021584078222	76 938 998
Hellenic Republic	0,012368780107407	45 269 735
Kingdom of Spain	0,087654863376925	320 816 800
French Republic	0,174521278940931	638 747 881
Republic of Croatia	0,003837286143212	14 044 467
Italian Republic	0,124701335288098	456 406 887
Republic of Cyprus	0,001503305549774	5 502 098
Republic of Latvia	0,002211957947675	8 095 766
Republic of Lithuania	0,003544290610155	12 972 104
Grand Duchy of Luxembourg	0,003118952609779	11 415 367
Hungary	0,010378150397812	37 984 030
Republic of Malta	0,000908164465981	3 323 882
Kingdom of the Netherlands	0,058849700115398	215 389 902
Republic of Austria	0,027837527042134	101 885 349
Republic of Poland	0,037802158492532	138 355 900
Portuguese Republic	0,015023098718768	54 984 541
Romania	0,016517449218175	60 453 864
Republic of Slovenia	0,003417205537271	12 506 972
Slovak Republic	0,006853712838507	25 084 589
Republic of Finland	0,017546264835718	64 219 329
Kingdom of Sweden	0,037316642822613	136 578 913
EU-27		3 660 000 000

[2024.]

*Finance (State Guarantees, International Financial
Institution Funds and Miscellaneous Provisions) Act 2024.*

[No. 3.]

SCHEDULE 4

Section 17

CONTRIBUTION AGREEMENT TO BE ENTERED INTO BETWEEN THE STATE AND THE EUROPEAN COMMISSION
PURSUANT TO ARTICLE 7(1) OF REGULATION (EU) 2022/2463 OF THE EUROPEAN PARLIAMENT AND OF THE
COUNCIL OF 14 DECEMBER 2022

THE EUROPEAN COMMISSION

AND

IRELAND

**CONTRIBUTION AGREEMENT PURSUANT TO ARTICLE 7 OF EUROPEAN
PARLIAMENT AND COUNCIL REGULATION (EU) 2022/2463**

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9. ENTRY INTO FORCE

THIS CONTRIBUTION AGREEMENT is between

- (1) **Ireland**, (“**Contributor**”); and
- (2) The European Commission (“**the Commission**”) Respectively a Party to this agreement.

WHEREAS

- (A) Regulation (EU) 2022/2463 of the European Parliament and of the Council of 14 December 2022 establishing an instrument (the “**Instrument**”) for providing support to Ukraine for 2023 (macro-financial assistance +)(“**Regulation (EU) 2022/2463**”) authorises the Commission to make available a Union support to Ukraine in the form of loans with a maximum amount of up to EUR 18 000 000 000, non-repayable support and an interest rate subsidy.
- (B) The Commission and Ukraine signed a Memorandum of Understanding (“**MoU**”) detailing the conditions for the support on 16 January 2023.
- (C) The detailed financial terms of the support under the Instrument in the form of loans provided under Regulation (EU) 2022/2463 are laid down in the loan agreement concluded between the Commission and Ukraine on 16 January 2023 (“**Loan Agreement**”).
- (D) Regulation (EU) 2022/2463 provides that Ukraine may request each year an interest rate subsidy and coverage of the administrative costs by the Union in respect of the support under the Instrument. The Loan Agreement specifies that, upon request by Ukraine, the European Union may grant such a subsidy (the “**Borrowing Costs Subsidy**”) covering cost of funding, cost of liquidity management, and cost of service as defined in Commission Implementing Decision (EU, Euratom) 2022/2545 of 19 December 2022 on establishing the framework for allocating costs related to borrowing and debt management operations under the diversified funding strategy⁵, as amended or replaced as the case may be (the “**Cost Allocation Methodology**”).
- (E) Additional support under Regulation (EU) 2022/2463 is to be available for covering the Borrowing Costs Subsidy for the period from 1 January 2023 to 31 December 2027, with the exception of costs related to early repayment of the loan, in respect of the loans under the Regulation (EU) 2022/2463 (the “**Covered Support**”).
- (F) As provided in the Commission declaration of 9 December 2022 on the contributions by Member States to the interest rate subsidy for the MFA+ loans to Ukraine (the “**Declaration**”), the contributions shall only cover the interest rate subsidy, namely the cost of funding and cost of liquidity management, and not the administrative costs related to the borrowing and lending operations, namely the cost of service.
- (G) Regulation (EU) 2022/2463 provides that the Member States of the European Union (together called the “**Contributors**”) may contribute to the Covered Support, insofar as that is not covered by other resources. To that effect, they have issued on 16 December 2022 a statement on financial support to Ukraine⁶ whereby they expressed their readiness to enter into contribution agreements with the Commission in accordance with and subject to the completion of the applicable national procedures when the amounts needed cannot

⁵ OJ L 328, 22.12.2022, p. 123.

⁶ Statement of the representatives of the Member States, meeting in the margins of the Permanent Representatives Committee, on financial support to Ukraine, 16170/22.

be fully or partially made available from the Union budget.

- (H) The Commission committed in its Declaration that it will examine, in the context of the annual budgetary procedure, the availabilities under the Union budget within the limits of available resources while ensuring the need to maintain sufficient margins and flexibilities to cope with unexpected events in the course of the financial year. This examination shall be conducted with the intention to propose a minimum amount and the results will be reflected in the Commission's draft annual budget for each year in which the contribution agreements remain in place. The amounts to be called from Contributors for each given year under each Contribution Agreement will be known inter alia upon conclusion of the annual budgetary procedure by the budgetary authority. The Commission will, once amounts to be paid from the Union budget and any remaining amounts to be provided by Member States are known, communicate the amounts to be called under each Contribution Agreement to each Contributor.
- (I) Through their Contribution Agreement, the Contributors should irrevocably and unconditionally undertake to make the contributions available to the Commission on-demand by concluding a contribution agreement with the Commission within the meaning of Article 22(2) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2017⁷ ("**Financial Regulation**"). These qualities of the Contribution Agreement are needed to ensure that the Union is able to fulfil its undertakings to Ukraine to cover the Borrowing Costs Subsidy in full, and to establish confidence that all Contributors are bound by the same clear and unequivocal commitment. Article 7(1), second subparagraph of Regulation (EU) 2022/2463 provides that the contributions by Member States are to become available in respect of any amount set in an agreement with the respective Member State after that agreement enters into force.
- (J) Each Contributor remains fully and individually liable for the commitments that it has made under a Contribution Agreement. In particular, the Contributor will not be called upon to compensate for any other Member State's failure to make its contribution.
- (K) These contributions are to constitute external assigned revenue in accordance with Article 21(2), point (a)(ii) of the Financial Regulation.
- (L) The Commission's funding strategy, set out in Article 220a of the Financial Regulation ("**Diversified Funding Strategy**") applies, in accordance with Article 16(1) of Regulation (EU) 2022/2463, to the funding of loan support, provided under that Regulation. The Commission will provide the Contributors with adequate information, based on a written request, to support them to fulfil any national legal obligations.
- (M) According to Article 7(1) of Regulation (EU) 2022/2463, the GNI key for the contributions by each Contributor in a given year will be based on the GNI contributions of each Contributor to the EU budget for the year before, as per the last adopted annual or amending annual budget. In order to facilitate the preparation of national annual and

⁷ OJ L 193, 30.7.2018, p. 1.

multiannual budgets for the period covered by this Contribution Agreement, a schedule is attached, indicating the maximum amounts that may be contributed by each Member State. These amounts are based on conservative assumptions regarding interest rates on funds raised.

- (N) The Commission will communicate by June 2023 to the European Parliament and to the Council the estimated maximum amounts that could be called from Member States in 2024 on the basis of known costs established in respect of already disbursed amounts and conservative assumptions regarding potential costs on remaining amounts under the Loan Agreement.
- (O) The Commission will communicate in early 2024 without delay the final figures of the expected maximum contributions to the European Parliament and to the Council, namely once the interest rates on the loans are fully fixed and no longer subject to further change or uncertainty. If the interest rate movements are more unfavourable than those used to determine the maximum amounts, thereby causing the maximum amounts under this Contribution Agreement to fall short of what may be needed to cover the funding cost of the loans, the Commission will inform without delay the Council and European Parliament. The Commission may on this basis initiate a review of all the Contribution Agreements in order to ensure coverage of the revised maximum amount, with each Member State's amount continuing to be established on the basis of its pro rata share of GNI. Upon conclusion of such review, the organisation and timing for completion of any modifications of Contribution Agreements will be subject to the relevant national requirements and procedures.
- (P) For the remaining years covered by this Contribution Agreement, the Commission will communicate the amounts to be called from Contributors inter alia upon conclusion of the annual budgetary procedure by the budgetary authority for the following year. While the funding cost of the loans to Ukraine will be constant for all remaining years, the amounts to be called from Contributors can only be communicated once the share of costs to be covered by the Union budget and by the Contributors is known.
- (Q) The agreement will expire on 31 December 2027 unless otherwise decided by the Parties to this Contribution Agreement. It should be possible to review the contributions for the case that there be further developments or to renew the contributions from Member States beyond 2027, unless covered through other means in future multiannual financial frameworks.

1. CONTRIBUTION

1.1 Contribution

The Contributor hereby unconditionally and irrevocably makes available to the Union up to 100 per cent of its contribution to the Covered Support, which will cover the cost of funding and cost of liquidity management and exclude the cost of service (the "**Contribution**"), and accordingly undertakes to pay to the Union upon a written demand issued as of 2024 up until the expiry date of this agreement (the "**Demand**") the amount requested by the Commission, which shall be up to 100 per cent of its Contribution, in accordance with this Contribution Agreement (the "**Demanded Amount**").

- 1.2 This Contribution Agreement is related to the Loan Agreement that is concluded under Article 16(2) of Regulation (EU) 2022/2463 in accordance with Article 220 of the Financial Regulation and to the costs allocated to disbursements under the Loan Agreement in accordance with the Cost Allocation Methodology.
- 1.3 The Contribution shall not exceed the value set out in column “Amount (EUR)” next to the Contributor's name in the Schedule attached to this Contribution Agreement.
- 1.4 Pursuant to Article 7(1) of Regulation (EU) 2022/2463, the contribution key in a given year shall be based on the GNI contributions of the Contributor to the Union budget for the year before, as per the last adopted annual or amending budget (“**Contribution Key**”).
- 1.5 The obligations of the Contributor under this Contribution Agreement and of other Contributors under their respective Contribution Agreements are several only.
- 1.6 The Commission shall determine the Demanded Amount as the share of the Contributor in accordance with the Contribution Key of the invoice under the Loan Agreement established in accordance with the Cost Allocation Methodology, insofar as the invoice is not paid from other resources.
- 1.7 The Contributor shall transfer the Demanded Amount in accordance with the terms of the Demand in cleared funds to the account referred to in the Demand. The transfer shall occur by the day indicated by the Commission in the Demand (“**Transfer Date**”). The Transfer Date shall not be earlier than 45 Business Days from the date of the Demand. The Contributor, which fails to honour the Demand, shall remain liable to honour it.
- 1.8 The Contributor is not entitled to offset or deduct any amounts owed to it by the Union from any payments due by the Contributor under this Contribution Agreement.
- 1.9 If the Contributor fails to pay any sum payable under the Demand on its Transfer Date, the Contributor shall pay in addition default interest on such a sum (or, as the case may be, the amount thereof for the time being due and unpaid) to the Commission from the Transfer Date to the date of actual payment in full, calculated by reference to successive interest periods (each of such length as the Commission may from time to time select, the first period beginning on the relevant Transfer Date and, wherever possible, the length of such period shall be that of one week) on such overdue sum at the higher of
- (a) a rate per annum being the aggregate of
 - (i) 350 basis points, and
 - (ii) the rate applied by the European Central Bank to its principal refinancing operations, or
 - (b) 0 basis points.
- So long as the failure to pay continues, such rate shall be re-fixed in accordance with the provisions of this paragraph of this Clause 1.9 on the last day of each such interest period and unpaid interest under this Clause 1.9 concerning previous interest periods shall be added to the amount of interest due at the end of each such interest period. The default interest is immediately due and payable.
- 1.10 The Contributor undertakes to pay to the Commission all additional interest and all costs

and expenses, including legal fees, incurred and payable by the Commission as a result of a breach of any obligation under this Contribution Agreement by the Contributor.

2. INFORMATION UNDERTAKINGS

- 2.1 The Commission shall inform the General Secretariat of the Council of the European Union of the signature of the Contribution Agreement.
- 2.2 The Commission shall inform Contributors on the outstanding claims under the Loan Agreements, including the planned interest and principal payments on an annual basis.
- 2.3 By the latest of 31 January 2024 the Commission shall notify the Contributor the total amounts to be paid in 2024.
- 2.4 In the remaining years covered by the Contribution Agreement, the Commission shall notify the Contributor of the total amounts to be collected in any given year within 20 business days of the declaration of the annual budget being definitively adopted in accordance with Article 314(9) TFEU.
- 2.5 The Commission shall inform Contributors about the receipt of a request for the Borrowing Costs Subsidy from Ukraine.

3. INTERPRETATION IN CONFORMITY AND PARTIAL INVALIDITY

All provisions hereof shall be interpreted, in case of doubt, so that they are in conformity with the governing law. If at any time any provision hereof is or becomes illegal, invalid or unenforceable under the governing law, the legality, validity or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

4. EXPIRY DATE

This Contribution Agreement expires on 31 December 2027.

5. NOTICES

5.1 Address for notices

All notices, demands and other communications to the Contributor hereunder shall be made in writing (by letter, fax, or e-mail) and shall be sent to the Contributor at:

[...]

[...]

[...]

Fax: [...]

E-mail: [...]

Attention: [...]

With a copy to: European Commission

Fax: BUDG-Fax-E2@ec.europa.eu

E-mail: budg-e-back-office@ec.europa.eu

Attention: BUDG E Back Office

or, in relation to the Contributor, to such other address or fax number or for the attention of such other person or department as the Contributor has notified to the Commission in the manner prescribed for the giving of notices.

5.2 Effectiveness

Every notice, demand or other communication sent in accordance with Clause 5.1 (*Address for notices*) shall be effective upon actual receipt by the Contributor; *provided that* any such notice, demand or other communication which would otherwise take effect after 4.00 p.m. Luxembourg time on any particular day or on a day which is not a Business Day shall not take effect until 10.00 a.m. Luxembourg time on the immediately succeeding Business Day.

6. INTERPRETATION

6.1 Definitions

In this Contribution Agreement with annexes:

“**Business Day**” shall mean a day on which the TARGET2 payment system is open for business.

6.2 Other agreements

All references in this Contribution Agreement to an agreement, instrument or other document shall be construed as a reference to that agreement, instrument or other document as the same may be amended, supplemented, restated, extended, replaced or novated from time to time.

7. LAW AND JURISDICTION

7.1 Governing law

This Contribution Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and shall be construed in accordance with European Union law, supplemented if necessary by the Luxembourgish law.

7.2 Exclusive Jurisdiction

The Court of Justice of the European Union, in accordance with Article 272 of the Treaty on the Functioning of the European Union, shall have exclusive jurisdiction to settle any dispute (a “**Dispute**”), arising out of or in connection with this Contribution Agreement (including a dispute relating to the existence, validity or termination of this Contribution Agreement or any non-contractual obligation arising out of or in connection with this Contribution Agreement) or the consequences of its nullity.

8. REVIEW AND EXTENSION

This Contribution Agreement shall be subject to review after 31 December 2023, as a last resort and unless financed from the Union’s budget, in case the final costs of the interest rate subsidy under Regulation (EU) 2022/2463 exceed the amounts foreseen by all Contribution Agreements. In particular, once the cost of funding from the loans under the

Loan Agreement is definitively established, the Commission shall communicate to Contributors the eventual size of the increased contributions needed to cover excess costs over and above those indicated in the annexed Schedule.

This Contribution Agreement shall be subject to review for an extension to provide contributions to the additional support under Regulation (EU) 2022/2463 for covering the interest rate subsidy beyond 31 December 2027, unless that support is covered through other means in future multiannual financial frameworks.

9. AMENDMENTS

Any modification to this Contribution Agreement, including the annexed schedule, shall be set out in writing in an amendment signed by the Commission and the Contributor.

10. ENTRY INTO FORCE

This Contribution Agreement shall enter into force upon the date of signature by the last Party and, if applicable, subject to the notification by the Contributor that it has met all the requirements under its constitutional or other laws for the valid assumption of all its obligations under the agreement. All Clauses and terms stipulated herein have been duly noted and approved by Ireland and the Commission.

Done in two originals in the English language, one for the Contributor and for the Commission.

by Ireland.

Represented by:

Mr Michael McGRATH, TD

Minister for Finance

Date:

by the European Commission

Represented by:

SCHEDULE**MAXIMUM CONTRIBUTIONS PER MEMBER STATE FOR THE PERIOD 2024-2027**

Member State	GNI key	Guaranteed contribution (EUR)
Belgium	0.034545093545251	96,726,262
Bulgaria	0.004882374366316	13,670,648
Czech Republic	0.017064891897066	47,781,697
Denmark	0.023155641433738	64,835,796
Germany	0.253394975610951	709,505,932
Estonia	0.002103795558836	5,890,628
Ireland	0.022723275588721	63,625,172
Greece	0.012847103934769	35,971,891
Spain	0.084842324203730	237,558,508
France	0.171294798888959	479,625,437
Croatia	0.003901507855638	10,924,222
Italy	0.122025596681370	341,671,671
Cyprus	0.001547257669073	4,332,321
Latvia	0.002311162075974	6,471,254
Lithuania	0.003776710011764	10,574,788
Luxembourg	0.003706405774364	10,377,936
Hungary	0.010248890252613	28,696,893
Malta	0.000954699517702	2,673,159
Netherlands	0.059194038946719	165,743,309
Austria	0.027911438723363	78,152,028
Poland	0.041157735014047	115,241,658
Portugal	0.014632349331283	40,970,578
Romania	0.017606907565873	49,299,341
Slovenia	0.003633267035028	10,173,148
Slovak Republic	0.007079861871162	19,823,613
Finland	0.017188603795393	48,128,091
EU-27		2,800,000,000