



*Approved*  
*SNA*  
*24/6/25*

**REPUBLIC OF KENYA**

**THE NATIONAL ASSEMBLY**  
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**THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025  
DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL  
PLANNING**  
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.....

**REPORT ON:**

**THE CONSIDERATION OF THE RATIFICATION OF THE AGREEMENT  
ESTABLISHING THE EUROPEAN BANK FOR RECONSTRUCTION AND  
DEVELOPMENT (EBRD)**

**CLERK'S CHAMBERS  
DIRECTORATE OF DEPARTMENTAL COMMITTEES  
PARLIAMENT BUILDINGS  
NAIROBI**

**JUNE, 2025**

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
DATE: 24 JUN 2025	
DAY: TUE	
TABLED BY:	HON. KURIA KIMANI, MP, CBS CHAIRPERSON.
CLERK-AT THE-TABLE:	Ms. ANN SHIBUKO

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## **LIST OF ABBREVIATIONS**

EBRD	-	European Bank for Reconstruction and Development
MFA	-	Ministry of Foreign and Diaspora Affairs

## **ANNEXURES**

Annexure 1: Signed list of Members who attended the sitting which considered and adopted the Report

Annexure 2: Adoption Minutes

Annexure 3: Copy of newspaper advertisement on public participation and submission of memoranda



## CHAIRPERSON'S FOREWORD

This report details the consideration by the Departmental Committee on Finance and National Planning on its consideration of the Agreement Establishing the European Bank for Reconstruction and Development. EBRD is owned by seventy one (71) countries on five continents, the European Union (EU) and the European Investment Bank (EIB).

The 2023 Annual General Meeting in Uzbekistan, the Board of Governors of EBRD voted for the limited and incremental expansion of its operations into sub-Saharan Africa. The decision reflected the growing economic links between countries where the Bank has invested in Sub-Saharan Africa and the potential for developing private sector there. Following the decision of the Annual General Meeting, the EBRD will invest, for the first time, in up to six sub-Saharan African Countries from 2025. Based on EBRD's mandate and business model, Kenya is among the six countries identified for investment. The other countries are Benin, Cote d'Ivoire, Ghana, Nigeria and Senegal.

Pursuant to section 8(1) of the Treaty Making and Ratification Act Cap 4D, the Cabinet Secretary for Foreign and Diaspora Affairs submitted the Parliamentary Memorandum on Kenya's Accession of the Agreement Establishing European Bank for Reconstruction and Development to the Speaker of National Assembly, laid on the Table of the House and committed to the Committee in line with Standing Order 170A(1).

The Agreement aims to foster the transition towards open market-oriented economies and promote private and entrepreneurial initiatives in countries committed to applying the principles of multiparty democracy, pluralism and market economies.

In considering the Treaty, the Committee pursuant to Article 118(1)(b) of the Constitution, section 8(3) of the Treaty Making and Ratification Act Cap 4D and Standing Order 170A(2) held popularization meetings with The National Treasury, Office of the Attorney General and Ministry of Foreign Affairs on 24<sup>th</sup> June, 2025 in Trademark, Nairobi. The Committee also placed advertisements in two local dailies on **13<sup>th</sup> May 2025**, calling for submissions of memoranda on the subject matter.

Having considered the Agreement and analyzed the submissions made, the Committee observed that the Agreement aligns with Kenya's constitutional values, and its ratification does not necessitate amendments to the Constitution or existing laws.

Having examined the Kenya's Accession of the Agreement Establishing the European Bank for Reconstruction and Development against the Constitution, the Treaty Making and Ratification Act (Cap 4D) and Standing Order 170A of the National Assembly Standing Orders, the Committee recommends that the House adopts this report and **APPROVES** the ratification of the Agreement for Establishing the European Bank for Reconstruction and Development.

Pursuant to Standing Orders 199(6) and 170A (4) it is my pleasant duty to present to the House the Report of the Departmental Committee on Finance and National Planning on

its consideration of the Agreement for the Establishment of the Africa Finance Corporation.

**Hon. CPA Kuria Kimani, CBS, M.P.**

**Chairperson, Departmental Committee on Finance and National Planning.**

## CHAPTER ONE

### I.0 PREFACE

### I.1 ESTABLISHMENT OF THE COMMITTEE

1. The Departmental Committee on Finance and National Planning is established under **Standing Order 216 (5)** and whose mandate is as follows:

- i. *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
- ii. *To study the program and policy objectives of Ministries and departments and the effectiveness of their implementation;*
- iii. *To study and review all the legislation referred to it;*
- iv. *To study, assess, and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
- v. *To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
- vi. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No. 204 (Committee on Appointments);*
- vii. *To examine treaties, agreements and conventions;*
- viii. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
- ix. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution and*
- x. *To examine any questions raised by Members on a matter within its mandate.*

### I.2 MANDATE OF THE COMMITTEE

2. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider public finance, monetary policies, public debt, financial institutions (excluding those in securities exchange), investment and divestiture policies, pricing policies, banking, insurance, population revenue policies including taxation and national planning and development.
3. In executing its mandate, the Committee oversees the following government Ministries and Departments:
  - i. The National Treasury;
  - ii. State Department for Economic Planning;
  - iii. State Department for Public Investments and Asset Management
  - iv. Commission on Revenue Allocation; and
  - v. Office of the Controller of Budget.

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### **I.3 COMMITTEE MEMBERSHIP**

4. The Departmental Committee on Finance and National Planning comprises the following Members:

#### **Chairperson**

Hon. CPA. Kuria Kimani, CBS, MP  
Molo Constituency

**UDA Party**

#### **Vice-Chairperson**

Hon. (Amb). Benjamin Langat, CBS, MP  
Ainamoi Constituency

**UDA Party**

Hon. Peter Kaluma, CBS, MP  
Homa Bay Town Constituency  
**ODM Party**

Hon. Andrew Okuome, MP  
Karachuonyo Constituency  
**ODM Party**

Hon. David Mwalika Mboni, MP  
Kitui Rural Constituency  
**Wiper Party**

Hon. CPA. Joseph Oyula, MP  
Butula Constituency  
**ODM Party**

Hon. Dr. John Ariko Namoit, MP  
Turkana South Constituency  
**ODM Party**

Hon. Umul Ker Kassim, MP  
Mandera County  
**UDA Party**

Hon. CPA. Julius Rutto, MP  
Kesses Constituency  
**UDA Party**

Hon. (Dr.) Shadrack Ithinji, MP  
South Imenti Constituency  
**Jubilee Party**

Hon. Paul K. Biego, MP  
Chesumei Constituency  
**UDA Party**

Hon. Chiforomodo, Munga, MP  
Lunga Lunga Constituency  
**UDM Party**

Hon. Betty N. Maina, MP  
Murang'a County  
**UDA Party**

Hon. Mohamed S. Machele, MP  
Mvita Constituency  
**ODM Party**

Hon. George Sunkuyia, MP  
Kajiado West Constituency  
**UDA Party**

## **I.4COMMITTEE SECRETARIAT**

**5.** The following staff facilitate the Committee:

Mr. Benjamin Magut  
**Principal Clerk Assistant II/Head of Secretariat**

Ms. Jennifer Ndeto  
**Deputy/D, Legal Service**

Mr. Salem Lorot  
**Legal Counsel I**

Mr. James M. Macharia  
**Media Relations Officer  
I**

Ms. Peninnah Simiren  
**Legal Counsel II**

Ms. Winfred Kambua  
**Clerk Assistant III**

Mr. George Ndenjeshe  
**Fiscal Analyst II**

Mr. Benson Kamande,  
**Clerk Assistant III**

Ms. Nelly W.N. Ondieki  
**Research Officer III**

Mr. Benson Muthuri  
**Serjeant-At-Arms**

Ms. Joyce Wachera  
**Hansard Officer II**

Mr. Mwangi Muchiri  
**Audio Officer III**

## **PART II**

### **2.0 BACKGROUND TO THE TREATY ESTABLISHING THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

6. The Committee has received the Agreement Establishing European Bank for Reconstruction and Development (**EBRD Agreement**). The Agreement Establishing the European Bank for Reconstruction and Development (EBRD), also referred to as the AEB, is the EBRD's Treaty.
7. The AEB was signed in Paris by founding members on 29 May, 1990 and entered into force on 28 March 1991. Following an Inaugural Meeting held in London from 15 to 17 April 1991, the Board of Governors adopted Resolution No. 8, authorizing the Bank to commence operations.
8. The AEB is the main document of the EBRD and sets out the governance principles of the Bank. The EBRD is a multilateral development bank with its Headquarters in London that promotes sustainable private sector-led economies in Central and Eastern Europe, Central Asia, and the Southern and Eastern Mediterranean.
9. The mandate of EBRD is "to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiatives in countries committed to applying the principles of multiparty democracy, pluralism and market economies".
10. In its 2023 Annual General Meeting in Uzbekistan, the Board of Governors of EBRD voted for the limited and incremental expansion of its operations into sub-Saharan Africa. The decision reflected the growing economic links between countries where the Bank has invested in Sub-Saharan Africa and the potential for developing private sector there.
11. Following the decision of the Annual General Meeting, the EBRD will invest, for the first time, in up to six sub-Saharan African Countries from 2025. Based on EBRD's mandate and business model, Kenya is among the six countries identified for investment. The other countries are Benin, Cote d'Ivoire, Ghana, Nigeria and Senegal.
12. EBRD is owned by 71 countries on five continents, the European Union (EU) and the European Investment Bank (EIB).
13. EBRD imposes the following obligations to Member States:

- (i) Each member shall subscribe to shares of the capital stock of the Bank;

- (ii) The voting power of each member shall be equal to the number of its subscribed shares in the capital stock of the Bank;
- (iii) Each member shall be represented on the Board of Governors and shall appoint one governor and one alternate;
- (iv) Member states are obliged to create an enabling environment that supports structural reforms that promote liberalization, privatization, and economic diversification.

**14.** Kenya's membership was approved by Cabinet during its meeting held on **14<sup>th</sup> February, 2024**. Kenya will be required to pay subscription of 203 shares, of which

- 37 are paid-up shares with a total cost of EUR 370,000 (Approx. Kshs.61,162,406.00 @165.30-CBK rate on 17/11/2023)
- 166 shares are callable

**15.** The Treaty Making and Ratification Act, 2012 (the Act) is the legal framework giving effect to **Article 2(6)** of the Constitution and to provide the procedure for the making and ratification of treaties. Article 2(6) provides that—

*“Any treaty or convention ratified by Kenya shall form part of the law of Kenya under this Constitution.”*

**16. Section 7** of the Act provides that where the Government intends to ratify a treaty, the Cabinet Secretary of the relevant State department shall, in consultation with the Attorney-General, submit to the Cabinet the treaty, together with a memorandum outlining several things including the objects and subject matter of the treaty.

## **PROVISIONS OF THE AGREEMENT**

**17.** The Agreement contains 20 chapters and 63 articles.

### **Chapter I: Purpose, functions and membership**

#### **Article 1: Purpose**

**18.** The **Bank** aims to help Central and Eastern European countries transition to market economies and promote private and entrepreneurial initiatives. The Bank only operates in countries committed to multiparty democracy and market reform.

#### **Article 2: Functions**

**19.** The article lists how the Bank will fulfill its mission—by financing private sector **development**, mobilizing capital, and supporting reforms. It provides for the following 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;

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- (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.

**20.** The Article **further** provides that 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**

**21.** The Article **provides** that membership is open to IMF member countries (European and non-European), the EU, and the EIB (European Investment Bank). Countries apply and require 2/3 majority vote of the Governors for approval.

## **Chapter II: Capital**

### **Article 4: Authorized Capital Stock**

**22.** The Article **sets** the initial capital at €10 billion, divided into shares. Members subscribe to shares, some paid-in and some callable.

### **Article 5: Subscription of Shares**

**23.** The **Article** defines how shares are distributed among members. Subscription proportions are maintained to protect EU majority control.

### **Article 6: Payment of Subscriptions**

**24.** The Article details payment terms (5 yearly installments, half can be promissory notes). **Members** pay in cash or obligations in Euros, USD, or Japanese yen



## **Article 7: Ordinary Capital Resources**

**25.** The Article defines the Bank's financial resources (paid-in capital, borrowings, income). It **ensures** separation from donor (special) funds.

## **Chapter III: Operations**

### **Article 8: Recipient Countries and Use of Resources**

**26.** The Article provides that the Bank's resources are used only in countries transitioning toward market economies and democracy. Support may be suspended if a country regresses.

#### **How It Operates:**

- i. Countries must take *concrete steps* towards democracy and market reform.
- ii. The Bank may **limit or suspend** access if a country violates these principles.
- iii. New members may request limited access for three years, tied to their contribution.

### **Article 9: Ordinary and Special Operations**

**9.** The Article provides that the Bank has two types of operations:

- i. **Ordinary operations** (from capital contributions and income).
- ii. **Special operations** (from donor-provided Special Funds).

#### **How It Operates:**

- i. Ordinary operations are core activities funded by capital stock and income.
- ii. Special operations allow flexibility and experimentation, funded by donor countries.

### **Article 10: Separation of Operations**

**27.** The Article provides that Ordinary and Special operations must be **financially and operationally separate**.

#### **How It Operates:**

- i. Separate accounting and reporting systems.
- ii. No cross-subsidization between ordinary and special funds.
- iii. Expenses must be attributed properly.

### **Article 11: Methods of Operation**

**28.** The Article provides for how the Bank conducts its financing, including loans, equity, **guarantees**, and technical assistance. Private sector support is prioritized.

#### **How It Operates:**

- i. Invests in or lends to both private firms and state-owned firms transitioning to private control.

- ii. Can underwrite securities, provide guarantees, and give technical help.
- iii. Not more than 40% of operations may support the state sector.

### **Article 12: Limitations on Ordinary Operations**

**29.** The Article sets prudential limits to ensure the Bank remains financially sound and avoids **overexposure**.

#### **How It Operates:**

- i. Cannot exceed its capital base in outstanding operations.
- ii. Limits on how much equity it can hold and prohibits controlling stakes.
- iii. No export credit guarantees or insurance business.

### **Article 13: Operating Principles**

**30.** The Article sets out the guiding principles for EBRD operations to ensure responsible and effective investment.

#### **How It Operates:**

- i. Projects must follow sound banking principles and avoid political bias.
- ii. The Bank avoids over-concentrating resources in one country or sector.
- iii. Investment proposals must undergo staff review and be documented.
- iv. The Bank avoids financing projects that could be done on reasonable terms by others.

### **Article 14: Terms and Conditions for Loans and Guarantees**

**31.** The Article provides that all loans and guarantees must have clearly defined terms and protect the Bank's income.

#### **How It Operates:**

- i. Sets loan interest, fees, currencies, and maturity terms.
- ii. Loans to state enterprises may require a government guarantee.

### **Article 15: Commission and Fees**

**32.** The Article provides that the Bank charges commissions and fees for loans, guarantees, and underwriting.

#### **How It Operates:**

- i. Fees compensate for risks.
- ii. The Board of Directors sets the rates.

### **Article 16: Special Reserve**

**33.** The Article provides that commissions and fees are set aside in a special reserve to absorb future losses.

#### **How It Operates:**

- i. Reserve is kept in liquid form and can be reclassified as income if surplus is large enough.

#### **Article 17: Methods of Meeting the Losses of the Bank**

**34.** The Article describes the step-by-step process for covering losses.

##### **How It Operates:**

- i. Provisions
- ii. Net income
- iii. Special reserve
- iv. General reserve
- v. Paid-in capital
- vi. Finally, call on callable capital

#### **Article 18: Special Funds**

**35.** The Article provides that the Bank can accept and manage donor-funded Special Funds that align **with** its mandate.

##### **How It Operates:**

- i. Costs must be charged to the fund and Non-recipient countries can temporarily access funds if qualified.

#### **Article 19: Special Funds Resources**

**36.** The Article defines what constitutes Special Funds resources.

##### **How It Operates:**

- i. Includes donor contributions, income, and repayments and these resources must be tracked and reported separately.

### **Chapter IV: Borrowing and Miscellaneous Powers**

#### **Article 20: General Powers**

**37.** The Article grants the Bank authority to borrow funds, invest reserves, issue and guarantee securities, and provide technical advice.

##### **How It Operates:**

- i. The Bank must get approval to issue obligations in a member's territory or in that member's currency.
- ii. The Bank may engage in underwriting and sell or buy back its securities.
- iii. It can advise governments and enterprises.

### **Chapter V: Currencies**

#### **Article 21: Determination and Use of Currencies**

**38.** The Article seeks to ensure the Bank can freely use, receive, and transfer currencies related to its operations.

##### **How It Operates:**

- i. Convertible currencies are determined by the Bank, consulting IMF as needed.
- ii. Members may not restrict the Bank's access or movement of currencies.



## **Chapter VI: Organization and Management**

**Article 22–36: These articles define the internal governance structure of the EBRD.**

### **Article 22: Structure**

**39.** The Article provides that the Bank consists of a Board of Governors, Board of Directors, President, Vice Presidents, and staff.

### **Article 23–25: Board of Governors**

**40.** Articles 23-25 provide for the Board of Governors.

#### **How It Operates:**

- i. Each member appoints one Governor and one Alternate.
- ii. Holds final authority on critical issues like capital increases and membership decisions.
- iii. Meets at least annually.

### **Article 26–28: Board of Directors**

**41.** Articles 26-28 provides for 23 Directors who represent different constituencies and manage daily operations.

#### **How It Operates:**

- i. Oversees loans, technical assistance, guarantees, and strategy.
- ii. Directors are elected for three years and represent individual or groups of countries.

### **Article 29: Voting**

**42.** Article 29 provides for voting.

#### **How It Operates:**

- i. Voting power is proportional to shares held.
- ii. Unpaid capital obligations reduce voting rights.

### **Article 30–36: Presidential powers, transparency, and income use**

**43.** The salient points in Articles 30-36 are the following:

- i. The President is elected for 4 years, cannot vote (except as tiebreaker).
- ii. The Bank must publish quarterly financials and environmental impact reports.
- iii. Surpluses are allocated or distributed based on Board decisions.

## **Chapter VII: Membership and Termination**

### **Article 37: Right to Withdraw**

**44.** The Article provides that a member may leave the Bank by notifying 6 months in advance.

### **Article 38: Suspension of Membership**

**45.** The Article provides that a member violating obligations may be suspended and expelled if not reinstated within one year.

#### **Article 39–40: Settlements & Emergency Suspension**

**46.** Articles 39 and 40 provide for settlement of accounts with former members and temporary suspension of operations in an emergency.

##### **How It Operates:**

- i. Exiting members remain liable for pre-exit obligations.
- ii. Emergency powers allow temporary halt to operations.

#### **Article 41–43: Termination of Operations**

**47.** The Articles provide that dissolution needs 2/3 vote. Assets are to be distributed only after all debts are cleared.

### **Chapter VIII: Status, Immunities, Privileges, and Exemptions**

#### **Article 44–55: Institutional Protections**

**48.** The Articles provide that EBRD is immune from lawsuits (except under explicit terms), asset seizures, and taxation. Further, all Governors, Directors, Alternates, officers and employees of the Bank and experts of the Bank performing missions for the Bank enjoy legal immunities for official acts.

### **Chapter IX: Amendments, Interpretation, Arbitration**

#### **Article 56: Amendments**

**49.** The Article provides that amendment to the Agreement needs approval of  $\frac{3}{4}$  of members with  $\frac{4}{5}$  of voting power; some require unanimity (e.g., on rights to withdraw).

#### **Article 57: Interpretation and Application**

**50.** The Article provides that disputes on interpretation of the Agreement are to be submitted to the Board of Directors. Members can appeal to the Board of Governors.

#### **Article 58: Arbitration**

**51.** The Article provides that disputes with former members are to be submitted to a 3-person tribunal (one picked by each party, one by the ICJ President).

#### **Article 59: Implied Approval**

**52.** The Article provides that if a member doesn't object in time before any act may be done by the Bank, approval of certain actions is assumed.

### **Chapter X: Final Provisions**

#### **Articles 60–63: Entry into Force and Ratification**

**53.** The Articles provides for how states join the Bank, ratify the agreement, and deposit instruments.

## **PART III**

### **3.0 PUBLIC PARTICIPATION/STAKEHOLDER CONSULTATION**

#### **3.1.1 CALL FOR MEMORANDA FROM THE PUBLIC**

54. Pursuant to Article 118(1)(b) of the Constitution on Public Participation and Section 8(3) of the Treaty Making and Ratification Act, 2012, the Committee placed advertisements in the local dailies, on 13<sup>th</sup> May 2025 calling for submissions of memoranda on the subject matter. By the close of the deadline, the Committee received two memoranda from National Treasury and Ministry of Foreign and Diaspora Affairs.

#### **3.1.2 THE NATIONAL TREASURY**

55. The National Treasury submitted that, the EBRD Board of Governors adopted Resolution 271 on 16th May 2024, approving Kenya's membership in the EBRD.

56. EBRD is a multilateral development bank with its Headquarters in London, promoting sustainable, private sector-led economies in Central and Eastern Europe, Central Asia, and the Southern and Eastern Mediterranean.

57. The mandate of EBRD is "to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiatives in countries committed to applying the principles of multiparty democracy, pluralism and market economies".

58. In its 2023 Annual General Meeting in Uzbekistan, the Board of Governors of EBRD voted for the limited and incremental expansion of its operations into sub-Saharan Africa. The decision reflected the growing economic links between Countries where the Bank has invested in Sub-Saharan Africa and the potential for developing the private sector in the region.

59. Following the decision of the Annual General Meeting, EBRD will invest, for the first time, in up to six sub-Saharan African Countries from 2025. Based on EBRD's mandate and business model, Kenya is among the six countries identified for investment. The other countries are Benin, Côte d'Ivoire, Ghana, Nigeria and Senegal

### **GOVERNANCE AND SHAREHOLDING STRUCTURE**

60. The National Treasury submitted that, the governance and shareholding structure of EBRD is as follows:

- i. Inclusive governance
- ii. Growing membership

61. EBRD is owned by seventy one (71) countries on five continents, the European Union (EU) and the European Investment Bank (EIB). The United Arab Emirates and Algeria are recent members. Additionally, the shareholders have approved the membership of

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Iraq. The founding treaty stipulates that the EU member states, the EU and the EIB must hold most of the Bank's shares. Notably, the United States of America is the Bank's largest shareholder.

**62.** Each shareholder is represented individually on the EBRD's Board of Governors

## **RATIONALE FOR THE AGREEMENT**

**63.** The National Treasury highlighted that the mandate and goals of EBRD are closely aligned with the Bottom-up Economic Transformation Agenda (BETA) and four of its five core pillars, namely:

- i. Agriculture;
- ii. Micro, Small and Medium Enterprise (MSME) economy;
- iii. Healthcare, and
- iv. Digital Superhighway and Creative Economy.

## **IMPACT OF THE AGREEMENT**

**64.** The National Treasury and Economic Planning noted that the EBRD strategy for supporting the economy is in three cross-cutting themes,

- i. Accelerating the digital transition;
- ii. Transitioning to a green, low-carbon economy, and
- iii. Promoting equality of opportunity and gender equality for disadvantaged groups, such as women, youth and people living in remote areas, with a key focus on Access to employment, Skills training, Finance and E Entrepreneurship

**65.** Further, EBRD will bring on board the following expertise:

- i. Strengthening entrepreneurship and the role of SMEs;
- ii. Promoting private sector-led infrastructure and sub-sovereign lending, for example, by commercialising and privatising state-owned enterprises (SOES);
- iii. Developing capital markets and local-currency financing through support for regulators, investments in new financial instruments and targeted technical cooperation;
- iv. Furthering the transition to universal and sustainable energy by combining public and private sector work focusing on the green economy; and
- v. Adding value to agribusiness as a leading investor.

- 66.** The membership to EBRD will have linkages with the following ten (10) Ministries
- i. Ministry of Energy and Petroleum
  - ii. Ministry of Environment, Climate Change and Forestry
  - iii. Ministry of Co-operatives and Micro, Small and Medium Enterprises (MSME) Development
  - iv. Ministry of Investments, Trade and Industry
  - v. Ministry of Agriculture and Livestock Development
  - vi. Ministry of Roads and Transport
  - vii. Ministry of Information, Communications and The Digital Economy
  - viii. Ministry of Youth Affairs and Sports
  - ix. The Ministry of Gender, Culture, the Arts and Heritage
  - x. Ministry of East African Community, The ASALS & Regional Development

### **IMPLEMENTATION PLAN**

- 67.** The National Treasury and Economic Planning will submit the signed Instrument of Accession and Instrument of Subscription.
- 68.** The EBRD Management will complete the Country Technical Assessment Report. EBRD carried out the Country Assessment in the week of 9 to 13 June 2025.
- 69.** The Attorney General will submit a Legal Opinion in the format prescribed by EBRD
- 70.** The EBRD Board of Directors will grant the membership before their summer recess, which makes it essential that all the Conditions Precedent are completed before the end of June 2025.
- 71.** Subject to the EBRD Board of Directors, the Republic of Kenya and EBRD conclude a Resident Office Agreement allowing the Bank to establish Resident Offices in Kenya.

### **LEGISLATION AND REGULATORY PLAN**

- 72.** A Legal Opinion in a form that is satisfactory to the Bank and that confirms the membership Instruments have been adopted in compliance with the laws of the Republic of Kenya is a Condition Precedent,

### **FINANCIAL IMPACT OF THE AGREEMENT**

- 73.** The minimum subscription, which will be the initial subscription, is 203 shares, of which: 37 are paid-up shares with a total cost of EUR 370,000 (Approx. Kshs. 55,053,558 @ 148.7934-CBK rate on 23/06/25). 166 shares are callable.



### **3.1.3 MINISTRY OF FOREIGN AND DIASPORA AFFAIRS**

The Ministry of Foreign and Diaspora Affairs MFA submitted as follows;

- 74.** The EBRD is a multilateral development bank with its Headquarters in London that promotes sustainable private sector-led economies in Central and Eastern Europe, Central Asia, and the Southern and Eastern Mediterranean.
- 75.** The mandate of EBRD is “to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiatives in countries committed to applying the principles of multiparty democracy, pluralism and market economies”.
- 76.** The Agreement Establishing the European Bank for Reconstruction and Development (EBRD), also referred to as the AEB, is the EBRD’s Treaty.
- 77.** The AEB was signed by founding members in May 1990 and entered into force on 28 March 1991.
- 78.** The AEB is the main document of the EBRD and sets out the governance principles of the Bank.
- 79.** In its 2023 Annual General Meeting in Uzbekistan, the Board of Governors of EBRD voted for the limited and incremental expansion of its operations into sub-Saharan Africa.
- 80.** Following the decision of the Annual General Meeting, the EBRD will invest, for the first time, in up to six sub-Saharan African Countries from 2025. Based on EBRD's mandate and business model, Kenya is among the six countries identified for investment. The other countries are Benin, Cote d'Ivoire, Ghana, Nigeria and Senegal.

### **THE PATH TO EBRD MEMBERSHIP**

- 81.** The Cabinet approved Kenya’s application of membership and recipient country status to the European Bank for Reconstruction and Development (EBRD) on 14<sup>TH</sup> February 2024.
- 82.** Following this approval, the Cabinet Secretary for the National Treasury and Economic Planning formally submitted Kenya’s membership application.
- 83.** On 16<sup>th</sup> May, 2024 the EBRD Board of Governors adopted Resolution 271 granting Kenya’s membership to the EBRD.
- 84.** However, in order to finalize membership to the EBRD, the EBRD Board of Governors stipulated that Kenya must meet the following Conditions Precedent to membership by 31<sup>st</sup> May 2025:

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**REPORT ON THE CONSIDERATION OF THE RATIFICATION OF THE AGREEMENT ESTABLISHING THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)**

- i. Submit an Instrument of Accession to confirm that the country accedes to the Agreement Establishing (AEB) and accepts the conditions of membership
- ii. Submit an Instrument of Subscription to confirm that the country subscribes to both the paid in shares and callable shares,
- iii. Submit a Legal Opinion that confirms that the above instruments are legal according to Kenya law, and that all necessary measures required under the law have been taken for the accession to the AEB and
- iv. Transfer the sum for the paid in portion of the shares amounting to EUR 370,000 for the 37 paid-in shares.

## **LEGAL PROVISIONS**

- 85.** Pursuant to the Treaty Making and Ratification Act CAP 4D, the Cabinet Secretary submitted the treaty and a memorandum to the Speaker of the National Assembly on **7<sup>th</sup> April 2025**.
- 86.** Upon receipt of the Parliamentary Memorandum by the National Assembly, the relevant parliamentary committee during its consideration of the treaty is required to ensure there is public participation.
- 87.** The National Assembly may approve or refuse to approve or approve with reservation the ratification of a treaty.
- 88.** Where the ratification of a treaty is approved by the National Assembly, the Registry of Treaties prepares the instrument of ratification of the treaty.
- 89.** The instrument is then signed, sealed, deposited at the relevant depositary, and a copy is filed with the Registrar of Treaties.

## **PART IV**

### **4.0 COMMITTEE OBSERVATIONS**

**90.** Having considered the Agreement and analyzed the submissions made, the Committee observed as follows:

- (a) The Agreement Establishing the European Bank for Reconstruction and Development (EBRD), also referred to as the AEB, is the EBRD's Treaty and was signed in Paris by founding members on 29 May, 1990 and entered into force on 28 March 1991.
- (b) EBRD's mandate is to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiatives in countries committed to applying the principles of multiparty democracy, pluralism and market economies.
- (c) The Board of Governors of EBRD voted for the limited and incremental expansion of its operations into sub-Saharan Africa. The decision reflected the growing economic links between countries where the Bank has invested in Sub-Saharan Africa and the potential for developing private sector there.
- (d) Following the decision of the Annual General Meeting, the EBRD will invest, for the first time, in up to six sub-Saharan African Countries from 2025. Based on EBRD's mandate and business model, Kenya is among the six countries identified for investment.
- (e) EBRD imposes the following obligations to Member States:
  - (i) Each member shall subscribe to shares of the capital stock of the Bank;
  - (ii) The voting power of each member shall be equal to the number of its subscribed shares in the capital stock of the Bank;
  - (iii) Each member shall be represented on the Board of Governors and shall appoint one governor and one alternate;
  - (iv) Member states are obliged to create an enabling environment that supports structural reforms that promote liberalization, privatization, and economic diversification.
- (f) Kenya will be required to pay subscription of 203 shares, of which:
  - i. 37 are paid-up shares with a total cost of EUR 370,000 (Approx. Kshs.61,162,406.00 @165.30-CBK rate on 17/11/2023)
  - ii. 166 shares are callable


## PART V

### 5.0 COMMITTEE RECOMMENDATION

91. The Committee, having reviewed the Agreement recommends that, pursuant to Section 8 of the Treaty-Making and Ratification Act, Cap. 4D, the House **APPROVES** the Accession to the Agreement Establishing the European Bank for Reconstruction and Development (EBRD).

SIGNED: ..... DATE: 24<sup>th</sup> June, 2025

THE HON CPA KURIA KIMANI, CBS, M.P.  
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON FINANCE AND  
NATIONAL PLANNING

 <b>THE NATIONAL ASSEMBLY</b> <b>PAPERS LAID</b>	
DATE: 24 JUN 2025	DAY: TUE.
TABLED BY:	HON. KURIA KIMANI MP, CBS. CHAIRPERSON.
CLERK-AT THE-TABLE:	MS. ANN SHIBUKO