EIB loans: Community guarantee to the EIB against losses under loans and loan guarantees for projects outside the Community

2008/0268(COD) - 14/01/2009 - Legislative proposal

PURPOSE: proposal granting a Community guarantee to the European Investment Bank against losses under loans and loan guarantees for projects outside the Community for the period 2007-2013.

PROPOSED ACT: Decision of the European Parliament and of the Council.

BACKGROUND: the EIB's activities outside the EU have traditionally made up around 10-15% of its total activities (EUR 6.4 billion in 2007, of which EUR 3.7 billion under Community guarantee). EIB's operations in third countries represent a crucial complement to limited EU budget funds to increase the effectiveness and the visibility of the EU's external action. Considering that the EIB was originally set up and structured financially to operate within the EU, the mandates under Community guarantee cover represent the key tools which allow the EIB to carry out operations outside the EU, by providing the necessary political and financial backing by the Community for countries and projects which would not normally fit within the EIB's standard guidelines and criteria. The proposed Decision would continue the provision of a Community guarantee to EIB external lending in the place of but completely in line with the annulled Council Decision 2006/1016/EC and Council Decision 2008/847/EC.

IMPACT ASSESSMENT: an alternative option examined in the framework of the proposal leading to the adoption of the annulled Decision 2006/1016/EC was not to provide a Community guarantee. However, this would have led to a withdrawal of the EIB from a number of countries and a significant increase in funding costs for projects located in other countries. This was deemed not to be politically desirable considering the need to have balanced EU intervention across the various countries in the different regions.

CONTENT: the Community guarantee will cover EIB Financing Operations up to a global amount of EUR 27 800 million, including an optional mandate EUR 2 000 million, over the period 2007-2013. The guarantee shall be restricted to 65% of the aggregate amounts of credits disbursed and guarantees provided under EIB Financing Operations, less amounts reimbursed, plus all related sums. The overall ceiling shall be broken down by region with the following binding regional ceilings:

a) Pre-accession countries: EUR 8 700 million;

b) Neighbourhood and Partnership countries: EUR 12 400 million. This is broken down into two indicative sub-ceilings, i.e. Mediterranean: EUR 8 700 million, and Eastern Europe, Southern Caucasus and Russia: EUR 3 700 million;

c) Asia and Latin America: EUR 3 800 million, broken down into two indicative sub-ceilings, i.e. Latin America: EUR 2 800 million and Asia (including Central Asia): EUR 1 000 million;

d) Republic of South Africa: EUR 900 million;

e) Optional Mandate: EUR 2 000 million. The activation in whole or in part of this optional amount and its regional distribution will be decided by the European Parliament and the Council in accordance with the co decision procedure.

A mid-term review of the mandate will be carried out in 2010, which will allow, where necessary, for a refocusing of the priorities and for a possible release of the optional mandate.

FINANCIAL IMPLICATIONS: these implications stem from the need to set aside provisions for the Community guarantee in the Guarantee Fund for External Action over the period of the Financial Framework 2007-2013.The total indicative financial cost of intervention including the cost of human resources, amounts to EUR 1229.3 millions EUR in payment appropriations for the whole period.