EU guarantee to the European Investment Bank (EIB) against losses under loans and loan guarantees for projects outside the Union

2010/0101(COD) - 25/10/2011 - Final act

PURPOSE: to grant an EU guarantee to the European Investment Bank (EIB) against losses under loans and guarantees for projects outside the European Union.

LEGISLATIVE ACT: Decision No 1080/2011/EU of the European Parliament and of the Council granting an EU guarantee to the European Investment Bank against losses under loans and loan guarantees for projects outside the Union and repealing Decision No 633/2009/EC.

CONTENT: following an agreement with the European Parliament in second reading, the Council adopted a decision extending the EU guarantee to the EIB against losses under loans and guarantees for the remainder of the current financial framework (2007-2013).

Union guarantee: the EY provides to the EIB a budgetary guarantee that covers risks of a political or sovereign nature relating to its loans and guarantees for projects outside the EU that support the objectives of the EU's external policy. The Union's guarantee is provided

shall be granted for EIB financing operations which support any of the following general objectives:

- local private sector development, in particular support to SMEs;
- development of social and economic infrastructure, including transport, energy, environmental infrastructure, and information and communication technology;
- climate change mitigation and adaptation.

This decision, which replaces the EIB's current mandate for external loan activities, stipulates a maximum ceiling for EIB funding operations covered by the Union's guarantee for the period 2007-2013, less amounts cancelled, shall not exceed **EUR 29 484 000 000**. The decision includes **several new features**, in particular:

- **an optional mandate of EUR 2 000 000 000 to support financing operations in the field of climate change and mitigation**. The Council may, however, if appropriate and on the proposal of the Commission, decide to limit the eligibility of a country to EIB financing for actions in the field of climate change mitigation;
- **loans to countries that are not currently covered by the EIB's mandate**. The list of countries potentially eligible for EIB financing under EU guarantee is set out in Annex II. The list of countries eligible for EIB financing under EU guarantee is set out in Annex III and shall include no countries other than those listed in Annex II. For countries not listed in Annex II, eligibility for EIB financing under EU guarantee shall be decided on a case-by-case basis in accordance with the ordinary legislative procedure ;
- **the increase by EUR 1 billion of the ceiling applicable to EIB operations in favour of Mediterranean countries** covered by the European neighbourhood and partnership countries instrument that are undergoing political reforms.

The regional ceilings of the general mandate are as follows:

Pre-accession countries: EUR 9 048 000 000

Neighbourhood and Partnership countries: EUR 13 548 000 000, broken down into the following indicative sub-ceilings:

- Mediterranean countries: EUR 9 700 000 000;
- Eastern Europe, Southern Caucasus and Russia: EUR 3 848 000 000;

Asia and Latin America: EUR 3 952 000 000, broken down into the following indicative sub-ceilings:

- Latin America: EUR 2 912 000 000;
- Asia (including central Asia): EUR 1 040 000 000;

Republic of South Africa: EUR 936 000 000.

Within the overall ceiling of the General Mandate, the EIB governing bodies may decide to reallocate an amount of up to 10 % of the regional ceilings within and between regions.

Review and reporting: the Commission shall present to the European Parliament and to the Council a proposal, as appropriate, for establishing the EU guarantee under the next multiannual financial framework. By 31 October 2014, the Commission shall present to the European Parliament and to the Council a final report on the application of this Decision.

ENTRY INTO FORCE: 30/10/2011.

DELEGATED ACTS: the Commission shall be empowered to adopt delegated acts concerning amendments to Annex III (eligible regions and countries) in order to reflect significant policy developments. The power to adopt delegated acts shall be conferred on the Commission for an indeterminate period of time from 30 October 2011. The delegation of power may be revoked at any time by the European Parliament or by the Council. The European Parliament and the Council may issue objections to a delegated act within a period of two months from its date of notification (this period may be further extended by two months). If the Parliament or Council issue objections, the delegated act does not enter into force.