Establishment of a diversified funding strategy as a general borrowing method

2022/0370(COD) - 13/12/2022 - Final act

PURPOSE: to establish the diversified funding strategy as a general borrowing method.

LEGISLATIVE ACT: Regulation (EU, Euratom) 2022/2434 of the European Parliament and of the Council amending Regulation (EU, Euratom) 2018/1046 as regards the establishment of a diversified funding strategy as a general borrowing method.

CONTENT: the Regulation inserts a new Article 220a into the Financial Regulation to establish the **diversified financing strategy** as a general borrowing method. The implementation of a diversified funding strategy will require a single set of rules to be followed in respect of all borrowing and lending programmes relying on it.

The need for a single funding method is emphasised in particular in the context of financial support to Ukraine given its urgent financing needs. In view of the expected complexity of operations needed to satisfy the **urgent financing needs of Ukraine**, and to anticipate possible future borrowing and lending operations, it is appropriate to establish a diversified funding strategy as the single funding method for implementation of borrowing operations.

A diversified funding strategy will provide the Commission with more flexibility concerning the timing and the maturity of single funding transactions and allow regular and steady disbursements to different beneficiary countries.

The diversified funding strategy will be implemented through all necessary transactions aiming at a regular capital market presence. It will be based on pooling of funding instruments and shall make use of a common liquidity pool.

The Commission will make the necessary arrangements for the implementation of the diversified financing strategy. Those arrangements will include a governance framework, risk management procedures and a cost allocation methodology. The Commission will regularly and comprehensively inform the European Parliament and the Council on all aspects of its borrowing and debt management strategy.

ENTRY INTO FORCE: 14.12.2022. The regulation applies to financial assistance programmes for which the basic acts enter into force on or after 9.11.2022.