

Increased efficiency of the External Action Guarantee

2025/0262(COD) - 28/05/2025 - Legislative proposal

PURPOSE: to increase the efficiency of the External Action Guarantee (EAG) by cutting red tape and unlocking additional resources for external action.

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

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the EU's Global Gateway strategy provides the framework for the EU's external action. It is the EU's positive offer to partner countries aiming to foster sustainable development and resilience through value-driven investments. Global Gateway supports the twin green and digital transitions outside the EU by mobilising public and private sector resources and strengthening strategic connectivity.

The Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI – Global Europe) Regulation, the financial basis of the Global Gateway, provides a unified financial architecture to crowd in private sector investment outside the EU, based on three pillars: the European Fund for Sustainable Development + (EFSD+), the unified budgetary guarantee - the EAG, and financial assistance.

The European Commission is proposing to increase the efficiency of its External Action Guarantee (EAG), a key financial tool under the Global Gateway strategy that offers more affordable loans to unlock investments in partner countries around the world.

CONTENT: the Commission proposal aims to enhance the Unions engagement with its partner countries and reduce its excessive external dependencies. More specifically, it seeks a more dynamic use of EU resources, without requiring additional budget. This objective can be achieved by making **targeted amendments** to the current rules on EU's investments in partner countries. The new rules will enable the EU to **redistribute fundings more easily** between its financing instruments, so that it can maximise the efficiency of EU's foreign aid. More flexible rules will allow **transfers of extra funds** between different guarantee funds. At the same time, the EU will leverage extra room for investment by lowering the risk coverage of some European Investment Bank (EIB) loans.

EFSD+

The guarantee cover of EFSD+ could be increased until 2027 with surpluses from the European Sustainable Development Fund (EFSD) and by using more efficiently the Union guarantee by reducing its EU liability under the EIB's exclusive dedicated investment window for operations with sovereign counterparts and non-commercial sub-sovereign counterparts from 65 % to 60 %.

In addition, a series of **simplification measures** are underway to reduce lengthy procedures, so that access to investment under the EAG can take place more quickly. Some of these measures include:

- removing from the annual reporting on guarantee agreements by implementing partners to the Commission the requirement to audit the risk assessment and grading information of the implementing partner on individual operations,

- **reducing the negotiation burden** for EFSD+ guarantee agreements by consolidating proposals from the same implementing partner under a single guarantee agreement;
- prioritising, where duly justified, top-ups to existing guarantee agreements for new proposals by implementing partners, which require negotiating only the terms related to the new operations;
- **reducing the frequency of financial reporting** for guarantee agreements from a quarterly frequency to a semi-annual one;
- carrying out a **broad simplification of the blending framework**, in particular with the EIB: (i) streamlining the application form and the approval process, (ii) simplifying the contracting arrangements by signing framework blending contracts,(iii) consolidating the reporting by aggregating the current individual reporting by blending operation under a single report by framework contract.

Budgetary implications

The proposed amendments to the NDICI-Global Europe Regulation do not require new contributions from the Union's budget. A surplus of provisions for the EFSD guarantee for the years 2024 and 2025 estimated at EUR 471 million would be assigned to EFSD+.