Increased efficiency of the External Action Guarantee

2025/0262(COD) - 10/03/2026 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 441 votes to 105, with 81 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) 2021 /947 as regards increased efficiency of the External Action Guarantee.

The European Parliament adopted its position at first reading by amending the Commission's proposal.

According to the proposal, the guarantee coverage of EFSD+ could be increased until 2027 by using surpluses from the European Fund for Sustainable Development (EFSD), as established by Regulation (EU) 2017/1601 of the European Parliament and of the Council, and by making more efficient use of the Union budgetary guarantee by reducing Union liability from 65 % to 60 % under the EIB’s exclusive dedicated investment window for operations with sovereign counterparts and non-commercial sub-sovereign counterparts.

The amendments to Regulation (EU) 2021/947 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe provide that, by way of derogation from Regulation (EU, Euratom) 2024/2509 on the financial rules applicable to the general budget of the Union:

- repayments and revenues generated by a financial instrument established under this Regulation should be assigned to the budget line of origin after deduction of management costs and fees;

- any surplus of provisions for the EFSD guarantee under Regulation (EU) 2017/1601 reported in 2025, 2026 and 2027 in the working document attached to the draft budget in accordance with Regulation (EU, Euratom) 2024/2509 should be used for the provisioning of the budgetary guarantee supported by EFSD+;

- EFSD+ resources relating to the provisioning of the budgetary guarantee supported by EFSD+ must be used to cover the payment of calls above EUR 10 million on the EFSD guarantee in 2025, 2026 and 2027.

Increase the effectiveness of the guarantee for external action

The amended text emphasised the following points:

- it is necessary to ensure that measures to enhance the efficiency of the External Action Guarantee established by Regulation (EU) 2021/947 should be pursued in a manner fully consistent with those objectives and principles, while ensuring alignment between Union policies and partner countries' own priorities;

- the global geopolitical and geoeconomic context requires that the Union reaffirms its commitment to establish mutually beneficial partnerships with partner countries, including its commitment to consolidate democratic institutions, strengthen regional stability and security, address migration challenges, foster human development, diversify supply chains, uphold the rules-based international order and address the consequences of Russia's war of aggression against Ukraine;

- the Union’s international cooperation policies and those of its Member States should complement each other to improve the effectiveness, impact and added value of their collective assistance and contribute to strengthening awareness and visibility of the actions of the Union and its Member States in partner countries;

- in the interest of a balanced and inclusive external action that reflects the Union’s broader geopolitical commitments, the assignment of EFSD guarantee surpluses to the EFSD+ provisioning should balance financing across all eligible regions, as enshrined in the financial geographic envelopes set out in Regulation (EU) 2021/947, and in particular with the minimum amounts allocated to geographic programmes set out in that Regulation.

Simplification

The regulation underlined the need to increase the capacity of the EIB, the EBRD and the DFIs to efficiently implement additional resources by simplifying the framework for blending operations, consolidating guarantee and technical assistance agreements with the same implementing partner and reducing the frequency of financial reporting from an obligation to report quarterly to an obligation to report twice per year.

In addition, in terms of simplification, the obligation of implementing partners to audit the information on individual operations under the guarantee agreements that implementing partners are to provide in their annual reporting to the Commission should be removed.

Efficiency and simplification should be accompanied by **appropriate transparency and accountability**, in line with the Commission’s reporting obligations towards the budgetary authority, including clear information about the performance of EFSD and EFSD+, on the leveraging of the funds, the fund allocation to programmes and projects, total surpluses and deficits identified, the origin of any surpluses and the amounts proposed for reallocation.

The Commission should provide clear and regular reporting on the **additionality** of EFSD+ operations, including evidence that supported portfolios carry a higher risk profile than comparable normal investment activities of implementing partners.