Basic information

2006/0203(CNS) CNS - Consultation procedure Decision	Procedure completed
European Investment Fund: increasing the nominal capital **Subject** 2.50.03 Securities and financial markets, stock exchange, CIUTS, investments 8.40.07 European Investment Bank (EIB) 8.70.60 Previous annual budgets	

Key players

European Parliament	**Committee responsible**	**Rapporteur**	**Appointed**
	BUDG Budgets	SEPPÄNEN Esko (GUE/NGL)	20/09/2004
Council of the European Union	**Council configuration**	**Meetings**	**Date**
	Justice and Home Affairs (JHA)	2794	2007-04-19
European Commission	**Commission DG**	**Commissioner**	
	Budget	GRYBAUSKAITĖ Dalia	

Key events

Date	Event	Reference	Summary
24/10/2006	Legislative proposal published	COM(2006)0621	Summary
29/11/2006	Committee referral announced in Parliament		
12/03/2007	Vote in committee		Summary
14/03/2007	Committee report tabled for plenary, 1st reading/single reading	A6-0065/2007	
29/03/2007	Decision by Parliament	T6-0089/2007	Summary
29/03/2007	Results of vote in Parliament		
19/04/2007	Act adopted by Council after consultation of Parliament		
19/04/2007	End of procedure in Parliament		
25/04/2007	Final act published in Official Journal		

Technical information	
Procedure reference	2006/0203(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Decision
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/6/42115

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE384.565	21/02/2007	
Committee report tabled for plenary, 1st reading/single reading		A6-0065/2007	14/03/2007	
Text adopted by Parliament, 1st reading/single reading		T6-0089/2007	29/03/2007	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2006)0621	24/10/2006	Summary
Document attached to the procedure	SEC(2006)1347	24/10/2006	
Follow-up document	SWD(2012)0245	03/08/2012	Summary

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act

Decision 2007/0247
OJ L 107 25.04.2007, p. 0005 Summary

European Investment Fund: increasing the nominal capital

2006/0203(CNS) - 19/04/2007 - Final act

PURPOSE: to increase the subscribed capital of the European Investment Fund (EIF).

LEGISLATIVE ACT: Council Decision (2007/247/EC) on the Community participation in the capital increase of the European Investment Fund.

CONTENT: the European Investment Fund was created in 1994. Community participation in the Fund is based on Council Decision 1994/375/EC. The Fund plays an important role in addressing, in a flexible way, persistent and well-identified market gaps that limit SMEs' access to finance, thus hindering their potential growth in all stages: creation, expansion and development. The Fund will exhaust its own resources by mid-2007 and will be unable to continue its own resources operations. In the absence of a capital increase, the Fund would have to gradually scale down all new operations funded by its own resources. Therefore, following an exhaustive examination of the outlook and alternatives by the Fund's Board of Directors, the Board has proposed to increase the subscribed capital by 50% in nominal terms.

The authorised capital of the EIF was set at the time of its establishment at EUR 2 billion, divided into 2 000 shares each with a nominal value of EUR 1 million. The subscribed capital is to be paid-in at a rate of 20%. The Community subscribed for 600 shares of the Fund for a nominal value of EUR 600 million, of which EUR 120 million was paid-in.

Bearing the above in mind, the main provisions set out in this Decision are as follows:

- In addition to its current shareholding in the Fund, the Community will subscribe, for up to 300 shares each of a nominal value of EUR 1 million in the Fund.
- The Community will purchase the new shares over a four year period starting in 2007.
- During 2007 to 2010, the dividends received for the Community participation in the Fund will be considered as assigned revenue, to cover part of the cost of subscription.
- A total amount of EUR 100 million for the whole period will be available within the general budget of the European Union in order to cover the remaining costs.
- The budgetary commitment may be broken down into annual instalments over four years.

The Commission will submit an evaluation of the own resources activity of the Fund by 31 July 2012. The Fund will send its Annual Report and the Annual Report of the Audit Board to the European Parliament and the Council.

ENTRY INTO FORCE: 25 April 2007.

APPLICATION: 19 April 2007.

European Investment Fund: increasing the nominal capital

2006/0203(CNS) - 24/10/2006 - Legislative proposal

PURPOSE: to increase the subscribed capital of the European Investment Fund (EIF).

PROPOSED ACT: Council Decision.

CONTENT: The European Investment Fund was created in 1994. Community participation in the Fund is based on Council Decision 1994/375/EC. The Fund plays an important role in addressing, in a flexible way persistent and well-identified market gaps that limit SMEs' access to finance, thus hindering their potential growth in all stages: creation, expansion and development. The Fund will exhaust its own resources by mid-2007 and will be unable to continue its own resources operations. In the absence of a capital increase, the Fund would have to gradually scale down all new operations funded by its own resources. Therefore, following an exhaustive examination of the outlook and alternatives by the Fund's Board of Directors, the Board proposes to increase the subscribed capital by 50% in nominal terms.

Article 3 of the Council Decision 1994/375/EC specifies that the position of the Community on a possible capital increase in the capital of the Fund and on its participation in that increase shall be decided unanimously by the Council, acting on proposal from the Commission and after consulting the European Parliament. Consequently, the purpose of this proposal is to approve the 50% increase in the nominal capital of the Fund and Community participation in it. Following the adoption of the proposed Decision, the General Meeting of the Fund would authorise the Fund to increase its capital by 50% in nominal terms.

The capital increase, the first since the inception of the Fund in 1994, is fundamental to achieving the Fund's objectives. In the short- to medium-term, it would increase the Fund's potential for cooperation with the Commission, with the EIB and with the financial shareholders, as well as with new or existing non-shareholder mandators requiring co-investment by the Fund. No additional request for increased capital would be made during the forthcoming Financial Framework period 2007-2013. The Fund will use its own resources for venture capital and guarantee operations to increase financing available for SMEs and growth-enhancing investments by SMEs in innovation and R&D.

The subscribed capital of the Fund will be increased by 50% in nominal terms, of which 20% will be paid-in. The intention is to issue 1000 new shares, which would mean, in nominal terms, an increase of the total subscribed share capital from EUR 2 billion to EUR 3 billion and, maintaining the current

paid-in ratio of 20%, an increase from EUR 400 million to EUR 600 million of the paid-in capital. The capital increase of the Fund was endorsed within the framework of the EIB Group's contribution to the growth and jobs initiative which was welcomed by the ECOFIN of 14 March 2006 and European Council of 23-24 March 2006.

Budgetary implication: the Community will subscribe to up to 300 new shares of the EIF. The annual payments of the shares will be done over the four-year period 2007-2010. The indicative budget appropriation for the four-year period would amount to around EUR 100 million, i.e. EUR 25 million per year. The intention is to maintain the Community shareholding in the Fund at the level of 30% of the capital of the Fund by 2010. Due to the variable share issue price the Commission does not have the possibility to determine in advance the exact overall and annual budgetary commitments and payments. In order to maintain the shareholding at 30% by 2010 and to face any price uncertainties, the Commission proposes that the dividends which will be paid by the Fund during the years 2007- 2010 will be used each year to cover part of the cost of the new shares. In any case, the maximum Community liability will not exceed the budget allocation of EUR 100 million and the dividends received during this period, estimated at around EUR 20 million.

An evaluation of the Fund's activities will be carried out by the Commission by 31 July 2012.

For more details concerning the financial implications of this measure, please refer to the financial statement.

European Investment Fund: increasing the nominal capital

2006/0203(CNS) - 29/03/2007 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted the resolution drafted by Esko **SEPPÄNEN** (GUE/NGL, FI) approving unamended the proposed decision on the Community's participation in the capital increase of the European Investment Fund. The report was adopted by 603 votes in favour to 19 against with 18 abstentions.

European Investment Fund: increasing the nominal capital

2006/0203(CNS) - 03/08/2012 - Follow-up document

The Commission presents a Staff working document evaluating the own resources activity of the EIF, as required by Council Decision 2007/247/EC approving the Community’s participation in the capital increase of the EIB in 2007.

The evaluation demonstrates that significant value added is achieved through the EIF own resources activity and that there remains a strong and valid case for EU shareholding in the EIF on the basis of its role and activity in European SME financing.