Basic information

2016/0274(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Guarantee Fund for external actions: asset management Amending Regulation (EC, Euratom) No 480/2009 2008/0117(CNS) **Subject** 6.30.04 Loans to third-countries, Guarantee Fund	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	GARDIAZABAL RUBIAL Eider (S&D)	10/10/2016
	Shadow rapporteur MUREŞAN Siegfried (PPE) DEPREZ Gérard (ALDE) BENITO ZILUAGA Xabier (GUE/NGL) HAUTALA Heidi (Verts/ALE) ZANNI Marco (ENF)	

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	KUKAN Eduard (PPE)	02/12/2016
DEVE Development (Associated committee)	DEVA Nirj (ECR)	16/12/2016
INTA International Trade	QUISTHOUDT-ROWOHL Godelieve (PPE)	09/11/2016
LIBE Civil Liberties, Justice and Home Affairs	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
General Affairs	3599	2018-02-27

European Commission	

Commission DG	Commissioner
Economic and Financial Affairs	MOSCOVICI Pierre

Key events

Date	Event	Reference	Summary
14/09/2016	Legislative proposal published	COM(2016)0582	Summary
06/10/2016	Committee referral announced in Parliament, 1st reading		
27/03/2017	Vote in committee, 1st reading		
27/03/2017	Committee decision to open interinstitutional negotiations with report adopted in committee		
30/03/2017	Committee report tabled for plenary, 1st reading	A8-0132/2017	Summary
03/04/2017	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 72)		
05/04/2017	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 72)		
06/04/2017	Referral to associated committees announced in Parliament		
04/12/2017	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	GEDA/A/(2017)011231	
07/02/2018	Debate in Parliament		
08/02/2018	Decision by Parliament, 1st reading	T8-0037/2018	Summary
08/02/2018	Results of vote in Parliament		
27/02/2018	Act adopted by Council after Parliament's 1st reading		
14/03/2018	Final act signed		
14/03/2018	End of procedure in Parliament		
19/03/2018	Final act published in Official Journal		

Technical information

Procedure reference	2016/0274(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Amending Regulation (EC, Euratom) No 480/2009 2008/0117(CNS)
Legal basis	Treaty on the Functioning of the European Union TFEU 209-p1 Treaty on the Functioning of the European Union TFEU 212
Other legal basis	Rules of Procedure EP 165

Stage reached in procedure	Procedure completed
Committee dossier	BUDG/8/07915

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE599.626	08/02/2017	
Amendments tabled in committee		PE601.023	03/03/2017	
Committee opinion	AFET	PE595.733	22/03/2017	
Committee opinion	INTA	PE599.646	22/03/2017	
Committee opinion	DEVE	PE599.689	24/03/2017	
Committee report tabled for plenary, 1st reading/single reading		A8-0132/2017	30/03/2017	Summary
Text adopted by Parliament, 1st reading/single reading		T8-0037/2018	08/02/2018	Summary

Council of the EU

Document type	Reference	Date	Summary
Coreper letter confirming interinstitutional agreement	GEDA/A/(2017)011231	01/12/2017	
Draft final act	00066/2017/LEX	14/03/2018	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2016)0582	14/09/2016	Summary
Commission document (COM)	COM(2016)0603	14/09/2016	
Commission working document (SWD)	SWD(2016)0299	14/09/2016	
Commission response to text adopted in plenary	SP(2018)178	24/04/2018	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	IT_SENATE	COM(2016)0582	19/12/2016	

Additional information

Source	Document	Date

European Commission	EUR-Lex	

Final act	
Regulation 2018/0409 OJ L 076 19.03.2018, p. 0001	Summary

Guarantee Fund for external actions: asset management

2016/0274(COD) - 08/02/2018 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 506 votes to 83, with 36 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC, Euratom) No 480/2009 establishing a Guarantee Fund for external actions.

The European Parliament's position adopted at first reading following the ordinary legislative procedure should amend the Commission proposal as follows:

Financial management of the Guarantee Fund: according to the amended text, the Commission shall entrust the financial management of the Fund to the **European Investment Bank** (EIB). By 30 June 2019, the Commission shall submit an independent external evaluation of the advantages and disadvantages of entrusting the financial management of the assets of the Fund and of the European Fund for Sustainable Development to the Commission, the EIB, or a combination of the two. The evaluation shall, where appropriate, be accompanied with a legislative proposal.

Annual report: this shall contain a presentation of the financial position and information on the functioning of the Fund at the end of the previous calendar year, the financial flows as well as the significant transactions and any relevant information on the financial accounts, such as detailed information on the outstanding capital of guaranteed loans or the Fund's assets during the previous calendar year, as well as conclusions and lessons learned.

As of 2019 and every third year thereafter, it shall also include an **assessment on the adequacy of the 9 % target and the 10% threshold for the Fund**.

The text stressed that where the amount of the Fund exceeds 10 % of the Union's total outstanding capital liabilities, the surplus should be paid back into the general budget of the Union in order to better protect the general budget of the Union against potential additional risk of default of the EIB financing operations addressing the long-term economic resilience of refugees, migrants, host and transit communities, and communities of origin as a strategic response to addressing root causes of migration.

Guarantee Fund for external actions: asset management

2016/0274(COD) - 14/09/2016 - Legislative proposal

PURPOSE: to create the necessary preconditions in order for the Guarantee Fund for external action to receive the risk premiums originating from EIB financing operations under the private sector mandate dedicated to projects in support of refugees and/or host communities.

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 Council.

BACKGROUND: the proposal forms part of the ambitious **external investment plan** ("EIP") announced in the Commission communication of 7 June 2016 on establishing a new partnership framework with third countries under the European agenda on migration. On 28 June 2016, the European Council endorsed the EIP initiative, which aims to **address root causes of migration,** while contributing to the achievement of sustainable development goals. Together with a separate legislative proposal to amend Decision No 466/2014/EU of the European Parliament and of the Council on granting an EU guarantee to the European Investment Bank ("EIB") against losses under financing operations supporting investment projects outside the Union, the proposal will enable the EIB to contribute to the EIP by expanding both quantitatively and qualitatively the EIB's external lending mandate.

CONTENT: the proposal seeks to amend Regulation (EC, Euratom) No 480/2009 establishing a Guarantee Fund for external actions. It contains ancillary provisions necessary for the functioning of the EIP, in particular the new private sector lending mandate to the EIB.

Endowment of the Fund: currently, the Guarantee Fund is endowed by the following: (1) one annual payment from the general budget of the Union, (2) interest on Guarantee Fund resources invested, and (3) amounts recovered from defaulting debtors. It is proposed that **the risk premium revenues generated under the new private sector lending mandate of the EIB** should represent a fourth source of income for the Guarantee Fund.

In order to better protect the budget against potential additional risk of default of the EIB financing operations related to migration crisis, **the amount of the Guarantee Fund in surplus exceeding 10% of the outstanding of loans will be paid back to the EU budget.**

Management of the Fund: until now, the assets of the Guarantee Fund have been managed by the EIB. In view of the facts that the Commission has strong experience managing similar financial operations, and is already entrusted with the management of the Guarantee Fund for the EFSI, it is proposed that the **management of the assets of the Guarantee Fund be transferred to the Commission.**

Reports: the Commission will, by 31 March of each year, in the context of the financial statements of the Commission, submit to the European Parliament, to the Council and to the Court of Auditors the required information on the situation of the Guarantee Fund.

BUDGETARY IMPLICATIONS: under the new private sector lending mandate set up by a separate legislative act, the Union will be entitled to the risk premium revenues generated under EIB financing operations. The risk premium revenues will remunerate the higher risk and contribute over the lifetime of the instrument to the funding of the additional provisioning needs for the Guarantee Fund.

The proposal is **not expected to have any net budgetary implication** because the risk premiums constitute inflows to the Guarantee Fund. They will be charged to the EIB in return for risks borne by the Union budget.

Guarantee Fund for external actions: asset management

2016/0274(COD) - 14/03/2018 - Final act

PURPOSE: to create the conditions for the guarantee fund for external actions to receive risk premiums from EIB financing operations under the private sector mandate for refugee projects.

LEGISLATIVE ACT: Regulation (EU) 2018/409 of the European Parliament and of the Council amending Council Regulation (EC, Euratom) No 480 /2009 establishing a Guarantee Fund for external actions.

CONTENT: this Regulation amends Regulation (EC, Euratom) No 480/2009 establishing a Guarantee Fund for external actions. The amendments introduced are as follows:

- **risk-premium revenues** generated under the financing operations of the European Investment Bank (EIB) that benefit from a Union budgetary guarantee should be paid into the fund;
- where the amount of the Fund **exceeds 10 %** of the Union's total outstanding capital liabilities, the surplus should be paid back into the general budget of the Union in order to better protect the general budget of the Union against potential additional risk of default of the EIB financing operations addressing the long-term economic resilience of refugees, migrants, host and transit communities, and communities of origin as a strategic response to addressing root causes of migration;
- the **financial management of the fund** shall be entrusted to the EIB by the Commission.

The Commission shall:

- **present by 30 June 2019** at the latest, an independent external evaluation of the advantages and disadvantages of entrusting the financial management of the assets of the fund and of the European fund for sustainable development to the Commission, the EIB or a combination of the two. Where appropriate, the evaluation shall be accompanied by a legislative proposal;
- **present each year**, a report on the presentation of the financial position and information on the functioning of the fund at the end of the previous calendar year, including detailed information on the outstanding capital of guaranteed loans or the fund's assets during the previous calendar year, as well as conclusions and lessons learned. The report shall also include information about the financial management and performance and the risk of the Fund at the end of the previous calendar year. Starting in 2019 and every three years thereafter, the report shall also include an assessment of the adequacy of the 9% target and the 10% threshold for the fund.

ENTRY INTO FORCE: 8.4.2018.

Guarantee Fund for external actions: asset management

2016/0274(COD) - 30/03/2017 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Budgets adopted the report by Eider GARDIAZABAL RUBIAL (S&D, ES) on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC, Euratom) No 480/2009 establishing a Guarantee Fund for external actions.

The Committee on Development, exercising its prerogative as an associated committee in accordance with Article 54 of the Rules of Procedure, also gave its opinion on the report.

The committee recommended that the European Parliament’s position, adopted at first reading following the ordinary legislative procedure, should amend the Commission proposal as follows:

Financial management of the Guarantee Fund: Members stated that the Commission shall ensure the financial management of the Fund, while taking into account the principles guiding the Union's external action. The Commission shall **explain to the European Parliament** how the management of the Fund is integrated into its broader development strategy.

The financial management of Fund shall be carried out under the highest standards of **transparency and democratic accountability**.

Annual report: Regulation (EC, Euratom) No 480/2009 stipulated that the target amount of the Fund shall be 9 % of the Communities’ total outstanding capital liabilities arising from each operation, increased by unpaid interest due.

The Commission proposal stipulated the amount of the Guarantee Fund in surplus exceeding 10% of the Union's total outstanding capital liabilities shall be paid back to the general budget of the Union.

According to Members, the annual report on the management of the Guarantee Fund in the previous calendar year and **an assessment of the adequacy of the 9 % target amount and of the 10 % threshold**, and of the asset management of the Guarantee Fund by the Commission.