Basic information

2022/0370(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Establishment of a diversified funding strategy as a general borrowing method Amending Regulation 2018/1046 2016/0282A(COD) **Subject** 8.70 Budget of the Union 8.70.01 Financing of the budget, own resources 8.70.02 Financial regulations 8.70.03 Budgetary control and discharge, implementation of the budget	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets		

Committee for opinion	Rapporteur for opinion	Appointed
CONT Budgetary Control	The committee decided not to give an opinion.	

Council of the European Union

European Court of Auditors

Key events

Date	Event	Reference	Summary
09/11/2022	Legislative proposal published	COM(2022)0596	Summary
21/11/2022	Committee referral announced in Parliament, 1st reading		
23/11/2022	Debate in Parliament		
24/11/2022	Decision by Parliament, 1st reading	T9-0411/2022	Summary
24/11/2022	Results of vote in Parliament		
06/12/2022	Act adopted by Council after Parliament's 1st reading		
06/12/2022	Final act signed		
13/12/2022	Final act published in Official Journal		

Technical information

Procedure reference	2022/0370(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Amending Regulation 2018/1046 2016/0282A(COD)
Legal basis	Euratom Treaty A 106a-pa Rules of Procedure EP 170 Treaty on the Functioning of the European Union TFEU 322-p1
Mandatory consultation of other institutions	European Court of Auditors
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/9/10599

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Text adopted by Parliament, 1st reading/single reading		T9-0411/2022	24/11/2022	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	00062/2022/LEX	06/12/2022	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2022)0596	09/11/2022	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N9-0091/2022 OJ C 459 02.12.2022, p. 0004	22/11/2022	

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act
Regulation 2022/2434 OJ L 319 13.12.2022, p. 0001 Summary Corrigendum to final act 32022R2434R(01) OJ L 084 23.03.2023, p. 0026

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.

Establishment of a diversified funding strategy as a general borrowing method

2022/0370(COD) - 09/11/2022 - Legislative proposal

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

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: Article 220 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council (Financial Regulation) currently provides that the Commission borrows on behalf of the Union or Euratom to on-lend the corresponding amounts to beneficiary Member States or third countries under the conditions applicable to the borrowings. In this regard, the cash flows between the borrowed funds and the loans are matched one-to-one. This means that the Union must carry out market operations based on disbursement needs for each specific case of lending, which limits the possibility to plan coherently various borrowing operations and structure maturities to achieve the best costs.

The funding needs for Ukraine require mobilisation and disbursement in a cost-effective flexible and financially sound manner, integrating all funding needs including for NextGenerationEU.

The diversified financing strategy has successfully mobilised funds for grants and loans under Regulation (EU) 2021/241 of the European Parliament and of the Council establishing the Recovery and Resilience Facility and a range of other EU programmes. In view of the expected complexity of

operations needed to satisfy the urgent financial 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.

CONTENT: the proposal inserts a new Article 220a in the Financial Regulation to **establish the diversified funding strategy as a single financing method** . The implementation of the diversified funding strategy would require the application of a single set of rules for all borrowing and lending programmes under it.

The diversified funding strategy will be implemented through all necessary transactions aiming at a regular capital market presence, and 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 funding strategy. It will inform the European Parliament and the Council regularly and comprehensively on all aspects of its debt issuance and management strategy.

The regulation will only apply to the new financial assistance for which the basic acts enter into force on or after 9 November 2022.

Establishment of a diversified funding strategy as a general borrowing method

2022/0370(COD) - 24/11/2022 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 500 votes to 41, with 27 abstentions, a legislative resolution on the proposal for a regulation 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.

Parliament adopted its position at first reading under the ordinary legislative procedure by taking over the Commission proposal.

Financing individual programmes of financial assistance through separate funding methods creates cost and complexity as different programmes of financial assistance compete for a limited number of funding opportunities.

The proposal inserts a new Article 220a in the Financial Regulation to establish the diversified funding strategy as a single funding method. The implementation of the diversified financing strategy will require the application of a single set of rules for all borrowing and lending programmes under it.

The need for a single financing approach is of particular importance in the context of financial support to Ukraine due to its urgent financing needs. Recent experience with the funding needs for Ukraine has highlighted the disadvantages of a fragmented approach to the organisation of the Union’s debt. In order to strengthen the Union’s position as an issuer of euro-denominated debt, it is of paramount importance that all new issuance be organised through a single funding method.

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