

Guarantee Fund for External Action and the EIB's external lending mandate

In September 2016, the European Commission proposed amendments to the regulation on the Guarantee Fund for External Actions (GFEA) and the decision granting an EU guarantee to the European Investment Bank (EIB) against losses under financing operations supporting investment projects outside the EU (external lending mandate, ELM). The agreement on the proposals, reached after eight months of trilogue negotiations, needs a confirmation vote during the February I plenary.

Background

In response to the sharp increase of illegal migration to Europe, and as part of the mid-term review of the EIB's ELM, the Commission has proposed an [External Investment Plan](#) (EIP) to tackle the root causes of migration from countries neighbouring the EU, to support investment in the EU's partner countries, and to promote new forms of private-sector participation. The EIP includes quantitative and qualitative changes to the ELM. The EU guarantee to the EIB covers the risks related to loans and guarantees granted to third countries or for projects to be executed in third countries, thereby protecting the EIB's strong credit rating from risk related to those projects. The GFEA is designed to implement the EU guarantee, whilst protecting the EU budget.

European Commission proposals

According to the [proposal](#) amending [Regulation No 480/2009](#) establishing the GFEA, the Fund would receive as income the risk premiums originating from EIB financing operations under the proposed private-sector mandate dedicated to projects in support of refugees and/or host communities. In addition, the management of the GFEA would be transferred from the EIB to the Commission, which would be expected to produce annual reports. The [proposal](#) amending [Decision No 466/2014/EU](#) on granting an EU guarantee to the EIB expands the ELM, by introducing a new objective of addressing the root causes of migration and increasing the EU guarantee to €32.3 billion. The amendment to the EU guarantee would require an injection from the EU budget of €115 million into the GFEA over the 2018-2020 period.

European Parliament position

Parliament's Committee on Budgets (BUDG) adopted its reports on the [GFEA](#) and the [EU guarantee to the EIB](#) in March 2017, with amendments focused on the financial management of the GFEA, stronger development, climate change and gender-equality commitments, and greater transparency of management. Following interinstitutional negotiations, a trilogue agreement was [announced](#) on 1 December 2017. It introduces an explicit commitment to the broader objectives of the EU Global Strategy, as well as requirements concerning corporate social responsibility, transparency of management and due diligence. The EIB will continue to manage the GFEA, pending an independent external evaluation of the merits of transferring management to the Commission. The co-legislators also agreed changes to the allocation of funds between regional ceilings, and conditions on the reallocations. On 4 December 2017, the BUDG committee approved the provisional agreement, which now needs to be voted at first reading in plenary.

First-reading reports: [2016/0274\(COD\)](#) and [2016/0275\(COD\)](#); Committee responsible: BUDG; Rapporteur: Eider Gardiazabal Rubial (S&D, Spain). See also our ['EU Legislation in Progress'](#) briefing on the proposals.

