



EUROPEAN COMMISSION

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**COMMUNICATION FROM THE COMMISSION
TO THE EUROPEAN PARLIAMENT**

pursuant to Article 294(6) of the Treaty on the Functioning of the European Union

concerning the

position of the Council on the adoption of a Decision of the European Parliament and of the Council granting an EU guarantee to the European Investment Bank against losses under loans and loan guarantees for projects outside the European Union and repealing Decision No 633/2009/EC

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1. BACKGROUND

Date of transmission of the proposal to the European Parliament and to the Council 21 April 2010
(document COM((2010) 174) final – 2010/101 COD):

Date of the opinion of the European Economic and Social Committee: Not applicable

Date of the position of the European Parliament, first reading: 17 February 2011

Date of transmission of the amended proposal: Not applicable

Date of adoption of the position of the Council: 20 September 2011

2. OBJECTIVE OF THE PROPOSAL FROM THE COMMISSION

Decision No 633/2009/EC of the European Parliament and of the Council of 13 July 2009 grants an EU guarantee to the European Investment Bank (EIB) against losses under loans and loan guarantees for projects outside the EU in order to further the contribution of the EIB to the fulfilment of EU policy objectives through the financing of projects.

The proposal tabled by the Commission aims at amending Decision 633/2009/EC following a mid-term review of the application of the EIB external mandate, as established by Decision 633/2009/EC.

3. COMMENTS ON THE POSITION OF THE COUNCIL

3.1 General comments on the Council position at first reading

The Commission can fully accept the Council position which is the outcome of constructive negotiations between the three institutions. It is in line with the essential objectives and the underlying approach of the Commission's initial proposal.

3.2 Agreement at the stage of the Council's position

The Council's position is the result of intensive inter-institutional negotiations which followed the adoption by the European Parliament of its position at first reading on 17 February 2011.

Following the trilogue negotiations, on 27 June 2011, the Chairman of the BUDG Committee of the European Parliament, Mr Alain Lamassoure, sent a letter to the Hungarian Presidency confirming that should the Council adopt as its position at first reading the text approved by the ECOFIN (subject to legal-linguistic verification), he would recommend to the BUDG Committee and then to the Parliament as a whole in plenary session, that the Council's position be accepted without amendment at Parliament's second reading. The General Affairs Council reached a political agreement on this basis on 18 July 2011.

The main points which were negotiated and agreed upon by the three institutions are the following:

a) The amount of the regional ceilings:

- EUR 1bn increase of the ceiling for the Southern Neighbourhood region. An increase of 4% of all other regional and sub-regional ceilings of the general mandate; the overall increase would be of around EUR 1.7 bn (on top of the EUR 2bn additional climate change mandate).
- The above increases would be flagged to be of a temporary nature and with soft conditionality (increases dedicated to countries undertaking political reform as assessed by the Commission with the involvement of the EEAS).
- In terms of flexibility, the EIB governing bodies may decide to reallocate an amount of up to 10% of the regional ceilings of the general mandate *within and between* regions (it used to be only *between* regions).
- **b) Development aspects:**

Some amendments were introduced at the request of the EP focussing on the need for EIB to better report and assess the development, social, environmental and human rights impact of its activities (e.g. by defining specific performance indicators and thoroughly monitoring those aspects throughout the lifecycle of a project).

The text has been clarified further to reflect that the EIB's support to poverty reduction and the achievement of Millennium Development Goals would mainly be indirect by fostering inclusive growth and sustainable economic and social development through the financing of operations following the general objectives set out in the Decision.

c) Country eligibility:

Following recent political developments, Belarus will not be declared eligible (while it will remain 'potentially' eligible).

The Commission will be empowered to activate the mandate for potentially eligible country or also to deactivate/suspend it through delegated acts (under the previous Decision, this would have required an ordinary legislative procedure). This will allow the Commission to more rapidly activate/suspend the mandate in certain countries if political circumstances change.

From a technical point of view, two lists have been set up in Annexes to the Decision: the list of all potentially eligible regions and countries and the list of actually eligible regions and countries (the second one only comprising country from the first one). The Commission would be empowered to modify the second list by delegated acts.

d) EU Platform on Cooperation and Development:

It has been agreed that the Commission will set up and chair a Group of Experts (GoE) to study the concept of an EU Platform for Cooperation and Development. The GoE will be composed by the Commission, EEAS, Member States and EIB. Other financial institutions will be consulted but not be permanent members of the GoE.

e) Regional policy framework:

Recitals (15), (16), (17), (18), (19) and (20) in the Commission proposal were moved to a new Annex IV "regional policy framework", after appropriate redrafting.

4. CONCLUSION

The Commission fully supports the results of the inter-institutional negotiations and can therefore accept the Council's position at first reading.