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Proposal for a

COUNCIL DECISION

**granting a Community guarantee to the European Investment Bank against losses under
loans and guarantees for projects outside the Community**

(presented by the Commission)

EXPLANATORY MEMORANDUM

1) CONTEXT OF THE PROPOSAL

- **Grounds for and objectives of the proposal**

This proposal for a Council Decision deals with the renewal of the Community budget guarantee to the European Investment Bank (EIB) for financing operations from its own resources in various non-member countries. The current EIB mandates, i.e. the general external lending mandate (Council Decision 2000/24/EC, as amended) and the separate mandate for projects in Russia, Ukraine, Moldova and Belarus (Council Decision 2005/48/EC) will expire at end January 2007, with a possible 6-month extension, in case the loans granted by the EIB have not attained the overall amounts set out in the relevant Council Decisions.

The legislation on the EIB general external lending mandate requires the Commission to report on its application by 31 July 2006. The report accompanying the legislative proposal (COM (2006) 323), hereinafter referred to as 'Report', summarizes the results of the activities carried out by the EIB under the current mandates and sets out the orientations of future EIB activities. Two Staff Working Papers, one reviewing regional outlook (SEC (2006) 790) and the other providing a detailed assessment of the existing mandate (SEC (2006) 789) are annexed to the Report.

- **General context**

The EIB's activities outside the EU have traditionally made up around 10% of its total activities (EUR 5.1 billion in 2005, of which EUR 3.7 billion under Community guarantee). The main regions of its current activity are pre-accession and Mediterranean countries, though it also undertakes substantial operations in Asia, Latin America and South Africa, and is progressively expanding its operations in Russia and Ukraine. Activities in ACP countries are carried out under the Cotonou Agreement with European Development Fund resources or with EIB resources with a guarantee from Member States.

The EIB traditionally undertakes operations outside the EU in support of EU external relations policies based on formal mandates from the Council; successive Council mandates have widened the geographical scope of EIB's activity. The financing operations provided for in such Council Decisions are recognised by non-EU partner countries as visible support from the EU. Furthermore, the Community guarantee prevents such operations, which often bear a significantly higher level of risk than the EIB's operations within the EU, from affecting the credit standing of the Bank, and allows the EIB to maintain attractive lending rates outside the EU.

Table 1 of the Report shows that loan signatures as at 31 December 2005 (i.e. around 85% of the duration of the lending mandates) represent 87% of the overall lending ceiling of EUR 20,660 million, but that there are significant differences by region. The EIB expects to sign the balance of the amounts available under the different regional ceilings in 2006, except under the Russia, Ukraine, Moldova and Belarus mandate, where first operations are expected to be signed in 2006 and the remainder in the first half of 2007.

EIB's operations in third countries represent a crucial complement to limited EU budget funds to increase the effectiveness and the visibility of the EU's external action. While the Community budgetary external assistance is focused on lower income countries and support to the social sectors, EIB operations are of particular relevance in middle-income countries and in infrastructure, financial and commercial sectors.

Considering that the EIB has originally been set up and structured financially to operate within the EU, the mandates under Community guarantee cover represent the key tools which allow the EIB to carry out operations outside the EU, by providing the necessary political and financial backing by the Community for countries and projects which would not normally fit within the EIB's standard guidelines and criteria.

- **Existing provisions in the area of the proposal**

As noted above, there are currently two Council Decisions in force (2000/24/EC, as amended, and 2005/48/EC) which provide a Community guarantee to the EIB for extra-EU operations. The existing mandates under Community guarantee expire in January 2007 and this proposal would put in place a Community guarantee for the period 2007-2013.

The proposed Decision would continue the provision of a Community guarantee to EIB external lending, whilst making some modifications, as follows:

- * A single legal basis will cover all different regions as well as the Reserve Mandate mentioned below. The blanket guarantee coverage of 65% will be applied to the whole mandate.
- * Introduction of a new geographical breakdown of the ceilings to reflect the existing proposals for new EU external relations policies and instruments.
- * A clearer definition of the EU policy objectives in each region to be sought by EIB operations under the mandate.
- * Introduction of a Reserve Mandate, not allocated to any single region, for activation in cases of natural disasters, post-conflict reconstruction or developments in strategically important countries.
- * Clarification of the nature of the Community guarantee so as covering risks of a political or sovereign nature. The guarantee coverage would be extended to both types of financing operations mentioned in the EIB Statute, i.e. loans and guarantees (under the current mandates only loans are covered)
- * Reinforcement of the requirements relating to the linkage of EIB external activities with EU policies, through strengthened cooperation between the Commission and the EIB and enhanced reporting.
- * In line with the practice established under the existing mandate for Russia, Ukraine, Moldova and Belarus, selected individual countries shall become eligible as and when they fulfil appropriate conditionality consistent with EU high level agreements with the country in question on political and macro-economic aspects, as determined by the Commission in consultation with the EIB. EIB operations will take place following the

signature and ratification of the necessary Framework Agreement between EIB and the country concerned.

- **Consistency with other policies and objectives of the Union**

As highlighted in the Report, EIB external operations, and notably those covered by the current proposal, will complement the activities to be carried out under the external assistance instruments, i.e. Pre-Accession, European Neighbourhood and Partnership, Development Cooperation and Economic Cooperation as well as the Instrument for Stability.

EIB operations will fully support EU external action, as determined in the various policy papers mentioned in the proposed legal act or as eventually laid out in future EU policy documents. The linkage of EIB external activity with EU policies will be strengthened via reinforced cooperation between the Commission and the EIB. This will begin with an enhanced association in the planning process, notably in the context of action plans or pre-accession documents and country or regional strategy papers, and during upstream identification and implementation of projects. Strengthening cooperation in this fashion will help ensure that the policy driven character of the new EC instruments is likewise reflected in the implementation of the mandate.

The extent of this cooperation will progress on a regionally differentiated basis, taking into consideration the EIB's importance in the region but also the scope for linkage with EU policies, within the framework of the Pre-Accession, European Neighbourhood and Partnership, and Development Cooperation and Economic Cooperation strategies.

Furthermore, the Commission envisages early consultation by the EIB on individual projects. An EIB Financing Operation will not be included under the cover of the Community guarantee in case the Commission delivers a negative opinion on such operation within the framework of the procedure provided for in Article 21 of the Statutes of the EIB.

The EIB would endeavour to further enhance co-ordination and co-operation with International Financial Institutions, such as the EBRD or the World Bank, and with European bilateral institutions, where relevant, on the basis of Memoranda of Understanding covering the different regions under the mandate.

In the framework of the new mandate, enhanced reporting procedures will be put in place to ensure that consistency with the external policies and objectives of the Union, as well as cooperation with other IFIs, are adequately monitored.

2) CONSULTATION OF INTERESTED PARTIES AND IMPACT ASSESSMENT

- **Consultation of interested parties**

Consultation methods, main sectors targeted and general profile of respondents

A joint working party, including representatives from the relevant services of the Commission and the EIB, worked on the preparation of the current proposal and on the accompanying Report.

The Commission and the EIB provided the EFC with a progress report and supplementary information providing the main orientations of the current proposal. The EFC, which includes senior officials expert in the economic and financial field from all Member States, discussed this matter during two successive meetings in February and March 2006. As a result, the EFC produced a report providing the initial views of the Member States on the main orientations put forward by the Commission and the EIB.

Summary of responses and how they have been taken into account

The EIB's views are fully reflected in the current proposal.

The above-mentioned EFC report requests the Commission to provide additional information regarding a comprehensive evaluation of the existing mandates and a fuller description of EIB external activity in the global picture of the EU's external instruments, comprising a needs assessment of the recipient countries, the role of other IFIs and the EIB comparative advantage. The additional information requirements are addressed in the Report and the annexed Staff Working Papers.

The EFC report also includes general recommendations, including a) the need to ensure good co-operation between the EIB and other donors or lenders such as IFIs (in particular the EBRD) and other bilateral agencies; b) the need to clarify the nature of the risks covered by the Community guarantee; c) the need to make concrete proposals for a more coherent deployment of EIB operations and Community grants and to clarify the necessary working arrangements; d) the involvement of the Council in the governance of the Reserve Mandate; e) the need for a mid-term review to be based on an independent evaluation. The above recommendations were taken into account in the proposed legal act. Point c) above can only be addressed in the framework of the appropriate legal bases.

• **Collection and use of expertise**

Scientific/expertise domains concerned

Financial and economic expertise.

Methodology used

Not applicable.

Main organisations/experts consulted

EIB.

Summary of advice received and used

The views of the EIB are reflected in the current proposal and in the accompanying Report.

Means used to make the expert advice publicly available

Not applicable.

- **Impact assessment**

The third countries to be covered by EIB operations under Community guarantee generally have a greater risk profile than EU countries, mainly because of macro-economic, financial and/or political instability, as reflected in the external credit ratings of such countries. The EIB operates on sound banking principles and its Statute is restrictive in terms of the risks it can take. Therefore, without a guarantee from the Community covering political and sovereign risks, the EIB could normally assume the relevant risks only in investment grade countries.

A Community guarantee for extra-EU projects provides the EIB with the security required to allow it to finance projects contributing to Community external relations policies without affecting the EIB's AAA credit rating.

An alternative option examined was not to provide a Community guarantee. However this would have led to a non-entry in - or a withdrawal of the EIB from a number of countries and a significant increase in funding costs for projects located in other countries. This was deemed not to be politically desirable, considering the need to have balanced EU intervention across the various countries in the different regions. Furthermore, the increase of financing costs for project promoters in acceptable countries would have rendered EIB operations less attractive, thus diminishing the EIB's leverage to impose EU policy conditions (e.g. procurement, environment, etc.). The same reasoning would also apply if the Community were to charge the guarantee to the EIB, as this would also ultimately increase the cost for promoters.

The current proposal strikes a proportionate balance between the need to leave the EIB operational freedom to pursue financing activities according to its own modalities, whilst supporting EU external relation policies, and to ensure that the Community's guarantee is limited, both in terms of exposure to risk and the nature of the projects which it will cover. Furthermore, the involvement of the Commission as responsible for the Community guarantee ensures a strong political backing to the financing provided by the EIB. A major effect of such backing is to significantly increase the probability of recovery of defaulted amounts thanks to the joint pressure exercised by the EIB and the Commission on defaulting borrowers. This is witnessed by the fact that the only cases where the EIB called on the guarantee in the past (ex-Yugoslavia and Argentina) have been eventually paid back.

3) LEGAL ELEMENTS OF THE PROPOSAL

- **Summary of the proposed action**

The Commission proposes a single legal basis covering the different regions under the mandate. The period covered by the future mandate will coincide with the next Financial Framework 2007-2013. The action will provide a guarantee to the EIB for extra-EU operations, up to certain ceilings established within the proposal. A mid-term review of the mandate will be carried out in 2010, which will allow, where necessary, for a refocusing of the priorities set out in the legal basis.

- **Legal basis**

The legislative proposal will be based on Article 181a which provides for economic, financial and technical cooperation with third countries. This legal basis was already used for the revision of the general lending mandate (Council Decision 2005/47/EC) and for the new Russia, Ukraine, Moldova and Belarus mandate (Council Decision 2005/48/EC).

- **Subsidiarity principle**

The proposal falls under the exclusive competence of the Community. The subsidiarity principle therefore does not apply.

- **Proportionality principle**

The proposal complies with the proportionality principle for the following reasons:

EIB financing operations shall continue to be managed in accordance with the EIB's own rules and procedures.

The Community guarantee has proved to be an efficient and inexpensive means of covering the political and sovereign risks relating to EIB external operations. Since 1994, a Community Guarantee Fund for External Action is in place to provide a liquidity cushion for the Community budget against defaults on guaranteed operations. The renewal of a Community guarantee will allow the existing efficient and economically sound practice to continue.

The Commission and the EIB will sign an agreement on the provisions and procedures for granting the Community guarantee. In order to streamline the preparation and appraisal of projects, the EIB will further enhance coordination and cooperation with other IFIs and with European bilateral institutions where relevant.

- **Choice of instruments**

Proposed instruments: other.

Other means would not be adequate for the following reason:

A Council Decision is required to establish a guarantee at Community level.

4) BUDGETARY IMPLICATION

The financial statement included in the legislative proposal summarises the relevant budgetary implications. These implications stem from the need to set aside provisions for the Community guarantee in the Guarantee Fund for External Action over the period of the next Financial Framework 2007-2013.

5) ADDITIONAL INFORMATION

- **Review/revision/sunset clause**

The proposal includes a review clause.

The proposal includes a revision clause.

The proposal includes a sunset clause.

- **Detailed explanation of the proposal**

Article 1 mentions that the Community guarantee will cover EIB financing operations up to a global amount of EUR 33 billion, including a reserve of EUR 1.5 billion, over the period 2007-2013. The guarantee shall be restricted to 65% of the aggregate amount of the financing operations plus related sums. The overall ceiling shall be broken down by region with the following binding regional ceilings:

A) Pre-accession countries: EUR 9 billion

B) Neighbourhood and Partnership countries: EUR 15 billion. This is broken down into two indicative sub-ceilings, i.e. Mediterranean countries: EUR 10 billion, and Eastern Europe, Southern Caucasus and Russia: EUR 5 billion.

C) Development and Economic Cooperation countries: EUR 7.5 billion, broken down into three indicative sub-ceilings, i.e. Latin America: EUR 4 billion, Asia: EUR 2 billion, and Republic of South Africa: EUR 1.5 billion.

D) Reserve Mandate: EUR 1.5 billion.

Article 2 deals with the list of countries concerned by the legal act and their eligibility.

Article 3 specifies that the Reserve Mandate is not allocated to any single region and will be activated in cases of natural disasters, post-conflict reconstruction or developments in strategically important countries. The activation will be decided jointly by the Commission and the EIB, following consultation with the EFC. The European Parliament will be informed about the activation of the Reserve Mandate.

Article 4 details the requirements relating to the linkage of EIB external activities with EU policies, through reinforced cooperation between the Commission and the EIB and enhanced reporting. Furthermore, an EIB Financing Operation will not be included under the cover of the Community guarantee in case the Commission delivers a negative opinion on such operation within the framework of the procedure provided for in Article 21 of the Statutes of the EIB.

Article 5 details the modalities of the enhanced cooperation with other IFIs.

Article 6 clarifies the nature of the Community guarantee which will cover risks of a political or sovereign nature for financing operations entered into by the EIB.

Article 7 includes enhanced reporting and accounting information requirements for

both the EIB and the Commission.

Article 8 specifies the responsibility of the EIB to pursue possible recovery claims on behalf of the Commission.

Article 9 mentions that the detailed provisions and procedures relating to the Community guarantee shall be laid down in a guarantee agreement between the Commission and the EIB.

Article 10 mentions that a mid-term review of the mandate would be carried out in 2010 by the Commission on the basis, inter alia, of an activity report from the EIB as well as an evaluation prepared by the EIB's independent evaluation department.

The 'Recitals' section includes, amongst other things, the political background to the proposal and the detailed scope of EIB operations in the different regions.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 181a thereof,

Having regard to the proposal from the Commission¹,

Having regard to the opinion of the European Parliament²,

Whereas:

- (1) Since 1963, the European Investment Bank (hereinafter referred to as the “EIB”) has undertaken operations outside the Community in support of the Community's external policies,
- (2) Most of those operations have been carried out upon request by the Council and have benefited from a Community budgetary guarantee administered by the Commission. Most recently, the Community guarantee was established for the period 2000-2007 by Council Decision 2000/24/EC of 22 December 1999 granting a Community guarantee against losses under loans for projects outside the Community (Central and Eastern Europe, Mediterranean countries, Latin America and Asia and the Republic of South Africa)³ and by Council Decisions 2001/777/EC⁴ and 2005/48/EC⁵ for regionally specific lending actions,
- (3) With a view to supporting EU external action without affecting the EIB's credit standing, the EIB should be offered a Community budgetary guarantee for operations carried out outside the Community. The EIB should be encouraged to increase its operations outside the Community without recourse to the Community guarantee, particularly in the pre-accession countries and the Mediterranean countries as well as in investment grade countries in other regions, while the nature of the coverage of the Community guarantee should be clarified as covering risks of a political or sovereign nature,

¹ OJ C , , p.

² OJ C , , p.

³ OJ L 9, 13.1.2000, p.024, Decision as last amended by Decision 2006/174/EC (OJ L 62, 3.3.2006, p.26)

⁴ OJ L 292, 9.11.2001, p.41

⁵ OJ L 21, 25.1.2005, p.11

- (4) The Community guarantee should cover losses under loans and loan guarantees for EIB eligible investment projects carried out in countries covered by the Instrument for Pre-Accession Assistance⁶ (hereinafter the “IPA”), the European Neighbourhood and Partnership Instrument⁷ (hereinafter the “ENPI”) and the Development Cooperation and Economic Cooperation Instrument⁸ (hereinafter the “DCECI”), where the said loan financing or guarantee has been granted according to a signed agreement which has neither expired nor been cancelled (hereinafter referred to as “EIB Financing Operations”),
- (5) The EU’s external relations policies have been revised and broadened in recent years. This has notably been the case for the Pre-Accession Strategy as set out in the Commission's 2005 Enlargement Strategy Paper⁹, for the European Neighbourhood Policy, as set out in the Commission’s Strategy Paper of 12 May 2004¹⁰, for the renewed partnerships with Latin America¹¹ and South-East Asia¹² and for the EU's Strategic Partnership with Russia, China and India,
- (6) From 2007, the EU’s external relations will also be supported by the new financial instruments, i.e. the IPA, the ENPI, the DCECI and by the Instrument for Stability¹³,
- (7) EIB Financing Operations should be consistent with and support EU external policies including specific regional objectives. EIB Financing Operations should take place in countries complying with appropriate conditionality consistent with EU high level agreements on political and macro-economic aspects,
- (8) The link between EIB activities outside the Community and EU policies should be strengthened via enhanced cooperation between the EIB and the Commission at central as well as at field level. Such strengthened coordination should include, inter alia, early mutual consultation with respect to policy matters, preparation of papers of mutual significance and project pipelines. Of particular importance will be early consultation on strategic programming documents prepared by the Commission or by the EIB, to maximise synergies between EIB and Commission activities and measure progress towards the fulfilment of relevant EU policy objectives,
- (9) With regard to pre-accession countries, EIB financing in those countries should reflect the priorities established in the Accession and European Partnerships, in the Stabilisation and Association agreements and in negotiations with the EU. The focus of EU action in the Western Balkans should continue to shift progressively from reconstruction to pre-accession support. In this context, the EIB activity should also seek to encourage the institution building aspect, where relevant, in cooperation with other International Financial Institutions (“IFIs”) active in the region. Over the period 2007-2013, financing to candidate countries (Croatia, Turkey and the Former Yugoslav Republic of Macedonia) should increasingly take place under the Pre-

⁶ COM(2004) 627 final.

⁷ COM(2004) 628 final.

⁸ COM(2004) 629 final.

⁹ COM(2005) 561 final.

¹⁰ COM(2004) 373 final.

¹¹ COM(2005) 636 final.

¹² COM(2003) 399 final.

¹³ COM(2004) 630 final.

Accession Facility made available by the EIB, which should be extended over time to cover the potential candidate countries in the Western Balkans in line with the progress of their accession process,

- (10) With regard to countries covered by the ENPI, the EIB should continue and consolidate its activities in the Mediterranean region with its focus on private sector development. As regards Eastern Europe, Southern Caucasus and Russia, the EIB should enhance its activities in Russia and Ukraine and prepare to enter other countries in the region as soon as they fulfil appropriate conditionality consistent with EU high level agreements with the country in question on political and macro-economic aspects. In this region, the EIB should finance projects of significant interest to the EU in transport, energy, telecommunications and environmental infrastructure. Priority should be given to projects on extended major Trans European Network axes, projects with cross-border implications for one or more Member States and major projects favouring regional integration through increased connectivity. In the environmental sector, the EIB should in Russia give particular priority to projects within the framework of the Northern Dimension Environmental Partnership. In the energy sector, strategic energy supply and energy transport projects are of particular importance. EIB Financing Operations in this region should be carried out in close cooperation with the European Bank for Reconstruction and Development (“the EBRD”), in particular according to the terms to be set out in a tripartite Memorandum of Understanding between the Commission, the EIB and the EBRD,
- (11) With regard to countries covered by the DCECI, EIB financing in the Asian and Latin American countries will be progressively aligned with the EU cooperation strategy in those regions and be complementary to instruments financed by Community budgetary resources. The concept of “mutual interest”, so far limited in practice to the financing of projects involving EU companies, will be broadened to take into account the promotion of environmental sustainability and regional integration (such as transport, telecom and energy projects favouring interconnectivity). The EIB should endeavour to progressively expand its activities across a larger number of countries in those regions, including in the less prosperous countries. In Central Asia, the EIB should focus on major energy supply and energy transport projects with cross-border implications. EIB financing in Central Asia should be carried out in close cooperation with the EBRD, in particular according to the terms to be set out in a tripartite Memorandum of Understanding between the Commission, the EIB and the EBRD. To enhance visibility of EU intervention in Latin America, a specific amount should be identified for a Latin America facility,
- (12) To complement the EIB activities under the Cotonou Agreement for the ACP countries, a separate facility for South Africa should be renewed, focusing on infrastructure projects of a public interest (including municipal infrastructure, power and water supply) and private sector support, including SMEs. The implementation of the provisions on economic cooperation under the EU-South Africa Trade and Development Cooperation Agreement will further promote EIB activities in this region,
- (13) It is important to combine EIB financing with EU budgetary resources in the form of grant support, risk capital and interest rate subsidies alongside technical assistance for project preparation, implementation or enhancement of the legal and regulatory

framework, through the IPA, the ENPI, the Instrument for Stability and, for South Africa, the DCECI.

- (14) In the past, there have been cases of natural disasters or post-conflict reconstruction where the EIB has been called upon to play a significant and unforeseen role. To ensure that such developments do not put a burden on the regional ceilings set out in this Decision, a “Reserve Mandate” should be established. The Reserve mandate should not be specifically attributed to any single region, but should be available for use – where appropriate in combination with EU budgetary resources – in cases of natural disasters, post-conflict reconstruction or developments in strategically important countries. In order to enable the EIB to take urgent action to help re-establish or safeguard normal conditions, measures for the activation of the Reserve Mandate should be adopted by use of the advisory procedure provided for in Article 3 of Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission¹⁴,
- (15) The EIB already closely cooperates with IFIs and with European bilateral institutions. This cooperation is guided by regionally-specific Memoranda of Understanding. In its Financing Operations outside the EU falling within the scope of this Decision, the EIB should endeavour to further enhance coordination and cooperation with IFIs and with European bilateral institutions where relevant,
- (16) Reporting by the EIB and the Commission on EIB Financing Operations should be strengthened. On the basis of the information received from the EIB, the Commission should report, on an annual basis, to the European Parliament and the Council on the EIB Financing Operations carried out under this Decision,
- (17) The Community guarantee established by this Decision should cover EIB Financing Operations signed during a seven-year period beginning on 1 January 2007. In order to be able to take stock of the developments during the first half of that period, the EIB and the Commission should prepare a mid-term review of the Decision,
- (18) EIB Financing Operations should continue to be managed in accordance with the Bank’s own rules and procedures, including appropriate control measures, as well as with the relevant rules and procedures concerning the Court of Auditors and OLAF,
- (19) The Guarantee Fund for External Action (hereinafter referred to as the “Guarantee Fund”), established by Council Regulation (EC, Euratom) No 2728/94 of 31 October 1994¹⁵, should continue to provide a liquidity cushion for the Community budget against losses on EIB Financing Operations. In April 2005 the Commission presented a proposal to the Council with a view to changing the provisioning system for the Guarantee Fund so as to ensure a more transparent and efficient system¹⁶. [to be updated in the event of adoption by the Council],

¹⁴ OJ L 184, 17.7.1999, p. 23.

¹⁵ OJ L 293, 12.11.1994, p.1, Regulation as last amended by Regulation (EC, Euratom) No 2273/2004 (OJ L 396, 31.12.2004, p. 28).

¹⁶ COM(2005) 130 final.

- (20) The EIB should prepare, in consultation with the Commission, an indicative multi-annual programming of the volume of signatures of EIB Financing Operations so as to ensure an appropriate budgetary planning for the provisioning of the Guarantee Fund.

HAS DECIDED AS FOLLOWS:

Article 1

Guarantee and Ceilings

1. The Community shall grant the European Investment Bank (hereinafter referred to as "the EIB") a global guarantee (hereinafter referred to as the "Community guarantee") in respect of payments not received by the EIB but due to it, in respect of loans and loan guarantees for EIB eligible investment projects carried out in countries covered by this Decision, where the said loan financing or guarantee has been granted according to a signed agreement which has neither expired nor been cancelled (hereinafter referred to as "EIB Financing Operations") and has been granted in accordance with the EIB's own rules and procedures and in support of the relevant external policy objectives of the European Union.

2. The Community guarantee shall be restricted to 65% of the aggregate amount of credits disbursed and guarantees provided under EIB Financing Operations, less amounts reimbursed, plus all related sums.

3. The overall ceiling of the EIB Financing Operations, less amounts cancelled, shall be equivalent to EUR 33 000 million. It shall be broken down by region with the following binding regional ceilings:

(a) Pre-Accession countries:

EUR 9 000 million

(b) Neighbourhood and Partnership countries:

EUR 15 000 million,

broken down into the following indicative sub-ceilings:

(i) Mediterranean countries:

EUR 10 000 million

(ii) Eastern Europe, Southern Caucasus and Russia:

EUR 5 000 million

(c) Development and Economic Cooperation countries:

EUR 7 500 million,

broken down into the following indicative sub-ceilings:

(i) Latin America:

EUR 4 000 million

(ii) Asia:

EUR 2 000 million

(iii) Republic of South Africa:

EUR 1 500 million

(d) Reserve Mandate:

EUR 1 500 million.

4. The Community guarantee shall cover EIB Financing Operations signed during the period of seven years beginning on 1 January 2007 and ending on 31 December 2013.

5. If, on expiry of the period referred to in paragraph 4, the EIB Financing Operations have not attained the overall amounts referred to in paragraph 3, that period shall be automatically extended by six months.

Article 2

Countries covered

1. The countries covered by Article 1 and their attribution to regions are set out in the Annex.

2. Individual countries shall become eligible under the regional ceilings and sub-ceilings as and when they fulfil appropriate conditionality consistent with EU high level agreements with the country in question on political and macro-economic aspects. The Commission, in consultation with the EIB, shall determine when an individual country has fulfilled the appropriate conditionality and shall notify the EIB thereof.

3. The Community guarantee shall only cover EIB Financing Operations carried out in countries having concluded a framework agreement with the EIB establishing the legal conditions under which such EIB Financing Operations are to be carried out.

4. In the event of serious concerns over the political or economic situation in a specific country, the Commission and the EIB may decide to suspend EIB Financing Operations in such country.

5. The Community guarantee shall not cover EIB Financing Operations in a specific country, when the agreement concerning such EIB Financing Operations has been signed after that country's accession to the EU.

Article 3

Reserve Mandate

1. A Reserve Mandate shall be established to be used in cases where EIB Financing Operations can assist in the financing of reconstruction of infrastructure as well as business and social sector premises and equipment damaged or destroyed by natural disasters or post conflict reconstruction or to be deployed in the case of developments in strategically important countries.

2. The Commission and the EIB shall decide jointly on the use of the Reserve Mandate. The Commission and the EIB shall be assisted by the Economic and Financial Committee set up by Article 114(2) of the Treaty.

3. The advisory procedure laid down in Article 3 of Decision 1999/468/EC shall apply, in compliance with Article 7(3) thereof.

Article 4

Consistency with policies of the European Union

1. The consistency of EIB external actions with the external policies and objectives of the European Union shall be strengthened with a view to maximising synergies of EIB lending and budgetary resources of the European Union, notably through regular dialogue and early consultation on:

- (a) strategic documents prepared by the Commission, such as country and regional strategy papers, action plans and pre-accession documents;
- (b) the EIB's strategic planning documents and project pipelines;
- (c) other policy and operational aspects.

2. The cooperation shall be carried out on a regionally differentiated basis, taking into consideration the EIB's role as well as the policies of the European Union in each region.

3. An EIB Financing Operation will not be included under the cover of the Community guarantee in case the Commission delivers a negative opinion on such operation within the framework of the procedure provided for in Article 21 of the Statutes of the EIB.

4. The consistency of EIB Financing Operations with the external policies and objectives of the European Union shall be monitored in accordance with Article 7.

Article 5

Cooperation with other International Financial Institutions

1. EIB Financing Operations shall be carried out, where appropriate, in cooperation between and/or by means of co-financing by the EIB and other International Financial Institutions (IFIs), or European bilateral institutions, in order to ensure reasonable sharing of risks and coherent project and sector conditionality.

2. This cooperation shall be facilitated by coordination, carried out notably in the context of Memoranda of Understanding, where appropriate, between the Commission, the EIB and the main IFIs and European bilateral institutions operating in the different regions.

Article 6

Coverage and terms of the Community Guarantee

1. For EIB Financing Operations entered into with a State, or guaranteed by a State, and for other EIB Financing Operations entered into with regional or local authorities or government-owned and/or -controlled public enterprises or institutions, where such other EIB Financing Operations have an appropriate EIB credit risk assessment taking into account the credit risk situation of the country concerned, the Community guarantee shall cover all payments not received by the Bank but due to it (hereinafter the “Comprehensive Guarantee”).

For the purposes of Article 6 and Article 7 (4), the notion of State includes the West Bank and Gaza Strip, as represented by the Palestinian Authority, and Kosovo, as represented by the UN Interim Administration Mission.

2. For EIB Financing Operations other than those indicated in paragraph 1, the Community guarantee shall cover all payments not received by the Bank but due to it where the non-receipt has been caused by the realisation of one of the following political risks (the “Political Risk Guarantee”):

- (a) non-transfer of currency;
- (b) expropriation;
- (c) war or civil disturbance;
- (d) denial of justice upon breach of contract.

Article 7

Reporting and accounting

1. The Commission shall report annually to the European Parliament and the Council on the EIB Financing Operations carried out under this Decision. The report shall include an assessment of the contribution of the EIB Financing Operations to the fulfilment of the external policy objectives of the European Union, taking into account the operational objectives of the EIB.

2. For the purposes of paragraph 1, the EIB shall provide the Commission with yearly reports of EIB Financing Operations carried out under this Decision and of the fulfilment of the external policy objectives of the European Union, including cooperation with other IFIs.

3. The EIB shall provide the Commission with statistical, financial and accounting data on each of the EIB Financing Operations as necessary to fulfil its reporting duties or requests by the European Court of Auditors as well as with an auditor’s certificate on the outstanding amounts of the EIB Financing Operations.

4. For the purposes of the Commission’s accounting and reporting of the risks covered by the Comprehensive Guarantee, the EIB shall provide the Commission with the EIB’s risk

assessment and grading information concerning EIB Financing Operations with borrowers or guaranteed obligors other than States.

5. The EIB shall provide the information referred to in paragraphs 2, 3 and 4 at its own expense.

Article 8

Recovery of payments made by the Commission

1. If the Commission makes any payment under the Community guarantee, the EIB shall, in the name and on behalf of the Commission, pursue the recovery of claims for the amounts paid.

2. The EIB and the Commission shall enter into an agreement laying down the detailed provisions and procedures relating to recovery of claims no later than the date of conclusion of the agreement referred to in Article 9 below.

Article 9

Guarantee agreement

The EIB and the Commission shall enter into a guarantee agreement laying down the detailed provisions and procedures relating to the Community guarantee.

Article 10

Review of the Decision

1. Drawing inter alia upon an activity report from the EIB as well as an evaluation provided by the independent evaluation department of the EIB, the Commission shall present to the Council and the European Parliament a midterm report on the application of this Decision by 30 June 2010 at the latest, accompanied, as appropriate, by a proposal for its amendment, in particular with regard to the ceilings set out in Article 1.

2. The Commission shall present a final report on the application of this Decision by 31 July 2013 at the latest.

Article 11

Application

This Decision shall take effect on the third day following its publication in the Official Journal of the European Union.

Done at Brussels,

*For the Council
The President*

ANNEX

Regions and countries covered by Article 1

for countries marked with (*) the Commission must still approve eligibility under Article 2(2).

A. PRE-ACCESSION COUNTRIES

(1) *Candidate countries*

Croatia, Turkey, the Former Yugoslav Republic of Macedonia.

(2) *Potential candidate countries*

Albania, Bosnia and Herzegovina, Montenegro, Serbia, Kosovo under United Nations Security Council Resolution 1244.

B. NEIGHBOURHOOD AND PARTNERSHIP COUNTRIES

(1) *Mediterranean countries*

Algeria, Egypt, West Bank and Gaza Strip, Israel, Jordan, Lebanon, Libya*, Morocco, Syria, Tunisia.

(2) *Eastern Europe, Southern Caucasus and Russia*

Eastern Europe: Belarus*, Moldova [*], Ukraine;

Southern Caucasus: Armenia*, Azerbaijan*, Georgia*;

Russia: Russia.

C. DEVELOPMENT AND ECONOMIC COOPERATION COUNTRIES

(1) *Latin America*

Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela.

(2) *Asia*

Asia (without Central Asia):

Afghanistan*, Bangladesh, Bhutan, Brunei, Burma/Myanmar*, Cambodia, China, Hong Kong, India, Indonesia, Iran*, Iraq*, Republic of Korea (South Korea), Lao PDR (Laos), Macao, Malaysia, Maldives, Mongolia, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Chinese Taipei, Thailand, Vietnam, Yemen*.

Central Asia:

Kazakhstan*, Kyrgyz Republic*, Tajikistan*, Turkmenistan*, Uzbekistan*.

(3) *South Africa*

Republic of South Africa.

D. RESERVE

Potentially eligible countries for the Reserve Mandate are those listed in this Annex.

LEGISLATIVE FINANCIAL STATEMENT

1. NAME OF THE PROPOSAL:

Proposal for a Council decision granting a Community guarantee to the European Investment Bank against losses under loans and guarantees for projects outside the Community.

2. ABM / ABB FRAMEWORK

Policy Area(s) concerned and associated Activity/Activities:

Policy area : Economic and Financial Affairs

ABB activity : Financial Operations and Instruments

3. BUDGET LINES

3.1. Budget lines (operational lines and related technical and administrative assistance lines (ex- B..A lines)) including headings:

01 04 01 14	Payments to the Guarantee Fund in respect of new operations
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3.2. Duration of the action and of the financial impact:

EIB loans and guarantees under Community guarantee cover ("EIB Financing Operations") can be signed by the EIB from 2007 to 2013. The total duration of the action and of its financial impact will be determined, however, by the maturity of the signed EIB Financing Operations.

3.3. Budgetary characteristics:

Budget line	Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in Financial Framework
01 04 01 14	Com p	Non- diff ¹⁷	NO	NO	NO	4

¹⁷ Non-differentiated appropriations hereafter referred to as NDA.

4. SUMMARY OF RESOURCES

4.1. Financial Resources

4.1.1. *Summary of commitment appropriations (CA) and payment appropriations (PA)*

The following table summarizes the estimated budgetary resources needed for funding the Guarantee Fund, calculated in line with the new provisioning mechanism proposed by the Commission (COM (2005) 130 of 5 April 2005) and based on the proposed EIB lending mandate of EUR 33 billion and a combined level of other guaranteed loans (Macro-Financial Assistance and Euratom) of EUR 4.5 billion between 2007 and 2013. The estimates are based on reasonable indicative assumptions (level of signatures of EIB Financing Operations increasing by 10% a year, profile of disbursements and repayments in line with current patterns) and assume that the accession of Bulgaria and Romania would take place in 2007.

The figures for the calculations of the “normal” provisioning are detailed in Table 8.1. It is assumed that the new provisioning mechanism will enter into force on 01/01/2007.

- For 2007: no provisioning shall take place (switching year). However, it should be noted that an estimated lumpsum reimbursement of EUR 254 million from the Guarantee Fund to the General Budget should take place following the accession of Bulgaria and Romania, in line with Council regulation N° 2273/2204 of 22 December 2004. This exceptional operation will be performed through an Amending Budget, thus reimbursing Member States in 2007.
- For 2008: the calculations for PDB will be based on the target amount as of 31.12.2006. Estimates show that a surplus of EUR 157 million will appear and will be budgeted in 2008 as “revenues”. This amount stems from the “ex-ante” provisioning of the current system, still in force in 2006, which will create an “over-provisioning” as of 31.12.2006 as regards the target amount. According to the new provisioning, that amount shall be budgeted as “revenues” in the 2008 budget.
- For 2009: the calculations will be based on the target amount as of 31.12.2007. Estimates show a surplus of EUR 2 million.
- For the years 2010-2013, calculations show a growing provisioning need, in line with the growing outstanding loans amount due to the new mandate.

The envelope of EUR 1.4 billion has been set aside in the financial programming of Heading 4 with a flat profile of EUR 200 million per year. Although the total programmed amount of EUR 1.4 billion shall be maintained as the “maximum budgetary needs”, the profile might be adjusted during the programming period to take into account negative developments such as accumulation of defaults¹⁸ and adverse assets valuation¹⁹, in order to cope with extreme situations as shown in the

¹⁸ EUR 100 million/year stem from the activation of the guarantee in case of major defaults (see “smoothing mechanism” in COM(2005) 130 of 5.4.2005).

¹⁹ In order to evaluate implications for the provisioning of possible fluctuations in the asset valuation of the Guarantee Fund, the following assumptions have been made:

total “Maximum budgetary needs” (see table below). On the other hand, in the beginning of the period, practically no financial resources will be necessary due to the shift to the new provisioning system.

EUR Million	2007	2008	2009	2010	2011	2012	2013	Total
Budgetary revenues	0	157	2	0	0	0	0	159
Budgetary needs for normal provisioning	0	0	0	129	153	160	165	607
Possible adjustments in the market valuation of the assets of the Guarantee Fund	0	0	37	42	49	56	64	248
Potential impact of possible calls	0	0	100	100	100	100	100	500
Maximum budgetary needs	0	0	135	271	302	316	329	1353

The following budgetary table takes into account the estimated maximum budgetary resources needed to provision the Guarantee Fund. It should be stressed, however, that the amounts indicated will not necessarily correspond to the amounts to be budgeted each year: the exact budgetary amounts (classified as Compulsory Expenditure) in year n+1 will be determined based on the figures at 31st December of year n-1 based on the outstanding amount of the loans covered by the Guarantee Fund, the corresponding target amount (i.e. 9% of the outstanding loans), the defaults which have occurred during the year, and the valuation of the assets of the Fund. The 'maximum budgetary needs' must thus be considered as a worst case scenario which could exceptionally take place in given years.

-
- a portfolio duration of 3.3 years;
 - 1% increase in interest rates per year;
 - A Guarantee Fund assets' evolution resulting from the estimated 'normal provisioning';
- There are no implications for 2007 and 2008 due to the transition period.

EUR million (1 decimal place)

Expenditure type	Section no.		2007	2008	2009	2010	2011	2012-13	Total
------------------	-------------	--	------	------	------	------	------	---------	-------

Operational expenditure²⁰

Commitment Appropriations (CA)	8.1.	a	0.0	0.0	135.0	271.0	302.0	645.0	1353.0
Payment Appropriations (PA)		b	0.0	0.0	135.0	271.0	302.0	645.0	1353.0

Administrative expenditure within reference amount²¹

Technical & administrative assistance (NDA)	8.2.4.	c	-	-	-	-	-	-	-
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TOTAL REFERENCE AMOUNT

Commitment Appropriations		a+c	0.0	0.0	135.0	271.0	302.0	645.0	1353.0
Payment Appropriations		b+c	0.0	0.0	135.0	271.0	302.0	645.0	1353.0

Administrative expenditure not included in reference amount²²

Human resources and associated expenditure (NDA)	8.2.5.	d	0.8	0.8	0.8	0.8	0.8	1.5	5.3
Administrative costs, other than human resources and associated costs, not included in reference amount (NDA)	8.2.6.	e	-	-	-	-	-	-	-

Total indicative financial cost of intervention

TOTAL CA including cost of Human Resources		a+c+d+e	0.8	0.8	135.8	271.8	302.8	646.5	1358.3
TOTAL PA including cost of Human Resources		b+c+d+e	0.8	0.8	135.8	271.8	302.8	646.5	1358.3

²⁰ Expenditure that does not fall under Chapter xx 01 of the Title xx concerned.

²¹ Expenditure within article xx 01 04 of Title xx.

²² Expenditure within chapter xx 01 other than articles xx 01 04 or xx 01 05.

Co-financing details

No co-financing is foreseen.

4.1.2. *Compatibility with Financial Programming*

- Proposal is compatible with existing financial programming.
- Proposal will entail reprogramming of the relevant heading in the Financial Framework.
- Proposal may require application of the provisions of the Interinstitutional Agreement²³ (i.e. flexibility instrument or revision of the Financial Framework).

4.1.3. *Financial impact on Revenue*

- Proposal has no financial implications on revenue
- Proposal has financial impact – the effect on revenue is as follows:

4.2. **Human Resources FTE (including officials, temporary and external staff) – see detail under point 8.2.1.**

Annual requirements	2007	2008	2009	2010	2011	2012-2013
Total number of human resources	7	7	7	7	7	14

5. CHARACTERISTICS AND OBJECTIVES

5.1. **Need to be met in the short or long term**

As detailed in the Explanatory Memorandum, the existing EIB general lending mandate will expire at the end of January 2007, with a possible 6 month extension, in the case that loans granted by the EIB have not attained the overall amounts set out in the Council Decision. The separate EIB mandate for projects in Russia, Ukraine, Moldova and Belarus will expire on the same date. There is a need for these mandates to be renewed if the Community is to continue to offer a guarantee for EIB external financing operations in furtherance of EU policy objectives.

The new mandate will build upon the existing one, broadening the geographical and sectoral focus of EIB operations in line with the new political priorities of the EU.

²³ See points 19 and 24 of the Interinstitutional agreement.

5.2. Value-added of Community involvement and coherence of the proposal with other financial instruments and possible synergy

EIB Financing Operations outside the EU represent a highly visible and effective tool in support of EU's external action. The report accompanying the legislative proposal details the main benefits of EIB intervention in such countries, such as the passing on to project promoters of expertise and the application of EU environmental and procurement standards to the projects financed. In addition to the above benefits, the EIB passes on in full the financial advantages resulting from the Community guarantee and the attractive funding costs of the Bank to final beneficiaries in the form of competitive interest rates.

The mandate under Community guarantee cover provides for the necessary political and financial backing by the Community for countries and projects which would not normally fit within EIB's standard guidelines and criteria.

EIB Financing Operations will complement the activities carried out under the new external assistance instruments. In order to further increase support for EU external policies in each specific region, the linkage between EIB priorities and EU policies will be strengthened. This will be achieved through a stronger framework for dialogue and cooperation between the EIB and the Commission in the definition of regional policies, country strategies, and at a project level. EIB Financing Operations may be usefully combined with EU budget resources in the form of grant support, risk capital and interest rate subsidies alongside technical assistance for project preparation and implementation or enhancement of the legal and regulatory framework.

5.3. Objectives, expected results and related indicators of the proposal in the context of the ABM framework

The main objective of the proposal is to further the contribution of the EIB to the fulfilment of EU policy objectives, through the financing of investment projects. The objectives to be sought by EIB Financing Operations under the mandate will vary across the different regions and are detailed in the proposed legal act. Encouraging cooperation with other International Financial Institutions (IFIs) is also an important objective of the proposed Decision.

The attainment of objectives will primarily be measured by the volume of EIB Financing Operations by regions and by sector, as well as by the volume of EIB Financing Operations co-financed with other IFIs and/or Commission programmes.

5.4. Method of Implementation (indicative)

- Centralised Management***
 - directly by the Commission
 - indirectly by delegation to:
 - executive Agencies

- bodies set up by the Communities as referred to in art. 185 of the Financial Regulation
- national public-sector bodies/bodies with public-service mission
- Shared or decentralised management***
 - with Member states
 - with Third countries
- Joint management with international organisations (please specify)***

Relevant comments:

In line with existing provisions, the proposal foresees that EIB is mandated by the Council to finance investment projects in accordance with its own rules and procedures. The Commission is responsible for managing the Community guarantee. The EIB and the Commission shall enter into an agreement laying down the detailed provisions and procedures relating to the implementation of this Decision.

6. MONITORING AND EVALUATION

6.1. Monitoring system

EIB Financing Operations under Community guarantee will be managed by the EIB in accordance with the Bank's own rules and procedures, including appropriate audit, control and monitoring measures. As foreseen in the EIB statute, the Audit Committee of the Bank, which is supported by external auditors, is responsible for verifying that the operations of the Bank have been conducted and its books kept in a proper manner. The EIB accounts are approved annually by its Board of Governors.

Furthermore, the EIB Board of Directors, where the Commission is represented by a Director and an alternate Director, approves each EIB Financing Operation and monitors that the Bank is managed in accordance with its Statute and with the general directives laid down by the Board of Governors.

The existing tripartite agreement between the Commission, the Court of Auditors and the EIB, renewed most recently in October 2003 details the rules under which the Court of Auditors is to carry out its audits on the EIB Financing Operations under Community guarantee.

As per Article 7 of the proposal, the Commission shall report to the European Parliament and the Council each year on the EIB Financing Operations carried out under this Decision, drawing upon yearly reports prepared by the EIB, providing information on financing granted in the different regions or sectors and on cooperation with other IFIs.

Furthermore, the EIB shall provide the Commission with statistical, financial and accounting data on each of the EIB Financing Operations as necessary to fulfil its

reporting duties or requests by the European Court of Auditors as well as an auditor's certificate on the outstanding amounts of the EIB Financing Operations.

6.2. Evaluation

6.2.1. Ex-ante evaluation

The legislative proposal is accompanied by a Commission report including a detailed assessment of the existing Community Guarantee to EIB extra-EU operations. The report also contains in a separate annex an analysis of future needs in the various regions covered by the mandate, including their absorption capacity, and outlines how the proposed mandate responds to anticipated need.

6.2.2. Measures taken following an intermediate/ex-post evaluation (lessons learned from similar experiences in the past)

Experience from the operation of the current Community Guarantee has led to some proposed modifications to its modalities, notably in terms of geographical coverage, definition of the scope of the EIB mandate in the different regions, the addition of a Reserve Mandate, a strengthening of the linkage between the EIB activities and the EU external priorities and a consequent reinforcement of the cooperation between the Commission and the EIB, as well as a clarification of risks covered by the Guarantee. The proposed mandate will also cover guarantees of the EIB, extending beyond coverage for loans only under the previous mandates.

6.2.3. Terms and frequency of future evaluation

The proposal provides for the preparation of a mid term review on the EIB mandate by 30 June 2010, which would allow, if necessary, for a refocusing of the priorities set out in the legal basis. It would be prepared by the Commission based inter alia on an activity report from the EIB as well as an evaluation provided by the independent evaluation department of the EIB.

The Commission will prepare a final report on the EIB mandate by 31 July 2013

7. ANTI-FRAUD MEASURES

The Bank's rules and procedures include detailed arrangements to fight against fraud and corruption. In particular, in July 2004, the EIB Board of Governors has approved a decision relating to procedures for cooperation with OLAF and consequently has adapted its internal procedures.

8. DETAILS OF RESOURCES

8.1. Objectives of the proposal in terms of their financial cost

(EUR million)

(Headings of Objectives, actions and outputs should be provided)	Type of output	2007		2008		2009		2010		2011		2012		2013	
		EIB Financing	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost
Indicative volume of signed EIB Financing Operations (new mandate) Total = EUR 33,000 million		3,478		3,826		4,209		4,629		5,093		5,602		6,162	
Outstanding amount based on estimated disbursements and amortizations of EIB operations (Old and new mandates)		10,485 ¹		12,175		14,342		16,696		19,175		21,736		24,433	
Outstanding amount based on estimated disbursements and amortizations of other operations (MFA+ Euratom)		1,150 ²		1,358		1,310		1,227		1,141		1,004		841	
Total outstanding amount based on estimated disbursements and amortizations		11,635 ³		13,533		15,653		17,923		20,316		22,740		25,274	
Target amount @ 9%		1,047		1,218		1,409		1,613		1,828		2,047		2,275	
Budgetary revenues			0		157		2		0		0		0		0
Normal provisioning needs			0		0		0		129		153		160		165
Maximum budgetary needs Total = EUR 1353 million			0		0		135		271		302		316		329

¹ Including estimated impact of enlargement (1,995)

² Including estimated impact of enlargement (830)

³ Including estimated impact of enlargement (2825)

8.2. Administrative Expenditure

8.2.1. Number and type of human resources

Types of post		Staff to be assigned to management of the action using existing and/or additional resources (number of posts/FTEs)					
		2007	2008	2009	2010	2011	2012-13
Officials or temporary staff ²⁴ (XX 01 01)	A*/AD	4	4	4	4	4	8
	B*, C*/AST	3	3	3	3	3	6
Staff financed ²⁵ by art. XX 01 02							
Other staff ²⁶ financed by art. XX 01 04/05							
TOTAL		7	7	7	7	7	14

8.2.2. Description of tasks deriving from the action

The main tasks arising from the management of the Community guarantee are the following:

- Preparation of legislative proposals and guarantee agreements;
- Management of the approval procedure;
- Administration of the annual budgetary procedure;
- Annual reporting to the Council and Parliament;
- Handling of calls;
- Monitoring of the management of the Guarantee Fund;
- Accounting;
- Relations with the Court of Auditors, Parliament and Council.

8.2.3. Sources of human resources (statutory)

- Posts currently allocated to the management of the programme to be replaced or extended
- Posts pre-allocated within the APS/PDB exercise for year 2007

²⁴ Cost of which is NOT covered by the reference amount.

²⁵ Cost of which is NOT covered by the reference amount.

²⁶ Cost of which is included within the reference amount.

- Posts to be requested in the next APS/PDB procedure
- Posts to be redeployed using existing resources within the managing service (internal redeployment)
- Posts required for year n although not foreseen in the APS/PDB exercise of the year in question

The needs for human and administrative resources shall be covered within the allocation granted to the managing service in the framework of the annual allocation procedure.

8.2.4. *Other Administrative expenditure included in reference amount (XX 01 04/05 – Expenditure on administrative management)*

EUR million (to 3 decimal places)

Budget line (number and heading)	2007	2008	2009	2010	2011	2012- 2013	TOTAL
1 Technical and administrative assistance (including related staff costs)							
Executive agencies ²⁷							
Other technical and administrative assistance							
- <i>intra muros</i>							
- <i>extra muros</i>							
Total Technical and administrative assistance	-	-	-	-	-	-	-

8.2.5. *Financial cost of human resources and associated costs not included in the reference amount*

EUR million (to 3 decimal places)

Type of human resources	2007	2008	2009	2010	2011	2012- 2013
Officials and temporary staff (XX 01 01)	0.756	0.756	0.756	0.756	0.756	1.512
Staff financed by Art XX 01 02 (auxiliary, END, contract staff, etc.) (specify budget line)	-	-	-	-	-	-
Total cost of Human Resources and associated costs (NOT in reference amount)	0.756	0.756	0.756	0.756	0.756	1.512

²⁷ Reference should be made to the specific legislative financial statement for the Executive Agency(ies) concerned.

8.2.6. Other administrative expenditure not included in reference amount

EUR million (to 3 decimal places)

	2007	2008	2009	2010	2011	2012-2013	TOTAL
XX 01 02 11 01 – Missions							
XX 01 02 11 02 – Meetings & Conferences							
XX 01 02 11 03 – Committees ²⁸							
XX 01 02 11 04 – Studies & consultations							
XX 01 02 11 05 - Information systems							
2 Total Other Management Expenditure (XX 01 02 11)							
3 Other expenditure of an administrative nature (specify including reference to budget line)							
Total Administrative expenditure, other than human resources and associated costs (NOT included in reference amount)	-	-	-	-	-	-	-

²⁸

Specify the type of committee and the group to which it belongs.