



Brussels, 14.9.2016
COM(2016) 582 final

2016/0274 (COD)

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

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• **Reasons for and objectives of the proposal**

The present 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 Migration¹. The EIP initiative was subsequently endorsed by the European Council on 28 June 2016 and aims to address root causes of migration, while contributing to the achievement of sustainable development goals. The present proposal introduces two amendments to Council Regulation (EC, Euratom) No 480/2009 of 25 May 2009. Together with a separate legislative proposal to amend Decision No 466/2014/EU of the European Parliament and of the Council of 16 April 2014 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 External Lending Mandate ("ELM"). This will enable the EIB to rapidly contribute to the EIP's objectives, in particular by providing additional financing to private-sector beneficiaries.

As part of the Commission's efforts to address root causes of migration, it is proposed to give a new private sector lending mandate to the EIB. Under that private sector lending mandate, the Union will be entitled to the risk premium revenues generated under EIB financing operations. Those revenues should be transferred to the Guarantee Fund for external actions regulated by Council Regulation (EC, Euratom) No 480/2009 of 25 May 2009.

The amount of the Guarantee Fund in surplus exceeding 10% of the total outstanding of loans will be paid back to the budget. This adjustment aims at better protecting the budget against potential additional risk of default of the EIB operations related to migration crisis.

Until now, the assets of the Guarantee Fund have been managed by the EIB. The Commission has a strong experience managing similar financial operations. It is well prepared to manage the Guarantee Fund independently which would represent an effort to streamline and consolidate the asset management activities of the Commission, building on existing structures and a good track record. The Commission is already entrusted to manage the Guarantee Fund for the European Fund for Strategic Investments ("EFSI"). Thus, the management of the assets of the Guarantee Fund should be transferred to the European Commission.

• **Consistency with existing policy provisions in the policy area and with other Union policies**

This proposal forms an integral part of the EIP, a key policy in initiative of the Union. It contains ancillary provisions necessary for the functioning of the EIP, in particular the new private sector lending mandate to the EIB.

¹ COM(2016) 385 of 7.6.2016

The Commission is proposing in parallel a revision of the Regulation (EU, Euratom) No 966/2012 of the European Parliament and the Council (the 'Financial Regulation'), where it proposes a new section on budgetary guarantees that will provide a common regulatory framework for Union's guarantees bearing a contingent liability, as well as a common provisioning fund managed by the Commission. The provisions foreseen in this proposal are consistent with those included in the proposal for the revision of the Financial Regulation.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

Articles 209 and 212 of the Treaty on the Functioning of the European Union.

- **Proportionality**

The proposal contains ancillary provisions and is thus necessary for the functioning of the EIP, in particular the new private sector lending mandate to the EIB.

- **Subsidiarity (for non-exclusive competence)**

In accordance with the principles of subsidiarity and proportionality set out in Article 5 TEU, the objectives of the proposed action cannot be sufficiently achieved by the Member States and can therefore be better achieved by the EU. By reason of the disparities in the capacity to act of Member States' financial institutions, action at Union level can better achieve the objectives pursued, by reason of its scale and effects.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

An external study by a consultant has been undertaken in 2016 with the main purpose of assessing the main parameters governing the Guarantee Fund. The Report concluded that the 9% Target Rate set out in Regulation (EC, Euratom) No 480/2009 is still deemed appropriate for the current risk level of the loans portfolio. A further external review of the target rate will take place most likely in 2019. Moreover, the Guarantee Fund mechanisms have proven effective at protecting the EU budget and at enabling the achievement of the EU external interventions.

4. 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 born by the Union budget.

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 which will exceed 10% instead of 9% of the outstanding of loans will be paid back to the budget.

5. OTHER ELEMENTS

• **Implementation plans and monitoring, evaluation and reporting arrangements**

According to the Regulation (EC, Euratom) No 480/2009, the Commission shall by 31 May of each year report to European Parliament, the Council and the Court of Auditors on the situation of the guarantee fund and the management thereof. It is now proposed that the Commission reports by 31 March on the situation of the guarantee fund in the context of the financial statements of the Commission. The report on the management of the guarantee fund shall be sent to European Parliament, the Council and the Court of Auditors by 31 of May of each year.

EIB financing operations under EU guarantee are managed and monitored by the EIB in accordance with the EIB's own rules and procedures, including appropriate audit, control and monitoring measures. 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 EIB is managed in accordance with its Statute and with the general directives laid down by the Board of Governors.

The Tripartite agreement between the Commission, the Court of Auditors and the EIB sets out the rules under which the Court of Auditors is to carry out its audits of the EIB financing operations under the EU guarantee.

Regular reports are prepared under Decision 466/2014/EU. The Commission annually reports on the implementation of the mandate by the EIB to the European Parliament and to the Council.

Reporting on results will be based on an appropriate aggregation of indicators across the entire portfolio where it is possible, or across a given sector. In the context of the Results Measurement Framework, those indicators will be measured throughout the project cycle at appraisal level and during monitoring until the project is fully implemented. The indicators are to be measured as soon as the first development outcomes are available - typically up to three years after project completion. They will, to the extent possible, also be used for final report under Decision 466/2014/EU.

Furthermore, the EIB provides the Commission with statistical, financial and accounting data on each of the financing operations covered by the EU guarantee as necessary to fulfil its reporting duties or requests by the Court of Auditors as well as with an auditor's certificate on the outstanding of the financing operations covered.

• **Detailed explanation of the specific provisions of the proposal**

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. The risk premium revenues generated under the new private sector lending mandate of the EIB will represent a fourth source of income for the Guarantee Fund. It is proposed to modify Article 2 of Regulation (EC, Euratom) No 480/2009 accordingly.

Until now, the assets of the Guarantee Fund have been managed by the EIB. The Commission has a strong experience managing similar financial operations. It is well prepared to manage the Guarantee Fund independently which would represent an effort to streamline and consolidate the asset management activities of the Commission, building on existing

structures and a good track record. The Commission is already entrusted to manage the Guarantee Fund for the EFSI. Thus, the management of the assets of the Guarantee Fund should be transferred to the European Commission.

It is proposed to modify Article 7 of Regulation (EC, Euratom) No 480/2009 accordingly.

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 AND THE COUNCIL OF THE EUROPEAN UNION,
Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 209 and 212 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) The Guarantee Fund for external actions is regulated by Council Regulation (EC, Euratom) No 480/2009¹.
- (2) The Guarantee Fund is endowed by one annual payment from the general budget of the Union, by interest on Guarantee Fund resources invested and by amounts recovered from defaulting debtors.
- (3) Risk premium revenues generated under the financing operations of the European Investment Bank (EIB) that benefit from a Union budgetary guarantee should be paid to the Guarantee Fund.
- (4) The amount of the Guarantee Fund in surplus exceeding 10% of the Union's total outstanding capital liabilities should be paid back to the general budget of the Union in order to better protect the budget against potential additional risk of default of the EIB financing operations addressing root causes of migration.
- (5) The financial management of the Guarantee Fund should be transferred from the EIB to the Commission, which has an established practice of managing similar investments. By taking over the asset management of the Guarantee Fund, the Commission should be able to streamline and consolidate its asset management activities, building on existing structures and a good track record.
- (6) Regulation (EC, Euratom) No 480/2009 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1

Regulation (EC, Euratom) No 480/2009 is amended as follows:

¹ Council Regulation (EC, Euratom) No 480/2009 of 25 May 2009 establishing a Guarantee Fund for external actions (OJ L 145, 10.6.2009, p. 10).

(1) in Article 2, the following fourth indent is added:

‘— risk premium revenues generated under the financing operations of the EIB for which the Union provides a guarantee.’;

(2) in Article 3, the third paragraph is replaced by the following:

‘If the amount of the Guarantee Fund exceeds 10% of the Union's total outstanding capital liabilities, the surplus shall be paid back to the general budget of the European Union. That surplus shall be paid in one transaction to a special heading in the statement of revenue in the general budget of the European Union of the year $n + 1$ on the basis of the year-end $n-1$ difference between 10% of the total outstanding capital liabilities amount and the value of the Fund's net assets, calculated at the beginning of the year n .’;

(3) Article 7 is replaced by the following:

Article 7

The Commission shall ensure the financial management of the Fund. The Commission shall manage and invest the resources of the Guarantee Fund in accordance with the principle of sound financial management and shall follow appropriate prudential rules.’;

(4) Article 8 is replaced by the following:

Article 8

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

In addition, it shall, by 31 May of each year, submit to the European Parliament, to the Council and to the Court of Auditors an annual report on the management of the Guarantee Fund in the previous calendar year. The annual report shall contain the presentation of the financial position of the Guarantee Fund at the end of the previous calendar year, the financial flows during the previous calendar year as well as the significant transactions and any relevant information on the financial accounts. The report shall also include information about the financial management and performance and the risk of the Guarantee Fund at the end of the previous calendar year.’

Article 2

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

- 1.1. Title of the proposal/initiative
- 1.2. Policy area(s) concerned in the ABM/ABB structure
- 1.3. Nature of the proposal/initiative
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2. MANAGEMENT MEASURES

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LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Council Regulation amending Council Regulation (EC, EURATOM) N° 480/2009 of 25 May 2009 establishing a Guarantee Fund for external actions

1.2. Policy area(s) concerned in the ABM/ABB structure³

Title 01 – Economic and Financial Affairs

ABB activity: "Promote prosperity beyond the EU" and

ABB activity: "Financial operations and instruments".

1.3. Nature of the proposal/initiative

The proposal/initiative relates to **a new action**

The proposal/initiative relates to **a new action following a pilot project/preparatory action⁴**

The proposal/initiative relates to **the extension of an existing action**

The proposal/initiative relates to **an action redirected towards a new action**

1.4. Objective(s)

1.4.1. *The Commission's multiannual strategic objective(s) targeted by the proposal/initiative*

The present 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. The EIP initiative was subsequently endorsed by the European Council on 28 June 2016 and aims to tackle the root causes of migration, while contributing to the achievement of other development goals. This proposal forms an integral part of the External Investment Plan (EIP), a key policy initiative of the Union. It contains ancillary provisions necessary for the functioning of the EIP, in particular the new private sector lending mandate to the EIB as foreseen in the Commission Proposal for a Decision of the European Parliament and of the Council amending Decision No 466/2014/EU.

1.4.2. *Specific objective(s) and ABM/ABB activity(ies) concerned*

Specific objective No

Specific ABM objective No. 2: "To improve the EU profile, EU's external representation and liaison with the EIB, EBRD and with other international financial

³ ABM: activity-based management; ABB: activity-based budgeting.

⁴ As referred to in Article 54(2)(a) or (b) of the Financial Regulation.

institutions, including the improvement of EU's reputation with relevant economic forums with the aim of strengthening convergence between their strategies and operations and EU external priorities".

ABM/ABB activity(ies) concerned

Title 01.03 – International Economic and Financial Affairs

1.4.3. *Expected result(s) and impact*

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

The proposed amendment of the Regulation (EC, Euratom) No 480/2009 is intended 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. Furthermore, the taking over of the asset management of the Guarantee Fund for external action should streamline and consolidate the asset management activities of the Commission, building on existing structures and a good track record. The impact on the beneficiaries targeted under EIB operations in the private sector will be evaluated by the EIB in the context of its Results Measurement framework (REM) for which the EIB will develop new indicators for projects providing strategic response to the migration crisis..

1.4.4. *Indicators of results and impact*

Specify the indicators for monitoring implementation of the proposal/initiative.

Concerning the risk premia, the indicator would be the orderly payment of the revenues to the Guarantee Fund.

Concerning the taking over of the management of the Guarantee Fund, the indicators would be that the hand-over of the management will be managed in a smooth manner and that thereafter the Fund will be managed in line with the principles of sound financial management.

1.5. **Grounds for the proposal/initiative**

1.5.1. *Requirement(s) to be met in the short or long term*

Adoption of the Commission Proposal for a Decision of the European Parliament and of the Council amending Decision No 466/2014/EU of the European Parliament and Council granting an EU guarantee to the European Investment Bank against losses under financing operations supporting investment projects outside the Union.

1.5.2. *Added value of EU involvement*

The added value of the EU guarantee backed by the Guarantee Fund is described in the legislative financial statement linked to the Commission Proposal amending Decision 466/2014/EU. The external lending mandate provides the EU political and financial backing for EIB lending in countries and to investment projects which otherwise would not be able to comply with EIB's standard guidelines and criteria due to high risk.

1.5.3. *Lessons learned from similar experiences in the past*

n.a.

1.5.4. *Compatibility and possible synergy with other appropriate instruments*

Synergy with the Commission proposal for a Decision amending Decision No 466/2014/EU of the European Parliament and Council granting an EU guarantee to the European Investment Bank against losses under financing operations supporting investment projects outside the Union.

The financing operations whose risk is covered by the Guarantee Fund complements the activities carried out under EU external assistance instruments.

1.6. Duration and financial impact

Proposal/initiative of **limited duration**

–

– Financial impact from YYYY to YYYY

Proposal/initiative of **unlimited duration**

– Concerning the take-over by the Commission of the management of the Guarantee Fund for external actions implementation with a hand-over in 2017/2018.

– followed by full-scale operation.

1.7. Management mode(s) planned⁵

Direct management by the Commission

– xby its departments, including by its staff in the Union delegations;

– by the executive agencies

Shared management with the Member States

Indirect management by entrusting budget implementation tasks to:

– third countries or the bodies they have designated;

– international organisations and their agencies (to be specified);

– the EIB and the European Investment Fund;

– bodies referred to in Articles 208 and 209 of the Financial Regulation;

– public law bodies;

– bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;

– bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;

– persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.

– *If more than one management mode is indicated, please provide details in the 'Comments' section.*

Comments

⁵ Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

As stipulated in Article 8 of Council Regulation (EC, Euratom) No 480/2009, the Commission shall, by 31 May of the following financial year, send to the European Parliament, the Council and the Court of Auditors an annual report on the situation of the Guarantee Fund and the management thereof in the previous year. Article 9 of the Regulation stipulates that the revenue and expenditure account and the balance sheet relating to the Guarantee Fund shall be attached to the Communities' revenue and expenditure account and balance sheet.

2.2. Management and control system

2.2.1. Risk(s) identified

In accordance with Article (1) of Regulation 480/2009, the resources of the Guarantee Fund are to be invested. Those investments will bear an investment risk (e.g. market and credit risk) and some operational risk.

2.2.2. Information concerning the internal control system set up

The Commission will manage the assets of the Guarantee Fund in accordance with the Regulation 480/2009 and under its internal rules and procedures in force. Regular external audits will be carried out.

The revenues will be handled in accordance with the Financial Regulation

2.2.3. Estimate of the costs and benefits of the controls and assessment of the expected level of risk of error

The overall cost effectiveness of controls of asset management activities in 2015, as measured by the proportion of overall cost of control (based on FTE involved over total treasury assets under management) leads the Commission to consider that the controls are sufficiently efficient and cost effective. The same control systems will be applied for the additional assets under management.

2.3. Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures.

The EIB has the main responsibility for the adoption of fraud prevention measures, notably through the application to the financing operations of the "EIB's Policy on preventing and deterring Corruption, Fraud, Collusion, Coercion, Money Laundering and the Financing of Terrorism in European Investment Bank activities". The EIB

has adopted a policy towards weakly regulated, non-transparent and non-cooperative jurisdictions.

The EIB is committed to maintaining a stringent policy against tax fraud, tax evasion and harmful tax practices in all of its activities, including when lending through financial intermediaries. It is constantly monitoring progress in international standards in order to maintain its leading role amongst IFIs in the fight against these harmful tax practices and to ensure that its Policy toward weakly regulated, non-transparent and uncooperative jurisdictions keeps abreast of any material developments.

The EIB Group AML-CFT Framework, updated in 2014 and published on EIB website, establishes the key principles regulating AML-CFT and related integrity aspects in EIB Group activities and aims to prevent the EIB Group, its governing bodies, staff and counterparties from being associated with or used for money laundering, financing of terrorism or other criminal activities.

Concerning the take-over of the management of the Guarantee Fund, the Commission's internal rules apply including the specific procedures established for the management of financial assets.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

| Heading of multiannual financial framework | Budget line | Type of expenditure | Contribution | | | |
|--|--|------------------------------|----------------------------------|---------------------------------------|----------------------|--|
| | Number [...] [Heading.....] | Diff./Non-diff. ⁶ | from EFTA countries ⁷ | from candidate countries ⁸ | from third countries | within the meaning of Article 21(2)(b) of the Financial Regulation |
| | 01.0305 EU guarantee for EIB loans and loan guarantees for operations in third countries | | NO | No | No | No |
| | [...][XX.YY.YY.YY] 01.0306 Provisioning of the Guarantee Fund | Diff./Non-diff. | NO | NO | NO | NO |

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

| Heading of multiannual financial framework | Budget line | Type of expenditure | Contribution | | | |
|--|---|---------------------|---------------------|--------------------------|----------------------|--|
| | Number [...] [Heading.....] | Diff./Non-diff. | from EFTA countries | from candidate countries | from third countries | within the meaning of Article 21(2)(b) of the Financial Regulation |
| | [...][XX.YY.YY.YY] | | YES/NO | YES/NO | YES/NO | YES/NO |

⁶ Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

⁷ EFTA: European Free Trade Association.

⁸ Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

3.2. Estimated impact on expenditure

3.2.1. Summary of estimated impact on expenditure

EUR million (to three decimal places)

| | | |
|---|--------|----------------|
| Heading of multiannual financial framework | Number | [Heading.....] |
|---|--------|----------------|

| DG: <.....> | | Year N ⁹ | Year N+1 | Year N+2 | Year N+3 | Enter as many years as necessary to show the duration of the impact (see point 1.6) | | TOTAL |
|--|--|-----------------------------------|----------|----------|----------|---|--|-------|
| | | | | | | | | |
| • Operational appropriations | | | | | | | | |
| | Number of budget line | Commitments (1) Payments (2) | | | | | | |
| Number of budget line | | Commitments (1a) Payments (2a) | | | | | | |
| | Appropriations of an administrative nature financed from the envelope of specific programmes ¹⁰ | | | | | | | |
| Number of budget line | | (3) | | | | | | |
| TOTAL appropriations for DG <.....> | Commitments | =1+1a +3 | | | | | | |
| | Payments | =2+2a +3 | | | | | | |

⁹

Year N is the year in which implementation of the proposal/initiative starts.

¹⁰

Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

| | | | | | | | | | | |
|---|-------------|------|--|--|--|--|--|--|--|--|
| • TOTAL operational appropriations | Commitments | (4) | | | | | | | | |
| | Payments | (5) | | | | | | | | |
| • TOTAL appropriations of an administrative nature financed from the envelope for specific programmes | Commitments | (6) | | | | | | | | |
| | Payments | =4+6 | | | | | | | | |
| TOTAL appropriations under HEADING <...> of the multiannual financial framework | Commitments | =4+6 | | | | | | | | |
| | Payments | =5+6 | | | | | | | | |

If more than one heading is affected by the proposal / initiative:

| | | | | | | | | | | |
|---|-------------|------|--|--|--|--|--|--|--|--|
| • TOTAL operational appropriations | Commitments | (4) | | | | | | | | |
| | Payments | (5) | | | | | | | | |
| • TOTAL appropriations of an administrative nature financed from the envelope for specific programmes | Commitments | (6) | | | | | | | | |
| | Payments | =4+6 | | | | | | | | |
| TOTAL appropriations under HEADINGS 1 to 4 of the multiannual financial framework (Reference amount) | Commitments | =4+6 | | | | | | | | |
| | Payments | =5+6 | | | | | | | | |

| | | |
|---|----------|-------------------------------------|
| Heading of multiannual financial framework | 5 | ‘Administrative expenditure’ |
|---|----------|-------------------------------------|

EUR million (to three decimal places)

| | Year N | Year N+1 | Year N+2 | Year N+3 | Enter as many years as necessary to show the duration of the impact (see point 1.6) | TOTAL |
|------------------------------------|----------------|----------|----------|----------|---|-------|
| DG: <.....> | | | | | | |
| • Human resources | | | | | | |
| • Other administrative expenditure | | | | | | |
| TOTAL DG <.....> | | | | | | |
| | Appropriations | | | | | |

| | | | | | | |
|---|--------------------------------------|--|--|--|--|--|
| TOTAL appropriations under HEADING 5 of the multiannual financial framework | (Total commitments = Total payments) | | | | | |
|---|--------------------------------------|--|--|--|--|--|

EUR million (to three decimal places)

| | Year N ¹¹ | Year N+1 | Year N+2 | Year N+3 | Enter as many years as necessary to show the duration of the impact (see point 1.6) | TOTAL |
|---|----------------------|----------|----------|----------|---|-------|
| TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework | | | | | | |
| | Commitments | | | | | |
| | Payments | | | | | |

For information, administrative costs related to the portfolio management will be withheld from the revenues of the Guarantee Fund and not from the budget. These costs are operational fees (Bank fees, Swift, Clearstream fees included): estimation for 2017, EUR 200 000 to grow until 2020 to EUR 250 000.

¹¹ Year N is the year in which implementation of the proposal/initiative starts.

Audit fees: EUR 10 000

3.2.2. Estimated impact on operational appropriations

- The proposal/initiative does not require the use of operational appropriations
- The proposal/initiative requires the use of operational appropriations, as explained below:

Commitment appropriations in EUR million (to three decimal places)

| Indicate objectives and outputs ↓ | Type ¹² | Average cost | Year | | | | | Enter as many years as necessary to show the duration of the impact (see point 1.6) | | | | | TOTAL | | |
|---|--------------------|--------------|--------|----------|----------|----------|----------|---|----------|----------|----------|----------|-------|----------|------------|
| | | | Year N | Year N+1 | Year N+2 | Year N+3 | Year N+4 | Year N+5 | Year N+6 | Year N+7 | Year N+8 | Year N+9 | Cost | Total No | Total cost |
| OUTPUTS | | | | | | | | | | | | | | | |
| SPECIFIC OBJECTIVE No 1 ¹³ ... | | | | | | | | | | | | | | | |
| - Output | | | | | | | | | | | | | | | |
| - Output | | | | | | | | | | | | | | | |
| - Output | | | | | | | | | | | | | | | |
| Subtotal for specific objective No 1 | | | | | | | | | | | | | | | |
| SPECIFIC OBJECTIVE No 2 ... | | | | | | | | | | | | | | | |
| - Output | | | | | | | | | | | | | | | |
| Subtotal for specific objective No 2 | | | | | | | | | | | | | | | |
| TOTAL COST | | | | | | | | | | | | | | | |

¹² Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).
¹³ As described in point 1.4.2. 'Specific objective(s)...

3.2.3. Estimated impact on appropriations of an administrative nature

3.2.3.1. Summary

- The proposal/initiative does not require the use of appropriations of an administrative nature
- The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

EUR million (to three decimal places)

| | Year N ¹⁴ | Year N+1 | Year N+2 | Year N+3 | Enter as many years as necessary to show the duration of the impact (see point 1.6) | | | | TOTAL |
|--|-------------------------|-------------|-------------|-------------|--|--|--|--|--------------|
|--|-------------------------|-------------|-------------|-------------|--|--|--|--|--------------|

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| HEADING 5 of the multiannual financial framework | | | | | | | | | |
| Human resources | | | | | | | | | |
| Other administrative expenditure | | | | | | | | | |
| Subtotal HEADING 5 of the multiannual financial framework | | | | | | | | | |

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| Outside HEADING 5¹⁵ of the multiannual financial framework | | | | | | | | | |
| Human resources | | | | | | | | | |
| Other expenditure of an administrative nature | | | | | | | | | |
| Subtotal outside HEADING 5 of the multiannual financial framework | | | | | | | | | |

| | | | | | | | | | |
|--------------|--|--|--|--|--|--|--|--|--|
| TOTAL | | | | | | | | | |
|--------------|--|--|--|--|--|--|--|--|--|

The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

¹⁴ Year N is the year in which implementation of the proposal/initiative starts.

¹⁵ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

3.2.3.2. Estimated requirements of human resources

- The proposal/initiative does not require the use of human resources.
- The proposal/initiative requires the use of human resources, as explained below:

Estimate to be expressed in full time equivalent units

| | Year N | Year N+1 | Year N+2 | Year N+3 | Enter as many years as necessary to show the duration of the impact (see point 1.6) | | |
|--|-------------------|----------|----------|----------|---|--|--|
| • Establishment plan posts (officials and temporary staff) | | | | | | | |
| XX 01 01 01 (Headquarters and Commission's Representation Offices) | | | | | | | |
| XX 01 01 02 (Delegations) | | | | | | | |
| XX 01 05 01 (Indirect research) | | | | | | | |
| 10 01 05 01 (Direct research) | | | | | | | |
| • External staff (in Full Time Equivalent unit: FTE)¹⁶ | | | | | | | |
| XX 01 02 01 (AC, END, INT from the 'global envelope') | | | | | | | |
| XX 01 02 02 (AC, AL, END, INT and JED in the delegations) | | | | | | | |
| XX 01 04 yy ¹⁷ | - at Headquarters | | | | | | |
| | - in Delegations | | | | | | |
| XX 01 05 02 (AC, END, INT - Indirect research) | | | | | | | |
| 10 01 05 02 (AC, END, INT - Direct research) | | | | | | | |
| Other budget lines (specify) | | | | | | | |
| TOTAL | | | | | | | |

XX is the policy area or budget title concerned.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

| | |
|-------------------------------|---|
| Officials and temporary staff | <ul style="list-style-type: none"> • Asset management: portfolio management, quantitative analysis, also supporting analytical work for risk; • Support function related to direct management, notably risk management and middle-office payment functions; |
|-------------------------------|---|

¹⁶ AC= Contract Staff; AL = Local Staff; END= Seconded National Expert; INT = agency staff; JED= Junior Experts in Delegations.

¹⁷ Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

| | |
|----------------|--|
| | <ul style="list-style-type: none">• Management, reporting and follow-up of the guarantees (project pipeline);• Financial reporting/accounting and reporting activities; |
| External staff | |

3.2.4. *Compatibility with the current multiannual financial framework*

- The proposal/initiative is compatible with the current multiannual financial framework.
- The proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts.

- The proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework.

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.

3.2.5. *Third-party contributions*

- x The proposal/initiative does not provide for co-financing by third parties.
- The proposal/initiative provides for the co-financing estimated below:

Appropriations in EUR million (to three decimal places)

| | Year N | Year N+1 | Year N+2 | Year N+3 | Enter as many years as necessary to show the duration of the impact (see point 1.6) | | | Total |
|-------------------------------------|-----------|-------------|-------------|-------------|---|--|--|-------|
| | | | | | | | | |
| Specify the co-financing body | | | | | | | | |
| TOTAL appropriations co-financed | | | | | | | | |

3.3. Estimated impact on revenue

- X The proposal/initiative has no financial impact on revenue.
- The proposal/initiative has the following financial impact:
 - on own resources
 - on miscellaneous revenue

EUR million (to three decimal places)

| Budget revenue line: | Appropriations available for the current financial year | Impact of the proposal/initiative ¹⁸ | | | | |
|----------------------|---|---|-----------|-----------|-----------|---|
| | | Year 2017 | Year 2018 | Year 2019 | Year 2020 | Enter as many years as necessary to show the duration of the impact (see point 1.6) |
| Article | | | | | | |

For miscellaneous 'assigned' revenue, specify the budget expenditure line(s) affected.

For information, the revenues expected from the EIB risk pricing will have no impact on the Budget. The revenues will be paid directly to the Guarantee Fund.

The estimated revenues are :

| Year 2017 | Year 2018 | Year 2019 | Year 2020 |
|-----------|--------------|--------------|--------------|
| - | 0.504 | 1.366 | 2.718 |

Ancillary information: Risk premium revenues are estimated at 50 basis point and calculated on the basis of the estimated outstanding of loans granted by the EIB for projects in the private sector in response to the migration crisis.

For information, currently the Commission paid management fees for the financial management of the guarantee Fund. The proposal for the transfer of this activity to the Commission will allow to save about EUR 900 000 per year (EUR 860 000 have been paid to the EIB in 2015).

¹⁸ As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25 % for collection costs.