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## INFORMATION NOTE

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From: General Secretariat of the Council

To: Permanent Representatives Committee/Council

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Subject: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on amending Regulation (EU) 2021/947 as regards increased efficiency of the External Action Guarantee  
- Outcome of the European Parliament's first reading  
(Strasbourg, 9 to 12 March 2026)

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## I. INTRODUCTION

In accordance with the provisions of Article 294 of the TFEU and the Joint declaration on practical arrangements for the codecision procedure<sup>1</sup>, a number of informal contacts have taken place between the Council, the European Parliament and the Commission with a view to reaching an agreement on this proposal at first reading.

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<sup>1</sup> OJ C 145, 30.6.2007, p.5.

In this context, the Chairs of the Committee on Foreign Affairs (AFET) David MCALLISTER (EPP, DE) and of the Committee on Development (DEVE) Barry ANDREWS (Renew, IE) presented, respectively on behalf of AFET and DEVE, a compromise amendment (amendment number 18) to the abovementioned proposal for a Regulation, for which David MCALLISTER and Charles GOERENS (Renew, LU) had prepared a draft report. This amendment had been agreed during the informal contacts referred to above.

## II. VOTE

When it voted on 10 March 2026, the plenary adopted the compromise amendment (amendment number 18) to the abovementioned proposal for a Regulation. The Commission's proposal as thus amended constitutes the Parliament's first-reading position which is contained in its legislative resolution as set out in the Annex hereto<sup>2</sup>.

The Parliament's position reflects what had been previously agreed between the institutions. The Council should therefore be in a position to approve the Parliament's position.

The act would then be adopted in the wording which corresponds to the Parliament's position.

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<sup>2</sup> The version of the Parliament's position in the legislative resolution has been marked up to indicate the changes made by the amendments to the Commission's proposal. Additions to the Commission's text are highlighted in ***bold and italics***. The symbol "■" indicates deleted text.

## **P10\_TA(2026)0059**

### **Increased efficiency of the External Action Guarantee**

**European Parliament legislative resolution of 10 March 2026 on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) 2021/947 as regards increased efficiency of the External Action Guarantee (COM(2025)0262 – C10-0107/2025 – 2025/0262(COD))**

**(Ordinary legislative procedure: first reading)**

*The European Parliament,*

- having regard to the Commission proposal to Parliament and the Council (COM(2025)0262),
  - having regard to Article 294(2) and Articles 209 and 212 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C10-0107/2025),
  - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
  - having regard to the provisional agreement approved by the committees responsible under Rule 75(4) of its Rules of Procedure and the undertaking given by the Council representative by letter of 4 February 2026 to approve Parliament’s position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,
  - having regard to Rule 60 of its Rules of Procedure,
  - having regard to the joint deliberations of the Committee on Foreign Affairs and the Committee on Development under Rule 59 of the Rules of Procedure,
  - having regard to the report of the Committee on Foreign Affairs and the Committee on Development (A10-0221/2025),
1. Adopts its position at first reading hereinafter set out;
  2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
  3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

**P10\_TC1-COD(2025)0262**

**Position of the European Parliament adopted at first reading on 10 March 2026 with a view to the adoption of Regulation (EU) 2026/... of the European Parliament and of the Council amending Regulation (EU) 2021/947 as regards increased efficiency of the External Action Guarantee**

**(Text with EEA relevance)**

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<sup>1</sup>,

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<sup>1</sup> Position of the European Parliament of 10 March 2026.

Whereas:

- (1) ***The Union's external financing instruments, including the European Fund for Sustainable Development Plus (EFSD+) as established by Regulation (EU) 2021/947 of the European Parliament and of the Council<sup>2</sup>, continue to be guided by the objectives and principles of the Union's external action, as laid down in Article 3(5) and Articles 8 and 21 of the Treaty on European Union (TEU), as well as by Union policy in the field of development cooperation as laid down in Article 208 of the Treaty on the Functioning of the European Union (TFEU). Measures to enhance the efficiency of the External Action Guarantee established by Regulation (EU) 2021/947 (the 'External Action Guarantee') should be pursued in a manner fully consistent with those objectives and principles, while ensuring alignment between Union policies and partner countries' own priorities.***
- (2) The global geopolitical and geoeconomic context requires that the Union reaffirms its commitment to establish mutually beneficial partnerships with partner countries, ***including its commitment to consolidate democratic institutions, strengthen regional stability and security, address migration challenges, foster human development, diversify supply chains, uphold the rules-based international order and address the consequences of Russia's war of aggression against Ukraine.***

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<sup>2</sup> Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No 480/2009 (OJ L 209, 14.6.2021, p. 1, ELI: <http://data.europa.eu/eli/reg/2021/947/oj>).

- (3) *The Union and its Member States collectively remain the world’s largest providers of official development assistance, and their strategic ambitions and actions therefore require strong visibility. As part of the Team Europe approach, the Union’s international cooperation policies and those of its Member States should complement each other to improve the effectiveness, impact and added value of their collective assistance and contribute to strengthening awareness and visibility of the actions of the Union and its Member States in partner countries.*
- (4) The 2024 Draghi report on the future of European competitiveness recommends ensuring a greater involvement of the private sector and reducing excessive external dependencies by securing supplies of raw materials, clean energy, sustainable transport fuels, and clean tech from across the world, and by upgrading and leveraging the Global Gateway strategy laid down in the joint communication to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank of 1 December 2021 entitled ‘The Global Gateway’ (the ‘Global Gateway’) as well as the growth plans for the enlargement countries *and the comprehensive partnerships with the Neighbourhood*, which require additional resources.

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- (5) An important Union financing instrument to deliver on the Global Gateway objectives and the strategic investments is the EFSD+, and in particular its budgetary guarantee, a component of the External Action Guarantee. Efficiency gains on the External Action Guarantee would free up funding for Union external action priorities, including possibly scaling up the Global Gateway, ***while adopting a differentiated context-specific approach to partner countries, especially those identified as experiencing fragility or conflict, Least Developed Countries and heavily indebted poor countries.***
- (6) ***Taking into account risks of foreign influence and competing initiatives, when implementing the EFSD+, attention should be paid to ensuring that the Union provides support under the External Action Guarantee only to operations that comply with Union values and interests and ensure a level playing field and fair competition for Union companies.***
- (7) The EFSD+ is facing very high demand from the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and other development financial institutions (DFIs), as confirmed by the Commission's evaluation of the External Financing Instruments for the 2014-2020 and 2021-2027 Multiannual Financial Frameworks.

- (8) The guarantee coverage of EFSD+ could be increased until 2027 by using surpluses from the European Fund for Sustainable Development (EFSD), as established by Regulation (EU) 2017/1601 of the European Parliament and of the Council<sup>3</sup>, and by making more efficient use of the Union budgetary guarantee by reducing Union liability from 65 % to 60 % under the EIB's exclusive dedicated investment window for operations with sovereign counterparts and non-commercial sub-sovereign counterparts. That liability reduction would only come into effect after the amendment of the corresponding guarantee agreement between the Commission and the EIB. The assignment of surpluses from legacy instruments to the benefit of EFSD+ should be without prejudice to the negotiations on the post-2027 multiannual financial framework.
- (9) Assigning the EFSD guarantee surpluses to the EFSD+ provisioning as from 31 December 2024 requires a derogation from Article 216(4), point (a), of Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council<sup>4</sup>.
- (10) ***In the interest of a balanced and inclusive external action that reflects the Union's broader geopolitical commitments, the assignment of EFSD guarantee surpluses to the EFSD+ provisioning should balance financing across all eligible regions, as enshrined in the financial geographic envelopes set out in Regulation (EU) 2021/947, and in particular with the minimum amounts allocated to geographic programmes set out in Article 6(2), point (a), of that Regulation.***

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<sup>3</sup> Regulation (EU) 2017/1601 of the European Parliament and of the Council of 26 September 2017 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund (OJ L 249, 27.9.2017, p. 1, ELI: <http://data.europa.eu/eli/reg/2017/1601/oj>).

<sup>4</sup> Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (OJ L, 2024/2509, 26.9.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>).

- (11) Allowing the use of resources of the EFSD+ guarantee to pay guarantee calls on the EFSD guarantee as from 31 December 2024 requires a derogation from Article 214(6) of Regulation (EU, Euratom) 2024/2509.
- (12) The capacity of the EIB, the EBRD and the DFIs to efficiently implement additional resources should be increased by simplifying the framework for blending operations, consolidating guarantee and technical assistance agreements with the same implementing partner and reducing the frequency of financial reporting from an obligation to report quarterly to an obligation to report twice per year. ***Simplification is essential to mobilise private investment at scale, increase the leverage effect of Union funds and create a predictable environment for private partners willing to co-invest in sustainable development.***
- (13) In addition, in terms of simplification, the obligation of implementing partners to audit the information on individual operations under the guarantee agreements that implementing partners are to provide in their annual reporting to the Commission should be removed, as it is not required by Regulation (EU, Euratom) 2024/2509.

- (14) *Efficiency and simplification should be accompanied by appropriate transparency and accountability, in line with the Commission's reporting obligations under Article 41(7) of Regulation (EU) 2021/947 towards the budgetary authority, including clear information about the performance of EFSD and EFSD+, on the leveraging of the funds, the fund allocation to programmes and projects, total surpluses and deficits identified, the origin of any surpluses and the amounts proposed for reallocation. The Commission should provide clear and regular reporting on the additionality of EFSD+ operations, including evidence that supported portfolios carry a higher risk profile than comparable normal investment activities of implementing partners.*
- (15) Since the objectives of this Regulation, namely to enhance the Union's engagement with its partner countries and to reduce its excessive external dependencies, cannot be sufficiently achieved by the Member States, but can rather, by reason of the scale and effects of the action, be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 TEU. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives,

HAVE ADOPTED THIS REGULATION:

*Article 1*  
*Amendments to Regulation (EU) 2021/947*

Regulation (EU) 2021/947 is amended as follows:

(1) in Article 30, paragraph 4 is replaced by the following:

‘4. By way of derogation from Article 212(3) of Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council\*, repayments and revenues generated by a financial instrument established under this Regulation shall be assigned to the budget line of origin after deduction of management costs and fees.

By way of derogation from Article 216(4), point (a), of Regulation (EU, Euratom) 2024/2509, any surplus of provisions for the EFSD guarantee under Regulation (EU) 2017/1601 reported in 2025, 2026 and 2027 in the working document attached to the draft budget in accordance with Article 41(5), point (h), of Regulation (EU, Euratom) 2024/2509 **shall** be used for the provisioning of the budgetary guarantee supported by EFSD+.

The resources referred in the first and second subparagraphs of this paragraph shall constitute internal assigned revenue within the meaning of Article 21(5) of Regulation (EU, Euratom) 2024/2509.

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\* Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (OJ L, 2024/2509, 26.9.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>.’;

(2) in Article 31(8), the following subparagraph is added:

‘By way of derogation from Article 214(6) of Regulation (EU, Euratom) 2024/2509, EFSD+ resources relating to the provisioning of the budgetary guarantee supported by EFSD+ and referred to in Article 214(4), first subparagraph, points (b) ■ and (d), of Regulation (EU, Euratom) 2024/2509 *shall* be used to cover the payment of calls *above EUR 10 million* on the EFSD guarantee *in 2025, 2026 and 2027*.’;

(3) in Article 36(1), the second subparagraph is replaced by the following:

‘The EIB shall have the exclusivity for operations with sovereign counterparts and non-commercial sub-sovereign counterparts under the exclusive dedicated investment window. Under the exclusive dedicated investment window, the own resources contribution shall be understood as the assumption of residual risk and the EU guarantee shall cover 60 % of the aggregate amount disbursed and guaranteed under EIB financing operations, less amounts reimbursed, plus all related amounts.’;

(4) in Article 38, paragraph 6 is deleted.

*Article 2*  
*Entry into force*

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 ...,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

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