

COUNCIL DECISION**of 22 December 2004****granting a Community guarantee to the European Investment Bank against losses under loans for certain types of projects in Russia, Ukraine, Moldova and Belarus**

(2005/48/EC)

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 Commission,

Having regard to the opinion of the European Parliament ⁽¹⁾,

Whereas:

- (1) In support of the European Union's European Neighbourhood Policy, the Council wishes to make it possible for the European Investment Bank (EIB) to grant loans for certain types of projects in Russia and in the Western New Independent States ('WNIS'), namely Belarus, Moldova and Ukraine.
- (2) In support of the Northern Dimension initiative launched by the Helsinki Council of December 1999, Council Decision 2001/777/EC of 6 November 2001 granting a Community guarantee to the European Investment Bank against losses under a special lending action for selected environmental projects in the Baltic Sea basin of Russia under the Northern Dimension ⁽²⁾, was adopted.
- (3) The EIB lending under Decision 2001/777/EC is now approaching its ceiling.
- (4) In its conclusions, the Ecofin Council of 25 November 2003 agreed to an additional allocation for lending to Russia and the WNIS by the EIB, as a further development of Decision 2001/777/EC for projects in areas in which the EIB has a comparative advantage and where there is unmet credit demand. The areas in which the EIB is considered to have a 'comparative advantage' are: environment as well as transport, telecommunications and energy infrastructure on priority Trans-European network ('TEN') axes having cross-border implications for a Member State.
- (5) The lending mandate should be subject, on the one hand, to appropriate conditionality consistent with EU high-level agreements on political and macro-economic aspects, and with other international financial institutions on sectoral and project aspects, and on the other, to appropriate work-sharing between the EIB and the European Bank for Reconstruction and Development (EBRD).

- (6) EIB financing should be managed in accordance with the EIB's usual criteria and procedures, including appropriate control measures, as well as with the relevant rules and procedures concerning the Court of Auditors and OLAF, in such a way as to support Community policies. There should be regular consultation between the EIB and the Commission to ensure coordination of priorities and activities in the countries in question and to measure progress towards the fulfilment of the Community's relevant policy objectives.

- (7) This decision will be taken into account in the framework of the full assessment in December 2006 of EIB's general lending mandate for projects outside the European Union,

HAS DECIDED AS FOLLOWS:

*Article 1***Objective**

The Community shall grant the European Investment Bank (hereinafter referred to as 'the EIB') a guarantee in respect of all payments not received by it but due in respect of credits opened, in accordance with its usual criteria and in support of the Community's relevant external policy objectives, for investment projects carried out in Russia and in the Western New Independent States, namely Belarus, Moldova and Ukraine.

*Article 2***Eligible projects**

Eligible projects of significant interest to the European Union shall be in the following sectors:

- environment;
- transport, telecommunications and energy infrastructure on priority Trans-European network (TEN) axes having cross-border implications for a Member State.

*Article 3***Ceiling and conditions**

1. The overall ceiling of the credits opened shall be EUR 500 million.
2. The EIB shall benefit from an exceptional Community guarantee of 100 %, which shall cover the total amount of the credits opened under this Decision and all related sums.

⁽¹⁾ Opinion delivered on 14 December 2004 (not yet published in the Official Journal).

⁽²⁾ OJ L 292, 9.11.2001, p. 41.

3. Projects financed by loans to be covered by the guarantee shall satisfy the following criteria:

- (a) eligibility in accordance with Article 2;
- (b) cooperation, and where appropriate co-financing, by the EIB with other international financial institutions in order to ensure reasonable risk-sharing and appropriate project conditionality.

The EIB shall share the work appropriately with the EBRD, according to mutually agreed modalities, and shall report accordingly in accordance with Article 5. In particular, the EIB shall take advantage of the experience of the EBRD in Russia and the WNIS.

Article 4

Eligibility of individual countries

Individual countries shall become eligible under the ceiling as and when they fulfil appropriate conditionality consistent with European Union high level agreements with the country in question on political and macro-economic aspects. The Commission shall determine when an individual country has fulfilled the appropriate conditionality and shall notify the EIB thereof.

Article 5

Reporting

The Commission shall inform the European Parliament and the Council each year of the loan operations carried out under this Decision and shall, at the same time, submit an assessment of the implementation of this Decision and of coordination

between the international financial institutions involved in the projects.

That information shall include an assessment of the contribution of the lending under this Decision to the fulfilment of the Community's relevant external policy objectives.

For the purposes of the first and second paragraphs, the EIB shall transmit to the Commission the appropriate information.

Article 6

Duration

The guarantee shall cover loans signed until 31 January 2007.

If, on expiry of this period, the loans granted by the EIB have not attained the overall ceiling referred to in Article 3(1), the period shall be automatically extended by six months.

Article 7

Final provisions

1. This Decision shall take effect on the date of its adoption.
2. The EIB and the Commission shall establish the terms on which the guarantee is to be given.

Done at Brussels, 22 December 2004.

For the Council
The President
C. VEERMAN