

# Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation <a href="#">2022/0370(COD)</a>	Awaiting Council's 1st reading position
Establishment of a diversified funding strategy as a general borrowing method Amending Regulation 2018/1046 <a href="#">2016/0282A(COD)</a>	
Subject 8.70 Budget of the Union 8.70.01 Financing of the budget, own resources 8.70.02 Financial regulations 8.70.03 Budgetary control and discharge, implementation of the budget	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>BUDG</b> <a href="#">Budgets</a>		
Council of the European Union European Court of Auditors	Committee for opinion	Rapporteur for opinion	Appointed
	<b>CONT</b> <a href="#">Budgetary Control</a>	The committee decided not to give an opinion.	

Key events			
09/11/2022	Legislative proposal published	<a href="#">COM(2022)0596</a>	Summary
15/11/2022	Decision by committee, without report		
21/11/2022	Committee referral announced in Parliament, 1st reading		
22/11/2022	Decision by Parliament, 1st reading	<a href="#">T9-0411/2022</a>	
23/11/2022	Debate in Parliament		

Technical information	
Procedure reference	2022/0370(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amending Regulation 2018/1046 <a href="#">2016/0282A(COD)</a>
Legal basis	Treaty on the Functioning of the EU TFEU 322-p1; Euratom Treaty A 106a-pa; Rules of Procedure EP 163
Mandatory consultation of other institutions	<a href="#">European Court of Auditors</a>
Stage reached in procedure	Awaiting Council's 1st reading position
Committee dossier	BUDG/9/10599

Documentation gateway					
Legislative proposal		<a href="#">COM(2022)0596</a>	09/11/2022	EC	Summary
Text adopted by Parliament, 1st reading/single reading		<a href="#">T9-0411/2022</a>	22/11/2022	EP	

## Establishment of a diversified funding strategy as a general borrowing method

**PURPOSE:** to establish the diversified funding strategy as a general borrowing method.

**PROPOSED ACT:** Regulation of the European Parliament and of the Council.

**ROLE OF THE EUROPEAN PARLIAMENT:** the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

**BACKGROUND:** Article 220 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council (Financial Regulation) currently provides that the Commission borrows on behalf of the Union or Euratom to on-lend the corresponding amounts to beneficiary Member States or third countries under the conditions applicable to the borrowings. In this regard, the cash flows between the borrowed funds and the loans are matched one-to-one. This means that the Union must carry out market operations based on disbursement needs for each specific case of lending, which limits the possibility to plan coherently various borrowing operations and structure maturities to achieve the best costs.

The funding needs for Ukraine require mobilisation and disbursement in a cost-effective flexible and financially sound manner, integrating all funding needs including for NextGenerationEU.

The diversified financing strategy has successfully mobilised funds for grants and loans under Regulation (EU) 2021/241 of the European Parliament and of the Council establishing the Recovery and Resilience Facility and a range of other EU programmes. In view of the expected complexity of operations needed to satisfy the urgent financial needs of Ukraine, and to anticipate possible future borrowing and lending operations, it is appropriate to establish a diversified funding strategy as the single funding method for implementation of borrowing operations.

**CONTENT:** the proposal inserts a new Article 220a in the Financial Regulation to establish the diversified funding strategy as a single financing method. The implementation of the diversified funding strategy would require the application of a single set of rules for all borrowing and lending programmes under it.

The diversified funding strategy will be implemented through all necessary transactions aiming at a regular capital market presence, and will be based on pooling of funding instruments and shall make use of a common liquidity pool.

The Commission will make the necessary arrangements for the implementation of the diversified funding strategy. It will inform the European Parliament and the Council regularly and comprehensively on all aspects of its debt issuance and management strategy.

The regulation will only apply to the new financial assistance for which the basic acts enter into force on or after 9 November 2022.