EUROPEAN COMMISSION
DG Budget

2020 Budgetary transparency report

In accordance with points 16 and 17 of the Inter-institutional Agreement

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1. INTRODUCTION

1.1. Context

Article 311 of the Treaty on the Functioning of the European Union (TFEU) states that 'the Union shall provide itself with the means necessary to attain its objectives and carry through its policies'.

The EU budget helps deliver value-added for European citizens. By pooling resources at European level in areas of common interest, Member States can achieve more than they could by acting alone. Together with national budgets and a wide array of legislative and regulatory instruments, the EU budget supports shared objectives and helps to tackle common challenges. That makes the EU budget unique, different from that of international organisations and national budgets.

In order to respond to evolving needs and challenges, the EU has over time adapted to the introduction of a number of new tools, institutions and instruments.

Some of these instruments are outside of the EU budget and are not governed by the same rules as the EU budget. Funding additional to the EU budget is provided by the EIB Group (the European Investment Bank and the European Investment Fund) or other bodies based on intergovernmental agreements, such as the European Development Fund in relation to the special partnership with African, Caribbean and Pacific states.

The European Commission is empowered to borrow from the international capital markets, on behalf of the European Union. It is a well-established name in debt securities markets with a strong track record of successful bond issuances over the past 40 years. These bond transactions are denominated exclusively in euro.

The European Commission issues bonds to finance loans to EU and third countries under four programmes[1]. This includes the up to EUR 100 billion SURE programme, established in April 2020, to help protect jobs and workers affected by the coronavirus pandemic.

The European Commission has also started issuing bonds to finance NextGenerationEU to repair the economic and social damage brought about by the COVID-19 pandemic, and make Europe greener, more digital, more resilient. Under NextGenerationEU, the Commission will raise up to around EUR 800 billion in current prices – 5% of EU GDP – through funding operations on international capital markets in the years 2021-2026.

This extended financial architecture has allowed the Union to respond flexibly to specific challenges and mobilise additional funding but it has added to the complexity of EU finances.

Specific funding and governance arrangements apply to entities and instruments related to the euro area including the European Central Bank, the European Stability Mechanism, the Greek Loan Facility, and the Single Resolution Board. Some of these tools were created to respond urgently to the euro area crisis and are of an intergovernmental nature. The Single Resolution Mechanism is for instance one of the pillars of the Banking Union aimed at avoiding bailouts through national taxpayers and putting the banking sector on a sounder footing. This is the reason why they are outside the framework of the EU budget.

[1] Balance of Payments (BOP) assistance; European Financial Stabilisation Mechanism (EFSM) assistance; Macro-financial assistance (MFA), and SURE assistance.

Other instruments, such as the European Fund for Strategic Investment (EFSI) or the European Fund for Sustainable Development (EFSD) complement the more traditional delivery mechanisms of the EU budget, enhancing its outreach and leverage effect. These instruments - and others - are included and explained in the EU annual accounts which are audited by the European Court of Auditors.

Various considerations linked to the institutional framework, i.e. the need to act swiftly and/or the relevance of pooling and leveraging funds have thus led to the current financial architecture. It has allowed the EU to react in a flexible and timely manner. At the same time, and while detailed reporting and transparency provisions exist for the instruments concerned, the budgetary authority has required a consolidated annual reporting to increase transparency.

The Financial Regulation[2] applicable to the general budget of the Union since July 2018 brought the different Union funding arrangements, particularly trust funds, strategic investment funds, guarantee funds, facilities, financial instruments and macro-financial assistance within the single regulatory framework of the Financial Regulation (see Title X). Moreover, rules on structural and investment funds and on funds managed by the Commission are streamlined to the extent possible.

1.2. Objective and content of the report

In December 2020, the European Parliament, the Council and the Commission concluded the agreement on budgetary discipline, cooperation on budgetary matters and sound financial management as well as on new own resources, including a roadmap towards the introduction of new own resources (IIA)[3]. The IIA was adopted in parallel to the Multiannual Financial Framework (MFF) Regulation[4]. Part II of this document aims to improve the cooperation between the Parliament, the Council and the Commission in relation to budgetary matters (e.g. revision to the current MFF, budgetary transparency, and annual budgetary procedure).

Point 16 of the Interinstitutional Agreement requests the Commission to submit an annual report to accompany the general budget of the Union bringing together available and non-confidential information related to:

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2 Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012.

3 Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources (OJ L 433I , 22.12.2020, p. 28–46).

4 Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027 (OJ L 433I , 22.12.2020, p. 11–22).

a) the **assets and liabilities of the Union**, including those arising from borrowing and lending **operations carried out by the Union** in accordance with its powers under the Treaties;

b) the **revenue, expenditure, assets and liabilities** of the **European Development Fund** (EDF)[5], the **European Financial Stability Facility** (EFSF), **the European Stability Mechanism** (ESM), and other possible future mechanisms;

c) the **expenditure incurred by Member States** in the framework of **enhanced cooperation,** to the extent that it is **not included in the general budget of the Union**;

d) **climate expenditure,** on the basis of an effective methodology set out by the Commission and, where relevant, in accordance with sectoral legislation, for monitoring climate spending and its performance with a view to achieving an overall target over the 2021-2027 period of at least 30 % of the total amount of the Union budget and the European Union Recovery Instrument expenditures supporting climate objectives, taking into consideration the effects of the phasing out of the funding under the European Union Recovery Instrument and differentiating between climate change mitigation and adaptation, where feasible. (…);

e) expenditure contributing to halting and reversing the decline of **biodiversity**, on the basis of an effective, transparent and comprehensive methodology set out by the Commission, in cooperation with the European Parliament and with the Council, and, where relevant, in accordance with sectoral legislation, with a view to working towards the ambition of providing 7,5 % in 2024 and 10 % in 2026 and in 2027 of annual spending under the MFF to biodiversity objectives, while considering the existing overlaps between climate and biodiversity goals;

f) the promotion of **equality between women and men** as well as rights and equal opportunities for all throughout the implementation and monitoring of the relevant programmes, and the mainstreaming of those objectives as well as gender mainstreaming, including by strengthening the assessment of gender impact in impact assessments and evaluations under the Better Law-Making framework. The Commission will examine how to develop a methodology to measure the relevant expenditure at programme level in the MFF 2021-2027. The Commission will use that methodology as soon as it is available. No later than 1 January 2023, the Commission will implement that methodology for certain centrally managed programmes to test its feasibility. At mid-term, it will be explored whether the methodology can be extended to other programmes for the remainder of the MFF 2021-2027;

g) the implementation of the United Nations **Sustainable Development Goals** in all relevant Union programmes of the MFF 2021-2027.

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5 As set out in the Internal Agreement between the Representatives of the Governments of the Member States of the European Union, meeting within the Council, on the financing of European Union aid under the multiannual financial framework for the period 2014 to 2020, in accordance with the ACP-EU Partnership Agreement, and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the Treaty on the Functioning of the European Union applies (OJ L 210, 6.8.2013, p. 1) and the preceding Internal Agreements.

This report provides a summary information on the points a), b) and c).

The relevant information on the horizontal policy priorities in the EU budget covering climate, biodiversity, gender and Sustainable Development Goals, as foreseen in point 16 (points: d), e), f), g)) is summarised in the Annual management and performance report Annex IV (COM(2021) 301 final) and in detail in the Working document accompanying the Draft Budget 2022 - part I – Programme Statements of operational expenditure (COM(2021) 300).

Point 17 of the Interinstitutional Agreement requests the Commission to submit an annual report on the implementation of the European Union Recovery Instrument (NextGenerationEU). That annual report shall bring together available non-confidential information relating to:

h) assets and liabilities arising from borrowing and lending operations carried out under Article 5 of the Own Resources Decision;

i) the aggregate amount of proceeds assigned to Union programmes in implementation of the European Union Recovery Instrument in the previous year, broken down by programme and budget line;

j) the contribution of the borrowed funds to the achievements of the objectives of the European Union Recovery Instrument and the specific Union programmes.

The borrowing to finance NextGenerationEU has started in June 2021, following the completion by all Member States of the procedures for the adoption of the Own Resources Decision[6] in accordance with their constitutional requirements, which empowered the Commission to raise the funds. Next year's annual report will therefore provide the information mentioned above on the implementation of the European Union Recovery Instrument.

This report provides references to the latest available and non-confidential financial and operational information provided in the various reports and documents enumerated below:

- Consolidated annual accounts of the Union 2020 (COM(2021) 381);
- Annual accounts of the European Development Fund 2020 (COM(2021) 379);
- European Financial Stability Facility (EFSF) Financial Statements, Management Report and Independent Audit Report, 31 December 2020[7];
- 2020 Annual report of the European Stability Mechanism (ESM)[8];
- Report from the Commission to the European Parliament and the Council on the implementation of macro-financial assistance to third countries in 2020 (COM(2021) 375);

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6 Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom OJ L 424, 15.12.2020, p. 1

7 2020-12-31_efsf_financial_statements.pdf (europa.eu)

8 2020 Annual report (europa.eu)

- Report from the Commission to the European Parliament, the Council and the Court of Auditors on the management of the Guarantee Fund of the European Fund for Strategic Investments in 2020 (COM(2021) 427);
- Comprehensive Report to the European Parliament and the Council on the use of the European Fund for Strategic Investments (EFSI) EU Guarantee and the functioning of the European Fund for Strategic Investments (EFSI) Guarantee Fund (COM(2021) 337);
- Report from the Commission to the European Parliament, the Council and the Court of Auditors on the management of the Guarantee Fund of the European Fund for Sustainable Development (COM(2021) 415);
- Working document accompanying the Draft Budget 2022 - part I – Programme Statements of operational expenditure (COM(2021) 300);
- Working document accompanying the Draft Budget 2022 - part X – Financial Instruments (COM(2021) 300);
- Working document accompanying the Draft Budget 2022 - Part XI: Budgetary Guarantees, Common Provisioning Fund and Contingent Liabilities (COM(2021) 300).

The cut-off date for the data included in this report is 31 December 2020 and it was prepared in accordance with the requirements of the Interinstitutional Agreement accompanying the 2021-2027 MFF. The previous editions of the Report were based on the article 16 of the Interinstitutional Agreement[9] of 2 December 2013 and they included also information on the Trust Funds (EUTFs) and Facility for Refugees in Turkey. The information on the Trust Funds can be found in the Working Document XII accompanying the draft budget, giving an overview of the background, the governance and the management of the EUTFs. It also presents the current EUTFs with some examples of successfully implemented or ongoing projects. The document shows the financial situation of the EUTFs as of 31 December 2020. In addition, the Commission reports on a monthly basis to the European Parliament and the Council on the budgetary implementation of the EUTFs.

Regarding the Facility for Refugees in Turkey, comprehensive information on the implementation of it, can be found in the Fifth Annual Report on the Facility for Refugees in Turkey (COM(2021) 255) and in the Strategic Mid-term Evaluation of the Facility for Refugees in Turkey[10].

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9 Inter-institutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management (OJ C 373, 20.12.2013, p. 1).

10 https://ec.europa.eu/neighbourhood-enlargement/sites/default/files/strategic_mid-term_evaluation_main_report.pdf

2. ASSETS AND LIABILITIES OF THE UNION

2.1. Overview on assets and liabilities of the Union

The detailed overview of the assets and liabilities of the Union for year 2020 was presented in the Consolidated annual accounts of the European Union (COM(2021) 381) published in June 2021 and is subject to the scrutiny of the Court of Auditors.

The charts below present the total EU assets and liablities in 2020 and their composition.

Chart 1: EU (total) assets in 2020 (EUR 280 billion) divided by types and expressed in%

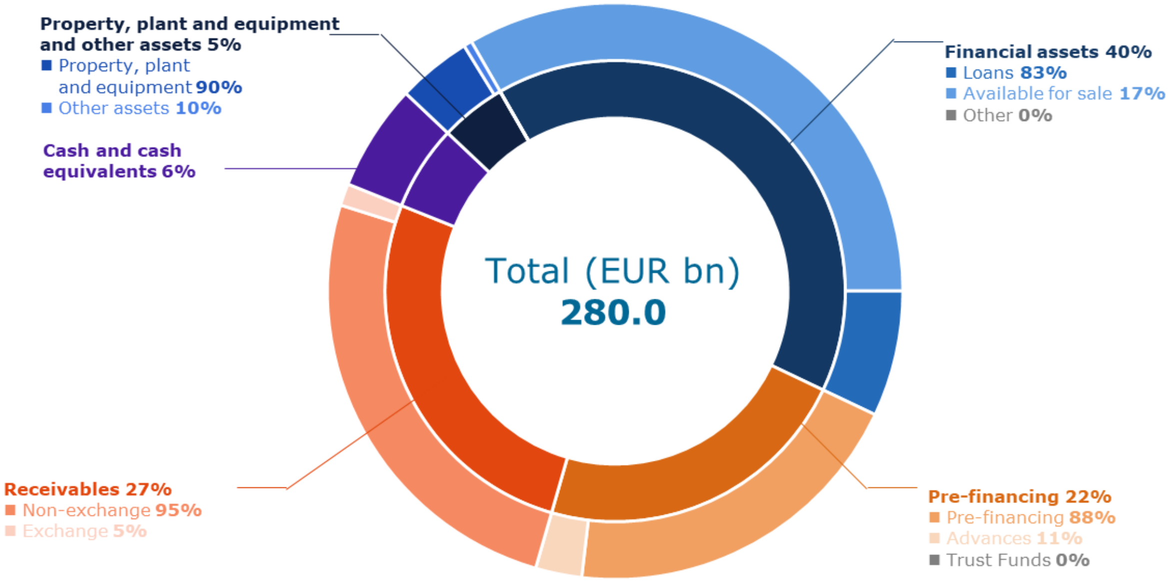
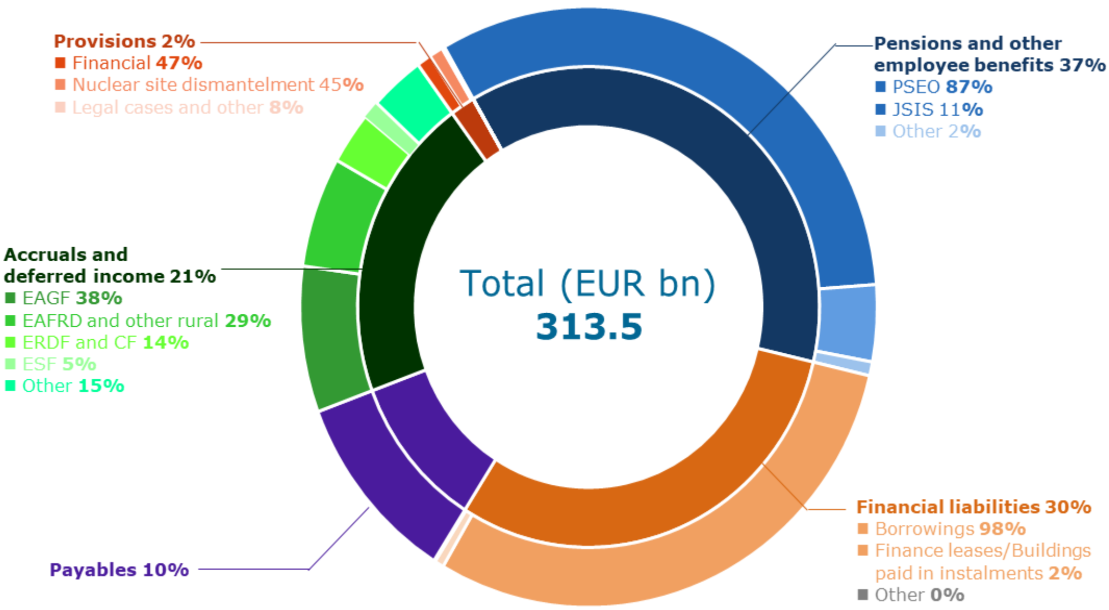


Chart 2: EU (total) liabilities in 2020 (EUR 313.5 billion) divided by types and expressed in %



The table below summarises the main financial data with regards to assets and liabilities of the Union for the years 2020 and 2019.

Table 1: Balance Sheet of the European Union

EUR million

	Note	31.12.2020	31.12.2019
NON-CURRENT ASSETS			
Intangible assets	*2.1*	*620*	*515*
Property, plant and equipment	*2.2*	*11 682*	*11 380*
Investments accounted for using the equity method	*2.3*	*588*	*591*
Financial assets	*2.4*	*99 214*	*66 714*
Pre-financing	*2.5*	*34 519*	*26 240*
Exchange receivables and non-exchange recoverables	*2.6*	*45 813*	*3 607*
		192 434	**109 047**
CURRENT ASSETS			
Financial assets	*2.4*	*13 881*	*4 514*
Pre-financing	*2.5*	*28 229*	*25 206*
Exchange receivables and non-exchange recoverables	*2.6*	*28 681*	*20 367*
Inventories	*2.7*	*80*	*68*
Cash and cash equivalents	*2.8*	*16 742*	*19 745*
		87 613	**69 900**
TOTAL ASSETS		**280 047**	**178 947**
NON-CURRENT LIABILITIES			
Pension and other employee benefits	*2.9*	*(116 020)*	*(97 659)*
Provisions	*2.10*	*(3 878)*	*(3 707)*
Financial liabilities	*2.11*	*(84 399)*	*(53 071)*
		(204 297)	**(154 437)**
CURRENT LIABILITIES			
Provisions	*2.10*	*(1 527)*	*(1 116)*
Financial liabilities	*2.11*	*(10 649)*	*(1 446)*
Payables	*2.12*	*(32 408)*	*(27 241)*
Accrued charges and deferred income	*2.13*	*(64 584)*	*(67 230)*
		(109 167)	**(97 033)**
TOTAL LIABILITIES		**(313 464)**	**(251 470)**
NET ASSETS		**(33 418)**	**(72 523)**
Reserves	*2.14*	*5 062*	*5 037*
*Amounts to be called from Member States**	*2.15*	*(38 480)*	*(77 560)*
NET ASSETS		**(33 418)**	**(72 523)**

* *The European Parliament adopted a budget on 18 December 2020 which provides for the payment of the Union's short-term liabilities from own resources to be collected by, or called up from, the Member States in 2021. Additionally, under Article 83 of the Staff Regulations (Council Regulation 259/68 of 29 February 1968 as amended), the Member States shall jointly guarantee the liability for pensions.*

Source: Consolidated annual accounts of the European Union 2020, p.38.

2.2. Borrowing and lending activities managed by the Commission and budgetary guarantees

The EU is empowered by basic acts deriving from the EU Treaty[11] to make borrowing and lending operations.

The Art. 250 Report, to be published for the first time in autumn 2021, is a new report introduced by the 2018 Financial Regulation (FR) that will provide an overview of all contingent liabilities arising from budgetary guarantees and financial assistance to third countries and to Member States. It will complement the Art 41(5) Report (Working Document XI accompanying the Draft Budget 2022) with regard to the assessment of the sustainability of the contingent liabilities deriving from budgetary guarantees and financial assistance. Under the previous FR, an overview of the contingent liabilities deriving from the guarantees given for lending operations and investment support implemented by the European Union (directly or indirectly) was provided by the Art. 149 Report

The borrowing-and-lending operations can be divided into two categories:

– **loans granted by the European Union with macroeconomic objectives**; this includes borrowing programmes to mobilise the financial resources necessary to provide macro-financial assistance (MFA)[12]; loans granted to third countries experiencing balance of payments difficulties; balance of payments (BOP)[13]; loans granting support to non-euro Member States; loans under the European financial stabilisation mechanism (EFSM)[14] granting support to Member States experiencing difficulties beyond their control; SURE (Support to mitigate Unemployment Risks in an Emergency)[15] EU borrowing and lending activities to Member States are outside budget operations. For these funds, the Commission, acting on behalf of the EU may grant loans which are funded by issuing debt instruments in the capital markets or with financial institutions. Since the funds raised and the corresponding loans to Member States are back-to-back operations, there is no direct impact on the EU budget as long as the beneficiary countries honour their obligations[16]. However, from a legal point of view, the debt service of the borrowings remains the obligation of the EU; and

11 Articles 352 and 143 TFEU (OJ C 115, 9.5.2008)

12 MFA may also take the form of grants to third countries. For more information on MFA, see: Report from the Commission to the European Parliament and the Council on the implementation of macro-financial assistance to third countries in 2020 (COM(2021) 375).

13 Council Regulation (EC) No 332/2002 of 18 February 2002 establishing a facility providing medium-term financial assistance for Member States' balances of payments (OJ L 53, 23.2.2002, p.1).

14 The EFSM was set up on 11 May 2010 on the basis of Council Regulation (EU) No 407/2010 of 11 May 2010 (OJ L 118, 12.5.2010, p.1). It functions in a similar way as the Balance of Payments facility but is available to all Member States, i.e. including euro area Member States.

15 SURE (Support to mitigate Unemployment Risks in an Emergency) was established in 2020 to provide financial assistance to Member States which are experiencing, or are seriously threatened with, a severe economic disturbance caused by the COVID-19 pandemic on their territory. The Instrument complements the national measures taken by affected Member States.

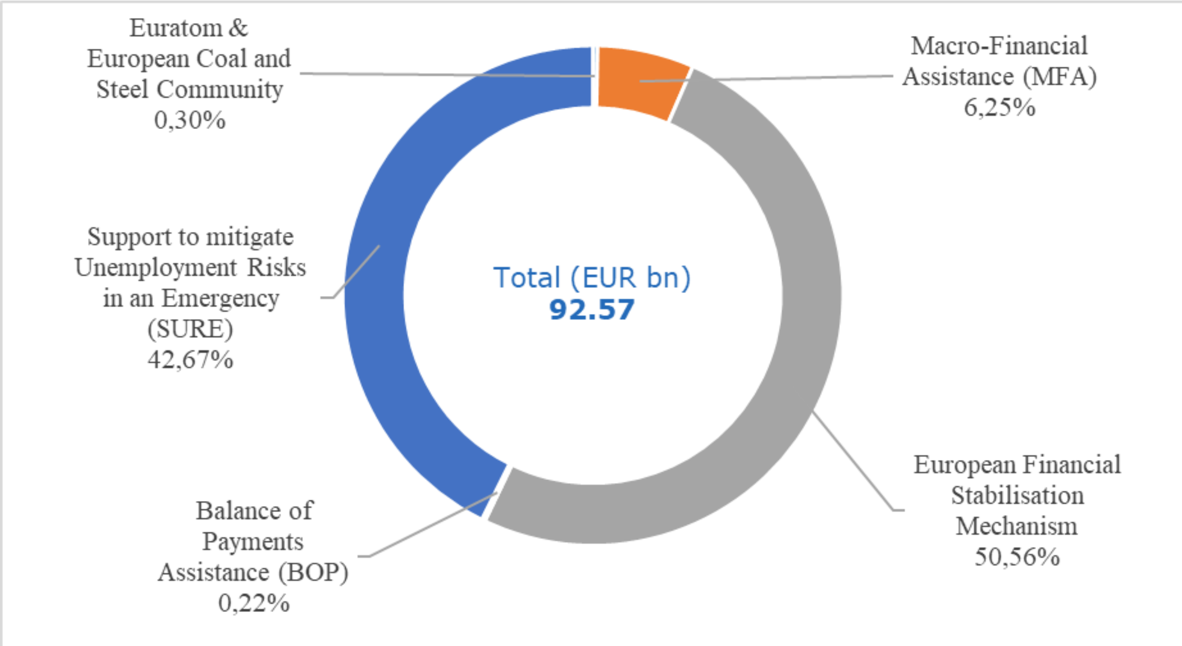
16 Except the MFA for which any default on a loan will first be covered by the provisions set in the Guarantee Fund for External Actions (GFEA).

– **loans with specific objectives**, i.e. Euratom loans (providing loans to finance nuclear projects in the EU) and, most significantly, European Investment Bank ("EIB") financing of operations in non-Member States ("EIB external financing") that are covered by EU guarantees.

The section below provides an overview of the borrowing and lending activities and provides further reference to the published information and reports.

The below chart presents the structure of the EU borrowing and lending activities divided by types and expressed in percentages.

Chart 3: Borrowing and lending activities (EUR 92.57 billion) at the end of 2020 divided by types and expressed in percentages



The EU budget also provides guarantees to the EIB financing of operations in third countries (EIB external financing), for the Investment Plan for Europe with the European Fund for Strategic Investment (EFSI) as well as for the External Investment Plan via the External Fund for Sustainable Development (EFSD).

2.2.1. Balance of payments (BOP) facility

Balance of payments (BOP) facility	
Identification/basic act	Article 143 of the Treaty on the Functioning of the European Union (TFEU) and Council Regulation (EC) No 332/2002 of 18 February 2002 establishing a facility providing medium-term financial assistance for Member States' balances of payments[17] (BOP Regulation).
Description	BOP is a medium-term financial assistance mechanism for non-euro member states that face difficulties accessing international financial markets to satisfy debt obligations denominated in foreign currencies and maintain stable exchange rates. No new operations or loan repayments occurred in 2020.
Other financial institutions / mechanisms providing financial assistance	International Monetary Fund (IMF)
Beneficiaries at the end of 2020	– Latvia[18]
Total lending capacity	Up to EUR 50 billion
Assets	EUR 200 million at 31/12/2020 (nominal value)
Liabilities	EUR 200 million at 31/12/2020 (nominal value)
Reports and source of information	Annual accounts of the EU for 2020 https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-financial-assistance/loan-programmes/balance-payments-bop-assistance_en

2.2.2. Support to mitigate Unemployment Risks in an Emergency – SURE instrument[19]

Support to mitigate Unemployment Risks in an Emergency – SURE instrument	
Identification/basic act	Council Regulation (EU) 2020/672 of 19 May 2020 on the establishment of a European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) following the COVID-19 outbreak.
Description	The temporary Support to mitigate Unemployment Risks in an Emergency (SURE) is available for Member States that need to mobilise significant financial means to fight the negative economic and social consequences of the coronavirus outbreak on their territory.
Beneficiaries	Belgium, Bulgaria, Croatia, Cyprus, Czechia, Estonia, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia and Spain.
Total lending capacity	It can provide financial assistance up to EUR 100 billion in the form of loans from the EU to affected Member States to address sudden increases in public expenditure for the preservation of employment.

17 OJ L 53, 23.2.2002, p.1.

18 Latvia benefitted from the loan as a non-euro Member State.

19 https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/financial-assistance-eu/funding-mechanisms-and-facilities/sure_en

Assets	EUR 39 500 million on 31.12.2020
Liabilities	EUR 39 500 million on 31.12.2020
Reports and source of information	- Report on the European instrument for Temporary Support to mitigate Unemployment Risks in an Emergency (SURE) following the COVID-19 outbreak pursuant to Article 14 of Council Regulation (EU) 2020/672. - Service Note on Borrowing and Lending under SURE – Quarterly report
Further information	https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/financial-assistance-eu/funding-mechanisms-and-facilities/sure_en#:~:text=The%20temporary%20Support%20to%20mitigate,coronavirus%20outbreak%20on%20their%20territory.

2.2.3. *European Financial Stabilisation Mechanism (EFSM)*

European Financial Stabilisation mechanism (EFSM)	
Identification/basic act	Council Regulation (EU) No 407/2010 of 11 May 2010 based on Article 122(2)[20] of the TFEU
Description	EFSM provided financial assistance to EU Member States in financial difficulties. The EFSM is fully guaranteed by the EU budget.
Other financial institutions / mechanisms providing financial assistance	European Financial Stability Facility (EFSF) International Monetary Fund (IMF)
Beneficiaries	Member States faced with difficulties caused by a serious deterioration in the international economic and financial environment. At the end of 2020 there are no new beneficiaries of the EFSM. Ireland and Portugal are subject to post-programme surveillance (PPS) until at least 75% of the financial assistance received has been repaid.
Total lending capacity	Up to EUR 60 billion
Assets	EUR 46 800 million on 31.12.2020
Liabilities	EUR 46 800 million on 31.12.2020
Reports and source of information	Annual accounts of the EU for 2020 https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-financial-assistance/loan-programmes/european-financial-stabilisation-mechanism-efsm_en

2.2.4. *Macro-Financial Assistance (MFA)*

Macro-Financial Assistance (MFA)	
Identification/basic act	Art. 212 and 213 of TFEU
Description	MFA provides support to EU candidate and potential candidate countries, to countries bordering the EU covered by the European Neighbourhood Policy (ENP) and, in certain circumstances, other third countries, to resolve short-term balance of payments problems and to stabilise public finances while encouraging the implementation of macroeconomic adjustment and structural reforms.
Financial institutions involved	International Monetary Fund (IMF)

20 Article 122(2) of the TFEU foresees financial support for Member States in difficulties caused by exceptional circumstances beyond their control.

Beneficiaries with MFA loans outstanding at the end of 2020	– EU candidate, potential candidate and neighbourhood	
	– Albania – Armenia – Bosnia and Herzegovina – Georgia – Jordan – Kosovo	– Kyrgyz Republic – Moldova – Montenegro – North Macedonia – Tunisia – Ukraine
Assets	EUR 5 786.80 million at 31.12.2020 (nominal value)	
Liabilities	EUR 5 786.80 million at 31.12.2020 (nominal value)	
Reports and source of information	Working Document XI pursuant to Article 41(5) of the Financial Regulation attached to the 2022 Draft Budget Report from the Commission to the European Parliament and to the Council on the implementation of macro-financial assistance to third countries in 2020 (COM(2021) 375)	
Further information	https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/international-economic-relations/macro-financial-assistance-mfa-non-eu-partner-countries_en	

2.2.5. EURATOM facility

Euratom facility	
Identification/basic act	Euratom Treaty Council Decision 77/270/Euratom Council Decision 90/212/Euratom (last increase of the borrowing limit) Council Decision 94/179/Euratom (the Scope Extension Decision)
Description	The European Atomic Energy Community, Euratom, gives loans to finance investment in nuclear installations for the industrial production of electricity or the nuclear fuel cycle in Member States. It also gives loans to finance projects for improving nuclear safety in certain non-Member States, including the dismantling of nuclear power stations that cannot be upgraded.
Financial institutions involved	European Investment Bank (EIB) European Bank for Reconstruction and Development (EBRD)
Beneficiaries	Bulgaria, Romania[21] and Ukraine
Borrowing limit	In 1990, the Council fixed a borrowing limit of EUR 4 billion, of which some EUR 3.7 billion have been decided and EUR 3.4 billion already disbursed. The Council asked the Commission to propose a new lending ceiling once the signed amount reaches EUR 3.8 billion.
Assets	EUR 278.26 million on 31.12.2020 (nominal value)
Liabilities	EUR 278.26 million on 31.12.2020 (nominal value)
Reports and source of information	Working Document XI pursuant to Article 41(5) of the Financial Regulation attached to the 2022 Draft Budget (for Euratom loans to third countries) https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/international-economic-relations/euratom-loans_en

2.2.6. External lending mandate (ELM)

EU guarantee to the European Investment Bank against losses under financing operations supporting investment projects outside the Union (the 'External Lending Mandate')	
Basic act	Decision No 466/2014/EU of 16 April 2014 granting an EU guarantee to the European Investment Bank against losses under financing operations supporting investment projects outside the Union, amended by Decision (EU) 2018/412 of the European Parliament and of the Council of 14 March 2018.
Institutions involved	European Investment Bank (EIB)
Beneficiaries at the end of 2020	Public and private entities in some 70 countries in Europe, the Neighbourhood and Russia, Asia, Latin America and South Africa
Lending guaranteed by the EU budget	A maximum of EUR 32.3 billion in loans signed during the period 2014–2020, as per the amending Decision.
Provisioning target rate	9 % of the loans outstanding at year end
Assets	EUR 2.85 billion on 31.12.2020
Liabilities	EUR 34.29 billion on 31.12.2020 of which: - EUR 28.15 billion – ELM
Reports and source of information	Working Document XI pursuant to Article 41(5) of the Financial Regulation attached to the 2022 Draft Budget Report from the Commission to the European Parliament and the Council on the Guarantee Fund for external actions and its management in 2019, COM(2020) 327

2.2.7. European Fund for Strategic Investment (EFSI)

European Fund for Strategic Investment (EFSI)	
Identification/basic act	Regulation (EU) 2015/1017 as last amended by Regulation (EU) 2017/2396 of the European Parliament and of the Council of 13 December 2017 amending Regulations (EU) No 1316/2013 and (EU) 2015/1017 as regards the extension of the duration of the European Fund for Strategic Investments as well as the introduction of technical enhancements for that Fund and the European Investment Advisory Hub
Description	EFSI is an initiative to help overcome the current investment gap in the EU. It drives the investment plan for Europe. Jointly launched by the EIB Group and the European Commission, it aims to mobilise private investment in projects which are strategically important for the EU. The EFSI aims to overcome current market failures by addressing market gaps and mobilising private investment. The focus is on the following sectors of key importance for the European economy: • Strategic infrastructure including digital, transport and energy; • Education, research, development and innovation; • Renewable energy and resource efficiency; • Support for small and mid-sized businesses. EFSI has two windows: - the Infrastructure and Innovation Window (IIW), managed by the EIB and comprising of 4 portfolios, and; - the SME Window (SMEW), managed by the EIF and comprising of 11 products. Duration: EFSI was set up in July 2015 and was extended by the EFSI 2.0 Regulation in 2017. The investment period for approval of operations ended on 31 December 2020, but contracts between the EIB/EIF and the final recipient or financial intermediary can be signed until 31 December 2022. Given the long-term nature of support under EFSI, the EU guarantee coverage and operational monitoring will continue until all exposures and liabilities in relation to EFSI operations have been fully discharged

Financial institutions involved	European Investment Bank (EIB) European Investment Fund (EIF)		
Beneficiaries	As at 31 December 2020, operations were signed in the 27 EU Member States and the United Kingdom (and in some third countries for cross-border projects)		
Resources	EFSI is a EUR 26 billion guarantee from the EU budget, complemented by a EUR 7.5 billion allocation of the EIB's own capital. The total amount of EUR 33.5 billion aimed to unlock additional investment of at least EUR 500 billion by 2020. EFSI is implemented by the EIB Group and projects supported by it are subject to usual EIB procedures.		
Provisioning rate	35 % (EUR 9,1 billion to be set aside until 2022)		
Net assets in the guarantee fund	EUR 8.0 billion (as at 31.12.2020)		
EFSI guarantee (31/12/2020)	Ceiling: EUR 25.8 billion	Signed: EUR 24.1 billion	Disbursed: EUR 18.9 billion
Reports and source of information	Working Document XI pursuant to Article 41(5) of the Financial Regulation attached to the 2022 Draft Budget Working document X on the use made of financial instruments, pursuant to Article 41(4) of the Financial Regulation attached to the 2022 Draft Budget Report from the Commission to the European Parliament, the Council and the Court of Auditors on the management of the Guarantee Fund of the European Fund for Strategic Investments in 2020 (COM(2021) 427)Comprehensive Report to the European Parliament and the Council on the use of the European Fund for Strategic Investments (EFSI) EU Guarantee and the functioning of the European Fund for Strategic Investments (EFSI) Guarantee Fund (COM(2021) 337) The European Fund for Strategic Investments: The Legacy (https://www.eib.org/attachments/thematic/efsi_the_legacy_en.pdf)		
Further information	https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/investment-plan-europe_en https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/investment-plan-europe/european-fund-strategic-investments-efsi_en#relatedlinks		

2.2.8. *European Fund for Sustainable Development (EFSD)*

European Fund for Sustainable Development (EFSD)	
Identification/basic act	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
Description	The purpose of the EFSD as an integrated financial package, supplying financing capacity in the form of grants, guarantees and other financial instruments to eligible counterparts, shall be to support investments and increased access to financing, primarily in Africa and the European Neighbourhood, in order to foster sustainable and inclusive economic and social development and promote the socioeconomic resilience of partner countries, including, where appropriate, in the context of the European Neighbourhood Policy and the New Partnership Framework with third countries under the European Agenda on Migration, with a particular focus on sustainable and inclusive growth, on the creation of decent jobs, on gender equality and the empowerment of women and young people, and on socioeconomic sectors and micro, small and medium-sized enterprises, while maximising additionality, delivering innovative products and crowding in private sector funds.

Counterparts/Financial institutions involved	Agence Française de Développement (AFD), Agencia Española de Cooperación Internacional para el Desarrollo (AECID), Cassa Depositi e Prestiti (CDP), Compañía Española de Financiación del Desarrollo (COFIDES), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), International Finance Corporation (IFC), Kreditanstalt für "Wiederaufbau (KfW), Nederlandse, Financierings-Maatschappij voor Ontwikkelingslanden (FMO), PROPARCO		
Beneficiaries	As at 31.12.2020, EUR 35 million (7% out of the total operations signed) went to EU Neighbourhood, EUR 38 million (8%) went to Sub-Saharan Africa and EUR 400 million (85%) went to COVAX (COVAX is not yet allocated to specific regions as its use is needs-dependent. A spread per region will however be possible as of next year).		
Resources	The EFSD Guarantee Fund is provisioned from the budget of the Union and the European Development Fund (EDF). For the 2014-2020 MFF, the detailed sources of funding of the EFSD Guarantee Fund include: EUR 400 million from the EDF general reserve and EUR 350 million from the general budget of the Union, including from the European Neighbourhood Instrument (ENI). The EFSD Guarantee Fund may also be endowed by voluntary contributions from Member States or other contributors, returns on invested resources, revenues and amounts recovered from defaulting debtors. Estonia, Czech Republic, Denmark and the Bill and Melinda Gates Foundation signed by end-2019 agreements for additional contributions totalling approx.. EUR 49 million. Total payments received from the EU Budget, the EDF and other contributors into the guarantee fund as at 31 December 2020 amount to approx. EUR 799 million. Duration: Pursuant to Article 8 of the EFSD Regulation, the investment period, during which guarantee agreements for supporting investment programmes can be concluded with the eligible counterparts, lasted until 31 December 2020. Eligible counterparts subsequently have four years as from the effective date of the guarantee agreement to conclude agreements for underlying operations with co-financing partners, financial intermediaries or final recipients. As a rule, the duration of the guarantees extended to eligible counterparts under each guarantee agreement should not exceed fifteen years.		
Provisioning rate	50 %		
Net assets in the guarantee fund	EUR 804 million (as at 31.12.2020)		
EFSD guarantee (31.12.2020)	Ceiling: EUR 1.371 million	Signed: EUR 439 million	Disbursed: 35 million
Reports and source of further information	Working Document XI pursuant to Article 41(5) of the Financial Regulation attached to the 2022 Draft Budget Working document X on the use made of financial instruments, pursuant to Article 41(4) of the Financial Regulation attached to the 2022 Draft Budgethttps://ec.europa.eu/commission/eu-external-investment-plan_en Report from the Commission to the European Parliament, the Council and the Court of Auditors on the management of the Guarantee Fund of the European Fund for Sustainable Development (COM(2021) 415). Report from the Commission to the European Parliament and the Council on the implementation of the European Fund for Sustainable Development (COM(2020) 224). The European Fund for Sustainable Development, Operational Report 2019 (https://ec.europa.eu/eu-external-investment-plan/sites/devco-eip/files/documents/021020_efsd_op_report-_final-_ldef.pdf)		

3. Overview of the identified operations outside the EU budget

3.1. *European Development Fund (EDF)*

European Development Fund (EDF)	
Identification/basic act	Treaty of Lisbon (Chapter 1 – General Provisions of the Union's External Action, Article 10 A, par. 2(d). The ACP-EC Partnership Agreement signed in Cotonou on 23 June 2000, as amended by the Agreement amending the ACP-EC Partnership Agreement signed in Luxembourg on 25 June 2005 and in Ouagadougou on 22 June 2010. Council Decision 2013/755/EU of 25 November 2013 on the association of the overseas countries and territories with the European Union (Overseas Association Decision). 11th EDF Regulations: - INTERNAL AGREEMENT between the Representatives of the Governments of the Member States of the European Union, meeting within the Council, on the financing of European Union aid under the multiannual financial framework for the period 2014 to 2020, in accordance with the ACP-EU Partnership Agreement, and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the Treaty on the Functioning of the European Union applies (OJ L 210, 6.8.2013) - Council Regulation (EU) 2018/1877 of 26 November 2018 on the financial regulation applicable to the 11th European Development Fund and repealing Regulation (EU) 2015/323Council Regulation (EU) 2015/322 of 2 March 2015 on the implementation of the 11th European Development Fund. OJ L 58, 3.3.2015 - Overseas Association Decision (OAD) - Council decision 2013/755/EU adopted on 25.11.2013
Description	The European Development Fund (EDF) is the main instrument for providing Union aid for development cooperation to the African, Caribbean and Pacific (ACP) States and Overseas Countries and Territories (OCTs). The EDF is funded outside the European Union's budget by Member States, subject to its own financial regulation and managed by a specific committee. The 11th EDF has reached its final stage as the sunset clause came into effect on 31 December 2020. This clause sets a cut-off date for commitments under the 11th EDF. As of 2021 no further financing agreements can be signed under the 11th EDF. However, specific contracts for the existing financing agreements will still be signed until 31 December 2023. To ensure continuity of the development programmes, from 2021, the EDF programmes will be included in the EU multi-annual financial framework (MFF). This means that while so far the EDF programmes were funded by the voluntary contributions of EU Member States as of 2021 development programmes will be funded through the EU budget. This also implies that the funding of development programmes will be subject to the authorisation of the European Parliament and that the transactions will have to comply with the EU financial regulations in the same way as other EU funding programmes.
Institutions involved	The European Commission is responsible for the financial implementation of the operations carried out with EDF resources and the European Investment Bank (EIB) manages the Investment Facility.
Beneficiaries	78 countries of Africa, the Caribbean and the Pacific (ACP) and the Overseas Countries and Territories (OCTs)
Revenue	EUR 135 million for 2020
Expenditure	EUR 4 878 million for 2020

Assets	Total assets of the EDF on 31.12.2020: EUR 3 523 million (source: Annual accounts of the EDF – Financial year 2020)
Liabilities	Total liabilities of the EDF on 31.12.2020: EUR 2 145 million (source: Annual accounts of the EDF – Financial year 2020)
Reports and source of information	Communication from the Commission to the European Parliament, the Council and the Court of Auditors - Annual accounts of the European Development Fund 2020: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=COM:2021:379:FIN&from=EN
Additional information	https://ec.europa.eu/europeaid/funding/funding-instruments-programming/funding-instruments/european-development-fund_en

3.2. European Financial Stability Instruments

In response to the global economic and financial crisis, the euroarea Member States decided on measures outside the scope of the EU budget to preserve financial stability in the euro-area and Europe at large. These measures are outlined below and are not guaranteed by the EU budget.

3.2.1. European Financial Stability Facility (EFSF)

European Financial Stability Facility	
Organisation in charge	The European Financial Stability Facility (EFSF) was created by the euro area Member States on 9 May 2010 as a temporary rescue mechanism. Incorporated on 7 June 2010 as a *société anonyme* based in Luxembourg.
Description	All EFSF financial assistance programmes were linked to appropriate economic reforms. To fulfil its mission, the EFSF issues bonds or other debt instruments on the capital markets.
Beneficiaries	– Ireland – Portugal – Greece – Following the expiry of the last financial assistance programme to Greece in 2015 the EFSF will not provide any new financial assistance. Henceforth, financial assistance to EA Member States will be provided by the ESM
Net income	EUR 4.5 million at 31.12.2020
Assets	EUR 194 billion at 31.12.2020
Liabilities	EUR 194 billion at 31.12.2020
Reports and source of information	2020 EFSF annual report https://www.esm.europa.eu/sites/default/files/2020-12-31_efsf_financial_statements.pdf
Further information	https://www.esm.europa.eu/efsf-governance/annual-accounts

3.2.2. *European Stability Mechanism (ESM)*[22]

European Stability Mechanism (ESM)	
Organisation in charge	ESM - intergovernmental organisation under public international law, based in Luxembourg Shareholders are the 19 euro area Member States.
Identification/basic act	The ESM Treaty entered into force on 27 September 2012 On 30 November 2020, the Eurogroup agreed to proceed with the reform of the ESM. By signing the agreement amending the ESM Treaty in early 2021, ESM Members launched the ratification process by their parliaments. The scope of the reform, agreed by the euro area finance ministers in their report to the Euro Summit in December 2018, includes the refining of ESM precautionary instruments, enhancing the ESM's role in financial programme management, and setting up a common backstop for the Single Resolution Fund by the beginning of 2022.1 The extended mandate will come into force when all 19 ESM Members ratify the revised ESM Treaty.
Description	The ESM provides financial assistance to euro area Member States experiencing or threatened by financing difficulties. To fulfil its purpose, the ESM raises funds by issuing capital market instruments, engaging in money market transactions as well as issuing medium and long-term debt with maturities of up to 30 years. ESM issuance is backed by a paid-in capital of EUR 80.5 billion, in accordance with the contribution key annexed to the ESM Treaty. The total subscribed capital is EUR 704.8 billion of which paid-in capital is EUR 80.5 billion and committed callable capital is EUR 624.3 billion. It has an effective lending capacity of EUR 500 billion.
Beneficiaries	– Cyprus (to address financial sector imbalances) – Spain (financial assistance for the recapitalisation of the country's banking sector) – Greece (to address debt service, banking sector recapitalisation, arrears clearance, and budget financing) – The new EUR 240 billion Pandemic Crisis Support credit line is a temporary facility designed to finance direct and indirect health care, cure, and prevention-related costs brought on by the Covid-19 pandemic (can be requested until end-2022).
Assets	EUR 829 billion at 31.12.2020
Liabilities	EUR 120 billion at 31.12.2020
Reports and source of information	2020 ESM annual report https://www.esm.europa.eu/sites/default/files/esm-annual-report-2020.pdf
Further information	http://www.esm.europa.eu/

[22] The borrowings granted under the EU/EFSM are guaranteed by the EU budget.

4. Information on enhanced cooperation

Enhanced cooperation[23] allows a group of at least nine nations to implement measures if all Member States fail to reach agreement. Other EU countries keep the right to join when they want. The procedure is designed to overcome paralysis, where a proposal is blocked by an individual country or a small group of countries who do not wish to be part of the initiative. It does not, however, allow for an extension of powers outside those under the EU Treaties. The possibility was first introduced by the 1999 Amsterdam Treaty, with the 2009 Lisbon Treaty formalising the procedure and introducing the possibility for permanent structured cooperation (PESCO) in defence matters.

"Expenditure resulting from implementation of enhanced cooperation, other than administrative costs entailed for the institutions, shall be borne by the participating Member States, unless all members of the Council, acting unanimously after consulting the European Parliament, decide otherwise"[24].

The formally adopted enhanced cooperation cases are: law applicable to the divorce and legal separation[25], property regime rules[26], unitary patent protection[27], the European Public Prosecutor's office (EPPO)[28], the Permanent Structured Cooperation (PESCO) in the area of security and defence.

The following elements are worth underlining:

The PESCO[29]

The PESCO was established by a Council Decision 14866/17 in 2017 with 25 participating Member States. Denmark did not participate as it has an opt-out from the Common Security and Defence Policy (CFSP), nor did the United Kingdom and Malta. Together with the Coordinated Annual Review on Defence (CARD), the European Defence Fund and the Military Planning and Conduct Capability (MPCC), PESCO forms a new comprehensive defence framework for the EU. This framework for defence cooperation allows Member States that sign up to jointly develop defence capabilities, invest in shared projects, or enhance the operational readiness and contribution of their armed forces. The first PESCO

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23 Article 20 and Title III of Part VI TFEU (Arts. 326 - 335 TFEU); more information on the enhance cooperation procedure can be found at: https://www.eumonitor.eu/9353000/1/j9vvik7m1c3gyxp/vh7dow6rirz4

24 Article 332 TFEU

25 See also: Enhanced cooperation on matrimonial and registered partnership property issues (summary) at: https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=LEGISSUM:4353120

26 See also: Law applicable to divorce and legal separation (summary) at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM:230205_2

27 See also: Single EU patent boosts intellectual property protection and cuts related costs (summary)at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM:2406030201_1

28 See also: The establishment of the European Public Prosecutor's Office (summary) at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM:4319113

29 More information on the PESCO can be found at: https://pesco.europa.eu/

projects[30] are already taking shape. The first PESCO Strategic Review was conducted in 2020 and the Council validated on 20 November 2020 guidance for the next PESCO phase (2021-2025) in terms of overall aim, key policy goals, processes, as well as incentives to improve the fulfilment of the more binding commitments. The Council established the general conditions under which non-EU countries could exceptionally be invited to participate in individual PESCO projects, thereby paving the way for stronger and more ambitious defence cooperation with partners in the EU framework.

Pursuant to Art 41(2) of the Treaty on the European Union (TEU), the Union budget cannot finance operating expenditure under the CFSP having military or defence implications. PESCO being a form of enhanced co-operation with a specific military and defence character means that its operating expenditure cannot be financed under the EU budget. The Council decision establishing PESCO provides that operating expenditure arising from projects undertaken within its framework shall be supported primarily by the participating Member States that take part in an individual project. Contributions from the general budget of the Union may be made to such projects in compliance with the Treaties and in accordance with the relevant Union instruments. Administrative expenditure of the Union institutions and the EEAS arising from its implementation shall be charged to the Union budget.

The European Public Prosecutor's Office

The Regulation[31] establishing **the European Public Prosecutor's Office** under enhanced cooperation was adopted on 12 October 2017 and entered into force on 20 November 2017.

The European Chief Prosecutor was appointed by the Council and the European Parliament in October 2019. Nine months later, on 27 July 2020, the European Prosecutors from 22 participating EU Member States[32] were appointed by the Council of the European Union. On 26 May 2021, the Commission adopted its Implementing Decision determining the date on which the European Public Prosecutor's Office assumes its investigative and prosecutorial task. On 1 June 2021, the European Public Prosecutor's Office launched its operations and started to investigate and prosecute crimes affecting the Union's financial interests that were committed after 20 November 2017. As of this date, EU institutions and bodies, as well as the competent authorities of the 22 Member States participating in the European Public Prosecutor's Office, shall without undue delay report to the European Public Prosecutor's Office any criminal conduct in respect of which it could exercise its competence. Any individual can also report alleged cases of fraud and other crimes affecting the Union budget directly to the European Public Prosecutor's Office. The related costs are included in the EU Budget as from Budget 2019. Non-participating countries will be compensated for the costs incurred on the basis of the procedure laid down in Article 11 of the Making Available Regulation (609/2014).

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30 There are currently 46 collaborative projects in various areas: training facilities, land formation systems, maritime and air systems, cyber, and enabling joint multiple services or space.

31 Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO').

32 At this stage, there are 22 participating EU countries. Denmark, Ireland, Hungary, Poland and Sweden do not participate in the EPPO.

Financial Transaction Tax (FTT)

In addition, a **Financial Transaction Tax (FTT)** is being discussed as an area where enhanced cooperation could apply. The proposal for a Directive on a common system of FTT was submitted by the Commission to the Council on 28 September 2011. Given that unanimous agreement by all Member States could not be attained, on the basis of the request of eleven Member States, and in accordance with the authorization of the Council of 22 January 2013, and consent of the European Parliament of 12 December 2012, the Commission on 14 February 2013 submitted a proposal for a Council Directive implementing enhanced cooperation in the area of financial transaction tax. At this stage, 10 Member States[33] continue to discuss the enhanced co-operation in the area of FTT.

At the Council High Level Working Party on Tax Questions (HLWP) meeting of 7 May 2019, participating Member States indicated that they are discussing about an option of an FTT based on the French model of the tax and about the possible mutualisation of the revenues among the participating Member States as a contribution to the EU budget.

The negotiations on the FTT prove to be complicated and a large number of important considerations have to be taken into account in the discussions among the participating Member States, before any consensus is presented to all Member States for an inclusive discussion. It has already been clarified that should an informal agreement among Member States participating in the enhanced co-operation be reached, it would only be a preliminary step in the legislative process. If, at some point, a draft text of a Directive is tabled by the participating Member States, any decision (formal agreement) in the Council should be preceded by an inclusive and substantial debate among all Member States. Such an inclusive debate among all Member States has to take place following the required procedural steps. Finally, the interinstitutional agreement of 16 December 2020 between the European Parliament, the Council and the Commission mentions that the Commission would propose further new own resources by June 2024, which could include a Financial Transaction Tax.

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33 Austria, Belgium, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain.

5. Implementation of NextGenerationEU – point 17 of IIA

In December 2020 the Council established the European Union Recovery Instrument (NextGenerationEU)[34] to help the EU tackle the crisis caused by the COVID-19 pandemic. NextGenerationEU is a temporary recovery instrument which can raise up to EUR 750 billion in 2018 prices (or some EUR 807 billion in current prices) through bond issuance. It is at the heart of the European Union's response to the coronavirus crisis and has the ambition to support the economic recovery and build a greener, more digital and more resilient future.

To finance NextGenerationEU, the European Commission, on behalf of the EU, is borrowing on the capital markets. Thanks to the EU's high credit rating, the Commission will be able to borrow on advantageous conditions. The Commission will then pass the benefit, in the form of low interest rate payments on borrowings to finance recovery spending, on to the EU Member States directly when providing them loans or to the Union budget.

The borrowing will be concentrated between mid-2021 and 2026. All borrowing will be repaid by 2058. The EU budget – which is financed by own resources and contributions from all EU Member States – will back the borrowing.

The Own Resources Decision, the Inter-Institutional Agreement, and the Governance Decision (C(2021)2502) ensure that the European Parliament and Council will be regularly and comprehensively informed by the Commission about the relevant aspects of its debt management strategy. The Commission will therefore regularly provide updates on borrowing and lending activities and the execution of NGEU operations.

The borrowing to finance NextGenerationEU has started in June 2021, following the adoption by all Member States of the Own Resources Decision that empowered the Commission to raise the funds.

Also the implementation of NextGenerationEU has started in 2021 following the adoption of the legal basis for all the sectoral instruments receiving support under NextGenerationEU. This was preceded by the operational preparation linked to the programming for the relevant EU programmes and, for the Recovery and Resilience Facility, by the adoption of the national Recovery and Resilience plans, a process that is partly still on-going. The information on the implementation of NextGenerationEU in line with the Interinstitutional Agreement and covering the elements outlined in section 1.2 of this report, will therefore be presented in next year's report that will relate to 2021.

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[34] Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis, OJ L 433I , 22.12.2020, p. 23–27.

-----Original Message-----
From: HERBOLZHEIMER Barbara (VDL-CA-10) <barbara.herbolzheimer@ec.europa.eu>
Sent: 28 September 2021 17:43
To: DRMAŽ Irena (MINISTRY OF FINANCE) <irena.drmaz@mf-rs.si>; SASSOLI David Maria <david.sassoli@europarl.europa.eu>
Cc: BUDG Secretariat <budg-secretariat@europarl.europa.eu>; (Budget secretariat - Council) <ecomp2a@consilium.europa.eu>; DAFFARRA Elisa <elisa.daffarra@europarl.europa.eu>; GILBERS Johannes (CONSILIUM) <hans.gilbers@consilium.europa.eu>; STRASSER Monika <monika.strasser@europarl.europa.eu>; VEIVO Eva (CONSILIUM) <eva.veivo@consilium.europa.eu>
Subject: Budgetary transparency report in accordance with points 16 and 17 of the Inter-institutional Agreement - Ares(2021)5906978

Dear President Sassoli,
Dear President Délégué Drmaž,

Please find attached Commissioner Hahn's letter and the 2020 Budgetary Transparency Report.

Kind regards,
Gregor Gutmann
Assistant
European Commission
Cabinet of Commissioner Johannes Hahn
Budget and Administration
BERL 12/005
B-1049 Brussels
Tel.: +32 2 29 55192
E-mail: gregor.gutmann@ec.europa.eu