Accounting Officer's Status Report
at 30 June 2023

Article 251 of the Financial Regulation
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1. Purpose and scope

Article 251 of the Financial Regulation (2018)\(^1\) requires that by 15 September of each financial year, the Accounting Officer of the Commission shall send to the European Parliament and to the Council a report containing information on current risks noted, general trends observed, new accounting issues encountered and progress on existing accounting matters, including where identified by the Court of Auditors.

It is thus the purpose of this status report to provide a high-level overview of the main issues concerning the EU accounting environment at 30 June 2023.

2. Adoption of 2022 EU annual accounts & audit

The 2022 EU annual accounts were adopted on 28 June 2023.\(^2\)

The European Court of Auditors’ (ECA) audit of these accounts is completed. No major issues remained open following the audit. The publication of the 2022 ECA annual report, which will include the ECA 2022 audit opinion (statement of assurance), is scheduled for 5 October 2023. The publication of the 2022 EU annual accounts in the Official Journal, together with the related statement of assurance, will follow shortly afterwards.

3. Main developments in 2023

3.1 Introduction

This chapter provides an overview of the main topics, developments and actions encountered in the first semester of the financial year 2023.

3.2 Borrowing and lending activities

The Commission, acting on behalf of the EU, operates the following programmes under which it borrows funds and grants loans:

- NGEU,
- Support to mitigate Unemployment Risks in an Emergency (SURE),

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\(^2\) See COM(2023)391.
• European Financial Stabilisation Mechanism (EFSM),
• Macro-financial assistance (MFA),
• Balance of Payments (BOP),
• Euratom.

At 30 June 2023, the nominal amount of borrowings outstanding under these programmes was EUR 427.8 billion, compared to EUR 348.0 billion at 31 December 2022. At 30 June 2023, the nominal amount of loans outstanding (to Member States and 3rd countries) was EUR 216.5 billion, compared to EUR 205.3 billion at 31 December 2022.

**NGEU (including borrowings from diversified funding strategy)**

At 31 December 2022, the nominal outstanding amount of borrowing was EUR 187.8 billion out of which EUR 45.2 billion had been disbursed for loans to Member States under the Recovery and Resilience Facility.

At 30 June 2023, the nominal outstanding amount of borrowing was EUR 267.5 billion, out of which EUR 47.1 billion has been disbursed for loans to Member States under the Recovery and Resilience Facility (‘RRF’) and EUR 9 billion for MFA+ loans (see section on MFA below).

For more details on the situation as at 30 June 2023, please refer to the ‘Half-yearly report on the implementation of borrowing, debt management and related lending operations pursuant to Article 12 of Commission Implementing Decision C(2022)9700’ issued by the Commission. This report contains updated information about borrowings and lending for NGEU and for MFA+ programme (see section ‘MFA’ below).

For the most updated information on the RRF implementation, please refer to the Recovery and Resilience Scoreboard.

**SURE**

The availability of the instrument ended on 31 December 2022 and there are no pending disbursements. At 31 December 2022 as well as at 30 June 2023, the outstanding nominal amount of loans was EUR 98.4 billion.

**EFSM**

The programme has expired but remains in place for specific tasks like the maturity extension of the loans. At 31 December 2022 and at 30 June 2023, the outstanding nominal amount of

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3 [IMMC.COM%282023%29461%20final.ENG.xhtml.1_EN_ACT_part1_v3.docx (europa.eu)]
5 For further details, see 2022 EU Annual Accounts, Key figures and highlights of the year, page 21.
loans was EUR 46.3 billion (out of which EUR 22.5 billion to Ireland and EUR 23.8 billion to Portugal).

**MFA**

At 31 December 2022, the outstanding nominal amount of loans to third countries was EUR 15 billion (out of which EUR 11.6 billion to Ukraine). At 30 June 2023, the outstanding nominal amount of loans was EUR 24.2 billion, out of which EUR 20.6 billion to Ukraine. The amounts at 30 June 2023 include EUR 9 billion under the MFA+ instrument, which is a new package of financial assistance to Ukraine with an overall volume of 18 billion (Regulation (EU) 2022/2463). The Commission plans to disburse it fully by the end of 2023 in monthly tranches of EUR 1.5 billion.

The borrowings for the MFA loans are guaranteed first by the Common Provisioning Fund ('CPF') and then by the EU budget. Loans provided to Ukraine under the MFA exceptional financial assistance programme in 2022, totalling EUR 6 billion, are also covered by a system of guarantees from Member States for 61% of the exposure, on top of the 9% first losses covered by the CPF. EUR 3.3 billion of Member State guarantees have been signed as at 30 June 2023. The MFA+ borrowing for Ukraine is fully backed by the Member States’ commitments to contribute resources to the EU budget.

**3.3 Guarantees given under the EU budgetary guarantees programmes**

The EU issues budgetary guarantees under the following budgetary guarantee programmes: the European Fund Strategic Investment (EFSI) and InvestEU relating to investments in the EU, as well as the EIB external lending mandates (ELM), the European Fund for Sustainable Development (EFSD) and NDICI supporting investments in third countries.

Under those programmes, the EU guarantees loans and equity investments that implementing partners provide to sovereigns and companies. As at 31 December 2022, the exposure of the EU budget to possible future payments linked to guarantees given to the EIB Group and other financial institutions amounted to EUR 105.9 billion at the level of available guarantee ceiling, EUR 62.4 billion at the level of operations signed and EUR 42.9 billion for actual disbursed amounts. The Commission is gradually setting money aside ('provisioning') from the budget and – where relevant – the external contributions into the CPF in order to create a capital buffer for guarantee calls (see section ‘CPF’ below). The amount of guarantees given has further increased in the first half-year 2023 due to newly signed guarantee agreements and underlying transactions, please see further details per programme below.

**EFSI**

Under EFSI, the EU provides guarantees to the EIB Group for its debt and equity operations in the EU. At the end of 2022, the EFSI available EU guarantee amounted to EUR 25.8 billion. It

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6 See 2022 EU Annual Accounts, note 4.1.1.
covered the risk related to the operations signed by the EIB Group up to EUR 24.6 billion and to disbursed operations up to EUR 21.1 billion. The assets provisioned, held in the CPF, in the Commission’s treasury and in the fiduciary accounts amounted to EUR 8.6 billion.

In the first 6 months of 2023, no new operations have been signed by the EIB Group under the EFSI Guarantee, except for the EFSI Investment and Innovation Window portfolio, which has been merged with the debt portfolios guaranteed by the InvestEU Guarantee (see below).

In the first half of 2023, guarantee calls on the EFSI guarantee totalled EUR 70 million and were mainly covered by the revenues due to the EU under the EFSI Agreement. Furthermore, revenues of EUR 0.2 billion have been received from the EIB and were transferred to the CPF. The assets provisioned for EFSI totalled EUR 8.9 billion as at 30 June 2023.

**InvestEU**

The InvestEU Regulation (Regulation (EU) 2021/523) allows the Commission to provide up to EUR 26.2 billion in guarantees to support financing and investments of financial institutions. In addition to the EU budget, the Member States and the European Economic Area (EEA) countries can contribute to the InvestEU programme from their Cohesion Policy, RRF or national funds. This is an additional amount of the EU guarantee. In this case, the Commission first signs a contribution agreement with the Member State or the EEA country and then a guarantee agreement with an implementing partner.

At 31 December 2022, the Commission had signed contribution agreements for EUR 1.7 billion. By 30 June 2023, it had signed contribution agreements for a further EUR 0.5 billion.

At 31 December 2022, the Commission had signed guarantee agreements with implementing partners for EUR 21.3 billion, of which EUR 2.1 billion was allocated to the operations entered into by the implementing partners. At 30 June 2023, the signed guarantee agreements totalled EUR 23.4 billion and the EIB Group has reported to the Commission new operations committed in the first quarter of 2023, which increased EU exposure on signed operations by EUR 1 billion.

At 31 December 2022, the assets provisioned for InvestEU were EUR 1.7 billion and at 30 June 2023 they were EUR 2.5 billion.

In the first half of 2023, guarantee calls allocated to the InvestEU EU guarantee totalled EUR 8 million.

**ELM**

Under the ELM, the EU has given guarantees on the EIB loans granted outside of the EU. At 31 December 2022, the EU guarantee supporting the outstanding amount of disbursed operations amounted to EUR 20.9 billion and EUR 30.6 billion when considering all signed operations. This
included EUR 427 million of loans granted to current EU Member States before their accession and EUR 4.1 billion of loans to Ukraine.\(^7\) The assets provisioned, held in the CPF and in the Commission’s treasury, amounted to EUR 2.8 billion at the end of 2022.

The signature period for ELM expired at the end of 2021, hence no new operations were signed since 2022.

In the first half of 2023, the EU received guarantee calls of EUR 61 million and recovered a total amount of EUR 33 million.

The assets held in the CPF and in the Commission’s treasury at 30 June 2023 amounted to EUR 2.8 billion.\(^8\)

**EFSD**

Under EFSD, the EU provides guarantees to financial institutions to support investments in partner countries in Africa and in the European neighbourhood. At 31 December 2022, all 17 EFSD guarantee agreements were effective, for a total cover limit of EUR 1.2 billion (of which EUR 0.5 billion related to operations signed and EUR 0.4 billion disbursed) as disclosed in the 2022 EU annual accounts. The assets provisioned, held in the CPF and in the Commission’s treasury, amounted to EUR 0.7 billion.

During the first six months of 2023, the implementing partners have informed the Commission about additional signed underlying operations, increasing the related risk of the Commission by EUR 26 million.

EUR 1 million of guarantee calls have been received and paid under EFSD until 30 June 2023.

At 30 June 2023, assets held in the CPF and in the Commission’s treasury amounted to EUR 0.7 billion.

**NDICI**

Regulation (EU) 2021/947 of the European Parliament and of the Council 9 June 2021, established the Neighbourhood, Development and International Cooperation Instrument – Global Europe ('NDICI Regulation'), including the European Fund for Sustainable Development Plus (the 'EFSD+') and the External Action Guarantee, for the period of the 2021-2027 MFF. The NDICI Regulation aims to increase the coherence and effectiveness of the EU’s external actions, thus improving the implementation of the different external action policies.

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\(^7\) Out of which EUR 0.5 billion of loans were not yet disbursed at year-end. No additional loans have been disbursed to recipients in Ukraine by end of June 2023, nevertheless some disbursements are expected to occur in the second half of 2023.

\(^8\) The assets held in the Guarantee fund for external actions compartment in the CPF cover also the exposures related to the MFA and Euratom loans to third countries.
The External Action Guarantee supports the EFSD+ operations covered by budgetary guarantees, macro-financial assistance and loans to third countries.

At 31 December 2022, six budgetary guarantee agreements were signed and outstanding, for a total ceiling of EUR 27.0 billion, including a guarantee agreement (the successor of the ELM programme) signed with EIB in April 2022 for a total ceiling of up to EUR 26.7 billion. By 31 December 2022 under this agreement, operations of EUR 4.5 billion were signed, of which EUR 156 million was disbursed. The assets provisioned held in the CPF amounted to EUR 1.1 billion.

In February 2023, a new EFSD+ guarantee agreement was signed with the EIB for an amount of EUR 1 billion for private sector operations in Africa, Caribbean and Pacific, for which the assets provisioned will be partially funded by the reflows from the African, Caribbean and Pacific Investment Facility.9

In the first half of 2023, an additional EUR 0.5 billion of guaranteed operations has been signed by the EIB under the EFSD+.

At 30 June 2023, assets with a market value of EUR 1.6 billion were held in the CPF. No guarantee calls have occurred so far.

### 3.4 Common Provisioning Fund

At 31 December 2022 the assets kept in the CPF as a liquidity cushion to cover future guarantee calls, were EUR 14.4 billion. Another EUR 0.3 billion of provisioning was held in the Commission’s treasury as a liquidity buffer for paying the guarantee calls. At 30 June 2023, the assets kept in the CPF amounted to EUR 16.2 billion and another EUR 0.3 billion of provisioning was held in the Commission’s treasury. The increase in the CPF assets is due to net subscriptions10 of EUR 1.6 billion and EUR 0.2 billion of portfolio gains.

### 3.5 Departure of the United Kingdom from the European Union

On 31 January 2020, the United Kingdom (UK) withdrew from the European Union. The terms of its departure are defined in an Agreement on the withdrawal of the UK from the EU and the European Atomic Energy Community, also known as the ‘Withdrawal Agreement’ or ‘WA’.11 As part of this deal, the UK agreed to honour all financial obligations undertaken while it was a member of the EU.

The WA identifies payment obligations between the two parties in several defined areas, resulting in a net receivable from the UK of EUR 23.9 billion being recognised in the EU annual

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9 The Investment Facility has been established within the framework of the Cotonou Agreement on co-operation and development assistance between the African, Caribbean and Pacific (the “ACP”) Group of States and the European Community and its Member States on 23 June 2000, revised on 25 June 2005 and 22 June 2010.

10 Money transferred to the CPF from the budget, including through assigned revenues, net of money transferred to Commission’s treasury for guarantee calls.

accounts at 31 December 2022. This amount comprises mainly the UK’s share of the EU’s outstanding commitments under Article 140 WA (EUR 17 billion) and the UK’s share of the Union liabilities under Article 142 WA (EUR 9.6 billion) at 31 December 2021, counterbalanced by the UK’s share of fines under Article 141 WA (EUR 1.6 billion) and other amounts owed to the UK under the WA.

The WA also lays down the methodology as to how these obligations will be dealt with each year. In summary, the EU communicates twice a year, in April and September, to the UK the amounts owed by and to the UK, and the UK pays the net amount due on a monthly basis. The first such bi-annual invoice was issued in April 2021 and the sixth invoice will be issued by 16 September 2023, triggering eight further monthly payments to start on 31 October (with the last payment relating to that invoice expected in May 2024). To date, all amounts invoiced have been paid on time and in accordance with the terms of the WA.

3.6 Treasury situation

In the first half of 2023 and similar to the same period of the previous year, available treasury resources were sufficient to cover all monthly payment needs.

The cash balance in the Central Treasury at 30 June 2023 was EUR 12.6 billion while it was EUR 23 billion at 31 December 2022.

The end of month treasury balances remained generally at a comfortable level with an average cash balance of EUR 10.7 billion being the month of February at the lowest level with EUR 5.7 billion due to the high amount of payments to agricultural and structural funds, in the same way as in previous years.

These deviations follow the standard pattern of annual implementation of EU policies and programmes, which was observed also in previous years.

In terms of own resources, 0.2 anticipated twelfths were called from Member States in February to cover the structural fund payments but these anticipated twelfths were already reimbursed in March and April. As from May, one twelfth has been called every month from Member States as per the Making Available Regulation.

The Traditional Own Resources, mainly customs duties, show a surplus of around EUR 1.3 billion compared to forecast due to the good evolution of receipts and to UK undervaluation cases (i.e. EUR 1.2 billion of interest received from UK in February with regards to CJEU CASE-213/19). The Commission continues receiving the UK contributions in accordance with the Withdrawal Agreement.

In addition to the above, at 30 June 2023, EUR 65.2 billion from borrowed funds are in Commission bank accounts at the ECB (EUR 19.9 billion at 31 December 2022). The cash balance on those accounts at specific time-points is affected by the disbursements for Member States’ payment requests under the Recovery and Resilience Facility.
3.7 Pre-financing situation

In the first half of 2023, a total amount of EUR 27.4 billion has been provided as new pre-financing (of which EUR 13.2 billion related to the programmes of the MFF 2014-2020). The split over the different management modes is as follows:

- Increase in shared management: EUR 11.6 billion (of which EUR 5.6 billion is related to programmes 2014-2020, including EUR 0.6 billion for ERDF/ESF/FEAD financed by REACT EU), mainly paid under the structural funds;
- Increase in direct management: EUR 7.7 billion (of which EUR 1.6 billion is related to programmes 2014-2020), mainly related to research and external actions; and
- Increase in indirect management: EUR 8.2 billion (of which EUR 1.6 billion related to programmes 2014-2020), mainly related to external actions and research.

The Commission has received sufficient justifications to clear pre-financing totalling EUR 13.2 billion in the first half of 2023, mainly relating to programmes of the MFF 2014-2020.

3.8 Fines

In the first six months of 2023 the Commission has imposed EUR 0.5 billion on companies as CO2 excess emission premiums for 2020 and EUR 0.2 billion in terms of periodic penalties on Member States. No new fines have been imposed by the Commission on companies in the area of competition in that period.

Fines amounting to EUR 0.7 billion were transferred to the budget in this period as they were definitive. Out of those, EUR 514 million came from CO2 emission premiums, EUR 166 million from periodic penalties on Member States and EUR 37 million from competition fines.

The total amount of the financial guarantees provided by the fined companies up to June 2023 remained stable (EUR 9.1 billion at 30 June 2023 and at the end of 2022). In 2023, two new guarantees totalling EUR 0.06 billion were accepted, while two other guarantees were released, and one was called (EUR 0.03 billion).