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COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE COURT OF AUDITORS

ANNUAL ACCOUNTS OF THE EUROPEAN DEVELOPMENT FUND 2014

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Annual accounts of the European Development Fund 2014

CONTENTS

CERTIFICATION OF THE ACCOUNTS

The annual accounts of the European Development Fund for the year 2014 have been prepared in accordance with Title IX of the Financial Regulation of the 11th European Development Fund and with the accounting principles, rules and methods set out in annex to the financial statements.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the European Development Fund in accordance with Article 20 of the Financial Regulation of the 11th European Development Fund.

I have obtained from the authorising officers and from the EIB, who guarantee its reliability, all the information necessary for the production of the accounts that show the European Development Fund's assets and liabilities and the budgetary implementation.

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present a true and fair view of the financial position of the European Development Fund in all material aspects.

[signed]

Manfred Kraff

Accounting Officer

13 July 2015

IMPLEMENTING AND ACCOUNTING FOR THE EDF RESOURCES

1. BACKGROUND

The European Union (hereinafter referred to as the EU) has cooperative development relations with a large number of developing countries. The main objective is to promote economic, social and environmental development, with the primary aim of reducing and eradicating poverty in the long-term, by providing beneficiary countries with development aid and technical assistance. To achieve this, the EU draws up, jointly with the partner countries, cooperation strategies and mobilises the financial resources to implement them. These EU resources allocated to development cooperation come from three sources:

- The EU budget;
- The European Development Fund;
- The European Investment Bank.

The European Development Fund (hereinafter referred to as the EDF) is the main instrument for providing EU aid for development cooperation to the African, Caribbean and Pacific (hereinafter referred to as the ACP) States and Overseas Countries and Territories (hereinafter referred to as the OCTs).

The EDF is not funded by the EU budget. It is established by an internal agreement of the Representatives of the Member States, sitting within the Council, and managed by a specific committee. The European Commission (hereinafter referred to as the Commission) is responsible for the financial implementation of the operations carried out with EDF resources. The European Investment Bank (hereinafter referred to as the EIB) manages the Investment Facility.

During the period 2014-2020, the geographic aid granted to ACP States and OCTs will continue to be mainly funded by the EDF. Each EDF is usually concluded for a period of around five years. Each EDF is governed by its own Financial Regulation which requires the preparation of financial statements for each individual EDF. Accordingly, financial statements are prepared separately for each EDF in respect of the part that is managed by the Commission. These financial statements are also presented in an aggregated way so as to provide a global view of the financial situation of the resources for which the Commission is responsible.

The Internal Agreement establishing the 11th EDF was signed by the participating Member States, meeting within the Council, in June 2013[1]. It came into force on 1 March 2015. In order to assure continuity between the end of the 10th EDF and the entry into force of the 11th EDF, the Commission proposed transitional measures, known as the Bridging Facility (BF)[2]. The BF is presented under the 11th EDF.

At the same time the 10th EDF Financial Regulation[3] was amended and the new Financial Regulation applicable to the transition period was adopted[4]. They entered into force on 30 May 2014. On 2 March 2015 the Council adopted the 11th EDF Financial Regulation[5] and the Implementation Rules[6]. They entered into force on 6 March 2015.

Within the framework of the ACP-EU Partnership Agreement, the Investment Facility was established. This Investment Facility is managed by the EIB and is used to support private sector development in the ACP States by financing essentially – but not exclusively – private investments. The Facility is designed as a renewable fund, so that loan repayments can be reinvested in other operations, thus resulting in a self-renewing and financially independent facility. As the Investment Facility is not managed by the Commission, it is not consolidated in the first part of the annual accounts – the financial statements of the EDF and the related report on financial implementation. The financial statements of the Investment

[1] OJ L 210, 6.8.2013, p. 1.

[2] The creation of the Bridging Facility had been first proposed as an article of the 11th EDF Implementation Regulation (COM(2013)445). The Commission however has proposed, as an alternative, the creation of the Bridging Facility by a specific Council decision (Proposal for a Council decision regarding transitional EDF management measures from 1 January 2014 until the entry into force of the 11th EDF European Development Fund, COM(2013)663).

[3] Council Regulation (EC) No 215/2008 of 18 February 2008 on the Financial Regulation applicable to the 10th EDF. OJ L 78, 19.2.2008, p.1.

[4] Council Regulation (EU) No 567/2014 of 26 May 2014 amending Regulation (EC) No 215/2008 on the Financial Regulation applicable to the 10th EDF as regards the application of the transition period between the 10th EDF and the 11th EDF until the entry into force of the 11th EDF Internal Agreement. OJ L 157, 27.5.2014, p. 52.

[5] Council Regulation (EU) 2015/323 of 2 March 2015 on the financial regulation applicable to the 11th European Development Fund. OJ L 58, 3.3.2015, p. 17–38.

[6] Council Regulation (EU) 2015/322 of 2 March 2015 on the implementation of the 11th European Development Fund. OJ L 58, 3.3.2015, p. 1–16.

Facility are included as a separate part of the annual accounts (part II) to provide a full picture of the development aid of the EDF[7].

2. HOW IS THE EDF FUNDED?

The European Council of 2 December 2013 adopted the Multi-annual Financial Framework for 2014-2020. In this context it was decided that geographical cooperation with the ACP States would not be integrated into the EU budget (budgetised), but would continue to be funded through the existing inter-governmental EDF.

The EU budget is annual and according to the budgetary principle of annuality, expenditure and revenue are planned and authorised for one year. Unlike the EU, the EDF is a fund operating on the basis of multiannuality. Each EDF establishes an overall fund to implement development cooperation during a period of usually five years. As resources are allocated on a multiannual basis, the allocated funds may be used over the period of the EDF. The lack of budget annuality is highlighted in the budgetary reporting, where the budgetary implementation of the EDFs is measured against the total funds.

The EDF resources are "ad hoc" contributions from the EU Member States. Approximately every five years, Member State representatives meet at intergovernmental level to decide on an overall amount that will be allocated to the fund and to oversee its implementation. The Commission then manages the fund in accordance with the Union policy on development cooperation. Since Member States have their own development and aid policies in parallell to the Union policy, the Member States must coordinate their policies with the EU to ensure they are complementary.

In addition to the above mentioned contributions, it is also possible for Member States to enter into co-financing arrangements or to make voluntary financial contributions to the EDF.

3. YEAR-END REPORTING

3.1. Annual accounts

It is the Accounting Officer's responsibility to prepare the annual accounts and ensure that they present a true and fair view of the financial position of the EDF.

The annual accounts are presented as follows:

Part I: Funds managed by the Commission

(i) Financial statements of the EDF

(ii) Report on financial implementation of the EDF

Part II: Funds managed by the EIB

(i) Financial statements of the Investment Facility

In addition, since 2014 is the first year that a trust fund has been created under the EDF (see **3.2** below), its accounts, together with the consolidated (EDF and trust fund) accounts are presented below.

The annual accounts are adopted by the Commission by 31 July of the subsequent year and presented to the European Parliament and to the Council for discharge.

3.2. Bêkou Trust Fund

[7] Council Regulation (EU) No 567/2014 of 26 May 2014 amending Regulation (EC) No 215/2008 on the Financial Regulation applicable to the 10th EDF as regards the application of the transition period between the 10th EDF and the 11th EDF until the entry into force of the 11th EDF Internal Agreement. OJ L 157, 27.5.2014, Art. 43.

In accordance with Article 187(1) of the Financial Regulation applicable to the general budget of the Union (EU FR) and Article 42 of the Financial Regulation applicable to the transition period, the Commission is allowed to create Union Trust Funds for external actions under an agreement concluded with other donors. These trust funds may be created for emergency, post-emergency and thematic actions. In accordance with Article 187(6) of the EU FR, the accounting officer of the Union Trust Fund shall be the accounting officer of the Commission.

The first multi-donor EU Trust Fund called Bêkou, was established on 15 July 2014, by the European Union and Germany, France and the Netherlands, with the aim to promote the stabilisation and reconstruction of the Central African Republic. The maximum duration of the Bêkou Trust fund is 60 months.

As the Bêkou Trust fund was established under the EDF, its annual accounts are consolidated with the EDF accounts.

4. AUDIT AND DISCHARGE

4.1. Audit

The EDF annual accounts and resource management are overseen by its external auditor, the European Court of Auditors (hereinafter referred to as the ECA), which draws up an annual report for the European Parliament and the Council.

4.2. Discharge

The final control is the discharge of the financial implementation of the EDF resources for a given financial year. The European Parliament is the discharge authority of the EDF. This means that following the audit and finalisation of the annual accounts it falls to the Council to recommend and then to the Parliament to decide whether to grant discharge to the Commission for the financial implementation of the EDF resources for the preceding financial year. This decision is based on a review of the accounts and the annual report of the ECA (which includes an official statement of assurance) and replies of the Commission, and also following questions and further information requests to the Commission.

FINANCIAL STATEMENTS AND EXPLANATORY NOTES - FUNDS MANAGED BY THE EUROPEAN COMMISSION

It should be noted that due to the rounding of figures into millions of euros, some financial data in the tables below may appear not to add-up.

CONTENTS

FINANCIAL STATEMENTS OF THE EDF

It should be noted that due to the rounding of figures into millions of euros, some financial data in the tables may appear not to add-up.

EDF BALANCE SHEET

EUR millions

	Note	31.12.2014	31.12.2013
NON-CURRENT ASSETS			
Pre-financing	2.1	472	424
Trust Fund contributions	2.2	39	–
		511	**424**
CURRENT ASSETS			
Pre-financing	2.3	1 403	1 286
Receivables	2.4	84	84
Cash and cash equivalents	2.6	391	759
		1 878	**2 128**
TOTAL ASSETS		**2 389**	**2 553**
NON-CURRENT LIABILITIES			
Payables	2.7	(34)	(25)
		(34)	**(25)**
CURRENT LIABILITIES			
Payables	2.8	(1 423)	(1 214)
		(1 423)	**(1 214)**
TOTAL LIABILITIES		**(1 457)**	**(1 239)**
NET ASSETS		**932**	**1 313**
FUNDS & RESERVES			
Called fund capital - active EDFs	2.9	35 673	32 529
Called fund capital from closed EDFs carried forward	2.10	2 252	2 252
Economic result carried forward from previous years		(33 468)	(30 396)
Economic result of the year		(3 526)	(3 072)
NET ASSETS		**932**	**1 313**

EDF STATEMENT OF FINANCIAL PERFORMANCE

EUR millions

	Note	2014	2013
OPERATING REVENUE	*3.2*	**132**	**123**
OPERATING EXPENSES			
Operating expenses	*3.3*	*(3 650)*	*(3 027)*
Administrative expenses	*3.4*	*(22)*	*(167)*
		(3 671)	**(3 194)**
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES		**(3 539)**	**(3 072)**
Financial revenue	*3.5*	*13*	*0*
Financial charges		*(0)*	*0*
SURPLUS/(DEFICIT) FROM FINANCIAL ACTIVITIES		**13**	**0**
ECONOMIC RESULT OF THE YEAR		**(3 526)**	**(3 072)**

EDF CASHFLOW STATEMENT

EUR millions

	Note	2014	2013
Economic result of the year		**(3 526)**	**(3 072)**
OPERATING ACTIVITIES			
Ordinary contributions from Member States		*3 068*	*2 961*
Co-financing contributions		*66*	*18*
(Reversal of) impairment losses on receivables		*14*	*(2)*
(Increase)/decrease in non-current pre-financing		*(47)*	*14*
(Increase)/decrease in Trust Fund contributions		*(39)*	*–*
(Increase)/decrease in current pre-financing		*(117)*	*48*
*(Increase)/decrease in current receivables**		*(22)*	*(7)*
Increase/(decrease) in non-current liabilities		*9*	*(15)*
*Increase/(decrease) in current liabilities***		227	123
NET CASHFLOW		**(368)**	**69**
Net increase/(decrease) in cash and cash equivalents		**(368)**	**69**
Cash and cash equivalents at the beginning of the year	*2.5*	*759*	*690*
Cash and cash equivalents at year-end	*2.5*	*391*	*759*

** Current receivables excluding receivables relating to ordinary contributions and co-financing.*
*** Current liabilities excluding liabilities relating to ordinary contributions and co-financing*

EDF STATEMENT OF CHANGES IN NET ASSETS

EUR millions

	Fund capital - active EDFs (A)	Uncalled funds - active EDFs (B)	Called fund capital - active EDFs (C) = (A)-(B)	Cumulative Reserves (D)	Called fund capital from closed EDFs carried forward (E)	Total Net Assets (C)+(D)+(E)
BALANCE AS AT 31.12.2012	**45 691**	**16 112**	**29 579**	**(30 396)**	**2 252**	**1 435**
Capital increase - ordinary contributions	–	*(2 950)*	*2 950*	–	–	*2 950*
Economic result of the year	–	–	–	*(3 072)*	–	*(3 072)*
BALANCE AS AT 31.12.2013	**45 691**	**13 162**	**32 529**	**(33 468)**	**2 252**	**1 313**
Capital increase - ordinary contributions	–	*(3 144)*	*3 144*	–	–	*3 144*
Economic result of the year	–	–	–	*(3 526)*	–	*(3 526)*
BALANCE AS AT 31.12.2014	**45 691**	**10 018**	**35 673**	**(36 994)**	**2 252**	**932**

BALANCE SHEET BY EDF

EUR millions

		31.12.2014				31.12.2013			
	Note	Eighth EDF	Ninth EDF	10th EDF	11th EDF	Eighth EDF	Ninth EDF	10th EDF	11th EDF
NON-CURRENT ASSETS									
Pre-financing	*2.1*	*–*	*17*	*411*	*44*	*–*	*90*	*334*	*–*
Trust Fund contributions	*2.2*	*–*	*–*	*–*	*39*				
		–	**17**	**411**	**83**	**–**	**90**	**334**	**–**
CURRENT ASSETS									
Pre-financing	*2.3*	*5*	*142*	*1 178*	*77*	*5*	*259*	*1 021*	*–*
Receivables	*2.4*	*3*	*66*	*15*	*0*	*2*	*58*	*24*	*–*
Liaison accounts	*2.5*	*216*	*810*	*–*	*607*	*290*	*1 323*	*–*	*–*
Cash and cash equivalents	*2.6*	*–*	*–*	*–*	*391*	*–*	*–*	*759*	*–*
		224	**1 018**	**1 193**	**1 076**	**297**	**1 640**	**1 804**	**–**
TOTAL ASSETS		**224**	**1 035**	**1 604**	**1 159**	**297**	**1 730**	**2 138**	**–**
NON-CURRENT LIABILITIES									
Payables	*2.7*	*–*	*–*	*(34)*	*–*	*–*	*–*	*(25)*	*–*
		–	**–**	**(34)**	**–**	**–**	**–**	**(25)**	**–**
CURRENT LIABILITIES									
Payables	*2.8*	*(10)*	*(175)*	*(1 195)*	*(43)*	*(28)*	*(263)*	*(923)*	*–*
Liaison accounts	*2.5*	*–*	*–*	*(1 633)*	*–*	*–*	*–*	*(1 613)*	*–*
		(10)	**(175)**	**(2 828)**	**(43)**	**(28)**	**(263)**	**(2 536)**	**–**
TOTAL LIABILITIES		**(10)**	**(175)**	**(2 862)**	**(43)**	**(28)**	**(263)**	**(2 561)**	**–**
NET ASSETS		**214**	**860**	**(1 258)**	**1 116**	**270**	**1 467**	**(423)**	**–**
FUNDS & RESERVES									
Called fund capital - active EDFs	*2.9*	*12 840*	*11 699*	*11 134*	*–*	*12 840*	*11 699*	*7 990*	*–*
Called fund capital from closed EDFs carried forward	*2.10*	*627*	*1 625*	*–*	*–*	*627*	*1 625*	*–*	*–*
Called fund capital transfers between active EDFs	*2.11*	*(3 147)*	*1 758*	*(209)*	*1 597*	*(3 083)*	*2 130*	*952*	
Economic result carried forward from previous years		*(10 114)*	*(13 988)*	*(9 356)*	*(10)*	*(10 125)*	*(13 658)*	*(6 614)*	*–*
Economic result of the year		*8*	*(235)*	*(2 828)*	*(472)*	*10*	*(331)*	*(2 751)*	*–*
		214	**860**	**(1 258)**	**1 116**	**270**	**1 467**	**(423)**	**–**
NET ASSETS		**214**	**860**	**(1 258)**	**1 116**	**270**	**1 467**	**(423)**	**–**

STATEMENT OF FINANCIAL PERFORMANCE BY EDF

EUR millions

		2014				2013			
	Note	Eighth EDF	Ninth EDF	10th EDF	11th EDF	Eighth EDF	Ninth EDF	10th EDF	11th EDF
OPERATING REVENUE	*3.2*	**9**	**43**	**79**	**1**	**64**	**34**	**25**	**–**
OPERATING EXPENSES									
Operating expenses	*3.3*	*(1)*	*(293)*	*(2 881)*	*(475)*	*(53)*	*(362)*	*(2 612)*	*–*
Administrative expenses	*3.4*	*–*	*0*	*(22)*	*–*	*–*	*(0)*	*(167)*	*–*
		(1)	**(293)**	**(2 903)**	**(475)**	**(53)**	**(362)**	**(2 779)**	**–**
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES		**8**	**(249)**	**(2 824)**	**(474)**	**11**	**(328)**	**(2 754)**	**–**
Financial revenue	*3.5*	*0*	*15*	*(3)*	*2*	*(0)*	*(3)*	*3*	*–*
Financial charges		*–*	*–*	*(0)*	*–*	*–*	*–*	*0*	*–*
SURPLUS/(DEFICIT) FROM FINANCIAL ACTIVITIES		**0**	**15**	**(4)**	**2**	**(0)**	**(3)**	**3**	**–**
ECONOMIC RESULT OF THE YEAR		**8**	**(235)**	**(2 828)**	**(472)**	**10**	**(331)**	**(2 751)**	**–**

STATEMENT OF CHANGES IN NET ASSETS BY EDF

EUR millions

Eighth EDF	Fund capital - active EDFs (A)	Uncalled funds - active EDFs (B)	Called fund capital - active EDFs (C) = (A)-(B)	Cumulative Reserves (D)	Called fund capital from closed EDFs carried forward (E)	Called fund capital transfers between active EDFs (F)	Total Net Assets (C)+(D)+(E) +(F)
BALANCE AS AT 31.12.2012	**12 840**	**–**	**12 840**	**(10 125)**	**627**	**(2 980)**	**361**
Capital increase - ordinary contributions	*–*	*–*	*–*				*–*
Transfer to/from the 10th EDF			*–*			*(102)*	*(102)*
Economic result of the year			*–*	*10*			*10*
BALANCE AS AT 31.12.2013	**12 840**	**–**	**12 840**	**(10 114)**	**627**	**(3 083)**	**270**
Capital increase - ordinary contributions	*–*	*–*	*–*				*–*
Transfer to/from the 10th EDF			*–*		*–*	*(64)*	*(64)*
Transfer to/from the 11th EDF			*–*		*–*	*–*	*–*
Economic result of the year			*–*	*8*			*8*
BALANCE AS AT 31.12.2014	**12 840**	**–**	**12 840**	**(10 107)**	**627**	**(3 147)**	**214**

EUR millions

Ninth EDF	Fund capital - active EDFs (A)	Uncalled funds - active EDFs (B)	Called fund capital - active EDFs (C) = (A)-(B)	Cumulative Reserves (D)	Called fund capital from closed EDFs carried forward (E)	Called fund capital transfers between active EDFs (F)	Total Net Assets (C)+(D)+(E) +(F)
BALANCE AS AT 31.12.2012	**11 699**	**–**	**11 699**	**(13 657)**	**1 625**	**2 501**	**2 168**
Capital increase - ordinary contributions	*–*	*–*	*–*				*–*
Transfers to/from the 10th EDF			*–*			*(371)*	*(371)*
Economic result of the year			*–*	*(331)*			*(331)*
BALANCE AS AT 31.12.2013	**11 699**	**–**	**11 699**	**(13 988)**	**1 625**	**2 130**	**1 467**
Capital increase - ordinary contributions	*–*	*–*	*–*				*–*
Transfers to/from the 10th EDF			*–*			*(372)*	*(372)*
Transfers to/from the 11th EDF			*–*				*–*
Economic result of the year			*–*	*(235)*			*(235)*
BALANCE AS AT 31.12.2014	**11 699**	**–**	**11 699**	**(14 223)**	**1 625**	**1 758**	**860**

EUR millions

10th EDF	Fund capital - active EDFs (A)	Uncalled funds - active EDFs (B)	Called fund capital - active EDFs (C) = (A)-(B)	Cumulative Reserves (D)	Called fund capital from closed EDFs carried forward (E)	Called fund capital transfers between active EDFs (F)	Total Net Assets (C)+(D)+(E) +(F)
BALANCE AS AT 31.12.2012	**21 152**	**16 112**	**5 040**	**(6 614)**	**–**	**479**	**(1 095)**
Capital increase - ordinary contributions	*–*	*(2 950)*	*2 950*				*2 950*
Transfers to/from the eighth and ninth EDF			*–*			*473*	*473*
Economic result of the year			*–*	*(2 751)*			*(2 751)*
BALANCE AS AT 31.12.2013	**21 152**	**13 162**	**7 990**	**(9 365)**	**–**	**952**	**(423)**
Capital increase - ordinary contributions	*–*	*(3 144)*	*3 144*				*3 144*
Transfers to/from the eighth and ninth EDF			*–*			*(936)*	*(936)*
Transfers to/from the 11th EDF			*–*			*(225)*	*(225)*
Transfer of economic result carried forward - treasury - from the 10th EDF to the 11th EDF				*10*			*10*
Economic result of the year			*–*	*(2 828)*			*(2 828)*
BALANCE AS AT 31.12.2014	**21 152**	**10 018**	**11 134**	**(12 183)**	**–**	**(209)**	**(1 258)**

EUR millions

11th EDF	Fund capital - active EDFs (A)	Uncalled funds - active EDFs (B)	Called fund capital - active EDFs (C) = (A)-(B)	Cumulative Reserves (D)	Called fund capital from closed EDFs carried forward (E)	Called fund capital transfers between active EDFs (F)	Total Net Assets (C)+(D)+(E) +(F)
BALANCE AS AT 31.12.2012	**–**	**–**	**–**	**–**	**–**		**–**
Capital increase - ordinary contributions	*–*	*–*	*–*				*–*
Transfers to/from the eighth, ninth and 10th EDF			*–*		*–*		*–*
Economic result of the year			*–*	*–*			*–*
BALANCE AS AT 31.12.2013	**–**	**–**	**–**	**–**	**–**		**–**
Capital increase - ordinary contributions	*–*	*–*	*–*				*–*
Transfers to/from the eighth, ninth and 10th EDF			*–*			*1 597*	*1 597*
Transfer of economic result carried forward - treasury - from the 10th EDF to the 11th EDF				*(10)*			*(10)*
Economic result of the year			*–*	*(472)*			*(472)*
BALANCE AS AT 31.12.2014	**–**	**–**	**–**	**(482)**		**1 597**	**1 116**

NOTES TO THE FINANCIAL STATEMENTS OF THE EDF

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the EDF are the same as those applied by the European Union (EU) and are outlined in the note 1 of the consolidated annual accounts of the EU. A summary of the most important policies is given below.

1.1. LEGAL BASIS AND ACCOUNTING RULES

In accordance with Article 46 of the EDF Financial Regulation, the EDF financial statements are prepared on the basis of accrual-based accounting rules that are based on International Public Sector Accounting Standards (IPSAS). The accounting rules adopted by the Accounting Officer of the Commission are applied by all the Institutions and bodies of the EU in order to establish a uniform set of rules for accounting, valuation and presentation of the accounts with a view to harmonising the process for drawing up the financial statements and consolidation, as required by Article 152 of the EU Financial Regulation. These rules are also applied to the EDF while taking into account the specific nature of its activities.

1.2. ACCOUNTING PRINCIPLES

The overall considerations (or accounting principles) to be followed when preparing the financial statements are laid down in EU accounting rule 2 (the same as in IPSAS 1): fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information. The qualitative characteristics of financial reporting according to Article 144 of the EU Financial Regulation are relevance, reliability, understandability and comparability.

1.3. BASIS OF PREPARATION

Currency and basis for conversion

The annual accounts are presented in millions of euros, the euro being the EU's functional and reporting currency. Foreign currency transactions are translated into euros using the exchange rates prevailing at the dates of the transactions. Year-end balances of monetary assets and liabilities denominated in foreign currencies are converted into euros on the basis of the exchange rates applying on 31 December.

Euro exchange rates

Currency	31.12.2014	31.12.2013	Currency	31.12.2014	31.12.2013
BGN	**1.9558**	*1.9558*	**LTL**	**3.4528**	*3.4528*
CZK	**27.7350**	*27.4270*	**PLN**	**4.2732**	*4.1543*
DKK	**7.4453**	*7.4593*	**RON**	**4.4828**	*4.4710*
GBP	**0.7789**	*0.8337*	**SEK**	**9.3930**	*8.8591*
HRK	**7.6580**	*7.6265*	**CHF**	**1.2024**	*1.2276*
HUF	**315.5400**	*297.0400*	**JPY**	**145.2300**	*144.7200*
LVL	**-**	*0.7028*	**USD**	**1.2140**	*1.3791*

1.3.1. Use of estimates

In accordance with IPSAS and generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions by management based on the most reliable information available. Significant estimates include, but are not limited to; amounts for employee benefit liabilities, provisions, financial risk on inventories and accounts receivables, accrued income and charges, contingent assets and liabilities, and degree of impairment of intangible assets and property, plant and equipment. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

1.4. BALANCE SHEET

1.4.1. Intangible assets

Acquired computer software licences are stated at historical cost less accumulated amortisation and impairment losses. The assets are amortised on a straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets depend on their specific economic lifetime or legal lifetime determined by an agreement. Internally developed intangible assets are capitalised when the relevant criteria of the EU accounting rules are met. The costs capitalisable include all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Costs associated with research activities, non-capitalisable development costs and maintenance costs are recognised as expenses as incurred.

1.4.2. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the entity and its cost can be measured reliably. Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred. Land and works of art are not depreciated as they are deemed to have an indefinite useful life. Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Type of asset	Straight line depreciation rate
Buildings	*4%*
Plant, machinery and equipment	*10% to 25%*
Furniture	*10% to 25%*
Fixtures and fittings	*10% to 33%*
Vehicles	*25%*
Computer hardware	*25%*
Other tangible assets	*10% to 33%*

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the statement of financial performance.

Leases

Leases of tangible assets, where the entity has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The rental obligations, net of finance charges, are included as liabilities. The interest element of the finance cost is charged to the statement of financial performance over the lease period so as to produce a constant periodic interest rate on the remaining balance of the liability for each period. The assets held under finance leases are depreciated over the shorter of the assets' useful life and the lease term.

Leases where the lessor retains a significant portion of the risks and rewards inherent to ownership are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease.

1.4.3. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation/depreciation and are tested annually for impairment. Assets that are subject to amortisation/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Intangible assets and property, plant and equipment residual values and useful lives are reviewed, and adjusted if appropriate, at least once per year. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. If the reasons for impairments recognised in previous years no longer apply, the impairment losses are reversed accordingly.

1.4.4. Financial assets

The financial assets are classified in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available for sale financial assets. The classification of the financial instruments is determined at initial recognition and re-evaluated at each balance sheet date.

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the entity. Derivatives are also categorised in this category. Assets in this category are classified as current assets if they are expected to be realised within 12 months of the balance sheet date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the entity provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in non-current assets, except for maturities within 12 months of the balance sheet date.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the entity has the positive intention and ability to hold to maturity. During this financial year, the entity did not hold any investments in this category.

Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are classified as either current or non-current assets, depending on the time period in which the entity expects to dispose of them which is usually the remaining maturity at the balance sheet date.

1.4.5. Pre-financing amounts

Pre-financing is a payment intended to provide the beneficiary with a cash advance, i.e. a float. It may be split into a number of payments over a period defined in the particular pre-financing agreement. The float or advance is repaid or used for the purpose for which it was provided during the period defined in the agreement. If the beneficiary does not incur eligible expenditure, it has the obligation to return the pre-financing advance to the entity. The amount of the pre-financing is reduced (wholly or partially) by the acceptance of eligible costs (which are recognised as expenses) and amounts returned.

At year-end, outstanding pre-financing amounts are valued at the original amount(s) paid less: amounts returned, eligible amounts expensed, estimated eligible amounts not yet cleared at year-end, and value reductions.

1.4.6. Receivables and recoverables

Receivables and recoverables are carried at original amount less write-down for impairment. A write-down for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables. The amount of the write-down is the difference between the asset's carrying amount and the recoverable amount. The amount of the write-down is recognised in the statement of financial performance.

1.4.7. Cash and cash equivalents

Cash and cash equivalents are financial instruments and classified as available for sale financial assets. They include cash at hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

1.4.8. Provisions

Provisions are recognised when the entity has a present legal or constructive obligation towards third parties as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses. The amount of the provision is the best estimate of the expenditures expected to be required to settle the present obligation at the reporting date. Where the provision involves a large number of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities ("expected value" method).

1.4.9. Payables

A significant amount of the payables of the entity are not related to the purchase of goods or services – instead they are unpaid cost claims from beneficiaries of grants or other EU funding. They are recorded as payables for the requested amount when the cost claim is received. Upon verification and acceptance of the eligible costs, the payables are valued at the accepted and eligible amount.

Payables arising from the purchase of goods and services are recognised at invoice reception for the original amount and corresponding expenses are entered in the accounts when the supplies or services are delivered and accepted by the entity.

1.4.10. Accrued and deferred income and charges

At the end of the accounting period, accrued expenses are recognised based on an estimated amount of the transfer obligation of the period. Revenue is also accounted for in the period to which it relates. At year-end, if an invoice is not yet issued but the service has been rendered, the supplies have been delivered by the entity or a contractual agreement exists, an accrued income will be recognised in the financial statements. In addition, at year-end, if an invoice is issued but the services have not yet been rendered or the goods supplied have not yet been delivered, the revenue will be deferred and recognised in the subsequent accounting period.

1.5. STATEMENT OF FINANCIAL PERFORMANCE

1.5.1. Revenue

Revenue from non-exchange transactions are taxes and transfers because the transferor provides resources to the recipient entity without the recipient entity providing approximately equal value directly in exchange. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Exchange revenue from the sale of goods and services is recognised when the significant risk and rewards of ownership of the goods are transferred to the purchaser. Revenue associated with a transaction involving the provision of services is recognised by reference to the stage of completion of the transaction at the reporting date.

1.5.2. Expenses

Exchange expenses arising from the purchase of goods and services are recognised when the supplies are delivered and accepted by the entity. They are valued at original invoice cost.

Non-exchange expenses account for the majority of the entity's expenses. They relate to transfers to beneficiaries and can be of three types: entitlements, transfers under agreement and discretionary grants, contributions and donations. Transfers are recognised as expenses in the period during which the events giving rise to the transfer occurred, as long as the nature of the transfer is allowed by regulation or a contract has been signed authorising the transfer; any eligibility criteria have been met by the beneficiary; and a reasonable estimate of the amount can be made.

When a request for payment or cost claim is received and meets the recognition criteria, it is recognised as an expense for the eligible amount.

1.6. CONTINGENT ASSETS AND LIABILITIES

1.6.1. Contingent assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

1.6.2. Contingent liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because: it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or, in the rare circumstances where the amount of the obligation cannot be measured with sufficient reliability.

1.7. CO-FINANCING

Co-financing contributions received fulfil the criteria of revenues from non-exchange transactions under condition and they are presented as payables to Member States, non-Member States and others. The EDF is required to use the contributions to deliver services to third parties or is otherwise required to return the assets (the contributions received). The outstanding payables relating to co-financing agreements represent the co-financing contributions received less the expenses incurred related to the project. The effect on net assets is nil.

Expenses relating to co-financing projects are recognised as they are incurred. The corresponding amount of contributions is recognised as operating revenue and the effect on economic result of the year is nil.

2. NOTES TO THE BALANCE SHEET

NON-CURRENT ASSETS

2.1. PRE-FINANCING

EUR millions

	Eighth EDF	Ninth EDF	10th EDF	11th EDF	Total 31.12.2014	Total 31.12.2013
Pre-financing	*–*	*17*	*411*	*44*	*472*	*424*
Total	**–**	**17**	**411**	**44**	**472**	**424**

EUR millions

	Total 31.12.2014
Direct Management	**72**
Implemented by:	
Commission	*47*
EU executive agencies	*3*
EU delegations	*22*
Indirect Management	**400**
Implemented by :	
Third countries	*22*
International organisations	*127*
EIB and EIF	*223*
Public law bodies	*24*
Private law bodies with a public service mission	*4*
Total	**472**

Many contracts provide for payments of advances before the commencement of works, deliveries of supplies or the provision of services. Sometimes the payment schedules of contracts foresee payments on the basis of progress reports. Pre-financing is normally paid in the currency of the country or territory where the project is executed.

The timing of the recoverability or utilisation of the pre-financing governs whether it is disclosed as a current or a non-current pre-financing asset. The utilisation is defined by the project's underlying agreement. Any repayments or utilisation due within twelve months of the reporting date are disclosed as current pre-financing. As many of the EDF projects are long-term in nature, it is necessary that the related advances are available for more than one year. Thus some pre-financing amounts are shown as non-current assets, but since the eighth and the ninth EDFs are winding down, most pre-financing is current.

The increase in non-current pre-financing by EUR 80 million compared to 31 December 2013 is mainly explained by the implementation of new contracts under the Bridging Facility (EUR 77 million).

2.2. TRUST FUND CONTRIBUTIONS

This heading represents the amount paid as contribution to the Bêkou EU Trust Fund.

CURRENT ASSETS

2.3. PRE-FINANCING

EUR millions

	Eighth EDF	Ninth EDF	10th EDF	11th EDF	Total 31.12.2014	Total 31.12.2013
Pre-financing (gross)	*20*	*517*	*3 413*	*384*	*4 335*	*3 931*
Cleared via cut-off	*(15)*	*(375)*	*(2 235)*	*(307)*	*(2 932)*	*(2 645)*
Total	**5**	**142**	**1 178**	**77**	**1 403**	**1 286**

EUR millions

	Total 31.12.2014
Direct Management	**227**
Implemented by:	
Commission	*116*
EU executive agencies	*4*
EU delegations	*106*
Indirect Management	**1 176**
Implemented by :	
Third countries	*257*
International organisations	*494*
EIB and EIF	*357*
Public law bodies	*41*
Private law bodies with a public service mission	*24*
Private law bodies implementing Public Private Partnership	*2*
Total	**1 403**

2.3.1. Guarantees received in respect of pre-financing

Guarantees are held to secure pre-financing and are released when the final claim under a project is paid. At 31 December 2014 the nominal value of guarantees received by the EDF in respect of pre-financing amounts to EUR 259 million.

2.4. RECEIVABLES

EUR millions

	Note	Eighth EDF	Ninth EDF	10th EDF	11th EDF	Total 31.12.2014	Total 31.12.2013
Receivables from customers, public bodies, EFTA and third states	*2.4.1*	*3*	*10*	*7*	*0*	*21*	*24*
Receivables from Member States		*–*	*–*	*–*	*0*	*0*	*3*
Accrued income and deferred charges	*2.4.2*	*0*	*56*	*7*	*(0)*	*63*	*57*
Total		**3**	**66**	**15**	**0**	**84**	**84**

EUR millions

	Total at 31.12.2014	Total at 31.12.2013
Recoverables from non-exchange transactions	*21*	*22*
Receivables from exchange transactions	*63*	*62*
Total	**84**	**84**

2.4.1. Receivables from customers, public bodies, EFTA and third states

EUR millions

	Eighth EDF	Ninth EDF	10th EDF	11th EDF	Total 31.12.2014	Total 31.12.2013
Receivables from customers, public bodies, EFTA and third states	*6*	*34*	*9*	*0*	*49*	*38*
Write-down	*(3)*	*(23)*	*(2)*	*(0)*	*(28)*	*(14)*
Total	**3**	**10**	**7**	**0**	**21**	**24**

2.4.2. Accrued income and deferred charges

Accrued income and deferred charges include primarily accrued interest on pre-financing amounts.

2.5. LIAISON ACCOUNTS

EUR millions

	Eighth EDF	Ninth EDF	10th EDF	11th EDF	Total 31.12.2014
Liaison accounts	*216*	*810*	*(1 633)*	*607*	*-*
Total	**216**	**810**	**(1 633)**	**607**	**-**

For reason of efficiency, the single treasury covering all the EDFs is allocated to the 11th EDF[8]; this leads to operations between the various EDFs, which are balanced out in the liaison accounts between the various EDF balance sheets. Liaison accounts are presented only in the individual EDFs.

2.6. CASH AND CASH EQUIVALENTS[9]

EUR millions

	Eighth EDF	Ninth EDF	10th EDF	11th EDF	Total 31.12.2014	Total 31.12.2013
Special accounts: financial institutions of Member States	–	–	–	*344*	*344*	*719*
Current accounts: commercial banks	–	–	–	*47*	*47*	*39*
*Democratic Republic Congo Special fund**	–	–	–	*1*	*1*	*1*
Total	**–**	**–**	**–**	**391**	**391**	**759**

*This balance represents the amounts available for the Democratic Republic of the Congo in accordance with the provisions of Council Decision 2003/583/EC7

The overall decrease in cash and cash equivalents is mainly explained by the level of payments made and a higher level of budget execution than in the previous reporting period.

It should be noted that there are STABEX funds held by beneficiary ACP States and thus not included on the EDF balance sheet. STABEX is the acronym for a EU compensatory finance scheme to stabilise export earnings of the ACP countries. Once the Commission and the beneficiary (ACP) State reach agreement on

[8] In accordance with Article 59 of the Financial Regulation applicable to the transition period between the 10th European Development Fund and the 11th European Development Fund until the entry into force of the 11th European Development Fund Internal Agreement, the treasury is presented in the balance sheet of the 11th EDF.

[9] In accordance with Article 59 of the Financial Regulation applicable to the transition period between the 10th European Development Fund and the 11th European Development Fund until the entry into force of the 11th European Development Fund Internal Agreement, the treasury is presented in the balance sheet of the 11th EDF. The nature of the various bank accounts is outlined in chapter 5, Financial Risk Management.

how the STABEX funds are to be utilised, a transfer convention is signed by both parties. In accordance with the provisions of Article 211 of the Lomé IV Agreement[10] (as revised), the funds are transferred into an interest bearing double signature account (Commission and Beneficiary State) opened in the name of the ACP State. The funds remain in these double signature accounts until a Framework of Mutual Obligations (FMO) justifies a transfer for a project. The Commission's Authorising Officer retains the power of signature over the account in order to ensure that the funds are disbursed as intended. The funds in the double signature accounts are the property of the ACP State and are consequently not recorded as assets in the EDF accounts. The transfers to these accounts are recorded as STABEX payments. See also note **3.2.2** for more information.

NON-CURRENT LIABILITIES

2.7. PAYABLES

EUR millions

	Eighth EDF	Ninth EDF	10th EDF	11th EDF	Total 31.12.2014	Total 31.12.2013
Co-financing - payables	–	–	*34*	–	*34*	*25*
Total	**–**	**–**	**34**	**–**	**34**	**25**

The change in the total co-financing payables is explained in the note **2.8.1.2**.

CURRENT LIABILITIES

2.8. PAYABLES

EUR millions

	Note	Eighth EDF	Ninth EDF	10th EDF	11th EDF	Total 31.12.2014	Total 31.12.2013
Current payables	*2.8.1*	*0*	*22*	*446*	*5*	*474*	*322*
Accrued charges	*2.8.2*	*10*	*153*	*521*	*37*	*722*	*588*
Deferred fund capital contribution	*2.8.3*	–	–	*228*	–	*228*	*304*
Total		**10**	**175**	**1 195**	**43**	**1 423**	**1 214**

2.8.1. Current payables

EUR millions

	Note	Eighth EDF	Ninth EDF	10th EDF	11th EDF	Total 31.12.2014	Total 31.12.2013
Suppliers and other	*2.8.1.1*	*0*	*23*	*379*	*(0)*	*402*	*244*
Co-financing payables	*2.8.1.2*	–	*(0)*	*67*	*0*	*67*	*75*
Sundry payables	*2.8.1.3*	–	*(1)*	*(0)*	*6*	*4*	*3*
Total		**0**	**22**	**446**	**5**	**474**	**322**

Payables include cost statements received by the EDF relating to its grant activity. They are recorded for the amount being claimed from the moment the demand is received. The same procedure applies to invoices and credit notes received under procurement activities. The cost claims concerned have been taken into account for the year-end cut-off procedures. Following the cut-off entries, estimated eligible amounts have been recognised in the statement of financial performance.

2.8.1.1. Suppliers and other

[10] OJ L 156, 29.5.1998, p. 3-106.

Included under this heading are amounts owed to suppliers as well as amounts payable to public bodies and third states.

The increase of EUR 158 million compared to the previous reporting period relates primarily to a EUR 160 million increase in payables to third states.

2.8.1.2. Co-financing payables

The total non-current and current co-financing payables are in line with last year. During 2014, new co-financing contributions were received from the EIB (EUR 48 million), Belgium (EUR 5 million), Sweden (EUR 3 million) and other countries.

Co-financing payables were decreased by EUR 57 million in order to recognise revenue related to co-financing projects (see **3.2.3** and **3.3.2**).

2.8.1.3. Sundry payables

Sundry payables mainly comprise unallocated cash receipts and returned amounts.

2.8.2. Accrued charges

EUR millions

	Eighth EDF	Ninth EDF	10th EDF	11th EDF	Total 31.12.2014	Total 31.12.2013
Accrued charges	*10*	*153*	*521*	*37*	*722*	*588*
Total	**10**	**153**	**521**	**37**	**722**	**588**

At year-end, an assessment is made concerning eligible expenses incurred by beneficiaries of EDF funds but not yet reported. Following these cut-off calculations, estimated eligible amounts are recorded as accrued charges.

Estimated utilisation of pre-financing amounts is presented as an estimated clearing of pre-financing (see **2.3**).

2.8.3. Deferred fund capital contribution

EUR millions

	Eighth EDF	Ninth EDF	10th EDF	11th EDF	Total 31.12.2014	Total 31.12.2013
United Kingdom	–	–	*222*	–	*222*	*296*
Czech Republic	–	–	*4*	–	*4*	–
Ireland	–	–	–	–	–	*5*
Lithuania	–	–	*1*	–	*1*	*2*
Total	**–**	**–**	**228**	**–**	**228**	**304**

These are Member States' contributions paid in advance.

NET ASSETS

2.9. CALLED FUND CAPITAL – ACTIVE EDFs

EUR millions

	Eighth EDF	Ninth EDF	10th EDF	11th EDF	**Total**
Fund capital	*12 840*	*11 699*	*21 152*	–	*45 691*
Uncalled fund capital	–	–	*(13 162)*	–	*(13 162)*
Called fund capital 31.12.2013	**12 840**	**11 699**	**7 990**	**–**	**32 529**
Fund capital	*12 840*	*11 699*	*21 152*	–	*45 691*
Uncalled fund capital	–	–	*(10 018)*	–	*(10 018)*
Called fund capital 31.12.2014	**12 840**	**11 699**	**11 134**	**–**	**35 673**

The fund capital represents the total amount of contributions from Member States for the relevant EDF fund as laid down in each of the Internal Agreements. The uncalled funds represent the initial allocation not yet called up from Member States.

The called fund capital represents the amount of the initial allocations which have been called up for transfer to the treasury accounts by the Member States.

The capital of the eighth and the ninth EDF has been called up and received in its entirety.

The 2014 activities of the Bridging Facility were financed through decommitted amounts from previous EDFs (see **2.11** Called fund capital transfers between active EDFs). As the Internal Agreement establishing the 11th EDF did not yet enter into force at 31 December 2014, no fund capital is presented under the 11th EDF.

Called and uncalled fund capital by Member State

EUR millions

Contributions	%	Uncalled 10th EDF 31.12.2013	Called up in 2014	Uncalled 10th EDF 31.12.2014
Austria	2.41	(317)	76	(241)
Belgium	3.53	(465)	111	(354)
Bulgaria	0.14	(18)	4	(14)
Cyprus	0.09	(12)	3	(9)
Czech Republic	0.51	(67)	16	(51)
Denmark	2.00	(263)	63	(200)
Estonia	0.05	(7)	2	(5)
Finland	1.47	(193)	46	(147)
France	19.55	(2 573)	615	(1 958)
Germany	20.50	(2 698)	645	(2 053)
Greece	1.47	(193)	46	(147)
Hungary	0.55	(72)	17	(55)
Ireland	0.91	(120)	29	(91)
Italy	12.86	(1 693)	404	(1 288)
Latvia	0.07	(9)	2	(7)
Lithuania	0.12	(16)	4	(12)
Luxemburg	0.27	(36)	8	(27)
Malta	0.03	(4)	1	(3)
Netherlands	4.85	(638)	152	(486)
Poland	1.30	(171)	41	(130)
Portugal	1.15	(151)	36	(115)
Romania	0.37	(49)	12	(37)
Slovakia	0.21	(28)	7	(21)
Slovenia	0.18	(24)	6	(18)
Spain	7.85	(1 033)	247	(786)
Sweden	2.74	(361)	86	(274)
United Kingdom	14.82	(1 951)	466	(1 485)
Total	***100.00***	***(13 162)***	***3 144***	***(10 018)***

2.10. CALLED FUND CAPITAL FROM CLOSED EDFs CARRIED FORWARD

EUR millions

	Eighth EDF	Ninth EDF	10th EDF	11th EDF	Total
Funds transferred from closed EDFs	*627*	*1 625*	–	–	*2 252*
Balance at 31.12.2014	**627**	**1 625**	**-**	**-**	**2 252**

This heading includes the resources transferred from closed EDFs.

2.11. CALLED FUND CAPITAL TRANSFERS BETWEEN ACTIVE EDFs

EUR millions

	Eighth EDF	Ninth EDF	10th EDF	11th EDF	Total
Balance at 31.12.2012	**(2 980)**	**2 501**	**479**	**–**	**0**
Transfer of decommitted amounts to the 10th EDF from the eighth and ninth EDFs	*(102)*	*(371)*	*473*	–	*0*
Balance at 31.12.2013	**(3 083)**	**2 130**	**952**	**–**	**0**
Transfer of decommitted amounts to the 10th EDF performance reserve from previous EDFs	*(64)*	*(372)*	*436*		*0*
Transfer of decommitted amounts to the 11th EDF performance reserve from previous EDFs			*(225)*	*225*	*0*
Transfer from the 10th and 11th performance reserves to the Bridging Facility			*(1 372)*	*1 372*	*0*
Balance at 31.12.2014	**(3 147)**	**1 758**	**(209)**	**1 597**	**0**

This heading includes the resources transferred between the active EDFs.

Since the entry into force of the Cotonou Agreement, all the unspent funds in previous, active EDFs are transferred to the most recently opened EDF after decommitment. The resources transferred from other EDFs increase the appropriations of the receiving fund and reduce the appropriations of the fund of origin. Funds transferred to the performance reserve of the 10th and 11th EDFs can be committed only under specific conditions set out in the Internal Agreements.

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

3.1. REVENUE FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS

EUR millions

	Total 2014	Total 2013
Revenue from non-exchange transactions	*87*	*79*
Revenue from exchange transactions	*59*	*43*
Total	**145**	**123**

The EUR 87 million of revenue from non-exchange transactions is exclusively operating revenue while the EUR 59 million of revenue from exchange transactions comprises operating revenue (EUR 45 million) and financial revenue (EUR 13 million – see note **3.5)**.

3.2. OPERATING REVENUE

EUR millions

	Note	Eighth EDF	Ninth EDF	10th EDF	11th EDF	**Total 2014**	**Total 2013**
Recovery of expenses	*3.2.1*	*2*	*22*	*3*	*–*	*26*	*13*
Recovery of STABEX funds	*3.2.2*	*4*	*–*	*–*	*–*	*4*	*61*
Foreign exchange gains		*3*	*21*	*19*	*1*	*45*	*41*
Operating income co-financing	*3.2.3*	*–*	*–*	*57*	*–*	*57*	*8*
Total		**9**	**43**	**79**	**1**	**132**	**123**

EUR millions

	Total 2014
Direct Management	**17**
Implemented by:	
Commission	*0*
EU delegations	*17*
Indirect Management	**70**
Implemented by :	
Third countries	*68*
International organisations	*1*
Total operating revenue excluding foreign exchange gains	**86**

3.2.1. Recovery of expenses

This heading represents the recovery orders issued by the EDF and the deduction from subsequent payments recorded in the EDF accounting system, to recover amounts previously paid out, based on controls, audits or eligibility analysis. It should be noted that recovery of pre-financing amounts is not included as revenue, but credited to the pre-financing heading on the balance sheet.

Recovery of undue payments

During 2014, recovery orders for EUR 48 million were issued in respect of undue payments, compared to EUR 23 million in 2013. Out of these, EUR 25 million related to the recovery of expenses and were thus recorded as operating revenue. EUR 23 million represented recoveries of pre-financing amounts paid and were credited to the pre-financing asset on the balance sheet.

The nature of the recovery of undue payments can be summarised as follows:

EUR millions

	Revenue	Pre-financing	Total 2014	Revenue	Pre-financing	Total 2013
Error	*0*	*2*	*2*	*2*	*4*	*6*
Irregularity	*24*	*20*	*44*	*4*	*12*	*16*
OLAF notified	*1*	*0*	*1*	*–*	*1*	*1*
Total	**25**	**23**	**48**	**6**	**17**	**23**

3.2.2. Recovery of STABEX funds

During 2014, EUR 4 million was returned to the EDF from double signature accounts in ACP countries. These funds were transferred mainly from Ivory Coast (EUR 2 million) and Uganda (EUR 1 million). These revenues are included in operating income (recovery of STABEX funds) in the statement of financial perfomance of the eighth EDF.

3.2.3. Operating income co-financing

The operating income relating to co-financing represents the contributions used (see **3.3.2**).

3.3. OPERATING EXPENSES

EUR millions

	Note	Eighth EDF	Ninth EDF	10th EDF	11th EDF	Total 2014	Total 2013
Operating expenses - aid instruments	*3.3.1*	*(0)*	*261*	*2 813*	*472*	*3 545*	*2 957*
Operating expenses co-financing	*3.3.2*	*–*	*–*	*57*	*–*	*57*	*8*
Foreign exchange losses		*2*	*18*	*11*	*3*	*33*	*60*
Write-down of receivables		*(0)*	*14*	*0*	*0*	*14*	*1*
Total		**1**	**293**	**2 881**	**475**	**3 650**	**3 027**

EUR millions

	Total 2014
Direct Management	**933**
Implemented by:	
Commission	*114*
EU executive agencies	*2*
EU delegations	*817*
Trust Funds	*–*
Indirect Management	**2 670**
Implemented by :	
Third countries	*1 111*
International organisations	*1 148*
EIB and EIF	*179*
Public law bodies	*144*
Private law bodies with a public service mission	*46*
Private law bodies implementing Public Private Partnership	*41*
Total operating expenses: aid instruments and co-financing	**3 603**

3.3.1. Operating expenses – aid instruments

EUR millions

	Eighth EDF	Ninth EDF	10th EDF	11th EDF	Total 2014	Total 2013
Programmable aid	*(7)*	*(3)*	*2 038*	*130*	*2 159*	*1 719*
Macro-economic support	–	*42*	–	–	*42*	*21*
Sectoral policy	*0*	*10*	*(1)*	–	*10*	*222*
Interest rate subsidies	*3*	–	–	–	*3*	*(0)*
Intra ACP projects	–	*215*	*507*	*258*	*979*	*645*
Emergency aid	–	*2*	*250*	*84*	*335*	*270*
Refugee aid	*(0)*	–	–	–	*(0)*	*1*
Risk capital	*0*	–	–	–	*0*	*0*
STABEX	*2*	–	–	–	*2*	*(1)*
SYSMIN	*0*	–	–	–	*0*	*0*
Other aid programmes related to former EDFs	–	*2*	–	–	*2*	*5*
Institutional support	–	–	*19*	–	*19*	*62*
Compensation export receipts	*1*	*(6)*	–	–	*(5)*	*13*
Total	**(0)**	**261**	**2 813**	**472**	**3 545**	**2 957**

The EDF operating expenditure covers various aid instruments and takes different forms, depending on how the money is paid out and managed.

3.3.2. Operating expenses co-financing

These are the expenses incurred on co-financing projects in 2014. As the co-financing contributions received fulfil the criteria of revenues from non-exchange transactions under condition, a corresponding amount of contributions has been recognised as operating revenue (see **3.2.3**).

3.4. ADMINISTRATIVE EXPENSES

EUR millions

	Eighth EDF	Ninth EDF	10th EDF	11th EDF	Total 2014	Total 2013
Administrative expenses	–	*(0)*	*22*	–	*22*	*167*
Total	**–**	**(0)**	**22**	**–**	**22**	**167**

This heading includes support expenditure, i.e. the administrative costs related to the programming and implementation of the EDFs. This includes expenses for preparation, follow-up, monitoring, and evaluation of projects as well as expenses for computer networks, technical assistance etc.

The decrease in administrative expenses is mainly caused by a change in the estimation method for accruals. If the same method had been applied in 2013, total administrative expenses (including accrued charges) would have been EUR 80 million lower.

3.5. FINANCIAL REVENUE

EUR millions

	Eighth EDF	Ninth EDF	10th EDF	11th EDF	**Total 2014**	**Total 2013**
Interest income - European banks	***0***	***1***	***(3)***	***0***	***(1)***	***0***
Interest on pre-financing	***(0)***	***13***	***(1)***	***2***	***15***	***(0)***
- accrued interest	*(0)*	*12*	*(1)*	*–*	*11*	*(5)*
- recovered interest	*0*	*1*	*0*	*2*	*3*	*5*
Total	**0**	**15**	**(3)**	**2**	**13**	**(0)**

Interest on pre-financing is recognised in accordance with the provisions of Article 9(2)d of the Financial Regulation applicable to the transition period. The negative interest revenue in 2013 was caused by the reversal of the previous year accrual for interest on pre-financing. The higher amount of interest revenue in 2014 in the ninth EDF is mainly caused by fluctuations in the foreign currency exchange rate USD/EUR.

Financial revenue is considered as revenue from exchange transactions.

4. CONTINGENT ASSETS & LIABILITIES AND OTHER SIGNIFICANT DISCLOSURES

4.1. CONTINGENT ASSETS

EUR millions

	Eighth EDF	Ninth EDF	10th EDF	11th EDF	Total 31.12.2014	Total 31.12.2013
Performance guarantees	*3*	*44*	*54*	*–*	*101*	*116*
Retention guarantees	*2*	*30*	*18*	*–*	*50*	*56*
Total	**5**	**74**	**72**	**–**	**150**	**171**

4.1.1. Performance guarantees

Performance guarantees are sometimes requested to ensure that beneficiaries of EDF funding meet the obligations of their contracts with the EDF.

4.1.2. Retention guarantees

Retention guarantees concern only works contracts. Typically, 10 % of the interim payments to beneficiaries are withheld to ensure that the contractor fulfils his/her obligations. These withheld amounts are reflected as amounts payable. Subject to the approval of the contracting authority, the contractor may instead submit a retention guarantee which replaces the amounts withheld on interim payments. These received guarantees are disclosed as contingent assets.

4.2. CONTINGENT LIABILITIES

4.2.1. Centre for the Development of Enterprise

The ACP-EU Council of Ministers agreed in June 2014 "to proceed with the orderly closing of the CDE", and at the same time "to ensure that the private sector support projects implemented by the CDE in ACP countries and regions are completed in full". For this purpose, the ACP-EU Council of Ministers granted a delegation of powers to the ACP-EU Committee of Ambassadors to take this matter forward with a view to adopt the necessary decisions.

The ACP-EU Committee of Ambassadors authorised, by Decision No 4/2014 of 23/10/2014, the Executive Board of the CDE to take, with immediate effect, all appropriate measures to prepare for the closure of the CDE. As stipulated in article 2 of that Decision, the Executive Board was instructed to contract a Curator to prepare and implement a closure plan. That closure plan "should permit the closure of the CDE in an orderly manner, while respecting the rights of all involved third parties, and ensuring that the ongoing private sector support projects are completed either by the CDE itself or by an entity to whom their management can be assigned". The closure plan is to envisage the finalisation of the winding-up of the CDE by 31 December 2016.

The curator has submitted to the CDE Executive Board, at the end of June 2015, a definitive strategic plan, with a budget and work-plan, which reflects the outcome of the social dialogue. The budget of the definitive strategic plan, approved by the CDE Executive Board, will be the basis for the Commission's proposal for a Financing Decision, to be adopted after having received the opinion of the EDF Committee. Subsequent to the adoption of that Financing decision, a grant agreement will be concluded between the CDE and the Commission which provides the necessary financing for the full realization of CDE's assets and full settlement of its liabilities. Following the entry into force of that grant agreement, the Curator will be able to implement the definitive strategic plan, adopt the actions it envisages and commit to paying the expenses arising.

At the date of the preparation of the EDF financial statements, the strategic plan and its budget estimate that total costs related to the closure will be around EUR 18 million euro and these will be covered by the EDF.

4.3. OTHER SIGNIFICANT DISCLOSURES

4.3.1. Outstanding commitments not yet expensed

The amount disclosed below is the budgetary RAL ("Reste à Liquider") less related amounts that have been included as expenses in the 2014 statement of financial performance. The budgetary RAL is an amount representing the open commitments for which payments and/or de-commitments have not yet been made. This is the normal consequence of the existence of multi-annual programmes.

EUR millions

	Eighth EDF	Ninth EDF	10th EDF	11th EDF	**Total 31.12.2014**	**Total 31.12.2013**
Outstanding commitments not yet expensed	*12*	*360*	*4 777*	*143*	*5 291*	*5 243*
Total	**12**	**360**	**4 777**	**143**	**5 291**	**5 243**

At 31 December 2014 the budgetary RAL totalled EUR 5 889 million (2013: EUR 6 025 million).

5. FINANCIAL RISK MANAGEMENT

The following disclosures with regard to the financial risk management of the EDF relate to the treasury operations carried out by the Commission on behalf of the EDF in order to implement its resources.

5.1. RISK MANAGEMENT POLICIES AND HEDGING ACTIVITIES

The rules and principles for the management of the treasury operations are laid down in the 10th EDF FR, in the Internal Agreement and in the Financial Regulation applicable to the transition period.

As a result of the above regulation, the following main principles apply:

- The EDF contributions are paid by Member States in special accounts opened with the bank of issue of each Member State or the financial institution designated by it. The amounts of the contributions shall remain in those special accounts until the payments of EDF need to be made.
- EDF contributions are paid by Member States in EUR, while the EDF's payments are denominated in EUR and in other currencies, including less well-known ones.
- Bank accounts opened by the Commission on behalf of the EDF may not be overdrawn.

In addition to the special accounts, other bank accounts are opened by the Commission in the name of the EDF, with financial institutions (central banks and commercial banks), for the purpose of executing payments and receiving receipts other than the Member State contributions to the budget.

Treasury and payment operations are highly automated and rely on modern information systems. Specific procedures are applied to guarantee system security and to ensure segregation of duties in line with the Financial Regulation, the Commission’s internal control standards, and audit principles.

A written set of guidelines and procedures regulate the management of the treasury and payment operations with the objective of limiting operational and financial risk and ensuring an adequate level of control. They cover the different areas of operation, and compliance with the guidelines and procedures is checked regularly.

5.2. CURRENCY RISK

Exposure of the EDF to currency risk at year end – net position

EUR millions

	31.12.2014							31.12.2013						
	USD	GBP	DKK	SEK	EUR	Other	Total	USD	GBP	DKK	SEK	EUR	Other	Total
Financial assets														
Receivables and recoverables	*0*				*76*	*8*	*84*	*4*				*75*	*4*	*84*
Cash and cash equivalents	*6*	*0*			*386*		*391*	*0*	*0*			*759*		*759*
Total	**6**	**0**	**–**	**–**	**462**	**8**	**475**	**4**	**0**	**–**	**–**	**834**	**4**	**843**
Financial liabilities														
Payables	*0*				*(691)*	*(45)*	*(736)*	*(1)*	*0*			*(574)*	*(74)*	*(648)*
Total	**0**	**–**	**–**	**–**	**(691)**	**(45)**	**(736)**	**(1)**	**0**	**–**	**–**	**(574)**	**(74)**	**(648)**
Total	**6**	**0**	**–**	**–**	**(229)**	**(37)**	**(261)**	**3**	**0**	**–**	**–**	**260**	**(70)**	**195**

All contributions are held in EUR, and other currencies are purchased only when they are needed for the execution of payments. As a result the EDF's treasury operations are not exposed to currency risk.

5.3. INTEREST RATE RISK

The EDF does not borrow monies and as a consequence it is not exposed to interest rate risk.

It however earns interest on balances it holds on its different banks accounts. The Commission, on behalf of the EDF, has therefore put in place measures to ensure that interest earned regularly reflect market interest rates as well as their possible fluctuation.

Overnight balances held on commercial bank accounts are remunerated on a daily basis. The remuneration of balances on such accounts is based on variable market rates to which a contractual margin (positive or negative) is applied. For most of the accounts the interest calculation is linked to the EONIA (Euro Over Night Index Average), and is adjusted to reflect any fluctuations of this rate. For some other accounts the interest calculation is linked to the ECB rate (the one used for the ECB refinancing operations). As a result no risk is taken by the EDF that its balances be remunerated at rates lower than market rates.

5.4. CREDIT RISK (COUNTERPARTY RISK)

Financial assets that are neither past due nor impaired:

EUR millions

	Total	Neither past due nor impaired	Past due but not impaired		
			< 1 year	1-5 years	> 5 years
Exchange receivables and non exchange recoverables	*84*	*75*	*5*	*4*	
Total at 31.12.2014	**84**	**75**	**5**	**4**	**–**
Exchange receivables and non exchange recoverables	*84*	*73*	*9*	*1*	*–*
Total at 31.12.2013	**84**	**73**	**9**	**1**	**–**

Financial assets by risk category:

EUR millions

	31.12.2014			31.12.2013		
	Receivables	Cash	Total	Receivables	Cash	Total
Counterparties with external credit rating						
Prime and high grade	*0*	*318*	*318*	*3*	*606*	*609*
Upper medium grade		*39*	*39*		*12*	*12*
Lower medium grade		*7*	*7*		*123*	*123*
Non- investment grade		*27*	*27*		*17*	*17*
Total	***0***	***391***	***391***	***3***	***758***	***761***
Counterparties without external credit rating			*–*			*–*
Group 1 (debtors without defaults in the past)	*83*		*83*	*79*		*79*
Group 2 (debtors with defaults in the past)	*1*		*1*	*2*		*2*
Total	***84***		***84***	***81***		***81***
Total	**84**	**391**	**475**	**84**	**758**	**842**

Funds in the categories *non-investment grade* and *lower medium grade* relate mainly to Member State contributions to the EDF paid to the special accounts opened by Member States in accordance with Article 22(3) of the EDF FR. According to this regulation the amount of such contributions must remain in those special accounts until the payments need to be made.

Most of the EDF's treasury resources are kept, in accordance with the EDF FR, in the "special accounts" opened by Member States for the payment of their contributions. The majority of such accounts are held with Member States' treasuries or national central banks. These institutions carry the lowest counterparty risk for the EDF (exposure is with its Member States).

For the part of the EDF's treasury resources kept with commercial banks in order to cover the execution of payments, replenishment of these accounts is executed on a just-in-time basis and is automatically managed by the Commission treasury's cash management system. Minimum cash levels, proportional to the average amount of daily payments made from it, are kept on each account. As a consequence the amounts kept overnight on these accounts remain constantly at low levels which ensure the EDF's risk exposure is limited.

In addition, specific guidelines are applied for the selection of commercial banks in order to further minimise counterparty risk to which the EDF is exposed.

All commercial banks are selected by call for tenders. The minimum short-term credit rating required for admission to the tendering procedures is Moody's P-1 or equivalent (S&P A-1 or Fitch F1). A lower level may be required in specific and duly justified circumstances.

5.5. LIQUIDITY RISK

Maturity analysis of financial liabilities by remaining contractual maturity

EUR millions

	< 1 year	1-5 years	> 5 years	Total
Payables	702	34		736
Total at 31.12.2014	***702***	***34***	–	***736***
Payables	623	25		648
Total at 31.12.2013	***623***	***25***	–	***648***

Budget principles applied to the EDF ensure that overall cash resources for the budgetary period are always sufficient for the execution of all related payments. Indeed the total Member States' contributions equal the overall amount of payment appropriations for the relevant budgetary period.

Member States contributions to EDF, however, are paid in three instalments per year, while payments are subject to certain seasonality.

In order to ensure that treasury resources are always sufficient to cover the payments to be executed in any given month, information on the treasury situation is regularly exchanged between the Commission' treasury and the relevant spending departments in order to ensure that payments executed in any given period do not exceed the available treasury resources.

In addition to the above, in the context of the EDF's daily treasury operations, automated cash management tools ensure that sufficient liquidity is available on each of the EDF's bank accounts, on a daily basis.

6. RELATED PARTY DISCLOSURES

No related party transactions requiring separate disclosure under this heading have been identified.

7. EVENTS AFTER THE BALANCE SHEET DATE

At the date of transmission of these accounts, no material issues had come to the attention of the Accounting Officer of the EDF or were reported to him that would require separate disclosure under this section. The annual accounts and related notes were prepared using the most recently available information and this is reflected in the information presented above.

8. RECONCILIATION OF ECONOMIC RESULT AND BUDGET RESULT

The economic result of the year is calculated on the basis of accrual accounting principles. The budget result is however based on cash accounting rules. As the economic result and the budget result both cover the same underlying operational transactions, it is a useful control to ensure that they are reconcilable. The table below shows this reconciliation, highlighting the key reconciling amounts, split between revenue and expenditure items.

EUR millions

	2014	2013
ECONOMIC RESULT OF THE YEAR	**(3 526)**	**(3 072)**
Revenue		
Entitlements not affecting the budget result	*(10)*	*(68)*
Entitlements established in current year but not yet collected	*(19)*	*(6)*
Entitlements established in previous years and collected in current year	*12*	*10*
Net effect of pre-financing	*41*	*71*
Accrued revenue (net)	*(71)*	*19*
Expenses		
Expenses of the current year not yet paid	*165*	*90*
Expenses of previous years paid in the current year	*(28)*	*(53)*
Payments cancellation	*65*	*13*
Net effect of pre-financing	*(562)*	*(431)*
Accrued expenses (net)	*417*	*464*
BUDGET RESULT OF THE YEAR	**(3 516)**	**(2 963)**

8.1. Reconciling items – Revenue

The budgetary revenue of a financial year corresponds to the revenue collected from entitlements established in the course of the year and amounts collected from entitlements established in previous years.

The entitlements not affecting the budget result are recorded in the economic result but from a budgetary perspective cannot be considered as revenues as the cashed amount is transferred to reserves and cannot be recommitted without a Council decision.

The entitlements established in the current year but not yet collected are to be deducted from the economic result for reconciliation purposes as they do not form part of budgetary revenue. On the contrary, the entitlements established in previous years and collected in the current year must be added to the economic result for reconciliation purposes.

The net effect of pre-financing is the clearing of the recovered pre-financing amounts. This is a cash receipt which has no impact on the economic result.

The net accrued revenue mainly consists of accruals made for year-end cut-off purposes. Only the net effect, i.e. the accrued revenue of the current year less the reversal of accrued revenue of the previous year, is taken into consideration.

8.2. Reconciling items – Expenditure

Expenses of the current year not yet paid are to be added for reconciliation purposes as they are included in the economic result but do not form part of budgetary expenditure. On the contrary, the **expenses of previous years paid in the current year** must be deducted from the economic result for reconciliation purposes as they are part of the current year's budgetary expenditure but have either no effect on the economic result or they decrease the expenses in case of corrections.

The cash receipts from **payment cancellations** do not affect the economic result whereas they impact the budget result.

The **net effect of pre-financing** is the combination of the new pre-financing amounts paid in the current year (recognised as budgetary expenditure of the year) and the clearing of pre-financing paid in the current year or previous years through the acceptance of eligible costs. The latter represents an expense in accrual terms but not in the budgetary accounts since the payment of the initial pre-financing had already been considered as a budgetary expenditure at the time of its payment.

The **net accrued expenses** mainly consist of accruals made for year-end cut-off purposes, i.e. eligible expenses incurred by beneficiaries of EDF funds but not yet reported to the EDF. Only the net effect, i.e. the accrued expenses of the current year less the reversal of accrued expenses of the previous year, is taken into consideration.

FINANCIAL STATEMENTS OF THE BÊKOU TRUST FUND

It should be noted that due to the rounding of figures into millions of euros, some financial data in the tables may appear not to add-up.

CERTIFICATION OF THE ACCOUNTS

The annual accounts of the Bêkou EU Trust Fund for the year 2014 have been prepared in accordance with the Financial Regulation applicable to the general budget of the European Union and the accounting rules adopted by myself in my capacity as the Commission's Accounting Officer, as are to be applied by all the institutions and community bodies.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the Bêkou EU Trust Fund in accordance with Article 68 of the Financial Regulation.

I have obtained from the authorising officers, who certified its reliability, all the information necessary for the production of the accounts that show the Bêkou EU Trust Fund's assets and liabilities and the budgetary implementation.

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of the Bêkou EU Trust Fund.

[signed]

Manfred Kraff

Accounting Officer of the Commission

05 June 2015

BACKGROUND INFORMATION ON THE BÊKOU TRUST FUND

In accordance with Article 187(1) of the Financial Regulation applicable to the general budget of the Union (EU FR) and Article 42 of the Financial Regulation applicable to the 10th European Development Fund for the implementation of the Bridging Facility, the Commission is allowed to create Union Trust Funds for external actions under an agreement concluded with other donors. These trust funds may be created for emergency, post-emergency and thematic actions. The constitutive act of each trust fund defines its objectives.

The first multi-donor EU Trust Fund called Bêkou, which means "hope" in Sango, was established on 15 July 2014, by the European Union (represented by DGs DEVCO and ECHO, and the EEAS) and three of its Member States (Germany, France and the Netherlands), with the aim to promote the stabilisation and reconstruction of the Central African Republic. It has been established for a maximum duration of 60 months in order to provide a medium-term response.

Union trust funds for external actions are required to prepare and adopt their own annual accounts. As the Bêkou EU Trust Fund was established under the EDF, its annual accounts will be consolidated in those of the EDF. The preparation of the annual accounts is entrusted to the Bêkou EU Trust Fund Accounting Officer, who is the Accounting Officer of the Commission, in accordance with Article 187(5) EU FR.

During 2014, the activities of the Bêkou EU Trust Fund were very limited. During the year, some contributions were received from donors but no payments were made.

BÊKOU TRUST FUND BALANCE SHEET

EUR millions

	Note	31.12.2014
CURRENT ASSETS		
Pre-financing		–
Receivables	*1.1*	*45*
Cash and cash equivalents		–
		45
TOTAL ASSETS		**45**
NON-CURRENT LIABILITIES		
Payables	*1.2*	*(45)*
		(45)
CURRENT LIABILITIES		
Payables		–
		–
TOTAL LIABILITIES		**(45)**
NET ASSETS		**–**
FUNDS & RESERVES		
Economic result carried forward from previous years		–
Economic result of the year		–
NET ASSETS		**–**

BÊKOU TRUST FUND STATEMENT OF FINANCIAL PERFORMANCE

There were no revenue or expense transactions during 2014.

BÊKOU TRUST FUND CASHFLOW STATEMENT

EUR millions

	2014
Economic result of the year	–
OPERATING ACTIVITIES	
(Reversal of) impairment losses on receivables	–
(Increase)/decrease in non-current pre-financing	–
(Increase)/decrease in current pre-financing	–
(Increase)/decrease in current receivables	(45)
(Increase)/decrease in non-current liabilities	45
Increase/(decrease) in current liabilities	–
NET CASHFLOW	–
Net increase/(decrease) in cash and cash equivalents	–
Cash and cash equivalents at the beginning of the year	–
Cash and cash equivalents at year-end	–

BÊKOU TRUST FUND STATEMENT OF CHANGES IN NET ASSETS

EUR millions

	Fund capital (A)	Uncalled funds (B)	Called fund capital (C) = (A)-(B)	Cumulative Reserves (D)	Other reserves (E)	Total Net Assets (C)+(D)+(E)
BALANCE AS AT 31.12.2013	**–**	**–**	**–**	**–**	**–**	**–**
Economic result of the year	–	–	–	–	–	–
BALANCE AS AT 31.12.2014	**–**	**–**	**–**	**–**	**–**	**–**

NOTES TO THE FINANCIAL STATEMENTS OF THE BÊKOU TRUST FUND

NOTES TO THE BALANCE SHEET

ASSETS

Receivables

The Bêkou EU Trust Fund does not have a treasury function of its own, instead it uses a common central treasury system established for the EU trust funds. All payments are processed via the trust funds' central treasury system and recorded on intercompany accounts which are presented under this heading. Cash receipts are accepted in a specific bank account of the Bêkou EU Trust Fund before being pooled into the trust funds' central treasury bank account. The EUR 45 million represents contributions received from the European Development Fund, France and the Netherlands during 2014.

LIABILITIES

Payables

The contributions received from participants are presented as financial liabilities to the European Development Fund and to Member States as they fulfill the criteria of revenues from non-exchange transactions under condition. The trust fund is required to use the contributions to deliver services to third parties or is otherwise required to return the assets (the contributions received) to the donors.

The total non-current financial liabilities to Member States relates to EUR 39 million of contributions from the European Development Fund, EUR 5 million from France and EUR 1 million from the Netherlands.

CONSOLIDATED FINANCIAL STATEMENTS OF THE EDF AND THE BÊKOU TRUST FUND

It should be noted that due to the rounding of figures into millions of euros, some financial data in the tables may appear not to add-up.

CONSOLIDATED BALANCE SHEET

	EUR millions 31.12.2014
NON-CURRENT ASSETS	
Pre-financing	*472*
	472
CURRENT ASSETS	
Pre-financing	*1 403*
Receivables	*129*
Cash and cash equivalents	*391*
	1 923
TOTAL ASSETS	**2 395**
NON-CURRENT LIABILITIES	
Payables	*(40)*
	(40)
CURRENT LIABILITIES	
Payables	*(1 423)*
	(1 423)
TOTAL LIABILITIES	**(1 463)**
NET ASSETS	**932**
FUNDS & RESERVES	
Called fund capital - active EDFs	*35 673*
Called fund capital from closed EDFs carried forward	*2 252*
Economic result carried forward from previous years	*(33 468)*
Economic result of the year	*(3 526)*
NET ASSETS	**932**

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

EUR millions

	2014
OPERATING REVENUE	**132**
OPERATING EXPENSES	
Operating expenses	*(3 650)*
Administrative expenses	*(22)*
	(3 671)
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES	**(3 539)**
Financial revenue	*13*
Financial charges	*(0)*
SURPLUS/(DEFICIT) FROM FINANCIAL ACTIVITIES	**13**
ECONOMIC RESULT OF THE YEAR	**(3 526)**

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

EUR millions

	Fund capital (A)	Uncalled funds (B)	Called fund capital (C) = (A)-(B)	Cumulative Reserves (D)	Other reserves (E)	Total Net Assets (C)+(D)+(E)
BALANCE AS AT 31.12.2013	**45 691**	**13 162**	**32 529**	**(33 468)**	**2 252**	**1 313**
Capital increase - ordinary contributions	–	*(3 144)*	*3 144*	–	–	*3 144*
Economic result of the year	–	–	–	*(3 526)*	–	*(3 526)*
BALANCE AS AT 31.12.2014	**45 691**	**10 018**	**35 673**	**(36 994)**	**2 252**	**932**

EDF REPORT ON FINANCIAL IMPLEMENTATION

REPORT ON FINANCIAL IMPLEMENTATION - 2014

INTRODUCTORY NOTE

Previous EDFs

As the **6th** EDF was closed in 2006 and the **7th** DF was closed in 2008, the annual accounts no longer contain implementation tables for these EDFs. However, implementation of the transferred balances can be found in the 9th EDF.

As in past years, to ensure transparency in the presentation of the accounts for 2014, the tables set out separately for the **8th** EDF the part used for Lomé Convention programming and the part used for programming under the Cotonou Agreement.

In accordance with article 1(2)(b) of the Internal Agreement of the **9th** EDF, balances and decommitments of previous EDFs have been transferred to the 9 th EDF, and, during the life of the 9th EDF, have been committed as 9th EDF funds.

10th EDF

The ACP-EC Partnership Agreement signed on 23 June 2000 in Cotonou by the Member States of the European Community and the States of Africa, the Caribbean and the Pacific (ACP States) entered into force on 1 April 2003. The Cotonou Agreement was amended twice, firstly by the agreement signed in Luxembourg on 25 June 2005, secondly by the agreement signed in Ouagadougou on 22 June 2010.

The EU Council Decision of 27 November 2001 (2001/822/EC) on the association of the Overseas Countries and Territories (OCT) with the European Union entered into force on 2 December 2001. This Decision was amended on 19 March 2007 (Decision 2007/249/EC).

The Internal Agreement on the financing of Community aid under the multiannual financial framework for the period 2008-2013 in accordance with the revised Cotonou Agreement, adopted by the Representatives of the Governments of the Member States of the European Community on 17 July 2006, entered into force on 1 July 2008.

Under the Cotonou Agreement, the second period (2008-2013) of Community aid to the ACP States and OCTs is funded by the 10th EDF for an amount of EUR 22 682 million, of which:

EUR 21 966 million is allocated to the ACP countries in accordance with the multiannual financial framework set out in Annex Ib to the revised Cotonou Agreement, of which EUR 20 466 million is managed by the European Commission;

EUR 286 million is allocated to the OCTs in accordance with Annex IIAa of the revised Council Decision on the association of the OCTs with the European Community, of which 256 million is managed by the European Commission;

EUR 430 million is for the Commission to finance the costs arising from the programming and implementation of 10th EDF resources, in accordance with Article 6 of the Internal Agreement.

According to the "**Sunset clause**" of the 10 th EDF, (articles 1(4) and 1(5) of the 10th EDF Internal Agreement) no funds could be committed after 31 December 2013. Uncommitted funds were transferred to the performance reserve.

- Bridging Facility

The Internal Agreement establishing the eleventh European Development Fund (11th EDF) was signed by the Member States, meeting within the Council, in June 2013. It came into force on 1 March 2015.

In order to assure continuity between the end of the 10th EDF and the entry into force of the 11th EDF, the Commission proposed transitional measures, known as the "Bridging Facility", to ensure availability of funds for cooperation with African, Caribbean and Pacific countries and with Overseas Countries and Territories, as well as for support expenditure.

The Bridging Facility was adopted on 12 December 2013 (Decision 2013/759/EU), entered into force on 1 January 2014. The Bridging Facility is financed from:

- funds decommitted from 8th and 9th EDF up to 31/12/2013,

- uncommitted balances from the 10th EDF at 31/12/2013,
- funds decommitted from the 10th and previous EDFs as from 01/01/2014 and throughout the year.

A total of EUR 1,597 million were made available on the Bridging Facility in 2014, of which EUR 1,488 million were allocated and are accounted for under the 11th EDF, and EUR 109 million remained unallocated on the Bridging Facility.

The total amount available on the 11th EDF in 2014, including interests and Stabex (EUR 19 million), was EUR 1,616 million (see total of table 2.6).

- Committed and uncommitted/unallocated funds as of 31/12/2014

As of 31/12/2014, EUR 1,160 million were committed and 456 million were uncommitted or unallocated:

(EUR million)

Available funds	1,616
Less committed funds during 2014	-1,160
Total uncommitted and unallocated funds at 31/12/2014	456

The detail of uncommitted and unallocated funds is as follows:

(EUR million)

ACP uncommitted (Bilateral, regional, Intra-ACP, Reserve NIP/RIP)	333
OCT uncommitted	14
Bridging Facility unallocated	109
Total uncommitted+unallocated funds at 31/12/2014	456

- Remaining funds on non-mobilisable performance reserves at 31/12/2014

Untill the coming into force of the "Bridging Facility" on 1 January 2014, the amounts decommitted from projects under the 9th and previous EDFs were transferred to the performance reserve of the 10th EDF. On 1 January 2014 the uncommitted funds of the 10th EDF were transferred to the performance reserve of the 11th EDF, with the exception of Stabex funds and administrative envelope.

During 2014 all decommitted funds from previous EDFs were transferred to the respective reserves.

In accordance with article 1.4 of the 10th EDF Internal Agreement, and the Council Decision of 12 December 2013 (2013/759/EU) those funds were allocated to the Bridging Facility.

(EUR million)

Total available on non-mobilisable performance reserves at 31/12/2013	938
Total made available on non-mobilisable performance reserves during 2014	661
Less total transferred to the Bridging facility	-1,597
Non-mobilisable performance reserve not transferred to Bridging Facility at 31/12/2014	2

- 11th EDF Stabex reserve

Following the closure of Stabex accounts, unused/decommitted funds are transferred to the 11th EDF Stabex A Envelope reserve (10th EDF Internal Agreement Art. 1(4)) and then to the national indicative programmes of the countries concerned. As of 31 December 2014, the total amount of de-committed Stabex funds, transferred to the 11th EDF reached EUR 5 million.

- 10th EDF Co-financings

Under the 10th EDF, transfer agreements for co-financings from Member States were signed, and commitment appropriations were opened for a total amount of EUR 198.4 million, while payment appropriations were opened for the cashed amounts totalling EUR 177.1 million.

The situation of co-financing appropriations at 31.12.2014 is shown in the table below :

(EUR million)

	Commitments appropriations	Payment appropriations
Co-financing - A Envelope	181.4	160.5
Co-financing - Intra ACP	12.1	12.1
Co-financing – Administrative expenses	4.9	4.5
	198.4	**177.1**

The following tables, concerning the amounts decided, contracted and paid, show net figures.
The tables presenting the situation by instrument are annexed.

Table 11

8th EDF
EVOLUTION OF APPROPRIATIONS: 31 December 2014
ANALYSIS OF CREDITS PER INSTRUMENT

(EUR million)

	INSTRUMENT	INITIAL APPROPRIATION	INCREASES/DECREASES IN CUMULATIVE RESOURCES AT 31 DECEMBER 2013	INCREASE OR DECREASE IN RESOURCES IN 2014	Notes	CURRENT LEVEL APPROPRIATION
ACP	**Lomé**					
	Regular MS Contributions	*12.967*	*(3.190)*	*(62)*		*9.715*
	Aid for refugees	120	(17)	(2)	(1)	100
	Interest-rate subsidies	370	(287)	(4)	(1)	79
	Risk capital	1000	19	(4)	(1)	1016
	Structural adjustment	1400	97	(0)	(1)	1497
	Total indicative programmes	7.562	(2.542)	(52)	(1)	4.967
	Use of interest income	0	35	(0)	(1)	35
	Sysmin	575	(474)			101
	Emergency aid (Lomé)	140	(4)			136
	Stabex	1800	(1077)			723
	Heavily indebted poor countries (Lomé)	0	1060			1060
	Cotonou					
	Regular MS Contributions	*0*	*656*	*(2)*		*654*
	A Envelope - National Allocations	0	418	(1)	(1)	418
	B Envelope - National Allocations	0	238	(1)	(1)	237
	Interests and other receipts	0	0			0
	SUB TOTAL ACP	**12.967**	**(2.534)**	**(64)**		**10.369**
OCT	**Lomé**					
	Regular MS Contributions	*167*	*(118)*	*(0)*		*48*
	Interest-rate subsidies	9	(8)			1
	Risk capital	30	(24)			6
	Emergency aid	3	(3)			0
	Aid for refugees	1	(1)			0
	Total indicative programmes	115	(78)	(0)	(1)	37
	Sysmin	3	(1)			2
	Stabex	6	(5)			1
	SUB TOTAL OCT	**167**	**(118)**	**(0)**		**48**
	TOTAL 8th EDF	**13.134**	**(2.652)**	**(64)**		**10.417**

(1) All decreases are decommitments transferred to the non-mobilisable performance reserve of the 10th EDF.

Table 12

9th EDF
EVOLUTION OF APPROPRIATIONS: 31 December 2014
ANALYSIS OF CREDITS PER INSTRUMENT

(EUR million)

	INSTRUMENT	INITIAL APPROPRIATION	INCREASES/DECREASES IN CUMULATIVE RESOURCES AT 31 DECEMBER 2013	INCREASE OR DECREASE IN RESOURCES IN 2014	Notes	CURRENT LEVEL APPROPRIATION
ACP	**Lomé**					
	Regular MS Contributions	***0***	***717***	***(17)***		***700***
	Transfers from 6th EDF - Lomé	0	21	(0)	(1)	20
	Transfers from 7th EDF - Lomé	0	696	(17)	(1)	679
	Cotonou					
	Regular MS Contributions	***10.401***	***4.692***	***(354)***		***14.739***
	A Envelope - National Allocations	5.318	3.640	(212)	(1)	8.746
	B Envelope - National Allocations	2.108	(843)	(33)		1232
	Long term development reserve	258	(258)	0		0
	National allocations reserve	1224	(1224)	0		0
	Regional allocations	904	(45)	(38)	(1)	821
	Other Intra-ACP allocations	300	2.411	(48)	(1)	2.663
	Peace facility	0	380	(18)		362
	CDE, CTA and Parliamentary Assembly	164	(6)	(4)		154
	Implementation costs	125	53	(0)	(2) + (3)	178
	Interests and other receipts	0	63	(0)		63
	Special allocation R.D. Congo	0	105	(0)		105
	Voluntary contribution Peace facility	0	39	0		39
	Stabex Sudan	0	36	0		36
	Special allocation Sudan	0	74	0	(2)	74
	Special allocation South Sudan	0	267	0	(3)	267
	SUB TOTAL ACP	**10.401**	**5.408**	**(371)**		**15.439**
OCT	**Lomé**					
	Regular MS Contributions	***0***	***3***			***3***
	Transfers from 6th EDF - Lomé	0	0			0
	Transfers from 7th EDF - Lomé	0	3			3
	Cotonou					
	Regular MS Contributions	***154***	***145***	***(2)***		***297***
	A Envelope - National Allocations	0	245	(2)		244
	B Envelope - National Allocations	0	4			4
	Long term development reserve	144	(144)			0
	Regional allocations	8	40			48
	Studies / Technical assistance OCT	2	(1)			1
	SUB TOTAL OCT	**154**	**148**	**(2)**		**300**
	TOTAL 9th EDF	**10.555**	**5.556**	**(373)**		**15.739**

(1) All decreases are decommitments transferred to the non-mobilisable performance reserve of the 10th EDF.

(2) Following Council Decision 2010/406/EU, 150 million was added from non-mobilisable performance reserve 10th EDF for Sudan (147 million to special allocation Sudan and 3 million to implementation costs).

(3) Following Council Decision 2011/315/EU, 200 million was added from non-mobilisable performance reserve 10th EDF for Sudan (194 million to special allocation South Sudan and 6 million to implementation costs).

Table 13

10th EDF
EVOLUTION OF APPROPRIATIONS: 31 December 2014
ANALYSIS OF CREDITS PER INSTRUMENT

(EUR million)

	INSTRUMENT	INITIAL APPROPRIATION	INCREASES/DECREASES IN CUMULATIVE RESOURCES AT 31 DECEMBER 2013	INCREASE OR DECREASE IN RESOURCES IN 2014	Notes	CURRENT LEVEL APPROPRIATION
ACP	***Regular MS Contributions***	***20.896***	***1.132***	***(1.157)***		***20.871***
	A Envelope - National Allocations	0	13.652	(126)	(2)	13.526
	B Envelope - National Allocations	0	2.037	(11)	(2)	2.026
	Regional allocations	0	1987	(2)	(2)	1985
	National allocations Reserve A Envelope STABEX	0	0	0		0
	NIP/RIP reserve	683	(658)	(25)	(2)	0
	Institutional and support expenditure	0	280	(38)	(2)	242
	Other Intra-ACP allocations	0	1915	(10)	(2)	1904
	Peace facility	0	700	(12)	(2)	688
	Implementation costs	430	0	(1)	(2)	429
	Interests and other receipts	0	77	(8)	(2)	70
	Non-mobilisable reserve	0	925	(925)	(2)	0
	A Envelope reserve	13.500	(13.500)			0
	B Envelope reserve	1800	(1800)			0
	Intra-ACP Reserve	2.700	(2.700)			0
	Regional allocations reserve	1783	(1783)			0
	Co-financing	***0***	***134***	***64***		***198***
	A Envelope - National Allocations	0	118	63	(3)	181
	Other Intra-ACP allocations	0	12		(3)	12
	Peace facility	0	1		(3)	1
	Implementation costs	0	4	1	(3)	5
	SUB TOTAL ACP	**20.896**	**1.266**	**(1.093)**		**21.069**
OCT	***Regular MS Contributions***	***256***	***15***	***(12)***		***259***
	A Envelope - National Allocations	0	196	(0)	(2)	196
	B Envelope - National Allocations	0	15			15
	Regional allocations	0	40			40
	National allocations Reserve A Envelope STABEX	0	0			0
	Non-mobilisable reserve	0	14	(12)	(2)	2
	Studies / Technical assistance OCT	6	0			6
	A Envelope reserve	195	(195)		(2)	0
	B Envelope reserve	15	(15)		(2)	0
	Regional allocations reserve	40	(40)			0
	SUB TOTAL OCT	**256**	**15**	**(12)**		**259**
	TOTAL 10th EDF	**21.152**	**1.281**	**(1.105)**		**21.328**

(1) Transfer in decommitments from projects of the 9th and previous EDF's to the non mobilisable performance reserve for 377 million less transfer out of reserves to South Sudan for 200 million (to 9th EDF). To date the total of the non-mobilisable reserve ACP created was 807 million, of which 350 million has been used (150 million for Sudan, 200 million for South Soudan, both transfered to 9th EDF).

(2) Transfers in / from the 10th EDF reserves

(3) For the cofinancings, the table only presents the commitment appropriations.

Table 14

11th EDF - Bridging Facility
EVOLUTION OF APPROPRIATIONS: 31 December 2014
ANALYSIS OF CREDITS PER INSTRUMENT

(EUR million)

	INSTRUMENT	INITIAL APPROPRIATION	INCREASES/DECREASES IN CUMULATIVE RESOURCES AT 31 DECEMBER 2013	INCREASE OR DECREASE IN RESOURCES IN 2014	Notes	CURRENT LEVEL APPROPRIATION
ACP	***Regular MS Contributions***	***1583***	***0***	***19***		***1602***
	Bridging facility	1583	0	(1485)	(1) + (3)	98
	A Envelope - National Allocations	0	0	653		653
	B Envelope - National Allocations	0	0	86		86
	Regional allocations	0	0	103		103
	National allocations Reserve A Envelope STABEX	0	0	0	(4)	0
	Institutional and support expenditure	0	0	33		33
	Other Intra-ACP allocations	0	0	56		56
	Peace facility	0	0	445		445
	Implementation costs	0	0	115		115
	Interests and other receipts	0	0	13	(4)	13
	Non-mobilisable reserve	0	0	(0)	(5)	(0)
	SUB TOTAL ACP	**1.583**	**0**	**19**		**1.602**
OCT	***Regular MS Contributions***	***14***	***0***	***0***		***14***
	Bridging facility	14	0	(3)	(1) + (3)	11
	Non-mobilisable reserve	0	0	0	(5)	0
	Studies / Technical assistance OCT	0	0	3		3
	SUB TOTAL OCT	**14**	**0**	**0**		**14**
	TOTAL 11th EDF	**1.597**	**0**	**19**	**(2)**	**1.616**

(1) Council Decision No 2013/759/EU (3) established transitional European Development Fund (EDF) management measures ('Bridging Facility') to ensure the availability of funds for cooperation with African, Caribbean and Pacific (ACP) States and with Overseas Countries and Territories (OCTs), as well as for support expenditure, from 1 January 2014 until the entry into force of the 11th EDF Internal Agreement.

(2) Initial appropriations on the Bridging Facility originate from transfers non-mobilisable reserves of the 8th and 9th EDF for 1,372.5 million euros and from transfers from the non-mobilisable reserves of the 10th EDF for 224.7 million euros, for a total of 1,597 million euros for both ACP and OCT.

(3) Transfer of initial appropriations from the Bridging Facility to other instruments of the 11th EDF for a total of 1,488 million euros (for both ACP and OCT)

(4) In addition to transfers from the Bridging Facility, other instruments from the 11th EDF are fed by direct transfers from previous EDF (from Envelope A Stabex 10th EDF, Interests and Other Receipts) for 16.56 million euros and from Revenue Increasing Budget (RO) for 2.1 million euros.

(5) Non-mobilisable reserves are the results of transfers (decommitments) from the 10th EDF non-mobilisable performance reserve for 225 million euros which are directly transferred to the Bridging Facility (224.7 million) and to other instruments from 11 EDF (0.8 million).

Table 2.1

EDF AGGREGATED ACCOUNTS AT 31 DECEMBER 2014
PROGRESS REPORT

(EUR million)

	ALLOCATION	EDF 8	EDF 9	EDF 10	EDF 11	TOTAL
Lomé	Sundry Income	35				35
	Total indicative programmes	5.005				5.005
	Total Non-Programmable Aid	4.723				4.723
	Transfers from other funds		703			703
	SUB TOTAL: REGULAR MS CONTRIBUTIONS	9.763	703			10.466
Cotonou	A Envelope - National Allocations	418	8.990	13.721	653	23.781
	B Envelope - National Allocations	237	1.236	2.041	86	3.599
	Bridging facility				109	109
	CDE, CTA and Parliamentary Assembly		154			154
	Country reserve			0		0
	Implementation Costs and Interests Revenues	0	242	505	131	878
	Intra-ACP allocations		3.025	2.835	533	6.393
	Intra-ACP Reserve			0		0
	National allocations Reserve A Envelope STABEX			0	0	1
	NIP/RIP reserve			0		0
	Non-mobilisable reserve			2	0	2
	Regional allocations		869	2.025	103	2.997
	Regional allocations reserve			0		0
	Special allocation R.D. Congo		105			105
	Special allocation South Sudan		267			267
	Special allocation Sudan		110			110
	Voluntary contribution Peace facility		39			39
	SUB TOTAL: REGULAR MS CONTRIBUTIONS	654	15.036	21.129	1.616	38.435
	A Envelope - National Allocations			181		181
	Implementation Costs and Interests Revenues			5		5
	Intra-ACP allocations			12		12
	SUB TOTAL: CO-FINANCING			198		198
	TOTAL	10.417	15.739	21.328	1.616	49.100

	EDF	Aggregate Total At 31/12/2014	Aggregate Total %of allocation	Annual Figures 2008	Annual Figures 2009	Annual Figures 2010	Annual Figures 2011	Annual Figures 2012	Annual Figures 2013	Annual Figures 2014
Decisions	8	10.415	100%	(53)	(42)	(45)	(60)	(64)	(98)	(63)
	9	15.703	100%	775	(54)	(116)	(9)	(297)	(72)	(381)
	10	21.294	100%	4.766	3.501	2.349	3.118	3.524	4.131	(95)
	11	1.160	72%							1.160
Total		**48.573**		**5.488**	**3.405**	**2.187**	**3.049**	**3.163**	**3.961**	**621**
Assigned Funds	8	10.400	100%	55	(42)	8	(13)	(46)	(11)	(37)
	9	15.407	98%	3.163	997	476	9	(187)	(96)	(1)
	10	18.252	86%	130	3.184	2.820	2.514	3.460	3.457	2.687
	11	731	45%							731
Total		**44.790**		**3.348**	**4.140**	**3.304**	**2.509**	**3.226**	**3.350**	**3.380**
Payments	8	10.379	100%	323	152	158	90	15	18	16
	9	14.941	95%	3.253	1.806	1.304	906	539	230	145
	10	12.985	61%	90	1.111	1.772	1.879	2.655	2.715	2.760
	11	595	37%							595
Total		**38.900**		**3.666**	**3.069**	**3.233**	**2.874**	**3.209**	**2.963**	**3.516**

* Negative figures represent decommitments.

Table 2.2

EDF AGGREGATED ACCOUNTS AT 31 DECEMBER 2014
CLASS OF AID

(EUR million)

		EDF									
		8	% (1)	9	% (1)	10	% (1)	11	% (1)	TOTAL	% (1)
Lomé	**Sundry Income**										
	Appropriations	35								35	
	Decisions	35	100%							35	100%
	Assigned funds	35	100%							35	100%
	Payments	35	100%							35	100%
	Total indicative programmes										
	Appropriations	5.005								5.005	
	Decisions	5.003	100%							5.003	100%
	Assigned funds	4.992	100%							4.992	100%
	Payments	4.988	100%							4.988	100%
	Total Non-Programmable Aid										
	Appropriations	4.723								4.723	
	Decisions	4.723	100%							4.723	100%
	Assigned funds	4.722	100%							4.722	100%
	Payments	4.707	100%							4.707	100%
	Transfers from other funds										
	Appropriations			703						703	
	Decisions			700	100%					700	100%
	Assigned funds			688	98%					688	98%
	Payments			670	95%					670	95%
	Regular MS Contributions										
Cotonou	**A Envelope - National Allocations**										
	Appropriations	418		8.990		13.721		653		23.781	
	Decisions	418	100%	8.980	100%	13.720	100%	458	70%	23.575	99%
	Assigned funds	418	100%	8.917	99%	11.402	83%	197	30%	20.933	88%
	Payments	417	100%	8.805	98%	7.800	57%	185	28%	17.207	72%
	B Envelope - National Allocations										
	Appropriations	237		1.236		2.041		86		3.599	
	Decisions	237	100%	1.236	100%	2.040	100%	83	96%	3.596	100%
	Assigned funds	235	99%	1.226	99%	1.944	95%	65	75%	3.470	96%
	Payments	232	98%	1.206	98%	1.670	82%	47	55%	3.155	88%
	Bridging facility										
	Appropriations							109		109	
	Decisions										
	Assigned funds										
	Payments										
	CDE, CTA and Parliamentary Assembly										
	Appropriations			154						154	
	Decisions			154	100%					154	100%
	Assigned funds			154	100%					154	100%
	Payments			154	100%					154	100%
	Implementation Costs and Interests Rev										
	Appropriations	0		242		505		131		878	
	Decisions			242	100%	505	100%	104	79%	851	97%
	Assigned funds			240	99%	502	99%	92	70%	834	95%
	Payments			239	99%	480	95%	92	70%	812	92%
	Intra-ACP allocations										
	Appropriations			3.025		2.835		533		6.393	
	Decisions			3.020	100%	2.835	100%	413	77%	6.267	98%
	Assigned funds			2.983	99%	2.689	95%	315	59%	5.987	94%
	Payments			2.885	95%	2.012	71%	232	43%	5.130	80%
	Regional allocations										
	Appropriations			869		2.025		103		2.997	
	Decisions			865	100%	2.023	100%	103	100%	2.991	100%
	Assigned funds			833	96%	1.557	77%	63	61%	2.453	82%
	Payments			770	89%	972	48%	39	38%	1.781	59%
	Special allocation R.D. Congo										
	Appropriations			105						105	
	Decisions			105	100%					105	100%
	Assigned funds			105	100%					105	100%
	Payments			105	100%					105	100%
	Special allocation South Sudan										
	Appropriations			267						267	
	Decisions			266	100%					266	100%
	Assigned funds			131	49%					131	49%
	Payments			38	14%					38	14%
	Special allocation Sudan										
	Appropriations			110						110	
	Decisions			110	100%					110	100%
	Assigned funds			105	95%					105	95%
	Payments			45	41%					45	41%
	Voluntary contribution Peace facility										
	Appropriations			39						39	
	Decisions			24	62%					24	62%
	Assigned funds			24	62%					24	62%
	Payments			24	62%					24	62%
	Regular MS Contributions										
	A Envelope - National Allocations										
	Appropriations					185				185	
	Decisions					156	84%			156	84%
	Assigned funds					145	79%			145	79%
	Payments					41	22%			41	22%
	Implementation Costs and Interests Rev										
	Appropriations					5				5	
	Decisions					3	59%			3	59%
	Assigned funds					1	10%			1	10%
	Payments					1	10%			1	10%
	Intra-ACP allocations										
	Appropriations					12				12	
	Decisions					12	99%			12	99%
	Assigned funds					12	98%			12	98%
	Payments					9	70%			9	70%
	Co-financing										

	Appropriations	8	% (1)	9	% (1)	10	% (1)	11	% (1)	TOTAL	% (1)
Cotonou	Country reserve					0				0	
	Intra-ACP Reserve					0				0	
	National allocations Reserve A Envelope STABEX					0		0		1	
	NIP/RIP reserve					0				0	
	Regional allocations reserve					0				0	
	Mobilisable reserves										
	Non-mobilisable reserve					2		0		2	
	Non-mobilisable reserve										

	8	% (1)	9	% (1)	10	% (1)	11	% (1)	TOTAL	% (1)
Appropriations	10.417		15.739		21.331		1.615		49.103	
Decisions	10.415	100%	15.703	100%	21.294	100%	1.160	72%	48.573	99%
Assigned funds	10.400	100%	15.407	98%	18.252	86%	731	45%	44.790	91%
Payments	10.379	100%	14.941	95%	12.985	61%	595	37%	38.900	79%
TOTAL: ALL ALLOCATIONS										

(1) % of appropriations

Table 2.3

EDF AGGREGATED ACCOUNTS AT 31 DECEMBER 2014
CLASS OF AID
ACP + OCT - 8 th EDF

(EUR million)

		CREDITS	DECISIONS			ASSIGNED FUNDS			PAYMENTS		
			AGGREG.	ANNUAL	%	AGGREG.	ANNUAL	%	AGGREG.	ANNUAL	%
		(1)	(2)		(2) : (1)	(3)		(3) : (2)	(4)		(4) : (3)
Lomé	**Regular MS Contributions**										
	Use of interest income	35	35		100%	35		100%	35		100%
	SUB TOTAL: SUNDRY INCOME	**35**	**35**		**100%**	**35**		**100%**	**35**		**100%**
	Total indicative programmes	4.967	4.967	(52)	100%	4.956	(29)	100%	4.952	10	100%
	SUB TOTAL: TOTAL INDICATIVE PROGRAMMES	**4.967**	**4.967**	**(52)**	**100%**	**4.956**	**(29)**	**100%**	**4.952**	**10**	**100%**
	Aid for refugees	100	100	(1)	100%	100	(0)	100%	100	(0)	100%
	Emergency aid (Lomé)	136	136		100%	136		100%	136		100%
	Heavily indebted poor countries (Lomé)	1.060	1.060		100%	1.060		100%	1.060		100%
	Interest-rate subsidies	79	79	(4)	100%	79	(3)	100%	69	(0)	86%
	Risk capital	1.016	1.016	(4)	100%	1.015	(4)	100%	1.012	0	100%
	Stabex	723	723	1	100%	723	1	100%	722	3	100%
	Structural adjustment	1.497	1.497	(0)	100%	1.497		100%	1.497	(0)	100%
	Sysmin	101	101		100%	101		100%	101		100%
	SUB TOTAL: TOTAL NON-PROGRAMMABLE AID	**4.713**	**4.712**	**(7)**	**100%**	**4.711**	**(7)**	**100%**	**4.696**	**3**	**100%**
Cotonou	**Regular MS Contributions**										
	A Envelope - National Allocations	418	418	(1)	100%	418	0	100%	417	0	100%
	SUB TOTAL: A ENVELOPE - NATIONAL ALLOCATIONS	**418**	**418**	**(1)**	**100%**	**418**	**0**	**100%**	**417**	**0**	**100%**
	B Envelope - National Allocations	237									
	Compensation export earnings		237	(1)		235	(2)	99%	232	3	99%
	SUB TOTAL: B ENVELOPE - NATIONAL ALLOCATIONS	**237**	**237**	**(1)**	**100%**	**235**	**(2)**	**99%**	**232**	**3**	**99%**
	Interests and other receipts	0									
	SUB TOTAL: IMPLEMENTATION COSTS AND INTEREST	**0**									
	TOTAL ACP (A)	**10.369**	**10.369**	**(61)**	**100%**	**10.354**	**(37)**	**100%**	**10.332**	**16**	**100%**
Lomé	**Regular MS Contributions**										
	Total indicative programmes	37	36	(2)	96%	35		98%	35		100%
	SUB TOTAL: TOTAL INDICATIVE PROGRAMMES	**37**	**36**	**(2)**	**96%**	**35**		**98%**	**35**		**100%**
	Interest-rate subsidies	1	1		100%	1		100%	1		100%
	Risk capital	6	6		100%	6		100%	6		100%
	Stabex	1	1		100%	1		100%	1		100%
	Sysmin	2	2		100%	2		99%	2		100%
	SUB TOTAL: TOTAL NON-PROGRAMMABLE AID	**11**	**11**		**100%**	**11**		**100%**	**11**		**100%**
	TOTAL OCT (B)	**48**	**47**	**(2)**	**97%**	**46**		**99%**	**46**		**100%**
	TOTAL: ACP+OCT (A+B)	**10.417**	**10.415**	**(63)**	**100%**	**10.400**	**(37)**	**100%**	**10.379**	**16**	**100%**

Table 2.4

EDF AGGREGATED ACCOUNTS AT 31 DECEMBER 2014
CLASS OF AID
ACP + OCT - 9 th EDF

(EUR million)

		CREDITS	DECISIONS			ASSIGNED FUNDS			PAYMENTS		
			AGGREG.	ANNUAL	%	AGGREG.	ANNUAL	%	AGGREG.	ANNUAL	%
		(1)	(2)		(2) : (1)	(3)		(3) : (2)	(4)		(4) : (3)
Lomé	**ACP**										
	Regular MS Contributions										
	Transfers from 6th EDF - Lomé	20	20	(0)	100%	20	(0)	99%	20		100%
	Transfers from 7th EDF - Lomé	679	676	(19)	100%	664	(1)	98%	647	(1)	97%
	SUB TOTAL: TRANSFERS FROM OTHER FUNDS	**700**	**697**	**(20)**	**100%**	**685**	**(1)**	**98%**	**667**	**(1)**	**97%**
Cotonou	**ACP**										
	Regular MS Contributions										
	A Envelope - National Allocations	8.746	8.740	(212)	100%	8.679	(74)	99%	8.569	27	99%
	SUB TOTAL: A ENVELOPE - NATIONAL ALLOCATIONS	**8.746**	**8.740**	**(212)**	**100%**	**8.679**	**(74)**	**99%**	**8.569**	**27**	**99%**
	B Envelope - National Allocations	1232									
	Compensation export earnings		156	(13)		155	(7)	99%	150	0	96%
	Emergency aid		1064	(20)		1056	(6)	99%	1040	(3)	99%
	Heavily indebted poor countries		11			11		100%	11		100%
	SUB TOTAL: B ENVELOPE - NATIONAL ALLOCATIONS	**1.232**	**1.232**	**(33)**	**100%**	**1.222**	**(12)**	**99%**	**1.201**	**(3)**	**98%**
	CDE, CTA and Parliamentary Assembly	154	154	(4)	100%	154	(0)	100%	154		100%
	SUB TOTAL: CDE, CTA AND PARLIAMENTARY ASSEM	**154**	**154**	**(4)**	**100%**	**154**	**(0)**	**100%**	**154**		**100%**
	Implementation costs	178	178	(0)	100%	177	(0)	99%	176	6	99%
	Interests and other receipts	63	63	(0)	100%	63	(0)	99%	63		100%
	SUB TOTAL: IMPLEMENTATION COSTS AND INTEREST	**241**	**241**	**(0)**	**100%**	**240**	**(0)**	**99%**	**239**	**6**	**100%**
	Other Intra-ACP allocations	2.663	2.660	(49)	100%	2.622	(17)	99%	2.531	40	97%
	Peace facility	362	361	(19)	100%	361	(15)	100%	354	0	98%
	SUB TOTAL: INTRA-ACP ALLOCATIONS	**3.025**	**3.020**	**(69)**	**100%**	**2.983**	**(32)**	**99%**	**2.885**	**40**	**97%**
	Regional allocations	821	818	(38)	100%	787	(10)	96%	725	30	92%
	SUB TOTAL: REGIONAL ALLOCATIONS	**821**	**818**	**(38)**	**100%**	**787**	**(10)**	**96%**	**725**	**30**	**92%**
	Special allocation R.D. Congo	105	105	(0)	100%	105		100%	105		100%
	SUB TOTAL: SPECIAL ALLOCATION R.D. CONGO	**105**	**105**	**(0)**	**100%**	**105**		**100%**			**100%**
	Special allocation South Sudan	267	266	(0)	100%	131	74	49%	38	22	29%
	SUB TOTAL: SPECIAL ALLOCATION SOUTH SUDAN	**267**	**266**	**(0)**	**100%**	**131**	**74**	**49%**	**38**	**22**	**29%**
	Special allocation Sudan	110	110	0	100%	105	57	95%	45	20	43%
	SUB TOTAL: SPECIAL ALLOCATION SUDAN	**110**	**110**	**0**	**100%**	**105**	**57**	**95%**	**45**	**20**	**43%**
	Voluntary contribution Peace facility	39	24	(0)	62%	24	(0)	100%	24		100%
	SUB TOTAL: VOLUNTARY CONTRIBUTION PEACE FAC	**39**	**24**	**(0)**	**62%**	**24**	**(0)**	**100%**	**24**		**100%**
	TOTAL: ACP (A)	**15.439**	**15.407**	**(376)**	**100%**	**15.115**	**3**	**98%**	**14.651**	**143**	**97%**
Lomé	**OCT**										
	Regular MS Contributions										
	Transfers from 6th EDF - Lomé	0	0		100%	0		100%	0		100%
	Transfers from 7th EDF - Lomé	3	3		100%	3		99%	3		100%
	SUB TOTAL: TRANSFERS FROM OTHER FUNDS	**3**	**3**		**100%**	**3**		**99%**	**3**		**100%**
Cotonou	**OCT**										
	Regular MS Contributions										
	A Envelope - National Allocations	244	240	(5)	99%	238	(4)	99%	236	2	99%
	SUB TOTAL: A ENVELOPE - NATIONAL ALLOCATIONS	**244**	**240**	**(5)**	**99%**	**238**	**(4)**	**99%**	**236**	**2**	**99%**
	B Envelope - National Allocations	4									
	Emergency aid		4			4		100%	4		100%
	SUB TOTAL: B ENVELOPE - NATIONAL ALLOCATIONS	**4**	**4**		**100%**	**4**		**100%**	**4**		**100%**
	Studies / Technical assistance OCT	1	1		100%	1		100%	1		100%
	SUB TOTAL: IMPLEMENTATION COSTS AND INTEREST	**1**	**1**		**100%**	**1**		**100%**	**1**		**100%**
	Regional allocations	48	48	(0)	99%	46	(0)	97%	45	0	97%
	SUB TOTAL: REGIONAL ALLOCATIONS	**48**	**48**	**(0)**	**99%**	**46**	**(0)**	**97%**	**45**	**0**	**97%**
	TOTAL: OCT (B)	**300**	**296**	**(5)**	**99%**	**292**	**(4)**	**99%**	**289**	**2**	**99%**
	TOTAL: ACP+OCT (A+B)	**15.739**	**15.703**	**(381)**	**100%**	**15.407**	**(1)**	**98%**	**14.941**	**145**	**97%**

Table 2.5

EDF AGGREGATED ACCOUNTS AT 31 DECEMBER 2014
CLASS OF AID
ACP + OCT - 10 th EDF

(EUR million)

		CREDITS	DECISIONS			ASSIGNED FUNDS			PAYMENTS		
			AGGREG.	ANNUAL	%	AGGREG.	ANNUAL	%	AGGREG.	ANNUAL	%
		(1)	(2)		(2) : (1)	(3)		(3) : (2)	(4)		(4) : (3)
	Regular MS Contributions										
	Allocations										
	A Envelope - National Allocations	13.526	13.524	(108)	100%	11.270	1.550	83%	7.696	1.751	68%
	SUB TOTAL: A ENVELOPE - NATIONAL ALLOCATIONS	**13.526**	**13.524**	**(108)**	**100%**	**11.270**	**1.550**	**83%**	**7.696**	**1.751**	**68%**
	B Envelope - National Allocations	2.026									
	Compensation export earnings		210	(0)		183	78	87%	130	75	71%
	Emergency aid		856	(0)		809	141	95%	656	109	81%
	Heavily indebted poor countries		49			49	0	100%	49	0	100%
	Other chocs with budgetary impact		911	(3)		890	19	98%	823	75	92%
	SUB TOTAL: B ENVELOPE - NATIONAL ALLOCATIONS	**2.026**	**2.025**	**(4)**	**100%**	**1.931**	**238**	**95%**	**1.658**	**259**	**86%**
	Implementation costs	429	429	(1)	100%	429	9	100%	414	8	97%
	Interests and other receipts	70	70	(1)	100%	68	5	97%	62	4	92%
	SUB TOTAL: IMPLEMENTATION COSTS AND INTEREST	**499**	**499**	**(2)**	**100%**	**497**	**13**	**99%**	**476**	**12**	**96%**
	Institutional and support expenditure	242	242	(19)	100%	240	8	99%	211	20	88%
	Other Intra-ACP allocations	1.904	1.904	(9)	100%	1.766	320	93%	1.167	219	66%
	Peace facility	688	688	(12)	100%	683	69	99%	634	104	93%
	SUB TOTAL: INTRA-ACP ALLOCATIONS	**2.835**	**2.835**	**(39)**	**100%**	**2.689**	**397**	**95%**	**2.012**	**343**	**75%**
	Regional allocations	1.985	1.983	(3)	100%	1.531	386	77%	964	324	63%
	SUB TOTAL: REGIONAL ALLOCATIONS	**1.985**	**1.983**	**(3)**	**100%**	**1.531**	**386**	**77%**	**964**	**324**	**63%**
	Co-financing										
	Allocations										
	A Envelope - National Allocations	181	156	59	86%	145	82	93%	41	27	29%
	SUB TOTAL: A ENVELOPE - NATIONAL ALLOCATIONS	**181**	**156**	**59**	**86%**	**145**	**82**	**93%**	**41**	**27**	**29%**
A											
C	Implementation costs	5	3	2	62%	1	0	17%	1	0	100%
P	**SUB TOTAL: IMPLEMENTATION COSTS AND INTEREST**	**5**	**3**	**2**	**62%**	**1**	**0**	**17%**	**1**	**0**	**100%**
	Other Intra-ACP allocations	12	11	(0)	98%	11	(0)	99%	8	2	70%
	Peace facility	1	1		100%	1		99%	1		100%
	SUB TOTAL: INTRA-ACP ALLOCATIONS	**12**	**12**	**(0)**	**99%**	**12**	**(0)**	**99%**	**9**	**2**	**72%**
	Mobilisable reserves										
	Reserves										
	A Envelope reserve	0									
	B Envelope reserve	0									
	SUB TOTAL: COUNTRY RESERVE	**0**									
	Intra-ACP Reserve	0									
	SUB TOTAL: INTRA-ACP RESERVE	**0**									
	National allocations Reserve A Envelope STABEX	0									
	SUB TOTAL: NATIONAL ALLOCATIONS RESERVE A EN	**0**									
	NIP/RIP reserve	0									
	SUB TOTAL: NIP/RIP RESERVE	**0**									
	Regional allocations reserve	0									
	SUB TOTAL: REGIONAL ALLOCATIONS RESERVE	**0**									
	Non-mobilisable reserve										
	Reserves										
	Non-mobilisable reserve	0									
	SUB TOTAL: NON-MOBILISABLE RESERVE	**0**									
	TOTAL: ACP (INCL. RESERVES) (A)	**21.069**	**21.037**	**(95)**	**99%**	**18.076**	**2.666**	**86%**	**12.857**	**2.719**	**71%**

ACP	**Regular MS Contributions**										
	Allocations										
	A Envelope - National Allocations								2		
	SUB TOTAL: A ENVELOPE - NATIONAL ALLOCATIONS								**2**		
	Compensation export earnings								0		
	Emergency aid								0		
	SUB TOTAL: B ENVELOPE - NATIONAL ALLOCATIONS								**0**		
	Other Intra-ACP allocations								0		
	SUB TOTAL: INTRA-ACP ALLOCATIONS								**0**		
	Regional allocations								0		
	SUB TOTAL: REGIONAL ALLOCATIONS								**0**		
	TOTAL: ACP (INCL. RESERVES)								**3**		
OCT	**Regular MS Contributions**										
	Allocations										
	A Envelope - National Allocations	196	196	0	100%	131	12	67%	101	25	77%
	SUB TOTAL: A ENVELOPE - NATIONAL ALLOCATIONS	**196**	**196**	**0**	**100%**	**131**	**12**	**67%**	**101**	**25**	**77%**
	B Envelope - National Allocations	15									
	Emergency aid		9			7	0	76%	6	4	89%
	Other chocs with budgetary impact		6			6	0	100%	6	6	100%
	SUB TOTAL: B ENVELOPE - NATIONAL ALLOCATIONS	**15**	**15**		**100%**	**13**	**0**	**86%**	**12**	**10**	**94%**
	Studies / Technical assistance OCT	6	6	0	100%	5	2	89%	4	1	81%
	SUB TOTAL: IMPLEMENTATION COSTS AND INTEREST	**6**	**6**	**0**	**100%**	**5**	**2**	**89%**	**4**	**1**	**81%**
	Regional allocations	40	40	0	100%	26	7	65%	8	4	31%
	SUB TOTAL: REGIONAL ALLOCATIONS	**40**	**40**	**0**	**100%**	**26**	**7**	**65%**	**8**	**4**	**31%**
	Mobilisable reserves										
	Reserves										
	A Envelope reserve	0									
	B Envelope reserve	0									
	SUB TOTAL: COUNTRY RESERVE	**0**									
	National allocations Reserve A Envelope STABEX	0									
	SUB TOTAL: NATIONAL ALLOCATIONS RESERVE A EN	**0**									
	Regional allocations reserve	0									
	SUB TOTAL: REGIONAL ALLOCATIONS RESERVE	**0**									
	Non-mobilisable reserve										
	Reserves										
	Non-mobilisable reserve	2									
	SUB TOTAL: NON-MOBILISABLE RESERVE	**2**									
	TOTAL: OCT (INCL. RESERVES) (B)	**259**	**257**	**0**	**99%**	**176**	**21**	**68%**	**126**	**41**	**72%**
	TOTAL: ACP+OCT (INCL. RESERVES) (A+B)	**21.328**	**21.294**	**(95)**	**99%**	**18.252**	**2.687**	**86%**	**12.985**	**2.760**	**71%**

Table 2.6

EDF AGGREGATED ACCOUNTS AT 31 DECEMBER 2014
CLASS OF AID
ACP + OCT - 11 th EDF

(EUR million)

		CREDITS	DECISIONS			ASSIGNED FUNDS			PAYMENTS		
			AGGREG.	ANNUAL	%	AGGREG.	ANNUAL	%	AGGREG.	ANNUAL	%
		(1)	(2)		(2) : (1)	(3)		(3) : (2)	(4)		(4) : (3)
ACP	**Regular MS Contributions**										
	Allocations										
	A Envelope - National Allocations	653	458	458	70%	197	197	43%	185	185	94%
	SUB TOTAL: A ENVELOPE - NATIONAL ALLOCATIONS	**653**	**458**	**458**	**70%**	**197**	**197**	**43%**	**185**	**185**	**94%**
	B Envelope - National Allocations	86									
	Emergency aid		83	83		65	65	78%	47	47	73%
	SUB TOTAL: B ENVELOPE - NATIONAL ALLOCATIONS	**86**	**83**	**83**	**96%**	**65**	**65**	**78%**	**47**	**47**	**73%**
	Bridging facility	98									
	SUB TOTAL: BRIDGING FACILITY	**98**									
	Implementation costs	115	99	99	86%	92	92	93%	92	92	100%
	Interests and other receipts	13	5	5	38%						
	SUB TOTAL: IMPLEMENTATION COSTS AND INTEREST	**128**	**104**	**104**	**81%**	**92**	**92**	**88%**	**92**	**92**	**100%**
	Institutional and support expenditure	33	33	33	100%	14	14	42%	6	6	43%
	Other Intra-ACP allocations	56	55	55	99%						
	Peace facility	445	325	325	73%	301	301	93%	226	226	75%
	SUB TOTAL: INTRA-ACP ALLOCATIONS	**533**	**413**	**413**	**77%**	**315**	**315**	**76%**	**232**	**232**	**74%**
	Regional allocations	103	103	103	100%	63	63	61%	39	39	63%
	SUB TOTAL: REGIONAL ALLOCATIONS	**103**	**103**	**103**	**100%**	**63**	**63**	**61%**	**39**	**39**	**63%**
	Mobilisable reserves										
	Reserves										
	National allocations Reserve A Envelope STABEX	0									
	SUB TOTAL: NATIONAL ALLOCATIONS RESERVE A EN	**0**									
	Non-mobilisable reserve										
	Reserves										
	Non-mobilisable reserve	(0)									
	SUB TOTAL: NON-MOBILISABLE RESERVE	**(0)**									
	TOTAL: ACP (INCL. RESERVES) (A)	**1 602**	**1 160**	**1 160**	**72%**	**731**	**731**	**63%**	**595**	**595**	**81%**
OCT	**Regular MS Contributions**										
	Allocations										
	Bridging facility	11									
	SUB TOTAL: BRIDGING FACILITY	**11**									
	Studies / Technical assistance OCT	3	0	0	0%						
	SUB TOTAL: IMPLEMENTATION COSTS AND INTEREST	**3**	**0**	**0**	**0%**						
	Non-mobilisable reserve										
	Reserves										
	Non-mobilisable reserve	0									
	SUB TOTAL: NON-MOBILISABLE RESERVE	**0**									
	TOTAL: OCT (INCL. RESERVES) (B)	**14**	**0**	**0**	**0%**						
	TOTAL:ACP+OCT (INCL. RESERVES) (A+B)	**1 616**	**1 160**	**1 160**	**72%**	**731**	**731**	**63%**	**595**	**595**	**81%**

FINANCIAL STATEMENTS AND EXPLANATORY NOTES – FUNDS MANAGED BY THE EUROPEAN INVESTMENT BANK

EUROPEAN INVESTMENT BANK

CA/481/15

12 March 2015

Document 15/082

BOARD OF DIRECTORS

INVESTMENT FACILITY

FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

- Statement of financial position
- Statement of profit or loss and other comprehensive income
- Statement of changes in contributors' resources
- Statement of cash flows
- Notes to the financial statements
- Independent auditor's report

ORG.: E

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014
(In EUR'000)

	Notes	31.12.2014	31.12.2013
ASSETS			
Cash and cash equivalents	5	545,399	599,515
Derivative financial instruments	6	448	1,024
Loans and receivables	7	1,331,918	1,222,199
Available-for-sale financial assets	8	403,085	331,699
Amounts receivable from contributors	9/15	42,590	-
Held-to-maturity financial assets	10	99,988	102,562
Other assets	11	5,522	148
Total assets		**2,428,950**	**2,257,147**
LIABILITIES AND CONTRIBUTORS' RESOURCES			
LIABILITIES			
Derivative financial instruments	6	14,632	3,545
Deferred income	12	31,310	35,083
Amounts owed to third parties	13	68,824	331,235
Other liabilities	14	2,591	2,572
Total liabilities		**117,357**	**372,435**
CONTRIBUTORS' RESOURCES			
Member States Contribution called	15	2,057,000	1,661,309
Fair value reserve		156,122	78,191
Retained earnings		98,471	145,212
Total contributors' resources		**2,311,593**	**1,884,712**
Total liabilities and contributors' resources		**2,428,950**	**2,257,147**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

(In EUR'000)

	Notes	From 01.01.2014 to 31.12.2014	From 01.01.2013 to 31.12.2013
Interest and similar income	17	77,240	69,593
Interest and similar expenses	17	-1,522	-1,175
Net interest and similar income		**75,718**	**68,418**
Fee and commission income	18	1,163	2,728
Fee and commission expenses	18	-37	-43
Net fee and commission income		**1,126**	**2,685**
Fair value change of derivative financial instruments		-11,663	4,399
Net realised gains on available-for-sale financial assets	19	8,109	5,294
Net foreign exchange loss		-222	-6,925
Net result on financial operations		**-3,776**	**2,768**
Change in impairment on loans and receivables, net of reversal	7	-75,756	-27,334
Impairment on available-for-sale financial assets	8	-6,262	-8,176
Other income	21	337	-
General administrative expenses	20	-38,128	-37,851
(Loss)/profit for the year		**-46,741**	**510**
Other comprehensive income:			
Items that are or may be reclassified to profit or loss:			
Available-for-sale financial assets – Fair value reserve	8		
1. Net change in fair value of available-for-sale financial assets		87,230	12,350
2. Net amount transferred to profit or loss		-9,299	-2,593
Total available-for-sale financial assets		**77,931**	**9,757**
Total other comprehensive income		**77,931**	**9,757**
Total comprehensive income for the year		**31,190**	**10,267**

STATEMENT OF CHANGES IN CONTRIBUTORS' RESOURCES
FOR THE YEAR ENDED 31 DECEMBER 2014

(In EUR'000)

	Notes	Contribution called	Fair value reserve	Retained earnings	Total
At 1 January 2014		**1,661,309**	**78,191**	**145,212**	**1,884,712**
Member States contribution called during the year	15	105,691	-	-	105,691
Unused interest subsidies and technical assistance	15	290,000	-	-	290,000
Loss for the year 2014		-	-	-46,741	-46,741
Total other comprehensive income for the year		-	77,931	-	77,931
Changes in contributors' resources		**395,691**	**77,931**	**-46,741**	**426,881**
At 31 December 2014		**2,057,000**	**156,122**	**98,471**	**2,311,593**

	Notes	Contribution called	Fair value reserve	Retained earnings	Total
At 1 January 2013		**1,561,309**	**68,434**	**144,702**	**1,774,445**
Member States contribution called during the year	15	100,000	-	-	100,000
Profit for the year 2013		-	-	510	510
Total other comprehensive income for the year		-	9,757	-	9,757
Changes in contributors' resources		**100,000**	**9,757**	**510**	**110,267**
At 31 December 2013		**1,661,309**	**78,191**	**145,212**	**1,884,712**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

(In EUR'000)

	Notes	From 01.01.2014 to 31.12.2014	From 01.01.2013 to 31.12.2013
OPERATING ACTIVITIES			
(Loss)/profit for the financial year		-46,741	510
Adjustments made for :			
Impairment on available-for-sale financial assets	8	6,262	8,176
Other income	21	-337	-
Net change in impairment on loans and receivables	7	75,756	27,334
Interest capitalised on loans and receivables	7	-11,915	-10,363
Change in accrued interest and amortised cost on loans and receivables		895	-249
Change in accrued interest and amortised cost on held-to-maturity financial assets	10	12	733
Change in deferred income		-3,773	-2,725
Effect of exchange rate changes on loans	7	-92,707	30,402
Effect of exchange rate changes on available-for-sale financial assets		-449	-1,154
Effect of exchange rate changes on cash held		-9,362	-378
(Loss)/profit on operating activities before changes in operating assets and liabilities		**-82,359**	**52,286**
Loan disbursements	7	-248,326	-242,203
Repayments of loans	7	166,578	119,160
Change in accrued interest on cash and cash equivalent	5	7	-1
Fair value changes on derivatives		11,663	-4,399
Increase in held-to-maturity financial assets	10	-1,610,057	-680,635
Maturities of held-to-maturity financial assets	10	1,612,619	676,369
Increase in available-for-sale financial assets	8	-42,646	-34,700
Repayments/Sales of available-for-sale financial assets	8	43,378	38,737
(Increase)/Decrease in in other assets		-5,374	76
Increase in other liabilities		19	1,419
Decrease in amounts payable to the European Investment Bank		-175	-6,539
Net cash flows used in operating activities		**-154,673**	**-80,430**
FINANCING ACTIVITIES			
Contribution received from Member States	15	105,691	187,310
Amounts received from Member States with regard to interest subsidies and technical assistance		7,410	50,000
Amounts paid on behalf of Member States with regard to interest subsidies and technical assistance		-21,899	-24,312
Net cash flows from financing activities		**91,202**	**212,998**
Net (decrease)/increase in cash and cash equivalents		**-63,471**	**132,568**
Summary statement of cash flows:			
Cash and cash equivalents at the beginning of financial year		**599,507**	**466,561**
Net cash from:			
Operating activities		-154,673	-80,430
Financing activities		91,202	212,998
Effects of exchange rate changes on cash and cash equivalents		9,362	378
Cash and cash equivalents at the end of the financial year		**545,398**	**599,507**
Cash and cash equivalents are composed of:			
Cash in hand	5	9,642	194,107
Term deposits (excluding accrued interest)		415,756	405,400
Commercial papers	5	120,000	-
		545,398	**599,507**

Notes to the financial statements as at 31 December 2014

1 General information

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

The Facility is not a separate legal entity and the European Investment Bank ("EIB" or "the Bank") manages the contributions on behalf of the Member States ("Donors") in accordance with the terms of the Agreement and acts as an administrator of the Facility.

Financing under the Agreement is provided from EU Member States' budgets. EU Member States contribute with the amounts allocated to finance the IF and grants for the financing of the interest subsidies as provided for under the multi-annual financial frameworks (First Financial Protocol covering the period 2000 - 2007 and referred to as the 9th European Development Fund (EDF), Second Financial Protocol covering the period 2008 - 2013 and referred to as the 10th EDF as well as the "Bridging Facility" covering the period from 1 January 2014 until the entry into force of the Third Financial Protocol covering the period 2014 - 2020 referred to as the 11th EDF). The EIB is entrusted with the management of:

- the Facility, a EUR 3,185.5 million risk-bearing revolving fund geared to fostering private sector investment in ACP countries of which EUR 48.5 million are allocated to Overseas Countries and territories ("OCT countries");
- grants for the financing of interest subsidies worth max. EUR 586.85 million for ACP countries and max. EUR 3.5 million for OCT countries. Up to 15% of these subsidies can be used to fund project-related technical assistance ("TA");
- the "Bridging Facility" covering the grants to finance the interest subsidies and project-related technical assistance and being composed of un- and de-committed balances from previous EDFs.

The present financial statements cover the period from 1 January 2014 to 31 December 2014.

On a proposal from the Management Committee of EIB, the Board of Directors of EIB adopted the Financial Statements on 12 March 2015, and authorised their submission to the Board of Governors for approval by 28 April 2015.

2 Significant accounting policies

Basis of preparation – Statement of compliance

The Facility's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

2.2 Reclassification of prior year figures

The presentation of commitment fees under fee and commission income changed to interest and similar income.

The impact of the reclassification on the 2013 comparatives amounts to EUR 1,323k.

2.3 Significant accounting judgments and estimates

The preparation of financial statements requires the use of accounting estimates. It also requires the European Investment Bank's Management to exercise its judgment in the process of applying the Investment Facility's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed hereafter.

The most significant use of judgments and estimates are as follows:

- **Measurement of fair values of financial instruments**

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or broker price quotations. Where the fair values cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The valuations are categorised into different levels in the fair value hierarchy based on the inputs used in the valuation techniques as described and disclosed in Notes 2.5.3 and 4.

These valuation techniques may include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Facility uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require limited management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives like interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Facility uses own valuation models, which are developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Example of instruments involving significant unobservable inputs includes certain loans and guarantees for which there is no active market. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability or counterparty default and prepayments and selection of appropriate discount rates.

The Facility has an established control framework with respect to the measurement of fair values. This framework includes the EIB's Investment Bank's Risk Management and Market Data Management functions. These functions are independent of front office management and are responsible for verifying significant fair value measurements. Specific controls include:

- Verification of observable pricing;
- A review and approval process for new valuation models and changes to existing models;
- Calibration and back testing of models against observed market transactions;
- Analysis and investigation of significant valuation movements;
- Review of significant unobservable inputs and valuation adjustments.

Where third-party information such as broker quotes or pricing services are used to measure fair value, the Facility verifies that such valuations meet the requirements of IFRS. This includes the following:

- Determining where broker quote or pricing service pricing is appropriate;
- Assessing whether a particular broker quote or pricing service is reliable;
- Understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- When prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement.

▪ **Impairment losses on loans and receivables**

The Facility reviews its loans and receivables at each reporting date to assess whether an allowance for impairment should be recorded in the statement of profit or loss and other comprehensive income. In particular, judgment by the European Investment Bank's Management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. In addition to specific allowances against individually significant loans and receivables, the Facility may also book a collective impairment allowance against exposures which have not been individually identified as impaired and have a greater risk of default than when originally granted.

In principle, a loan is considered as impaired when payment of interest and principal are past due by 90 days or more and, at the same time, the European Investment Bank's Management considers that there is an objective indication of impairment.

▪ **Valuation of unquoted available-for-sale equity investments**

Valuation of unquoted available-for-sale equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics;

- adjusted net assets method; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted available-for-sale equity investments requires significant estimation. The Facility calibrates the valuation techniques periodically and tests them for validity using either price from observable current market transactions in the same instrument or from other available observable market data.

- **Impairment of available-for-sale financial assets**

The Facility treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment. The Facility treats “significant” generally as 30% or more and “prolonged” greater than 12 months. In addition, the Facility evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

- **Consolidation of entities in which the Facility holds interest**

The Facility made significant judgements that none of the entities in which it holds interest, are controlled by the Facility. This is due to the fact that in all such entities, either the General Partner or the Fund Manager or the Management Board have the sole responsibility for the management and control of the activities and affairs of the partnership and have the power and authority to do all things necessary to carry out the purpose and objectives of the partnership complying with the investment and policy guidelines.

2.4 Changes in accounting policies

Except for the changes below, the Facility has consistently applied the accounting policies set out in Note 2.5 to all periods presented in these financial statements. The Facility has adopted the following new standards and amendments to standards.

Standards adopted

The following standards, amendments to standards and interpretations were adopted in the preparation of these financial statements:

IFRS 10 *Consolidated Financial Statements*

IFRS 10 replaces the part of IAS 27 ‘Consolidated and Separate Financial Statements’ that deals with consolidated financial statements and SIC 12 ‘Consolidation-Special Purpose Entities’. Under IFRS 10, there is a new definition of control, providing a single basis for consolidation for all entities. This basis is built on the concept of power over the investee, variability of returns from the involvement with the investee and their linkage, replacing thus focus on legal control or exposure to risks and rewards, depending on the nature of the entity. The adoption of IFRS 10 had no impact on the consolidation of investments held by the Facility. Therefore no restatements are necessary on application of IFRS 10.

IFRS 11 *Joint Arrangements*

IFRS 11 replaces IAS 31 ‘Interests in Joint Ventures’ and SIC-13 ‘Jointly Controlled Entities - Non – Monetary Contributions by Ventures’ and establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly.
Under IFRS 11, there are only two types of joint arrangements, joint operations and joint ventures and their classification is based on the parties’ rights and obligations arising from the arrangement, rather than its legal form. The adoption of this standard had no impact on the Facility’s financial statements.

IFRS 12 *Disclosure of Interests in Other Entities*

IFRS 12 specifies the disclosures required in annual financial statements to enable users of financial statements to evaluate the nature of and risks associated with the reporting entity’s interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The disclosure requirements of IFRS 12 do not require comparative information to be provided for periods prior to initial application. New disclosures are provided in Note 22.

IFRS 10, 11 and 12 *Amendments - Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*

The amendments clarify the transition guidance in IFRS 10 and provide additional transition relief in IFRS 10, 11 and 12, requiring adjusted comparative information to be limited only to the preceding comparative period. In addition, for disclosures related to unconsolidated structured entities, the requirement to present comparative information for periods before IFRS 12 is first applied, is removed. The adoption of the amendment had no impact on the Facility’s financial statements.

IAS 36 *Amendment - Recoverable Amount Disclosures for Non-Financial Assets*

The amendments restrict the requirement to disclose the recoverable amount of an asset or cash generating unit only to periods in which an impairment loss has been recognized or reversed.

They also include detailed disclosure requirements applicable when an asset or cash generating unit's recoverable amount has been determined on the basis of fair value less costs of disposal and an impairment loss has been recognized or reversed during the period.
The adoption of the amendment had no impact on the Facility's financial statements.

Standards issued but not yet effective

The following standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. Those of which may be relevant for the Facility are set out below.

IFRS 9 *Financial instruments*

The standard was issued on 24 July 2014 and replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 has not yet been adopted by the EU. The Facility has not yet determined the extent of the impact of this standard.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted. IFRS 15 has not yet been adopted by the EU. The Facility has not yet determined the extent of the impact of this standard.

2.5 Summary of significant accounting policies

The statement of financial position represents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items.

2.5.1 Foreign currency translation

The Facility uses the Euro (EUR) for presenting its financial statements, which is also the functional currency. Except as otherwise indicated, financial information presented in EUR has been rounded to the nearest thousand.

Foreign currency transactions are translated, at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in currencies other than Euro are translated into Euro at the exchange rate prevailing at the balance sheet date. The gain or loss arising from such translation is recorded in the statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognised in the statement of profit or loss and other comprehensive income.

The elements of the statement of profit or loss and other comprehensive income are translated into Euro on the basis of the exchange rates prevailing at the end of each month.

2.5.2 Cash and cash equivalents

The Facility defines cash and cash equivalents as current accounts, short-term deposits or commercial papers with original maturities of three months or less.

2.5.3 Financial assets other than derivatives

Financial assets are accounted for using the settlement date basis.

- **Fair value of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Facility has access at that date.

When applicable, the EIB on behalf of the Facility measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis.

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

The EIB measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: inputs that are unadjusted quoted market prices in active markets for identical instruments to which the Facility has access.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are not observable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Facility recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

- **Held-to-maturity financial assets**

Held-to-maturity financial assets comprise quoted bonds with the intention of holding them to maturity, and commercial papers with original maturities of more than three months.

Those bonds and commercial papers are initially recorded at their fair value plus any directly attributable transaction cost. The difference between entry price and redemption value is amortised in accordance with the effective interest method over the remaining life of the instrument.

The Facility assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or event) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Impairment loss is recognised in profit and loss and the amount of the loss is measured as the difference between the carrying value and the present value of estimated future cash flows discounted at the instrument's original effective interest rate.

- **Loans**

Loans originated by the Facility are recognised in the assets of the Facility when cash is advanced to borrowers. They are initially recorded at cost (net disbursed amounts), which is the fair value of the cash given to originate the loan, including any transaction costs, and are subsequently measured at amortised cost, using the effective yield method, less any provision for impairment or uncollectability.

- **Available-for-sale financial assets**

Available-for-sale financial assets are those which are designated as such or do not qualify to be classified as designated at fair value through profit or loss, held-to-maturity or loans and receivables. They include direct equity investments and investments in venture capital funds.

After initial measurement, available-for-sale financial assets are subsequently carried at fair value. Note the following details for the fair value measurement of equity investments, which cannot be derived from active markets:

a. Venture capital funds

The fair value of each venture capital fund is based on the latest available Net Asset Value (NAV), reported by the fund, if calculated based on international valuation guidelines recognised to be in line with IFRS (for example: the International Private Equity and Venture Capital Valuation guidelines, IPEV Guidelines, as published by the European Venture Capital Association). The Facility may however decide to adjust the NAV reported by the fund if there are issues that may affect the valuation.

b. Direct equity investments

The fair value of the investment is based on the latest set of financial statements available, re-using, if applicable, the same model as the one used at the acquisition of the participation.

Unrealised gains or losses on venture capital funds and direct equity investments are reported in contributors' resources until such investments are sold, collected or disposed of, or until such investments are determined to be impaired. If an available-for-sale investment is determined to be impaired, the cumulative unrealised gain or loss previously recognised in equity is transferred to the statement of profit or loss and other comprehensive income.

For unquoted investment, the fair value is determined by applying recognised valuation techniques (for example adjusted net assets, discounted cash flows or multiple). These investments are accounted for at cost when the fair value cannot be reliably measured. To be noted that in the first 2 years of the investments, they are recognised at cost.

The participations acquired by the Facility typically represent investments in private equity or venture capital funds. According to industry practice, such investments are generally investments jointly subscribed by a number of investors, none of whom is in a position to individually influence the daily operations and the investment activity of such fund. As a consequence, any membership by an investor in a governing body of such fund does not in principle entitle such investor to influence the day-to-day operations of the fund. In addition, individual investors in a private equity or a venture capital fund do not determine policies of a fund such as distribution policies on dividends or other distributions. Such decisions are typically taken by the management of a fund on the basis of the shareholders agreement governing the rights and obligations of the management and all shareholders of the fund. The shareholders' agreement also generally prevents individual investors from bilaterally executing material transactions with the fund, interchanging managerial personnel or obtaining privileged access to essential technical information. The Facility's investments are executed in line with the above stated industry practice, ensuring that the Facility neither controls nor exercises any form of significant influence within the meaning of IFRS 10 and IAS 28 over any of these investments, including those investments in which the Facility holds over 20 % of the voting rights.

- **Guarantees**

At initial recognition, the financial guarantees are recognised at fair value corresponding to the Net Present Value (NPV) of expected premium inflows. This calculation is performed at the starting date of each transaction and is recognised on balance sheet as "Financial guarantees" under "other assets" and "other liabilities".

Subsequent to initial recognition, the Facility's liabilities under such guarantees are measured at the higher of:

- the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee, which is estimated based on all relevant factors and information existing at the date of the statement of financial position.
- the amount initially recognised less cumulative amortisation. The amortisation of the amount initially recognised is done using the actuarial method.

Any increase or decrease in the liability relating to financial guarantees is taken to the statement of profit or loss and other comprehensive income under "fee and commission income".

The Facility's assets under such guarantee are subsequently amortized using the actuarial method and tested for impairment.

In addition, when a guarantee agreement is signed, it is presented as a contingent liability for the Facility and when the guarantee is engaged, as a commitment for the Facility.

2.5.4 Impairment of financial assets

The Facility assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter into bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For the loans outstanding at the end of the financial year and carried at amortised cost, impairments are made when presenting objective evidence of risks of non-recovery of all or part of their amounts according to the original contractual terms or the equivalent value. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income. Interest income continues to be accrued on the reduced carrying amount based on the effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

The Facility conducts the credit risk assessments based on each individual operation and does not consider a collective impairment.

For the available-for-sale financial assets, the Facility assesses at each balance sheet date whether there is objective evidence that an investment is impaired. Objective evidence would include a significant or prolonged decline in the fair value of the investment below its costs. Where there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss and other comprehensive income) is removed from contributors' resources and recognised in the statement of profit or loss and other comprehensive income. Impairment losses on available-for-sale financial assets are not reversed through the statement of profit or loss and other comprehensive income; increases in their fair value after impairment are recognised directly in contributors' resources.

The European Investment Bank's Risk Management reviews financial assets for impairment at least once a year. Resulting adjustments include the unwinding of the discount in the statement of profit or loss and other comprehensive income over the life of the asset, and any adjustments required in respect of a reassessment of the initial impairment.

2.5.5 Derivative financial instruments

Derivatives include cross currency swaps, cross currency interest rate swaps, short term currency swaps ("FX swaps") and interest rate swaps.

In the normal course of its activity, the Facility may enter into swap contracts with a view to hedge specific lending operations or into currency forward contract with a view to hedge its currency positions, denominated in actively traded currencies other than the Euro, in order to offset any gain or loss caused by foreign exchange rate fluctuations.

The Facility does not use any of the hedge possibilities under IAS 39. All derivatives are measured at fair value through the profit or loss and are reported as derivative financial instruments. Fair values are derived primarily from discounted cash-flow models, option-pricing models and from third party quotes.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivative financial instruments are shown in the statement of profit and loss and other comprehensive income under "Fair value change of derivative financial instruments".

Derivatives are initially recognised using the trade date basis.

2.5.6 Contributions

Contributions from Member States are recognised as receivables in the statement of financial position on the date of the Council Decision fixing the financial contribution to be paid by the Member States to the Facility.

The Member States contributions meet the following conditions and are consequently classified as equity:

- as defined in the contribution agreement, they entitle the Member States to decide on the utilisation of the Facility's net assets in the events of the Facility's liquidation;
- they are in the class of instruments that is subordinated to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinated to all other classes of instruments have identical features;
- the instrument does not include any features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Facility over the life of the instrument.

2.5.7 Interest income on loans

Interest on loans originated by the Facility is recorded in the statement of profit or loss and other comprehensive income (‘Interest and similar income’) and on the statement of financial position (‘Loans and receivables’) on an accrual basis using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the loan to the net carrying amount of the loan. Once the recorded value of a loan has been reduced due to impairment, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

Commitment fees are deferred and recognised in income using the effective interest method over the period from disbursement to repayment of the related loan, and are presented in the statement of profit or loss and other comprehensive income within interest and similar income.

2.5.8 Interest subsidies and technical assistance

As part of its activity, the Facility manages interest subsidies and technical assistance on behalf of the Member States.

The part of the Member States contributions allocated to the payment of interest subsidies and TA is not accounted for in the Facility’s contributors’ resources but is classified as amounts owed to third parties. The Facility operates the disbursement to the final beneficiaries and then decreases the amounts owed to third parties.

When amounts contributed with regard to interest subsidies and TA are not fully granted, they are reclassified as contribution to the Facility.

2.5.9 Interest income on cash and cash equivalents

Interest income on cash and cash equivalents is recognised in the statement of profit or loss and other comprehensive income of the Facility on an accrual basis.

2.5.10 Fees, commissions and dividends

Fees received in respect of services provided over a period of time are recognised as income as the services are provided, while fees that are earned on the execution of a significant act are recognised as income when the significant act has been completed. These fees are presented in the statement of profit or loss and other comprehensive income within fee and commission income.

Dividends relating to available-for-sale financial assets are recognised when received and presented in the statement of profit or loss and other comprehensive income within net realised gains on available-for-sale financial assets.

2.5.11 Taxation

The Protocol on the Privileges and Immunities of the European Union, appended to the treaty on the European Union and the treaty of the functioning of the European Union, stipulates that the assets, revenues and other property of the Institutions of the Union are exempt from all direct taxes.

3 Risk Management

This note presents information about the Facility's exposure to and its management and control of credit and financial risks, in particular the primary risks associated with its use of financial instruments. These are:

- credit risk – the risk of loss resulting from client or counterparty default and arising on credit exposure in all forms, including settlement risk;
- liquidity risk – the risk that an entity is not to able to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses;
- market risk – the risk that changes in market prices and rates, such as interest rates, equity prices and foreign exchange rates will affect an entity's income or the value of its holdings in financial instruments.

Risk management organisation

The European Investment Bank adapts its risk management on an ongoing basis.

The Risk Management of EIB independently identifies, assesses, monitors and reports the risks to which the Facility is exposed. Within a framework whereby the segregation of duties is preserved, the Risk Management is independent of the Front Offices. The Director General of Risk Management reports for risk matters, to the designated Vice-President of the European Investment Bank. The designated Vice-President meets regularly with the Audit Committee to discuss topics relating to risks. He is also responsible for overseeing risk reporting to the European Investment Bank's Management Committee and the Board of Directors.

Credit risk

Credit risk is the potential loss that could result from client or counterparty default and arising on credit exposure in all forms, including settlement.

Credit risk policy

In carrying out the credit analysis on loan counterparts, EIB assesses credit risk with a view to quantify and pricing it. The Facility has developed an Internal Rating Methodology (IRM) for corporates or financial institutions to determine the Internal Ratings of its main borrower/guarantor beneficiary counterparts. The methodology is based on a system of scoring sheets tailored for each major credit counterpart type (e.g. Corporates, Banks, Public Sector Entities, etc). Taking into consideration both, Best Banking Practice and the principles set under the Basel International Capital Accord (Basel II), all counterparts that are material to the credit profile of a specific transaction are classified into internal rating categories using the IRM for the specific counterpart type. Each counterpart is initially assigned to an Internal Rating reflecting the counterpart's long-term foreign currency rating following an in-depth analysis of the counterpart's risk profile and its country risk operating context.

The credit assessment of project finance and other structured limited recourse operations is using credit risk tools relevant for the sector, focused mainly on cash flow availability and debt service capacity. These tools include the analysis of projects' contractual framework, counterpart's analysis and cash flow simulations. Similarly to corporates and financial institutions, each project is assigned to an internal risk rating and an expected loss.

All non-sovereign (or non sovereign guaranteed/assimilated) operations are subject to specific transaction-level and counterpart size limits. The maximum nominal amount of transactions are capped by a limit which depends on the transaction expected loss. Counterpart limits are applied to consolidated exposures. Such limits typically reflect the size of counterparts own funds as well as their total external long-term funding.

In order to mitigate credit risk the Facility uses various credit enhancements which are:

- project related securities (e.g., pledge over the shares; pledge over the assets; assignment of rights; pledge over the accounts); or/and
- guarantees, generally provided by the sponsor of the financed project (e.g., completion guarantees, first demand guarantees).

In addition, the Facility uses sometimes credit enhancements which are not immediately correlated to the project risk, like collaterals or bank guarantees.

The Facility does not use any credit derivatives to mitigate credit risk.

Maximum exposure to credit risk without taking into account any collateral and other credit enhancements

The following table shows the maximum exposure to credit risk for the components of the statement of financial position, including derivatives. The maximum exposure is shown gross, before the effect of mitigation through the use of collateral.

Maximum exposure (in EUR'000)	**31.12.2014**	**31.12.2013**
ASSETS		
Cash and cash equivalents	545,399	599,515
Derivative financial instruments	448	1,024
Loans and receivables	1,331,918	1,222,199
Amounts receivable from contributors	42,590	-
Held-to-maturity financial assets	99,988	102,562
Other assets	5,522	148
Total assets	**2,025,865**	**1,925,448**
OFF BALANCE SHEET		
Contingent liabilities		
- Signed non-issued guarantees	25,000	25,000
Commitments		
- Un-disbursed loans	1,161,859	889,866
- Issued guarantees	2,298	4,414
Total off balance sheet	**1,189,157**	**919,280**
Total credit exposure	**3,215,022**	**2,844,728**

Credit risk on loans and receivables

3.2.3.1 Credit risk measurement for loans and receivables

Each and every lending transaction undertaken by the Facility benefits from a comprehensive risk assessment and quantification of expected loss estimates that are reflected in a Loan Grading ("LG"). LGs are established according to generally accepted criteria, based on the quality of the borrower, the maturity of the loan, the guarantee and, where appropriate, the guarantor.

The loan grading (LG) system comprises the methodologies, processes, databases and IT systems supporting the assessment of credit risk in lending operations and the quantification of expected loss estimates. It summarises a large amount of information with the purpose of offering a relative ranking of loans' credit risks. LGs reflect the present value of the estimated level of the "expected loss", this being the product of the probability of default of the main obligors, the exposure at risk and the loss severity in the case of default. LGs are used for the following purposes:

- as an aid to a finer and more quantitative assessment of lending risks;
- as help in distributing monitoring efforts;
- as a description of the loan's portfolio quality at any given date;
- as one input in risk-pricing decisions based on the expected loss.

The following factors enter into the determination of an LG:

The borrower's creditworthiness: Risk Management independently reviews borrowers and assesses their creditworthiness based on internal methodologies and external data. In line with the Basel II Advanced Approach chosen, the Bank has developed an internal rating methodology (IRM) to determine the internal ratings of borrowers and guarantors. This is based on a set of scoring sheets specific to defined counterparty types.

The default correlation: it quantifies the chances of simultaneous financial difficulties arising for both the borrower and the guarantor. The higher the correlation between the borrower and the guarantor's default probabilities, the lower the value of the guarantee and therefore the lower the LG.

The value of guarantee instruments and of securities: this value is assessed on the basis of the combination of the issuer's creditworthiness and the type of instrument used.

The contractual framework: a sound contractual framework will add to the loan's quality and enhance its internal grading.

The loan's duration: all else being equal, the longer the loan, the higher the risk of incurring difficulties in the servicing of the loan.

A loan's expected loss is computed by combining the five elements discussed above. Depending on the level of this loss, a loan is assigned to one of the following LG classes listed below:

A Prime quality loans: there are three sub-categories. A comprises all EU sovereign risks, i.e. loans granted to or fully, explicitly and unconditionally guaranteed by Member States, where no repayment difficulties are expected and for which an unexpected loss of 0% is allocated. A+ denotes loans granted to (or guaranteed by) entities other than Member States, with no expectation of deterioration over their duration. A- includes those lending operations where there is some doubt about the maintenance of their current status (for instance because of a long maturity, or for the high volatility of the future price of an otherwise excellent collateral), but where any downside is expected to be quite limited.

B High quality loans: these represent an asset class with which the bank feels comfortable, although a minor deterioration is not ruled out in the future. B+ and B- are used to denote the relative likelihood of the possibility of such deterioration occurring.

C Good quality loans: an example could be unsecured loans to solid banks and corporates with a 7-year bullet, or equivalent amortising, maturity at disbursement.

D This rating class represents the borderline between "acceptable quality" loans and those that have experienced some difficulties. This watershed in loan grading is more precisely determined by the sub-classifications D+ and D-. Loans rated D- require heightened monitoring.

E This LG category includes loans with a risk profile greater than generally accepted. It also includes loans which in the course of their lives have experienced severe problems and their sliding into a situation of loss cannot be excluded. For this reason, the loans are subject to close and high monitoring. The sub-classes E+ and E- differentiate the intensity of this special monitoring process, with those operations graded E- being in a position where there is a strong possibility that debt service cannot be maintained on a timely basis and therefore some form of debt restructuring is required, possibly leading to an impairment loss.

F F (fail) denotes loans representing unacceptable risks. F- graded loans can only arise out of outstanding transactions that have experienced, after signature, unforeseen, exceptional and dramatic adverse circumstances. All operations where there is a loss of principal to the Facility are graded F and a specific provision is applied.

Generally, loans internally graded D- or below are placed on the Watch List. However, if a loan was originally approved with a risk profile of D- or weaker, it will only be placed on the Watch List as a result of a material credit event causing a further deterioration of its LG classification.

The table in section 3.2.3.3 shows the credit quality analysis of the Facility's loan portfolio based on the various LG classes as described above.

3.2.3.2 Analysis of lending credit risk exposure

The following table shows the maximum exposure to credit risk on loans signed and disbursed by nature of borrower taking into account guarantees provided by guarantors:

At 31.12.2014 **In EUR'000**	**Guaranteed**	**Other credit enhancements**	**Not guaranteed**	**Total**	**% of Total**
Banks	16,457	106,667	571,609	**694,733**	**52%**
Corporates	23,494	93,731	310,396	**427,621**	**32%**
Public institutions	33,279	-	31	**33,310**	**3%**
States	-	4,815	171,439	**176,254**	**13%**
Total disbursed	**73,230**	**205,213**	**1,053,475**	**1,331,918**	**100%**
Signed not disbursed	**121,826**	**117,758**	**922,275**	**1,161,859**	

At 31.12.2013 **In EUR'000**	**Guaranteed**	**Other credit enhancements**	**Not guaranteed**	**Total**	**% of Total**
Banks	18,341	112,178	338,464	**468,983**	**38%**
Corporates	26,315	94,365	417,990	**538,670**	**44%**
Public institutions	29,120	-	31	**29,151**	**2%**
States	-	5,322	180,073	**185,395**	**16%**
Total disbursed	**73,776**	**211,865**	**936,558**	**1,222,199**	**100%**
Signed not disbursed	**14,966**	**117,758**	**757,142**	**889,866**	

Transaction Management and Restructuring is tasked with the responsibility of performing borrower and guarantor monitoring, as well as project-related financial and contractual monitoring. Thus, the creditworthiness of the Facility's loans, borrowers and guarantors are continually monitored, at least annually but more frequently on an as-needed basis and as a function of credit events taking place. In particular, Transaction Management and Restructuring reviews if contractual rights are met and, in case of a rating deterioration and/or contractual default, remedy action is taken. Mitigation measures are pursued, whenever necessary in accordance with the credit risk guidelines. Also, in case of renewals of bank guarantees received for its loans, it is ensured that these are replaced or action is taken in a timely manner.

3.2.3.3 Credit quality analysis per type of borrower

The tables below show the credit quality analysis of the Facility's loan portfolio as at 31 December 2014 and 31 December 2013 by the Loan Grading applications, based on the exposure signed (disbursed and un-disbursed):

At 31.12.2014 **In EUR'000**		**High Grade**	**Standard Grade**	**Min. Accept. Risk**	**High Risk**	**No grading**	**Total**	**% of Total**
		A to B-	**C**	**D+**	**D- and below**			
Borrower	Banks	75,268	7,074	307,049	879,420	336,318	**1,605,129**	**65%**
	Corporates	102,974	7,964	16,713	456,210	-	**583,861**	**23%**
	Public institutions	-	-	33,279	40,031	-	**73,310**	**3%**
	States	-	-	4,815	226,662	-	**231,477**	**9%**
Total		**178,242**	**15,038**	**361,856**	**1,602,323**	**336,318**	**2,493,777**	**100%**

At 31.12.2013 **In EUR'000**		**High Grade**	**Standard Grade**	**Min. Accept. Risk**	**High Risk**	**No grading**	**Total**	**% of Total**
		A to B-	**C**	**D+**	**D- and below**			
Borrower	Banks	65,571	15,434	97,478	689,905	404,129	**1,272,517**	**60%**
	Corporates	6,773	15,970	5,691	520,048	-	**548,482**	**26%**
	Public institutions	-	-	-	69,151	-	**69,151**	**3%**
	States	-	-	-	221,915	-	**221,915**	**11%**
Total		**72,344**	**31,404**	**103,169**	**1,501,019**	**404,129**	**2,112,065**	**100%**

3.2.3.4 Risk concentrations of loans and receivables

3.2.3.4.1 Geographical analysis

Based on the country of borrower, the Facility's loan portfolio can be analysed by the following geographical regions (in EUR'000):

Country of borrower	31.12.2014	31.12.2013
Uganda	161,657	144,816
Kenya	155,168	131,384
Nigeria	137,832	73,469
Regional-ACP	136,182	101,863
Mauritania	95,319	93,455
Jamaica	77,272	68,000
Ethiopia	68,614	75,962
Dominican Republic	64,614	64,015
Tanzania	62,916	26,121
Cameroon	61,067	70,154
Togo	45,780	50,319
Congo (Democratic Republic)	39,786	39,047
Mauritius	35,811	108,511
Mozambique	29,139	26,202
Cape Verde	26,101	27,470
Ghana	16,130	6,365
Rwanda	14,854	6,439
French Polynesia	14,622	13,994
Senegal	12,046	13,063
Malawi	9,945	3,999
Samoa	7,595	8,872
Burkina Faso	7,456	8,944
Haiti	7,379	5,511
Mali	7,207	7,717
Congo	6,919	8,649
Zambia	5,761	6,412
Vanuatu	3,835	5,028
Angola	3,623	6,380
New Caledonia	3,211	3,708
Niger	2,581	3,020
Saint Lucia	2,363	2,102
Palau	2,254	2,224
Grenada	1,996	2,243
Trinidad and Tobago	1,180	-
Micronesia	1,141	-
Liberia	821	364
Tonga	681	1,416
Gabon	528	512
Fiji	474	1,032
Burundi	40	-
Chad	18	-
Lesotho	-	3,417
Total	**1,331,918**	**1,222,199**

3.2.3.4.2 Industry sector analysis

The table below analyses the Facility's loan portfolio by industry sector of the borrower. Operations which are first disbursed to a financial intermediary before being disbursed to the final beneficiary are reported under global loans (in EUR'000):

Industry sector of borrower	**31.12.2014**	**31.12.2013**
Global loans and agency agreements	541,600	337,482
Urban development, renovation and transport	209,849	216,244
Electricity, coal and others	198,604	234,106
Tertiary and other	168,689	148,875
Basic material and mining	108,367	176,909
Roads and motorways	43,993	38,880
Airports and air traffic management systems	33,310	29,116
Materials processing, construction	16,243	20,884
Telecommunications	6,089	11,746
Paper chain	5,156	4,540
Food chain	18	-
Investment goods/consumer durables	-	3,417
Total	**1,331,918**	**1,222,199**

3.2.3.5 Arrears on loans and impairments

Amounts in arrears are identified, monitored and reported according to the procedures defined into the bank wide “Finance Monitoring Guidelines and Procedures”. These procedures are in line with best banking practices and are adopted for all loans managed by the EIB.

The monitoring process is structured in order to make sure that (i) potential arrears are detected and reported to the services in charge; (ii) critical cases are promptly escalated to the right operational and decision level; (iii) regular reporting to management and to relevant external institutions (EU Commission and Member States) is provided on the overall status of arrears and on the recovery measures already taken or to be taken.

The arrears and impairments on loans can be analysed as follows (in EUR’000):

	Notes	Loans and receivables 31.12.2014	Loans and receivables 31.12.2013
Carrying amount		**1,331,918**	**1,222,199**
Individually impaired			
Gross amount		210,338	227,007
Allowance for impairment	7	-152,137	-70,791
Carrying amount individually impaired		**58,201**	**156,216**
Collectively impaired			
Gross amount		-	-
Allowance for impairment		-	-
Carrying amount collectively impaired		**-**	**-**
Past due but not impaired			
Past due comprises			
0-30 days		2,558	1,561
30-60 days		528	-
60-90 days		5	-
90-180 days		-	-
more 180 days		-	-
Carrying amount past due but not impaired		**3,091**	**1,561**
Carrying amount neither past due nor impaired		**1,270,626**	**1,064,422**
Total carrying amount loans and receivables		**1,331,918**	**1,222,199**

3.2.4. Credit risk on cash and cash equivalents

Available funds are invested in accordance with the Facility's schedule of contractual disbursement obligations. As of 31 December 2014 and 31 December 2013, investments were in the form of bank deposits, certificates of deposit and commercial papers.

The authorized entities have a rating similar to the short- and long-term ratings required for the EIB's own treasury placements. The minimum short term rating required for authorised entities is P-1/A-1/F1 (Moody's, S&P, Fitch). In case of different ratings being granted by more than one credit rating agency, the lowest rating governs. The maximum authorized limit for each authorised bank (excluding the operational cash accounts of the Facility) is currently EUR 50,000,000 (fifty million euro).

All investments have been done with authorised entities with a maximum tenor of three months from trading date and up to the credit exposure limit. As at 31 December 2014 and 31 December 2013 all bank deposits, certificates of deposit, commercial papers and cash in hand held by the treasury portfolio of the Facility had a minimum rating of P-1 (Moody's equivalent) at settlement day.

The following table shows the situation of cash and cash equivalents including accrued interest (in EUR'000):

Minimum short-term rating (Moody's term)	Minimum long-term rating (Moody's term)		31.12.2014		31.12.2013
P-1	Aaa	47,937	9%	-	0%
P-1	Aa1	-	0%	48,130	8%
P-1	Aa2	38	0%	48	0%
P-1	Aa3	-	0%	50,000	8%
P-1	A1	137,820	25%	106,572	18%
P-1	A2	359,604	66%	394,765	66%
Total		**545,399**	**100%**	**599,515**	**100%**

3.2.5 Credit risk on derivatives

3.2.5.1 Credit risk policy of derivatives

The credit risk with respect to derivatives is represented by the loss which a given party would incur where the other counterparty to the deal would be unable to honour its contractual obligations. The credit risk associated with derivatives varies according to a number of factors (such as interest and exchange rates) and generally corresponds to only a small portion of their notional value.

In the normal course of its activity, the Facility may enter into swap contracts with a view to hedge specific lending operations or into currency forward contracts, with a view to hedge its currency positions denominated in actively traded currencies other than the Euro. All the swaps are executed by the European Investment Bank with an external counterpart. The swaps are arranged by the same Master Swap Agreements and Credit Support Annexes signed between the European Investment Bank and its external counterparts.

3.2.5.2 Credit risk measurement for derivatives

All the swaps executed by the European Investment Bank that are related to the Facility are treated within the same contractual framework and methodologies applied for the derivatives negotiated by the European Investment Bank for its own purposes. In particular, eligibility of swap counterparts is determined by the European Investment Bank based on the same eligibility conditions applied for its general swap purposes.

The European Investment Bank measures the credit risk exposure related to swaps and derivatives transactions using the Net Market Exposure ("NME") and Potential Future Exposure ("PFE") approach for reporting and limit monitoring. The NME and the PFE fully include the derivatives related to the Investment Facility.

The following table shows the maturities of cross currency swaps and cross currency interest rate swaps, sub-divided according to their notional amount and fair value:

Swap contracts at 31.12.2014 **In EUR'000**	**less than 1 year**	**1 year to 5 years**	**5 years to 10 years**	**more than to 10 years**	**Total 2014**
Notional amount	-	11,606	-	-	**11,606**
Fair Value (i.e. net discounted value)	-	-3,219	-	**-**	**-3,219**

Swap contracts at 31.12.2013 **In EUR'000**	**less than 1 year**	**1 year to 5 years**	**5 years to 10 years**	**more than to 10 years**	**Total 2013**
Notional amount	2,453	2,584	13,491	-	**18,528**
Fair Value (i.e. net discounted value)	19	-62	-1,892	-	**-1,935**

The Facility enters into foreign exchange short term currency swaps ("FX swaps") contracts in order to hedge currency risk on loan disbursements in currencies other than EUR. FX swaps have a maturity of maximum three months and are regularly rolled-over. The notional amount of FX swaps stood at EUR 1,059 million at 31 December 2014 against EUR 700 million at 31 December 2013. The fair value of FX swaps amounts to EUR -10.8 million at 31 December 2014 against EUR -1.5 million at 31 December 2013.

The Facility enters into interest rate swap contracts in order to hedge the interest rate risk on loans disbursed. As at 31 December 2014 there are two interest rate swaps outstanding with a notional amount of EUR 44.7 million (2013: EUR 43.3 million) and a fair value of EUR -0.1 million (2013: EUR 0.9 million).

Credit risk on held-to-maturity financial assets

The following table shows the situation of the held-to-maturity portfolio entirely composed of treasury bills issued by Belgium, France, Italy, Portugal and Spain with remaining maturities of less than three months. EU Member States are eligible issuers. The maximum authorized limit for each authorised issuer is EUR 50,000,000 (fifty million euro). Investments in medium and long-term bonds could also be eligible, according to the investment guidelines and depending on liquidity requirements:

Minimum short-term rating **(Moody's term)**	**Minimum long-term rating** **(Moody's term)**	**31.12.2014**		**31.12.2013**	
P-1	Aa2	-	0%	16,199	16%
P-1	Aa3	-	0%	39,399	38%
NP	Ba2	49,994	50%	-	0%
P-3	Baa3	49,994	50%	46,964	46%
Total		**99,988**	**100%**	**102,562**	**100%**

Liquidity risk

Liquidity risk refers to an enitity's ability to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. It can be split into funding liquidity risk and market liquidity risk. Funding liquidity risk is the risk that an entity will not be able to meet efficiently both expected and unexpected current and future cash flow needs without affecting its daily operations or its financial condition. Market liquidity risk is the risk that an entity cannot easily offset or eliminate a position at the market price because of inadequate market depth or market disruption.

3.1.1 Liquidity risk management

The Facility is primarily funded by annual contributions from Member States (9th and 10th EDF resources) as well as by reflows stemming from the Facility's operations. The Facility manages its funding liquidity risk primarily by planning of its net liquidity needs and the required Member States annual contributions.

Each year, the EC, taking into account EIB's forecasts concerning the management and operations of the Facility, shall establish and communicate to the Council by 15 October a statement of the commitments, payments and the annual amount of the calls for contributions (interest subsidies included) to be made in the current and the following budget years.

In order to calculate Member States' annual contributions, disbursement patterns of the existing and pipelined portfolio is analysed and followed up throughout the year. Special events, such as early reimbursements, sales of shares or default cases are taken into account to correct annual liquidity requirements.

To further minimize the liquidity risk, the Facility maintains a liquidity reserve sufficient to cover at any point in time forecasted cash disbursements, as communicated periodically by EIB's Lending Department. Funds are invested on the money market and bond markets in the form of interbank deposits and other short term financial instruments by taking into consideration the Facility's cash disbursement obligations. The Facility's liquid assets are managed by the Bank's Treasury Department with a view to maintain appropriate liquidity to enable the Facility to meet its obligations.

In accordance with the principle of segregation of duties between the Front and Back Office, settlement operations related to the investment of these assets are under the responsibility of the EIB's Planning and Settlement of Operations Department. Furthermore, the authorisation of counterparts and limits for treasury investments, as well as the monitoring of such limits, are the responsibility of the Bank's Risk Management Directorate.

3.1.2 Liquidity risk measurement

The tables in this section analyse the financial liabilities of the Facility by maturity on the basis of the period remaining between the balance sheet date and the contractual maturity date (based on undiscounted cash flows).

In terms of non-derivative financial liabilities, the Facility holds commitments in form of un-disbursed portions of the credit under signed loan agreements, of un-disbursed portions of signed capital subscription/investment agreements, of loan guarantees granted, or of committed interest subsidies and TA.

Loans under the IF have a disbursement deadline. However, disbursements are made at times and in amounts reflecting the progress of underlying investment projects. Moreover, the IF's loans are transactions performed in a relatively volatile operating environment, hence their disbursement schedule is subject to a significant degree of uncertainty.

Capital investments become due when and as soon as equity fund managers issue valid calls for capital, reflecting the progress in their investment activities. The drawdown period is usually of 3 years, with frequent prolongation by one or two years. Some disbursement commitments usually survive the end of the drawdown period until full disposal of the fund's underlying investments, as the fund's liquidity may be insufficient from time to time to meet payment obligations arising in respect of fees or other expenses.

Guarantees are not subject to specific disbursement commitments unless a guarantee is called. The amount of guarantees outstanding is reduced alongside the repayment schedule of guaranteed loans.

Committed interest subsidies' cash outflows occur in the case of subsidized loans financed by the Bank's own resources. Therefore, reported outflows represent only commitments related to these loans rather than the total amount of committed un-disbursed interest subsidies. As in the case of loans, their disbursement schedule is uncertain.

Committed TA "gross nominal outflow" in the "Maturity profile of non-derivative financial liabilities" table refers to the total un-disbursed portion of signed TA contracts. The disbursement time pattern is subject to a significant degree of uncertainty. Cash outflows classified in the "3 months or less" bucket represent the amount of outstanding invoices received by the reporting date.

Commitments for non-derivative financial liabilities for which there is no defined contractual maturity date are classified under "Maturity Undefined". Commitments, for which there is a recorded cash disbursement request at the reporting date, are classified under the relevant time bucket.

In terms of derivative financial liabilities, the maturity profile represents the contractual undiscounted gross cash flows of swap contracts including cross currency swaps (CCS), cross currency interest rate swaps (CCIRS), short term currency swaps and interest rate swaps.

Maturity profile of non-derivative financial liabilities **In EUR'000 as at 31.12.2014**	**3 months or less**	**More than 3 months to 1 year**	**More than 1 year to 5 years**	**More than 5 years**	**Maturity Undefined**	**Gross nominal outflow**
Outflows for committed but un-disbursed loans	1,576	-	-	-	1,160,283	1,161,859
Outflows for committed investment funds and share subscription	4,584	-	-	-	196,053	200,637
Others (signed non-issued guarantees, issued guarantees)	-	-	-	-	27,298	27,298
Outflows for committed interest subsidies	-	-	-	-	241,890	241,890
Outflows for committed TA	595	-	-	-	18,978	19,573
Total	**6,755**	**-**	**-**	**-**	**1,644,502**	**1,651,257**

Maturity profile of non-derivative financial liabilities **In EUR'000 as at 31.12.2013**	**3 months or less**	**More than 3 months to 1 year**	**More than 1 year to 5 years**	**More than 5 years**	**Maturity Undefined**	**Gross nominal outflow**
Outflows for committed but un-disbursed loans	363	-	-	-	889,503	889,866
Outflows for committed investment funds and share subscription	1,689	-	-	-	175,132	176,821
Others (signed non-issued guarantees, issued guarantees)	-	-	-	-	29,414	29,414
Outflows for committed interest subsidies	-	-	-	-	191,760	191,760
Outflows for committed TA	759	-	-	-	14,707	15,466
Total	**2,811**	**-**	**-**	**-**	**1,300,516**	**1,303,327**

Maturity profile of derivative financial liabilities **In EUR'000 as at 31.12.2014**	**3 months or less**	**More than 3 months to 1 year**	**More than 1 year to 5 years**	**More than 5 years**	**Gross nominal inflow/outflow**
CCS and CCIRS – Inflows	6	2,218	10,036	-	12,260
CCS and CCIRS – Outflows	-	-3,202	-12,809	-	-16,011
Short term currency swaps – Inflows	1,059,000	-	-	-	1,059,000
Short term currency swaps – Outflows	-1,070,677	-	-	-	-1,070,677
Interest Rate Swaps – Inflows	371	1,103	6,495	3,619	11,588
Interest Rate Swaps - Outflows	-	-2,143	-6,373	-3,022	-11,538
Total	**-11,300**	**-2,024**	**-2,651**	**597**	**-15,378**

Maturity profile of derivative financial liabilities **In EUR'000 as at 31.12.2013**	**3 months or less**	**More than 3 months to 1 year**	**More than 1 year to 5 years**	**More than 5 years**	**Gross nominal inflow/outflow**
CCS and CCIRS – Inflows	506	5,183	11,476	2,731	19,896
CCS and CCIRS – Outflows	-539	-5,858	-12,894	-2,819	-22,110
Short term currency swaps – Inflows	700,000	-	-	-	700,000
Short term currency swaps – Outflows	-701,490	-	-	-	-701,490
Interest Rate Swaps – Inflows	232	1,053	6,341	5,720	13,346
Interest Rate Swaps - Outflows	-	-1,874	-6,385	-3,773	-12,032
Total	**-1,291**	**-1,496**	**-1,462**	**1,859**	**-2,390**

Market risk

Market risk represents the risk that changes in market prices and rates, such as interest rates, equity prices and foreign exchange rates will affect an entity's income or the value of its holdings in financial instruments.

3.4.1. Interest rate risk

Interest rate risk arises from the volatility in the economic value of, or in the income derived from, the Facility's interest rate bearing positions due to adverse movements in interest rates.

The Facility's exposure to interest rate risk arises from the volatility in the economic value of its interest bearing assets and micro-hedging swaps.

The Facility measures the sensitivity of its loan portfolio and micro hedging swaps to interest rate risk via a Basis Point Value (BPV) calculation. Micro hedging swaps include CCS, CCIRS and interest rate swaps which are associated with the hedging of specific lending operations.

The BPV measures the gain or loss in the net present value of the relevant portfolio, due to a 1 basis point (0.01%) increase in interest rates tenors ranging within a specified time bucket "money market – up to one year", "very short – 2 to 3 years", "short – 4 to 6 years", "medium – 7 to 11 years", "long – 12 to 20 years" or "extra-long – more than 21 years".

To determine the net present value (NPV) of the loans' cash flows denominated in EUR, the Facility uses the EIB's EUR base funding curve (EUR swap curve adjusted with EIB's global funding spread). The EIB's USD funding curve is used for the calculation of the NPV of loan's cash flows denominated in USD. The NPV of the loans' cash flows denominated in currencies for which a reliable and sufficiently complete discount curve is not available, is determined by using EIB's EUR base funding curve as a proxy.

To calculate the net present value of the micro hedging swaps, the facility uses the EUR swap curve for cash flows denominated in EUR and the USD swap curve for cash flows denominated in USD.

As shown in the following table the net present value of the loan portfolio including related micro-hedging swaps as at 31 December 2014 would decrease by EUR 419k (as at 31 December 2013: decrease by EUR 344k) if all relevant interest rates curves are simultaneously shifted upwards in parallel by 1 basis point.

Basis point value In EUR'000 As at 31.12.2014	**Money Market 1 year**	**Very Short 2 to 3 years**	**Short 4 to 6 years**	**Medium 7 to 11 years**	**Long 12 to 20 years**	**Extra Long 21 years**	**Total**
Total sensitivity of loans and micro hedging swaps	-33	-70	-126	-146	-44	-	-419

Basis point value In EUR'000 As at 31.12.2013	**Money Market 1 year**	**Very Short 2 to 3 years**	**Short 4 to 6 years**	**Medium 7 to 11 years**	**Long 12 to 20 years**	**Extra Long 21 years**	**Total**
Total sensitivity of loans and micro hedging swaps	-25	-57	-90	-124	-48	-	-344

3.4.2. Foreign exchange risk

Foreign exchange ("FX") risk is the volatility in the economic value of, or in the income derived from, the Facility's positions due to adverse movements of foreign exchange rates.

Given a reference accounting currency (EUR for the IF), there is an exposure to FX risk whenever there is a mismatch between assets and liabilities denominated in a non-reference accounting currency. Foreign exchange risk also includes the effect of changes in the value of future cash flows denominated in non-reference accounting currency, e.g. interest and dividend payments, due to fluctuations in exchange rates.

3.4.2.1 Foreign exchange risk and treasury assets

The IF's treasury assets are denominated either in EUR or USD.

FX risk is hedged by means of FX cross currency spot or forward transactions, FX swaps or cross-currency swaps. The EIB's Treasury Department can, where deemed necessary and appropriate, use any other instrument, in line with the Bank's policy, that provide protection against market risks incurred in connection with the IF's financial activities.

3.4.2.2 Foreign exchange risk and operations financed or guaranteed by the IF

Member States' IF contributions are received in EUR. The operations financed or guaranteed by the IF as well as interest subsidies can be denominated in EUR, USD or any other authorized currency.

A foreign exchange risk exposure (against the EUR reference currency) arises whenever transactions denominated in currencies other than the EUR are left un-hedged. The IF's foreign exchange risk hedging guidelines are set out below.

3.4.2.2.1. Hedging of operations denominated in USD

The total outstanding amount of all IF Operations (loans and equity) denominated in USD shall be hedged by means of USD/EUR FX swaps, rolled over on a periodic basis. At the beginning of each period, the cash flows to be received or paid in USD during the next period shall be estimated on the basis of planned or expected reflows/disbursements. Subsequently, the maturing FX swaps shall be rolled over, their amount being adjusted to cover at least the USD liquidity needs projected over the next period.

- A periodic calculation of the overall USD exposure as per the accounting records is performed to adjust, when necessary, the hedge on the next FX swap roll.
- If deemed operationally convenient by the Treasury Department, cross-currency swaps can also be used to hedge specific USD Loans.
- Within a roll-over period, unexpected USD liquidity deficits shall be covered by means of ad hoc FX swap operations while liquidity surpluses shall either be invested in treasury assets or swapped into EUR.

3.4.2.2.2. Hedging of operations denominated in currencies other than EUR or USD

- IF loans denominated in currencies other than EUR and USD shall be hedged through cross-currency swap contracts with the same financial profile as the underlying Loan, provided that a swap market is operational.
- Operations denominated in currencies for which there is no efficient market and FX hedging cannot be undertaken by the Treasury Department are left un-hedged and therefore the IF is exposed to the FX risk incurred thereby. This principle is applied to operations denominated in local currencies (LCs) but settled in EUR or USD.

3.4.2.2.3. Foreign exchange position

The foreign exchange position is presented according to the new financial risk framework that the Risk Management of EIB developed during 2014. Under this framework, which was approved by the IF Committee on 22 January 2015, the net reported FX position is based on accounting figures and defined as the balance between selected assets and liabilities. The assets and liabilities defined in the net reported foreign exchange position are selected so as to ensure that the earnings will only be converted into the reporting currency (EUR) when received.

Under the new framework, the unrealised gains/losses and impairment on available-for-sale financial assets are included in the net reported FX position, as well as impairments on loans and receivables. Derivatives included in the reported FX position are considered at their nominal value instead of their fair value, in order to be aligned with the retained value of the assets, considered also at their nominal value adjusted by the impairment for loans.

The FX position as at 31 December 2013, as presented in these financial statements, has been restated accordingly.

The following tables show the Facility's foreign exchange position (in EUR'000):

INVESTMENT FACILITY

At 31 December 2014 (in EUR'000)	EUR	USD	KES	DOP	TZS	UGX	ACP/OCT Currencies	Total
ASSETS								
Cash and cash equivalents	446,872	98,526	-	-	-	-	-	545,398
Loans and receivables	393,296	697,247	97,921	26,317	52,799	27,029	25,243	1,319,852
Available-for-sale financial assets	65,979	329,472	-	4,949	-	-	2,685	403,085
Amounts receivable from contributors	42,590	-	-	-	-	-	-	42,590
Held-to-maturity financial assets	99,988	-	-	-	-	-	-	99,988
Total assets in the reported FX position	**1,048,725**	**1,125,245**	**97,921**	**31,266**	**52,799**	**27,029**	**27,928**	**2,410,913**
Total assets out of the reported FX position	**6,085**	**6,639**	**2,481**	**1,273**	**613**	**503**	**443**	**18,037**
Total assets	**1,054,810**	**1,131,884**	**100,402**	**32,539**	**53,412**	**27,532**	**28,371**	**2,428,950**
LIABILITIES AND CONTRIBUTORS' RESOURCES								
Liabilities								
Derivative financial instruments	-1,070,606	1,083,166	-	-	-	-	-	12,560
Amount owed to third parties	68,824	-	-	-	-	-	-	68,824
Other liabilities	1,944	29	-	-	-	1	75	2,049
Total liabilities in the reported FX position	**-999,838**	**1,083,195**	**-**	**-**	**-**	**1**	**75**	**83,433**
Total liabilities out of the reported FX position	**31,282**	**2,642**	**-**	**-**	**-**	**-**	**-**	**33,924**
Total liabilities	**-968,556**	**1,085,837**	**-**	**-**	**-**	**1**	**75**	**117,357**
Net reported FX Position	**2,048,563**	**42,050**	**97,921**	**31,266**	**52,799**	**27,028**	**27,853**	**2,327,480**
Contributors' resources								
Member States Contribution called	2,057,000	-	-	-	-	-	-	2,057,000
Fair value reserve	156,122	-	-	-	-	-	-	156,122
Retained earnings	98,471	-	-	-	-	-	-	98,471
Total contributors' resources	**2,311,593**	**-**	**-**	**-**	**-**	**-**	**-**	**2,311,593**
Total liabilities and contributors' resources	**1,343,037**	**1,085,837**	**-**	**-**	**-**	**1**	**75**	**2,428,950**
As at 31 December 2014:								
COMMITMENTS								
Un-disbursed loans and available-for-sale financial assets	1,124,509	237,987	-	-	-	-	-	1,362,496
Issued guarantees	-	-	-	-	-	-	2,298	2,298
Interest subsidies and TA	285,239	-	-	-	-	-	-	285,239
CONTINGENT LIABILITIES								
Signed non-issued guarantees	25,000	-	-	-	-	-	-	25,000

INVESTMENT FACILITY

At 31 December 2013 (in EUR'000)	EUR	USD	KES	DOP	TZS	UGX	ACP/OCT Currencies	Total
ASSETS								
Cash and cash equivalents	542,365	57,142	-	-	-	-	-	599,507
Derivative financial instruments	3,250	-3,060	-	-	-	-	-	190
Loans and receivables	483,066	567,294	64,488	28,117	25,966	25,133	14,138	1,208,202
Available-for-sale financial assets	70,299	252,668	-	6,427	-	-	2,305	331,699
Held-to-maturity financial assets	102,562	-	-	-	-	-	-	102,562
Total assets in the reported FX position	**1,201,542**	**874,044**	**64,488**	**34,544**	**25,966**	**25,133**	**16,443**	**2,242,160**
Total assets out of the reported FX position	**5,109**	**5,968**	**1,623**	**1,336**	**155**	**438**	**358**	**14,987**
Total assets	**1,206,651**	**880,012**	**66,111**	**35,880**	**26,121**	**25,571**	**16,801**	**2,257,147**
LIABILITIES AND CONTRIBUTORS' RESOURCES								
Liabilities								
Derivative financial instruments	-715,278	717,012	-	-	-	-	-	1,734
Amount owed to third parties	331,235	-	-	-	-	-	-	331,235
Other liabilities	1,827	-	-	-	-	-	142	1,969
Total liabilities in the reported FX position	**-382,216**	**717,012**	**-**	**-**	**-**	**-**	**142**	**334,938**
Total liabilities out of the reported FX position	**34,814**	**2,683**	**-**	**-**	**-**	**-**	**-**	**37,497**
Total liabilities	**-347,402**	**719,695**	**-**	**-**	**-**	**-**	**142**	**372,435**
Net reported FX Position	**1,583,758**	**157,032**	**64,488**	**34,544**	**25,966**	**25,133**	**16,301**	**1,907,222**
Contributors' resources								
Member States Contribution called	1,661,309	-	-	-	-	-	-	1,661,309
Fair value reserve	78,191	-	-	-	-	-	-	78,191
Retained earnings	145,212	-	-	-	-	-	-	145,212
Total contributors' resources	**1,884,712**	**-**	**-**	**-**	**-**	**-**	**-**	**1,884,712**
Total liabilities and contributors' resources	**1,537,310**	**719,695**	**-**	**-**	**-**	**-**	**142**	**2,257,147**
As at 31 December 2013:								
COMMITMENTS								
Un-disbursed loans and available-for-sale financial assets	896,655	170,032	-	-	-	-	-	1,066,687
Issued guarantees	-	-	-	-	-	-	4,414	4,414
Interest subsidies and TA	222,588	-	-	-	-	-	-	222,588
CONTINGENT LIABILITIES								
Signed non-issued guarantees	25,000	-	-	-	-	-	-	25,000

3.4.2.3 Foreign exchange sensitivity analysis

As at 31 December 2014 a 10 percent depreciation of EUR versus all non EUR currencies would result in an increase of the contributors' resources amounting to EUR 32.0 million (31 December 2013: EUR 36.7 million). A 10 percent appreciation of the EUR versus all non EUR currencies would result in a decrease of the contributors' resources amounting to EUR 26.2 million (31 December 2013: EUR 30.0 million).

3.4.2.4 Conversion rates

The following conversion rates were used for establishing the balance sheet at 31 December 2014 and 31 December 2013:

	31 December 2014	31 December 2013
Non-EU currencies		
Dominican Republic Pesos (DOP)	53.1988	58.3329
Fiji Dollars (FJD)	2.376	2.5655
Haitian Gourde (HTG)	55.23	60.1459
Kenya Shillings (KES)	109.86	118.73
Mauritania Ouguiyas (MRO)	350.61	398.7
Mauritius Rupees (MUR)	38.46	41.27
Rwanda Francs (RWF)	831.04	926.86
Tanzania Shillings (TZS)	2,096.58	2,179.05
Uganda Shillings (UGX)	3,354.00	3,476.00
United States Dollars (USD)	1.2141	1.3791
Franc CFA Francs (XAF/XOF)	655.957	655.957
South Africa Rand (ZAR)	14.0353	14.566
Mozambican Metical (MZN)	40.04	40.94

3.4.3. Equity price risk

Equity price risk refers to the risk that the fair values of equity investments decrease as the result of changes in the levels of equity prices and/or the value of equity investments.

The IF is exposed to equity price risk via its investments in direct equity and venture capital funds.

The value of non-listed equity positions is not readily available for the purpose of monitoring and control on a continuous basis. For such positions, the best indications available include prices derived from any relevant valuation techniques.

The effects on the Facility's contributors' resources (as a result of a change in the fair value of the available-for-sale equity portfolio) due to a +/-10% change in the value of individual direct equity and venture capital investments, with all other variables held constant, is EUR 40.3 million respectively EUR -40.3 million as at 31 December 2014 (EUR 33.2 million respectively EUR -33.2 million as at 31 December 2013).

4 Fair values of financial instruments

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. These do not include fair value information for financial assets and financial liabilities not carried at fair value if the carrying amount is a reasonable approximation of fair value.

At 31 December 2014	**Carrying amount**						**Fair value**			
In EUR'000	**Held for trading**	**Available-for-sale**	**Cash, loans and receivables**	**Held to maturity**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets carried at fair value:										
Derivative financial instruments	448	-	-	-	-	448	-	448	-	448
Venture Capital Funds	-	385,245	-	-	-	385,245	-	-	385,245	385,245
Direct Equity Investments	-	17,840	-	-	-	17,840	1,159	-	16,681	17,840
Total	**448**	**403,085**	**-**	**-**	**-**	**403,533**	**1,159**	**448**	**401,926**	**403,533**
Financial assets not carried at fair value:										
Cash and cash equivalents	-	-	545,399	-	-	545,399				
Loans and receivables	-	-	1,331,918	-	-	1,331,918	-	1,488,215	-	1,488,215
Amounts receivable from contributors	-	-	42,590	-	-	42,590				
Bonds	-	-	-	99,988	-	99,988	-	99,985	-	99,985
Other assets	-	-	5,522	-	-	5,522				
Total	**-**	**-**	**1,925,429**	**99,988**	**-**	**2,025,417**	**-**	**1,588,200**	**-**	**1,588,200**
Total financial assets	**448**	**403,085**	**1,925,429**	**99,988**	**-**	**2,428,950**				
Financial liabilities carried at fair value:										
Derivative financial instruments	-14,632	-	-	-	-	-14,632	-	-14,632	-	-14,632
Total	**-14,632**	**-**	**-**	**-**	**-**	**-14,632**	**-**	**-14,632**	**-**	**-14,632**
Financial liabilities not carried at fair value:										
Amounts owed to third parties	-	-	-	-	-68,824	-68,824				
Other liabilities	-	-	-	-	-2,591	-2,591				
Total	**-**	**-**	**-**	**-**	**-71,415**	**-71,415**				
Total financial liabilities	**-14,632**	**-**	**-**	**-**	**-71,415**	**-86,047**				

4 Fair values of financial instruments (continued)

Accounting classifications and fair values (continued)

At 31 December 2013	Carrying amount						Fair value			
In EUR'000	**Held for trading**	**Available-for-sale**	**Cash, loans and receivables**	**Held to maturity**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets carried at fair value:										
Derivative financial instruments	1,024	-	-	-	-	1,024	-	1,024	-	1,024
Venture Capital Funds	-	305,642	-	-	-	269,252	-	-	305,642	269,252
Direct Equity Investments	-	26,057	-	-	-	62,447	6,844	-	19,213	62,447
Total	**1,024**	**331,699**	**-**	**-**	**-**	**332,723**	**6,844**	**1,024**	**324,855**	**332,723**
Financial assets not carried at fair value:										
Cash and cash equivalents	-	-	599,515	-	-	599,515				
Loans and receivables	-	-	1,222,199	-	-	1,222,199	-	1,351,244	-	1,351,244
Bonds	-	-	-	102,562	-	102,562	102,549	-	-	102,549
Other assets	-	-	148	-	-	148	-	-	-	-
Total	**-**	**-**	**1,821,862**	**102,562**	**-**	**1,924,424**	**102,549**	**1,351,244**	**-**	**1,453,793**
Total financial assets	**1,024**	**331,699**	**1,821,862**	**102,562**	**-**	**2,257,147**				
Financial liabilities carried at fair value:										
Derivative financial instruments	-3,545	-	-	-	-	-3,545	-	-3,545	-	-3,545
Total	**-3,545**	**-**	**-**	**-**	**-**	**-3,545**	**-**	**-3,545**	**-**	**-3,545**
Financial liabilities not carried at fair value:										
Amounts owed to third parties	-	-	-	-	-331,235	-331,235				
Other liabilities	-	-	-	-	-2,572	-2,572				
Total	**-**	**-**	**-**	**-**	**-333,807**	**-333,807**				
Total financial liabilities	**-3,545**	**-**	**-**	**-**	**-333,807**	**-337,352**				

Measurement of fair values

4.2.1 Valuation techniques and significant unobservable inputs

The table below sets out information about the valuation techniques and significant unobservable inputs used in measuring financial instruments, categorised as level 2 and 3 in the fair value hierarchy:

	Valuation technique	**Significant unobservable inputs**	**Relationship of unobservable inputs to fair value measurement**
Financial instruments carried at fair value			
Derivative financial instruments	Discounted cash flow: Future cash flows are estimated based on forward exchange/interest rates (from observable forward exchange rates and yield curves at the end of the reporting period) and contract forward/interest rates, discounted at a rate that reflects the credit risk of various counterparties.	Not applicable.	Not applicable.
Venture Capital Fund (VCF)	Adjusted net assets method: The fair value is determined by applying either the Facility's percentage ownership in the underlying vehicle to the net asset value reflected in the most recent report adjusted for cash flows or, where available, the precise share value at the same date, submitted by the respective Fund Manager. In order to bridge the interval between the last available Net assets value (NAV) and the year-end reporting, a subsequent event review procedure is performed and if necessary the reported NAV is adjusted.	Adjustment for time elapsed between the last reporting date of the VCF and the measurement date, taking into account: operating expenses and management fees, subsequent changes in the fair value of the VCF's underlying assets, additional liabilities incurred, market changes or other economic condition changes.	The longer the period between the fair value measurement date and the last reporting date of the VCF, the higher the adjustment for time elapsed.
Direct Equity Investment	Adjusted net assets.	Adjustment for time elapsed between the last reporting date of the investee and the measurement date, taking into account: operating expenses, subsequent changes in the fair value of the investee's underlying assets, additional liabilities incurred, market changes or other economic condition changes, capital Increase, sale/ change of control.	The longer the period between the fair value measurement date and the last reporting date of the investee, the higher the adjustment for time elapsed.
		Discount for lack of marketability (liquidity) determined by reference to previous transaction prices for similar equities in the country/region, ranging from 5 to 30%.	The higher the marketability discount, the lower the fair value.
Financial instruments not carried at fair value			
Loans and receivables	Discounted cash flows: The valuation model uses contractual cash flows that are conditional upon the non-occurrence of default by the debtor and do not take into account any collateral values or early repayments' scenarios. To obtain the Net Present Value (NPV) of the loans, the model retained discounts the contractual cash flows of each loan using an adjusted market discount curve. The individual loan NPV is then adjusted to take into consideration the relevant associated Expected Loss. The results are then summed to obtain the fair value of Loans and receivables.	Not applicable.	Not applicable.
Amounts owed to third parties	Discounted cash flows.	Not applicable.	Not applicable.
Other liabilities	Discounted cash flows.	Not applicable.	Not applicable.

With the application of IFRS 13, valuation adjustments are included in the fair value of derivatives at 31 December 2014 and 2013, namely:

- Credit valuation adjustments (CVA), reflecting counterparty credit risk on derivative transactions, amounting to EUR -184k as at 31 December 2014 and to EUR -184k as at 31 December 2013.
- Debit valuation adjustments (DVA), reflecting own credit risk on derivative transactions, amounting to EUR +30k as at 31 December 2014 and EUR nil as at 31 December 2013.

The Facility's policy is to recognise the transfers between Levels as of the date of the event or change in circumstances that caused the transfer.

4.2.2 Transfers between Level 1 and 2

In both 2014 and 2013 the Facility did not make transfers from Level 1 to 2 or Level 2 to 1 of the fair value hierarchy.

4.2.3 Level 3 fair values

Reconciliation of Level 3 fair values

The following tables present the changes in Level 3 instruments for the year ended 31 December 2014 and 31 December 2013:

In EUR'000	**Available-for-sale financial assets**
Balance at 1 January 2014	**324,855**
Gains or losses included in profit or loss:	
- net realised gains on available-for-sale financial assets	8,109
- impairment on available-for-sale financial assets	-2,084
Total	**6,025**
Gains or losses included in other comprehensive income:	
- net change in fair value of available-for-sale financial assets	71,778
Total	**71,778**
Disbursements	42,646
Repayments	-43,378
Balance at 31 December 2014	**401,926**

In EUR'000	**Available-for-sale financial assets**
Balance at 1 January 2013	**322,000**
Gains or losses included in profit or loss:	
- net realised gains on available-for-sale financial assets	5,294
- impairment on available-for-sale financial assets	-2,701
Total	**2,593**
Gains or losses included in other comprehensive income:	
- net change in fair value of available-for-sale financial assets	4,299
Total	**4,299**
Disbursements	34,700
Repayments	-38,737
Balance at 31 December 2013	**324,855**

In both 2014 and 2013 the Facility did not make transfers out or to Level 3 of the fair value hierarchy.

Sensitivity analysis

A +/- 10 percent change at the reporting date to one of the significant unobservable inputs used to measure the fair values of the Venture Capital Funds and Direct Equity Investments, holding other inputs constant, would have the following effects on the other comprehensive income:

At 31 December 2014 (in EUR'000)	Increase	Decrease
Direct Equity Investments	31	-31
Total	**31**	**-31**

At 31 December 2013 (in EUR'000)	Increase	Decrease
Venture Capital Funds	20	-20
Direct Equity Investments	141	-141
Total	**161**	**-161**

5 Cash and cash equivalents (in EUR'000)

The cash and cash equivalents are composed of:

	31.12.2014	31.12.2013
Cash in hand	9,642	194,107
Term deposits	415,757	405,408
Commercial papers	120,000	-
Cash and cash equivalents in the statement of financial position	**545,399**	**599,515**
Accrued interest	-1	-8
Cash and cash equivalents in the cash flow statement	**545,398**	**599,507**

6 Derivative financial instruments (in EUR'000)

The main components of derivative financial instruments, classified as held for trading, are as follows:

At 31 December 2014	Fair Value		Notional amount
	Assets	Liabilities	
Cross currency interest rate swaps	-	-3,219	11,606
Interest rate swaps	448	-564	44,749
FX swaps	-	-10,849	1,059,000
Total derivative financial instruments	**448**	**-14,632**	**1,115,355**

At 31 December 2013	Fair Value		Notional amount
	Assets	Liabilities	
Cross currency swaps	56	-	2,067
Cross currency interest rate swaps	44	-2,035	16,461
Interest rate swaps	924	-	43,335
FX swaps	-	-1,510	700,000
Total derivative financial instruments	**1,024**	**-3,545**	**761,863**

7 Loans and receivables (in EUR'000)

The main components of loans and receivables are as follows:

	Global loans(*)	Senior loans	Subordinated loans	Total
Nominal as at 1 January 2014	**342,113**	**806,007**	**131,632**	**1,279,752**
Disbursements	216,672	31,654	-	248,326
Repayments	-58,417	-107,794	-367	-166,578
Interest capitalised	-	-	11,915	11,915
Foreign exchange rates differences	42,138	52,696	3,463	98,297
Nominal as at 31 December 2014	**542,506**	**782,563**	**146,643**	**1,471,712**
Impairment as at 1 January 2014	**-7,675**	**-12,734**	**-50,382**	**-70,791**
Impairment recorded in statement of profit or loss and other comprehensive income	-	-	-79,249	-79,249
Reversal of impairment	2,586	907	-	3,493
Foreign exchange rates differences	-662	-1,664	-3,264	-5,590
Impairment as at 31 December 2014	**-5,751**	**-13,491**	**-132,895**	**-152,137**
Amortised Cost	-2,562	-5,125	28	-7,659
Interest	7,407	11,930	665	20,002
Loans and receivables as at 31 December 2014	**541,600**	**775,877**	**14,441**	**1,331,918**

(*) including agency agreements

	Global loans(*)	Senior loans	Subordinated loans	Total
Nominal as at 1 January 2013	**254,686**	**789,970**	**133,780**	**1,178,436**
Disbursements	150,513	91,690	-	242,203
Repayments	-51,595	-55,865	-11,700	-119,160
Interest capitalised	-	-342	10,705	10,363
Foreign exchange rates differences	-11,491	-19,446	-1,153	-32,090
Nominal as at 31 December 2013	**342,113**	**806,007**	**131,632**	**1,279,752**
Impairment as at 1 January 2013	**-6,494**	**-14,296**	**-24,355**	**-45,145**
Impairment recorded in statement of profit or loss and other comprehensive income	-1,341	-	-27,081	-28,422
Reversal of impairment	-	1,088	-	1,088
Foreign exchange rates differences	160	474	1,054	1,688
Impairment as at 31 December 2013	**-7,675**	**-12,734**	**-50,382**	**-70,791**
Amortised Cost	-2,109	-3,883	-66	-6,058
Interest	5,154	10,536	3,606	19,296
Loans and receivables as at 31 December 2013	**337,483**	**799,926**	**84,790**	**1,222,199**

(*) including agency agreements

8 Available-for-sale financial assets (in EUR'000)

The main components of available-for-sale financial assets are as follows:

	Venture Capital Funds	Direct Equity Investments	Total
Cost as at 1 January 2014	**256,161**	**23,620**	**279,781**
Disbursements	41,990	656	42,646
Repayments / sales	-38,535	-4,843	-43,378
Foreign exchange rates differences on repayments / sales	168	281	449
Cost as at 31 December 2014	**259,784**	**19,714**	**279,498**
Unrealised gains and losses as at 1 January 2014	**71,931**	**6,260**	**78,191**
Net change in unrealised gains and losses	78,064	-133	77,931
Unrealised gains and losses as at 31 December 2014	**149,995**	**6,127**	**156,122**
Impairment as at 1 January 2014	**-22,450**	**-3,823**	**-26,273**
Impairment recorded in statement of profit or loss and other comprehensive income during the year	-2,084	-4,178	-6,262
Impairment as at 31 December 2014	**-24,534**	**-8,001**	**-32,535**
Available-for-sale financial assets as at 31 December 2014	**385,245**	**17,840**	**403,085**

	Venture Capital Funds	Direct Equity Investments	Total
Cost as at 1 January 2013	**258,426**	**24,238**	**282,664**
Disbursements	33,600	1,100	34,700
Repayments / sales	-37,361	-1,376	-38,737
Foreign exchange rates differences on repayments / sales	1,496	-342	1,154
Cost as at 31 December 2013	**256,161**	**23,620**	**279,781**
Unrealised gains and losses as at 1 January 2013	**59,234**	**9,200**	**68,434**
Net change in unrealised gains and losses	12,697	-2,940	9,757
Unrealised gains and losses as at 31 December 2013	**71,931**	**6,260**	**78,191**
Impairment as at 1 January 2013	**-14,345**	**-3,752**	**-18,097**
Impairment recorded in statement of profit or loss and other comprehensive income during the year	-8,105	-71	-8,176
Impairment as at 31 December 2013	**-22,450**	**-3,823**	**-26,273**
Available-for-sale financial assets as at 31 December 2013	**305,642**	**26,057**	**331,699**

9 Amounts receivable from contributors (in EUR'000)

The main components of amounts receivable from contributors are as follows:

	31.12.2014	31.12.2013
Member States contribution called but not paid	42,590	-
Total amounts receivable from contributors	**42,590**	**-**

10 Held-to-maturity financial assets (in EUR'000)

The held-to-maturity portfolio is composed of quoted bonds which have a remaining maturity of less than three months at reporting date. The following table shows the movements of the held-to-maturity portfolio:

Balance as at 1 January 2014	**102,562**
Acquisitions	1,610,057
Maturities	-1,612,619
Change in amortisation of premium/discount	-12
Balance as at 31 December 2014	**99,988**

Balance as at 1 January 2013	**99,029**
Acquisitions	680,635
Maturities	-676,369
Change in amortisation of premium/discount	228
Change in accrued interest	-961
Balance as at 31 December 2013	**102,562**

11 Other assets (in EUR'000)

The main components of other assets are as follows:

	31.12.2014	31.12.2013
Amount receivable from EIB	5,447	6
Financial guarantees	75	142
Amounts receivable with regard to TA disbursements (Note 21)	-	337
Impairment on amounts receivable with regard to TA disbursements (Note 21)	-	-337
Total other assets	**5,522**	**148**

12 Deferred income (in EUR'000)

The main components of deferred income are as follows:

	31.12.2014	31.12.2013
Deferred interest subsidies	30,750	34,787
Deferred commissions on loans and receivables	560	296
Total deferred income	**31,310**	**35,083**

13 Amounts owed to third parties (in EUR'000)

The main components of amounts owed to third parties are as follows:

	31.12.2014	31.12.2013
Net general administrative expenses payable to EIB	38,348	37,851
Other amounts payable to EIB	44	716
Interest subsidies and TA not yet disbursed owed to Member States	30,432	292,668
Total amounts owed to third parties	**68,824**	**331,235**

14 Other liabilities (in EUR'000)

The main components of other liabilities are as follows:

	31.12.2014	31.12.2013
Loan repayments received in advance	1,973	1,827
Deferred income from interest subsidies	542	603
Financial guarantees	76	142
Total other liabilities	**2,591**	**2,572**

15 Member States Contribution called (in EUR'000)

Member States	Contribution to the Facility	Contribution to interest subsidies and technical assistance (*)	Total contributed	Called and not paid (**)
Austria	54,511	3,808	58,319	1,205
Belgium	80,634	5,633	86,267	1,765
Bulgaria	-	-	-	70
Cyprus	-	-	-	45
Czech Republic	-	-	-	255
Denmark	44,020	3,075	47,095	1,000
Estonia	-	-	-	25
Finland	30,444	2,127	32,571	735
France	499,851	34,917	534,768	9,775
Germany	480,515	33,566	514,081	10,250
Greece	25,713	1,796	27,509	735
Hungary	-	-	-	275
Ireland	12,753	891	13,644	455
Italy	257,948	18,019	275,967	6,430
Latvia	-	-	-	35
Lithuania	-	-	-	60
Luxembourg	5,965	417	6,382	135
Malta	-	-	-	15
Netherlands	107,375	7,500	114,875	2,425
Poland	-	-	-	650
Portugal	19,953	1,394	21,347	575
Romania	-	-	-	185
Slovakia	-	-	-	105
Slovenia	-	-	-	90
Spain	120,129	8,391	128,520	3,925
Sweden	56,156	3,923	60,079	1,370
United Kingdom	261,033	18,234	279,267	-
Total as at 31 December 2014	**2,057,000**	**143,691**	**2,200,691**	**42,590**
Total as at 31 December 2013	**1,661,309**	**433,691**	**2,095,000**	**-**

(*) During 2014 Member States' contributions to interest subsidies and TA of EUR 290,000 under the 9th EDF, earmarked as pre-financing the interest subsidies and TA under the 10th EDF, were reallocated to contribution to the Facility.

(**) On 10 November 2014, the Council fixed the amount of financial contributions to be paid by each Member State by 21 January 2015.

16 Contingent liabilities and commitments (in EUR'000)

	31.12.2014	31.12.2013
Commitments		
Un-disbursed loans	1,161,859	889,866
Un-disbursed commitment in respect of available-for-sale financial assets	200,637	176,821
Issued guarantees	2,298	4,414
Interest subsidies and technical assistance	285,239	222,588
Contingent liabilities		
Signed non-issued guarantees	25,000	25,000
Total contingent liabilities and commitments	**1,675,033**	**1,318,689**

17 Interest and similar income and expenses (in EUR'000)

The main components of interest and similar income are as follows:

	From 01.01.2014 to 31.12.2014	From 01.01.2013 to 31.12.2013
Cash and cash equivalents	543	273
Held-to-maturity financial assets	276	461
Loans and receivables	72,135	64,512
Interest subsidies	4,286	4,347
Total interest and similar income	**77,240**	**69,593**

The main component of interest and similar expenses is as follows:

	From 01.01.2014 to 31.12.2014	From 01.01.2013 to 31.12.2013
Derivative financial instruments	-1,522	-1,175
Total interest and similar expense	**-1,522**	**-1,175**

18 Fee and commission income and expenses (in EUR'000)

The main component of fee and commission income are as follows:

	From 01.01.2014 to 31.12.2014	From 01.01.2013 to 31.12.2013
Fee and commission on loans and receivables	316	2,573
Fee and commission on financial guarantees	78	145
Other	769	10
Total fee and commission income	**1,163**	**2,728**

The main component of fee and commission expenses is as follows:

	From 01.01.2014 to 31.12.2014	From 01.01.2013 to 31.12.2013
Commission paid to third parties with regard to available-for-sale financial assets	-37	-43
Total fee and commission expenses	**-37**	**-43**

19 Net realised gains on available-for-sale financial assets (in EUR'000)

The main components of net realised gains on available-for-sale financial assets are as follows:

	From 01.01.2014 to 31.12.2014	From 01.01.2013 to 31.12.2013
Net proceeds from available-for-sale financial assets	3,179	2,688
Dividend income	4,930	2,606
Net realised gains on available-for-sale financial assets	**8,109**	**5,294**

20 General administrative expenses (in EUR'000)

General administrative expenses represent the actual costs incurred by the EIB for managing the Facility less income generated from standard appraisal fees directly charged by the EIB to clients of the Facility.

	From 01.01.2014 to 31.12.2014	From 01.01.2013 to 31.12.2013
Actual cost incurred by the EIB	-40,912	-40,966
Income from appraisal fees directly charged to clients of the Facility	2,784	3,115
Total general administrative expenses	**-38,128**	**-37,851**

Following the entry in force of the revised Cotonou Partnership Agreement on the 1st of July 2008, general administrative expenses are not covered anymore by the Member States.

21 Impairment on other assets (in EUR'000)

During 2012 the Facility made a technical assistance payment amounting to EUR 638 which due to fraudulent behaviour of the counterparty did not reach the final beneficiary. Following legal interventions, the Facility could recover EUR 301 and the remaining amount outstanding of EUR 337 was recorded as impairment in the Facility's comprehensive income.

In 2014 the outstanding amount of EUR 337 was allocated to the interest rate subsidies and technical assistance envelope of the Facility and was recorded as other income in the Facility's statement of profit or loss and other comprehensive income.

22 Involvement with unconsolidated structured entities (in EUR'000)

Definition of a structured entity

A structured entity is one that has been designed so that voting or similar rights are not the dominant factor in deciding, who controls the-entity. IFRS 12 observes that a structured entity often has some or all of the following features:

- Restricted activities;
- A narrow and well-defined objective, such as to effect a tax-efficient lease, carry out research and development activities, provide a source of capital or funding to an entity or provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;
- Insufficient equity to permit the structured entity to finance its activities without subordinated financial support;
- Financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

Unconsolidated structured entities

The term 'unconsolidated structured entities' refers to all structured entities that are not controlled by the Facility and includes interests in structured entities that are not consolidated.

Definition of Interests in structured entities:

IFRS 12 defines "interests" broadly to include any contractual or non-contractual involvement that exposes the reporting entity to variability in returns from the performance of the entity. Examples of such interests include the holding of equity interests and other forms of involvement such as the provision of funding, liquidity support, credit enhancements, commitments and guarantees to the other entity. IFRS 12 states that a reporting entity does not necessarily have an interest in another entity solely because of a typical customer supplier relationship.

The table below describes the types of structured entities that the Facility does not consolidate but in which it holds an interest.

Type of structured entity	Nature and purpose	Interest held by the Facility
Project Finance - lending to Special Purposes Vehicles (“SPV”)	Project Finance Transactions (PF Operations) are transactions where the Facility relies for the servicing of its debt on a borrower whose sole or main source of revenue is generated by a single or limited number of assets being financed by such debt or other pre-existing assets contractually linked to the project. PF operations are often financed through SPV.	Net disbursed amounts Interest income
Venture capital operations	The Facility finances venture capital and investment funds. Venture capital and investment funds pool and manage money from investors seeking private equity stakes in small and medium-size enterprises with strong growth potential as well as financing infrastructure projects.	Investments in units/shares issued by the venture capital entity; Dividends received as dividend income;

The table below shows the carrying amounts of unconsolidated structured entities in which the Facility has an interest at the reporting date, as well as the Facility's maximum exposure to loss in relation to those entities. The maximum exposure to loss includes the carrying amounts and the related un-disbursed commitments.

Type of structured entity	Caption	Carrying amount at 31.12.2014	Maximum exposure to loss at 31.12.2014
Project finance operations	Loans and receivables	7,225	7,225
Venture capital funds	Available-for-sale financial assets	385,245	555,629
Total		**392,470**	**562,854**

23 Subsequent events

There have been no material post balance sheet events which could require disclosure or adjustment to the 31 December 2014 financial statements.