



European  
Commission

ISSN 2529-668X

# Consolidated annual accounts of the European Union

#EUBUDGET

FINANCIAL YEAR

2023

---

2023 INTEGRATED FINANCIAL AND  
ACCOUNTABILITY REPORTING

Budget

The European Commission is not liable for any consequence stemming from the reuse of this publication.

Luxembourg: Publications Office of the European Union, 2024

© European Union, 2024



The reuse policy of European Commission documents is implemented based on Commission Decision 2011/833/EU of 12 December 2011 on the reuse of Commission documents (OJ L 330, 14.12.2011, p. 39). Except otherwise noted, the reuse of this document is authorised under a Creative Commons Attribution 4.0 International (CC-BY 4.0) licence (<https://creativecommons.org/licenses/by/4.0/>). This means that reuse is allowed provided appropriate credit is given and any changes are indicated.

For any use or reproduction of elements that are not owned by the European Union, permission may need to be sought directly from the respective rightholders.

All photos © European Union, unless otherwise stated.

Print	ISBN 978-92-68-14539-5	ISSN 1830-5830	doi:10.2761/275695	KV-AF-24-001-EN-C
PDF	ISBN 978-92-68-14538-8	ISSN 2529-668X	doi:10.2761/62895	KV-AF-24-001-EN-N



Brussels, 25.6.2024  
COM(2024) 272 final

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

**CONSOLIDATED ANNUAL ACCOUNTS OF THE EUROPEAN UNION FOR THE  
FINANCIAL YEAR 2023**

## CONTENTS

FOREWORD .....	2
FINANCIAL HIGHLIGHTS OF THE YEAR .....	3
NOTE ACCOMPANYING THE CONSOLIDATED ACCOUNTS.....	35
CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES .....	36
BALANCE SHEET .....	38
STATEMENT OF FINANCIAL PERFORMANCE.....	39
CASHFLOW STATEMENT .....	40
STATEMENT OF CHANGES IN NET ASSETS .....	41
NOTES TO THE FINANCIAL STATEMENTS .....	42
BUDGETARY IMPLEMENTATION REPORTS AND EXPLANATORY NOTES .....	137
GLOSSARY .....	202
LIST OF ABBREVIATIONS .....	206

# FOREWORD



The year 2023 once again confirmed that European unity and solidarity are the European Union's strongest assets. We continued to stand by our partners in Ukraine and supported them in their response to Russia's brutal war and continued aggressions.

To mitigate the consequences of the war and of other global political developments, we proposed a Mid-Term Revision of the Multiannual Financial Framework concentrating on the most pressing political priorities:

- Strong and stable support to Ukraine in the form of the Ukraine Facility,
- fostering European competitiveness through the Strategic Technologies for Europe Platform,
- means to respond to migration and external challenges,
- increased resources for crisis management,
- a robust mechanism to ensure the repayment of NextGenerationEU lending under increased interest rates.

Through a mix of redeployments within the EU budget and additional resources, EU leaders endorsed all the political priorities the Commission had identified on 1 February 2024 at a special European Council.

2023 also saw a strong continuation of the EU's borrowing and lending activities. An additional EUR 110.5 billion were raised on financial markets for EU policy programmes and financial assistance to third countries. This allowed the EU to provide Ukraine with EUR 18 billion support in monthly tranches of EUR 1.5 billion to ensure public services in the country can continue to serve their citizens.

NextGenerationEU continued to drive the green and digital transition of the EU. The mid-term evaluation of the Recovery and Resilience Facility showed that it had helped 1.3 million Europeans find a job. Member States' Recovery and Resilience Plans have exceeded the minimum targets for digital and green spending, and more than 1150 milestones and targets had already been fulfilled.

In addition to crisis response and related activities, the EU budget continued to deliver on its overall policy objectives. The third year of the current MFF 2021-2027 saw commitment implementation amounting to EUR 332.3 billion – making the best use of the available annual budget.

The EU budget continues to be the concrete expression of European solidarity both among EU Member States and towards our international partners. It is my pleasure to present the 2023 annual accounts of the European Union which lay out its impact in detail. The accounts provide a full overview of the EU finances, including information on contingent liabilities, financial commitments, and other obligations of the Union, as well as on the implementation of the EU budget for the past year. The consolidated annual accounts of the European Union are part of the Commission's integrated financial and accountability reporting package and form an essential part of our highly developed system of fiscal transparency and accountability.

**Johannes Hahn**

**Commissioner for Budget and Human Resources**

## FINANCIAL HIGHLIGHTS OF THE YEAR

*The objective of this Financial Highlights section, which has been prepared on the basis of the principles outlined in the IPSASB Recommended Practice Guideline (RPG) 2 'Financial Statement Discussion and Analysis' is to assist readers to understand how the operational, financial and investment activities of the EU are reflected in the different elements of the consolidated financial statements of the EU. The information presented in this section has not been audited.*

*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

1.	KEY FIGURES AND HIGHLIGHTS OF THE YEAR.....	5
2.	THE 2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK, NextGenerationEU and support to Ukraine .....	7
3.	NGEU Implementation .....	10
4.	BUDGETARY CONTINGENT LIABILITIES .....	13
4.1.	Borrowing and lending activities .....	13
4.2.	Budgetary guarantees .....	18
4.3.	Common Provisioning Fund.....	19
5.	FINANCIAL STATEMENTS ANALYSIS .....	20
5.1.	Revenue .....	20
5.2.	Expenses .....	21
5.3.	Assets .....	22
5.4.	Liabilities .....	25
6.	SUMMARY OF BUDGET IMPLEMENTATION .....	27
6.1.	Revenue .....	27
6.2.	Expenditure .....	28
7.	EU POLITICAL AND FINANCIAL FRAMEWORK, GOVERNANCE AND ACCOUNTABILITY .....	31
7.1.	Political and financial framework .....	31
7.2.	Governance and accountability.....	32

# 1. KEY FIGURES AND HIGHLIGHTS OF THE YEAR

## Consolidated financial statements

The consolidated financial statements of the EU comprise more than 50 entities (including the European Parliament, the Council, the Commission and EU agencies). They are prepared on the basis of accrual-based accounting rules adopted by the Accounting Officer of the Commission, these rules being based on International Public Sector Accounting Standards (IPSAS).

As can be seen on the balance sheet below and further detailed in the Financial Statements Analysis (section 5), the 2023 EU consolidated financial statements were particularly marked by an increase of borrowings due to the continued implementation of NextGenerationEU, as well as the additional financial support provided to Ukraine:

EUR billion

	2023	2022
<b>ASSETS</b>		
Financial Assets	285.4	235.4
Pre-financing	91.7	100.5
Receivables	35.2	48.2
Cash and cash equivalents	39.6	46.5
Property, Plant and Equipment and other assets	15.8	15.2
<b>Total</b>	<b>467.7</b>	<b>445.9</b>
<b>LIABILITIES</b>		
Post-employment benefits	90.8	80.6
Financial liabilities	458.4	352.3
Payables	50.5	55.3
Accruals	76.8	86.2
Other liabilities	3.3	2.8
<b>Total</b>	<b>679.8</b>	<b>577.2</b>
<b>NET ASSETS</b>		
Reserves	1.1	1.3
Amounts to be called from Member States	(213.2)	(132.6)
<b>Total</b>	<b>(212.2)</b>	<b>(131.3)</b>

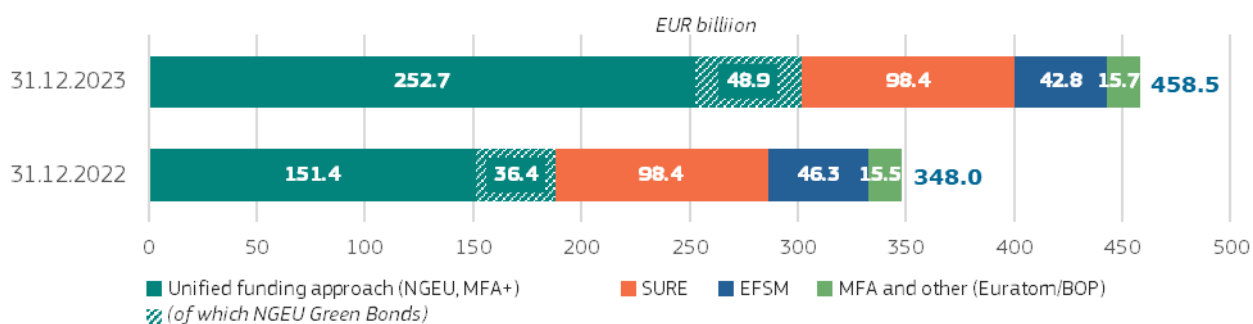
➔ see Financial Statement Analysis, section 5



## Key developments in 2023

Continuing the successful track record of issuing EU-Bonds, EU-Bills and NGEU Green Bonds

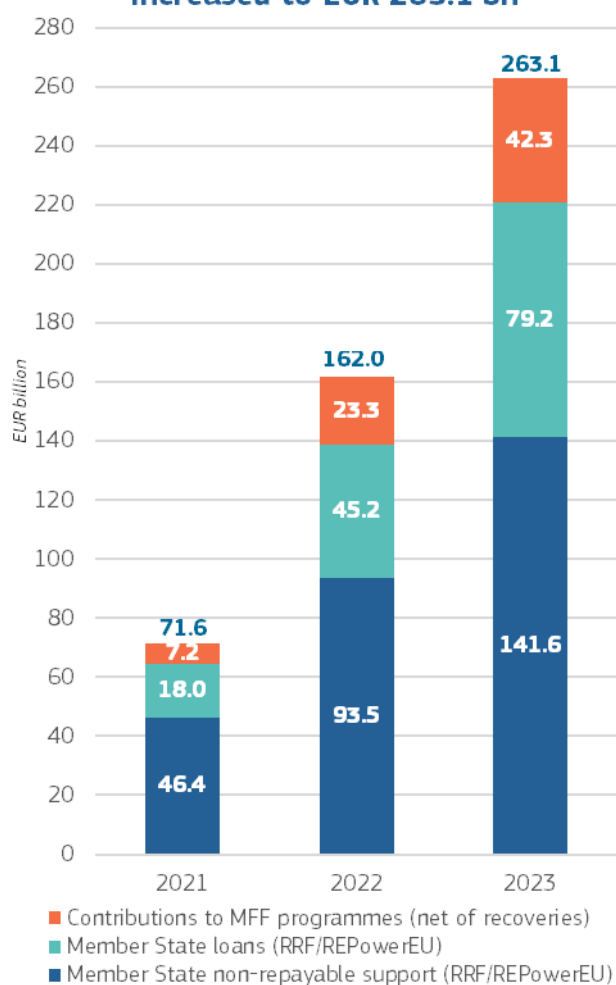
### EUR 110.5 bn of additional funding for EU policy programmes and financial assistance:



→ see section 4

### Delivering on the NGEU objectives

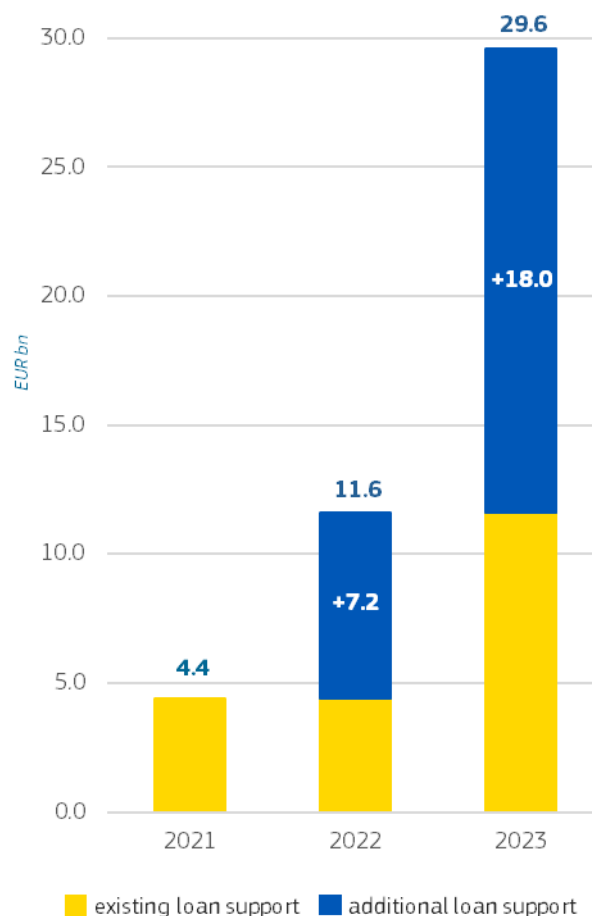
#### Total NGEU disbursements increased to EUR 263.1 bn



→ see section 3

### Providing financial assistance to Ukraine

#### MFA loan support to Ukraine increased to EUR 29.6 bn

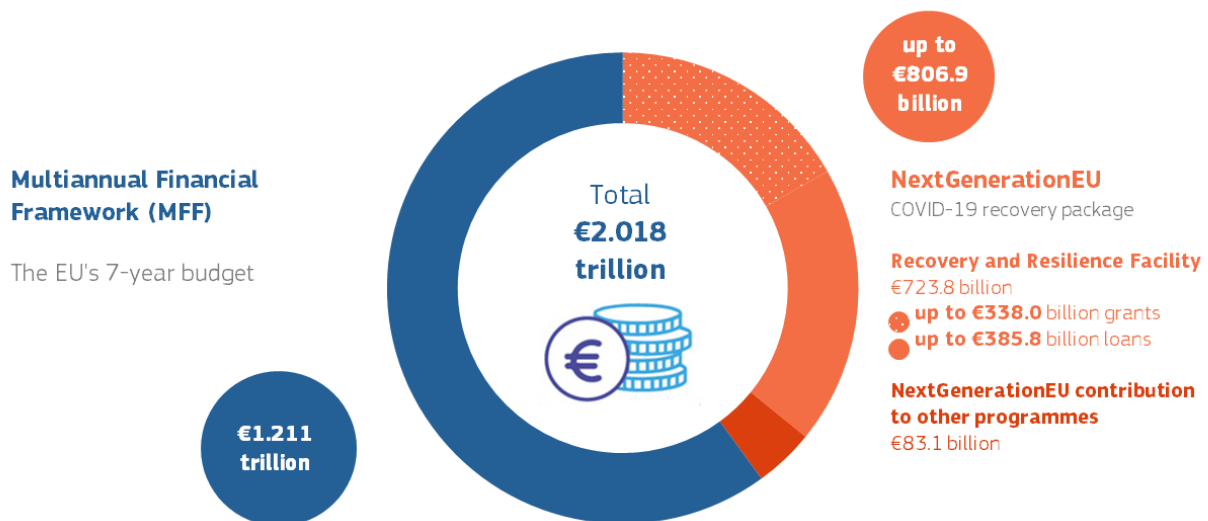


→ see section 4

## 2. THE 2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK, NextGenerationEU and support to Ukraine

The EU's 2021-2027 long-term budget, together with the NextGenerationEU (NGEU) recovery instrument, as adopted, amounts to EUR 2.018 trillion in current prices (EUR 1.8 trillion in 2018 prices).

The package consists of the long-term budget, the 2021-2027 multiannual financial framework (MFF), made up of EUR 1.211 trillion in current prices (EUR 1.074 trillion in 2018 prices), combined with the temporary recovery instrument NGEU of an initial amount of up to EUR 806.9 billion in current prices (EUR 750 billion in 2018 prices). This initial amount has been adjusted to EUR 712 billion, as the total available loan support was not fully requested by the Member States.



Note: All amounts are in current prices.

The budget has been designed as a response to Europe's priorities and most urgent needs:

- More than 50% of the total amount of the next long-term budget and NGEU will support the modernisation of the European Union through research and innovation, fair climate and digital transitions, preparedness, and recovery and resilience actions;
- 30% of the EU budget will be spent to fight climate change – the highest share of the largest EU budget ever;
- 20% of the Recovery and Resilience Facility (RRF) – which accounts for 90% of NGEU – will be invested in digital transformation;
- In 2026 and 2027, 10% of the annual spending under the long-term budget will contribute to halting and reversing the decline of biodiversity; and
- For the first time ever, new and reinforced priorities have the highest share within the long-term budget, 32%.

### Revision of the EU budget 2021-2027

Since the adoption of the 2021-2027 long-term EU budget in 2020, the EU has faced unprecedented and unforeseen crises: from Russia's war of aggression against Ukraine and its consequences, to the acceleration of inflation and interest rates, to migration and external challenges such as the Middle East Conflict. Tackling these multiple challenges has stretched the resources of the EU budget to the limit, hampering its ability to address even the most pressing challenges. To ensure that the EU budget can continue to deliver on its key objectives, the European Commission proposed in June 2023 to strengthen the EU's long-term budget.

On 1 February 2024, EU leaders endorsed all the priorities of the Commission's proposal and agreed on the first-ever revision of the EU's long-term budget – which was also approved by the European Parliament on 27 February 2024. The key elements include:

- Critical support for Ukraine: A new Ukraine Facility, based on grants, loans, and guarantees, with a total capacity of EUR 50 billion over the period 2024-2027, will address Ukraine's immediate needs, reconstruction, and modernisation on its path towards the EU.
- Strengthening sovereignty and competitiveness: The Strategic Technologies for Europe Platform (STEP) will boost the EU's long-term competitiveness in critical technologies, digital and deep tech, clean tech, and biotech, with new flexibilities and incentives for cohesion funding and the Recovery and Resilience Facility, and a EUR 1.5 billion top-up to the European Defence Fund.
- Further action on Migration and external challenges: An increase of EUR 9.6 billion will support the internal and external dimensions of migration and help partners in the Western Balkans, southern neighbourhood and beyond.
- Stronger response to unforeseen crisis: To enable the EU budget to continue to respond to unforeseen circumstances – such as the energy crisis, food crises and the aftermath of Russia's war amid rising inflation and interest costs – the Flexibility Instrument will be reinforced by EUR 2 billion while the ceiling of the Emergency Aid Reserve will be increased by EUR 1.5 billion and split into two separate instruments: the European Solidarity Reserve and the Emergency Aid Reserve.
- More crisis resilience: A three-step emergency mechanism and a new instrument will provide clarity on the budgetary mechanisms for financing the costs associated with NextGenerationEU.
- The revision will be financed through a combination of new resources and redeployment within the EU budget. This will allow the EU to continue to address the most pressing priorities while minimising the impact on national budgets, to the benefit of European citizens and beyond.

The revision entered into force on 1 March 2024 and applies retroactively to the EU budget since 1 January 2024.

### NextGenerationEU

With an initial budget of up to EUR 806.9 billion, NGEU is designed to help repair the immediate economic and social damage brought about by the coronavirus pandemic, thus building a post-COVID-19 Europe that is greener, more digital, more resilient and better fit for the current and forthcoming challenges. The majority of the funds are channeled through the Recovery and Resilience Facility (RRF). Part of the funds, up to EUR 338.0 billion, are provided in the form of non-repayable support, or grants. The other part, up to EUR 385.8 billion, is used to provide loans from the Union to individual Member States. The deadline for Member States to request loans expired in August 2023, meaning that EUR 94.9 billion of loans can no longer be disbursed. As a result, the total amount for loans is now EUR 290.9 billion, and the adjusted total envelope for non-repayable support and loans EUR 712 billion. These loans will be repaid by those Member States starting only after the current MFF period and extending over a long time period (from 2032 to 2053, see section **3.1.3**). In addition, NGEU reinforces several existing EU programmes and policies, as follows:

- The Cohesion policy under the recovery assistance for cohesion and the territories of Europe (REACT-EU), to help address the economic consequences of COVID-19 in the first years of the recovery;
- The Just Transition Fund, to guarantee that the transition to climate neutrality works for all;
- The European Agricultural Fund for Rural Development, to further support farmers;
- InvestEU, to support the investment efforts of our businesses;
- Horizon Europe, to make sure the EU has the capacity to fund more excellence in research; and
- RescEU, safeguards that the EU Civil Protection Mechanism has the capacity to respond to largescale emergencies.

In addition, RRF grants are now supplemented by the inclusion of REPowerEU measures, also financed by Emissions Trading Scheme (ETS) revenues and Brexit Adjustment Reserve (BAR) allocations, together with NGEU allocations. For NGEU loans, EUR 290.9 billion has been requested by Member States in total which includes REPowerEU elements. Please see section **3** for further detailed information on the NGEU implementation and section **4** on the borrowing via the Unified funding approach.

## Support to Ukraine

Since the beginning of Russia's war of aggression against Ukraine, the EU budget has massively stepped up to support the EU's crisis response in Ukraine on all fronts. More concretely, in a 'Team Europe' approach, the EU, its Member States and financial institutions, had by the end of 2023 together mobilised over EUR 88 billion in overall support for Ukraine and its people, in a clear expression of the EU's continued solidarity. This includes:

- EUR 43.3 billion in financial assistance, budget support and humanitarian assistance, enabled by the EU budget and directly from EU Member States in grants, loans and guarantees (of which, EUR 25.2 billion in new macro-financial assistance loans to support Ukraine's economy, fully disbursed at the end of 2023);
- EUR 28 billion in military assistance provided directly by EU Member States, including EUR 6.1 billion through the European Peace Facility (this support is not part of the EU budget); and
- EUR 17 billion made available by the EU and its Member States to support people fleeing Ukraine.

In addition, the new Ukraine Facility stands as a dedicated financing instrument to provide coherent, predictable as well as flexible support to Ukraine foreseeing up to EUR 50 billion from 2024 to 2027, of which EUR 33 billion in loans and EUR 17 billion in non-repayable support, to help Ukraine resist the aggression and rebuild a modern, prosperous country.

## 3. NGEU Implementation

### 3.1.1. Overview

Up to year-end 2023, the Commission disbursed a total of EUR 263.1 billion of financial support (2022: EUR 162.0 billion). The majority of this amount, EUR 220.8 billion, was disbursed under the RRF (including support for REPowerEU reforms and investments), with EUR 141.6 billion disbursed as non-repayable support and EUR 79.2 billion disbursed as financial loan support. A further EUR 42.3 billion (net of recoveries of EUR 1.0 billion) was disbursed as MFF payments under existing programmes.

### 3.1.2. Disbursements of non-repayable support under the RRF/REPowerEU

The total non-repayable support approved and legally committed under the 27 Member States' recovery and resilience plans amounts to EUR 356.8 billion. Out of this amount, EUR 337.9 billion relates to the original RRF allocation. The remaining amount of EUR 18.9 billion comprises the allocations from the Emissions Trading Scheme (ETS) of EUR 17.3 billion and the transfers from the Brexit Adjustment Reserve of EUR 1.6 billion, both of which will be used to support REPowerEU reforms and investments. In the case of Spain and Portugal, the remaining part of the original RRF allocation, amounting to EUR 2.6 billion and EUR 0.1 billion respectively, will also be used to support REPowerEU reforms and investments. The budgetary commitments at 31 December 2023 amounted to EUR 356.4 billion.

By year-end 2023, the Commission had disbursed a total of EUR 141.6 billion of non-repayable support to 23 Member States (2022: EUR 93.5 billion to 22 Member States). With EUR 139.9 billion, almost all of this amount related to milestone and target payments under the RRF. The remainder of EUR 1.7 billion was disbursed as pre-financing under REPowerEU:

EUR billion

Member State	Total value of grants*	of which RRF allocation	of which ETS/BAR allocation	Budgetary commitments 31.12.2023 <sup>†</sup>	Disbursed under RRF	Disbursed under REPowerEU	Total disbursed 31.12.2023
Austria	4.0	3.8	0.2	4.0	1.1	0.0	1.2
Belgium	5.0	4.5	0.5	4.9	0.8	-	0.8
Bulgaria	5.7	5.7	-	5.7	1.4	-	1.4
Croatia	5.8	5.5	0.3	5.8	2.9	-	2.9
Cyprus	1.0	0.9	0.1	1.0	0.2	-	0.2
Czechia	8.4	7.7	0.7	8.4	1.8	0.1	2.0
Denmark	1.6	1.4	0.2	1.6	0.5	0.0	0.5
Estonia	1.0	0.9	0.1	1.0	0.4	0.0	0.4
Finland	1.9	1.8	0.1	1.9	0.3	-	0.3
France	40.3	37.4	2.8	40.3	22.8	0.6	23.4
Germany	28.0	28.0	-	28.0	6.2	-	6.2
Greece	18.2	17.4	0.8	18.2	7.4	-	7.4
Hungary	6.5	5.8	0.7	6.5	-	-	-
Ireland	0.9	0.9	-	0.9	-	-	-
Italy	71.8	69.0	2.8	71.8	41.0	-	41.0
Latvia	2.0	1.8	0.1	2.0	0.4	-	0.4
Lithuania	2.3	2.1	0.2	2.3	0.8	0.0	0.9
Luxembourg	0.1	0.1	-	0.1	0.0	-	0.0
Malta	0.3	0.3	0.1	0.3	0.1	0.0	0.1
Netherlands	5.4	4.7	0.7	5.3	-	-	-
Poland	25.3	22.5	2.8	25.3	-	0.6	0.6
Portugal <sup>††</sup>	16.3	15.5	0.8	16.3	5.9	0.2	6.1
Romania	13.6	12.1	1.4	13.6	5.5	-	5.5
Slovakia	6.4	6.0	0.4	6.4	2.6	0.1	2.7
Slovenia	1.6	1.5	0.1	1.6	0.5	0.0	0.5
Spain <sup>††</sup>	79.9	77.2	2.6	79.9	37.0	-	37.0
Sweden	3.4	3.2	0.3	3.4	-	-	-
<b>Total</b>	<b>356.8</b>	<b>337.9</b>	<b>18.9</b>	<b>356.4</b>	<b>139.9</b>	<b>1.7</b>	<b>141.6</b>

Notes to table on previous page:

\* Amounts corresponding to the financial allocation after deduction of the Member State's proportional share of the expenses referred to in Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology set out in Article 11 and Annex IVa of that Regulation.

† Budgetary commitments take into account all decommitments including those related to commitments made before 2023. Out of the total budgetary commitments EUR 122.0 billion was committed in 2023.

†† In the case of Spain and Portugal, an amount of EUR 2.6 billion and EUR 0.1 billion, respectively, of the original RRF allocation will be used to support REPowerEU reforms and investments.

During 2023 the Commission disbursed non-repayable support totalling EUR 48.0 billion (2022: EUR 47.2 billion). This amount mainly comprised the RRF milestone and target payments to Italy (third and fourth payments: EUR 12.0 billion), France (second payment: EUR 10.3 billion), Spain (third payment: EUR 6.0 billion), Germany (first payment: EUR 4.0 billion), Portugal (second, third and fourth payments: EUR 3.6 billion), Greece (second and third payments: EUR 3.4 billion) and Romania (second payment: EUR 1.9 billion).

### 3.1.3. Disbursements of loans under the RRF/REPowerEU

The total financial loan support approved under the plans amounts to EUR 290.9 billion (2022: EUR 165.3 billion). The whole amount is covered by signed loan agreements (2022: EUR 153.9 billion).

By year-end 2023, the Commission had disbursed EUR 79.2 billion of financial loan support to nine Member States (2022: EUR 45.2 billion to five Member States). Out of this amount, EUR 73.8 billion related to financial loan support provided under the RRF (2022: EUR 45.2 billion) and EUR 5.4 billion related to financial loan support provided under REPowerEU (2022: n. a.):

Member State	Total granted	of which RRF support	of which REPowerEU support	Total signed at 31.12.2023	Disbursed for RRF 31.12.2023	Disbursed for REPowerEU 31.12.2023	EUR billion	
							Total outstanding at 31.12.2023	
Belgium	0.3	0.0	0.2	0.3	-	-	-	-
Croatia	4.3	1.6	2.6	4.3	-	-	-	-
Cyprus	0.2	0.2	-	0.2	0.0	-	0.0	0.0
Czechia	0.8	0.8	-	0.8	-	-	-	-
Greece	17.7	17.7	-	17.7	7.3	-	7.3	7.3
Hungary	3.9	0.0	3.9	3.9	-	0.8	0.8	0.8
Italy	122.6	114.2	8.4	122.6	60.9	-	60.9	60.9
Lithuania	1.6	1.0	0.5	1.6	-	0.1	0.1	0.1
Poland	34.5	12.0	22.5	34.5	-	4.5	4.5	4.5
Portugal	5.9	5.9	-	5.9	1.7	-	1.7	1.7
Romania	14.9	14.4	0.6	14.9	3.6	-	3.6	3.6
Slovenia	1.1	1.1	-	1.1	0.3	-	0.3	0.3
Spain	83.2	81.5	1.7	83.2	-	-	-	-
<b>Total</b>	<b>290.9</b>	<b>250.4</b>	<b>40.5</b>	<b>290.9</b>	<b>73.8</b>	<b>5.4</b>	<b>79.2</b>	<b>79.2</b>

During 2023 the Commission provided new financial loan support of EUR 34.1 billion, out of which EUR 28.7 billion were RRF loan instalments following the fulfilment of milestones and targets. Another EUR 5.4 billion were disbursements for REPowerEU loans pre-financing. The main disbursements were the third and fourth RRF instalments to Italy (EUR 23 billion), the REPowerEU pre-financing to Poland (EUR 4.5 billion) and the second and third RRF instalments to Greece (EUR 3.8 billion).

According to the loan agreements, the Member States will repay annually 5% of the disbursed amounts starting ten years after the disbursement date. This results in a repayment period from 2032 to 2053.

## 3.1.4. NGEU contributions to other programmes under the EU budget

By year-end 2023, the total net payments disbursed to other programmes under the MFF amounted to EUR 42.3 billion (2022: EUR 23.3 billion). This contribution, which is net of recoveries of EUR 1.0 billion (2022: 0.2 billion), mainly related to REACT-EU which finances the European Regional Development Fund (ERDF) and the European Social Fund (ESF, including FEAD):

EUR billion

MFF-Programme	Total allocation	Total net commitments 31.12.2023	Total net payments 31.12.2023
REACT-EU	50.6	50.6	31.4
- of which ERDF	30.0	30.0	20.9
- of which ESF (incl. FEAD)	20.6	20.6	10.4
Just Transition Fund	10.9	10.8	0.3
Rural Development (EAFRD)	8.1	8.1	3.3
InvestEU	6.1	6.1	2.6
Horizon Europe	5.4	5.4	3.8
RescEU	2.0	2.0	0.9
<b>Total</b>	<b>83.1</b>	<b>82.9</b>	<b>42.3</b>

During 2023, the Commission disbursed payments to other MFF programmes totalling EUR 19.0 billion. This amount comprised the payments relating to REACT-EU (EUR 13.1 billion, of which EUR 7.3 billion under the ERDF and EUR 5.8 billion under the ESF, including FEAD), Rural Development (EUR 2.0 billion), Horizon Europe (EUR 1.9 billion), InvestEU (EUR 1.2 billion), RescEU (0.6 billion) and the Just Transition Fund (0.1 billion).

## 4. BUDGETARY CONTINGENT LIABILITIES

In the recent years, the EU has increasingly used financial instruments (such as loans, guarantees and equity investments), as a means to implement its policies and pursue EU objectives. For example, the loans by the EU to its Member States or partner countries aim at restoring financial stability or promoting economic recovery from crisis situations. The main objective of the EU guarantee programmes is boosting investments and enhancing access to finance to address market failures in the key policy areas.

When the EU provides support in the form of loans or guarantees, it expects a high value added from its financial contribution. This is because, in contrast to traditional non-repayable methods of budget implementation such as giving grants or subsidies, for each euro spent from the EU budget the final beneficiary receives more than the nominal amount of the EU financial support due to the so-called leverage effect.

While the EU expects that expenses incurred will be lower than the amount of funding provided, the EU budget may still incur losses, when some events - that are not fully in the control of the EU - occur. This is the case for the programmes where the EU undertakes borrowings to finance loans to Member States and third countries (see section **4.1** below) and when it issues guarantees to financial institutions (see section **4.2** below). As losses due to non-repayment by final beneficiaries are not likely to materialise in full, the EU does not hold assets for the entirety of those potential liabilities<sup>1</sup>, but only up to the level necessary to cover expected losses and a sufficient safety buffer for unexpected losses. Nevertheless, would the losses occur above the assets provisioned, they would be covered by the Member States through future EU budgets. In this sense they create 'budgetary contingent liabilities' for the EU budget.

The EU regularly monitors the sustainability of its contingent liabilities and the adequacy of the assets provisioned held in the Common Provisioning Fund (CPF)<sup>2</sup> (see **section 4.3** below).

At the end of 2023, the EU budgetary contingent liabilities totalled EUR 363.7 billion, of which EUR 255.4 billion related to the outstanding loans to sovereigns (EUR 254.1 billion nominal and EUR 1.3 billion accrued interest) and EUR 108.3 billion to the maximum amounts (ceilings) of the guarantees issued. The assets provisioned amounted to EUR 19.0 billion.

The EU also incurs other liabilities, which are not contingent in nature, but which – due to their long-term nature - will only be financed by the Member States through future budgets. This mainly relates to the pension liability (EUR 90.8 billion as at 31 December 2023) and to the NGEU borrowings that financed RRF/REPowerEU grants and some other MFF programmes (EUR 182.2 billion as at 31 December 2023, see sections **3.1.2** and **3.1.4**).

### 4.1. Borrowing and lending activities

#### 4.1.1. Borrowing

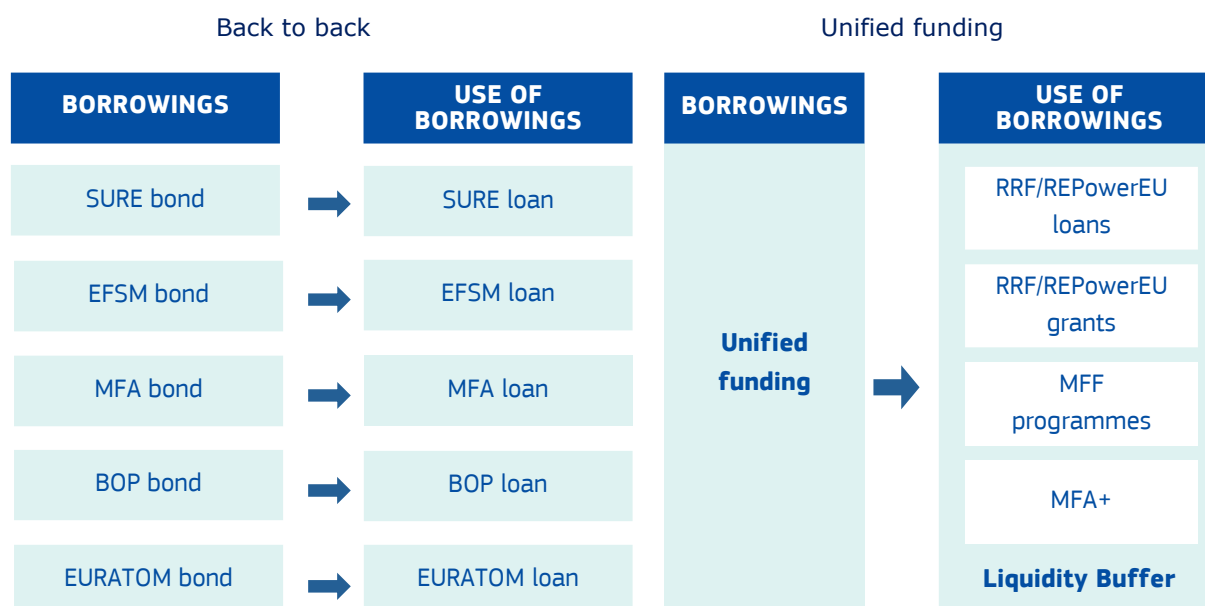
The Commission borrows by issuing securities on the international capital markets. The EU budget, ultimately, guarantees all the Commission borrowings. Until 2020, borrowings were used only to finance lending activities, see section **4.1.2**. Following the introduction of the NGEU instrument, borrowings are now also used to finance non-repayable support, see section **3.1.2**.

<sup>1</sup> Except for some guarantees provided under the financial instruments programmes of previous MFFs, which were fully financed or provisioned from EU budget.

<sup>2</sup> See 'Report from the Commission to the European Parliament and the Council on financial instruments, budgetary guarantees, financial assistance and contingent liabilities' issued annually by the Commission.



## The funding approach



Until 2020, the Commission was following a 'back to back' approach, issuing a single bond to fund a single loan agreement. It was transferring the money directly to the beneficiary country on the same terms (interest rate, maturity). The timing, volume and maturity of bond issuances were determined by the needs of the beneficiary.

For the NGEU instrument, the Commission uses a diversified, pooled funding approach where the borrowings are not directly funding specific disbursements. Instead, the debt is issued according to semi-annual funding plans, with long term bonds and short term bills. The Commission uses auctions and syndications to issue these securities. It then passes on the costs, in line with the cost allocation methodology agreed with Member States<sup>3</sup>, to the beneficiaries for the loans and to the EU budget for the non-repayable support. This pooled funding approach offers a more flexible and coherent borrowing and lending activity. It also offers better funding costs and allows the design of a better risk and compliance framework. This funding flexibility also requires a liquidity buffer for an efficient liquidity management.

Following the amendment of the Financial Regulation in December 2022<sup>4</sup>, the Commission can use this approach for all future borrowings. In this way, the MFA+ for Ukraine and other future lending programmes can benefit from this flexible and cost-efficient debt management, creating a unified funding approach for all EU borrowings.

During 2023, the Commission outstanding borrowings increased by EUR 110.5 billion, bringing the nominal outstanding amount to EUR 458.5 billion at 31 December 2023. The issuances included EUR 48.9 billion of NGEU Green bonds. These issuances are underpinned by the NGEU Green Bond Framework, which is aligned with the Green Bond Principles of the International Capital Market Association (ICMA)<sup>5</sup>. Funds raised through NGEU green bonds, finance climate-relevant measures from the national Recovery and Resilience plans (RRPs) under the Recovery and Resilience Facility (RRF).

<sup>3</sup> Commission Implementing Decision (EU) 2022/9701.

<sup>4</sup> Regulation (EU, Euratom) 2022/2434 of the European Parliament and of the Council of 6 December 2022 amending Regulation (EU, Euratom) 2018/1046 as regards the establishment of a diversified funding strategy as a general borrowing method, OJ L 319, 13.12.2022, p. 1-4.

<sup>5</sup> European Commission, Directorate-General for Budget, Green bonds – Impact and allocation report – NGEU report 2023, Publications Office of the European Union, 2023, <https://data.europa.eu/doi/10.2761/302803>.

The table below shows the repayment schedule for the outstanding EU borrowings at 31 December 2023:

EUR billion

	UNIFIED FUNDING	SURE	EFSM	MFA	BOP	EURATOM	TOTAL
2024	15.2	-	2.6	0.6	-	-	18.4
2025	18.0	8.0	2.4	-	0.2	-	28.6
2026	28.1	8.0	6.2	0.1	-	-	42.4
2027	16.9	-	3.0	0.2	-	-	20.1
2028	22.8	10.0	2.3	0.2	-	0.1	35.4
2029	17.7	8.2	1.4	0.9	-	-	28.2
2030	7.2	10.0	-	0.1	-	0.1	17.4
2031	20.0	-	7.3	1.2	-	0.1	28.6
2032	18.4	-	3.0	0.7	-	-	22.1
2033	9.5	-	2.1	0.5	-	-	12.1
2034	12.4	-	-	0.7	-	-	13.1
2035	-	8.5	2.0	2.0	-	-	12.5
2036	-	9.0	5.7	1.3	-	-	16.0
2037	18.4	8.7	-	0.9	-	-	28.0
2038	10.7	-	1.8	0.3	-	-	12.8
2039	-	-	-	-	-	-	0.0
2040	-	7.0	-	0.5	-	-	7.5
2041	16.0	-	-	-	-	-	16.0
2042	12.0	-	3.0	2.0	-	-	17.0
2043	7.0	-	-	-	-	-	7.0
2044	4.0	-	-	-	-	-	4.0
2045	-	-	-	-	-	-	0.0
2046	-	5.0	-	-	-	-	5.0
2047	-	6.0	-	-	-	-	6.0
2048	14.0	-	-	-	-	-	14.0
2049	-	-	-	-	-	-	0.0
2050	-	10.0	-	-	-	-	10.0
2051	14.0	-	-	-	-	-	14.0
2052	9.0	-	-	0.5	-	-	9.5
2053	10.3	-	-	2.5	-	-	12.8
<b>Total</b>	<b>301.6</b>	<b>98.4</b>	<b>42.8</b>	<b>15.2</b>	<b>0.2</b>	<b>0.3</b>	<b>458.5</b>

#### 4.1.2. Lending

The Commission provides bilateral loans in accordance with decisions of the European Parliament and of the Council. In 2023 the Commission, acting on behalf of the EU, operates six main programmes under which it may grant loans:

- SURE assistance;
- European Financial Stabilisation Mechanism (EFSM) assistance;
- Macro-Financial Assistance (MFA);
- Balance of Payments (BOP) assistance;
- Euratom; and
- NGEU (RRF and REPowerEU) see section **3.1.3**.

At 31 December 2023, the nominal amount of the loans, were:

EUR billion

	Total signed	Total disbursed at year-end	Total repaid at year-end	Outstanding at year-end
<b>SURE</b>				
Belgium	8.2	8.2	-	8.2
Bulgaria	1.0	1.0	-	1.0
Croatia	1.6	1.6	-	1.6
Cyprus	0.6	0.6	-	0.6
Czechia	4.5	4.5	-	4.5
Estonia	0.2	0.2	-	0.2
Greece	6.2	6.2	-	6.2
Hungary	0.7	0.7	-	0.7
Ireland	2.5	2.5	-	2.5
Italy	27.4	27.4	-	27.4
Latvia	0.5	0.5	-	0.5
Lithuania	1.1	1.1	-	1.1
Malta	0.4	0.4	-	0.4
Poland	11.2	11.2	-	11.2
Portugal	6.2	6.2	-	6.2
Romania	3.0	3.0	-	3.0
Slovakia	0.6	0.6	-	0.6
Slovenia	1.1	1.1	-	1.1
Spain	21.3	21.3	-	21.3
	<b>98.4</b>	<b>98.4</b>	<b>-</b>	<b>98.4</b>
<b>EFSM</b>				
Ireland	22.5	22.5	(2.0)	20.5
Portugal	24.3	24.3	(2.0)	22.3
	<b>46.8</b>	<b>46.8</b>	<b>(4.0)</b>	<b>42.8</b>
<b>MFA</b>				
Ukraine	12.2	12.2	(0.6)	11.6
Ukraine – MFA+	18.0	18.0	-	18.0
Tunisia	1.4	1.4	-	1.4
Jordan	1.1	1.1	-	1.1
Other	1.5	1.4	(0.3)	1.1
	<b>34.2</b>	<b>34.1</b>	<b>(0.9)</b>	<b>33.2</b>
<b>BOP</b>				
Latvia	2.9	2.9	(2.7)	0.2
	<b>2.9</b>	<b>2.9</b>	<b>(2.7)</b>	<b>0.2</b>
<b>EURATOM</b>				
Energoatom and K2R4 – Ukraine	0.4	0.4	(0.1)	0.3
Other	0.4	0.4	(0.4)	0
	<b>0.8</b>	<b>0.8</b>	<b>(0.5)</b>	<b>0.3</b>
<b>NGEU LOANS</b>				
	<b>290.9</b>	<b>79.2</b>	<b>-</b>	<b>79.2</b>
<b>Total</b>	<b>474.0</b>	<b>262.2</b>	<b>(8.1)</b>	<b>254.1</b>

## SURE

SURE was established in 2020 to provide financial assistance to Member States who were experiencing, or were seriously threatened with, a severe economic disturbance caused by the COVID-19 pandemic in their territory. The instrument complements the national measures taken by affected Member States.

The availability of the instrument ended at 31 December 2022 and there are no pending disbursements. The maturity of loans varies between 5 and 30 years.

## EFSM

EFSM was created to provide financial assistance to all Member States experiencing or seriously threatened by a severe economic financial disturbance caused by exceptional occurrences beyond their control. The EFSM was used to provide financial assistance, conditional on the implementation of reforms, to Ireland and Portugal between 2011 and 2014. This programme has expired and no additional loans can be drawn, though it remains in place for specific tasks such as the lengthening of maturities of existing loans and providing bridging loans. In 2023 loans of EUR 2.0 billion to Ireland and EUR 1.5 billion to Portugal matured and were fully repaid. No maturity extensions occurred in 2023.

## MFA

The MFA programme is a form of financial assistance extended by the EU to partner countries outside the EU experiencing a balance of payments crisis. It takes the form of medium/long-term loans or grants, or a combination of these, and is only available to countries benefiting from a disbursing International Monetary Fund (IMF) programme.

### *Ukraine*

In 2022 the European Parliament and the Council agreed three packages of financial assistance for Ukraine<sup>6</sup>, totalling EUR 7.2 billion, to strengthen the immediate resilience of the country subsequent to Russia's unprovoked and unjustified war of aggression. All the loans have been disbursed to Ukraine by the end of 2022. The maturity of these loans to Ukraine varies between 10 to 30 years.

To continue the EU support for Ukraine in 2023, a new package of financial assistance of EUR 18 billion was adopted by the European Parliament and the Council on 14 December 2022 (Regulation (EU) 2022/2463). The Commission and Ukraine signed a Memorandum of Understanding and a Loan Facility Agreement in early 2023 and the EUR 18 billion have been disbursed in 2023. The MFA+ loans are funded through the unified funding approach, whereas all previous MFA loans were funded under the back to back funding approach.

At the end of 2023, the total MFA loans outstanding to Ukraine amounted to EUR 29.6 billion (nominal amount).

On 29 February 2024, the European Parliament and the Council adopted Regulation (EU) 2024/792 establishing the Ukraine Facility<sup>7</sup>. This new instrument covers the years 2024 to 2027 and offers up to EUR 50 billion in financial support to Ukraine, including up to EUR 33 billion of sovereign loans. By 31 May 2024, EUR 6 billion of loans have been disbursed to Ukraine. The Ukraine Facility sovereign loans are funded through borrowings following the unified funding approach.

## BOP

The BOP is an assistance programme designed for Member States outside the euro area that are experiencing or are threatened by difficulties regarding their balance of payments. BOP assistance takes the form of medium-term loans that are conditional on the implementation of policies designed to address underlying economic problems. Typically, BOP assistance from the EU is offered in cooperation with the IMF and other international institutions or countries. No new operations or loan repayments occurred in 2023. The programme is expected to end in 2025 when the outstanding loan and the related borrowing are maturing.

## Euratom

The European Atomic Energy Community lends money to both Member States and non-Member States, and to entities of both, to finance projects relating to energy installations.

---

<sup>6</sup> Decision (EU) 2022/313 of the European Parliament and the Council for EUR 1.2 billion providing emergency assistance to Ukraine, Decision (EU) 2022/1201 of the European Parliament and the Council for EUR 1.0 billion providing exceptional assistance to Ukraine, Decision (EU) 2022/1628 of the European Parliament and the Council for EUR 5.0 billion providing exceptional assistance to Ukraine.

<sup>7</sup> Regulation (EU) 2024/792 of the European Parliament and of the Council of 29 February 2024 establishing the Ukraine Facility, OJ L, 2024/792, 29.2.2024, ELI: <http://data.europa.eu/eli/reg/2024/792/oj>.

## Liquidity buffer

Under the unified funding strategy, a certain amount of proceeds from borrowings are kept in a bank account with the European Central Bank. This liquidity buffer ensures that sufficient funds are available to meet all upcoming disbursements needs while avoiding excess balances. In managing this liquidity buffer the Commission takes into account expected disbursement needs and the opportunity costs of cash balances. At year-end 2023 the funds held in the bank account amounted to EUR 12.5 billion.

### 4.1.3. System of protection

Borrowings of the EU constitute direct and unconditional obligations of the EU and are guaranteed by the EU Member States. The borrowings undertaken to finance loans are intended to be repaid through timely collection of the principal and interest due on those loans. Nevertheless, should a beneficiary country default on or delay their repayments, there are number of safeguards to ensure service of the EU debt, which are summarised in the table below. In the short term, the borrowings will be repaid from the available treasury balance of the Commission. Next, borrowings related to the loans to third countries (except for MFA+ loans to Ukraine) will be repaid from the assets held in the Common Provisioning Fund (CPF), while in case of the MFA+ loans and loans to Member States, the Commission may call additional resources from the Member States up to the available own resources margin ('budgetary headroom'). For some programmes, there are also guarantees provided by the Member States. As a consequence, investors are only exposed to the credit risk of the EU, not to that of the beneficiary of the loans.

EU programme funded by borrowing	System of protection
NGEU (RRF and REPowerEU)	Budgetary headroom under the temporary own resources ceiling of the EU budget – an extra 0.6% of EU GNI above the own resources ceiling of the EU budget of 1.4% of EU GNI
SURE	Guarantee provided by all EU Member States (25%) + budgetary headroom under the own resources ceiling of the EU budget of 1.4% of EU GNI
MFA (standard)	Common Provisioning Fund (9% of the loan to the third country)
Exceptional MFA to Ukraine	Common Provisioning Fund (9%) + guarantees by all EU Member States (61%)
MFA+ to Ukraine	Budgetary headroom under the own resources ceiling of the EU budget of 1.4% of EU GNI
BOP	Budgetary headroom under the own resources ceiling of the EU budget of 1.4% of EU GNI
EFSM	Budgetary headroom under the own resources ceiling of the EU budget of 1.4% of EU GNI
Euratom loans to third countries (state-owned entities)	Common Provisioning Fund (9% of the loan) and counter-guarantees by third countries
Euratom loans to Member States	Budgetary headroom under the own resources ceiling of the EU budget of 1.4% of EU GNI

## 4.2. Budgetary guarantees

Under this type of budget implementation, the EU provides guarantees to financial institutions (implementing partners) for their financing (lending) and investment (equity) operations to pursue its policy objectives.

The EU has issued guarantees under the following programmes:

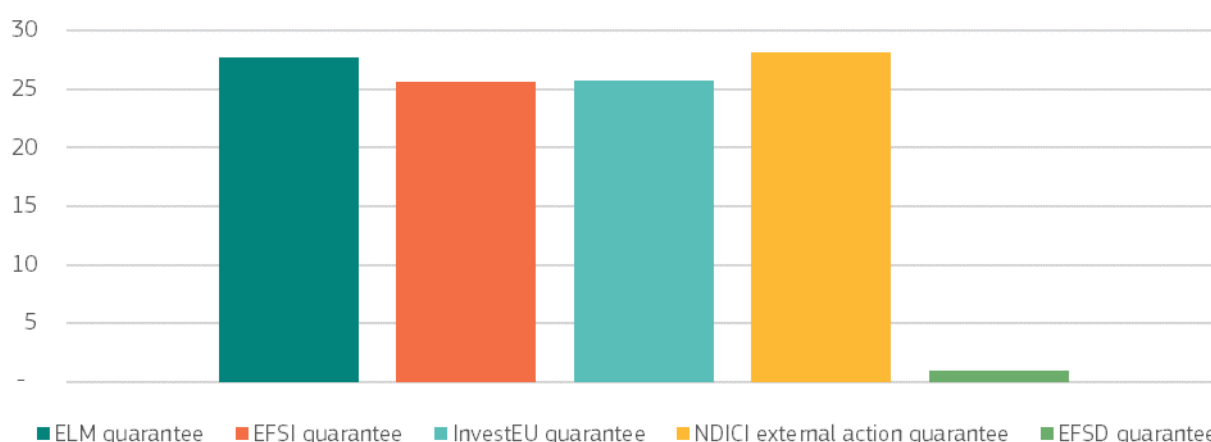
- External lending mandate (ELM) guarantees granted to EIB for their lending operations outside EU, mainly to sovereign and sub sovereign beneficiaries;
- European Fund for Strategic Investment (EFSI) guarantee granted to the EIB Group for their operations supporting additional investment in the EU and access to finance for SMEs;
- InvestEU guarantee provided to the EIB Group, EBRD and several national promotional banks in the EU Member States and EFTA countries, in order to mobilise private investments for the green

and digital transition, innovation and social investments and skills. The InvestEU guarantee may be increased by EFTA and Member States contributions and counter guarantees;

- External Action Guarantee under NDICI Regulation providing guarantees both to the EIB, for their financing and investments outside Europe, both to the public and private sector beneficiaries, as well as to several other counterparts, with the objective of promoting sustainable investments in the EU's partner countries;
- European Fund for Sustainability Development (EFSD) guarantee issued to several counterparties with the aim to support investments in Africa and in the European Neighbourhood countries.

As at 31 December 2023, the nominal outstanding amount of those guarantees at the maximum level granted to those financial institutions amounted to EUR 108.3 billion, of which EUR 66.2 billion relates to financing or investment operations signed by the implementing partners (EFSD, InvestEU and NDICI guarantees are still in the investment period, during which the partners can include new operations under the guarantee).

### Budgetary guarantees - EUR 108 bn ceiling at 31/12/2023



The Member States and EEA countries may also contribute to the InvestEU programme. Until 31 December 2023, EU signed contribution agreements with those countries for EUR 2.3 billion, out of which EUR 1.7 billion relates to cash contributions and EUR 0.6 billion to counter-guarantees.

## 4.3. Common Provisioning Fund

In order to satisfy any guarantee calls to cover losses incurred by the implementing partners in a timely manner, the EU provisions amounts from the budget. As of 2021, all assets provisioned are held in the CPF, which functions as a single portfolio, with assets mainly invested in the debt securities. Currently, it combines provisioning for all the EU budgetary guarantees and some financial assistance programmes. The resources of the CPF are allocated into compartments for the purpose of tracing the amounts relating to the contributing budgetary guarantees and financial assistance programmes.

At 31 December 2023, the Commission holds EUR 18.8 billion of financial assets in the CPF for the following compartments:

- Guarantee Fund for external actions – EUR 2.8 billion (covering ELM guarantees as well as pre-2021 MFA and Euratom loans to third countries)
- EFSI – EUR 9.2 billion
- EFSD – EUR 0.7 billion
- InvestEU compartments – EUR 3.7 billion (including Member State and EEA countries cash contributions)
- NDICI EFSD+ – EUR 2.2 billion
- MFA loans post-2020 – EUR 0.1 billion.

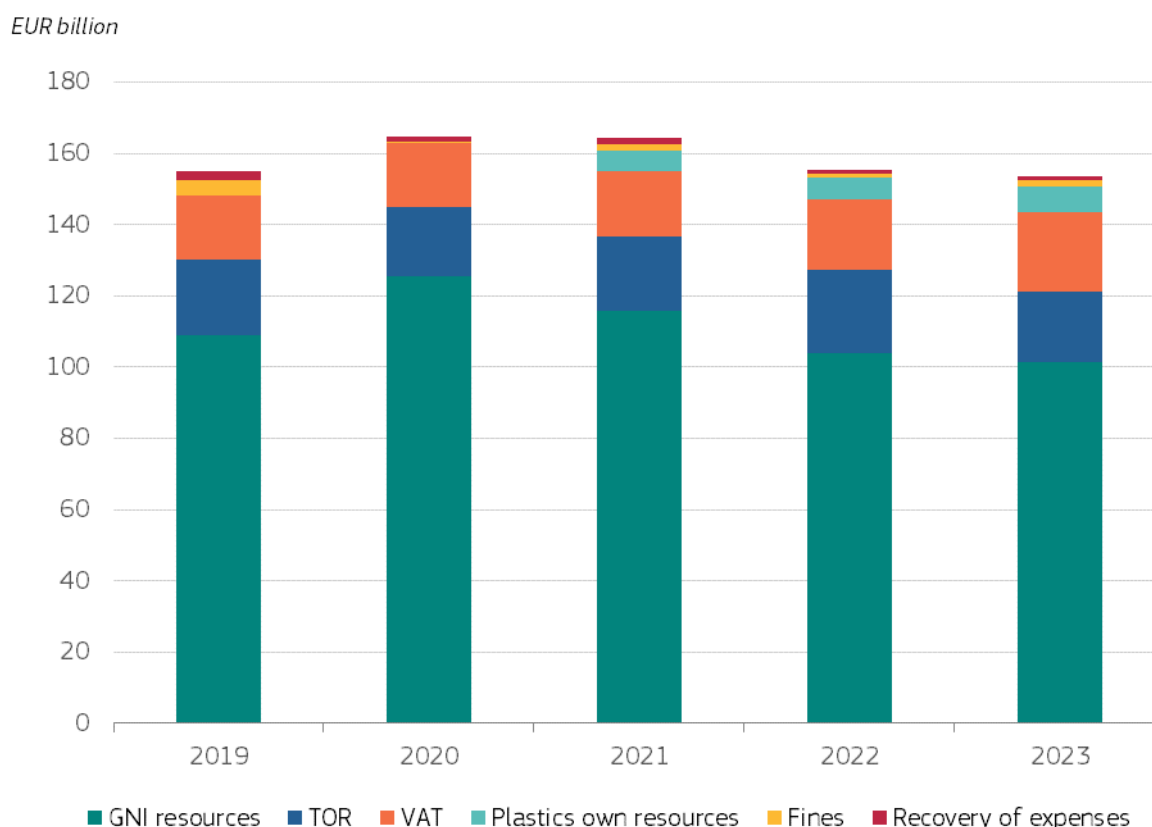
In addition, EUR 106 million is held in the Commission central treasury as a liquidity buffer to cover for immediate guarantee calls.

## 5. FINANCIAL STATEMENTS ANALYSIS

### 5.1. Revenue

The consolidated revenue of the EU incorporates amounts related to exchange transactions and non-exchange transactions, the latter being the most significant. The five-year trend of the main non-exchange revenue categories (comprising GNI resources, Traditional own resources, VAT resources, Plastics own resources, Fines and Recovery of expenses) is as follows:

Five-year trend of revenue from main non-exchange transactions\*



\*2020 to 2023 figures: excluding revenue relating to the UK's withdrawal from the EU

As budget revenue should equal (or exceed) budget expenditure, the main driver in the revenue trend shown above is the payments made each year.

#### Main developments in 2023

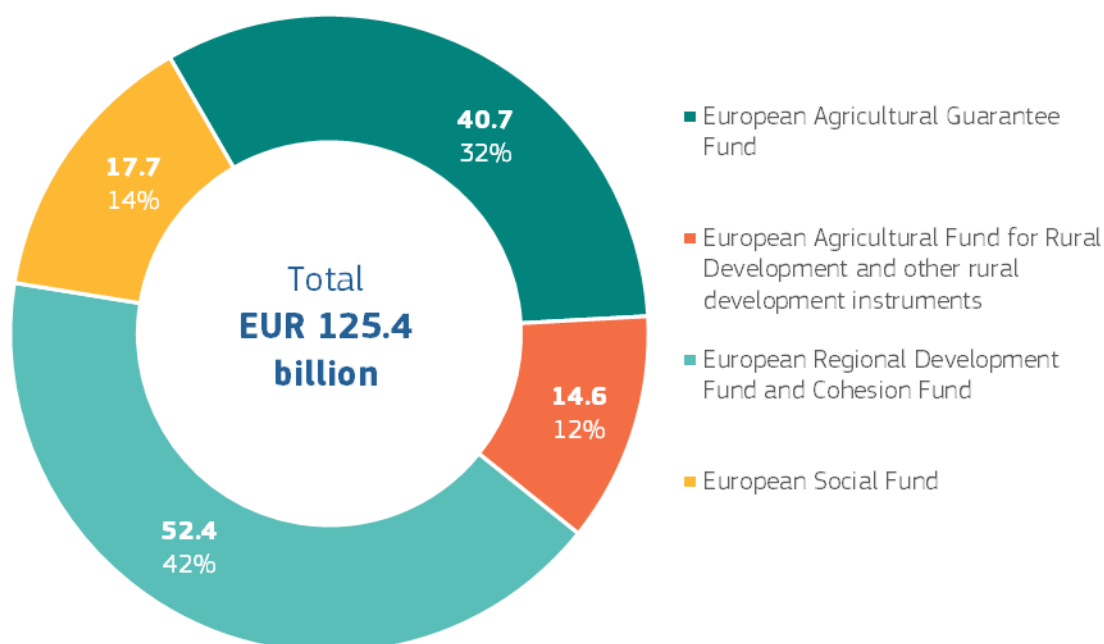
In 2023, total revenue, comprising all revenue categories, amounted to EUR 171.9 billion, compared to EUR 171.2 billion in the previous year. The main developments explaining the increase of EUR 0.7 billion or 0.4% were:

- Traditional own resources decreased from EUR 23.5 billion in 2022 to EUR 19.8 billion in 2023;
- VAT contributions have increased from EUR 19.7 billion in 2022 to EUR 22.5 billion in 2023;
- Revenue from GNI (gross national income), the primary element of the EU's operating revenue, decreased from EUR 103.9 billion in 2022 to EUR 101.3 billion in 2023. The decrease of EUR 2.6 billion or 2.5% is linked to the increase of the other revenue categories, as the revenue from GNI funds the part of the budget which is not covered by other sources of income; and
- Financial revenue increased by EUR 4.4 billion mainly due to increased interest earned (following increased interest rates since the end of 2022).

## 5.2. Expenses

The main component of expenses recognised in the consolidated financial statements are expenses under the shared management mode, which includes the following funds: (i) European Agricultural Guarantee Fund (EAGF), (ii) European Agricultural Fund for Rural Development (EAFRD) and other rural development instruments, (iii) European Regional Development Fund (ERDF) & Cohesion Fund (CF), and (iv) European Social Fund (ESF). These funds made up EUR 125.4 billion or 51.7% of the total expenses of EUR 242.5 billion incurred in 2023 (2022: EUR 114.8 billion, 43.6% of the total expenses). The split of expenses under the shared management mode and their relative weights are presented below:

Main expenses under the shared management mode for the financial year 2023



The increase of expenses under the shared management mode is mainly due to increased expenses relating to the ERDF and Cohesion Fund (by EUR 9.3 billion) and the ESF (by EUR 3 billion), as the implementation of the new programming period starts to pick up speed. Expenses relating to the EAFRD and other rural development instruments and the EAGF decreased by EUR 1.5 billion and EUR 0.3 billion respectively. The decrease of EUR 1.5 billion for EAFRD and other rural development instruments is explained by delays in the implementation of the programmes, as 2023 was the first year of the new CAP strategic plans.

Expenses under the direct management mode, which represents budget implementation by the Commission, executive agencies and trust funds, decreased from EUR 94.0 billion in 2022 to EUR 61.9 billion in 2023. The decrease of EUR 32.1 billion is mainly due to the non-repayable support granted under the NGEU's RRF, which amounted to EUR 36.0 billion (2022: EUR 69.5 billion). Despite this significant decrease in RRF expenses, the implementation of the programmes was broadly on track, with progress on most milestones and targets in line with expectations.

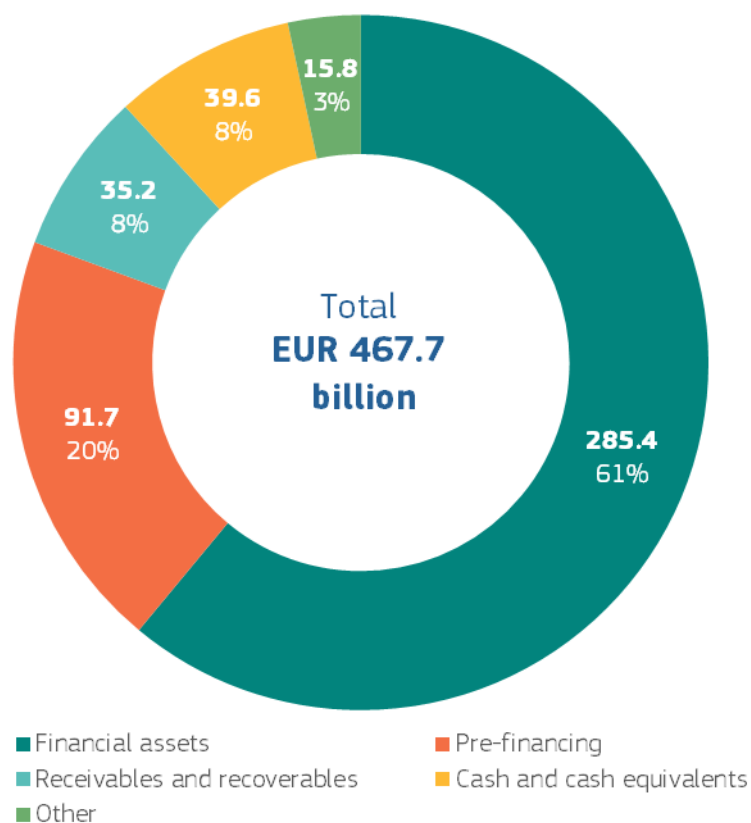
Expenses under the indirect management mode represent the budget implementation by EU agencies, EU bodies, third countries, international organisations and other entities. In 2023 the expenses under the indirect management mode amounted to EUR 15.2 billion (2022: EUR 13.6 billion). The increase is mainly due to the increased expenses in the Research area.



## 5.3. Assets

As at 31 December 2023 total assets amounted to EUR 467.7 billion (2022: EUR 445.9 billion) – the increase is due to further lending under the NGEU instrument and new loans issued to Ukraine under MFA+. The most significant assets on the EU balance sheet were financial assets other than cash and cash equivalents (EUR 285.4 billion), pre-financing (EUR 91.7 billion), receivables and recoverables (EUR 35.2 billion) and cash and cash equivalents (EUR 39.6 billion). Other assets, amounting to EUR 15.8 billion, mainly included property, plant and equipment and intangible assets.

Composition of assets at 31 December 2023



The increase in total assets of EUR 21.9 billion or 4.9% from the previous year was mainly due to the following effects:

- Loans outstanding increased from EUR 204.4 billion in 2022 to EUR 246.9 billion in 2023. The increase of EUR 42.5 billion or 20.8% mainly reflects the issuance of further loans to Member States under the RRF and REPowerEU (EUR 34.1 billion) and new loans under the MFA+ programme of EUR 18.0 billion to Ukraine, offset by EFSM repayments of EUR 3.5 billion and impairments on the new Ukraine loans;
- Total pre-financing decreased from EUR 100.5 billion in 2022 to EUR 91.7 billion in 2023. This is linked mainly to the decrease of EUR 3.8 billion in the non-repayable financial support granted under the RRF due to clearings that took place during the year following MS reaching milestones and targets. There was additionally a considerable decrease in the other advances to Member States (EUR 4.2 billion) which mostly concerns the cohesion area for MFF 2014-2020, and is due to the period reaching its closure stage and so most amounts paid are considered implemented;
- Cash and cash equivalents decreased from EUR 46.5 billion in 2022 to EUR 39.6 billion in 2023. The decrease of EUR 6.9 billion or 14.8% is mainly due to the lower liquidity buffer relating to the unified funding (EUR 19.9 billion held in the ECB bank account last year versus EUR 12.5 billion at the end of 2023), which resulted from high level of disbursements to Member States under NGEU close to year-end; and
- Receivables and recoverables decreased from EUR 48.2 billion to EUR 35.2 billion. The decrease of EUR 13.0 billion or 27.0% is mainly due to the decrease in the amounts owed by the UK under the Withdrawal Agreement as it pays its obligations monthly – see below.

## UK Withdrawal from the EU

On 31 January 2020, the United Kingdom (UK) withdrew from the European Union. The terms of its departure are defined in an Agreement on the withdrawal of the UK from the EU and the European Atomic Energy Community, also known as the 'Withdrawal Agreement' or 'WA'. As part of this deal, the UK agreed to honour all financial obligations undertaken while it was a member of the EU. The agreement entered into force on 31 January 2020. The UK will continue to contribute to the EU budget and to benefit from pre-2021 EU programmes and expenditure as if it was a Member State. The UK will also receive back certain defined monies it paid into the EU budget or monies received by the EU budget linked to its period of membership. The EU reports twice a year to the UK on the amounts due and the UK pays these on a monthly basis. The reporting is updated each year based on actual figures.

The obligations under the Withdrawal Agreement create liabilities and receivables for the EU which have to be calculated and reflected in the EU's annual accounts and cover in particular the following areas:

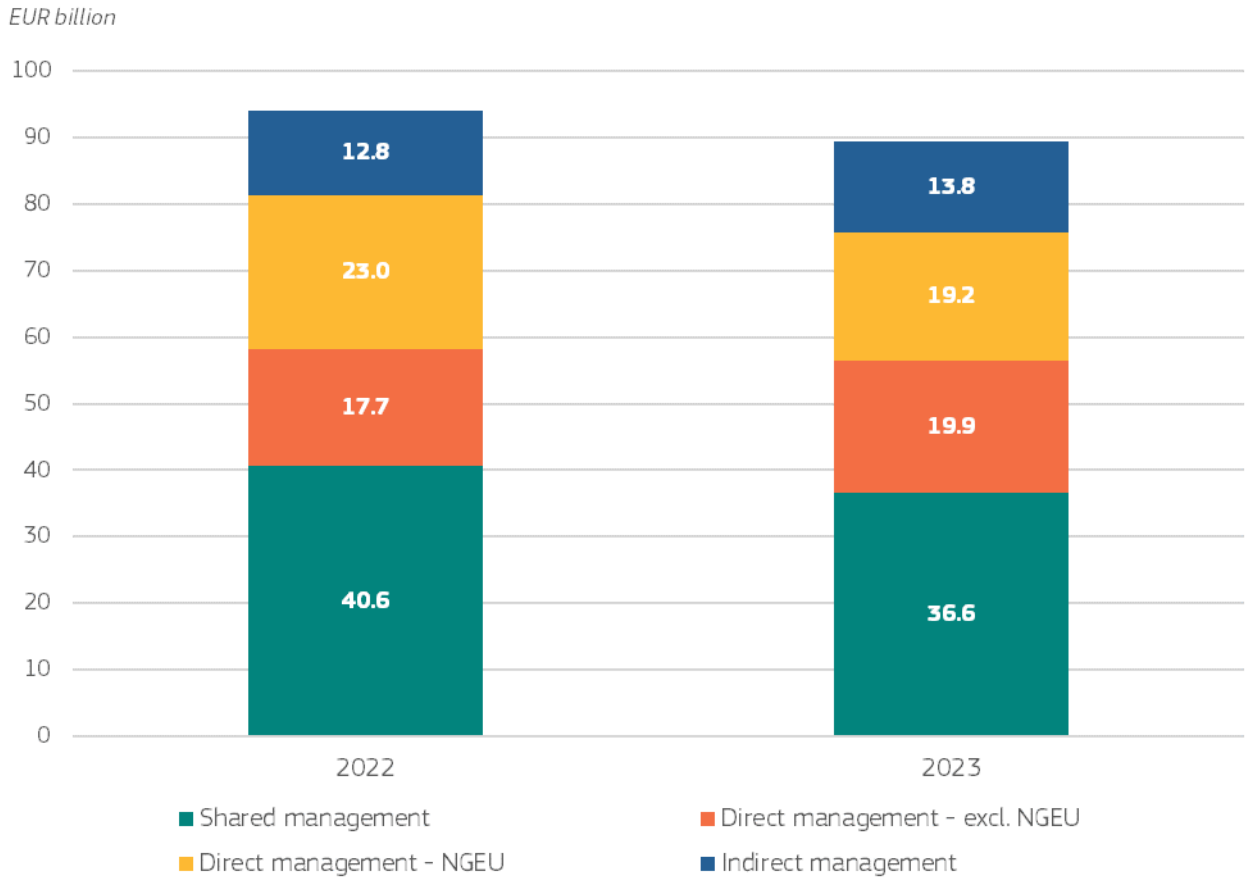
- Own resources (Article 136)
- Outstanding commitments (Article 140)
- Competition fines (Article 141)
- Union Liabilities (Article 142)
- Contingent financial liabilities and financial instruments (Articles 143 & 144)
- Net assets of the European Coal & Steel Community (Article 145)
- EU investment in the European Investment Fund, EIF (Article 146)
- Contingent liabilities concerning legal cases (Article 147).

	<i>EUR million</i>				
	Article 140	Article 142	Other	31.12.2023	31.12.2022
<i>Due from the UK</i>	8 340	10 411	115	18 867	26 683
<i>Due to the UK</i>	-	-	(3 394)	(3 394)	(2 812)
<b>Total</b>	<b>8 340</b>	<b>10 411</b>	<b>(3 279)</b>	<b>15 473</b>	<b>23 871</b>
<i>Non-current</i>	4 588	10 102	(1 602)	13 088	14 810
<i>Current</i>	3 753	309	(1 677)	2 385	9 061

Pre-financing

In 2023, pre-financing, excluding other advances to Member States and contributions to the trust funds Bêkou and Africa, amounted to EUR 89.4 billion (2022: EUR 94.1 billion), almost all of which related to Commission activities. The decrease of EUR 4.7 billion or 5.0% is related to the decrease of pre-financing related to shared management from EUR 40.6 billion in 2022 to EUR 36.6 billion in 2023, as programmes of the previous MFF advance further in their closure stage:

Commission pre-financing by management mode

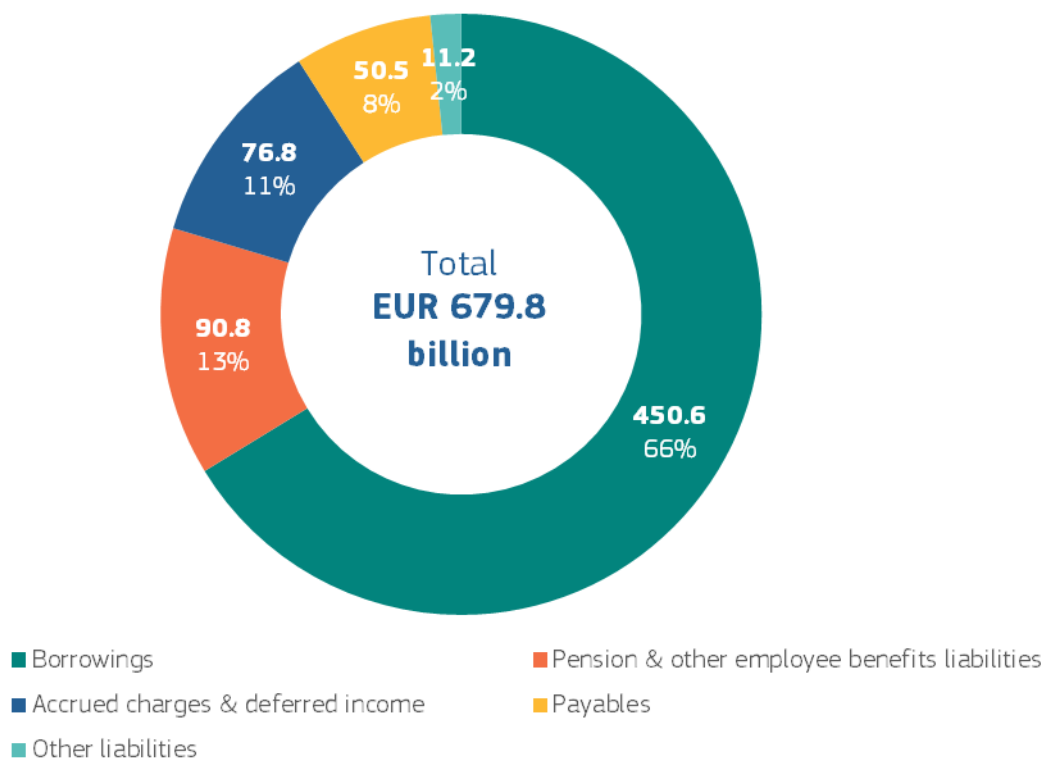


The level of pre-financing granted under MFF programmes is significantly influenced by the respective MFF cycle – for example at the beginning of an MFF period large advances are expected to be paid to Member States under cohesion policy and these amounts remain available to Member States until the closure of the programmes. An annual pre-financing is also paid out, which must be used within the year or be recovered the following year as part of the annual closure of the accounts cycle. The Commission makes every effort to ensure that pre-financing is maintained at an appropriate level. A balance has to be struck between ensuring sufficient funding for projects and the timely recognition of expenditure.

## 5.4. Liabilities

As at 31 December 2023 the total liabilities were EUR 679.8 billion (2022: EUR 577.2 billion) – the increase is driven mainly by the borrowings taken out in 2023 under the NGEU and MFA+ instruments. The most significant liabilities were borrowings for NGEU and financial assistance (EUR 450.6 billion), pension obligations and other post-employment benefits liabilities (EUR 90.8 billion), accrued charges and deferred income (EUR 76.8 billion) and payables to third parties (EUR 50.5 billion).

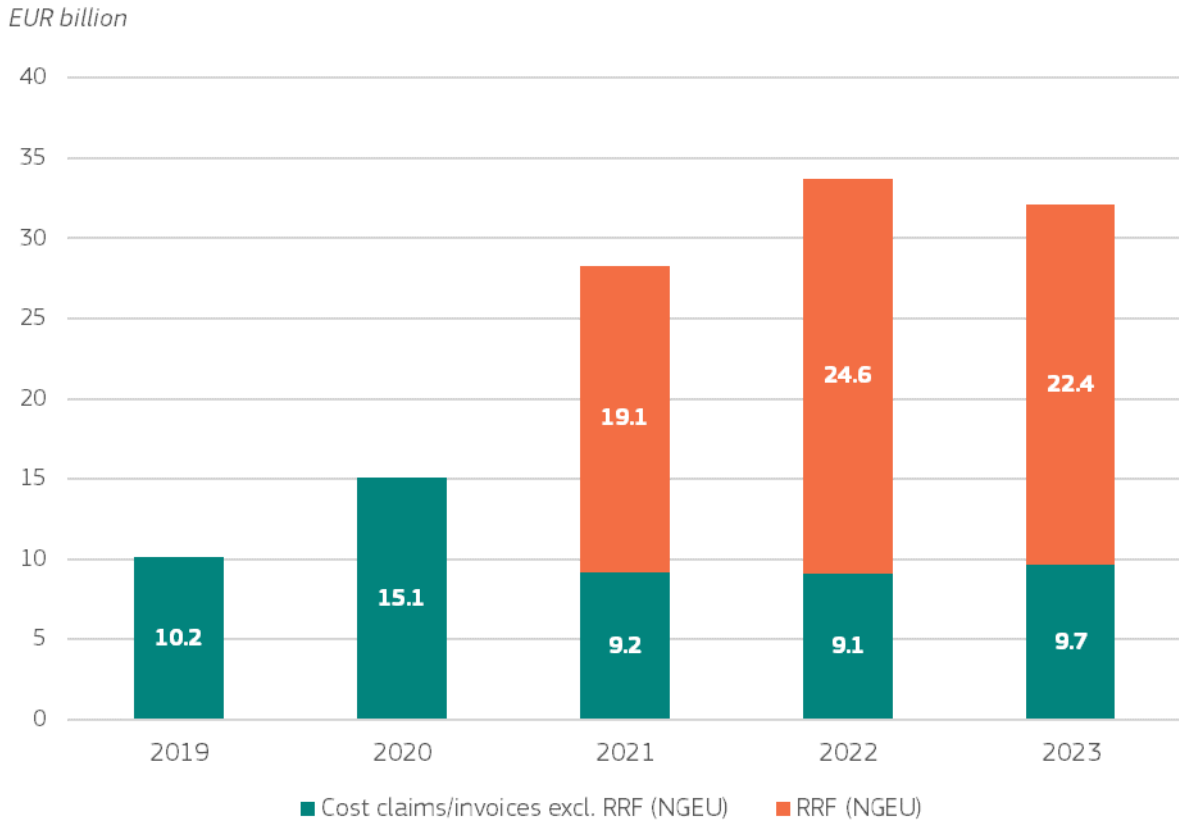
### Composition of liabilities at 31 December 2023



The increase of EUR 102.6 billion or 17.8% over the previous year was mainly due to the following effects:

- Borrowings increased from EUR 344.3 billion in 2022 to EUR 450.6 billion in 2023. The increase of EUR 106.3 billion or 30.9% mainly relates to the new issuances under the unified funding approach (for NGEU & MFA+), net of repayments and changes in carrying amount, of EUR 109.6 billion, less EFSM repayments of EUR 3.5 billion;
- Accrued charges and deferred income decreased from EUR 86.2 billion in 2022 to EUR 76.8 billion in 2023. The decrease of EUR 9.4 billion or 10.9% mainly relates to the RRF;
- Payables decreased from EUR 55.3 billion in 2022 to EUR 50.5 billion in 2023. The decrease of EUR 4.8 billion or 8.7% is also primarily related to RRF (decrease of EUR 2.2 billion), and EAGF payables (decrease of EUR 3.3 billion related to start of the new CAP strategic plans); and
- Increase of EUR 10.2 billion or 12.7% in the pension obligations and other post-employment benefits liabilities, which increased from EUR 80.6 billion in 2022 to EUR 90.8 billion in 2023. This increase was mainly driven by the actuarial losses from changes in the underlying financial assumptions resulting from a decrease in the real discount rates since the last year-end. Additionally, an update of the life tables in the year led to actuarial losses from changes in demographic assumptions.

Total cost claims and invoices received and recognised in the Balance Sheet under the heading 'Payables'



The excess of liabilities over assets at 31 December 2023 amounted to EUR 212.2 billion (2022: EUR 131.3 billion). It is noted that this excess of liabilities over assets does not mean that the EU institutions and bodies are in financial difficulties, rather it means that certain liabilities will be funded by future annual budgets. Many expenses are recognised under accrual accounting rules in the current year although they may be actually paid in following years and funded using future budgets; the revenues related to these future fundings will only be accounted for in future periods. Apart from the borrowings under the unified funding approach, which are to be repaid up to 2053, and the employee benefits liability, which is to be paid over several decades, the most significant amounts to be highlighted are the activities relating to the EAGF, the bulk of which is usually paid in the first quarter of the following year.

## 6. SUMMARY OF BUDGET IMPLEMENTATION

### 6.1. Revenue

In the initial adopted EU budget, signed by the President of the European Parliament on 23 November 2022, total payment appropriations amounted to EUR 168 649 million and the amount to be financed by own resources totalled EUR 156 573 million. The revenue and expenditure estimates in the initial budget are typically adjusted during the budgetary year by way of amending budgets. Adjustments in the GNI-based own resources ensure that budgeted revenue matches exactly budgeted expenditure. In accordance with the principle of equilibrium, budget revenue and expenditure (payment appropriations) must be in balance.

During 2023, four amending budgets were adopted. Taking them into account, the final adopted revenue for 2023 amounted to EUR 165 203 million and the total financed by own resources amounted to EUR 151 041 million. The main reduction concerned the GNI contribution (EUR 10 billion). This was due to multiple factors as for instance the increase in other types of own resources (such as VAT and Plastics), an increase of other revenue and a reduction of the payment appropriations. The net reduction of own resources contributions amounted to EUR 5.5 billion.

#### **Title 1: Own resources**

The collection of traditional own resources was below the forecasted amounts in the budget. This was due mainly to a lower collection than expected during the last months of the year.

Member States' final VAT, GNI and Plastics payments corresponded closely to the final budgetary estimate. The differences between the forecasted amounts and the amounts actually paid are due to the differences between the euro rates used for drawing up the budget and the rates in force at the time when the Member States outside the euro area actually made their payments.

#### **Title 2: Surpluses, balances and adjustments**

The surplus of the previous financial year amounted to EUR 2 519 million. This amount was inscribed in the budget 2023 through an amending budget and the own resources contributions from the Member States were reduced accordingly.

For the VAT and GNI balances, the rules are set out in Article 10b of the Making Available Regulation (Council Regulation (EU, Euratom) No 609/2014)<sup>8</sup>. According to these rules the total sum of the balances are calculated in order for the impact on the EU budget to be zero ('netting system') and the procedure does not entail a budgetary amendment. The Commission therefore directly requests the Member States to pay the net amounts in accordance with the rules of the Making Available Regulation.

#### **Title 3: Administrative revenue**

This title comprises mainly revenue from taxes and levies on the remuneration of staff.

#### **Title 4: Financial revenue, default interest and fines**

The main part corresponds to the fines in connection with the implementation of the rules on competition.

#### **Title 5: Budgetary guarantees, borrowing and lending operations**

This title has increased significantly with the advent of the NGEU. NGEU funds within this title are assigned revenue. Title 5 covers revenue related to guarantees and interest and repayments of loans granted. It also channels funds (for the NGEU non-repayable support under the Recovery and Resilience Facility and for reinforcement of MFF programmes) from assigned revenue that Member States receive under the European Union Recovery Instrument (EURI).

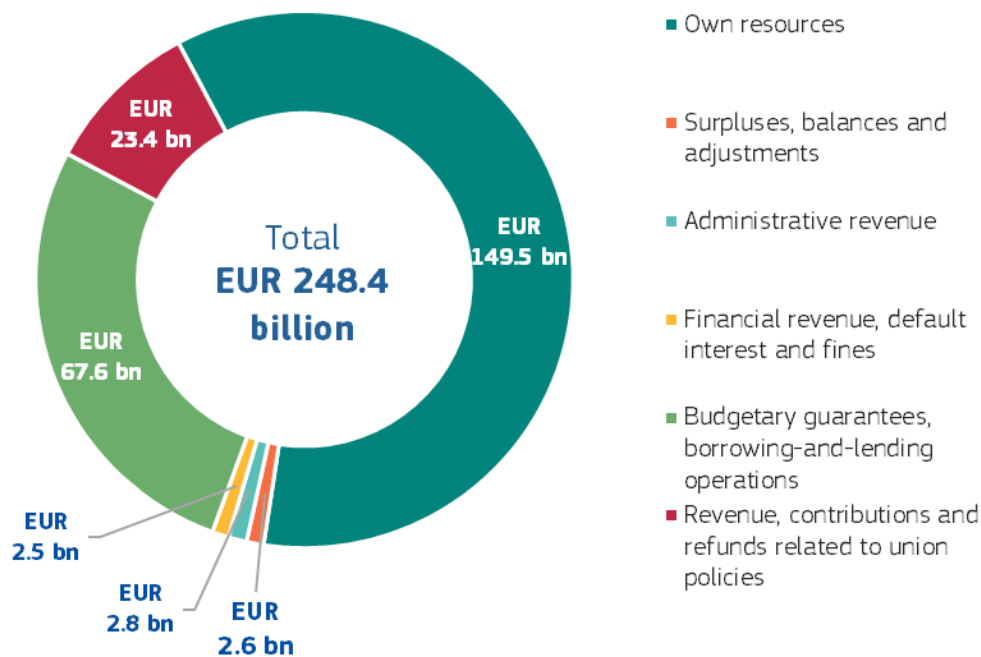
---

<sup>8</sup> Council Regulation (EU, Euratom) No 609/2014 of 26 May 2014 on the methods and procedure for making available the traditional, VAT and GNI-based own resources and on the measures to meet cash requirements (Recast), OJ L 168, 7.6.2014, p. 39.

## Title 6: Revenue, contributions and refunds related to Union policies

This title concerns mainly revenue from financial corrections related to structural and agricultural funds (ESIF, EAGF and EAFRD). It also includes the participation of third countries in EU research programmes, the clearance of accounts in agricultural funds and other contributions and refunds to EU programmes/activities. A substantial part of this total is made up of assigned revenue, which gives rise to the entering of additional appropriations on the expenditure side.

Total 2023 budget revenue amounted to EUR 248 361 million:



## 6.2. Expenditure

### 6.2.1. Budget implementation

In 2023, the third year of the MFF 2021-2027, the final adopted budget amounted to EUR 186.5 billion of commitment appropriations and EUR 165.2 billion of payment appropriations. In addition, EUR 154.9 billion of commitment appropriations were available as assigned revenue, out of which EUR 115.9 billion related to the NGEU<sup>9</sup>, and EUR 2.7 billion of commitment appropriations were carried over from 2022. The payment appropriations related to 2023 assigned revenue amounted to EUR 98.0 billion, out of which EUR 69.2 billion related to the NGEU and EUR 2.6 billion of payment appropriations were carried over from 2022.

Active monitoring of budget implementation and good cooperation between the European Parliament, the Council and the Commission brought about full implementation of the budget.

The implementation of the total commitment appropriations in 2023 amounted to EUR 332.3 billion:

- EUR 184.4 billion from the final adopted budget;
- EUR 2.7 billion from appropriations carried-over or made available again from 2022;
- EUR 145.2 billion from appropriations stemming from assigned revenue;
  - of which EUR 115.6 billion from NGEU.

<sup>9</sup> For a comprehensive overview of the NextGenerationEU (NGEU), please see also sections 2.2 and 2.3 above.

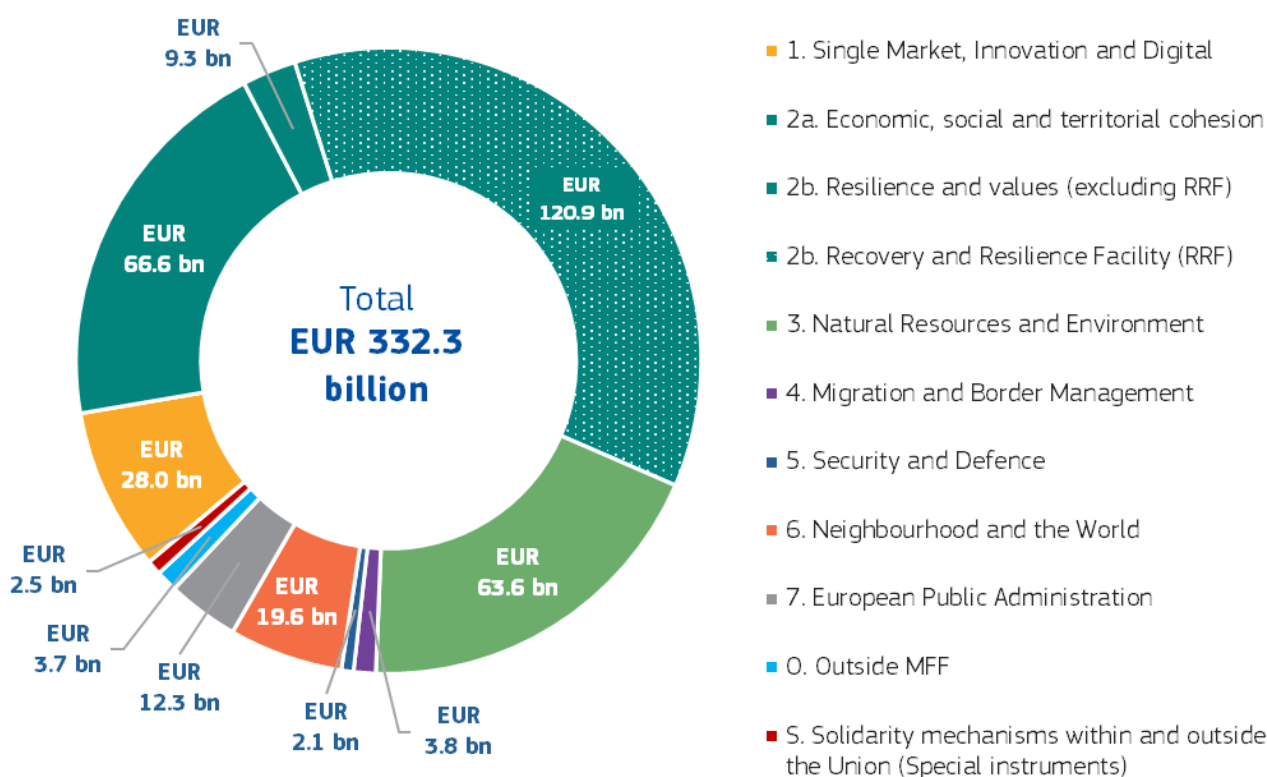
The implementation of the total payment appropriations in 2023 amounted to EUR 239.2 billion:

- EUR 162.0 billion from the final adopted budget;
- EUR 2.4 billion from appropriations carried-over or made available again from 2022;
- EUR 74.7 billion from appropriations stemming from assigned revenue;
  - of which EUR 66.1 billion from NGEU.

In cases allowed by the Financial Regulation and/or legal bases, the appropriations of the voted budget that were not implemented in 2023 were carried over to 2024: EUR 0.8 billion of commitment appropriations and EUR 3.0 billion of payment appropriations.

Likewise, EUR 9.4 billion of commitment appropriations of assigned revenue, of which EUR 0.3 billion related to the NGEU, and EUR 23.2 billion of payment appropriations of assigned revenue, of which EUR 3.1 billion related to the NGEU, were carried over to 2024 in accordance with the Financial Regulation.

Total 2023 commitment appropriations implementation per MFF 2021-2027 heading were as shown below:



The 2023 implementation for all types of appropriations (budget, carry-overs from previous year and assigned revenue) was 97% for commitments and 90% for payments. Implementation rates including the appropriations carried over to 2023 (in accordance with the Financial Regulation and/or legal bases) reached 99% for commitment appropriations and 100% for payment appropriations of the voted budget for 2023.

The NGEU appropriations were inscribed in full in 2021, i.e. EUR 421.1 billion in commitment appropriations. In 2023, the last year for which the related legal commitments could be entered into, the available commitments under NGEU amounted to EUR 115.9 billion. EUR 115.6 billion or 99.8% was committed. Only EUR 0.4 million of the commitments had to be cancelled. The remaining EUR 261.2 million was carried over to 2024. These appropriations are partly linked to the suspended Just Transition Fund allocation for Hungary (EUR 60.5 million) and partly for the technical and administrative assistance expenditure.

In 2023, the NGEU payment appropriations amounted to EUR 69.2 billion and the implementation reached 95.5%. The remaining amount of EUR 3.1 billion of payment appropriations was carried over to 2024.



## 6.2.2. Outstanding commitments

Outstanding commitments (commonly referred to as RAL – *reste à liquider*), which correspond to amounts committed but not yet paid for, stood at EUR 543.0 billion at the end of 2023. The outstanding commitments increased as compared to 2022 (by EUR 90.2 billion).

The main driver of the 2023 increase of the RAL was the NGEU (non-repayable part) implementation, contributing EUR 238.6 billion (44%) to the total RAL at the end of 2023. As the NGEU appropriations are to be committed until 31 December 2023 and paid by 31 December 2026, in accordance with the Articles 3(4) and 3(9) of the EURI Regulation, the trend of nominally growing RAL linked to NGEU will reverse from 2024 onwards.

## 6.2.3. Budget result

The budget result (surplus) decreased from EUR 2.5 billion in 2022 to EUR 0.6 billion in 2023. The 2023 budget result is the lowest on record since many years.

## 7. EU POLITICAL AND FINANCIAL FRAMEWORK, GOVERNANCE AND ACCOUNTABILITY

The European Union (EU) is a Union on which the Member States confer competences to attain objectives they have in common. The Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail.

### 7.1. Political and financial framework

#### EU Treaties

The overarching objectives and principles that guide the Union and the European institutions are defined in the [Treaties](#). The Union and the EU institutions may only act within the limits of the competences conferred by the Treaties so as to attain the objectives set out therein and must do this in accordance with the principles<sup>10</sup> of subsidiarity and proportionality. In order to

attain its objectives and carry out its policies, the Union provides itself with the necessary financial means. The Commission is responsible for promoting the general interest of the Union which includes executing the budget and managing programmes in cooperation with the Member States and in accordance with the principle of sound financial management.

The EU pursues the objectives established by the Treaty with various instruments, one of which is the EU budget. Others are, for example, a common legislative framework or joint policy strategies.

#### Multiannual financial framework and spending programmes

The policies supported by the EU budget are implemented in accordance with the [multiannual financial framework \(MFF\)](#) and corresponding sectoral legislation defining spending programmes and instruments. These translate the EU's political priorities into financial terms over a period long enough to be effective and to provide a coherent long-term perspective for beneficiaries of EU funds and co-financing national authorities. Maximum annual amounts (ceilings) are set for EU expenditure as a whole and for the main categories of expenditure (headings). The sum of the ceilings of all headings gives the total ceiling for commitment appropriations. The MFF is adopted by the Council by unanimity of all Member States, with the consent of the European Parliament. The current 2021-2027 multiannual financial framework was adopted on 17 December 2020<sup>11</sup>. The 2021-2027 multiannual financial framework is complemented by the temporary recovery instrument NextGenerationEU (see section 2).

#### Annual budget

The [annual budget](#) is prepared by the Commission. The European Parliament and the Council agree (usually by mid December) on the budget for the following year, based on the procedure of Article 314 TFEU. According to the principle of budgetary equilibrium, total revenue must equal total expenditure (payment appropriations) for a given financial year.

The main [sources of funding](#) of the EU budget are own resources revenues which are complemented by other revenues. There are four types of own resources: Traditional own resources (mainly custom duties), the own resource based on value added tax (VAT), the own resource based on non-recycled plastic packaging waste (introduced in 2021) and the own resource based on gross national income (GNI). Other revenues arising from the activities of the EU (e.g. competition fines) normally represent less than 10% of total revenue.

<sup>10</sup> Under the principle of subsidiarity, the Union shall act only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States but can rather, by reason of the scale or effects, be better achieved at Union level. Under the principle of proportionality, the content and form of Union action shall not exceed what is necessary to achieve the objectives of the Treaties (see Article 5 TEU).

<sup>11</sup> On 1st of February 2024, the European Council agreed on a mid-term revision of 2021-2027 MFF ceilings, following the Commission's proposals COM(2023) 336.

## Management modes

The EU budget is implemented in three management modes which determine how the money is paid out and managed:

- **Shared management:** the vast proportion of the budget (around 3/4 of the budget) is managed under a system of shared management by the Commission in cooperation with the Member States, notably in the areas of structural funds and agriculture.
- **Direct management:** the Commission also manages programmes itself and can delegate the implementation of specific programmes to executive agencies.
- **Indirect management:** Expenditure decisions can also be indirectly managed via other bodies within or outside the EU. The Financial Regulation and/or contribution agreements define the necessary control and reporting mechanisms by these entities and the supervision by the Commission where budget implementation tasks are entrusted to national agencies, the European Investment Bank Group, third countries, international organisations (e.g. the World Bank or the United Nations) and other entities (e.g. EU decentralised agencies, Joint Undertakings).

## Financial instruments and budgetary guarantees

The traditional method of budget implementation of giving grants and subsidies is complemented by issuing **financial instruments** in the form of guarantees as well as equity and loans. Furthermore, the EU engages in borrowing and lending activities for specific financial assistance programmes in order to support Member States and third countries in the form of bilateral loans financed from debt issued on the capital markets with the guarantee of the EU Budget. In December 2022, Parliament and the Council established the unified funding approach to EU borrowing, under which the Commission will be issuing single branded 'EU-Bonds', rather than separately denominated bonds for individual programmes.

## Financial Regulation

The **Financial Regulation** (FR)<sup>12</sup> applicable to the general budget is a central act in the regulatory architecture of the EU's finances. It defines in detail the financial rules applicable to the execution of the EU budget and the roles of the different actors involved in ensuring that the money is used soundly and achieves the objectives set. It also includes the specific provisions applicable to financial instruments, budgetary guarantees and financial assistance

## 7.2. Governance and accountability

### 7.2.1. Institutional structure

The EU has an institutional framework through which it aims to promote its values, advance its objectives, serve its interests, those of its citizens and those of the Member States, and ensure the consistency, effectiveness and continuity of its policies and actions. The organisational structure consists of institutions, agencies and other EU autonomous bodies. The Financial Regulation, together with the applicable accounting rules, defines which of these entities are included in the EU consolidated accounts (please see note 9 of the EU consolidated annual accounts for the list of entities included in the scope of consolidation).

The European Parliament, jointly with the Council, exercises legislative and budgetary functions. The Commission is politically accountable to the European Parliament. The Council also carries out policy-making and coordinating functions within the general political direction and priorities of the Union set by the European Council.

The European Commission is the executive arm of the European Union. It promotes the Union's general interest and takes appropriate initiatives to that end. It ensures the application of the Treaties and oversees the application of Union law by Member States under the control of the Court of Justice of the

<sup>12</sup> Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EU, Euratom) No 966/2012 – OJ L 193 of 30 July 2018, p. 1.

European Union. It exercises coordinating, executive and management functions, executes the budget and manages programmes.

The Commission implements the budget, in large part in cooperation with the Member States.<sup>13</sup> Together, they ensure that the appropriations are used in accordance with the principles of sound financial management. Regulations lay down the control and audit obligations of the Member States when they share the implementation of the budget and the resulting responsibilities. They also lay down the responsibilities and detailed rules for each of the EU's institutions as concerns their own expenditure.

### 7.2.2. The Commission's governance structure

The Commission's governance arrangements and how these ensure that the Commission functions as a modern, accountable and performance-oriented institution are described in the Communication<sup>14</sup> on Governance in the European Commission.

The Commission performs its functions under the leadership of the College of Commissioners, which sets priorities and takes overall political responsibility for the work of the Commission. As a College, the Commission works under the political guidance of its President, who presents, as part of his or her nomination to the European Parliament the objectives he or she intends to pursue in the form of political guidelines. The President decides on the internal organisation of the Commission, ensuring that it acts consistently, efficiently and as a collegiate body.

The College delegates the operational implementation of the budget and financial management to the [Directors-General and Heads of Service](#) who lead the administrative structure of the Commission. This decentralised approach creates an administrative culture that encourages civil servants to take responsibility for activities over which they have control and requires them to provide assurance as concerns the activities for which they are accountable.

Under the authority of the President and in close cooperation with the Member of the Commission in charge of budget, human resources and administration, and with the involvement of the Presidential and central services, the Corporate Management Board provides coordination, oversight, advice and strategic orientations.

The internal arrangements define a coherent set of robust controls and management tools which allow the [College of Commissioners](#) to assume political responsibility for the work of the Commission.<sup>15</sup>

### 7.2.3. The Commission's financial management

In the Commission, the roles and responsibilities in financial management are clearly defined (e.g. in the Financial Regulation and the Internal Rules<sup>16</sup>) and applied accordingly. As [authorising officers by delegation](#), the Commission's Directors-General and Heads of Service are responsible for the sound financial management of EU resources, compliance with the provisions of the Financial Regulation, risk management and establishing an appropriate internal control framework.

The responsibility of the Authorising Officers covers the entire management process, from determining what needs to be done to achieve the policy objectives set by the institution to managing the activities from both an operational and a sound financial management standpoint. Tasks can further be sub-delegated to Directors, Heads of Unit and others, who thereby become Authorising Officers by Sub-Delegation. Each authorising officer by delegation may rely on one or two directors in charge of risk management and internal control to oversee and monitor the implementation of internal control systems.

The Commission's central services provide guidance and advice and promote best practices, including through the work of the Corporate Management Board.

---

<sup>13</sup> See Article 317 TFEU.

<sup>14</sup> C(2020) 4240 of 24.6.2020.

<sup>15</sup> As a result, the term 'European Commission' is used to denote both the institution – the College – formed by the Members of the Commission, and its administration managed by the Directors-General of its departments (and heads of other administrative structures such as services, offices and executive agencies).

<sup>16</sup> Since mid-2019 (further to the revised Article 12 of the Internal Rules) the management of the European Development Fund (EDF) is co-delegated among five departments (INTPA (DEVCO), ECHO, EAC, EACEA and JRC).

The Financial Regulation requires each authorising officer to prepare an annual activity report (AAR) detailing achievements, internal control and financial management activities during the year. The AAR includes a declaration that resources have been used based on the principles of sound financial management and that control procedures are in place which provide the necessary guarantees concerning the legality and regularity of the underlying transactions. The Annual Management and Performance Report for the EU budget<sup>17</sup> is the main instrument through **which the College of Commissioners assumes political responsibility for the financial management of the EU budget.**

The **Accounting Officer** of the Commission is centrally responsible for treasury management, recovery procedures, laying down accounting rules based on International Public Sector Accounting Standards (IPSAS), validating accounting systems and the preparation of the Commission's and consolidated annual accounts of the EU. Furthermore, the Accounting Officer is required to sign the annual accounts declaring that they present fairly, in all material aspects, the financial position, the results of the operations and the cash flows of the Union. The annual accounts are adopted by the College of Commissioners. The Accounting Officer is an independent function and bears a major responsibility as regards financial reporting in the Commission.

The **Internal Auditor** of the Commission is likewise a centralised and independent function and provides independent advice, opinions and recommendations on the quality and functioning of internal control systems inside the Commission, EU agencies and other EU autonomous bodies.

The **Audit Progress Committee** ensures the independence of the Internal Auditor and monitors the quality of internal audit work and the follow-up given by the Commission services to internal and external audit recommendations, as well as to the European Court of Auditors' discharge related findings and recommendations on the reliability of the annual consolidated EU accounts. The advisory role of the committee contributes to the overall further improvement of the Commission's effectiveness and efficiency in achieving its goals and facilitates the College's oversight of the Commission's governance, risk management, and internal control practices.

#### 7.2.4. External audit and discharge procedure

In line with the principles of sound financial management, funds must be managed in an effective, efficient and economic manner. An accountability framework based on comprehensive reporting, external audit and political control exists to provide reasonable assurance that EU funds are spent in a proper manner.

The **European Parliament** decides, after a recommendation by the **Council**, on whether or not to provide its final approval, known as 'granting discharge', on the way the Commission implemented the EU budget in a given year. The annual discharge procedure ensures that the Commission is held politically accountable for the implementation of the EU budget.

Every year the **European Court of Auditors** examines the reliability of the accounts, whether all revenue has been received and all expenditure incurred in a lawful and regular manner and whether the financial management and the qualitative aspects of budgeting, including the performance dimension, have been sound. As from 2021, given the considerable importance of NextGenerationEU, the European Court of Auditor's opinion on the legality and regularity of expenditure under the traditional EU budget is complemented by a separate opinion on the legality and regularity of expenditure under the Recovery and Resilience Facility. The publication of the annual report of the European Court of Auditors is the starting point for the discharge procedure. The auditors also prepare special reports on specific spending or policy areas, or on budgetary or management issues.

The decision on the discharge is also based on the Commission's integrated financial and accountability reporting, on hearings of Commissioners in the European Parliament and on the replies provided to written questions addressed to the Commission.

---

<sup>17</sup> [https://ec.europa.eu/info/publications/integrated-financial-and-accountability-reporting\\_en](https://ec.europa.eu/info/publications/integrated-financial-and-accountability-reporting_en).

# **NOTE ACCOMPANYING THE CONSOLIDATED ACCOUNTS**

The consolidated annual accounts of the European Union for the year 2023 have been prepared on the basis of the information presented by the institutions and bodies under Article 246(2) of the Financial Regulation applicable to the general budget of the European Union. I hereby declare that they were prepared in accordance with Title XIII of this Financial Regulation and with the accounting principles, rules and methods set out in the notes to the financial statements.

I have obtained from the accounting officers of these institutions and bodies, who certified its reliability, all the information necessary for the production of the accounts that show the European Union's assets and liabilities and budgetary implementation.

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts of the European Commission, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cashflows of the European Union.

Rosa ALDEA BUSQUETS

**Accounting Officer of the Commission**

*19 June 2024*

# CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES

*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

BALANCE SHEET .....	38
STATEMENT OF FINANCIAL PERFORMANCE .....	39
CASHFLOW STATEMENT .....	40
STATEMENT OF CHANGES IN NET ASSETS .....	41
NOTES TO THE FINANCIAL STATEMENTS .....	42
1.SIGNIFICANT ACCOUNTING POLICIES .....	43
2.NOTES TO THE BALANCE SHEET .....	58
3.NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE .....	94
4.CONTINGENT LIABILITIES AND ASSETS .....	103
5.BUDGETARY AND LEGAL COMMITMENTS .....	109
6.FINANCIAL RISK MANAGEMENT .....	113
7.RELATED PARTY DISCLOSURES .....	132
8.EVENTS AFTER THE BALANCE SHEET DATE.....	134
9.SCOPE OF CONSOLIDATION .....	135



## BALANCE SHEET

EUR million

	Note	31.12.2023	31.12.2022
<b>NON-CURRENT ASSETS</b>			
<i>Intangible assets</i>	2.1	976	900
<i>Property, plant and equipment</i>	2.2	13 399	12 922
<i>Investments accounted for using the equity method</i>	2.3	1 365	1 313
<i>Financial assets</i>	2.4	274 283	226 431
<i>Pre-financing</i>	2.5	41 417	47 482
<i>Exchange receivables and non-exchange recoverables</i>	2.6	16 083	18 870
		<b>347 524</b>	<b>307 917</b>
<b>CURRENT ASSETS</b>			
<i>Financial assets</i>	2.4	11 088	8 981
<i>Pre-financing</i>	2.5	50 257	53 014
<i>Exchange receivables and non-exchange recoverables</i>	2.6	19 116	29 329
<i>Inventories</i>	2.7	78	82
<i>Cash and cash equivalents</i>	2.8	39 616	46 544
		<b>120 156</b>	<b>137 950</b>
<b>TOTAL ASSETS</b>			
		<b>467 679</b>	<b>445 867</b>
<b>NON-CURRENT LIABILITIES</b>			
<i>Pension and other employee benefits</i>	2.9	(90 808)	(80 617)
<i>Provisions</i>	2.10	(2 102)	(2 199)
<i>Financial liabilities</i>	2.11	(430 771)	(323 985)
		<b>(523 682)</b>	<b>(406 801)</b>
<b>CURRENT LIABILITIES</b>			
<i>Provisions</i>	2.10	(1 233)	(571)
<i>Financial liabilities</i>	2.11	(27 613)	(28 316)
<i>Payables</i>	2.12	(50 516)	(55 341)
<i>Accrued charges and deferred income</i>	2.13	(76 805)	(86 164)
		<b>(156 166)</b>	<b>(170 392)</b>
<b>TOTAL LIABILITIES</b>			
		<b>(679 848)</b>	<b>(577 193)</b>
<b>NET ASSETS</b>			
		<b>(212 169)</b>	<b>(131 325)</b>
<i>Reserves</i>	2.14	1 052	1 312
<i>Amounts to be called from Member States*</i>	2.15	(213 221)	(132 637)
<b>NET ASSETS</b>			
		<b>(212 169)</b>	<b>(131 325)</b>

\* The European Parliament adopted a budget on 22 November 2023 which provides for the payment of the Union's short-term liabilities from own resources to be collected by, or called up from, the Member States in the following year. Additionally, under Article 83 of the Staff Regulations (Regulation (EEC, Euratom, ECSC) No 259/68 of 29 February 1968 as amended), the Member States shall jointly guarantee the liability for pensions.

## STATEMENT OF FINANCIAL PERFORMANCE

	Note	2023	2022
<i>EUR million</i>			
<b>REVENUE</b>			
<b>Revenue from non-exchange transactions</b>			
<i>GNI resources</i>	3.1	101 287	103 880
<i>Traditional own resources</i>	3.2	19 840	23 495
<i>VAT resources</i>	3.3	22 526	19 666
<i>Plastics own resources</i>	3.4	7 225	6 337
<i>Fines</i>	3.5	1 748	915
<i>Recovery of expenses</i>	3.6	803	1 219
<i>UK Withdrawal Agreement</i>	3.7	681	–
<i>Other</i>	3.8	8 800	11 395
		<b>162 909</b>	<b>166 908</b>
<b>Revenue from exchange transactions</b>			
<i>Financial revenue</i>	3.9	6 983	2 602
<i>Other</i>	3.10	1 963	1 669
		<b>8 946</b>	<b>4 271</b>
<b>Total Revenue</b>		<b>171 855</b>	<b>171 179</b>
<b>EXPENSES</b>			
<i>Implemented by Member States</i>	3.11		
<i>European Agricultural Guarantee Fund</i>		(40 716)	(41 031)
<i>European Agricultural Fund for Rural Development and other rural development instruments</i>		(14 605)	(16 073)
<i>European Regional Development Fund and Cohesion Fund</i>		(52 429)	(43 083)
<i>European Social Fund</i>		(17 665)	(14 649)
<i>Other</i>		(4 251)	(3 482)
<i>Implemented by the Commission, executive agencies and trust funds</i>	3.12	(61 888)	(94 027)
<i>Implemented by other EU agencies and bodies</i>	3.13	(4 226)	(3 615)
<i>Implemented by third countries and international organisations</i>	3.13	(6 090)	(5 281)
<i>Implemented by other entities</i>	3.13	(4 902)	(4 738)
<i>Staff and pension costs</i>	3.14	(14 023)	(14 209)
<i>Finance costs</i>	3.15	(14 355)	(7 637)
<i>UK Withdrawal Agreement</i>	3.7	–	(6 961)
<i>Other expenses</i>	3.16	(8 142)	(8 342)
<b>Total Expenses</b>		<b>(243 292)</b>	<b>(263 128)</b>
<b>ECONOMIC RESULT OF THE YEAR</b>		<b>(71 437)</b>	<b>(91 949)</b>

## CASHFLOW STATEMENT

	<i>EUR million</i>	
	2023	2022
<i>Economic result of the year</i>	(71 437)	(91 949)
<b>Operating activities</b>		
<i>Amortisation</i>	181	135
<i>Depreciation</i>	1 203	1 284
<i>(Reversal of) impairment losses on investments</i>	–	–
<i>(Increase)/decrease in loans</i>	(42 522)	(40 787)
<i>(Increase)/decrease in pre-financing</i>	8 821	(7 049)
<i>(Increase)/decrease in exchange receivables and non-exchange recoverables</i>	13 000	24 239
<i>(Increase)/decrease in inventories</i>	3	2
<i>Increase/(decrease) in pension and other employee benefits</i>	10 192	(41 850)
<i>Increase/(decrease) in provisions</i>	564	(578)
<i>Increase/(decrease) in financial liabilities (other than NGEU borrowings)</i>	(3 516)	14 050
<i>Increase/(decrease) in payables</i>	(4 825)	8 969
<i>Increase/(decrease) in accrued charges and deferred income</i>	(9 359)	8 096
<i>Prior year budgetary surplus taken as non-cash revenue</i>	(2 519)	(3 227)
<i>Remeasurements in employee benefits liabilities (non-cash movement not included in statement of financial performance)</i>	(6 877)	46 048
<i>Other non-cash movements</i>	(11)	102
<b>Investing activities</b>		
<i>(Increase)/decrease in intangible assets and property, plant and equipment</i>	(1 938)	(1 803)
<i>(Increase)/decrease in investments accounted for using the equity method</i>	(52)	(121)
<i>(Increase)/decrease in non-derivative financial assets at fair value through surplus or deficit</i>	(7 329)	(5 850)
<i>(Increase)/decrease in derivative financial assets at fair value through surplus or deficit</i>	(107)	(156)
<b>Financing activities</b>		
<i>Increase/(decrease) in borrowings under the unified funding approach</i>	109 600	92 128
<b>NET CASHFLOW</b>	<b>(6 928)</b>	<b>1 684</b>
<i>Net increase/(decrease) in cash and cash equivalents</i>	(6 928)	1 684
<i>Cash and cash equivalents at the beginning of the year</i>	46 544	44 860
<i>Cash and cash equivalents at year-end</i>	39 616	46 544

## STATEMENT OF CHANGES IN NET ASSETS

	Amounts to be called from Member States Accumulated Surplus/(Deficit)	Other reserves	<i>EUR million</i> Net Assets
<b>BALANCE AS AT 31.12.2021</b>	<b>(83 624)</b>	<b>1 325</b>	<b>(82 299)</b>
<i>Remeasurements in employee benefits liabilities</i>	46 048	–	46 048
<i>Other</i>	115	(13)	102
<i>2021 budget result credited to Member States</i>	(3 227)	–	(3 227)
<i>Economic result of the year</i>	(91 949)	–	(91 949)
<b>BALANCE AS AT 31.12.2022</b>	<b>(132 637)</b>	<b>1 312</b>	<b>(131 325)</b>
<i>Remeasurements in employee benefits liabilities</i>	(6 877)	–	(6 877)
<i>Other</i>	249	(260)	(11)
<i>2022 budget result credited to Member States</i>	(2 519)	–	(2 519)
<i>Economic result of the year</i>	(71 437)	–	(71 437)
<b>BALANCE AS AT 31.12.2023</b>	<b>(213 221)</b>	<b>1 052</b>	<b>(212 169)</b>

## NOTES TO THE FINANCIAL STATEMENTS

*Note that in the following tables amounts concerning the UK in relation to MFFs up to end 2020 are still shown under the heading Member States as although the UK withdrew from the Union on 1 February 2020, in accordance with the Withdrawal Agreement, it continues to have a financial relationship with the Union equivalent to that of a Member State for these periods.*

# 1. SIGNIFICANT ACCOUNTING POLICIES

## 1.1. LEGAL BASIS AND ACCOUNTING RULES

The accounts of the EU are kept in accordance with Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30 July 2018, p. 1) hereinafter referred to as the 'Financial Regulation' (FR).

In accordance with Article 80 of the Financial Regulation, the EU prepares its financial statements on the basis of accrual-based accounting rules that are based on International Public Sector Accounting Standards (IPSAS). These accounting rules, adopted by the Accounting Officer of the Commission, have to be applied by all the institutions and EU bodies falling within the scope of consolidation in order to ensure the internal consistency of the EU consolidated accounts.

### Application of new and amended European Union Accounting Rules (EAR)

#### Revised EAR effective for annual periods beginning on or after 1 January 2023

There are no new EAR which became effective for annual periods beginning on or after 1 January 2023.

#### New EAR adopted but not yet effective at 31 December 2023

There are no new EAR adopted but not yet effective at 31 December 2023.

## 1.2. ACCOUNTING PRINCIPLES

The objective of financial statements is to provide information about the financial position, performance and cashflows of an entity that is useful to a wide range of users. For the EU as a public sector entity, the objectives are more specifically to provide information useful for decision-making, and to demonstrate the accountability of the entity for the resources entrusted to it. It is with these goals in mind that the present document has been drawn up.

The overall considerations (or accounting principles) to be followed when preparing the financial statements are laid down in EU accounting rule 1 'Financial Statements' and are the same as those described in IPSAS 1: fair presentation, accrual basis, going concern, consistency of presentation, materiality, aggregation, offsetting and comparative information.

The qualitative characteristics of financial reporting are relevance, faithful representation (reliability), understandability, timeliness, comparability and verifiability.

## 1.3. CONSOLIDATION

### Scope of consolidation

The consolidated financial statements of the EU comprise all significant controlled entities, joint arrangements and associates. The complete list of entities falling under the scope of consolidation, which now comprises 54 controlled entities and 1 associate (unchanged compared to 2022), can be found in note 9. Among the controlled entities are the EU institutions (including the Commission, but not the European Central Bank) and the EU agencies (except those of the Common and Foreign Security Policy). The European Coal and Steel Community in Liquidation (ECSC i.L.) is also considered as a controlled entity. The EU's only associate is the European Investment Fund (EIF).

Entities falling under the scope of consolidation but immaterial to the EU consolidated financial statements as a whole need not be consolidated or accounted for using the equity method where to do so would result in excessive time or cost to the EU. These entities are referred to as 'Minor entities' and are

separately listed in note **9**. In 2023, 10 entities have been classified as such minor entities (2022: 8 entities).

### Controlled entities

In order to determine the scope of consolidation, the control concept is applied. Controlled entities are entities for which the EU is exposed, or has right, to variable benefits from its involvement and has the ability to affect the nature and amount of those benefits through its power over the other entity. This power must be presently exercisable and must relate to the relevant activities of the entity. Controlled entities are fully consolidated. The consolidation begins at the first date on which control exists, and ends when such control no longer exists.

The most common indicators of control within the EU are: creation of the entity through founding treaties or secondary legislation, financing of the entity from the EU budget, the existence of voting rights in the governing bodies, audit by the European Court of Auditors and discharge by the European Parliament. An individual assessment for each entity is made in order to decide whether one or all of the criteria listed above are sufficient to result in control.

All material inter-entity transactions and balances between EU controlled entities are eliminated, while unrealised gains and losses on such transactions are not material and so have not been eliminated.

### Joint Arrangements

A joint arrangement is an agreement of which the EU and one or more parties have joint control. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of parties sharing control. Joint agreements can be either joint ventures or joint operations. A joint venture is a joint arrangement that is structured through a separate vehicle and whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Participations in joint ventures are accounted for using the equity method (see note **1.5.4**). A joint operation is a joint arrangement whereby the parties that have joint control of the arrangements have rights to the assets, and obligations for the liabilities, related to the arrangement. Participations in joint operations are accounted for by recognising in the EU's financial statements its assets and liabilities, revenues and expenses, as well as its share of assets, liabilities, revenues and expenses jointly held or incurred.

### Associates

Associates are entities over which the EU has, directly or indirectly, significant influence but not exclusive or joint control. It is presumed that significant influence exists if the EU holds directly or indirectly 20% or more of the voting rights. Participations in associates are accounted for using the equity method (see note **1.5.4**).

### Non-consolidated entities the funds of which are managed by the Commission

The funds of the Joint Sickness Insurance Scheme for staff of the EU, the European Development Fund and the Participants Guarantee Fund are managed by the Commission on behalf of these entities. However, since these entities are not controlled by the EU, they are not consolidated in its financial statements.

## 1.4. BASIS OF PREPARATION

Financial statements are presented annually in accordance with Article 243 of the Financial Regulation. The accounting year begins on 1 January and ends on 31 December.

### 1.4.1. Currency and basis for conversion

#### Functional and reporting currency

The financial statements are presented in millions of euros, unless stated otherwise, the euro being the EU's functional currency.

## Transactions and balances

Foreign currency transactions are translated into euros using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the re-translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance.

Different conversion methods apply to property, plant and equipment and intangible assets, which retain their value in euros at the rate that applied at the date when they were purchased.

Year-end balances of monetary assets and liabilities denominated in foreign currencies are converted into euros on the basis of the European Central Bank (ECB) exchange rates applying on 31 December:

### Euro exchange rates

Currency	31.12.2023	31.12.2022	Currency	31.12.2023	31.12.2022
<b>BGN</b>	<b>1.9558</b>	1.9558	<b>RON</b>	<b>4.9756</b>	4.9495
<b>CZK</b>	<b>24.7240</b>	24.1160	<b>SEK</b>	<b>11.096</b>	11.1218
<b>DKK</b>	<b>7.4529</b>	7.4365	<b>CHF</b>	<b>0.9260</b>	0.9847
<b>GBP</b>	<b>0.8691</b>	0.8869	<b>JPY</b>	<b>156.3300</b>	140.6600
<b>HUF</b>	<b>382.8</b>	400.8700	<b>USD</b>	<b>1.105</b>	1.0666
<b>PLN</b>	<b>4.3395</b>	4.6808			

### 1.4.2. 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, financial risk of accounts receivable and the amounts disclosed in the notes concerning financial instruments, impairment allowance for financial assets at amortised cost and for financial guarantee contract liabilities, accrued revenue and charges, provisions, degree of impairment of intangible assets and property, plant and equipment, net realisable value of inventories, contingent assets and liabilities. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known, if the change affects that period only, or that period and future periods, if the change affects both.

## 1.5. BALANCE SHEET

### 1.5.1. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An asset is identifiable if it is either separable (i.e. it is capable of being separated or divided from the entity, e.g. by being sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so), or arises from binding arrangements (including rights from contracts or other legal rights), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations).

Acquired intangible assets are stated at historical cost less accumulated amortisation and impairment losses. Internally developed intangible assets are capitalised when the relevant criteria of the EU Accounting Rules are met and the expenses relate solely to the development phase of the asset. The capitalisable costs 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.

Intangible assets are amortised on a straight-line basis over their estimated useful lives (3 to 11 years). The estimated useful lives of intangible assets depend on their specific economic life time or legal life time determined by an agreement.



### 1.5.2. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition, construction or transfer 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 EU 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 is not depreciated as it is 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 less their residual values over their estimated useful lives, as follows:

Type of asset	Straight line depreciation rate
<i>Buildings</i>	<i>4% to 10%</i>
<i>Space assets</i>	<i>8% to 25%</i>
<i>Plant and equipment</i>	<i>10% to 25%</i>
<i>Furniture and vehicles</i>	<i>10% to 25%</i>
<i>Computer hardware</i>	<i>25% to 33%</i>
<i>Other</i>	<i>10% to 33%</i>

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

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. Leases are classified as either finance leases or operating leases.

Finance leases are leases where substantially all the risks and rewards incidental to ownership are transferred to the lessee. When entering a finance lease as a lessee, the assets acquired under the finance lease are recognised as assets and the associated lease obligations as liabilities as from the commencement of the lease term. The assets and liabilities are recognised at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Over the period of the lease term, the assets held under finance leases are depreciated over the shorter of the asset's useful life and the lease term. The minimum lease payments are apportioned between the finance charge (the interest element) and the reduction of the outstanding liability (the capital element). The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability, which is presented as current/non-current, as applicable. Contingent rents are charged as expenses in the period in which they are incurred.

An operating lease is a lease other than a finance lease, i.e. a lease where the lessor retains substantially all the risks and rewards incidental to ownership of an asset. When entering an operating lease as a lessee, the operating lease payments are recognised as an expense in the statement of financial performance on a straight-line basis over the lease term with neither a leased asset nor a leasing liability presented in the balance sheet.

### 1.5.3. Impairment of non-financial assets

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through amortisation or depreciation (as applicable). 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 tested for impairment whenever there is an indication at the reporting date that an asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable (service) amount. The recoverable (service) 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. If the reasons for impairments recognised in previous years no longer apply, the impairment losses are reversed accordingly.

#### 1.5.4. Investments accounted for using the equity method

##### Participations in associates and joint ventures

Investments accounted for using the equity method are initially recognised at cost, with the initial carrying amount subsequently being increased or decreased to recognise further contributions, the EU's share of the surplus or deficit of the investee, any impairments and dividends. The initial cost together with all movements give the carrying amount of the investment in the financial statements at the balance sheet date. The EU's share of the investee's surplus or deficit is recognised in the statement of financial performance, and its share of investee's movements in equity is recognised in the reserves within net assets. Distributions received from the investment reduce the carrying amount of the asset.

If the EU's share of deficits of an investment accounted for using the equity method equals or exceeds its interest in the investment, the EU discontinues recognising its share of further losses ('unrecognised losses'). After the EU's interest is reduced to zero, additional losses are provided for and a liability is recognised only to the extent that the EU has incurred legal or constructive obligation or made payments on behalf of the entity.

If there are indications of impairment, a write-down to the lower recoverable amount is necessary. The recoverable amount is determined as described under note **1.5.3**. If the reason for impairment ceases to apply at a later date, the impairment loss is reversed to the carrying amount that would have been determined had no impairment loss been recognised.

In cases where the EU holds 20% or more of an investment capital fund, it does not seek to exert significant influence. Such funds are therefore treated as financial instruments and categorised as financial assets at fair value through surplus or deficit ('FVSD').

Associates and joint ventures classified as minor entities (see note **1.3**) are not accounted for under the equity method. EU contributions to those entities are accounted for as an expense of the period.

#### 1.5.5. Financial assets

##### Classification at initial recognition

The classification depends on two criteria:

- The financial assets management model. This requires an assessment of how the EU manages the financial assets to generate cash flows and to achieve its objectives and how it evaluates the performance on financial assets.
- The asset contractual cash-flow characteristics. This requires an assessment of whether the contractual cash flows are solely payments of principal and interest on the principal outstanding. The interest is the consideration for the time value of money, credit risk and other basic lending risks and costs.

Following assessment based on these criteria, the financial assets can be classified in three categories: Financial assets at amortised cost ('AC'), financial assets at fair value through net assets/equity ('FVNA') or financial assets at fair value through surplus or deficit ('FVSD').

Financial assets with contractual cash flows that represent solely principal and interests are classified depending on the entity's management model. If the management model is to hold the financial assets in order to collect contractual cash flows, the financial assets are classified at AC. If the management model is to hold the financial assets both to collect contractual cash flows and to sell the financial assets, the classification is FVNA. If the management model is different to these two models (e.g. the financial assets are held for trading or held in a portfolio managed and evaluated on a fair value basis), the financial assets are classified as FVSD.

Financial assets with contractual cash flows that do not represent only principal and interests, but introduce exposure to risks and volatility other than those present in a basic lending arrangement (e.g. changes in equity prices), are classified as FVSD regardless of the management model.

At initial recognition, the EU classifies the financial assets as follows:

*(i) Financial assets at amortised cost*

The EU classifies in this category:

- Cash and cash equivalents;
- Loans (including term deposits with original maturity of more than three months);
- Exchange receivables, except for the financial guarantee contract receivable leg classified as financial asset at fair value through surplus or deficit.

These non-derivative financial assets meet two conditions: The EU's management model is to hold them in order to collect the contractual cash flows. Furthermore, on specified days, there are contractual cash flows that represent only principal and interest on the outstanding principal.

Financial assets at amortised cost are included in current assets, except for those with maturity of more than 12 months from the reporting date.

*(ii) Financial assets at fair value through net assets/equity*

These non-derivatives financial assets have contractual cash flows that represent only principal and interest on the outstanding principal. In addition, the management model is to hold the financial assets both to collect contractual cash flows and to sell the financial assets.

Assets in this category are classified as current assets, if they are expected to be realised within 12 months from the reporting date.

The EU does not hold such assets at 31 December 2023.

*(iii) Financial assets at fair value through surplus or deficit*

The EU classifies the following financial assets as FVSD because the contractual cash flows do not represent only principal and interests on the principal:

- Derivatives;
- Equity investments and investments in money market funds or in pooled portfolio funds;
- Other equity-type investments (e.g. Risk Capital Operations).

In addition, the EU classifies the debt securities it holds as FVSD because the portfolios of debt securities are managed and evaluated on a portfolio fair value basis (e.g. Common Provisioning Fund under Article 212 of the Financial Regulation).

Assets in this category are classified as current assets, if they are expected to be realised within 12 months from the reporting date.

### Initial recognition and measurement

Purchases of financial assets at fair value through net assets/equity and at fair value through surplus or deficit are recognised on their trade-date – the date on which the EU commits to purchase the asset. Cash equivalents and loans are recognised when cash is deposited in a financial institution or advanced to borrowers.

Financial assets are initially measured at fair value. For all financial assets not carried at fair value through surplus or deficit, the transactions costs are added to the fair value at initial recognition. For financial assets carried at fair value through surplus or deficit the transaction costs are expensed in the statement of financial performance.

The fair value of a financial asset on initial recognition is normally the transaction price unless the transaction is not at arm's length i.e. at no or at nominal consideration for public policy purposes. In this

case, the difference between the fair value of the financial instrument and the transaction price is a non-exchange component which is recognised as an expense in the statement of financial performance. In this case, the fair value of a financial asset is derived from current market transactions for a directly equivalent instrument. If there is no active market for the instrument, the fair value is derived from a valuation technique that uses available data from observable markets.

When a long-term loan that carries no interest or an interest below market conditions is granted, its fair value can be estimated as the present value of all future cash receipts discounted using the prevailing market rate of interest for a similar instrument with a similar credit rating.

Loans granted under the Recovery and Resilience Facility and loans for financial assistance are initially measured at their nominal amount, with the transaction price considered the fair value of the loan. This is because:

- The 'market environment' for EU lending is very specific and different from the capital market used to issue commercial or government debt. As lenders in these markets have the opportunity to choose alternative investments, the opportunity of doing so is factored into market prices. However, this opportunity for alternative investments does not exist for the EU, which is not allowed to invest money in the capital markets; it only borrows funds for the purpose of lending. This means that there is no alternative lending or investment option available to the EU for the sums borrowed. Thus, there is no opportunity cost and therefore no basis of comparison with market rates. In fact, the EU lending operation itself represents the market. Essentially, since the opportunity cost 'option' is not applicable, the market price does not fairly reflect the substance of the EU lending transactions. Therefore, it is not appropriate to determine the fair value of EU lending with reference to commercial or government bonds.
- Furthermore, as there is no active market or similar transactions to compare with, the interest rate to be used by the EU for fair valuing its lending operations should be the interest rate charged.

### Subsequent measurement

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method.

Financial assets at fair value through net assets/equity are subsequently measured at fair value. Gains and losses from changes in the fair value are recognised in the fair value reserve, except for foreign exchange translation differences on monetary assets, which are recognised in the statement of financial performance.

Financial assets at fair value through surplus or deficit are subsequently measured at fair value. Gains and losses from changes in the fair value (including those stemming from foreign currency translation and any interests earned) are included in the statement of financial performance in the period in which they arise.

### Fair value at subsequent measurement

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities and over-the-counter derivatives), the EU establishes a fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cashflow analysis, option pricing models and other valuation techniques commonly used by market participants.

Investments in venture capital funds which do not have a quoted market price in an active market are valued at the attributable net asset value, which is considered as an equivalent of their fair value.

### Impairment of financial assets

The EU recognises and measures an impairment loss for expected credit losses on financial assets that are measured at amortised cost and at fair value through net assets/equity.

The expected credit loss (ECL) is the present value of the difference between the contractual cash flows and the cash flows that the EU expects to receive. The ECL incorporates reasonable and supportable information that is available without undue cost or effort at the reporting date.

The ECL is measured with a three stage model that takes into account probability weighted default events during the lifetime of the financial asset and the evolution of credit risk since the origination of the financial asset. For loans, origination is the date of the irrevocable loan commitment.

If there is no significant increase in credit risk since origination ('stage 1'), the impairment loss is the ECL from possible default events in the next 12 months from the reporting date ('12 months ECL'). If there is a significant increase in credit risk since origination ('stage 2'), or if there is objective evidence of a credit impairment ('stage 3'), the impairment loss equals the ECL from possible default events over the whole lifetime of the financial asset ('lifetime ECL') (see note **6.5**).

For assets at amortised cost, the asset's carrying amount is reduced by the amount of the impairment loss which is recognised in the statement of financial performance. For assets at fair value through net assets/equity the loss allowance is recognised in net assets/equity and does not reduce the carrying amount of the financial asset in the balance sheet. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed through the statement of financial performance.

(a) *Loans to sovereigns*

The EU bases its assessment of loans' impairment, in the context of the nature of the EU's financing and its unique institutional status.

For the impairment of loans to non-Member States, the EU calculates the expected credit losses using external credit quality data, however taking into account its preferred creditor status, which reduces the credit risk. For the calculation of the present value, the discount rate is the loan's original effective interest rate. If a loan has a variable interest rate, the discount rate is the current effective interest rate determined under the contract.

For loans to Member States, the EU has never incurred any impairment losses, nor faced any defaults on payments. For these loans, in addition to the preferred creditor status, the EU takes into account the relationships with its Member States. These two elements, in principle, guarantee the full recovery of the loans to Member States, on maturity. Therefore, the EU considers the expected credit losses from loans to Member States to be negligible, and a statistical approach to calculate expected credit losses as inappropriate for these loans. Thus no expected credit losses are recognised in the statement of financial performance for the loans to Member States.

(b) *Receivables*

The EU measures the impairment loss at the amount of lifetime ECL, using practical expedients (e.g. provision matrix).

(c) *Cash and cash equivalents*

The EU holds cash and cash equivalents in current bank accounts and term deposits of up to 3 months. The cash is held in banks with very high credit ratings (see note **6.5**), thus having very low default probabilities. Given the short duration and low default probabilities, the expected credit losses from cash and cash equivalents are negligible. As a result, no impairment allowance is recognised for cash equivalents.

## Derecognition

Financial instruments are derecognised when the rights to receive cashflows from the investments have expired or the EU has transferred substantially all risks and rewards of ownership to another party. Sales of financial assets at fair value through net assets/equity and through surplus or deficit are recognised on their trade-date.

### 1.5.6. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other directly attributable costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. When inventories are held for distribution at no charge or for a

nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost the EU would incur to acquire the asset on the reporting date.

#### 1.5.7. 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 in accordance with the principle of sound financial management over a period defined in the particular contract, decision, agreement or basic act. The float or advance is either used for the purpose for which it was provided during the period defined in the agreement or it is repaid. If the beneficiary does not incur eligible expenditure, they have the obligation to return the pre-financing to the EU. As the EU retains control over the pre-financing and is entitled to a refund for the ineligible part, the amount is presented as an asset.

Pre-financing is initially recognised on the balance sheet when cash is transferred to the recipient. It is measured at the amount of the consideration given. In subsequent periods pre-financing is measured at the amount initially recognised on the balance sheet less the eligible expenses (including estimated amounts where necessary) incurred during the period.

Interest on pre-financing is recognised as it is earned in accordance with the provisions of the relevant agreement. An estimate of the accrued interest revenue, based on the most reliable information, is made at the year-end and included in the balance sheet.

Other advances to Member States, which originate from reimbursement by the EU of amounts paid as advances by the Member States to their beneficiaries (including 'financial instruments under shared management'), are recognised as assets and presented under the heading 'Pre-financing'. Other advances to Member States are subsequently measured at the amount initially recognised on the balance sheet less a best estimate of the eligible expenses incurred by final beneficiaries, calculated on the basis of reasonable and supportable assumptions.

The contributions to EU trust funds (as established under Article 234 of the Financial Regulation) not consolidated in the European Commission, or to other unconsolidated entities, are classified as pre-financing since their purpose is to give a float to the trust fund to allow it to finance specific actions defined under the trust fund's objectives. The EU contributions to trust funds are measured at the initial amount of the EU contribution less eligible expenses, including estimated amounts where necessary, incurred by the trust fund during the reporting period and allocated to the EU contribution in accordance with the underlying agreement.

#### 1.5.8. Exchange receivables and non-exchange recoverables

The EU Accounting Rules require a separate presentation of exchange and non-exchange transactions. To distinguish between the two categories, the term 'receivables' is reserved for exchange transactions, whereas for 'non-exchange transactions', i.e. when the EU receives value from another entity without directly giving approximately equal value in exchange, the term 'recoverables' is used (e.g. recoverables from Member States related to own resources).

Receivables from exchange transactions are financial assets measured at amortised cost, except for certain amounts of financial guarantee contract receivable leg which are classified as financial asset at fair value through surplus or deficit (see note **1.5.5**).

Recoverables from non-exchange transactions are carried at fair value as at the date of acquisition less write-down for impairment. A write-down for impairment of recoverables from non-exchange transactions is established when there is objective evidence that the EU will not be able to collect all amounts due according to the original terms of recoverables from non-exchange transactions. 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. A general write-down, based on past experience, is also made for outstanding recovery orders not already subject to a specific write-down. See note **1.5.14** concerning the treatment of accrued revenue at year-end. Amounts displayed and disclosed as recoverables from non-exchange transactions are not financial instruments, as they do not arise from a contract that would give rise to a financial liability or equity instrument. However, in the notes to the financial statements recoverables from non-exchange transactions are disclosed together with receivables from exchange transactions where appropriate.

### 1.5.9. Cash and cash equivalents

Cash and cash equivalents are financial assets at amortised cost and include cash at hand, deposits held at call or at short notice with banks and other short-term highly liquid investments with original maturities of three months or less.

### 1.5.10. Employee benefits

The EU provides a set of benefits (emoluments and social security) to employees. For accounting purposes these have to be classified into short-term and post-employment benefits.

#### Short-term employee benefits

Short-term employee benefits are those benefits due to be settled before twelve months after the end of the reporting period in which employees rendered the service, such as salaries, annual and paid sick leaves, and other short-term allowances. Short-term employee benefits are recognised as an expense when the related service is provided. A liability is recognised for the amount expected to be paid if the EU has a present legal or constructive obligation to pay as a result of past service provided by the employee and the obligation can be estimated reliably.

#### Post-employment benefits

The EU grants a set of post-employment benefits to employees, which include retirement, invalidity and survival pensions provided under the Pension Scheme of the European Officials (PSEO), as well as health insurance coverage provided under the Joint Sickness Insurance Scheme (JSIS) (see note **2.9**). These benefits are provided under a single plan – although split in two schemes – and they must be treated similarly so as to give a fair presentation of the situation and reflect the economic reality:

- i. Pension Scheme of European Officials (PSEO): The benefits granted under this notionally funded<sup>18</sup> scheme relate to seniority, invalidity and survival, as well as, family allowances, death before retirement to those employees that work or worked in the EU Institutions, Agencies and other EU bodies or are survivors of deceased officials or pensioners. Staff contribute one third of the expected cost of these benefits from their salaries.
- ii. Joint Sickness Insurance Scheme (JSIS): Under this scheme, the EU provides health insurance coverage for staff of the European Commission, Institutions, Agencies and other EU bodies through the reimbursement of medical expenses. The benefits granted to the 'inactives' of this scheme (i.e. pensioners, orphans, etc.) are classified as post-employment benefits.

The EU also provides post-employment benefits to Members and former Members of the EU institutions via separate pension schemes. These are shown under the heading 'Other retirement benefit schemes'. Under these schemes the EU provides pension benefits to members of the Commission, European Court of Justice, Court of Auditors, Council, European Parliament, European Ombudsman, and the European Data Protection Supervisor. The EU provides health coverage to the members of the EU Institutions via the JSIS.

The above post-employment benefits qualify as defined benefit obligations of the EU and are calculated at each reporting date by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligation is performed annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

---

<sup>18</sup> The PSEO is a notional (virtual) fund with defined benefits in which staff's contributions serve to finance their future pensions. Although there is no actual investment fund, the amount that would have been collected by such a fund is considered to have been invested in the Member States' long-term bonds and is reflected in the pension liability that is registered in the annual accounts of the European Union. Member States jointly guarantee the payment of the benefits pursuant to Article 83 of the Staff Regulations and Article 4(3) of the Treaty on European Union (see COM(2018)829 for a detailed description of the scheme).

The post-employment benefits provided to EU staff are incorporated in a single plan comprising both a pension scheme (PSEO) and a sickness insurance scheme (JSIS), with the right to coverage under the JSIS scheme being dependent on having acquired the right to coverage under the PSEO scheme. Under the terms of this single plan, as set out in the Staff Regulation, certain entitlements, such as the right to a deferred and reduced pension under the PSEO scheme, are acquired after 10 years of service. However, the entitlements acquired under the single plan by the employee's subsequent service are materially higher than those initial entitlements as reflected by subsequent annually accrued pension rights.

Therefore, in order to depict the economic substance of the underlying transaction required by the faithful representation qualitative characteristic of financial reporting as outlined in both EAR 1 and the IPSAS Conceptual Framework, the service cost incurred is accrued on a straight-line basis over staff's estimated active service period, i.e. the period from the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases. This approach is applied consistently to the benefits provided for under the single plan.

Remeasurements in the net defined benefit liabilities comprise actuarial gains and losses and the return on plan assets, and are recognised immediately in net assets.

The EU recognises the net interest expense (income) and other expenses related to the defined benefit plans in the statement of financial performance within the heading 'Staff and pension costs'.

When benefits provided are changed or curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of financial performance. Gains and losses on settlement are recognised when the settlement occurs. Past service cost is recognised immediately in the statement of financial performance, unless the changes are conditional on the employees remaining in service for a specified period of time.

#### 1.5.11. Provisions

Provisions are recognised when the EU 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 expenses 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).

Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

#### 1.5.12. Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through surplus or deficit, financial liabilities carried at amortised cost, or as financial guarantee contract liabilities.

Borrowings are composed of borrowings from credit institutions and debts evidenced by certificates (EU bonds, EU deposits and EU bills). They are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred, then subsequently carried at amortised cost using the effective interest method; any difference between proceeds, net of transaction costs, and the redemption value is recognised in the statement of financial performance over the period of the borrowings using the effective interest method. The transaction costs incurred by the EU and then recharged to the beneficiary of the loan are immaterial and are directly recognised in the statement of financial performance.

Financial liabilities at fair value through surplus or deficit include derivatives where the fair value is negative. They follow the same accounting treatment as financial assets at fair value through surplus or deficit, see note **1.5.5**.



The EU recognises a financial guarantee contract liability when it enters into a contract that requires the EU to make specified payments to reimburse the guarantee holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Where the guarantee contract requires the EU to make payments in response to financial instruments price changes or changes to other underlyings, the guarantee contract is a derivative i.e. a financial liability at fair value through surplus or deficit. All other guarantee contracts are accounted for as financial provisions.

Financial guarantee contract liabilities are initially recognised at fair value. This equals the net present value of the premium receivable, if it is at market terms. When no guarantee premium is charged or where the consideration is not fair value, the fair value is determined based on the quoted prices in an active market for financial guarantee contracts directly equivalent to that entered into the financial guarantee liability, if available, or using a valuation technique. If no reliable measure of fair value can be determined either by direct observation of an active market or through another valuation technique, the financial guarantee contract liability is initially measured at the amount of the lifetime expected credit losses.

The subsequent measurement depends on the evolution of the credit risk exposure from the financial guarantee. If there is no significant increase in credit risk ('stage 1'), financial guarantee liabilities are measured at the higher of the 12 months expected credit losses and the amount initially recognised less, when appropriate, cumulative amortisation. If there is a significant increase in credit risk ('stage 2'), financial guarantee liabilities are measured at the higher of the lifetime expected credit losses and the amount initially recognised less, when appropriate, cumulative amortisation (see note **6.5**).

Financial liabilities are classified as non-current liabilities, except for maturities less than 12 months after the balance sheet date. Financial guarantee contracts are classified as current liabilities except if the EU has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

EU trust funds that are considered as part of the Commission's operational activities (i.e. trust funds Madad and Colombia) are accounted for in the Commission accounts and further consolidated in the EU annual accounts. Therefore, contributions from other donors to the EU trust funds fulfil the criteria of revenues from non-exchange transactions under conditions and they are presented as financial liabilities until the conditions attached to the contributions transferred are met, i.e. eligible costs are incurred by the trust fund. The trust fund is required to finance specific projects and return remaining funds at the time of winding-up. At the balance sheet date the outstanding contribution liabilities are measured at contributions received less the expenses incurred by the trust fund, including estimated amounts when necessary. For reporting purposes the net expenses are allocated to the contributions of other donors in proportion to net contributions paid as at 31 December. This allocation of contributions is only indicative. When the trust fund is wound up the actual distribution of the remaining resources will be decided by the trust fund board.

The same measurement principles apply to the external contributions to the EU programmes, in case such contributions are received with conditions to use the resources as stipulated in the contribution agreements or otherwise to return them to the contributor.

#### 1.5.13. Payables

A significant amount of the payables of the EU are unpaid cost claims from beneficiaries of grants or other EU funding (non-exchange transactions). 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 eligible amount.

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

#### 1.5.14. Accrued and deferred revenue and charges

Transactions and events are recognised in the financial statements in the period to which they relate. At year-end, if an invoice is not yet issued but the service has been rendered, the supplies have been delivered by the EU or a contractual agreement exists (e.g. by reference to a treaty), an accrued revenue 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.

Expenses are also accounted for in the period to which they relate. At the end of the accounting period, accrued expenses are recognised based on an estimated amount of the transfer obligation of the period. The calculation of accrued expenses is done in accordance with detailed operational and practical guidelines issued by the Commission which aim at ensuring that the financial statements provide a faithful representation of the economic and other phenomena they purport to represent. By analogy, if a payment has been made in advance for services or goods that have not yet been received, the expense will be deferred and recognised in the subsequent accounting period.

## 1.6. STATEMENT OF FINANCIAL PERFORMANCE

### 1.6.1. Revenue

#### REVENUE FROM NON-EXCHANGE TRANSACTIONS

The vast majority of the EU's revenue relates to non-exchange transactions as follows:

##### GNI based resources, VAT and Plastics own resources

Revenue is recognised for the period for which the Commission sends out a call for funds to the Member States claiming their contribution. The revenue is measured at its 'called amount'. As VAT, GNI and Plastics own resources are based on estimates of the data for the budgetary year concerned, they may be revised since changes occur until the final data are issued by the Member States. The effect of a change in estimate is included when determining the net surplus or deficit for the period in which the change occurred.

##### Traditional own resources

Recoverables from non-exchange transactions and related revenues are recognised when the relevant monthly 'A' statements (including duties collected and amounts due that are guaranteed and not contested) are received from the Member States. At the reporting date, revenue collected by the Member States for the period but not yet paid to the Commission is estimated and recognised as accrued revenue. The quarterly 'B' statements (including duties neither collected nor guaranteed, as well as guaranteed amounts that have been contested by the debtor) received from the Member States are recognised as revenue less the collection costs to which they are entitled. In addition, a value reduction is recognised for the amount of the estimated recovery gap.

##### Fines

Revenue from fines is recognised when the EU's decision imposing a fine has been adopted and it is officially notified to the addressee. After the decision to impose a fine, the fined entities have two months from the date of notification:

- a) either to accept the decision, in which case they must pay the fine within the time limit laid down and the amount is definitively collected by the EU; or
- b) not to accept the decision, in which case they challenge it in accordance with EU law.

Even if appealed, the fine must be paid within the time limit of three months laid down, as the appeal does not have suspensory effect (Article 278 TFEU). The cash received is used to clear the recoverable. However, subject to the agreement of the Commission's Accounting Officer, the undertaking may present a bank guarantee for the amount instead. In that case the fine remains as a recoverable. If neither cash nor a guarantee is received and there are doubts about the undertaking's solvency, a value reduction on the entitlement is recognised.

If the undertaking appeals against the decision, and has already provisionally paid the fine, the amount is disclosed as a contingent liability, or, if it appears probable that the General Court may not rule in favour of the EU, a provision is recognised to cover this risk. If a guarantee is given instead, the outstanding recoverable is written down.

The accumulated interest received by the Commission on the bank accounts where received payments are deposited is recognised as revenue, and any contingent liability is increased accordingly.

Since 2010, all provisionally cashed fines are managed by the Commission in a specifically created fund (BUFI) and invested in financial instruments.

## REVENUE FROM EXCHANGE TRANSACTIONS

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.

### Interest revenue and expense

Interest revenue and expense are recognised in the statement of financial performance using the effective interest method. This is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest revenue or interest expense over the relevant period. When calculating the effective interest rate, the EU estimates cashflows considering all contractual terms of the financial instrument (for example prepayment options) but does not consider future credit losses. The calculation includes all fees and interest rate points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets is considered credit impaired ('stage 3'), the interest revenue is recognised using the rate of interest to discount the future cashflows for the purpose of measuring the impairment loss.

### Revenue from dividends

Revenue from dividends and similar distributions is recognised when the right to receive payment is established.

### Revenue and expense from financial assets through surplus or deficit

This refers to the fair value gains (revenue) and fair value losses (expense) from these financial assets, including those stemming from foreign exchange translation. For interest-bearing financial assets, this also includes interest. See also note **3.9**.

### Revenue from financial guarantee contracts

The revenue from financial guarantee contracts (guarantee premium) is recognised over the time the EU stands ready to compensate the holder of the financial guarantee contract for the credit loss it may incur. The amortisation schedule applied takes into account the passage of time and the volume of the guaranteed exposure. Revenue from financial guarantee contracts include also amortisation of financial guarantee contracts liability in cases when the guarantee was provided at no or nominal consideration.

## 1.6.2. Expenses

Expenses from non-exchange transactions account for the majority of the EU's expenses. They relate to transfers to beneficiaries and can be of three types: (i) entitlements, (ii) transfers under agreement and discretionary grants, as well as (iii) 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 (Financial Regulation, Staff Regulations, or other regulation) or an agreement 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. At year-end, incurred eligible expenses due to the beneficiaries but not yet reported are estimated and recorded as accrued expenses.

Expenses from exchange transactions arising from the purchase of goods and services are recognised when the supplies are delivered and accepted by the EU. They are valued at their original invoice

amount. Furthermore, at the balance sheet date, expenses related to the service delivered during the period for which an invoice has not yet been received or accepted are estimated and recognised in the statement of financial performance.

## 1.7. CONTINGENT ASSETS AND LIABILITIES

### 1.7.1. 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 EU. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

### 1.7.2. 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 EU, or a present obligation that arises from past events but is not recognised, either 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. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

## 1.8. CASHFLOW STATEMENT

Cashflow information is used to provide a basis for assessing the ability of the EU to generate cash and cash equivalents, and its needs to utilise those cashflows.

The cashflow statement is prepared using the indirect method. This means that the economic result for the financial year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing cashflows.

Cashflows arising from transactions in a foreign currency are recorded in the EU's reporting currency (Euro), by applying to the foreign currency amount the exchange rate between the euro and the foreign currency at the date of the cashflow.

The cashflow statement reports cashflows during the period classified by operating, investing and financing activities.

Operating activities are the activities of the EU that are not investing or financing activities. These are the majority of the activities performed.

Investing activities are the acquisition and disposal of intangible assets and property, plant and equipment and of other investments which are not included in cash equivalents. Investing activities do not include loans granted to beneficiaries as they are part of the general objectives and thus daily operations of the EU. The objective is to show the real investments made by the EU.

Financing activities are activities that result in changes in the size and composition of borrowings other than those granted to beneficiaries on a back-to-back basis or for the acquisition of property, plant and equipment (which are included under operating activities).

## 2. NOTES TO THE BALANCE SHEET

### ASSETS

#### 2.1. INTANGIBLE ASSETS

EUR million

<i>Gross carrying amount at 31.12.2022</i>	1 849
<i>Additions</i>	259
<i>Disposals</i>	(25)
<i>Transfer between asset categories</i>	0
<i>Other changes</i>	2
<b>Gross carrying amount at 31.12.2023</b>	<b>2 086</b>
<i>Accumulated amortisation at 31.12.2022</i>	(949)
<i>Amortisation charge for the year</i>	(181)
<i>Amortisation written back</i>	-
<i>Disposals</i>	21
<i>Transfer between asset categories</i>	0
<i>Other changes</i>	0
<b>Accumulated amortisation at 31.12.2023</b>	<b>(1 110)</b>
<b>Net carrying amount at 31.12.2023</b>	<b>976</b>
<i>Net carrying amount at 31.12.2022</i>	900

The above amounts relate primarily to computer software.

#### 2.2. PROPERTY, PLANT AND EQUIPMENT

The space assets category covers operational fixed assets related to the two EU space programmes: the Global Navigation Satellite Systems (GNSS), i.e. Galileo and European Geostationary Navigation Overlay System (EGNOS), and the Copernicus European Earth observation programme. Assets of the space systems which are not yet operational are included under the heading 'Assets under construction'. The assets related to the EU space programmes are being built with the assistance of the European Space Agency (ESA).

For Galileo, the constellation currently includes 28 satellites. When completed, the Galileo constellation will comprise 30 satellites (including 6 spare satellites). The Galileo operational fixed assets, covering both satellites and ground installations, amounted to EUR 2 487 million at 31 December 2023, net of accumulated depreciation (2022: EUR 3 056 million). The remaining assets under construction total EUR 2 479 million (2022: EUR 1 812 million).

Regarding Copernicus, 8 satellites are operational with 18 satellites and instruments under construction. The total value of Copernicus operational fixed assets is EUR 438 million (2022: EUR 634 million), net of accumulated depreciation. A further EUR 3 078 million related to Copernicus satellites is recognised as assets under construction (2022: EUR 2 583 million).

Fixed assets related to the EGNOS ground infrastructure of EUR 187 million (2022: EUR 106 million) are also included under the heading 'Space assets'. In addition, EGNOS assets under construction amount to EUR 289 million (2022: EUR 292 million).

On 29 April 2024, the European Commission sold 23 of its buildings in Brussels to SFPIM ('Société Fédérale de Participations et d'Investissement' – the national Belgian Sovereign Fund) for an overall selling price of EUR 900 million. The net book value of the related buildings amounted to EUR 437 million at 31 December 2023. The proceeds of the sale will be reinvested to finance new buildings, pay off remaining mortgages and renovate existing buildings. Although the sale is signed for all 23 buildings, the exit will be gradual, with the last buildings to be vacated in September 2029.

## Property, plant and equipment

	<i>EUR million</i>								
	Land and Buildings	Space assets	Plant and Equipment	Furniture and Vehicles	Computer Hardware	Other	Finance leases	Assets under construction	Total
<i>Gross carrying amount at 31.12.2022</i>	6 608	7 603	572	280	838	367	2 675	4 995	23 937
<i>Additions</i>	21	–	23	13	73	21	74	1 450	1 675
<i>Disposals</i>	2	–	(20)	(11)	(50)	(22)	(1)	–	(102)
<i>Transfer between asset categories</i>	401	99	0	0	0	4	(370)	(136)	(0)
<i>Other changes</i>	2	–	(0)	–	1	0	–	(0)	3
<b>Gross carrying amount at 31.12.2023</b>	<b>7 034</b>	<b>7 702</b>	<b>575</b>	<b>283</b>	<b>863</b>	<b>370</b>	<b>2 378</b>	<b>6 308</b>	<b>25 513</b>
<i>Accumulated depreciation at 31.12.2022</i>	(4 016)	(3 807)	(494)	(209)	(630)	(288)	(1 574)		(11 015)
<i>Depreciation charge for the year</i>	(150)	(785)	(33)	(16)	(102)	(22)	(93)		(1 200)
<i>Depreciation written back</i>	0	–	0	0	1	0	–		1
<i>Disposals</i>	(2)	–	19	11	50	21	1		100
<i>Transfer between asset categories</i>	(250)	–	(0)	0	(0)	0	250		0
<i>Other changes</i>	0	–	0	0	(0)	(0)	–		(0)
<b>Accumulated depreciation at 31.12.2023</b>	<b>(4 417)</b>	<b>(4 591)</b>	<b>(507)</b>	<b>(214)</b>	<b>(681)</b>	<b>(288)</b>	<b>(1 416)</b>		<b>(12 114)</b>
<b>NET CARRYING AMOUNT AT 31.12.2023</b>	<b>2 617</b>	<b>3 111</b>	<b>68</b>	<b>69</b>	<b>181</b>	<b>82</b>	<b>962</b>	<b>6 308</b>	<b>13 399</b>
<i>NET CARRYING AMOUNT AT 31.12.2022</i>	2 592	3 796	78	71	208	79	1 101	4 995	12 922

## 2.3. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The participation of the EU, represented by the Commission, in the European Investment Fund (EIF) is treated as an associate using the equity method of accounting. The EIF is the EU's financial institution specialising in providing risk capital and guarantees to Small and Medium-sized Entities (SMEs). The EIF operates as a private-public partnership, whose members are the European Investment Bank (EIB), the EU and a group of financial institutions.

At 31 December 2023, the EU holds 29.7% of ownership interests in the EIF (2022: 30%) and 29.7% of the voting rights (2022: 30%). In accordance with its statutes, the EIF is required to allocate at least 20% of its annual net result to a statutory reserve, until the aggregate reserve amounts to 10% of subscribed capital. This reserve is not available for distribution.

The table below shows the current year's movement of the EU's participation in the EIF.

	<i>EUR million</i>
<b>European Investment Fund</b>	
<b>Participation at 31.12.2022</b>	<b>1 313</b>
<i>Contributions</i>	-
<i>Dividends received</i>	(4)
<i>Share of net result</i>	67
<i>Share in the net assets</i>	(11)
<b>Participation at 31.12.2023</b>	<b>1 365</b>

EIF summarised financial information:

	<i>EUR million</i>	
	31.12.2023	31.12.2022
	Total EIF	Total EIF
<i>Assets</i>	6 554	5 504
<i>Liabilities</i>	(1 959)	(1 127)
<i>Revenue</i>	452	340
<i>Expenses</i>	(218)	(261)
<i>Surplus/(deficit)</i>	234	79

The reconciliation of the above summarised financial information to the carrying amount of the interest held in the EIF is as follows:

	<i>EUR million</i>	
	31.12.2023	31.12.2022
<i>Net assets of the associate</i>	4 595	4 377
<b>EC ownership interests in EIF</b>	<b>29.7%</b>	<b>30.0%</b>
<i>Carrying amount</i>	1 365	1 313

The EU, represented by the Commission, has paid in 20% of its subscribed shares in the EIF capital at 31 December 2023, the uncalled amount is as follows:

	<i>EUR million</i>	
	Total EIF capital	EU subscription
<i>Total share capital</i>	7 370	2 190
<i>Paid-in</i>	(1 474)	(438)
<b>Uncalled</b>	<b>5 896</b>	<b>1 752</b>

## 2.4. FINANCIAL ASSETS

	Note	31.12.2023	31.12.2022
<i>EUR million</i>			
<b>Non-current</b>			
<i>Financial assets at amortised cost</i>	2.4.1	242 265	199 918
<i>Financial assets at fair value through surplus or deficit</i>	2.4.2	32 018	26 513
		<b>274 283</b>	<b>226 431</b>
<b>Current</b>			
<i>Financial assets at amortised cost</i>	2.4.1	4 612	4 437
<i>Financial assets at fair value through surplus or deficit</i>	2.4.2	6 476	4 544
		<b>11 088</b>	<b>8 981</b>
<b>Total</b>		<b>285 370</b>	<b>235 412</b>

### 2.4.1. Financial assets at amortised cost

	Note	31.12.2023	31.12.2022
<i>EUR million</i>			
<i>Loans for NGEU and financial assistance</i>	2.4.1.1	246 622	204 103
<i>Other loans</i>	2.4.1.2	255	251
<b>Total</b>		<b>246 877</b>	<b>204 354</b>
<i>Non-current</i>		242 265	199 918
<i>Current</i>		4 612	4 437

#### 2.4.1.1. Loans for NGEU and financial assistance

	<i>EUR million</i>						
	NGEU	SURE	EFSM	BOP	MFA	Euratom	Total
<i>Total at 31.12.2022</i>	45 340	99 130	46 587	201	12 613	232	204 103
<i>New loans (nominal)</i>	34 084	-	-	-	18 290	-	52 374
<i>Repayments</i>	-	-	(3 500)	-	(60)	(13)	(3 573)
<i>Changes in carrying amount</i>	165	(145)	7	0	350	(0)	377
<i>Changes in impairment</i>	-	-	-	-	(6 664)	5	(6 659)
<b>Total at 31.12.2023</b>	<b>79 589</b>	<b>98 984</b>	<b>43 095</b>	<b>201</b>	<b>24 528</b>	<b>224</b>	<b>246 622</b>
<i>Non-current</i>	79 240	98 880	40 084	200	23 530	210	242 144
<i>Current</i>	349	104	3 010	1	998	14	4 477

The nominal value of loans at 31 December 2023 is EUR 254.1 billion (2022: EUR 205.3 billion), out of which EUR 174.9 billion refers to loans for financial assistance and EUR 79.2 billion to the NGEU loans for RRF and REPowerEU programmes.

The line 'changes in impairment' corresponds to the remeasurement of the expected credit losses as at 31 December 2023. The line 'changes in carrying amount' corresponds to the change in accrued interests and the change in premiums/discounts (new premiums/discounts and amortisation).

The financial assistance programmes, except for MFA+, operate on a 'back-to-back' basis. This means that the loans are financed by equivalent borrowings, with the same terms. The maturities are the same, the issue premiums/discounts and the costs are recharged to the loan beneficiary. At maturity, the loan beneficiary reimburses the Commission and the Commission repays the borrowing. For the NGEU and MFA+ loans there is no back-to-back relationship between the terms of the loans and the borrowings (for details on the funding of these loans see note **2.11.1.1**).

#### NGEU (RRF/REPowerEU)

The RRF is a temporary instrument, established in 2021, to help the Member States' economies recover from the coronavirus pandemic and become resilient to green and digital transitions. Under the EU Recovery Instrument (NGEU), the Commission borrows funds, which the RRF uses to finance Member States' reforms and investments. These have to be in line with EU priorities and have to address the



challenges identified in country-specific recommendations under the European Semester framework of economic and social policy coordination. The financing can be either a loan (repayable support) or a grant (non-repayable support, see note **2.5**). The Member States can receive financing up to a previously agreed allocation for loans and grants. To benefit from the support, the Member States have to submit their national recovery and resilience plans to the European Commission. Each plan sets out the reforms and investments to be implemented by the end of 2026, defining clear milestones and targets to be analysed by the European Commission and approved by the European Council. The RRF loans can be disbursed until 31 December 2026, but only after the achievement of the agreed milestones and targets.

In 2023, the RRF Regulation was amended and enabled the Member States to add a REPowerEU chapter to their national recovery and resilience plans. The Member States can finance investments and reforms in order to achieve the REPowerEU objectives. The financing can also be with loans, using RRF loan resources not yet requested by the Member States.

At 31 December 2023, the signed loan agreements were EUR 290.9 billion out of which EUR 79.2 billion were already disbursed (EUR 5.4 billion disbursements refer to REPowerEU).

### Support to mitigate Unemployment Risks in an Emergency (SURE)

SURE is a European instrument whose aim is to maintain people in work and support jobs affected by the coronavirus pandemic. The instrument enables Member States to request EU financial assistance to help finance sudden and severe increases of national public expenditure related to national short-time work schemes and similar measures, including for self-employed persons, or to some health-related measures, in particular in the work place in response to the crisis. It can provide financial assistance of up to EUR 100 billion in the form of loans to affected Member States.

The availability of the instrument ended at 31 December 2022 and there are no pending disbursements.

### European Financial Stabilisation Mechanism (EFSM)

The EFSM enabled the granting of financial assistance to a Member State in difficulties, or seriously threatened by severe difficulties caused by exceptional circumstances beyond its control. The assistance could take the form of a loan or credit line. The programme has expired but remains in place for specific tasks like the maturity extension of the loans.

### Balance of Payments (BOP)

This is a policy-based financial instrument that provides medium-term financial assistance to Member States that have not adopted the Euro. It enables the granting of loans to Member States who are experiencing, or are seriously threatened by, difficulties in their balance of payments or capital movements. The maximum outstanding amount of loans granted under the instrument is limited to EUR 50 billion. There are no undrawn amounts from signed loan agreements.

### Macro-Financial Assistance (MFA)

The MFA is a form of financial assistance from the EU to partner countries experiencing a balance of payment crisis. It takes the form of medium or long term loans or grants or an appropriate combination of both and generally complements financing provided in the context of an IMF-supported adjustment and reform programme.

The total nominal exposure of MFA loans outstanding at year end amounted to EUR 33.2 billion, out of which EUR 29.6 billion is to Ukraine. This includes EUR 18 billion that were disbursed in 2023, to support Ukraine's economic stabilisation and to strengthen the immediate resilience of the country subsequent to Russia's unprovoked and unjustified war of aggression (MFA+).

MFA loans and related borrowings (except for MFA+) are covered by the assets held in the CPF (see note **2.4.2.1**) for the first 9% of losses and then, if needed, by the EU budget. In addition, the exceptional MFA to Ukraine disbursed in 2022 for EUR 6 billion, is also covered by Member States guarantees for 61% of the exposure (on top of the 9% of first losses covered by the CPF, and with the remaining 30% being guaranteed by EU budget). At 31 December 2023, the European Commission had received guarantees totalling EUR 3.5 billion, with the remaining guarantees received by 30 April 2024. There are no assets provisioned and held in the CPF in relation to MFA+ loans disbursed to Ukraine in 2023. In case of default, the Commission may call resources from Member States up to the available own resources margin in order to service the EU debt (see also note **6.6**).

As at 31 December 2023, the impairment allowance for MFA loans is EUR 9.0 billion (2022: EUR 2.3 billion), out of which EUR 8.8 billion refer to the loans to Ukraine. The increase in the impairment relates to the EUR 18 billion of new MFA+ loans disbursed to Ukraine in 2023. While all amounts due in 2023

from Ukraine were paid on time and at the moment of preparation of the annual accounts there is no overdue payments, in accordance with the accounting rules, the impairment reflects the life-time expected credit losses estimated with a particular prudence due to significant uncertainties involved.

In 2023, the EU granted EUR 100 million of interest rate subsidies to Ukraine for the interest accrued on the exceptional MFA loans. This constitutes a modification of the loan's terms (see also notes **3.15** and **6.5**), and is included under the 'Changes in carrying amount' in the table above.

As at 31 December 2023, there are EUR 95 million conditional undrawn amounts from signed MFA loan agreements (2022: EUR 285 million).

#### European Atomic Energy Community loans (Euratom)

The European Atomic Energy Community lends money to both Member States and non-Member States, and to entities of both, to finance projects relating to energy installations. Out of the total Euratom loans outstanding at 31 December 2023 of EUR 313 million, EUR 300 million (nominal value) relates to loans to Energoatom, guaranteed by Ukraine. For these loans an impairment allowance of EUR 90 million has been recognised. There are no undrawn amounts from signed loan agreements.

#### Loans effective interest rates (expressed as a range of interest rates)

	31.12.2023	31.12.2022
<i>NGEU</i>	0.15% - 3.56%	0.14% - 2.54%
<i>SURE</i>	(0.48)% - 2.78%	(0.48)% - 2.78%
<i>EFSM</i>	(0.03)% - 3.79%	(0.03)% - 3.79%
<i>BOP</i>	2.95%	2.95%
<i>MFA</i>	(0.14)% - 3.86%	(0.14)% - 3.70%
<i>Euratom</i>	(0.08)% - 4.14%	(0.08)% - 1.53%

#### EU budget guarantee

The EU budget guarantees the Commission borrowings which finance the loans under the NGEU and financial assistance programmes. If there would be unpaid loan amounts in the future, the EU budget may have to repay the related borrowing amounts.

- Unified funding borrowings (NGEU and MFA+) and borrowings related to EFSM and BOP loans to Member States, are guaranteed solely by the EU budget;
- Borrowings related to SURE are guaranteed by the EU budget and underpinned by Member States guarantees of EUR 25 billion;
- MFA borrowings for loans to third countries are firstly covered by the CPF (see note **2.4.2.1**) and then by the EU budget, with exception of the MFA exceptional financial assistance loans to Ukraine of EUR 6 billion that are 61% covered by guarantees provided by the Member States after the first 9% of losses to be covered by CPF; and
- Euratom borrowings are firstly covered by the by 3<sup>rd</sup> party guarantees, then by CPF (see note **2.4.2.1**), and then by the EU budget.

For more details, see note **6.6**.

#### UK obligations arising from its departure from the EU

In accordance with Article 143 of the Withdrawal Agreement, the UK shall be liable to the Union for its share of contingent financial liabilities related to the loans for financial assistance (EFSM, MFA, BOP and Euratom) approved/decided by the withdrawal date, 31 January 2020. Article 143 requires that in case of a default under a loan for financial assistance that has been approved before the withdrawal date, the UK would be liable to the Union for its share of payments made by the Union under the defaulted operation, unless this could be covered by the UK share of provisioning held in the Guarantee Fund for external actions compartment of the CPF where this is relevant (i.e. MFA and Euratom loans in third countries) – see note **4.1.1**.

The EU's outstanding contingent liability relating to the above loans for financial assistance amounted to EUR 53.9 billion as at the withdrawal date. Following repayments since that date, the value of these loans covered by the EU guarantee at 31 December 2023 is EUR 48.8 billion – the UK's share of this is EUR 6.1 billion.

## 2.4.1.2. Other loans

These include 3 types of loans:

- a) Loans granted from EU budget programmes (e.g. the Agriculture and Electrification Financing initiatives and the EU Employment and Social Innovation programme). These loans total EUR 77 million as at 31 December 2023 (2022: EUR 79 million).
- b) Subrogated loans: These are loans disbursed by the EIB and guaranteed by the EFSI and ELM programmes. The loans defaulted, the Commission paid the guarantee calls and therefore holds the recovery rights. As a result the loans are now recognised on the EU balance sheet. At 31 December 2023, the Commission holds the recovery rights for EUR 1.0 billion of such loans, including accrued interests (2022: EUR 1.0 billion). However, after taking into account the expected credit losses, the amount recognised on the balance sheet is EUR 56 million (2022: EUR 126 million).
- c) Term deposits of EUR 122 million (2022: EUR 46 million) with maturity of over 3 months that do not meet the definition of cash equivalents.

## 2.4.2. Financial assets at fair value through surplus or deficit (FVSD)

	Note	<i>EUR million</i>	
		31.12.2023	31.12.2022
<i>Financial assets at FVSD non-derivatives</i>	2.4.2.1	37 402	30 073
<i>Financial assets at FVSD derivatives</i>	2.4.2.2	1 091	984
<b>Total</b>		<b>38 493</b>	<b>31 057</b>
<i>Non-current</i>		32 018	26 513
<i>Current</i>		6 476	4 544

## 2.4.2.1. Financial assets at FVSD non-derivatives

Financial assets at FVSD non-derivatives by type

	<i>EUR million</i>	
	31.12.2023	31.12.2022
<i>Debt securities</i>	29 703	24 647
<i>MMFs, ETFs and investments in pooled portfolios</i>	4 806	2 895
<i>Other equity investments</i>	2 893	2 532
<b>Total</b>	<b>37 402</b>	<b>30 073</b>
<i>Non-current</i>	30 967	25 534
<i>Current</i>	6 435	4 539

Debt securities are mainly sovereign and corporate bonds. They are held in the funds (portfolios) managed by the Commission (mainly CPF, BUFI) or by the EIB on behalf of the EU (mainly H2020, Innovation Fund). The portfolios' performance is evaluated on a fair value basis (market value). As at 31 December 2023, the market value of securities lent within the securities lending programmes amounts to EUR 3.2 billion (EUR 0.4 billion in 2022). Those securities lent are not derecognised from the EU's balance sheet as the risks and rewards are still held by the EU.

Money market funds (MMFs) are mutual funds that invest in short-term debt securities (e.g. the EIB unitary fund). The exchange-traded funds (ETFs) are investment funds that are traded on stock exchanges. They track indices and hold assets such as stocks, bonds, currencies, futures contracts. The investments in pooled portfolios are the EU funds of CEF and H2020 programmes pooled together with Member States' funds from the NER 300 programme. They are used to provide guarantees to the EIB's financing and investment operations.

The 'other equity investments' mainly refer to investing EU budget money – via implementing partners – in venture capital or other types of investment funds for pursuing EU policy objectives: for example, enhancing access to finance for start up SMEs, research and innovation as well as infrastructure both inside and outside the EU.

## Financial assets at FVSD non-derivatives by programme

	<i>EUR million</i>	
	31.12.2023	31.12.2022
<i>Innovation Fund</i>	8 754	6 476
<i>BUFI investments</i>	2 268	2 015
<i>ECSC i.L.</i>	1 219	1 222
<i>EBRD</i>	188	188
<i>EEAS local staff pension plan</i>	97	84
	<b>12 526</b>	<b>9 985</b>
<i>Budgetary Guarantee Funds:</i>		
<i>Common Provisioning Fund</i>	18 698	14 057
	<b>18 698</b>	<b>14 057</b>
<i>Financial Instruments financed by the EU budget:</i>		
<i>Horizon 2020 and Horizon Europe</i>	3 872	3 766
<i>Connecting Europe Facility</i>	731	697
<i>EU SME Equity Facilities</i>	485	512
<i>European Fund for South East Europe</i>	233	214
<i>Green for Growth Fund</i>	116	107
<i>Energy Efficiency Finance Facility</i>	110	109
<i>Other</i>	630	628
	<b>6 178</b>	<b>6 031</b>
<b>Total</b>	<b>37 402</b>	<b>30 073</b>
<i>Non-current</i>	30 967	25 534
<i>Current</i>	6 435	4 539

## Innovation Fund (IF)

The Innovation Fund was set up by Directive (EU) 2018/410 and establishes a system for the trading of greenhouse gas emission allowances within the Union. The purpose is to use the revenue to support innovation in low-carbon technologies and processes in certain economic sectors. The Innovation Fund receives the revenue from the progressive monetisation of 450 million of allowances and also any unspent funds from the 300 million allowances available for NER300 programme (see note 3.8). The EIB manages the monies, until they are used for the intended purpose, and invests them in debt securities. The increase in 2023 is mainly due to incoming auctioning revenues but also to portfolio gains of EUR 0.5 billion.

## BUFI investments

The Commission has established the Budget Fines fund ('BUFI') for managing the money it provisionally receives for fines issued to companies which are under appeal. Until the final court decision on a given fine, the Commission invests the money in debt instruments.

## ECSC i.L.

The ECSC Treaty expired on 23 July 2002 and all the ECSC assets were transferred to the European Union. They were earmarked for research in the sectors associated with the coal and steel industries, for example breakthrough technologies that lead to near-zero-carbon steelmaking. The Commission invests the monies in debt securities, until they are granted for research purposes.

## European Bank for Reconstruction and Development

The EU holds a financial investment in the capital of the European Bank for Reconstruction and Development (EBRD), in which the number of shares held at 31 December 2023 were 90 044 (2022: 90 044 shares), representing 3% of the total subscribed share capital. The EU subscribed for a total amount of EUR 900 million of share capital, out of which EUR 713 million is currently uncalled. According to the agreement establishing the EBRD, the shareholders have some contractual restrictions such as the fact that the shares are not transferable and that their redemption is capped at the maximum of the original purchase cost. The EU measures its investment in the EBRD at fair value. The original purchase cost is considered the best estimate of the fair value, in particular due to the contractual restrictions referred to above. Although the EBRD's shares are not quoted on any stock exchange market, there were

recent transactions in the investee's equity (issuance of capital at par value), indicating that cost is the best estimate of the fair value in this situation.

### Common Provisioning Fund (CPF)

The EU gives guarantees to financial partners for losses on equity investments and loans (see note 4.1 for EU budgetary guarantees). In accordance to the legal acts, the EU budget gradually sets money aside in order to pay to the partners any losses covered by these guarantees. The EU budget also sets money aside to repay the borrowings in case of defaults in the MFA and Euratom loans to non Member States.

In compliance with the Financial Regulation, the Commission has set up the CPF to manage, in one common portfolio, the money it sets aside ('provisioning'). The monies are invested in debt securities, money market funds and ETFs. In addition to the EU budget provisioning, the CPF receives recoveries from defaulted operations, the returns on its investments and the EU's remuneration from the financial partners. The CPF may also receive voluntary contributions from Member States and other contributors that are – in this way – increasing the available EU budget guarantees.

The CPF allocates the incoming contributions into compartments depending on the contributing programme. The legal acts of the programmes set out the necessary provisioning for the guarantees provided. The EU budget pools these individually provisioned funds in the CPF so as to optimise the asset management

As at 31 December 2023 the assets of the CPF increased as the budgetary guarantees are building up the necessary provisions but also due to portfolio gains of EUR 0.9 billion. The total assets were EUR 18.7 billion, out of which EUR 16.7 billion were invested in debt securities, EUR 0.4 billion in money market funds and EUR 1.6 billion ETFs.

### Horizon 2020 and Horizon Europe

Under the EU Regulation establishing Horizon 2020 – the Framework Programme for Research and Innovation (2014-2020), new financial instruments have been established in order to enhance access to finance to entities engaged in research and innovation (R&I). These instruments are:

- *The InnovFin Loan and Guarantee Service for R&I* under which the Commission shares the financial risk related to a portfolio of new financing operations entered into by the EIB;
- *The InnovFin SME Guarantee and the SME Initiative Uncapped Guarantee Instrument (SIUGI)* – guarantees facilities managed by the EIF, providing guarantees and counter-guarantees to financial intermediaries for new portfolios of loans (under SIUGI the Commission shares the financial risk related to the guarantee given with Member States, EIF and EIB);
- *The InnovFin Equity Facility for R&I* providing for investments in venture capital funds which are managed by the EIF; and
- *The EIC Fund (European Innovation Council Fund)* which provides equity financing to accelerate innovation and market deployment actions. The EIC fund is funded from the Horizon Europe and H2020 programmes.

### Connecting Europe Facility

Pursuant to Regulation (EU) No 1316/2013, the Connecting Europe Facility (CEF) debt instrument has been established with the objective to facilitate infrastructure projects' access to financing in the sectors of transport, telecommunications and energy. It is managed by the EIB under an agreement with the EU. It offers risk sharing for debt financing in the form of senior and subordinated debt or guarantee as well as support for project bonds guaranteed by the EU.

### EU SME Equity Facilities

These are equity instruments financed by the COSME, CIP and MAP programmes and the Growth and Employment Initiative, under the trusteeship of the EIF, supporting the creation and financing of EU SMEs in their early (start-up) and growth stages by investing in suitable specialised venture capital funds.

## Fair value hierarchy of non-derivative financial assets at FVSD

Type of financial asset	EUR million	
	31.12.2023	31.12.2022
Level 1: Quoted prices in active markets	31 477	24 677
Level 2: Observable inputs other than quoted prices	3 230	3 061
Level 3: Valuation techniques with inputs not based on observable market data	2 695	2 335
<b>Total</b>	<b>37 402</b>	<b>30 073</b>

During the period, there were no transfers between level 1 and level 2 of the fair value hierarchy.

## Reconciliation of non-derivative financial assets measured using valuation techniques with inputs not based on observable market data (level 3)

EUR million	
<b>Fair value movements</b>	
<b>Opening balance at 1.1.2023</b>	<b>2 335</b>
Investments during the period	557
Capital repayments	(77)
Revenues settled	(51)
Gains or losses for the period in surplus or deficit	(67)
Transfers into level 3	-
Transfers out of level 3	-
Other	(1)
<b>Closing balance at 31.12.2023</b>	<b>2 695</b>

The net losses for level 3 non-derivative assets held at end of 2023 were EUR 119 million (2022: net losses of EUR 87 million). They are included as financial revenue under 'Gains on financial assets or liabilities at FVSD non-derivatives' (see note 3.9) and as finance costs under 'Losses from on financial assets or liabilities at FVSD non-derivatives' (see note 3.15).

## 2.4.2.2. Financial assets and liabilities at FVSD derivatives

## Financial assets and liabilities at FVSD derivatives by type

Type of derivative	EUR million					
	31.12.2023			31.12.2022		
	Notional amount	Fair Value Asset	Fair Value Liability	Notional amount	Fair Value Asset	Fair Value Liability
Foreign currency forward contract	1 149	39	-	488	5	-
Guarantee on equity portfolio	5 059	1 050	(53)	4 694	979	(17)
Guarantees on FX risk	379	2	(6)	87	-	(8)
<b>Total</b>	<b>6 587</b>	<b>1 091</b>	<b>(60)</b>	<b>5 269</b>	<b>984</b>	<b>(25)</b>
Non-current		1 050	(8)		979	(9)
Current		41	(52)		5	(15)

## Foreign currency forward contract

The EU enters into foreign currency forward contracts in order to hedge the foreign currency risk related to USD denominated debt securities held in the EFSI Guarantee Fund. Under the foreign currency forward contracts, the EU delivers the contractually agreed notional amount in foreign currency ('pay leg'), as presented in the table above, and will receive the notional amount in EUR ('receive leg') at the maturity date. Such derivative contracts are measured at fair value at the balance sheet date and classified as either financial assets or financial liabilities at fair value through surplus or deficit depending on whether their fair value is positive or negative.

## Guarantees on equity portfolios

The heading 'Guarantee on equity portfolio' comprises guarantees given by the EU to financial institutions on portfolios of equity investments. These guarantees are classified as derivative financial instruments and accounted for as a financial asset or financial liability at fair value through surplus or deficit since they do not meet the definition of a financial guarantee liability – see note **1.5.12**. The EU financial liability is measured based on the value of the underlying investments.

The total amount represents mainly the EFSI guarantee given by the EU to the EIB Group with underlying equity investments disbursed by the EIB and EIF amounting to EUR 3.7 billion (2022: EUR 3.5 billion). The fair value of the EU guarantee on the EFSI equity portfolios totalled EUR 1 033 million (2022: EUR 967 million).

## Guarantee on foreign currency risk

The EU guarantees foreign currency ('FX') risk under the EFSI Guarantee, where it guarantees swap and forward contracts that aim at hedging against foreign currency risks for investing operations in emerging markets. The EU also covers the devaluation of the foreign exchange currency (UAH) related to loans given by financial institutions to SMEs in Ukraine under the Eastern Partnership SME Finance Facility. This heading also includes effect of the FX risk hedging activities under the InvestEU guarantee.

## Fair value hierarchy of derivative financial assets and liabilities

EUR million

Type of derivative	31.12.2023		31.12.2022	
	Fair Value Asset	Fair Value Liability	Fair Value Asset	Fair Value Liability
<i>Level 1: Quoted prices in active markets</i>	–	–	–	–
<i>Level 2: Observable inputs other than quoted prices</i>	41	(1)	5	(3)
<i>Level 3: Valuation techniques with inputs not based on observable market data</i>	1 050	(59)	979	(21)
<b>Total</b>	<b>1 091</b>	<b>(60)</b>	<b>984</b>	<b>(25)</b>

During the period, there were no transfers between level 1 and level 2. Derivatives in Fair Value Level 3 include mainly guarantees on equity portfolios.

## Reconciliation of derivative financial assets and liabilities measured using valuation techniques with inputs not based on observable market data (Level 3)

EUR million

Fair value movements	
<b>Opening balance asset/(liability) as at 1.1.2023</b>	<b>958</b>
<i>Guarantee call claims paid</i>	134
<i>Guarantee calls returned</i>	–
<i>Revenues from guarantee settled</i>	(122)
<i>Gains or losses for the period in surplus or deficit</i>	22
<i>Transfers into level 3</i>	–
<i>Transfers out of level 3</i>	–
<i>Other</i>	–
<b>Closing balance at 31.12.2023</b>	<b>992</b>

The net gains for level 3 derivative assets held at end of 2023 were EUR 22 million (2022: net gains of EUR 181 million). This amount is included under 'Gains on financial assets or liabilities at FVSD derivatives' in financial revenue (see note **3.9**) and under 'Losses from on financial assets or liabilities at FVSD derivatives' (see note **3.15**).

## 2.5. PRE-FINANCING

	Note	31.12.2023	EUR million 31.12.2022
<b>Non-current</b>			
Pre-financing	2.5.1	40 970	47 179
Other advances to Member States	2.5.2	371	216
Contribution to Trust Funds		76	86
		<b>41 417</b>	<b>47 482</b>
<b>Current</b>			
Pre-financing	2.5.1	48 478	46 927
Other advances to Member States	2.5.2	1 780	6 087
		<b>50 257</b>	<b>53 014</b>
<b>Total</b>		<b>91 675</b>	<b>100 496</b>

The level of pre-financing in the various programmes must be sufficient to ensure the necessary funding for the beneficiary to initiate and advance the project, while also safeguarding the financial interests of the EU and taking into consideration legal, operational and cost-effectiveness constraints.

### 2.5.1. Pre-financing

	Gross amount	Cleared via accruals	Net amount at 31.12.2023	Gross amount	Cleared via accruals	Net amount at 31.12.2022
<b>Shared management</b>						
EAFRD & other rural development instruments	3 614	(686)	2 928	3 051	(527)	2 525
ERDF & CF	31 502	(10 125)	21 378	29 812	(4 932)	24 880
ESF	12 105	(3 236)	8 869	11 621	(1 974)	9 647
Other	8 755	(5 348)	3 408	8 063	(4 498)	3 565
	<b>55 976</b>	<b>(19 394)</b>	<b>36 582</b>	<b>52 548</b>	<b>(11 931)</b>	<b>40 617</b>
<b>Direct Management</b>						
Implemented by:						
Commission	37 273	(12 782)	24 491	41 722	(13 695)	28 027
of which RRF (NGEU)	22 889	(3 710)	19 178	28 347	(5 389)	22 958
EU executive agencies	36 130	(21 683)	14 446	29 566	(17 104)	12 462
Trust funds	639	(507)	133	738	(582)	156
	<b>74 042</b>	<b>(34 972)</b>	<b>39 070</b>	<b>72 026</b>	<b>(31 381)</b>	<b>40 645</b>
<b>Indirect Management</b>						
Implemented by:						
Other EU agencies & bodies	4 983	(2 314)	2 670	2 892	(1 262)	1 631
Third countries	1 602	(1 166)	436	1 797	(1 275)	522
International organisations	14 229	(9 713)	4 516	12 488	(7 491)	4 997
Other entities	17 606	(11 432)	6 175	15 208	(9 513)	5 695
	<b>38 421</b>	<b>(24 625)</b>	<b>13 797</b>	<b>32 385</b>	<b>(19 540)</b>	<b>12 845</b>
<b>Total</b>	<b>168 439</b>	<b>(78 991)</b>	<b>89 448</b>	<b>156 958</b>	<b>(62 852)</b>	<b>94 106</b>
Non-current	40 970	-	40 970	47 179	-	47 179
Current	127 469	(78 991)	48 478	109 778	(62 852)	46 927

Pre-financing represents money paid out, and thus the implementation of payment appropriations. As explained in note **1.5.7**, these are advances and so not yet expensed. Thus while pre-financing reduces outstanding RAL (see note **5.1**) it represents expenses still to be accepted and recognised in the statement of financial performance.



For shared management, the largest part of pre-financing (EUR 20.6 billion) relates to the cohesion area of the programming period 2014-2020. For that period there was an initial pre-financing which can only be cleared (i.e. recognised in the statement of financial performance) towards the closure part of the programming period and is shown as a non-current pre-financing. As we are approaching the end of the implementation period of this previous MFF and more amounts become due within 12 months, this initial pre-financing is gradually reclassified to current pre-financing and its clearing is ongoing. This situation is the main reason for the decrease in non-current pre-financing and a significant factor in the increase in the current amount.

As regards the 2021-2027 programming period, the most significant pre-financing amounts are also related to the cohesion area, EUR 9 billion.

For direct management, the biggest amounts of pre-financing are those related to the non-reimbursable support concerning the RRF instrument, EUR 19.1 billion net at year-end (2022: EUR 23 billion). The decrease is mostly linked to the clearings that took place during the year (EUR 7.2 billion) following Member States reaching milestones and targets. In 2023, the RRF was amended by Regulation (EU) 2023/435 to provide additional support to Member States through REPowerEU chapters for reforms and investments fostering independence, security and sustainability of the Union's energy supply. New pre-financing amounts (EUR 1.7 billion) were paid to the Member States in 2023 in relation to REPowerEU chapters. The other significant amounts, in total EUR 12.1 billion (2022: EUR 13 billion), refer to the Research area (mainly Horizon 2020 and Horizon Europe, implemented by the EU executive agencies and the Commission).

For indirect management, the pre-financing covers mainly internal policies programmes like Erasmus+ (EUR 3.4 billion), Galileo and EGNOS (Space Programmes, EUR 2.6 billion), and the Neighbourhood, Development and Cooperation Instrument and its precursors (EUR 2.8 billion).

#### Guarantees received in respect of pre-financing

These are guarantees that the Commission requests in certain cases from beneficiaries that are not Member States when making advance payments (pre-financing). There are two values to disclose for this type of guarantee, the 'nominal' and the 'on-going' values. For the nominal value, the generating event is linked to the existence of the guarantee. For the on-going value, the guarantee's generating event is the pre-financing payment made against the guarantee, then reduced by subsequent clearings. At 31 December 2023 the nominal value of guarantees received in respect of pre-financing amounted to EUR 576 million while the on-going value of those guarantees was EUR 525 million (2022: EUR 518 million and EUR 464 million respectively).

Certain pre-financing amounts paid out under the 7<sup>th</sup> Research Framework Programme for research and technological development (FP7) and under the Horizon 2020 and Horizon Europe Programmes are effectively covered by the Mutual Insurance Mechanism (MIM), previously known as the Participants Guarantee Fund (PGF). The MIM is a mutual benefit instrument set up to cover the risks relating to non-payment of amounts by the beneficiaries during the implementation of the indirect actions under those programmes. All participants of indirect actions receiving a grant from the EU contribute 5% of the maximum EU contribution to the MIM's capital, which is invested in the financial markets by the Commission in order to generate interest. The interest may be used to cover debts not honoured by a defaulting participant towards the Union. At the end of the indirect action the contributions are paid back to the participants. The EU (represented by the Commission) acts as an executive agent of the participants of the MIM, but the fund is owned by the participants. The MIM is thus a separate entity that is not consolidated in these EU annual accounts.

At 31 December 2023, pre-financing amounts covered by the MIM totalled EUR 3.0 billion (2022: EUR 2.7 billion). The MIM total assets, including financial assets managed by the Commission, amounted to EUR 3.0 billion (2022: EUR 2.6 billion).

## 2.5.2. Other advances to Member States

	<i>EUR million</i>	
	31.12.2023	31.12.2022
<i>Advances to Member States for financial instruments under shared management</i>	594	3 390
<i>Aid Schemes</i>	1 556	2 914
<b>Total</b>	<b>2 150</b>	<b>6 303</b>
<i>Non-current</i>	371	216
<i>Current</i>	1 780	6 087

## Advances to Member States for financial instruments under shared management

Under the framework of the European Structural and Investment Funds (ESIF) programmes, it is possible to make advance payments from the EU budget to Member States so as to allow them to contribute to financial instruments (i.e. loans, equity investments or guarantees). These financial instruments are set up and managed under the responsibility of the Member States, not the Commission. Nevertheless, monies that are unused by these instruments at year-end remain the property of the EU (as with all pre-financing) and are thus treated as an asset on the EU's balance sheet.

The large decrease concerns mostly the cohesion area for MFF 2014-2020 and is due to the period reaching its closure stage, therefore most amounts paid are considered as implemented; only EUR 261 million are estimated to be unused and remain as assets in the balance sheet. This amount relates to the contribution of the Member States to the SME initiative, an instrument aimed at stimulating additional lending by the banking sector to SMEs. The remaining amounts, in the cohesion area, of EUR 261 million relate to the new MFF 2021-2027.

For rural development, EUR 71 million remained unused at year-end.

## Aid Schemes

Similar to the above, reimbursed amounts corresponding to advances paid by the Member States for various aid schemes (state aid, market measures of EAGF or investment measures of EAFRD) that were not used at year-end are recorded as assets (advances) on the EU's balance sheet. The Commission has estimated the value of these advances based on information provided by the Member States; the resulting amounts are included under the Aid Schemes sub-heading above. In 2023, the full amount (EUR 1 556 million) relates to agriculture and rural development. In the cohesion area all advances for Aid Schemes related to the MFF 2014-2020 are considered as implemented, due to the period reaching its end.

## 2.6. EXCHANGE RECEIVABLES AND NON-EXCHANGE RECOVERABLES

	Note	31.12.2023	31.12.2022
<i>EUR million</i>			
<b>Non-current</b>			
Recoverables from non-exchange transactions	2.6.1	13 954	16 339
Receivables from exchange transactions	2.6.2	2 129	2 532
		<b>16 083</b>	<b>18 870</b>
<b>Current</b>			
Recoverables from non-exchange transactions	2.6.1	16 795	25 832
Receivables from exchange transactions	2.6.2	2 321	3 497
		<b>19 116</b>	<b>29 329</b>
<b>Total</b>		<b>35 199</b>	<b>48 199</b>

### 2.6.1. Recoverables from non-exchange transactions

	Note	31.12.2023	31.12.2022
<i>EUR million</i>			
<b>Non-current</b>			
Member States	2.6.1.1	272	503
UK Withdrawal Agreement	2.6.1.2	13 088	14 810
Accrued income and deferred charges	2.6.1.4	567	1 011
Other recoverables		27	15
		<b>13 954</b>	<b>16 339</b>
<b>Current</b>			
Member States	2.6.1.1	3 706	6 036
UK Withdrawal Agreement	2.6.1.2	2 385	9 061
Competition fines	2.6.1.3	9 861	9 420
Accrued income and deferred charges	2.6.1.4	787	1 239
Other recoverables		57	75
		<b>16 795</b>	<b>25 832</b>
<b>Total</b>		<b>30 749</b>	<b>42 170</b>

#### 2.6.1.1. Recoverables from Member States

	31.12.2023	31.12.2022
<i>EUR million</i>		
TOR A accounts	2 326	4 397
TOR separate accounts	1 249	1 356
Own resources to be received	7	7
Impairment	(673)	(686)
Other	-	-
<b>Own resources recoverables</b>	<b>2 908</b>	<b>5 073</b>
European Agricultural Guarantee Fund (EAGF)	1 483	1 621
European Agricultural Fund for Rural Development (EAFRD) and other rural development instruments	126	189
Impairment	(683)	(591)
<b>EAGF and rural development recoverables</b>	<b>927</b>	<b>1 219</b>
<b>Pre-financing recovery</b>	<b>1</b>	<b>13</b>
<b>VAT paid and recoverable</b>	<b>49</b>	<b>54</b>
<b>Other recoverables from Member States</b>	<b>93</b>	<b>180</b>
<b>Total</b>	<b>3 977</b>	<b>6 539</b>
<i>Non-current</i>	272	503
<i>Current</i>	3 706	6 036

The non-current amounts due from Member States relate mainly to non-executed conformity clearance decisions for the European Agricultural Guarantee Fund (EAGF) as well as for the European Agricultural Fund for Rural Development (EAFRD). The amounts related to these decisions are being recovered in annual instalments.

#### Own resources recoverables

The 'A accounts' refer to the monthly statements in which the Member States communicate the established traditional own resources (TOR) entitlements. The table lists the 'A accounts' amounts that have not yet been paid to the Commission. TOR are mainly customs duties collected by Member States on behalf of the Commission.

The 'A accounts' have tended to have a level in the range of EUR 3 to 4 billion at year-end. However, in 2022 the amounts were significantly higher as they included TOR amounts related to undervaluation cases. The evolution in 2023 is explained by the payments received in relation to these cases as well as the adjustments of the debts following a Court judgement. In addition the customs duties established in November and December 2023 were much lower compared to the same period of the previous year.

Concerning the UK infringement case (Infringement No 2018/2008), on 8 March 2022, the Court issued the related judgement and confirmed that the UK had infringed its obligations to protect the Union budget. The case relates to an 2017 OLAF report, that found that importers in the UK had evaded a large amount of customs duties by using fictitious and false invoices and incorrect customs value declarations at the time of importation.

The Commission assessed the judgment and in particular the comments of the Court with respect to the determination of the amounts due. Following a detailed analysis, the final principal amount due was established at EUR 1.6 billion (net amount after deduction of 20% collection costs). The UK paid the amount in two steps (June 2022 and January 2023). Consequently, late payment interest was also calculated amounting to EUR 1.4 billion, which was paid by the UK in February 2023. Both payments were made after the deduction of the UK share under the provisions of the Withdrawal Agreement (see note **2.6.1.2**).

Following these payments, the Commission closed the infringement case on 15 February 2023.

Applying the same considerations for the calculation of the estimated TOR losses incurred in the Member States for similarly undervalued textiles and footwear imported from China, the cumulative amount still due by all Member States is estimated to be below EUR 1 billion. As Member States have paid already a higher amount under reservation, a total reduction of EUR 0.9 billion over the original amount has been applied (of which EUR 0.5 billion has been effectively reimbursed during 2023). Further clarifications with Member States are ongoing to establish the final amounts due.

The late payment interest due in relation to these cases is currently estimated to be EUR 0.5 billion on 31 December 2023 (see note **2.6.2**).

'Separate accounts' refers to established entitlements that have not been included in the 'A accounts', because they have not been recovered by Member States and no security (i.e. guarantee) has been provided (or security has been provided but the amounts are contested). These entitlements are subject to impairment based on information provided every year by the Member States. The impairment amounts represent generally a similar percentage of the principal amount at each year-end.

#### EAGF and Rural Development recoverables

This item primarily covers the amounts owed by Member States at 31 December 2023, as declared and certified by the Member States as at 15 October 2023. An estimation is made for the recoverables arising after this declaration and up to 31 December 2023. The Commission also estimates a write-down for the amounts owed by beneficiaries that are unlikely to be recovered. The fact that such an adjustment is made does not mean that the Commission is waiving future recovery of these amounts. A deduction of 20% is also included in the adjustment and corresponds to what Member States are allowed to retain to cover administrative costs.

## 2.6.1.2. UK Withdrawal Agreement

The 'Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community' (ref. 2019/C 384 I/01) (the 'Withdrawal Agreement' or 'WA') signed between the EU and the UK establishes various financial obligations on both parties. As at 31 December 2023, the net receivable from the UK based on these obligations amounted to EUR 15 473 million (2022: EUR 23 871 million), of which EUR 2 385 million is to be paid within the 12 months following the reporting date (2022: EUR 9 061 million):

	Article 140	Article 142	Other	31.12.2023	31.12.2022
<i>Due from the UK</i>	8 340	10 411	115	18 867	26 683
<i>Due to the UK</i>	-	-	(3 394)	(3 394)	(2 812)
<b>Total</b>	<b>8 340</b>	<b>10 411</b>	<b>(3 279)</b>	<b>15 473</b>	<b>23 871</b>
<i>Non-current</i>	4 588	10 102	(1 602)	13 088	14 810
<i>Current</i>	3 753	309	(1 677)	2 385	9 061

EUR million

## UK share (Article 139)

According to Article 139, the United Kingdom's share of the financial obligations arising out of the WA shall be a percentage calculated as the ratio between the own resources made available by the United Kingdom in the years 2014 to 2020 and the own resources made available during that period by all Member States and the United Kingdom as adjusted by the amount communicated to the Member States before 1 February 2022. The final United Kingdom share has been calculated as being 12.431681219587700%.

## Payments under the Withdrawal Agreement

The payment mechanism to be applied to the obligations provided for between the two parties is laid out in Article 148. In summary, the EU invoices the net amounts due from the UK in April and September of each year and the UK pays these on a monthly basis. The amounts reported in April of a given year are to be paid in four equal monthly instalments from June to September of that year. The amounts reported in September are to be paid in eight equal monthly instalments from October of that year to May of the following year. Since some amounts reported are necessarily based on forecasts and estimates, the reporting is updated each year based on actual figures.

In 2023 the total amount reported to the UK under Article 136, and Articles 140 to 147, was EUR 8 585 million (2022: EUR 9 815 million), of which EUR 3 572 million was reported in April 2023 and EUR 5 013 million was reported in September 2023 (2022: EUR 3 418 million and EUR 6 397 million, respectively).

The total payments received in 2023 amounted to EUR 9 450 million (2022: EUR 10 921 million). Out of this amount, EUR 3 998 million related to the remainder of the September 2022 report and was paid in five equal instalments in the period January to May 2023 (2022: EUR 5 104 million), EUR 3 572 million related to the 2023 April report and was paid in four equal monthly instalments in the period June to September 2023 (2022: EUR 3 418 million), and EUR 1 880 million related to the 2023 September report and was paid in three equal instalments in the period October to December (2022: EUR 2 399 million).

EUR million

	Remainder of September 2022 report:	April 2023 report	September 2023 report:	Total payments in 2023
	(due and paid from January to May 2023)	(due and paid from June to September 2023)	(due and paid from October to December 2023)	
Article 140	4 061	2 647	1 855	8 563
Article 142	18	259	11	288
Article 136	12	1 057	13	1 082
Article 147	-	18	-	18
Article 143	-	-	6	6
	4 092	3 981	1 885	9 958
Article 141	(94)	-	(5)	(99)
Article 143	-	(313)	-	(313)
Article 144	-	(54)	(0)	(54)
Article 145	-	(37)	-	(37)
Article 146	-	(7)	-	(7)
	(94)	(410)	(5)	(508)
<b>Total</b>	<b>3 998</b>	<b>3 572</b>	<b>1 880</b>	<b>9 450</b>

Furthermore, between January and February 2023 the United Kingdom paid an outstanding debt originating in a case where importers in the UK had evaded a large amount of customs duties by using fictitious and false invoices and incorrect customs value declarations at importation. The principal and the related late interest totalled EUR 1.6 billion and EUR 1.4 billion respectively. The UK share defined in Article 139 of the Withdrawal Agreement amounted to EUR 370 million and was offset with the payments received from the UK in 2023 (see note **2.6.1.1**).

The remaining balance of the September 2023 invoice at the end of the year, amounting to EUR 3 133 million, is payable in five equal monthly instalments in the period January to May 2024 (2023: EUR 3 998 million).

#### Article 140 – Outstanding Commitments

The UK has committed to pay to the EU its share of the outstanding budgetary commitments at 31 December 2020 (the so called 'Brexit RAL'), as adjusted by the requirements of Article 140. At 31 December 2023, the total amount recognised as a receivable amounted to EUR 8 340 million (2022: EUR 17 029 million), of which EUR 3 753 million is payable within the 12 months following the year-end. The following table presents the main movements between the total amount recognised as a receivable at 31 December 2022 and the total amount recognised as a receivable at 31 December 2023:

EUR million

<b>Amount owed by the UK at 31.12.2022</b>	<b>17 029</b>
<i>Net financial corrections related to 2014-2020 or previous programme periods (including adjustment of 2022 deductions)</i>	(29)
<i>TOR relating to 2020 and made available to the Union in 2023 (including adjustment of 2022 deductions)</i>	-
<b>Net payments received from the UK in 2023</b>	<b>(8 563)</b>
<b>Adjustment of estimated non-implementation</b>	<b>(95)</b>
<b>Total</b>	<b>8 340</b>
<i>Non-current</i>	4 588
<i>Current</i>	3 753

The year-on-year decrease of the total amount recognised as a receivable amounted to EUR 8 688 million (2022: EUR 11 591 million) and was mainly due to the payments received from the UK in 2023.

The amount to be paid within 12 months from the reporting date (EUR 3 753 million), comprises the remaining balance of the September 2023 invoice (EUR 3 092 million), which is payable by the UK in the period January to May 2024, the amount invoiced in April 2024 (EUR -10 million), which is payable to the UK in the period June to September 2024, and the part of the amount to be invoiced in September 2024 which is payable by the UK in the period October to December 2024 (EUR 672 million). The amount invoiced in April 2024 is composed of EUR 910 million relating to the UK's share of the estimated RAL implementation in 2024 and EUR -920 million relating to the adjustment of the UK share of the RAL due to implementation in 2023. The amount to be invoiced in September 2024 and payable in the period October to December 2024 is made up of EUR 683 million relating to the UK's share of the estimated RAL implementation in 2024 and EUR -11 million relating to the UK's share of the estimated net financial corrections related to 2014-2020 or previous programme periods (including adjustment of 2022 deductions).

The estimated non-implementation has been adjusted by EUR 95 million to reflect the actual decommitments in 2023 as well as the future decommitments of the remaining stock of Brexit-RAL as estimated at year-end 2023.

#### Article 142 – Union liabilities at end 2020

The UK has committed to pay the EU its share of Union liabilities at end 2020 with the exception of liabilities: (a) with corresponding assets and (b) relating to the operation of the budget and the management of own resources (including amounts already covered by the outstanding commitments, see Article 140 above). The main amount here concerns the EU post-employment benefit liabilities (pensions and sickness insurance) existing at 31 December 2020.

#### Outstanding 2020 liabilities under Article 142 (6)

	Pension Scheme of European Officials	Joint Sickness Insurance Scheme	31.12.2023	31.12.2022
<i>Outstanding 2020 liabilities</i>	74 058	5 652	79 709	73 008
<b>UK Share</b>	<b>9 207</b>	<b>703</b>	<b>9 909</b>	<b>9 076</b>
<b>PSEO/JSIS contributions</b>	<b>270</b>	<b>10</b>	<b>280</b>	<b>259</b>
<b>Total</b>	<b>9 477</b>	<b>713</b>	<b>10 189</b>	<b>9 335</b>
<i>Non-current</i>	9 207	703	9 909	9 076
<i>Current</i>	270	10	280	259

According to the default payment mode laid out in Article 142 (6), the UK contributes annually to the net payments made from the Union budget in the preceding year to each beneficiary of the Pension Scheme of European Officials (PSEO) and to the related contribution of the Union budget to the Joint Sickness Insurance Scheme (JSIS) for each beneficiary or person who benefits through a beneficiary. The contributions are payable in four monthly instalments from June to September of the respective year.

The UK share of the net payments made from the Union budget in 2023 to the beneficiaries of the PSEO and to JSIS amounted to EUR 270 million and EUR 10 million, respectively. These amounts were communicated to the UK as part of the April 2024 invoice (and thus are payable in four equal monthly instalments in the period June to September 2024).

In addition, at 31 December 2023 the outstanding 2020 UK liabilities under Article 142 (6), relating to the Pension Scheme of the European Officials (PSEO) and the Joint Sickness Insurance Scheme (JSIS) amounted to EUR 9 207 million and EUR 703 million, respectively (2022: EUR 8 434 million and EUR 642 million). The increase in the PSEO and JSIS valuations was driven mainly by the actuarial loss from changes in financial and demographic assumptions – see note 2.9 for more details. It is noted that while actuarial losses (or gains) from changes in actuarial assumptions impact the present value of the outstanding 2020 liabilities calculated on the basis of IPSAS 39/EAR 12, they do not change either the amount of benefits that will have to be actually paid by the EU, or, by implication, the UK contributions to these payments as due under the default settlement mechanism of Article 142 (6).

#### Outstanding 2020 liabilities under Article 142 (5)

According to Article 142 (5), the UK contributes to the liabilities relating to the Other retirement (pension) schemes as they were recorded in the consolidated accounts of the Union for the financial year 2020 in 10 instalments starting on 31 October 2021 (with each annual instalment payable in eight monthly instalments from October to May the following year). These liabilities in the consolidated annual

accounts of the Union for the financial year 2020 amounted to EUR 2 344 billion, resulting in a UK share at 31 December 2020 of EUR 291 million. Taking into account the amounts received from the UK up until year-end 2023, totalling EUR 69 million, the outstanding UK share of the Other retirement (pension) schemes decreased to EUR 222 million at 31 December 2023, of which EUR 29 million is to be paid within the 12 months following the year-end.

For more information regarding the employee benefit schemes, please see note **1.5.10** and note **2.9**.

#### Other articles

	<i>EUR million</i>	
	31.12.2023	31.12.2022
<b>Due from the UK:</b>		
Article 147	115	68
	<b>115</b>	<b>68</b>
<b>Due to the UK:</b>		
Article 136	(1 451)	(678)
Article 141	(1 564)	(1 637)
Article 143	(233)	(313)
Article 144	(59)	(54)
Article 145	(74)	(111)
Article 146	(13)	(20)
	<b>(3 394)</b>	<b>(2 812)</b>
<b>Total</b>	<b>(3 279)</b>	<b>(2 744)</b>
<i>Non-current</i>	(1 602)	(2 953)
<i>Current</i>	(1 677)	209

#### Article 136 – Provisions applicable in relation to own resources

Article 136 establishes the provisions applicable after 31 December 2020 in relation to own resources. The UK is entitled to receive or obliged to pay, as the case may be, its share where the own resources related to the financial years up to and including 2020 are to be made available, corrected or subject to adjustments after 31 December 2020. Thus, the UK is subject to any adjustments of VAT and GNI own resources that relate to the financial years up to and including 2020. These VAT and GNI adjustments will however only be made if decided upon no later than 31 December 2028. The updates of the UK corrections of 2018-2019 are also to be taken into account.

In accordance with Article 136 of the Withdrawal Agreement, the authorities of the United Kingdom continue to send monthly A account statements providing a summary of the amounts of traditional own resources due to the EU budget. These amounts (minus applicable retention rate) are included in the total amounts of the subsequent invoice referred to in Article 148 (2) of the Withdrawal Agreement (see next paragraph). In case of late payment of those amounts, interest is due pursuant to Article 12 of Council Regulation (EU, Euratom) No 609/2014.

The UK is therefore required to pay the traditional own resources collected by them after 28 February 2021, but related to the years 2020 and earlier. Their share of the total made available is to be deducted from this amount. The separate account for traditional own resources shall be fully liquidated at 31 December 2025.

The net outstanding amount due from the EU to the UK at 31 December 2023 is EUR 1 451 million (2022: EUR 678 million), of which EUR 1 326 million will have to be paid to the UK within the 12 months following the year-end and EUR 125 million will have to be paid to the UK afterwards:



EUR million

<b>Amount due to the UK at 31.12.2022</b>	<b>(678)</b>
<i>Amount invoiced to the UK in September 2023</i>	33
<i>Payments received from the UK in 2023</i>	(712)
<i>VAT and GNI adjustments (balances exercise 2022)</i>	(31)
<i>VAT and GNI adjustments (balances exercise 2023)</i>	(128)
<i>Interest on late payment of UK traditional own resources</i>	42
<i>UK net traditional own resources after 28 February 2021</i>	22
<b>Amount due to the UK at 31.12.2023</b>	<b>(1 451)</b>
<i>Non-current</i>	(125)
<i>Current</i>	(1 326)

The amount presented under 'Payments received from the UK in 2023' is net of the UK's share of the amounts related to the UK customs case of EUR 370 million (see note **2.6.1.1**).

The amount presented under 'VAT and GNI adjustments (balances exercise 2022)' corresponds to the difference between the amount invoiced in April 2024 (EUR -1 408 million) and the estimate already included in the Brexit receivable at year-end 2022 (EUR -1 377 million). The amount presented under 'VAT and GNI adjustments (balances exercise 2023)' corresponds to the estimated amount to be invoiced in April 2025. The amount presented under 'UK net traditional own resources after 28 February 2021' corresponds to the amount invoiced in April 2024 (EUR 17.5 million) and the estimated amount to be invoiced in September 2024 (EUR 4.6 million).

#### Article 141 – Fines

The UK is entitled to its share of fines decided before 31 December 2020 and also those decided upon by the Union after 31 December 2020 in a procedure referred to in Article 92(1) when these become definitive. The amount of UK relevant fines which were outstanding at 31 December 2023 is EUR 12.4 billion (2022: EUR 12.4 billion). A net decrease in these fines of EUR 0.3 billion (EUR 0.5 billion of fines issued in 2023 less EUR 0.8 billion of fines confirmed and paid, reduced or cancelled by court decisions) was offset by a decrease in the impairment of these fines of EUR 0.3 billion. The UK share of the UK relevant fines outstanding at 31 December 2023 is EUR 1.5 billion (2022: EUR 1.5 billion), out of which an amount of EUR 32 million will be included in the September 2024 invoice and paid to the UK in the period October 2024 to May 2025. In addition, the UK is entitled to its share of definitive fines which were no longer outstanding at 31 December 2023 (EUR 18 million, also to be included in the September 2024 invoice and paid to the UK in the period October 2024 to May 2025) and its share of definitive fines that were invoiced in September 2023 but not yet paid at year-end (EUR 8 million, paid to the UK in the period January to May 2024). The total UK share of fines thus amounts to EUR 1.6 billion (2022: 1.6 billion), of which EUR 27 million is to be paid within the 12 months following the reporting date (2022: EUR 98.6 million).

#### Articles 143 – Contingent financial liabilities: loans for financial assistance, EFSI, EFSF & ELM

Under this article the UK shall be liable to fund its share of the contingent liabilities of the EU in relation to its borrowing, lending and guarantee activities should these crystallise and should they not be covered by existing guarantee funds – see note **4.1** for the related contingent liabilities. The EU will refund to the UK amounts which the UK has already contributed to guarantee funds and which are no longer needed. The UK also has a right to the reflows from operations for which it shares the liability. At 31 December 2023 the net amount to be paid to the UK, all within the next 12 months, is EUR 233.3 million (2022: EUR 313 million). This net amount comprises an amount of EUR 243.8 million which was invoiced to the UK in April 2024 and includes the UK share of the recoveries and net revenues collected in 2023 (EUR 113.4 million), the excess in provisioning (EUR 73.4 million), the revenue from asset management (EUR 51.6 million) as well as EUR 5.4 million of adjustments identified during the agreed-upon review procedures: adjustment for amounts recovered in 2022 for ELM (EUR -90 477), adjustment of the 2022 current provisioning rate for ELM (EUR 4.8 million), adjustment for amounts recovered in 2022 for EFSI (EUR -11 778) and adjustment of the 2022 current provisioning rate for EFSI (EUR 0.7 million). Furthermore, this net amount comprises the remainder of the September 2023 invoice of EUR 10.6 million, which is payable to the EU from January to May 2024.

*Articles 144 – Financial instruments*

Under this article, the EU has committed to refund to the UK its share of the reflows stemming from financial operations approved by the withdrawal date, as well as its share of the disbursements made to financial operations approved after the withdrawal date. At 31 December 2023 the amount to be paid to the UK, all within the next 12 months, is EUR 59.4 million (2022: EUR 54 million). This amount includes the remainder of the September 2023 invoice of EUR 12 871, which is payable to the UK from January to May 2024.

*Article 145 – European Coal and Steel Community in Liquidation (ECSC i.L.)*

The UK is entitled to its share of the net assets of ECSC i.L. at 31 December 2020, to be paid back in five instalments on 30 June each year, starting in 2021. The net assets of the ECSC i.L. at 31 December 2020 amounted to EUR 1.5 billion of which the UK share is EUR 184 million. Following the payment of the third instalment of EUR 37 million in 2023, the outstanding amount at 31 December 2023 is EUR 74 million (2022: EUR 111 million), of which EUR 37 million is to be paid within 12 months following the reporting date.

*Article 146 – Investment in the European Investment Fund (EIF)*

The UK is entitled to its share of the EU's investment in the paid-in share capital of the EIF at 31 December 2020, to be paid back in five instalments on 30 June each year, starting in 2021. The EU's investment in the EIF paid-in share capital at 31 December 2020 was EUR 267 million of which the UK share is EUR 33 million. Following the payment of the third instalment of EUR 7 million, the outstanding amount at 31 December 2023 is EUR 13 million (2022: EUR 20 million), of which EUR 7 million is to be paid within 12 months following the reporting date.

*Article 147 – Legal cases*

The UK has committed to contribute its share of EU payments arising from legal cases concerning the financial interests of the Union that become due, provided that the facts forming the subject matter of those cases occurred no later than 31 December 2020. Taking into account the provisions and accruals at year-end, as well as actual payments made by the EU for legal cases in 2023 the estimated amount that the UK will have to pay is EUR 115 million (2022: EUR 68 million), of which EUR 12 million is to be paid within 12 months following the reporting date.

## 2.6.1.3. Recoverables from competition fines

	<i>EUR million</i>	
	31.12.2023	31.12.2022
<i>Recoverable from fines gross amount</i>	13 762	13 635
<i>Provisional and definitive payments</i>	(3 014)	(2 980)
<i>Impairment</i>	(887)	(1 235)
<b>Total</b>	<b>9 861</b>	<b>9 420</b>
<i>Non-current</i>	–	–
<i>Current</i>	9 861	9 420

Fines imposed on companies include competition fines and CO2 excess emission premiums. Fined companies who have launched or are planning to launch an appeal have an option to either make provisional payments or to provide bank guarantees to the Commission. For the total outstanding fines at year-end that are not covered by provisional or definitive payments, EUR 9 324 million (2022: EUR 9 066 million) of guarantees have been received as coverage.

Payments received from fined companies are held either as investments under BUFI (see note **2.4.2.1**) or on bank accounts (see note **2.8**).

The amounts written down due to impairment reflect the Commission's case-by-case assessment of those fines not cashed or not covered by a guarantee, which the Commission expects not to recover, as well as cases reduced by the Courts.

Revenue from fines imposed on companies for the year totalled EUR 1 414 million (see note **3.5**) while expenses, i.e. reductions of fines by Court decisions, totalled EUR 597 million (see note **3.16**).

A contingent liability of EUR 1 751 million is disclosed for the possibility of having to pay back provisionally paid amounts to fined companies who are appealing or have the right to appeal the fines imposed on them – see note **4.2.1**.

#### 2.6.1.4. Accrued income and deferred charges

	<i>EUR million</i>	
	31.12.2023	31.12.2022
<i>Accrued income</i>	1 131	1 936
<i>Deferred charges relating to non-exchange transactions</i>	223	315
<b>Total</b>	<b>1 354</b>	<b>2 250</b>
<i>Non-current</i>	567	1 011
<i>Current</i>	787	1 239

Accrued income includes EUR 1 billion (2022: EUR 1.8 billion) that the Commission expects to recover in the area of cohesion as a result of the examination and acceptance of the annual accounts submitted by the Member States. The biggest part of this amount (EUR 0.6 billion) is expected to be recovered at the closure of the underlying 2014-2020 programmes only (as a consequence of the Coronavirus Response Investment Initiative measures) and therefore is classified as non-current.

#### 2.6.2. Receivables from exchange transactions

	<i>EUR million</i>	
	31.12.2023	31.12.2022
<b>Non-current</b>		
<i>Financial guarantee receivable</i>	1 666	1 832
<i>Late payment interest</i>	365	597
<i>Other receivables</i>	98	103
	<b>2 129</b>	<b>2 532</b>
<b>Current</b>		
<i>Financial guarantee receivable</i>	340	369
<i>Customers</i>	286	288
<i>Impairment on receivables from customers</i>	(158)	(171)
<i>Deferred charges relating to exchange transactions</i>	380	291
<i>Late payment interest</i>	1 186	2 554
<i>Other</i>	287	167
	<b>2 321</b>	<b>3 497</b>
<b>Total</b>	<b>4 450</b>	<b>6 029</b>

The late payment interest concerns mainly own resources cases and accrued interest on fines covered by guarantees provided by fined companies. The decrease is linked mainly to the EUR 1.4 billion payment by the UK for the undervaluation case mentioned under note **2.6.1.1**. The non-current amount (EUR 0.4 billion) relates to the similar cases still ongoing with the Member States.

The financial guarantee contract (FGC) receivable represents the future remuneration the EU expects to receive for guarantees given. The majority of the EU guarantees are non-remunerated or priced below the market rate. Therefore, the FGC receivable is significantly smaller than the FGC liability (see note **2.11.2**). Out of the total amount of EUR 2 006 million of the FGC receivable as at 31 December 2023, EUR 1 996 million is classified as financial assets at FVSD (Fair value level 3). Compared to the opening balance as at 1 January 2023 of EUR 2 201 million, in total the FGC receivable has decreased by EUR 195 million due to EUR 324 million guarantee premiums received in 2023 less EUR 129 million additional guarantee premiums expected to be received in the future.

## 2.7. INVENTORIES

	<i>EUR million</i>	
	31.12.2023	31.12.2022
<i>Scientific materials</i>	60	54
<i>Other</i>	18	28
<b>Total</b>	<b>78</b>	<b>82</b>

## 2.8. CASH AND CASH EQUIVALENTS

		<i>EUR million</i>	
	Note	31.12.2023	31.12.2022
<i>Accounts with Treasuries and Central Banks</i>		22 620	21 413
<i>Current accounts</i>		312	178
<i>Imprest accounts</i>		7	8
<i>Transfers (cash in transit)</i>		0	–
<i>Bank accounts for budget implementation</i>	2.8.1	<b>22 940</b>	<b>21 598</b>
<i>Unified funding approach</i>	2.8.2	<b>12 539</b>	<b>19 929</b>
<i>Financial instruments</i>	2.8.3	<b>2 279</b>	<b>2 713</b>
<i>Fines</i>	2.8.4	<b>540</b>	<b>914</b>
<i>Other institutions, agencies and bodies</i>		<b>1 281</b>	<b>1 344</b>
<i>Trust funds</i>		<b>37</b>	<b>47</b>
<b>Total</b>		<b>39 616</b>	<b>46 544</b>

### 2.8.1. Bank accounts for budget implementation

This heading covers the funds which the Commission keeps in its bank accounts in each Member State and EFTA country (treasury or central bank), as well as in commercial bank current accounts, imprest accounts and petty cash accounts. The treasury balance at the end of 2023 is driven by the following main elements:

- An amount of EUR 15 billion of non-implemented budget appropriations at year-end, of which EUR 11.4 billion relates to assigned revenues and EUR 3.6 billion relates to payment appropriations (including EUR 1.3 billion of EAGF);
- An amount of EUR 3.7 billion belonging to agencies' treasuries managed by the Commission that has not been spent at year end;
- An amount of EUR 3.2 billion to be reimbursed to Member States in January 2024; and
- An amount of EUR 0.7 billion of definitive fines not yet budgeted.

### 2.8.2. Unified funding approach

Under the unified funding strategy, part of the borrowings stay in cash held on a bank account at the European Central Bank (ECB). The purpose is to keep liquidity for upcoming disbursement obligations and to maintain a defined liquidity buffer, while avoiding excessive balances (see also notes **6.4** and **6.5**). The cash levels in this account fluctuate over the course of the year. At end 2023, there was a very high level of disbursements to Member States under NGEU, which resulted in a lower end of year cash balance on the ECB account than in 2022.

### 2.8.3. Financial instruments

Amounts shown under this heading primarily concern cash equivalents managed by fiduciaries on behalf of the Commission for the purpose of implementing particular financial instrument programmes funded by the EU budget: EUR 1.9 billion as at 31 December 2023, of which EUR 0.5 billion relates to COSME Loan Guarantee Facility (COSME LGF) – see note **4.1.2**. It also includes EUR 0.3 billion cash equivalents (term deposits and short term commercial papers) belonging to the Innovation Fund managed by the EIB – see note **2.4.2.1**. This heading does not cover the CPF related liquidity buffer (EUR 0.1 billion as at 31 December 2023), which is held in the Commission’s central treasury. Cash belonging to financial instruments can only be used by the programmes concerned.

### 2.8.4. Fines

This is cash received in connection with fines issued by the Commission to companies for which the case is still open. Where an appeal has been lodged or when it is unknown if an appeal will be made by the fined company, the underlying amount is shown as contingent liability in note **4.2.1**. Since 2010, all provisionally cashed fines to companies are managed by the Commission in the BUFI fund and invested in financial instruments categorised as financial assets at FVSD non-derivatives (see note **2.4.2**), with some of the fund assets being cash at year-end.

## LIABILITIES

### 2.9. PENSION AND OTHER EMPLOYEE BENEFITS

#### 2.9.1. Net employee benefit scheme liability

	Pension Scheme of European Officials	Other retirement benefit schemes	Joint Sickness Insurance Scheme	31.12.2023 Total	EUR million 31.12.2022 Total
<i>Defined Benefit Obligation</i>	82 718	1 808	6 735	91 261	81 070
<i>Plan assets</i>	N/A	(34)	(419)	(453)	(453)
<b>Net liability</b>	<b>82 718</b>	<b>1 774</b>	<b>6 316</b>	<b>90 808</b>	<b>80 617</b>

The increase in the total employee benefits liability is primarily driven by the increase in the net liability of the Pension Scheme of European Officials (PSEO), the largest scheme in place. The PSEO liability has increased mainly because of the actuarial losses from changes in the underlying financial assumptions (see note **2.9.4**). This follows a decrease in the real discount rate in the year, partially reversing the impact of the sharp increase in rates observed in the previous year. It must be noted, however, that while an increase or a decrease in the real discount rate impacts the size of the liability at year-end, it does not change the amount of benefits that will have to be actually paid from the EU budget to the beneficiaries in future years.

The additional increase in the liability is mainly due to actuarial losses from changes in demographic assumptions, resulting from an update of the actuarial life table in the main employee benefit schemes. There is also an increase due to the annual interest cost (unwinding of the liability discounting).

#### Pension Scheme of European Officials

This defined benefit obligation represents the present value of expected future payments that the EU is required to make, so as to settle the pension obligations resulting from employee service in the current and prior periods. The scheme is ongoing, and as such, all payments required to be made from the scheme on an annual basis are included in the EU budget each year.

In accordance with Article 83 of the Staff Regulations, the payment of the benefits provided for in the staff pension scheme constitutes a charge to the EU budget. The scheme is notionally funded, and the Member States guarantee the payment of these benefits collectively. A compulsory pension contribution is deducted from the basic salaries of active members, currently 11.1%. These contributions are treated as budget revenue of the year and contribute to the funding of EU expenditure in general, see also note **3.8**.

The liabilities of the pension scheme were assessed on the basis of the number of PSEO staff (active staff, retirees, former active staff now on invalidity and dependants of deceased staff) at 31 December 2023 and on the rules of the Staff Regulations applicable at this date. This valuation was carried out in accordance with the accounting provisions of IPSAS 39 (and therefore also EU accounting rule 12).

#### Other retirement benefit schemes

This refers to the liability relating to the pension obligations towards Members and former Members of the Commission, the European Court of Justice and the Court of Auditors, the Council, the European Ombudsman and the European Data Protection Supervisor. Also included under this heading are liabilities relating to the pensions of Members of the European Parliament.

#### Joint Sickness Insurance Scheme

In addition to the above retirement benefit schemes, a valuation is made for the estimated liability that the EU has regarding the Joint Sickness Insurance Scheme (JSIS) in relation to healthcare costs, which must be paid during post-activity periods (net of their contributions). As stated in note **1.5.10**, the calculation of this liability takes account of the full active service period, ensuring that both the pension and the sickness insurance schemes of the staff's post-employment plan are accounted for consistently.

Taking into account the obligation to faithfully present the economic substance of the underlying situation as required by both EAR and IPSAS, IPSAS 39 has not been interpreted in a stricter sense when attributing the benefits to the periods of service. If the service cost were to be accrued for the JSIS scheme fully over 10 years for all officials, as opposed to the period of active service of the employee, the impact of such an approach on the defined benefit obligation at year-end would be an increase of EUR 1.3 billion. However, as already indicated, this stricter approach would not be compatible with the qualitative characteristic of faithful representation, and thus would not be deemed to provide reliable information in accordance with EAR 1 and the IPSAS Conceptual Framework. This estimate is highly sensitive to the evolution of current staff administrative status (in particular, the number of fixed-term contract members assumed to become officials in the future).

## 2.9.2. Movement in present value of employee benefits defined benefit obligation

The present value of the defined benefit obligation is the discounted expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

An analysis of the current year movement in the defined benefit obligation is presented below:

	<i>EUR million</i>			
	Pension Scheme of European Officials	Other retirement benefit schemes	Joint Sickness Insurance Scheme	Total
<b>Present value as at 31.12.2022</b>	<b>73 126</b>	<b>1 880</b>	<b>6 064</b>	<b>81 070</b>
<b>Recognised in statement of financial performance</b>				
<i>Current Service Cost</i>	2 589	67	217	2 873
<i>Interest cost</i>	2 629	61	218	2 908
<i>Past Service Cost</i>	–	(239)	–	(239)
<b>Recognised in net assets</b>				
<i>Remeasurements in employee benefits liabilities</i>				
<i>Actuarial (gains)/losses from experience</i>	479	8	(71)	415
<i>Actuarial (gains)/losses from demographic assumptions</i>	1 892	32	212	2 136
<i>Actuarial (gains)/losses from financial assumptions</i>	4 176	74	218	4 468
<b>Other</b>				
<i>Benefits paid</i>	(2 172)	(75)	(124)	(2 371)
<b>Present value as at 31.12.2023</b>	<b>82 718</b>	<b>1 808</b>	<b>6 735</b>	<b>91 261</b>

Current service cost is the increase in the present value of the defined benefit obligation arising from current members' service in the current year.

Interest cost refers to the increase during the period in the present value of the defined benefit obligation because the benefits are one period closer to settlement.

Actuarial gains and losses from experience refer to the effects of differences between what was expected according to the assumptions made in the previous year for 2023 and what really occurred in 2023. This item also reflects the impact of newcomers (staff members present in the current exercise but not in the previous one).

Actuarial gains and losses from changes in the values of the actuarial assumptions (demographic variables such as employee turnover and mortality and financial variables such as discount rates and expected salary increases) arise when the estimated values of those assumptions are updated in order to reflect the underlying conditions.

Benefits (for example, pensions or medical cost reimbursements) are paid during the year according to the rules of the scheme. These benefits paid lead to a decrease in the defined benefit obligation.

## 2.9.3. Plan assets

	<i>EUR million</i>		
	Other retirement benefit schemes	Joint Sickness Insurance Scheme	Total
<b>Present value as at 31.12.2022</b>	<b>63</b>	<b>390</b>	<b>453</b>
<i>Net movement in plan assets</i>	(29)	29	(1)
<b>Present value as at 31.12.2023</b>	<b>34</b>	<b>419</b>	<b>453</b>

## 2.9.4. Actuarial assumptions – employee benefits

The principal actuarial assumptions used in the valuation of the two main employee benefit schemes of the EU are shown below:

	2023	2022
<b>Pension Scheme of European Officials</b>		
<i>Nominal discount rate</i>	3.0%	3.6%
<i>Expected inflation rate</i>	2.2%	2.4%
<i>Real discount rate</i>	0.8%	1.1%
<i>Expected rate of future salary increases</i>	1.1%	1.5%
<i>Retirement age</i>	63/64/66	63/64/66
<b>Joint Sickness Insurance Scheme</b>		
<i>Nominal discount rate</i>	3.1%	3.6%
<i>Expected inflation rate</i>	2.2%	2.4%
<i>Real discount rate</i>	0.8%	1.1%
<i>Expected rate of future salary increases</i>	1.1%	1.6%
<i>Medical cost trend rates</i>	1.7%	2.3%
<i>Retirement age</i>	63/64/66	63/64/66

Mortality rates for 2023 are based on the updated EU Civil Servants Life Table – EULT 2023, incorporating a dynamic trend over a 20 year horizon. The update of the mortality assumption resulted in actuarial losses from changes in demographic assumptions in 2023 and contributed to the overall increase in the total employee benefit liability.

The nominal discount rate is determined as the value of the Euro zero-coupon yield (with a maturity of 19 years as of December 2023 for the PSEO, and 20 years for the Joint Sickness Insurance Scheme). The inflation rate used is the expected inflation rate over the equivalent period: the break-even inflation is retrieved by comparing the yields of inflation-linked and regular government bonds of the main European financial markets. The real discount rate is calculated from the nominal discount rate and the expected long-term inflation rate.

In 2023, the evolution of the nominal interest rates and of the inflation rates, resulted in an overall decrease in the real discount rate, thus changing the course of the previously observed increase and contributing to the actuarial losses from financial assumptions in the year.

## 2.9.5. Sensitivity analysis

The sensitivity analysis is based on simulations, which change, everything else being equal, the value of the concerned assumptions.



## Pension Scheme of European Officials sensitivity

A ten basis point (0.1%) change in the assumed discount rate would have the following effects:

	EUR million			
	2023		2022	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	(1 541)	1 585	(1 316)	1 352

A ten basis point (0.1%) change in expected salary increases would have the following effects:

	EUR million			
	2023		2022	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	1 532	(1 493)	1 312	(1 280)

A one-year change in assumed retirement age would have the following effects:

	EUR million			
	2023		2022	
	One year increase	One year decrease	One year increase	One year decrease
<i>Defined benefit obligation</i>	(795)	1 076	(727)	988

## Joint Sickness Insurance Scheme sensitivity

A ten basis point change in assumed medical cost trend rates would have the following effects:

	EUR million			
	2023		2022	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>The aggregate of the current service cost and interest cost components of net periodic post-employment medical costs</i>	12	(12)	10	(10)
<i>Defined benefit obligation</i>	166	(162)	148	(144)

A ten basis point (0.1%) change in the assumed discount rate would have the following effects:

	EUR million			
	2023		2022	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	(132)	135	(118)	121

A ten basis point (0.1%) change in expected salary increases would have the following effects:

	EUR million			
	2023		2022	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	(25)	25	(23)	22

A one-year change in assumed retirement age would have the following effects:

	EUR million			
	2023		2022	
	One year increase	One year decrease	One year increase	One year decrease
<i>Defined benefit obligation</i>	(188)	199	(173)	184

## 2.10. PROVISIONS

EUR million

	Amount at 31.12.2022	Additional provisions	Unused amounts reversed	Amounts used	Transfer between categories	Change in estimation	Amount at 31.12.2023
<i>Legal cases:</i>							
<i>Agriculture</i>	277	1	(240)	(37)	-	-	1
<i>Other</i>	71	754	(1)	(2)	-	1	823
<i>Nuclear site dismantlement</i>	1 745	-	-	(45)	-	67	1 768
<i>Financial</i>	1	1	(1)	-	-	0	1
<i>Other</i>	677	210	(166)	(1)	-	21	742
<b>Total</b>	<b>2 771</b>	<b>966</b>	<b>(408)</b>	<b>(84)</b>	<b>-</b>	<b>90</b>	<b>3 334</b>
<b>Non-current</b>	<b>2 199</b>	<b>135</b>	<b>(241)</b>	<b>(46)</b>	<b>(34)</b>	<b>90</b>	<b>2 102</b>
<b>Current</b>	<b>571</b>	<b>831</b>	<b>(167)</b>	<b>(38)</b>	<b>34</b>	<b>(0)</b>	<b>1 233</b>

Provisions are reliably estimated amounts, arising from past events, that will probably have to be paid by the EU budget in the future.

### Legal cases

This is the estimate of amounts that will probably have to be paid out after the year-end in relation to a number of on-going legal cases. The Agriculture amounts relate to legal actions of Member States against conformity clearance decisions for the EAGF and the EAFRD.

### Nuclear site dismantlement

As of 2017 the basis for the provision was updated as per the 'JRC Decommissioning & Waste Management Programme Strategy (D&WMP) – Updated in 2017'. The review of the strategy, along with budget and staff needs, was conducted together with the independent D&WMP Expert Group. It represents the best available estimate of the budget and staff needed to complete the decommissioning of the JRC sites of Ispra, Geel, Karlsruhe and Petten.

In accordance with the EU accounting rules, this provision is indexed for inflation and then discounted to its net present value (using the Euro swap curve). At 31 December 2023, this resulted in a provision of EUR 1 768 million, split between amounts expected to be used in 2024 (EUR 34 million) and afterwards (EUR 1 733 million).

It must be noted that major uncertainties, inherent to the long term planning of nuclear decommissioning, could affect this estimate, which could significantly increase in the future. The main sources of uncertainty are related to the end state of the decommissioned site, nuclear materials, waste management and disposal aspects, incomplete or lacking definition of national regulatory frames, complicated and time-consuming licensing processes and future developments of the decommissioning industrial market.

## 2.11. FINANCIAL LIABILITIES

	Note	31.12.2023	31.12.2022
<i>EUR million</i>			
<b>Non-current</b>			
Financial liabilities at AC	2.11.1	430 633	323 798
Financial liabilities at FVSD	2.4.2.2	8	9
Financial guarantee liabilities	2.11.2	131	177
		<b>430 771</b>	<b>323 985</b>
<b>Current</b>			
Financial liabilities at AC	2.11.1	21 424	22 022
Financial liabilities at FVSD	2.4.2.2	52	15
Financial guarantee liabilities	2.11.2	6 137	6 279
		<b>27 613</b>	<b>28 316</b>
<b>Total</b>		<b>458 385</b>	<b>352 301</b>

### 2.11.1. Financial liabilities at amortised cost

	Note	31.12.2023	31.12.2022
<i>EUR million</i>			
Borrowings	2.11.1.1	450 561	344 303
Other financial liabilities	2.11.1.2	1 496	1 517
<b>Total</b>		<b>452 057</b>	<b>345 820</b>
<i>Non-Current</i>		<i>430 633</i>	<i>323 798</i>
<i>Current</i>		<i>21 424</i>	<i>22 022</i>

#### 2.11.1.1. Borrowings

	Unified Funding Approach	SURE	EFSM	BOP	MFA	Euratom	Total
<i>EUR million</i>							
Total at 31.12.2022	183 129	99 130	46 587	201	14 929	327	344 303
New borrowings - nominal	159 205	-	-	-	290	-	159 495
Repayments	(45 400)	-	(3 500)	-	(60)	(13)	(48 973)
Changes in carrying amount	(4 205)	(145)	7	0	79	(0)	(4 264)
<b>Total at 31.12.2023</b>	<b>292 728</b>	<b>98 984</b>	<b>43 095</b>	<b>201</b>	<b>15 238</b>	<b>314</b>	<b>450 561</b>
<i>Non-current</i>	<i>275 337</i>	<i>98 880</i>	<i>40 084</i>	<i>200</i>	<i>14 488</i>	<i>300</i>	<i>429 290</i>
<i>Current</i>	<i>17 391</i>	<i>104</i>	<i>3 010</i>	<i>1</i>	<i>750</i>	<i>14</i>	<i>21 271</i>

The nominal amount of borrowings is EUR 458.5 billion (2022: EUR 348.0 billion) and they are long-term bond issuances, except for the unified funding where there are short term EU-bills of EUR 15.2 billion (2022: EUR 17.0 billion). The net new borrowing in 2023 was EUR 110.5 billion (nominal).

The amounts under SURE, EFSM, BOP, MFA, Euratom are 'back-to-back' transactions which means that the Commission issues a single bond to fund a single loan agreement, on the same terms (interest rate, maturity) - see note **2.4.1.1**.

The 'unified funding' finances the NGEU loans and non-repayable support as well as the MFA+ loans to Ukraine. The Commission uses a pooled funding approach where the borrowings are not directly funding specific disbursements. Instead, the debt is issued according to an annual borrowing plan, with long term bonds and short term bills. The Commission uses auctions and syndications to issue these securities. It then passes on the costs, in the most cost-effective and equitable way, to the loan recipients for the loans and to the EU budget for the non-repayable support. This funding flexibility, also requires a liquidity buffer for an efficient liquidity management, see note **2.8.2**. In the context of the unified funding strategy, the Commission issues short-term EU-bills (3 or 6 months), which may be repaid during the

same or next year. The EUR 45.4 billion in the line 'repayments' refers to such short term borrowings. The net new borrowing in 2023 was EUR 113.8 billion (nominal).

The line 'changes in carrying amount' corresponds to the change in accrued interests and to the changes in premiums/discounts (new premiums/discounts and amortisation). In particular, for the unified funding the line 'change in carrying amount' refers to:

- a) Increase in accrued interests of EUR 1.7 billion due to the increase in the borrowings;
- b) Increase in discounts of EUR 5.8 billion, which mainly refers to new discounts on the 2023 bond issuances. When the coupon rates are lower than the market rates, the borrower receives less than the nominal value of the borrowings. The difference is the discount amount. This is gradually amortised, as a finance cost and is part of the calculation for the effective interest rate of the borrowing.

The repayment of the above borrowings are ultimately guaranteed by the EU budget – see note **2.4.1.1**, and by extension by each Member State.

#### Borrowings effective interest rates (expressed as a range of interest rates)

	31.12.2023	31.12.2022
<i>Unified funding</i>	(0.49)% - 4.03%	(0.49)% - 3.41%
<i>SURE</i>	(0.48)% - 2.78%	(0.48)% - 2.78%
<i>EFSM</i>	(0.03)% - 3.79%	(0.03)% - 3.79%
<i>BOP</i>	2.95%	2.95%
<i>MFA</i>	(0.14)% - 3.86%	(0.14)% - 3.70%
<i>Euratom</i>	(0.08)% - 4.06%	(0.08)% - 1.53%

#### 2.11.1.2. Other financial liabilities

	EUR million	
	31.12.2023	31.12.2022
<b>Non-current</b>		
<i>Finance lease liabilities</i>	750	847
<i>Buildings paid for in instalments</i>	288	296
<i>Other</i>	306	106
	<b>1 343</b>	<b>1 249</b>
<b>Current</b>		
<i>Finance lease liabilities</i>	91	103
<i>Buildings paid for in instalments</i>	55	48
<i>Other</i>	7	117
	<b>153</b>	<b>268</b>
<b>Total</b>	<b>1 496</b>	<b>1 517</b>

#### Finance lease liabilities

	EUR million			
	Future amounts to be paid			Total Liability
	< 1 year	1-5 years	> 5 years	
<i>Land and buildings</i>	87	342	398	827
<i>Other fixed assets</i>	4	9	-	14
<b>Total at 31.12.2023</b>	<b>91</b>	<b>352</b>	<b>398</b>	<b>841</b>
<i>Interest element</i>	30	96	55	181
<b>Total future minimum lease payments at 31.12.2023</b>	<b>121</b>	<b>448</b>	<b>453</b>	<b>1 022</b>
<i>Total future minimum lease payments at 31.12.2022</i>	143	524	521	1 188

The lease and building related amounts above will have to be funded by future budgets.

Included under the headings 'Other', EUR 184 million financial liabilities relates to contributions from Member States and other donors to the EU programmes, in particular to InvestEU (see note 4.1.1), whereby the EU has an obligation to return any unused funds to the contributor.

### 2.11.2. Financial guarantee liabilities

	31.12.2023		31.12.2022	
	Financial guarantee receivable (Note 2.6.2)	Financial guarantee liability	Financial guarantee receivable (Note 2.6.2)	Financial guarantee liability
<i>EUR million</i>				
<i>EU budgetary guarantee programmes</i>				
<i>EIB ELM guarantees</i>	51	2 170	47	2 358
<i>EFSI guarantee</i>	1 789	1 863	2 039	2 178
<i>EFSD guarantee</i>	4	196	3	180
<i>InvestEU guarantee</i>	117	920	46	332
<i>NDICI EU guarantee</i>	10	367	0	203
	<b>1 970</b>	<b>5 515</b>	<b>2 134</b>	<b>5 252</b>
<i>EU financial instrument programmes</i>				
<i>COSME</i>	0	338	0	617
<i>Horizon 2020</i>	9	266	37	422
<i>Other</i>	27	149	29	166
	<b>36</b>	<b>753</b>	<b>66</b>	<b>1 204</b>
<b>Total</b>	<b>2 006</b>	<b>6 268</b>	<b>2 201</b>	<b>6 456</b>
<i>Non-current</i>	1 666	131	1 832	177
<i>Current</i>	340	6 137	369	6 279

The EU applies the gross presentation of the financial guarantee contracts, where the revenues still to be received under the guarantee are recognised as a financial guarantee receivable leg (presented under the exchange receivables heading – see note 2.6.2) and a financial guarantee liability is recognised representing the EU liability for coverage of the future guarantee claims.

The ELM guarantee and EFSI guarantee remain the most significant of the financial guarantee programmes, with a financial guarantee liability of EUR 2 170 million and EUR 1 863 million respectively. While in return for the EFSI guarantee, the EU is entitled to an expected remuneration of EUR 1 789 million – recognised as a financial guarantee receivable – covering to a large extent the liability, for the ELM guarantee the expected revenues are EUR 51 million, thus covering only a small fraction of the guarantee. This is due to a high share of EU subsidisation of the ELM. In 2023, new guarantee agreements were signed under InvestEU and NDICI programmes, leading to recognition of new financial guarantee liabilities (see also note 4.1.1).

Most of the remaining EU guarantee programmes, in particular those provided for higher-risk financing to SMEs or to the innovation sector, are non-remunerated. Please see note 2.4.2.1 for further information on guarantees under the H2020 programme and note 4.1.2 in relation to COSME.

## 2.12. PAYABLES

	<i>EUR million</i>					
	Gross Amount	Adjustments	Net Amount at 31.12.2023	Gross Amount	Adjustments	Net Amount at 31.12.2022
<b>Cost claims and invoices received from:</b>						
<i>Member States</i>						
<i>EAFRD &amp; other rural development instruments</i>	300	(0)	300	80	(0)	80
<i>ERDF &amp; CF</i>	7 251	(1 995)	5 256	6 258	(1 614)	4 644
<i>ESF</i>	2 062	(310)	1 752	2 796	(368)	2 428
<i>RRF (NGEU)</i>	22 427		22 427	24 629		24 629
<i>Other</i>	1 124	(225)	899	1 075	(170)	904
<i>Private and public entities</i>	1 859	(407)	1 452	1 527	(467)	1 060
<b>Total cost claims and invoices received</b>	<b>35 023</b>	<b>(2 937)</b>	<b>32 085</b>	<b>36 366</b>	<b>(2 620)</b>	<b>33 745</b>
<b>EAGF</b>	<b>12 503</b>	<b>N/A</b>	<b>12 503</b>	<b>15 795</b>	<b>N/A</b>	<b>15 795</b>
<b>Own resources payables</b>	<b>3 248</b>	<b>N/A</b>	<b>3 248</b>	<b>3 764</b>	<b>N/A</b>	<b>3 764</b>
<b>Sundry payables</b>	<b>2 277</b>	<b>N/A</b>	<b>2 277</b>	<b>1 679</b>	<b>N/A</b>	<b>1 679</b>
<b>Other</b>	<b>402</b>	<b>N/A</b>	<b>402</b>	<b>357</b>	<b>N/A</b>	<b>357</b>
<b>Total</b>	<b>53 453</b>	<b>(2 937)</b>	<b>50 516</b>	<b>57 961</b>	<b>(2 620)</b>	<b>55 341</b>

Payables include invoices and cost claims received but not yet paid at year-end. They are initially recognised at the time of the reception of the invoices / cost claims for the requested amounts. The payables are subsequently adjusted to reflect only the amounts accepted following review of costs, and the amounts estimated to be eligible. The amounts estimated to be non-eligible are included in the column 'Adjustments'; the largest amounts concern the structural actions.

The decrease in RRF payables by EUR 2.2 billion indicates that there were less payment requests received towards the end of the year for which the assessment of milestones and targets was still pending. For the decrease in EAGF payables see note **2.13**.

The CPR (Common Provisions Regulation 2013/1303 and 2021/1060) applicable to the Structural Funds (ERDF and ESF), the Cohesion Fund and to the European Maritime and Fisheries Fund (EMFF) foresees that the EU budget is protected by means of a systematic retention on the interim payments made. By February following the end of the CPR accounting year (1 July – 30 June), the control cycle is complete, both through management verifications by the managing authorities and audits by the audit authorities. The Commission examines the assurance documents and the accounts provided by the relevant authorities in the Member States. The payment / recovery of the final balance is made only after this assessment is finalised and the accounts are accepted. The amount retained according to this provision at end 2023 totalled EUR 8.9 billion. A part of this amount (EUR 1.3 billion) is estimated as being non-eligible on the basis of the information provided by the Member States in their accounts and is also included in the column 'Adjustments'.

### Requests for pre-financing

In addition to the above amounts, at the end of 2023, EUR 5.1 billion of requests for pre-financing have been received and were not yet paid at year-end. According to the EU accounting rules, these amounts are not booked as payables.

### Own Resources Payables

Own resources payables refer to Member States EU budget contributions to be reimbursed at year-end. Amending budgets are implemented according to Article 10a(3) of Regulation no 609/2014. The large balance at 31 December 2023 was due to the adoption of the amending budget No 4/2023 on 22 November 2023. According to this legal provision, the resulting amounts were returned to the Member States on the first working day of January 2024. It was a similar situation at end 2022.

## 2.13. ACCRUED CHARGES AND DEFERRED INCOME

EUR million

	31.12.2023	31.12.2022
<i>Accrued charges</i>	76 237	85 870
<i>Deferred income</i>	182	127
<i>Other</i>	386	167
<b>Total</b>	<b>76 805</b>	<b>86 164</b>

The split of accrued charges is as follows:

EUR million

	31.12.2023	31.12.2022
<i>RRF (NGEU)</i>	3 709	17 188
<i>EAGF</i>	28 339	25 316
<i>EAFRD and other rural development instruments</i>	17 895	19 625
<i>ERDF and CF</i>	11 052	8 741
<i>ESF</i>	3 882	3 366
<i>Other</i>	11 360	11 633
<b>Total</b>	<b>76 237</b>	<b>85 870</b>

Accrued charges refer to recognised expenses for which the Union has still to receive cost claims. The decrease in RRF is reflecting the pace of implementation of this instrument, as the estimate is based on the short term payments forecast. The decrease in EAFRD relates to the fact that the previous programming period is coming to an end; on the other hand, the new programming period has not yet reached its cruising speed. The increase in EAGF accrued charges is due to a slower implementation at the Member State level as less than expected actual claims were submitted and thus more had to be estimated at year-end. The increase is, therefore, counter-balanced by a corresponding decrease in payables – see note **2.12**. For cohesion policy, only a small part (EUR 1.1 billion) relates to the new programming period, while the majority of the remaining amount (EUR 13.8 billion) relates to the previous MFF.

## NET ASSETS

### 2.14. RESERVES

	Note	31.12.2023	EUR million 31.12.2022
<i>Other reserves</i>		1 052	1 312
<b>Total</b>		<b>1 052</b>	<b>1 312</b>

The amount relates primarily to the reserves of the ECSC i.L. (EUR 620 million) for the assets of the Research Fund for Coal and Steel, which were created in the context of the winding-up of the ECSC i.L., as well as to the reserve fund of the European Union Intellectual Property Office, ensuring the continuity of its operations (EUR 289 million).

### 2.15. AMOUNTS TO BE CALLED FROM MEMBER STATES

	EUR million
<b>Amounts to be called from Member States at 31.12.2022</b>	<b>132 637</b>
<i>2022 budget result credited to Member States</i>	2 519
<i>Remeasurements in employee benefits liabilities</i>	6 877
<i>Other</i>	(249)
<i>Economic result of the year</i>	71 437
<b>Total amounts to be called from Member States at 31.12.2023</b>	<b>213 221</b>

This amount represents that part of the expenses incurred by the EU up to 31 December that must be funded by future budgets. Many expenses are recognised under accrual accounting rules in the year N although they may be actually paid in year N+1 (or later) and therefore funded using the budget of year N+1 (or later). The inclusion in the accounts of these liabilities coupled with the fact that the corresponding amounts are financed from future budgets, results in liabilities greatly exceeding assets at the year-end. The most significant amounts to be highlighted concern the borrowings in relation to non-repayable support taken out under NGEU, EAGF activities and employee benefit liabilities.

It should also be noted that the above has no effect on the budget result – budget revenue should always equal or exceed budget expenditure and any excess of revenue is returned to Member States.

The remeasurements in employee benefits liabilities relate to actuarial gains and losses arising from the actuarial valuation of these liabilities.

The considerable increase of the amounts to be called from Member States in the past two years is primarily due to the borrowings in relation to non-repayable support taken out under NGEU in this period.



## **3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE**

### **REVENUE**

### **REVENUE FROM NON-EXCHANGE TRANSACTIONS: OWN RESOURCES**

#### **3.1. GNI RESOURCES**

Own resources revenue is the primary element of the EU's operational revenue. GNI (gross national income) revenue is the most significant of the four categories of own resources. A uniform percentage is levied on the GNI of each Member State. The GNI revenue balances revenue and expenditure, i.e. it funds the part of the budget that is not covered by other sources of income. The decrease of GNI revenue in 2023 compared to 2022 is explained by multiple factors: as for instance the increase in other types of own resources (such as VAT and Plastics), an increase of other revenue and a reduction of the payment appropriations.

#### **3.2. TRADITIONAL OWN RESOURCES**

Traditional own resources relate mainly to customs duties where Member States retain, by way of collection costs, 25% of the amounts, so the above figures are net of this deduction. The level of import duties reflects essentially the combination of fluctuations in the value of imports from outside the EU and changes in the common tariff, which has been lowered on many occasions following the negotiations within the World Trade Organisation (WTO), and specific agreements granting tariff preferences to certain trading partners or to certain products. The level thus depends also on the general economic situation, the level of world prices and the impact of exchange rates.

#### **3.3. VAT RESOURCES**

The VAT own resource is calculated based on Member States' VAT bases, which are harmonised for this purpose in accordance with EU rules. A uniform call rate of 0.30 % applies to each Member State's total amount of VAT receipts collected for all taxable supplies divided by the weighted average VAT rate. The VAT base is capped at 50 % of each Member State's GNI.

#### **3.4. PLASTICS OWN RESOURCES**

A uniform call rate of EUR 0.80 per kilogram applies to the weight of plastic packaging waste generated in each Member State that is not recycled. The plastic packaging waste that is not recycled in a given year is calculated as the difference between the plastic packaging waste generated and the plastic packaging waste recycled in that year in a Member State. Bulgaria, Czechia, Estonia, Greece, Spain, Croatia, Italy, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Portugal, Romania, Slovenia and Slovakia are entitled to specific annual lump sum reductions in their respective plastics own resource contributions. This relatively new own resource was introduced in 2021 with the entry into force of the new Own Resources Decision 2020/2053.

## REVENUE FROM NON-EXCHANGE TRANSACTIONS: TRANSFERS

### 3.5. FINES

Revenue of EUR 1 748 million (2022: EUR 915 million) relates mainly to fines the Commission has imposed on companies for breaches of EU competition rules (EUR 898 million) and CO2 excess emission premiums (EUR 516 million), as well as on Member States for infringements of EU law (EUR 382 million).

### 3.6. RECOVERY OF EXPENSES

	<i>EUR million</i>	
	2023	2022
<i>Shared management</i>	691	1 110
<i>Direct management</i>	102	90
<i>Indirect management</i>	10	19
<b>Total</b>	<b>803</b>	<b>1 219</b>

This heading mainly represents the recovery orders issued by the Commission that are cashed or offset against (i.e. deducted from) subsequent payments recorded in the Commission's accounting system. The recovery orders are issued so as to recover expenditure previously paid out from the EU budget. Recoveries are based on controls, audits or eligibility analysis and therefore, these operations protect the EU budget from expenditure incurred in breach of law.

Recovery orders issued by Member States to beneficiaries of EAGF expenditure, as well as the variation of accrued income estimations from the previous year-end to the current year-end, are also included.

The amounts included in the above table represent revenue earned through the issuance of recovery orders. For this reason, these figures cannot and do not show the full extent of the measures taken to protect the EU budget, particularly for cohesion policy where specific mechanisms are in place to ensure the correction of ineligible expenditure, most of which do not involve the issuance of a recovery order. The EU budget is also protected by withdrawals of expenditure and recoveries of pre-financing. Shared management recoveries make up the bulk of the total:

#### Agriculture: EAGF and rural development

In the framework of the EAGF and the EAFRD, amounts accounted for as revenue of the year under this heading are financial corrections of the year and reimbursements declared by Member States and recovered during the year, as well as the net increase in the outstanding amounts declared by Member States to be recovered at year-end concerning fraud and irregularities.

#### Cohesion policy

The main amounts related to cohesion policy are amounts that the Commission expects to recover from the Member States. The recovery will be made following the examination and acceptance of the annual accounts submitted by the Member States in early 2024. The amounts to be recovered represent essentially the difference between amounts initially declared as eligible during the accounting year and the amounts confirmed as eligible in the annual accounts of the Member States. A low amount means that the controls in place at Member State level enabled the detection of ineligible amounts early in the process.

### 3.7. UK WITHDRAWAL AGREEMENT

This revenue relates to the net amounts owed by the UK under the WA signed following its departure from the Union in 2020 (see note **2.6.1.2**), adjusted each year in accordance with the requirements of the WA. The revenue was zero for 2022 and instead an expense was recognised – this was primarily due to the large decrease in the outstanding receivable from the UK relating to pensions and other employee benefits (Article 142) as well as additional amounts payable to the UK relating to own resources (Article 136).

### 3.8. OTHER REVENUE FROM NON-EXCHANGE TRANSACTIONS

	<i>EUR million</i>	
	2023	2022
<i>Contributions from Member States:</i>		
<i>Innovation Fund</i>	1 812	3 192
<i>External aid</i>	165	204
<i>Invest EU</i>	179	
<i>Staff taxes and contributions</i>	1 565	1 439
<i>Contribution from other entities to the EC</i>	3 456	
<i>Contribution from EFTA, third countries and accession countries</i>	1 770	1 307
<i>Transfer of assets</i>	280	321
<i>Budgetary adjustments</i>	(1 058)	3 246
<i>Adjustment of provisions</i>	407	991
<i>Other</i>	224	695
<b>Total</b>	<b>8 800</b>	<b>11 395</b>

Contributions from Member States to the Innovation Fund are revenues relating mainly to the sale of emission allowances that are to be used to support innovation in low-carbon technologies. The decrease compared to 2022 is because starting in 2023, the Emission Trading System (ETS) revenues are now utilised to finance REPowerEU, see below.

Staff taxes and contributions revenue relate primarily to the deductions from staff salaries. Retirement contributions and income tax represent the substantial amounts within the category.

Contributions from other entities to the EC include primarily reflows (EUR 0.5 billion) transferred by EIB under the ACP (African, Caribbean and Pacific) and the OCT (Overseas Countries and territories) Investment Facilities and auctioning revenue (EUR 2.6 billion) generated under the ETS allowances, a funding source also used to provide additional support to Member States through REPowerEU chapters.

Contributions from EFTA countries amount to EUR 752 million and contributions from third countries mainly include financial contributions to Horizon Europe (EUR 387 million).

The budgetary adjustment is mainly linked to the adjustments in the VAT and GNI-based own resources from previous financial years. With this operation, the Commission redistributes the total VAT and GNI balances, positive or negative, to the Member States in accordance with their GNI key. This year, the balance is negative (EUR -3 620 million). Last year the amount was zero because there was a change in the legislation to postpone the date of payment of the VAT and GNI balances. The budgetary adjustments also include the budget surplus from the previous year which amounted to EUR 2 519 million (2022: EUR 3 227 million).

Other revenue from non-exchange transactions includes the ITER Host State and Membership contributions to Fusion for Energy, the European Joint Undertaking for ITER and the Development of Fusion Energy (EUR 120.7 million).

## REVENUE FROM EXCHANGE TRANSACTIONS

### 3.9. FINANCIAL REVENUE

	<i>EUR million</i>	
	2023	2022
<i>Interest on:</i>		
<i>Late payments</i>	(121)	(927)
<i>Loans</i>	2 305	1 238
<i>Cash &amp; cash equivalents</i>	1 778	124
<i>Borrowings</i>	229	325
<i>Other</i>	9	2
<i>Revenue from FGCs</i>	887	1 282
<i>Gains on financial assets or liabilities at FVSD:</i>		
<i>Non-derivatives</i>	1 695	128
<i>Derivatives</i>	149	294
<i>Dividends</i>	46	114
<i>Other</i>	6	20
<b>Total</b>	<b>6 983</b>	<b>2 602</b>

Interest revenue on late payments stems mainly from fines and own resources contributions due and not paid on time. The negative amount is mainly explained by the reduction of the accrued late payment interest revenue for the TOR cases referred to in note **2.6.1.1.** related to textiles and footwear imported from China by the 27 Member States (EUR 121 million) and the reduction of the accrued late payment interest revenue for a case against Netherlands for evading anti-dumping duties on solar panels (EUR 177 million). This was partially offset by an increase in late payment interest from fines of around EUR 135 million.

Included under interest from loans are NGEU amounts of EUR 0.7 billion compared to EUR 0.2 billion for 2022. The increase is mainly due to the additional loans disbursed in 2023. The effective interest rate also kept increasing compared to the transactions of 2022 and especially of 2021 where there were very low effective interest rates (see **note 2.4.1.**). Another EUR 0.7 billion of interest relates to EFSM. Although the outstanding amounts are much lower than for NGEU, they all bear high effective interest rate due to the prevailing market rates at the time of disbursements. MFA accounts for EUR 0.5 billion compared to EUR 0.1 billion in 2022. The increase is mainly due to the new MFA+ disbursements of 2023. The interest on SURE loans (EUR 0.3 billion) are lower than other loans because a significant part of past transactions had lower or negative interest rates. See also note **2.4.1.**

Interest revenue from cash and cash equivalents is composed mainly of EUR 1.6 billion of interest on the bank account held at the ECB for the management of the liquidity pool related to the unified funding approach (see note **2.8.2.**). The increase of the interest revenue is mainly due to the raise in the market interest rates since late 2022.

Interest revenue from borrowings mainly refers to SURE and is due to the negative effective interest rates for certain past transactions.

Revenue from financial guarantee contracts relates primarily to the amortisation of the financial guarantee liabilities. It can be interpreted as a release of the EU from guarantee liabilities for the period the EU was standing ready to compensate the holders of the guarantees for their credit losses. Thus, the revenue recognition for financial guarantees reflects the passage of time and the guaranteed volume. The amortisations apply to both types of guarantees, those which are remunerated and those for which the EU charges no or nominal remuneration (see note **2.11.2.**). Out of the remunerated guarantees, the most significant is the EFSI guarantee provided to the EIB for the Infrastructure and Innovation Window ('IIW') debt portfolio, as combined with InvestEU debt portfolios as of 2022 (see note **4.1.1.**). In 2023, the revenue earned by the EFSI guarantee in relation to those combined debt portfolios amounted to EUR 295 million.

The revenue related to financial guarantee contracts of EUR 887 million is off-set by impairment losses for financial guarantee liabilities amounting to EUR 263 million relating to: guarantee calls net of recoveries of EUR 459 million and unrealised impairment gains of EUR 196 million (see notes **3.15** and **6.5**). In addition, the EU has subsidised financial guarantee programmes (EUR 762 million) by charging

no or below market rate guarantee premiums (note **3.15**). In total, the net result from financial guarantee programmes is a deficit of EUR 138 million.

The gain from non-derivative financial assets at FVSD has significantly increased. The main amounts refer to the CPF (EUR 0.9 billion) and the Innovation Fund (EUR 0.5 billion). This year had been better than 2022 for the securities market, especially towards the end of the year, due to the expectations for interest rate cuts. This has positively impacted the fair value of the bonds held in the EU portfolios leading to the recognition of a mostly unrealised fair value gain.

### 3.10. OTHER REVENUE FROM EXCHANGE TRANSACTIONS

	<i>EUR million</i>	
	2023	2022
<i>Fee revenue for rendering of services (agencies)</i>	739	694
<i>Foreign exchange gains</i>	393	330
<i>Sales of goods</i>	75	121
<i>Share of net result of EIF</i>	67	24
<i>Fixed assets related revenue</i>	9	26
<i>Other</i>	679	475
<b>Total</b>	<b>1 963</b>	<b>1 669</b>

Fee revenue for rendering of services mainly includes marketing authorisation fees charged by the European Medicines Agency and trademark fees collected by the European Union Intellectual Property Office.

## EXPENSES

### 3.11. SHARED MANAGEMENT

Implemented by Member States	EUR million	
	2023	2022
<i>European Agricultural Guarantee Fund</i>	40 716	41 031
<i>European Agricultural Fund for Rural Development and other rural development instruments</i>	14 605	16 073
<i>European Regional Development Fund and Cohesion Fund</i>	52 429	43 083
<i>European Social Fund</i>	17 665	14 649
<i>Other</i>	4 251	3 482
<b>Total</b>	<b>129 667</b>	<b>118 318</b>

The decrease of EUR 1.5 billion for EAFRD and other rural development instruments is explained by delays in the implementation of the programmes, as 2023 was the first year of the new CAP strategic plans.

For cohesion policy, the implementation of the new programming period starts to pick up speed and contributes to the increase of expenses. Additionally, there is a significant increase of EUR 2.5 billion in the expenses related to Advances to Member States for Financial Instruments under shared management (SME excluded), as most of the amounts are now considered as expensed.

Other expenses mainly relate to the European Maritime and Fisheries Fund (EUR 0.9 billion), the Brexit Adjustment Reserve (EUR 0.7 billion), Asylum and Migration (EUR 0.7 billion), the Fund for European Aid to the Most Deprived (EUR 0.7 billion), as well as the European Union Solidarity Fund (EUR 0.6 billion).

### 3.12. DIRECT MANAGEMENT

	EUR million	
	2023	2022
<i>Implemented by the Commission</i>	45 664	78 497
<i>of which RRF (NGEU)</i>	36 045	69 461
<i>Implemented by EU Executive Agencies</i>	15 897	14 962
<i>Implemented by Trust funds</i>	326	568
<b>Total</b>	<b>61 888</b>	<b>94 027</b>

Despite the significant decrease in RRF expenses, the implementation of the programmes was broadly on track, with progress on most milestones and targets in line with initial expectations.

The rest of the amounts under direct management primarily concern the implementation of Research Policy (EUR 9.8 billion) and External Actions, which include the Neighbourhood Development and International Cooperation Instrument and its precursors (EUR 3.7 billion), as well as the Humanitarian aid operations (EUR 1.1 billion). A further EUR 2.8 billion relates to the Connecting Europe Facility, the common infrastructure fund to deploy smart networks in the area of transport, energy and telecommunications.

### 3.13. INDIRECT MANAGEMENT

	EUR million	
	2023	2022
<i>Implemented by other EU agencies &amp; bodies</i>	4 226	3 615
<i>Implemented by third countries</i>	479	630
<i>Implemented by international organisations</i>	5 610	4 650
<i>Implemented by other entities</i>	4 902	4 738
<b>Total</b>	<b>15 218</b>	<b>13 634</b>

Under indirect management expenses, EUR 6.6 billion relates to external actions (mainly in the areas of pre-accession, humanitarian aid, international co-operation and neighbourhood). A further EUR 4.1 billion is related to increasing Europe's competitiveness (in areas such as research, space programmes and education).

### 3.14. STAFF AND PENSION COSTS

	<i>EUR million</i>	
	2023	2022
<i>Staff costs</i>	8 481	7 957
<i>Pension costs</i>	5 543	6 251
<b>Total</b>	<b>14 023</b>	<b>14 209</b>

Pension costs represent elements of the movements that have arisen following the actuarial valuation of the employee benefits liabilities other than those recognised in Net Assets. They do not therefore represent actual pension payments of the year, which are significantly lower at EUR 2.4 billion.

### 3.15. FINANCE COSTS

	<i>EUR million</i>	
	2023	2022
<i>Interest expenses:</i>		
<i>Borrowings</i>	5 762	1 912
<i>Loans</i>	160	161
<i>Finance leases</i>	45	50
<i>Other</i>	21	31
<i>FGCs – subsidised remuneration</i>	762	514
<i>Net impairment losses on:</i>		
<i>FGCs</i>	263	362
<i>Loans and receivables</i>	6 812	2 108
<i>Loss on financial assets or liabilities at FVSD:</i>		
<i>Non-derivatives</i>	137	2 344
<i>Derivatives</i>	104	126
<i>Modification loss</i>	100	–
<i>Other</i>	189	29
<b>Total</b>	<b>14 355</b>	<b>7 637</b>

Included in the interest expenses from borrowings are the unified funding amounts of EUR 4.4 billion compared to EUR 0.9 billion in 2022. The increase is mainly due to the higher amounts borrowed. The effective interest rates of the 2023 issuances, for the unified funding, are also higher than in 2022 (see note **2.11.1**). The interest expenses for EFSM (EUR 0.7 billion) are stable. The interest on SURE borrowings (EUR 0.3 billion) are significantly lower than for the other programmes, taking into account the amounts borrowed. This is because a significant part of them have lower or negative interest rates. The negative effective interest rates for certain past SURE transactions also explains the interest expense on loans ('back-to-back' lending with negative interest rates).

For more details on expenses related to financial guarantees, see note **3.9**.

The net impairment losses on loans and receivables mostly relate to an additional impairment of EUR 6.8 billion recognised in 2023 for expected credit losses on MFA+ loans to Ukraine (see notes **2.4.1.1** and **6.5**).

The modification loss relates to an interest rate subsidy granted to Ukraine in 2023 for interests accrued on the exceptional MFA loans (see note **2.4.1.1**).

For the significant decrease in the losses from non-derivative financial assets at FVSD, see note **3.9**.

### 3.16. OTHER EXPENSES

	<i>EUR million</i>	
	2023	2022
<i>Administrative and IT expenses</i>	2 687	2 321
<i>Adjustment of provisions</i>	1 065	769
<i>Fixed assets related expenses</i>	1 443	1 518
<i>Land and buildings management expenses</i>	729	686
<i>Foreign exchange losses</i>	314	427
<i>Operating lease expenses</i>	448	411
<i>Reduction of fines by Court decision</i>	597	1 378
<i>Other</i>	857	832
<b>Total</b>	<b>8 142</b>	<b>8 342</b>

The aggregate amount of research and development expenditure recognised as an expense during 2023 is as follows:

	<i>EUR million</i>	
	2023	2022
<i>Research costs</i>	452	430
<i>Non-capitalised development costs</i>	149	133
<b>Total</b>	<b>600</b>	<b>563</b>



### 3.17. SEGMENT REPORTING BY MULTIANNUAL FINANCIAL FRAMEWORK (MFF) HEADING

	<i>EUR million</i>								
	Single Market, Innovation and Digital	Cohesion and Values	Natural Resources and Environment	Migration and Border Management	Resilience, Security and Defence	Neighbourhood and the World	European Public Administration	Not assigned to MFF heading*	Total
<i>GNI resources</i>	-	-	-	-	-	-	-	101 287	101 287
<i>Traditional own resources</i>	-	-	-	-	-	-	-	19 840	19 840
<i>VAT</i>	-	-	-	-	-	-	-	22 526	22 526
<i>New Own Resources</i>	-	-	-	-	-	-	-	7 225	7 225
<i>Fines</i>	-	-	-	-	-	-	-	1 748	1 748
<i>Recovery of expenses</i>	87	60	678	1	0	(25)	0	2	803
<i>UK Withdrawal Agreement</i>	-	-	-	-	-	-	-	681	681
<i>Other</i>	1 426	2 919	253	-	-	674	2 078	1 450	8 800
<b>Revenue from non-exchange transactions</b>	<b>1 512</b>	<b>2 979</b>	<b>931</b>	<b>1</b>	<b>0</b>	<b>649</b>	<b>2 078</b>	<b>154 758</b>	<b>162 909</b>
<i>Financial revenue</i>	1 043	19	2	-	1	265	130	5 523	6 983
<i>Other</i>	163	(21)	(29)	(0)	(4)	2	488	1 364	1 963
<b>Revenue from exchange transactions</b>	<b>1 206</b>	<b>(2)</b>	<b>(27)</b>	<b>(0)</b>	<b>(3)</b>	<b>268</b>	<b>617</b>	<b>6 887</b>	<b>8 946</b>
<b>Total revenue</b>	<b>2 718</b>	<b>2 978</b>	<b>904</b>	<b>0</b>	<b>(3)</b>	<b>917</b>	<b>2 695</b>	<b>161 645</b>	<b>171 855</b>
<i>Expenses implemented by Member States:</i>									
<i>EAGF</i>	-	-	(40 716)	-	-	-	-	-	(40 716)
<i>EAFRD &amp; other rural development instruments</i>	-	-	(14 605)	-	-	-	-	-	(14 605)
<i>ERDF &amp; CF</i>	-	(52 343)	-	-	-	(86)	-	-	(52 429)
<i>ESF</i>	-	(17 665)	-	-	-	-	-	-	(17 665)
<i>Other</i>	-	(1 125)	(950)	(1 050)	(69)	(116)	-	(941)	(4 251)
<i>Implemented by the EC, executive agencies and trust funds</i>	(13 675)	(40 087)	(880)	(350)	(718)	(6 405)	(7)	234	(61 888)
<i>Implemented by other EU agencies and bodies</i>	(3 339)	(549)	(93)	(1 184)	(230)	(46)	(111)	1 327	(4 226)
<i>Implemented by third countries and int. org.</i>	(539)	(83)	(10)	(181)	(111)	(5 145)	(3)	(16)	(6 090)
<i>Implemented by other entities</i>	(253)	(3 195)	(3)	(4)	(67)	(1 371)	-	(9)	(4 902)
<i>Staff and Pension costs</i>	(516)	(20)	(2)	(1)	(6)	(168)	(11 601)	(1 710)	(14 023)
<i>Finance costs</i>	(1 062)	(11)	(94)	(0)	(0)	(389)	(68)	(12 730)	(14 355)
<i>UK Withdrawal Agreement</i>	-	-	-	-	-	-	-	-	-
<i>Other expenses</i>	(1 824)	(294)	(46)	9	(77)	(279)	(4 368)	(1 264)	(8 142)
<b>Total expenses</b>	<b>(21 208)</b>	<b>(115 373)</b>	<b>(57 398)</b>	<b>(2 762)</b>	<b>(1 278)</b>	<b>(14 004)</b>	<b>(16 158)</b>	<b>(15 110)</b>	<b>(243 292)</b>
<b>Economic result of the year</b>	<b>(18 490)</b>	<b>(112 395)</b>	<b>(56 495)</b>	<b>(2 761)</b>	<b>(1 280)</b>	<b>(13 087)</b>	<b>(13 463)</b>	<b>146 535</b>	<b>(71 437)</b>

\* 'Not-assigned to MFF heading' includes consolidated entities' budget execution and consolidation eliminations, off-budget operations and unallocated programmes with individually immaterial amounts.

The display of revenue and expenses by MFF heading is based on estimation as not all commitments are linked to an MFF heading.

## 4. CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities are possible future payment obligations for the EU that may arise due to past events or legally binding commitments taken but which will depend on future events not wholly under the control of the EU. They relate mainly to guarantees given and to legal risks. **All contingent liabilities, except those relating to fines, guarantees and financial instruments up to the level they are covered by funds (see note 2.4.2.1), would be financed, should they fall due, by the EU budget (and thus the EU Member States) in the years to come.**

### 4.1. Guarantees given by the EU budget

#### 4.1.1. Guarantees given under the EU budgetary guarantee programmes (nominal)

EUR million

	31.12.2023			
	Guarantees given			Assets provisioned*
	Ceiling	Signed	Disbursed	
<i>EIB ELM guarantees</i>	27 729	27 729	19 856	2 962
<i>EFSI guarantee</i>	25 591	23 635	21 551	9 175
<i>EFSD guarantee</i>	1 077	548	478	765
<i>InvestEU guarantee</i>	25 767	6 592	1 433	3 736
<i>NDICI external action guarantee</i>	28 115	7 660	634	2 222
<b>Total</b>	<b>108 279</b>	<b>66 163</b>	<b>43 953</b>	<b>18 860</b>

\* The EUR 3.0 billion of assets provisioned for the EIB ELM guarantees also cover loans and related borrowings under legacy MFA and Euratom (see note 2.4.1.1).

EUR million

	31.12.2022			
	Guarantees given			Assets provisioned*
	Ceiling	Signed	Disbursed	
<i>EIB ELM guarantees</i>	30 599	30 599	20 909	2 710
<i>EFSI guarantee</i>	25 793	24 615	21 084	8 571
<i>EFSD guarantee</i>	1 176	522	446	728
<i>InvestEU guarantee</i>	21 280	2 108	324	1 722
<i>NDICI external action guarantee</i>	27 020	4 515	156	1 067
<b>Total</b>	<b>105 869</b>	<b>62 359</b>	<b>42 919</b>	<b>14 798</b>

\* The EUR 2.7 billion of assets provisioned for the EIB ELM guarantees also cover loans and related borrowings under legacy MFA and Euratom (see note 2.4.1.1).

The above tables show the extent of the exposure of the EU budget to possible future payments linked to guarantees given to the EIB group or other financial institutions. Disbursed amounts represent the amounts already given to final beneficiaries, while signed amounts include these disbursed monies plus agreements already signed with beneficiaries or financial intermediaries but not yet disbursed at year-end (EUR 22.2 billion). The ceiling represents the total guarantee that the EU budget, and thus its Member States, have committed to cover, since in order to disclose the maximum exposure faced by the EU at 31 December 2023, operations authorised to be signed but not yet signed (EUR 42.1 billion) must be included.

Budgetary guarantee programmes are backed by provisions gradually built up from the budget and kept in the Common Provisioning Fund ('CPF') as a liquidity cushion to cover future guarantee calls (see note 2.4.2.1). Please see note 6.2 for the measures put in place to ensure that the provisioning is sufficient to cover the guarantee calls in the medium term. Any losses incurred under the budgetary guarantee programmes, above the provisioning set aside, would need in any case to be covered by future budgets. For InvestEU Member State compartment, the EU also receives counter guarantees from the Member States and EEA countries (see below).

## EIB ELM guarantees

The EU budget guarantees loans signed and granted by the EIB from the EIB's own resources to third countries. At 31 December 2023 the amount of loans outstanding and covered by the EU guarantee totalled EUR 19 856 million. The EU budget guarantees:

- EUR 19 534 million via the Guarantee Fund for external actions compartment of the CPF; and
- EUR 322 million directly for loans granted to Member States before accession.

Included in the guarantees given as at 31 December 2023 are EUR 2.1 billion of signed but undisbursed loans for which future disbursements are conditional on approval by the EU.

The EU ELM guarantee relating to loans granted by the EIB is limited to 65% of the outstanding balances for agreements signed after 2007 (mandates 2007-2013 and 2014-2021). For agreements made before 2007, the EU guarantee is limited to a percentage of the ceiling of the credit lines authorised, in most cases 65% but also 70%, 75% or 100%. Where the ceiling is not reached, the EU guarantee covers the full amount.

With Decision (EU) 2018/412, a private sector lending mandate for projects directed to the long term economic resilience of refugees, migrants, host and transit communities under the EIB Resilience Initiative ('ERI') was set-up. The Union budget is remunerated for the risk taken in relation to guarantees granted for EIB financing operations under the ERI Private Mandate, which explains the premium receivable for the ELM guarantee, which is otherwise a non-remunerated guarantee (see note **2.11.2**).

The ELM 2014-2020 mandate, which expired in 2021, was the last mandate under the Guarantee Fund for external actions. The new EIB mandate is covered by the External Action Guarantee set up by the NDICI Regulation.

EU guarantee payments are made from the Guarantee Fund for external actions compartment of the CPF. During 2023, EUR 67 million of guarantee calls net of recoveries have been paid out (2022: EUR 190 million).

## European Fund for Strategic Investments (EFSI) guarantee

EFSI is an initiative that aims to increase the risk bearing capacity of the EIB Group by enabling the EIB to extend its investments in the EU. The objective of EFSI is to support additional investments in the EU and access to finance for small companies. The EU budget provides a guarantee of up to EUR 26 billion ('EFSI EU guarantee') under an agreement between the EU and the EIB, hereinafter referred to as the 'EFSI Agreement', in order to protect the EIB from potential losses it may suffer from its financing and investment operations.

The EFSI operations are conducted within two windows: the Infrastructure and Innovation Window (IIW) implemented by the EIB (EFSI EU guarantee of EUR 19 250 million) and the SME Window (SMEW) implemented by the EIF (EFSI EU guarantee of EUR 6 750 million), both of which have a debt portfolio and an equity portfolio. The EIF acts under an agreement with the EIB on the basis of an EIB guarantee, which itself is counter-guaranteed by the EFSI EU Guarantee under the EFSI Agreement. In order to enhance the efficiency of EU Guarantee and to increase its risk bearing capacity, a combination of two EFSI debt portfolios with InvestEU became effective in 2022. Any guarantee calls, recoveries and are distributed between the EFSI and the InvestEU Guarantee based on effective guaranteed allocations.

The EU and the EIB have distinct roles within EFSI. EFSI is established within the EIB, who finance the operations (debt and equity investments) and, to do this, borrow the necessary funds on the capital markets. The EIB Group takes the investment decisions independently and manages the operations in accordance with its rules and procedures. The EU provides the guarantee for those operations, and covers losses incurred by the EIB up to the ceiling of this guarantee.

In order to ensure that investments made under EFSI remain focused on the specific objective of addressing market failures and that they are eligible for the protection of the EU guarantee, a dedicated governance structure has been put in place, including an Investment Committee of independent experts which examines each project proposed by the EIB under the IIW regarding its eligibility for the EU guarantee coverage and an EFSI Steering Board ensuring an oversight over the programme.

As the control criteria and accounting requirements for consolidation under the EU accounting rules (and IPSAS) are not met, the related guaranteed assets are not accounted for in the consolidated annual accounts of the EU.

The EU guarantee granted to the EIB Group under EFSI is accounted for as a financial guarantee liability in respect of the IIW debt portfolio and the SMEW debt portfolio (see note **2.11.2**) and as a derivative (financial asset or liability at fair value through surplus or deficit) for both equity portfolios (see note **2.4.2.2**). The EFSI guarantee given includes operations of the COSME, H2020, CCS LGF and EaSI programmes for the part covered by the EFSI EU guarantee under the SMEW debt portfolio.

During 2023, EUR 193 million of net guarantee calls have been paid out from the EFSI Guarantee Fund compartment of the CPF, including some guarantee calls incurred in previous years but temporarily covered by the EU revenues held on the EFSI settlement account at the EIB (2022: EUR 21 million).

### European Fund for Sustainable Development (EFSD)

The European Fund for Sustainable Development, established by the EFSD Regulation, is an initiative aiming to support investments in Africa and the European Neighbourhood as a means to contribute to the achievement of sustainable development and to address specific socio-economic root causes of migration. Under the EFSD Regulation, the EU was authorised to make available guarantees of EUR 1.5 billion (further increased by external contributions) to implementing partners for their investment and financing operations, in order to reduce their investment risks. The EFSD Guarantee is backed by the CPF – see note **2.4.2.1**. As at 31 December 2023, sixteen EFSD guarantee agreements were effective. For one of the EFSD guarantee agreements (with a EUR 145 million guarantee ceiling, where the EU guarantees the capital adequacy of a currency hedging fund), in case of a guarantee call the EU holds a reimbursement right to receive shares of the fund worth the amount paid.

### NDICI external action guarantee

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

The External Action Guarantee supports the EFSD+ operations covered by budgetary guarantees, macro-financial assistance and loans to third countries. It is backed by the CPF – see note **2.4.2.1**.

As at 31 December 2023, eleven budgetary guarantee agreements were effective for a total ceiling of EUR 28.1 billion, of which EUR 26.0 billion relates to a guarantee agreement signed with EIB as a successor of the ELM programme.

### InvestEU guarantee

The InvestEU Regulation allows the Commission to provide up to EUR 26.2 billion in guarantees to support investments with the backing of the EU budget. This EU guarantee supports private and public investments in four policy areas: sustainable infrastructure, research innovation and digitalisation, small and medium-sized companies, and social investment and skills. Several financial partners like national promotional banks are receiving the EU guarantee. They support investments by providing loans, guarantees or equity capital. For example, the financial partners can provide loans to SMEs, participate in equity funds or give guarantees to commercial banks for loans they disburse. The Commission can also allocate EU budget from other EU programmes to the InvestEU Fund, for example from the HERA Invest (health), the European Space programme or the Catalist (innovation).

To create a capital buffer for the losses from guaranteed investments, the Commission is gradually setting money aside ('provisioning') from the EU budget into the CPF. The InvestEU Regulation has set the provisioning at 40% of the EU guarantee.

The EU guarantee can be increased, in addition to the EUR 26.2 billion mentioned above, with the backing from Member States and EEA countries. They can contribute money from their Cohesion Policy, RRF funds or national budgets. For the Member States, the provisioning is set on a case by case basis, while the additional EU guarantee backed from EEA countries is 40% provisioned with cash contributions. The cash from Member States and EEA countries is kept in the CPF. The non-provisioned amount is covered with counter guarantees from the Member States and the EEA countries. At 31 December 2023,

there were agreements with six Member States and two EEA countries, based on which the Commission may provide additional EU guarantee of EUR 2.3 billion to financial partners, out of which EUR 1.7 billion is to be backed by cash contribution and EUR 0.6 billion with counter guarantees. Indeed, EUR 2.1 billion of such guarantee agreements had been signed until 31 December 2023, with several implementing partners.

#### UK obligations arising from its departure from the EU

In accordance with Article 143 of the Withdrawal Agreement, the UK shall be liable to the Union for its share of contingent financial liabilities related to EFSI, EFSD and the EIB external lending mandate operations approved by the withdrawal date, 31 January 2020. Article 143 requires that in case of a guarantee call for a financial operation that has been approved before the withdrawal date, the UK would be liable to the Union for its share of payments made by the Union under those operations, unless this could be covered by the UK share of provisioning held in the guarantee fund where this is relevant.

For EIB external lending mandate loans (ELM), the value of the EU budgetary guarantee at the withdrawal date, for the operations approved by the withdrawal date, was EUR 33.7 billion. At 31 December 2023 this had changed to EUR 22.2 billion (2022: EUR 24.6 billion). The UK share of this contingent liability at 31 December 2023 is thus EUR 2.8 billion (31 December 2022: EUR 3.1 billion). As stated above however, any default on these loans is first covered by the Guarantee Fund for external actions compartment of the CPF and amounts would only be called from the UK if the UK provisioning for this fund, of EUR 284 million at 31 December 2023, was not sufficient.

With respect to EFSI operations, the value of the EU budgetary guarantee at the withdrawal date, for the operations approved by the withdrawal date, was EUR 23.5 billion. At 31 December 2023 this remained at EUR 18.6 billion (2022: EUR 18.6 billion). The UK share of this contingent liability at 31 December 2023 is thus EUR 2.3 billion. Any guarantee calls under EFSI are first covered by the EFSI guarantee fund compartment of the CPF and amounts would only be called from the UK if the UK provisioning for this fund, of EUR 708 million at 31 December 2023, was not sufficient.

As no operations had been approved by the implementing partners in relation to the EFSD Guarantee before the withdrawal date, the UK has no obligations here.

The UK share of the payments made in 2023 for the operations approved on or after the withdrawal date and up to 31 December 2020 amounted to EUR 63 million (EUR 57 million for EFSI and EUR 6 million for ELM), reducing correspondingly the UK provisioning. The amount due to the UK in 2024 is EUR 233.3 million (see note 2.6.1.2).

#### 4.1.2. Guarantees given under EU financial instrument programmes (nominal)

	EUR million	
	31.12.2023	31.12.2022
<i>Horizon 2020</i>	2 352	2 649
<i>Connecting Europe Facility</i>	649	648
<i>COSME</i>	526	674
<i>Other</i>	511	604
<b>Total</b>	<b>4 037</b>	<b>4 576</b>

The amounts in the above table present the outstanding nominal amounts of the guarantees given under the EU financial instruments programmes.

As outlined in Article 210(1) FR, the budgetary expenditure linked to a financial instrument and the financial liability of the EU shall **in no case exceed the amount of the relevant budgetary commitment made for it**, thus avoiding contingent liabilities for the budget. In practice, it means that these liabilities have a counter-part on the asset side of the balance sheet or are covered by the outstanding budgetary commitments not yet expensed.

The COSME Loan Guarantee Facility (LGF) consists primarily of capped guarantees for portfolios of higher risk debt financing (mainly loans) offered by financial intermediaries to SMEs. The COSME LGF is implemented by the EIF on behalf of the EU.

For more details on Horizon 2020 and the Connecting Europe Facility see also note 2.4.2.1.

## UK obligations arising from its departure from the EU

With regard to the EU's contingent liabilities for amounts approved by the withdrawal date in relation to EU financial instruments, including those above, should any of these contingencies crystallise, they would be covered by the EU budget using monies held on fiduciary accounts. Thus in principle no amounts would be called from the UK other than its share in the budgetary RAL as outlined under Article 140 of the WA – see note **2.6.1.2**.

## 4.2. Contingent liabilities relating to legal cases

### 4.2.1. Legal cases in the area of fines

At 31 December 2023, the contingent liabilities relating to fines amounted to EUR 2 231 million (2022: EUR 2 990 million). This amount includes fines imposed on companies (EUR 1 751 million, see note **2.6.1.3**) and fines imposed on Member States (EUR 479 million) that have been provisionally paid and for which either an appeal has been lodged or for which it is unknown whether an appeal will be made. The contingent liability will be maintained until a judgement by the Court of Justice of the European Union is delivered or until the expiry of the period for appeal. Interest earned on provisional payments is included in the economic result of the year and also as a contingent liability to reflect the uncertainty of the Commission's title to these amounts. Should the EU lose any of the cases relating to fines imposed, the amounts that have been provisionally received will be returned to the companies or Member States without budgetary impact. The amount of fines is only recognised as budgetary revenue when the fines are definitive (Article 107 FR).

The decrease of EUR 0.8 billion is mainly due to a provisional payment from one fined company, which became definitive in February 2024 after a judgement of the Court of Justice of the European Union.

### 4.2.2. Other legal cases

	<i>EUR million</i>	
	31.12.2023	31.12.2022
<i>Agriculture</i>	84	194
<i>Other</i>	73	2 909
<b>Total</b>	<b>157</b>	<b>3 103</b>

#### Agriculture

These are contingent liabilities towards the Member States connected with EAGF and rural development conformity decisions pending judgement of the Court of Justice. The determination of the final amount of the liability and the year in which the effect of successful appeals will be charged to the budget will depend on the length of the procedure before the Court.

#### Other legal cases

This heading relates to actions for damages currently being brought against the EU, other legal disputes and the estimated legal costs. It should be noted that in an action for damages under Article 340 TFEU, the applicant must demonstrate a sufficiently serious breach by the institution of a rule of law intended to confer rights on individuals, real harm suffered by the applicant, and a direct causal link between the unlawful act and the harm. The considerable decrease from the previous year-end mainly relates to a rejection of an appeal on a dismissed damages claim against the Commission for a merger prohibition decision.

## UK obligations arising from its departure from the EU

Under Article 147 of the WA, the United Kingdom shall be liable for its share of the payments required to discharge the contingent liabilities of the Union that become due in relation to legal cases concerning the financial interests of the Union, provided that the facts forming the subject matter of those cases occurred no later than 31 December 2020. The estimated maximum UK exposure here is EUR 18 million (2022: EUR 384 million). For legal cases where it is considered probable that amounts will be paid from the EU budget (see note **2.10**), the UK share is included as part of the overall amount due from the UK – see details under note **2.6.1.2**.

### 4.3. CONTINGENT ASSETS

	<i>EUR million</i>	
	31.12.2023	31.12.2022
<i>Guarantees received:</i>		
<i>Performance guarantees</i>	249	282
<i>Other guarantees</i>	6	6
<i>Other contingent assets</i>	15	19
<b>Total</b>	<b>270</b>	<b>307</b>

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

## 5. BUDGETARY AND LEGAL COMMITMENTS

This note provides information on the budgetary process and future funding needs and not on liabilities existing as at 31 December 2023.

The Multiannual Financial Framework (MFF) agreed by the Member States defines the programmes and sets out the heading ceilings for commitment appropriations and the total for payment appropriations within which the EU may enter into budgetary and legal commitments, and ultimately make payments for a period of 7 years – see table 3.2 in the notes to the budgetary implementation reports.

Legal commitments correspond to programmes, projects, agreements or contracts signed, thus legally binding the EU. A legal commitment is the act whereby the authorising officer enters or establishes an obligation (for the EU) which results in a charge (Article 2(37) FR).

A budgetary commitment is in principle made before the legal commitment, but for some multiannual programmes/projects it is the reverse, the relevant budgetary commitments being made in annual instalments, over several years, when the basic act so provides for. For example, for cohesion, Article 86 of the Common Provisions Regulation (CPR) (Regulation (EU) 2021/1060) provides that the decision of the Commission adopting a programme shall constitute a legal commitment within the meaning of the Financial Regulation but that the budgetary commitments of the Union in respect of each programme shall be made in annual instalments for each fund during the period between 1 January 2021 and 31 December 2027. Other legal bases may contain similar provisions. For this reason, there are amounts that the EU has legally committed to pay, but where the budgetary commitment has not yet been made – see note 5.2 below.

If the budgetary commitment has been made but the subsequent payments are not yet made, the amount of outstanding commitments is called 'Reste à Liquider' (RAL). This can represent programmes or projects, often multiannual, which are signed and for which payments will only be made in later years. They represent payment obligations for future years. As the financial statements are prepared on an accrual basis, whereas the budgetary implementation reports are prepared on a cash basis, part of the overall amount unpaid (RAL) has already been expensed and is recognised as a liability on the balance sheet (see notes 2.12 and 2.13). The calculation of these expenses is made based either on cost claims/invoices received or on the estimated implementation of a programme or project where no claims have been notified yet to the EU by the reporting date. Once the payments relating to the RAL are made, the liability on the balance sheet is derecognised. The part of the RAL not expensed yet is not included under liabilities but is instead disclosed below, see note 5.1.

The disclosures below thus represent amounts at 31 December 2023 that the EU has committed to pay based on the fulfilment of the contractual agreements and which are therefore intended to be funded by future EU budgets.

	Note	EUR million	
		31.12.2023	31.12.2022
Outstanding budgetary commitments not yet expensed	5.1	466 467	364 503
Significant legal commitments	5.2	329 939	406 284
<b>Total</b>		<b>796 407</b>	<b>770 786</b>

### 5.1. OUTSTANDING BUDGETARY COMMITMENTS NOT YET EXPENSED

	EUR million	
	31.12.2023	31.12.2022
Outstanding budgetary commitments not yet expensed	466 467	364 503

The amount disclosed above is the budgetary RAL ('Reste à Liquider') of EUR 543 003 million (see table 6.4 in the budgetary implementation reports), less related amounts that have been included as liabilities on the balance sheet and as expenses in the statement of financial performance. The budgetary RAL is an amount representing the open commitments for which payments and/or decommitments have not yet been made. This is the normal consequence of the existence of multi-annual programmes. The significant increase compared to 2022 is mainly related to the inscription of RRF/REPowerEU budgetary commitments during 2023.



It should be noted that outstanding pre-financing advances at 31 December 2023 totalled EUR 91.7 billion – see note 2.5. This represents budgetary commitments that have been paid, decreasing the RAL, but where the amounts paid are still considered as belonging to the EU and not to the beneficiary, until the relevant contractual obligations are fulfilled. They are thus, like the RAL disclosed above, not yet expensed.

## 5.2. SIGNIFICANT LEGAL COMMITMENTS

	<i>EUR million</i>	
	31.12.2023	31.12.2022
<i>Economic, Social and Territorial Cohesion</i>	239 903	298 948
<i>Natural Resources and Environment</i>	62 365	82 372
<i>Migration and Border Management</i>	5 932	7 414
<i>Security and Defence</i>	743	953
<i>ITER</i>	6 926	5 855
<i>Connecting Europe Facility</i>	5 570	1 811
<i>Space Programmes</i>	2 886	3 548
<i>HorizonEU</i>	589	322
<i>EU Solidarity Fund</i>	502	700
<i>RRF non-repayable support commitments</i>	357	–
<i>RESCUE</i>	253	–
<i>EURATOM</i>	252	362
<i>Brexit Adjustment Reserve</i>	–	296
<i>Fisheries agreements</i>	166	265
<i>Operating lease commitments</i>	2 528	2 539
<i>Other contractual commitments</i>	968	896
<b>Total</b>	<b>329 939</b>	<b>406 284</b>

\* As of 2023, the amounts concerning security and defence (including comparatives) are presented separately from the migration and border management.

These amounts reflect the long-term legal commitments that were not covered by commitment appropriations in the budget at year-end. These binding obligations will be budgeted and paid in future years.

Certain important programmes (see below) may be implemented by annual instalments according to Article 112(2) FR. This allows the EU to make legal commitments (sign grant agreements, delegation agreements and procurement contracts) in excess of the available commitment appropriations of a given year. Therefore a substantial amount of the overall allocation for the current MFF may be already committed. This applies in particular for the programmes described below:

### Funds under shared management

These are legal obligations that the EU has committed to pay when adopting the operational programmes related to shared management. The decision of the Commission adopting an operational programme constitutes a financing decision within the meaning of Article 110 FR and once notified to the Member State concerned, it represents a legal commitment within the meaning of that Regulation.

Article 86(2) of the Common Provisions Regulation (CPR) for shared management funds states:

'The budgetary commitments of the Union in respect of each programme shall be made by the Commission in annual instalments for each Fund during the period between 1 January 2021 and 31 December 2027'.

The amounts disclosed on the first four lines of the table above relate to the Heading 2A (Economic, Social and Territorial Cohesion), Heading 3 (Natural Resources and Environment), Heading 4 (Migration and Border Management) and Heading 5 (Security and Defence) of the MFF 2021-2027. They represent the outstanding amounts that the EU will commit budgetarily and then pay after 31 December 2023.

## ITER – International Thermonuclear Experimental Reactor

These commitments are intended to cover future funding needs of the ITER facilities up to 2027. The EU (Euratom) contribution to ITER International is given through the Fusion for Energy Agency, including also the contributions from Member States and from Switzerland. The amount reflects the prospective financing under the MFF 2021-2027 established by Council Decision (Euratom) 2021/281 of 22 February 2021 amending Decision 2007/198/Euratom establishing the European Joint Undertaking for ITER and the Development of Fusion Energy, which authorises the use of annual instalments. ITER was created to manage and to encourage the exploitation of the ITER facilities, to promote public understanding and acceptance of fusion energy, and to undertake any other activities that are necessary to achieve its purpose. ITER involves the EU together with various other countries.

## Connecting Europe Facility (CEF2)

The CEF2 provides financial assistance to trans-European networks in order to support projects of common interest in the sectors of transport, telecommunications and energy infrastructures. The legal commitments for the CEF programme cover an implementation period running from 2021 until 2027 for CEF Energy (with a possibility to be extended). The legal basis of these commitments is the Regulation (EU) 2021/1153 of the European Parliament and of the Council of 7 July 2021 establishing the Connecting Europe Facility and repealing Regulations (EU) No 1316/2013 and (EU) No 283/2014 (Text with EEA relevance) with the article 4.5 stating that 'Budgetary commitments for actions extending over more than one financial year may be broken down into annual instalments, over two or more years'.

## Space Programmes

The space programme includes the following components: Galileo, EGNOS, Copernicus, Govsatcom and SSA. The most significant are Galileo, which is developing the European Global Navigation Satellite System, and Copernicus, which is related to the European Earth observation. These commitments are made for the period until 2027. Based on Regulation (EU) 2021/696 of the EP and Council of 28 April 2021 (OJ L 170/69 of 12 May 2021), the Commission signed contribution agreements with the European Space Agency (ESA), EUMETSAT, Mercator and the European Centre for Medium Range weather forecasts. Article 11.6 of Regulation (EU) 2021/696 authorises the use of annual instalments.

## Horizon Europe

These are amounts committed to the Horizon Europe programme for secured connectivity, upstream and downstream activities for the various space components. These commitments are made for the period until 2027. Based on Regulation (EU) 2021/695 of the EP and of the Council of 28 April 2021 (OJ L 170/1 of 12 May 2021), the Commission signed a contribution agreements with ESA. Article 12.8 of Regulation (EU) 2021/695 authorises the use of annual instalments.

## European Union Solidarity Fund (EUSF)

The European Union Solidarity Fund (EUSF) was set up to respond to major natural disasters and express European solidarity to disaster-stricken regions within Europe. The EUSF has been established by Regulation (EC) No 2012/2002 of the Council of 11 November 2002 and amended by Regulation (EU) No 661/2014 of the European Parliament and of the Council of 15 May 2014 and Regulation (EU) No 461/2020 of the European Parliament and of the Council of 30 March 2020. The amount disclosed represents the legal commitments not yet covered by budgetary commitments.

## RRF non-repayable support commitments

The RRF is a key programme of NGEU, the EU Recovery Instrument. It was established by Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021. It finances reforms and investments in Member States from the start of the coronavirus pandemic in February 2020 until 2026. Article 23 of Regulation (EU) 2021/241 authorises the use of annual instalments. In 2023, the RRF was amended by Regulation (EU) 2023/435 to provide additional support to Member States through REPowerEU chapters for reforms and investments fostering independence, security and sustainability of the Union's energy supply.

## RESCUE

RescEU is a European reserve of response assets and capabilities established under the Union Civil Protection Mechanism, as part of the 2019 legislative revision of Decision No 1313/2013/EU. The rescEU reserve was set up to act as a last resort when national capacities and those capacities committed in the

European Civil Protection Pool are not able to ensure an effective response to the various kinds of disasters. The European Union finances those response capacities as a preparedness measure to make them available in case of need for response operations under the Union Civil Protection Mechanism. The priority domains of developing capacities under rescEU are the areas of aerial forest-firefighting, chemical, biological, radiological and nuclear incidents, emergency medical response, as well as transport and logistics.

## EURATOM

EURATOM is a programme based on Council Regulation (Euratom) 2021/765 of 10 May 2021 establishing the Research and Training Programme of the European Atomic Energy Community for the period 2021-2025 complementing Horizon Europe – the Framework Programme for Research and Innovation and repealing Regulation (Euratom) 2018/1563 (OJ L 167I, 12.05.2021, p. 81). Article 4 of the regulation foresees the use of the annual instalments.

The general objective of the Programme is to pursue nuclear research and training activities, with an emphasis on the continuous improvement of nuclear safety, security and radiation protection, as well as to complement the achievement of Horizon Europe’s objectives inter alia in the context of the energy transition. The Euratom Programme provides research grants through competitive calls for proposals and to named beneficiaries.

## Fisheries agreements

These represent commitments entered into with third countries for operations under international fisheries agreements up to 2028. The commitments made are based on Council decisions for each third country (e.g. agreement between the EU and the Republic of Kiribati and the Implementation Protocol; OJ L2023/2187 and 2188, 18.10.2023) and are considered specific international treaties with multi-annual rights and obligations.

## Operating lease commitments

Minimum amounts committed to be paid according to the underlying contracts during the remaining term of these lease contracts are as follows:

	Minimum lease payments			EUR million
	< 1 year	1- 5 years	> 5 years	Total
<i>Buildings</i>	441	1 051	984	2 476
<i>IT materials and other equipment</i>	13	35	5	52
<b>Total</b>	<b>454</b>	<b>1 086</b>	<b>989</b>	<b>2 528</b>

In March 2019, in the context of the United Kingdom’s notification of its intention to withdraw from the EU, and as a result of Regulation (EU) 2018/1718 of the European Parliament and of the Council of 14 November 2018 amending Regulation (EC) No 726/2004, the seat of the European Medicines Agency (EMA) was relocated from London to Amsterdam. On 2 July 2019, the Agency reached an agreement with its landlord and since then has sublet its premises to a subtenant under conditions that are consistent with the ones of the headlease, including the sublease term that extends until the expiry of EMA’s headlease in June 2039.

The amounts disclosed in the table above include EUR 375 million still due under the headlease contract.

## Other contractual commitments

The amounts included under this disclosure correspond to amounts committed to be paid during the term of the contracts. The most significant amount included here relates to a building contract (JMO2) of the Commission in Luxembourg (EUR 490 million).

## 6. FINANCIAL RISK MANAGEMENT

The following disclosures with regard to the financial risk management of the EU relate to:

- Borrowing and lending activities for financial assistance carried out by the Commission through NGEU, EFSM, BOP, MFA, SURE and Euratom actions;
- The treasury operations carried out by the Commission in order to implement the EU budget, including the receipt of fines;
- Assets held in the Common Provisioning Fund for budgetary guarantees, the ECSC i.L. and the BUFI portfolio;
- Financial instruments financed by the EU budget; and
- EU budgetary guarantee programmes.

### 6.1. TYPES OF FINANCIAL RISK

The EU is exposed to and manages the following main financial risks stemming from its financial instruments:

**Market risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate, because of variations in market prices. Market risk embodies not only the potential for loss, but also the potential for gain. It comprises *currency risk*, *interest rate risk* and *other price risk* (such as equity risk):

- *Currency risk* is the risk that the EU's operations or its investments' value will be affected by changes in exchange rates. This risk arises from the change in price of one currency against another;
- *Interest rate risk* is the possibility of a reduction in the value of a security, especially a bond, resulting from an increase in interest rates. In general, higher interest rates will lead to lower prices of fixed rate bonds, and vice versa; and
- *Other price risk* is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

**Credit risk** is the risk of loss due to a debtor's / borrower's non-payment of a loan or other line of credit (either the principal or interest or both) or other failure to meet a contractual obligation. The default events include a delay in repayments, restructuring of borrower repayments and bankruptcy.

**Liquidity risk** is the risk that an EU entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

### 6.2. RISK MANAGEMENT POLICIES

#### Measurement of financial instruments

The following classes of financial assets and liabilities are not measured at fair value: cash and cash equivalents, loans, exchange receivables other than financial guarantee contract receivables when classified to financial assets at FVSD, borrowings, financial guarantee contracts and other financial liabilities measured at amortised cost. The carrying amount of those financial assets and liabilities is considered as a reasonable approximation of their fair value.

#### Borrowing and lending activities for financial assistance and NGEU

The borrowing and lending transactions are carried out by the EU according to the respective Council Regulations, Council and European Parliament Decisions, and, if applicable, internal guidelines. Written

procedure manuals covering specific areas such as borrowings and loans have been developed and are used by the relevant operational units. Financial and operational risks are identified and evaluated and compliance to internal guidelines and procedures is checked regularly.

Lending operations were traditionally financed by 'back-to-back' borrowings, which do not generate open interest rate or currency positions that arise under a unified funding approach. A unified funding approach is at the moment applied for the NGEU and MFA+ instruments and will be applied for the Ukraine Facility as of 2024, but it is available for use also for other financial assistance programmes. The unified funding approach that initially started under the term 'diversified funding strategy' has been developed for NGEU and combines a wide range of funding instruments (EU bonds and EU bills) and funding techniques (syndications and auctions) to flexibly cover long-term and short-term funding needs. The scope of the diversified funding strategy was expanded in December 2022 to enable the Commission to extend the benefits of this more flexible and cost-efficient debt management strategy to MFA+ loans for Ukraine and other potential future borrowing and lending programmes, thereby creating a unified funding approach for all EU borrowing and lending programmes. Under this unified funding approach, the Commission issues single-branded EU-Bonds, as opposed to running separately designated issuances per policy as in the past.

### Risk Governance for borrowing, debt management, and related lending operations

This risk management framework is a critical element in providing adequate protection of the financial interests of the EU and sound financial management of EU operations. Although the European Commission is not a financial institution, it strives to apply the state-of-the-art sound risk management practices in respect of the EU borrowing and debt management operations. With that in mind, best practices in risk management have been adapted to fit the specific set up of the European Union as an issuer and the requirements of the various programmes financed by the borrowing activities. The ultimate objective of the framework is to protect the financial and reputational interests of the Union and to ensure the probity, integrity, and transparency of NGEU operations.

The Chief Risk Officer (CRO) initially developed the framework for NGEU operations, comprising of the High Level Risk and Compliance Policy, Market and Funding Liquidity Risk Policy, and Operational Risk Management Policy. The CRO defines hard and soft limits as well as Key Risk Indicators to assess and monitor the risks related to EU borrowing and debt management operations and provides regular risk reports highlighting compliance with the risk limits, risk exposures and material risks as well as mitigation plans. In relation to EU borrowing and debt management operations, the 'three lines of defence' model for risk management was deployed to: (i) ensure the appropriate segregation of powers and duties; (ii) clearly define lines of authority; and (iii) ensure distinct roles and responsibilities for the management and control of risk.

With the adoption of the Decision (EU, Euratom) 2022/2544, introducing the diversified funding strategy for all EU borrowing, debt management, and related lending operations, the scope of risk oversight of the CRO was further extended to cover:

- Borrowing operations under both the diversified funding strategy and back-to-back funding method in respect of financial assistance programmes;
- Credit risk assessment for related lending operations in the form of loans to Member States and non-EU countries (beneficiary countries) under various EU programmes for financial assistance encompassing NGEU, Macro Financial Assistance, MFA+ for Ukraine, and financial assistance to third countries; and
- Debt management operations.

The CRO, supported by the Risk and Compliance Committee, deploys the risk management framework through internal risk policies and procedures. The RCC is an internal committee of the Commission whose role is to support the CRO in the conduct of its responsibilities. The committee adopts positions on matters related to the risk management framework for NGEU operations.

Finally, the CRO reports to the Member of the College responsible for the Budget with respect to the responsibilities set out in Chapter 4 of Decision (EU, Euratom) 2023/2825. The CRO exercises its role independently and enjoys autonomy in carrying out the assigned tasks and responsibilities.

### Treasury

The rules and principles for the management of the Commission's treasury operations are laid down in the Council Regulation (EU, Euratom) No 609/2014 (as amended by Council Regulation (EU, Euratom) 2016/804 of 17 May 2016 and 2022/615 of 5 April 2022) and in the Financial Regulation.

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

- Own resources are paid by the Member States into accounts opened for this purpose in the name of the Commission with the treasury or national central bank. The Commission may draw on the above accounts solely to cover its cash requirements;
- Own resources are paid by Member States in their own national currencies, while the Commission's payments are mostly denominated in EUR;
- Bank accounts opened in the name of the Commission may not be overdrawn. This restriction does not apply to the Commission's own resource accounts in case of a default on loans contracted or guaranteed pursuant to EU Council regulations and decisions, and under certain conditions in case the cash resource requirements are in excess of the cash held in those accounts; and
- Funds held in bank accounts denominated in currencies other than EUR are either used for payments in the same currencies or periodically converted into EUR.

In addition to the own resource's accounts, other bank accounts are opened by the Commission with 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 Commission's treasury and payment operations with the objective of limiting operational and financial risk and ensuring an adequate level of control. They cover different areas of operation (for example: payment execution and cash management, cashflow forecasting, business continuity, etc.), and compliance with the guidelines and procedures is checked regularly.

#### **Asset management**

The control of the various risks related to the asset management activities is based on dedicated governance and working procedures adopted following benchmarking with the highest standards adopted by peer international institutions. These procedures, which were subject to various internal and external audits, ensure the achievement of a sound asset management.

The Commission has put in place the appropriate governance to review and approve technical and strategic decisions in relation to asset management operations. The asset management operations are supervised by two committees, the Risk Committee composed of representatives of DG BUDG, and the Asset Management Board composed of representatives of DG BUDG, DG ECFIN and DG FISMA. Technical decisions are discussed and approved in the Risk Committee, while strategic decisions are endorsed by the Risk Committee and Asset Management Board before final approval of the Director General of DG BUDG, in agreement with the Accounting Officer.

The asset management governance guarantees clear delegation of decision-making and lines of accountability, adequate segregation of duties between Front Office, Risk Management and Back Office, clearly defined roles and well-framed and documented procedures and processes and checks and balances at all levels. The compliance procedures provide the framework for adequate rules for codes of conduct to manage potential personal conflicts of interest as well as rules to manage risks of insider trading.

The Asset Management Guidelines and internal investment restrictions provide a solid internal control framework to ensure the safeguarding of assets. In particular, securities are kept with our custodians in accordance with market best practices, while cash and deposits are placed with highly rated financial institutions. The safeguarding of financial assets is also assured by segregation of duties between the team responsible for initiation of securities deals and back-office team responsible for their settlement and bank reconciliation. An additional layer of control is assured by accounting team during monthly closure reconciliation process when the portfolio of securities is reconciled with the security custodian's statement. Any settlement discrepancies and late payments caused by counterparties are followed by bank reconciliation and back-office team on daily basis. For the monitoring of the respect of the control framework, an exhaustive set of performance and risk metrics for the assets under management is reported periodically to the relevant stakeholders.

The asset management guidelines, risk and investment strategies define certain limits and restrictions in order to limit the exposure to credit risk of the portfolio, which is limited to investment grade, except for EU Member States exposure.

### Common Provisioning Fund

By Commission Decision C(2020)1896 of 25 March 2020 on the asset management guidelines of the CPF (AMG), the responsibilities and tasks of the CPF financial manager were delegated to the Director General of the Directorate-General for Budget (DG BUDG). The CPF is kept separate from the other portfolios managed by DG BUDG. The Fund does not exist as a separate legal entity.

The CPF is managed according to the above referenced asset management guidelines. The objective is to ensure the necessary liquidity to meet all required outflows, such as guarantee calls, fully and promptly, and to provide capital preservation over the investment horizon of the fund, with a high confidence level.

To attain the general objective described above, the financial manager of the CPF manages the assets in accordance with prudential rules and the principles of sound financial management and in accordance with the rules and procedures set out by the accounting officer of the Commission. Written procedures manuals covering specific areas, such as treasury management, have been developed and are used by the relevant operating units. Financial and operational risks are identified and evaluated and compliance with internal guidelines and procedures are checked regularly.

The CPF portfolio is constituted to ensure a high degree of diversification across eligible asset classes, geographical areas, issuers and maturities in order to manage fluctuations in portfolio value. At 31 December 2023 the CPF portfolio included investments in money market instruments, bonds and corporate and equity ETFs.

As the sole counterparty for all outstanding currency forwards as of 31 December 2023 is the Banque de France, no credit enhancements, such as collateral, netting agreements or guarantees are put in place as of this date. The maximum exposure to credit risk for foreign exchange derivatives having a positive fair value at the end of the reporting period is equal to the carrying amount on the balance sheet.

### Fines

Provisionally cashed fines: deposits

All fines provisionally paid on bank accounts before 2010 became definitive in April 2023. Therefore, all deposit accounts in Central Treasury related to fines were closed in 2023.

Provisionally cashed fines: BUFI portfolio

Fines imposed and provisionally cashed are invested in a specifically created portfolio, BUFI. The main objectives of the portfolio are the reduction of risks associated with financial markets and the equal treatment of all entities by applying a guaranteed return calculated on the same basis to the nominal amount of fines. However, the guaranteed return applied to entities fined before the entry into force of the updated Financial Regulation in August 2018 is floored at zero. The asset management for provisionally cashed fines is carried out by the Commission in accordance with internal asset management guidelines. Procedural manuals covering specific areas such as treasury management have been developed and are used by the relevant operational units. Financial and operational risks are identified and evaluated and compliance with internal guidelines and procedures is checked regularly.

The objectives of the asset management activities are to invest the fines provisionally paid to the Commission in such a way as to:

- ensuring that the funds are easily available when needed, while
- aiming at delivering, under normal circumstances, a return which on average is in line with the return of the BUFI Benchmark minus costs incurred, while preserving the nominal amount for the fines.

Investments are restricted essentially to the following categories: term deposits with Member States' central banks, sovereign debt agencies, fully state-owned or state-guaranteed banks or supranational institutions, and bonds, bills and certificates of deposit issued by either sovereign or supranational institutions.

## Financial guarantees received

Significant amounts of guarantees issued by financial institutions are held by the Commission in relation to the fines it imposes on companies breaching EU rules – see note **2.6.1.3**. These guarantees are provided by fined companies as an alternative to making provisional payments. The guarantees are managed in compliance with the internal risk management policy. Financial and operational risks are identified and evaluated and compliance with internal policies and procedures is checked regularly.

### EU budgetary guarantee programmes

The Financial Regulation has enshrined, in its Title X, several safeguards to protect the EU budget against the financial risks created through the use of budgetary guarantees. They can be grouped in four main categories:

#### 1. Measures to limit the amount of the contingent liabilities

First, the size of the EU guarantee is as a rule capped in a clearly defined manner. The Financial Regulation sets out that the financial liability and the aggregate net payments from the budget cannot exceed the amount of the budgetary guarantee, authorised by its basic act. The contingent liability generated by a budgetary guarantee can only exceed the financial assets provided to cover the EU financial liability if this is provided for in the underlying basic act and under the specific conditions it sets.

Secondly, the desired risk profile of the operations/financial products guaranteed by the EU is determined, as far as possible, ex-ante, i.e. before the signature of the guarantee agreements.

#### 2. Measures concerning the selection of implementing partners

Budgetary guarantee programmes are implemented with reliable, pillar-assessed partners. This ensures the reliability of, inter alia, the accounting, financial and risk management systems of these implementing partners (IPs). Furthermore, these IPs commit own resources ensuring appropriate alignment of interests with the Union.

#### 3. Measures to ensure adequate ex-ante budgetary capacity to absorb guarantee calls

Budgetary guarantee programmes are backed by provisioned assets that are kept in the CPF. The provisioning rate is set, in the basic act of each programme, at such a level as to allow the programming of budgetary appropriations to constitute a provision that would allow the absorption of losses without budgetary disruption. The provisioning is hence sufficient to cope with the expected and, to a certain level, also the unexpected losses of these budgetary guarantees.

Subsequently, the Commission will ensure (annually) the adequacy of the provisioning rate as defined in the basic act and its alignment with the Financial Regulation principles and with the financial programming.

#### 4. Measures to deal with realised losses exceeding the ex-ante estimation

The Financial Regulation includes two early warning thresholds (i.e. when 50% and 30% of the provisioning rate remain available). Those warning thresholds allow the Commission to anticipate a potential exhaustion of the provisioning before the termination of the budgetary guarantee and allow the Commission to evaluate whether it should propose additional provisioning.

In case additional liquidity is temporarily needed there are procedures in place such as transfers between CPF compartments and the use of central treasury liquidity, as well as the use of available budgetary space (commitment and payment appropriations).

Furthermore, a Steering Committee on Contingent Liabilities arising from Budgetary Guarantees was established under the authority of the Commissioner for Budget in 2020. It intervenes in matters covering budgetary guarantees and financial assistance creating contingent liabilities to the budget generated from the implementation of Title X of the Financial Regulation, including those provisions laid down in the Internal Rules on the implementation of the general budget of the Union. This includes the risk management framework, relevant common horizontal provisions of the standard agreements and integrated reporting to establish corporate requirements for the sustainable management of contingent liabilities.



## Financial instruments programmes

The implementation of the EU budget has relied for many years on the use of financial instrument programmes. See note **2.4.2.1** for examples of such programmes.

Common to most financial instruments is the fact that the implementation is delegated either to the EIB Group (including the EIF) or to other financial institutions based on an agreement between the Commission and the financial institution. Agreements signed with these financial institutions include strict conditions and obligations on the intermediaries so as to ensure that EU monies are properly managed and reported on. Once a financial contribution to one of the instruments has been committed, the funds are transferred to a specifically created bank account opened by the financial institution in its name but on behalf of the Commission (i.e. a fiduciary account). The financial institution may, depending on the instrument in question, use the funds on this fiduciary account to provide loans, issue debt instruments, invest in equity instruments or cover guarantee calls. Proceeds from financial instruments have, as a general rule, to be reimbursed to the EU budget.

The risk as regards these financial instruments is limited to the ceiling as indicated in the underlying agreements, which is the budgeted amount foreseen for the instrument. As the Commission often bears the 'first loss piece' and since instruments are intended to finance riskier beneficiaries (who have difficulties in obtaining funding from commercial lenders), it is therefore likely that some losses to the EU budget will occur.

### 6.3. CURRENCY RISK

Financial instruments exposure of the EU to currency risk at year-end – net position

EUR million

	31.12.2023						Total
	USD	GBP	PLN	SEK	Other	EUR	
<b>Financial assets</b>							
<i>Financial assets at AC*</i>	39	2	-	-	14	200	255
<i>Financial assets at FVSD</i>							
<i>Non-derivatives</i>	1 568	23	-	20	105	35 686	37 402
<i>Derivatives</i>	(1 142)	-	21	74	82	2 055	1 091
<i>Receivables**</i>	123	99	28	1	23	3 757	4 032
<i>Cash and cash equivalents</i>	145	11	1 076	654	2 121	35 608	39 616
	<b>734</b>	<b>135</b>	<b>1 126</b>	<b>749</b>	<b>2 346</b>	<b>77 306</b>	<b>82 396</b>
<b>Financial liabilities</b>							
<i>Financial guarantee liability</i>	(591)	(0)	(38)	(15)	(137)	(5 488)	(6 268)
<i>Financial liabilities at FVSD</i>	(1)	-	-	(3)	146	(201)	(60)
	<b>(593)</b>	<b>(0)</b>	<b>(38)</b>	<b>(18)</b>	<b>9</b>	<b>(5 689)</b>	<b>(6 328)</b>
<b>Total</b>	<b>142</b>	<b>135</b>	<b>1 088</b>	<b>731</b>	<b>2 354</b>	<b>71 618</b>	<b>76 068</b>

EUR million

	31.12.2022						Total
	USD	GBP	PLN	SEK	Other	EUR	
<b>Financial assets</b>							
<i>Financial assets at AC*</i>	83	6	-	-	12	151	251
<i>Financial assets at FVSD</i>							
<i>Non-derivatives</i>	843	25	-	20	98	29 088	30 073
<i>Derivatives</i>	(483)	-	-	-	-	1 467	984
<i>Receivables**</i>	89	111	14	0	17	5 453	5 684
<i>Cash and cash equivalents</i>	84	13	1 031	473	1 421	43 522	46 544
	<b>616</b>	<b>155</b>	<b>1 045</b>	<b>493</b>	<b>1 548</b>	<b>79 681</b>	<b>83 537</b>
<b>Financial liabilities</b>							
<i>Financial guarantee liability</i>	(793)	(0)	(37)	(12)	(164)	(5 450)	(6 456)
<i>Financial liabilities at FVSD</i>	(1)	-	-	8	19	(50)	(25)
	<b>(795)</b>	<b>(0)</b>	<b>(37)</b>	<b>(4)</b>	<b>(146)</b>	<b>(5 500)</b>	<b>(6 481)</b>
<b>Total</b>	<b>(179)</b>	<b>154</b>	<b>1 008</b>	<b>489</b>	<b>1 403</b>	<b>74 181</b>	<b>77 056</b>

\*Excluding loans for RRF (NGEU) and for financial assistance.

\*\*Excluding deferred charges.

If the EUR had strengthened or weakened against other currencies by 10%, then it would have had the following impact on the economic result:

EUR million

FX Rate Increase (+)/ Decrease (-)	2023			
	USD	GBP	PLN	SEK
+10%	(13)	(12)	(99)	(66)
-10%	16	15	121	81

EUR million

FX Rate Increase (+)/ Decrease (-)	2022			
	USD	GBP	DKK	SEK
+10%	16	(14)	(92)	(44)
-10%	(20)	17	112	54

### Borrowing and lending activities for NGEU and financial assistance

Financial assets and liabilities are currently only in EUR, so the EU has no foreign currency risk.

### Treasury

Own resources paid by Member States in currencies other than EUR are kept on the own resources accounts in accordance with Council Regulation (EU, Euratom) No 609/2014 (as amended by Council Regulation (EU, Euratom) 2016/804 of 17 May 2016 and 2022/615 of 5 April 2022). They are converted into EUR when they are needed for the execution of payments. The procedures applied for the management of these funds are laid down by the above-mentioned regulation. In a limited number of cases, these funds are directly used for payments to be executed in the same currencies.

A number of accounts in EU currencies other than EUR, including USD, GBP and CHF, are held by the Commission with commercial banks, for the purpose of executing payments denominated in these same currencies. These accounts are replenished depending on the amount of payments to be executed, and as a consequence their balances do not represent exposure to currency risk.

When miscellaneous receipts (receipts other than own resources) are received in currencies other than EUR, they are either transferred to Commission's accounts held in the same currencies, if they are needed to cover the execution of payments, or converted into EUR and transferred to accounts held in EUR. Imprest accounts held in currencies other than EUR are replenished depending on the estimated short-term local payment needs in the same currencies. Balances on these accounts are kept within their respective ceilings.

## Fines

All fines are imposed, paid or provisionally covered in EUR and therefore do not pose any foreign currency risk when they are held in the BUFI Fund.

## Budgetary guarantees

Budgetary guarantees as a rule are extended with a maximum cap defined in EUR. However, some underlying operations may be denominated in other currencies (USD or other local currencies).

Currency risk is part of the considerations taken into account when determining the provisioning needs.

## Common Provisioning Fund

The CPF currently operates in both EUR and USD. Currency risk is managed through entering into derivative contracts (foreign exchange forward contracts), hedging the market value of the USD investments portfolio. The limit for maximum unhedged foreign exchange exposure is set at 1% of the total portfolio value within the benchmark and annual strategy allocations. Thus, upward or downward movements in the USD investments' market value above or below the 1% limit would trigger a rebalancing trade (a new forward contract with the same or opposite direction), adjusting or reversing the hedged position accordingly.

The loans subrogated to the EU as result of calls on the fund following payment defaults by a loan beneficiary – see note **2.4.1.2** – are carried in their original currency and therefore expose the EU to currency risk. For the subrogated loans, there are no activities to compensate foreign currency variations ('hedging' activities) due to uncertainty relating to the loans' repayment timing.

## 6.4. INTEREST RATE RISK

The following table illustrates the interest rate sensitivity of debt securities and ETFs by disclosing the impact that a change in interest rates of +/- 100 basis points (1%) would have on the EU economic result.

	Increase (+) / decrease (-) in basis points	<i>EUR million</i> Economic result
2023: Financial assets at FVSD	+100	(960)
	-100	1 021
2022: Financial assets at FVSD	+100	(741)
	-100	784

Sensitivity to interest rate changes of a given portfolio of bonds increases with its duration. The duration of the main asset portfolios managed by the Commission is described below.

### Borrowing and lending activities for NGEU and financial assistance

Due to the nature of its borrowing and lending activities, the EU has significant interest-bearing assets and liabilities. However, for the financial assistance instruments, excluding borrowings under the unified funding approach, there is no interest rate risk since the borrowings are offset by equivalent loans at the same terms and conditions (back-to-back).

The lending and borrowing under the unified funding approach (covering NGEU and MFA+) is different to the back-to-back approach and, therefore, interest rate risk has to be covered by implementation of procedures and mechanisms that mitigate the interest rate risk. The underlying principle behind the unified funding approach is to allocate the cost of funding and all other related costs to beneficiaries (for loans) and to the EU budget (for non-repayable support) in a transparent way. The methodology for the cost of funding allocation has not changed with the extension of diversified funding strategy to the unified funding approach. The only consequence of the application of the new funding approach is that the cost of funding methodology is now applied also to loans disbursed under programmes other than NGEU and, thus, to new loan beneficiaries that were not initially part of the NGEU diversified strategy. The methodology under the unified funding approach is guided by the principles of full cost recovery and not-for-profit operation. Therefore, the EU passes on the funding it obtains in the market in the most cost-

effective and equitable way based on daily interest calculations. That ensures that the loan beneficiaries bear all costs allocated to their loans and that all borrowing costs incurred by the Union are recovered.

Under the unified funding approach, the cash is held in a EU prudential and funding pool in order to maintain a defined safety buffer while avoiding any excess balances. The cash is kept at the European Central Bank. Since 4 April 2022 the Euro money market short term interest rate minus 20 basis points applies to any outstanding cash balance. Previously, the outstanding cash balance was subject of ECB deposit facility rate. Based on a mutual agreement, only outstanding cash balances over EUR 20 billion were subject to negative interest at the ECB. Based on the approved cost allocation methodology, interest not allocated to loans or non-repayable support is the subject of invoicing to loan beneficiaries and the EU budget in the form of liquidity management costs that can be positive or negative depending on the evolution of interest rates applied on cash balances.

## Treasury

Except for the borrowing related to the unified funding approach, the Commission does not borrow money to fund its operational expenditure. Beyond the interest rate exposure on NGEU and financial assistance programmes under the unified funding approach, interest is calculated on balances held on the different bank accounts. The Commission has therefore put in place measures to ensure that interest earned (positive or negative) on its bank accounts regularly reflect market interest rates, as well as their possible fluctuation.

Own resources accounts are protected from any costs as they are free of any charge or interest in accordance with Article 9.1 of the Council Regulation (EU, Euratom) No 609/2014 (as amended by Council Regulation (EU, Euratom) 2016/804 of 17 May 2016 and 2022/615 of 5 April 2022).

Therefore, accounts opened with Member States treasuries for own resources receipts are non-interest bearing and free of charge. Accounts held with national central banks (own resources and other) may be remunerated at the official rates applied by each institution.

Cash management procedures are adapted according to the current market interest conditions, which in 2023 were positive, facilitating the implementation of the central account model. A safety cash buffer is held on central deposit accounts based on a weekly funding from Own Resources accounts to cover payment needs for the implementation of the budget while avoiding any excess balances. Appropriate ceilings are respected according to the bank conditions and counterparty risk.

Overnight balances held on commercial and central bank accounts earn interest on a daily basis. This is based on variable market rates to which a contractual margin (positive or negative) is applied.

## Fines

The provisionally cashed fines are invested in a portfolio of long-term bonds with an average portfolio duration of 1.72 years.

## Common Provisioning Fund

The funds in the CPF are invested in a portfolio with a total average duration of 3.32 years.

## ECSC i.L.

The ECSC i.L. amounts are invested in a portfolio of long-term bonds with an average portfolio duration of 3.32 years.

## 6.5. CREDIT RISK

### Maximum credit risk exposure

	EUR million	EUR million
	31.12.2023	31.12.2022
<b>Financial assets</b>		
Loans	246 877	204 354
Cash and cash equivalents	39 616	46 544
Exchange receivables*	4 032	5 684
Financial assets at FVSD - debt securities	29 703	24 647
Financial assets at FVSD - derivatives	1 091	984
<b>Guarantees given and loan commitments</b>		
FGCs	57 066	55 502
Loan commitments	40	8
<b>Total</b>	<b>378 426</b>	<b>337 723</b>

\*excluding deferred charges

In addition, the EU is indirectly exposed to the credit risk through its investments in MMFs, corporate bond ETFs and pooled portfolios of debt securities (see note **2.4.2.1**), which may impact their prices (see note **6.7**).

### Loans: credit quality

	EUR million				
	31.12.2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Credit rating</b>					
Prime and high grade	36 302	-	-	-	36 302
Upper medium grade	72 051	-	-	-	72 051
Lower medium grade	113 652	-	-	-	113 652
Non-investment grade (incl. default)	2 130	31 762	25	38	33 955
<b>Gross carrying amount</b>	<b>224 134</b>	<b>31 762</b>	<b>25</b>	<b>38</b>	<b>255 960</b>
Minus loss allowance	(54)	(9 024)	(23)	18	(9 083)
<b>Net carrying amount</b>	<b>224 081</b>	<b>22 738</b>	<b>2</b>	<b>56</b>	<b>246 877</b>

	EUR million				
	31.12.2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Credit rating</b>					
Prime and high grade	12 849	-	-	-	12 849
Upper medium grade	62 240	-	-	-	62 240
Lower medium grade	106 537	-	-	-	106 537
Non-investment grade (incl. default)	11 923	13 094	29	114	25 160
<b>Gross carrying amount</b>	<b>193 549</b>	<b>13 094</b>	<b>29</b>	<b>114</b>	<b>206 786</b>
Minus loss allowance	(55)	(2 361)	(27)	13	(2 431)
<b>Net carrying amount</b>	<b>193 494</b>	<b>10 732</b>	<b>2</b>	<b>126</b>	<b>204 354</b>

The four risk categories mentioned above are in principle based on the rating categories of external rating agencies and correspond to:

Prime and high grade: Moody's P-1, Aaa – Aa3; S&P A-1+, A-1, AAA – AA -; Fitch F1+, F1, AAA – AA- and equivalent

Upper medium grade: Moody's P-2, A1 – A3; S&P A-2, A+ – A-; Fitch F2, A+ – A- and equivalent

Lower medium grade: Moody's P-3, Baa1 – Baa3, S&P A-3, BBB+ - BBB-; Fitch F3, BBB+ - BBB- and equivalent

Non-investment grade: Moody's not prime, Ba1 – C; S&P B, C, D, BB+ – D; Fitch B, C, D, BB+ – D and equivalent

The EU uses these external rating agencies' categories as a reference point notably for financial instruments and commercial banks, but may, after making its own analysis of individual cases, keep amounts in one of the above risk categories even though one or more of the above mentioned rating agencies may have downgraded the corresponding counterparty.

The loans in the non-investment grade are mainly financial assistance loans to partner countries in financial difficulties. All loans to Member States are in investment grade and in Stage 1. The loans in Stage 2 include EUR 29.9 billion of MFA, MFA+ and Euratom loans to Ukraine (nominal amount). The POCI loans are the subrogated loans from the ELM programmes.

#### Borrowing and lending activities for NGEU and financial assistance

In case of default of the debtors, and in order to service any related debt due, the Commission may draw on the assets held in the CPF for MFA (except MFA+) and Euratom loans to third countries.

Loans provided to Ukraine under the exceptional MFA programme (EUR 6 billion disbursed in 2022, see note **2.4.1.1**) are firstly covered by their compartment in CPF, and then also by additional Member States guarantees, that are considered as credit enhancement for those loans and thus reduce an impairment allowance recognised in relation to those loans to EUR 340 million (out of the entire impairment allowance of EUR 8.9 billion covering the total MFA and MFA+ loans to Ukraine) as at 31 December 2023.

Exposure to credit risk is managed by obtaining state guarantees in the case of Euratom, which total EUR 314 million at 31 December 2023 (2022: EUR 327 million).

Loans provided to Member States under the SURE instrument are underpinned by a system of voluntary guarantees from Member States, amounting to 25% of the maximum ceiling available for the related financial assistance.

For any credit losses on the loans to Member States and MFA+, the Commission may call upon Member States, while respecting the own resources ceilings (see note **6.6**).

#### Loans: Movement in impairment loss allowance

EUR million

	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Loss allowance at 01.01.2023</b>	55	2 361	27	(13)	2 431
<i>Transfer to Stage 1</i>	-	-	-	-	-
<i>Transfer to Stage 2</i>	(9)	9	(0)	-	0
<i>Transfer to Stage 3</i>	(0)	-	0	-	-
<i>New loans</i>	8	6 765	-	-	6 773
<i>Derecognitions - repayments</i>	(0)	-	-	-	(0)
<i>Derecognitions - write offs</i>	(0)	-	(5)	9	3
<i>Loss allowance remeasurement</i>	(0)	(111)	1	(14)	(124)
<i>Other</i>	(0)	-	-	-	(0)
<b>Loss allowance at 31.12.2023</b>	<b>54</b>	<b>9 024</b>	<b>23</b>	<b>(18)</b>	<b>9 083</b>

The additional impairment loss allowance on Stage 2 loans refers mainly to the new MFA+ loans to Ukraine (see note **2.4.1.1**).

In 2023, the EU granted EUR 100 million of interest rate subsidies to Ukraine for the interest accrued on some of the exceptional MFA loans (the amortised cost before the modification totalled EUR 3.4 billion). This modification of the contractual terms was accounted for as a modification loss in the statement of financial performance (see note **3.15**). The interest rate subsidy did not have a significant impact on the credit risk assessment, thus the loans continued to be classified to stage 2 as at 31 December 2023.

## Loans: Staging assessment

As referred to in the significant accounting policies, the impairment allowance for the financial assets at amortised cost other than receivables depends on the stage to which a financial asset is classified.

The allocation to stages mainly depends on the counterparty's credit rating. The staging model relies on a relative assessment of credit risk, that is, the EU may have different loans with the same counterparty in different stages, depending on the counterparty's credit risk at origination. The EU, having a unique institutional status, lends money to its Member States or to sovereigns in difficulty. As a result, the EU also applies a qualitative assessment of the credit risk based on monitoring the economic situation of borrowers in difficulty.

### *Stage 1 - No significant increase in credit risk*

Loans to counterparties with credit ratings in the investment grade (i.e. between AAA (Aaa) and BBB- (Baa3) on the S&P/Fitch (Moody's) rating scale or an equivalent external or internal rating) at the reporting date, are considered low credit risk loans, and thus held in Stage 1, except if they are overdue for more than 30 days (see Stage 2). In addition, any loans for which a significant increase in credit risk did not occur, as defined below, are classified to Stage 1. For the financial assets in Stage 1, the impairment allowance is measured at the level of the 12 month expected credit losses ('ECL').

### *Stage 2 - Significant increase in credit risk*

In order to determine whether there has been a significant increase in the credit risk since origination, and thus whether a move to Stage 2 applies, the EU applies a combination of quantitative and qualitative assessments:

- All loans for which contractual payments are overdue by between 31 and 90 days, are moved to Stage 2;
- For counterparties with credit ratings between AAA (Aaa) and BB- (Ba3) at the initial recognition date: Unless the low risk case (above in Stage 1) applies, the deterioration is considered significant if the difference between the rating at origination and that at the reporting date is equal or superior to 3 notches;
- For counterparties with credit ratings of B+ (B1) or B (B2) at initial recognition date: The deterioration is considered significant if the difference between the initial rating and the current rating is equal or superior to 2 notches;
- For counterparties with credit ratings of B- (B3) or lower (in CCC/Caa range): The deterioration is considered significant if the difference between the initial rating and the current rating at the reporting date is equal or superior to 1 notch; and
- Loans originated before the transition to the revised EAR 11 (i.e. 1 January 2021), for which no information on the credit risk at initial recognition is available without undue cost and effort are classified to Stage 2.

For loans in Stage 2, the impairment allowance is measured at the level of life-time expected credit losses.

### *Stage 3 - Credit impaired loans*

Loans are classified in Stage 3 when they are 90 days past due or when one or more events occur after the loan origination that have a detrimental impact on the estimated future cash flows of that financial asset. For example, a loan is classified to Stage 3, if:

- It is becoming probable that a borrower will enter bankruptcy or other financial reorganisation;
- The borrower has a rating class of D published by an external rating agency; and
- The borrower is in default under any financial obligation towards the EU, or in case of loans for financial assistance, if the borrower is in default to any other international organisation financing the programme.

For loans in Stage 3, the impairment allowance is measured at the level of life-time expected credit losses.

*Purchased or originated as credit impaired ('POCI')*

The EU also holds 'purchased or originated as credit impaired' ('POCI') loans. These are defaulted loans where the EU paid a guarantee call to the implementing partner. For these loans, all rights have been subrogated to the EU. The EU recognises them on its balance sheet at fair value at initial recognition. The EU classifies them as POCI loans and calculates an impairment allowance based on the lifetime ECL. Under the relevant agreements between the EU and the implementing partners, recovery proceedings are undertaken on behalf of the EU with the aim of recovering any sums due.

**Loans: ECL measurement**

The ECL measurement is a probability-weighted estimation of the difference between the contractual cash flows and the expected cash flows. The EU uses the following credit risk parameters for this estimation:

- Probability of default ('PD');
- Loss given default ('LGD'); and
- Exposure at default ('EAD').

The PD is a percentage and represents the likelihood of a counterparty defaulting on its financial obligation, either over the next 12 months (used for the '12 months ECL'), or over the remaining lifetime of the obligation (used for the 'Lifetime ECL').

The LGD is a percentage showing the expected cash shortfall i.e. the part of the exposure expected to be lost after a default, taking into account recoveries and collaterals. In order to estimate the LGD on sovereign exposures, the EU takes into account its de-facto preferred creditor status.

The EAD is the outstanding exposure (amount) at the time of a default.

The estimated cash flows over the expected life of the financial asset are discounted at the effective interest rate.

The EU considers reasonable and justified forward looking information, available without undue cost and effort, and adjusts the model parameters when necessary.

**Cash and cash equivalents: credit quality**

	<i>EUR million</i>	
	31.12.2023	31.12.2022
<b>Credit rating</b>		
<i>Premium and high grade</i>	35 687	40 769
<i>Upper medium grade</i>	3 114	3 675
<i>Lower medium grade</i>	786	1 343
<i>Non-investment grade</i>	28	757
<b>Gross carrying amount</b>	<b>39 616</b>	<b>46 544</b>
<i>Minus loss allowance</i>	-	-
<b>Net carrying amount</b>	<b>39 616</b>	<b>46 544</b>

**Treasury**

Most of the Commission's treasury resources are kept, in accordance with Council Regulation (EU, Euratom) No 609/2014 (as amended by Council Regulation 804/2016 of 17 May 2016 and 2022/615 of 5 April 2022) on own resource accounts opened by Member States for the payment of their own resources contributions (mainly GNI, VAT and TOR). All such accounts are held with Member States' treasuries or national central banks. These institutions carry the lowest credit (or counterparty) risk for the Commission as the exposure is with Member States.

For the part of the Commission's treasury resources kept with commercial banks in order to cover the execution of payments, replenishment of these accounts is made on a just-in-time basis and is automatically managed by the treasury cash management system. Minimum cash levels, which take into account the average amount of daily payments executed from it, are kept on each commercial account. As a consequence the total amount kept overnight on these commercial accounts remains constantly at low levels (overall less than EUR 100 million on average, spread over around 35 accounts) and so it is ensured that the Commission's risk exposure is limited. These amounts should be viewed with regard to



the daily overall treasury balances which fluctuated in 2023 between EUR 6 billion and EUR 36.5 billion, and with an overall amount of payments made from Commission bank accounts in 2023 that exceeded EUR 170 billion.

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

- All commercial banks are selected by calls for tender. The minimum long-term credit rating required for admission to the tendering procedures is S&P A- or equivalent. A lower level may be accepted in specific and duly justified circumstances;
- Beyond the minimum credit rating requirements specified in the calls for tender, the counterparty risk management policy applied monitors the ratings and defines a maximum exposure on each financial institution. This ceiling, the maximum overall exposure in cash, deposits and financial guarantees per counterparty, is calculated taking into account the creditworthiness (long term credit rating) and the capitalisation of the financial sector entity. The EC counterparty risks are monitored and reported on regularly; and
- In delegations outside the EU, imprest accounts are held with local banks selected by a simplified tendering procedure. Rating requirements depend on the local situation and may significantly differ from one country to another. In order to limit risk exposure, balances on these accounts are kept at the lowest possible levels (taking into account operational needs), they are regularly replenished and the applied ceilings are reviewed on a yearly basis.

#### Cash held under unified funding approach

Lending and borrowing instruments for financial assistance do not, in general, keep any outstanding cash balances due to their underlying back-to-back principle. However, with implementation of the diversified funding strategy for the NGEU instrument that was extended to the unified funding approach for other financial assistance programmes (MFA+ during 2023), sufficient cash is held to meet all upcoming disbursement needs and maintaining a defined safety buffer, while avoiding any excess balances. The cash is placed on a bank account at the ECB, thus, the credit risk is very low.

#### Receivables: credit quality

	Not due	Past due 0-30 days	Past due 31-90 days	Past due 91 days - 1 year	Past due > 1 year	EUR million Total
Gross carrying amount	1 819	23	10	40	304	2 195
Minus loss allowance	(2)	(2)	(4)	(12)	(140)	(159)
<b>Net carrying amount at 31.12.2023</b>	<b>1 817</b>	<b>21</b>	<b>6</b>	<b>28</b>	<b>164</b>	<b>2 036</b>
Gross carrying amount	1 613	18	14	21	1 992	3 658
Minus loss allowance	(2)	(2)	(5)	(13)	(150)	(172)
<b>Net carrying amount at 31.12.2022</b>	<b>1 611</b>	<b>16</b>	<b>9</b>	<b>8</b>	<b>1 842</b>	<b>3 486</b>

The amounts in this table do not include deferred charges and the FGC receivable leg measured at FVSD (see note 2.6.2), as they are not subject to the impairment requirements.

#### Financial assets at FVSD – debt securities: credit quality

##### Common Provisioning Fund

The weighted average credit rating of the CPF portfolio is A (S&P or equivalent).

##### Provisionally cashed fines: BUFI portfolio

The weighted average credit rating of the portfolio is A (S&P or equivalent).

##### Financial guarantees received

The risk management policy applied for the acceptance of such guarantees ensures a high credit quality for the Commission. The policy includes defining a maximum credit exposure towards a particular financial sector entity based on its credit rating and the level of an entity's capital as accounted for in its

IFRS financial statements. The compliance of the outstanding guarantees with the applicable policy requirements is reviewed regularly.

ECSC i.L.

The weighted average credit rating of the portfolio is A- (S&P or equivalent).

#### Financial assets at FVSD – derivatives: credit quality

The derivative assets mainly relate to the guarantees on equity portfolios and to currency forward contracts. Therefore, the credit risk is limited to the counterparty risk. The guarantee on equity will be settled with the EU implementing partner, the EIB Group, which is rated AAA. The sole counterparty for all outstanding currency forwards as of 31 December 2023 is the Banque de France, hence no credit enhancements, such as collateral, netting agreements or guarantees are put in place as of this date.

#### Financial guarantee contracts: credit quality

	31.12.2023			31.12.2022		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
<b>Long-term rating</b>						
<i>Prime and high grade</i>	2	–	<b>2</b>	0	4	<b>4</b>
<i>Upper medium grade</i>	5	0	<b>5</b>	3	–	<b>3</b>
<i>Lower medium grade</i>	29	–	<b>29</b>	23	–	<b>23</b>
<i>Non-investment grade</i>	30 310	26 697	<b>57 007</b>	24 124	31 339	<b>55 463</b>
<i>Managed on collective basis / not rated</i>	13	10	<b>23</b>	7	2	<b>9</b>
<b>Total</b>	<b>30 360</b>	<b>26 707</b>	<b>57 066</b>	<b>24 157</b>	<b>31 345</b>	<b>55 502</b>

#### Financial guarantee contracts: Movement in the loss allowance

	Stage 1	Stage 2	Total
<b>Loss allowance at 01.01.2023</b>	1 199	3 130	4 330
<i>Transfer to Stage 2</i>	(1)	1	–
<i>Transfer to Stage 1</i>	519	(519)	–
<i>Additions</i>	147	5	152
<i>Release of guarantees</i>	(97)	(3)	(99)
<i>Remeasurement</i>	(338)	(218)	(557)
<b>Loss allowance at 31.12.2023</b>	<b>1 430</b>	<b>2 397</b>	<b>3 826</b>
<b>Financial guarantee liability carrying amount at 31.12.2023</b>	<b>3 839</b>	<b>2 429</b>	<b>6 268</b>

\*Transfers from and to stage 1 / stage 2 are measured at the opening balance impairment allowance, whereas the changes of the amount arising from the change of the stage (i.e. measurement at 12-months or lifetime ECL) are part of re-measurement.

#### Financial guarantee contracts: staging policies

The key risk indicator for the allocation of FGC to stages is the credit rating of the guaranteed debt. The staging model compares the credit rating at origination to the credit rating at the reporting date. For portfolio guarantees, the weighted average credit rating of the guaranteed portfolio is considered.

##### Stage 1 - No significant increase in credit risk

FGC with credit ratings in the investment grade (i.e. between AAA (Aaa) and BBB- (Baa3) on the S&P/Fitch (Moody's) rating scale or an equivalent external or internal rating) at the reporting date are considered low credit risk, independent of the initial credit rating, and held in Stage 1. In addition, any FGC for which a significant increase in credit risk did not occur, as defined below, are classified to Stage 1. For the FGC in Stage 1, the impairment allowance is measured at the level of the 12 month ECL.

##### Stage 2 - Significant increase in credit risk

The following deterioration of credit rating is considered significant and leads to a reclassification of a FGC to Stage 2:

- For guarantees with a credit rating between AAA (Aa1) and BB- (Ba3) on the S&P/Fitch (Moody's) rating scale or an equivalent external or internal rating at initial recognition, a rating deterioration is considered significant if the difference between the initial rating and the one at the reporting date is equal or superior to 3 notches for guarantees relating to a single debt instrument and 2 notches for guarantees relating to a portfolio of debt;
- For guarantees with a credit rating between B+ (B1) or B (B2) at initial recognition, a rating deterioration is considered significant if the difference between the initial rating and the one at the reporting date is equal or superior to 2 notches for guarantees relating to a single debt instrument and 1 notch for guarantees relating to a portfolio of debt; and
- For guarantees with a credit rating between B- (B3) or lower at initial recognition, a rating deterioration is considered significant if the difference between the initial rating and the one at the reporting date is equal or superior to 1 notch (single debt and portfolio).

If information on the credit rating is not available but an estimation of the expected annual claims has been made at initial recognition, the actual level of claims compared to the initial planning is also considered a reasonable risk indicator for the assessment of SICR.

In addition to the above criteria, the EU may apply a qualitative assessment of the SICR, based on additional, reasonable and justified, information available.

FGC originated before the transition to the revised EAR 11 (i.e. before 1 January 2021) for which no information on the credit risk at initial recognition is available without undue cost and effort are classified to Stage 2.

For FGC in Stage 2, the impairment allowance is measured at the level of life-time expected credit losses.

Classification to Stage 3 and POCI does not apply to FGC.

In 2023, some EU guarantees, mainly in relation to portfolios of SMEs loans, were moved from Stage 2 to Stage 1 as the credit risk returned to the initially expected level. This led to a remeasurement effect and a reduction of ECL, as the impairment allowance is measured at 12-month ECL at the end of 2023 compared to life-time ECL at the end of 2022. Out of the outstanding ECL for guarantees in Stage 2 of EUR 2.4 billion as at 31 December 2023, EUR 2.2 billion relates to the ELM guarantees (see note **4.1.1**). This includes EUR 0.8 billion life-time ECL for the EIB exposure in Ukraine (EUR 3.8 billion outstanding EIB loans to counterparts in Ukraine, of which EUR 0.2 billion not yet disbursed as at year-end) guaranteed by the EU.

### Budgetary guarantees

The Union is mainly exposed to credit risk through the operations which it guarantees. When the credit quality of the underlying operations deteriorates, default events become more likely and hence also calls on EU guarantees.

In order to monitor and manage this risk, the Commission relies on a Credit Risk Model to assess potential losses, using, inter alia, the inputs provided by the Implementing Partners. The output of these models is interpreted and combined with expert judgment to derive a risk assessment that is coherent with the substance of the transaction and the relevant economic circumstances.

## 6.6. LIQUIDITY RISK

Maturity analysis of non-derivative financial liabilities by remaining contractual maturity

					<i>EUR million</i>
Undiscounted contractual cash-flows					Carrying amount
	< 1 year	1-5 years	> 5 years	Total	
<i>Borrowings</i>	(24 526)	(147 211)	(367 296)	(539 033)	(450 561)
<i>Payables</i>	(50 516)	-	-	(50 516)	(50 516)
<i>Other</i>	(195)	(661)	(867)	(1 723)	(1 496)
<b>Total at 31.12.2023</b>	<b>(75 237)</b>	<b>(147 872)</b>	<b>(368 164)</b>	<b>(591 272)</b>	<b>(502 572)</b>
<i>Borrowings</i>	(23 204)	(80 495)	(280 075)	(383 774)	(344 303)
<i>Payables</i>	(55 341)	-	-	(55 341)	(55 341)
<i>Other</i>	(318)	(711)	(771)	(1 800)	(1 517)
<b>Total at 31.12.2022</b>	<b>(78 862)</b>	<b>(81 206)</b>	<b>(280 846)</b>	<b>(440 914)</b>	<b>(401 161)</b>

Maturity analysis of derivative financial liabilities by remaining contractual maturity

					<i>EUR million</i>
Undiscounted contractual cash-flows					Carrying amount
	< 1 year	1-5 years	> 5 years	Total	
<i>Derivative pay leg</i>	(1 203)	(6)	-	(1 209)	
<i>Derivative receive leg</i>	1 186	-	-	1 186	
<b>Net cash flows at 31.12.2023</b>	<b>(17)</b>	<b>(6)</b>	<b>-</b>	<b>(23)</b>	<b>(21)</b>
<i>Derivative pay leg</i>	(504)	(8)	-	(512)	
<i>Derivative receive leg</i>	487	-	-	487	
<b>Net cash flows at 31.12.2022</b>	<b>(17)</b>	<b>(8)</b>	<b>-</b>	<b>(25)</b>	<b>(20)</b>

Maturity analysis of financial guarantee contracts issued by earliest period in which the guarantee could be called

					<i>EUR million</i>
Maximum amount of guarantee					Carrying amount
	< 1 year	1-5 years	> 5 years	Total	
<i>FGCs at 31.12.2023</i>	(65 661)	(2 995)	(7 043)	(75 699)	(6 268)
<i>FGCs at 31.12.2022</i>	(65 109)	(13 332)	(4 902)	(83 343)	(6 456)

Borrowing activities for NGEU and financial assistance

The first recourse for the repayment of borrowings for financial assistance and NGEU is the timely collection of the related financial assistance and NGEU loan repayments. However, there are additional safeguards that could be applied in case of payment defaults or payment delays of borrowers.

The Commission established a short-term temporary measure with the EU Central Treasury called budgetary cover that assures liquidity to cover payment of obligations arising from borrowings under back-to-back financial assistance programmes. The procedure foresees the activation of financial resources either in the form of cash advances or a reservation of cash with the EU budget to assure liquidity in case a loan beneficiary is in delay with its obligations.

Subsequently, for MFA (except for MFA+) and Euratom loans to third countries, the Guarantee Fund for external actions compartment of the CPF provides for a liquidity reserve. Therefore, the available assets of this fund would be used first in order to repay the related borrowings (but only after a recourse to third party guarantors for Euratom – see note **6.4**). If at any moment the available assets should prove insufficient to cover the actual losses, the Commission will activate measures to provide for additional resources (e.g. recourse to temporary use of Commission's treasury liquidity, recourse to temporary transfers and/or additional expenditure from the EU budget). Loans provided to Ukraine under the exceptional MFA programme (EUR 6 billion disbursed in 2022) are covered not only by their compartment in CPF, but also by additional Member States guarantees, in case the amount in the CPF would not be sufficient (see note **2.4.1.1**).

For the loans and borrowings disbursed under the unified funding approach the Commission may also apply active cash management and short-term borrowing in order to service EU debts. Management of

the liquidity risk under the unified funding approach requires implementation of liquidity management procedures and dedicated tools that allow monitoring and active liquidity management on a daily basis. The overarching objective is to ensure that amounts held on the bank account are sufficient to meet all upcoming disbursement needs and to maintain a defined safety buffer while avoiding any excess balances.

For all financial assistance borrowings as well as for the unified funding approach borrowings (NGEU and MFA+), the Commission may call resources from the Member States up to the own resources ceiling in order to service the EU debts. The own resources decision fixes the ceiling for own resources to cover annual appropriations for payment at 1.40% of Member States' GNI, plus an additional temporary increase of 0.6 percentage points exclusively for NGEU. The 2023 budget included a total of own resources to finance the expenditure of 0.98% of GNI. This means that at 31 December 2023 there existed an available margin of 1.02% to cover its liabilities.

Finally, loans provided to Member States under the SURE instrument are underpinned by a system of voluntary guarantees from Member States, amounting to 25% of the maximum ceiling available for the related financial assistance. Before calling on guarantees provided by the Member States, the Commission is expected to examine the scope for drawing on the margin available under the own resources ceiling for payments appropriation to the extent that it is deemed sustainable by the Commission, having regard, inter alia, to the total contingent liabilities of the Union and the sustainability of the general budget of the Union. Such examination shall not affect the irrevocable, unconditional and on-demand nature of the guarantees provided.

## Treasury

EU budget principles ensure that overall cash resources for a given year are always sufficient for the execution of all payments. In fact, the total Member States contributions together with the miscellaneous revenue equal the amount of payment appropriations for the budgetary year. Member States' contributions, however, are received in twelve monthly instalments throughout the year and based on the adopted budget, while payments are subject to operational needs. Moreover, in accordance with the Council Regulation (EU, Euratom) No 609/2014 (on the methods and procedure for making available own resources, amended by Council Regulation (EU, Euratom) 2016/804 of 17 May 2016 and 2022/615 of 5 April 2022), Member States' contributions relating to amending budgets approved in a given month (N) only become available either on the first working day of the month N+1 (if approved before the 16th of the given month) or on the first working day of month N+2 (if approved on the 16th or later of that given month), while the related payment appropriations are immediately available.

In order to ensure that available treasury resources are always sufficient to cover the payments to be executed in any given month, procedures regarding regular cash forecasting are in place. Own resources or additional funding can be called up in advance from Member States if needed, up to certain limits and under certain conditions provisioned under Council Regulation (EU, Euratom) No 609/2014 amended by Council Regulation (EU, Euratom) 2016/804 of 17 May 2016 and 2022/615 of 5 April 2022. Operational needs and overall budgetary restrictions in recent years have resulted in the need for increased monitoring of the rhythm of payments during the year. In addition to the above, in the context of the Commission's daily treasury operations, automated cash management tools ensure that sufficient liquidity is available on each of the Commission's bank accounts, on a daily basis.

## Fines

The BUFI fund, where provisionally paid fines are invested, is managed according to the principle that the assets shall have a sufficient degree of liquidity and mobilisation in relation to the relevant commitments. The portfolio is composed of mostly highly liquid securities that can be sold to meet short-term cash outflows. In addition, the share of cash, cash equivalents and securities maturing within 1 year is 65%.

## Budgetary guarantees

The maturity analysis for financial guarantees is presented using a prudent approach, under which the maximum amount of the guarantee given is allocated to the earliest period in which the guarantee could be called. Given that most of the EU guarantees are on first demand, a significant amount is allocated to the first time band. However, the probability that the EU will be called under all guarantees for the entire amount in the first period is remote. Moreover, the amount that the EU expects to lose is often much lower than the guarantee ceiling, therefore the amount of the liquidity risk needs to be seen in the conjunction with the carrying amount of the guarantee liabilities.

A key objective of the risk management framework of contingent liabilities is to ensure that the EU budget can, at any time, honour its obligations without disrupting the normal implementation of the budget. This also entails the mitigation of the liquidity risk related to budgetary guarantees, i.e. the risk that the Union would have insufficient funds to fulfil in a timely manner all its guarantee-related payment obligations (which might then lead to, for example, the crowding out of other expenses and the postponement of payments to the following budgetary years). In this respect, each budgetary guarantee is backed by sufficient provisioning paid into the CPF so as to ensure there is always enough liquidity to pay guarantee calls in a timely manner.

The EU monitors on a regular basis the adequacy of the provisioning rate of each budgetary guarantee programme and reports<sup>19</sup> every year on its estimate as to whether those amounts are sufficient to cover the risk for next 5 years with a defined level of certainty.

Furthermore, there are additional safeguard procedures in place (temporary transfers between CPF compartments and the use of central treasury liquidity) to ensure sufficient liquidity is available.

### Common Provisioning Fund

The CPF is managed according to the principle that the assets shall have a sufficient degree of liquidity and mobilisation in relation to the relevant commitments. The portfolio is composed of liquid assets that can be sold to meet short-term cash outflows if necessary. In addition the share of cash, cash equivalents and securities maturing within 1 year is 19%. The settlement of derivative contracts is gross and is based on their contractual maturity. Obligations are honoured via sales of USD-denominated assets and/or a swap transaction, whereby it is possible that a cash outflow arises due to foreign exchange differences. No liquidity management is necessary with regard to collateral or margin requirements, as the current hedging counterparty accepts to operate with the Commission without any requirements for collateral or margin calls.

## 6.7. OTHER PRICE RISK

As at 31 December 2023, the EU is exposed to other price risks (equity risk) arising from non-quoted equity investments (such as venture capital and other investment funds), money market funds (such as the EIB Unitary Fund), ETFs and investments in pooled portfolios (see note **2.4.2.1**), as well as through guarantees covering non-quoted equity and quasi equity investments, treated as derivatives at fair value through surplus or deficit (see note **2.4.2.2**).

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

The effect on surplus or deficit of a 10% value increase or decrease of the above-mentioned instruments would be as follows:

	10%	EUR million (10)%
<i>Equity investments</i>	289	(289)
<i>MMFs, ETFs and investments in pooled portfolios</i>	481	(481)
<i>Guarantees on equity*</i>	506	(506)
<b>Total at 31.12.2023</b>	<b>1 276</b>	<b>(1 276)</b>
<i>Equity investments</i>	253	(253)
<i>MMFs, ETFs and investments in pooled portfolios</i>	290	(290)
<i>Guarantees on equity*</i>	469	(469)
<b>Total at 31.12.2022</b>	<b>1 012</b>	<b>(1 012)</b>

\*The risk of guarantees on equity is based on the notional amount that is covered by the guarantee.

The EU invests in, or guarantees, unquoted assets whose values are not publicly available. Most of these financial instruments are implemented by the entrusted entities, who are experts in the industry and they assess and monitor those assets on a regular basis.

<sup>19</sup> For example, in the Working Document XI attached to the Draft Budget that presents the implementation of Budgetary Guarantees, the Common Provisioning Fund and the assessment of the sustainability of the contingent liabilities arising from budgetary guarantees and financial assistance pursuant to Article 41(5) of the Financial Regulation.

## 7. RELATED PARTY DISCLOSURES

### 7.1. RELATED PARTIES

The related parties of the EU are the EU consolidated entities, associates and the key management personnel of these entities. Transactions between these entities take place as part of the normal operations of the EU and as this is the case, no specific disclosure requirements are necessary for these transactions in accordance with the EU accounting rules.

### 7.2. KEY MANAGEMENT ENTITLEMENTS

For the purposes of presenting information on related party transactions concerning the key management personnel of the EU, such persons are shown here under five categories:

**Category 1:** the Presidents of the European Council, the Commission and the Court of Justice of the European Union

**Category 2:** the Vice-president of the Commission and High Representative of the EU for Foreign Affairs and Security Policy and the other Vice-presidents of the Commission

**Category 3:** the Secretary-General of the Council, the Members of the Commission, the Judges and Advocates General of the Court of Justice of the European Union, the President and Members of the General Court, the Ombudsman and the European Data Protection Supervisor

**Category 4:** the President and Members of the European Court of Auditors

**Category 5:** the highest-ranking civil servants of the Institutions and Agencies

A summary of their entitlements is given below – further information can be found in the Staff Regulations published on the Europa website which is the official document describing the rights and obligations of all officials of the EU. Key management personnel have not received any preferential loans from the EU.

## KEY MANAGEMENT FINANCIAL ENTITLEMENTS

EUR

Entitlement (per employee)	Category 1	Category 2	Category 3	Category 4	Category 5
<b>Basic salary (per month)</b>	32 100.99	29 076.98 - 30 240.07	23 261.59 - 26 169.28	25 122.52 - 26 750.83	14 790.96 - 23 261.59
<b>Residential/Expatriation allowance</b>	15%	15%	15%	15%	0-4%-16%
<b>Family allowances:</b>					
Household (% salary)	2% + 215.91	2% + 215.9	2% + 215.91	2% + 215.91	2% + 215.91
Dependent child	471.80	471.80	471.80	471.80	471.80
Pre-school	115.26	115.26	115.26	115.26	115.26
Education, or	320.12	320.12	320.12	320.12	320.12
Education outside place of work	640.24	640.24	640.24	640.24	640.24
<b>Presiding judges allowance</b>	N/A	N/A	734.48	N/A	N/A
<b>Representation allowance</b>	1 739.59	1 118.02	745.5	N/A	N/A
<b>Annual travel costs</b>	N/A	N/A	N/A	N/A	Reimbursed
<b>Transfers to Member State:</b>					
Education allowance*	Yes	Yes	Yes	Yes	Yes
% of salary*	5%	5%	5%	5%	5%
% of salary with no cc	max 25%	max 25%	max 25%	max 25%	max 25%
<b>Representation expenses</b>	Reimbursed	Reimbursed	Reimbursed	N/A	N/A
<b>Taking up duty:</b>					
Installation expenses	64 201.98	58 153.96 - 60 480.14	46 523.18 - 52 338.56	50 245.04 - 53 501.66	Reimbursed
Family travel expenses	Reimbursed	Reimbursed	Reimbursed	Reimbursed	Reimbursed
Moving expenses	Reimbursed	Reimbursed	Reimbursed	Reimbursed	Reimbursed
<b>Leaving office:</b>					
Resettlement expenses	32 100.99	29 076.98 - 30 240.07	23 261.59 - 26 169.28	25 122.52 - 26 750.83	Reimbursed
Family travel expenses	Reimbursed	Reimbursed	Reimbursed	Reimbursed	Reimbursed
Moving expenses	Reimbursed	Reimbursed	Reimbursed	Reimbursed	Reimbursed
Transition (% salary)**	40% - 65%	40% - 65%	40% - 65%	40% - 65%	N/A
Sickness insurance	Covered	Covered	Covered	Covered	Covered
<b>Pension (% salary. before tax)</b>	Max 70%	Max 70%	Max 70%	Max 70%	Max 70%
<b>Deductions:</b>					
Community tax	8% - 45%	8% - 45%	8% - 45%	8% - 45%	8% - 45%
Sickness insurance (% salary)	1.7%	1.7%	1.7%	1.7%	1.7%
Special levy on salary	7%	7%	7%	7%	6-7%
Pension deduction	N/A	N/A	N/A	N/A	11.1%
<b>Number of persons at year-end</b>	<b>3</b>	<b>8</b>	<b>93</b>	<b>27</b>	<b>112</b>

\* with correction coefficient ('cc') applied

\*\* paid for the first 3 years following departure



## **8. EVENTS AFTER THE BALANCE SHEET DATE**

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

## 9. SCOPE OF CONSOLIDATION

### A. CONTROLLED ENTITIES (54)

#### 1. Institutions and consultative bodies (11)

<i>European Parliament</i>	<i>European Data Protection Supervisor</i>
<i>European Council</i>	<i>European Economic and Social Committee</i>
<i>European Commission</i>	<i>European Ombudsman</i>
<i>European Court of Auditors</i>	<i>European Committee of the Regions</i>
<i>Court of Justice of the European Union</i>	<i>Council of the European Union</i>
<i>European External Action Service</i>	

#### 2. EU Agencies (41)

##### 2.1. Executive Agencies (6)

<i>European Education and Culture Executive Agency (EACEA)</i>	<i>European Innovation Council and SMEs Executive Agency (EISMEA)</i>
<i>European Health and Digital Executive Agency (HaDEA)</i>	<i>European Research Council Executive Agency (ERCEA)</i>
<i>European Research Executive Agency (REA)</i>	<i>European Climate, Infrastructure and Environment Executive Agency (CINEA)</i>

##### 2.2. Decentralised Agencies (35)

<i>European Maritime Safety Agency (EMSA)</i>	<i>European Food Safety Authority (EFSA)</i>
<i>European Medicines Agency (EMA)</i>	<i>European Union Agency for Railways (ERA)</i>
<i>European Chemicals Agency (ECHA)</i>	<i>Community Plant Variety Office (CPVO)</i>
<i>European Institute for Gender Equality (EIGE)</i>	<i>European Fisheries Control Agency (EFCA)</i>
<i>European Environment Agency (EEA)</i>	<i>European Union Intellectual Property Office (EUIPO)</i>
<i>European Banking Authority (EBA)</i>	<i>European Union Aviation Safety Agency (EASA)</i>
<i>European Union Agency for Asylum (EUAA)</i>	<i>European Securities and Markets Authority (ESMA)</i>
<i>European Union Agency for Cybersecurity (ENISA)</i>	<i>European Training Foundation (ETF)</i>
<i>European Union Agency for Law Enforcement Training (CEPOL)</i>	<i>European Foundation for the Improvement of Living and Working Conditions (Eurofound)</i>
<i>European Union Agency for the Space Programme (EUSPA)</i>	<i>European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)</i>
<i>European Union Agency for Criminal Justice Cooperation (Eurojust)</i>	<i>European Union Agency for Law Enforcement Cooperation (EUROPOL)</i>
<i>European Agency for Safety and Health at Work (EU-OSHA)</i>	<i>European Union Agency for Fundamental Rights (FRA)</i>
<i>European Centre for Disease Prevention and Control (ECDC)</i>	<i>European Insurance and Occupational Pensions Authority (EIOPA)</i>
<i>European Centre for the Development of Vocational Training (CEDEFOP)</i>	<i>Translation Centre for the Bodies of the European Union (CdT)</i>
<i>European Union Agency for the Cooperation of Energy Regulators (ACER)</i>	<i>European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy)</i>
<i>Agency for Support for the Body of European Regulators for Electronic Communications (BEREC Office)</i>	<i>European Union Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA)</i>
<i>European Border and Coast Guard Agency (FRONTEX)</i>	<i>European Public Prosecutor's Office (EPPO)</i>
<i>European Labour Authority (ELA)</i>	

#### 3. Other controlled entities (2)

<i>European Coal and Steel Community in Liquidation (ECSC i.L.)</i>	<i>European Institute of Innovation and Technology (EIT)</i>
---	--

### B. ASSOCIATES (1)

<i>European Investment Fund (EIF)</i>
---------------------------------------

## MINOR ENTITIES

The entities listed below have not been consolidated using the equity method in the 2023 EU consolidated financial statements on the basis of immateriality:

### **MINOR ENTITIES (10)**

*Circular Bio-based Europe Joint Undertaking (CBE JU)*

*Clean Aviation Joint Undertaking (CAJU)*

*Clean Hydrogen Joint Undertaking (Clean H2 JU)*

*Europe's Rail Joint Undertaking (EU-RAIL JU)*

*Innovative Health Initiative Joint Undertaking (IHI JU)*

*Key Digital Technologies Joint Undertaking (KDT JU)*

*Single European Sky ATM Research 3 Joint Undertaking (SESAR 3 JU)*

*European High Performance Computing Joint Undertaking (EuroHPC JU)*

*Global Health EDCTP3 Joint Undertaking (GHED JU)*

*Smart Networks and Services Joint Undertaking (SNS JU)*

The annual accounts of the above entities are publicly available on their respective websites.

# **BUDGETARY IMPLEMENTATION REPORTS AND EXPLANATORY NOTES**

*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

1.	EU BUDGET RESULT .....	139
2.	STATEMENTS OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS .....	140
3.	NOTES TO THE BUDGETARY IMPLEMENTATION REPORTS .....	142
3.1.	THE EU BUDGET FRAMEWORK .....	142
3.2.	MULTIANNUAL FINANCIAL FRAMEWORK 2021-2027 .....	142
3.3.	MFF DETAILED HEADINGS (PROGRAMMES).....	144
3.4.	NextGenerationEU .....	144
3.5.	ANNUAL BUDGET.....	145
3.6.	REVENUE .....	147
3.7.	CALCULATION OF THE BUDGET RESULT .....	148
3.8.	RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT.....	150
4.	IMPLEMENTATION OF THE 2023 EU BUDGET .....	152
5.	IMPLEMENTATION OF EU BUDGET REVENUE.....	153
5.1.	SUMMARY OF THE IMPLEMENTATION OF EU BUDGET REVENUE.....	153
6.	IMPLEMENTATION OF EU BUDGET EXPENDITURE .....	154
6.1.	MFF: BREAKDOWN & CHANGES IN COMMITMENT & PAYMENT APPROPRIATIONS .....	154
6.2.	MFF: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS .....	155
6.3.	MFF: IMPLEMENTATION OF PAYMENT APPROPRIATIONS .....	156
6.4.	MFF: MOVEMENTS IN OUTSTANDING COMMITMENTS (RAL) .....	157
6.5.	MFF: OUTSTANDING COMMITMENTS BY YEAR OF ORIGIN .....	158
6.6.	MFF: OUTSTANDING COMMITMENTS BY APPROPRIATIONS TYPE .....	159
6.7.	DETAILED MFF: BREAKDOWN AND CHANGES IN COMMITMENT AND PAYMENT APPROPRIATIONS .....	160
6.8.	DETAILED MFF: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS	166
6.9.	DETAILED MFF: IMPLEMENTATION OF PAYMENT APPROPRIATIONS.....	172
6.10.	DETAILED MFF: MOVEMENTS IN OUTSTANDING COMMITMENTS (RAL)..	179
6.11.	DETAILED MFF: OUTSTANDING COMMITMENTS BY YEAR OF ORIGIN ....	185
6.12.	DETAILED MFF: OUTSTANDING COMMITMENTS BY APPROPRIATIONS TYPE.....	190
7.	IMPLEMENTATION OF THE BUDGET BY INSTITUTION .....	196
7.1.	IMPLEMENTATION OF BUDGET REVENUE.....	196
7.2.	IMPLEMENTATION OF COMMITMENT APPROPRIATIONS.....	197
7.3.	IMPLEMENTATION OF PAYMENT APPROPRIATIONS .....	198
8.	IMPLEMENTATION OF THE AGENCIES' BUDGETS .....	199
8.1.	BUDGET REVENUE .....	199
8.2.	COMMITMENT AND PAYMENT APPROPRIATIONS BY AGENCY.....	200

# 1. EU BUDGET RESULT

EUR million

Note	2023	2022
a Revenue for the financial year	248 361	245 265
b Payments against current year appropriations	(236 739)	(239 157)
c Payment appropriations carried over to year N+1	(3 014)	(2 452)
d Cancellation of unused appropriations carried over from year N-1	4	80
e Evolution of assigned revenue (B)-(A)	(8 055)	(1 121)
<i>Unused appropriations at the end of current year (A)</i>	23 207	15 152
<i>Unused appropriations at the end of previous year (B)</i>	15 152	14 032
f Exchange rate differences for the year	78	(97)
<b>g Budget result</b>	<b>635</b>	<b>2 519</b>

The budget result of the EU is returned to the Member States in the following year through deduction against their amounts due for that year. It is calculated in accordance with Article 1(1) of Council Regulation (EU, Euratom) No 608/2014 laying down implementing measures for the system of own resources. More information can be found under section 3.7 Calculation of the budget result.

- a. Revenue for the financial year: table 5.1 'Summary of the implementation of EU Budget Revenue', column 8 'Total Revenue'.
- b. Payments against current year appropriations: table 6.3 'MFF – Implementation of Payment appropriations', column 2 'Payments made from adopted budget' and column 4 'Payments made from assigned revenue'.
- c. Payment appropriations carried over to year N+1: table 6.3 'MFF – Implementation of Payment appropriations', column 7 automatic carry-overs plus column 8 carry-over by decision.
- d. Cancellation of unused payment appropriations carried over from year N-1: takes into account the amount of payment appropriations carried over (automatically and on decision) at the end of previous year and the current year's 'Payments made from carryovers' as in column 3 of table 6.3 'MFF – Implementation of Payment appropriations'.
- e. Evolution of the total assigned revenue appropriations at year-end: calculates the difference of the amount of assigned revenue appropriations at the end of previous year (plus) and the amount of assigned revenue appropriations at the end of the current year (as in column 8 of table 6.3 'MFF – Implementation of Payment appropriations' - minus) to obtain the net variation of assigned revenue in the current year.
- f. Exchange rate differences include realised and non-realised exchange rate differences.
- g. The total budget result amount consists of two elements:
  - EFTA result EUR 3 395 124.46
  - EU result EUR 631 696 140.84

## 2. STATEMENTS OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### Budget revenue

EUR million

	Initial budget adopted	Final adopted budget	Entitlements established	Revenue
1 Own resources	156 573	151 041	149 339	149 536
11 - Sugar levies	0	0	2	2
12 - Customs duties	21 590	23 730	21 884	22 081
13 - VAT	20 720	22 459	22 482	22 482
14 - GNI	107 886	97 650	97 702	97 702
16 - Reduction of GNI-based contribution granted to certain Member States	-	-	43	43
17 - Plastic packaging waste	6 377	7 202	7 225	7 225
2 Surpluses, balances and adjustments	0	2 519	2 558	2 551
3 Administrative revenue	1 895	1 895	2 794	2 757
4 Financial revenue, default interest and fines	121	710	17 162	2 480
5 Budgetary guarantees, borrowing-and-lending operations	0	0	67 589	67 589
6 Revenue, contributions and refunds related to union policies	10 060	9 038	28 215	23 447
<b>Total</b>	<b>168 649</b>	<b>165 203</b>	<b>267 656</b>	<b>248 361</b>
of which Next Generation EU (NGEU)	-	-	68 386	68 386

### Budget expenditure: commitments by multiannual financial framework (MFF) heading

EUR million

MFF Heading	Initial adopted budget	Final adopted budget	Total appropriations available	Commitments made
1 Single Market, Innovation and Digital	21 548	21 446	29 794	27 951
2 Cohesion, Resilience and Values	70 587	70 652	201 195	196 751
2a. Economic, social and territorial cohesion	62 926	62 926	67 852	66 573
2b. Resilience and values	7 660	7 725	133 343	130 178
3 Natural Resources and Environment	57 259	57 218	65 063	63 567
of which: Market related expenditure and direct payments	40 692	40 692	41 805	41 134
4 Migration and Border Management	3 727	3 727	3 846	3 801
5 Security and Defence	2 117	2 117	2 165	2 149
6 Neighbourhood and the World	17 212	17 791	20 484	19 598
7 European Public Administration	11 311	11 346	12 740	12 303
of which: Administrative expenditure of the institutions	4 687	4 689	5 235	5 056
O Outside MFF	-	-	5 446	3 685
S Solidarity mechanisms within and outside the Union (Special instruments)	2 855	2 180	3 397	2 483
<b>Total</b>	<b>186 617</b>	<b>186 477</b>	<b>344 131</b>	<b>332 290</b>
of which Next Generation EU (NGEU)	-	-	115 890	115 629

## Budget expenditure: payments by multiannual financial framework (MFF) heading

EUR million				
MFF Heading	Initial adopted budget	Final adopted budget	Total appropriations available	Payments made
1 Single Market, Innovation and Digital	20 901	20 129	29 688	25 323
2 Cohesion, Resilience and Values	58 059	56 469	128 996	120 617
2a. Economic, social and territorial cohesion	50 875	49 237	70 809	65 696
2b. Resilience and values	7 184	7 232	58 186	54 922
3 Natural Resources and Environment	57 456	56 656	61 442	59 476
of which: Market related expenditure and direct payments	40 698	40 698	41 811	41 120
4 Migration and Border Management	3 038	2 662	2 903	2 665
5 Security and Defence	1 208	1 386	1 422	1 386
6 Neighbourhood and the World	13 995	14 574	15 870	15 232
7 European Public Administration	11 311	11 346	13 787	12 260
of which: Administrative expenditure of the institutions	4 687	4 689	5 889	5 039
O Outside MFF	–	–	8 434	226
S Solidarity mechanisms within and outside the Union (Special instruments)	2 680	1 981	3 198	2 001
<b>Total</b>	<b>168 649</b>	<b>165 203</b>	<b>265 740</b>	<b>239 186</b>
of which Next Generation EU (NGEU)	–	–	69 221	66 129

## Budget expenditure: outstanding commitments by multiannual financial (MFF) heading

EUR million				
MFF Heading	Outstanding commitments carried-over from 2022	Liquidation of outstanding commitm. carried from 2022	New outstanding commitments from 2023	Total outstanding commitments
	1	2	3	4=1+2+3
1 Single Market, Innovation and Digital	50 130	(18 858)	20 654	51 926
2 Cohesion, Resilience and Values	301 081	(112 502)	188 178	376 757
2a. Economic, social and territorial cohesion	154 302	(63 801)	64 363	154 864
2b. Resilience and values	146 779	(48 701)	123 815	221 893
3 Natural Resources and Environment	53 459	(17 558)	21 575	57 477
of which: Market related expenditure and direct payments	357	(128)	129	358
4 Migration and Border Management	4 008	(1 559)	2 671	5 121
5 Security and Defence	3 061	(1 044)	1 785	3 803
6 Neighbourhood and the World	36 962	(10 731)	13 755	39 987
7 European Public Administration	1 048	(1 048)	1 004	1 004
of which: Administrative expenditure of the institutions	654	(654)	608	608
O Outside MFF	3 071	(208)	3 584	6 447
S Solidarity mechanisms within and outside the Union (Special instruments)	0	(0)	482	482
<b>Total</b>	<b>452 821</b>	<b>(163 506)</b>	<b>253 689</b>	<b>543 003</b>
of which Next Generation EU (NGEU)	189 132	(64 516)	113 995	238 611
of which excluding Next Generation EU (NGEU)	263 689	(98 990)	139 694	304 392



### 3. NOTES TO THE BUDGETARY IMPLEMENTATION REPORTS

#### 3.1. THE EU BUDGET FRAMEWORK

The budgetary accounts are kept in accordance with the Financial Regulation (FR). The general budget is the instrument which provides for and authorises the Union's revenue and expenditure every year, within the ceilings and other provisions laid down in the MFF in line with the legislative acts concerning multiannual programmes adopted under that framework.

#### 3.2. MULTIANNUAL FINANCIAL FRAMEWORK 2021-2027

EUR million in current prices

	2021	2022	2023	2024	2025	2026	2027	Total
1. Single Market, Innovation and Digital	20 919	21 878	21 727	21 598	21 272	21 847	22 077	151 318
2. Cohesion, Resilience and Values	6 364	67 806	70 137	73 289	74 993	66 536	70 283	429 408
2a. Economic, social and territorial cohesion	1 769	61 345	62 939	64 683	66 479	56 725	58 639	372 579
2b. Resilience and Values	4 595	6 461	7 198	8 606	8 514	9 811	11 644	56 829
3. Natural Resources and Environment	56 841	56 965	57 295	57 449	57 558	57 332	57 557	400 997
Of which: Market related expenditure and direct payments	40 368	40 639	40 693	40 603	40 665	40 691	40 651	284 310
4. Migration and Border Management	1 791	3 360	3 814	4 020	4 387	4 315	4 465	26 152
5. Security and Defence	1 696	1 896	1 946	2 004	2 243	2 435	2 705	14 925
6. Neighbourhood and the World	16 247	16 802	16 329	15 830	15 304	14 754	15 331	110 597
7. European Public Administration	10 635	11 058	11 419	11 773	12 124	12 506	12 959	82 474
Of which: Administrative expenditure of the institutions	8 216	8 528	8 772	9 006	9 219	9 464	9 786	62 991
<b>TOTAL COMMITMENT APPROPRIATIONS</b>	<b>114 493</b>	<b>179 765</b>	<b>182 667</b>	<b>185 963</b>	<b>187 881</b>	<b>179 725</b>	<b>185 377</b>	<b>1 215 871</b>
<b>TOTAL PAYMENT APPROPRIATIONS</b>	<b>163 496</b>	<b>166 534</b>	<b>168 575</b>	<b>170 543</b>	<b>173 654</b>	<b>177 126</b>	<b>180 668</b>	<b>1 200 596</b>
as a percentage of GNI	1.18%	1.12%	1.03%	0.96%	0.94%	0.92%	0.91%	1.01%

Council Regulation (EU, Euratom) 2020/2093 laying down the 2021-2027 MFF was adopted on 17 December 2020<sup>20</sup>. The above table shows the MFF ceilings at current prices<sup>21</sup>, in accordance with the fixed annual deflator of 2% set out in Article 4(2) of the MFF Regulation. As stipulated in the Council Regulation (EU, Euratom) 2020/2093 laying down the 2021-2027 MFF, for commitment appropriations

<sup>20</sup> Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027, OJ L 433I, 22.12.2020, p. 11.

<sup>21</sup> Technical adjustment of the financial framework for 2024 in accordance with Article 4 of Council Regulation (EU, Euratom) 2021/365 laying down the multiannual financial framework for the years 2021 to 2027, COM(2023) 320 final, 6.6.2023.

the amounts are split per Heading; for payment appropriations the ceilings only apply at total level. 2023 was the third financial year covered by the MFF 2021-2027.

The overall ceiling for commitment appropriations for 2023 was EUR 182 667 million, whilst the corresponding ceiling for payment appropriations was EUR 168 575 million.

Pursuant to Article 312(3) TFEU, the MFF determines the amounts of the annual ceilings for commitment appropriations by category of expenditure ('headings') and of the annual ceilings for payment appropriations. MFF headings correspond to the Union's major sectors of activity. An explanation of the various headings of the 2021-2027 MFF is given below.

The MFF 2021-2027 amounts to EUR 1 216 billion (EUR 1 077 billion in 2018 prices), including the European Development Fund (EDF). In addition, NextGenerationEU provides an additional amount of EUR 806.9 billion (EUR 750 billion in 2018 prices) up to 2023 in commitments and 2026 in payments. This initial amount has been adjusted to EUR 712 billion, as the total available loan support was not fully requested by the Member States.

For the annual budget procedure, the budget nomenclature is further structured by policy 'clusters', providing further clarity on how individual spending programmes contribute to the Union's policy goals.

### Heading 1 – Single Market, Innovation and Digital

This heading includes key EU programmes supporting the areas of research and innovation, digital transformation, strategic infrastructure, strengthening the single market and strategic space projects. Programmes under this heading include Horizon Europe, the InvestEU Fund, Connecting Europe Facility, the Single market programme and the European space programme.

Programmes receiving contributions from NGEU (external assigned revenue) under this heading: Horizon Europe and InvestEU Fund.

### Heading 2 – Sustainable growth: natural resources

This heading is divided in two sub-headings: Economic, social and territorial cohesion (2a), and Resilience and values (2b).

Spending under this heading aims at strengthening the resilience and cohesion between the EU Member States. The funding helps reduce disparities in and between EU regions, and within and across Member States, and promotes sustainable territorial development (European Regional Development Fund, Cohesion Fund, European Social Fund Plus). It also supports the Union's solidarity and cooperation in preparedness and response to disasters (Union Civil Protection Mechanism and rescEU). In addition, programmes under this heading seek to make the EU more resilient to present and future challenges by investing in the green and digital transition, young people (Erasmus), health (EU4Health) and action to protect EU values (Justice, Rights and Values) and promote cultural diversity (Creative Europe).

This heading includes the RRF, powered by the vast majority of the funding provided by NGEU over the period 2021-2023. Other programmes receiving contributions from NGEU (external assigned revenue) under this heading: REACT-EU, Union Civil Protection Mechanism (rescEU). For a more detailed overview of the RRF activities, consult sections on the NGEU **2** and **3** of the Financial Highlights of the Year.

### Heading 3 – Natural Resources and Environment

Expenditure under this heading invests in sustainable agriculture (common agricultural policy) and fisheries and maritime policy (European Maritime, Fisheries and Aquaculture Fund), as well programmes dedicated to environmental protection and climate action (LIFE programme, Just Transition Fund).

Programmes receiving contributions from NGEU (external assigned revenue) under this heading: rural development, Just Transition Fund.

### Heading 4 – Migration and Border Management

The programmes (Asylum, Migration and Integration Fund, Integrated Border Management Fund) and the decentralised agencies (such as the European Border and Coast Guard Agency (Frontex) and the European Union Agency for Asylum) financed under this heading seek to tackle the challenges linked to migration and the management of the EU's external borders and to the safeguarding of the asylum system within the EU.

## Heading 5 – Security and Defence

This heading reflects the increased need for cooperation at Union level to address security threats and increase its strategic autonomy. It includes programmes whose role is to improve the security and safety of Europe's citizens (Internal Security Fund), to strengthen Europe's defence capacities (European Defence Fund), and to provide the tools needed to respond to internal and external security challenges.

## Heading 6 – Neighbourhood and the World

Programmes under this heading reinforce the EU socio-economic impact in its neighbourhood, in developing countries and the rest of the world. The new NDICI- Global Europe instrument merges several former EU external financing instruments, including cooperation with African, Caribbean and Pacific (ACP) countries previously financed by the European Development Fund. The heading also includes assistance for countries preparing for accession to the EU (Pre-accession assistance) and the Union's Humanitarian Aid programme.

## Heading 7 - European Public Administration

This heading covers administrative expenditure for all institutions, pensions and the European Schools.

## S - Special instruments

Flexibility mechanisms in the EU budget enable the EU to mobilise the necessary funds to react to unforeseen events such as crisis, natural disasters and emergency situations. Their scope, financial allocation and operating modalities are provided for in the MFF Regulation and the Inter Institutional Agreement. They ensure that budgetary resources can respond to evolving priorities, so that every euro is used where it is most needed.

In the annual budgetary nomenclature and implementation, they are identified as special instruments ('S'), as they can be mobilised over and above the MFF expenditure ceilings, both for commitment and payment appropriations.

## 3.3. MFF DETAILED HEADINGS (PROGRAMMES)

The headings of the MFF are further broken down into detailed headings, corresponding to the main spending programmes (e.g. Horizon 2020, Erasmus+ etc.). Underlying legal bases for budget implementation are adopted at this programme level. Programmes are the commonly used structure for reporting on implementation and results. Tables by programme are shown in the budgetary implementation reports (see tables **6.7 - 6.12** below).

## 3.4. NextGenerationEU

With a budget of EUR 421.1 billion for the non-repayable support (grants), NGEU has a major impact on the total EU annual budgets 2021 through to 2026 and on their implementation. In 2021, this amount has been fully inscribed as assigned revenue appropriations. All commitments for the non-repayable support will be entered by the 31 December 2023 and will be honoured by payments by 31 December 2026, in accordance with the Articles 3(4) and 3(9) of the EURI Regulation<sup>22</sup>.

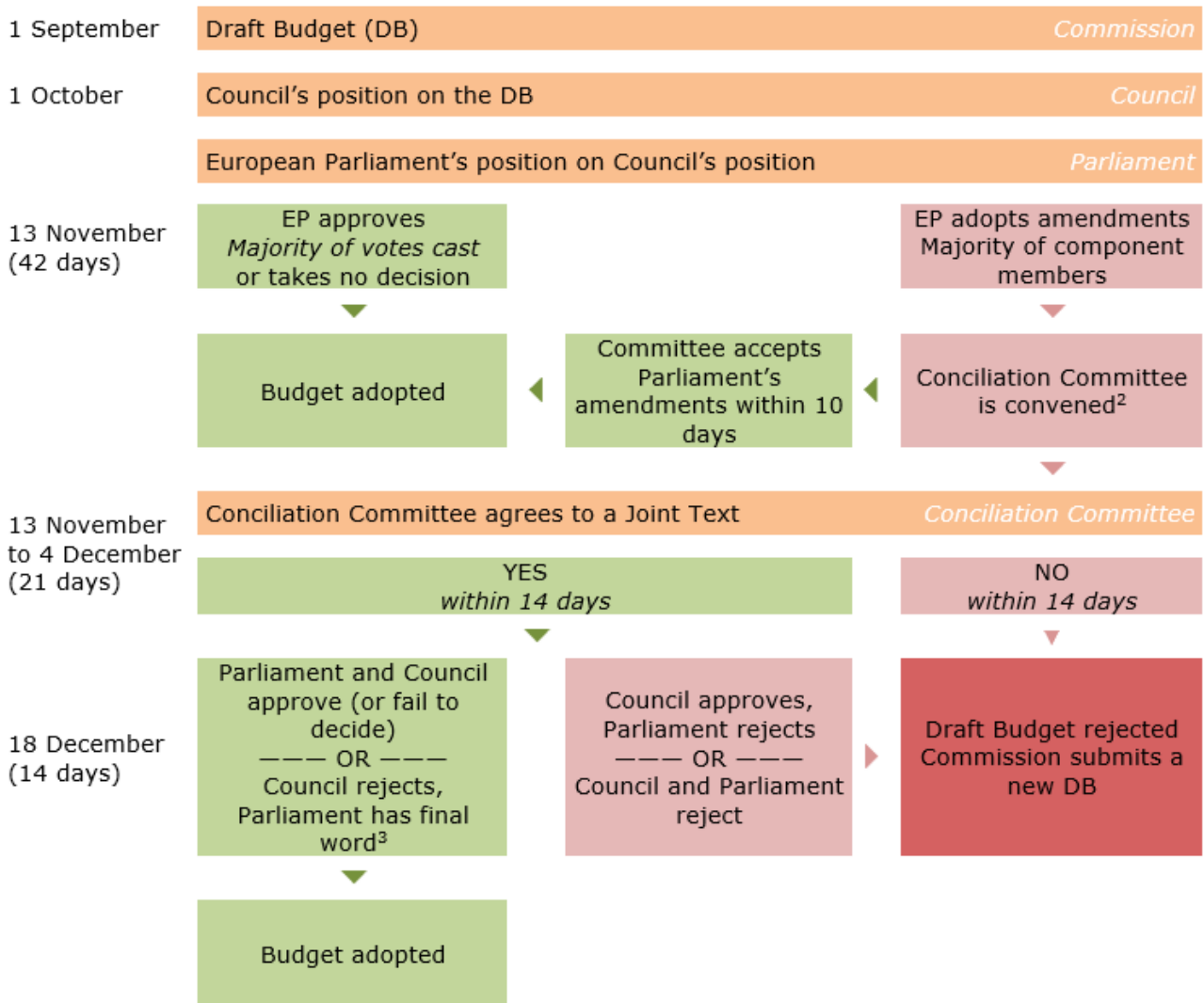
For a comprehensive overview of the NGEU activities, consult sections **2** and **3** of the Financial Highlights of the Year.

<sup>22</sup> Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis.

### 3.5. ANNUAL BUDGET

The budget adoption procedure is laid down in Article 314 of the Treaty on the Functioning of the EU. The following diagram presents the deadlines as well as the steps of the budget adoption.

#### Treaty timetable<sup>1</sup>



- 1) In practice, the three institutions endeavour to present their respective documents earlier in the year in order to smooth the process.
- 2) The Conciliation Committee is composed of the members of the Council or their representatives and an equal number of members representing the European Parliament. The Commission takes part in the Conciliation Committee's proceedings and takes all the necessary initiatives to reconcile the positions of the European Parliament and the Council.
- 3) The European Parliament approves the joint text and then, within 14 days of the Council's rejection, decides (by a majority of its component members and 3/5 of the votes cast) to confirm all or some of its amendments.

The budget structure for the Commission consists of administrative and operational appropriations. The other Institutions have only administrative appropriations. Furthermore, the budget distinguishes between two types of appropriations: non-differentiated and differentiated. Non-differentiated appropriations are used to finance operations of an annual nature (which comply with the principle of annuality). Differentiated appropriations are used in order to reconcile the principle of annuality with the

need to manage multiannual operations. Differentiated appropriations are split into commitment and payment appropriations:

- **commitment appropriations:** cover the total cost of the legal obligations, entered into for the current financial year, for operations extending over a number of years. However, budgetary commitments for actions extending over more than one financial year may be broken down over several years, into annual instalments, where the basic act so provides.
- **payment appropriations:** cover expenditure arising from commitments entered into in the current financial year and/or earlier financial years.

In the accounts, the types of funding are grouped into two main items:

- Final adopted budget appropriations; and
- Additional appropriations containing:
  - Carry-overs from previous year (the Financial Regulation allows, for a limited number of cases, to carry unspent amounts from the previous year into the current year); and
  - Assigned revenue arising from reimbursements, contributions from third parties/countries to EU programmes and work performed for third parties; these are assigned directly to the corresponding expenditure budget lines and constitute the third pillar of funding.

All funding types together form the available appropriations.

## 3.6. REVENUE

### 3.6.1. Own resources revenue

The vast majority of revenue comes from own resources, which consist of the following categories:

- (1) Traditional own resources (TOR): accounted for around 15% of own resources revenue in 2023.
- (2) Value added tax (VAT) based resource: accounted for around 15% of own resources revenue in 2023.
- (3) Resource based on plastic packaging waste that is not recycled: accounted for around 5% of own resources revenue in 2023.
- (4) Gross national income (GNI) based resource: accounted for around 65% of own resources revenue in 2023.

Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the EU (Own Resources Decision 2020) specifies the categories of own resources and lays down the methods for their calculation. This decision entered into force on 1 June 2021 and was applied retroactively from 1 January 2021.

The Own Resources Decision 2020 stipulates that the total amount of own resources allocated to the Union to cover annual appropriations for payments shall not exceed 1.40% of the sum of all the Member States' GNIs. In addition, the decision empowers the Commission on an exceptional basis to borrow temporarily up to EUR 750 billion in 2018 prices on the capital markets on behalf of the Union to address the consequences of the COVID-19 pandemic through the recovery instrument NextGenerationEU. The own resources ceiling for appropriations for payments will be increased temporarily by 0.6 percentage points to cover all liabilities resulting from this borrowing.

As from 2021, 'other revenue' of the EU budget includes the financial contributions from the United Kingdom resulting from the financial settlement under the UK Withdrawal Agreement.

### 3.6.2. Traditional own resources (TOR)

TOR consist of customs duties levied on imports from third countries, which are collected by Member States on behalf of the EU. However, Member States retain 25% to cover their collection costs. All established TOR amounts must be entered in one of the following accounts kept by the competent authorities:

In the ordinary accounts provided for in Article 6(3) of Council Regulation (EU, Euratom) No 609/2014: all amounts recovered or guaranteed.

In the separate accounts provided for in the same Article: all amounts not yet recovered and/or not guaranteed; amounts guaranteed but challenged may also be entered in this account.

Member States must book TOR to the Commission's account via their treasury or national central bank no later than the first working day after the 19th day of the second month following the month in which the entitlement was established (or recovered in the case of the separate account).

### 3.6.3. Value added tax (VAT)

The VAT own resource is calculated based on Member States' VAT bases, which are harmonised for this purpose in accordance with EU rules. A uniform call rate of 0.30% applies to each Member State's total amount of VAT receipts collected for all taxable supplies divided by the weighted average VAT rate. The VAT base is capped at 50% of each Member State's GNI.

#### 3.6.4. Non-recycled plastic packaging waste

A uniform call rate of EUR 0.80 per kilogram applies to the weight of plastic packaging waste generated in each Member State that is not recycled. The plastic packaging waste that is not recycled in a given year is calculated as the difference between the plastic packaging waste generated and the plastic packaging waste recycled in that year in a Member State. Bulgaria, Czechia, Estonia, Greece, Spain, Croatia, Italy, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Portugal, Romania, Slovenia and Slovakia are entitled to specific annual lump sum reductions in their respective plastics own resource contributions.

#### 3.6.5. Gross national income (GNI)

The resource based on gross national income (GNI) is used to finance that part of the budget that is not covered by other revenue sources. A uniform call rate is levied on each Member State's GNI, which is established in accordance with EU rules.

#### 3.6.6. Gross reduction

For the period 2021-2027, the following Member States benefit from a gross reduction in their annual GNI-based contributions; EUR 565 million for Austria, EUR 377 million for Denmark, EUR 3 671 million for Germany, EUR 1 921 million for the Netherlands and EUR 1 069 million for Sweden. These gross reductions are measured in 2020 prices and financed by all Member States.

#### 3.6.7. Adjustments to own resources of previous financial years

VAT and GNI-based resources are determined on the basis of forecasts of the relevant bases made when the draft budget is prepared. These forecasts are subsequently revised and updated during the budget year concerned, by means of an amending budget. Differences between the amounts due by the Member States with reference to the actual bases, and the amounts actually paid on the basis of the (revised) forecasts, either positive or negative, are called by the Commission from the Member States for the first working day of March of the third year following the budget year concerned. Corrections may still be made to the actual VAT and GNI bases during the subsequent four years, unless a reservation is issued. These reservations represent potential claims on the Member States for uncertain amounts, as their financial impact cannot be accurately estimated. When the exact amount can be determined, the corresponding VAT and GNI-based resources are called either in connection with the VAT and GNI balances exercise or by individual calls for funds. The forecast of the plastics-based own resource is adjusted in a similar way. However, the differences between the amounts due by the Member States according to their annual statements with the outturn data, and the amounts actually paid on the basis of the (revised) forecasts, either positive or negative, are called by the Commission from the Member States for the first working day of June of the third year following the budget year concerned. Corrections may still be made to the actual bases during the subsequent five years, unless a reservation is issued.

### 3.7. CALCULATION OF THE BUDGET RESULT

The budget result of the EU is returned to the Member States during the following year through deduction of their amounts due for that year.

The amounts of own resources entered in the accounts are those credited during the course of the year to the accounts opened in the Commission's name by the governments of the Member States. Revenue comprises also, in the case of a surplus, the budget result for the previous financial year. The other revenue entered in the accounts is the amount actually received during the course of the year.

For the purposes of calculating the budget result for the year, expenditure comprises payments made against the year's appropriations plus any of the appropriations for that year that are carried over to the following year. Payments made against the year's appropriations means payments that are made by the Accounting Officer by 31 December of the financial year. For the EAGF, payments are those effected by the Member States between 16 October N-1 and 15 October N, provided that the Accounting Officer was notified of the commitment and authorisation by 31 January N+1. EAGF expenditure may be subject to a conformity decision following controls in the Member States.

The budget result comprises two elements: the result of the EU and the result of the participation of the EFTA countries belonging to the European Economic Area (EEA). In accordance with Article 1(1) of Regulation No 608/2014 laying down implementing measures for the system of own resources, this result represents the difference between:

- total revenue received for the financial year; and
- total payments made against current year's appropriations plus the total amount of that year's appropriations carried over to the following year.

The following are added to or deducted from the resulting figure:

- the net balance of cancellations of payment appropriations carried over from previous years and any payments which, because of fluctuations in the euro rate, exceed non-differentiated appropriations carried over from the previous year;
- the evolution of assigned revenue; and
- the net exchange rate gains or losses recorded during the year.

Appropriations carried over from the previous financial year in respect of contributions by and work for third parties, which by definition never lapse, are included as additional appropriations for the financial year. This explains the difference between carryovers from the previous year in the year N budget implementation reports and those carried over to the following year in the year N-1 budget implementation reports. Commitment appropriations made available again following the repayment of payments on account are disregarded when calculating the budget result.

Payment appropriations carried over include automatic carry-overs and carry-overs by decision. The cancellation of unused payment appropriations carried over from the previous year comprises the cancellations of appropriations carried over automatically and by decision.



### 3.8. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

EUR million

	2023	2022
<b>ECONOMIC RESULT OF THE YEAR</b>	<b>(71 437)</b>	<b>(91 949)</b>
<b>Revenue</b>		
<i>Entitlements established in current year but not yet collected</i>	(5 714)	(5 978)
<i>Entitlements established in previous years and collected in current year</i>	10 046	8 235
<i>Entitlements collected not to be treated as revenue in the economic result</i>	73 209	65 852
<i>Accrued revenue (net)</i>	(923)	2 072
	<b>76 618</b>	<b>70 181</b>
<b>Expenses</b>		
<i>Accrued expenses (net)</i>	14 090	45 648
<i>Expenses prior year paid in current year</i>	(1 638)	(2 053)
<i>Net-effect pre-financing</i>	(12 575)	(21 659)
<i>Payment appropriations carried over to next year</i>	(3 208)	(2 660)
<i>Payments made from carry-overs &amp; cancellation of unused payment</i>	(5 409)	3 331
<i>Movement in provisions</i>	3 752	3 650
<i>Other</i>	240	(2 139)
	<b>(4 748)</b>	<b>24 118</b>
<b>Economic result Agencies and ECSC i.L.</b>	<b>202</b>	<b>168</b>
<b>BUDGET RESULT OF THE YEAR</b>	<b>635</b>	<b>2 519</b>

In accordance with the Financial Regulation, the economic result of the year is calculated on the basis of accrual accounting principles and the EU Accounting Rules, while the budget result is based on modified cash accounting rules. As the economic result and the budget result cover the same underlying transactions – the exception being the other (non-budgetary) sources of revenue and expenditure of the agencies and the ECSC i.L. which are included in the economic result only – the reconciliation of the economic result of the year with the budget result of the year serves as a useful consistency check.

#### Reconciling items – Revenue

The actual budgetary revenue for 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. Therefore 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 current year must be added to the economic result for reconciliation purposes. Some entitlements collected are not to be treated as revenue in the economic result and must also be added for reconciliation purposes. They are mostly related to Next Generation EU financing.

The accrued revenue mainly consists of amounts related to financial corrections, own resources, interests and dividends. Only the net effect, i.e. accrued revenue for current year minus reversal accrued revenue from previous year, is taken into consideration.

#### Reconciling items – Expenditure

The accrued expenses mainly consists of accruals made for year-end cut-off purposes, i.e. eligible expenses incurred by beneficiaries of EU funds but not yet reported to the Commission. Only the net-effect, i.e. accrued expenses for current year minus the reversal of accrued expenses from the previous year, is taken into consideration. Payments made in the current year relating to invoices registered in prior years are part of current year's budgetary expenditure and therefore must be added to the economic result for reconciliation purposes.

The net effect of pre-financing is the combination of (1) the new pre-financing amounts paid in the current year and recognised as budgetary expenditure of the year and (2) the clearing of the pre-financing through eligible costs accepted during the current year. The latter represent 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.

As well as the payments made against the year's appropriations, the appropriations for that year that are carried forward to the next year also need to be taken into account in calculating the budget result for the year (in accordance with Article 1(1) of Regulation (EU, Euratom) No 608/2014). The same applies for the budgetary payments made in the current year from carry-overs from previous years, and the cancellation of unused payment appropriations.

The movement in provisions relates to year-end estimates made in the financial statements (employee benefits mainly) that do not impact the budgetary accounts. Other reconciling amounts comprise different elements such as asset amortisation/depreciation, asset acquisitions, capital lease payments and financial participations for which the budgetary and accrual accounting treatments differ.

#### **Reconciling item – Economic result Agencies and ECSC i.L.**

The budget result of the year is a non-consolidated figure and does not include the other (non-budgetary) sources of revenue and expenditure of the consolidated agencies and the ECSC i.L. (see note **6**). To reconcile the economic result of the year – a consolidated figure which includes these amounts – with the budgetary result of the year, the whole consolidated economic result of the year of the agencies and the ECSC i.L. is presented as a reconciling item.

## **4. IMPLEMENTATION OF THE 2023 EU BUDGET**

Please see section 6, 'Summary of budget implementation' in the Financial Highlights of the Year for explanatory notes on the 2023 budget implementation for revenue and expenditure, outstanding commitments and budget result.

## 5. IMPLEMENTATION OF EU BUDGET REVENUE

### 5.1. SUMMARY OF THE IMPLEMENTATION OF EU BUDGET REVENUE

EUR million

Title	Income appropriations		Entitlements established			Revenue			Receipts as % of budget	Out-standing
	Initial adopted budget	Final adopted budget	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total		
	1	2	3	4	5=3+4	6	7	8=6+7		
1 Own resources	156 573	151 041	147 777	1 562	149 339	148 062	1 474	149 536	99 %	(197)
11 - Sugar levies	0	0	2	(0)	2	2	-	2	-	(0)
12 - Customs duties	21 590	23 730	20 322	1 562	21 884	20 607	1 474	22 081	93 %	(197)
13 - VAT	20 720	22 459	22 482	-	22 482	22 482	-	22 482	100 %	-
14 - GNI	107 886	97 650	97 702	-	97 702	97 702	-	97 702	100 %	-
16 - Reduction of GNI-based contribution granted to certain Member States	-	-	43	-	43	43	-	43	-	-
17 - Plastic packaging waste	6 377	7 202	7 225	-	7 225	7 225	-	7 225	100 %	-
2 Surpluses, balances and adjustments	0	2 519	2 551	7	2 558	2 551	-	2 551	101 %	7
3 Administrative revenue	1 895	1 895	2 745	49	2 794	2 728	30	2 757	146 %	36
4 Financial revenue, default interest and fines	121	710	1 126	16 035	17 162	(604)	3 084	2 480	349 %	14 681
5 Budgetary guarantees, borrowing-and-lending operations	0	0	67 589	-	67 589	67 589	-	67 589	-	-
6 Revenue, contributions and refunds related to union policies	10 060	9 038	22 400	5 815	28 215	17 987	5 460	23 447	259 %	4 769
<b>Total</b>	<b>168 649</b>	<b>165 203</b>	<b>244 189</b>	<b>23 467</b>	<b>267 656</b>	<b>238 313</b>	<b>10 048</b>	<b>248 361</b>	<b>150 %</b>	<b>19 295</b>

## 6. IMPLEMENTATION OF EU BUDGET EXPENDITURE

### 6.1. MFF: BREAKDOWN & CHANGES IN COMMITMENT & PAYMENT APPROPRIATIONS

EUR million

MFF Heading	Commitment appropriations						Payment appropriations						
	Budget appropriations			Additional appropriations			Total approp. available	Budget appropriations			Additional appropriations		Total approp. available
	Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue	Initial adopted budget		Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue		
1	2	3=1+2	4	5	6=3+4+5	7	8	9=7+8	10	11	12=9+10+11		
1 Single Market, Innovation and Digital	21 548	(102)	21 446	149	8 199	29 794	20 901	(773)	20 129	107	9 452	29 688	
2 Cohesion, Resilience and Values	70 587	65	70 652	159	130 384	201 195	58 059	(1 590)	56 469	75	72 452	128 996	
2a. Economic, social and territorial cohesion	62 926	-	62 926	159	4 766	67 852	50 875	(1 638)	49 237	2	21 570	70 809	
2b. Resilience and values	7 660	65	7 725	0	125 618	133 343	7 184	48	7 232	73	50 882	58 186	
3 Natural Resources and Environment	57 259	(41)	57 218	488	7 357	65 063	57 456	(800)	56 656	493	4 293	61 442	
of which: Market-related expenditure and direct payments	40 692	-	40 692	485	627	41 805	40 698	-	40 698	486	627	41 811	
4 Migration and Border Management	3 727	-	3 727	16	103	3 846	3 038	(376)	2 662	3	238	2 903	
5 Security and Defence	2 117	-	2 117	3	45	2 165	1 208	178	1 386	6	30	1 422	
6 Neighbourhood and the World	17 212	579	17 791	1 159	1 534	20 484	13 995	579	14 574	104	1 192	15 870	
7 European Public Administration	11 311	34	11 346	1	1 393	12 740	11 311	34	11 346	1 032	1 409	13 787	
of which: Administrative expenditure of the institutions	4 687	3	4 689	1	545	5 235	4 687	3	4 689	641	559	5 889	
O Outside MFF	-	-	-	-	5 446	5 446	-	-	-	-	8 434	8 434	
S Solidarity mechanisms within and outside the Union (Special instruments)	2 855	(675)	2 180	746	471	3 397	2 680	(698)	1 981	746	471	3 198	
<b>Total</b>	<b>186 617</b>	<b>(140)</b>	<b>186 477</b>	<b>2 721</b>	<b>154 933</b>	<b>344 131</b>	<b>168 649</b>	<b>(3 446)</b>	<b>165 203</b>	<b>2 566</b>	<b>97 971</b>	<b>265 740</b>	

## 6.2. MFF: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

EUR million

MFF Heading	Total approp. available	Commitments made					Appropriations carried over to 2024			Appropriations lapsing			
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry- overs	from assigned revenue	Total
	1	2	3	4	5=2+3 +4	6=5/1	7	8	9=7+8	10	11	12	13=10+ 11+12
1 Single Market, Innovation and Digital	29 794	21 442	149	6 361	27 951	94 %	–	1 838	1 838	4	–	1	5
2 Cohesion, Resilience and Values	201 195	69 606	159	126 986	196 751	98 %	12	3 323	3 335	1 034	–	75	1 109
2a. Economic, social and territorial cohesion	67 852	61 882	159	4 532	66 573	98 %	12	159	171	1 033	–	75	1 108
2b. Resilience and values	133 343	7 724	0	122 454	130 178	98 %	0	3 164	3 164	1	–	0	1
3 Natural Resources and Environment	65 063	56 881	476	6 210	63 567	98 %	316	958	1 274	22	12	188	222
of which: Market-related expenditure and direct payments	41 805	40 374	473	286	41 134	98 %	316	341	657	3	12	–	14
4 Migration and Border Management	3 846	3 727	16	58	3 801	99 %	–	45	45	0	–	0	0
5 Security and Defence	2 165	2 113	3	33	2 149	99 %	–	12	12	4	–	0	4
6 Neighbourhood and the World	20 484	17 719	1 155	724	19 598	96 %	72	810	882	0	4	0	4
7 European Public Administration	12 740	11 300	1	1 003	12 303	97 %	1	390	391	45	0	0	45
of which: Administrative expenditure of the institutions	5 235	4 649	1	406	5 056	97 %	1	138	139	39	0	0	39
O Outside MFF	5 446	–	–	3 685	3 685	68 %	–	1 761	1 761	–	–	0	0
S Solidarity mechanisms within and outside the Union (Special instruments)	3 397	1 576	746	161	2 483	73 %	407	307	714	197	–	3	200
<b>Total</b>	<b>344 131</b>	<b>184 363</b>	<b>2 706</b>	<b>145 221</b>	<b>332 290</b>	<b>97 %</b>	<b>808</b>	<b>9 444</b>	<b>10 252</b>	<b>1 306</b>	<b>15</b>	<b>268</b>	<b>1 589</b>

### 6.3. MFF: IMPLEMENTATION OF PAYMENT APPROPRIATIONS

EUR million

MFF Heading	Total approp. available	Payments made					Appropriations carried over to 2024			Appropriations lapsing			
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry- overs	from assigned revenue	Total
	1	2	3	4	5=2+ 3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+ 11+12
1 Single Market, Innovation and Digital	29 688	20 000	98	5 225	25 323	85 %	110	4 221	4 331	19	9	5	34
2 Cohesion, Resilience and Values	128 996	55 644	72	64 901	120 617	94 %	811	7 545	8 356	13	3	7	23
2a. Economic, social and territorial cohesion	70 809	49 226	1	16 469	65 696	93 %	2	5 101	5 103	9	1	0	11
2b. Resilience and values	58 186	6 419	71	48 431	54 922	94 %	809	2 444	3 253	4	2	7	12
3 Natural Resources and Environment	61 442	56 306	481	2 689	59 476	97 %	324	1 604	1 928	26	12	0	38
of which: Market-related expenditure and direct payments	41 811	40 361	474	286	41 120	98 %	316	341	657	22	12	-	34
4 Migration and Border Management	2 903	2 594	2	68	2 665	92 %	3	170	173	65	1	0	65
5 Security and Defence	1 422	1 363	5	18	1 386	97 %	8	12	20	16	0	0	16
6 Neighbourhood and the World	15 870	14 417	80	734	15 232	96 %	143	457	600	14	23	0	38
7 European Public Administration	13 787	10 414	962	884	12 260	89 %	887	522	1 409	45	71	3	118
of which: Administrative expenditure of the institutions	5 889	4 083	593	363	5 039	86 %	567	194	761	39	48	2	89
O Outside MFF	8 434	-	-	226	226	3 %	-	8 208	8 208	-	-	-	-
S Solidarity mechanisms within and outside the Union (Special instruments)	3 198	1 254	746	1	2 001	63 %	728	468	1 196	0	0	1	1
<b>Total</b>	<b>265 740</b>	<b>161 992</b>	<b>2 447</b>	<b>74 747</b>	<b>239 186</b>	<b>90 %</b>	<b>3 014</b>	<b>23 207</b>	<b>26 221</b>	<b>197</b>	<b>119</b>	<b>17</b>	<b>333</b>

## 6.4. MFF: MOVEMENTS IN OUTSTANDING COMMITMENTS (RAL)

EUR million

MFF Heading	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at the end of the year
	Commitm. carried forward from previous year	Decommitm./ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commitm. made during the year	Payments	Cancellation of commitm. which cannot be carried over	Commitm. outstanding at year-end	
	1	2	3	4=1+2+3	5	6	7	8=5+6+7	9=4+8
1 Single Market, Innovation and Digital	50 130	(821)	(18 037)	31 272	27 951	(7 286)	(11)	20 654	51 926
2 Cohesion, Resilience and Values	301 081	(456)	(112 046)	188 579	196 751	(8 572)	(1)	188 178	376 757
2a. Economic, social and territorial cohesion	154 302	(314)	(63 487)	90 501	66 573	(2 209)	(1)	64 363	154 864
2b. Resilience and values	146 779	(142)	(48 558)	98 078	130 178	(6 363)	(0)	123 815	221 893
3 Natural Resources and Environment	53 459	(74)	(17 484)	35 901	63 567	(41 992)	(0)	21 575	57 477
of which: Market-related expenditure and direct payments	357	(13)	(116)	229	41 134	(41 005)	–	129	358
4 Migration and Border Management	4 008	(23)	(1 535)	2 449	3 801	(1 129)	(0)	2 671	5 121
5 Security and Defence	3 061	(22)	(1 022)	2 017	2 149	(364)	(0)	1 785	3 803
6 Neighbourhood and the World	36 962	(1 342)	(9 389)	26 232	19 598	(5 843)	(0)	13 755	39 987
7 European Public Administration	1 048	(85)	(963)	0	12 303	(11 296)	(3)	1 004	1 004
of which: Administrative expenditure of the institutions	654	(61)	(593)	–	5 056	(4 446)	(2)	608	608
O Outside MFF	3 071	(83)	(125)	2 863	3 685	(101)	–	3 584	6 447
S Solidarity mechanisms within and outside the Union (Special instruments)	0	(0)	(0)	–	2 483	(2 001)	–	482	482
<b>Total</b>	<b>452 821</b>	<b>(2 905)</b>	<b>(160 601)</b>	<b>289 315</b>	<b>332 290</b>	<b>(78 585)</b>	<b>(16)</b>	<b>253 689</b>	<b>543 003</b>



## 6.5. MFF: OUTSTANDING COMMITMENTS BY YEAR OF ORIGIN

EUR million

		<2017	2017	2018	2019	2020	2021	2022	2023	Total
1	Single Market, Innovation and Digital	634	865	1 182	3 748	6 529	6 859	11 278	20 831	51 926
2	Cohesion, Resilience and Values	1 835	2 249	3 070	4 923	8 017	28 409	140 066	188 188	376 757
3	Natural Resources and Environment	2 406	926	1 156	1 195	2 414	5 757	22 047	21 575	57 477
4	Migration and Border Management	29	94	108	342	948	180	749	2 671	5 121
5	Security and Defence	20	41	102	158	246	716	735	1 785	3 803
6	Neighbourhood and the World	1 238	837	1 834	2 658	2 880	5 945	10 837	13 757	39 987
7	European Public Administration	-	-	-	-	-	-	0	1 004	1 004
0	Outside MFF	-	-	-	-	0	105	2 758	3 584	6 447
S	Solidarity mechanisms within and outside the Union (Special instruments)	-	-	-	-	-	-	-	482	482
	<b>Total</b>	<b>6 162</b>	<b>5 013</b>	<b>7 452</b>	<b>13 024</b>	<b>21 034</b>	<b>47 971</b>	<b>188 470</b>	<b>253 877</b>	<b>543 003</b>

As a result from re-allocation of commitments in the framework of internal re-organisations a shift of outstanding amount (188 EUR million) between years has occurred. The overall amount of outstanding commitments remains unchanged.

## 6.6. MFF: OUTSTANDING COMMITMENTS BY APPROPRIATIONS TYPE

EUR million

	From budget appropriations					From assigned revenue appropriations					Total commitm. outstanding at the end of 2023
	Commitm. carried forward from 2022	Adjust- ments	Commitm. made	Payments made	Amount remaining to be settled	Commitm. carried forward from 2022	Adjust- ments	Commitm. made	Payments made	Amount remaining to be settled	
	1	2	3	4	5=1+2+3- 4	6	7	8	9	10=6+7+8 -9	
1 Single Market, Innovation and Digital	42 542	(677)	21 590	20 137	43 318	7 588	(155)	6 361	5 186	8 608	51 926
2 Cohesion, Resilience and Values	98 936	(427)	69 765	38 883	129 392	202 144	(30)	126 986	81 734	247 365	376 757
2a. Economic, social and territorial cohesion	93 943	(305)	62 041	32 335	123 345	60 358	(10)	4 532	33 361	31 520	154 864
2b. Resilience and values	4 993	(122)	7 724	6 548	6 048	141 786	(21)	122 454	48 374	215 846	221 893
3 Natural Resources and Environment	41 281	(69)	57 357	56 964	41 606	12 178	(5)	6 210	2 512	15 871	57 477
of which: Market related expenditure and direct payments	357	(13)	40 848	40 834	358	0	(0)	286	286	0	358
4 Migration and Border Management	3 811	(20)	3 743	2 585	4 949	197	(4)	58	80	172	5 121
5 Security and Defence	3 025	(22)	2 116	1 372	3 748	36	(0)	33	14	55	3 803
6 Neighbourhood and the World	36 275	(1 332)	18 874	14 473	39 345	687	(10)	724	758	642	39 987
7 European Public Administration	929	(31)	11 300	11 313	886	119	(57)	1 003	947	118	1 004
of which: Administrative expenditure of the institutions	603	(10)	4 650	4 676	567	51	(53)	406	363	42	608
O Outside MFF			-	-	-	3 071	(83)	3 685	226	6 447	6 447
S Solidarity mechanisms within and outside the Union (Special instruments)	0	(0)	2 322	2 001	321	-	-	161	-	161	482
<b>Total</b>	<b>226 800</b>	<b>(2 577)</b>	<b>187 069</b>	<b>147 727</b>	<b>263 564</b>	<b>226 021</b>	<b>(343)</b>	<b>145 221</b>	<b>91 459</b>	<b>279 439</b>	<b>543 003</b>

## 6.7. DETAILED MFF: BREAKDOWN AND CHANGES IN COMMITMENT AND PAYMENT APPROPRIATIONS

EUR million

Programme	Commitment appropriations						Payment appropriations						Total approp. available
	Budget appropriations			Additional appropriations		Total approp. available	Budget appropriations			Additional appropriations			
	Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue		
1	2	3=1+2	4	5	6=3+4+5	7	8	9=7+8	10	11	12=9+10+11		
1 Horizon Europe	12 353	81	12 434	149	3 594	16 177	11 909	(292)	11 616	66	6 071	17 753	
Euratom	276	10	286	–	60	346	274	(50)	224	17	114	355	
Thermonuclear Experimental Reactor (ITER)	840	(290)	550	–	8	558	671	(264)	407	1	8	416	
Other actions	–	–	–	–	721	721	–	–	–	–	483	483	
Pilot projects and prep. actions	28	(1)	27	–	–	27	18	(7)	10	–	–	10	
InvestEU Fund	341	–	341	–	3 376	3 716	390	(0)	390	0	2 200	2 590	
CEF - Transport	1 853	428	2 281	–	38	2 319	1 943	553	2 496	0	35	2 531	
CEF - Energy	859	(433)	426	–	9	435	724	(195)	529	2	2	532	
CEF - Digital	289	–	289	–	3	292	230	(83)	147	0	3	150	
Digital Europe	1 307	34	1 341	–	40	1 381	1 285	(438)	846	10	39	895	
Decentralised agencies	203	4	206	–	11	217	203	16	218	–	11	229	
Other actions	4	–	4	–	85	89	4	(2)	2	–	85	87	
Pilot projects and prep. actions	4	–	4	–	–	4	18	(4)	13	–	–	13	
Actions under prerogatives of Commission	24	1	25	–	4	29	24	7	31	–	1	32	
Single Market	603	31	634	–	52	685	615	98	713	6	64	783	
EU Anti-Fraud	25	–	25	–	1	26	26	(1)	25	–	1	27	
Taxation	38	–	38	–	3	41	36	–	36	0	3	39	
Customs	133	(12)	122	–	9	131	120	(5)	115	0	9	124	
Decentralised agencies	127	(3)	124	–	14	138	127	(3)	124	–	14	138	
Other actions	12	(3)	9	–	0	9	12	(3)	9	–	0	9	
Pilot projects and prep. actions	6	–	6	–	–	6	10	(1)	9	–	–	9	
European Space Programme	2 045	–	2 045	–	168	2 213	2 091	1	2 092	5	308	2 404	

Programme	Commitment appropriations						Payment appropriations						Total approp. available
	Budget appropriations			Additional appropriations		Total approp. available	Budget appropriations			Additional appropriations			
	Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue		
1	2	3=1+2	4	5	6=3+4+5	7	8	9=7+8	10	11	12=9+10+11		
Decentralised agencies	75	-	75	-	2	77	75	-	75	-	2	77	
Pilot projects & preparatory actions	0	0	0	0	0	0	0	0	0	0	0	0	
Union Secure Connectivity	106	50	156	-	-	156	99	(98)	0	-	-	0	
<b>Total Heading 1: Single Market, Innovation and Digital</b>	<b>21 548</b>	<b>(102)</b>	<b>21 446</b>	<b>149</b>	<b>8 199</b>	<b>29 794</b>	<b>20 901</b>	<b>(773)</b>	<b>20 129</b>	<b>107</b>	<b>9 452</b>	<b>29 688</b>	
2 Regional Development (ERDF)	38 393	7	38 400	151	2 636	41 187	27 315	(1 706)	25 608	0	11 149	36 757	
Cohesion Fund	6 208	425	6 633	-	732	7 365	8 719	831	9 550	0	945	10 494	
Cohesion Fund contrib. to CEF-Transport	1 548	-	1 548	-	2	1 550	1 814	255	2 069	-	2	2 071	
Pilot projects and prep. actions	4	-	4	-	-	4	5	(1)	4	-	-	4	
European Social Fund Plus (ESF+)	16 774	(432)	16 342	8	1 396	17 747	13 023	(1 017)	12 006	2	9 475	21 482	
Support to Turkish-Cypriot Community	34	-	34	-	7	41	37	3	40	0	7	47	
European Recovery and Resilience	121	-	121	-	123 552	123 673	115	(0)	115	2	48 928	49 045	
Pericles IV	1	(0)	1	-	0	1	1	(0)	1	-	0	1	
EU Recovery	1 316	0	1 316	-	3	1 319	1 316	0	1 316	29	3	1 348	
RescEU	188	65	253	0	1 228	1 482	312	45	357	16	973	1 346	
EU4Health	739	-	739	-	31	770	627	(121)	506	4	20	530	
Emergency support within the Union (ESI)	-	-	-	-	26	26	6	(5)	1	-	52	53	
Decentralised agencies	261	-	261	-	64	325	253	-	253	-	64	317	
Pilot projects and prep. actions	-	-	-	-	-	-	-	-	-	-	-	-	
Actions under prerogatives of Commission	12	-	12	-	0	12	11	1	12	-	0	12	
Employment and Social Innovation	94	(1)	92	-	13	105	95	(15)	80	1	13	94	
Erasmus+	3 669	4	3 672	-	628	4 300	3 292	87	3 379	13	742	4 134	
European Solidarity Corps (ESC)	144	-	144	-	26	171	124	4	128	4	41	173	
Creative Europe	333	-	333	-	20	353	312	69	381	2	22	406	
Justice	42	(2)	40	-	4	44	40	(3)	37	1	1	39	

Programme	Commitment appropriations						Payment appropriations						Total approp. available
	Budget appropriations			Additional appropriations		Total approp. available	Budget appropriations			Additional appropriations			
	Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue		
	1	2	3=1+2	4	5	6=3+4+5	7	8	9=7+8	10	11	12=9+10+11	
Rights and Values	215	(1)	214	-	2	217	157	(10)	146	1	2	150	
Decentralised agencies	271	4	275	-	6	281	266	2	267	-	6	274	
Other actions	8	(1)	7	-	2	9	6	(3)	3	-	2	5	
Pilot projects and prep. actions	32	-	32	-	1	32	47	(13)	34	-	1	35	
Actions under prerogatives of Commission	182	(2)	180	-	5	185	167	8	175	-	6	181	
<b>Total Heading 2: Cohesion, Resilience and Values</b>	<b>70 587</b>	<b>65</b>	<b>70 652</b>	<b>159</b>	<b>130 384</b>	<b>201 195</b>	<b>58 059</b>	<b>(1 590)</b>	<b>56 469</b>	<b>75</b>	<b>72 452</b>	<b>128 996</b>	
3 Agricultural Guarantees	40 692	-	40 692	485	627	41 805	40 698	-	40 698	486	627	41 811	
Other progr. of Natural Resources and Environment	0	0	0	0	0	0	0	0	0	0	0	0	
Agricultural Fund for Rural Development	12 935	-	12 935	-	453	13 388	15 087	(875)	14 212	0	3 123	17 335	
Maritime and Fisheries	1 103	(0)	1 103	3	89	1 195	889	103	991	1	89	1 081	
Fisheries (SFPFA and RFMO)	162	(45)	117	-	-	117	151	(35)	116	-	-	116	
Decentralised agencies	30	-	30	-	1	31	30	-	30	-	1	31	
Other actions	-	4	4	-	-	4	-	-	-	-	-	-	
Pilot projects and prep. actions	2	-	2	-	-	2	4	(1)	3	-	-	3	
Environment and Climate (LIFE)	756	3	758	-	11	769	523	5	528	6	9	543	
Just Transition Fund	1 466	-	1 466	-	5 907	7 373	3	(1)	2	-	166	168	
Loan facility under Just Transition Mechanism	50	-	50	-	261	311	-	10	10	-	271	281	
Decentralised agencies	60	(3)	57	-	7	64	60	(3)	57	-	7	64	
Pilot projects and prep. actions	5	-	5	-	0	5	12	(3)	9	-	0	9	
<b>Total Heading 3: Natural Resources and Environment</b>	<b>57 259</b>	<b>(41)</b>	<b>57 218</b>	<b>488</b>	<b>7 357</b>	<b>65 063</b>	<b>57 456</b>	<b>(800)</b>	<b>56 656</b>	<b>493</b>	<b>4 293</b>	<b>61 442</b>	
4 Asylum, Migration and Integration	1 455	30	1 485	8	7	1 500	1 330	(259)	1 071	2	10	1 082	
Decentralised agencies	172	(15)	157	-	21	178	172	(10)	162	-	21	183	
Pilot projects and prep. actions	-	-	-	-	0	0	-	-	-	-	0	0	
Border Mngmt. (IBMF) - Border mngmt	957	-	957	8	1	965	397	12	409	1	133	543	

Programme	Commitment appropriations						Payment appropriations						Total approp. available
	Budget appropriations			Additional appropriations		Total approp. available	Budget appropriations			Additional appropriations			
	Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue		
1	2	3=1+2	4	5	6=3+4+5	7	8	9=7+8	10	11	12=9+10+11		
and visa													
Border Mngmt. (IBMF) - Customs equipment	141	-	141	-	-	141	72	(72)	0	0	-	0	
Decentralised agencies	1 003	(15)	988	-	75	1 062	1 068	(48)	1 020	-	75	1 094	
<b>Total Heading 4: Migration and Border Management</b>	<b>3 727</b>	<b>-</b>	<b>3 727</b>	<b>16</b>	<b>103</b>	<b>3 846</b>	<b>3 038</b>	<b>(376)</b>	<b>2 662</b>	<b>3</b>	<b>238</b>	<b>2 903</b>	
5 Internal Security Fund (ISF)	310	-	310	3	2	316	195	(2)	193	1	4	199	
Nuclear decommissioning	69	-	69	-	-	69	60	42	102	-	-	102	
Nuclear Safety and decommissioning	57	(1)	57	-	0	57	53	(4)	49	2	1	52	
Decentralised agencies	230	1	231	-	16	247	230	1	231	-	16	247	
Pilot projects and prep. actions	-	-	-	-	-	-	1	(1)	-	-	-	-	
Actions under prerogatives of Commission	22	-	22	-	0	22	19	0	19	-	0	19	
European Defence (Research)	319	(0)	319	-	9	328	164	5	169	1	4	175	
European Defence (Non Research)	626	-	626	-	17	644	250	107	357	1	5	362	
Military Mobility	295	-	295	-	-	295	132	131	263	0	-	263	
Defence instrument on common procurement	157	(157)	-	-	-	-	72	(72)	-	-	-	-	
Defence Industrial Reinforcement instrument	-	157	157	-	-	157	-	1	1	-	-	1	
European Defence industry Programme	0	0	0	0	0	0	0	0	0	0	0	0	
Pilot projects and prep. actions	-	-	-	-	-	-	1	0	1	-	0	1	
Union Secure Connectivity	30	-	30	-	-	30	30	(30)	-	-	-	-	
<b>Total Heading 5: Security and Defence</b>	<b>2 117</b>	<b>-</b>	<b>2 117</b>	<b>3</b>	<b>45</b>	<b>2 165</b>	<b>1 208</b>	<b>178</b>	<b>1 386</b>	<b>6</b>	<b>30</b>	<b>1 422</b>	
6 Neighbourhood, Developm. and Intl. Cooperation	12 251	(39)	12 212	1 147	1 343	14 703	8 944	167	9 110	76	861	10 047	
Instrument for Nuclear Safety (EINS)	40	-	40	5	1	46	32	8	40	1	1	42	
Humanitarian Aid (HUMA)	1 777	631	2 408	0	37	2 445	1 834	637	2 471	8	36	2 515	
Common Foreign and Security Policy (CFSP)	372	0	372	-	23	395	381	6	387	0	23	410	

Programme	Commitment appropriations						Payment appropriations						Total approp. available
	Budget appropriations			Additional appropriations		Total approp. available	Budget appropriations			Additional appropriations			
	Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue		
	1	2	3=1+2	4	5	6=3+4+5	7	8	9=7+8	10	11	12=9+10+11	
Overseas Countries and Territories (OCT)	70	-	70	1	35	106	59	(5)	54	1	14	69	
Other actions	78	(13)	65	-	1	66	62	(9)	53	-	1	54	
Pilot projects and prep. actions	-	-	-	-	0	0	-	0	0	-	0	0	
Actions under prerogatives of Commission	93	-	93	-	0	93	93	(6)	87	-	0	87	
Pre-Accession Assistance (IPA III)	2 531	-	2 531	5	92	2 629	2 591	(219)	2 372	17	256	2 645	
Pilot projects and prep. actions	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Total Heading 6: Neighbourhood and the World</b>	<b>17 212</b>	<b>579</b>	<b>17 791</b>	<b>1 159</b>	<b>1 534</b>	<b>20 484</b>	<b>13 995</b>	<b>579</b>	<b>14 574</b>	<b>104</b>	<b>1 192</b>	<b>15 870</b>	
7 Staff Pensions	2 296	52	2 348	-	259	2 607	2 296	52	2 348	-	259	2 607	
(Pensions former Members) EP	14	(0)	14	-	-	14	14	(0)	14	-	-	14	
(Pensions former Members) ECC	1	(0)	1	-	-	1	1	(0)	1	-	-	1	
(Pensions former Members) Commission	9	(1)	8	-	-	8	9	(1)	8	-	-	8	
(Pensions former Members) CJEU	16	(1)	14	-	-	14	16	(1)	14	-	-	14	
(Pensions former Members) ECA	7	(1)	6	-	-	6	7	(1)	6	-	-	6	
(Pensions former Members) Ombudsman	0	(0)	0	-	-	0	0	(0)	0	-	-	0	
(Pensions former Members) EDPS	0	0	0	-	-	0	0	0	0	-	-	0	
European schools	224	9	233	-	27	260	224	9	233	1	27	261	
Remuneration statutory staff	2 779	(46)	2 733	-	115	2 847	2 779	(46)	2 733	0	115	2 848	
Remuneration external staff	268	(16)	252	-	83	335	268	(16)	252	43	83	378	
Members - Salaries and allowances	14	2	16	-	0	16	14	2	16	0	0	17	
Members - Temporary allowances	-	0	0	-	-	0	-	0	0	-	-	0	
Recruitment costs	31	(1)	30	-	1	31	31	(1)	30	4	1	34	
Termination of service	9	(0)	9	-	-	9	9	(0)	9	-	-	9	
Training costs	16	1	18	-	7	24	16	1	18	11	7	35	
Social and Mobility	22	0	22	-	26	48	22	0	22	14	28	64	

EUR million

Programme	Commitment appropriations						Payment appropriations						Total approp. available
	Budget appropriations			Additional appropriations		Total approp. available	Budget appropriations			Additional appropriations			
	Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue		
1	2	3=1+2	4	5	6=3+4+5	7	8	9=7+8	10	11	12=9+10+11		
Information and comm. technology	274	4	278	-	156	434	274	4	278	155	156	590	
Rents and purchases	311	12	323	-	40	363	311	12	323	2	40	365	
Linked to buildings	124	(1)	123	-	34	157	124	(1)	123	69	34	226	
Security	61	2	63	-	11	74	61	2	63	33	11	107	
Mission and representation	43	13	56	-	4	59	43	13	56	11	4	71	
Meetings, committees, conference	22	(8)	15	-	3	17	22	(8)	15	7	3	24	
Official journal	3	0	3	-	-	3	3	0	3	0	-	3	
Publications	10	1	11	-	5	16	10	1	11	7	5	23	
Acquisition of information	5	1	7	-	0	7	5	1	7	2	0	8	
Studies and investigations	4	2	6	-	0	6	4	2	6	3	0	9	
General equipment, vehicle, furniture	16	3	19	-	12	31	16	3	19	15	12	46	
Linguistic external services	27	6	33	-	45	78	27	6	33	5	45	83	
Other administrative expenditure	18	(1)	17	-	22	39	18	(1)	17	8	22	47	
Pilot projects and prep. actions	-	-	-	-	-	-	-	-	-	-	-	-	
Administrative expenditure of Other Institutions	4 687	3	4 689	1	545	5 235	4 687	3	4 689	641	559	5 889	
<b>Total Heading 7: European Public Administration</b>	<b>11 311</b>	<b>34</b>	<b>11 346</b>	<b>1</b>	<b>1 393</b>	<b>12 740</b>	<b>11 311</b>	<b>34</b>	<b>11 346</b>	<b>1 032</b>	<b>1 409</b>	<b>13 787</b>	
O Innovation Fund (IF)	-	-	-	-	5 331	5 331	-	-	-	-	8 318	8 318	
Other actions	-	-	-	-	115	115	-	-	-	-	116	116	
<b>Total Heading O: Outside MFF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 446</b>	<b>5 446</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8 434</b>	<b>8 434</b>	
S Solidarity and Emergency Aid (SEAR)	1 325	(675)	650	700	1	1 351	1 325	(675)	650	700	1	1 351	
European Globalisation Adjustment (EGF)	205	-	205	-	12	217	30	(23)	7	0	12	19	
Brexit Adjustment Reserve	1 325	-	1 325	46	458	1 829	1 325	-	1 325	46	458	1 829	
<b>Total Heading S: Solidarity mechanisms within and outside the Union (Special instruments)</b>	<b>2 855</b>	<b>(675)</b>	<b>2 180</b>	<b>746</b>	<b>471</b>	<b>3 397</b>	<b>2 680</b>	<b>(698)</b>	<b>1 981</b>	<b>746</b>	<b>471</b>	<b>3 198</b>	
<b>Total</b>	<b>186 617</b>	<b>(140)</b>	<b>186 477</b>	<b>2 721</b>	<b>154 933</b>	<b>344 131</b>	<b>168 649</b>	<b>(3 446)</b>	<b>165 203</b>	<b>2 566</b>	<b>97 971</b>	<b>265 740</b>	



## 6.8. DETAILED MFF: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

EUR million

Programme	Total appr. available	Commitments made					Appropriations carried over to 2024			Appropriations lapsing			
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry- overs	from assigned revenue	Total
		1	2	3	4	5=2+3 +4	6=5/1	7	8	9=7+8	10	11	12
1 Horizon Europe	16 177	12 434	149	2 781	15 363	95 %	–	813	813	0	–	0	0
Euratom	346	286	–	9	295	85 %	–	51	51	0	–	0	0
Thermonuclear Experimental Reactor (ITER)	558	550	–	6	556	100 %	–	2	2	0	–	–	0
Other actions	721	–	–	152	152	21 %	–	569	569	–	–	–	–
Pilot projects and prep. actions	27	27	–	–	27	100 %	–	–	–	0	–	–	0
InvestEU Fund	3 716	341	–	3 156	3 497	94 %	–	219	219	–	–	–	–
CEF - Transport	2 319	2 281	–	15	2 295	99 %	–	24	24	0	–	–	0
CEF - Energy	435	426	–	8	434	100 %	–	1	1	0	–	0	0
CEF - Digital	292	289	–	2	291	99 %	–	1	1	0	–	–	0
Digital Europe	1 381	1 340	–	39	1 379	100 %	–	1	1	1	–	0	1
Decentralised agencies	217	206	–	9	216	99 %	–	2	2	–	–	(0)	(0)
Other actions	89	4	–	–	4	4 %	–	85	85	–	–	–	–
Pilot projects and prep. actions	4	4	–	–	4	100 %	–	–	–	–	–	–	–
Actions under prerogatives of Commission	29	25	–	3	28	98 %	–	1	1	–	–	(0)	(0)
Single Market	685	633	–	32	665	97 %	–	20	20	1	–	0	1
EU Anti-Fraud	26	25	–	0	25	98 %	–	0	0	0	–	0	0
Taxation	41	36	–	3	39	96 %	–	0	0	2	–	–	2
Customs	131	121	–	4	126	96 %	–	5	5	0	–	–	0
Decentralised agencies	138	124	–	7	131	95 %	–	7	7	–	–	–	–
Other actions	9	9	–	0	9	100 %	–	0	0	–	–	–	–
Pilot projects and prep. actions	6	6	–	–	6	100 %	–	–	–	–	–	–	–
European Space Programme	2 213	2 045	–	131	2 177	98 %	–	37	37	–	–	0	0
Decentralised agencies	77	75	–	2	77	100 %	–	0	0	–	–	0	0

Programme	Total apprpr. available	Commitments made					Appropriations carried over to 2024			Appropriations lapsing				
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry- overs	from assigned revenue	Total	
		1	2	3	4	5=2+3 +4	6=5/1	7	8	9=7+8	10	11	12	13=10+ 11+12
Pilot projects & preparatory actions	0	0	0	0	0	-	0	0	0	0	0	0	0	0
Union Secure Connectivity	156	156	-	-	156	100 %	-	-	-	-	-	-	-	-
<b>Total Heading 1: Single Market, Innovation and Digital</b>	<b>29 794</b>	<b>21 442</b>	<b>149</b>	<b>6 361</b>	<b>27 951</b>	<b>94 %</b>	<b>-</b>	<b>1 838</b>	<b>1 838</b>	<b>4</b>	<b>-</b>	<b>1</b>	<b>5</b>	
<b>2 Regional Development (ERDF)</b>	<b>41 187</b>	<b>37 642</b>	<b>151</b>	<b>2 496</b>	<b>40 288</b>	<b>98 %</b>	<b>12</b>	<b>84</b>	<b>97</b>	<b>746</b>	<b>-</b>	<b>56</b>	<b>802</b>	
Cohesion Fund	7 365	6 400	-	688	7 088	96 %	-	32	32	233	-	11	244	
Cohesion Fund contrib. to CEF- Transport	1 550	1 548	-	-	1 548	100 %	-	2	2	-	-	0	0	
Pilot projects and prep. actions	4	-	-	-	-	-	-	-	-	4	-	-	4	
European Social Fund Plus (ESF+)	17 747	16 292	8	1 348	17 648	99 %	-	40	40	50	-	8	58	
Support to Turkish-Cypriot Community	41	34	-	0	34	82 %	-	7	7	-	-	-	-	
European Recovery and Resilience	123 673	121	-	120 773	120 894	98 %	-	2 779	2 779	0	-	-	0	
Pericles IV	1	1	-	0	1	100 %	-	-	-	0	-	-	0	
EU Recovery	1 319	1 316	-	2	1 318	100 %	-	0	0	-	-	-	-	
RescEU	1 482	253	0	1 214	1 467	99 %	0	15	15	(0)	-	(0)	(0)	
EU4Health	770	739	-	30	769	100 %	-	1	1	0	-	-	0	
Emergency support within the Union (ESI)	26	-	-	-	-	-	-	26	26	-	-	-	-	
Decentralised agencies	325	261	-	35	296	91 %	-	29	29	-	-	-	-	
Pilot projects and prep. actions	-	-	-	-	-	-	-	-	-	-	-	-	-	
Actions under prerogatives of Commission	12	12	-	0	12	99 %	-	0	0	0	-	-	0	
Employment and Social Innovation	105	92	-	8	100	95 %	-	5	5	0	-	0	0	
Erasmus+	4 300	3 672	-	360	4 033	94 %	-	267	267	0	-	-	0	
European Solidarity Corps (ESC)	171	144	-	7	151	88 %	-	20	20	-	-	-	-	
Creative Europe	353	333	-	14	347	98 %	-	6	6	0	-	0	0	
Justice	44	40	-	3	43	99 %	-	1	1	0	-	-	0	
Rights and Values	217	214	-	1	215	99 %	-	1	1	0	-	0	0	

Programme	Total apprpr. available	Commitments made					Appropriations carried over to 2024			Appropriations lapsing			
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry- overs	from assigned revenue	Total
		1	2	3	4	5=2+3 +4	6=5/1	7	8	9=7+8	10	11	12
Decentralised agencies	281	275	–	4	279	99 %	–	2	2	–	–	0	0
Other actions	9	7	–	2	9	99 %	–	0	0	0	–	–	0
Pilot projects and prep. actions	32	31	–	0	31	97 %	–	0	0	0	–	0	1
Actions under prerogatives of Commission	185	180	–	2	182	98 %	–	3	3	0	–	–	0
<b>Total Heading 2: Cohesion, Resilience and Values</b>	<b>201 195</b>	<b>69 606</b>	<b>159</b>	<b>126 986</b>	<b>196 751</b>	<b>98 %</b>	<b>12</b>	<b>3 323</b>	<b>3 335</b>	<b>1 034</b>	<b>–</b>	<b>75</b>	<b>1 109</b>
<b>3</b> Agricultural Guarantees	<b>41 805</b>	<b>40 374</b>	<b>473</b>	<b>286</b>	<b>41 134</b>	<b>98 %</b>	<b>316</b>	<b>341</b>	<b>657</b>	<b>3</b>	<b>12</b>	<b>–</b>	<b>14</b>
Other progr. of Natural Resources and Environment	0	0	0	0	0	–	0	0	0	0	0	0	0
Agricultural Fund for Rural Development	13 388	12 934	–	19	12 954	97 %	–	247	247	0	–	187	188
Maritime and Fisheries	1 195	1 103	3	65	1 171	98 %	–	23	23	0	–	1	1
Fisheries (SFPAs and RFMO)	117	117	–	–	117	100 %	–	–	–	0	–	–	0
Decentralised agencies	31	30	–	1	30	98 %	–	1	1	–	–	–	–
Other actions	4	4	–	–	4	100 %	–	–	–	0	–	–	0
Pilot projects and prep. actions	2	2	–	–	2	100 %	–	–	–	–	–	–	–
Environment and Climate (LIFE)	769	758	–	8	766	100 %	–	3	3	0	–	0	0
Just Transition Fund	7 373	1 447	–	5 816	7 263	98 %	–	92	92	19	–	–	19
Loan facility under Just Transition Mechanism	311	50	–	9	59	19 %	–	252	252	–	–	–	–
Decentralised agencies	64	57	–	7	64	99 %	–	0	0	–	–	0	0
Pilot projects and prep. actions	5	5	–	–	5	100 %	–	–	–	–	–	0	0
<b>Total Heading 3: Natural Resources and Environment</b>	<b>65 063</b>	<b>56 881</b>	<b>476</b>	<b>6 210</b>	<b>63 567</b>	<b>98 %</b>	<b>316</b>	<b>958</b>	<b>1 274</b>	<b>22</b>	<b>12</b>	<b>188</b>	<b>222</b>
<b>4</b> Asylum, Migration and Integration	<b>1 500</b>	<b>1 485</b>	<b>8</b>	<b>2</b>	<b>1 494</b>	<b>100 %</b>	<b>–</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>–</b>	<b>0</b>	<b>0</b>
Decentralised agencies	178	157	–	8	165	93 %	–	13	13	–	–	0	0
Pilot projects and prep. actions	0	–	–	–	–	–	–	–	–	–	–	0	0
Border Mngmt. (IBMF) - Border mngmt and visa	965	957	8	0	965	100 %	–	0	0	0	–	0	0
Border Mngmt. (IBMF) - Customs	141	141	–	–	141	100 %	–	–	–	–	–	–	–

Programme	Total apprpr. available	Commitments made					Appropriations carried over to 2024			Appropriations lapsing				
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry- overs	from assigned revenue	Total	
		1	2	3	4	5=2+3 +4	6=5/1	7	8	9=7+8	10	11	12	13=10+ 11+12
equipment														
Decentralised agencies	1 062	988	–	48	1 036	98 %	–	26	26	–	–	0	0	
<b>Total Heading 4: Migration and Border Management</b>	<b>3 846</b>	<b>3 727</b>	<b>16</b>	<b>58</b>	<b>3 801</b>	<b>99 %</b>	<b>–</b>	<b>45</b>	<b>45</b>	<b>0</b>	<b>–</b>	<b>0</b>	<b>0</b>	
5 Internal Security Fund (ISF)	316	310	3	1	315	100 %	–	1	1	0	–	0	0	
Nuclear decommissioning	69	69	–	–	69	100 %	–	–	–	–	–	–	–	
Nuclear Safety and decommissioning	57	53	–	0	53	94 %	–	0	0	3	–	0	3	
Decentralised agencies	247	231	–	6	237	96 %	–	11	11	–	–	0	0	
Pilot projects and prep. actions	–	–	–	–	–	–	–	–	–	–	–	–	–	
Actions under prerogatives of Commission	22	22	–	0	22	99 %	–	–	–	0	–	–	0	
European Defence (Research)	328	319	–	9	328	100 %	–	–	–	–	–	–	–	
European Defence (Non Research)	644	626	–	17	644	100 %	–	–	–	–	–	–	–	
Military Mobility	295	295	–	–	295	100 %	–	–	–	–	–	–	–	
Defence instrument on common procurement	–	–	–	–	–	–	–	–	–	–	–	–	–	
Defence Industrial Reinforcement instrument	157	157	–	–	157	100 %	–	–	–	–	–	–	–	
European Defence industry Programme	0	0	0	0	0	–	0	0	0	0	0	0	0	
Pilot projects and prep. actions	–	–	–	–	–	–	–	–	–	–	–	–	–	
Union Secure Connectivity	30	30	–	–	30	100 %	–	–	–	–	–	–	–	
<b>Total Heading 5: Security and Defence</b>	<b>2 165</b>	<b>2 113</b>	<b>3</b>	<b>33</b>	<b>2 149</b>	<b>99 %</b>	<b>–</b>	<b>12</b>	<b>12</b>	<b>4</b>	<b>–</b>	<b>0</b>	<b>4</b>	
6 Neighbourhood, Developm. and Intl. Cooperation	14 703	12 146	1 144	658	13 948	95 %	66	686	751	0	4	(0)	4	
Instrument for Nuclear Safety (EINS)	46	40	5	1	46	98 %	0	1	1	(0)	–	–	(0)	
Humanitarian Aid (HUMA)	2 445	2 408	0	26	2 434	100 %	–	11	11	–	–	(0)	(0)	
Common Foreign and Security Policy (CFSP)	395	372	–	13	385	97 %	–	10	10	–	–	0	0	
Overseas Countries and Territories	106	70	1	–	71	67 %	0	35	35	0	–	–	0	

Programme	Total apprpr. available	Commitments made					Appropriations carried over to 2024			Appropriations lapsing				
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry- overs	from assigned revenue	Total	
		1	2	3	4	5=2+3 +4	6=5/1	7	8	9=7+8	10	11	12	13=10+ 11+12
(OCT)														
Other actions	66	65	-	1	66	99 %	-	0	0	0	-	-	0	
Pilot projects and prep. actions	0	-	-	-	-	-	-	0	0	-	-	-	-	
Actions under prerogatives of Commission	93	93	-	0	93	100 %	-	0	0	0	-	-	0	
Pre-Accession Assistance (IPA III)	2 629	2 525	5	26	2 556	97 %	6	67	73	(0)	0	0	0	
Pilot projects and prep. actions	0	0	0	0	0	-	0	0	0	0	0	0	0	
<b>Total Heading 6: Neighbourhood and the World</b>	<b>20 484</b>	<b>17 719</b>	<b>1 155</b>	<b>724</b>	<b>19 598</b>	<b>96 %</b>	<b>72</b>	<b>810</b>	<b>882</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>4</b>	
7 Staff Pensions	2 607	2 347	-	259	2 606	100 %	-	0	0	0	-	(0)	0	
(Pensions former Members) EP	14	14	-	-	14	100 %	-	-	-	0	-	-	0	
(Pensions former Members) ECC	1	1	-	-	1	100 %	-	-	-	0	-	-	0	
(Pensions former Members) Commission	8	8	-	-	8	100 %	-	-	-	0	-	-	0	
(Pensions former Members) CJEU	14	14	-	-	14	100 %	-	-	-	0	-	-	0	
(Pensions former Members) ECA	6	6	-	-	6	100 %	-	-	-	0	-	-	0	
(Pensions former Members) Ombudsman	0	0	-	-	0	100 %	-	-	-	0	-	-	0	
(Pensions former Members) EDPS	0	0	-	-	0	100 %	-	-	-	0	-	-	0	
European schools	260	233	-	23	256	99 %	-	4	4	0	-	(0)	0	
Remuneration statutory staff	2 847	2 732	-	55	2 787	98 %	-	59	59	1	-	-	1	
Remuneration external staff	335	252	-	37	289	86 %	-	46	46	0	-	0	0	
Members - Salaries and allowances	16	16	-	0	16	98 %	-	0	0	0	-	-	0	
Members - Temporary allowances	0	0	-	-	0	100 %	-	-	-	-	-	-	-	
Recruitment costs	31	28	-	1	29	95 %	-	0	0	1	-	0	1	
Termination of service	9	8	-	-	8	87 %	-	-	-	1	-	-	1	
Training costs	24	17	-	4	22	89 %	-	3	3	0	-	-	0	
Social and Mobility	48	22	-	15	37	76 %	-	12	12	0	-	0	0	
Information and comm. technology	434	278	-	89	367	85 %	-	67	67	0	-	0	0	

Programme	Total apppr. available	Commitments made					Appropriations carried over to 2024			Appropriations lapsing			
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry- overs	from assigned revenue	Total
		1	2	3	4	5=2+3 +4	6=5/1	7	8	9=7+8	10	11	12
Rents and purchases	363	323	–	25	348	96 %	–	15	15	0	–	0	0
Linked to buildings	157	123	–	12	135	86 %	–	22	22	0	–	–	0
Security	74	63	–	8	71	96 %	–	3	3	0	–	–	0
Mission and representation	59	56	–	2	58	97 %	–	2	2	0	–	0	0
Meetings, committees, conference	17	14	–	1	15	88 %	–	1	1	1	–	0	1
Official journal	3	3	–	–	3	100 %	–	–	–	–	–	–	–
Publications	16	11	–	4	15	92 %	–	1	1	0	–	–	0
Acquisition of information	7	6	–	0	7	96 %	–	0	0	0	–	0	0
Studies and investigations	6	6	–	0	6	98 %	–	0	0	0	–	0	0
General equipment, vehicle, furniture	31	19	–	7	26	84 %	–	5	5	0	–	0	0
Linguistic external services	78	33	–	37	70	89 %	–	8	8	0	–	0	0
Other administrative expenditure	39	17	–	19	35	91 %	–	4	4	0	–	0	0
Pilot projects and prep. actions	–	–	–	–	–	–	–	–	–	–	–	–	–
Administrative expenditure of Other Institutions	5 235	4 649	1	406	5 056	97 %	1	138	139	39	0	0	39
<b>Total Heading 7: European Public Administration</b>	<b>12 740</b>	<b>11 300</b>	<b>1</b>	<b>1 003</b>	<b>12 303</b>	<b>97 %</b>	<b>1</b>	<b>390</b>	<b>391</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>45</b>
O Innovation Fund (IF)	5 331	–	–	3 626	3 626	68 %	–	1 705	1 705	–	–	–	–
Other actions	115	–	–	59	59	51 %	–	56	56	–	–	–	–
<b>Total Heading O: Outside MFF</b>	<b>5 446</b>	<b>–</b>	<b>–</b>	<b>3 685</b>	<b>3 685</b>	<b>68 %</b>	<b>–</b>	<b>1 761</b>	<b>1 761</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
S Solidarity and Emergency Aid (SEAR)	1 351	250	700	–	950	70 %	400	–	400	–	–	1	1
European Globalisation Adjustment (EGF)	217	8	–	–	8	4 %	–	10	10	197	–	1	199
Brexit Adjustment Reserve	1 829	1 318	46	161	1 525	83 %	7	297	304	–	–	–	–
<b>Total Heading S: Solidarity mechanisms within and outside the Union (Special instruments)</b>	<b>3 397</b>	<b>1 576</b>	<b>746</b>	<b>161</b>	<b>2 483</b>	<b>73 %</b>	<b>407</b>	<b>307</b>	<b>714</b>	<b>197</b>	<b>–</b>	<b>3</b>	<b>200</b>
<b>Total</b>	<b>344 131</b>	<b>184 363</b>	<b>2 706</b>	<b>145 221</b>	<b>332 290</b>	<b>97 %</b>	<b>808</b>	<b>9 444</b>	<b>10 252</b>	<b>1 306</b>	<b>15</b>	<b>268</b>	<b>1 589</b>

## 6.9. DETAILED MFF: IMPLEMENTATION OF PAYMENT APPROPRIATIONS

EUR million

Programme	Total appropri. available	Payments made					Appropriations carried over to 2024			Appropriations lapsing			
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry- overs	from assigned revenue	Total
	1	2	3	4	5=2+ 3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+ 11+12
1 Horizon Europe	17 753	11 549	60	2 958	14 568	82 %	67	3 110	3 177	0	6	2	9
Euratom	355	208	15	11	234	66 %	15	103	118	1	1	0	2
Thermonuclear Experimental Reactor (ITER)	416	405	1	6	412	99 %	2	2	4	0	0	-	0
Other actions	483	-	-	105	105	22 %	-	377	377	-	-	-	-
Pilot projects and prep. actions	10	9	-	-	9	87 %	-	-	-	1	-	-	1
InvestEU Fund	2 590	382	0	1 930	2 313	89 %	1	270	271	7	0	0	7
CEF - Transport	2 531	2 494	0	19	2 514	99 %	1	15	17	1	0	(0)	1
CEF - Energy	532	527	1	1	529	99 %	2	1	3	0	0	0	1
CEF - Digital	150	146	0	2	148	98 %	1	1	2	1	0	-	1
Digital Europe	895	838	9	35	882	99 %	7	1	8	1	1	3	4
Decentralised agencies	229	218	-	9	228	99 %	-	2	2	-	-	(0)	(0)
Other actions	87	1	-	-	1	1 %	-	85	85	0	-	-	0
Pilot projects and prep. actions	13	13	-	-	13	99 %	-	-	-	0	-	-	0
Actions under prerogatives of Commission	32	30	-	0	30	93 %	-	1	1	1	-	-	1
Single Market	783	701	6	21	728	93 %	8	43	51	4	0	0	4
EU Anti-Fraud	27	25	-	1	27	100 %	-	0	0	0	-	0	0
Taxation	39	36	0	3	39	98 %	0	0	1	0	0	-	0
Customs	124	114	0	4	119	95 %	0	5	5	0	0	-	0
Decentralised agencies	138	124	-	7	131	95 %	-	7	7	0	-	-	0
Other actions	9	9	-	0	9	99 %	-	0	0	0	-	-	0
Pilot projects and prep. actions	9	8	-	-	8	91 %	-	-	-	1	-	-	1
European Space Programme	2 404	2 087	4	110	2 201	92 %	5	197	202	0	1	0	1
Decentralised agencies	77	75	-	2	77	100 %	-	0	0	-	-	0	0

EUR million

Programme	Total appopr. available	Payments made					Appropriations carried over to 2024				Appropriations lapsing			
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry- overs	from assigned revenue	Total	
		1	2	3	4	5=2+ 3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+ 11+12
Pilot projects & preparatory actions	0	0	0	0	0	-	0	0	0	0	0	0	0	0
Union Secure Connectivity	0	-	-	-	-	-	0	-	0	-	-	-	-	-
<b>Total Heading 1: Single Market, Innovation and Digital</b>	<b>29 688</b>	<b>20 000</b>	<b>98</b>	<b>5 225</b>	<b>25 323</b>	<b>85 %</b>	<b>110</b>	<b>4 221</b>	<b>4 331</b>	<b>19</b>	<b>9</b>	<b>5</b>	<b>34</b>	
<b>2 Regional Development (ERDF)</b>	<b>36 757</b>	<b>25 599</b>	<b>0</b>	<b>9 372</b>	<b>34 972</b>	<b>95 %</b>	<b>1</b>	<b>1 777</b>	<b>1 777</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>9</b>	
Cohesion Fund	10 494	9 549	0	224	9 773	93 %	0	721	721	0	0	-	0	
Cohesion Fund contrib. to CEF-Transport	2 071	2 069	-	1	2 070	100 %	-	1	1	0	-	0	0	
Pilot projects and prep. actions	4	3	-	-	3	70 %	-	-	-	1	-	-	1	
European Social Fund Plus (ESF+)	21 482	12 005	1	6 872	18 878	88 %	1	2 603	2 603	0	1	-	1	
Support to Turkish-Cypriot Community	47	39	0	1	40	85 %	0	7	7	0	0	-	0	
European Recovery and Resilience	49 045	113	2	47 287	47 402	97 %	2	1 641	1 643	0	0	-	0	
Pericles IV	1	1	-	0	1	81 %	0	-	0	0	-	-	0	
EU Recovery	1 348	667	29	0	696	52 %	649	3	651	-	0	-	0	
RescEU	1 346	232	16	652	900	67 %	125	321	446	-	-	0	0	
EU4Health	530	501	3	18	522	99 %	5	1	6	0	1	0	1	
Emergency support within the Union (ESI)	53	1	-	1	2	4 %	-	45	45	-	-	6	6	
Decentralised agencies	317	253	-	35	288	91 %	-	29	29	0	-	-	0	
Pilot projects and prep. actions	-	-	-	-	-	-	-	-	-	-	-	-	-	
Actions under prerogatives of Commission	12	12	-	-	12	98 %	-	0	0	0	-	-	0	
Employment and Social Innovation	94	79	1	6	86	91 %	1	6	8	0	0	0	0	
Erasmus+	4 134	3 363	12	398	3 774	91 %	16	344	359	0	0	0	0	
European Solidarity Corps (ESC)	173	123	4	11	138	80 %	5	30	34	(0)	0	-	0	
Creative Europe	406	377	2	12	391	96 %	4	9	13	0	1	0	1	



Programme	Total apppr. available	Payments made					Appropriations carried over to 2024			Appropriations lapsing			
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry- overs	from assigned revenue	Total
		1	2	3	4	5=2+ 3+4	6=5/1	7	8	9=7+8	10	11	12
Justice	39	36	0	1	38	96 %	1	1	1	0	0	-	0
Rights and Values	150	144	1	1	146	98 %	1	1	2	1	0	-	1
Decentralised agencies	274	267	-	3	271	99 %	-	3	3	0	-	0	0
Other actions	5	3	-	2	4	99 %	-	0	0	0	-	-	0
Pilot projects and prep. actions	35	33	-	0	33	94 %	-	0	0	2	-	0	2
Actions under prerogatives of Commission	181	175	-	3	178	98 %	-	3	3	0	-	-	0
<b>Total Heading 2: Cohesion, Resilience and Values</b>	<b>128 996</b>	<b>55 644</b>	<b>72</b>	<b>64 901</b>	<b>120 617</b>	<b>94 %</b>	<b>811</b>	<b>7 545</b>	<b>8 356</b>	<b>13</b>	<b>3</b>	<b>7</b>	<b>23</b>
3 Agricultural Guarantees	41 811	40 361	474	286	41 120	98 %	316	341	657	22	12	-	34
Other progr. of Natural Resources and Environment	0	0	0	0	0	-	0	0	0	0	0	0	0
Agricultural Fund for Rural Development	17 335	14 210	0	2 217	16 427	95 %	0	906	906	2	0	-	2
Maritime and Fisheries	1 081	990	1	44	1 036	96 %	1	44	45	0	0	-	0
Fisheries (SFPA and RFMO)	116	116	-	-	116	100 %	-	-	-	-	-	-	-
Decentralised agencies	31	30	-	1	30	98 %	-	1	1	-	-	-	-
Other actions	-	-	-	-	-	-	-	-	-	-	-	-	-
Pilot projects and prep. actions	3	3	-	-	3	85 %	-	-	-	0	-	-	0
Environment and Climate (LIFE)	543	520	6	7	533	98 %	7	2	9	0	0	0	0
Just Transition Fund	168	2	-	125	127	76 %	-	41	41	-	-	-	-
Loan facility under Just Transition Mechanism	281	10	-	2	12	4 %	-	269	269	0	-	-	0
Decentralised agencies	64	57	-	7	64	99 %	-	0	0	-	-	0	0
Pilot projects and prep. actions	9	9	-	0	9	92 %	-	-	-	1	-	-	1
<b>Total Heading 3: Natural Resources and Environment</b>	<b>61 442</b>	<b>56 306</b>	<b>481</b>	<b>2 689</b>	<b>59 476</b>	<b>97 %</b>	<b>324</b>	<b>1 604</b>	<b>1 928</b>	<b>26</b>	<b>12</b>	<b>0</b>	<b>38</b>
4 Asylum, Migration and Integration	1 082	1 023	1	4	1 029	95 %	2	6	8	46	0	-	46
Decentralised agencies	183	162	-	8	170	93 %	-	13	13	-	-	0	0

Programme	Total apppr. available	Payments made					Appropriations carried over to 2024			Appropriations lapsing				
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry- overs	from assigned revenue	Total	
		1	2	3	4	5=2+ 3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+ 11+12
Pilot projects and prep. actions	0	-	-	-	-	-	-	-	-	-	-	-	0	0
Border Mngmt. (IBMF) - Border mngmt and visa	543	389	1	8	397	73 %	1	125	126	19	0	0	19	
Border Mngmt. (IBMF) - Customs equipment	0	0	0	-	0	63 %	0	-	0	0	0	-	0	
Decentralised agencies	1 094	1 020	-	48	1 068	98 %	-	26	26	-	-	0	0	
<b>Total Heading 4: Migration and Border Management</b>	<b>2 903</b>	<b>2 594</b>	<b>2</b>	<b>68</b>	<b>2 665</b>	<b>92 %</b>	<b>3</b>	<b>170</b>	<b>173</b>	<b>65</b>	<b>1</b>	<b>0</b>	<b>65</b>	
5 Internal Security Fund (ISF)	199	177	1	3	181	91 %	2	1	3	15	0	-	15	
Nuclear decommissioning	102	102	-	-	102	100 %	-	-	-	0	-	-	0	
Nuclear Safety and decommissioning	52	48	2	0	50	97 %	1	0	1	0	0	-	0	
Decentralised agencies	247	231	-	6	237	96 %	-	11	11	-	-	0	0	
Pilot projects and prep. actions	-	-	-	-	-	-	-	-	-	-	-	-	-	
Actions under prerogatives of Commission	19	19	-	0	19	99 %	-	-	-	0	-	-	0	
European Defence (Research)	175	167	1	4	173	99 %	1	-	1	(0)	0	0	0	
European Defence (Non Research)	362	355	1	5	360	99 %	2	-	2	0	0	-	0	
Military Mobility	263	262	0	-	263	100 %	1	-	1	0	0	-	0	
Defence instrument on common procurement	-	-	-	-	-	-	-	-	-	-	-	-	-	
Defence Industrial Reinforcement instrument	1	-	-	-	-	-	1	-	1	-	-	-	-	
European Defence industry Programme	0	0	0	0	0	-	0	0	0	0	0	0	0	
Pilot projects and prep. actions	1	1	-	0	1	100 %	-	-	-	-	-	-	-	
Union Secure Connectivity	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Heading 5: Security and Defence</b>	<b>1 422</b>	<b>1 363</b>	<b>5</b>	<b>18</b>	<b>1 386</b>	<b>97 %</b>	<b>8</b>	<b>12</b>	<b>20</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>16</b>	
6 Neighbourhood, Developm. and Intl. Cooperation	10 047	9 055	59	546	9 660	96 %	55	315	370	0	16	-	16	
Instrument for Nuclear Safety	42	40	1	-	41	97 %	1	1	1	0	0	-	0	

Programme	Total apppr. available	Payments made					Appropriations carried over to 2024			Appropriations lapsing				
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry- overs	from assigned revenue	Total	
		1	2	3	4	5=2+ 3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+ 11+12
(EINS)														
Humanitarian Aid (HUMA)	2 515	2 465	8	26	2 499	99 %	6	10	16	0	0	(0)	0	
Common Foreign and Security Policy (CFSP)	410	386	0	23	409	100 %	0	0	1	(0)	0	0	0	
Overseas Countries and Territories (OCT)	69	47	1	-	48	69 %	8	14	21	-	0	-	0	
Other actions	54	52	-	1	53	99 %	-	0	0	0	-	-	0	
Pilot projects and prep. actions	0	0	-	-	0	99 %	-	0	0	-	-	-	-	
Actions under prerogatives of Commission	87	85	-	0	85	98 %	-	0	0	2	-	-	2	
Pre-Accession Assistance (IPA III)	2 645	2 287	11	139	2 436	92 %	73	117	190	12	6	0	19	
Pilot projects and prep. actions	0	0	0	0	0	-	0	0	0	0	0	0	0	
<b>Total Heading 6: Neighbourhood and the World</b>	<b>15 870</b>	<b>14 417</b>	<b>80</b>	<b>734</b>	<b>15 232</b>	<b>96 %</b>	<b>143</b>	<b>457</b>	<b>600</b>	<b>14</b>	<b>23</b>	<b>0</b>	<b>38</b>	
7 Staff Pensions	2 607	2 347	-	259	2 606	100 %	-	0	0	0	-	(0)	0	
(Pensions former Members) EP	14	14	-	-	14	100 %	-	-	-	0	-	-	0	
(Pensions former Members) ECC	1	1	-	-	1	100 %	-	-	-	0	-	-	0	
(Pensions former Members) Commission	8	8	-	-	8	100 %	-	-	-	0	-	-	0	
(Pensions former Members) CJEU	14	14	-	-	14	100 %	-	-	-	0	-	-	0	
(Pensions former Members) ECA	6	6	-	-	6	100 %	-	-	-	0	-	-	0	
(Pensions former Members) Ombudsman	0	0	-	-	0	100 %	-	-	-	0	-	-	0	
(Pensions former Members) EDPS	0	0	-	-	0	100 %	-	-	-	0	-	-	0	
European schools	261	233	1	22	256	98 %	0	4	5	0	-	(0)	0	
Remuneration statutory staff	2 848	2 731	0	55	2 787	98 %	1	59	60	1	0	-	1	
Remuneration external staff	378	219	38	36	293	78 %	32	47	79	0	5	0	5	
Members - Salaries and allowances	17	15	0	0	16	95 %	0	0	0	0	0	-	0	

Programme	Total appopr. available	Payments made					Appropriations carried over to 2024				Appropriations lapsing			
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry- overs	from assigned revenue	Total	
		1	2	3	4	5=2+ 3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+ 11+12
Members - Temporary allowances	0	0	-	-	0	100 %	-	-	-	-	-	-	-	-
Recruitment costs	34	27	2	1	30	87 %	2	0	2	1	1	0	2	
Termination of service	9	8	-	-	8	87 %	-	-	-	1	-	-	1	
Training costs	35	9	9	2	20	59 %	8	5	13	0	1	-	1	
Social and Mobility	64	15	13	10	38	60 %	7	17	25	0	1	0	1	
Information and comm. technology	590	148	154	47	350	59 %	129	109	238	0	1	0	2	
Rents and purchases	365	318	2	22	342	94 %	5	17	22	0	0	0	0	
Linked to buildings	226	65	66	6	137	61 %	57	28	85	0	3	0	3	
Security	107	30	33	2	65	61 %	32	9	41	0	1	-	1	
Mission and representation	71	45	8	2	54	77 %	11	2	13	0	3	0	4	
Meetings, committees, conference	24	8	3	0	12	48 %	6	2	8	1	4	0	5	
Official journal	3	2	0	-	2	76 %	1	-	1	-	0	-	0	
Publications	23	7	7	2	15	65 %	5	3	8	0	0	-	0	
Acquisition of information	8	5	1	0	6	75 %	2	0	2	0	0	0	0	
Studies and investigations	9	2	2	-	4	44 %	5	0	5	0	0	0	0	
General equipment, vehicle, furniture	46	8	15	6	29	63 %	11	6	17	0	0	0	1	
Linguistic external services	83	31	5	36	72	87 %	2	9	11	0	0	0	0	
Other administrative expenditure	47	13	8	13	33	71 %	4	9	13	0	0	0	1	
Pilot projects and prep. actions	-	-	-	-	-	-	-	-	-	-	-	-	-	
Administrative expenditure of Other Institutions	5 889	4 083	593	363	5 039	86 %	567	194	761	39	48	2	89	
<b>Total Heading 7: European Public Administration</b>	<b>13 787</b>	<b>10 414</b>	<b>962</b>	<b>884</b>	<b>12 260</b>	<b>89 %</b>	<b>887</b>	<b>522</b>	<b>1 409</b>	<b>45</b>	<b>71</b>	<b>3</b>	<b>118</b>	
O Innovation Fund (IF)	8 318	-	-	169	169	2 %	-	8 149	8 149	-	-	-	-	
Other actions	116	-	-	56	56	49 %	-	60	60	-	-	-	-	
<b>Total Heading O: Outside MFF</b>	<b>8 434</b>	<b>-</b>	<b>-</b>	<b>226</b>	<b>226</b>	<b>3 %</b>	<b>-</b>	<b>8 208</b>	<b>8 208</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

Programme	Total appropriations available	Payments made					%	Appropriations carried over to 2024			Appropriations lapsing			
		from final adopted budget	from carry- overs	from assigned revenue	Total	from final adopted budget		from assigned revenue	Total	from final adopted budget	from carry- overs	from assigned revenue	Total	
	1	2	3	4	5=2+ 3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+ 11+12	
S Solidarity and Emergency Aid (SEAR)	1 351	250	700	-	950	70 %	400	-	400	-	-	1	1	
European Globalisation Adjustment (EGF)	19	7	0	1	8	45 %	0	10	10	0	0	-	0	
Brexit Adjustment Reserve	1 829	997	46	-	1 043	57 %	328	458	786	-	-	-	-	
<b>Total Heading S: Solidarity mechanisms within and outside the Union (Special instruments)</b>	<b>3 198</b>	<b>1 254</b>	<b>746</b>	<b>1</b>	<b>2 001</b>	<b>63 %</b>	<b>728</b>	<b>468</b>	<b>1 196</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	
<b>Total</b>	<b>265 740</b>	<b>161 992</b>	<b>2 447</b>	<b>74 747</b>	<b>239 186</b>	<b>90 %</b>	<b>3 014</b>	<b>23 207</b>	<b>26 221</b>	<b>197</b>	<b>119</b>	<b>17</b>	<b>333</b>	

## 6.10. DETAILED MFF: MOVEMENTS IN OUTSTANDING COMMITMENTS (RAL)

EUR million

Programme	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at the end of the year
	Commitm. carried forward from previous year	Decommitm./ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commitm. made during the year	Payments	Cancellation of commitm. which cannot be carried over	Commitm. outstanding at year-end	
	1	2	3	4=1+2+3	5	6	7	8=5+6+7	9=4+8
1 Horizon Europe	27 655	(502)	(10 425)	16 728	15 363	(4 143)	(9)	11 211	27 939
Euratom	301	(5)	(95)	201	295	(139)	(0)	156	357
Thermonuclear Experimental Reactor (ITER)	1 433	(0)	(340)	1 093	556	(72)	(1)	483	1 576
Other actions	95	(7)	(49)	39	152	(56)	–	96	135
Pilot projects and prep. actions	30	(0)	(9)	21	27	(0)	–	27	48
InvestEU Fund	4 708	(58)	(1 630)	3 020	3 497	(683)	–	2 814	5 834
CEF - Transport	6 862	(141)	(2 500)	4 221	2 295	(14)	–	2 282	6 503
CEF - Energy	3 994	(26)	(525)	3 443	434	(4)	–	430	3 873
CEF - Digital	543	(36)	(143)	364	291	(5)	–	286	650
Digital Europe	1 622	(2)	(624)	996	1 379	(259)	–	1 120	2 116
Decentralised agencies	51	–	(48)	3	216	(180)	–	36	39
Other actions	–	–	–	–	4	(1)	–	2	2
Pilot projects and prep. actions	43	(0)	(12)	31	4	(1)	–	3	34
Actions under prerogatives of Commission	39	(2)	(24)	14	28	(6)	–	22	36
Single Market	1 045	(33)	(539)	473	665	(189)	(0)	476	949
EU Anti-Fraud	34	(4)	(17)	14	25	(10)	–	15	29
Taxation	42	(1)	(28)	14	39	(11)	–	28	42
Customs	141	(2)	(93)	46	126	(26)	–	100	146
Decentralised agencies	0	(0)	–	–	131	(131)	–	0	0
Other actions	7	(0)	(5)	2	9	(4)	–	6	7
Pilot projects and prep. actions	25	(1)	(8)	16	6	–	–	6	21
European Space Programme	1 439	(1)	(903)	535	2 177	(1 298)	–	879	1 413
Decentralised agencies	20	–	(20)	–	77	(57)	–	20	20
Pilot projects & preparatory actions	0	0	0	0	0	0	0	0	0

EUR million

Programme	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at the end of the year
	Commitm. carried forward from previous year	Decommitm./ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commitm. made during the year	Payments	Cancellation of commitm. which cannot be carried over	Commitm. outstanding at year-end	
	1	2	3	4=1+2+3	5	6	7	8=5+6+7	
Union Secure Connectivity	-	-	-	-	156	-	-	156	156
<b>Total Heading 1: Single Market, Innovation and Digital</b>	<b>50 130</b>	<b>(821)</b>	<b>(18 037)</b>	<b>31 272</b>	<b>27 951</b>	<b>(7 286)</b>	<b>(11)</b>	<b>20 654</b>	<b>51 926</b>
2 Regional Development (ERDF)	85 960	(207)	(33 930)	51 823	40 288	(1 042)	(0)	39 246	91 069
Cohesion Fund	15 198	(53)	(9 112)	6 034	7 088	(661)	(0)	6 427	12 460
Cohesion Fund contrib. to CEF-Transport	6 648	(46)	(2 059)	4 543	1 548	(11)	-	1 537	6 080
Pilot projects and prep. actions	6	(0)	(3)	3	-	-	-	-	3
European Social Fund Plus (ESF+)	46 489	(8)	(18 383)	28 098	17 648	(495)	(0)	17 153	45 251
Support to Turkish-Cypriot Community	107	(0)	(39)	68	34	(1)	(0)	32	100
European Recovery and Resilience	141 037	(11)	(46 412)	94 614	120 894	(990)	-	119 904	214 518
Pericles IV	1	(0)	(1)	0	1	(0)	-	1	1
EU Recovery	29	(0)	(29)	-	1 318	(667)	-	651	651
RescEU	1 150	(11)	(351)	788	1 467	(549)	(0)	918	1 707
EU4Health	1 063	(8)	(363)	691	769	(159)	-	610	1 301
Emergency support within the Union (ESI)	62	(20)	(2)	40	-	-	-	-	40
Decentralised agencies	35	(0)	(13)	22	296	(275)	-	21	43
Pilot projects and prep. actions	0	(0)	-	0	-	-	-	-	0
Actions under prerogatives of Commission	10	(1)	(9)	1	12	(3)	-	9	10
Employment and Social Innovation	174	(4)	(67)	103	100	(19)	-	80	184
Erasmus+	1 870	(46)	(722)	1 102	4 033	(3 051)	-	981	2 083
European Solidarity Corps (ESC)	166	(12)	(42)	112	151	(97)	-	54	166
Creative Europe	483	(11)	(243)	230	347	(149)	-	198	427
Justice	63	(2)	(17)	44	43	(20)	-	23	67
Rights and Values	213	(10)	(83)	120	215	(64)	-	151	272
Decentralised agencies	41	(0)	(7)	33	279	(263)	-	15	49
Other actions	12	(1)	(4)	7	9	(1)	-	8	16
Pilot projects and prep. actions	68	(1)	(31)	36	31	(2)	-	29	65

EUR million

Programme	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at the end of the year
	Commitm. carried forward from previous year	Decommitm./ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commitm. made during the year	Payments	Cancellation of commitm. which cannot be carried over	Commitm. outstanding at year-end	
	1	2	3	4=1+2+3	5	6	7	8=5+6+7	
Actions under prerogatives of Commission	197	(6)	(125)	66	182	(52)	–	129	195
<b>Total Heading 2: Cohesion, Resilience and Values</b>	<b>301 081</b>	<b>(456)</b>	<b>(112 046)</b>	<b>188 579</b>	<b>196 751</b>	<b>(8 572)</b>	<b>(1)</b>	<b>188 178</b>	<b>376 757</b>
3 Agricultural Guarantees	357	(13)	(116)	229	41 134	(41 005)	–	129	358
Other progr. of Natural Resources and Environment	0	0	0	0	0	0	0	0	0
Agricultural Fund for Rural Development	41 369	(5)	(15 730)	25 634	12 954	(697)	(0)	12 257	37 891
Maritime and Fisheries	3 173	(9)	(1 018)	2 147	1 171	(18)	(0)	1 152	3 299
Fisheries (SFPA and RFMO)	24	(1)	(12)	10	117	(104)	–	13	23
Decentralised agencies	–	–	–	–	30	(30)	–	–	–
Other actions	–	–	–	–	4	–	–	4	4
Pilot projects and prep. actions	5	–	(3)	3	2	–	–	2	4
Environment and Climate (LIFE)	2 353	(40)	(490)	1 823	766	(43)	–	724	2 547
Just Transition Fund	6 143	(3)	(107)	6 033	7 263	(20)	–	7 243	13 276
Loan facility under Just Transition Mechanism	10	(0)	(0)	10	59	(12)	–	47	57
Decentralised agencies	3	(3)	–	–	64	(64)	–	–	–
Pilot projects and prep. actions	21	(0)	(9)	13	5	(0)	–	5	18
<b>Total Heading 3: Natural Resources and Environment</b>	<b>53 459</b>	<b>(74)</b>	<b>(17 484)</b>	<b>35 901</b>	<b>63 567</b>	<b>(41 992)</b>	<b>(0)</b>	<b>21 575</b>	<b>57 477</b>
4 Asylum, Migration and Integration	2 265	(10)	(965)	1 290	1 494	(63)	(0)	1 430	2 720
Decentralised agencies	18	–	(5)	13	165	(165)	–	–	13
Pilot projects and prep. actions	–	–	–	–	–	–	–	–	–
Border Mngmt. (IBMF) - Border mngmt and visa	1 244	(13)	(346)	884	965	(51)	(0)	913	1 798
Border Mngmt. (IBMF) - Customs equipment	137	(0)	(0)	137	141	(0)	–	141	278
Decentralised agencies	344	–	(218)	126	1 036	(850)	–	186	312
<b>Total Heading 4: Migration and Border Management</b>	<b>4 008</b>	<b>(23)</b>	<b>(1 535)</b>	<b>2 449</b>	<b>3 801</b>	<b>(1 129)</b>	<b>(0)</b>	<b>2 671</b>	<b>5 121</b>
5 Internal Security Fund (ISF)	403	(13)	(170)	221	315	(10)	(0)	304	524



EUR million

Programme	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at the end of the year
	Commitm. carried forward from previous year	Decommitm./ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commitm. made during the year	Payments	Cancellation of commitm. which cannot be carried over	Commitm. outstanding at year-end	
	1	2	3	4=1+2+3	5	6	7	8=5+6+7	
Nuclear decommissioning	439	-	(102)	336	69	(0)	-	69	405
Nuclear Safety and decommissioning	316	(7)	(42)	267	53	(8)	-	45	312
Decentralised agencies	-	-	-	-	237	(237)	-	-	-
Pilot projects and prep. actions	1	-	-	1	-	-	-	-	1
Actions under prerogatives of Commission	25	(2)	(13)	11	22	(6)	-	16	26
European Defence (Research)	492	(0)	(166)	325	328	(7)	-	321	646
European Defence (Non Research)	1 040	(0)	(304)	735	644	(56)	-	588	1 323
Military Mobility	343	(0)	(223)	120	295	(40)	-	256	376
Defence instrument on common procurement	-	-	-	-	-	-	-	-	-
Defence Industrial Reinforcement instrument	-	-	-	-	157	-	-	157	157
European Defence industry Programme	0	0	0	0	0	0	0	0	0
Pilot projects and prep. actions	2	-	(1)	0	-	-	-	-	0
Union Secure Connectivity	-	-	-	-	30	-	-	30	30
<b>Total Heading 5: Security and Defence</b>	<b>3 061</b>	<b>(22)</b>	<b>(1 022)</b>	<b>2 017</b>	<b>2 149</b>	<b>(364)</b>	<b>(0)</b>	<b>1 785</b>	<b>3 803</b>
6 Neighbourhood, Developm. and Intl. Cooperation	27 629	(1 234)	(6 851)	19 543	13 948	(2 809)	(0)	11 139	30 682
Instrument for Nuclear Safety (EINS)	142	(7)	(36)	99	46	(5)	-	41	140
Humanitarian Aid (HUMA)	1 128	(1)	(670)	457	2 434	(1 828)	(0)	606	1 063
Common Foreign and Security Policy (CFSP)	136	(4)	(67)	65	385	(342)	-	42	108
Overseas Countries and Territories (OCT)	107	(1)	(40)	66	71	(7)	-	63	129
Other actions	16	(1)	(10)	5	66	(43)	-	23	28
Pilot projects and prep. actions	1	(1)	(0)	0	-	-	-	-	0
Actions under prerogatives of Commission	148	(3)	(56)	89	93	(30)	-	63	153
Pre-Accession Assistance (IPA III)	7 655	(91)	(1 658)	5 906	2 556	(778)	-	1 778	7 684
Pilot projects and prep. actions	0	0	0	0	0	0	0	0	0
<b>Total Heading 6: Neighbourhood and the</b>	<b>36 962</b>	<b>(1 342)</b>	<b>(9 389)</b>	<b>26 232</b>	<b>19 598</b>	<b>(5 843)</b>	<b>(0)</b>	<b>13 755</b>	<b>39 987</b>

EUR million

Programme	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at the end of the year
	Commitm. carried forward from previous year	Decommitm./ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commitm. made during the year	Payments	Cancellation of commitm. which cannot be carried over	Commitm. outstanding at year-end	
	1	2	3	4=1+2+3	5	6	7	8=5+6+7	
World									
7 Staff Pensions	0	(0)	-	-	2 606	(2 606)	-	-	-
(Pensions former Members) EP	-	-	-	-	14	(14)	-	-	-
(Pensions former Members) ECC	-	-	-	-	1	(1)	-	-	-
(Pensions former Members) Commission	-	-	-	-	8	(8)	-	-	-
(Pensions former Members) CJEU	-	-	-	-	14	(14)	-	-	-
(Pensions former Members) ECA	-	-	-	-	6	(6)	-	-	-
(Pensions former Members) Ombudsman	-	-	-	-	0	(0)	-	-	-
(Pensions former Members) EDPS	-	-	-	-	0	(0)	-	-	-
European schools	1	-	(1)	-	256	(255)	-	1	1
Remuneration statutory staff	0	(0)	(0)	-	2 787	(2 787)	(1)	0	0
Remuneration external staff	43	(5)	(38)	-	289	(255)	(1)	33	33
Members - Salaries and allowances	0	(0)	(0)	-	16	(15)	-	0	0
Members - Temporary allowances	-	-	-	-	0	(0)	-	-	-
Recruitment costs	4	(1)	(2)	-	29	(27)	-	2	2
Termination of service	-	-	-	-	8	(8)	-	-	-
Training costs	11	(1)	(9)	-	22	(11)	-	11	11
Social and Mobility	16	(2)	(15)	0	37	(24)	-	13	13
Information and comm. technology	155	(1)	(154)	-	367	(196)	-	172	172
Rents and purchases	2	(0)	(2)	-	348	(341)	-	7	7
Linked to buildings	69	(3)	(66)	-	135	(71)	-	63	63
Security	33	(1)	(33)	-	71	(33)	-	38	38
Mission and representation	11	(3)	(8)	-	58	(46)	-	11	11
Meetings, committees, conference	7	(4)	(3)	-	15	(8)	-	7	7
Official journal	0	(0)	(0)	-	3	(2)	-	1	1
Publications	7	(0)	(7)	-	15	(8)	-	6	6
Acquisition of information	2	(0)	(1)	-	7	(5)	-	2	2

EUR million

Programme	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at the end of the year
	Commitm. carried forward from previous year	Decommitm./ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commitm. made during the year	Payments	Cancellation of commitm. which cannot be carried over	Commitm. outstanding at year-end	
	1	2	3	4=1+2+3	5	6	7	8=5+6+7	
Studies and investigations	3	(0)	(2)	-	6	(2)	-	5	5
General equipment, vehicle, furniture	15	(0)	(15)	-	26	(14)	-	12	12
Linguistic external services	5	(0)	(5)	-	70	(67)	-	2	2
Other administrative expenditure	8	(0)	(8)	-	35	(25)	-	10	10
Pilot projects and prep. actions	0	(0)	-	-	-	-	-	-	-
Administrative expenditure of Other Institutions	654	(61)	(593)	-	5 056	(4 446)	(2)	608	608
<b>Total Heading 7: European Public Administration</b>	<b>1 048</b>	<b>(85)</b>	<b>(963)</b>	<b>0</b>	<b>12 303</b>	<b>(11 296)</b>	<b>(3)</b>	<b>1 004</b>	<b>1 004</b>
O Innovation Fund (IF)	3 068	(81)	(125)	2 862	3 626	(45)	-	3 581	6 443
Other actions	3	(2)	(0)	1	59	(56)	-	3	4
<b>Total Heading O: Outside MFF</b>	<b>3 071</b>	<b>(83)</b>	<b>(125)</b>	<b>2 863</b>	<b>3 685</b>	<b>(101)</b>	<b>-</b>	<b>3 584</b>	<b>6 447</b>
S Solidarity and Emergency Aid (SEAR)	-	-	-	-	950	(950)	-	-	-
European Globalisation Adjustment (EGF)	0	(0)	(0)	-	8	(8)	-	0	0
Brexit Adjustment Reserve	-	-	-	-	1 525	(1 043)	-	482	482
<b>Total Heading S: Solidarity mechanisms within and outside the Union (Special instruments)</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>	<b>2 483</b>	<b>(2 001)</b>	<b>-</b>	<b>482</b>	<b>482</b>
<b>Total</b>	<b>452 821</b>	<b>(2 905)</b>	<b>(160 601)</b>	<b>289 315</b>	<b>332 290</b>	<b>(78 585)</b>	<b>(16)</b>	<b>253 689</b>	<b>543 003</b>

## 6.11. DETAILED MFF: OUTSTANDING COMMITMENTS BY YEAR OF ORIGIN

<i>EUR million</i>									
Programme	<2017	2017	2018	2019	2020	2021	2022	2023	Total
1 Horizon Europe	291	424	786	1 572	3 156	4 286	6 070	11 355	27 939
Euratom	24	0	13	24	70	31	39	156	357
Thermonuclear Experimental Reactor (ITER)	-	-	-	-	146	308	638	483	1 576
Other actions	-	-	0	5	11	9	13	96	135
Pilot projects and prep. actions	-	0	1	1	0	4	14	27	48
InvestEU Fund	175	94	82	108	175	188	2 198	2 814	5 834
CEF - Transport	86	16	94	1 126	1 601	817	481	2 282	6 503
CEF - Energy	23	312	178	801	1 025	541	562	430	3 873
CEF - Digital	0	2	6	15	23	132	183	288	650
Digital Europe	-	-	0	0	0	394	592	1 130	2 116
Decentralised agencies	-	-	-	-	-	-	3	36	39
Other actions	-	-	-	-	-	-	-	2	2
Pilot projects and prep. actions	-	-	0	1	15	10	5	3	34
Actions under prerogatives of Commission	-	-	-	0	0	3	10	22	36
Single Market	35	17	14	41	48	91	205	498	949
EU Anti-Fraud	0	-	-	0	1	6	6	15	29
Taxation	-	-	0	0	0	5	8	28	42
Customs	-	0	0	0	1	7	39	100	146
Decentralised agencies	-	-	-	-	-	-	-	0	0
Other actions	-	-	-	-	-	1	1	6	7
Pilot projects and prep. actions	-	-	0	0	2	1	12	6	21
European Space Programme	-	0	7	52	253	23	199	879	1 413
Decentralised agencies	-	-	-	-	-	-	-	20	20
Pilot projects & preparatory actions	0	0	0	0	0	0	0	0	0
Union Secure Connectivity	-	-	-	-	-	-	-	156	156
<b>Total Heading 1: Single Market, Innovation and Digital</b>	<b>634</b>	<b>865</b>	<b>1 182</b>	<b>3 748</b>	<b>6 529</b>	<b>6 859</b>	<b>11 278</b>	<b>20 831</b>	<b>51 926</b>
2 Regional Development (ERDF)	893	1 343	1 676	2 493	4 548	6 628	34 242	39 246	91 069
Cohesion Fund	113	182	218	377	401	214	4 529	6 427	12 460
Cohesion Fund contrib. to CEF-Transport	360	352	442	959	1 418	495	517	1 537	6 080

Annual accounts of the European Union 2023

<i>EUR million</i>									
Programme	<2017	2017	2018	2019	2020	2021	2022	2023	Total
Pilot projects and prep. actions	-	0	1	-	1	0	2	-	3
European Social Fund Plus (ESF+)	457	356	710	951	1 125	6 314	18 186	17 153	45 251
Support to Turkish-Cypriot Community	5	1	1	5	12	17	26	32	100
European Recovery and Resilience	-	-	0	2	2	13 894	80 716	119 904	214 518
Pericles IV	-	-	-	0	0	0	0	1	1
EU Recovery	-	-	-	-	-	-	-	651	651
RescEU	-	1	1	12	180	189	405	918	1 707
EU4Health	0	1	4	9	11	167	490	619	1 301
Emergency support within the Union (ESI)	-	-	-	-	2	19	19	-	40
Decentralised agencies	-	0	0	1	1	5	15	21	43
Pilot projects and prep. actions	0	-	-	-	-	-	-	-	0
Actions under prerogatives of Commission	-	-	-	-	-	0	1	9	10
Employment and Social Innovation	2	2	2	12	18	20	47	80	184
Erasmus+	0	0	3	57	223	293	526	981	2 083
European Solidarity Corps (ESC)	2	0	0	27	34	22	26	54	166
Creative Europe	-	0	1	6	13	61	148	198	427
Justice	0	7	4	3	4	9	16	23	67
Rights and Values	3	2	3	4	7	20	81	151	272
Decentralised agencies	-	-	-	-	1	22	11	15	49
Other actions	0	-	0	0	0	1	6	8	16
Pilot projects and prep. actions	0	-	1	1	7	7	19	29	65
Actions under prerogatives of Commission	1	1	3	5	8	11	38	129	195
<b>Total Heading 2: Cohesion, Resilience and Values</b>	<b>1 835</b>	<b>2 249</b>	<b>3 070</b>	<b>4 923</b>	<b>8 017</b>	<b>28 409</b>	<b>140 066</b>	<b>188 188</b>	<b>376 757</b>
<b>3 Agricultural Guarantees</b>	-	-	10	19	37	61	102	129	358
Other progr. of Natural Resources and Environment	0	0	0	0	0	0	0	0	0
Agricultural Fund for Rural Development	2 251	764	775	787	1 623	5 110	14 324	12 257	37 891
Maritime and Fisheries	55	94	130	178	480	145	1 065	1 152	3 299
Fisheries (SFPA and RFMO)	-	1	-	-	-	0	9	13	23
Decentralised agencies	-	-	-	-	-	-	-	-	-
Other actions	-	-	-	-	-	-	-	4	4
Pilot projects and prep. actions	-	-	-	1	0	-	1	2	4

<i>EUR million</i>									
Programme	<2017	2017	2018	2019	2020	2021	2022	2023	Total
Environment and Climate (LIFE)	100	66	242	210	269	439	497	724	2 547
Just Transition Fund	-	-	-	-	-	0	6 033	7 243	13 276
Loan facility under Just Transition Mechanism	-	-	-	-	-	-	10	47	57
Decentralised agencies	-	-	-	-	-	-	-	-	-
Pilot projects and prep. actions	0	-	0	0	4	2	6	5	18
<b>Total Heading 3: Natural Resources and Environment</b>	<b>2 406</b>	<b>926</b>	<b>1 156</b>	<b>1 195</b>	<b>2 414</b>	<b>5 757</b>	<b>22 047</b>	<b>21 575</b>	<b>57 477</b>
4 Asylum, Migration and Integration	11	87	82	174	589	52	295	1 430	2 720
Decentralised agencies	-	-	-	-	-	-	13	-	13
Pilot projects and prep. actions	-	-	-	-	-	-	-	-	-
Border Mngmt. (IBMF) - Border mngmt and visa	18	7	26	168	359	56	251	913	1 798
Border Mngmt. (IBMF) - Customs equipment	-	-	-	-	-	72	65	141	278
Decentralised agencies	-	-	-	-	-	-	126	186	312
<b>Total Heading 4: Migration and Border Management</b>	<b>29</b>	<b>94</b>	<b>108</b>	<b>342</b>	<b>948</b>	<b>180</b>	<b>749</b>	<b>2 671</b>	<b>5 121</b>
5 Internal Security Fund (ISF)	1	18	17	29	73	12	71	304	524
Nuclear decommissioning	3	1	41	64	65	63	99	69	405
Nuclear Safety and decommissioning	16	22	43	45	81	41	20	45	312
Decentralised agencies	-	-	-	-	-	-	-	-	-
Pilot projects and prep. actions	-	-	-	-	1	-	-	-	1
Actions under prerogatives of Commission	0	0	0	0	1	3	6	16	26
European Defence (Research)	-	-	-	-	-	158	167	321	646
European Defence (Non Research)	-	-	-	19	26	345	345	588	1 323
Military Mobility	-	-	-	-	-	94	27	256	376
Defence instrument on common procurement	-	-	-	-	-	-	-	-	-
Defence Industrial Reinforcement instrument	-	-	-	-	-	-	-	157	157
European Defence industry Programme	0	0	0	0	0	0	0	0	0
Pilot projects and prep. actions	-	-	0	-	-	-	-	-	0
Union Secure Connectivity	-	-	-	-	-	-	-	30	30
<b>Total Heading 5: Security and Defence</b>	<b>20</b>	<b>41</b>	<b>102</b>	<b>158</b>	<b>246</b>	<b>716</b>	<b>735</b>	<b>1 785</b>	<b>3 803</b>
6 Neighbourhood, Developm. and Intl. Cooperation	898	673	1 287	1 555	2 112	4 464	8 553	11 140	30 682
Instrument for Nuclear Safety (EINS)	1	6	12	11	15	26	28	41	140
Humanitarian Aid (HUMA)	0	0	0	14	11	121	310	606	1 063

Programme	<i>EUR million</i>								
	<2017	2017	2018	2019	2020	2021	2022	2023	Total
Common Foreign and Security Policy (CFSP)	-	1	0	14	11	27	13	42	108
Overseas Countries and Territories (OCT)	-	-	-	2	-	3	61	63	129
Other actions	-	-	-	-	-	-	5	23	28
Pilot projects and prep. actions	-	0	0	0	-	-	-	-	0
Actions under prerogatives of Commission	0	0	1	2	11	30	44	63	153
Pre-Accession Assistance (IPA III)	340	157	533	1 060	719	1 274	1 823	1 778	7 684
Pilot projects and prep. actions	0	0	0	0	0	0	0	0	0
<b>Total Heading 6: Neighbourhood and the World</b>	<b>1 238</b>	<b>837</b>	<b>1 834</b>	<b>2 658</b>	<b>2 880</b>	<b>5 945</b>	<b>10 837</b>	<b>13 757</b>	<b>39 987</b>
<b>7 Staff Pensions</b>	-	-	-	-	-	-	-	-	-
(Pensions former Members) EP	-	-	-	-	-	-	-	-	-
(Pensions former Members) ECC	-	-	-	-	-	-	-	-	-
(Pensions former Members) Commission	-	-	-	-	-	-	-	-	-
(Pensions former Members) CJEU	-	-	-	-	-	-	-	-	-
(Pensions former Members) ECA	-	-	-	-	-	-	-	-	-
(Pensions former Members) Ombudsman	-	-	-	-	-	-	-	-	-
(Pensions former Members) EDPS	-	-	-	-	-	-	-	-	-
European schools	-	-	-	-	-	-	-	1	1
Remuneration statutory staff	-	-	-	-	-	-	-	0	0
Remuneration external staff	-	-	-	-	-	-	-	33	33
Members - Salaries and allowances	-	-	-	-	-	-	-	0	0
Members - Temporary allowances	-	-	-	-	-	-	-	-	-
Recruitment costs	-	-	-	-	-	-	-	2	2
Termination of service	-	-	-	-	-	-	-	-	-
Training costs	-	-	-	-	-	-	-	11	11
Social and Mobility	-	-	-	-	-	-	0	13	13
Information and comm. technology	-	-	-	-	-	-	-	172	172
Rents and purchases	-	-	-	-	-	-	-	7	7
Linked to buildings	-	-	-	-	-	-	-	63	63
Security	-	-	-	-	-	-	-	38	38
Mission and representation	-	-	-	-	-	-	-	11	11
Meetings, committees, conference	-	-	-	-	-	-	-	7	7

Annual accounts of the European Union 2023

Programme	<i>EUR million</i>								
	<2017	2017	2018	2019	2020	2021	2022	2023	Total
Official journal	-	-	-	-	-	-	-	1	1
Publications	-	-	-	-	-	-	-	6	6
Acquisition of information	-	-	-	-	-	-	-	2	2
Studies and investigations	-	-	-	-	-	-	-	5	5
General equipment, vehicle, furniture	-	-	-	-	-	-	-	12	12
Linguistic external services	-	-	-	-	-	-	-	2	2
Other administrative expenditure	-	-	-	-	-	-	-	10	10
Pilot projects and prep. actions	-	-	-	-	-	-	-	-	-
Administrative expenditure of Other Institutions	0	0	0	0	0	0	0	608	608
<b>Total Heading 7: European Public Administration</b>	-	-	-	-	-	-	0	1 004	1 004
O Innovation Fund (IF)	-	-	-	-	-	105	2 757	3 581	6 443
Other actions	-	-	-	-	0	-	1	3	4
<b>Total Heading O: Outside MFF</b>	-	-	-	-	0	105	2 758	3 584	6 447
S Solidarity and Emergency Aid (SEAR)	-	-	-	-	-	-	-	-	-
European Globalisation Adjustment (EGF)	-	-	-	-	-	-	-	0	0
Brexit Adjustment Reserve	-	-	-	-	-	-	-	482	482
<b>Total Heading S: Solidarity mechanisms within and outside the Union (Special instruments)</b>	-	-	-	-	-	-	-	482	482
<b>Total</b>	<b>6 162</b>	<b>5 013</b>	<b>7 452</b>	<b>13 024</b>	<b>21 034</b>	<b>47 971</b>	<b>188 470</b>	<b>253 877</b>	<b>543 003</b>

As a result from re-allocation of commitments in the framework of internal re-organisations a shift of outstanding amount (188 EUR million) between years has occurred. The overall amount of outstanding commitments remains unchanged.



## 6.12. DETAILED MFF: OUTSTANDING COMMITMENTS BY APPROPRIATIONS TYPE

EUR million

Heading	From budget appropriations					From assigned revenue appropriations					Total commitm. outstanding at the end of 2023
	Commitm. carried forward from 2022	Adjust- ments	Commitm. made	Payments made	Amount remaining to be settled	Commitm. carried forward from 2022	Adjust- ments	Commitm. made	Payments made	Amount remaining to be settled	
	1	2	3	4	5=1+2+3- 4	6	7	8	9	10=6+7+ 8-9	
1 Horizon Europe	22 971	(380)	12 583	11 668	23 506	4 683	(131)	2 781	2 900	4 433	27 939
Euratom	245	(4)	286	223	304	57	(1)	9	11	54	357
Thermonuclear Experimental Reactor (ITER)	1 433	(1)	550	411	1 570	0	-	6	1	6	1 576
Other actions	0	0	-	-	-	95	(7)	152	105	135	135
Pilot projects and prep. actions	30	(0)	27	9	48	0	0	0	0	0	48
InvestEU Fund	2 325	(55)	341	358	2 253	2 383	(3)	3 156	1 955	3 582	5 834
CEF - Transport	6 787	(133)	2 281	2 493	6 442	75	(8)	15	21	61	6 503
CEF - Energy	3 944	(26)	426	526	3 819	50	(0)	8	3	54	3 873
CEF - Digital	541	(36)	289	148	647	2	(0)	2	0	3	650
Digital Europe	1 592	(1)	1 340	861	2 070	30	(1)	39	21	46	2 116
Decentralised agencies	49	-	206	217	39	1	-	9	11	-	39
Other actions	-	-	4	1	2	0	0	0	0	0	2
Pilot projects and prep. actions	43	(0)	4	13	34	0	0	0	0	0	34
Actions under prerogatives of Commission	34	(1)	25	27	31	5	(1)	3	3	5	36
Single Market	1 017	(31)	633	702	917	28	(2)	32	26	32	949
EU Anti-Fraud	34	(4)	25	26	29	0	(0)	0	0	0	29
Taxation	40	(0)	36	36	40	2	(0)	3	3	2	42
Customs	137	(2)	121	115	141	3	(0)	4	3	4	146
Decentralised agencies	-	-	124	124	0	0	(0)	7	7	-	0
Other actions	7	(0)	9	9	7	-	-	0	-	0	7
Pilot projects and prep. actions	25	(1)	6	8	21	0	0	0	0	0	21
European Space Programme	1 268	(1)	2 045	2 088	1 223	172	(0)	131	113	190	1 413
Decentralised agencies	18	-	75	75	18	2	-	2	2	2	20
Union Secure Connectivity	-	-	156	-	156	0	0	0	0	0	156

EUR million

Heading	From budget appropriations					From assigned revenue appropriations					Total commitm. outstanding at the end of 2023
	Commitm. carried forward from 2022	Adjust- ments	Commitm. made	Payments made	Amount remaining to be settled	Commitm. carried forward from 2022	Adjust- ments	Commitm. made	Payments made	Amount remaining to be settled	
	1	2	3	4	5=1+2+3- 4	6	7	8	9	10=6+7+ 8-9	
Total Heading 1: Single Market, Innovation and Digital	42 542	(677)	21 590	20 137	43 318	7 588	(155)	6 361	5 186	8 608	51 926
2 Regional Development (ERDF)	54 315	(199)	37 793	17 335	74 573	31 644	(8)	2 496	17 636	16 496	91 069
Cohesion Fund	10 130	(53)	6 400	5 064	11 413	5 068	-	688	4 709	1 048	12 460
Cohesion Fund contrib. to CEF-Transport	6 634	(45)	1 548	2 070	6 066	14	(1)	-	-	13	6 080
Pilot projects and prep. actions	6	(0)	-	3	3	0	0	0	0	0	3
European Social Fund Plus (ESF+)	22 858	(7)	16 300	7 863	31 288	23 631	(1)	1 348	11 015	13 963	45 251
Support to Turkish-Cypriot Community	104	(0)	34	39	99	3	-	0	2	1	100
European Recovery and Resilience	160	(7)	121	116	157	140 877	(3)	120 773	47 285	214 361	214 518
Pericles IV	1	(0)	1	1	1	0	-	0	0	0	1
EU Recovery	29	(0)	1 316	696	649	0	-	2	0	2	651
RescEU	557	(9)	253	260	540	593	(1)	1 214	639	1 166	1 707
EU4Health	1 039	(8)	739	496	1 274	24	(0)	30	26	27	1 301
Emergency support within the Union (ESI)	43	(20)	-	2	21	19	(0)	-	-	19	40
Decentralised agencies	34	(0)	261	253	42	0	-	35	35	0	43
Pilot projects and prep. actions	0	(0)	-	-	0	0	0	0	0	0	0
Actions under prerogatives of Commission	10	(1)	12	12	10	-	-	0	0	0	10
Employment and Social Innovation	167	(4)	92	82	174	6	(0)	8	4	9	184
Erasmus+	1 646	(31)	3 672	3 424	1 863	225	(14)	360	350	221	2 083
European Solidarity Corps (ESC)	149	(12)	144	129	153	16	-	7	9	14	166
Creative Europe	469	(10)	333	378	414	14	(1)	14	13	14	427
Justice	60	(2)	40	35	63	3	(0)	3	3	4	67
Rights and Values	212	(10)	214	146	271	1	(0)	1	1	1	272
Decentralised agencies	40	-	275	267	48	0	(0)	4	4	1	49
Other actions	11	(1)	7	4	13	1	-	2	1	2	16
Pilot projects and prep. actions	68	(1)	31	33	65	0	-	0	0	0	65

EUR million

Heading	From budget appropriations					From assigned revenue appropriations					Total commitm. outstanding at the end of 2023
	Commitm. carried forward from 2022	Adjust- ments	Commitm. made	Payments made	Amount remaining to be settled	Commitm. carried forward from 2022	Adjust- ments	Commitm. made	Payments made	Amount remaining to be settled	
	1	2	3	4	5=1+2+3- 4	6	7	8	9	10=6+7+ 8-9	11=5+10
Actions under prerogatives of Commission	194	(6)	180	176	192	3	(0)	2	2	3	195
<b>Total Heading 2: Cohesion, Resilience and Values</b>	<b>98 936</b>	<b>(427)</b>	<b>69 765</b>	<b>38 883</b>	<b>129 392</b>	<b>202 144</b>	<b>(30)</b>	<b>126 986</b>	<b>81 734</b>	<b>247 365</b>	<b>376 757</b>
3 Agricultural Guarantees	357	(13)	40 848	40 834	358	0	(0)	286	286	0	358
Agricultural Fund for Rural Development	34 625	(5)	12 934	14 397	33 157	6 745	(0)	19	2 030	4 734	37 891
Maritime and Fisheries	2 573	(9)	1 106	978	2 692	600	(0)	65	58	607	3 299
Fisheries (SFPA and RFMO)	24	(1)	117	116	23	0	0	0	0	0	23
Decentralised agencies	-	-	30	30	-	-	-	1	1	-	-
Other actions	-	-	4	-	4	0	0	0	0	0	4
Pilot projects and prep. actions	5	-	2	3	4	0	0	0	0	0	4
Environment and Climate (LIFE)	2 347	(39)	758	529	2 538	7	(1)	8	4	9	2 547
Just Transition Fund	1 327	(0)	1 447	2	2 773	4 816	(3)	5 816	125	10 504	13 276
Loan facility under Just Transition Mechanism	-	-	50	10	40	10	(0)	9	2	17	57
Decentralised agencies	3	(3)	57	57	-	0	(0)	7	7	-	-
Pilot projects and prep. actions	21	(0)	5	9	18	0	0	0	0	0	18
<b>Total Heading 3: Natural Resources and Environment</b>	<b>41 281</b>	<b>(69)</b>	<b>57 357</b>	<b>56 964</b>	<b>41 606</b>	<b>12 178</b>	<b>(5)</b>	<b>6 210</b>	<b>2 512</b>	<b>15 871</b>	<b>57 477</b>
4 Asylum, Migration and Integration	2 250	(8)	1 492	1 025	2 709	16	(3)	2	4	11	2 720
Decentralised agencies	18	-	157	162	13	-	-	8	8	-	13
Border Mngmt. (IBMF) - Border mngmt and visa	1 063	(13)	964	378	1 637	181	(1)	0	20	161	1 798
Border Mngmt. (IBMF) - Customs equipment	137	(0)	141	0	278	0	0	0	0	0	278
Decentralised agencies	344	-	988	1 020	312	-	-	48	48	-	312
<b>Total Heading 4: Migration and Border Management</b>	<b>3 811</b>	<b>(20)</b>	<b>3 743</b>	<b>2 585</b>	<b>4 949</b>	<b>197</b>	<b>(4)</b>	<b>58</b>	<b>80</b>	<b>172</b>	<b>5 121</b>
5 Internal Security Fund (ISF)	396	(13)	313	178	518	8	(0)	1	3	6	524
Nuclear decommissioning	439	-	69	102	405	0	0	0	0	0	405
Nuclear Safety and decommissioning	316	(7)	53	50	312	0	(0)	0	0	0	312

EUR million

Heading	From budget appropriations					From assigned revenue appropriations					Total commitm. outstanding at the end of 2023
	Commitm. carried forward from 2022	Adjust- ments	Commitm. made	Payments made	Amount remaining to be settled	Commitm. carried forward from 2022	Adjust- ments	Commitm. made	Payments made	Amount remaining to be settled	
	1	2	3	4	5=1+2+3- 4	6	7	8	9	10=6+7+ 8-9	
Decentralised agencies	-	-	231	231	-	-	-	6	6	-	-
Pilot projects and prep. actions	1	-	-	-	1	0	0	0	0	0	1
Actions under prerogatives of Commission	25	(2)	22	19	26	0	-	0	0	0	26
European Defence (Research)	479	(0)	319	167	631	12	-	9	6	15	646
European Defence (Non Research)	1 024	(0)	626	360	1 290	16	-	17	0	33	1 323
Military Mobility	343	(0)	295	263	376	0	0	0	0	0	376
Defence Industrial Reinforcement instrument	-	-	157	-	157	0	0	0	0	0	157
Pilot projects and prep. actions	2	-	-	1	0	0	0	0	0	0	0
Union Secure Connectivity	-	-	30	-	30	0	0	0	0	0	30
<b>Total Heading 5: Security and Defence</b>	<b>3 025</b>	<b>(22)</b>	<b>2 116</b>	<b>1 372</b>	<b>3 748</b>	<b>36</b>	<b>(0)</b>	<b>33</b>	<b>14</b>	<b>55</b>	<b>3 803</b>
6 Neighbourhood, Developm. and Intl. Cooperation	27 423	(1 229)	13 290	9 142	30 342	206	(5)	658	518	340	30 682
Instrument for Nuclear Safety (EINS)	139	(7)	45	40	137	3	-	1	0	4	140
Humanitarian Aid (HUMA)	1 113	(1)	2 408	2 473	1 047	15	(0)	26	26	15	1 063
Common Foreign and Security Policy (CFSP)	116	(4)	372	390	94	20	(0)	13	19	13	108
Overseas Countries and Territories (OCT)	107	(1)	71	48	129	0	0	0	0	0	129
Other actions	16	(1)	65	52	28	-	-	1	1	-	28
Pilot projects and prep. actions	1	(1)	-	0	0	0	0	0	0	0	0
Actions under prerogatives of Commission	148	(3)	93	85	152	0	-	0	0	0	153
Pre-Accession Assistance (IPA III)	7 213	(86)	2 530	2 242	7 415	442	(5)	26	194	269	7 684
<b>Total Heading 6: Neighbourhood and the World</b>	<b>36 275</b>	<b>(1 332)</b>	<b>18 874</b>	<b>14 473</b>	<b>39 345</b>	<b>687</b>	<b>(10)</b>	<b>724</b>	<b>758</b>	<b>642</b>	<b>39 987</b>
7 Staff Pensions	-	-	2 347	2 347	-	0	(0)	259	259	-	-
(Pensions former Members) EP	-	-	14	14	-	0	0	0	0	0	-
(Pensions former Members) ECC	-	-	1	1	-	0	0	0	0	0	-
(Pensions former Members) Commission	-	-	8	8	-	0	0	0	0	0	-

EUR million

Heading	From budget appropriations					From assigned revenue appropriations					Total commitm. outstanding at the end of 2023
	Commitm. carried forward from 2022	Adjust- ments	Commitm. made	Payments made	Amount remaining to be settled	Commitm. carried forward from 2022	Adjust- ments	Commitm. made	Payments made	Amount remaining to be settled	
	1	2	3	4	5=1+2+3- 4	6	7	8	9	10=6+7+ 8-9	
(Pensions former Members) CJEU	-	-	14	14	-	0	0	0	0	0	-
(Pensions former Members) ECA	-	-	6	6	-	0	0	0	0	0	-
(Pensions former Members) Ombudsman	-	-	0	0	-	0	0	0	0	0	-
(Pensions former Members) EDPS	-	-	0	0	-	0	0	0	0	0	-
European schools	0	-	233	233	0	1	-	23	23	1	1
Remuneration statutory staff	0	(1)	2 732	2 731	0	-	-	55	55	-	0
Remuneration external staff	42	(5)	252	257	32	1	(1)	37	36	1	33
Members - Salaries and allowances	0	(0)	16	16	0	-	-	0	0	-	0
Members - Temporary allowances	-	-	0	0	-	0	0	0	0	0	-
Recruitment costs	3	(1)	28	29	2	0	(0)	1	1	0	2
Termination of service	-	-	8	8	-	0	0	0	0	0	-
Training costs	9	(1)	17	18	8	1	(0)	4	3	3	11
Social and Mobility	9	(0)	22	23	7	8	(1)	15	16	6	13
Information and comm. technology	126	(1)	278	273	129	29	(0)	89	76	42	172
Rents and purchases	0	(0)	323	319	5	2	-	25	24	2	7
Linked to buildings	60	(3)	123	122	57	9	(0)	12	15	6	63
Security	26	(1)	63	56	32	7	(0)	8	10	6	38
Mission and representation	11	(3)	56	53	11	0	(0)	2	2	0	11
Meetings, committees, conference	7	(4)	14	11	6	0	(0)	1	1	1	7
Official journal	0	(0)	3	2	1	0	0	0	0	0	1
Publications	6	(0)	11	12	5	1	(0)	4	3	2	6
Acquisition of information	2	(0)	6	6	2	0	(0)	0	0	0	2
Studies and investigations	3	(0)	6	4	5	0	-	0	0	0	5
General equipment, vehicle, furniture	14	(0)	19	22	11	2	(0)	7	7	1	12
Linguistic external services	4	(0)	33	35	2	2	(0)	37	38	1	2
Other administrative expenditure	5	(0)	17	17	4	4	(0)	19	17	6	10

EUR million

Heading	From budget appropriations					From assigned revenue appropriations					Total commitm. outstanding at the end of 2023
	Commitm. carried forward from 2022	Adjust- ments	Commitm. made	Payments made	Amount remaining to be settled	Commitm. carried forward from 2022	Adjust- ments	Commitm. made	Payments made	Amount remaining to be settled	
	1	2	3	4	5=1+2+3- 4	6	7	8	9	10=6+7+ 8-9	11=5+10
Pilot projects and prep. actions	0	(0)	-	-	-	0	0	0	0	0	-
Administrative expenditure of Other Institutions	603	(10)	4 650	4 676	567	51	(53)	406	363	42	608
<b>Total Heading 7: European Public Administration</b>	<b>929</b>	<b>(31)</b>	<b>11 300</b>	<b>11 313</b>	<b>886</b>	<b>119</b>	<b>(57)</b>	<b>1 003</b>	<b>947</b>	<b>118</b>	<b>1 004</b>
O Innovation Fund (IF)	0	0	-	-	-	3 068	(81)	3 626	169	6 443	6 443
Other actions	0	0	-	-	-	3	(2)	59	56	4	4
<b>Total Heading O: Outside MFF</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 071</b>	<b>(83)</b>	<b>3 685</b>	<b>226</b>	<b>6 447</b>	<b>6 447</b>
S Solidarity and Emergency Aid (SEAR)	-	-	950	950	-	-	-	-	-	-	-
European Globalisation Adjustment (EGF)	0	(0)	8	8	0	0	0	0	0	0	0
Brexit Adjustment Reserve	-	-	1 363	1 043	321	-	-	161	-	161	482
<b>Total Heading S: Solidarity mechanisms within and outside the Union (Special instruments)</b>	<b>0</b>	<b>(0)</b>	<b>2 322</b>	<b>2 001</b>	<b>321</b>	<b>-</b>	<b>-</b>	<b>161</b>	<b>-</b>	<b>161</b>	<b>482</b>
<b>Total</b>	<b>226 800</b>	<b>(2 577)</b>	<b>187 069</b>	<b>147 727</b>	<b>263 564</b>	<b>226 021</b>	<b>(343)</b>	<b>145 221</b>	<b>91 459</b>	<b>279 439</b>	<b>543 003</b>

## 7. IMPLEMENTATION OF THE BUDGET BY INSTITUTION

### 7.1. IMPLEMENTATION OF BUDGET REVENUE

EUR million

Institution	Income appropriations		Entitlements established			Revenue		Total	Receipts as % of budget	Out-standing
	Initial adopted budget	Final adopted budget	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over			
	1	2	3	4	5=3+4	6	7			
European Parliament	193	193	255	12	268	253	2	255	132 %	13
European Council and Council	67	67	100	3	102	99	2	101	151 %	1
Commission	168 210	164 764	243 340	23 451	266 791	237 468	10 042	247 510	150 %	19 281
Court of Justice	67	67	68	0	68	68	0	68	102 %	0
Court of Auditors	28	28	27	0	27	27	0	27	98 %	0
Economic and Social Committee	15	15	21	0	21	21	0	21	140 %	0
Committee of the Regions	12	12	14	0	14	14	0	14	115 %	0
Ombudsman	2	2	2	0	2	2	0	2	100 %	–
European Data Protection Supervisor	2	2	2	0	2	2	0	2	94 %	–
European External Action Service	53	53	360	1	361	360	1	361	675 %	0
<b>Total</b>	<b>168 649</b>	<b>165 203</b>	<b>244 189</b>	<b>23 467</b>	<b>267 656</b>	<b>238 313</b>	<b>10 048</b>	<b>248 361</b>	<b>150 %</b>	<b>19 295</b>

The consolidated reports on the implementation of the general budget of the EU include, as in previous years, the budget implementation of all Institutions since within the EU budget a separate budget for each Institution is established.

The budget and implementation of Agencies are not consolidated within the EU budget and are not included in the EU budget reports. The Commission subsidy paid to the agencies however is part of the EU budget. In this budgetary part of the annual accounts, only the subsidy paid from the Commission budget to the Agencies is taken into consideration.

Concerning the EEAS, it should be noted that, in addition to its own budget, it also receives contributions from the Commission of EUR 240.5 million (2022: EUR 221.7 million) and the EDF legacy and the Trust Funds of EUR 18.7 million (2022: EUR 19.6 million). These contributions cover the costs of the Commission's staff in the delegations financed under the EDF and the Trust Funds, including assigned revenue generated during the year from these contributions.

## 7.2. IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

EUR million

Institution	Total appropriat. available	Commitments made					Appropriations carried over to 2024			Appropriations lapsing			
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry- overs	from assigned revenue	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+ 11+12
European Parliament	2 343	2 238	0	59	2 297	98 %	0	37	37	9	0	0	9
European Council and Council	709	629	0	30	659	93 %	0	31	31	19	0	0	19
Commission	338 896	179 713	2 705	144 815	327 233	97 %	807	9 306	10 113	1 267	15	268	1 550
Court of Justice	488	482	0	1	483	99 %	0	1	1	4	0	0	4
Court of Auditors	176	171	1	0	172	98 %	0	0	0	3	0	0	3
Economic and Social Committee	165	157	0	4	161	97 %	0	2	2	2	0	0	2
Committee of Regions	119	117	0	2	118	99 %	0	1	1	0	0	0	0
Ombudsman	13	13	0	–	13	95 %	0	–	–	1	0	–	1
European Data- protection Supervisor	23	22	0	–	22	96 %	0	–	–	1	0	0	1
European External Action Service	1 198	821	0	310	1 132	94 %	1	66	67	0	0	–	0
<b>Total</b>	<b>344 131</b>	<b>184 363</b>	<b>2 706</b>	<b>145 221</b>	<b>332 290</b>	<b>97 %</b>	<b>808</b>	<b>9 444</b>	<b>10 252</b>	<b>1 306</b>	<b>15</b>	<b>268</b>	<b>1 589</b>



### 7.3. IMPLEMENTATION OF PAYMENT APPROPRIATIONS

EUR million

Institution	Total approp. available	Payments made					Appropriations carried over to 2024			Appropriations lapsing			
		from final adopted budget	from carry-overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry-overs	from assigned revenue	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13
European Parliament	2 726	1 890	352	61	2 303	84 %	348	44	393	9	20	2	31
European Council and Council	789	543	71	30	645	82 %	86	33	118	19	6	–	25
Commission	259 851	157 909	1 854	74 384	234 147	90 %	2 447	23 013	25 460	158	71	15	243
Court of Justice	525	452	32	0	484	92 %	31	1	32	4	5	–	9
Court of Auditors	183	162	7	0	169	92 %	10	0	10	3	1	–	5
Economic and Social Committee	181	144	13	3	160	89 %	13	4	16	2	2	–	4
Committee of Regions	132	106	11	1	118	90 %	10	1	12	0	2	0	2
Ombudsman	14	12	0	–	13	92 %	0	–	0	1	0	–	1
European Data-protection Supervisor	25	19	1	–	21	84 %	3	–	3	1	0	0	1
European External Action Service	1 315	755	106	266	1 126	86 %	67	110	177	0	11	–	11
<b>Total</b>	<b>265 740</b>	<b>161 992</b>	<b>2 447</b>	<b>74 747</b>	<b>239 186</b>	<b>90 %</b>	<b>3 014</b>	<b>23 207</b>	<b>26 221</b>	<b>197</b>	<b>119</b>	<b>17</b>	<b>333</b>

## 8. IMPLEMENTATION OF THE AGENCIES' BUDGETS

The agencies' revenue and expenditure, as shown in the reports 8.1 and 8.2 below, are not consolidated as such within the EU budget. In this budgetary part of the annual accounts, only the subsidy paid from the Commission budget to the Agencies is taken into consideration.

The EU budget implementation reports include the subsidy paid from the EU budget to the agencies as commitment and payment appropriations, when applicable.

The agencies' reports below show an overview of the Agencies, both decentralised (also known as traditional agencies) and executive agencies, and of their revenue (8.1) and expenditure (8.2).

Other sources of revenue and their related expenditure are not added into the EU budget accounts. Each agency presents its own set of annual accounts.

### 8.1. BUDGET REVENUE

Agency	Funding MFF heading	Final adopted budget	EUR million
			Revenue received
Agency for the Cooperation of Energy Regulators	1	30	30
Agency for the Operational Management of Large-Scale IT Systems	4	294	316
Body of European Regulators for Electronic Communications	1	8	8
Community Plant Variety Office	N/A	22	20
European Agency for Safety and Health at Work	2b	17	17
European Asylum Support Office	4	170	188
European Aviation Safety Agency	1	234	190
European Banking Authority	1	52	53
European Border and Coast Guard Agency	4	829	847
European Centre for Disease Prevention and Control	2b	90	95
European Centre for the Development of Vocational Training	2b	20	20
European Chemicals Agency	1	124	124
European Climate, Infrastructure and Environment Executive Agency	1, 2a, 3, 5	62	63
European Education and Culture Executive Agency	2b, 6	67	65
European Environment Agency	3	99	81
European Fisheries Control Agency	3	30	31
European Food Safety Authority	2b	149	150
European Foundation for the Improvement of Living and Working Conditions	2b	24	25
European Health and Digital Executive Agency	1, 2b	50	50
European Innovation Council and SMEs Executive Agency	1, 2a	48	48
European Institute for Gender Equality	2b	9	9
European Institute of Innovation and Technology	1	361	382
European Insurance and Occupational Pensions Authority	1	36	37
European Labour Authority	2b	30	28
European Maritime Safety Agency	1	90	112
European Medicines Agency	2b	449	462
European Monitoring Centre for Drugs and Drug Addiction	5	22	22
European Public Prosecutor's Office	2b	66	66
European Research Council Executive Agency	1	62	62
European Research Executive Agency	1, 3	103	103
European Securities and Markets Authority	1	72	72
European Training Foundation	2b	29	28
European Union Agency for Criminal Justice Cooperation	2b	75	75
European Union Agency for Cybersecurity	1	25	37
European Union Agency for Law Enforcement Cooperation	5	213	217
European Union Agency for Law Enforcement Training	5	11	15
European Union Agency for Railways	1	38	40
European Union Agency for the Space Programme	1	77	1 482
European Union Fundamental Rights Agency	2b	26	26
European Union Intellectual Property Office	N/A	456	322
Fusion for Energy Joint Undertaking	1	413	554
Translation Centre for the Bodies of the European Union	7	49	43
<b>Total</b>		<b>5 128</b>	<b>6 615</b>

EUR million

Type of agencies revenue	Amounts received
Commission subsidy	4 734
Fee income	898
Other income	983
<b>Total</b>	<b>6 615</b>

## 8.2. COMMITMENT AND PAYMENT APPROPRIATIONS BY AGENCY

EUR million

Agency	Commitment appropriations		Payment appropriations	
	Total approp. available	Commit. made	Total approp. available	Payments made
Agency for the Cooperation of Energy Regulators	30	29	37	28
Agency for the Operational Management of Large-Scale IT Systems	368	295	389	294
Body of European Regulators for Electronic Communications	8	8	9	8
Community Plant Variety Office	27	25	22	19
European Agency for Safety and Health at Work	18	17	22	16
European Asylum Support Office	214	166	228	166
European Aviation Safety Agency	313	218	328	197
European Banking Authority	54	52	60	55
European Border and Coast Guard Agency	861	837	1 205	765
European Centre for Disease Prevention and Control	102	92	128	90
European Centre for the Development of Vocational Training	20	20	21	20
European Chemicals Agency	126	121	143	123
European Climate, Infrastructure and Environment Executive Agency	62	62	66	62
European Education and Culture Executive Agency	65	65	70	63
European Environment Agency	91	82	110	76
European Fisheries Control Agency	35	33	48	36
European Food Safety Authority	158	156	164	149
European Foundation for the Improvement of Living and Working Conditions	26	25	31	25
European Health and Digital Executive Agency	50	50	53	50
European Innovation Council and SMEs Executive Agency	48	48	52	47
European Institute for Gender Equality	10	9	11	9
European Institute of Innovation and Technology	460	452	377	344
European Insurance and Occupational Pensions Authority	37	37	40	37
European Labour Authority	40	37	39	31
European Maritime Safety Agency	126	115	138	113
European Medicines Agency	486	468	583	474
European Monitoring Centre for Drugs and Drug Addiction	23	21	24	21
European Public Prosecutor's Office	66	66	77	66
European Research Council Executive Agency	62	62	65	62
European Research Executive Agency	103	101	108	99
European Securities and Markets Authority	74	73	80	72
European Training Foundation	30	27	31	25
European Union Agency for Criminal Justice Cooperation	79	61	88	64
European Union Agency for Cybersecurity	25	25	44	40

EUR million

Agency	Commitment appropriations		Payment appropriations	
	Total approp. available	Commit. made	Total approp. available	Payments made
European Union Agency for Law Enforcement Cooperation	223	217	256	221
European Union Agency for Law Enforcement Training	26	19	29	18
European Union Agency for Railways	52	42	44	39
European Union Agency for the Space Programme	3 588	918	2 370	1 538
European Union Fundamental Rights Agency	27	27	34	27
European Union Intellectual Property Office	514	347	514	342
Fusion for Energy Joint Undertaking	807	586	632	598
Translation Centre for the Bodies of the European Union	49	43	51	43
<b>Total</b>	<b>9 582</b>	<b>6 154</b>	<b>8 822</b>	<b>6 572</b>

EUR million

Type of expenditure	Commitment appropriations		Payment appropriations	
	Total approp. available	Commit. made	Total approp. available	Payments made
Administrative	561	529	685	519
Operational	6 978	3 723	6 063	4 154
Staff	2 044	1 903	2 074	1 898
<b>Total</b>	<b>9 582</b>	<b>6 154</b>	<b>8 822</b>	<b>6 572</b>

# GLOSSARY

## Actuarial assumptions

Assumptions used to calculate the costs of future events that affect the pension liability.

## Actuarial gains and losses

For a defined benefit scheme, the changes in actuarial deficits or surpluses. They arise as a result of differences between the previous actuarial assumptions and what has actually occurred and due to effects of changes in actuarial assumptions.

## Administrative appropriations

Administrative appropriations cover the running costs of the Institutions and entities (staff, buildings, office equipment).

## Adopted budget

Draft budget becomes the adopted budget as soon as it is approved by the Budgetary Authority and declared definitely adopted by the President of the European Parliament.

## Amending budget

Decision adopted during the budget year to amend (increase, decrease, transfer) aspects of the adopted budget of that year.

## Amounts to be called from Member States

These represent expenses incurred during the reporting period that will need to be funded by future budgets, i.e. by the EU Member States. This is a consequence of the co-existence of accruals based financial statements and a cash based budget.

## Annual Activity Report (AAR)

Annual Activity Reports indicate the results of operations by reference to objectives set, associated risks and the internal control structure, inter alia. Since the 2001 budget exercise for the Commission and since 2003 for all European Union institutions, the 'authorising officer by delegation' must submit an AAR to his/her institution on the performance of his/her duties, together with financial and management information.

## Appropriations

Budget funding. The budget forecasts both commitments and payments (cash or bank transfers to the beneficiaries). Appropriations for commitments and payments often differ (differentiated appropriations) because multi annual programmes and projects are usually fully committed in the year they are decided and are paid over the years as the implementation of the programme and project progresses. Non-differentiated appropriations apply to administrative expenditure, for agricultural market support and direct payments and commitment appropriations equal payment appropriations.

## Assigned revenue

Dedicated revenue received to finance specific items of expenditure. The main source of external assigned revenue is financial contributions from third countries to programmes financed by the Union. The main source of internal assigned revenue is revenue from third parties in respect of goods, services or work supplied at their request; revenue arising from the repayment of amounts wrongly paid and revenue from the sale of publications and films.

### Available for sale financial assets

All financial assets (except derivatives) that are according to International Public Sector Accounting Standards measured at fair value and for which the changes in fair value are to be recognised in a reserve in net assets until derecognition (or impairment).

### Budget line

As far as the budget structure is concerned, revenue and expenditure are shown in the budget in accordance with a binding nomenclature which reflects the nature and purpose of each item, as imposed by the budgetary authority. The individual headings (title, chapter, article or line) provide a formal description of the nomenclature.

### Cancellation of appropriations

Unused appropriations that may no longer be used.

### Carryover of appropriations

Exception to the principle of annuality in so far as appropriations that could not be used in a given budget year may, under strict conditions, be exceptionally carried over for use during the following year.

### Commitment

Legal pledge to provide finance subject to certain conditions. The EU commits itself to reimbursing its share of the costs of an EU funded project. Today's commitments are tomorrow's payments. Today's payments are yesterday's commitments.

### Commitment appropriation

Commitment appropriations cover the total cost of legal obligations (contracts, grant agreements/decisions) that could be signed in the current financial year.

### Current service cost

The increase in scheme liabilities arising from service in the current financial year.

### Decommitment

An act whereby a previous commitment (or part of it) is cancelled.

### Defined benefit scheme

A pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

### Derivatives

Financial instruments whose value is linked to changes in the value of another financial instrument, an indicator or a commodity. In contrast to the holder of a primary financial instrument (e.g. a government bond), who has an unqualified right to receive cash (or some other economic benefit) in the future, the holder of a derivative has only a qualified right to receive such a benefit. An example of a derivative is currency forward contract.

### Direct management

Mode of budget implementation. Under direct management the budget is implemented directly by Commission services, Executive Agencies or Trust Funds.

### Discount rate

The rate used to adjust for the time value of money. Discounting is a technique used to compare costs and benefits that occur in different time periods.

### Effective interest rate

The rate that discounts estimated future cash receipts or payments over the expected life of the financial asset or financial liability to the net carrying amount of the asset or liability.

### Financial assets and liabilities at amortised cost

All financial assets and liabilities that are according to International Public Sector Accounting Standards measured at amortised cost.

### Financial assets or liabilities at fair value through surplus or deficit

All financial assets or liabilities that are according to International Public Sector Accounting Standards measured at fair value and for which the changes in fair value are to be recognised in surplus or deficit of the period (i.e. derivatives).

### Financial correction

The purpose of financial corrections is to protect the EU budget from the burden of irregular expenditure. For expenditure under shared management, the task of recovering irregular payments is primarily the responsibility of the Member State.

A 'confirmed' financial correction has been accepted by the Member State concerned. A 'decided' financial correction has been adopted by a Commission decision and is always a net correction, where the Member State is required to reimburse irregular funds to the EU budget, thus leading to a definitive reduction of the allocated envelope to the Member State concerned. Confirmed and decided financial corrections are reported in this publication as one category.

An 'implemented' financial correction has corrected the observed irregularity.

### Indirect management

Mode of budget implementation. Under indirect management the Commission confers tasks of budget implementation to bodies of EU law or national law.

### Interruptions and suspensions

If the Commission finds, based on its own work or the information reported by audit authorities, that a Member State has failed to remedy serious shortcomings in the management and control systems and/or to correct irregular expenditure which had been declared and certified, it may interrupt or suspend payments.

### Irregularity

An irregularity is an act which does not comply with the applicable EU or national rules and which has a potentially negative impact on the EU financial interests. Irregularities, which may be the result of the conduct of beneficiaries claiming funds or of the authorities responsible for making payments. The notion of irregularity is wider than that of fraud, which refers to conduct that may qualify as a criminal offence.

### Lapsing appropriations

Unused appropriations to be cancelled at the end of the financial year. Lapsing means the cancellation of all or part of the authorisation to make expenditures and/or incur liabilities which is represented by an appropriation. Only for Joint Undertakings, as specified in their Financial Rules, any unused appropriations may be entered in the estimate of revenue and expenditure of up to the following three financial years (the so-called 'N+3' rule). Hence, lapsing appropriations for JUs could be reactivated until financial year 'N+3'.

### Outstanding commitments

As the *Reste à Liquider (RAL)*, they represent the amount where a budgetary commitment has been made but the subsequent payment is not yet done. They represent payment obligations for the EU for future years and stem directly from the existence of multi annual programmes and the dissociation between commitment and payment appropriations.

## Own resources

The main source of revenues for the EU budget. The different own resources are listed in the applicable Own Resource Decision (Council Decision (EU, Euratom) 2020/2053) and are traditional own resources, VAT-based own resource, GNI-based resource and non-recycled plastic packaging waste-based own resource.

## Payment appropriations

Payment appropriations cover expenditure due in the current year, arising from legal commitments entered in the current year and/or earlier years.

## Pre-financing

A payment intended to provide the beneficiary with a float. It may be split into a number of instalments in accordance with the provisions of the underlying contract, decision, agreement or the basic legal act. The float or advance is either used for the purpose for which it was provided during the period defined in the agreement or it is repaid.

## Preventive measure

Preventive measures, which are at the Commission's disposal to protect the EU budget when it is aware of potential deficiencies, include suspensions and interruptions of payments from the EU budget to the operational programme.

## Reste à Liquider (RAL)

As the *Outstanding commitments*, it represents the amount where a budgetary commitment has been made but the subsequent payment is not yet done. They represent payment obligations for the EU for future years and stem directly from the existence of multi annual programmes and the dissociation between commitment and payment appropriations.

## Shared management

Mode of budget implementation. Under shared management budget implementation tasks are delegated to Member States. About three quarters of the EU expenditure falls under this implementation mode.

## Traditional own resources

Traditional own resources are defined in the applicable Own Resources Decision (Council Decision (EU, Euratom) 2020/2053) and comprise namely customs duties and sugar levies.

## Transfers (between budget lines)

Transfers between budget lines imply the relocation of appropriations from one budget line to another, in the course of the financial year, and thereby they constitute an exception to the budgetary principle of specification. They are, however, expressly authorised by the Treaty on the Functioning of the European Union under the conditions laid down in the Financial Regulation (FR). The FR identifies different types of transfers depending on whether they are between or within budget titles, chapters, articles or headings and require different levels of authorisation.



# LIST OF ABBREVIATIONS

AAR	Annual Activity Report
AC	Amortised Cost
AFS	Available For Sale
AMIF	Asylum, Migration and Integration Fund
AOD	Authorising Officers by Delegation
ATM	Air Traffic Management
BAR	Brexit adjustment reserve
BOP	Balance of Payments
BUFI Fund	Budget Fines Fund
CAP	Common Agricultural Policy
CCS LGF	Cultural and Creative Sector Guarantee Facility
CEF2	Connecting Europe Facility
CEF DI	Connecting Europe Facility Debt Instrument
CF	Cohesion Fund
CIP	Competitiveness and Innovation Framework Programme
COM	European Commission
COSME	Competitiveness of Enterprises and Small and Medium-sized Enterprises
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CPF	Common Provisioning Fund
CPR	Common Provisions Regulation
CRII+	Coronavirus Response Investment Initiative Plus
D&WM	Decommissioning and Waste Management
EAD	Exposure At Default
EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
EAR	European Union Accounting Rule
EaSI	Employment and Social Innovation
EBRD	European Bank for Reconstruction and Development

ECA	European Court of Auditors
ECB	European Central Bank
ECL	Expected Credit Losses
ECOFIN	Economic and Financial Affairs Council
ECSC i.L.	European Coal and Steel Community in Liquidation
EDF	European Development Fund
EDIF	Guarantee Facility under the Western Balkan
EEA	European Economic Area
EEAS	European External Action Service
EFSD	European Fund for Sustainable Development
EFSE	European Fund for Southeast Europe
EFSF	European Financial Stability Facility
EFSI	European Fund for Strategic Investments
EFSM	European Financial Stabilisation Mechanism
EFTA	European Free Trade Association
EGNOS	European Geostationary Navigation Overlay System
EIB	European Investment Bank
EIF	European Investment Fund
ElectriFI	Electrification Financing Initiative
ELM	External Lending Mandate
EMFF	European Maritime and Fisheries Fund
EMU	Economic and Monetary Union
ENEF	Enterprise Expansion Fund
ENIF	Enterprise Innovation Fund
ENPI	European Neighbourhood and Partnership Instrument
EP	European Parliament
ERDF	European Regional Development Fund
ERI	EIB Resilience Initiative
ESA	European Space Agency
ESF	European Social Fund
ESIF	European Structural and Investment Funds

ESM	European Stability Mechanism
ETF	Exchange-Traded Fund
ETS	Emissions trading scheme
EU	European Union
EUMETSAT	European Organisation for the Exploitation of Meteorological Satellites
Euratom	European Atomic Energy Community
EUSF	European Union solidarity Fund
FGC	Financial Guarantee Contract
FIFO	First-in, First-out
FP7	7th Research Framework Programme for Research and Technological Development
FR	EU Financial Regulation
FSDA	Financial Statement Discussion and Analysis
FVNA	Fair Value through Net Assets/Equity
FVSD	Fair Value through Surplus or Deficit
GDP	Gross Domestic Product
GNI	Gross National Income
GNSS	Global Navigation Satellite Systems
H2020	Horizon 2020
HLRCP	High Level Risk and Compliance Policy
IBMF	Integrated Border Management Fund
IF	Innovation Fund
IIW	Infrastructure and Innovation Window
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
ITER	International Thermonuclear Experimental Reactor
JRC	Joint Research Centre
JSIS	Joint sickness insurance scheme
JU	Joint Undertaking
LGD	Loss given Default Rate
LGF	Loan Guarantee Facility

LGTT	Loan Guarantee Instrument for TEN-T projects
MAP	Multi Annual Program - Medium Enterprise Financial Inclusion Programme
MEP	Member of the European Parliament
MFA	Macro Financial Assistance
MFF	Multiannual Financial Framework
MIM	Mutual Insurance mechanism
MMF	Money Market Fund
MSME	Micro, Small and Medium Enterprise
NDICI	Neighbourhood, Development and International Cooperation Instrument
NGEU	NextGenerationEU
ORD	Own Resources Decision
PBI	Project Bond Initiative
PD	Probability of Default
PF4EE	Private Finance for Energy Efficiency Instrument
PGF	Participants Guarantee Fund
POCI	Purchased or originated as credit impaired
PPP	Public-Private Partnership
PSEO	Pension Scheme of European Officials
RAL	'Reste à Liquider' (Outstanding Commitments)
RSFF	Risk Sharing Finance Facility
RRF	Recovery and Resilience Facility
RTD	Research, Technological Development and Demonstration
S&P	Standard & Poor's Financial Services LLC
SANAD	MENA Fund for Micro-, Small and Medium Enterprises
SAPARD	Special Accession Programme for Agriculture and Rural Development
SEMED	Southern and Eastern Mediterranean Micro, Small and Middle sized Entreprises Financial Inclusion Programme
SICR	Significant Increase of Credit Risk
SIUGI	SME Initiative Uncapped Guarantee Instrument
SME	Small and Medium-sized Enterprise(s)
SMEW	SME Window (Small and Medium-sized Enterprises Window)

STEP	Strategic technologies for Europe platform
SURE	Support to mitigate Unemployment Risks in an Emergency
TFEU	Treaty on the Functioning of the European Union
TOR	Traditional own resources
TRDI	Temporary Rural Development Instrument
VAT	Value Added Tax

## **GETTING IN TOUCH WITH THE EU**

### **In person**

All over the European Union there are hundreds of Europe Direct centres. You can find the address of the centre nearest you online ([european-union.europa.eu/contact-eu/meet-us\\_en](https://european-union.europa.eu/contact-eu/meet-us_en)).

### **On the phone or in writing**

Europe Direct is a service that answers your questions about the European Union. You can contact this service:

- by freephone: 00 800 6 7 8 9 10 11 (certain operators may charge for these calls),
- at the following standard number: +32 22999696,
- via the following form: [european-union.europa.eu/contact-eu/write-us\\_en](https://european-union.europa.eu/contact-eu/write-us_en).

## **FINDING INFORMATION ABOUT THE EU**

### **Online**

Information about the European Union in all the official languages of the EU is available on the Europa website ([europa.eu](https://europa.eu)).

### **EU publications**

You can view or order EU publications at [op.europa.eu/en/publications](https://op.europa.eu/en/publications). Multiple copies of free publications can be obtained by contacting Europe Direct or your local documentation centre ([european-union.europa.eu/contact-eu/meet-us\\_en](https://european-union.europa.eu/contact-eu/meet-us_en)).

### **EU law and related documents**

For access to legal information from the EU, including all EU law since 1951 in all the official language versions, go to EUR-Lex ([eur-lex.europa.eu](https://eur-lex.europa.eu)).

### **Open data from the EU**

The portal [data.europa.eu](https://data.europa.eu) provides access to open datasets from the EU institutions, bodies and agencies. These can be downloaded and reused for free, for both commercial and non-commercial purposes. The portal also provides access to a wealth of datasets from European countries.

