DRAFT GENERAL BUDGET OF THE EUROPEAN UNION

Working Document Part XI

ISSN 2599-6312

#EUBudget

2026
FINANCIAL YEAR

Budgetary Guarantees
and Contingent Liabilities

COM(2025) 300 - June 2025

Luxembourg: Publications Office of the European Union, 2025

Print	ISBN 978-92-68-26311-2		doi:10.2761/1922510	KV-01-25-014-EN-C
PDF	ISBN 978-92-68-26126-2	ISSN 2599-6312	doi:10.2761/6895436	KV-01-25-014-EN-N

EUROPEAN COMMISSION

DRAFT GENERAL BUDGET
of the European Union
for the financial year 2026

Working Document
Part XI

2025

Directorate-General for Budget

Draft General Budget
of the European Union
for the Financial Year 2026

Working document Part XI

Budgetary Guarantees and Contingent Liabilities

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Draft Budget Working Documents

The 2026 Draft Budget is accompanied by twelve ‘Working Documents’, as follows:

Part I: Programme Performance Statements of operational expenditure

Working Document I contains, pursuant to Article 41(3)(h) of the Financial Regulation, the Programme Performance Statements, which provide for each spending programme comprehensive information on the financial implementation and progress in achieving the programme objectives as of the end 2024.

Part II: Human Resources of the EU institutions and executive agencies

Working Document II presents information on the human resources of the EU institutions and executive agencies, and in particular for the Commission, both for the establishment plans and for external personnel and across all headings of the multiannual financial framework. Moreover, pursuant to Article 41(3)(b) of the Financial Regulation, it provides a summary table for the period 2023 – 2026 which shows the number of full-time equivalents for each category of staff and the related appropriations for all institutions and bodies referred to in Article 70 of the Financial Regulation.

Part III: Bodies set up by the European Union having legal personality

Working Document III presents detailed information relating to all decentralised agencies and Joint Undertakings, with a transparent presentation of revenue, expenditure and staff levels of various Union bodies, pursuant to Article 41(3)(c) of the Financial Regulation.

Part IV: Pilot projects and preparatory actions

Working Document IV presents information on all pilot projects and preparatory actions which have budget appropriations (commitments and/or payments) in the 2026 Draft Budget, pursuant to Article 41(3)(f) of the Financial Regulation.

Part V: Budget implementation and assigned revenue

Working Document V presents the budget implementation forecast for 2025, information on assigned revenue (implementation in 2024 and estimation for 2026) and a progress report on outstanding commitments (RAL) pursuant to Article 41(3)(d) of the Financial Regulation.

Part VI: Commission expenditure under the administrative heading of the multiannual financial framework

Working Document VI encompasses administrative expenditure to be implemented by the Commission under the administrative heading of the multiannual financial framework (heading 7) in accordance with Article 317 of the Treaty on the Functioning of the European Union, as well as the budgets of the Offices (OP, OLAF, EPSO, OIB, OIL and PMO), pursuant to Article 41(3)(e) of the Financial Regulation.

Part VII: Commission buildings

Working Document VII presents information on buildings under Section III - Commission, pursuant to Article 272(1) of the Financial Regulation.

Part VIII: Expenditure related to the external action of the European Union

Working Document VIII presents information on human resources and expenditure related to the external action of the European Union, pursuant to Article 41(9) and (10) of the Financial Regulation.

Part IX: Funding to international organisations

Working Document IX presents funding provided to international organisations, across all MFF headings, pursuant to Article 41(3)(g) of the Financial Regulation.

Part X: Financial Instruments

Working Document X presents the use made of financial instruments, pursuant to Article 41(4) of the Financial Regulation.

Part XI: Budgetary Guarantees and Contingent Liabilities

Working Document XI presents the implementation of Budgetary Guarantees 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.

Part XII: Payment schedules

Working Document XII presents summary statements of the schedule of payments due in subsequent years to meet budgetary commitments entered into in previous years, pursuant to Article 41(3)(i) of the Financial Regulation.

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OVERVIEW

In accordance with Article 41(5) of the Financial Regulation[1], the Commission, when granting budgetary guarantees, must report on a number of related issues in particular on the implementation of budgetary guarantees and on the sustainability of contingent liabilities arising from budgetary guarantees and financial assistance.

The first chapter of this Staff Working Document provides operational and financial information in respect of all budgetary guarantee programmes implemented by the end of 2024. The second chapter—particularly important from a budgetary perspective—assesses the adequacy of provisioning[2] of budgetary guarantees and financial assistance programmes (such as the Macro-Financial Assistance (MFA) loans and Euratom loans to non-EU countries). Following recent changes to Article 41(5) of the Financial Regulation, the information on the management and valuation of the Common Provisioning Fund ("CPF") which was previously part of this report, will now be provided by the CPF annual report (published in parallel)[3].

1. Presentation of the budgetary guarantees and situation at end 2024

This report covers budgetary guarantees related to internal policies (where the final beneficiaries are predominantly located in the EU), and budgetary guarantees related to external policies (where the final beneficiaries are predominantly located outside the EU).

On the **internal** side, the report will cover the European Fund for Strategic Investments programme ("EFSI") and its successor programme InvestEU.

On the **external** side, the report provides information on the External Lending Mandate ("ELM") which covers mainly sovereign-like risk, and the European Fund for Sustainable Development ("EFSD") which covers mainly private risk. It then includes their successor programme, the European Fund for Sustainable Development Plus ("EFSD+") that covers both sovereign-like and private risk, and was set up by the NDICI Regulation ("NDICI")[4]. This year, the report also includes information on the Ukraine Investment Framework ("UIF") which is the new budgetary guarantee to support investment in Ukraine established by the Ukraine Facility Regulation ("UFR").

The following observations are relevant for all budgetary guarantees:

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[1] Regulation (EU, Euratom) 2024/2509 of 23 September 2024 on the financial rules applicable to the general budget of the Union.

[2] It will be assessed whether the provisioning rate is still adequate and whether there is a provisioning surplus or deficit.

[3] Report from the Commission to the European Parliament on the common provisioning fund in 2024, to be published in June 2025.

[4] Neighbourhood, Development and International Cooperation Instrument - Global Europe.

- Aggregation, or comparative analysis, across the budgetary guarantee programmes is traditionally difficult given that the six guarantee programmes were set up at different times, for different types of investments and with different provisioning rates. They also span different Multiannual Financial Framework ("MFF") periods. ELM is the oldest and came into existence in 1977. EFSI was set up in 2015 and EFSD was created in 2017 (with the first guarantee agreement signed at the end of 2018). EFSD+, InvestEU and the UIF have only become operational in the current Multi-annual Financial Framework. As a result, each budgetary guarantee is now at a different stage of implementation. ELM has a long track record while the constitution period of EFSI and EFSD ended in 2022 and 2024 respectively. The investment phase of InvestEU, EFSD+ and in particular, the UIF has started more recently.

- The six budgetary guarantee programmes vary in respect of fundamental features. They support different products (e.g. debt/equity) and use different implementation methods (one exclusive implementing partner vs "open architecture" with multiple implementing partners), which is shortly described in the following summary for all budgetary guarantees:

  - **ELM** offers two types of products, mainly direct sovereign lending and to a limited extent also private lending and is operated on an exclusive basis by the EIB.

  - **EFSI** is structured in two Windows (an Infrastructure and Innovation Window ("IIW") and an SME Window ("SMEW") with different products implemented under both Windows). EFSI is also using one exclusive implementing partner, namely the EIB Group.

  - **EFSD** is implemented by seven counterparts deploying different financial products with different risk levels investing in five key sectors i.e. small business financing, sustainable energy and connectivity, local currency financing, digitalisation, and sustainable cities.

  - **InvestEU** and **EFSD+** built on the experience of respectively EFSI and ELM/EFSD. These new programmes are now all characterised by a larger number of implementing partners (the "open architecture" model) and they also have a relatively broad variety of products.

  - **UIF** will be implemented by several implementing partners and is designed to provide financing addressing the priorities outlined in the Ukraine Plan. The UIF is part of the UFR, which has as objective to attract public and private investments for the recovery and reconstruction of Ukraine and to support its path towards EU accession.

- The six guarantee programmes mentioned above have a different geographical focus which also influences their risks. EFSI and InvestEU help to overcome investment gaps within the European Union. ELM, EFSD, EFSD+ and the UIF are part of the European Union's external policies and entail supporting investment in third countries (with ELM and EFSD+ Investment Window 1 mainly focusing on sovereign counterparts, while EFSD and EFSD+ Open Architecture and Investment Window 4 mainly targeting private operations). The UIF aims to support recovery and reconstruction investments undertaken by Ukrainian authorities, private sector companies, municipalities, state-owned enterprises or other actors only in Ukraine.

This explains why the different guarantee programmes have different risk profiles, requiring different provisioning rates. EFSI, with a legal maximum guarantee amount of EUR 26 billion, has a target provisioning rate of 35%. InvestEU, with a maximum guarantee amount of EUR 26.2 billion[5], has a target provisioning rate of 40%. The corresponding rate for EFSD, with a maximum guarantee amount of EUR 1.54 billion and EFSD+ Open Architecture, with a guarantee amount of EUR 13.1 billion, is 50%. For ELM, with a maximum guarantee of EUR 70.87 billion[6], and EFSD+ Investment Window 1, focused on sovereign counterparts with a maximum guarantee amount of EUR 26 billion, the target provisioning rate for the portfolio is 9%. The UIF guarantee accounts for EUR 7.8 billion and currently has a provisioning rate of 70%.

- It should also be recalled that the provisioning method for the old ELM guarantee differs from that of EFSI, InvestEU, EFSD, EFSD+ and UIF. The legacy external action compartment of the Common Provisioning Fund (the former Guarantee Fund for External Actions or GFEA), which holds the provisions for ELM (and also the provisions for legacy Macro-Financial Assistance and non-EU Euratom loans) is provisioned **ex-post (based on disbursed amounts)**. All other guarantees are provisioned **ex-ante** in accordance with Article 214 of the 2024 Financial Regulation.

- At the end of 2024, the total outstanding risk for the EU budget **on signed operations by implementing partners** under the six budgetary guarantee programmes amounted to EUR 72.5 billion[7]. This compares to a maximum potential envelope of guaranteed operations of EUR 110 billion allowed and available by the guarantee agreements signed with implementing partners. Most of the remaining shortfall is accounted for by InvestEU, UIF and EFSD+ which are all in ramp-up phase and expected to reach full deployment by 2028.

[5] This amount does not cover contributions from third countries or contributions received in the form of blending operations from other EU sectoral programmes. This amount also does not include the additional guarantees implemented under the InvestEU Member State compartments.

[6] This amount is calculated as a sum of the respective external mandates' authorised ceilings multiplied by the corresponding guarantee rates (i.e. for each mandate, the thickness of the portfolio-level first loss cover provided by the EU).

[7] For comparison, in 2021 the total risk for the EU budget based on operations signed by implementing partners was EUR 58.6 billion, in 2022 it was EUR 62.3 billion, and in 2023 it was 66.2 billion.

Budgetary Guarantee programme	EU Guarantee available and signed with implementing partners[8]	EU risk for operations signed by implementing partners
EFSI	EUR 25.4 billion	EUR 23.0 billion
InvestEU	EUR 27 billion	EUR 11.7 billion
EFSD	EUR 0.76 billion	EUR 0.67 billion
EFSD+ (Investment Window 1, Open Architecture Window and Investment Window 4)	EUR 30.2 billion	EUR 11.2 billion
ELM	EUR 25.8 billion	EUR 25.7 billion
UIF	EUR 0.79 billion	EUR 0.17 billion

- The investment impact of the budgetary guarantees can be summarised by the following statistics (all figures as of end 2024):
  - **EFSI** supported 946,271 final recipients and financing to final recipients of more than EUR 409.5 billion[9]. This in turn lead to total mobilised investments of EUR 491.3 billion while EUR 72.6 billion were disbursed at the end of 2024.
  - **InvestEU** implementing partners approved EUR 62.3 billion of operations, of which EUR 40.2 billion were signed and EUR 5.8 billion disbursed. This is expected to mobilise EUR 299.7 billion of total investments.
  - Under **EFSD**, the total amount of operations signed amounted to EUR 2.4 billion and the total amount disbursed to EUR 1.4 billion.
  - Under **EFSD+** (Investment Window 1, the Open Architecture Window and Investment Window 4) the implementing partners signed EUR 11.4 billion and disbursed EUR 1.8 billion.
  - The **ELM** programme allowed the EIB to disburse loans for in total EUR 69.7 billion[10]. The ELM supported 668 final recipients and estimates are that ELM has mobilised investment by final recipients of EUR 139 billion (reflecting the EIB's rule of co-financing up to 50% of total project costs and excluding activities in countries which meanwhile have become EU Member States).

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8 Ceiling in the guarantee agreements signed and effective minus all net payments that reduce the guarantee cap minus guarantee released.

9 Amount that is expected to be transferred when all the signed amounts would be disbursed.

10 A figure which excludes activities in countries which meanwhile have become EU Member States.

- The rapid deployment of the **UIF** through the top-up of five EFSD+ guarantee agreements enabled implementing partners to sign operations totalling EUR 194.8 million in less than six months and disburse EUR 99.5 million.

2. Assessment of adequacy of the provisioning

The second chapter assesses the adequacy of provisioning for contingent liabilities arising from budgetary guarantees and financial assistance programmes, such as Macro-Financial Assistance loans and non-EU Euratom loans. This assessment is important in verifying that the EU budget remains adequately equipped to contend with losses that may arise from these financial operations. This assessment relies on credit risk models that estimate potential future losses associated with these budgetary guarantees, complemented by expert judgement where necessary. The credit risk models consider a variety of qualitative and quantitative factors, including payment defaults, impairment assessments of loans, and diversification effects.

As of 31 December 2024, having analysed the adequacy of the provisioning for the different budgetary guarantees, financial assistance programmes (i.e. MFA) and Euratom loans as set out in this report, the Commission confirms that the available provisioning amount for the relevant CPF compartments are in line with the requirements of the respective Regulations. For EFSI and EFSD programmes, a surplus provisioning was identified. On this basis, **the Commission concludes that the CPF provisions are adequate to cover the liabilities arising from guarantee programmes and financial assistance programmes.**

For the individual budgetary guarantees and financial assistance to third countries, the conclusions are:

- **EFSI** is a budgetary guarantee fully constituted for which the eligible period for signatures elapsed (as of end 2022). Therefore, the Commission must perform the surplus/replenishment assessment required under Article 216(4) of the Financial Regulation. The Commission concluded this year that the EFSI target provisioning rate of 35% is still adequate (i.e. the risk assessment based on the Value at Risk (VaR) analysis with a confidence level of 95% pointed at a required provisioning rate of 34% (up from 31% in the previous year)). However, in comparison with the target provisioning rate of 35%, the EFSI CPF compartment holds an excess of provisioning. Based on the available EFSI provisions and the total guarantee amount, the de facto provisioning rate is 38.7%. The EFSI surplus of EUR 853 million will be allocated to the financing of the ‘Public Sector Loan Facility’ (PSLF) and the provisioning of InvestEU[11,12].

11 Article 5 of the PSLF Regulation provides that the PSLF budget will amount to EUR 250 million from the budget and up to a maximum amount of EUR 1.275 billion from assigned revenues (the later amount shall be provided up to a maximum amount of EUR 275 million from repayments of legacy financial instruments and up to a maximum amount of EUR 1 billion from potential EFSI surpluses). In a similar manner, Article 35 of the InvestEU Regulation provides that any recoveries, repayments, revenues from legacy financial

- **EFSD** is also fully constituted: the eligibility period of signatures elapsed as of end-2024. Risk analysis shows that at this juncture the target provisioning rate of 50% is still adequate. Compared to the VAR90 rate there is an excess of EUR 321.4 million and based on the calculation of the target provisioning rate the surplus is EUR 405 million[13].

- The **GFEA**, which holds the provisioning for pre-2021 MFA loans, ELM and Euratom loans has currently a *de facto* provisioning rate of 9.96%. For the **ELM repurposed loans to Ukraine**, the Commission considers that a provisioning rate of 70% is still adequate.

- **InvestEU**, **EFSD+** and **UIF** are still in the ramp-up phase which means that the underlying portfolios and provisioning are not fully constituted yet. Therefore, it is too early to draw conclusions regarding the adequacy of the provisioning rates for these guarantees.

- For **MFA** and **Euratom** loans the analysis provided in respect of the different loans suggests that an overall 9% target provisioning rate across the different exposures concerned remains appropriate.

instruments and overprovisioning under Article 213(4) (i.e. surplus and not the revenues as such) of EFSI may be used for the provisioning of InvestEU.

12 Please also note that the Commission has published a proposal whereby it would be able to use the surpluses to *increase* the guarantee capacity of InvestEU (COM(2025) 85 final (the clean industrial act proposal).

13 In 2025, the Commission has proposed a Regulation COM(2025) 262 final amending Regulation (EU) 2021/947 as regards increased efficiency of the External Action Guarantee, that will allow that the surplus be made available to support Heading 6, including EFSD+.

INTRODUCTION

This is the fifth report under Article 41(5) of the Financial Regulation. This article requires the Commission to attach to the draft annual budget a staff working document with:

- information on each EU budgetary guarantee.
- an assessment of the provisioning adequacy to cover liabilities borne by the budget arising from budgetary guarantees and financial assistance.

The Article 41(5) report has a dedicated section on each of the two topics mentioned above.

As for the section on contingent liabilities, the Article 41(5) report assesses the **provisioning rate adequacy** of the Union's individual guarantee programmes and financial assistance to third countries programmes and verifies whether there is a provisioning deficit or surplus. It is important to recall that a consolidated assessment of the Union's contingent exposures - including the **headroom assessment** which takes into account the Commission's unprovisioned exposures - will be provided in the (annual) Article 256 report[14] which is scheduled to be published in the autumn of 2025.

In the following paragraphs, a brief overview of the content of each section will be provided. Specifically, it will be explained how the various requirements of Article 41(5) Financial Regulation are addressed within the different sections.

1. Budgetary Guarantees

This section will cover the entire implementation period from the launch of each given budgetary guarantee until 31 December of the reference year (which for this year's report is 2024).

This section covers six budgetary guarantees, two of which are part of the Commission's internal policy actions (EFSI and InvestEU), while the other four fall under the Commission's external policy actions (ELM, EFSD, EFSD+ and UIF).

As per the relevant provisions of Article 41(5), the analysis of each individual budgetary is summarised in the three following parts:

- Part A: Description;
- Part B: Operational performance; and
- Part C: Financial information.

[14] Report from the Commission to the European Parliament and the Council on contingent liabilities arising from budgetary guarantees and financial assistance and the sustainability of those contingent liabilities.

Part A. Description

Items of Article 41(5) covered:	– (a): a reference to the budgetary guarantee and its basic act, together with a general description of the budgetary guarantee, its impact on the financial liabilities of the budget, its duration and the added value of Union support; – (b): the counterparts for the budgetary guarantee, including any issues relating to the application of Article 158(2).

Part B. Operational performance

Items of Article 41(5) covered:	– (c): the budgetary guarantee's contribution to the achievement of the objectives of the budgetary guarantee, as measured by the indicators established, including, where applicable, the geographical diversification and the mobilisation of private sector resources; – (d): information on operations covered by the budgetary guarantee on an aggregated basis by sectors, countries and instruments, including, where applicable, portfolios and support combined with other Union actions; – (e): the amount transferred to recipients as well as an assessment of the leverage effect achieved by the projects supported under the budgetary guarantee.

Part C. Financial information

Items of Article 41(5) covered:	– (f): information aggregated on the same basis as referred to in point (d) on calls on the budgetary guarantee, losses, returns, amounts recovered, and any other payments received.

2. Contingent Liabilities

This section of the report will assess the adequacy of the provisioning rate, and the sustainability of **individual contingent liabilities** generated by budgetary guarantees and financial assistance (i.e. provisioned contingent liabilities). As already explained above, a **consolidated analysis** (including unprovisioned contingent liabilities) will be made in the Commission's Article 256 report.

Items of Article 41(5) covered:	– (g): amount of provisioning for liabilities arising from each budgetary guarantee, and an assessment of the adequacy of its provisioning rate and of the need for its replenishment; – (h): the effective provisioning rate of the common provisioning fund and, where applicable, the subsequent operations in accordance with Article 216(4).

1. BUDGETARY GUARANTEES

1.1 EUROPEAN FUND FOR STRATEGIC INVESTMENTS

1.1.1 DESCRIPTION

Identification/Reference to the basic act	
Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 – the European Fund for Strategic Investments (OJ L 169, 1.7.2015, p. 1).	
Maximum amount of budgetary guarantee (in EUR)	**of which available guarantee signed at 31/12/2024**
26,000,000,000	25,372,947,560
of which ceiling authorised in the legal basis (in EUR)	**Counterparts**
26,000,000,000	European Investment Bank, European Investment Fund
of which from external contributions (in EUR)	
0	
Budget Lines	
Article 02 02 99 12 (as from 2021) - Completion of the European Fund for Strategic Investments (EFSI)	

	Cumulative to 2024	2025	2026	2027	Total
Budgetary commitment appropriations (in EUR)	10,270,660,455	p.m.	p.m.	p.m.	10,270,660,455
of which from voted budget	8,425,000,000	p.m.	p.m.	p.m.	8,425,000,000
of which from internal assigned revenues	1,845,660,455	p.m.	p.m.	p.m.	1,845,660,455
of which from external assigned revenues	N/A	N/A	N/A	N/A	N/A
Budgetary payment appropriations (in EUR)	10,270,660,455	p.m.	p.m.	p.m.	10,270,660,455
of which from voted budget	8,425,000,000	p.m.	p.m.	p.m.	8,425,000,000
of which from internal assigned revenues	1,845,660,455	p.m.	p.m.	p.m.	1,845,660,455
of which from external assigned revenues	N/A	N/A	N/A	N/A	N/A

General description

The European Fund for Strategic Investments ("EFSI") was established in 2015 – as part of the Investment Plan for Europe (also known as the Juncker Plan) - to help bridge the investment gap in the EU, with the goal of promoting long-term economic growth and enhancing the European Union's global competitiveness. EFSI was jointly launched by the European Commission and the European Investment Bank Group with as legal basis the EFSI Regulation[15] (later extended and enhanced by the EFSI 2.0 Regulation[16]). Through the EFSI budgetary guarantee, the EIB Group is supporting economically viable projects, with a particular focus on higher risk projects.

Priority is given to sectors of key importance for the European economy, including:

- Strategic infrastructure including digital, transport and energy infrastructure;
- Education, research, development and innovation;
- Renewable energy and resource efficiency and;
- Support for small and mid-sized businesses.

To increase the efficiency of the risk bearing capacity of the EFSI guarantee, the EFSI Standard and Hybrid Debt portfolios (also referred to as the D1 and D2 portfolios) were combined with similar InvestEU portfolios as of 1 April 2022. As a result, losses, revenues and repayments are attributed pro-rata between the EFSI and the InvestEU guarantees. However, in this report, the provisioning adequacy assessment of EFSI and InvestEU takes place separately in line with their respective Regulations.

Implementation cycle

The EU budget provided EFSI a EUR 26 billion budgetary guarantee, complemented by EIB own resources of EUR 7.5 billion. This total amount of EUR 33.5 billion aimed to unlock private and public investment of at least EUR 500 billion by 31 December 2020.

As of 31 December 2024, EFSI financing **approved** by the EIB Group was expected to mobilise a total investment value of EUR 516.9 billion. In terms of financing **signed**, the total mobilised investment was expected at EUR 491.3 billion.

As of the end of 2024, the value of operations signed by counterparts amounted to EUR 78.47 billion, from which EUR 72.58 billion have already been disbursed to final beneficiaries.

The EU guarantee under EFSI can be called to cover guarantee calls, restructuring losses and recovery costs for debt-type operations and value adjustments, funding costs and recovery costs for equity-type operations.

15 Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015.

16 Regulation (EU) 2017/2396 of the European Parliament and of the Council of 13 December 2017.

To protect the EU budget from the risks of the EFSI guarantee, the EFSI Guarantee Fund was established in 2015. As of 1 January 2021, the assets of the EFSI Guarantee Fund were transferred to the EFSI compartment of the CPF. The EFSI Regulation set the target provisioning rate at 35% of outstanding obligations under the EU guarantee (which in absolute numbers translates into a maximum required provisioning amount of EUR 9.1 billion (35% times EUR 26 billion).

As of 31 December 2024, the cumulative provisioning committed and paid under EFSI amounted to EUR 10.270 billion, out of which EUR 8.425 billion from the EU budget and EUR 1.845 billion from internally assigned revenues. Pro memoria, last year part of the provisions were subject to a surplus procedure and were redirected to finance the provisioning of InvestEU and the Public Sector Loan Facility, while there have also been some calls over the years.

In 2024, the EFSI compartment reported guarantee calls of EUR 134 million, which brings the cumulative amount of guarantee calls at the end of 2024 to EUR 443 million. In the coming years, an increase in the number and volume of future guarantee calls can be expected, due to the pace of implementation, the risk-sharing structure of certain financial products and the higher funding cost resulting from market circumstances.

Implementation arrangements

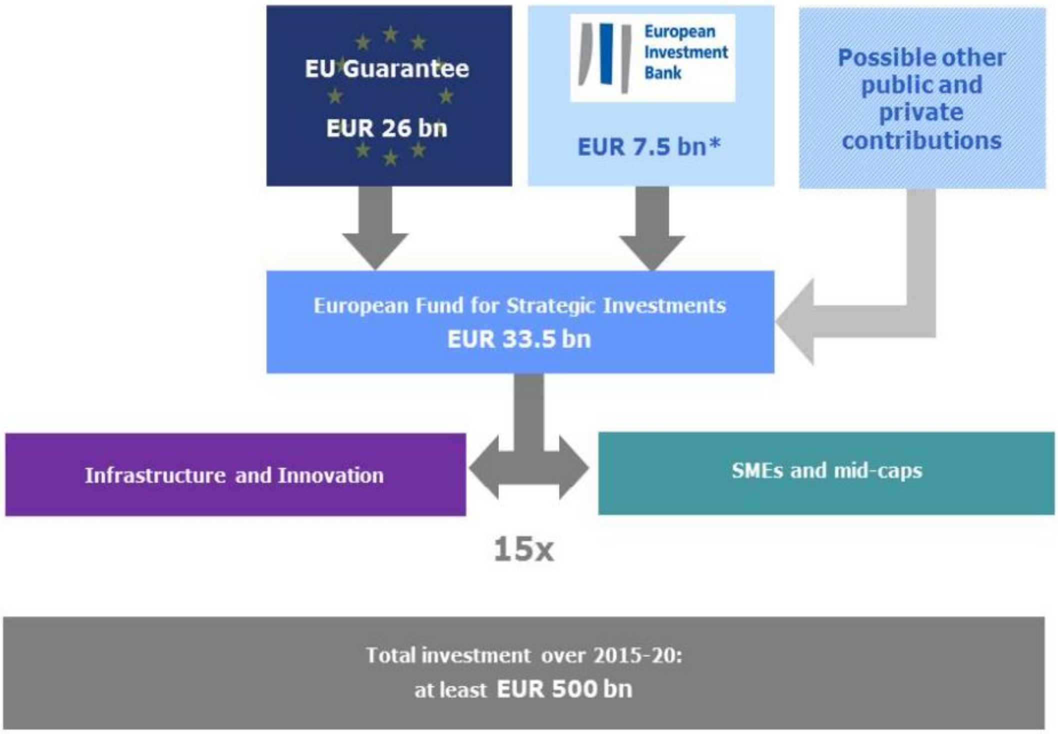
EFSI is implemented under indirect management exclusively by the EIB Group. On 22 July 2015, the EU and the EIB signed an agreement to manage EFSI and provide the EU guarantee.

EFSI has two Windows:

- the Investment and Innovation Window, managed by the EIB and comprising four products and;

- the SME Window, managed by the EIF and comprising 11 products.

Implementation diagram



** Contributions from EIB own resources.*

Duration

The EFSI Regulation set up EFSI in July 2015 and the EFSI 2.0 Regulation updated EFSI in 2017. New operations could be **approved** until 31 December 2020, while the EIB and the EIF could still **sign** contracts with final recipients or financial intermediaries until 31 December 2022.

EFSI exposures can be long-term in nature, but the EU will monitor the guarantee and its underlying operations until all related obligations are fully discharged.

Added Value

In the aftermath of the 2008 financial crisis, the EU suffered from low levels of investment as evidenced by a low investment-to-GDP ratio. The efforts to sort out this problem and to put Europe back on the path of recovery were coordinated at European level. The Investment Plan for Europe focused on using more efficiently new and existing financial resources (through the EFSI guarantee), providing visibility and technical assistance to investment projects (through the European Investment Project Portal and the European Investment Advisory Hub) and removing obstacles to investment. The EFSI Guarantee, the European Investment Project Portal and the Investment Advisory Hub were the three pillars of the Investment Plan for Europe.

Action at the Union level enabled greater economies of scale by combining EU budget funds with EIB Group financing, effectively mobilising both private and public investment across the Union and making optimal use of available expertise and knowledge. This way, the impact and benefits are much greater than what could be achieved by investment efforts in just one country or a few countries

The demand-driven nature of EFSI, which has indeed no country-specific nor sectorial project allocation, provided for greater attractiveness for investors and lower aggregated risks. The investments supported under EFSI contribute to the EU programmes and key policy priorities and targets, including the objectives of the Europe 2020 strategy for smart, sustainable and inclusive growth, quality job creation and economic, social and territorial cohesion.

Application of Article 158.2 FR

The EFSI Agreement foresees that EIB and EIF apply their respective rules, policies and procedures, including the EIB Group Non Cooperative Jurisdictions Policy ("NCJ") and the EIB Group Anti-Money Laundering and Combating Financing of Terrorism Framework, to address the requirements in respect of money laundering, terrorism financing, tax avoidance, tax fraud, and tax evasion contained in Article 22 of the EFSI Regulation and to reflect the prohibition to enter into new or renewed operations with entities incorporated or established in jurisdictions listed under the relevant Union policy on non-cooperative jurisdictions or that are identified as high-risk third countries.

None of the signed EFSI guaranteed operations were entered into with Financial Intermediaries incorporated in non-cooperative jurisdictions listed under the relevant EU policy.

Support combined with other Union actions

As of 31 December 2024, 60 EFSI operations also benefited from support stemming from shared management funds (European Structural and Investment Funds ("ESIF")) and other EU funds. Of these operations 53 are under the IIW and 7 are under the SMEW. More details are available in the table below:

	EFSI operations co-financed with ESIF/other EU funds	
	Number	**Signed amount (EUR million)**
IIW	53	4,716.75
SMEW	7	120.90
Aggregated	60	4,837.65

Under the SMEW, operations relate to investments into equity funds from ESIF and EFSI. With respect to the EFSI Combination Products (ECP), for the portfolio for Initiative Nationale pour l'Agriculture Française, ESIF-EAFRD Greece, Portugal and Nouvelle Aquitaine, the ECPP will make a contribution to cover defaulted amounts after the first loss risk cover has been entirely used (as further specified in the relevant ECP mandate documentation).

In addition to combinations with ESIF, there are products under the SMEW where EFSI is combined with support from financial instruments from other EU programmes (COSME, InnovFin, EaSI and CCS)[17].

1.1.2 Operational Performance

EFSI has significantly increased the financing and investment volume of the European Investment Bank Group in priority areas. As of 31 December 2024, EFSI enabled the EIB Group to sign EUR 78.47 billion of riskier financing and investment operations.

The EIB Group **signed** 1,500 EFSI operations for a total investment made of EUR 491.3 billion (compared to envisaged EUR 516.9 billion investment based on **approved** operations): EUR 287.3 billion for the Infrastructure and Innovation Window investments (682 signed operations) and EUR 204.0 billion (818 signed operations) under the SME Window.

EFSI was designed with an investment target of EUR 500 billion (end 2020), which implied a target multiplier of 15x. The EUR 500 billion target was to be delivered based on an overall combined contribution of EUR 33.5 billion (EFSI guarantee plus EIB own resources). As of 31 December 2024, the multiplier calculated in relation to signed operations was 16.25.

EFSI operations were structured to maximise, where possible, the mobilisation of private sector capital. Of the EUR 491.3 billion of total investment mobilised under EFSI, EUR 331.5 billion related to private sector resources (which represents about 67.5% of the total).

Key Figures (as at 31/12/2024)

Total amount of operations signed by counterparts (in EUR)	85,052,463,162
Total amount of operations disbursed (in EUR)	72,576,044,205
Amount transferred to final recipients (in EUR)[18]	409,510,049,763
Number of final recipients	946,271
Investments made by final recipients	491,310,856,831
Private sector resources mobilised	331,506,839,091
Leverage (ratio)	13.57
Multiplier effect on signed operations (ratio)	16.25

17 Financial Instruments of the Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME), Horizon 2020 Debt Financial Instrument (InnovFin), Financial Instruments under the Programme for Employment and Social Innovation (EaSI), Cultural and Creative Sectors-Guarantee Facility (CCS GF).

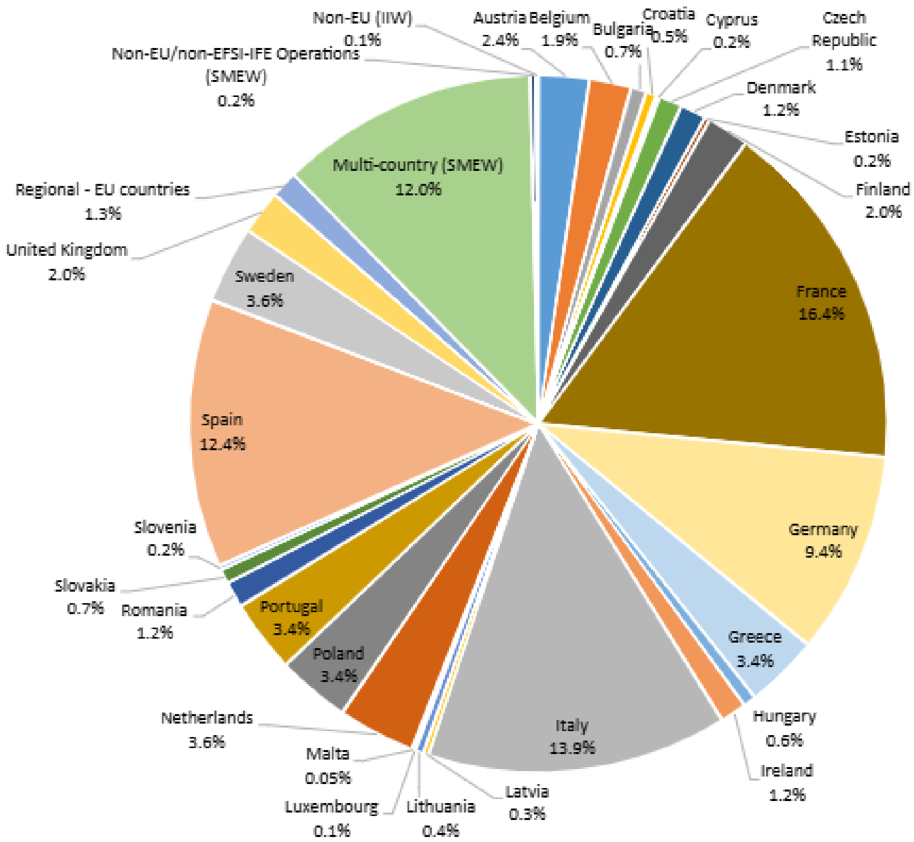
18 Amount that is expected to be transferred when all the signed amounts would be disbursed.

Geographical diversification

As of 31 December 2024, operations were signed in all 27 EU Member States and the UK, with the largest amounts signed in France (EUR 13.7 billion), Italy (EUR 11.6 billion), Spain (EUR 10.4 billion), Germany (EUR 7.9 billion), Sweden, Poland, the Netherlands, Greece, and Portugal (circa EUR 3 billion each).

However, in terms of the signed amounts relative to the GDP, the top beneficiary countries were Greece, Portugal, Spain, Finland, and Bulgaria.

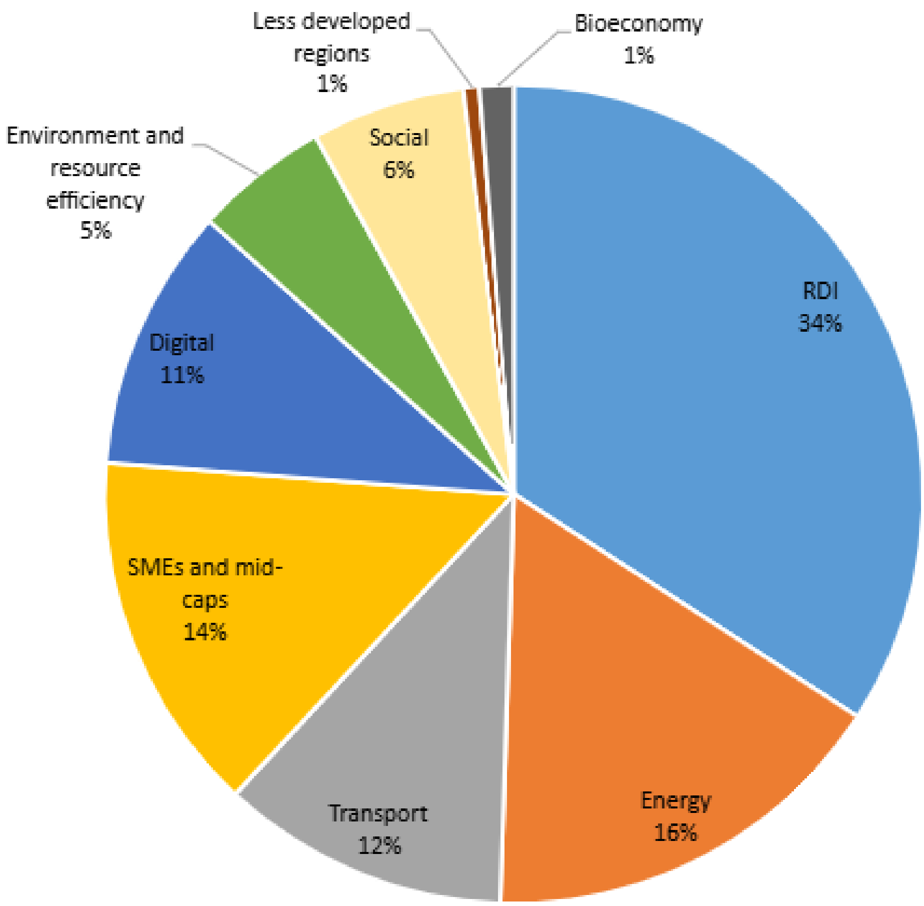
Signed amounts – breakdown per country



Sectoral diversification

As of 31 December 2024, operations were signed across 9 different sectors for a total amount of EUR 83.68 billion. The largest signed amounts were in Research Development & Innovation ("RDI") (signed operations for EUR 28.57 billion), Energy (signed operations for EUR 13.71 billion) and SME and mid-caps (signed operations signed for EUR 11.98 billion).

Signed amounts – breakdown per sector



Contribution to the achievement of the EFSI objectives

The EFSI objective is to mobilise EUR 500 billion investments by 2020 has been achieved. These investments are mobilised through 1500 signed operations implemented in 28 countries. In total 42.7% of EFSI financing in the Infrastructure and Innovation Window supports project components that contribute to climate action.

1.1.3 Financial Information

Financial information at the level of budgetary guarantee

The available guarantee under EFSI signed with counterparts, after deducting guarantee calls and other expenses covered by the guarantee, amounted to EUR 25.4 billion at the end of 2024. It covers the EU risk related to the operations signed by the EIB Group up to EUR 23.0 billion (EUR 17.3 billion for the IIW (including also IIW debt-type operations that were combined with InvestEU D1 and D2 portfolios) and EUR 5.7 billion for SME window).

The EU guarantee corresponding to outstanding EFSI operations **disbursed** by the EIB Group (or by financial intermediaries in case of bank guarantee products) totals EUR 21.0 billion as of 31 December 2024.

all figures in EUR

	EU contingent and financial liability	
	31/12/2024	31/12/2023
Available guarantee signed with counterparts	25,372,947,560	25,591,146,243
EU risk for operations signed by counterparts	22,997,898,253	23,634,948,429
EU risk for operations signed by counterparts and disbursed	21,033,116,500	21,551,382,004

Under the EFSI Agreement, the European Union receives a remuneration for its guarantee. Up to end 2024, the EU has received EUR 2.20 billion (out of which EUR 361 million in 2024) of revenues, mainly from debt products, where the risk-related revenues are shared between the European Union and the EIB (commensurate to the risk taken).

The revenues have been partially used to cover the guarantee calls, funding costs, fees and other expenses incurred under the EFSI guarantee, while the remaining part was integrated in the European Union budget as internal assigned revenues.

all figures in EUR

	EU guarantee revenues	
	2024	Cumulative until 31-12-2024
EU guarantee revenues	360,934,812	2,201,168,872

To end 2024, the guarantee covered calls of EUR 443 million (cumulative) of which a part also related to value adjustments. Should the value of those investments recover in the future, the amount called for value adjustments would be reimbursed to the European Union.

With respect to the defaulted operations, the EIB undertakes recovery proceedings on behalf of the European Union for as long as possible recovery proceedings are expected to lead to recoveries which exceed the costs of the recovery proceedings.

all figures in EUR

	Guarantee calls and recoveries	
	2024	**Cumulative until 31-12-2024**
Guarantee calls	134,270,844	443,663,892
Recoveries	2,858,185	4,414,082
Net guarantee calls	131,412,659	439,249,810

The cumulative fees due to the EIF for the implementation of the products under the SME window total EUR 284.6 million, which were mainly covered by the revenues due to the European Union under the guarantee. In addition, the EU has incurred a cumulative amount of EUR 196 million of other expenses (recovery costs, funding costs, other) out of which EUR 89 million in 2024, covering mainly the funding costs.

all figures in EUR

	Expenses	
	2024	**Cumulative until 31-12-2024**
Fees to counterparts	14,200,649	284,641,226
Other expenses (recovery costs, funding costs, other)	89,040,792	196,061,430

Financial information at the level of budgetary guarantee

all figures in EUR as of 31/12/2024

<table>
<tr><th></th><th>EIB - Debt Standard (combined with InvestEU D1 Portfolio)</th><th>EIB - Debt Hybrid (combined with InvestEU D2 Portfolio)</th><th>EIB - Equity</th></tr>
<tr><td colspan="4">Overview</td></tr>
<tr><td>Effective</td><td>Yes</td><td>Yes</td><td>Yes</td></tr>
<tr><td>Counterpart</td><td>European Investment Bank</td><td>European Investment Bank</td><td>European Investment Bank</td></tr>
<tr><td>Description</td><td>Products and counterparts include - direct lending to public sector, direct lending to corporates and project finance, intermediated lending, credit enhancement for project finance, risk-sharing (partial delegation/de-linked), hybrid debt for regulated utilities.

The EU covers 100% of the first loss piece (FLP), whereas the EIB retain the residual risk tranche (RRT).</td><td>Products and counterparts include - risk-sharing (full delegation), debt funds, and structured products (asset-backed securities/loan substitutes/ credit enhancements)

The EU covers 100% of the FLP, whereas the EIB retain the RRT.</td><td>Products and counterparts include – infrastructure and climate equity funds, direct equity, co-investment with equity funds, debt funds, captive funds and/or Investment Platforms not sponsored by NPBs.

The EU and the EIB cover pari passu (50%/50%) each equity-type operation included in the Equity Standard Portfolio.</td></tr>
<tr><td>Maximum guarantee signed with counterpart</td><td>13,240,000,000</td><td>2,000,000,000</td><td>4,010,000,000</td></tr>
<tr><td>Operation type</td><td>Debt, Guarantee</td><td>Debt, Guarantee</td><td>Equity</td></tr>
<tr><td>Risk-sharing structure</td><td>FLP - 100% (EU guarantee)</td><td>FLP - 100% (EU guarantee)</td><td>Pari passu - 50% (EU guarantee) & 50% (EIB)</td></tr>
<tr><td>Cumulative operations signed by counterpart</td><td colspan="2">51,619,205,263</td><td>6,440,287,804</td></tr>
<tr><td>Cumulative operations disbursed by counterpart</td><td colspan="2">48,159,870,258</td><td>5,209,921,961</td></tr>
<tr><td colspan="4">EU contingent and financial liability</td></tr>
<tr><td>Available guarantee signed with counterpart</td><td colspan="2">15,033,657,460</td><td>3,652,798,362</td></tr>
<tr><td>EU risk for operations signed by counterpart</td><td colspan="2">14,953,292,597</td><td>2,304,120,954</td></tr>
<tr><td>EU risk for operations signed by counterpart and disbursed</td><td colspan="2">14,556,233,773</td><td>1,698,457,217</td></tr>
<tr><td colspan="4">Cumulative guarantee calls and recoveries</td></tr>
<tr><td>Cumulative guarantee calls</td><td>202,529,193</td><td>0</td><td>199,545,288</td></tr>
<tr><td>Cumulative recoveries</td><td>1,860,094</td><td>0</td><td>0</td></tr>
<tr><td>Cumulative net guarantee calls</td><td>200,669,099</td><td>0</td><td>199,545,288</td></tr>
</table>

	EIF - Debt	EIF - Equity
Overview		
Effective	Yes	Yes
Counterpart	European Investment Fund	European Investment Fund
Description	The product is delivered in the form of a second loss enhancement of a portfolio of uncapped guarantees supporting lending provided by financial intermediaries to RDI-intensive SMEs and Small Mid-caps. The EU provides the FLP under the Horizon 2020 (InnovFin) financial instrument and, together with EFSI, provide a Junior Risk Tranche of 20%. The EIF takes the Senior Risk Tranche of 80%. EFSI credit enhancement was introduced to increase the size of the Horizon 2020 debt financial instrument.	The product aims at enhancing financing provided by financial intermediaries to SMEs, Small Midcaps, Social Sector Organisations and Social Enterprise in growth stage. The risk is shared on a pari passu basis with EIB providing 95% financing (guaranteed by EFSI) and the EIF providing 5% of financing on its own risk. EU covers the Junior Tranche through the InnovFin Equity financial instrument which provides 45% of financing, whereas EFSI (26.5% of financing provided by the EIB) and the European Investment Fund (28.5%) covers the Senior Tranche.
Maximum guarantee signed with counterpart	3,450,000,000	3,300,000,000
Operation type	Guarantee	Equity
Risk-sharing structure	SLP	SLP
Cumulative operations signed by counterpart	15,669,568,610	4,745,310,983
Cumulative operations disbursed by counterpart	15,480,911,918	3,725,340,068
EU contingent and financial liability		
Available guarantee signed with counterpart	3,262,213,835	3,424,277,903
EU risk for operations signed by counterpart	3,074,917,372	2,665,567,330
EU risk for operations signed by counterpart and disbursed	2,958,705,015	1,819,720,495
Cumulative guarantee calls and recoveries		
Cumulative guarantee calls	22,571,091	18,783,698
Cumulative recoveries	2,553,006	0
Cumulative net guarantee calls	20,018,085	18,783,698

1.2 INVESTEU

1.2.1 DESCRIPTION

Identification/Reference to the basic act	
Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017	
Maximum amount of budgetary guarantee (in EUR)	**of which available guarantee signed at 31/12/2024**
27,320,533,377[19]	27,041,969,322
of which ceiling authorised in the legal basis (in EUR)	**Counterparts**
27,320,533,377	Bulgarian Development Bank (BDB) Bank Gospodarstwa Krajowego (BGK) Bpifrance - Banque Publique d'Investissement Banco Português de Fomento (BPF) Caisse des Dépôts et Consignations (CDC) Council of Europe Development Bank (CEB) Cassa Depositi e Prestiti and CDP Equity (CDP) European Bank for Reconstruction and Development (EBRD) European Investment Bank (EIB) European Investment Fund (EIF) Garantiqa Instituto de Crédito Oficial (ICO) InvestNL Nordic Investment Bank (NIB) Nationale Nederlanden (NRB) ParticipatieMaatschappij Vlaanderen (PMV)
of which from external contributions (in EUR)	
2,345,009,829[20]	
Budget Line(s)	
01 03 08	

19 EU compartment only, including contributions from Norway and Iceland and top-ups.

20 Member State contributions.

	Cumulative to 2024	2025	2026	2027	Total[21]
Budgetary commitment appropriations (in EUR)	9,427,873,194	733,608,453	228,747,462	264,553,091	10,654,782,200
of which from voted budget	1,969,745,222	144,427,000	0	0	2,114,172,222
of which from NGEU	5,930,000,000	N/A	N/A	N/A	5,930,000,000
of which from fines	419,600,000	168,063,104	228,747,462	264,553,091	1,080,963,657
of which from internal assigned revenues[22]	1,029,676,429	421,118,349	p.m.	p.m.	1,450,794,778
of which from external assigned revenues	78,851,543	p.m.	p.m.	p.m.	78,851,543
Budgetary payment appropriations (in EUR)	5,437,229,051	1,786,118,349	1,914,000,000	550,000,000	10,654,782,200
of which from voted budget	577,701,079	350,000,000	750,000,000	436,471,143	2,114,172,222
of which from NGEU	3,751,000,000	1,015,000,000	1,164,000,000	0	5,930,000,000
of which from fines	0	0	0	113,528,857	1,080,963,657
of which from internal assigned revenues	1,029,676,429	421,118,349	p.m.	p.m.	1,450,794,778
of which from external assigned revenues	78,851,543	p.m.	p.m.	p.m.	78,851,543

[21] EU compartment data only.

[22] Expected to reach EUR 1 billion by 2027.

General description

The InvestEU programme is designed to boost EU investment over the 2021-2027 period with a focus on recovery, resilience, green growth and employment. This goal will be achieved by mobilising public and private financing sources, in order to provide long-term funding and support to companies and projects in line with the EU priorities.

The InvestEU programme was established by the InvestEU Regulation[23].

Implementation cycle

The InvestEU programme consists of:

- the **InvestEU Fund** and the **InvestEU Guarantee** is the successor of the European Fund for Strategic Investments (EFSI) but also from 13 other centrally managed financial instruments. It operates through four policy windows that address market failures or sub-optimal investment situations within their specific scope;
- the **InvestEU Advisory Hub**, the successor of the European Investment Advisory Hub and 12 other centrally managed advisory programmes and initiatives; and
- the **InvestEU Portal**, the successor of the European Investment Project Portal.

The InvestEU programme is a demand-driven instrument, responding to the investment and finance needs of public and private market participants.

The InvestEU guarantee should support financing and investment operations with a relatively high-risk profile that require risk-sharing through the EU budget, to unlock additional private and public finance.

The InvestEU programme aims at contributing to the necessary conditions for the competitiveness of the EU economy and industry (in accordance with Article 173 of the Treaty on the Functioning of the European Union). This is done by providing financial products designed to address EU-wide and Member State specific market failures and suboptimal investment situations, which cannot be sufficiently achieved by the Member States, but can better be realised at EU level.

In the context of the InvestEU programme, the Commission may also implement blending operations (as is explained in Article 6 of the InvestEU Regulation) supported by different EU programmes and funds. Starting from 2023, InvestEU also received third country contributions from two EFTA countries (Norway and Iceland). These contributions are part of the EU compartment of the Common Provisioning Fund (CPF). Furthermore, in accordance with Article 10 of the InvestEU Regulation, Member States can on a voluntary basis also

[23] Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 amending Regulation (EU) 2015/1017.

contribute to the InvestEU Member State compartment with Recovery and Resilience Facility funds, shared management funds and Member State own contributions.

For the provisioning of the EU guarantee implemented under the blending operations and also for the ones related to the InvestEU Member State compartments, separate InvestEU compartments were created in the CPF.

InvestEU has the following specific objectives (**policy windows**):

1. supporting financing and investment operations related to sustainable infrastructure (Sustainable Infrastructure Window – SIW);

2. supporting financing and investment operations related to research, innovation and digitisation (Research, Innovation and Digitization Window – RIDW);

3. increasing access to and the availability of finance for small and medium-sized enterprises (SMEs) and for small mid-cap companies and enhancing their global competitiveness (SME Window – SMEW) and;

4. increasing access to and the availability of microfinance and finance for social enterprises, to support financing and investment operations related to social investment, competences and skills, and to develop and consolidate social investment markets (Social Investments and Skills Window – SISW).

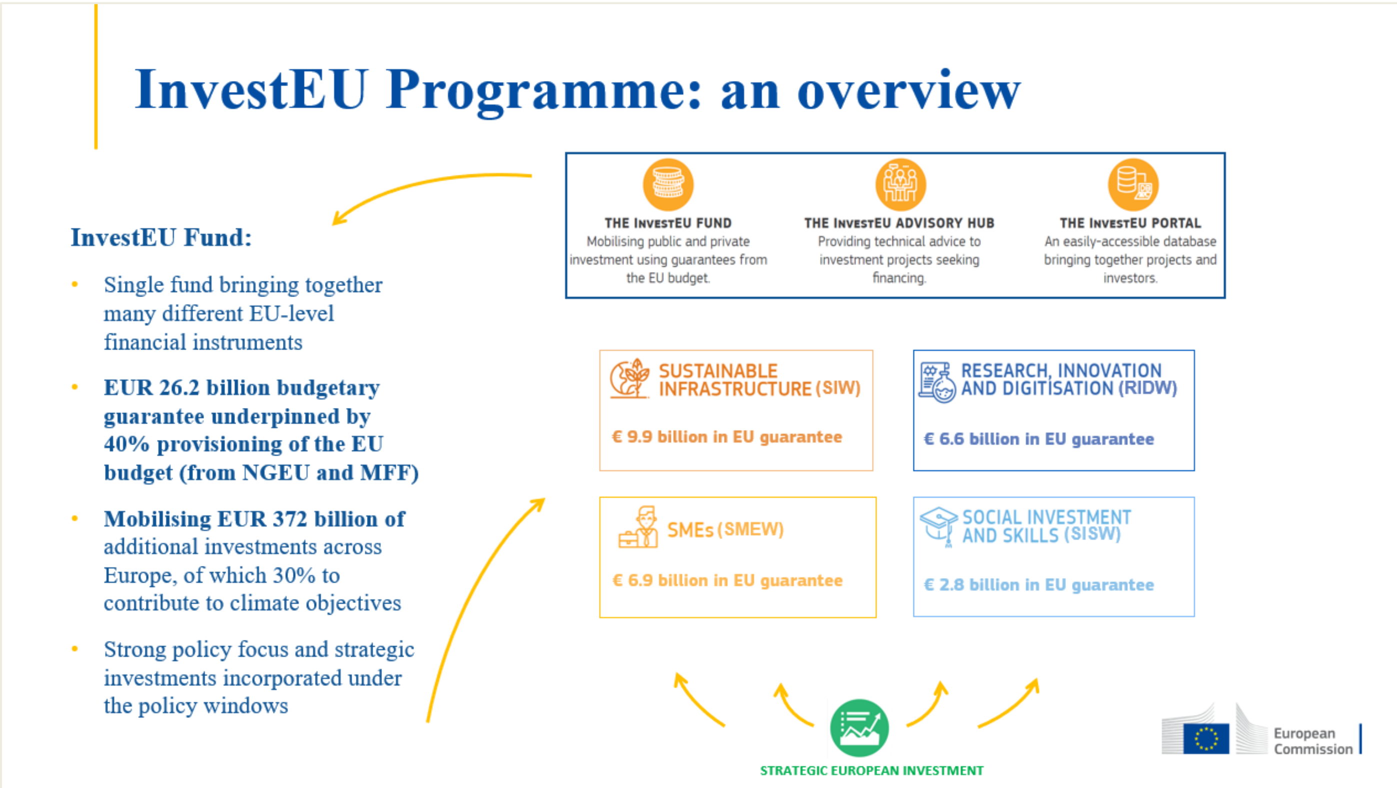
Under InvestEU, the EU provides support through an EU budgetary guarantee of EUR 26.2 billion covering losses to the implementing partners. The budgetary guarantee is underpinned by an EU provisioning budget (financed by a.o. NGEU resources and assigned revenues from legacy instruments) of EUR 10.46 billion, which translates into a target provisioning rate of 40%.

Up to the end of 2024, the amount of budgetary commitments was EU 9.4 billion, which includes EUR 1.9 billion from the EU general budget, EUR 5.9 billion from NGEU and EUR 1.0 billion from internal assigned revenues from predecessor instruments. In terms of payment commitments, EUR 5.4 billion was already paid into the InvestEU CPF compartment, from which future calls on the EU guarantee can be paid.

Negotiations with various Member States concerning contributions to the Member State compartment of InvestEU were also successfully concluded. So far, seven contribution agreements were signed with Romania, Bulgaria, Greece, Czechia, Finland, Malta and Spain (whose Contribution Agreement was signed at the end of 2024), and the corresponding Member State compartments were set up. For the receipt of the relevant amounts needed for the provisioning of the EU guarantee implemented under the InvestEU Member State compartment, until the end of 2024, CPF compartments for Romania, Greece, Finland, Czechia, Bulgaria, Malta and Spain were also set up.

By the end of 2024, under the InvestEU Guarantee (Member State compartments of the CPF), EUR 485 million had been transferred as external assigned revenue from five Member States (Romania, Greece, Finland, Bulgaria and Malta), according to the schedules laid down in the signed contribution agreements.

Furthermore, as set out in the adopted partnership agreements and signed contribution agreements, the following appropriations were transferred by the end of 2024 as contributions to the InvestEU Fund: EUR 163.1 million from the European Regional Development Fund and EUR 25 million from the Cohesion Fund for the CPF Member States compartments of Finland, Czechia, Bulgaria and Malta.

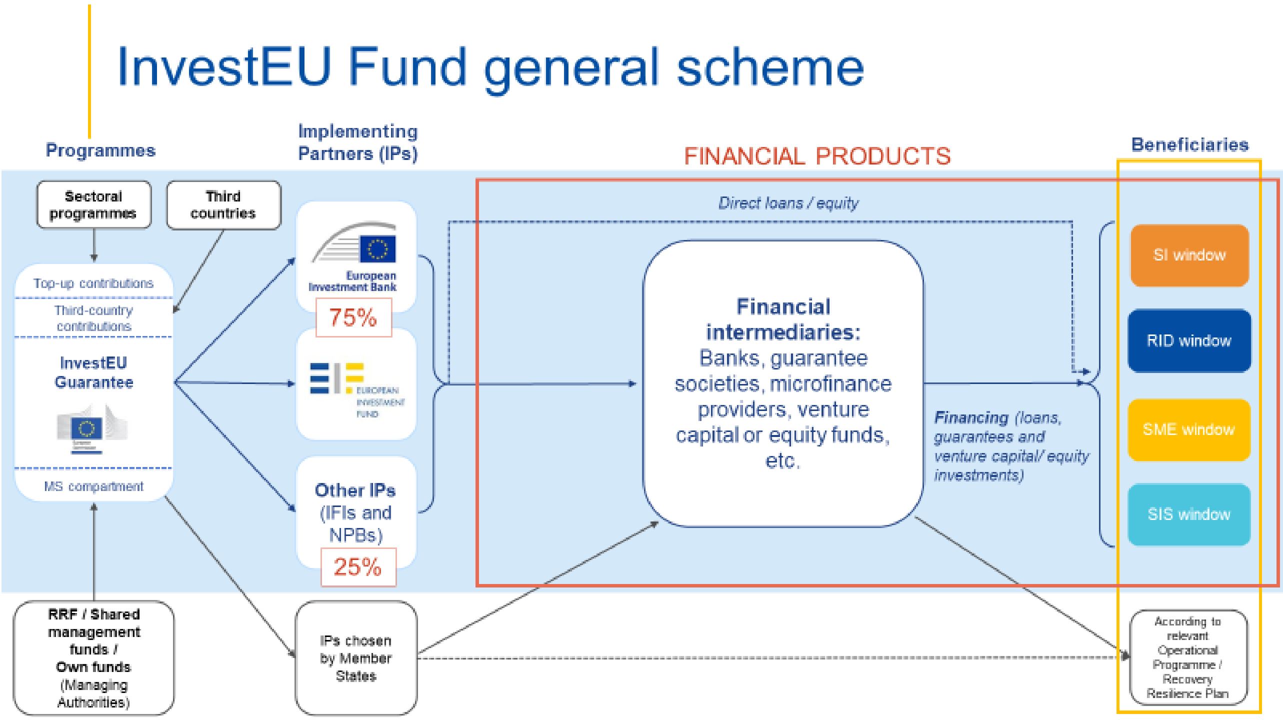


Implementation arrangements

InvestEU is implemented in indirect management through the European Investment Bank Group but also through other implementing and advisory partners. Following a Commission re-organisation in February 2025, the DG for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) is now in the Commission the lead DG for InvestEU.

The programme has brought under one roof a large number of EU financial instruments, budgetary guarantees and advisory services to support investment in the EU. By providing a budgetary guarantee, InvestEU aims to make the EU support for funding of investment projects in Europe simpler, more efficient and more flexible.

Implementation diagram



Duration

The investment period for the **approval** of operations will end on 31 December 2027, while contracts between the implementing partners and the final recipient or financial intermediary could be **signed** until 31 December 2028.

Given the long-term nature of support under InvestEU, the EU guarantee coverage and operational monitoring will continue until all exposures and liabilities in relation to InvestEU operations have been fully discharged.

Added Value

The unprecedented domestic and global challenges that the world is currently facing have a significant impact on the EU economy. To pave the way for sustained and inclusive growth – while raising the EU's global competitiveness, enhancing socio-economic convergence and the cohesion of the EU, and advancing the digital and green transitions – the EU needs increased investment (including in innovation, digitisation, the efficient use of resources and upgrading of skills and infrastructure). This, in turn, will require expanding the supply and diversifying the sources of external funding for EU businesses.

Intervention at EU level adds value by addressing market failures or sub-optimal investment situations (e.g., when, because of its public good nature, the full benefits of given investments cannot be captured by private agents, or the investment produces additional advantages beyond those flowing to the investing company or operator). The EU intervention can also help to reduce the investment gap in targeted sectors (e.g., in investments with a significant cross-border dimension or investments in sectors, countries, or regions where risk exceeds levels that private financial actors are able or willing to accept). Finally, an EU-level intervention can ensure that a critical mass of resources can be leveraged to maximise the impact of investment on the ground.

By supporting projects that provide EU added value, InvestEU is complementary to Member State investments. In addition, InvestEU provides for economies of scale in the use of innovative financial products by catalysing private investment across the EU.

Application of Article 158.2 FR

The guarantee agreements with the EIB, the EIF and other implementing partners state that they should apply their respective rules, policies and procedures, including anti-money laundering and counter terrorist financing frameworks, to address the requirements in respect of money laundering, terrorism financing, tax avoidance, tax fraud, tax evasion contained in Article 17 of the InvestEU Regulation and to reflect the prohibition to enter into new or renewed operations with entities incorporated or established in jurisdictions listed under the relevant Union policy on non-cooperative jurisdictions or that are identified as high-risk third countries.

None of the InvestEU guaranteed operations signed so far were entered into with the financial intermediaries incorporated in non-cooperative jurisdictions listed under the relevant Union policy.

Support combined with other Union actions

In 2024, EUR 401.6 million commitments were carried out under blending operations that combine InvestEU support with support provided under other EU programmes (including Horizon Europe, Digital Europe, European Space Programme, European Maritime Fisheries and Aquaculture Fund, Creative Europe Media Programme, EU Health Programme and the EU Emissions Trading System (ETS) financed Innovation Fund) That blending support allocated to the EIB and the EIF provides first loss protection to specific portfolios. As of end 2024, the EIB and the EIF signed 32 operations using the blended support.

1.2.2 OPERATIONAL PERFORMANCE

The guarantee agreement with the EIB and the EIF (representing a 75% share of the total EU budget guarantee, i.e. EUR 19.6 billion) was signed in March 2022. A total of 14 guarantee agreements with other implementing partners (under which guarantee capacity of EUR 3.99 billion was allocated) were signed by end 2024. In 2024, a new agreement was signed with Banco Português de Fomento (BPF) and several existing guarantee agreements were amended. There was also the signature of one more MS-Compartment guarantee agreement with Národní rozvojová banka (NRB, Czechia).

The InvestEU guarantee covers its implementing partners’ financing and investment operations in priority areas. As of 31 December 2024, InvestEU enabled its implementing partners to sign EUR 40.2 billion of riskier financing and investment operations. Under the SIW, EUR 16.61 billion were signed, followed by the SMEW with EUR 15.77 billion of signatures, the RIDW with EUR 5.15 billion and the SISW with EUR 2.68 billion.

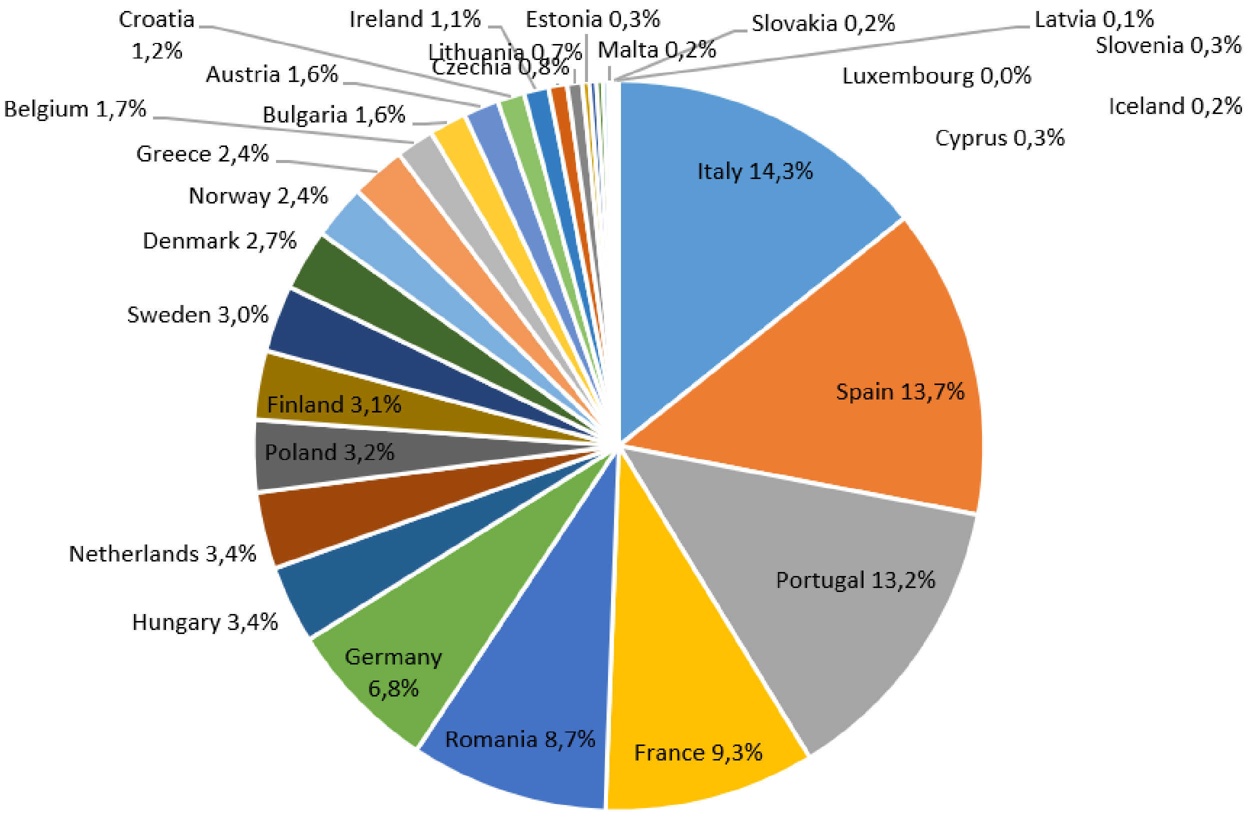
InvestEU was designed with a target of EUR 372 billion of expected mobilised investment. As of 31 December 2024, the estimated investment mobilised on approved operations under the EU Compartment was EUR 283.40 billion (of which EUR 167.98 billion based on signed operations) and the corresponding multiplier of 15.11. When including the Member State Compartments, the investment mobilised amounted to EUR 299.7 billion and the corresponding multiplier of 14.80.

Key Figures (as at 31/12/2024)

Total amount of operations signed by counterparts (in EUR)	40,217,014,878
Total amount of operations disbursed (in EUR)	5,792,658,850
Amount transferred to final recipients (in EUR)	16,256,491,396
Number of final recipients	153,114
Investments made by final recipients	72,557,549,080
Private sector resources mobilised (in EUR)	51,049,106,594
Leverage (ratio)	5.71
Multiplier effect (ratio)	14.80

Geographical diversification

Signed amounts – breakdown per country



As at end of 2024, InvestEU has provided benefits to all 27 Member States. Considering both EU and Member State Compartments, the top beneficiary countries, in terms of the InvestEU financing signed were Italy (EUR 4.6 bn), Spain (EUR 4.5 bn), Portugal (EUR 4.2 bn), France (EUR 3.0 bn) and Romania (EUR 2.8 bn). However, in terms of signatures relative to GDP, the top beneficiaries were Portugal, Romania, Hungary, Bulgaria and Croatia.

Contribution to the achievement of the InvestEU objectives

As of 31 December 2024, operations were signed across the four policy windows for a total amount of EUR 40.21 billion. The largest signed amounts were in the Sustainable Infrastructure window (signed operations for EUR 16.61 billion), followed by the SME and mid-caps window (signed operations for EUR 15.77 billion), the Research, Innovation, & Digitalisation window (signed operations for EUR 5.15 billion) and the Social Investment Skills window (signed operations for EUR 2.68 billion).

Diversification by Window

Member State Compartments

The InvestEU guarantee can be increased with additional contributions from Member States and third countries.

The Commission has signed contribution agreements with seven Member States: Romania, Bulgaria, Greece, Czechia, Finland, Malta and Spain until end of 2024. For the receipt of the relevant amounts needed for the provisioning of the EU guarantee implemented under the InvestEU Member State compartment, seven Member State CPF compartments were set up.

The guarantee amount added through the Member State compartment were included in the Guarantee Agreements with the following implementing partners: EIF, the EBRD, BDB (Bulgaria) and NRB (Czech Republic).

The guarantee amount signed under the Romania Member State Compartment amounts to EUR 723,976,000. Specifically, EUR 671,591,850 are included in the Guarantee Agreement with the EIF and EUR 52,384,150 in the Guarantee Agreement with the EBRD. Of this guarantee amount, 70.99% is allocated to the SMEW, 16.60% to the SIW and 12.42% is still to be allocated to the SIW or SMEW by the EIF.

The total guarantee signed amount under the Member State Compartment for Bulgaria is EUR 275,000,000. Within this, EUR 150,000,000 are included in the Guarantee Agreement with the EIF and EUR 125,000,000 corresponds to the Guarantee Agreement with the BDB. The allocation breakdown per policy window is as follows: 84.25% to the SMEW, 12.71% to the SIW and 3.04% is to be allocated to either the SIW or SMEW by the EIF.

The amount signed under the Member State Compartment for Greece is EUR 572,210,000, from which EUR 482,810,000 is included in the Guarantee Agreement with the EIF and EUR 89,400,000 in the Guarantee Agreement with the EBRD. The allocation percentages are as follows: 71.04% to the SMEW, 8.63% to SIW, 15.62% to an EBRD RIDW and SIW joint product -Green and Digital Capped - and 4.7% is still to be allocated either to the SMEW or SIW under the Guarantee Agreement with the EIF.

EUR 16,551,101.81 is signed to be implemented by the Guarantee Agreement with the EIF under the Member State Compartment for Malta. The entire amount is allocated to the SMEW.

A guarantee amount of EUR 100,000,000 is signed under the Member State Compartment for Finland and included in the Guarantee Agreement with the EIF. 81.14% of this guarantee amount is allocated to the SMEW, 13.29% to the SIW and 6.57% is still to be allocated either to the SIW or SMEW under the Guarantee Agreement with EIF.

The guarantee amount signed under the Member State Compartment for Czechia is EUR 80,000,000, corresponding to the Guarantee Agreement with NRB. 100% of this amount is allocated to the SMEW.

Finally, a guarantee amount of EUR 577,272,727.27 was signed in 2024 under the Member State Compartment for Spain, to be implemented by the EIF, 67.10% of this guarantee is to be allocated to the SMEW, 8.80% to the SIW and 24.10% is still to be allocated to the SIW or SMEW.

1.2.3 Financial Information

Financial information at the level of budgetary guarantee

At the end of 2024, the maximum guarantee amount signed under InvestEU accounted for EUR 27.31 billion out of which EUR 23.79 billion from InvestEU fund, EUR 679.73 million in blending in the form of EU financial instruments, and EUR 2.83 billion in the allocation from Member States (MS) and third parties.

The maximum guarantee amount signed with the **EIB** is EUR 8.61 billion out of which EUR 8.23 billion from the InvestEU Fund, EUR 200 million from blending and EUR 183 million in the allocation from MS and third parties.

The maximum guarantee amount signed with the **EIF** is EUR 14.21 billion, out of which EUR 11.57 billion from the InvestEU Fund, EUR 454.73 million from blending and EUR 2.18 billion from MS and third parties.

For details on guarantee agreements signed with other IFIs and national promotional banks and institutions (**NPBIs**), see the full breakdown in the “Financial information at the level of guarantee agreement” section.

The guarantee covers the risk related to the already signed operations which at end-24 amounted to EUR 27.41 billion, out of which EUR 8.63 billion by the EIB and EUR 13.94 billion by the EIF.

all figures in EUR

	EU contingent and financial liability	
	31/12/2024	**31/12/2023**
Available guarantee signed with counterparts	27,041,969,322	25,766,699,126
EU risk for operations signed by counterparts	11,769,484,141	6,592,288,897
EU risk for operations signed by counterparts and disbursed	3,468,373,571	1,433,066,587

Under the InvestEU Agreement, the European Union is entitled to a remuneration for its guarantee. In 2024, the EU has received EUR 40.69 million in revenues.

The revenues have been partially used to cover the other expenses incurred under the guarantee under InvestEU, while the remaining part has been recovered to the European Union budget as internal assigned revenues and used for the provisioning of the InvestEU compartment of the CPF.

all figures in EUR

	EU guarantee revenues	
	2024	**Cumulative until 31-12-2024**
EU guarantee revenues	40,687,477	68,512,102

In 2024, the EIB called EUR 33.71 million in relation to the InvestEU share of the guarantee call under the D1 portfolio. For the EIF, the guarantee calls for 2024 amounted to EUR 24.65 million related to operations covered by the InvestEU guarantee.

all figures in EUR

	Guarantee calls and recoveries	
	2024	**Cumulative until 31-12-2024**
Guarantee calls	58,363,401	63,208,020
Recoveries	10,114,549	10,206,318
Net guarantee calls	48,248,852	53,001,702

Expenses reported refer mainly to the InvestEU share of the D1 portfolio.

all figures in EUR

	Expenses	
	2024	**Cumulative until 31-12-2024**
Fees to counterparts	129,025,882	245,720,446
Other expenses (recovery costs, funding costs, other)	65,480,929	89,785,788

Financial information at the level of guarantee agreement

all figures in EUR and as at 31/12/2024

	Guarantee Agreement EIB	Guarantee Agreement EIF	Guarantee Agreement CDP Equity
Overview			
Effective	Yes	Yes	Yes
Counterpart	EIB	EIF	CDP Equity
Description	The European Investment Bank (EIB) is the long-term lending institution of the European Union owned by its Member States. The Bank's investments under the InvestEU programme will cover EU projects operating in the following policy windows: - sustainable infrastructure; - research, innovation and digitisation; - social investment and skills. EIB was allocated a total EU guarantee of EUR 8.6 billion (including EUR 100 million of blending).	The European Investment Fund (EIF) supports Europe's SMEs by improving their access to finance by designing, promoting, and implementing equity and debt financing instruments targeting small business. The EIF investments under the InvestEU programme will cover EU projects operating in all InvestEU policy windows. EIF was allocated a total EU guarantee of EUR 11.2 billion (including EUR 159 million of blending).	CDP Equity is the equity investment company of Cassa Depositi e Prestiti, with the mission of pursuing the equity strategy of the Group. CDP Equity will support investments dedicated to the development of the Italian Venture Capital sector in the research, innovation and digitisation policy window.
Maximum guarantee signed with counterpart	8,611,827,572	14,204,915,194	372,000,000
out of which from InvestEU fund:	8,228,643,885	11,568,772,356	372,000,000
out of which blending in form of financial instrument (excl. grants):	200,000,000	454,733,472	0
out of which allocated from MSs and third parties:	183,183,687	2,181,409,366	0
Operation type	Debt-Type operations and Equity Type	Guarantee and Equity Operations	Intermediated equity
Investment window	45%SIW, 53% RIDW, 2% SISW	46% SMEW, 11% SISW, 12% RIDW, 31% SIW	84% RIDW, 16% SIW
Cumulative operations signed by counterpart	14,200,760,518	18,978,001,955	395,000,000
Cumulative operations disbursed by counterpart	3,923,591,000	1,476,660,000	157,144,516
EU contingent and financial liability			
Available guarantee signed with counterpart	8,632,949,171	13,939,250,721	363,481,777
EU risk for operations signed by counterpart	2,859,808,442	7,794,956,108	195,581,061
EU risk for operations signed by counterpart and disbursed	1,485,544,516	1,603,093,683	78,572,258
Cumulative guarantee calls and recoveries			
Cumulative guarantee calls	35,364,857	27,843,163	0
Cumulative recoveries	9,670,144	536,174	0
Cumulative net guarantee calls	25,694,713	27,306,989	0
Cumulative expenses			
Fees to counterpart	52,315,989	180,695,715	3,267,875
Other expenses	14,675,582	68,694,145	5,250,347

all figures in EUR and as at 31/12/2024

	Guarantee Agreement EBRD	Guarantee Agreement CEB	Guarantee Agreement NIB
Overview			
Effective	Yes	Yes	Yes
Counterpart	EBRD	CEB	NIB
Description	The European Bank for Reconstruction and Development (EBRD) will support investments in sustainable infrastructure and greener industry and services, research, innovation and digitisation as well as social housing. The geographical focus of the projects is Bulgaria, Croatia, Czechia, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic and Slovenia.	The Council of Europe Development Bank (CEB) will support investments under the “social investment and skills” and “sustainable infrastructure” windows. This includes social, affordable and student housing; education, employment, and skills; health care, long-term care and social care; as well as clean and smart urban mobility, water and wastewater services, and flood protection. The portfolio will also support cross-cutting objectives such as gender equality and the inclusion of vulnerable groups, including persons with disabilities.	The Nordic Investment Bank (NIB) will support investments under the “sustainable infrastructure” and the “research, innovation and digitisation” windows. This includes investments in clean energy, the modernisation and decarbonisation of industry, critical raw materials supply, sustainable transport, environmental protection, bio-economy, digital connectivity and sustainable data infrastructure. The geographical focus of the projects is Denmark, Estonia, Finland, Latvia, Lithuania, Poland and Sweden.
Maximum guarantee signed with counterpart	776,784,150	159,125,000	370,122,458
out of which from InvestEU fund:	610,000,000	159,125,000	248,000,000
out of which blending in form of financial instrument (excl. grants):	25,000,000	0	0
out of which allocated from MSs and third parties:	141,784,150	0	122,122,458
Operation type	Debt Financing	Debt Financing	Debt Financing
Investment window	79% SIW, 16 % RIDW, 5% SISW	16% SIW, 84% SISW	83% SIW, 17% RIDW
Cumulative operations signed by counterpart	423,800,000	401,419,546	308,302,158
Cumulative operations disbursed by counterpart	47 223 000	194,930,000	134,314,718
EU contingent and financial liability			
Available guarantee signed with counterpart	774,266,118	159,125,000	370,122,458
EU risk for operations signed by counterpart	37,263,750	127,751,771	72,941,004
EU risk for operations signed by counterpart and disbursed	10,516,975	127,751,771	31,899,745
Cumulative guarantee calls and recoveries			
Cumulative guarantee calls	0	0	0
Cumulative recoveries	0	0	0
Cumulative net guarantee calls	0	0	0
Cumulative expenses			
Fees to counterpart	2,518,032	0	0
Other expenses (recovery costs, funding costs, other)	0	0	0

all figures in EUR and as at 31/12/2024

	Guarantee Agreement CDC	Guarantee Agreement BGK	Guarantee Agreement Bpifrance
Overview			
Effective	Yes	Yes	Yes
Counterpart	CDC	BGK	Bpifrance
Description	Under the InvestEU programme Caisse des Dépôts will unlock up to EUR 700 million in the areas of rehabilitation and restoration of industrial wasteland, the development of data centres as well as investment in industrial infrastructure to the benefit of innovative companies in France	Under the InvestEU programme BGK will aim to unlock up to an expected EUR 484 million for sustainable infrastructure and innovation investments across Poland. The guarantee will back long-term finance for a wide range of private and public sector entities, in several priority areas of InvestEU, including renewable energies, low-carbon transport, ICT, digitalisation, healthcare and innovation.	Under the InvestEU Programme Bpifrance expects to unlock EUR 1 billion of investments to support innovative SMEs and small mid-cap companies in France.
Maximum guarantee signed with counterpart	372,500,000	277,784,000	500,000,000
out of which from InvestEU fund:	372,500,000	277,784,000	500,000,000
out of which blending in form of financial instrument (excl. grants):	0	0	0
out of which allocated from MSs and third parties:	0	0	0
Operation type	Debt Financing	Debt Financing	Intermediated Equity and Debt Financing
Investment window	57% SIW, 43% SISW	79% SIW, 21% RIDW	80% SMEW, 20% RIDW
Cumulative operations signed by counterpart	93,525,694	0	57,800,000
Cumulative operations disbursed by counterpart	31,210,208	0	17,800,000
EU contingent and financial liability			
Available guarantee signed with counterpart	369,962,346	277,784,000	500,000,000
EU risk for operations signed by counterpart	46,935,056	0	25,900,000
EU risk for operations signed by counterpart and disbursed	15,919,799	0	8,900,000
Cumulative guarantee calls and recoveries			
Cumulative guarantee calls	0	0	0
Cumulative recoveries	0	0	0
Cumulative net guarantee calls	0	0	0
Cumulative expenses			
Fees to counterpart	2,308,262	0	0
Other expenses (recovery costs, funding costs, other)	227,938	0	0

all figures in EUR and as at 31/12/2024

	Guarantee Agreement CDP	Guarantee Agreement Garantiqa	Guarantee Agreement ICO
Overview			
Effective	Yes	Yes	Yes
Counterpart	CDP	Garantiqa	ICO
Description	Under InvestEU programme, CDP is committed to mobilize an expected amount of more than EUR 700 million investments and long-term financing in business research and development, social and sustainable infrastructure and affordable social housing projects.	Garantiqa will use the European Union guarantee to mobilise investments in the SME Window of the InvestEU programme. Thanks to the agreement between the two parties, financing projects in areas such as agriculture and food industry, clean energy, digital, supply chain development, Research & Development, production efficiency, and support to Hungarian transition regions and rural development, becomes more accessible.	ICO will use the InvestEU guarantee agreement to mobilise an expected amount of up to EUR 150 million in investments in the green transition and critical infrastructure. More specifically, it will support investment in crucial energy, sustainable transport, environment and water, digital and social infrastructure projects.
Maximum guarantee signed with counterpart	495,250,000	273,900,000	156,250,000
out of which from InvestEU fund:	495,250,000	273,900,000	156,250,000
out of which blending in form of financial instrument (excl. grants):	0	0	0
out of which allocated from MSs and third parties:	0	0	0
Operation type	Debt Fin. and Intermediated Equity	Debt Financing	Intermediated Equity
Investment window	51% SIW, 28% SISW, 21% RIDW	SMEW	SIW
Cumulative operations signed by counterpart	551,227,229	1,048,000,000	149,000,000
Cumulative operations disbursed by counterpart	105,417,980	6,660,118	44,749,186
EU contingent and financial liability			
Available guarantee signed with counterpart	493,318,321	273,900,000	154,621,529
EU risk for operations signed by counterpart	257,613,615	248,900,000	74,500,000
EU risk for operations signed by counterpart and disbursed	51,884,194	6,092,379	28,032,085
Cumulative guarantee calls and recoveries			
Cumulative guarantee calls	0	0	0
Cumulative recoveries	0	0	0
Cumulative net guarantee calls	0	0	0
Cumulative expenses			
Fees to counterpart	1,928,438	0	1,228,135
Other expenses (recovery costs, funding costs, other)	3,241	0	580,415

all figures in EUR and as at 31/12/2024

	Guarantee Agreement InvestNL	Guarantee Agreement PMV	Guarantee Agreement BDB
Overview			
Effective	Yes	Yes	Yes
Counterpart	InvestNL	PMV	BDB
Description	InvestNL, the Dutch National Promotional Institute, serves as an essential link between the public and private sectors and aims to promote a sustainable and innovative business environment in the Netherlands. By actively participating in European initiatives such as the InvestEU guarantee scheme, InvestNL contributes to the development of both a sustainable and innovative economy.	PMV offers tailor-made financial solutions to all entrepreneurs with a good business plan and a strong management team. It does so with capital, loans and guarantees. It also realises, with and for the government, and other partners, projects that are important for prosperity and welfare in Flanders. PMV has a portfolio with EUR 1.7 billion of assets under management.	The Bulgarian Development Bank (BDB) is a credit institution 100%-owned by the Bulgarian state. It was established in 1999 with focus to support small and medium-sized enterprises. The bank implements special mandates of the Bulgarian government like the anti-crisis measures to overcome the negative consequences of COVID-19. Essential part of the long-term goals of the bank is the support of sustainable investments. BDB is focusing on strengthening the bank's capacity to implement green policies.
Maximum guarantee signed with counterpart	210,000,000	70,000,000	165,000,000
out of which from InvestEU fund:	210,000,000	70,000,000	40,000,000
out of which blending in form of financial instrument (excl. grants):	0	0	0
out of which allocated from MSs and third parties:	0	0	125,000,000
Operation type	Direct Equity	Intermediated Equity	Intermediated capped and uncapped guarantees
Investment window	21.5% SIW, 78.5% RIDW	SIW	80% SMEW, 20% SIW
Cumulative operations signed by counterpart	54,666,667	0	0
Cumulative operations disbursed by counterpart	40,333,334	0	0
EU contingent and financial liability			
Available guarantee signed with counterpart	208,187,880	70,000,000	165,000,000
EU risk for operations signed by counterpart	27,333,334	0	0
EU risk for operations signed by counterpart and disbursed	20,166,167	0	0
Cumulative guarantee calls and recoveries			
Cumulative guarantee calls	0	0	0
Cumulative recoveries	0	0	0
Cumulative net guarantee calls	0	0	0
Cumulative expenses			
Fees to counterpart	1,458,000	0	0
Other expenses (recovery costs, funding costs, other)	354,120	0	0

all figures in EUR and as at 31/12/2024

	Guarantee Agreement NRB	Guarantee Agreement BPF
Overview		
Effective	Yes	Yes
Counterpart	NRB	BPF
Description	Národní rozvojová banka / National Development Bank (NRB) is a specialised state-owned banking institution aimed at contributing to sustainable economic development of the Czech Republic. The NRB is the main provider of financial instruments funded from public and European resources as well as from own resources and in cooperation with private capital. It has become an important partner for the central state administration authorities, state funds, regions, municipalities and the private sector, particularly small and medium-sized enterprises.	Banco Português de Fomento's (BPF) mission is to support Portugal's economic and social development by creating and providing innovative, competitive, and appropriate solutions to the needs and challenges of the business ecosystem, boosting entrepreneurial capacity, investment, and job creation, and promoting the country's sustainability and economic, social, and territorial cohesion.
Maximum guarantee signed with counterpart	80,000,000	210,000,000
out of which from InvestEU fund:	0	210,000,000
out of which blending in form of financial instrument (excl. grants):	0	0
out of which allocated from MSs and third parties:	80,000,000	0
Operation type	Intermediated capped guarantees	Intermediated capped guarantee and debt financing
Investment window	SMEW	9.5% SIW, 81% SMEW, 9.5% SISW
Cumulative operations signed by counterpart	0	3,555,511,111
Cumulative operations disbursed by counterpart	0	138,907,875
EU contingent and financial liability		
Available guarantee signed with counterpart	80,000,000	210,000,000
EU risk for operations signed by counterpart	0	0
EU risk for operations signed by counterpart and disbursed	0	0
Cumulative guarantee calls and recoveries		
Cumulative guarantee calls	0	0
Cumulative recoveries	0	0
Cumulative net guarantee calls	0	0
Cumulative expenses		
Fees to counterpart	0	0
Other expenses (recovery costs, funding costs, other)	0	0

1.3 EUROPEAN FUND FOR SUSTAINABLE DEVELOPMENT

1.3.1 DESCRIPTION

Identification/Reference to the basic act	
Regulation (EU) 2017/1601 of the European Parliament and of the Council of 26 September 2017 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund	
Maximum amount of budgetary guarantee (in EUR)	**of which available guarantee signed at 31/12/2024**
1,548,968,935	760,232,178
of which ceiling authorised in the legal basis (in EUR)	**Counterparts**
1,500,000,000	Cassa Depositi e Prestiti (CDP), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), International Finance Corporation (IFC), Kreditanstalt für Wiederaufbau (KfW), Nederlandse, Financierings-Maatschappij voor Ontwikkelingslanden (FMO), PROPARCO.
of which from external contributions (in EUR)	
48,968,935	
Budget Lines	
14.020170	

	Cumulative to 2024	2025	2026	2027	Total
Budgetary commitment appropriations (in EUR)	**806,555,261**	**0**	**0**	**0**	**806,555,261**
of which from voted budget	750,000,000	0	0	0	750,000,00
of which from internal assigned revenues	7,586,326	0	0	0	7,586,326
of which from external assigned revenues	48,968,935	0	0	0	48,968,935
Budgetary payment appropriations (in EUR)	**805,201,444**	**1,353,817**	**0**	**0**	**806,555,261**
of which from voted budget	750,000,000	0	0	0	750,000,00
of which from internal assigned revenues	6,232,509	1,353,817	0	0	7,586,326
of which from external assigned revenues	48,968,935	0	0	0	48,968,935

General description

The European Commission established in 2017 the European Fund for Sustainable Development (EFSD) Guarantee to support public and private investments and increase access to financing in Africa and the Neighbourhood. The EFSD Guarantee was established by the EFSD Regulation[24].

The EFSD Guarantee helps bridge the gap between financing already available and financing still needed to meeting key UN Sustainable Goals. The EFSD Budgetary Guarantee is thus a risk mitigation mechanism that leverages private and public sector financing and crowds in private sector funds in partner countries while avoiding market distortions. It was new way of financing development programmes as the EFSD's Budgetary Guarantee shares the risks involved in investing with development banks and private investors; these join forces and lend or provide equity to local banks and/or local entrepreneurs making development finance more affordable. Macroeconomically, the Guarantee contributes to boost partners' economies and job creation in the key five development areas below, thereby expanding local growth and making partner countries more stable and prosperous.

Individual guarantee agreements have to focus on five key sectors:

- small business financing
- sustainable energy and connectivity
- local currency financing
- digitalisation
- sustainable cities.

Implementation cycle

Following the European Commission's Communication on the External Investment Plan in September 2016, the EFSD Regulation was adopted in September 2017. This swift progression set the tone for the EFSD's performance. Immediately afterwards, the Commission, alongside Member States, established the EFSD Governance structure. Discussions between Member States, the European External Action Service, and the Commission led to the formation of 'investment windows', which determined the sectoral priorities for the EFSD Guarantee. The Commission invited partner financial institutions to propose investment programmes to be covered by the EFSD Guarantee, which were then negotiated and formalised as guarantee agreements.

[24] Regulation (EU) 2017/1601 of the European Parliament and of the Council of 26 September 2017 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund.

The response from financial institutions was overwhelmingly positive, with requests exceeding the EFSD Guarantee's capacity by over EUR 2 billion. The Commission received 46 proposals from 12 partner institutions, valued at more than EUR 3.5 billion. The EFSD Regulation set an ambitious target to finalise guarantee agreement contracts by 31 December 2020. Significant negotiations involving the Commission, partner financial institutions, and the Guarantee Technical Assessment Group—a temporary body stablished under the EFSD regulation, that is specialised in financial risk assessment—were required due to the complex financial structures involved.

By 31 December 2020, the EFSD Guarantee's capacity was fully utilised with 18 signed agreements, valued at EUR 1.5 billion, with ten partner institutions. These institutions had four years post-2020 to deploy the EFSD Guarantee in support of EU policy priorities.

The EFSD experience has provided key insights for the EFSD+ Guarantee, revealing that sectors like SME, equity, healthcare, and local currency have achieved positive deployment. In contrast, infrastructure investments required longer periods for execution. Successful operations in North and East Africa, such as FMO Nasira's efforts, have supported youth, women, and migrant entrepreneurs. Additionally, the EFSD's involvement in COVAX I and II facilitated vaccine distribution, showcasing the programme's impact.

Implementation arrangements

EFSD guarantee agreements are implemented by eligible counterparts in indirect management. The approval process for individual guarantee agreements is multi-staged, culminating in a Commission Decision on the Proposed Investment Programmes (PIPs) to be supported by the EFSD Guarantee. This decision is based on the information provided by the eligible counterparts in their application forms, the results of negotiations between the Commission and the counterparts, and the recommendations of the EFSD Operational Board.

Following the adoption of the Commission Decisions, the Commission concludes a guarantee agreement with each eligible counterpart. Each EFSD guarantee agreement is tailored to consider the specificities of both the EFSD Guarantee and the particular PIP. The financial structures involved require comprehensive negotiations between the Commission, partner Financial Institutions, and the Guarantee Technical Assessment Group, a body specialised in financial risk assessment established for the EFSD Guarantee.

All eligible counterparts to a guarantee agreement must be entities that have undergone a pillar assessment. These entities are currently all public institutions or private organisations with a public service mission, including national development finance institutions of Member States and multilateral development finance institutions.

The investment period for all EFSD guarantees closed on 31 December 2024. This closure means that no new inclusion notices (operations to be financed under each guarantee agreement) can be generated. Some development finance institutions (DFIs) encountered difficulties in identifying eligible investments under these guarantees, leading to unused guarantees. To free up capacity in the provisioning fund, these unused guarantees were decommitted.

The following guarantees are now inactive due to the absence of inclusions:

- **AFD - European Guarantee for Renewable Energy**: AFD claimed the four-year investment period was too short to develop a mature project portfolio and proposed extending it, which is not permissible under the EFSD Regulation.

- **AFD - AgreenFi**: There were no operations in the reporting period as AFD shifted its global strategy and underwent restructuring, now only engaging in transactions with public entities, whereas the guarantee aimed to involve the private sector.

- **CDP - Archipelagos**: This guarantee was released and rendered ineffective due to the lack of inclusions.

- **CDP - European Guarantee for Renewable Energy**: This guarantee was released and is now ineffective due to the lack of inclusions.

- **EBRD – Framework to Scale-up Renewable Energy Investments**: EBRD cited challenges such as changes in Ukraine's Feed-in-Tariff regime and the deteriorating security situation, as well as worsening economic conditions in the Neighbourhood South due to COVID and the economic fallout from the war in Ukraine.

- **KfW - Africa Energy Guarantee Facility**: Although there was a signed amount previously, the guarantee was terminated in 2024, leading to its release.

- **COFIDES- Renewable Energy Support Programme**: COFIDES reported negative political and investment climate changes in partner countries, exacerbated by the COVID-19 pandemic and the Ukrainian crisis, which slowed implementation and made private sector engagement challenging.

Duration

Pursuant to Article 8 of the EFSD Regulation, the investment period, during which guarantee agreements for supporting investment programmes can be concluded with the eligible counterparts, lasted until 31 December 2020.

Eligible counterparts in the guarantee agreements had up to four years as from the effective date of the contract to conclude investment operations, and therefore generate inclusion notices, under the guarantee. As of 31 December 2024, the investment period ended for all EFSD guarantee agreements. The total duration of the guarantees signed with eligible counterparts under each guarantee agreement should not generally exceed fifteen years.

Added value

The EFSD Guarantee uses scarce public resources in an innovative way to mobilise public and private investment, thereby creating growth and employment opportunities, maximising additionality, delivering innovative products and crowding-in private sector funds.

It is important to notice that the duration of many of the guarantees is over ten years. The innovative EFSD Guarantee is utilised to mitigate the risks associated with investment in sustainable development in partner countries, thereby aiding in the mobilisation of investment, particularly from private investors. The EFSD is designed to enable investors and private companies, especially micro, small, and medium-sized enterprises (MSMEs), to contribute more effectively to sustainable development within partner countries. By addressing market failures and suboptimal investment conditions, the EFSD seeks to encourage private sector financing. Additionally, it aims to promote the creation of decent jobs, economic opportunities, and entrepreneurship, as well as ensure equitable access to and use of natural resources.

Application of Article 158.2 FR

When implementing the EFSD guarantee agreements, financial institutions are contractually obliged to comply with applicable Union law and agreed international and Union standards and, therefore, not support actions that contribute to money laundering, terrorism financing, tax avoidance, tax fraud or tax evasion. Financial institutions may not enter into agreements with entities established in jurisdictions listed under the relevant Union policy on non-cooperative jurisdictions or that are identified as high-risk third countries pursuant to Article 9(2) of Directive (EU) 2015/849, or that do not effectively comply with Union or internationally agreed tax standards on transparency and exchange of information.

In addition, when concluding agreements with financial intermediaries, entities implementing EFSD Guarantees must transpose these requirements into the relevant agreements. The financial intermediaries are also obliged to report on the observance of these requirements. In the reporting period, financial institutions did not report any issues.

Support combined with other Union actions

In general, EFSD Technical Assistance funds the preparation of pipeline of bankable, high-quality projects that will attract private financing and building of capacities of local financial intermediaries and beneficiaries to structure and roll out investments under EFSD. In some cases, TA also contributes to the improvement of the local investment climate – enabling governments to enact reforms to make their countries more attractive places to invest in.

As of 31 December 2024, the total amount of Technical Assistance contracts accompanying EFSD guarantee agreements was approximately EUR 89 million.

1.3.2 OPERATIONAL PERFORMANCE

As of 31 December 2024, the EFSD has included over 220 operations under its guarantee cover. Notable programmes include the EIB's AHDP COVAX (EUR 400 million), KfW’s TCX Capacity (EUR 145 million), and EBRD’s Resilience (EUR 90.5 million). FMO's NASIRA programme signed transactions in South Africa, Georgia, and Nigeria, reaching EUR 98 million out of its EUR 100 million capacity. However, the RECIDE Guarantee from

AECID, and CDP's EGRE NS programme were cancelled due to challenges in developing a suitable investment pipeline within the required period, exacerbated by the COVID crisis.

Despite the cancellations, the freed-up risk capacity was redirected towards other guarantees to address additional risk-taking needs. This included investments in Ukraine that supported key projects before a UFR proposal for the region was adopted.

Some of the most relevant achievements under EFSD by the end of 2024 are:

- EUR 334 million in loans to MSME, of which EUR 52 million to women entrepreneurs across approximately 67 thousand women.
- 234 million vaccines doses distributed under the European Health Platform that reached145 million beneficiaries[25].
- 2.4 million small farmers supported.
- More than 27 thousand direct jobs supported, including 4 thousand jobs for women.

Current claims stand at approximately EUR 8.8 million, primarily from FMO NASIRA, EIB Access to Finance, and TCX Pricing Component guarantees. These operations, especially those in Palestine under the EFSD Guarantee, have reinforced support in riskier segments of the economy. Notably, the EFSD Guarantee facilitated loans for emergency liquidity in Ukraine following the Russian invasion.

A significant achievement in 2024 was the IFC - Small Loan Guarantee Programme (SLGP), which included guarantees worth EUR 188 million for loans to MSMEs in North Africa, Sub-Saharan Africa, and Armenia. By year's end, SLGP had signed guarantees totalling EUR 233 million, focusing on underserved segments, including women-owned, climate, rural, agri-business, and health SMEs.

The following table summarizes the key operational figures presented above:

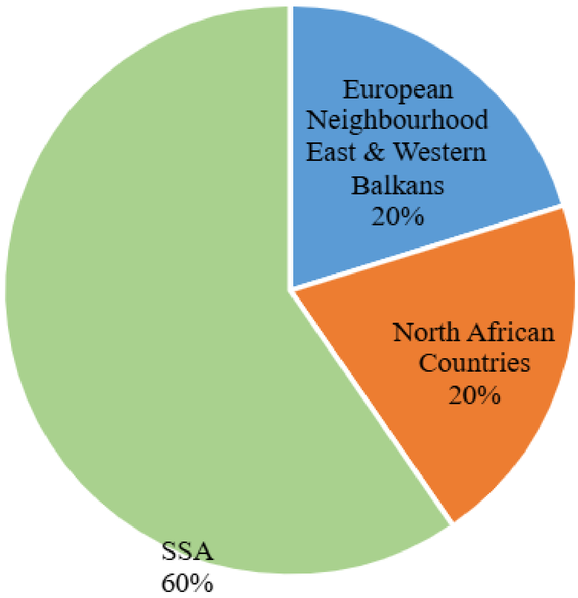
Key Figures (as at 31/12/2024)

Total amount of operations signed by counterparts (in EUR)	2,387,852,524
Total amount of operations disbursed (in EUR)	1,433,093,713
Amount transferred to final recipients (in EUR)	N/A
Number of final recipients	N/A
Investments made by final recipients	N/A
Private sector resources mobilised (in EUR)	2,745,900,000
Leverage (ratio)	3.57
Multiplier effect (ratio)	3.57

[25] This number is mainly driven by the European Health Platform Guarantee

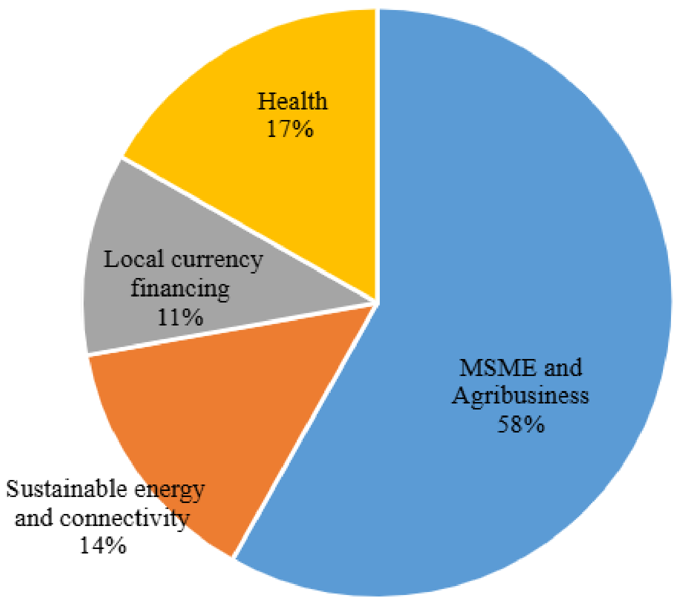
Geographical diversification

As of 31 December 2024, out of the total operations signed, EUR 1.4 billion (60%) were to Sub-Saharan, EUR 482 million (20%) to the European Neighbourhood East & Western Balkans and EUR 481 million (20%) to North African Countries, Jordan and Palestine.



Sectoral diversification

As of 31 December 2024, out of the total operations signed EUR 1.4 billion went to MSMEs and Agribusiness (58%), EUR 400 million (17%) went to Health in relation to COVAX, EUR 333.6 million (14%) went to Sustainable energy and connectivity, and EUR 265 million (11%) went to local currency financing.



1.3.3 Financial Information

As of 31 December 2024, ten EFSD guarantee agreements were effective with a total maximum guarantee capacity accounting for EUR 1.13 billion. The operations signed by the counterparts under those agreements totalled EUR 2.38 billion, with the EU risk for those operations capped at EUR 667 million. The EU risk related to the amounts disbursed by the counterparts amounted to EUR 520.5 million. The EFSD inclusion period having ended this year, the EU risk at the level of operations signed and disbursed is expected to remain stable in the coming years.

all figures in EUR

	EU contingent and financial liability	
	31-12-2024	**31-12-2023**
Available guarantee signed with counterparts	760,232,178	1,077,146,939
EU risk for operations signed by counterparts	666,984,267	547,522,618
EU risk for operations signed by counterparts and disbursed	520,526,501	477,713,345

all figures in EUR

	EU guarantee revenues	
	2024	**Cumulative until 31-12-2024**
EU guarantee revenues	2,074,631	6,058,597

all figures in EUR

	Guarantee calls and recoveries	
	2024	**Cumulative until 31-12-2024**
Guarantee calls	7,700,860	8,759,989
Recoveries	3,377	3,377
Net guarantee calls	7,697,483	8,756,612

all figures in EUR

	Expenses	
	2024	**Cumulative until 31-12-2024**
Fees to counterparts	0	0
Other expenses (recovery costs, funding costs, other)	0	0

Financial information at the level of guarantee agreement

all figures in EUR and as at 31/12/2024

	NASIRA Risk-Sharing Facility - Financing for underserved entrepreneurs	Ventures Programme - Empowering entrepreneurs for sustainable development	Archipelagos - One Platform for Africa - Supporting African SMEs throughout their lifecycle and developing capital markets
Overview			
Effective	Yes	Yes	No
Counterpart	FMO	FMO	CDP
Description	NASIRA addresses the high risks, both perceived and real, involved in lending to entrepreneurs who currently have limited or no access to finance in countries neighbouring the EU and in Sub-Saharan Africa. It encourages local banks to lend to borrowers who would usually be considered too risky, such as migrants, women, young people or COVID-19 affected small and medium-sized enterprises (SMEs). With this guarantee, we are addressing the root causes of migration, including irregular migration.	VENTURES promotes sustainable development by: - enabling the development and growth of young companies; - contributing to healthy small local businesses. It is doing so by bringing scarce private investment to the venture sector, which are start-ups and innovative firms with the potential for rapid growth but associated with a high risk. It will boost investment especially for innovative start-ups that use digital solutions to improve or enable access to digital products and services for communities having no or limited access to either.	ARCHIPELAGOS – One Platform for Africa (ONE4A)- supports high-potential African small and medium-sized enterprises (SMEs) in reaching their next stage of growth by accelerating access to debt financing (notably by piloting innovative capital markets solutions) and enabling financing partners to share the risk of investing in projects. This will allow high-potential African SMEs to: - mobilise financing and scale up investments - drive enterprise development - create new jobs - generate sustainable economic growth - improve the quality of life in Africa.
Maximum guarantee signed with counterpart	100,000,000	40,000,000	0
Operation type	Portfolio guarantees	Layered Fund	Portfolio guarantees
Risk-sharing structure	Second loss	First loss	First loss
Cumulative operations signed by counterpart	449,298,715	88,162,769	0
Cumulative operations disbursed by counterpart	274,864,488	56,300,320	0
EU contingent and financial liability			
Available guarantee signed with counterpart	96,802,260	40,000,000	0
EU risk for operations signed by counterpart	96,802,260	29,387,590*	0
EU risk for operations signed by counterpart and disbursed	59,220,075	18,766,774	0
Cumulative guarantee calls and recoveries			
Cumulative guarantee calls	784,868	0	0
Cumulative recoveries	3,377	0	0
Cumulative net guarantee calls	781,491	0	0
Cumulative expenses			
Fees to counterpart	0	0	0
Other expenses (recovery costs, funding costs, other) cumulative over all mandates	0	0	0

*This amount could be slightly increased; the final amount will be confirmed in the next reporting period.

all figures in EUR and as at 31/12/2024

	Framework to Scale-up Renewable Energy Investments - more clean power generation thanks to more certainty for investors	Resilient City Development (RECIDE) - Making investment in urban infrastructure more compelling	Africa Energy Guarantee Facility
Overview			
Effective	No	No	No
Counterpart	EBRD	AECID	KfW
Description	This guarantee supports renewable energy investments by addressing finance barriers to viable power projects and crowding-in private sector investment. As a result, it will: - unlock the countries' renewable energy potential - promote wider renewable energy development - demonstrate how the private sector can play a role in meeting growing demand for power. This matters because public money is insufficient to cover the large-scale investment needed, and private investment can help make projects operate more efficiently. The EU guarantee is passed on to lenders, such as local commercial banks. This allows them to provide financing to projects alongside the EBRD's own loans. By doing so, this guarantee enables the development of multiple private, renewable energy projects.	RECIDE was interned to help cities in Africa and the EU Southern Neighbourhood to develop public-private partnerships and share the risks with private investors in urban infrastructure. This will include investment in: - energy efficiency - flood protection - public transport - water and sanitation - solid waste management. The EU guarantee aims to protect private financiers and investors against certain government-related risks in developing urban infrastructure, such as offtake risk.	African Energy Guarantee Facility (AEGF) aims to contribute to the promotion of renewable energy solutions to meet growing demand, address bottlenecks to private investments and bridge the gap between real and perceived risks in the African energy market. The Facility boosts private investments in sustainable energy projects in Sub-Saharan Africa, both expanding access to clean energy and contributing to economic growth. It helps cut the region's carbon emissions, increase energy efficiency and enables many more people to access energy.
Maximum guarantee signed with counterpart	0	0	1,019,439
Operation type	Single project guarantees	-	Portfolio guarantees
Risk-sharing structure	First loss, Pari Passu	-	Second loss
Cumulative operations signed by counterpart	0	0	21,564,689
Cumulative operations disbursed by counterpart	0	0	1,019,439
EU contingent and financial liability			
Available guarantee signed with counterpart	0	0	0
EU risk for operations signed by counterpart	0	0	0
EU risk for operations signed by counterpart and disbursed	0	0	0
Cumulative guarantee calls and recoveries			
Cumulative guarantee calls	0	0	0
Cumulative recoveries	0	0	0
Cumulative net guarantee calls	0	0	0
Cumulative expenses			
Fees to counterpart	0	0	0
Other expenses (recovery costs, funding costs, other)	0	0	0

all figures in EUR and as at 31/12/2024

	SME Access to Finance Initiative	European Health Platform	EFSD municipal, infrastructure and industrial resilience programme
Overview			
Effective	Yes	Yes	Yes
Counterpart	EIB	EIB	EBRD
Description	SME Access to Finance Initiative aims to increase financial inclusion in Sub-Saharan Africa and the EU Neighbourhood. The Initiative targets small and medium-sized enterprises (SMEs) as well as groups with limited or no access to finance, particularly: - start-ups; - women-led businesses; - businesses led by young people. The overriding goal is to address some of the root causes of migration. The Initiative will facilitate access to finance for local SMEs, especially for those who currently have no or limited access to finance. It will do so through partial portfolio guarantees. These will allow local banks to take on more risk and improve lending conditions by offering lower interest rates and/or reducing collateral requirements.	European Health Platform – this guarantee with the European Investment Bank (EIB) will reduce and remove financing constraints for accessing vaccines and health diagnostic services. It has two parts, which focus on improving: - access to future COVID-19 vaccines in Africa and the EU Neighbourhood, - access and quality of health-related diagnostic services for low-income populations in Sub-Saharan Africa, particularly in rural areas.	EU Municipal, Infrastructure and Industrial Resilience Programme will bolster industrial, building, municipal and sustainable infrastructure investments to address the negative impact of the COVID-19 pandemic on businesses, assets and employment in the EU Southern and Eastern Neighbourhood. It will also support the transitioning to green, low-carbon and climate-resilient economies by supporting investments in: - green city infrastructure - green logistic chains - energy efficiency - green technology transfers in industrial processes, commercial operations and buildings.
Maximum guarantee signed with counterpart	100,000,000	458,000,000	100,000,000
Operation type	Portfolio guarantees	Single project guarantees + full cover over bullet loan	Single project guarantees
Risk-sharing Structure	First loss	Other - COVAX part of this PIP features a full guarantee; non-COVAX part-first loss	First loss
Cumulative operations signed by counterpart	583,750,000	400,000,000	223,947,124
Cumulative operations disbursed by counterpart	59,622,360	400,000,000	166,737,881
EU contingent and financial liability			
Available guarantee signed with counterpart	86,927,974	182,000,000	71,785,961
EU risk for operations signed by counterpart	86,927,974	130,000,000	71,785,961
EU risk for operations signed by counterpart and disbursed	10,455,940	130,000,000	67,601,911
Cumulative guarantee calls and recoveries			
Cumulative guarantee calls	6,472,027	0	0
Cumulative recoveries	0	0	0
Cumulative net guarantee calls	6,472,027	0	0
Cumulative expenses			
Fees to counterpart	0	0	0
Other expenses (recovery costs, funding costs, other)	0	0	0

all figures in EUR and as at 31/12/2024

	InclusiFI	AFD's European Guarantee for Renewable Energy – Non-Sovereign (EGRE NS)	AgreenFI - Agricultural and Rural Finance Guarantee Programme with AfD
Overview			
Effective	Yes	No	No
Counterpart	CPD	AFD	AFD
Description	InclusiFI aims at financial inclusion driven by diasporas, leveraging private financing to foster inclusive and sustainable entrepreneurship and MSMEs growth. This guarantee increases the financing available for local entrepreneurs in Sub-Saharan and Northern Africa, who currently struggle to access the loans or capital they need to start or expand their businesses. It will particularly support small businesses led by women, young people and migrants. As a result, the Programme will help to reduce inequality and create jobs.	European Guarantee for Renewable Energy (non-sovereign) with AFD will increase access to sustainable energy to meet growing energy demand in Sub-Saharan Africa and the EU Neighbourhood. It will reduce the offtake risk of energy projects, which is the risk of not getting paid for the energy produced. It will give investors more certainty and thus a bigger incentive to invest in or to finance a renewable energy project. The support for renewable energy projects will help partner countries' economies become low-carbon and climate resilient.	The Agricultural and Rural Finance Guarantee Programme (AgreenFi) addresses the high risks, both perceived and real, in lending to micro-, small and medium-sized enterprises (MSMEs) in Sub-Saharan Africa and the EU Neighbourhood, who currently have no or limited access to finance. It will facilitate access to finance and/or make borrowing money more affordable in particular for small businesses operating in agriculture and located in rural areas.
Maximum guarantee signed with counterpart	60,000,000	0	0
Operation type	Combination: portfolio and single project guarantees	Single project guarantees	Single project guarantees
Risk-sharing structure	First and second loss	First loss	First and second loss
Cumulative operations signed by counterpart	44,000,000	0	0
Cumulative operations disbursed by counterpart	14,000,000	0	0
EU contingent and financial liability			
Available guarantee signed with counterpart	20,444,445	50,000,000	91,500,000
EU risk for operations signed by counterpart	20,444,445	0	0
EU risk for operations signed by counterpart and disbursed	5,444,445	0	0
Cumulative guarantee calls and recoveries			
Cumulative guarantee calls	0	0	0
Cumulative recoveries	0	0	0
Cumulative net guarantee calls	0	0	0
Cumulative expenses			
Fees to counterpart	0	0	0
Other expenses (recovery costs, funding costs, other)	0	0	0

all figures in EUR and as at 31/12/2024

	AgreenFI - Agricultural and Rural Finance Guarantee Programme with PROPARCO - COVID-19 response	EU Market Creation Facility – TCX - Capacity Component	EU Market Creation Facility – TCX - Pricing Component
Overview			
Effective	Yes	Yes	Yes
Counterpart	PROPARCO	KfW	KfW
Description	PROPARCO's Covid 19 Response Component to Agricultural and Rural Finance Guarantee Programme (AgreenFI) aims at catalysing investment and support for local agricultural businesses in riskier environments and aiming at improving liquidity and access to finance to smallholder farms and agri/rural micro, small and medium enterprises (MSMEs), especially those impacted by the COVID-19 pandemic.	TCX - Capacity Component - This guarantee addresses this excess demand for local currency financing. In many parts of Sub-Saharan Africa and the EU Neighbourhood the demand for borrowing money in local currency is higher than the market supply. In development finance, loans are typically denominated in USD, Euro or Japanese Yen. This causes serious problems to borrowers triggering a severe fall in the value of the local currency in which the borrowers earn their income. The guarantee aims to improve access to hedging solutions and thereby allow for the development of lending products that lift the exchange rate risk from the shoulders of the borrower.	TCX - Pricing Component - aims at increasing access to local currency indexed borrowing to institutions based in Sub-Saharan Africa and the European Neighbourhood and to address short- and medium-term funding requirements triggered by the ongoing global health crisis.
Maximum guarantee signed with counterpart	68,200,000	145,000,000	20,000,000
Operation type	Portfolio guarantees	Portfolio guarantees	Portfolio guarantees
Risk-sharing structure	First and second loss	Pari-passu	First loss
Cumulative operations signed by counterpart	79,154,727	145,000,000	119,924,110
Cumulative operations disbursed by counterpart	54,894,305	145,000,000	119,924,110
EU contingent and financial liability			
Available guarantee signed with counterpart	39,139,131	145,000,000	18,496,906
EU risk for operations signed by counterpart	39,139,131	145,000,000	18,496,906
EU risk for operations signed by counterpart and disbursed	39,139,131	145,000,000	18,496,906
Cumulative guarantee calls and recoveries			
Cumulative guarantee calls	0	0	1,503,094
Cumulative recoveries	0	0	0
Cumulative net guarantee calls	0	0	1,503,094
Cumulative expenses			
Fees to counterpart	0	0	0
Other expenses (recovery costs, funding costs, other)	0	0	0

all figures in EUR and as at 31/12/2024

	CDP: European Guarantee for Renewable Energy – Non-Sovereign (EGRE NS)	Renewable Energy Support Programme	Small Loan Guarantee Programme
Overview			
Effective	No	No	Yes
Counterpart	CDP	COFIDES	IFC
Description	European Guarantee for Renewable Energy – Non-Sovereign (EGRE NS) with CDP is aiming to improve certainty of payments for investors under offtake contracts in renewable energy projects in Africa and addressing the offtakers' non-payment risk which is considered critical for the development of independent power producers.	The Renewable Energy Support Programme for mainly rural areas of Sub-Saharan Africa will help to develop and finance renewable energy projects, which are not connected to the electricity distribution networks, so-called off-grid and mini-grid projects. It targets rural and peri-urban areas in Sub-Saharan Africa and areas without access to energy.	The Small Loan Guarantee Programme (SLGP) to be implemented by the International Finance Corporation (IFC), encourages local banks and finance institutions in the EU Neighbourhood and in Africa to scale up lending to micro, small and medium enterprises (MSMEs). It especially targets businesses in agriculture, education, health, engaged in climate change activities, impacted by the COVID-19 pandemic, including those led by women. To do so, the Programme will provide risk-sharing facilities along with advisory services to improve the availability of loan, guarantee and other financing facility products relevant for small businesses.
Maximum guarantee signed with counterpart	0	0	58,000,000
Operation type	Single project guarantees	Single project guarantees	Portfolio guarantees
Risk-sharing structure	First loss	Second loss	First loss
Cumulative operations signed by counterpart	0	0	233,050,390
Cumulative operations disbursed by counterpart	0	0	140,730,810
EU contingent and financial liability			
Available guarantee signed with counterpart	0	0	58,000,000
EU risk for operations signed by counterpart	0	0	29,000,000
EU risk for operations signed by counterpart and disbursed	0	0	26,401,319
Cumulative guarantee calls and recoveries			
Cumulative guarantee calls	0	0	0
Cumulative recoveries	0	0	0
Cumulative net guarantee calls	0	0	0
Cumulative expenses			
Fees to counterpart	0	0	0
Other expenses (recovery costs, funding costs, other)	0	0	0

1.4 External Lending Mandate

1.4.1 Description

Identification/reference to the basic act	
Provisions for new disbursements under ELM: Decision (EU) 2022/1628 of the European Parliament and of the Council of 20 September 2022 providing exceptional macro-financial assistance to Ukraine, reinforcing the common provisioning fund by guarantees by Member States and by specific provisioning for some financial liabilities related to Ukraine guaranteed under Decision No 466/2014/EU, and amending Decision (EU) 2022/1201 (OJ L 245, 22.9.2022, pp. 1–13), Art 12. **ELM 2014-2020**: Decision No 466/2014/EU of the European Parliament and of the Council of 16 April 2014 granting an EU guarantee to the European Investment Bank against losses under financing operations supporting investments projects outside the Union; and Decision (EU) 2018/412 of the European Parliament and of the Council of 14 March 2018 amending Decision No 466/2014/EU granting an EU guarantee to the European Investment Bank against losses under financing operations supporting investment projects outside the Union. **ELM 2007-2014:** Council Decision No 2006/1016/EC of 19 December 2006 granting a Community guarantee to the European Investment Bank against losses under loans and loan guarantees for projects outside the Community. **ELM 2000-2007:** Council Decision No 2000/24/EC of 22 December 1999 granting a Community guarantee to the European Investment Bank against losses under loans for projects outside the Community (Central and Eastern Europe, Mediterranean countries, Latin America and Asia and the Republic of South Africa). **ELM Old Mandates and Financial Protocols before 2000** comprises many basic acts focused on specific geographical areas which are not listed here.	
Maximum amount of budgetary guarantee (in EUR)	**of which available guarantee signed at 31/12/2024**
70,869,500,000	27,785,526,354
of which ceiling authorised in the legal basis (in EUR)	**Counterpart**
70,869,500,000	European Investment Bank (EIB)
of which from external contributions (in EUR)	
0	
Budget Lines	
2021-27: 14.020170 (part) - NDICI — Global Europe — Provisioning of the common provisioning fund - ELM 15.020203 (part) - IPA III — Provisioning of the common provisioning fund - ELM 16.060303 (part) - Provisioning of the Common Provisioning Fund - Legacy **Provisioning of the GFEA:** 2014-2020: 01 03 06 - Provisioning of the Guarantee Fund for external actions 2007-2013: 01 04 01 14 - Provisioning of the Guarantee Fund 2000-2006: 01 04 01 13 - Reserve for loans and loan guarantees to and in non-member countries 01 04 01 14 - Payments to the Guarantee Fund in respect of new operations	

	Cumulative to 2024	2025	2026	2027	Total*
Budgetary commitment appropriations (in EUR)	**3,070,009,532**	**370,066,667**	**370,066,667**	**370,066,667**	**4,180,209,532**
of which from voted budget	3,048,570,596	370,066,667	370,066,667	370,066,667	4,158,770,596
of which from internal assigned revenues	21,438,936	0	0	0	21,438,936
of which from external assigned revenues	0	0	0	0	0
Budgetary payment appropriations (in EUR)	**3,046,585,502**	**47,580,000**	**531,310,000**	**531,310,000**	**4,156,785,502**
of which from voted budget	3,025,146,567	47,580,000	531,310,000	531,310,000	4,135,346,567
of which from internal assigned revenues	21,438,936	0	0	0	21,438,936
of which from external assigned revenues	0	0	0	0	0
** including ELM Repurposed EIB loans for UA*					

General description

The ELM Decisions (i.e. pre-2000 Protocols and related legislative acts, Council Decision No 2000/24/EC, Council Decision No 2006/1016/EC and Decision No 466/2014/EU of the European Parliament and of the Council, amended by Decision (EU) 2018/412) represent the legal basis for the Union having granted to the European Investment Bank (EIB) a set of budgetary guarantees for financing operations carried out outside the Union (hereinafter the "EU guarantee" or "External Lending Mandate", "ELM"). Decision (EU) 2022/1628 of the European Parliament and of the Council of 20 September 2022 providing exceptional macro-financial assistance to Ukraine, reinforced the Common Provisioning Fund by guarantees by Member States and by specific provisioning for some financial liabilities related to Ukraine guaranteed under Decision No 466/2014/EU, (OJ L 245, 22.9.2022, pp. 1–13), see notably Article 12.

The respective decisions lay down provisions to ensure that EIB financing under the ELM is consistent with corresponding EU policies, programmes and instruments in the different regions. Under the ELM 2014-20, 64 countries outside the EU were eligible for EIB financing operations under the EU budgetary guarantee (following amendments introduced to the ELM Decision in 2018).

Based on the ELM Decision No 466/2014/EU, the Commission concluded a Guarantee Agreement with the EIB in 2014. The maximum ceiling of the EIB financing operations under

EU guarantee was set at EUR 30 billion, broken down into a fixed maximum ceiling of EUR 27 billion and an optional additional amount of EUR 3 billion.

The Guarantee Agreement was amended and restated in 2018 (Decision (EU) 2018/412). In response to the 2015-2016 refugee crisis, this amending ELM Decision introduced the Economic Resilience Initiative (ERI) to contribute to addressing the root causes of migration. A key component of the ERI was the expansion, in both quantitative and qualitative terms, of the EIB External Lending Mandate to enable the Bank to provide additional financing to private-sector beneficiaries, with a view to crowding in private investments and boosting long-term investment. The maximum ceiling for the EIB financing operations under the EU guarantee for the 2014-20 mandate was therefore increased to EUR 32.3 billion.

In order to include long-term economic resilience as an additional objective of the ELM Decision, EUR 1.4 billion was earmarked for public sector investments addressing the needs of refugees and host communities (within the general mandate of EUR 30 billion), and a specific 'ERI Private Mandate' of EUR 2.3 billion (on top of the general mandate of EUR 30 billion) was created to guarantee private-sector investments supporting long-term economic resilience.

A further amendment to the ELM Guarantee Agreement was concluded in 2020 to increase the country limit for Lebanon within the ERI Private Mandate (this possibility eventually remained unused) and one additional amendment was signed in 2021 to extend the duration of the ELM until end 2021, as envisaged by Article 49 of the NDICI-Global Europe Regulation.

Since the amendment of the ELM Decision in 2018, the EU budget was able to guarantee EIB financing operations of up to EUR 32.3 billion (signed in 2014-2020, later extended until end-2021). The EU liability under this guarantee is based on a portfolio cap.

The portfolio cap is defined in Article 1(4) of the ELM Decision in a dynamic way: *"The EU guarantee shall be restricted to 65% of the aggregate amount disbursed and guaranteed under EIB financing operations, less amounts reimbursed, plus all related amounts".* As the overall amounts disbursed and repaid are constantly changing, the 65% threshold is also constantly changing.

Implementation cycle

While the European Parliament and the Council reached a political agreement on the Regulation establishing the ELM's successor at the end of 2020, the NDICI-Global Europe Regulation was not adopted by end-2020 and therefore the time period for signatures under the ELM as set out in the ELM Decision was "automatically" extended by six months, until the end of June 2021.

As the NDICI Regulation was only adopted in June 2021 and to mitigate the risk of business disruptions in ELM regions, the NDICI-Global Europe Regulation amended the ELM Decision by providing:

- an extension of the investment period under the ELM EU Guarantee until 31 December 2021,

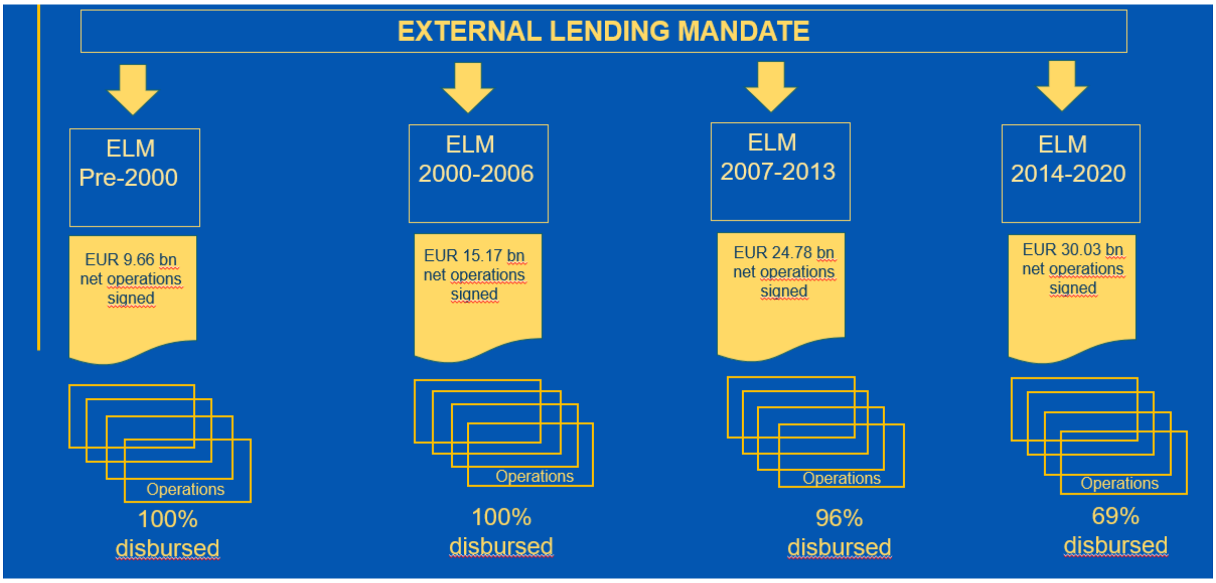
- enhanced flexibility for additional reallocations between and within the (sub)-regions under the original overall lending ceilings of EUR 32.3 billion by lifting the initial 20% limit, and

- a deadline extension for the final report on the implementation of the ELM decision to 31 December 2022.

In September 2021, the EIB Board of Directors decided to establish a new branch, “EIB Global”, dedicated to EIB activities outside the EU, aiming at improving EIB operations outside the European Union through more focus on development and more impact driven culture and incentives.

Also in 2021, the EIB began to implement the Additionality and Impact Measurement framework (AIM), replacing the previous Results Measurement (ReM) framework. The Additionality and Impact Measurement framework provides a comprehensive basis for measuring results and assessing each EIB project in terms of both its impact and additionality, in line with international best practices. The framework follows an established three-pillar logic that asks WHY an intervention by the EIB is needed, WHAT will be achieved by it, and HOW the EIB will make a difference.

Implementation diagram as of 31 December 2024 (amounts refer to signed volumes of EIB financing operations, net of cancellations, and excluding operations in countries that have meanwhile become EU Member States).

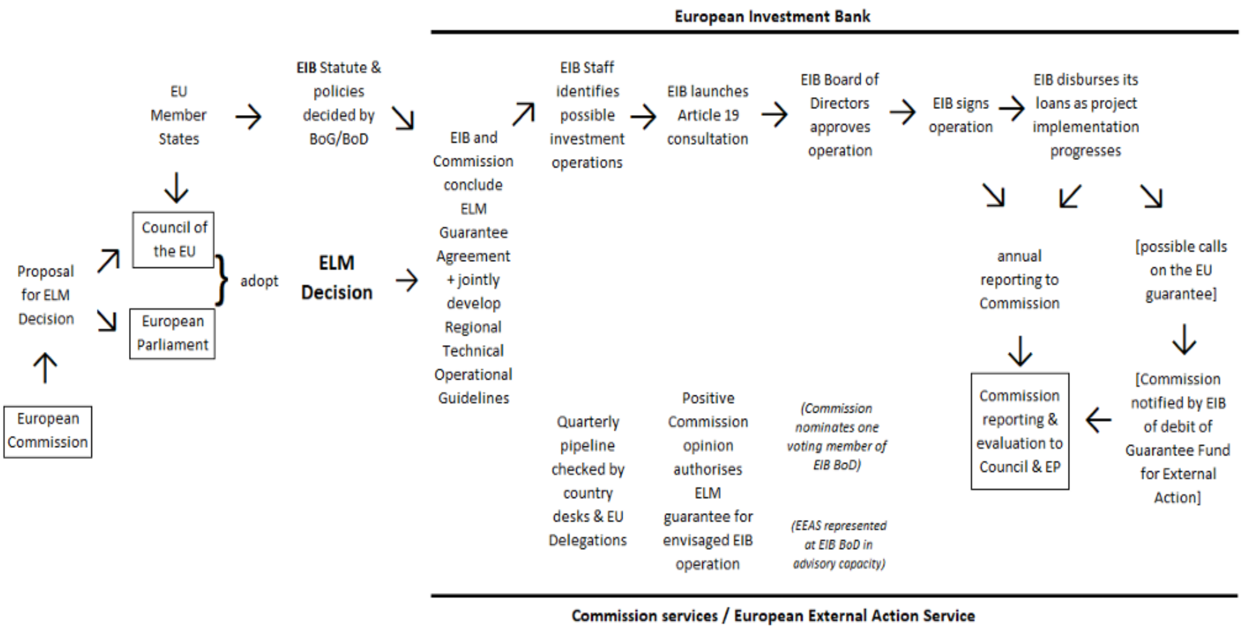


Implementation arrangements

ELM's basic decision-making process is summarised in the chart below. The chart illustrates that the main responsibility for design and implementation of operations rests with the EIB and its decision-making bodies, while the Commission exercises an oversight function through the so-called 'Article 19 procedure'[26], whereby the Commission checks the compatibility of the envisaged ELM financing operations with EU law and policies. This Article 19 procedure takes place at a relatively early stage of the process, on the basis of information provided by the EIB.[27]

The ELM with the EIB has been a feature of the external policy of the European Economic Community and subsequently the European Union since 1977.

The rationale of the EU budgetary guarantee intrinsic to the ELM is that it enhances the risk bearing capacity of the EIB to undertake financing operations supporting the achievement of the EU's external policy objectives.



[26] Article 19 of Protocol No. 5 attached to TFEU on the statute of the EIB.

[27] Typically, the Commission opinions on investment projects under preparation by the EIB are issued before the EIB proceeds to the stage of due diligence and detailed technical preparation. The consultation is usually based on fiches of approximately two pages provided by the EIB, which may be complemented by follow-up questions from the Commission and answers by the EIB.

Duration

The first guarantee for EIB's financing operations outside the then-European Economic Community was put in place in 1977 and a number of such mandates has been provided to the EIB ever since.

The last External Lending Mandate has covered the period 2014-2020 and was extended until end-2021 as per Article 49 of the NDICI - Global Europe Regulation (Regulation (EU) 2021/947).

Added value

The EU budgetary guarantee provided to the EIB in the framework of the ELM has as main purpose to support EU policy objectives by enhancing the risk-bearing capacity of the EIB. Like that it enables the EIB to finance a number of operations outside the EU that without the budgetary guarantee would not be undertaken at all, or only on terms significantly less favourable for the beneficiary countries. In turn, the financing operations undertaken by the EIB thanks to the EU guarantee are expected to pursue policy objectives of the EU and to fulfil a number of conditions established by the European Parliament and Council.

Hence, the EIB financing operations performed in the framework of the ELM are an important vehicle to pursue the objectives of the Union's external policy as laid down in the corresponding Decisions. Decision (EU) 2018/412 for instance explicitly underlines that the added value of the ELM rests on its capacity to finance operations aiming at "reducing poverty through inclusive growth and sustainable economic, environmental and social development".

Application of Article 158.2 FR

The ELM Decision No 466/2014/EU establishes requirements to ensure that ELM operations comply with applicable international and EU standards on the prevention of money laundering, the fight against the financing of terrorism, taxation, and non-cooperative jurisdictions.

Furthermore, the amended ELM Decision (EU) 2018/412 was reinforced with a reference to the fight against tax avoidance, going beyond earlier references to tax evasion and tax fraud.

Article 5 of that Decision requires ELM operations to be consistent with the strategies of the beneficiary countries and Article 7 formulates requirements regarding EIB cooperation with other international or EU Member States' financial institutions.

The EIB also has an Anti-Money Laundering and Counter Terrorism Financing framework in place (last revised in December 2020). That framework aims to prevent the EIB Group, its governing bodies, staff, and counterparties from being associated with or used for money laundering, financing of terrorism or other criminal activities.

The EIB has in place a control framework aligned with best banking practice that appropriately manages sanctions risk to limit the EIB's exposure to risk from non-compliance with sanctions that apply to the EIB or EIB's business.

For the year 2024, the EIB did not report any cases related to the application of Article 158.2 of the Financial Regulation (recast).

Support combined with other Union actions

The ELM guarantee can be combined with grant support. To give an example, in 2023, the Neighbourhood Investment Platform approved a top-up to the Palestine Financial Sustainability Programme which will provide more investment grants (for end-beneficiaries) and a funded guarantee (intervening at the level of local financial intermediaries) to support the Palestine SME Covid-19 Sustainability Programme, for which the EIB provides a loan that is also guaranteed under the ELM. However, it should be noted that the EFSD+ IW1 guarantee has progressively replaced the ELM cover as regards this type of financial support combination.

1.4.2 OPERATIONAL PERFORMANCE

As at 31 December 2024, operations signed by the EIB under **all** ELM mandates amount to EUR 92.0 billion (i.e. EUR 79.7 billion when excluding countries that have meanwhile become EU Member States) and the total amount of operations disbursed is EUR 82.0 billion (or EUR 69.7 billion when excluding EU Member States). It is also worth noting that there have been 668 final recipients on all ELM mandates.

As regards the leverage and multiplier, they take into account that the EU guarantee covers 65% of EIB lending (for mandates 2007-13 and 2014-2020) and EIB on average covers 50% of project costs. The leverage of 1.5 is calculated as the amount signed by the EIB under all the mandates, divided by the amount of EU liability (65% on a portfolio-level basis for the 2007-13 and 2014-20 mandates). The multiplier effect is reported at double the leverage, reflecting the EIB's 50% co-financing rule.

However, it is important to note that the EU guarantee has in a certain way already its built-in leverage as it is in fact provisioned at 9% of outstanding disbursed exposure. This feature of the guarantee significantly increases the effective implicit leverage from 1.5 to approximately 17 and the multiplier from 3.1 to 33. In any event, also these estimates of leverage and multiplier need to be treated with caution, because the total amount provisioned for the legacy ELM portfolios is determined ex post, in line with the replenishment methodology set out in the GFEA Regulation 480/2009/EU.

The following table summarizes the key operational figures presented above:

Key Figures (as at 31/12/2024)

Total amount of operations signed by counterparts (in EUR)	79,658,436,848
Total amount of operations disbursed (in EUR)	69,701,346,719
Amount transferred to final recipients (in EUR)	69,701,346,719
Number of final recipients	668
Investments made by final recipients	139,402,693,438
Private sector resources mobilised	17,858,000,000
Leverage (ratio)	1.5
Multiplier effect (ratio)	3.1

Contribution to the achievement of the ELM objectives

Given that no additional operations have been signed under the ELM guarantee after 31 December 2021, reporting under indicators related to policy objectives (by geographical diversification and windows/sector) does not apply for 2024.

1.4.3 FINANCIAL INFORMATION

Financial information at the level of budgetary guarantee

The table below shows the extent to which the EU budget is exposed to possible future payments linked to guarantees given to the EIB under ELM mandates. As at 31 December 2024, the amount of EU liability guarantee on outstanding ELM loans disbursed to final recipients – also taking into account the 65% first loss structure - totalled EUR 19.2 billion. When taking into account operations signed by the EIB but not yet disbursed (concerning mainly the 2007-2014 and 2014-2020 mandates) the EU risk extends to EUR 25.8 billion. The investment period of the ELM was prolonged until 31 December 2021 which was the last date for signature of new operations.

all figures in EUR

	EU contingent and financial liability	
	31/12/2024	**31/12/2023**
Available guarantee signed with counterparts	25,771,925,084	27,728,802,411
EU risk for operations signed by counterparts	25,771,925,084	27,728,802,411
EU risk for operations signed by counterparts and disbursed	19,183,637,412	19,856,411,533

In 2024, a total of EUR 48.9 million of guarantee calls have been made by the EIB on the EU guarantee in relation to operations in Lebanon, Ukraine, and Syria. *Pro memoria*, when the EU makes a payment under the EU guarantee, it is subrogated into the rights and remedies of the EIB.

all figures in EUR

	Guarantee calls and recoveries	
	2024	**Cumulative until 31-12-2024**
Guarantee calls	48,853,558	1,029,461,159
Recoveries	13,841,285	109,838,171
Net guarantee calls	35,012,273	919,622,986

The EIB in principle does not remunerate the ELM guarantee (with the exception of budgetary guarantee under the ERI Private Mandate -up to EUR 2.3 billion - introduced in 2018). In accordance with the ELM Guarantee Agreement, the EIB passes on to the EU the risk-related revenues on these operations. EUR 4.77 million of revenues have been received from EIB for 2024 and EUR 39.9 million is the total amount of revenues that accrued for the EU under the ERI Private Mandate cumulatively.

all figures in EUR

	EU guarantee revenues	
	2024	**Cumulative until 31-12-2024**
EU guarantee revenues	4,767,621	39,935,007

No fees have been paid to the EIB in relation to the EU guarantee under ELM mandate (other than for the asset management of the guarantee fund, until July 2021). Nevertheless, the EU has reimbursed the EIB for the costs of external legal services linked to efforts to recover unpaid amounts.

all figures in EUR

	Expenses	
	2024	**Cumulative until 31-12-2024**
Fees to counterparts	0	0
Other expenses (recovery costs, funding cots, other)	1,106,603	3,784,371

1.5 European Fund for Sustainable Development Plus

1.5.1 Description

European Fund for Sustainable Development Plus

Identification/reference to the basic act	
Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No 480/2009	
Maximum amount of budgetary guarantee (in EUR)	**of which available guarantee signed 31/12/2024**
39,379,941,478	30,173,146,319
of which ceiling authorised in the programming (in EUR)	**Counterpart**
39,136,000,000	Agence Française de Développement (AFD) Deutsche Investitions- und Entwicklungsgesellschaft (DEG) European Bank for Reconstruction and Development (EBRD) European Development Finance Institutions (EDFI) European Investment Bank (EIB) Finnish Fund for Industrial Cooperation (Finnfund) Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO) International Finance Corporation (IFC) Investment Fund for Developing Countries (IFU) Kreditanstalt für Wiederaufbau (KfW)
of which from external contributions (in EUR)	
243,941,478	
Budget Lines	
14 020170 (ENEST, INTPA, MENA) EFSD+; 15 020203 (NEAR) EFSD+; 14020160	

	Cumulative to 2024	2025	2026	2027	Total
Budgetary commitment appropriations (in EUR)	**4,316,081,377**	**1,149,399,037**	**1,848,350,363**	**2,055,781,928**	**9,369,612,705**
of which from voted budget	3,942,603,248	1,027,892,293	1,842,368,011	2,055,781,928	8,868,645,480
of which from internal assigned revenues[28]	960,481	6,744	0	0	967,225
of which from external assigned revenues[29]	372,517,648	121,500,000	5,982,352		500,000,000
Budgetary payment appropriations (in EUR)	**2,772,458,744**	**516,543,395**	**2,020,982,352**	**1,897,142,016**	**7,207,126,507**[30]
of which from voted budget	2,528,017,266	266,000,000	2,015,000,000	1,897,142,016	6,706,159,282
of which from internal assigned revenues	500,000	467,225	0	0	967,225
of which from external assigned revenues	243,941,478	250,076,170	5,982,352		500,000,000

[28] Fees.

[29] ACP reflows.

[30] Remaining balance will be paid during the next MFF.

General Description

On 14 June 2021 the European Union adopted the Regulation establishing the Global Europe - Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe), which is the main financial tool to implement the EU's international cooperation for the period 2021-2027.

It consists of three pillars: geographic, thematic and rapid response, complemented by an additional emerging challenges and priorities cushion. Under NDICI- Global Europe, the Europe European Fund for Sustainable Development Plus (EFSD+) has been set up as an integrated financial package supplying financing capacity in the form of grants, technical assistance, financial instruments, budgetary guarantees and blending operations across Africa, the Neighbourhood and Enlargement countries, Asia and the Pacific and the Americas and the Caribbean. The guarantees under the EFSD+ are covered for a maximum amount of EUR 53.4 billion by the broader External Action Guarantee (EAG), which supports mainly the EFSD+ guarantee, as well as MFA and Euratom loans.

In particular, the EFSD+ guarantee can be deployed through different modalities of support to investment, dividing between:

- Investment by sovereign and non-commercial sub-sovereign counterparts fully backed by an explicit guarantee of the State because they do not have the legal capacity or the financial autonomy or ability to benefit from necessary direct financing. The EU provides a guarantee coverage for these operations, which are undertaken by the EIB, who is entrusted with the implementation of this so-called “EFSD+ Investment Window 1”. Thus, within this Window, the risk cover is exclusive for the EIB except for operations that the EIB cannot carry out or decides not to carry out.

- Investment by commercial sub-sovereign counterparts, which are not backed by an explicit guarantee of a State and that are financially able to borrow at their own risk and have the legal capacity to do so. This type of operations will be covered by the EU comprehensive guarantee under the so-called “EFSD+ Investment Window 2”, which is dedicated but non-exclusive to the EIB, thus this Window should be deployed on terms similar to the ones provided to other eligible counterparts within other Windows (i.e., “EFSD+ Open Architecture”, referred below). In 2024, the European Commission and the EIB have negotiated the specific conditions under which this guarantee will be granted. The corresponding Investment Window 2 Guarantee Agreement was signed in Q2 2025.

- Investment involving high-risk private sector operations in Africa, Caribbean and Pacific (ACP) countries, supported by the so-called “EFSD+ Investment Window 4”. The Joint Understanding on the re-use of the ACP Investment Facility (IF) reflows between the European Commission and EIB stipulates that 50% of the available reflows under the ACP IF will be allocated to the EIB dedicated Investment Window 4 for which the EU provides a comprehensive guarantee (i.e., up to EUR 3.5 billion of guaranteed operations, in addition to EUR 0.5 billion for impact operations under the ACP Trust Fund).

- Investment involving private or commercial sub-sovereign entities, which have the financial and legal ability to borrow in the market on commercial terms. In this case, the EU guarantee can be extended to a wide number of implementing partners, including the EIB, in the so-called “EFSD+ Open Architecture”.

More specifically, the EFSD+ guarantee capacity originally amounted to a maximum of EUR 39.136 billion, of which EUR 26.036 billion[31] has been allocated to the EIB dedicated EFSD+ Investment Window 1 (and to two additional non-exclusive dedicated investment windows for the EIB) and EUR 13.1 billion for the EFSD+ Open Architecture[32].

Under all modalities (i.e., EFSD+ Investment Windows 1, 2, 4 and Open Architecture), NDICI-Global Europe defines the key guiding principles that should be applied in the implementation of EFSD+ guarantees. According to Article 31 of the NDICI Regulation, the EFSD+ shall:

- Foster sustainable and inclusive economic, environmental and social development, transition into sustainable value-added economy and a stable investment environment.
- Promote socio-economic and environmental resilience in partner countries with a particular focus on the eradication of poverty.
- Contribute to the reduction of socio-economic inequalities, sustainable and inclusive growth, climate change adaptation and mitigation, environmental protection and management, the creation of decent jobs on the basis of the core ILO labour standards, economic opportunities, skills and entrepreneurship, socio-economic sectors, including social enterprises and cooperatives, SMEs, sustainable connectivity, the support to vulnerable groups, the promotion of human rights, gender equality and the empowerment of women and young people, as well as addressing specific socio-economic root causes of irregular migration and root causes of forced displacement.
- Attribute special attention to countries identified as experiencing fragility or conflict, Least Developed Countries and heavily indebted poor countries, including by providing support for institutional capacity building, economic governance and technical assistance.

Implementation Cycle

The European Fund for Sustainable Development Plus (EFSD+), builds on the European Fund for Sustainable Development (EFSD) as established by Regulation (EU) 2017/1601.

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31 To be increased up to EUR 26.5 billion.

32 The total amount of EUR 39.136 billion does not include EFSD+ Investment Window 4. The provisioning for the guarantee capacity for this Window stems from reflows under the ACP Investment Facility.

As defined in the NDICI-Global Europe Regulation, the specific allocation of funds for EFSD+ operations are based on an exhaustive programming exercise, taking into consideration, inter alia, the realities and needs of each partner country and region. In this respect, the EFSD+ Strategic Orientations 2021-2027, endorsed by the EFSD+ Strategic Board on its first meeting of 10 November 2021, established a set of guiding principles and strategic areas for investment to be supported by the EFSD+.

In December 2022, the EFSD+ Operational Board approved the contracting of the first 40 guarantee programmes under the Open Architecture with a total guarantee capacity of EUR 6.055 billion. In January 2023, another 15 guarantee programmes, mainly targeting the NEAR region including the Western Balkans, were approved by the EFSD+ Board.

In October 2023, the first guarantees were signed, including the African Local Currency Bond with KfW, the Human Development Accelerator with the EIB, and the Africa Connected with Finnfund. These programmes immediately began delivering results. For example, in its first year of implementation, Africa Connected has invested EUR 21 million directly and was able to mobilise private sector resources amounting to EUR 333 million.

In 2024, six new Open Architecture guarantees focusing on the INTPA region have been signed, namely the EDFI MSME Platform Plus with EDFI, the DFCD Aya – Land use facility with FMO, the EDFI Carbon Sinks, the SDG Fund II with IFU, the Global Investment Equity Fund Programme (GIEF) with DEG, and the KfW – EU Market Creation Facility – Capacity Component+ (EUMCF-CC+). On the NEAR (now DG ENEST and DG MENA) region, another seven guarantee agreements were signed between 2023 and 2024. The agreements are EBRD Resilience Plus; IFC Better Futures Programme; EBRD Hi Bar; EIB MSME Access to Green Growth and Inclusive Finance (PPG Component); KfW Green Transformation; EBRD Growth for All and; AFD Fast-Cities.

With the EFSD+ Strategic Orientations as key reference, the EIB and the European Commission – on behalf of the EU – signed at the end of April 2022 the corresponding Guarantee Agreement through which the Commission backs up to EUR 26.036 billion of EIB financial operations to enable crucial public investments in sectors like clean energy, digital and transport infrastructure, health and education. The respective financing operations can be signed by the EIB until the end of 2028. This EFSD+ Window 1 Guarantee Agreement is the largest guarantee agreement to be signed in the framework of the EFSD+. In the case of EFSD+ Investment Window 1, the amount of EUR 26.036 billion represents both the EU guarantee cover available to the EIB and the maximum volume of EIB financing operations that the EIB can sign and have covered under the EFSD+ Window 1 Guarantee Agreement. In other words, the EU guarantee cover and the volume of the EIB's covered operations coincide.

The Guarantee Agreement defines the financial and operational arrangements for the deployment of the EU guarantee cover for EIB sovereign and non-commercial sub-sovereign operations that enter under the EFSD+ Investment Window 1. It also includes provisions on new cooperation modalities between both institutions, the EC and EIB, such as the so called "3-stage Approval process" designed to develop and approve operations in the spirit of the "policy first" approach of the NDICI - Global Europe Regulation. The EC's role at this juncture is to assess if the operations that the EIB proposes meet the eligibility criteria established in the NDICI – Global Europe Regulation to access the EU comprehensive guarantee cover of the EFSD+ Investment Window 1.

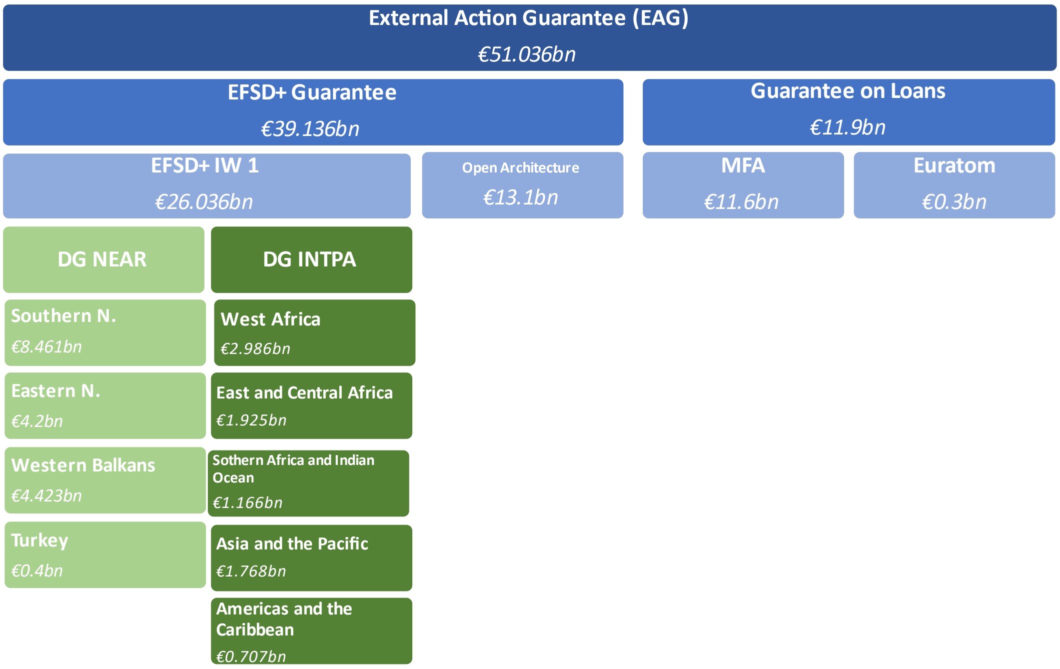
The EFSD+ Investment Window 1, contributes to the achievement of the three overarching priorities identified in the EFSD+ Strategic Orientations 2021-2027, essentially through operations that have the nature of public goods (e.g., infrastructure projects):

- Green Deal: Climate investments in both adaptation and mitigation, following the "do no significant harm" principle for non-climate related investments.

- Global Gateway: Investments in infrastructure, exchanging goods and services, and connecting people around the world. In particular, investments in digital, energy, transport, and people-to-people connectivity. These investments will adhere to the EU's principles of a level playing field, transparency, and sustainability.

- Jobs and Sustainable and Inclusive Growth: Investments in education, health, and social protection and inclusion; all such investments will be designed to contribute to human development and inclusive growth.

Initial indicative allocations of the External Action Guarantee



Implementation arrangements

The EFSD+ Guarantees are being implemented by development finance institutions counterparts which are eligible to operate under indirect management. The approval process of individual guarantee agreement is a multi-stage process, culminating in a Commission Decision on the Proposed Investment Programmes (PIPs) to be supported by the EFSD+ Guarantee, based on both the information provided by the eligible counterparts in their application form and the recommendation of the Operational Boards.

Pursuant to Article 36 of the Global Europe regulation, the EIB shall implement three dedicated investment Windows covering a comprehensive risk cover for operations with sovereign counterparts and non-commercial sub-sovereign counterparts, commercial and sub-sovereign partners and a political risk guarantee for private sector lending. The EIB shall also be eligible for implementing operations within the Open Architecture Window with sub-sovereign counterparts not covered under the three dedicated investment Windows.

The Open Architecture Window within the EFSD+ is designed to be non-exclusive, allowing a wide array of implementing partners, including the EIB and EU and international and regional financial institutions. Such multi-partner participation leverages the impact of the instrument and enhances development policy coherence to promote the Global Gateway pact policy priorities under the Team Europe approach.

Hence, the strong involvement of European DFIs brings valuable regional expertise and sector-specific knowledge, which are instrumental in designing and implementing effective development strategies. European DFI’s understanding of local contexts and their established networks on the ground ensure that projects are financially viable and also socially and environmentally sustainable.

Further, by promoting the participation of European DFIs, the Open Architecture Window enhances the EU's expertise in applying innovative financing solutions that better address the financing gaps and institutional weaknesses of the financial markets of our partner countries. This improves the scalability and efficient replication of projects and ensure that financial resources are best directed towards the policy objectives of NDICI and thematic windows of EFSD+. Global Gateway high-impact priorities such as infrastructure development, energy transformation, and support for small and medium-sized enterprises (MSMEs) are thus more effectively served.

In short, involving European DFIs strengthens the EU's strategic objectives by aligning investments with EU policy goals, while promoting European values and standards in development finance. It ensures that the collective expertise and resources of the European financial ecosystem are fully utilized, thereby maximizing the impact, sustainability, and resilience of the initiatives supported under the EFSD+.

Duration

As part of the Global Europe - NDICI (Global Europe) Regulation, the EFSD+ was established when the Global Europe Regulation was adopted on 14 June 2021. Pursuant to Article 31 of the Global Europe Regulation, guarantee agreements can be concluded with the eligible counterparts until 31 December 2027.

The corresponding Guarantee Agreement with the EIB for Investment Window 1 is operational since its signature on 29 April 2022. The corresponding Guarantee Agreement with the EIB for Investment Window 4 is operational since its signature on 28 February 2023. The "investment period" during which EIB can sign financing operations under these guarantees, lasts until end-2028[33].

For guarantee agreements under the EFSD+ Open Architecture, once an agreement is signed, eligible counterparts subsequently have typically three years as from the effective date of the guarantee agreement to conclude agreements for underlying operations with co-financing partners, financial intermediaries or final beneficiaries. This ramp up period would be extendable to up to five years based on a duly justified extension request. For guarantee agreements covering large infrastructure projects, the ramp up period would generally be up to five years and further extendable subject to a duly justified request and based on implementation progress and deployment prospects.

Added Value

The EFSD+ Guarantee uses scarce resources in an innovative way to mobilise public and private investment, thereby creating growth and employment opportunities, maximising additionality, delivering innovative products and crowding-in private sector funds.

The EU budgetary guarantee provided in the framework of the EFSD+ Investment Window 1 is supporting EU policy objectives such as the Global Gateway and the implementation of the Economic and Investment Plans for Neighbourhood and Enlargement countries, by enhancing the risk-bearing capacity of the EIB. It significantly limits the EIB's risk exposure to a risk profile commensurate with the rules laid down by the EIB's governing bodies. Thus, the EU guarantee under the EFSD+ Investment Window 1 enables the EIB to undertake investment operations in riskier environments outside the EU for projects that offer public goods and services for the population. In turn, as a result of the EU guarantee, the financing operations undertaken by the EIB are expected to adequately address policy objectives and fulfil a number of conditions established by the EU legislators, i.e., the European Parliament and Council.

Furthermore, investment projects under the EFSD+ should be closely linked with policy priorities/reforms in partner countries within the spirit of "policy first" approach. In 2024, under the EFSD+ Investment Window 1, the EIB provided EUR 200 million in financing for project "**Moldova Forest Development Programme**." This project contributes to long-term climate action and environmental sustainability, supporting Moldova's green transition and the EU's objectives for biodiversity, land restoration, and climate resilience. The project targets afforestation of about 110 000 hectares of degraded lands and rehabilitation of about 35 000 hectares of degraded forests.

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[33] The deadline may be extended if agreed among the parties.

The EIB Investment Window 4 aims at supporting the overarching priorities, notably the Global Gateway strategy and Jobs and sustainable and inclusive Growth, the EU Green Deal, and underpinned by Team Europe Initiatives as well as flagship project investments. The Investment Window 4 has a particular focus on delivering Global Gateway related objectives meaning boosting smart, clean and secure links in digital, energy and transport and strengthen health, education and research systems. This EIB Dedicated ACP Window is part of a single-package approach alongside the ACP Trust Fund and complements EFSD+ open architecture guarantee operations in ACP countries by the EIB and other Finance Institutions. Private Sector development is the priority area for Investment Window 4.

The added value of the EFSD+ Open Architecture is to allow European and international financial institutions to contribute to the objectives of the EFSD+, innovate, reduce the risks for investment in sustainable development in partner countries, thus helping mobilise investment, which in the case of the Open Architecture, come especially, but not only, from the private sector. Thus, the EFSD+ allows investors including private companies, in particular micro, small and medium-sized enterprises (MSMEs), to contribute more effectively to sustainable development in partner countries by addressing market failures and suboptimal investment situations.

One example of an innovative approach is Finnfund – Africa Connected where, through a combination of equity and debt instruments and strong mobilization of private resources, the digital infrastructure in Sub-Saharan Africa is being modernised allowing millions of customers to have access to clean and reliable energy and highspeed internet connection.

Another example of innovative approach is FMO – DFCD Aya – Land Use Facility which combines FMO own resources, and a second loss protection provided by the EC to promote investments in sectors such as agroforestry, sustainable land use and climate resilient food production in partner countries. In its first year of operation since October 2024, FMO – DFCD Aya has reached 1,663 small holder farmers and directly supported 85 jobs, of which 16 are women. The volume of loans to women-owned SMEs amounts to EUR 18 million. Similarly, in the NEAR (ENEST-MENA) region, MSME-focused guarantee products, such as EBRD Resilience and Resilience Plus, have long allowed to support local companies with direct lending. For example, in 2024 alone, Resilience Plus supported almost EUR 100 million in lending to two labour-intensive companies in the retail and logistic sectors, in Türkiye and Morocco respectively.

Issues relating to the application of Article 158.2 FR

When implementing EFSD+ guarantee agreements financial institutions are contractually obliged to comply with applicable Union law and agreed international and Union standards and, therefore, not support actions that contribute to money laundering, terrorism financing, tax avoidance, tax fraud and tax evasion. Financial institutions may not enter into agreements with entities established in jurisdictions listed under the relevant Union policy on non-cooperative jurisdictions or that are identified as high-risk third countries pursuant to Article 9(2) of Directive (EU) 2015/849, or that do not effectively comply with Union or internationally agreed tax standards on transparency and exchange of information.

Furthermore, when concluding agreements not only with implementing partners but also with their financial intermediaries, entities implementing EFSD+ Guarantees must transpose these requirements into the relevant agreements. The financial intermediaries are also obliged to report on the observance of these requirements.

In the reporting period, no issues were reported by the EIB or any other Development Financial Institution.

Support combined with other Union actions

The Open Architecture guarantees are accompanied by technical assistance contracts in the form of contribution agreements that support the deployment of the respective guarantee agreements. As of 31/12/2024, the signed technical assistance contracts for Open Architecture guarantees amounted to EUR 131,849,135

1.5.2 OPERATIONAL PERFORMANCE

Concerning the **EFSD+ Investment Window 1**, the Guarantee Agreement signed builds on those strategic priorities and the agreement aims to contribute to set in motion the Economic and Investment Plans, which will support the EU's relations with the EU Southern Neighbourhood, the Eastern Partnership countries and the Western Balkans, aiming to spur the long-term economic recovery of these regions, support a green and digital transition and foster regional integration and convergence with the EU.

As of the end of 2024, the EFSD+ Investment Window 1 can already be seen in the development impact expected from the guaranteed operations. Overall, key expected results of the covered operations signed by the EIB, among others:

- Job creation: direct lending operations for infrastructure of various types (e.g., transport sector, energy installations, water-related infrastructure) are expected to support at least 160,800 jobs during construction and approximately 62,100 jobs during operation. Investment projects aimed at assisting MSMEs (micro, small and medium-sized enterprises) and mid-caps through intermediated lending are anticipated to support approximately 604,000 jobs in the final beneficiary companies.
- Within the renewable energy sector, it is anticipated that additional electricity production from renewable sources will amount up to 2,676 GWh/yr, which translates into the potential of providing electricity to an additional 1.1 million households.
- In relation to the transport sector, the estimated length of new or upgraded roads is 7,121 km, and the estimated length of new or upgraded railways is approximately 1,550 km. Furthermore, annual traffic on new or upgraded urban transport is expected to benefit up to 136 million passengers.
- In the water and sanitation sector, the estimated number of people that will have access to improved drinking water sources and/or sanitation facilities is 23 million.

The Guarantee Agreement for **EFSD+ Investment Window 4** builds on these strategic priorities. In turn, the specific objective of this Investment Window is to support inclusive and sustainable private sector development in a wide range of priority sector as identified by the programming exercise and in particular in LDC or countries in situation of fragility. The mandate covers ACP countries only.

Investment Window 4 will encourage investments with a high development impact, largely in support of the private sector, measurable development impact, additionality, neutrality, shared interest and co-financing, demonstration effect.

Concerning **EFSD+ Open Architecture**, the policy orientations set out the following six investment areas for which the Partner Financial Institutions have already submitted proposals to be covered by the EU guarantee:

1. Micro, Small and Medium Enterprises (MSMEs)
2. Connectivity: Energy, Transport and Digital
3. Sustainable Agriculture, Biodiversity, Forests and Water
4. Sustainable Cities
5. Sustainable Finance and Impact Investing
6. Human Development

In 2024, six new Open Architecture guarantees were established, with several of these newly signed guarantees beginning to deliver results immediately. Since October 2024, the DFCD Aya – Land Use Facility has generated four investments in India, Vietnam, and Sub-Saharan Africa, targeting climate-smart agribusiness, sustainable forestry and green energy solutions, green transport and logistics, resource efficiency, and climate enablers. These initiatives have indirectly supported 572 jobs and contributed to the sustainable management of approximately 30,000 hectares of forests and wetlands. In the NEAR (ENEST-MENA) region, the KfW Green Transformation guarantee agreement has already backed a EUR 40 million loan to the energy utility Elektroprivreda Crne Gore AD (EPCG) for the rehabilitation of the "Perućica" hydroelectric power plant, which will additionally increase the installed power generation capacity by 58.5 MW.

A concrete example of these investments, under the Finnfund - Africa Connected agreement, is the modernisation of the telecom network in South Sudan, where interventions on 325 sites in 2024 alone allowed clear improvements to the reliability of the telecom network. The installation of all sites is expected to be completed in 2025, which will also allow significant reduction in CO2 emissions and fuel consumption.

By the end of 2024, the EFSD+ guarantees implemented by INTPA have already achieved significant results. Just to name some of the more salient impacts:

- 37 thousand direct jobs supported.
- More than 75 thousand indirect jobs supported.
- Approximately EUR 111 million of loans granted to MSME, of which EUR 54 million (49%) granted to women-owned MSME / Special MSMEs.

Operational performance – Open Architecture

Key Figures

Total amount of operations signed by counterparts	**731,181,436**
Total amount of operations disbursed	**476,029,694**
Leverage	**4.6**
Multiplier effect	**4.6**
Amount transferred to final recipients	**N/A**
Number of final recipients	**N/A**
Investments made by final recipients	**N/A**
Private sector resources mobilised	**N/A**

Operational performance – Investment Window 1

Key Figures

Total amount of operations signed by counterparts	**10,232,602,934**
Total amount of operations disbursed	**795,114,137**
Leverage	**1.54***
Multiplier effect	**3.08****
Amount transferred to final recipients	**795,114,137**
Number of final recipients	**N/A**
Investments made by final recipients	**1,590,228,274**
Private sector resources mobilised	**N/A**

As regards the leverage and multiplier, they take into account that EU liability is capped, at portfolio level, at 65%* of EIB lending and EIB on average covers 50%** of project costs.

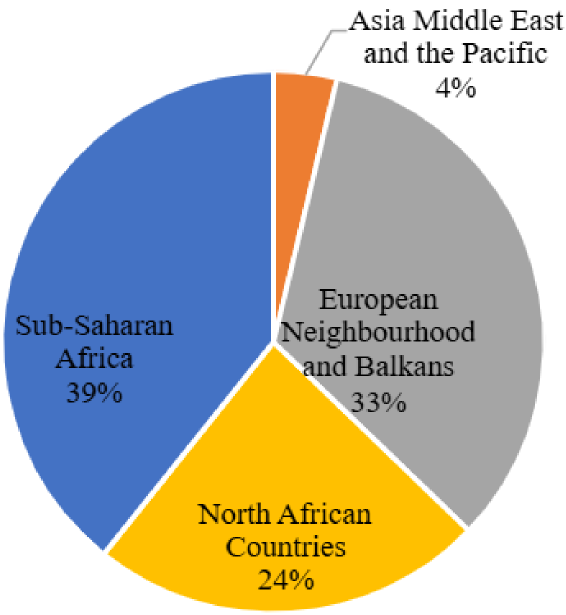
Operational performance – Investment Window 4

Key Figures

Total amount of operations signed by counterparts	**1,223,393,846**
Total amount of operations disbursed	**509,723,403**
Leverage	**1.4**
Multiplier effect	**1.4**
Amount transferred to final recipients	**509,723,403**
Number of final recipients	**N/A**
Investments made by final recipients	**N/A**
Private sector resources mobilised	**N/A**

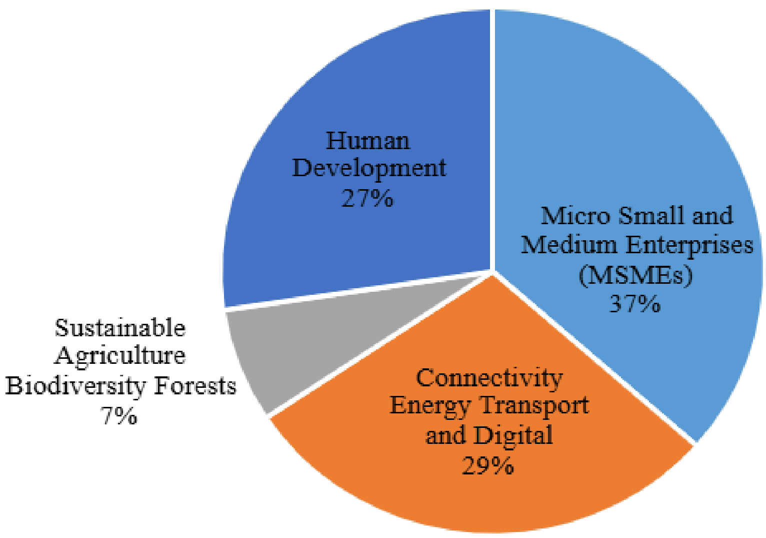
EFSD+ Open architecture geographical diversification

As of 31 December 2024, out of the total signed operations amounting to EUR 731.5 million, Asia and the Pacific received EUR 27.7 million (4%), European Neighbourhood and Balkans received EUR 244.6 million (33%), North African Countries received EUR 172 million (24%), and Sub-Saharan Africa received EUR 287.6 million.



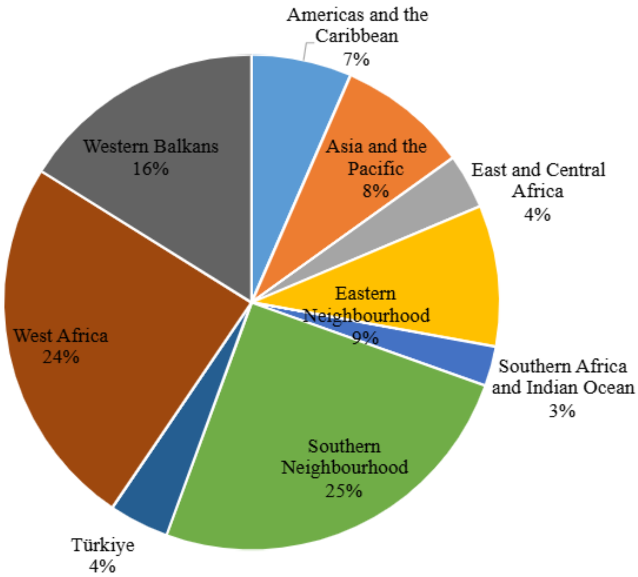
EFSD+ Open architecture sectoral diversification

As of 31 December 2024, out of the total signed operations amounting to EUR 731.5 million, EUR 267 million (37%) was allocated to Micro Small and Medium Enterprises (MSMEs), EUR 213.2 million (29%) to Connectivity Energy Transport and Digital, EUR 51.3 million (9%) to Sustainable Agriculture Biodiversity Forests, and EUR 200 million (27%) to Human Development.



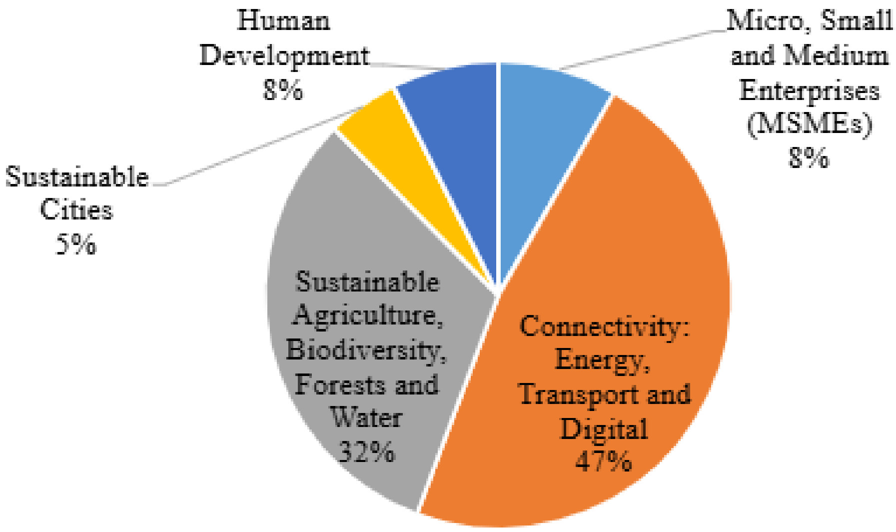
EFSD+ Window 1 geographical diversification

As of 31 December 2024, out of the total signed operations amounting to EUR 10.2 billion, the Americas and the Caribbean received EUR 668.8 million (7%), Asia and the Pacific received EUR 873.3 million (8%), East and Central Africa received EUR 365.5 million (4%), the Eastern Neighbourhood received EUR 942.2 million (9%), Southern Africa and the Indian Ocean received EUR 266.3 million (4%), the Southern Neighbourhood received EUR 2.6 billion (25%), Türkiye received EUR 400 million (4%), West Africa received EUR 2.5 billion (24%), and the Western Balkans received EUR 1.6 billion (16%).



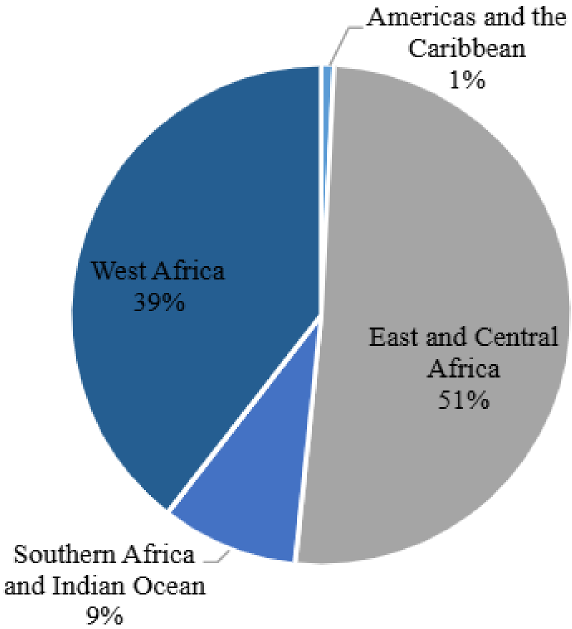
EFSD+ Window 1 sectoral diversification

As of 31 December 2024, out of the EUR 10.2 billion in operations signed by EIB, the Connectivity: Energy, Transport and Digital sector accounted for EUR 4.8 billion (47%). The Sustainable Agriculture, Biodiversity, Forests and Water sector received EUR 3.3 billion (32%), the Human Development domain received EUR 759 million (8%), Micro, Small and Medium Enterprises (MSMEs) received EUR 849 million (8%), and the Sustainable Cities sector received EUR 510 million (5%).



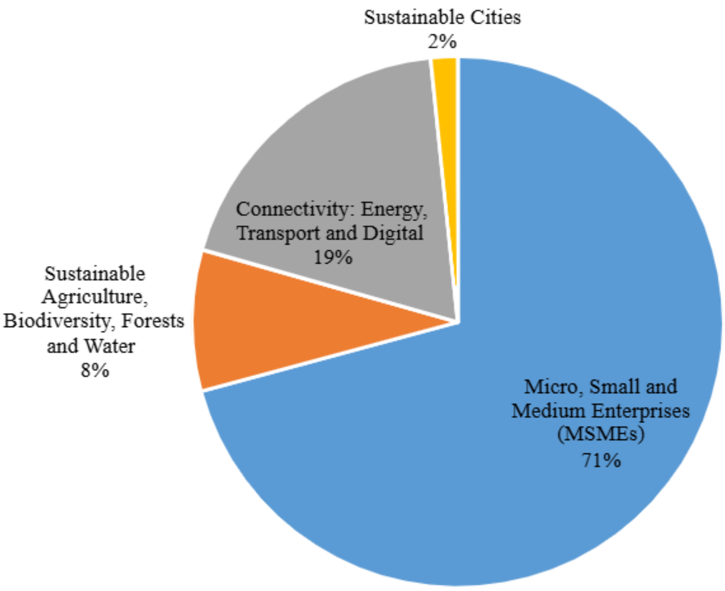
EFSD+ Window 4 geographical diversification

As of 31 December 2024, out of the total operations amounting to EUR 1.2 billion signed by the EIB under EFSD+ Window 4, EUR 10 million (1%) was allocated to the Americas and the Caribbean, EUR 622.2 million (51%) to East and Central Africa, EUR 108.2 million (9%) to Southern Africa and the Indian Ocean, and EUR 483 million (39%) to West Africa.



EFSD+ Window 4 Sectoral diversification

As of 31 December 2024, the European Investment Bank (EIB) signed operations totalling EUR 1.2 billion under EFSD+ Window 4. Of this amount, EUR 866 million (71%) was allocated to Micro, Small, and Medium Enterprises (MSMEs), EUR 232 million (19%) to Connectivity, Energy, Transport, and Digital sectors, EUR 105 million (8%) to Sustainable Agriculture, Biodiversity, Forestry, and Water projects, and EUR 20 million (2%) to Sustainable Cities initiatives.



1.5.3 FINANCIAL INFORMATION

Financial information at the level of budgetary guarantee

As of 31 December 2024, twenty-two EFSD+ guarantee under the Open Architecture, the EIB Investment Windows 1 and Window 4 were signed and effective with the total guarantee cover limit amounting at EUR 30.37 billion (EUR 26.04 billion under Window 1, EUR 0.87 billion under Window 4 and EUR 3.46 billion under the Open Architecture Window). The operations signed by the counterparts under those agreements totalled EUR 14.72 billion, with the EU risk for those operations capped at EUR 11.22 billion. The EU risk related to the amounts disbursed by the counterparts amounted to EUR 1.34 billion. Given that the programme is in the ramp up phase, the EU risk at the level of operations signed and disbursed is expected to increase in the coming years.

all figures in EUR

	EU contingent and financial liability	
	31-12-2024	**31-12-2023**
Available guarantee signed with counterparts	30,173,146,319	28,114,941,478
EU risk for operations signed by counterparts	11,227,511,969	7,659,555,809
EU risk for operations signed by counterparts and disbursed	1,340,539,796	628,845,485

all figures in EUR

	EU guarantee revenues	
	2024	**Cumulative until 31-12-2024**
EU guarantee revenues	2,033,962	2,554,122

all figures in EUR

	Guarantee calls and recoveries	
	2024	**Cumulative until 31-12-2024**
Guarantee calls	131,452	170,572
Recoveries	131,237	131,237
Net guarantee calls	215	39,335

all figures in EUR

	Expenses	
	2024	**Cumulative until 31-12-2024**
Fees to counterparts	0	0
Other expenses (recovery costs, funding costs, other)	0	0

Financial information at the level of the guarantee agreements – Open Architecture

all figures in EUR and as at 31/12/2024

	COVAX II	CITIRYZ	FISEA+
Overview			
Effective	No	Yes	Yes
Counterpart	EIB	AFD	AFD
Description	This guarantee with the European Investment Bank (EIB) followed the support provided by the EFSD to COVAX, supplying access to COVID-19 vaccines in Africa and the EU Neighbourhood.	Encouraging local private and public banks to improve their knowledge and take the risk to lend, on longer maturities more adapted to the needs of local governments' investments in Africa.	It provides equity investments in businesses and investment funds operating in Africa in order to support social development goals.
Maximum guarantee signed with counterpart	200,000,000	30,000,000	35,000,000
Operation type	Bullet loan	Line by line guarantee	Portfolio guarantees
Risk-sharing structure	First loss	90% of AFD's first loss exposure (being a 20% tranche) and 53% of AFD's second loss exposure (being the remaining 80% tranche) on a line-by-line basis for each AFD guarantee.	Pari Passu
Cumulative operations signed by counterpart	200,000,000	0	5,775,339
Cumulative operations disbursed by counterpart	200,000,000[34]	0	2,546,717
EU contingent and financial liability			
Available guarantee signed with counterpart	0	30,000,000	35,000,000
EU risk for operations signed by counterpart	0	0	5,197,805
EU risk for operations signed by counterpart and disbursed	0	0	2,292,045
Cumulative guarantee calls and recoveries			
Cumulative guarantee calls	0	0	0
Cumulative recoveries	0	0	0
Cumulative net guarantee calls	0	0	0
Cumulative expenses			
Fees to counterpart	0	0	0
Other expenses (recovery costs, funding costs, other) cumulative over all mandates	0	0	0

34 Fully repaid at the end 2022.

all figures in EUR and as at 31/12/2024

	Digital Transformation Platform	Financial Inclusion	MSME Platform
Overview			
Effective	Yes	Yes	Yes
Counterpart	EBRD	EBRD	EDFI
Description	This guarantee programme is designed to achieving access to finance for projects and development in the digital economy. It will help in providing high quality and reliable broadband services while supporting the development of wireless networks as well as enabling the transition to digital economies. It tackles also underpinning government policy on economic growth and jobs and the development of digital solutions including the building of information society structures.	This guarantee programme aims to reconcile supply and demand of MSME financing by reducing the financial risk associated with such financing and encouraging intermediaries to direct new lending towards those businesses who need it the most. The targeted groups include SMEs affected by Covid-19 and other crises affecting the solidity of the local financial systems as well as underserved or unserved target groups and sector.	This Guarantee will enable our partner financial institutions to provide debt financing to financial institutions across Africa and the EU Neighbourhood providing financial services to SMEs. The goal of the financing is to provide longer-term financing that is largely unavailable to SMEs in these markets, as well as capacity building to both lending FIs and recipient SMEs.
Maximum guarantee signed with counterpart	35,000,000	115,000,000	80,000,000
Operation type	Portfolio guarantee	Guarantees and debt	Line by line guarantees
Risk-sharing structure	First loss	First loss	Pari passu
Cumulative operations signed by counterpart	0	171,178,000	55,783,755
Cumulative operations disbursed by counterpart	0	86,001,528	36,422,735
EU contingent and financial liability			
Available guarantee signed with counterpart	35,000,000	115,000,000	80,000,000
EU risk for operations signed by counterpart	0	26,505,694	25,586,455
EU risk for operations signed by counterpart and disbursed	0	8,833,602	16,530,945
Cumulative guarantee calls and recoveries			
Cumulative guarantee calls	0	0	0
Cumulative recoveries	0	0	0
Cumulative net guarantee calls	0	0	0
Cumulative expenses			
Fees to counterpart	0	0	0
Other expenses (recovery costs, funding costs, other) cumulative over all mandates	0	0	0

all figures in EUR and as at 31/12/2024

	Africa Connected	Acceleration Human Development (HDX)	African Local Currency Bond Guarantee Programme (ALCBF)
Overview			
Effective	Yes	Yes	Yes
Counterpart	Finnfund	EIB	KFW
Description	Digital infrastructure investments in Sub-Saharan Africa	Strengthening health care systems; improved and equitable access to key health products and technologies and increase the quality of primary healthcare services and manufacturing scale-up.	The purpose of the fund is to provide an investment opportunity into local currency risk without the associated credit risk.
Maximum guarantee signed with counterpart	100,000,000	750,000,000	100,000,000
Operation type	Equity & debt investments, pass on guarantees	Debt investments including venture loans with equity style elements and volume/procurement guarantees	Guarantee to local currency loans and equity to the fund.
Risk-sharing structure	Pari passu (60% EFSD+ cover on average)	Pari-passu and First loss	Second loss
Cumulative operations signed by counterpart	20,875,763	0	0
Cumulative operations disbursed by counterpart	20,875,763	0	0
EU contingent and financial liability			
Available guarantee signed with counterpart	100,000,000	750,000,000	100,000,000
EU risk for operations signed by counterpart	9,953,501	0	0
EU risk for operations signed by counterpart and disbursed	9,953,501	0	0
Cumulative guarantee calls and recoveries			
Cumulative guarantee calls	0	0	0
Cumulative recoveries	0	0	0
Cumulative net guarantee calls	0	0	0
Cumulative expenses			
Fees to counterpart	0	0	0
Other expenses (recovery costs, funding costs, other) cumulative over all mandates	0	0	0

all figures in EUR and as at 31/12/2024

	Better Future Programme	EDFI Carbon Sinks	DFCD Dutch Fund for Climate Development (DFCD) Aya – Land Use Facility
Overview			
Effective	Yes	Yes	Yes
Counterpart	IFC	EDFI	FMO
Description	This guarantee programme builds on IFC's experience in mobilising private investment at scale for innovative solutions to climate change, fragility, conflict and crisis response, job creation, and inclusive growth, with a particular focus on Ukraine. The Programme will focus on "Resilient Livelihoods: Conflict and Fragility Pillar", one of the two main pillars of the overall BFP that cuts across six investment priorities of EFSD+. Mobilising private investments in different sectors, with a particular focus on Ukraine	The Carbon Sinks programme supports investors to scale up equity investments in forestry and regenerative agribusiness companies in carbon sink projects across the globe. Carbon sinks absorb carbon dioxide from the atmosphere and are essential in global efforts to curb global warming and mitigate climate change, as agreed upon internationally at CoP15 in Paris.	The DFCD Land Use Facility targets investments in sectors relating to agroforestry, sustainable land use and climate resilient food production in developing countries.
Maximum guarantee signed with counterpart	90,000,000	366,000,000	105,000,000
Operation type	IFIs guarantees and loans	Equity Investments	Portfolio guarantees
Risk-sharing structure	First Loss	Pari passu	Second Loss
Cumulative operations signed by counterpart	63,947,380	19,566,228	31,745,824
Cumulative operations disbursed by counterpart	63,947,380	1,105,809	15,335,208
EU contingent and financial liability			
Available guarantee signed with counterpart	90,000,000	366,000,000	105,000,000
EU risk for operations signed by counterpart	27,407,847	12,718,048	0
EU risk for operations signed by counterpart and disbursed	27,407,847	718,361	0
Cumulative guarantee calls and recoveries			
Cumulative guarantee calls	0	0	0
Cumulative recoveries	0	0	0
Cumulative net guarantee calls	0	0	0
Cumulative expenses			
Fees to counterpart	0	0	0
Other expenses (recovery costs, funding costs, other) cumulative over all mandates	0	0	0

all figures in EUR and as at 31/12/2024

	SDG Fund II	TCX EU Market Creation Facility - Capacity Component Plus	Global Investment Equity Fund Programme
Overview			
Effective	Yes	Yes	Yes
Counterpart	IFU	KFW	DEG
Description	SDG Fund II's equity and quasi-equity investments will meet Green Economy and Inclusive Economy criteria and contribute to four different impact priorities: financial services, green energy and infrastructure, healthcare and, sustainable food systems.	The "EU Market Creation Facility – Capacity Component+" is a facility designed by KfW and TCX in order to increase the capacity of TCX to hedge commercial and investment operations which will contribute to provide enterprises with improved access to local currency finance. It will allow TCX to enable local banks to offer more suitable financing products to micro, small and medium-sized enterprise and to clients in infrastructure, sustainable energy, and national governments to offer bonds in local currency.	GIEF, as a fund-of-funds, will use the raised capital to co-invest with DEG (as parallel investor) in selected private equity (PE) and venture capital (VC) funds in the targeted regions, in accordance with market standard investment principles which in all cases will be developing countries and emerging markets on the OECD DAC list.
Maximum guarantee signed with counterpart	71,682,927	245,750,000	99,695,744
Operation type	Line by line guarantees	Derivatives	Funds
Risk-sharing structure	First Loss	First Loss	First Loss
Cumulative operations signed by counterpart	0	0	0
Cumulative operations disbursed by counterpart	0	0	0
EU contingent and financial liability			
Available guarantee signed with counterpart	71,682,927	245,750,000	99,695,744
EU risk for operations signed by counterpart	0	0	0
EU risk for operations signed by counterpart and disbursed	0	0	0
Cumulative guarantee calls and recoveries			
Cumulative guarantee calls	0	0	0
Cumulative recoveries	0	0	0
Cumulative net guarantee calls	0	0	0
Cumulative expenses			
Fees to counterpart	0	0	0
Other expenses (recovery costs, funding costs, other) cumulative over all mandates	0	0	0

all figures in EUR and as at 31/12/2024

	MSME Platform Plus	Resilience Plus	HI BAR
Overview			
Effective	Yes	Yes	Yes
Counterpart	EDFI	EBRD	EBRD
Description	The MSME Platform Plus, an expansion of EDFI MSME Platform, is a guarantee program which represent pivotal initiatives in addressing financial constraints faced by micro, small, and medium-sized enterprises (MSMEs) in Sub-Saharan Africa and the EU Neighbourhood.	This guarantee programme aims to support projects that contribute to the transition to green, low-carbon economies by enabling loans that qualify as green in four targeted economic sectors – namely, green city infrastructure, sustainable logistics chains, energy efficiency and green technology transfers in industrial commercial and buildings operations. Specifically, it supports projects in the following sectors: industrial and commercial activities buildings-related economic sectors, green city infrastructure and services, and sustainable logistics, interconnectivity, and transport infrastructure.	This guarantee programme aims to accelerate investments in the next wave of climate mitigation technologies and business models in the energy sector and energy intensive industries. It seeks to support the continued rollout of more mature power technologies that are still far from critical demonstration levels in EBRD countries due to the regulatory, market and financial barriers, and new climate technologies like green hydrogen, storage and strategic materials. Specifically, it supports projects across the following sectors: renewables rollout, grids transformation and energy storage, sustainable fuels, "hard-to-abate" industrial activities, and critical raw materials.
Maximum guarantee signed with counterpart	255,000,000	60,000,000	168,000,000
Operation type	Line by line guarantees	IFI guarantees and loans	IFI guarantees and loans
Risk-sharing structure	Pari passu	First loss	First loss
Cumulative operations signed by counterpart	33,861,935	81,999,512	6,447,700
Cumulative operations disbursed by counterpart	33,861,935	15,930,000	0
EU contingent and financial liability			
Available guarantee signed with counterpart	255,000,000	60,000,000	168,000,000
EU risk for operations signed by counterpart	19,703,355	6,203,467	1,096,160
EU risk for operations signed by counterpart and disbursed	19,703,355	3,078,000	0
Cumulative guarantee calls and recoveries			
Cumulative guarantee calls	0	0	0
Cumulative recoveries	0	0	0
Cumulative net guarantee calls	0	0	0
Cumulative expenses			
Fees to counterpart	0	0	0
Other expenses (recovery costs, funding costs, other) cumulative over all mandates	0	0	0

all figures in EUR and as at 31/12/2024

	MSME Access to Green, Growth, and Inclusive Finance - PPG Component (100% ENEST/MENA)	Supporting a Market-Oriented Green Transformation in the Eastern Neighbourhood and WB	Growth4All Programme in Western Balkans and Türkiye
Overview			
Effective	Yes	Yes	Yes
Counterpart	EIB	KfW	EBRD
Description	This guarantee programme will cover local Financial Institutions’ portfolios of MSME loans, with an incentive to cover unserved segments e.g., businesses led by women and young entrepreneurs or located outside of main urban centres. The instrument is useful for local banks that have liquidity but want to lower the risk of lending to MSMEs.	This programme aims to support a) renewable energy projects (solar, wind) over 15 MW aimed at replacing existing or planned thermal power plants; b) the rehabilitation of hydropower plants and storage facilities that contribute to maintaining and/or increasing of their capacity; and c) grid infrastructure projects (transmission and distribution) contributing to the integration of renewable energy in the grid system and its digitalization, and d) any other type of renewable energy projects (e.g. renewable hydrogen, geothermal) that KfW proposes and which may be accepted by the Commission	This programme aims to support the supply and demand of MSME financing, by reducing the risk associated with such financing and encouraging financial intermediaries to direct new lending towards those businesses who need it the most. This includes, in particular, MSMEs affected by crises affecting local financial systems, as well as underserved or unserved target groups that have been identified as being particularly excluded from such financing in Türkiye and the Western Balkans region.
Maximum guarantee signed with counterpart	70,000,000	260,000,000	52,500,000
Operation type	IFI guarantee	IFI loans	IFI loans and guarantees
Risk-sharing structure	First loss	Pari-passu	First loss
Cumulative operations signed by counterpart	0	40,000,000	0
Cumulative operations disbursed by counterpart	0	0	0
EU contingent and financial liability			
Available guarantee signed with counterpart	70,000,000	260,000,000	52,500,000
EU risk for operations signed by counterpart	0	24,000,000	0
EU risk for operations signed by counterpart and disbursed	0	0	0
Cumulative guarantee calls and recoveries			
Cumulative guarantee calls	0	0	0
Cumulative recoveries	0	0	0
Cumulative net guarantee calls	0	0	0
Cumulative expenses			
Fees to counterpart	0	0	0
Other expenses (recovery costs, funding costs, other) cumulative over all mandates	0	0	0

all figures in EUR and as at 31/12/2024

	"Financing and Accelerating the Sustainable Transition of Cities (""FAST Cities"")
Overview	
Effective	Yes
Counterpart	AFD
Description	This programme aims to address the difficulties of urban authorities (and, in particular, ‘intermediate’ cities) in accessing finance for infrastructure needs (including the development and rehabilitation of roads, drainage, economic and social infrastructure, schools, health centres, public space, transports, technical landfills, urban renewal, housing, water networks).
Maximum guarantee signed with counterpart	176,000,000
Operation type	IFI loans and guarantees
Risk-sharing structure	Pari passu
Cumulative operations signed by counterpart	0
Cumulative operations disbursed by counterpart	0
EU contingent and financial liability	
Available guarantee signed with counterpart	0
EU risk for operations signed by counterpart	0
EU risk for operations signed by counterpart and disbursed	0
Cumulative guarantee calls and recoveries	
Cumulative guarantee calls	0
Cumulative recoveries	0
Cumulative net guarantee calls	0
Cumulative expenses	
Fees to counterpart	0
Other expenses (recovery costs, funding costs, other) cumulative over all mandates	0

Financial information at the level of the guarantee agreements - IW 1 & 4

all figures in EUR and as at 31/12/2024

	EFSD + Investment Window 1	EFSD + Investment Window 4
Overview		
Effective	Yes	Yes
Counterpart	EIB	
Description	The EU budgetary guarantee has the objective to enhance the risk-bearing capacity of the EIB by limiting the EIB's risk exposure. It therefore enables the Bank to undertake investment operations in riskier environments outside the EU to pursue policy objectives established by the EU legislator, i.e. the European Parliament and Council.	The reflows from the ACP Investment Facility from operations under the 9th, 10th, and 11th European Development Funds will provision EU guarantees to private sector lending in ACP countries. Promoting inclusive and sustainable private sector driven economic growth and development.
Maximum guarantee signed with counterpart	26,036,000,000	1,000,000,000
Operation type	Debt (sovereign and non-commercial sub-sovereign loans).	Expected to include corporate lending mostly, then intermediate lending, project finance, direct lending to MidCaps, large enterprises, project finance.
Risk-sharing structure	First Loss Piece covering 100% of all individual claims, subject to a portfolio-level cap of 65% of the aggregate amounts disbursed and guaranteed under EIB financing operations, less amounts reimbursed, plus all related amounts.	1 billion of first loss guarantee provided: 500 million are provisioned 100% (ACP reflows) and 250 million provisioned 50% (EFSD+ funds).
Cumulative operations signed by counterpart	10,232,602,934	1,223,393,846
Cumulative operations disbursed by counterpart	795,114,137	509,723,403
EU contingent and financial liability		
Available guarantee signed with counterpart	26,035,960,880	872,517,648
EU risk for operations signed by counterpart	10,196,621,989	872,517,648
EU risk for operations signed by counterpart and disbursed	783,723,463	468,298,677
Cumulative guarantee calls and recoveries		
Cumulative guarantee calls	131,452	0
Cumulative recoveries	131,237	0
Cumulative net guarantee calls	215	
Cumulative expenses		
Fees to counterpart	0	0
Other expenses (recovery costs, funding costs, other) cumulative over all mandates	0	0

1.6 Ukraine Investment Framework

1.6.1 Description

Identification/Reference to the basic act	
Regulation (EU) 2024/792 of the European Parliament and of the Council of 29 February 2024 establishing the Ukraine Facility	
Maximum amount of budgetary guarantee (in EUR)	**of which available guarantee signed at 31/12/2024**
7,800,000,000	790,000,000
of which ceiling authorised in the legal basis (in EUR)	**Counterparts**
7,800,000,000	European Investment Bank (EIB) European Bank for Reconstruction and Development (EBRD) International Finance Cooperation (IFC)
of which from external contributions (in EUR)	
Budget Lines	
16 06 02 01	

	2024	**2025**	**2026**	**2027**	**Total**
Budgetary commitment appropriations (in EUR)	**819,000,000**	**1,092,000,000**	**1,638,000,000**	**1,911,000,000**	**5,460,000,000**
of which from voted budget	819,000,000	1,092,000,000	1,638,000,000	1,911,000,000	5,460,000,000
of which from internal assigned revenues	0	0	0	0	0
of which from external assigned revenues	0	0	0	0	0
Budgetary payment appropriations (in EUR)[35]	**200,000,000**	**400,000,000**	**800,000,000**	**2,695,000,000**	**4,095,000,000**
of which from voted budget	200,000,000	400,000,000	800,000,000	2,695,000,000	4,095,000,000
of which from internal assigned revenues	0	0	0	0	0
of which from external assigned revenues	0	0	0	0	0

35 Remaining balance will be paid during the next MFF.

General description

Since Russia launched its full-scale invasion on 24 February 2022, the EU and its Members States have been supporting Ukraine in the face of the ongoing war and its path towards EU membership.

The scale of recovery and reconstruction in Ukraine will require massive investments. According to the fourth Rapid Damage Needs Assessment ("RDNA4"), almost three years into the war direct damages are estimated at more than USD 176 billion and reconstruction needs at USD 524 billion. While public investments in infrastructure repairs and development will be key, the capacity to attract private investments will be the driver of Ukraine's long-term prosperity.

On 20 June 2023, the Commission proposed a new Ukraine Facility to support Ukraine's recovery, reconstruction, and modernisation as well as foster Ukraine's EU accession path, providing predictable financial support for Ukraine over the 2024-2027 period, equipped with EUR 50 billion in grants, loans and technical assistance.

This was agreed as part of the Ukraine Facility (Regulation (EU) 2024/792) adopted by European Parliament and Council on 29 February 2024, the Ukraine Investment Framework ("UIF") was formed as Pillar II of the Facility with the objective to attract public and private investments for the recovery and reconstruction of Ukraine and to support its path towards EU accession. This entails supports to public investments, private sector direct operations and intermediated equity operations. With support from the UIF, EU-based private companies should play a major role in reconstruction investments, especially in critical sectors such as energy, as well as benefit from economic growth and heightened demand in post-war Ukraine.

Implementation cycle

The UIF is equipped to deploy financial products totalling EUR 9.3 billion, with EUR 7.8 billion in guarantees and EUR 1.51 billion in blended finance. The objective is to mobilise EUR 40 billion of investments for the reconstruction, modernisation and long-term growth of Ukraine, supporting the objectives and the implementation of the Ukraine Plan consistent with EU policy priorities.

At the Ukraine Recovery Conference in Berlin, in June 2024, the Commission announced the signature of the first EUR 1.4 billion contributions to EU guarantees and grants with partner financial institutions EIB, EBRD, IFC, BGK, and KfW. These contributions have a potential to unlock EUR 6 billion in investments in reconstruction and modernisation areas such as energy and municipal infrastructure.

Several operations have already materialised in Ukraine since the conclusion of these agreements, such as immediate response to the damages to Ukraine's electricity transmission network through reconstruction and rehabilitation programme, new investments in greenfield renewables or support to maintaining postal and telecommunication services.

In September 2024 the first round of UIF calls for proposals for public investments, private sector direct operations and intermediated equity operations was launched with an indicative allocation of EUR 2.75 billion:

- Public sector: all operations covering public investments, involving sovereign and non-commercial sub-sovereign operations. These operations should abide to the public investment policy of Ukraine;

- Private sector direct: operations where EFIs are in direct agreements with private and commercial sub-sovereign entities as end beneficiaries;

- Quasi equity and equity via intermediation (funds) for private projects. Intermediated operations aim at providing access to finance to SMEs through Ukrainian Banks.

These calls remain open for at least 1 year with intermediate deadlines applying. A first deadline in October 2024 yielded a high interest, with 11 eligible counterparts (including 8 requests for Ukraine Guarantee coverage) applying with 12 proposals for funding under the UIF. The Commission and later the UIF Steering Board positively assessed eight operations focusing on energy, housing, municipal lending and support to industries amounting to EUR 880 million in guarantees and grants, with the aim to mobilise EUR 1.8 billion in investments. These are expected to be signed throughout 2025.

At least 25% of the EUR 7.8 billion Ukraine Guarantee capacity (or EUR 1.95 billion) should be allocated to EIB for public operations (loans to the State, to state-owned enterprises and to municipalities). Given that EU will be covering max. 94% of losses at portfolio level, the total volume of authorised EIB lending under this dedicated guarantee is EUR 2.07 billion.

The dedicated amount of the Ukraine Guarantee remains available for supporting EIB Group operations approved by the relevant EIB Group Board until 31 December 2025. After that date, the remaining dedicated amount of the Ukraine Guarantee will become available for all types of operations covered by UIF.

Regulation (EU) 2024/792 further stipulates that 15% of the guarantees provided by the Ukraine Guarantee should be made available to micro, small and medium-sized enterprises (SMEs), as well as that at least 20% of the UIF and of investments under Ukraine Plan should contribute to climate change mitigation and adaptation, environmental protection, including biodiversity conservation, and to the green transition, or to addressing the challenges resulting therefrom.

Implementation arrangements

The UIF is implemented in indirect management with eligible Financial Institutions as established under the Ukraine Facility Regulation:

- Pillar assessed entities such as the international and European multilateral financial institutions, including the European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), International Finance Corporation (IFC), Council of Europe Development Bank (CEB);

- Bilateral financial institutions such as Member States' development banks and export credit agencies.

The approval process of individual guarantee agreement is a multi-stage process, resulting in a Commission Decision on the Proposed Investment Programmes to be supported by the Ukraine Guarantee, based on both the information provided by the eligible counterparts in their application form and the recommendation of the UIF Steering Board.

The Proposed Investment Programmes are selected by the Commission’s services based on the operational proposals by Eligible Financial Institutions, taking into account the relevance and contribution to Ukraine Facility objectives and the implementation of the Ukraine Plan, the UIF strategic priorities as reflected in the UIF Strategic Orientations, adherence to the eligibility criteria stipulated in the calls for proposals, additionality of the project/programme in question, high level of maturity and the capacity to deploy rapidly.

Depending on the nature of the investment project or investment programme in question, the UIF budgetary guarantees can and have been combined with blending interventions.

The operational governance structure is provided through a two-level structure, supported administratively by the UIF Secretariat. Incoming proposals are first assessed by Technical Assessment Meeting (TAM), a group chaired by the Commission and composed of representatives of the Commission, the EU Delegation to Ukraine, and eligible counterparts, with representatives of the Ukrainian authorities invited when relevant. TAM meetings are held on a regular basis depending on the needs, and in any case before each meeting of the Steering Board to prepare its deliberations on operational proposals.

Proposals that have been evaluated and deemed suitable can be submitted to the UIF Steering Board, which issues an opinion. The Steering Board is chaired by the Commission and composed of representatives of the Commission and EU Member States as voting members. Ukrainian authorities, the European Parliament and the Verkhovna Rada, shall have observer status. The Steering Board shall meet at least twice a year, depending on needs.

Following the adoption of a Commission Decision, the Commission proceeds to conclude a guarantee agreement with each eligible counterpart. The Implementing Partners of the Ukraine Guarantee in 2024 were the EIB, EBRD, and IFC.

Duration

Regulation (EU) 2024/792 establishing the Ukraine Facility, which includes the UIF, for a period of four years, from 2024 to 2027. As per Article 31(4) of the Regulation (EU) 2024/792, the Commission shall conclude with eligible counterparts Ukraine Guarantee agreements until 31 December 2027. The Ukraine Guarantee may be granted gradually in accordance with the absorption capacity of the entrusted entities.

Eligible counterparts shall sign contracts with financial intermediaries or final recipients within three years after the conclusion of the relevant Ukraine Guarantee agreement, with possible extensions when an additional amount of guarantee is granted, and the Ukraine Guarantee agreement is amended.

Added value

The key objective of operations to be covered by the Ukraine Guarantee is to leverage private sources of finance, including own risk capacity from the entrusted entities as well as reduce risks for entrusted entities and/or other investors in order to increase investment capacity in Ukraine and crowd in private sector investment. The multiplier effect of the UIF funding over the period 2024-2027 is expected to be on average at least 4 times the amount of the UIF contributions.

Leveraging scarce public resources to supporting the modernisation, recovery and reconstruction of Ukraine through the Ukraine Guarantee offers high additionalities, addresses pre-existing market failures and those induced by the Russian aggression against Ukraine, in turn steering an EU candidate country and its economy towards progressive alignment with EU policies and standards.

The UIF focuses on strategic investment priorities identified in the Ukraine Plan and supports its objectives and implementation. Specifically, this includes access to finance/financial markets, human capital and social sectors, energy, transport, agri-food, critical raw materials, digital transformation, green transition and environmental protection, as well as specific strategic investments and industries.

At least 20 % of the overall amount corresponding to support under the UIF as well as investments under Pillar I of the Ukraine Facility will be contributing, in conditions of a war-torn country, to climate change mitigation and adaptation, environmental protection, including biodiversity conservation, and to the green transition provides further additionalities.

The UIF is guided by the principles of ‘do no harm’ and the climate mainstreaming approach underpinning the European Green Deal as well as the leave-no-one-behind principle. It helps addressing social challenges stemming from the war, including for specific groups such as war veterans, internally displaced people, single parents, children and youth, persons with disabilities, older people, minorities and other persons in vulnerable situations, including women. It will in particular facilitate the financing of businesses owned by vulnerable persons or supporting their integration into employment.

Application of Article 158.2 FR

Implementing partners are contractually obliged to comply with applicable Union law and agreed international and Union standards and, therefore, not support actions that contribute to money laundering, terrorism financing, tax avoidance, tax fraud or tax evasion. Implementing partners may not enter into agreements with entities established in jurisdictions listed under the relevant Union policy on non-cooperative jurisdictions or that are identified as high-risk third countries pursuant to Article 9(2) of Directive (EU) 2015/849, or that do not effectively comply with Union or internationally agreed tax standards on transparency and exchange of information.

In addition, when concluding agreements with financial intermediaries, eligible counterparts implementing the Ukraine Guarantees must transpose these requirements into the relevant agreements. The financial intermediaries are also obliged to report on the observance of these requirements. In the reporting period, financial institutions did not report any issues.

In line with the European Commission rules and procedures, the Commission may undertake additional monitoring through its own staff.

In the reporting period, financial institutions did not report any issues.

Support combined with other Union actions

The UIF is fitted with EUR 1.51 billion in blending capacity including financial instruments, investment grants and technical assistance to complement the Ukraine Guarantee and provide concessional finance for investment projects. During the first phase of the Ukraine Investment Framework consisting of top-ups of existing EFSD+ programmes, an additional EUR 206 million in blended finance grants were signed, alongside the 5 Ukraine Guarantee Agreements signed during the reporting period.

UIF Technical Assistance is also employed towards creating a Framework for Project Preparation (FPP), agreed to be established by the Government of Ukraine and the Ukraine Donor Platform. The FPP complements Ukraine's new Public Investment Management (PIM) system by providing capacity to prepare priority public investment projects in the Single Project Pipeline for implementation, ensuring they are shovel-ready and aligned with EU accession requirements. The UIF contributes to three related initiatives:

- Ukraine FIRST Project Preparation Facility: EUR 20 million, split equally between the EIB and the EBRD.
- Ukraine Government PPF: Supported by the World Bank. It complements Ukraine FIRST by covering projects regardless of funding source, whereas Ukraine FIRST focuses on Ukraine Investment Fund (UIF)-funded projects.
- EIB Joint Assistance to Support Projects in European Regions (JASPERS), EUR 10 million; JASPERS plays a key role in supporting the relevant ministries in Public Investment Management (PIM) including development of National and Sectoral Strategies.

The UIF works hands in hand with Pillar I of the Ukraine Facility (Pillar I: Ukraine Plan, providing EUR 33 billion in loans for the delivery of reforms and investments as well as to maintain the macro-financial stability). The UIF focuses on strategic investment priorities identified in the Ukraine Plan, the strategic orientations of the UIF and supports its objectives and implementation.

Support under the Ukraine Facility, including the Ukraine is replacing the bilateral support provided under the Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI-GE) established under Regulation (EU) 2021/947. Ukraine can continue nevertheless to benefit from regional, thematic, rapid response, and other forms of support under NDICI-Global Europe. It will also continue benefitting from humanitarian support under the Humanitarian Aid instrument as well as other spending programmes under Heading 6.

1.6.2 OPERATIONAL PERFORMANCE

Until 31 December 2024, 13 operations (loan agreements and portfolio risk-sharing instruments for banks) have been included under the 5 UIF guarantee agreements, allocating EUR 194.8 million of the Ukraine Guarantee (which represents 20.7% of the guarantee capacity signed). This EU contribution resulted in investments on the side of the final recipients of EUR 975.4 million. This amount consists of the total cost of the action for direct private and public operations as well as the amount of risk-sharing instruments to financial intermediaries.

In the initial phase of the 2024-2027 implementation period, the priority is to enhance policy steer and de-risk operations rather than focusing on multiplier effects, due to the instability and constraints faced by many investors in Ukraine (including a number of eligible counterparts). In terms of providing repayable support to Ukraine, this represents a successful outcome that significantly exceeds the target set for the 2024-2027 period (EUR 40 billion in investment mobilised through the UIF). Additionally, it should be noted that the EIB Guarantee Agreement ('SME Access to Finance – Partial Portfolio Guarantee'), has yet to become effective, and the data for the EBRD's "Financial Inclusion Recovery Programme in Ukraine" is not yet fully available. For the latter programme, local partner financial organisations are given 12 months from the effective date to build a portfolio of sub-loans. This will likely result in an even higher multiplier.

Concrete examples on project level can be found in the IFC Better Futures Programme as well as EBRD’s Hi-Bar programme. Both, UIF programmes jointly contributed to a EUR 157 million finance package supporting the development of two private wind farms in Ukraine. UIF guarantees amounting to EUR 38.7 million were used to back up the EBRD’s EUR 60 million and IFC’s EUR 50 million loans part of the financing package, which also involves the Black Sea Trade and Development Bank (BSTDB), the United Kingdom, and the Climate Investment Funds’ (CIF’s) Clean Technology Fund (CTF). The Ukraine Guarantee thus contributed to the mobilisation of EUR 250 million for one of the first greenfield private projects in Ukraine’s power sector since the beginning of Russia’s invasion of Ukraine in 2022, adding a combined capacity of 147 MW in renewable energy to the countries war-strained energy sector. The plants are expected to generate at least 380 GWh of renewable zero carbon electricity annually, resulting in carbon dioxide emission savings of approximately 245,000 tons per year.

Furthermore, through the Better Futures Programme, IFC provided a senior debt amounting to EUR 200 million to support French telecom holding NJJand private equity company Horizon Capital, to acquire two Ukrainian telecom operators (Lifecell Group and Datagroup-Volia) to create a leading integrated telecom operator in Ukraine. The operation makes part of EUR 400 million financing package prepared jointly with the EBRD and the Government of France. The proceeds are to be partially used for restoration and expansion of the digital and telecommunication network, including in the de-occupied territories of the country. The respective EU guarantee coverage amounts to EUR 80 million. The merged group Datagroup-Volia-lifecell aims to deliver improved mobile connectivity to 10 million subscribers and provide faster and more reliable fixed broadband access to 4 million homes.

The following table summarizes the key operational figures presented above:

Key Figures (as at 31/12/2024)

Total amount of operations signed by counterparts (in EUR)	194,801,096
Total amount of operations disbursed (in EUR)	99,457,346
Amount transferred to final recipients (in EUR)	99,457,346
Number of final recipients	10
Investments made by final recipients	975,375,000
Private sector resources mobilised (in EUR)	N/A
Leverage (ratio)	1.1
Multiplier effect (ratio)	5.6

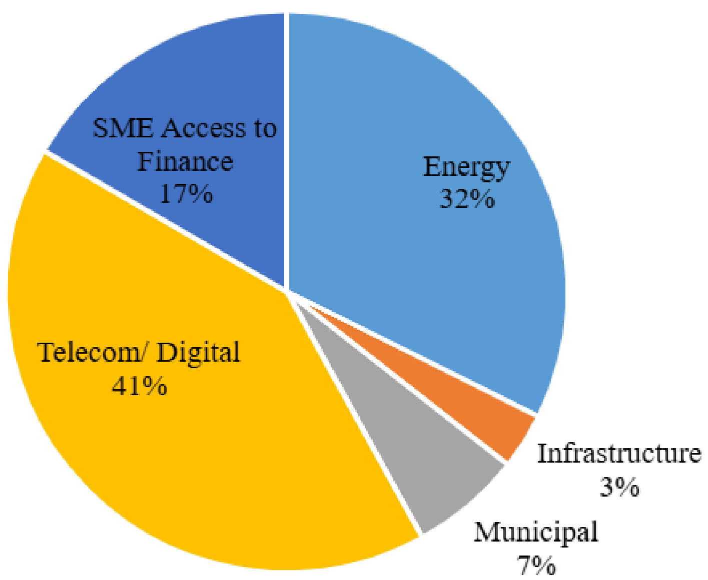
Geographical diversification

Reporting on geographical diversification for the UIF is not applicable, as the UFR is specifically focused on addressing the needs and priorities within Ukraine. The framework is designed solely to support Ukraine, in alignment with its objectives, rather than being distributed across multiple regions or countries as it is the case of ELM, EFSD and EFSD+.

Sectoral diversification

As of 31 December 2024, out of a total of EUR 194.8 million in signed operations, EUR 32.3 million (17%) was allocated to MSMEs, EUR 63 million (32%) to Energy, EUR 6.3 million (3%) to Infrastructure, EUR 12.5 million (7%) to municipalities, and EUR 80.6 million (41%) to Telecoms/Digitalisation.

UIF sectoral diversification



1.6.3 Financial Information

As of 31 December 2024, four UIF guarantee agreements were effective with a total guarantee signed for EUR 790 million[36]. The operations signed by the counterparts under those agreements totalled EUR 194 million, with the EU risk for those operations capped at EUR 172.3 million. The EU risk related to the amounts disbursed by the counterparts amounted to EUR 131.8 million.

all figures in EUR

	EU contingent and financial liability
	31-12-2024
Available guarantee signed with counterparts	790,000,000
EU risk for operations signed by counterparts	172,301,096
EU risk for operations signed by counterparts and disbursed	131,801,096

all figures in EUR

	EU guarantee revenues	
	2024	Cumulative until 31-12-2024
EU guarantee revenues	107,032	107,032

all figures in EUR

	Guarantee calls and recoveries	
	2024	Cumulative until 31-12-2024
Guarantee calls	0	0
Recoveries	0	0
Net guarantee calls	0	0

all figures in EUR

	Expenses	
	2024	Cumulative until 31-12-2024
Fees to counterparts	0	0
Other expenses (recovery costs, funding costs, other)	0	0

[36] The SME Access to Finance Guarantee Agreement with EIB accounting for EUR 150m is not yet effective.

all figures in EUR and as at 31/12/2024

	Financial Inclusion Recovery Programme in Ukraine	Municipal, Infrastructure and Industrial Resilience Guarantee Programme Plus	Hi Bar Programme
Overview			
Effective	Yes	Yes	Yes
Counterpart	EBRD	EBRD	EBRD
Description	The "Financial Inclusion Recovery Programme in Ukraine" programme is supporting access to finance to MSMEs via Partner Financing Institutions, with the aim to improve MSMEs competitiveness and inclusion, help MSMEs investing and improving alignment to EU standards and increase competitiveness.	Top up of an existing EFSD+ guarantee agreement initially contracted 2020. The EBRD Resilience is a multisector guarantee programme that cover different sectors, including: i) industrial activities, ii) buildings, iii) municipal infrastructure, iv) transport and logistics and v) agribusiness and food value chains sector.	The European Bank for Reconstruction and Development (EBRD) and the EU signed in June 2024 the UIF Hi-Bar Programme. Through the Programme, the EU made available a UIF guarantee allocation of EUR150 million, to support loans from the EBRD and commercial co-lenders for projects in Ukraine.
Maximum guarantee signed with counterpart	140,000,000	150,000,000	150,000,000
Operation type	Loans and portfolio guarantees to Partner Financing Institutions for MSME lending	Direct loans to private entities or sub-sovereign non commercial entities	This guarantee cover is available for EBRD's loans, A/B syndicated loans, or parallel loans of lenders who are co-financing projects alongside EBRD.
Risk-sharing structure	First loss	First loss	First loss
Cumulative operations signed by counterpart	32,343,750	18,800,000	40,500,000
Cumulative operations disbursed by counterpart	0	18,800,000	0
EU contingent and financial liability			
Available guarantee signed with counterpart	140,000,000	150,000,000	150,000,000
EU risk for operations signed by counterpart	32,343,750	18,800,000	40,500,000
EU risk for operations signed by counterpart and disbursed	32,343,750	18,800,000	0
Cumulative guarantee calls and recoveries			
Cumulative guarantee calls	0	0	0
Cumulative recoveries	0	0	0
Cumulative net guarantee calls	0	0	0
Cumulative expenses			
Fees to counterpart	0	0	0
Other expenses (recovery costs, funding costs, other) cumulative over all mandates	0	0	0

	IFC - Better Futures Programme (BFP) - Resilience, Reconstruction, and Regeneration of Ukraine (RE-Ukraine)	SME Access to Finance - PPG
Overview		
Effective	Yes	No
Counterpart	IFC	EIB
Description	UIF Better Futures Guarantee Agreement is a multisector guarantee programme covering operations in i) renewable energy, ii) telecommunications/digital sector, iii) agriculture and food processing, iv) industry and manufacturing 350,000,000	EIB Partial Portfolio Guarantees Programme supports pass-through guarantees to local PFIs to cover losses arising from MSME on-lending portfolios. 150,000,000
Maximum guarantee signed with counterpart	350,000,000	150,000,000
Operation type	Direct loans to private entities	Indirect loans through financial intermediaries
Risk-sharing structure	EU risk - max. 50% FLP with the covered percentage of up to 90%	EU Risk - up to 20% FLP on MSME portfolios.
Cumulative operations signed by counterpart	103,157,346	0
Cumulative operations disbursed by counterpart	80,657,346	0
EU contingent and financial liability		
Available guarantee signed with counterpart	350,000,000	0
EU risk for operations signed by counterpart	80,657,346	0
EU risk for operations signed by counterpart and disbursed	80,657,346	0
Cumulative guarantee calls and recoveries		
Cumulative guarantee calls	0	0
Cumulative recoveries	0	0
Cumulative net guarantee calls	0	0
Cumulative expenses		
Fees to counterpart	0	0
Other expenses (recovery costs, funding costs, other) cumulative over all mandates	0	0

2. ASSESSMENT OF CONTINGENT LIABILITIES GENERATED BY BUDGETARY GUARANTEES AND FINANCIAL ASSISTANCE

2.1 INITIAL REMARKS

Contingent liabilities are potential EU liabilities from existing binding commitments that may arise from future events whose occurrence is, at this stage, uncertain. Given the uncertainties around the scale and timing of losses arising from guaranteed operations, the EU budget needs to be equipped to absorb any losses that could materialise with a very high degree of confidence.

In the context of the EU budget, contingent liabilities essentially stem from the three following sources:

a) Exposures from budgetary guarantees:

This type of contingent liabilities relates to budgetary guarantees provided under the following programmes: EFSI and InvestEU (internal policy related guarantees); and ELM, EFSD, EFSD+ and the Ukraine Facility Guarantee (external policy related guarantees). Under all budgetary guarantees, the EU covers – partially or in full (also depending on the legal provisions of the respective guarantee agreements) – the losses of implementing partners emanating from financing and investment operations (i.e. debt or equity operations).

For this type of contingent liabilities, the Commission sets aside **provisions** from the budget.

b) Exposures from borrowing, the proceeds of which are used to provide financial assistance <u>to third countries</u> (i.e. Macro-Financial Assistance (“MFA”) and Euratom loans to third countries):

This type of contingent liabilities relates to exposures of the EU in relation to loans granted to a number of third countries. Such loans are financed via EU borrowing and the EU remains liable for its borrowings to end investors even if the beneficiaries of financial assistance do not pay (or would not pay in time) their liabilities to the EU.

For financial assistance to third countries (apart from MFA+ and Ukraine Facility loans provided to Ukraine), the EU budget sets aside **provisions** in the budget.

c) Exposures from borrowing, the proceeds of which are used to provide financial assistance to Member States (and MFA+/Ukraine Facility loans to Ukraine):

For this type of contingent liabilities, the Commission does not set aside provisions in the budget, but these contingent liabilities are **backed by the headroom** (for loans to Member States under BoP, EFSM, SURE[37] and MFA+/Ukraine Facility loans to Ukraine[38]) or the temporary and exceptional headroom (NGEU)[39]. The sustainability of the headroom is analysed and discussed in the Article 256 FR report[40].

The analysis performed in this Article 41(5) report focuses on the sustainability of contingent liabilities arising from **provisioned** instruments, i.e. the contingent liabilities stemming from **budgetary guarantees and provisioned financial assistance to third countries**. Concretely, this Article 41(5) report will assess whether the respective provisioning rates and provisioning amounts are adequate to cover estimated losses at the desired confidence level. The report will also determine whether there is a ‘surplus’ or ‘replenishment need’ in the meaning of Article 216(4) of the Financial Regulation.

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37 Balance of Payments (BoP), European Financial Stabilisation Mechanism (EFSM), The European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE).

38 See also Article 2(3) of Council Regulation 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027.

39 The Recovery and Resilience Facility (RRF).

40 For the 2024 Article 256 report published on 28 October 2024 (covering exposures as of end 2023), refer to: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52024DC0507; The 2025 Article 256 report will be published in autumn 2025.

2.2 BUDGETARY GUARANTEES METHODOLOGY

2.2.1 ASSUMPTIONS AND PARTICULARITIES

To assess the adequacy of provisioning, the Commission has several tools at its disposal.

For **debt exposures**, mathematical/statistical credit risk models are used, to estimate future losses (net of revenues) resulting from budgetary guarantees. Based on a set of assumptions, the models allow the estimation of the potential losses - expected losses and 'unexpected losses'- associated with defaulting borrowers, thus the Value-at-Risk (VaR) of the portfolio over a certain timeframe. In other words, a credit risk model also provides information on the probability of having a surplus or a deficit of the guarantee provisions over the lifetime of the guarantee.

The estimates of future losses generated by a credit risk model remain estimates based on certain assumptions. As with any statistical estimation, it can always be that actual outcomes in the future differ from these estimates.

For **non-debt exposures** (or exposures for which the credit risk models currently available to the Commission cannot be used, notably in the case of equity operations), expert judgment (where possible guided by historical experience in the instruments concerned) provides the estimates of the relevant risk metrics.

The Commission is continuing the work on a 'unified credit risk model' which will be applied as a common basis for assessing credit risk across all debt portfolios covered by budgetary guarantees. The results of credit risk analysis provided in this report are based on results generated by the separate credit risk models that have been developed and used for internal and external budgetary guarantees since their inception.

For **non-debt exposures** (or exposures for which the credit risk models currently available to the Commission cannot be used, notably in the case of equity operations), expert judgment (where possible guided by historical experience in the instruments concerned) provides the estimates of the relevant risk metrics.

Methodologies for non-debt instruments (e.g. for equity instruments) are continuously refined to incorporate experience with these instruments built up over the years.

Finally, it should be recalled that the Financial Regulation and the respective legislative acts establishing the different budgetary guarantees fix the level at which the provisioning adequacy analysis has to be performed.[41] Article 215 (4) and Article 30(1)(g) of the Financial

[41] As for the ELM, please note that Article 1 of the Council Regulation establishing a "Guarantee Fund for external Action" implies that the GFEA compartment of the CPF covers not only exposures guaranteed under the ELM but also legacy (i.e. pre 2021-2027 MFF) MFA and Euratom loans to third countries. For all other budgetary guarantees (e.g. EFSI, InvestEU) the analysis takes place at the level of the guarantee.

Regulation then describe how different budgetary guarantees can support one another in case there were to be urgent liquidity needs.[42]

Assessment of the adequate provisioning of the relevant compartment of the CPF [43]

A first risk measure that is analysed is the "*de facto* provisioning rate" which is compared with the "target provisioning rate" set in the Basic Act of the budgetary guarantee.[44] For the *de facto* provisioning rate, the actual market value of the guarantee fund is divided by the total amount of (outstanding) signed guarantees with counterparties. This ratio is calculated based on year-end 2024 data and to also have an indication of developments in the near future, the respective figure is also projected for the next five years. These projections are used to assess whether and to what extent the "*de facto* provisioning rate" is aligned with the target provisioning rate.

The difference between the *de facto* provisioning rate and the target provisioning rate, multiplied by the total amount of (outstanding) signed guarantees with counterparties in principle is the basis for the calculation of the 'provisioning surplus' (when the *de facto* rate is higher than the target or the 'replenishment need'). This is considered jointly with an analysis that checks whether the target provisioning rate is still adequate taking into account the Commission's risk appetite (expressed as the Value-at-Risk, VaR, at a certain confidence level as further described below). The Commission will calculate whether the available provisions are still adequate when compared to the required provisioning resulting from the VaR calculations at the desired confidence level.

Assessment of the riskiness of the guaranteed operations as compared to the ex-ante risk bearing capacity of the Commission for a programme

A second risk measure relates to the degree of confidence that the current amount of provisioning (i.e. the current market value of the guarantee fund) will be adequate to cover the

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[42] Please note that the Commission has decided – taking into account information on the ramp up rhythm of the different budgetary guarantees and financial assistance instruments, the correlations between their expected and unexpected losses (and the calculation methodologies underlying these risk metrics) and the market conditions, - to keep the Effective Provisioning Rate – as defined in Article 216 of the Financial Regulation - at 100%. *Pro memoria*, Article 216(2) of the Financial Regulation provides in any event that the Effective Provisioning Rate cannot fall below 95%.

[43] According to Article 3 of the Asset Management Guidelines (AMGs), the resources of the CPF are allocated into compartments corresponding to each of the contributing instruments as outlined in Article 1 of the AMGs. The CPF has at end 2024 the following compartments: EFSI, EFSD, EFSD+, GFEA, InvestEU, "InvestEU - Blending operations", Post-2020 MFA, Exceptional MFA Ukraine, Post-2020 Euratom loans, Repurposed ELM loans Ukraine and Ukraine Guarantee. For the sake of completeness, next to that the CPF also contains the following InvestEU Member States compartments: InvestEU - Czech Republic, InvestEU – Finland, InvestEU – Greece, InvestEU – Romania, InvestEU – Bulgaria, InvestEU – Malta and InvestEU – Spain.

[44] This assessment can only be confidently and meaningfully performed once the programme of guaranteed operations and the corresponding provisioning are fully constituted.

losses of the programme (net of guarantee revenues and recoveries) over a certain time period taking account of updated assessments of the riskiness of the guaranteed portfolio. This risk metric focusses on whether the target provisioning rate is still adequate to cover the estimated losses at the desired confidence level and timeframe and compares this with the initial pre-defined risk bearing capacity of the programme.[45] The analysis presented below will principally be based on the lifetime estimates.[46]

[45] Expressed as the confidence level that provisioning would be sufficient to cover the net losses over the lifetime of the programme.

[46] Where applicable also the estimate for the 5-year time horizon will be mentioned for information purposes.

2.3 ANALYSIS FOR BUDGETARY GUARANTEE PROGRAMMES

2.3.1 EFSI

Assumptions and particularities

The EFSI guarantee consists of two windows ("Infrastructure and Innovation Window" and "SME Window"), which both implement debt and equity products. For the **IIW debt operations (**signed guarantee with counterparties amounting to EUR 15,033,657,460), the related risk metrics are based on a credit risk model developed and ran by the Technical Assistance Unit from EIB ("TAU").[47]

For the equity operations included in the IIW and for the debt and equity operations of the SMEW (signed guarantee with counterparties amounting to EUR 10,339,290,100), the estimates are based on TAU and GROW's methodology and expert judgment.

The EFSI implementation period ended as of 31 December 2022, which means that it is no longer possible for the EIB Group to sign additional operations under this programme.

Assessment of the adequate provisioning of the EFSI CPF compartment

Article 12(5) of the EFSI Regulation[48] has set EFSI's target provisioning rate at 35% of the guarantee signed with counterparties.

As of 31 December 2024, the EFSI CPF compartment[49,50] held cash provisions worth EUR 8,940,697,154. That figure needs to be compared with the "Total available Guarantee on amount signed by Counterparts" outstanding (which is defined as the EU guarantee on amounts signed by the counterparts and still outstanding at year end). At 31 December 2024, this figure amounted to EUR 23,107,453,500.[51]

When the available EFSI provisions are divided by the total available guarantee amount as defined above, the *de facto* provisioning rate is 38.7%; higher than the target provisioning rate

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[47] Given that the EFSI debt portfolios have been combined with the InvestEU debt portfolios, the Commission is supported by the Technical Assistance Unit from EIB ("TAU"). In accordance with the Partnership Agreement signed with the EIB in May 2022, the provisioning rate of EFSI (and InvestEU) debt operations is calculated by the TAU. This estimated provisioning rate is related to the combined EFSI IIW debt portfolio (standard debt and debt hybrid) with the equivalent InvestEU debt portfolios.

[48] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02015R1017-20210101&from=EN

[49] Including the EFSI cash buffer held at the Commission's central treasury to deal with short term expected guarantee calls.

[50] Including the EFSI fiduciary account of EUR 59.855.304.

[51] Which is lower than the maximum legislative guarantee ceiling of EUR 26 billion because meanwhile there have been a number of repayments, cancellations and maturities of equity-type products.

of 35%. In nominal terms, the surplus amounts to EUR 853,088,429, which, with the current wording of the provisions of the Public Sector Loan Facility (PSLF) and the InvestEU Regulation, can be allocated to the financing of the PSLF and the provisioning of InvestEU.

Assessment of the riskiness of the guaranteed operations as compared to the ex-ante risk appetite of the Commission for this programme:

When assessing whether the target provisioning rate is adequate, the required provisioning for the underlying products has to be assessed.

The results of the risk analysis conducted based on a credit risk model for IIW debt operations[52] and on TAU/GROW methodology and expert judgment for IIW and SMEW equity and SMEW debt products, indicate a VaR[53] amount of EUR 7,848,537,087 (compared to a figure last year of EUR 7,363,840,952) at a 95% lifetime confidence level. The underlying provisioning dynamics reveal a sharp shift towards more provisioning needs for debt-type products (the result of more precise calculations done on the basis of EIB provided expected future portfolios size and composition) and towards less provisioning needs for equity-type products (mainly because funding cost projections have decreased, increases in equity valuations and a decrease in the overall size of the portfolios). On balance this results in an increase in the required provisioning from 31% to 34%. This remains broadly consistent with the target provisioning rate of 35%.[54]

[52] The EFSD model (which is also used for ELM and EFSD+) uses a shifted gamma distribution for the systematic factor and a gaussian distribution for the idiosyncratic factor and generates, in a given Monte Carlo simulation, a new asset return value for every year of the lifetime of an exposure. The net losses are not discounted.
For EFSI, and in accordance with Article 11 of the InvestEU Regulation and the Partnership Agreement with the EIB, the estimates have been provided with the support of a model developed by the Technical Assistance Unit, a separate operationally independent team composed of EIB and EIF risk management experts. The EFSI model uses a blend of statistical distributions (2/3 shifted gamma and 1/3 gaussian) and generates in a given Monte Carlo simulation, one asset return value for the entire lifetime of an exposure. The model is also used for InvestEU. The net losses are not discounted.

[53] The Value-at-Risk (VAR) can be defined as the portfolio loss level which, statistically, over a certain time horizon will not be exceeded with a certain confidence level.

[54] Changes to the EFSI provisioning rate require an amendment of the EFSI Regulation. Indeed, it has to be noted that, in contrast to the legislation establishing subsequent budgetary guarantees (other than EFSD) which allow the Commission to adjust the provisioning rate within a certain range by means of a delegated act, changes to the EFSI provisioning rate require an amendment of the EFSI Regulation.

2.3.2 INVESTEU

Assumptions and particularities

The InvestEU guarantee consists of four windows[55], which implement debt and equity products.

For part of the debt operations[56], the related risk metrics are based on a credit risk model developed and ran by the Technical Assistance Unit from the EIB (“TAU”).

For the non-modelled exposures - equity and equity-type operations[57] the estimates are also based on TAU methodology.

The InvestEU programme is still in the ramp-up phase meaning that operations with beneficiaries can still be signed until the end of 2028.

Assessment of the adequate provisioning of the InvestEU CPF compartment

The EU compartment of the InvestEU guarantee is underpinned by EU budgetary provisions (financed from the EU budget but also partially financed from EURI resources and assigned revenues from legacy instruments as well as EFTA contributions) of EUR 10.66 billion, with a target provisioning rate of 40% as stipulated by Article 4 in the InvestEU Regulation[58].

As of 31 December 2024, the InvestEU CPF compartment held cash provisions worth EUR 5,528,616,274[59]. That figure needs to be compared with the “Total available Guarantee amount signed with Counterparts” outstanding (which is defined as the ‘ceiling in the guarantee agreements signed and effective minus all net payments that reduce the guarantee cap minus ‘released guarantees’). At 31 December 2024, this figure amounted to EUR 27,041,969,322.

When the available InvestEU provisions are divided by the total available guarantee amount as defined above, the de facto provisioning rate is 20.5%. Given that the ramp-up of the

55 InvestEU has the following specific objectives (policy windows): Sustainable Infrastructure Window – SIW; Research, Innovation and Digitization Window – RIDW; SME Window – SMEW; and Social Investments and Skills Window – SISW.

56 Representing 36% of the “Total Amount of EU risk for operations signed by Counterparts” or EUR 4,271,942,002 out of EUR 11,769,484,141.

57 Representing 64% of the “Total Amount of EU risk for operations signed by Counterparts” or EUR 7,497,542,139 out of EUR 11,769,484,141.

58 Article 29(6) of the InvestEU Regulation allows the Commission to adjust that provisioning rate by up to 15% by means of a delegated act.

59 This value is excluding the Member State compartments and the “blending compartment” but including the cash buffer held at the Commission’s central treasury to deal with short term expected guarantee calls.

programme is still in an early stage and given that additional provisions will be paid in the remainder of this MFF, it is premature to draw any conclusions about provisioning adequacy.

Assessment of the riskiness of the guaranteed operations as compared to the ex-ante risk appetite of the Commission for this programme:

When assessing whether the target provisioning rate is adequate, the required provisioning for the underlying products has to be assessed.

The results of the risk analysis conducted based on a credit risk model and on TAU/GROW methodology indicate a VaR[60] amount of EUR 4,807,513,261[61] at a 95% lifetime confidence level. The risk assessment implies a required provisioning rate of 40.8%, which remains consistent with the target provisioning rate of 40%.

2.3.3 EFSD

Assumptions and particularities

The EFSD implementation period ended as of 31 December 2024, which means that it is no longer possible for the Implementing Partners to sign additional operations under this programme.

The provisions of the EFSD CPF compartment have already been constituted in full. It should also be noted that the EFSD CPF compartment also benefitted from external contributions from the Bill and Melinda Gates Foundation (USD 50 million) and from contributions of a number of Member States (EUR 10 million).

Assessment of the adequate provisioning of the EFSD CPF compartment:

The EFSD Regulation has set in Article 14(5) the target provisioning rate at 50%. At 31 December 2024, the EFSD CPF compartment held provisions worth EUR 785,173,923 (last year EUR 765,011,862)[62]. This is to be divided by the “total available guarantee amount signed with counterparts” (i.e. the ‘ceiling in the guarantee agreements signed and effective minus all net payments that reduce the guarantee cap minus guarantee released’) of EUR 760,232,178 at 31 December 2024 (which last year was the substantially higher figure of EUR 1,063,100,964 but there have been a number of guarantee cancellations).

[60] The Value-at-Risk (VAR) can be defined as the portfolio loss level which, statistically, over a certain time horizon will not be exceeded with a certain confidence level.

[61] Please note that TAU only models operations that are currently signed with counterparts and does not project operations that are not signed yet.

[62] Also including the cash buffer held at the Commission’s central treasury to deal with short term expected guarantee calls. Contributions from third parties are paid-in at 100%.

When the available provisioning is divided by the total available guarantee, the *de facto* provisioning rate is 103.3%.

This is higher than the target provisioning rate of 50%. Whilst in nominal terms, the surplus amounts to EUR 405,057,834, this needs to be complemented by an analysis of the riskiness of the guaranteed operations as compared to the ex-ante risk appetite, which, as outlined more in details in the section just below, leads to a risk-based provisioning delta of EUR 321,410,676 .

Assessment of the riskiness of the guaranteed operations as compared to the ex-ante risk appetite of the Commission for this programme:

When assessing whether the target provisioning rate is adequate, the required provisioning for the underlying products has to be assessed taking into account the risk profile of the guaranteed operations as compared to the ex-ante risk appetite (defined for the EFSD by the lifetime Value-at-Risk with 90% confidence level).

The results of the risk analysis performed on an internal credit risk model[63] indicate a lifetime VaR[64] amount of EUR 463,763,247 (last year EUR 700,720,589) at the desired 90% confidence level[65] This implies a required provisioning rate of 61.0% and a risk-based provisioning delta of EUR 321,410,676.

In 2025, there will be a call for Covax of EUR 130 million, which will in principle decrease the available amount of provisions from the EFSD CPF compartment and at the same time the outstanding amount of liabilities by the same amount. On balance this should then reduce the de facto provisioning rate and bring it broadly in line with the regulatory provisioning rate of 50%. Therefore, it seems at this juncture appropriate to leave the target provisioning rate of EFSD unchanged at 50%.

The difference between the actual and the required provisioning rate (VaR based) and the 50% target provisioning rate is respectively EUR 405,057,834 and EUR 321,410,676.

A cautious approach would be to only take the part above the risk-based provisioning (VaR based provisioning rates of 61%) out of the CPF compartment, thus leading to a delta of EUR 321,410,676. Please note that the Commission has proposed an amending regulation to increase the efficiency of the EAG, whereby the EFSD guarantee surpluses would be assigned

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[63] As noted above, the EFSD model (which is also used for ELM and EFSD+) uses a shifted gamma distribution for the systematic factor and a gaussian distribution for the idiosyncratic factor and generates, in a given Monte Carlo simulation, a new asset return value for every year of the lifetime of an exposure. The net losses are not discounted.

[64] The VaR can be defined as the portfolio loss level which, statistically, over a certain time horizon will not be exceeded with a certain confidence level.

[65] If the same exercise is done over a time horizon of 5 years, a Value-At-Risk level of 400,947,127 EUR is obtained.

to Heading 6 priorities, including EFSD+ provisioning[66]. In any event, when a final decision on the use of the surplus would be made, the calculations can be updated.

2.3.4 EFSD+

EFSD+ is the instrument for external guarantees in this MFF period and can broadly be considered as the successor instrument of ELM (EFSD+ Investment Window 1) and EFSD (the other EFSD+ Windows).

Investment Windows

A. EFSD+ Investment Window 1

On 29 April 2022, the EU and the EIB signed an EFSD+ Guarantee Agreement establishing the EU guarantee under the EFSD+ Investment Window 1, which is an investment window providing comprehensive risk cover[67] for loans to sovereigns and non-commercial sub-sovereign counterparts. The EU budgetary guarantee provided under EFSD+ Investment Window 1 has as main purpose to support EU policy objectives (such as the Global Gateway) and enhances the risk-bearing capacity of the EIB.

At 31 December 2024, EFSD+ IW1 had already signed operations for a total value of EUR 10,197 million of which EUR 784 million had been disbursed.

B. EFSD+ Open Architecture

In the EFSD+ Open Architecture, the policy orientations set out six investment areas for which Partner Financial Institutions submitted their 'proposed investment programmes' during a first call for proposals in 2022.

At 31 December 2024, there were 23 agreements signed under EFSD+ Open Architecture Window with 10 implementing partners for a total amount of EUR 4,265 million of guarantee cover[68]. This includes one guarantee agreement signed under EFSD+ Investment Window 4, which is *de facto* considered as part of the Open Architecture window. This up to EUR 1 billion window provides a first loss protection and focuses on private sector operations in Africa, Caribbean and Pacific. It is implemented solely by the EIB.

[66] COM(2025) 262 final - Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on amending Regulation (EU) 2021/947 as regards increased efficiency of the External Action Guarantee.

[67] As opposed to political risk cover, which only covers defaults linked to trigger events of a political nature.

[68] The EIB-COVAX II agreement for an amount of EUR 200 million has already been terminated.

Assumptions and particularities

The risk estimates for EFSD and EFSD+ are derived from an internal credit risk model. At this stage, the EFSD+ Window 1 and the Open Architecture Window are modelled separately.

Assessment of the adequate provisioning of the EFSD+ CPF compartment

As far as the Common Provisioning Fund is concerned, pursuant to Article 31 of the NDICI Regulation[69], the target provisioning rate is between 9% and 50% depending on the type of operations.

The Regulation also establishes that a maximum amount of EUR 10 billion from the Union budget may be used to provision the External Action Guarantee, covering EFSD+ and MFA / Euratom loans for the current MFF. The value of the EFSD+ CPF compartment by the end of 2024 amounted to EUR 2,943,169,084[70].

The build-up of the provisioning in the CPF is planned over the 2021-27 period in terms of commitments and will run into the next MFF in terms of payments, taking into account the gradual build-up of the portfolio of operations covered by EFSD+ guarantees.

However, based on expected call forecasts, no short-term liquidity issues are foreseen as arising with the available provisioning of the EFSD+ compartment.

Assessment of the riskiness of the guaranteed operations as compared to the ex-ante risk appetite of the Commission for this programme:

Given that the ramp-up of the programme is still in an early stage, with the first operations signed in 2022, it is premature to draw firm conclusions about provisioning adequacy.

However, the analysis performed by an internal risk model give the following results:

- for the EIB Investment Window 1, a lifetime VaR[71] amount of EUR 1,850 million at the desired 90% confidence level[72], hence lower than the related provisioning amount (EUR 2,343 million[73] not fully paid-in yet);

[69] Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No 480/2009 (Text with EEA relevance).

[70] Including the cash buffer held at the Commission's central treasury to deal with short term expected guarantee calls.

[71] The VaR can be defined as the portfolio loss level which, statistically, over a certain time horizon will not be exceeded with a certain confidence level.

[72] If the same exercise is done over a time horizon of 5 years, a VaR level of 529 million EUR is obtained.

- for the Open Architecture and the EIB Investment Window 4, a lifetime VaR amount of EUR 2,203 million at the desired 90% confidence level[74], hence lower than the related provisioning amount (EUR 2,382.3 million[75] not fully paid-in yet).

Although there is currently a significant gap between the VaR of EFSD+ Window 1 and the corresponding provisioning in the CPF, this is expected to narrow. EUR 5 billion will be reallocated from Window 1 to a new EFSD+ Window 2, which targets commercial sub-sovereign counterparts with a higher risk profile than the sovereign and non-commercial sub-sovereign entities under Window 1. This shift will increase the overall risk exposure and result in a closer alignment between the provisioning amount and the actual risk.

In any event, Commission services will continue to carefully monitor the build-up of risk in the EFSD+ portfolio to ensure consistency with the *ex-ante* risk appetite.

2.3.5 ELM

Assumptions and particularities

The ELM portfolio consists of several historical mandates (two mandates under the 2014-2020 MFF[76], which have been extended to end 2021 plus other "legacy" mandates dating back from earlier MFF periods). All underlying operations relate to debt products, most of them with sovereign counterparties. There is also a limited number of private entity exposures (i.e. the ERI[77] Private Mandate and a number of political risk guarantees to commercial exposures). Some operations indeed only benefit from 'political risk cover' (approximately 5.0% of the outstanding disbursed portfolio as of end-2024) whereas the vast majority benefits from a 'comprehensive risk cover'.

For the present analysis, political risk has been treated as if it were comprehensive risk, which is a conservative assumption.

[73] The EIB Investment Window 1 will also cover one EUR 100 million operation in Ukraine, provisioned at the rate of 70%. The rest of the portfolio is provisioned at 9%.

[74] If the same exercise is done over a time horizon of 5 years, a VaR level of 1,815 million EUR is obtained.

[75] I.e. 50% of signed guarantee capacity under the EFSD+ Open Architecture window as at 31.12.2024 + EUR 750 million for EIB Investment Window 4 (i.e. 50% provisioning of EFSD+ guarantee cover and 100% provisioning of guarantee cover due to ACP reflows coming in as external assigned revenues) (ACP referring to African Caribbean and Pacific States)).

[76] Established by Decision No 466/2014/EU of the European Parliament and of the Council, amended by Decision (EU) 2018/412 L_2018076EN.01003001.xml (europa.eu)

[77] Economic Resilience Initiative Private Mandate of EUR 2.3bn, supported under the ELM 2014-20 further on the basis of Decision (EU) 2018/412, amending the original Decision No 466/2014/EU.

For many years, the provisioning for the ELM was held in the Guarantee Fund for External Actions (GFEA), which also held the provisioning for pre-2021 MFA and non-EU Euratom loans. As of August 2021, this Guarantee Fund has been transferred to the Common Provisioning Fund (CPF) and constitutes a separate compartment thereof. In principle, the provisioning is fungible between ELM, pre-2021 MFA and pre-2021 non-EU Euratom loans.

Assessment of the adequate provisioning of the GFEA

At 31 December 2024, the GFEA CPF compartment[78] stood at EUR 3,399,831,654. This results in a *de facto* provisioning rate of 9.96%.[79] It should be noted that while the target provisioning rate is 9%, the surplus does not need to be paid back into the general budget of the European Union since the provisioning rate does not exceed 10% as defined in Article 3 of the GFEA Regulation.[80]

It is projected that the outstanding disbursed portfolio has entered its shrinking phase (i.e. annual reimbursements of GFEA-backed loans will now exceed new disbursements), which should decrease the provisioning needs in the future. When the assets to be held in the GFEA CPF compartment are projected over the next years, provisioning replenishment until 2027 cannot be fully excluded but the baseline expectation is that no further replenishments will be necessary in the period 2025-2027.

It should be noted that, in contrast to e.g. EFSI or EFSD, no *ex-ante* risk appetite (in the form of a confidence level) is established for the programmes supported by the GFEA provisions. This makes it impossible to assess the adequacy of the *de facto* and target provisioning rates for GFEA backed programmes in the same way as for the other budgetary guarantees.

Assessment of the adequate provisioning of the ELM

For the purpose of this analysis, the assumption is that the available provisioning for ELM is identical to the *pro-rata* part of its CPF compartment (with as allocation key the size of ELM outstanding disbursed liabilities as compared to total GFEA outstanding disbursed liabilities).

At 31 December 2024, the ELM *pro-rata* part of the GFEA compartment[81] amounted to EUR 2,643,774,926. This figure is to be divided by the "total available guaranteed amount signed with Counterparts and disbursed" (i.e. the 'amounts in the guarantee agreements

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[78] Including the cash buffer held at the central treasury and excluding provisioning replenishments planned to be paid into the GFEA compartment during 2025.

[79] Excluding exposures towards countries that have meanwhile become Member States in accordance with Art. 4 of the GFEA Regulation. The exposure amounts to about EUR 224 million.

[80] COUNCIL REGULATION (EC, EURATOM) No 480/2009 of 25 May 2009 establishing a Guarantee Fund for external actions.
https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02009R0480-20180408&from=EN

[81] Including the cash buffer held at the central treasury and excluding revenues cashed-in in 2024 but not contributed to the cash buffer yet.

signed, disbursed and effective minus all net payments that reduce the guarantee cap minus guarantee released') of EUR 26,777,310,327 at 31 December 2024. This calculation then results in the *de facto* provisioning rate of 9.9%.

Assessment of the riskiness of the guaranteed operations as compared to the ex-ante risk appetite of the Commission for this programme.

The ELM programme, across its several mandates, has experienced some improvement in its main credit risk metrics, driven by numerous rating upgrades.

The results of the risk analysis performed on an internal risk model[82] indicate a VaR amount of EUR 2,732,336,516 (versus last year‘s figure of EUR 3,220,720,378) at the 90% confidence level over the full lifetime of the guarantee. This exceeds the corresponding *pro-rata* provisioning in the CPF compartment (cf. supra: EUR 2,643,774,926). It should however be kept in mind that, as already mentioned above, the GFEA compartment is topped up on a yearly basis in case the provisioning falls below 9% of the outstanding disbursed amounts guaranteed. In this regard, it should also be recalled that the ELM consists of amortising loans with long repayment periods, where losses tend to crystallise in a non-abrupt manner.

The **ELM repurposed loans to Ukraine** for a maximum amount of EUR 1.59 billion ('Second EIB Relief Package for Ukraine', announced in July 2022) will be provisioned at 70% as set by Decision (EU) 2022/1628. In line with Article 12 and Article 14 of the said Decision, the provisioning will be paid from the EU budget into a dedicated CPF compartment (over the period 2025 to 2027).

At the end of 2024, the EIB had disbursed the maximum amount of ELM repurposed loans, i.e. EUR 1.59 billion.

The **provisioning rate of 70%** applied to both the ELM repurposed loans and exceptional EUR 6 billion MFA loans granted in 2022 has been analysed based on both a qualitative and quantitative assessment of the risks as they stood at end-2024.

Elements which were taken on board in the qualitative assessment include the IMF's sixth review, the agreement reached in August 2024 with private Eurobond creditors[83] to restructure its debt, and the establishment of the Ukraine Loan Cooperation Mechanism allowing the EU to provide EUR 18.1 billion of exceptional macro-financial assistance to

82 The analysis is performed on "Total amount of EU risk for operations signed with Counterparts", defined as 'the exposure of the EU guarantee in terms of operations that are covered and still active.'

83 Eurobond holders, who collectively held bonds with a nominal value of USD 20 billion, accepted a 37% reduction in principal.

Ukraine in the context of the G7 initiative to support Ukraine with a loan of up to US$50 billion (Extraordinary Revenue Acceleration initiative)[84].

On December 20, 2024, the IMF Executive Board released the sixth review of the EFF arrangement, enabling a disbursement of about USD 1.1 billion to Ukraine, bringing total disbursements under the program to approximately USD 9.8 billion. The IMF commended Ukraine for its strong performance under the program despite challenging conditions, noting that all end-September quantitative performance criteria and structural benchmarks were met. The IMF emphasized the importance of sustained reform momentum, progress in domestic revenue mobilization, and timely disbursement of external support to safeguard macroeconomic stability, restore fiscal and debt sustainability, and improve governance.

The IMF continues to consider public debt to be sustainable on a forward-looking basis. This assessment rests on three pillars:

- Prudent fiscal policies: The IMF programme and the Ukraine Facility promote reforms to strengthen the medium-term budgetary framework, enhance domestic revenue mobilisation, and improve public financial management. These measures underpin a revenue-based fiscal adjustment aimed at gradually reducing the fiscal deficit and supporting debt sustainability. Ukraine has adopted a budget for 2025 that complies with the macroeconomic framework under the IMF programme and includes a sizeable tax package to increase revenues in 2025.
- Continued financial assistance on concessional terms: Donor support in 2024 exceeded expectations and IMF programme parameters. The Extraordinary Revenue Acceleration ("ERA") initiative, which aims to provide EUR 45 billion in loans to be repaid by revenues from the immobilised Russian assets in the EU and other jurisdictions, is expected to ensure predictable financing for the remainder of the programme, alongside the Ukraine Facility.
- Debt restructuring: The IMF programme anticipates addressing official bilateral debt once conditions stabilise or by the end of the programme in 2027. In addition, following the August 2024 agreement with most private bondholders, discussions with remaining creditor groups are progressing, guided by a credible process aligned with IMF targets and efforts to restore debt sustainability.

Despite the importance of putting in place a fully-fledged IMF programme, with six successful reviews concluded to date; the continued sizeable support from international partners, not least the EU; and the anchoring of further reform efforts in becoming a candidate country for EU membership, several factors call for caution in reassessing the provisioning rate. Ukraine remains highly reliant on external donor financing (mainly from the EU and other G7 partners) as a source of budget funding in order to close fiscal gaps not covered by tax revenues and financing from the domestic market. On top of that uncertainty still persists

[84] Regulation (EU) 2024/2773 of the European Parliament and of the Council of 24 October 2024 establishing the Ukraine Loan Cooperation Mechanism and providing exceptional macro-financial assistance to Ukraine.

with regard to the end of the conflict. Taking into account all the elements described above, maintaining a provisioning rate of 70% can be deemed adequate at present to protect the EU budget from potential losses arising from ELM repurposed loans (and the exceptional MFA loans).

The Commission is monitoring Ukraine's economic and financial situation, including the impact from the security situation, which will inform its assessment of the adequacy of the provisioning rate looking ahead.

2.4 OVERVIEW OF EU EXPOSURES TO UKRAINE AT END 2024

Since the outbreak of Russia's war against Ukraine, the EU has provided substantial amounts of financial support.

EU exposures to Ukraine can be grouped under 'direct' and 'indirect' exposures, as follows:

Direct exposures from all sovereign lending programmes stood at EUR 42.4 billion in terms of loan principals disbursed by the end of 2024. Of these:

- 5.3 billion were outstanding legacy MFA and Euratom exposures. These are provisioned exposures and the provisions are partially housed in the GFEA compartment (4.1 billion EUR) and the 'Post-2020 MFA compartment' of the CPF (EUR 1.2 billion). The GFEA compartment and the post-2020 MFA compartment work on the basis of a 9% provisioning rate.
- EUR 6 billion were outstanding from the exceptional MFA I and II programmes, backed by the exceptional MFA compartment CPF (9% first loss) and also a second loss guarantee granted by the Member States (61%).
- EUR 31.1 billion were outstanding from MFA+ loans (EUR 18 billion) and Ukraine Facility Regulation ("UFR") loans (13.1 billion) but these loans are backed by the EU budget 'headroom'. No amounts had been disbursed under the Ukraine Loan Cooperation Mechanism (ULCM) yet at the end of 2024 but also those loans will be backed by the headroom.

Indirect exposures from all guarantees outstanding amounted to EUR 4.13 billion at the end of 2024, as follows:

- under the ELM, outstanding amounts represented EUR 3.7 billion, of which ELM repurposed loans[85] for an amount of EUR 1.6 billion provisioned at a rate of 70% and the rest (i.e. EUR 2.1 billion) provisioned at a rate of 9%
- under the Ukraine Facility guarantee, EUR 170 million was outstanding, provisioned at 70%.
- under the EFSD+ Investment Window 1 guarantee, the amounts outstanding were EUR 100 million provisioned at 70%.
- under EFSD, there is a guarantee agreement with the EBRD under which the EU has a maximum loss of EUR 70 million.
- under EFSD+ Open Architecture Investment Window a EUR 90 million EFSD+ guarantee agreement was signed with the IFC.

[85] Please see section 1.4.4 for more detailed information.

The Commission did not experience any missed payment from the Ukrainian sovereign in 2024, which repaid EUR 600 million of notional as expected, for two loans maturing in April 2024.

As indicated already before, exposures to Ukraine after the start of the war received 70% protection or are alternatively covered by the headroom.

2.5 ANALYSIS OF FINANCIAL ASSISTANCE PROGRAMMES TO THIRD COUNTRIES

As in previous years the analysis, of financial assistance programmes to third countries like MFA, Euratom, Western Balkan Facility and UFR, draws conclusions based on expert judgment, considering qualitative and quantitative elements such as lending exposures outstanding, payment defaults, diversification effects, and loan maturity structure.

In 2024, EU loans to third countries amounted to EUR 47.1 billion, representing some 16% of the EU's outstanding loans to sovereigns. Ukraine was the largest exposure in this group, with EUR 42.4 billion or 90% of EU's total lending exposure to third countries and 14% of EU's total lending exposure to sovereigns.

Lending operations to third countries are underpinned by legal acts establishing the various EU programmes of financial assistance, with general rules set out in the Financial Regulation. The legal agreements are of three broad types of formats – Euratom, Macro-Financial Assistance ("MFA") programmes, and 'facilities' currently existing for Ukraine, Moldova and the Western Balkans.

In all lending cases, the EU budget is protected against potential credit losses through different mechanisms including provisioning, callable guarantees from all EU Member States, and the EU budget headroom (see table below). The credit risk coverage from loans outstanding at the end of 2024 was envisaged as follows:

- The MFA programmes provisioned in the budget at 9%[86] represent the bulk of financial assistance programmes, amounting to EUR 15.7 billion outstanding exposures at end-2024. EUR 6.0 billion of these outstanding exposures, corresponding to the two Exceptional MFA loans disbursed to Ukraine in 2022, are additionally covered through a guarantee from EU Member States of 61%, resulting in a 70% budgetary cover.

- Separately, loans granted to Ukraine since 2023 have been fully covered by the EU budget headroom. These exposures amount to EUR 31.1 billion outstanding at end-2024, with EUR 18 billion in loans disbursed under MFA+ in 2023 and EUR 13.1 billion in loans disbursed under the Ukraine Facility Regulation ("UFR") in 2024.

- Euratom loans to non-Member States also provisioned in the budget at 9% represent the remainder of financial assistance programmes, with EUR 300 million outstanding at the end of 2024.

[86] These refer to most MFA loans, except MFA loans to Ukraine which are covered under the headroom (the EUR 18 billion MFA+ programme and the EUR 18.1 billion ULCM committed in 2024 and not disbursed that year).

- Disbursements under the recently committed Ukraine Loan Cooperation Mechanism (ULCM) or under the facilities for the Western Balkans and Moldova had not yet started in 2024.

Risk coverage of different EU lending operations in EUR billion at the end of 2024

Programmes		Beneficiary	Budget	Outstanding Exposures	Risk Coverage			
					Provisions	MS Guarantee	Headroom	Total Coverage
Euratom		Third countries	0.3	0.3	9%	-	-	**9%**
MFA	Exceptional MFAs	Third countries	6.0	6.0	9%	61%	-	**70%**
	MFA+	Third countries	18.0	18.0	-	-	100%	**100%**
	ULCM	Third countries	18.1	0.0			100%	**100%**
	Other MFAs	Third countries	13.0	9.7	9%	-	-	**9%**
UAF		Third countries	33.0	13.1	-	-	100%	**100%**
WBF		Third countries	4.0	0.0	9%	-	-	**9%**
NGEU RFF Loans		Member States	290.9	108.7	-	-	100%	**100%**
SURE		Member States	100.0	98.4	-	25%	75%	**100%**
EFSM		Member States	60.0	42.0	-	-	100%	**100%**
BoP		Member States	-	0.2	-	-	100%	**100%**
TOTAL third countries			**92.4**	**47.1**				
TOTAL member states			**450.9**	**249.3**				
Overall TOTAL			**543.3**	**296.4**				

Note: 'Budget' stands for the loan amount signed. Other MFAs include all MFAs to third countries other than Ukraine as well as the following MFAs to Ukraine: MFA 1,2,3, 4, MFA Covid, emergency MFA;

Source: Commission Risk Management

MFA and Euratom loans, as well as loans under different 'facilities' the Western Balkans and Moldova are in different compartments of the Common Provisioning Fund as follows:

- the legacy exposures covering MFAs granted before 2021 and Euratom loans are part of the GFEA compartment;
- the MFA loans granted since 2021, including the emergency MFA loan to Ukraine, are in the Post-2020 MFA compartment;
- the exceptional MFA loans to Ukraine (Exceptional MFA I and MFA II) are in separate compartment given their special set-up. For this exceptional MFA loans package to Ukraine, a coverage rate of 70% is foreseen: 9% paid-in provisioning from the EU budget and 61% of callable guarantees from Member States.

The Ukraine Facility is not provisioned for from the budget, i.e. 100% covered by the headroom.

Importantly, there has been no payment default in the reporting year 2024 nor in any previous years, in relation to countries that have benefitted from MFA; similarly, in an assessment of MFA and Euratom loans outstanding as of 31 December 2024, the Authorising Officer concluded there was no need to book accounting impairment. However, the situation in Ukraine following Russia's aggression requires a specific assessment of risks (see below), even if the country remains fully committed to honour its debt. Moreover, the analysis of the Authorising Officer confirmed that there are currently no elements to question the overall 9% target provisioning rate which was set in the NDICI Global Europe Regulation[87]. This conclusion relies on several arguments including:

- The economic standing of the MFA beneficiaries, taking into account factors such as the GDP/capita, relative maturity of the economy, proximity to the EU economy, etc;

- The MFA programmes' direct link to and contingency on an existing disbursing IMF programme, and satisfactory track record on its implementation, which should ensure the financial viability of the third country and, thus, the eventual repayment of the Union funds;

- DG ECFIN, in its capacity of Authorizing Officer of MFA loans, analysed the economic situation of the MFA beneficiaries and the recent macroeconomic developments in partner countries. Furthermore, DG ECFIN monitored closely the debt sustainability analysis the IMF performs with quarterly updates. In its assessment, DG ECFIN distinguished between countries in the Eastern Neighbourhood, the Southern Neighbourhood and the Western Balkans. This analysis concluded that, in 2024, economic activity in the Eastern neighbourhood countries remained robust overall, except in Ukraine and Moldova where growth momentum weakened, especially in the second half of the year. This reflected a weaker agricultural harvest due to adverse weather and the direct and indirect impact of Russia's war of aggression. In Ukraine, Russia's intensified attacks on critical infrastructure also contributed to the slowdown. In the Middle East, the war in Gaza has increased uncertainty significantly and poses political risks, with a slump recorded in Gaza whereas its economic impact on the region (through trade, tourism and consumption) overall has been limited. Economic growth generally slowed in 2024 in the Southern neighbourhood, partly due to the war, regional tensions and instability, but also reflecting preexisting structural challenges and the impact of a moderation of global growth. Economic growth in the Western Balkans remained stable in 2024. Strong nominal output growth supported budget revenues and fiscal balances improved in most Western Balkan economies in 2024.

Regarding exposures to Ukraine (see section 2.3.5) the Authorising Officer indicated that a separate process has been put in place to allow to regularly assess the economic and financial situation of the country to ensure that the provisioning rate of 70% applied for relevant MFA and ELM loans to Ukraine remains adequate. As of 14 May 2025, no Ukrainian exposure was overdue, the Ukrainian authorities remained fully committed to honour their exposures to the EU, an IMF programme was on track with seven successfully completed reviews to date, and the IMF confirmed that public debt remained sustainable on a forward-looking basis.

87 Article 31(5) of the NDICI Global Europe Regulation also refers to a 9% provisioning rate for Macro Financial Assistance.

In terms of liquidity risk, given that the maturities of loans related to the countries benefitting from MFA are reasonably well spread over the current and subsequent MFFs, CPF assets should suffice to deal with any liquidity needs in relation to potential guarantee calls. These conditions reduce potential liquidity risks in case of delay or default event.

3. GLOSSARY

ABS	Asset Backed Security
AECID	Agencia Española de Cooperación Internacional para el Desarrollo
AEGF	African Energy Guarantee Facility
AFD	Agence Française de Développement
AgreenFi	Agricultural and Rural Finance Guarantee Programme
AIP	African Investment Platform
BDB	Bulgarian Development Bank
BGK	Bank Gospodarstwa Krajowego
BoP	Balance of Payment
CCS	Cultural and Creative Sector
CDC	Caisse des Dépôts
CDP	Cassa Depositi e Prestiti
COFIDES	Compañía Española de Financiación del Desarrollo
COSME	The EU programme for the Competitiveness of SMEs
COVAX	COVID-19 Vaccines Global Access
CPF	Common Provisioning Fund

DFI(s)	Development Financial Institution(s)
EaSI	EU Programme for Employment and Social Innovation
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECP	European Climate Platform
EDFI	European Development Finance Institutions
EEAS	European External Action Service
EFSD	European Fund for Sustainable Development
EFSD+	European Fund for Sustainable Development Plus
EFSI	European Fund for Strategic Investments
EFSI GF	Guarantee Fund of the European Fund for Strategic Investments
EFSM	European Financial Stabilisation Mechanism
EGRE NS	European Guarantee for Renewable Energy (Non-Sovereign)
EIB	European Investment Bank
EIF	European Investment Fund
ELM	External Lending Mandate
ERI	Economic Resilience Initiative

ERI TA	Economic Resilience Initiative Technical Assistance
ESIF	European Structural and Investment Funds
ESIF-EAFRD	European Structural and Investment Funds - European Agricultural Fund for Rural Development
EU	European Union
EUR	Euro
EURATOM	European Atomic Energy Community
EURIBOR	Euro Interbank Offered Rate
FI	Financial Instrument
FLP	First Loss Piece
FMO	De Nederlandse Financierings-maatschappij voor Ontwikkelingslanden
FR	Financial Regulation
GDP	Gross Domestic Product
GFEA	Guarantee Fund for External Actions
GREG	Guarantee Risk Experts Group

GTAG	Guarantee Technical Assessment Group
ICO	Instituto de Crédito Oficial
IFC	International Finance Corporation
IIW	Infrastructure and Innovation Window
InclusiFI	The EU Programme for Financial Inclusion
InnovFin	EU Finance for innovators
IMF	International Monetary Fund
KfW	Kreditanstalt für Wiederaufbau
LGF	Loan Guarantee Facility
MFA	Macro-Financial Assistance
MFF	Multiannual Financial Framework
MSME	Micro-, Small and Medium-sized Enterprises
NDICI	Neighbourhood, Development and International Cooperation Instrument
NGEU	NextGenerationEU
NIB	Nordic Investment Bank
NIP	Neighbourhood Investment Platform
NPB	National Promotional Bank

NRB	Národní rozvojová banka
PC	Private Credit
PIP	Proposed Investment Programme
RDI	Research, Development and Innovation
RECIDE	Resilient City Development
RRF	Recovery and Resilience Facility
RRT	Residual Risk Tranche
SLP	Second Loss Piece
SME	Small and Medium-sized Enterprise
SMEG	Small and Medium-sized Enterprise Guarantee
SMEW	Small and Medium-sized Enterprise Window
SURE	Support to Mitigate Unemployment Risks in an Emergency
TA	Technical Assistance
UIF	Ukraine Investment Framework
UN	United Nations
USD	United States Dollar

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