



Brussels, 12.12.2023  
C(2023) 8728 final

**COMMISSION IMPLEMENTING DECISION**

**of 12.12.2023**

**establishing the framework for Union borrowing, debt and liquidity management  
operations in 2024 under the diversified funding strategy**

# COMMISSION IMPLEMENTING DECISION

of 12.12.2023

## establishing the framework for Union borrowing, debt and liquidity management operations in 2024 under the diversified funding strategy

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to the Treaty establishing the European Atomic Energy Community,

Having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012<sup>1</sup>, and in particular article 220a thereof,

Having regard to Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom<sup>2</sup>, and in particular Article 5(1), point (a), thereof,

Whereas:

- (1) Article 3 of Commission Implementing Decision (EU, Euratom) 2023/XXXX [C(2023) 8010]<sup>3</sup> provides for adoption of a framework borrowing, debt and liquidity management decision which sets certain maximum limits for the borrowing and debt management operations and the authorisation for liquidity management operations, as implemented through the diversified funding strategy established in accordance with Article 220a of Regulation (EU, Euratom) 2018/1046 that can be entered into over the course of one calendar year. On this basis, it is necessary to adopt an annual borrowing decision for 2024.
- (2) Implementing Decision (EU, Euratom) 2023/XXXX [C(2023) 8010] provides for arrangements for the implementation of a diversified funding strategy as the means to fund programmes of financial assistance and the borrowings authorised under Article 5(1) of Decision (EU, Euratom) 2020/2053. It provides that borrowing instruments under the diversified funding strategy are to include a combination of long-term bonds and short-term funding in the form of EU-Bills or credit lines. Borrowing operations should be organised as auctions, syndicated transactions, private placements

---

<sup>1</sup> OJ L 193, 30.7.2018, p. 1, ELI: <http://data.europa.eu/eli/reg/2018/1046/oj> .

<sup>2</sup> OJ L 424, 15.12.2020, p. 1, ELI: <http://data.europa.eu/eli/dec/2020/2053/oj>.

<sup>3</sup> Commission Implementing Decision (EU, Euratom) 2023/XXXX [C(2023) 8010] establishing the arrangements for the administration and implementation of the Union borrowing and debt management operations under the diversified funding strategy and related lending operations (OJ L, not published yet).

depending on which format is most appropriate given the size and nature of the operation.

- (3) It is necessary to set the maximum limits for the borrowing operations and debt management operations via a range for maximum amounts of long-term and short-term funding, the average maturity of the Union's long-term funding and a limit for the amount per issuance.
- (4) The funding needs should, over time, be met through the issuance of long-term funding instruments. The maximum amount of long-term funding for 2024 should be based on the amounts of projected disbursements communicated by the programme authorising officers to the Directorate General for the Budget in line with Article 5(3) of Implementing Decision (EU, Euratom) 2023/XXXX [C(2023) 8010]. The maximum amounts should be laid down in order to reflect the most recent information available at the time of adoption.
- (5) The funding needs are mainly driven by the disbursements schedule under the Recovery and Resilience Facility (RRF) established by Regulation (EU) 2021/241 of the European Parliament and of the Council<sup>4</sup>. The Union is to raise this amount through debt issuance, which is included in the funding needs for 2024.
- (6) In 2024, proceeds destined for disbursement to Member States under the RRF, including the RepowerEU chapter, are to be established on the basis of assessments of the fulfilment of the milestones and targets set in the national plans. The precise amounts and exact timing of RRF disbursements to be made from NextGenerationEU ('NGEU'), the Union's temporary instrument to support the economic recovery from the COVID-19 crisis, to the Member States are therefore not fully predictable. This results in some uncertainty in the distribution of disbursements in 2024 and could affect the overall annual total predicted disbursement level.
- (7) On this basis, it is appropriate to set the amount of the long-term funding for 2024 at up to EUR 160 billion, reflecting the current forecasts for amounts to be disbursed to Member States for implementation of the RRF and the programmed NGEU financing for Union policies as provided by Council Regulation (EU) 2020/2094<sup>5</sup>.
- (8) Short-term funding should be enabled to play a crucial role in implementing prudent liquidity management, allowing the Commission to meet all disbursement commitments in a timely and cost-efficient manner. Issuance of short-term paper and the ability to raise funds through secured and unsecured money market instruments should also, where appropriate, provide an attractive temporary substitute for long-term funding operations when market conditions are less supportive of bond issuance. The maximum outstanding amount of short-term funding should be based on the size of the expected liquidity buffer that is needed to facilitate the smooth and continuous capacity to make all payments. As in previous annual borrowing decisions, an upper bound of EUR 60 billion should be fixed for outstanding credit under the EU-Bill programme and other similar tools to meet short-term liquidity needs such as credit lines.

---

<sup>4</sup> Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (OJ L 57, 18.02.2021, p. 17, ELI: <http://data.europa.eu/eli/reg/2021/241/oj>).

<sup>5</sup> Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis (OJ L 433I, 22.12.2020, p. 23, ELI: <http://data.europa.eu/eli/reg/2020/2094/oj>).

- (9) In addition, the general limit for short-term funding should accommodate the possible cash intake resulting from secured money market transactions destined to the support the Union debt market liquidity. To prepare the launch of a Union repurchase agreement facility in the course of 2024, a maximum outstanding of EUR 60 billion of Union securities should be established that might be held on own account and used to raise temporary funding.
- (10) Based on a conservative assessment of liquidity needs, which risk being higher in the initial stages of 2024 funding, a maximum outstanding amount of EUR 60 billion should be set for outstanding credit at any given moment, including from issuance of EU-Bills and other short-term funding instruments but excluding repurchase transactions.
- (11) The maximum outstanding amount per issuance should be established, reflecting the concentration risk at maturity. In order to facilitate the good reception of the Commission long-term funding operations, the maximum maturity per issuance should be sufficiently high to favour the liquidity of bonds issued, so as to reduce costs by attracting the interest of more investors.
- (12) In order to facilitate the implementation of the bond programme in 2024, the maximum amount per issuance should be set at EUR 25 billion.
- (13) The maximum average maturity of long-term funding should ensure sufficient flexibility in the implementation of the programmes covered by the diversified funding strategy in order to attract investor demand while respecting the limits linked to the budgetary capacities to back contingent liabilities. Taking into account the current market conditions, the interest from investors across the maturity spectrum and available budgetary capacities, the maximum average maturity of long-term funding at issuance should be set at 17 years.
- (14) Cash balances may accumulate on the Commission account at the European Central Bank when disbursements fall behind the planned schedule and the related pace of issuance. The Commission should be able to build cash balances proactively in order to meet heavy disbursement needs over an extended period. The Commission should be authorised to actively manage any amounts in excess of the prudential cash holdings, as referred to in Article 2(7) of Implementing Decision (EU, Euratom) 2023/XXXX [C(2023) 8010].
- (15) The possibility to undertake liquidity management operations in 2024 should be authorised, when needed, to manage excess liquidity effectively,

HAS DECIDED AS FOLLOWS:

*Sole article*

1. From 1 January 2024 to 31 December 2024 the Commission shall implement operations within the following framework and limits:
  - (a) long-term funding, up to a maximum amount of EUR 160 billion;
  - (b) short-term funding, up to a maximum outstanding amount of EUR 60 billion in outstanding credit at any given moment, including from issuance of EU-Bills and other short-term funding instruments but excluding repurchase transactions;

- (c) repurchase transactions in accordance with paragraph 4 for up to a maximum amount of EUR 60 billion.
2. The maximum amount per issuance of long-term funding shall be EUR 25 billion.
  3. The maximum average maturity of long-term funding shall be 17 years.
  4. The maximum outstanding amount of own issuances which may be held on own account for the purpose of conducting repurchase transactions in order to support the secondary market in Union securities or to mobilise short-term funding shall be EUR 60 billion in 2024.
  5. When the amount on the account referred to in Article 14 of Implementing Decision (EU, Euratom) 2023/XXXX [C(2023) 8010] exceeds an amount necessary for the prudential cash holdings referred to in Article 2(7) of that Decision, the Commission may implement liquidity management operations in accordance with Article 8 of that Decision.

Done at Brussels, 12.12.2023

*For the Commission*  
*Johannes HAHN*  
*Member of the Commission*