



European
Commission

ISSN 2599-6312

DRAFT GENERAL BUDGET OF THE EUROPEAN UNION

Working Document Part X

#EUBudget

2025
FINANCIAL
YEAR

Financial instruments

COM(2024) 300 - June 2024

Budget

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Print	ISBN 978-92-68-14875-4		doi:10.2761/239479	KV-AO-24-011-EN-C
PDF	ISBN 978-92-68-14876-1	ISSN 2599-6312	doi:10.2761/747901	KV-AO-24-011-EN-N

DRAFT GENERAL BUDGET
of the European Union
for the financial year 2025

Working Document
Part X

**Draft General Budget
of the European Union
for the Financial Year 2025**

Working Document Part X

Financial Instruments

Draft Budget Working Documents

The 2025 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 2023.

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 2022 – 2025 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 2025 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 2024, information on assigned revenue (implementation in 2023 and estimation for 2025) and a progress report on outstanding commitments (RAL) pursuant to Articles 41(3)(d) and 41(8) 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 266(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(10) and (11) 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, Common Provisioning Fund and Contingent Liabilities

Working Document XI presents the implementation of Budgetary Guarantees, the Common Provisioning Fund and the assessment of the sustainability of the contingent liabilities arising from budgetary guarantees and financial assistance pursuant to Article 41(5) of the Financial Regulation.

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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Introduction

In accordance with Article 41(4) of the Financial Regulation¹ ('FR'), where the Commission makes use of financial instruments it must attach to the draft budget a working document presenting information for each financial instrument.

This is the sixth edition of the Article 41(4) FR report, which covers the whole implementation period (from inception until 31 December 2023) of financial instruments funded by the general budget of the Union² and implemented by the Commission (directly and indirectly³). Financial instruments implemented within the framework of a budgetary guarantee are reported in Working Document XI: Budgetary Guarantees, Common Provisioning Fund and Contingent Liabilities pursuant to Article 41(5) FR⁴.

The report covers financial instruments implementing both internal (i.e., benefiting final recipients predominantly located in the EU) and external policies (i.e., benefiting final recipients predominantly located outside the EU).

The information on financial instruments included in this report is divided in five main headings reflecting the following policy areas: A) Infrastructure & Climate change; B) Research & Innovation; C) Social & Education; D) SMEs and E) External Policies.

Information on each financial instrument is organized by chapters within each heading, and each chapter includes the three following sections:

- Description.
- Operational Performance.
- Financial Information.

Each section covers the requirements of Article 41(4) FR as follows:

Description - Items of Article 41(4) FR covered:

(a): general description of the instrument, basic act, impact on the EU budget, added value of the EU contribution.

(b): financial institutions involved in implementation.

Operational Performance - Items of Article 41(4) FR covered:

(c): contribution to the achievements of the objectives of the programme, geographical diversification.

¹ 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.

² This report covers financial instruments established from the 2007-2013 Multi-Annual Financial Framework onwards. Financial instruments financed exclusively by the European Development Fund or other external sources are not included in this report.

³ Within the meaning of Article 61(1)(a) and (b) FR.

⁴ Blending operations including at least a top-up contribution from a financial instrument into a budgetary guarantee are reported in Working Document XI (41(5) FR report) no matter whether there is combination or not with the EU guarantee. This is because budgetary guarantees are the main instrument to which the other forms of support are linked to and are delivered through. Moreover, financial Instruments implemented under shared management, including contributions from shared management Funds to financial instruments implemented under direct/indirect management, are reported separately in accordance with Article 46 of Regulation (EU) No 1303/2013 laying down common and general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and laying down common provisions on the European Agricultural Fund for Rural Development (Common Provisions Regulation ('CPR')).

(d): operations, target volumes, target leverage.

(k): performance of the financial instrument, investments realised, leverage and multiplier effects.

Financial information - Items of Article 41(4) FR covered:

(e): budget lines, aggregated budgetary commitments and payments.

(f): average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years.

(g): revenue and repayments under article 209(3) FR, presented separately, including an evaluation of their use.

(h): value of equity investments, with respect to preceding years.

(i): provision for risk and liabilities, financial risk exposure.

(j): impairment of assets and called guarantees.

(l): balance on fiduciary account.

Summary tables aggregating financial information are included in the annexes to this report:

- Annex II (aggregated financial information for all instruments),
- Annex III (aggregated financial information per implementing partner/managing party) and
- Annex IV (aggregated financial information per policy area).

The table below summarises the financial instruments covered by this report^{5 6}. Annex I presents a detailed list of all financial instruments included in this report.

LIST OF FINANCIAL INSTRUMENTS 41(4) FR REPORT					
Financial Instrument		Policy DG	Financial Instrument		Policy DG
Infrastructure & Climate Change			SMEs		
1.1	Connecting Europe Broadband Fund (CEBF) – CEF Equity Instrument	CNECT	4.1	COSME Loan Guarantee Facility (LGF)	GROW
			4.2	COSME Equity Facility for Growth (EFG)	GROW
1.2	Connecting Europe Facility (CEF) – Debt Instrument	CNECT, MOVE, ENER	4.3	Horizon 2020 SMEs & Small Midcaps R&I Loans Service (InnovFin SME Guarantee)	RTD
1.3	Private Finance for Energy Efficiency Instrument (PF4EE)	CLIMA	4.4	Horizon 2020 Equity Facility for R&I (InnovFin Equity)	RTD
1.4	Natural Capital Financing Facility (NCFE)	ENV	4.5	European Innovation Council (EIC) Fund	RTD
1.5	European Energy Efficiency Fund (EEEF)	ENER	4.6	Cultural and Creative Sectors Guarantee Facility (CCS GF)	CNECT
1.6	2020 European Fund for Energy, Climate Change and Infrastructure (Marguerite Fund)	ECFIN	4.7	SME Guarantee Facility under CIP (SMEG 2007)	ECFIN
			4.8	High Growth and Innovative SME Equity Facility under CIP (GIF)	ECFIN
Research & Innovation			4.9	SME Initiative	GROW, RTD, REGIO
2.1	Horizon 2020 Loan Services for R&I Facility (InnovFin Debt)	RTD	External Policies		
2.2	Risk-Sharing Finance Facility (RSFF) and Pilot guarantee facility for R&I driven SMEs and Small Midcaps (RSI)	RTD	5.1	Western Balkans Investment Framework (WBIF)	NEAR

⁵ The financial instrument reported in chapter 3.2.a European Progress Microfinance (EPMF FCP-FIS) was liquidated but it is still included in this year’s report as in 2023 it had reflows in the amount of EUR 397,764.08 that were assigned to the Public Sector Loan Facility.

⁶ In relation to last year’s 41(4) FR report, three new instruments are included in this 41(4) FR report. They are included in heading E) External Policies: 5.4 ACP Trust Fund, 6.1 Financial Inclusion Programme West Bank and Gaza Strip and 6.2 Supporting green infrastructure under the ASEAN Catalytic Green Finance Facility (ACGF).

LIST OF FINANCIAL INSTRUMENTS 41(4) FR REPORT

Financial Instrument		Policy DG	Financial Instrument	Policy DG	
Social & Education					
			5.2	Global Energy Efficiency and Renewable Energy Fund (GEEREF)	INTPA
3.1.a	Employment and Social Innovation Microfinance and Social Entrepreneurship Guarantee (EaSI-G)	EMPL	5.3	Facility for Euro-Mediterranean Investment and Partnership (FEMIP) – Debt Instrument	NEAR
			5.4	ACP Trust Fund	INTPA
3.1.b	Employment and Social Innovation Capacity Building Investments (EaSI CBI)	EMPL	6.1	Neighbourhood Investment Platform (NIP)	NEAR
3.2.a	European Progress Micro-Finance Fund (EPMF-FCP-FIS)	EMPL	6.2	Investment Facility for Central Asia (IFCA) & Asian Investment Facility (AIF) & Asia Pacific Investment Facility (APIF)	INTPA
3.2.b	Employment and Social Innovation Sub-Fund (EaSI FIS)	EMPL	6.3	Latin America Investment Facility (LAIF) and Latin America and Caribbean Investment Facility (LACIF)	INTPA
3.3	Erasmus+ Student Loan Guarantee Facility (SLGF)	EAC	6.4	Thematic Blending (Energy, Food, Humanitarian, Environment)	INTPA

Overview

This report presents the operational and financial results in the implementation of the 82 financial instruments⁷ of the Union in place at the end of 2023.

As regards **internal policies**, this report presents 22 financial instruments (chapters 1 to 4) whose final recipients are predominantly located in the EU. These chapters are divided in 4 main headings reflecting the following policy areas: Infrastructure & Climate Change, Research & Innovation, Social & Education and SMEs support.

As regards **external policies**, this report presents 60 financial instruments (chapters 5 and 6) whose final recipients are predominantly located outside the EU. Out of these 60 financial instruments, 57 are part of 4 geographic and/or thematic blending facilities/platforms (chapter 5.1 and chapters 6.1 to 6.4). The financial instruments in external policies provide support in different policy areas such as transport, energy, and environmental infrastructures; climate change, urban development, agriculture and SME support.

This report also allows for monitoring the operational efficiency of financial instruments. As a tool for financing EU policies, financial instruments address market failures (e.g. where the private sector is unwilling to lend and/or to invest) while minimising market distortions and mobilising additional private (and public) financing. They support a broad range of development objectives to the benefit of a wide range of recipients.

Financial instruments are suitable for viable recipients and investments, i.e. those which are expected to generate enough cashflows (i.e. income or savings) to pay back the support received.

Financial instruments financed by the Union budget ultimately provide repayable support (as opposed to grants) to final recipients and can take the form of (100% provisioned) guarantee, loan and equity instruments. As outlined in Article 210(1) FR, the financial liability and aggregate net payments from the Union budget related to a financial instrument must not exceed the amount of the relevant budgetary commitment(s), hence there are never contingent liabilities for the Union budget. In other words, this means that the liabilities linked to financial instruments have a counterpart on the asset side of the balance sheet of the Union budget or are covered by the outstanding budgetary commitments not yet expensed⁸.

Typically, the implementation of financial instruments is entrusted by the Commission to either the EIB group (EIB/EIF) or to other financial institutions based on an agreement concluded between the Commission and the financial institution. The agreements signed with these implementing partners/entrusted entities include strict conditions and obligations so as to ensure that EU funds are properly implemented and reported on.

Once EU funds are committed to an instrument, the funds are transferred to a specifically created bank account opened by the implementing partners/entrusted entities on behalf of the Commission (i.e. a fiduciary account). Depending on the instrument in question, the implementing partners/entrusted entities use the funds on this fiduciary account to provide loans, invest in equity, or cover guarantee calls.

Financial instruments are in general intended to finance riskier recipients and investments (e.g. who have difficulties in obtaining funding from private lenders or investors). Against this background, it is to be expected that financial instruments have to incur some losses on operations.

⁷ Annex I presents a detailed list of all financial instruments included in this report.

⁸ Financial instruments in the form of guarantees are classified as contingent liabilities in accordance with EU accounting rules. However, they are not a source of contingent liabilities from a budgetary perspective since the budget always includes full provisioning for such financial instruments, i.e. the budget has set aside the maximum financial liability that can arise from each financial instrument.

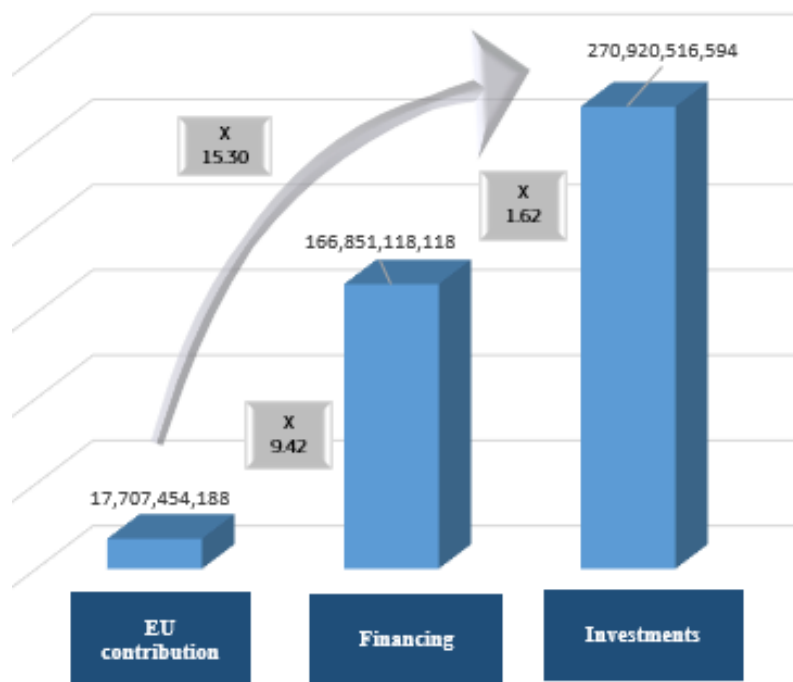
However, financial instruments also generate reflows (revenues⁹ and repayments¹⁰) that have, as a general rule, to be entered into the Union budget¹¹. Since most financial instruments relate to previous Multiannual Financial Frameworks ('MFF'), this report will focus to an important extent on these reflows, in particular on the ones which are earmarked to finance the Public Sector Loan Facility and the provisioning of the EU guarantee under InvestEU.

Financial instruments have in general a lifecycle spanning around 20 years, which suggests that their operational and financial results are only fully observable after an extended period. While considering that the financial instruments included in this report offer a variety of financial products from equity to debt (guarantees and loans); and that they relate to distinct MFFs, a number of consolidated figures is presented below to provide a snapshot of the situation at the end of 2023 and give an overview of the performance of the financial instruments in the different policy areas.

Performance, financing and investments

At the end of 2023, the **EU contribution committed** in all internal and external financial instruments amounted to **EUR 17.71 bn**. When adding to the EU contribution the **financing mobilised from other sources of EUR 149.14 bn**, financial instruments have allowed for **EUR 166.85 bn of financing provided to final recipients** (EUR 149.14 bn + EUR 17.71 bn).

The above means a **leverage effect of the EU intervention of almost ten times** the EU contribution committed. In other words, each euro invested by the Union budget in financial instruments has contributed to on average almost EUR 10 of financing from all sources provided to final recipients.



The **total amount of investments** made by final recipients due to the received financing amounted to **EUR 271 bn**¹². This figure implies a **multiplier effect of the EU intervention slightly above fifteen times the EU contribution committed**. In other words, each euro invested by the Union budget in financial instruments has contributed to on average EUR 15 of investments made by final recipients due to the received financing.

⁹ E.g. dividends, capital gains, guarantee fees and interest on loans and on amounts on fiduciary accounts.

¹⁰ E.g. capital repayments, guarantees released, and repayments of the principal of loans.

¹¹ And then either returned to the general budget or returned to be re(used) as follows from Article 209(3) FR.

¹² The investments made by final recipients are usually also financed by their own resources and by other public/private sources of financing that are not directly mobilised by the financial instrument.

By the end of 2023, around **5.75 million final recipients** have been supported by these financial instruments with an average EU contribution committed per final recipient of EUR 3,077 allowing for an **average financing provided by the financial instruments of EUR 29,000 and an average investment of EUR 47,000 per final recipient.**

Internal & External Policies	
Key figures (EUR)	All Instruments
EU Contribution committed ¹³	17,707,454,188
Leverage effect ¹⁴	9.42
Multiplier effect ¹⁵	15.30
Financing provided to final recipients	166,851,118,118
Number of final recipients	5,753,103
Investments made by final recipients due to the received financing	270,920,516,594
Average financing provided per final recipient	29,002
Average investment made per final recipient	47,091

The consolidated figures presented above do not show however the differences and variations, notably as regards the eligible policy areas, the amounts of financing and investment allowed by the different financial instruments, and the types of final recipients (from students to large companies) and their location. Therefore, to provide additional detail the tables presented below disaggregate these consolidated figures by external and internal policies (and their policy areas).

The EU contribution committed in internal policies represents almost 89.5% of the overall EU contribution committed (for both internal and external policies) and most of it has been allocated to SMEs support followed by Research & Innovation, Infrastructure & Climate Change, and Social & Education.

The three largest financial instruments in terms of their budgetary commitments¹⁶ are internal policy instruments, namely: the ‘4.5 EIC Fund’ – EUR 2.72 bn; followed by the ‘2.1 Horizon 2020 Loan Services for R&I Facility (InnovFin Debt)’ – EUR 1.96 bn; and the ‘4.3 Horizon 2020 SMEs & Small Midcaps R&I Loans Service (InnovFin SME Guarantee)’ – EUR 1.3 bn. It should be recalled that in internal policies in the current MFF 2021-2027, the Union budget works rather with one single budgetary guarantee i.e. InvestEU, which builds on the experience of the EFSI guarantee of the previous MFF, and which helps to reduce the complexity of the Union’s universe of repayable support instruments.

The graph below presents the split of financing provided to final recipients per policy area and shows that SMEs (at 78.79%) are the main recipients of the financing provided through financial instruments in internal policies.

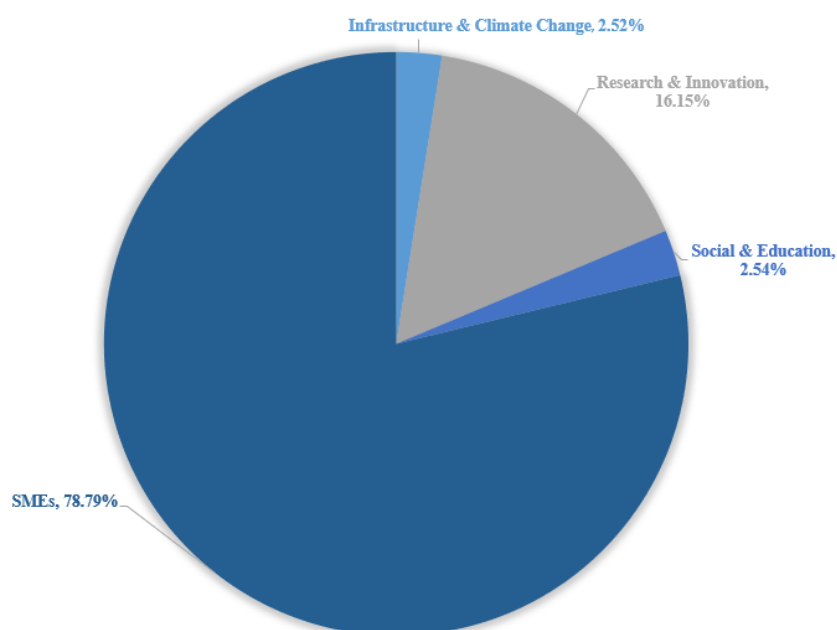
¹³ Including EFSI top-ups for a total of EUR 3,742 m (3.1.a EaSI-G EUR 300 m; 4.1 COSME LGF EUR 1,484 m; 4.3 InnovFin SME Guarantee EUR 1,400 m; 4.4 InnovFin Equity EUR 428 m; 4.6 CCS GF EUR 130 m) and EUR 20 m financed under European Development Fund (‘EDF’) for 5.2 GEEREF.

¹⁴ Article 2(38) FR defines leverage effect as the amount of reimbursable financing provided to eligible final recipients divided by the amount of the Union contribution.

¹⁵ Article 2(45) FR defines multiplier effect as the investment by eligible final recipients divided by the amount of the Union contribution.

¹⁶ Excluding EFSI top-ups.

Financing provided to final recipients (internal policies)



The EU contribution committed in internal policies mobilised financing from other sources of EUR 140.83 bn; whereas in external policies the financing mobilised from other sources was of EUR 8.31 bn.

Key figures (EUR)	Internal Policies				
	Infrastructure & Climate Change	Research & Innovation	Social & Education	SMEs	Total
EU Contribution committed ¹⁷	1,171,028,555	3,191,830,000	615,455,236	10,867,954,831	15,846,268,622
Leverage effect	3.37	7.93	6.47	11.36	9.89
Multiplier effect	20.75	17.72	9.12	15.59	16.15
Financing provided to final recipients	3,943,054,296	25,307,900,947	3,984,587,817	123,442,592,163	156,678,135,223
Number of final recipients	35,088	4,434	223,263	1,372,578	1,635,363
Investments made by final recipients due to the received financing	24,303,112,645	56,558,349,764	5,614,204,457	169,441,146,451	255,916,813,317
Average financing provided per final recipient	112,376	5,707,691	17,847	89,935	95,806
Average investment made per final recipient	692,633	12,755,604	25,146	123,447	156,489

When looking at the different policy areas in **internal policies, the average financing provided per final recipient is of EUR 95,806** (ranging from EUR 17,847 in Social & Education to EUR 5.71 m in Research & Innovation).

The **average financing provided per final recipient in external policies is of EUR 2,471** which is significantly lower than the EUR 95,806 in internal policies. Similarly, the average investment made per final recipient is of EUR 3,644 in external policies whereas the average investment in internal policies is of EUR 156,849 (rising to EUR 12.75 m for Research & Innovation investments).

¹⁷ Including EFSI top-ups for a total of EUR 3,742 m (3.1.a EaSI-G EUR 300 m; 4.1 COSME LGF EUR 1,484 m; 4.3 InnovFin SME Guarantee EUR 1,400 m; 4.4 InnovFin Equity EUR 428 m; 4.6 CCS GF EUR 130 m) and EUR 20 m financed under European Development Fund ('EDF) for 5.2 GEEREF.

External Policies

Key figures (EUR)	
EU Contribution committed	1,861,185,567
Leverage effect	5.47
Multiplier effect	8.06
Financing provided to final recipients	10,172,982,895
Number of final recipients ¹⁸	4,117,740
Investments made by final recipients due to the received financing ¹⁹	15,003,703,277
Average financing provided per final recipient	2,471
Average investment made per final recipient	3,644

The fact that the average financing provided and the average investment per final recipient are lower in external policies than in internal policies also results from the fact that the number of final recipients is 2.5 times higher in external policies (4.11 million in contrast with 1.64 million final recipients in internal policies).

The leverage and multiplier effects of the Union intervention are noticeably higher in internal policies compared to external policies (leverage 9.89 vs 5.47 / multiplier 16.15 vs 8.06). However, it is important to note that these differences do not necessarily mean a lower effectiveness of the Union support provided in external policies. Instead, the lower leverage and multiplier effects in external policies suggest difficulties in mobilising additional private/public financing in markets where external financial instruments are deployed. These more modest leverage and multiplier effects attached to the external financial instruments affirm the added value of the Union intervention and its additionality as they represent a bigger share and are more critical to the overall project funding.

By the end of 2023, the cumulative losses from operations in all financial instruments amounted to EUR 1.9 bn (internal policies EUR 1.87 bn; external policies EUR 27.3 m) of which 98.3% is attributed to net guarantee calls²⁰ under guarantee instruments, while the remaining 1.7% is attributed to equity realised losses and loan write-offs. Although this result, which reflects past performance, is subject to the important caveat that historical losses do not necessarily predict future outcomes, it is observed that the amount of EUR 1.9 bn represents 13,1% of the total budgetary commitments²¹ (EUR 14.5 bn), 1.14% of the total financing provided to final recipients (EUR 166.85 bn); 0.7% of the total amount of investments made by final recipients due to the received financing (EUR 271 bn) and is EUR 300 m lower than the total cumulative reflows entered into the Union budget of EUR 2.2 bn.

Reflows from financial instruments assigned to InvestEU and the Public Sector Loan Facility

One of the advantages of financial instruments is the fact that they generate reflows (revenues²² and repayments²³) that can be returned to the general budget or be reused in the same or successor instruments²⁴.

¹⁸ Not including 6.1 Neighbourhood Investment Platform (NIP) as data on the number of final recipients supported was not available at the reporting date.

¹⁹ For 5.1 Western Balkans Investment Framework (WBIF) and 5.3 Facility for Euro-Mediterranean Investment and Partnership (FEMIP) Debt instrument, the information on “Investments made by final recipients due to the received financing” was not available at the reporting date. To calculate the multiplier effect, it is assumed that the investments made by final recipients are at least equal to the received financing.

²⁰ Guarantee calls minus guarantee calls recovered.

²¹ Excluding EFSI top-ups.

²² E.g. dividends, capital gains, guarantee fees and interest on loans and on amounts on fiduciary accounts.

²³ E.g. capital repayments, guarantees released, and repayments of the principal of loans.

²⁴ As follows from Article 209(3) FR and depending on the specific provisions of each basic act establishing the financial instrument.

By the end of 2023, **total cumulative reflows entered into the Union budget reached EUR 2.2 bn accounting for approximately 15.2% of the total budgetary commitments** (EUR 14.5 bn). The total amount of 2023 reflows, from the financial instruments included in this report, entered into the budget in 2023 was of EUR 242 m, of which EUR 3.47 m were returned to the general budget and EUR 238.6 m were returned to be (re)used.

Reflows Financial Instruments (EUR)	2023	All years
Total reflows entered into the budget, of which:	242,071,940	2,282,049,003
<i>to the general budget</i>	3,465,299	71,204,317
<i>returned to be used</i>	238,606,641	2,210,844,685

Out of the EUR 238.6 m reflows returned to be (re)used, EUR 226.18 m²⁵ were (re)used in line with the provisions of Article 35(2) of the InvestEU Regulation²⁶ and Article 5(2) of the Public Sector Loan Facility ('PSLF') Regulation²⁷. These provisions concern financial instruments for internal policies established before the MFF 2021-2027 and set out the following:

- Article 35(1) of the InvestEU Regulation sets out that any revenues, repayments and recoveries from predecessor financial instruments listed in Annex IV of the InvestEU Regulation may be used for the provisioning of the EU guarantee under InvestEU.
- Article 5(2) of the PSLF Regulation sets out that EUR 275 m of the grant component of the Facility should be financed by repayments stemming from the financial instruments established under the programmes listed in Annex I to this Regulation.

In line with the provisions above mentioned, 2023 reflows in the amount of EUR 226.18 m from financial instruments for internal policies included in this report have been assigned to the provisioning of the EU guarantee under InvestEU and to the financing of the grant component of the PSLF as indicated in the table below.

Reflows Financial Instruments (EUR)	2023
Reflows assigned to InvestEU	121,625,222
Reflows assigned to PSLF	104,557,119
TOTAL	226,182,341

In addition, there were also 2023 reflows amounting to EUR 14.5 m from three additional equity instruments²⁸, the European Technology Facility (ETF01)²⁹, the European Technology Facility (ETF98)³⁰ and the Technology Transfer Pilot Project (TTP)³¹, that were also assigned to these two programmes.

²⁵ The remainder amount of 2023 reflows of EUR 12.42 m was reused within the Facility for Euro-Mediterranean Investment and Partnership (FEMIP) described in chapter 5.3.

²⁶ 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.

²⁷ Regulation (EU) 2021/1229 of the European Parliament and of the Council of 14 July 2021 on the Public Sector Loan Facility under the Just Transition Mechanism.

²⁸ This report does not include specific chapters for these three additional legacy instruments that predate the 2007-2013 MFF since, currently, they are only accounted for their reflows.

²⁹ Council Decision 2000/819/EC of 20 December 2000 on a multiannual programme for enterprise and entrepreneurship, and in particular for small and medium-sized enterprises (SMEs) (2001-2005) (OJ L 333, 29.12.2000, p. 84).

³⁰ Council Decision 98/347/EC of 19 May 1998 on measures of financial assistance for innovative and job-creating small and medium-sized enterprises (SMEs) - the growth and employment initiative (OJ L 155, 29.5.1998, p. 43).

³¹ Technology Transfer Pilot project (TTP): Commission decision adopting a complementary financing decision concerning the financing of actions of the activity 'Internal market of goods and sectoral policies' of the Directorate-General Enterprises & Industry for 2007 and adopting the framework decision concerning the financing of the preparatory action 'The EU assuming its role in a globalised world' and of four pilot projects 'Erasmus young

To recap, since 2021 reflows for an amount of EUR 520,19 m have been assigned to the provisioning of the EU guarantee under InvestEU (EUR 247.9 m) and to the financing of the grant component of the PSLF (EUR 272.28 m), as shown in the table below which also points out to a steady increase of the amount of reflows since 2021.

Reflows Financial Instruments (EUR)	2023	2022	2021	TOTAL
Reflows assigned to InvestEU	136,136,410	77,153,440	34,616,531	247,906,381
Reflows assigned to PSLF	104,560,504	121,457,213	46,264,056	272,281,773
TOTAL	240,696,914	198,610,653	80,880,587	520,188,154

The table below further details the financial instruments from which reflows have been assigned to the provisioning of the EU guarantee under InvestEU and to the financing of the grant component of the PSLF.

Reflows Financial Instruments (EUR)	2023		2022		2021	
	To InvestEU	To PSLF	To InvestEU	To PSLF	To InvestEU	To PSLF
1.1 Connecting Europe Broadband Fund (CEBF)					35,141	
1.2 Connecting Europe Facility (CEF) – Debt Instrument	1,928		5,938,457		8,411,293	
1.6 The 2020 European Fund for Energy, Climate Change and Infrastructure (Marguerite)	6,468,349.10	9,475,312.86		19,994,394		14,561,815
2.1 Horizon 2020 Loan Services for R&I Facility			4,925,641	4,603,069	11,188,767	
3.1.a Employment and Social Innovation Microfinance and Social Entrepreneurship Guarantee	3,582,922					
3.1.b EaSI Capacity Building Investments (EaSI CBI)					38,694	
3.2.a European Progress Microfinance (EPMF FCP-FIS)		397,764		1,548,429	3,823,545	4,531,001
4.1 COSME Loan Guarantee Facility (LGF)	13,266,984		1,389,494			
4.2 COSME Equity Facility for Growth (EFG)	14,960,235	28,951,868		18,288,601		861,887
4.3 Horizon 2020 SMEs & Small Midcaps R&I Loans Service (InnovFin SME Guarantee)			3,650,162		5,877,139	
4.4 Horizon 2020 Equity Facility for R&I (InnovFin Equity)			1,280,395		2,564,957	
4.6 Cultural and Creative Sectors Guarantee Facility (CCS GF)	690,824					
4.7 SME Guarantee Facility (SMEG07) - CIP SMEG07	873,526		780,259			3,019,799
4.8 High Growth and Innovative SME Facility (GIF) - CIP GIF	81,780,454	65,732,174	19,076,208	58,713,056	2,676,995	22,462,865
n/a European Technology Facility (ETF01)	14,494,193		40,083,582	17,701,869		
n/a European Technology Facility (ETF98)	16,994		29,243	294,537		796,331
n/a Technology Transfer Pilot Project (TTP)		3,385		313,259		30,357
Total	136,136,410	104,560,504	77,153,440	121,457,213	34,616,531	46,264,056
Total 2023/2022/2021	240,696,914		198,610,653		80,880,587	
Total 2021 to 2023 assigned to InvestEU			247,906,381			
Total 2021 to 2023 assigned to PSLF			272,281,773			
Grand total assigned to InvestEU and PSLF			520,188,154			

The three financial instruments which generated most reflows in 2023 were the ‘4.8 High Growth and Innovative SME Facility (GIF) CIP GIF’ – EUR 147.5 m; followed by the ‘4.2 COSME Equity Facility for Growth (EFG)’ – EUR 43.9 m; and the ‘1.6 2020 European Fund for Energy, Climate Change and Infrastructure (Marguerite)’ – EUR 15.94 m.

The three financial instruments which generated most reflows in the period 2021-2023 were the ‘4.8 High Growth and Innovative SME Facility (GIF) CIP GIF’ – EUR 250.4 m; followed by the ‘European Technology Facility (ETF01)’ – EUR 72.28 m; and the ‘4.2 COSME Equity Facility for Growth (EFG)’ – EUR 63 m.

It is not straightforward to estimate the pace and amount of reflows from these financial instruments for the coming years, given their inherent risk and the fact that they are designed to cover some losses (which is the normal result of having ‘additional’ financial instruments which address market failures). As financial instruments have long lifecycles, it takes time for reflows to materialize (and it would take even longer if there are e.g. combinations with successor instruments).

entrepreneurs’, ‘Measures to promote cooperation and partnerships between micro and SMEs’, ‘Technological Transfer’ and ‘European Destinations of excellence’ of the Directorate-General Enterprises & Industry for 2007.

A. Infrastructure & Climate change

1.1 Connecting Europe Broadband Fund (CEBF)

Description

Identification / Reference to the basic act

Regulation (EU) No 1316/2013 of the European Parliament and the Council of 11 December 2013 establishing the Connecting Europe Facility, amending Regulation (EU) No 913/2010 and repealing Regulations (EC) No 680/2007 and (EC) No 67/2010 (OJ L 348, 20.12.2013, p. 129) as amended by 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)

Budget lines

02.029907

(EUR)	2023	2024	2025
Budgetary commitment appropriations	0.00	0.00	0.00
Budgetary payment appropriations	16,000,000.00	10,000,000.00	13,500,000.00

Initial financial envelope

EUR 100,000,000.00

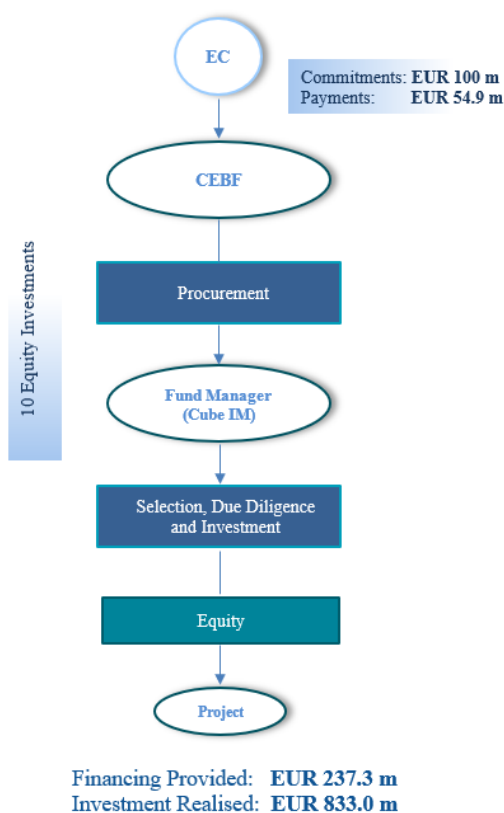
Current financial envelope

EUR 100,000,000.00

Overall financial envelope

EUR 100,000,000.00

General description



The Connecting Europe Broadband Fund (hereafter, the ‘CEBF’ or ‘the Fund’) is implemented under the CEF Equity instrument under direct management by the European Commission (DG CONNECT).

The CEBF was set up to meet the growing demand for financing of smaller-scale broadband projects across Europe, which did not have easy access to funding.

The CEBF has a budget of EUR 555 million for broadband investment and is expected to unlock total investments of EUR 1-1.7 billion. The Fund can provide equity and quasi-equity financing including mezzanine.

Duration

The overall duration of the fund is planned for 20 years (until 2038) but there is the possibility of an early termination clause for the fund at 12 years, which is closer to a standard infrastructure Private Equity fund. The investment period lasted until June 2023. Further to the ending of the commitment Period, there will be no more investments in new projects.

Added value, final recipients, and projects.

The CEBF invests in underserved areas where there are strong opportunities for profitability. Eligible countries are EU Member States, as well as Norway and Iceland. Projects (whether fixed line or mobile) should make a significant contribution to the achievement of the targets of the Digital Agenda for Europe

(DAE), which means, at the minimum, the support to the connectivity necessary to achieve the DAE Target 2 (30 Mbps) and/or Target 3 (100 Mbps). Furthermore, in case of fixed line networks, minimum speed levels in line with DAE target 3 (100 Mbps) should be permanently available for at least one or several retail products out of the operator's commercial product offerings. Priority should be given to projects that facilitate the transition towards a European Gigabit Society by the deployment of networks upgradable to 1 Gigabit as well as to projects based on wholesale-only models.

The projects are to be deployed predominantly in underserved areas, which would be typically classified as grey Next Generation Access ('NGA') networks (i.e., only one NGA network exists or is planned) and white NGA areas (no NGA network exists), for state aid purposes. The Fund is meant to support operators to cope with the large capital expenditures and long payback periods required to build Fibre to the Home networks. This is particularly true for the roll-out in rural areas where the lower density results in typically very high payback periods exceeds sometimes 10 years, going up to 20 years.

CEBF only invests in "greenfield" projects. These projects are defined as investments carried out by "start-up" companies or companies that have an asset base which is small compared to the cumulative investments planned for new assets.

The EUR 100m from the CEF Equity Instrument budget was committed in the junior equity tranche, subordinated to all other investors. Reinforced by an EFSI guarantee covering further EUR 100m, CEBF was designed to reduce the reluctance from institutional investors and long-term funds to substantially invest in greenfield fiber to the home (FTTH) infrastructures. Beyond the traditional risk of greenfield projects (that are not cash/yield producing assets as in the case of brownfields) these projects carry additional risks principally due to the lack of visibility of revenue ramp-up and the strong return sensitivity to market penetration speed.

Financial institutions involved in implementation.

The Fund has been launched on 27 June 2018 with EUR 420 million at first closing through commitments from:

- The EIB for EUR 140 million (out of which EUR 100 million are backed by the EFSI).
- The European Commission, via the Connecting Europe Facility ('CEF'), for EUR 100 million.
- The German KfW for EUR 50 million.
- The Italian Cassa Depositi e Prestiti for EUR 50 million.
- The French Caisse des Dépôts for EUR 50 million.
- An additional EUR 25 million contributed by European private investors.
- Cube IM (fund manager) for EUR 5 million.

Cube IM is a professional asset manager with extensive experience in infrastructure and, in particular, broadband investments in Europe and has been selected via an open and competitive selection process carried out by the EIB. For alignment of interests, Cube IM has subscribed into the Fund for an amount of EUR 5 million.

Three new closings occurred since the launch with the final one taking place in June 2021. The total commitments made to the Fund to date amount to EUR 555 million, effectively outperforming the initial target set at the beginning of the project of EUR 500 million.

Operational Performance

Contribution to the achievement of the objectives of the programme

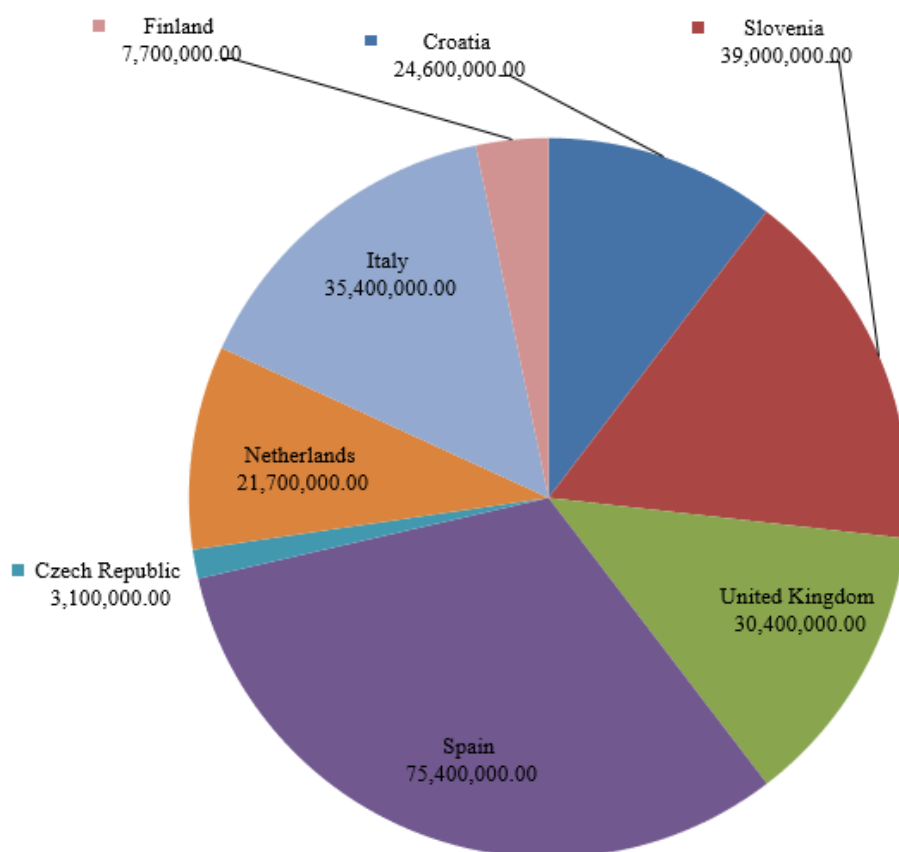
The projects in which the Fund has invested so far will deploy high quality FTTH network for 1,800,000 residential, business, and public administration premises mostly in rural areas. 715,000 premises have already been passed with fibre. One project will also deploy a backbone of about 1,800 km in Spain.

Geographical diversification

The CEBF can invest in all EU Member States, as well as EEA Member States participating in CEF Telecom, namely Iceland and Norway.

The project pipeline shows solid geographical diversification, as do the projects already signed by the Fund to date for a total amount of EUR 237.3 million (2 in Spain and Italy, 1 project each in Croatia, Slovenia, the United Kingdom*, the Czech Republic, the Netherlands and Finland). The Fund has already divested from the project in United Kingdom and in the Czech Republic while it is winding down operations for the one in the Netherlands.

* Project signed when the U.K. was still an official member of the E.U



Main issues for the implementation

As of today, the main difficulty for the European Commission remains to determine properly the amount of payment appropriations (PA) to be set aside for a given year (and all the more, for the foreseeable years on a monthly basis), due to the uncertainties linked to the ongoing developments of the project pipeline.

Performance, financing, and investments

The CEBF signed its first operation in January 2019. As of 31 December 2023, the Fund has invested in ten projects for a total invested capital of EUR 237.3 million and divested from three.

Key figures (EUR)	Actual	Target
EU Contribution committed ¹	100,000,000	100,000,000
Leverage effect	2.37	5.20
Multiplier effect	8.33	10.00
Operations	10	17
Financing provided to final recipients	237,300,000.00	520,000,000.00
Number of final recipients	10	17
Investments made by final recipients due to the received financing	833,000,000.00	1,000,000,000

Financial Information

Financial Information (EUR)	Connecting Europe Broadband Fund (CEBF)		
Type of instrument	Equity		
Year of inception	2018		
Implementing Partner	CUBE Infrastructure Managers		
	Notes	2023	All years
EU Contribution			
Budgetary commitments		0.00	100,000,000.00
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00
Budgetary payments		10,630,630.64	54,967,551.00
Reflows	(1)		
Revenues		0.00	45,143.09
Repayments		0.00	3,666,984.00
Total reflows entered into the budget, of which:		0.00	3,712,127.09
<i>to the general budget</i>		0.00	10,001.83
<i>returned to be used</i>		0.00	3,702,125.26
Losses from operations			
Guarantees			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		0.00	0.00
Incentive fees		0.00	0.00
Treasury management fees		0.00	0.00

¹ This amount (EUR 100 million) only includes direct CEF funding. The CEBF receives additional EFSI support (EUR 100 million) via EIB's capital share.

Other charges		0.00	0.00
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	10,001.83
Net treasury result (including interest) (gains (+) / losses (-))		0.00	-0.17
Net FX gains (+) / losses (-)		0.00	0.00
Other revenues		0.00	35,141.26
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		45,625,273.00	56,181,230.63
Value of equity investments		592,824.01	518,151.00
	<i>Investment at cost</i>	54,967,551.01	44,336,920.37
Value of loans		0.00	0.00
	<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions		0.00	0.00
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		0.00	0.00
	<i>in euro</i>	0.00	0.00
	<i>in non-euro currencies</i>	0.00	0.00
Other financial assets (including short term deposits >3months)		0.00	0.00

Notes to the financial information

(1) Most of the reflows were returned to be re-used by deducting them from the Commission disbursement in response of new capital calls. Repayments allowed to reduce the management fees.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years.

N/A

1.2 Connecting Europe Facility (CEF) – Debt Instrument

Description

Identification / Reference to the basic act

Connecting Europe Facility Debt Instrument (CEF DI): Regulation (EU) No 1316/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility, amending Regulation (EU) No 913/2010 and repealing Regulations (EC) No 680/2007 and (EC) No 67/2010 (OJ L 348, 20.12.2013, p. 129)

Budget lines

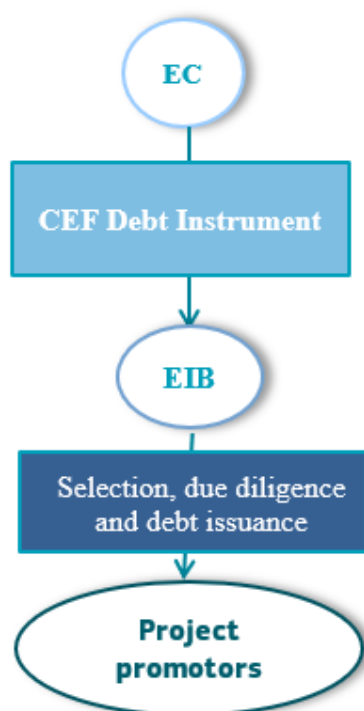
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(EUR)	2023	2024	2025
Budgetary commitment appropriations	0.00	0.00	0.00
Budgetary payment appropriations	0.00	0.00	0.00

Initial financial envelope³³	EUR 2,557,000.00
Current financial envelope	EUR 755,000,000.00
Overall financial envelope³⁴	EUR 2,536,000,000.00

General description

The CEF Debt Instrument was established through Regulation (EU) No 1316/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility, amending Regulation (EU) No 913/2010 and repealing Regulations (EC) No 680/2007 and (EC) No 67/210.



The CEF Debt instrument aims to facilitate greater private sector involvement in the long-term financing of transport, energy and telecommunication projects.

Duration

The implementation of the CEF Debt started in July 2015, when the Delegation Agreement with the EIB was signed.

The commitment and approval periods ended respectively in 2020 and 2022. The subsequent signature period ended on 31 December 2023.

Added value, final recipients and projects

The goal of the CEF Debt Instrument is to contribute to Trans-European Network (TEN) goals by addressing market failures.

Financing provided: EUR 2,176 bn
Investment realised: EUR 18,095 bn

All operations under the Debt Instrument are supported by a risk sharing mechanism with the EIB where the EU budget takes 95% to 100% of the first loss piece of the portfolio of

such operations (100% only in the case of non-securitisable financing). The first loss provisioning provided by the EU budget is shared among all projects in the three sectors covered by the CEF DI. This allows for

³³ Initial envelope available for CEF DI, as per Art.9 of CEF DI Delegation Agreement of 2015.

³⁴ This amount includes EUR 1 billion budget used to support the 2017 CEF Transport Blending Call. The CEF Regulation allows for implementing projects with FIs, using up to 8.4% of the total CEF budget envelope.

higher diversification and hence maximises the number of projects that can be supported by the CEF Debt Instrument.

Financial institutions involved in implementation

The EIB is the entity entrusted with the implementation of the CEF Debt Instrument.

Operational Performance

Contribution to the achievement of the objectives of the programme

The CEF DI has been used effectively to deliver projects of EU added value. By the end of 2023, the CEF DI portfolio (including the legacy LGTT and PBI instruments³⁵) has grown to 35³⁶ projects in 14³⁷ Member States with:

- Total investment realised EUR 18 094.67 million
- Achieved leverage and multiplier effects: 3 and 24

The CEF Debt Instrument (CEF-DI) Delegation Agreement was amended in June 2019 to focus on green innovative investments, to ensure complementarity with the European Fund for Strategic Investments (EFSI) and to allow the absorption of unused NER 300^{38[4]} funds (managed by DG CLIMA) to be implemented through the CEF Debt Instrument in the transport sector. The amended CEF-DI Delegation Agreement introduced the 'Future Mobility' financial product to support high-risk deployment of alternative fuels infrastructure, the roll out of innovative technologies and smart mobility services.

The amendment of the Delegation Agreement resulted in an increase of the portfolio with operations covering the deployment of electric buses and electric-vehicle fleets; the installation of electric and hydrogen charging points; the development of innovative technologies and smart mobility services for port and rail terminals. The instrument also paved the way for a strong pipeline of projects under the successor instrument InvestEU.

Geographical diversification

By the end 2023, the CEF DI portfolio (including the legacy LGTT and PBI instruments) comprised 35 projects in 14 Member States. The distribution of total financing provided to final recipients (EUR 2 175 million) is as follows³⁹:

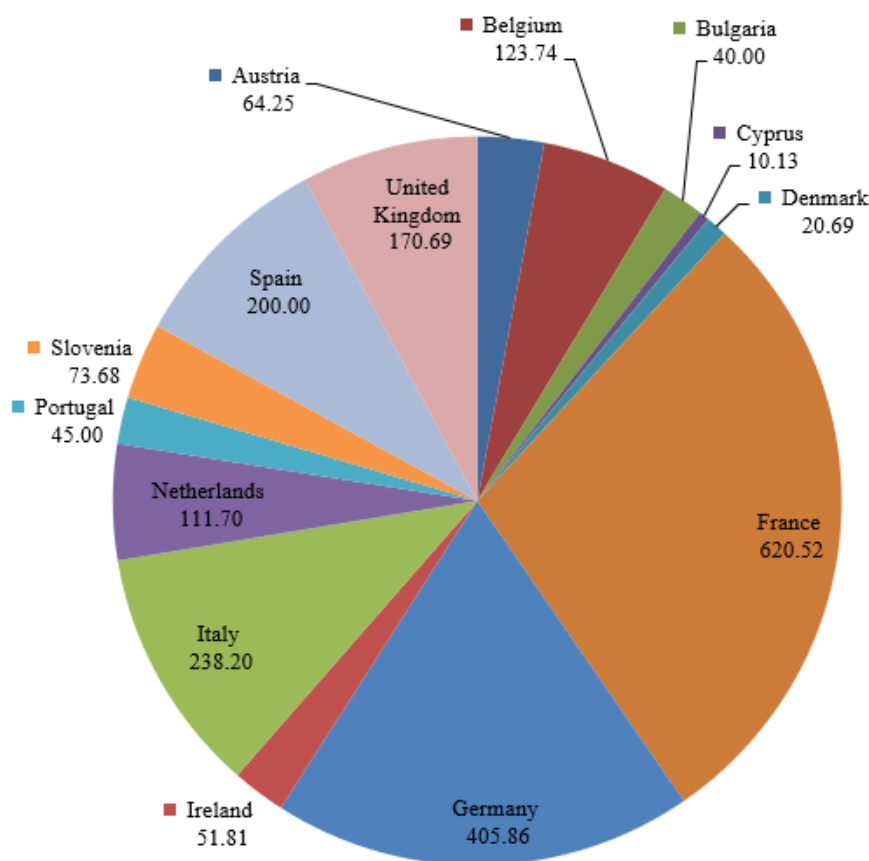
³⁵ Loan Guarantee for TEN Transport and Project Bond Initiative.

³⁶ This figure includes operations already fully reimbursed.

³⁷ Two transactions in the United Kingdom were all signed prior to the UK's withdrawal from the EU (31.01.2020) and are therefore listed.

³⁸ EU ETS funding programme for innovative demonstration renewable energy and CCS projects.

³⁹ According to the CEF DI Annual Operational Report.



Main issues for the implementation

Due to the overlap in eligibility of the CEF Debt Instrument and EFSI, and the more flexible eligibility criteria of EFSI compared to CEF, the CEF DI had initially performed below expectations.

The CEF DI Delegation Agreement was subsequently amended to increase the complementarity between the CEF DI and EFSI (amendment entered into force in 2019), and to implement contributions from unused NER300 funds. In the telecom sector, the entire commitment amount of EUR 17,5 million has been successfully mobilized in a single transaction. In the transport sector, the CEF DI budget was exhausted and NER300 contribution were also used to support operations. As regards the energy sector, no operations were eventually pursued by the end of the approval period (31.12.2022) due to pipeline constrains.

Performance, financing and investments

The achieved leverage exceeds 20. This high leverage is reflective of the subordinated nature of the financing supported by the CEF DI for many projects in the CEF DI portfolio.

Key figures (EUR)	Actual	Target
EU Contribution committed	755,000,000.00	N/A
Leverage effect	2.88	N/A
Multiplier effect	23.97	N/A
Operations	35	N/A
Financing provided to final recipients	2,176,000,000.00	N/A
Number of final recipients	35	N/A
Investments made by final recipients due to the received financing	18,095,000,000.00	N/A

Financial Information

Financial Information (EUR)	CEF Debt Instrument		
Type of instrument	Risk-sharing (guarantee)		
Year of inception	2015		
Implementing Partner	EIB		
	Notes	2023	All years
EU Contribution			
Budgetary commitments		0.00	755,023,980.11
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	6,881,250.95
Budgetary payments		0.00	755,023,980.11
Reflows	(1)		
Revenues		1,928.09	54,286,794.07
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		1,928.09	54,286,794.07
<i>to the general budget</i>		0.00	2,028,733.22
<i>returned to be used</i>		1,928.09	52,258,060.85
Losses from operations			
Guarantees			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		0.00	16,813,030.13
Incentive fees		0.00	13,419,375.00
Treasury management fees		403,010.00	4,663,619.27
Other charges		6,390.00	52,419,286.35
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		7,095,665.00	101,161,877.86
Net treasury result (including interest) (gains (+) / losses (-))		34,986,667.00	9,419,616.89
Net FX gains (+) / losses (-)		0.00	70,900.90
Other revenues		0.00	20,036.40
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		648,911,439.00	647,581,439.00
Value of equity investments		0.00	0.00
<i>Investment at cost</i>		0.00	0.00
Value of loans		0.00	0.00
<i>Loans at cost</i>		0.00	0.00

Financial liabilities and provisions		29,227,314.48	33,216,225.04
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		-1,928.00	0.00
	<i>in euro</i>	-1,928.00	0.00
	<i>in non-euro currencies</i>	0.00	0.00
Other financial assets (including short term deposits >3months)		730,677,768.21	696,094,804.21

Notes to the financial information

(1) In line with Article 35(1) of the InvestEU Regulation, 2021 reflows in the amount of EUR 8,411,292.60, 2022 reflows of in the amount of EUR 5,938,457.40 and 2023 reflows in the amount of EUR 1,928.09 were assigned to InvestEU (total reflows assigned to InvestEU EUR 14,351,678.09).

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

1.3 Private Finance for Energy Efficiency Instrument (PF4EE)

Description

Identification / Reference to the basic act			
Private Finance for Energy Efficiency (PF4EE): Regulation (EU) No 1293/2013 of the European Parliament and of the Council of 11 December 2013 on the establishment of a Programme for the Environment and Climate Action (LIFE) and repealing Regulation (EC) No 614/2007 (OJ L 347, 20.12.2013, p. 185)			
Budget lines			
2.029909 under the current nomenclature			
(EUR)	2023	2024	2025
Budgetary commitment appropriations	0.00	0.00	0.00
Budgetary payment appropriations	0.00	p.m.	p.m.
Initial financial envelope	EUR 80,000,000.00		
Current financial envelope	EUR 84,288,938.20		
Overall financial envelope	EUR 84,288,938.20		

General description

The LIFE programme is the EU (European Union) funding instrument for the environment and climate action, with a main objective to contribute to the implementation, updating and development of EU environmental and climate policy and legislation by co-financing projects with European added value. Aside from providing action grants to projects and operating grants to non-governmental organisations, LIFE programme also developed financial instruments, such as Private Finance for Energy Efficiency Instrument (PF4EE).

PF4EE aims to help address market barriers by investing in projects that would not attract affordable financing because they are considered as too high risk. Therefore, its core objective is the deployment of energy efficient loans across Europe, increasing the availability of debt financing to support priorities set in the National Energy Efficiency Action Plans (NEEAPs) or the National Energy and Climate Plans (NECPs) of Member States.

Duration

The Commitment Period for Phase I of the PF4EE Instrument ended on 31 December 2017, except for Repayments, which were re-used until 31 December 2022. The Commitment Period for Phase II ended on 31 December 2020, except for Repayments, which were re-used until 31 December 2022.

The Implementation Period, during which the EIB (European Investment Bank) could commit the EU Contribution Committed, started on the day of signing the Delegation Agreement (08/12/2014) and ended on 31 December 2019 for Phase I. For Phase II, the Implemented Period ended on 31 December 2022.

Added value, final recipients and projects

Thanks to the guarantee provided by the LIFE programme, the EIB can provide access to adequate and affordable commercial debt financing to the promoters of energy efficiency (“EE”) investments. The final recipients include private individuals, home-owner associations, SMEs (Small and Medium Enterprises), corporates and/or public institutions/bodies.

PF4EE has two components:

- a risk mitigation mechanism (the PF4EE Instrument Risk Sharing Facility or RSF) for Financial Intermediaries to partially recover losses they may incur in their energy efficiency loan portfolio;

- an advisory component (the PF4EE Instrument Expert Support Facility or ESF), aimed at providing expert support to the Financial Intermediaries.

PF4EE can be combined with a dedicated financing line from EIB (the “EIB Energy Efficiency Loan”) to improve the funding terms of the financing to Energy Efficiency promoters.

The design of the Risk Sharing Facility enables the Commission to provide credit risk protection to the financial intermediaries in respect of their loans to final recipients. The EIB loans complement the RSF and are provided by the EIB at competitive rates and with long maturities.

Financial institutions involved in implementation

The EIB is the entrusted entity for the implementation of the PF4EE Instrument.

Operational Performance

Contribution to the achievement of the objectives of the programme

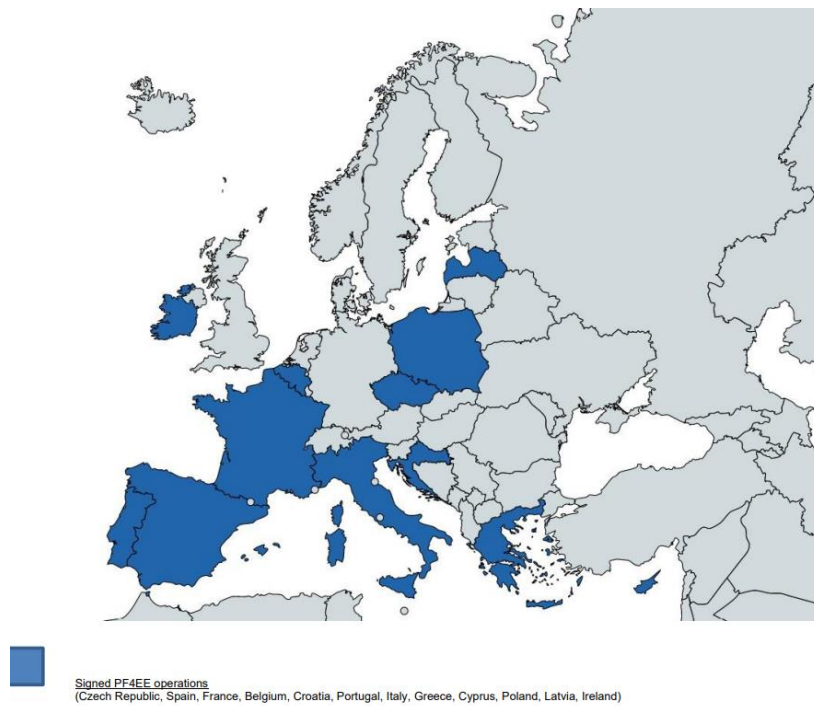
The PF4EE Instrument was designed to contribute to the general objectives of the LIFE Regulation (Regulation (EU) No 1293/2013). In particular, the PF4EE Instrument:

- (i) Addressed a major climate policy issue, contributing to the achievement of the Europe 2020 and 2030 objectives to secure energy savings and the associated reduction in emissions;
- (ii) Provides the necessary level of piloting and demonstration of a new policy instrument, with major potential to deliver EU added value;
- (iii) Complements and supports Member States’ responsibilities under their National Energy Efficiency Action Plans (NEEAPs) or their National Energy and Climate Plans (NECPs), as the case may be;
- (iv) Offers the potential to improve the cost-effectiveness of the LIFE Programme through leverage and complementarity;
- (v) Builds longer term capacity in a sustainable commercial finance activity thereby ensuring continuing and long-term support for sustainable development;
- (vi) Supports solidarity and burden sharing; and
- (vii) Offers the potential to mainstream the initiative into Member State programmes (through NEAAPs or NECPs and potentially other programmes and initiatives in line with EU Directives relating to Energy Efficiency).

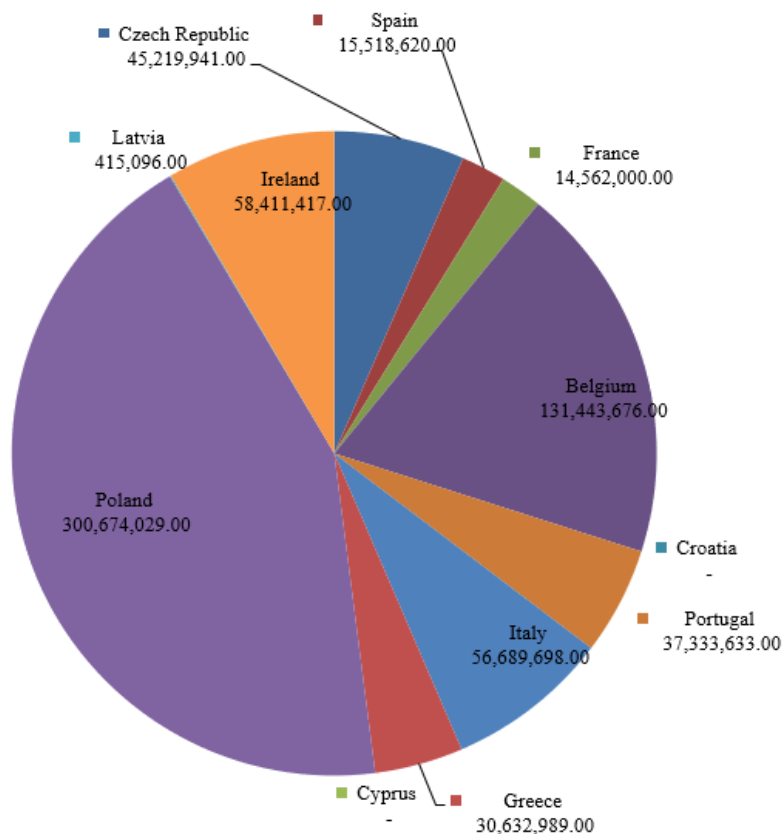
The entire budget available for the Risk Sharing Facility has been committed in line with the target. 15 operations have been signed.

Geographical diversification

Geographical diversification of PF4EE is focused on the EU Member States. As reflected in the map below, PF4EE has been able to cover a big part of the EU territories and was able to gather interest in many more countries eager to initiate and develop financial products catered to Energy Efficiency projects.



The geographical distribution of investments made by final recipients (EUR 691 million) is depicted below. Not all collateral agreements have yet resulted in loans or investments – hence no values appear below due to lack of operations since the signature of the agreement:



Main issues for the implementation

During the first years of implementation, the realised EE investments under the PF4EE instrument has been somewhat slower than originally envisaged, driven by – among others – the lack of existing infrastructure dedicated to energy efficiency lending products across European FIs. In more detail, the participating FIs

needed to build their internal capacity that would allow them to address the EE-lending as a distinct market segment.

Moreover, with a view to enhance the actual implementation progress, the PF4EE team has performed several targeted actions (e.g., further development of the Expert Support Facility to enhance the origination capacity of the FIs, a market driven geographical diversification in combination with enabling of ESCO structures). These actions have brought some very positive results in terms of the programme implementation, mainly in terms of appetite from new clients and ramping up of actual pipeline with some of the existing operations.

In 2023, as expected, the year-over-year volume of Investments increased steadily, with an increase of EUR 164 million to reach EUR 691 million, as more recently signed Operations start ramping up their investments mobilised.

The PF4EE instrument is well underway to reach its lifetime targets.

Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	84.288.938,20	105.000.000,00
Leverage effect	6,07	5,33
Multiplier effect	8,20	6,67
Operations	15	9-14 operations
Financing provided to final recipients	512.037.537,00	560.000.000,00
Number of final recipients	34.993	1.167
Investments made by final recipients due to the received financing	690.901.099,00	700.000.000,00

Financial Information

Financial Information (EUR)	Private Finance for Energy Efficiency (PF4EE)		
	Notes	2023	All years
Type of instrument		Guarantee	
Year of inception		2014	
Implementing Partner		EIB	
EU Contribution	(1)		
Budgetary commitments		-20,711,061.80	84,288,938.20
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00
Budgetary payments		0.00	60,126,667.00
Reflows			
Revenues		0.00	0.00
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		0.00	0.00
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		0.00	0.00
Losses from operations			

Guarantees			
Guarantees called		32,597.00	120,809.00
Guarantee calls recovered		32,597.00	60,337.00
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		0.00	4,200,001.00
Incentive fees		0.00	2,100,000.00
Treasury management fees		0.00	0.00
Other charges		302,781.00	2,955,412.00
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		312,929.00	1,332,382.00
Net treasury result (including interest) (gains (+) / losses (-))		1,099,558.00	1,178,985.00
Net FX gains (+) / losses (-)		1,196,615.00	411,108.00
Other revenues		0.00	0.00
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		67,784,855.00	72,457,437.00
Value of equity investments		0.00	0.00
<i>Investment at cost</i>		0.00	0.00
Value of loans		0.00	0.00
<i>Loans at cost</i>		0.00	0.00
Financial liabilities and provisions		14,156,646.00	7,326,537.00
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		55,459,110.00	53,117,808.00
<i>in euro</i>		39,048,003.00	37,903,315.00
<i>in non-euro currencies</i>		16,411,107.00	15,214,493.00
Other financial assets (including short term deposits >3months)		0.00	0.00

Notes to the financial information

(1) The EIB notified that an amount of EUR 20,711,061.80 of the EU Contribution committed was no longer required for the PF4EE Instrument. This amount represents Contribution Utilised that was not requested for payment under less successful collateral agreements.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

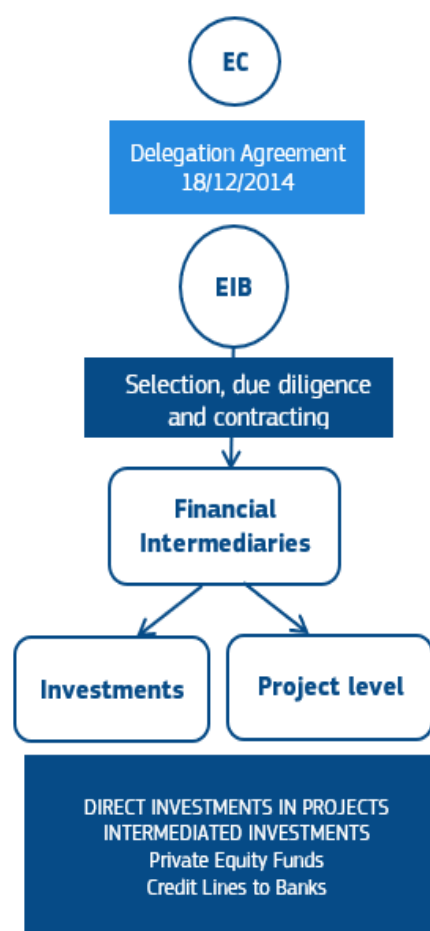
1.4 Natural Capital Financing Facility (NCFF)

Description

Identification / Reference to the basic act			
Regulation (EU) No 1293/2013 of the European Parliament and of the Council of 11 December 2013 on the establishment of a Programme for the Environment and Climate Action (LIFE) and repealing Regulation (EC) No 614/2007 (OJ L 347, 20.12.2013, p. 185)			
Budget lines			
02.029909			
(EUR)	2023	2024	2025
Budgetary commitment appropriations	p.m.	p.m.	p.m.
Budgetary payment appropriations	2,000,000.00	p.m.	p.m.
Initial financial envelope	EUR 60,000,000.00		
Current financial envelope	EUR 60,000,000.00		
Overall financial envelope	EUR 60,000,000.00		

General description

The NCFF provides direct and indirect financing for natural capital investment projects. The financing may consist in loans or equity. It finances upfront investments and operating costs for revenue-generating or cost-saving projects which promote the conservation, restoration, management and enhancement of natural capital and contribute to the Union's objectives for biodiversity and climate change adaptation, e.g. through ecosystem-based solutions to challenges related to land, soil, forestry, agriculture, water and waste.



Duration

The second amendment signed in December 2021 has extended the implementation phase of NCFF until and including 2022. No new signatures of operations will take place, but NCFF continues its disbursement period with the financial intermediaries and final recipients.

Added value, final recipients and projects

The added value of the NCFF is that it addresses current market gaps and barriers for the private financing of projects in the field of biodiversity and climate change adaptation. The aim is to establish a pipeline of replicable, bankable investments that will serve as a "proof of concept" and that demonstrate to private investors the attractiveness of such investments for the longer term. A further aim is to leverage funding from private investors for this pipeline of investments. The NCFF supports projects that the EIB normally does not invest in, because they are too small, the time to ensure an investment return is too long, or the perceived credit risk of biodiversity and climate change adaptation investments is too high.

Financial institutions involved in implementation

The EIB is the entrusted entity for the NCFF Instrument.

Operational Performance

Contribution to the achievement of the objectives of the programme

The NCFF Instrument contributes to meeting the general objectives of the LIFE regulation. In particular, the NCFF Instrument's objective was to provide a proof of concept to demonstrate that biodiversity and climate adaptation projects can be financed through innovative and sustainable market-based mechanisms in addition to existing grant-based financing. The NCFF comprises two components, the main investment facility and a small technical assistance facility which provides small grants for preparation and support activities.

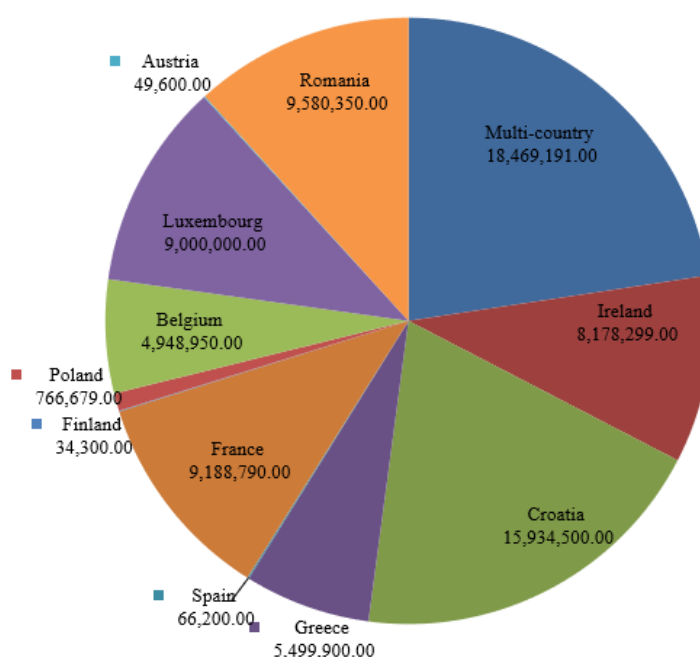
By the end of 2023, the NCFF Investment facility portfolio comprised 11 signed operations, out of which eight direct loans, two indirect loan operations and one equity agreement for the Irish Sustainable Forest Fund. The prevailing project categories were forestry and urban green infrastructures. No new operations have been signed in the reporting year, as 2022 marked the end of the signing period for the NCFF.

To date, the NCFF technical support facility supported:

- Twelve small Technical Assistance packages. These packages have served to i) support the development and the preparation of specific operations and ii) for more general guidance. In terms of costs, none of these exceeded EUR 50,000.
- Eight larger Technical Assistance packages (between EUR 339,955 – EUR 934,500) to support the development, the implementation and the monitoring of operations which are receiving financing from the NCFF.

Geographical diversification

The aim was to invest in 9 to 12 operations and as broadly as possible in different Member States to reach a geographical balance within the EU in accordance with criteria set in the Delegation Agreement governing the NCFF instrument. The broad geographical coverage was to enhance the effectiveness of the pilot phase. The eleven concluded operations from the NCFF Investment facility amount to EUR 76,883,679. They were signed with financial intermediaries from Ireland, Croatia, Greece, France, Belgium, Luxembourg, Romania and Poland. Within the geographical coverage in eight Member states, the desired geographical spread was achieved. In addition, the support from the NCFF technical support facility amounting to EUR 4,833,080 concerns operations in the projects materialised in Romania, Spain, Ireland, Finland and Austria, but also to other explored projects all over the Europe.



Main issues for the implementation

The reporting year 2022 was the final year of the implementation phase, as in 2023 there have been no new projects concluded. Whereas the pilot initiative fulfilled its objective regarding the number of financed operations, the target volume of a EUR 100-125 million of financing covering both debt and equity operations has not been reached. There were possibly several reasons for this shortfall in relation to volume, one being the small size of the submitted and approved operations. The NCFE as a market priced instrument was sensitive to the macroeconomic developments like historically low interest rates affecting the uptake of the financial instruments. In addition, the consequence of the pandemic and related economic shock affected timing of projects pipeline building. The main reason though is that nature-based solutions' projects are historically a public domain and it is rather difficult to attract investors seeking a return-on-investment proofs. The lengthy project preparations requiring staff involvement without a revenue stream during the preparation phase played a major obstacle for applicants. The rather modest results of the pilot initiative confirm a main role of the public sector in financing nature and biodiversity for the time being, but also a scope for further development of the innovative and more ambitious business models.

Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	60,000,000.00	60,000,000.00
Leverage effect	1.36	1.67 to 2.08
Multiplier effect	2.22	2.80
Operations	11	Up to 12
Financing provided to final recipients	81,716,759.00	100 m to 125 m
Number of final recipients	13	30
Investments made by final recipients due to the received financing	133,411,546.00	168,000,000.00

Financial Information

Financial Information (EUR)	Natural Capital Financing Facility		
Type of instrument	Risk-sharing (loan, equity)		
Year of inception	2014		
Implementing Partner	European Investment Bank		
	Notes	2023	All years
EU Contribution			
Budgetary commitments		0.00	60,000,000.00
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	1,578.00
Budgetary payments		2,000,000.00	14,645,000.00
Reflows	(1)		
Revenues		0.00	93,707.00
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		0.00	0.00
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		0.00	0.00
Losses from operations			
Guarantees			

Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		0.00	1,799,781.00
Incentive fees		0.00	287,965.00
Treasury management fees		0.00	0.00
Other charges		1,030,611.00	3,465,816.00
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		77,752.00	173,386.00
Net treasury result (including interest) (gains (+) / losses (-))		252,254.00	271,680.00
Net FX gains (+) / losses (-)		0.00	0.00
Other revenues		0.00	0.00
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		29,256,512.00	21,406,798.00
Value of equity investments		0.00	0.00
	<i>Investment at cost</i>	0.00	0.00
Value of loans		0.00	0.00
	<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions		1,120,499.00	1,169,210.00
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		10,134,643.00	9,279,212.00
	<i>in euro</i>	10,134,643.00	9,279,212.00
	<i>in non-euro currencies</i>	0.00	0.00
Other financial assets (including short term deposits >3months)		0.00	0.00

Notes to the financial information

(1) The reflows in the form of revenues were used to cover management costs and fees of the instrument.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

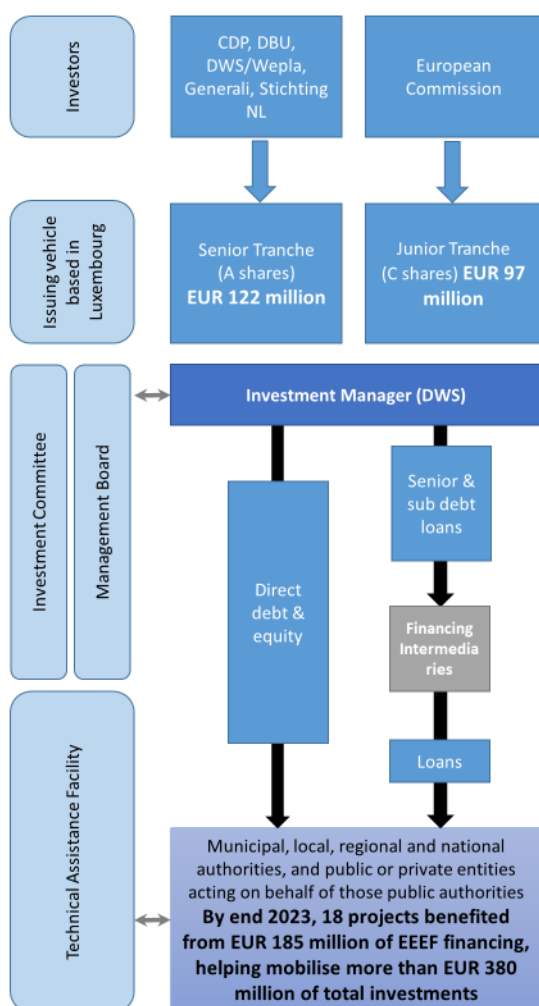
N/A

1.5 European Energy Efficiency Fund (EEEF)

Description

Identification / Reference to the basic act			
Regulation (EU) No 1233/2010 of the European Parliament and of the Council of 15 December 2010 amending Regulation (EC) No 663/2009 establishing a programme to aid economic recovery by granting Community financial assistance to projects in the field of energy (OJ L 346, 30.12.2010, p. 5)			
Budget lines			
Article 02.039904 - Completion of previous "Energy projects to aid economic recovery			
(EUR)	2023	2024	2025
Budgetary commitment appropriations	0.00	0.00	0.00
Budgetary payment appropriations	0.00	0.00	0.00
Initial financial envelope	EUR 146,334,644.00		
Current financial envelope	EUR 116,203,765.34		
Overall financial envelope	EUR 116,203,765.34		

General description



The EEEF is an alternative investment company with variable capital governed by the laws of the Grand-Duchy of Luxembourg and incorporated in the form of a public limited liability company.

It was established through Regulation (EU) No 1233/2010 of the European Parliament and of the Council of 15 December 2010 amending Regulation No. 663/2010 establishing a programme to aid economic recovery by granting Community financial assistance to projects in the field of energy.

The EEEF instrument is a public-private, long-term investment vehicle, with the objective to enhance energy saving, energy efficiency and foster renewable energy sources within the European Union, primarily through the provision of dedicated financing to municipal, local, regional or national authorities and public or private entities acting on behalf of those public authorities.

Duration

The average duration between the EU budgetary commitment to the financial instrument and the legal commitments for individual projects in the form of equity or debt, is difficult to report on in a meaningful way. Insofar as the fund is open-ended and through time, investments are made increasingly from income, redemption proceeds and new capital injections, rather than from funds in the initial budgetary commitment.

The fact that the Commission's shares have a redemption date in 2034 may also affect the evolution of legal commitments to projects until that date.

Added value, final recipients and projects

The added value of the Union contribution is because the EEEF aims to support the climate goals of the European Union (EU 2030 framework for climate and energy and the climate-neutral objectives of the European Green Deal) to promote a sustainable energy environment and foster climate protection by enabling projects in European cities, regions and communities to build resilient infrastructure.

Financial institutions involved in implementation

The fund is jointly managed by its shareholders who are principally the Commission, Generali, Stichting Achmea Algemeen Pensioenfonds, DBU and DWS/Weppla. DWS is the entrusted fund manager for the EEEF Instrument. Generali and Stichting Achmea Algemeen Pensioenfonds, joined the fund in 2022 as new shareholders (but only paid their first tranches of capital in 2023).

Operational Performance

Contribution to the achievement of the objectives of the programme

The EEEF had successfully disbursed EUR 99.8 million of EU contribution to the allocated projects by the end of the investment period, providing innovative financing solutions to energy efficiency and renewable projects. As of 31 December 2023, more than EUR 185 million have been allocated to 18 projects that have generated more than EUR 380 million of total investments. These projects already allowed reaching more than 7 million people annually.

According to the Technical assistance facility pipeline report, additional EUR 136 million could be generated if the funded projects materialise.

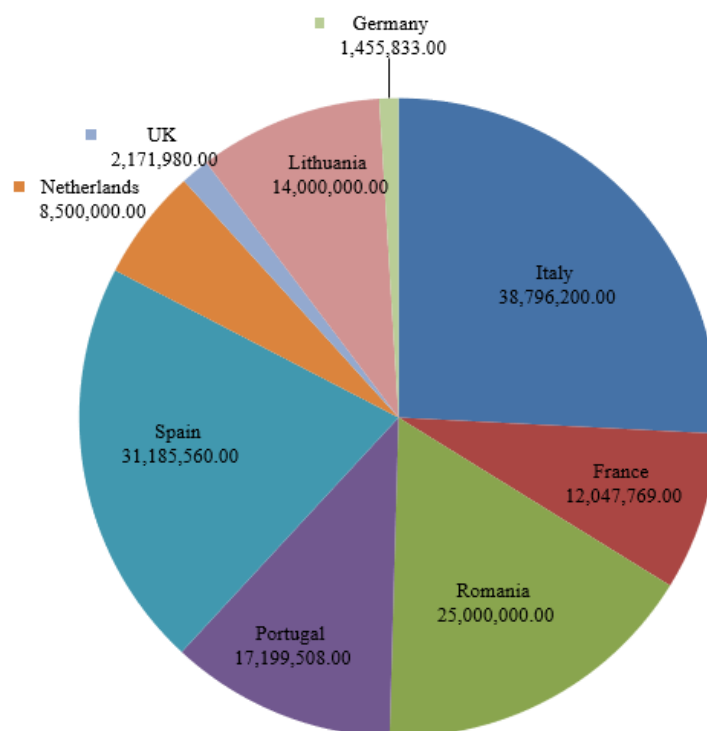
No losses have been incurred since the inception of the fund, despite the variety of financing instruments and technologies financed. Two project loans have now matured, with the proceeds returned to the fund for reinvestment. The fund has paid dividends every year since 2013, including complementary dividends since 2015. Some of these dividends have partly financed the EEEF Technical Assistance facility.

Total investment realised: EUR 380.80 million

Achieved leverage and multiplier effect: 1,85 - .3,81

Geographical diversification

As of 31 December 2023, the EEEF have financed 18 projects in total. The 18 projects can be split in two categories i) a group of 16 projects where the Fund is actively investing and ii) a group of 2 other projects, both located in France, where the EEEF investments (worth EUR 35 million) have matured. The fund aims to further diversify investments geographically and to increase its role in the newer EU Member states. The geographical distribution to the 16 projects where the EEEF is actively investing EUR 150 million of financing is described in the chart below:



Main issues for the implementation

From an operational point of view, the fund remains financially healthy and has successfully overcome capital constraints. In 2021, following extensive discussions with the shareholders, the Fund modified its legal basis and now has a much more flexible legal framework to obtain financing. As a result, in 2023 the fund has received new investors: Generali Invest committed EUR 77 million and Stichting Achmea Algemeen Pensioenfond committed EUR 20 million into EEEF, both in A-shares. By end 2023 the fund has received EUR 16,5 million from Generali, EUR 2,3 million from Stichting Achmea Algemeen Pensioenfond, as well as EUR 6,1 million from WEPLA.

As a result, the total commitment in A-shares has reached EUR 122 million in 2023, exceeding for the first time the total commitment in C-shares held by the Commission (EUR 97 million). The EEEF thus becomes the first fund in which the Commission participated directly with such a sizeable private sector investment.

Thanks to the capital injections and to the technical assistance envelope obtained from the ELENA facility (EUR 1 926 000), the Fund has developed a portfolio pipeline of 12 projects with a potential value of EUR 159,5 million. 1 of these projects already materialised into a new investment project to support the smart city implementation plan from the city of Gijon, Spain, with a forfaiting facility of up to EUR 19,5 million.

The EUR 21,2 million EC technical assistance facility was created together with the Fund and provided grants for project development services related to technical and financial preparation of projects. The EC technical assistance facility stopped functioning at the end of 2017 and was replaced by the EEEF Technical Assistance facility, the fund's own project development support platform. The EEEF TA facility has received ELENA funds, under the Horizon 2020 Programme of the European Union and builds on the experience gained from its predecessor facility. In 2021, EUR 4,9 million have been decommitted, reducing the total TA envelope to EUR 16,3 million.

In 2023, the fund has signed 2 new technical assistance contracts with the cities of Barcelona and Oviedo, both located in Spain. The EEEF technical assistance activities allowed reaching more than 1.6 million people annually.

Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	99,829,868	125,000,000
Leverage effect	1,85	N/A
Multiplier effect	3,81	N/A
Operations	18	N/A
Financing provided to final recipients	185,356,849	N/A
Number of final recipients	18	N/A
Investments made by final recipients due to the received financing	380,800,000	N/A

Financial Information

Financial Information (EUR)	European Energy Efficiency Fund (EEEF)		
Type of instrument	Dedicated investment vehicle		
Year of inception	2011		
Implementing Partner	DWS		
	Notes	2023	All years
EU Contribution			
Budgetary commitments		0.00	116,203,765.34
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00
Budgetary payments		0.00	116,203,765.34
Reflows	(1)		
Revenues		0.00	0.00
Repayments		0.00	4,498,415.32
Total reflows entered into the budget, of which:		0.00	4,498,415.32
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		0.00	4,498,415.32
Losses from operations			
Guarantees			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		0.00	0.00
Incentive fees		0.00	0.00
Treasury management fees		0.00	0.00
Other charges		0.00	168,397.95
Revenues			

Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))		0.00	0.00
Net FX gains (+) / losses (-)		0.00	0.00
Other revenues		0.00	571.00
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		110,179,857.06	108,829,690.95
Value of equity investments		110,179,857.06	108,829,690.95
	<i>Investment at cost</i>	97,044,383.00	97,044,383.00
Value of loans		0.00	0.00
	<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions		0.00	0.00
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		0.00	0.00
	<i>in euro</i>	0.00	0.00
	<i>in non-euro currencies</i>	0.00	0.00
Other financial assets (including short term deposits >3months)		0.00	0.00

Notes to the financial information

- (1) Reflows amounting to almost EUR 4.5 million have been used to finance projects under CEF Energy 2021-2027 first call for proposals, as per Article 32(1) FR. In that respect, it contributed to supporting energy infrastructure PCIs that have significant socio-economic benefits and ensure greater solidarity among Member States, but which do not receive adequate financing from the market. The projects supported pursued the goals and objectives of the Green Deal, as well as the Paris Agreement and the 2030 climate and energy targets and long-term decarbonisation objectives.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

1.6 2020 European Fund for Energy, Climate Change and Infrastructure (Marguerite)

Description

Identification / Reference to the basic act

Regulation (EC) No 680/2007 of the European Parliament and of the Council of 20 June 2007 laying down general rules for the granting of Community financial aid in the field of the trans-European transport and energy networks (OJ L 162, 22.6.2007, p. 1).

Commission Decision C(2010)0941 of 25 February 2010 on European Union participation in the 2020 European Fund for Energy, Climate Change and Infrastructure (the Marguerite Fund)

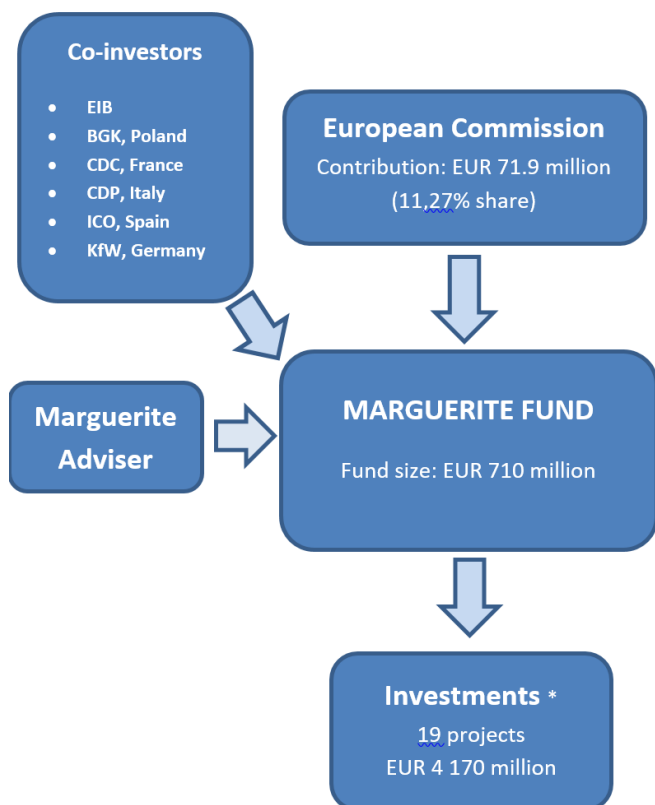
Budget lines

Article 02.029906 — Completion of previous "Connecting Europe Facility (CEF) — Transport" programmes (prior to 2021)

(EUR)	2023	2024	2025
Budgetary commitment appropriations	0.00	0.00	0.00
Budgetary payment appropriations	1,083,988.92	0.00	0.00

Initial financial envelope	EUR 80,000,000.00
Current financial envelope	EUR 71,909,749.00
Overall financial envelope	EUR 71,909,749.00

General Description



The Marguerite Fund is an equity fund based in Luxembourg, focused on investing in infrastructure projects and companies in transport, energy, and mature renewable energy.

The overall objective of the Marguerite Fund is generating a long-term rate of return on the investments made and attracting private investors as well as public investors. However, the final shareholding in the fund itself, was limited to public sector investors whereas private investment was mobilised at the level of the projects financed by the fund.

The Commission directly manages its investment in the Marguerite Fund; there is no delegation or sub-delegation agreement to any entrusted entity.

The investment in the Fund is managed by DG ECFIN through a cross-delegation from DG MOVE.

The contributions are paid directly hence no trust account is established. The Commission is a paripassu investor with a 11,27% stake, together with

the EIB and five national promotional banks ("core sponsors", each of them having a 14% stake).

The Investment Adviser "Marguerite Adviser S.A." employs the Advisory Team and provides investment advisory services to the Fund under an Advisory agreement. Marguerite Investment Management S.A. is a wholly owned entity of the Marguerite Adviser S.A. and is responsible for the Fund valuation, portfolio management and risk management.

Duration

The Marguerite Fund was set up in 2010 with an initial fundraising objective of EUR 1 500 000 000. The final size of the Marguerite Fund was EUR 710 000 000 (final closing occurred on 31 December 2012). The maximum maturity of the Fund has been set at a term of 20 years from the start of the initial closing (3 December 2009) but may be extended for up to two additional one-year periods (up to December 2031).

Added value, final recipients and projects

By investing in Marguerite, the Commission has been able to achieve a high multiplier effect on the investment made. Moreover, the Fund was managed on market terms and ensured an adequate return to the investment deployed, thereby increasing the effectiveness and efficiency of the budget as a whole.

Marguerite Fund demonstrated that public financial institutions, along with the Commission, can co-invest in an equity fund that operates on market terms and is considered as a credible investor by other players in the market. The experience of the Commission contribution to the Marguerite Fund also increased its understanding of investment in equity funds.

The Fund's focus on investing in greenfield projects was an important differentiating factor from other infrastructure funds which had a greater interest for investing in brownfield projects. In addition, Marguerite has been able to close deals in, at the time, undeveloped infrastructure markets such as Croatia for TEN-T and Poland and Romania for waste-to-energy and onshore wind.

Financial institutions involved in implementation

N/A

Operational Performance

Contribution to the achievement of the objectives of the programme

By the end of the investment period term as of 31 December 2017, the Marguerite Fund has:

- been fully invested
- respected the objectives of diversification of the portfolio
- made more than 85% of the investments in the Core Sectors
- invested more than 65% of commitments in Greenfield projects

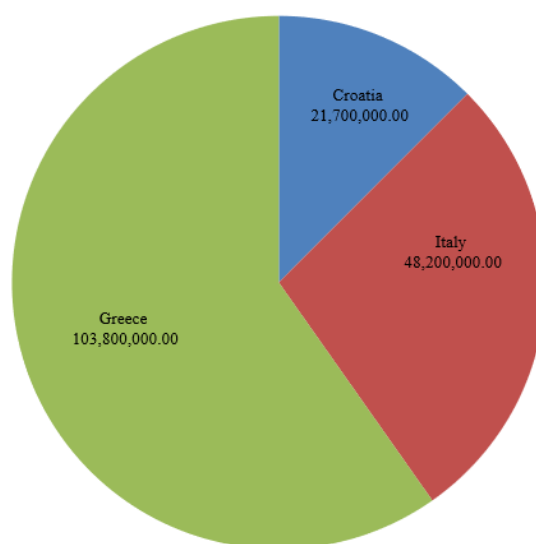
In total, the Fund invested in 19 projects in 13 Member States. It represented a total equity commitment by the Fund of EUR 751 million.

In total EUR 4,17 billion was mobilised at the end of the investment period.

As of end December 2023, the Marguerite portfolio comprises of 3 projects based in 3 Member States. It represents a total equity commitment EUR 173 million.

Geographical diversification

The Fund invested in a geographically diversified portfolio of investments accounting for EUR 751 million throughout the EU (in a total of 13 Member States) with regards to the needs of, and opportunities in, new EU member states (5 in EU-13 member states). The remaining equity commitments that are currently in the Fund's portfolio account for EUR 173 million are distributed as shown in the chart below.



Main issues for the implementation

N/A

Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	71,909,749	80,000,000
Leverage effect	10,44	18,75
Multiplier effect	57,99	49,32
Operations	19	20-30
Financing provided to final recipients	751.000.000 *	1,500,000,000
Number of final recipients	19 **	20-30
Investments made by final recipients due to the received financing ⁴⁰	4,170,000,000	3,945,436,872

Financial Information

Financial Information (EUR)	2020 European Fund for Energy, Climate Change and Infrastructure (Marguerite)		
Type of instrument	Dedicated investment vehicle (equity)		
Year of inception	2010		
Implementing Partner	N/A (direct management)		
	Notes	2023	All years
EU Contribution	(1)		
Budgetary commitments		0.00	71,909,748.92
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00

* The closing of the Fund in 2012 was concluded at EUR 710 million compared to the initial target of EUR 1.5 billion which was a market potential based on the 2009 ex-ante market analysis. The evolving market situation and the specificity of the Fund's governance structure, notably the weight of public investors, limited its capacity to attract private sector investment in the Fund.

** The current number of final recipients is three as shown in the graph above.

Budgetary payments		1,083,988.92	71,909,748.92
Reflows	(2)		
Revenues		16,496,518.11	23,868,404.39
Repayments		1,587,988.92	54,510,312.29
Total reflows entered into the budget, of which:		18,084,507.03	78,378,717.68
<i>to the general budget</i>		2,140,845.07	2,878,845.67
<i>returned to be used</i>		15,943,661.96	75,499,871.01
Losses from operations			
Guarantees			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		0.00	0.00
Incentive fees		0.00	0.00
Treasury management fees		0.00	0.00
Other charges		0.00	0.00
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		16,496,518.11	23,868,404.39
Net treasury result (including interest) (gains (+) / losses (-))			0.00
Net FX gains (+) / losses (-)			0.00
Other revenues			0.00
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		39,182,015.24	49,826,950.80
Value of equity investments		21,204,577.99	30,765,524.63
<i>Investment at cost</i>		160,000.00	664,000.00
Value of loans			
<i>Loans at cost</i>			0.00
Financial liabilities and provisions			0.00
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)			0.00
<i>in euro</i>			0.00
<i>in non-euro currencies</i>			0.00
Other financial assets (including short term deposits >3months)			0.00

Notes to the financial information

(1) As of 31 December 2023, the Commission committed and paid EUR 71,9 million (reduced from initial EUR 80 million commitment).

(2) In 2023, the Commission recovered Marguerite Fund distributions totalling EUR 18,084,507.03 of which EUR 16,496,518.11 were revenues and EUR 1,587,988.92 were repayments. In line with Article 35(1) of the InvestEU Regulation, 2023 reflows in the amount of EUR 6,468,349.10 were assigned to InvestEU. 2023 reflows in the amount of EUR 9,475,312.86, 2022 reflows in the amount of EUR 19,994,393.77 and 2021 reflows in the amount of EUR 14,561,815.28 were assigned to the Public Sector Loan Facility (total reflows assigned to the Public Sector Loan Facility EUR 44,031,521.91).

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

B. Research & Innovation

2.1 Horizon 2020 Loan Services for R&I Facility (InnovFin Debt)

Description

Identification / Reference to the basic act

Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in “Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)” and repealing Regulation (EC) No 1906/2006 (OJ L 347, 20.12.2013, p. 81)

Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) and repealing Decision No 1982/2006/EC (OJ L 347, 20.12.2013, p. 104)

Council Decision 2013/743/EU of 3 December 2013 establishing the specific programme implementing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) and repealing Decisions 2006/971/EC, 2006/972/EC, 2006/973/EC, 2006/974/EC and 2006/975/EC (OJ L 347, 20.12.2013, p. 965)

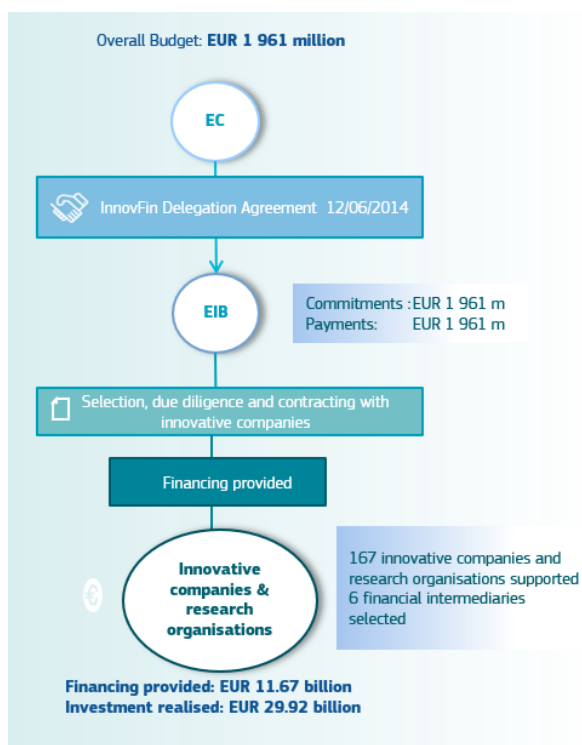
Budget lines

2.029903

(EUR)	2023	2024	2025
Budgetary commitment appropriations	0.00	0.00	0.00
Budgetary payment appropriations	83.02	0.00	0.00

Initial financial envelope:	EUR 1,060,000,000.00
Current financial envelope:	EUR 1,060,000,000.00
Overall financial envelope:	EUR 1,060,000,000.00

General description



The Horizon 2020 Loan Services for R&I Facility (branded InnovFin) aims to increase the supply of loans, financial leases, mezzanine finance, guarantees and counter-guarantees, securitisation, equity and other forms of risk finance to R&I-driven enterprises, universities, public research organisations, R&I Infrastructures and Innovation-enabling Infrastructures and other entities located in Member States or Horizon 2020 Associated Countries.

This instrument helps addressing riskier projects or sub-investment grade promoters carrying out RDI investments across all Horizon 2020 Societal Challenges. It contains a particular approach to address the financing needs of midcap companies (with employees between 500 and 3 000).

Duration

The facility is planned to last until 31 December 2033 (until the last operations are wound down).

Added value, final recipients and projects

The InnovFin facility offers better access to risk finance in an open, demand-driven way through direct loans or hybrid/mezzanine investments made available by the EIB as well as through risk-sharing (guarantees) involving other banks and financial intermediaries.

The InnovFin facility covers a broad spectrum of final recipients with a flexible loan financing approach. The set of thematic products are complemented by a dedicated guarantee facility for loans and leases for innovative SMEs and Small Midcaps.

The funding of the Loan and Guarantee Service for Research and Innovation has two main components:

- demand-driven, providing loans and guarantees on a first-come, first-served basis, with specific support for final recipients such as SMEs and mid-caps. This component responds to the steady and continuing growth seen in the volume of Risk Sharing Finance Facility lending, which is demand-led. This demand-driven component is supported by the budget of the Horizon 2020 Access to Risk Finance programme.
- targeted, focusing on policies and key sectors crucial for tackling societal challenges, enhancing competitiveness, supporting sustainable, low-carbon, inclusive growth, and providing environmental and other public goods. Specific examples include the thematic products such as InnovFin Energy Demonstration Projects and InnovFin Infectious Diseases Finance facility, as well as the Thematic Investment Platforms, such as the European Circular Bioeconomy Fund. This component helps the Union to address research and innovation aspects of sectorial policy objectives. Additional funding can be provided from other programmes (such as other parts of Horizon 2020, other frameworks, programmes and budget lines in the Union budget) and from particular regions and Member States that wish to contribute with their own resources (including through Structural Funds) and/or specific entities (such as Joint Technology Initiatives).

Financial institutions involved in implementation

The EIB is the entrusted entity for the InnovFin facility.

Operational Performance

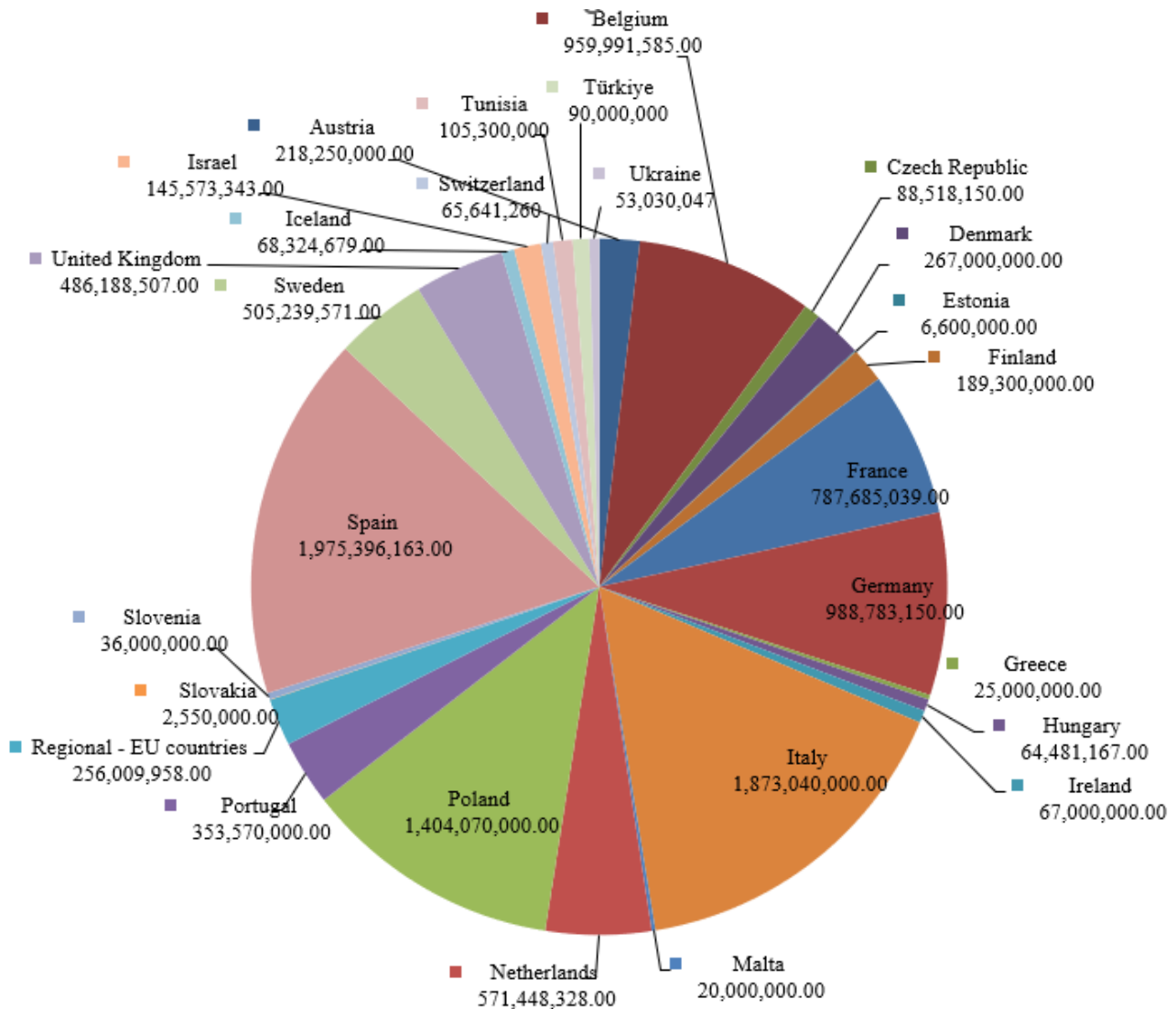
Contribution to the achievement of the objectives of the programme

As of 31/12/2023, 167 InnovFin operations in Member States and 20 in Associated Countries to Horizon 2020 or the UK have been signed for a total financing amount of EUR 11 674 million which has triggered investment by final recipients amounting to EUR 29 915 million. For 2014-2020, the EU contribution of EUR 1 961 million was targeted to mobilise an amount of financing of EUR 17 830 million for the target final recipients.

Due to the COVID-19 crisis, EUR 400.1 million of repayments from the FP7 Risk Sharing Finance Facility have been recommitted to the Infectious Diseases Finance facility in 2020. In total the Infectious Diseases Finance facility has financed 28 operations for EUR 647 million.

Geographical diversification

As of 31/12/2023, the InnovFin facility has been implemented in 20 Member States and 7 Associated Countries to Horizon 2020 or the UK. The chart below shows how the financing provided to the final recipients (EUR 11 674 million) is distributed by country.



Main issues for the implementation

No issues affecting the implementation of the financial instrument have been identified.

Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	1,961,100,000.00	1,961,100,000.00
Leverage effect	5.95	9.09
Multiplier effect	15.25	18.18
Operations	187	175
Financing provided to final recipients	11,673,990,947.00	17,828,900,000.00
Number of final recipients	187	175
Investments made by final recipients due to the received financing	29,915,949,764.00	35,659,800,000.00

Financial Information

Financial Information (EUR)	Horizon 2020 Loan Services for R&I Facility (InnovFin Debt)		
Type of instrument	Guarantee		
Year of inception	2014		
Implementing Partner	EIB		
	Notes	2023	All years
EU Contribution	(1)		
Budgetary commitments		0.00	1,961,100,000.00
<i>of which from third countries</i>		0.00	9,405,382.00
<i>of which from reflows</i>		0.00	1,132,969,862.65
Budgetary payments		83.02	1,961,100,000.00
Reflows	(2)		
Revenues		0.00	26,905,978.00
Repayments		0.00	9,528,709.86
Total reflows entered into the budget, of which:		0.00	36,434,687.86
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		0.00	36,434,687.86
Losses from operations			
Guarantees			
Guarantees called		89,780,917.00	325,559,233.00
Guarantee calls recovered		25,898.00	50,136,358.00
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		-371,698.00	47,803,182.00
Incentive fees		0.00	46,078,505.00
Treasury management fees		618,029.00	4,510,231.00
Other charges		6,390.00	48,264.00
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		9,246,415.00	244,123,030.00
Net treasury result (including interest) (gains (+) / losses (-))		87,927,653.00	-16,716,698.00
Net FX gains (+) / losses (-)		0.00	0.00
Other revenues		0.00	12,071.00
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		1,780,900,060.00	1,866,536,547.00
Value of equity investments		0.00	0.00
<i>Investment at cost</i>		0.00	0.00
Value of loans		0.00	0.00

	<i>Loans at cost</i>		0.00	0.00
Financial liabilities and provisions			40,102,914.00	83,895,996.33
Assets under treasury management				
Balance in the fiduciary bank account (including short term deposits <3months)			2,232.00	2,149.00
	<i>in euro</i>		2,232.00	2,149.00
	<i>in non-euro currencies</i>		0.00	0.00
Other financial assets (including short term deposits >3months)			1,830,736,207.00	1,794,124,584.00

Notes to the financial information

- (1) The InnovFin debt Facility for Research and Innovation has a rather fast budgetary implementation ratio, i.e., 100% budgetary execution rate of payments in comparison to commitments as of 31 December 2023.
- (2) In line with Article 35(1) of the InvestEU Regulation, 2022 reflows in the amount of EUR 4,925,640.68 and 2021 reflows in the amount of EUR 11,188,767.48 were assigned to InvestEU. 2022 reflows in the amount of EUR 4,603,069.18 were assigned to the Public Sector Loan Facility.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

2.2 Risk-Sharing Finance Facility (RSFF) & Pilot guarantee facility for R&I-driven SMEs and Small Midcaps (RSI) under the FP7

Description

Identification / Reference to the basic act

Decision No 1982/2006/EC of the European Parliament and of the Council of 18 December 2006 concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013) (OJ L 412, 30.12.2006, p. 1).

Council Decision 2006/971/EC of 19 December 2006 concerning the specific programme 'Cooperation' implementing the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007 to 2013) (OJ L 400, 30.12.2006, p. 86).

Council Decision 2006/974/EC of 19 December 2006 on the Specific Programme: 'Capacities' implementing the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007 to 2013) (OJ L 400, 30.12.2006, p. 299).

Budget lines

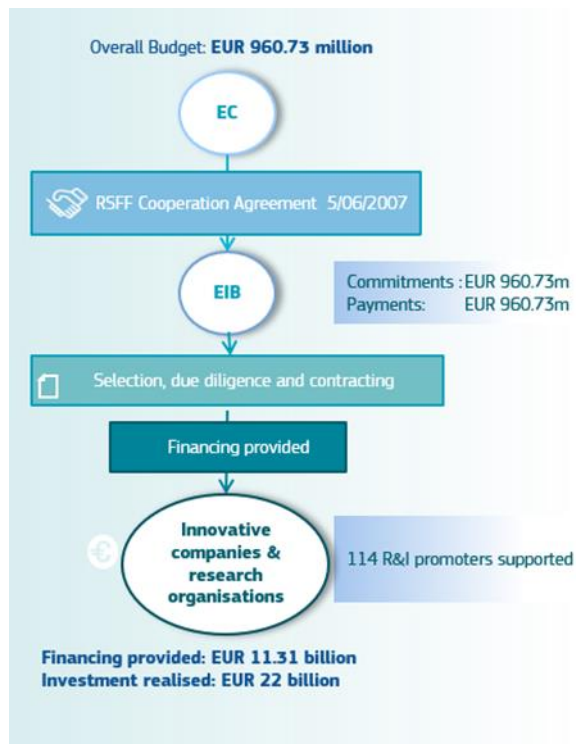
N/A: Former MFF 2007-2013

(EUR)	2023	2024	2025
Budgetary commitment appropriations	0.00	0.00	0.00
Budgetary payment appropriations	0.00	0.00	0.00

Initial financial envelope	EUR 1,230,730,000.00
Current financial envelope	EUR 1,230,730,000.00
Overall financial envelope	EUR 1,230,730,000.00

General description

The RSFF, co-developed by the European Commission and the EIB, was established in June 2007. The RSFF facilitates access to finance by providing loans and guarantees to a wide range of recipients - including SMEs, mid-sized enterprises, larger companies, research institutions, universities and research infrastructures - investing in RDI.

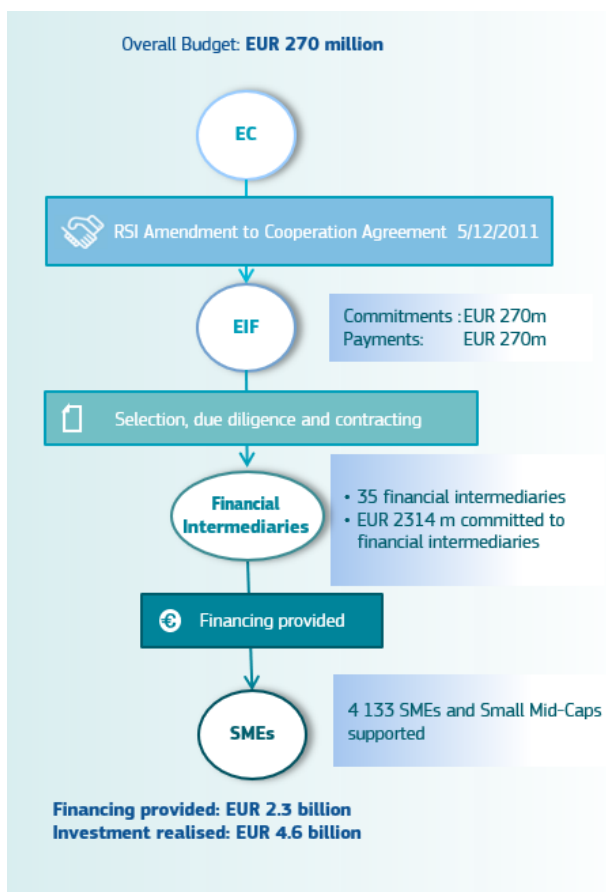


In early 2012, within this programme a new pilot guarantee facility, RSI (Risk-Sharing Instrument for SMEs and small midcaps, with maximum 499 employees) was launched to improve access to finance for RDI investments.

The RSI guarantee facility is part of the RSFF implementation and is carried out by the European Investment Fund (EIF).

Duration

The facilities are planned to last until 30 June 2024 (until the last operations will be wound down)



Added value, final recipients and projects

The EU and the EIB are risk-sharing partners for loans provided by the EIB directly or indirectly to final recipients. The European Union, through FP7 budget resources, and the EIB have set aside a total amount of up to EUR 2 billion (up to EUR 1 billion each) for the period 2007-2013 to cover losses if RSFF loans are not repaid. Through those EU/EIB contributions for risk-sharing and loss coverage, the EIB is able to extend a loan volume of EUR 10 billion to companies and the research community for their investments in R&D and Innovation. The overall budget of the facility has been committed and paid at 100% by end 2013.

The RSI is a dedicated guarantee facility for loan and lease finance addressing the finance gap for innovative SMEs and Small Midcaps (with up to 499 employees). Through risk-sharing via guarantees provided by the EIF to financial intermediaries, it made a significant contribution to support innovative smaller companies by improving their access to finance. No new commitment was made since 31/12/2013. The overall budget of the facility has been committed and paid at 100% by end 2013.

Financial institutions involved in implementation

The EIB is the entrusted entity for the RSFF facility. The EIF is the entrusted entity for the RSI Facility.

Operational Performance

Contribution to the achievement of the objectives of the programme

Loan agreements have been signed with 114 R&I promoters, with a total loan volume of EUR 11,31 billion and the instrument has been implemented in 25 countries. The RSFF has reached and easily exceeded almost all its operational and intermediate objectives. Three evaluations clearly demonstrate that RSFF is well on its way to realising longer-term objectives and wider achievements.

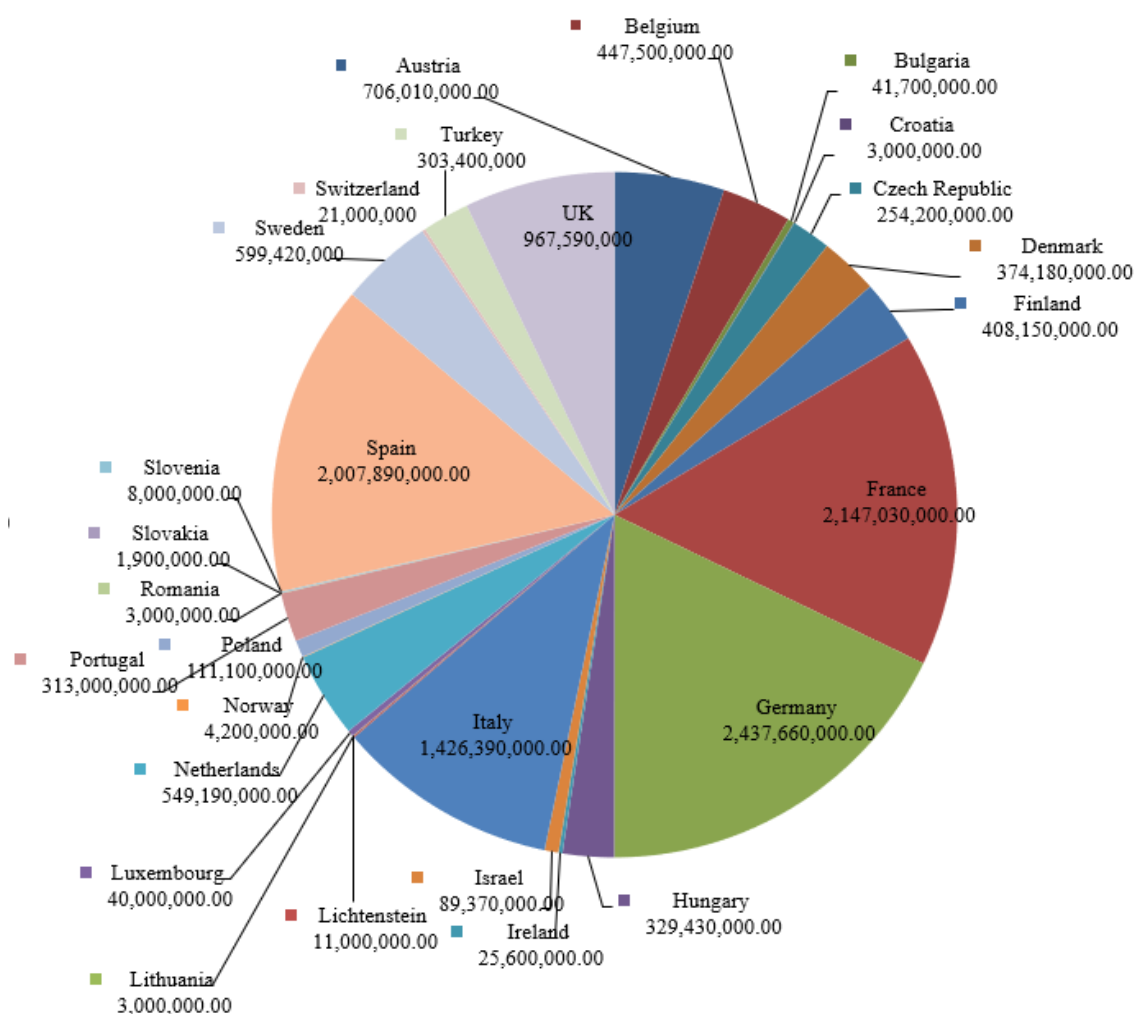
Demand for RSFF loan finance has been high since the launch of the facility in mid-2007: in its first phase (2007-2010), its take-up exceeded initial expectations by more than 50 % in terms of active loan approvals (EUR 11,3 billion versus an initial forecast of EUR 6 billion).

The first interim evaluation concluded that the RSFF was successfully introduced into the EU's research funding scheme within FP7, was a model example of an EU financial instrument, and should be further developed and strengthened. Recommendations included the need to better target SMEs and research infrastructures. The second interim evaluation concluded that the RSFF had proved to be attractive to RDI companies and had met or exceeded its loan volume targets and enabled EIB to increase the bank's capacity to make riskier loans. The ex-post evaluation of RSFF concluded that the Facility addressed deep-seated market failures related to innovation financing in Europe and the reluctance of commercial banks to support projects perceived as being high risk. The evaluation suggested that RSFF provided the type of financing not available from other sources at the time, thereby demonstrating a high degree of financial additionality.

The introduction of the RSI Pilot in 2012, with its focus on SME innovation financing and use of financial intermediaries as a delivery mechanism, was innovative initiative to address market failures and boost investment in RDI. The ex-post evaluation of RSI concluded that the scheme directly addressed deep-seated market failures regarding innovation financing in Europe and the reluctance of commercial banks to support project perceived as being high risk. It suggests that the RSI provided the type of debt financing not available from other sources at the time, thereby demonstrating a high degree of financial additionality. The Risk-Sharing Instrument enabled support to 4.133 innovative SMEs and small midcaps.

Geographical diversification

For RSFF, loan agreements have been implemented in 25 countries (The geographic breakdown below is based on the latest information available - source: RSFF ex-post operational report 2013) since no new agreements have been signed since 2014. The RSI facility covers 17 countries in the EU and Associated Countries. The graph below shows the distribution of the EUR 13.6 billion of financing provided to final recipients (EUR 11.3 billion by RSFF and EUR 2.3 billion by RSI).



Main issues for the implementation

RSFF facility ended (no new operations since 2014): no issue to report.

The RSI facility has come to an end and has paved the way to the financial instrument SMEs & Small Midcaps R&I Loans Service under Horizon 2020 which is implemented on a larger scale in term of budget, geographical coverage and specific target groups.

Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	1,230,730,000.00	1,230,730,000.00
Leverage effect	11.08	7.56
Multiplier effect	21.65	14.63
Operations	149	60
Financing provided to final recipients	13,633,910,000.00	9,301,000,000.00
Number of final recipients	4,247	3,060
Investments made by final recipients due to the received financing	26,642,400,000.00	18,000,000,000.00

Financial Information

Financial Information (EUR)	Risk-Sharing Finance Facility (RSFF) & Pilot guarantee facility for R&I-driven SMEs and Small Midcaps (RSI) under the FP7		
Type of instrument	Risk-sharing (RSFF); Guarantee (RSI)		
Year of inception	2007		
Implementing Partner	EIB and EIF		
	Notes	2023	All years
EU Contribution	(1)		
Budgetary commitments		0.00	1,230,730,000.00
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00
Budgetary payments		0.00	1,230,730,000.00
Reflows	(2)		
Revenues		0.00	297,832,607.00
Repayments		0.00	1,038,691,330.00
Total reflows entered into the budget, of which:		0.00	1,336,523,937.00
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		0.00	1,336,523,937.00
Losses from operations			
Guarantees			
Guarantees called		1,021,601.00	86,905,001.00
Guarantee calls recovered		898,066.00	8,461,683.00
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		109,329.00	35,836,265.25
Incentive fees		0.00	22,831,000.00
Treasury management fees		76,512.00	6,560,641.80

Other charges		3,490.00	51,935,426.00
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	346,686,063.15
Net treasury result (including interest) (gains (+) / losses (-))		2,631,738.00	100,036,302.74
Net FX gains (+) / losses (-)		98,065.00	-110,683.90
Other revenues		0.00	15,852.43
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		4,771,000.00	90,925,000.00
Value of equity investments		0.00	0.00
<i>Investment at cost</i>		0.00	0.00
Value of loans		0.00	0.00
<i>Loans at cost</i>		0.00	0.00
Financial liabilities and provisions		0.00	363,054.00
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		13,824,977.74	13,698,715.54
<i>in euro</i>		13,824,977.43	9,576,712.31
<i>in non-euro currencies</i>		0.00	4,122,000.00
Other financial assets (including short term deposits >3months)		73,206,909.58	78,116,451.58

Notes to the financial information

- (1) The RSFF and RSI facilities have been fully executed in payment credits.
- (2) In line with Article 209(3) of the Financial Regulation, reflows were assigned to the Horizon 2020 financial instruments for research and Innovation branded as InnovFin.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

C. Social & Education

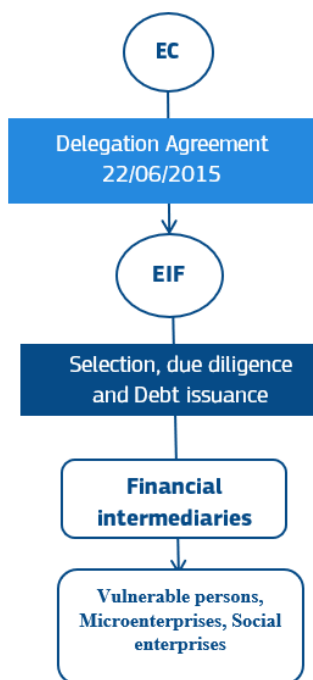
3.1.a Employment and Social Innovation Microfinance and Social Entrepreneurship Guarantee (EaSI-G)

Description

Identification / Reference to the basic act			
Regulation (EU) No 1296/2013 of the European Parliament and of the Council of 11 December 2013 on a European Union Programme for Employment and Social Innovation (“EaSI”) and amending Decision No 283/2010/EU establishing a European Progress Microfinance Facility for employment and social inclusion (OJ L 347, 20.12.2013, p. 238)			
Budget lines			
02.02 99 02			
(EUR)	2023	2024	2025
Budgetary commitment appropriations	0.00	0.00	0.00
Budgetary payment appropriations	4,203,943.59	0.00	0.00

Initial financial envelope	EUR 96,000,000.00
Current financial envelope ⁴¹	EUR 131,000,000.00
Overall financial envelope ⁴²	EUR 131,000,000.00

General description



Financing provided: **EUR 3,452 bn**
Investment realised: **EUR 4,833 bn**

The EaSI Microfinance and Social Entrepreneurship Guarantee was established through Regulation (EU) No 1296/2013 of the European Parliament and of the Council of 11 December 2013 establishing a European Union Programme for Employment and Social Innovation (“EaSI”) and amending Decision No 283/2010/EU establishing a European Progress Microfinance facility for Employment and Social Inclusion (OJ L 347/238, 20/12/2013).

The EaSI Microfinance and Social Entrepreneurship Guarantee (EaSI-G) aims:

- to increase access to, and availability of, microfinance for vulnerable groups who want to set up or develop their business as well as for existing micro-enterprises,
- to build up the institutional capacity of microcredit providers,
- to support the development of social enterprises, in particular by facilitating access to finance.

The EaSI Microfinance and Social Entrepreneurship Guarantee (EaSI- G) is implemented via direct guarantees and counter-guarantees. It provides risk coverage in the form of capped guarantees to selected financial intermediaries who undertake to develop a portfolio of loans targeting eligible final recipients

⁴¹ Including EUR 1 000 000 committed for the Business Development Services Support pilot and excluding EUR 300 000 000 from EFSI

⁴² Including EUR 1 000 000 committed for the Business Development Services Support pilot and excluding EUR 300 000 000 from EFSI

(vulnerable persons, micro and social enterprises).

The EIF is instructed to provide guarantees backed by the EU budget to financial intermediaries in order to cover a portion of expected losses of a portfolio of newly generated loans to vulnerable persons, micro- and social enterprises with a higher risk profile.

As an entrusted entity, the EIF is responsible for identifying, investigating, evaluating, and selecting the financial intermediaries by applying selection criteria and processes set out in the Delegation Agreement.

The Delegation Agreement between the Commission and the EIF was signed in 2015 with technical amendments in 2016 and further amendments in 2017 and 2018 allowing for an additional top-up of EUR 300 000 000 from EFSI. It was further amended in 2020 to introduce Covid-19 support measures allowing for higher risk sharing. The initial overall budget of EUR 96 000 000 was increased by EUR 34 000 000 using reflows from the European Progress Microfinance Fund and the European Progress Microfinance Guarantee Facility, leading to an overall financial envelope, excluding EFSI top up, of EUR 131 000 000 (total amount available for the facility EFSI included is EUR 431 000 000).

From the above overall financial envelope of EUR 131 000 000, EUR 1 000 000 is earmarked for the implementation of the Business Development Services (BDS) Support pilot which is an additional component embedded in the EaSI Guarantee instrument. The purpose of BDS Support is to partially offset the costs incurred by Financial Intermediaries benefitting from an EaSI Microfinance Guarantee in view of offering Business Development Services to final recipients who qualify as Refugees and/or Migrants.

Duration

The Microfinance and Social Entrepreneurship Guarantee has been running since June 2015. The implementation period (signatures of new operations with financial intermediaries) runs until 30/06/2024.

Added value, final recipients and projects

The instrument provides support not directly to final recipients, but rather to relevant financial intermediaries, i.e. microfinance providers and social enterprise finance providers. The EaSI-G guarantees are widely accessible to financial intermediaries (microcredit providers, both banks and non-banks, and social enterprise finance providers) to improve outreach to the hard-to-reach target groups, namely micro-enterprises (including vulnerable persons) and social enterprises.

The "Microfinance Guarantee financial instrument" targets:

- Vulnerable people, i.e. persons who are in a disadvantaged position with regard to access to the conventional credit market and who want to start or further develop their own micro-enterprise, including self-employment; (special focus to young people as a vulnerable group).
- Micro-enterprises, meaning enterprises, including a self-employed person, that employ fewer than 10 people and whose annual turnover or annual balance sheet does not exceed EUR 2 000 000, in accordance with Commission Recommendation 2003/361/EC.

The "Social Entrepreneurship Guarantee financial instrument" targets:

- Social enterprises, regardless of their legal form.

The guarantee instrument provides capped guarantees up to 30% of portfolios, which include micro-credit loans granted by financial intermediaries to micro-enterprises, including self-employed persons and loans to social enterprises. The guarantees cover up to 80% of the individual micro-credit and loans to social enterprises included in the respective portfolios.

Financial institutions involved in implementation

The European Investment Fund (EIF) is the entrusted entity for the implementation of the EaSI Microfinance and Social Entrepreneurship Guarantee. Information on financial intermediaries is available in the following link http://www.eif.org/what_we_do/microfinance/easi/easi-signatures.pdf.

Operational Performance

Contribution to the achievement of the objectives of the programme

As of 31/12/2023, 168 Guarantee Agreements (with 163 of them currently active, 118 for Microfinance and 45 for Social Entrepreneurship) with 113 financial intermediaries have been signed in 31 countries (25 Member States and 6 Participating Countries) for a total guarantee cap amount of EUR 413 577 489 out of which EUR 310 720 173 from EaSI/EFSI resources.

Based on the latest data available⁴³, at the end of 2023 the main results of the instrument are the following:

- Amount of financing already provided by the instrument to eligible final recipients: EUR 3 452 070 566 (EUR 2 363 742 747 for microfinance and EUR 1 088 327 819 for social entrepreneurship).
- Number of final recipients: 168 186 (161 477 microfinance and 6 709 for social entrepreneurship)⁴⁴.
- Number of loans to micro and social enterprises: 199 432 (190 825 for microfinance and 8 607 for social entrepreneurship).
- Total estimated amount of investment realised: EUR 4 832 898 792 (EUR 3 309 239 845 for microfinance and EUR 1 523 658 947 for social entrepreneurship)⁴⁵. Regarding the amount of private capital mobilised, it is included in the total estimated amount of investment realised (EUR 4.833 bn) since it represents the sum of the amount that the financial intermediaries provide as loans to the final recipients plus the final recipients' private funding resources.
- Total number of employees (in the supported micro and social enterprises): 493 322 (313 073 for microfinance and 180 249 for social entrepreneurship)⁴⁶.
- For the EaSI-G microfinance window,⁴⁷ the gender breakdown shows that considerable outreach to women is already achieved (30,4% of the micro-borrowers guaranteed were women). In addition, 8,3% of individual micro-borrowers who received support under the instrument so far were either unemployed or inactive at the time they received their loan. Individuals who were final recipients of micro-loans were, by and large, educated at secondary school level (39,2%). Regarding the age group, with respect to final recipients who are natural persons, the outreach to individuals in disadvantaged age groups (younger and older people combined) is 12,5%.
- For the EaSI-G social entrepreneurship window,⁴⁸ reporting data collected shows that 19,9% of the social enterprises benefitting from EaSI-G have as a main activity the integration of migrants, asylum seekers and refugees. The vast majority (88%) of the social enterprises supported have an annual turnover of less than EUR 2 000 000.

⁴³ EaSI - Annual Operational Report 2023, cumulative data as at 31/12/2023

⁴⁴ Total number of final recipients for both windows – excluding duplicates – equals 168 077. Some final recipients have benefitted from both windows as the sum of microfinance and social entrepreneurship number of final recipients suggest (168 186 compared to 168 077).

⁴⁵ The respective figures were calculated by applying an external multiplier factor of 1,4 which reflects the multiplier used under EFSI.

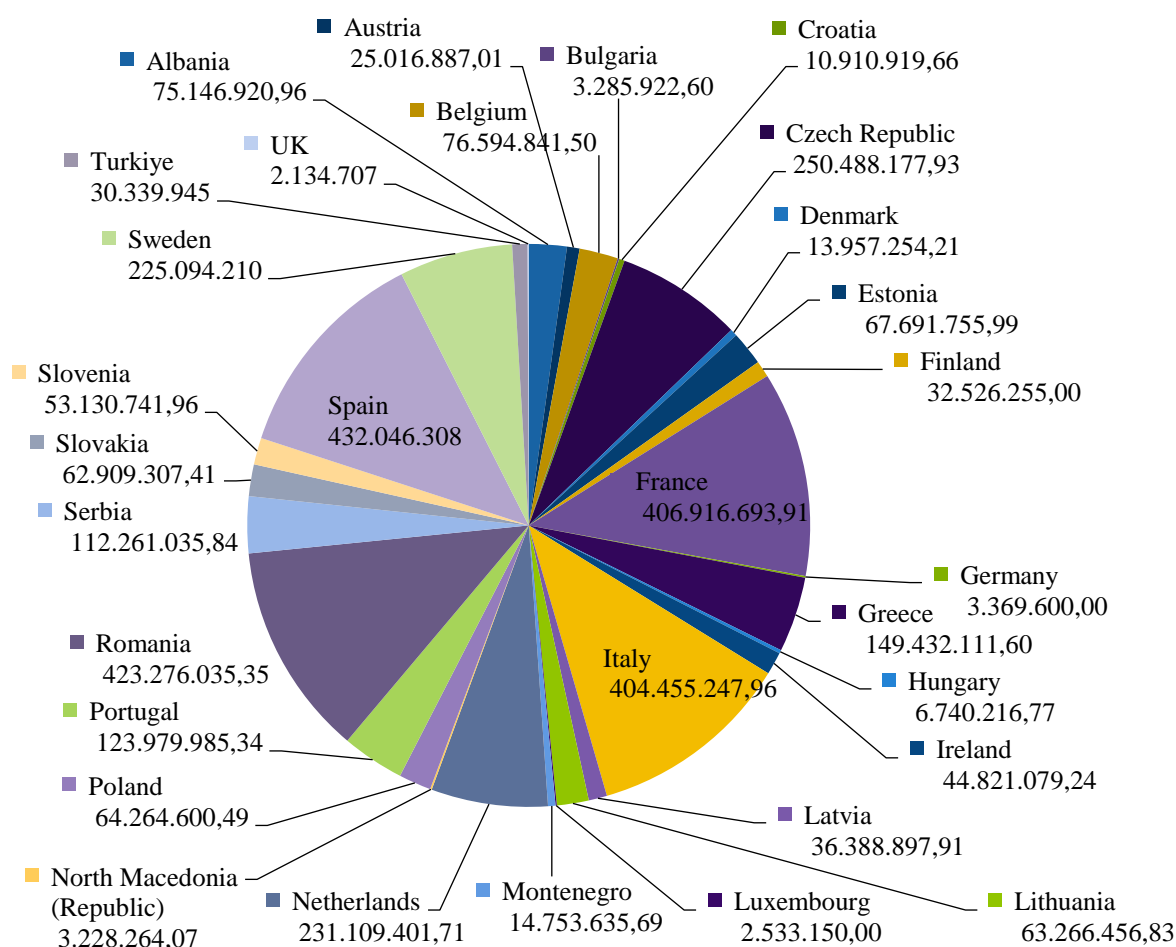
⁴⁶ Total number of employees for both windows – excluding duplicates.

⁴⁷ EaSI – Annual Impact Report 2023. The data used in this paragraph is based on a survey of a sample of micro-borrowers.

⁴⁸ EaSI – Annual Impact Report 2023. The data used in this paragraph is based on a survey of a sample of social enterprises.

Geographical diversification

As at 30/9/2023, the EaSI - G is supporting the provision of financing in 28 countries (22 Member States and 6 Participating Countries) with the relevant breakdown presented here below (distribution by country of EUR 3 452 070 566 of financing provided⁴⁹)



Main issues for the implementation

At present, EaSI-G has been successfully deployed, showing continuous strong market demand. The EU budgetary commitments under the EaSI programme, along with the additional top up from EFSI of EUR 100 000 000 and EUR 200 000 000 in 2017 and 2018 respectively, have been fully utilised and have enabled the EIF to sign operations and keep pace with market demand. In the area of social entrepreneurship, despite the initial slower take up due in part to the novelty of the instrument, the initially allocated EU budget of EUR 40 000 000 has been fully deployed.

Performance, financing and investments

As at 31/12/2023, based on the 168 signed Guarantee agreements for a total guarantee cap of EUR 413 577 489 out of which EUR 310 720 173 from EaSI/EFSI, the *expected* volumes of loans to final recipients are estimated to reach EUR 4 294 674 000, surpassing the overall minimum target loan volume (EUR 2 365 000 000).

As for the actual leverage, the total guarantee cap of EUR 418 187 045 has so far supported EUR 3 452 070 566 (data as at 30/09/2023) of new micro-loans and loans to social enterprises, suggesting an achieved leverage of 8,3.

⁴⁹ EaSI- Semi-annual Operational Report at 30/09/2023

The performance of the financial instrument is expected to out-perform the minimum target leverage factor and the minimum target loan volume. Performance results have been achieved also thanks to the top-up contribution from EFSI.

Key figures (EUR)	Actual	Target
EU Contribution committed	413,577,489.00	430,000,000.00
Leverage effect	8.35	5.50
Multiplier effect	11.69	7.70
Operations	168	226
Financing provided to final recipients	3,452,070,566.00	2,365,000,000.00
Number of final recipients	168,186	150,780
Investments made by final recipients due to the received financing	4,832,898,792.00	3,311,000,000.00

Financial Information

Financial Information (EUR)	Employment and Social Innovation Microfinance and Social Entrepreneurship Guarantees (EaSI-G)		
	Notes	2023	All years
Type of instrument	Guarantee		
Year of inception	2015		
Implementing Partner	EIF		
EU Contribution			
Budgetary commitments		0.00	131,000,000.00
<i>of which from third countries</i>		0.00	94,682.00
<i>of which from reflows</i>		0.00	40,883,451.13
Budgetary payments		4,203,943.59	128,527,487.59
Reflows	(1)		
Revenues		3,582,922.33	3,947,844.69
Repayments			0.00
Total reflows entered into the budget, of which:		3,582,922.33	3,947,844.69
<i>to the general budget</i>			364,922.36
<i>returned to be used</i>		3,582,922.33	3,582,922.33
Losses from operations			
Guarantees			
Guarantees called		20,371,063.00	96,690,111.00
Guarantee calls recovered		0.00	1,260,321.00
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		0.00	9,038,651.89
Incentive fees		0.00	3,142,434.00

Treasury management fees		85,463.00	414,555.00
Other charges		8,800.00	296,702.17
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	275,070.00
Net treasury result (including interest) (gains (+) / losses (-))		4,754,997.00	9,826,938.44
Net FX gains (+) / losses (-)		70,179.00	-960,080.64
Other revenues		74,277.00	74,277.00
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		54,070,351.00	36,756,211.56
Value of equity investments		4,804,394.00	0.00
	<i>Investment at cost</i>	5,137,567.00	0.00
Value of loans		32,883,528.00	32,794,084.56
	<i>Loans at cost</i>	34,722,510.00	33,249,535.56
Financial liabilities and provisions		16,382,429.00	36,756,212.00
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		85,323,204.00	100,190,602.00
	<i>in euro</i>	9,696,848.00	15,520,414.00
	<i>in non-euro currencies</i>	75,626,356.00	83,441,270.40
Other financial assets (including short term deposits >3months)		1,548,500.00	1,499,099.84

Notes to the financial information

(1) In line with Article 35(1) of the InvestEU Regulation, 2023 reflows in the amount of EUR 3,582,922.33 were assigned to InvestEU.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

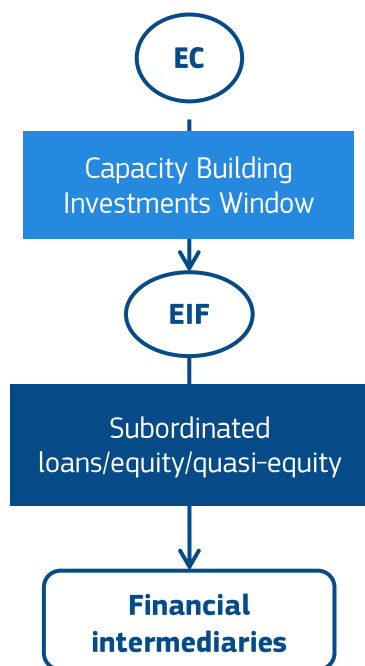
3.1.b EaSI Capacity Building Investments (EaSI CBI)

Description

Identification / Reference to the basic act			
Regulation (EU) No 1296/2013 of the European Parliament and of the Council of 11 December 2013 on a European Union Programme for Employment and Social Innovation ("EaSI") and amending Decision No 283/2010/EU establishing a European Progress Microfinance Facility for employment and social inclusion (OJ L 347, 20.12.2013, p. 238)			
Budget lines			
2.029902			
(EUR)	2023	2024	2025
Budgetary commitment appropriations	0.00	0.00	0.00
Budgetary payment appropriations	2,428,781.00	2,992,382.00	0.00
Initial financial envelope		EUR 16,000,000.00	
Current financial envelope		EUR 45,000,000.00	
Overall financial envelope		EUR 45,000,000.00	

General description

The EaSI Capacity Building Investment Window ("EaSI Capacity Building") is one of the financial instruments under the Employment and Social Innovation ('EaSI') programme. The general objectives of the programme are described in Article 4 of Regulation (EU) No 1296/2013 are to promote employment and social inclusion by increasing the availability and accessibility of microfinance for vulnerable people who wish to start up a micro-enterprise as well as for existing micro-enterprises, and by increasing access to finance for social enterprises.



Financing provided: **EUR 40 966 244**
 Investment realised: **EUR 84 959 359**

According to Article 26 of Regulation (EU) No 1296/2013, "In addition to the general objectives set out in Article 4, the specific objectives of the Microfinance and Social Entrepreneurship axis shall be to: (b) build up the institutional capacity of microcredit providers".

The Commission has mandated the EIF to implement EaSI Capacity Building Investments Window through direct and indirect equity investments in financial intermediaries and subordinated loans or quasi-equity i.e. loans with an "equity-like" risk profile in term of subordination or maturity profile to financial intermediaries.

The initial budget of this instrument was EUR 16 000 000. Due to the strong demand from the market, the overall financial enveloped has increased to EUR 45 000 000.

Duration

The EaSI Capacity Building Investments Window was introduced in the EaSI Delegation Agreement between the Commission and the EIF on 19/12/2016. The implementation period (signatures of new operations with financial intermediaries) runs until 30/06/2024.

Added value, final recipients and projects

The EaSI Capacity Building instrument aims at building up the institutional capacity of financial intermediaries that have not yet reached sustainability (i.e. break-even, operational capacity, etc.), including greenfield financial intermediaries, or financial intermediaries that need risk capital, inter alia, to expand further their operations, both in the microfinance and in the social entrepreneurship space.

Financial institutions involved in implementation

The EaSI Capacity Building instrument is implemented by the European Investment Fund (EIF) on behalf of the European Commission.

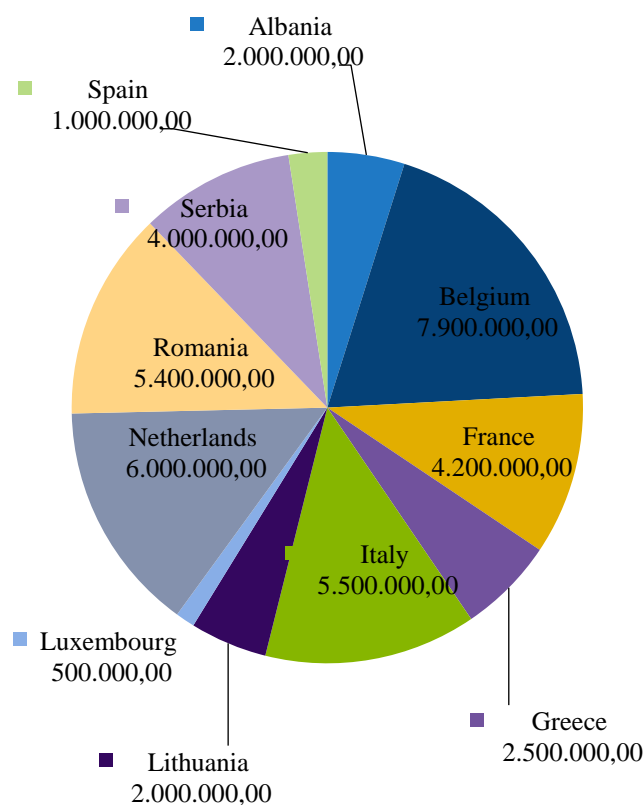
Operational Performance

Contribution to the achievement of the objectives of the programme

Until 31/12/2023, there were 19 signed operations of EU equity or subordinated loans participations, worth of EUR 40 966 244 with 19 financial intermediaries, covering 11 participating countries. The above-mentioned signed transactions involve investments a) in organisational development and expansion, including branch expansion, scaling up/building up of IT infrastructure and human resources such as recruitment and training of staff and b) in strengthening the operational and institutional capabilities contributing to the sustainability of a Financial Intermediary (including Greenfield Financial Intermediary) and the increase of their indebtedness capacity.

Geographical diversification

By the end 2023, there were 19 signed operations, providing financing to financial intermediaries in 11 countries:



Main issues for the implementation

No issues for the implementation identified until now.

Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	40,966,244.00	41,364,666.00
Leverage effect	1.00	2.00
Multiplier effect	2.07	3.80
Operations	19	10 to 12
Financing provided to final recipients	40,966,244.00	82,729,332.00
Number of final recipients	19	10 to 12
Investments made by final recipients due to the received financing	84,959,359.00	157,185,731.00

Financial Information

Financial Information (EUR)	EaSI Capacity Building Investments (EaSI CBI)		
	Notes	2023	All years
Type of instrument		Equity	
Year of inception		2015	
Implementing Partner		EIF	
EU Contribution			
Budgetary commitments		0.00	45,000,000.00
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00
Budgetary payments		2,428,781.00	36,170,237.00
Reflows	(1)		
Revenues		0.00	38,693.98
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		0.00	38,693.98
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		0.00	38,693.98
Losses from operations			
Guarantees			
Guarantees called		0.00	5,246,641.12
Guarantee calls recovered		0.00	39,389.46
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		752,335.00	2,778,915.00
Incentive fees		0.00	0.00

Treasury management fees		1,219.00	58,158.76
Other charges		0.00	99,525.00
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		1,821,070.00	4,812,863.08
Net treasury result (including interest) (gains (+) / losses (-))		0.00	0.00
Net FX gains (+) / losses (-)		0.00	0.00
Other revenues		0.00	0.00
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure			37,673,454.00
Value of equity investments			4,879,369.00
	<i>Investment at cost</i>		5,137,567.00
Value of loans		0.00	0.00
	<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions		0.00	0.00
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		2,883,225.00	1,228,915.00
	<i>in euro</i>	2,883,225.00	1,228,918.00
	<i>in non-euro currencies</i>	0.00	0.00
Other financial assets (including short term deposits >3months)		0.00	0.00

Notes to the financial information

(1) In line with Article 35(1) of the InvestEU Regulation, 2021 reflows in the amount of EUR 38,693.98 were assigned to InvestEU.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

3.2.a European Progress Microfinance (EPMF FCP-FIS)

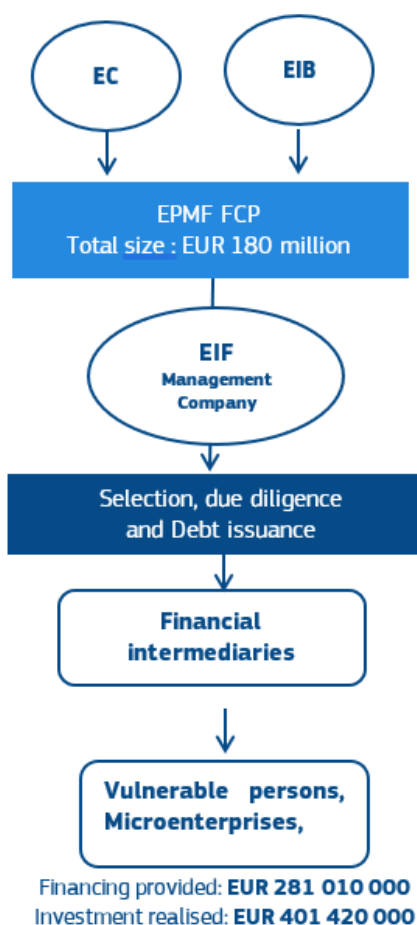
Description

Identification / Reference to the basic act			
Decision No 283/2010/EU of the European Parliament and of the Council of 25 March 2010 establishing a European Progress Microfinance Facility for employment and social inclusion (OJ L 87, 7.4.2010, p. 1)			
Budget lines			
02.029902			
(EUR)	2023	2024	2025
Budgetary commitment appropriations	0.00	0.00	0.00
Budgetary payment appropriations	0.00	0.00	0.00

Initial financial envelope:	EUR 78,000,000.00
Current financial envelope:	EUR 80,000,000.00
Overall financial envelope:	EUR 80,000,000.00

General description

The European Progress Microfinance FCP FIS (EPMF FCP) is a compartment of the EU Microfinance Platform FCP-FIS (the “Fund”). The Fund is structured as a Luxembourg “fonds commun de placement – fonds d’investissement spécialisé” (FCP - FIS) governed by the law of 13 February 2007 relating to specialised investment funds (the “2007 Law”) and was launched on 22 November 2010. It is established as an umbrella fund, with two sub-funds:



- The European Progress Microfinance Fund (‘EPMF FCP’);
- The Employment and Social Innovation Fund (the ‘EaSI Sub-Fund’) reported in chapter 3.2.b of this report.

The EPMF FCP was implemented via a Dedicated Investment Vehicle (DIV) and provided mainly debt instruments (senior loans)

It had a size of EUR 180 000 000. Its two founding investors were the European Commission and the European Investment Bank. The EU contribution amounted to EUR 80 000 000 as a first loss piece and the EIB contributed with EUR 100 000 000 as second loss piece.

In its role as Management Company, the EIF evaluated, selected and concluded the relevant loan agreements with selected financial intermediaries.

On their part, the selected financial intermediaries on-lent the received financing by developing loan portfolios aiming at specific target groups (self-employed persons, microenterprises). The provision of loan financing to intermediaries increased access to, and availability of, microfinance for the most vulnerable within the EU.

The specific investment objective of the instrument was to increase access to, and availability of, a range of financial products and services in the area of microfinance for the following target groups (see also the objectives under the EPMF-Guarantee Facility):

- persons starting their own enterprise, including self-employment;
- enterprises, especially microenterprises;
- capacity building, professionalization, and quality management of microfinance institutions and of organisations active in the area of microfinance;
- local and regional employment and economic development initiatives.

Duration

The EPMF FCP FIS was established in 2010 with a duration of 10 years. In 2020, the liquidation procedure of the sub fund was launched, was notified to the Luxembourgish supervisory authority (CSSF) and was expected to be finalised by the end of 2023, based on the Wind Down Agreement of this instrument. The Fund that was managing the procedure did not manage to finalise the closure of all the underlying loans till the end of 2023. The Commission signed an assignment agreement for the remaining of the portfolio to another organisation that would finalise the liquidation of the instrument at the symbolic price of EUR 1. The signature took place in March 2024 and there are no more reflows expected for this instrument in 2024.

Operational Performance

Given the liquidation procedure referred to above, the information concerning the contribution to the achievement of the objectives of the programme and the geographical diversification of the financial instrument presented in Working Document X published on 7 June 2023⁵⁰ remains entirely up to date. The key figures published at that time are copied below.

Key figures (EUR)	Actual	Target
EU Contribution committed	80,000,000.00	80,000,000.00
Leverage effect	3.51	2.83
Multiplier effect	5.02	4.04
Operations	50	N/A
Financing provided to final recipients	281,012,214.00	226,400,000.00
Number of final recipients	35,940	N/A
Investments made by final recipients due to the received financing	401,425,948.00	323,428,571.00

Financial Information

Financial Information (EUR)	European Progress Microfinance FCP-FIS		
Type of instrument	Dedicated investment vehicle (equity)		
Year of inception	2010		
Implementing Partner	EIF		
	Notes	2023	All years
EU Contribution	(1)		
Budgetary commitments		0.00	80,000,000.00
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00

⁵⁰ https://commission.europa.eu/publications/working-documents-2024_en

Budgetary payments		0.00	80,000,000.00
Reflows	(2)		
Revenues		0.00	0.00
Repayments		397,764.08	71,672,230.35
Total reflows entered into the budget, of which:		397,764.08	71,672,230.35
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		397,764.08	71,672,230.35
Losses from operations			
Guarantees			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
Equities			
Realised losses		0.00	7,043,715.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		0.00	0.00
Incentive fees		0.00	0.00
Treasury management fees		0.00	0.00
Other charges		0.00	0.00
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))		0.00	-0.78
Net FX gains (+) / losses (-)		0.00	0.00
Other revenues		0.00	0.00
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		0.00	0.00
Value of equity investments		0.00	0.00
<i>Investment at cost</i>		0.00	0.00
Value of loans		0.00	0.00
<i>Loans at cost</i>		0.00	0.00
Financial liabilities and provisions		0.00	0.00
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		0.00	0.00
<i>in euro</i>		0.00	0.00
<i>in non-euro currencies</i>		0.00	0.00
Other financial assets (including short term deposits >3months)		0.00	0.00

Notes to the financial information

(1) The total envelope was paid out in 2016.

(2) 2023 reflows in the amount of EUR 397,764.08, 2022 reflows in the amount of EUR 1,548,428.96 and 2021 reflows in the amount of EUR 4,531,000.97 were assigned to the Public Sector Loan Facility. The total amount of reflows assigned to the Public Sector Loan Facility amounts to EUR 6,477,194.01. In line with Article 35(1) of the InvestEU Regulation, 2021 reflows in the amount of EUR 3,823,545.11 were assigned to InvestEU.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

3.2.b Employment and Social Innovation Sub-Fund (EaSI FIS)

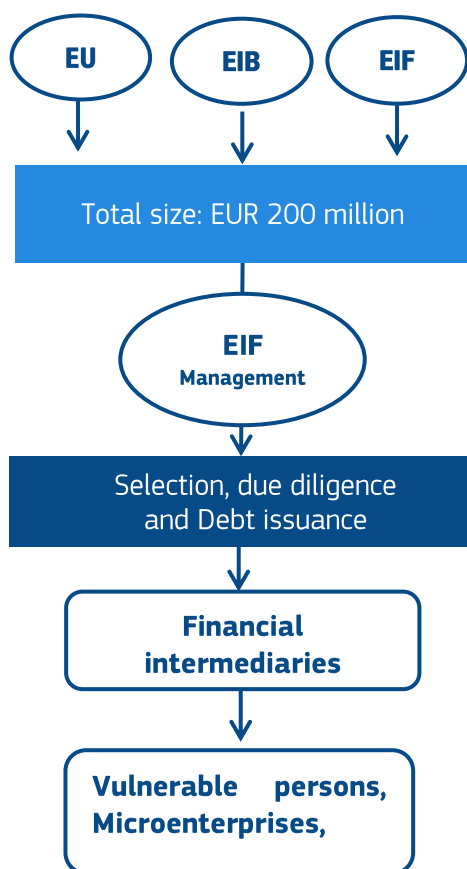
Description

Identification / Reference to the basic act			
Decision No 283/2010/EU of the European Parliament and of the Council of 25 March 2010 establishing a European Progress Microfinance Facility for employment and social inclusion (OJ L 87, 7.4.2010, p. 1)			
Budget lines			
02.029902			
(EUR)	2023	2024	2025
Budgetary commitment appropriations	0.00	0.00	0.00
Budgetary payment appropriations	0.00	0.00	0.00

Initial financial envelope:	EUR 67,000,000.00
Current financial envelope:	EUR 67,000,000.00
Overall financial envelope:	EUR 67,000,000.00

General description

The Employment and Social Innovation Sub-Fund is the second compartment of the EU Microfinance Platform FCP-FIS (the “Fund”), an umbrella fund with two sub-funds:



Financing provided: **EUR 196 923 139**
 Investment realised: **EUR 281 304 704**

- The European Progress Microfinance Fund (‘EPMF FCP’) reported in chapter 3.2.a of this report;
- The Employment and Social Innovation Fund (the ‘EaSI Sub-Fund’).

The EaSI Sub-Fund has an overall size of EUR 200 000 000 and is a partnership between the European Union, the European Investment Bank and the European Investment Fund. The EU budget resources available to the EaSI Sub-Fund are set at EUR 67 000 000 as a first-loss piece investment. The EU will be the only equity-holder in the sub-fund. The European Investment Bank (EIB) and the European Investment Fund (EIF) will provide funding respectively under a senior loan facility of EUR 110 000 000 and a mezzanine loan facility of EUR 23 000 000.

The EaSI Sub-Fund is intended to support lending to micro-enterprises and social enterprises and is another addition to the toolbox of EU instruments dedicated to microfinance and social finance. It shall provide debt instruments in the form of senior and subordinated loans to financial intermediaries to enhance access to finance for micro-enterprises and social enterprises. On

their part, the selected financial intermediaries on-lend the received financing by developing loan portfolios aiming at specific target groups (self-employed persons, microenterprises, social enterprises).

Duration

The EaSI Sub-Fund was established in 2019 for a limited duration ending on 31 December 2032. Its implementation period (signatures of new operations with financial intermediaries) was intended to run until 2023; however, a one-year extension of the investment period, until 16 October 2024, was granted.

Added value, final recipients and projects

The Sub-Fund operations are meant to address a market failure by providing an incentive to Intermediaries to increase access to, and availability of, microfinance and to support the development of the social investment market and facilitate access to finance for social enterprises.

The EaSI Sub-Fund aims at replicating the success of its predecessor, the EPMF Sub-Fund, but has expanded its policy scope to also cover social enterprises.

Final recipients targeted by the EaSI Sub-Fund are in line with the EaSI policy objectives that aim to enhance access to finance for the following categories:

- a. vulnerable persons who have lost or are at the risk of losing their job, or who have difficulties entering or re-entering the labour market, or who are at risk of social exclusion or are socially excluded and who are in a disadvantaged position with regard to access to the conventional credit market and who wish to start up or develop their own micro-enterprise, or
- b. micro-enterprises in both the start-up and development phase, especially micro-enterprises which employ persons as referred to in point (a), or
- c. social enterprises within the meaning of the EaSI Regulation.

Financial institutions involved in implementation

The EaSI Sub-Fund is managed by the EIF as Management Company.

Operational Performance

Contribution to the achievement of the objectives of the programme

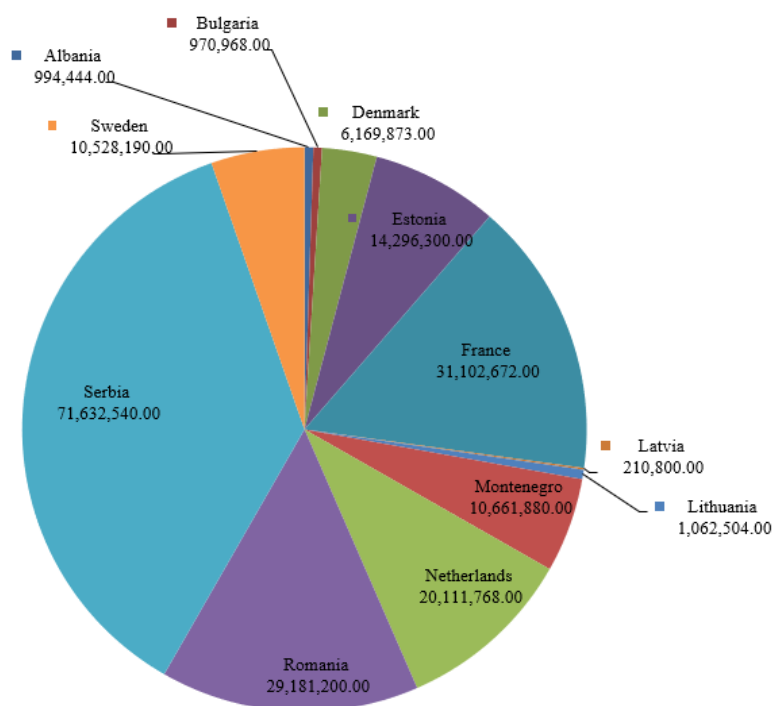
In total 30 agreements were signed in 9 Member States and 3 Participating Countries.

The main results as of 31/12/2023 (latest available operational data) are the following:

- Amount of financing already provided by the instrument to eligible final recipients: EUR 196 923 139.
- Number of final recipients: 17 973 (17 724 for microfinance and 249 for social entrepreneurship).
- Number of loans to micro- and social enterprises: 20 342 (20 083 for microfinance and 259 for social entrepreneurship).
- Total amount of investment realised: EUR 281 304 704.
- Total number of employees: 43 762 (37 369 for microfinance and 6 393 for social entrepreneurship).

Geographical diversification

At 31/12/2023, the distribution of financing to eligible final recipients was as follows:



Main issues for the implementation

The initial pace of implementation was quite slow, mainly due to the preparatory legal work and to the delays caused by the COVID-19 pandemic, which shifted the focus on the development of immediate and urgent measures to address its the adverse effects on final recipients.

However, at the end of 2023, a loan volume of almost EUR 197 million was signed with financial intermediaries and it is expected that the instrument will indeed provide an incentive for financial intermediaries to increase access to, and availability of, microfinance and to support the development of the social investment market and facilitate access to finance for social enterprises.

Performance, financing and investments

The main performance indicators are presented below:

- Total investments realised (achieved at final recipients' level): EUR 281,304,704.
- Achieved multiplier effect: 4,2
- Achieved leverage effect (on total financing): 2,9.

Key figures (EUR)	Actual	Target
EU Contribution committed	67,000,000.00	67,000,000.00
Leverage effect	2.94	4.48
Multiplier effect	4.20	6.40
Operations	30	N/A
Financing provided to final recipients	196,923,139.00	300,000,000.00
Number of final recipients	17,973	N/A
Investments made by final recipients due to the received financing	281,304,704.06	428,550,000.00

Financial Information

Financial Information (EUR)	Employment and Social Innovation Sub-Fund (EaSI FIS)		
Type of instrument	Dedicated investment vehicle (equity)		
Year of inception	2019		
Implementing Partner	EIF		
	Notes	2023	All years
EU Contribution	(1)		
Budgetary commitments		0.00	67,000,000.00
<i>of which from third countries</i>		0.00	29,136.00
<i>of which from reflows</i>		0.00	27,969,379.57
Budgetary payments		0.00	67,000,000.00
Reflows			
Revenues		0.00	0.00
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		0.00	0.00
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		0.00	0.00
Losses from operations			
Guarantees			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		0.00	0.00
Incentive fees		0.00	0.00
Treasury management fees		0.00	0.00
Other charges		0.00	0.00
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))		0.00	0.00
Net FX gains (+) / losses (-)		0.00	0.00
Other revenues		0.00	0.00
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		62,256,760.00	60,999,511.00
Value of equity investments		62,256,760.00	60,999,511.00
<i>Investment at cost</i>		67,000,000.00	67,000,000.00
Value of loans		0.00	0.00

	<i>Loans at cost</i>		0.00	0.00
Financial liabilities and provisions			0.00	0.00
Assets under treasury management				
Balance in the fiduciary bank account (including short term deposits <3months)			0.00	0.00
	<i>in euro</i>		0.00	0.00
	<i>in non-euro currencies</i>		0.00	0.00
Other financial assets (including short term deposits >3months)			0.00	0.00

Notes to the financial information

(1) The EU contribution in commitments was finalised in 2020, reaching 100% of the Fund's capital amount. The commitments have been paid in full.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

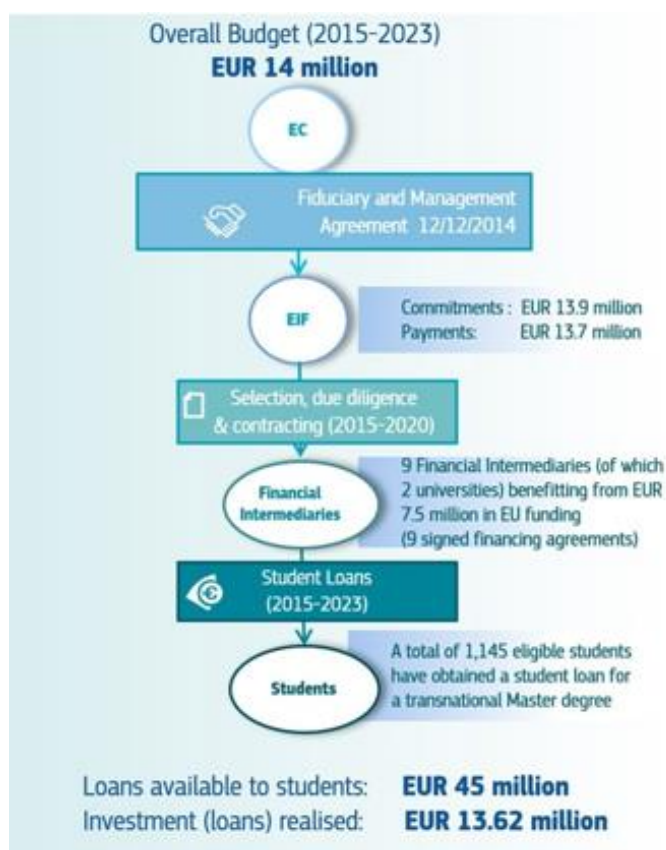
3.3 Erasmus+ Student Loan Guarantee Facility (SLGF)

Description

Identification / Reference to the basic act			
Regulation (EU) No 1288/2013 of the European Parliament and of the Council of 11 December 2013 establishing “Erasmus+”: the Union programme for education, training, youth and sport and repealing Decisions No 1719/2006/EC, No 1720/2006/EC and No 1298/2008/EC (OJ L 347, 20.12.2013, p. 50)			
Budget lines			
02.029910 (new nomenclature - previously: 15.020101 (EAC))			
(EUR)	2023	2024	2025
Budgetary commitment appropriations	0.00	0.00	0.00
Budgetary payment appropriations	0.00	0.00	0.00
Initial financial envelope⁵¹:	EUR 517,000,000.00		
Current financial envelope⁵²:	EUR 13,911,503.00		
Overall financial envelope:	EUR 13,911,503.00		

General description

The Student Loan Guarantee Facility (SLGF) was piloted under the Erasmus+ programme (2014-2020), aiming to support transnational student mobility, equity and study excellence via guarantees to financial intermediaries that agree to providing student loans to students moving for their Master’s studies to another Erasmus+ Programme country, regardless of the student's social background and with favourable lending conditions. The EU capped guarantee (90% at individual level, 18% at portfolio level) thus mitigates the risk of lending to a group that financial intermediaries would otherwise not consider or find too risky.



Duration

The SLGF scheme started in June 2015, with 2020 as the final year of its implementation period. The scheme has not been renewed under Erasmus+, as the focus on student mobility was perceived as too narrow, but EU-guaranteed student lending support is still provided under the InvestEU programme, building on the SLGF experience and following a successful testing phase through a Skills & Education Guarantee Pilot launched in 2020.

⁵¹ Max. 2,5% of the total 'Erasmus+' budget Regulation (EU) No 1288/2013

⁵² Final EU Commitments to the Erasmus+ Student Loan Guarantee Facility at end of the implementation period.

Added value, final recipients and projects

Master graduates make an increasingly important contribution to innovation and entrepreneurship in Europe as the need for higher skills grows, for example in order to support the digital and green transition. Access to finance is all the more difficult for students who want to study abroad, although this is an economically rewarding and personally enriching experience, which also benefits society at large.

The Erasmus+ Student Loan Guarantee Facility aimed to increase access to finance in order to enable students, regardless of their social background, to take a Master's Degree in another Erasmus+ programme country, as a contribution to tackling skills gaps in Europe. This student loan scheme for a full master at a university abroad thus complemented the shorter-duration Erasmus+ grants scheme for student mobility (based on the recognition by the home university of study credits obtained abroad).

The funding of student loans by private banks is unlocked through a public subsidy, which takes the form of a 90% guarantee on the repayment of individual loans, up to 18% of the portfolio volume of banks, and valid for 15 years. The Student Loan Guarantee Facility was integrated in the Erasmus+ programme (2014-2020) on a pilot basis; its concept is being further pursued under InvestEU Social Investment and Skills window.

While the SLGF scheme was implemented through financial intermediaries in only 10 Erasmus+ programme countries, it operated as a fully European scheme since nearly all countries were involved in one way or another: either as a country from which students were seeking funding to pursue a Master's degree abroad, or as destination country for them to carry out these Master studies (or for both cases).

Financial institutions involved in implementation

The management of the Student Loan Guarantee Facility was entrusted to the European Investment Fund.

Operational Performance

Contribution to the achievement of the objectives of the programme

- While during this legacy period 8 financial intermediaries are still involved in 7 Erasmus+ Programme Countries, the scheme in 2023 remained available to future Master students only through a single intermediary. By end 2023 (Q4 reporting) a total of **1.145 students** had effectively benefited from **EUR 13,62 million** in EU-guaranteed Master Loans.
- Recipients' surveys have been carried out since 2016, with consistently positive results⁵³: the **concept is clearly valued by students**, [with satisfaction rates well above 70%] and they communicate that it has a particular 'graduate premium' in the labour market.
- The Erasmus+ SLGF pilot has been pioneering a number of innovative implementation modes, e.g. offering deferred payment through education and training providers, and its learning was used in the design of the **Skills & Education Guarantee Pilot** (operational since 2021).
- Its **broader scope of final recipients** (targeting a wider range of individual students and learners, as well as of institutions requiring and providing education and skills) is positively considered, as demonstrated by a high level of interest from financial intermediaries in a very short timeframe.
- The EIF is further promoting and extending this type of financial instrument, under the **Social Investment and Skills** window of **InvestEU** throughout 2021-2027, supporting more financial intermediaries and final recipients who can benefit from education and skills related financial support.

⁵³ The recipients' surveys had an exceptionally high response rate around 50% annually, testifying to the commitment of the final recipients to this financial instrument.

Geographical diversification

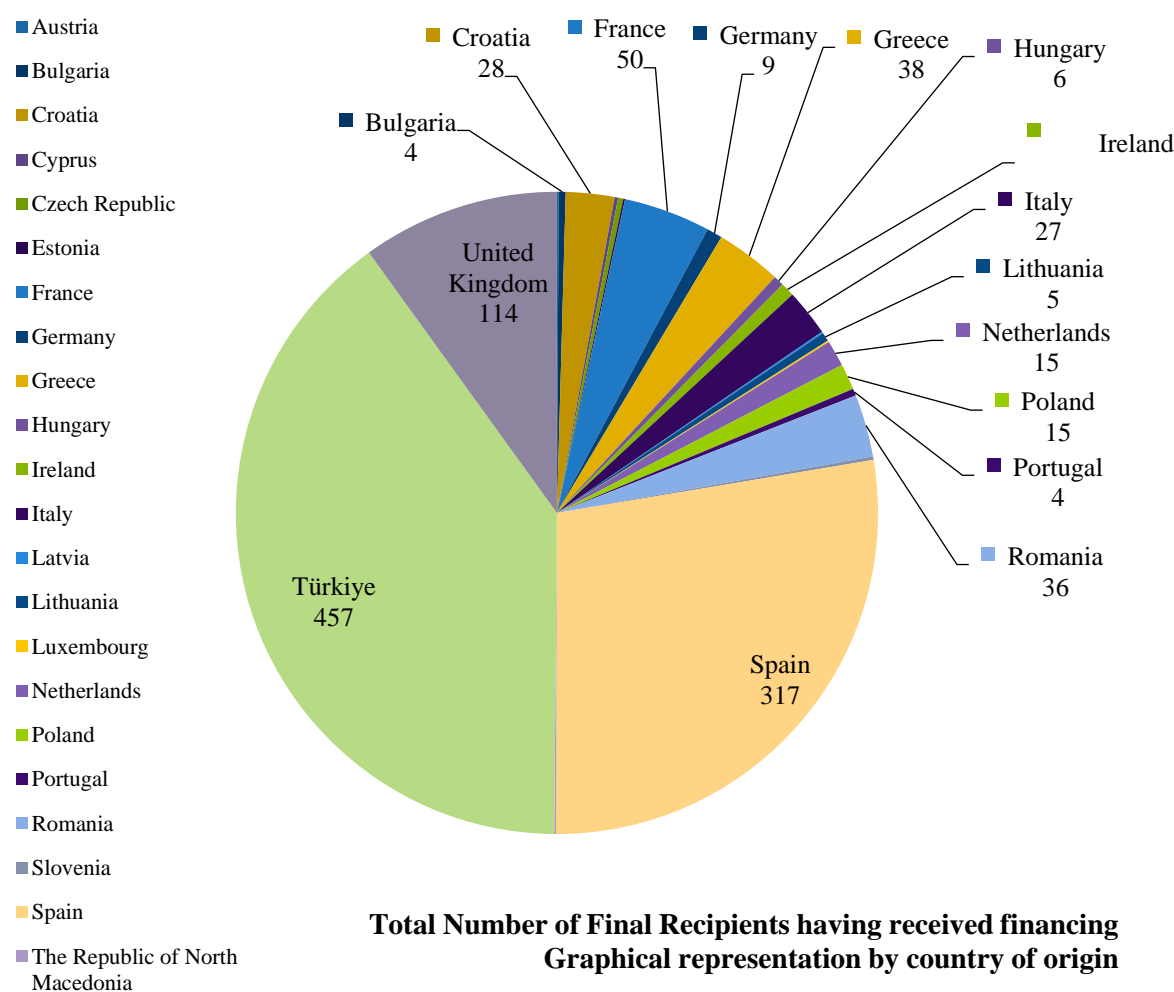
Country [Countries with more than 50 [outgoing or incomings] students are printed in bold.]	Country of residence when applying	Country where Bachelor's Degree was obtained	Country of destination for Master's Degree
Argentina		1	
Australia		1	
Austria	1	2	20
Belgium			59
Bosnia and Herzegovina		2	
Brazil		2	
Bulgaria	4	4	
Canada		1	
Croatia	28	22	
Cyprus	2	1	12
Czech Republic	3	3	9
Denmark		1	34
Estonia	1	1	2
Finland			16
France	50	46	64
Germany	9	7	194
Greece	38	35	4
Hungary	6	3	8
Iceland			3
India		1	
Ireland	8	10	25
Italy	27	24	99
Latvia	1		
Lithuania	5	4	2
Luxembourg	1		3
Malta			1
Nepal		1	
Netherlands	15	24	133
Norway			16
Poland	15	8	38
Portugal	4	4	7
Romania	36	33	1
Slovakia			1

Slovenia	2	2	3
Spain	317	294	183
Sweden			55
The Republic of North Macedonia	1	1	3
Türkiye	457	457	
United Kingdom	114	143	150
United States		6	
Venezuela, Bolivarian Republic of		1	

Main issues for the implementation

The pilot scheme had a much lower yield than initially envisaged (at supply side [financial intermediaries], as well as demand side [student recipients]). In the light of this low take-up, the EIF and the European Commission maintained their commitment to the policy objectives but downsized the budgetary allocations and reallocated to the Erasmus+ programme's higher education activities (mainly student mobility).

The learning from the SLGF experience (broaden the scope of the target population and of the financial intermediaries, incl. education and training institutions) has been carried forward into the design of the Skills & Education Guarantee Pilot, successfully tested in 2020 under the EFSI programme and continued under the InvestEU Social Investment and Skills window.



Note: Countries with fewer than 4 recipients are only shown in the table, not in the chart.

Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	13.911.503,00	50.000.000,00
Leverage effect	0,98	6,20
Multiplier effect	0,98	6,20
Operations	8	27
Financing provided to final recipients	13.615.654,00	310.000.000,00
Number of final recipients	1.145	25.833
Investments made by final recipients due to the received financing	13.615.654,00	310.000.000,00

Financial Information

Financial Information (EUR)	Erasmus+ Student Loan Guarantee Facility		
	Notes	2023	All years
Type of instrument			Guarantee
Year of inception			2015
Implementing Partner			EIF
EU Contribution			
Budgetary commitments		0.00	13,911,503.00
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00
Budgetary payments		0.00	13,711,503.00
Reflows	(1)		
Revenues		89,147.06	1,573,186.91
Repayments		0.00	8,368,169.00
Total reflows entered into the budget, of which:		89,147.06	9,941,355.91
<i>to the general budget</i>		89,147.06	1,573,186.91
<i>returned to be used</i>		0.00	8,368,169.00
Losses from operations			
Guarantees			
Guarantees called		115,298.00	525,198.83
Guarantee calls recovered		10,630.00	43,268.00
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		0.00	4,783,083.00
Incentive fees		0.00	1,806,750.00
Treasury management fees		2,214.00	72,826.00
Other charges		0.00	7,921.00
Revenues			

Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))		127,855.84	2,274,200.38
Net FX gains (+) / losses (-)		-97,086.00	-3,859,376.22
Other revenues		0.00	70.00
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		2,282,410.00	2,476,520.00
Value of equity investments		0.00	0.00
	<i>Investment at cost</i>	0.00	0.00
Value of loans		0.00	0.00
	<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions		393,675.00	563,849.00
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		2,240,702.00	2,445,722.00
	<i>in euro</i>	2,093,639.00	2,000,647.00
	<i>in non-euro currencies</i>	147,063.00	445,075.00
Other financial assets (including short term deposits >3months)		1,032,613.51	1,001,567.00

Notes to the financial information

(1) At the end of the SLGF facility's deployment period (end 2020) an amount of EUR 1,484,039.85 of interest revenues had been yielded by the asset management (mainly on non-euro currencies TRY and GBP) and were returned to the general budget in accordance to Article 209 (3) FR. Furthermore, as the Student Loan Guarantee Facility had not been fully deployed according to initial expectations, an amount of EUR 8.368.169 excess cash has been assigned to Erasmus+ activities under WP 2020. The total amount of EUR 89,147.06 relates to interest revenues yielded for 2021 & 2022 (respectively EUR 46,359.18 + EUR 42,787.88) and were returned to the EU budget.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

D. SMEs

4.1 COSME⁵⁴ Loan Guarantee Facility (LGF)

Description

Identification / Reference to the basic act

Regulation (EU) No 1287/2013 of the European Parliament and of the Council of 11 December 2013 establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014 - 2020) and repealing Decision No 1639/2006/EC (OJ L 347, 20.12.2013, p. 33)

Budget lines

02.029901 under the current nomenclature

(EUR)	2023	2024	2025
Budgetary commitment appropriations	0.00	0.00	0.00
Budgetary payment appropriations	41,282,868.00	18,824,913.00	30,000,000.00

Initial financial envelope⁵⁵:	EUR 717,000,000.00
Current financial envelope⁵⁶:	EUR 2,686,952,803.00
Overall financial envelope⁵⁷:	EUR 2,686,952,803.00

General description

Regulation (EU) No 1287/2013 on the Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) (2014 - 2020) establishes two financial instruments with the aim of facilitating access to finance for Small and Medium-sized Enterprises (SMEs). One of the financial instruments is a debt instrument, i.e., the COSME Loan Guarantee Facility (LGF).

The LGF consists of capped portfolio guarantees or counter-guarantees for higher risk debt financing, including subordinated and participating loans, bank guarantees, leasing transactions and working capital financing. The LGF also covers securitisation of SME debt finance portfolios, providing guarantee coverage on a part of the mezzanine tranche of a securitised SME lending portfolio coupled with an undertaking by the originating institutions to build up a new SME loan portfolio.

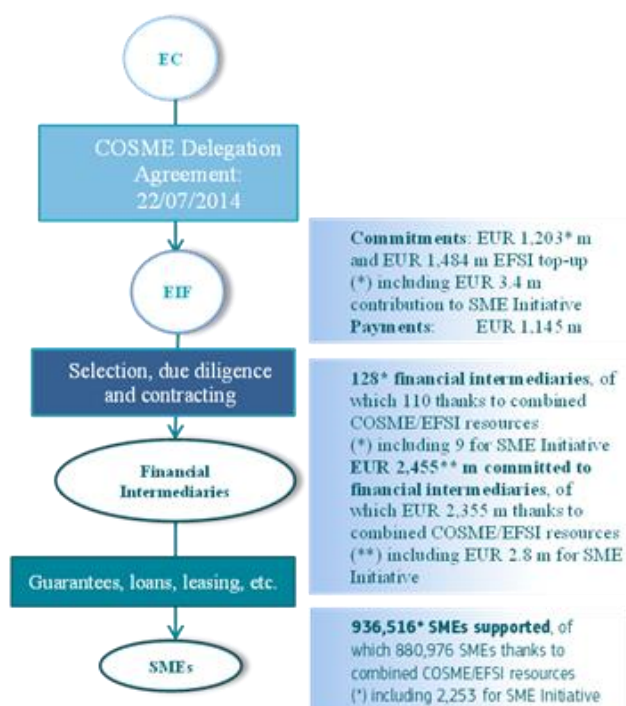
The LGF covers, except for loans in the securitised portfolio, loans up to EUR 150 000 and with a minimum maturity of 12 months. It may also cover loans above EUR 150 000 in cases where SMEs do not meet the innovation criteria specified in the InnovFin SME Guarantee Facility. Individual transactions can be guaranteed for up to 10 years.

⁵⁴ Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME)

⁵⁵ The COSME basic act provides that no less than 60% of the total financial envelope for the implementation of the COSME programme shall be allocated to the financial instruments. Based on the estimated distribution between the loan guarantee and equity facility in the legislative statement accompanying the COSME basic act, 52% of the overall budget was set out to be allocated to the LGF and 48% to the other COSME financial instrument (Equity Facility for Growth (EFG), however subsequently the largest part of the available budget was made available for the LGF based on market demand.

⁵⁶ It includes EUR 1,484,000,000 as European Fund for Strategic Investments (EFSI) top-up and EUR 1,202,952,802.66 as LGF own budgetary resources, including EUR 3,400,000, which are earmarked for the SME initiative.

⁵⁷ It includes EUR 1,484,000,000 as EFSI top-up and EUR 1,202,952,802.66 as LGF own budgetary resources, including EUR 3,400,000, which are earmarked for the SME initiative.



Financing provided: **EUR 57,658* m**, of which EUR 54,622 m thanks to combined COSME/EFSI resources (*) including EUR 411 m for SME Initiative
 Investment realised: **EUR 72,000** m**, of which EUR 68,208 m thanks to combined COSME/EFSI resources (***) including EUR 514 m for SME Initiative

The LGF is implemented by the European Investment Fund (EIF) on behalf of the European Commission represented by Directorate-General Internal Market, Industry, Entrepreneurship and SMEs (DG GROW). The Delegation Agreement signed with the EIF in 2014 ensured that the LGF was accessible for a broad range of financial intermediaries (guarantee societies, national promotional institutes, commercial banks, cooperatives, etc.) with experience and capacity to enter into new financial transactions with SMEs. The LGF also contributes to the financial instruments deployed under the SME Initiative, a joint instrument combining COSME and/or Horizon 2020 EU funds and ESIF resources in cooperation with EIB/EIF with a view to generate additional lending to SMEs in specific Member States.⁵⁸

Target final recipients under the capped portfolio guarantees and the securitisation transactions are SMEs without a specific sector focus.

Duration

The programme period of the LGF is from 2014 to 2020, when budgetary commitments were made.

The application period for financial intermediaries was closed in 2020. Nevertheless, the LGF is expected to operate until 31 December 2034 (until last operations are wound down).

Added value and final recipients

Under the LGF, the EIF provides (counter-)guarantees for a portfolio of newly generated SMEs transactions which have a higher risk profile than transactions offered by a financial intermediary under its normal business practice, thereby providing financing to SMEs that otherwise would not be able to obtain financing at all or would be able to obtain it under worse financing conditions.

Financial institutions involved in implementation

The EIF was responsible for evaluating and selecting the financial intermediaries. The related open call for expression of interest for financial intermediaries is published⁵⁹ by the EIF. However, applications are no longer accepted as the programming period ended in 2020.

List of the selected LGF financial intermediaries is also available at the EIF website⁶⁰.

Operational Performance

Contribution to the achievement of the objectives of the programme

Due to continuous high market demand, the available LGF budget envelope was reinforced with several top-ups from the European Fund for Strategic Investments (EFSI) SME Window for a total of nearly EUR 1.5

⁵⁸ The LGF contribution to the SME Initiative Italy (securitisation option) is also covered in chapter 4.9 (SME Initiative).

⁵⁹ https://www.eif.org/what_we_do/guarantees/single_eu_debt_instrument/cosme-loan-facility-growth/index.htm

⁶⁰ https://www.eif.org/what_we_do/guarantees/single_eu_debt_instrument/cosme-loan-facility-growth/index.htm

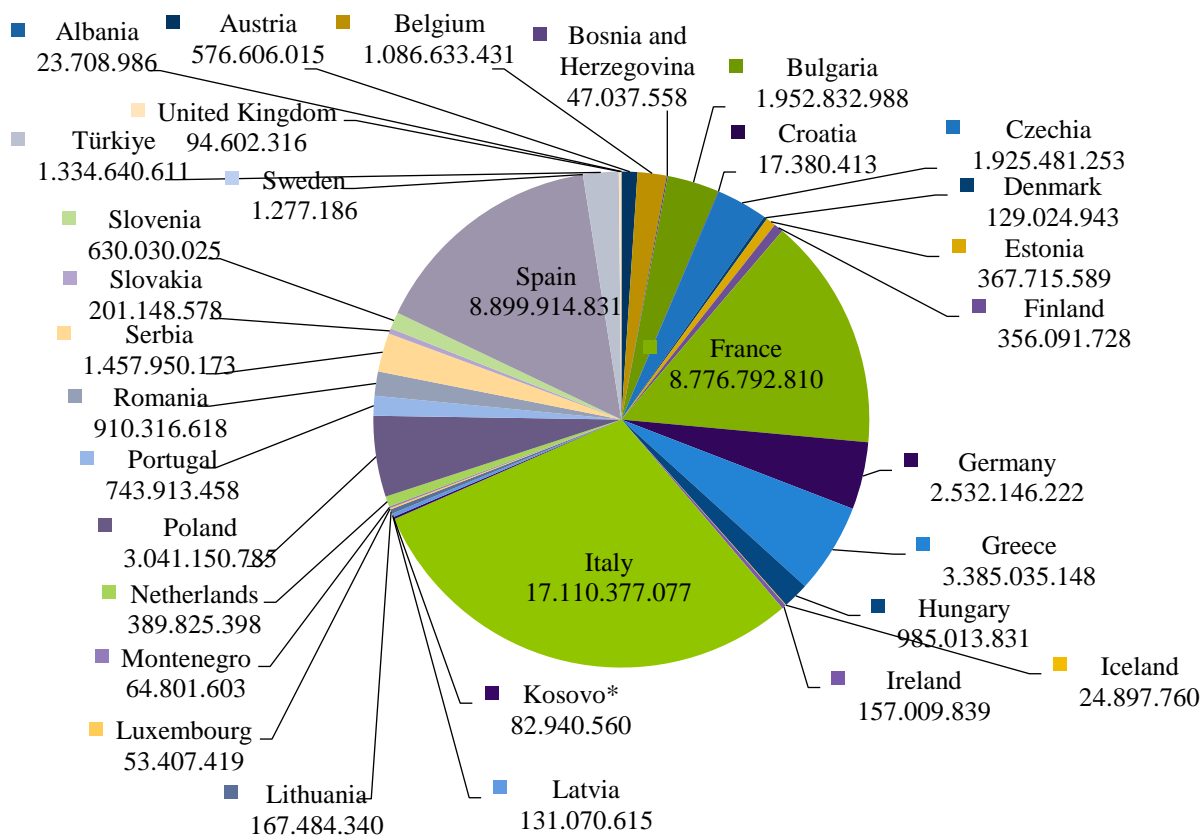
billion, allowing the continuation of the accelerated roll-out of EU guaranteed financing of higher risk SME transactions. The EFSI top-up supported transactions related to the digitalisation pilot launched in 2019 and a response to the COVID-19 virus outbreak and its economic impact in 2020 and following years.

In reaction to the 2020 COVID crisis, EUR 714 million from the EFSI were redirected to the LGF to allow the EIF to incentivise banks to provide liquidity to SMEs affected by the COVID crisis. More flexibility was given to users of the LGF, and the guarantee rate was increased from 50 to 80%. So far (as of 31/12/2023), this helped more than 130,000 European SMEs to access more than EUR 10 billion of liquidity finance under the COSME COVID measure.

In terms of total investment realised, a maximum amount of financial support of up to EUR 68 billion will be made available to SMEs that otherwise would not be able to get the financing they need. The financing provided triggers significant additional investments of 21-29% by the SMEs, with medium or large SMEs investing higher amounts than small ones.⁶¹ The investments realised are estimated⁶² at EUR 72 billion by the end of 2023.

Geographical diversification

By the end of 2023, the LGF provided guarantees and counter-guarantees to financial intermediaries located in 33 countries (25 Member States and 8 countries participating to COSME) which supported the distribution of nearly EUR 58 billion financing⁶³ to more than 900,000 SMEs⁶⁴:



⁶¹ Cf. results of a survey carried out as part of the COSME interim evaluation, Final report: <https://ec.europa.eu/docsroom/documents/28084>.

⁶² Using a proxy of 1,25 between financing and investment amount.

⁶³ It also includes EUR 411million of financing provided within the SME Initiative. Out of the nearly EUR 58 billion financing, nearly EUR 55 billion are provided thanks to combined COSME/EFSI resources.

⁶⁴ It includes 2,253 SMEs supported within the SME Initiative. Out of the 900,000 SMEs supported, more than 800,000 SMEs are supported thanks to combined COSME/EFSI resources.

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

Main issues for the implementation

Overall, there were no particular critical risks as per the period up to the end of 2023.

No critical risks have been identified with regard to eligibility of financial intermediaries and final recipients, contractual compliance processes and contract performance.

Performance, financing and investments

For the programme period 2014-2020, EUR 2.5 billion⁶⁵ has been engaged in helping SMEs that otherwise would not be able to get the financing they need. It allowed 163 EU guarantees to be provided to 128 financial intermediaries⁶⁶. These guarantees assure that more than 900,000 SMEs⁶⁷ receive the financial support they need. The support amounts to nearly EUR 58 billion⁶⁸. This triggers mobilisation of additional private capital.

This way, the LGF achieved the leverage target range between 20 and 30 as defined in the basic act.

No additional operations are planned to be signed after the reporting period (i.e., after the end of 2023) as the application period for financial intermediaries has been also closed in 2020.

Key figures (EUR)	Actual	Target
EU Contribution committed	2,533,107,897	717,000,000
Leverage effect	23	from 20 to 30
Multiplier effect	28	N/A*
Operations	163	N/A*
Financing provided to final recipients	57,658,260,107	from 14,300,000,000 to 21,500,000,000
Number of final recipients	936,516	from 220,000 to 330,000
Investments made by final recipients due to the received financing	72,000,000,000	N/A*

* No targets were set out in the basic act.

During its implementation period, the LGF has been assessed twice in 2017: first by the European Court of Auditors⁶⁹ and secondly as part of COSME's interim evaluation⁷⁰. Both assessments show that the LGF performs successfully. It is properly designed to help SMEs, which would otherwise struggle to obtain finance, to increase total assets, sales and employees when compared to the general SME population. The impact of the facility could be further strengthened by coordinating better with Member States' activities.

⁶⁵ The EUR 2.5 billion include EUR 2.8 million for the SME Initiative. Out of EUR 2.5 billion, EUR 2.4 billion are achieved thanks to combined COSME/EFSI resources.

⁶⁶ Out of the 128 financial intermediaries, 110 are achieved thanks to combined COSME/EFSI resources. Out of the 128 financial intermediaries, 9 are participating in the SME Initiative.

⁶⁷ Out of the 936,516 supported SMEs, 880,976 SMEs are supported thanks to combined COSME/EFSI resources. In the 936,516 supported SMEs are also included 2,253 supported SMEs within the SME Initiative.

⁶⁸ Out of the nearly EUR 58 billion financial support provided, EUR 55 billion was achieved thanks to combined COSME/EFSI resources. The EUR 58 billion financial support also includes EUR 411 million provided via the SME Initiative.

⁶⁹ Special report No 20/2017: EU-funded loan guarantee instruments: positive results but better targeting of recipients and coordination with national schemes needed, available at <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=44174>.

⁷⁰ Interim evaluation of the COSME Programme, Final report available at <https://ec.europa.eu/docsroom/documents/28084>.

The additionality was identified as 63%, almost achieving the target of 64% as per the basic act. The interim evaluation concluded that for each EUR 1 million invested into the LGF (effects fully attributable to the LGF), SMEs will benefit via 491 additional jobs created and EUR 22 million in additional turnover.

Based on lessons learned from audits and other assessments, the Commission proposed to set up one single programme (InvestEU Programme 2021-2027) establishing one single fund (the InvestEU Fund). It builds on the successful model of the EFSI. The InvestEU Fund ensures a streamlined approach towards the management and reporting on financial instruments/budgetary guarantees. Under the InvestEU Fund, financial products catering towards the Commission's policy priorities, including the financing of SMEs, are established (at www.eif.org/InvestEU/index.htm) and SMEs can apply for financing (at www.access2finance.eu).

Financial Information

Financial Information (EUR)	COSME Loan Guarantee Facility (LGF)		
Type of instrument	Guarantee		
Year of inception	2014		
Implementing Partner	European Investment Fund		
	Notes	2023	All years
EU Contribution	(1)		
Budgetary commitments		0.00	1,202,952,802.66
<i>of which from third countries</i>		0.00	47,706,615.00
<i>of which from reflows</i>		0.00	1,949,541.44
Budgetary payments		41,282,868.00	1,144,569,747.00
Reflows	(2)		
Revenues		0.00	0.00
Repayments		13,266,984.19	14,656,477.84
Total reflows entered into the budget, of which:		13,266,984.19	14,656,477.84
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		13,266,984.19	14,656,477.84
Losses from operations			
Guarantees	(3)		
Guarantees called		172,585,815.00	635,261,705.00
Guarantee calls recovered		11,642,613.19	49,875,804.19
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges	(4)		
Administrative fees		0.00	33,682,677.47
Incentive fees		0.00	38,494,489.69
Treasury management fees		406,476.00	2,367,554.00
Other charges		0.00	12,412.00
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		45,546.00	156,006.68
Net treasury result (including interest) (gains (+) / losses (-))		31,247,953.00	64,040,901.44

Net FX gains (+) / losses (-)	(3)	-1,364,706.00	-31,260,124.28
Other revenues		0.00	16,376.00
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		525,661,714.00	674,266,080.00
Value of equity investments		0.00	0.00
	<i>Investment at cost</i>	0.00	0.00
Value of loans		0.00	0.00
	<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions		337,817,470.00	616,717,288.24
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		500,111,335.00	590,575,753.00
	<i>in euro</i>	151,004,810.00	214,598,604.00
	<i>in non-euro currencies</i>	349,106,525.00	375,977,149.00
Other financial assets (including short term deposits >3months)		14,153,961.00	13,728,402.60

Notes to the financial information

- (1) The financial envelope available is composed of the amounts committed towards the LGF for the years 2014-2020 in line with the amounts allocated towards the LGF in 2014-2020 as set out in the COSME work programmes as adopted. At the end of 2020, all commitment appropriations as authorised by the European Parliament and the Council of the EU for the period 2014-2020 were used in line with the planned operational implementation. The LGF has a rather accelerated budgetary implementation ratio, with a 95 % budgetary execution rate of payments in comparison to commitments as of 31 December 2023. It is expected that at the beginning of 2025 the budgetary implementation ratio would reach 100%, i.e., payment appropriations would match almost in full commitment appropriations.
- (2) In line with Article 35(1) of the InvestEU Regulation (EU) 2021/523, 2022 reflows in the amount of EUR 1,389,493.65 and 2023 reflows in the amount of 13,266,984.19 were assigned to InvestEU.
- (3) Payment appropriations are needed to allow the implementation partner (the European Investment Fund) to honour guarantee calls from financial intermediaries for defaulting loans and to hedge currency exposures (as a large number of financing is made available to SMEs in countries which are not part of the euro zone).
- (4) All management fee payments to the EIF were correctly executed within the contractual limits set. In 2020 the overall agreed management fee limits were reached resulting in zero charges for administrative costs and incentive fees for the following years.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Minding nature and design of the LGF, there is no direct link between the validation time of the budgetary commitments by the Authorising Officer in the Commission accounting system and the signature of agreements between the financial intermediaries and final recipients in a reporting year.

Budgetary commitments were authorised based on (i) the pipeline of continuous applications from financial intermediaries and (ii) yearly budget resources needed for signatures between the EIF and the financial intermediaries. Once the applications were approved, agreements were signed between the EIF and the respective financial intermediaries. They had then a contractual obligation to build up portfolios of new loans, bank guarantees, leasing transactions, etc. over of period usually between 2 and 3 years. In the process

of creating these portfolios, the financial intermediaries signed agreements with final recipients by providing them loans, bank guarantees, leases, etc.

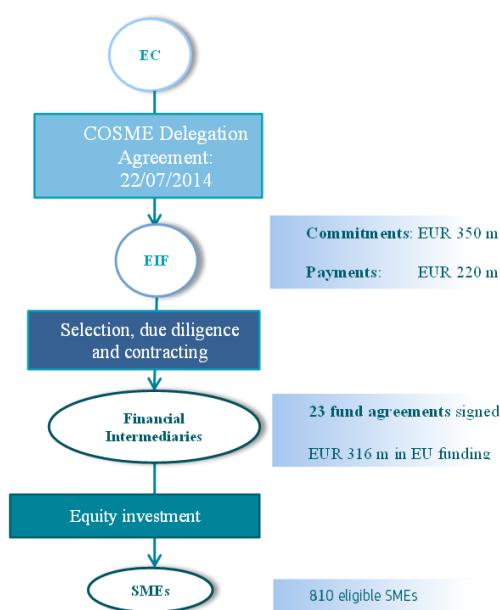
4.2 COSME⁷¹ Equity Facility for Growth (EFG)

Description

Identification / Reference to the basic act			
Regulation (EU) No 1287/2013 of the European Parliament and of the Council of 11 December 2013 establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014 - 2020) and repealing Decision No 1639/2006/EC (OJ L 347, 20.12.2013, p. 33)			
Budget lines			
02.029901 under the current nomenclature			
(EUR)	2023	2024	2025
Budgetary commitment appropriations	0.00-	0.00	0.00
Budgetary payment appropriations	22,448,186.00	27,709,971.98	15,000,000.00

Initial financial envelope⁷²:	EUR 662,000,000.00
Current financial envelope:	EUR 350,189,106.00
Overall financial envelope:	EUR 350,189,106.00

General description



Financing provided: **EUR 5,752 m**

Investment realised: **EUR 11,000 m**

The Regulation (EU) No 1287/2013 on the Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) (2014 - 2020) establishes two financial instruments with the aim of facilitating access to finance for Small and Medium-sized Enterprises (SMEs). One of the financial instruments is an equity instrument, i.e. the Equity Facility for Growth (EFG).

The EFG provides enhanced access to risk capital for which significant market gaps exist in Europe and supports the development of a pan-European risk capital market. The latter will be achieved by focusing investments predominantly in those risk capital funds which invest cross-border.

The EFG is a successor to the High Growth and Innovative SME Facility (GIF2) under the Competitiveness and Innovation Framework Programme (CIP, 2007-2013).

The EFG is implemented by the European Investment Fund (EIF) on behalf of the Commission, as a window of a single Union equity financial instrument supporting EU enterprises' growth and research and innovation from the early stage, including seed, up to the growth stage. It focuses on funds that provide venture capital and mezzanine finance, such as

⁷¹ Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME)

⁷² The COSME basic act provides that no less than 60% of the total financial envelope for the implementation of the COSME programme shall be allocated to the financial instruments. Based on the estimated distribution between the loan guarantee and equity facility in the legislative statement accompanying the COSME basic act, 52% of the overall budget was set out to be allocated to the other COSME financial instrument (Loan Guarantee Facility (LGF) and 48% to the EFG, however subsequently the largest part of the available budget was made available for the LGF based on market demand.

subordinated and participating loans, to expansion and growth-stage enterprises, in particular those operating across borders, while having the possibility to make investments in early-stage enterprises in conjunction with the equity facility for Research, Development and Innovation (RDI) under Horizon 2020. The financial support is given in the form of direct investments made by the EIF in financial intermediaries that provide equity or quasi-equity financing to SMEs or indirect investments via funds-of-funds as part of the Pan-European VC funds-of-funds project.

The 2014 Delegation Agreement with the EIF ensured that the EFG was accessible to a broad range of financial intermediaries provided that these are professionally and independently managed and that the funds were located in a COSME participating country.

From a technical point of view, the EIF was instructed to invest on a pari-passu basis with other private and public investors. Final target recipients are SMEs in their growth and expansion stage without a specific sector focus.

Duration

The programme period of the EFG is from 2014 to 2020, when budgetary commitments were made. The application period for financial intermediaries has been closed in 2020. Nevertheless, the instrument is expected to operate until 31 December 2034 (until last operations are wound down).

Added value and final recipients

The added value of the EFG lies, inter alia, in strengthening the internal market for venture capital and in developing a pan-European SME finance market, in transferring best practices and the standardisation of documentation across participating countries, as well as in addressing market failures that cannot be addressed by Member States on their own.

Financial institutions involved in implementation

The EIF was responsible for evaluating and selecting financial intermediaries according to the Delegation Agreement. The related continuous open call for expression of interest for financial intermediaries is published by the EIF website⁷³. However, no more applications are accepted since the programming period has ended in 2020.

List of the selected EFG financial intermediaries is also available at the EIF website⁷⁴.

Operational Performance

Contribution to the achievement of the objectives of the programme

The EFG invests in expansion and growth stage and multi-stage equity funds alongside other investors that also invest in such funds on a pari-passu basis. The EFG invests up to 25% of the fund size, whereas the rest comes from other investors (public and private). In general, 70% of funding is provided by private investors and 30% comes from public investors. Private investors include banks (investing at own risk and from own resources), private endowments and foundations, family offices, Business Angels, private individuals, corporate investors, insurance companies and pension funds.

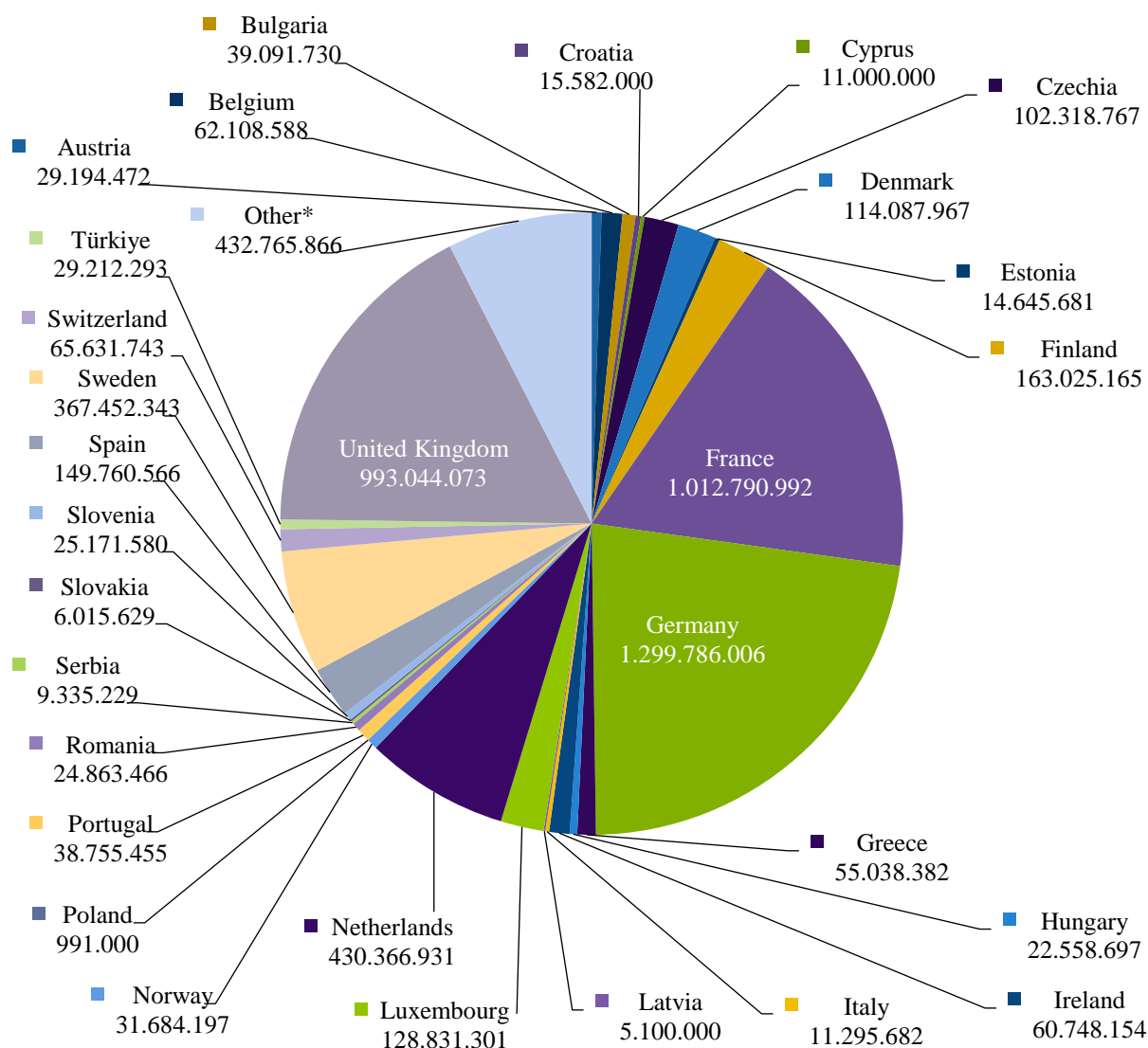
An additional implementation mechanism in the form of a contribution to the Pan-European VC Funds-of-Funds project has been put in place in February 2017 under the EFG. Two signatures with Funds-of-Funds managers took place in 2018 and 2019 for a total contribution of EUR 45 million. Those two Funds-of-Funds continue with the implementation of their investment strategies.

⁷³ https://www.eif.org/what_we_do/equity/single_eu_equity_instrument/cosme_efg/index.htm

⁷⁴ https://www.eif.org/what_we_do/equity/single_eu_equity_instrument/cosme_efg/index.htm

Geographical diversification

The total investment realised thanks to the EFG are more than EUR 5.8 billion of financial support provided to 810 eligible SMEs in 37 countries (see graph below for geographical diversification), leading to an estimated EUR 11 billion of overall investments.



* Other countries are located outside Europe. The eligible SMEs, that are established in those other countries, operate in the European Union (EU) and therefore cannot be allocated to a particular EU Member State.

Main issues for the implementation

Compared to guarantee agreements, the due diligence process for equity is much more complex and time-consuming (e.g. due to the fund-raising process involved from various investors) which has resulted in a longer initial implementation of the EFG.

The implementation of the EFG was furthermore impacted by the establishment of the Expansion and Growth Window under the European Fund for Strategic Investments (EFSI) Equity instrument, which had largely the same investment focus as the EFG. As a result, an order of priority was established whereby the EIF was requested to first absorb investment capacity available under the EFSI Expansion and Growth Window before making use of EFG resources for investments taking place in Member States. However, the EFG also targeted investments in third countries participating in the COSME programme and these investments will continue to be made under the EFG only. As a consequence of reduced market demand for

the EFG in Member States, the 2018-2020 EFG budget allocation was sized accordingly in comparison to its initially planned financial envelope.

Performance, financing and investments

For the programme period 2014-2020, over EUR 350 million EU budgetary resources have been engaged in helping SMEs to enhance their access to risk capital in the growth and expansion stage of their development. It allowed 23 fund agreements for EUR 316 million to be signed with fund managers. These managers invested more than EUR 5.7 billion into more than 800 SMEs. These investments trigger mobilisation of additional private capital.

Despite the additional time needed (in comparison to the guarantee agreements) for full deployment, now the EFG outperforms as its leverage exceeds the range between 4 and 6 as defined in the basic act.

No additional operations are planned to be signed after the reporting period (i.e., after end 2023) as the application period for financial intermediaries has been also closed in 2020.

Key figures (EUR)	Actual	Target
EU Contribution committed	350,189,106	662,000,000
Leverage effect	16	from 4 to 6
Multiplier effect	31	N/A*
Operations	23	N/A*
Financing provided to final recipients	5,752,253,955	from 2,600,000,000 to 3,900,000,000
Number of final recipients	810	from 360 to 540
Investments made by final recipients due to the received financing	11,000,000,000	N/A*

* No targets were set out in the basic act.

During its implementation period, the EFG was assessed twice, first as part of COSME's interim evaluation⁷⁵ and secondly by the European Court of Auditors⁷⁶. These assessments showed that the EFG added value by contributing to a favourable investment environment for growth-oriented SMEs.

The EFG had limited take up due to multiannual investment periods and prioritisation of the Expansion and Growth Window under the EFSI Equity instrument EFSI. The impact of the EFG could be further strengthened by aligning with other EU equity products. The additionality could not be measured at the time of the COSME's interim evaluation due to the limited number of investments at that time.

Based on lessons learned from audits and other assessments, the Commission proposed to set up one single programme (InvestEU Programme 2021-2027) establishing one single fund (InvestEU Fund). It builds on the successful model of the EFSI. InvestEU ensures a streamlined approach towards the management and reporting on financial instruments/budgetary guarantees.

Under the InvestEU Fund, financial products catering towards the Commission's policy priorities, including the financing of SMEs, are established⁷⁷ and SMEs already apply⁷⁸ for financing.

⁷⁵ Interim evaluation of the COSME Programme, Final report available at <https://ec.europa.eu/docsroom/documents/28084>.

⁷⁶ Special report No 17/2019: Centrally managed EU interventions for venture capital: in need of more direction, available at <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=51616>.

⁷⁷ <https://www.eif.org/InvestEU/index.htm>

⁷⁸ www.access2finance.eu

Financial Information

Financial Information (EUR)	COSME Equity Facility for Growth (EFG)		
Type of instrument	Equity		
Year of inception	2014		
Implementing Partner	European Investment Fund		
	Notes	2023	All years
EU Contribution	(1)		
Budgetary commitments		-96,192.55	350,189,105.71
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	86,980,418.58
Budgetary payments		22,448,186.00	220,206,393.00
Reflows	(2)		
Revenues		14,839,879.04	14,839,879.04
Repayments		29,072,223.65	51,529,832.47
Total reflows entered into the budget, of which:		43,912,102.69	66,369,711.51
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		43,912,102.69	66,369,711.51
Losses from operations			
Guarantees			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		0.00	10,586,799.00
Incentive fees		0.00	12,099,200.00
Treasury management fees		41,335.00	235,224.00
Other charges		8,317.00	26,433.00
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		6,639,072.00	21,729,220.00
Net treasury result (including interest) (gains (+) / losses (-))		1,520,176.00	1,258,623.93
Net FX gains (+) / losses (-)		-179,301.00	-666,136.36
Other revenues		0.00	0.00
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		314,021,509.62	333,969,982.00
Value of equity investments		191,685,665.84	175,189,131.00
<i>Investment at cost</i>		141,923,699.33	115,741,915.00
Value of loans		0.00	0.00
<i>Loans at cost</i>		0.00	0.00

Financial liabilities and provisions		0.00	0.00
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		6,899,637.18	46,661,493.18
	<i>in euro</i>	2,093,336.00	44,990,707.00
	<i>in non-euro currencies</i>	4,806,301.00	1,670,786.00
Other financial assets (including short term deposits >3months)		3,634,871.00	3,525,583.00

Notes to the financial information

- (1) The EFG has a rather low budgetary implementation ratio, i.e., 63% budgetary execution rate of payments in comparison to commitments as of 31 December 2023 due the implementation specificities:
- Payment appropriations are needed to allow the implementation partner (the European Investment Fund) to honour drawdown notices from fund managers, who will use the cash to invest in portfolio companies. Since it is industry standard that venture capital fund managers have up to 5 years to make the first initial investments into SMEs following the creation of the venture fund, there is a significant delay between the time of signature of a fund agreement by the EIF and the respective drawdown notices by the fund managers. Moreover, following the initial investment by the fund manager, funds can hold on to their portfolio companies for up to 10-years during which they can undertake follow-on investments to grow the companies. This pattern of activity explains why there is a significant time delay between commitment and payment appropriations in the case of venture capital investments.
 - In addition, the EFG prioritised funds focused on investments in COSME third countries participating in the programme, whereas these third countries cannot be supported under the SME window of the EFSI.
- (2) In line with Article 5 of the Regulation (EU) 2021/1229 on the Public Sector Loan Facility under the Just Transition Mechanism, 2023 reflows (EUR 28,951,867.89), 2022 reflows (EUR 18,288,600.82) and 2021 reflows (EUR 861,887.00) were assigned to the Public Sector Loan Facility (being the third pillar of the Just Transition Mechanism). In line with Article 35(1) of the InvestEU Regulation (EU) 2021/523, 2023 reflows in the amount of EUR 14,960,234.80 were assigned to InvestEU.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Minding nature and design of the EFG, there is no direct link between the validation time of the budgetary commitment by the Authorising Officer in the Commission accounting system and the signature of agreements between the financial intermediaries and final recipients in a reporting year.

Budgetary commitments were authorised based on (i) the pipeline of continuous applications from financial intermediaries and (ii) yearly budget resources needed for signatures between the EIF and the financial intermediaries. Once the applications were approved, agreements were signed between the EIF and the respective financial intermediaries. They had then a contractual obligation usually within 5 years to identify investments in several companies. Within such timeframe, the financial intermediaries signed agreements with final recipients during the first investment in those recipients. The investments then take place gradually over a period of usually 10 years.

4.3 Horizon 2020 SMEs & Small Midcaps R&I Loans Service (InnovFin SME Guarantee)

Description

Identification / Reference to the basic act

Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) and repealing Decision No 1982/2006/EC (OJ L 347, 20.12.2013, p. 104)

Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in “Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)” and repealing Regulation (EC) No 1906/2006 (OJ L 347, 20.12.2013, p. 81)

Budget lines

02.029903

(EUR)	2023	2024	2025
Budgetary commitment appropriations	0.00	0.00	0.00
Budgetary payment appropriations	0.00	0.00	0.00

Initial financial envelope

EUR 1,000,000,000.00

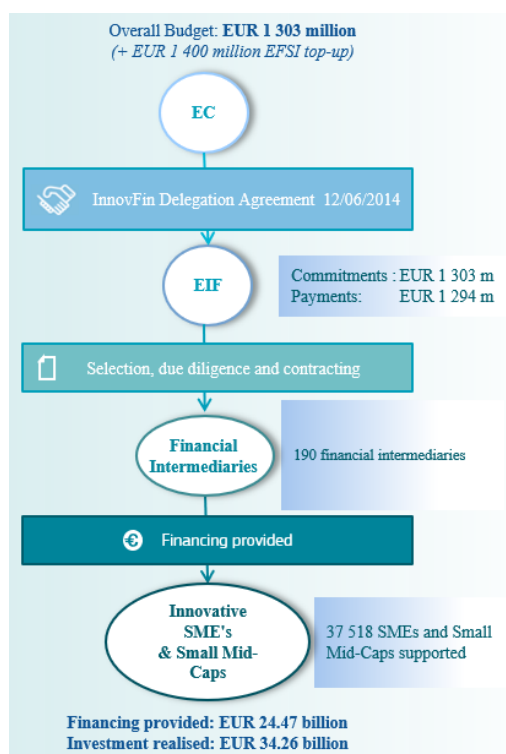
Current financial envelope⁷⁹

EUR 2,702,771,217.00

Overall financial envelope⁸⁰

EUR 2,702,771,217.00

General description



InnovFin SME Guarantee addresses the financing gap for innovative and digitalisation driven SMEs and Small Midcaps (with up to 499 employees) for their investments in innovative products and processes containing significant technology or application risks or for their investment in digitalisation. The InnovFin SME Guarantee also contributes to the financial instruments deployed under the SME Initiative, a joint instrument combining COSME and/or Horizon 2020 EU funds and ESIF resources in cooperation with EIB/EIF with a view to generate additional lending to SMEs in specific Member States.

Duration

The InnovFin SME Guarantee has been implemented since 10 June 2014, following the signature of the Delegation Agreement between the European Investment Bank and the European Investment Fund in respect of the financial instruments under Horizon 2020. The facility is planned to last until 31 December 2033 (until the last operations are wound down).

Added value, final recipients and projects

By providing direct or indirect guarantees to financial

⁷⁹ It includes EUR 1,400,000,000 EFSI top-up and EUR 1,302,771,217 H2020 own budgetary resources (including EUR 21,856,917 earmarked for the SME Initiative).

⁸⁰ It includes EUR 1,400,000,000 EFSI top-up and EUR 1,302,771,217 H2020 own budgetary resources (including EUR 21,856,917 earmarked for the SME Initiative).

intermediaries, such as commercial banks or alternative lenders, the EU and the EIF, as risk-sharing partners at EU level, support the provision of loan finance to innovative SMEs and Midcaps. The guarantee covers up to 50% of intermediaries' potential losses. The EIF also offers counter-guarantees to financial intermediaries, such as guarantee institutions, providing risk protection to banks extending loans to R&I-driven SMEs and Midcaps.

InnovFin SME Guarantee offers advantages in the form of risk-sharing and capital relief for the financial intermediaries, resulting in a significant loan and lease volume in support of innovative SMEs and Midcaps and their investment, thereby successfully addressing the financing gap for these companies.

R&I-driven SMEs or Small Midcaps wishing to apply for a loan should contact one of the financial intermediaries, which signed an agreement with the EIF. This is a demand-driven facility, with no prior allocations between sectors, countries or regions. However, the Commission incentivises the EIF to make a particular effort to ensure that a significant proportion of final recipients are eco-innovative SMEs and Small Midcaps.

Financial institutions involved in implementation

The EIF is the entrusted entity for the InnovFin SME Guarantee.

Financial intermediaries selected by EIF for the implementation of the facility may include private financial institutions as well as governmental and semi-governmental financial institutions, national and regional public banks as well as national and regional investment banks.

Operational Performance

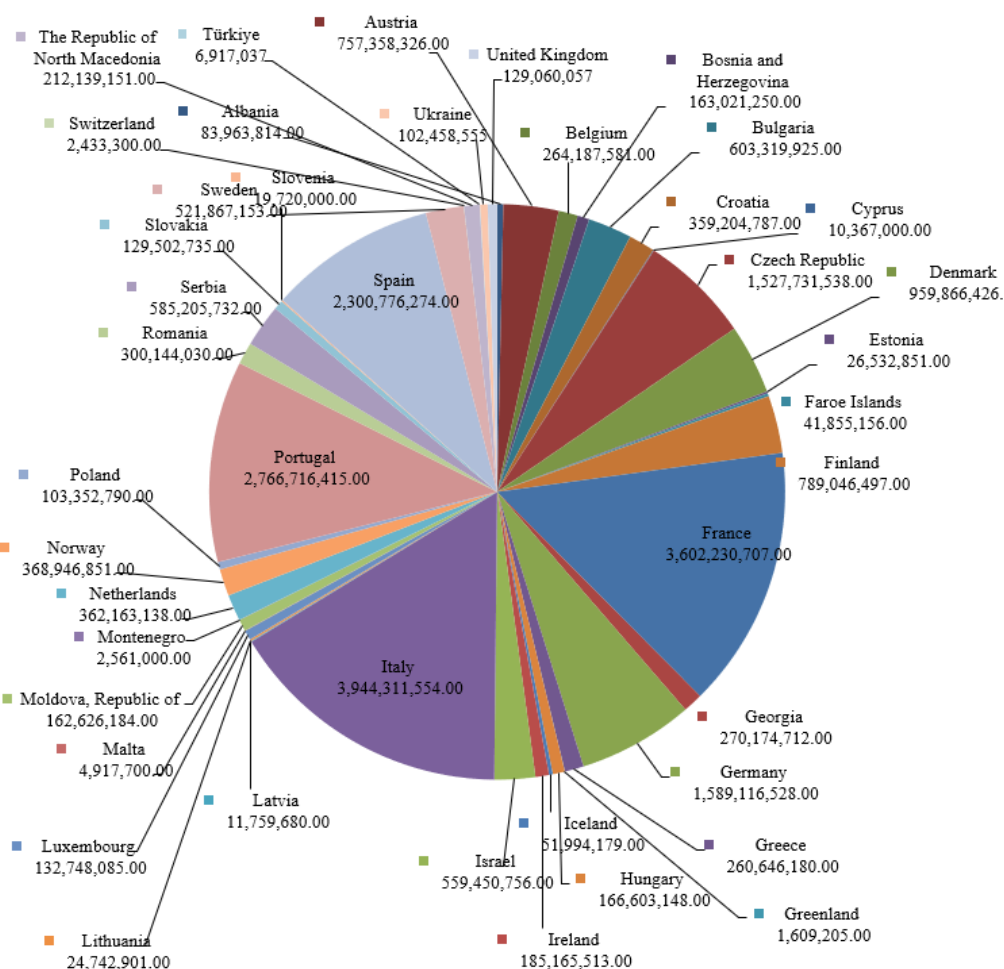
Contribution to the achievement of the objectives of the programme

As at 31/12/2023, the InnovFin SME Guarantee already contributed to provide EUR 24 468 million of financing to 37 518 final recipients, accounting for an estimated EUR 34 255 million investment amount. For the period 2014-2020, before EFSI additional support, the target was to mobilize a loan and lease volume of approximately EUR 9.5 billion in support of 30.000 innovative companies and their R&I investment.

The successful roll-out of InnovFin SMEG continued in 2023, also thanks to the additional risk bearing capacity available from the SME Window of EFSI.

Geographical diversification

InnovFin SME Guarantee is implemented in 27 Member States and 16 Associated Countries or UK to Horizon 2020. The chart below shows how the EUR 24 billion in financing is distributed by country:



Main issues for the implementation

It was crucial for the implementation of the InnovFin SME Guarantee to attract enough financial intermediaries (banks and guarantee institutions) as risk-sharing partners of the EIF and loan providers to final recipients. In this context, the fees charged to financial intermediaries needed to reflect the risk taken at EU level while, at the same time, offering risk-sharing and capital relief for financial intermediaries. The contractual arrangements between the European Commission and the EIF allowed for flexibility as regards product development for the period 2014-2020.

Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed ⁸¹	2,680,914,300.00	2,030,000,000.00
Leverage effect	9.13	9.00
Multiplier effect	12.78	12.60
Operations	190	220
Financing provided to final recipients	24,468,516,401.00	18,270,000,000.00
Number of final recipients	37,518	42,000
Investments made by final recipients due to the received financing	34,255,922,960.99	25,578,000,000.00

⁸¹ Including EUR 1,400,000,000 from EFSI. Not including EUR 21,856,917 for the SME Initiative.

Financial Information

Financial Information (EUR)	SMEs & Small Midcaps R&I Loans Service under Horizon 2020 (InnovFin SME Guarantee)		
Type of instrument	Risk-sharing (guarantee)		
Year of inception	2014		
Implementing Partner	EIF		
	Notes	2023	All years
EU Contribution	(1)		
Budgetary commitments	(2)	0.00	1,302,771,217.04
<i>of which from third countries</i>		0.00	8,222,578.00
<i>of which from reflows</i>		0.00	113,609,627.00
Budgetary payments	(3)	0.00	1,294,304,843.04
Reflows	(4)		
Revenues		0.00	29,542,369.88
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		0.00	29,542,369.88
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		0.00	29,542,369.88
Losses from operations			
Guarantees			
Guarantees called		133,380,482.00	487,873,178.61
Guarantee calls recovered		10,620,419.00	37,358,496.00
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		0.00	36,477,835.00
Incentive fees		17,015,424.00	181,406,910.00
Treasury management fees		435,370.00	3,676,591.00
Other charges		0.00	33,797.00
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		28,693.00	356,700.00
Net treasury result (including interest) (gains (+) / losses (-))		27,082,914.00	-6,577,636.40
Net FX gains (+) / losses (-)		-2,091,917.00	-4,429,813.85
Other revenues		16,823.00	46,915.00
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		570,705,473.00	782,925,154.00
Value of equity investments		0.00	0.00
<i>Investment at cost</i>		0.00	0.00

Value of loans		0.00	0.00
	<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions		244,661,533.00	345,652,470.00
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		83,013,228.00	82,240,303.00
	<i>in euro</i>	12,179,835.00	7,275,754.00
	<i>in non-euro currencies</i>	70,833,393.00	74,964,549.00
Other financial assets (including short term deposits >3months)		521,577,967.00	651,486,671.20

Notes to the financial information

- (1) The financial envelope available is composed of the amounts committed towards the InnovFin SMEG for the years 2014-2020 in line with the amounts allocated towards the InnovFin SMEG in 2014-2020 as foreseen in the Horizon 2020 work programmes (as adopted). At the end of 2020, all commitment appropriations authorised for the period 2014-2020 were used in line with the planned operational implementation. The InnovFin SMEG has a rather accelerated budgetary implementation ratio, with a 99 % budgetary execution rate of payments in comparison to commitments as of 31 December 2023. It is expected that at the beginning of 2024 the budgetary implementation ratio would reach 100%, i.e., payment appropriations would match almost in full commitment appropriations.
- (2) Including EUR 21,856,917 for the SME Initiative.
- (3) Including EUR 21,856,917 for the SME Initiative.
- (4) In line with Article 35(1) of the InvestEU Regulation, 2022 reflows in the amount of EUR 3,650,161.90 and 2021 reflows in the amount of EUR 5,877,138.9 were assigned to InvestEU.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

4.4 Horizon 2020 Equity Facility for R&I (InnovFin Equity)

Description

Identification / Reference to the basic act

Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) and repealing Decision No 1982/2006/EC (OJ L 347, 20.12.2013, p. 104);

Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in “Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)” and repealing Regulation (EC) No 1906/2006 (OJ L 347, 20.12.2013, p. 81);

Council Decision 2013/743/EU of 3 December 2013 establishing the specific programme implementing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) and repealing Decisions 2006/971/EC, 2006/972/EC, 2006/973/EC, 2006/974/EC and 2006/975/EC (OJ L 347, 20.12.2013, p. 965)

Budget lines

02.029903

(EUR)	2023	2024	2025
Budgetary commitment appropriations	0.00	0.00	0.00
Budgetary payment appropriations	65,100,000.00	80,000,000.00	0.00

Initial financial envelope:

EUR 495,000,000

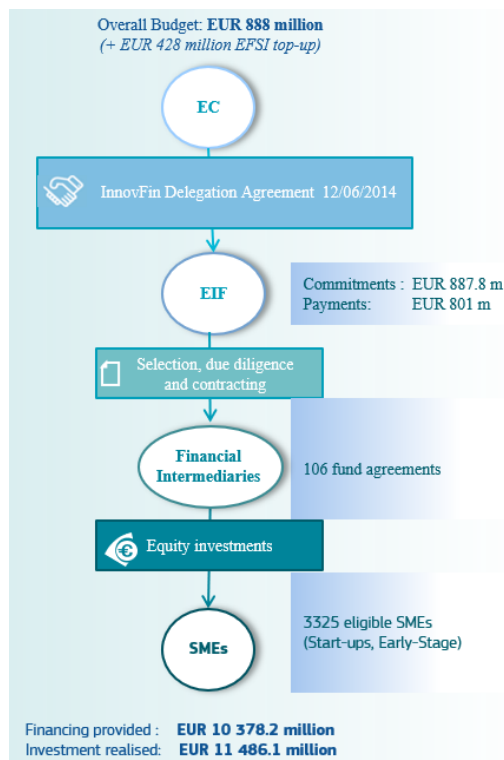
Current financial envelope⁸²:

EUR 1,315,805,268.00

Overall financial envelope⁸³:

EUR 1,315,805,268.00

General description



The InnovFin Equity facility succeeds and refines the GIF scheme under CIP and is part of a single equity financial instrument supporting the growth of enterprises and their R&I activities. It is designed to improve access to risk finance by early-stage R&I-driven SMEs and small midcaps through supporting early-stage risk capital funds that invest, on a predominantly cross-border basis, in individual enterprises.

Duration

It is planned to last until 31 December 2042 (until the last operations are wound down).

Added value, final recipients and projects

In terms of Union added value, the InnovFin Equity facility complements national and regional schemes that cannot cater for cross-border investments in R&I. The early-stage deals have a demonstration effect that can benefit public and private investors across Europe. For the growth stage, it is only possible to achieve the necessary scale and strong participation of private investors that are essential to the functioning of a self-sustaining venture capital market at European level.

⁸² Including EUR 428 m EFSI top-up.

⁸³ Including EUR 428 m EFSI top-up.

Financial intermediaries (FIs), selected by the entrusted entity (EIF) for the implementation of financial instruments may include private or governmental / semi-governmental financial institutions as well as national and regional public / investment banks.

The EIF manages equity investments into risk-capital funds, while investing in a wide range of FIs, including those cooperating with business angels. The funds concerned make venture capital (VC) and quasi-equity (including mezzanine capital) early-stage investments in enterprises, which are likely to be mainly SMEs. In the case of multistage funds (i.e., covering both early- and growth-stage investments), funding can be provided pro rata from this facility and COSME programme's Equity Facility for Growth (EFG).

Eligible final recipients are SMEs and Small Midcaps located in Member States or in Associated Countries to Horizon 2020. The COSME's EFG complements this facility, which, with a set of accompanying measures, supports Horizon 2020 policy objectives.

InnovFin Equity is a demand-driven facility, with no prior allocations between sectors, countries, or regions. However, the Commission incentivises EIF via a performance indicator to ensure that a proportion of final recipients are eco-innovative SMEs and Small Midcaps. R&I-driven SMEs or Small Midcaps wishing to apply for an investment should contact one or more of the funds in the EIF portfolio.

Financial institutions involved in implementation

The EIF is the entrusted entity for the InnovFin Equity facility.

Operational Performance

Contribution to the achievement of the objectives of the programme

At the end of 2023, 106 commitments to funds have been signed with VC, BA, TT funds and Funds of funds established in 19 Member States and 4 Associated Countries or UK to Horizon 2020 for an amount of EUR 1 582 million. Out of the 106 funds, 91 agreements relate to pure early-stage funds, 12 agreements relate to multi-stage funds, in combination with the COSME Equity facility for growth and 3 with Funds of Funds in the frame of VentureEU.

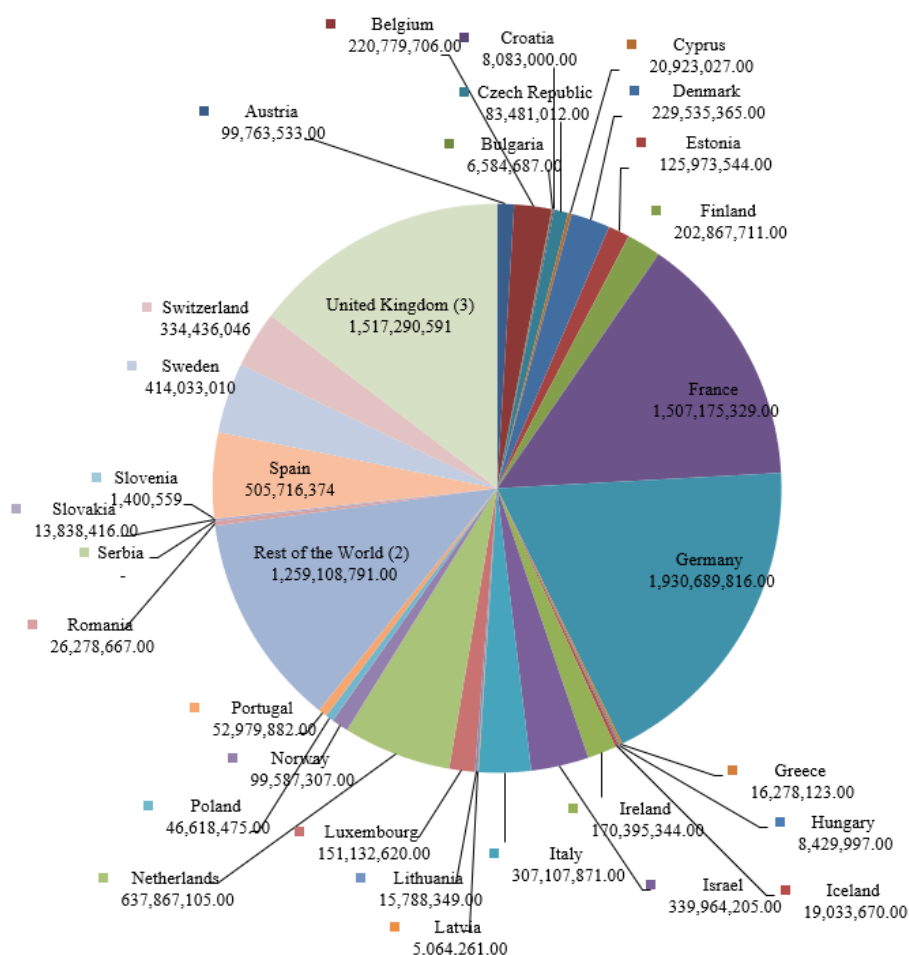
These funds have invested in 3 325 eligible final recipients operating in 31 Member States, associated countries to Horizon 2020 or the United Kingdom.

An additional implementation mechanism in the form of the Pan-European VC Funds-of-Funds project has been put in place in February 2017. This compartment is branded as Venture EU. Agreements have been signed with 3 funds of funds as of 31/12/2023.

An additional implementation mechanism branded the Recovery Equity Facility for Innovative Technology companies (RE-FIT) aims at mitigating the increased cash burn caused by the COVID-19 crisis by providing IFE Financial Intermediaries with a top up investment capacity necessary to support their portfolio companies that otherwise would be left in the short term without further support. As of 31/12/2023, the EIF signed 6 agreements with IFE Financial Intermediaries based in 5 Member States and 1 associated country, for an amount of EUR 83.3 million. 22 investments were made into RE-FIT Final Recipients for an amount of EUR 35 million.

Geographical diversification

The chart below shows how EUR 10 378 million invested in eligible final recipients is distributed by country.



Main issues for the implementation

The InnovFin Equity facility facilitates the availability of equity finance for early-stage investments and boosts the development of the EU venture capital market. During the technology transfer and start-up phases, new companies face a 'valley of death' where public research grants stop, and it is not possible to attract private finance. Public support aiming to leverage private seed and start-up funds to fill this gap is currently too fragmented and intermittent, or its management lacks the necessary expertise. Moreover, most venture capital funds in Europe are too small to support the continued growth of innovative companies and lack the critical mass to specialize and operate transnationally.

Specific support actions such as information and coaching activities for SMEs should be provided. Regional authorities, associations, SMEs chambers of commerce and relevant FIs may be consulted on the programming and implementation of these activities.

Regarding conditional closings, despite EIF's firm commitment to invest into a fund it may be that fund managers fail to raise the required additional private and public funding to reach the first closing of a fund.

Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed ⁸⁴	1,315,805,268.00	1,315,805,268.00
Leverage effect	7.89	4.05
Multiplier effect	8.73	7.69
Operations	106	120

⁸⁴ Including EUR 428 m EFSI top-up.

Key figures (EUR)	Actual	Target
Financing provided to final recipients	10,378,206,393.00	5,326,831,608.00
Number of final recipients	3,325	3,600
Investments made by final recipients due to the received financing	11,486,200,807.44	10,120,980,055.00

Financial Information

Financial Information (EUR)	Equity Facility (early-stage capital) for Research and Innovation of Horizon 2020 (InnovFin Equity)		
Type of instrument	Equity		
Year of inception	2015		
Implementing Partner	EIF		
	Notes	2023	All years
EU Contribution	(1)		
Budgetary commitments		0.00	887,805,268.00
<i>of which from third countries</i>		0.00	16,002,413.05
<i>of which from reflows</i>		0.00	115,350,843.10
Budgetary payments		65,100,000.00	801,114,579.82
Reflows	(2)		
Revenues		0.00	7,109,931.17
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		0.00	7,109,931.17
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		0.00	7,109,931.17
Losses from operations			
Guarantees			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		0.00	24,177,460.00
Incentive fees		130,000.00	23,892,800.00
Treasury management fees		214,076.00	1,869,982.00
Other charges		0.00	20,765.60
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	8,658,785.00
Net treasury result (including interest) (gains (+) / losses (-))		10,504,322.00	-6,310,803.40
Net FX gains (+) / losses (-)		-2,901,176.00	-1,141,181.00

Other revenues		3,695.00	17,488.00
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		924,775,627.46	955,563,116.46
Value of equity investments		629,801,085.46	573,561,519.46
	<i>Investment at cost</i>	497,877,659.46	415,135,112.46
Value of loans		0.00	0.00
	<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions		0.00	0.00
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		101,524,927.00	55,010,103.00
	<i>in euro</i>	62,659,060.00	12,146,653.00
	<i>in non-euro currencies</i>	38,865,867.00	42,863,450.00
Other financial assets (including short term deposits >3months)		157,015,037.00	217,436,217.00

Notes to the financial information

- (1) The InnovFin Equity Facility for Research and Innovation has a rather fast budgetary implementation ratio, i.e., 90.2% budgetary execution rate of payments in comparison to commitments as of 31 December 2023.
- (2) In line with Article 35(1) of the InvestEU Regulation, 2022 reflows in the amount of EUR 1,280,394.63 and 2021 reflows in the amount of EUR 2,564,956.67 were assigned to InvestEU.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

4.5 European Innovation Council Fund (EIC Fund)

Description

Identification / Reference to the basic act			
Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) (OJ L 347/104, 20.12.2013).			
Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in "Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)" (OJ L 347/81, 20.12.2013).			
Council Decision 2013/743/EU of 3 December 2013 establishing the specific programme implementing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) (OJ L 347/965, 20.12.2013).			
Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013, and in particular Article 46, 48 and 57 thereof.			
Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013.			
Council Decision 2021/764/EU of 10 May 2021 establishing the Specific Programme implementing Horizon Europe – the Framework Programme for Research and Innovation, and repealing Decision 2013/743/EU, and in particular Article 11(3) and section 1.1.2 of Pillar III part of Annex I thereof.			
Budget lines			
01.020301 and 01.029901.21			
(EUR)	2023	2024	2025
Budgetary commitment appropriations	867,720,190.15	N/A	N/A
Budgetary payment appropriations	400,000,000.00	N/A	N/A

Initial financial envelope:	EUR 4,300,000,000
Current financial envelope:	EUR 2,722,131,620.15
Overall financial envelope:	EUR 2,722,131,620.15

General description

The EIC Fund is a breakthrough initiative of the European Commission (EC). It aims to fill a critical financing gap in the technology transfer (TT) market: the fact that despite the channelling of significant amounts of grant funding to research projects in Europe by EC and national schemes, very few projects subsequently manage to attract equity-type financing and reach the commercialization stage.

The EIC Fund has been incorporated on 22 June 2020 and implements equity or quasi equity support to final recipients selected by the pilot call for proposal EIC Accelerator of Horizon 2020 and by the call for proposal EIC Accelerator of Horizon Europe.

In addition of the Pilot Horizon 2020 compartment, a second compartment for final recipients selected by the call for proposal EIC Accelerator of Horizon Europe has been created in the second quarter 2022.

Until October 2022 the investment decisions were taken by the EIC Fund Board upon recommendations from the Investment Committee. The European Investment Bank (EIB) acted as investment adviser of the EIC Fund and prepared the ground for investment recommendations of the Investment Committee to the EIC Fund Board.

A Commission decision adopted in the third quarter 2022 - the first restructuring Decision (C(2022)2408) - launched the process to restructure the implementation of the EIC Fund which is implemented for both EIC

Accelerator H2020 pilot and Horizon Europe compartment through an Alternative Investment Fund Manager (AIFM). The EIB remained the investment adviser of the EIC Fund.

The second restructuring Decision (C(2022)6818) provided for the appointment of Alter Domus Management Company S.A. as the alternative investment fund manager of the EIC Fund, entrusted with the decision-making power regarding investments and divestments. The Decision also provided for the replacement of the two Commission representatives in the EIC Fund Board by independent expert (the Commission will continue to be represented as an observer). The EIB remained the investment adviser of the EIC Fund.

On 4 December 2023, the Commission has adopted the Decision on the completion of the restructuring of the European Innovation Council (EIC) Fund in the context of the implementation of the EIC Accelerator under Horizon Europe (C(2023)8183). This third restructuring Decision allows for the management of the investment components of the EIC Accelerator in indirect management mode, as foreseen in Article 11.3 of the Council Decision 2021/764 establishing the Specific Programme implementing Horizon Europe. The move to indirect management as from 1 January 2024 releases the Commission from the direct responsibilities and liabilities for individual decisions. This move is materialised by the transfer of the holding of the shares in the EIC Fund from the Commission to EIB, including the supervision and control of the EIC Fund (the EIB is responsible for the operational and financial reporting towards the Commission). The EIB has also remained the investment adviser of the EIC Fund.

Duration

The EIC Fund is set up with an unlimited duration.

Added value, final recipients and projects

The EIC Fund provides patient capital in the form of equity or quasi-equity (which will be in most cases blended with a grant component) to EIC Final Recipient companies with potentially market-creating innovations (whether based on breakthrough disruptive technologies originating from research (deep-tech) or on social innovation), thereby contributing to bridge the gap between innovation and market take-up. The EIC Fund is the first EU intervention of its kind in direct equity-type investments (as mentioned above, in most cases, in combination with a grant component (blended finance)).

Financial institutions involved in implementation

The EIC Fund is supported in its work by the EIB Group as its investment adviser.

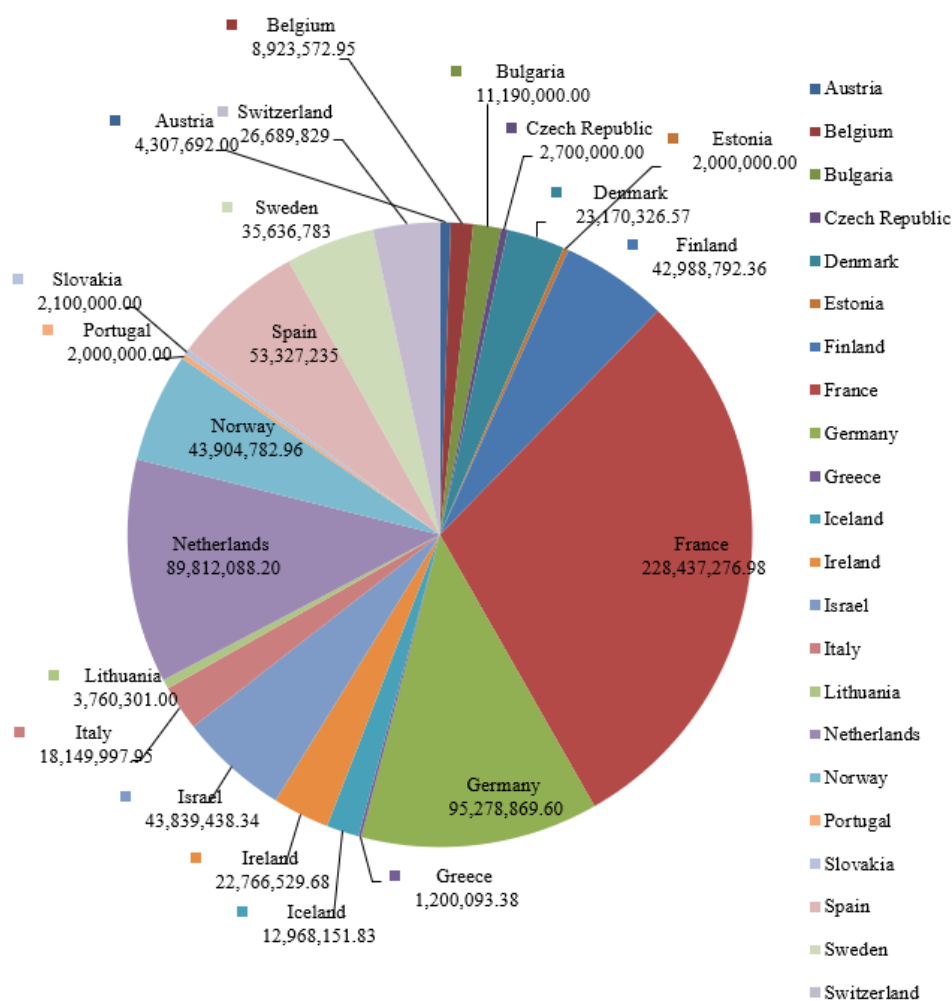
Operational Performance

Contribution to the achievement of the objectives of the programme

EIC Accelerator support consist of EIC blended finance, a mix of grant and investment – in particular equity. By providing funding beyond the limited remits of usual grant mechanism and for the time necessary to diminish significantly technological, market and financial risks, the EU intends to attract co- or alternate investors and thus give more impact to its financial support. The EIC Accelerator is the first of its kind EU intervention in direct investment, in particular equity-type investments.

Geographical diversification

By March 2024, the EIC Fund had signed investment agreements with 220 companies across 24 Member States and 5 Associated Countries, totalling 783.9 million EUR, of which 775.2 million EUR had been disbursed.



Main issues for the implementation

To effectively address the implementation of investments, several key processes need to run smoothly, and stakeholder cooperation is essential:

- The **Commission** defines the framework for the selection of companies that can receive EIC Fund investment under the EIC Accelerator, i.e., through adopting the Decision on the annual EIC Work Programme, supervising the evaluation of proposals, taking Single Award Decisions and ensuring control over the EIC Fund’s Investment Guidelines.
- EISMEA** conducts the evaluations for selecting potential final recipients in accordance with the EIC Work Programme and is responsible for managing the grant and coordinating grant and investment components.
- The **Investment Adviser**, EIB, bound by the Investment Guidelines, carries out the financial and commercial due diligence, complemented by technological due diligence done by external experts contracted by EISMEA. The “Investment Adviser” represents the EIC Fund in negotiations with the investee and co-investors on term sheets and investment agreements and is entrusted with the monitoring of the active investments, including advising on any exceptional follow-on investments or exits.
- The EIC Fund’s investment and divestment decisions are taken by the AIFM. The **AIFM Advisory Committee** advises the AIFM Investment Committee from the perspective of expert venture capital investors, in compliance with the Investment Guidelines. The Advisory Committee is composed of AIFM representatives, independent external venture capitalists, two observers of the Commission and representatives of EISMEA accompanying the Commission observers.
- The AIFM’s investment decisions are taken following the advice of the relevant service provider on Anti Money Laundering and checks on sanctioned entities. The **Investment Committee** is

composed of AIFM employees only and has the exclusive competence of taking in-/divestment decisions which comply with the rules above.

Performance, financing and investments

In the frame of the EIC Accelerator pilot call, 159 final recipients have been selected for a support through blended finance. As of end March 2024, 141 investment recommendations have been approved by the EIC Fund Board, 138 term sheets have been accepted by future invested companies and 113 investment agreements have been signed.

In the frame of the Horizon Europe EIC Accelerator call, 339 final recipients have been selected for a support through blended finance or equity only. As of end March 2024, 208 investment recommendations have been approved by the EIC Fund investment committee, 190 term sheets have been accepted by future invested companies and 107 investment agreements have been signed.

Key figures (EUR)	Actual	Target
EU Contribution committed	2,722,131,620.15	4,300,000,000.00
Leverage effect	0.28	1.00
Multiplier effect	0.84	5.00
Operations	293	650
Financing provided to final recipients	775,151,761.07	4,300,000,000.00
Number of final recipients	220	650
Investments made by final recipients due to the received financing	2,292,679,134.00	21,500,000,000.00

Financial Information

Financial Information (EUR)	European Innovation Council (EIC) Fund		
Type of instrument	Equity		
Year of inception	2020		
Implementing Partner	EIC Fund		
	Notes	2023	All years
EU Contribution	(1)		
Budgetary commitments		867,720,190.15	2,722,131,620.15
<i>of which from third countries</i>		81,383,494.00	233,064,296.07
<i>of which from reflows</i>		0.00	453,196.37
Budgetary payments		400,000,000.00	1,353,100,000.00
Reflows	(2)		
Revenues		0.00	0.00
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		0.00	0.00
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		0.00	0.00
Losses from operations			
Guarantees			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
Equities			

Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		18,755,591.00	51,330,115.00
Incentive fees		0.00	0.00
Treasury management fees		0.00	0.00
Other charges		7,132,779.00	20,014,848.32
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		5,316,410.00	6,059,220.00
Net treasury result (including interest) (gains (+) / losses (-))		4,595,812.00	6,649,536.00
Net FX gains (+) / losses (-)		-124,555.00	-124,486.00
Other revenues		286,096.00	2,222,433.00
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		1,051,876,449.68	479,821,672.68
Value of equity investments		608,597,811.68	299,484,795.68
<i>Investment at cost</i>		656,876,464.68	314,797,280.68
Value of loans		0.00	0.00
<i>Loans at cost</i>		0.00	0.00
Financial liabilities and provisions		0.00	0.00
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		511,545,190.00	377,046,262.00
<i>in euro</i>		503,951,386.00	377,046,485.00
<i>in non-euro currencies</i>		7,593,804.00	-223.00
Other financial assets (including short term deposits >3months)		123,854,371.00	229,480,169.00

Notes to the financial information

- (1) The EIC Fund has a quick implementation rate in terms of payments. However, delays can occur between signature of the term sheet by the target investee company and signature of the investment agreement itself due to a condition precedent of a matching co-investor in most cases.
- (2) No reflows since inception.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

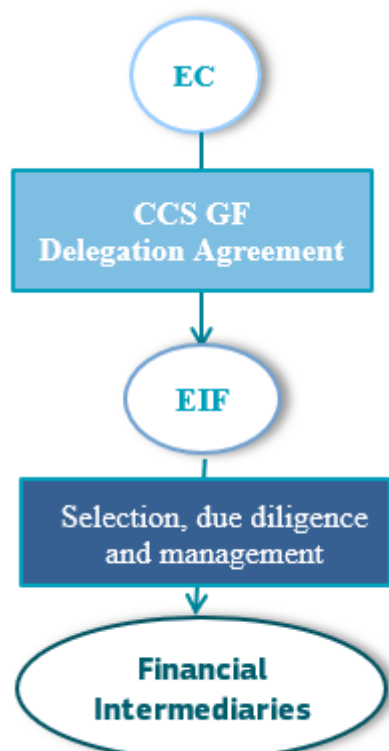
4.6 Cultural and Creative Sectors Guarantee Facility (CCS GF)

Description

Identification / Reference to the basic act			
Regulation (EU) No 1295/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Creative Europe Programme (2014 to 2020) and repealing Decisions No 1718/2006/EC, No 1855/2006/EC and No 1041/2009/EC (OJ L 347, 20.12.2013, p. 221)			
Budget lines			
(EUR)	2023	2024	2025
Budgetary commitment appropriations	0.00	0.00	0.00
Budgetary payment appropriations	30,729,050.00	18,616,496.00	11,271,739.00

Initial financial envelope:	EUR 122,892,282.00
Current financial envelope:	EUR 252,892,282.00
Overall financial envelope:	EUR 252,892,282.00

General description



Financing provided: **EUR 1,691 bn**
 Investment realised: **EUR 3,750 bn**

Part of the Creative Europe Programme (2013-2020), the Cultural and Creative Sectors Guarantee Facility (CCS GF) is a financial instrument under which the European Commission through the European Investment Fund (EIF) provides guarantees and counter-guarantees on debt financing to Financial Intermediaries in order to improve access to finance to SMEs and organisations from cultural and creative sectors (CCS).

Duration

The CCS GF implementation has been running since July 2016, when the Delegation Agreement with the EIF was signed.

The implementation period ended on 31 December 2020. Termination date for the EU Guarantee coverage is set for 31/12/2034.

Added value, final recipients and projects

The Cultural and Creative Sectors Guarantee Facility has been one of the main innovations and biggest successes of Creative Europe since its launch in 2016. As a market-led financial instrument, it has widened the range of support available and tapped into new, greater sources of funding by reaching out to the financial sector, thus enabling investment and growth.

Traditionally in Europe, banks and other lending institutions perceived the cultural and creative sectors as being high-risk, and therefore even profit-oriented CCS companies found it difficult to obtain a loan. As the CCS organisations could not fully diversify their funding structure, they became more reliant on the support from the public side in the form of grants. In order to increase access to debt financing the CCS Guarantee Facility (CCS GF) was introduced. It reduces the financial institutions' risk by providing guarantees and

counter-guarantees as well as a training programme for financial institutions interested in making use of the facility (capacity building).

Through the CCS GF, Financial Intermediaries selected by the EIF can provide additional debt financing to SMEs in Participating Countries. To target the knowledge gap between the financiers and the CCS companies, this action also provides technical assistance/ capacity building to the financial institutions wanting to build dedicated portfolios of loans targeting the CCS. This supports the further fine-tuning of financing products that are more suited to the specificities of CCS business.

This add-on feature of the support has been proven as an extra incentive for the uptake of the CCS GF by financial institutions and has resulted in an increase in the number of financial intermediaries working with cultural and creative SMEs.

DG CNECT oversees implementation of the CCS GF. The Guarantee Facility is managed by the European Investment Fund (EIF) in line with the provisions of the Delegation Agreement.

Financial institutions involved in implementation

The EIF is implementing the CCS GF.

Operational Performance

Contribution to the achievement of the objectives of the programme

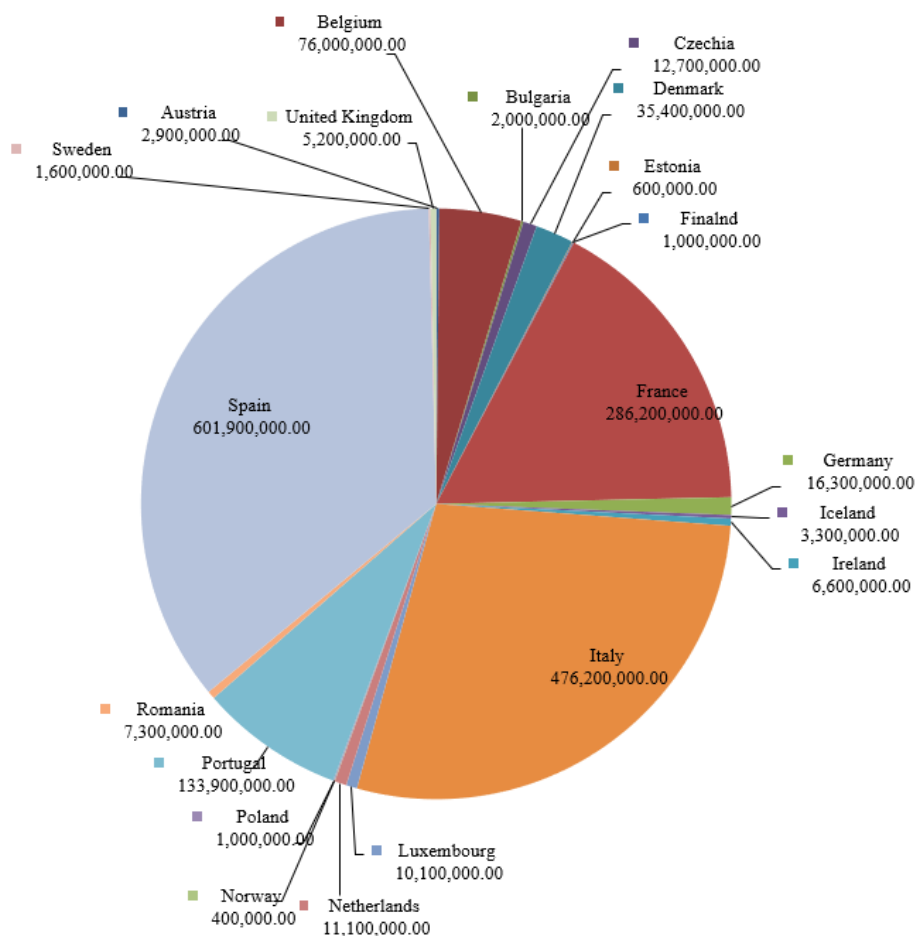
The CCS GF was launched in July 2016 as the first financial instrument specifically targeting the cultural and creative enterprises. A total budgetary appropriation for CCS GF equalled to EUR 252.8 million (EUR 122.8 million from Creative Europe budget and top-ups of EUR 130 million from EFSI) in the 2016-2020 period. To date CCS GF has mobilised EUR 3,75 billion of additional investment into the cultural and creative industries.

By the end of year 2023, 22 transactions with 21 Financial Intermediaries were signed. 9016 loans were granted to 6803 SMEs from creative sectors. The geographical availability of the CCS GF has also expanded quickly, as SMEs from 21 participating countries benefited from easier access to finance.

The loans guaranteed by the CCS GF are diversified in terms of size of enterprises, the geographical coverage as well as the sectorial distribution. Majority of support went to enterprises employing less than 10 persons. All cultural and creative sectors profited from the support, with the audiovisual sector being the biggest beneficiary, followed by performing arts, books and press, video games, visual art and other cultural domain.

Through the Capacity Building activities, the CCS GF helped financial intermediaries to better serve creative and cultural SMEs by providing high-level customised consultancy and support. Most of the financial intermediaries opted in for this tailor-made support delivered by CCS experts. In addition, capacity building helped promoting this source of finance through events, trade shows, publication of market studies or market research.

Geographical diversification



Main issues for the implementation

N/A

Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	252,892,282.00	252,892,282.00
Leverage effect	6.69	2.77
Multiplier effect	14.83	4.75
Operations	22	10
Financing provided to final recipients	1,691,603,546.00	700,000,000.00
Number of final recipients	9,016	1,700
Investments made by final recipients due to the received financing	3,750,943,549.00	1,200,000,000.00

Financial Information

Financial Information (EUR)	Cultural and Creative Sectors Guarantee Facility (CCS GF)		
Type of instrument	Guarantee		
Year of inception	2016		
Implementing Partner	EIF		
	Notes	2023	All years
EU Contribution			
Budgetary commitments		0.00	85,124,732.88
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00
Budgetary payments		7,689,993.00	48,926,961.80
Reflows	(1)		
Revenues		690,823.86	690,823.86
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		690,823.86	690,823.86
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		690,823.86	690,823.86
Losses from operations			
Guarantees			
Guarantees called		10,474,230.00	15,696,830.00
Guarantee calls recovered		71,323.00	235,210.00
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		0.00	4,901,230.00
Incentive fees		0.00	2,472,307.00
Treasury management fees		56,658.00	207,675.00
Other charges		0.00	1,785,136.00
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	5,602.00
Net treasury result (including interest) (gains (+) / losses (-))		2,277,714.00	3,540,352.00
Net FX gains (+) / losses (-)		439,984.00	-534,957.00
Other revenues		0.00	0.00
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		95,939,028.00	105,817,666.00
Value of equity investments		0.00	0.00
<i>Investment at cost</i>		0.00	0.00
Value of loans		0.00	0.00

	<i>Loans at cost</i>		0.00	0.00
Financial liabilities and provisions			45,702,668.00	60,217,417.00
Assets under treasury management				
Balance in the fiduciary bank account (including short term deposits <3months)			65,315,321.00	62,557,891.00
	<i>in euro</i>		47,890,321.00	32,975,829.00
	<i>in non-euro currencies</i>		17,425,000.00	29,582,062.00
Other financial assets (including short term deposits >3months)			2,374,559.00	2,303,165.00

Notes to the financial information

(1) In line with Article 35(1) of the InvestEU Regulation, 2023 reflows in the amount of EUR 690,823.86 were assigned to InvestEU.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

4.7 SME Guarantee Facility (SMEG07) under the Competitiveness and Innovation Framework Programme (CIP) - CIP SMEG 07

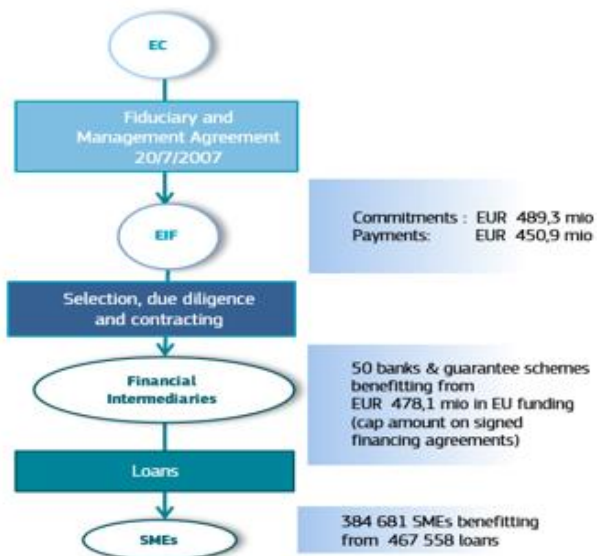
Description

Identification / Reference to the basic act			
Decision No 1639/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing a Competitiveness and Innovation Framework Programme (2007 to 2013) (OJ L 310, 9.11.2006, p. 15)			
Budget lines			
02 02 99 01			
(EUR)	2023	2024	2025
Budgetary commitment appropriations	0.00	0.00	0.00
Budgetary payment appropriations	0.00	0.00	0.00

Initial financial envelope ⁸⁵ :	EUR 506 million
Current financial envelope ⁸⁶ :	EUR 477,2 million
Overall financial envelope ⁸⁷ :	EUR 489,3 million

General description

SMEG 07 is part of the Entrepreneurship and Innovation Programme (EIP), one of the three specific programmes under the Competitiveness and Innovation Programme (CIP). Its overall objective is the improvement of access to finance for the start-up and growth of SMEs to support their investment in innovation activities, including Eco innovation. It provides counter- or co-guarantees to guarantee schemes and direct guarantees to Financial Intermediaries operating in eligible countries with the aim of increasing lending volumes available to SMEs. The Facility is a demand-driven instrument, with only indicative country-based allocations, to ensure wide geographical coverage. The EIF provides a capped guarantee that covers potential losses against a commitment of the financial intermediary to provide more debt financing (loans, leases or guarantees that support loans and leases) to target SMEs.



Financing provided : **EUR 20 992,2 mio**
Investment realised: **EUR 30 399,4 mio**

Duration

Last budgetary commitment: 31/12/2013

⁸⁵ Initial voted commitments.

⁸⁶ Including increase /decrease in budget commitments from 2008 to 2023, including the December 2023 EUR 33,7 million decommitment, ending up with a current envelope in amount of EUR 477.190.510,68 without additional resources

⁸⁷ With additional resources.

End of agreements' signing period: 30/9/2014

Added value, final recipients and projects

Thanks to SMEG 07, financial intermediaries either provide more financing to SMEs, or extend their financing to riskier and previously not serviced segments of vulnerable SMEs, such as start-ups, young companies and companies lacking sufficient collateral.

Financial institutions involved in implementation

Policy DG (Directorate General) in charge: DG GROW, with DG ECFIN for the design of the instruments

Implementing DG in charge: DG ECFIN

Implementing Partner in charge: EIF (European Investment Fund)

SMEG 07 is operated by the EIF under a 2007 Fiduciary and Management Agreement (FMA). Until 2013 the EIF was responsible for identifying, evaluating, and selecting Financial Intermediaries ('FIs') according to the FMA's Guarantee Policy.

ECFIN (the Designated Service in the Commission) was actively involved in the FI approval processes. Each deal needed approval of the Commission and the EIF's Board of Directors. The monitoring of the facility is closed as from 2023; reporting obligations will continue until the wind-down of the facility (estimated 2026).

Operational Performance

Contribution to the achievement of the objectives of the programme

As at 31/12/2023⁸⁸ SMEG 07 consisted of 64 guarantee agreements with 50 active Financial Intermediaries from 23 countries for a total amount guaranteed of EUR 6 915,9 million (and a total of EUR 478,1 million guarantee cap amount from the Union budget for direct and counter-guarantees).

As at 31/12/2023, SMEG achievements under CIP were as follows:

- Guarantee agreements: 64
- Eligible recipients (SMEs) achieved: 384 681
- Eligible final recipients (SMEs) initially targeted: 315 000
- Loans achieved: 467 558
- Employees at eligible final recipients (SMEs) at inclusion date: 1 341 630
- Jobs created or maintained⁸⁹: 384 681
- Total financing achieved⁹⁰: EUR 20 992,2 million
- Total financing expected⁹¹ EUR 22 942,4 million
- Total investment realized⁹²: EUR 30 399,4 million

⁸⁸ As from 2023 the Facility may contain fewer active agreements/intermediaries than in the previous year, due to the (natural) termination of the underlying agreements along time. The present report reflects the situation and exposure for the EU budget as at 31/12/2023, not the total operations provided under the Facility since inception.

⁸⁹ Estimate based on the methodology outlined in the 2011 Final Evaluation of the Entrepreneurship and Innovation Programme (1 job for each SME supported by the facility).

⁹⁰ Loan amount in EUR, source: EIF's SMEG 07 Annual Report as at 31/12/23

⁹¹ i.e.: target financing volume ("estimated financing guaranteed", source: EIF's SMEG 07 annual report dated 31/12/2023)

⁹² Source: EIF's SMEG 07 annual report dated 31/12/2023

For 2007-2023, EUR 1 031,9 million of commitment appropriations were made available for the CIP financial instruments, of which EUR 477,2 million for SMEG⁹³. The appropriations were fully committed.

Regarding the payments appropriations for 2007-2023, out of the EUR 983,1, million made available for the CIP financial instruments, EUR 438,8 million were paid to the SMEG fiduciary account, managed by the EIF on behalf of the Commission⁹⁴. Funds are drawn down from the fiduciary account as and when defaults occur under SMEG.

As at 31/12/2023, SMEG 07 already contributed to provide nearly 21 billion EUR of financing to 384 681 SMEs through 467 558 loans⁹⁵, accounting for more than 30,3 billion EUR investment. The corresponding

i) achieved financing leverage effect for CIP SMEG 07 at the level of entrusted entity (total loan volume received by the recipient SMEs / EU guarantee cap amount) is approx. 43,9⁹⁶ - meaning 1 EUR EU funding generated nearly 44 EUR loan for SMEs -, and

ii) achieved multiplier effect is 69,8 (based on a total investment realised of EUR 30 399,4 million / EU guarantee cap amount) - meaning 1 EUR EU funding generated more than 69 EUR in investment at SME level.

The (expected) target financing leverage effect for signed operations (calculated as "Estimated SME financing" / EU guarantee cap amount) is nearly 48⁹⁷.

Based on the financing and investment volumes supported so far (see details above), the CIP market-oriented instruments under both GIF and SMEG have shown high efficiency and relevance in addressing the difficulties faced by SMEs in getting access to finance from 2007 until now. The SMEG Facility is a counter-cyclical instrument and has helped final recipients to face difficulties arising from the economic conditions from 2007 until now, namely, to obtain or maintain access to finance and to create or maintain jobs over the period. Although the overall effect of EU programmes on SMEs' financing remains limited (by nature, EU intervention is limited to market gaps or sub-optimal market situations, meaning by far the largest part of financing is provided by banking and finance market players), the Facility did, however, make a very positive contribution to the development and sustainability of EU SMEs.

Geographical diversification

By the end 2023, the CIP SMEG 07 financing achieved is broken down as follows:

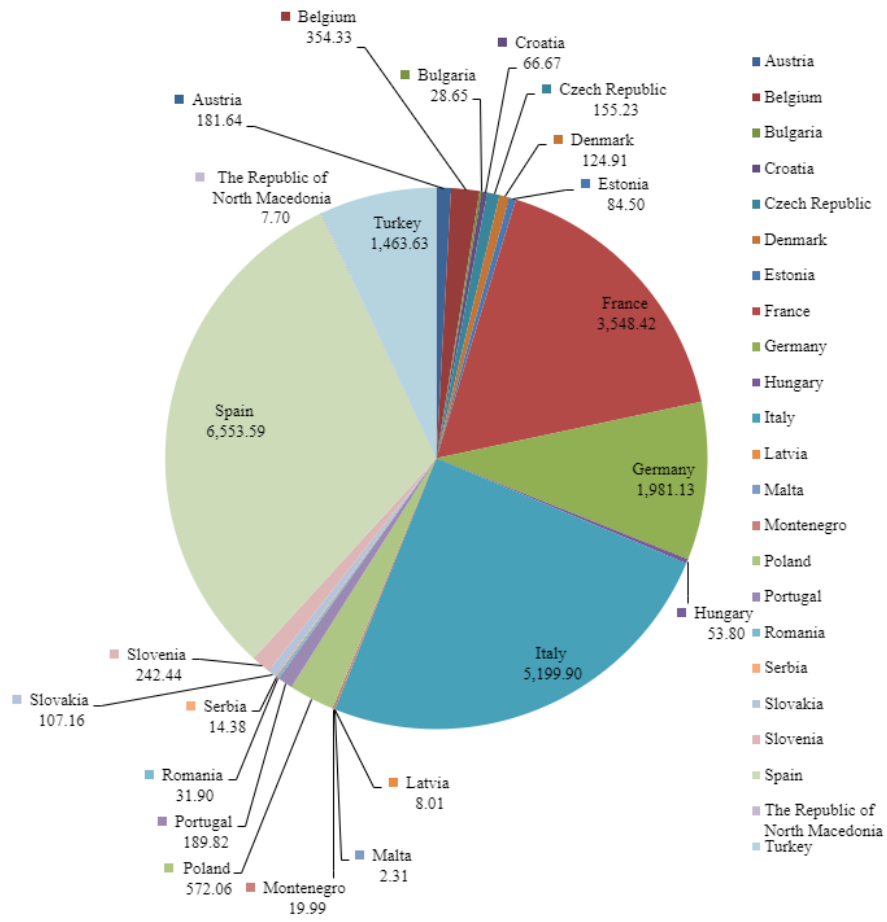
⁹³ Amounts without additional resources; including additional resources, the commitment appropriations were EUR 1 063,5 million for CIP out of which EUR 489,3 million for SMEG

⁹⁴ Amounts without additional resources; including additional resources, the payment appropriations were EUR 1 014,7 million for CIP out of which EUR 450,9 million for SMEG.

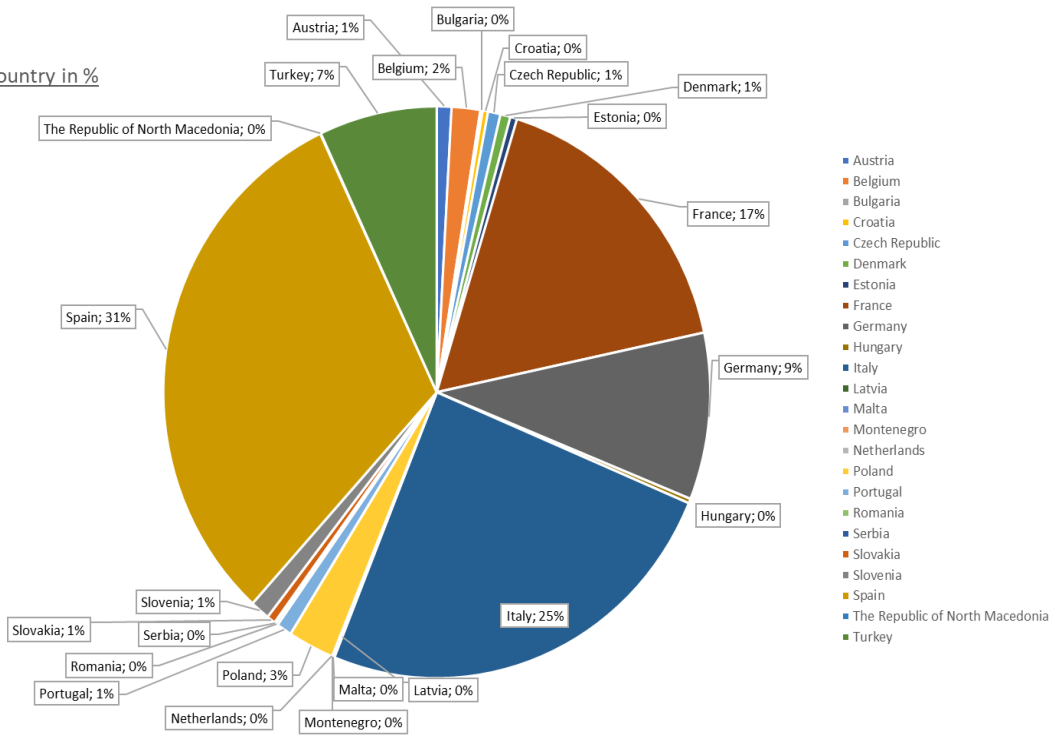
⁹⁵ Source: EIF's SMEG 07 annual report dated 31/12/2023

⁹⁶ Source: EIF's SMEG 07 annual report dated 31/12/2023; total loan volume received by the recipient SMEs = EUR 20 992,2 million / EU guarantee cap amount = EUR 478,1 million

⁹⁷ Source: EIF's SMEG 07 annual report dated 31/12/2023; "Estimated SME financing" = EUR 22 942,4 million / EU guarantee cap amount = EUR 478,1 million



Loan Amounts per country in %



Main issues for the implementation

The Facility is closed for new operations as from 30/9/2014 and the inclusion period for new loans into the supported portfolios is finished as well. No specific implementation issues have been identified. However, the EIF guarantee duration is 10 years, so the portfolio is still impacted by guarantee calls, which undergo a systematic prior check before payment by the EIF, ending up sometimes with the rejection of the operation and/or of the final recipients: this ensures that any effective payment under the facility is compliant with the EU provisions, and in turn this also accounts for some potential decrease over time in the figures (financing, loans, final recipients, etc.) as reported under the section “Operational Performance” above.

Since the Facility is closed for new agreements as from 30/9/2014, it was decided to close the monitoring of CIP SMEG07 as from year 2023.

The latest evaluations related to GIF and SMEG reiterated that their effectiveness has increased over time. In more detail, there have been improvements in monitoring systems at the level of both EIF and FIs involved in implementation which contributed to tracking comprehensively the performance of the instrument and thus allows for more effectively pursuing its policy objectives.

Besides, the relevance of the instrument as assessed by the recipient SMEs is significant:

- 46% stated that the EU financing scheme was their only option available to get financing,
- 18% of recipient SMEs stated that without the EU support they would have received only part of the funding needed,
- 42% of recipient SMEs stated that the EU support helped them to get additional finance and
- 64% of recipient SMEs stated that EU support was crucial to find the finance needed.

Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed ⁹⁸	477,190,511.00	478,100,000.00
Leverage effect	43.99	47.99
Multiplier effect	63.58	67.18
Operations	64	64
Financing provided to final recipients	20,992,200,000.00	22,942,400,000.00
Number of final recipients	384,681	315,000
Investments made by final recipients due to the received financing	30,339,400,000.00	32,119,360,000.00

Financial Information

Financial Information (EUR)	SME Guarantee Facility (SMEG07) under the Competitiveness and Innovation Framework Programme (CIP) - CIP SMEG 07		
Type of instrument	Guarantee		
Year of inception	2007		
Implementing Partner	EIF		
	Notes	2023	All years

⁹⁸ The actual figure stems from the FS 2023; the target one equals the "guarantee cap amount" and is sourced from the EIF's CIP SMEG 07 annual report as at 31/12/2023.

EU Contribution	(1)		
Budgetary commitments		-33,791,712.24	489,280,394.76
<i>of which from third countries</i>		0.00	22,748,338.00
<i>of which from reflows</i>		0.00	12,089,884.00
Budgetary payments		0.00	450,903,606.83
Reflows	(2)		
Revenues		873,525.89	43,053,068.89
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		873,525.89	25,146,048.89
<i>to the general budget</i>		0.00	11,402,380.00
<i>returned to be used</i>		873,525.89	13,743,668.89
Losses from operations			
Guarantees			
Guarantees called		3,596,233.00	414,135,133.00
Guarantee calls recovered		4,236,082.00	64,034,896.67
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		416,000.00	23,505,550.00
Incentive fees		0.00	0.00
Treasury management fees		0.00	0.00
Other charges		10,662.19	1,498,121.78
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		20,021.00	1,646,021.14
Net treasury result (including interest) (gains (+) / losses (-))		2,290,434.00	30,895,944.72
Net FX gains (+) / losses (-)		665,633.00	-1,796,168.21
Other revenues		0.00	0.00
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		128,932,120.00	128,130,818.00
Value of equity investments		0.00	0.00
<i>Investment at cost</i>		0.00	0.00
Value of loans		0.00	0.00
<i>Loans at cost</i>		0.00	0.00
Financial liabilities and provisions		16,311,043.00	17,583,033.00
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		54,988,103.00	55,941,020.00
<i>in euro</i>		34,003,121.00	36,208,426.00
<i>in non-euro currencies</i>		20,984,982.00	19,732,594.00

Other financial assets (including short term deposits >3months)		0.00	0.00
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Notes to the financial information

- (1) EUR 33,7 million decommitment in December 2023.
- (2) Reflows until 31 December 2013 of EUR 12,089,884 have been used as additional resources for the programme. In line with Article 35(1) of the InvestEU Regulation, 2023 reflows in the amount of EUR 873,525.89 were assigned to InvestEU.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

4.8 High Growth and Innovative SME Facility (GIF) under the Competitiveness and Innovation Framework Programme (CIP) - CIP GIF

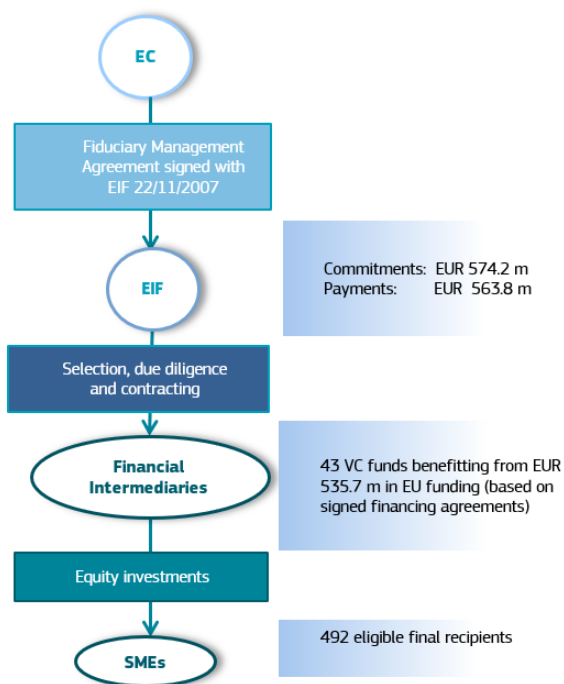
Description

Identification / Reference to the basic act			
Decision No 1639/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing a Competitiveness and Innovation Framework Programme (2007 to 2013) (OJ L 310/15, 9.11.2006, p.15)			
Budget lines			
02.029901			
(EUR)	2023	2024	2025
Budgetary commitment appropriations	0.00	0.00	0.00
Budgetary payment appropriations	7,800,000.00	7,800,000.00	7,800,000.00

Initial financial envelope ⁹⁹ :	EUR 623 million
Current financial envelope ¹⁰⁰ :	EUR 554.8 million
Overall financial envelope ¹⁰¹ :	EUR 574.2 million

General description

GIF is implemented by the EIF on behalf of the Commission. The EIF provides EU venture capital investments on behalf of and at the risk of the Commission, under a 2007 Fiduciary and Management Agreement ('FMA'). The EIF was responsible for identifying, evaluating and selecting the Financial Intermediaries ('FI') in accordance with the FMA's Investment Policy. The EIF examined proposals based on a call for expression of interest. Investment proposals by FIs were selected based on a notice of implementation.



Financing provided: **EUR 1 726.04 m**
Investment realised: **EUR 4 316.00 m**

The EIF examined proposals based on a call for expression of interest. Investment proposals by FIs were selected based on a notice of implementation.

DG ECFIN (the Designated Service) was actively involved in the FI approval process. Each deal was to be approved by the EIF Board of Directors and the Designated Service. Since the Facility is closed for new operations as from 30/9/2014, it was decided to stop its monitoring as from 2019. The Designated Service will continue the reporting until the wind-up of the facility (estimated 2026).

GIF 07 is part of the Entrepreneurship and Innovation Programme (EIP), one of the three specific programmes under the Competitiveness and Innovation Framework Programme (CIP).

⁹⁹ Initial voted commitments, including the CBS programme reallocations (EUR 73 million).

¹⁰⁰ Including increase /decrease in budget commitments from 2008 to 2023 without additional resources.

¹⁰¹ Including changes in budget commitments from 2008 to 2023. The initial split CIP budget between the GIF and SMEG instruments was only indicative. CIP's share of the SMEG instrument has increased in line with market needs, leading to a lower current overall programme budget for GIF.

Its objective is to improve access to finance for the start-up and growth of SMEs to support their investments in (eco-) innovation activities. GIF funds equity or quasi-equity to intermediaries, which then must provide long term equity or quasi-equity capital (including subordinated or participating loans and convertible bonds) to innovative SMEs. GIF therefore contributes to the establishment and financing of SMEs and the reduction of the equity financing gap (which prevents SMEs from exploiting their growth potential) and improves the European VC market. Moreover, it supports innovative SMEs with high growth potential, including in their cross-border expansion. Hence, GIF provided a critical lifeline of public support to the EU VC market during the crisis times in the late 2000s.

Duration

Date of last budgetary commitment: 31/12/2013

Date of end of agreements' signing period: 30/9/2014

Added value, final recipients and projects

The added value of the GIF instrument consists in addressing specific market needs, offering structuring input, and providing catalytic effects.

Financial institutions involved in implementation

Policy DG in charge: DG GROW, with DG ECFIN for the design of the instruments

Implementing DG in charge: DG ECFIN

Implementing Partner in charge: EIF

Operational Performance

Contribution to the achievement of the objectives of the programme

By 31/12/2023 GIF consisted of 43 venture capital funds having invested EUR 1 726,4 million in eligible final recipients from 18 countries (based on a total EUR 535,7 million EU contribution committed to financial intermediaries¹⁰²).

Until end 2023 GIF achievements under CIP were as follows:

- Financial intermediaries¹⁰³: 43
- Final recipients achieved¹⁰⁴: 492¹⁰⁵
- Jobs created or maintained¹⁰⁶: 9 908
- Total financing achieved¹⁰⁷: EUR 1 726,4 million
- Total financing expected¹⁰⁸: EUR 3 587,9 million
- Total investment realised¹⁰⁹: EUR 4 316 million

¹⁰² "GIF net commitments", source: EIF's GIF Q4 Quarterly report with data as at 31/12/2023.

¹⁰³ Source: EIF's GIF Q4 Quarterly report with data as at 31/12/2023.

¹⁰⁴ Source: EIF's GIF Q4 Quarterly report with data as at 31/12/2023.

¹⁰⁵ 628 final recipients in participating countries, out of which 492 eligible final recipients. Source: EIF's GIF quarterly & annual report (table 8) as at 31/12/2023.

¹⁰⁶ Note: Employment Report as at 31/12/2012 (latest available).

¹⁰⁷ Source: EIF GIF Annual report 2023, table 8, "total amounts invested in eligible final recipients".

¹⁰⁸ i.e.: target financing volume ("Target Intermediary Size", source: EIF's GIF Q4 Quarterly report with data as at 31/12/2023).

¹⁰⁹ Source: proxy 2,5 on total financing achieved.

For 2007-2023, EUR 1 031,9¹¹⁰ million of commitment appropriations were made available for the CIP financial instruments, of which EUR 554,8 million for GIF¹¹¹. The appropriations were fully committed.

Regarding payments appropriations for 2007-2023, out of the EUR 983,1 million made available for the CIP financial instruments, EUR 544,3 million were paid to the GIF fiduciary account, managed by the EIF for the Commission¹¹². Funds are paid from the fiduciary account when venture capital funds under GIF give a draw down notice.

Until 31/12/2023, the GIF already contributed to provide more than EUR 1 726,4 million of financing to 492 final recipients¹¹³ for an estimated investment amount over EUR 4,3 billion. The corresponding achieved financing leverage effect for CIP GIF at the level of the entrusted entity¹¹⁴ is around 3,2¹¹⁵ meaning 1 EUR EU funding generated more than 3 EUR financing into SMEs. The achieved multiplier effect is around 8,0 (based on a total investment realised of EUR 4 316 million / EU Contribution committed to financial intermediaries of EUR 535,7 million) - meaning 1 EUR EU funding generated approx. 7,9 EUR in investment at SME level.

The (expected) target financing leverage effect for signed operations¹¹⁶ is estimated at around 6,7¹¹⁷ for the entire duration of the programme.

Based on the financing and investment volumes supported so far (see above), the CIP market-oriented instruments under both GIF and SMEG have shown high efficiency and relevance in addressing SMEs' access to finance difficulties from 2007 until now. Although the overall effect of EU programmes on SMEs' financing remains limited (by nature, EU intervention is limited to market gaps or sub-optimal market situations, thus by far the largest part of financing is provided by banks and finance market players), CIP's GIF components contributed very positively to the development and sustainability of SMEs from 2007 until now.

Geographical diversification

By the end of 2023, the GIF "Total financing achieved"¹¹⁸ of EUR 1 726,4 m breakdown per country was as follows:

¹¹⁰ This amount has been lowered in 2016-2023 by EUR 211,6 million decommitments.

¹¹¹ Including additional resources, the commitment appropriations were EUR 1 063,5 million for CIP out of which EUR 574,2 million for GIF

¹¹² Including additional resources, the payment appropriations were EUR 1 014,7 million for CIP and EUR 563,7 million for GIF.

¹¹³ The total number of Final Recipients is 656 (source: EIF's Q4 quarterly report with data as at 31/12/2023). Out of those, 628 are located in participating countries and 492 are Eligible Final Recipients. The VC funds supported may address non-eligible FBs as well as eligible, but EU finances only eligible FBs out of those.

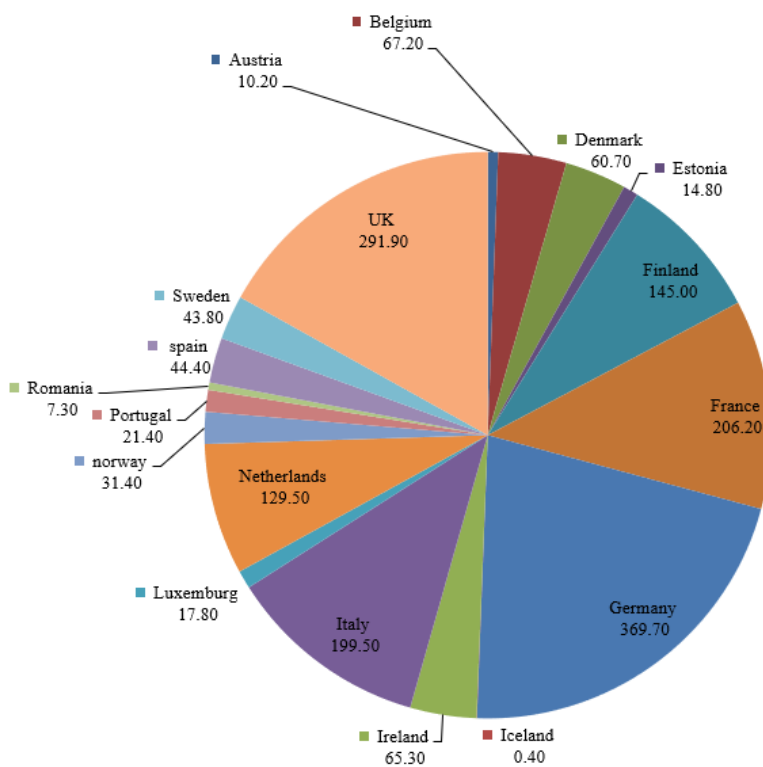
¹¹⁴ Total amounts invested by the funds in eligible final recipients of EUR 1 726,4 million / EU Contribution committed to financial intermediaries of EUR 535,7 million.

¹¹⁵ Source: EIF's GIF annual report & Q4 Quarterly report with data as at 31/12/2023.

¹¹⁶ Target Intermediary Size (EUR 3 587,9 m) / EU Contribution committed to financial intermediaries (EUR 535,7 m).

¹¹⁷ Source: EIF's Q4 Quarterly report with data as at 31/12/2023.

¹¹⁸ Source: EIF GIF Annual report 2023, table 8, "total amounts invested in eligible final recipients".



Main issues for the implementation

The Facility is closed for new operations as from 30/9/2014. No specific implementation issues have been identified. The GIF efficiency can be testified notably by the EIP Final Evaluation, as summarized below.

As from its launch until now, the GIF component (providing venture capital) provided an essential contribution to SME support in the participating countries, as outlined above and confirmed by the final evaluation results. The main results are summarized below; no more recent data is available as at the date of writing.

On Relevance, the instrument met a clear need for finance for recipients and showed that gaps in SME finance can be addressed. 39% of recipients stated that this financing scheme was their only available option; 23% stated that without this support they would have been able to receive only part of the funding needed. In total, 62% said that the support was crucial to find the finance needed.

On Effectiveness, the funds are getting to the intended recipients with the desired effects for growth, innovation and employment. 77% stated that the equity financing made it easier to obtain additional financing. Over 90% said that the financial support had a positive impact on their long-term growth prospects. 62% expected an increase in turnover (between 26% and 100%). 83% identified themselves as engaged in product / service innovation.

Recipients also received other support (i.e.: advice on business planning, access to a network, financial advice, special business advice).

On Efficiency, general stakeholders have the impression that the instruments are administered efficiently, and that money is not wasted.

On Utility, most recipients said the support was the only option for obtaining the funds needed.

On European value-added, the report recognised the leverage effect achieved, the fact that 80% of GIF recipients operate internationally and that VC funds i) have a broader geographical focus and ii) operate across boundaries.

Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	535,723,847.00	535,723,847.00
Leverage effect	3.22	6.70
Multiplier effect	8.06	16.74
Operations	43	43
Financing provided to final recipients	1,726,400,000.00	3,587,954,926.00
Number of final recipients	492	492
Investments made by final recipients due to the received financing	4,316,000,000.00	8,969,887,315.00

Financial Information

Financial Information (EUR)	High Growth and Innovative SME Facility (GIF) under the Competitiveness and Innovation Framework Programme (CIP) - CIP GIF		
Type of instrument	Equity		
Year of inception	2007		
Implementing Partner	EIF		
	Notes	2023	All years
EU Contribution			
Budgetary commitments		10,140.00	600,948,486.00
<i>of which from third countries</i>		10,140.00	24,840,543.00
<i>of which from reflows</i>		0.00	19,474,357.27
Budgetary payments		7,810,140.00	563,763,644.98
Reflows	(1)		
Revenues		81,780,454.20	206,302,168.20
Repayments		65,732,173.79	412,442,563.79
Total reflows entered into the budget, of which:		147,512,627.99	459,162,332.01
<i>to the general budget</i>		0.00	11,578,463.00
<i>returned to be used</i>		147,512,627.99	447,583,869.01
Losses from operations			
Guarantees			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
Equities			
Realised losses		6,214,231.00	10,462,083.61
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		0.00	34,071,096.00
Incentive fees		0.00	0.00

Treasury management fees		0.00	0.00
Other charges		10,988.15	7,886,657.15
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		23,743,764.83	152,342,493.32
Net treasury result (including interest) (gains (+) / losses (-))		4,615,060.17	8,943,539.41
Net FX gains (+) / losses (-)		-209,076.00	-2,403,583.30
Other revenues		0.00	7,798,647.00
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		311,966,139.80	334,971,272.00
Value of equity investments		277,123,722.80	295,960,843.00
	<i>Investment at cost</i>	140,603,548.24	217,152,671.00
Value of loans		0.00	0.00
	<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions		0.00	0.00
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		73,892,322.00	176,814,341.00
	<i>in euro</i>	71,224,319.00	173,870,672.00
	<i>in non-euro currencies</i>	2,668,003.00	2,943,669.00
Other financial assets (including short term deposits >3months)		0.00	0.00

Notes to the financial information

- (1) 2023 reflows in the amount EUR 147,512,627.99 entered into the budget and were returned to be reused, of which EUR 81,780,454.20 were assigned to InvestEU in line with Article 35(1) of the InvestEU Regulation and EUR 65,732,173.79 were assigned to the Public Sector Loan Facility.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

4.9 SME Initiative (focus on indirect Commission management part, i.e., COSME/H2020)

Description

Identification / Reference to the basic act

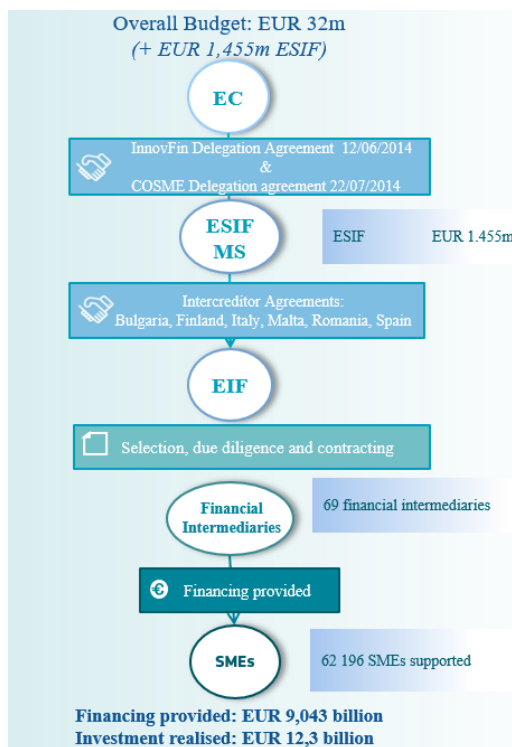
The EU SME Initiative may receive funding from the following EU budget sources:

COSME: Regulation (EU) No 1287/2013 of 11 December 2013 establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014 - 2020).

H2020: Regulation (EU) No 1291/2013 of 11 December 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) and pursuant to the Decision No 2013/743/EU of the Council of 3 December 2013 establishing the Specific Programme implementing Horizon 2020

ERDF and EAFRD (Article of the 39 CPR): Regulation (EU) No 1303/2013 laying down common and general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and laying down common provisions on the European Agricultural Fund for Rural Development (Common Provisions Regulation ('CPR')).

General description



SME support is one of the main areas of support of the European Structural and Investment Funds (ESIF), and financial instruments play an increasingly important role within ESIF support. The basic act governing ESIF interventions is the Common Provisions Regulation ('CPR').

Within the financial instruments "family", the SME Initiative is a real novelty, in that it combines different EU funding resources in one financial instrument – namely resources from ESIF, COSME or Horizon 2020 and EIB Group resources. Thereby, it provides significant leverage of (both public and private) additional resources to be mobilised for SME support.

Its overall aim is to enhance access to finance for SMEs, to stimulate economic growth and entrepreneurship. Access to finance is a real issue in the economy of at least several Member States in Southern and Eastern Europe: the problem is not so much the lack of liquidity in the market, but the missing transmission of that liquidity into the real economy, so that SMEs have adequate access to finance at reasonable conditions, which enables them to invest, develop their competitiveness and grow. Often, a lack of collateral on the

SME side is the main reason why banks are not willing to lend.

Duration

The period of time during which the participating Member State may commit funds to the EIF was to expire on 31 December 2016, but was extended with changes to the CPR in 2018. The end of the eligibility period is 31 December 2023.

Added value, final recipients and projects

The SME Initiative contributes to the objectives of better SME access to finance and, thereby, enhanced SME competitiveness, innovativeness and growth.

The SME Initiative is a joint instrument, combining EU funds available under COSME and Horizon 2020 and ERDF-EAFRD resources in cooperation with EIB/EIF in view of generating additional lending to SMEs.

Three financial instruments can be implemented under the SME Initiative. In substance, they boil down to two alternative ways of operating, namely:

(*) uncapped guarantees providing capital relief to financial intermediaries for new portfolio of debt finance to SMEs, and

(**) securitisation instruments (with two possibilities, i.e., option n°2 securitisation instrument with MS contribution used exclusively for the participating MS and option n°3 securitisation instrument with several MS contributions pooled and used to provide protection on the aggregate exposure, particularly to the mezzanine tranches guaranteed by EIF).

A portion of the new Debt Finance portfolio equal to at least 20 times the contribution under the COSME Regulation and/or 9 times the contribution under the H2020 Regulation should fulfil respectively the COSME and/or H2020 eligibility criteria.

Financial institutions involved in implementation

The EIF is the entrusted entity for the SME Initiative.

Operational Performance

Contribution to the achievement of the objectives of the programme

Five Member States opted for the Guarantee instrument from Horizon 2020 under the SME Initiative (Bulgaria, Finland, Malta, Romania and Spain) and Italy opted for the securitization instrument from COSME.

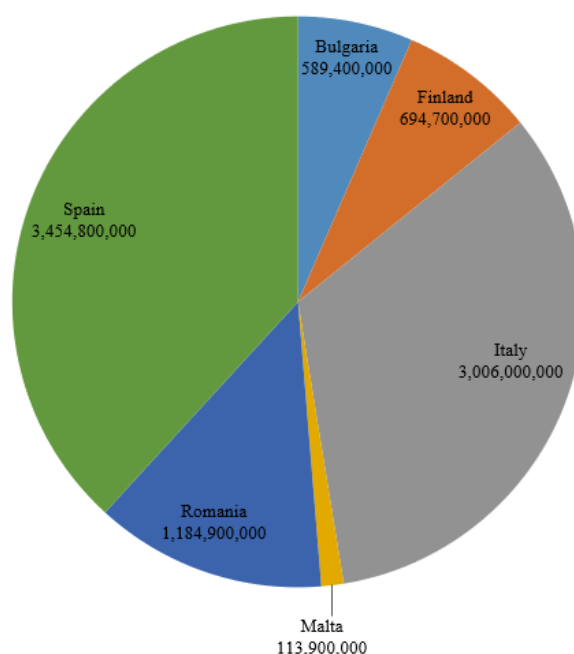
The SME Initiative supported final recipients in 6 Member States that provided a total of ERDF contribution of almost EUR 1.5 billion.

Member State	ERDF contribution (EUR)
Bulgaria	102,000,000
Finland	20,000,000
Italy	320,000,000
Malta	29,000,000
Romania	250,000,000
Spain	734,965,691
Total	1,455,965,961

Geographical diversification

The SME Initiative is implemented in six Member States. Financing provided to final recipients is distributed by Member State as follows:

Member State	Number of financial intermediaries	Number of final recipients	Financing provided to final recipients (EUR)
Bulgaria	9	3,998	589,400,000
Finland	7	1,123	694,700,000
Italy	9	14,795	3,006,000,000
Malta	2	965	113,900,000
Romania	14	3,822	1,184,900,000
Spain	28	37,493	3,454,800,000
Total	69	62,196	9,043,700,000



Bulgaria: 9 financial intermediaries with a target volume of EUR 394 m and an actual volume of EUR 589.4 m for 4633 transactions to 3998 final recipients.

Finland: 7 financial intermediaries with a target volume of EUR 285.4 m and an actual volume of EUR 694.7 m for 1243 transactions to 1123 final recipients.

Malta: 2 financial intermediaries with a target volume of EUR 96.5 m and an actual volume of EUR 113.9 m for 1163 transactions to 965 final recipients,

Romania: 14 financial intermediaries with a target volume of EUR 1,618.7 m and an actual volume of EUR 1,184.9 m for 5 242 transactions to 3 822 final recipients,

Spain: 28 financial intermediaries with a target volume of EUR 2,726.4 m and an actual volume of EUR 3,454.8 m for 44441 transactions to 37493 final recipients.

Italy opted for the use of the Securitisation instrument under the SME Initiative, combined with COSME resources. At the end of 2023, 9 agreements have been signed with nine Italian financial institutions, in the form of synthetic securitisation transactions, allowing the financial institutions to build up over EUR 3 bn of new financing to SMEs, which improves the access to finance for over 14,000 SMEs located in Italy. As of 31/12/2023, the target volume of financing is EUR 3,020 m and the actual volume EUR 3,006 m for 17768 transactions to 14795 final recipients.

The financing provided to final recipients investments amounted to EUR 9.043 billion and the total investments made by final recipients due to the received financing amounted to EUR 12.30 billion.

Main issues for the implementation

No specific issue has been identified.

Performance, financing and investments

Key figures (EUR)	Actual
EU Contribution committed	1,481,222,878
Leverage effect	6.11
Multiplier effect	8.30
Operations	69

Key figures (EUR)	Actual
Financing provided to final recipients	9,043,700,000
Number of final recipients	62,196
Investments made by final recipients due to the received financing	12,300,000,000

Financial Information

The financial information regarding the EU level instruments that contribute to the SME Initiative is presented in chapter 4.1 COSME Loan Guarantee Facility (LGF) and chapter 4.3 Horizon 2020 SMEs & Small Midcaps R&I Loans Service (InnovFin SME Guarantee) of this document.

The Annual summary of data on the progress made in financing and implementing the financial instruments for the programming period 2014-2020 prepared in accordance with Article 46 of the CPR provides a report on the ERDF contribution to the SME Initiative¹¹⁹.

¹¹⁹ The Annual summaries of data on the progress made in financing and implementing the financial instruments for the programming period 2014-2020 in accordance with Article 46 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council ('CPR') are available in this link:
https://ec.europa.eu/regional_policy/funding/financial-instruments_en

E. External Policies

5.1 Western Balkans Investment Framework (WBIF)

Description

Identification / Reference to the basic act

Regulation (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-Accession Assistance (IPA III).

Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II).

Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA).

Budget lines

B2009-22.020701, B2009-22.020701, B2009-22.020701, B2011-22.020701, B2016-22.020401, B2021-15.029901 (EFSE).

- BGUE-B2009-22.020701, BGUE-B2009-22.020701, BGUE-B2009-22.020701, BGUE-B2009-22.020701, BGUE-B2017-22.020401; B2021-15.029901 (GGF).

- 22.02.51 (ENIF); 22.02.51 (ENEF);

BGUE-B2021-15.029901-C8-NEAR (ENEF II)

BGUE-B2013-22.020701-C1-ELARG (GFI); BGUE-B2017-22.020102-C8-NEAR (GFSerbia); BGUE-B2015-22.020401-C8-NEAR (GFII); BGUE-B2021-15.029901-C8-NEAR (GFII4SME);

(EUR)	2023	2024	2025
Budgetary commitment appropriations	0.00	10,000,000.00	N/A
Budgetary payment appropriations	6,302,484.00	20,000,000.00	N/A

Initial financial envelope	EUR 162,400,000.00
Current financial envelope	EUR 275,452,574.00
Overall financial envelope	EUR 275,452,574.00

General description

The Western Balkans Investment Framework (WBIF), established in 2009, is a joint blending platform of the European Commission, EU Member State Development Finance Institutions and International Financing Institutions (DFIs/IFIs), EU Member States and Norway, aimed at enhancing cooperation in public and private sectors investment for the socio-economic development of the region, and contributing to the European perspective of the Western Balkans.

Due to its collaborative nature in line with the Team Europe approach, the WBIF is the main financial vehicle for implementation of the EU's ambitious policy priorities and investment flagships of the Economic and Investment Plan for the Western Balkans⁴, mainly sustainable transport, clean energy, environment and climate, digital future, competitiveness of the private sector and human capital.

The Western Balkans Investment Framework (WBIF) operates as a joint facility, which pools resources from various sources, namely from IPA and bilateral donors, financial institutions, and the Western Balkans partners. WBIF funds are provided to projects selected through a competitive procedure (call for investments under the WBIF or calls for "Proposals for Investment Portfolios" for guarantees in line with NDICI and IPA III Regulations) to the respective lead DFIs/IFIs, pillar-assessed for the implementation of EU funds which shall use the instruments to leverage additional funds in support to public and private investments in the region.

Current active DFI/IFI implementing partners within the WBIF include, the Agence Française de Développement (AFD), the Council of Europe Development Bank (CEB), the Cassa Depositi e Prestiti (CDP), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank

Group, including the European Investment Fund (EIB and EIF), the Kreditanstalt für Wiederaufbau (KfW), and the World Bank Group, including the International Finance Corporation (WBG and IFC).

The operations reported in the section entitled “key figures” are a limited sub-set of financial instruments in the form of equity or bank guarantees, which require opening a fiduciary account on behalf of the European Commission by an DFI/IFI. The other operations undertaken within the framework of WBIF (e.g. providing TA or investment grants) are not included in the below.

Duration

Established in 2009 to support investments in infrastructure Connectivity (i.e. Transport, Energy and Digital) the WBIF has evolved over the years, and since 2020 it supports public infrastructure and MSME competitiveness through blending and guarantees (the later under the European Fund for Sustainable Development Plus - EFSD+ - guarantee).

Added value, final recipients and projects

The WBIF is a unique and successful cooperation platform uniting IPA beneficiaries, donors, and lenders. The platform’s scope is to increase the region capacity to finance projects and programmes in support to the public and private sectors through blending and guarantee instruments in Western Balkans. Investments through WBIF should be in line with the European perspective and investment flagships identified in the Economic and Investment Plan for Western Balkans, the Green Agenda, the Innovation Agenda and the Global Gateway. WBIF has the objective to enhance overall coordination of assistance and to maximise the impact of grant and guarantee financing by using it to leverage lending by financial institutions.

The WBIF has demonstrated to be a successful implementation modality throughout its existence, delivering on the different policy objectives promoted by supporting the development of a favourable environment for investments to be made, creating markets, setting up demonstration projects in specific sectors such as for instance renewable energy and environment, and enhancing access to finance for underserved areas and vulnerable groups. Thanks to the leverage effect, it has strengthened the impact of EU funding compared to previous years, which would be difficult to achieve without the WBIF. In addition to the financial leverage, the WBIF has also given projects considerable qualitative leverage. These benefits are both socio-economic and environmental and thus not always easily measurable in financial terms. For instance, technical assistance grants have improved project design, ensured the implementation of EU Standards and enhanced the management and quality of projects (e.g. through capacity building). For support to MSME projects, technical assistance has been used to address market gaps and inefficiencies on both the supply and demand sides. Local financial intermediaries have learned how to tailor their products and communication to the specific needs of the MSME market, and potential borrowers have increased their capacity in preparing bankable projects and reinforce business linkages. This support has enhanced the development impact of projects and ensured achievement of sustainable results.

Since 2009 the WBIF has provided EUR 3.9 billion support for public sector infrastructure, enabling the launching of over 252 projects with WBIF support and mobilising approximately EUR 32 billion estimated investments. Support to the competitiveness of the private sector started in 2012 under the WBIF, and since then approximately EUR 6.3 billion has been mobilised to provide affordable and reliable financing to the Micro Small and Medium-sized Enterprises (MSMEs) in the Western Balkans region.

Financial institutions involved in implementation

The WBIF is a cooperation platform of several bilateral donors, EU Member State Development Finance Institutions and International Financing Institutions (DFIs/IFIs) that blends resources in support of strategic investments aligned with policy priorities. WBIF funds are provided to projects selected through a competitive procedure (call for investments under the WBIF or calls for “Proposals for Investment Portfolios” for guarantees in line with NDICI and IPA III Regulations) to the respective lead DFIs/IFIs, pillar-assessed for the implementation of EU funds.

Operational Performance

Contribution to the achievement of the objectives of the programme

The WBIF has, since 2009, enabled the EU to meet some of the key objectives in terms of socio-economic development and convergence between the Western Balkans and the EU, supporting the region in its European path. It has mobilised public and private resources for an enhanced development impact in areas such as connectivity (transport, energy and digital), environment and climate, supporting the competitiveness of the private sector and human capital development. Since 2020, support to private sector development has been consolidated under WBIF Private Sector Blending to encompass several prominent initiatives, notably the Western Balkans Enterprise Development and Innovation Facility (WB EDIF), the European Fund for Southeast Europe (EFSE), and the Green for Growth Fund (GGF).

Financial instruments are used under the WBIF to enhance the availability and affordability of diversified financing to support access to finance to Micro Small and Medium-sized Enterprises (MSMEs) at various stages of their lifecycle. In 2023, the WBIF continued to contribute to the objective of the Economic and Investment Plan Flagship 9, investing in the competitiveness of the private sector. Since 2009, a total of €578 million in funds have been deployed with a total investment value of EUR 2 bn. 343,000 MSMEs supported and 885,000 jobs supported and/or sustained whereas 14,000 young people have been hired or trained and 30 start-ups supported through seed investments. The energy savings consist in 1.3m MWh/year and 400,000 t CO₂ emissions have been reduced.

Geographical diversification

WBIF includes all six Western Balkans IPA beneficiaries, namely Albania, Bosnia and Herzegovina, Kosovo, Montenegro, Republic of North Macedonia and Serbia. It is noted that for some financial instruments, set up before the accession of Croatia, the latter was also an eligible beneficiary until 2014.

Main issues for the implementation

The Western Balkans Investment Framework faces challenges at different stages of its implementation. First, the reduction of resources available under the WBIF, largely reflecting the shift towards a greater use of budgetary guarantees under the EFSI+, makes the selection of projects under the WBIF stricter. Therefore, a rigorous prioritisation of the various projects proposed by implementing partners is required.

The WBIF team, with support from EU delegations, ensures that selected projects are fully aligned with EU priorities (Global Gateway, Green Deal, Critical Raw Material Act, etc...) and the priorities of the Economic and Investment Plan for the Western Balkans, the Green Agenda for the Western Balkans and the Innovation Agenda for the Western Balkans and the Growth Plan for the Western Balkans as established in the WBIF Strategic Orientations. Against this background, close coordination with the EU delegations, Western Balkans Beneficiaries, and local partners is necessary at each stage of the project. Efforts to enhance cooperation with EU delegations from the preliminary stage of the proposal have been made by Financial Institutions and could be further enhanced going forward. This cooperation with EU delegations has been improved regarding the monitoring of ongoing EU programmes with the establishment of portfolio review meetings with IFIs which are organised twice a year. It is a concrete opportunity for EU delegations to raise questions/concerns regarding the implementation of specific programmes in the WB region.

An assessment is also carried out based on the additionality that the EU contribution will bring in terms of benefits and results, notably as regards development impact, in comparison to what would have been achieved without the EU contribution. The additionality varies depending on the context and is driven by country, sector, market and project characteristics. In particular, the “financial additionality” assessment involves quantitative considerations of the cost-effectiveness, efficacy and efficiency of the EU contribution for the achievement of relevant policy objectives, and notably for maximising positive impact on the ultimate beneficiaries. The “development additionality” keeps into consideration, the capacity of the programme to contribute towards results that are not easily quantifiable, such as for instance the introduction or increase in the quantity and quality of services available in the targeted market.

In terms of implementation, contracting of approved contributions under the WBIF can sometimes take considerable time, especially as regards contracting of financial instruments. This is notably due to ongoing discussions on horizontal legal issues between the Commission and some Financial Institutions under the different Financial Framework Partnership Agreement (FFPA).

Also, visibility of projects funded under the WBIF could be further enhanced by the EU and Financial Institutions to mobilise further (private) investments and highlight the positive impact of EU funding. Overall, there is a lack of information about the investments made by final recipients since this indicator was not defined at the contracting stage, which implies the impossibility to identify neither the Multiplier effect for the WBIF.

Performance, financing and investments

Based on the average, the achieved leverage effect (13.59) is reflective of development and the deployment of the different instrument since 2013 in the region, the established relationship between the IFIs and the local intermediaries, the improved experience of those intermediaries to develop EU-funded risk-capital and guarantees schemes, and the capacity to crowd-in other investors.

Key figures (EUR)	Actual	Target
EU Contribution committed	314,988,116.54	N/A
Leverage effect	13.59	N/A
Multiplier effect	N/A	N/A
Operations	104	N/A
Financing provided to final recipients	4,279,287,000.00	N/A
Number of final recipients	545,191	N/A
Investments made by final recipients due to the received financing	N/A	N/A

Financial Information

Financial Information (EUR)	Western Balkans Investment Framework (WBIF)		
Type of instrument	Blending		
Year of inception	2009		
Implementing Partner	EIF, KfW, EBRD		
	Notes	2023	All years
EU Contribution	(1)		
Budgetary commitments		0.00	370,001,506.92
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00
Budgetary payments		6,302,484.00	120,231,560.36
Reflows			
Revenues		0.00	0.00
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		0.00	0.00
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		0.00	0.00
Losses from operations			

Guarantees			
Guarantees called		362,891.12	6,830,696.12
Guarantee calls recovered		236,322.73	2,488,236.81
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		-123,228.90	12,083,008.15
Incentive fees		480,000.00	1,517,500.00
Treasury management fees		18,830.00	89,713.00
Other charges		992,585.74	3,507,261.61
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		8,195,909.47	17,058,678.17
Net treasury result (including interest) (gains (+) / losses (-))		1,436,748.39	1,338,671.95
Net FX gains (+) / losses (-)		0.00	-126,575.00
Other revenues		0.00	613.26
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		302,805,676.08	259,112,232.88
Value of equity investments		223,774,731.66	216,685,218.01
	<i>Investment at cost</i>	183,596,708.68	184,805,591.42
Value of loans		0.00	0.00
	<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions		14,402,013.11	4,078,303.95
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		54,044,204.15	56,059,323.16
	<i>in euro</i>	54,044,203.97	56,059,322.00
	<i>in non-euro currencies</i>	0.00	0.00
Other financial assets (including short term deposits >3months)		5,471,781.17	5,307,266.17

Notes to the financial information

(1) ENEF provides Equity and quasi-equity. The total fund size is €48.5 million, and the EC contribution is of €11 million, which represents the 22.68% of the total fund. ENIF provides Equity and quasi-equity. The total fund size is €41.43 million, and the EC contribution is of €14.1 million, which represents the 34.03% of the total fund.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

Financial information per implementing partner and instrument

EUR

Implementing Partner		EBRD	EIF	KfW	TOTAL		
Budgetary commitments	2023	-	-	-	-		
	Aggregated	19,000,000.00	160,637,963.74	190,363,543.18	370,001,506.92		
Budgetary payments	2023	5,000,000.00	-	1,302,484.00	6,302,484.00		
	Aggregated	5,000,000.00	86,350,000.00	28,881,560.36	120,231,560.36		
Amounts committed by the Implementing Partner	Grants (including TA)	2023	N/A	N/A	N/A	-	
		Aggregated	N/A	N/A	N/A	-	
	Financial instruments	2023	N/A	N/A	N/A	-	
		Aggregated	N/A	N/A	N/A	-	
	Own resources	2023	N/A	N/A	N/A	-	
		Aggregated	N/A	N/A	N/A	-	
Administrative expenditure	Management fees	2023	50,631.87	304,969.23	20,000.00	375,601.10	
		Aggregated	50,631.87	13,479,589.28	160,000.00	13,690,221.15	
	Other charges	2023	-	-	36,934.76	1,029,520.50	992,585.74
		Aggregated	-	1,470,241.11	2,037,020.50	3,507,261.61	
	Total	2023	50,631.87	268,034.47	1,049,520.50	1,368,186.84	
		Aggregated	50,631.87	14,949,830.39	2,197,020.50	17,197,482.76	

Financial Information (EUR)	Guarantee Facility I (GF I) under the Western Balkans Enterprise Development and Innovation Facility		Guarantee Facility II (GF II) under the Western Balkans Enterprise Development and Innovation Facility		Enterprise Expansion Fund (ENEF) under the Western Balkans Enterprise Development and Innovation Facility		Enterprise Expansion Fund II (ENEF II) under the Western Balkans Enterprise Development and Innovation Facility	
	2023	All years	2023	All years	2023	All years	2023	All years
Type of instrument (loan, guarantee, equity, blending, other)	Guarantee		Guarantee		Equity		Equity	
Year of inception	2012		2015		2012		2022	
Implementing Partner	EIF		EIF		EIF		EBRD	
EU Contribution								
Budgetary commitments	0.00	21,900,000.00	0.00	107,137,963.74	0.00	10,400,000.00	0.00	19,000,000.00
<i>of which from third countries</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>of which from reflows</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Budgetary payments	0.00	21,900,000.00	0.00	32,850,000.00	0.00	10,400,000.00	5,000,000.00	5,000,000.00
Reflows								
Revenues	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Repayments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total reflows entered into the budget, of which:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>to the general budget</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>returned to be used</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Losses from operations								
Guarantees								
Guarantees called	0.00	1,928,834.00	362,891.12	4,901,862.12	0.00	0.00	0.00	0.00
Guarantee calls recovered	13,373.00	685,351.00	222,949.73	1,802,885.81	0.00	0.00	0.00	0.00
Equities								
Realised losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans								
Write offs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Management fees and other charges								
Administrative fees	0.00	1,900,000.00	49,317.00	3,515,907.00	86,603.22	1,055,189.72	50,631.87	50,631.87
Incentive fees	0.00	0.00	480,000.00	1,517,500.00	0.00	0.00	0.00	0.00
Treasury management fees	0.00	0.00	18,830.00	89,713.00	0.00	0.00	0.00	0.00
Other charges	20,973.00	236,719.00	0.00	25,500.00	0.00	3,347.65	0.00	0.00
Revenues								
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	0.00	0.00	213,828.77	213,828.77	0.00	880,688.00	0.00	0.00
Net treasury result (including interest) (gains (+)/ losses (-))	527,575.61	465,668.61	423,429.34	366,006.34	191,030.93	176,893.56	128,314.20	131,030.20
Net FX gains (+)/ losses (-)	0.00	-124,499.00	0.00	-2,076.00	0.00	0.00	0.00	0.00
Other revenues	0.00	486.26	0.00	0.00	0.00	0.00	0.00	0.00
	2023	2022	2023	2022	2023	2022	2023	2022
Risk exposure								
Maximum financial risk exposure	1,939,746.00	1,926,373.00	60,591,197.42	40,500,641.87	5,290,619.52	3,667,660.00	17,894,226.00	0.00
Value of equity investments	0.00	0.00	0.00	0.00	5,290,619.52	3,667,660.00	1,394,225.00	0.00
<i>Investment at cost</i>	0.00	0.00	0.00	0.00	3,681,824.61	4,073,577.19	1,499,999.00	0.00
Value of loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Loans at cost</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities and provisions	1,999.11	8,525.95	14,400,014.00	4,069,778.00	0.00	0.00	0.00	0.00
Assets under treasury management								
Balance in the fiduciary bank account (including short term deposits <3months)	18,877,767.30	18,356,249.99	19,962,827.79	20,781,906.09	6,723,247.20	6,225,885.98	3,082,554.27	5,000,000.00
<i>in euro</i>	18,877,767.30	18,356,250.00	19,962,828.00	20,781,906.00	6,723,247.40	6,225,886.00	3,082,554.27	5,000,000.00
<i>in non-euro currencies</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other financial assets (including short term deposits >3months)	0.17	0.17	5,471,781.00	5,307,266.00	0.00	0.00	0.00	0.00

Financial Information (EUR)	Enterprise Innovation Fund (ENIF) under the Western Balkans Enterprise Development and Innovation Facility		Green for Growth Fund (GGF)		European Fund for Southeast Europe (EFSE)		EU-KfW WB Guarantee Covid-19 Response - Supporting Entrepreneurs and MSMEs to Safeguard Employment	
	2023	All years	2023	All years	2023	All years	2023	All years
Type of instrument (loan, guarantee, equity, blending, other)	Equity		Blending		Blending		Guarantee	
Year of inception	2013		2009		2005		2022	
Implementing Partner	EIF		KfW/EIF		KfW/EIF		KfW	
EU Contribution								
Budgetary commitments	0.00	21,200,000.00	0.00	75,855,289.10	0.00	114,508,254.08	0.00	0.00
<i>of which from third countries</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>of which from reflows</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Budgetary payments	0.00	21,200,000.00	176,242.00	16,436,678.37	1,126,242.00	12,444,881.99	0.00	0.00
Reflows								
Revenues	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Repayments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total reflows entered into the budget, of which:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>to the general budget</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>returned to be used</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Losses from operations								
Guarantees								
Guarantees called	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guarantee calls recovered	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equities								
Realised losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans								
Write offs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Management fees and other charges								
Administrative fees	-349,780.99	5,234,404.89	20,000.00	160,000.00	20,000.00	166,874.67	0.00	0.00
Incentive fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Treasury management fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other charges	-57,907.76	1,204,674.46	0.00	0.00	1,029,520.50	2,037,020.50	0.00	0.00
Revenues								
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	7,982,080.70	15,964,161.40	0.00	0.00	0.00	0.00	0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))	166,397.86	199,072.80	0.44	0.44	0.01	0.00	0.00	0.00
Net FX gains (+) / losses (-)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other revenues	0.00	127.00	0.00	0.00	0.00	0.00	0.00	0.00
	2023	2022	2023	2022	2023	2022	2023	2022
Risk exposure								
Maximum financial risk exposure	17,889,445.50	19,691,969.87	67,374,411.21	66,241,620.19	131,826,030.43	127,083,967.95	0.00	0.00
Value of equity investments	17,889,445.50	19,691,969.87	67,374,411.21	66,241,620.19	131,826,030.43	127,083,967.95	0.00	0.00
<i>Investment at cost</i>	9,562,311.33	11,879,440.49	68,083,232.73	68,083,232.73	100,769,341.01	100,769,341.01	0.00	0.00
Value of loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Loans at cost</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities and provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assets under treasury management								
Balance in the fiduciary bank account (including short term deposits <3months)	5,397,807.59	5,695,281.10	0.00	0.00	0.00	0.00	0.00	0.00
<i>in euro</i>	5,397,807.00	5,695,280.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>in non-euro currencies</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other financial assets (including short term deposits >3months)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

5.2 Global Energy Efficiency and Renewable Energy Fund (GEEREF)

Description

Identification / Reference to the basic act

Regulation (EC) No 1905/2006 of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development cooperation.

Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020.

Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action.

Budget lines

14.029902

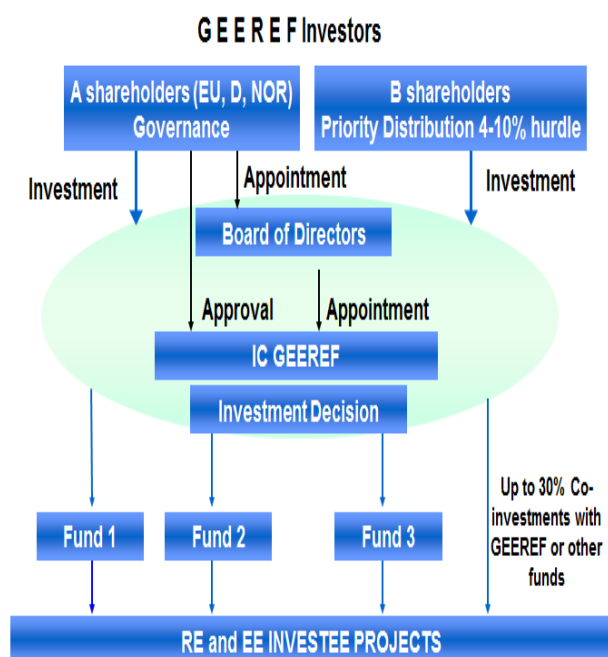
(EUR)	2023	2024	2025
Budgetary commitment appropriations	0.00	0.00	0.00
Budgetary payment appropriations	0.00	0.00	0.00

Initial financial envelope	EUR 25,000,000.00
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Current financial envelope¹²⁰	EUR 101,100,000.00
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Overall financial envelope	EUR 101,100,000.00
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General description



GEEREF is a Fund-of-Funds, established as the first compartment of the European Initiative on Clean, Renewable Energy, Energy Efficiency and Climate Change related to Development SICAV, SIF. Its aim is promoting energy efficiency and renewable energy in developing countries and economies in transition. In addition to the European Commission, Norway and Germany have invested approximately EUR 13 and 23 million respectively in GEEREF and were actively involved in its creation. The Commission, Norway and Germany have all subscribed to first loss shares and are called A-shareholders. In addition, 24 private investors have committed EUR 110 million to the fund, while the European Investment Bank (EIB) has also invested EUR 10 million. The EIB and the private investors (called "B Shareholders") have second-loss shares in the fund.

Duration

The EC mandate to EIB group was signed in December 2007. GEEREF's duration is 15 years from the initial closing date, 6 Nov 2008 and the investment period ended in 2019. The duration of the activities has been extended to 6 November 2025 or to the liquidation of the Fund; whichever comes first.

¹²⁰ Committed amounts budget and EDF. The EUR 101,1 million also include EUR 5 million for Technical Assistance and EUR 20 million financed under European Development Fund ('EDF').

Added value, final recipients and projects

The goal of GEEREF is to invest in private equity investment funds with a regional focus on small and medium-sized projects in developing countries and economies in transition, which contribute to the development and extension of renewable energy, energy efficiency and related clean energy technology markets and services. In turn, these funds invest in private sector projects, increasing the leveraging effect of GEEREF's investments.

Financial institutions involved in implementation

GEEREF is advised by the EIB Group.

Operational Performance

The current operations and results are covered by the full contribution committed (not only by the EC budget share) and have been slightly impacted by inflationary pressures. Over the fourth quarter of 2022 the performance of GEEREF remained broadly unchanged.

As of 31 December 2022, the Fund has signed commitments to 15 portfolio funds, of which 14 are still active:

- In 2009, the Fund invested ZAR 108,5 million (EUR 10 million at prevailing exchange rate) in Evolution One, which focuses on clean energy investment in Southern African Development Community (“SADC”) countries. The fund has ended its investment period and the end of its lifetime is extended till end of 2023 to allow for the finalisation of its last investment sale.

- In 2009, the Fund invested EUR 12,5 million in the Renewable Energy Asia Fund (“REAF”), which focuses on renewable energy projects in Asia (primarily India and the Philippines). The team has successfully raised a successor fund, REAF II, into which GEEREF has also committed, cf. below for further information on REAF II.

- In 2010, the Fund made a conditional commitment of EUR 10 million in the DI Frontier Market Energy & Carbon Fund (“DI Frontier”), a private equity fund concentrating on renewable energy infrastructure in Eastern Africa. 13 (2 still under process) out of the 19 project companies of the DI Frontier’s portfolio were sold to Frontier II. The Fund is using the proceeds of the sale of assets to Frontier II to finance the remaining capital need for the remaining assets.

- In 2011, the Fund made a conditional commitment of the USD equivalent of EUR 12,5 million (converted into USD 18,1 million) to Emerging Energy Latin America Fund II (formerly Cleantech Latin America Fund II), a private equity fund investing primarily in renewable energy infrastructure in Latin America and the Caribbean. Signature of the conditional commitment was completed on 4 July 2011. The last asset has been sold and the fund partnership has been dissolved on 7 November 2016 and no longer exists.

- In 2012, the Fund invested the USD equivalent of EUR 10 million in the Armstrong South East Asia Clean Energy Fund (“Armstrong”) - a fund concentrating on investments in Southeast Asia. Its investment period was extended to August 2023 to facilitate exit of the last asset out of the 12 projects already, 9 have been successfully disposed.

- At the end of December 2012, GEEREF signed a conditional commitment of EUR 10 million in the MicroCarbon Development Fund (“MCDF”) - a fund focusing on energy efficiency projects in Central America and the Caribbean. In 2013, the fund changed its name to MGM Sustainable Energy Fund (“MSEF”). MSEF has now committed or allocated all its capital into 27 investments, 26 still active, and finished its investment period.

- At the end of December 2014, GEEREF signed a EUR 12 million, in Indian Rupees, commitment to Solar Arise India Project Private Limited, an investment vehicle focussing on solar photovoltaic (“PV”) investments in India. Solar Arise remains in investment mode. End 2019, Solar Arise had six deals in its portfolio.

- On 12 June 2015, GEEREF signed a USD 13 million conditional commitment agreement to the Caucasus Clean Energy Fund I (“CCEF”). The fund will invest primarily in small and medium scale green-field run-of-river HPPs, with a capacity of approximately 10-20 MW. The fund made 7 investments (5 still active).
- On 14 September 2015, GEEREF signed a USD 19,6 million commitment into the Africa Renewable Energy Fund (“AREF”), a fund focusing on renewable energy infrastructure investments (small and medium-sized hydro, wind, solar PV, geothermal and biomass projects) across Sub-Saharan Africa (except South Africa). The fund invested in 17 companies and has finished its investment period.
- In December 2015, GEEREF signed a conditional commitment of up to EUR 15 million to the Renewable Energy Asia Fund II (“REAF II”). REAF II is the first follow-on fund from the existing GEEREF portfolio and successor to the Renewable Energy Asia Fund. The final close of REAF II was achieved in November 2017 at a size of just above USD 200 million. REAF II is in investment mode till March 2021. The fund has built a portfolio of 14 projects, early-stage renewable assets or project developers across different Asian countries.
- In July 2016, GEEREF signed a USD 16,6 million commitment to the Catalyst MENA Clean Energy Fund (“Catalyst” or “CMCF”) which reached a size to USD 57,3 million. The investment period was restated as a result of a remedial action plan requested by the fund’s limited partners. CMCF concentrates on renewable energy and energy efficiency investments in the Middle East and North Africa, with a special focus in Jordan with 4 investments made and 2 under process in Egypt.
- In December 2016, GEEREF signed a USD 21 million conditional commitment to Evolution II, the successor fund to Evolution One to focus on Sub-Saharan Africa. At end of 2019, the fund has built a portfolio of eight investments.
- In March 2017, GEEREF signed a commitment of USD 20,8 million (equivalent of EUR 20 million) in Frontier Energy II, the successor fund to DI Frontier Fund (see above), targeting Renewable Energy projects in East Africa. The portfolio comprises 30 investments, most of them in development phase. 6 projects are in operation, 2 in construction and 2 already exited.
- In March 2019, MSEF II, the successor fund to MSEF achieved a closing including GEEREF. The main focus remains on Energy Efficiency projects in Latin America. The final closing at USD 125 million occurred in Q3 2020 and 21 investments have been completed.
- In July 2019, GEEREF made a USD 19,6 million commitment in a pan-African renewable fund ARCH Africa Renewable Power Fund L.P. (“ARPF”). This fund already had a first close in February 2019 and a final closing in July 2021. Together with the General Partner and GEEREF, investors committed ~USD 133 million to ARPF. As of end 2022, ARPF has six investments in its portfolio.

Contribution to the achievement of the objectives of the programme

The GEEREF is effectively contributing to deliver projects of EU added value in energy access and efficiency. It is expected that the GEEREF will lead to an increased engagement of the private sector by providing “patient capital”. This will improve the investment conditions for private equity co-investors or senior lenders, thereby making selected project/SMEs eligible for funding from these sources, previously outside their reach. GEEREF ensures review and enhancement of the funds’ E&S practices via regular monitoring.

As reported by the Fund Manager at the end of 2021, GEEREF has achieved the following results:

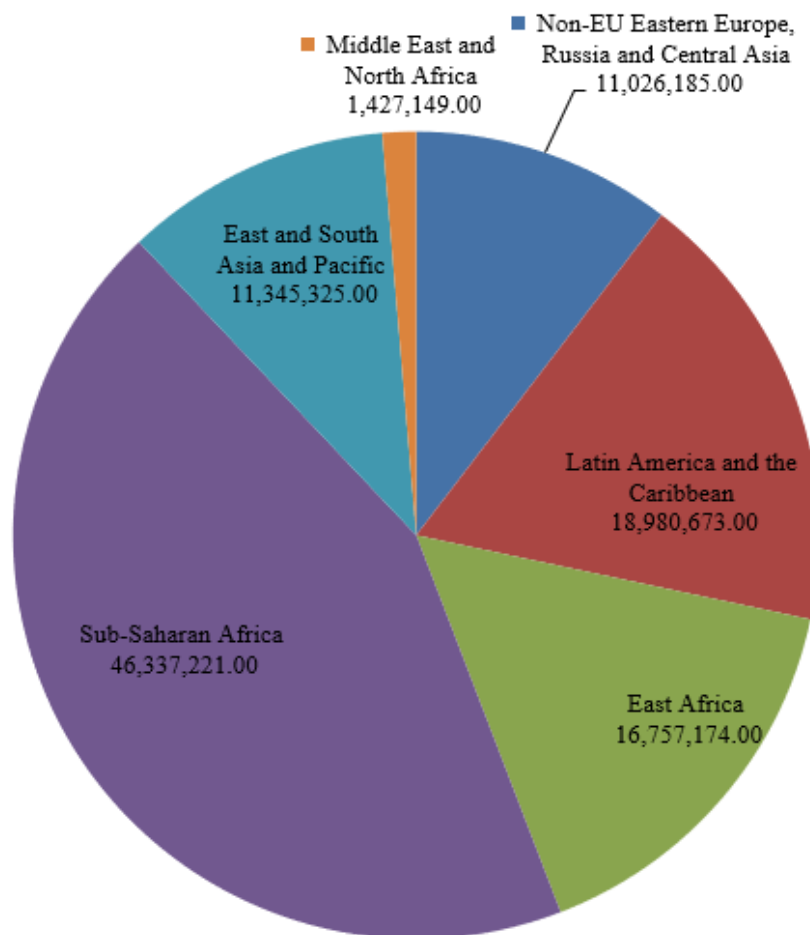
- 4.4 GW of clean energy capacity in different stages until December 2021 (1.6 GW in development, 0.8 GW in construction, 2 GW in operation).
- 6,495 GWH of clean energy have been generated in 2021 and 90 GWH Energy saved per year thanks to investments supported by GEEREF. This is equivalent to the annual energy consumption of more than 4.1 million households. Most of the generation happened in Africa,

South and Southeast Asia. Energy savings were slightly lower in 2021 due to COVID restrictions and operational implications in some projects.

- 3.9 million tons of yearly emissions of CO2 equivalent expected to be avoided.
- As of end 2021, GEEREF’s operational projects (including projects exited by the funds) had a climate mitigation effect of 16 million tonnes CO2 equiv. (cumulatively since 2015).
- GEEREF investments supported 4 thousand permanent male jobs; 1.5 thousand permanent female jobs; 9.5 thousand temporary male jobs; 5.3 thousand temporary female jobs and 111 thousand training hours.

Geographical diversification

The scope of GEEREF is to support regional sub-funds for Sub-Saharan Africa, Caribbean, and Pacific Island States, the countries of the European Neighbourhood Policy and Russia, Latin America, and Asia (including Central Asia and the Middle East). There is a special emphasis on serving the needs of the African Caribbean and Pacific (ACP) countries.



Main issues for the implementation

GEEREF is fully invested, and the investment period ended in 2019. GEEREF has committed to 15 investments of which 14 are still active. No new investments will be concluded and GEEREF is in its monitoring phase. GEEREF will continue to develop and harvest its investments. Over the coming months several funds will enter into the liquidation/winding down stage as they end their life and are exited.

In 2022 GEEREF, its operations and funds, as the worldwide economy, on top of the COVID-19 pandemic consequences, was affected by the effects of the inflation pressures.

Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	99,290,617.00 ¹²¹	101,100,000.00 ¹²²
Leverage effect	1.07	2.18
Multiplier effect	8.80	9.89
Operations	15	13
Financing provided to final recipients	105,873,727.00	220,000,000.00
Number of final recipients	215	73
Investments made by final recipients due to the received financing	874,178,546.00	1,000,000,000.00

Financial Information

Financial Information (EUR)	Global Energy Efficiency and Renewable Energy Fund (GEEREF)		
Type of instrument	Equity		
Year of inception	2007		
Implementing Partner	EIF		
	Notes	2023	All years
EU Contribution	(1)		
Budgetary commitments		-484,383.35	80,615,616.65
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00
Budgetary payments		0.00	79,515,616.65
Reflows	(2)		
Revenues		0.00	121,653.58
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		0.00	121,653.58
<i>to the general budget</i>		0.00	121,653.58
<i>returned to be used</i>		0.00	0.00
Losses from operations			
Guarantees			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		97,505.47	1,339,140.90

¹²¹ Including the financing from the European Development Fund ('EDF').

¹²² EUR 101,1 million including EUR 5 million for Technical Assistance and EUR 20 million financed under European Development Fund ('EDF').

Incentive fees		0.00	0.00
Treasury management fees		0.00	0.00
Other charges		0.00	3,756,081.00
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))		99,947.00	109,793.27
Net FX gains (+) / losses (-)		0.00	46,612.57
Other revenues		0.00	0.00
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		66,669,059.36	71,070,255.00
Value of equity investments		66,669,059.36	71,070,255.00
	<i>Investment at cost</i>	74,301,000.00	74,301,000.00
Value of loans		0.00	0.00
	<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions		0.00	0.00
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		3,374,890.17	3,372,449.43
	<i>in euro</i>	3,374,891.00	3,372,450.00
	<i>in non-euro currencies</i>	0.00	0.00
Other financial assets (including short term deposits >3months)		0.00	0.00

Notes to the financial information

- (1) Commitments and payments from Budget only. Includes TA.
- (2) The reflows have been sent back to the General Budget. They will not be re-used.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

5.3 Facility for Euro-Mediterranean Investment and Partnership (FEMIP) - Debt instrument

Description

Identification / Reference to the basic act			
Regulation (EC) No 1638/2006 of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument			
Budget lines			
22.04.51.00 and 14.029901			
(EUR)	2023	2024	2025
Budgetary commitment appropriations	0.00	0.00	0.00
Budgetary payment appropriations	0.00	0.00	0.00
Initial financial envelope ¹²³		N/A	
Current financial envelope		N/A	
Overall financial envelope		N/A	

General description

FEMIP was created in October 2002, following the conclusions of the Barcelona European Council in March 2002 stating that private sector development in the Mediterranean region should be enhanced to facilitate a higher level of economic growth. FEMIP combines loans of the European Investment Bank (EIB) with EU budget resources to provide technical assistance, risk capital and interest rate subsidies to promote sustainable economic growth in the region, through investments in infrastructure and especially in private sector development. Operations under FEMIP are implemented in indirect centralised management with EIB. The EIB is entrusted to carry out the implementation of these operations.

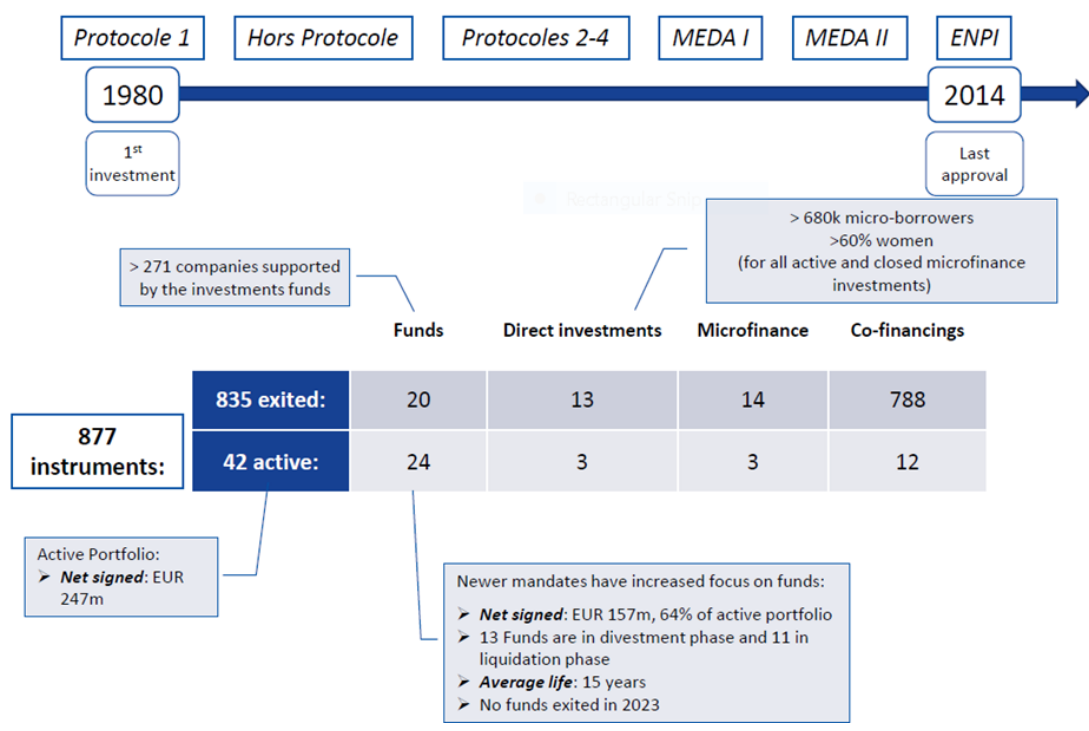
Countries that have received funding so far are Algeria, Egypt, Jordan, Lebanon, Morocco, Palestine¹²⁴, and Tunisia. Cross-border or regional projects are also eligible.

Overview on FEMIP risk capital operations:

The overall FEMIP portfolio is made up of 4 different instrument types: Funds, direct investments, microfinance operations and co-financings.

¹²³ For the FEMIP there are no voted commitment appropriations at basic act or programming level specifically for financial instruments.

¹²⁴ This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.



Duration

The last commitment in the framework of the FEMIP was decided in 2014, with an effective last payment on 5 February 2016.

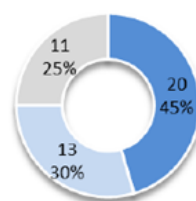
Added value, final recipients and projects

Regarding risk capital operations, the investments helped develop the financial sector and provided a continuous, concrete difference in the local and regional economies. About 1,100 final recipients have been reached through the funds, co-financings, and direct investments made, and more than 680,000 final recipients have been supported through the microfinance operations.

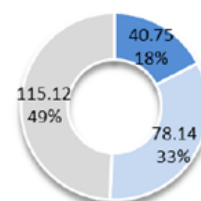
Maturity of the funds by number and net signed amount

Overall	EUR 232m Net Signed Amount
• 44 funds in the Overall Funds Portfolio	
Active	EUR 157m Net Signed Amount
• 24 funds in the Active Funds Portfolio	
TVPI	1.00x for the Active Funds Portfolio

By number of funds



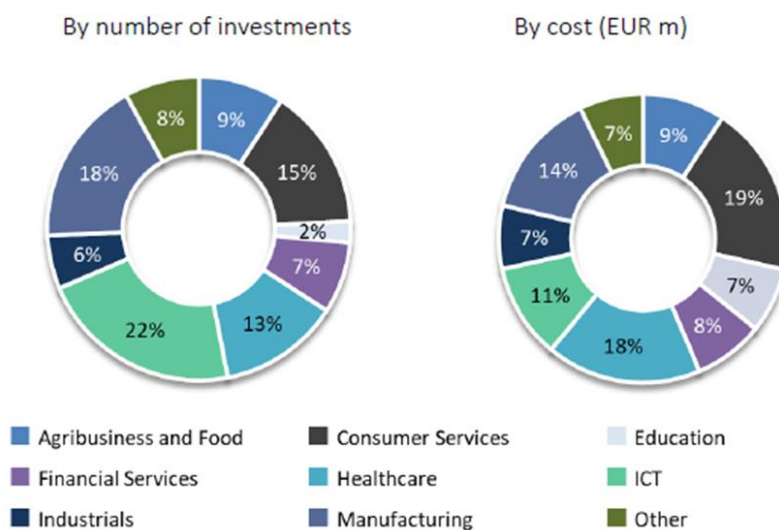
By net signed amount (EUR m)



■ Liquidated ■ Divestment Phase ■ In Liquidation

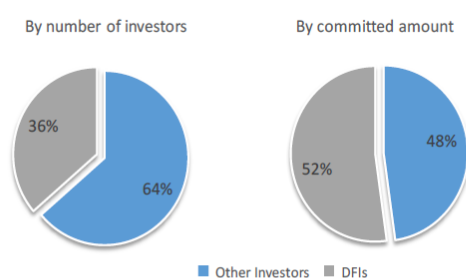
TVPI: Total Value to Paid-in Capital (also known as the 'Investment Multiple') is a measure of the performance of a private equity fund. It represents the total value of a fund relative to the amount of capital paid into the fund to date.

Investment by Sector – final beneficiaries (Overall Funds' Portfolio)



Financial institutions involved in implementation¹²⁵

Overview of the co-investors types – Overall fund's portfolio



- Funds achieve a catalytic effect by gathering together and thus leveraging their investors' minority stakes
- The results on investments are maximized by cooperation with the companies' management and finding/creating synergies between the fund's portfolio investments
- DFI investors represent a smaller number but higher commitments than non-DFIs
- DFIs (including EIB) often act as anchor investors, with larger commitments to ensure sustainability of the business model
- Private investors (especially if new to the region and/or to the fund management team) tend to more prudently commit smaller tickets.

The most common DFI co-investors in the region are IFC (World Bank Group), followed by European national development banks and institutions (France, UK, Germany, Belgium, the Netherlands, Switzerland) and Moroccan development institutions.

Operational Performance

Contribution to the achievement of the objectives of the programme

Risk capital operations under FEMIP are an important financing instrument for the Mediterranean region as they are providing a stable source of funding, supporting the development of the private sector in an environment with a recognised lack of equity resources:

- They help promote best market standards in the private equity and venture capital sector and encourage necessary policy developments.
- They cover the shortage of equity resources (particularly for SMEs).
- They benefit from the EIB's track record as a shareholder of bringing additional non-financial value by:

¹²⁵ DFIs means Development Finance institutions.

- attracting other potential investors and thus helping to mobilise funds,
- encouraging funds to follow good international market practice in terms of governance and reporting, and
- being involved at the board level/investment committee/advisory committee of the beneficiaries.

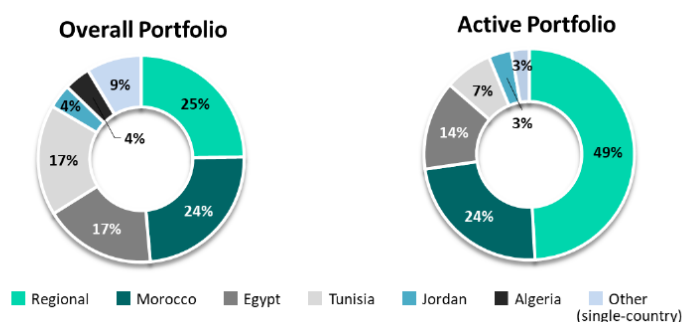
The performance of financial instruments within FEMIP slightly eroded in 2023:

- The performance of the overall FEMIP portfolio (funds, direct investments, microfinance operations and co-financings) measured by Total Value to Paid-In (TVPI) is 0.96 x in 2023. The EUR 510 million disbursed are not fully expected to be recovered. However, sustainable financial instruments under this mandate still support the regional private sector development and job creation.
- The funds are currently the largest instrument type in the portfolio. The TVPI was 1.01x in 2023 (1.06 x in 2022). The fund investments outperform the other instrument types. Throughout the life of the FEMIP Risk Capital mandates, the funds’ business in the region observed significant growth.

Geographical diversification

Breakdown per Country – by number of investments

The higher proportion of regional operations in the Active portfolio reflects the maturing market, particularly with respect to recurring fund managers, who feel more comfortable expanding their business beyond their initial single-country focus.



Main issues for the implementation

The rippling effects of Russia’s war of aggression against Ukraine and the war in Gaza, the shortage of strategic buyers, the challenging legal and regulatory frameworks acting as exit barriers (even fully exited funds can take years to be fully closed due to administrative burdens) and a very limited secondary market are among the main issues encountered for the implementation of FEMIP risk capital operations. Also price evolution of commodities, supply chain disruptions, inflation, interest rate increases, devaluation, increase in the unemployment rate are affecting the economies in the region explaining some erosion in the valuation levels of the FEMIP portfolio. Finally, this is a maturing portfolio. Funds have now all reached the tail-end phase and are focusing efforts on selling the last unrealised assets or completing their administrative phase of wind down. This often leads to stagnating or diminishing returns over time.

Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed ¹²⁶	224,000,000.00	N/A
Leverage effect	2.40	N/A
Multiplier effect	N/A	N/A
Operations	N/A	N/A
Financing provided to final recipients	537,300,000.00	N/A

¹²⁶ The figures reported relate only to “FEMIP ENPI” in line with the obligations of Article 41(4) of the Financial Regulation.

Key figures (EUR)	Actual	Target
Number of final recipients	681,100	N/A
Investments made by final recipients due to the received financing	N/A	N/A

Financial Information

Financial Information (EUR)	Facility for Euro-Mediterranean Investment and Partnership (FEMIP)		
	Notes	2023	All years
Type of instrument		Blending	
Year of inception		2002	
Implementing Partner		EIB	
EU Contribution			
Budgetary commitments		0,00	224.000.000,00
<i>of which from third countries</i>		0,00	0,00
<i>of which from reflows</i>		0,00	0,00
Budgetary payments		0,00	224.000.000,00
Reflows	(1)		
Revenues		316.309,86	3.433.052,01
Repayments		12.107.989,85	71.620.513,48
Total reflows entered into the budget, of which:		12.424.299,71	75.053.565,49
<i>to the general budget</i>		0,00	36.484.845,45
<i>returned to be used</i>		12.424.299,71	38.568.720,04
Losses from operations			
Guarantees			
Guarantees called		0,00	0,00
Guarantee calls recovered		0,00	0,00
Equities			
Realised losses		7.476.304,00	7.798.306,00
Loans			
Write offs		0,00	0,00
Management fees and other charges			
Administrative fees		910.361,00	15.998.984,01
Incentive fees		0,00	0,00
Treasury management fees		0,00	0,00
Other charges		3.623,00	21.495.240,00
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		1.185.176,00	6.767.043,00
Net treasury result (including interest) (gains (+) / losses (-))		494.095,00	1.562.860,00
Net FX gains (+) / losses (-)		-921.414,00	652.462,41
Other revenues		0,00	1.043.091,01
	Notes	2023	2022
Risk exposure			

Maximum financial risk exposure		42.225.452,10	62.096.965,63
Value of equity investments		38.009.428,10	55.681.992,08
	<i>Investment at cost</i>	53.847.235,71	75.187.431,69
Value of loans		0,00	-0,45
	<i>Loans at cost</i>	1.418.896,45	1.469.979,38
Financial liabilities and provisions		0,00	0,00
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		13.247.498,00	12.335.614,00
	<i>in euro</i>	9.878.064,00	8.657.399,14
	<i>in non-euro currencies</i>	3.369.434,00	3.678.215,19
Other financial assets (including short term deposits >3months)		0,00	0,00

Notes to the financial information

- (1) In 2023, the total reflows amounted to EUR 12,424,299.71 which have been fully returned to the FEMIP financial instrument to be further used. In total, the Commission recovered EUR 36,484,845.45 which entered into the general budget and EUR 38,568,720.04 were returned to the financial instrument.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

5.4 ACP Trust Fund (ACP TF)

Description

Identification / Reference to the basic act			
Regulation (EU) No 947/2021 of the European Parliament and of the Council of 9 June 2021 establishing the NDICI (Neighbourhood, Development and International Cooperation Instrument - Global Europe)			
Budget lines			
BGUE-B2024-14.020160-R0-INTPA			
(EUR)	2023	2024	2025
Budgetary commitment appropriations	243,941,447.50	119,486,846.88	19,189,326.96
Budgetary payment appropriations	124,454,600.62	100,297,519.92	19,189,326.96
Initial financial envelope		EUR 125.500.000	
Current financial envelope		EUR 243.941.447	
Overall financial envelope		EUR 500.000.000	

General description

The ACP Trust fund was signed in March 2023 between the EC and the EIB and has EUR 500 million committed by the EC. These are reflows from the former ACP Facilities, after Council decision 2020/2233 in Dec 2020. The ACP Trust Fund - EU Compartment will focus on private sector operations in Eligible Countries characterised by high risk, expected to achieve high impact, such as equity, quasi equity, local currency lending, lending to fragile countries and co-financing with EFSD+ guarantees.

Duration

The implementation period started in March 2023 and will last until 02/03/2043.

Added value, final recipients and projects

The ACP Trust Fund - EU Compartment will focus on private sector operations in Eligible Countries characterised by high risk, expected to achieve high impact, such as equity, quasi equity, local currency lending, lending to fragile countries and co-financing with EFSD+ guarantees.

Currently, 4 operations have been concluded within the ACP Trust fund mandate:

Operation Name	Contract Amount (EUR)	Signature date	Project fact sheet
BOAD EQUITY INCREASE ¹²⁷	28,507,966.22	16/10/2023	https://www.eib.org/en/projects/pipelines/all/20220625
SEEDSTARS AFRICA VENTURES ¹²⁸	18,143,880.98	22/12/2023	https://www.eib.org/en/projects/pipelines/all/20220721
MADAGASCAR SUSTAINABLE AGRICULTURE ¹²⁹	20,000,000.00	17/07/2023	https://www.eib.org/en/projects/pipelines/all/20220466
UGANDA TELECOM TOWER EXPANSION ¹³⁰	14,479,638.01	30/12/2023	https://www.eib.org/en/projects/pipelines/all/20220268
TOTAL	81,131,485.21		

¹²⁷ Direct operation.

¹²⁸ Indirect operation targeting 25 MSMEs.

¹²⁹ Direct operation.

¹³⁰ Direct operation.

Financial institutions involved in implementation

European Investment Bank

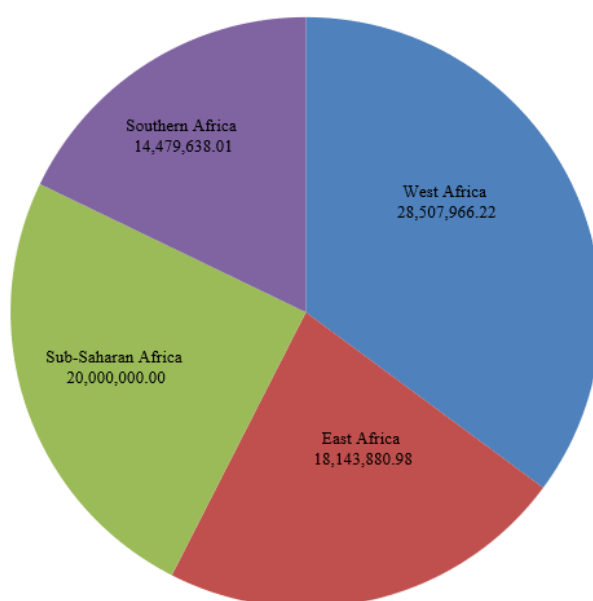
Operational Performance

Contribution to the achievement of the objectives of the programme

The overarching goals of the ACP Trust fund are in line with the European Union's strategic orientations, Global Gateway priorities and Global Gateway Adjustment plan. This includes Green Deal, and Jobs & inclusive Growth. It has been established to foster the sustainable economic, social and environmental development of ACP countries, with the primary aim of promoting growth and prosperity.

Geographical diversification

Up to date, 4 operations are signed with detail by sub-regions as per graph below.



Main issues for the implementation

The ACP Trust fund should demonstrate the added value of EU support, in terms of policy alignment and increased impact for private sector operations. It includes high risk, high impact operations that need to be carefully selected to meet the agreed conditions.

Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	124,454,601.00	500,000,000.00
Leverage effect	0.65	0.84
Multiplier effect	1.94	4.19
Operations	4	N/A
Financing provided to final recipients	81,131,485.00	418,541,666.67
Number of final recipients	28	N/A
Investments made by final recipients due to the received financing	241,280,000.00	2,092,708,333.35

Financial Information

Financial Information (EUR)	ACP Trust Fund (ACP TF)		
Type of instrument	Equity and Loans		
Year of inception	2023		
Implementing Partner	EIB		
	Notes	2023	All years
EU Contribution			
Budgetary commitments		243,941,447.50	243,941,447.50
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00
Budgetary payments		124,454,600.62	124,454,600.62
Reflows			
Revenues		0.00	0.00
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		0.00	0.00
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		0.00	0.00
Losses from operations			
Guarantees			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		168,742.00	168,742.00
Incentive fees		0.00	0.00
Treasury management fees		0.00	0.00
Other charges		27,082,568.00	27,082,568.00
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))		1,874,497.00	1,874,497.00
Net FX gains (+) / losses (-)		-282,806.00	-282,806.00
Other revenues		0.00	0.00
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		53,886,488.00	0.00
Value of equity investments		1,307,302.00	0.00
<i>Investment at cost</i>		1,425,398.00	0.00
Value of loans		0.00	0.00
<i>Loans at cost</i>		0.00	0.00

Financial liabilities and provisions		0.00	0.00
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		77,623,664.00	0.00
	<i>in euro</i>	59,488,856.00	0.00
	<i>in non-euro currencies</i>	18,134,808.00	0.00
Other financial assets (including short term deposits >3months)		0.00	0.00

Notes to the financial information

N/A

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

6.1 Neighbourhood Investment Platform (NIP)

Description

Identification / Reference to the basic act			
Regulation (EC) No 1638/2006 of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument.			
Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument.			
Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action.			
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.			
Budget lines			
14.02011			
(EUR)	2023	2024	2025
Budgetary commitment appropriations	3.120.000,00	N/A	N/A
Budgetary payment appropriations	22,098,812.41	N/A	N/A
Initial financial envelope¹³¹	N/A		
Current financial envelope	N/A		
Overall financial envelope	N/A		

General description

The NIP blending facility is supporting investments from pillar-assessed financial institutions in the Neighbourhood South and the Neighbourhood East regions via technical assistance, investment grants, equity, or guarantees. Blending operations are aligned with EU priorities such as inclusive and sustainable growth and the green transition, and consistent with the national policies in the supported sectors.

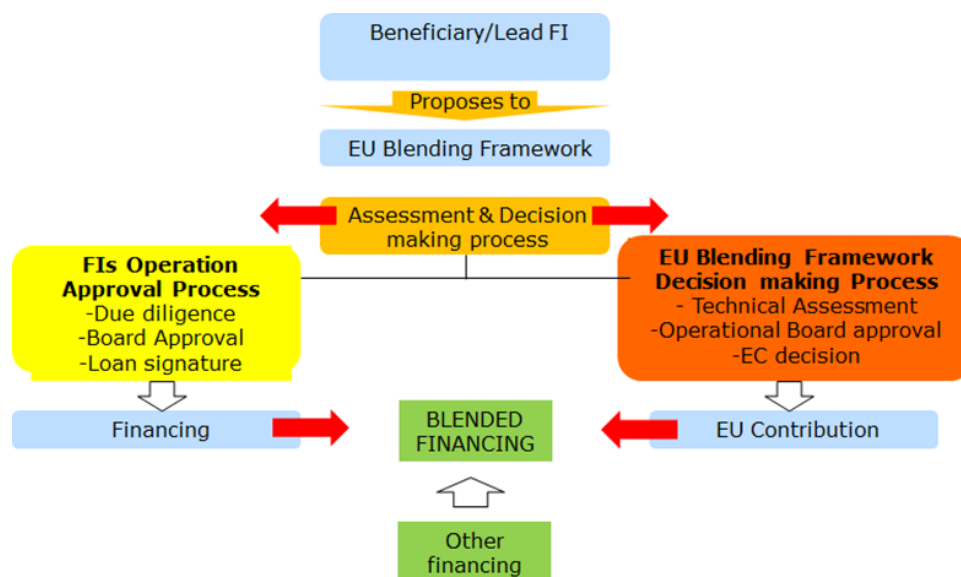
Blended finance has a strong potential in terms of crowding-in, leveraging or catalysing additional financing, including from private and commercial sources. In selected sectors and countries, EU blending resources are deployed through existing or new financial instruments in order to leverage further resources that would otherwise not support development outcomes. Financial instruments, thus, increase the impact for sustainable development.

The Neighbourhood Investment Platform (NIP) combines resources from the EU budget and additional resources from EU Member States and uses them to leverage loans and other financial instruments from International Financial Institutions (IFIs), as well as contributions from partner countries and other investors, and/or beneficiaries.

The NIP is part of the European Fund for Sustainable Development Plus (EFSD+) which constitutes an integrated financial package supplying financing capacity in the form of grants, technical assistance, financial instruments, budgetary guarantees and blending operations in the Neighbourhood, the Western Balkans and Türkiye, Sub-Saharan Africa, Asia and the Pacific and the Americas and the Caribbean. As set out in Article 32 of the NDICI – Global European Regulation, the Neighbourhood Investment Platform is one of the regional investment platforms under the EFSD+.

¹³¹ For the NIP there are no voted commitment appropriations at basic act or programming level specifically for financial instruments.

The NIP is characterised by open and transparent project selection and decision-making processes. The European Commission chairs the NIP Board, which constitutes of members from the European Commission, EU Member States and the European External Action Service as voting members, and Implementing Partners (IFIs), as observers. The NIP Secretariat, managed by DG NEAR, is the entry point for grant requests and follows up the entire assessment and decision-making process from identification of the project until contracting. Implementing Partners interested in financing a NIP blending operation identify a project based on the partner country's priorities and in dialogue with the EU Delegation and local partners in that country. Only projects that have been identified as priorities and are part of the pipeline can be proposed for funding. For this purpose, a lead finance institution which is pillar assessed submits the proposal and presents the project to the Technical Assessment Meeting, a group chaired by the Commission and including all eligible finance institutions. The projects which have been positively assessed are then presented to the NIP Board, which issues an opinion as to which projects will benefit from NIP funding.



The operations reported in the section entitled “key figures” are a limited sub-set of financial instruments in the form of equity or bank guarantees, which require opening a fiduciary account on behalf of the European Commission by a partner institution. The other operations undertaken within the framework of NIP (e.g. providing TA or investment grants) are not included in the financial overview. They are, however, included in the narrative.

Duration

The NIP blending facility is operational since 2008.

Added value, final recipients and projects

Overall, the NIP has demonstrated to be a successful aid modality throughout its existence. It has fully delivered on its objectives by supporting the development of a favourable environment for investments by creating markets, setting up demonstration projects in specific sectors such as for instance energy and environment, and enhancing access to finance for underserved areas and vulnerable groups. Thanks to the leverage effect, it has strengthened the impact of EU funding compared to previous years, which would be difficult to achieve without the NIP. In addition to the financial leverage, the NIP has also given projects considerable qualitative leverage. These benefits are both socio-economic and environmental and thus not always easily measurable in financial terms. For instance, technical assistance grants have improved the project design and enhanced the management and quality of projects (e.g. through capacity building). For support to MSME projects, technical assistance has been used to address market gaps and inefficiencies on both the supply and demand sides. Local financial intermediaries have learned how to tailor their products and communication to the specific needs of the MSME market, and potential borrowers have increased their

capacity in preparing bankable projects and reinforce business linkages. This support has enhanced the development impact of projects and ensured the achievement of sustainable results.

Since 2014 allocations to the NIP from the EU budget have reached a total of EUR 3.3 billion, of which approximately EUR 1.3 billion for projects in the Eastern Partnership region and EUR 2 billion for the Neighbourhood South. This has enabled the launching of over 206 projects with NIP support, including 97 in the Eastern Partnership region and 109 in the Southern Neighbourhood. The NIP has succeeded in mobilising approximately EUR 28.3 billion of financing from European and International Financial Institutions since 2014, implying an average leverage ratio of 8.6 times for every euro provided by the NIP. Additional amounts have been mobilised from other public and private co-investors reaching a total mobilisation of EUR 41.85 billion.¹³²

Financial institutions involved in implementation

In principle, any pillar-assessed Financial Institution can submit a project proposal to be supported by the NIP. Since 2008, the following financial institutions benefited from NIP support: EBRD, EIB, KfW, AFD, Proparco, CEB, BGK and NEFCO.

Operational Performance

Contribution to the achievement of the objectives of the programme

The NIP has enabled the EU to meet some of the key objectives in terms of sustainable economic development in Europe's neighbouring countries. It has mobilised public and private resources for an enhanced development impact in areas such as private sector development, waste, energy, environment, water and sanitation, education, transport, social inclusion and agriculture.

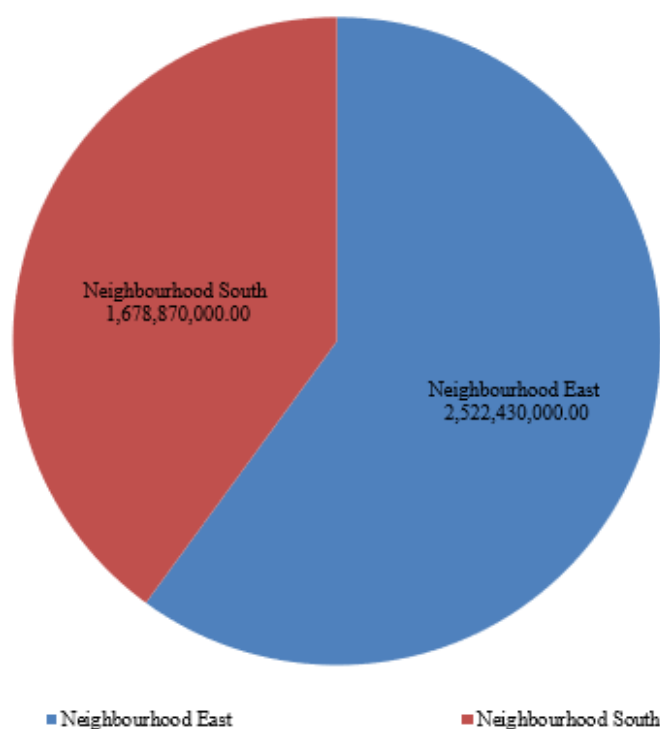
For instance, the Green for Growth Fund (GGF), implemented mainly through Kreditanstalt für Wiederaufbau (KfW), is an impact investment fund established in 2009 that aims to mitigate climate change by investing in measures that reduce energy consumption, resource use and GHG emissions across 19 enlargement and neighbourhood countries. Thanks to EU contributions from the NIP, GGF provides funding to financial institutions to mainstream climate investments and green the activities of final recipients. Since inception, GGF invested EUR 1.5 billion for green growth contributing to a reduction of 1,112 Kilotons CO₂ per year and 4,278 GWH per year of energy savings.

Furthermore, the NIP has been supporting key projects in the water and sanitation sector to address issues of water scarcity. For example, the "Madaba wastewater collection, treatment and reuse expansion project" in Jordan aims at expanding the existing wastewater collection and treatment capacity in the city of Madaba to respond to the increasing needs of a growing population, as well as at maximising the reuse capacity of the system. The NIP investment grant will help to expand the existing wastewater treatment plant with approximately 180 kilometres of new networks, in order to serve an estimated population of 200,000 inhabitants in 2045 (up from 115,000 currently living in the area serviced by the existing system). Thanks to the replacement and expansion of the current local reuse network of treated wastewater for irrigation purposes, the local agriculture will be supported. In addition, the discharge of excess treated wastewater will be secured through a dedicated pipeline up to the Kafrein dam area in the Jordan Valley. This project is of high priority as Jordan is one of the driest countries in the world, with less than 100 m³ of renewable water resources per person annually.

Geographical diversification

The total investments (EUR) mobilised by the reported EU financial instruments are geographically divided as follows:

¹³² The figures referred to in this paragraph refer to NIP as a whole and not only the financial instruments.



Main issues for the implementation

The Neighbourhood Investment Platform faces challenges at different stages of its implementation. First, the reduction of resources available under the NIP, reflecting to a large extent the shift towards a greater use of budgetary guarantees under the EFSD+, makes the selection of projects under the NIP stricter. Therefore, a rigorous prioritisation of the various projects proposed by implementing partners is required. For this purpose, the EU is paying particular attention to the additionality of grant requests, in order to provide funding where it is really needed.

The NIP Secretariat and geographical colleagues ensure that selected projects are fully aligned with EU priorities and the priorities and flagships of the Economic and Investment Plan for the Eastern Partnership and the Neighbourhood South.

Against this background, close coordination with the EU delegations and local partners is necessary at each stage of the project. Efforts to enhance cooperation with EU delegations from the preliminary stage of the proposal have been made by Financial Institutions and could be further enhanced going forward.

An assessment is also carried out on the basis of the additionality that the EU contribution will bring in terms of benefits and results, notably as regards development impact, in comparison to what would have been achieved without the EU contribution.

The additionality varies depending on the context and is driven by country, sector, market and project characteristics. In particular, the “financial additionality” assessment involves quantitative considerations of the cost-effectiveness, efficacy and efficiency of the EU contribution for the achievement of relevant policy objectives, and notably for maximising the positive impact on the final recipients. The “development additionality” takes into consideration, the capacity of the programme to contribute towards results that are not easily quantifiable, such as for instance the introduction or increase in the quantity and quality of services available in the targeted market.

In addition, visibility of projects funded under the NIP could be further enhanced by the EU and Financial Institutions, in order to mobilise further (private) investments and showcase the positive impact of EU funding.

Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	629,475,490.35	N/A
Leverage effect	3.60	N/A
Multiplier effect	6.67	N/A
Operations	N/A	N/A
Financing provided to final recipients	2,268,420,000.00	N/A
Number of final recipients	N/A	N/A
Investments made by final recipients due to the received financing	4,201,300,000.00	N/A

Financial Information

Financial Information (EUR)	Neighbourhood Investment Platform		
Type of instrument	Guarantee, Equity, Blending		
Year of inception	2009		
Implementing Partner	EBRD, EIB, KfW and BGK		
	Notes	2023	All years
EU Contribution			
Budgetary commitments		3,120,000.00	629,475,490.35
Budgetary payments		22,098,812.41	488,285,939.68
Reflows			
Total reflows entered into the budget, of which:	(1)	58,360.65	58,360.65
<i>to the general budget</i>		58,360.65	58,360.65
<i>returned to be used</i>		0.00	0.00
Losses from operations			
Guarantees			
Guarantees called		1,212,423.10	9,112,840.10
Guarantee calls recovered		263,595.44	599,500.44
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		643,490.70	7,489,175.22
Incentive fees		0.00	2,954,394.00
Treasury management fees		0.00	125,000.00
Other charges		-64,284.01	22,459,545.22
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		390,084.00	1,864,244.29
Net treasury result (including interest) (gains (+) / losses (-))		3,158,324.29	2,027,885.50
Net FX gains (+) / losses (-)		-615,480.24	1,318,504.82
Other revenues		1,442,360.62	3,576,418.09

	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		349,092,325.81	331,673,781.44
Value of equity investments		257,753,563.98	235,314,810.72
Value of loans		0.00	0.00
Financial liabilities and provisions		13,721,029.62	9,004,901.54
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		109,783,739.49	95,028,607.70
Other financial assets (including short term deposits >3months)		6,610,496.00	4,893,491.00

Notes to the financial information

- (1) The financial instrument “NIP Eastern Partnership SME Finance Facility Phase II (EBRD)” has been closed in 2023 at the end of its implementation period. EUR 58,360.65 have been a recovered from this instrument and returned to the general budget.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

Financial information per implementing partner and instrument

EUR

Implementing Partner		EBRD	EIB	KfW	BGK	TOTAL	
Budgetary commitments	2023	3,120,000.00	-	-	-	3,120,000.00	
	Aggregated	116,181,000.00	220,446,000.00	282,648,490.35	10,200,000.00	629,475,490.35	
Budgetary payments	2023	11,574,000.00	3,940,321.28	1,384,491.13	5,200,000.00	22,098,812.41	
	Aggregated	95,439,000.00	116,594,367.28	271,052,572.40	5,200,000.00	488,285,939.68	
Amounts committed by the Implementing Partner	Grants (including TA)	2023	-	-	-	-	
		Aggregated	-	-	-	-	
	Financial instruments	2023	N/A	N/A	N/A	-	N/A
		Aggregated	717,400,000.00	968,500,000.00	582,530,000.00	2.00	2,268,430,002.00
	Own resources	2023	N/A	N/A	N/A	N/A	N/A
		Aggregated	N/A	N/A	N/A	N/A	N/A
Administrative expenditure	Management fees	2023	62,163.61	259,633.10	307,413.99	14,280.00	643,490.70
		Aggregated	4,437,899.36	3,664,015.22	2,452,374.64	14,280.00	10,568,569.22
	Other charges	2023	-1,036,903.07	10,510.00	962,109.06		-64,284.01
		Aggregated	16,245,345.93	2,172,443.88	4,041,755.41	-	22,459,545.22
	Total	2023	-974,739.46	270,143.10	1,269,523.05	14,280.00	579,206.69
		Aggregated	20,683,245.29	5,836,459.10	6,494,130.05	14,280.00	33,028,114.44

Financial Information (EUR)	EFSE - EU4Business: Local Currency Lending to SMEs in the Eastern Partnership		EU4Business Guarantee Facility (previously EIB DCFTA PHASE II)		EU4Business - the EU Local Currency Partnership Initiative: The European Fund for Southeast Europe (KfW)		European Fund for Southeast Europe (KfW)		EU Trade and Competitiveness Programme for Egypt and Jordan (EBRD)		Green for Growth Fund - Extension to Neighbourhood East II (for Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine)	
	Blending		Blending		Blending		Blending		Blending		Blending	
Type of instrument (loan, guarantee, equity, blending, other)	2019		2016		2018		2009		2019		2019	
Year of inception	KfW		EIB		KfW		KfW		EBRD		KfW	
Implementing Partner	2023	All years	2023	All years	2023	All years	2023	All years	2023	All years	2023	All years
EU Contribution												
Budgetary commitments	0.00	39,921,000.00	0.00	41,550,000.00	0.00	50,320,000.00	0.00	5,100,000.00	0.00	25,720,000.00	0.00	11,320,000.00
Budgetary payments	970,000.00	35,001,000.00	1,062,000.00	1,117,000.00	60,000.00	49,400,000.00	0.00	5,100,000.00	2,000,000.00	13,180,000.00	60,000.00	10,400,000.00
Reflows												
Total reflows entered into the budget, of which:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>to the general budget</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>returned to be used</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Losses from operations												
Guarantees												
Guarantees called	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guarantee calls recovered	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equities												
Realised losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans												
Write offs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Management fees and other charges												
Administrative fees	30,000.00	269,999.00	44,000.00	44,000.00	60,000.00	400,000.70	0.00	0.00	15,991.24	80,437.48	60,000.00	400,000.00
Incentive fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Treasury management fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other charges	404,947.01	1,277,101.41	0.00	0.00	65,572.24	278,141.91	0.00	0.00	0.00	0.00	0.00	0.00
Revenues												
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))	0.00	-0.93	0.00	0.00	0.00	-0.59	0.00	-322,651.00	11,466.80	62,192.26	0.00	0.00
Net FX gains (+) / losses (-)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-12,530.77	12,019.95	0.00	0.00
Other revenues	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Risk exposure												
Maximum financial risk exposure	34,035,891.08	24,910,001.79	0.00	0.00	62,566,966.92	57,624,592.94	4,847,587.07	4,684,586.15	4,141,021.60	7,745,771.99	1,163,931.20	0.00
Value of equity investments	34,035,891.08	24,910,001.79	0.00	0.00	62,566,966.92	57,624,592.94	4,847,587.07	4,684,586.15	4,322,904.12	7,693,055.99	1,163,931.20	0.00
Value of loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities and provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assets under treasury management												
Balance in the fiduciary bank account (including short term deposits <3months)	0.00	0.00	17,000.00	55,000.00	0.00	0.00	0.00	0.00	308,373.75	392,545.00	0.00	0.00
Other financial assets (including short term deposits >3months)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Financial Information (EUR)	Green for Growth Fund (GGF) - COVID 19-RESPONSE in the Southern Neighbourhood (NIP GGF C-shares Southern Neighbourhood)		Green for Growth Funds L-Shares Georgia (10 MEUR)		Green for Growth Fund to the Eastern Neighbourhood Region (EIB)		MENA Fund for Micro, Small and Medium Enterprises III SANAD		NIP Armenia SME Finance and Advice Facility (EBRD)		NIP Deep and Comprehensive Free Trade Area (DCFTA) Facility (EBRD) EAST (MOL-GEO-UKR)	
	Blending		Blending		Blending		Blending		Blending		Blending	
Type of instrument (loan, guarantee, equity, blending, other)	Blending		Blending		Blending		Blending		Blending		Blending	
Year of inception	2019		2019		2019		2019		2018		2016	
Implementing Partner	KfW		KfW		EIB		KfW		EBRD		EBRD	
	2023	All years	2023	All years	2023	All years	2023	All years	2023	All years	2023	All years
EU Contribution												
Budgetary commitments	0.00	43,600,000.00	0.00	43,250,000.00	0.00	13,350,000.00	0.00	23,490,000.00	0.00	15,380,000.00	0.00	19,430,000.00
Budgetary payments	20,000.00	43,210,000.00	20,000.00	42,810,000.00	0.00	13,350,000.00	64,827.78	23,003,375.61	0.00	15,380,000.00	0.00	19,430,000.00
Reflows												
Total reflows entered into the budget, of which:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>to the general budget</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>returned to be used</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Losses from operations												
Guarantees												
Guarantees called	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guarantee calls recovered	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equities												
Realised losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans												
Write offs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Management fees and other charges												
Administrative fees	20,000.00	160,000.00	20,000.00	260,000.00	0.00	0.00	64,827.78	448,636.03	17,586.51	114,482.02	0.00	360,000.00
Incentive fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,954,394.00
Treasury management fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other charges	148,781.00	508,333.00	121,427.00	495,833.00	0.00	2,119,605.31	0.00	0.00	0.00	0.00	-1,354,005.02	12,319,672.98
Revenues												
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))	0.00	0.00	0.00	0.00	0.00	-28,518.69	0.00	0.00	221,672.25	328,482.85	74,264.88	-155,725.15
Net FX gains (+) / losses (-)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	427,979.26	-243,676.43	-14,631.56	0.00	0.00
Other revenues	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	522.47	1,442,360.62	3,554,203.62
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Risk exposure												
Maximum financial risk exposure	18,916,088.00	17,539,915.00	26,576,070.00	22,720,364.00	2,188,746.00	0.00	18,212,256.50	17,678,850.00	5,827,395.95	7,733,127.64	0.00	0.00
Value of equity investments	18,916,088.00	17,539,915.00	26,576,070.00	22,720,364.00	2,188,746.00	0.00	18,212,256.50	17,678,850.00	0.00	0.00	0.00	0.00
Value of loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities and provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assets under treasury management												
Balance in the fiduciary bank account (including short term deposits <3months)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,280,775.15	7,975,210.47	3,238,480.22	3,252,570.47
Other financial assets (including short term deposits >3months)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Financial Information (EUR)	NIP Deep and Comprehensive Free Trade Area (DCFTA) Facility (EIB) EAST		NIP Eastern Partnership SME Finance Facility Phase II (EBRD)		NIP Eastern Partnership SME Finance Facility Phase II (KfW)		NIP EU Trade and Comp. Prog. in Morocco, Tunisia, Egypt & Jordan EIB		NIP Risk Capital Facility for Southern Neighbourhood countries (EIB)		NIP SEMED MSME Financial Inclusion Programme (EBRD) SOUTH		NIP Women in Business (EBRD)	
	Blending		Blending		Blending		Blending		Blending		Blending		Blending	
Type of instrument (loan, guarantee, equity, blending, other)	2018		2016		2016		2019		2019		2019		2022	
Year of inception	EIB		EBRD		KfW		EIB		EIB		EBRD		EBRD	
Implementing Partner	2023	All years	2023	All years	2023	All years	2023	All years	2023	All years	2023	All years	2023	All years
EU Contribution														
Budgetary commitments	0.00	62,746,000.00	0.00	5,200,000.00	0.00	5,200,000.00	0.00	51,900,000.00	0.00	50,900,000.00	0.00	27,640,000.00	0.00	5,035,000.00
Budgetary payments	0.00	60,838,546.00	0.00	5,200,000.00	149,663.35	1,940,706.44	2,878,321.28	5,528,321.28	0.00	35,760,500.00	0.00	27,640,000.00	0.00	5,035,000.00
Reflows														
Total reflows entered into the budget, of which:	0.00	0.00	58,360.65	58,360.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>to the general budget</i>	0.00	0.00	58,360.65	58,360.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>returned to be used</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Losses from operations														
Guarantees														
Guarantees called	1,212,423.10	4,662,316.10	0.00	4,429,880.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,644.00
Guarantee calls recovered	263,595.44	593,075.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,425.00
Equities														
Realised losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans														
Write offs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Management fees and other charges														
Administrative fees	127,633.10	2,562,015.22	0.00	200,000.00	15,000.00	102,500.00	88,000.00	308,000.00	0.00	625,000.00	0.00	500,000.00	0.00	200,000.00
Incentive fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Treasury management fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	125,000.00	0.00	0.00	0.00	0.00
Other charges	3,490.00	24,019.57	0.00	3,551,578.00	6,800.00	99,020.50	3,530.00	9,740.00	3,490.00	19,079.00	100.00	158.00	0.00	56,935.00
Revenues														
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	390,084.00	1,864,244.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))	1,516,385.13	919,875.50	0.00	-41,639.00	285.52	-325.11	0.00	0.00	409,543.00	616,347.09	568,143.00	20,563.00	139,595.74	353,840.74
Net FX gains (+) / losses (-)	-59,409.39	-118,772.67	0.00	-297,803.00	0.00	0.00	0.00	0.00	-200,787.00	1,085,595.91	85,250.00	-246,181.00	-170,403.23	27,890.77
Other revenues	0.00	15,065.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	228.00	0.00	6,399.00
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Risk exposure														
Maximum financial risk exposure	48,066,893.90	50,250,264.00	0.00	0.00	829,260.54	3,259,555.54	8,000,000.00	8,000,000.00	44,645,291.57	45,144,298.00	9,449,753.96	14,026,464.00	0.00	534,855.54
Value of equity investments	600,784.90	2,327,811.00	0.00	0.00	0.00	0.00	0.00	0.00	35,058,291.57	30,314,499.00	0.00	0.00	0.00	0.00
Value of loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities and provisions	1,126,932.00	2,673,259.00	0.00	0.00	829,260.86	3,259,555.86	0.00	0.00	0.00	0.00	2,528,841.16	3,071,159.51	0.00	927.17
Assets under treasury management		0.00		0.00		0.00		0.00		0.00		0.00		0.00
Balance in the fiduciary bank account (including short term deposits <3months)	47,417,159.74	46,231,806.49	0.00	58,361.00	916.60	7,431.08	0.00	0.00	5,714,289.00	4,914,582.00	25,020,505.31	24,452,362.00	4,617,636.42	4,648,449.16
Other financial assets (including short term deposits >3months)	2,307,656.00	2,503,237.00	0.00	0.00	0.00	0.00	0.00	0.00	4,302,840.00	2,390,254.00	0.00	0.00	0.00	0.00

Financial Information (EUR)	NIP MENA Fund for Micro, Small and Medium Enterprises COVID-19 top-up		Participation in MENA Fund for Micro-, Small and Medium Enterprises (SANAD) II (KfW)		Participation in MENA Fund for Micro-, Small and Medium Enterprises (SANAD) (KfW)		NIP Women in Business in EaP Phase II		EU-EBRD Local currency		EU Support for Ukrainian MSMEs		Financial Inclusion Programme West Bank and Gaza Strip	
Type of instrument (loan, guarantee, equity, blending, other)	Blending		Blending		Blending		Blending		Blending		Blending		Blending	
Year of inception	2019		2018		2020		2021		2021		2022		2023	
Implementing Partner	KfW		KfW		KfW		EBRD		EBRD		BGK		EBRD	
	2023	All years	2023	All years	2023	All years	2023	All years	2023	All years	2023	All years	2023	All years
EU Contribution														
Budgetary commitments	0.00	29,807,490.35	0.00	20,400,000.00	0.00	10,240,000.00	0.00	8,440,000.00	0.00	6,216,000.00	0.00	10,200,000.00	3,120,000.00	3,120,000.00
Budgetary payments	40,000.00	29,547,490.35	0.00	20,400,000.00	0.00	10,240,000.00	3,374,000.00	3,374,000.00	6,200,000.00	6,200,000.00	5,200,000.00	5,200,000.00	0.00	0.00
Reflows														
Total reflows entered into the budget, of which:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>to the general budget</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>returned to be used</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Losses from operations														
Guarantees														
Guarantees called	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guarantee calls recovered	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equities														
Realised losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans														
Write offs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Management fees and other charges														
Administrative fees	10,000.00	160,000.46	27,586.21	195,400.42	0.00	55,838.03	28,585.86	28,585.86	0.00	0.00	14,280.00	14,280.00	0.00	0.00
Incentive fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Treasury management fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other charges	214,581.81	439,163.62	0.00	0.00	0.00	944,161.97	317,001.95	317,001.95	0.00	0.00	0.00	0.00	0.00	0.00
Revenues														
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))	0.08	0.08	935.21	17,820.10	82,049.20	123,640.87	57,531.36	57,531.36	12.12	12.12	76,440.00	76,440.00	0.00	0.00
Net FX gains (+) / losses (-)	-13,544.08	376,201.33	-645.34	65,939.83	0.00	0.00	266.00	266.00	0.00	0.00	0.00	0.00	0.00	0.00
Other revenues	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Risk exposure														
Maximum financial risk exposure	26,414,470.77	27,672,233.26	16,932,629.78	16,516,417.59	5,916,946.07	5,632,484.00	361,124.90	0.00	0.00	0.00	10,000,000.00	0.00	0.00	0.00
Value of equity investments	26,414,470.77	27,672,233.26	16,932,629.78	16,516,417.59	5,916,946.07	5,632,484.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Value of loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities and provisions	0.00	0.00	0.00	0.00	0.00	0.00	5,226.60	0.00	0.00	0.00	9,230,769.00	0.00	0.00	0.00
Assets under treasury management														
Balance in the fiduciary bank account (including short term deposits <3months)	376,200.91	389,744.98	18,362.93	18,073.05	2,714,521.49	2,632,472.00	2,783,065.85	0.00	6,200,012.12	0.00	5,076,440.00	0.00	0.00	0.00
Other financial assets (including short term deposits >3months)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

6.2 Investment Facility for Central Asia (IFCA) & Asian Investment Facility (AIF) & Asia Pacific Investment Facility (APIF)

Description

Identification / Reference to the basic act

Regulation (EC) No 1905/2006 of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development cooperation, (OJ L 378, 27.12.2006, p. 41).
 Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020, (OJ L 77, 15.04.2014, p. 44)
 Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action, (OJ L 77, 15.04.2014, p. 95).
 Regulation (EU) No 947/2021 of the European Parliament and of the Council of 9 June 2021 establishing the NDICI (Neighbourhood, Development and International Cooperation Instrument - Global Europe)

Budget lines

14.029902.01 (previously 14.020130, 14.020131, 14.020132)

(EUR)	2023	2024	2025
Budgetary commitment appropriations	202,146,142.16	30,000,000.00	83,000,000.00
Budgetary payment appropriations	55,022,474.00	53,806,500.00	50,000,000.00

Initial financial envelope	EUR 50,000,000.00
Current financial envelope	EUR 735,000,000.00
Overall financial envelope	EUR 1,030,000,000.00

General description:

The main purpose of these three blending facilities is to promote additional investments with a focus on climate change relevant and "green" investments in the areas of energy, environment, and transport. In addition, the facilities may help to improve access to finance for SMEs and to promote social sector investments.

The facilities include different forms of assistance. It is composed of operations that can take the form of technical assistance, investment grant, equity or guarantee.

Investment Facility for Central Asia (IFCA)

Since its creation in 2010, more than EUR 250 million have been allocated to this investment facility by the end of 2021, out of which EUR 165 million under the 2014 – 2020 DCI. This amount has been fully absorbed in support of 38 investment projects which are expected to catalyse investments worth EUR 2.5 billion (a leverage ratio of 10.5).

Asian Investment Facility (AIF)

The facility has benefitted under the 2014-2020 period from DCI allocations of nearly EUR 485 million by the end of 2021. Since 2014, the AIF board has approved 50 projects for total contributions of € 453 million. AIF has the highest average leverage factor (31.5x).

Main sectors of support were environment and climate change, urban development, energy and agriculture.

Asia Pacific Investment Facility (APIF)

In line with the objectives of the Regional Indicative Programme 2021-2027 for Asia-Pacific, the APIF's main objective is the promotion of SDG-related investments through leveraging additional investments in key infrastructure with a priority focus on climate change-relevant and green investments in environment,

energy, sustainable urban development, transport and social infrastructure as well as in SME development. Other priority areas, such as gender equality, digitalization and COVID-related support are also envisaged by APIF.

Amount: EUR 295 472 500 for 2021-2023

Expected leverage: 22

Number of projects (essentially technical assistance, and grants, but also one Financial Instrument) already approved by the APIF board: 11

Financial institutions involved in implementation

Individual projects financed under IFCA and AIF are implemented through indirect management mode. This means that the Commission delegates budget implementation tasks to eligible Financial Institutions, which have successfully undergone an ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012.

Budget implementation tasks consist of the launch of public procurement and grant award procedures and of concluding and managing the resulting contracts as well as execution of payments. The entrusted Member State agency or international organisation shall also monitor and evaluate the project and report on it.

The main **IFCA** partner is the EBRD that supported, during the 2014-2020 period, 14 projects totalling EUR 118 m, followed by AFD, EIB and KfW. However, the Commission is reaching out to other partners, including private sector arms of European development financial institutions such as, for example, the French PROPARCO.

AFD is the first recipient of **AIF**, followed by KfW and ADB, then EBRD, EIB and FMO (in terms of volume of funds managed).

Operational Performance

The following two sections, *Operational Performance* and *Financial Information*, present the implementation, in figures, of the 7 financial instruments of the facilities IFCA and AIF, which take form of equity or bank guarantees and required opening a fiduciary account on behalf of the European Commission by a partner institution.

Financial instruments implemented under the facilities

1. Microfinance Initiative for Asia Debt Fund (MIFA)

The basic objective of the MIFA Debt Fund is the support of micro and small enterprises (MSEs) and low-income households (private sector development) and offer a flexible range of market based financial instruments to sound microfinance institutions (MFIs) in the region enabling them to provide MSEs and low-income households with appropriate financial products.

The EU contribution of EUR 7,2 million is dedicated to the support of micro and small enterprises (MSEs) and low-income households (private sector development) and to offer a flexible range of market based financial instruments to sound microfinance institutions (MFIs) in the region enabling them to provide MSEs and low-income households with appropriate financial products.

The financial instrument has been running since December 2012, when the Delegation Agreement with KfW was signed and the contract end date of activities is the 31/12/2026.

The MSE sector provides a significant contribution to economic development in Asia. MSEs make up for about 90% of all companies in most Asian economies and contribute to a large part of national GDP. MSEs are particularly important for job creation and employment and are also drivers of innovation and growth in particular in rural areas. MFI clients are to a significant extent involved in setting up MSEs.

The portfolio at the end of December 2023 was at USD 143.0 million across eleven countries. During Q4 2023, the Fund disbursed six loans for a total amount of USD 13.0 million. East Asia and the Pacific remains the largest region (40.3%), followed by South Asia (37.6%) and Central Asia (22.1%).

2. Support for Mongolian Economic Diversification through SME

The Programme targets micro, small and medium-sized companies in a variety of industries, excluding the extractive industries. It covers all 21 provinces of Mongolia and aims to increase financing for rural SMEs. It improves and increases the access of SMEs to finance through loans to Mongolian commercial banks for on-lending to SMEs.

The initial €9,260,000 AIF contribution to the Programme signed in December 2015 (Agreement No DCI-ASIE/2015/370-485) was replenished by €2,550,400 in December 2018 (Addendum 1, ACA/2018/400-633). The total €11,810,400 of the AIF funding, which consists of the Autonomous Technical Assistance (“TA”) of up to €7,610,400 and the Risk Sharing and Guarantees of up to €4,200,000, supports four different types of EBRD activities (“Instruments”), in particular:

- indirect financing to SMEs via credit lines to partner financial institutions (“PFIs”) for on-lending to mostly micro and small-sized companies (Instrument 1);
- risk sharing/co-financing with PFIs on their loans to SMEs and EBRD’s tailored direct finance to SMEs (Instrument 2);
- business advice to MSMEs (Instrument 3);
- policy dialogue to improve the business environment and domestic financial intermediation, to develop new financial products and to strengthen business associations (Instrument 4).

Since the start of the implementation, the Programme has led to €102.9 millions of financing to local SMEs. The leverage ratio achieved is 11 to 1, which is the EUR €102.9 millions of financing to SMEs via Instruments 1 and 2 and the €10.2 million EU contribution so far divided by the EU contribution.

Particularly, under Instrument 1 by end-2022, the EBRD signed 14 MSME-related operations with five local PFIs for a total amount of USD 105,4 million (€98.7 million equivalent).

Under Instrument 2, the availability of the guarantee has brought about €4.2 million of new lending from EBRD to local SMEs, extended in co-financing with two Mongolian banks, namely XacBank and Khan Bank. The FLRC (first loss risk cost) has so far led to longer-term financing for four SMEs in tandem with local banks and to improving the risk/reward profiles of the loans. The expected results after 10 years, however, is to have at least 15 loans to SMEs benefiting from the guaranteed cover. No new investments were signed with the support of the EU’s FLRC guarantee in 2023. Considering that the three remaining loans are successfully repaying, the current committed guarantee amounts to €256,867, leaving more than €3.7 million available for new loans. The EBRD’s SME investments in Mongolia were generally rather low last year, with the spill-over effects from Covid-19 and the sanctions on Russia.

Under Instrument 3, to date, more than 320 small and medium-sized enterprises outside of extractive industries have received business advice in organisational management, marketing and sales, production enhancement, cost reduction and improvement of financial reporting. The SMEs that benefited from such support have created more than 3,000 new jobs. In 2023 approximately 622 local consultants attended targeted 23 training courses and webinars, including on export promotion.

Under Instrument 4, a legal assistance project implemented by the IDLO and titled “Strengthening Commercial Mediation in Mongolia” has been launched. It offers dispute resolution, which is quicker, cheaper, and more tailored than what can be achieved through courts and has benefits for the court system.

3. The SME Finance Facility for Central Asia – Phase 2

The Action aims to provide long-term support to SMEs in Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan, through the deployment of a programme integrating finance and advice. The programme helps companies to grow, invest more in production and trading capacities, and become more competitive in a sustainable way.

The SME Finance Facility for Central Asia – Phase 2 was signed with EBRD in December 2017 as a successor programme to the “SME Finance Facility for Central Asia”. While the Action has the same purpose of increasing access to finance for small and medium-sized enterprises (SMEs) in the region as the predecessor programme, it excludes indirect financing via partner financial institutions (PFIs) and concentrates on direct financing of SMEs in combination with business advice. The objectives of the Action include the following:

- Increasing the amount of direct financing to SMEs in the region.
- Expanding the limited availability of long-term, tailor-made funding to SMEs, with the involvement of a meaningful number of PFIs.
- Developing SMEs’ capacity to improve competitiveness, access financing and grow through provision of business advice.

The EU’s total contribution to the Action is split between the Technical Assistance (“TA”) of EUR 3.5 million and the first-loss guarantee (the “First Loss Guarantee”) of EUR 4 million. Remuneration, evaluation, and communication costs amount to EUR .350 million. The EU has transferred EUR 7.79 million (inclusive of the EUR 350,000 management fee), of which the EBRD has disbursed 89 per cent of TA and legally committed 38 per cent of the First Loss Guarantee.

As of end-2023, the Action has brought about EUR 21.9 million of EBRD direct finance in 19 investment projects with 18 SMEs in all the five eligible countries in the region. Six of the investments have been made in tandem with local PFIs via the EBRD’s trademark Risk Sharing Framework (“RSF”). The EBRD had active RSF partnerships with ten PFIs in the countries in question, except Turkmenistan. With EUR 3.15 million of co-financing from PFIs, the multiplier effect reaches 3.2.

The financing, with an average maturity of 4.6 years, is for working capital needs and/or capital expenditures to increase the scope of operations and to achieve a smooth functioning of the businesses. Four SMEs have by now repaid the loans, two projects have been cancelled, which has freed the committed amount of the First Loss Guarantee. The de-committed amount will be used for new financings until the end of the implementation period of the Action.

The Action has assisted 163 local companies with their capital expenditure decisions and/or in improving management, market performance and automation, - the expertise that the SMEs would not have been able to obtain or afford otherwise. It has helped maintain 1,588 jobs. Overall, 38 per cent of clients that received business advice could access financing from the EBRD and/or PFIs.

4. AGRIFI Country Window for Sri Lanka

EDFI (European Development Finance Institutions) AgriFI Sri Lanka Country Window (EUR 8 million from the DCI; Dec 2021-Dec 2035) is part of the global AgriFI facility launched in 2018 composed of different country and regional windows representing a total budget of EUR 120 million. It is fully financed by the EU, contracted between the EU and the FMO and managed by the EDFI Management Company (EDFIMC), which signed Financial Intermediary Agreements with the FMO. The aim is to provide long-term finance to cover capital expenditures and/or working capital needs in the form of debt or equity of between EUR 0,5-5 million, on commercially oriented terms, to MSMEs active in agri-food value chains and involving smallholder farmers.

The Sri Lankan window has also a specific focus on organic farming (a high priority of the government) and on cold chains and other food processing solutions (to reduce post-harvest loss and food waste as part of the

objective under the previous MFF agriculture modernisation and new MFF circular economy/ waste management).

In 2022, the EDFIMC team visited the country to prospect about possible investment opportunities. Unfortunately, with the financial and economic crisis, several prospected entities either fell short of some of the basic requirements for investment or withdrew their interest for the financing offered by AgriFI. There were no investments made in 2022.

By the end of 2022, only two entities were still being considered for financing. One of them was cleared in principle by the investment committee and has been gone through a due diligence process during the first quarter of 2023.

5. Sustainable Private Sector Programme in Central Asia (SPS Kaz)

The regional project SPS Contribution Agreement was signed with EBRD in December 2021. However, as the new overarching FFPA (Financial Framework and Partnership Agreement) between the EU and EBRD was signed only in October 2022, many specific clauses had to be re-negotiated and re-introduced through an addendum to the contract that was signed in November 2022 and the SPS Programme effectively started only in 2023.

The SPS Programme envisages the EU contribution of EUR 5.320.000. It targets private enterprises in Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan, with the focus on micro, small and medium-sized enterprises.

The Action aims to help address the issues affecting the sustainable growth of the private sector in Central Asia through a comprehensive and integrated set of activities combining finance and capacity building. Specifically, it will pursue the following objectives: (i) Supporting private sector through finance; (ii) Encouraging growth, supporting MSMEs in creating employment opportunities; (iii) Aiding financial inclusion; (iv) Promoting regional connectivity and digitalisation; (v) Tackling climate change issues and supporting 'green' investments, technologies, and behaviours.

The total cost of the Action is EUR 28,600,000 and it includes:

- EUR 21 million finance to MSMEs in the form of:
 - a) The EU-provided EUR 1 million guarantee of a first loss risk cover that will help deliver longer-term financing and riskier financing for companies that cannot easily access finance (e.g. because of a lack of collateral, innovative character, etc.);
 - b) EBRD credit lines of EUR 17 million to PFIs for on-lending to MSMEs;
 - c) PFIs own financing of EUR 3 million.
- EUR 7.3 million technical assistance (TA) which will be used for tailor-made consultancies and trainings for local MSMEs and local consultants, and matching visits for MSMEs to learn from the experience of the EU countries. The TA will be financed by:
 - a) EU contribution of EUR 4 million;
 - b) EBRD Special Shareholder Fund of EUR 3 million;
 - c) Private companies' contributions of EUR 300 thousand.

Every EUR 1 of the EU Contribution to the Project is estimated to leverage EUR 5.72 in relation to the total investment costs of the Project.

In 2023, the Action leveraged about EUR 67 million of financing provided by the financial intermediaries in 11 investment projects with 8 enterprises in Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan, with majority of them women- or youth-led and introducing green and digital solutions.

As of end-2023, the achieved leverage effect reached 18.

Business advice to MSMEs covers a range of areas including strategy, marketing, operations, quality management, energy efficiency, fiscal management, and others. The EBRD also conducts training programmes for local consultants to strengthen their capacity and improve the range and quality of advisory services.

6. Building Crisis-resilient SMEs in Mongolia post COVID-19 (ECS2)

The Action is to support the Mongolian micro, small and medium-sized enterprises (MSMEs), predominantly outside of the extractive industries, during and after Covid-19. There are 4 outcomes aimed under this action: 1. PFIs build capacity and continue provision of finance to MSMEs to survive the Covid-19 crisis and to grow; 2. MSMEs are becoming more resilient and expanded (by increased revenues and creation of new jobs); 3. More favourable business environment for MSMEs is created that fosters the growth and addresses the impacts of Covid-19, and 4. A policy dialogue that contributes to a more favourable business environment for MSMEs.

The EU contribution under the AIF is EUR 11,460,800 (including fees) to support this Action. The EU contribution consists of two components:

- Guarantee of EUR 4,020,000, and
- Ancillary support in the form of Technical Assistance (“TA”) of EUR 6,980,000 (incl. communication costs).

The Action is composed of 4 Instruments:

1. Indirect Financing via Local PFIs (Instrument 1)
2. Direct Financing to Local SMEs (Instrument 2)
3. Business Advice to SMEs (Instrument 3)
4. Policy Dialogue (Instrument 4)

The targeted investment leverage effect of the Action is 3.74: it is calculated by dividing the total cost of the Action by the total amount of the EU blending contribution (EUR 42,860,800/EUR 11,460,800).

The multiplier effect achieved by the Action will be at least 0.56, calculated by dividing the PFIs’ resources attracted under Instruments 1 and 2 by the total amount of the EU blending contribution (EUR 6,400,000/EUR11, 460,800).

Regarding this Action, the actual implementation started only at the end of November 2022. While the EBRD signed eight loans totalling EUR 59.4 million with five private PFIs in Mongolia in 2023, there was no need yet to use the EU guarantee from the Action. Out of the total approved budget of EUR 480,000 for the capacity building for PFIs, EUR 434,900 was committed and EUR 58,339.06 disbursed in 2023 to support two activities/projects.

The TA from the Action is helping a non-bank financial institution, InvesCore NBFJ JSC, to increase its loan portfolio (also outside the capital) and to diversify its funding base. The extension of RSBP (regional small business programme) made possible thanks to funding under the Action access of staff of 28 Mongolian financial institutions to knowledge and know-how to serve and finance MSMEs better.

Fifty-five SMEs, including 13 in rural areas, could get targeted business advice from local and international experts. Thousands of local entrepreneurs attended events organised to raise awareness of the Action and the EBRD’s “Advice for Small Businesses” (ASB) programme that delivers know-how to SMEs through local and international advisories, and market and sector development activities. It included events covering ‘green’ aspects and aimed at young entrepreneurs.

The Action is supporting the work to help the Mongolian Government in their efforts to protect the businesses' rights in court and dispute resolution through commercial mediation.

7. Supporting green infrastructure under the ASEAN Catalytic Green Finance Facility (ACGF)

The ACGF is an ASEAN Infrastructure Fund initiative supporting governments in Southeast Asia to prepare and finance infrastructure projects that promote environmental sustainability and contribute to climate change goals. The ACGF is owned by ASEAN governments and ADB and is managed by ADB's Southeast Asia Green Finance Hub.

The ACGF provides ASEAN member governments with technical assistance and access to over \$1 billion in loans from co-financing partners. The ACGF's technical assistance supports governments to identify and prepare commercially viable green infrastructure projects while the ACGF loans are utilized to cover upfront capital investment costs. This two-pronged approach "de-risks" green infrastructure projects, making them more attractive to private capital investors.

The contract was signed in 2022 and started in August 2023.

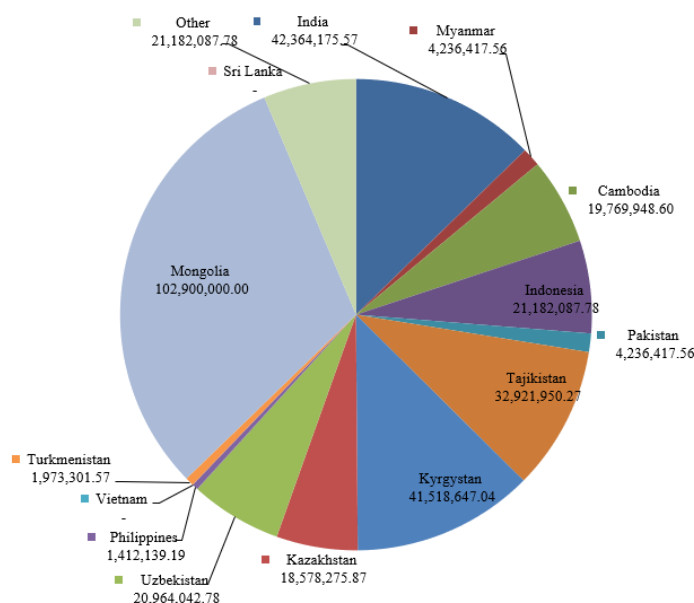
For now, disbursements have not taken place, but EU funds will be earmarked for technical assistance for a number of initiatives, including: 1) the agriculture, food, nature, and rural development (AFNR) sector within ADB to support a number of projects in the development stage; 2) support to the development of regional energy initiatives across ASEAN for now at a very early stage; 3) support to ACGF for visibility and communications related activities.

ACGF is being implemented with EU and ADB agreeing on a first sub-project in 2023 related to the Just Energy Transition Partnership in Indonesia. ACGF will likely commit funds for this from EU financial instrument (FI) in 2024, as well as for some TA. Additionally, ACGF has been positively rolled out for example through events in individual countries such as Vietnam in 2024.

There are ongoing conversations with ADB to identify additional subprojects for which the EU FI will be used. Since the EU wants to optimise its participation in ACGF, now the path is of identifying together with ADB the most suitable sub-projects, including where it is possible to follow-up with policy-first and Team Europe approaches – as opposed to rushing into disbursement. This is done in partnerships with geos and EUDs in Philippines, Cambodia, and Laos.

No issues foreseen however as described given the strategic approach below the financial disbursements will take place through 2024 and beyond.

Geographical diversification



Main issues for the implementation

With its blending cooperation, the Commission is promoting the Team Europe approach and leveraging the EFSD+ instrument as a key means of implementing the EU's Global Gateway strategy.

Performance, financing, and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	56,784,943.00	105,561,200.00
Leverage effect	5.87	6.82
Multiplier effect	5.87	6.92
Operations	299	198
Financing provided to final recipients	333,239,491.55	720,363,108.00
Number of final recipients	295,258	10,211
Investments made by final recipients due to the received financing	333,239,491.55	730,409,262.00

Financial Information

Financial Information (EUR)	Asia-Pacific Investment Facility (APIF) & Investment Facility for Central Asia (IFCA) & Asian Investment Facility (AIF)		
Type of instrument	Blending		
Year of inception	From 2012 onwards		
Implementing Partner	EBRD, KfW, ADB, FMO		
	Notes	2023	All years
EU Contribution			
Budgetary commitments		51,900,000.00	105,561,200.00
Budgetary payments		19,100,628.00	56,784,943.00
Reflows	(1)		
Total reflows entered into the budget, of which:		0.00	2,000,000.00
<i>to the general budget</i>		0.00	2,000,000.00
<i>returned to be used</i>		0.00	0.00
Losses from operations			
Guarantees			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		146,499.15	683,039.15
Incentive fees		0.00	0.00
Treasury management fees		0.00	0.00

Other charges		1,614,523.76	1,680,335.01
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))		485,216.89	392,166.02
Net FX gains (+) / losses (-)		-194,459.59	-270,439.59
Other revenues		4,958.80	4,958.80
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		10,195,169.67	12,478,337.14
Value of equity investments		9,355,605.02	10,540,378.73
Value of loans		0.00	0.00
Financial liabilities and provisions		235,110.47	552,704.54
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		15,002,309.04	16,215,365.62
Other financial assets (including short term deposits >3months)		17,663,324.16	0.00

Notes to the financial information

(1) TA funds were recovered and sent back to the general budget as the entrusted entity did not commit the funds within the agreed deadline.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

Financial information per implementing partner and instrument

EUR

Implementing Partner		KFW	EBRD	ADB	FMO	TOTAL	
Budgetary commitments	2023	-	-	51,900,000.00	-	51,900,000.00	
	Aggregated	9,220,000.00	36,441,200.00	51,900,000.00	8,000,000.00	105,561,200.00	
Budgetary payments	2023	-	-	19,100,628.00	-	19,100,628.00	
	Aggregated	9,220,000.00	23,770,930.00	19,100,628.00	4,693,385.00	56,784,943.00	
Amounts committed by the Implementing Partner	Grants (including TA)	2023	-	1,948,561.30	-	1,948,561.30	
		Aggregated	-	16,608,754.30	-	16,608,754.30	
	Financial instruments	2023	-	580,859.31	-	-	580,859.31
		Aggregated	7,220,000.00	4,060,024.31	-	-	11,280,024.31
	Own resources	2023	-	144,133,893.00	-	-	144,133,893.00
		Aggregated	148,284,844.00	252,059,902.00	-	-	400,344,746.00
Administrative expenditure	Management fees	2023	-	110,123.84	20,882.97	15,492.34	146,499.15
		Aggregated	220,000.00	410,287.84	20,882.97	31,868.34	683,039.15
	Other charges	2023	-	1,287,640.54	-	326,883.22	1,614,523.76
		Aggregated	-	1,287,640.54	-	392,694.47	1,680,335.01
	Total	2023	-	1,397,764.38	20,882.97	342,375.56	1,761,022.91
		Aggregated	220,000.00	1,697,928.38	20,882.97	424,562.81	2,363,374.16

Financial Information (EUR)	AgrFI Country Window for Sri Lanka		Building Crisis-Resilient SMEs in Mongolia post Covid-19		Microfinance Initiative for Asia Debt Fund		Support for Mongolian Economic Diversification through SME		Sustainable private sector in Central Asia		The SME Finance Facility for Central Asia - Phase 2		Supporting green infrastructure under the ASEAN Catalytic Green Finance Facility (ACGF)	
Type of instrument (loan, guarantee, equity, blending, other)	Equity		Guarantee		Equity		Guarantee		Guarantee		Guarantee		Equity	
Year of inception	2021		2022		2012		2016		2022		2018		2023	
Implementing Partner	FMO		EBRD		KfW		EBRD		EBRD		EBRD		ADB	
	2023	All years	2023	All years	2023	All years	2023	All years	2023	All years	2023	All years	2023	All years
EU Contribution														
Budgetary commitments	0.00	8,000,000.00	0.00	11,460,800.00	0.00	9,220,000.00	0.00	11,810,400.00	0.00	5,320,000.00	0.00	7,850,000.00	51,900,000.00	51,900,000.00
Budgetary payments	0.00	4,693,385.00	0.00	2,112,853.00	0.00	9,220,000.00	0.00	10,158,077.00	0.00	3,710,000.00	0.00	7,790,000.00	19,100,628.00	19,100,628.00
Reflows														
Total reflows entered into the budget, of which:	0.00	0.00	0.00	0.00	0.00	2,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
to the general budget	0.00	0.00	0.00	0.00	0.00	2,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
returned to be used	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Losses from operations														
Guarantees														
Guarantees called	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guarantee calls recovered	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equities														
Realised losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans														
Write offs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Management fees and other charges														
Administrative fees	15,492.34	31,868.34	61,127.80	61,127.80	0.00	220,000.00	0.00	200,000.00	29,007.04	29,007.04	19,989.00	120,153.00	20,882.97	20,882.97
Incentive fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Treasury management fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other charges	326,883.22	392,694.47	873,254.26	873,254.26	0.00	0.00	0.00	0.00	414,386.28	414,386.28	0.00	0.00	0.00	0.00
Revenues														
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))	-4.92	-7,119.30	44,526.15	46,049.15	0.00	0.06	31,384.00	-2,302.55	102,316.66	103,230.66	120,779.00	66,092.00	186,216.00	186,216.00
Net FX gains (+) / losses (-)	0.00	0.00	-459.11	-459.11	0.00	0.00	1,031.00	1,671.00	-1,785.48	-1,785.48	10,233.00	-66,387.00	-203,479.00	-203,479.00
Other revenues	0.00	0.00	4,958.80	4,958.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Risk exposure														
Maximum financial risk exposure	0.00	0.00	0.00	0.00	9,355,605.02	10,540,378.73	256,866.65	410,302.41	0.00	0.00	582,698.00	1,527,656.00	0.00	0.00
Value of equity investments	0.00	0.00	0.00	0.00	9,355,605.02	10,540,378.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Value of loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities and provisions	0.00	0.00	0.00	0.00	0.00	0.00	23,452.61	36,095.54	0.00	0.00	211,657.86	516,609.00	0.00	0.00
Assets under treasury management														
Balance in the fiduciary bank account (including short term deposits <3 months)	4,092,881.70	3,980,886.62	1,088,599.79	2,112,853.00	0.00	0.00	2,497,696.00	2,466,313.00	3,257,039.22	3,710,000.00	4,066,092.33	3,945,313.00	0.00	0.00
Other financial assets (including short term deposits >3 months)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17,663,324.16	0.00

6.3 Latin America Investment Facility (LAIF) and Latin America and Caribbean Investment Facility (LACIF)

Description

Identification / Reference to the basic act			
Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020.			
Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action.			
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.			
Budget lines			
14.029902.01 (previously 14.020140)			
(EUR)	2023	2024	2025
Budgetary commitment appropriations	40,000,000.00	89,800,000.00	0.00
Budgetary payment appropriations	27,222,196.00	53,760,955.00	44,059,213.00
Initial financial envelope:	EUR 180,400.00		
Current financial envelope:	EUR 662,827,945.00		
Overall financial envelope:	EUR 662,827,945.00		

General description

In 2021, a new facility was set up under NDICI, namely LACIF (Latin America and Caribbean Investment Facility). In 2022 and 2023, efforts concentrated on building up a strong pipeline for LACIF and two project were signed by end 2023. The Facilities (LAIF and LACIF) provide different forms of assistance including technical assistance, investment grant and to a lesser extend equity, or guarantees.

Blending is an important tool to operationalise EFSD+ under the Pan-American window of the Americas and the Caribbean Regional Multiannual Indicative Programme (MIP) and the country MIPs. The Programme's design builds on a 15-years track record of the previous facilities, namely the Latin America Investment Facility (LAIF) and the Caribbean Investment Facility (CIF) with a total EU contribution of EUR 681 000 000, having mobilised investments totalling EUR 7.4bn between 2010-2022.

LACIF is the blending facility under EFSD+, which aims to boost access to funds from financial institutions for key investments for sustainable and inclusive infrastructure development and, since 2023, with a focus on the implementation of the EU-LAC Global Gateway Investment Agenda (GGIA).

The main purpose of LACIF is to foster sustainable and inclusive economic, environmental, and social development, by mobilising investments in key Global Gateway sectors. This is achieved through investments in the following sectors: MSMEs; Connectivity (energy, transport and digital); Natural Capital (agriculture, biodiversity, forests, water); Sustainable Cities (including sanitation and water sector); Human Development and Sustainable Finance. LAIF promoted investments in infrastructures in the transport, energy, and environment sectors (including water and sanitation as well as agriculture and rural development), in social sectors such as health and education, and in private sector development growth of SMEs. LAIF also included a climate change window to support partner countries through mitigation and/or adaptation measures.

The EU Delegations have an important role in the decision-making process and partner countries have a strong ownership of LACIF interventions. The blending framework ensures close coordination between the EU and the implementing financial institutions (both EU Member States' agencies and international/regional).

Duration

Since its start of operations in 2009, LAIF has provided support to 60 projects. LACIF became operational in 2022 with a duration of 8 years. Up to end 2023, LACIF and LAIF grants have been approved for a total amount of EUR 631 million, aiming at mobilising a total investment of approximately EUR 15 billion (total project cost).

Financial institutions involved in implementation

Individual projects financed under LAIF/LACIF are implemented through indirect management mode. This means that the Commission delegates budget implementation tasks to eligible financial institutions, which have successfully undergone an ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012.

Budget implementation tasks consist mainly of grant award procedures and of concluding and managing the resulting contracts, execution of payments and monitor progress and expected results. The entrusted Member State agency or international organisation also monitors and evaluates the project. The main LAIF/LACIF partner regarding financial instruments is KfW. Other blending partners are AFD, AECID, EIB, IDB, etc.

Operational Performance

In 2009, the EU established the Latin America Investment Facility (LAIF) under the Development Cooperation Instrument (DCI), with a total EU contribution of EUR 180.4 million. From 2014 to 2021 EUR 360 million have been allocated to LAIF from the general budget of the Union (EUR 30 million in 2014; EUR 42.34 million in 2015; EUR 53.87 million in 2016, EUR 53.86 million in 2017, EUR 46.13 million in 2018, EUR 40 in 2019, 52 million in 2020 and 42 in 2021). Up to 2021, in total 60 projects were endorsed by the LAIF Board and contracted, with a LAIF contribution of EUR 522 million including fees. These contributions are expected to leverage investments worth around EUR 15 billion. 39.5% of the facility contribution to the projects was made in the form of investment grant, 48.8% as technical assistance, 8.2% in the form of risk-sharing instruments and guarantees and 3.5% as fees.

In 2022, LACIF became operational, and five projects were approved by the Blending Board of which two projects of EUR 4.2 million (KfW) and 6.2 (AFD) were contracted. In 2023, eight projects have been approved by the Blending Board LACIF contribution to the projects endorsed by the Board in 2022 and 2023 is EUR 50 million with an expected average leverage of 7.

The added value of LAIF/LACIF is achieved at different levels, including:

- (i) at the strategy and policy level, LAIF/LACIF provides policy leverage, enhances the supply of public goods, increases EU visibility, considers debt sustainability thresholds, and contributes to aid effectiveness.
- (ii) at the financial level LAIF/LACIF, provides financial leverage, contributes to mitigates risks and lower borrowing costs and provides flexibility and tailored assistance to financing needs.
- (iii) at the operational level, LAIF/LACIF stimulates financial discipline, efficient management and monitoring, accelerates the pipeline process of investment projects, improves project quality and increases coordination among stakeholders and partners (contributing to Team Europe).

Water Supply and Sanitation (27%), Sustainable Energy (22%) and Support to Small and Medium Enterprises (12%) are the main sectors of the LAIF's portfolio. The LACIF projects signed in 2022 and 2023 relates to the sustainable transport sector (e-mobility) and climate finance. The LACIF projects approved in 2023 contribute to Global Gateway priorities like digitalisation, critical raw materials, bioeconomy, health and water and sanitation.

The expected results of the LAIF/LACIF are to have increased investment in key sectors contributing to:

- 1) improved social services and infrastructures,
- 2) enhanced sustainable energy infrastructure and offer,
- 3) increased environmental protection,
- 4) enhanced climate change mitigation and adaptation,
- 4) creation and growth of SMEs and enhanced employability and employment offers,
- 5) better and environmentally friendly transport infrastructure and more sustainable mobility offer.

The final recipients are the citizens of Latin American countries foreseen in the DCI Regulation (EC) No 1905/2006 and those foreseen in Regulation (EU) 233/2014. Special attention is paid to a balanced involvement of the different sub-regions and countries, while ensuring support for quality operation proposals and keeping in mind the absorption capacity of individual countries and regions.

Other recipients, benefitting of the technical assistance that accompany many of the projects, are the private sector and, in particular, SMEs.

Financial instruments implemented under the facility.

1. Eco.business Fund for SME development in Latin America and the Caribbean – Investment Fund -

The Eco.business Fund is a joint initiative of investors supporting the promotion of business and consumption practices that contribute to biodiversity conservation, the sustainable use of natural resources, climate change mitigation and adaptation and is implemented by KFW. The Eco.business Fund seeks investments that yield both financial and environmental returns. The financing can be provided directly or through local financial institutions. In addition, final recipients and local financial institutions can count on high impact technical assistance provided by the Eco-business Development Facility.

In Latin America and the Caribbean, the Eco-business Fund (EBF LAC) focuses on four target sectors: agriculture, forestry, aquaculture and fishery, and sustainable tourism. As part of its mission, the Fund also aims to leverage the capital provided by public investors by mobilising resources from the private sector. At the end of 2023, private investors made up 44% of EBF LAC's total nominal funding.

The EBF LAC's outstanding loan portfolio reached USD 650m in 2023, distributed across thirteen countries and 42 partner institutions. The end-borrowers financed during 2023 by EBF LAC are predominantly engaged in the production and transformation of sugar cane, coffee, farmed fish and shrimp, and tourism related services. EBF LAC has provided 37,405 sub-loans to end borrowers via its Partner Institutions since its inception. 18% of these sub-loans are linked to certified producers.

The Development Facility ("DF") of the EBF LAC successfully continued to support the objectives of the Fund and its partners in 2023. Throughout the year, 8 new projects (loan agreements) were signed with financial institutions. The EBF LAC DF's activities in 2023 ranged from supporting an end-borrower in implementing a carbon neutral management system, developing a green financial product based on the Fund's eligibility criteria, implementing environmental and social management systems, to event sponsorship and capacity building. Thereby, the EBF LAC DF continues to directly respond to stakeholder needs. Furthermore, the DF successfully conducted a Mid-Term Review of its and the Fund's activities.

The EU contribution was fully disbursed in 2020. The project is yearly accompanied by a progress report.

The achieved leverage is 45,14.

2. Green Bonds Fund (LAGREEN)

LAGREEN is the first green bonds fund in Latin America and is implemented by KFW. Its main purpose is to finance climate- and resource-friendly investments and to mobilise local and international private capital towards the issuance of green bonds in Latin America. LAGREEN is structured as a public-private partnership. This blended finance model offers different capital tranches that provide multiple risk-return profiles. Public investors and development finance institutions invest in junior and senior shares.

Subordinated notes are purchased by development finance institutions and institutional private investors. These contributions provide a risk cushion for senior notes, the most protected investment instrument of the fund, which are exclusively offered to private investors. A Technical Assistance Facility (TAF), a separate vehicle created with funding from the EU and BMZ, provides support to issuers and promotes an overall conducive environment for green bonds. The fund is managed by Finance in Motion a Luxembourg SICAV. The specific objectives of this fund are:

- to mobilise additional funding for Nationally Determined Contributions (NDC) implementation.
- to stimulate local capital market development towards a transition to sustainable finance – thereby fostering transparency and long-term commitments in financial and economic activity.
- to contribute to substantial greenhouse gas emissions mitigation and / or climate change adaptation impact.

The LAGREEN fund initiated in 2020 and by 2023 had reached already EUR 181 million including EU's EUR 13 million contribution. The fund aims at reaching a volume of USD 500 million in 2025.

The Fund holds a total of nine bonds, being present in Brazil, Colombia, Peru, Costa Rica, Ecuador, Panama and Mexico, allocating EUR 121 million. The issuers include banks, leasing companies and a first corporate. All investments of the Fund included an innovative/first-time component, like for example:

- The worldwide first thematic bond issued by a member of the Net-Zero Banking Alliance setting impact KPIs linked to the alliance's goals. In this case, the Colombian bank committed to significantly reduce the carbon intensity of its portfolio and to exit the coal sector.
- The first thematic bond issued by a Mexican non-bank financial institution, focused on supporting sustainable agriculture.
- The first blue bond issued by an Ecuador-based financial institution in Latin America, receiving the 2023 Bond Award by Environmental Finance magazine.

The fund has been investing in coordination with the Inter-American Development Bank (IDB) and the International Finance Cooperation (IFC).

The leverage achieved is 8,39.

3. Development Facility of the Green Micro, Small and Medium Enterprises (MSME) Initiative in Central America

The Green MSMEs Initiative aims at reducing carbon emissions in the Central American Region by ensuring the provision of financial and non-financial services to support renewable power generation and energy efficiency measures in Micro, Small and Medium Enterprises (MSMEs) and has three main components:

- Technical Assistance for MSMEs as well as Participating Financial Intermediaries,
- Partial Risk Guarantees for MSMEs,
- Financing (loans) for Environmental Investments for MSMEs.

This Initiative represents a continuation of the "Energy Efficiency and Renewable Energy programme for SME in Central America". This programme has been successfully implemented and the achievements and lessons learnt constitute the basis for this initiative.

The start of implementation of the programme suffered some delays, mainly due to (a) CABEI's reorganisation process with staff changes and vacancies as well as to (b) the implications of the COVID-19 pandemic with major challenges for CABEI and the region. Both aspects absorbed resources of CABEI at all levels. However, CABEI was successful in setting up quickly a comprehensive Emergency and Economic Reactivation Program for Central America in response to the COVID-19 crisis.

In May 2020 an amendment was signed between EU and KfW (and respectively between CABEL and KfW). By this amendment the “Green MSME Initiative” was included as part of the component 5 of the Emergency Program of CABEL. Component 5 of the Emergency Program is oriented towards supporting the financial sector and the MSMEs affected by the COVID-19 pandemic and called “Financial Sector Support Facility for MSMEs Financing”. A second amendment was signed in November 2021 which included among others an extension to the implementation period of up to 10 years for component 2.

Progress in 2023 can be summarised as:

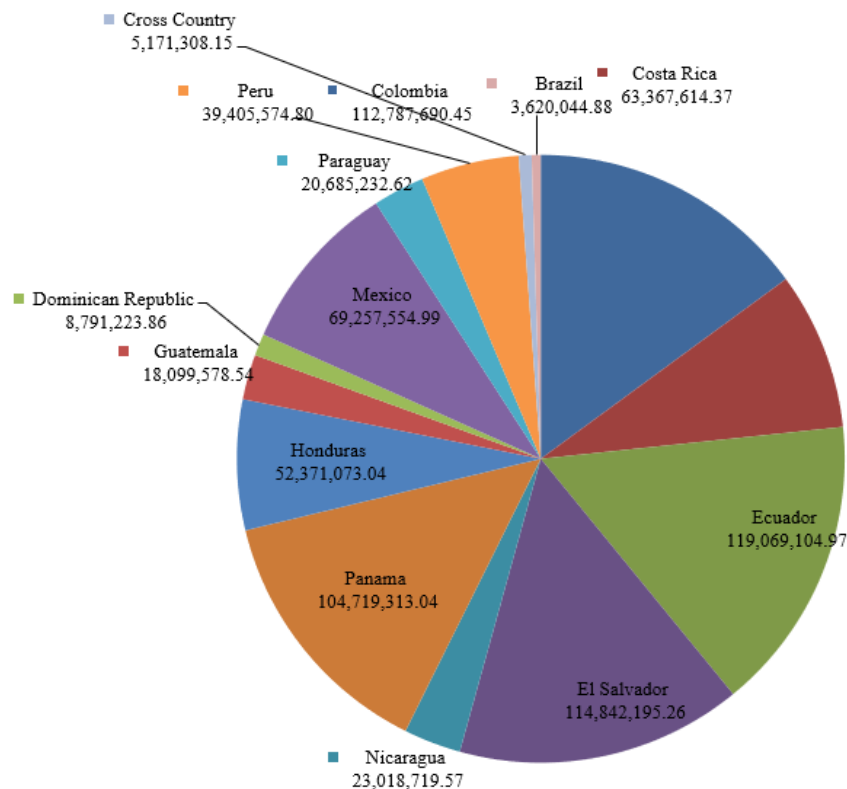
Component I: KfW, CABEL and the consultant team (GOPA) have worked closely to build up a pipeline of eligible projects and activities in all eligible countries. A total of 30 requests for Technical Assistance and visibility activities have been either executed or approved for a total value of US\$ 437.710,98. There is a pipeline of activities (Technical assistance and visibility) identified which are currently being reviewed by CABEL/GOPA/KfW. Panama and Guatemala are to date the countries where at least 50% of the funds have been already approved or executed. In other countries, for example El Salvador, CABEL is planning to carry out complementary actions (business trips) to find potential recipients under this Program and ensure an equal distribution of the funds in all eligible countries.

Component II: Because of the delays suffered under this Program, KfW/ EU agreed to accept retroactive financing of guarantees for credits granted from the date of the creation of the Credit Guarantee Fund (August 2020) onwards. The pre-condition agreed is that the guarantees comply with the regulations of the Manual of Guarantees. Under this component (budget available: 12 million EUR), CABEL has issued guarantees to 15 financial institutions (PFIs) in 5 different countries for a total amount of \$ 7.169.044. Honduras (47%) is by now the country where the highest amount of funds has been allocated through guarantees, followed by Guatemala (30%). KfW and CABEL will continue working together to ensure the participation of all eligible countries under this component.

Achieved leverage: 4,8.

Geographical diversification

The distribution of total project investments is as follows:



Main issues for the implementation (of all 3 projects)

- The potential of regional projects in interconnection projects remains to be explored. Attention must be paid to aspects such as regional interconnectivity, as well as to the strengthening and capitalising on policy dialogue.
- Blending is an important implementation modality clearly linked to the overall EU objectives and policy priorities in the region. Blending is an appropriate tool to promote investment and engage in policy dialogue joining forces with other development partners and leverage a larger financial impact.
- Important that the **EU Delegations are involved early in the design, preparation and the monitoring of blending operations**. The alignment with the country level priorities, Team Europe Initiatives, and flagship projects is important. A stable political and security climate at the regional level in general and at the country level is needed to promote and attract investments. The pipeline of operations must target the specific policy priorities and sectors set for the region/partner country, offer adequate quality and volume, and ensure EU additionality. Continuous dialogue between HQ, DFIs and EUDELs is important throughout the whole lifecycle of the operations.
- A greater use of financial instruments such as equity and other risk-sharing instruments is often mentioned as an optimal way to crowd in private financing, especially when supporting SMEs. LAIF supported its first Financial Instrument Delegation Agreement in 2001, namely Eco-business Fund; in 2019 the Green MSMEs and in 2020 the Latin America Green Bonds Fund. This will be continued through LACIF.
- By financing technical assistance, innovative instruments (such as risk sharing), and providing complementary grants, LAIF/LACIF encourage recipient governments and institutions to make essential investments, which would otherwise have been postponed due to lack of resources or too high risks.
- Reporting on individual projects is very heterogeneous in quality and quantity; continued effort is being undertaken by the EU both in HQ and in the EU Delegations to ensure follow-up of the projects and proper flow of information and communication. As from 2023 adherence to the Results Management Framework for blending operations is mandatory as well as reporting on the *logframe* in OPSYS. This requires an important shift in procedures and mindset from the implementing partners but will contribute to a better quality and homogeneous monitoring of blending instruments. KfW is progressively using OPSYS to report results.
- Timelines for approval processes with EU and DFIs are not always aligned, this poses a challenge for managing the blending pipelines and ensuring EU additionality. A continuous dialogue with the DFIs on the blending pipeline is warranted.

The following sections, **Performance** and **Financial Information**, present the implementation, in figures, of the three financial instruments under the LAIF facility, which take form of equity or bank guarantees and required opening a fiduciary account on behalf of the European Commission by a partner institution.

Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	37,031,645.00	43,690,000.00
Leverage effect	20.39	14.23
Multiplier effect	45.51	37.01
Operations	76	90
Financing provided to final recipients	755,206,228.12	621,900,000.00
Number of final recipients	2,355,515	9,400,008
Investments made by final recipients due to the received financing	1,685,430,769.00	1,617,116,810.00

Financial Information

Financial Information (EUR)	LAIF & LACIF		
Type of instrument	Blending		
Year of inception	2017		
Implementing Partner	KfW		
	Notes	2023	All years
EU Contribution			
Budgetary commitments		0.00	43,690,000.00
Budgetary payments		120,000.00	37,031,645.20
Reflows		0.00	0.00
Total reflows entered into the budget, of which:		0.00	0.00
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		0.00	0.00
Losses from operations			
Guarantees			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		0.00	0.00
Management fees and other charges			
Administrative fees		89,957.04	439,024.43
Incentive fees		0.00	0.00
Treasury management fees		0.00	0.00
Other charges		123,333.33	380,277.77
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))		119,369.89	112,533.16
Net FX gains (+) / losses (-)		-249,231.34	-252,632.38
Other revenues		0.00	3,723.92
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		29,269,290.94	28,274,528.95
Value of equity investments		23,692,429.76	25,387,282.95
Value of loans		0.00	0.00
Financial liabilities and provisions		128,226.02	77,763.00
Assets under treasury management		0.00	
Balance in the fiduciary bank account (including short term deposits <3months)		1,872,871.68	4,796,402.82
Other financial assets (including short term deposits >3months)		0.00	0.00

Notes to the financial information

N/A

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

Financial information per implementing partner and instrument

EUR

Implementing Partner			KfW	TOTAL
Budgetary commitments		2023	-	-
		Aggregated	43,690,000.00	43,690,000.00
Budgetary payments		2023	120,000.00	120,000.00
		Aggregated	37,031,645.20	37,031,645.20
Amounts committed by the Implementing Partner	Grants (including TA)	2023	78,934.00	78,934.00
		Aggregated	6,912,600.00	6,912,600.00
	Financial instruments	2023	6,723,129.00	6,723,129.00
		Aggregated	33,133,706.00	33,133,706.00
	Own resources	2023	39,247,805.00	39,247,805.00
		Aggregated	110,747,805.00	110,747,805.00
Administrative expenditure	Management fees	2023	89,957.04	89,957.04
		Aggregated	439,024.43	439,024.43
	Other charges	2023	123,333.33	123,333.33
		Aggregated	380,277.77	380,277.77
	Total	2023	213,290.37	213,290.37
		Aggregated	819,302.20	819,302.20

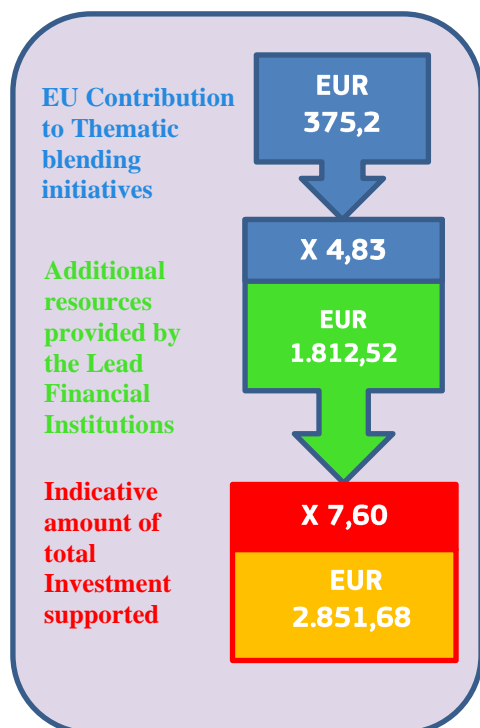
Financial Information (EUR)	Green MSMEs KfW		Latin America Investment Facility Eco-Business Fund		Latin American Green Bond Funds	
Type of instrument (loan, guarantee, equity, blending, other)	Guarantee & TA		Fund		Fund	
Year of inception	2019		2017		2020	
Implementing Partner	KfW		KfW		KfW	
	2023	All years	2023	All years	2023	All years
EU Contribution						
Budgetary commitments	0.00	14,380,000.00	0.00	13,260,000.00	0.00	16,050,000.00
Budgetary payments	0.00	9,580,000.00	0.00	13,032,757.49	120,000.00	14,418,887.71
Reflows						
Total reflows entered into the budget, of which:	0.00	0.00	0.00	0.00	0.00	0.00
<i>to the general budget</i>	0.00	0.00	0.00	0.00	0.00	0.00
<i>returned to be used</i>	0.00	0.00	0.00	0.00	0.00	0.00
Losses from operations						
Guarantees						
Guarantees called	0.00	0.00	0.00	0.00	0.00	0.00
Guarantee calls recovered	0.00	0.00	0.00	0.00	0.00	0.00
Equities						
Realised losses	0.00	0.00	0.00	0.00	0.00	0.00
Loans						
Write offs	0.00	0.00	0.00	0.00	0.00	0.00
Management fees and other charges						
Administrative fees	13,333.33	54,445.10	16,684.49	106,876.47	59,939.22	277,702.86
Incentive fees	0.00	0.00	0.00	0.00	0.00	0.00
Treasury management fees	0.00	0.00	0.00	0.00	0.00	0.00
Other charges	0.00	0.00	0.00	0.00	123,333.33	380,277.77
Revenues						
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	0.00	0.00	0.00	0.00	0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))	119,161.33	112,245.89	208.56	286.94	0.00	0.33
Net FX gains (+) / losses (-)	-249,028.52	-252,657.52	-143.91	84.05	-58.91	-58.91
Other revenues	0.00	0.00	0.00	3,723.92	0.00	0.00
	2023	2022	2023	2022	2023	2022
Risk exposure						
Maximum financial risk exposure	5,576,861.18	2,887,246.00	10,263,906.93	11,504,222.76	13,428,522.83	13,883,060.19
Value of equity investments	0.00	0.00	10,263,906.93	11,504,222.76	13,428,522.83	13,883,060.19
Value of loans	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities and provisions	128,226.02	77,763.00	0.00	0.00	0.00	0.00
Assets under treasury management						
Balance in the fiduciary bank account (including short term deposits <3months)	1,868,776.77	4,792,372.56	4,094.91	4,030.26	0.00	0.00
Other financial assets (including short term deposits >3months)	0.00	0.00	0.00	0.00	0.00	0.00

6.4 Thematic Blending (Energy, Food, Humanitarian, Environment)

Description

Identification / Reference to the basic act			
Regulation (EC) No 1905/2006 of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development cooperation.			
Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020.			
Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action.			
Budget lines			
BGUE-B2023-14.029902.05-C8-INTPA, BGUE-B2023-21.020704-C8-INTPA, BGUE-B2022-14.029902.07-C8-INTPA, BGUE-B2023-14.029902.05-C8-INTPA			
(EUR)	2023	2024	2025
Budgetary commitment appropriations	136,565,063.00	108,187,986.00	152,818,326.90
Budgetary payment appropriations	28,377,075.00	108,187,986.00	152,818,326.90
Initial financial envelope		EUR 74,851,742.00	
Current financial envelope		EUR 564,043,346.00	
Overall financial envelope		EUR 564,043,346.00	

General description



ENERGY (total funds: EUR 444,7 million):

The Energy Thematic blending is constituted of 8 different financial instruments, as detailed below.

ElectriFI Initiative: EUR 339,7 million

1. EDFI-ElectriFI Global Window

The EU contribution of EUR **125,9 million** is dedicated to unlocking, accelerating and de-risking sustainable energy investments in our partner countries, with a particular focus on rural, underserved areas in sub-Saharan Africa.

The financial instrument has been running since July 2015, when the Delegation Agreement with FMO was signed. It was completed by several top-ups.

The signature of any new operations would have to be finalised by 31/12/2025, while the contract end date of activities is the 31/12/2030.

The objective of ElectriFI is to accelerate the development of businesses providing and improving access to modern, affordable and renewable energy services to populations living in underserved areas, by de-risking and unlocking private sector investments.

ElectriFI addresses the existing lack of access to seed, mid- and long-term funding, by providing the missing capital to early-stage, higher-risk companies providing mini-grids, Solar Home Systems (SHSs), Captive Power Plants (CPPs) or Independent Power Producers (IPPs). The involvement of the private sector in the

electrification business, though bridging the financing gap, has an added value in attracting additional financing and enhancing the sustainability of investments and market expansion.

The FMO is the entrusted entity for the instrument, implemented by EDFI Management Company on behalf of FMO.

Since the start of operations in 2017, ElectriFI has expanded rapidly and now includes 49 operations in Africa, Asia and the Caribbean, amounting to a total of EUR 134.2 million of investments, leveraging a total amount of EUR 421.7 million in investments from external investors. The leverage factor is 4.1.

At the end of its life, it is envisaged that ElectriFI Global Window will reach 57 operations, with a target of providing 31,5 million people with electricity, avoiding 1,3 million tons of CO₂ per year and adding 1.889 GWh per year.

The targeted leverage effect is 4.

The achieved leverage is 5.

2. Africa Renewable Energy Scale Up Facility (ARESUF)

The ARE Scale Up Facility aims to foster renewable energy projects in Africa. It is managed by the AFD Group via two components (i) a Technical Assistance component, managed by AFD for a total amount EUR 16.3 million, and (ii) a Guarantee Fund managed by PROPARCO for a total amount of EUR 22.35 million. The EU contributes **EUR 24,6 million** to the Facility as a whole. The EU contribution includes up to EUR 12.35 million as financial instrument (of which EUR 10 million as an unfunded guarantee facility) dedicated to de-risking equity financing of pioneer renewable energy businesses in Africa.

The financial instrument has been running since December 2016, when the Delegation Agreement with Proparco was signed.

The signature of any new operations would have to be finalised by 26/06/2024, while the contract end date of activities is the 27/12/2031.

By supporting renewable energy development in Africa and promoting private sector involvement in the field of access to modern energy services, the Scale up Facility will contribute to the two main objectives of AREI: overall acceleration of access to energy for all and deployment of renewable energy on the African continent. ARESUF supports investment in private companies active in the decentralised energy sector, including Solar Home Systems (SHS), off-grid and mini-grid solutions. The guarantee provided by the EU helps catalyse funding from DFIs as well as private capital equity investments in these business models and contributes to bridging the financing gap of this sector, which is capital intensive. Cooperation among public and private investors helps ensure sufficient funding at scale.

Proparco is the entrusted entity for the implementation of the financial instrument.

To date, Proparco has invested EUR 18.5 million as part of funding rounds totalling over EUR 133 million in 6 operations. The companies supported will help provide 250 MW of renewable energy benefiting 250.000 people, creating 1.200 jobs and saving 420 thousand tons of CO₂eq per year.

The targeted leverage effect is 2.

The achieved leverage is 2.

3. Climate Investor One (CIO) & CIO (EEI)

The total EU contribution to Climate Investor One (CIO) amounts to **EUR 98.2 million** (of which 10 million from EDF). CIO is dedicated to developing, constructing and operating renewable energy projects in emerging markets. CIO uses blended finance to catalyse private sector capital into developing markets.

The financial instrument has been running since December 2017, when the first Delegation Agreement was signed. The signature of any new operations would have to be finalized by 23/06/2032, while the contract end date of activities is the 23/06/2037.

CIO provides whole-of-life financing for renewable energy infrastructure in emerging markets with a primary focus on wind, solar and run-of-river projects. CIO helps develop, construct and operate renewable energy projects in regions with significant power deficits, in a more expedient manner and at reduced cost. Together with other donor capital, the EU contribution helps reduce the risk profile of CIO projects, unlocking investment from mainstream commercial investors.

FMO is the entrusted entity for the implementation of the financial instrument. Climate Fund Managers (CFM) is the Fund Manager of Climate Investor One.

Of the 20 ongoing projects across Asia, Africa and Latin America, 10 have reached construction phase, including 9 currently in full or partial operation. Altogether, CIO operations are expected to help install 1.6 GW of renewable energy capacity, reaching 8.2 million people, catalysing EUR 3.8 billion in private sector funding and saving 2.2 million ton of CO₂eq each year. The initial EU contribution to CIO is EUR 30.7 million. In 2021, an additional EU contribution of EUR 57.5 million was made to Climate Investor One for an Energy Efficiency Initiative (CIO-EEI) to help unlock additional RE projects thanks to energy efficiency improvements of grid infrastructure and better integration of renewable energy generated by CIO-supported projects. CIO-EEI provides development stage and construction stage financing to power system equipment with a view to reduce system losses of generated renewable energy and improve the utilisation of renewable energy generation facilities connected to the grid.

The targeted leverage effect is 9.

The achieved leverage is 14.

4. Transferability and Convertibility Facility

The EU contribution of **EUR 26,9 million** is dedicated to cover transferability & convertibility risks for DFIs investing in Independent Power Producers (IPPs) in lower income countries particularly vulnerable for such risks. The Facility allows for the provision of a dedicated transfer and convertibility instrument for eligible Independent Power Producers (IPPs) during an inconvertibility and non-transferability event.

Transferability and convertibility risks represent a significant barrier to private financing of renewable energy projects as electricity is sold in local currency while power plants are typically financed in hard currency. During an inconvertibility or non-transferability event, IPPs might default on hard-currency payments because they are unable to convert local currency. The purpose of the facility is to mitigate these risks by financing a debt service reserve account available to lending DFIs to cover payment of scheduled interest and principal debt. The facility targets greenfield on-grid IPPS with a minimum installed capacity 10 MW in regions eligible under the DCI.

The delegation agreement has been signed in December 2017 and the financial instrument has been running since January 2018. The signature of any new operations would have to be finalized by 27/12/2023, while the contract end date of activities is the 31/12/2029.

Proparco is the entrusted entity for the implementation of the financial instrument.

At the end of 2023, they were no operations signed. It is expected that the T&C Facility will be terminated during 2024 so a partial year of costs will be incurred. This will be outlined in the Final Report.

5. Facility for Energy Inclusion (FEI)

The EU contribution of **EUR 40,2 million** provides long-term debt through finance structures. It is a debt financing platform for small-scale renewable energy projects – off-grid solar, small scale IPPs and mini-grids- with the objectives of aggregating capital, structuring bankable projects and accelerating their delivery

as to increase access to clean energy across Africa while supporting the transition to low-carbon development pathways. FEI has two investment windows with different added value:

- **FEI Off-grid window (OGEF):** it offers a flexible, pragmatic and context driven approach to transaction structuring, provides local currency options to reduce risk for borrowers and their customers, and help create lasting local capital markets participation in the sector. OGEF also provides technical assistance to companies to support market development.
- **FEI On-grid (OGEN);** it supports small-scale Independent Power Producers (IPPs), mini-grids and captive power projects by providing various debt products, including corporate and project loans, construction/bridge loans and mezzanine finance, in both hard and local currencies. Focusing on smaller facilities it envisages bringing electricity to smaller countries or regions that are not adequately serviced by the main grid.

The Delegation Agreement was signed in December 2018 and the financial instrument has been running since January 2019 and the contract end date of activities is the 31/12/2034. Note that the FEI/ONGRID lifetime has been extended by two years and FEI/OFFGRID fund life ends in 2030.

The African Development Bank (AfDB) is the entrusted entity for the implementation of the financial instrument.

- **FEI on-grid window:** Small-scale renewable IPPs, mini-grids and captive power projects (capital expenditures of less than USD 30 million and a capacity of <25MW). Project finance structures can access senior and mezzanine loans between USD 2 and 20 million, in USD, EUR or local currency, and with a tenor up to 12-15 years. The life of the facility is 15 years, with a 7-year investment period. Target number of covered operations 20-30 investments. Final equity close in 2020 included USD 145 million. In addition, the window raised USD 166 million in debt facilities. The Commission provided an equity contribution of EUR 25 million.
- **FEI off-grid window:** Pay-as-you-go system companies (PAYGO) and other innovative energy access distribution companies through lending to corporates and SPVs. Short-tenor debt instruments of 2-5 years for working capital, consumer finance and securitization. Debt instruments typically range from USD 2 million to USD 10 million in USD or local currency with foreign exchange risk hedging. The proposed facility life is up to 10 years with scope for two one-year extensions. This window also includes a TAF of EUR 1.6 million financed by the Commission. Target number of covered operations: 15-20. Final close included \$58.6 million in equity and \$56.7 million debt facilities. The Commission provided an equity contribution of EUR 13 million.

The targeted leverage effect is 5 and the leverage achieved so far is 11.2.

Some of the implementation challenges include finding deals that are fully compliant with EU financial regulation (avoiding AML listed countries). Also, the COVID pandemic has challenged the implementation of the FEI fund.

6. Digital Energy Facility (DEF) for the promotion of energy transition and energy access

The EU contribution of **EUR 23,5 million** is dedicated to support the modernization and digitalization of the energy sector, encourage innovative business models and the long-term sustainability of energy systems. The PAGODA FI signed in December 2019 focuses on contingent debt financing and related non autonomous technical assistance for a total of EUR 4,96 million. Thanks to the financing of digital innovation projects and products, the facility aims to support the integration of renewable energy sources into the grid, increase energy access and improve the performance of power utilities.

The financial instrument is deployed through one Financial Intermediary, Investisseurs&Partenaires, selected by AFD to source eligible operations for contingent debt financing. Such financing (<300 k€ benefiting approximately 10 companies), will address the specific needs of energy access companies to experiment and

scale up access to energy innovative services or products. Few financial institutions and accelerators cover the financial needs at this stage of development of innovations. The investment criteria will include impact on economic development, development stage of the access to energy concept, availability of co-financing, among others. Two operations were approved in 2023.

The signature of any new operations would have to be finalized by 22/02/2034, while the contract end date of activities is the 22/12/2034.

AFD is the entrusted entity for the implementation of the financial instrument.

DEF altogether aims to reach up to 50 companies and public utilities, 100 MW of addition renewable energy capacity, 1 million people with improved access and 100.000 tCO₂eq avoided every year. The project started in 2020 and the financial instrument (contingent debt component) has started to be deployed in 2023.

The targeted leverage effect is 0,81.

7. SPARK+ Africa Fund

The EU contribution of **EUR 10,348 million** covers part of the costs of the action currently estimated at EUR 43,129 million. It is to be invested to the Spark+ Africa Fund, the first impact investment fund dedicated to Clean Cooking. It is managed by Enabling Qapital and supported by a technical assistance of the Clean Cooking Alliance. The Fund will finance clean, efficient, and modern cooking solutions in developing markets for rural, peri-urban and urban communities in Sub-Saharan Africa.

Access to clean cooking is a critical development milestone and can reduce preventable deaths, improve health and enhance quality of life for those at the bottom of the pyramid. Investments to achieve access to clean cooking solutions in Sub-Saharan Africa are generally managed by SMEs, which have been historically overlooked by traditional financiers, as they form the “missing middle”.

The Fund will mainly invest in long-term debt instruments, and to a lesser degree quasi-equity and equity instruments in small and medium size enterprises active in the cooking energy value chain.

The Investment Fund for Developing Countries (IFU) is the entrusted entity for the implementation of the financial instrument. While the investments of the Fund started straight after the first close, the implementation period of the EU contribution started on the 15th of July 2022, date of the signing of the agreement.

The Fund targets a capitalization of USD 50-70 million with a 7-year term. The EU contribution to the structured fund will improve the accessibility, availability, and affordability of clean cooking solutions in the underserved market. Since the start of operations in 2022, Spark+ portfolio reached 6 ongoing operations in Sub-Saharan Africa, amounting to a total of USD 13 million of investments. At the end of the fund, the Action will support 30 companies, benefitting 11.25 million people of which 5.6 living below poverty line, while saving nearly 16 million tCO₂eq in GHG emissions.

The targeted leverage effect is 4,17.

The leverage achieved is 1.4.

Sustainable socio-economic development through clean and efficient energy solution initiatives: EUR 104,974 million

1. Demand side management, social infrastructure renewables and energy efficiency (DESIREE)

The main objective of the DESIREE is to foster sustainable and inclusive socio-economic growth in selected partner countries and develop sustainable business models for the provision of clean, climate-friendly and energy efficient solutions. The ambition is to create an EU flagship programme and brand which can deliver meaningful impact and progress (higher electrification rates, reduction of emissions, diversification of the energy mix, equal access to energy, efficient use of energy), showcase innovative and scalable solutions and demonstrate actual impact on the ground.

DESIREE aims to support the establishment and operationalisation of super energy service companies, to stimulate the uptake of demand side management measures through utility companies in order to implement domestic and commercial consumer energy efficiency measures, and to de-risking approaches and scale private sector business models for the sustainable electrification of social infrastructure. It intends to demonstrate innovative or sustainable approaches which can be scaled-up or replicated elsewhere.

DESIREE is planned to cover actions in low-income and middle-income countries in Africa, Asia, and Latin America. It includes funding for technical assistance and programme management, and a mix of investment grants and financial instruments (among others, grants conditional on achieving results, equity participations and any other appropriate structure to incentivise alignment of interest and focus on result/impact).

The Contribution Agreement was signed in December 2020 and the end date of activities is 20/10/2029. The total EU budget for the 5-year programme amounts to EUR 104,974 million, including EUR 52,910 million for a Financial Instrument, which will only become effective once the current contract is amended. The EIB aims to blend the programme resources with its own financing contribution for EUR 200 million. An additional EUR 400 million of other sources of financing could be considered a reasonable estimate.

The EIB is the entrusted entity for the implementation of the financial instrument.

The targeted leverage effect is 6.9.

ENVIRONMENT (total funds: EUR 19,7 million)

Water for prosperity, regional stability, and resilient ecosystems initiative: EUR 19,7 million

1. Climate Investor 2 (CI2)

Climate Investor Two (CI2) is Climate Fund Managers (CFM) second blended finance facility, delivering water, sanitation, and oceans infrastructure projects in emerging markets. FMO is the entrusted entity for the implementation of the financial instrument. The government of the Netherlands, through the Dutch Fund for Climate and Development (DFCD), has provided EUR 75 million in finance to anchor CI2. In 2022, the Green Climate Fund committed USD 145 million in donor funding to both Construction Equity Fund and Development Fund. The EU contributed with EUR 19.7 million in 2021 and is currently the third largest donor of the fund. The contract end date of activities is the 30/06/2041.

In December 2023, CI2 reached third close with USD 875 million in commitments.

Having achieved proof of concept with CIO, CI2 opens the way for transformational impact in a sector dominated by public funding and frequently facing financing shortfalls. As a cradle-to-grave finance facility, CI2 seeks to mobilize blended finance provided by donors and the commercial sector with its additional recycling feature to maximize impact and reduce risk in markets where development is needed, and climate change solutions can have a significant and sustainable effect. CI2's overarching focus is to attract private finance for low and lower-middle income countries, on the back of enabling public sector funding. CI2's encompassing whole-of-life financing solution provides an attractive alternative to the current market practice of structuring project finance for water supply, sanitation, and oceans infrastructure projects. CI2's approach targets market failures through two key pillars; (1) speed of development, construction, and implementation, and (2) innovation through market development where existing models do not include private finance.

CI2 fund structure is characterised by one Development Fund (DF) and a Construction Equity Fund (CEF). The Development Fund ("DF") provides early-stage development funding to projects and the Construction Equity Fund ("CEF") provides large-scale equity finance to construct projects and bring them into operations. Over the life of CI2 CFM expects to make an average of 30 investments in the following sectors bulk water supply, water distribution, wastewater and ecosystems and oceans.

As of 2023-year end, the DF 2 has contracted to provide development funding to 8 Project Assets in Africa, 7 in Asia and 1 project in Latin America. Projects' scope varies widely, ranging for example, from leasing of

solar energy powered desalination units to rental of industrial wastewater treatments systems, to supplying bulk water in remote areas, to combining debt for nature swaps and blended finance for the commercial end-to-end development, financing, and management of marine protected areas. In 2023, Flexeau Senegal, a rural water distribution company, and Waste Transformers waste-to-energy Sierra Leone, were progressed as part of CFM's drive in committing DFCD in Least Developed Countries. Ocean's Finance Company has actively been developing future pipeline opportunities to follow the success of the Ecuador debt- for-climate swap transaction. OFC is in advanced stages of discussions with South Africa, Namibia, Kenya, and Zambia and is hopeful that it can conclude the first debt-for-nature swap in Africa. In Asia, the deployment optimized by focusing on preferred Platforms (Azur, Spectainer, Tubig, CA Water (DADP).

With respect to challenges surrounding the implementation of CI2, these have been especially pronounced in relation to the political and economic uncertainty, rising inflation and interest rates, which pushed up cost of funding, including senior debt for refinancing purposes; and tightening of government financing in target markets due to global economic turmoil impacting on export receipts of primary goods and tourism income putting pressure on ability to pay for infrastructure services. This led to a decrease in government backed solutions in the power, water and sanitation sectors. Looking backwards, 2023 was a year marked by economic and political uncertainties which have understandably led to increased investor caution as well. Given the challenging fundraising landscape during 2023 and the forecast improvements into 2024, CFM requested and has been granted an extension to the fund-raising period for CI2 to March 2025. Looking to 2024, the focus will be on attracting new commercial investors to the Fund in the Tier 2 tranche, and deploying funding to a number of flagships CEF2 projects

The project's targeted leverage effect is 48, and the achieved leverage in this third year of implementation is 2.2.

AGRICULTURE (total funds: EUR 89,6 million)

AgriFi initiative - Inclusive and sustainable value chains and food fortification": EUR 89,6 million

Under the AGRIFI initiative, three blended finance instruments were contracted. All three of these seek to increase private investment in agriculture through the promotion of sustainable value chains, so contributing to the sustainable growth of our partner countries. The three instruments focus on different segments of the market.

1. African Agriculture Trade and Investment Fund (AATIF)

The EU contribution of **EUR 30,6 million** is dedicated to cover the first loss equity of the AATIF. Its duration is 10 years. This addresses the €5-15 million investment bracket, through both direct and indirect investments, aimed at promoting smallholder livelihoods. The larger ticket size keeps transaction costs lower, and hence focusses on larger off-takers. AATIF is an innovative public-private partnership dedicated to uplift Africa's agricultural potential for the benefit of the poor. The Fund aims at improving food security and providing additional employment and income to farmers, entrepreneurs, and labourers alike by investing patiently and responsibly in efficient local value chains.

The financial instrument has been running since December 2017, when the Delegation Agreement was signed. The contract end date of activities is the 18/12/2027.

KfW is the entrusted entity for the implementation of the financial instrument.

After two difficult years (2021, 2022), considering the COVID restrictions, AATIF made the turnaround in the past financial year ending March 2023 with a surplus and was able to pay out all dividends at target levels to its investors. During 2022/2023, AATIF's lending activity picked up steadily again. AATIF successfully extended funding totalling USD 127 million including both committed and disbursed funds.

Impacts achieved by AATIF funding since inception: >24,000 jobs created (48% women), 666,000 MT of food produced, 323,000 smallholders supported.

The Agricultural Leasing Company Zambia Limited funded through the AATIF Innovation Facility – continued its expansion and as of March 2023 has reached a major milestone of 1000 contracts for tractors and other agricultural implements.

The EU contribution has allowed the AATIF to mobilize further private sector contributions around four times the EU contribution to date. By the end of the 2022 / 2023 FYI, the AATIF investments portfolio amounted to USD 204 million with gross yield at 11%.

2. HURUMA Fund

The EU contribution of **EUR 19,3 million** is invested in the project. Huruma is an Impact Investment Fund set up with COFIDES as finance institution, to address the traditional constraints of agriculture finance and the financing needs of smallholders and underserved farmers. The Fund invests both in Financial Institutions that have an agricultural portfolio and in Producer Organizations and Agriculture Value Chain SMEs that directly or indirectly work with excluded farmers. The total size of the Fund is of EUR 120 million and consists of two classes of shares. A first loss class to which the EU contributes with EUR 10 million through a contract with COFIDES, and a senior class, in which private investors contribute with EUR 90 million (including EUR 1 million from COFIDES). AECID/FONPRODE is contributing with EUR 20 million through a side vehicle. The aim of Huruma is to allow its investees to increase their agricultural portfolio and provide access to finance to more smallholders.

Along with the investment, the Fund will also support investees with Technical Assistance, focusing on different areas according to the specific partner institution. EU is contributing to the TA with up to EUR 8,6 million, alongside the Fund itself.

The financial instrument has been running since October 2019, when the Contribution Agreement was signed. The contract end date of activities is the 30/10/2029. COFIDES is the entrusted entity for the implementation of the financial instrument.

Regarding Technical Assistance, the Technical Assistance Facility (TAF) legal setup was completed in 2021 and the TA Steering Committee (a body created to provide strategic guidance for the implementation of the Facility) started its work. Since then, twelve TASC meetings have been held. To date, nine TA projects have been approved, of which two correspond to the project diagnosis. Six projects have been tendered and awarded. One is concluded and other five are under implementation. It is estimated that another four TA projects will be approved in the course of 2024 (two of which will be the implementation of the results of the project diagnosis done earlier).

Huruma is the biggest social Fund in Spain and the first of its kind. The Fund provides debt financing (minimum 70% of the total size of the Fund) and equity investment (up to 30%). The ticket size ranges between EUR 1 and 10 million. It has a global geographical scope, but focuses on Latin America, Asia, and Sub-Saharan Africa.

Up until the end of 2023, the total outstanding portfolio amounted to EUR 91,3 M for a total of 32 deals with 17 investees in 10 countries (Bolivia, Brazil, Ecuador, India (equity investments), Mexico, Nigeria, Panama, Paraguay, Peru, and Senegal). A further 2 investment proposals are in the approval process. A third is in the contracting process.

The financing mobilized from the private sector has been superior to what was initially expected, thereby increasing the multiplier effect to 8,86 (instead of the targeted 6,22).

The targeted leverage effect is 1,61 and the actual achieved leverage is 2,23.

3. EDFI AgriFI Facility

The initial Global window was launched in 2018 with an initial budget of EUR 39 million and an initial duration of 12 years. The facility was extended to 15 years and the budget increased to **EUR 39,7 million**. Its geographical scope is global, but AgriFi invests only in low and lower-middle income countries and has a specific but non-exclusive focus on Sub-Saharan Africa. The aim is to provide long-term finance and/or

working capital needs in the form of debt or equity of between EUR 0,5-5 million, on commercially oriented terms, to MSMEs active in agri-food value chains and involving smallholder farmers. About EUR 2 million of TA is included to be provided to the recipients to accompany the investment.

Following the success of the first Global window, 4 other specific windows were added in 2021 (amounting to 80M EUR), thereby bringing AgriFI's total means available to 120 M EUR:

- A **regional window for ACP countries** (50 M EUR from the 11th EDF Intra-ACP; Dec 2021-Feb 2037): focusing on 11 value chains, but not exclusively.
- A **Ghana window** (10 M EUR from the 11th EDF; Jan 2021 – June 2034): focusing on the Upper-West region.
- A **Sri Lanka window** (8 M EUR from the 11th EDF; Dec 2021-Dec 2035): focusing on organic farming (a high priority of the government) and on cold chains and other food processing solutions (to reduce post-harvest loss and food waste as part of the objective under the previous MFF agriculture modernisation and new MFF circular economy/ waste management)
- A **Tanzania window** (12 M EUR from the 11th EDF; Dec 2021-Sept 2033): focusing on Tea, coffee, and horticulture.

All those windows also include a TA component.

The financial instrument has been running since January 2018, when the Delegation Agreement was signed. The end date of operations for the initial global window financial instrument is 31/12/2032.

The financial instrument is fully financed by the EU and managed by the EDFI Management Company (EDFIMC), which signed a sub-delegation agreement with the FMO in September 2018.

The added value of this initiative resides in the fact that, being fully financed by the EU:

- (i) the EU is a member of the Investment Committee (made up of representatives of the European DFIs) and has a veto right and;
- (ii) AgriFI can take higher risks than other DFIs and private investors on their own, so it can serve as a de-risking tool or as a market developer, thereby leveraging further DFI/private investors' support. Indeed, AGRIFI can invest in companies that need financing to grow but they are not big enough to obtain financing from local commercial bank or international investors; provide smaller tickets; provide longer term loans; etc. The "blending" occurs therefore at the level of the individual investment, but maybe not at the same time.

Sixteen (16) investments to 15 counterparties have been made as of end of December 2023 (10 under the Global window, 5 under ACP and 1 under Ghana), representing EUR 41.7 million contractually committed and include:

- 4 Impact Funds: two funds working with smallholders at a global scale; one investment vehicle investing in rural MFIs serving fragile populations worldwide; and one gender-lens private equity fund in Uganda focused on farmers (ACP window);
- 2 Financial Institutions: one agricultural MFI in Myanmar and one MFI serving farmers and rural MSMEs in Ghana (Ghana window);
- 9 SME's: a dairy cooperative in Senegal; a private company in Nigeria offering a whole set of services to farmers; a private company in Kenya processing coconuts; a private company distributing fresh products in Tanzania; a dried mango and cashew nut processing company in Burkina Faso; a maize processor in Burkina Faso; a private company providing seeds and services to smallholders in Zambia; an agri-tech in Kenya; and a cashew nut processor in Togo.

As of the end of 2023 across all investments made by the Global Window, the additional financing mobilized at time of investment amounts to EUR 57.3m, which increases to EUR 83.2m when including the financing mobilized in subsequent years after investment. This corresponds to leverage ratios of 3,14x (at investment) and 3,10x (including subsequent years) respectively.

It is expected that by the end of 2025, all the funds foreseen for the Global window (EUR ~29 million) will be committed, which will represent around 11 investments in total. Investments for the other 4 windows will continue to be sourced.

As regards to the Financial Instruments for all 5 Windows, investing activities picked up speed in 2022 (after a relatively slower pace of investments due to the COVID pandemic and the time-intensive work on 4 new additional windows). In 2023, 6 new investments were added to the portfolio for a total of EUR 41.7m committed and several more in the contracting stage.

TA dedicated to the investees was not yet implemented in 2023, but the EDFI MC Board approved the policy relative to the concept, implementation guidelines and process of the Technical Assistance Product (TAP) in March 2023. As a result, AgriFI focused on implementing the internal processes as required for the TA roll-out, hiring the TA Specialist as well as preparing and launching the tender for the TA cooperation agreement. Several technical assistance interventions are being prepared by AgriFI to be launched in 2024.

WOMEN'S ECONOMIC EMPOWERMENT (total funds: EUR 9 million)

Women's Economic Empowerment Initiative (WWE): EUR 9 million¹³³

1. Women's Financial Inclusion Facility (WFIF)

The EU contribution of **EUR 9 million** is dedicated to first-loss risk capital contribution, jointly with other development capital providers and private investors, and technical assistance component.

The Women's Financial Inclusion Facility ("WFIF") consists of Women's World Banking Capital Partners II ("WWBCP II" or the "Fund II") and the Women's World Banking Technical Assistance Programme ("TAP"). The WFIF invests in emerging market financial service providers that incorporate low-income women into their client base, expand gender diversity within their management teams, and utilise new technology solutions to enhance customer engagement. The EU funding will be used for investments in Sub-Saharan Africa. The Technical Assistance Programme is implemented as an independent action attached to WWBCP II.

The primary purpose of the EU contribution is to crowd commercial investors into the fund by de-risking what might otherwise be unacceptable risks from two types of commercial investors:

- (i) investors new to either gender-lens investing or inclusive finance investing, who would see the first-loss contribution as both an endorsement and risk mitigation, and
- (ii) investors who would potentially invest in the fund but would restrict its ability to invest some portion of the Fund's capital in earlier-stage (e.g. "Series A" or "Series B"), innovative solutions providers and/or World Bank-defined low-income countries, including fragile states.

The financial instrument has been running since 2018, when the Delegation Agreement was signed. The signature of any new operations under the Agreement had to be finalised by 27/03/2020, while the contract end date of activities is the 26/09/2033.

KfW is the entrusted entity for the implementation of the financial instrument.

The WFIF is reaching low-income women with a wide range of products and services created to women and as such, creating a new market for the investee financial institutions. The technical assistance is used to

¹³³ This amount does not include the additional EUR 1 million contribution to the Women's Economic empowerment Initiative from an EU Parliament budget line.

finance gender assessments conducted at the organisational level and market/customer level, which will result in a gender action plan for each investee financial institution to close the gap on gender equality among the company's clients and in its employee base.

The fund has invested into 12 financial institutions with potential and appetite to better reach and serve women across the pipeline countries. The Fund had its first closing March 2020 at size of USD 50m and second closing 26 May at USD 75m. The EU contribution of EUR 9 million attracted additional funds, and the fund reached a total size of USD 103.5 million for its final closure in March 2022. The fund has concluded investments into 11 local financial service providers.

These are for instance in housing finance in India, Agricultural insurance in Sub Saharan Africa (in particular Kenya, Nigeria and Zambia), microfinance in Colombia, peer-to-peer microfinance in Indonesia, rural microfinance in Uganda Fintech business providing SMEs with short term loans in South Africa and digital financial service company serving MSMEs in Ghana, Uganda and Kenya. The technical assistance has been used for conducting gender assessments for the investee companies and for creating gender action plans to improve their gender performance.

The EU participation as the anchor investor has been instrumental in leveraging important additional public and private investments to the fund as well as for financing the technical assistance activities.

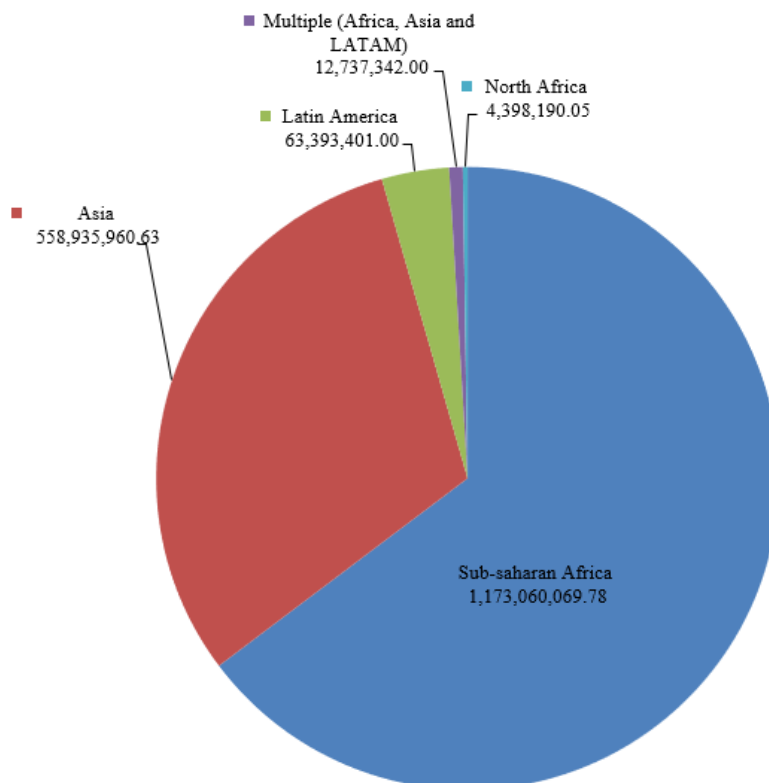
The targeted leverage effect is 7.

The achieved leverage is 6.

Operational Performance

Geographical diversification

The thematic initiatives have a global approach, the indicative distribution of investment is as follows:



Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	375,160,153.78	564,043,346.00
Leverage effect	4.83	6.06
Multiplier effect	7.60	11.00
Operations	192	248
Financing provided to final recipients	1,812,524,963.67	3,419,993,720.31
Number of final recipients	240,433	181,126
Investments made by final recipients due to the received financing	2,851,687,470.33	6,203,687,456.00

Financial Information

Financial Information (EUR)	Thematic blending (ENERGY, FOOD, ENV, HUM)		
Type of instrument	Blending		
Year of inception	From 2016 onwards		
Implementing Partner	AFD, Cofides, FMO, KFW, Proparco, AfDB, IFU		
	Notes	2023	All years
EU Contribution	(1)		
Budgetary commitments		0.00	459,068,946.26
Budgetary payments		62,859,433.65	375,160,153.78
Reflows	(2)		
Total reflows entered into the budget, of which:		1,176,946.00	2,702,924.00
<i>to the general budget</i>		1,176,946.00	2,702,924.00
<i>returned to be used</i>		0.00	0.00
Losses from operations			
Guarantees			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		4,467,881.24	6,650,073.80
Management fees and other charges			
Administrative fees		461,139.10	2,357,479.41
Incentive fees		0.00	3.00
Treasury management fees		0.00	0.00
Other charges		1,586,381.37	2,412,630.88
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		609,005.87	11,549,862.23
Net treasury result (including interest) (gains (+) / losses (-))		593,850.26	3,170,468.05
Net FX gains (+) / losses (-)		-4,349,723.70	-3,393,845.89

Other revenues		114,166.27	594,416.70
	Notes	2023	2022
Risk exposure			
Maximum financial risk exposure		239,550,886.98	213,320,044.84
Value of equity investments		148,280,294.75	121,412,971.40
Value of loans		31,095,161.39	27,634,727.28
Financial liabilities and provisions		2,856,974.23	2,800,167.13
Assets under treasury management			
Balance in the fiduciary bank account (including short term deposits <3months)		48,539,121.11	45,048,161.42
Other financial assets (including short term deposits >3months)		13,852,611.63	18,254,223.95

Notes to the financial information

- (1) The NDICI Regulation does not foresee assignment of the reflows from the predecessor instruments to NDICI. Consequently, these reflows stemming from pre-2021 financial instruments have been recovered and sent back to the general budget.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

Financial information per implementing partner and instrument

EUR

Implementing Partner		AFD	Cofides	FMO	KFW	Proparco	AfDB	IFU	TOTAL	
Budgetary commitments	2023	-	-	-	-	-	-	-	-	
	Aggregated	23,500,000.00	19,300,000.00	273,544,712.00	40,600,000.00	51,534,234.00	40,242,000.00	10,348,000.26	459,068,946.26	
Budgetary payments	2023	4,147,760.00	1,742,322.00	55,151,179.65	300,000.00	1,518,172.00	-	-	62,859,433.65	
	Aggregated	11,941,819.00	12,384,629.69	237,088,211.09	39,400,000.00	30,871,065.00	35,042,000.00	8,432,429.00	375,160,153.78	
Amounts committed by the Implementing Partner	Grants (including TA)	2023	-	2,372,540.45	463,111.00	-	-	-	2,835,651.45	
		Aggregated	-	3,356,543.45	21,996,907.00	7,000,000.00	140,000.00	1,600,000.00	34,093,450.45	
	Financial instruments	2023	-	1,043,534.07	2,737,341.00	-	-	8,867,727.00	-	12,648,602.07
		Aggregated	-	5,483,534.07	156,201,773.00	23,000,000.00	-	32,224,443.00	8,432,429.00	225,342,179.07
	Own resources	2023	-	30,800.00	-	-	-	30,251,280.00	473,625.38	30,755,705.38
		Aggregated	-	474,800.00	63,679,572.00	244,009,600.00	12,000,000.00	161,251,280.00	2,104,977.38	483,520,229.38
Administrative expenditure	Management fees	2023	8,000.00	30,000.00	219,330.50	77,772.00	55,163.75	24,587.14	46,285.71	461,139.10
		Aggregated	32,666.67	122,500.00	1,185,499.48	455,410.00	344,316.50	123,590.42	93,496.34	2,357,479.41
	Other charges	2023	129,336.00	229,296.85	907,953.00	319,761.97	-	-	33.55	1,586,381.37
		Aggregated	169,336.00	753,308.58	917,942.58	572,013.65	-	0.48	33.55	2,412,633.88
	Total	2023	137,336.00	259,296.85	1,127,283.50	397,533.97	55,163.75	24,587.14	46,319.26	2,047,520.47
		Aggregated	202,002.67	875,808.58	2,103,442.06	1,027,423.65	344,316.50	123,589.94	93,529.89	4,770,113.29

Financial Information (EUR)	Africa Agriculture Trade and Investment Fund S.A. SICAF-SIV		Africa Renewable Energy Scale Up Facility - Guarantee Fund		Agriculture Financing Initiative		Climate Investor One		Climate Investor One - Energy Efficiency Initiative		Climate Investor Two	
	Fund		Guarantee + TA		Equity & loans		Equity		Fund		Equity	
Type of instrument (loan, guarantee, equity, blending, other)	Fund		Guarantee + TA		Equity & loans		Equity		Fund		Equity	
Year of inception	2018		2016		2017		2017		2021		2021	
Implementing Partner	KFW		Proparco		FMO		FMO		FMO		FMO	
	2023	All years	2023	All years	2023	All years	2023	All years	2023	All years	2023	All years
EU Contribution												
Budgetary commitments	0.00	30,600,000.00	0.00	24,650,000.00	0.00	39,700,000.00	0.00	30,700,000.00	0.00	57,500,000.00	0.00	19,700,000.00
Budgetary payments	0.00	30,600,000.00	1,518,172.00	14,085,100.00	0.00	29,510,000.00	715,679.47	30,700,000.00	30,115,500.18	55,907,500.00	0.00	17,096,711.09
Reflows												
Total reflows entered into the budget, of which:	0.00	0.00	0.00	0.00	1,176,946.00	1,176,946.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>to the general budget</i>	0.00	0.00	0.00	0.00	1,176,946.00	1,176,946.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>returned to be used</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Losses from operations												
Guarantees												
Guarantees called	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guarantee calls recovered	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equities												
Realised losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans												
Write offs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Management fees and other charges												
Administrative fees	60,000.00	365,000.00	13,333.33	93,333.66	35,692.00	258,769.59	0.00	0.00	115,000.00	379,999.82	27,729.00	83,093.39
Incentive fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Treasury management fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	72.70
Revenues												
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	0.00	0.00	0.00	0.00	604,163.44	2,438,902.50	0.00	0.00	0.00	0.00	0.00	0.00
Net treasury result (including interest) (gains (+)/ losses (-))	13,614.00	255,601.84	0.00	0.00	-544.44	-81,754.30	27,738.00	357,676.07	0.00	0.00	3.00	3.00
Net FX gains (+)/ losses (-)	-9,394.20	433,351.32	0.00	0.00	-318,489.05	-173,377.32	-285,092.00	-207,816.51	-2,535,731.00	-1,367,605.00	-331,468.00	-731,330.75
Other revenues	0.00	0.00	0.00	0.00	67,327.34	119,795.87	0.00	0.00	0.00	0.00	0.00	148.75
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Risk exposure												
Maximum financial risk exposure	24,926,881.64	25,333,776.49	6,094,883.07	3,577,349.00	21,651,305.18	19,756,267.86	32,485,616.09	32,924,731.09	54,661,760.00	26,986,917.00	16,325,583.00	16,913,341.00
Value of equity investments	24,926,881.64	25,333,776.49	0.00	0.00	4,574,717.40	5,417,311.00	31,057,170.09	29,332,297.09	25,063,763.00	5,393,819.00	5,630,176.00	4,109,943.00
Value of loans	0.00	0.00	0.00	0.00	15,147,854.75	11,338,956.86	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities and provisions	0.00	0.00	1,463,073.04	1,406,337.90	404,366.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assets under treasury management												
Balance in the fiduciary bank account (including short term deposits <3months)	267,310.99	263,091.19	0.00	0.00	188,972.85	5,484,702.57	26,884.00	130.00	477.00	0.00	115.00	116.00
Other financial assets (including short term deposits >3months)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Financial Information (EUR)	Digital Energy Facility (DEF) for the Promotion of Energy Transition and Energy Access - Seed Financing		Electrification Financing Initiative		Facility for Energy Inclusion (FEI)		HURUMA Fund		The Spark+ Africa Fund		Transferability and Convertibility Facility		Women's Financial Inclusion Facility	
Type of instrument (loan, guarantee, equity, blending, other)	Contingent debt + TA		Equity & loans		Fund		Fund		Fund		Guarantee		Fund+TAP	
Year of inception	2019		2016		2018		2019		2022		2017		2018	
Implementing Partner	AFD		FMO		AfDB		Cofides		IFU		Proparco		KFW	
	2023	All years	2023	All years	2023	All years	2023	All years	2023	All years	2023	All years	2023	All years
EU Contribution														
Budgetary commitments	0.00	23,500,000.00	0.00	125,944,712.26	0.00	40,242,000.00	0.00	19,300,000.00	0.00	10,348,000.00	0.00	26,884,234.00	0.00	10,000,000.00
Budgetary payments	4,147,760.00	11,941,819.00	24,320,000.00	103,874,000.00	0.00	35,042,000.00	1,742,322.00	12,384,629.69	0.00	8,432,429.00	0.00	16,785,965.00	300,000.00	8,800,000.00
Reflows														
Total reflows entered into the budget, of which:	0.00	0.00	0.00	1,525,978.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>to the general budget</i>	0.00	0.00	0.00	1,525,978.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>returned to be used</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Losses from operations														
Guarantees														
Guarantees called	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guarantee calls recovered	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equities														
Realised losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans														
Write offs	0.00	0.00	4,467,881.24	6,650,073.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Management fees and other charges														
Administrative fees	8,000.00	32,666.67	40,909.50	463,636.68	24,587.14	123,590.42	30,000.00	122,500.00	46,285.71	93,496.34	41,830.42	250,982.84	17,772.00	90,410.00
Incentive fees	0.00	0.00	0.00	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Treasury management fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other charges	129,336.00	169,336.00	907,953.00	917,866.88	0.00	-0.48	229,296.85	753,308.58	33.55	33.55	0.00	0.00	319,761.97	572,013.65
Revenues														
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	0.00	0.00	4,842.43	9,110,959.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net treasury result (including interest) (gains +) / losses (-)	0.00	0.00	-652,575.91	-1,778,677.92	464,159.88	3,495,709.12	6,498.00	-34,534.19	182,180.00	185,397.18	458,934.16	488,002.34	93,843.57	283,044.91
Net FX gains (+) / losses (-)	0.00	0.00	-588,914.49	-511,509.59	-236,837.36	-401,717.41	0.00	0.00	0.00	0.00	0.00	0.00	-43,797.60	-433,840.63
Other revenues	0.00	0.00	46,838.93	68,185.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	406,287.00
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Risk exposure														
Maximum financial risk exposure	0.00	0.00	53,204,634.46	56,963,857.67	20,187,626.81	11,959,374.18	0.00	8,843,760.40	4,098,701.30	1,915,571.00	0.00	0.00	5,913,895.43	8,145,099.15
Value of equity investments	0.00	0.00	29,044,660.82	28,056,221.09	20,187,626.81	11,959,374.18	0.00	8,843,760.40	4,098,701.30	0.00	0.00	0.00	3,696,597.69	2,966,469.15
Value of loans	0.00	0.00	15,947,306.64	16,295,770.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities and provisions	0.00	0.00	989,534.67	1,393,829.23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assets under treasury management														
Balance in the fiduciary bank account (including short term deposits <3months)	2,024,668.00	1,130,000.00	22,735,921.80	6,466,457.69	93,105.60	4,659,747.93	2,270,754.51	930,424.10	4,194,721.11	8,435,578.55	15,488,002.34	15,029,068.18	1,248,187.91	2,648,845.21
Other financial assets (including short term deposits >3months)	0.00	0.00	0.00	0.00	13,852,611.63	18,254,223.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Annexes – Detailed list of financial instruments and financial information summary tables

Annex I – Detailed list of financial instruments included in this report

LIST OF FINANCIAL INSTRUMENTS 41(4) FR REPORT			
	Chapter and Financial Instrument	IP/Managing party	Policy Area
1.1	Connecting Europe Broadband Fund (CEBF) – CEF Equity Instrument	CUBE IM	Infrastructure & Climate Change
1.2	Connecting Europe Facility (CEF) – Debt Instrument	EIB	Infrastructure & Climate Change
1.3	Private Finance for Energy Efficiency Instrument (PF4EE)	EIB	Infrastructure & Climate Change
1.4	Natural Capital Financing Facility (NCF)	EIB	Infrastructure & Climate Change
1.5	European Energy Efficiency Fund (EEEF)	DWS	Infrastructure & Climate Change
1.6	2020 European Fund for Energy, Climate Change and Infrastructure (Marguerite Fund)	ECFIN	Infrastructure & Climate Change
2.1	Horizon 2020 Loan Services for R&I Facility (InnovFin Debt)	EIB	Research & Innovation
2.2	Risk-Sharing Finance Facility (RSFF) and Pilot guarantee facility for R&I driven SMEs and Small Midcaps (RSI)	EIB	Research & Innovation
3.1.a	Employment and Social Innovation Microfinance and Social Entrepreneurship Guarantee (EaSI-G)	EIF	Social & Education
3.1.b	Employment and Social Innovation Capacity Building Investments (EaSI CBI)	EIF	Social & Education
3.2.a	European Progress Micro-Finance Fund (EPMF-FCP-FIS)	EIF	Social & Education
3.2.b	Employment and Social Innovation Sub-Fund (EaSI FIS)	EIF	Social & Education
3.3	Erasmus+ Student Loan Guarantee Facility (SLGF)	EIF	Social & Education
4.1	COSME Loan Guarantee Facility (LGF)	EIF	SMEs
4.2	COSME Equity Facility for Growth (EFG)	EIF	SMEs
4.3	Horizon 2020 SMEs & Small Midcaps R&I Loans Service (InnovFin SME Guarantee)	EIF	SMEs
4.4	Horizon 2020 Equity Facility for R&I (InnovFin Equity)	EIF	SMEs
4.5	European Innovation Council (EIC) Fund	EIC Fund	SMEs
4.6	Cultural and Creative Sectors Guarantee Facility (CCS GF)	EIF	SMEs
4.7	SME Guarantee Facility under CIP (SMEG 2007)	EIF	SMEs
4.8	High Growth and Innovative SME Equity Facility under CIP (GIF)	EIF	SMEs
4.9	SME Initiative	EIF	SMEs
5.1	Enterprise Expansion Fund (ENEF) under the Western Balkans Enterprise Development and Innovation Facility	EIF	External Policies WBIF
5.1	Enterprise Expansion Fund II (ENEF II) under the Western Balkans Enterprise Development and Innovation Facility	EBRD	External Policies WBIF
5.1	Enterprise Innovation Fund (ENIF) under the Western Balkans Enterprise Development and Innovation Facility	EIF	External Policies WBIF
5.1	EU-KfW WB Guarantee Covid-19 Response - Supporting Entrepreneurs and MSMEs to Safeguard Employment	KfW	External Policies WBIF
5.1	European Fund for Southeast Europe (EFSE)	EIF	External Policies WBIF
5.1	Green for Growth Fund (GGF)	KfW	External Policies WBIF
5.1	Guarantee Facility I (GF I) under the Western Balkans Enterprise Development and Innovation Facility	EIF	External Policies WBIF
5.1	Guarantee Facility II (GF II) under Western Balkans Enterprise Development and Innovation Facility	EIF	External Policies WBIF
5.2	Global Energy Efficiency and Renewable Energy Fund (GEEREF)	EIF	External Policies
5.3	Facility for Euro-Mediterranean Investment and Partnership (FEMIP) – Debt Instrument	EIB	External Policies
5.4	ACP Trust Fund	EIB	External Policies

6.1	EFSE - EU4Business: Local Currency Lending to SMEs in the Eastern Partnership	KfW	External Policies NIP EAST
6.1	EIB DCFTA PHASE II	EIB	External Policies NIP EAST
6.1	EU Support for Ukrainian MSMEs	BGK	External Policies NIP EAST
6.1	EU4Business - the EU Local Currency Partnership Initiative: The European Fund for Southeast Europe (KfW)	KfW	External Policies NIP EAST
6.1	EU-EBRD Local currency	EBRD	External Policies NIP EAST
6.1	European Fund for Southeast Europe (KfW)	KfW	External Policies NIP EAST
6.1	Green for Growth Fund - Extension to Neighbourhood East II (for Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine)	KfW	External Policies NIP EAST
6.1	Green for Growth Fund to the Eastern Neighbourhood Region (EIB)	EIB	External Policies NIP EAST
6.1	Green for Growth Funds L-Shares Georgia (10 MEUR)	KfW	External Policies NIP EAST
6.1	NIP Armenia SME Finance and Advice Facility (EBRD)	EBRD	External Policies NIP EAST
6.1	NIP Deep and Comprehensive Free Trade Area (DCFTA) Facility (EBRD) EAST (MOL-GEO-UKR)	EBRD	External Policies NIP EAST
6.1	NIP Deep and Comprehensive Free Trade Area (DCFTA) Facility (EIB) EAST	EIB	External Policies NIP EAST
6.1	NIP Eastern Partnership SME Finance Facility Phase II (EBRD)	EBRD	External Policies NIP EAST
6.1	NIP Eastern Partnership SME Finance Facility Phase II (KfW)	KfW	External Policies NIP EAST
6.1	NIP Women in Business (EBRD)	EBRD	External Policies NIP EAST
6.1	NIP Women in Business in EaP Phase II	EBRD	External Policies NIP EAST
6.1	EU Trade and Competitiveness Programme for Egypt and Jordan	EBRD	External Policies NIP SOUTH
6.1	Green for Growth Fund (GGF) - COVID 19-RESPONSE in the Southern Neighbourhood (NIP GGF C-shares Southern Neighbourhood)	KfW	External Policies NIP SOUTH
6.1	MENA Fund for Micro, Small and Medium Enterprises III	KfW	External Policies NIP SOUTH
6.1	NIP EU Trade and Comp. Prog. in Morocco, Tunisia, Egypt & Jordan EIB	EIB	External Policies NIP SOUTH
6.1	NIP MENA Fund for Micro, Small and Medium Enterprises COVID-19 top-up	KfW	External Policies NIP SOUTH
6.1	NIP Risk Capital Facility for Southern Neighbourhood countries (EIB)	EIB	External Policies NIP SOUTH
6.1	NIP SEMED MSME Financial Inclusion Programme (EBRD) SOUTH	EBRD	External Policies NIP SOUTH
6.1	Participation in MENA Fund for Micro-, Small and Medium Enterprises (SANAD) (KfW)	KfW	External Policies NIP SOUTH
6.1	Participation in MENA Fund for Micro-, Small and Medium Enterprises (SANAD) II (KfW)	KfW	External Policies NIP SOUTH
6.1	Financial Inclusion Programme West Bank and Gaza Strip	EBRD	External Policies NIP SOUTH
6.2	AgriFI Country Window for Sri Lanka	FMO	External Policies IFCA & AIF & APIF
6.2	Building Crisis-Resilient SMEs in Mongolia post Covid-19	EBRD	External Policies IFCA & AIF & APIF
6.2	Microfinance Initiative for Asia Debt Fund	KfW	External Policies IFCA & AIF & APIF
6.2	Support for Mongolian Economic Diversification through SME	EBRD	External Policies IFCA & AIF & APIF
6.2	Sustainable private sector in Central Asia	EBRD	External Policies IFCA & AIF & APIF
6.2	The SME Finance Facility for Central Asia - Phase 2	EBRD	External Policies IFCA & AIF & APIF
6.2	Supporting green infrastructure under the ASEAN Catalytic Green Finance Facility (ACGF)	ADB	External Policies IFCA & AIF & APIF
6.3	Green MSMEs KfW	KfW	External Policies LAIF & LACIF
6.3	Latin America Investment Facility Eco-Business Fund	KfW	External Policies LAIF & LACIF
6.3	Latin American Green Bond Funds	KfW	External Policies LAIF & LACIF
6.4	Africa Agriculture Trade and Investment Fund S.A. SICAF-SIV	KfW	External Policies Thematic blending
6.4	Africa Renewable Energy Scale Up Facility - Guarantee Fund	Proparco	External Policies Thematic blending
6.4	Agriculture Financing Initiative	FMO	External Policies Thematic blending
6.4	Climate Investor One	FMO	External Policies Thematic blending

6.4	Climate Investor One - Energy Efficiency Initiative	FMO	External Policies Thematic blending
6.4	Climate Investor Two	FMO	External Policies Thematic blending
6.4	Digital Energy Facility (DEF) for the Promotion of Energy Transition and Energy Access - Seed Financing	AFD	External Policies Thematic blending
6.4	Electrification Financing Initiative	FMO	External Policies Thematic blending
6.4	Facility for Energy Inclusion (FEI)	AfDB	External Policies Thematic blending
6.4	HURUMA Fund	Cofides	External Policies Thematic blending
6.4	The Spark+ Africa Fund	IFU	External Policies Thematic blending
6.4	Transferability and Convertibility Facility	Proparco	External Policies Thematic blending
6.4	Women's Financial Inclusion Facility	KfW	External Policies Thematic blending

Annex II – Summary table – All financial instruments

Financial Information (EUR)	All Financial Instruments	
Implementing Partner/Managing party	All	
	2023	All years
EU Contribution		
Budgetary commitments	1,111,608,427.71	14,513,725,770.45
Budgetary payments	799,614,572.85	11,972,470,175.72
Reflows	0.00	0.00
Total reflows entered into the budget, of which:	242,071,939.57	2,282,049,002.83
<i>to the general budget</i>	3,465,298.78	71,204,316.67
<i>returned to be used</i>	238,606,640.79	2,210,844,685.16
Losses from operations		
Guarantees		
Guarantees called	432,933,550.22	2,083,957,376.78
Guarantee calls recovered	28,037,546.36	214,593,500.57
Equities	0.00	0.00
Realised losses	13,690,535.00	25,304,104.61
Loans		
Write offs	4,467,881.24	6,650,073.80
Management fees and other charges		
Administrative fees	22,056,022.56	382,344,265.01
Incentive fees	17,625,424.00	352,503,632.69
Treasury management fees	2,359,192.00	24,851,770.83
Other charges	39,859,939.53	225,448,860.81
Revenues		
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	81,224,031.28	950,636,954.14
Net treasury result (including interest) (gains (+) / losses (-))	224,177,528.73	219,320,729.15
Net FX gains (+) / losses (-)	-11,110,455.87	-49,113,300.92
Other revenues	1,942,376.69	15,483,099.87
	2023	2022
Risk exposure		
Maximum financial risk exposure	7,862,792,942.80	7,825,142,696.96
Value of equity investments	2,675,089,113.47	2,286,281,444.61
Value of loans	63,978,689.39	60,428,811.39
Financial liabilities and provisions	777,219,544.93	1,219,975,131.77
Assets under treasury management		
Balance in the fiduciary bank account (including short term deposits <3months)	1,890,644,526.56	1,859,666,213.87
Other financial assets (including short term deposits >3months)	3,503,410,977.26	3,717,251,695.55

Annex III – Summary tables – financial instruments per Implementing Partner/Managing Party

EIB – European Investment Bank

Managing party	Chapter	Financial Instrument	Policy Area
EIB	1.2	Connecting Europe Facility (CEF) – Debt Instrument	Infrastructure & climate change
	1.3	Private Finance for Energy Efficiency Instrument (PF4EE)	Infrastructure & climate change
	1.4	Natural Capital Financing Facility (NCFE)	Infrastructure & climate change
	2.1	Horizon 2020 Loan Services for R&I Facility (InnovFin Debt)	Research & Innovation
	2.2	Risk-Sharing Finance Facility (RSFF) and Pilot guarantee facility for R&I driven SMEs and Small Midcaps (RSI)	Research & Innovation
	5.3	Facility for Euro-Mediterranean Investment and Partnership (FEMIP) – Debt Instrument	External Policies
	5.4	ACP Trust Fund	External Policies
	6.1	EIB DCFTA PHASE II	External Policies NIP EAST
	6.1	Green for Growth Fund to the Eastern Neighbourhood Region (EIB)	External Policies NIP EAST
	6.1	NIP Deep and Comprehensive Free Trade Area (DCFTA) Facility (EIB) EAST	External Policies NIP EAST
	6.1	NIP EU Trade and Comp. Prog. in Morocco, Tunisia, Egypt & Jordan EIB	External Policies NIP SOUTH
	6.1	NIP Risk Capital Facility for Southern Neighbourhood countries (EIB)	External Policies NIP SOUTH

Financial Information (EUR)			
Implementing Partner/Managing party	EIB		
	2023	All years	
EU Contribution			
Budgetary commitments	223,230,385.70	4,779,530,365.81	
Budgetary payments	130,395,004.92	4,486,674,615.01	
Reflows	0.00	0.00	
Total reflows entered into the budget, of which:	12,426,227.80	1,502,298,984.42	
<i>to the general budget</i>	0.00	38,513,578.67	
<i>returned to be used</i>	12,426,227.80	1,463,785,405.75	
Losses from operations			
Guarantees			
Guarantees called	92,047,538.10	417,247,359.10	
Guarantee calls recovered	1,220,156.44	59,251,453.44	
Equities			
Realised losses	7,476,304.00	7,798,306.00	
Loans	0.00	0.00	
Write offs	0.00	0.00	
Management fees and other charges			
Administrative fees	1,076,367.10	126,159,000.61	
Incentive fees	0.00	84,716,845.00	
Treasury management fees	1,097,551.00	15,859,492.07	
Other charges	28,446,363.00	161,574,456.23	

Revenues		
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	18,308,021.00	702,108,026.30
Net treasury result (including interest) (gains (+) / losses (-))	131,192,390.13	99,134,947.53
Net FX gains (+) / losses (-)	-169,736.39	1,707,804.65
Other revenues	0.00	1,106,115.84
	2023	2022
Risk exposure		
Maximum financial risk exposure	2,730,636,737.57	2,864,398,748.63
Value of equity investments	77,164,552.57	88,324,302.08
Value of loans	0.00	-0.45
Financial liabilities and provisions	85,734,305.48	128,644,281.37
Assets under treasury management		
Balance in the fiduciary bank account (including short term deposits <3months)	223,438,645.48	139,634,887.03
Other financial assets (including short term deposits >3months)	2,641,231,380.79	2,573,229,330.79

EIF – European Investment Fund

Managing party	Chapter	Financial Instrument	Area
EIF	3.1.a	Employment and Social Innovation Microfinance and Social Entrepreneurship Guarantee (EaSI-G)	Social & Education
	3.1.b	Employment and Social Innovation Capacity Building Investments (EaSI CBI)	Social & Education
	3.2.a	European Progress Micro-Finance Fund (EPMF-FCP-FIS)	Social & Education
	3.2.b	Employment and Social Innovation Sub-Fund (EaSI FIS)	Social & Education
	3.3	Erasmus+ Student Loan Guarantee Facility (SLGF)	Social & Education
	4.1	COSME Loan Guarantee Facility (LGF)	SMEs
	4.2	COSME Equity Facility for Growth (EFG)	SMEs
	4.3	Horizon 2020 SMEs & Small Midcaps R&I Loans Service (InnovFin SME Guarantee)	SMEs
	4.4	Horizon 2020 Equity Facility for R&I (InnovFin Equity)	SMEs
	4.6	Cultural and Creative Sectors Guarantee Facility (CCS GF)	SMEs
	4.7	SME Guarantee Facility under CIP (SMEG 2007)	SMEs
	4.8	High Growth and Innovative SME Equity Facility under CIP (GIF)	SMEs
	4.9	SME Initiative	SMEs
	5.1	Enterprise Expansion Fund (ENEF) under the Western Balkans Enterprise Development and Innovation Facility	External Policies WBIF
	5.1	Enterprise Innovation Fund (ENIF) under the Western Balkans Enterprise Development and Innovation Facility	External Policies WBIF
	5.1	Guarantee Facility I (GF I) under the Western Balkans Enterprise Development and Innovation Facility	External Policies WBIF
	5.1	Guarantee Facility II (GF II) under Western Balkans Enterprise Development and Innovation Facility	External Policies WBIF
	5.2	Global Energy Efficiency and Renewable Energy Fund (GEEREF)	External Policies

Financial Information (EUR)			
Implementing Partner/Managing party	EIF		
	2023	All years	
EU Contribution			
Budgetary commitments	-34,362,148.14	5,497,237,090.44	
Budgetary payments	150,963,911.59	5,015,064,620.71	
Reflows			
Total reflows entered into the budget, of which:	210,325,898.09	688,399,473.67	
<i>to the general budget</i>	89,147.06	25,040,605.85	
<i>returned to be used</i>	210,236,751.03	663,358,867.82	
Losses from operations			
Guarantees			
Guarantees called	340,886,012.12	1,662,259,493.68	
Guarantee calls recovered	26,817,389.92	155,335,622.13	
Equities			
Realised losses	6,214,231.00	17,505,798.61	
Loans			
Write offs	0.00	0.00	

Management fees and other charges		
Administrative fees	1,051,979.70	197,047,939.87
Incentive fees	17,625,424.00	264,832,390.69
Treasury management fees	1,261,641.00	8,992,278.76
Other charges	1,832.58	16,893,792.81
Revenues		
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	40,494,076.30	207,041,439.39
Net treasury result (including interest) (gains (+) / losses (-))	85,830,178.75	109,209,866.32
Net FX gains (+) / losses (-)	-5,667,466.00	-47,131,383.29
Other revenues	94,795.00	7,954,386.26
	2023	2022
Risk exposure		
Maximum financial risk exposure	3,142,991,200.68	3,590,406,684.76
Value of equity investments	1,255,520,752.48	1,205,020,258.33
Value of loans	32,883,528.00	32,794,084.56
Financial liabilities and provisions	675,670,831.11	1,081,568,573.19
Assets under treasury management		
Balance in the fiduciary bank account (including short term deposits <3months)	1,030,528,544.23	1,228,097,915.77
Other financial assets (including short term deposits >3months)	706,809,289.68	896,287,971.81

EBRD – European Bank for Reconstruction and Development

Managing party	Chapter	Financial Instrument	Area
EBRD	5.1	Enterprise Expansion Fund II (ENEF II) under the Western Balkans Enterprise Development and Innovation Facility	External Policies WBIF
	6.1	EU Trade and Competitiveness Programme for Egypt and Jordan	External Policies NIP SOUTH
	6.1	EU-EBRD Local currency	External Policies NIP EAST
	6.1	NIP Armenia SME Finance and Advice Facility (EBRD)	External Policies NIP EAST
	6.1	NIP Deep and Comprehensive Free Trade Area (DCFTA) Facility (EBRD) EAST (MOL-GEO-UKR)	External Policies NIP EAST
	6.1	NIP Eastern Partnership SME Finance Facility Phase II (EBRD)	External Policies NIP EAST
	6.1	NIP SEMED MSME Financial Inclusion Programme (EBRD) SOUTH	External Policies NIP SOUTH
	6.1	NIP Women in Business (EBRD)	External Policies NIP EAST
	6.1	NIP Women in Business in EaP Phase II	External Policies NIP EAST
	6.1	Financial Inclusion Programme West Bank and Gaza Strip	External Policies NIP SOUTH
	6.2	Building Crisis-Resilient SMEs in Mongolia post Covid-19	External Policies IFCA & AIF
	6.2	Support for Mongolian Economic Diversification through SME	External Policies IFCA & AIF
	6.2	Sustainable private sector in Central Asia	External Policies IFCA & AIF
	6.2	The SME Finance Facility for Central Asia - Phase 2	External Policies IFCA & AIF

Financial Information (EUR)			
Implementing Partner/Managing party	EBRD		
	2023	All years	
EU Contribution			
Budgetary commitments	3,120,000.00	171,622,200.00	
Budgetary payments	16,574,000.00	124,209,930.00	
Reflows			
Total reflows entered into the budget, of which:	58,360.65	58,360.65	
<i>to the general budget</i>	58,360.65	58,360.65	
<i>returned to be used</i>	0.00	0.00	
Losses from operations			
Guarantees			
Guarantees called	0.00	4,450,524.00	
Guarantee calls recovered	0.00	6,425.00	
Equities			
Realised losses	0.00	0.00	
Loans			
Write offs	0.00	0.00	
Management fees and other charges			
Administrative fees	222,919.32	1,944,425.07	
Incentive fees	0.00	2,954,394.00	
Treasury management fees	0.00	0.00	
Other charges	250,737.47	17,532,986.47	
Revenues			

Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))	1,500,006.16	969,357.64
Net FX gains (+) / losses (-)	-332,075.02	-585,399.43
Other revenues	1,447,319.42	3,566,311.89
	2023	2022
Risk exposure		
Maximum financial risk exposure	38,513,087.06	31,978,177.58
Value of equity investments	5,717,129.12	7,693,055.99
Value of loans	0.00	0.00
Financial liabilities and provisions	2,769,178.23	3,624,791.22
Assets under treasury management		
Balance in the fiduciary bank account (including short term deposits <3months)	62,440,830.43	58,013,977.10
Other financial assets (including short term deposits >3months)	0.00	0.00

KfW - Kreditanstalt für Wiederaufbau

Managing party	Chapter	Financial Instrument	Area
KfW	5.1	EU-KfW WB Guarantee Covid-19 Response - Supporting Entrepreneurs and MSMEs to Safeguard Employment	External Policies WBIF
	5.1	Green for Growth Fund (GGF)	External Policies WBIF
	5.1	European Fund for Southeast Europe (EFSE)	External Policies WBIF
	6.1	EFSE - EU4Business: Local Currency Lending to SMEs in the Eastern Partnership	External Policies NIP EAST
	6.1	EU4Business - the EU Local Currency Partnership Initiative: The European Fund for Southeast Europe (KfW)	External Policies NIP EAST
	6.1	European Fund for Southeast Europe (KfW)	External Policies NIP EAST
	6.1	Green for Growth Fund - Extension to Neighbourhood East II (for Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine)	External Policies NIP EAST
	6.1	Green for Growth Fund (GGF) - COVID 19-RESPONSE in the Southern Neighbourhood (NIP GGF C-shares Southern Neighbourhood)	External Policies NIP SOUTH
	6.1	Green for Growth Funds L-Shares Georgia (10 MEUR)	External Policies NIP EAST
	6.1	MENA Fund for Micro, Small and Medium Enterprises III	External Policies NIP SOUTH
	6.1	NIP Eastern Partnership SME Finance Facility Phase II (KfW)	External Policies NIP EAST
	6.1	NIP MENA Fund for Micro, Small and Medium Enterprises COVID-19 top-up	External Policies NIP SOUTH
	6.1	Participation in MENA Fund for Micro-, Small and Medium Enterprises (SANAD) (KfW)	External Policies NIP SOUTH
	6.1	Participation in MENA Fund for Micro-, Small and Medium Enterprises (SANAD) II (KfW)	External Policies NIP SOUTH
	6.2	Microfinance Initiative for Asia Debt Fund	External Policies IFCA & AIF
	6.3	Green MSMEs KfW	External Policies LAIF
	6.3	Latin America Investment Facility Eco-Business Fund	External Policies LAIF
	6.3	Latin American Green Bond Funds	External Policies LAIF
	6.4	Africa Agriculture Trade and Investment Fund S.A. SICAF-SIV	External Policies Thematic blending
	6.4	Women's Financial Inclusion Facility	External Policies Thematic blending

Financial Information (EUR)			
Implementing Partner/Managing party		KfW	
		2023	All years
EU Contribution			
Budgetary commitments		0.00	566,522,033.53
Budgetary payments		3,106,975.13	385,585,777.96
Reflows			
Revenues		0.00	2,000,000.00
Repayments		0.00	2,000,000.00
Total reflows entered into the budget, of which:		0.00	0.00
Losses from operations			
Guarantees			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
Equities			
Realised losses		0.00	0.00
Loans			

Write offs	0.00	0.00
Management fees and other charges		
Administrative fees	515,143.03	3,893,683.74
Incentive fees	0.00	0.00
Treasury management fees	0.00	0.00
Other charges	2,434,724.86	7,031,067.33
Revenues		
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))	310,097.92	469,663.83
Net FX gains (+) / losses (-)	-316,612.56	616,998.73
Other revenues	0.00	410,010.92
	2023	2022
Risk exposure		
Maximum financial risk exposure	485,078,212.60	463,858,371.73
Value of equity investments	476,454,793.14	452,532,940.19
Value of loans	0.00	0.00
Financial liabilities and provisions	957,486.88	3,337,318.86
Assets under treasury management		
Balance in the fiduciary bank account (including short term deposits <3months)	6,498,372.51	10,756,060.33
Other financial assets (including short term deposits >3months)	0.00	0.00

FMO - Entrepreneurial Development Bank

Managing party	Chapter	Financial Instrument	Area
FMO	6.2	AgriFI Country Window for Sri Lanka	External Policies IFCA & AIF
	6.4	Agriculture Financing Initiative	External Policies Thematic blending
	6.4	Climate Investor One	External Policies Thematic blending
	6.4	Climate Investor One - Energy Efficiency Initiative	External Policies Thematic blending
	6.4	Climate Investor Two	External Policies Thematic blending
	6.4	Electrification Financing Initiative	External Policies Thematic blending

Financial Information (EUR)			
Implementing Partner/Managing party		FMO	
		2023	All years
EU Contribution			
Budgetary commitments		0.00	281,544,712.26
Budgetary payments		55,151,179.65	241,781,596.09
Reflows			
Total reflows entered into the budget, of which:		1,176,946.00	2,702,924.00
	<i>to the general budget</i>	1,176,946.00	2,702,924.00
	<i>returned to be used</i>	0.00	0.00
Losses from operations			
Guarantees			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
Equities			
Realised losses		0.00	0.00
Loans			
Write offs		4,467,881.24	6,650,073.80
Management fees and other charges			
Administrative fees		234,822.84	1,217,367.82
Incentive fees		0.00	3.00
Treasury management fees		0.00	0.00
Other charges		1,234,836.22	1,310,634.05
Revenues			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		609,005.87	11,549,862.23
Net treasury result (including interest) (gains (+) / losses (-))		-625,384.27	-1,509,872.45
Net FX gains (+) / losses (-)		-4,059,694.54	-2,991,639.17
Other revenues		114,166.27	188,129.70
		2023	2022
Risk exposure			
Maximum financial risk exposure		178,328,898.73	153,545,114.62
Value of equity investments		95,370,487.31	72,309,591.18

Value of loans	31,095,161.39	27,634,727.28
Financial liabilities and provisions	1,393,901.19	1,393,829.23
Assets under treasury management		
Balance in the fiduciary bank account (including short term deposits <3months)	27,045,252.35	15,932,292.88
Other financial assets (including short term deposits >3months)	0.00	0.00

Other Implementing Partners/Managing Parties

Managing party	Chapter	Financial Instrument	Area
CUBE IM	1.1	Connecting Europe Broadband Fund (CEBF) – CEF Equity Instrument	Infrastructure & climate change
DWS	1.5	European Energy Efficiency Fund (EEEF)	Infrastructure & climate change
ECFIN	1.6	2020 European Fund for Energy, Climate Change and Infrastructure (Marguerite Fund)	Infrastructure & climate change
EIC Fund	4.5	European Innovation Council (EIC) Fund	SMEs
BGK	6.1	EU Support for Ukrainian MSMEs	External Policies NIP EAST
ADB	6.2	Supporting green infrastructure under the ASEAN Catalytic Green Finance Facility (ACGF)	External Policies IFCA & AIF & APIF
AFD	6.4	Digital Energy Facility (DEF) for the Promotion of Energy Transition and Energy Access - Seed Financing	External Policies Thematic blending
AfDB	6.4	Facility for Energy Inclusion (FEI)	External Policies Thematic blending
Cofides	6.4	HURUMA Fund	External Policies Thematic blending
IFU	6.4	The Spark+ Africa Fund	External Policies Thematic blending
Proparco	6.4	Africa Renewable Energy Scale Up Facility - Guarantee Fund	External Policies Thematic blending
Proparco	6.4	Transferability and Convertibility Facility	External Policies Thematic blending

Financial Information (EUR)		
Implementing Partner/Managing party	Others	
	2023	All years
EU Contribution		
Budgetary commitments	919,620,190.15	3,217,269,368.41
Budgetary payments	443,423,501.56	1,719,153,635.95
Reflows		
Total reflows entered into the budget, of which:	18,084,507.03	86,589,260.09
<i>to the general budget</i>	2,140,845.07	2,888,847.50
<i>returned to be used</i>	15,943,661.96	83,700,411.59
Losses from operations		
Guarantees		
Guarantees called	0.00	0.00
Guarantee calls recovered	0.00	0.00
Equities		
Realised losses	0.00	0.00
Loans		
Write offs	0.00	0.00
Management fees and other charges		
Administrative fees	18,954,790.57	52,081,847.90
Incentive fees	0.00	0.00
Treasury management fees	0.00	0.00
Other charges	7,491,445.40	21,105,923.92
Revenues		
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	21,812,928.11	29,937,626.22

Net treasury result (including interest) (gains (+) / losses (-))	5,970,240.04	11,046,766.28
Net FX gains (+) / losses (-)	-564,871.36	-729,682.41
Other revenues	286,096.00	2,258,145.26
	2023	2022
Risk exposure		
Maximum financial risk exposure	1,287,244,806.16	720,955,599.64
Value of equity investments	764,861,398.85	460,401,296.84
Value of loans	0.00	0.00
Financial liabilities and provisions	10,693,842.04	1,406,337.90
Assets under treasury management		
Balance in the fiduciary bank account (including short term deposits <3months)	540,692,881.56	407,231,080.76
Other financial assets (including short term deposits >3months)	155,370,306.79	247,734,392.95

Annex IV – Summary tables – financial instruments per policy area

Internal Policies

Financial Information (EUR)	Internal Policies	
Implementing Partner/Managing party	EIB, EIF, EIC Fund, DWS, CUBE IM	
	2023	All years
EU Contribution		
Budgetary commitments	813,131,363.56	12,357,371,562.77
<i>of which from third countries</i>	81,393,634.00	362,113,983.12
<i>of which from reflows</i>	0.00	1,558,613,390.06
Budgetary payments	564,678,614.17	10,467,005,716.43
Reflows		
Revenues	118,355,198.58	710,130,600.17
Repayments	110,057,134.63	1,669,565,024.92
Total reflows entered into the budget, of which:	228,412,333.21	2,202,112,499.11
<i>to the general budget</i>	2,229,992.13	29,836,532.99
<i>returned to be used</i>	226,182,341.08	2,172,275,965.12
Losses from operations		
Guarantees		
Guarantees called	431,358,236.00	2,068,013,840.56
Guarantee calls recovered	27,537,628.19	211,505,763.32
Equities		
Realised losses	6,214,231.00	17,505,798.61
Loans		
Write offs	0.00	0.00
Management fees and other charges		
Administrative fees	19,661,557.00	341,785,671.74
Incentive fees	17,145,424.00	348,031,735.69
Treasury management fees	2,340,362.00	24,637,057.83
Other charges	8,521,208.34	142,674,921.32
Revenues		
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	70,843,855.94	913,397,126.45
Net treasury result (including interest) (gains (+) / losses (-))	215,915,480.01	208,731,854.20
Net FX gains (+) / losses (-)	-4,497,341.00	-46,804,581.86
Other revenues	380,891.00	10,259,878.09
	2023	2022
Risk exposure		
Maximum financial risk exposure	6,769,098,593.86	6,847,116,551.08
Value of equity investments	1,906,246,698.84	1,550,188,535.72
<i>Investment at cost</i>	1,661,590,872.72	1,277,009,849.51
Value of loans	32,883,528.00	32,794,084.56
<i>Loans at cost</i>	34,722,510.00	33,249,535.56

Financial liabilities and provisions	745,876,191.48	1,203,461,291.61
Assets under treasury management		
Balance in the fiduciary bank account (including short term deposits <3months)	1,567,156,228.92	1,626,810,289.72
<i>in euro</i>	962,687,827.43	974,624,497.31
<i>in non-euro currencies</i>	604,468,401.00	650,956,874.40
Other financial assets (including short term deposits >3months)	3,459,812,764.30	3,688,796,714.43

Infrastructure & Climate change (Internal Policies)

Financial Information (EUR)	Infrastructure & Climate change	
Implementing Partner/Managing party	EIB, DWS, CUBE IM	
	2023	All years
EU Contribution		
Budgetary commitments	-20,711,061.80	1,187,426,432.57
<i>of which from third countries</i>	0.00	0.00
<i>of which from reflows</i>	0.00	6,882,828.95
Budgetary payments	13,714,619.56	1,072,876,712.37
Reflows		
Revenues	16,498,446.20	78,294,048.55
Repayments	1,587,988.92	62,675,711.61
Total reflows entered into the budget, of which:	18,086,435.12	140,876,054.16
<i>to the general budget</i>	2,140,845.07	4,917,580.72
<i>returned to be used</i>	15,945,590.05	135,958,472.44
Losses from operations		
Guarantees		
Guarantees called	32,597.00	120,809.00
Guarantee calls recovered	32,597.00	60,337.00
Equities		
Realised losses	0.00	0.00
Loans		
Write offs	0.00	0.00
Management fees and other charges		
Administrative fees	0.00	22,812,812.13
Incentive fees	0.00	15,807,340.00
Treasury management fees	403,010.00	4,663,619.27
Other charges	1,339,782.00	59,008,912.30
Revenues		
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	23,982,864.11	126,546,052.08
Net treasury result (including interest) (gains (+) / losses (-))	36,338,479.00	10,870,281.72
Net FX gains (+) / losses (-)	1,196,615.00	482,008.90
Other revenues	0.00	55,748.66
	2023	2022
Risk exposure		
Maximum financial risk exposure	940,939,951.30	956,283,546.38
Value of equity investments	131,977,259.06	140,113,366.58
<i>Investment at cost</i>	152,171,934.01	142,045,303.37
Value of loans	0.00	0.00
<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions	44,504,459.48	41,711,972.04
Assets under treasury management		

Balance in the fiduciary bank account (including short term deposits <3months)	65,591,825.00	62,397,020.00
<i>in euro</i>	49,180,718.00	47,182,527.00
<i>in non-euro currencies</i>	16,411,107.00	15,214,493.00
Other financial assets (including short term deposits >3months)	730,677,768.21	696,094,804.21

Research & Innovation (Internal Policies)

Financial Information (EUR)	Research & Innovation	
Implementing Partner/Managing party	EIB	
	2023	All years
EU Contribution		
Budgetary commitments	0.00	3,191,830,000.00
<i>of which from third countries</i>	0.00	9,405,382.00
<i>of which from reflows</i>	0.00	1,132,969,862.65
Budgetary payments	83.02	3,191,830,000.00
Reflows		
Revenues	0.00	324,738,585.00
Repayments	0.00	1,048,220,039.86
Total reflows entered into the budget, of which:	0.00	1,372,958,624.86
<i>to the general budget</i>	0.00	0.00
<i>returned to be used</i>	0.00	1,372,958,624.86
Losses from operations		
Guarantees		
Guarantees called	90,802,518.00	412,464,234.00
Guarantee calls recovered	923,964.00	58,598,041.00
Equities		
Realised losses	0.00	0.00
Loans		
Write offs	0.00	0.00
Management fees and other charges		
Administrative fees	-262,369.00	83,639,447.25
Incentive fees	0.00	68,909,505.00
Treasury management fees	694,541.00	11,070,872.80
Other charges	9,880.00	51,983,690.00
Revenues		
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	9,246,415.00	590,809,093.15
Net treasury result (including interest) (gains (+) / losses (-))	90,559,391.00	83,319,604.74
Net FX gains (+) / losses (-)	98,065.00	-110,683.90
Other revenues	0.00	27,923.43
	2023	2022
Risk exposure		
Maximum financial risk exposure	1,785,671,060.00	1,957,461,547.00
Value of equity investments	0.00	0.00
<i>Investment at cost</i>	0.00	0.00
Value of loans	0.00	0.00
<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions	40,102,914.00	84,259,050.33
Assets under treasury management		

Balance in the fiduciary bank account (including short term deposits <3months)	13,827,209.74	13,700,864.54
<i>in euro</i>	13,827,209.43	9,578,861.31
<i>in non-euro currencies</i>	0.00	4,122,000.00
Other financial assets (including short term deposits >3months)	1,903,943,116.58	1,872,241,035.58

Social & Education (Internal Policies)

Financial Information (EUR)	Social & Education	
Implementing Partner/Managing party	EIF	
	2023	All years
EU Contribution		
Budgetary commitments	0.00	336,911,503.00
<i>of which from third countries</i>	0.00	123,818.00
<i>of which from reflows</i>	0.00	68,852,830.70
Budgetary payments	6,632,724.59	325,409,227.59
Reflows		
Revenues	3,672,069.39	5,559,725.58
Repayments	397,764.08	80,040,399.35
Total reflows entered into the budget, of which:	4,069,833.47	85,600,124.93
<i>to the general budget</i>	89,147.06	1,938,109.27
<i>returned to be used</i>	3,980,686.41	83,662,015.66
Losses from operations		
Guarantees		
Guarantees called	20,486,361.00	102,461,950.95
Guarantee calls recovered	10,630.00	1,342,978.46
Equities		
Realised losses	0.00	7,043,715.00
Loans		
Write offs	0.00	0.00
Management fees and other charges		
Administrative fees	752,335.00	16,600,649.89
Incentive fees	0.00	4,949,184.00
Treasury management fees	88,896.00	545,539.76
Other charges	8,800.00	404,148.17
Revenues		
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	1,821,070.00	5,087,933.08
Net treasury result (including interest) (gains (+) / losses (-))	4,882,852.84	12,101,138.04
Net FX gains (+) / losses (-)	-26,907.00	-4,819,456.86
Other revenues	74,277.00	74,347.00
	2023	2022
Risk exposure		
Maximum financial risk exposure	118,609,521.00	137,905,696.56
Value of equity investments	67,061,154.00	65,878,880.00
<i>Investment at cost</i>	72,137,567.00	72,137,567.00
Value of loans	32,883,528.00	32,794,084.56
<i>Loans at cost</i>	34,722,510.00	33,249,535.56
Financial liabilities and provisions	16,776,104.00	37,320,061.00
Assets under treasury management		

Balance in the fiduciary bank account (including short term deposits <3months)	90,447,131.00	103,865,239.00
<i>in euro</i>	14,673,712.00	18,749,979.00
<i>in non-euro currencies</i>	75,773,419.00	83,886,345.40
Other financial assets (including short term deposits >3months)	2,581,113.51	2,500,666.84

SMEs (Internal Policies)

Financial Information (EUR)	SMEs	
Implementing Partner/Managing party	EIF, EIC Fund	
	2023	All years
EU Contribution		
Budgetary commitments	833,842,425.36	7,641,203,627.20
<i>of which from third countries</i>	81,393,634.00	352,584,783.12
<i>of which from reflows</i>	0.00	349,907,867.76
Budgetary payments	544,331,187.00	5,876,889,776.47
Reflows		
Revenues	98,184,682.99	301,538,241.04
Repayments	108,071,381.63	478,628,874.10
Total reflows entered into the budget, of which:	206,256,064.62	602,677,695.16
<i>to the general budget</i>	0.00	22,980,843.00
<i>returned to be used</i>	206,256,064.62	579,696,852.16
Losses from operations		
Guarantees		
Guarantees called	320,036,760.00	1,552,966,846.61
Guarantee calls recovered	26,570,437.19	151,504,406.86
Equities		
Realised losses	6,214,231.00	10,462,083.61
Loans		
Write offs	0.00	0.00
Management fees and other charges		
Administrative fees	19,171,591.00	218,732,762.47
Incentive fees	17,145,424.00	258,365,706.69
Treasury management fees	1,153,915.00	8,357,026.00
Other charges	7,162,746.34	31,278,170.85
Revenues		
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	35,793,506.83	190,954,048.14
Net treasury result (including interest) (gains (+) / losses (-))	84,134,757.17	102,440,829.70
Net FX gains (+) / losses (-)	-5,765,114.00	-42,356,450.00
Other revenues	306,614.00	10,101,859.00
	2023	2022
Risk exposure		
Maximum financial risk exposure	3,923,878,061.56	3,795,465,761.14
Value of equity investments	1,707,208,285.78	1,344,196,289.14
<i>Investment at cost</i>	1,437,281,371.71	1,062,826,979.14
Value of loans	0.00	0.00
<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions	644,492,714.00	1,040,170,208.24
Assets under treasury management		

Balance in the fiduciary bank account (including short term deposits <3months)	1,397,290,063.18	1,446,847,166.18
<i>in euro</i>	885,006,188.00	899,113,130.00
<i>in non-euro currencies</i>	512,283,875.00	547,734,036.00
Other financial assets (including short term deposits >3months)	822,610,766.00	1,117,960,207.80

External Policies

Financial Information (EUR)	External Policies	
Implementing Partner/Managing party	EIB, EIF, EBRD, KfW, BGK, AFD, AfDB, Cofides, FMO, Proparco, IFU, ADB	
	2023	All years
EU Contribution		
Budgetary commitments	298,477,064.15	2,156,354,207.68
Budgetary payments	234,935,958.68	1,505,464,459.29
Reflows		
Total reflows entered into the budget, of which:	13,659,606.36	79,936,503.72
<i>to the general budget</i>	1,235,306.65	41,367,783.68
<i>returned to be used</i>	12,424,299.71	38,568,720.04
Losses from operations		
Guarantees		
Guarantees called	1,575,314.22	15,943,536.22
Guarantee calls recovered	499,918.17	3,087,737.25
Equities		
Realised losses	7,476,304.00	7,798,306.00
Loans		
Write offs	4,467,881.24	6,650,073.80
Management fees and other charges		
Administrative fees	2,394,465.56	40,558,593.27
Incentive fees	480,000.00	4,471,897.00
Treasury management fees	18,830.00	214,713.00
Other charges	31,338,731.19	82,773,939.49
Revenues		
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	10,380,175.34	37,239,827.69
Net treasury result (including interest) (gains (+) / losses (-))	8,262,048.72	10,588,874.95
Net FX gains (+) / losses (-)	-6,613,114.87	-2,308,719.06
Other revenues	1,561,485.69	5,223,221.78
	2023	2022
Risk exposure		
Maximum financial risk exposure	1,093,694,348.94	978,026,145.88
Value of equity investments	768,842,414.63	736,092,908.89
Value of loans	31,095,161.39	27,634,726.83
Financial liabilities and provisions	31,343,353.45	16,513,840.16
Assets under treasury management		
Balance in the fiduciary bank account (including short term deposits <3months)	323,488,297.64	232,855,924.15
Other financial assets (including short term deposits >3months)	43,598,212.96	28,454,981.12

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