



EUROPEAN  
COMMISSION

Brussels, 28.10.2020  
SWD(2020) 241 final

**COMMISSION STAFF WORKING DOCUMENT**

*Accompanying the document*

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND  
THE COUNCIL**

**ON GUARANTEES COVERED BY THE GENERAL BUDGET**

**Situation at 31 December 2019**

{ COM(2020) 677 final }

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## 1. INTRODUCTION

This working document is published in parallel with the report of the Commission to the European Parliament and the Council on guarantees covered by the EU budget at 31 December 2019. It provides further information on the risk borne by the EU budget related to Member States and third countries. An overview of the outstanding amount of loans covered by the EU budget under each programme is presented in section 2. Data concerning EU loans are processed by the Commission whereas EIB ("the Bank") figures have been provided by the Bank.

## 2. OVERVIEW OF CAPITAL LOAN OPERATIONS COVERED BY THE EU GUARANTEE

The graph hereunder shows the breakdown of outstanding amounts by financial instrument. Each financing facility is detailed in the sections below.

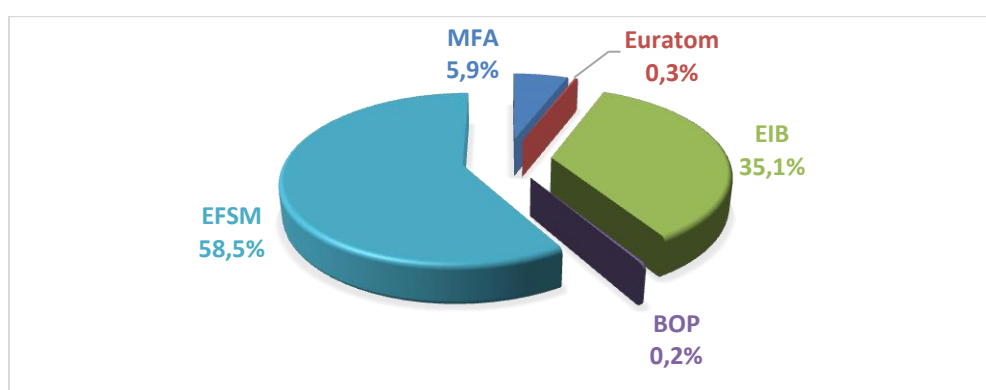


Table A1 shows the outstanding amount of capital in respect of borrowing and lending operations for which the risk is covered by the EU budget. The figures show the maximum possible risk for the EU for these operations and must not be read as meaning that these amounts will actually be drawn from the Guarantee Fund for external actions ("the Fund") or the EU budget. Accordingly, the relevant amounts are not registered as expenditure in the EU budget; rather they are formally recorded pro memoria only.

**TABLE A1: CAPITAL OUTSTANDING IN RESPECT OF OPERATIONS DISBURSED at 31.12.2019 (in EUR million)**

Operations	Authorised ceiling (a)	Capital outstanding (b) at 31.12.2018	Capital outstanding (b) at 31.12.2019	Amount signed (minus cancellation) but not disbursed
<b>MEMBER STATES</b>				
<b>EIB (1)</b>		1,141	933	0
<b>Euratom (2)</b>	4,000			
Bulgaria		34	17	0
Romania		119	96	0
<b>BOP</b>				
Latvia	3,100	700	200	0
Romania	5,000	1,000	0	0
<b>EFSM</b>				
Ireland	22,500	22,500	22,500	0
Portugal	26,000	24,300	24,300	0
<b>MEMBER STATES - TOTAL</b>	<b>60,600</b>	<b>49,794</b>	<b>48,045</b>	<b>0</b>
<b>THIRD COUNTRIES</b>				
<b>Macro-Financial Assistance</b>				
Albania	9	5	4	0
Armenia	65	65	65	0
Bosnia and Herzegovina	140	108	94	0
fYRoM	90	0	0	0
Georgia	58	38	38	20
Jordan	380	280	380	0
Kyrgyzstan	15	15	15	0
Moldova	60	0	20	0
Montenegro	7	1	0	0
Serbia	473	39	3	0
Tunisia	800	500	800	0
Ukraine	3,810	3,310	3,310	500
<b>Euratom (2)</b>		100	100	200
<b>EIB</b>				0
EIB Pre-Accession countries	37,178	10,718	10,197	2,290
EIB Neighbourhood and Partnership countries (3)	49,170	12,552	12,961	11,905
EIB Asia and Latin America	12,440	2,545	2,519	3,011
EIB South Africa	2,898	694	771	143
EIB Climate Change Mandate	2,000	887	878	333
<b>THIRD COUNTRIES - TOTAL</b>	<b>109,593</b>	<b>31,856</b>	<b>32,153</b>	<b>18,402</b>
<b>GRAND TOTAL</b>		<b>81,650</b>	<b>80,199</b>	<b>18,402</b>

(1) There is no ceiling as it concerns countries which were not Member States at the time the EIB mandates were adopted.

(2) The overall ceiling is EUR 4 000 million for loans to Member States and to certain non-member States.

(3) Loans subrogated to the EU following Syria defaults are included in this figure.

(a) Authorized ceiling: this is the aggregate of the maximum amounts of capital authorised (ceilings) for each operation decided by the Council or by the European Parliament and the Council.

(b) Capital outstanding: this is the amount of capital still to be repaid on a given date in respect of operations disbursed.

## 2.1. Loan operations covered by the EU budget guarantee

The EU budget covers three types of operations. These are:

### 2.1.1. EU loan operations to Member States

The outstanding risk of these operations is covered by the EU Budget. They relate to BOP, EFSM and to borrowing and lending granted to certain Member States prior to their EU accession under Euratom (table A2a) and EIB guaranteed financing operations (table A3).

TABLE A2a: BoP, EFSM and Euratom lending operations to Member States (EUR million)  
Period 01.01.2019 - 31.12.2019

Instrument	Decision	Date of decision	Availability period (for Request for Funds)	Loan situation	Amounts decided	Amounts outstanding at 31.12.2018	Operations made in 2019		Amounts outstanding at 31.12.2019
				- closed (a) - partially disbursed (b) - disbursed in full (c) - not yet disbursed (d)			Amounts disbursed	Amounts repaid	
<b>BOP</b>	2002/332/EC (*)	18-02-2002		50,000.00	10,100.00	1,700.00	0.00	1,500.00	200.00
Latvia	2009/290/EC	20-01-2009	closed	(b)	3,100.00	700.00	0.00	500.00	200.00
Romania	2009/459/EC	06-05-2009	closed	(a)	5,000.00	1,000.00	0.00	1,000.00	
Precautionary BOP for Romania	2013/531/EU	22-10-2013	closed	(a)	2,000.00				
<b>EFSM</b>	2010/407/EU	11-05-2010		60,000.00	48,500.00	46,800.00	0.00	0.00	46,800.00
Ireland	2011/77/EU	07-12-2010	closed	(c)	22,500.00	22,500.00	0.00	0.00	22,500.00
Portugal	2011/344/EU	17-05-2011	closed	(b)	26,000.00	24,300.00	0.00	0.00	24,300.00
<b>EURATOM</b>	94/179/Euratom	29-03-1977		4,000.00	436.00	152.91	0.00	40.08	112.84
Bulgaria	77/270-271/Euratom SEC(2000)661/2	18-04-2000	closed	(c)	212.50	33.81	0.00	16.88	16.94
Romania	C(2004)891	30-03-2004	closed	(c)	223.50	119.10	0.00	23.20	95.90
<b>TOTAL</b>					59,036.00	48,652.91	0.00	1,540.08	47,112.84

(\*) Regulation establishing the facility stipulating that the outstanding amount of loans to be granted to Member States shall be limited to EUR billion 50 in principal

## 2.1.2. EU loan operations to non-Member States

These operations are covered by the Fund. They relate to MFA, Euratom (Table A2b) and EIB guaranteed lending operations to third countries or Member States before accession to the EU (table A3).

TABLE A2b: European Union (MFA) and Euratom loans to Third countries (EUR million)  
Period 01.01.2019 - 31.12.2019

Country	Decision	Date of decision	Availability Period (for Request for Funds)	Loan situation - closed (a) - partially disbursed (b) - disbursed in full (c) - not yet disbursed (d)	Amounts decided	Amounts outstanding outstanding at 31.12.2018	Operations made in 2019		Amounts outstanding at 31.12.2019
							Amounts disbursed	Amounts repaid	
<b>MFA</b>					<b>3,802,897.00</b>	<b>4,360.73</b>	<b>420.00</b>	<b>52.13</b>	<b>4,728.60</b>
ALBANIA	2004/580/EC	29.04.04	closed	(c)	9.00	5.40		1.80	3.60
ARMENIA	2009/890/EC	30.11.09	closed	(c)	65.00	65.00			65.00
BOSNIA AND HERZEGOVINA	99/325/EC 02/883/EC 2009/891/EC	10.05.99 09.11.02 30.11.09	closed closed closed	(c) (c) (c)	20.00 20.00 100.00	108.00		14.00	94.00
GEORGIA	778/2013/EU (EU) 2018/598	12.08.13 18.04.18	closed 29.05.21	(c) (b)	23.00 35.00	38.00			38.00
JORDAN	1351/2013/EU 2371/2016/EU	11.12.13 14.12.16	closed 03.04.20	(c) (c)	180.00 200.00	280.00	100.00		380.00
KYRGYZ REPUBLIC	1025/2013/EU	22.10.13	closed	(c)	15.00	15.00			15.00
MONTENEGRO*	2001/549/EC* 2002/882/EC*	16.07.01 09.11.02	closed closed	(c)	225.00 55.00	0.60		0.30	0.30
REPUBLIC OF MOLDOVA	2017/1565/EU	13.09.17	18.07.20	(b)	60.00		20.00		20.00
SERBIA *	2001/549/EC* 2002/882/EC* 2009/892/EC	16.07.01 09.11.02 30.11.09	closed closed closed	(c) (c) (b)	225.00 55.00 200.00	38.73		36.03	2.70
TUNISIA	534/2014/EU 1112/2016/EU	15.05.14 06.07.16	closed 08.03.20	(c) (c)	300.00 500.00	500.00	300.00		800.00
UKRAINE	2002/639/EC 2010/646/EC 2014/215/EU EU/2015/601 (EU) 2018/947	12.07.02 7.07.10 14.04.14 15.04.15 04.07.18	closed closed closed closed 22.05.21	(c) (c) (c) (c) (b)	110.00 500.00 1,000,000.00 1,800,000.00 1,000,000.00	3,310.00			3,310.00
<b>EURATOM</b>									
UKRAINE (Euratom)	94/179/EC  K2-R4 project  Safety Upgrade	21.03.94  15.03.07 06.10.08 15.10.09  24.6.2013	     	 (c) (c) (c)  (b)	     EUR equivalent **** 39.0 EUR 22.0 USD 10.3 USD of USD 83 million 300.00	<b>100.00</b>			<b>100.00</b>
<b>TOTAL</b>						<b>4,460.73</b>	<b>420.00</b>	<b>52.13</b>	<b>4,828.60</b>

\* The decision refers to Serbia and Montenegro but the outstanding amounts of the two countries have been split as of 01.01.11 following the signature of the loan agreement with Montenegro on 09/02/2010 confirmed by Serbia on 24/11/2010

\*\* Means that the Council Decision did not foresee any expiry date and the total amount has not been disbursed

\*\*\* Means that the Memorandum of Understanding and the Loan Agreement have not been signed or have not entered into force

\*\*\*\* including exchange rate valuation

### 2.1.3. *Guarantees given to the EIB*

The EU provides a guarantee in respect of financing granted by the EIB under the external lending mandates (ELM).

The guarantee given to the EIB depends on the Mandate under which the loans are granted. The EU guarantee is limited as detailed below<sup>1</sup>:

- 75% of the total amounts of loans signed in the Mediterranean countries based on the Mediterranean protocols of 1977 and Council Regulations 1762/92/EEC and 1763/92/EEC;
- 70% of the total amounts of loans signed as part of lending operations with certain non-Member States authorised by Council Decisions 96/723/EC, 97/256/EC, 98/348/EC and 98/729/EC;
- the 65% guarantee rate covers three different mandates:
  - regarding the 2000/2007 Mandate, the EU budget guarantee is restricted to 65% of the aggregate amount of credits opened (i.e. loans signed and not cancelled) plus all related sums authorised by Council Decisions 1999/786/EC<sup>2</sup> and 2008/580/EC (codified version)<sup>3</sup>;
  - for the last two Mandates (2007-2013 and 2014-2020), the EU budget guarantee is restricted to 65% of the aggregate amount of credits disbursed and guarantees provided under EIB financing operations, less amounts reimbursed, plus all related amounts authorised by Decisions No 1080/2011/EU<sup>4</sup> and No 466/2014/ EU<sup>5</sup>.

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<sup>1</sup> Within each portfolio individual EIB loans are, de facto, guaranteed at 100% until the global ceiling is reached.

<sup>2</sup> OJ L 308, 3.12.1999, p. 35.

<sup>3</sup> OJ L 186, 15.7.2008, p. 30.

<sup>4</sup> Decision No 1080/2011/EU of the European Parliament and of the Council of 25 October 2011 granting an EU guarantee to the European Investment Bank against losses under loans and loan guarantees for projects outside the Union and repealing Decision No 633/2009/EC (OJ L 280, 27.10.2011, p. 1).

<sup>5</sup> Decision No 466/2014/EU of the European Parliament and of the Council of 16 April 2014 granting an EU guarantee to the European Investment Bank against losses under financing operations supporting investment projects outside the Union (OJ L135 of 8.5.2014, p.1).

TABLE A3: EIB FINANCING OPERATIONS WITH EU GUARANTEE at 31.12.2019 (in EUR million)

Operations	Authorised ceiling	Net signatures (a)	Amounts disbursed	Outstanding capital
<b>Mandate 2014/2020:</b>	<b>32 300</b>	<b>22 442</b>	<b>7 988</b>	<b>7 033</b>
<u>Pre-Accession countries</u>	<u>8 075</u>	<u>3 523</u>	<u>1 639</u>	<u>1 629</u>
<u>Neighbourhood and Partnership countries:</u>	<u>19 680</u>	<u>14 928</u>	<u>5 139</u>	<u>4 341</u>
<i>Mediterranean countries</i>	13 030	8 516	3 606	2 930
<i>Eastern Europe, Southern Caucasus and Russia</i>	6 650	6 412	1 533	1 411
<u>Asia and Latin America:</u>	<u>4 083</u>	<u>3 621</u>	<u>983</u>	<u>833</u>
<i>Latin America</i>	2 694	2 346	713	562
<i>Asia</i>	1 165	1 051	252	252
<i>Central Asia</i>	224	224	19	19
<u>South Africa</u>	<u>462</u>	<u>370</u>	<u>227</u>	<u>230</u>
<b>Mandate 2007/2013:</b>	<b>29 484</b>	<b>25 244</b>	<b>22 127</b>	<b>15 080</b>
<u>Pre-Accession countries</u>	<u>9 048</u>	<u>8 712</u>	<u>8 310</u>	<u>5 722</u>
<u>Neighbourhood and Partnership countries:</u>	<u>13 548</u>	<u>10 921</u>	<u>8 893</u>	<u>6 537</u>
<i>Mediterranean countries</i>	9 700	8 209	6 981	5 243
<i>Eastern Europe, Southern Caucasus and Russia</i>	3 848	2 713	1 912	1 294
<u>Asia and Latin America:</u>	<u>3 952</u>	<u>3 506</u>	<u>3 172</u>	<u>1 547</u>
<i>Latin America</i>	2 912	2 480	2 463	1 097
<i>Asia</i>	1 040	1 019	701	440
<i>Central Asia</i>		7	7	9
<u>South Africa</u>	<u>936</u>	<u>756</u>	<u>756</u>	<u>397</u>
<u>Climate change mandate</u>	<u>2 000</u>	<u>1 349</u>	<u>997</u>	<u>878</u>
<b>Mandate 2000/2007(3):</b>	<b>20 060</b>	<b>18 335</b>	<b>18 297</b>	<b>5 568</b>
<i>Pre-Accession countries</i>	10 235	6 691	6 691	2 798
<i>Neighbourhood and Partnership countries</i>	6 520	5 617	5 579	1 740
<i>Asia and Latin America</i>	2 480	2 105	2 105	139
<i>South Africa</i>	825	817	817	125
<i>Member States (following the accession)2</i>		3 105	3 105	766
<b>sub-total 65 %(1)</b>	<b>81 844</b>	<b>66 021</b>	<b>48 413</b>	<b>27 681</b>
<b>Financial agreements (70% Guarantee rate)</b>				
<i>Pre-Accession countries</i>	3 770	477	477	47
<i>Neighbourhood and Partnership countries</i>	2 310	1 587	1 587	30
<i>Asia and Latin America:</i>	1 022	809	809	0
<i>South Africa</i>	375	375	375	20
<i>Member States (following the accession)2</i>		3 235	3 235	167
<b>sub-total 70 %(1)</b>	<b>7 477</b>	<b>6 482</b>	<b>6 482</b>	<b>264</b>
<b>Financial agreements (75% Guarantee rate)</b>				
<i>Pre-Accession countries</i>	1 350	590	590	0
<i>Neighbourhood and Partnership countries</i>	6 362	4 478	4 478	127
<i>Member States (following the accession)2</i>		1 980	1 980	0
<b>sub-total 75 %(1)</b>	<b>7 712</b>	<b>7 047</b>	<b>7 047</b>	<b>127</b>
<b>Financial agreements (100% Guarantee rate)</b>				
<i>Pre-Accession countries</i>	4 700	29	29	0
<i>Neighbourhood and Partnership countries</i>	750	315	315	186
<i>Asia and Latin America</i>	903	710	710	0
<i>South Africa</i>	300	285	285	0
<i>Member States (following the accession)2</i>		3 982	3 982	0
<b>sub-total 100 %(1)</b>	<b>6 653</b>	<b>5 320</b>	<b>5 320</b>	<b>186</b>
<b>Total</b>	<b>103 686</b>	<b>84 871</b>	<b>67 262</b>	<b>28 258</b>

(1) Percentage figures relate to the Guarantee rate.

(2) Loans to Member States were drawn from 'Pre-Accession countries' or from 'Neighbourhood and Partnership countries' ceilings.

(3) Including Turkey Terra and Special Action Turkey.

(a) Net signatures equal amounts signed less cancellations



Annex to TABLE A3

COUNCIL DECISIONS GRANTING AN EU GUARANTEE TO THE EIB

Geographical Area/Mandate	Decision	Date of decision	Rate of guarantee	Date of the Guarantee Agreement	Amount decided EUR m
<b>MED. Financial protocols(1)</b>		08.03.77	75% (2)	30.10.78/10.11.78	6 062
<b>MED. Horizontal cooperation</b>	1762/92/EEC	29.06.92	75% (2)	09.11.92/18.11.92	1 800
<b>TOTAL MED. (3)</b>					<b>7 862</b>
<b>C and E Europe I</b>	90/62/EEC(4)	12.02.90	100%	24.04.90/14.05.90	1 000
	91/252/EEC(5)	14.05.91	100%	19.01.93/04.02.93	700
<b>C and E Europe II</b>	93/696/EC(6)	13.12.93	100%	22.07.94/12.08.94	3 000
<b>Asia, Latin America I</b>	93/115/EEC	15.02.93	100%	04.11.93/17.11.93	750
<b>Asia, Latin America Interim</b>	96/723/EC	12.12.96	100%	18.03.97/26.03.97	153
<b>Asia, Latin America Interim</b>	96/723/EC	12.12.96	70%	21.10.97	122
<b>South Africa</b>	95/207/EC	01.06.95	100%	04.10.95/16.10.95	300
<b>New mandates</b>	97/256/EC(7)	14.04.97	70%	25.07.97/29.07.97	7 105
<b>FYROM</b>	98/348/EC	19.05.98	70%	29.07.98/07.08.98	150
<b>Bosnia and Herzegovina</b>	98/729/CE	14.12.98	70%	16.06.99/22.06.99	100
<b>Turkey Terra</b>	99/786/EC	29.11.99	65%	18.04.00/23.05.00	600
<b>Mandates 2000-2007</b>	2000/24/EC(8)	22.12.99	65%	19.07.00/24.07.00 (11)	19 460
<b>The Baltic Sea basin of Russia</b>	2001/777/EC(9)	06.11.01	100%	06.05.02/07.05.02	100
<b>Russia, Belarus, Rep. Of Moldova and Ukraine</b>	2005/48/EC(10)	22.12.04	100%	21.12.05/09.12.05	500
<b>Mandate 2007-2013</b>	2006/1016/EC(12) (13)	19.12.06	65%	01.08.07/29.08.07 (14)	27 484
<b>Climate change</b>	1080/2011/EU (13)	13.10.11	65%	22.11.11	2 000
<b>Mandate 2014-2020</b>	466/2014/EU (14)	16.04.14	65%	22.07.14/25.07.14	27 000
<b>Amendment to Mandate 2014-2020</b>	2018/412 (15)	14.03.18	65%	30.08.18/03.10.18	5 300
<b>TOTAL</b>					<b>103 686</b>

(1) Including EUR 1500 million for Spain, Greece and Portugal.

(2) General guarantee of 75% for all credits made available under lending operations under a guarantee contract signed between the Community and the EIB on 30.10.78 and 10.11.78.

(3) The Community has guaranteed EUR 5,497 million, of which EUR 1415 million were covered by a 100% guarantee for Portugal.

(4) Poland, Hungary.

(5) Czech Republic and Slovak Republic, Bulgaria, Romania.

(6) Poland, Hungary, Czech Republic and Slovak Republic, Bulgaria, Romania, Baltic States and Albania.

(7) Central and Eastern Europe, Mediterranean, Asia and Latin America, South Africa.

(8) South-eastern Neighbours, Mediterranean countries, Latin America and Asia, Republic of South Africa, Special action Turkey, as amended (2005/47/EC).

(9) A special lending action for selected environmental projects in the Baltic Sea basin of Russia under the Northern Dimension.

(10) A special lending action for certain types of projects in Russia, Belarus, Republic of Moldova and Ukraine.

(11) Restated and amended in 2005.

(12) Pre-Accession countries, Neighbourhood and Partnership countries, Asia and Latin America, Republic of South Africa.

(13) The initial amount of EUR 25,800 has been increased up to EUR 29,484 million further to a Council and European Parliament Decision of 13.10.2011, granting an additional mandate of EUR 2,000 million to tackle climate change and an amount of EUR 1,684 million to foster EIB risk policy.

(14) The Decision establishes a fixed ceiling of EUR 27 billion + an optional additional amount of EUR 3 billion to be decided and activated in whole or in part following the mid-term review of the EIB Mandate.

(15) The ceiling fixed in 2014 was increased to EUR 32,300 million, to allow responding to potential upcoming challenges and Union priorities, as well as to fulfil a new objective on economic resilience.

## 2.2. Cumulative and annual EU budget guarantee exposures

With the amortization profile based on the existing loans disbursed, it is possible to calculate the total capital exposure of the EU budget and the total capital and interest payments due to be received each year. The following table A4 includes the estimated amount of principal and interest due each financial year by each country according to disbursements made until 31 December 2019<sup>6</sup>. Data related to Member States are highlighted in yellow in the following table.

<sup>6</sup> For the purpose of this calculation, it is assumed that defaulting loans are not accelerated, i.e. only due payments are taken into account.

Table A4: Total annual risk borne by the Budget based on the amounts (capital and interest) due under MFA, BOP, Euratom, EFSM and EIB operations disbursed at 31.12.2019

Ranking	Country	Total repayments due	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030-2049
1	Portugal	28 948.3	584.3	7 334.3	3 085.5	1 811.3	2 101.9	268.1	2 268.1	2 208.1	158.1	558.1	8 570.5
2	Ireland	27 612.1	515.6	3 515.6	410.6	2 410.6	1 198.1	2 783.1	2 371.1	1 311.1	2 586.1	1 220	9 290.0
3	Turkey	8 461.1	633.3	696.9	682.4	620.8	585.5	514.2	501.4	478.1	437.3	388.1	2 923.0
4	Ukraine	5 518.9	788.6	201.5	205.5	189.3	745.4	108.3	149.5	199.1	187.3	891.7	1 852.6
5	Morocco	3 496.0	296.3	332.1	334.9	325.5	313.8	292.8	246.3	184.4	179.2	177.7	812.9
6	Egypt	3 282.7	271.9	595.6	582	316.8	308	298.5	207.6	146.5	89.6	87.2	379
7	Tunisia	3 058.3	269.8	283.2	275	248.5	235.6	211.3	195.9	240	200.9	73.8	824.2
8	Serbia	2 177.9	148.9	156.8	156.9	148.1	146.1	143.4	133.3	122.7	109.7	103.8	808.2
9	Bosnia and Herzegovina	1 229.3	78.1	73.2	73.5	128.5	65	65.4	64.8	62.6	61.2	59.4	497.7
10	South Africa	975.1	100.6	98.6	94.9	94.1	86.4	93.3	150.3	43.4	40	39.3	134.1
11	Jordan	920.9	53.2	64	73.9	74.2	52.8	73.1	50.9	45	45.7	125.6	262.6
12	Romania	679.4	143.1	113.8	96	83.4	80.8	54.3	39.3	33.5	25.8	7	2.4
13	Georgia	653.7	25.5	32.2	32.7	28.5	24.5	24.9	28.6	28.2	29.6	29.5	369.4
14	Lebanon	618.1	71.9	96.5	102.8	93.4	88	79.8	55.3	18.2	7.9	1.4	2.9
15	Israel	521.3	29.4	30.1	31	32.5	33.6	32.9	33.4	31.2	32.3	34.3	200.6
16	Panama	484.5	57.4	52.2	51.8	52	50.5	50	49.5	48.9	48.4	3.5	20.3
17	Ecuador	470.8	-	13.8	19.6	27.6	33.9	34.1	33.4	32.6	31.9	31.2	212.6
18	Montenegro	429.4	26.2	39.1	45.5	44.7	44.4	43.4	41.8	40.2	34.4	24.1	45.5
19	Brazil	322.7	51	35.3	19.9	25.4	25.2	25	13.3	13.3	13.3	13.3	87.5
20	India	320.7	18.8	6.9	9.3	9.3	9.3	9.3	9.3	142.4	70.8	5.6	29.6
21	Moldova, Republic of	320.4	16.5	20.6	23.4	24	26.8	26.1	24.3	22.3	20.1	18.3	98.1
22	Armenia	310.8	15.5	22.5	23.2	23.6	23.5	23	83.5	11.8	11.4	11.2	61.4
23	Latvia	236.6	7.2	6.5	5.8	5.8	5.8	205.8	0	0	0	0	0
24	North Macedonia	192.1	12.2	17	20.2	21.3	20.8	18.7	18.2	16.6	12	11.5	23.6
25	Bulgaria	183.1	46.5	39.3	30.3	23.1	17.8	10.4	4.2	4	3.9	3.3	0.2
26	Albania	182.0	27.2	26.4	22.1	19.9	17.7	15.7	13.9	12.6	9.8	5	11.6
27	Syrian Arab Republic	166.6	52.3	31.4	26.4	19.7	18.1	3.4	3.4	3.4	3.4	3.4	1.7
28	Viet Nam	161.4	13.9	12.5	10	10.5	10.9	11.7	12	11.9	11.8	10.1	46.2
29	Croatia	160.1	32.6	28.5	23.7	20.9	18.7	15.4	7.4	4.3	3.1	2.4	2.9
30	Nicaragua	149.0	6.9	7.7	7.9	8.6	9.8	10.7	10.4	10.2	9.9	9.7	57.2
31	Sri Lanka	144.7	15.5	15.6	12.5	11.4	10.6	10	10	8.4	6.8	6.7	37.2
32	Bangladesh	116.3	-	-	0.7	1.8	2.5	6.1	6	6	6	6	81.3
33	Argentina	107.8	12.8	21.6	15.4	9.3	9.6	9.9	9.9	9.9	0.9	0.9	7.6
34	Paraguay	91.0	6.8	10.5	8.1	3.4	3.4	3.4	3.4	3.4	3.4	3.4	41.7
35	Honduras	89.7	2.5	3.1	4.1	5.9	7.3	7.3	7.3	7.3	6.8	6.8	31.2
36	Costa Rica	83.3	-	2.3	3	3.2	4	4.1	4	4	4	4	50.5
37	Bolivia	82.7	1.6	2.3	3.5	3.8	3.8	5.4	5.4	5.4	5.4	5.3	40.8
38	Belarus	75.9	-	17	16.9	16.9	16.8	8.4	-	-	-	-	-
39	China	70.5	8.8	8.3	6	3.4	3.4	3.4	3.4	3.4	3.4	3.4	23.3
40	Lao People's Democ. Rep.	64.0	3.4	3.5	3.5	3.6	3.7	3.8	3.9	4	4.1	4.2	26.3
41	Slovakia	60.0	13	11.5	7.1	6.1	5.1	4.9	4.8	4.7	2.8	-	0
42	Poland	51.7	18.1	17.2	16.4	-	-	-	-	-	-	-	0
43	Palestine	37.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	1.4	1.4	0
44	Czech Republic	34.6	12.1	11.5	11	-	-	-	-	-	-	-	-
45	Nepal	30.0	-	0.1	1.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	14.2
46	Kyrgyzstan	27.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.7	0.7	5.7	19.3
47	Russian Federation	22.7	3.3	3.2	3.2	3.2	3.2	3.2	3.6	-	-	-	-
48	Tajikistan	18.7	0.9	0.8	1.1	1.5	1.5	1.5	1.5	1.5	1.5	1.4	5.6
49	Mongolia	18.4	-	0.7	1	1	1	1	0.9	0.9	0.9	0.9	10.1
50	Maldives	12.0	1.7	-	-	-	0.8	0.8	0.8	0.8	0.8	0.8	5.5
51	Kosovo	7.8	-	-	-	-	0.2	0.4	0.4	0.4	0.4	0.4	5.5
52	Azerbaijan	6.5	3.2	-	-	-	-	-	-	3.3	-	-	0
53	Indonesia	3.1	3.1	-	-	-	-	-	-	-	-	-	0
54	Lithuania	2.6	1.8	0.8	-	-	-	-	-	-	-	-	-
55	Colombia	0.9	0.9	-	-	-	-	-	-	-	-	-	-
Total MS		57 968.5	1 374.2	11 079	3 686.4	4 361.1	3 428.2	3 342.0	4 694.9	3 565.8	2 779.9	1 790.8	17 866.0
Total non MS		35 534.2	3 134.4	3 039.8	3 009.5	2662	3 053.9	2 284.2	2 197.6	2 031.5	1 746.5	2 212.1	10 162.9
Grand total		93 502.7	4 508.7	14 118.8	6 695.9	7 023.1	6 482.1	5 626.2	6 892.5	5 597.2	4 526.4	4 002.9	28 028.9
Percentage MS		62.0%	30.5%	78.5%	55.1%	62.1%	52.9%	59.4%	68.1%	63.7%	61.4%	44.7%	63.7%

N.B. Amounts reported in the future (i.e., 2020 until 2049) include the expected repayment of Principal and Interest. Interest is included as follows: the total expected interest for Fixed Rate Loans and (only) the next instalment's interest for Variable Rate Loans.

## 2.3. Evolution of risk

The evolution of risk corresponds to the schedule of the total annual repayments (amount in capital including interests due) under all financial instruments covered by the EU budget. In case of loans to Member States, the risk is *directly* covered by the EU budget. Regarding loans to third countries, the risk is covered in the first instance by the Guarantee Fund for external Actions.

The weight of EFSM (58.5% of the total outstanding including accrued interest) clearly highlights that most of the risk is nowadays directly borne by the EU budget, whereas before the financial crisis, EIB loans to non-Member States made up the highest exposure via the Guarantee Fund for external Actions.

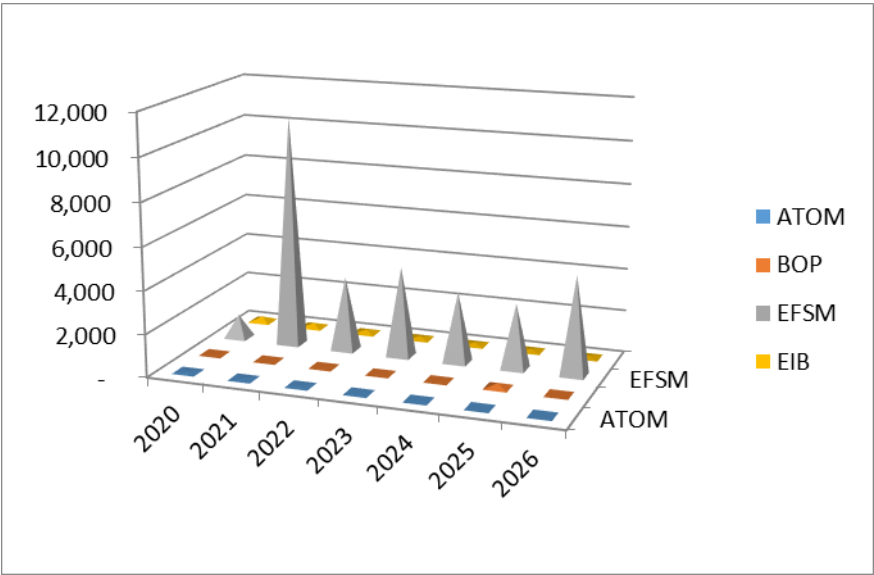
Table 1: Total outstanding amounts covered by the EU budget at 31 December 2019 (in EUR million)

	Outstanding Capital 31.12.2018	Accrued Interest 31.12.2018	Total	%	Outstanding Capital 31.12.2019	Accrued Interest 31.12.2019	Total	%
<b>Member States</b>								
Euratom	152.9	0.5	153.4	0.2%	112.8	0.3	113.2	0.1%
BOP	1 700	33.9	1 733.9	2.1%	200	1.1	201.1	0.2%
EIB	1 141	9	1 150	1.4%	932.6	7	939.6	1.2%
EFSM	46 800	600	47 400	57.5%	46 800	594.4	47 394.4	58.5%
<b>Sub-total Member States</b>	<b>49 793.9</b>	<b>643.3</b>	<b>50 437.2</b>	<b>61.2%</b>	<b>48 045.4</b>	<b>602.9</b>	<b>48 648.3</b>	<b>60.1%</b>
<b>Third Countries</b>								
MFA	4 360.7	26.8	4 387.6	5.3%	4 728.6	25.8	4 754.4	5.9%
Euratom	100	0.5	100.5	0.12%	100	0.5	100.5	0.1%
EIB	27 395.2	147.6	27 542.8	33.4%	27 324.8	138.2	27 463	33.9%
<b>Sub-total third countries</b>	<b>31 855.9</b>	<b>174.9</b>	<b>32 030.9</b>	<b>38.8%</b>	<b>32 153.4</b>	<b>164.4</b>	<b>32 317.8</b>	<b>39.9%</b>
<b>Grand Total</b>	<b>81 649.9</b>	<b>818.2</b>	<b>82 468.1</b>	<b>100%</b>	<b>80 198.8</b>	<b>767.3</b>	<b>80 966.1</b>	<b>100%</b>

### 2.3.1. EU loan operations to Member States

In 2019, Member States represented 60.1% of the EU budget exposure (cumulated total risk borne by the EU budget, see table 1 above) with the following breakdown between the financial instruments:

**Graph A1:** Total annual risk borne by the EU budget (EUR million) related to Member States at 31.12.2019 for the period 2020-2026 (based on amortization plans of existing loans)

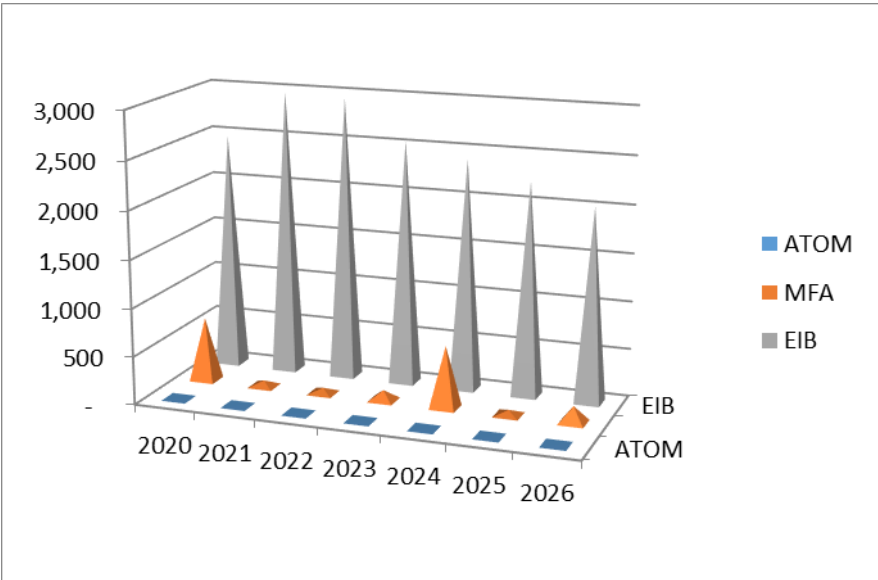


As Graph 1 illustrates, the main risk for the EU budget is linked to EFSM loans, which represent 97.6% of the total outstanding of Member States.

2.3.2. *EU loan operations to non-Member States*

In 2019, non-Member States represented 39.9% of the EU budget exposure (cumulated total risk borne by the EU budget, see table 1 above) with the following breakdown between the financial instruments:

**Graph A2:** Total annual risk borne by the EU budget (EUR million) related to non-Member States at 31.12.2019 for the period 2020-2026 (based on amortization plans of existing loans)



As graph A2 illustrates that the weight of MFA and Euratom loans are marginal in the total annual risk in comparison with the EIB loans granted (these amounts include loans signed and disbursed under all EIB mandates).

### 2.3.3. *Guarantes given to the EIB*

90% of the 2007-2013 EIB external Mandate has been signed but an amount of EUR 3,184 million still remains to be disbursed within 10 years from the end of the Mandate.

<b>Table A5a: EIB loan balances remaining to be disbursed under 2007 - 2013 financial framework (at 31.12.2019) - EUR million</b>			
	<b>Ceiling (a)</b>	<b>Net signatures (b)</b>	<b>Balances to be disbursed (c)</b>
<b>A. Pre-Accession Countries</b>	9 048	8 712	402
<b>B. Neighbourhood and partnership countries</b>	13 548	10 922	2 067
<b>C. Asia and Latin America</b>	3 952	3 506	383
<b>D. South Africa</b>	936	756	0
<b>E. Climate Change Mandate (2011-2013)</b>	2 000	1 350	333
	<b>29 484</b>	<b>25 244</b>	<b>3 184</b>

(a) During the last 6 months of implementation, EUR 100m was re-allocated from the Neighbourhood and Partnership countries to Pre-Accession.

(b) For the limited number of loan commitments signed in USD: conversion into EUR using the exchange rates at signature.

(c) For the limited number of loan commitments signed in USD: conversion of balance into EUR using exchange rate as at 31.12.2019.

The 2014-2020 Mandate covers EIB financing operations to be signed during the period from 1 January 2014 to 31 December 2020.

<b>Table A5b: EIB loan balances remaining to be disbursed under 2014 - 2020 financial framework (at 31.12.2019) - EUR million</b>			
	<b>Ceiling</b>	<b>Net signatures (a)</b>	<b>Balances to be disbursed (b)</b>
<b>A. Pre-Accession Countries</b>	8 075	3 523	1 888
<b>B. Neighbourhood and partnership countries</b>	19 680	14 928	9 801
<b>C. Asia and Latin America</b>	4 083	3 621	2 629
<b>D. South Africa</b>	462	370	143
	<b>32 300</b>	<b>22 442</b>	<b>14 461</b>

(a) For the limited number of loan commitments signed in USD: conversion into EUR using the exchange rates at signature.

(b) For the limited number of loan commitments signed in USD: conversion of balance into EUR using exchange rate as at 31.12.2019.

#### Risk factors:

##### a) Factors increasing the risk:

- the interest on the loans must be added to the authorised ceiling;
- an additional factor to be considered is that some loans are disbursed in currencies other than the EUR. Due to exchange rate fluctuations, the ceiling may be exceeded when the amounts disbursed are converted into EUR at the year end.

##### b) Factors reducing the risk:

- the limitation of the guarantee given to the EIB;
- operations already repaid;
- the ceilings are not necessarily taken up in full;

- in some cases, notably private sector operations, the EU budget guarantee covers only well defined political risk events, with the EIB (or a third party guarantee) covering other risks (e.g. commercial).

## **2.4. Payments under the EU budget guarantees**

The EU borrows on the financial markets and on-lends the proceeds to Member States (BOP, EFSM) and to third countries (MFA) or nuclear sector companies (Euratom).

Procedures have been set up to guarantee the repayments of the borrowings due by the EU and also the guarantees given in connection with the EIB financing operations.

### *2.4.1. EU loan operations*

The loan repayments are scheduled to match the repayments of the borrowings due by the EU. If the recipient of the loan is in default, the Commission will first draw on the budget cash resources to ensure a timely repayment of the EU borrowing on the contractual due date. Therefore, the Commission would draw on its cash resources in order to avoid delays and any resulting costs in servicing its borrowing operations. Furthermore, being mindful of most expenditures taking place during the first quarter of each year, debt redemption is structured for the months thereafter as well as for the beginning of each month when cash balances are highest.

Should the amounts needed for the necessary cash coverage exceed, for a certain period or date, the available treasury funds of the Commission, the Commission would, in accordance with Article 14 of Council Regulation 609/2014<sup>7</sup>, draw on additional cash resources from the Member States in order to fulfil its legal obligations towards its lenders.

In the case of BOP loans, where amounts to be reimbursed can be very high, the beneficiary Member States are required to transfer the amounts due to the European Central Bank seven business days in advance of the contractual due date. This gives enough time for the Commission and Member States to provide for the cash advance to ensure timely repayment in case of default. The same process applies for the EFSM loans with 14 days lead time.

In a second step, the treasury situation would be regularised as follows:

#### BOP and EFSM loans

- a) The Commission may need to propose a transfer or an Amending Budget to budget the cash advance under the corresponding budget line "01 02 02 European Union guarantee for Union borrowings for balance-of-payments support" or "01 02 03 European Union guarantee for Union borrowings for financial assistance under the European financial stabilisation mechanism".
- b) The recovered funds will be re-paid to the EU budget.

#### Euratom and MFA loans

- a) If the payment delay reaches three months after the due date and if the borrower is a third country, the Commission draws on the Guarantee Fund for external action to cover the default<sup>8</sup> and to replenish its treasury.

<sup>7</sup> See Article 14 of Council Regulation (EU, Euratom) No 609/2014 of 26 May 2014 on the methods and procedure for making available the traditional, VAT and GNI-based own resources and on the measures to meet cash requirements (OJ L 168, 7.6.2014, p. 39).

<sup>8</sup> Except for Bulgaria and Romania which were granted Euratom loans before joining the Union. The loans (and loans guarantees) to accession countries were covered by the Fund until the date of accession. From that date, those that remained outstanding ceased to be external actions of the Union and are therefore covered directly by the EU budget.

- b) The Commission might also need to draw on the EU budget, most likely by means of a transfer, to provide the corresponding budget lines under articles "01 03 04 Guarantee for Euratom borrowings to improve the degree of efficiency and safety of nuclear power stations in third countries" or "01 04 03 Guarantee for Euratom borrowings" or "01 03 03 European Union Guarantee for Union borrowings for macro-financial assistance to third countries" with the necessary appropriations needed to cover the default. This method is used when there are insufficient appropriations in the Fund or if the borrower is a Member State and the transfers are likely to require advance authorisation by the budgetary authority.
- c) The recovered funds may either be kept on the Fund account (the next annual provisioning from the EU budget being reduced accordingly) or re-paid to the EU budget.

#### 2.4.2. *Guarantees given to EIB*

The EU provides a guarantee in respect of financing granted by the EIB under the external lending mandates. When the recipient of a guaranteed financing fails to make a payment on the due date, the EIB asks the Commission to pay via the Fund the amounts owed by the defaulting entity in accordance with the relevant guarantee agreement.

The guarantee call must be paid within three months of receiving the EIB's request, either from the Fund<sup>9</sup> or directly from the EU budget should the resources of the Fund be insufficient<sup>10</sup>.

The EIB administers the loan with all the care required by good banking practice and is obliged to seek the recovery of the payments due after the guarantee has been activated.

#### 2.4.3. *Default interest penalties for late payment*

##### a) EU loans

For loans granted by the EU, default interest is owed by loan beneficiaries for the time between the date at which cash resources are made available by the EU budget and the date of repayment to the EU.

##### b) EIB loans

For EIB loans, EIB is entitled to default interest which is calculated during the period between the due date of a defaulted loan instalment and the date of receipt of the cash resources by the EIB from the Commission. From the latter date, default interest is due to the Commission.

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<sup>9</sup> Since the entry into force of Council Regulation (EC, Euratom) No 480/2009 of 25 May 2009 establishing a Guarantee Fund for external actions (codified version), the "Guarantee Fund Regulation" (OJ L 145, 10.6.2009, p.10), the agreement between the EU and the EIB on the management of the Fund foresees that the Commission must authorise the Bank to withdraw the corresponding amounts from the Fund within three months from the date the EIB calls on the guarantee.

<sup>10</sup> If there are insufficient resources in the Fund, the procedure for activating the guarantee is the same as for borrowing/lending operations, see point 2.4.1 above and footnote 7.