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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

**on guarantees covered by the general budget
Situation at 31 December 2015**

{SWD(2016) 292 final}

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1. INTRODUCTION

The objective of this report is to monitor the credit risks borne by the EU budget resulting from the guarantees given and the lending operations implemented directly by the European Union or indirectly through the guarantee granted for EIB financing projects outside the Union.

This report is submitted pursuant to Article 149 of the Financial Regulation[1] which requires the Commission to report annually to the European Parliament and to the Council on EU budget guarantees and the corresponding risks.

The report is structured as follows: section 2 recalls the key features of the operations guaranteed by the EU budget; several other additional crisis management mechanisms, which do not imply any risk for the EU budget, are also presented. Section 3 lays out the evolution of the guaranteed operations. Then, section 4 highlights the main risks covered by the EU budget while section 5 outlines the activation of the guarantees and the evolution of the Guarantee Fund for external actions ("the Fund")[2].

A Commission Staff Working Document (SWD) complements this report with a set of detailed tables and explanatory notes. It also provides a macroeconomic analysis of the countries benefitting from EU loans and/or guarantees, representing the bulk of the exposure of the Fund.

2. OPERATIONS GUARANTEED BY THE EU BUDGET

The risks covered by the EU budget derive from a variety of lending and guarantee operations which can be divided into two categories:

– loans granted by the European Union with macroeconomic objectives, i.e. macro-financial assistance[3] ("MFA") loans to third countries, balance-of-payments[4] ("BOP") loans granting support to non-euro Member States experiencing balance-of-payments difficulties, loans under the European financial stabilisation mechanism ("EFSM")[5] granting support to all Member States experiencing or seriously threatened with a severe economic financial disturbance caused by exceptional occurrences beyond their control and are usually activated in conjunction with a financial support by the International Monetary Fund (IMF);

– loans with microeconomic objectives, i.e. Euratom loans and, most significantly, European Investment Bank ("EIB") financing of operations in non-Member States ("EIB external financing") that are covered by EU guarantees[6].

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1 Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1).

2 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).

3 MFA may also take the form of grants to third countries. References to legal bases are listed in the Annex of Table A2B of the SWD.

4 Council Regulation (EC) N° 332/2002 of 18 February 2002 establishing a facility providing medium-term financial assistance for Member States' balances of payments (OJ L 53, 23.2.2002, p.1).

5 Council Regulation (EU) No 407/2010 of 11 May 2010 establishing a European financial stabilisation mechanism (OJ L 118, 12.5.2010, p.1).

6 References to legal bases are listed in the Annex of Table A3 of the SWD.

The guaranteed EIB external financing, MFA and Euratom loans to third countries have since 1994 been covered by the Guarantee Fund for external Actions, while BOP, EFSM and Euratom loans to Member States are directly covered by the EU budget.

- Guarante Fund for external Actions

The Fund covers defaults on loans and loan guarantees granted to non-Member States or for projects in non-Member States. It was established:

– to provide a 'liquidity cushion' in order to avoid calling on the EU budget every time a default or late payment on a guaranteed loan arises; and

– to create an instrument of budgetary discipline by laying down a financial framework for the development of the EU policy on guarantees for Commission and EIB loans to third countries[7].

If third countries become Member States, loans relating to such countries are no longer covered by the Fund and the risk has to be directly borne by the EU budget. The Fund is provisioned from the EU budget and has to be maintained at a certain percentage of the outstanding amount of the loans and loan guarantees covered by the Fund. This percentage, known as the target rate, is currently 9%[8]. If resources of the Fund are not sufficient, the EU budget will provide the necessary funds.

- Guarante Fund of the European Fund for Strategic Investments

The EU Guarantee covers financing and investment operations signed by the EIB under the Infrastructure and Innovation Window and by the EIF under the SME Window. Part of these operations is covered by the EU Guarantee while a part is carried out at the own risk of the EIB Group[9].

Other crisis management mechanisms which are not covered by the EU budget

As part of the response to the crisis, several other mechanisms have been established which, however, do *not* imply any risk to the EU budget:

- *the Greek Loan Facility (GLF)*[10] which is financed via bilateral loans from other euro area Member States to Greece, centrally administered by the Commission.

- *European Financial Stability Facility (EFSF)*[11]: The EFSF was created by the euro area Member States as a temporary rescue mechanism in June 2010 to provide financial assistance to euro area Member States within the framework of a macroeconomic adjustment programme. The Treaty establishing a permanent rescue mechanism, the European Stability Mechanism (ESM), entered into force on 27 September 2012. Since 1 July 2013, the EFSF

[7] Although external risks are covered *in fine* by the EU budget, the Guarantee Fund acts as an instrument to protect the EU budget against the risk of payment defaults. For the latest annual report on the Fund and its management, see COM(2015) 343 final of 16.07.2015 and its Staff Working Document (SWD(2015) 163 final of 20.8.2015). The report for 2015 is expected to be available by July 2016 on http://eur-lex.europa.eu/homepage.html .

[8] For a comprehensive report on the functioning of the Fund and the provisioning target rate, see COM(2014) 214 final of 8.4.2014 and its Staff Working Document (2014) 129 final

[9] For more information on the management of the EFSI Guarantee Fund, see COM(2016)353 final of 31.5.2016.

[10] About the GLF: http://ec.europa.eu/economy_finance/assistance_eu_ms/greek_loan_facility/index_en.htm.

[11] About the EFSF: http://www.efsf.europa.eu.

continues with its ongoing programmes to Greece (together with the IMF and some Member States) as well as to Ireland and Portugal (together with the IMF, some Member States and EU/EFSM)[12] but is no longer engaged in new financing programmes or loan facility agreements

- *European Stability Mechanism (ESM)*[13]: The ESM is an important component of the comprehensive EU strategy designed to safeguard financial stability within the euro area by providing financial assistance to euro area Member States experiencing or threatened by financing difficulties. It is an intergovernmental organization under public international law, based in Luxembourg, with an effective lending capacity of EUR 500,000 million.

3. EVOLUTIONS OF GUARANTEED OPERATIONS

This section sets out the evolution of the guaranteed operations; firstly of those managed directly by the Commission and then of those managed by the EIB.

12 The loans granted under the EU/EFSM are guaranteed by the EU budget.

13 About the ESM: http://esm.europa.eu.

Table 1: Total outstanding amounts covered by the EU budget at 31 December 2015 (in EUR million)

	Outstanding Capital	Accrued Interest	Total	%
Member States*				
Euratom	283	1	284	0.3
BOP	5,700	111	5,811	6.9
EIB	1,971	16	1,987	2.4
EFSM	46,800	709	47,509	56.4
Sub-total Member States**	54,753	837	55,591	66.0
Third Countries***				
MFA	3,007	17	3,024	3.6
Euratom	17	< 1	17	<0.1
EIB****	25,417	149	25,565	30.4
Sub-total third countries	28,441	166	28,606	34.0
Total	**83,194**	**1,003**	**84,197**	**100**

* This risk is directly covered by the EU budget. This also includes Euratom and EIB loans granted to countries prior to their accession to the EU.

** This figures does no include EFSI operations, where EUR 202 million have been disbursed at the reporting date.

*** The risk covered by the Fund is limited to 19.45 billion

**** Loans subrogated to the EU following Syria defaults on EIB loans are included (amount: EUR 155 million).

Tables A1, A2a, A2b and A3 of the SWD provide more detailed information on these outstanding amounts, in particular in terms of ceiling, disbursed amounts or guarantee rates.

3.1. Operations managed directly by the Commission

3.1.1. European Financial Stabilisation Mechanism (EFSM)

In its conclusions of 9/10 May 2010, the Ecofin Council foresaw a volume of the mechanism of EUR 60,000 million[14]. In addition, euro-area Member States stood ready to complement such resources if necessary. Article 2(2) of Council Regulation No 407/2010[15] limits the outstanding amount of loans or credit lines to be granted to Member States to the margin available under the own resources ceiling for payment appropriations.

Following the Council decisions to grant Union financial assistance to Ireland[16] (up to EUR 22,500 million) and Portugal[17] (up to EUR 26,000 million), disbursements reached EUR 22,500 million to Ireland and EUR 24,300 million to Portugal (the remaining EUR 1,700 million was not disbursed since not requested by the Portuguese government and due to expiration of the deadline for disbursement).

Developments during 2015

In April 2013 the Eurogroup/ECOFIN had decided to increase the maximum weighted average maturity of EFSM loans from 12.5 to 19.5 years, thus offering an option to the beneficiary countries to request a lengthening of loan maturities up to 2026 (tranche by tranche).

A request to lengthen the first EFSM loan of EUR 5 billion disbursed to Ireland in 2011 - which was due in December 2015 - was received from Ireland on 27 July 2015. The loan was refinanced in three transactions with maturities in 2023 (EUR 2 billion), 2029 (EUR 1 billion) and 2035 (EUR 2 billion).

In addition, a bridge loan amounting to EUR 7.16 billion was funded and on-lent to Greece[18] for a period of one month between 20 July and 20 August 2015. That loan was fully repaid.

At 31 December 2015, the EFSM had a remaining capacity of EUR 13,200 million, out of its volume of EUR 60,000 million, to provide further assistance to any euro area Member States, if required[19].

Developments subsequent to 31 December 2015

On 11 January 2016 the Portuguese government also requested a lengthening of the second EFSM loan of EUR 4.75 billion disbursed in 2011 and due in June 2016. Refinancing has

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14 Cf. Press release on extraordinary Ecofin Council meeting 9/10 May 2010 (http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/114324.pdf).

15 Council Regulation (EU) No 407/2010 of 11 May 2010 establishing a European financial stabilisation mechanism (OJ L 118, 12.5.2010, p.1).

16 Council Implementing Decision 2011/77/EU of 7 December 2011 on granting Union financial assistance to Ireland (OJ L 30, 4.2.2011, p. 348).

17 Council Implementing Decision 2011/344/EU of 17 May 2011 on granting Union financial assistance to Portugal (OJ L 159, 17.6.2011, p. 88); see also corrigendum (OJ L 178, 10.7.2012, p.15).

18 Council Implementing Decision (EU) 2015/1181 of 17 July 2015 on granting short-term Union financial assistance to Greece (OJ L 192, 18.7.2015, p. 15).

19 For further information on EFSM, see also the report from the Commission on borrowing and lending activities of the European Union in 2014 (COM(2015)327 final). The report for 2015 is expected to be available by July 2016 on http://eur-lex.europa.eu/homepage.html.

been done in three transactions maturing in 2023 (EUR 1.5 billion), 2031 (EUR 2.25 billion) and 2036 (EUR 1 billion).

3.1.2. Balance of payments facility

The EU medium-term financial assistance under the BOP facility was re-activated in November 2008 to help Hungary and subsequently Latvia and Romania, in January and May 2009, to restore market confidence for a total commitment of EUR 14,600 million. Of that amount, EUR 1,200 million was not disbursed due to no further requests and expiration of the deadline for disbursement.

Developments during 2015

Latvia repaid EUR 1,200 million and Romania EUR 1,500 million.

As regards Romania, the Council had decided on 22 October 2013 to make available to Romania a second precautionary medium-term financial assistance[20] amounting to a maximum of EUR 2,000 million in the form of a loan with a maximum average maturity of 8 years. The facility has not been used and the deadline for request for funds expired on 30 September 2015.

At 31 December 2015, the BOP facility had a remaining capacity of EUR 44,300 million out of an overall ceiling of EUR 50,000 million to provide further assistance if required.

The outstanding amount of BOP loans has decreased from EUR 8,400 million to EUR 5,700 million in 2015.

Developments subsequent to 31 December 2015

Hungary repaid its final loan tranche of EUR 1,500 million in April 2016.

3.1.3. Macro-financial assistance loans

As a general rule, MFA decisions are taken by the European Parliament and the Council (Article 212 of the TFEU). However, the Council may adopt the decision on a proposal from the Commission when the situation in a third country requires urgent financial assistance (Article 213 of the TFEU) and that procedure was used in the second MFA package for Ukraine in 2014.

Developments during 2015

On 15 April 2015, the European Parliament and the Council decided to provide macro-financial assistance to Ukraine[21] of a maximum amount of EUR 1,800 milion in the form of loans. A first tranche of EUR 600 million was disbursed in July.

[20] Council Decision 2013/531/EU of 22 October 2013 providing precautionary EU medium-term financial assistance for Romania (OJ L 286, 29.10.2013, p. 1).

[21] Decision (EU) 2015/601 of 15 April 2015 providing macro- financial assistance for Ukraine (OJ L 100, 17.4.2015, p.1).

In April 2015, the remaining amount of EUR 250 million of Ukraine's first programme approved in 2010[22] was disbursed together with the first EUR 10 million tranche to Georgia (out of the EUR 23 million decision).

The MFA loan granted to Jordan (out of the EUR 180 million decision) was fully disbursed in 2015 – a first tranche of EUR 100 million in February and the second and final one of EUR 80 million in October.

The first two tranches of the loan granted to Tunisia[23] (out of the EUR 300 million decision) were disbursed in 2015 – a first tranche of EUR 100 million in May and the second one of EUR 100 million in December.

Regarding repayments, EUR 67 million were repaid by the beneficiary countries (Bosnia and Herzegovina EUR 4 million, former Yugolav Republic of Macedonia EUR 10 million, Montenegro EUR 1 million, and Serbia EUR 52 million).

The outstanding amount of MFA loans has increased from EUR 1,828.6 million to EUR 3,006.6 million between 31 December 2014 and 31 December 2015. Loans to Ukraine represent 73.5% of the total MFA exposure.

Developments subsequent to 31 December 2015

The first tranche (EUR 10 million out of the EUR 15 million decision) of the loan granted to the Kyrgyz Republic[24] was disbursed in April 2016.

3.1.4. Euratom loans

The Euratom lending to Member States or in certain eligible non-member countries (Russian Federation, Armenia, Ukraine) has a ceiling of EUR 4,000 million of which around 85% has already been disbursed. A loan of EUR 300 million to Ukraine dedicated to the safety upgrade of existing nuclear facilities was signed on 7 August 2013.These loans also benefit from third parties guarantees which cover 100% of the amounts outstanding at year end.

EUR 326 million remaining out of the EUR 4,000 million decision could be devoted to new projects.

Developments during 2015

All conditions precedent to initial avalaibility of the loan have been satisfactorily completed based on the Commission's assessment. While a borrowing decision for a first tranche up to EUR 100 million was adopted on 27 May 2015, due to delays in the implementation process no disbursements have taken place to date.

No disbursements took place in 2015. Repaid amounts consisted of EUR 22.6 million from Bulgaria, EUR 19 million from Romania and EUR equivalent of 6.9 million from Ukraine.

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22 Decision No 388/2010/EU of the European Parliament and of the Council of 7 July 2010 providing macro-financial assistance to Ukraine (OJ L 179, 14.7.2010, p. 1).

23 Decision 534/2014/EU of the European Parliament and of the Council of 15 May 2014 providing macro-financial assistance to the Republic of Tunisia (OJ L 151, 21.05.2014, p. 9).

24 Decision 1025/2013/EU of the European Parliament and of the Council of 22 October 2013 providing macro-financial assistance to the Kyrgyz Republic (OJ L 283, 25.10.2013, p. 1).

3.2. Evolution of the EIB external financing operations

Developments during 2015

Under the EIB general mandate covering the period 2014-2020, a total amount of EUR 6,920 million had been signed at 31 December 2015, of which only EUR 525 million had been disbursed at that date (see Table A5a of the SWD). For more information on the countries covered by the EIB mandates, see Tables A1 and A2 of the SWD.

For previous EIB external mandates, see Table A3 of the SWD.

Defaults on interests payments and loan repayments from the Syrian Government continued in 2015. The EIB has called on the Guarantee Fund to cover those defaults (see paragraph 5.1.3 below).

Outstanding amounts at 31 December 2015 for the various facilities referred to in this section are presented in Table 1.

4. RISKS COVERED BY THE EU BUDGET

4.1. Definition of risk

The risk borne by the EU budget derives from the outstanding amount of capital and interest in respect of guaranteed operations.

For the purpose of this report, two methods are used for evaluating the risks borne by the EU budget (either directly or indirectly via the Fund):

– "The total risk covered" is based on the sum of the total amount of capital outstanding for the operations concerned on a given date including accrued interest[25].

– The budgetary approach defined as "the annual risk borne by the EU budget" is based on the calculation of the maximum amount of annual payments due which the EU would have to pay out in a financial year assuming that all payments of the guaranteed loans are in default[26].

4.2. Total risk composition

Until 2010 the maximum risk in terms of total outstanding amounts covered was mainly linked to loans granted to third countries. Since 2011, the financial crisis has heavily affected the public finances of the Member States leading to an increase in the lending activity of the EU to support higher sovereign financing needs in Member States.

As a consequence the composition of risk has changed. At 31 December 2015, 66% of the total outstanding amount[27] concerns borrowing operations linked to loans to Member States which are directly covered by the EU budget (compared to 45% at 31.12.2010).

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25 See Table 1 of the Report.

26 For the purpose of that calculation, it is assumed that defaulting loans are not accelerated, i.e. only payments due are taken into account (see Tables 2 and 3 of the report and Table A4 of the SWD).

27 See Table 1.

4.3. Annual risk covered by the EU budget

With reference to outstanding loans at 31 December 2015 (see Table 1) the maximum amount which the EU would have to pay out during the year 2016 (directly and via the Fund) - *assuming* that *all* guaranteed loans would be in default - is EUR 10,718.5 million. That amount represents the capital and interest payments from guaranteed loans falling due during 2016, assuming that defaulting loans are not accelerated (for details see Table A4 in SWD).

4.3.1. Member States exposure

In 2016, the EU will bear a maximum annual risk related to operations with Member States (MS) of EUR 8,160 million (ca. 76% of the total annual risk). That risk concerns:

(a) EIB lending and/or Euratom loans granted before Member States' accession to the EU;

(b) the loans granted under the BOP facility, and

(c) the loans granted under the EFSM scheme.

Table 2: Ranking of the Member States according to the annual risk borne by the EU budget in 2016 (EUR million)

Ranking	Country	Loans	Max annual risk	Weight of the country vis-à-vis annual risk of MS	Weight of the country vis-à-vis total annual risk (MS and non-MS)
1	Portugal	c)	5,434.13	66.6%	50.7%
2	Hungary	a)+b)	1,558.78	19.1%	14.5%
3	Ireland	c)	609.39	7.5%	5.7%
4	Romania	a)+b)	314.19	3.9%	2.9%
5	Bulgaria	a)	83.24	1.0%	0.8%
6	Czech Republic	a)	43.66	0.5%	0.4%
7	Croatia	a)	38.88	0.5%	0.4%
8	Poland	a)	29.36	0.4%	0.3%
9	Latvia	a+b)	27.10	0.3%	0.3%
10	Slovak Republic	a)	14.66	0.2%	0.1%
11	Lithuania	a)	4.60	0.1%	< 0.1%
12	Slovenia	a)	2.09	< 0.1%	< 0.1%
Total			8.160.1	100%	76.1%

4.3.2. Third countries exposure

In 2016, the Fund will bear a maximum annual risk related to the exposure to third countries of EUR 2,258.4 million (24% of the total annual risk). The risk linked to third countries concerns EIB lending and/or MFA and/or Euratom loans (details are included in Table A2b of the SWD). The Fund covers guaranteed loans to third countries with maturities extending up to 2042.

The top ten countries (out of forty-three) are ranked below according to the repayments due in 2016. They account for EUR 2,069 million or 81% of the annual risk related to third countries borne by the Fund. The economic situation of those countries is analysed and commented in point 3 of the SWD. Creditworthiness, as assessed by the rating agencies, is also indicated in each country table.

Table 3: Ranking of the **10 most important third countries** according to the annual risk borne by the EU budget in 2016 (EUR million)

Ranking	**Country**	**Max annual risk**	**Weight of the country vis-à-vis annual risk of third countries**	**Weight of the country vis-à-vis total annual risk (MS and non-MS)**
1	Turkey	554.91	21.7%	5.2%
2	Brazil	285.13	11.1%	2.7%
3	Tunisia	278.87	10.9%	2.6%
4	Egypt	230.85	9.0%	2.2%
5	Morocco	217.61	8.5%	2.0%
6	Serbia	203.75	8.0%	1.9%
7	South Africa	89.52	3.5%	0.8%
8	Lebanon	88.62	3.5%	0.8%
9	Bosnia and Herzegovina	60.05	2.3%	0.6%
10	Syria	56.54	2.2%	0.5%
Total of the 10		2,068.85	80.7%	19.3%

5. ACTIVATION OF THE GUARANTEES AND EVOLUTION OF THE FUND

5.1. Activation of guarantees

5.1.1. Payments from cash resources

When a debtor is late in paying the EU, the Commission draws on its cash resources in order to avoid delays and resulting costs in servicing its borrowing operations[28]. This did not happen in 2015.

5.1.2. Payments from the EU budget

If there were to be a default, the EU budget would be called to cover the shortfall. As no defaults from Member States occurred during the year 2015, no appropriation was requested.

5.1.3. Calls on the Fund and recoveries

In the event of late payment by the beneficiary of a loan to third countries granted or guaranteed by the EU, the Fund is called on to cover the default within three months of the request[29].

Starting from December 2011, the EIB has experienced defaults on certain interest payments and loan repayments from the Syrian Government. Since official payment requests have remained unsuccessful, the EIB started to call the Fund in May 2012. The evolution of the calls on the Fund corresponding to defaulting loans in Syria is presented in Table 4.

The amounts called by the EIB are withdrawn from the Guarantee Fund account after authorization by the Commission services. When the EU makes a payment under the EU Guarantee, it is subrogated into the rights and remedies of the EIB.

Recovery proceedings are undertaken by the EIB on behalf of the EU in respect of the subrogated sums.

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[28] See Article 12 of Council Regulation (EC, Euratom) No 1150/2000 of 22 May 2000 implementing Decision 2007/436/EC, Euratom, on the system of the European Communities own resources (OJ L 130, 31.5.2000, p. 1).

[29] Since its inception in 1994 and as at the reporting date, the Fund has been called for a cumulative amount of EUR 705 million. EUR 579 million were recovered (this includes the amount of capital and interest repaid, plus penalties interests for late payments, plus exchange rate gains and losses realized). For more details, see Section 2.4.2 of the SWD.

Table 4: Calls on the Guarantee Fund on defaulting loans in Syria (in EUR million)

Year	Number of calls paid	Amount of due instalments	Penalties and accrued interests (1)	Amount recovered	Total
2012	2	24.02	n.a.	2.15	21.87
2013	8	59.27	1.36	0	60.63
2014	8	58.68	1.54	0	60.23
2015	8	58.66	1.50	0	60.16
Total	26	200.64	4.40	2.15	202.89

(1) Penalties and accrued interests are claimed by the EIB only with the second payment request of each individual loan and run from the default date until the payment date by the Guarantee Fund.

At 31 December 2015, the total capital outstanding of guaranteed loans related to Syria amounts to EUR 554 million[30], with the last loan maturity in 2030.

Developments subsequent to 31 December 2015

Three additionnal calls have been received by the end of 2015 to be paid in 2016, plus one in January 2016 for a total amount of EUR 29.90 million.

5.2. Evolution of the Fund

In accordance with the Guarantee Fund Regulation, the Fund has to reach an appropriate level (target amount) set at 9% of the total outstanding capital liabilities arising from each operation, plus accrued interest. A provisioning mechanism is in place to ensure the target amount is met.

On the basis of the provisioning mechanism, the EU budget paid EUR 144.40 million to the Fund in February 2015, while in February 2016 the respective payment amounted to EUR 257.12 million.

At 31 December 2015, the net assets[31] of the Fund amounted to EUR 2,320.06 million. The ratio between the net assets and the outstanding capital liabilities[32] (EUR 28,312.24 million), within the meaning of the Guarantee Fund Regulation, was lower than the target amount. Consequently, a provisioning of EUR 228.04 million was inserted in the preliminary EU budget of 2017.

30 This includes the amount of EUR 200.64 million already called by the EIB and paid by the Commission.

31 Total assets of the Fund minus accrued payables (EIB fees and audit fees).

32 Including accrued interests.

At 31 December 2015, the Fund had EUR 202.89 million arrears to recover.

In the context of the last comprehensive report[33], it was announced that a review to assess the main parameters of the Fund, in particular the target rate, should be undertaken at the time of the mid-term review of the EIB external lending mandate. An evaluation of the Guarantee Fund is currently carried out by an external contractor taking into account the risk profile of the Fund and its effectiveness in the light of the evolution of the external financing covered by the Fund and the related risks. Results are expected to be delivered in September 2016.

[33] See footnote 8.