



Brussels, 9.12.2024
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COMMISSION IMPLEMENTING DECISION

of 9.12.2024

**establishing the framework for Union borrowing, debt and liquidity management
operations in 2025 under the diversified funding strategy**

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THE EUROPEAN COMMISSION,

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

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

Having regard to Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (recast)¹, and in particular Article 224 thereof,

Having regard to Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom², and in particular Article 5(1), point (a), thereof,

Whereas:

- (1) Article 3 of Commission Implementing Decision (EU, Euratom) 2023/2825³ provides for the adoption of a framework borrowing, debt and liquidity management decision which sets certain annual maximum limits for the borrowing and debt management operations and which grants the authorisation for liquidity management operations that can be entered into over the course of a calendar year in the implementation of the diversified funding strategy established in accordance with Article 224 of Regulation (EU, Euratom) 2024/2509. On that basis, it is necessary to adopt an annual borrowing decision for 2025.
- (2) It is necessary to set the maximum limits for the borrowing operations and debt management operations for 2025 by determining the maximum amounts of long-term and short-term funding, the average maturity of the Union's long-term funding and a limit for the amount per issuance.
- (3) The funding needs should, over time, be met through the issuance of long-term funding instruments. The maximum amount of long-term funding for 2025 should be based on the amounts of projected disbursements communicated by the programme authorising officers to the Directorate General for the Budget in line with Article 5(2) and (3) of Implementing Decision (EU, Euratom) 2023/2825.

¹ OJ L, 2024/2509, 26.9.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>

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

³ Commission Implementing Decision (EU, Euratom) 2023/2825 of 12 December 2023 establishing the arrangements for the administration and implementation of the EU borrowing and debt management operations under the diversified funding strategy and related lending operations(OJ L, 2023/2825, 18.12.2023, ELI: http://data.europa.eu/eli/dec_impl/2023/2825/oj).

- (4) The funding needs are mainly driven by the disbursements schedule under the Recovery and Resilience Facility (RRF) established by Regulation (EU) 2021/241 of the European Parliament and of the Council⁴. In addition, the financial support to Ukraine is expected to lead to substantial additional funding needs. Finally, maturing bonds issued under the diversified funding strategy since 2021 will need to be rolled-over in 2025.
- (5) In 2025, proceeds destined for disbursement to Member States under the RRF or to support Ukraine are to be established on the basis of assessments of the fulfilment of the milestones and targets set in the national plans. The precise amounts and exact timing of those disbursements to the Member States or Ukraine are therefore not fully predictable. This results in some uncertainty in the distribution of disbursements in 2025 and could affect the overall annual total predicted disbursement level.
- (6) In order to ensure coverage of disbursement needs for all financial assistance programmes under the diversified funding strategy, this Decision should cover new financial assistance programmes that are adopted after its entry into force, to the extent that such new programmes do not add to the overall amount of borrowing approved for a given year. Given the uncertainty about possible additional programmes, a precautionary buffer needs to be reflected in the ceilings.
- (7) On this basis, it is appropriate to set the maximum amount for long-term funding in 2025 at EUR 170 billion. This maximum amount is set taking account of forecasted payment and refinancing needs in 2025 as well as a buffer to accommodate any unforeseen funding needs that may materialise in the course of 2025. That amount may consequently exceed by a limited margin the funding targets that will be communicated to the market via six-month funding plans. The target volumes communicated via those plans represent the Commission's considered guidance to investors on intended issuances over an upcoming period.
- (8) To meet the large funding needs stemming from the increasing number of programmes that rely on EU-Bond issuance for financing, the long-term funding should be complemented by short-term funding, as in previous years. The issuance of short-term papers and the ability to raise funds through secured and unsecured money market instruments should also, if necessary, provide a temporary substitute for long-term funding operations. A maximum amount of EUR 60 billion should be fixed for outstanding credit under the EU-Bill programme and other similar tools to meet short-term liquidity needs.
- (9) In addition to amounts raised through the EU-Bill programme, a separate limit should be established for short-term funding raised via secured money market transactions (reverse repurchase transactions to provide an additional means of mobilising liquidity as needed). It is therefore appropriate that a maximum outstanding amount of EUR 60 billion of Union securities be established to be held on own account and used to raise temporary funding.
- (10) The maximum outstanding amount per issuance should be established, reflecting the concentration risk at maturity. In order that Commission long-term funding operations are positively received, the maximum maturity per issuance should be sufficiently high

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

to favour the liquidity of bonds issued, so as to reduce costs by attracting the interest of more investors.

- (11) In order to facilitate the implementation of the bond programme in 2025, the maximum amount per issuance should be set at EUR 25 billion.
- (12) The maximum average maturity of long-term funding should ensure sufficient flexibility in the implementation of the programmes covered by the diversified funding strategy in order to attract investor demand while respecting the limits linked to the budgetary capacities to cover contingent liabilities. Taking into account the current market conditions, the interest from investors across the maturity spectrum and available budgetary capacities, the maximum average maturity of long-term funding at issuance should be set at 17 years.
- (13) Cash balances may accumulate on the Commission account at the European Central Bank when disbursements fall behind the planned schedule and the related pace of issuance. The Commission should be able to build cash balances proactively in order to meet heavy disbursement needs over an extended period. The Commission should be authorised to actively manage any amounts in excess of the prudential cash holdings, as defined in Article 2(7) of Implementing Decision (EU, Euratom) 2023/2825. Over the course of 2024, the Commission has developed processes to manage excess cash holdings in ways that allow returns on those holdings to be enhanced while avoiding any unacceptable credit, counterparty or other salient risks.
- (14) The possibility to undertake liquidity management operations in 2025 should be authorised, in order to manage excess liquidity effectively. This should be implemented on the basis of the liquidity management strategy referred to in Article 8(3) of Implementing Decision (EU, Euratom) 2023/2825.

HAS DECIDED AS FOLLOWS:

Sole article

1. From 1 January 2025 to 31 December 2025 the Commission shall implement operations within the following framework and limits:
 - (a) long-term funding, up to a maximum amount of EUR 170 billion, which may be used for disbursements under existing financial assistance programmes as well as for financial assistance programmes that enter into force in 2025;
 - (b) short-term funding, up to a maximum outstanding amount of EUR 60 billion in outstanding credit at any given moment, including from issuance of EU-Bills and other short-term funding instruments but excluding repurchase transactions;
 - (c) repurchase transactions in accordance with paragraph 4 for up to a maximum amount of EUR 60 billion.
2. The maximum amount per issuance of long-term funding shall be EUR 25 billion.
3. The maximum average maturity of long-term funding shall be 17 years.
4. The maximum outstanding amount of own issuances which may be held on own account for the purpose of conducting repurchase transactions in order to support the secondary market in Union securities or to mobilise short-term funding shall be EUR 60 billion in 2025.
5. When the amount in the account referred to in Article 14 of Implementing Decision (EU, Euratom) 2023/2825 exceeds an amount necessary for the prudential cash holdings as defined in Article 2(7) of that Implementing Decision, the Commission may implement liquidity management operations in accordance with Article 8 of that Implementing Decision.

Done at Brussels, 9.12.2024

For the Commission
Piotr SERAFIN
Member of the Commission