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COMMISSION OF THE EUROPEAN COMMUNITIES

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

**Financial Information on the European Development Funds**

# COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT

## Financial Information on the European Development Funds

### FOREWORD

This document is to be annexed to the draft budget for 2009, in accordance with the 1979 agreements on budgetary procedure.

Article 157 of the Financial Regulation of 18 February 2008 applicable to the 10th European Development Fund<sup>1</sup>, hereinafter referred to as "the EDF", effectively stipulates that the current procedure for calls for contributions, as laid down in the Financial Regulation applicable to the 9th EDF, remains in force for the contributions to be paid by the Member States in 2008. Article 8(3) of the Financial Regulation applicable to the 9th EDF<sup>2</sup> requires the Commission to make this document available to the Council by 15 June, stipulating that this information serves as a basis for an interim estimate of commitments and payments.

As in previous years, this document sets out:

- implementation of the EDFs (7th to 9th) at 31 December 2007;
- financial implementation forecasts for the current year;
- expenditure forecasts for 2009.

The Member States contribute funds directly to the European Investment Bank (EIB) for the instruments which it manages under the 9th and 10th EDFs (the Investment Facility and interest-rate subsidies). Contributions for other instruments, including contributions for the old instruments managed by the EIB (risk capital and interest-rate subsidies), go to the Commission.

Unless otherwise indicated, all the commitments and payments listed in this Communication are gross amounts, i.e. no decommitments or recoveries have been deducted. This approach is in line with that used for the general budget of the EU.

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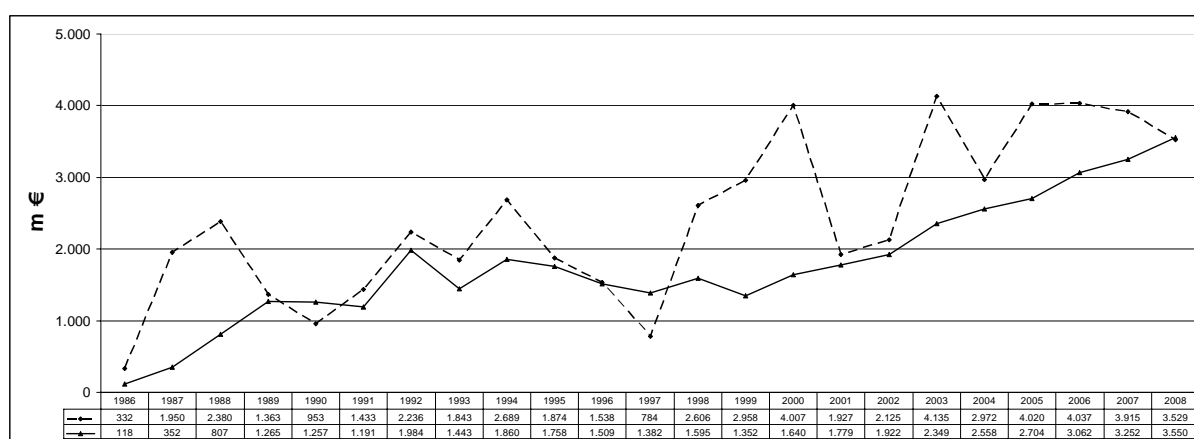
<sup>1</sup> OJ L 78, 19.03.2008, p. 1.

<sup>2</sup> OJ L 83, 1.4.2003, p. 1.

## INTRODUCTION

The Commission and the EIB have updated their commitment and payment forecasts for 2008 and 2009 for each of the ACP<sup>3</sup> countries and the OCTs<sup>4</sup>. The payment forecasts in particular have been compiled with great care with the aim of helping the Member States to assess as accurately as possible the amounts they need to earmark in their national budgets while ensuring that sufficient financial resources are available for the EDF to avoid liquidity problems. In accordance with Article 8 of the Financial Regulation applicable to the 9th EDF and Article 7 of the Internal Agreement on the 10th EDF<sup>5</sup>, these forecasts will be adjusted in the October 2008 Communication.

The graph below shows the general trend in commitments and payments, including projections for 2008 (Commission and EIB). It clearly shows the structural upward trend of payments since 2000.



- - Commitments; — Payments

<sup>3</sup> African, Caribbean and Pacific States.

<sup>4</sup> Overseas countries and territories.

<sup>5</sup> OJ L 247, 09.09.2006, p. 32.

## **1. IMPLEMENTATION OF THE EUROPEAN DEVELOPMENT FUNDS AT 31 DECEMBER 2007**

### **1.1. Funds available at 31 December 2007**

Annex 1 gives an overview of the funds available to the Commission and EIB under the EDFs (7th to 9th). commitments and payments at the end of 2007. It shows clearly that the Commission has achieved its goal of committing all funds available under the 9th EDF and sums transferred from previous EDFs. In line with the rules, several tens of millions of euro remain to be committed between 1 January 2008 and the entry into force of the 10th EDF.

Unlike the figures in the rest of this document, the figures given above and in Annex 1 are “net” figures. Decommitments have therefore been deducted from commitments and recoveries from payments. This is necessary to determine the true amount of available funds.

### **1.2. Implementation of the EDFs in 2007 (commitments, payments and financial situation)**

Annex 2 gives a breakdown of commitments and payments in 2007 by instrument and compares them with the 2006 figures.

Annexes 3 and 4 show actual implementation in 2007 compared with the forecasts made in October 2007<sup>6</sup>. The Commission was unable to make all the payments forecast owing to insufficient financial contributions by the Member States. However, at EUR 2 920 million payments were once again higher than ever before.

Annex 5 shows the financial situation and the projections made in October 2007. The table does not include payments made under Stabex because these were made from separate accounts to which Member States had already contributed.

The cash balance available to the Commission at the end of 2007 was only EUR 57 million<sup>7</sup>. This was the lowest ever cash balance. The EIB's cash balance was EUR 77 million, compared with a forecast of EUR 6 million.

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<sup>6</sup> COM(2007) 599 final of 5 October 2007.

<sup>7</sup> Excluding EUR 211 million in 2008 contributions paid in at the end of December 2007.

## **2. FINANCIAL IMPLEMENTATION FORECASTS FOR 2008 AND 2009**

The new forecasts are set out in Annexes 3 to 6.

The new forecasts for 2008 put the Commission's needs at EUR 3 000 million and the EIB's at EUR 305 million. These figures are based on the assumption that the 10th EDF comes on stream in early summer 2008. The sums decided by the Council in December 2007<sup>8</sup> for 2008 are EUR 2 857 million for the Commission and EUR 343 million for the EIB.

Contributions for 2009 are forecast at EUR 3 100 million for the Commission and EUR 370 million for the EIB. It should be stressed that these figures are just a preliminary forecast and must be treated with caution. The Commission and the EIB will make more reliable forecasts after the summer. They will be presented in the October 2008 Communication.

The Commission urges the Council to make available all the contributions necessary to guarantee proper implementation of the EDF in 2008 and 2009.

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<sup>8</sup>

Council Decision of 20 December 2007 laying down, for the financial year 2008, the schedule of calls for contributions from the Member States to the 9th EDF.

**ANNEX 1: Consolidated situation of the EDFs (7th to 9th) for the ACP countries and  
OCTs  
at 31 December 2007 (EUR million)**

	<b>Allocations</b>	<b>Commitments</b>	<b>Pay</b>
<b>COMMISSION</b>			
<b>7th and 8th EDFs</b>			
National and Local programmes	10 659	10 659	
Interest-rate subsidies	298	298	
Risk capital	1 921	1 921	
Structural adjustment facility	2 647	2 647	
Emergency Assistance	542	542	
Aid to refugees	195	195	
Stabex	2 423	2 423	
Mining products	547	547	
Debt relief	1 100	1 100	
Cost of implementation	37	37	
Unexpended balances 5th EDF	318	318	
<b>Subtotal</b>	<b>20 687</b>	<b>20 687</b>	
<b>9th EDF national and interim measures</b>			
Envelope A	10 213	10 195	
Envelope B	1 570	1 570	
Regional allocation	979	979	
Intra-ACP allocation	3 314	3 312	
CDE <sup>9</sup> . CTA <sup>10</sup> and JPA <sup>11</sup>	176	176	
Studies and TA <sup>12</sup> for OCTs	2	2	
Cost of implementation	125	125	
DRC special assistance	109	108	
Miscellaneous revenue	89	60	
Voluntary contributions to the Peace Facility	39	39	
Unexpended balances 6th EDF	26	26	
<b>Subtotal</b>	<b>16 642</b>	<b>16 592</b>	
<b>Total for the Commission</b>	<b>37 329</b>	<b>37 279</b>	
<b>EIB (9th EDF)</b>			
Interest-rate subsidies	188	113	
<i>Investment Facility</i>	2 057	1 967	
<b>Total for the EIB</b>	<b>2 245</b>	<b>2 080</b>	
<b>EDF TOTAL</b>	<b>39 574</b>	<b>39 359</b>	

The figures in this table are net figures. i.e. decommitments have been deducted from commitments and recoveries from payments.

<sup>9</sup> Centre for the Development of Enterprise.

<sup>10</sup> Technical Centre for Agricultural and Rural Cooperation.

<sup>11</sup> Joint Parliamentary Assembly.

<sup>12</sup> Technical assistance.

## ANNEX 2

### Breakdown of expenditure by instrument for the years 2006 and 2007

*EUR million*

	2006		2007	
	commitments	payments	commitments	payments
<b>COMMISSION</b>				
<b><u>7th and 8th EDFs</u></b>				
<b>Indicative Programmes</b>	-	<b>612.0</b>	-	<b>388.3</b>
Interest-rate subsidies	-	0.6	-	1.5
Emergency assistance	-	0.3	-	0
Aid to refugees	-	8.0	-	1.8
Risk capital	-	63.1	-	57.8
Mining products	-	16.0	-	23.4
Stabex	9.1	189.5	6.2	98.4
Structural adjustment facility	-	1.1	-	0.1
Unexpended balances 5th EDF	-	1.1	-	0.4
Cost of implementation	-	0.7	-	0.8
<b>Sub-total</b>	<b>9.1</b>	<b>893.2</b>	<b>6.2</b>	<b>572.3</b>
<b><u>9th EDF + transitional measures</u></b>				
Envelope A	1 744.1	1 240.9	1 981.1	1 641.7
Envelope B	353.7	154.0	295.6	217.2
Regional projects	222.8	49.6	251.9	135.8
Intra-ACP projects	1 037.0	431.2	946.5	234.8
Cost of implementation	21.0	5.9	48.6	38.2
DRC special assistance	16.2	15.9	0.3	0.2
Voluntary contributions to the Peace Facility	-	-	39.2	29.2
Unexpended balances 6th EDF	-	4.5	-	6.7
Other	4.0	31.0	67.0	43.4
<b>Sub-total</b>	<b>3 398.7</b>	<b>1 933.0</b>	<b>3 630.2</b>	<b>2 347.2</b>
<b>Total for the Commission</b>	<b>3 407.9</b>	<b>2 826.2</b>	<b>3 636.3</b>	<b>2 919.5</b>
<b>EIB (9th EDF)</b>				
<b>Investment Facility + interest-rate subsidies</b>	<b>628.8</b>	<b>236.0</b>	<b>279.0</b>	<b>332.5</b>
<b>EDF TOTAL</b>	<b>4 036.7</b>	<b>3 062.2</b>	<b>3 915.3</b>	<b>3 252.0</b>



### ANNEX 3: Commitments and payments made in 2007 and forecast for 2008 and 2009

EUR million

	2007		2008		2009	
	October 2007 Communication	Implemented	October 2007 Communication(*)	Adjustment	October 2007 Communication	Adjustment
Regions						
East Africa	663	745		529		
West Africa	813	816		1096		
Central Africa	324	318		207		
Caribbean	273	353		99		
Pacific	173	131		30		
Southern Africa	310	320		730		
End-of-term review reserve	209	0				
Subtotal	2.765	2.685		2692		
Other						
Peace Facility	117	139		300		
Water Facility	222	181		0		
HIPC debt relief	0	0		0		
Other	346	631		36		
<b>Total Commission</b>	<b>3.450</b>	<b>3.636</b>	<b>pm</b>	<b>3.029</b>	<b>3.750</b>	<b>3.750</b>
Investment Facility	350	262	140	450		450
Interest-rate subsidies	50	17	0	50		50
<b>Total EIB instruments</b>	<b>400</b>	<b>279</b>	<b>140</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>TOTAL</b>	<b>3.850</b>	<b>3.915</b>	<b>pm</b>	<b>3.529</b>	<b>4.250</b>	<b>4.250</b>

\* In the October 2007 Communication, the amounts presented for 2008 did not include reserves for the 10th EDF. By way of information, the Commission suggested that entry into force on 1 January 2008 would be reflected by a volume of commitments estimated at EUR 2 900 million for the Commission and a further EUR 360 million for the EIB.

## **ANNEX 4: Commitments and payments made in 2007 and forecast for 2008 and 2009**

*EUR million*

	2007		2008		2009	
	October 2007 Communication	Implemented (**)	October 2007 Communication (***)	Adjustment	October 2007 Communication	Adjustment
Regions						
East Africa	760	707	551	578		
West Africa	867	785	804	858		
Central Africa	280	261	344	373		
Caribbean	244	246	219	256		
Pacific	72	58	66	76		
Southern Africa	348	335	333	354		
Subtotal	2571	2392	2316	2493		
Other						
Peace Facility	92	84	106	45		
Water Facility	64	57	149	99		
Risk capital (*)	62	59	62	77		
HIPC debt relief	0	0	180	180		
Infrastructure Trust Fund			0	40		
Other	141	229	135	172		
<b><i>SUBTOTAL</i></b>	<b><i>2930</i></b>	<b><i>2821</i></b>	<b><i>2948</i></b>	<b><i>3106</i></b>		<b><i>3168</i></b>
Stabex	75	98	32	14		32
<b><i>Total Commission</i></b>	<b><i>3005</i></b>	<b><i>2920</i></b>	<b><i>2980</i></b>	<b><i>3120</i></b>	<b><i>3075</i></b>	<b><i>3200</i></b>
Investment Facility	350	331	400	380		400
Interest-rate subsidies	21	1	20	50		50
<b><i>Total for EIB instruments</i></b>	<b><i>371</i></b>	<b><i>332</i></b>	<b><i>420</i></b>	<b><i>430</i></b>	<b><i>430</i></b>	<b><i>450</i></b>
<b>TOTAL</b>	<b>3376</b>	<b>3252</b>	<b>3400</b>	<b>3550</b>	<b>3505</b>	<b>3650</b>

Gross payments (minus recoveries)

\* including interest-rate subsidies under previous EDFs

**\*\* The Commission was unable to make all the payments forecast owing to insufficient financial contributions by the Member States.**

**\*\*\* In the October 2007 Communication, the amounts presented for 2008 did not include reserves for the 10th EDF. By way of information, the Commission suggested that entry into force on 1 January 2008 would result in additional payments estimated at EUR 300 million for the Commission and EUR 25 million for the EIB.**

## **ANNEX 5 – Financial Situation in 2007 and forecast for 2008 and 2009 – excluding Stabex\***

(EUR million)

		Commission	EIB	TOTAL	Commission	EIB	TOTAL
	<b>Balance at 31.12.2006</b>	<b>131 **</b>	<b>62</b>	<b>193</b>	<b>131 **</b>	<b>62</b>	<b>193</b>
<b>2007</b>	2007 contributions, of which	2775	225	3000	2640	225	2865
	<i>1st tranche</i>	1500	70	1570	1500	70	1570
	<i>2nd tranche</i>	950	135	1085	950	135	1085
	<i>3rd tranche</i>	325	20	345	190	20	210
	Voluntary contributions to Peace	37			39		39
	Reflows		90	90		122	122
	Recoveries, interest and other.	75		75	68		68
	Total payments	-3005	-371	-3376	-2920	-332	-3252
	Stabex payments (already financed)	75		75	98		98
	<b>Balance at 31.12.2007</b>	<b>88</b>	<b>6</b>	<b>94</b>	<b>57 **</b>	<b>77</b>	<b>134</b>
<b>2008</b>	2008 contributions, of which	2865	360	3225	3000	305	3305
	<i>1st tranche</i>	1500	170	1670	1635	170	1805
	<i>2nd tranche</i>	1000	145	1145	1000	105	1105
	<i>3rd tranche</i>	365	45	410	365	30	395
	Reflows		60	60		90	90
	Recoveries, interest and other.	75		75	75		75
	Total payments	-2980	-420	-3400	-3120	-430	-3550
	Stabex payments (already financed)	32		32	14		14
	<b>Balance at 31.12.2008</b>	<b>80</b>	<b>6</b>	<b>86</b>	<b>26</b>	<b>42</b>	<b>68</b>
<b>2009</b>	2009 contributions, of which				3100	370	3470
	Reflows					80	80
	Recoveries, interest and other.				75		75
	Total payments	-3075	-430	-3505	-3200	-450	-3650
	Stabex payments (already financed)				32		32
	<b>Balance at 31.12.2009</b>				<b>33</b>	<b>42</b>	<b>75</b>

In the October 2007 Communication, the amounts presented for 2008 did not include reserves for the 10th EDF. By way of information, the Commission suggested that entry into force on 1 January 2008 would result in additional needs for contributions estimated at EUR 300 million for the Commission and EUR 25 million for the EIB.

Nor did the Commission's needs for 2008 take account of a carryover from 2007 to 2008.

\*amounts available for operations

\*\* minus contributions paid in advance

\*\*\* considered by the October 2007 Communication as being financed from a separate account

**ANNEX 6 – Contributions to the EDF for 2008 (EUR)**

COUNTRY	SCALE  %	1st tranche		2nd tranche		3rd tranche		TOTAL  for all  tranches
		paid to EIB	paid to Commission	payable to EIB	payable to Commission	payable to EIB	payable to Commission	
GERMANY	23.36	39 712 000	382 512 000	24 528 000	233 600 000	7 008 000	85 264 000	772 624 000
BELGIUM	3.92	6 664 000	63 764 000	4 116 000	39 200 000	1 176 000	14 308 000	129 228 000
DENMARK	2.14	3 638 000	35 213 000	2 247 000	21 400 000	642 000	7 811 000	70 951 000
SPAIN	5.84	9 928 000	95 628 000	6 132 000	58 400 000	1 752 000	21 316 000	193 156 000
FRANCE	24.30	41 310 000	397 185 000	25 515 000	243 000 000	7 290 000	88 695 000	802 995 000
GREECE	1.25	2 125 000	19 937 500	1 312 500	12 500 000	375 000	4 562 500	40 812 500
IRELAND	0.62	1 054 000	10 529 000	651 000	6 200 000	186 000	2 263 000	20 883 000
ITALY	12.54	21 318 000	204 893 000	13 167 000	125 400 000	3 762 000	45 771 000	414 311 000
LUXEMBOURG	0.29	493 000	4 505 500	304 500	2 900 000	87 000	1 058 500	9 348 500
NETHERLANDS	5.22	8 874 000	85 099 000	5 481 000	52 200 000	1 566 000	19 053 000	172 273 000
PORTUGAL	0.97	1 649 000	16 311 500	1 018 500	9 700 000	291 000	3 540 500	32 510 500
UNITED KINGDOM	12.69	21 573 000	208 085 500	13 324 500	126 900 000	3 807 000	46 318 500	420 008 500
AUSTRIA	2.65	4 505 000	43 067 500	2 782 500	26 500 000	795 000	9 672 500	87 322 500
FINLAND	1.48	2 516 000	24 166 000	1 554 000	14 800 000	444 000	5 402 000	48 882 000
SWEDEN	2.73	4 641 000	44 103 500	2 866 500	27 300 000	819 000	9 964 500	89 694 500
TOTAL	100.00	170 000 000	1 635 000 000	105 000 000	1 000 000 000	30 000 000	365 000 000	3 305 000 000