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PROPOSAL

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	15 June 2018
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union

No. Cion doc.:	COM(2018) 477 final
Subject:	Proposal for a COUNCIL DECISION on the financial contributions to be paid by Member States to finance the European Development Fund, including the second instalment for 2018.

Delegations will find attached document COM(2018) 477 final.

Encl.: COM(2018) 477 final



Brussels, 15.6.2018
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Proposal for a

COUNCIL DECISION

on the financial contributions to be paid by Member States to finance the European Development Fund, including the second instalment for 2018.

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

The proposal concerns a draft Council Decision on the 2nd instalment of the financial contributions to the European Development Fund (EDF) to be paid by Member States in 2018.

The 11th EDF and other EDF funds which are still open (i.e. Eighth, Ninth and 10th EDF) are managed under the following set of rules:

The current Partnership Agreement between the members of the African, Caribbean and Pacific Group of States on one side, and the European Community and its Member States on the other side (the 'ACP-EU Partnership Agreement') as last amended¹,

The Internal Agreement between the Representatives of the Governments of the Member States of the European Union, meeting within the Council, on the financing of European Union aid under the multiannual financial framework for the period 2014 to 2020, in accordance with the ACP-EU Partnership Agreement and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the Treaty on the Functioning of the European Union applies² (the '11th EDF Internal Agreement'),

Council Regulation (EU) 2015/323 on the Financial Regulation applicable to the 11th European Development Fund³ (the '11th EDF Financial Regulation').

The documents mentioned above contain multi-annual commitments by Member States to support the EDF treasury financially. The 11th EDF Financial Regulation provides for regular contributions to be made by Member States to the EDF treasury against pre-determined financial commitments. Regular contributions are triggered by technical Council Decisions which reflect the implementation of financial commitments previously decided.

Some of the headings in the explanatory memorandum are therefore not applicable to regular contribution calls such as this one.

2. LEGAL ELEMENTS

• Legal basis

Article 7 of the 11th EDF Internal Agreement provides for the procedure according to which the contributions of the Member States to the EDF are to be decided.

In accordance with Article 21(3) of the 11th EDF Financial Regulation, the Commission presents its proposal on the contributions of Member States concerning the second instalment by 15 June. The Council must decide on this proposal at the latest 21 calendar days following the presentation of this proposal.

Article 21(4) of the 11th EDF Financial Regulation contains rules regarding the content of the Commission's proposal.

¹ OJ L 317, 15.12.2000, p. 3

² OJ L 210, 6.8.2013, p. 1

³ OJ L 58, 3.3.2015, p. 17-38

- **Other legal elements**

In accordance with Article 21(7) of the 11th EDF Financial Regulation, the amount managed by the European Commission and the amount managed by the European Investment Bank (EIB) are specified separately.

In accordance with Article 52 of the 11th EDF Financial Regulation, the EIB has sent the European Commission its updated estimates of commitments and payments under the instruments it manages.

In accordance with Article 22(1) of the 11th Financial Regulation calls for contributions shall first use up the amounts available from previous EDFs, one after the other. The calls for contributions in this proposal therefore concern amounts under the 10th EDF for the EIB and amounts under the 11th EDF for the European Commission.

Article 23(1) of the 11th EDF Financial Regulation provides that a Member State which fails to pay the instalment of the contribution due by the deadline will be required to pay interest on the amount unpaid; the arrangements for the payment of interest are specified in the same Article.

3. BUDGETARY IMPLICATIONS

No budgetary implications.

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on the financial contributions to be paid by Member States to finance the European Development Fund, including the second instalment for 2018.

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to the Internal Agreement between the Representatives of the Governments of the Member States of the European Union, meeting within the Council, on the financing of European Union aid under the multiannual financial framework for the period 2014 to 2020, in accordance with the ACP-EU Partnership Agreement and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the Treaty on the Functioning of the European Union applies⁴ ("the Internal Agreement") and in particular Article 7 thereof,

Having regard to the Council Regulation (EU) 2015/323 of 2 March 2015 on the Financial Regulation applicable to the 11th European Development Fund ("the 11th EDF Financial Regulation")⁵, and in particular Article 21(3) and 21(4) thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) In accordance with the procedure laid down in Articles 21 to 24 of the 11th EDF Financial Regulation, the European Commission is to present a proposal by 15 June 2018 specifying (a) the amount of the second instalment of the contribution for 2018, (b) a revised annual amount of the contribution for 2018, in cases where the amount deviates from actual needs,
- (2) In accordance with Article 52 of the 11th EDF Financial Regulation, the European Investment Bank sent on 15 April 2018 to the European Commission its updated estimates of commitments and payments under the instruments it manages,
- (3) Article 22(1) of the 11th EDF Financial Regulation provides that calls for contributions first use up the amounts provided for in previous EDFs. Therefore a call for funds under the 10th EDF for the EIB and 11th EDF for the Commission should be made.
- (4) By means of Decision (EU) 2017/2171⁶, the Council has adopted on the 20 November 2017, on a proposal by the European Commission, the Decision to set the ceiling for the annual amount of the Member States' EDF contributions for 2018 at EUR 4 550 000 000 for the European Commission, and at EUR 250 000 000 for the European Investment Bank.

⁴ OJ L 210, 6.8.2013, p. 1

⁵ OJ L 58, 3.3.2015, p. 17-38

⁶ OJ L 306, 22.11.2017, p. 21-23

HAS ADOPTED THIS DECISION:

Article 1

The individual European Development Fund contributions to be paid by the Member States to the European Commission and the European Investment Bank as the second instalment for 2018 are set out in the table in the Annex to this Decision.

Article 2

The annual amount of the Member States' EDF contributions for 2018 is hereby revised at EUR 4 500 000 000. It shall be divided into EUR 4 250 000 000 for the Commission, and EUR 250 000 000 for the EIB.

Article 3

This Decision shall enter into force on the date of its publication in the Official Journal of the European *Union*.

Article 4

This Decision is addressed to the Member States.

Done at Brussels,

*For the Council
The President*