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PROPOSAL

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	15 October 2018
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2018) 688 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 ceiling for 2020, the annual amount for 2019, the first instalment for 2019 and an indicative and non-binding forecast for the expected annual amounts of contributions for the years 2021 and 2022

Delegations will find attached document COM(2018) 688 final.

Encl.: COM(2018) 688 final



Brussels, 15.10.2018
COM(2018) 688 final

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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 ceiling for 2020, the annual amount for 2019, the first instalment for 2019 and an indicative and non-binding forecast for the expected annual amounts of contributions for the years 2021 and 2022

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

- **Reasons for and objectives of the proposal**

The proposal covers:

- The ceiling for the annual amount of the contributions for 2020;
- The annual amount of the contributions for 2019;
- The amount of the first instalment of the contribution for 2019;
- Non-binding forecast for the expected annual amounts for the years 2021 and 2022.

The 11th European Development Fund (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 financially the EDF treasury. 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.

- **Consistency with existing policy provisions in the policy area**

Refer to point 1. Reasons for and objectives of the proposal.

- **Consistency with other Union policies**

Refer to point 1. Reasons for and objectives of the 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

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

Article 7 of the Internal Agreement⁴ the contributions by Member States to the 11th EDF are to be approved by means of a Council decision adopted by qualified majority.

In accordance with Article 21(7) of the 11th EDF Financial Regulation, the amount managed by the 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 Commission its updated estimates of commitments and payments under the instruments it manages.

In accordance with Article 22(1) of the 11th EDF 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.

In accordance with Article 21(2) of the 11th EDF Financial Regulation, the Council shall decide on that proposal by 15 November.

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.

- **Subsidiarity (for non-exclusive competence)**

Refer to point 1. Reasons for and objectives of the proposal.

- **Proportionality**

Refer to point 1. Reasons for and objectives of the proposal.

- **Choice of the instrument**

Refer to point 1. Reasons for and objectives of the proposal.

⁴ 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 applies

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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 applies⁵ ("the Internal Agreement") and in particular Article 7(2) thereof,

Having regard to Council Regulation (EU) 2015/323 of 2 March 2015 on the Financial Regulation applicable to the 11th European Development Fund⁶, and in particular Article 21(2) thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) In accordance with the procedure laid down in Article 21(2) of the Council Regulation (EU) 2015/323, the Commission shall present a proposal by 15 October 2018 specifying (a) the ceiling amount of the contribution for 2020; (b) the annual amount of the contribution for 2019; (c) the amount of the first instalment of the contribution for 2019; and (d) an indicative, non-binding forecast for the expected annual amounts of contributions for the years 2021-2022.
- (2) In accordance with Article 52 of the Council Regulation (EU) 2015/323, the European Investment Bank sent to the Commission its updated estimates of commitments and payments under the instruments it manages.
- (3) Article 22(1) of the Council Regulation (EU) 2015/323 provides that calls for contributions first use up the amounts provided for in previous EDFs. Therefore a call

⁵ OJ L 210, 6.8.2013, p. 1

⁶ OJ L 58, 3.3.2015, p. 17.

for funds under the 10th EDF for the EIB and 11th EDF for the Commission should be made.

- (4) Council Decision (EU) 2017/2171⁷ has set out the ceiling for the annual amount of the Member States' EDF contributions for 2019 at EUR 4 600 000 000 for the Commission, and at EUR 300 000 000 for the EIB.

HAS ADOPTED THIS DECISION:

Article 1

The ceiling for the annual amount of the Member States' EDF contributions for 2020 is hereby set at EUR 4 900 000 000. It shall be divided into EUR 4 600 000 000 for the Commission, and EUR 300 000 000 for the EIB.

Article 2

The annual amount of the Member States' EDF contributions for 2019 is hereby set at EUR 4 700 000 000. It shall be divided into EUR 4 400 000 000 for the Commission, and EUR 300 000 000 for the EIB.

Article 3

The individual European Development Fund contributions to be paid by the Member States to the European Commission and the European Investment Bank as the first instalment for 2019 are set out in the table in the Annex to this Decision.

Article 4

The indicative non-binding forecast for the expected annual amount of contributions for 2021 is hereby set at EUR 4 000 000 000 for the Commission and at EUR 300 000 000 for the EIB, and that for 2022 at EUR 3 500 000 000 for the Commission and 400 000 000 for the EIB.

Article 5

⁷ Council Decision (EU) 2017/2171, of 20 November 2017 on the financial contribution to be paid by Member States to finance the European Development Fund, including the ceiling for 2019, the annual amount for 2018, the first instalment for 2018 and an indicative and non-binding forecast for the expected annual amounts for the years 2020 and 2021 (OJ L 306, 22.11.2017, p. 21).

This Decision shall enter into force on the date of its adoption.

This Decision is addressed to the Member States.

Done at Brussels,

*For the Council
The President*