2009 budget: Section III, Commission

2008/2026(BUD) - 29/07/2008 - Document attached to the procedure

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

As in previous years, this document sets out:

- the implementation of the EDFs (7th to 9th) at 31 December 2007;
- the financial implementation forecasts for the current year (2008);
- the 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.

The Commission and the EIB have updated their commitment and payment forecasts for 2008 and 2009 for each of the ACP countries and the Overseas Countries and Territories. 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 EDF3, these forecasts will be adjusted in the October 2008 Communication.

The document 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**.

Implementation of the European Development Funds at 31 December 2007: the document 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.

Implementation of the EDFs in 2007 (commitments, payments and financial situation): the document gives a breakdown of commitments and payments in 2007 by instrument and compares them with the 2006 figures. It also shows actual implementation in 2007 compared with the forecasts made in October 2007. 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.

The Commission also presents the financial situation and the projections made in October 2007: for the Commission the cash balance available to the Commission at the end of 2007 was only EUR 57 million (excluding EUR 211 million in 2008 contributions paid in at the end of December 2007). This was the lowest ever cash balance. The EIB's cash balance was EUR 77 million, compared with a forecast of EUR 6 million.

Financial implementation forecasts for 2008 and 2009: 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 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 (October 2008).

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