2003 discharge: 6th, 7th, 8th and 9th European Development Funds EDF

2004/2049(DEC) - 18/10/2004 - Document attached to the procedure

PURPOSE : to present the Commission report on the financial management report on the 6th, 7th, 8th and 9th European Development Funds for the year 2003.

CONTENT : this report fulfils the Commission's obligations under Articles 96, 102 and 135 of the 27 March 2003 Financial Regulation applicable to the 9th European Development Fund. Article 96 paragraph 2 states that the EDF accounts shall be accompanied by a report on financial management during the preceding year containing an accurate description of the achievement of the objectives for the financial year, in accordance with the principle of sound financial management and the financial situation and the events that had a significant influence on the activities carried out during the financial year.

In particular, this report deals with the following issues :

1) the achievement of the EDF objectives for the year 2003 : the report states that the Commission has set out three broad development policy goals:

- to promote sustainable economic and social development in developing countries;

- to foster peace and stability; and

- to help to develop democracy and respect for human rights.

To achieve these goals, the Commission had a 2003 target for new global commitments of EUR 2 500m (including a European Investment Bank target of EUR 345m). By end December 2003, EUR 3 761m gross had been committed in terms of formal Commission decisions.

In addition to the Commission's EUR 3 761m of global commitments, the EIB - which manages (in an entirely autonomous way) the funds of the 9th EDF for the new Investment Facility - committed EUR 366m. This brings total EDF global commitments in 2003 to EUR 4 127m. These amounts relate to new global commitments and are 'gross'. Taking into account the Commission's global de-commitments (EUR 365m), the amount of the 'net' global commitments realised by the Commission in 2003 was EUR 3 396m.

The amounts committed by the Commission on the 6th, 7th and 8th EDFs are relatively limited: EUR 25m, EUR 102m and EUR 447m respectively, i.e. EUR 574m in total. In fact, with the entry into force of the Cotonou agreement, no global commitments on these old EDFs could bemade (with the single exception that the EIB was authorised to extend the period of global commitment of risk capital operations under the previous EDFs). Those allocations which were still available under the previous EDFs were transferred to the 9th EDF. Thus the major part of the 2003 global commitments (namely EUR 3 186m) was committed on the 9th EDF.

The target for new EDF disbursements (before recoveries) in 2003 was EUR 2 500m including the EIB's disbursements and a transfer of funds to a special Stabex account for Sudan (EUR 191m). The final amount paid by the Commission was EUR 2 236m. In addition, a Stabex transfer to Sudan was made, bringing the total executed by the Commission to EUR 2 427m. Taking into account the EUR 4m paid by the EIB on the Investment Facility, total disbursements reached EUR 2 431m.

The reason that the 2003 payments were not higher is partly due to the low level of EIB payments on the Investment Facility (forecast at EUR 70m although only EUR 4m was paid) and partly due to the fact that the full amount of treasury resources required by the Commission in 2003 was not available. Payments for which funds were not available included a potential payment of EUR 106m (to the EIB) for the Democratic Republic of Congo and of EUR 100m to the World Bank under the HIPC (debt relief) initiative. These payments were held over to the beginning of 2004.

The level of disbursements achieved in 2003 represents a record for the EDFs. It is 14 % higher than the expenditure level reached in 2001 (EUR 2 124m, the then highest in the history of the EDF), and 28 % higher than the level reached in 2002 (EUR 1 902m). Whereas the major part of 2003 global commitments was made on the 9th EDF, the major part of disbursements was realised on the old EDFs (EUR 68m, EUR 396m and EUR 1 494m on the 6th, 7th and 8th EDF respectively, against EUR 278m on the 9th EDF). This follows the usual pattern in that new global commitments do not lead to high levels of disbursements during the first year of implementation.

The consolidated financial situation shows that out of a total amount of EUR 43 409m allocated under the 6th, 7th, 8th and 9thEDF for ACP and OCT countries (with the exception of the 9th EDF Investment Facility and interest subsidies managed by the EIB), EUR 33 317m (77% of allocations) were committed (and EUR 23.7bn spent). EUR 10 092m (23%) are thus still available for new global commitments under grants managed by the European Commission (and a further EUR 9.6bn on committed moneys are available for payments).

Taking into consideration global commitments realised by the EIB – EUR 366m out of a total amount of EUR 2 245m (Investment Facility EUR 2 057m and interest subsidies EUR 188m), funds available for global commitments by the EIB stand at EUR 1 878m. The total amount available for global commitments for the period 2004-2007 is thus EUR 11 970m or EUR 2 992m per year.

Lastly, it should be noted that this Commission working document also highlights the events that had a significant influence on the activities carried out during the financial year 2003.