2004 discharge: 6th, 7th, 8th and 9th European Development Funds (EDF)

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PURPOSE : presentation of the annual accounts for the financial year 2004 of the 6th, 7th, 8th and 9th European Development Funds (EDFs).

CONTENT : the balance sheets and income and expenditure accounts were drawn up in accordance with the Financial Regulations applicable to the 6th, 7th, 8th and 9th European Development Funds (EDFs). The relevant documents must be presented to the Court of Auditors as provided for in Article 71 of the financial Regulation applicable to the 7th EDF, Articles 66, 67 and 68 of the Financial Regulation applicable to the 8th EDF and Articles 102 and 103 of the Financial Regulation applicable to the 9th EDF.

The total assets of the 4 EDFs on 31.12.2004 amounted to EUR 18.614 billion compared to EUR 20.354 billion in 2003.

It should be noted that the total assets for each EDF is as follows:

- 6th EDF : total at 31.12.2004 : EUR 2.405 billion;
- 7th EDF : total at 31.12.2004 : EUR 2.296 billion;
- 8th EDF : total at 31.1é.2004 : EUR 6.872 billion;
- 9th EDF : total at 31.12.2004 : EUR 13.296 billion.

As with previous years, the report respects the main accounting principles and standards, in particular :

- unit of account;

- specification of resources;

- sound financial management;

- transparency;

- presentation of a revenue and expenditure account; etc.

In addition to the presentation of the consolidated accounts, this document details a statement of sources of the EDF in terms of its revenue (EIB special contributions, Stabex contributions, Member State contributions, recoveries, inter-fund transfers).

As regards the expenditure, the document presents a specific report on the financial implementation of the EDFs including a table outlining the state of expenditure by each beneficiary country and which type of financial instrument was used (Stabex, regional projects, loans…). This can be summarised as follows:

Previous EDFs : in accordance with several ACP-EC Council and Commission Decisions, the unallocated resources from previous EDFs to be used for programmes consistent with the relevant provisions of the Cotonou Agreement. Tables are set out separately for each of the 6th, 7th and 8th EDFs the part used for Lomé Convention programming and the part used for programming under the Cotonou

Agreement. Entry in the accounts and the presentation of accounts in connection with the Cotonou Agreement is based on Article 3(2) of Annex IV of the ACP-EC Partnership Agreement, as regards countries. That Article gives the ACP countries an :

- **allocation A** to cover macroeconomic support and support for programmes and projects;
- **allocation B** to cover unforeseen needs such as emergency assistance, debt relief initiatives and support to offset the adverse effects of instability in export earnings.

For the regions, the accounts are set out according to the regional programming (i.e. regional indicative programme and intra-ACP cooperation).

9th EDF : the Cotonou Agreement was concluded for a 20 year period with a 5 year review clause and a Financial Protocol for each 5 year period. The first five years are, therefore, financed under the 9th EDF. The 9th EDF was set at EUR 13 800 million, including EUR 13 500 million allocated to the ACP States in accordance with the first Financial Protocol included in the Cotonou Agreement, EUR 175 million allocated to the OCT (provided for by the EU Council Decision on the association of the OCT) and EUR 125 million reserved for the European Commission to cover expenses in connection with implementing the 9th EDF resources (provided for in the internal agreement for the 9th EDF).

Of the total 9th-EDF budget for the ACP States, EUR 1 000 million may only be released after examination by the EU Council in 2004, on the basis of a proposal from the European Commission. An initial tranche of EUR 250 million was released in 2004 in accordance with Council Decision 7189/04 of 22 March 2004 and allocated to the Intra ACP Fund (natural resources) to finance the Water Facility operation (EUR 42 million committed in 2004). The breakdown of 9th EDF allocations for ACP States, including the "conditional billion" and allocations managed directly by the European Investment Bank (EIB), is as follows:

- Long term development budget : EUR 10 billion composed of allocation A for macroeconomic support for sectoral policies, programmes and projects supporting focal or non-focal areas of Community aid corresponds to the allocation for the NIPs and structural adjustment in previous EDFs and allocation B, intended to cover unforeseen needs such as emergency aid, contributions to debt reduction initiatives and support to offset adverse fluctuations in export earnings, generally corresponds to the Stabex, Sysmin and emergency aid allocations in previous EDFs;
- Regional budget : EUR 1.3 billion;
- Investment facility : EUR 2.2 billion.

Total : EUR 13.5 billion.

The total 9th EDF allocations for the OCT total EUR 175 million.

Moreover, under Commission Decision E/982/2003 of 16 June 2003, all unspent balances from EDFs prior to the date of entry into force of the Cotonou Agreement (for ACP countries) and the date of entry into force of the internal agreement on the 9th EDF (for the OCT countries), and all amounts decommitted after those dates for ongoing projects under those EDFs, have been transferred to the 9th EDF. Any resource thus transferred to the 9th EDF after previously having been allocated to the indicative programme of an ACP State or region has been allocated to that State or region. On the other hand, the unallocated resources have been transferred to reserves which will subject to new programming under the 9th EDF.

Lastly, the annual payments in 2004 can be summarised as follows:

§ Lomé (6th, 7th and 8th EDF) : EUR 1.193 million;

§ Cotonou (9th EDF) : EUR 1.054 million (allocation A : EUR 655 million and allocation B : EUR 144 million, regional projects : EUR 12.27 million and intra ACP debt relief : EUR 100 million).

Total payments in 2004 : EUR 2.248 billion.