European Development Fund, 9th EFD: Financial Regulation

2002/0183(CNS) - 13/06/2007 - Follow-up document

This document is annexed to the draft budget for 2008, in accordance with the 1979 Agreements on budgetary procedure. As in previous years, this document sets out: implementation of the 6th- 9th EDF until end December 2006; financial forecasts for the current year; and expenditure forecasts for 2008.

To recall, the Member States contribute funds directly to the European Investment Bank (EIB) for the instruments for which it is responsible under the 9th EDF (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 through the Commission.

Both the Commission and the EIB have updated their commitment and payment forecasts for 2007 and 2008 for each of the ACP countries and the OCTs. The payment forecasts have been prepared in such as way as to help the Member States assess, accurately, the possible amounts they need to earmark in their national budgets to ensure that sufficient financial resources have been made available to the EDF in order to avoid liquidity problems. In line with joint statements issued upon adoption of the Financial Regulation for the 9th EDF, the document consists mainly of tables set out in Annex to the report. They are grouped along the following lines:

Annex I: An overview of the funds available to the Commission and EIB under the EDFs (6th to 9th), commitment and payments at the end of 2006. Of the amount not committed (EUR 3 607 million), EUR 3 163 million falls within the remit of the Commission and will be committed by the end of 2007. The figures listed in Annex I are net figures and have been obtained after deducting decommitments and recoveries, needed to determine the amount of available funds.

Annex II: This gives a breakdown of commitments and payments by instrument and compares them with figures for 2005.

Annex III: This shows actual implementation in 2006 compared to forecasts made in October 2006. Both institutions met their targets and it is worth noting that the Commission’s objective have hardly changed since October 2005.

Annex IV: This highlights the existing financial situation and projections for the future. The table listed in Annex IV does not include payments made under Stabex or payments for special measures for the Democratic Republic of Congo, since this expenditure was made from separate accounts which had already been credited by the Member States.

The cash balance available to the Commission at the end of 2006 was approximately EUR 131 million more than expected. However, at the end of December 2006, a high volume of payments (some EUR 110 million) had been initiated compared to EUR 23 million the year before. The Commission needed all of this EUR 131 million to cover the period between 1 and 27 January when the first tranche of the 2007 contributions was scheduled.

The new forecast for 2007 and 2008 (as set out in Annex III) notes that: i) 2007 payments have been revised upwards for both the Commission and the EIB and ii) since 2008 implementation of the new EDF forecasts will be more reliable than usual. This is particularly true of commitments, for which the estimate

is purely speculative at present. The figures are based on the assumption that the 10th EDF will enter into force on 1 January 2008.

The new forecasts (set out in Annex IV), state that:

- to meet the rise in forecast payments in 2007 the EIB asked for an additional contribution of EUR 80 million in May of this year. Given that this was rejected by the Council, the amount has been integrated in the proposal on the second instalment. The amount of the third tranche forecast in October 2006 has been confirmed;

- contributions for the Commission will rise from EUR 2 640 million to EUR 2 935 million. The Commission proposes a slightly higher second tranche of EUR 1 050 million - EUR 200 million more than estimated in October. According to current estimates the third tranche will be in the order of EUR 385 million;

- preliminary estimates for 2008 contributions requirements gives a figure of EUR 3 672 million.