



**COUNCIL OF  
THE EUROPEAN UNION**

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**BUDGET 53**

**EXPLANATORY MEMORANDUM**

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Subject: Financial information on the European Development Funds  
- Document annexed to the Council's position on the draft budget for the  
financial year 2011

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# COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT

## Financial information on the European Development Funds

### FOREWORD

This document is to be annexed to the draft budget for 2011, in accordance with the 1979 agreements on budgetary procedure.

In accordance with Article 7 of the Internal Agreement<sup>1</sup> and Article 57(3) and (4) of the Financial Regulation<sup>2</sup>, the Commission presents in this document estimates of commitments, payments and contributions for the period 2010 to 2011, taking into account the forecasts of the European Investment Bank (EIB) concerning the Investment Facility.

As in previous years, this document sets out:

- implementation of the EDFs (8th to 10th) at 31.12.2009;
- financial implementation forecasts for the current year;
- expenditure forecasts for 2011.

The Member States contribute funds directly to the European Investment Bank 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.

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<sup>1</sup> Internal Agreement between the Representatives of the Governments of the Member States, meeting within the Council, on the financing of Community aid under the multiannual financial framework for the period 2008 to 2013 in accordance with the ACP-EC Partnership Agreement and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies, OJ L 247, 9.9.2006, p. 32.

<sup>2</sup> Council Regulation (EC) No 215/2008 of 18 February 2008 on the Financial Regulation applicable to the 10th European Development Fund.

Unless otherwise indicated, all the commitments and payments listed in this communication are gross amounts, i.e. no decommitments or recoveries have been deducted. This approach is in line with that used for the general budget of the EU.

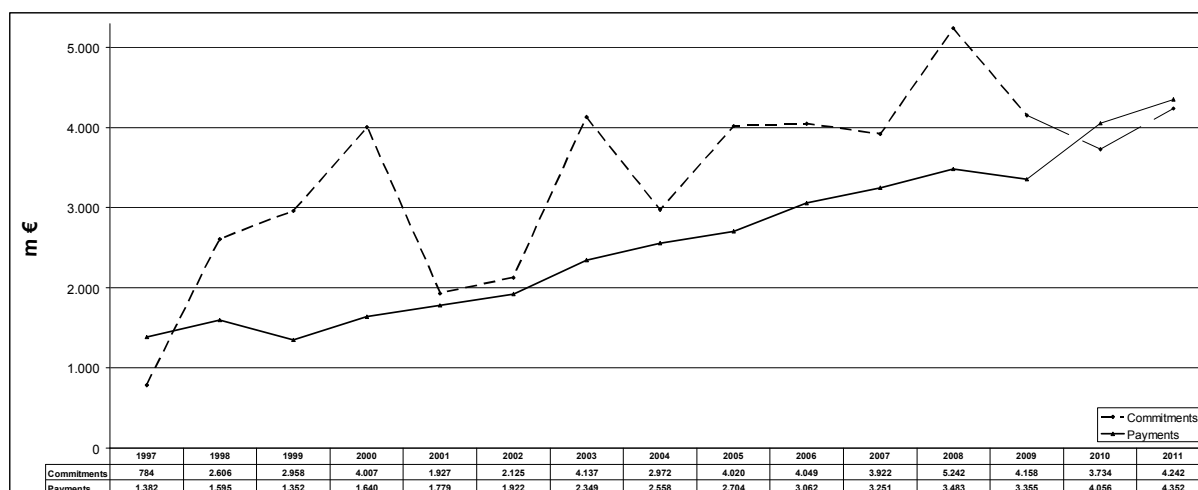
## INTRODUCTION

The Commission and the EIB have updated their commitment and payment forecasts for 2010 and 2011 for each of the ACP countries<sup>1</sup> and the OCTs<sup>2</sup>. 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 7 of the Internal Agreement on the 10th EDF<sup>3</sup> and Article 57(5) of the Financial Regulation<sup>4</sup>, estimates will be revised in the October 2010 communication.

The graph below shows the general trend in commitments and payments, including projections for 2010 (Commission and EIB). It clearly shows the structural upward trend in payments since 2000.

**EC + EIB: trend 1997-2009 commitments and payments; forecasts 2010 - 2011**



<sup>1</sup> African, Caribbean and Pacific States.

<sup>2</sup> Overseas countries and territories.

<sup>3</sup> OJ L 247, 9.9.2006, p. 32.

<sup>4</sup> Council Regulation (EC) No 215/2008 of 18 February 2008 on the Financial Regulation applicable to the 10th European Development Fund

## **1. IMPLEMENTATION OF THE EUROPEAN DEVELOPMENT FUNDS AT 31 DECEMBER 2009 (COMMITMENTS, PAYMENTS AND FINANCIAL SITUATION)**

Annex 1 shows actual commitments made in 2009 compared with the forecasts made in October 2009<sup>1</sup>.

Annex 2 shows actual payments made in 2009 compared with the forecasts made in October 2009<sup>2</sup>.

Annex 3 shows the financial situation recorded in 2009 and the projections made for 2010 and 2011.

## **2. FINANCIAL IMPLEMENTATION FORECASTS FOR 2010 AND 2011**

The new forecasts are set out in Annexes 1 to 3.

The new forecasts for the 2010 contributions confirm the Commission's needs at EUR 3 500 million and the EIB's at EUR 240 million. Note that these amounts are the same as those decided by the Council in November 2009<sup>3</sup>.

Contributions for 2011 are forecast at EUR 3 690 million for the Commission and EUR 210 million for the EIB<sup>4</sup>. The ceiling for the amount of contributions for 2011 is the result of a compromise proposal between the Member States and the Commission and the EIB.

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<sup>1</sup> COM(2009) 616 final of 04.11.2009.

<sup>2</sup> COM(2009) 616 final of 04.11.2009.

<sup>3</sup> Council decision of 06 November 2009 on the financial contributions to be paid by the Member States to finance the European Development Fund in 2010, including the first instalment for 2010 (Doc. 15445/09).

<sup>4</sup> Council decision of 27 November 2009 on the ceiling for the annual amount of the contributions to be paid by the Member States to finance the European Development Fund in 2011 (Doc. 16421/09).

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. They will be presented in the October communication.

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**Commitments made in 2009 and forecast 2010 and 2011***(EUR million)*

	2009		2010		2011	
	COM nov 09	Made	COM nov 09	Revision	COM nov 09	Revision
<b>Regions</b>						
East Africa	890	950	518	317		
West Africa	655	605	897	497		
Central Africa	555	632	377	342		
Caribbean	115	291	319	461		
Pacific	85	86	178	134		
Southern Africa	340	256	633	315		
<b>Sub-total</b>	<b>2.640</b>	<b>2.820</b>	<b>2.922</b>	<b>2066</b>		
<b>Horizontal issues</b>						
Infrastructure Fund	200	200	0	0		
Vulnerability FLEX	230	216	270	270		
Water and Energy Facility	100	0	300	258		
<i>Other*</i>	181	266	212	480		
<b>Sub-total</b>	<b>711</b>	<b>682</b>	<b>782</b>	<b>1008</b>		
<b>Total European Commission</b>	<b>3.351</b>	<b>3.502</b>	<b>3.704</b>	<b>3.074</b>	<b>3.750</b>	<b>3.750</b>
Investment Facility	450	623	450	560	450	460
Interest rate subsidies	35	33	50	100	50	32
<b>Total EIB</b>	<b>485</b>	<b>656</b>	<b>500</b>	<b>660</b>	<b>500</b>	<b>492</b>
<b>TOTAL</b>	<b>3.836</b>	<b>4.158</b>	<b>4.204</b>	<b>3.734</b>	<b>4.250</b>	<b>4.242</b>

\* Includes certain support expenditures, e.g. to support joint institutions and the ACP Secretariat.

**Payments made in 2009 and forecasts for 2010 and 2011***(EUR million)*

	2009		2010		2011	
	COM nov 2009	Made	COM nov 2009	Revision	COM nov 2009	Revision
<b>Regions</b>						
East Africa	490	418	649	642		
West Africa	720	775	808	786		
Central Africa	335	337	359	408		
Caribbean	261	281	360	307		
Pacific	77	63	65	94		
Southern Africa	459	370	445	442		
<b>Sub-total</b>	<b>2.342</b>	<b>2245</b>	<b>2.686</b>	<b>2679</b>		
<b>Horizontal issues</b>						
Peace Facility	89	68	80	98		
Infrastructure Fund	0	0	47	50		
Vulnerability FLEX	200	185	250	270		
Water and Energy Facility	116	126	98	86		
Risk capital*	37	0	20	30		
HIPC debt relief	100	100	86	0		
Global Fund Tbc and Malaria	100	150	50	0		
Others	297	225	264	343		
<b>Sub-total</b>	<b>939</b>	<b>854</b>	<b>895</b>	<b>877</b>		
Stabex	17	24	20	40		
<b>Total European Commission</b>	<b>3.298</b>	<b>3123</b>	<b>3.601</b>	<b>3.596</b>	<b>4.000</b>	<b>3940</b>
Investment Facility	295	199	360	360	380	380
Interest rate subsidies	35	33	50	100	50	32
<b>Total EIB</b>	<b>330</b>	<b>232</b>	<b>410</b>	<b>460</b>	<b>430</b>	<b>412</b>
<b>TOTAL EC+EIB</b>	<b>3.628</b>	<b>3.355</b>	<b>4.011</b>	<b>4.056</b>	<b>4.430</b>	<b>4352</b>

\* Including interest rates subsidies under the previous EDFs and excluding EUR 21 million payments made by EIB at the end of 2009 and not yet registered in the Commission's accounting system (0).

**Financial situation end 2009 and forecast for 2010 and 2011***(EUR million)*

		COM nov* 2009			Revision		
		Commission	EIB	TOTAL	Commission	EIB	TOTAL
<b>Balance 31/12/2008 **</b>		<b>186</b>	<b>138</b>	<b>324</b>	<b>186</b>	<b>138</b>	<b>324</b>
2009	Contributions 2009, of which:	3300	145	3445	3300	145	3445
	<i>1st instalment</i>	1750	55	1805	1750	55	1805
	<i>2nd instalment</i>	1100	90	1190	1100	90	1190
	<i>3rd instalment</i>	450	0	450	450	0	450
	Contributions 2009 paid in 2008	-233		-233	-233		-233
	Contributions 2010 paid in 2009				232		232
	Contributions 2009 not yet paid				-4		-4
	Reflows		100	100		64	64
	Recoveries, interest and other	55		55	62		62
	Total payments***	-3298	-330	-3628	-3123	-232	-3355
Payments Stabex (already financed)	17		17	24		24	
<b>Balance at 31/12/2009</b>	<b>27</b>	<b>53</b>	<b>80</b>	<b>444</b>	<b>115</b>	<b>559</b>	
2010	Contributions 2010, of which:	3500	240	3740	3500	240	3740
	<i>1st instalment</i>	1800	100	1900	1800	100	1900
	<i>2nd instalment</i>	1200	120	1320	1200	120	1320
	<i>3rd instalment</i>	500	20	520	500	20	520
	Contributions 2010 paid in 2009				-232		-232
	Contributions 2009 not yet paid				4		4
	Reflows		150	150		145	145
	Recoveries, interest and other	55		55	55		55
	Total payments	-3601	-410	-4011	-3596	-460	-4056
	Payments Stabex (already financed)	20		20	40		40
<b>Solde au 31/12/2010</b>	<b>1</b>	<b>33</b>	<b>34</b>	<b>215</b>	<b>40</b>	<b>255</b>	
2011	Contributions 2011	3950	220	4170	3690	210	3900
	Reflows		190	190		126	126
	Recoveries, interest and other	55		55	55		55
	Total payments	-4000	-430	-4430	-3940	-412	-4362
	Payments Stabex (already financed)	20		20	20		20
	<b>Solde au 31/12/2011</b>	<b>26</b>	<b>13</b>	<b>39</b>	<b>40</b>	<b>-36</b>	<b>4</b>

\* COM(2009) 616 final of 04.11.2009.

\*\* Funds available for operations.

\*\*\* Including interest rates subsidies under the previous EDFs and excluding EUR 21 million payments made by EIB at the end of 2009 and not yet registered in the Commission's accounting system (0).



**Contributions to the EDF for 2010 by Member State***(EUR)*

Member State	Scale	1st instalment		2nd instalment		3rd instalment		Total EIB	Total Comm	TOTAL
		paid to	paid to	payable to	payable to	payable to	payable to	payable to	instalments	
		EIB	Commission	EIB	Commission	EIB	Commission	EIB	EIB/Commission	
GERMANY	23,36	23.360.000	420.480.000	<b>28.032.000</b>	<b>280.320.000</b>	4.672.000	116.800.000	56.064.000	817.600.000	873.664.000
BELGIUM	3,92	3.920.000	70.560.000	<b>4.704.000</b>	<b>47.040.000</b>	784.000	19.600.000	9.408.000	137.200.000	146.608.000
DENMARK	2,14	2.140.000	38.520.000	<b>2.568.000</b>	<b>25.680.000</b>	428.000	10.700.000	5.136.000	74.900.000	80.036.000
SPAIN	5,84	5.840.000	105.120.000	<b>7.008.000</b>	<b>70.080.000</b>	1.168.000	29.200.000	14.016.000	204.400.000	218.416.000
FRANCE	24,30	24.300.000	437.400.000	<b>29.160.000</b>	<b>291.600.000</b>	4.860.000	121.500.000	58.320.000	850.500.000	908.820.000
GREECE	1,25	1.250.000	22.500.000	<b>1.500.000</b>	<b>15.000.000</b>	250.000	6.250.000	3.000.000	43.750.000	46.750.000
IRELAND	0,62	620.000	11.160.000	<b>744.000</b>	<b>7.440.000</b>	124.000	3.100.000	1.488.000	21.700.000	23.188.000
ITALY	12,54	12.540.000	225.720.000	<b>15.048.000</b>	<b>150.480.000</b>	2.508.000	62.700.000	30.096.000	438.900.000	468.996.000
LUXEMBOURG	0,29	290.000	5.220.000	<b>348.000</b>	<b>3.480.000</b>	58.000	1.450.000	696.000	10.150.000	10.846.000
NETHERLANDS	5,22	5.220.000	93.960.000	<b>6.264.000</b>	<b>62.640.000</b>	1.044.000	26.100.000	12.528.000	182.700.000	195.228.000
PORTUGAL	0,97	970.000	17.460.000	<b>1.164.000</b>	<b>11.640.000</b>	194.000	4.850.000	2.328.000	33.950.000	36.278.000
UNITED KINGDOM	12,69	12.690.000	228.420.000	<b>15.228.000</b>	<b>152.280.000</b>	2.538.000	63.450.000	30.456.000	444.150.000	474.606.000
AUSTRIA	2,65	2.650.000	47.700.000	<b>3.180.000</b>	<b>31.800.000</b>	530.000	13.250.000	6.360.000	92.750.000	99.110.000
FINLAND	1,48	1.480.000	26.640.000	<b>1.776.000</b>	<b>17.760.000</b>	296.000	7.400.000	3.552.000	51.800.000	55.352.000
SWEDEN	2,73	2.730.000	49.140.000	<b>3.276.000</b>	<b>32.760.000</b>	546.000	13.650.000	6.552.000	95.550.000	102.102.000
<b>TOTAL</b>	100,00	100.000.000	1.800.000.000	<b>120.000.000</b>	<b>1.200.000.000</b>	20.000.000	500.000.000	240.000.000	3.500.000.000	<b>3.740.000.000</b>