

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(79) 634 final

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EDF - EUROPEAN DEVELOPMENT FUND
SCHEDULE OF CALLS FOR CONTRIBUTIONS
FOR THE 1980 FINANCIAL YEAR

(Communication from the Commission to the Council)

COM(79) 634 final

Under Article 3, as regards the third EDF, and Article 7, as regards the fourth EDF, of the Internal Agreement on the financing and administration of Community aid the Commission must draw up and transmit to the Council each year estimates of EDF commitments to be entered into during the following budget year and, on this basis, prepare the schedule of contributions to be called for, taking into account the EDF's cash requirements.

The contributions are intended to reconstitute the EDF's cash resources to enable it to make payments.

Accordingly, the purpose of this Communication is to assess the EDF's cash requirements for 1980 and hence the amount of the contributions required.

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For 1980, it is proposed to call for:

1. the balance of the contribution due, i.e. 6 500 000 EUA, for the third EDF from the six Member States which signed the second Yaoundé Convention;
2. 538 000 000 EUA for the fourth EDF from the nine Member States which signed the Lomé Convention.

These contributions would be called for in two equal instalments payable on Tuesday 15 January 1980 and Tuesday 1 July 1980.

Breakdown by Member State

Third EDF		EUA
Member States	1980 contribution	In two equal instalments of
Belgium	570.906.50	285 453.25
Germany	2 135 216.50	1 067 608.25
France	2 135 216.50	1 067 608.25
Italy	1 077 038.--	538 519.--
Luxembourg	10 716.--	5 358.--
Netherlands	570 906.50	285 453.25
Total	6 500 000.--	3 250 000.--

Fourth EDF		EUA	
Member States	%	1980 contribution	In two equal instalments of
Belgium	6.25	33 625 000.--	16 812 500.--
Denmark	2.40	12 912 000.--	6 456 000.--
Germany	25.95	139 611 000.--	69 805 500.--
France	25.95	139 611 000.--	69 805 500.--
Ireland	0.60	3 228 000.--	1 614 000.--
Italy	12.--	64 560 000.--	32 280 000.--
Luxembourg	0.20	1 076 000.--	538 000.--
Netherlands	7.95	42 771 000.--	21 385 500.--
United Kingdom	18.70	100 606 000.--	50 303 000.--
	100.--	538 000 000.--	269 000 000.--

A. THE EDF'S CASH RESOURCES - PROBABLE DEVELOPMENT OF THESE RESOURCES UNTIL ACTUAL RECEIPT OF THE NEXT CONTRIBUTIONS

The cash resources made available to the Commission for the EDF's operations are spread over 71 accounts in Europe and in each of the ACP States, largely as a result of the constraints imposed by Protocol No 2.

At 15 September 1979 the Commission noted that it had cash resources of 185 million EUA. It was also expecting an additional contribution, payable in two equal instalments of 100 million EUA each, on 15 September and 15 December 1979 (Council Decision of 24 July 1979).

The financial resources which the Commission should have at its disposal until the next contributions are received amount to a total of 385 million EUA to cover the period from 15 September 1979 to the end of January 1980.

During this period, the expected expenditure of the Commission can reasonably be estimated as follows:

(a) Expenditure under the first three EDFs

The first and second EDFs have virtually been used up now. Under the third EDF, the rate of expenditure is falling off very significantly. It does not look as though total expenditure will reach the scheduled figure of 72 million EUA.

Given the disbursements already made under the first three EDFs, the total expenditure to be effected between now and receipt of the next contributions should not exceed 40 million EUA

(b) Expenditure under the fourth EDF

1. Under Stabex, account being taken of the amount already paid, disbursements would still have to be made to a total of	50 million EUA	
2. Appropriations administered by the EAC	10 million EUA	
3. Interest rate subsidies*	6 million EUA	
4. Risk capital operations*	19 million EUA	
5. Exceptional aid	10 million EUA	
	<u>Sub-total</u>	95 million EUA

(c) Estimates of expenditure in respect of so-called "conventional" operations.

On the basis of the known figures for the first months of the year, the monthly average for this type of operation is 26 million EUA.

Since this rate of expenditure has to be expected until the end of January 1980, i.e. for 4 1/2 months, it is reasonable to forecast expenditure of $4.5 \times 26 =$

117 million EUA

Total foreseeable expenditure from now until end January 1980

252 million EUA

If, therefore, the additional contribution of 200 million EUA decided on by the Council is made available to the Commission before the end of January 1980, when it receives the first contribution for 1980, it will have cash resources of

$$385 - 252 = 133 \text{ million EUA,}$$

which will be a sufficiently large sum, account being taken of the constraints referred to above.

*details supplied by the EIB.

8. EXPENDITURE FORECASTS FOR THE 1980 FINANCIAL YEAR

If the same line of reasoning is followed, the expenditure forecasts for the financial year in question work out as follows:

(a) Expenditure under the first three EDFs:

Expenditure under the first two EDFs may be disregarded. Under the third, in view of the amount disbursed to date, total expenditure should not exceed

35 million EUA

(b) Expenditure under the fourth EDF:

Total commitments at the end of 1979 will be of the order of 2 350 million EUA, representing approximately three-quarters of the funds available.

Under these circumstances, since the national governments of the ACP States, particularly the new ACP States, have shown that they are starting to master EDF procedures, plus the fact that the Commission has given its Delegates very strict instructions to do everything possible to speed up project execution, it may be hoped that the disbursement rate will continue to increase; in the case of "conventional" projects the rate of increase could average 25%, which would bring mean monthly expenditure for this type of operation up to 32.5 million EUA.

The resulting expenditure projection would be $12 \times 32.5 = \dots\dots\dots$

390 million EUA

To this amount should be added projected expenditure under:

1. Stabex	64 million EUA
2. Appropriations administered by the EAC	18.5 " EUA
3. Interest rate subsidies*	8 million EUA
4. Risk capital operations*	12 million EUA
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<u>Sub-total</u>	102.5 million EUA
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<u>TOTAL</u>	527.5 million EUA

In addition, the Commission's departments consider that expenditure on exceptional aid should be estimated at

30 million EUA

GRAND TOTAL OF EXPENDITURE UNDER ALL FOUR EDFs

557.50 million EUA

C. RECONSTITUTION OF THE EDF'S CASH RESOURCES

Account being taken

(1) of the foreseeable situation of the EDF's cash resources at 15 January 1980 + 133 million EUA

(2) of the estimate of EDF expenditure for 1980 557.5 million EUA

(3) of the need for the Commission to have at its disposal at the end of the financial year, since its accounts are in many different places, cash resources totalling not less than 120 million EUA

The Commission considers it justifiable that the following total sum should be kept at its disposal for the 1980 financial year

(557.5 + 120) - 133 =

544.5 million EUA

* details supplied by the EIB.

This 544.5 million EUA would be broken down as follows:

6.5 million EUA for the third EDF
538 million EUA for the fourth EDF

and would give rise to two calls for equal instalments to be paid on

Tuesday 15 January 1980 and
Tuesday 1 July 1980.

The Commission is meanwhile awaiting payment of the additional contribution for the 1979 financial year approved on 24 July. It once again draws the Member States' attention to the need to abide strictly by the date set for the payment of contributions.

A N N E X E S

Commitments
Expenditure

European Development Fund - 1980 financial year

(million EUA)

Estimate of commitments for 1980	AMOUNT
First EDF - fully committed	-
Second EDF - fully committed	-
Third EDF - amount still to be committed	12
Third EDF - commitment scheduled	6
Fourth EDF - commitment scheduled	677

Record of commitments under the fourth EDF (on the basis of EDF Committee meetings)

Year	Commitment for that year	AGGREGATE
1976	407	407
1977	710	1 117
1978	556	1 673
1979 (x) forecast	677	2 350 (x) forecast

(x) Forecast on the basis of the programme for EDF Committee meetings up to December 1979.

Token entry: commitments under the fourth EDF at 1 August 1979: 2 009.

Year	First EDF				Second EDF				
	Amount		% (581.25)		Amount		% (730)		Cumulative
	by year	aggregate	by year	aggregate	by year	aggregate	by year	aggregate	
1960	4	4	0.7	0.7					
1961	16	20	2.7	3.4					
1962	53	73	9.2	12.6					
1963	65	138	11.1	23.7					
1964	83	221	14.3	38.0					
1965	85	306	14.6	52.6	22	22	3.0	3.0	3.0
1966	76	382	13.1	65.7	36	58	4.9	7.9	7.9
1967	62	444	10.7	76.4	43	101	5.9	13.8	13.8
1968	40	484	6.9	83.3	70	171	9.6	23.4	23.4
1969	28	510	4.4	87.7	90	261	12.4	35.8	35.8
1970	15	525	2.6	90.3	131	392	17.9	53.7	53.7
1971	11	536	1.9	92.2	112	504	15.3	69.0	69.0
1972	10	546	1.7	93.9	78	582	10.7	79.7	79.7
1973	10	556	1.8	95.7	50	632	6.9	86.6	86.6
1974	6	562	1.0	96.7	26	658	3.5	90.1	90.1
1975	2	564	0.3	97.0	23	681	3.2	93.3	93.3
1976	3	567	0.5	97.5	17	698	2.3	95.6	95.6
1977	0.-	567	0.0	97.5	17	714	2.2	97.8	97.8
1978	1	568	0.3	97.8	8	722	1.1	98.9	98.9
1978-8-79	1	569	0.-	97.8	2	724	0.3	99.2	99.2
TOTALS	569				724				

RECORD OF EDF EXPENDITURE

(million EUA)

Third EDF				Fourth EDF				Totals for the four Funds		
Amount		% (905)		Amount		% (3 161.5)		Amount		
by year	aggregate	by year	aggregate	by year	aggregate	by year	aggregate	by year	aggregate	
								4	4	
								16	20	
								53	73	
								65	138	
								83	221	
								107	328	
								112	440	
								105	545	
								110	655	
								116	771	
								146	917	
	23	23	2.5	2.5				146	1 063	
	42	65	4.7	7.2				130	1 193	
	99	164	10.9	18.1				159	1 352	
	140	304	15.5	33.6				172	1 524	
	183	487	20.2	53.8				208	1 732	
	131	618	14.5	68.3	97	97	3.1	3.1	248	1 980
	80	698	8.8	77.1	155	252	4.9	8.0	252	2 232
	66	764	7.3	84.4	320	572	10.1	18.1	394	2 626
	20	784	2.2	86.6	246	818	7.7	25.8	269	2 895
	784				818				2 895	

NB: Advances to be regularized in the accounts are not taken into consideration.

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Annexes

Reconstitution of cash resources		
	<u>million EUA</u>	
	<u>Expenditure</u>	<u>Resources</u>
Cash situation at 15 September 1979		+ 185.-
Additional contribution called, to be made in two equal instalments payable on 15 September and 15 December 1979		+ 100.- + 100.-
		<hr/> + 385.-
Expenditure scheduled for the last four months of 1979		
First three EDFs 40		
Fourth EDF 212		
	<hr/> 252	- 252
Cash situation at the end of the 1979 financial year		+ 133.-
Contribution proposed for 1980		
Third EDF 6.5		
Fourth EDF 538.-		
	<hr/> 544.5	+ 544.5
		<hr/> + 677.5
Expenditure scheduled for		
First three EDFs 35.-		
Fourth EDF 522.5		
	<hr/> 557.5	- 557.5
Cash situation at 31 December 1980		+ 120.-

