

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(80) 684 final

Brussels, 30th October 1980

EDF - EUROPEAN DEVELOPMENT FUND
SCHEDULE OF CALLS FOR CONTRIBUTIONS
FOR THE 1981 FINANCIAL YEAR

(Commission communication to the Council)

COM(80) 684 final

Under 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 1981 and hence the amount of the contributions required.

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For 1981, it is proposed to call for 555 million ECU 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 Thursday 15 January 1981 and Wednesday 1 July 1981.

The contributions for the first three Funds from the six original Member States have been paid in full.

With regard to the fourth Fund, the original Member States and the Commission agreed to make - where necessary and advisable - drawings from the European Investment Bank, pursuant to the following two Council decisions:

1. Council Decision of 29 June 1976 on the allocation to the French overseas territories of two million European units of account at present held by the EIB following the payments made to the Bank in connection with the special loans granted to the ACP States, the countries and territories and the French overseas departments after 1 June 1964 and also the proceeds

and income from risk capital operations conducted after 1 February 1971 for the benefit of those states, countries, territories and departments.

2. Agreement amending the Internal Agreement on the financing and administration of Community aid¹, and specifying in particular the amounts which the EIB, following the accession of the Democratic Republic of Sao Tome and Principe, the Republic of Cape Verde and Papua New Guinea, to the Lomé Convention, will pay into the European Development Fund to be credited to Belgium, the Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands, as part of their contributions.

The time would seem to have come to make these drawings.

The Commission suggests that, in view of the complexity of the procedures for mobilizing them - despite their only relative importance - the funds at present deposited with the EIB should be kept at its effective disposal in two equal instalments to be called for in 1981 and 1982.

If this were done, the amount of 555 million EUA would be subdivided into:

- a normal call for contributions of	549 250 000 EUA
- a special call for contributions (see point 1. above) of	1 000 000 EUA
- a special call for contributions (see point 2. above) of	4 750 000 EUA
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	555 000 000 EUA
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The following table gives the breakdown of the contributions by Member State and EIB.

¹OJ No L 287, 13.10.1973.

CONTRIBUTIONS FOR 1981

Member State and EIB	Normal call for contributions		Special call for contributions (Council Decision of 29.6.1976)		Special call for contributions (Agreement amending the Internal Agreement)		TOTAL 1981
	Due 15.1.81	Due 1.7.81	Due 15.1.81	Due 1.7.81	Due 15.1.81	Due 1.7.81	
Belgium	17 164 062.50	17 164 062.50	-	-	148 437.50 ¹	148 437.50 ¹	34 625 000 --
Germany	71 265 187.50	71 265 187.50	-	-	616 312.50 ²	616 312.50 ²	143 763 000 --
France	71 265 187.50	71 265 187.50	-	-	616 312.50 ¹	616 312.50 ¹	143 763 000 --
Italy	32 955 000 --	32 955 000 --	-	-	285 000 -- ¹	285 000 -- ¹	66 430 000 --
Luxembourg	549 250 --	549 250 --	-	-	4 750 -- ¹	4 750 -- ¹	1 000 000 --
Netherlands	21 832 687.50	21 832 687.50	-	-	188 812.50 ¹	188 812.50 ¹	44 000 000 --
Denmark	6 591 000 --	6 591 000 --	-	-	57 000 --	57 000 --	13 296 000 --
Ireland	1 647 750 --	1 647 750 --	-	-	14 250 --	14 250 --	3 324 000 --
United Kingdom	51 354 875 --	51 354 875 --	-	-	444 125 --	444 125 --	103 598 000 --
EIB			500 000 -- ³	500 000 -- ³	-	-	1 000 000 --
TOTAL	274 625 000 --	274 625 000 --	500 000 --	500 000 --	2 375 000 --	2 375 000 --	555 000 000 --

¹To be paid direct by the EIB to the Commission, and credited to the Member States indicated.

²To be paid by Germany to the Commission, following recovery of an equivalent amount by Germany from the EIB.

³Direct payment from the EIB to the Commission.

A. THE EDF'S CASH RESOURCES -- 1980

(a) Situation at 31 August 1980, when this document was prepared

1. At 31 August 1980, the Commission noted that it had cash resources of 425 million EUA.
2. At the same date, and over the first eight months of the 1980 financial year, the Commission had actually disbursed 396 million EUA under the EDF.
3. This overall expenditure represented a monthly average of about 50 million EUA ($396 \div 8 = 49.5 =$).
4. The cash resources made available to the Commission for the EDF's operations are spread over 75 accounts in Europe and in each of the ACP States, largely as a result of the constraints imposed by Protocol No. 2.
5. The financial resources which the Commission should have at its disposal until the next contributions are received will therefore cover the period from 1 September 1980 to the end of January 1981. The Commission's projected expenditure over that period can reasonably be estimated as follows:

(b) Projected expenditure up to the end of the 1980 financial year

1. If the monthly average of 50 million EUA noted under point A(a)3. above is taken for the five months up to the end of January, the result obtained will be ($5 \times 50 =$) 250 million EUA, divided between the fourth EDF and the other three EDFs.
2. It is also proposed to grant from the EDF's cash resources for the 1980 financial year a new instalment of advances of 22 million EUA to the Stabex system which will operate under the Lomé II arrangements.

3. The Commission therefore considers that the expenditure up to the end of the 1980 financial year will amount to:

	<u>million EUA</u>
- normal expenditure for the 5 months still to be covered	250
- exceptional expenditure on advances to Stabex	22
	<u>272</u>

B. EXPENDITURE FORECASTS FOR THE 1981 FINANCIAL YEAR

1. For the first three EDFs

The first three EDFs are being wound up. Consequently, they show a declining expenditure curve. Expenditure for the 1981 financial year should therefore not be any higher than for the 1980 or 1979 financial years. In 1979 42 million EUA was disbursed under the three EDFs; at 31 July 1980 there was a further 107 million EUA to be disbursed. The disbursements to be made for the first three EDFs may reasonably be estimated at 36 million EUA.

2. For the fourth EDF

(a) It should be noted that the total commitments at the end of 1980 will be of the order of 2 777 million EUA, which represents 88% of the available resources.

Syntex 11 For contribution of 2.6.1976 (Council Decision of 2.6.1976) (Amendment of 1976) (Agreement)

43
1977
1978
1979
1980
1981

(b) Some expenditure will not recur in 1981 such as the Lomé I Stabex, which has been closed, and exceptional aid, for which only a few insignificant amounts have still to be disbursed.

(c) It can reasonably be predicted, however, that the encouraging and steadier flow of disbursements for conventional projects will continue, given the present stage of implementation of the commitments made by the Commission, the improved application of our procedures by the ACP States' national administrations and the effects of the thorough work done by the Commission Delegates. Since it is likely that at the end of the 1980 financial year the total volume of fourth EDF disbursements will have reached about 50% of the total funds, caution demands that in 1981 the volume of disbursements for projects be kept equivalent to that of 1980.

C. FORECASTS, FOURTH FUND 1981

On the basis of the above, a rate of 46 million EUA per month can be expected for expenditure under the fourth EDF.

The following expenditure may therefore be anticipated for the 1981 financial year:

	<u>million EUA</u>
- for the first three EDFs	36
- for the fourth EDF	
(12 x 46 = 552)	552
	<u>588</u>

D. RECONSTITUTION OF THE EDF'S CASH RESOURCES

Account being taken:

	<u>million EUA</u>
1. of the foreseeable situation of the EDF at 14 January 1981 (i.e. at the end of the 1980 financial year)	153
2. of the estimate of EDF expenditure for 1981	588
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	120

The Commission considers it justifiable that the following overall sum should be kept at its disposal for the next financial year - 1981 -
(588 + 120) - 153 = 555 million ECU.

This 555 million ECU - under the fourth Fund - would give rise to two calls for equal instalments to be paid on

Thursday 15 January 1981 and

Wednesday 1 July 1981.

The Commission once again draws the Member States' attention to the need to abide strictly by the date set for the payment of contribution.

ANNEXES
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State of commitments. T
procedures for the reconstitution of
cash resources.
Contributions to the fourth EDF.

European Development Fund - 1980 financial year

Fourth Fund		
RECORD OF COMMITMENTS		
Wednesday 15 February 1981		
Wednesday 7 July 1981.		
on the basis of EDF Committee meetings		
Year	Commitment for that year	A G G R E G A T E
1976	407	407
1977	710	1 117
1978	556	1 673
1979	569	2 242
1980	forecast 535*	2 777*

* Forecast on the basis of the programme for EDF Committee meetings up to and including December 1980.

Token entry: commitments under the fourth EDF: at 31 July 1979 : 2 009
at 31 July 1980 : 2 587

Reconstitution of cash resources		(million EUA)
	<u>Expenditure</u>	<u>Resources</u>
Cash situation at 31 August 1980 (all contributions for the 1980 financial year having been paid)		+ 425
Expenditure scheduled between now and the end of the 1980 financial year		
Normal expenditure	250	
Advances to Stabex	22	
	<u>272</u>	
	- 272	
Cash situation at the end of the 1980 financial year		+ 153
Contributions proposed for 1981		
Fourth EDF	555	+ 555
		<u> </u>
		+ 708
Expenditure scheduled for		
First three EDFs	36	
Fourth EDF	552	
	<u>588</u>	
	- 588	
Cash situation at 31 December 1981		+ 120

Fourth EDF - Contributions

(million EUA)

<u>Contributions due</u>		3 161.5
<u>Contributions paid and called for</u>		
<u>paid in</u>	1976	181
	1977	270
	1978	413.9
ord. contrib.	1979	740
supplement.	1979	5290
in	1980	5538
called for	1981	555
	forecast	2 283
<u>Contributions still to be paid</u>		
<u>in subsequent financial years</u>		878.5

commitment under the fourth EDF at

