



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 01.07.1999  
COM(1999) 323 final

COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

**FINANCIAL INFORMATION  
ON THE  
EUROPEAN DEVELOPMENT FUNDS**

Document attached to the draft budget for 2000

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## FOREWORD

This document is submitted as an annex to the draft budget for 2000, in accordance with the 1979 agreements on budgetary procedure.

To make the budgetary authority's task as easy as possible, the information given in this document is restricted to the key data. However, as in previous years, it shows:

- EDF implementation at 31 December 1998;
- financial implementation forecasts for the current year;
- expenditure forecasts for 2000.

Further details on EDF implementation at 31 December 1998 are given in:

- the Commission working paper "Financial cooperation under the Lomé Conventions: aid situation at the end of 1998";
- the Commission communication to the Court of Auditors, Parliament and the Council containing the balance sheets and accounts of the 6th, 7th and 8th EDFs for 1998.

## SUMMARY

1. With payments of ECU 1439.6 million, implementation of the EDF in 1998 will be slightly below the forecast of ECU 1698 million presented to the Member States in December 1997 (implementation rate: 85%).

Nevertheless, 1998 was a record year in terms of EDF implementation in recent years. Current expenditure reached ECU 1350.3 million, while Stabex reached ECU 89.31 million. Structural adjustment expenditure spending stood at ECU 279.5 million.

Note that the 8th EDF entered into force on 1 July 1998 rather than 1 January because of the need to complete the last ratification procedures. Since the forecasts were drawn up on an annual basis, the implementation total covers only the second half of the year.

In a political and economic climate that continues to fluctuate sharply and is highly sensitive to changes in the world economy, official development aid granted by the European Union to the ACP States and OCT constantly reflects these external factors.

Furthermore, the domestic situation in a number of recipient countries continued to fluctuate in 1998 - deterioration of the situation in Rwanda, Equatorial Guinea, Democratic Republic of Congo, Sierra Leone, etc. - and this affected the pace and estimated amount of disbursements.

2. With decisions forecast at €2485 million and payments at €1460 million for 1999, the upswing in EDF activity following the entry into force of the 8th EDF should continue.

To finance this expenditure, a call for contributions totalling €1700 million was decided on to cover current payments plus €360 million for Stabex expenditure as laid down in the Financial Regulation for the 8th EDF.

3. Forecast expenditure in 2000 is €1735 million for current operations and €500 million for Stabex.

I. Status of European Development Funds at 31 December 1998

1. General table

Fund	Allocation ECU m	Entry into force	Type of aid	Recipients	Implementation at 31/12/98
6th EDF	7882.6 (*1)	01.05.1986	Programmable aid	ACP-OCT	95% committed
			Interest-rate subsidies	"	
			Risk capital	"	
			Stabex	"	89% paid up
			Sysmin	"	
			Emergency aid	"	
7th EDF	11569.2 (*2)	01.09.1991	Programmable aid	ACP-OCT	90% committed
			Structural adjustment facility	"	
			Interest-rate subsidies	"	
			Risk capital	"	64% paid up (2)
			Stabex	"	
			Sysmin	"	
8th EDF	13137.5	17.06.1998	Emergency aid	"	
			Aid for refugees	"	85% paid up (3)
			Programmable aid	ACP-OCT	17% committed
			Structural adjustment facility	"	
			Interest-rate subsidies	"	
			Risk capital	"	3.55% paid up(2)
Stabex	"				
Sysmin	"				
Emergency aid	"				
Aid for refugees	"	53% paid up(3)			

ECU 1120 million from the 6th EDF, ECU 1225 million from the 7th EDF and ECU 1693 million from the 8th EDF should be added to the above allocations (from EIB own resources).

- (1) The allocation figures do not include interest.  
(2) Percentage of payments in relation to decisions.  
(3) Percentage of payments in relation to contracts.

(\*1) Replenishment of the Somalia NIP with €35.7million less €39 million transferred to the 8th EDF in accordance with Article 1(ii) of the 8th EDF Internal Agreement (remaining balance of the 4th and 6th EDFs).

(\*2) Transfer of €253 million from the 7th EDF to the 8th EDF in accordance with Article 1(ii) of the 8th EDF Internal Agreement

2. Implementation of the Funds at 31 December 1998

(a) EDF expenditure in 1998: ECU 1439.6 million.

**TRENDS IN PAYMENTS**

	<b>Current payments</b>	<b>Stabex</b>	<b>TOTAL</b>
1991	1102	189	1291
1992	1298	612	1910
1993	1339	33	1372
1994	1430	351	1781
1995	1260	303	1563
1996	1152	165	1317
1997	1194	19	1213
1998	1350.6	89	1439.6

**COMPARISON COMMITMENTS/PAYMENTS (7th & 8th EDFs)**

<b>Instruments</b>	<b>Commitments</b>		<b>Payments</b>	
	<b>1997</b>	<b>1998</b>	<b>1997</b>	<b>1998</b>
<b>PROGRAMMABLE AID :</b>	444.53	1784.81	965.61	1091.94
- National and regional indicative programmes	403.83	1198.25	891.26	812.41
- Structural adjustment facility	40.70	586.56	74.35	279.53
<b>STABEX</b>		151.69	18.73	89.31
<b>SYSMIN</b>	168.35	0.51	38.98	41.83
<b>RISK CAPITAL</b>	13.05	297.05	118.07	171.33
<b>INTEREST-RATE SUBSIDIES</b>	-7.30	24.54	52.94	27.05
<b>EMERGENCY AID</b>	-4.37	36.73	10.07	12.65
<b>AID FOR REFUGEES</b>	1.72	0.94	8.29	5.52
<b>TOTAL</b>	<b>615.98</b>	<b>2296.28</b>	<b>1212.69</b>	<b>1439.64</b>

The level of commitments rose markedly with the start-up of implementation of the 8th EDF and payments increased as well to a lesser extent. The only instrument to register a fall was Sysmin (explicable by the way commitments are made), which nevertheless maintained a regular flow of payments.

(b) EDF operations were financed normally in 1998.

Resources	CURRENT OPERATIONS		STABEX		TOTAL	
	1997	1998	1997	1998	1997	1998
Balance at 01.01	295.72	330.56	106.77	91.00	402.49	421.56
Call for contributions	1.200.00	1300.00	0.00	397.54	1200.00	1697.54
Interest and settlements	7.99		2.96	8.30	10.95	8.30
<b>TOTAL</b>	<b>1.503.71</b>	<b>1.630.56</b>	<b>109.73</b>	<b>496.84</b>	<b>1613.44</b>	<b>2127.40</b>
Expenditure (1)	-1.173.15	-1.350.31	-18.73	-89.31	-1191.88	-1439.62
Balance	330.56	280.25 <sup>1</sup>	91.00	407.53	421.56	687.78

(1) The difference between the volume of expenditure given in points 2(a) (€1212.69 million) and 2(b) (€1191.88 million) represents settlements under way between the authorising officer and the accountant at the end of the financial year.

The amount of cash available for all accounts at the end of the year was €687.78 million, €306.6 million for current expenditure and €407.53 million for Stabex.

As there is a special bank account for Stabex operations, the possibilities of reducing these funds are closely bound up with the level of transfers decided on. At 31.12.1998 the Commission had a credit with some Member States totalling €669.14 million for Stabex.

## II. a) Revised financial implementation forecasts for 1999

Instruments	Commitments				Payments			
	6 EDF	7 EDF	8 EDF	TOT	6EDF	7EDF	8 EDF	TOT
Programmable aid	-150	135	1.690	1.675	100	500	400	1.000
- National and regional indicative programmes	-150	135	1.460	1.445	100	500	200	800
- Structural adjustment facility	-	-	230	230	-	-	200	200
STABEX	-	-	100	100	-	-	75	75
SYSMIN	-	-	80	80	-	90	-	90
RISK CAPITAL	-	10	430	440	-	160	40	200
INTEREST-RATE SUBSIDIES	-	-	90	90	-	25	20	45
EMERGENCY AID	-	-	100	100	-	-	50	50
AID FOR REFUGEES	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-150</b>	<b>145</b>	<b>2.490</b>	<b>2.485</b>	<b>100</b>	<b>775</b>	<b>585</b>	<b>1.460</b>

1. Forecasts for commitments have been revised upwards compared with the forecasts in December 1998. The main reason for this is that the perspectives for risk capital and the launching of emergency aid operations are much higher than expected. The forecast now seems more realistic in that it includes:

- a relatively high level of decommitments under the 6th EDF (minus €150 million);
- a great deal of room for manoeuvre in the case of programmable aid in line with the much more ambitious objectives that have been fixed within the Commission.

Interest not included.

Significant results have already been achieved since the start of the year as shown by the many projects that were presented and approved by the EDF Committee by 31 May.:

€ 465 million	NIPs and RIPs
€ 25 million	STRUCTURAL ADJUSTMENT
€ 490 million	TOTAL

2. EDF expenditure at 31/05/1999 compared with the revised forecasts of May 1999

Instruments	Revised forecasts of May 1999	Implementation at 31.05.1999 <sup>1</sup>	% implementation at 31.05.1999
PROGRAMMABLE AID	1.000	369.05	36.91
- use of remaining balances	50	10.63	21.26
- national and regional indicative programmes	750	268.98 <sup>2</sup>	35.86
- Structural adjustment facility	200	89.44	44.72
SYSMIN	90	28.90	32.11
RISK CAPITAL	200	43.77	21.89
INTEREST-RATE SUBSIDIES	45	4.95	11.00
EMERGENCY AID	50	10.38	20.76
AID FOR REFUGEES	0	0.72	-
Subtotal	1.385	457.77	33.05
STABEX	75	20.15	26.87
<b>TOTAL</b>	<b>1.460</b>	<b>477.92</b>	<b>32.73</b>

Various factors led the Commission to revise down the payments forecasts drawn up in December 1998:

- a slower than expected execution of payments relating programmable aid in recent months;
- better perspectives for the use of risk capital by the EIB and a marked rise in emergency aid requirements.

It thus seemed wise to adjust the forecasts in line with the review under way.

Consequently, implementation at 31 May 1999 stood at about 33% of the revised forecasts compared with the usual 36% on average over the first six months.

<sup>1</sup> Final and unsettled transactions.

<sup>2</sup> Included: are €36 million in local payments and €26 million in advances for study awards that both have to be settled.



### III. Implementation forecasts for 2000

2000 ECU m	DECISIONS				PAYMENTS			
	6EDF	7EDF	8EDF	TOT	6EDF	7EDF	8EDF	TOT
Programmable aid	-150	100	1900	1850	100	550	650	1300
- NIP/RIP	-150	100	1550	1500	100	550	350	1000
- SAF	-	-	350	350	-	-	300	300
STABEX	-	-	500	500	-	-	500	500
SYSMIN	-	-	50	50	-	-	30	30
RISK CAPITAL	-	-	290	290	-	85	200	285
INTEREST-RATE	-	-	100	100	-	30	30	60
SUBSIDIES	-	-	20	20	-	-	60	60
EMERGENCY AID AID FOR REFUGEES	-	-	-	-	-	-	-	-
<b>Grand total</b>	<b>-150</b>	<b>100</b>	<b>2.860</b>	<b>2.810</b>	<b>100</b>	<b>665</b>	<b>1.470</b>	<b>2.235</b>

The estimates for 2000, which were revised in the first half of 1999, are different from those sent to the Council in December 1998 in these respects:

- the amounts for the 6th EDF have been entered separately since the Fund has not been closed yet;
- the figures have been calculated on the basis of the present programmes in the light of the more ambitious objectives established internally (these figures will be revised in further detail in November in the light of implementation);
- The debt relief initiative for HIPC's has not yet been quantified and included in the forecasts at this stage; it will be done in November.

The level of decisions envisaged is established with 2.810 M€ including 150 M€ of releases under the 6<sup>th</sup> EDF.

With a payment level considered at 2.235 M€, the financial year 2000 should cross, for the first time, the threshold of 2 Billion 1s. As in 1992, when this threshold had already almost been reached, this result will mainly be obtained thanks to the Stabex high payments which are awaited (500 M€). To cope with these payments; and by taking into account the obligations of the Convention, the call of the contributions which will be examined with the Member States in November 1999 should border 1.400 M€ for current expenditure. 360 M€ will in addition be called as Stabex (year of 1999 application), as planned by the regulation.

This forecast request of the contributions is based on the following elements :

€ million	Current operations	Stabex
<b>Balance 31/12/98</b>	<b>306.60</b>	<b>407.50</b>
Calls for 1999 <sup>3</sup>	1700.00	360.00
Forecast expenditure 1999	- 1385.00	-75.00
<b>Forecast balance at 31/12/99</b>	<b>621.60</b>	<b>692.50<sup>4</sup></b>
Foreseeable expenditure 2000	-1.735.00	-500.00
<b>Call 2000</b>	<b>1400</b>	<b>360.00</b>
<b>Forecast balance at 31/12/2000</b>	<b>286.60</b>	<b>552.50</b>

<sup>3</sup> The € 390 linked to the entry into force of the 8th EDF (Doc 12/97) are included.

<sup>4</sup> Excluding credit with Member States and interest generated in managing the bank accounts.

## ANNEXES

**Annex 1: Contributions to the EDF for 1999**

CONTRIBUTION TO EDF FOR 1999

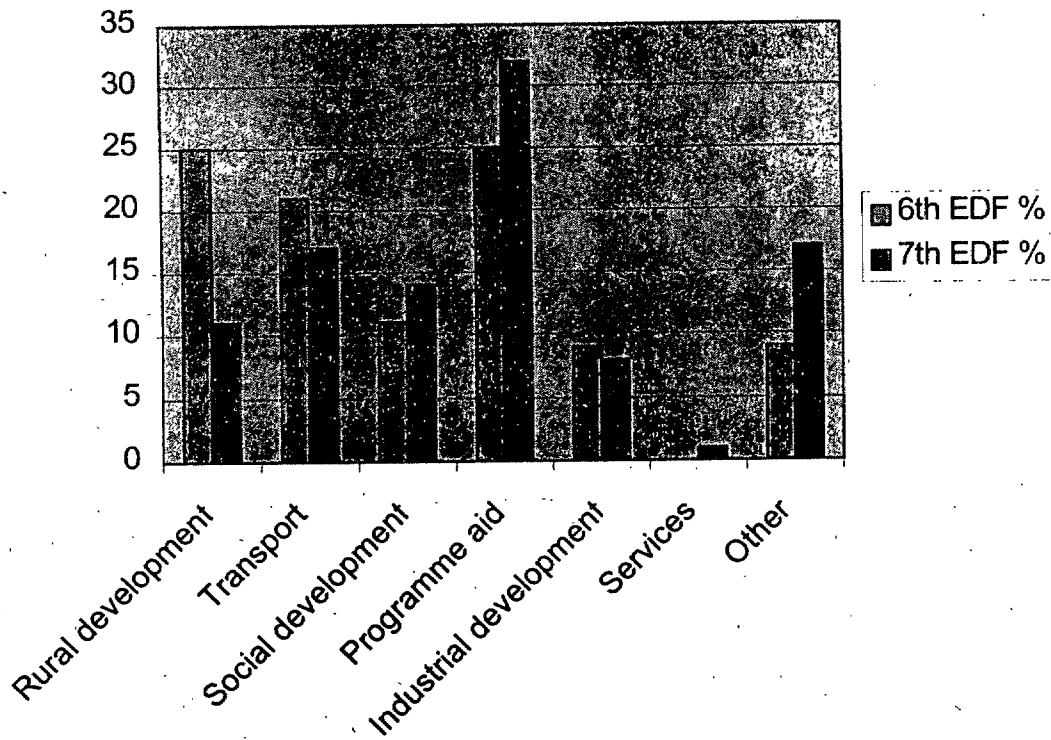
COUNTRY	SCALE OF CONTRIBUTIONS TO 7th EDF %	20/01/99	1/04/99	1/07/99	1/11/99	TOTAL 1999
GERMANY	25.96	64 900 000.00	116 820 000.00	129 800 000.00	129 800 000.00	441 320 000.00
BELGIUM	3.96	9 900 000.00	17 820 000.00	19 800 000.00	19 800 000.00	67 320 000.00
DENMARK	2.07	5 175 000.00	9 315 000.00	10 350 000.00	10 350 000.00	35 190 000.00
SPAIN	5.90	14 750 000.00	26 550 000.00	29 500 000.00	29 500 000.00	100 300 000.00
FRANCE	24.37	60 925 000.00	109 665 000.00	121 850 000.00	121 850 000.00	414 290 000.00
GREECE	1.22	3 050 000.00	5 490 000.00	6 100 000.00	6 100 000.00	20 740 000.00
IRELAND	0.55	1 375 000.00	2 475 000.00	2 750 000.00	2 750 000.00	9 350 000.00
ITALY	12.96	32 400 000.00	58 320 000.00	64 800 000.00	64 800 000.00	220 320 000.00
LUXEMBOURG	0.19	475 000.00	855 000.00	950 000.00	950 000.00	3 230 000.00
NETHERLANDS	5.57	13 925 000.00	25 065 000.00	27 850 000.00	27 850 000.00	94 690 000.00
PORTUGAL	0.88	2 200 000.00	3 960 000.00	4 400 000.00	4 400 000.00	14 960 000.00
UNITED KINGDOM	16.37	40 925 000.00	73 665 000.00	81 850 000.00	81 850 000.00	278 290 000.00
TOTAL	100.00	250.000.000,00	450.000.000,00	500.000.000.00	500 000 000.00	1 700 000 000.00

**STABEX**

COUNTRY	SCALE OF CONTRIBUTIONS TO 8th EDF %	1/04/99	1/07/99	TOTAL
GERMANY	23.36	42 048 000.00	42 048 000.00	84 096 000.00
BELGIUM	3.92	7 056 000.00	7 056 000.00	14 112 000.00
DENMARK	2.14	3 852 000.00	3 852 000.00	7 704 000.00
SPAIN	5.84	10 512 000.00	10 512 000.00	21 024 000.00
FRANCE	24.30	43 740 000.00	43 740 000.00	87 480 000.00
GREECE	1.25	2 250 000.00	2 250 000.00	4 500 000.00
IRELAND	0.62	1 116 000.00	1 116 000.00	2 232 000.00
ITALY	12.54	22 572 000.00	22 572 000.00	45 144 000.00
LUXEMBOURG	0.29	522 000.00	522 000.00	1 044 000.00
NETHERLANDS	5.22	9 396 000.00	9 396 000.00	18 792 000.00
PORTUGAL	0.97	1 746 000.00	1 746 000.00	3 492 000.00
UNITED KINGDOM	12.69	22 842 000.00	22 842 000.00	45 684 000.00
AUSTRIA	2.65	4 770 000.00	4 770 000.00	9 540 000.00
FINLAND	1.48	2 664 000.00	2 664 000.00	5 328 000.00
SWEDEN	2.73	4 914 000.00	4 914 000.00	9 828 000.00
<b>TOTAL</b>	<b>100.00</b>	<b>180 000 000.00</b>	<b>180 000 000.00</b>	<b>360 000 000.00</b>

**Annex 2: Sectoral breakdown at 31.12.1998**

## Breakdown of EDF decisions by economic sector



**NB. The 1998 figures for the 8th EDF could not be broken down**

	6th EDF %	7th EDF %	8th EDF %
Rural developmen	25	11	4
Transport	21	17	15
Social developme	11	14	8
Programme aid	25	32	20
Industrial develop	9	8	3
Services	0	1	0
Other	9	17	50

**Annex 3: Extracts from management accounts at 31.12.1998.**



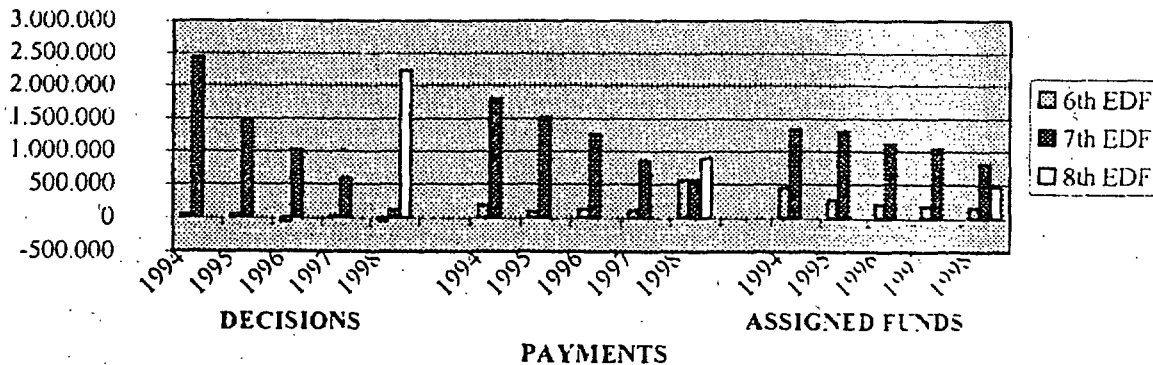
## EDF CONSOLIDATED ACCOUNTS AT 31.12.1998 : ANNUAL FIGURES (ECU '000)

APPROPRIATIONS	6th EDF	7th EDF	8th EDF	6th,7th & 8th
Programmable aid	5.179.574	6.083.352	7.677.000	18.939.925
Structural adjustment (SAF)	6.000	1.156.000	1.400.000	2.562.000
Non-programmable aid	2.586.956	3.892.152	4.074.118	10.553.226
Transfers to other Funds	110.084	437.651		547.734
Sundry revenue	0	13.830		13.830
<b>TOTAL</b>	<b>7.882.614</b>	<b>11.582.985</b>	<b>13.151.118</b>	<b>32.616.716</b>

		AGGREGATE TOTAL		ANNUAL FIGURES				
		As at 31/12/98	% of appropriation	1994	1995	1996	1997	1998
<b>DECISIONS</b>	6th EDF	7.488.991	95	47.806	45.601	-53.008	24.216	-44.644
	7th EDF	10.435.334	90	2.432.908	1.474.489	1.017.873	591.769	116.834
	8th EDF	2.224.097	17					2.224.097
	<b>TOTAL</b>	<b>20.148.422</b>		<b>2.480.714</b>	<b>1.520.090</b>	<b>964.865</b>	<b>615.985</b>	<b>2.296.287</b>
<b>ASSIGNED FUNDS</b>	6th EDF	7.160.980	91	180.667	89.818	120.457	109.117	563.443
	7th EDF	8.718.221	75	1.790.247	1.505.878	1.259.557	852.298	563.443
	8th EDF	893.967	7					893.967
	<b>TOTAL</b>	<b>16.773.168</b>		<b>1.970.914</b>	<b>1.695.696</b>	<b>1.380.014</b>	<b>961.415</b>	<b>2.020.853</b>
<b>PAYMENTS</b>	6th EDF	6.931.514	88	449.216	268.197	199.131	173.843	153.872
	7th EDF	7.394.120	64	1.332.358	1.295.514	1.116.250	1.038.852	819.131
	8th EDF	466.621	4					466.621
	<b>TOTAL</b>	<b>14.792.254</b>		<b>1.781.574</b>	<b>1.563.711</b>	<b>1.317.381</b>	<b>1.212.695</b>	<b>1.439.624</b>

\* Negative figures represent decommitments.

### EDF consolidated accounts as at 31 DEC 1998: annual figures (ECU '000s)



**EDF CONSOLIDATED ACCOUNTS AT 31.12.1998:**  
**NATURE OF AID (ECU '000)**

	6th EDF	% (1)	7th EDF	% (1)	8th EDF	% (1)	TOTAL	% (1)
<b>PROGRAMMABLE AID (NIP)</b>								
<b>Appropriation</b>	<b>5.179.574</b>		<b>6.083.352</b>		<b>7.677.000</b>		<b>18.939.926</b>	
Decisions	4.883.765	94	5.202.523	86	1.064.898	14	11.151.187	59
Assigned funds	4.590.246	89	3.979.771	65	87.568	1	8.657.585	46
Payments	4.402.520	85	3.110.390	51	45.316	1	7.558.226	40
<b>STRUCTURAL ADJUSTMENT (SAF)</b>								
<b>Appropriation</b>	<b>6.000</b>		<b>1.156.000</b>		<b>1.400.000</b>		<b>2.562.000</b>	
Decisions	6.000	100	1.152.991	100	578.720	41	1.737.711	68
Assigned funds	5.995	100	1.142.850	99	385.567	28	1.534.412	60
Payments	5.407	90	1.130.977	98	239.460	17	1.375.844	54
<b>NON-PROGRAMMABLE AID</b>								
<b>Appropriation</b>	<b>2.586.956</b>		<b>3.892.152</b>		<b>4.074.118</b>		<b>10.553.226</b>	
Decisions	2.505.747	97	3.708.676	95	580.478	14	6.794.901	64
Assigned funds	2.478.813	96	3.340.660	86	420.832	10	6.240.304	59
Payments	2.443.505	94	2.959.169	76	181.845	4	5.584.520	53
<b>TRANSFERS FROM OTHER FUNDS</b>								
<b>Appropriation</b>	<b>110.084</b>		<b>437.651</b>				<b>547.735</b>	
Decisions	93.479	85	371.145	85			464.624	85
Assigned funds	85.926	78	254.940	58			340.866	62
Payments	80.081	73	193.583	44			273.664	50
<b>SUNDRY REVENUE</b>			<b>13.830</b>				<b>13.830</b>	
<b>TOTAL</b>								
<b>Appropriation</b>	<b>7.882.614</b>		<b>11.582.985</b>		<b>13.151.118</b>		<b>32.616.717</b>	
Decisions	7.488.991	95	10.435.334	90	2.224.097	17	20.148.422	62
Assigned funds	7.160.980	91	8.718.221	75	893.967	7	16.773.168	51
Payments	6.931.514	88	7.394.120	64	466.621	4	14.792.254	45

(1) % of appropriations.

ISSN 0254-1475

COM(1999) 323 final

# DOCUMENTS

**EN**

**09 11 01 10**

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**Catalogue number : CB-CO-99-326-EN-C**

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**Office for Official Publications of the European Communities**

**L-2985 Luxembourg**

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