

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(77) 462 final.

Brussels, 27 September 1977.

COMMISSION COMMUNICATION TO THE COUNCIL

THIRD AND FOURTH EUROPEAN DEVELOPMENT FUNDS

1978

ESTIMATE OF COMMITMENTS AND DISBURSEMENTS

SCHEDULE OF CALLS FOR CONTRIBUTIONS

CONTRIBUTIONS SITUATION

COM(77) 462 final.

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Directorate-General for Development

Brussels, 15 July 1977

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.

Accordingly, the purpose of this communication is to assess the EDF's cash requirements for 1978 and the amount of the contributions required.

The tables annexed to this communication give:

- (a) an estimate of commitments in 1978 under the four EDFs in operation;
- (b) an estimate of disbursements for 1978;
- (c) hence, the schedule of the Member States' contributions to the third and fourth EDFs to be called for in 1978;
- (d) the contributions situation at 31 December 1978.

The purpose of these contributions is to reconstitute the EDF's cash resources in order to enable it to make disbursements.

For 1978 it is proposed to call for 17 million EUA for the third EDF from the six Member States which signed the Yaoundé II Convention, and for 278 million EUA for the fourth EDF from the nine Member States which signed the Lomé Convention.

In accordance with Article 2 of the Financial Regulation, it is proposed that each of these contributions be called for in two equal instalments, the first payable before 20 January 1978 and as July the 1st will be a Saturday - the second on 3 July 1978.

This communication sets out below the detailed grounds for this request and deals in turn with:

I. the reconstitution of the EDF's cash resources

II. the estimated expenditure for 1977

III. the estimated expenditure for 1978.

I. RECONSTITUTION OF CASH RESOURCES

The following table shows how EDF expenditure has developed from year to year.

Year	First EDF				Second EDF				Third EDF				Fourth EDF				Totals for the four Funds
	Amount by year	Aggregate amount	%	Amount by year	Aggregate amount	%	Amount by year	Aggregate amount	%	Amount by year	Aggregate amount	%	Amount by year	Aggregate amount	%		
	(million ECU)	(million ECU)		(million ECU)	(million ECU)		(million ECU)	(million ECU)		(million ECU)	(million ECU)		(million ECU)	(million ECU)			
1960	4	4	0.7										4	4			
1961	16	20	3.4										16	20			
1962	53	73	12.6										53	73			
1963	65	138	23.7										65	138			
1964	83	221	38.0										83	221			
1965	85	306	52.6	22	22	3.0							107	328			
1966	76	382	65.7	36	58	7.9							112	440			
1967	62	444	76.4	43	101	13.8							105	545			
1968	40	484	83.3	70	171	23.4							110	655			
1969	26	510	87.7	90	261	35.8							116	771			
1970	15	525	90.3	131	392	51.7							146	917			
1971	11	536	92.2	112	504	69.0	23	23	2.5				146	1 063			
1972	10	546	93.9	78	582	79.7	42	65	7.2				130	1 193			
1973	10	556	95.7	50	632	86.6	99	164	18.1				159	1 352			
1974	6	582	96.7	26	658	90.1	140	304	33.6				172	1 524			
1975	2	584	97.0	23	681	91.3	163	287	33.8				208	1 732			
1976	3	587	97.5	17	698	95.6	131	618	88.3				248	1 980			
1977	0...	587	97.5	6	704	96.4	41	660	72.9				108	2 088			
(10.6.77)																	
TOTALS		587		704	860		157	157					157	2 088			

See note on following page.

*To this amount of (millions of EUA) 2 088

should be added:

- (1) advances made to the European Association for Cooperation (EAC), namely..... 38
- (2) other advances made (for scholarship holders, etc.)..... 22
- (3) expenditure in the process of verification (in accordance with Article 12 of the Financial Regulation)..... 10

70

Total expenditure under the four Funds there amounts in reality, at 30 June 1977, to 2 158
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It was pointed out in last year's report that the rate of disbursements under the third Fund was faster than under the first and second Funds, since after only five years 54% of the total amount of the third Fund had already been expended.

In addition, while it had already been noted that the first and second Funds were virtually being wound up, it can now be seen that in its seventh year of operation expenditure under the third Fund is also beginning to tail off, with more than 70% of the total amount already spent.

As for the fourth Fund, which, it will be remembered, commenced on 1 April 1976, although the initial rate of expenditure was not as rapid as forecast in the previous report (134 million EUA forecast for financial year 1976), a total of 97 million EUA has nonetheless been disbursed in the first year of the Fund's operation.

Certain types of expenditure, such as on export earnings stabilization (Stabex) and exceptional aid, have been effected more rapidly than the financing of traditional projects.

Consequently, as will be shown more clearly by the following analysis, total expenditure in 1978 under the Funds in operation could amount to around 438 million EUA (118 for Yaoundé + 320 for Lomé).

The table below shows the probable trend of resources and expenditure up to the end of 1978.

	(million EUA)	
	<u>Expenditure</u>	<u>Resources</u>
Cash available at 30 June 1977		274
Contributions due for the second six months of 1977		<u>205</u>
		479
Expenditure scheduled for the remaining months of 1977:		
First EDF.....	2	
Second EDF.....	11	
Third EDF.....	60	
Fourth EDF.....	100	
Advances and expenditure in the process of being entered in the accounts	<u>47</u>	
	220	
Cash available at 31 December 1977.....		259
<p>NB. The volume of cash resources at the end of 1977 is too large; it could be brought down to suitable proportions by a reduced call for contributions for the next financial year, as follows:</p>		
Contributions for 1978:		
Third EDF.....	17	
Fourth EDF.....	<u>278</u>	
		<u>295</u>
		554
Expenditure scheduled for 1978:		
First, second and third Funds.....	118	
Fourth Fund	<u>320</u>	
	438	
Cash available at 31 December 1978.....		116

Available cash resources must cover advances (e.g. to the European Association for Cooperation (EAC) and to scholarship holders, etc.) as well as disbursements, and must be estimated in the light of the various EDF accounts opened in all the ACP States as well as in Europe.

Since the first instalment of contributions for the new year is not payable until 19 January, end-of-year cash resources must be sufficient to cover disbursements until 19 January.

II. ESTIMATED EXPENDITURE FOR THE CURRENT YEAR (1977)

In the first six months expenditure under the first Fund was less than 1 million EUA; it can reasonably be forecast that it will barely exceed 2 million EUA for the whole year.

Expenditure under the second EDF totalled 6 million EUA in the same period; for the rest of the year it could total 11 million EUA, making a total of 17 million EUA for the whole year.

Expenditure in the first six months of the year under the third EDF was 41 million EUA; it can be estimated that it will be approximately 60 million EUA for the rest of the year, bringing the total for the year to 101 million EUA.

As regards the fourth Fund, account should be taken of:

- (i) expenditure in the first six months, i.e. 60 million EUA;
- (ii) expenditure in the process of being entered in the accounts, i.e. 32 million EUA;
- (iii) also, a substantial proportion of the expenditure incurred by the EAC in 1976, which will not be entered in the EDF accounts until October 1977. The amount involved may be estimated at around 15 million EUA.

Thus definite expenditure under the fourth EDF can now be put at (60 + 32 + 15) EUA = 107 million EUA. By the end of the year this figure should increase by approximately 100 million EUA.

On the basis of the foregoing, EDF expenditure in 1977 under the four Funds in operation would amount to:

First EDF	2 000 000 EUA
Second EDF	17 000 000 EUA
Third EDF	101 000 000 EUA
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	120 000 000 EUA
Fourth EDF	207 000 000 EUA
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Total	327 000 000 EUA
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III. ESTIMATED EXPENDITURE IN 1978

First EDF Expenditure under this Fund, which has virtually run out of resources, should be about 2 million EUA.

Second EDF Commitments amount to about 725 million EUA. Expenditure comes to 704 million EUA. The amount outstanding is therefore about 21 million EUA.

Consequently, expenditure in 1978 could come to approximately 16 million EUA.

Third EDF Commitments amount to 876 million EUA
 Expenditure comes to only 660 million EUA.
 The amount outstanding is about 216 million EUA.

Expenditure in 1978 could thus be reasonably estimated at about 100 million EUA.

Total expenditure under the first three Funds should therefore amount to approximately 118 million EUA.

Fourth EDF At the end of July 1977 the Commission took commitment decisions involving an aggregate amount of..... 695 million EUA including slightly more than 51 million EUA for exceptional aid, to which should be added, for Stabex..... 95 million EUA.

With the projects scheduled to be submitted to the EDF Committee by 31 December, total commitments in 1977 under the fourth EDF will amount to around..... 1 045 million EUA.

Given the above and commitments involving rapid expenditure, the amount to be disbursed in 1978 could be broken down as follows:

Execution of projects.....	160 million EUA.
One Stabex instalment.....	75 million EUA.
Exceptional aid.....	40 million EUA.
Expenditure to cover the running costs of the Commission delegations in 1978	20 million EUA.
Interest rate subsidies and contributions to the constitution of risk capital.....	15 million EUA.
Scholarship holders.....	10 million EUA.
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Total expenditure under the fourth EDF in 1977 should amount to.....	320 million EUA.
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Annex - Tables

European Development Fund

1978

A - Estimate of commitments

'000 EUA

	Amount
1st EDF - fully committed	-
2nd EDF	5 000
3rd EDF	20 000
4th EDF	800 000

B - Estimate of cash situation

'000 EUA

	Expenditure	Resources
Cash balance at 30 June 1977		274
Contributions scheduled for second half 1977		<u>205</u> 479
Disbursements scheduled for second half 1977	220	
Cash balance at 31 December 1977		259
Contributions scheduled for 1978		<u>295</u> 554
Expenditure scheduled for 1978	438	
Cash balance at 31 December 1978		116

C - Contributions to be called for in 1978

in EUA

Member State	For:		Total contributions	Due on:	
	3rd EDF	4th EDF		19 January 1 9 7 8	3 July 1 9 7 8
Belgium	1 511 300	17 375 000	18 886 300	9 443.150	9 443 150
Denmark	-	6 672 000	6 672 000	3 336.000	3 336 000
Germany	5 638 900	72 141 000	77 779 900	38 889 950	38 889 950
France	5 638 900	72 141 000	77 779 900	38 889 950	38 889 950
Ireland	-	1 668 000	1 668 000	834 000	834 000
Italy	2 653 700	33 360 000	36 013 700	18 006.850	18 006 850
Luxembourg	45 900	556 000	601 900	300 950	300 950
Netherlands	1 511 300	22 101 000	23 612 300	11 806 150	11 806 150
United Kingdom	-	51 986 000	51 986 000	25 993 000	25 993 000
	17 000 000	278 000 000	295 000 000	147 500.000	147 500 000

D - Situation by Member State of contributions called for and to be called at 31 December 1978

Third EDF

in ECU

Member State	CONTRIBUTIONS					
	Total contributions 1	% 2	Paid or being paid at end 1977 3	To be paid in 1978 4	Paid at 31 December 1978 5 (3+4)	Outstanding 31 December 1978 6 (1-5) --
Belgium	80.444.444,5	8,89	77.339.888	1.511.300	78.851.188	1.593.256,5
Germany	300.158.333,5	33,17	288.569.667	5.638.900	294.208.567	5.949.766,5
France	300.158.333,5	33,17	288.569.667	5.638.900	294.208.567	5.949.766,5
Italy	141.381.111,-	15,61	135.855.223	2.653.700	138.508.923	2.872.188,0
Luxembourg	2.413.333,-	0,27	2.325.667	45.900	2.371.567	41.766,0
Netherlands	80.444.444,5	8,89	77.339.880	1.511.300	78.851.188	1.593.256,5
	905.000.000,-	100,--	870.000.000	17.000.000	887.000.000	18.000.000,--

Fourth EDF

in ECU

Member State	CONTRIBUTIONS					
	Total contributions 1	% 2	Paid or being paid at end - 1977 3	To be paid in 1978 4	Paid at 31 December 1978 5 (3+4)	Outstanding 31 December 1977 6 (1-5)
Belgium	196.875.000	6,25	28.187.500	17.375.000	45.562.500	151.312.500
Denmark	75.600.000	2,40	10.824.000	6.672.000	17.496.000	58.104.000
Germany	817.425.000	25,95	117.034.500	72.141.000	189.175.500	628.249.500
France	817.425.000	25,95	117.034.500	72.141.000	189.175.500	628.249.500
Ireland	18.900.000	0,60	2.706.000	1.668.000	4.374.000	14.526.000
Italy	378.000.000	12,00	54.120.000	33.360.000	87.480.000	290.520.000
Luxembourg	6.300.000	0,20	902.000	556.000	1.458.000	4.842.000
Netherlands	250.425.000	7,95	35.854.500	22.101.000	57.955.500	192.469.500
United Kingdom	589.050.000	18,70	84.337.000	51.986.000	136.323.000	452.727.000
	3.150.000.000	100,--	451.000.000	278.000.000	729.000.000	2.421.000.000

ANNEX 1

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COUNCIL DECISION

of _____ 1977

laying down the schedule of the Member States' contributions to the third European Development Fund to be called for in 1978

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to the Act of Accession¹, and in particular Article 114 thereof,

Having regard to the Convention of Association between the European Economic Community and the African States and Madagascar associated with that Community², signed on 29 July 1969,

Having regard to the Association Agreement concerning the accession of Mauritius to the Yaoundé Convention (1969)³,

¹OJ No L 73, 27.3.1972, page 14.

²OJ No L 282, 28.12.1970, page 2.

³OJ No L 288, 15.10.1973, page 2.

Having regard to the Council Decision of 29 September 1970 on the Association of the Overseas Countries and Territories with the European Economic Community¹,

Having regard to the Internal Agreement on the financing and administration of Community aid², signed on 29 July 1969, and in particular Article 3(1) and (2) first subparagraph thereof,

Having regard to the Agreement amending the Internal Agreement on the financing and administration of Community aid signed at Yaoundé on 29 July 1969³,

Having regard to the Financial Regulation of the European Development Fund (1969) established by the Internal Agreement on the financing and administration of Community aid⁴, and in particular Article 2(1), (2) and (3) thereof,

¹OJ No L 282, 28.12.1970, page 83.

²OJ No L 282, 28.12.1970, page 47.

³OJ No L 288, 15.10.1973, page 13.

⁴OJ No L 31, 8.2.1971, page 1.

Having regard to the schedule of contributions to the third European Development Fund to be called for in 1978, communicated by the Commission,

Whereas this schedule has been checked against the estimate of commitments and disbursements for that year;

Whereas 1 July 1978 falls on a Saturday, when the Member States' Exchanges will be closed,

HAS DECIDED AS FOLLOWS:

Sole Article

The schedule of contributions to the third European Development Fund to be called for in 1978 is as follows:

Member State	Contributions to be called for (in EUA)		
	on 19 January 1978	on 3 July 1978	Total for 1978 (3rd EDF)
Belgium	755 650	755.650	1.511 300
Germany	2.819.450	2 819 450	5 638.900
France	2.819.450	2 819.450	5.638.900
Italy	1 326 850	1 326 850	2 653.700
Luxembourg	22 950	22.950	45.900
Netherlands	755.650	755.650	1.511 300
	8 500 000	8 500 000	17 000 000

Done at Brussels,

For the Council,

The President

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COUNCIL DECISION

of 1977

laying down the schedule of the Member States' contributions to the fourth European Development Fund to be called for in 1978

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to the ACP-EEC Convention of Lomé between the African, Caribbean and Pacific States and the European Economic Community signed on 28 February 1975,

Having regard to the Council Decision of 29 June 1976 on the association of the overseas countries and territories with the European Economic Community²,

Having regard to the Council Decision of 21 April 1975 on the definition and conversion of the European unit of account used for expressing the amounts of aid mentioned in Article 42 of the ACP-EEC Convention of Lomé³,

¹OJ No L 25, 30.1.1976, page 1.

²OJ No L 176, 1.7.1976, page 8.

³OJ No L 104, 24.4.1975, page 35.

Having regard to the Internal Agreement on the financing and administration of Community aid signed on 11 July 1975, hereinafter called the "Internal Agreement", and in particular Article 7 thereof,

Having regard to the Financial Regulation⁽²⁾ of 27 July 1976 applicable to the fourth European Development Fund⁽²⁾, and in particular Article 2,

¹OJ No L25, 30.1.1976, page 168.

²OJ No L 229, 20.8.1976, page 6.

Having regard to the schedule of contributions to the fourth European Development Fund to be called for in 1977, communicated by the Commission,

Whereas this schedule has been checked against the estimate of commitments and disbursements for that year,

Whereas 1 July 1978 falls on a Saturday, when the Member States' Exchanges will be closed,

HAS DECIDED AS FOLLOWS:

Sole Article

The schedule of contributions to the fourth European Development Fund to be called for in 1978 is as follows:

Member State	Contributions to be called for (in EUA)		
	on 19 January 1978	on 3 July 1978	Total for 1978 (4th EDF)
Belgium	8.687,500	8 687 500	17 375 000
Denmark	3 336 000	3 336 000	6.672.000
Germany	36.070.500	36 070 500	72 141 000
France	36.070.500	36.070 500	72 141 000
Ireland	834 000	834.000	1.668 000
Italy	16 680.000	16 680.000	33 360.000
Luxembourg	278 000	278 000	556.000
Netherlands	11 050.500	11.050.500	22 101 000
United Kingdom	25 993.000	25 993.000	51 986.000
	139 000 000	139.000.000	278 000.000

Done at Brussels,

For the Council,

The President

