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COMMUNICATION FROM THE COMMISSION

EUROPEAN DEVELOPMENT FUND (EDF)

Estimate of commitments and payments and of contributions to be paid by the Member States for 2007 and 2008, and

Forecast of commitments and payments for 2009 to 2012

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INTRODUCTION

The Commission draws up this communication to the Council each year in accordance with Article 8 of the Financial Regulation applicable to the 9th European Development Fund (EDF)¹. Its purpose is to provide an estimate of commitments and payments for the current financial year (2007) and the following financial year (2008) and set out the schedule of calls for contributions, taking into account the forecasts of the European Investment Bank (EIB). As provided for in Article 8 of the Financial Regulation, the communication also gives estimates of commitments and payments for each of the following four years (2009 to 2012).

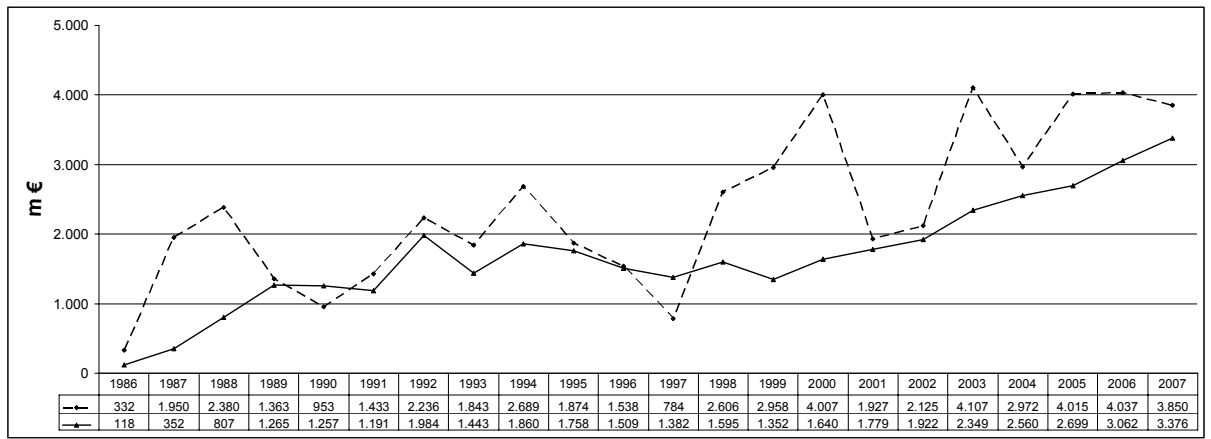
Since the entry into force of the 9th EDF in 2003 the Member States have made direct contributions to the EIB for the instruments it manages (the Investment Facility and interest-rate subsidies), while contributions for the old instruments managed by the EIB (risk capital and interest-rate subsidies) still go through the Commission. This communication therefore draws a clear distinction between EIB payments under the 9th EDF and Commission payments (including payments under old instruments managed by the EIB).

In line with the joint statement made by the Council and Commission when adopting the Financial Regulation for the 9th EDF, this document consists mainly of tables accompanied by a few explanations to help interpretation.

The graph below gives an overview of the trend in commitments and payments (Commission² and EIB). It clearly illustrates the upwards structural trend in payments since 2000.

¹ OJ L 83, 1.4.2003, p. 1.

² The commitments and payments for the Commission are “gross” figures, i.e. without deducting decommitments and recoveries.



-- Commitments — Payments

1. COMMITMENTS AND PAYMENTS ESTIMATED FOR 2007 AND 2008

The Commission and the EIB have updated their commitment and payment forecasts for 2007 and 2008 for each of the ACP³ countries and the OCTs⁴.

The payment forecasts in particular have been compiled with great care with the aim of helping the Member States to earmark amounts that are as accurate as possible in their national budgets while ensuring that sufficient financial resources are available for the EDF to avoid liquidity problems.

Annexes 1 and 2 show the new estimates for commitments and payments for 2007 and 2008, and compares them to the figures presented in the communication of June 2007.

The volume of commitments for 2007 (EUR 3 450 million) reflects the Commission's pledge to use up all the funds made available by the 9th EDF (including the balances remaining from previous EDFs). For 2008, it is very difficult for the Commission and the EIB to fix an amount, since the volume of commitments will depend on when the 10th EDF enters into force. For this reason, the Commission and the EIB have not included an amount in this document. Further information is provided at the foot of Annex 1.

The Commission's figures for payments in 2007 are slightly lower than estimated. This is primarily attributable to the situation in the Democratic Republic of the Congo, which has delayed the payment of the second tranche of EUR 100 million for the Highly Indebted Poor Countries initiative (HIPC), and the carrying-over of certain less urgent expenditure in order to reduce the third tranche of 2007 contributions as much as possible. As with commitments, the Commission and the EIB have yet to include figures for the 10th EDF for 2008 (see also the note at the foot of Annex 2).

In accordance with Article 8 of the Financial Regulation applicable to the 9th EDF, the estimates will be revised in the June 2008 communication.

2. CALLS FOR CONTRIBUTIONS IN 2007 AND 2008

Annex 3 gives an overview of the financial situation for 2006 and 2007 and shows the annual contributions payable into the EDF by the Member States.

It should be recalled that two types of measures do not require additional financial resources from the Member States. The related payments are therefore not included in this table. These are the Stabex instrument, for which Member States have already made the necessary payments in the past, and that part of the Peace Facility financed by voluntary contributions from the Member States.

³ African, Caribbean and Pacific States.

⁴ Overseas Countries and Territories.

For 2007, the Commission proposes that the Council decide a third tranche of EUR 325 million. This would overrun the annual amount decided by the Council in December 2006 by EUR 135 million (as opposed to the EUR 295 million overrun announced in the spring). Thanks to the considerable revenue from reflows and the revision of the management agreement between the EIB and the Commission to enable these reflows to be used from the end of September 2007, contributions to the EIB-managed Investment Facility for 2007 should remain within the envelope decided by the Council in December 2006.

The tranches presented for the Commission and the EIB for 2008 do not yet take account of needs for the 10th EDF. As with commitments and payments, there is a risk that any estimate would be inaccurate. Moreover, entry into force at the start of 2008 should not result in significant additional needs for the first 2008 tranche, the only one that has to be decided in the months ahead. It is only the second and third tranches that might have to be increased to take account of the impact of the 10th EDF (see also the note at the foot of Annex 3).

The Commission would also stress the following: if the decision taken by the Council on the third 2007 tranche falls short of the EUR 325 million requested, the first 2008 tranche will have to be increased accordingly. Otherwise the EDF will be forced to suspend payments in June/July 2008 pending the payment of the second tranche by the Member States.

As stipulated by the 9th EDF Financial Regulation, the Commission and the EIB will produce a fresh estimate of the second and third tranches of contributions for its communications of June and October 2008.

3. THE FUTURE (2009-2012)

It should be remembered that the margin of error for medium-term estimates is high. The following figures should therefore be interpreted with a great deal of caution.

Forecast EDF commitments and payments*
2009-2012

EUR million

	2009	2010	2011	2012
Commitments				
Commission	3750	3750	3750	3750
EIB	500	530	600	650
Total	4250	4280	4350	4400
Payments				
Commission	3075	3325	3450	3500
EIB	430	470	500	510
Total	3505	3795	3950	4010

* including the 10th EDF

ANNEX 1 - Commitments estimated for 2007 and 2008 (EUR million)

	2007		2008	
	June 2007 communication	Revision	June 2007 communication	Revision
Regions				
East Africa	703	663		
West Africa	770	813		
Central Africa	293	324		
Caribbean	239	273		
Pacific	150	173		
Southern Africa	351	310		
End-of-term review reserve	400	209		
Subtotal	2.906	2.765		
Other				
Peace Facility	45	117		
Water Facility	172	222		
HIPC debt relief	0	0		
Other	327	346		
Total for Commission	3.450	3.450	pm	pm
Investment Facility	350	350	140	140
Interest-rate subsidies	77	50	0	0
Total for EIB instruments (9th EDF)	427	400	pm	140
TOTAL	3.877	3.850	pm	pm

NB: To be on the safe side, the amounts for 2008 do not include provisions for the 10th EDF. Once the date of the 10th EDF's entry into force is known, the Commission and the EIB will present the relevant estimates. By way of information, the Commission can say that entry into force on 1 January 2008 would result in a volume of commitments currently estimated at EUR 2900 million for the Commission and a further EUR 360 million for the EIB. To permit accurate comparison with the June 2007 estimate, the figures presented here exclude the 10th EDF.

ANNEX 2 - Payments estimated for 2007 and 2008 (EUR million)

	2007		2008	
	June 2007 communication	Revision	June 2007 communication	Revision
Regions				
East Africa	658	760	600	551
West Africa	837	867	806	804
Central Africa	304	280	367	344
Caribbean	264	244	273	219
Pacific	76	72	71	66
Southern Africa	398	348	368	333
Subtotal	2.535	2.571	2.485	2.316
Other				
Peace Facility**	75	62	18	99
Water Facility	62	64	159	149
Risk capital*	72	62	72	62
HIPC debt relief	100	0	100	180
Intra-ACP	220	141	139	135
<i>SUBTOTAL</i>	<i>3.064</i>	<i>2.900</i>	<i>2.973</i>	<i>2.941</i>
Stabex	72	75	27	32
Peace Facility financed by voluntary contributions		30		7
<i>Total for Commission</i>	<i>3.136</i>	<i>3.005</i>	<i>3.000</i>	<i>2.980</i>
Investment Facility	330	350	400	400
Interest-rate subsidies	30	21	72	20
<i>Total EIB instruments (9th EDF)</i>	<i>360</i>	<i>371</i>	<i>472</i>	<i>420</i>
TOTAL	3.496	3.376	3.472	3400

NB: To be on the safe side, the amounts for 2008 do not include provisions for the 10th EDF. Once the date of the 10th EDF's entry into force is known, the Commission and the EIB will present the relevant estimates. By way of information, the Commission can say that entry into force on 1 January 2008 would result in a volume of additional payments currently estimated at EUR 300 million for the Commission and EUR 25 million for the EIB. To permit accurate comparison with the June 2007 estimate, the figures presented here exclude the 10th EDF.

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* including interest-rate subsidies under previous EDFs

** excluding the 10th EDF

ANNEX 3

Financial situation estimated for 2007 and 2008 – not including Stabex and the Peace Facility financed by voluntary contributions* (EUR million)

		October 2006 communication			June 2007 communication			October 2007 revision		
		Commission	EIB 9th EDF	TOTAL	Commission	EIB 9th EDF	TOTAL	Commission	EIB 9th EDF	TOTAL
Balance at 31.12.2006		74	77	151	131 **	62	193	131 **	62	193
2007	2007 contributions, of which:	2.640	225	2.865	2.935	305	3.240	2.775	225	3.000
	<i>First tranche</i>	1.500	70	1.570	1.500	70	1.570	1.500	70	1.570
	<i>Second tranche</i>	850	110	960	1.050	190	1.240	950	135	1.085
	<i>Third tranche</i>	290	45	335	385	45	430	325	20	345
	Reflows								90	90
	Recoveries, interest and other revenue	72		72	75		75	75		75
	Payments	-2.707	-300	-3.007	-3.064	-360	-3.424	-2.900	-371	-3.271
Balance at 31.12.2007		79	2	81	77	7	84	81	6	87
2008	2008 contributions, of which:				3.200	472	3.672	2.865	360	3.225
	<i>First tranche</i>							1.500	170	1.670
	<i>Second tranche</i>							1.000	145	1.145
	<i>Third tranche</i>							365	45	410
	Reflows								60	60
	Recoveries, interest and other revenue				75		75	75		75
	Payments				-3.273	-472	-3.745	-2.941	-420	-3.361
Balance at 31.12.2008					79	7	86	80	6	86

NB: To be on the safe side, the amounts for 2008 do not include provisions for the 10th EDF. By way of information, the Commission can say that entry into force of the 10th EDF on 1 January 2008 would call for additional contributions currently estimated at EUR 300 million for the Commission and EUR 25 million for the EIB. Once the date of the 10th EDF's entry into force is known, the Commission will present the relevant legislative proposals. However, even the entry into force at the start of the year will hardly affect payments in the first half of the year. Accordingly, only the second and third tranches would need to be adjusted.

* amounts available for operations

** excluding EUR 3.49 million in 2007 contributions paid in 2006

ANNEX 4 - 2007 EDF contributions by Member State (EUR)

COUNTRY	SCALE %	First tranche		Second tranche		Third tranche		TOTAL of the tranches
		paid to the EIB	paid to the Commission	paid to the EIB	paid to the Commission	paid to the EIB	paid to the Commission	
GERMANY	23,36	16.352.000	350.400.000	31.536.000	221.920.000	4.672.000	75.920.000	700.800.000
BELGIUM	3,92	2.744.000	58.800.000	5.292.000	37.240.000	784.000	12.740.000	117.600.000
DENMARK	2,14	1.498.000	32.100.000	2.889.000	20.330.000	428.000	6.955.000	64.200.000
SPAIN	5,84	4.088.000	87.600.000	7.884.000	55.480.000	1.168.000	18.980.000	175.200.000
FRANCE	24,30	17.010.000	364.500.000	32.805.000	230.850.000	4.860.000	78.975.000	729.000.000
GREECE	1,25	875.000	18.750.000	1.687.500	11.875.000	250.000	4.062.500	37.500.000
IRELAND	0,62	434.000	9.300.000	837.000	5.890.000	124.000	2.015.000	18.600.000
ITALY	12,54	8.778.000	188.100.000	16.929.000	119.130.000	2.508.000	40.755.000	376.200.000
LUXEMBOURG	0,29	203.000	4.350.000	391.500	2.755.000	58.000	942.500	8.700.000
NETHERLANDS	5,22	3.654.000	78.300.000	7.047.000	49.590.000	1.044.000	16.965.000	156.600.000
PORTUGAL	0,97	679.000	14.550.000	1.309.500	9.215.000	194.000	3.152.500	29.100.000
UNITED KINGDOM	12,69	8.883.000	190.350.000	17.131.500	120.555.000	2.538.000	41.242.500	380.700.000
AUSTRIA	2,65	1.855.000	39.750.000	3.577.500	25.175.000	530.000	8.612.500	79.500.000
FINLAND	1,48	1.036.000	22.200.000	1.998.000	14.060.000	296.000	4.810.000	44.400.000
SWEDEN	2,73	1.911.000	40.950.000	3.685.500	25.935.000	546.000	8.872.500	81.900.000
TOTAL	100,00	70.000.000	1.500.000.000	135.000.000	950.000.000	20.000.000	325.000.000	3.000.000.000

ANNEX 5 - 2008 EDF Contributions by Member State (EUR)

COUNTRY	SCALE %	First tranche		Second tranche		Third tranche		TOTAL of the tranches
		paid to the EIB	paid to the Commission*	paid to the EIB	paid to the Commission	paid to the EIB	paid to the Commission	
GERMANY	23,36	39.712.000	350.976.000	33.872.000	233.600.000	10.512.000	85.264.000	753.936.000
BELGIUM	3,92	6.664.000	58.472.000	5.684.000	39.200.000	1.764.000	14.308.000	126.092.000
DENMARK	2,14	3.638.000	32.324.000	3.103.000	21.400.000	963.000	7.811.000	69.239.000
SPAIN	5,84	9.928.000	87.744.000	8.468.000	58.400.000	2.628.000	21.316.000	188.484.000
FRANCE	24,30	41.310.000	364.380.000	35.235.000	243.000.000	10.935.000	88.695.000	783.555.000
GREECE	1,25	2.125.000	18.250.000	1.812.500	12.500.000	562.500	4.562.500	39.812.500
IRELAND	0,62	1.054.000	9.692.000	899.000	6.200.000	279.000	2.263.000	20.387.000
ITALY	12,54	21.318.000	187.964.000	18.183.000	125.400.000	5.643.000	45.771.000	404.279.000
LUXEMBOURG	0,29	493.000	4.114.000	420.500	2.900.000	130.500	1.058.500	9.116.500
NETHERLANDS	5,22	8.874.000	78.052.000	7.569.000	52.200.000	2.349.000	19.053.000	168.097.000
PORTUGAL	0,97	1.649.000	15.002.000	1.406.500	9.700.000	436.500	3.540.500	31.734.500
UNITED KINGDOM	12,69	21.573.000	190.954.000	18.400.500	126.900.000	5.710.500	46.318.500	409.856.500
AUSTRIA	2,65	4.505.000	39.490.000	3.842.500	26.500.000	1.192.500	9.672.500	85.202.500
FINLAND	1,48	2.516.000	22.168.000	2.146.000	14.800.000	666.000	5.402.000	47.698.000
SWEDEN	2,73	4.641.000	40.418.000	3.958.500	27.300.000	1.228.500	9.964.500	87.510.500
TOTAL	100,00	170.000.000	1.500.000.000	145.000.000	1.000.000.000	45.000.000	365.000.000	3.225.000.000

* after adjustment to close 8th EDF envelope

NB: To be on the safe side, the amounts for 2008 do not include provisions for the 10th EDF. By way of information, the Commission can say that entry into force on 1 January 2008 would call for additional contributions currently estimated at EUR 300 million for the Commission and EUR 25 million for the EIB. Once the date of the 10th EDF's entry into force is known, the Commission will present the relevant legislative proposals. However, even the entry into force at the start of the year will hardly affect payments in the first half of the year. Accordingly, only the second and third tranches would need to be adjusted.