

## I. Transfers to EDL in 2010

► In June 2010, treasury transfers to EDL reached LL 43 billion, as follows:

- ⇒ Reimbursement of KPC and Sonatrach LL 34.7 billion
- ⇒ Debt service LL 8.5 billion

► In H1 2010, treasury transfers to EDL reached LL 849 billion, as follows:

- ⇒ Reimbursement of KPC and Sonatrach LL 807.3 billion
- ⇒ Debt service LL 41.3 billion

Table 1: Monthly transfers to EDL in 2010

(LL billion)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>EDL of which:</b>	<b>94</b>	<b>264</b>	<b>147</b>	<b>145</b>	<b>155</b>	<b>43</b>							<b>849</b>
Debt service, of which:	0.4	8.0	13.3	11.0	0.0	8.5							41.3
• C-Loans and Eurobonds, of which:	0.4	8.0	13.3	1.0	0.0	8.5							31.2
– Principal payments	0.0	7.6	10.3	0.9	0.0	7.8							26.6
– Interest payments	0.4	0.4	3.0	0.1	0.0	0.7							4.7
• BDL Guaranteed Loan payments	0.0	0.0	0.0	10.1	0.0	0.0							10.1
<b>Reimbursement of KPC and Sonatrach</b>	<b>93.3</b>	<b>255.8</b>	<b>134.1</b>	<b>134.2</b>	<b>155.2</b>	<b>34.7</b>							<b>807.3</b>

Source: Ministry of Finance

## II. Transfers to EDL in 2010 in comparison with 2009

► Transfers to EDL in H1 2010 were LL 662 billion lower than the H1 2009 level

Transfers in the first half of 2010 registered a level that is LL 662 billion below that of the same period of 2009, which stood at LL 1,511 billion, as a result of the following two factors:

- ⇒ decrease in payments to Kuwait Petroleum Corporation (KPC) and Algeria's Sonatrach for fuel and gas oil purchases by LL 643 billion
- ⇒ decrease in debt service by LL 19 billion

Table 2: Transfers to EDL

(LL billion)	Jun 2009	Jun 2010	2009	2010	Change	% Change
<b>EDL, of which:</b>	<b>163</b>	<b>43</b>	<b>1,511</b>	<b>849</b>	<b>(662)</b>	<b>-44%</b>
Debt Service, of which:	9	8	61	41	(19)	-32%
• C-Loans and Eurobonds, of which:	9	8	41	31	(9)	-23%
– Principal Repayments	8	8	35	27	(8)	-23%
– Interest Payments	1	1	6	5	(1)	-23%
• BDL-Guaranteed Loan Payments	0	-	20	10	(10)	-49%
<b>Reimbursement of KPC and Sonatrach Agreements</b>	<b>154</b>	<b>35</b>	<b>1,450</b>	<b>807</b>	<b>(643)</b>	<b>-44%</b>

Source: Ministry of Finance

► Payments to the two oil suppliers in H1 2010 were LL 643 billion lower than their 2009 level

The component “Reimbursement of KPC and Sonatrach Agreements” reached LL 807 billion in H1 2010, down from LL 1,450 billion in 2009. The registered 44 percent downward change is rooted both in a quantity and a price effect, where the average oil price according to which the H1 2010 payments were made is lower than that pertaining to 2009.

At the quantity level, payments to oil suppliers in the first half of 2010 reflect around 33<sup>1</sup> percent lower quantity of gas oil than that paid in the same period of 2009. This decline in gas oil quantities is partially attributed to the fact that commercial quantities of natural gas from Egypt, a substitute for KPC and Sonatrach gasoil, started flowing to the Deir al-Amman/Beddawi power plant in early November 2009. EDL has not yet started to pay for the natural gas.

### III. Contribution of EDL out of the total oil bill

► *EDL contributed to 11 percent of the total oil bill in HI 2010*

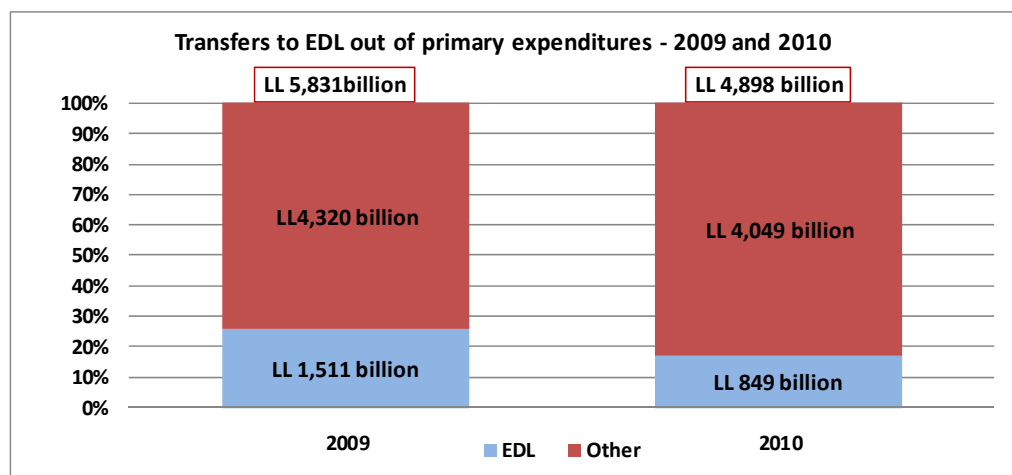
With a total oil bill of LL 906 billion paid in 2010, of which a treasury payment of LL 807 billion for “Reimbursement of KPC and Sonatrach Agreements”, EDL contributed by 10.9 percent to repaying the two oil suppliers. It is worth mentioning that this figure was lower at around 5.3 percent in the first half of 2009, out of a larger oil bill of LL 1,532 billion.

### IV. Share of “Transfers to EDL” out of Expenditures

► *Transfers to EDL constituted 17 percent of primary expenditures in HI 2010*

With primary expenditures at LL 4,898 billion in HI 2010, the share of spending on EDL reached 17.3 percent. The share was higher in HI 2009, at 25.9 percent of primary expenditures, due to much higher level of transfers to EDL.

Figure 1: Transfers to EDL out of primary expenditures in 2009 and 2010



<sup>1</sup> Quantity figures are calculated based on Letters of Credit (LCs) sent by EDL to the Ministry of Finance.