

# Next Generation EU

## Where are assigned revenue?

### Which impact in 2021?

Exception to the budgetary principle of universality, assigned revenues flatten at 10.5 % in last years.

In the emergency **European Recovery Instrument**, “Next Generation EU”, put forward by the Commission **EUR 500 billion are external assigned revenue**.

**In 2021**, contributions from “Next Generation EU” are planned to provide an additional **EUR 211.3 billion** of assigned revenue.

in **2021**, assigned revenue will surge to **EUR 220 000 million** in commitments and EUR 46 100 million in payments, from a total amount of EUR 17 405.5 million in commitment appropriations and EUR 19 159.6 million in payments appropriations in 2019.

On assigned revenue, **the European Parliament is excluded** from the decision-making process. Given the size of the amount in question, the budgetary treatment of external assigned revenue should be reassessed.

### Assigned revenue: an exception to the budgetary principle of universality

Assigned revenue is used to finance specific items of expenditure and is defined in Article 21 of the Financial Regulation<sup>1</sup>. It constitutes an exception to the budgetary principle of universality.

Article 311 of the TFEU states that the EU budget shall be financed wholly from own resources without prejudice to other revenue. Assigned revenue is therefore a kind of “other revenue” of the European Union.

Assigned revenue reached a peak at 11.5 % of the EU budget in 2017, then flattens at 10.5 % in the years 2018 and 2019.

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<sup>1</sup> See annex1

## ASSIGNED REVENUE in 2019: HOW IS IT DISTRIBUTED WITHIN THE MULTIANNUAL FINANCIAL FRAMEWORK?

In 2019, the total amount of assigned revenue available was EUR 17 405.5 million in commitment appropriations and EUR 19 159.6 million in payments appropriations.

Heading 1a Competitiveness for growth and jobs, Heading 4 Global Europe and Heading 1b Economic, social and territorial cohesion are the trio for which the share of assigned revenue in the financing of these items is highest. They represent around 80 % of total assigned revenue in commitment and around 83 % in payment.

Table 1 shows the amount of assigned revenue assigned to each heading and what proportion of the total for the heading it comprises.

**Table 1: Assigned revenue according to the headings of the multiannual financial framework in 2019**

MFF HEADING -	Commitment appropriations			Payments appropriations		
	Assigned revenue	% of adopted budget	Adopted Budget	Assigned revenue	% of adopted budget	Adopted Budget
1a. Competitiveness for growth and jobs	4 389.9	18.7%	23 435	5 664.1	28.0%	20 261
1b. Economic, social and territorial cohesion	7776.5	13.6%	57 192	8 935.5	18.8%	47 561
2. Sustainable growth: Natural Resources	2 744.7	4.6%	59 642	2 743.4	4.7%	57 837
3. Security and Citizenship	278.7	7.4%	3 787	276.2	8.4%	3 291
4. Global Europe	1 794.7	15.4%	11 625	1 916.0	21.4%	8 953
5. Administration	397.2	6.8%	5 828	398.7	6.8%	5 827
Special Instruments	23.7	4.2%	565	23.7	3.7%	647
<b>TOTAL</b>	<b>17 405.4</b>	<b>10.7%</b>	<b>162 074</b>	<b>19 957.6</b>	<b>13.8%</b>	<b>144 377</b>

**Sources:** European Commission, COM(2020)300, July 2020 and Report on Budgetary and Financial Management of the European Commission, Section III of the Budget for the financial year 2019, calculations by the author

On the other hand, the distribution of the total amount of assigned revenue according to the headings of the multiannual financial framework shows a different breakdown (Table 2 below).

Indeed, around 45% of total assigned revenue goes to heading 1b Economic, social and territorial cohesion, but this amount only represents 14% of the total amount allocated to this heading.

Similarly, only 0.1% of total assigned revenue goes to the special instruments, but this represents nearly 4% of the total amount earmarked for special instruments.

**Table 2: Distribution of assigned revenue according to the headings of the multiannual financial framework**

2019	Commitment appropriations	Payments appropriations
	Assigned revenue	Assigned revenue
1a. Competitiveness for growth and jobs	25.2%	28.4%
1b. Economic, social and territorial cohesion	44.7%	44.8%
2. Sustainable growth: Natural Resources	15.8%	13.7%
3. Security and Citizenship	1.6%	1.4%
4. Global Europe	10.3%	9.6%
5. Administration	2.3%	2.0%
Special Instruments	0.1%	0.1%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Sources: European Commission, COM(2020)300, July 2020, calculations by the author

## Estimated amounts of the internal and external assigned revenues for 2021: The big bang of Next Generation EU

It is estimated<sup>2</sup> that in 2021 EUR 220 billion of commitments and EUR 46.1 billion of the payments will be available as assigned revenue.

The European Union Recovery Instrument, "Next Generation EU", is the new and temporary emergency instrument. Its financing will be enabled by the Own Resources Decision, which will allow the Commission to borrow on behalf of the Union over the period 2021-2024. A significant tranche is planned to be implemented in 2021. These funds will be external assigned revenue entered on the relevant budget lines.

In 2021, contributions from Next Generation EU are planned to provide an additional EUR 211.3 billion of assigned revenue.

The next two tables below show the level of the expected assigned revenue (table 3 commitment appropriations and table 4 payment appropriations) by MFF Heading to be received in 2021.

These tables make clear the huge rise of assigned revenue in the EU budget. From a total amount of EUR 17 405.5 million in commitment appropriations and EUR 19 159.6 million in payments appropriations in 2019, assigned revenue will surge to **EUR 220 000 million** of commitments and EUR 46 100 million of the payments in **2021**.

<sup>2</sup> Article 41 (8) of the Financial Regulation<sup>4</sup> requires the Commission to indicate the estimated amounts of the internal and external assigned revenue to be received.

**Table 3: Estimated assigned revenue according to the headings of the multiannual financial framework in 2021: Commitment appropriations**

2021	Assigned revenue Commitment appropriations					
	Internal	External NON NGEU	Internal + External NON NGEU	Next Generation EU NGEU	Total	Next Generation EU NGEU % total
1 Single market, Innovation and Digital	148.5	1506.9	1655.4	22968.0	24623.4	93.3%
2 Cohesion and Values	5393.0	95.4	5488.4	174018.0	179506.5	96.9%
<i>2a Economic, Social and territorial cohesion</i>	<i>5390.6</i>	<i>0.0</i>	<i>5390.6</i>	<i>42438.0</i>	<i>47828.6</i>	<i>88.7%</i>
<i>2b Investing in Competitiveness, People and Values</i>	<i>2.4</i>	<i>95.4</i>	<i>97.8</i>	<i>131580.0</i>	<i>131677.8</i>	<i>99.9%</i>
3 Natural Resources	767.2	7.2	774.4	7957.0	8731.4	91.1%
4 Migration and Border management	29.8	0.0	29.8	0.0	29.8	0%
5 Resilience, Security and Defence	7.8	81.5	89.3	1695.3	1784.7	95.0%
6 Neighbourhood and the World	29.7	32.9	62.6	4612.0	4674.6	98.7%
7 European Public Administration	466.9	44.2	511.10	0.0	511.1	0%
<b>Total under headings</b>	<b>6842.9</b>	<b>1768.1</b>	<b>8611.0</b>	<b>211250.3</b>	<b>219861.4</b>	<b>96.1%</b>
Other Special Instrument	0.0	0.0	0.0	0.0	0.0	0%
outside MFF	0.0	159.8	159.8	0.0	159.8	0%
<b>Total</b>	<b>6842.9</b>	<b>1927.9</b>	<b>8770.8</b>	<b>211250.3</b>	<b>220021.2</b>	<b>96.1%</b>

Sources: European Commission, COM(2020)300, July 2020, calculations by the author

**Table 4: Estimated assigned revenue according to the headings of the multiannual financial framework in 2021: Payment appropriations**

2021	Assigned revenue Payments appropriations					
EUR million	Internal	External NON NGEU	Internal + External NON NGEU	Next Generation EU NGEU	Total	NGEU % total
1 Single market, Innovation and Digital	163.5	1166.7	1330.2	6098.6	7428.7	82.1%
2 Cohesion and Values	5392.1	82.4	5474.5	22461.8	27936.3	80.4%
<i>2a Economic, Social and territorial cohesion</i>	<i>5390.6</i>	<i>0.1</i>	<i>5390.7</i>	<i>2719.7</i>	<i>8110.4</i>	<i>33.5%</i>
<i>2b Investing in Competitiveness, People and Values</i>	<i>1.4</i>	<i>82.3</i>	<i>83.7</i>	<i>19742.1</i>	<i>19825.9</i>	<i>99.6%</i>
3 Natural Resources	767.2	6.2	773.4	7313.0	8086.4	90.4%
4 Migration and Border management	29.8	0.0	29.8	0.0	29.8	0%
5 Resilience, Security and Defence	7.8	19.6	27.4	349.8	377.2	92.7%
6 Neighbourhood and the World	29.7	608.6	638.3	918.2	1556.5	59.0%
7 European Public Administration	466.9	44.2	511.1	0.0	511.1	0%
<b>Total under headings</b>	<b>6856.9</b>	<b>1927.7</b>	<b>8784.6</b>	<b>37141.5</b>	<b>45926.1</b>	<b>80.9%</b>
Other Special Instrument	0.0	0.0	0.0	0.0	0.0	0%
outside MFF	0.0	159.8	159.8	0.0	159.8	0%
<b>Total</b>	<b>6856.9</b>	<b>2087.5</b>	<b>8944.4</b>	<b>37141.5</b>	<b>46085.9</b>	<b>80.6%</b>

Sources: European Commission, COM(2020)300, July 2020, calculations by the author

The next table shows the distribution of estimated assigned revenue in term of the headings of the multiannual financial framework in 2021.

Around 80% of the assigned revenue from "Next Generation EU" will feed heading 2 Cohesion and Value for 80% (of with 60% will be attributed to heading 2b Investing in Competitiveness, People and Values).

10% will go to heading 1 Single market, Innovation and Digital and only 4% to heading 3 Natural Resources

**Table 5: Distribution of estimated assigned revenue according to the headings of the multiannual financial framework in 2021**

% of total Assigned revenue	Commitment appropriations			Payments appropriations		
	Internal + External NON NGEU	Next Generation EU NGEU	Total	Internal + External NON NGEU	Next Generation EU NGEU	Total
2021						
1 Single market, Innovation and Digital	0.8%	10%	11%	2.9%	13%	16%
2 Cohesion and Values	2.5%	79%	82%	11.9%	49%	61%
<i>2a Economic, Social and territorial cohesion</i>	2.5%	19%	22%	11.7%	6%	18%
<i>2b Investing in Competitiveness, People and Values</i>	0.04%	60%	60%	0.2%	43%	43%
3 Natural Resources	0.4%	4%	4%	1.7%	16%	18%
4 Migration and Border management	0.01%	0%	0%	0.1%	0%	0%
5 Resilience, Security and Defence	0.04%	1%	1%	0.1%	1%	1%
6 Neighbourhood and the World	0.03%	2%	2%	1.4%	2%	3%
7 European Public Administration	0.2%	0%	0%	1.1%	0%	1%
<b>Total under headings</b>	<b>3.9%</b>	<b>96%</b>	<b>100%</b>	<b>19.1%</b>	<b>81%</b>	<b>100%</b>
Other Special Instrument	0%	0%	0%	0%	0%	0%
outside MFF	0.1%	0%	0%	0.3%	0%	0%
<b>Total</b>	<b>4.0%</b>	<b>96%</b>	<b>100%</b>	<b>19.4%</b>	<b>81%</b>	<b>100%</b>

**Sources:** European Commission, COM(2020)300, July 2020, calculations by the author

## **ANNEX 1**

### **Financial Regulation**

#### *CHAPTER 5*

### **Principle of universality**

#### *Article 20*

#### **Scope**

Without prejudice to Article 21, total revenue shall cover total payment appropriations. Without prejudice to Article 27, all revenue and expenditure shall be entered in the budget in full without any adjustment against each other.

#### *Article 21*

### **Assigned revenue**

1. External assigned revenue and internal assigned revenue shall be used to finance specific items of expenditure.
2. The following shall constitute external assigned revenue:
  - (a) specific additional financial contributions from Member States to the following types of actions and programmes:
    - (i) certain supplementary research and technological development programmes;
    - (ii) certain external aid actions or programmes financed by the Union and managed by the Commission;
  - (b) appropriations relating to the revenue generated by the Research Fund for Coal and Steel established by Protocol No 37 on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel, annexed to the TEU and to the TFEU.
  - (c) the interest on deposits and the fines provided for in Council Regulation (EC) No 1467/97 ( 1 );
  - (d) revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, including the earmarked revenue specific to each Union institution;
  - (e) financial contributions to Union activities from third countries or from bodies other than those set up under the TFEU or the Euratom Treaty;
  - (f) internal assigned revenue referred to in paragraph 3, to the extent that it is ancillary to external assigned revenue referred to in this paragraph;
  - (g) revenue from the activities of a competitive nature conducted by the Joint Research Centre (JRC) which consist of any of the following:
    - (i) grant and procurement procedures in which the JRC participates;
    - (ii) activities of the JRC on behalf of third parties;
    - (iii) activities undertaken under an administrative agreement with other Union institutions or other Commission departments, in accordance with Article 59, for the provision of technical-scientific services.
3. The following shall constitute internal assigned revenue:
  - (a) revenue from third parties in respect of goods, services or work supplied at their request;
  - (b) revenue arising from the repayment, in accordance with Article 101, of amounts wrongly paid;
  - (c) proceeds from the supply of goods, services and works to other departments within an Union institution, or to other Union institutions or bodies, including refunds by other Union institutions or bodies of mission allowances paid on their behalf;
  - (d) insurance payments received;
  - (e) revenue from lettings and from the sale of buildings and land;

(f) repayments to financial instruments or budgetary guarantees pursuant to the second subparagraph of Article 209(3);

(g) revenue arising from subsequent reimbursement of taxes pursuant to point (b) of the first subparagraph of Article 27(3).

4. Assigned revenue shall be carried over and transferred in accordance with points (b) and (c) of Article 12(4) and with Article 32.

5. A basic act may assign the revenue for which it provides to specific items of expenditure. Unless otherwise specified in the basic act, such revenue shall constitute internal assigned revenue.

6. The budget shall include lines to accommodate external assigned revenue and internal assigned revenue and shall, wherever possible, indicate the amount.

## Article 22

### Structure to accommodate assigned revenue and provision of corresponding appropriations

1. Without prejudice to point (c) of the first subparagraph of paragraph 2 of this Article and to Article 24, the structure to accommodate assigned revenue in the budget shall comprise:

(a) in the statement of revenue of each Union institution's section, a budget line to receive the revenue;

(b) in the statement of expenditure, the remarks, including general remarks, showing which budget lines may receive the appropriations corresponding to the assigned revenue which are made available.

In the case referred to in point (a) of the first subparagraph, a token entry *pro memoria* shall be made and the estimated revenue shall be shown for information in the remarks.

2. The appropriations corresponding to assigned revenue shall be made available automatically, both as commitment appropriations and as payment appropriations, when the revenue has been received by the Union institution, save in any of the following cases:

(a) in the case provided for in point (a) of Article 21(2) for financial contributions from Member States and where the contribution agreement is expressed in euro, commitment appropriations may be made available upon signature of the contribution agreement by the Member State;

(b) in the cases provided for in point (b) of Article 21(2) and in points (i) and (iii) of Article 21(2)(g), the commitment appropriations shall be made available as soon as the amount receivable has been estimated;

(c) in the case provided for in point (c) of Article 21(2), the entry of the amounts in the statement of revenue shall give rise to the provision, in the statement of expenditure, of commitment and payment appropriations.

Appropriations referred to in point (c) of the first subparagraph of this paragraph shall be implemented in accordance with Article 20.

3. The estimates of amounts receivable referred to in points (b) and (g) of Article 21(2) shall be sent to the accounting officer for registration.

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