2020 discharge: General budget of the EU - European Commission

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PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2020, as part of the discharge procedure.

Analysis of the accounts of the EU Institutions: European Commission

The consolidated annual accounts of the EU provide financial information on the activities of the institutions, agencies and other bodies of the EU from an accrual accounting and budgetary perspective. They are prepared according to the highest available international public sector standards.

The discharge is a Parliament decision that reflects its conclusions at the end of a process, the discharge procedure, on the way the Commission (and other institutions and bodies) has carried out its task of implementing the EU budget.

The decision is based in particular on the European Court of Auditors reports, in particular its annual report, in which the Court provides a Statement of Assurance (DAS) on the legality and regularity of transactions (payments and commitments).

2020 priorities

The EU faced many economic and political challenges caused by the coronavirus pandemic in 2020. The Commission mobilised all means to help Member States coordinate their national responses to the crisis and help those most affected by the crises, using instruments such as the Coronavirus Response Investment Initiative or SURE (Support to mitigate Unemployment Risks in an Emergency).

Under SURE an amount of **EUR 39.5 billion** out of a total of EUR 100 billion has already been disbursed in 2020 to affected Member States to address sudden increases in public expenditure for the preservation of employment.

While fighting the pandemic, the EU nevertheless delivered on its policy objectives, with a focus on young people, jobs and growth, as well as climate change. Measures to support economic growth and reduce the economic gaps between regions amounted to nearly half of the funds committed.

EU funding contributed:

- EUR 29.7 billion to less developed regions;

- EUR 16.4 billion to research and innovation under Horizon 2020;

- EUR 59 million to the European Agricultural Guarantee Fund and Agricultural Fund for Rural Development with total commitments of EUR 59 billion.

2020 budget

The 2020 budget was the final budget of the current multiannual financial framework, with budget implementation totalling **EUR 181.7 billion in commitments made** – adding value for all Europeans.

2020 was also the year of the agreement on the **EU's long-term budget for 2021-2027 of EUR 1 074 billion** (in 2018 prices), boosted by **EUR 750 billion** through **NextGenerationEU**, a temporary instrument to kickstart the recovery and steer the transition towards a more sustainable and digital Europe.

Implementation of the appropriations

Appropriations established in the final adopted budget were **EUR 173.9 billion** (4.6% higher compared to the 2019 budget) **for commitments**, and **EUR 164.1 billion** (10.5% higher) **for payments**, corresponding to 1.00% and 0.90% of EU gross national income (GNI), respectively.

The **implementation of the total commitment appropriations in 2020 totalled EUR 181.7 billion**:

- EUR 172.9 billion from the final adopted budget;

- EUR 1.1 billion from appropriations carried-over from 2019;

- EUR 7.7 billion from appropriations stemming from assigned revenue.

Total payments made in 2020 totalled EUR 173.3 billion:

- EUR 161.8 billion from the final adopted budget;

- EUR 1.6 billion from appropriations carried-over from 2019;

- EUR 9.9 billion from appropriations stemming from assigned revenue.

All MFF headings reached high levels of implementation in 2020. The 2020 implementation for all types of appropriations (budget, carry-overs from previous year and assigned revenue) was 97% for commitments and 94% for payments.

Implementation rates excluding assigned revenue showed full implementation in 2020 (99.5% for commitment appropriations and 98.5% for payment appropriations).

The highest part of income was represented by Own resources, which amounted to 91.9% of the total revenue of EUR 174.3 billion, followed 4.7% from Contributions and refunds in connection with EU agreements and programmes, which mainly concern revenue from financial corrections (ESIF, EAGF and EAFRD).

Main aspects of the financial situation in 2020

- in 2020, the **consolidated revenue** amounted to EUR 224.0 billion, a considerable increase of EUR 63.7 billion or 39.7% from the previous year figure of EUR 160.3 billion. The main driver of this development was the financial effect of the UK's withdrawal from the European Union (EUR 47.5 billion);

- the **total assets** were EUR 280.0 billion, reflecting an increase of EUR 101.1 billion or 56.5% over the previous year (2019: EUR 178.9 billion);

- **pre-financing** increased from EUR 51.4 billion in 2019 to EUR 62.7 billion in 2020. The increase of EUR 11.3 billion or 22.0% is mainly due to the non-recovery of the 2019 annual pre-financing in 2020 as part of the Coronavirus Response Investment Initiatives measures (EUR 6.6 billion) and the pre-financing paid for the development of vaccines to address the COVID-19 pandemic (EUR 1 billion);

- as at 31 December 2020, the **total liabilities** were EUR 313.5 billion, an increase of EUR 62.0 billion or 24.7% compared to the previous year (EUR 251.5 billion).

Outstanding commitments (sometimes referred to as RAL - reste à liquider), which are committed amounts not yet paid for, stood at **EUR 303.2 billion at the end of 2020**. An increase from the 2019 level had been expected, given the difference between budgeted commitment and payment appropriations (EUR 9.8 billion) in the final adopted budget and taking into account the fact that an increase in outstanding commitments constitutes a normal evolution, as commitment appropriations increase every year as foreseen in the MFF. The increase in outstanding commitments compared to 2019 was EUR 5.5 billion.