Basic information

2021/2106(DEC) DEC - Discharge procedure	Procedure completed
2020 discharge: General budget of the EU - European Commission **Subject** 8.70.03.10 2020 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	CHASTEL Olivier (Renew)	12/07/2021
	Shadow rapporteur HOHLMEIER Monika (EPP) PENKOVA Tsvetelina (S&D) VON CRAMON-TAUBADEL Viola (Greens/EFA) CZARNECKI Ryszard (ECR) KUHS Joachim (ID) FLANAGAN Luke Ming (The Left)	

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	GAHLER Michael (EPP)	14/07/2021
DEVE Development	GOERENS Charles (Renew)	27/09/2021
INTA International Trade	The committee decided not to give an opinion.	
BUDG Budgets	The committee decided not to give an opinion.	
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
EMPL Employment and Social Affairs	TOMC Romana (EPP)	01/10/2021

ENVI	Environment, Public Health and Food Safety	CANFIN Pascal (Renew)	29/09/2021
ITRE	Industry, Research and Energy	The committee decided not to give an opinion.	
IMCO	Internal Market and Consumer Protection	The committee decided not to give an opinion.	
TRAN	Transport and Tourism	NOVAKOV Andrey (EPP)	20/10/2021
REGI	Regional Development	TOLLERET Irène (Renew)	27/09/2021
AGRI	Agriculture and Rural Development	Chair on behalf of committee LINS Norbert (EPP)	27/09/2021
PECH	Fisheries	The committee decided not to give an opinion.	
CULT	Culture and Education	KAMMEREVERT Petra (S&D)	31/08/2021
JURI	Legal Affairs	The committee decided not to give an opinion.	
LIBE	Civil Liberties, Justice and Home Affairs	STRUGARIU Ramona (Renew)	26/10/2021
AFCO	Constitutional Affairs	The committee decided not to give an opinion.	
FEMM	Women's Rights and Gender Equality	RAFAELA Samira (Renew)	25/01/2021
PETI	Petitions	The committee decided not to give an opinion.	

European Commission

Commission DG	Commissioner
Budget	HAHN Johannes

Key events

Date	Event	Reference	Summary
30/06/2021	Non-legislative basic document published	COM(2021)0381	Summary
14/09/2021	Committee referral announced in Parliament		
31/03/2022	Vote in committee		
11/04/2022	Committee report tabled for plenary	A9-0127/2022	
04/05/2022	Decision by Parliament	T9-0144/2022	Summary
04/05/2022	Debate in Parliament		
05/10/2022	Final act published in Official Journal		

Technical information

Procedure reference	2021/2106(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/9/06482

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee opinion	TRAN	PE699.194	13/01/2022	
Committee opinion	ENVI	PE699.298	17/01/2022	
Committee draft report		PE699.012	18/01/2022	
Committee opinion	AFET	PE699.320	25/01/2022	
Committee opinion	CULT	PE699.170	27/01/2022	
Committee opinion	EMPL	PE699.120	02/02/2022	
Specific opinion	AGRI	PE703.011	03/02/2022	
Committee opinion	FEMM	PE700.421	07/02/2022	
Committee opinion	REGI	PE700.428	14/02/2022	
Committee opinion	LIBE	PE702.935	18/02/2022	
Committee opinion	DEVE	PE703.049	03/03/2022	
Amendments tabled in committee		PE719.806	28/03/2022	
Committee report tabled for plenary, single reading		A9-0127/2022	11/04/2022	
Text adopted by Parliament, single reading		T9-0144/2022	04/05/2022	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	06004/2022	16/02/2022	
Supplementary non-legislative basic document	06001/2022	03/03/2022	

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2021)0381	30/06/2021	Summary
Follow-up document	COM(2022)0331	30/06/2022	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N9-0043/2022 OJ C 430 25.10.2021, p. 0007	25/10/2021	

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Budget 2022/1690
OJ L 258 05.10.2022, p. 0038

2020 discharge: General budget of the EU - European Commission

2021/2106(DEC) - 30/06/2021 - Non-legislative basic document

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.

2020 discharge: General budget of the EU - European Commission

2021/2106(DEC) - 04/05/2022 - Text adopted by Parliament, single reading

The European Parliament decided to **grant discharge** to the Commission and the executive agencies in respect of the implementation of the EU general budget for the financial year 2020 and to approve the closure of the EU general budget accounts for the financial year 2020.

In its resolution, adopted by 451 votes to 175 with 17 abstentions, Parliament made the following observations:

Political priorities

The EU budget is a significant instrument for achieving common strategic objectives and represents, on average, 1.1% of the Union's gross national income or 2.4% of Member States' public expenditure and of total public expenditure in the Union. Parliament stressed the importance of the EU budget in achieving the Union's political priorities, as well as its role in helping Member States in unforeseen situations such as the COVID-19 pandemic and its consequences.

Concerned about the **state of the rule** of law in a number of Member States, which is causing serious losses to the EU budget, Members stressed the importance of full and immediate implementation of the rule of law conditionality regulation. The Commission should ensure that all organisations (EU or international) providing external aid respect the rule of law and human rights in the countries receiving such aid.

New initiatives to protect the EU budget have become essential with the entry into force of the NextGenerationEU instrument, which will result in much greater total disbursements from the EU budget in the coming years. Parliament stressed that, in these circumstances, the Commission should ensure that OLAF, the European Court of Auditors and the European Public Prosecutor's Office have sufficient means and staff to investigate possible cases of fraud against the EU budget.

Members deplored the fact that the Commission is still unable to present a list of the main beneficiaries of EU funds under shared management, which is a major obstacle both to assessing the risks associated with EU spending and to the overall transparency of EU spending.

The resolution pointed out that the amount of **outstanding commitments** (RAL) is likely to continue to rise at the end of 2020 and has reached a new record of EUR 303.2 billion. Given the steady annual increase in the RAL, it is considered a priority for the Commission to prepare a detailed action plan to reduce the amount.

The Commission should redouble its efforts to increase the **absorption rate of the European Structural and Investment Funds** (ESI Funds), which is still around 7% lower than in the 2007-2013 MFF. In addition, automated digital reporting, monitoring and auditing systems should include the establishment of a mandatory **single interoperable database** of beneficiaries of funds from all EU programmes.

Members stressed the need to enlarge the areas where the **Early Detection and Exclusion System** (EDES) is used beyond direct management and requested the Commission to use it for all Union funds including funds under shared management.

They called on the Commission to ensure that the preventive measures taken by Member States to avoid **conflicts of interest** are properly assessed.

Parliament reiterated its concern that the Commission only audits the achievement of milestones and targets before paying out funds from the **Recovery and Resilience Facility** (RRF), while leaving it to Member States to ensure that public procurement or state aid rules have been respected.

Special circumstances relating to the COVID-19 pandemic and the NextGenerationEU instrument

Parliament noted that the COVID-19 pandemic has led to a relaxation of the applicable rules aimed at providing additional liquidity as well as exceptional flexibility for COVID-19-related expenditure in the interests of rapid reaction. It is concerned that this increases the risk of non-transparent procedures, abuse and fraud by criminal structures trying to take advantage of the crisis situation.

Members also pointed out that the combined effect of the new NextGenerationEU instrument and the delays in adopting legislation could put great pressure on the administrative capacities of Member States and the Commission, which could again lead to more errors, fewer checks and potential losses for the EU budget.

Budgetary and financial management

Parliament welcomed the Court of Auditors' conclusion that the **EU's accounts for the financial year 2020 are reliable** and that the budget's revenue is **free of material error**. However, it regretted that the Court of Auditors had again issued an unfavourable opinion on the legality and regularity of the budget's expenditure for the financial year 2020, while acknowledging that the level of error at 2.7% in 2020 is at the same level as in the financial year 2019. It reaffirmed the need to redouble efforts in the fight against fraud both at EU and Member State level, in close cooperation with the European Public Prosecutor's Office and OLAF.

Parliament pointed out that the budget for 2020 and amending budgets represented a total volume of **EUR 173.9 billion** in commitments, of which EUR 172.9 billion were actually committed, while the budget and amending budgets represented a volume of EUR 164.1 billion in payments, of which EUR 161.8 billion were actually spent. Taking into account payments of EUR 9.9 billion in assigned revenue and EUR 1.6 billion in carry-overs, payments totalled EUR 172.4 billion.

Members noted with concern that the EU's balance sheet shows total liabilities at the end of 2020 of EUR 313.5 billion, an increase of EUR 62.0 billion, or 24.7%, on the previous year. They are also concerned about the lack of progress in the annual absorption rate of ESIF funds on a cumulative basis, which is still only 55%. In addition, the EU's accounts as at 31 December 2020 showed that the UK owed the EU a net sum of EUR 47.5 billion arising from the obligations set out in the withdrawal agreement.

Revenue

Revenue amounted to **EUR 174.3 billion in 2020**: of this amount, EUR 123 billion (70.6%) corresponded to gross national income-based own resources, EUR 19.9 billion (11.4%) to traditional own resources (TOR), EUR 17.2 billion (9.9%) to value added tax-based own resources, EUR 8.2 billion (4.7%) to contributions and refunds linked to EU agreements and programmes, EUR 3.2 billion (1.8%) to the surplus from the previous year and EUR 2.8 billion (1.6%) to other revenue.

The Commission is invited, among other things, to ensure uniform application of customs controls and to develop a real capacity for analysis and coordination at EU level, to review its approach to the verification of Member States' GNI data for the coming multi-annual cycles, and to take measures to combat fraud in the area of e-commerce and VAT collection.

Multiannual Financial Framework (MFF) headings

(1a) Competitiveness for growth and employment

The sub-heading represents 13.9% or **EUR 24.1 billion** of the EU budget. Of this amount, EUR 13.6 billion (56.4%) is devoted to research, EUR 3.1 billion (12.8%) to education, training, youth and sport, EUR 2.4 billion (10.2%) to transport and energy, EUR 1.6 billion (6.5%) to space programmes and the rest to other actions and programmes. Total planned expenditure amounts to EUR 142 billion, of which EUR 104.6 billion had been paid out by the end of 2020.

Parliament noted with concern that the Court of Auditors estimated the level of error at **3.9%,** mainly due to errors related to ineligible costs, missing key supporting documents or problems with contract notices in tender documents. Staff costs remain the main source of error, particularly for research expenditure. The Commission could further expand its information activities targeting error-prone beneficiaries, such as SMEs.

Members regretted that the level of excellence in research continues to differ significantly from one Member State to another. They noted with concern that women researchers are under-represented in Horizon 2020. They welcomed the Court of Auditors' assessment that the scale and scope of Erasmus+ has created added value and that the simplification of the programme has improved its efficiency.

(1b) Economic, social and territorial cohesion

The sub-heading represents 34.3% or EUR 59.5 billion of the Union's budget. Of this amount, EUR 32.4 billion (54.5%) is spent on the European Regional Development Fund (ERDF), EUR 10.2 billion (17.1%) on the Cohesion Fund (CF), EUR 14.7 billion (24.7%) on the European Social Fund (ESF) and EUR 2.2 billion (3.7%) on other actions.

The Court estimated the level of error to be **3.5%**, which is well above the materiality level. 72% of the errors were due to ineligible projects and costs, and 27% to breaches of internal market rules (in particular non-compliance with state aid rules).

The proportion of contracts awarded to a single bidder is considered particularly alarming: 19 Member States reached or exceeded the 20% threshold and six Member States (Czech Republic, Greece, Hungary, Poland, Romania, Slovenia) reached a level of 39-51%.

Members expressed concern that the number and incidence of errors detected show that the controls in place are not yet sufficiently effective in mitigating the inherent high risk of error in this area.

(2) Natural resources

The heading represents 35%, or **EUR 60.6 billion**, of the EU budget. Of this amount, EUR 41.6 billion (68.7%) is spent on direct payments under the European Agricultural Guarantee Fund (EAGF), EUR 2.6 billion (4.3%) on market-related expenditure under the EAGF, EUR 14.6 billion (24.1%) on the European Agricultural Fund for Rural Development (EAFRD), EUR 0.9 billion (1.4%) on the European Maritime Affairs and Fisheries Fund (EMFF), and the remainder on other areas.

According to the Court of Auditors, direct payments as a whole were **free of material error** and accounted for 69% of expenditure under this heading of the MFF. However, Members were concerned about the errors detected by the Court in the areas of rural development and market measures and in the other areas of expenditure under the heading, which account for 31% of expenditure.

Members regretted that the Commission's inability to collect reliable data on the final beneficiaries of CAP funds leaves many cases unresolved concerning the recovery of funds by Member States.

(3) Security and Citizenship

The heading represents 3.7% or **EUR 6.3 billion** of the EU budget. Of this amount, EUR 2.6 billion (40.5%) is spent on the instrument for Emergency Support with in the Union, EUR 1.6 billion (25.3%) on migration and security, EUR 1.2 billion (18.5%) on decentralised agencies, EUR 0.2 billion (3.7%) on food and feed, EUR 0.2 billion (3.8%) on the Creative Europe programme, and the rest on other policy areas.

Parliament noted that the Court was unable to estimate the error rate; it was concerned that of the 27 transactions examined by the Court, 8 (30%) were affected by errors.

Members regretted that the MEDIA sub-programme had not achieved the expected results for some indicators, particularly in relation to the size of the audience at events. They noted with concern that the Court found marked differences in the implementation of national programmes and that information on the performance of the Border and Visa ISF was incomplete. They welcomed the success of the effective integration and legal migration component of the Asylum, Migration and Integration Fund.

The Commission is called upon to urgently define a gender mainstreaming methodology in order to integrate a gender equality perspective in all policy areas.

(4) Global Europe

The heading represents 6.6%, or **EUR 11.4 billion**, of the EU budget. Of this amount, EUR 3 billion (26.7%) is spent on the Development Cooperation Instrument (DCI), EUR 2.7 billion (23.2%) on the European Neighbourhood Instrument (ENI), EUR 1.9 billion (16.9%) on the Instrument for Pre-Accession Assistance (IPA), EUR 1.9 billion (16.8%) on humanitarian aid and the remainder on other actions and programmes.

Parliament noted that the Court did not audit enough transactions to estimate the level of error for this heading of the MFF; it is concerned that of the 75 transactions audited, 28 (37.3%) were found to have errors.

Members noted with concern that for ‘Global Europe’ the main categories of findings are ineligible costs, costs non-incurred, procurement errors and lack of supporting documents. They also found that most indicators are not on track or progress is unclear.

(5) Administration

Payments under this heading amounted to **EUR 10.3 billion** in 2020, or 6.0% of the MFF. The Commission represents EUR 6.3 billion (60% of the payments under this heading) with expenditure on human resources representing 68% of this amount.

Parliament was pleased to note that the Court considers that expenditure under the heading 'administration' is not affected by a material degree of error.