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## ASSIGNED REVENUE IN THE EUROPEAN UNION BUDGET

Assigned revenue is used to finance specific items of expenditure. It therefore constitutes an exception to the principle of universality. Article 21 of the current Financial Regulation, which defines assigned revenue, is reproduced in the Annex.

### ASSIGNED REVENUE: HOW SIGNIFICANT AN ELEMENT OF THE EU BUDGET IS IT?

In 2016, the available assigned revenue amounted to EUR 10 270.6 million in commitment appropriations and EUR 9 648.6 million in payment appropriations.

In relation to the EUR 155 004.2 million in commitments and EUR 143 885.3 million in payments in the budget for **2016** as adopted, **this assigned revenue accounted for 6.6% of commitments and 6.7% of payments.**

In 2015 and 2014, assigned revenue accounted for only about 5% of the budget adopted. The increase that occurred in 2016 is largely explained by the creation that year of the Facility for Refugees in Turkey.

### ASSIGNED REVENUE: WHERE DOES IT COME FROM?

The following table shows, for the years 2016<sup>1</sup> and 2015, the various assigned revenues according to type. A short description of the various types of assigned revenue is then presented.

The recoveries of funds primarily from the Common Agricultural Policy, fresh carry-overs of those recoveries and the facility for refugees in Turkey are the three main commitment items in 2016. In the case of payments, it is necessary to add the revenue accruing from the participation of third countries in EU projects (referred to as 'Other earmarked revenue' in the table below).

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<sup>1</sup> Latest available data, source European Commission May 2017 (COM(2017)400)

**Table 1: Assigned revenue by type:**

EUR millions	2016		2015	
	Commitment appropriations	Payments appropriations	Commitment appropriations	Payments appropriations
<b>RECOVERIES in year, of which:</b>				
- EAGF <sup>2</sup> clearances, irregularities, milk levy	2 527.1	2 527.1	1 631.6	1 631.6
- Decentralised Agencies	37.0	37.0	24.9	24.9
	1 154.8	1 154.8	1 350.2	1 364.3
<b>SUB-TOTAL</b>	<b>3 719.0</b>	<b>3 719.0</b>	<b>3 006.8</b>	<b>3 020.8</b>
<b>RECOVERIES carried over from previous years, of which:</b>				
- EAGF clearances, irregularities, milk levy	896.4	896.4	341.3	341.3
- Decentralised Agencies	20.3	20.2	21.9	21.9
- Other	781.8	553.7	731.0	444.3
<b>SUB-TOTAL</b>	<b>1 698.6</b>	<b>1 470.3</b>	<b>1 094.1</b>	<b>807.5</b>
Reimbursement of advances	420.1	420.1	-	-
EFTA (including decentralised agencies)	386.0 (69.1)	393.5 (69.0)	423.2 (57.9)	391.8 (57.8)
Candidate Countries	24.5	48.1	29.2	39.3
JRC competitive income	471.7	391.9	475.8	390.6
Other earmarked revenue	1 532.8	2 480.8	1 409.0	2 300.7
Coal and Steel income	47.0	60.2	56.6	69.6
Facility for Refugees in Turkey	1 971.0	664.7	-	-
<b>TOTAL COMMISSION</b>	<b>10 270.6</b>	<b>9 648.6</b>	<b>6 494.7</b>	<b>7 020.3</b>

Sources: European Commission, COM(2017)400, May 2017 and COM(2016)300, June 2016

<sup>2</sup> EAGF : European Agricultural Guarantee Fund

**SHORT DESCRIPTION OF THE VARIOUS TYPES OF ASSIGNED REVENUE:**

The legal basis for each assigned revenue item is indicated for each budget line in the general budget of the European Union and is not reproduced here.

**Recoveries of the year:** Commonly referred to as 'C4' in the jargon of European budgetary accounts, these funds correspond to the appropriations recovered during the year. Around 70% of these funds are derived from the European Agricultural Guarantee Fund (settlement of corrections, irregularities).

**Recoveries carried forward:** Commonly referred to as 'C5' in the jargon of European budgetary accounts, these funds comprise the C4 appropriations recovered during the previous year and carried over to the current year.

**Repayment of advances:** Referred to as 'C6', these funds are the result of the partial or total reimbursement of advances paid under the regulations governing the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Maritime and Fisheries Fund and the European Agricultural Fund for Rural Development.

**EFTA - European Free Trade Association:** These funds come from the participation of the four member countries of the European Free Trade Association (Iceland, Liechtenstein, Norway and Switzerland) in Community actions. Some 200 budget lines are involved. All headings of the multiannual financial framework are concerned, but particularly Heading 1a.

**Candidate country contributions:** These funds come from the participation of Member States when they were candidates for accession to the European Union and current candidate countries in the various programmes of the European Union. About 50 budget lines are involved, mainly falling under heading 1 of the multiannual financial framework (monitoring of headings 3, 5 and 2).

**Competitive Research Income:** These funds are derived from the participation of the Joint Research Centre in activities of a competitive nature when it provides services to the Directorates-General, Institutions or third parties. They are managed directly by the Joint Research Centre. Fewer than 20 budget lines are involved in Budget Title 10, Direct Research (and under heading 1 of the multiannual financial framework).

**Other Earmarked Revenue (third-party participation):** This revenue accrues from the participation of third countries in EU projects. More than half of the funds (54% in commitments and 63% in payments) concern the participation of third countries in research programmes managed under Titles 2 Internal market, Industry, Entrepreneurship and SMEs, 6 Mobility and Transport, 8 Research and Innovation, 9 Communications Networks, Content and Technology, 10 Direct Research and 32 Energy. Approximately 15% of the funds concern education programmes administered within Title 15 Education and Culture. About 100 budget lines are involved, falling under headings 1, 3, 4 and 5 of the multiannual financial framework.

**Coal and Steel Income:** The funds are divided between two research programmes for coal (72.8%) and steel (27.2%) under lines 08 05 01 Research programme for steel and 08 05 02 Research programme for coal of Title 8 Research and Innovation (Heading 1.1 of the multiannual financial framework). Established in 2002, the Research Fund for Coal and Steel finances innovation projects to improve safety, efficiency and competitiveness in the European coal and steel industries.

**Facility for Refugees in Turkey:** The Facility for Refugees in Turkey was set up in response to the European Council's call for significant additional funding to support refugees in Turkey. It has a budget of EUR 3 billion for 2016-2017, of which EUR 1 billion from the EU budget and EUR 2 billion from EU Member States in the form of assigned revenue from their contributions. The aim is to improve conditions for the reception of refugees in Turkey as part of the EU's comprehensive approach to addressing the refugee crisis inside and outside the EU.

The Facility includes a joint coordination mechanism, designed to ensure that the needs of refugees and host communities are addressed in a comprehensive and coordinated manner. The funding provided for this is used to help refugees in the country and therefore does not constitute financing for Turkey.

Two budget lines are involved: line 22 02 03 02 Support for economic, social and territorial development and related progressive alignment with the Union acquis of Title 22 Neighbourhood and enlargement negotiations (heading 4.0.1 of the multiannual financial framework) and line 23 02 01 Delivery of rapid, effective and needs-based humanitarian aid and food assistance of Title 23 Humanitarian aid and civil protection (heading 4.0.7 of the multiannual financial framework).

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

Heading 1 Smart and Inclusive Growth, Competitiveness for growth and employment, Heading 4 Global Europe and the special instruments are the trio for which the share of assigned revenue in the financing of these items is highest.

Table 2 shows the amount of assigned revenue assigned to each heading and what proportion of the total for the heading it comprises.

**Table2: Assigned revenue according to the headings of the multiannual financial framework in 2016**

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	2 558.5	13.5%	19 010.0	3 467.3	19.9%	17 418.3
1b. Economic, social and territorial cohesion	486.5	1.0%	50 831.2	574.5	1.2%	48 844.3
2. Sustainable growth: Natural Resources	4 072.0	6.5%	62 484.2	3 820.5	6.9%	55 120.8
3. Security and Citizenship	130.5	3.2%	4 052.0	116.9	3.9%	3 022.3
4. Global Europe	2 625.7	28.6%	9 167.0	1 269.7	12.5%	10 155.6
5. Administration	347.8	3.9%	8 935.2	350.2	3.9%	8 935.1
Special Instruments	49.5	9.4%	524.6	49.5	12.7%	389.0
<b>TOTAL</b>	<b>10 270.6</b>	<b>6.6%</b>	<b>155 004.20</b>	<b>9 648.6</b>	<b>6.7%</b>	<b>143 885.3</b>

Sources: European Commission, COM(2017)400, May 2017 and website of DG BUDG, calculation 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 3 below).

Indeed, around 40% of total assigned revenue goes to heading 2 (Sustainable growth, natural resources), but this amount only represents 6.5% of the total amount allocated to this heading.

Similarly, only 0.5% of total assigned revenue goes to the special instruments, but this represents nearly 10% of the total amount earmarked for special instruments.

**Table3: Distribution of assigned revenue according to the headings of the multiannual financial framework**

2016	Commitment appropriations	Payments appropriations
	Assigned revenue	Assigned revenue
1a. Competitiveness for growth and jobs	24.9%	35.9%
1b. Economic, social and territorial cohesion	4.7%	6.0%
2. Sustainable growth: Natural Resources	39.6%	39.6%
3. Security and Citizenship	1.3%	1.2%
4. Global Europe	25.6%	13.2%
5. Administration	3.4%	3.6%
Special Instruments	0.5%	0.5%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Sources: European Commission, COM(2017)400, May 2017, calculation by the author

## ANNEX

### Article 21 of the current Financial Regulation

#### 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) financial contributions from Member States to certain research programmes pursuant to Regulation [\(EC, Euratom\) No 1150/2000](#);
  - (b) financial contributions from Member States and third countries, including in both cases their public agencies, entities or natural persons, to certain external aid projects or programmes financed by the Union and managed by the Commission on their behalf;
  - (c) interest on deposits and the fines provided for in [Council Regulation \(EC\) No 1467/97 of 7 July 1997](#) on speeding up and clarifying the implementation of the excessive deficit procedure [13];
  - (d) revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, including the earmarked revenue specific to each institution;
  - (e) financial contributions, not covered by point (b), to Union activities from third countries or from non-Union bodies;
  - (f) assigned revenue referred to in [Article 181\(2\)](#) and [Article 183\(2\)](#);
  - (g) internal assigned revenue referred to in paragraph 3, to the extent that it is ancillary to the other revenue under this paragraph.
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) proceeds from the sale of vehicles, equipment, installations, materials, and scientific and technical apparatus which are replaced or scrapped when the book value is fully depreciated;
  - (c) revenue arising from the repayment, in accordance with [Article 80](#), of amounts wrongly paid;
  - (d) revenue arising from interest on pre-financing payments, subject to [Article 8\(4\)](#);
  - (e) proceeds from the supply of goods, services and works for other departments within an institution, institutions or bodies, including refunds by other institutions or bodies of mission allowances paid on their behalf;
  - (f) insurance payments received;
  - (g) revenue from lettings;
  - (h) revenue from the sale of publications and films, including those on an electronic medium;
  - (i) repayments to financial instruments pursuant to [Article 140\(6\)](#);
  - (j) revenue arising from subsequent reimbursement of taxes pursuant to [point \(b\) of Article 23\(3\)](#).
4. A basic act may also assign the revenue for which it provides to specific items of expenditure. Unless specified otherwise in the basic act, such revenue shall constitute internal assigned revenue.

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

Assigned revenue may be included in the draft budget only for the amounts which are certain at the date of the establishment of the draft budget.

6. The Commission shall be empowered to adopt delegated acts in accordance with Article 210 concerning the establishment of the structure to accommodate external and internal assigned revenue and the provision of the corresponding appropriations, and concerning rules for the contributions from Member States to research programmes. Furthermore, the Commission shall be empowered to adopt delegated acts in accordance with Article 210 concerning the proceeds of sanctions imposed pursuant to [Article 126\(11\)](#) TFEU and concerning assigned revenue resulting from the participation of EFTA states in certain Union programmes.

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Manuscript completed on September 2017.