



Questions and answers: Draft annual budget 2022

Brussels, 8 June 2021

1. What are the priorities of the draft budget for 2022?

The EU budget is the centrepiece of the Union's recovery efforts, aiming to get Europe back on track following the COVID-19 pandemic and its consequences. The budget for 2022 aims to boost the recovery from the coronavirus pandemic, to put Europe on the path towards a sustainable future, to protect and create jobs. This means tangible support for people in need, companies and hard-hit sectors, reinforcement of the single market and assistance for regions and Member States.

The combined EU budget 2022 and NextGenerationEU will make available €311 billion in funding to help rebuild and modernise our continent, fostering the green and digital transitions, and making sure we create a stronger and more resilient Europe, which plays a strong role in the world.

In parallel, the EU budget will continue to support Europe's political priorities, whose contribution to a sustainable recovery is more relevant than ever. The Commission remains committed to the six headline ambitions set out by President von der Leyen: the European Green Deal; a Europe fit for the digital age; an economy that works for all; promoting our European way of life; a stronger Europe in the world and a new push for democracy. The budget for 2022 will enable the Commission to deliver on these priorities.

2. How does the draft budget for 2022 relate to NextGenerationEU?

NextGenerationEU will give the EU budget the additional firepower necessary to respond decisively to the urgent challenges caused by coronavirus pandemic. It is being put in place for a temporary period to be used for crisis response and recovery measures. The funds it will generate will be channelled through the EU budget to support investment and reform priorities, and will reinforce programmes that are key to the recovery. It will also fund actions to build resilience for the future, for example, through an enhanced RescEU as part of the EU Civil Protection Mechanism.

To finance NextGenerationEU, the Commission will borrow up to €807 billion on the capital markets. To obtain the necessary funding under optimal financial terms, the Commission will be using a diversified funding strategy. The funds will be disbursed via grants or loans, either through the Recovery and Resilience Facility or through several EU budget programmes which receive top-ups from NextGenerationEU.

3. What are commitments and payments?

Commitments are the total volume of contractual obligations for future payments that can be made in a given year. Commitments must then be honoured with payments, either in the same year or, particularly in the case of multi-annual projects, over the following years.

Payments are the actual money paid in a given year from the EU budget to cover commitments of current and previous years.

For instance, when the EU decides to co-fund the building of a bridge, the total amount which the EU agrees to cover is a commitment. The bills for the work done are the payments that are paid over the coming years in line with the implementation life cycle of the project. The commitment is made in year N. The payments from the EU budget may follow in the same year N, but also in year N+1, N+2, N+3, etc., depending on when the invoices are reimbursed.

4. What is an external assigned revenue?

The EU budget is governed by the principle of universality. This means that there is no direct link between the source of the revenue collected (for instance the VAT or the GNI resources) and the expenditure that it finances.

There is an exception to this rule and this is the assigned revenue, meaning specific revenue, which is collected to finance specific expenditure.

The types of existing external and internal assigned revenue are listed in Article 21 of the Financial Regulation – the rules governing how the EU budget is spent.

5. When will the funds under NextGenerationEU become available?

The Commission has announced it plans to start borrowing to finance the recovery under NextGenerationEU in June.

Based on preliminary estimates, the Commission intends to issue around €80 billion of long-term bonds in 2021, to be topped up by tens of billions of euro of short-term EU-Bills to cover the remaining financing requirements.

The exact amount of both EU-Bonds and EU-Bills will depend on the precise funding needs, and the Commission will revise its initial assessment in the autumn.

With its approach, the Commission will be able to fund, over the second half of the year, all planned grants and loans to Member States under the Recovery and Resilience Facility, as well as cover the needs of the EU policies that receive NextGenerationEU funding.

6. What happens next?

Following adoption by the College, the European Commission submits the draft 2022 EU budget to the European Parliament and the Council, which take the final decision together.

The Council usually adopts its opinion on the budget by the end of July, and the European Parliaments announces its official position in the autumn.

A specific Conciliation Committee is convened, usually in late autumn, to reconcile the positions of the Parliament and the Council. It has to agree within 21 days on a common budget, which both institutions should afterwards approve. This year, the period runs between 26 October and 15 November.

For More Information

[Press release: Draft annual budget 2022](#)

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