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Unit C5: Integrated Global Accounts and Balance of Payments

Subject: Next Generation EU - Statistical recording in balance of payments (BOP)

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The Special meeting of the European Council, which took place on 17-21 July 2020, adopted the conclusions on a comprehensive financing package combining the standard Multiannual Financial Framework (MFF) over the years 2021-2027 with a specific recovery effort under the Next Generation EU funds (NGEU). Final details of the next multiannual financial framework and recovery package were agreed at the European Council meeting on 10-11 December 2020, with the RRF Regulation coming into force on the 19th of February 2021¹.

NGEU allows the Commission to borrow funds on behalf of the Union on the capital markets. These additional funds, generated by the EU's borrowing will be disbursed to the Member States as grants and loans via the existing instruments of the MFF and the new NGEU instruments and are aimed to help in the recovery from the effects of COVID-19 pandemics. The decision will raise the maximum amount of resources that can be called from member states in any given year to finance EU expenditure – the so-called own resources ceiling – from 1.2% to 1.4% of the sum of the EU-27 Gross National Income.

Based on the results of two consultations of the EDPS WG, the preliminary view of Eurostat on the recording of NGEU funds is:

- The NGEU grants should be recorded in balance of payments and national accounts similarly to the 'traditional' EU funds, i.e., by respecting the principle of neutrality of such flows for government deficit/ surplus;
- The debt raised by the Commission on the capital markets, on behalf of the European Union, to finance programmes of the Next Generation EU, should be considered as debt of the EU.

EDP guidance² also clarifies that loans provided by the Recovery and Resilience Facility (RRF) to Member States would be recorded as Member States debt towards the EU, whereas the expenditure financed by the RRF loans should accrue following ESA 2010 rules and no expenditure neutralisation should take place, that is, no revenue should be recorded to match this expenditure, which would correspondingly impact net lending/borrowing of the respective national government.

In the past, deficit and debt of the EU institutions could be considered as negligible. However, this situation is expected to change due to the following reasons:

- The change in the sector classification for the European Stability Mechanism (ESM) and European Financial Stability Facility (EFSF) which took place in 2019. Both institutions should now be included in the government sector of the EU institutions resident in the euro area, while

¹ [Regulation \(EU\) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility](#) (OJ L 57, 18.2.2021, p. 17–75).

² [Guidance Note on the Statistical Recording of the Recovery and Resilience Facility](#)

they were previously classified in the financial corporations sector (additionally the EFSF was resident in Luxembourg).

- The EU is raising funds to finance grants via the RRF and other Next Generation EU programs without direct claims on, and transfers from, the Member States.

This would subsequently mean increased relevance of recording of debt information in balance of payments and international investment position of the EU institutions and importance of consistent recording by the Member States and by Eurostat for BOP and IIP of the EU institutions.

Table 1 below presents the total allocations foreseen both for the EU long-term budget (MFF) and for the EU temporary instrument (NGEU), at 2018 prices. As can be seen, NGEU focuses only on the first three headings of the EU budget, mainly on heading 2.

Table 1: Total allocation for MFF and NGEU

		Multiannual Financial Framework (€ bn)	Next Generation EU (€ bn)	Total (€ bn)
1.	Single market, innovation and digital	132.8	10.6	143.4
2.	Cohesion, resilience and values	377.8	721.9	1099.7
3.	Natural resources and the environment	356.4	17.5	373.9
4.	Migration and border management	22.7		22.7
5.	Security and defence	13.2		13.2
6.	Neighbourhood and the world	98.4		98.4
7.	European public administration	73.1		73.1
	TOTAL	1074.4	750.0	1824.4

For **Heading 1** (single market, innovation and digital), the total allocation of €10,6 billion is made through two specific programmes, Horizon Europe (€5 billion) and Invest EU (€5,6 billion).

For **Heading 2** (Cohesion, resilience and values), the total allocation of €721,9 billion is made through three specific programmes, Recovery and Resilience Facility (€672,5 billion), ReactEU (€47,5 billion) and RescEU (€1,9 billion).

For **Heading 3** (Natural resource and environment), the total allocation of € 17,5 billion is made through two specific programmes, Rural Development (Pillar 2, €7,5 billion) and Just Transition Funds (€10 billion).

The Commission will be empowered, in the Own Resources Decision, to borrow funds on the capital market for a total amount of €750 billion, in 2018 prices. The funds borrowed may be used for loans up to an amount of €360 billion in 2018 prices, and for expenditures (grants) up to an amount of €390 billion in 2018 prices. The €360 billion of loans will be granted only under the Recovery and Resilience Facility (RRF) programme.

Implementation of the Next Generation EU fund will mean that for the first time the EU institutions will have external debt which will result in more challenges in the compilation of balance of payments of the EU institutions. For the Member States, recording of NGEU funds will not be, in the most cases, different than recording of funds received within the regular Multiannual Financial Framework.

Allocation per heading for Next Generation EU funds with new financing raised on the financial markets for 2021-2024 will be as follow (further details may be found under: https://ec.europa.eu/info/strategy/recovery-plan-europe_en#nextgenerationeu):

Table 2: Allocation per heading NGEU

1. Recovery and Resilience Facility	€672.5 billion
<i>of which, loans</i>	<i>€360.0 billion</i>
<i>of which, grants</i>	<i>€312.5 billion</i>
2. ReactEU	€47.5 billion
3. Horizon Europe	€5 billion
4. InvestEU	€5.6 billion
5. Rural Development	€7.5 billion
6. Just Transition Funds (JTF)	€10 billion
7. RescEU	€1.9 billion
<hr/>	
TOTAL	€750 billion

All amounts in euros, in 2018 prices

1. Recovery and Resilience Facility (RRF)³ €672.5 billion

The Recovery and Resilience Facility (the Facility) constitutes by far the largest part of the Next Generation EU and will make **€672.5 billion** in loans and grants available to support reforms and investments undertaken by Member States. It is divided into two parts:

1.1. Loans borrowed by the Commission on capital markets for a total amount up to **€360 billion**, and then lent to the corresponding Member States, at their request, provided that recovery and resilience plans has been submitted, assessed by the Commission and validated by the Council. Therefore, the allocation of these loans by Member States cannot be known in advance as it relies on the validation of each recovery plan to be submitted in the coming months/years.

➔ BOP recording of loans (F4) (only actually provided loans have to be recorded): financial account, other investment, loans (F4), net incurrence of liabilities, general government sector, with matching entry for net acquisitions of currency and deposits (F2). Corresponding payable interest to be recorded in primary income under other investment income, interest (D41).

Country breakdown for loans: Loans can be requested until end of 2023. There is no fixed allocation key. Loans will be capped at 6.8% of the GNI of each Member State; the cap can be increased in exceptional circumstances.

1.2. Grants for a total amounts of €312.5 billion, of which 70% (€218.75 billion) will have to be committed in years 2021 and 2022, and the remaining 30% fully committed by end 2023⁴. The payments from the EU budget will be made twice a year, following the Member States' payment requests. Upon completion of the relevant agreed milestones and targets indicated in the Member States' RRP, the MS will present a request to the Commission for a disbursement of financial support. All the payments under the RRF will have to be made until end of 2026.

➔ BOP recording of grants: Investment grants (D92) if the money is used for an investment or current transfers (Current international cooperation (D74). If the financing is used for capital transfers other than investment grants, it should be recorded under Other capital transfers (D99) (see also below).

➔ According to BPM6 paragraph 13.25 BOP recording should be under Investment grants if the grant is to finance (part of) the acquisition of fixed assets by the grants' recipient. Investment grants are designed to finance capital formation (ESA 2010 paragraphs 4.152-4.163): the gross

³ https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility_en

⁴ The grants allocation per Member States is available in the following link https://ec.europa.eu/info/sites/info/files/about_the_european_commission/eu_budget/recovery_and_resilience_facility.pdf

fixed capital formation of the government and investment grants from government provided to the non-government sector beneficiaries.

- ➔ According to BPM6 paragraph 13.22, 13.27 and 13.31 BOP recorded should be under Other capital transfers (D99) if the funding is used for capital transfers other than investment grants, e.g. debt forgiveness, calls on one-off guarantees and other debt assumption.
- ➔ According to BPM6 paragraphs 12.47 and 12.50, transactions should be recorded under Current international cooperation (D74) when the government entity is the final beneficiary of the grant and uses it to finance current expenditure, including emergency aid after natural disaster and technical assistance (if not part of capital projects).
- ➔ When there is doubt about whether a transfer should be treated as current or capital, it should be treated as a current transfer (BPM6 paragraph 12.15).
- ➔ The RRF grants should be compiled and aggregated in balance of payments similarly to the 'traditional' EU funds. Following the current BOP reporting requirements, RRF related transactions are not reported separately should be aggregated as follows: with other flows at the related BOP item, under sectoral and geographical breakdown levels defined in the BOP Vademecum questionnaires.
- ➔ The EDPS WG (Excessive Deficit Procedure Statistics Working Group) agreed to consider government as the final beneficiary of the RRF funds on the grounds that the areas eligible for the support are falling mostly within the sphere of government activities and government is managing the use of the funds. In order to ensure consistency across the statistical domains, in the context of the BOP statistics, the government sector (S13) should be recorded as the reference sector receiving RRF funds from the EU.

- 1.2.1. Recording of Member State (MS) revenue to neutralize the expenditure incurred in 2020 before the RRF Regulation being in place.** After considering the outcome of the EDPS WG consultation, Eurostat decided to exceptionally deviate from the neutrality rule of the EU grants recording, i.e., not to neutralize expenditure incurred by governments from February 2020 until the end of 2020 (recording therefore the associated government revenue instead in 2021). The EDPS WG have discussed when the RRF revenue associated to 2020 expenditure should be accrued and agreed to record it at the time when the RRF plan is endorsed by the Council⁵ through the adoption of implementing decisions. For monthly and quarterly recording of the Balance of Payments a consistent approach is appropriate.
- 1.2.2. Government revenue to neutralize expenditure incurred in 2021 (and following years) should be recorded at the time of expenditure,** following the general principle of the EU flows neutrality on the general government net lending / net borrowing (B.9), similarly to other 'traditional' EU grants.
- 1.2.3. Accrual recording using item F89 other accounts payable / receivable, concerning 2020 expenditure.** The endorsement of the **RRP** by the Council gives rise to a liability of the EU Institutions to finance eligible expenditure incurred in 2020. **At the time of the endorsement, an increase in assets of F89 other accounts receivable should be recorded by the MS to the amount equal to the accrued expenditure in 2020.** This transaction should be mirrored in the current account D74 and/or D9 credit.
- 1.2.4. Recording of the pre-payment received from the EU.** Upon approval of the **RRP**, the Commission provides a pre-financing up to 13% of the financial contribution⁶. ESA 2010 paragraph 20.300 and BPM6 paragraph 5.73 defines that advance payments by the EU to finance government units are recorded as financial advances, classified as other accounts payable /

⁵ <https://www.consilium.europa.eu/en/policies/eu-recovery-plan/>

⁶ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32021R0241>

receivable (F89) and later on gradually recognized as revenue following the expenditure incurred. At the time of advance payment, an increase in assets of cash and deposits (F2) should be recorded vis-à-vis the ECB, as the Commission holds an account in the ECB and uses it for executing the RRF payments via TARGET. This transaction should be mirrored in the financial account with a decrease in assets F89 other accounts receivable only or also an increase in liabilities F89 other accounts payable vis-à-vis EU Institutions, depending on the following possibilities (see Examples 1 and 2):

- **If the pre-payment received is lower than the position of assets of other accounts receivable (F89)**, F89 assets are reduced by the size of received pre-payment. Further revenue in grants are mirrored with an entry to increase assets of F89 other accounts receivable until the next payment.
- **If the pre-payment received is higher than the position of assets of other accounts receivable (F89)**, F89 assets are reduced to zero. The difference between the pre-payment and the assets of F89 other accounts receivable are recorded as an incurrence of liabilities of F89 other accounts payable by the MS. Further revenue in grants are mirrored with an entry to decrease the liability of F89 other accounts payable. If the position in liabilities of F89 other accounts payable reaches zero, scenario a) recording should be continued.

1.2.5. Data sources. For the collection of data related to the RRF grants and loans several data sources could be of use: Ministries of Finance, Government finance statistics from the National Statistical Institutes.

Example 1 The RRP of the MS was endorsed by the European Council in July 2021. The MS incurred EUR 20 million current expenditure and EUR 40 million capital expenditure in 2020. The MS estimates EUR 120 million current expenditure and EUR 240 million capital expenditure in 2021, which are conventionally spread equally over each month. The MS receives the **pre-payment of EUR 200 million in August 2021, lower** than the position of assets of F89 other accounts receivable.⁷

Table 3: Stylized BOP recording of EU flows related to RRF by beneficiary Member State

Recording of the MS, (EUR million)		2021												
	2020	M01	M02	M03	M04	M05	M06	M07	M08	M09	M10	M11	M12	M01-M12
vis-à-vis EU Institutions (BOP)														
D74, credit	0	10	10	10	10	10	10	30	10	10	10	10	10	140
D9, credit	0	20	20	20	20	20	20	60	20	20	20	20	20	280
F89 (BOP), net acquisition of assets	0	30	30	30	30	30	30	90	-170	30	30	30	30	220
F89 (BOP), net incurrence of liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
vis-à-vis the ECB (BOP)														
F2 (BOP), net acquisition of assets	0	0	0	0	0	0	0	0	200	0	0	0	0	200
vis-à-vis other counterparts (NA)														
Current expenditure, debit	20	10	10	10	10	10	10	10	10	10	10	10	10	120
Capital expenditure, debit	40	20	20	20	20	20	20	20	20	20	20	20	20	240
F2, net acquisition of assets	-60	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-360
vis-à-vis EU Institutions (IIP)														
F89 (IIP), net acquisition of assets	0	30	60	90	120	150	180	270	100	130	160	190	220	
F89 (IIP), net incurrence of liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	
vis-à-vis the ECB (IIP)														
F2 (IIP), net acquisition of assets	0	0	0	0	0	0	0	0	200	200	200	200	200	
B.9 Net lending (+) / net borrowing (-)	-60	0	0	0	0	0	0	+60	0	0	0	0	0	+60
B.9f Net lending (+) / net borrowing (-)	-60	0	0	0	0	0	0	+60	0	0	0	0	0	+60

⁷ For simplification purposes, flows related only to the RRF are presented in the given example. Positions (IIP) presented within the scope of the BOP and does not elaborate on the NA recording. Positions (IIP) presented on a monthly basis for illustrative purposes to match the flows.

Example 2: The RRP of the MS was endorsed by the European Council in July 2021. The MS incurred EUR 20 million current expenditure and EUR 40 million capital expenditure in 2020. The MS estimates EUR 120 million current expenditure and EUR 240 million capital expenditure in 2021, which are conventionally spread equally over each month. The MS receives the **pre-payment of EUR 500 million in August 2021, higher** than the position of assets of F89 other accounts receivable.⁸

Table 4: Stylized BOP recording of EU flows related to RRF by beneficiary Member State

Recording of the MS, (EUR million)		2021												
	2020	M01	M02	M03	M04	M05	M06	M07	M08	M09	M10	M11	M12	M01-M12
vis-à-vis EU Institutions (BOP)														
D74, credit	0	10	10	10	10	10	10	30	10	10	10	10	10	140
D9, credit	0	20	20	20	20	20	20	60	20	20	20	20	20	280
F89 (BOP), net acquisition of assets	0	30	30	30	30	30	30	90	-270	0	0	0	0	0
F89 (BOP), net incurrence of liabilities	0	0	0	0	0	0	0	0	200	-30	-30	-30	-30	80
vis-à-vis the ECB (BOP)														
F2 (BOP), net acquisition of assets	0	0	0	0	0	0	0	0	500	0	0	0	0	500
vis-à-vis other counterparts (NA)														
Current expenditure, debit	20	10	10	10	10	10	10	10	10	10	10	10	10	120
Capital expenditure, debit	40	20	20	20	20	20	20	20	20	20	20	20	20	240
F2, net acquisition of assets	-60	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-360
vis-à-vis EU Institutions (IIP)														
F89 (IIP), net acquisition of assets	0	30	60	90	120	150	180	270	0	0	0	0	0	
F89 (IIP), net incurrence of liabilities	0	0	0	0	0	0	0	0	200	170	140	110	80	
vis-à-vis the ECB (IIP)														
F2 (IIP), net acquisition of assets	0	0	0	0	0	0	0	0	500	500	500	500	500	
B.9 Net lending (+) / net borrowing (-)	-60	0	0	0	0	0	0	+60	0	0	0	0	0	60
B.9f Net lending (+) / net borrowing (-)	-60	0	0	0	0	0	0	+60	0	0	0	0	0	60

⁸ For simplification purposes, flows related only to the RRF are presented in the given example. Positions (IIP) presented within the scope of the BOP and does not elaborate on the NA recording. Positions (IIP) presented on a monthly basis for illustrative purposes to match the flows.

Example 3.1– Recording of RRF loans – loan of EUR 100 million.

	Beginning of period position	Transactions		End of period position	
		Net acquisition of assets	Net incurrence of liabilities	Assets	Liabilities
Loans (F4)	0		100		100
Currency and Deposits (F2)	0	100		100	

Example 3.2 – Repayment of interest after one year (interest rate 2%).

	Beginning of period position	Transactions	End of period position
		Debit/net acquisition of assets	Assets
Other investment income, interest (D41)		2	
Currency and Deposits (F2)	100	-2	98

2. ReactEU⁹ €47.5 billion

The REACT-EU (Recovery Assistance for Cohesion and the Territories of Europe) additional funds that will be distributed to Member States from the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Fund for Aid to the Most Deprived (FEAD) - as well as the Youth Employment Initiative (YEI). Technical assistance measures can also be financed.¹⁰

ReactEU provides “fresh” additional resources to the existing cohesion programmes and will not go in the resources foreseen for future years 2021-2027¹¹. These additional funds will be provided in 2021-2022 from Next Generation EU and partly have been provided already in 2020 through a targeted revision to the 2014-2020 financial framework.

➔ BOP recording

ERDF: Transactions are recorded as Investment grants (D92)

ESF: Transactions are recorded as D74 if a government entity is the final beneficiary or D75 if it is a non-government entity

FEAD: Transactions are recorded as D74 if a government entity is the final beneficiary or D75 if it is a non-government entity

⁹ https://ec.europa.eu/commission/presscorner/detail/en/QANDA_20_948

¹⁰ https://ec.europa.eu/regional_policy/en/newsroom/coronavirus-response/react-eu

¹¹ Country breakdown for ReactEU for 2021:

https://ec.europa.eu/info/sites/info/files/about_the_european_commission/eu_budget/react-eu_allocations_2021_2.pdf

3. Horizon Europe¹² €5 billion

Horizon Europe is a research and innovation funding programme and is designed around three pillars:

- The Open science pillar to support researchers through fellowships and exchanges as well as funding to projects defined and driven by researchers themselves.
- The Global challenges pillar which support research relating to societal challenges, setting EU-wide missions with ambitious goals around issues that worry us daily such as fight against cancer, clean mobility and plastic free oceans.
- The Open innovation pillar which aims to make Europe a front runner in market-creating innovation. A European Innovation Council will offer a one-stop shop for high potential and breakthrough technologies and innovative companies with potential scaling up.

The financial envelope under the NGEU is €5 billion in 2018 prices. There is no country allocation of the grants because the selection is made on individuals (researchers) and innovative companies with potential scaling up that are not known in advance.

Horizon Europe will support European partnerships among the Member States, the private sector, foundations and other stakeholders. The aim is to deliver on global challenges and industrial modernisation through concerted research and innovation efforts¹³.

Due to joint undertakings and co-operations of research activities:

- ➔ BOP recording as imports of R&D services (SJ1) if the activity is related to a tender or in lack of a tender contract as a miscellaneous current transfer (D75) if a grant is being made by the EU to a non-government entity or as D74 if a government entity is the final beneficiary.

4. InvestEU¹⁴ €5.6 billion

The InvestEU Fund acts as a single EU investment support mechanism for internal action, replacing all existing financial instruments. Its overall objective is to support the policy objectives of the Union by mobilising public and private financing in the form of loans, guarantees, equity or other market-based instrument, to strategic investment in the support of Research and Development through a dedicated investment window. By using guarantees from the EU budget to crowd-in other investors, the InvestEU Fund will further increase the EU's potential to support investment.

- ➔ BOP recording under loans (F4), with matching entry for currency and deposits (F2), only if the provided guarantees are needed.

Country breakdown for InvestEU: per project

5. Rural Development¹⁵ €7.5 billion

The European agricultural fund for rural development (EAFRD)¹⁶ is the funding instrument of the Common Agricultural Policy (CAP) that supports rural development strategies and projects. It also forms part of the European structural investment funds (ESIF).

¹² https://ec.europa.eu/info/horizon-europe/commissions-proposal-horizon-europe_en

¹³ https://ec.europa.eu/info/horizon-europe/european-partnerships-horizon-europe_en#documents

¹⁴ https://ec.europa.eu/commission/priorities/jobs-growth-and-investment/investment-plan-europe-juncker-plan/whats-next-investeu-programme-2021-2027_en

¹⁵ https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/rural-development_en

¹⁶ <https://cohesiondata.ec.europa.eu/funds/eafrd#top>

The CAP has two pillars, Pillar I providing direct payments to farmers and financing market measures, and **Pillar II** corresponding to the rural development with an amount of €77.85 billion foreseen under the MFF for 2021-2027 and €7,5 billion for NGEU.

The planned EU financing, national co-financing and total financing are visible using the filters provided in the blue bar above. Based on the filter chosen the planned financing over the period 2014-2020 is presented below 1) by fund and 2) broken down by major theme.

- ➔ BOP recording as investment grants (D92) if the money is used for an investment and current transfers (D74 is government entity is the final beneficiary or D75 if it is a non-government entity). According to the available information no loans are provided.

Country breakdown for Rural development: part of already existing agricultural funds – to be awarded per project.

6. Just Transition Funds (JTF)¹⁷ €10 billion

The EU aims to cut greenhouse gas emissions by at least 55% by 2030, which will require a socio-economic transformation in regions relying on fossil fuels and high-emission industries. The Just Transition Fund aims at supporting EU regions most affected by low carbon economy. This Fund will be part of a Just Transition Mechanism (JTM), which also include resources from InvestEU and a public sector loan facility (€7,5 billion under MFF and €10 billion under NGEU).

The fund will support the economic diversification and reconversion of the territories concerned. This means backing productive investments in Small and Medium-sized Enterprises, creation of new firms, research and innovation, environmental rehabilitation, clean energy, up- and reskilling of workers, job-search assistance and active inclusion of jobseekers programmes, as well as the transformation of existing carbon-intensive installations when these investments lead to substantial emission cuts and job protection¹⁸.

Page 6: The JTF will primarily provide grants¹⁹

- ➔ BOP recording of grants: Investment grants (D92) if the money is used for an investment and current transfers (D74 is government entity is the final beneficiary or D75 if it is a non-government entity).

7 RescEU²⁰ €1.9 billion

In 2019, the EU reinforced and strengthened components of its disaster risk management by upgrading the EU Civil Protection Mechanism. The latest element introduced - RescEU - has the objective of enhancing both the protection of citizens from disasters and the management of emerging risks.

The new legislative framework also leads to a stronger European Civil Protection Pool, as well as a better-strategised approach to training through a European Civil Protection Knowledge Network. In addition, it offers Member States significant incentives to enhance their national capacities through additional financing to adapt, operate and repair their resources.

- ➔ BOP recording as current international cooperation (D74) between the EU and Member States

Country breakdown for RescEU: Payments according to the specific needs, in case of emergency.

¹⁷ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal/actions-being-taken-eu/just-transition-mechanism/just-transition-funding-sources_en

¹⁸ [https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/646180/EPRS_BRI\(2020\)646180_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/646180/EPRS_BRI(2020)646180_EN.pdf)

¹⁹ Country breakdown for Just Transition Funds:

https://ec.europa.eu/info/sites/info/files/about_the_european_commission/eu_budget/just_transition_fund_allocation_s_05.11_v2_0.pdf

²⁰ https://ec.europa.eu/echo/what/civil-protection/resceu_en

Definition of grants - BPM6 recording standards:

BPM6 paragraph 3.13: Every transaction involves either an exchange or a transfer. An exchange involves the provision of something of economic value in return for a corresponding item of economic value. Purchases of goods and services, acquisition of assets, compensation of employees, dividends, and so on are all exchanges. An exchange is sometimes called a transaction with “something for something” or a transaction with a quid pro quo. A transaction involving a transfer involves a provision (or receipt) of an economic value by one party without receiving (or providing) a corresponding item of economic value. A transfer entry is used to provide a corresponding entry to the unrequited flow. Taxes, debt forgiveness, grants, and personal transfers are examples of transfers. A transaction involving a transfer is also called a transaction with “something for nothing” or a transaction without a quid pro quo.

BPM6 Compilation Guide paragraph 6.29: In developing statistics on development assistance for balance of payments purposes, the compiler should distinguish clearly between current grants (which are included in the secondary income account), capital grants (which are included in the capital account), and loans (which are recorded in the financial account and in the IIP). For grants, it is necessary that counter entries (such as exports of goods, provision of education services, other technical assistance, and provision of cash) be identified and included appropriately in the balance of payments. Chapters 14 and 15 provide further information on recording grants in the balance of payments.

BPM6 Compilation Guide paragraph A6.77: Grants are transfers receivable by government units from other resident or nonresident government units or international organizations, and that do not meet the definition of a tax, subsidy or a social contribution. Three sources of grants are recognized in GFS: grants from foreign governments (GFS 131), grants from international organizations (GFS 132), and grants from other general government units (GFS 133). Each of these categories distinguishes current and capital grants.