



# ***The Recovery Plan for Europe - Next Generation EU and MMF 2021-2027***



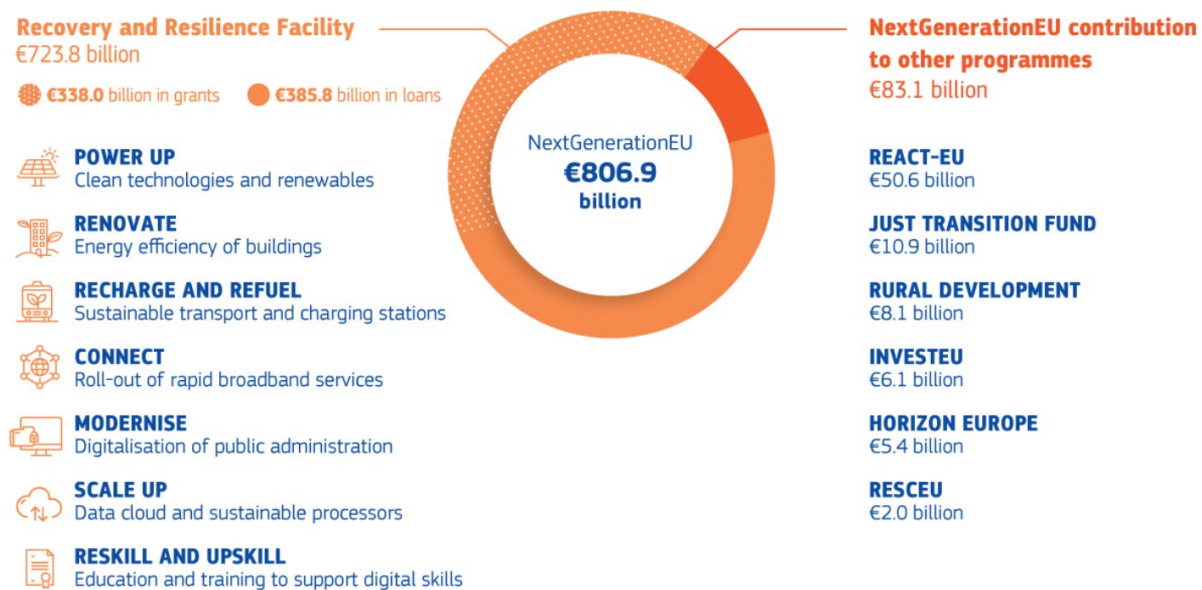
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The **Next Generation EU (NGEU)** fund is an European Union economic recovery package to support member states adversely impacted by the COVID-19 pandemic.



Source: EU's 2021-2027 Facts and Figures – European Commission

It's a chance to emerge stronger from the pandemic, transform our economies, create opportunities and jobs for the Europe we want to live.

Agreed to by the European Council on 21 July 2020, the fund is worth around 800 billion euros and will operate from 2021–2023 tied to the regular 2021–2027 budget of the EU's Multiannual Financial Framework.

The facts and figures above shows the main numbers related to this fund that has the following objectives:

1. **The primary objective** is to help its member states repair the immediate economic and social damages caused by the coronavirus pandemic, and, additionally, to prepare a better future for the next European generation.
2. **Secondly**, alongside tackling the economic and social impacts of the COVID-19 pandemic, it also aims to assist the green transition; digital transformation; smart, sustainable, and inclusive growth and jobs; social and territorial cohesion; health and resilience; and policies for the next generation, including enhancing education and skills that will be discussed further in the report.

3. The **third objective** is modernizing the European economy. Therefore, more than 50 percent of the funds will be spent on modernization: such as research and innovation via Horizon Europe; fair climate and digital transitions via the Just Transition Fund; the Digital Europe Program; preparedness, recovery, and resilience via the Recovery and Resilience Facility, rescEU; and a new health program, EU4Health.

The centerpiece of the the NextGenerationEU is the **Recovery and Resilience Facility (RRF)** – an instrument for providing grants and loans to support reforms and investments in the EU Member States in a total of €723.8 billion. For that the Member States have prepared the Recovery and Resilience Plan outlining how the fund will be invested, you can check them here: [Recovery and Resilience Scoreboard](#).

The rest of the funds from NextGenerationEU are being disbursed to EU Member States by several EU programmes mentioned in the third objective.

## 2. 5 pillars of the Next Generation EU

### Make it Green

Europe is on track to become the first climate-neutral continent by 2050 – we will produce no more greenhouse gases than our ecosystems can naturally absorb. With NextGenerationEU, we will invest in environmentally-friendly technologies, roll out greener vehicles and public transport, and make our buildings and public spaces more energy efficient.

But we also need to protect our natural environment.

We will:

- improve **water quality** in our rivers and seas, reduce waste and plastic litter, plant billions of trees and bring back the bees
- create **green spaces** in our cities and increase the use of renewable energy
- make farming more environmentally-friendly so our **food is healthier**.



The EU will be a leader in climate action, but everyone can do their part: by taking public transport or biking, by eating more vegetables and less meat, by buying second hand, recycling and reusing.

### Make it Digital

The future will be driven by technology. So we're making the next 10 years Europe's digital decade!

With NextGenerationEU:



- you will be able to connect everywhere with **5G and EU-wide ultra-fast broadband**
- you will receive a **digital identity (eID)**, making it easier to access online public services and giving you more control over your personal data
- our cities will become **smarter and more efficient**
- **online shopping** will be more secure
- **artificial intelligence** will help us to fight climate change and improve healthcare, transport and education.



The EU is funding online training courses so that everyone, young or old, can improve their digital skills. We're helping small and medium-sized businesses go online. And we're making e-education more accessible.

### Make it Healthy

The coronavirus pandemic has affected us all in one way or another – physically, mentally, socially. Now, we want to build a safer and healthier EU so that we are better prepared for any future crisis.

With NextGenerationEU, we will:

- work with all EU countries to **protect against health threats**
- invest more in **research and innovation** to develop vaccines and treatments, not just for new diseases like coronavirus, but also for cancer
- **modernise our health systems** so that hospitals in every EU country have better access to new technology and to medical supplies
- fund training for **Europe's medical and healthcare** professionals.



Together, we can make Europe healthier. However, it's not just about big actions. A good diet and regular exercise can go a long way towards improving our physical and mental wellbeing.

### Make it Strong

The pandemic has impacted all of our lives. Many have suffered illness or bereavement, others have lost jobs or income. Now we want to build a stronger, more resilient Europe.

With NextGenerationEU, we are:

- encouraging young people to **study science and technology**, which open doors to the green and digital jobs of the future
- supporting further **education and apprenticeships**
- offering **loans and grants** to young entrepreneurs.



But the EU is also helping many sectors bounce back. We're boosting support for tourism, culture and the arts across the Union, making them more digital and sustainable.

See how EU support can help you continue your education or find your dream job. Check out our [Erasmus+](#) opportunities and our [EU Youth Guarantee](#). Find out what support is available for your business to become [more green and digital](#).

## Make it Equal

From north to south, east to west, we want to build a Europe that works for everyone. We want all Europeans to have equal opportunities, whoever they are and wherever they live. And we want to celebrate diversity in all its forms.

With NextGenerationEU, we are:

- fighting **against racism and xenophobia**
- promoting **gender equality** and **women's empowerment**
- **protecting the rights** of the LGBTQI+ community and combating discrimination
- **strengthening EU law** to cover all forms of hate speech and hate crime.



Equality also means economic and social opportunities for all. With NextGenerationEU, we are boosting employment opportunities for people with disabilities, as well as for those living in rural, remote or disadvantaged areas. We are helping more people get decent, adequate housing. And we are investing in inclusive education for children, whatever their background, situation or special needs.

Everyone can do their part – by promoting equal opportunities and calling out discrimination and hate speech, in real life and online.

### 3. What is new on the Multiannual Financial Framework 2021 – 2027

The EU's **2021-2027 long-term budget**, together with the NextGenerationEU recovery instrument, amounts to €2.018 trillion in current prices that will focus on repairing the economic and social damage caused by coronavirus pandemic and aid the transition for a modern and sustainable Europe.

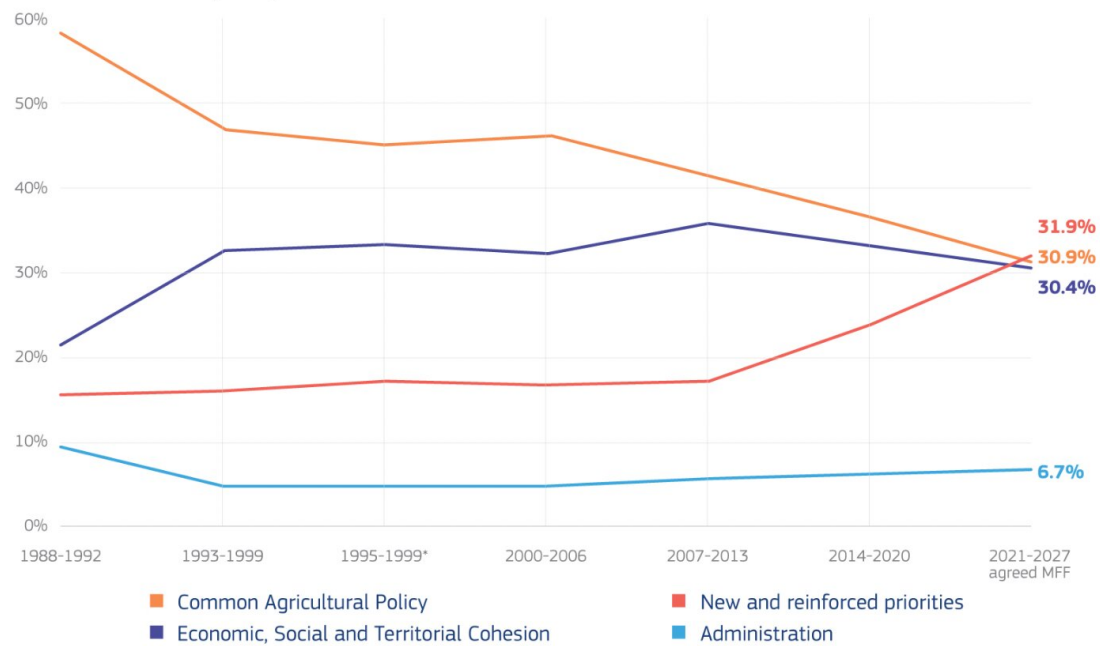
Have a look at the comprehensive brochure on MFF 2021-2027 and NextGenerationEU [↗](#)



This is a truly modernised budget:

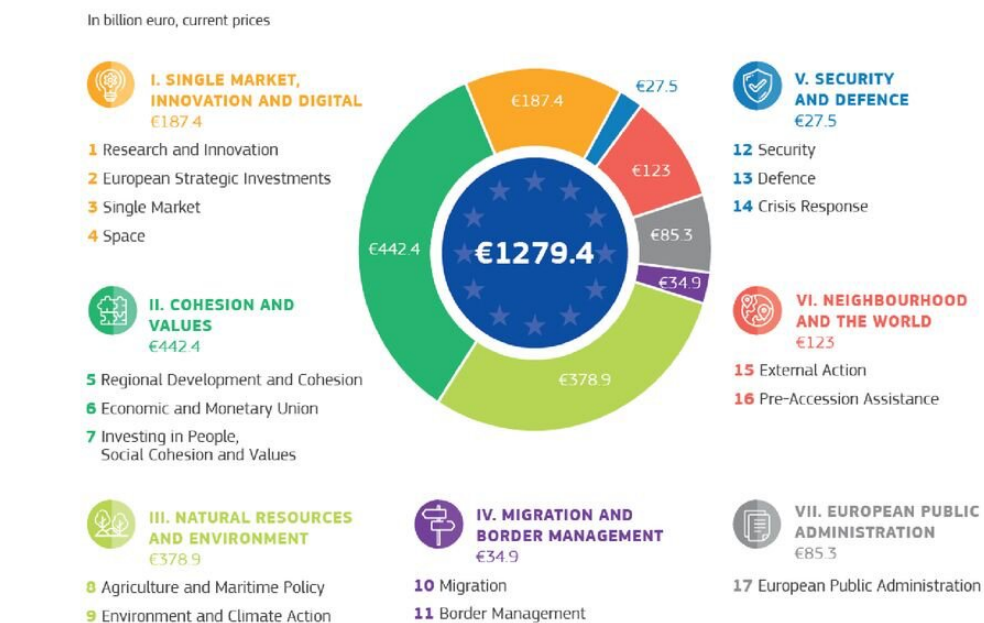
- **More than 50%** of the total amount of the next long-term budget and NextGenerationEU will support the **modernisation of the European Union** through research and innovation; fair climate and digital transitions; preparedness, recovery and resilience.
- **30% of the EU budget** will be spent to fight climate change. The package also pays specific attention to biodiversity protection and gender-related issues.
- **20% of NextGenerationEU** will be invested in the digital transformation.
- In 2026 and 2027, **10% of the annual spending** under the long-term budget will contribute to halting and reversing the decline of biodiversity.
- **For the first time ever**, new and reinforced priorities have the highest share within the long-term budget, 31.9%..

### Share of the main policy areas in the Multiannual Financial Frameworks:



The *New and Reinforced priorities* that significantly increased over time refers to new programs that aims specifically to support:

- Digital transition, AI and cybersecurity with **the Digital Europe**;
- Health with **EU4Health**;
- Research and Innovation with **Horizon Europe**;
- Migration and border control with **European Boarder and Coast Guard Agency**;
- Security and Defense with **European Defense Fund**;



Source: European Commission



- Strengthening of *Erasmus+ and European Solidarity Corps*;
- Climate neutral economy with *Just Transition Fund*;

#### 4. Spending Categories of the MFF 21-27

Below it is possible to see the amount of allocation per category and what it represents in euros from the MFF and the NGEU.

**Allocations per heading (all amounts in € billion):**

	MFF	NGEU	TOTAL
1. Single Market, Innovation and Digital	149.5	11.5	161.0
2. Cohesion, Resilience and Values	426.7	776.5	1 203.2
3. Natural Resources and Environment	401.0	18.9	419.9
4. Migration and Border Management	25.7	-	25.7
5. Security and Defence	14.9	-	14.9
6. Neighbourhood and the World	110.6	-	110.6
7. European Public Administration	82.5	-	82.5
<b>TOTAL</b>	<b>1 210.9</b>	<b>806.9</b>	<b>2 017.8</b>
<b>TOTAL expressed in 2018 prices</b>	<b>1 074.3</b>	<b>750.0</b>	<b>1 824.3</b>

##### Heading 1: Single Market, Innovation and Digital

The EU wants to step up investment in areas such as research and innovation, digital transformation, strategic infrastructure, and the Single Market, as they will be key to unlocking future growth. Programmes under this heading will help us tackle common challenges such as decarbonisation and demographic change, and boost the competitiveness of enterprises and SMEs.

- InvestEU will be one of the programmes to kick-start the European economy. It will mobilise public and private investment through an EU budget guarantee, provide technical advice and connect worldwide investors with projects that need funding. Alongside providing crucial support to companies, it will also ensure that the focus of investors will shift towards EU policy priorities, such as the European Green Deal, digital transition, and greater resilience.

- The Single Market Programme will help maintain a well-functioning single market driving recovery. The Single Market is the beating heart of the EU, where people, goods, services and money can move almost as freely as within a single country. In the next long-term EU budget, a dedicated Single Market Programme will empower and protect consumers, and enable Europe's many small and medium-sized enterprises (SMEs) to thrive.

## **Heading 2: Cohesion, Resilience and Values**

The main programmes under this spending category aim to strengthen the cohesion among EU Member States. In this way, they reduce disparities in EU regions, within and across Member States, and promote sustainable territorial development.

In addition, through investment in young people, health and actions to protect EU's values, the programmes seek to make Europe more resilient to the various challenges that our continent is and will be facing in the future.

The Recovery and Resilience Facility and REACT-EU, the two main programmes under NextGenerationEU, are also included in this heading.

Some examples:

- The European Social Fund+ (ESF+) will support youth employment, re-skilling of workers, and poverty reduction.
- Building on its popularity and success, the new Erasmus+ programme will continue to create opportunities for the education, training and mobility of young people.
- The RescEU programme will continue to protect people from disasters, manage risks stemming from emergencies, as well as ensure resilience at EU level. Actions taken under this programme vary from providing a fleet of firefighting planes and helicopters to cope with forest fires, to ensuring stockpiling of medical equipment and field hospitals in order to respond to health emergencies.
- The new REACT-EU programme will also increase resilience at EU level. REACT-EU builds on the measures taken as an immediate response to the coronavirus outbreak. Under the Cohesion policy, REACT-EU will provide funds rapidly (with 50% pre-financing) to regions and Member States most impacted by the crisis to contribute to a green, digital and resilient recovery of the economy.

## **Heading 3: Natural Resources and Environment**

The EU budget is and will continue to be a driver of sustainability: investing in sustainable agriculture and maritime sectors, alongside with climate action, environmental protection, food security and rural development.

Part of the programmes under this spending category support Europe's farming, agricultural and fisheries sectors and seek to make them more competitive. Other programmes are dedicated exclusively to the EU's environmental and climate objectives.

- The Common Agricultural Policy (CAP) will be reformed and modernised, which will allow maintaining a fully integrated Single Market for agricultural goods in the EU, while making it more sustainable.

- The CAP also includes direct payments to farmers, who are paid on average 40% less than all other non-agricultural jobs. Direct payments guarantee a safe, high-quality, and affordable supply of EU-produced food.

- The LIFE programme is the EU's funding instrument for the environment and climate action. It finances in particular projects linked to nature, water, air, climate change mitigation and adaptation to improve EU quality of life. Thanks to LIFE, 1.5 million people now benefit from improved air quality, while 42% of targeted species are progressing towards conservation status.

- To address the social and economic consequences coming from the objective to reach climate neutrality in the EU by 2050, a Just Transition Fund will help the most vulnerable coal- and carbon-intensive regions address the economic and social costs of the climate transition.

#### **Heading 4: Migration and Border Management**

Programmes under this heading tackle the challenges linked to migration and the management of borders. Support to strengthen our external borders will be increased to safeguard the asylum system within the EU, and support to Member States will be boosted to step up the management and integration of migrants.

Some examples:

- A reinforced Asylum and Migration Fund will help national authorities with receiving asylum seekers and migrants in the period immediately after their arrival on EU territory. Moreover, it will help develop a common asylum and migration policy, and ensure effective returns.

- The Integrated Border Management Fund will help ease the shared responsibility of securing the external borders by providing financial support to Member States. At the same time, it will safeguard the free movement of people within the EU.

#### **Heading 5: Security and Defence**

This heading includes programmes that strengthen the security and safety of European citizens, improving Europe's defence capacities, and providing the tools to respond to crises. Beyond internal security challenges, Europe faces complex external threats that no Member State can meet on its own. To be ready to protect its citizens, Europe also needs to enhance its strategic autonomy, and build well-designed and streamlined defence instruments.

Some examples:

- The Internal Security Fund was reinforced to develop networks and common systems for efficient cooperation between national authorities. The Fund will also improve the capacity of the EU to face security threats such as terrorism, radicalisation, organised crime, and cybercrime.
- Financial support to help the decommissioning of certain nuclear power plants will ensure nuclear safety in Europe.
- The European Defence Fund will promote defence cooperation between industries of all sizes, including SMEs, and between EU countries. The aim is to support innovation, and develop state-of-the-art defence technology and products. This, in turn, will lead to savings for Member States.

## **Heading 6: Neighbourhood and the World**

Programmes under this heading invest in the EU's external action in its neighbourhood, in developing countries and the rest of the world. The heading also includes assistance for countries preparing for accession to the EU.

Thanks to this funding, the EU can keep and even strengthen its role as a global player, while remaining, together with its Member States, the world's leading development and humanitarian aid donor.

- Most instruments that fund the EU's external action are being merged into a Neighbourhood, Development and International Cooperation Instrument (NDICI). In this way, the financing of the EU's external action becomes more coherent, transparent and flexible. With this instrument, the EU will focus on strategic priorities both geographically and thematically. The funding under NDICI will focus on the European Neighbourhood, Africa and the Western Balkans, as well as countries that are most in need. It will cover security, migration, climate change and human rights.
- An instrument for pre-accession will help the candidate countries on their path to fulfil the accession criteria.
- Humanitarian aid will continue saving lives in times of increasing humanitarian needs. It will help addressing the most acute humanitarian needs: from worsening natural disasters



due to climate change to challenges caused by the coronavirus pandemic and other infectious diseases, conflicts, and the global refugee crisis.

## Heading 7: European Public Administration

The European public administration is small in comparison with national and even many regional and local administrations. However, it plays a crucial role in helping the EU to deliver on its priorities, and to implement policies and programmes in the common European interest.

This heading covers mainly the administrative expenditure of all EU institutions, as well as the pensions of the retired EU officials.

## 5. Expenditure ceiling and special instruments

In the EU budget, maximum annual amounts (“ceilings”) exist both for:

- **Expenditures** – the long-term budget ceilings establish the maximum amounts that the EU can either commit or spend during the 7-year Multiannual Financial Framework (currently from 2021 to 2027);
- **Revenues** – the own resources ceilings establish the maximum amount of own resources the EU can request from Member States to finance its expenditures in the same period;

### - Expenditure ceilings

The long-term budget lays down the ceilings for EU expenditure as a whole and for the main categories of expenditure (headings) over the 7-year period. There are two types of expenditure ceilings:

The expenditure ceilings are lower than the revenue (“own resources”) ceilings. For each year of the long-term budget, the total payment appropriations have to be such as to avoid that Member States are requested to contribute more than the own resources ceiling.

### - Special instruments and margins

The **only exception** that allows surpassing the long-term budget ceilings occurs when it is necessary to use special instruments, mobilised to respond to unforeseen circumstances.

Special instruments ensure the flexibility of the EU budget, and are used in cases of specific unforeseen events, such as natural disasters and emergencies. With their help, additional financial support can be mobilised. Special instruments are **over and above the expenditure ceilings** of the long-term budget, both for commitment and payment appropriations. However, the amounts reserved for flexibility instruments can never go above the own resources ceiling.

The maximum total amount that can be used for special instruments in 2021–2027 will be around €21 billion (in 2018 prices). There are two types of special instruments:

- **"Thematic special instruments"** (Solidarity and Emergency Aid Reserve, European Globalisation Adjustment Fund, Brexit Adjustment Reserve) which provide for flexibility and additional means for specific events or budget lines;
- **"Non-thematic special instrument"** (Flexibility Instrument, Single Margin Instrument), which provide the possibility to address more generally unforeseen circumstances or new/emerging priorities throughout the duration of the Multiannual Financial Framework.



## Solidarity and Emergency Aid Reserve (SEAR)

- Maximum **€1.2 billion** (in 2018 prices) per year

This instrument will cover the European Union Solidarity Fund (EUSF), and the Emergency Aid Reserve, previously two separate instruments. It can be used to help tackling emergency situations due to major natural disasters or public health crises in Member States and accession countries. Moreover, it can also help non-EU countries with emerging needs stemming from conflicts, the global refugee crisis or worsening natural disasters due to climate change.

The aid from this instrument is managed by the recipient country. It should be used to rebuild basic infrastructure, fund emergency services, temporary accommodation or clean-up operations, or counter immediate health risks.

## European Globalisation Adjustment Fund (EGF)

- Maximum **€186 million** (in 2018 prices) per year

The European Globalisation Adjustment Fund aims to help reintegrate into the labour market workers who lost their jobs due to globalisation. Structural changes linked to world trade patterns, automation and digitalisation, are common causes contributing to this. The EGF usually comes into play when entire companies are shut down or when a large number of workers are laid off in a particular sector, in one or more neighbouring regions.

In particular, the EGF funds projects that support people who lost their job to find another job or to set up their own business.

## Brexit Adjustment Reserve

Maximum **€5 billion** (in 2018 prices) for the period 2021-2027

The Brexit Adjustment Reserve will help counter the adverse economic and social consequences in the Member States and sectors that are worst affected by departure of the United Kingdom from the EU.

The reserve can support measures such as:

- support to economic sectors, businesses and local communities, including those that are dependent on fishing activities in the UK waters;
- support to employment, including through short-time work schemes, re-skilling and training;
- ensuring the functioning of border, customs, sanitary and phytosanitary and security controls, fisheries control, certification and authorisation regimes for products, communication, information and awareness raising for citizens and businesses.

Adapting structurally to the EU's new relationship with the UK will require much more long-term adjustment than could be provided by the Reserve alone. The powerful new 2021-2027 EU budget will support this work.



“

For me, Europe is home. For my parents, Europe was peace. For my generation, Europe is freedom and rule of law. And for my children, Europe is future and open-mindedness. This is what I'm fighting for. Long live Europe."

**URSULA VON DER LEYEN**

PRESIDENT OF THE EUROPEAN COMMISSION





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