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The 2021-2027 EU budget – What's new?

The main novelties of the EU's long-term budget, its revenue and spending areas and the NextGenerationEU recovery instrument.

A modernised EU long-term budget, powered by NextGenerationEU

The EU's 2021-2027 long-term budget, together with the NextGenerationEU recovery instrument, amounts to €2.018 trillion in current prices (€1.8 trillion in 2018 prices). This unprecedented response will help repair the economic and social damage caused by the coronavirus pandemic and aid the transition towards a modern and more sustainable Europe.

The package consists of the long-term budget, the 2021-2027 multiannual financial framework, made up of €1.211 trillion in current prices (€1.074 trillion in 2018 prices), combined with the temporary recovery instrument, NextGenerationEU, of €806.9 billion (€750 billion in 2018 prices).

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

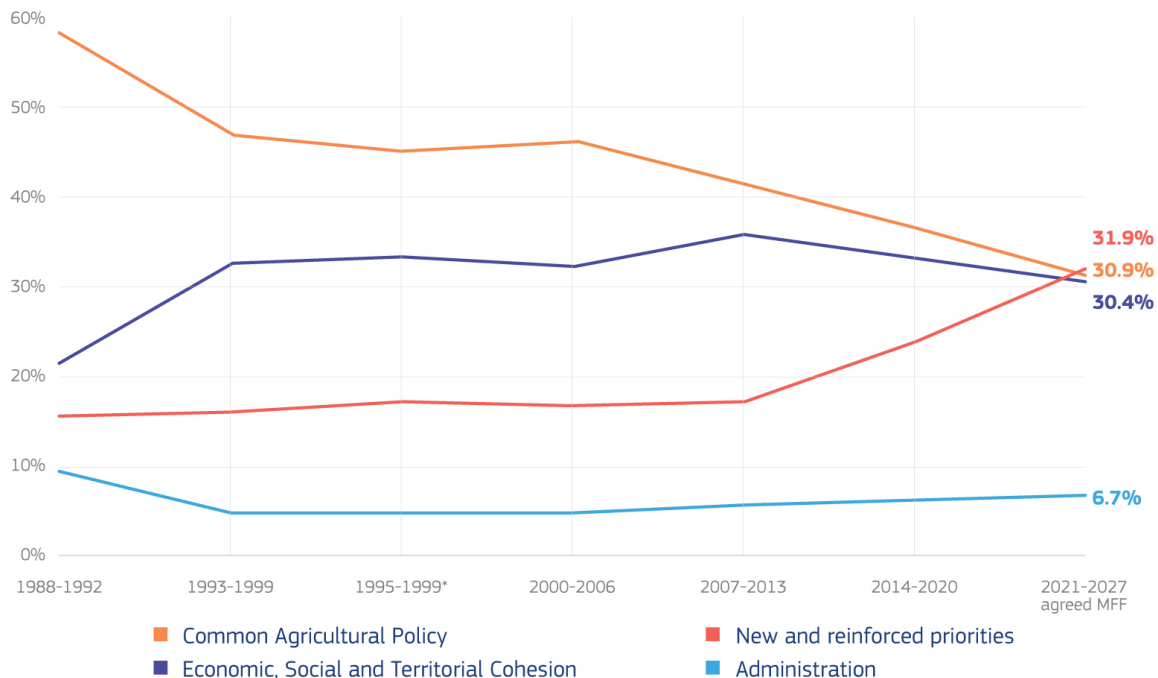


Note: All amounts are in current prices.

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- 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%.

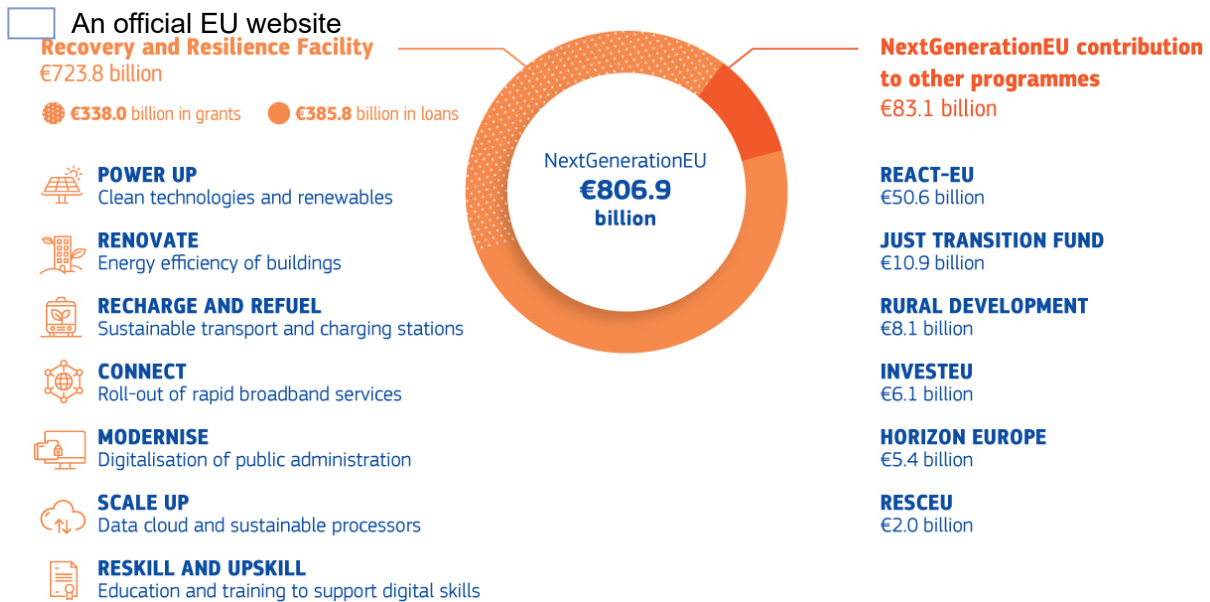
Share of the main policy areas in the Multiannual Financial Frameworks:



NextGenerationEU: €800 billion for Europe's recovery

[NextGenerationEU](#) is a €806.9 billion temporary recovery instrument in current prices, which will be channelled through the EU's long-term budget, particularly in the years 2021-2023.

The money from NextGenerationEU will be invested across several programmes, and will be distributed to EU countries and beneficiaries through grants (€407.5 billion) and loans (€385.8 billion), in current prices.



The majority of funds from NextGenerationEU (€723.8 billion in current prices) will be spent through the Recovery and Resilience Facility (RRF) programme. The RRF consists of large-scale financial support to public investments and areas such as green and digital projects. The support will be given out in the form of grants (€338.0 billion) and loans (€385.8 billion), in current prices.

The [grant component of the RRF](#) is divided among EU countries according to several allocation criteria. These include Gross Domestic Product (GDP) per capita, unemployment levels, population and the impact of the coronavirus crisis. Part of the allocation will be calculated later on, to take into account the loss in real GDP over 2020 and cumulatively over 2020-2021.

In order to receive support from the RRF, EU countries need to submit Recovery and Resilience Plans to the Commission, where they explain how they will spend the money. These plans need to take into account the challenges identified in the [European Semester](#), as well as ones related to the green and digital transitions. The Commission will assess these plans and the European Council will then approve them. Money will be disbursed upon the achievement of milestones and targets Member States have themselves committed to.

[Recovery and Resilience Facility \(RRF\)](#)

Funding NextGenerationEU

To raise the necessary funds for NextGenerationEU, the Commission will borrow on the capital markets on behalf of the EU, for up to around €800 billion in current prices.

To preserve its high credit rating and obtain favourable market conditions for borrowing, the Commission will use the headroom of the EU budget. The headroom is the difference between the maximum amount of funds that the EU can request from Member States to cover its financial obligations (own resources ceilings) and the maximum amount of funds that can be spent in a given period (long-term budget payment ceilings). The headroom will serve as a guarantee that the EU will be able to make repayments under any circumstances.

The timing, volume and maturity of the bonds issued will depend on the needs of the EU and its Member States. The funds raised will be repaid from future EU budgets or by the Member states concerned, by 2058 at the latest.

[More about NextGenerationEU](#)

[More about the EU's own resources ceilings](#)

[More about the long-term budget payment ceilings](#)

New sources of revenue to ease the burden on Member States

To help repay the borrowing, new own resources will be introduced to complement Member States' contributions to the EU budget.

These would better align the sources of revenue to the EU budget with the EU priorities and objectives. They include tackling climate change and ensuring fair taxation in an increasingly digital economy.

The first new own resource, already as of 1 January 2021, will be a new contribution based on non-recycled plastic packaging waste. Further new sources of revenue could include a new own resource based on a carbon border adjustment mechanism, a digital levy, and the EU Emission Trading System.

The Commission also committed to propose other new own resources, based on the Financial Transaction Tax and a financial contribution linked to the corporate sector or a new common corporate tax base, by June 2024.

[Potential new sources of revenue](#)

Protecting the EU budget

The EU is a community based on the rule of law. Independent national and EU courts make sure rules and regulations are respected and implemented.

The **Regulation on a general regime of conditionality for the protection of the Union's budget** is an integral part of the package. It will complement existing tools, and form an additional layer of protection of the EU budget.

This regulation ensures that the Union is better equipped to deal with breaches of the principles of the rule of law that affect or risk affecting the EU budget. It covers both the long-term budget and the NextGenerationEU instrument.

[EU Regulation on protection of the budget](#)

Brexit Adjustment Reserve

A €5 billion [Brexit Adjustment Reserve](#) will support the countries and economic sectors hardest hit by departure of the United Kingdom from the EU.

The Reserve will assist regions and local communities, including those dependent on fishing activities in UK waters. It will also assist public administrations in the proper functioning of border, customs, sanitary and phytosanitary controls.

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