

Special Meeting of the European Council
17-21 July 2020

Multiannual Financial Framework (MFF)
2021-2027 & Next Generation EU

EU Budget Directorate
Ministry for Finance
and Financial Services
4 September 2020

Economic backdrop: needs assessment

- Unprecedented economic shock: **2020 EU-GDP –8.3%** & only partial recovery in 2021 of 5.8% (*European Economic Forecast – Summer 2020*)

Common EU response with investment focus needed

Single market threatened:

uneven depth of recession depending on economic structures and capacity to absorb and respond to the economic shock

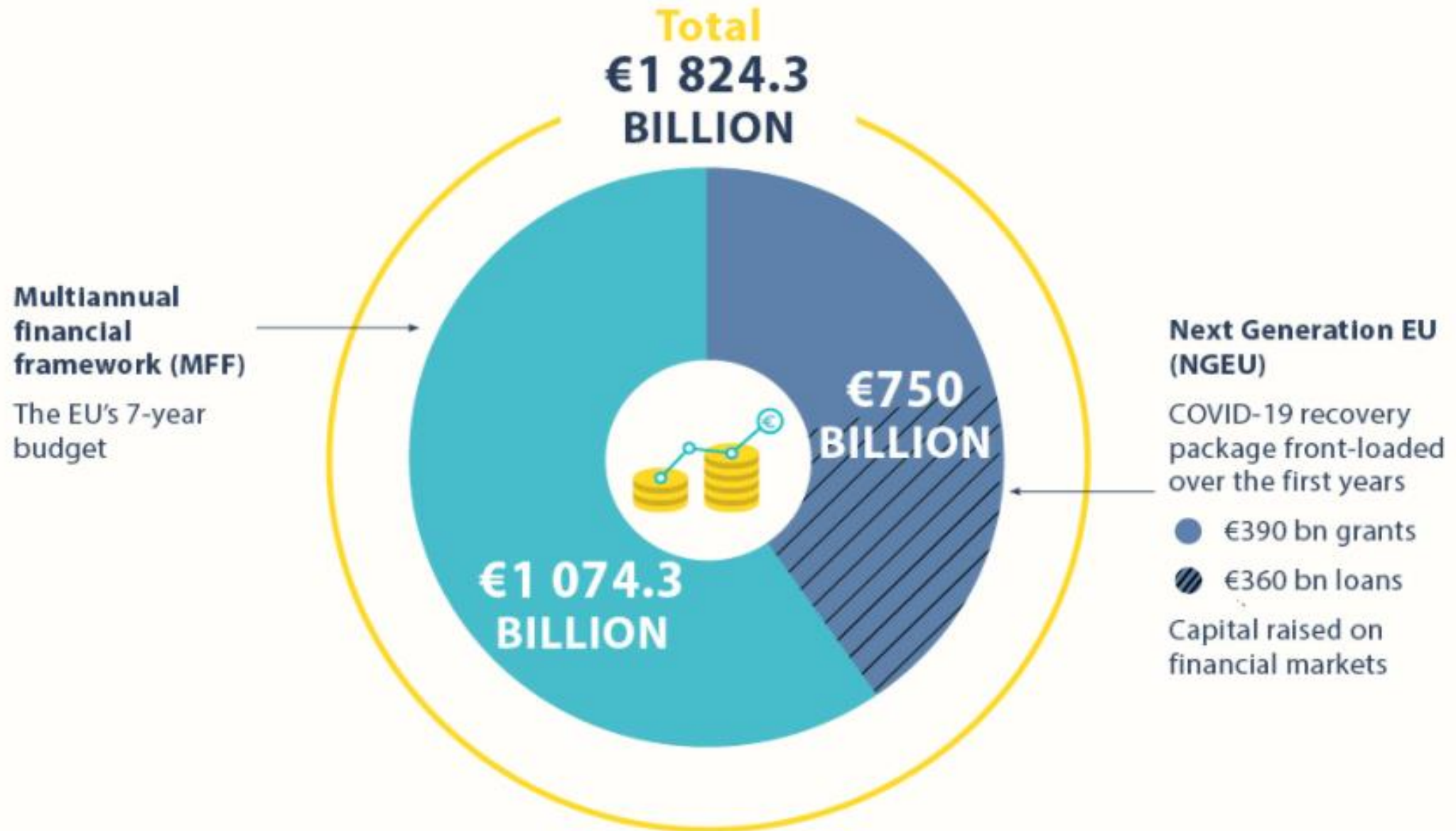
Deep interlinkages between EU

economies: all European industrial sectors rely on complex supply chains spread across several Member States

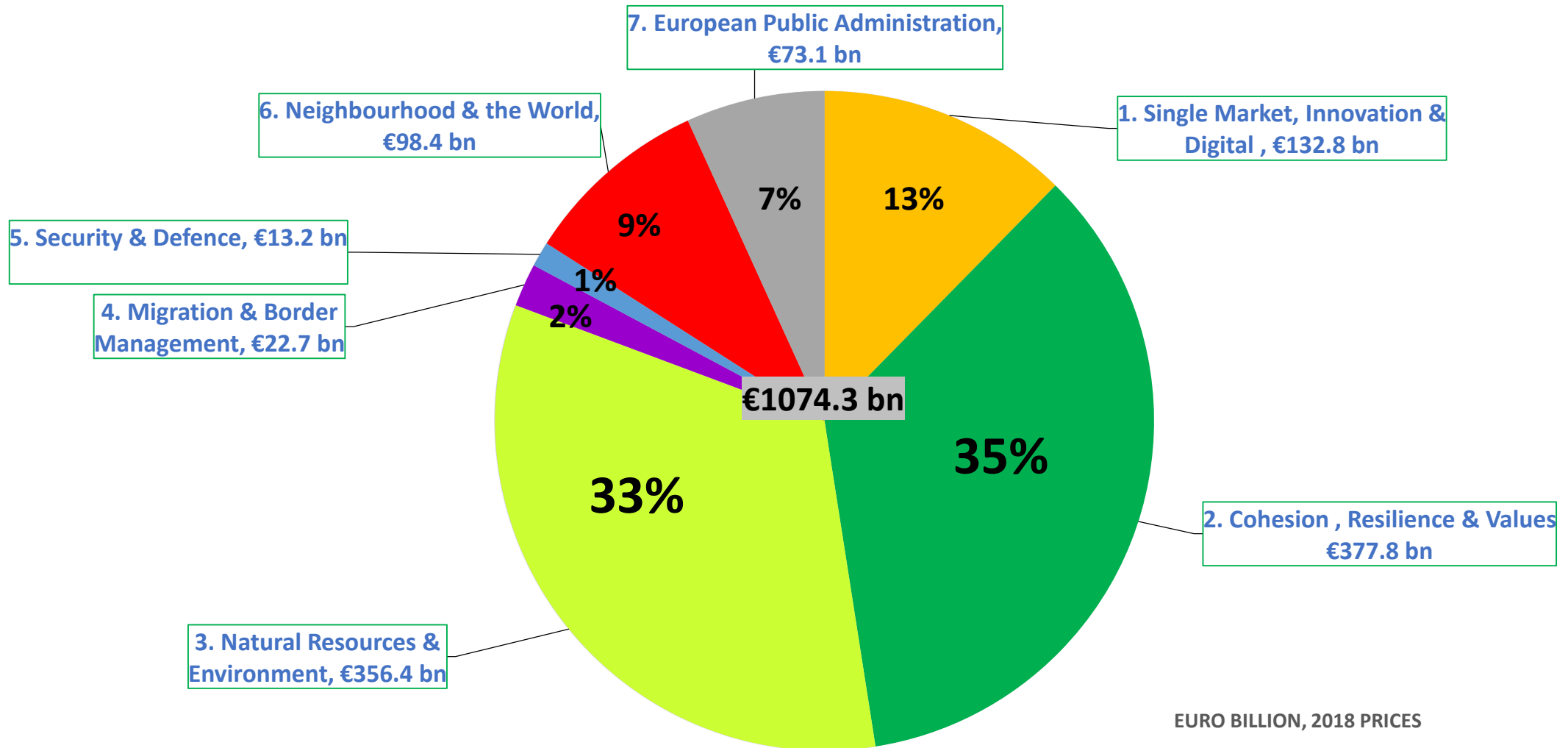
Lessons learned from 2008-09

financial crisis: reforms and investment essential for recovery and long-term growth

EU Expenditure 2021-2027



Breakdown of MFF 2021-2027



Functioning of Next Generation EU

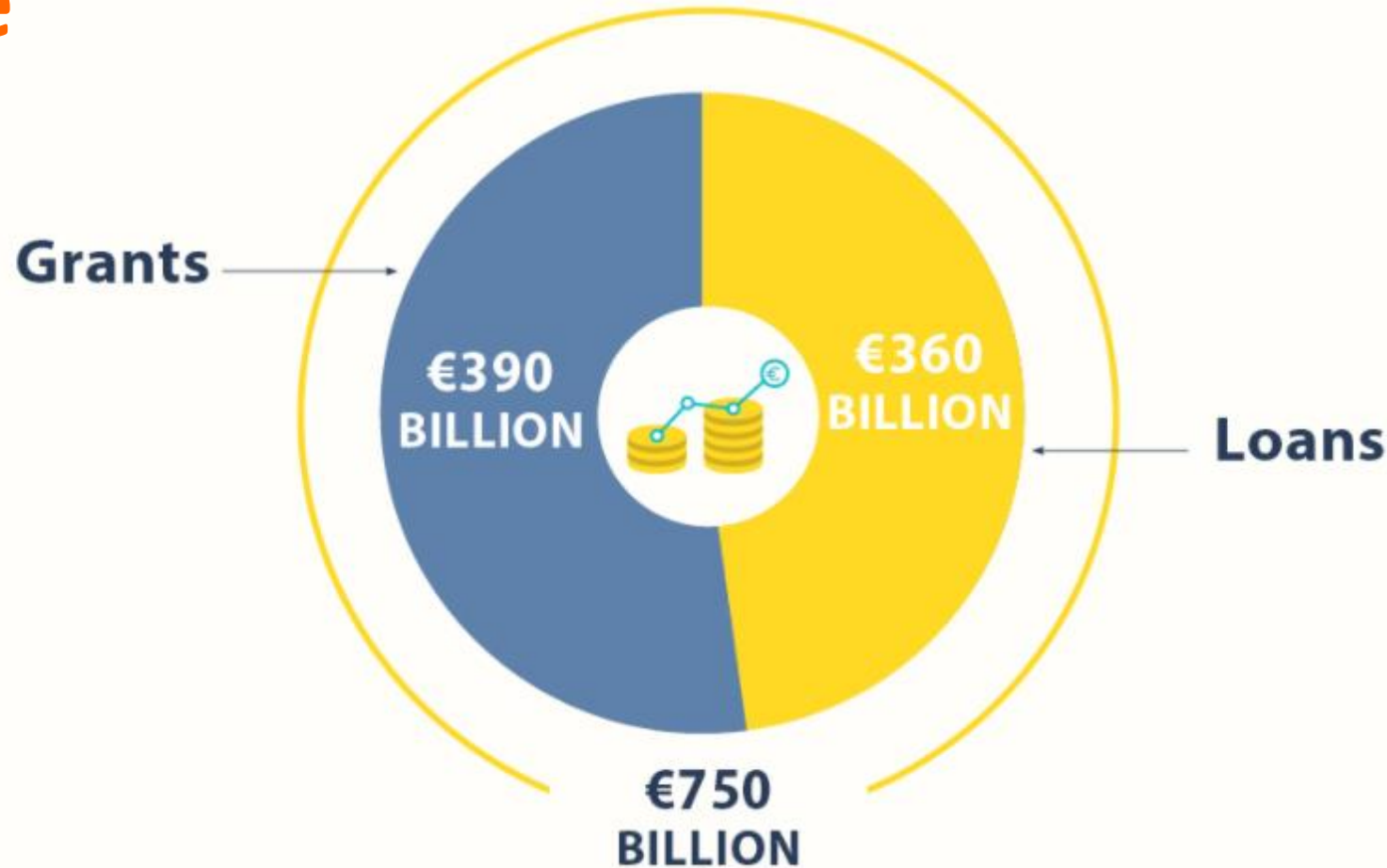
Commission issues bonds on the international markets on behalf of the EU

Proceeds go to new MFF instruments or top-ups for revamped MFF programmes in the form of grants or budgetary guarantees.

Commission lends proceeds to EU countries under the recovery and resilience facility to finance their reform and resilience plans in line with the objectives identified in the European Semester, including the Green and Digital transitions.

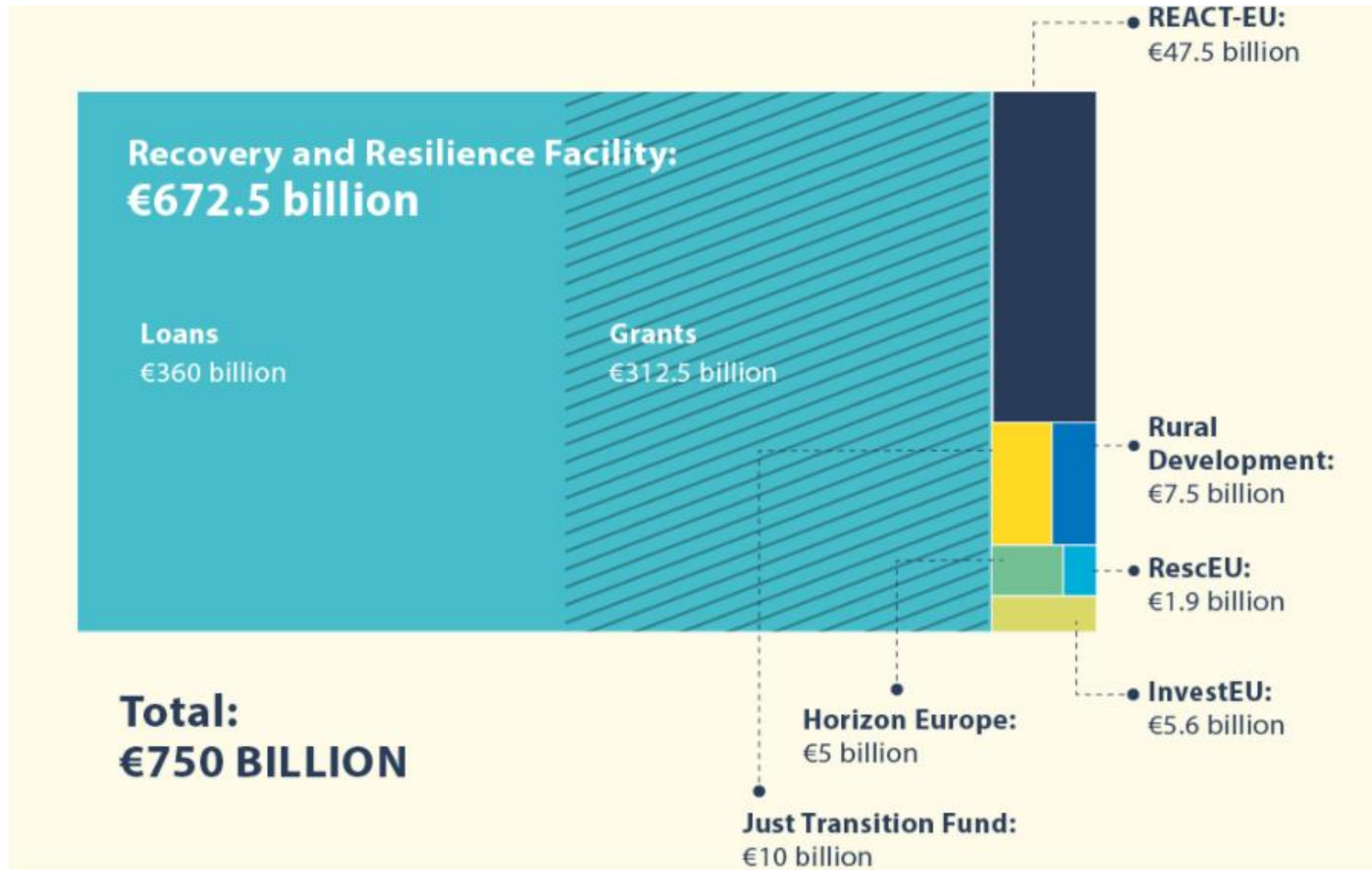
The funds will be repaid over 30 years, by 2058 at the latest

Next Generation EU – Covid-19 recovery package



- Capital raised on financial markets
- Repayment period until 2058

Investing in green, digital & resilient EU



- **Legal Commitments:**
by 31 Dec 2023
- **Payments:** By 31 Dec 2026

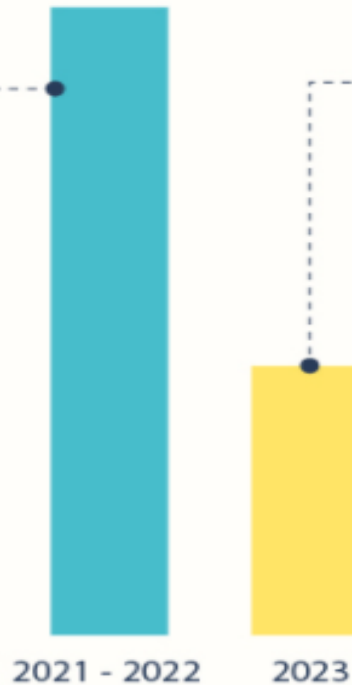
Recovery & Resilience Facility: grants

Total grants: €312.5 billion

€218.75
BILLION

GRANT ALLOCATION KEY

- unemployment 2015-2019
- inverse GDP per capita
- population share



€93.75
BILLION

GRANT ALLOCATION KEY

- drop in real GDP over 2020
- overall drop in real GDP 2020-2021
- inverse GDP per capita
- population share

Malta's Indicative Net Balance from the EU Budget 2021-2027

€ million

	17-21 July 2020 Special European Council	
	TOTAL	<i>of which: from Recovery Instrument</i>
1. Cohesion Policy and Agriculture	1,125	101
<i>of which:</i>		
- Cohesion Policy <i>incl. ReactEU from the Recovery Instrument</i>	934	92
- Agriculture	191	9
2. Migration, Borders, Security, Education and Fisheries	276	
3. Strategic Investments, R&I, and the Environment	162	16
4. Recovery & Resilience, Single Market, and European Values	242	210
5. Total funding to Malta (1+2+3+4)	1,805	327
6. Administration	59	
7. European Asylum Support Office (EASO) *	386	
8. TOTAL ALLOCATION (5+6+7)	2,250	327
<i>less:</i>		
9. Malta's contribution to EU Budget	-1,215	
<i>of which:</i>		
- Own Resources	-1,159	
- Rebates	-56	
10. NET BALANCE (8-9)	1,035	

Figures may not add up due to rounding.

* This includes only 30% of the MFF commitments/payments for this EU agency based in Malta.

The Commission will borrow money between 2021 and 2026 for the Recovery Instrument grants. The loans for grants will be repaid by the Commission between 2028 and 2058 through the own resources paid by all Member States during the same period. In this regard, Malta will pay around €15 million per year, on average.